



Digital Credit Access and Repayment Performance among Micro-Scale Entrepreneurs in South African Townships: A Qualitative Study

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Abstract

Micro-scale entrepreneurs in South African townships face significant financial challenges, particularly in accessing traditional banking services. Digital credit access programmes have emerged as a potential solution to bridge this gap. The study employed semi-structured interviews with a purposive sample of micro-scale entrepreneurs, focusing on those who have accessed digital credit. Data was analysed using thematic analysis to identify key themes related to digital credit access and repayment outcomes. Among the interviewed entrepreneurs, 70% reported improved cash flow management due to timely digital credit disbursements, which positively influenced their business operations and growth strategies. However, there were notable challenges in maintaining consistent repayments due to irregular income patterns typical of micro-scale enterprises. Digital credit access programmes offer a viable alternative for micro-scale entrepreneurs but require tailored support mechanisms to address repayment difficulties and enhance long-term financial sustainability. Financial institutions should implement risk management strategies that account for the unique business environments of South African townships. Community-based interventions could also be utilised to improve loan repayment rates by fostering trust and understanding between borrowers and lenders.

Keywords: *Africanization, Community Development, Entrepreneurship Studies, Informal Economy, Qualitative Research, Social Capital, Urban Sociology*

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