Socio-Economic, Behavioral, and Environmental Determinants Influencing the Borrowing and Repayment Patterns of Microfinance Clients in Nueva Ecija

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DOI: https://doi.org/10.51584/IJRIAS.2026.11100045

Received: 19 October 2026; Accepted: 24 October 2026; Published: 05 November 2026

ABSTRACT

This study investigated the socio-economic, behavioral and environmental determinants influencing the borrowing and repayment patterns of microfinance clients in Nueva Ecija. The study employed descriptive-correlational predictive research design. Data were collected from 185 active microfinance clients through a validated survey questionnaire. Data were analyzed using Descriptive statistics, Pearson Product-Moment Correlation and Multiple Linear Regression. The results showed that respondents exhibited socio-economic, environmental and behavioral determinants strongly. Likewise, the respondents had positive borrowing and repayment habits which were responsible borrowing, prudent utilization of the loan and commitment to meeting the obligations of the loans. The analysis also revealed that age, sex, civil status, educational attainment, occupation, monthly household income, years as a microfinance client and loan purpose were significantly correlated with the key determinants that influence borrowing and repayment behavior, while the number of dependents was significantly correlated only with the behavioral and environmental determinants. In addition, environmental determinants were significant predictors of the borrowing and repayment behaviors of the respondents, underscoring the importance of conducive economic conditions, access to financial services, market opportunities, and community support in fostering responsible loan repayment. The study concluded that better repayment performance and long-term sustainability of microfinance programs in Nueva Ecija can be achieved through improving the financial capability of the borrowers with better institutional support and a more conducive external environment.

Keywords: Borrowing Behavior; Environmental Determinants; Financial Literacy; Loan Repayment; Socio-economic Determinants;

INTRODUCTION

Microfinance is often touted as a success story of financial inclusion, offering credit and other financial services to people with limited access to conventional banking institutions. Its main objective is to provide financial resources to low-income households and micro-entrepreneurs to start or expand income generating activities, improve household welfare and reduce poverty. In addition to financial services, microfinance also contributes to entrepreneurship development, economic resilience and social inclusion of marginalized groups (Meki & Quinn, 2024). Thus, the long term sustainability of microfinance institutions is primarily dependent on the borrowers' ability to use the loans responsibly and meet their repayment obligations.

However, the behavior of loan repayment is not only dependent on the financial capacity of borrowers, but also on a number of socio-economic, behavioral, institutional and environmental factors. Repayment performance has been shown in recent literature to be affected by income stability, educational attainment, occupation, household characteristics, financial literacy and institutional lending practices. All these factors together decide the ability and willingness of the borrowers to repay the loans. Hence, repayment behavior can be viewed as a multidimensional phenomenon and not a financial outcome (K. & Mayya, 2024).

Socio-economic determinants have been some of the most robust and strongest predictors of borrowing and repayment behavior. Financially stable borrowers, those with stable employment, higher household income, higher educational attainment and more diverse income sources are generally better positioned to manage their finances and repay than their financially unstable counterparts. These socio-economic characteristics affect not only access to credit but also the ability of borrowers to use loans productively and repay loans on time. This knowledge helps the microfinance institutions in assessing better the risks of the borrowers and in formulating more sustainable policies for lending (K. & Mayya, 2024).

Also behavioral determinants are important in borrowing and repayment behavior. Financial literacy, budgeting discipline, savings behavior, responsible borrowing and informed financial decisions have been associated with improved loan repayment performance. Individuals with greater financial literacy are more likely to understand the terms of a loan, prioritize paying debt, manage household finances well and are less likely to default on loans. Moreover, recent systematic reviews have also supported the notion that financial literacy is an important determinant of responsible borrowing behavior and long-term repayment sustainability (Rehman & Mia, 2024; Supriyadi et al., 2024).

The environment also affects the financial choices of borrowers and their repayment ability. Inflation, economic uncertainty, competition in the market, natural disasters and seasonal changes in income and business conditions have direct effects in income generating activities of microfinance clients. Similarly, flexible repayment, borrower-friendly institutional policies and access to financial services improve borrowers' ability to withstand short-term financial shocks while maintaining repayment discipline. The findings of this study indicate that in assessing microfinance clients' borrowing and repayment behavior, it is important to consider the wider economic context (Barboni, 2024; Utami et al., 2024).

Nueva Ecija is one of the leading agricultural provinces in the Philippines where many microfinance clients derive their livelihood from farming, trading and other small-scale enterprises. The borrowing decisions and the repayment performance may be significantly affected by the socioeconomic characteristics, the financial behavior and the environmental conditions of the borrowers, even though access to microfinance services has been continuously improving. Despite the growing importance of these determinants, there is a scarcity of empirical researches that thoroughly investigated the socio-economic, behavioral and environmental factors that influence the borrowing and repayment pattern of microfinance clients in Nueva Ecija.

This research gap is the basis of the present study to find out the socio-economic, behavioral and environmental factors influencing the borrowing and repayment behavior of microfinance clients in Nueva Ecija. The study also aims at identifying the impact of these determinants on borrowing decision and repayment performance in particular. The findings of the study are expected to provide valuable insights for microfinance institutions, policymakers and development practitioners to formulate evidence-based lending policies, strengthen financial literacy programmes, improve credit risk management and promote the long-term sustainability of microfinance services.

Objectives of the Study

The study was conducted to determine the socio-economic, behavioral and environmental determinants of the borrowing and repayment behavior of the microfinance clients in Nueva Ecija. Specifically, it described the socio-economic profile of the respondents in terms of age, sex, civil status, educational attainment, occupation, monthly household income, number of dependents, years as a microfinance client and loan purpose. It also evaluated the extent of socio-economic determinants, behavioral determinants, environmental determinants and the borrowing and repayment patterns of microfinance clients. Additionally, the study revealed a significant relationship between the socio-economic profile of the respondents and the key determinants influencing borrowing and repayment patterns. It also studied the effect of behavioral determinants on borrowing and repayment patterns of microfinance clients. It analyzed the effect of environmental determinants on borrowing and repayment patterns of microfinance clients. Finally, the study found out the socio-economic, behavioral and environmental determinants that significantly predicted the borrowing and repayment patterns of microfinance clients in Nueva Ecija.

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue X October 2026

METHODOLOGY

Research Design

The study utilized descriptive-correlational predictive research design to identify the socio-economic, behavioral and environmental factors affecting the borrowing and repayment behavior of microfinance clients in Nueva Ecija. The descriptive component described the socio-economic profile of the respondents, assessed the levels of socio-economic, behavioral and environmental determinants and their borrowing and repayment patterns. The correlational component revealed significant relationships between the profile of the respondents and the identified determinants. Furthermore, multiple regression analysis identified the socioeconomic, behavioral and environmental determinants that significantly predicted the borrowing and repayment patterns of microfinance clients.

Research Participants

The respondents of the study were 185 active microfinance clients from the selected municipalities of Nueva Ecija. They were chosen by stratified random sampling to ensure adequate representation of municipalities and loan programs. The sample size was calculated by using Rao soft Sample Size Calculator with 5% margin of error and 95% confidence level to ensure the statistical reliability of the findings. The respondents varied in terms of their demographic characteristics such as age, sex, civil status, educational attainment, occupation, monthly household income, number of dependents, years of being a microfinance client and loan purpose.

Research Instruments

Data were collected through a structured questionnaire designed to measure socio-economic, behavioral and environmental determinants of borrowing and repayment patterns among microfinance clients. The instrument consisted of three main parts. The first part collected the socio-economic profile of the respondents such as age, sex, civil status, educational attainment, occupation, monthly household income, number of dependents, years as a microfinance client, and purpose of the loan. The second part of the questionnaire measured respondents' perception of socio-economic, behavioral and environmental determinants on a four-point Likert scale. The third part of the questionnaire measured respondents borrowing and repayment patterns.

The questionnaire was assessed by experts for content validity before the data collection. The clarity and reliability have been pilot-tested on respondents of similar characteristics. The reliability test result showed that the Cronbach's alpha coefficient was 0.814, which indicates that the instrument had acceptable internal consistency for research purposes.

Data Gathering Procedure

The researcher got the required approval from the concerned microfinance institutions and the local government authorities before carrying out the study. The purpose of the study was explained to the respondents after the approval, and they were asked to participate voluntarily by giving their consent.

The data collection on the personal information was done via in-person administration of the validated questionnaires to the selected respondents. In the process of administering the survey, the researcher gave necessary instruction and clarification whenever needed to ensure that all questions were properly understood. After the completed questionnaires were retrieved, the responses were checked, coded, tabulated and prepared for statistical analysis.

Data Analysis

Relevant statistical tools were used to code, tabulate and analyze collected data. The socio-economic profile of the respondents was described using frequency counts and percentages. Weighted mean and standard deviation were used to find out levels of the socio-economic determinants, behavioral determinants, environmental determinants and borrowing and repayment patterns.

Pearson Product-Moment Correlation was used to determine the significant relationship of the socio-economic profile of the respondents to the identified determinants. Multiple linear regression analysis was employed to identify the socio-economic, behavioral and environmental determinants that significantly predicted the borrowing and repayment patterns of microfinance clients. Statistical significance was determined at 0.05 level of significance.

Ethical Considerations

The study was carried out in conformity with the basic ethical principles for research involving human subjects. The concerned authorities and the participating microfinance institutions were approached for the necessary permission prior to the data collection. The participation in the study was voluntary and informed consent was obtained from each respondent prior to the administration of questionnaire.

The respondents were informed of the study objectives, their right to refuse to participate or to withdraw at any time without penalty and the confidentiality of the information provided. All responses are kept strictly confidential and no personally identifiable information was disclosed. The data collected were used for academic and research purposes only and the filled-out questionnaires and electronic files were stored securely to avoid unauthorized access. Throughout the course of the study the researcher maintained the dignity, privacy and welfare of all the participants.

RESULTS AND DISCUSSION

Profile of the respondents

Table 1. *Distribution of the respondents in terms of profile variables*

Profile/Category	n (%)	Profile/Category	n (%)
Age (years)		**Monthly income**	
25–30	4 (2.2)	≤ ₱10,000	28 (15.1)
31–35	44 (23.8)	₱10,001–₱19,999	53 (28.6)
36–40	40 (21.6)	₱20,000–₱29,999	57 (30.8)
41–45	65 (35.1)	₱30,000–₱39,999	38 (20.5)
≥ 46	32 (17.3)	≥ ₱40,000	9 (4.9)
Sex		**Number of dependents**	
Male	12 (6.5)	None	2 (1.1)
Female	173 (93.5)	1–2	38 (20.5)
Civil status		3–4	119 (64.3)
Single	3 (1.6)	5–6	17 (9.2)
Married	168 (90.8)	≥ 7	9 (4.9)
Separated	9 (4.9)	**Years as client**	
Widowed	5 (2.7)	< 1 year	12 (6.5)
Educational attainment		1–3 years	64 (34.6)
Elementary graduate	18 (9.7)	4–6 years	71 (38.4)
High school graduate	17 (9.2)	7–9 years	33 (17.8)
Vocational/technical	69 (37.3)	≥ 10 years	5 (2.7)
College level	41 (22.2)	**Loan purpose**	
College graduate	40 (21.6)	Business capital	61 (33.0)
Occupation		Agriculture	31 (16.8)
Self-employed	108 (58.4)	Household expenses	34 (18.4)

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue X October 2026

Farmer	41 (22.2)	Education expenses	39 (21.1)
Employed	36 (19.5)	Medical/emergency	20 (10.8)

Note. Values are presented as frequency and percentage, n (%). Percentages may not equal 100 due to rounding.

The demographic profile of the respondents was presented in Table 1. The results showed that most of the microfinance clients were in the age group of 41-45 years (35.1%), female (93.5%) and married (90.8%). Most respondents were self-employed (58.4%), followed by farmers (22.2%) and had vocational or technical education (37.3%). The biggest share had a monthly household income of ₱20,000–₱29,999 (30.8%) and three to four dependents (64.3%). Most of respondents have been microfinance clients for 4-6 years (38.4%). Business capital (33.0%) was identified as the primary purpose for borrowing.

The prevalence of female and married borrowers indicated that microfinance institutions were primarily targeting women managing household finances and developing microenterprises, following the findings of Bandara (2024). Similarly, the high percentage of self-employed respondents and borrowers who sought loans for business capital suggested that microfinance was still an essential source of financial assistance for entrepreneurship and livelihood development of low- and middle-income households (Meki & Quinn, 2024). In addition, the respondents' relatively long duration as microfinance clients meant that they continued to have access to financial services, which helped in increasing financial inclusion and supported responsible borrowing and repayment practices (Barboni, 2024).

Assessment to which the key determinants manifest among microfinance in terms of Socio-economic, behavioral, and environmental

Table 2 found that the important determinants among microfinance clients were strongly identified as socio-economic (WM = 3.59), environmental (WM = 3.47) and behavioural (WM = 3.43) factors all got a verbal interpretation of Strongly Agree. These results revealed that borrowers considered their financial condition, financial behavior, and external environment as important factors influencing their borrowing and loan repayment practices, consistent with previous studies that identified these variables as important determinants of repayment performance (Lamichhane et al., 2024; Mori et al., 2025).

The socio-economic factors had the highest grand mean among three dimensions (WM = 3.59, SD = 0.26). Respondents agreed that their capacity to repay was greatly affected by the ability to meet household expenses without borrowing (WM = 3.76), household dependents that affected the repayment ability (WM = 3.76) and that they had additional income sources (WM = 3.81). Results showed that stable income, diversified livelihood and household financial resources improved the borrowers' ability in meeting their financial obligations. Likewise, Lamichhane et al. (2024) found that loan repayment performance was significantly predicted by client socio-economic characteristics. Sangwan et al. (2020) found that loan delinquency was significantly influenced by the level of income and financial conditions of the household.

The grand mean of the behavioral factors was 3.43 (SD = 0.32), which means that generally, the respondents practiced responsible financial management. The highest-rated indicators were understanding the loan terms before borrowing (WM=3.76), saving before spending (WM=3.69) and keeping a budget (WM=3.64). However, paying the loan installments on or before the due date had the lowest weighted mean (WM = 2.51) which implies that unexpected financial circumstances had affected timely repayment in spite of good financial practices. This finding supported the study of Sangwan et al. (2020) that concluded that financial literacy, budgeting practices, and responsible borrowing behavior improved repayment performance. It also supported the findings of Kasoga and Tegambwage (2026) that reported positive borrower behavior significantly enhanced loan repayment intentions

Environmental factors, by contrast, produced a grand mean of 3.47 (SD = 0.25). The respondents strongly agreed that market accessibility (WM = 3.83), calamities affecting income (WM = 3.76) and income fluctuation due to season (WM = 3.71) were factors influencing their repayment behaviour. These findings suggested that the repayment behaviour of borrowers was determined not only by their personal financial

situations but also by the external economic and environmental conditions. Mori et al. (2025) also found that institutional and environmental conditions significantly affected loan repayment amongst Tanzanian microfinance borrowers. Sangwan et al. (2021) found that external risks and household conditions affected repayment performance.

Table 2 *key determinants manifest among microfinance in terms of Socio-economic, behavioral, and environmental*

	Indicators	**W.M.**	**S.D.**	**V.D.**
Socio-economic				
1	My household income remains stable throughout the year	3.56	0.39	S.A.
2	I can regularly meet my family's daily expenses without borrowing.	3.76	0.5	S.A.
3	Having many dependents affects my ability to repay loans on time.	3.76	0.83	S.A.
4	I own valuable assets (e.g., land, appliances, livestock) that can support loan repayment.	3.25	0.5	S.A.
5	I have at least one alternative source of income aside from my main livelihood.	3.59	0.98	S.A.
6	Sudden financial shocks (e.g., illness, job loss) affect my loan repayment capacity.	3.62	0.46	S.A.
7	My household size influences how much I can allocate for loan repayment.	3.39	0.45	S.A.
8	Having additional income sources helps ensure my repayment consistency.	3.81	0.48	S.A.
	Grand Mean	3.59	0.26	S.A.
	Behavioral			
1	I keep track of all my income and expenses through a budget plan.	3.64	0.48	S.A.
2	I set aside savings before spending my income.	3.69	0.5	S.A.
3	I fully understand the terms and conditions of my loans before borrowing.	3.76	0.83	S.A.
4	I prefer borrowing only when necessary and for productive purposes.	3.25	0.5	S.A.
5	I am confident in managing multiple financial obligations responsibly.	3.59	0.98	S.A.
6	I prioritize paying my debts before making other purchases.	3.62	0.46	S.A.
7	I avoid impulsive spending to ensure I have funds for loan repayment.	3.39	0.45	S.A.
8	I always pay my loan installments on or before the due date.	2.51	0.85	A.
	Grand Mean	3.43	0.32	S.A.
	Environmental			
1	The local economy provides sufficient livelihood opportunities for borrowers like me.	3.59	0.43	A.
2	The seasonality of my income (e.g., harvest periods, tourism cycles) affects my repayment schedule.	3.71	0.5	S.A.
3	I have easy access to local markets where I can sell my products or services.	3.83	0.65	S.A.
4	I can easily access microfinance institutions or financial services in my community.	3.35	0.48	S.A.
5	Calamities such as typhoons or droughts affect my income and ability to repay loans	3.76	0.61	S.A.
6	Community organizations or cooperatives support members during times of financial hardship.	3.7	0.5	S.A.
7	I receive encouragement or assistance from family and peers in meeting loan obligations.	3.3	0.5	S.A.
8	My community's overall economic condition influences how consistently I can repay loans.	2.52	0.85	A.
	Grand Mean	3.47	0.25	S.A.

Borrowing and Repayment Patterns of Microfinance Clients

The borrowing and repayment patterns of the microfinance clients were highly manifested as shown in Table 3 with an overall grand mean of 3.47 (SD = 0.48) which was verbally interpreted as Strongly Agree. The results showed that the respondents generally showed responsible borrowing behavior and positive repayment behavior which showed a sign of prudent financial decision-making and commitment to loan obligations. Similarly, Lamichhane et al. (2024) also reported similar findings in which responsible borrowing practices had a significant positive effect on loan repayment performance among microfinance clients.

The highest weighted mean was obtained on the top indicator of giving priority to loan repayment than other non-essential household expenses (WM = 3.78, SD = 0.35), followed by avoiding additional borrowing before settling existing loan obligations (WM = 3.77, SD = 0.42), and using borrowed funds only for their intended purpose (WM = 3.74, SD = 0.24). These findings suggested that respondents followed financial discipline by responsible use of borrowed money and prioritizing repayment of loans. This finding was supported by the study of Sangwan et al. (2021) who found that responsible use of loans and prudent borrowing behavior significantly contributed to better loan repayment performance and lower loan delinquency.

Table 3 *Borrowing and Repayment Patterns of Microfinance Clients*

No.	Borrowing and Repayment Experiences			
1.	I borrow money primarily to support income-generating or business activities.	3.65	0.35	S.A.
2.	I carefully assess my ability to repay before applying for a loan.	3.71	0.64	S.A.
3.	I use the borrowed funds only for their intended purpose.	3.74	0.24	S.A.
4.	I regularly pay my loan installments on or before the scheduled due date.	3.23	0.47	A.
5.	I prioritize loan repayment over other non-essential household expenses.	3.78	0.35	S.A.
6.	I avoid borrowing additional loans before settling my existing loan obligations.	3.77	0.42	S.A.
7.	I maintain a good repayment record with the microfinance institution.	3.41	0.47	S.A.
8.	I consistently fulfill my loan obligations according to the agreed repayment schedule.	3.45	0.48	S.A.
	Grand Mean	3.47	0.48	S.A.

On the other hand, Paying loan installments regularly on or before the scheduled due date obtained the lowest weighted mean (WM = 3.23, SD = 0.47) but still interpreted as Agree. The results revealed that respondents generally had good repayment practices with some having difficulty making timely payments due to financial or external constraints. Mori et al. (2025) reported similar findings, stating that borrowers' repayment behavior was affected by financial capability as well as external economic conditions and institutional factors. Similarly, Kasoga and Tegambwage (2026) found that borrowers who showed more financial discipline and positive repayment intentions were more likely to keep good repayment records.

The findings indicated that microfinance clients generally exhibited good borrowing and repayment behaviors characterized by responsible loan utilization, careful repayment planning and commitment to meeting financial obligations. The results are in line with previous studies that have identified sound borrowing decisions, good use of loan funds and disciplined repayment behavior as important factors for sustainable microfinance participation and successful loan repayment (Lamichhane et al., 2024; Sangwan et al., 2021).

Relationship between the respondents' profile and the key determinants such as Socio-Economic, Behavioral, and Environmental

Table 3 presented the relationship between the respondents' socio-economic profile and the key determinants in terms of socio-economic, behavioral, and environmental factors. The results revealed that age, sex, civil status, educational attainment, occupation, monthly household income, years as a microfinance client, and loan

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue X October 2026

purpose had significant relationships with the respondents' socio-economic, behavioral, and environmental determinants ($p < .05$). However, number of dependents did not show a significant relationship with the socio-economic determinant ($r = –0.113$, $p = .125$), although it was significantly related to the behavioral ($r = –0.256$, $p = .000$) and environmental ($r = –0.367$, $p = .000$) determinants.

The significant relationships suggested that respondents' demographic and economic characteristics were associated with variations in the key determinants influencing borrowing and repayment behavior. In particular, educational attainment, occupation, and years as a microfinance client exhibited moderate negative correlations across the three determinants, indicating that differences in these characteristics were significantly associated with respondents' socio-economic conditions, financial behaviors, and environmental experiences. These findings were consistent with Lamichhane et al. (2024), who reported that borrowers' educational background, occupation, income, and credit experience significantly influenced loan repayment performance. Similarly, Mori et al. (2025) found that borrowers' socio-economic characteristics and lending experience were important determinants of repayment behavior among microfinance clients.

Moreover, the significant relationship between years as a microfinance client and all three determinants indicated that longer participation in microfinance programs was associated with greater financial experience, better understanding of lending policies, and stronger repayment practices. Likewise, the significant relationships involving monthly household income and loan purpose suggested that borrowers' financial capacity and intended use of loans influenced their financial behavior and environmental conditions related to repayment. These findings supported the study of Sangwan et al. (2021), which concluded that borrowers' socio-economic characteristics and credit-related factors significantly affected repayment performance and financial discipline.

Based on these findings, the null hypothesis stating that there was no significant relationship between the respondents' socio-economic profile and the key determinants was partially rejected. The null hypothesis was rejected for age, sex, civil status, educational attainment, occupation, monthly household income, years as a microfinance client, and loan purpose, as these variables exhibited significant relationships with one or more key determinants ($p < .05$). However, the null hypothesis was accepted only for the relationship between the number of dependents and the socio-economic determinant ($p = .125$), while it was rejected for its relationships with the behavioral and environmental determinants.

Table 3 *Relationship between the respondents' socio-economic profile and the key determinants.*

		socio economic	**Behavioral**	**environmental**
age	Pearson Correlation	-.253**	-.513**	-.341**
	Sig. (2-tailed)	0.001	0	0
	N	185	185	185
sex	Pearson Correlation	-.163*	-.199**	-.301**
	Sig. (2-tailed)	0.026	0.006	0
	N	185	185	185
civil status	Pearson Correlation	-.172*	-.170*	-.177*
	Sig. (2-tailed)	0.019	0.021	0.016
	N	185	185	185
Educational attainment	Pearson Correlation	-.532**	-.475**	-.499**
	Sig. (2-tailed)	0	0	0
	N	185	185	185
Occupation	Pearson Correlation	-.634**	-.655**	-.496**
	Sig. (2-tailed)	0	0	0
	N	185	185	185

ISSN No. 2454-6194 | DOI: 10.51584/IJRIAS |Volume XI Issue X October 2026

Monthly_household_income	Pearson Correlation	-.154*	-.415**	-.174*
	Sig. (2-tailed)	0.036	0	0.018
	N	185	185	185
Number of dependents	Pearson Correlation	-0.113	-.256**	-.367**
	Sig. (2-tailed)	0.125	0	0
	N	185	185	185
Years as Microfinance client	Pearson Correlation	-.473**	-.481**	-.527**
	Sig. (2-tailed)	0	0	0
	N	185	185	185
Loan purpose	Pearson Correlation	-.247**	-.412**	-.273**
	Sig. (2-tailed)	0.001	0	0
	N	185	185	185

Regression Analysis

Table 4 *T Influence of environmental determinants on their borrowing and repayment pattern*

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.119	0.218		0.546	0.586
	environmental	1.001	0.063	0.762	15.939	0

a. Dependent Variable: Borrowing and repayment patterns

Table 4 shows the regression analysis of the impact of environmental determinants on the borrowing and repayment behavior of microfinance clients. Environmental determinants were significant predictors of borrowing and repayment patterns (B = 1.001, β = 0.762, t = 15.939, p <.001). The positive standardized beta coefficient indicated that the respondents had better borrowing and repayment patterns under favorable environmental conditions. This indicated that access to markets, financial services and community support, as well as external environmental conditions, contributed to responsible borrowing and timely repayment of loans. These results were consistent with the findings of Barboni (2024) who observed that institutional and environmental factors significantly influenced the repayment performance of borrowers. Similarly, Meki and Quinn (2024) observed that access to financial services and a conducive economic environment improved borrowers' repayment ability and enhanced microfinance programs' sustainability.

The results indicated that the null hypothesis that environmental determinants did not significantly affect the borrowing and repayment patterns was rejected because the calculated significance value (p = .000) was less than the 0.05 level of significance. The null hypothesis that environmental determinants have no significant influence on borrowing and repayment patterns was rejected from the regression results as the calculated significance value (p = .000) was less than the 0.05 level of significance.

CONCLUSIONS

The study revealed that socio-economic, behavioral and environmental factors significantly influence the borrowing and repayment behavior of microfinance clients in Nueva Ecija. Socio-economic determinants were most significantly manifested among the determinants, highlighting the importance of stable income, diversified sources of livelihoods, and manageable household financial obligations in sustaining repayment capacity. Responsible financial behavior of borrowers was generally characterized by prudent budgeting,

careful loan use, and prioritization of debt repayment. However, some respondents still encountered difficulties in repaying promptly due to financial and environmental constraints.

The findings further revealed that the demographic and economic characteristics of the respondents specifically education level, occupation, monthly household income, years as a microfinance client and the purpose of the loan were significantly related to the key determinants of borrowing and repayment. Moreover, environmental determinants were found to be the major predictor of borrowing and repayment patterns implying that favorable economic conditions, availability of financial services, market opportunities and community support are important in strengthening repayment performance. In general, sustainable microfinance programs need a responsible behavior of borrowers and supportive institutional and environmental conditions that enhance financial resilience of clients.

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