

HOW LOAN ACCESSIBILITY EFFECTS ON LOAN OUTCOMES THROUGH MEDIATION EFFECT OF FINANCIAL LITERACY AND MODERATION EFFECT OF SOCIAL CUSTOMS. A CASE STUDY OF HYDERABAD, PAKISTAN

Ayesha Memon¹, Uzair Memon², Aamir Kibria^{*3}

^{1,2,*3}Lecturer at Department of Management Sciences, SZABIST University, Hyderabad Campus

¹ayesha.sohail@hyd.szabist.edu.pk, ²uzair.memon@hyd.szabist.edu.pk, ^{*3}aamir.kibria@hyd.szabist.edu.pk

DOI: <https://doi.org/10.5281/zenodo.19451294>

Keywords

Financial inclusion, Loan accessibility, financial literacy, Social customs, Loan outcomes, PLS-SEM.

Article History

Received: 31 January 2026

Accepted: 15 March 2026

Published: 31 March 2026

Copyright @Author

Corresponding Author: *

Aamir Kibria

Abstract

Financial inclusion is now a significant economic empowerment force in the developing economies, but credit provision is not always a guarantee of good financial performance. This paper explores the impact of access to loans in the city of Hyderabad, Pakistan, on loan outcomes, using the mediating impact of financial literacy and moderating impact of social customs. An explanatory research design was embraced that is quantitative in nature because the article aims to explain a phenomenon and collect data through the use of a structured questionnaire with a seven-point Likert scale. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used in the analysis. The findings show that there is a strong positive impact of loan access on the outcome of loans. The financial literacy levels also play a significant role in enhancing the performance of loan and mediate the relationship between access to loans and loan performance, emphasizing the role of financial literacy of borrowers in the effective use of credit. Social customs, on the contrary, had only a weak moderating effect. The results underline the importance of enhancing financial literacy and access to credit in promoting the efficiency of borrowing and financial inclusion policies in the developing world.

INTRODUCTION

Incorporation in financial services like loans is now one of the foundations of inclusive development and economic empowerment of individuals in the contemporary global economy. With the rate at which financial institutions are digitalizing and diversifying, questions on whether access to loans is available and how shall no longer be in question, instead we shall now witness how loans are effectively and fairly accessed and utilized by various socioeconomic groups. There has been a consistent finding that access to credit is linked to the improved entrepreneurial exercise, poverty reduction, and household prosperity (Demirguc-Kunt et al., 2022).

However, regardless of the progress made globally the fact still remains that there are still huge differences with regard to the financial inclusion in which developing countries are unable to access the formal financial sector due to barriers both structural, cultural and to a larger extent, lack of education hindrance.

Financial inclusion has experienced staggering improvement and predicaments in most countries in the Asian world, particularly in South and Southeast Asian economies. India, Bangladesh, and Indonesia are some of the countries that have achieved financial inclusion using the mobile banking and

micro financing solution (ADB, 2023). The effectiveness of these initiatives however differs mostly in regard to the norms that influence the various regions, the level of literacy, and the form of government. It is against this wider Asian background that financial sector in Pakistan has failed to reach out to the marginalized populations particularly the rural and semi-urban areas with effective credit access approaches. The State Bank of Pakistan (2023) calculated a formal bank account penetration in only 21 percent of the Pakistani adult population, which is considered low financial system integration.

Considering this matter with references to the province of Sindh and its city Hyderabad in particular, the problem of access to loans is inextricably mixed with social practices, gender attitudes, and financial illiteracy. The presence of microfinance institutions and commercial banks in the area does not avail much because mistrust with the banking system, a lack of financial literacy, and a traditional sense of social-cultural norms limit the exposure of women and lower-income earners and their capacity to autonomously address concerns about money (Ahmed & Khalid, 2023). In addition, the use of informal lending methods is still very rampant possibly subjecting borrowers to harsh conditions and negating the gains of formal credit facilities.

Thus, the present study examines the intricate connection between the access to loans and the results of taking a loan out with references to the intervening variables such as financial literacy and social norms. Financial literacy has even become established as a principal agent of optimal financial behavior and better loan repayment performance (OECD, 2022). At the same time, most social practice including familial norms of decision-making, caste-based exclusions, and gender biases play an important role in the probability and the manner of how people use financial services in areas such as Hyderabad. Necessary to the design of policy interventions that not only increase access to credit but also make the use of such loans equitable and productive is understanding the interaction of these factors.

This study is relevant in the overall discussion of financial inclusion in the developing world by

examining the dynamics in a particular environment of the city of Hyderabad. Its purpose is to make policy-makers, financial establishments, as well as the civil society aware of the relevance of locally specific, culturally marked means of encouraging financial wellbeing. This study aims at determining barriers and opportunities of realizing optimal loan outcomes through greater accessibility, education, and social reform using empirical means.

Research Objectives

1. To examine the direct influence of loan accessibility on loan outcomes in the context of Hyderabad, Sindh.
2. To explore the moderating role of social customs in the relationship between loan accessibility and loan outcomes.
3. To investigate the mediating effect of financial literacy on the relationship between loan accessibility and loan outcomes.
4. To assess the direct impact of financial literacy on loan outcomes.

Literature Review

The availability of organized financial services especially credit or loan has been considered a key agent of economic growth, poverty alleviation, financial inclusion especially in the developing economies. However, in recent years, plans of global development, including the Sustainable Development Goals (SDGs) of the United Nations, have spoken about the importance of an increase in access to financial tools as an opportunity to facilitate the growth (UNDP, 2023). Although the world has been improving, access is not just enough to bring in good financial returns. The issues regarding financial illiteracy, deeply ingrained social traditions, and institutional restrictions of creditor responsibilities are frequently the circumstances that deny the borrowers an option to use credit to their full capacity (Demirguc-Kunt et al., 2022). Thus, to adequately unpack results of a loan, a multidimensional definition needs to be considered, which includes access, knowledge and cultural context.

Financial inclusion policies have attached importance to increasing microfinance, mobile banking, and digital lending in the developing world.

Although these initiatives have made a difference in expanding outreach, empirical evidence demonstrates that most borrowers continue to fall into loan repayment, misappropriation of funds, or debt-trap (ADB, 2023). All such adverse consequences are commonly associated with the lack of financial knowledge and conservative social setups that precondition financial transactions, especially in urban or sub-urban environments (in this case, Hyderabad, Sindh). Therefore, loan accessibility, financial literacy, and socio-cultural forces can only be understood through contextual research to rectify loan conditions in Pakistan.

Loan Accessibility and Loan Outcomes

Loan accessibility means how people can access credit in official finance institutions. Research indicates that greater access to credit may enable individuals and small companies to explore investing in education, health, or the endeavor and result in better economic performance (Sarma & Pais, 2023). Nonetheless, loan accessibility rate can only properly create transfiguring effects when the terms of the loan are demographically understandable, the capacity of the borrower to use the money rationally, and existence of helpful financial architecture (Ali & Malik, 2022). Impediments to access to finance have traditionally affected the poor and women in Pakistan through inability to access finance due to lack of access to collateral, complex documentation requirements and risk aversion on the part of banks (State Bank of Pakistan, 2023). However, when access to credit is enhanced by the microfinance or fintech forms, research evidence has indicated that the income levels, as well as business activity, increase substantially (Raza et al., 2022).

H1: Loan accessibility has a significant positive effect on loan outcomes.

Moderating Role of Social Customs

Financial behavior is usually influenced by social practices like patriarchal structures, a family decision making approach, and gender-linked limitations in South Asian communities. Such norms may favor or also not favor the optimal usage of loans. As an example, some conservative parts of Sindh might provide women with formal access to the finances via the micro-finance institutions but this way the

money can be controlled by the male relatives whose recreation has been distorted (Ahmed & Khalid, 2023). In the same way, trust towards formal institutions can also be subjected to caste and close linked systems, which determine how and whether people benefit through the available financial services (Haq & Hussain, 2022). Thus, the availability of loans can go up, but how people use money, make payments, and invest it can substantially change a correlation between access and performance through mediating the use of money, payment behavior, and investments.

H2: Social customs significantly moderate the relationship between loan accessibility and loan outcomes.

Mediating Role of Financial Literacy

The ability to make proper financial decisions through financial literacy the knowledge and abilities to make sound financial decisions has also been widely recognized as one of the vital factors in determining the outcomes of a loan. The financially literate borrowers can comprehend loan terms better, experience difficulties with over-indebtedness fewer and know how to spend money more productively (OECD, 2022). Studies conducted in developing environments have revealed that financial literacy can mediate the connection between credit availability and economic elevation since it helps individuals learn to handle their debt in a responsible manner (Xiao & Porto, 2023). The financial literacy level is therefore not high in Pakistan, especially among the women and rural populace (Mughal & Mehmood, 2023). Because of this, the availability of credit might not be turned into better performance unless it is correlated with financial education.

H3: Financial literacy significantly mediates the relationship between loan accessibility and loan outcomes.

Direct Effect of Financial Literacy on Loan Outcomes

In addition to its mediating factor, financial literacy has a direct impact on improved loan outcomes such as repayments and investments due to improved budgeting decision making. High financial literacy will most likely help a person to diversify income sources, keep discipline in the field of credit, as well as develop long-term financial planning (Lusardi &

Mitchell, 2022). Research in South Asia indicates that even simple savings and budgeting trainings have a very substantial impact on the level of loan repayment and overall household finances (Sharma & Bansal, 2023). Financial education can be used as a means to overcome conservative tendencies that restrict financial freedom in particular, in the case of

Hyderabad, among women, and society on the margins of society.

H4: Financial literacy has a significant positive impact on loan outcomes.

Conceptual Model

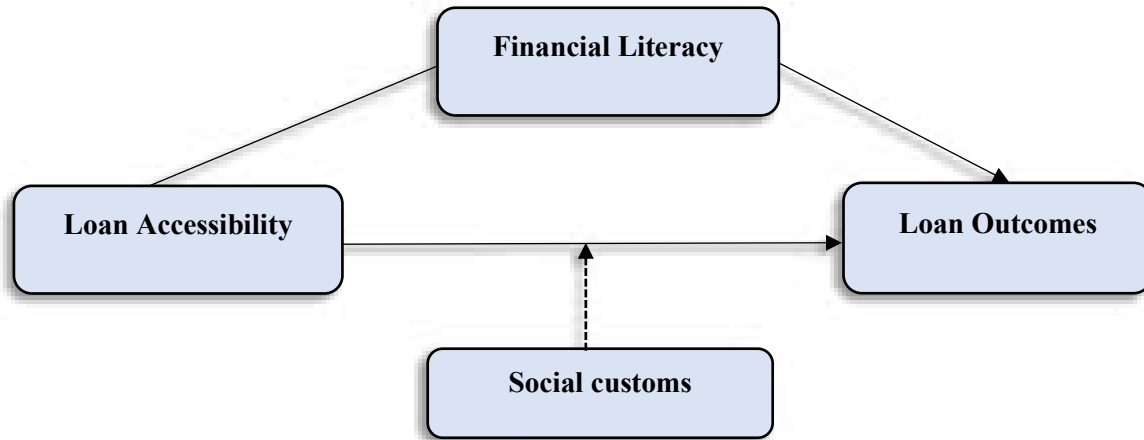


Figure 1. Conceptual Model of the study, formulate by author (s) after review of existing literature

Research Methodology

This study adopts a quantitative explanatory research approach examining the relationship between loan accessibility and loan outcomes. Given that this a new area of research within this demographic, the study employed non-probability sampling approach. This research is explanatory in nature for which a convenience sampling technique was used that allows the researcher to collect the data from participants who are readily accessible and willing to participate, ensuring the feasibility of data collection within the study’s time frame. A total of 120 respondents completed the structured questionnaire. To this end, a close-ended questionnaire was developed to elicit clear and measurable responses from participants. The questionnaire will use a seven-point Likert scale, offering participants a range of options to express their views more accurately. The PLS-SEM was conducted. The analysis followed a two-step approach: first, the measurement model was assessed through composite reliability, Cronbach’s alpha, Average Variance Extracted (AVE), and discriminant validity. Second, the structural model was evaluated

using path coefficients, t-values obtained through bootstrapping, and R² values to determine the predictive strength of the model.

Measures: the model of this research is based on four variables, loan accessibility (LA) as independent variable, loan Outcomes (LO) as dependent variable, financial literacy (FL) as moderating variable and social customs (SC) as mediating variable. Items of all variables are adapted from various studies. All the variables used in this study are measured using a seven-point Likert scale (1= Strongly Disagree to 7= Strongly Agree). The indicators representing the constructs came from the Survey questionnaire items.

Analysis and Results

Demographic Profile of Respondents

Demographic analysis aids in comprehending the structure of the sample and gives a background to the interpretation of the empirical findings. Demographic aspects like gender, age bracket, education level, and employment status were taken into consideration as demographic variables in this

study to describe the respondents who have taken part in the survey that was conducted in Hyderabad, Pakistan. One hundred and twenty valid answers

were obtained and employed in further statistical analysis.

Table 1 Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage
Gender	Male	72	60%
	Female	48	40%
Age	18–25 years	28	23.3%
	26–35 years	46	38.3%
	36–45 years	30	25%
	Above 45	16	13.4%
Education	Intermediate	22	18.3%
	Bachelor	50	41.7%
	Master	36	30%
	Other	12	10%
Employment Status	Salaried	52	43.3%
	Self-employed	38	31.7%
	Business owner	18	15%
	Other	12	10%

The demographic findings show that most of the respondents (60 percent) were males with females (40 percent) taking up 40 percent of the sample. Regarding the age distribution, the majority of the respondents were within the 26-35 years age bracket (38.3), which implied that the economically active people were more engaged in borrowing activities. In terms of education level, the highest percentage of respondents had bachelors degree (41.7) then master degree holders (30), which means that most of the respondents had moderate to high education background. Regarding the employment status, a large percentage of respondents were formal employees (43.3%), then the self-employed (31.7%),

which showed that both formal and informal earners are taking an active interest in borrowing loans. Comprehensively, the demographic picture indicates that the sample is projected to be an active group of people who have different educational and work experience, and this consideration is pertinent in exploring the subject of financial literacy and access to loans.

Outer loadings

Table 2 presents the results for each indicator tested using outer loadings in smart PLS. Outer loadings generally defines how strongly an indicator is associated with its construct which defines its

statistical relationship between an indicator and its construct.

Table 2. Outer Loadings

	FL	LA	LO	SC
FL1	0.788			
FL2	0.742			
FL3	0.912			
FL4	0.848			
FL5	0.903			
FL6	0.899			
LA1		0.778		
LA2		0.708		
LA3		0.805		
LA4		0.755		
LA5		0.833		
LA6		0.848		
LO2			0.798	
LO3			0.891	
LO4			0.955	
LO5			0.833	
LO6			0.920	
SC1				0.897
SC2				0.907
SC3				0.915
SC4				0.717
SC5				0.896

In PLS SEM, outer loadings ≥ 0.7 are considered acceptable (Hair et al., 2022). All the values for the construct show acceptable loadings ranging from 0.742 to 0.912. The indicators showing excellent or very good reliability are FL3, FL4, FL5 and FL6. The indicators for the construct LA show acceptable reliability values ranging from 0.708 to 0.848. The indicators demonstrate excellent reliability are LA3, LA5 and LA6. The loadings for LO indicators range from 0.798 to 0.955, indicating strong measurement quality. The LO4 and LO6 demonstrate strong reliability. The loadings for SC indicate strong and excellent reliability with the values ranging from 0.717 and 0.915. All the indicators have outer loadings above the threshold ≥ 0.7 . Therefore, they are acceptable and need not to be removed.

Measurement Model of the Study

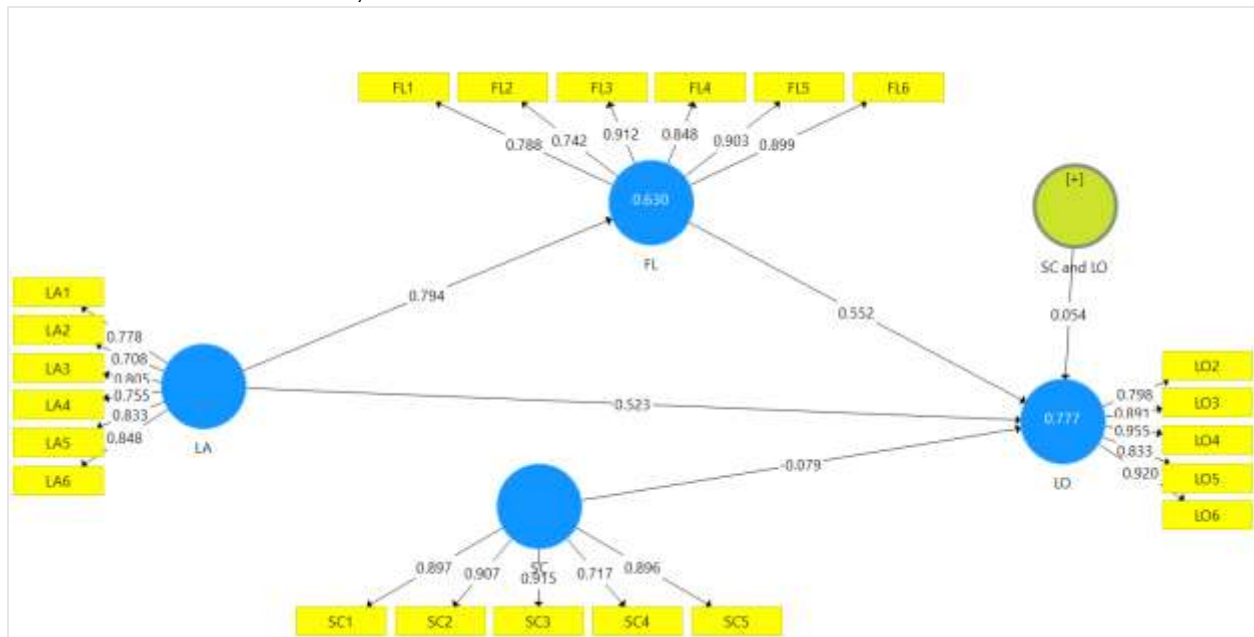


Figure 2. Formulated via Smart PLS Alogrithm analysis

Internal Consistency reliabilities

Table 3 presents the data for internal consistency reliabilities. Internal consistency reliabilities measure how closely related the set of items are in questionnaire. It shows that indicators are consistent

with each other and are reliable and well measured. The internal consistency reliability table shows the values of Cronbach Alpha, rho_A and Composite Reliability above threshold i.e. > 0.7 (Hair et al., 2022).

Table 3. Internal Consistency reliabilities

	Cronbach's Alpha	rho_A	Composite Reliability
FL	0.923	0.931	0.940
LA	0.880	0.900	0.908
LO	0.927	0.929	0.945
SC	0.917	0.921	0.939

All the indicators for each construct show strong to excellent reliability. The constructs FL, LA and SC show excellent internal consistency whereas LO

shows very good internal consistency. No redundancy of items is observed. These results make the latent variables consistently measured and able to give reliable path estimates in the structural model.

Convergent and Divergent Validities

Table 4 contains the results for convergent validity and discriminant validity. Convergent validity which measures the degree to which indicators used to reflect the construct are correlated and measuring

the underlying same concept (Hair et al., 2022). It is measured using AVE (Average Variance Extracted) for which the threshold value is ≥ 0.5 (Fornell & Larcker, 1981).

Table 4. Convergent and Divergent Validities

	Average Variance Extracted (AVE)	Fornell-Larcker Criterion
FL	0.724	0.851
LA	0.623	0.789
LO	0.777	0.881
SC	0.757	0.870

Note: Diagonal values (bold in table if formatting allows) represent \sqrt{AVE} for each construct, while off-diagonal values indicate inter-construct correlations, confirming discriminant validity (Fornell & Larcker, 1981; Hair et al., 2022).

This threshold value explains at least 50% of the variance in indicators is explained by its constructs. The values for AVE for the construct FL is 0.724, LA is 0.623, LO is 0.777 and SC is 0.757. This indicates that model is statistically sound and suitable for further analysis of the structural relationships among Loan Accessibility, Financial Literacy, Social customs and Loan Outcomes. All the indicators used in this research are respectively representing their latent construct.

Discriminant validity measures whether a construct explain its own indicators better than it explain other constructs (Hair et al., 2022). To measure this, the

square root of AVE should be larger than correlations with other constructs, it means the construct is unique and not overlapping with other constructs. The square root of AVE for financial literacy (0.851), loan accessibility (0.789), loan outcomes (0.881), and social customs (0.870) exceeded their respective inter-construct correlations. Thus, discriminant validity is established.

R and F Square Analysis

Table 5. contains the results for R and F Square Analysis. The coefficient of determination (R^2) R Square statistics explains the variance in the endogenous variable explained by the exogenous variable(s) and f^2 values assess the impact of or contribution of exogenous variable on endogenous variable (Cohen, 1988; Hair et al., 2022).

Table 5. R and F Square Analysis

	R Square	F Square
FL	0.630	0.448
LA	-	0.265

LO	0.777	-
SC	-	0.037

The R2 values of 0.75, 0.50, or 0.25 for endogenous latent variables can, as a rough rule of thumb, be respectively described as substantial, moderate or weak (Hair et al., 2011 & Hair et al., 2013). The R² values for the two dependent variables given in this research model are Financial Literacy and Loan

outcomes are 0.630 and 0.777 respectively. This suggests that loan accessibility contributes strongly in explaining the loan outcomes through the mediating effect of financial literacy and moderating role of social customs.

Structural Model of the study

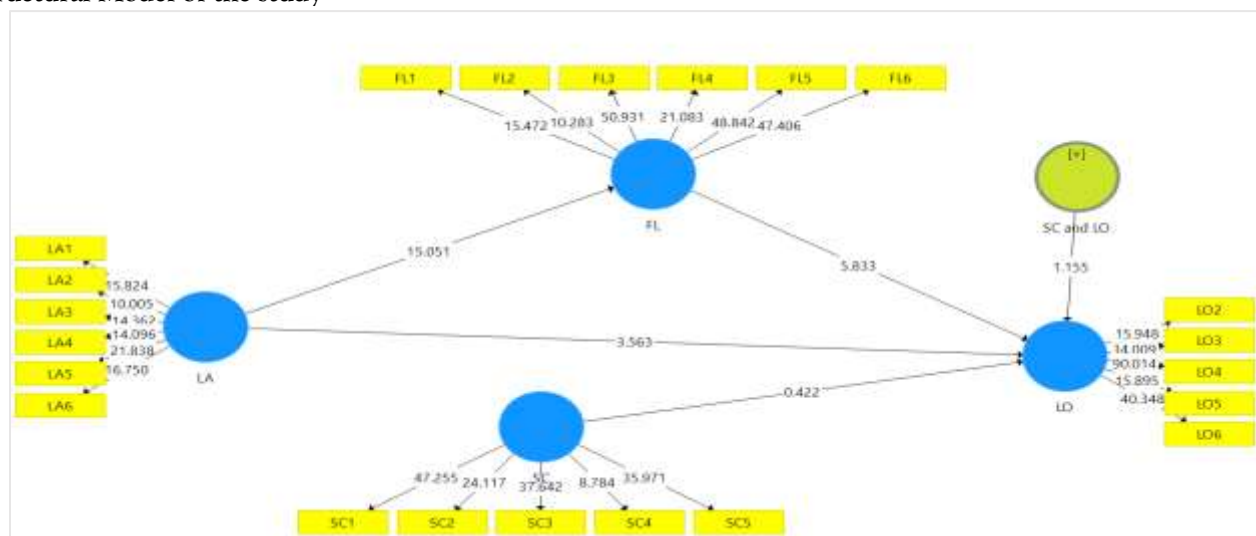


Figure 3. Formulated via Smart PLS Bootstrapping analysis

F-square is actually the effect size (≥ 0.02 is small; ≥ 0.15 is medium; ≥ 0.35 is large) (Cohen, 1988). The f^2 value for Financial Literacy (FL) is 0.448, indicating a large effect size on loan outcomes. This suggests that financial literacy plays a substantial role in explaining loan outcomes and confirms its importance as a mediating variable in the model. The f^2 value for Loan Accessibility (LA) is 0.265, which represents a medium to large effect size. This implies that loan accessibility has a considerable influence on loan outcomes, supporting its direct role in determining loan performance. The f^2 value for Social Customs (SC) is 0.037, indicating a small effect size. Although the effect is relatively weak, it still suggests that social customs exert a meaningful

moderating influence on the relationship between loan accessibility and loan outcomes.

Path Co-efficient Analysis

The structural model assists in establishing the impact of independent variable on the dependent variable in terms of the mediation and moderation effect. Bootstrapping in smart PLS was applied to evaluate the main hypotheses based on the results of the path coefficient analysis with and without standardized beta values (β) of the relationship strength and direction, t-statistics and p-values, respectively, are used to test their significance and statistical significance at standard levels, respectively (Hair et al., 2022).

These findings indicate that access to loans positively influences loan results ($\beta = 0.523$, $t = 3.563$, $p =$

0.001), which means that the increase in the accessibility to credits facilities positively affects the effectiveness of loan use and loan repayment. This observation can be used to argue that in situations where borrowers find it easy to access financial institutions, streamlined procedures as well as a variety of loan products, there are high chances of attaining positive financial results. Moreover,

financial literacy has shown to have a significant positive impact on the outcomes of loans ($\beta = 0.552$, $t = 5.833$, $p < 0.001$) which indicates that the more financially literate people are, the more responsible in managing their credit, spending money and make better financial choices.

Table 6. Path Co-efficient Analysis

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Financial Literacy → Loan Outcomes	0.552	0.557	0.095	5.833	0.000
Loan Accessibility → Financial Literacy	0.794	0.795	0.053	15.051	0.000
Loan Accessibility → Loan Outcomes	0.523	0.496	0.147	3.563	0.000
Loan Accessibility → Financial Literacy → Loan Outcomes	0.438	0.444	0.007	62.57	0.633
Social Customs as Moderator (Loan Accessibility → Loan Outcomes)	0.054	0.056	0.047	1.155	0.249

Moreover, the findings also show that loan availability has a positive and significant correlation with financial literacy ($\beta = 0.794$, $t = 15.051$, $p = 0.001$), which means that the higher the exposure to financial services and financial institutions, the greater the enhancement of the financial awareness and the financial literacy of individuals. This correlation verifies the mediation effect of financial literacy in converting credit access to productive financial processes. Even though social practices were theorized to moderate the association between loan availability and loan performance, the impact was comparatively small, which implies that structural and educational aspects are more dominant than the cultural aspects in determining loan performance in the Hyderabad setting.

Discussion of results

The findings of this study confirm hypothesis H1, which states that loan accessibility has a significant positive impact on loan outcomes. This result

aligned with previous study, confirming that increased access to credit enables borrowers to utilize their credit, thereby improving their loan outcomes. This can increase economic empowerment and enhance financial inclusion (Sarma & Pais, 2023; Raza et al., 2022). The mediation analysis confirmed that financial literacy is an important indicator influencing the relationship between the loan accessibility and loan outcomes and has a positive effect on loan outcomes. This is consistent with the previous study, which shows that higher financial literacy results in better understanding of financial products where borrowers are better equipped to understand loan terms, evaluate financial products, and make informed decisions, which enhances the effectiveness of credit access. informed decision making (OECD, 2022; Lusardi & Mitchell, 2022). Although **Hypothesis H2** posited that social customs would moderate the relationship between loan accessibility and outcomes, the analysis showed only a small and statistically insignificant effect. This is an

indication that, as is the case with Hyderabad, that cultural norms might be a minor factor when considering access and financial literacy in fueling loan utilization. However, it is also significant to learn about the social practices of a particular region to develop culturally sensitive financial interventions. Comprehensively, these findings highlight the fact that it is not enough to enhance access to loans but financial literacy is necessary to convert access into tangible benefits to the borrowers. Theoretically, the findings reveal that the access to loans and financial literacy and social factors have an interdependent effect on the utilization of the credit by people.

Recommendations

Loan outcomes can be improved with the implementation of financial literacy programs specifically designed for certain groups such as women, disabled people, minority groups or ethnicities, those who face challenges in understanding the financial products available. This will help them managing money, budgeting and using loans wisely ultimately improving loan outcomes. Also, loan outcomes can be improved by simplifying loan procedures and reduced paperwork and guarantee requirements. This will help people specifically with have low incomes or those who fear losing collateral or simply because people are hesitant and thus avoid long documentation process. Fewer hurdles make loan available to more people.

In addition to that social customs play a significant role; therefore, financial literacy programs should consider and respect local cultural habits but at the same time encouraging the individual autonomy for borrowers to make their own decisions about money. Moreover, the expansion of digital platforms will reduce the physical and social barriers to access to loans. The financial regulators in the country should implement certain policies such as arranging short financial literacy course when someone applies for a loan as to how use loan responsibly and manage repayments.

Implications

This study extends financial inclusion theory by integrating financial literacy as a mediator and examining the potential moderating role of social customs. This study has empirically supported the

idea that financial literacy plays a key role for positive loan outcomes. Also, this study explains how people biases, habits and decision-making patterns affect their financial behavior. Therefore, the mediating role of financial literacy helps people overcome these biases. This study provides a regional contribution to South Asian literature by examining loan accessibility and outcomes in Hyderabad which previously remained unexplored. Furthermore, PLS-SEM helped in modelling the relationships among loan accessibility, financial literacy, social customs and loan outcomes showing a reliable way to examine these constructs in developing economies.

Future directions and limitations

This study can be improved by future research through the use of longitudinal designs that would help to track the borrowers regarding financial literacy, access and social customs as how it changes the loan outcomes over the time. Moreover, the future study can be expanded into a larger scale in more cities and rural areas across Sindh to enhance generalizability and validate whether the findings are same or different.

As financial literacy was already shown to be a potent factor behind positive loan outcomes, future research can explore which kind of financial education interventions, including workshop, mobile applications, or on-the-job training are most effective. Other methods of analysis could also be applied to the future research to obtain more informative findings and insights into the factors that determine successful borrowing in the developing economies. This study has certain shortcomings. The use of a cross sectional survey limits the principle of causality. The borrowers were restricted to Hyderabad and this may restrict the external validity. It can also happen with self-reported measures where there is a possibility of Loan outcomes, literacy levels or even perceptions of social norms bias that may affect the accuracy of the responses. Further, there is also a minor and insignificant moderating influence of social customs in this study. Thus, the other cultural aspects may be able to capture valuable or material influence on the loan outcomes.

Conclusion

This paper has focused on the impact of the availability of loans, financial literacy, and loan performance in Hyderabad with the social customs as a moderating factor. The results show that financial literacy is a major factor in enhancing the outcomes of loans whereas the social customs moderated the result marginally and statistically non-significantly. These findings build on financial inclusion and behavioral finance theory by emphasizing the importance of education and access more than cultural norms in this regard and compose a regional contribution to the South Asian literature. Although the research is confined to one urban area, cross-sectional design, and use of self-reported data, it shows that PLS-SEM is useful in the modeling of complex relationships between accessibility, literacy, social norms, and outcomes. Future studies might expand on other social and cultural variables, use longitudinal designs as a further way of establishing causality, and study other regions, such as rural areas. In sum, the research highlights the importance of the financial literacy and loan accessibility in enhancing the loan performance, even in the case where a relatively small impact of social norms is involved.

REFERENCES

- ADB. (2023). *Asian Development Outlook 2023: Inclusive Growth and Financial Inclusion*. Asian Development Bank. <https://www.adb.org/publications/asian-development-outlook-2023>
- Ahmed, R., & Khalid, S. (2023). Social and cultural barriers to women's financial inclusion in rural Sindh. *Pakistan Journal of Social Development*, 19(1), 55-70.
- Ali, M., & Malik, Z. (2022). Financial inclusion and loan outcomes in Pakistan: The role of institutional trust. *Journal of Finance and Economics Research*, 7(3), 14-29.
- Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. *Journal of the academy of marketing science*, 16(1), 74-94.
- Chin, W. W. (1998). The partial least squares approach to structural equation modeling. In *Modern methods for business research* (pp. 295-336). Psychology Press.
- Cohen, S. (1988). Perceived stress in a probability sample of the United States.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*. World Bank. <https://www.worldbank.org/en/publication/globalfindex>
- Falk, R. F., & Miller, N. B. (1992). *A primer for soft modeling*. University of Akron Press.
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing theory and Practice*, 19(2), 139-152.
- Hair, J., & Alamer, A. (2022). Partial Least Squares Structural Equation Modeling (PLS-SEM) in second language and education research: Guidelines using an applied example. *Research Methods in Applied Linguistics*, 1(3), 100027.
- Haq, S., & Hussain, N. (2022). Cultural norms and financial behavior in rural Pakistan: An anthropological view. *Asian Journal of Social Science Studies*, 10(4), 44-56. <https://researchwithfawad.com/index.php/lp-courses/basic-and-advance-data-analysis-using-smart-pls/understanding-r-square-f-square-and-q-square-using-smart-pls/>
- Lusardi, A., & Mitchell, O. S. (2022). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature*, 60(1), 5-44. <https://doi.org/10.1257/jel.20191546>
- Mughal, A., & Mehmood, S. (2023). Assessing financial literacy in Pakistan: Gaps and policy directions. *Pakistan Economic Review*, 4(2), 88-103.
- OECD. (2022). *Financial Literacy and Inclusion: OECD/INFE Evidence, Policies and Practice*. Organisation for Economic Co-operation and Development. <https://www.oecd.org/finance/financial-education/>
- Raza, S. A., Mahmood, N., & Shah, N. (2022). The role of microfinance in improving loan utilization: Evidence from Sindh. *Microfinance and Development Review*, 3(1), 21-35.

- Sarma, M., & Pais, J. (2023). Financial access and its implications for inclusive growth: A cross-country analysis. *Economic Systems*, 47(1), 101–118.
- Sharma, R., & Bansal, A. (2023). Financial education and loan behavior: Evidence from low-income households in India. *South Asian Journal of Development Studies*, 12(1), 25–40.
- State Bank of Pakistan. (2023). *Financial Inclusion Strategy 2023: Progress and Future Roadmap*. <https://www.sbp.org.pk>
- UNDP. (2023). *Sustainable Development Goals Report 2023*. United Nations Development Programme. <https://www.undp.org/publications>
- Xiao, J. J., & Porto, N. (2023). Financial literacy and loan outcomes among low-income borrowers. *Journal of Consumer Affairs*, 57(2), 301–319. <https://doi.org/10.1111/joca.12445>

