

— SEMINAR —

organized by the

Centre for European Research in Microfinance



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The Effect of Religion on Development Efforts: Evidence from the Microfinance Industry

(Paper by Bert d'Espallier, Roy Mersland, and Magne Supphellen)

Tuesday February 8th, 2011

From 12.15pm to 1.45pm

At Seminar Room **R42.2.110** (Centre Emile Bernheim)

Solvay Brussels School of Economics and Management

Université libre de Bruxelles

Abstract:

Using data from the global microfinance industry this study responds to the need for more empirical knowledge on the effect of religion in development efforts. The results find support for several of the hypotheses suggesting that Christian MFIs do indeed differ from secular ones in a number of dimensions. With respect to organizational features, we find that Christian MFIs are more internationally oriented and are reluctant to be regulated by national banking authorities. With respect to business model, we find that they offer somewhat smaller loans, but are similar to secular MFIs in terms of gender focus. Regarding financial performance, we find that Christian MFIs have significant lower funding costs, but consistently underperform in terms of bottom line financial indicators. The lower financial performance seems to be driven by lower interest rates charged on the outstanding loan portfolio and not by lower operational efficiency.

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Please confirm your presence by February 2nd, 2011.

