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Competition and the Performance of Microfinance Institutions

(Paper by Assefa E., N. Hermes, and A. Meesters)

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From 2.00pm to 4.00pm

At Seminar Room **R42.2.110** (Centre Emile Bernheim)
Solvay Brussels School of Economics and Management
Université libre de Bruxelles

Abstract:

This paper examines the relationship between competition and the performance of microfinance institutions (MFIs). We measure competition by constructing a Lerner index. Next, we assess the association between increased competition among MFIs on the one hand and outreach, loan repayment, efficiency and financial performance on the other. The empirical investigation is based on data from 362 MFIs in 73 countries for the period 1995-2009. Based on our measure of competition we do find a general trend of increased competition in microfinance during the last decade. Our econometric analysis provides evidence that competition among MFIs is negatively associated with various measures of performance.

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