African Review of Economics and Finance (Online), 1–39
ISSN (Print) 2042-1478
ISSN (Online) 2410-4906

ARTICLE

Determinants of Microfinance Institutions' Profitability: A Systematic Review

Harkat Tahar ,[1] Ez-zarzari Zakaria,[1] Aguenaou Samir,[2] Jawad Abrache,[2] and Mohamed Benyahia [*,3]

[1]Ibn Tofail University, Kenitra, Morocco
[2]Al Akhawayn University, Ifrane, Morocco
[3]Superior Institute of Science and Technology, Rabat, Morocco
[*] Corresponding Author: tahar.harkat@uit.ac.ma;t.harkat@gmail.com

Abstract

While the main purpose of microfinance institutions (MFIs) is to provide the poorest segment of the population access to capital, it also aims at being profitable to ensure continuity. Achieving higher levels of profitability enables MFIs to achieve self-sufficiency and become less reliant on donors. For this, scholars and academics have been massively interested in identifying the main determinants that have a direct/indirect impact on MFIs' profitability. However, given the diversity of findings and growing complexity of influencing factors, a systematic review is crucial to consolidate current knowledge, reveal consistencies and contradictions in the literature, and provide clarity on what drives profitability across varying contexts. In this regard, this contribution provides the state of the art by systematically reviewing the main determinants of MFIs' profitability. The review distinguishes between firm-specific and non-firm-specific determinants. Firm-specific factors include MFI characteristics (e.g., size, legal status, capital structure), loan portfolio variables (e.g., yield, risk), outreach levels, personnel productivity, and ESG strategies. Non-firm-specific determinants encompass macroeconomic variables, regulatory policies, market competition, and governance indicators. The analysis reveals that both internal and external factors significantly shape MFIs' financial outcomes, but their impact varies based on regional, institutional, and temporal contexts. The findings have practical implications for MFI managers, donors, and policymakers to improve MFIs' internal efficiency (e.g., optimizing loan structures and staff productivity) while adapting to external conditions (e.g., economic volatility and legal frameworks). The originality of this study lies in the identification of the various factors that influence the profitability of these institutions, uncovering literature gaps, and suggesting novel directions for future research.

Keywords: Systematic review, Microfinance institutions, Profitability, Literature gap, Future research directions

JEL classification: G21, G23, L31, O16

Article history: Received: December 2025 || Acceptance : 25 March 2026

1. Introduction

Originating with Professor Muhammad Yunus's microcredit experiments in rural Bangladesh in the mid-1970s, microfinance institutions (MFIs) have evolved from small, donor-funded initiatives into a diverse global industry that serves over 200 million low-income clients (Mia et al., 2019; IFC, 2024). Through successive waves of expansion (e.g., the commercialization in the early 2000s, regulatory

formalization in the 2010s, and more recently digital and fintech-enabled service delivery) MFIs have continually adapted their models to balance social outreach with financial viability (Cull et al., 2009).

Despite these changes, their core mandate remains constant: alleviating poverty and fostering inclusive economic development, particularly in underserved or marginalized communities. MFIs provide access to credit, savings, insurance, and payment services for individuals and micro-enterprises excluded from conventional banking systems (Zainal et al., 2019). This financial inclusion is intended to reduce poverty, improve quality of life, lower unemployment, and stimulate micro-enterprise creation (Iyiola & Alfred, 2014; Javid & Abrar, 2015). Unsurprisingly, MFIs have attracted sustained attention from scholars, practitioners, and policymakers.

Early research concentrated on outreach and social performance, while profitability and financial sustainability, critical for long-term continuity, received comparatively limited focus (Afzal & Malik, 2023; Kaur & Bharucha, 2023). Yet empirical evidence shows that financially robust MFIs achieve deeper and more stable outreach than chronically subsidized peers (Tchakoute Tchuigoua, 2014; Awaworyi Churchill, 2020). Understanding what drives profitability is therefore vital for both mission preservation and sector resilience.

Profitability, however, is influenced by a complex interaction of firm-specific (internal) factors such as size, age, loan-portfolio structure, personnel productivity, governance, and ESG practices and non-firm-specific (external) factors, including macroeconomic conditions, regulatory frameworks, market competition, and institutional quality (Cull et al., 2011; Bansah & Adjei, 2023). Moreover, contextual heterogeneity, ranging from urban to rural settings and from emerging to advanced economies, further complicates the picture.

Given this complex landscape, a systematic literature review (SLR) is needed to consolidate dispersed findings, expose areas of convergence and divergence, and map the knowledge frontier on MFIs' profitability. Specifically, this SLR pursues three objectives:

(1) Synthesizing existing knowledge: By critically synthesizing empirical studies, this review aims to provide a comprehensive overview of the firm and non-firm determinants of MFIs' profitability.
(2) Identifying research gaps: The study identifies areas where the existing literature is insufficient or inconclusive, highlighting opportunities for future research.
(3) Generating actionable insights: The study provides actionable insights for managers, donors, and regulators seeking to enhance MFIs' financial sustainability without compromising their social mission.

By focusing exclusively on profitability, this review fills a notable gap in the literature. Increased financial self-reliance can reduce dependence on external subsidies, fortify institutional resilience, and ultimately enable MFIs to reach more clients with quality services. In turn, this contributes to poverty reduction, financial inclusion, and socio-economic empowerment in the world's most vulnerable communities.

While previous studies have examined MFIs' performance broadly, often combining profitability with outreach, sustainability, and operational efficiency, this has limited the depth of understanding of profitability-specific dynamics. The literature remains underdeveloped in at least five key areas:

(1) Short-term vs. long-term profitability: few studies disaggregate profitability drivers over different time horizons, which limits insight into the temporal stability of returns.
(2) Regional and contextual variations: comparative studies across regions (e.g., Sub-Saharan Africa vs. South Asia) or between rural and urban MFIs are scarce, leaving geographical differences underexplored.
(3) Profitability during crises: there is minimal systematic evidence on how MFIs' profitability behaves under financial shocks, political instability, or health crises.
(4) Integration of ESG dimensions: while social performance is often discussed, its explicit link to financial profitability remains weakly addressed.

(5) Interaction between firm-specific and macroeconomic factors: most studies examine these determinants separately, overlooking how they might interact to influence profitability.

A synthesis of these gaps is presented in Table 1 below.

Table 1. Synthesis of research gaps

Theme	What is Known	Underexplored Area
Scope of performance measures	Profitability usually analyzed alongside other performance dimensions	Standalone profitability-focused studies are limited
Time horizon	Profitability often reported as an aggregate ratio	Disaggregation into short- vs. long-term determinants
Geographic variation	Some country-level studies exist	Comparative multi-region or rural–urban profitability analysis
Crisis contexts	Only anecdotal or case-based insights	Systematic crisis-period profitability analysis
ESG integration	ESG mainly linked to social mission	ESG explicitly linked to financial profitability
Interaction effects	Firm-specific and macroeconomic variables studied separately	Integrated models of interaction effects

Source: Authors' compilation

The Scopus database was selected due to its extensive coverage of peer-reviewed journals in economics, finance, and development studies, including leading microfinance outlets. Its advanced search filters enhance transparency, reproducibility, and coverage, reducing the risk of omitting relevant high-quality studies.

To achieve the objectives discussed above, the rest of the paper is structured as follows. Section 2 outlines the review scope and methodology. Section 3 offers a descriptive analysis of the selected studies and discusses how profitability is operationalized. Section 4 synthesizes evidence on firm-specific and non-firm-specific determinants. Section 5 critically discusses the findings, highlights gaps, and recommends future research directions. Section 6 acknowledges limitations and concludes.

1.1 Positioning relative to prior systematic reviews

Several systematic and scientometric reviews have previously examined MFI performance. Hermes and Hudon (2018) reviewed approximately 170 articles addressing the determinants of both financial and social performance of MFIs. Their synthesis organized determinants into four broad categories: MFI characteristics, funding sources, governance quality, and external context. Similarly, Roy and Goswami (2013) conducted a scientometric analysis of 71 publications (1995–2010), proposing a conceptual model for the overall performance of MFIs that spanned financial performance, social performance, outreach, sustainability, efficiency, productivity, and governance. More recently, Gutiérrez-Nieto and Serrano-Cinca (2019) performed a scientometric analysis of 1,874 papers published between 1997 and 2017, classifying the literature into institutionalist and welfarist traditions and tracing the evolution of research themes from microcredit innovations to mission drift concerns. Rasel and Win (2020) provided a systematic review of 64 articles on microfinance governance, examining its relationship with financial and social performance, while Ribeiro et al. (2022) analyzed 524 studies focusing on microfinance outcomes from the demand side perspective.

This present review differs from and extends these contributions in several important ways. First, whereas prior reviews treat profitability as one element within a broader performance construct, this study explicitly selects empirical studies in which a profitability measure (ROA, ROE, or profit margin) serves as a dependent variable. This selection criterion ensures that the synthesized evidence directly addresses the financial returns of MFIs rather than conflating profitability with sustainability, efficiency, or social outreach. Second, this review covers a more recent time period, incorporating

studies published up to May 2024, thereby capturing emerging themes such as ESG integration that have gained prominence since 2018. Third, we provide a more detailed classification of firm-specific determinants, distinguishing categories such as personnel productivity, loan-portfolio characteristics, and ESG variables that were less systematically addressed in earlier syntheses. Table 2 summarizes the key differences between this review and prior systematic reviews of MFI performance.

Table 2. Comparison with prior systematic reviews of MFI performance

Dimension	Roy & Goswami (2013)	Hermes & Hudon (2018)	Gutiérrez-Nieto & Serrano-Cinca (2019)	Rasel & Win (2020)	Ribeiro et al. (2022)	This review
Performance focus	Overall performance (8 dimensions)	Financial and social performance	Broad microfinance field (institutionalist vs. welfarist)	Governance and performance	Client outcomes (demand side)	Profitability only (ROA, ROE, PM)
Articles reviewed	71	~170	1,874	64	524	101
Time coverage	1995–2010	Up to ~2017	1997–2017	2001–2018	2012–2021	Up to May 2024
Database(s)	Multiple sources	Not specified	Web of Science	Multiple databases	Web of Science	Scopus
Profitability as selection criterion	No	No	No	No	No	Yes (ROA/ROE/PM as DV)
Emerging themes	Limited	Governance, subsidies	Mission drift, financial inclusion	Board composition, CEO characteristics	Social outcomes, empowerment	ESG, cultural factors, WGI

Source: Authors' compilation

It is acknowledged that 84 of the 101 articles included in this review examine profitability alongside other performance measures. However, this does not diminish the contribution of this study: the selection criterion ensures that profitability is empirically modelled in every included study, allowing for a focused synthesis of its determinants. By contrast, prior reviews that combine profitability with sustainability or outreach may obscure the specific drivers of financial returns. This focused approach enables practitioners and policymakers to identify actionable levers for enhancing MFIs' financial viability while complementing broader assessments of social and operational performance.

1.2 Theoretical underpinnings

Understanding the determinants of MFIs' profitability requires a multi-theoretical lens that captures the complexity of these hybrid organizations. This review draws on four complementary theoretical perspectives to structure expectations about how various factors should influence profitability: financial intermediation theory, the resource-based view (RBV), institutional theory, and the mission drift literature.

Financial intermediation theory provides the foundational rational for MFIs' existence and prof-

itability potential. Traditional financial intermediation theory posits that intermediaries reduce transaction costs and information asymmetries between surplus and deficit units by performing delegated monitoring functions (Diamond, 1984; Benston & Smith, 1976). However, MFIs operate a distinct intermediation model that relies on social monitoring through group lending mechanisms and alternative funding sources such as donations (Abrar et al., 2023). This theoretical perspective suggests that profitability determinants related to portfolio structure, capital composition, and cost management should be particularly salient, as they directly affect the efficiency of the intermediation process. Specifically, factors that reduce information asymmetries (e.g., group lending, progressive lending) or lower transaction costs (e.g., staff productivity, operational efficiency) should enhance profitability.

The resource-based view (RBV) complements financial intermediation theory by focusing on the internal capabilities that enable MFIs to achieve sustainable competitive advantage (Barney, 1991; Wernerfelt, 1984). According to RBV, firm-specific resources that are valuable, rare, inimitable, and non-substitutable (VRIN) constitute the primary sources of superior performance. Applied to microfinance, this perspective suggests that MFIs' profitability depends on their ability to develop distinctive organizational capabilities, such as specialized lending methodologies, staff expertise in serving low-income clients, and strong client relationships. From this view, determinants such as personnel productivity, institutional age (as a proxy for accumulated experience), and governance quality should exhibit positive associations with profitability, reflecting the value of firm-specific competencies.

Institutional theory shifts attention to the external environment, and the pressures organizations face to conform to societal expectations and regulatory requirements (DiMaggio & Powell, 1983; Scott, 1995). MFIs operate within complex institutional environments shaped by regulatory frameworks, donor expectations, and social norms regarding poverty alleviation. This predicts that external factors, including legal status, regulatory supervision, and country-level governance indicators, will significantly influence profitability through their effects on legitimacy, access to resources, and operational constraints. Furthermore, institutional theory helps explain why the same determinant may have different effects across contexts: MFIs in different institutional environments face varying isomorphic pressures that shape their strategic responses and, consequently, their financial outcomes.

The mission drift literature addresses the fundamental tension at the heart of microfinance: the potential trade-off between social outreach and financial sustainability (Armendáriz & Szafarz, 2011; Mersland & Strøm, 2010; Hermes et al., 2011). The "microfinance schism" reflects two contrasting positions: welfarists argue that MFIs should prioritize depth of outreach to the poorest, while institutionalists contend that financial sustainability is essential for long-term social impact (Woller et al., 1999; Morduch, 2000). Empirically, mission drift is often operationalized through changes in average loan size, with increases suggesting a shift toward wealthier clients (Cull et al., 2009). This theoretical strand predicts that outreach variables (e.g., average loan size, percentage of female borrowers, rural versus urban focus) may exhibit complex, non-linear, or context-dependent relationships with profitability, depending on how MFIs navigate the outreach–sustainability trade-off.

2. Research method

This study aims to identify peer-reviewed articles that analyzed the determinants of MFIs' profitability by systematically reviewing the Scopus database. An SLR enables the analysis of scientific articles and research documents in a precise, transparent, and explicit manner (Dieste et al., 2021). As the goal of SLR is to achieve a reproducible outcome (Pahlevan-Sharif et al., 2019; Tranfield et al., 2003), scholars indicate that five sequential stages should be included, namely: scope formulation, paper selection model, study evaluation, analysis and synthesis, and disseminating and using the results (Dieste et al., 2021). To achieve this goal, transparency, and minimum authors' bias, each of the

mentioned phases is discussed in detail in the following sections.

Following this, Section 2.1 formulates the scope of this study, detailing the first phase of the systematic review. The following stages of the SLR are presented in subsequent sections of this paper.

2.1 Scope formulation

Before proceeding, a clarification of terminology is needed. Throughout this review, "profitability" refers specifically to financial returns measured by return on assets (ROA), return on equity (ROE), or profit margin (PM). The term "financial performance" is used more broadly to encompass profitability alongside related constructs such as operational self-sufficiency (OSS) and financial self-sufficiency (FSS). When discussing studies that examine multiple performance dimensions, "profitability" denotes only the ROA/ROE/PM outcomes, while "performance" may include sustainability or efficiency measures. This distinction ensures precision in synthesizing findings across studies with varying outcome definitions.

MFIs have been the subject of many scholars and policymakers in the most recent years (Harkat et al., 2023). The primary goal of these financial institutions is to enhance the financial well-being of the poorest segment (Onoyere, 2014; Ranjani & Kumar, 2018) by providing access to financial resources to them (Chedad et al., 2022). Additionally, MFIs play other important roles that include enhancing women's well-being (Hassan & Saleem, 2017; Islam & Ahmad, 2020; Milan et al., 2020), enhancing the economic performance of countries through providing capital to microentrepreneurs, microenterprises, and small to medium enterprises (SMEs) (Liu et al., 2021; Semegn & Bishnoi, 2021; Sibuea et al., 2022), and enhancing the health quality of individuals (El-Bassel et al., 2021). While MFIs provide access to financial capital to the poorest segment with no guarantees or collateral, many authors found that low-income individuals are viable customers when approached the right way (Dokulilová et al., 2009).

The challenge for MFIs remains in meeting their social mission while simultaneously growing and increasing their profitability (Cull et al., 2009; Visconti, 2016). This is referred to in the microfinance literature as the microfinance schism (Harkat et al., 2023; Kipesha & Zhang, 2013). On the one hand, welfarists indicate that microfinance institutions should focus on their social mission, which is poverty reduction and consists of reaching the maximum number of low-income individuals. On the other hand, institutionalists indicate that MFIs should be driven by profitability and viability as this ensures continuity (Ngumo et al., 2017).

Reaching out to poor individuals and providing them with access to financial services is very expensive for many reasons. First, a significant number of low-income individuals live in rural areas, which makes the cost of transactions very high (Hermes & Hudon, 2018). Second, loans that MFIs provide are not backed by collaterals (e.g., land, fixed salary, etc.), which increases the risk of the portfolio, and therefore the cost for the bank (Bogan, 2012; Rocha et al., 2019). Third, MFIs have high costs of deposit and savings accounts, and cannot rely on them to supply money as low-income individuals have significantly low savings compared to commercial banks (Abrar et al., 2023). Fourth, microloans are riskier than loans provided by conventional banks, which makes the cost of screening and monitoring clients significantly higher (Hermes & Hudon, 2018).

Next, an essential question is how MFIs finance their activities. MFIs must have a financial strategy that will allow them to cover their costs and reach out to the poor (Hermes & Hudon, 2018). While donor funding and offering savings accounts are two commonly used strategies to reach out to the poor and cover costs, they might not ensure the continuity of these institutions. In addition to that, these strategies depend on the formal status of microbanks (e.g., NGO, cooperative, and non-banking financial institutions), and might not be available to all of them (Emengini, 2019). For this, MFIs should focus their efforts and strategies on enhancing their profitability. Simultaneously, scholars and academics need to focus on all the determinants that enhance the profitability of these institutions, as higher levels of profitability lead to achieving sustainability, which enhances the

chances for MFIs' continuity. Therefore, this article provides an up-to-date and comprehensive literature review on the field, aiming to highlight the various determinants of MFIs' profitability, bring to light gaps and inconsistencies in the literature, and find new directions and avenues for future research.

2.2 Paper selection method

The Scopus search database is used to identify the most relevant research articles for this SLR. This is because the Scopus database has an extensive coverage of peer-reviewed articles in the field. Scopus was selected as the sole database for this review for several reasons. First, Scopus indexes over 27,000 peer-reviewed journals, including the leading outlets in economics, finance, and development studies where microfinance research is predominantly published (Baas et al., 2020; Falagas et al., 2008). Second, Scopus provides broader coverage of social science and interdisciplinary journals compared to Web of Science, which has historically emphasized natural sciences (Mongeon & Paul-Hus, 2016). Third, prior systematic reviews in microfinance and related fields have successfully employed Scopus as the primary or sole database (e.g., Gutiérrez-Nieto & Serrano-Cinca, 2019; Ribeiro et al., 2022), supporting its adequacy for capturing the relevant literature. Fourth, using a single comprehensive database enhances transparency and replicability, as multi-database searches introduce complexities related to deduplication and inconsistent metadata (Gusenbauer & Haddaway, 2020). To verify the adequacy of Scopus coverage, a supplementary spot-check was conducted: the 20 most-cited empirical articles on MFI profitability identified through Google Scholar were cross-referenced with the Scopus search results, and 18 (90%) were captured, with the two missing articles being working papers not indexed in peer-reviewed databases. While the exclusion of grey literature (e.g., SSRN working papers, policy reports) is acknowledged as a limitation, this restriction ensures that only peer-reviewed, quality-controlled research informs the synthesis.

This SLR considered peer-reviewed articles published in English that directly or partially address the determinants of MFIs' profitability without limiting the search to a specific period. To enhance the quality of the findings, the article search excludes all other document types such as conference papers, notes, data papers, and others.

This study used some keywords to filter various scientific articles in the Scopus database that contains them in the title, abstract, and keyword fields. The first keyword used is "microfinanc*", which represents any word related to the term microfinance (e.g., microfinance and microfinancing). This last keyword was a must-filter as it ensures that all articles are in the microfinance industry. The second set of keyword terms is "profitability" and "performance". The term "profitability" ensures filtering the articles that directly address the profitability of MFIs. However, the term "performance" was also included to broaden the search results and include articles that either directly or indirectly investigate the determinants of MFIs' profitability. The search query summarizing the conditions discussed in this section is:

- TITLE-ABS-KEY (microfinanc*) AND TITLE-ABS-KEY ("profitability" OR "performance") AND (LIMIT-TO (PUBSTAGE , "final")) AND (LIMIT-TO (DOCTYPE , "ar")) AND (LIMIT-TO (LANGUAGE , "English")) AND (LIMIT-TO (SRCTYPE , "j"))

To ensure transparency and replicability, Table 3 presents the explicit inclusion and exclusion criteria applied during the screening process.

Table 3. Inclusion and exclusion criteria

Criterion	Inclusion	Exclusion
Study design	Empirical, quantitative studies	Purely theoretical/conceptual papers; qualitative studies without quantitative analysis; literature reviews; meta-analyses
Unit of analysis	MFIs as the main unit of analysis	Studies focusing on MFI clients/borrowers; studies on non-MFI microcredit programs (e.g., government schemes, informal lenders)
Dependent variable	At least one regression specification with ROA, ROE, profit margin, or equivalent profitability proxy as dependent variable	Studies using only sustainability (OSS/FSS), efficiency (DEA/SFA scores), outreach, or social performance as dependent variables without profitability measures
Treatment of profitability	Profitability as primary outcome OR profitability included in main analysis (not solely robustness checks)	Studies where profitability appears only in robustness checks or sensitivity analyses
Document type	Peer-reviewed journal articles	Conference papers, book chapters, working papers, dissertations, notes, editorials
Language	English	Non-English publications
Database	Indexed in Scopus	Not indexed in Scopus
Publication status	Final/published	In-press, corrected proofs, articles-in-progress

Source: Authors' compilation

A clarification is warranted regarding the operationalization of "partial" profitability focus. Studies were included if they met one of two conditions: (i) profitability (ROA, ROE, or profit margin) was the primary dependent variable in the main empirical analysis, or (ii) profitability was one of several performance measures examined in the main analysis, provided that at least one regression model reported profitability as the dependent variable. This approach captured 17 studies that focused exclusively on profitability and 84 studies that examined profitability alongside other performance dimensions (e.g., outreach, sustainability). Studies were excluded if profitability metrics appeared only in robustness checks, sensitivity analyses, or descriptive statistics without regression modelling. This criterion ensures that all included studies provide empirical evidence on the determinants of profitability, even when profitability is not the sole focus, thereby enabling a comprehensive synthesis of the literature.

The last date of the search was the 21st of May 2024, and a total of 861 papers were initially found. The extracted records' titles, abstracts, keywords, authors' names, authors' affiliations, journal names, and year of publication were exported to an MS Excel spreadsheet. The following processes consist of removing duplicates, screening the articles (1st screening) using the titles and the abstracts

to remove non-relevant articles, and screening the selected articles (2nd screening) using their full text. Only the articles remaining after the second screening were used for analysis, synthesis, and dissemination of the results.

Initially, only one duplicate was identified and removed from the collected records (Figure 1). Following this, two independent reviewers conducted the 1st screening of the records independently to remove papers that were not in the scope of the current SLR. At this stage, the disagreements between the reviewers were discussed and resolved by consensus. In the case where an agreement could not be reached, a third reviewer was considered. Out of the 861 remaining records, 659 articles did not pass the first screening and were discarded (Figure 1). In this phase, reasons for rejection included, but were not limited to, articles that investigated women empowerment (e.g., El-Bassel et al., 2021; Namayengo et al., 2023; Shohel et al., 2023), risk assessment methods among MFIs (e.g., Cao et al., 2012), and impact of MFIs on small to medium enterprises and self-help groups (e.g., Ruchika, 2020) among many others reasons. A similar process was used in the 2nd screening to remove literature review papers, qualitative papers, and papers that did not investigate the determinants of MFIs' profitability. Out of the remaining 202 records, 101 articles were discarded, and 101 articles were used to derive results, uncover gaps, and find avenues for future research (Figure 1). Reasons for rejection at this stage included papers that were literature review papers (e.g., Roy & Goswami, 2013), papers that investigated other MFIs' performance measures such as technical efficiency (Kendo, 2017), sustainability (e.g., Bakker et al., 2014; Githaiga et al., 2022; Mia et al., 2023), operational efficiency (A. Khan & Shireen, 2020), social outreach (e.g., Bakker et al., 2014; Kolloju & Meoli, 2022), and personnel productivity (e.g., Towo et al., 2019), lack of access to some papers (14 in total) among other reasons.

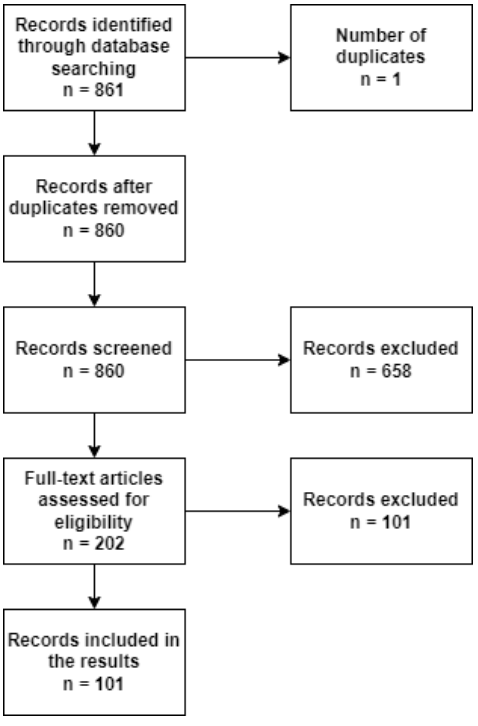

Figure 1. Flow chart of the study selection process

(Source: Authors' compilation)

3. Literature review analysis

3.1 Descriptive analysis

A total number of 101 articles complied with all the conditions mentioned in previous sections. These articles either directly or indirectly investigate the determinants of MFIs' profitability. This section categorizes the articles based on various criteria which are: year of publication, source of publication, source of data, and geography of publications.

The first classification is shown in Figure 2. The figure indicates that the number of publications that assessed the determinants of profitability among MFIs noticed a significant increase starting in 2007 to reach a peak of 14 articles in 2017. However, the graph highlights the declining number of published articles in the field after the peak year. Still, the yearly Scopus-indexed publications on the determinants of MFIs' profitability are above a minimum of 6 between 2017 and 2024 (Figure 2).

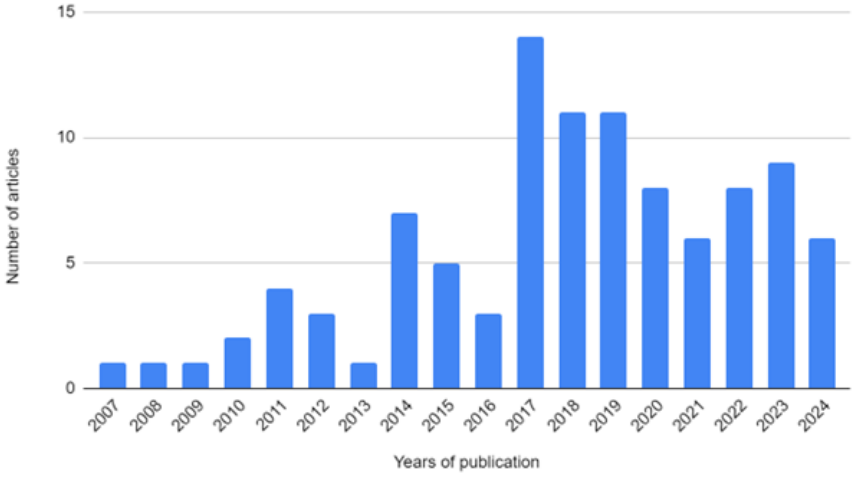

Figure 2. Article classification by year of publication

(Source: Authors' compilation)

Concerning the second classification, which is by the source of publication, results show that the 101 publications were published by 76 different journals where World Development published 5 articles, *Applied Economics* published 4, and *Development in Practice, Journal of International Development*, and *Cogent Business and Management published* 3 articles each. Of the rest of the publishers, 12 published 2 articles, and the remaining published only 1. This sheds light on the low focus of publishers on encouraging publications that investigate MFIs' profitability.

For the type of data, results indicate that 95 articles relied on secondary data to conduct their analyses, while 5 articles used a combination of both primary and secondary data, and only one article used primary data solely. This might be explained by the nature of the studies in the field and their dependency on financial data. With regards to secondary data, 28 articles relied solely on the Microfinance Information Exchange (MIX) Market database. The MIX is a non-profit organization founded by the Consultative Group to Assist the Poorest, which itself is sponsored by various foundations, that collect data from MFIs directly or process their annual reports (Boubacar, 2020). This database has MFIs' financial (e.g., financial accounts and financial ratios) and non-financial data (e.g., number of staff members, number of borrowers, and number of board members), and is widely used among scholars and academics in the microfinance field.

For the rest of the articles, 45 combined the MIX Market database with other sources and 27 articles used other data sources. For other non-MIX Market datasets, some authors used various

datasets to derive MFIs' firm-specific data. This includes financial statements (e.g., Ali et al., 2021; Ghalib, 2017), MicroRate database, Microfinanza database, Planet Rating database, Crisil database, M-Cril database (e.g., Galema et al., 2012; Golesorkhi et al., 2019; Mersland et al., 2011; Mersland & Øystein Strøm, 2009), Microbanking Bulletin – MBB (e.g., Arrassen, 2017; Cull et al., 2011), and MFIs' governing country regulators (e.g., Association of Ethiopian Microfinance Institutions -AEMFI (Dato et al., 2018), Lanka Microfinance Practitioners' Association -LMFPA (Tehulu, 2021), European Microfinance Network – EMN (Chmelíková et al., 2019), and others). Concerning non-firm specific data (e.g., macroeconomic variables), authors used many datasets that include, World Development Indicators (WDI) (e.g., Kar & Bali Swain, 2018; Khachatryan et al., 2017), World Governance Indicators (WGI) (Kar & Bali Swain, 2018), Hofstede's dimensions (e.g., Anyangwe et al., 2022), World Bank Doing Business Project (WBDBP) (e.g., Sarpong-Danquah, Adusei, & Frimpong, 2023a; 2023b), International Monetary Fund (IMF) (e.g., Dabi et al., 2023), Heritage Foundation (HF) (Chikalipah, 2017), Alesina and Zhuravskaya index (e.g., Awaworyi Churchill, 2017), among many other datasets (e.g., Quayes & Hasan, 2014).

With regards to the classification of articles by type of geography, results indicate that 30.7% of articles are country-specific (Figure 3), and covers the following: 6 articles for India, 5 articles for Indonesia, 2 articles for Ghana, Bangladesh, Tanzania, and Togo, and 1 article for each of the following economies: Argentina, Ethiopia, Kenya, Kosovo, Morocco, Niger, Nigeria, Pakistan, Peru, Sri Lanka, Vietnam, and Bali. Results also indicate that 25.7% of articles are region-specific distributed such as: 9 articles for the Sub-Saharan Africa region, 3 articles for the Middle East and North African (MENA) region, 2 articles for the Organization of Islamic Cooperation (OIC) region, 2 articles for the West African Economic and Monetary Union (WAEMU) region, 2 articles for Asia, and 1 article for each of the following regions: Central Africa, Central and Eastern Europe and Central Asia, Eastern Africa, Eastern Europe, Eastern Europe and Central Asia, Europe, Latin America and Caribbean, Mediterranean Region, South and Southeast Asia, South Asia, Southern Africa, and Western Africa. For the remaining 44 articles (43.6% of all articles), they are global studies as they included as many economies as the dataset allows.

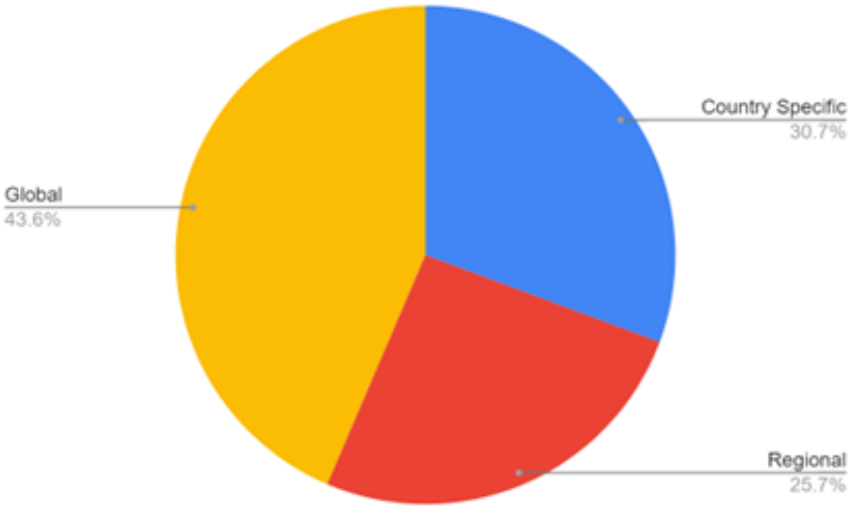

Figure 3. Article classification by type of geography

(Source: Authors' compilation)

3.2 Content analysis

3.2.1 Profitability in the MFI literature

Since the inception of the first microfinance institutions, the sector has continuously aimed to address its fundamental mission, which is to serve the poorest segment of the economy (Chedad et al., 2022). For this, many authors emphasized the importance of these institutions' profitability (Harkat et al., 2023). Profitability in the microfinance literature is defined in its classical form, which is basically from the profit perspective (Aguenaou et al., 2019). More precisely, MFIs' financial profitability measures the excess revenues (revenues exceeding expenses) captured from using the capital invested and the assets (Aguenaou et al., 2019). Previous studies found that profitability is directly linked to sustainability in the long run, which enables the continuity of MFIs operations and reduces the reliance on donations (Semaw Henock, 2019).

In the context of this SLR, findings indicate that only 17 out of 101 articles focused solely on profitability (e.g., Blanco-Oliver et al., 2016; Chikalipah, 2019). For the remaining 84 articles, authors partially investigated MFIs' profitability together with other MFIs' performance measures such as sustainability (e.g., Abdullah & Quayes, 2016; Adusei et al., 2017; Afrifa et al., 2019), outreach (e.g., Anyangwe et al., 2022; Arrassen, 2017; Awaworyi Churchill, 2017), risk (e.g., Chmelíková et al., 2019), cost (e.g., Costa, 2017; Cull et al., 2007), and need for achievement (Makuya, 2024) among many other measures (e.g., Awaworyi Churchill et al., 2018; Churchill & Appau, 2020).

3.2.2 Measures of profitability in the MFI literature

In the existing literature, authors often use two (or three) dependent variables to proxy MFIs' profitability in two (or more) separate models. The first and most common proxy of profitability in the microfinance literature is the return on assets (ROA), which was used in 91 articles. In some contributions, ROA is calculated as net operating income minus taxes divided by average total assets (Abu Wadi et al., 2022; Ahmad et al., 2020; Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018; Chikalipah, 2019b). In other contributions, authors calculated ROA simply by scaling operating profit to total assets (Afrifa et al., 2019), by dividing net operating income by average annual assets (Ayayi & Wijesiri, 2022), or by dividing net income by total assets (Ali et al., 2021, 2023; Barry & Tacneng, 2014). ROA provides significant insights into how MFIs generate profit through asset utilization (Adusei et al., 2017; Ahmad et al., 2020; Arrassen, 2017). Additionally, this financial ratio measures how well MFIs utilize their operational revenues to either generate income or bear costs (Ahmed et al., 2018).

The second and third most used proxies of profitability are return on equity (ROE) and profit margin rate (PM), which were used 23 times and 19 times, respectively. Some authors calculate ROE as the net operating income minus taxes divided by average equity (Abu Wadi et al., 2022), while other authors calculate it by dividing net income by total equity (Ali et al., 2021). Usually, ROA is preferred over ROE, as the level of debt is not reflected in this last ratio. For PM, it is calculated as the ratio of net operating income to financial revenues and measures the excess revenue derived from interest revenues earned from gross loan portfolios (Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018).

Finally, some authors used other measures to represent MFIs' profitability that are the adjusted return on assets (AROA), financial revenue, and return on investment (ROI) (Cull et al., 2011; Makuya, 2024). Concerning the AROA, it is calculated as the adjusted net income divided by average assets (Adair & Berguiga, 2014; Cull et al., 2011), or as the quotient of ROA over the standard deviation of ROA (Barry & Tacneng, 2014). This latter ratio measures risk-adjusted profitability (Barry & Tacneng, 2014). However, financial revenue is calculated as financial revenue divided by year-average gross portfolio, and measures the profitability derived from MFIs' loan portfolios (Gul et al., 2017). To note, some authors used the logarithm form of the cited before variables of profitability for statistical purposes.

4. The determinants of MFIs' profitability

The following section identifies all variables that have been used by scholars to investigate the profitability of MFIs in country, regional, and global contexts. It is important to note that various variables have a positive, negative, or mixed influence on MFIs' profitability depending on the geographical context or time span. Therefore, these variables are presented below (grouped by theme) with minor reference to the direction of the influence they exhibit on MFI's profitability. From the analyses carried out, results indicate that 46 articles investigated the influence of only firm-specific variables on MFIs' profitability, while the remaining 55 articles assessed the influence of both firm and non-firm-specific determinants on MFIs' financial performance.

4.1 Firm-specific determinants:

MFI characteristic:

The first group of variables concerns the characteristics of MFIs which are size, age, region, number of offices, regulation, legal status, ownership type, and source of funds. These variables are extensively used in the microfinance literature.

Concerning size, it is a measure that reflects how big or small an MFI is and is represented by the natural logarithm of total assets (Abu Wadi et al., 2022; Adusei et al., 2017; Afrifa et al., 2019; Ahmed et al., 2018). Many authors attempted to identify the influence this variable has on profitability (Ayayi & Wijesiri, 2022; Cull et al., 2011, 2014) and no consensus has been found as some authors identified a positive influence (Adalessossi, 2024; Anyangwe et al., 2022; Chikalipah, 2020; Golesorkhi et al., 2019) while others found a negative impact (Afrifa et al., 2019; Awaworyi Churchill et al., 2018; Barry & Tacneng, 2014) or no impact at all (Adusei & Adeleye, 2024; Chikalipah, 2018; Chmelíková et al., 2019; Gudjonsson et al., 2020).

The second characteristic is age, which reflects the maturity of these financial institutions (Ibrahim et al., 2018; Mersland et al., 2011). Many scholars assessed the link between age and profitability. This is to identify if MFIs' experience in the market influences their profitability (Mia et al., 2022; Zamore, 2018). The age is measured in the literature as the number of years since the inception (Ahmad et al., 2020; Dato et al., 2018), or as a dummy variable that distinguishes between new vs. old MFIs (Awaworyi Churchill et al., 2018; Ghose et al., 2018). Similar to the size, different authors found conflicting results on the nature of the impact between age and MFIs' profitability (Awaworyi Churchill et al., 2018; El Kharti, 2014; Ibrahim et al., 2018).

The third MFI characteristic is the number of offices, which is represented in the literature by either the number of offices (Chikalipah, 2019a), number of branch offices (Galema et al., 2012), and the demographic branch penetration of MFIs (Cull et al., 2014). This variable also highlights the size and the presence of MFIs within each country. While the number of offices is found to have a positive impact on ROA and ROE (Chikalipah, 2019a), the demographic penetration has a negative impact on ROA (Cull et al., 2014), and the number of branch offices has no impact on MFIs' profitability (Galema et al., 2012).

Academics also investigated the impact of the region on the financial performance of MFIs (Ibrahim et al., 2018; Tehulu, 2021; Zamore, 2018). In the microfinance literature, the region is represented by a dummy variable that distinguishes between urban and rural location (Iqbal et al., 2019; Mumi et al., 2020), a dummy variable that shows a specific geographical region or location such as the Middle East and North Africa (MENA) (Cull et al., 2007), sub-Saharan Africa (Cull et al., 2007; Kar & Swain, 2014), and Europe and Central Asia (Cull et al., 2014) among many others. Findings in different studies found that the region can have a positive impact (Ibrahim et al., 2018; Zamore, 2018), a negative impact (Cull et al., 2014; Daher & Le Saout, 2015), or no impact (Ahmed et al., 2018; Barry & Tacneng, 2014; Golesorkhi et al., 2019) on the profitability of MFIs.

Fifth, regulations set and enforced by governments authorities to regulate MFIs were also investigated in the field (Ali et al., 2021; Gadedjisso-Tossou et al., 2023). This variable is proxied by a

dummy variable that showcases if an MFI is subject to these regulations or not (Churchill & Appau, 2020; Thrikawala et al., 2016). Out of the 21 articles that investigated the relationship between regulations and profitability, 9 found a negative impact, 7 found no impact, and 5 found a positive impact.

With regards to the legal status, which is the sixth characteristic, it represents the type of MFIs. According to the existing microfinance literature, various legal statuses exist and include conventional vs. Islamic MFIs (Ahmad et al., 2020), for-profit MFIs (Churchill & Appau, 2020), non-bank financial institutions (Iqbal et al., 2019), credit union (Ibrahim et al., 2018), cooperative (Tehulu, 2021), NGO (Mia et al., 2022), and private MFIs (Cull & Spreng, 2011) among other few types. Some authors indicate that having a specific legal status has no impact on MFIs' profitability (Adair & Berguiga, 2014; Adusei et al., 2017; Ahmad et al., 2020; Golesorkhi et al., 2019), which contradicts the findings of many other authors (Ghose et al., 2018). Also, other authors investigated the impact of specific legal status on the performance of MFIs and they found conflicting results (Barry & Tacneng, 2014; Mumi et al., 2020; Quayes & Joseph, 2017).

Out of 91 articles, 16 investigated the impact of ownership type on the financial performance of MFIs. The ownership type can take various forms that includes being government-owned (Chmelíková et al., 2019; Cull & Spreng, 2011; Hamada, 2010), being foreign-owned (Cull & Spreng, 2011), being a state bank (Galema et al., 2012), having national/international shareholders (Galema et al., 2012; Mersland et al., 2011; Mersland & Øystein Strøm, 2009), and being affiliated with an international MFI network (Ali et al., 2021; Shkodra, 2019). While most authors found that ownership does not impact MFIs' profitability (Cull & Spreng, 2011; Mersland et al., 2011; Mersland & Øystein Strøm, 2009; Randøy et al., 2015), other ones prove their negative/positive impact (Ibrahim et al., 2018; Pascal et al., 2017).

Finally, the last MFIs characteristic in the literature is the source of funds, which can be donations (Boubacar, 2020), grants (Khachatryan et al., 2017), subsidies (Berguiga et al., 2020), debt (Mersland et al., 2011), equity/retained earnings (Khachatryan et al., 2017), deposits (Estapé-Dubreuil & Torreguitart-Mirada, 2015; Khachatryan et al., 2017; Ray & Mahapatra, 2019), or others (Estapé-Dubreuil & Torreguitart-Mirada, 2015; Hamada, 2010). Similar to the variables cited before, the source of funds can have a different impact on profitability (Boubacar, 2020; Estapé-Dubreuil & Torreguitart-Mirada, 2015; Nasrin et al., 2018).

Loan portfolio characteristic:

Scholars investigated the impact of the different loan portfolio characteristics on the financial performance of MFIs (Adair & Berguiga, 2014; Afrifa et al., 2019; Omri & Chkoundali, 2011; Pedrini, 2018; Tang et al., 2020). By definition, a loan portfolio is the balance of all loans issued by the bank to its customers. This SLR classifies its characteristics into four different categories that are size, type, yield or return, and risk.

Concerning portfolio size, it is represented using various metrics or financial accounts in the microfinance literature. These measures are the gross loan portfolio/outstanding loan portfolio (Abdullah & Quayes, 2016; Ahmad et al., 2020; Mumi et al., 2020; Omri & Chkoundali, 2011), average loan balance per borrower (Abu Wadi et al., 2022; Kar & Swain, 2014; Kulkarni, 2017), average loan balance per borrower to GNI (or gross national income) per capita (Cull et al., 2007; Sarpong-Danquah, Adusei, & Frimpong, 2023; Tanin et al., 2019). Many authors found that portfolio size has a positive impact on MFIs' profitability (Adalessossi, 2024; Afrifa et al., 2019; Ahmad et al., 2020; Awaworyi Churchill et al., 2018; Hamada, 2010; Tang et al., 2020). However, some other authors found that the size might negatively impact or have no impact on profitability (Abdullah & Quayes, 2016; El Kharti, 2014; Khachatryan et al., 2017).

The type of loan or loan portfolio represents the different products that the institution offers and is also referred to as the lending method (Arrassen, 2017; Cull et al., 2007; Lisa et al., 2023). In the

microfinance literature, academics distinguish between various types that are, but are not limited to, individual lending (Arrassen, 2017), group lending (Arrassen, 2017; Iqbal et al., 2019), village bank lending (Cull et al., 2007; Kar & Swain, 2014), urban lending (Galema et al., 2012), solidarity group lending (Cull et al., 2014; Kar & Swain, 2014), small enterprise lending (Afrifa et al., 2019), and low vs. high-end loans (Afrifa et al., 2019). Results show that the lending method has either a positive (Afrifa et al., 2019; Cull et al., 2007; Saeed et al., 2018) or no impact (Adair & Berguiga, 2014; Adusei et al., 2017; Gudjonsson et al., 2020) on profitability depending on the geographical context.

For portfolio yield, it captures the returns generated from the loan portfolio and is measured using different rates that include portfolio yield (Adair & Berguiga, 2014; Pedrini, 2018), nominal yield (Ahmed et al., 2018), real yield (Cull et al., 2007, 2014), interest margin (Hamada, 2010), premium interest rate (Cull et al., 2011), financial revenues to total assets ratio (Pati, 2017), interest spread (Pedrini, 2018), and income growth (Wuryani, 2022). Most of the time, portfolio return variables have a positive impact on MFIs' profitability (Ahmed et al., 2018; Cull et al., 2011; Kulkarni, 2017). However, some findings reveal that this variable might have no impact or a negative impact on profitability, which might be explained by the low repayment rates and high loans written off among many other reasons (Ahmad et al., 2020; Berguiga et al., 2020; Hamada, 2010; Pedrini, 2018).

Finally, the risk is the last loan portfolio characteristic and is represented by several independent variables. The first two independent variables are portfolio at risk 30 and portfolio at risk 90, which are the overdue loans for 30 days and 90 days, respectively (Abu Wadi et al., 2022; Chikalipah, 2018; Díaz-Martín et al., 2022; Kulkarni, 2017). Findings indicate that these two variables have a negative impact on profitability, as higher portfolio levels at risk variable leads to losses (Abu Wadi et al., 2022; Adair & Berguiga, 2014; Berguiga et al., 2020; Khachatryan et al., 2017). However, this variable might sometimes have no impact on profitability, which might be explained by the high quality of loan risk assessments (Ahmad et al., 2020; Kar, 2012; Mersland & Øystein Strøm, 2009). The third variable that represents loan portfolio risk is the loan loss reserve ratio, which is the amount set aside to allow for uncollected loans to total loans (Abdullah & Quayes, 2016; Campbell & Rogers, 2012). Results indicate that this variable negatively influences profitability (Abdullah & Quayes, 2016; Campbell & Rogers, 2012; Quayes, 2015; Tang et al., 2020) except for two articles that found a positive impact (Mumi et al., 2020) and no impact (Quayes & Joseph, 2017). The other variables that measure loan portfolio risk are loan provision, which is the expense set aside as an allowance for uncollected loans (Dabi et al., 2023), credit risk, which is the risk that a borrower will fail to pay the principal and interests (Chikalipah, 2020), write-offs, which are unpaid loans that are no longer part of the MFIs' assets (Kulkarni, 2017), z-risk, which measures the probability of borrower's default rate (Kar, 2012), and non-performing loan ratio, which are loans that are unlikely to be repaid by the borrower in full (Hamada, 2010). Each of these variables has a different impact on MFIs' profitability depending on the context of the study.

Outreach:

As the mission of MFIs is to provide financial access to the poorest segment of their economies, many scholars were interested in investigating the impact of outreach on the financial performance of MFIs (Abdullah & Quayes, 2016; D'Espallier et al., 2017; Sarpong-Danquah, Adusei, & Al-Faryan, 2023). Outreach has been proxied by many variables that include the number of active borrowers (Abu Wadi et al., 2022; Ayayi & Wijesiri, 2022; Nasrin et al., 2018), number of active women borrowers (Abdullah & Quayes, 2016; Chmelíková et al., 2019; Díaz-Martín et al., 2022; Mia et al., 2022), number of clients (El Kharti, 2014; Ray & Mahapatra, 2019), number of borrowers (Awaworyi Churchill, 2017), percentage of female borrowers (El Kharti, 2014; Fadikpe et al., 2022), borrowers as a percentage of the poor (Cull et al., 2014), breadth of outreach (Chikalipah, 2020), and outreach (Chikalipah, 2018). Each of these variables can have a positive (Abdullah & Quayes, 2016; Chikalipah, 2018; Chmelíková et al., 2019), negative (Abu Wadi et al., 2022; Sarpong-Danquah, Adusei, &

Al-Faryan, 2023; Sarpong-Danquah, Adusei, & Magnus Frimpong, 2023), or no impact (Churchill & Appau, 2020; Sarpong-Danquah, Adusei, & Frimpong, 2023) on profitability depending on the context of the study.

Personnel/personnel productivity:

The current microfinance literature highlights the significant influence of personnel and personnel productivity on MFIs' profitability (Berguiga et al., 2020; Ghosh & Guha, 2019; Mia et al., 2022; Ray & Mahapatra, 2019; Wirasedana et al., 2024). First, many authors investigated the impact of the number of employees, staff members, management as a percentage of staff, and loan officers on the financial performance of MFIs (Campbell & Rogers, 2012; Estapé-Dubreuil & Torreguitart-Mirada, 2015; Pedrini, 2018; Quayes & Hasan, 2014), and conflicting results have been found. Second, some authors investigated the influence of women as players in the institutions on these institutions' profitability (Ali et al., 2023; Boubacar, 2020; Gohar & Batool, 2015). This was represented by various independent variables that include female loan officers (Ali et al., 2023; Gudjonsson et al., 2020; Mia et al., 2022), percentage of staff that are women (Campbell & Rogers, 2012), number/percentage of female managers (Estapé-Dubreuil & Torreguitart-Mirada, 2015; Ghosh & Guha, 2019; Kulkarni, 2017), and number/percentage of female directors (Adusei et al., 2017; Afrifa et al., 2019; Strøm et al., 2014). Third, some authors assessed the relationship between personnel productivity and the profitability of MFIs (Adair & Berguiga, 2014; Anyangwe et al., 2022). In this study, personnel productivity is defined as the number of borrowers per employee (Ray & Mahapatra, 2019), the number of active borrowers per staff member (Anyangwe et al., 2022), the number of loans per staff member (Chikalipah, 2019a; Ha, 2019), and the number of loans per loan officer (Chikalipah, 2019b; Kulkarni, 2017). In this matter, results found a positive association (Adair & Berguiga, 2014; Berguiga et al., 2020), a negative association (Berguiga et al., 2020; Ray & Mahapatra, 2019), and no association at all (Anyangwe et al., 2022; Ray & Mahapatra, 2019). Finally, one contribution analyzed the impact of staff turnover on various profitability measures, and results indicate that this variable has no impact on ROA, ROE, and PM (Mia et al., 2022).

MFIs Environmental, Social, and Governance Variables:

Another group of firm determinants that has a direct influence on MFIs' profitability relates to environmental, social, and governance (ESG) variables. As stakeholders are continuously paying attention to the impact their companies exhibit on the ESG dimensions, many authors were interested in studying the influence of various ESG strategies on the financial performance of MFIs. In the contribution of (Tanin et al., 2019), the authors found a positive influence of ESG performance on ROA. The environmental dimension was represented by variables such as environment awareness (Ayayi & Wijesiri, 2022), environmental policies (Tanin et al., 2019), and encouraging/enforcing customers to mitigate environmental risks (Ayayi & Wijesiri, 2022).

For the social dimension, it is represented by various variables that include social outreach index (Berguiga et al., 2020; Chikalipah, 2020), female-focused MFIs (D'espallier et al., 2013), social performance-focused MFIs (Blanco-Oliver et al., 2016), gender diversity (Pedrini, 2018), board gender diversity (Sarpong-Danquah, Adusei, & Al-Faryan, 2023; Sarpong-Danquah, Adusei, & Magnus Frimpong, 2023), and participation in linkage programs (Hamada, 2010).

Concerning governance, which is the most studied ESG dimension in the literature, it includes many variables that relates to the oversight that comes from these institutions' C-level management, board of directors, board shareholders, stakeholders, auditors, and committees. Concerning the C-level management governance variables, independent variables that impact MFIs' profitability include CEO gender (Strøm et al., 2014; Thrikawala et al., 2016), CEO education level (Pascal et al., 2017), CEO entrepreneurial background (Pascal et al., 2017), CEO/chair duality (Dato et al., 2018; Kyereboah-Coleman & Osei, 2008), dummy that represents if the CEO is the founder (Galema et al., 2012), CEO tenure (Hussain & Ahmed, 2023; Kyereboah-Coleman & Osei, 2008), CEO nationality

(Mersland et al., 2011), CEO management experience (Gudjonsson et al., 2020), and CEO wage type (fixed vs. variable) (Gudjonsson et al., 2020).

For governance variables related to the board of directors, existing literature identifies the following variables: board size (Adusei et al., 2017; Afrifa et al., 2019; Boubacar, 2020), board independence (Kyereboah-Coleman & Osei, 2008), board competence (Kyereboah-Coleman & Osei, 2008), internal board auditors (Mersland Øystein Strøm, 2009), percentage of international directors on board (Galema et al., 2012; Mersland & Øystein Strøm, 2009), percentage of females on board (Boubacar, 2020; Gudjonsson et al., 2020; Tanin et al., 2019), international directors/donor representatives on board (Thrikawala et al., 2016), percentage client to borrower representatives on board (Thrikawala et al., 2016), and non-executive representatives on board (Thrikawala et al., 2016).

Governance variables that relate to MFIs' committees include the number of existing committees (Dato et al., 2018), the number of advisory committees (Dato et al., 2018), and the number of monitoring committees (Dato et al., 2018). However, other governance variables investigated in the context of this study include the number of board meetings held (Strøm et al., 2014), shares owned by the board of directors (Fithria et al., 2021), shares owned by the board of commissioners (Fithria et al., 2021), and shares owned by the Sharia supervisory board (Fithria et al., 2021).

Other governance variables are represented by variables such as the existence of client ethical code (Estapé-Dubreuil & Torreguitart-Mirada, 2015), HR fair practices (Estapé-Dubreuil & Torreguitart-Mirada, 2015), staff incentives (Estapé-Dubreuil & Torreguitart-Mirada, 2015), being subject to external evaluation (Gudjonsson et al., 2020), having an internal audit process (Thrikawala et al., 2016), financial disclosure (Quayes & Joseph, 2017), and having a long-term orientation (Anyangwe et al., 2022). Each of these variables has a specific impact on MFIs' ROA, AROA, and ROE depending on the context of the study.

Costs/expenses:

Another important group of variables that was massively studied in the microfinance literature as a major determinant of profitability is cost or expense variables (Adalessossi, 2024; Pedrini, 2018; Ray & Mahapatra, 2019). In this category, only one variable is represented by a financial account, which is the operating expense (Chikalipah, 2017). Operating expenses are the costs of running the daily operations of MFIs, and findings indicate that a higher value of this account leads to low ROA in low-income countries, lower-medium income countries, and upper-medium income countries (Chikalipah, 2017). But for the other variables, they are represented by different financial ratios (Ahmed et al., 2018; Chmelíková et al., 2019; Kulkarni, 2017). Various ratios measure operating expenses as a percentage of total revenue (Hamada, 2010), total assets (Ahmed et al., 2018; Campbell & Rogers, 2012; Kar & Swain, 2014; Kulkarni, 2017; Mia et al., 2022; Nasrin et al., 2018; Pedrini, 2018), number of outstanding loans (ID), and gross loan portfolio (Chmelíková et al., 2019; Díaz-Martín et al., 2022; Pati, 2017). This is to monitor the performance of operating expenses, which is a significant cost incurred by MFIs, relative to each of the accounts mentioned. Usually, the higher these ratios, the lower MFIs' profitability (Chmelíková et al., 2019; Hamada, 2010; Pati, 2017; Ray & Mahapatra, 2019). Another ratio is also used by scholars, which is the total expense ratio measured as expenses divided by assets. This ratio measures the efficiency of MFIs in monitoring their expenses throughout the years (Afrifa et al., 2019). All articles in the existing literature indicate that this ratio has a negative impact on profitability (Abdullah & Quayes, 2016; Afrifa et al., 2019; Mumi et al., 2020; Tang et al., 2020) except one article that found a positive association (Quayes & Hasan, 2014).

Other general expense ratios are financial expenses to assets ratio (Ahmed et al., 2018; Arrassen, 2017), capital cost to asset ratio (Cull et al., 2007, 2011, 2014), and cost of fund ratio (Pedrini, 2018). These ratios measure the financial expenses incurred by MFIs, the high fixed costs (e.g., constructions, buildings, etc.), and the total interest rate value incurred by MFIs relative to their total assets. Results

indicate that the cost-of-fund ratio has no impact on ROE (Pedrini, 2018), the capital cost to assets has a negative impact on ROA (Cull et al., 2007), and the financial expense-to-asset ratio has a negative impact on ROA (Ahmed et al., 2018).

The two remaining expense ratios are related to issued loans and MFIs' personnel. With regard to the issued loans, some articles investigated the impact of the cost per dollar lent (Daher & Le Saout, 2015; Tanin et al., 2019), the cost per borrower (Adair & Berguiga, 2014; Berguiga et al., 2020; Sarpong-Danquah, Adusei, & Frimpong, 2023), and the administrative expense ratio (Tanin et al., 2019) on MFIs' financial performance. While both the cost per dollar lent and the administrative expense ratio have been found to have a negative impact on ROA (Tanin et al., 2019), the cost per borrower has been found to either have a positive, a negative, or no impact on ROA/AROA (Berguiga et al., 2020; Mumi et al., 2020; Sarpong-Danquah, Adusei, & Frimpong, 2023). However, for MFIs' personnel expense ratios, some authors investigated the impact of labor cost to asset (Cull et al., 2007, 2011, 2014) and staff expense to asset ratios (Arrassen, 2017) on MFIs' profitability. Both these variables have a negative impact on ROA.

Capital structure, financial leverage, and capital adequacy ratios:

Many authors studied the impact of capital structure, financial leverage, and capital adequacy ratios on the financial performance of MFIs (Adusei & Adeleye, 2024; Anyangwe et al., 2022; Sarpong-Danquah, Adusei, & Frimpong, 2023; Tang et al., 2020). By definition, capital structure ratios measure how MFIs' capital is composed (Abu Wadi et al., 2022; Ali et al., 2023; Sarpong-Danquah, Adusei, & Magnus Frimpong, 2023) while capital adequacy ratios measure how well MFIs can meet their obligations (Cull & Spreng, 2011; Daher & Le Saout, 2015; Fadikpe et al., 2022). All these group of variables can be proxied by various ratios/variables that are, but not limited to: debt-to-equity (Abu Wadi et al., 2022; Berguiga et al., 2020; Ghalib, 2017; Ghose et al., 2018; Tang et al., 2020), capital-to-asset (Abu Wadi et al., 2022; Ahmad et al., 2020; Ali et al., 2021, 2023), loan-to-assets (Barry & Tacneng, 2014; Cull et al., 2007; Cull & Spreng, 2011), debt-to-assets (Chikalipah, 2019b; Dabi et al., 2023; Gul et al., 2017), asset structure (Anyangwe et al., 2022; Kyereboah-Coleman & Osei, 2008), gross loan portfolio to asset (Daher & Le Saout, 2015), fixed asset-to-equity (Ghalib, 2017), borrowings-to-assets (Sarpong-Danquah, Adusei, & Frimpong, 2023), loan-to-deposit (Ha, 2019), non deposit liability-to-assets (Fadikpe et al., 2022), capital cost-to-assets (Cull et al., 2007, 2011, 2014), among many other ratios (Bautista et al., 2022; Cull & Spreng, 2011; Díaz-Martín et al., 2022). The nature of the impact depend on the ratio used and the context of the study.

Other variables:

Finally, a few other variables were also investigated in the microfinance profitability literature. This includes liquidity, non-deposit liability to assets ratio, and management as a ratio of staff. For liquidity, it refers to the ability of the institution to use its most liquid assets to pay its short-term obligations (Pascal et al., 2017). In two articles that investigated the impact of liquidity on MFIs' profitability, authors found that it might either have no impact (Ali et al., 2023) or a positive impact (Pascal et al., 2017). However, the non-deposit liabilities to total assets ratio measures the share of non-deposit sources (e.g., repurchase agreements, federal reserve bank loans, commercial papers, etc.) from total assets. This ratio measures the ability of the MFI to generate cheap and qualified loans when it does not have the necessary funds. Findings indicate that this variable has a positive impact on both ROA and ROE (Fadikpe et al., 2022). For the management as a ratio of staff, it measures the efficiency of team size within MFIs, and findings reveal that this variable exhibits no impact on ROA (Estapé-Dubreuil & Torreguitart-Mirada, 2015).

4.2 Non-firm specific determinants:

Macroeconomic variables:

The first non-firm specific factors that were massively studied in the microfinance literature are macroeconomic variables (Adusei et al., 2017; Ahmed et al., 2018; Chikalipah, 2017; Mersland et al., 2011). This group of variables is represented by more than 30 variables that study the link between MFIs and the economy (Anyangwe et al., 2022; Fithria et al., 2021; Sarpong-Danquah, Adusei, & Al-Faryan, 2023). First, the (real) gross domestic product, which is a proxy for the overall production within an economy, has been found to have either a positive impact (Ayayi & Wijesiri, 2022), a negative impact (Campbell & Rogers, 2012; Fadikpe et al., 2022; Fithria et al., 2021; Ibrahim et al., 2018; Shkodra, 2019), or no impact (Ahmed et al., 2018; Fadikpe et al., 2022; Gudjonsson et al., 2020; Ibrahim et al., 2018; Tanin et al., 2019) on MFIs' profitability. For some other macroeconomic variables such as GDP growth (Afrifa et al., 2019; Awaworyi Churchill et al., 2018; Khachatryan et al., 2017), GDP per capita (D'espallier et al., 2013; Nasrin et al., 2018; Zamore, 2018), and unemployment (Afrifa et al., 2019; Barry & Tacneng, 2014; Churchill & Appau, 2020; Dabi et al., 2023; Shettima & Dzolkarnaini, 2018; Strøm et al., 2014), they also have different types of influence on MFIs' profitability depending on the context of the study.

Nearly all contributions found no association between inflation and the profitability of MFIs (Afrifa et al., 2019; Ahmed et al., 2018; Ali et al., 2023; Anyangwe et al., 2022; Awaworyi Churchill et al., 2018), except some few exceptions (Cull et al., 2014; Daher Le Saout, 2015; Ibrahim et al., 2018). Similarly, this association is also found between domestic credit by the financial sector (Sarpong-Danquah, Adusei, & Frimpong, 2023) and MFIs' profitability, and between human development index (HDI) (Adusei et al., 2017; Iqbal et al., 2019; Mersland & Øystein Strøm, 2009; Pascal et al., 2017) and MFIs' profitability. Other variables that have been found to have no impact on the profitability in the sector are GINI index (Chmelíková et al., 2019), country income (Berguiga et al., 2020), remittances (Churchill & Appau, 2020), gross national income per capita (D'Espallier et al., 2017), Heritage Index, which measures economic freedom (Chikalipah, 2017; Chmelíková et al., 2019; Daher & Le Saout, 2015; D'espallier et al., 2013; Liaqat et al., 2023; Mersland et al., 2011; Strøm et al., 2014), agriculture value added to GDP (Khachatryan et al., 2017), total workforce (Gul et al., 2017), and price level of investment (Campbell & Rogers, 2012). While some macroeconomic variables such as national wealth (Anyangwe et al., 2022), financial access (Anyangwe et al., 2022), private credits (Awaworyi Churchill, 2017), and remittances (Awaworyi Churchill, 2017) positively influence the profitability of MFIs, other such as real interest rate (Ali et al., 2023), variation of foreign exchange rate (Daher & Le Saout, 2015), and manufacturing share of GDP (Churchill & Appau, 2020; Gul et al., 2017) have a negative influence.

Competition:

Some contributions indicate that the financial performance of MFIs is also influenced by the level of competition in the market (Ahmad et al., 2020; Chikalipah, 2017; Pascal et al., 2017). First, competition can be represented by the market share of MFIs, which has been found to have no impact on ROA (Ahmad et al., 2020). Second, competition can be proxied by the market size, which itself is represented by the potential number of borrowers, and results found a positive association between this variable and MFIs' profitability (Ahmad et al., 2020). Third, competition is also represented in the literature by Boone indicator. This last variable measures the competition between existing MFIs in a market using the relationship between their corresponding profits and marginal costs, and results indicate that it has a positive impact on ROA (Kar & Bali Swain, 2018). For the remaining measures of competition, findings indicate that they might have a negative influence on MFIs' profitability (Chikalipah, 2017), or mostly no impact at all (Chikalipah, 2017; Mersland & Øystein Strøm, 2009; Pascal et al., 2017; Randøy et al., 2015).

World governance indicators:

Authors also assessed the relationship between world governance indicators and the performance of MFIs (Anyangwe et al., 2022; Awaworyi Churchill et al., 2018). World governance indicators refer to the various traditions and institutions by which authority in a country is exercised (Awaworyi Churchill et al., 2018). This includes the process of how governments are selected and monitored, how the government implements new policies, and how citizens along with the state respect institutions that govern existing policies. These world governance indicators are divided into six different dimensions.

First, the voice and accountability dimension measures the freedom of citizens to select their government, freedom of speech, and freedom of association (Anyangwe et al., 2022; Awaworyi Churchill et al., 2018). Findings indicate that this variable might have a positive, negative, or no impact on both ROA and PM (Anyangwe et al., 2022). Second, political stability, which either exhibits a negative or no impact on MFIs' profitability, is the measurement of the likelihood that a government can be stabilized by unconstitutional or violent means (Adair & Berguiga, 2014; Afrifa et al., 2019; Anyangwe et al., 2022; Awaworyi Churchill et al., 2018; Gbandi et al., 2021; Gul et al., 2017; Kar & Bali Swain, 2018). Other variables that were also used as a proxy for political stability are political environment (Golesorkhi et al., 2019), political parties (Gul et al., 2017), political systems (Mumi et al., 2020; Quayes & Joseph, 2017), governance index (Cull et al., 2014), power distance (Anyangwe et al., 2022), and country policy and institutional assessment (Gbandi et al., 2021).

Third, government effectiveness measures the quality of public services and its independence from political pressures (Awaworyi Churchill et al., 2018). This variable can also be referred to in the literature as institutional quality (Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018) or institutional distance (Golesorkhi et al., 2019), and can either have a negative impact or no impact on the profitability of MFIs. Fourth, regulatory quality refers to the ability of the government to put in place policies that promote the development of the private sector, which is likely to negatively or have no impact on MFIs' financial revenues (Anyangwe et al., 2022; Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018). Fifth, the rule of law measures the degree to which citizens and institutions respect and abide by the rules of society such as contract enforcement. Results indicate that this variable has no impact on MFIs' profitability (Afrifa et al., 2019; Gbandi et al., 2021). Sixth, the control of corruption measures the degree to which power is exercised in an economy (Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018). This variable can also be referred to as corruption of freedom (Chikalipah, 2017) or lack of corruption (Chmelíková et al., 2019), and can either have a positive or a negative impact on MFIs' profitability (Awaworyi Churchill, 2017; Awaworyi Churchill et al., 2018; Chikalipah, 2017; Chmelíková et al., 2019; Gbandi et al., 2021; Gul et al., 2017; Kar & Bali Swain, 2018).

Legal factors:

Many authors also investigated the impact of various legal factors on MFIs' profitability (Daher & Le Saout, 2015; Gul et al., 2017; Sarpong-Danquah, Adusei, & Magnus Frimpong, 2023). By definition, legal factors represent all the determinants that arise from changes to the regulatory environment and affect a large share of the economy, if not all. In the context of this SLR, authors were interested in assessing the relationship between the time to start a business and profitability as this variable has a direct impact on various types of loans (e.g., loans for small businesses, solidarity loans, and group loans), and result indicate that no significant relationship has been identified between the variables (Anyangwe et al., 2022). Another study assessed the association between the cost to start a business and MFIs' profitability and found a negative relationship (Gul et al., 2017). Similarly, the number of procedures to start a business negatively impacts on MFIs' financial revenue (Gul et al., 2017).

Legal factors include other variables that are the time to enforce a contract (Anyangwe et al.,

2022; Gul et al., 2017; Sarpong-Danquah, Adusei, Frimpong, 2023), the cost of claim (Sarpong-Danquah, Adusei, Frimpong, 2023), judicial efficiency (Sarpong-Danquah, Adusei, & Al-Faryan, 2023; Sarpong-Danquah, Adusei, & Magnus Frimpong, 2023), buffer capital (Afrifa et al., 2019), and the property rights index (Chikalipah, 2017; Daher & Le Saout, 2015). Results show that each of these legal variables can exhibit a different impact depending on the country/region of study.

Other non-firm determinants:

Other non-firm determinants that influence the financial performance of MFIs include demographic and ethnic variables. For demographic variables, they include total population (Campbell Rogers, 2012), rural population (Chmelíková et al., 2019; Cull et al., 2014; Daher Le Saout, 2015; Khachatryan et al., 2017), population density (population per unit land area) (Awaworyi Churchill, 2017; Churchill Appau, 2020), workforce with no financial revenue (Gul et al., 2017), and MFIs' target population (Omri Chkoundali, 2011). Each of these variables has a different influence on MFIs' profitability depending on the context of study. Concerning ethnic variables, it is proxied by many subcategories that include language, religion, and cultural variables. Language variables assess the impact of language fractionalization and global language on the performance of MFIs. For language fractionalization, it is the probability that two randomly chosen individuals in one country do not speak the same languages (Chmelíková et al., 2019). Findings indicate that this variable can have either a positive influence (Churchill & Appau, 2020) or a negative influence on MFIs' ROA and PM (Awaworyi Churchill, 2017; Chmelíková et al., 2019). Similarly, the impact of the shared global language within a country can have different implications on MFIs' performance (Golesorkhi et al., 2019).

Religion variables are proxied by the main religion within an economy and religious fractionalization. This last variable is the probability that two randomly selected individuals are not from the same religious group. Findings highlight that this variable might have different natures of the impact exhibited on MFIs' profitability (Awaworyi Churchill, 2017; Chmelíková et al., 2019). Likewise, language variables are proxied by language/linguistic fractionalization, and the global language shared within the country, and different types of impacts are found (Awaworyi Churchill, 2017; Chmelíková et al., 2019; Churchill & Appau, 2020; Golesorkhi et al., 2019).

Finally, cultural factors include different variables. First, many authors attempted to identify the link between Hofstede cultural dimensions and MFIs' performance. This index is a framework that enables studying cultural differences using six dimensions that are: power distance, which is the high acceptance of hierarchy vs. striving for equality, individualism vs. collectivism, which is the low-knit vs. tightly knit social framework, masculinity versus femininity, which is the preference for achievement and material rewards vs. preference for modesty and caring for the weak, uncertainty avoidance, which is the low tolerance for unorthodox ideas vs. relaxed attitude towards unorthodox ideas, long-term orientation vs short-term normative orientation, indulgence vs. restraint, which is valuing the satisfaction of human needs and desires vs. striving for aligning to social norms (Anyangwe et al., 2022; Golesorkhi et al., 2019). Other cultural factors include variables such as ethnic fractionalization, which is the probability that two individuals are not the same ethnicity (Awaworyi Churchill, 2017; Chmelíková et al., 2019; Churchill & Appau, 2020), and the level of generosity within societies (Chmelíková et al., 2019). Each of these variables has a specific impact on MFIs' financial performance.

4.3 Conceptual framework:

Building on the empirical evidence synthesized in this review, Figure 4 presents a conceptual framework for understanding MFIs' profitability determinants. The framework advances beyond a simple taxonomy of internal versus external factors by incorporating theoretically grounded expectations about the direction and conditionality of effects.

The framework is organized around four categories of determinants, each anchored in a distinct

theoretical tradition. First, resource-based and internal capability factors (derived from RBV) include MFI characteristics such as size, age, and legal status. These variables capture the accumulated organizational resources and competencies that enable MFIs to serve their target markets effectively. The review evidence suggests that larger and more mature MFIs tend to exhibit higher profitability, consistent with the RBV prediction that experience-based capabilities are difficult to replicate and thus constitute sources of sustainable advantage. However, the effects of legal status are more ambiguous, reflecting the distinct resource profiles of different organizational forms.

Second, balance-sheet and portfolio structure factors (derived from financial intermediation theory) encompass capital structure, loan portfolio characteristics, and cost variables. Financial intermediation theory predicts that efficient management of assets, liabilities, and operating costs should enhance profitability. The review finds robust support for the negative effects of portfolio at risk and operating expenses on profitability, consistent with the costs of information asymmetries and monitoring. The effects of leverage and funding sources, however, are more context-dependent, reflecting the heterogeneity in MFIs' access to capital markets and their relative costs of debt versus equity financing.

Third, governance and ESG factors (derived from institutional theory and the mission drift literature) include board composition, gender diversity, and environmental and social practices. Institutional theory suggests that governance structures serve both substantive efficiency functions and symbolic legitimacy functions. The review evidence indicates that governance quality, particularly board independence and gender diversity, is generally associated with improved profitability, though the magnitude of effects varies across institutional contexts. ESG variables remain understudied, representing a frontier for future research.

Fourth, macro-institutional and competitive environment factors (derived from institutional theory) include macroeconomic conditions, regulatory frameworks, governance indicators, and market competition. The review finds that inflation, GDP growth, and institutional quality indicators exert significant but variable effects on profitability. Notably, regulatory supervision exhibits a nuanced relationship: while prudential regulation may impose compliance costs, it can also enhance legitimacy and access to funding, with net effects depending on the proportionality of the regulatory framework to MFIs' capacities.

The evidence also suggests that the profitability effects of internal variables such as leverage, outreach depth, and cost structures are contingent on external conditions. For instance, high leverage may be more detrimental to profitability in volatile macroeconomic environments, while depth of outreach (serving poorer clients) may contribute more positively to profitability in contexts with stronger legal enforcement and more developed microfinance infrastructure. These interaction effects align with the theoretical expectation that MFIs' strategic choices must be calibrated to their operating environments.

The mission drift tension is represented in the framework through the outreach–profitability nexus. The review evidence does not support a universal trade-off; rather, the relationship between outreach depth and profitability appears contingent on operational efficiency, funding structure, and institutional context. MFIs that achieve high efficiency and appropriate capital structures may be able to serve poorer clients without sacrificing financial sustainability, whereas those with higher cost structures face sharper trade-offs. This nuanced finding underscores the importance of examining interaction effects and contextual contingencies in future empirical work.

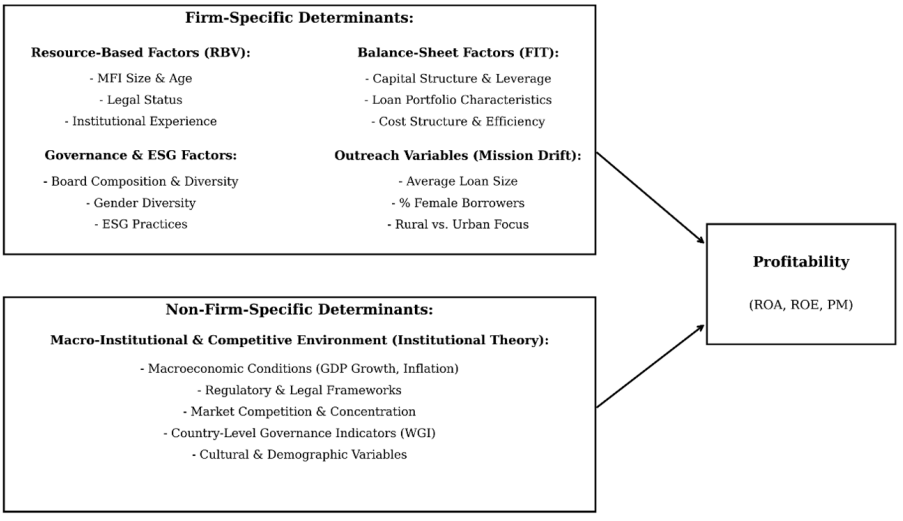

Figure 4. Conceptual framework

(Source: Authors' compilation)

5. Discussion and paths for future research

The objective of this research is to ascertain the primary factors influencing the profitability of MFIs. Using the systematic literature review method, this study identifies various research patterns, discrepancies, and gaps that are examined as follows.

As previously mentioned, studies that investigate the determinants of MFIs' profitability have experienced a growing interest in the most recent years. However, a small decline has been noticed in terms of the number of publications starting 2017. The nascent nature of the microfinance field, characterized by its immaturity and the absence of a clear consensus among variables, underscores the critical need for an increased volume of publications. Scholars and academics play a pivotal role in advancing the understanding of microfinance dynamics by contributing to the existing body of knowledge. Given the distinctiveness of determinants influencing MFIs' profitability, varying not only across individual MFIs but also among different countries, it becomes imperative to augment the scholarly discourse with country-specific studies. Moreover, region-specific publications can serve as valuable benchmarks, facilitating comparative analyses and a deeper comprehension of regional variations.

A noteworthy consideration is the availability of datasets tailored for MFIs, such as the globally accessible MIX Market Dataset. Despite the widespread availability of these datasets, there remains an underutilization by academics and scholars. This untapped resource addresses the perennial challenge of data availability, presenting a unique opportunity for researchers to conduct empirical investigations in the field. By harnessing these datasets, scholars can contribute to filling the existing knowledge gaps and advancing our understanding of the intricate dynamics within the microfinance field.

Furthermore, recognizing the scarcity of publications specifically addressing the determinants of MFIs' profitability within individual journals, there is a pressing need for publishers to actively promote and incentivize contributions in this specialized field. Encouraging scholarly work in microfinance can be achieved through targeted efforts, such as dedicated calls for papers, special journal issues, or collaboration with academic institutions and industry experts. Publishers play

a pivotal role in shaping the scholarly landscape, and by fostering an environment conducive to microfinance research, they can catalyze the growth of knowledge in this domain.

Within microfinance literature, it is imperative to acknowledge the prevailing dominance of quantitative analysis. However, the adoption of qualitative methodologies, particularly the utilization of case studies, assumes paramount significance. These qualitative approaches serve as instrumental tools for scrutinizing the pivotal success elements and narratives that have exerted a substantive influence on the financial performance trajectories of MFIs across diverse national contexts. Positioned as indispensable conduits of nuanced understanding, these case studies transcend the confines of numerical paradigms. Their inherent value resides not solely in the dissection of success-contributory factors but equally in their function as repositories of experiential wisdom. Functioning as exemplary, they not only illuminate the path to success but also offer a repository of discernments for other MFIs seeking to derive instructive insights. Within this interconnected sphere, the scholarly exploration of qualitative dimensions emerges as a catalyst for collective learning and perpetual refinement within the microfinance field.

Beyond research volume and methodology, this review reveals several important patterns and contradictions in the literature. While variables such as MFI size, age, and portfolio quality appear frequently across studies, their influence on profitability indicators (e.g., ROA, ROE, PM) remains inconsistent across contexts. For instance, several studies find that larger MFIs are more profitable due to economies of scale and diversification (Tchakoute Tchuigoua, 2014; Mersland & Strøm, 2009), while others report that smaller MFIs tend to perform better in terms of operational efficiency, especially in localised markets (Quayes, 2012; Tehulu, 2013). Similarly, while the PAR is commonly associated with lower profitability, given its impact on loan quality, studies such as Alam & Masukujjaman (2011) and Nwachukwu & Ojo (2021) found the relationship to be statistically weak or insignificant depending on the lending model and regulatory environment. These mixed findings call for cautious generalization and emphasize the importance of context-sensitive empirical studies.

The contradictory findings observed across studies can be systematically interpreted through the theoretical scaffold developed in this review. Rather than attributing heterogeneity solely to "context," the framework identifies specific mechanisms through which determinant effects may vary.

First, the resource-based perspective helps explain why the effects of MFI characteristics such as size and age are generally positive but exhibit diminishing or non-linear patterns. Larger MFIs benefit from economies of scale and accumulated experience, yet these advantages may plateau or even reverse if growth outpaces managerial capacity or if diversification erodes core competencies. Similarly, older MFIs possess deeper tacit knowledge but may face organizational rigidities. These patterns are consistent with RBV's emphasis on the path-dependent nature of capability development and the risks of capability erosion.

Second, financial intermediation theory illuminates the robust negative effects of portfolio risk and operating costs on profitability. MFIs operating in contexts with higher information asymmetries (e.g., weaker credit information systems, greater geographical dispersion of clients) face steeper monitoring costs, which compress margins regardless of other factors. Conversely, MFIs that develop innovative mechanisms to reduce information asymmetries, such as group lending with joint liability, progressive lending, or technology-enabled monitoring, can achieve profitability even while serving higher-risk clients. The heterogeneous findings on capital structure reflect the varying costs of different funding sources across institutional environments: deposits may enhance profitability where regulatory frameworks permit their mobilization, whereas reliance on commercial debt may erode margins in contexts with underdeveloped capital markets.

Third, institutional theory accounts for the significant but variable effects of regulatory supervision, legal status, and country-level governance indicators. The literature reveals that regulated MFIs do not uniformly outperform unregulated peers; rather, the net effect depends on the proportionality

of regulation to institutional capacity and the legitimacy benefits conferred in specific markets. In contexts where regulatory frameworks are designed with MFIs' dual mission in mind, supervision may enhance access to commercial funding and depositor trust without imposing excessive compliance burdens. In contrast, regulations designed for commercial banks may disadvantage MFIs by requiring costly capital reserves or restricting the flexibility of lending products. This institutional contingency explains why studies in different regions reach divergent conclusions about the profitability effects of regulation.

Fourth, the mission drift literature provides a framework for understanding the contested relationship between outreach depth and profitability. The empirical evidence does not support a simple trade-off; rather, the relationship is moderated by operational efficiency and contextual factors. MFIs that achieve high staff productivity and low operating expense ratios can profitably serve poorer clients, as efficiency gains offset the higher per-unit costs of smaller loans. Conversely, MFIs with weaker operational capabilities face sharper outreach–profitability trade-offs, potentially leading to mission drift as they pursue financial sustainability. This finding aligns with Mersland and Strøm's (2010) observation that mission drift is not inevitable but depends on managerial choices and competitive conditions. Importantly, the direction of the outreach–profitability relationship may also depend on whether female borrowers and poorer clients exhibit higher or lower repayment rates in specific contexts, a factor shaped by cultural norms, enforcement mechanisms, and social capital.

The interaction between firm-specific and macro-institutional factors emerges as a critical but understudied dimension. The review identifies several indicative patterns: (i) leverage appears more negatively associated with profitability in countries with higher macroeconomic volatility, suggesting that external shocks amplify the risks of debt financing; (ii) depth of outreach contributes more positively to profitability in countries with stronger rule of law and more effective contract enforcement, consistent with the prediction that legal institutions reduce the costs of serving riskier borrowers; and (iii) the profitability premium of larger MFI size diminishes in more competitive markets, reflecting the erosion of scale advantages when rivals can easily enter and imitate. While these interaction effects are not systematically tested in most primary studies, they represent a promising avenue for future research that could move the field beyond cataloguing main effects toward identifying the boundary conditions of profitability determinants.

Another emerging trend is the growing attention given to governance-related factors, including gender diversity, ESG practices, and board structure, in shaping MFIs' financial performance. For example, Mersland & Strøm (2009) show that MFIs with female CEOs and a higher proportion of female clients tend to perform better financially, whereas Hartarska (2005) finds no strong correlation between governance characteristics and financial outcomes. Such divergence highlights the need for more granular and longitudinal research that accounts for institutional maturity, governance capacity, and the alignment between social mission and financial objectives.

From a practical standpoint, the findings underscore the need for MFI managers to balance outreach expansion with risk management, especially in competitive or low-income markets. Operational strategies that enhance cost control, improve staff productivity, and integrate gender-inclusive approaches may yield profitability benefits. Likewise, regulators should aim to create proportionate regulatory environments that account for the unique structure and social objectives of MFIs.

The present research has meticulously identified a multitude of variables that exert a direct influence on the profitability of MFIs. It is crucial to emphasize that certain variables such as size, age, regulatory frameworks, and gross loan portfolio among others have been subject to extensive investigation within the field. Notwithstanding the depth of scrutiny, a conspicuous absence of consensus emerges within specific countries regarding the impact of these variables on the ROA, ROE, and PM of MFIs. Consequently, scholars must exercise caution in presuming a univocal impact of specific variables on MFI profitability. The imperative for empirical investigations is underscored by the dynamic nature of these impacts, which may vary across countries or regions and evolve over

time.

While the extant literature has dedicated substantial attention to certain variables, there exists a noticeable dearth of exploration regarding others. Variables such as HDI, World Governance Indicators, ESG variables, and ethnic/cultural determinants represent understudied dimensions with potentially profound implications for MFI performance. Therefore, comprehensive investigations into these variables across diverse economies are warranted to elucidate their influence on the multifaceted landscape of MFIs.

Finally, and to enhance the visibility of microfinance-related research, publishers might consider partnering with institutions in the industry or might establish recognition programs for outstanding contributions to the field. By doing so, they not only acknowledge the significance of research in this area but also motivate scholars to delve deeper into the intricacies of MFIs' profitability. This collaborative effort between publishers and the academic community can contribute to a richer and more nuanced understanding of the factors influencing the financial success of MFIs, thereby offering actionable knowledge that can guide managers and regulators in aligning financial sustainability with social impact.

In consideration of the identified research gaps outlined above, the ensuing research directions are poised to delineate the future trajectory of the microfinance literature:

- Increasing the volume of publications: The number of publications should increase to further understand the determinants of MFIs' financial performance across various economies.
- Utilizing available datasets: The existing available datasets that are easily accessible by academics and scholars present an opportunity for researchers to conduct empirical investigations and fill knowledge gaps.
- Investigating understudied variables: There should be a call for comprehensive investigations into these understudied variables (e.g. HDI) across diverse economies.
- Conducting qualitative studies: Academics should focus on using qualitative methods to deepen the understanding of individual or group of MFIs. This presents important knowledge for emerging MFIs.
- Role of scholars and academics: Scholars and academics can play a crucial role in advancing microfinance understanding by conducting country-specific studies given the distinctiveness of determinants across individual MFIs and countries.
- Role of publishers: Urgency for publishers to actively promote and incentivize contributions in microfinance. Suggestions include calls for papers, special journal issues, and collaboration with institutions and experts.

6. Conclusions, limitations, and contributions

The examination of MFIs' performance is a prominent subject in the development of the microfinance literature. While many systematic reviews or research assessments predominantly address microfinance from the demand side (Hermes & Hudon, 2018), analyzing its impact on clients, this study stands out by providing a literature review centered on the supply side, shifting focus on evaluating the performance of MFIs. More specifically, this study centers its attention on the comprehension of the various factors that influence the financial performance of these institutions. This is mainly because profitable MFIs have higher self-sufficiency compared to non profitable ones (Tchakoute Tchuigoua, 2014), which allows them to achieve continuity of operations (Awaworyi Churchill, 2020), and thus, achieving their social mission of helping the poor.

This article significantly enhances the microfinance field's understanding by systematically reviewing the existing literature that delves into the determinants shaping the financial performance of MFIs. The empirical landscape in this field is notably constrained, as evidenced by the examination of 861 articles initially extracted from the Scopus database, revealing that a mere 101 articles directly or indirectly address the assessment of MFIs' profitability. The discerned findings illuminate two

overarching categories of variables: firm-specific and non-firm-specific. Firm-specific variables encompass diverse aspects intrinsic to the institution, including the institutions' characteristics, outreach, personnel, productivity, cost, and capital structure. Conversely, non-firm-specific variables encapsulate external factors with the potential to influence the financial performance of MFIs, such as macroeconomic conditions, legal considerations, world governance indicators, and market competition dynamics, among various others. This comprehensive exploration not only navigates the scarcity of empirical literature in the field but also contributes valuable insights into the multifaceted determinants that shape the financial performance of MFIs.

The research identifies numerous variables influencing MFIs' profitability, emphasizing that certain variables have been extensively investigated (e.g., size, age, legal status, portfolio at risk, and gross loan portfolio), yet a consensus is lacking within specific countries. Scholars are cautioned against presuming a universal impact, highlighting the need for ongoing empirical investigations due to the dynamic nature of these impacts. Understudied variables such as HDI, and ethnic/cultural determinants warrant comprehensive investigations across diverse economies.

Findings also reveal that in recent years, there has been a growing interest in studies exploring the determinants of MFIs' profitability, although a slight decline in publications since 2017 has been observed. The nascent nature of the microfinance field, characterized by its immaturity and lack of consensus among variables, emphasizes the crucial need for increased publications. For this, scholars and academics should play a pivotal role in advancing understanding by contributing to the existing knowledge by increasing the number of country-specific studies and region-specific publications, by taking advantage of existing available datasets, and by increasing the number of qualitative studies. Additionally, publishers are also urged to actively promote contributions in the microfinance field through targeted efforts like calls for papers or collaboration, recognizing their pivotal role in shaping the scholarly landscape.

It is crucial to acknowledge several limitations inherent in this study. First, while Scopus provides comprehensive coverage of peer-reviewed journals in economics, finance, and development studies, the exclusive reliance on a single database may have omitted relevant studies indexed only in Web of Science, EconLit, or regional databases. A supplementary spot-check suggested that Scopus captured approximately 90% of highly cited empirical work on MFI profitability; however, some studies, particularly those published in journals with limited international indexing or in non-English languages, may have been missed. Additionally, the exclusion of grey literature (working papers, policy reports, dissertations) means that emerging or unpublished findings are not represented. Future systematic reviews should consider multi-database searches and the inclusion of grey literature to enhance comprehensiveness, while acknowledging the trade-offs in terms of quality control and replicability. In conclusion, delving into the financial performance of MFIs stands as a pivotal endeavor, given that attaining heightened profitability is integral to sustaining their operations and fortifying their capacity for realizing their broader social mission. This SLR serves as a vital resource, offering a comprehensive elucidation of variables that purportedly exert a direct influence on the profitability of MFIs. Scholars are urged to leverage the insights gleaned from this study to meticulously select determinants of MFIs' profitability and embark on empirical analyses, specifically tailoring their investigations to country-specific or regional contexts. By doing so, researchers can contribute substantively to the discourse, proffering policy recommendations that hold the potential to enhance the financial performance of these institutions, thereby fortifying their ability to fulfill their critical social mission. Based on the findings, MFIs are encouraged to focus on optimizing internal cost structures, improving portfolio quality, and investing in staff productivity. At the same time, efforts to broaden outreach, particularly among women and underserved populations, should be balanced with adequate risk mitigation strategies. Policymakers and regulators, in turn, should work to stabilize the macroeconomic environment, ensure proportional regulatory oversight, and facilitate inclusive financial infrastructure to create a supportive ecosystem for MFIs' profitability.

Future research should move beyond identifying profitability determinants and focus on understanding their interactions and evolution over time. Priority areas include: (1) investigating the impact of digitalization and fintech solutions on MFI profitability, particularly in remote or underserved markets; (2) conducting longitudinal studies that track how determinant variables shift under economic shocks or policy reforms; (3) exploring the moderating role of institutional and cultural contexts through cross-country comparative research; and (4) integrating mixed-method approaches that combine financial data with stakeholder interviews to better understand causal pathways and strategic decisions within MFIs. This would allow researchers to contribute meaningfully to the field by offering policy recommendations that can improve MFIs' financial performance and strengthen their ability to achieve their social mission.

References

Abdullah, S., & Quayes, S. (2016). Do women borrowers augment financial performance of MFIs? Applied Economics, 48(57), 5593–5604. https://doi.org/10.1080/00036846.2016.1181831

Abrar, A., Hasan, I., & Kabir, R. (2023). What makes the difference? Microfinance versus commercial banks. Borsa Istanbul Review, 23(4), 759–778. https://doi.org/10.1016/j.bir.2023.03.007

Abu Wadi, R., Bashayreh, A., Khalaf, L., & Abdelhadi, S. (2022). Financial sustainability and outreach in microfinance institutions: Evidence from MENA countries. Journal of Sustainable Finance & Investment, 12(1), 238–250. https://doi.org/10.1080/20430795.2021.1964814

Adair, P., & Berguiga, I. (2014). How do social and financial performance of microfinance institutions interact? A panel data study upon the MENA region (1998-2011). Savings and Development, 38(1), 7–26.

Adalessossi, K. (2024). What are the determinants of the financial and social performance of MFIs in Togo? Does gender borrower matter on financial performance? Finance Research Letters, 62, 105192. https://doi.org/10.1016/j.frl.2024.105192

Adusei, M., & Adeleye, N. (2024). Start-up microenterprise financing and financial performance of microfinance institutions. Journal of Small Business & Entrepreneurship, 36(2), 183–206. https://doi.org/10.1080/08276331.2020.1842047

Adusei, M., Akomea, S. Y., & Poku, K. (2017). Board and management gender diversity and financial performance of microfinance institutions. Cogent Business & Management, 4(1), 1360030. https://doi.org/10.1080/23311975.2017.1360030

Afrifa, G. A., Gyapong, E., & Zalata, A. M. (2019). Buffer capital, loan portfolio quality and the performance of microfinance institutions: A global analysis. Journal of Financial Stability, 44, 100691. https://doi.org/10.1016/j.jfs.2019.100691

Afzal, N., & Malik, M. S. (2023). Understanding the impacts of diversification on financial performance and sustainability: A case of South Asian microfinance institutions. Al-Qanṭara, 9(4), Article 4. https://doi.org/10.1234/aq.v9i4.328

Aguenaou, S., Allouch, S., Maliki, N. E., & Abrache, J. (2019). Financial performance and sustainability of Moroccan microfinance institutions: An empirical study. Accounting and Finance Research, 8(4), 144–144.

Ahmad, S., Lensink, R., & Mueller, A. (2020). The double bottom line of microfinance: A global comparison between conventional and Islamic microfinance. World Development, 136, 105130. https://doi.org/10.1016/j.worlddev.2020.105130

Ahmed, I., Ibrahim, Y., & Bhuiyan, A. B. (2018). Microfinance performance in the OIC member states – Does regulation status matter? International Journal of Development and Conflict, 11(1), 1–23. https://doi.org/10.2139/ssrn.3278426

Ali, H., Gueyie, J.-P., & Chrysostome, E. V. (2023). Gender, credit risk and performance in Sub-Saharan African microfinance institutions. Journal of African Business, 24(2), 235–259. https://doi.org/10.1080/15228916.2022.2079275

Ali, H., Gueyié, J.-P., & Okou, C. (2021). Assessing the impact of information and communication technologies on the performance of microfinance institutions in Niger. Journal of Small Business & Entrepreneurship, 33(1), 71–91. https://doi.org/10.1080/08276331.2019.1698222

Anyangwe, T., Vanroose, A., & Fanta, A. (2022). Culture and the performance of microfinance institutions. Journal of Financial Management, Markets and Institutions, 10(01). https://doi.org/10.1142/S2282717X22500049

Armendáriz, B., & Szafarz, A. (2011). On mission drift in microfinance institutions. In B. Armendáriz & M. Labie (Eds.), The handbook of microfinance (pp. 341–366). World Scientific. https://doi.org/10.1142/9789814295666_0016

Arrassen, W. (2017). The determinants of MFIs' social and financial performances in sub-Saharan Africa: Has mission drift occurred? Annals of Finance, 13(2), 205–235. https://doi.org/10.1007/s10436-017-0296-x

Awaworyi Churchill, S. (2017). Microfinance and ethnic diversity. Economic Record, 93(300), 112–141. https://doi.org/10.1111/1475-4932.12310

Awaworyi Churchill, S. (2020). Microfinance financial sustainability and outreach: Is there a trade -off? Empirical Economics, 59(3), 1329–1350. https://doi.org/10.1007/s00181-019-01709-1

Awaworyi Churchill, S., Korankye Danso, J., & Nyatefe, E. (2018). Microfinance institution performance: Does the macroeconomy matter? Economic Papers: A Journal of Applied Economics and Policy, 37(4), 429–442. https://doi.org/10.1111/1759-3441.12233

Ayayi, A. G., & Wijesiri, M. (2022). Is there a trade-off between environmental performance and financial sustainability in microfinance institutions? Evidence from South and Southeast Asia. Business Strategy and the Environment, 31(4), 1552–1565. https://doi.org/10.1002/bse.2969

Baas, J., Schotten, M., Plume, A., Côté, G., & Karber, R. (2020). Scopus as a curated, high-quality bibliometric data source for academic research in quantitative science studies. Quantitative Science Studies, 1(1), 377–386. https://doi.org/10.1162/qss_a_00019

Bakker, A., Schaveling, J., & Nijhof, A. (2014). Governance and microfinance institutions. Corporate Governance, 14(5), 637–652. https://doi.org/10.1108/CG-03-2014-0032

Bansah, E. D., & Adjei, R. K. (2023). Sustainability and outreach in the microfinance sector of Ghana. Managing Global Transitions, 21(3), Article 3. https://doi.org/10.26493/1854-6935.21.223-251

Barney, J. B. (1991). Firm resources and sustained competitive advantage. Journal of Management, 17(1), 99–120. https://doi.org/10.1177/014920639101700108

Barry, T. A., & Tacneng, R. (2014). The impact of governance and institutional quality on MFI outreach and financial performance in Sub-Saharan Africa. World Development, 58, 1–20. https://doi.org/10.1016/j.worlddev.2013.12.006

Bautista, J. J. M., Luna, A. B. M., Cornejo, G. H. N., Zapata, N. A. S., & Quispe, J. A. D. (2022). An analysis of profitability, capital structure, and credit risk in the Peruvian microfinance sector. International Journal of Applied Economics, Finance and Accounting, 13(1), Article 1. https://doi.org/10.33094/ijaefa.v13i1.608

Benston, G. J., & Smith, C. W. (1976). A transactions cost approach to the theory of financial intermediation. The Journal of Finance, 31(2), 215–231. https://doi.org/10.1111/j.1540-6261.1976.tb01882.x

Berguiga, I., Said, Y. B., & Adair, P. (2020). The social and financial performance of microfinance institutions in the Middle East and North Africa region: Do Islamic institutions outperform conventional institutions? Journal of International Development, 32(7), 1075–1100. https://doi.org/10.1002/jid.3488

Blanco-Oliver, A., Irimia-Dieguez, A., & Reguera-Alvarado, N. (2016). Prediction-oriented PLS path modeling in microfinance research. Journal of Business Research, 69(10), 4643–4649. https://doi.org/10.1016/j.jbusres.2016.03.054

Bogan, V. L. (2012). Capital structure and sustainability: An empirical study of microfinance institutions. The Review of Economics and Statistics, 94(4), 1045–1058.

Boubacar, H. (2020). Women's presence in top management and the performance of microfinance institutions in West Africa. International Journal of Social Economics, 47(2), 207–222. https://doi.org/10.1108/IJSE-06-2019-0365

Campbell, N. D., & Rogers, T. M. (2012). Microfinance institutions: A profitable investment alternative? Journal of Developmental Entrepreneurship, 17(04), 1–10.

Caserta, M., Monteleone, S., & Reito, F. (2018). The trade-off between profitability and outreach in microfinance. Economic Modelling, 72, 31–41. https://doi.org/10.1016/j.econmod.2018.01.003

Cao, J., Lu, H., Wang, W., & Wang, J. (2012). A novel five-category loan-risk evaluation model using multiclass ls-svm by pso. International Journal of Information Technology & Decision Making, 11(04), 857–874. https://doi.org/10.1142/S021962201250023X

Chedad, K., Boukir, A., Chaabi, S., Aguenaou, S., & Abrache, J. (2022). Financial performance and sustainability of microfinance institutions in Morocco: A structural equation model. International Journal of Economics and Financial Issues, 12(1), Article 1. https://doi.org/10.32479/ijefi.12666

Chikalipah, S. (2017). Institutional environment and microfinance performance in Sub-Saharan Africa. African Development Review, 29(1), 16–27. https://doi.org/10.1111/1467-8268.12235

Chikalipah, S. (2018). Do microsavings stimulate financial performance of microfinance institutions in Sub-Saharan Africa? Journal of Economic Studies, 45(5), 1072–1087. https://doi.org/10.1108/JES-05-2017-0131

Chikalipah, S. (2019a). Does the geographic expansion of microfinance branches affect profitability? Panel data evidence from Sub-Saharan Africa. Journal of International Development, 31(5), 393–410. https://doi.org/10.1002/jid.3410

Chikalipah, S. (2019b). Optimal sources of financing for microfinance institutions in sub-Saharan Africa. Development in Practice, 29(3), 395–405. https://doi.org/10.1080/09614524.2018.1519011

Chikalipah, S. (2020). Does the pursuit of outreach consistently stifle the financial performance of microfinance institutions in sub-Saharan Africa? Development in Practice, 30(3), 409–420. https://doi.org/10.1080/09614524.2019.1680607

Chikwira, C., Vengesai, E., & Mandude, P. (2022). The impact of microfinance institutions on poverty alleviation. Journal of Risk and Financial Management, 15(9), Article 9. https://doi.org/10.3390/jrfm15090393

Chmelíková, G., Krauss, A., & Dvouletý, O. (2019). Performance of microfinance institutions in Europe—Does social capital matter? Socio-Economic Planning Sciences, 68, 100670. https://doi.org/10.1016/j.seps.2018.11.007

Churchill, S. A., & Appau, S. (2020). Microfinance in Latin America and the Caribbean: The curse and blessing of ethnic diversity. Applied Economics, 52(16), 1816–1830. https://doi.org/10.1080/00036846.2019.1679344

Costa, R. R. A. D. (2017). The relationship between the performance and legal form of microfinance institutions. Revista Contabilidade & Finanças, 28(75), 377–389. https://doi.org/10.1590/1808-057x201703660

Cull, R., Demirgu¨ç-Kunt, A., & Morduch, J. (2007). Financial performance and outreach: A global analysis of leading microbanks. The Economic Journal, 117(517), F107–F133. https://doi.org/10.1111/j.1468-0297.2007.02017.x

Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2009). Microfinance meets the market. Journal of Economic Perspectives, 23(1), 167–192. https://doi.org/10.1257/jep.23.1.167

Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2011). Does regulatory supervision curtail microfinance profitability and outreach? World Development, 39(6), 949–965. https://doi.org/10.1016/j.worlddev.2009.10.016

Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2014). Banks and microbanks. Journal of Financial Services Research, 46(1), 1–53. https://doi.org/10.1007/s10693-013-0177-z

Cull, R., & Spreng, C. P. (2011). Pursuing efficiency while maintaining outreach: Bank privatization in Tanzania. Journal of Development Economics, 94(2), 254–261. https://doi.org/10.1016/j.jdeveco.2010.01.010

Dabi, R. S. K., Disman, N., & Sari, M. (2023). Capital structure, financial performance and sustainability of microfinance institutions (MFIs) in Ghana. Cogent Economics & Finance, 11(2). https://doi.org/10.1080/23322039.2023.2230013

Daher, L., & Le Saout, E. (2015). The determinants of the financial performance of microfinance institutions: Impact of the global financial crisis. Strategic Change, 24(2), 131–148. https://doi.org/10.1002/jsc.2002

Dato, M. H., Mersland, R., & Mori, N. (2018). Board committees and performance in microfinance institutions: Evidence from Ethiopia. International Journal of Emerging Markets, 13(2), 350–370. https://doi.org/10.1108/IJoEM-08-2016-0216

D'Espallier, B., Goedecke, J., Hudon, M., & Mersland, R. (2017). From NGOs to banks: Does institutional transformation alter the business model of microfinance institutions? World Development, 89, 19–33. https://doi.org/10.1016/j.worlddev.2016.06.021

D'espallier, B., Guerin, I., & Mersland, R. (2013). Focus on women in microfinance institutions. The Journal of Development Studies, 49(5), 589–608. https://doi.org/10.1080/00220388.2012.720364

Diamond, D. W. (1984). Financial intermediation and delegated monitoring. The Review of Economic Studies, 51(3), 393–414. https://doi.org/10.2307/2297430

Díaz-Martín, S., Feria-Dominguez, J. M., & Naranjo-Gil, D. (2022). Are microfinance institutions' financial performance gender driven? Evidence from Argentina. Business Strategy & Development, 5(3), 197–208. https://doi.org/10.1002/bsd2.190

Dieste, M., Panizzolo, R., & Garza-Reyes, J. A. (2021). A systematic literature review regarding the influence of lean manufacturing on firms' financial performance. Journal of Manufacturing Technology Management, 32(9), 101–121. https://doi.org/10.1108/JMTM-08-2020-0304

DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. American Sociological Review, 48(2), 147–160. https://doi.org/10.2307/2095101

Dokulilová, L., Janda, K., & Zetek, P. (2009). Sustainability of microfinance institutions in financial crisis. European Financial and Accounting Journal, 4(2), 7–33. https://doi.org/10.18267/j.efaj.65

El Kharti, L. (2014). The determinants of financial performance of microfinance institutions in Morocco: A panel data analysis | Published in Savings and Development. Savings and Development, 27–44.

El-Bassel, N., McCrimmon, T., Mergenova, G., Chang, M., Terlikbayeva, A., Primbetova, S., Kuskulov, A., Baiserkin, B., Denebayeva, A., Kurmetova, K., & Witte, S. S. (2021). A cluster-randomized controlled trial of a combination HIV risk reduction and microfinance intervention for female sex workers who use drugs in Kazakhstan. Journal of the International AIDS Society, 24(5), e25682. https://doi.org/10.1002/jia2.25682

Emengini, E. S. (2019). Subsidy/donation and performance of microfinance institutions. Asian Journal of Economics, Business and Accounting, 13(1), 1–12. https://doi.org/10.2139/ssrn.3588803

Estapé-Dubreuil, G., & Torreguitart-Mirada, C. (2015). Governance mechanisms, social performance disclosure and performance in microfinance: Does legal status matter? Annals of Public and Cooperative Economics, 86(1), 137–155. https://doi.org/10.1111/apce.12070

Fadikpe, A. A. A., Danquah, R., Aidoo, M., Chomen, D. A., Yankey, R., & Dongmei, X. (2022). Linkages between social and financial performance: Evidence from Sub-Saharan Africa microfinance institutions. PLOS ONE, 17(3). https://doi.org/10.1371/journal.pone.0261326

Falagas, M. E., Pitsouni, E. I., Malietzis, G. A., & Pappas, G. (2008). Comparison of PubMed, Scopus, Web of Science, and Google Scholar: Strengths and weaknesses. The FASEB Journal, 22(2), 338–342. https://doi.org/10.1096/fj.07-9492LSF

Fithria, A., Sholihin, M., Arief, U., & Anindita, A. (2021). Management ownership and the performance of Islamic microfinance institutions: A panel data analysis of Indonesian Islamic rural banks. International Journal of Islamic and Middle Eastern Finance and Management, 14(5), 950–966. https://doi.org/10.1108/IMEFM-05-2020-0257

Gadedjisso-Tossou, A., Kouevi, T., & Gueyie, J.-P. (2023). The influence of external governance mechanisms on the performance of microfinance institutions in Togo. Corporate Governance: The International Journal of Business in Society, 23(7), 1564–1584. https://doi.org/10.1108/CG-03-2022-0136

Galema, R., Lensink, R., & Mersland, R. (2012). Do powerful CEOs determine microfinance performance? Journal of Management Studies, 49(4), 718–742.

Gbandi, T., Couchoro, M. K., & Agossou, M. J. (2021). From the top to the bottom: The global environment and microfinance institution (MFI) performance in the West African Economic and Monetary Union countries. Journal of International Development, 33(7), 1087–1111. https://doi.org/10.1002/jid.3566

Ghalib, S. (2017). Microfinance strategy and its impact on profitability and operating efficiency: Evidence from Indonesia. Investment Management and Financial Innovations, 14(2), 51–62. https://doi.org/10.21511/imfi.14(2).2017.05

Ghose, B., Paliar, S. J., & Mena, L. (2018). Does legal status affect performance of microfinance institutions?: Empirical evidence from India. Vision, 22(3), 316–328. https://doi.org/10.1177/0972262918786104

Ghosh, C., & Guha, S. (2019). Role of gender on the performance of Indian microfinance institutions. Gender in Management: An International Journal, 34(6), 429–443. https://doi.org/10.1108/GM-03-2019-0036

Githaiga, P. N., Soi, N., & Buigut, K. K. (2022). Does intellectual capital matter to MFIs' financial sustainability? Asian Journal of Accounting Research, 8(1), 41–52. https://doi.org/10.1108/AJAR-06-2021-0080

Gohar, R., & Batool, A. (2015). Effect of corporate governance on performance of microfinance institutions: A case from Pakistan. Emerging Markets Finance and Trade, 51(6), 94–106. https://doi.org/10.1080/1540496X.2015.1080559

Golesorkhi, S., Mersland, R., Piekkari, R., Pishchulov, G., & Randøy, T. (2019). The effect of language use on the financial performance of microfinance banks: Evidence from cross-border activities in 74 countries. Journal of World Business, 54(3), 213–229. https://doi.org/10.1016/j.jwb.2019.03.00

Gudjonsson, S., Kristinsson, K., Gylfason, H. F., & Minelgaite, I. (2020). Female advantage? Management and financial performance in microfinance. Business: Theory and Practice, 21(1), Article 1. https://doi.org/10.3846/btp.2020.11354

Gul, F. A., Podder, J., & Shahriar, A. Z. M. (2017). Performance of microfinance institutions: Does government ideology matter? World Development, 100, 1–15. https://doi.org/10.1016/j.worlddev.2017.07.021

Gusenbauer, M., & Haddaway, N. R. (2020). Which academic search systems are suitable for systematic reviews or meta-analyses? Evaluating retrieval qualities of Google Scholar, PubMed, and 26 other resources. Research Synthesis Methods, 11(2), 181–217. https://doi.org/10.1002/jrsm.1378

Gutiérrez-Nieto, B., & Serrano-Cinca, C. (2019). 20 years of research in microfinance: An information management approach. International Journal of Information Management, 47, 183–197. https://doi.org/10.1016/j.ijinfomgt.2019.01.001

Ha, V. D. (2019). The interactive and causal relationship between productivity and profitability of Vietnam's formal microfinance institutions. Asian Economic and Financial Review, 9(10), Article 10. https://doi.org/10.18488/journal.aefr.2019.910.1160.1170

Hamada, M. (2010). Commercialization of microfinance in Indonesia: The shortage of funds and the linkage program. The Developing Economies, 48(1), 156–176. https://doi.org/10.1111/j.1746-1049.2010.00102.x

Harkat, T., Aguenaou, S., Abrache, J., & Ez-Zarzari, Z. (2023). Impact of loan portfolio characteristics on microfinance institutions: The case of Morocco. African Review of Economics & Finance.

Hassan, A., & Saleem, S. (2017). An Islamic microfinance business model in Bangladesh: Its role in alleviation of poverty and socio-economic well-being of women. Humanomics, 33(1), 15–37. https://doi.org/10.1108/H-08-2016-0066

Hermes, N., & Hudon, M. (2018). Determinants of the performance of microfinance institutions: A systematic review. Journal of Economic Surveys, 32(5), 1483–1513. https://doi.org/10.1111/joes.12290

Hussain, M. D., & Ahmed, I. (2023). Governance and the double-bottom-line performance of microfinance institutions: Evidence from Bangladesh. Journal of Islamic Accounting and Business Research, 15(2), 367–383. https://doi.org/10.1108/JIABR-02-2021-0049

Ibrahim, Y., Ahmed, I., & Mohd, M. (2018). The influence of institutional characteristics on financial performance of microfinance institutions in the OIC countries. Economics & Sociology, 11(2), 19–35. https://doi.org/10.14254/2071-789X.2018/11-2/2

IFC - International Finance Corporation (2024).Small beginnings for great opportunities: lessons learned from 20 years of microfinance projects in IFC. SmartLessons - World Bank Group. 1-116 Retrieved from: https://documents1.worldbank.org/curated/en/406041468126882907/pdf/950370W

Iqbal, S., Nawaz, A., & Ehsan, S. (2019). Financial performance and corporate governance in microfinance: Evidence from Asia. Journal of Asian Economics, 60, 1–13. https://doi.org/10.1016/j.asieco.2018.10.002

Islam, R., & Ahmad, R. (2020). Applicability of mudarabah and musharakah as Islamic micro-equity finance to underprivileged women in Malaysia. The European Journal of Development Research, 32(1), 176–197. https://doi.org/10.1057/s41287-019-00225-3

Iyiola, A., & Alfred, A. O. (2014). The impact of microfinance institutions on poverty reduction in Nigeria. European Journal of Business and Management.

Javid, A. Y., & Abrar, A. (2015). Microfinance institutions and poverty reduction: A cross regional analysis. The Pakistan Development Review, 54(4), 371–387.

Kar, A. K. (2012). Does capital and financing structure have any relevance to the performance of microfinance institutions? International Review of Applied Economics, 26(3), 329–348. https://doi.org/10.1080/02692171.2011.580267

Kar, A. K., & Bali Swain, R. (2018). Competition, performance and portfolio quality in microfinance markets. The European Journal of Development Research, 30(5), 842–870. https://doi.org/10.1057/s41287-018-0135-6

Kar, A. K., & Swain, R. B. (2014). Interest rates and financial performance of microfinance institutions: Recent global evidence. European Journal of Development Research, 26(1), 87–106. https://doi.org/10.1057/ejdr.2013.33

Kaur, S. J., & Bharucha, J. (2023). Determinants of sustainability of the micro-finance sector in India. International Journal of Asian Business and Information Management (IJABIM), 14(1), 1–11.

Kendo, S. (2017). Do decision variables improve microfinance efficiency? A stochastic frontier analysis for African countries. Strategic Change, 26(2), 159–174. https://doi.org/10.1002/jsc.2118

Khachatryan, K., Hartarska, V., & Grigoryan, A. (2017). Performance and capital structure of microfinance institutions in Eastern Europe and Central Asia. Eastern European Economics, 55(5), 395–419. https://doi.org/10.1080/00128775.2017.1336064

Khan, A. A., Khan, S. U., Fahad, S., Ali, M. A. S., Khan, A., & Luo, J. (2021). Microfinance and poverty reduction: New evidence from Pakistan. International Journal of Finance & Economics, 26(3), 4723–4733. https://doi.org/10.1002/ijfe.2038

Khan, A., & Shireen, S. (2020). Drivers of financial and operational efficiency of MFIs: Empirical evidences from Eastern Europe and Central Asia. Benchmarking: An International Journal, 27(9), 2679–2697. https://doi.org/10.1108/BIJ-11-2019-0515

Kipesha, E. F., & Zhang, X. (2013). Sustainability, profitability and outreach tradeoffs: Evidences from microfinance institutions in East Africa. European Journal of Business and Management, 5(8), 136–148.

Kolloju, A. K., & Meoli, M. (2022). Efficiencies of faith and secular microfinance institutions in regions of Asia, Africa, and Latin America: A two-stage dual efficiency bootstrap DEA approach. Economies, 10(3), Article 3. https://doi.org/10.3390/economies10030066

Kulkarni, L. (2017). Financial efficiency versus social outreach of Indian microfinance institutions: Mission drift or character shift? Journal of Social and Economic Development, 19(2), 323–340. https://doi.org/10.1007/s40847-018-0049-3

Kyereboah-Coleman, A., & Osei, K. A. (2008). Outreach and profitability of microfinance institutions: The role of governance. Journal of Economic Studies, 35(3), 236–248. https://doi.org/10.1108/01443580810887797

Liaqat, F., Farooq, S., Usman, M., Perveen, N., & Khalid, H. M. (2023). Economic freedom and financial performance of microfinance institutions: Asian perspective. Global Business and Economics Review, 29(4), 525–542.

Lisa, O., Nugroho, L., Orban, I., Utami, W., & Nugraha, E. (2023). The performance of Islamic microfinance institutions in the COVID-19 pandemic: Is asset quality important? Sosyoekonomi, 31(58), Article 58. https://doi.org/10.17233/sosyoekonomi.2023.04.07

Liu, J.-M., Borazon, E. Q., & Santamaria, J. G. O. (2021). Antecedents of quality performance in the Philippine micro, small, and medium hospitality sector. Asia Pacific Business Review, 27(4), 559–582. https://doi.org/10.1080/13602381.2021.1851514

Makuya, V. (2024). Need for achievement and financial performance: A mediating role of board creativity. Cogent Business & Management, 11(1), 2315314. https://doi.org/10.1080/23311975.2024.231531

Mersland, R., & Øystein Strøm, R. (2009). Performance and governance in microfinance institutions. Journal of Banking & Finance, 33(4), 662–669. https://doi.org/10.1016/j.jbankfin.2008.11.009

Mersland, R., Randøy, T., & Strøm, R. Ø. (2011). The impact of international influence on microbanks' performance: A global survey. International Business Review, 20(2), 163–176. https://doi.org/10.1016/j.ibusrev.2010.07.006

Mia, M. A., Jibir, A., Sharma, A., & Abdu, M. (2023). Can Kuznets curve hypothesis explain the mission drift of microfinance institutions? Evidence from developing countries. Asia and the Global Economy, 3(2), 100062. https://doi.org/10.1016/j.aglobe.2023.100062

Mia, M. A., Pellegrina, L. D., & Wong, W.-Y. (2022). Female participation and financial performance of microfinance institutions: Evidence from transition economies—Mia—2022—Development Policy Review—Wiley Online Library. Development Policy Review, 40(5), 1–23. https://doi.org/10.1111/dpr.12602

Mia, M. A., Lee, H. A., Chandran, V. G. R., Rasiah, R., & Rahman, M. (2019). History of microfinance in Bangladesh: A life cycle theory approach. Business History, 61(4), 703-733.

Milan, R., Hasan, N., & Nisa, Z. (2020). Analysis of performance of non-government microfinance institutions in entrepreneurial development of women. International Journal of Scientific & Technology Research, 9(03).

Mongeon, P., & Paul-Hus, A. (2016). The journal coverage of Web of Science and Scopus: A comparative analysis. Scientometrics, 106(1), 213–228. https://doi.org/10.1007/s11192-015-1765-5

Morduch, J. (2000). The microfinance schism. World Development, 28(4), 617–629. https://doi.org/10.1016/S0305-750X(99)00151-5

Mumi, A., Joseph, G., & Quayes, S. (2020). Organizational and legal institutions, and the performance of microfinance institutions as hybrid entities. Journal of Accounting & Organizational Change, 16(3), 285–309. https://doi.org/10.1108/JAOC-02-2020-0022

Namayengo, F. M. M., van Ophem, J. A. C., & Antonides, G. (2023). A comparative study on the role of microcredit on agricultural production improvement among resource-poor rural women. Frontiers in Sustainable Food Systems, 7. https://doi.org/10.3389/fsufs.2023.1083660

Nasrin, S., Rasiah, R., Baskaran, A., & Masud, M. M. (2018). What determines the financial performance of microfinance institutions in Bangladesh? A panel data analysis. Quality & Quantity, 52(3), 1409–1422. https://doi.org/10.1007/s11135-017-0528-1

Ngumo, K. S., Collins, K. W., & David, S. H. (2017). Determinants of financial performance of microfinance banks in Kenya. Research Journal of Finance and Accounting, 8(16). https://doi.org/10.48550/arXiv.2010.12569

Omri, W., & Chkoundali, R. (2011). The convergence between outreach and financial performance in Mediterranean MFIs: A panel data analysis. Transition Studies Review, 18(1), 149–163. https://doi.org/10.1007/s11300-011-0185-3

Onoyere, I. A. (2014). An investigation of activities of microfinance banks as a veritable tool for reducing poverty and unemployment in developing economies. The evidence from Nigeria. Mediterranean Journal of Social Sciences, 5. https://doi.org/10.5901/mjss.2014.v5n6p99

Pahlevan-Sharif, S., Mura, P., & Wijesinghe, S. N. R. (2019). A systematic review of systematic reviews in tourism. Journal of Hospitality and Tourism Management, 39, 158–165. https://doi.org/10.1016/j.jhtm.2019.04.001

Pascal, D., Mersland, R., & Mori, N. (2017). The influence of the CEO's business education on the performance of hybrid organizations: The case of the global microfinance industry. Small Business Economics, 49(2), 339–354. https://doi.org/10.1007/s11187-016-9824-8

Pati, A. P. (2017). Transformation and sustainability relationship in Indian microfinance institutions. International Journal of Services, Economics and Management, 8(4), 250. https://doi.org/10.1504/IJSEM.2017.095451

Pedrini, M. (2018). Exploring the effect of gender diversity in MFIs during turbulent periods. The International Journal of Human Resource Management, 29(16), 2455–2481. https://doi.org/10.1080/09585192.2016.1246460

Quayes, S. (2015). Outreach and performance of microfinance institutions: A panel analysis. Applied Economics, 47(18), 1909–1925. https://doi.org/10.1080/00036846.2014.1002891

Quayes, S., & Hasan, T. (2014). Financial disclosure and performance of microfinance institutions. Journal of Accounting & Organizational Change, 10(3), 314–337. https://doi.org/10.1108/JAOC-12-2011-0067

Quayes, S., & Joseph, G. (2017). Legal systems and performance of microfinance institutions. International Review of Applied Economics, 31(3), 304–317. https://doi.org/10.1080/02692171.2016.1249832

Randøy, T., Strøm, R. Ø., & Mersland, R. (2015). The impact of entrepreneur–CEOs in microfinance institutions: A global survey. Entrepreneurship Theory and Practice, 39(4), 927–953.https://doi.org/10.1111/etap.12085

Ranjani, K. S., & Kumar, S. (2018). An investigation of mission drift in Indian MFI. International Journal of Social Economics, 45(9), 1305–1317. https://doi.org/10.1108/IJSE-06-2017-0244

Rasel, M. A., & Win, S. (2020). Microfinance governance: A systematic review and future research directions. Journal of Economic Studies, 47(7), 1811–1847. https://doi.org/10.1108/JES-03-2019-0109

Ray, S., & Mahapatra, S. K. (2019). Asset quality and performance: An empirical study of Indian microfinance institutions. International Journal of Services, Economics and Management, 10(3), 248–265. https://doi.org/10.1504/IJSEM.2019.103173

Ribeiro, J. P., Duarte, F., & Gama, A. P. M. (2022). Does microfinance foster the development of its clients? A bibliometric analysis and systematic literature review. Financial Innovation, 8(1), Article 34. https://doi.org/10.1186/s40854-022-00340-x

Rocha, A. R., Ponce, L. A. B., & Zepeda, M. C. (2019). Differences in the interest rates of microfinance institutions in some markets economies: An HLM approach. Estudios Económicos, 34(2), 275–307.

Roy, A., & Goswami, C. (2013). A scientometric analysis of literature on performance assessment of microfinance institutions (1995-2010). International Journal of Commerce and Management, 23(2), 148–174. https://doi.org/10.1108/10569211311324939

Ruchika, D. S. K. (2020). A study on status and performance of self-help groups in Kanpur Dehat. International Journal of Advanced Science and Technology, 29(06), Article 06.

Saeed, A., Javed, A. Y., & Noreen, U. (2018). Microfinancing, governance, and performance: A South Asian perspective. Journal of Economics, Finance and Administrative Science, 23(46), 247–265. https://doi.org/10.1108/JEFAS-01-2017-0014

Sarpong-Danquah, B., Adusei, M., & Al-Faryan, M. A. S. (2023). The role of judicial efficiency in the board size-financial performance nexus: Evidence from microfinance institutions. Social Sciences & Humanities Open, 8(1). https://doi.org/10.1016/j.ssaho.2023.100584

Sarpong-Danquah, B., Adusei, M., & Frimpong, J. M. (2023). The capital structure–firm performance nexus: The role of judicial efficiency. Managerial and Decision Economics, 44(3), 1585–1600. https://doi.org/10.1002/mde.3768

Sarpong-Danquah, B., Adusei, M., & Magnus Frimpong, J. (2023). Effect of board gender diversity on the financial performance of microfinance institutions: Does judicial efficiency matter? Annals of Public and Cooperative Economics, 94(2), 495–518. https://doi.org/10.1111/apce.12396

Scott, W. R. (1995). Institutions and organizations. Sage.

Semaw Henock, M. (2019). Financial sustainability and outreach performance of saving and credit cooperatives: The case of Eastern Ethiopia. Asia Pacific Management Review, 24(1), 1–9. https://doi.org/10.1016/j.apmrv.2018.08.001

Semegn, A. A., & Bishnoi, N. K. (2021). Analysis of effect of microfinance on the performance of MSEs in Amhara National Regional State, Ethiopia. The Journal of Entrepreneurship, 30(1), 153–178. https://doi.org/10.1177/0971355720974822

Shettima, U., & Dzolkarnaini, N. (2018). Board characteristics and microfinance institutions' performance: Panel data evidence from Nigeria. Journal of Accounting in Emerging Economies, 8(3), 369–386. https://doi.org/10.1108/JAEE-01-2017-0006

Shkodra, J. (2019). Financial performance of microfinance institutions in Kosovo. Journal of International Studies, 12(3), 31–37.

Shohel, T. A., Niner, S., & Gunawardana, S. J. (2023). 'Even though I get a loan, my husband controls it': Rhetoric versus reality of empowering Bangladeshi women through microfinance programs. The European Journal of Development Research, 35(4), 794–819. https://doi.org/10.1057/s41287-022-00539-9

Sibuea, M. B., Sibuea, F. A., Pratama, I., Siregar, G., & Putra, Y. A. (2022). Analysis of the contribution of agribusiness microfinance institutions and government policies on increasing farmers' income in Indonesia. AgBioForum, 24(2), Article 2.

Strøm, R. Ø., D'Espallier, B., & Mersland, R. (2014). Female leadership, performance, and governance in microfinance institutions. Journal of Banking & Finance, 42, 60–75. https://doi.org/10.1016/j.jbankfin.2014.01.014

Tang, J. J., Quayes, S., & Joseph, G. (2020). Microfinance institutions, financial intermediation and the role of deposits. Accounting & Finance, 60(2), 1635–1672. https://doi.org/10.1111/acfi.12506

Tanin, T. I., Mobin, M. A., Ng, A., Dewandaru, G., Salim, K., Nkoba, M. A., & Abdul Razak, L. (2019). How does microfinance prosper? An analysis of environmental, social, and governance context. Sustainable Development, 27(6), 1001–1022. https://doi.org/10.1002/sd.1952

Tchakoute Tchuigoua, H. (2014). Performance of microfinance institutions: Do board activity and governance ratings matter? Finance, 35(3), 7–52. https://doi.org/10.3917/fina.353.0007

Tehulu, T. A. (2021). Do location and legal status matter in microfinance institutions' performance? Evidence from sub-Saharan Africa. Development in Practice, 31(3), 404–420. https://doi.org/10.1080/09614524.2020.1853060

Thrikawala, S., Locke, S., & Reddy, K. (2016). Board structure-performance relationship in microfinance institutions (MFIs) in an emerging economy. Corporate Governance: The International Journal of Business in Society, 16(5), 815–830. https://doi.org/10.1108/CG-12-2015-0166

Towo, N., Mori, N., & Ishengoma, E. (2019). Financial leverage and labor productivity in microfinance co-operatives in Tanzania. Cogent Business & Management, 6(1), 1635334. https://doi.org/10.1080/23311975.2019.1635334

Tranfield, D., Denyer, D., & Smart, P. (2003). Towards a methodology for developing evidence -informed management knowledge by means of systematic review. British Journal of Management, 14(3), 207–222. https://doi.org/10.1111/1467-8551.00375

Visconti, R. M. (2016). Microfinance vs. Traditional banking in developing countries. International Journal of Financial Innovation in Banking, 1(1/2), 43. https://doi.org/10.1504/IJFIB.2016.076613

Wernerfelt, B. (1984). A resource-based view of the firm. Strategic Management Journal, 5(2), 171–180. https://doi.org/10.1002/smj.4250050207

Wirasedana, I. W. P., Sudarma, M., Andayani, W., & Mulawarman, A. D. (2024). The role of capital in microfinance financial performance and cultural sustainability. Cogent Business & Management, 11(1), 2287770. https://doi.org/10.1080/23311975.2023.2287770

Woller, G. M., Dunford, C., & Woodworth, W. (1999). Where to microfinance? International Journal of Economic Development, 1(1), 29–64.

Wuryani, E. (2022). Capital structure and financial performance: The case of microfinance institutions of Indonesia. International Journal of Economics and Finance Studies, 14(2), Article 2.

Zainal, N., Nassir, A., Kamarudin, F., Hook, S., Sufian, F., Hussain, H. I., & Mara, T. (2019). Social role of microfinance institutions in poverty eradication: Evidence from ASEAN-5 countries. International Journal of Innovation, 5(2).

Zamore, S. (2018). Should microfinance institutions diversify or focus? A global analysis. Research in International Business and Finance, 46, 105–119. https://doi.org/10.1016/j.ribaf.2017.12.001