

Impact of governance indicators and gender on microfinance efficiency – A truncated regression model based on DEA scores

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Abstract

We evaluated the efficiency level of microfinance institutions (MFIs) of South Asian countries by using Data Envelopment Analysis (DEA). We find that financial efficiency of these institutions is encouraging than social efficiency. In order to identify the key determinants of efficiency, DEA bootstrapped scores are further regress on governance and gender indicators by using truncated bootstrapped regression model. We find that individual differences are possible explanation of the efficiency differences among MFIs. The study findings suggest that both financial and social efficiency are sharing the same goal of improving the welfare of poor so improvement in either of these is encouraging. However, we find negative impact of governance and gender variables on efficiency of MFIs.

Keywords: Microfinance Institutions, efficiency, DEA, double bootstrap

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