

— SEMINAR —



Prof. Niels Hermes

## **The Performance of Microfinance Institutions: Do Macro Conditions Matter?**

Seminar organized by the  
**Centre for European Research in Microfinance (CERMI)**

**Tuesday November 10<sup>th</sup>, 2009**

**At 2.00 pm**

(sandwiches will be offered to all participants)

At the « Salle de séminaire », Centre Emile Bernheim

Abstract:

This presentation will analyze whether the performance of microfinance institutions (MFIs) is associated with the macro conditions these institutions are confronted with. The analysis focuses on the macroeconomic, financial development, institutional and political variables as potentially important features of the macro conditions influencing the performance of MFIs. We measure performance in terms of the cost of efficiency of MFI operations. We find that economic growth and financial development are clearly and robustly associated with MFI efficiency. For institutional and political conditions the picture is less obvious: while some dimensions of the institutional and political environment seem to be associated with efficiency, the general conclusion is that we cannot find a clear relationship between the two dimensions and the efficiency of MFIs.

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