ELECTRONIC THESIS AND DISSERTATION UNSYIAH

TITLE
THE IMPACT OF BREADTH OUTREACH AND DEPTH OUTREACH ON THE FINANCIAL SUSTAINABILITY OF MICROFINANCE INSTITUTIONS (STUDY ON MICROFINANCE INSTITUTIIONS IN ASEAN LISTED IN MICROFINANCE INFORMATION EXCHANGE MARKET YEAR 2010-2014

ABSTRACT

Microfinance institutions face a double bottom-line. They perform social performance (outreach) as the objective of microfinance at alleviating poverty. In doing so, they have to be financially self-sufficient (sustainability) to target poor people excluded from the traditional financial systems. The main focus of the study is to examine the impact of outreach for both breadth and depth and financial sustainability from secondary data of microfinance institutions in ASEAN region listed in microfinance exchange market from 2010-2014 using the hypothesis testing. The variables taken by researcher are the number of active borrower as proxy of breadth outreach and for depth outreach proxied to average loan balance per borrower, average loan balance per borrower to GNI per capita and percentage of female borrower while operational self-sufficiency is taken to represent the financial sustainability. However, the impact may exist between outreach and financial sustainability for these institutions. By using a multiple regression linear analysis, this study shows the empirical evidence of breadth and depth outreach has simultaneously impact on financial sustainability. Furthermore, in partially the result found that, breadth outreach has an impact on financial sustainability. Conversely, for depth outreach only average loan balance per borrower that has an impact on financial sustainability. This result suggest the further research to conduct wider scale of institutions by adds up more regions over the world.

Keywords: microfinance, breadth outreach, depth outreach, financial sustainability