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## **The Relationship between Breadth of Outreach and Financial Sustainability of Microfinance Institutions in Sri Lanka**

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The prime objective of the microfinance institutions (MFIs) is outreach to the poor communities, who do not have access to formal financial services. The breadth of outreach is the one of the major way to serve the poor communities and simply it can be define as number of poor clients served or reached by MFIs. The literature reveals that ability to reach poor and the poorest segment of the population through outreach with financial sustainability by MFIs in Sri Lanka is remain unclear and dearth. Therefore, this study is passage to fill this knowledge gap, focusing on MFIs in Sri Lanka. Moreover, it provides comprehensive evidence of the breadth of outreach activities and sustainability by using cross country analysis with panel data of Microfinance Information Exchange, the data gathered by Microfinance Practitioners' Association in Sri Lanka, and other web-related information sources. Two major variables were used to measure the breadth of outreach: number of active borrowers (main proxy) and number of geography locations, and financial self sufficiency was used to measure the financial sustainability of MFIs. It can be concluded that there is a positive and statistically significant relationship between number of active borrowers and the financial sustainability of MFIs in Sri Lanka. Further, it describes that, if MFIs increased the number of borrowers it will leads to reduce the cost per borrower and further it helps to recieved economies of scale as well as sustainability. Moreover results illustrated that there is a positive but satistically insignificant relationship between geographic location with financial sustainability of MFIs in Sri Lanka. Study recommends to conduct future studies of this lesser-known area using more proxies to measure the outreach and sustainability of MFIs in Sri Lanka.

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