

BALANCING FINANCIAL SUSTAINABILITY AND OUTREACH IN MICROFINANCE INSTITUTIONS: A SYSTEMATIC REVIEW OF DETERMINANTS, TRADE-OFFS, AND PERFORMANCE DRIVERS

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ABSTRACT

The transition of microfinance institutions (MFIs) from a non-profit orientation to a commercially driven model has enabled the sector to expand and better serve low-income populations. Financially sustainable MFIs can significantly improve financial inclusion outcomes. To answer the research questions, a systematic review of previous studies was conducted by examining scholarly articles listed on Google Scholar from 2000 to 2025. Keywords such as sustainability, outreach, grants, donations, and microfinance institutions were used. Out of 120 identified research papers, 72 were considered appropriate for analysis based on relevance. Findings suggest that MFIs face a clear trade-off between outreach and financial sustainability, and excessive reliance on donations adversely affects their long-term financial health.

KEYWORDS: *Sustainability, Microfinance Institutions, Outreach, Financial Sustainability, Grants and Donations.*

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