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NAVIGATING THE MICROFINANCE CONUNDRUM: ASSESSING THE IMPACT OF COMMERCIALIZATION ON FINANCIAL SUSTAINABILITY AND INCLUSION OF THE POOR IN DEVELOPING COUNTRIES: A REVIEW LITERATURE

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Abstract

Following the inception of commercialization shifts in microfinance institutions (MFIs), financial inclusion of the poor has remained an open question. Research results on this issue provide mixed findings, and disagreement among scholars has kept the debate open for further research. Thus, this study aims to analyze the effects of commercialization in MFIs on financial sustainability and inclusion of the poor, addressing the ongoing debate on mission drift and its consequences. The study reviews recent scholarly articles from different databases utilizing keywords related to the topic. The findings reveal a contentious discourse among scholars, with some asserting that commercialization leads to mission drift and a tradeoff between financial performance and depth of outreach, while others argue it offers opportunities for MFIs to achieve financial self-sustainability without compromising their original social goals. Empirical evidence suggests a tradeoff, as MFIs, driven by the need for financial viability, shift from serving the very poor to better-off customers, potentially neglecting their social mission. Policy recommendations call for a balanced approach, acknowledging the need for financial sustainability while emphasizing the importance of continued social outreach to alleviate poverty. Further studies are encouraged to explore the nuanced dynamics of commercialization, considering contextual variations, regulatory frameworks, and the role of external factors in shaping the trajectory of MFIs. Therefore, this study adds updated knowledge to elucidate the complex dynamics of commercialization in microfinance and offer nuanced policy solutions, thereby enriching the academic literature on the field.

***Keywords**: Commercialization, Financial performance, Microfinance, Mission drift, Social performance, Tradeoff*

INTRODUCTION

Lack of access to financial provisions and knowledge to manage businesses and resources is considered a significant obstacle in efforts to alleviate poverty, create jobs, sustain livelihoods, anticipate a bright future, and foster national development. Developing countries have grappled with these challenges for thousands of years, facing shortages in financial resources, a lack of a smooth financial system, and technological gaps. In response to these challenges, microfinance institutions (MFIs) were established with a particular focus on serving the economically disadvantaged class of people (Abrar, 2019; Segun, 2017). This group constitutes a high proportion of the total population, notably in developing countries, and has often been overlooked by traditional banking systems.

The primary objective of MFIs was to bridge the wide gap created by the traditional financial system, reaching out to a significant number of economically marginalized people (Gota & Sodha, 2022a; Kaberia & Muathe, 2022), MFIs aimed to provide feasible financial services tailored to the demands of the poor, supporting their startup businesses and encouraging self-well-being. By assuming substantial responsibility to target economically disadvantaged individuals and offering microcredit without requiring fixed assets, microfinance has been considered a social enterprise (Beisland et al., 2019). In the first decades of its inception, the significant contribution of MFIs to poverty alleviation was widely acknowledged (Fadikpe et al., 2022; Gota & Sodha, 2022b). The impact of MFIs in serving the very poor and contributing to economic development has been a major global agenda in recent decades.

Over time, MFIs have undergone a paradigm shift, transitioning from targeting the very poor to catering to better-off customers. This shift represents a move from being social institutions to embracing commercialization, with the intention of maximizing profitability and achieving financial self-sustainability in response to the

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development of the microfinance industry and the interruption of subsidies from local governments and international funders (Segun, 2017).
This dynamic shift created in microfinance realm, raised heated debate among researchers. Misunderstandings and ambiguity moving among scholars provide two extreme arguments. On one side, researchers argue that the shift has resulted mission drift which also brought tradeoff between financial performance and depth of outreach (Kaberia & Muathe, 2022; Khan et al., 2020; Sarkar & Thapa, 2020; Zainal et al., 2019). The critique against this perspective is that, in their pursuit of achieving self-financial viability, MFIs may have compromised their social mission, prioritizing financial profitability over reaching a deeper outreach.
On the other hand, some researchers posit that the market shift in MFIs has not inherently led to negative outcomes. Instead, they argue that it has created opportunities for MFIs to transform into self-sustainable financial institutions without abandoning their original goals (Adusei, 2021; Budihantho et al., 2020; Lam et al., 2019). This perspective suggests that commercialization can coexist with the social mission of MFIs, offering a pathway to financial viability while still addressing the needs of economically disadvantaged individuals.
On both sides of the debate, there exists a wealth of empirical literature, yet the ongoing discourse among researchers remains an open and unresolved research question (Gyapong et al., 2021). Furthermore, doubts linger regarding the various research approaches employed by scholars, which are perceived as potential sources of ambiguity in the results (Reichert, 2018). The inconsistency in research findings underscores the need for heightened attention from concerned bodies. The fundamental right of individuals to access financial services and to create job opportunities for the impoverished still remains in question. To put it differently, when one envisions standing in the shoes of the economically challenged, the experience of living with obstructed financial access is akin to navigating through a life of despair, cloaked in an unrelenting darkness that perpetuates the cycle of poverty across nations. Therefore, the primary aim of this study is to delve into recent literature, scrutinize the research methodologies employed by scholars, and analyze the effects of commercialization in MFIs on financial sustainability and inclusion of the poor.

METHODOLOGY

The primary objective of the current study is to conduct a comprehensive analysis of the impact of commercialization on MFIs and its subsequent effects on reaching the poorest of the poor, drawing insights from existing literature in the field. To achieve this, the study employs a meticulous and multifaceted approach to literature review, utilizing diverse search strategies and keywords such as commercialization in microfinance, mission drift, tradeoff, financial sustainability, depth of outreach, and poverty reduction.
In the pursuit of relevant literature, prominent databases including Google Scholar, Scopus, JSTOR, ProQuest, and Science Direct were extensively explored, with a specific focus on scholarly published articles. The search process was refined to include only articles that contribute to the scholarly discourse on commercialization in microfinance and its ramifications. After the initial phase of data collection, a rigorous filtration process was implemented. This involved the elimination of unrelated documents and the identification and removal of duplicates, adhering to predefined selection criteria.
Subsequently, the retained literature underwent a meticulous and systematic review. The findings were classified and organized based on their relevance to the study's objectives. The analysis not only synthesized existing knowledge but also provided insightful suggestions based on the reviewed literature. This comprehensive and methodical approach enhances the credibility and robustness of the study's examination of commercialization in MFIs and its implications for the most economically disadvantaged populations.

LITERATURE REVIEW

Following diligent efforts invested in the collection of pertinent literature, exhaustive reading, and meticulous organization of findings, this section undertakes the formidable task of synthesizing and categorizing the diverse array of perspectives and critiques prevalent among scholars. It goes beyond a mere presentation of information, delving into the intricate nuances of conceptual insights and empirical findings that characterize the scholarly discourse in this domain. This section serves as a scholarly crucible, where the amalgamation of theoretical frameworks and tangible research outcomes coalesce to provide a comprehensive understanding of the subject matter. It is within this intellectual arena that the study navigates the intricacies, dissecting, and illuminating the debates and insights that shape the contemporary landscape of knowledge in the chosen field.

1.1 conceptualization

Traditional MFIs historically relied on financial support from local and international donors, aid organizations, and grant providers to fulfill their social mission, catering to a large number of low-income communities (Fadikpe et al., 2022). However, as time passed, the microfinance landscape underwent significant changes, witnessing a gradual withdrawal of financial and logistical support from both small and large donors. This shift compelled MFIs to transition from being subsidy-dependent social organizations to profit-oriented entities operating in the commercial sphere.

The pervasive focus on maximizing profitability, central to the commercialization movement within MFIs, has yielded diverse consequences. In the realm of microfinance commercialization and its outcomes, existing literature offers valuable insights. On one hand, there are assertions of a positive correlation between financial and social performance; on the other hand, there are indications of mission drift and a tradeoff in balancing financial performance with the social mission of MFIs.

Commercialization in MFIs involves breaking free from financial dependency on donors and government subsidies. It entails establishing financial and operational self-sufficiency through retained earnings, covering operational expenditures and financial costs. This transformation often involves financing operations through equity securities, such as shareholders' assets, and debt securities, such as borrowing commercial funds from the market to bolster the capital base of MFIs. Over time, the pursuit of financial sustainability has led MFIs to shift their focus from serving the bottom-of-the-pyramid population to better-off customers, providing larger individual loans to reduce operational costs, increase repayment rates, and generate profits. This deviation, termed "Mission Drift" (Mia & Hwok-Aun, 2017), marks a departure from the initial commitment to serving a large number of impoverished individuals.

The concept of tradeoff signifies a strategic shift, compromising social objectives to elevate financial goals. In essence, it represents a goal shift where financial sustainability takes precedence over reaching a substantial number of marginalized people. The discussion around mission drift and tradeoff often aligns with two schools of thought: institutionalism and welfarism. Institutionalists argue that MFIs must prioritize financial sustainability, even if it involves levying excessive interest, to later fulfill their social mission and achieve a deep outreach (Xu et al., 2019). Welfarists, on the other hand, emphasize that microfinance, originally designed to serve the poor, should not deviate from its core mission, striving to reach a deep outreach at any cost, regardless of who covers the expenses (Aslam & Thiagarajan, 2018).

Adding complexity to the debate, research findings often present conflicting insights. Some argue that commercialization leads to a tradeoff between financial and social performance, while others contend that it complements both objectives of MFIs. These divergent perspectives arise from variations in research approaches, encompassing methodologies, data characteristics, time span of data coverage, and publication outlets (Reichert, 2018). To unravel the influence of research approaches on depicting the tradeoff between the dual objectives of MFIs, this study delves into empirical literature, scrutinizing the methodologies employed by researchers.

3.2 Empirical literatures

In this pivotal section, the present study meticulously unfolds a compendium of empirical investigations undertaken by diverse scholars. The synthesis of these studies is eloquently encapsulated under two distinct headings: the fervent debate surrounding whether commercialization induces a tradeoff and the contrasting perspective contending that commercialization seamlessly harmonizes with both financial and social objectives. Moreover, the section meticulously unravels the intricacies of the research methodologies wielded by these erudite authors and provides insightful suggestions based on the reviewed literature. It intricately weaves together the salient findings and the compelling arguments put forth by these scholarly contributors.

3.2.1 The debate on commercialization causes tradeoff

When delving into the discourse on microfinance mission drift, an inherent concern surfaces—the concomitant impact on poverty reduction. The underlying skepticism hinges on the premise that as MFIs earnestly pursue heightened financial profitability, a corollary expectation of increased interest rates looms, potentially exacerbating poverty levels among MFI clientele. However, empirical evidence from certain studies counters this apprehension, asserting that even when MFIs deviate from their original mandate, veering away from providing financial services to those overlooked by traditional banks, their services still contribute to poverty reduction by catering to relatively more affluent clients.

A noteworthy investigation conducted by Tarekegn & Molla (2018) employed Propensity Score Matching and the Tobit model, scrutinizing data gleaned from 108 MFI clients and 108 non-clients in Ethiopia. The findings unequivocally underscore that while MFIs do exert a positive impact on welfare, their accessibility remains predominantly skewed towards individuals with residential properties and substantial earnings, limiting outreach to the impoverished.

In a parallel vein Atara (2023) study delved into microfinance data sourced from the Association of Ethiopian MFIs, specifically exploring the nexus between poverty outreach and financial sustainability. Employing paired samples tests and multiple regression analysis, the research ultimately revealed a nuanced scenario—while there was an uptick in the provision of microfinance services, the specter of a tradeoff between financial and social goals loomed large in Ethiopia. The surge in numerical outreach, extending services to a larger cohort of relatively prosperous clients, undoubtedly bolstered economic development by engendering job opportunities. However, the fundamental query emerging in the context of mission drift pertains to the neglect of the ultimate destitute population, potentially sidelined in the wake of the commercialization revolution.

Chowdhury et al. (2019) qualitative study starkly illuminates a contemporary trend wherein MFIs have veered away from serving the absolute poor, redirecting their focus towards relatively better-off clients. The study, rooted in data collected from clients of MFIs in Bangladesh, meticulously scrutinizes the extent to which public MFIs attain a genuine depth of outreach. The study's findings are unequivocal—the application of neoliberal policies within the MFIs, posited as market solutions, inadvertently fosters financial provisions for those who are economically better off rather than catering to the needs of the impoverished. The metamorphosis of the microfinance landscape in recent times stands in stark contrast to its nascent stage. The pervasive influence of commercialization has steered a notable shift in mission, steering MFIs away from their original commitment to uplift the ultra-poor, now directing attention toward clients with more favorable economic standings. This transformative trend has permeated even non-profit MFIs, a notable deviation from their conventional role.

The research conducted on India's MFIs by Sarkar & Thapa (2020) posits that the emergence of neoliberalism in the recent microfinance market has induced a mission drift among MFIs. This shift is characterized by a desire to ensure financial sustainability, aligning with the dominance of private credit players. The commercialization drive, fueled by an excessive emphasis on financial sustainability, particularly disadvantages the large population of impoverished individuals in developing countries. This exacerbates poverty levels by posing a significant barrier to financial accessibility for those with limited alternatives. According to the authors explanation the shift in the MFI landscape, driven by market forces, has proven perilous, contrary to its intended goal of supporting the poor.

Furthermore, multiple studies have presented evidence of the perilous consequences unfolding in the microfinance market. A study focused on the role of MFIs in poverty alleviation across Southeast Asian countries utilizes a two-step analysis method, employing the Data Envelopment Analysis approach and Multivariate Panel Regression Analysis. The findings reveal that MFIs in the study area exhibit lower social efficiency, having traded their original mission of poverty alleviation for the sake of enhancing the financial viability of the institution (Zainal et al., 2019).

Some researchers posit that microfinance is a historical term that merely operates under the guise of aiding the poor. In alignment with this perspective, Kaberia & Muathe (2022) assert that there exists a myth surrounding MFIs, suggesting that lenders exploit the poor through a predatory lending system. This exploitation, characterized by imposing excessive interest rates, allegedly makes the poor even poorer and burdens them with overwhelming debt. Consequently, it is argued that microfinance is often enveloped in myths rather than grounded in factual realities.

Empirical analyses conducted on panel data further contribute to the discourse. For instance, XU et al. (2015) and Kar & Swain (2018) independently conducted analyses on the panel data of 218 MFIs across 76 countries (covering 2001-2011) and data from 568 MFIs in 10 countries (covering 2003-2014), respectively. Both studies converge in arguing that the prevailing trend of commercialization and intense competition has led to improved loan repayment performance and higher profitability for MFIs. However, a significant trade-off is evident as accessibility for poorer clients diminishes, giving way to economically better-off clients. This shift creates a more favorable environment for wealthier individuals while exacerbating the plight of the economically disadvantaged.

Similarly, Rizkiah's (2019) study, focusing on 424 MFIs in Bangladesh, aims to investigate the impact of social outreach on the financial performance of MFIs. The findings reveal a statistically strong negative correlation between financial performance and the depth of outreach. This negative relationship underscores that the pursuit of financial profitability often comes at the expense of social responsibility. The study implies that the financial resources intended for the poor are redirected to bolster the financial sustainability of MFIs, further emphasizing the trade-off between financial success and social impact.

As discussed earlier, the tension between the financial sustainability and social mission of MFIs is often observed through the measure of the depth of outreach, specifically in serving the poorest. However, the breadth of outreach frequently exhibits a positive correlation with financial performance. In a comprehensive study, Churchill (2019) scrutinized data from 1595 MFIs across 109 countries to investigate whether a trade-off exists between financial sustainability and social outreach. The findings conclusively demonstrate a trade-off between financial sustainability and the depth of outreach, particularly in reaching the poor living below the poverty line. Conversely, the relationship between financial sustainability and the breadth of outreach, encompassing a larger number of customers capable of providing collateral for loans, exhibits complementarity.

The literature reviewed so far has provided empirical evidence of the controversy between the two primary objectives of MFIs: achieving financial sustainability while simultaneously reaching the depth and breadth of outreach. Some researchers have delved into the causes behind this conundrum. As per the explanation of Khan et al. (2020), the removal of donor funds or financial subsidies and the absence of interest rate restrictions could be the primary causes of mission drift, exacerbating the market conditions for the poor by imposing unbearable interest rates that may further impoverish them.

The research topic "Mission drift and ethical crisis in MFIs," studied based on 169 MFIs in Bangladesh from 2009 to 2014, offers additional insights into the causes of trade-offs in MFIs. The findings reveal that the commercial funds received from credit markets to provide loans to customers lead to mission drift, as MFIs provide larger amounts of loans to individuals with higher interest rates to cover both the financial cost of commercial funds and operational expenditures (Mia & Hwok-Aun, 2017).

Furthermore, another study conducted by Deb (2018) argues that the competition among MFIs itself has driven them to seek better-off clientele, often deviating from their social mission and shifting the responsibility of reaching the depth of outreach to enhance the financial sustainability of the MFIs. This suggests that neoliberalism in the governance of MFIs creates severe competition, resulting in a trade-off between financial and social objectives.

3.2.2 Debate on Commercialization complements financial sustainability and social outreach

Contrary to the findings suggesting a trade-off, several studies present optimistic results. The research study carried out by Wondirad (2020) examining data from 183 Indian MFIs between 2005 and 2014, aims to validate whether competition among MFIs promotes or hinders their primary objectives of financial sustainability and social mission. The findings demonstrate a positive regulatory effect of competition on the relationship between social outreach and financial performance of MFIs. This suggests that in countries where a large number of MFIs operate, they actively engage even the poorest clients to expand their operational footprint. This, in turn, allows them to grow their client base, maintain a substantial loan portfolio, and achieve operational self-sufficiency.

Another study, conducted on 125 Indian MFIs spanning from 2005 to 2016, investigates the relationship between social and financial performance. Employing a dynamic framework of simultaneous equations models, Navin & Sinha (2021) argue that reaching the depth of outreach in MFIs does not impede the objective of achieving financial sustainability. On the contrary, it enhances the capacity to disburse larger amounts of individual loans. The argument unfolds as the poor, fearing the closure of the only financial door available to them, diligently strive to repay loans on time. Despite engaging in less profitable businesses, they prioritize timely loan repayment to maintain their relationship with MFIs. This underscores the commitment of the impoverished to uphold their financial responsibilities.

The study conducted to analyze the nexus between lending to women and financial performance spans a broad dataset of 892 MFIs across 87 countries for the period from 2003 to 2012. Utilizing both random and fixed effect regression models, Abdullah & Quayes (2016) reveal a compelling insight—higher female client participation in MFIs correlates with increased financial profitability in the sector. The significance of this finding is rigorously tested through measures of depth of outreach, specifically average loan balance and female participation. The test values confirm that the positive relationship between social and financial performance is statistically significant. These two measures, average loan size and the proportion of female borrowers, serve as widely applicable indicators of the depth of social performance. Thus, the extensive dataset underscores a positive correlation between financial sustainability and social performance, particularly when measured through these indicators, providing robust support for proponents of the existing microfinance market shift.

Moreover, the study by Fadikpe et al. (2022) delves into the financial sustainability of MFIs based on the gender composition of their clients. Analyzing data from 105 MFIs across 26 countries in Sub-Saharan Africa from 2011 to 2017, the researchers employ the generalized method of moments and seemingly unrelated regression. The findings indicate that MFIs with an increased share of female clients demonstrate a greater capacity to enhance their financial sustainability compared to those with a larger share of male clients.

Frequently, female clients are perceived as a highly vulnerable segment of the community due to structural neglect and the burden of household work imposed on them. Providing loans to female clients is considered a strategy to reach the depth of outreach. The higher loan repayment rates experienced by female clients serve as a clear indicator of the complementarity that exists between enhancing financial sustainability and achieving the social mission of the organization.

The other study conducted by Bhuiyan et al. (2020) systematically reviews literature in the field of MFIs with the objective of investigating factors contributing to mission drift and sustainability. Their comprehensive analysis concludes that a wide coverage of both depth and breadth of outreach is instrumental in securing the financial sustainability of MFIs. The authors assert that addressing a large operational size (encompassing both depth and breadth of outreach) positively impacts various financial performance and efficiency indicators, ensuring the sustainability of MFIs. The findings further elucidate how the size of operation moderates potential tradeoffs between financial stability and reaching poorer clients. In essence, a larger operational size, coupled with deeper social outreach, diminishes the likelihood of creating a tradeoff.

The research topic "examining the tradeoff between social and financial efficiency" is explored through an analysis of data from 127 South Asian MFIs for the period 2009 to 2013, utilizing the general least square method. The study's findings reveal that achieving financial sustainability does not impede the efficiency of social outreach; rather, financial performance and social performance can coexist harmoniously in the realm of MFIs (Huq et al., 2017). Potential threats are mitigated through the application of group lending methodology, maintaining a larger operational size, and leveraging the work experience of MFIs.

In an effort to understand the harmonizing or opposing relationship between the breadth and depth of social outreach and financial viability, a research study analyzes data from 852 MFIs across 96 countries over a 17-year period, employing the seemingly unrelated regression method. The investigation concludes that the relationship between social performance and financial sustainability is positive—reaching economically marginalized customers does not compromise financial success (Lam et al., 2019).

The study undertaken by Quayes (2015) employs ordinary least square regression to analyze panel data from 764 MFIs across 87 countries for the years 2003 to 2006. The findings reveal that, contrary to expectations, the study does not find empirical evidence supporting a tradeoff between financial and operational outreach. Instead, it identifies positive correlations between financial profitability and the depth of social outreach, suggesting a compatibility between financial success and social impact.

Similarly, the research by Budihantho et al. (2020) delve into the correlation between social and financial performance, utilizing data from 63 MFIs over a five-year period (2014-2018) and employing warp PLS. The study's findings argue for a direct relationship between social and financial performance, indicating that achieving objectives in one area positively influences the other, highlighting a synergy between the two dimensions.

In contrast to the consensus in the preceding sections regarding the tradeoff resulting from the commercialization of MFIs and the unrestricted interest rates on loans, a study investigating "the relationship between interest rates and the social performance of MFIs" analyzed data from 555 MFIs across 74 countries. The findings, as presented by Adusei (2021) assert that higher interest rates correspond to deeper and wider social outreach. This supports the institutionalist school of thought, advocating that MFIs should first ensure financial sustainability by any means, including charging higher interest rates, before extending their services to the poor at an affordable cost. According to institutionalist proponents and Adusei's findings, higher interest rates accelerate the financial viability of MFIs, enabling them to achieve broader and deeper social outreach.

Lastly, the study reviews Toyin's (2017) empirical analysis, which evaluates the existence of mission drift between financial and social performance using a comprehensive dataset of 752 microfinance banks in Nigeria for the period 2011-2014. The results suggest that financially sustainable MFIs tend to serve poorer clients, emphasizing deeper social outreach. This finding adds nuance to the discussion, suggesting that the commercialization and neoliberal management system in MFIs do not always compromise the social objectives of these institutions. Once they ensure their continuity in the market, MFIs can effectively balance both financial and social performance.

CONCLUSION AND IMPLICATION

In concluding this comprehensive study on the intricate dynamics of commercialization in microfinance and its impact on reaching the poor, it is imperative to underscore that while the presence of mission drift and the ensuing tradeoff between financial performance and the depth of outreach are apparent in numerous studies, the commitment of MFIs to broad outreach and poverty alleviation remains unwavering. The examination of whether MFIs have entirely strayed from their original mission of serving as a social enterprise and have traded it for financial sustainability yielded empirical evidence that contradicts such a sweeping deviation.

Proponents of the alternative perspective posit that instances of tradeoff findings in research are sometimes linked to the methodologies employed in these studies. Certain authors further argue that the tradeoff phenomenon is more prevalent in the early stages of MFIs' operations, with a discernible trend of returning to the original mission as these institutions mature.

In light of the extensive discourse presented by various scholars, this study emphasizes that while mission drift and tradeoff are genuine challenges on the ground, they are not irreversible. As MFIs age and attain financial viability, coupled with intensified competition among them, there is a propensity for a reorientation towards addressing the needs of bottom-of-the-pyramid clients, as substantiated by existing literature.

Importantly, the study underscores the role of governments in developing countries and international organizations. They are urged to allocate budgetary resources as collateral for the poorest of the poor, given their significant proportion of the population. The persistent issue of inadequate financial provision cannot wait until MFIs achieve financial sustainability. To actively support the endeavors of impoverished individuals in creating job opportunities and making substantial strides in poverty reduction, governments are implored to direct their attention and resources toward the economically marginalized segments of society. This strategic allocation is crucial in fostering a more inclusive and sustainable approach to microfinance, aligning with the overarching goal of uplifting those at the grassroots level.

But what immediately needs to be corrected is neoliberalism governmentality in the MFIs which creates peril to the poorest of the poor, pushing the poor to individual money lenders whom arrogantly impose unreasonable interest rate on the borrowers which in turn derives the poor to poverty vicious circle, enslaving the poor to money lenders. Equal consideration needed is, developing social performance standards, evaluating social contribution gained, and acknowledging the positive impact by MFIs should find significant attention by regulatory bodies in developing countries.

Challenge of this study was less availability of publication particularly on the area of study topic. This limited the depth of analysis, restricting investigation on only in few collected articles. Additionally, among different doubting factors, Size of MFIs and number of years in operation have been found as determinant factor of tradeoff in the sector. But the coverage of study regarding this issue was few, so this limits the generalizability power of the study. Thus, Further studies are encouraged to explore the nuanced dynamics of commercialization, considering contextual variations, regulatory frameworks, and the role of external factors in shaping the trajectory of MFIs.

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