



**Impact of Global Financial Crisis on Socially Innovative Microfinance Institutions in Pakistan**

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**Keywords**

Microfinance Institutions, Wilcoxon Signed Ranks Test, Descriptive Ratio Analysis.

**Jel Classification**

F6, F65, G21.

**Abstract**

The wave of global financial crises (2007 – 2008) caused a surge in the capital flows of developed countries particularly, between developed and developing countries. The crisis has hit all financial sectors with unexpected severity and speed. This paper determines the impact of global financial crisis (2007 – 2008) on socially innovative microfinance institutions operating in Pakistan by using descriptive ratio analysis and the Wilcoxon Signed Ranks Test. This paper analyzes performance of MFIs for 15 years i.e., from 2000 – 2014 in three waves: before, during and after the financial crisis. The results show that financial crisis affected performance of all selected MFIs but Thardeep Rural Development Programme (TRDP) showed major changes in three waves of crises. The output of the Wilcoxon Signed Ranks Test confirms that the financial crisis worsened the operations of MFIs in Pakistan. This study will assist microfinance practitioners, policy makers, rural financial institutions, and microfinance institutions in maintaining and developing more effective strategies to survive in such crisis in the future.