

## **Abstract**

This paper<sup>1</sup> identifies key processes shaping the microfinance sector in the coming decades. The paper examines the geography of microfinance, highlighting differing evolution patterns and challenges across the world. It looks at the widespread adoption of a financial systems approach in the microfinance sector. This is set to continue because of two main processes: a shift in focus from poverty-lending towards financial service provision; and the involvement of formal banks in microfinance. The paper looks at the increasing focus on graduation programmes to support ultra-poor people, linking microfinance to social protection and other services. It outlines the great potential of new, low-cost ICT products to enable the development of new microfinance services. Finally, the need to regulate microfinance is discussed.

**Keywords:** Microinsurance, Microfinance, Commercialisation

**Thankom Arun** is Reader in International Finance at the Lancashire Business School, University of Central Lancashire; Honorary Senior Fellow, University of Manchester; and Research Associate, Brooks World Poverty Institute, University of Manchester.

**David Hulme** is Leverhulme Research Professor and Professor of Development Studies, University of Manchester; Associate Director, Brooks World Poverty Institute, University of Manchester; Associate Director, Chronic Poverty Research Centre, University of Manchester.

---

<sup>1</sup> This paper is a shortened version of chapters 1 and 14 of Hulme, D. and Arun, T. (Eds.) (2008). *Microfinance: A Reader* (London, UK: Routledge).