**Looking Backwards to Move Forward: What Traditional Ways of Saving in Groups Can Teach Us**

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It was the summer of 2004. Mamadou Biteye[[1]](#footnote-1) and I[[2]](#footnote-2) met a group of women traders at a market two hours from Bamako, Mali’s capital.[[3]](#footnote-3) Before we made our pitch for Saving for Change, I asked, “Are any of you saving in a *tontine?*  Their hands shot up. Then I asked, “How does a *tontine* work” One woman said, “We save money every week and each of us in turn receives her payout.” She described in detail how she organized her *tontine* as the others listened intently. Another woman chimed in “We save for a year and then divide the money when most of us need it.” Another added, “We save money so we can buy what we need sell wholesale. That way we make a lot more money.” In less than an hour, they described three solutions for saving money in useful amounts adapted to their specific needs.

Mamadou and I listened politely and then, using piles of pebbles to show how fast the loan could grow and drawing circles in the dirt to show how savings groups were organized we described how Saving for Change would promote group savings.

As Saving for Change spread to some 10,000 villages in Mali, Senegal, Cambodia, El Salvador, we scarcely thought about *tontines*,we were too busy training, evaluating, dealing with partners and raising money. Nevertheless, what those women said about their *tontines* haunted me. What would Saving for Change have achieved, I thought, if instead of introducing, our model we learned more about how informal groups worked? What if we asked the *tontine* leaders how they would advance their communities, and asked those with the best ideas to be the agents of change?

The major cost of a savings group program is training groups but these groups are already in place. Instead of training new groups, the NGO staff would instead facilitate the exchange of ideas between the leaders of existing group leaders, document what they say, and share what worked best. *Tontines* – or susus*, tandas or merry go rounds,* every country has their own name– exist in most villages throughout Africa, Asia and Latin America. They draw on traditions developed and perfected over generations and adapted to specific needs.

When I left Oxfam, I asked graduate students from my Finance for the World’s Poorest classes from Brandeis and Columbia Universities to study informal savings in immigrant communities in the United States. We learned that whenever there is a cluster of immigrants, it is likely that at least some of them are part of a group that is saving money. Savings circles are everywhere. When I got in a cab in DC, after I chatted about my time in Ethiopia and *Equobs* the Ethiopian cab driver said that he was part of an *Equob* with 15 members. They saved $1,000 per month to buy new cabs. The Latina room cleaners I spoke to in Des Moines, Iowa said that ten of them saved $30 every week. Each of them in turn received a $300 payout.

As my students and I asked questions we learned that these groups had addressed every issue we savings group promoters had struggled with for decades. Whether they are from African, Asian, or Latin America countries, their commonsense solutions were similar: 1) Selection: Choose those you know and trust. 2) Accountability: Test new members by giving them the last payouts. 3) Flexibility: half shares or multiple shares depending you savings capacity. If you cannot pay, your friend will pay. 4) Profitability: For an early payout, pay more; for a late payout receive more than you saved. 5) Building community: Dinner after the meeting; associations to pay for illness and burial. 6) Business development: Learn from your peers. Start a joint business with each sharing the profits. 7) Paying organizers: Give the organizer a tip when you receive your payout. 8) Technology: use Excel, WhatsApp and mobile money to increase transparency and the need for time consuming face to face meetings.

In addition to managing their savings groups, we learned that some group organizers are leading efforts to improve their communities. In Asheville, North Carolina, Mexican Immigrants use their *Tanda* payouts to create a fund to purchase the land under their trailers to avoid eviction in this rapidly gentrifying city. In Boston, Bangladeshi immigrants plan to use their *samites* (where they are saving $2,000 per month) as a platform to create an immigrant savings bank managed by them. They are looking for investors to top up the fund. In Lowell, the leader of a Ghanaian *susu* created a fund administered through the Department of Social Services. Low paid caretakers for the sick and elderly save part of their salaries. Every six months each in turn receives a significant lump sum payout. With a little probing, we could doubtlessly find hundreds if not thousands of similar examples.

What if instead of promoting our model of organizing savings in groups, we helped implement their ideas? Our job would be to ask questions, facilitate the exchange of experiences, and, if appropriate, link their plans to outside resources. We are seeking funding to test this idea and mobilize activists and financiers to identify, fund, evaluate, and scale up these locally defined and managed initiatives.

Most help, whether from the government, non-profits, or the private sector, assumes that those from resource-constrained communities are somehow deficient in their capacity to solve problems. We work hard to have them adopt our plans; let us just work just as hard to them help implement theirs.

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1. Mamadou Biteye was the Senior Program Officer at that time. He later became the West Africa Director for Oxfam America, then West Africa Director for Oxfam Great Britain. He later worked for the Rockefeller Foundation and now works for Visa. [↑](#footnote-ref-1)
2. Jeffrey Ashe was the Manager and then the Director of Community Finance for Oxfam America between 2004 and March 2013. He teaches Finance for the World’s Poorest at Columbia and Brandeis Universities and studies informal savings. [↑](#footnote-ref-2)
3. Saving for Change was carried out in partnership with Freedom from Hunger. It is similar to other savings group programs with Care’s Village Saving and Lending (VSLA) Program the best know example. In a savings, group villagers save money usually weekly and take out loans from the growing fund. The fund is typically divided according to how much each has saved after a year so each has a lump of capital that they can use as they choose. [↑](#footnote-ref-3)