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REPORT

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How to Achieve the American Dream on an Immigrant's Income

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Introduction

The American Dream—being able to earn a good living, buy a home, send children to school, and build a life in the United States regardless of social stature or place of birth—is an aspiration for most who immigrate to the United States.[1] While new immigrants may be fleeing violence, poverty, and persecution—so called "push factors"—they are also pulled by the prospects of a better life for themselves and their children.

Some immigrants arrive in the United States wealthy, educated, and fluent in English.[2, 3, 4] This chapter focuses on immigrants who may arrive with a few dollars in their pocket, struggle with English, and sometimes are without legal documents.[5] These new arrivals mostly work in low-paying jobs in construction, dishwashing, cooking, domestic cleaning, and adult day care, with many earning an income in the shops of immigrants from their home countries, at least initially.[6, 7] Our own research shows that households weave together income from multiple jobs performed by several family members. Income varies from week to week and season to season. Expenses, respondent said, can be just as unpredictable: health care, car repairs, rent, or a death or an illness will almost certainly occur, but without financial buffers in place, these costs set families back substantially.

This chapter focuses on how immigrant households save up in groups (US RoSCAs)[8] to transform income that is irregular, uncertain, and low into regular, predictable, and meaningful sums of cash. This strategy is described by economists as a form of "income smoothing."[9] It also highlights important by-products of US RoSCAs, including community-building and leadership skills. In this chapter, we use the terms RoSCAs, savings groups, and savings circles interchangeably.

Our research was done by graduate students who interviewed members of their own ethnic and international communities as well as the co-authors who carried out interviews. This chapter draws on case studies of immigrant communities living in the United States from Nepal, Bangladesh, Cambodia, Eritrea, Ethiopia, Kenya, Barbados, Haiti, Mexico, and El Salvador. The interviews were overseen by Jeffrey Ashe and Kim Wilson with research carried out by their graduate students from Brandeis, Columbia, and Tufts universities. The co-authors trained the student researchers, who had language skills relevant to respondents' countries of origin. These language skills helped them access immigrant communities. Researchers held interviews in respondents' homes and places of work and in local cafes as well as in meeting venues where RoSCA activities were taking place.

The Literature on Savings Circles in the United States

The literature on immigrant savings circles in the United States is quite limited, but we have used what is available to inform our study. RoSCAs and other types of informal savings are seen by academics as a strategy mostly used in Latin America, Asia, and Africa to fill a void left by the lack of formal financial services. Savings groups, savings circles, and RoSCAs are sometimes clustered under the larger umbrella of "informal savings" or "community-based savings" and are most common in Sub-Saharan Africa, where membership reaches 25 percent of the adult population in some countries.[10]

RoSCAs in the United States are less studied than RoSCAs in other countries. Our research found that those saving informally in the United States are much more likely to be first-generation immigrants drawing on networks in their immigrant communities. These groups often operate invisibly to

1 See Library of Congress: "Students - Procedure - The American Dream - Lesson Plan | Teacher Resources - Library of Congress."
2 See Jens Krogstad and Jynnah Radford: "Education Levels of U.S. Immigrants Are on the Rise."
3 See Jie Zong and Jeffrey Hallock's article, "Frequently Requested Statistics on Immigrants and Immigration in the United States."
4 See Matthew Painter and Zhenchao Qian's article, "Wealth Inequality among New Immigrants."
5 See Zong and Hallock's "Frequently Requested Statistics."
6 See Organization for Economic Co-Operation and Development report, "Immigrants by Sector."
7 See Elizabeth Grieco's article, "What Kind of Work Do Immigrants Do? Occupation and Industry of Foreign-Born Workers in the United States."
8 These groups are collectively known as RoSCAs: Revolving/Rotating Savings and Credit Associations. We use US RoSCAs to differentiate these groups from those from their countries of origin.
9 See Manfred Zeller, "The Role of Micro-Finance for Income and Consumption Smoothing."
10 See Demirgüç-Kunt, Aslı, et al.'s "The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution."

outsiders and the public, often in the homes of the organizers. Who joins these groups is based largely on local connections and one's reputation in the community. A handful of studies have managed to understand the inner workings of a few immigrant groups in specific locations across the United States.

The first known study of RoSCAs (then known more commonly as Rotation Credit Associations—RCA) in the United States and their potential benefits was Ivan H. Light's 1972 book *Ethnic Enterprise* in America. Light was interested in understanding why certain ethnic groups fared better in the American economy. When studying Chinese and Japanese immigrants and Africa-Americans living in the Northeast, he noticed that people regularly using different types of informal savings, such as RoSCAs, also owned more businesses. Light hypothesized that the strong social support networks—including RoSCAs—among certain immigrant groups allowed them to perform better economically.

The number of RoSCAs in the United States increased during the 1980s. Aubrey W. Bonnett's study of West Indian African ethnic groups (1981), Carlos Vélez-Ibáñez's book on Mexican and Chicano groups in the Southwest (1983), and Michel S. Laguerre's book on Haitian immigrants in New York City all discussed the role of RoSCAs among immigrant groups. A common thread through these studies was the trust and social capital that is both required and reinforced by these groups. They also documented the strong prevalence of RoSCAs within these immigrant enclaves and the gradual decline of their use as subsequent generations integrated into mainstream society. Vélez-Ibáñez (1983) suggested that an environment of uncertainty and scarcity is what catalyzes the formation of these groups. In the 1990s, literature on RoSCAs in the United States diminished. One notable exception was the work of Joel Millman (1997) that chronicled the impact of immigrant groups on local economies in the United States. Millman's book was meant to present the case for pro-immigration policies. Still, the theme of RoSCAs and informal financing in general—and their importance in allowing immigrants to prosper—was a common one throughout his case studies. Millman profiled immigrants from Caribbean countries who revitalized neighborhoods in Brooklyn, undocumented Mexican farm laborers who have since become prosperous farm owners, Gujarati immigrants from India who now dominate the ownership of motels along interstates, and the growing number of Senegalese street traders in New York City. Shirley Ardener and Sandra Burnham's 1995 book *Money Go Rounds: The Importance of Rotating Savings and Credit Associations for Women* profiles the RoSCAs of South Asians in Oxford, Somalis in the UK, and Koreans in Los Angeles along with the RoSCAs in several other countries.

In the 2000s, scholarship on RoSCAs in the United States continued to be scarce. Joong-Hwan profiled the savings habits of Korean-born immigrants working in nail salons (2007), and Carlos Vélez-Ibáñez published a new book on Mexican immigrants and Chicanos living in the American Southwest (2010). Both studies highlighted the importance of trust, social capital, and shared identity in successful RoSCAs. Two currently unpublished works profile immigrant groups in New York City: Silva Thompson's 2016 and Habiba Ibrahim's 2016 dissertations. Lisa Servon's 2017 book *The Unbanking of America* includes a chapter on the importance of tandas in Mexican immigrant communities work and Mauricio Miller's 2017 book, *The Alternative: Most of What You Believe about Poverty is Wrong,* describes how vulnerable communities are taking charge of their own development, including by forming RoSCAs. Dale Adam's 2017 paper, "The Expanding World of Self-Help Financial Groups," presents a comprehensive typology of savings circles with examples drawn from around the world. Dale Adams and Carlos Vélez-Ibáñez are among the world's leading experts on RoSCAs and have been helpful to the authors.

Given the recent political and economic climate on immigrant populations in the US, it is time to take a fresh look at what these savings groups offer their members, and what they could potentially teach Americans about the importance of disciplined savings and mutual support in achieving the "American Dream." In carrying out this research, we recognize that we have barely scratched the surface of the depth and variety of informal savings mechanisms used by these immigrant communities. Further research is needed to understand the policy and programmatic implications of these findings, to showcase savings groups' strengths, and to create exemplary savings models for future immigrants and Americans alike.

Principal Findings

In the case studies profiled here, RoSCA organizers told the researchers how they selected members, set rules to protect the funds of individual members, and maximized choice and flexibility, both in the timing of contributions and in the mechanics of payouts. Respondents spoke at length about what motivated them to undertake the time-consuming and financially risky task of participating in the groups. Group organizers told about the satisfaction this work provided them and how RoSCAs formed community, built skills, and supported entrepreneurship. We discuss the highlights of these interviews below.

US RoSCAs draw on traditional mechanisms from members' countries of origin. Although group members hailed from different parts of the world, the processes of group membership are remarkably similar: small acts of thrift render sizeable payouts that can be banked, remitted home, or spent on something useful. As with RoSCAs elsewhere, US RoSCAs are shaped by member rules that emphasize the values of accountability, flexibility, and fairness. While a specific RoSCA's "DNA" might be traced to Latin America, Asia, Africa, or the Middle East, US RoSCA members set rules tailored to the United States context. Geographic distances, workday demands, bus schedules, income levels, timing of income, and availability of meeting spaces all factor into the rules about when to meet, how often to meet, where to meet, and the value of a hand or share (the weekly or sometimes monthly contribution members make to their RoSCA).

As with RoSCAs elsewhere, members of US RoSCAs make regular contributions, usually in cash. After a predetermined period, they receive a lump sum or payout during their turn in the rotation. Despite the new context, members reported that their RoSCA traditions—*tandas* (Mexico), *dhikutis* (Nepal), *tontines* (Cambodia and West Africa), *sons* (Haiti), partners (Jamaica), committees (India and Pakistan), or *gamieyas* (Syria and Iraq)—are flourishing. Even though they operate informally with no legal recourse if payments are not made, most RoSCA organizers reported few payment problems. Though the details vary, their values and overarching purpose do not. Members are able to amass funds that, were it not for their RoSCA, would be difficult to accumulate.

Our research shows that the key to a successful RoSCA is disciplined savings and mutual accountability. Despite many urgent demands (and spending temptations), we heard time and again that making RoSCA contributions had to become a member's top spending priority. As one Nepali woman explained: "not making a payment is social suicide." This is because being part of a RoSCA offers more benefits than just the payout. Many said that RoSCA membership is akin to having an insurance policy. If one member can't make a payment, another member, usually a friend in the same group, will lend her funds so that she can make her RoSCA contribution. Members often help each other when there is a death or illness in the family or when a wedding looms. After all, today's helping member could be tomorrow's needy member.

However, payouts were the main reason for joining. Payouts in the US afford members a cushion of cash to help them pay rent, fix a broken car, buy appliances, or pay for a medical visit. Our respondents reported that RoSCA payouts arrive predictably and lessen a need to take on debt or to borrow from relatives or friends who themselves may be short of cash. They also said that as household income increases or become steadier, members often contribute more to their RoSCAs, with payouts measured not in weeks or months, but in years. Larger payouts mean that members can fulfill their longer-term objectives, such as purchasing a convenience store, a food cart, or a restaurant. It also means they can buy a car for a ride-share business, pay tuition for their children's university education, or build equity through a down payment on a home.

As with RoSCAs in other countries, the members of US RoSCAs decide the amount and timing of their regular contributions and their payouts. Below are a few examples of how RoSCAs members have used their payouts:

- A Salvadorian woman living in Brooklyn contributes $200 a week to a RoSCA run by a Mexican immigrant. She uses her payout to send her children to a university in El Salvador and is saving to start a café with another *tanda* member.

- In Concord, New Hampshire, thirteen Kenyan women meet by phone the third Sunday of each month. They each contribute $163 to their *chama* to purchase retirement homes in Nairobi. They also contribute $10 per month each toward an emergency fund.
- In Asheville, North Carolina, Mexican immigrants pool their payouts in a tanda to purchase the land under their trailers so they can't be forced to move in this rapidly gentrifying city.
- In Queens, seventy Nepali immigrants each contribute $1,000 per month to their *dhikuti*. They use their payouts to start businesses, purchase houses, and to help new immigrants cover costs of resettling in the United States.
- In Boston, Ethiopian taxi drivers at Logan Airport use their *equobs* and the *iddirs* to buy new vehicles or to insure their relatives are buried with dignity.

Trust was mentioned in every interview as the key factor to RoSCA success. Members need to trust that their payout will arrive on time and intact. To ensure this, organizers create rules about who can join a RoSCA and how to reduce the risk posed by its newest members. Often, the RoSCA rules dictate that new members are required to be relatives or workmates of other members. With their credit-worthiness still unproved for a payment cycle or two, new members are typically the last ones to receive their payouts. Their placement at the end of a cycle ensures they will keep contributing throughout. Often, members who bring in new members are responsible for the payments of those they sponsor until the new members prove themselves.

Respondents noted that while rules were important, flexibility was also key. Those who urgently need money can negotiate their placement in the payout cycle. Flexibility as a value also manifests itself in RoSCA contributions and payouts. Those who can save more "take two numbers" and receive twice the payout. If two members who don't have enough income for a regular contribution can partner up, each receiving half a payout.

Some RoSCAs allow members to bid on their placement in a rotation. A member who needs or wants the money immediately contributes more than other members to earn her place at the beginning of the cycle. Those waiting to be paid at the end of the cycle often receive substantially more than they paid in, primarily because of interest payment accumulations throughout the cycle, although the risk of not getting a payout or receiving only a partial one is greater.

The social dimensions of RoSCAs, as with RoSCAs elsewhere, are a major benefit. In the African, Latin American, and South Asian RoSCAs, meetings become social gatherings and occasions to participate in festivals celebrated in their home countries. In Queens, Nepali immigrants join larger groups where they contribute to celebrations or top up an emergency fund to help relatives back home. The same is true of Congolese immigrants living in New Hampshire. Some respondents reported that their RoSCAs have a social fund. Were a member or a relative back home to die or fall ill, the social fund will kick in to partially or fully cover expenses. As already mentioned in other RoSCAs, members make a voluntary contribution to help a member in need.

As RoSCA membership matures, using RoSCAs to start or purchase a business becomes possible. For example, several Eritrean men in a Seattle RoSCA saved to open a collective business. Five Kenyan men in a RoSCA in New Hampshire came together to start an adult daycare business. The Bangladeshi leader of a shamiti with 48 members each contributing $2,000 per month provided advice and assistance to peers starting or purchasing convenience stores. In Queens, Nepali immigrants saw starting a business as the principal way to achieve the American Dream.

Incentives for organizing RoSCAs varies. RoSCA organizers typically are tasked with running meetings, collecting payments, and keeping good records. Some organizers manage their RoSCAs as a socially beneficial exercise. In these instances, organizers volunteer their time. In other instances, organizers manage their RoSCAs as a business. As a financial incentive, some organizers receive the first payout of the rotation, effectively receiving an interest-free loan. One Nepali organizer in Queens receives over $2,000 per month to manage two large dhikutis, one with 40 members and the other with 91 members. Many organizers receive a "tip" when a member receives a payout. Some organizers manage multiple RoSCAs at the same time.

Organizers harvest indirect financial rewards as well. For example, a Mexican organizer managing a large tanda loans money with interest to members of his RoSCA. Other organizers sell merchandise to members.

RoSCAs are hidden within the US economy, making their impact difficult to measure. The case studies in this chapter disclose a robust, informal financial system churning alongside the United States formal financial system. This RoSCA-fueled economy is invisible to outsiders. Time and again when the authors presented the RoSCA case studies to United States regulators, banks, and non-profit executives, the audience expressed astonishment that these savings devices are operating under their noses. In Bloomington, Indiana, the staff of an agency focusing on housing did not know that the women she had been working with for years were part of a tanda.[11] The senior staff of a credit union in Albuquerque did not realize that most of their Latino staff was regularly saving in their RoSCAs.[12]

The hidden nature of US RoSCAs makes any exercise in head-counting one of conjecture. There is no RoSCA registry, no place to identify RoSCAs on federal forms or to account for them on bank or tax documents. Even if RoSCAs could be registered, the authors believe that members would not freely admit to outside authorities that they participate in one. As a Haitian cab driver told one of the authors: "You can take my bank account, you can take my taxi, but don't take away my sols [Haitian RoSCA]. If the bank thinks I am in one sol, and I am active in four, they will invite the US government to visit me. And that will be the end of my savings plan." This driver had been able to purchase a hackney license for $250,000 and add two cars to his taxi fleet through a combination of leases and his RoSCA payouts. Whether his fear of the United States government stemmed from a real or imagined threat, our respondent believed that "Uncle Sam" would not hesitate to fine him harshly or shutter all his RoSCAs.

With RoSCAs so firmly hidden within the United States economy, surfacing their numbers might be a challenge not worth undertaking. The key to understanding them is to know what they do and how they do it, which is what we set out to do in this chapter.

Case Study Overview

Case studies are drawn from conversations with immigrants from South Asia, South East Asia, Latin America, and Africa.

Case Studies from South and Southeast Asia

In our first case study—in Boston, Massachusetts—a group of Bangladeshis collects $96,000 every month. Two of the 48 members receive $48,000 each month to launch or grow a business or to pay the down payment on a home.

Next, several respondents in Lowell, Massachusetts, weigh in on their experiences with the Cambodian tontine applied to a US setting. Not all RoSCAs are a success—gambling and cheating being prime reasons for failure. However, those that do succeed have patient members willing to wait to the end of a cycle for their payouts. These patient participants receive far more than they made in their cumulative contributions because those who receive their payouts pay a premium for the privilege. Many businesses in the thriving Cambodian community in Lowell are financed with payouts from tontines. Payouts are also used to purchase homes.

Our third case study takes us to the Jackson Heights neighborhood in the Borough of

Queenswhere Nepalis have organized themselves into dhikutis. We learn about an organizer managing one group of 40 and another of 91 members. He insures that all will pay because each member has three guarantors.

In our fourth case study, we see how a lottery RoSCA in New York City operates. Inspired by a Bangladeshi version of the RoSCA, the *shanchchay shamiti,* it uses a lottery system where members are thrilled when they receive a payout at a meeting. At each meeting, a new winning ticket is drawn from a bowl of lottery tickets. The element of surprise keeps members in suspense.

11 Interviews carried out January 8–11, 2019, in Bloomington, Indiana, by Jeffrey Ashe.

12 Conversation with Eric Kinman, founder of Solidarity Foundation and cooperative expert, 2017.

Case studies from Africa

In our fifth case, we shift towards the stories of African immigrants. We recount how a group of Boston taxi drivers expands on the Ethiopian RoSCA, also called an equob, to create a US version of an iddir, an insurance fund. Using communally pooled funds, this group pays out up to $10,000 for the purposes of helping members pay for expensive funerals and even to fly the deceased back to Ethiopia for burial.

The following case takes place in Seattle, Washington. Here, a RoSCA made up of retired women and women working as custodians and health workers apply methods of the traditional equob, the Eritrean expression of a RoSCA, to their small group of ten. But, the US version of the equob is not just for elderly women; we learn that equobs have sprung up in Seattle with male members who are saving to collectively purchase and manage businesses.

The seventh case study takes place in Concord, New Hampshire, and describes two Kenyan chamas: one for women saving for their retirement back in Kenya and the second for men who are using their investments to start a collective day care business.

Case Studies from Latin America

Our eighth case transitions towards the experience of Latin Americans with RoSCAs, where in Asheville, North Carolina, a RoSCA organizer draws on traditions of the Mexican tanda. Through a clever mix of partnerships, she can generate payouts that are partial amounts of $5,000—the value of a turn or payout for those who cannot make the full payments—or multiples of $5,000 for those who have more resources to contribute.

The ninth case study centers on the Caribbean-inspired *susu* (or sou-sou), where we learn how two organizers build their groups, becoming “the chief, cook, and bottle-washer.” Besides fulfilling a social mission for its members—whose countries of origin include Guyana, Trinidad, Haiti, Jamaica, Dominica, and countries in Africa—both see their RoSCAs as important generators of cash for their members. And what about the organizers? As one says, “Oh yes, the Banker makes money, Dear.” The “tip” is their way to say “thank you.”

In the last case study, our case-writer profiles another example of the Mexican tanda adapted to New York City. The organizer is a Mexican man who has organized tandas for thirteen of the fifteen years he has lived here. He also lends money at interest to those who cannot make a payment. One member from El Salvador describes how she uses her payout to support the university education of her three children back home. She is now contemplating opening a café with a fellow member.

Case Studies

Please note: The names used in the case studies have been changed to protect the identity of those interviewed.

South and Southeast Asia: Bangladesh, Cambodia, Nepal

Addressing Financial Needs and Community Well-Being: Bangladeshi Immigrants in Boston

By Pranab Banik

Background

This case study explores how a "turn *shamiti,*" a type of Bangladeshi RoSCA, meets the needs for finance, belongingness, and community for Bangladeshi immigrants.

As I learned about how the shamitis work, I became intrigued by the simplicity and flexibility of how they mobilized savings and by the community and well-being that developed among the members. As a microfinance expert who has worked for many years in Bangladesh for BRAC, one of Bangladesh's largest microfinance providers, I was amazed to see how these groups managed risks, identified challenges, and found solutions without any outside institutional support. It is almost as if they had replicated many of the benefits of the Bangladeshi micro-finance model as a no-cost way to serve their needs.

I was eager to learn more about how shamitis work. At first, I found it difficult to find someone willing to talk with me, but after a while, I found members of different Shamitis willing to open-up about their experiences. Ali, one of the members, disclosed his own story and then introduced me to others.

Ali became an important informant and told me how he opened his own convenience store after seven years of hard work for others. Now, he is the part owner of five other convenience stores while also serving as the general secretary of the Convenience Store-Owners' Association of Boston. Ali estimates that 40 percent of the convenience stores in Greater Boston are owned by Bangladeshis. Their savings through their shamitis helps explain this remarkable achievement. Through Ali I met Asif.

Asif's Story

Asif came to America sixteen years ago, dreaming of a prosperous life in the United States. In his early years he felt isolated and disconnected. Asif thought he could overcome his situation by launching a business of his own, but he couldn't raise the necessary capital. He had worked seven days a week for years as an employee in a convenience store owned by someone else. He said, "I worked extremely hard, but I was not able to enjoy the fruits of my labor." He knew he could successfully run this type of business, but he lacked start-up capital. "This is not an individual issue. I have met several Bangladeshi immigrants interested in small business who are facing difficulties in realizing their potential due to lack of capital," he said. As he thought about a solution to his problem, he remembered how his uncle who lived in Bangladesh had organized a shamiti that made his uncle "a hero in his business and community." Asif remembered:

> *One day when I went to meet my maternal uncle in his cloth store located at Mirpur, Dhaka, I was amazed to see 30 people gathered there that night. Each deposited 5,000 Bangladeshi takas with one of the members receiving a payout of 150,000 takas [about $1,800]. I learned that they were not only going for the chance of winning the payout but also to discuss their business and social issues. For example, during that same meeting a businessman asked for help in finding an employee for his store. Immediately his problem was solved by another member willing to support him in this difficult time. The meeting ended with a dinner.*

Asif saw that his uncle in Bangladesh was able to expand his business quickly while becoming a hero in the community. Asif wondered if a shamiti would also be beneficial for the Bangladeshis living in the Boston area. Like those who were members of his uncle's shamiti, many Bangladeshi immigrants here had small businesses or plans to start a business of their own. Although they had similar needs, it was not easy for Asif to convince them to understand the benefits. "They were scared and questioned if a shamiti in the US was even legal." They were afraid that someone could disappear, taking all the money after the first turn. “It was really hard at the beginning and I had to go door to door to motivate them and to think positively.” But, he persevered. With another Bangladeshi and former colleague, Asif recruited 19 other Bangladeshis to their shamiti. Most were friends and relatives who had known and trusted each other for a long time. The initial 19 members agreed to purchase 26 shares every month for 19 months. Each share was worth $1,000. Some agreed to purchase more than one share so their payout would be larger. For example, if one member purchased two shares each month, he would be contributing $2,000 to the shamiti every month. His payout would then be $38,000 instead of $19,000.

The members selected as their leader an older, trustworthy, and well-respected businessman in the community. Both Asif and Ali were excited to see that after a few months the members were increasingly optimistic and confident and had a strong sense of solidarity. They began to feel that their group was there for them in any situation.

After the completion of the first cycle of their “turn shamiti” in 2017, Asif and his associates formed a new “turn shamiti” consisting of 48 members. They increased the value of each share from $1,000 to $2,000; the total contribution jumped to $96,000 per month. Two members received a $48,000 payout every month so that the cycle could be completed in two years. To manage such a large group, Asif divided members into four groups of twelve, each with a leader who manages the payments for his group. That way Asif would only need to collect from four members. Asif is now thinking about a shamiti with 96 members.

Asif used his $48,000 to become a partner in a new business. Another member who received his payout at the same time, lent Asif his. He said, “Today, he supported me. In the same way I will support someone else when he needs it.”

Asif added that there are non-monetary benefits to being part of a shamiti. For example, he mentioned the recurring problem of finding help for his business. This is no longer an issue as the members collectively find employees and even lend their employees to other members from time to time to help get them through difficult situations. He added that Bangladeshi immigrants have greatly benefitted from the resulting informal job network created through the shamiti network of friends.

Asif reflected, “[for] half a decade I worked hard for others in a convenience store with little pay and no prospect of moving upwards. My life was stressful, and I searched for other opportunities.” He said his shamiti helped him enjoy the fruits of his labor.

Cambodian Savings Circles in Lowell, Massachusetts

By Kimlay Lev

My uncle, a Buddhist priest living in Lowell, helped me gain access to a community to study the *tontine*, the Cambodian version of a RoSCA. What follows stems from the connections my uncle provided me.

Cambodian refugees began to arrive in the United States more than three decades ago. The first to come were the educated elite who had the means to escape the Pol Pot regime, which killed more than two million Cambodians between 1975 and 1979. The second wave of immigrants were those who lived through the genocide and then spent years in camps on the Thai-Cambodian border before settling in the United States as refugees. Unlike the first wave, they had little formal education and had previously worked as smallholder farmers. Most Cambodians settled in either Long Beach, California, or Lowell, Massachusetts, and the surrounding areas. They chose Lowell because a few Cambodians had settled there earlier and because the city offered an abundance of jobs for low-skilled laborers and had "refugee-friendly" government policies. Lowell's Theravada Buddhist temples were also an attraction. The temples served not only as places for worship but also for building a sense of community.

Tontines in the Cambodian Community of Lowell

Tontines play a critical role in the financial development of Cambodia refugees and are an important source of funding for new businesses and home purchases. The fact that almost every Cambodian in Lowell has a bank account does not stop them from getting involved in a tontine. Tontines in Lowell consist of between 15 and 50 members, who each contribute up to $1,000 per month. Unlike many RoSCAs, where each member in turn receives all they have contributed over the cycle, Cambodian tontines are examples of "bidding RoSCAs." The money collected at each meeting is given to the member who agrees to pay the most in additional interest payments over the cycle. Those who can afford to wait will have contributed substantially less than the payment they receive so they earn a profit on their savings.

Denh, which means to bid, is very helpful to those in need of money despite the risk. The Tontine "master" collects and keeps the money and facilitates the bidding process. The master is responsible for paying on behalf of any member who fails to pay. However, they benefit by receiving the first payout without making the large additional interest payments that those who bid early are required to make. Still, the risks can be substantial.

Mrs. Sea, who had been a master of a tontine group since she first moved in Lowell in 1982 said, **"tontine can make you rich and tontine can also destroy you." Mr. Chin** said that the key to a successful tontine is trust. Family members fall into the most trustworthy category of membership. The next category includes friends strongly connected through business or worship at the same temple. The final trust category consists of colleagues who work at the same factory.

There are many success stories of those who bought their houses or started small businesses with their payouts. Mrs. Sous said, "My first time playing tontine was a success. I opened up a Cambodian restaurant." Not all are as fortunate. She added, "Most of the failures are making poor investments with the payout. . . . Some Cambodians are addicted to gambling. They get the payout and gamble at the casino and end up in debt."

Mr. Tim, who works full-time for a famous Angkor dance troupe, moved to Lowell as a refugee in 1982. He and his aunt were active in tontines during the 1990s but he is no longer "playing" tontine for fear of being cheated. The fact that a tontine has no legal standing increases risk. Specific risks include the master running away with all the money or a member not contributing their share. Those who take their payout early to fund their businesses find that the amount they pay in interest to the tontine is substantially less than that charged by a traditional bank if they could even qualify. Most "players" belong to two tontines. In this way they can use the payouts from one tontine to make contributions to the second.

Ms. Somonita is an assistant teacher and the youngest member of a 35-member tontine where she contributes $300 per month. She says that Cambodians who are born in the US usually do not invest in a tontine: **"They don't even know what it is and how it works."** She finds her tontine quite profitable. Even though the contribution is $300 per month, she actually pays in much less, because those who take their payout earlier pay a substantial premium. Although her Tontine has 35 members, only ten are "core members" each with multiple shares. Core members guarantee payments of those members whom they recruit. In Somonita's case her payment is guaranteed by her aunt, a core member of the tontine. This is a good risk-mitigation strategy and makes the tontines more efficient by reducing the number of people the master needs to collect from.

Since the first settlement of Cambodians in Lowell in the 1970s, tontines allowed Cambodians in and around Lowell to help each other build their new lives. Still, the younger generation—having seen both successes and failures of tontines—are reluctant to get involved. As other financial services—credit and debit cards, check-cashing, etc.—become more familiar, the traditions of the tontine fade. Even so, the older generation finds them an indispensable financial cornerstone.

Nepali Immigrants and Their Disproportional Role in Building Livelihoods in New York City

By Krishna Prasad Subedi

New York City is a symbol of modern culture, business, and opportunity for Nepalese immigrants as well as for millions of immigrants from all over the world. The Nepalese American Association indicated that, as of 2016, ninety thousand Nepalis lived in New York City. Like other immigrants, they believe that the key to achieving their American Dream is disciplined savings. For Nepalis, one of the most popular ways to save is through a *dhikuti*, the Nepali version of a RoSCA.

This report focuses on the Nepali dhikutis in Queens. Nepali immigrants my co-researchers and I spoke to said Nepalis were concentrated in the neighborhoods of Elmhurst/Corona, Jackson Heights, and Sunnyside/Woodside. They typically join dhikutis to launch a business so that they will have enough money to pay for their children's medical expenses and their education. Unlike RoSCAs in other immigrant communities that complete a cycle within a few months or a year, dhikuti cycles run for two to four years or even longer so members can amass sufficient capital to achieve their long-term goals.

During the study I visited immigrants at home, in shops and restaurants, and during their religious activities, social functions, and festivals. I carried out 20 surveys and six in depth key informant interviews and participated in a dhikuti meeting.

Through the dhikuti, members join a system where an "I want to save" mentality becomes an "I have to save" one. By contributing month after month, they can reach their savings goal. Group members meet monthly and most all contribute $1,000 per month plus another $10 to $20 each time for the dinner after the monthly meeting. Groups range in size from 30 to 90 members. Unlike RoSCAs, where each member receives their payout in turn, members who receive their payouts early pay an additional $2,000 to $8,000 in interest over the cycle for the privilege. Through these "interest payments," those who receive their payouts later get substantially more than they paid in. The possibility of earning a good return on their savings is an incentive for those receiving their payouts later to keep saving.

When I asked why being part of a dhikuti is necessary, all gave the same answers. They are saving for (a) immediate needs, (b) starting a small store or other investment opportunity, (c) to have a reserve for emergencies, (d) education and health care, (e) paying remittances to relatives back home, or (f) religious obligations, such as weddings and funerals.

Trust is the most important criteria for selecting group members. Virtually all are from the same caste/religion, ethnic background, or region of Nepal. Some may have even come from the same village or family. Women are encouraged to be involved with and to organize dhikutis. This develops their interpersonal skills and negotiation power.

Although most Nepali immigrants who participate in dhikutis are established and many have businesses, what is unique about Nepali dhikutis, at least in Queens, is how they incorporate new and often undocumented immigrants. The new immigrants' family or friends sponsor the new immigrant and make the first two payments. This gives them time to find a job. They may work as a dishwasher at another Nepali business where—with their earnings from working ten to twelve hours a day seven days a week—they can earn perhaps $2,500 to $3,000 per month. The new immigrant receives their payout immediately, which is used to repay their families in Nepal for the costs of their trip and to pay traffickers along the way. They pay $1,000 per month to the dhikuti and an additional $30 or $40 per month in interest until the cycle is completed.

Managing a dhikuti is complex. The organizer needs to track deposits, total savings, interest payments, and contributions to the social fund for each member. The monthly meetings serve as an opportunity to discuss when and where the group will meet, review the group's bylaws, and resolve disputes. Fines are charged for those who pay late. The organizers are paid for their work.

I was told that these are the key elements of a successful dhikuti: (a) common interests, (b) common goals, (c) a similar level of income, (d) trust, (e) discipline, (f) harmony between members, (g) quick collective decision making, (h) satisfaction, (i) a clear plan for mobilizing savings, (j) good record keeping, (k) support for business development, (l) a strong sense of social responsibility, (m) strong networking between members, (n) good management, and (o) following group rules, including for charging late fees. Members feel pleased to be part of a dhikuti because they realize that their money is helping them and the members of their group. Through their participation, they become an important part of the social fabric of their community. The number of dhikutis in Queens is increasing and members are increasing their monthly contributions. Participating in a dhikuti brings financial inclusion, especially to women and newly arrived immigrants.

Parbati and Ashok

Eight years ago, when Parbati came to the United States, she worked 12 to 14 hours per day but she received very low wages and had to deal with exploitative and rude employers and earned a mere $300 per week. She moved to New York City in 2012 and found a part-time job in Manhattan as a baby sitter. From there she started to connect with a network of Nepalese friends.

One evening, when she went to a restaurant for dinner, she saw many Nepalese immigrants eating together and asked them the reason for their gathering. They said it was a dhikuti party. She asked them to let her join but she was denied. New members cannot join in mid-cycle. Parbati decided to start her own dhikuti group in Queens with Ashok who is from the same region in Nepal. Ashok is well-educated and completed undergraduate studies in business management. Parbati and Ashok collected 22 members and created their own group. At the beginning, they collected only $300 per month, but unfortunately one member took the payout and did not return. Parbati and Ashok had to make up the difference. With this experience in mind, now if somebody wants to bring a new member, they must have three guarantors who will pay in case of a default.

In 2015, they opened another dhikuti group with the three-guarantors rule. There are 40 members and the amount collected has increased from $300 to $1,000 per month. If someone comes late to the meeting, they pay a $5 fine. If they miss a meeting, they need to pay $20 extra at the next meeting. In 2015 they added the rule that payouts should only be used for business purposes.

In February of 2016, Parbati and Ashok started a new group with 91 members. Ashok manages these two larger groups and receives a $2,200 monthly salary for his work. He works in his store as well. He has a big responsibility because every month he manages $40,000 from the old group and $91,000 from the new group. He says that their group will run for another seven to eight years. Now the interest rate on loans has increased from $40 to $50 per month, and each member must put an extra $15 for an emergency fund. Showing their ongoing commitment to their families back home, last year they sent $20,000 to their village to buy an ambulance. Now they are planning to help their school and road in Mustang district in Nepal.

I asked Parbati and Ashok why their groups are so successful. They say it boils down to (a) trust building, (b) training in financial literacy and enterprise, (c) people's knowledge and positive attitude, (d) savings behavior, (e) evaluating how borrowers are using their payouts, (f) collectively facing risks and challenges, (g) seeking out opportunities from the formal financial sector, (h) good record keeping, management, and planning, (i) supporting new immigrants, (j) tailoring the group to members' needs, and (k) strong leadership and governance skills.

Bangladeshi Shamitis in New York City

By Tasfia Zaman

My first Bangladeshi friend after coming to New York was a man named Kamal who worked as a server at a fast food shop. Kamal went out of his way to assist in my research on various occasions. He felt inspired that his efforts would contribute to highlighting the success of New York's Bangladeshi immigrants. Kamal introduced me to his manager, Tanhid Uncle, who then introduced me to several of his Bangladeshi contacts based in New York. He said I should visit the Bronx, Jackson Heights, and Jamaica, Queens, areas to find more members of *shamitis*.

Almost as soon as I stepped out of the rickety New York City "E" train at the Jackson Heights/Roosevelt Ave. stop in Queens, I was welcomed with the familiar, pungent smell of home: a fusion of incense, milky tea, and spices. Many of the people waiting at the subway platform were dressed in traditional South Asian attire, wearing *salwar kameez, sari,* and *panjabi*.

Nearly all my conversations were conducted in Bangla, along with a little English. I assured participants that their respective identities would be protected. I simply wanted to understand the money management process of their RoSCAs and if and how they are helping Bangladeshis to get ahead in America. I would later learn that people were aware of the savings circle, that is, *shanchay shamiti*. When I mentioned the terms, "*khela*" and "lottery," their responses indicated that the majority of Bangladeshi RoSCAs, called shanchay shamiti, were structured using lottery features.

It became clear from my initial discussions that Bangladeshi immigrants participating in shanchay shamitis divided themselves into two fundamental camps: (a) friends and colleagues who save together for the long-term until they hit their goal amount for a joint business investment and (b) friends and colleagues who save together in a "lottery system," wherein each person in the group gets a turn from a random name-draw and takes home the group deposits for the given savings period to finance their short-term individual financial needs.

Business Investment Savings Groups

Word of mouth played an important role in helping me find new research leads. After contacting various clubs and associations in the Bangladeshi community in Queens, I got the chance to speak to several individuals who have jointly invested in real estate and enterprises with the help of their savings. One day, I met a pharmacist who owned six profitable pharmacies with twelve of his friends who had similar academic credentials in various science and medicine fields. They had migrated to the United States in the late 1990s. After completing their respective graduate degrees, the friends worked in their respective fields, with each saving at least $200 every week in a joint business bank account. They were proud that they never needed to take a bank loan to finance their business dreams.

Lottery-Based Savings Groups

I was frustrated and spend the whole day and garnered only one interview but my luck was about to change. I saw a group of uncles sitting together outside, laughing, chatting, and happily munching on salty spiced cucumbers. I confidently approached them and told them about my research project. They were impressed and invited me to join their shanchay shamiti meeting and observe the proceedings.

The savings group had 42 members, and they consisted of Bangladeshi Muslims and Hindus who had immigrated to the United States sometime during the 1980s and 2010s. They were of similar socio-economic backgrounds: mainly Uber drivers, restaurateurs, or small-business owners. Interestingly, while Bangladesh is a Muslim-majority country, when these men immigrated to the US, they dropped their religious identity but retained their ethnic identities and became brothers in this land far from home. Additionally, the Hindus in the group were amenable to their Muslim brothers' desire to provide interest-free loans from their lottery winnings disbursement. Their sense of community and mutual respect kept the group going strong for nine years, with many more years to go.

In this specific lottery-based savings group, that is, a khela, the members make recurring rounds of contributions and subsequent payouts every 15 days. Payments must be made by 6 p.m. on meeting days and attendance at the bi-monthly meetings is mandatory; otherwise, the members risk having their name posted on the playfully named "wall of delinquent shame" by the group's secretary. Renewal of the savings khela cycle occurs every two years, after everyone gets a payout from the previous round. New members may not join in the middle of the cycle.

In terms of how the group savings system works, each member can hold anywhere between one and five lottery tickets. If they hold one lottery ticket, they need to save $200 in the community pot; if they hold two lottery tickets, they need to save $400, and so on. A member can increase his chances of having his name picked from the lottery bowl if he holds more than one ticket. However, there is no guarantee that their name will be picked. Fortunately for those who urgently need the money, a lottery winner can transfer the entirety or part of the payment to a friend who needs the payment more than they do. At the end of the cycle, all will receive their individual payouts, depending on the initial amount they put in, meaning that the last payout is not divided equally among the members.

This method, albeit contradictory to the structure of a "rotating" savings and credit association, places more emphasis on the thrill of winning the lottery. But at the same time, it ensures that every member has a chance to receive a payout if they ask for it from their friends because their community is simply that strong, and trustworthy. The total amount distributed every 15 days among the four winners from the 42 members amounts to about $30,000. However, the total payout varies every month as members can choose to withdraw or add their names to the lottery draw. To welcome me to their khela session, members allowed me to pick the first ticket from the lottery bowl. When I read out the name on the ticket, the members collectively booed the winner since he was someone who didn't need the loan; plenty of other members could have used the money to pay for a new $20,000 taxi cab or put a down-payment on their mortgage. I was then told that if the winner was feeling generous, he could transfer his payout to the member who desperately needed the funds. At the end of the khela, no cash is left on the table. All has been disbursed.

From my research, it was evident that no one has a cookie-cutter plan for achieving prosperity. While respondents feel rewarded both monetarily and socially, they do face risks. This research made me question the safety mechanisms in place to ensure that mishaps do not happen. Starting from their use of a joint bank account to purchasing goods and services with an equal stake, I wondered, "How much can you control and how much do you leave on trust?" At the end of the day, financial freedom afforded by the shanchay shamitis enables members to achieve their version of the American Dream. This gives me hope for the future of immigrants in the country.

Africa Case Studies: Ethiopia, Eritrea, Kenya

Ethiopian Cab Drivers in Boston

By Elizabeth Mengesha

For generations, communities in Ethiopia have managed their financial needs and life risks through informal mutual-aid associations. The most prominent of these associations include the *iddir*, an emergency and funeral insurance group, and the *iquub*, a rotating savings and credit association (ROSCA). This case study focuses on the iddir practiced within the context of Boston, USA. In essence, the iddir is a type of insurance program run by a community or group to meet emergency situations, primarily funerals.

The Iddir

Solomon is the chairman of the iddir among Ethiopian taxi drivers, officially called the Ethiopian Taxi Drivers' Funeral Association. Now in his mid-50s, Solomon arrived in Boston in 1985 to continue his studies at a local university. As a student, Solomon drove a taxi on the side. After working as an engineer for nearly a decade and tired of his regimented work life, Solomon went back to taxi driving.

In 2008, after the death of a fellow Ethiopian taxi driver, Solomon and five other drivers discussed the idea of starting an iddir. The decision was provoked by witnessing the struggles the deceased taxi driver's family endured in paying for funeral expenses. Given the elaborate nature of Ethiopian funerals as well as the customary practice of returning the deceased to Ethiopia for burial, funeral-related costs can be exorbitant.

Structure and Operation

Solomon explained that almost everyone who had been raised in Ethiopia was involved in an iddir in some way. In his case, his parents were involved in a neighborhood iddir. He noted that in Ethiopia, joining the neighborhood iddir was expected of people and was understood as the community's way of collectively managing risk against emergencies.

The Ethiopian Taxi Drivers' Funeral Association is a registered non-profit organization and adheres to a formal structure and strict by-laws. The group is explicitly non-political and non-religious. Its main purpose is to fund emergencies related to death, but can also include sickness. Membership is exclusive to Ethiopian taxi drivers, and a hackney (taxi) license is required for entry.

The basic requirement for members is a monthly contribution of $30. With approximately 100 people currently in the group, this averages to $3,000 per month for a total of $36,000 annually. The leadership includes an executive committee of four officers—a chairman, secretary, treasurer, and auditor—and three members that oversee the association's management in conjunction with the officers.

Despite the overall formal structure of the organization, the system for collecting deposits is rather fluid. Members are required to simply give their contribution to members of the executive committee before the end of each month, which normally happens through casual run-ins on the taxi route. Solomon explained that this system works efficiently and removes the need to hold meetings every month. The executive committee maintains regular communication with association members through an email list-serve. Upon handing their money to an executive committee member, members are issued an official receipt of deposit. Collected money is given to the treasurer, who then deposits it in the organization's bank account. The treasurer also keeps track of all transactions through a bookkeeping system, which is overseen by the auditor.

The executive committee meets once a month to discuss group operations and to decide on the use of funds when a crisis emerges. When a decision is made to dedicate funds for an emergency, money can only be withdrawn from the bank with the signatures of the chairman, treasurer, and secretary. According to the by-laws, funds can be used for all matters related to death and serious illness. Benefits extend to members' spouses and children under 18.

In the event of a group member's death, the iddir plays a key role in facilitating all tasks related to the lekso (mourning customs) and funeral arrangements. Immediately after the death, the executive committee meets to divide the various tasks among group members. These tasks range from coordinating with the funeral home and making arrangements to have the body sent back, to figuring out who will pick up food and rental chairs for the lekso. During the lekso, group members take the lead in distributing bread and drinks to attendees. The wives of taxi drivers (most members of the association are men) are expected to assist with preparing food for the lekso and funeral lunch. At the funeral services, iddir members usually serve as pallbearers.

Benefits of Participation

The benefits of participating in the iddir are clear. It is an efficient way to insure against future emergencies, particularly death-related expenses, and involves very little commitment (of both time and money) and low transaction costs. Given that many Ethiopians are accustomed to the concept of mutual aid associations, little explanation is needed to attract new members.

Solomon explained that everyone in the group has at least one bank account, which suggests that members are not isolated from formal financial systems. Rather than serving as a substitute for a formal service, the iddir offers help that group members cannot easily find in the formal sector.

Solomon took pride in telling me that iddir members were providing “great community work.” As a member of an iddir, should you experience a death in your family, you not only receive financial support but also assistance with logistics connected to funeral services. The moral support of the iddir is a powerful social benefit given that most Ethiopian immigrant families lack the same type of extended family they once had. Solomon also mentioned that iddir members get special recognition by the priest and other community leaders during funeral services.

Within the group, there are cohorts of members who are close friends. In one example, a taxi driver fell seriously ill two months after joining the group. Although he had been part of the iddir for only a short time, Solomon said he was still seen as a member of the association. Group members visited him during his hospitalization and offered comfort to the family. Additionally, a core group of his friends continued to pay his contribution to the iddir in his absence. A few months later, when the taxi driver passed away, iddir funds were used to pay for his funeral.

Eritrean Migrants in Seattle and Their Savings Circles

By Filimon Ghebretinsae

Equob is a form of RoSCA practiced in Eritrea, deeply rooted in traditional culture. Eritreans immigrants in the Seattle, Washington, area have carried these traditions with them with the hope to pass them on to their children. Eritrean immigrants are afraid of losing their traditions and have turned to equob as a means of maintaining then. As a result, the equob is a savings and social-gathering tradition that Eritreans immigrants still practice today.

My grandmother said, "Back in Eritrea, these types of groups are very common among middle-income women and have proven to be very effective." My grandmother's equob group consists of ten women—five retired and five who are still working. They all met at church and over time became friends. My grandmother says, "Since we were close friends and we trusted each other, I proposed that we start an equob." She told me that this is a great way to stay connected outside of church and strengthen their friendship. Her friends agreed that forming an equob would give them a chance to spend more time with each other while saving money. During my interview, my grandmother stated that "back in Eritrea my equob had more than 50 women members. However, here in the United States it is hard to find a group of women that are trustworthy and have the time to participate in an equob." An additional constraint is that members are required to speak Tigrinya to be understood by all members.

The group of ten meets monthly and each contributes $100 dollars to the fund. Payments rotate, with each member receiving their payout in turn. Each contributes another $20 to build a loan fund. At the end of each meeting, the $1,000 payout is given to the predetermined member, who also acts as host for that meeting. The host prepares food and performs a traditional coffee ceremony, making the event very festive. The $20 additional payment from each woman is deposited into a lockbox. The woman who receives the payout is charged with keeping the lockbox until the next meeting where it is passed to another member. During the subsequent meeting, the money is counted in front of the entire group and the equob bookkeeper notes the usual deposit of $200 per meeting, equating to $2,400 per year.

My grandmother added, "Back in Eritrea, we used equob payouts to pay for school fees, to buy clothing and livestock, or to start small businesses." However, here in the US, members use their payouts to send money back to family in Eritrea and to cover personal expenses such as rent.

Traditionally in Eritrea, equobs are common among women yet rare among men. Surprisingly, I learned that there are many Eritrean equobs for men in the Seattle area. The ones I found varied from 10 to 40 members. Similar to my grandmother's group, the purpose of many of these equobs are both financial and social. My uncle belongs to truck-drivers equob with ten members who each save $500 per month. Besides saving, they have occasional dinners and drinks to stay connected. Some of these men were friends in Eritrea. My uncle says, "Our initial meetings were so fun and encouraging that we wanted to do more and help one another and decided to start an equob." His equob has been running for about five years.

Soon, the members will contribute $500 monthly but the payout will not go to members but instead to a special fund. After two years, the group will use the fund to invest in businesses such as restaurants, shops, houses, or gas stations.

My uncle says, "We have not had a case where a member was unable to make his $500 monthly contribution." Were that to happen, equob rules would require them to pay double the next month. They are planning to increase their monthly contributions to $1,000 per member in the next cycle and restrict membership to those who can afford this amount.

My uncle's equob was inspired by other immigrant savings groups in the Seattle area, of which there are many, including a large Ethiopian equob. My uncle says, "Ethiopians' equobs can have as many as 100 members, but in my opinion that is too many, because it may take years before it is your turn to collect money." Small groups keep things close and personal. Bigger groups usually have associations and more resources available to them.

Kenyan Chamas in New Hampshire

By Jeffrey Ashe and Carolyn M. Musyimi-Kamau

Bill Maddocks from the University of New Hampshire and I spoke with Carolyn N. Musyimi-Kamau in Concord, New Hampshire. Carolyn was a student in my microfinance class at Brandeis in 2007 and is the executive director of the NGO "New American Africans." She is a member of two savings circles—*chamas*—made up of women from Kenya who are living in the United States, one with 15 members and the other with 30 members. Her husband is a member of an all-male chama with 5 members.

Group One

Four years ago, Carolyn organized a chama with 15 members from eight states across the country. They meet by phone the third Sunday of every month. The members save $163 each month. Of this amount, $130 goes to their investment fund in Kenya to purchase houses for their retirement, $20 to a vacation fund, $20 for an emergency "kitty," and $3 for a wire transfer fee. The kitty is used to provide a decent funeral for the members, their parents, and their immediate relatives or for a wedding. They deposit their money in M-Pesa, the best-known mobile money provider in Africa, and receive 7 percent per annum in their Kenyan shillings account. They are considering another fund that will provide them an 11 percent return on their savings. The amount to be paid out for the death of a relative or family member is spelled out in the by-laws. With the interest M-Pesa paid on their savings, the members recently traveled to Jerusalem and the Holy Land with the interest earned on several years of savings. All members are Christians. The chama has strict written rules and the group sticks to them. For example, meetings start exactly on time and last no more than one hour. If someone pays late, they pay double the amount.

Several of the members work in the health-care industry caring for elders. They receive $2,800 per month or $33,600 per year and are saving almost $2,000 per year in only this chama—and they are often members of more.

Group Two: Carolyn's Husband's Group

Carolyn's husband's group has five members. Each contributes $200 per week. All the members are Kenyans. The money is being used to start a home-care business in Methuen, Massachusetts, that they own collectively.

General Comments

Carolyn estimates that 80 percent of local Kenyans here are part of groups. Why? "We are from a social community. We do things together," she says. Through participation in their chamas, Carolyn and her husband have seen a clear change in how they save. Without the group, they would never have saved this much. She believes that most immigrants have bank accounts but they are better able to save through their chamas.

Carolyn said she would be very interested in teaching what she learned about savings to non-immigrants in New Hampshire.

RoSCAs among Latin American and Caribbean Immigrants

Profile of a Tanda Organizer in Asheville, North Carolina

By Jeffrey Ashe and Maria Teresa Nagel

Originally from Puebla, Mexico, Maria has lived in the United States for 18 years. She has been organizing *tandas,* a Mexican term for a RoSCA, for 16 years. All her tandas are located the same neighborhood. Maria sees the tanda as a way of building a reserve fund or, as she calls it, "a whatever you need it for" fund. Tandas can fulfill different purposes for different members. For some, a tanda may be the only way to self-finance a car. For others, like Maria, it may be a good exercise in discipline that generates an emergency fund. "I just bring them their money; I don't ask what they do with it," she says.

Maria learned from some friends that if she organized a tanda herself, she could get the first number, or the first payout. "It's like winning the lottery," she says, "except instead of risking a loss you're always awarded your savings." The job of a tanda organizer is to distribute "the numbers," with each number marking a place in the payout cycle. Number 1 receives the first payout, number 2, the second payout, and so on. She calls members each week before picking up their contributions. Typically, Saturdays and Sundays are designated as pickup days and by Monday all contributions have been collected.

Maria's tanda will pay out $5,000 each week to one of 20 members, or partners. Some may not be able to afford $250 each week, so they can partner with someone else and together make up a full number, each paying only $125 a week. Each payout is for $5,000. If they made the full $250 per week contribution over three cycles, they will receive $15,000.

This begs the question: how do you ensure everyone contributes on time? Maria explained that she only includes people she knows well and trusts. If new or less well-known participants want to join the tanda, they must be willing to take the last numbers, or the last places in the payout cycle.

How does an immigrant afford to save $250 every week? Typically, Maria explains, immigrants in her tandas hold down two jobs. "We work a lot," Maria says. Some members work full-time in construction and part time at a restaurant. Others might sell food or babysit to complement their full-time jobs. In either case, participating in a tanda involves sacrificing the extra income to save for the future. I asked Maria how she taught people to have that discipline. "Once they make the decision to join a tanda, automatically people know they cannot spend that money because it is for the tanda." She adds "[Tandas] keep the money in our community and out of the pockets of rich banking moguls."

As an organizer, Maria benefits from getting the first number, but she does not charge anything for picking up the money or managing the tanda. However, if someone has an emergency and requires a payout, that member will pay Maria to facilitate the new order of recipients in the payout cycle.

Maria's days are full. Mondays are dedicated to driving to participants' homes to pick up and drop off their contributions or drop off their payout. There isn't room for much else on that day. As she walked me through a typical Monday, I couldn't help but ask, why go through all this trouble and have the only benefit be getting the first payout? "I am an active person and I like doing this," she says. One could even say it is a special kind of community service. "It's hard for people to understand that we [immigrants] have an opportunity. It takes saving and seeing the money in their hands to change their mindset. This is what helps them learn." Maria shared what participants have accomplished with their savings, from buying a trailer, to sending the money back to Mexico. With the possibility of deportation looming for some, sending money home helps them accumulate savings on the Mexican side of the border.

All participants in Maria's tandas are Latinos. They come from Colombia, El Salvador, and Mexico, among other countries. According to Maria, tandas are not for those born in the USA. "I think we're educated differently, and for them money works one way and for us, it works another. They have the possibility of going to a bank, taking out a loan, and buying a car. They meet the requirements; we don't." The majority of people in Maria's tanda have bank accounts, but they don't keep their savings in these accounts. The bank accounts are used mainly to deposit checks from work and withdraw cash. "Bank accounts make for good business for bankers. Tandas make for good business for us," Maria explained.

She says that the area around Asheville is flooded with immigrant-owned businesses, including many *taquerias*. These businesses have been funded by the tandas of migrants who are largely undocumented. Those who have been granted permission to stay in the US may opt for bank loans instead of tandas but many, Maria says, still use tandas to fund entrepreneurial ventures. Maria believes at least 75 percent of the Mexican population in Asheville participates in tandas. "This is important for me, because the others can see that they can make their money work for them. They put their money to work and earn something. And that, yes, they can achieve their goals. They can do it."

In addition to their tandas, many in Asheville also participate in *cajas de ahorro*. A caja de ahorro is similar to a tanda in that a member saves a certain amount each week, but instead of being distributed each period, the money accumulates in a fund that the members can borrow from while paying interest. The interest is split equally among members at the end of the year. In this way they receive back more than they save over the year and have access to loans from the growing group fund when they need them. There are also limits on the loan size, dictated by the amount each member has saved. The savings serve as a partial guarantee for the loan.

Maria thinks borrowing from a caja is a good idea. She had witnessed a lot of suffering from community members whose loans from money lenders carried interest of 10 to 20 percent monthly. The interest rates on the caja loans are lower. Immigrant communities, like the one Maria belongs to, take the concepts of tandas and cajas a step further. These savings methods go unnoticed by the financial services industry, but for the communities involved, they are a pivotal part of their economy and their path out of debt and poverty.

Caribbean Migrants in Boston and Their Savings Circles

By Gail M. Carter

My Barbadian parents knew well of "meeting-turns" when I posed the question to them. I was amazed to learn this, as neither of them mentioned this term while I was growing up in Barbados many years ago. So, what is a "meeting-turn" or "*sou-sou*" or "*susu*" or "*sol*" or "partner" as these groups or RoSCAs may also be called? Essentially, it is a small rotational savings club. A group of people gets together on an agreed upon schedule, whether it be weekly or monthly. Since each member contributes the same amount, depending on the number of members in the group, the length of the rotation will vary accordingly.

During my research and interviews, I observed dedicated and disciplined women who set out to save and help others during the process. The women that I interviewed were from Barbados, Haiti, and Jamaica. However, their savings groups encompassed women from other countries such as Guyana, Trinidad, Dominica, Africa, and even the United States (although the Americans were initially skeptical of this scheme).

Being new to Boston, connecting with the immigrant community was a bit of a challenge. My friend Sara happily told me, "Oh yeah, my aunt does that; I will connect you with her." My hair stylist connected me with her friend and so on. Interestingly, the children of my interviewees did not participate in savings groups despite seeing this commitment and dedication by the older generation. Will this tradition eventually die? Some think not.

Betty moved to this country about 40 years ago and to this day returns to Jamaica to help children. While here, Betty was a disciplined participant in her Dorchester RoSCA for 40 years. Betty's savings group consisted of approximately 60 members, mostly Jamaicans, and amassed $6,000 per session or more. Though the minimum "throw," or contribution, was $100, each person could contribute more than the minimum amount.

There were no formal in-person meetings. Members would simply individually meet the "banker" weekly on Saturdays and "throw their hand" as they call making their contributions. The person next in the rotation scheduled to receive money would collect or "draw" their payout on Sundays. For Betty's saving group, the required minimum "throw" was $100, so members could contribute more money every week. For instance, Betty herself contributed $500 every week for the 60-week cycle. Because Betty put in $500 per week instead of $100, she was allowed to get five draws by the end of the cycle. Each person, once their turn came around, would sign the book when they received their "draw." Betty insisted that the crucial criteria is that "the banker has to trust you, she needs people that she has confidence in." The members in turn trust the banker. "Everybody knows that they can trust me. They know that I don't want anything from them. I only want what God has for me."

Customarily, the group was closed and secretive. None of the members knew who the other participants were. However, the banker, or organizer, would sometimes invite members to a year-end celebration. That was how they would discover who else had participated throughout the year.

Vivien, a middle-aged nurse, lives on the South Shore of Massachusetts. She is originally from Haiti but she moved to the US about ten years ago. She was very encouraging about the research and about inspiring the younger generation to participate in RoSCAs as a way to save money. Over the years, her group membership size varied, sometimes a small group consisting of 10 people, a medium group of 20, or even a larger group of 40. "They call me the Mother," she said. "I am the person who administers the monthly susu," as she calls her RoSCA. Vivien has been participating in susus for a long time, and eventually, members join her group through referrals. She said, "Susu has a high reputation; people understand that you don't play with susu money."

I have known Michelle for about eight months as she is my hairstylist and the owner of her salon. Her savings group consists of about 20 people with a monthly payout of $2,000 a month in which each person contributes $100. Like other groups, there are also no physical meetings. According to Michelle, "I'm the one who has the person's telephone number and the date when the person is going to get a return. The group was private."

Benefits of and Motivation for Being the Banker

Betty said that people give the banker a little cash to compensate her for the work she does. The banker receives about a one-time tip of $50 from each person for all her work managing the group. Therefore, with this group of 60 people, she receives approximately $3,000 for being the banker. Betty chuckled again when asked if being the banker has a financial benefit. Some of the men in the group that she knows well give her more than $50. "Oh yes, the banker makes money, Dear," The "tip" is their way to say "thank you."

Vivian told me that very few people give her a tip. She said, "Sometimes the Mother would mention to the group that tips are appreciated." She also said it varies by the individual's culture. For example, she realized that sometimes people from Africa would give a tip of $50.

Paula mentioned that the owner's benefit is minimal, but the benefit is cash—it's almost like a "tip." She joked, "The banker is the chief, cook and bottle washer . . . the financial controller." She said, "If something happens to the banker, God forbid, then everyone loses." The banker also wants to help people to be committed to saving.

Advantages of Membership

According to Betty, the advantage of being is a member is that "it's a way of saving your money. It is better than going to the bank and getting a loan. You are just doing the savings yourself though you are still using other people's money to do so. They use your money, and you use their money." She chuckled at this statement. You get that $5,000 that you can use instead of a loan and you will repay it slowly when you "thro" back the money. However, if someone does not pay back, unfortunately, the banker has to supplement this personally. "This is a chance-taking thing—it is almost like gambling," she said with another chuckle. "A lot of us benefit from this; it helps us to buy a home. Another good thing about it is that you don't have to pay taxes."

Better than the Bank

Betty has a bank checking account but said, "The bank puts a paper trail on you. It's hard when you put money in the bank and have to take it out. Borrowed money means there is interest to pay back." She joked with me about her earlier years: "Back when I was in the Caribbean, we did not contribute this much money . . . one shilling . . . two shilling." She was thrilled to make $5,000 in five weeks (due to her early position in the rotation).

Encouraging Others to Participate, Especially the Younger Generation

According to Paula, "New people have to build up the trust first and demonstrate committed contributions." She did confirm that she would encourage new immigrants and youth to participate. She said, "My children think that I am losing money, but I am not," referring to why her children hesitated to join a susu.

Vivien thought that once the younger generation gets older, they will "join them" since by that time they would have confidence in the group. She added, "I don't trust the younger generation that much. They would have the last hand." She suggested that members of the young generation start at a small amount of $50.

Conclusion

As a younger person listening to all these stories, I realized the benefit of disciplined savings. Why pay interest if you can pay off the debt in a lump sum and still have the luxury of making monthly payments but instead paying back the group without having to pay the group any interest? As Vivien said, "Yes, there is no growth of your money using this scheme; on the other hand, there is no loss of your money either."

Tandas in Two Latino Communities in New York City

By Dr. Toni Castro

Introduction

The first I heard about *tandas* was growing up in Mexico. There was a woman, Lourdes, who despite not being a close friend of my mother, for many years came to my home every week and spent about an hour enjoying a glass of *agua fresca* and chatting about any current local event. She would then leave and come back the following week, but I never saw her in other social events and never got to meet her family. Years later, I learned that the reason she came so frequently was to pick up my mom's contribution to the tanda. It was also years later, when I was living in the United States doing research on the ways that immigrant people in low-income brackets lived, that I became intrigued by these practices which have shown to prevail across time and cultures.

This case aims to bring together some of the lessons and findings I have learned from a number of observations and interviews with savings circles in two communities in New York City—Mott Haven and Sunset Park—that are increasingly Latino. This offered me an opportunity to learn in more detail the nuances of the tanda model of rotating savings and credit circles (RoSCAs). In most cases, given the risk the coordinator runs by committing to collect and distribute the money, she (or he, in a few cases) usually gets the first position in the round.

My first informant, Andrea, is a hard-working 40-year-old woman from El Salvador, who has been living in New York for the past 14 years. She left behind three children in El Salvador and works cleaning houses in Brooklyn and New Jersey. Since she does not work for an agent, she can manage her own time and clients. This gives her time to raise her other two children, who were born in the United States. She joined a tanda with her Mexican neighbors, commonly known in El Salvadorian lexicon as *cuchuvales*.

Description

Although Andrea has been in her tanda for about three years, of all the members, she only knows her friend who invited her to join and the coordinator, Rodolfo, who is from Puebla, Mexico. She makes weekly payments of $400 for two positions ("hands"), each worth $200. She takes one payout of $5,400 at the beginning of the cycle and another one at the end. She explained that, "When you get the first numbers, it's a loan with no interest, but if you get one of the last ones, it's savings." The reason she decided to take two positions was to force herself to save and send enough money to support her three children in El Salvador until they graduate from university.

The coordinator is Rodolfo, who has been running tandas for 13 of the 15 years he has been living in the United States. He started with ten friends at his workplace each contributing $100 dollars per week. These friends asked if they could invite their friends, extending the tanda to 27 members. Even though he has never met some of the members of the group, he relies on the members he knows to vouch for their friends. Each member in the group has at least two other members they vouch for. For example, the woman who helps him at his workplace is liable for the contributions of eight other members. Rodolfo keeps track of contributions in a notebook he carries in his backpack, along with the money he collects. No one signs a contract to enter the group. Occasionally Rodolfo covers for the contributions of members who have not yet paid so he can make the full payout to the member who is supposed to get it that week.

Uses of the Payout

Andrea explained that she saves in a tanda "because it is not always easy to put aside $200 or $400 every week" from her low-paying job, with an income and schedule that vary from week to week. Indeed, Andrea has sometimes faced difficulties making her contribution. On the rare occasions this happened, she borrowed money from close friends with the promise to pay back as soon as she gets her payout from the tanda. In some cases, she had to take a loan from a person who lends money at low rates in the neighborhood in order to make her contribution.

The application of the payouts is usually for long-term goals. Rodolfo has seen members use their payouts to build houses in their home country (most of them are from Mexico), or to buy vehicles or to invest in small businesses, mostly small *tiendas*, or shops. He recalled the story of a member who built his house in Mexico primarily through savings from the tanda. The whole family in that case was so committed to making their weekly payments of $800, at times they would not eat just to be able to make the full contribution.

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