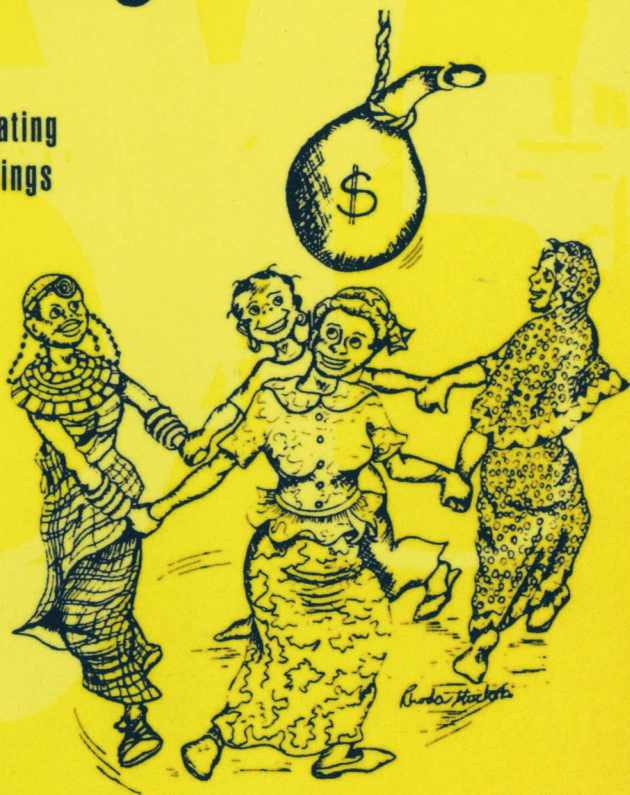


# MONEY-GO-ROUNDS

The  
Importance of  
Rotating  
Savings  
and  
Credit  
Associations  
for  
Women





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# **Money-Go-Rounds**

## **Cross-Cultural Perspectives on Women**

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*General Editors:* Shirley Ardener and Jackie Waldren,  
for the Centre for Cross-Cultural Research on Women, University of  
Oxford

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# Money-Go-Rounds

*The Importance of Rotating Savings and  
Credit Associations for Women*

Edited by

*Shirley Ardener and  
Sandra Burman*

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## Preface

*Sandra Burman and Shirley Ardener*

**Once** upon a long time ago, Shirley Ardener wrote a paper on 'The Comparative Study of Rotating Credit Associations', then defined as: an association formed upon a core of participants who make regular contributions to a fund which is given, in whole or in part, to each contributor in rotation. It was an analytical survey of the literature, which followed a fieldwork-based study of the operation of 'contribution clubs' among a section of the Igbo of Nigeria. After publishing the survey, her attention largely turned to other topics, and ROSCAs went on the back burner for a while. Over recent years a new and growing interest in ROSCAs by theoretical and developmental economists has occurred, and more recently scholars from countries with developing economies in which ROSCAs flourish have been increasingly drawn to them, considering them to be indigenous institutions more adaptable to their countries' economic needs than models introduced from industrial societies elsewhere. Ardener's interest was rearoused in particular when ROSCAs were widely discussed at a conference in Leiden in 1988 on the political economy of Cameroon, a country in which she had spent many years. It then seemed logical to her to combine her interests in ROSCAs and gender by convening a workshop which would bring new material together. Fortuitously, by 1991 her colleague Sandra Burman had collected some interesting material on ROSCAs in the course of her wider studies on women's lives in the difficult urban conditions of South Africa. As a result of this conjunction of interests, contacts were made and in January 1992 an international workshop on women's use of ROSCAs was held in Oxford.

The emphasis here is on associations where money is collected and distributed by one or other method of rotation, because this principle makes a practical difference, and has particular advantages and disadvantages. A great variety of other institutions offer credit facilities and provide people with a wide choice. Obviously, within the scope of

this book it is has not been possible to include detailed material on all of these, although mention of some is occasionally made.

This volume, based upon the workshop, brings together new studies from different disciplines and experiences. Most authors are social anthropologists or have had some anthropological training: Almedom, Ardener, Besson, Khatib-Chahidi, Miyanaga, Nelson, Niger-Thomas, Rowlands and Summerfield. Burman works in the field of socio-legal studies; Bortei-Doku, Lembete, Mayoux, Sethi and Srinivasan are in social studies; while Aryeetey, Deng, Hospes and Light are more familiar with economics than the rest of us. As the authors of the various papers set out their observations, a certain amount of repetition occurs which has been retained in this book to underline particular parallels and convergences.

There is one reprint in this collection. The editors have acceded to requests by the other contributors who felt that, because Ardener's earlier paper is in a journal which is inaccessible to many, it would be useful for a facsimile to be included here, retaining the original page numbers as this text is also referred to from time to time not only by the authors here but also in the general literature on ROSCAs. It gives a general overview of ROSCAs which may be read first by those unfamiliar with the theme. Further, despite or more properly because of, the study's antiquity, it can be used for making a comparison with the new material in the chapters below, thus highlighting the continuities and changes over the years.

The chapters have been arranged in three parts, the first two dealing with Africa and Asia, and the third with diaspora communities in Europe, America and the Caribbean. There is very little documentation of the use of ROSCAs in Europe and the Americas, apart from immigrant communities. We know that diddlum and knick-nack clubs existed among working girls in England in the nineteenth century (see Tebbutt 1883). The tontine of Europe was not exactly a ROSCA in the terms of our definition, being an investment club whose share-outs increased as deaths diminished the membership; nevertheless, the term tontine is widely used for ROSCAs in francophone areas. Many mutual aid societies which collect for special purposes (slate and Christmas clubs, for example) which usually require a banker can be found in England today, but these do not embody the principle of rotation. Perhaps more material will be forthcoming. We could not find an available contributor with new material from Latin America although ROSCAs have been reported (see Ardener appendix, below and Low 1995).

Most authors have occasionally used local non-English terms for

ROSCAs. These have been kept, as they will be familiar to members of the communities in which they are found and to regional specialists. Some of these terms remain unchanged in the plural use in the local language. In this book, however, they have sometimes been made plural by the addition of the English 's' suffix, to fit more comfortably into their English sentences. We hope this solution is acceptable. A list of terms for ROSCAs in a large number of languages can be found in Low (1994).

The workshop on which this book is based was held in the congenial surroundings of the Cherwell Centre in Oxford, and was convened by the editors for the Centre for Cross-Cultural Research on Women at Queen Elizabeth House, Oxford University's international development centre. The project received support from Oxfam and the Ministry of Overseas Development, and we are grateful to these bodies, and to others (including the British Council) who funded some of the participants. Four of the papers presented at the workshop (those by Joy Hendry, Sophia Koufopoulou, Sarah Massengo and Sue Szarbo) could not be included here because they were either not completed in time or did not focus sufficiently on associations that rotated and therefore fell outside our remit. We benefited from the contributions of these participants to the debates and where appropriate their material has been referred to. Two papers, by Summerfield and Miyanaga, were written especially for this volume.

The editors invited a colleague at our Centre, Alaine Low, who acted as rapporteur at the workshop, to prepare a bibliography of material on ROSCAs available from records in Oxford, and this is published as a separate working document (Low 1994). Low's study was not restricted to articles on women's participation, although these had special mention. It is intended as a companion text to our volume on women.

We are indebted to various helpers with the preparation of this manuscript. In particular Rosie Hill, but also David Hawke, Judy Mabro, Ian Fowler and Greeta Illott, whose copy-editing skills (and in the case of the latter two their invaluable expertise on word processors) solved many problems and greatly helped the authors and the publisher. David Hawke also compiled the index.<sup>1</sup> We are also grateful to The Royal Anthropological Institute for permitting us to reprint Ardener's 1964 survey. The drawing on the cover is by Rhoda Michuki and was first included in a cyclostyled publication (see Wainaina 1990).

## Notes

1. The index has covered most names and places mentioned, but the details of ROSCAs, and many themes raised throughout the book recur so frequently that it was not practical to index them all comprehensively.

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*Nozipho Lembete* (Kubeka) holds degrees in social science from the Universities of the Witwatersrand and Cape Town. When a social worker with NICRO, a national organization in South Africa for social work among prisoners and their families, she worked for Sandra Burman as a part-time research assistant both in Cape Town and Johannesburg, while their research on ROSCAs was in progress.

*Ivan Light* is Professor of Sociology at the University of California at Los Angeles. He has a long-standing interest in ethnic and immigrant entrepreneurship, and has published a lot in this area. His most recent book is *Race, Ethnicity and Entrepreneurship in American Cities*, (Aldine de Gruyter).

*Linda Mayoux*, based in Cambridge, is a freelance consultant currently working with the Open University in England. She has undertaken several research projects on gender and small-scale enterprises which required fieldwork in Asia, and has a number of publications to her name.

*Kuniko Miyanaga* is an Associate Professor in social anthropology at the International Christian University in Tokyo. A one-time visiting scholar at the Institute of Social and Cultural Anthropology at Oxford, she has surveyed here the literature on Japanese ROSCAs and translated into English some of the key data in Japanese.

*Nici Nelson* is a Senior Lecturer in Social Anthropology at Goldsmiths' College, London. She has carried out fieldwork in Kenya over many years, and her work on urban Nairobi has appeared in numerous publications.

*Margaret Niger-Thomas*, based in Mamfe Town in Cameroon, formerly studied sociology and then anthropology at Yaounde University in Cameroon. She is President of the Manyu Women's Self-Reliance Cooperative. After several years teaching in Mamfe, she spent some time at the CCCRW, Oxford, as a Visiting Study Fellow. She is currently conducting research at the Afrikacentrum in Leiden, Holland.

*Michael Rowlands* is a Professor at the Department of Anthropology at University College, London. He has over a long period undertaken fieldwork in Cameroon on pre-colonial economic history and material culture, and has numerous publications to his name.

*Raj Mohini Sethi* is Professor in the Department of Sociology at Panjab University. She is interested in gender issues, rural development, and socio-legal studies, on which she has published.

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*Hazel Summerfield* read the Human Sciences degree at Oxford, and later took legal qualifications which she applied to her work as an immigrant/refugee advisor at a legal advice centre in London patronized by immigrants. She has a paper in the Centre's book *Migrant Women* which compares the experiences of two ethnic minorities living in the same neighbourhood of London.



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# Women Making Money Go Round: ROSCAs Revisited

*Shirley Ardener*

**This** book deals with a financial system, the rotating savings and credit association, which is remarkable for its wide distribution, its variety of forms and functions, and its relative durability in situations both of high financial insecurity and of prospering industrialization. Although the ROSCA can be placed within a broad set of institutions which provide credit and mutual aid, it can be more discretely isolated by the basic definition: *an association formed upon a core of participants who make regular contributions to a fund which is given in whole or in part to each contributor in turn*. While special attention has been given to disaggregation of the material by gender, many general principles are discussed below which throw light on household participation (see, for example, respectively Rowlands' contribution, and Light and Deng's chapter below). Indeed, when dealing with issues related specifically to the activities of either men or women, obviously the role of, and lessons for, the other always arise. We hope therefore that the volume will make a contribution to all who are generally interested in ROSCAs as well as those concerned with women's activities.

The definition given above for a ROSCA permits the inclusion of a wide diversity of groups, some with quite complex structures. It excludes a great variety of savings and credit institutions which do not embody the principle of rotation. Some of the elaborated features of ROSCAs are common to some of these other institutions which do not distribute cyclically. Savers often have a wide choice. An interesting question is why so many choose ROSCAs.

My 1964 paper, which is reprinted at the end of the book for reasons explained in the preface, disputed the assertion by Clifford Geertz (1962)

that ROSCAs, though useful in an intermediate stage of development, would necessarily fade away as more developed financial institutions replaced them. My views were endorsed by a Sudanese banker then staying in Oxford who himself participated in a ROSCA composed of fellow bank employees. Events have confirmed my stance since: while in some places ROSCAs may have become less important in proportion to other credit institutions, elsewhere they have spread or burgeoned more vigorously than ever. They have done so in financial climates and cultural contexts where other credit systems have faltered, due to the inability or unwillingness of creditors to meet their obligations. The Cameroons (the field I know best) is one area where current economic activity, at all levels, depends heavily on participation in ROSCAs of a variety of forms and scale (see Niger-Thomas and Rowlands below and Nzemen, 1993). Indeed, they have been seen there as expanding in significance in reaction to the insecurity of the banking system, but also as then having actually disrupted the banking system itself.

It is tempting to say that it is in regularly harsh economic climates that the ROSCA comes into its own, that it is then that it is particularly needed. Where incomes are very low, where there is no formal social security network, where ill health stalks and a variety of calamities hover, a system of low-cost ROSCAs, as has operated in West Africa for many years, helps to meet the challenges for all but the very impoverished or destitute. ROSCAs are also sometimes initiated in rapid response to the sudden need for liquidity to take advantage of unpredictable flows of desired durables (such as bicycles), as occurred after the cultural revolution in China (personal communication, Zhang Yongjing; see also Bortei-Doku and Aryeetey for Ghana).

But if ROSCAs are popular among the poor and in fluctuating economic conditions, they also thrive among some relatively affluent economic strata (see below). Indeed they are often popular with the intellectual and political élites who have easy access to formal banking systems. In Taiwan, for example, as Besley and Levenson report, estimates of up to 80 per cent ROSCA participation have been made. They say: 'Our study confirms the importance of informal finance, even in an economy that is undergoing significant modernization . . . If ROSCAs do serve a function in consumer demand for durables, as our analyses suggest, then attempts to force movement of savings towards the formal sector should take account of the productive role that the informal system plays' (1993:28-9).

## Formal/Informal Distinction Blurred

Not only do ROSCAs themselves flourish today, the discipline of regular contribution-paying in ROSCAs may have enabled new forms of financial management to emerge. For example, the Indian *chit* funds have been said to provide ideas for the establishment of credit unions and even the well-known Indian Grameen banking system. At the workshop, ROSCAs were said to provide a captive membership which can be harnessed for other purposes. For example, in South Africa financial institutions, anxious to get their hands on the large sums invested in ROSCAs, are introducing new arrangements for them, and even utilizing ROSCAs to provide security for housing loans (see Burman and Lembete). In Ghana a modern growth has been the itinerant (male) banker who tours the markets collecting dues from market women, who receive their savings at the end of the month, less the banker's commission. It is surely significant that this mobile banking system is known by the same term (*susu*) as that used for the traditional ROSCA (Bortei-Doku and Aryeetey). Moreover banks in Ghana are tentatively attempting direct involvement in this field. As noted long ago, familiarity with banking systems does not preclude the use of banks by members of ROSCAs; indeed contributions may be paid by cheque, and it is not uncommon, if the member receiving the lump sum has no immediate needs, for ROSCA cash to be deposited in a bank until required (as in Ethiopia, see Aredo 1991, and below p.15). The notion that the formal and informal economies operate as totally independent sectors is thus no longer tenable.

Although formal systems are available to more people than ever, many of the reasons for the attractiveness of the so-called informal ROSCAs remain those pointed out many years ago. A Ghanaian (see Bortei-Doku and Aryeetey) or a Cameroonian (Niger-Thomas), or an Indonesian (Hospes), will often belong to a number of ROSCAs, paying off for some funds received while contributing to sums which can be called on in an emergency. Here local rather than bureaucratic knowledge is critical: the traditional social obligations to help kinsmen, and sometimes neighbours and workmates, quickly come into effect as word gets around among members of the ROSCA, who will adjust the order of rotation to enable the unlucky one to receive a turn. The speed with which ROSCAs can usually react to their members' needs can rarely be matched by distant, impersonal, banking systems. Some members are

prepared, even prefer not to take an early turn. Even when no direct financial dividend is given to late takers, and despite the lack of the use of the capital sums which early recipients enjoy, they may prefer the element of insurance which waiting provides.

We can note here, in considering the 'cross-over' between sectors, that the 'captive membership' can be harnessed for other than financial purposes. Associations designed to meet other aims will set up a ROSCA to take advantage of their discipline and moral imperatives. In Indonesia, for example, family planning organizations directed to providing contraceptives for women have set up ROSCAs to ensure that women present themselves regularly for medication (Hospes).

## **Default**

The overriding priority given to meeting ROSCA obligations, and the consequent comparative rarity of default, is a notable feature of these associations. The disgrace and humiliation which can fall on a defaulter is much feared. It is reported from Kenya that the entire group of twenty-six members of the Kauwi Kiseveni Women's Group will visit a defaulter, accompanied by the sub-chief, and take away any item worth the debt, including a husband's property. It is not surprising to learn that 'the stigma that follows such an act is a deterrent to most would-be defaulters', and that the group has survived a long time – since the 1970s (Wainaina, 1990:29). Also of importance are the serious consequences for any defaulter if lost trustworthiness leads to exclusion from further participation in ROSCAs, particularly where they are securely embedded in the local social and economic system. To avoid the shame and the social and economic deprivation arising from default, resort may be had to money-lenders, sale or pawning of assets, or even to malpractice, in order to find ROSCA contributions (see, for example, Summerfield on Somali practices, or Ardener 1964).

However, an important element in the stability of many, if not all, ROSCAs is that it is in the interests of most or all of the members to ensure that there are no defaulters. A defaulter threatens the system, and a failed ROSCA can damage the reputation of an entire group, such as that described by Niger-Thomas for Cameroon. To avoid this becomes an issue for the group, and the organizer might lend money to a contributor unable to meet a due, or another member might help, or the defaulter might be permitted to pay late (perhaps by a post-dated cheque, though this is not popular), or to borrow from a hardship or loan fund

to which members have contributed. In certain cases, such as in businessmen's clubs in Ethiopia (see Aredo, 1991), members must provide guarantors who will take on responsibility for any failure by a member to pay (see also Miyanaga on Japan).

The fact that members of a ROSCA can rely on a nil or low default rate is especially crucial for the poor; as Light remarked at the workshop, 'peasants are risk-averse: they can't afford it', and as Rowlands said: 'security, rather than credit' is critical for them. The result is that among Mamfe women, for example, as Niger-Thomas reports, the risk may not seem great: 'members don't see it. They find their own level of contributions.' In South Africa women were bemused when asked about default: 'it was clearly unthinkable' (Burman and Lembete, below).

### **Coping with Inflation and Disruption**

Important elements in determining the success or failure of ROSCAs are the impact of inflation, of a sudden general financial crisis or recession, or of social disruption such as war. It is then that default may become overwhelming. After the war in Vietnam, in the 1970s ROSCA participation slumped (Linda Hitchcock, 1993: personal communication) – though, interestingly, it has been reported (see Aredo, 1991) that ROSCAs actually developed in Ethiopia in the devastation following the Italian war in response to the needs of reconstruction, as they did among Armenian women war refugees in desperate need in the Lebanon (Hamalian, 1974). In their recent paper, Besley and Levenson provide graphic representation of the slide in ROSCA participation from 1983 to its low in 1985, when all economic activity in Taiwan was in shock; they do not go into any detail of how confidence was restored but it quickly rose to near earlier levels. In fact the strength of the structure of the ROSCA is that it permits some flexibility, and frequently can meet the challenge of acute financial pressure, recession or inflation. For example, when payments of contributions are difficult to make, the rotation can be extended for everyone by increasing the periods between payment, thus allowing more time for the collection of dues; or payment may be postponed for a period, as happened in Ghana in the 1980s due to the impact of the implementation of structural adjustment programmes (see Bortei-Doku and Aryeetey); or seasonal adjustments can be made, perhaps over Christmas or the Hindu Diwali celebrations – times when expenses are high (see Niger-Thomas, and Bouman 1979) – or when school fees must be met.

A clever form of inflation- or deflation-proofing has been developed by tying the lump sum to the local price of a fixed amount of gold or silver, or zinc sheets (as described by Khatib-Chahidi and Hospes), the contribution each time being varied according to metal prices. Where a local currency is subject to wild variation, the lump sum may be tied to a hard currency such as sterling, the dollar or the deutschmark, though the contributions are paid in local currency, as in Cyprus. Indeed, it has even been suggested that the spread of ROSCAs in Turkey in the 1980s was actually due to inflation (ibid).

Loss of value of the lump sum, due to inflation, might also be considered to be mitigated, met, or exceeded, where the recipients towards the end of the cycle of rotation receive more in relation to the total sum of their contributions than do those who receive their take-outs earlier in the rotation. Examples are Japan (formerly), Taiwan and India, where members competitively offer bids to 'purchase' or 'win' the lump sum, the 'price' paid being distributed to members, or where members competitively offer to pay in bigger contributions than later takers. In South Africa the pay-out is sometimes clearly regarded as a non-refusable loan, the recipient being forced to meet the appropriate interest (see below). But the 'surplus' value a member receives over what she or he has paid in is not always seen as interest due for allowing earlier payments to be used as credit; this may have advantages, for example for Muslims whose doctrines prohibit usury.

It is probably very significant that the ROSCA capital sum is not always seen by a member as a loan; early recipients are getting money due to them; it is their own right which they are taking, albeit early in the cycle. They may be grateful to their fellow members, or to an organizer, for letting them take their money early, but it is their own entitlement, which they will get anyway – sooner or later. This does not necessarily lessen the critical awareness that it is an amalgam of contributions from all their fellow-members. Indeed, this may distinguish money acquired through a ROSCA from loans from other credit institutions, and introduces a sense of equality and mutuality between members, which might be a, or even the, critical social consideration (as explained below).

We may note the language used by Chipeta and Mkandawire (1991:10) in describing the meaning of *chiryelano*, the term used in Malawi: '*Chiryelano* is co-operation in consumption . . . it is not entirely correct to apply the term "savings" to this practice. It is even more objectionable to add the terms "credit" and "rotating" . . . for although receiving creates an obligation to give, strictly speaking it is not lending and borrowing

that this practice entails.' The language sometimes used in the Mediterranean is also suggestive. As the item bought with the accumulated capital is passed to the recipient, it is referred to as a 'gift' (see Khatib-Chahidi for Cyprus, and Koufopoulou (1992) for Turkey) and as the participating members conduct their proceedings in members' homes they are called 'guests' (ibid). We are now in that complex moral field of gift exchange which has received so much attention from social anthropologists since Mauss (1921); the literature is extensive (for a recent contribution see, for example, Davis, 1992). Elsewhere we hear of members 'playing' or 'bidding' for – sometimes 'winning' – the fund, which itself might be known as the 'prize' (see, for example, Mayoux, Sethi and Besson); in his interesting analysis von Pischke (1991) uses the term 'unprized' for members awaiting their turn to receive. Thus the element of chance enters, with overtones of gambling, of participating in or playing a game – a leisure, rather than economic, activity. Pignede (1966:146–7) writes of 'money games' in the Parbat District of Nepal, 'where Gurung women and girls appear to be especially fond of them'. Here again we are far from the language of banks and government offices or aid agencies. Here, also, is excitement; here is successfulness. If to be beaten in the bidding might seem like failure, it is only temporary; for such members live to bid another day, and finally even those that wait will receive – and receive even higher 'prizes'!

### **Social Responsibility**

Fundamental to the strength of many ROSCAs is being seen as having moral and social dimensions. In communities where social solidarity is stressed and mutual aid obligations have a very high priority, any activity based on private advantage and on individual competition becomes problematic. Personal economic success not shared may be incompatible with family and community acceptability. Carsten (1990) shows that women in Langkwi, Malaya, in organizing ROSCAs (here *kut*), 'actually create a community of households, a female community, by linking houses together in a chain of . . . consumption' – centered on the *dapaur* the household cooking pot or consumption unit. Carsten notes that:

significantly, this consumption is shared between houses rather than involving one individual household. Houses or hearths are linked together in a chain of equal and shared consumption of the same articles. And in this way, there is an avoidance of an association between the house and the

accumulation of money, i.e. of values which somehow negate the house. In other words, just as in budgeting and individuating effects of money, this is also present in the way money is saved.

In such circumstances respondents in a ROSCA may stress its social aspects. Thus when we read that 'ROSCAs among women from the Horn of Africa are valued even more for their social support than for their financial benefits' (Almedom), we may ask whether this emphasis may not be used to mask the significance of their economic value and hide the fact that not all members gain equally, both features to which it would be inappropriate to draw attention.

That it is possible to claim (see Rowlands for Cameroon) that participation meets, or even demonstrates, a member's social responsibility, may be a key element in their success. The names of some associations illustrate this stress on social solidarity and responsibility. For example, in Ghana we find an association named 'Our Well-Being Depends on Others' (Bortei-Doku and Aryeetey); in Mamfe, Cameroon, one association operates under the title 'Let's Try and See' and another fourteen or so 'Modest Sisters' have been meeting monthly since 1983, contributing to a monthly lump sum equivalent (in 1991) to £2,800 (see Niger-Thomas). In Indonesia the 'Dedicated Women' subscribe to their ROSCA when they meet for religious study in the local Islamic university (Hospes); and we can note that Indian women conduct their ROSCA in association with their religious recitations (Sethi; cf. Hospes for Indonesia). The imagery in the names of these associations is important; it is not of the kind usually encountered in the formal banking sector.

In our preface to Low's survey (1995), Burman and I suggested that for some the 'social' element 'sugars the pill' of crude economic materialism; moreover it has practical functions. The money, time and energy spent on socializing, far from being 'wasteful' or 'uneconomic', may be an essential requirement for justifying membership and thus the financial viability of the ROSCA. Even in ROSCAs where the membership does not gather together, the essential idea that participation is a joint activity for communal advancement may still be relevant (see Niger-Thomas). There are situations, of course, where ROSCA participation is seen as a purely individual concern (for example in the commercially organized *chit* funds in the Indian subcontinent, as described by Sethi). And ROSCAs based on individual advancement can exist side by side with those with social or communal activities. It might be argued, however, that because the latter exist they may be

important in many situations for the general acceptability of the more individual type, and because of their customary low default rates set a standard that ensures the very survival of those with private objectives.

That the purely social element is highly valued by many who join ROSCAs is, of course, undeniable. This may, as some have suggested, be particularly important in urban situations where kin-networks are attenuated (see Burman and Lembete for South Africa, and Almedom for Ethiopians) and among immigrants (Summerfield on Somalis in London, Almedom on Ethiopians in Oxford, and Light on Koreans in Los Angeles), where they may act as substitutes for family ties. Burman and Lembete show how ROSCA members' assistance may take the place of marital support in one-parent families. Further, those who move to towns in their own countries, or emigrate abroad, live among strangers. They may be even less at ease and able to cope with bureaucratic structures (staffed with unfamiliar figures following complex rules) than they were at home. It is interesting to note, however, that in Turkey (see Khatib-Chahidi) ROSCAs, far from being necessary substitutes for family ties, were sometimes blamed for having actually weakened them, and that Summerfield believes that ROSCAs 'can facilitate' divorce initiated by Somali women in London. To sum up, in ROSCAs kin ties may be used, avoided (as in Ghana), replaced or break down.

The obligation on members of a ROSCA to meet to pay their contributions may provide justification, structure and discipline to their social gatherings. But because the social element is elaborated, and because its expense may even account for a significant part of the funds collected, we should not overlook the fact that socializing may have a cost-effective benefit. Members may receive considerable economic returns apart from ROSCA cash. From other members they may get valuable information on a wide range of topics, advice on many issues, or unpaid labour, and so forth. Rowlands describes how Bamileke businessmen in Cameroon, by establishing networks of trust built up by membership of ROSCAs, share news and arrange business deals on a large scale. Almedom describes how Ethiopian women in war-torn Addis Ababa exchange information at ROSCA gatherings. Light and Deng discuss the extraordinary success of Korean families in Los Angeles as a result of their ROSCA networking; while Burman and Lembete show how ROSCAs among the rising middle-class lighten the burdens of urban living in South Africa by enabling women to draw on each other's professional advice without pay. In all these situations friendship networks are a resource, because 'social collateral' is a prerequisite not only for successful entrepreneurs but often also for social

and economic survival.

It is important to realize that this may be as true for the very affluent as for the poor and middle classes, since the rich may have much to fear in a social or political environment where power and patronage can change hands suddenly, where families can rapidly slide down the social ladder, losing their status, privileges and economic advantages (even their civil liberties) as political regimes take new turns. For élites belonging to prestigious circles, including ROSCAs with exclusive memberships, there may be more than simple direct economic advantage in this form of capital accumulation. The indirect economic and political benefits of membership, of networking, may be very large. It is not surprising, therefore, to find that in some territories, such as Indonesia and Korea, the wives of élites are among those women most active in ROSCAs.

As the African material by Burman and Lembete and by Niger-Thomas illustrates here, the social element in the ROSCA permits displays of ever more elaborate social forms and graces, in which free rein is given to sartorial and other elegances. In Cyprus, too, domestic skills can be called on (see Khatib-Chahidi). Sometimes, as in some ROSCAs in South Africa and Turkey, the meetings are accompanied by lavish entertainment in luxury hotels, a casino, or (in at least one documented case) a military officers' club (Burman and Lembete, Khatib-Chahidi, and Koufopoulou (1992)). Such socializing among members or former members (see Sethi for India) reinforces or provides social identities and potential support networks.

## **Reputation**

Similarly an essential part of the social capital required by an entrepreneur or anyone depending on another's goodwill – and who doesn't? – is a reputation for reliability and trustworthiness. This is especially critical for anyone like the poor and women who may have few land rights or real estate – a situation often found in Africa and Asia. Regular participation in a ROSCA can enable those with few material assets to build a reputation. The importance of the latter to women in the Caribbean has been well documented by Besson, who uses her data to show below that women's participation not only enhances their own personal status but contributes to the common good by the building of a distinctive 'Caribbean counter-culture of reputation and indigenous development' linked to the colonial experience.

## **Disaggregation: Difficulties and Advantages**

In focusing a workshop and book on the activities of one section of the population, namely women, we did so because the detail and special relevance of their activities is often indistinguishable from men's in the general descriptions, though they may not be in reality. Indeed, many authors (see for example, Bortei-Doku and Aryeetey below) have difficulty when trying to disaggregate the available published material in order to detect whether or not women's participation even exists, let alone is peculiar to them in any way. For example, in the recent study by Besley and Levenson (1993) on Taiwan, age and income of head of household are determinants in the data, head of household being defined as the person with the highest income regardless of relationship or age; gender is not treated as significant. Yet as Light and Deng show, treating households as units may mask women's entrepreneurial inputs. The nominal role of Japanese men is noted by Miyanaga. On the other hand, where men finance a wife's contributions to a ROSCA, as reported by Niger-Thomas, their importance too may be obscured. Burman and Lembete have noted that secrecy regarding joint subscriptions to a ROSCA may adversely affect women in the event of a divorce (see below). Apart from any intrinsic interest, such questions are of particular importance for those devising development programmes for women. That aggregation also provides a confusing picture of men's behaviour is, of course, no less true, an inference which is an important lesson from women's studies generally. Ideally we should separate for examination not only data on men and women: it has also been argued that the category 'woman' (just like the category 'man') can usefully be unpacked further (see, eg. Ardener 1978). And certainly many have argued that 'the household' as a unit of study can obscure more than it reveals. As Guyer and Peters (1987:210) summed it up: 'the household is of variable structure; is both channel and outcome of broader social processes; and is the site of separable, often competing, interests, rights and responsibilities. It is as much a "segmented" unit as are labour markets, segmented by gender, age, clan, ethnicity and so on.'

And as Clare Madge shows in her study of allocation of responsibilities for different elements in household expenditure among the Jolas of Gambia, this can vary between households, over time, and according to changes in agriculture and other factors. Madge describes how these Muslim Jolas women contribute to their *kafo* groups (ROSCAs), which act as financial centres for the whole village. Her work reinforces our contention that particular studies on ROSCAs need not

only to disaggregate gender membership, but also to include clear contextual analysis – something all too rarely provided.

### **Other Points**

An important contribution of our exercise lies in revealing the need, and making suggestions, for further research. While we await more disaggregation, producing richer texts and more profound analyses, we can perhaps highlight a few more points revealed by the studies presented at the workshop and in this book. We can note, for example, that women have proved themselves very reliable debtors; indeed, as Bortei-Doku and Aryeetey have reported for Ghana, they may have a better record on default than Ghanaian men. Certainly the strictness of the Kenyan women noted above suggests that this may be so, and I believe the experience of the Grameen Bank in India supports this; it is a proposition that could well be tested in other areas. Anthropologists have long recognized the importance of debt relations, not only because where harshly applied they can lead to impoverishment, but because in many communities they possibly reinforce existing kin ties of mutual support and dependency, or produce new beneficial socio-economic networks. Nelson shows how Kenyan women make use of debtors as a resource when ROSCA payments are due. Personal debtors act almost as bankers for the creditors; we should not forget here that for most of us here banks are our debtors. But in Africa, for example, laying out money converts it into social capital, a key element in social survival and economic prosperity. Thus in his interesting analysis below Rowlands discusses how the behaviour of some successful Cameroon businessmen is geared to the widening (rather than narrowing) of debtor/creditor circles, in which ROSCAs play an important part; he links this activity to indigenous philosophical understandings where money has many of the same connotations as transmittable 'vital life substances', and he attributes the exclusion of women from ROSCA circles to these beliefs, also arguing that women's different sense of mutual assistance retards the development of their participation in large-scale ROSCAs. Carsten (1990:135) also sees that women's economic co-operation is 'very different from its male counterpart',

money is removed from the context in which it is earned by men, an individualistic and commercial one, and circulates through the activity of women in associations which have their basis in kinship and locality and

which involve the participants in economic exchange which is firmly based on the morality of kinship and community. Once again “individual male money” becomes “shared-female-kin-money”.

Although several authors in our book note that all-women ROSCAs tend to be smaller and have lower contributions, it remains to be seen whether this will always be the case as more women gain the experience and confidence to carry out larger-scale projects as some are already doing, and whether they will then still support ROSCA associations to the same extent.

The balance between consumption, consumer goods, and entrepreneurial investment in the use of the accumulated capital of ROSCAs certainly requires more detailed work. That women, as might be expected, use their ROSCA accumulations for food for their families is attested by Almedom and Mayoux. That they use it to buy necessary household equipment (see e.g. Niger-Thomas on ‘kitchen ROSCAs’, et al.) or clothes (see, for example, Sethi) is also unsurprising. Indeed we should note that such household expenditure is seen by Kenyan women as very important, being a prerequisite to ‘uplifting women’s economic status’ since ‘women who do not have these basic items are shy, even to come out and meet with other women, or to allow visitors to their homes’ (Wainaina, 1990:29); without them they cannot play a full part in public affairs or the economy. The importance of ROSCAs in meeting South African women’s aspirations to upward social mobility is well brought out by Burman and Lembete. But the proportion of their ROSCA capital accumulations which women spend on housebuilding and entrepreneurial activity (as demonstrated by Wainaina and Nelson for Kenya, by Bortei-Doku for Ghana market women, by Niger-Thomas for Cameroon middle-class women, by Burman and Lembete for South African women, by Mayoux for poor silk-spinners in India, by Besson for Caribbean importers and by Hamalian for Armenian women money-lenders and wholesalers in the Lebanon), has received less prominence than their expenditure on perishable and durable consumer goods. We are fortunate to have in our book Nelson’s detailed longitudinal study (all too much of a rarity) of a group of women beer-brewers in a depressed area of Nairobi, who by forming a successful ROSCA acquired the initial capital, organizational skills and confidence to deal with formal authorities, and thereby to acquire land, loans and ultimately substantial property assets. The broader study by Wainaina (1990) usefully complements Nelson’s in-depth work here. Further uses of ROSCA money are reported by Summerfield, Besson and Srinivasan,

who describe how women in immigrant communities meet the air fares of family members, visitors, immigrants, and refugees to the United Kingdom, while Summerfield briefly mentions that ROSCA accumulations handled by women were devoted to the costs of the Somali civil war.

Just as Rowlands has linked the particular success of Bamileke businessmen in Cameroon to their devotion to ROSCAs, so Light and Deng have argued that the notable success of Korean clothing manufacturers in California has been aided by their use of ROSCA membership. Hospes, too, describes the accumulation of capital in Indonesian ROSCAs by all sections of the population – from, for example, police officers to traders to relatively impoverished housewives – where membership of ROSCAs may be single-sex or mixed. Most Bamileke ROSCAs, however, are single-sex, perhaps reflecting the almost independent (at times almost parallel) lives led by many married couples in Cameroon. In contrast, among the Koreans in Los Angeles described by Light and Deng, women play a large part in family-based ROSCA activity. Traditionally, and today, Korean women manage the household accounts; in California this is often extended to business finances. The evidence collected by Light and Deng indicates that Koreans in California became more involved in manufacturing clothes than they had been in Korea, and made more use of ROSCAs than they did in Korea.

### **Empowering Women**

Irene Tinker and others have noted that income, including credit, does not necessarily empower women if the power relationships within the household and in society do not permit this and stay unchanged, but despite this caveat Tinker (p.46) feels that in the long run ‘credit programmes that encourage women’s empowerment, and provide support against those who would object to this shift in power, are essential if women’s conditions are to improve’. ROSCAs are one way that women seek to empower themselves by mutual support.

One of the merits of ROSCAs for some women is that they (collectively or individually) can be the decision-makers when spending the capital they thereby accumulate. Collective choice occurs where the initial compact between members requires that the capital sum be spent on particular items (this is widespread; for example, see Niger-Thomas on ‘kitchen *njangis*’) when the recipient might be accompanied to the

market to effect the purchase, or the ROSCAs in Cyprus where one member purchases in advance the gold coin or bangle for the next recipient. Burman and Lembete give a number of examples for South Africa, in one of which members pressed recipients to bank most of their lump sums. In Kenya the recipient of the lump sum may have to report on her expenditure to other members and have it recorded (Wainaina, 1990). The interest shown by women members of some ROSCAs in the purposes to which each puts her savings exemplifies the notion that the association should be of mutual benefit; since each member has contributed to each lump sum, all have an interest in seeing that it is wisely and appropriately spent. Males are often kept out of women's ROSCAs; some do not find them a comfortable environment. Nelson gives details of Kenyan women's vigorous rejection of male attempts to enter the entrepreneurial circle which developed out of their ROSCA activities, fearing they would lose control and even be bankrupted by them.

### **Secrecy**

Women's control over ROSCA accumulations may be preserved by elaborate ruses which prevent a husband from knowing when his wife receives her money, lest she be subject to unwelcome persuasion or pressure to meet his needs (Niger-Thomas, for Mamfe, Cameroon). And women may sometimes feel that it is more appropriate to save through a ROSCA for expenditure they do not wish to meet directly from housekeeping money given by their husbands – for example on helping their own mothers (Wainaina, 1990). As Hamalian records in rich detail, Armenian women in the Lebanon keep their affiliations to *shirkets* carefully selective and strictly secret. Indeed, *shirkets* can almost be seen as a network of secret societies of immense financial importance to the economy, with an organizer exercising power rather like that attributed to the secret gnomes of Zürich! In contrast to their public standing, among members of these secretive ROSCAs the leading women may be known, rather engagingly, by such terms as 'Happy Lady', referring to their duties as hostesses, joke-tellers even, when entertaining the members (Hamalian 1974) – once again, the public stress being laid on sociability rather than on their indubitable economic effectiveness.

A reluctance to talk about ROSCA membership can also arise where they are viewed by respondents as 'old fashioned', 'primitive', or unimportant (see Miyanaga for Japan) and people of West-Indian

background in the UK have been known to speak rather disparagingly of them; indeed, the West-Indian born kitchen staff at Queen Elizabeth House (one of whom is a member of a 'partners'), were divided on the issue. At our workshop the Oxfam representative, Sarah Massengo, in her interesting presentation on mutual aid associations in Tanzania, initially omitted to mention that the five members of her own Oxfam office formed a regularly renewing ROSCA circle: this seemed to her unremarkable. The Koreans of California contacted by Light and Deng were at first reluctant to talk about ROSCAs (despite their crucial economic importance for them) because, as well as feeling they might be regarded as old-fashioned, they thought (erroneously) that they were illegal. Indeed, ROSCA money is sometimes referred to as 'black money' (see Light and Deng). Part of the Koreans' worry was that (as is probably the case generally) members may not report as profits the 'interest' or 'bonuses' (the excess of their capital take-outs over payment in) when declaring their income for tax purposes.

There may be a further worry, as is true in California, that the 'interest' charged in ROSCAs exceeds the legal limit. Where registration is technically required, there may have been no compliance, and secrecy is therefore preferred; it is notable that sometimes where ROSCAs are organized by government officials, or registration is enforced, the number of recognized women organizers has fallen (Mayoux for India, and Hospes for Indonesia). By and large, individual ROSCA activities are not considered to be a matter for the state to know about – unless there is default by a member or organizer (which may be covered by normal debt or bankruptcy legislation), or in cases of probate claims (as I was told occasionally happens in Oxford in the case of deaths of the older generation of those born in the West Indies). As Sethi notes, special legislation does exist in India; more detailed study of the legislation pertaining to ROSCAs is certainly desirable.

### **Embeddedness**

I welcome the recent mathematical testing of the 'real' economic benefits of ROSCAs in accumulating capital, as against other methods of saving, and of the various methods of deciding priorities of distribution of the sums collected. There are, however, some social scientists who might consider that searching for statistically acceptable 'hard facts' by use of mathematical modelling often adds comparatively little to our understanding of the social significance of ROSCAs in

relation to the complexity of some of the methodology employed. Indeed, I suspect that if they knew of it they might look quizzically at some of the recent work on ROSCAs by the economists from Princeton, Pennsylvania, Boston and Harvard (including Besley, Loury, Coates and Levenson) and Light's detailed analysis below of material collected by mail shots. Nevertheless, such work introduces intriguing new analyses.

A sceptical case *was* put by Chapman (1992a and b), a social anthropologist now in business studies at Bradford. At a business-studies conference he argued that in the last thirty years social anthropology has reacted against methodologies formerly held: 'not (only) for fashionable reasons, but because positivist, behaviourist, "scientific", ambitions started to seem logically incoherent and obstructive'; anthropologists have preferred semantic analyses. In discussing single-strand analyses, and the problem of separately analysing categories like 'politics', 'religion', 'kinship' – and by inference economics – Chapman points out that Evans-Pritchard, in his classic study of the Nuer, showed that:

the structure was the political system – politics and kinship were indissociable; the economy was organized through this tribal and lineage structure, and production derived from, and served the ends of, this structure – economy, politics and kinship were indivisible; and the religion was so tightly bound into all of these features – into the integrity of lineage, the bonds of kinship, the rituals of diplomacy, the orchestration of consumption patterns – that the attempt to study 'Nuer religion' involved a rehearsal of the entire social and intellectual structure of Nuer life; and there was no 'law' that was not a refraction of the power and imagery of the systems already described . . . [Thus] our own division of fields of study and areas of life – politics, economics, law and religion – was of only very limited use in the organisation and presentation of results; any attempt to force it on the analysis, could only have impoverished or distorted the picture of the Nuer that emerged. An immediate response to this might be to argue that . . . a developed society, with its division of labour, naturally differentiated the domains – politics, economics, law, culture and religion – which in primitive societies were muddled up. This will not do, however. (Chapman 1992a:12)

These observations will seem (as Chapman agrees) commonplace to social anthropologists and many others, including economists. They are set out here as a reminder that when discussing ROSCAs any attempt to understand their vigour and survival (or weakness and demise) by splitting their aspects into discrete economic, social, ethnic, religious, or gender terms, and omitting the 'imagery of the systems', is doomed

to let reality escape. The social and economic benefits commingle; finally they are inseparable. The economic underpins the social, while simultaneously the social supports the economic. The economic *is* the social and the social *is* economic. Further, as many of the papers in our book show, prescriptive kinship or communal obligations, attitudes to the person, and ideas about concepts such as 'progress', 'responsibility' and the like, lie at the very heart of ROSCA operations (see Miyanaga for Japan). Cosmological perceptions are likewise embedded in ROSCAs, as is demonstrated by Rowlands in his discussion of ROSCAs in Cameroon.

Chapman discusses the theme of 'honour and shame', and considers 'patronage', and how in the Mediterranean/North African zone these interact with priorities regarding 'probity' and 'corruption', all the subject of much in-depth research by anthropologists. He notes how notions about such matters in the Mediterranean zone differ widely from those found in, say, northern Europe (Chapman 1992b:9–10). Indeed, perceptions of these kinds vary from area to area, and have a crucial bearing on the success or failure of ROSCAs, in contrast to other formal loan schemes, where priority to repay money received is often determined by different moral judgements. Rowlands says of these: 'for most Cameroonians, there is no assumption that money borrowed must be repaid'; no bankruptcy proceedings are taken in Cameroon. Foreclosing a debt is to be avoided. Moreover, Rowlands speaks of Cameroonians 'converting debt into a social resource'. Thus we often find that the obligation to pay ROSCA dues is seen as understandably or justly eclipsing all other demands, as a moral, or traditional, or perhaps even religious duty not applicable to other debt payments. We have rightly been warned about being 'romantic' where ROSCAs are concerned. Nevertheless, it is clear that the rewards of ROSCA membership are simultaneously material and immaterial – perhaps that is their strength. Recent interest in ROSCAs by indigenous users who see them as non-western, authentically traditional, even 'ethnic', and providing a go-it-alone solution to the desperate problem of international economics and unremitting debt, may strengthen their future.

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