

# The Politics of Resistance: Informal banks in the Caribbean

Dr. Caroline Shenaz Hossein,  
Assistant Professor of Business and Society  
York University (Toronto)

Email. [chossein@yorku.ca](mailto:chossein@yorku.ca)

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## Abstract

Caribbean women managing informal banks (known as “banker ladies”) are as relevant as they were in slave times because they are creating financial alternatives for marginalized people. I explore this issue with an empirical study of 398 business people in the slums of Jamaica and Guyana. I use intersectionality theorizing to explain that poor women organize local banks as a form of contestation against the threat of violence, partisan and informal politics. Women from poor communities mobilize economic resources through mutual aid to resist dependence on corrupt political systems and exclusionary financial institutions. I argue that the banker ladies reorganize money markets for themselves and others. By organizing inclusive financial programs the banker ladies also build social capital through managing locally-based economic resources.

**Key words:** microfinance, exclusion, informal banks, gender, inequality, social justice

## Introduction

The profits from slavery and extraction of goods financed the industrial revolution (Williams 2004) leading to an inhumane form of commerce, where business dominates the moral economy. It may appear that market fundamentalism has seemingly made the social life subservient to corporations (Sandbrook 2003, 2). However, this is not the case when one looks closely at people organizing from below. Karl Polanyi’s (1944) double movement is very much alive in the world when we find stories of people organizing themselves to bring back the social life. Women in the slums mobilize local economic resources through mutual aid to resist dependence on corrupt politicians and corporations. These women reorganize money markets in their communities, and they do not wait idly for rescue from local elites, rather they have organized financial systems for themselves and others. In *Portfolios of the Poor*, Collins, Murdoch, Rutherford and Ruthven (2009, 26), trace 250 financial diaries of hundreds of poor people in the developing world, and they posit that informal banks are an important financial device for the poor entrepreneurs who cannot access sufficient levels of financing.

Informal banks, usually run by women, are well-documented (Rutherford 2000; Collins et al. 2009; Ardener and Burman 1996). Yet few scholars, if any, have studied the role of “banker ladies” (women who organize community-based banks) and their politics. While scholars recognize the importance of informal banks for meeting cash flow needs, they do not analyze the deeply embedded forms of political action women undertake when they create alternative financial systems. In fact, the work of the banker ladies benefits the community as a whole. In *Money-Go-Rounds*, Shirley Ardener and Susan Burman (1996) show that women rely on informal banks mainly for support networks.

I argue in this paper that women have a strong desire to improve one’s living conditions and they will organize business activities in a way that they do not undermine their social lives. In their action to reclaim local economic resources and meet the social needs of poor entrepreneurs excluded from conventional banks, banker ladies insert a program of social connectedness and social justice to agitate against profit-driven forms of business practice in the Caribbean. My empirical study of 398 people in Jamaica and Guyana describes women’s creation of, and participation in, informal banks. I describe women’s politics of banking, and examine informal banks and the “banker ladies” who run them as a

counter-movement to mainstream commercial banks. They are a counter-movement because they these groups are localized, community-driven and share financial resources amongst each other in an equitable manner in contrast to conventional financial systems.

Commercial banks have long excluded poor women from financial programs. Now the microfinance lenders, charged with reaching the poor, are also alienating a segment of the urban poor who do not meet their rigid requirements (Hossein 2012). These microfinance programs are not trusted by the very target group they are designed for, and at times perceived by the people to be politically motivated (ibid). It seems logical that some entrepreneurs would turn to informal banks created locally to avoid being manipulated by outside managers and politicians who target them. Despite the odds against them, banker ladies persevere under difficult conditions to incorporate systems from their ancestors to make banks inclusive. Poor women through informal banks reach the economic and social needs of the marginalized and are creating spaces for social justice when they present an alternative economy for Black communities.

In 2013, the World Bank's partner agency, Consultative Group to Assist the Poor(est) has launched its updated version, *The New Microfinance Handbook*, where advocates and practitioners alike can learn about 101 microfinance and inclusive financing. With such guides and books, the fact is that local economic development programs fail to reach micro/small entrepreneurs in the slums. These programs are not trusted by the very people they are designed for, because they are perceived to be politically motivated.

## Informal banks are grounded in self-help ideas

We have seen a growth of scholarship detailing how female entrepreneurs take it upon themselves to organize community banks to ensure people have access to non-politicized funds. For example Stuart Rutherford (2000) in his class text, *The Poor and their Money* found that poor people deemed "unbankable" will fulfill the gap of commercial banks by creating and participating in locally-based financial programs that collect deposits and on-lends money to each other. Throughout the global South citizens viewed as 'unbankable' now have a place where they are listened to and can partake in financial transactions as needed. These informal community banks are grounded in self-help ideas that are grass-root and outside of the control of local elites (Ardener and Burman 1996). Informal banks are unregistered institutions, and based on people-to-people agreements. Throughout the scholarship we see that while this informal aspect of these banks can lead to misunderstandings (Collins et al 2009; Rutherford 2000), there are many people who prefer to deal with these informal lending organizations.

After several years of field work, I found that the personal risk to banker ladies is non-existent in these two countries unless they were to abscond with the funds (Hossein 2012). Local people respect and value the community engagement in these banks and work to protect them. Moreover, the rate of default is also negligible in these personal arrangements because the possibility of ostracism is so real that people would never default on their payments (Field work in Jamaica 2009; Handa and Kirton 1999; Ardener and Burman 1996). In fact, participants have admitted they would rather default on a bank loan than in an informal bank. One main reason being, that members trust and respect the people managing these banks as well as the other members in the bank.

Informal banks mobilizes people especially ones excluded from formal economic programs. Social capital can also exclude people if they do not know *the right kinds of persons*. Microfinance programs, highly structured financial programs for the poor, rely too much on external managers (those not from the community) to organize the activity, and demand people to conform to their ideas of good forms of social capital. For example, when potential borrowers are unable to secure a reference letter from a certain type

of dignity, they are discredited as risky because their social network is localized. Bridge, Murtagh and O'Neil (2009, 8) posit that organizations with a people focus builds the collective spirit. Informal banks benefit the poor business person because the banker ladies are building social capital and action within the community to finance activities based on local knowledge and the collective.

Informal banks are grounded in the social life and business, and it is meshed with human compassion and values. The social economy literature has demonstrated that organizations such as self-help groups and informal banks rooted in civil society are reaching people's needs when states and the private sector fail to do so. When the private and public sectors are limited in their capacity to reach an entrepreneur's needs, it appears that informal banks can fill the gap. Haynes and Nembhard (1999) find that cooperatives in the inner-cities of the US can provide alternative livelihood options for poor African-Americans. Through collectivity they argue that Black Americans can move towards sustainable economic self-reliance as well as politicizing community activism. Yet, the social economy literature does not capture the ways Black people are organizing alternative financial services to contest partisan politics in formal financial institutions and programs. Banker ladies draw on African traditions of collectivity and they are building a just and equitable economy.

## Collective grass-root banks: An international phenomenon

Informal banks are well known globally as Rotating Savings and Credit Associations (ROSCAs) which are systems that provide quick access to savings and credit systems for people, mostly women, who are excluded from formal micro banking channels (Rutherford 2000; Rogaly 1996; Geertz 1962). In many parts of the world, informal community micro banks are operating, including in rich countries like the US and Canada with large diaspora populations. Ardener and Burman (1996) show that informal institutions are not only entrenched in the Third World but have moved to cities of developed countries when people migrate. Informal banks are a massive global phenomenon with hundreds of millions of people engaged in them. Rutherford's *The Poor and Their Money* found that ROSCAs are in high demand among the poor because they function efficiently, offering both low defaults and low transaction costs and require less formalities. The informality of informal banks is what make them distinctive in their own right, and attractive to people. The practical aspect of making money accessible in the community for a low cost has resonated with entrepreneurs around the world.

Poor people pooling money is one of the most studied phenomena which has political implications particularly in highly diverse cultural settings as in the Caribbean. The informal banks in the Caribbean are a valued African tradition, rooted in the local saving systems *susús* (term known in English-speaking Caribbean) and *tontines* (term used in French-speaking countries) brought by slaves to the Americas (Wong 1996; Witter 1989; Mintz 1955). Guyanese scholar, Maurice St. Pierre (1999) explains that informal banks were in existence in Guyana, when African slaves rotated funds among each other, as they did in the *susu*, or box hand groups. Faye V. Harrison's work (1988) showed that since slave times Jamaican higglers have long struggled to make a livelihood in precarious economic and political environments and used Partner to meet their financial needs. During slavery and colonization in the new lands, African slaves Haiti had rotational credit groups in their markets (Heinel and Heinel 2005; St. Pierre 1999). Under colonialism, British banks in Jamaica and Guyana did not lend to the local people so women turned to their own local savings systems handed down to them by the generations before them. Even after emancipation, indentured servants from India also relied on their indigenous systems of sharing resources. In a documentary, *Poto Mitan: Haitian Women, Pillars of a Global Economy* (2009), shows Haitian women in Cité Soleil (large urban slum in Port-au-Prince) borrowing on the African traditions of Sol (informal banks) to manage their businesses.

Social inequality in the Caribbean explains why informal banks are vital to the region. Stigma against Black business persons in the slums has mobilized Black entrepreneurs as a group. *Hustlas* and *higglers* (also considered small entrepreneurs) in the downtown slums of Kingston, Jamaica have developed a strong social consciousness that sets them apart from outsiders or people who are not from the area (Gray 2004). The banker ladies are fully aware of this distinct identity, they know the context, and are able to organize people in such a way that benefits the collective group. Banker ladies are well-respected because of the fact that they manage their own business affairs and do not rely on hand-outs. Anirudh Krishna (2002) argues that high levels of community mobilization in India can be turned into active capital to resist oppressive forms of social capital embedded in a culture with forms that are locally nurtured. Informal banks in the Caribbean demonstrate that people participate in these community banks and opt out of formalized pro-poor financial programs as a way to resist unfair economic systems.

## Methods

The findings are based on several qualitative methods where I interviewed individually and held focus groups with 398 borrowers and stakeholders<sup>1</sup> in two countries of which almost all are of African descent. See Table 1 below. The multi-methods I used included: (1) secondary materials, including the following local newspapers: Jamaica's national papers, *The Gleaner* and the *Jamaican Observer*, and Guyana's private newspapers, *Kaieteur News* and *Stabroek News*; (2) interviews, both semi-structured and in-depth, of lenders, borrowers, and other actors; (3) focus groups; (4) surveys; (5) textual analysis of reports and internal documents; and (6) political ethnography and participant observation of life settings, film, and photography.

Table 1 Sample size of 398 people in Jamaica and Guyana

	Jamaica	Guyana	International	Total	% of Sample
Female entrepreneurs	146	19	0	165	41
Total entrepreneurs	233	29	0	262	66
Female Stakeholders	45	16	4	65	16
Total Stakeholders	74	50	12	136	34
<b>Female Perspectives in Study</b>	<b>191</b>	<b>35</b>	<b>4</b>	<b>230</b>	<b>58</b>
<b>Total Sample</b>	<b>307</b>	<b>79</b>	<b>12</b>	<b>398</b>	

Source: Author's interviews and focus groups, from May 2007 to October 2011.

Having access to certain Caribbean slums can be political because of the power play of local politicians, and efforts to meet with independent segments of the community like the entrepreneurs and banker ladies are especially of great concern to politicians and gangsters (because they cannot control these residents with hand-outs. I carried out extensive interviews in the south-west slums in Kingston, Jamaica, called downtown (south of Cross Roads), and divided by political parties. Most of my interviews in

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<sup>1</sup> Some stakeholders would include civil society experts, community activists, policy experts, and academics.

Georgetown, Guyana were held in November 2008 and spring of 2010 and I carried out interviews with entrepreneurs in the slum of Albouystown, which is ethnically diverse, and has a large Afro-Guyanese population. Every effort was made to ensure data triangulation—collecting information from a diverse range of individuals with informed consent. This format allowed me to understand people’s lived experience.

Intersectionality theorizing first coined by Kimberle Crenshaw (1991) and this critical theory enables one to deconstruct essentialist ideas that negate the experience of Black people, and helps to create a new way of understanding underdevelopment (Ulysse 2007; Oyewùmí 1997; Terborg-Penn 1995; Ogunipe 1994). It is the theory of intersectionality (race, class and gender) that I have used to analyze how Black women bankers organize informal banks. In understanding the marginalization of Black citizens in the slums, this theorizing helps to explain why poor women are compelled to lead and join informal banks. As I examine banker ladies, of African descent, using intersectionality is useful in terms of tracing African banking systems that these women have inherited from their ancestors.

## Politics and the Caribbean context

It is the deliberate social exclusion of people in the Caribbean slums that drives the urban poor’s determination to organize informal banks. This is what makes the organization of banks simply to more than a system to meet basic needs. Men and women excluded from financial services are protesting the politicized financial systems in place and presenting an alternative system, one that is not recognized by the government. Quite understandably, the social tensions that exist in the society diminish a micro/small business person’s desire to take loans from biased micro-lenders—loans that would increase ties to political elites or informal leaders. Informal banks help people to access monies from trusted sources and restore their personal dignity. James Scott (1977) argued that resistance from below is not new and peasants seek out ways to make life livable under clientelist systems. Much of what banker ladies do today are rooted in slave times when Africans used earnings from market days to pool money amongst themselves (Ulysse 2007; Katzin 1959). Similarly, one can effectively argue that these informal banks, in today’s Caribbean, continue the quiet forms of protest to the exclusionary economic environment of the slums. Jamaican political scientist Obika Gray (2004; 2003), points to widespread urban resistance and “social power” among the urban poor, including among very small businesses. In each of the two countries, the entrepreneurs in these slums turn to local financial devices as a way to harness their own power and to resist the partisan, class or racial politics dominating their lives.

Multiple and different microfinance retailers can offer a host of finance options to poor entrepreneurs in the slums. In practice, however, most businesspeople in the urban slums of the Caribbean, and in this study have never stepped foot in a formal bank (Besson 1996, 269; Harrison 1988, 113). For example, Miss Paddy, a cook shop owner, who serves fried chicken, rice and peas, has never held a bank account at a commercial bank or credit union. Miss Paddy, who requires a bank account, is one of thousands of Jamaicans *hustlas* (micro-entrepreneurs), living in tenement yards in downtown Kingston, who do not have birth certificates or tax revenue numbers. No banks or microfinance institutions make it easy for the urban poor to hold a basic savings account. That is why people like Miss Paddy turn to the banker lady in her community to conduct banking. Miss Paddy’s story resembles that of many of the 307 businesspeople included in this study, who prefer informal banks to formal banks, including microfinance programs because they are excluded from the formal system. More than access, informal banking connects people in a casual and familiar way. Entrepreneurs like Miss Paddy do not want *Big Men* ruling their lives (Interview, Miss Paddy, 27 March 2009). She chooses to participate in community banks as a way to avoid partisan politics that are obvious in externally managed structured lending programs for the urban poor (ibid).

Informal banks strive to create useful forms of social capital where people are a part of the process to decide how things occur. Social capital in slums is often written-off as non-existent or limited because of the clientelist politics. However, in this study, both cases demonstrate that the urban poor, mostly women who feel rejected by society's educated and economic elites are pushing forward a new way for financial independence (Haynes and Nembhard 1999). Women of little educational training are mobilizing groups of people to pool their money to permit others to achieve their projects and to have options to steer clear of political patronage. Banker ladies have amassed social capital in a positive way to increase assets of the local community and to reduce compliance on informal and political actors. To some critics informal banks are discredited as an underdeveloped form of cooperatives. Others argue that these banks are "middle-rung institutions" that will disappear once formal banks are accessible (Geertz 1962). However, the edited collection of Ardener and Burman (1996) find that Geertz's theory that informal banks inevitably become redundant to be untrue. Around the world we have seen that even in saturated banking markets, informal banks are prevalent (Collins et al 2009). In fact, it is the informality of these banks that make them distinctive and popular. Ardener and Burman (1996) also make a compelling point that the women who create informal banks do so because these banks are more than simply economic programs, rather they reach people's personal goals for social interaction.

I ground the various informal banking systems in their context. I show that Jamaican *hustlas* rely on informal banks (called Partner banks) not only to access credit but because they enable people to avoid being co-opted by politicians and gang leaders when they can access capital elsewhere. In Kingston, Jamaica where lenders for the poor exist, informal banks are hugely popular. Handa and Kirton (1996) argue that Jamaican women are able to do business on their own terms. Informal banks permit entrepreneurs, who value their independence, to become interact with one another and to engage in politics on their own terms, and not in ways required of them in structured banking programs for the poor.

In Guyana Afro-Guyanese *hucksters* (vendors) participate in "Box hand" (an informal bank) they do so to restore the personal pride when a racist narrative in the society looks down on Blacks. Afro-Guyanese as a group are consistently overlooked for goods and services including banking services. Informal banks benefit the marginalized because the banker ladies are building social capital and action within the community to finance activities based on local knowledge and the collective. Moreover banking ladies experiences with default is often minimal compared to other forms of banking (Field work in Jamaica 2009; Handa and Kirton 1999; Ardener and Burman 1996) and this allows the system to thrive. Indeed throughout the fieldsites participants would rather default on a bank loan than in an informal bank, often because of the trust and respect given to the banking ladies.

In the next section, I ground the various informal banking systems in their political context. I show that Jamaican *hustlas* rely on informal banks called "Partner" not only to access credit but it enables people to avoid being co-opted by politicians and gang leaders when they can access capital elsewhere. Next, I show that when Afro-Guyanese *hucksters* (vendors) participate in "Box hand" (an informal bank) they do so to restore the personal pride when a racist narrative in the society looks down on Blacks. Afro-Guyanese as a group are consistently overlooked for goods and services including banking services. The findings show that in both cases Black people, especially females, turn to ancestral savings and lending plans as a way to cope emotionally when society's banking systems reject them. Informal banks because they are outside of the purview of the state and business elites, allows ordinary people the right to assert their own ideas and independence.

## Jamaican partner banks fight 'Big man' politics

Jamaican Partner (also referred to as "Partna") is a collective activity where poor people, particularly women, pool money. This activity is organized by women, "banker ladies," who at times find themselves unable to access financial services and create their own local bank.<sup>2</sup> The exact number of people who participate in Partner is unknown; yet it is a phenomenon that takes place in many communities throughout Jamaica, and cuts across class and regions within Afro-Jamaican society. Partner is very much part of the country's African heritage. Years of biased financial systems, local women have emerged as trusted leaders reverting to a cultural practice of organizing money systems and offering a way for people who do not go to formal banks a way to save safely. These banker ladies reach possibly one million people through Partner banks. Yet, the implications of these informal banks are seldom analyzed (Handa and Kirton 1999; Katzin 1959).

To understand why Partner banks are so relevant in Jamaican society helps to situate the cultural context. Politics in Kingston, Jamaica's main urban center, is marred at election time by violence and whitened political elites, usually ones who have power, make promises of money, lodgings, and jobs to very poor (dark-skinned) political activists who, if they fail to deliver the vote for their candidate, will lose the political hand-outs. Academics have written extensively on this entrenched mechanism wherein elites use uneducated Black masses in the ghettos to carry out heinous crimes to assure votes and political victory (Sives 2010; Tafari-Ama 2006). Poverty, endemic in the urban areas of Kingston, has enabled political elites to misuse resources to secure votes for their party, and this trend continues into present-day politics (Henry-Lee 2005, 84). Years of whitened politicians using residents in the slums to carry out their dirty work has led residents in the slums to distrust the whitened political and business elites.

While political elites continue to control the slums, relatively new actors called "Dons" (also known as gangsters) emerged in the 1980s. Dons are informal leaders in the community who run lucrative illegal activities (e.g., drugs and weapons trafficking) and provide security and welfare services for slum residents in exchange for complete control of the community. The rise of don power came about in the 1980s, when structural adjustment programs and reforms limited politicians from disbursing benefits to followers. Dons at this time became important actors in the provision of welfare. With the rise of the narcotics trade in the Caribbean since the 1980s, Jamaicans are very aware of their politicians' alliances with Dons. The local connotation "Big Man" refers to either a politician or these informal leaders. Indeed, the collusion between politicians and Dons is a common theme in popular film, theatre, music, and media.<sup>3</sup> The practices of political gifts, kickbacks, and handouts from the politicians or Dons are thus deeply entrenched in downtown Kingston (Keith and Keith 1992, 160).

Political slums in Kingston are defined by an area's affiliation to one of the two political parties: People National Party (PNP) or Jamaica Labour Party (JLP). These slums, also called "garrisons," take on a "political tribe" persona: residents are either "PNP" or "JLP" depending on which political party controls the area. An entire community votes one particular way and there is no tolerance for opposition. Some garrison communities have an established structure, referred to as "one order," in which the Don controls all of the community's affairs (Rapley 2006, 95-97). In this context, some could argue that social capital is limited or is a negative form. Once we examine the slums closely it is evident that banker ladies embedded in this politicized environment are bringing in positive forms of social capital. Banker ladies understand this environment and create financial program that meet the needs to personal needs of people living under informal politics.

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<sup>2</sup> Middle class Jamaicans are also known to throw partner in their offices or with friends.

<sup>3</sup> Perry Henzell and Trevor Rhone's *The Harder They Come* (1973) show the ties between criminals from the ghettos and political and business elites.

The fact that people's lives downtown are entangled in informal politics is not new. But when informal politics emerges in banks and other formal financial programs for the urban poor, this negatively complicates their lives. Dons, tied to the political elites by guaranteeing votes in exchange for government contracts, must ensure that residents vote for the correct party (Sives 2010). In the 1980s, structural adjustment programs (SAPs) imposed by the International Monetary Fund (IMF) scaled back welfare functions, leaving informal leaders to fill the gaps and provide basic welfare services and policing in certain ghettos (as well as the banker ladies). Because of increasing profits from the extortion of business elites and from the drug and weapons trade, Dons now often have more financial resources and power than elected leaders. And the people who live in these slums are aware of this shift in power from political elites to Dons. In this context, it is understandable why banker ladies are viewed as a safe place of refuge for social action against taking monies from Big Men.

## Partner banks reach excluded people

Poor people create informal banks to meet their cash flow needs; but in the Jamaica case, when they take hold of each other's wealth and rotate these funds among themselves, they are also resisting political efforts (Gray 2003, 15). In my study, 41% (96) of the Jamaican entrepreneurs interviewed self-exclude or opt out of formal loan programs that they view as political. Certain microfinance programs are perceived by micro-entrepreneurs as engaging in attempts to exercise political control over borrowers—that is, taking the loan involves a commitment to actively support a particular political party. Jamaicans, refusing to become involved in politics through business loans, exercise *political resistance* by participating in informal community-owned banks. These community banks therefore become centers of resistance. Jamaican business people gravitate towards Partner banks to avoid supporting the established political parties, which attempt to co-opt and control them through conventional microfinance programs. The data in this case show that business people in the slums avoid manipulation by microfinance managers, politicians, and Dons and many of these business persons exclude themselves if they perceive that these loans are linked to partisan politics. Scott (1977; 1972) suggests that compliance within a patron-client relationship depends on how important the patron's services are to the client. I see this as a form of political resistance because these business people, with the full knowledge that a loan can leverage a higher return, make a conscious decision to deliberately opt out of microfinance programs to avoid being what they refer to as “binded by a Big Man politics” that is, controlled by politicians or gangsters. Banker ladies demonstrate leadership when they organize community resources and build trust that opposes partisanship in all aspects of their lives.

Micro-business persons interviewed stated that “Partna is fi wi, and bank is fi di big man uptown”—that is, the Partner bank is for the poor (us) and formal banks are for the rich. “Yuh don't have to be rich or educated to throw partna.” Partner is a locally-owned, home-grown institution for the *small man*. Hustlas repeatedly made comments in support of partner something that was completely missing in microfinance. Hustlas would say: over and over again: “Mi luv mi partna.” Millie—an elderly lady slum-dweller who owns a cook shop that serves soup and chicken—has never held a bank account at a commercial bank or credit union. She is one of the thousands of Jamaicans living in tenement yards downtown who do not have the birth certificate required to open a bank account. People like Miss Millie turn to the local “banker lady” where unbankable business people like Millie can get a loan.<sup>4</sup> Banker ladies go against the rules of formal finance and in this defiance create systems to reach those defined as “unbankable” or unworthy of accessing credit. For Miss Millie, Partner banks are people's finance.

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<sup>4</sup> Banka ladies are also referred to as “champions” (Frontier Finance International, 1999)

## The mechanics of partner banks for a million people

Women bankers, not trained as bankers per se, are organizing financial programs, and creating alternative financing devices throughout Jamaica. Partner banks are made up of a group of people who know each other (who are often related) pool their money. Several variants of the Partner bank exist, and although all are saving plans, many are also lending plans as well. Historically, women have run partner banks (Klak and Hey 1992), because they tend to have lower-paying jobs and (some) experience greater difficulty in accessing credit relative to men (Handa and Kirton 1999). Business people downtown seldom have access to large sums of money, nor do they have easy access to credit cards or lines of credit when they require expensive items, such as a refrigerator, sewing machine, or deep freezer. If people cannot find salaried jobs and must create their own livelihoods, it is telling that they would have to create banks to meet these self-employment initiatives too. The banker lady decides who gets access to the lump sum first, and she assesses the person's risks for defaulting, as a trained loans officer would do. Each person's contribution to the Partner is called a "hand" and it is "thrown" (deposited) for a designated period of time; the pooled money is called a "draw." In some Partner banks, people draw lots to determine the order for obtaining a loan (Three Banker Ladies Interview, March to July 2009; Rutherford 2000; Handa and Kirton 1999). Peer dynamics ensure people comply with payment rules, and social sanctions are applied in the case of default. Peer dynamics ensure people comply with payment rules, and social sanctions are applied in the case of default.

People engage in Partner banks because they know and trust the women who run them (Besson 1996). Honig (1998), in his work on Jamaica, explains that, in his interpretation, community banks stimulate social capital, and also ensures capital for business people. Partner is socially embedded in the traditions and emotions of the urban poor and it allows people to launch their micro enterprises through access to a lump sum of cash needed for their big ticket purchases, like a fridge or stove. Women came together to chat and discuss issues and the informal bank created a space for them to do this. Partner is cost-efficient, easy to access and trusted by hustlas. Other reasons *partna* is considered the best financial model, include: "small fees," "easy access to a lump sum of cash," and "no rigmarole" (paper work and formalities required by banks). Nana, a 57 year old fruit vendor, explained: "*Partna banka* move wi all fas fas when yuh dey inna bind. No one like partna der for yuh." Money and timing is important to hustlas' and banker ladies understand this need to value their schedules and plans.

The basic mechanic for the Partner bank is that it generally involves a group of people who know each other well and who agree to pool their money together (Three Banker Ladies Interviews, March–July 2009; Klak and Hey 1992; Katzin 1959, 439). Several variants of the Partner bank exist, and although most are saving plans, some include lending features. The banker ladies interviewed were three single mothers with limited schooling who managed these banks with at least one hundred clients. In Handa and Kirton (1999) surveyed one thousand people in Kingston, and found that 75% of the banker ladies were women between the ages of 26 and 35 who organized Partner for an average of nine years.

People want financial systems that enable them to do what they need to do without restricting their freedoms. At least 82% (191 out of 233) of the entrepreneurs I interviewed "throw partna" (participate in Partner).<sup>5</sup> Gray (2004, 83) asserts that people in the slums are very close and intent on helping one

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<sup>5</sup> Handa and Kirton (1999) surveyed one thousand people in Kingston, and found that 75% of the people in Partner were Black women between the ages of 26 and 35; and most clients used Partner for an average of nine years.

another. Entrepreneurs preferred Partner because there was “no rigmarole” (such as increased paper work), that is trustworthy, and that provides easy access. The banker ladies interviewed claim that repayment rates are high (usually 100%) because people trust these systems. While the formalized microfinance programs lack a social embeddedness with people, Partner is deeply rooted in people relationships and is there when nobody else is.

## A social justice mission: Partner banks politicize ordinary people

Many Jamaicans are quick to say, “Politics is in almost every aspect of Jamaican life.” If politics is embedded in everyday life, and it is assumed to be prevalent in political strongholds, how can commercial banks catering to elites or a public resource such as microfinance remain, as the managers would like to argue it is, free from clientelist politics? Jamaican micro-entrepreneurs resist being controlled by politicized lenders, where party affiliations seemingly influence where microfinance operates and who gets it. The truth is most hustlas in downtown Kingston are not partisan and nor do they want charity from Big Men.

Banker ladies and the members in Partner banks seek to avoid the manipulative component of loan programs and they turn to Partner banks not only to cope with their financial requirements, but as a political act of resisting the grasp of Big Men (Raeymaekers 2009). When ordinary people perceive the act of mainstream bankers (including some microfinance lenders) colluding with politicians or informal leaders is a violation of the supposed role of microfinance in helping poor entrepreneurs self-develop—not only economically but also socially. Despite the plethora of micro lenders in Kingston alone, many low income businesspersons cannot access credit from microfinance retailers (Hossein 2012). Politicians then find a way to implicate themselves in formal funding programs for the poor and citizens know they are “behind the scenes.” Banks and pro-poor financial programs who meet with and work with Dons to implement projects also inform hustlas that their financial growth is within the purview of the local strongman.

Business people, who want no part of clientelist micro-banks, turn to informal lending, which has aspects of social capital they know and trust. These independent business people in slum communities exclude themselves by choice from commercial banks and microfinance programs on the perceived grounds that such programs may be a component of those politics significantly harmful to their social and economic interests. Banker ladies are aware of this sentiment and fill the gap by offering services people can trust. These women are trusted because they live with and belong to the same social class as the very people they work with. This act to resist mainstream banks is political because banker ladies can be viewed as subverting certain kinds of financing devices that try to control people and give alternative options.

## Box hand restores people’s dignity in Guyana

A pervasive cultural narrative by East Indians denigrates the Afro-Guyanese entrepreneurial experience. East Indian managers engaged in poverty alleviation programs such as microfinance do not construct programs to react against this racialized discourse. Prejudice (and not evidence) explains why micro loans, especially large ones, do not go to Afro-Guyanese. Hearsay and people’s own biases corrupt the original intention of microfinance, which is to reach those persons marginalized by greater society from accessing financial services. Indo-Guyanese microfinance managers refuse to consciously recognize that racism unfairly affects business and the allocation of resources. East Indian-dominated MFIs are, however, consciously focused on “help my own kind.” Because institutions led by Indo-Guyanese prefer East Indian clients like themselves, they are likely to hire Indo-Guyanese. A lack of Afro-Guyanese at senior management levels decreases the likelihood that Blacks will be hired on the frontline to target Black clients.

Poor economic growth and biased state politics have forced many poor people (Black and East Indian alike) to become entrepreneurial. Under the current government (1992-present) which is largely supported by Indo-Guyanese, ensures that the East Indians are more likely to access loans (and to obtain larger loan sizes) to develop their businesses than are Afro-Guyanese. Racial and class bias in microfinance stems from the political history between the two ethnic groups. Bankers in this country are guided by their own inherent biases, such as race, and do not hire frontline staff persons drawn from the Black urban areas to counteract perceived (or real) discriminatory practices. As a result, banker ladies also called “boxers” are the ones to retaliate against systems of oppressions by offering excluded people access to credit and saving services.

In a small city like Georgetown all of the specialized micro lenders are in close proximity; yet, hucksters surprisingly turn to Box hand to meet their needs. As highlighted earlier, Guyana has a long history of informal mobilization of money. In slave times, Africans brought with them West African traditions of *susus* (group saving plans), where they mobilized savings on a weekly basis (St. Pierre 1999, 69; Mintz 1955). Since slave times, Afro-Guyanese (and some Indo-Guyanese) have organized financial groups. These traditions have led Black hucksters to use informal credit facilities in response to their exclusion from formal microfinance. Indeed, the political racial bias against Afro-Guyanese of the last 20 years has reinforced the importance of informal banking systems for marginalized Black people. However, in spite of the entrenched history of these informal banking systems, Box hand a phenomenon widely used among the poor since slavery, has received little scholarly attention (Interview, Academic, O’Neil Greaves, Georgetown, Guyana, 17 November 2008).

Indo-Guyanese microfinance managers are aware of the race discrimination against Afro-Guyanese but feel it is justified because of the many non-entrepreneurial characteristics they attribute to Blacks and they view Blacks as inferior in business. Indian discourses antagonize racial tensions with Afro-Guyanese, as the accepted cultural narratives discriminate against one group of people because of their race and ethnicity. Afro-Guyanese are made to feel inferior because of their race, and microfinance does not aid this group of people. Guyanese Indians who lead microfinance organizations operate within the larger Indo-centric context that condones negative comments against Afro-Guyanese to deny them equal access to economic resources. Racial exclusion of Blacks from banks and microfinance agencies make Afro-Guyanese hucksters feel alienated by the East Indian-run micro banks have led entrepreneurs. Many Black people are so rejected by lending institutions that they turn to informal ways to manage their money such as hiding money at home, in old chip tins or under beds (Fieldwork, April and May 2010). Afro business people, especially single mothers, often have no alternative but to use informal banks such as Box hand or Penny Bank (St. Pierre 1999, 69; Besson 1996, 264). These informal banks serve not only as a necessity for survival, but also as a way to preserve their dignity when the East Indian politicians deny them fair access to economic resources.

Box hand provides a morale booster, tapping into community-owned resources when people are denied access to economic resources. Box hand are very much part of the local financing system, and most of the hucksters interviewed (95%, 27) highly value these banking systems. Most subjects (n=39) told me that Box hand restores personal pride to Black business persons excluded from formal financing systems. Nee, a 28-year-old mixed-race female who owns a hair and nail salon, stated, "Box help[ed] me start my business [. . .] [It has been] passed down from generation to generation, from grandmother's time and it [Box hand] helps me” (Interview, 26 April 2010). Much like Jamaicans, Guyanese entrepreneurs were emotionally attached to these programs. Yet the very existence of these systems was unknown to many financial experts I spoke to. Only 20% of the elites interviewed heard of Box hand and most people did not know much if anything at all about *Penny bank*. My interviews with banking elites reveal shock to hear that people still maintain these informal banking systems and depend on them as part of their economic livelihoods (Interview with Lam, a banker at Demerara Bank, 4 May 2010; Interview with a senior banker at RBTT, 22 April 2010).

## Local women organize box hand banks

Box hand is a daily or weekly plan where the “Boxer” or “Box lady” (person in charge), usually a Black woman, manages the money collected from participants, and usually charges a small flat fee each cycle, usually six to twelve weeks (Fieldwork, April 2010; Besson 1996). Box hand, like Jamaican partner, enables poor businesspeople to access a lump sum of cash after saving for a few weeks.

Acceptance by the group is based on the person’s capacity to repay and not on their race or colour. In fact, Box hand members are open about their difficulty in getting loans from the banks, and the boxer makes efforts to include them. Box hand gives poor Afro-Guyanese business people a safe place to lodge their savings. In my field research I found that at least 65% (29) of micro businesspeople interviewed in Albouystown claimed that they either borrowed from box hand or penny bank and 95% (29) highly valued Box hand. More importantly, it restores their dignity as a people because it provides them access to money when they need it.

Poor Black businesspeople subjected to racial indignities every day have no alternatives, and Box hand gives people a choice to engage in an activity that is positive and supportive. Excluded people are able to come together as a group and to use a tool to emancipate themselves. These banks are revealed as being not merely coping mechanisms to build lump sums of cash, but forms of social collectivity to bring people left out of systems into locally-owned systems. Box hand validates the work of Afro-Guyanese hucksters, and is deeply embedded in their communities.

## Conclusions: Female agency in the community banks

Millions of Caribbean people across the region know and engage in informal banking systems. Political interference in banking programs for the poor force many to retreat towards self-financing options like informal banks. Literature on informal banks is extensive, and while this literature examines people’s ingenuity in creating local banking programs, it does not discuss the agency of uneducated poor women in organizing these banking systems for low-income entrepreneurs in their communities when other bankers have failed to do so. Most banker ladies have a social justice agenda: to listen and to validate the work of marginalized people, and to reduce compliance of negative partisan politics. Banker ladies have also reworked conventional lending systems, and they bring back the notion of community first.

In this paper I have shown how women from the slums create informal banks to help excluded persons access money. Jamaica Partner banks are so popular that the large retailers such as Bank of Nova Scotia of Jamaica and Jamaica National Building Society imitate informal banks and offer “partner plan.” These copy-cats of the indigenous banking programs do not offer the same kind of refuge for local poor people. Traditional bankers may copy informal banks because they understand the interconnectedness people have with local banker ladies, however ordinary people perceive that banks exclude them based on identities and partisan politics, and are not genuine ‘partners’. Agency in informal banks is cultivated because women organize local economic resources and give business people options to remain independent through enterprise. This creation of funds among people who, for many, now have the choice to reject mainstream banking in turn produces a form of resistance from below.<sup>6</sup>

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<sup>6</sup> Raeymaeker (2009, 7) finds that informal cross-border trade is a form of resistance of the Congolese people to a patrimonial state.

Informal banks are not only about survival, or access, but they are a testimony of people's perseverance not to be controlled or manipulated by partisan and informal politics. Agency emerges when poor Jamaican women, living in politicized slums, create Partner banks to resist clientelist microfinance. Jamaicans also turn to Partner banks because they trust these informal systems more than they do microfinance programs run by elite intermediaries. Afro-Guyanese hucksters rejected by Indian bankers because of their race turn to local financial systems Box hand for its reliability, and to nurture each other in a racially hostile economic environment. When these entrepreneurs witness financial resources being squandered or perceived to be political in some way, they become skeptical about the intention of local economic development programs. For them the banker ladies running informal banks is a system that involves them in a meaningful way. It is also a well-respected system that started long before micro-banking became a policy focus for poverty alleviation in the region, and informal banks will most likely outlast financial fads to help the urban poor.

Commercial and microfinance banks that are manipulated by local elites are exclusionary as in the Jamaica and Guyana cases. Community-based banks energized by women in the slums financial resources to make banks inclusive. These untrained bankers run financial systems under-the-radar and are able to mobilize significant funds from marginalized people, deemed to be poor. In creating systems of collectivity, these local banker ladies are remaking a financial system that puts people first.

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