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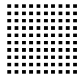
CHAPTER 7



“Financial Inclusion Means Your Money Isn’t with You”

Conflicts over Social Grants and Financial Services in South Africa

KEVIN P. DONOVAN

Introduction

Throughout sub-Saharan Africa, governments and donors have significantly expanded the use of cash transfers to alleviate poverty and address other developmental needs such as education and health (Garcia and Moore 2012). These programs to “just give money to the poor” have been called a “development revolution” for their positive influences and administrative simplicity (Hanlon et al. 2010). Typically, these provide small cash grants at regular intervals to poor or vulnerable populations, most often to directly alleviate poverty but also to boost education or health. In addition to the direct goals of these initiatives, the aid industry has begun to explore ancillary benefits and opportunities.

Leveraging cash transfers to incorporate the poor into the formal financial sector is one secondary effect that has attracted notable attention, especially from the “financial inclusion” community that advocates improving access for the poor to credit, savings, insurance, and payment facilities (for an overview, see Schwittay 2011). For example, the World Bank’s financial access unit, the Consultative Group to Assist the Poor (CGAP), has argued that “these payments have the potential to become a vehicle for extending financial inclusion and improving the welfare of poor people” (Pickens et al. 2009). Since at least 2012, this discourse has shifted to emphasize the benefits of electronic payments for economic efficiency and inclusion. For example, the Gates Foundation – which funds much of the financial inclusion movement – has argued that “because most poor households conduct most or all of their financial transactions

in cash [it] perpetuates the poor's marginalization from the formal economy. . ." (Gates Foundation 2012). Electronic payment systems (from debit cards to mobile phones) are considered more efficient and less expensive, and as a result, donors and governments have sought to shift toward them. Financial and technology providers, too, have been supportive, not least because of the opportunity to grow their market through transaction fees and data mining.

South Africa has one of the world's largest cash transfer programs (known locally as "social grants"). During 2012–13, the South African Social Security Agency (SASSA) deployed a new payment system from its contractor, Cash Paymaster Services. The new infrastructure provided nearly 10 million grant recipients with a formal bank account and a MasterCard-branded debit card that could be used throughout the country. At first glance, this appears to be the type of financial inclusion that proponents believe will empower the poor; yet, instead of uniting stakeholders with its promise, the new system signaled peril to some grant recipients, key members of South Africa's pro-poor civil society, and elements of the government – many of whom raised alarm. These critics feared that increased provision of financial services – especially loans – to the grant recipients would undermine the emancipatory purpose of the grants. In particular, they worried that the new payment system was unfairly biased toward lenders, especially the use of automatic deductions from bank accounts for the purpose of repayment. Early evidence suggested widespread confusion amid the newly financially included, many of whom were not receiving the full amount of their grant. As one community advocate told me, "financial inclusion means your money isn't with you." For this woman who dedicated her work to securing the rights of the poor in South Africa, financial inclusion was potentially a means of empowering grant recipients, but she worried about this particular instantiation. Financial inclusion was erecting intermediaries that separated the poor from their money and who were thus positioned to profit from, and arbitrarily interfere in, their affairs.[1]

As a researcher at the University of Cape Town during this time, I was keenly following the new grant payment technology.[2] The system's potential to include millions of low-income South Africans in the financial sector intrigued me, not least due to my previous work on the use of mobile money for financial inclusion (Donovan 2012). Thus, in mid-2012 I began interacting with a community of civil society organizations and government officials engaged with the social grants.[3] Many of these individuals had lengthy experiences fighting for social justice in South Africa, including the expansion of social grants following the end of apartheid.

Their knowledge of the daily struggle that many in South Africa confront was intimate and their ties to those communities strong, but they had less experience with the world of financial inclusion, banking, and information technology. As such, I found myself partaking in something akin to what Maurer (2005) calls "lateral reason," reasoning *with* and *between* communities, rather than *about* others. In addition to my interviews and observations, I was often called on to share insights from my historical work or comparisons with other countries. This chapter on the debates over the relationship between social grants and financial services reflects this nine-month engagement in 2012–13 as well as my research on other aspects of cash transfers.

South Africa's Social Grants

The genesis of what is today South Africa's largest redistributive effort was a concern in the 1920s about the so-called "poor white problem" that led to the introduction of old-age pensions (Seekings 2007). Over time this nascent welfare state would grow, including through the expansion of pensions to the African population in the 1940s and their eventual monetary equalization in the waning days of apartheid (Seekings 2008). Today, the social grants are a crucial government initiative and have been expanded to include nearly 16 million beneficiaries in four main categories. As Bähre's (2011) illuminating discussion depicts, the grants are a crucial form of the "redistributive economy" in post-apartheid South Africa. As of March 2013, there are half a million foster care grants, 1.2 million disability grants, 2.8 million old-age pensions, and 11.3 million child support grants.[4] Residents qualify through an income-based means test, as well as the particular requirements of the grant (e.g., above sixty years old for the pension).

At the time of the 1994 democratic transition, the administration of the grants was a provincial responsibility, but the internal fragmentation of South Africa under apartheid created a situation of starkly uneven bureaucratic capacity. Beginning in the second half of the 1990s, the failures to deliver social grants in the face of so much need became the subject of significant public outcry, leading to a series of government commissions aimed at creating a system of "comprehensive social security" (RSA 2002). Eventually this led to a process of bureaucratic standardization and centralization, most notably through the establishment of the South African Social Security Agency (SASSA) in 2005 as the sole entity responsible for the delivery of grants (see Donovan 2015).

Although SASSA has been a marked improvement, the media and politicians still frequently castigate the social grants program as subject to significant fraud and corruption by wayward bureaucrats and dishonest citizens. In response, in 2012 SASSA contracted with Cash Paymaster Services (CPS), a subsidiary of the Net1 technology group, to provide a uniform, national payment system that would rely on biometric identification to combat fraudulent access to the grants. In addition to this primary goal of removing dual or undeserving recipients from the grants program, the new payment system was to offer enhanced convenience to grant recipients who would be issued with a MasterCard-branded debit card, able to function at thousands of shops. The debit cards would connect to a formal bank account offered by a Net1 partner, Grindrod Bank.[5] The service providers were quick to emphasize the opportunity this represented for the poor, such as Dries Zietsman (2012) of MasterCard who said it "opens up a world of financial inclusion for many South Africans who have previously not had access to banking products."

This marked a departure from the previous methods of payment that had been contracted to multiple entities, each with their own methods. The parastatal PostBank worked in Mpumalanga and Limpopo; AllPay, a subsidiary of the largest South African bank ABSA, had operated in the Western Cape, Eastern Cape, Free State, and Gauteng; Empilweni, a specialized grant delivery firm, had managed Mpumalanga; and Net1's CPS had delivered in Eastern Cape, Northern Cape, KwaZulu Natal, Northwest, and Limpopo provinces. While AllPay offered some recipients full bank accounts, the others typically paid beneficiaries in cash on a given day at a community paypoint where lines were long. Costs to government, too, varied, with cash dispersal at the paypoints costing up to ZAR30 (FinMark 2012).[6] Under the new system, all recipients would also be able to withdraw their grant at an extensive network of third-party retailers with whom Net1 CPS contracted or at any ATM across the country (though this would incur a standard fee). Additionally, the government would only pay R16 per grant payment, reportedly saving R800 million per year.[7]

Following the award to Net1 CPS, it soon emerged that in addition to the delivery of grants, the firm planned to offer financial services to the grant recipients. As the *Mail & Guardian* newspaper reported, they told shareholders of plans "to 'leverage' the social grant payment contract by selling financial instruments to about 10-million people who receive state grants" (McKune 2012). Net1 also has interests in a handful of microlending and insurance firms, and told investors "its financial products would be 'based on our understanding of [beneficiaries'] risk profiles, earning and spending patterns, demographics and lifestyle requirements'" (Mc-

Kune 2012). As the media and civil society organizations like the Black Sash and Legal Resources Centre quickly pointed out, these would seem to contravene rules against using administrative data for marketing, as well as prohibitions on deducting loan repayments or other fees from the social grants.[8] The Black Sash (2013) "urgently raised the issue of unlawful deductions from grants through formal submissions, monitoring reports and letters, and in meetings with decision makers." However, the payment provider's CEO, Serge Belamant, doubled down, defending the plans and arguing that "the cost is a lot higher than R16 [to deliver grants]. There has to be in the model some other means of being able to say, how am I going to be able to recover my investment and my losses?" (Belamant 2013).

The dispute would grow in the first half of 2013 as a number of pro-poor civil society organizations contested what they described as immoral and illegal actions by private financial service providers, including and beyond Net1 CPS. In what follows I describe and analyze some of the debates that characterized the dispute over how the social grants would be incorporated into the financial industry.[9]

Reckoning with (In)Formality

Studies of everyday economic behavior have cautioned against accepting too sharp of a divide between the so-called "formal" and "informal" economies. As originally coined by anthropologist Keith Hart (1973), the informal sector or economy sought to give attention to the rise of casual or self-employment in the Global South. However, Hart (2010) and others have more recently provided a more nuanced view of the interlacing between the supposedly distinct spheres. In South Africa, for example, Bähre (2012) has documented how major insurance firms instrumentalize social relations in townships to sell their services, and Hull (2012) has shown that "the formal" can give rise to "the informal" due to the contingencies of negotiating bureaucratic requirements (see also Neves and du Toit 2012).

Despite these empirical subtleties, for the individuals debating the relationship between social grants and financial services, "formal versus informal" was an emic categorization. Formal or "registered" lenders were often contrasted with informal *mashonisas,* a term meaning "moneylender" but often implying "loan shark." These informal financiers were understood to be prevalent, prone to violence, and likely to charge excessive interest rates (up to 100 percent). *Mashonisas* often congregate around social grant paypoints, plying loans to those in need or collecting repayments

in the form of grants. As Versfeld (2012) has written in her ethnography of grant payments in Cape Town's Manenberg Township, "They seem to have a distinct style: natty fedora hats pulled low over their brows. . . . They sit in their cars or roam . . . available to make business from the desperate, or take [grant money] from the defaulters." These informal lenders often seize the SASSA card or national ID of their debtors, ensuring they control the material means of repayment.[10] As SASSA's CEO has noted, a cycle of debt means that many beneficiaries owe the full amount of their grant each month (Gerbi 2012).

Beyond encouraging grant recipients to maintain possession of their cards, conducting periodic police raids, and enforcing a rule that prohibited hawking within 100 meters of paypoints, government and civil society representatives with whom I spoke seemed unsure what more they could do to contain such a dispersed and widespread practice.[11] One option was to require would-be lenders to register with the government, in hopes that increasing the legibility of the microlenders would improve the government's ability to regulate them (cf. Scott 1999). Indeed, a SASSA official explained to me that the consolidation of previously distinct provincial payment systems into one national infrastructure did uncover a host of previously unknown grant deductions that were now visible in the new management information system. Another financial inclusion advocate pointed out that if electronic deductions were limited, perhaps pushing repayments into cash, regulators would be unable to monitor it effectively. But while supporters of formalization expressed support for the newfound legibility, in practice, the aspirations for panopticism were greater than the reality; although SASSA could now see the money disappearing each month, specifics were hardly clear: were they desired by recipients? Legal? Appropriate? For example, they did detect multiple recipients sharing a bank account—a practice not permitted in the formal regulations, though not obviously nefarious. This uncertainty would prove difficult for government officials who wanted to act quickly to protect the poor.

The exorbitant fees and often violent enforcement of repayment (cf. Bähre 2007) were frequently invoked as specters haunting the poor, pushing them into debt traps. In defending his plans to provide financial services to grant recipients, Cash Paymaster Service's chief was quick to cite the presence of informal and "other less scrupulous" lenders who, he argued, would not act as responsibly as his firm (Speckman 2013). While his argument may be self-serving, it was not an aberration, and others (without a profit motive) voiced similar opinions: maybe it was the *mashonisas* who were the real menace?

The *mashonisas* were cast as sinister characters, preying on the desperate poor and operating beyond the law. However, in at least one instance, an experienced community organizer made the case in favor of *mashonisas* vis à vis formal lenders. Responding to a suggestion that registered lenders were desirable because they could be legally regulated, she passionately raised fears about the power of formal lenders compared to informal ones. When the risk of *mashonisa* violence was raised, she downplayed the threat, arguing that because the informal moneylenders were part of the local community, they were more likely to understand their debtors' troubles and offer flexible repayment schemes. While she did not ignore the possibility of violence, in her mind, the alternative was worse: registered lenders would sue for repayment, potentially seizing a debtor's home and blackballing them more widely.[12] Although she did not use the term, in her understanding the *mashonisas* and grant recipients operated in a moral economy that did not include formal lenders (cf. Scott 1976).[13] In this dichotomy, the consequences of default in the informal economy were shorter lived and less durable.

Negotiating the Ethics of Financial Inclusion

While this argument in favor of *mashonisas* was not universally supported, within the networks of civil society organizations working on the conjunction of social grant payments and financial services, there was a general distrust of formal lenders, including the government's payment provider, CPS. As I have suggested, a crucial reason for their worry was the practice of automatic deductions that facilitated repayment through the electronic banking systems rather than physical cash. In contrast to the proponents' rhetoric of "empowerment," in this case, for many pro-poor civil society organizations, the legal and technical transformations that constituted "financial inclusion" were recognized as a reduction in the autonomy of the poor. As the prominent South African human rights organization Black Sash wrote, "After SASSA introduced an automated biometric-based payment system last year, we were horrified to find that grant beneficiaries were experiencing an avalanche of unauthorized and unlawful deductions from their social grants" (Black Sash 2013).

This fear was exacerbated by the lack of clarity about the functions and rules of the new grant payment system. Members of civil society organizations with whom I spoke were often unfamiliar with the technicalities of "the payments space" – a realm Maurer (2012a) has described as populated by self-described "payment geeks" who negotiate arcane

legal and technical rules for the movement of money. For example, one of the concerns was that CPS, as both grant payment provider and financial service supplier, was positioned with an unfair advantage to be repaid ahead of others; CPS was, it seemed, both "officiator" and "player" (McKune 2012). For a few weeks, my interlocutors grappled to understand the alien terms of the payment infrastructure. One such phrase was "AEDO/NAEDO," an acronym for a relatively new payment system in South Africa that treats deductions in a randomized, non-preferential basis known as the "lottery system."[14] For those concerned with the fairness of the new system – here understood as equality of repayment opportunity – the use or non-use of this technical standard was crucial. Yet, the particularities of the formal banking system were not immediately obvious to these civil society organizations (let alone the poor they represented), a dynamic not dissimilar to the opacity of the popular economies mentioned above.[15]

The issue of fairness in repayment was one of a number of explicitly moral debates that fueled this contest. As economic anthropologists have emphasized, the particular cultural and ethical meanings attached to exchange and circulation differ widely (see, for example, Parry and Bloch 1989). In this case, competing moral claims and visions intersected with specific technical arrangements and legal definitions. More pressing than the impartiality of repayment for would-be lenders was the ethics of the relationship between grant recipients and microlenders. The views expressed were shaped by interpretations of South Africa's past and perceptions of the future, especially of potential risks to the poor.

Consider the case of Valerie, a representative of a pro-poor organization who spoke at a gathering of forty to fifty representatives of civil society, community organizations, and government, brought together to discuss changes in the grants payment infrastructure. Her motivation for addressing this issue, she began, was because she was "driven by what's right." Valerie exhorted the audience to think about the "ultimate goal of the grants," which she described as minimizing the financial needs of the poor and arising from South Africa's constitutional right to social security. This right was bound up with the country's apartheid history, and she asserted that the "grants are to right the wrongs of the past."

For Valerie, evidence that grant beneficiaries were not receiving the full amount of the grant – which she already believed was paltry – meant that the goals of the social grants were being undermined. She questioned the ethics of giving a loan on the basis of a social grant; if the government permitted this, it was tantamount to "giving with one hand and allowing it, through electronic banking, to be taken away." Or, as another individ-

ual told me, the risk is that you have a situation where "the government is paying social grants to the private sector, not the poor."

For Valerie and others, the law was quite clear: the Social Assistance Act requires the grants be paid to the recipients in full, except for specific categories of deductions as permitted by ministerial regulation: "a grant may not be transferred, ceded, or pledged or in any way encumbered and disposed of unless the Minister on good grounds in writing consents thereto." Furthermore, those exceptions must be "necessary and in the interest of the beneficiary" (RSA 2004). In reality, the only deduction that was legally allowed was for one registered funeral insurance policy per recipient, not to exceed 10 percent of the grant's value.

Despite such apparent clarity, from late 2012 members of civil society and the media documented examples of deductions from grants. In a typical example, an elderly woman in the town of De Aar found that the majority of her pension had been deducted before she withdrew it. It was unclear where this money was transferred or how to stop it, but investigations found the transfers were repayments to Net1 CPS subsidiaries.[16] In many cases, Net1's subsidiaries charged a service fee rather than an interest rate, seemingly avoiding National Credit Regulations. Critics rejected the salience of the service fee versus interest rate distinction, noting that "on an R800 unsecured loan, with a repayment period of six months, the service fee is R280 – equivalent to 70% annual interest. A loan of just R200 will attract fees of R100 – equivalent to 100% annual interest" (Steyn 2014). Entities, like the Legal Resources Centre, that advocate on behalf of the poor documented numerous such examples and raised alarm about the blurring of roles between paymaster and loan provider. For their part, the Black Sash launched a "Hands Off Our Grants" campaign. In response, the government said that it was exploring legal means of curtailing such activity. The politically influential Congress of South African Trade Unions (COSATU 2013) and the South African Communist Party (SACP 2013) also both condemned the alleged lending by CPS, with the latter putting it in the context of other "reckless lenders including the banks, who prey on the vulnerable and poor working class communities."

In some cases, these deductions were remnants from the previous system, where some provinces permitted deductions. In order to clear those cases, SASSA stated it would permit those loans to be repaid at up to 25 percent of the grant while prohibiting new lending against the grant. Other instances were perhaps improper and needed to be investigated individually. But other examples seemingly emerged from another technicality of the financial system. Due to the CPS partnership with Grindrod Bank, all grant recipients now had a formal bank account (even though

few perhaps knew it, and they would rarely if ever interact with Grindrod, which operates only a handful of branches). As far as the deductions were concerned, though, the importance was significant. Debit orders could be placed against the funds in a standard bank account. Thus, the grant may be fully paid into the recipient's account only to be subject to a debit order for, say, a microloan repayment. Some considered this fine distinction between *payment* of the grant and *receipt* of it by the beneficiary to be spurious. From the point of view of the recipient, after all, if the full grant reached their account only to be subtracted momentarily thereafter due to an electronic debit order, what difference does it make? Stories proliferated of pensioners who did not understand where their grant was going, and their unfamiliarity with the technology only magnified the confusion. In response to the backlash, the office of the Public Protector (a government ombudsman) opened an investigation that remains ongoing as of January 2014 (Waters 2013).

In his justification, Net1's chief, Serge Belamant, stridently laid out a vision for the grants to be unencumbered monetary value as soon as they reached the electronic account: "Once it's in his bank account. . . . If he goes to a microlender and signs a debit order, the debit order will be treated like anyone else's debit order." In his reckoning, Net1's lending was responsible. "The ethical issue would be that if you're granting them or giving them a loan and abusing them in terms of either interest rates or the way that you provide the loans to them – in other words . . . catching them in a system they can't get out of. We do the opposite" (Belamant 2013). He also defended a Net1 subsidiary selling airtime on credit to grant recipients (Jacobs 2013). Replying to a letter from the Legal Resources Centre alleging "that thousands of beneficiaries in the Eastern Cape and elsewhere have had deductions made from their grant," CPS "emphasized the right of beneficiaries to use their social grants as they deemed fit" and noted that the law "does not preclude third parties from enforcing the rights established by a debit order" (Ensor 2013).

In this view, the grants are less about "righting the wrongs of the past" or "human rights" than they are about unencumbered consumption. For the pro-poor advocates, the grants were also about consumption – usually under the term "basic needs" – but there was a symbolic value and practical purpose that they believed would erode if financialization proceeded unchecked. Even though the most vocal champion of the laissez-faire approach has a private interest in its promotion, it is worth taking this argument seriously, because it bears similarity to influential proponents of "financial inclusion" (like the World Bank's CGAP) who argue for responsible lending to the poor to use as they see fit. As Ananya Roy (2010) writes

in her study of the "financialization of development," under "the watchful eye of CGAP, microfinance has been reinscribed as financial services for the poor, a new global industry that can be integrated into financial markets" (see also Elyachar 2005; James 2013).

It also aligns with a strain of support for the social grants in South Africa that anthropologist James Ferguson (2009) highlights as "surprisingly similar to the neoliberal rationality that we more usually associate with anti-welfare discourses." For many proponents of expanding the social grants, he notes, the recipient is "conceived, in classic neoliberal fashion, as a kind of micro-enterprise," while the state is imagined "as both omnipresent and minimal – universally engaged (as a kind of direct provider for each and every citizen) and maximally disengaged (taking no real interest in shaping the conduct of those under its care, who are seen as knowing their own needs better than the state does)" (see also Ferguson 2013). This junction has supported the design of the social grants as both unconditional and rights-based.[17]

This ambiguity was also reflected in the civil society debates. No one doubted the inevitability, and even the potential upside, of microlending. Rules that took too strong of a line against borrowing by grant recipients were a danger that was often raised. It was perhaps most relevant for pensioners: if the grant was their only source of income, and it could not be "transferred, ceded, or pledged" as collateral, would pensioners be blocked from borrowing? As one government official wondered aloud, "How do you give credit when the only income is a grant?" It was clear to all that a carte blanche rule against microlending, strongly enforced, was inappropriate.

Indeed, the existing exemption for funeral policies exhibited a similar balancing act. Why, I asked various interlocutors, should a particular type of insurance be treated differently than other financial products? Although some expressed ambivalence at this exception, in general there was agreement that funeral insurance policies were rightly exceptional and that the exception was narrow enough to avoid risks to the poor. This, too, was bound up with moral imaginaries. Invariably, I was told, funeral insurance was about avoiding the "indignity" of burial collections or, worse, a pauper's burial. Given that many of the grant recipients were elderly pensioners, as well as the high mortality rates due especially to HIV/AIDS, funerals are particularly salient in South Africa. Additionally, in recent years, funerals have grown in expense and flourish (Case et al. 2013), so the redistributive function of insurance was deemed appropriate.

Given the ambiguities facing would-be rule-makers, two camps emerged (though they were certainly not self-contained). Rather than regulation,

for constituencies broadly in favor of the poor accessing formal financial services, the admitted risks, especially of debt, were to be solved through improving "financial literacy" (though the term was rarely defined). As one former banker now working for a financial inclusion consultancy told me, "access and consumer empowerment must go ahead together." This emphasis on individual responsibility is indicative of broader trends toward "responsibilization" that the literature on governmentality has noted (e.g., Shamir 2008; in South Africa, see Hull 2012; Krige 2012). As one government official put it, "The more we bring our beneficiaries into the banking environment, the more we need everyone to work together."

For others, the risks to the poor were too great, especially considering the asymmetric relationship between borrowers and lenders. Government action was needed, yet there existed the ability to overstep. For many involved, it was best to avoid too much prescriptive policymaking and instead focus on what was seen as particularly risky: automatic deductions. The use of automatic deductions for personal loans was the most problematic arrangement and should be curtailed. Two qualities in particular were deemed problematic. First was the aforementioned opacity of the system. A lack of understanding crippled the paths to recourse for grant recipients. While it is true that debit orders are supposed to require the consent of the debtor, the advocates with whom I worked marshaled numerous examples where the poor did not fully understand or were pressured into such contracts. Bähre (2012) has noted that low-income insurance customers in South Africa frequently cancel their insurance policies, often because they were pressured into signing up; similarly, James (2012) reports that the poor close down bank accounts to flee creditors using the oft-abused "garnishee orders" (which resemble automatic deductions; see Haupt et al. 2008). The opponents of automatic grant deductions recognized that the poor had limited capacity to take such options given the necessity of their grants. Such powerlessness would be increased by what might be called the "frictionless" aspect of automatic deductions (cf. Ratto 2007). Compared to monthly cash payments to a *mashonisa*, an electronic deduction doesn't require active participation.

In the view of well-respected pro-poor organizations, taken together, the opacity and frictionless nature of automatic deductions structured the terms of financial inclusion too much in favor of the creditors. As the Black Sash put it in a press release, "If deductions were to continue unchecked, we feared the systematic erosion of our social grants system by immoral elements of the private sector and called on government to take immediate steps to curb this potentially devastating trend" (Black Sash

2013). These individuals recognized that, as Elyachar (2002) writes, "even empowerment money has a price."

Social Citizenship and Cash Grants

Like many of the keywords in development circles, "financial inclusion" simultaneously posits a deficit and offers the solution (cf. Pritchett and Woolcock 2004). Once defined as a lack of access to financial instruments, poverty alleviation becomes, in part, the provision of those services. This instrumental logic is evident in studies and indices that equate access to financial services with development (e.g., CGAP 2010). The case explored earlier shows an alternative approach. Instead of financial inclusion *in general,* the participants in this debate considered financial inclusion *in particular.* Steeped in moral and structural considerations (albeit often imprecise and improvised), the civil society, government, and – to a lesser extent – industry engaged specific legal and technical minutiae to attempt to reformulate the conditions and characteristics of a particular financial inclusion regime. As one social security attorney working on behalf of grant recipients mused, "The world is moving towards financial inclusion. Are we simply on the bandwagon? Is it driven by demand, or is it driven by supply? SASSA has us all banked . . . are we being pushed to financial inclusion? Every grant recipient has an account somewhere, but they cannot use the banking system the way it should be used . . ." In her reckoning, the conditions of financial inclusion were variables to be changed through investigations, consultations, and activism.

This activist valence seems to reflect sensitivity to the structural constraints in which grant recipients are located, both through the worries of being pushed into debt traps and the unlikelihood of finding productive uses for microloans. In many ways, it mirrors prior debates around the National Credit Act, where similar opposition between contingents of capital, labor, and civil society resulted in "an uneasy truce" (James 2013: 9). In contrast to mainstream financial inclusion rhetoric, the civil society I observed knew instinctively that, to borrow from Bähre (2012), "The vocabulary of 'providing access' to the poor that is salient in development circles fails to take essential power inequalities into consideration." Here, then, was a collective effort to oppose the dangers of atomized financialization of everyday life through active government regulation – an effort that, interestingly, mirrors recent critical scholarship on these trends (Roy 2010; Martin 2002).

The elements of congruence between the recent scholarship on popular economies and the work of civil society recall anthropologist Annelise Riles's ethnography of networked women's rights advocates, where the subject of research "one encounters [is] already analyzed" (2000: xiv). An additional similarity is the relationship to what she terms "the Real." "At frequent intervals," she writes, "negotiators, staff members of international aid agencies, government workers, and networkers stopped to invoke a notion of the 'real world' or 'the reality of women' or simply what was 'real'" (Riles 2000: 143). Throughout the debates recounted earlier, social grant recipients were depicted and characterized in a representational contest that mattered deeply to the policy process. If they were uneducated and vulnerable, the justification for regulation would be heightened; if they were savvy, though needy, consumers, their financial activity should less readily be encumbered (cf. van Wyk 2012). For example, in a jab at civil society organizations, CPS's Belamant claimed "to talk to the pensioners themselves, not the people who claim to represent the pensioners. We meet with 10 million of them every month, so it is not difficult to get feedback from them in terms of what they actually want" (Barron 2013).[18] In contrast, Minister of Parliament Mike Waters, speaking on the deduction issue, said, "The fact that some of our most vulnerable citizens, who are in desperate need of assistance, are being treated this way leaves me angered" (Speckman 2013). And, of course, the nonprofit advocates with whom I coordinated were also involved in a representational contest (cf. Fisher 1997).

Though it was less commonly noted outright, the dispute was animated by an underlying tension in the relationship between the social grants, the state, and the market (cf. Barchiesi 2011). Consider, again, Valerie, the pro-poor community advocate. In her argument that lending to the grant recipients was unethical, she noted that, under the new payment system, "grantees are thus considered to be consumers as are other bank users, but the fact that the person qualifies for a grant makes them a special case." In her reasoning, "grantees deserve extra protection because they are in a vulnerable state." For Valerie and others, their poverty and associated marginalization was crucial, as was her understanding of the purpose of the grants as tied up with notions of citizenship and the collective harms of apartheid.

While social grants are a key realization of social citizenship in post-apartheid South Africa, they operate in a liminal zone between "the state" (where the norms and rights of citizenship rule) and "the market" (where citizens become consumers). The payment infrastructure is a crucial determinant of this liminality. In contrast to other social spending

(e.g., primary education), cash transfers – especially unconditional ones – are more closely intertwined with market relations and their norms. Because they are means tested, the grants are particularly aimed at "income support," the act of improving the poor's ability to consume. Because they are unconditional, the grants do not require consumption of particular goods or services (such as education, in the case of Brazil and Mexico's similar cash transfers). Thus, the anti-paternalism that I earlier suggested was operating has a greater influence than it might otherwise (see also Ferguson 2009).

The state and market are also intertwined in this case due to the historically low bureaucratic capacity that helped to motivate privatization of grant delivery in the 1990s (Donovan 2015). Much of this occurred under the influence of Thabo Mbeki, first as deputy president and then as president from 1999 to 2008. The Mbeki government operated under what Marais (2003) called "the logic of expediency," under which there was a tendency to view governance as service delivery. In this approach, Hemson and O'Donovan (2006 argue, "citizens" become "customers" of one-way delivery. Framing the government's role in terms of "delivery" makes success dependent upon efficiency, not "to determine citizens' wishes and to secure their cooperation but to recruit the best 'delivery' techniques and personnel" (Friedman 2009).

A reliance on private firms to deliver grants has long been a source of critique due to their perceived reduction in responsibility to the grant recipients (Overy and Zuma 2004). Similar concerns were present in this case as civil society sought to stress the norms of citizenship rather than those of consumerism. As one high-ranking civil society representative concluded, "Grants should not open gaps between people and the state." She was particularly concerned that the use of third-party retailers, rather than community paypoints, would remove the street-level bureaucrats to whom grant recipients could turn with concerns. Under the new system, within the three months leading up to April 2013, the portion of recipients receiving their grant at retailers had jumped nearly 50 percent (Dunkerley 2013), and ATM providers reported a "huge injection" of new SASSA users (Moyo 2013). Indeed, during early 2013, the use of Shoprite (a major grocer) as a payment location would become controversial as reports arose of stores forcing grant recipients to spend a portion of it in the store (Davids 2013).

Entities like the Black Sash were engaged in an effort to extend the ethic of care from SASSA beyond mere delivery of the grant to moderate the risks they associated with the poor's location in the market. In Ferguson's (2013) terminology, it was an effort to move beyond "asocial

assistance." However, given the relatively narrow remit of SASSA – predominantly to deliver grants – they began to find that doing so might require more extensive work, such as amending the National Credit Act (Black Sash 2013).

Discomfort with the use of private firms for delivery was also evident within SASSA. As its CEO has repeatedly said publicly, the current five-year contract with CPS is to be the last outsourced delivery method, and plans are underway to pay solely through government mechanisms (such as a potential SASSA bank). As one government official told me, "We do not want the private sector to see this as a lucrative opportunity when it is a government responsibility." Whether or not this tension can be resolved, however, remains to be seen.

Conclusion

In their introduction to a recent special edition on "popular economies" in South Africa, Hull and James (2012) astutely note, "These economies are situated, somewhat contradictorily, between global settings of financialized capitalism on the one hand and impoverished local arenas where cash-based economic transfers predominate on the other." These popular economies are the subject, Bähre (2012) writes, of economic contestation. As a complement, the case at hand demonstrates the type of policy contestations that emerge due to the relationship between financialization and social citizenship. In this case, underlying the dispute were conflicting visions for the social grants. While the unconditional, rights-based approach to income support was widely supported, many of the pro-poor civil society organizations imagined a more actively protective role for the state, especially given their understanding of the dangers of indebtedness facing South Africa's poor. For these activists and others, the particular manner in which "financial inclusion" had been enacted – especially electronic automatic deductions – represented a threat to the very goals that the social grants were meant to realize.

The debates about the institutional, legal, and technical arrangements for the payment of South African grants are particularly relevant given the global surge of interest in rearranging the means of exchange. As other chapters in this volume attest, payment infrastructures are shifting and attracting new entrants. Influential actors from industry and aid organizations are advocating *against* cash and in support of cashless or, perhaps more realistically, "cash lite" economies (cf. Bátiz-Lazo et al. 2014). For example, a 2011 academic conference entertained the idea of "kill-

ing cash" in favor of electronic payments such as debit cards and mobile money.[19] In 2013, entrepreneurs and technologists arranged the first Afri-Koin conference to discuss new financial innovations on the continent. The Better than Cash Alliance is a movement of development organizations, governments, and private companies that support the use of electronic payments, arguing that cash is costly, insecure, and unaccountable (see BTC 2013). The rapidly emerged motto is that "cash is the enemy of the poor" (for a discussion, see Maurer 2012b; Donovan 2013; Nelms 2013).

However, in South Africa, who or what exactly is the enemy of the poor is not entirely clear; the social grants are surrounded by various moral imaginaries, and changes in the technical and legal infrastructure of the grants serve to highlight the conflicts between them. New mediators (like e-payments) cannot be understood as merely a quantitative change (*more* efficient or *more* secure), but instead they transform the acts of exchange in subtle and unintended ways. They are technopolitical arrangements with concomitant ethical regimes (von Schnitzler 2013). As Maurer (2012a: 20) notes, "One needs to get into the technicalities of money, credit and payment in order to get at the status of value forms in practice." In South Africa, the particular technical arrangements (e.g., automatic versus manual withdrawals) were deeply consequential to the precarious lives of the grant recipients. Getting into these technicalities, though, was made more difficult due to the opacity of the privatized payments infrastructure.

It is in light of this that the full importance of this chapter's title is clear. When I was told "financial inclusion means your money isn't with you," the speaker was pointing to the change in autonomy that accompanies a shift away from government-backed cash to privatized electronic payments. As this case shows, without sustained attention and activism, financial inclusion and the movement against cash may, in the well-meaning pursuit of "innovation," "development," "efficiency," or another generality, lead to subtle but important shifts in the power dynamics of everyday financial activity. After all, if your money isn't with you, someone else probably has it.

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NOTES

1. For a historical comparison, see Peebles's (2008: 235) discussion of efforts to replace "individual hoarding" with "pooled saving."
2. This chapter was written and revised from 2013 to 2014, and therefore does not reflect the continued disputes, particularly those that were widely circulated in the South African media in the first half of 2016 when this chapter was in press. For a discussion, see Neves and James (2017).
3. I have used pseudonyms for all private interactions but provided the actual names of people and organizations when those are already in the public domain.
4. Because one recipient (e.g., a low-income mother) may receive grants for multiple beneficiaries (e.g., three children), the number of *beneficiaries* is higher than *recipients* (of which there are around 10 million). See http://www.sassa.gov.za/Portals/1/Documents/905e088d-befd-42ae-b17f-84c6ae1c682f.pdf.
5. Notably, prior to this partnership, Grindrod was a relatively small bank, focused exclusively on high-net-worth individuals and institutional clients. Therefore, it operated only a few branches and lacked experience working with low-income clients.
6. In June 2012, USD1.00 was equal to a little more than ZAR8.00
7. The longevity of this arrangement, though, was thrown into question with the decision by the Constitutional Court in late 2013 that the tender for the contract had contravened crucial procedural requirements. While it was declared constitutionally invalid, the arrangement was not set aside (pending a February 2014 hearing) due to the importance of continued grant delivery to the poor (Froneman 2013).
8. The Black Sash and the Legal Resources Centre are prominent human rights organizations in South Africa that specialize in public interest legal services and other pro-poor advocacy efforts.
9. This episode is part of a larger history of political contests around debt and credit in South Africa. For divergent assessments, see James (2013) and Porteous and Hazelhurst (2004). Most recently, this has involved a hotly contested effort to enact a "credit information amnesty" bill that would remove some debtors' adverse records, though not their debts.

10. SASSA and others have sought to curtail this illegal practice through information drives and police raids, but thus far there has been limited prosecutorial follow-up.
11. This impotence is similar to that of the 2007 National Credit Act, which "has been largely powerless in the face of informal moneylending" (James 2012: 28).
12. The politics of "reckless" and "predatory" lending are discussed in James (2013).
13. James (2012) discusses the similarities and differences within and between "formal" and "informal" lenders in South Africa.
14. See http://www.pasa.org.za/more_aedo.html.
15. In a promotional video, Net1 CPS (2013) actually valorizes this opacity, though they oddly refer to the inscrutability of their black-boxed technology as transparent. "Net1's technology . . . is completely transparent to the end user, in other words they have no real experience or understanding of all the very clever things that happen in the background."
16. In one case, the government's regulatory Financial Services Board revoked the license of a Net1 insurance subsidiary named Smart Life due to a conflict of interest between Net1, CPS, and Smart Life, all of which were led by the same man (McKune 2013).
17. On the design of the largest grant – including debates around conditionality – see Lund (2008).
18. In matter of fact, there are 10 million grant recipients in total, most of whom are not pensioners. Furthermore, the prospect of receiving feedback from them is diminished by the fact that CPS pays most of grants through ATMs and third-party retailers.
19. See Killing Cash: Pros and Cons of Mobile Money for the World's Poor: A Look at Both Sides of the Coin. Boston: Tufts University. Retrieved from: http://fletcher.tufts.edu/killing-cash/.

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