Title

Mobilizing Religion as Value Storage: Islamic Microfinance in Bangladesh as a Model for Poverty Alleviation (Part II) (IMTFI Blog)

Author

Kustin, Bridget

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By IMTFI Researcher Bridget Kustin

PART TWO: Financial Vocabularies, Accounting and Calculation

In my first post, I introduced my IMTFI-funded research into the Islami Bank Bangladesh Limited (IBBL) and its Islamic microfinance program for the rural poor, the Rural Development Scheme (RDS). I explored the slippages between institutional (here the IBBL) versus client understandings of the 'Islam' of Islamic microfinance. In this posting, I continue the discussion by addressing how a financial institution might not *know* its client because it does not fully grasp the assumptions and possibilities contained in clients' financial vocabularies and their accounting and calculation practices in space and time.

Children's clothes purchased for Eid ul Fitr are displayed;
social pressures make Ramadan and Eid periods of financial insecurity (2014).

Financial Vocabularies

Money was an omnipresent topic of discussion in the small town/rural slum community of Zinukpara, although conventional economic definitions for money categories and instruments (e.g. assets, investments, debt, and income) were not necessarily applicable. Material objects, relationships, or affects usually indexed by such definitions can be mobilized differently. For example, *labh* means 'profit' as well as 'benefit.' Clients might discuss the *labh* of an investment, debt, loan, or purchase in numerical or in social, religious, or emotional terms; certain transactions could never fit neatly onto a household profit-loss statement, if such a ledger were to exist. In another basic expression of money-usage in the context of debts and expenditures, *taka* (money) and *shudh* (interest) can be 'eaten' (*khaowa*, to eat), indicating irreversible, definitive usage, for instance:

- **Ex. 1, Client to RDS field officer:** If you give us less money [than what we ask for], what do you expect? .... I will eat the money [*khai felayun*].
- **Ex. 2, RDS field officer to client:** So you took the money, kept it at your house, and ate it? [*khi feladay*].
- **Ex. 3, Client to Bridget, explaining how RDS works:** "We take [their] money for a year. We don't eat their money. Of course we all make payments.

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It's not good to create hardship [for the bank], that's what everyone says."

- **Ex. 4, Client asking the RDS field officer to accept a late repayment:** You have to understand. If you do business, every day cannot be the same. But we have to give the [RDS] installment from the [business] *labh* [profit]. You are also a human being…you have to understand: if you have a stomach, you have to give to the stomach, and we also have to give to the stomach [*pet'e to diaya foribo, onera o diya foribo*]. And you have to give to someone else as well.

Here, implicating the body frames money and interest not as 'things' to be taken (*naowa*), held (*rakha, haowa*), or used (*babohar kora, kora*), but a part of more intimate, embodied and irreversible actions entwined with the basics of sustaining life. This gestures toward the condition of poverty in which money is not necessarily a neutral medium of exchange with fungible choice in its applications, but is the medium of enabling sustenance and survival. In the third example, the counterposition of 'taking' versus 'eating' RDS funds distinguishes money that once used is gone forever and cannot be recouped or repaid from money that can be repaid. In the first example, the client explains to the field officer the difficulty in receiving RDS microfinancing that is less than the desired amount: the lower sum will be eaten and not repaid, as the amount was never enough to execute the desired income-generating venture in the first place. For this client, eating the money is part pragmatism and part punitive, as the bank should not expect to receive its money back if it is unresponsive to client needs.

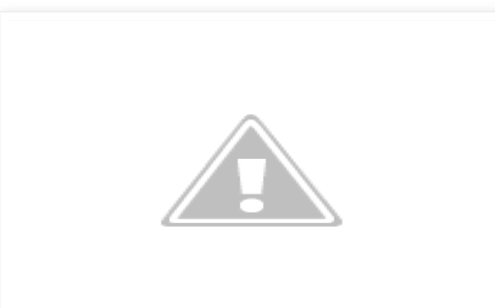
This is not a question of reconfiguring 'eaten' money into outstanding debt or write-off-as-gift. Rather, "eaten money" exists as its own category — both as a kind of necessity, and a kind of wastage. Not all money is meant to be repaid, although this determination is made by the recipient and so is pointedly asymmetrical. Eaten money can carry its own costs, such as reputation, trustworthiness, or the ability to secure funds again from the eaten funds source. A household ledger bifurcated into incomes and expenses cannot contain this third, mutable category.

Accounting and calculation

Women are not necessarily the primary managers of their household accounts and RDS repayment obligations. Ameena, the leader of her RDS collective, keeps track of everyone's debts through memory, and negotiates late payments with the field officer. As a result, managing very small amounts of weekly repayment and contributions into mandatory savings accounts — from about 0.60 USD to 4 USD — requires significant labor on the part of Ameena and the field officer.

Part of what adds time to client-field officer encounters is the inaccessibility of calculative mathematics for clients, often compounded by the scarcity of written financial records. This is despite the fact that increasingly complex financial inclusion-oriented products require calculative mathematical ability on the part of the client, in order for the client to have a clearer picture of her obligations, assets, and financial status in time. Clients rarely use the calculators available on mobile phones as they use Arabic numerals rather than Bengali numbers. During the daytime repayment meetings, children who might otherwise be able to help with sums are typically at school or working.

Sums and counting are performed verbally and often collectively, and the cardinal and ordinal numbering of time frames (whether weeks, months, or years) are situated against other measurements of the passage of time. These include the six Bengali seasons; events on the Islamic calendar, namely, Eid ul Fitr, Eid ul Adha, Shab-e-Barat, and Ramadan; and events such as a hospital stay, marriage, or child's birth.



A client passbook and bank ledger, detailing RDS accounts (2013)

Positioning myself within the community in the register of 'participant observer' meant engaging in a broad spectrum of relations, including the informal money-lending ubiquitous between relatives and neighbors. My own monthly financial inflows and outflows were likewise subject to daily discussion. This served to insert me into

- ► June (8)
- ► May (9)
- ► April (11)
- ► March (9)
- ► February (3)
- ► January (7)

- ► 2014 (46)
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a household's financial management processes. Thus, rather than recording a singular 'true' quantitative weekly or monthly accounting that existed in static form, our interviews captured the dynamic work of financial management as it took place within performative and technical acts of negotiations, diversions, bundling, and forestalling.

In addition, when the women discussed their debts, three figures were usually cited with regard to the money owed: first, the original, principal amount owed. Second, the lender's *labh* (profit), typically the interest amount. Finally, the lowest possible total amount that could be paid while still achieving closure of the debt. One rhetorical formulation I often heard encapsulates this latter notion: "if I owe 1,000 and pay 900, I still won't get it" – with 'it' referring to the settlement or closure of a debt.

The RDS passbook (2013)

Financial services offered by formal institutions are not set up to account for these processes. Similarly, conventional notions of household financial accounting that set debts/expenses against regular inflows are not applicable. Rather, these processes gesture toward a household 'account' as a shifting, multi-plane ledger where debt amounts (subdivided into principal and interest) are set against the lowest possible amount one can anticipate, strategize, or hope to pay, by leveraging time, external shocks (for either the borrower or lender), religious compassion, or other social or familial factors. The marginal gains from such reductions (and, on a related note, a consistent preference for round numbers and strategic rounding up or down to benefit the individual most in need) become part of broader financial management strategies in time. Loans exist as imminently repackageable into different sets of obligations — an enticement to a gold seller to bring one's relatives to the shop, assurance to a shopkeeper that your business will stay with his store, appeals to an RDS field officer's sense of Islamic piety and compassion for the poor.

Ultimately, my field research asks what it might look for an Islamic microfinance institution to take seriously the idea of people participating in microfinance, rather than just being subjects of it. This question then can be understood on multiple registers, from the socio-linguistics of financial vocabularies to technical aspects of calculation and record-keeping. And to ways in which Islamic notions about poverty, compassion, and social justice in economic affairs frame client relationships to the institution.

Further readings:
-Part I of the blog, "*Mobilizing Religion as Value Storage: Islamic Microfinance in Bangladesh as a Model for Poverty Alleviation*".

-Bridget Kustin's full Final Report

-Islamic (Micro)finance: Culture, Context, Promise, Challenges, a report by Bridget Kustin for Financial Services for the Poor, Bill and Melinda Gates Foundation. The report offers an introduction to the theological tenets of Islamic (micro)finance, a description of the most common products and services, and a global overview of the industry and its major institutions.

Posted by Anonymous at 7:35 AM

Labels: Bangladesh, gender, Islamic finance, microfinance

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