KIN
GOLD

Trust and Money: It's Complicated

CASH
DEITY
MOBILE

IN ACCOUNTS WE

TRUST:

THE HOW OF TRUST

IMTFI
INSTITUTE FOR MONEY, TECHNOLOGY
& FINANCIAL INCLUSION

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What is Trust?

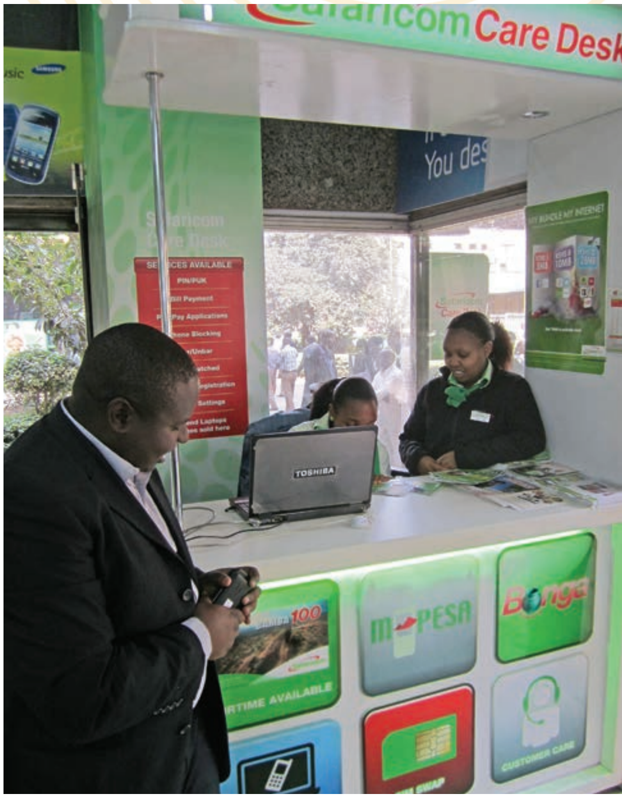
Trust in What?

What is trust? In economic matters, trust is often invoked with little explanation. In parts of the world where the electric grid is usually stable, we trust that the lights will turn on — and stay on — when we flip the light switch. When it comes to people, we may trust a neighbor to borrow our cell phone to make an emergency call, but not necessarily a stranger, who could run off with it. Sometimes we have to learn to trust new technology providers or financial institutions. If you move to a new region that requires a different mobile service provider, you might feel the advice of a new colleague is more reliable than the sales pitch of a service agent. Or you may look to a nation-wide network with a long and consistent reputation rather than take a chance on a cheaper provider you've never heard of before. And then there are life and death matters, when we put trust in a multitude of others. Driving a vehicle on a busy highway requires a certain faith that other drivers will follow the rules of the road, if only because they, like us, want to arrive at their destinations safely!

No rights, no money and happiness, Gorno-Altaisk, Russia. PHOTO: Svetlana Tyukhteneva

The "How" of Trust

These examples show a pretty diverse range of experiences and expectations for which we use the word trust. They also show that trust is never just about who or what we trust. "In ___ we trust" isn't just about my relationship to a friend, a stranger, a service provider or an institution. It is also about the social and material relationships through which we make and experience trust on a daily basis, as part of our many overlapping social and technological networks and commitments. The better question might be "in 'how' we trust." We think this is especially acute in situations that arise from new financial technologies and ways of dealing with money. How are people's relationships with each other and with financial institutions mediated by new "channels" (like mobile money) which transform and transmit value across time and space? What kinds of relationships allow channels to endure and preserve value for the time it takes to reach its destination, or for the more distant future in the case of savings? How is trust accounted for and made accountable? And what is the source of trust? Drawing on fresh insights from IMTFI research, we show how trust is being navigated in the context of traditional and new mobile technologies.



M-Pesa care desk, Kenya. PHOTO: Ivan Small

How is trust accounted for
and made accountable?
And what is the source of trust?

CHANNELS: ATMs / Cash / Mobile / Alternative Monies

IMTFI research shows that mobile money and formal financial channels like banks sit alongside the traditional channels people have long trusted for storing, accumulating, and transferring wealth. As nation states work to include citizens digitally by disbursing social benefits, pensions and income through digital technologies, people expect to be able to cash in and out and transfer value between different channels including their traditional and informal ones. Distrust grows when mobile agents are few and far between, when banks limit access or charge exploitive fees, and when recourse for filing grievances is lacking. When ATMs fail or do not dispense the full benefit because denominated notes and award amounts do not match, frustrations of use can translate into frustrations of belief. The tools for making economic transactions matter both in terms of people's knowledge of how the system works, as well as in their belief that the system will work for them and not fail.

Payments, Uganda. PHOTO: Howard Tugume

In Mexico, one IMTFI study put trust as an "essential element of economic transactions" to the test. Researchers studied the introduction of ATM debit cards to a conditional cash transfer program called Progresa/Oportunidades (now Prospera). They wanted to know if an ATM debit card increased long-term savings in the account. Beneficiaries studied had received the grant in bank accounts. But the service charged a fee for checking one's balance. Beneficiaries who wanted to make sure their money was "there" told Oportunidades officials stories about "disappearing money," which turned out was caused by their frequent balance checking (several times a day) that involved a transaction cost in each instance. Would a decline in balance checking mean trust increased? Did fees charged for balance checking change behavior?
(Seira and Aguilar)

Researchers triangulated account user data and aggregate savings with user surveys that directly asked about trust in the account, coding responses for knowledge (using the account) vs. trust (is my money still there?). They found that, as users experienced accounts as reliable

Trust is an essential element of economic transactions. Building trust takes time.

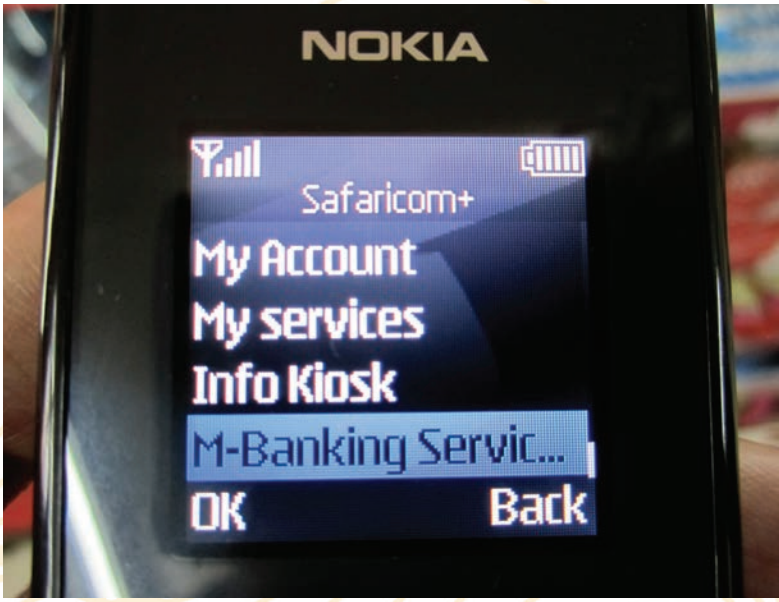
and accessible with the card over time, the frequency of balance checks decreased. But they also found that the ability to monitor accounts frequently with the card at the beginning was an important step in building that trust. The card did help to increase savings over a two-year period, showing the importance of the tool itself.

This raises interesting questions about the relationship between knowledge and trust with important implications for financial literacy programs. Knowing how the account works is not all that is needed. Uptake and use in the long term depends on time and patience in establishing trust — which might mean, for example, designing fee structures based on the amount of time a user holds the account, or allowing no-fee balance checks for a period immediately after a deposit is made.

Game Operator Networks, Colombia. PHOTO: Ana Echeverry and Coppelia Herrán

"I can use mobile money to transfer money, pay bills, and for airtime top up, but not to save money. Who will I report to if my money disappears the way my airtime used to disappear?"

– Mama Nneka a, 45-year-old cooperative leader, Nigeria (Kenechi and Uchenna)



M-Banking mobile interface, Nairobi, Kenya. PHOTO: Ivan Small

INTERMEDIARIES: Banking Agents Kin Social Networks

ATMs and new banking technologies are not only about a relationship between the bank and account holders. Intermediaries, from banking agents to kin and other social networks mediate access, use, and integration of new technologies within existing monetary ecologies and repertoires. For instance, women participating in cooperatives in rural southeast Nigeria see the benefits of mobile money for transferring money and making payments, but not for saving value. Trust in a new technology may depend upon its ability to be one among many other traditional or alternate channels for transferring and storing value, allowing people to diversify risk and secure value for the future. What people trust in depends significantly on the relations and "agents" through whom trust is continually mediated. As a woman in rural Nigeria told IMTFI researchers Kenechi and Uchenna:

"Emeka, the shopkeeper in the village square, is my bank. I keep the proceeds of my palm business every fortnight with him. This is how I grew the capital I used to buy assets. I trust him because he is reliable and his shop is big and well stocked. Even if he uses my money, he can conveniently pay it back."

In India, the neighborhood kiosk is the anchor for people's daily transactions, from sharing gossip, to buying groceries, to enlisting the shopkeeper for assistance in sending remittances through the phone that arrive instantly thousands of miles away. When a business like Eko establishes itself as a reliable financial services provider, the brand can become synonymous with the activity. But if multiple providers perform equally well, trust in the outcome might be more important, as Amrit Pal learned. When asked which provider he trusted more, one remitter replied, "all banks are like Eko and I don't care as long as the money reaches my bank account." (Pal) This suggests that brands offering competing but equally reliable services need to do additional work to differentiate their product. Trust does not necessarily translate into loyalty.

Buyers and sellers in a silk factory, Karnataka, India. PHOTO: NIthya Joseph

Family, social networks, and individual experience mediate when channels are considered reliable or not, and how trust is won or lost. IMTFI research in Guiguinto, Philippines

Trust in new technology grows when it can be one among many reliable channels for storing and transferring value.

on investing remittances in overseas migrants' local hometown shows that trust in a spouse or family member back home is key to strategies of managing remittances for the whole family. Research participants also emphasized trust and even pride in their own money management experiences in the context of maintaining distant family ties, and because of lessons learned from losing money to bank scams or cash to theft. For them experience was a primary source of financial knowledge that was trusted more than formal financial education. Keeping money hidden, being mindful about one's surroundings, and staying attentive to being followed meant that trust was placed in one's own safeguarding skills more than in formal financial institutions. (Opiniano and Ang)

New technology can insert new forms of vulnerability and exploitation into trusted relations. Kin or family insiders may misuse or take advantage of one's trust. As Tade and Adeniyi point out in their study of ATM fraud in southwest Nigeria, "Trust is a virtue which is not evenly embraced by people in the social world." They describe cases where a family insider, such as a servant, is asked to assist with an ATM transaction on behalf of an elderly parent who cannot wait in line. The family takes a risk by allowing access to the PIN and view of account details. Fraud can happen inside trusted circles. Yoruba maxims illustrate quite vividly how trust can fail:

"The person we asked to assist in helping us to blow out dirt in our eyes has pepper in his mouth."

"The person asked to assist in scrubbing our back has thorns in his hand."

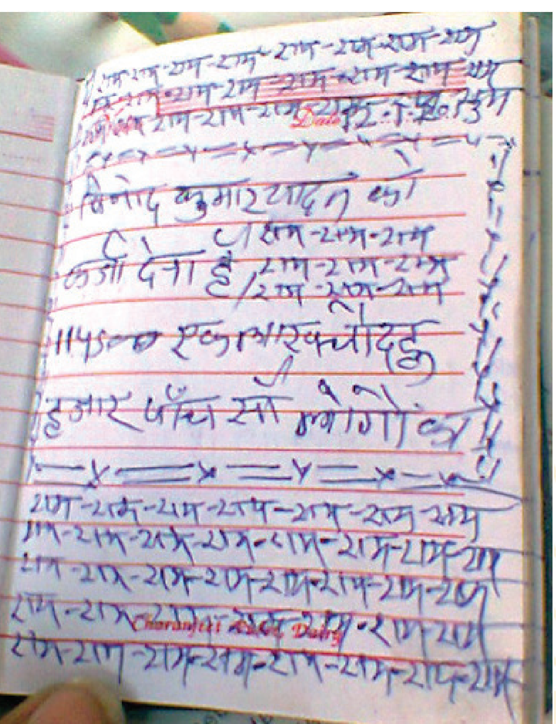
Even if people belong to the same moral community, unequal economic opportunities can diminish trust. (Tade and Adeniyi)

Time is also an intermediary. Practices of reciprocity among social groups and across generations play out over time. Mobile technology can make things easier and more efficient by connecting money, people, and networks across great distances in time and space. But it can also disrupt rituals of reciprocity among peers, elders, and generations that work according to other temporal and accounting practices.

ACCOUNTING: Hidden vs. Visible / Individual vs. Shared

Trust in what is hidden or visible can differ greatly across societies and depends on context and situation. Mobile money platforms can build trust by making transactions transparent and introducing financial accountability. But it may also hide or make private, individualizing collective or household resources and thereby breeding mistrust. In the Nigerian women's cooperatives, simple bookkeeping is supplemented by face-to-face interactions and informal methods of verifying claims. These social forms of accounting are important for peer monitoring and solidarity in the community. They also operate according to different forms of flexibility and sanction. Introducing a new platform for verifying and recording payments and withdrawals could generate arguments and tensions between those who adopt the new technology and those who do not. Calls for greater transparency therefore do not necessarily mean more trust. (Kenechi and Uchenna)

But in Kenya, while the mobile phone does cause dilemmas and distrust by allowing for a spouse or child to communicate in secret, the mobile money feature is viewed positively as a tool for storing and earmarking private funds for later public display in instances like a boyhood rite of passage ritual. Money from selling an asset such as a cow is saved in the mobile wallet for the upcoming ceremony, and fathers build a contingency fund for honoring guests at a beer party. Mothers also store e-money gifts to be converted later to cash for the ritual. The mobile money wallet therefore provides a personal and private means for planning and collecting donations for the ceremony that feed into more public displays and conversions of value and bridewealth in the ceremony. (Kusimba, Chaggar, Kunyu, and Yang)



Financial accounting, India. PHOTO: Mani Nandhi

Formal accounting is often seen in the west as building trust because transactions are legible and profits and losses calculable. But in the accounting practices of the poor in Mayong, Northern Assam, expectations about secrecy and transparency are highly variable. Single-entry ledgers are kept by every household and are hidden away, opened only in times of emergency. Being discrete about the details of

Expectations about what can be public and what must remain hidden are important to understanding trust.

one's financial affairs is not about privacy or hiding something illicit — though Mayongians do believe household ledgers must be guarded against the risk of sorcery. It is also a way to create a culturally specific sense of self. As one local expert exhorted the researcher: "Little brother, act with calculation! (Literally, 'move within the account!')" In contrast, shared ledgers detailing expenses for ceremonial rites, fines for breaking taboos, and records of redistribution of livestock circulate as public accounts that are audited by political and religious authorities and can be viewed by anyone in the community. In this community, economic transactions are collective forms of memory making, only some of which become part of a public ledger. Trust is not only "in" the ledgers, but also made in the practices of keeping them. (Dowdy)

"The guests do not care how much ready the home is... they come to get a share of the ceremony. There are under-estimations always. In such a situation, there are rumblings and tumults … I have set aside foods and brew with a neighbor in a secret place … and I can still buy more from what I have saved on the phone to heal the situation."

– Agnes, Kenya (Kusimba, Chaggar, Kunyu, and Yang)

Family and neighbors gather to receive a young man who is visiting to announce his upcoming maturity ceremony, Saboti, Kenya. PHOTO: Sibel Kusimba

THE SOURCE: { Elders / Deities / Political Leaders / Soothsayers / Gold and the State

People often care a great deal about the source of money and the source of knowledge they turn to for advice about it. In the mobile money space we assume that a brand does most of the work. But if that were the whole story its adoption would be seamless everywhere. However, mobile money providers and individual users are not the only source of advice. Elders, deities, political leaders, and even the state also act as sources of money and knowledge about money and they can impact how people use new services.

Elders and persons of higher rank or standing are one such source. In many contexts, their approval might be essential to building trust in new technologies. In rural Nigeria, one woman told Kenechi and Uchenna:

> ***"Mobile money might be useful but I cannot subscribe based on what they say during adverts on the radio. I can only believe if someone I trust like our priest or my son's teacher convinces me."***

Another woman, Ngozika, was convinced that mobile money is a scam from the government and telecommunication companies only wanted to defraud poor people. "If it's that useful, how come many women in our community do not use it?" she asked. People look to whether those around them are using a service or not as evidence that a service can be trusted.

Powerful others such as deities, high priests, and soothsayers mediate use and uptake of new channels of communication, economic and social. Deities are sources of borrowing and the ultimate source of trust in rural southeast Nigeria. Deities safeguard value through their high priests, arbitrating relations of credit and debt, as well as other forms of financial intermediation. Chief priests' words are sacrosanct. (Kenechi and Uchenna; Omeje)

Wishing well, Westminster, CA. PHOTO: Jonathan Kwok

The "source" of trust is the one you can rely on to solve problems.

In rural Ghana, the source of trust is not limited to living persons but also includes the dead. One's ancestors are the source of authority over the affairs of the living and are consulted on all matters of importance. Soothsayers act as intermediaries using divination to facilitate communication between clan leaders and ancestors on behalf of the lineage. In order to interview the ancestors about their approval of mobile money use in the community, the researchers had to gain the permission of soothsayers to consult ancestral heads. Community development depends upon the input of the ancestor. One focus group discussant explained the importance of ancestors' consent,

"In everything we do, the ancestor is always involved. If we are in trouble, we can swear an oath with the ancestor that we don't know the cause of this trouble. He knows. He should show us the way to solve the problem. He is involved in our joy and in our sorrow." (Santuah, Chirawurah and Alichimah)

Gold is often thought the world over to be the ultimate source of value, secure especially in times of market failure. In India, as Nithya Joseph shows, gold is trusted in bridging volatile work conditions and incomes to build capital. But buying or selling gold at the wrong time can reverse the fortunes of workers and family firms alike. It is not gold's intrinsic value that makes it a reliable source, but its fluidity in managing social ties and materializing family histories built on trust. (Joseph)

Mobiles, Nairobi, Kenya. PHOTO: Ivan Small

Woman with gold earring, India. PHOTO: Nithya Joseph

When things are not working or go wrong, who do people turn to? Even if people trust the channel, they may reject it if they distrust the source that is managing and guaranteeing its timely delivery. Or people may be hesitant to rely on it at times of emergency. Service downtime, illiquidity, or excessive and unauthorized fees can suggest a channel is not only unreliable, but also unjust. Shared historical experiences with particular channels and those who operate them therefore mediate levels of trust, expectations of stability, and a sense of the future.

CONCLUSION

What might the source of trust in a digital, cashless or cash-lite future be? As the IMTFI research projects featured here demonstrate, on-the-ground research within communities is critical to showing how old and new channels, intermediaries, ways of accounting, and trusted sources are integrated into digital futures. Understanding the different ways in which people integrate new technologies into their lives and existing values, and the practices they adopt in doing so can inform planning technologies that are attentive to their needs and contexts. Thus, in the realm of electronic payment service we need to move beyond just trusting in "trust" to solve the problem and dig deeper into the "how" of trust.

> ***"The first time I owned gold was when I bought these earrings twelve years ago. The earrings — are gundus (gold dome ear studs) — the ones I'm wearing now. I bought them with my savings because they say your ears shouldn't be empty. I wear them all the time now and I'd never pawn them."***
>
> ***– Gowramma, a woman working in silk-reeling since childhood, India (Joseph)***

Projects Featured

Dowdy, Sean – *How "The Poor" Account: Financial Reckoning and its Cosmoeconomics in Assam, India*

Joseph, Nithya – *Silk Societies, Gold Stories: Using Gold-Based Life Stories to Study Gender, Financial Inclusion, and Work Vulnerability in South Indian Sericulture*

Kenechi, Onyima Jude and Onugu Charles Uchenna – *Mobile Money, Social Capital and Financial Behavior of Women's Cooperatives in Rural Nigeria*

Kusimba, Sibel, Harpieth Chaggar, Gabriel Kunyu, and Yang Yang – *Mobile Money and the Coming of Age in Western Kenya*

Opiniano, Jeremaiah M. and Alvin P. Ang – *Does Financial Inclusion Spur Overseas Filipinos to Invest? A Remittance Investment Climate (ReIC) Study in a Rural Hometown*

Omeje, Kenneth – *Borrowing from the Gods: Oracular Deities as Traditional Sources of Credit among the Igbo of Nigeria*

Pal, Amrit – *One Among Many? Examining the Efficacy of Mobile Money in India's Remittance Corridors*

Santuah, Francis Niagia, Dennis Chirawurah and Martin Alichimah – *When the Dead Decide: An Investigation into the Influence of the Ancestors in the Decision to Use Mobile Technology in a Rural Community in Northern Ghana*

Seira, Enrique and Arturo Aguilar – *Paying Conditional Cash Transfer Programs in Bank Accounts*

Tade, Oludayo and Oluwatosin Adeniyi – *Automated Teller Machine Fraud in South-West*

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