

Haitian Monetary Ecologies and Repertoires: A Qualitative Snapshot of Money Transfer and Savings

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Figure 1: Cambiste in action in Croix des Bouquets. Espelencia Baptiste, 2010

ABSTRACT

This report provides a qualitative snapshot of Haitian monetary ecologies six months after the 7.0 magnitude earthquake on January 12, 2010. The research examined the variety of ways in which money, people and goods circulate throughout Haiti in light of the changing economic, social and financial landscape. Based upon over ninety qualitative interviews and focus groups with Haitians located in four key sites throughout the country, the report focuses upon the challenges that many Haitians face in their efforts to send, receive, exchange and store money, and the role of mobile phones and other conduits in this process. Specifically, we address three key challenges that shape everyday Haitians' attitudes towards money, trade and exchange and the potential for social change through new financial services: (1) Bureaucracy and Power; (2) Time and Cost; and (3) Security. The report concludes by providing a series of recommendations concerning the importance of social networks and intermediaries in moving money, the incorporation of the Haitian diaspora into financial inclusion models and the broader need to address Haitian values concerning savings, time and forms of exchange.

HAITIAN MONETARY ECOLOGIES: AN INTRODUCTION



Figure 2: Maroon statue before the earthquake. Keith Mumma, 2009.

Discovered by Columbus in 1492, the western half of Hispaniola became French in 1697, when the treaty of Ryswick divided the island into French St Domingue to the West and Spanish Santo Domingo to the East. As a result of being the wealthiest colony in the Caribbean, St. Domingue soon became known as the “pearl of the Antilles”. Using labor from the more than five hundred thousand Africans brought as slave labor to the colony’s plantation, St. Domingue supplied France most of its coffee, sugar, rum and cotton. A slave revolution led to a twelve-year war between St. Domingue’s slaves and free mulattoes. This culminated in the independent Republic of Haiti in 1804, making it the first black republic, the second independent nation in the new World and the only successful slave revolution. It is also one of the few Caribbean nations to endorse African-derived linguistic and religious practices. Haitian Creole stands alongside French as an official language and Voodoo is an official religion. Today Haiti has an estimated population of over 9 million people (9,035,536, July 2010 estimate). The population is decidedly

young; the median age of Haitians is 21.1 years.

Over the last two hundred years, the historical accomplishments of the Haitian people have been undermined by a series of dictatorships, violent conflicts, foreign occupations and economic crises. It holds the dubious title of the poorest country in the Western Hemisphere. Only 52.9 per cent of the population over the age of 15 can read or write (2003 est.) and while approximately half of primary school aged children are enrolled in school, less than 2 per cent finish secondary school. Haiti also has the highest rates of infant, under-five and maternal mortality in the Western hemisphere and a significant portion of the population remains vulnerable to malaria, tuberculosis, HIV/AIDs, respiratory infections and diarrhea (UNICEF 2010). These conditions have led to considerable involvement in Haiti’s everyday affairs by NGOs and other development organizations.

With a GDP of \$6.558 billion and an average GDP per capita of \$1,300 in 2009, over 80 per cent of Haiti’s population lives below the poverty line. Although Haiti has reserves of natural resources (bauxite, copper, calcium carbonate, gold, marble, and hydropower), the nation remains economically reliant upon agriculture, service sector jobs and remittances. With a net emigration rate of -2.07 migrants per 1,000 in 2010 and roughly one-sixth of Haitian citizens living abroad, remittances remain one of the primary forms of income and foreign exchange. According to the World Bank, remittances constitute almost 19 per cent of Haiti’s GDP and garner twice as much earnings as exports. A significant portion of this income is concentrated in

Port-au-Prince where the vast majority of the country's trade, business and government services are centered. Port-au-Prince is often referred to as "the republic of Port-au Prince" because of its economic and administrative primacy. Due to this concentration, and the difficulties of travel to the capital, residents of Haiti's provinces have little contact with the national government and its services. Yet despite their bureaucratic disconnection, rural regions remain connected to Port-au-Prince through social and economic networks. The majority of the Port-au-Prince's residents arrived in the capital city less than two generations ago and thus many still have family members who live in the country. In the process of maintaining these social connections, the city's residents send and receive money and goods between the city and the provinces, and between the provinces themselves.

A combination of deforestation and fragile infrastructure in the wake of changing political regimes leaves Haiti particularly vulnerable to natural disasters. Since 2004, for example, Haiti has experienced four major hurricanes that resulted in flooding and mudslides throughout the country. On January 12, 2010, the nation of Haiti experienced a 7.0 magnitude earthquake, the epicenter located 15 kilometers away from Port au Prince. The earthquake destroyed homes, businesses and families across the island nation, killing over 250,000 thousand people and displacing over 560,000 people (Bengsston, et. al. 2010). Immediately following the earthquake, money began to flow into Haiti from foreign governments, international NGOs, church groups, the Haitian diaspora and a range of individuals and community organizations. Money also circulated as

people living outside the zone affected by the earthquake sought to help their surviving relatives. Due to damaged infrastructure, international agencies reported that they experienced difficulty in getting money and other resources into Haiti and, once received, moving them between distribution points and the people most in need. Key microfinance institutions in the region - Fonkoze, Sogesol, Mercy Corps and ACME – struggled to maintain operations in the face of lost buildings, workers and clients. Cash for work programs, which sought to provide financial support to Haitians who lost their employment after the earthquake, found it difficult to move the amount of cash necessary for their payroll.

The earthquake served to both exacerbate and illuminate the challenges and sense of hopelessness many Haitians experience. Haiti's poor infrastructure means that even small crises become large ones. For example, banking is difficult in Haiti at the best of times, and during the earthquake people found that they could not access their accounts. During the wet season, tropical rain that may barely be noticed in the Dominican Republic causes major disruptions and delays in Haiti. Many of the difficulties faced by Haitians in the aftermath of the earthquake were not entirely new; rather, they were extensions of issues and challenges that Haitians must contend with in their everyday lives.

Despite the recent challenges, Haiti has always had a rich and varied economic system that we are calling in this report "Haitian Monetary Ecologies", which are comprised of three primary economic systems and the circulation of multiple currencies within a particular sociocultural

context. In addition to the national currency (the gourde), Haitians also use a range of non-Haitian currencies in their everyday affairs. These include the United States dollar (of which the gourde is measured against) and the Dominican peso. Given the historical connections to France, the franc, or most recently, the Euro, also represents a state currency that circulates within Haiti. Laguerre's (1982) ethnography of urban Haiti suggests that three economic systems dominate the national economy, which exist in relation to, but often quite separate in practice from, the dominant state-sponsored economic system. These are the market system (Mintz 1961, 1967); the *borlette* (neighborhood gambling and lottery, see also Wilson and Levin 2010) and the *sangue* (rotating credit associations). The market system includes a range of negotiations of value. These include haggling, "a process or price formation which aims at establishing particular prices for specific transactions acceptable to both buyer and seller, within the price-range that prevails in the market" (Uchendu 1967:37, cited in Laguerre 1982:40), the use of intermediaries who are the same station or 'chance' as the seller and mediate relationships between sellers and buyers as well as a system known as *pratik* wherein buyers establish a longer-term relationship with particular sellers based upon *degi* (giving a little extra), credit and a range of other micro-interactions. *Borlettes*, or lottery and gambling, which used to take place in relation to the official, national and Dominican lotteries, are currently based on the New York lottery drawings. Individuals in neighborhoods sell numbers to people that they purchase based upon interpretations of dreams and other signs. For the sellers and buyers of lottery numbers, the payout received (or not received) may be used as a

way to jump start new economic activities. The *sangue*, or rotating credit associations (ROSCAs), are often established in neighborhoods by female market vendors as a way to save money for larger purchases (Besson 1995). Created among individuals who are known to the banker who starts the savings, participation in the *sangue* can provide both a source of income and a system of credibility and trust among the *sangue* members. The banker also gains prestige through organizing successful *sangués*. Alongside these more traditional economic activities recorded by economic anthropologists, remittances sent from Haitians living in the diaspora (Fagen 2006, Orozco 2006, Pierre-Louis 2006, Richman 2001, Richman and Rey 2009, Schiller and Fouron 1999) also remains a major source of money and exchange throughout Haiti and, as we document in this report, new forms of money, value and exchange are emerging with the integration of new technologies and infrastructures.

Also located within Haitian money ecologies are a range of financial service providers, including banks, microcredit institutions, and money transfer services. However, these tend to be underdeveloped and inaccessible due to problems of infrastructure and geographic distribution. Our research suggests that Haitians would welcome the development of new, more accessible financial services. They recognize that a mobile money service could mitigate many of the challenges they face in using banking and money transfer services, and provide new opportunities for sending money to friends and family and engaging in trade, opening up new routes of transfer and facilitating the mobility of money and people along pre-established routes. The decentralization, flexibility of operations, and

simplified infrastructure involved in mobile banking means that the service can be integrated within pre-existing commercial outlets, reducing transaction costs and allowing it to spread rapidly throughout the country, so long as a mobile service is available.

In terms of bureaucracy and power, the initial problems of gaining necessary identification would likely remain, as people would still need to prove their identity in order to receive money. However, even undocumented Haitians may find their ability to send money is increased by the service, as they may be able to draw upon friends and family more readily to send money on their behalf. For people who do have identification, mobile banking would allow Haitians to avoid the long lines at the bank and its complicated bureaucracy. There are also clear advantages in terms of security since mobile money reduces the need to carry cash and mobile money could cut down the time and cost of sending money significantly. Even if the cost of sending money were on par with established transfer services such as Western Union, a greater geographic distribution of mobile money transfer services would mean reduced transport costs to access these services. We imagine a future where residents of remote areas can travel to the nearest small town, rather than a major town or city, to deposit or withdraw money. If residents wish to forward on to a third party and they have money already in their account, then they would not need to travel at all. This instant access to transfer services would signify less disruption to the working day and a faster redistribution of money to people who need it.

This report maps Haitian monetary ecologies and the ways in which money, people and goods circulate throughout Haiti. Focusing upon the challenges Haitians face in their efforts to send, receive, exchange and store money, we examine everyday practices as well as the role of mobile phones and other conduits in this process. The research was carried out cognizant of the fact that most of the poorest Haitians operate outside of formal banking and other small-scale credit cooperatives scattered throughout the rural regions of the country. Moreover, we sought to acknowledge and, where appropriate and relevant, map the changing economic, social and financial landscape in Haiti. Based upon ninety interviews of varying lengths and five focus group discussions in four main locations throughout Haiti: the Port-au-Prince region, Cap Haïtien in the north, Jacmel in the south, and Anse-a-Pitres located on the border of Haiti and the Dominican Republic. In the following sections, we address three key challenges that shape everyday Haitians' attitudes towards money, trade and exchange and the potential for social change through new financial services: (1) Bureaucracy and Power; (2) Time and Cost; and (3) Security. The report concludes by providing a series of recommendations concerning the importance of social networks and intermediaries in moving money, the incorporation of the Haitian diaspora into financial inclusion models and the middle men and women and the need to address Haitian values concerning savings, time and forms of exchange.

KEY ISSUES AND CHALLENGES

Using financial services in Haiti is a challenge at the best of times. In this section we identify and describe three major

issues that Haitians face in their attempts to provide support or make payments to family and friends located elsewhere in the country. People's ability to send and receive money is limited by far more than their ability to access money and a service with which to transfer it. Haiti's bureaucratic structures, access to official identification, transportation infrastructure, issues of social relations and trust, and security all impact how, when, where and how often Haitians can send money.

Bureaucracy and Power

Haitians' ability to use financial services is shaped by uneven distribution of access to bureaucracy and power, and lack of functionality of existing services. The concentration of bureaucratic services in Port-au-Prince and a few other major cities can make obtaining the documentation required for banking difficult for residents of other areas. Their ability to gain the right documentation and use services is also affected by issues of literacy and social status. For Haitians living near the Dominican border, the difficulties of accessing Haitian services impel Haitians to use Dominican services, which is also far from ideal. In this section we present examples of some of the difficulties that can arise in different parts of Haiti.

Accessing and using financial services depends upon the availability and adequacy of bureaucracy and service provision. Any Haitian who wishes to use a financial service must have official identification, usually a national identity card. Obtaining an identity card requires a birth certificate that not all Haitians possess. One can only obtain a birth certificate if parents have declared the child at the officer of civil

status. Given the lack of state representation in some parts of Haiti, some people (especially in the older generations) have not been registered and thus cannot acquire identity cards. Those who have a birth certificate must apply for an identity card by taking their birth certificate to the nearest police station with the appropriate fee. People who have lost their birth certificate must travel to Port-au-Prince in order to obtain an "extrait d'archives" (extract) that is also required for passports. Given the difficulties of transportation in Haiti, this can be a time consuming process. Since an identity card is required for all official money transactions such as banking, getting loans and receiving cash from money transfer services, those lacking proper identification represented by the national identity card are excluded from the formal channels for moving money.

Even with the proper documentation of identity, banks and other formal institutions hold considerable power over their customers. The bank, through its rules and regulations and the provision of the appropriate technology, control when and how a person can access money that is in its custody. Because of complicated banking rules (such as the requirement to have a checking/current account to use an ATM), most banking transactions necessitate a visit to a bank branch. This can be an uncomfortable experience for clients who cannot speak French (the official language of business) and those who primarily operate in the informal sector. Fear of humiliation and the inability to speak on one's own behalf causes many Haitians to avoid banks and other official settings, thereby creating two worlds: a formal one that operates mostly in French and requires a knowledge of office culture, and an

informal one that operates in Haitian Creole based on social networks and personal relationships where trust is the main currency.



Figure 3: Anse-a-Pitres and Pedernales border check. Hermes Báez, 2010.

Haitian residents of towns on the Haiti-Dominican Republic border depend heavily on mobility and communication within both countries. Living on the border provides Haitians with some significant advantages, such as proximity to the wealthier Dominican market and access to the communication networks of both countries. Their role as central nodes on trade and migration routes means that money passes through these towns from disparate locations across Haiti and the Dominican Republic, and even internationally. To facilitate cross-border mobility, it is not uncommon for Haitians to own two cellphones in order to communicate at national call tariffs with relatives, trading partners, and services in both countries. Calls can be made from either side of the border as signals reach up to forty kilometers into foreign territory. These features could potentially be aligned with economic development programs that would

benefit the towns themselves and the places to which they are linked.

Many Haitians travel daily into Dominican territory to access employment opportunities and services such as finance, communications, and health that are not available in their own towns. As a result, official documentation, in the form of national identity cards and passports, plays a crucial role in border residents' quality of life. However, access to the Dominican Republic is not guaranteed, even with proper documentation. Furthermore, many border towns are isolated from the main bureaucratic centers in Haiti. Haitians in border towns are therefore highly concerned with breaking their dependency on the Dominican Republic and installing their own Haitian financial services, telecommunications infrastructure, water purification systems, health services, and so on.

Despite being a central node on an important trade route, Anse-a-Pitres is severely isolated from other parts of Haiti in terms of travel, communication, and bureaucratic integration. Indeed, residents explained to us how Anse-a-Pitres is like an island, with the Dominican border on their east, the sea to their south, and wilderness to the west and north. Anse-a-Pitres is situated directly on the Haiti-Dominican Republic border and the town's residents depend heavily on access to the Dominican town of Pedernales for work, trade, shopping, and services. Their dependency has three primary sources. These include their isolation from Haitian bureaucratic centers, a weaker national and local economy and the lack of services and employment in Anse-a-Pitres.

Because their economy is weak, the majority of residents look for work or trading opportunities in Pedernales. Men primarily find employment in construction, and women in domestic service, where they are paid lower wages than their Dominican counterparts. Residents of Anse-a-Pitres also cross the border to buy goods not available in Pedernales, and are often referred to medical services in Pedernales and elsewhere in the Dominican Republic. Anse-a-Pitres does not have a functioning internet center, and the only cell phone service is Digicel; Pedernales is serviced by both Claro and Orange.

We found that residents of Anse-a-Pitres were particularly insistent upon their need for independence from the Dominican Republic. Dominican authorities maintain the border open from 6am to 6pm on Mondays and Fridays so that residents can cross into the Dominican Republic, without identification, to sell produce in the market. The border is often open on other days to residents who have identification so that they can get to their jobs in Pedernales. However, numerous residents told us that the system is irregular and reported stories of abuse. We were told that at times the Dominican authorities charge entry fees, or change the rules about what goods can be brought across the border. One community activist told us,

One day I went to Pedernales to buy a large bottle of water, because we didn't have a purification system in Anse-a-Pitres. I paid for a motorbike to bring me and the bottle back to Anse-a-Pitres. When I arrived at the border, the Dominican guard wouldn't let me through. He made me tip the water out and only bring

the bottle. I was so mad, I went straight to our organization and told everyone that we need to develop our own system of purification. We can't depend upon these Dominicans. They abuse us. So everyone listened and we sought help, and we did it. We now have our own clean water supply. But there are many things we still need to do to become truly independent.

Pierre, Anse-a-Pitres, July 2010

This story demonstrates residents' need not just for Haitian-friendly services, such as Caribe Express in Pedernales, but for the need for services on Haitian territory. However, residents' ability to develop these services is still entirely dependent upon their being able to cross the border, as project money passes through Dominican banks and the only reliable transport route for construction materials is over Dominican territory. The presence of financial services in Anse-a-Pitres would help alleviate this dependence and assist in local development projects. Bureaucratic concerns also affect Haitians on a personal level. There are banks located in the neighboring town of Pedernales from which holders of Haitian bankcards can withdraw money, but a Dominican passport is necessary to open an account. As a result, most residents of Anse-a-Pitres keep the little money they have in their house (which they consider to be insecure), or perhaps use a *sangue*, a small rotating credit network.

Time and Cost

Time and cost constitute one of the key barriers to circulating goods and money in Haiti. While life for many Haitians does not

place significant import on the idea that “time is money”, time functions as a currency when it comes to interacting with Haitian bureaucracies. Time is even more critical when sending and receiving and storing money in Haiti. From family connections and god parenting to friendship relations, the time invested in creating and maintaining social relationships bears dividends as Haitians use social relationships to access goods and services. In this section we focus upon the time and cost of saving, storing and circulating money in Haiti. Comparing the “banked” and “unbanked”, we examine how the time and cost to send money constrains Haitians’ ability to move money in Port-au-Prince and between Haitians located in the provinces.

Banking in Haiti



Figure 4: People waiting at the bank in Port-au-Prince. Stanley Celestin, 2010.

Banking represents one of the many Haitian institutions where long lines are the norm. Haitian banks do more than holding and lending money; they receive payment and schedule tourist visa appointments for the American, Canadian and French embassies as well as receive payments for a number of microcredit organizations. However, an

increase in the number and kinds of services that banks offer has not resulted in additional staffing for bank branches. As a result, rather than being one of many errands done in the course of a day, for many people going to the bank can take most of the day. On the day we visited, there were over a hundred people waiting in line an hour before the bank was to open. The line moved so slowly that it took over three and one-half hours to reach a teller for a transaction that took less than five minutes.

The lines and time it takes to access banking services have given rise to a variety of strategies to negotiate and sometimes avoid the lines. Banking in Haiti requires planning, whether it is to know if one’s contact is working on a particular day or to remember to wake up early in order to be one of the first in line. Who you know at the bank can also make a difference in how fast one receives service. As a result, friendships and family relationships, however distant and tenuous, can be called upon in a moment of need. Some people are able to walk in the manager’s office and receive service while others spend hours in the bank, creating a hierarchical system among bank customers. Jean-Jean, for example, navigates the lines and time it takes to complete a transaction at the bank through careful planning and the use of his friend who works at the bank. As he explains:

Going to the bank requires planning. If I need to go to the bank I will first call my friend early in the morning to tell him that I will be coming to the bank. I tell him at what time because they are not allowed to use the phone while working but if he

knows that I am coming, he will be waiting for my call. When I get to the bank I call him. Once he sees the call, he tells one of the security officers to come and get me.

Jean-Jean, Croix des Bouquets,
August 2010

Using the phone as a beeper to alert his friend of his presence, Jean-Jean escapes the line through a combination of his social capital represented by his friendship and his access to technology. For the unlucky ones who do not have friends and/or relatives working at the bank, time becomes money. They translate their money into time by bribing the security officer at the door in order to escape the line. How bribing works in the in the banking experience was explained by Clotaire who says:

Lines at the bank are for idiots. I don't have time for lines. When I go to the bank, I go directly to the security guard and tell him that I am in a hurry and if he can do something to help me I will "checke avel" (literally "check with him" in order to give him some money) when I get out of the bank. My time is more valuable, if I have to give him twenty of the five or twenty thousand dollars that I have just withdrawn, I come out ahead.
Clotaire, Port-au-Prince, August 2010

Jean-Jean and Clotaire's experiences at the bank illustrate how money, class, and the connections that it engenders work in Haiti since these kinds of actions are not limited to the banks. They are prevalent in all sectors, especially the government sector. Jean-Jean's connections and Clotaire's

ease with money kept them out of the line. Haitians who have neither of these resources avoid the formal banking system by keeping their money at home or in *sangues*, or else they endure the lines whenever the need to make a transaction. In many ways, the Haitian banking system represents the grafting of modern technology into an archaic system, which lacks the necessary infrastructure. Haiti does not have a working postal system, making it difficult to open an account and receive a bank card. While electronic banking exists, you cannot simply sign up online; you must fill out an online form, print it, and take it to your local branch with a piece of ID. The local branch will then forward your application to the central bank that will send the applicant email with their user name and password to access their accounts online. If you are lucky enough to live near a branch with an ATM, it is relatively straightforward to apply for ATM privileges and pick up your ATM card and pass code at the bank. Yet while those visiting customer service spend less time in line, they nonetheless must wait for permission to enter the bank from one of the security guards.

As with the international diaspora, Haitians in the countryside depend on relatives who live in Port-au-Prince for financial support. For some, sending money is as simple as depositing the money into the recipient's bank account and for them to withdraw it at their local branch. The unbanked and those who do not live close to a bank depend on transfer services such as CAM, Sogexpress, Unitransfer and Western Union and MoneyGram. The sender goes to their local branch and gives the money and the required fee; the recipient will then present the appropriate form of identification

to their local branch. Most banks and transfer services operate in major cities and towns. For individuals who reside in places where these services are not available, sending and receiving money can be an expensive and time-consuming undertaking.

Costs of Money Transfers (in Haitian Gourde)

| | Transfer service provider (in Haiti) | Transfer service provider (in DR) | Bank (wait in line) | Bank (skip line) | Boat between Jacmel and Marigot |
|---|--------------------------------------|-----------------------------------|---------------------|------------------|---------------------------------|
| Charge for service | Caribe Express 5% of money sent | fee + exchange rate lost | 132 | 132 | 0 |
| Bribe/tip | 0 | 0 | 0 | 100-500 | 0 |
| Other indirect costs | 0 | 0 | 0 | Social capital | Social capital |
| SMS/Call (2 messages or call to coordinate) | 6-10 | 6-10 | 0 | 6-10 | 6-10 |
| Time (Minimum wage 200 HTG/8 hour day) | 100 | 200 | 200 | 100 | 0 |
| Transport costs | 50 - 800 | 50 - 800 | 50 - 800 | 50 - 800 | 50 - 800 |

To illustrate, David needed to send money to his cousin in his hometown, Le Borge, because he still owed some money for his brother's funeral. For David, the transaction was relatively easy; he visited a SogeXpress office in Port-au-Prince and paid 150 gourdes to send the 1250 Gourdes he owed. However, for his cousin in le Borge, receiving the money required a considerable expenditure of time and money. Since there is no SogeXpress office in Le Borgne, David sent the money to SogeXpress's office in Port de Paix. According to David, in order to reach the

office in Port-de Paix, his cousin must walk one and a half hours from his house to the town of Anse a Foleur. Once in Anse a Foleur, he spent two hours and paid 300 gourdes for the *tap-tap* (bus) that took him to the to Port-de Paix. His journey ended after he paid 30 gourdes for the taxi that took him to the money transfer office. In sum, David and his cousin spent 760 Gourdes and 7 hours to send 1250 gourdes from one part of Haiti to another. Because of the time and cost associated with the money transfer services, many Haitians prefer to wait until a friend or relative is going to their village to send money to their family. However, sending and receiving money via relatives does not guarantee access to transfer services. Carline, who is from a small town near Mirebalais, must regularly send money to her mother who is taking care of her three-year-old son. While she knows people who travel frequently to her hometown, Carline does not trust that her mother will actually receive the money. While she has not had the experience herself, she often hears stories of people claiming to have been robbed. Not wanting to take the chance of losing her money, she prefers to travel to Mirebalais on market days because she usually finds people who are going to her hometown. Carline's story illustrates the significance of trust when it comes to moving money in Haiti. Whether the transfer services or using personal relationships, people will travel long distances to send and receive money. Without ongoing ties and the obligations and expectations associated with maintaining interpersonal relationships, a person can keep the money for themselves while claiming to have been robbed on their way home. Furthermore, while there is no fee associated with sending money with friends and relatives,

there are hidden costs associated with using them. During our conversation, David, for example, lamented the fact that he did not have enough money to send so his cousin could buy something to eat while travelling. Many of the participants in our research reported that they feel obligated to offer money “to buy a soda” when they are sending money through friends and relatives. A trusted structure that reduces the cost and time associated with sending and receiving money would facilitate Haitians’ capacity to help their relatives living in other parts of Haiti.

Banking for the Unbanked

While those who must use banks to move money express difficulty around the time and cost involved with waiting in lines and accessing deposited money, the vast majority of Haitians are considered “unbanked”; that is, individuals who do not have an account at a bank or other related financial institution and thus save and circulate money outside of the formal banking system. Many of the unbanked live outside of Port-au-Prince. The complexities of working outside of this system were particularly apparent in our Anse-a-Pitres research site. Based on our initial data, we estimate that less than 1 per cent of residents of Anse-a-Pitres have a bank account. A branch of Haiti’s largest microfinance organization, Fonkoze, is due to open in Anse-a-Pitres soon and will have two ways of sending money: by MoneyGram and UniTransfer. Both of these systems use the bank and are likely have long waiting times at either end (Money Gram transfers go to Sogebank). In the meantime, residents depend upon alternative formal and informal transfer services. Current means of transferring and

receiving money in Anse-a-Pitres include the new Western Union office, which opened at the end of July 2010, the Western Union and Caribe Express offices in Pedernales in the Dominican Republic, and a range of transport systems, especially the boats that travel twice per week to Marigot. Residents of Anse-a-Pitres who own mobile phones (estimated at 40-50 per cent) appear to be universally literate in transferring airtime credit between each other.

Our research also suggests that more than half of the residents of Anse-a-Pitres were born in a different town in the south and southeast regions of Haiti. Most residents have family still living in those towns, and some families send their children to live with relatives in Jacmel in order to attend a ‘better’ school. Given Haiti’s levels of poverty, family members tend to be highly interdependent financially. Furthermore, Anse-a-Pitre’s location on the Dominican border renders it a strategic point of trade. As a result of this mobility of people and goods, money flow between Anse-a-Pitres and Marigot/Jacmel is crucial to the general and domestic economies of the two regions. Money is also sent further afield: Port-au-Prince and Santo Domingo figure equal second after Marigot/Jacmel as destinations for money transfers. These cities should not be dismissed for their importance in money transfer routes as they represent important sources of capital and service centers. Indeed, for residents of Anse-a-Pitres, in certain ways Santo Domingo is more important than their own capital city. While bureaucracy is a primary factor for travel to Port-au-Prince, Santo Domingo is more frequently a destination for labor migrants, shopping trips for marketers, or schooling for children. These cities are both money

transfer destinations in their own right, and stop-overs on the way to a final destination, whether domestically or internationally.

The Western Union office in Anse-a-Pitres represents a significant advancement for existing means of formal money transfer. Having a Haiti-based service is very important to residents, who are deeply dissatisfied with the need to use services across the border in the Dominican Republic. The Western Union office in Pedernales has been criticized for not being user-friendly for Haitians due to language barriers and racism, the waiting times involved and the high cost of the service. The Pedernales branch does not use a computer-based system, relying instead on slower phone transfers. In addition, most individuals need to send money in US dollars from the Dominican Republic to Haiti, which increases the transaction costs. A number of residents told us that they prefer to use Caribe Express, which is also located in Pedernales but is much more 'Haitian-friendly'. The benefits of Caribe Express over Western Union are that many of its' staff speak at least some Creole (or at least make an effort to communicate) and they accept Haitian ID cards. In addition, there are lower costs for transactions, which are also faster.

While these services do exist, far more money transfers are made via informal transport and trade routes, especially by boat from Anse-a-Pitres to Marigot. This is a Haiti-only service: the boats travel between two key Haitian towns, and they are owned and crewed by Haitians. The boat is the fastest method of non-electronic transfer because there is not a single paved road connecting Anse-a-Pitres with any other part of Haiti. A paved road is currently being

constructed as far as Banano, located 40 kilometers to the northwest of Anse-a-Pitres, and is slated for completion in one year. However, for passengers destined for towns in the south and southeast regions of Haiti, this will not reduce the 12-hour trip to Port-au-Prince. It is also not clear that it will be any faster or more comfortable to travel to Port-au-Prince via this route; customers may continue to prefer the boat or bus route via the south due to the better quality of roads and the strategic location of family and trading partners along the way.

The vessels that travel bi-weekly between Anse-a-Pitres and Marigot are simple open fishing boats with outboard motors. Approximately nine boats anchor just off the narrow beach in Anse-a-Pitres, in front of the town's police headquarters. There is no wharf; instead, local men are hired to carry all the goods from market (primarily flour, coconuts, and plantains), customers' baggage, and the customers themselves (up to 60 people) onto the boats. Loading begins at around midday and finishes at eight in the evening when the boats depart all together. The fleet takes around seven hours to arrive in Marigot (using 70 gallons of gasoline), where tap-taps are waiting to take clients to their next destination (primarily Belle Anse, Peredo, and Jacmel). Each boat has one owner, a captain, and a crew of two to three other men. The captains of the boats run a regular money transfer service.

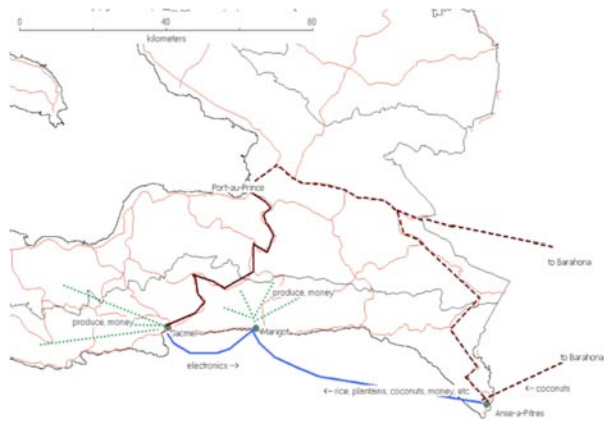


Figure 5: Map of Haitian transport routes. Bill Maurer, 2010.

Joseph, a fisherman in Anse-a-Pitres, uses the boat transfer service once per month on average. He has children studying and living with relatives in Jacmel and he also has family in Santo Domingo who sometimes send him money. Joseph has two mobile phones - one Haitian with Digicel and one Dominican with Claro - so that he can maintain contact with both sets of relatives. He cannot visit his relatives in Santo Domingo because he doesn't have a passport or the 4000 peso bribe to pay the military to let him pass without identification. When he can, he sends money to his children in Jacmel. He told us,

There are times when I send 400 pesos, or 200 or 500 as well. Whatever I find, I send, because the life of us Haitians is difficult. We barely have a President. We work hard and the government isn't even building a school or anything. But this isn't the case in the Dominican Republic or Spain. Haitians work more than anyone else in the world. We have to work hard and this makes people old because this effort is too much for the little money that we earn.

Joseph, Anse-a-Pitres, July 2010

To send money with a boat captain, Joseph speaks with a captain and gives him the cash with the name and phone number of the intended recipient. If the sender does not have a phone, then a neighbor or friend's number will be given instead. The sender will then send a text message to the receiver with the amount of the transfer and the captain's name and phone number. The receiver must then meet the captain in Marigot on the morning after the boat arrives. Marigot is a small town and the boats do not travel again for another three or four days, and so the captain is generally not difficult to locate. If there are any doubts, cell phones are used to keep in contact. While the boat service is widely used and is considered to be relatively trustworthy, it has significant limitations compared with an electronic transfer service because the boats only travel as far as Marigot. In addition, sending money beyond Marigot is difficult due to issues of time, social capital, and logistics, meaning that final destinations are highly curtailed and the boats have been known to sink, with two reported incidents in the preceding year. Finally, thieves are reported to pose a problem at all stages of the transaction.

Residents often find they must use traditional services in conjunction with electronic banking. For example, Emmanuel has been a resident of Anse-a-Pitres since 2002. He has family in Port-au-Prince, Santo Domingo, and the United States. Because he works for the United Nations base in Anse-a-Pitres as a translator, he has an account with Scotiabank in Jacmel. He can use his Visa card to withdraw money 'from any ATM around the world', but he uses the local boat service to send money to his children who are studying in Jacmel. He sends 500 gourdes once per

month to pay for their daily living expenses, plus extra money at the beginning of the school semester for fees and uniforms. Emmanuel is more fortunate than most of his fellow neighbors because he has regular, full-time employment. Even if residents have the time to travel to Jacmel, they may not have money for the fare. Others do not have the identification documents required to open a bank account.

We have received indication that money sometimes transfers to second destinations, especially Jacmel and Port-au-Prince, after it arrives in Marigot. From Marigot, produce and money goes to the north into the rural areas over land. Boats also leave from Marigot to Jacmel to the west. From Jacmel, goods and money move over land to the west and over land via a paved road north to Port-au-Prince. We plan to continue to explore the pricing structure for transfers beyond Marigot.

Hidden Costs: Time and Trust

Money transfers by boat from Anse-a-Pitres are often free as far as Marigot. We estimate that approximately 80 per cent of users do not pay a fixed fee for this service; rather, they draw upon their social capital, perhaps returning the favor indirectly. Some people bypass both formal and informal routes of money transfer, preferring to travel in person than rely on the services available. One young woman we interviewed, Sabrina, said that she did not know that Caribe Express existed in Pedernales, and does not use the Western Union offices in Pedernales because she doesn't speak Spanish. Instead, she travels by bus to Port-au-Prince to receive money that her family in Santo Domingo sends via

Western Union. Interestingly, she would take the bus through the Dominican Republic to get to Port-au-Prince, traveling over paved road through the town of Barahona and then on the highway through the Dominican border town of Jimaní to the north. She considered the journey worth her while because she could avoid using Western Union in the Dominican Republic and visit her family in Port-au-Prince at the same time. Sabrina also has family in Jacmel who have sent her money via the boats in the past. She has a Dominican Claro phone and a Haitian Digicel phone to help maintain communication with all these locations. Sabrina told us that she would like to see a bank service open in Anse-a-Pitres because she did not feel safe keeping money in the house.

Whereas moving money is a significant challenge, many people earn just enough money to feed themselves and their family. They have no excess cash they can send on to relatives, and if they are employed, they most likely do not receive any money either. For example, Nicolas has a wife and two school-age children. He earns US\$30 per week carting goods, baggage and people onto the waiting boats, and works as crew traveling backwards and forwards to Marigot. This money is only just enough for him to feed his family; he is three months behind on rent payments for his house. When we spoke with him he could not travel because he was sick and thus very short of cash. Before the earthquake he received assistance occasionally from his relatives in Port-au-Prince, but he has not been able to contact them since because he does not own a mobile phone or possess spare money to buy a calling card so that he can borrow someone else's phone. He is very

stressed because he does not know if they survived:

The earthquake killed a lot of people in Port-au-Prince, and I don't know if my relatives are alive or dead. I had my uncle's telephone number but I lost it. I want to go past the house of a neighbor here who knows well how to use the telephone, but I have no money to give him.

Nicolas, Anse-a-Pitres, July 2010

Nicolas is an important case because he has employment, he is mobile, and he has family in other towns in Haiti, but he lacks the financial and technological resources to take advantage of his situation. He also does not possess the social capital that many other Haitians use as a safety net. His situation, always precarious, has worsened emotionally and financially since the earthquake and his case is a grave reminder of the limits of employment to provide security in a country where wages are so low that they barely permit subsistence survival. Mobile phones and the social networks they connect are pivotal in the ability of very poor people to manage the problems they face in their everyday lives, as well as seeing through times of crisis.

Security

When asked about their impression of life in Haiti, most participants in our research (approximately 90 per cent) point to insecurity and danger as the most significant threats to their wellbeing. Given the fact that most Haitians operate in the informal cash economy, moving money constitutes a constant source of danger that all Haitians, regardless of class and gender,

must constantly negotiate. To understand how Haitians cope with insecurity surrounding handling cash in the open market, we focused on three groups known to be the target of robbers: moneychangers, bus drivers and market women. Money changing as a profession did not exist prior to Jean Claude Duvalier's departure in 1986. At the time, the Haitian currency was pegged to the US dollar where 5 gourdes equaled one American dollar. As a result of the constant political crises and the ensuing trade embargoes, the Haitian gourde was allowed to free float (some would say free fall) on the open market. As the Haitian economy deteriorated, the value of the gourde declined in relation to the dollar. From five gourdes in 1986, the American dollar is currently worth between thirty-nine and forty-one gourdes. Over the last twenty-four years, money changing has become a profession, providing a service to people who receive money from friends and relatives in the diaspora and those in need of foreign currency, such as parents whose children are studying abroad, or importers of foreign goods. Money changers usually work around busy intersections, bus stops, outside of banks and money transfer houses. To mitigate the potential danger, money changers negotiate a mixture of visibility and invisibility by simultaneously display and hide their cash. Cash, in the form of different foreign currencies, is the identity card of the money changers. Potential clients look for people displaying money when they need to change currency. The visibility of cash renders them vulnerable to robberies and even murder. To protect themselves and their cash, money changers rarely operate alone. Instead they sit in small clusters. As Marcelin explains, the clusters serve two purposes: on the hand, the group provides

strength and works as a deterrent to the potential robber, while also providing companionship during the slow moments of the day.



Figure 6: Moneychangers on the street selling to SUV owners. Jean Jacob Mombrun, 2010.

While money changers expose some cash to attract clients, they must also hide it. Changers work very hard to hide their transactions, especially those involving significant sums of money. Since they do not have offices and safe places are hard to come by, they improvise by operating in the shadow of other businesses, such as the front yard of a restaurant, behind trees or in courtyards that house multiple businesses. Removing the transaction from the open spaces of the street corner is important not only for the money changer but also for the client who can also be targeted by thieves if it becomes known that they are carrying large amounts of cash. These tactics, however, do not necessarily guaranty the safety of money changers and their clients. While Jean-Michel appreciates the freedom associated with being self-employed, he wants to leave the business because of high rate of murder among money changers. Michael, another money changer, illustrates

the level of danger faced by referring to his fellow workers as “semi-broken eggs”, meaning that they are always in danger.

While money changers can protect themselves by working in groups and moving their transactions out of sight, bus drivers have very little in the form of protection. Buses in Haiti are individually owned and operated. Working alone or with an assistant, drivers handle cash throughout their journey as individual clients pay as they get off the bus. While all bus drivers are at risk, drivers whose routes take them out of the greater Port-au-Prince area are even more vulnerable because police presence remains scarce in the rural areas. Jonas, who has worked as a driver for about ten years, described an incident where he was ambushed on the way to Hinche:

You know as we are leaving Port-au-Prince, we have to go through one of the most dangerous areas of the country, Cité Soleil. Once I had just left the station, when I got to the junction where you take the road north, I saw some people standing in the middle of the road; I did not even have time to reach a complete stop when the bus was surrounded by people with guns. Once I stopped they got on the bus and took proceeded to search everyone. They know that people have money when they are leaving the city so they are always waiting for us.

Jonas, Port au Prince, September 2010

Jonas went on to explain that bus drivers only know how a particular day is going to end when they return at home in the

evening because they cannot predict what they will encounter during the day.

Sometimes drivers are robbed while at the station. During our third visit to the bus station we heard from more than one driver about an incident from the previous week. As they usually do while waiting for their buses to be loaded, a group of drivers were seating in a van when someone pointed a gun at them and asked them to hand over the money. This particular individual went so far as to ask everyone present to turn their pockets inside out to show that they were not hiding any money. Not only did the thief make away with all the money the drivers had made earlier in the day, the robber also took \$700 (3500 Gourdes) that one of the drivers was transferring for one of his clients. Although he was not present at the time of the robbery, Sauveur uses this incident to explain why he will no longer transfer for his clients because he does not want to be responsible for money that is lost while in his custody.

The predominance of men in transport and money changing does not mean that they are more active in transferring money and moving money from one part of the country to another. Through their roles markets women whether as revendeuses or Madan Sara, women who buy agricultural products in the country side and sell them in Port – Prince (Mintz 1967), Haitian women constantly struggle to protect their money. Haitian Market women have had to develop many crafty ways of hiding money on their body. Besides such traditional hiding places as their bras and wearing extra-large shoes to accommodate bills, most market women transport their money in their underwear. They sometimes purchase special underwear that provides additional hiding

places. Magalie showed us an example, what to the uninformed appears to be a girdle with a double panel to provide extra tummy control is actually an undergarment with pockets to hide money. According to Jocelyne, who sells Chinese-made plastic shoes at one of the downtown markets, it is not enough to hide the money, since thieves usually follow the women as they are leaving they market and they cannot claim not to have any money. Since they cannot know if and when they will be robbed, they protect themselves by strategically placing the money in in different areas of their bodies. Jocelyne goes on to explain:

You cannot put all your money in one place. Before leaving the market, I divide the money into small piles I put some in my bag, some in my shoes and some in my underwear that way if I am ever held up; there is always a possibility that they will not take it all.

Jocelyne, Port-au-Prince August 2010

Just like the moneychangers, Jocelyne negotiates both visibility and invisibility. By having some of the money accessible, she believes that she will satisfy a potential attacker's demand for money while at the same time keeping some of it protected.

Despite women's significant mobility and presence in Haiti's business life, it appears that the majority of - and the most prominent - intermediaries are men. Men own and staff the boats that run between Anse-a-Pitres and Marigot; they are the money changers, and they are the officers in the Western Union and Caribe Express offices. We did not observe a single case of women taking these roles. Women's absence could be

attributed to the fact that this work is perceived to be dangerous, or that men simply monopolize these domains, excluding women. Women are present as tellers in banks where security is provided by armed male guards. They are also involved in running *sangues* (rotating credit associations). Hence while women are accustomed to changing money, and there is a centuries-old tradition for women to be mobile as traders, they are almost entirely excluded from a role as intermediaries in money transfers, but remain vulnerable when it comes to carrying money.

We believe it would be valuable to examine in greater detail what role marketers, who are mostly women, play in money transfers. Historically, vendors in Haiti used *sangues* as a way to save money and facilitate trade (Besson 1995, Laguerre 1982); however, we found little evidence of this activity in our study to date. We speculate that this absence is, in part, related to the national crises. Many of the individuals who were bankers as well as members of *sangues* were killed in the earthquake and much of the money was lost or otherwise directed in the aftermath. Some market women who have become unemployed because their stock of merchandise was lost in the earthquake found themselves unable to continue their obligations to the *sangues*. Leonne represents one of the lucky *sangue* members who were able to receive one of the first payouts of her *sangue* before the earthquake. Since the earthquake and the dispersal of other members into multiple tent cities and other provinces she has not maintained her payments. Moreover, our information to date suggests that these women do not play a major role as financial intermediaries; instead their transactions focus mainly on trade between regional

production sites and international distribution sites such as the Dominican Republic, Panama, Miami and the Haitian markets. However, given the high level of mobility (frequency, distance, and penetration into remote areas) among these women, plus the reluctance of many women to be interviewed, the issue deserves further investigation.

IMAGINING THE FUTURE

Microfinance institutions have joined the over 300 official non-governmental organizations operating in the name of “development” in Haiti [3]. Heralded for their capacity to provide access to loans and savings as well as opportunities to “smooth” economic and social vulnerability associated with poverty, microfinance institutions are attempting to transform financial services for the poor. Haiti’s largest microfinance institution, Fonkonze, serves over 200,000 customers with savings, loans and insurance and has multiple branches throughout Haiti. Importantly, customers are able to deposit and withdraw money from any of the branches located throughout the island. Other key microfinance institutions include Sogesol (a subsidiary of Sogebank and partner of Accion International), FINCA International, St. Boniface, ACME and many others.



Figure 7: Money services in Haiti. Hermes Báez, 2010.

In addition to creating new and existing microfinance organizations, there has been a great effort by non-governmental organizations and philanthropy to establish new public-private partnerships to meet the needs of Haiti's poor. For example, Zafen, a new microfinance organization that focuses upon small and medium sized organizations in Haiti, was founded in 2009 by the International Vincentian Family (a religious organization), DePaul University in Chicago (a Catholic university), Fonkonze (a microfinance organization) and the Haitian Hometown Associations Resource group (a Haitian diaspora organization). Zafen reports success raising \$140,000 and funding over 300 projects between April and October 2010. After the earthquake, Fonkonze also established a partnership with The MasterCard Foundation and the Mennonite Economic Development Associates (MEDA) to support rebuilding and international microfinance organizations

such as ACCION International, BRAC, FINCA, Freedom from Hunger, the Grameen Foundation, Incofin and WOCCU raised funds to assist Haitian microfinance institutions' efforts to rebuild. Spurred by the Mobile Money Initiative/Haiti Finance for Value Chains and Enterprise (HIFIVE), a \$10 million incentive fund established by the Bill and Melinda Gates Foundation and USAID, public / private partnerships increasingly include key mobile phone companies in Haiti. Voilà, one of the first mobile phone companies in Haiti announced its intention to enter the mobile banking challenge through a partnership with Unibank. A few days after announcing a pilot mobile money service with the Cash-for-Work program (a program coordinated by the UN Development Programme as part of its Emergency Relief and Recovery Framework to employ 11,500 people at the legal minimum wage of 150 gourdes, or \$US 4, for half of a day's work) and a major bank in Haiti, Digicel Haiti also announced its intention to enter the challenge. Like M-PESA in Kenya and G-CASH in the Philippines, the services are being designed so users can cash in, cash out, top up airtime and transfer money and airtime person-to-person.

Alongside the Mobile Money challenge, these partnerships reflect the fact that mobile phones are making significant inroads into the lives of everyday Haitians. As has emerged in the previous sections, mobile phones are prevalent throughout Haiti and continue to increase in numbers everyday. Current estimates suggest that ownership over the past five years has leapt from 5 per cent (2006) to 35 per cent, with around 55 per cent penetration rates for (Digicel) users between the ages of 15 to 50 in the urban areas in and around Port au

Prince (Bengtsston, et. al 2010). Rural and other marginalized areas throughout the country are also experiencing growth. Haitel, the first mobile phone company in Haiti (established in 1999), currently has about 200,000 subscribers. Comcel/Voila has approximately 1 million customers and Digicel services 2 million subscribers throughout Haiti (IEEE Spectrum 2010). Prior to Digicel's arrival in Haiti, individuals purchased cell phones at the cost of \$US 300 – 400, or from relatives living in the diaspora (especially the United States and Europe). Now, cell phones cost around \$US 20; the current exchange rate is approximately \$US 1 to 40 gourdes.

While many Haitians do not store a great deal of credit on their phones, it is clear that the cost of communication has become more accessible. The emergence of *direct-direct* by Voila and *pap padap* by Digicel Haiti allow small vendors to circulate through the streets to sell airtime in smaller increments than phone cards, which must be purchased in increments of 50 gourdes; calls typically cost between three to five gourdes per minute. *Direct-direct* customers who purchase phone cards in the amount of 500 gourdes receive 39 gourdes of free minutes. Approximately 70 per cent of residents in Jacmel purchase minutes through *pap padap* and, according to local vendors, a minimum of 3,000 gourdes of *pap padap* are purchased on a daily basis. Our respondents in Port-au-Prince report a combination of phone cards and *pap padap* or *direct-direct*, with a preference for *direct-direct* and *pap padap* because of the flexibility they offer in terms of how much they can spend at a particular time. Young people often take advantage of special rates such as free nights that begin at midnight and end at five in the morning, to maximize

their talk time. People in Port-au-Prince increasingly report owning two phones, one on the Voila network and one on the Digicel network. They reduce their communication cost by calling friends and relatives using the same network because the different networks provide preferential rates for call between their customers. For those thinking about the possibilities of mobile money and microfinance more generally, the increased access to a communications infrastructure and great enthusiasm for mobile phones suggests great potential in the efforts towards financial inclusion and the support of Haiti's efforts to rebuild.

With these changes in mind, in this final section we draw upon the previous challenges and workarounds Haitians use to circulate money. We begin this section with a general overview of the role of trust and sociality in Haiti. We then address how a mobile money service may help Haitians overcome their current challenges in using financial services, discuss how intermediaries could be drawn upon to assist with the meaningful adoption and use of mobile money and recount the importance of integrating the diaspora into imaginations of future financial services in Haiti. We contend that these issues will be fundamental to address in future efforts to incorporate financial services into the rebuilding effort.



Figure 8: Mobile minutes in Jacmel. Hermes Báez, 2010.

Leveraging Intermediaries for Consumer Education

Throughout this report we have highlighted a range of people – vendors, money changers, transportation workers and so on – who see the potential for mobile money to change the way that they move money and goods. Vendors often see the potential of moving valuable cash without risk of theft or loss and money changers note that they could avoid violence and vulnerability by potentially cultivate customers through their mobile phones. The reality for many of these individuals is that the efficiency and relative reduction in costs of mobile money services (compared to physical transport, for example) may in fact destabilize these individual's small businesses as people learn that they have the potential to circulate and transfer money on their own.

Yet, what has become clear in this report is just how central social networks and social support remain central to conceptualizing the movement of money, people and goods

in Haiti. Like the security guard, moneychanger or bus driver, formal and informal middle men and women play a key role in mediating the relationship between people and institutions. Intermediaries are the people who take bank checks and deposit them in the bank for a small fee. They renew passports, read letters or write for those who are illiterate, enter phone numbers when someone needs to make a phone call, runs errands, carries rice or goods from the market and helps to purchase *Pap papap* airtime minutes and so on. The intermediary has a longstanding history in social life in Haiti and, given the importance of trust and social networks in circulating money, will continue to exist to support some of the poorest individuals we interviewed who fail to see a connection between mobile money and their everyday social and financial welfare.

If the aim is to be inclusive and to successfully bring economic opportunities through mobile money services to the poorest Haitians, mobile money organizations should integrate these individuals into their financial service models. Intermediaries could play a customer education and service role, guiding people through the service, how it works and how it could be relevant to their lives (even when they feel they lack money to send or store). In addition, given the literacy rates throughout Haiti, intermediaries could help teach the most marginalized how to use the service and could provide support by troubleshooting and guiding people through the process. Employing individuals in the community who are known and trusted intermediaries could also build up trust and support in the system. However, if intermediaries are not properly integrated into the operations of

any mobile money service, they will continue to fill the gap as gatekeepers between various financial systems and the poor. Rather than integrating and including the poorest Haitians into the financial system, these intermediaries will reproduce the dependency and, in turn, inequities of the current system. Any financial inclusion effort should therefore work to find roles for these important intermediaries in the community.

We also imagine that a mobile money service could capitalize on existing social networks to have positive effects on trade. It is feasible that it would reduce the transaction costs involved in commerce between producers or warehouses and the people who sell them direct to consumers. It could also facilitate liquidity for marketers by providing new opportunities for flexibility of payment. We would be interested to observe whether bargaining practices and the extension of credit are affected by the adoption of a mobile money service. Throughout Haiti, credit is common between sellers and buyers who have developed a *pratik* relationship; that is, a trading agreement based upon interpersonal relations and trust where buyers and sellers agree to conduct trade preferentially with each other. The significance of *pratik* relationship can be seen in the fact that they are often transformed into more familial relationships through god-parenting. A mobile money service may encourage sellers to extend short term credit to customers they would not normally trust, encouraged by the desire to shift goods and the possibility to be paid later that day. For example, if a buyer in a market expresses a desire to purchase a particular quantity of goods, but is not in possession of the cash, the seller could agree to extend credit until

the buyer returns home later that day and transfers the cash via mobile money to the seller. This way, the seller can shift a greater value of goods and not have to transport them home at the end of the day, while the buyer can get what she needs in a single transaction, rather than having to make a further shopping trip. However, we must also ask the question of whether a mobile money service that facilitates transactions will be detrimental to these relationships because it will reduce the need for face-to-face interactions.

One important qualifying factor here relates to how people value time. Depending upon the activities of the particular individual in the transaction, time may not be a scarce resource. For the unemployed and underemployed, cash is a scarce resource, but time may be present in abundance. The costs of sending money to a seller may outweigh the time involved in making another shopping trip. Furthermore, market transactions are not just opportunities for commercial exchange, but are very much part of the social fabric of Haitian life. In marketplaces, people reinforce their social relations, forge new connections, and exchange information. The social value of face-to-face connections should not be underestimated when imagining the future of financial services in Haiti.

Drawing Upon the Diaspora

It is clear that the Haitian diaspora (one-sixth of the population of Haiti) plays an important role in the circulation of money to, from and within Haiti. From the development of hometown associations, maintenance of family religious homes to contributions of Haitians at the political and entrepreneurial layer (Glick-Schiller and Fouron 2001,

Richman 2005). Haitians in the diaspora have been and continue to be intricately involved in the day-to-day financial and social transactions in Haiti. In the wake of the earthquake, members of the Haitian diaspora were among the first to mobilize money and aid for the country. As Fagen (2006) notes, “remittances are well over 100 per cent of the value of the nation’s exports and surpass international assistance. Most remittance funds come from the United States, followed by Canada and France” (9). Others returned home to Haiti as professional to provide health and logistical help or to help family members and their communities and many Haitians living outside the country opened their homes and wallets to their extended family members who were displaced and even after global resources and attention began to shift to new locales, natural disasters and crises, members of the Haitian diaspora often remain committed to Haitians and the welfare of the country. Recognizing this support and commitment, Zafen’s microfinance work now incorporates the Haitian Hometown Association Resource Group and many of the other organizations include participation from members and organizations in the diaspora.

The care and concern for Haiti and Haitians more broadly goes beyond emotion and the one-to-one transfer of money; money from the diaspora is then redistributed throughout Haitian society. As noted in the introduction, prior to the earthquake remittances sent by the diaspora constituted one-quarter of Haiti’s total GDP. While we recognize the regulatory constraints and other constraints involved in transnational money transfers, savings and payments, one of the key distinctions between the M-Pesa success in Kenya and the potential of mobile money in

Haiti will be the ability to leverage the social and economic power of the diaspora. A model for incorporating the diaspora into future financial services in Haiti may be based in the Philippines where remittances and diasporas play a central role in the day-to-day economic affairs of Filipinos; G-cash, for example, accommodated US-based Filipinos by enabling them to send money through PayPal accounts. As our case study of Anse-a-Pitres, reveals, these issues are also prevalent among Haitians working in nearby Dominican Republic. The international presence even in remote parts of Haiti remains quite striking. In some cases, it is easier to get somewhere by taking a road into the Dominican Republic and back into Haiti than following an unpaved road entirely within Haiti. Remoteness does not mean that one is cut off. Rather, people are lined in extensive networks of kin, money, trade goods, agricultural produce and sea transport. The origin-point of money that is subsequently transferred within the country is often outside the country and in the Dominican Republic. With approximately 600,000 Haitians living in the Dominican Republic (Orozco 2006) and with most internet and international communication moving through microwave connectivity through the Dominican Republic (IEEE Spectrum 2010), one of the main messages of the research is just how crucial the links to the Dominican Republic are for Haitians’ everyday survival. The significance of the Dominican Republic was evident in the immediate aftermath of the earthquake when most of the disasters help and personnel had to go through the Dominican Republic in order to reach Haiti given the damage to the Haitian infrastructure.

CONCLUSION

To achieve full financial inclusion with a system that includes but also extends beyond the poor to include the different layers of Haitian society, the use of mobile money in efforts to rebuild will likely be more sustainable if these financial services can support and help maintain the existing networks of economic and social support. The first includes the intermediaries that have historically played a role in mediating exchange and financial transactions among Haitians. As we suggest, we believe these intermediary figures will be key to the success (or failure) of any mobile money venture. The second group that will be significant includes the Haitian diaspora who have always played a role in the nation's socioeconomic development through the circulation of currency from abroad to Haiti and through a variety of social, economic and political networks. As we hope to have demonstrated in this report, it is essential to remember that in a place where basic infrastructures like roads, communication and government institutions seem to be in a constant state of crisis, people and social networks represent the infrastructure for Haitians across the socioeconomic landscape.

ENDNOTES

[1] This report was made possible through the generous support of the Institute for Money, Technology and Financial Inclusion at the University of California, Irvine. We thank Bill Maurer, Jenny Fan and Mariko Oda for support and assistance throughout the project.

[2] Research for this report was conducted between July 2010 and October 2010 in

four regions in Haiti: Port au Prince, the North, the South and Southwest. We completed 90 interviews and 5 focus group interviews with the help of our research assistants Hermes Baez, Jean Jacob Mombrun and Stanley Celestin.

[3] Prior to the 2010 earthquake, Haiti possessed some of the largest numbers of NGOs in the world, depending upon the definition, see Kristoff and Minarelli 2010, Schuller 2007).

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