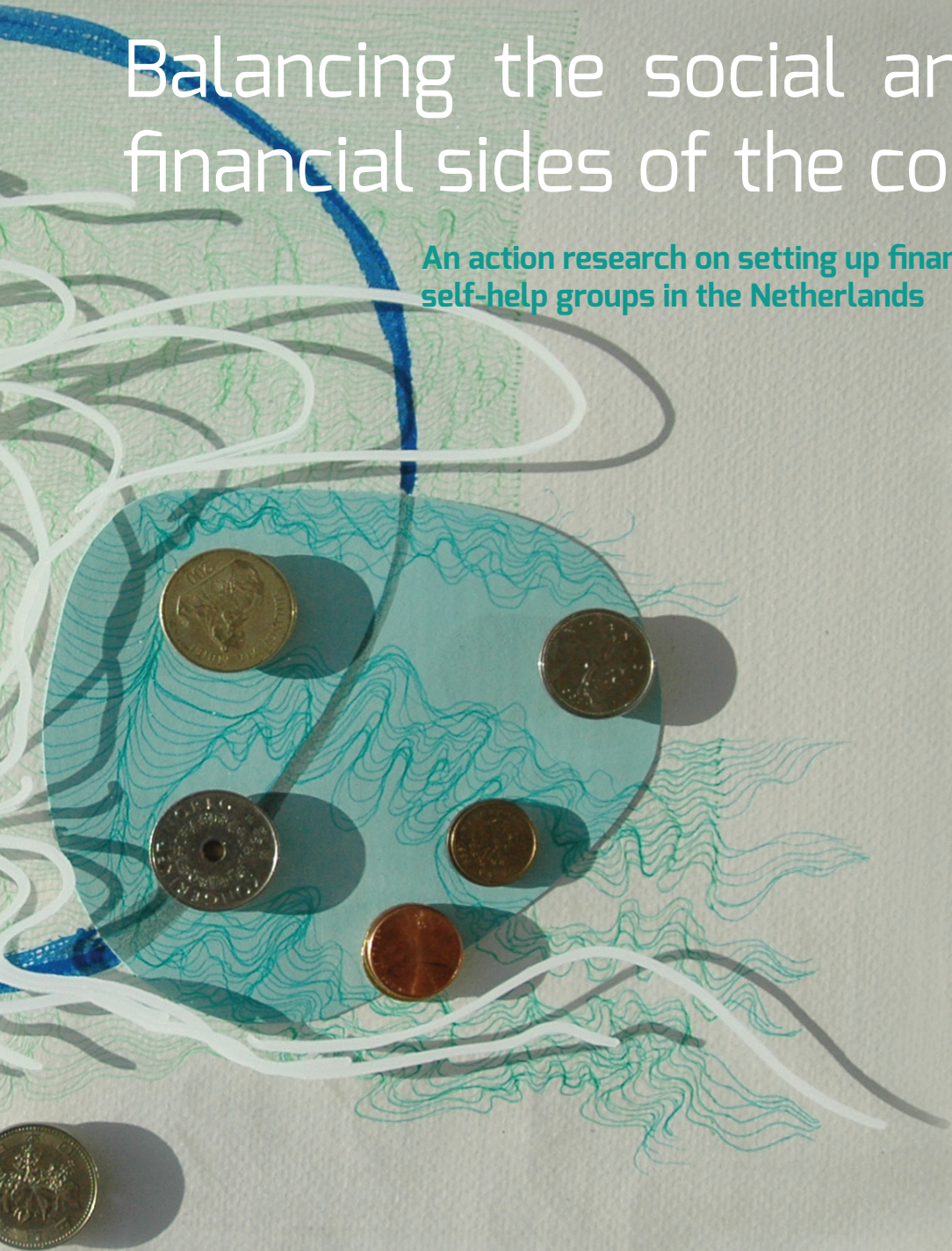


Balancing the social and financial sides of the coin

An action research on setting up financial self-help groups in the Netherlands



Julie-Marthe Lehmann

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*This PhD was supported by The Hague University of Applied Sciences
(De Haagse Hogeschool).*

Cover: Hannah Driesse

Layout: Heerko Tieleman

Printed by: GVO drukkers & vormgevers B.V.

*Balancing the social and financial sides of the coin. An action research on setting up
financial self-help groups in the Netherlands. VU Amsterdam. Netherlands 2021.*

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ISBN/EAN: 978-94-6332-723-7

VRIJE UNIVERSITEIT

Balancing the social and financial sides of the coin

An action research on setting up financial self-help groups in the Netherlands

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor
aan de Vrije Universiteit Amsterdam,
op gezag van de rector magnificus
prof.dr. V. Subramaniam,
in het openbaar te verdedigen
ten overstaan van de promotiecommissie
van de Faculteit der Sociale Wetenschappen
op woensdag 10 februari 2021 om 13.45 uur
in de aula van de universiteit,
De Boelelaan 1105

door

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Introduction

Sitting in the university cafeteria, I am waiting for Alain, a political refugee from the Congo. He is a friend of a friend and a representative of a potential target group for my action research. Talking with Alain is inspiring. He thinks across borders and disciplines without effort and easily connects with others within his large network. Alain walks in and sits down with me. We chat about the Dutch weather and riding bikes in the Netherlands before I start telling him about my idea of setting up CAF groups here. I explain that a CAF group is a type of a savings group: a small group of people who meet once a month to save money and provide each other with small loans for emergency, consumption, or business purposes. Then, I tell him about how I became inspired by how people in many African countries form these groups to save and lend money to each other and how many migrants continue the practice abroad. I think CAF groups would also work here in the Netherlands, and I am curious to hear if he thinks so too.

Alain listens carefully. He knows about different ways of handling financial affairs within informal group settings from his home country. He asks some questions to help him understand what my project would be all about. Then he looks at me and keeps silent for a moment. Suddenly, he says: "You know what, Julie, it is all about the two sides of a coin. In the Congo, we still have social networks with mutual support and trust, especially in the villages in the countryside but in certain urban neighbourhoods too. This is the social side of the coin. But what we are missing is access to finance, the financial side of the coin. Through informal financial arrangements within groups, we use the social side of the coin to gain access to money [he smiles at me]. But here in the Netherlands, it is the other way around... Compared to the situation in the Congo, Dutch people have easier access to money. However, they need that money to bind them together in new social networks and they need to create a different relation to money in general [he stops for a moment and begins to laugh politely]. Julie, you know, I see it this way: people in the Netherlands have lost the social side of the coin!"

Field notes, September 6, 2013, 12pm in The Beans Cafeteria at The Hague University of Applied Science

1.1 The social and financial sides of the coin

Today, many citizens do not have to worry about the financial side of the coin in the Netherlands. They have individual access to financial institutions, private consumption needs, and basic standards of social security. At the beginning of the nineteenth century, financial institutions, such as rural financial cooperatives and more urban savings banks, were rooted in their respective communities. Rural financial cooperatives (such as *Coöperatieve Centrale Raiffeisen*) provided access to local farmers, whereas saving banks (such as *Nutspaarbanken*) tried to encourage individual citizens to save for their futures. Within these small cooperatives and savings banks, people knew each other and they participated not only for their own well-being but also for that of others (De Swaan & van der Linden, 2006). Today, these former small financial institutions have grown into large banks that provide most of the population with access to banking services such as savings accounts and lines of credit (Groeneveld, 2015)¹. In contrast to the former cooperatives and savings associations, however, contemporary banks seem to have lost their human faces as banking services have become more and more digitalized and the individual is left to navigate the financial world on their own. People are expected to manage their financial affairs on their own amid the large supply of anonymous online financial service providers and the numerous consumption temptations at hand. This combination of access to numerous financial providers and the temptations of consumption societies such as the Netherlands can lead many people, especially vulnerable people who lack financial resources and financial literacy skills, into situations of overindebtedness (In 't Veld & Westerbeek, 2017). This is what Alain would call the consequences of the financial side of the coin. In our conversation, Alain also explained what he regards as the social side of the coin. To him, the notion of money is not only about economic exchange and the purchase of goods but also about belonging to a community, reciprocal relations, and solidarity, all of which rely on the notion of trust. Trust is actually the basis of any financial affair. The word *credit* derives from the Latin verb *credere* which means “to entrust,” “to trust” or “to believe.” The noun *creditum* means “a thing entrusted to another.” In other words, the underlying condition for providing money is trust. A person considering another person as trustworthy creates a sustainable social relation that includes different forms of exchange of money, time, goods, or services (Graeber, 2011). This is what Alain considers to be lacking in the Dutch society. He observed that people in the Netherlands have become more individualized and are not used to handling their financial affairs with peers.

1 For example, the SNS bank, founded in 1987, goes back to the first savings bank, called *Nutspaarbank*. And the fusion of the Dutch rural financial cooperatives *Coöperatieve Centrale Raiffeisen* and *Boerenleenbank* resulted in the establishment of the Rabobank in 1972.

Nowadays, it is challenging for people to bring the social and financial sides of the coin into balance. In late modernity, solid structures – such as many welfare institutions, traditional loyalties, and customary rights and obligations – have melted or are expected to melt away. This has also led to a decline in “traditional” organizations and their functions in society (Bauman, 2000). Without these solid structures, the individual is left alone with their tasks, duties, responsibilities, and coping mechanisms. Today, people are used to accessing anonymous financial resources provided by solid organizations such as banks, but the challenge is to also make use of the social side of the coin. This implies that dealing with money is about more than just financial affairs. People also need to be able to rely on others in times of difficulty and despair by making a claim on their social networks. Thus, the struggle remains how to balance the two sides of the coin. To explore how people can be enabled to balance the financial and social sides of the coin, I set up five CAF groups in the Netherlands. A CAF group, or *Comunidades Autofinanciada* (in English, self-funded communities), as I explained to Alain in the cafeteria, consists of a small group of people who meet once a month to save money and provide each other with loans. Members usually take part for different reasons: it stimulates them to save more money and thereby improve their personal financial household management, it motivates members to strengthen existing social networks or establish new ones, and it generates access to financial resources and business networks for people with income generating activities or for micro-entrepreneurs. In these financial self-help groups, both sides of the coin may be brought together in shared experiences; members not only rely on trust relations to handle their financial affairs, such as saving and loans, but also expect to learn from each other and to support each other in times of despair. By following five CAF groups through ethnographic observations and participatory methods, I explored the value CAF groups have for their members and for the broader Dutch context.

In the following, I elaborate on what I understand as this broader Dutch context by discussing the current state of the Dutch welfare state. I then situate CAF groups as financial self-help groups in the Dutch financial landscape.

1.2 From welfare state to participation society

In the Netherlands, citizens are increasingly expected to be responsible for their own well-being in order to transform the Dutch “welfare state” into a “participation society.” In a participation society, all citizens are expected to participate more actively while the welfare state services diminish (Putters, 2014). This development was prominently included in the government’s policy agenda:²

It is undeniable that people in our current network and information society are more assertive and independent than in the past. Combined with the need to reduce the government deficit, this means that the traditional welfare state is slowly but surely turning into a participation society. Everyone who can is asked to take responsibility for his or her own life and environment.³

The Dutch participation society has been presented as a promising alternative to the declining welfare state. Even though the meaning and goals of participation remain disputed, policy guidelines encourage the welfare institutions to reduce their public services, leaving individual citizens to manage their responsibilities themselves and to become more enterprising (Putters, 2014). For example, the elderly are expected to remain active for as long as possible, and those who are unemployed can be encouraged (or even forced) to contribute to society, mainly by doing volunteer work. They may, for instance, work in a community centre by organizing socializing activities to overcome their own loneliness, or they may become more physically active by working in a community garden. In other words, every citizen is expected to use their own strength to participate in society (Van Houten, 2015). As a result, the welfare state system – based on control through large-scale, formal procedures and a lot of bureaucracy – will be reduced and the role of the participation society will increase. In a participation society, social care is to be done by citizens themselves, and caring for each other in such a society is expected to be organized through grassroots initiatives, which are more small-scale, informal, and practical than the services of the welfare state (Van Houten, 2015).

However, not all Dutch citizens have the necessary competencies and resources to participate. They might be motivated to set up initiatives but lack the competencies to deal with the high level of bureaucracy in Dutch welfare policies. People with a migrant background – recently arrived or having lived in the Netherlands for some time – often lack the competence to understand the complex Dutch bureaucratic

² This quote derives from the royal speech (*troonrede*, in Dutch) held in 2013. In this speech Koning Willem Alexander outlines the government’s policy agenda and thereby marks the opening of a session of parliament at the start of each new parliamentary year on the third Tuesday of September.

³ <https://www.rijksoverheid.nl/documenten/toespraken/2013/09/17/troonrede-2013>

procedures involved in accessing additional financial resources for setting up a community activity. In addition, the lack of access to resources such as social networks and sufficient income can lead to the financial and social isolation of vulnerable people who cannot find the right support from the welfare sector or from the networks they belong to (Putters, 2019). Thus, relying on individual responsibility to participate at the community level does not necessarily go well if citizens lack both competences and social and financial resources. Public authorities also struggle with the role citizens' initiatives play, as De Bruijn elaborated in the following three arguments (2017). First, the number and quality of citizens' initiatives are difficult to measure due to their diversity, informality, and small scale. Second, public authorities expect citizens to be much more motivated to participate in all kinds of initiatives than most people actually are. In addition, most of these initiatives seem to be dominated by highly educated native Dutch citizens. Thus, a growing dichotomy emerges between a small and active elite of empowered, highly educated people and a larger group of lower educated, more vulnerable people who fail to participate according to societal expectations.

After the promotion of the participation society in the Netherlands, citizens were expected to become more concerned about each other, and therefore, loneliness would decrease. But recent figures show the opposite. For instance, the most vulnerable citizens in Amsterdam – low-skilled, low-income groups and residents without paid work – feel lonelier in 2016 than they did eight years before (Amsterdamse Gezondheidsmonitor, 2016). In this era, social ties have become weaker and more fluid, which has led to an increasing individualization in the Netherlands. But what does it mean for a society to become more individualized? According to Beck and Beck-Gernsheim (2009), individualization means “the disintegration of previously existing social forms [...] of such categories as class, social status, gender roles, family, neighborhood, and so on” (p. 14). At the same time, the participation society ties its citizens into new networks and roles such as setting up citizens' initiatives or becoming informal care providers. Thus, in a participation society, individual citizens have to be more responsible for the choices they make, and biographies turn into “do-it-yourself biographies” (Beck & Beck-Gernsheim, 2009). Paradoxically, civic engagement is also at risk because citizens have to provide more informal care than they were used to doing before. Active citizens do not necessarily have enough additional time, strength, and energy to contribute to the participation society (Bredewold et al., 2020). Consequently, they give more priority to caring for close family members than to, for instance, participating in a neighbourhood initiative. This leads to a reduction in initiatives and services introduced and supported by active citizens that are meant to help the more vulnerable members of society. Many vulnerable citizens experience this reduction of initiatives as severe austerity measures and therefore assume a direct link between the participation society and the government's budget cuts (De Bruijn, 2017).

Unlike citizens' initiatives and the positions of vulnerable citizens, informal caregivers, and volunteers, the national and local governments' roles in the participation society are mostly discussed in disciplines such as public policy and governance. Research in those disciplines shows a number of bottlenecks in collaborations between citizens, informal caregivers, and volunteers, on the one hand, and governmental bodies, on the other. In discussing the relationship between state and civil society, Brandsen et al. (2017) claim that, however creditable many local community initiatives may be, "there is the risk that the desire on the part of governments for their citizens to participate and self-organize may lead the state to take over such initiatives, leading to a manufactured civil society that has little to do with spontaneous citizen initiatives" (p. 676). In addition, it is particularly difficult for citizens to become recognized as full-fledged partners of the local government. This is due to the government's lack of financial resources, as municipalities sometimes regard citizens' initiatives as an inexpensive solution to an existing problem (De Bruijn et al., 2016). Furthermore, Verloo (2019) claims that a successful participatory society requires an inclusive public sphere in which marginal narratives of citizens are also part of the decision-making processes of governmental bodies. Interactions between citizens and public professionals are then crucial in the experience of citizenship because during these encounters people experience whether or not they are heard.

One way of enabling such interactions would be for the government to reduce outdated and inflexible laws and regulations and instead see its role as a facilitator of "spaces" where citizens can become more active (Van Houten, 2015). In this so-called third space, citizens can choose to meet each other, share feelings, thoughts, and observations, and eventually choose to become active not only for their own well-being but also for that of others. This is the space where individuals acting as community organizers and as entrepreneurs of their communities' social, economic, and cultural enterprises can set up initiatives to support each other, either in the neighbourhood or at community centres to support each other. This space is not an alternative to the private sphere of family and kinship or to large-scale structures of governmental cooperations and large non-profit organizations, but it exists in a dynamic interdependency with them (Van Til, 2000). In this third space, most community initiatives are controlled by citizens themselves – according to fluid social relations. In organizing themselves, however, citizens also depend on solid institutions, such as welfare and financial organizations (Bauman, 2000), to receive financial support or to deal with bureaucratic procedures that can otherwise form obstacles in realizing community activities.

In sum, in contemporary Dutch participation society, not all citizens are able to organize themselves in this third space or to support each other financially or socially. In this context, managing one's household or accessing financial institutions can be

experienced as a lonesome burden, especially by vulnerable people. This is what I call the financial side of the coin. At the same time, dealing with the social side of the coin can be challenging as well. People are expected to participate in networks and initiatives to help themselves and others, but more vulnerable people often lack the necessary social competences and are confronted with weaker social ties and support within their communities. In this context, the question is thus about the potential value of CAF groups not only for their members but also for the realization of the participation society.

1.3 Situating financial self-help groups in the Dutch financial landscape

For centuries, people from all over the world have employed financial self-help practices to save and to receive credit. Because these people understood that they could not do such practices on their own, these initiatives often took place within the setting of a group and were based on mutual support and trust (Mersland, 2011; De Swaan & van der Linden, 2006). In the following, I will first explain how people pool and distribute money together in the Global South. Having a better understanding of what happens in the Global South can be helpful for understanding the possible value of financial self-help in current Dutch society. This reasoning is based on what has been called the “South-North knowledge transfer.” Knowledge production is framed by the dominant position of the Global North, as knowledge usually travels “from wealthier, more powerful countries in the development industry, but generally travels one way and it generally travels as a ‘solution’ rather than as a basis for learning” (McFarlane, 2006, p. 1418). Scholars and practitioners contributing to a South-North knowledge transfer aim to turn the usual transfer of knowledge around: they aim to learn from innovative solutions and experiences in the Global South in order to advance academic knowledge production and professional practice in the Global North.

1.3.1 *From Global South to Global North*

Studies in the Global South have shed light on how people with very little means make a living with that little they have (Rutherford, 2009; Collins et al., 2009; Wilson et al., 2010; Smets, 2004). The most important conclusion has been that people living in poverty want to save and do save, even when they have small and irregular incomes. They have invented different ways of handling their financial affairs in smaller groups without interference from the formal financial sector. Lending and saving within a group has been called by many different names, such as savings and loan groups, financial mutuals, community-based savings schemes, or informal financial institutions (e.g., Bähre, 2007; Resch, 2017). These notions often overlap and can also

have different meanings for academic researchers or professionals in the field. For this dissertation, I chose the notion of “financial self-help groups” to cover both the *financial side* of the coin – people saving together and lending money to each other – and the *social side* of the coin – people participating in a financial self-help group to give each other emotional and social support. My research focuses on one specific kind of financial self-help group: CAF groups. To understand the approach of CAF groups, examples of three other self-help models in the Global South and North are presented below.

The notion of financial self-help groups was introduced into the academic debate by Frits Bouman (1994), who carried out fundamental research to describe two very specific ways that people handle their money, by rotating savings and credit associations (ROSCAs) or by accumulating savings and credit associations (ASCRA). Rutherford (2009) later changed the abbreviation ASCRA to ASCA. Since then, professional and academic discussions have used ASCA most frequently.

ROSCAs can be found in almost all countries of the Global South, under different names such as *iqqubs* (Ethiopia), *susus* (Ghana), *chit funds* (India), *kasmonis* (Suriname), or *sitananis* (Swaziland). A ROSCA can be described as a group whose members periodically deposit money in order to save, lend, and borrow. Participants usually deposit an agreed sum into a joint fund at prearranged intervals. The fund is paid out as a lump sum to participants on a rotating basis (see, e.g., Ardener, 1964; Ardener & Burman, 1995; Bouman, 1995; Smets, 1996, 1998). For example, 12 people each save €100 monthly, which is deposited into a common fund during a social gathering. The total amount of €1200 is provided to one of the members. The next month, the pot is handed over to another person who has not received it so far. This continues until every participant has received the lump sum once. Participants mostly use the money for household assets, school fees, and traveling costs, though it is occasionally used for life events such as funerals or marriages and less frequently for income-generating activities. The rotation order may be decided by auction, voting, seniority, consensus, drawing lots, or the organizer’s choice. Once all participants have received the fund, the group is either dissolved or restarted for another cycle (Smets, 1998).

ROSCAs are popular among migrants in areas such as Europe and the USA who are familiar with these groups from their countries of origin in the Global South (Ardener & Burman, 1995). Empirical evidence has demonstrated that participation in ROSCAs contributes significantly to participants’ well-being. In the USA, evidence has shown that regular participation in ROSCAs enables people with few material assets to build a reputation for being trustworthy and reliable (Ardener & Burman, 1995, p. 10). Thus, participation in ROSCAs helps strengthen social networks among friends, neighbours,

family members, or employees of the same company (Light & Gold, 2000, p. 115). Participation in ROSCAs also improves participants' household management skills. Some people appreciate the positive group pressure to save money on a regular basis for their households (Smets & Broekman, 1996, pp. 144–145; Kappers & Lehmann, 2011). Others participate in ROSCAs because it gives them access to a lump sum of money to invest in household items, their children's education, or a flight to their country of origin (Bijnaar, 2002). Participation in ROSCAs can also be related to entrepreneurial positioning. For instance, members of the Korean diaspora in the USA use ROSCAs to finance their businesses. Compared to when they were in South Korea, Korean men and women take part in ROSCAs more frequently in the USA to set up and expand their economic activities (Light & Deng, 1995).

An ASCA is more complex than a ROSCA. In an ASCA, a participant pays a monthly, weekly, or daily contribution into a common fund. Members in need of a loan can make a request on the common fund whenever they are in need. The loan is usually paid back with an interest rate (Wilson et al., 2010). Some ASCAs are stable enough to last for several years and can provide savings and loans in a more flexible way than ROSCAs. In contrast to a ROSCA, then, an ASCA can be distinguished through its longevity and flexibility (Rutherford, 2009). ASCA management can be more complex and can become less transparent than ROSCA management (Rutherford, 2009). While in ROSCAs, each member can save a fixed amount per meeting, in an ASCA, members store flexible savings amounts for more unspecified periods of time. Thus, management of an ASCA demands a more sophisticated level of bookkeeping, which is often carried out by specialized bookkeeping members and is not always done in a transparent manner for all members alike (Sadoulet, 2006). Higher levels of complexity and a lack of transparency can lead to mismanagement and can result in fraud: fraudulent ASCAs spring up, fail, and then after a while, when the need to save is pressing again, start all over (Rutherford, 2009).

Both ROSCAs and ASCAs arise through a bottom-up approach and without the involvement of an external organization. But there are also financial self-help groups that are characterized by a top-down approach. These are called savings groups. Professionals as well as academics speak of savings groups as a family of new models that are implemented by facilitating agencies. In general, a savings group consists of 15 to 30 members – mainly women – who meet on a regular basis to save money, which is deposited in a common fund. This common fund is then used to lend money to group members when needed. The group operates during a cycle of usually 9–12 months. After this period the accumulated savings, interest, and additional fees are distributed among the group members and a new cycle might be started (Gash & Odell, 2013). These kinds of financial self-help groups began in the early 1990s. Inspired by experiences

with ROSCAs and ASCAs, the development organization CARE International developed the first model of a savings groups in Niger and called them *Village Savings and Loan Associations* (VSLAs). The growing popularity of VSLAs has triggered other development agencies in other countries of the Global South to work on variations of the VSLA. Examples of models belonging to this family of savings groups are *Saving for Change* (SfC) by Oxfam/Freedom From Hunger/Strømme Foundation, *Saving and Internal Lending Community* (SILC) by Catholic Relief Services, or *Community-Based Savings Groups* by the Aga Khan foundation (Mersland et al., 2019). Thus, a savings group basically operates as a form of ASCA, but in most cases, it is time-bound like a ROSCA. In contrast to both ASCAs and ROSCAs, savings groups rely on strict management procedures – varying by facilitating agency – to increase transparency and to simplify financial procedures. In practice, facilitating agencies have developed financial bookkeeping forms for specific target groups (e.g., more or less literate, urban or rural). These bookkeeping forms have to be filled in by members at every meeting to keep an overview of all activities taking place in the group. According to Mersland et al. (2019), the lifecycle of a savings group is therefore relatively short (with a maximum of 12 months) to avoid mismanagement and fraud. In addition, the members rely on transparent and shared group-regulated activities as listed below:

All available resources have to be declared and distributed among the members at the end of the cycle, which normally lasts one year. Hence, at the beginning of the cycle, groups are constituted, group leaders are elected and a constitution to govern the group activities is established. The constitution stipulates the contribution by each member, the meeting frequency, penalties for member indiscipline, procedure to be followed to request for a loan, interest rates on borrowing etc. (Mersland et al., 2019, p. 6)

The savings group methodology has been applied in many places in the world as a savings and borrowing strategy for people living in poverty, often providing services to populations in rural areas with little access to formal institutions. Savings groups enable individual empowerment, income-generating activities, the creation of financial safety nets, the improvement of personal financial management, and the creation of new networks (Fleischer-Proañó et al., 2011; Gash & Odell, 2013; Resch, 2017). Savings groups have also been used as a means to introduce welfare services concerning education and health and as additional financial services, such as bank accounts and mobile money transfer systems, from banking institutions (Resch, 2017). Although savings groups operate mainly in rural Africa, such groups are mushrooming in Asia and Latin America, and to a lesser extent in North America and Europe. Today, there are approximately 20 million savings-group members across at least five continents (SAVIX data, 2020).

Parallel to developments in the Global South, the foundation ACAF⁴ introduced the first savings groups in Barcelona in 2004, under the name of CAF groups (*Comunidades Autofinanciadas*; in English, self-funded communities). The CAF approach supports the financially and socially excluded poor sections of societies. In the beginning, the foundation targeted mainly migrant communities in Barcelona that had experience with ROSCAs and ASCAs. CAF groups function very similar to the savings groups in the Global South, but they are smaller in size (generally a minimum of 5 members to a maximum of 15). ACAF's experiences with CAF groups in Spain suggested that this approach might also work in other countries in the Global North (Korynski & Rodriguez-Ferrera, 2010). Today, CAF groups have been introduced in Italy, Hungary, Belgium, the Netherlands, and Germany (www.winkomun.org). However, the value of CAF groups for the financial landscape of the Global North has not yet been investigated in depth.

1.3.2 *Reinventing the social side of the coin*

In the Global North's past, people pooled money into common funds to support each other in times of need (De Swaan & van der Linden, 2006; Hollis & Sweetman, 1998). In early industrial Europe, for instance, millions of manual workers joined hands to manage small, largely informal, self-administered funds. The establishment of these funds contributed to the growth of a "workers' culture in Western Europe, to the rise of trade unions and the development of insurance schemes and savings banks" (De Swaan & van der Linden, 2006, p. 14). In Germany, the *Raiffeisenbanken* cooperative movement started during the Industrial Revolution, when starvation and hunger dominated life in the countryside. Many farmers lost their cattle and fields to loan sharks and moneylenders, and many small businesses were ruined. To support these farmers in need, Friedrich Raiffeisen developed local cooperative credit associations (*Darlehenskassen-Vereine*) that were set up by and for impoverished farmers; these were later known as *Raiffeisenkassen* and now *Raiffeisenbanken*. This innovation spread quickly through Europe and inspired many others to deploy similar initiatives. In the Netherlands, the first supportive umbrella organization, the *Coöperatieve Centrale Raiffeisen-Bank*, was established in 1898 in Utrecht, followed by the *Coöperatieve Centrale Boerenleenbank* in Eindhoven (Colvin et al., 2018). These two banks merged to become Rabobank in 1972. Thus, at the beginning of the twentieth century, these banks operated locally as small financial arrangements serving a limited number of customers at a time. Nowadays, Rabobank and other former local private Dutch banks have merged into globally operating banks such as ING or ABN AMRO (Van der Linde & Molenaar, 2017).

4 Today, ACAF operates under the umbrella of the online platform www.winkomun.org.

This upscaling, however, has had its price: the cooperative banking institutions have lost their “tight (member) networks as a result of the transformation into large and complex – hybrid – organizations. [...] This decrease implies a deterioration of the democratic functioning of the cooperative, i.e. members become less involved, engaged and committed” (Groeneveld, 2015, p. 32). This development is correlated with the many faces of the contemporary banking system around the globe. This system is increasingly characterized by a monoculture of profit-making, which was one of the causes of the global financial crisis of 2008. Despite that debacle, banking institutions have tended to continue their business practices in more or less similar ways as before the crisis (Lietaer et al., 2009; Christophers et al., 2017).

Today, international banks have lost their face-to-face contact with their clients, and people are expected to manage their financial affairs on their own. This means that the social side of the coin is at risk. In the Netherlands, for instance, it appears that vulnerable groups, in particular, have difficulties repaying (consumer) loans or meeting financial obligations such as mortgages (Van der Schors et al., 2016). Also, self-employed people have problems obtaining access to financial services such as smaller loans for income-generating activities or affordable insurance protection in case they are not able to work anymore. For those with a low level of financial literacy, having savings – having a financial safety net – is threatened. In emergencies, people in the middle and lower classes often have little or no personal financial buffer to rely on (Karlan et al., 2014; Fernandes et al., 2014). To fill these gaps, new small-scale local initiatives are emerging such as crowdfunding, peer-to-peer lending, time banks, or local contemporary currencies. Such initiatives are arising in response to a retreating welfare state and the perceived failure of financial markets to deal with the pressing societal problems of our times (De Moor, 2013; Biekart et al., 2016; Brandsen et al., 2016). They aim to reinvent the social side of the coin by bringing back a human face to financial services. Inspired by these emerging initiatives, I expected that CAF groups could play an important role for their members in balancing the financial and social sides of the coin. The research for this dissertation was set up in the aftermath of the global financial crisis of 2008 and has been finalized during the so-called intelligent lockdown of the current corona crisis in the Netherlands. The economic consequences of this crisis cannot be foreseen, but it is certain that vulnerable people will become yet more vulnerable and their access to financial services will become more restrictive. In that sense, I foresee that small-scale local initiatives, such as setting up CAF groups, will continue to play a crucial role in the challenging times ahead of us.

1.4 Setting up CAF groups in Netherlands

At the beginning of this research journey, I conducted an explorative qualitative study about how members of sixteen different ethnic minorities save and lend money within group settings in the Netherlands. The majority of the group members I studied were also active in different forms of ROSCAs (Kappers & Lehmann, 2011). It struck me how diverse these groups' memberships were and how these bottom-up initiatives benefited the personal well-being of their members. In this dissertation, two forms of ROSCAs, one among Ghanaians and one among Ethiopians living in the Netherlands, serve as the basis to explore what kind of role financial self-help groups may play in the Dutch contemporary financial landscape (Chapter 4). While doing this research on ROSCAs, I got to know the ACAF foundation in Barcelona and became enthusiastic about the way they were applying a model of savings groups, which until then, I had heard of only in the Global South. The foundation's CAF-group model was inspired by migrants from the Global South who were practicing ROSCAs in Spain and by the parallel development of savings groups in the Global South. Thus, I am speaking here of a South-North knowledge transfer. Considering the declining Dutch welfare state and the aftermath of the financial crisis, I expected that setting up CAF groups in the Netherlands could be of value for Dutch citizens as well. Through various field visits and encounters with staff members in Barcelona, I learned how to set up CAF groups myself. Additionally, I learned the methodology of savings groups as it is applied at the African grassroots level and participated in professional trainings on savings groups in Arusha, Tanzania.

In line with the idea of the South-North knowledge transfer, I became motivated to set up and manage CAF groups in the specific context of the Netherlands. As an engaged scholar, I wished to use scientific resources to address the pressing social, civic, and ethical problems of our time (Boyer, 1996) and thereby to contribute to a space in which academia and the professional field communicate in a more durable, creative, and equal manner (Ponzoni, 2016). This motivation led to two research aims for my dissertation. First, I aimed to empower and strengthen the position of people – vulnerable or not – in the Netherlands. For that aim, I created five CAF groups as an engaged scholar between 2013 and 2017. On the basis of an action research approach, each group was guided, observed, analysed, and compared to the others. Generally, action research can be defined as a normative research approach to produce practical knowledge that is useful to people in the everyday conduct of their lives (Reason & Bradbury, 2008).

The second research aim concerned contributing to theory development. By applying development economist Amartya Sen's capability approach (Sen, 1999), I investigated the impact of participation in a financial self-help group on individual members' agency

and well-being. The empirical outcomes led me to extend Sen's economic theory with sociologist Anthony Giddens's structuration theory (Giddens, 1984). Expanding the capability approach with a sociological theory made it possible for me to highlight the way CAF groups could interact with their surrounding societal structures in the Netherlands. Thus, I could show not only how participation in a financial self-help group could not only benefit the members themselves but also how a CAF group could eventually play a role in the Dutch participation society and Dutch financial landscape.

In the five CAF groups I implemented, my research focused on both the individual and the group levels and it took into account both financial and social sides of the coin. On the individual level, I investigated the impact that participation in a CAF group had on members' agency and well-being. On the group level, I aimed to analyse how CAF members interacted with each other in the group. Finally, I also aimed to explain what significance CAF groups could have for the participation society and financial landscape. These reflections led to the following central research question and sub-questions:

What value do CAF groups have for their members and for the broader Dutch context?

1. What is the impact of participation in a CAF group on the agency and well-being of its members?
2. How do members interact in the settings of different CAF groups?
3. What is the possible significance of CAF groups for the Dutch financial landscape and participation society?

These research questions will be answered throughout the nine chapters of this dissertation. Two chapters were published in peer-reviewed academic journals and one remains under review. The following section provides an overview of each chapter.

1.5 Chapter overview

The theoretical framework of this dissertation is based on Amartya Sen's capability approach (Chapter 2). In the early 1980s, development economist Amartya Sen developed the capability framework as a broad normative framework for the evaluation and assessment of individual well-being and social arrangements mainly in countries in the Global South (Sen, 1999, 2009). I chose the capability approach was chosen because of its strong focus on the notion of freedom as the capability to live the life each individual is aiming for. The freedom to choose a particular lifestyle is an intrinsic part of Sen's notions of agency and well-being (Sen, 1999). After elaborating on notions of agency and well-being in detail, I turn to the role of financial self-help

groups and how their members are influenced by social structures. This chapter concludes by operationalizing the theoretical framework into three capabilities (C1–C3) that serve as sensitizing concepts throughout the dissertation. These capabilities focus on the potential impact CAF groups have on members' abilities to develop social networks (C1), to control their financial household management (C2), and to adopt an enterprising attitude (C3).

Chapter 3 discusses my research methodology. I describe how the three capabilities (C1–C3) were applied as sensitizing concepts in the set-up of this particular action research (Blumer, 1954). I also explain in more detail how, by using sensitizing concepts, I combined an inductive research approach with a deductive angle. Then, I elaborate on the fundamental elements of this action research project: the implementation of the CAF groups as well as the collection and analysis of the empirical data. Finally, I reflect on how I designed and carried out this action research, with a special focus on the interaction between researcher and CAF members as research participants.

A more detailed background description of the Dutch financial landscape is provided in Chapter 4. The chapter focuses on two particular financial self-help groups: ROSCAs among Ethiopians and Ghanaians living in the Netherlands. Compared to the formal banking system dominating the current financial landscape, these financial self-help groups claim effectivity instead of efficiency in the operation and management of their respective groups. By exploring developments in the current financial landscape, this chapter argues that distinguishing different kinds of resilience creates possibilities for analysing the different roles of financial arrangements and institutions for the financial landscape. Thus, this explorative study on ROSCAs questions the dominance of the financial side of the coin that has resulted from the efficiency-driven institutions of the financial sector.

Chapter 5 presents each CAF group in more detail. The reader gets to know the different members of each CAF group and their motivations to join. Financial performance is assessed according to members' savings and loan behaviour during the period of their participation. The quantitative data is analysed on how much the members of a respective CAF group saved and how much they borrowed from the group's fund during the entire period of the research. These insights help the reader to better understand the differences and similarities between the five CAF groups.

Chapter 6 discusses the empirical findings from the first three CAF groups. This chapter explores whether and how participation in a CAF group improves individuals' well-being with regard to expanding their social networks, improving their financial household management, and strengthening their entrepreneurial positions. It also shows how participating in CAF groups at the grassroots level contributes to the well-

being of vulnerable people in the Netherlands. Finally, the chapter reconsiders Sen's notion of freedom for the particular context of overconsumption, inequality, and overindebtedness.

In applying Sen's capability approach, I realized that the approach has a "blind spot" regarding individuals' possible impacts on the structures within and around them. By adding notions of Giddens's structuration theory to the core concepts of the capability approach, I rendered the capability approach more sensitive to how CAF-group members may interact with their surrounding structures (Chapter 7). The relation between individuals and surrounding societal structures is extensively discussed in what is often referred to as the agency-structure debate (Ritzer, 2003). This debate is based on differing views about whether and to what extent individuals have a free will and can act according to their preferences, values, and personal feelings, or to what extent they are the "product" of their surrounding social structures. By expanding the capability approach with the notions of internal structures, on the one hand, and more proximate and more distant societal structures, on the other (Stones, 2008), I detail not only how individual agents are influenced by their surrounding structures, but how they might also have – however small and modest – an impact on those structures themselves. As a result, this chapter not only provides answers to how CAF-group participation affects individual members' access to social networks, their financial household management, and their entrepreneurial positioning, but it also enabled me to investigate how and why individuals join a CAF group to take part in a so-called countermovement. Thus, I also consider how CAF members could possibly play a role in their surrounding social structures, like the existing financial landscape and the emerging participation society in the Netherlands.

One way in which a CAF group can play a role in the surrounding structures is to become a community of practice. Wenger (1998) describes a community of practice as a group of people who share a certain domain of interest that distinguishes them from others. In a community of practice, it is crucial to learn from each other by engaging in joint activities and discussions. To discuss whether and how some of the CAF groups studied here turned into a community of practice, I apply the criteria of a common goal, trust, democratic leadership, and accumulation of knowledge in Chapter 8. The application of these criteria to the functioning of the CAF groups also provides more insight into how members interacted with each other in the different CAF groups. I will show how two of the five CAF groups indeed turned into communities of practice.

Chapter 9 concludes this dissertation by linking the empirical findings on the individual level (Chapters 6 and 7) with those on the group level (Chapter 8). I follow this with a general discussion of the main contribution to theory development made by the

expansion of Sen's capability approach with Giddens's structuration theory. Then, I discuss the role of CAF groups in enabling individual participants to balance the social and financial sides of the coin. Finally, I conclude this dissertation by showing how CAF groups have the potential to empower their members to meet the expectations of the participation society and the challenges of the contemporary financial landscape. I also provide recommendations for how engaged scholars doing action research can be reflective about the way they interact with their research participants and for how practitioners can set up CAF groups in the field.

In the Epilogue, I tell the story of Cash2Grow. Based on the experiences and findings of my research, I co-founded the Cash2Grow foundation to promote savings groups in the Netherlands as a tool for financial and social empowerment. By developing improved savings-group methodologies and financial education tools, the foundation aims to train staff and volunteers from different types of (welfare) organizations to establish savings groups among their target populations. At the moment, we are also collaborating with similar organizations in Spain, Italy, Germany, and Poland to learn more from each other in a project subsidized by the EU.



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Capability approach applied: the notions of freedom, agency, and well-being for self-help groups in the Global North

2.1 Introduction

Amartya Sen's capability approach has been developed as a normative framework for the assessment of well-being in countries of the Global South. Its core claim is that assessments of people's well-being or quality of life, and judgements about equality or justice or a community's or country's level of development should not focus primarily on resources or on people's mental states but on the effective opportunities for people to lead the lives they have reason to value (Robeyns, 2006, p. 351). In the last two decades, the capability approach has become increasingly prominent in academia and has had a significant impact on policy making. Since the 1990s, for instance, the United Nations Development Programme's (UNDP) annual Human Development Report has been based in part on the capability approach (Lengfelder, 2016). These annual reports are the basis for more than 500 regional- or country-level reports that discuss regional, national, and local development strategies using Sen's theoretical tools and framework. Due to its origins in development economics, Sen's framework has been used to assess conditions of human development and poverty in the Global South. In recent years, it has been increasingly used to assess conditions of well-being of people in the Global North. Although most people in the Global North enjoy a higher standard of well-being than people in the Global South do, there is also a growing concern about increased economic inequality in rich countries, like the Netherlands, and its impact on the well-being of more vulnerable groups.

In the Netherlands, the evaluation of well-being is often related to the concept of social inclusion and exclusion. Social inclusion and exclusion can be seen as simultaneous processes and conditions "...in which individuals or groups of individuals are neither completely included nor excluded; as members of different social systems, communities, and institutions, they may be included on one level and excluded from others (De Haan, 2000; Kabeer, 2000; Murie & Musterd, 2004; Jehoel-Gijsbers et al., 2009). In contrast to a framework based on mechanisms that either include or exclude individuals, the

capability approach is strongly linked to the notion of freedom of choice. According to Sen, a person should have the freedom to choose a particular lifestyle fitted to their view of well-being (Sen, 1999). I therefore favoured the capability approach over the concept of social inclusion and exclusion because it does not regard the individual as an agent that is rather passively included or excluded by the surrounding structures but as someone who has the freedom to choose the kind of life they have reason to value. My assumption was that each individual makes different life choices depending on their personal, political, social, and economic needs. This freedom also includes the possibility of choosing to participate in a self-help group, such as a CAF group, to increase their personal well-being. In addition, it was appealing to me to make use of an approach that was until now most frequently applied in the Global South. Like the capability approach, CAF groups are a new phenomenon in the Global North, and they correspond to the empowering and people-centred view of Sen's theoretical framework.

In this chapter, I aim to develop a theoretical framework to investigate what value do CAF groups have for their members and for the broader Dutch context. I first elaborate on Sen's capability approach then conclude with the operationalization of this theory in order to answer this research question.

2.2 The capability approach

According to Sen, traditional approaches to justice, such as utilitarian and resource-based approaches, wrongly ignore people's capability to change and adapt their conditions of well-being. Utilitarian approaches generally evaluate people's well-being based on how happy they are or how much pleasure they have in life. The founding fathers of utilitarianism, Jeremy Bentham (1748–1832) and John Stuart Mill (1806–1873), defined utility in terms of pleasure or happiness of either the population as a whole – “the greatest good for the greatest number” (Bentham) – or of the individual (Mill). Thus, one's state of well-being is defined by one's sense of happiness or by the extent to which one succeeds in satisfying one's (higher) desires. This approach has been criticized by Sen (2009) because of the phenomenon of adapted preferences and the neglect of rights and freedoms. If people have been permanently excluded from some things in society, they can learn not to want those things anymore; in other words, they have adapted their preferences to a situation they have no reason to value. By defining the social status of a person based on the satisfaction of their actual preferences, one might unconsciously reinforce the status quo of members of marginalized groups in society. This criticism is directly linked to the second one: the utilitarian approach does not pay sufficient attention to freedoms, since they are only

valued indirectly, that is, only insofar as they influence people's happiness or well-being (Binder, 2011; Nussbaum, 2011). But according to Sen, basic rights such as access to adequate education and elementary health care "are important not only on their own, but also for the role they can play in giving people the opportunity to approach the world with courage and freedom" (1999, p. 63).

In contrast to utilitarian approaches, resource-based approaches like Rawls's (1971) theory of justice as fairness focus on people's means and resources to pursue their conceptions of well-being: such approaches focus on natural primary goods such as health and intelligence and on social primary goods like civil rights, income, wealth, and respect. According to Sen, Rawls's theory fails to account for differences in people's abilities to convert available means and resources into actual achievements in life (Sen, 1983, p. 160). An equal distribution of resources among the members of a society can therefore not be easily associated with actual equal achievements of those members. A focus on resource equality, for instance in terms of GDP (Gross Domestic Product), is not a proxy for other important goods, such as freedom of speech or education. To summarize, adherents of the capability approach claim that resource-based approaches focus too much on a general distribution of resources within a society and neglect the possible differences in what people aim to achieve with those resources. In the capability approach, personal achievements are strongly linked to the personal values of each individual (Alkire, 2005; Binder, 2011; Sen, 1983, 2009).

2.2.1 Adding the notion of freedom

In response to utilitarian and resource-based approaches, Sen proposes to examine well-being not in terms of utility or resources but in terms of a person's capability "to do something valuable or to reach a valuable standard in life" (1993, p. 30). Thus, in contrast to resource-based approaches, the capability approach evaluates individuals' actual opportunities and not only the resources available to them. It depends for instance on which relevant abilities an individual has that are needed to convert these resources "into the person's ability to promote her ends" (Sen, 1999, p. 74). Instead of focusing on happiness and pleasure as the main determinants of a nation's well-being as a whole, like utilitarian approaches do, the capability approach focuses on individuals: "the creation of conditions in which people have real opportunities of judging the kind of lives they would like to lead" (Sen, 1999, p. 63). Sen offers the example of a person living in a totalitarian regime with hardly any access or restricted access to the internet, without freedom of speech and access to adequate education, such as in North Korea. This person might consider themselves to be happy because they do not know of anything better and they have adapted to their present living circumstances. By introducing the central notions of capabilities, functionings, and freedom, Sen

aimed to overcome the shortcomings of utilitarian and resource-based approaches, developing instead an approach that makes room for the different standards of well-being that individuals, communities, and even whole nations may value and hold.

These notions of functionings, capabilities, and freedom of choice thus serve as key concepts for applying the capability approach. *Functionings* represent “the various things that a person manages to ‘do’ or ‘be’ in leading a life” (Sen, 1993, p. 31). On the one hand, functionings refer to a person’s state of being (for example, being happy or having self-confidence). On the other hand, they indicate what a person is doing in their life, such as taking part in community life or investing in a new business. *Capabilities* are then regarded as the “freedom to achieve various lifestyles” (Sen, 1999, p. 75), that is, to achieve different sets of functionings. Capabilities are the sum of one’s opportunities for choice and action (Nussbaum, 2011, p. 25).

The unique notion of capabilities can be further highlighted by comparing it with the concept of competences. Rychen and Salganik (2003) describe a competence “as the ability to successfully meet complex demands in a particular context through the mobilization of psychosocial prerequisites (including both cognitive and non-cognitive processes)” (p. 43). A competence is thus directly linked to the results that an individual can achieve through an action, choice, or behaviour. This differs from the capability approach. In contrast to competences, capabilities do not focus on specific results but on the fact of being able to opt for an action, choice, or behaviour (Lozano et al., 2012). The capability approach is based on the *freedom of choice* because the freedom to choose a particular lifestyle is an intrinsic part of well-being. This freedom is related to a person’s capacity for agency, which depends strongly on external structural constraints and access to basic means. Thus, the freedom to lead different types of lives is reflected in each person’s set of different capabilities, which in turn depends on specific personal, political, social, and economic situations (Sen, 1993, p. 33). Sen therefore states that development is to be evaluated “in terms of whether the freedoms that individuals have are enhanced” (Sen, 1999, p. 4).

2.2.2 *Notions of agency and well-being*

Sen’s notion of agency can be described as an individual’s capability to act and is an assessment of what a person can do in line with their conception of the good. The notion of the good is closely linked to what kind of goals an individual may value and why they are involved in one activity and not another. Sen (1992) emphasizes that, for evaluative purposes, we should distinguish between well-being achievement and agency achievement. After all, people might also pursue goals other than their own well-being. Sen (2009, p. 36) defines well-being achievement as “an evaluation of the ‘wellness’ of the person’s state of being (rather than, say, the goodness of her

contribution to the country, or her success in achieving her overall goals).” In contrast, agency achievement refers to “the person’s success in the pursuit of all the objectives that he has reason to promote” (2009, p. 37). Thus, even though agency and well-being achievements may overlap, well-being is in some ways more focused on self-interest, whereas agency goals may refer to both personal achievements and promoting the well-being of others. To lose weight and feel healthier, one may decide to exercise once or twice a week. This is aimed at well-being achievement. But it is also an act of agency achievement, insofar as one pushes oneself to stay true to a personal commitment. A person who decides to help an elderly neighbour with the weekly groceries is an example in which agency achievement comes first. However, helping others can also influence one’s well-being – feeling needed can increase self-confidence and decrease loneliness. This means that, as an agent, one need not advance merely one’s own well-being; one may also be concerned with the well-being of others in “the sense that it [agency] is ‘not tied to any one type of aim’ but advances any goals the individual thinks important, whether for themselves, another individual, their community, or some other entity or group altogether” (Alkire, 2008, p. 5). Hence, engagement in a local political party or in a lobby group to improve environmental issues in the city may also add to a person’s agency achievement and hence increase their capabilities.

For situations in which such goals are pursued by groups rather than individuals, the capability approach literature has discussed two themes repeatedly: first, the phenomenon of collective capabilities developed within self-help groups of the Global South, and second, whether and how the capability approach takes the impact social structures have on individuals into account. I elaborate on both these themes in the next two sections.

2.2.3 Capabilities and self-help groups

Ibrahim (2006) developed a conceptual framework to analyse the collective action of women’s self-help groups (SHGs) in Egypt. In her recent work, Ibrahim (2014) illustrates her case with an example of Egyptian SHGs fighting female genital mutilation (FGM). These groups were initiated by a local NGO to support women activists in fighting such practices within their own communities. Ibrahim uses these women’s experiences to explain how the women developed acts of collective action. The first and most important reason for these SHGs’ existence is their efforts to end a traditional practice that harms present and future generations of girls in their communities. This can be seen as an act of agency achievement. By joining forces, these women organized SHGs to stop the practice of FGM and to explain its dangers to various stakeholders, such as women, girls, men, and midwives. Two of the groups Ibrahim investigated during her fieldwork extended their focus to other gender-related activities like organizing illiteracy-eradication classes and establishing a consultation centre for women. But

the activists also explained their personal motivation with reasons related to personal well-being achievements. First, their involvement in the SHG provided them with a “sense of fulfilment”: “they wanted to ‘prove themselves and their presence’ through their grassroots activism” (2014, p. 60). And “instead of ‘sitting at home,’ they felt they were able to play a role in their communities” (2014, p. 60). Second, the self-help process also enabled the women to become more skilful (e.g., communication and advocacy skills) and gain more self-confidence. Third, participation in the SHG was an opportunity for them to widen their social networks. In the end, participation had a large impact on their personal roles in communal life.

The case of Egyptian SHGs fighting FGM at the grassroots level is an example of how many SHGs in the Global South primarily aim to improve the well-being of their community or society rather than only that of their individual members. In Sen’s words, they focus more on agency achievement than on well-being achievement, even though the example clearly shows that participation influences the latter as well. Ibrahim used this focus on community well-being to develop her notion of collective capabilities, defined as “the newly generated functioning bundles a person obtains by virtue of his/her engagement in a collectivity that helps her/him achieve a life he/she has reason to value” (2006, p. 398). These collective capabilities are closely linked to a process of collective action that leads to the benefit of the collectivity at large. Regarding SHGs in Egypt, then, Ibrahim claims that “through their collective agency, these women were successful in generating capabilities, expanding freedoms and protecting rights, not only for themselves, but also for future generations” (2014).

However, not all SHGs can be perceived as an aggregated form of a collective capability or collective action. Self-help groups exist all over the world, and members may have very different goals when it comes to agency and well-being achievement. In contrast to Ibrahim’s SHGs in Egypt, members of SHGs in the Global North often focus mostly on their own well-being achievements and their ability to cope with the temptations of daily life in an affluent society. Think of alcoholics who seek mental support at AA (Alcoholics Anonymous) meetings or of overweight people who encourage each other to follow a healthier lifestyle in a local Weight Watchers club. For understanding the meaning and impact of SHGs in the Global North, Sen’s notions of individual agency and well-being achievement may be more helpful as heuristic devices (or searchlights).

As an example, let us look at one kind of well-known financial SHG that takes place in many countries of the Global North and compare it briefly to Ibrahim’s example of SHGs in Egypt. This financial SHG is called a rotating savings and credit association (ROSCA)⁵. For centuries, ROSCAs have been part of financial landscapes in the

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5 I explain the operations of a ROSCA in more detail in the introduction. Chapter 3 presents my research findings from two ROSCAs run by Ghanaians and Ethiopians living in the Netherlands.

Global South; they come from “long-standing traditions of pooling resources that have historically helped excluded groups engage in alternative financial services” (Hosseini, 2017, p. 30). ROSCAs are groups in which individuals periodically deposit money in order to save or borrow. ROSCAs have existed for centuries and can be found in nearly all developing countries under different names such as *iqqub* (Ethiopia), *susu* (Ghana), *chit fund* (India), *kasmoni* (Surinam), *sitanani* (Swaziland), or *gun* (Turkey) (see, e.g., Ardener, 1964; Ardener & Burman, 1995; Bouman, 1995; Smets, 1996, 1998; Smets & Broekman, 1996). Migrants in Western society have brought these practices with them from their countries of origin. In North America, for instance, ROSCAs continue to play a crucial role in the contemporary black social economy (Nembhard, 2014; Hosseini, 2018). In Europe, ROSCAs have become popular among immigrants who are familiar with them from their countries of origin (Ardener & Burman, 1995; Bijnaar, 2002; Lehmann & Kappers, 2011). Empirical evidence gathered during my fieldwork in the Netherlands has demonstrated that ROSCA participation contributes significantly to participants’ well-being (achievement): this may be due to having access to a lump sum of money, feeling positive group pressure to save more than one would on one’s own, or being part of a group where members have a lot of trust in each other (see Chapter 4).

The study of ROSCAs shows that the members of self-help groups have different motives regarding their participation, which mostly influences their well-being achievements. In contrast to the SHGs that Ibrahim discussed, ROSCAs focus less on individual agency achievement, and consequently, their freedom of individual choice cannot be reduced to the idea of a collective freedom that applies to all members alike. In this sense, I agree with Leßmann (2017) who pointed out that, within Ibrahim’s concept of collective capabilities, the important notion of “freedom” remains unclear. Leßmann’s critique is based on an ambiguity in Ibrahim’s argument: “Does collective freedom refer to the collective who campaigns for this freedom or does the freedom – always – refer to the collectivity or society at large, that is, does collective freedom always apply beyond the group who advocates it?” (Leßmann, 2017, p. 16). That is why, in line with the usual take on SHGs in the Global North, I argue that when assessing the impact of SHGs in the Global North, one should focus on the individual agency and well-being of SHG members rather than on collective capabilities.

I now turn to the second critical theme within the academic discourse: whether and how the capability approach can be regarded as too individualistic. In this context, the impact of societal structures on individual capabilities has been the subject of ongoing discussion among scholars of the capability approach.

2.2.4 *Impact of societal structures on individuals*

The capability approach has often been criticized for being too static and individualistic and for ignoring the specific impacts of social interaction and community dynamics on individuals (Deneulin, 2008; Leßmann, 2011; Teschl & Derobert, 2008; Zimmermann, 2006). Such criticisms imply that the capability approach could be more socially embedded, focusing more on interactions between individuals and the social structures they live in. Deneulin (2008), for instance, claims that “structures of living together” are crucial for individual agency. Thus, the capability approach needs to be able to indicate to what extent one is truly free to exercise a certain capability and to what extent one’s freedom is constrained by social norms. The choices that individuals make are therefore crucially dependent on the particular context, on what Deneulin (2008) calls “socio-historical structures,” and not on reasons situated exclusively in the inner self (p. 121).

According to Zimmermann (2006), considering the role of context within the capability approach has at least two consequences for its application in empirical research. First, it calls for a more situated and dynamic way of applying the capability approach. In Zimmerman’s view, Sen’s framework regards the social context (which Zimmerman calls environment) as too static; it does not, for example, consider the changing social norms and expectations that influence groups and individuals. Therefore, the approach is not able “to address the process of reciprocal constitution and transformation of environment and agency in the course of action, i.e. [it is not] empirically able to tackle in a situated way the question of choice and freedom” (Zimmerman, 2006, p. 475).

But there have also been scholars, like Robeyns (2005), who disagree with the idea that the capability approach is too static and pays insufficient attention to social structures and groups. Robeyns developed a holistic framework for the capability approach, and I agree with her claims that the “crucial distinction in the capability approach is the distinction between the means, such as goods and services, on the one hand, and functionings and capabilities on the other hand” (p. 98). In other words, applying the capability approach does not mean that only a person’s capability set should be evaluated; one also needs to evaluate the context in which economic production and social interaction take place. This approach assesses whether the circumstances in which people choose from their opportunity sets are enabling and just (p. 99). For this assessment, Robeyns distinguishes three types of conversion factors: (1) personal conversion factors like physical condition, gender, and reading skills, (2) social conversion factors like public policies, social norms, and societal hierarchies, and (3) environmental conversion factors like climate and geographical location (2005, p. 99). These three kinds of factors play a role in the conversion from the characteristics of goods and services into individual functionings. Robeyns claims that a person’s *agency and freedom of choice* are constrained by the

features of social structures, such as “our family, tribal, religious, community or cultural ties and background” (p. 102). Based on this assumption about the relation between individual and environment, Robeyns explains that the capability approach takes social structures into consideration in at least two different ways: “First, by recognizing the social and environmental factors that influence the conversions of commodities into functionings” (2005, p. 108). People living in a city with plenty of financial institutions have a greater capability to receive loans than have people living in rural areas. Second, the capability approach accounts for social structures by theoretically distinguishing between functionings and capabilities, because “selecting” a personal functioning from a set of capabilities “requires an act of choice” (2005, p. 108) that is always influenced by the social context as well as by the personal history and psychology of individuals.

In the previous sections, I elaborated on the importance of the notions of freedom, agency, and well-being within the capability approach and related it to my research subjects: individual members within financial self-help groups in the Global North. I also highlighted two critical themes – namely, collective capabilities and the influence of social structures – that are relevant when exploring the impact participation in a financial self-help group has on its members. Following Robeyns’s holistic framework for the capability approach, I recognize that social structures and one’s personal history and psychology play an important role in members’ agency. In the following section, I finalize my theoretical framework by operationalizing the capability approach to further answer my research questions.

2.3 Operationalization of the capability approach

Researchers generally agree that it is quite challenging to operationalize the capability approach for empirical studies (e.g., Comim et al., 2008; Robeyns, 2005). One challenge is how to select specific sets of capabilities and functionings. This is intrinsic to the operationalization of the capability approach because Sen has refused to come up with a universal capability set. First, he claims that “such a fixed list [...] is to deny the possibility of fruitful public participation on what should be included and why” (Sen, 2004, p. 77). Second, because of the importance of value-objects, Sen thinks there is no other option than to choose one class of functionings when describing capabilities: “The focus has to be related to the underlying concerns and values, in terms of which some definable functionings may be important and others quite trivial and negligible. The need for selection and discrimination is neither an embarrassment, nor a unique difficulty, for the conceptualization of functionings and capabilities” (Sen, 1993, p. 32). According to Alkire (2005), the operationalization of a capability is not “a one-time thing.” No one list will ever be relevant to “every evaluation or assessment of

measurement exercise or index” (p. 127), but any list that is used will have to be revised on a regular basis. Although the capability approach is open to many different kinds and degrees of freedom, when applied to concrete situations the list of relevant capabilities will narrow considerably.

The capability approach serves a variety of epistemological goals, spanning a wide range of traditional academic disciplines. In the past, most research studies based on the operationalization of the capability approach were quantitative (Robeyns, 2006, p. 357; Anand et al., 2008) and most of them drew on already existing empirical data. As a consequence, quantitative scientists have dominated the debate around the capability approach until recently. Qualitative approaches, aiming for thick descriptive analysis have been less frequently used in applications of the capability approach (Robeyns, 2005b, p. 193; Zimmermann, 2006; Van Ootegem & Spillemaeckers, 2010). Zimmermann (2006) argues, however, that interpersonal comparison is one of the core principles of the capability approach, whereas quantitative approaches are limited to an aggregated method of comparison between groups based on a bundle of variables mostly related to physical characteristics (such as gender, age, geographical area, and disability). Moreover, quantitative approaches usually rely on second-hand sources and consequently depend on already available data sets. Alkire (2007) therefore promotes the use of qualitative research to investigate the development of capabilities. She reasons that the target group has to be involved in the selection of the relevant capabilities and functionings because this selection is very sensitive to subjectivity and value judgment (Alkire, 2007, p. 2). Nowadays, more and more qualitative research is being done based on the capability approach (e.g., Biggeri & Ferrannini, 2014; Mazigo, 2017; Simpson, 2018; Clark et al., 2019).

In the following sections, I explain how I developed a theoretical framework that would help me analyse the impact of CAF-group participation on the agency and well-being of individual members.

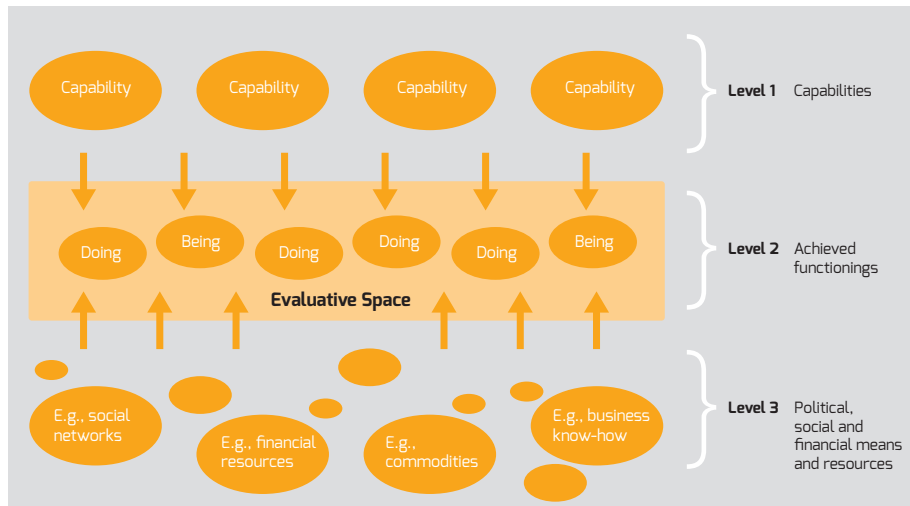
2.3.1 Choosing the evaluative space

My first step in developing a theoretical framework was to choose the evaluative space I would use to explore the impact of individual members’ participation in CAF groups. According to Sen, researching the well-being of others involves three levels of analysis (see Figure 1). The capabilities on Level 1 represent the freedom to achieve, in other words, the possible combinations of functionings – the possible doings and beings – a person can choose from. These capabilities reflect the person’s real opportunities to achieve an adequate standard of well-being (Sen, 1999, p. 75). The person’s achieved functionings, thus the actual doings and beings, they have realized, are represented on level 2. To achieve these functionings, the person also needs means and resources, which are represented on level 3.

To determine the evaluative space of a research project, the researcher must choose between Levels 1 and 2. In other words, they must choose whether to focus on capabilities or functionings (Sen, 1999), and that choice depends on different priorities. For instance, Ibrahim (2014) explains that by focusing on capabilities first, people's choices can be recognized, and they can also be made responsible for their individual choices. Moreover, researchers reinforce the anti-paternalism of the capability approach by not imposing one notion of the good life and instead acknowledging that there are many different ways of choosing from among the capabilities (p. 16). However, as even Sen admitted, capability sets are difficult to spot directly in research settings; therefore, "one might settle often enough for relating well-being to achieved – and observed – functionings" (Sen, 1992, p. 52). Given the difficulty in accurately identifying capability sets throughout the research process, I chose to locate the evaluative space of this research on Level 2 – the achieved functionings.

CAF members' realized functionings (the doings and beings on Level 2) reflect their achievements in participating in a particular group. For instance, their achievements can be evaluated by their budgeting skills or their level of self-confidence. In other words, the evaluative space assesses what a person is actually able to do (save on regular basis) and be (feel comfortable among other group members). Participation in a self-help group could be one functioning option among others that an individual can choose from; it would thus be part of that person's freedom to achieve (see arrows from Level 1 to Level 2). Achieving functionings also depends on the availability and use of certain means (Level 3). Such means consist of the possession of commodities and access to resources, as well as one's specific personal, political, social, and economic situations (Sen, 2008, p. 165). Means can be of very different natures for the individual members of self-help groups: they may consist of the financial means to buy food or other consumption goods, the access to credit and saving facilities, or the ability to make social contacts and to interact with others. In figure 1, I illustrate my choice of evaluative space, inspired by Sen's writings (1999, p. 75).

Figure 1 Illustration of the evaluative space for this project



In sum, the evaluative space of this research project consisted of the observed functionings (Level 2) – the doings and beings – people achieved while participating in a CAF. To inform the selection of these observed functionings in the research process, I also selected three capabilities from Level 1 that served as sensitizing concepts throughout the research process (see also Chapter 3).

2.3.2 Selection of capabilities

The next step in developing my theoretical framework was the selection of capabilities, which Sen left up to the individual researcher. Sen refused to develop a universal capability set to operationalize well-being in specific contexts: “There is no other solution than to select a class of functionings in the description and appraisal of capabilities. The focus has to be related to the underlying concerns and values, in terms of which some definable functionings may be important and others quite trivial and negligible. The need for selection and discrimination is neither an embarrassment, nor a unique difficulty, for the conceptualization of functionings and capabilities” (Sen, 1993, p. 32). Following Sen’s reasoning, I selected three capabilities (which I will elaborate below) not merely as a hypothesis but, in a broader sense, as “sensitizing concepts” (Blumer, 1954). This means that I used these capabilities as a guideline for interpreting and ordering the achieved functionings based on the collection and analysis of my qualitative and quantitative data. In other words, these capabilities served as a leitmotiv for my research project (Van den Hoonaard, 1997).

Alkire (2007), among others, has criticized Sen's open-ended approach and has developed five criteria to overcome the second obstacle in operationalizing the capability approach, that is, of choosing the right capability dimension (see Table 1). Guided by Alkire's criteria, I selected three capabilities as sensitizing concepts based on existing data (Criterion 1) from the most widespread and investigated informal financial arrangement: ROSCAs. In Chapter 4, I present two cases of how ROSCAs function and what they mean to Ethiopians and Ghanaians living in the Netherlands. As there is no research yet on CAF groups in the Global North, the workings of these ROSCAs inspired my choice of sensitizing capabilities. In the Global South, as well as in Europe and the United States, ROSCAs are popular among migrants who are familiar with such groups in their countries of origin (Ardener & Burman, 1995; Lehmann & Kappers, 2011; Light & Gold, 2000; Smets, 1998). As with CAFs, ROSCA members are stimulated to save because it gives them access to a lump sum of money. Research has demonstrated that participation in ROSCAs contributes significantly to the well-being of their members. Based on these findings, I implicitly assumed (Criterion 2) that people in CAF groups would value the same capabilities that members of ROSCAs preferred. As an informed guess (Alkire, 2007), I therefore defined the following three capabilities (C1–C3).

Capability 1: Being able to develop and maintain a diverse social network

In the United States, regular participation in ROSCAs enabled people with few material assets to build a reputation for being trustworthy and reliable (Ardener & Burman, 1995, p. 10). Thus, ROSCA participation is important for strengthening social networks among friends, neighbourhoods, family, or employees of the same company (Bijnaar, 2002; Light & Gold, 2000, p. 115; Smets, 1998).

Capability 2: Being able to control one's financial household management

ROSCA participation improves participants' financial household management. Some people appreciate the positive group pressure to save money on a regular basis for future emergencies (Bijnaar, 2002; Kappers & Lehmann, 2011; Smets & Broekman, 1996, pp. 144–145). Others participate because of accessible, interest-free loans for investing in household items, children's education, or plane tickets to their countries of origin (Bijnaar, 2002).

Capability 3: Being able to adopt an entrepreneurial attitude and take initiative

Entrepreneurship is a concept that goes beyond the mere promotion and development of enterprises (Molenaar, 2016). Over the past decades, it has been gradually accepted that entrepreneurship has to do more with attitudinal aspects and less with managerial capacities or technical skills. Attitudinal characteristics could be: “taking initiative, information seeking, efficiency orientation, or self-confidence” (p. 8–9). These characteristics are relevant for both entrepreneurial people (those who will set up their own business) and enterprising persons, for example, individuals who take initiative in life.

Participation in a ROSCA can be related to enterprising activities. Among members of the Korean diaspora in the United States, for instance, ROSCAs are widely used to finance businesses and set up and expand member’s economic activities (Light & Deng, 1995). In the Netherlands, ROSCA members also start social projects or economic activities here or in their countries of origin (Kappers & Lehmann, 2011; Bijnaar, 2002). Besides business-related activities, participation in a financial self-help group is assumed to stimulate other aspects of an entrepreneurial attitude. For instance, members are encouraged by others to take initiative to look for a new job to generate a higher income, to save, or to seek more information on how to receive extra social benefits.

2.4 Conclusion

This chapter presented the theoretical framework I use in this research project to investigate whether and how participation in a CAF group contributes to members’ agency and well-being in the Netherlands. In contrast to utilitarian, resource-based, or competence-oriented approaches, the capability approach emphasizes individuals’ freedom to lead the life they are aiming for. I first introduced the central themes of agency achievement and well-being achievement then linked them to the phenomenon of self-help groups in the Global South and Global North. To that end, I discussed two critical themes in the academic debate on the capability approach that are relevant for investigating financial self-help groups in the Netherlands: whether and how agents are influenced by social structures, and the role of collective capabilities for self-help groups.

On the basis of insights from this debate, I chose Robeyns’s holistic framework for the capability approach. I elaborated further on its operationalization and defined three relevant capabilities for exploring the impact of CAF-group participation on the individual members. Thus, my focus in this dissertation will be not so much on

whether and how members increased their resources or whether they became happier or more competent but on whether participation in a CAF group enabled them to increase their individual freedom, especially their capability to develop and maintain a diverse social network, to control their financial household management, and to adopt an entrepreneurial attitude and take initiative.



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All aboard?

The role of participation in my action research

3.1 Introduction

The purpose of action research is to find solutions for societal problems. In carrying out such inquiries, researchers have to be actively engaged with the people they do research for and with. In other words, they have to be engaged scholars. According to Boyer, engaged scholarship can be seen in two different ways. First, engaged scholars use scientific resources to address pressing social, civic, and ethical problems in a society. Second, engaged scholars contribute to a special climate in which academia and society communicate with each other in a durable and creative manner (Boyer, 1996, p. 33). These academics aim to reduce their dominance on the research process and strengthen the position of the research subjects instead. In both of Boyer's ways, engaged scholars want to solve societal problems. One form of engaged scholarship is action research (AR). Action research (AR) has been described as an umbrella term or as a "family of approaches" that are carried out in different ways. In general, however, every AR project follows many spirals of action-reflection cycles. Action researchers generally run through these cycles by observing, evaluating, and eventually modifying the action implemented in practice. After every completed cycle, they basically start over again (McNiff & Whitehead, 2006). The origins of AR are often linked to the work of Kurt Lewin and the so-called group dynamic movement of the 1940s. Lewin studied problems related to production in factories and discrimination against minority groups in the United States. Although, he was not the first to use or advocate action research, he introduced a new theory of action that turned it into a respectable form of research in the social sciences (Herr & Anderson, 2005).

Action research has known many different kinds of advocates, and it is used in a wide range of disciplines, such as education, organizational change, or policy development. Generally, AR can be defined as a normative research approach that aims to contribute positively to social action, policy reforms, or other types of social change:

A primary purpose of action research is to produce practical knowledge that is useful to people in the everyday conduct of their lives. A wider purpose of action research is to contribute through this practical knowledge to the

increased well-being [...] of human persons and communities, and to a more equitable and sustainable relationship with the wider ecology of the planet of which we are an intrinsic part (Reason & Bradbury, 2008, p. 4).

However, interpretations of AR diverge regarding the extent of participants' involvement in the research process and in the generation of knowledge. Greenwood and Levin (1998) define AR as a form of inquiry where "participants and researchers co-generate knowledge through collaborative communicative processes in which all participants' contributions are taken seriously" (p. 251). They further claim that AR treats the plurality of experience and capacities of participants as an "opportunity for the enrichment of the research/action process" (p. 251). Consequently, participants construct meanings within these collaborative processes that lead to "social action or these reflections on action lead to the construction of new meaning" (p. 251).

In this chapter, I describe my methods for this research project. I also reflect on my role as an engaged scholar and on my relationships with the people who participated.

3.2 The role of participation

As mentioned above, action research refers to a family of approaches that emphasizes to different degrees the co-generation of knowledge. The term is used to refer to research that engages people, usually regarded as "subjects" of the research, in various aspects of the research process as well as in implementation of a new tool, method, or initiative to tackle a particular societal problem (Herr & Anderson, 2005). One such societal problem is the Dutch welfare state's decreasing of social assistance due to high costs, ageing populations, and economic crises. Though state assistance has decreased, consumption opportunities are widespread, which may lead to a severe risk of indebtedness and economic inequality. To empower citizens affected by such societal problems, I initiated five CAF groups in the Netherlands. These groups were very different from one another. They ranged from a small circle of family members and friends with a long history of debt to an active and social group of female micro-entrepreneurs. One group consisted of men who faced conditions of social and financial exclusion. Another group was rooted in local community networks and was looking for alternatives to the mistrusted financial sector. Some groups were ethnically diverse, others not. Income was about the same in some groups and significantly variable in others. In setting up this research, I was interested in whether participation in CAF groups would enhance the capabilities of their members, and I was motivated by the expectation that the research project would contribute to the empowerment of its participants. This expectation was based on research findings of savings groups in

the Global South (Fleischer-Proaña et al., 2011; Gash & Odell, 2013; Resch, 2017) and practical experience in Spain (Korynski & Rodriguez-Ferrera, 2010; www.winkomun.org) and other European countries, all of which suggested participation in CAF groups would empower individuals in the Netherlands also. Thus, from the very start, my position was not merely that of the distant researcher exploring a particular question but also that of an engaged scholar committed to improving the position of participants.

Moreover, I aimed to overcome the limitations of conventional research and to pay special attention to the way CAF members were empowered by participating in this action research. Participatory action research (PAR) – one member of the action research family – pays specific attention to how people participate in all aspects of the research design and research process (Banks et al., 2013). Since the early 1970s, Paulo Freire (1970) has been seen by many fellow scholars and activists as the founding father of PAR. Freire inspired many others with his new thinking on adult education research and the civil rights movement in Brazil. The Colombian sociologist Fals Borda (Borda, 2006) used similar participatory methods to develop alternative institutions and procedures for emancipatory research to facilitate and trigger radical social change. In the early 1980s, the academic and development practitioner Robert Chambers began to advocate for rapid rural appraisal and participatory rural appraisal within development cooperations in many countries of the Global South. By implementing a wide range of participatory tools, he aimed at gaining more political commitment at different stages of development projects and more in-depth collaborative processes among the different actors (Chambers, 2002).

In general, participatory action researchers aim to remove hierarchical boundaries and strengthen the position of “ordinary people.” An important focus of PAR is the interaction between individual research subjects and the researcher. PAR scholars criticize the way in which the position of research subjects as passive objects is reinforced in the dominant knowledge production system of social research. PAR is based on the idea that the right to actively contribute to knowledge production and the ability to do so are not confined to professional (academic) researchers (Ponzoni, 2016, p. 557). These critiques highlight the two limitations of conventional research formulated by Gaventa and Cornwall (2008). First, conventional research methods often reinforce the passivity of powerless groups by making them “an object of another’s inquiry rather than a subject of their own” (p. 178). Second, the researcher’s “expert knowledge” is considered the only legitimate form of knowledge; thus, it is unjustly considered superior to “other forms of knowing and the voices of other knowers” (p. 178).

Inspired by the role of participation in these different action research traditions, I wanted to conduct research in which the participants – the CAF members – would be

empowered by their participation. And in the words of Kajner (2013), I also wished to explore how I and the participants were “positioned in relation to one another, and in relation to knowledge” (p. 11). These research assumptions form the basis of my study. The next section describes how I developed my research design and how I succeeded in carrying out this research.

3.3 Research Design

In this research project, I applied an inductive research approach with a deductive angle. Inductive research generally starts with the collection of data on a particular phenomenon of social life and then searches for and tries to discern certain patterns within those data that show the nature of the regularities within that social phenomenon. In contrast, a deductive research approach tests an existing theory or hypothesis about a particular phenomenon by collecting appropriate data (Blaiki, 2000). For the deductive angle, which was based on Sen’s capability approach, I selected three capabilities to sharpen my focus as a researcher (see Chapter 2):

Capability 1: Being able to develop and maintain a diverse social network

Capability 2: Being able to manage one’s financial household

Capability 3: Being able to adopt an enterprising attitude and take initiative

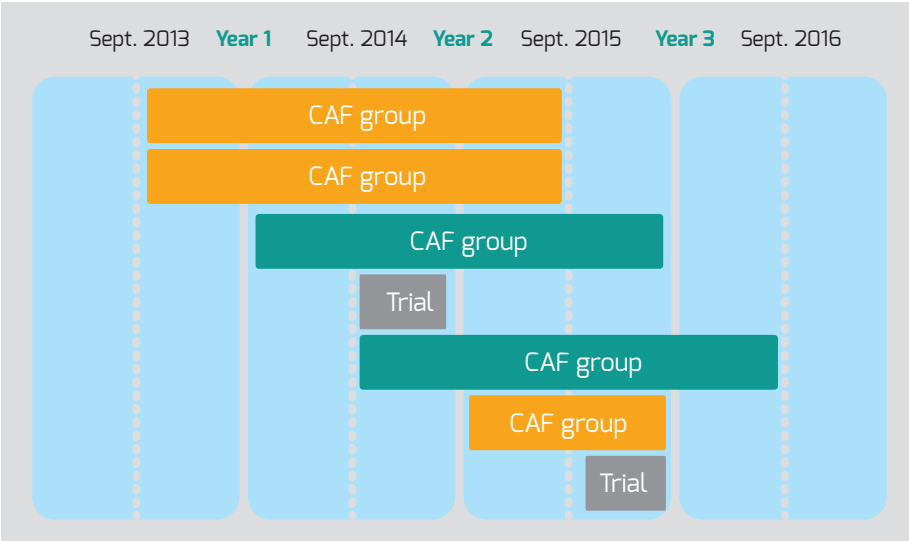
Following Blumer (1954), I used these three capabilities as sensitizing concepts that led to a research process, one which had the “virtue of remaining in close and continuing relations with the natural social world” (Blumer, 1954, p. 10). A sensitizing concept informs the researcher on how to approach the collection and analysis of qualitative data; it serves as a leitmotiv for the research project (Van den Hoonaard, 1997). Thus, I did not test these capabilities like a hypothesis. Instead, as a qualitative researcher, I aimed to remain open and sensible to what kinds of “beings and doings” – the observed functionings – would be identified as important for the CAF members during the research project. The assumption was that those functionings would most likely fit under one of the capabilities, but if not, there was room for skipping a capability or adding a new one. In the end, the combination of such inductive and deductive elements was achieved through the application of a qualitative research approach based on participative methods. For such an approach, Alkire (2007) argues for the use of qualitative research to investigate the emergence of capabilities and emphasizes that the target group has to

be involved in the selection of the relevant capabilities and functionings, as that selection is very sensitive to subjectivity and value judgments (p. 2).

3.3.1 *Setting up groups*

The implementation of each CAF group was different, but in general, I would first establish relations with potential members by contacting a number of welfare organizations, community development initiatives, entrepreneur platforms, or individuals in key positions. Then, I would usually organize an information session for interested individuals who afterwards could decide whether they wanted to participate. In some cases, coordinators of an existing organization served as gatekeepers and community leaders by bringing together an enthusiastic group of people themselves. Once a group was formed, I followed it for two years. As Figure 2 shows, the first two groups were set up in the autumn of 2013. After that, I set up three new groups, one every six months. During the first year of a group's existence, I attended almost all their meetings. During the second year, I attended meetings only when the group needed extra instructions and during the participatory workshops. When the research ended, two groups continued to meet (green boxes), while three stopped (orange boxes). I held formation workshops for two other potential groups, but for different reasons, the potential members decided not to participate in this research (grey boxes).

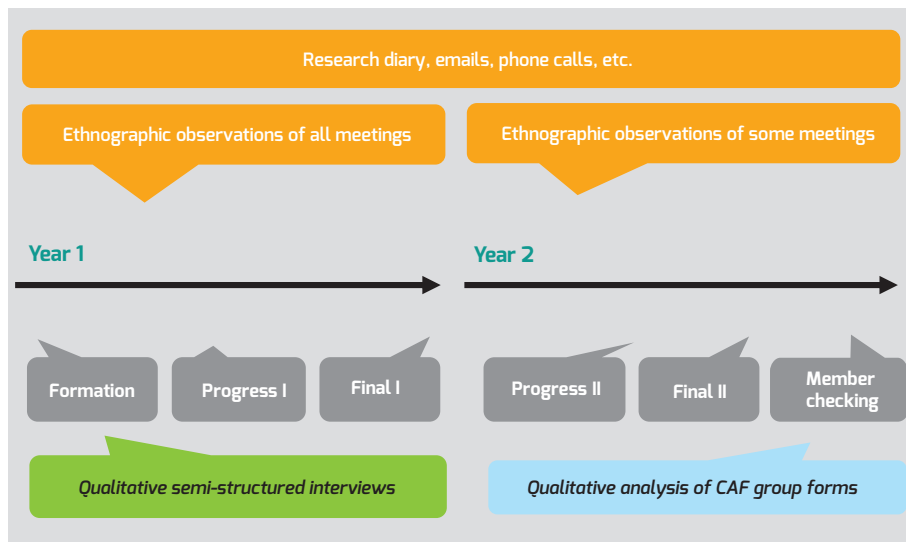
Figure 2 Implementation date and evaluation period for each established and potential (trial) CAF group



3.3.2 Data collection

I observed the impact of CAF-group participation on the individual members by triangulating four qualitative methods, as shown in Figure 3: ethnographic observations (red), six participatory workshops (grey), qualitative semi-structured interviews (green) and the quantitative analysis of savings and lending forms (blue).

Figure 3 Visualization of methods triangulation over time



Ethnographic observations

I met most participants during CAF-group meetings at public spaces, mostly community or entrepreneurship centres. I was able to visit one group at the participants' homes and interacted with them in a more informal way: for instance, we shared dinners, I sometimes brought cake to the meetings, and I gained some insights into how the participants lived. During CAF-group meetings, I observed how individuals behaved in the group (e.g., self-confident, hesitant, impatient, or communicative; passive and inactive or actively involved with financial transactions, helping and advising each other, and making plans for outside group meetings).

Qualitative semi-structured interviews

Basically each member of a CAF group was interviewed at the beginning of the first cycle. These semi-structured interviews took approximately one hour and were based on an interview guide listing topics, and questions that covered the lines of my inquiry (Weiss, 1995, p. 48). This interview guide included a structured part (opening and life history questions) and a semi-structured/open part (focusing on the three capabilities).

Quantitative analysis of CAF forms

I analysed the saving and lending behaviours of each participant by evaluating the quantitative data from each group's lending and saving forms. This was a way to compare collected qualitative data with the "hard data" of financial transactions. I specifically focused on the following facts: the average savings per member, total savings per group, the average loan size, the number of loans extended, and the increase or decrease in saving and loan activities over time.

Participatory workshops

Each group participated in five participatory workshops: *Formation*, *Progress I*, *Final I*, *Progress II*, and *Final II*. Within these workshops, CAF members and I reflected upon their participation in the group. The participatory tools used were inspired by Chambers's (2002) way of aiming for more in-depth collaborative processes among the different actors in research projects.

Before the first workshop took place, I had already had contact with the group members in one way or the other. Some I had met during an information session. Others had confirmed their participation with the community leader whom I had previously contacted. During the first workshop, the *Formation* workshop, the members discussed why they wanted to participate in a CAF group and shared their expectations with each other. Most importantly, I presented them with a set of the basic CAF rules. It was crucial that each group decided how they wanted to adapt those rules to their specific needs.

The main aim of the second workshop, *Progress I*, was to reflect on the impact of members' first six months' participation in the CAF group. I asked open-ended questions and invited members to think about the last months of their participation and reflect on what kind of impact, if any, they had noticed; what kind of experience they had gained in the group; if they had encountered any change; what they wanted to share with the other group members. Each person wrote their remarks on sticky notes, which were then collected on a large table or stuck to the wall. After that, I invited members to group the sticky notes under categories and to think of overarching themes for these categories. The themes were written down with large letters on new cards and placed above each group of sticky notes. Then, I gave each member four coloured stickers and asked them to "score" the sticky notes on their importance. Each member could place 0–4 stickers on a note: the more stickers a member placed on a note, the more important that note was to them (see Picture 1 for an example).

The third workshop, *Final I*, took place at the end of the first year. As in the *Progress I* workshop, members were asked to reflect on the impact CAF-group participation had had on them. However, this workshop also aimed to trace the changes that had

occurred after one cycle. The findings of this workshop were therefore compared to the outcomes of the Progress I workshop and discussed with the group members in depth (see Picture 2 for an example).

After the first year, I attended the group meetings less frequently. Consequently, when we met for the fourth workshop, *Progress II*, I had not seen the groups for a number of months. This workshop took place in the middle of the second cycle. Besides observing the group activities during that meeting, I asked one question: How had things been going since I had last seen them? After we had discussed members' experiences, I shared specific findings from the previous workshops, especially regarding any expectations they may have formulated.

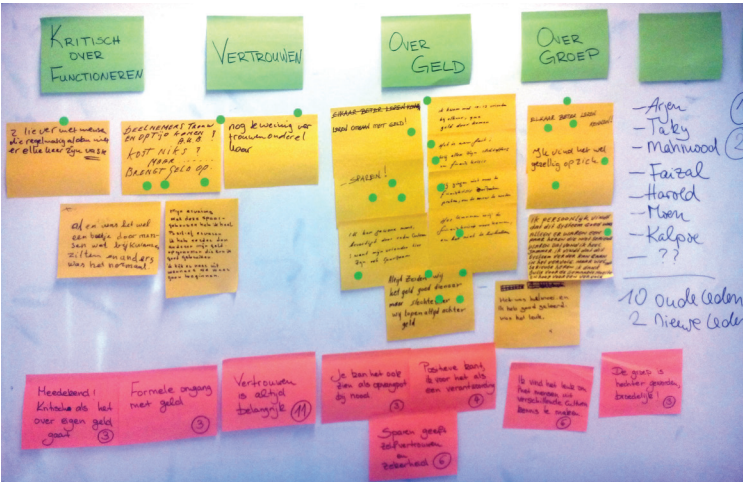
The fifth and last workshop, *Final II*, took place after two years. During this workshop, individuals reflected again on the impact of their participation and went through the same sticky note exercise as during previous workshops. They were also asked to consider the sorted and scored sticky notes from previous workshops and the traced changes that might have occurred during the entire period of their participation in the CAF group.

Guided by the three capabilities as sensitizing concepts, I interpreted and analysed the data gathered during the participatory workshops. I had not shared any theoretical notions about the capability approach with participants in the workshops, but when analysing the data afterwards, I interpreted some remarks on the sticky notes as “functionings” and the themes of the grouped categories as “capabilities.” Pictures 1 and 2 demonstrate how the members themselves grouped their remarks under self-defined categories.

Picture 1 Progress I workshop with CAF Women Entrepreneur



Picture 2 Progress II workshop with CAF Men



CAF-group members used these participatory sessions to learn from each other, reflect upon their participation, or find a vision for their group’s future. It was I who interpreted and analysed their sticky notes and translated them into “functionings” and different “capabilities.” Table 1 provides two examples of how I translated functionings into capabilities. During the time that I followed a particular group, I was able to compare these different capabilities and could see if any changes occurred.

Table 1 Examples of functionings translated into capabilities

	CAPABILITY	
	Being able to be socially engaged	Being able to save
FUNCTIONINGS	Socializing/joy (“gezelligheid/blijdschap”)	Economical (“spaarzaam”)
	Got new friends	Save more
	Nice to come together smoothly, sometimes difficult to come together	Being more economical/economical to save money
	Laughed a lot	Dealing consciously with money/raising awareness
	I'm okay with it	Solve financial problems before they get too big
	A nice group	Saving is important for unexpected costs
	C1: <u>Being able to develop and maintain a diverse social network</u>	C2: <u>Being able to control one’s financial household management</u>

3.3.3 Data analysis

The data analysis was informed by constant comparative methods (Boeije, 2002). By comparing the different data sources throughout the research, I was able to use the three capabilities as sensitizing concepts in the process of coding, redefining categories, and connecting them to theory. I began by constructing member records based on interviews, observations, and workshops; these records followed individual members' courses throughout the study period. I then searched the records for common sociological characteristics such as age, gender, income, occupation, and ethnic background that informed their life stories and personal motives. Five different types of CAF members emerged from this analysis: the entrepreneur, the idealist, the instant gratifier, the survivalist, and the vulnerable. These ideal types were based on Max Weber's understanding of an "*Idealtypus*" (Weber, 1963). According to Weber, "an ideal type is formed by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct (*Gedankenbild*)" (Weber, 1963, p. 398). An ideal type is therefore a construction of the researcher and cannot be found empirically anywhere. I looked for CAF participant ideal types by coding every member record, searching for typical background characteristics of the members, and identifying patterns in their achieved functionings. These functionings could be a change in a member's state of "being," for example becoming more self-confident. But they could also refer to what a member was "doing" as a participant, for example saving money or exchanging information. They consisted of changes in behaviour (e.g., beginning to save), attitude (e.g., acquiring more self-esteem because of the new saving behaviour), or knowledge (e.g., learning how to spend less and save more). Each of the five ideal types summarizes the characteristics of different individual members from the five CAF groups. In other words, I assume that most of the main characteristics of all 40 participants are captured by one or more of these five ideal types. Consequently, the achieved doings and beings of the different ideal types form the evaluative space for the three capabilities (C1–C3) and reflect the main changes in functionings that may occur in individuals' lives during their participation in a CAF group.

3.3.4 Member check

In the final phase of the fieldwork, I carried out a member check with four of the five CAF groups. I asked the following question: "*Think of the composition of your CAF group. How do you estimate the representation of the different ideal types among the members?*" The member check followed a number of steps. First, I explained the basic

features of the capability approach and presented the functionings as I had observed them (Step 1). The members then checked these functionings and sometimes added new ones (Step 2). Finally, I presented the construction of the different ideal types, and members were asked to estimate the extent to which a particular ideal type was present in their group (Step 3). Members were given three different-sized paper circles for each ideal type, with each ideal type represented by a different colour. Three questions were linked to the three circle sizes: *Which ideal types were mostly present in your CAF group? (large circle); Which ideal types were least present in your CAF group? (small circle); and Which ideal types would you then locate between the large and small circles? (medium circle)*. Choosing no circle for an ideal type meant the group thought that particular ideal type was not at all represented in their group. In deciding between the circle options – “none,” “small,” “medium,” or “large” – for each ideal type, the members had in-depth discussions about their group’s composition of ideal types and the ideal types themselves. I concluded this participatory workshop by presenting some general results and telling participants about the operations and insights of the other groups. The discussions in this workshop were very much valued by all groups. The composition of ideal types determined by each CAF group is provided in Chapter 8.

At the end of this workshop, I also asked whether participants would have preferred being more informed about the details of my theoretical framing (knowledge level). The answer appeared to be a unanimous “No.” Members explained that even though they knew they were taking part in a research project, their main motivation was to participate in a CAF group and not in a research project: *“I did not participate because of the research but because of my own motivation. I had my own ideas and pushed the others to participate. It happened as it happened and it makes no difference if I would have known or not” [Sonia, CAF GHETTO]*. The research participants had not expected to be actively engaged at the research level. They were interested in the benefits of the CAF methodologies and not the outcomes of the research. Some participants explained that they found it difficult enough to understand the CAF methods, so the extra input would have been too confusing (CAF MEN, CAF WOMEN ENTREPRENEURS). Others told me that they felt “empowered” because I had tried to give them as much control as possible by letting them take their own decisions for the group’s operation. They felt being engaged in the research process would not have added to their personal development. In addition, many participants were actually concerned about the outcomes of this project: *“Surely it is so much more objective in terms of research because otherwise it would have been ‘polluted’?”* In other words, these participants were afraid that they would have acted in a different way if they had known that I was investigating the effect on their well-being. Finally, some participants said they would have felt less

“free.” For example, if they had known that I was focusing on individual well-being, they would have felt more obliged to be engaged with the neighbourhood and set up a community fund that meant as much for themselves as for their neighbourhood.

3.4 Reflection on participation

In this section, I reflect on my participation during the project and to what extent the CAF members participated. To do so, I reflect upon the following themes: my *changing role as a researcher*, to what extent CAF members’ feelings of *ownership*, and how I was able to *share control*.

My role as the researcher and initiator of the CAF groups was dependent on specific aspects of my personal background. As it happened, I rather unconsciously highlighted different aspects of my background in different groups. For some groups, I was a young woman who might be student or might be a “real” researcher from The Hague University of Applied Sciences. Without giving it too much thought at the beginning, I had presented myself as a student researcher because that seemed to be a less threatening power position. Playing with my German background was another way in which I could build a trustful relationship, particularly with those members who were of non-Dutch origin. For instance, some individuals apologized for their bad Dutch during the interviews and seemed to be rather relieved that I too spoke with a bit of an accent. In addition, we were able to talk about the “Dutch” in general and exchange views on what it is like to live in The Netherlands.

I presented myself as a German student researcher from The Hague University of Applied Science. In one way or another, I got the impression that I received extra positive feedback with my German accent within this group of so many different backgrounds. [CAF MEN, September 2013, Formation workshop]

In addition, I sometimes deliberately chose to fulfil a particular role and interact differently with the different research participants. This occurred when I set up a group with entrepreneurs:

Before the meeting, I was a bit more nervous than usual. I had the impression that I should fill my role as an action researcher differently than I had done until now. In that way, I also became conscious of how I had considered the other groups. Somehow, I’d seen those participants as more vulnerable. I felt more like the one who knows, the teacher, the instructor. Is that role more dominant? Easier to fill? Because I obviously feel more excitement and stress now that I’m going to go to this group of women entrepreneurs. [Formation workshop]

To this particular group, I positioned myself as a researcher with an intense passion for CAF groups. Even though they understood I was a PhD student, I positioned myself as a professional who was lucky enough to have a job that was very close to my heart and passion. In this way, we could more easily establish an equal relationship and act as like-minded individuals. In one of my later field notes, I expressed my astonishment that I felt and interacted so differently with members of this CAF group than with those of others. After some time, this astonishment disappeared, and I gradually accepted that with each group, I might emphasize a different aspect of my background and that this was acceptable as long as I respected all the research participants equally. In the winter of 2014/2015, I was expecting my first child. This added an extra dimension to my relations with some participants, especially women, who began to share their experiences with pregnancy, birth, and the first years with a baby. This created a new bond between them and me; I changed from a young student into a mother-to-be and became a member of the worldwide community of “mothers.”

From the very beginning, I tried to encourage participants to *create ownership* of their groups. The success of my project was very dependent on the willingness of individuals to become part of a CAF group. Especially during the initial workshops, I did not want to appear too persuasive; I wanted to leave enough room for potential participants to decide for themselves to participate. It was crucial that each individual participated of their own free will and not because they felt pushed one way or the other. On the other hand, if they did not want to participate, I would have difficulties in carrying out my research. A way of encouraging a sense of ownership among group members was to let them use the CAF methodology in their own way. For example, in the Formation workshop, participants had to discuss and decide on a number of CAF rules (e.g., interest rate, minimum savings amount, role of the coordinator). I presented the rules and gave advice, but I also tried to remain as distanced as possible. The group members often asked me for concrete advice: *“What would you do? What would you advise us?”* I always answered such questions in a similar fashion: *“I only give general advice and explanations, but it is up to the group to decide, you have to determine the rules and follow them afterwards.”* This created a sense of ownership among the group members because it was not me who decided what was best for them but the group members themselves. In this role as an engaged scholar, I was constantly seeking a balance between influencing members’ behaviour and giving them ample space to voice their own opinions and feelings. My influence on the group was also limited compared to that of the so-called gatekeepers or community leaders. These figures were often crucial for the successful starting of a group. But they could also hinder the group in developing a sense of ownership. The presence of a dominant community leader could allow other members to remain passive and wait for that person’s actions.

Sometimes ownership was also created at moments when I seemed to *share control*, or when I thought I would lose it. At the beginning, for instance, I assumed that a crucial element of the CAF methodology was that a CAF group enabled people not only to save but also to give loans to each other. It was an element of the methodology that I was especially interested in. However, members of some CAF groups were hesitant about asking each other for loans. It was basically a question of insufficient trust. Their hesitation was also based on their financial incapacity to pay back a loan or on bad experiences with having debts in general. During the two-year cycle, these members did not provide any loans to each other but focused exclusively on the savings side of the CAF group. This created a research dilemma: *Should I try to be more persuasive and try to push the group members to give loans to each other? Or should I leave it completely up to the groups themselves to decide upon this crucial question?* For the sake of sharing control of groups' operations, I decided not to push these groups and accepted that, for them, asking for loans was out of the question.

3.5 Conclusion

In this chapter, I explained how and why I chose to carry out this action research as an engaged scholar. As part of being an engaged scholar, I applied an inductive research approach with a deductive angle – using three capabilities to sharpen my focus as a researcher (see Chapter 2). These three capabilities, which were based on Amartya Sen's capability approach, served as sensitizing concepts throughout this dissertation. To apply the three capabilities, I used a triangulation of research methods with a special focus on participatory tools. Qualitative data was generated through semi-structured interviews with members at the beginning of their participation, field notes of ethnographic observations of group meetings, and five participatory workshops with each CAF group. The data analysis was informed by constant comparative methods (Boeije, 2002). As a result, five CAF member ideal types were constructed. These form the basis for discussions of the empirical results in the following chapters. I concluded this chapter with a reflection on how I interacted with the CAF members in this action research.



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An innovative resilience approach: Financial self-help groups in contemporary financial landscapes in the Netherlands⁶

4.1 Introduction

Contemporary banking systems have faced many crises around the globe. The World Bank can trace more than 96 banking crises and 176 monetary crises since the early 1970s, when US President Nixon introduced the floating exchange regime (Caprio and Klingebile, in Lietaer et al., 2010, p. 3). Due to globalization of the financial sector, such crises easily cross national borders (Sassen, 2014; Wójcik, 2011). For example, the 2008 financial crisis, which started in the US, also had a detrimental impact on emerging cities in the Global South (Ferguson et al., 2014; Sassen, 2014). However, Christophers et al. (2017, p. 22) show that the US and European financial sectors were often successful in escaping governmental and regulatory reform agendas. Banks could increase “capital ratios by raising more equity, they [could] also do so simply by reducing lending and investments – and thus assets accrued – in areas deemed risky.”

To cope with financial crises, governments focus mainly on increasing the efficiency of financial institutions. By doing so, however, more banks become increasingly similar to those that caused the crisis. In this respect, Lietaer et al. (2009, p. 4) report:

[W]henever a bank that is too big to fail is in real trouble, the recipe has been the same since the 1930s: the taxpayers end up footing the bill to bail out the banks, so that they can start all over again.

A similar approach was used during the 2008 financial crisis, but this has not led to a more sustainable solution. The emphasis on improving the operating efficiency of banking institutions in crisis has merely led to the additional formation of similar kinds of financial institutions within the financial landscape. Banking institutions have

6 For this article, the theoretical framework on financial landscapes was developed in close cooperation with the co-author Peer Smets. I collected, organized, coded, and analysed the empirical data. The discussion of the empirical data was worked out in close collaboration with the co-author (Lehmann, J. M., & Smets, P. (2020). An innovative resilience approach: Financial self-help groups in contemporary financial landscapes in the Netherlands. *Environment and Planning A: Economy and Space*, 52(5), 898-915).

tended to continue their business in more or less similar ways as before the crisis, thereby creating a path to the next financial crisis (e.g., Lietaer et al., 2009; Luyendijk, 2016; Tett, 2009). Christophers et al. (2017, p. 12) report that the cause of the 2008 financial crisis should not be seen as a result of individual opportunism combined with *“unlucky or accidental outcomes in an otherwise stable institutional setting, but of systemic or quasi-systemic processes that are [...] caught up in times and spaces that are always but never only political-economic.”*

For the past two decades, this contemporary financial landscape has been questioned by a theoretical debate among mostly economists and geographers regarding diverse or alternative economies/financing that generally challenge the dominance of capitalism (Gritzis and Kavoulakos, 2016; Jonas 2010, 2013; Lee, 2013; North, 2013; Leyshon et al., 2004; Gibson-Graham, 1996, 2008, Gibson-Graham et al., 2013). Their main criticism is that, due to the dominance of contemporary financial and banking institutions in the efficiency-driven capitalistic system, the emerging or existing variety of other forms has been mostly ignored and has, therefore, remained invisible. To show that capitalist relations are only a small portion of financial life, Gibson-Graham (2014, p. S149) introduced the “ice-berg metaphor.” This implies that only a small part of the iceberg – the capitalistic system – can be seen above the surface, while the larger part, the other financial arrangements, are hidden from view. In this invisible part of the Global North, one can trace grassroots initiatives such as financial cooperatives, sharing economies, community currencies, and financial self-help groups (SHGs) that are being nourished by the experiences of non-Western migrants and refugees, especially within the African diaspora (see, e.g., Ardener and Burman, 1995; Hossein, 2015, 2017).

This study demonstrates that financial SHGs within the African diaspora can play an important role in the resilience of the financial landscape of the Netherlands. The African diaspora in the Netherlands consists of a variety of migrants from sub-Saharan Africa. Some came directly from their own countries and others arrived indirectly via Suriname, the Dutch Antilles, and Cape Verde. These people largely self-identify in terms of their specific origins, such as Surinamers, Antilleans, Somalians, Cape Verdeans, Ghanaians, Ethiopians, and Kenyans. However, increasingly the receiving society has forced them “to recognise their commonality as ‘black’ or as ‘African’” (Blakely, 2005, p. 593).

We focus on a specific kind of financial SHG, the rotating savings and credit association (ROSCA) in the Netherlands. For centuries, ROSCAs have been part of financial landscapes in the Global South, with “long-standing traditions of pooling resources that have historically helped excluded groups engage in alternative financial services” (Hossein, 2017, p. 30). Migrants in Western society have brought these practices with them from their countries of origin. In North America, for instance, ROSCAs continue

to play a crucial role in the contemporary Black social economy (Hosseini, 2018; Nembhard, 2014). In a ROSCA, people regularly deposit money into a common fund, which is then allocated entirely or partially to each participant in turn (see, e.g., Ardener, 1964; Ardener and Burman, 1995; Bähre and Smets, 1999; Bijnaar, 2002; Bouman, 1978, 1995; Hosseini, 2015, 2017; Smets, 1996, 1998, 2000). We illustrate the workings of a ROSCA with the following example based on our fieldwork: 12 people each save EUR 100 monthly, which is deposited into a common fund. The first month, the total amount of EUR 1200 is given to one of the members. The next month, the pot is handed over to another person. This continues until every participant has received the lump sum once. The rotation order may be decided by drawing lots or by auction, seniority, voting, consensus, or the organizer's choice. Once all participants have received the fund, the group will be either dissolved or continued for another cycle (Smets, 1998).

To obtain more insight into the role of financial SHGs and the resilience of the contemporary financial landscape in the Netherlands, we look at two specific cases within the African diaspora: the ROSCAs of Ethiopian and Ghanaian migrants. We begin by exploring the concept of resilience in the contemporary financial landscape. Then, we take a closer look at the operation of ROSCAs among Ethiopian and Ghanaian migrants in the Netherlands, followed by a discussion and comparison of both ROSCA types. We discuss how these financial SHGs can and do contribute to the ecosystem of the financial landscape.

4.2 Resilience and the contemporary financial landscape

In late modernity, solid structures – such as many welfare institutions, traditional loyalties, customary rights and obligations – have melted, or are expected to melt away. This has also led to a decline in “traditional” organizations and their functions in society (Bauman, 2000). These organizations, according to Beck and Beck-Gernsheim (2002), are “zombie institutions” that have lost, or will lose their original function. Without these solid structures that once enabled collective action, the individual is left alone with his or her tasks, duties, responsibilities and coping mechanisms. Against the background of these declining traditional organizations, grassroots initiatives that address new societal issues have emerged (Bauman, 2000), enriching the contemporary financial landscape. Below, we first discuss the concept of resilience and how Lietaer et al. (2019) applied this concept to the financial landscape that consists of a kaleidoscope of financial institutions and arrangements. Second, we use social resilience as a conceptual framework to analyse issues such as the function of a ROSCA as a community of practice. This will offer insight into the adaptability present within the financial landscape.

4.2.1 *Different views of resilience*

The development of contemporary society is unpredictable, which implies that everything should be resilient. In practice, resilience is a vague concept that is also criticized for its neoliberal austerity and structural power mechanisms (Rast et al., 2019). Despite criticisms, we aim at providing insight in the concept of resilience that is characterized by different meanings and discourses. According to a conservative view, resilience is the ability and flexibility to change that refers to “the capacity of a system to absorb disturbance and reorganise while undergoing change so as to retain essentially the same function, structure, identity, and feedbacks” (Walker et al., 2004, in Lietaer et al., 2009). Siemiatycki et al. (2016) discuss two different views of resilience: the engineering approach and the adaptive approach. First, the engineering approach sees resilience as a mechanism of bouncing back to a single original state of equilibrium, like what happens with a stretched string that returns to its original form after it is released. When this view is applied in neoclassical economics, we see that after an interruption, a new path will be found towards the original situation or even a new economic equilibrium. This view does not take into account historical developments. Second, the adaptive approach assumes another type of recovery and is popular among heterodox economists but also planners, urbanists and geographers. This approach assumes an ability to change by adapting “to what capitalism historically throws up” (p. 186). In contrast to the engineering approach, is done through the creation of a new situation in which all elements of a system seek a new balance. By looking into resilient regional systems it appears that the adaptive approach, instead of bouncing back, bounce forward. To illustrate this, Siemiatycki et al. (2016) look into Vancouver’s video game industry and the broader economy. In the 1980s, the video game industry entered Vancouver, but there was almost no link between the video game industry and the earlier urban economy. Shocks and disturbances come from inside and outside the regional oriented system. Here is an internal/external dualistic geography, which needs “a history of innovation, a past capacity to learn along with apt educational institutions, a spirit of entrepreneurship, an appropriate infrastructure, available investors and investment capital, and thick interlacing networks of formal and informal civic institutions” (Siemiatycki et al., 2016, p. 187). The approaches described above refer to the economic sector, but they are also applicable to the financial landscape, as we will show below.

4.2.2 The financial landscape as an ecosystem

We speak of the financial landscape as an ecosystem in which all financial institutions and arrangements have to find a balance. Lietaer et al. (2010) propose using an ecosystem approach that looks for balance between efficiency and resilience, which reflects the capability to adjust to changing circumstances. In their literature study, Lietaer et al. (2009, p. 11) define efficiency as the integrity and capacity of a network to work in a well-organized and efficient way over a period of time. Resilience is a network of fallback positions and actions that cause disturbances that trigger enduring developments. It measures the system's ability to recover from disturbances.

Two other factors affecting the financial landscape are diversity and interconnectivity. Diversity refers to the existence of different types of agents acting as “nodes” in the network, and interconnectivity looks into pathways between agents. Diversity and interconnectivity play a central role related to efficiency and resilience, but in a different way. In general, the resilience of a system is larger once it has more diversity and connections, implying that these create a safety net that can be used in times of change or trouble. However, emphasizing efficiency through streamlining tends to lead to declining diversity and connectivity (Lietaer et al., 2009). In practice, nature does not select for maximum efficiency but for an optimal balance between the poles of efficiency and resilience. Because both are indispensable for long-term sustainability, the healthiest economic systems are those that maintain an optimal balance between the two. Conversely, an excess of either one leads to system instability. Too much efficiency leads to brittleness, and too much resilience leads to stagnation in the development of the system; the former is caused by too little diversity and connectivity, the latter by too much (Lietaer et al., 2009). Sustainable financial systems, therefore, have an optimum balance, which can be found in the window of viability (see Figure 4).

Figure 4 Window of Viability (Based on Lietaer et al. 2009)

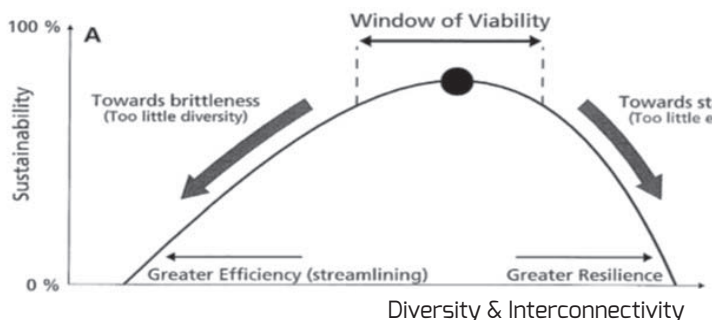


Figure 5 Impact of an efficiency-driven finance sector (Based on Lietaer et al. 2009)

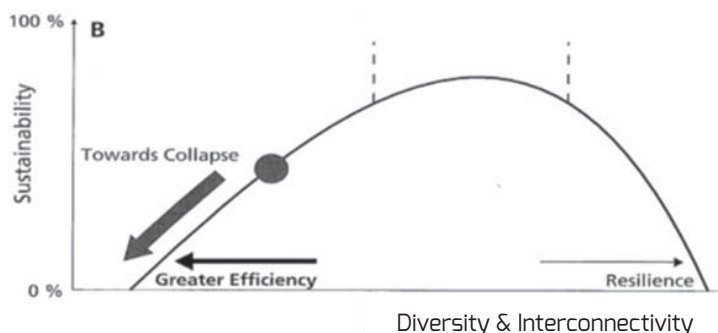
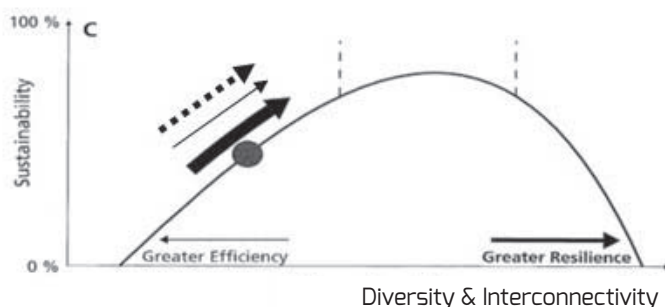


Figure 6 Impact of more diverse financial landscape (Based on Lietaer et al. 2009)



An ecosystem that requires change needs incentives to find a balance between the opposing poles of efficiency and resilience. As with natural ecosystems, financial and monetary systems around the globe have to face constant improvements in system efficiency. This can be seen especially among mainstream banks in the global financial system. However, too much efficiency and the associated lack of diversity lead to bank crashes and financial crises, while an emphasis on resilience comes with a lack of coherence and purpose to growth, eventually leading towards a system collapse (see Figure 5). Such efficiency discourse highlights motivations within the financial sector that stimulate too much “individual self-interest, competition, [...] freedom, innovative entrepreneurship, exploitation, and the pursuit of private gain” (Gibson-Graham, 2014, p. S151). Under such circumstances the window of viability will not be reached.

A systemic solution to a banking or financial crisis would be to increase the resilience of the financial landscape by incorporating different kinds of financial institutions, arrangements, channels and exchanges. This diversity is reflected in the range of arrows on the left side of Figure 6. In other words, by enlarging the diversity of the financial landscape, the window of liability can be reached. However, Siemiatycki et al. (2016, p. 197) remark that the process of capitalism is characterized by a restless system and a financial landscape that is never in equilibrium. The system is prone to shocks, meaning that all organizations have to face adaptation: that is, the window of viability will be hardly ever reached, if at all.

To rebalance the financial system, a diversified financial landscape is needed that includes a kaleidoscope of financial arrangements and institutions, such as private and public banking institutions, housing finance institutions and cooperative banks based on the Raiffeisen principles (Seibel, 2010). One example is community currencies, which can only be invested and exchanged between local businesses and customers within a certain geographic community. Community currencies are based on the rationale that money is a social construct that builds more sustainable incentives than conventional finance linked with solid institutions (Seyfang and Longhurst, 2013). In crowdfunding initiatives, small amounts of money are collected online among a large group of interested investors. Such investments are based not only on profit-making but also on the investment's impact for the larger society or on what investors receive in return, such as CDs or theatre vouchers (Toxopeus and Toxopeus, 2012). Financial service providers such as moneylenders, pawnbrokers and financial SHGs are even more informal. In the Global South, financial SHGs often serve as financial safety nets and to enable income-generating activities, improve personal financial management, empower members by increasing their social status, create new networks and stimulate entrepreneurial activities (Fleischer-Proaña et al., 2011; Gash and Odell, 2013; Smets, 2019). It is impossible for us to describe here all the types of financial SHGs that have emerged as alternative to the banking institutions. The emergence of such alternatives also illustrates that people have begun to look for ways to keep financial affairs in their own hands (Buttle, 2008; Dubois and Lasida, 2010). By being aware of this diversity, the financial system moves from being dominated by solely efficiency-driven institutions to including a larger diversity, and thus, in the end, reaching the window of liability.

So far, today's financial ecosystem has found its own balance within the window of viability. However, in an economic and financial system in which people are involved, power relations play an important role. When linked to specific types of financial institutions and arrangements, they can destabilize the financial system. Because of these power relations within the financial and banking institutions, the window of viability cannot be reached within the contemporary neoliberalization of financial

markets due to competition within those markets (see, e.g., Luyendijk, 2016). Apart from this macro focus, it is also important to look into the community level where power relations exist within social relations at the organizational structure of financial SHGs. The adaptability of social relations can be captured in the concept of social resilience, which Hall and Lamont (2013) view as the capability of people in a group or organization to sustain and improve their well-being. For this article, we focus on social resilience within communities of practice.

4.2.3 *Financial SHGs as communities of practice*

Besides understanding resilience in a financial ecosystem dominated by similar organizations, it is also important to look into the role of financial SHGs. Communities bring the responsibility back to the collective instead of to the solid institutions. One type of community that can play an important role in strengthening resilience is the community of practice. In the window of viability members of a community of practice join hands to initiate a shared understanding of the meaning of their joint endeavour and the ability to adapt to changes. Here, participants are held responsible for the collective enterprise. By working together, the community members become mutually engaged and develop related norms and a set of collective resources (Wenger, 2000, p. 229). All transactions take place in local spaces or networks in which individuals and organizations question whether the interdependent relations are democratic. Consequently, such communities deal with hot money instead of cold money (Wright, 2000). Cold money comes from external agencies with which participants in specific financial arrangements do not have mutually responsible relationships.

They, therefore, feel less committed to the financial arrangement. Here, participants' feelings of responsibility for repaying a loan diminish once the money is considered not theirs, but the agency's. They do not feel responsible for repaying a loan nor do they consider it an obligation. An alternative to cold money is hot money, which is provided with a face-to-face approach wherein personal interaction is practiced and money is controlled by those who feel responsible for it. Hot money is treated as being one's own. To understand a community of practice that deals with hot money, such as a ROSCA, it is also important to look into its form of leadership and its trust relations.

In the operation of ROSCAs, finance can be allocated to either a democratic or authoritarian way. Participants in a democratic ROSCA allocate the fund, in whole or in part, during meetings with face-to-face contact and shared understanding, while in an authoritarian ROSCA, the organizer makes allocation decisions. The face-to-face contact in an authoritarian ROSCA is limited to members' individual relationships with the organizer, who has much more influence on the group's success than does an organizer of a democratic ROSCA. In a democratic ROSCA, the collective is

responsible for coping with default risk because they know each other personally, whereas in an authoritarian ROSCA, this is more the responsibility of the organizer(s) (Smets, 1992).

To enable resilience in a community of practice, trust relations in democratic and authoritarian ROSCAs are of great importance. But what is trust exactly? Misztal (1996, p. 12) argues that “trust is a [...] recurrent feature of social relationships” that enables the functioning of social networks as well as economic transactions. Here, we will refer to three types of trust: individual trust, social trust and earned trust. According to Svendsen (2014), individual trust is trust in a person one already knows. In the case of financial SHGs, this means that one already knows another member very well from other settings, for instance being a family member, a close friend or a colleague. Another form of trust is social trust:

[This kind of trust] is expanded to include people about whom the trusting party has no direct information. Thus, social trust reflects a positive perception of the generalized other. It is a belief that the people one may interact with will behave decently. A person's level of trust thus reflects a standard estimate of an unknown other's trustworthiness (Svendsen, 2014, p. 15).

The third type of trust is when people do not (yet) trust others, especially when it comes to handling money together. In such cases, trust has to be earned. As trustworthy relationships in traditional organizations have melted down in times of late modernity, trust is not a commodity that can be imported from a prior set of relationships, but individuals have to build a reputation of being trustworthy. Also in a ROSCA, trust “is something that has to be made and remade and thereby reinforced over and over again. People stay in ROSCAs because they observe, round by round, that everyone is obeying the rules. Trust is more of a verb than a noun.” (Rutherford, 2009, p. 51)

Such a reputation can also be described as earned trust (Knorringa, 1999, p. 70), which is based on reciprocal relations like those that happen in ROSCAs. “Earned trust” thus refers to trust that one can obtain by showing positively valued behaviour and transactions, which are expected to continue in the future (Rutherford, 2009).

When we see ROSCAs as a community of practice, trustful relationships in a democratic organization and leadership trusted by participants in an authoritarian ROSCA are important premises for successful operations. Based on these conditions, a process of change can take place in the communities. Hall and Lamont (2013) see this process of change as social resilience. To enable change, people [in these communities] “assemble a variety of tools, including collective resources and new images of themselves” (p. 14). One way of how this change in and around communities take place is through

the concepts of adaptability and transformability. The adaptability to change includes learning combining experience and knowledge, and modifying and developing an existing system. Transformability refers to the ability of establishing a new system once the previous system stops functioning well (Folke et al., 2010).

Resilience in the financial landscape focuses mainly on physical or area resilience and that social resilience is underestimated. However, in the section on ROSCAs among Ethiopian and Ghanaian migrants in the Netherlands and the section on ROSCAs and social resilience reconsidered, we show why social resilience is important for obtaining a sustainable ecosystem.

4.3 Research methodology

This study used an ethnographic research approach to engage with Ghanaian and Ethiopian diaspora communities living in the Netherlands. The qualitative findings were part of a larger study carried out among 16 ethnic minorities (Kappers and Lehmann, 2011). In the Dutch context, money is generally perceived as a sensible subject to talk about. However, members of Ghanaian and Ethiopian ROSCAs were often very reluctant to speak about their participation. They regarded this activity as a very private affair, one perceived as exotic and redundant by Dutch society. Therefore, the investigation of an informal financial arrangement that exists outside the regulatory framework of banks had to be approached very carefully. Access to ROSCA participants was gained through community gatekeepers, such as community leaders and migrant organizations, who could act as a bridge between community members and outsiders. We contacted most of the migrant organizations at random through extensive desk research. Some of the community leaders and other individuals with Ghanaian and Ethiopian backgrounds were approached through personal contacts or those of other colleagues and acquaintances.

To start the conversation on ROSCAs, we drew on “intra- and interpersonal resources and strategies that we all tend to develop in dealing with everyday life” (Hammersley and Atkinson, 1995, p. 41). For this reason, we also took part in some of their local associations’ activities (especially Ethiopians) or visited their churches (especially Ghanaians). To find respondents for an interview we started the conversation with a basic question about how they help each other within their community. Once a certain level of trust was established, enthusiastic questions about ROSCAs were not perceived as disturbing anymore. The interviewees appreciated our interest at that point and were willing to share their stories. With both Ghanaians and Ethiopians, we held many informal talks and used snowball sampling to enlarge our research population (Bloch,

2004, p. 176). As a result, we conducted 12 semi-structured interviews (varying between 30 and 60 minutes) with Ethiopians living in the Netherlands (five women and seven men, ages 25–65 years) and 9 semi-structured interviews (varying also between 30 and 60 minutes) with Ghanaians (four women and five men, ages 30–55 years). The socio-economic position of the interviewees was very diverse, ranging from social welfare recipients to a bank employee.

4.4. ROSCAs among Ethiopian and Ghanaian migrants in the Netherlands

Using the Ethiopian *iqqub* and the Ghanaian *susu* (Kappers and Lehmann, 2011) in this section of case studies, we explain how ROSCAs operate as a community of practice. For each case, we describe the migration backgrounds of the community before illustrating how their ROSCAs – *iqqubs* or *susús* – operate in the Netherlands.

4.4.1 The Ethiopian case

In the Netherlands, Ethiopian migrants participate in *iqqubs*. The first Ethiopian refugees arrived in 1976. From 1995 to 2003, 57% of Ethiopian migrants arrived as asylum seekers, while 20% came to study, many with scholarships to the Institute of Social Studies in The Hague or to Wageningen Agricultural University. The remainder came to the Netherlands mainly to reunite with family (Van Heelsum and Hessels, 2006). Many Ethiopian migrants had obtained secondary or university educations in Ethiopia, or they tried to pursue their education in the Netherlands, which was not always possible (Van Heelsum and Hessels, 2006, p. 63). The case of Tsehai demonstrates how and why she participates in an *iqqub* in the Netherlands.

Tsehai arrived in the Netherlands in 1981 as a 20-year-old refugee. She has a university degree, is married with children and works as a social worker in Amsterdam. For about six years, Tsehai has participated in an *iqqub* with 19 other members. Most members pay a monthly fee of EUR200, but some share this amount. The *iqqub*'s cycle is 1 1/2 years. The woman who manages the *iqqub* collects all contributions and allocates lump sums to the participants by turn. If someone needs the fund urgently, the coordinator tries to swap turns. In this ROSCA, participants do not meet once the financial transactions take place. They pay the coordinator in person during the first week of each month, though someone who lives too far away might pay by bank transfer. If a participant cannot pay in time, he or she contacts the coordinator.

To join the iqqub, a person's reputation in the Ethiopian community is of great importance. Trustworthy participants can introduce and guarantee the payment behaviour of a new member. The lump sum received might be spent on, for example, a holiday in Ethiopia. Flights to Ethiopia are expensive (about EUR800), especially if one wants to take family members along. Moreover, relatives and friends in Ethiopia expect gifts. Tsehai knows most of the participants. The iqqub participants invite each other for birthday parties, weddings and other social celebrations. This enables the maintenance of social contacts even though they do not meet regularly for the iqqub.

Two types of iqqubs were identified: iqqubs that continue after a cycle has finished and those that terminate at the end of one cycle. Tsehai participates in a continuing iqqub based on an authoritarian form of leadership: the coordinator controls the contributions, can decide whether members can swap turns and has the legitimization to go after members who are unwilling to pay. Although the Ethiopian participants seem to have good access to basic banking services such as bank accounts and saving facilities, they still participate in iqqubs. This participation provides them with cheap and easy access to finance or an extra motivation to save a lump sum of money. Tsehai prefers to receive the total amount at the beginning: "I take the money at the beginning. I consider it a cheap loan." In contrast to her fellow group members, she wants to receive the total amount towards the end of the ROSCA cycle. For these participants, saving may be more attractive than easy access to credit. In addition, participants who engage in social contact with other participants during non-ROSCA activities may develop reciprocal helping relations. Tsehai is afraid of losing these contacts and the related mutual help if she were to leave the ROSCA.

In the other type of Ethiopian ROSCA, participants come together for only one round to help others during an emergency. For example, Abebech (26) participated for one year in an iqqub based on individual trust with friends and relatives from Rotterdam and Amsterdam. She participated to help one of her friends who urgently needed a large sum. Instead of having to lose face by admitting to a financial problem, asking for a loan and becoming indebted, this friend offered friends and relatives the opportunity to participate in an iqqub. Reality shows that, for many, peers are often more accessible than a banking institution. Interestingly, the initiator did not automatically become the coordinator of the iqqub but left it to the oldest member of the group, whom the others trusted the most. After one year, participants had helped their friend and did not start a new cycle, because it took too much effort to meet. Abebech summarized,

“If you do not need it, you don’t do it.” It was important for Abebech to participate because she could help her friend, maintain reciprocal relations and achieve a high level of earned trust: “We had social contacts that way. Not everyone has family in the Netherlands and this will keep you together.”

Some interviewees reported that they had previously joined an iqqub in the Netherlands, but now refrain from participation, while others have never participated before, or they reject the idea of participating in an iqqub in the Netherlands. One reason for not participating is that they have difficulty trusting each other. They have to first build a reputation of trust by maintaining reciprocal relations with other (potential) ROSCA participants. Yemisrach (50), a board member of an Ethiopian migrant association, reports:

We are very diverse. We have 80 languages, many colours, local things ... And yes, how well do we know each other here in the Netherlands? Someone comes from the east, someone from the north and someone from the south.

He adds that political refugees might have experienced much cruelty back in Ethiopia. Even though they are safe now, they have to rebuild trust in others. Moreover, interviewees stressed that Ethiopians consider talking about money to be a very sensitive issue. In contrast to Tsehai, who openly confirmed that she needs the iqqub for maintaining her savings behaviour, others avoided talking about their financial affairs. For example, Helina, a middle-aged woman actively involved in the Ethiopian community in the Netherlands, argued firmly, “Money is something very personal to me and I talk to nobody about it!” Hagos, an employed man of 30, participated in an iqqub as a student to finance his schoolbooks, but now he prefers to save individually using self-discipline. He said this had to do with general shyness and avoiding embarrassment and added, “Our culture handles money with difficulty.”

4.4.2 The Ghanaian case

Ghanaians participate in susus in their country of origin and in the new host society. During the oil crisis in the 1970s and the severe drought in the 1990s, Ghanaians migrated to the Netherlands for economic purposes. Many of these migrants have one or two jobs. Almost 60% of those employed work in the cleaning business, hotels, restaurants and cafes. However, the second generation has higher levels of education and earns higher incomes (Kraan, 2001). The case of Peter shows how one Ghanaian migrant makes use of a susu in the Netherlands.

In the early 1990s, Peter arrived in the Netherlands at the age of 10. Today, he is married and has children. At the time of the interview,

he had just finished a degree program in strategic management and was employed at a bank. Peter is participating in a susu with 10 to 15 members living in and around The Hague. Members pay EUR500 monthly. Couples can share this amount. The group members do not meet, and they hardly know each other personally, which means the coordinator has to provide good management. At the end of each month, every member gives EUR500 in cash to the coordinator, who pays out the monthly pooled sum of EUR5000–7500 to the participant whose turn it is. At the beginning of a cycle, participants can say when they prefer to receive their share, which they can receive only once per cycle, and the group aims to find consensus among all members.

The coordinator selects new members in consultation with the susu participants. A participant should be trustworthy and must prove that he or she has a sufficient regular income deposited into a bank account. This implies that most members have decent jobs. So far, Peter has not encountered any problems. The lump sums received are used mainly for setting up businesses in Ghana. Some members purchase goods in the Netherlands for resale in Ghana or support family members or the community back home. For Peter, the most important function of a susu is the pressure to save regularly.

Two forms of ROSCA-type susus are used in the Netherlands: one in which people do not meet personally and one in which members meet monthly. Peter's susu illustrates a ROSCA where people do not meet face to face, and the leadership is being carried out in an authoritarian way. Here the role of the coordinator is crucial, as participants hardly know each other and the coordinator has to control the financial affairs and manage the functioning of the ROSCA wisely. As a highly educated Ghanaian migrant earning a fairly high income, Peter participates in susus purely for financial reasons. His wife convinced him to join a susu to make use of the social pressure to save. Now, he appreciates the fixed monthly amount of savings, well aware that he is missing out on the interest he could earn by saving in a formal bank:

If you save alone, you do not have enough pressure because, when you need some money, you can easily access your savings account. In a susu, you are obliged to save every month because someone is waiting for it. But you know that you will save about EUR6000. Isn't that great?

In contrast to Peter, most participants prefer receiving the pot at the beginning of the susu cycle because either they do not have access to bank loans or they do not want to wait until they have saved the amount on their own. Those who receive the fund

at the beginning of a susu cycle repay credit with monthly instalments until the end of the cycle. Martha, for instance, prefers a susu because “not everyone can go to the bank and take out a loan.” Others compare the affordability of a bank loan with the amount of money they receive from a susu. Paul acknowledges that this kind of loan is much cheaper than a bank loan for consumption goods. Susus offer the possibility of receiving interest-free loans, whereas at the bank, he would have to pay more in the end. Although the coordinator does not receive any financial reward for her efforts, she facilitates reciprocal behaviour among the participants, which benefits her reputation.

In the second ROSCA-type susu, which is based on individual trust, low-income participants know each other personally. Participants in these susus meet regularly, and the monthly contribution in the reported susus varies from EUR50 to EUR150. The most common purpose for the pot is paying the travel costs to Ghana. However, Mary showed an entrepreneurial attitude regarding the ROSCA money: “Maybe some people want to build a house so that they will have a place to sleep. Others start a business for their family so that they do not ask every month: ‘Send me money!’”

The Ghanaians interviewed are mostly positive about the different informal ways of saving and borrowing in a group, even though there is a distinct difference between ROSCAs in the Netherlands and Ghana. Some Ghanaians were positive about susus in Ghana, but not in the Netherlands, because of diminished control mechanisms and low social trust among some members of the Ghanaian community. The Ghanaian women interviewed selected susu participants from Dutch neighbourhoods with high concentrations of Ghanaians, such as the Amsterdam Bijlmer neighbourhood. Being part of such a community means that they live nearby and meet regularly as neighbours, church members or friends. This often results in a positively perceived form of earned trust. Martha explains:

If I do not know you, I cannot give you my money. When you see a group of people doing susu, they know each other, they trust each other. Knowing and trusting each other are two sides of the same coin.

However, Ghanaians with low incomes report that they cannot afford to participate in susus. Mary explains: “Susu is good. But the social welfare money is too little, so I can’t do these kinds of things again, but I know people who are doing it.”

4.5 ROSCAs and social resilience reconsidered

To understand how ROSCAs function at the grassroots level as communities of practice, we looked at two types of ROSCA within the African Diaspora. In the following, we first link the related concepts of trust, leadership, and hot and cold money to the reported cases before discussing what role social resilience can play in the contemporary financial landscape of the Netherlands.

The case studies show that different forms of trust emerged based on the social ties and migration backgrounds of Ghanaians and Ethiopians living in the Netherlands. Both groups arrived in during roughly the same period but for different reasons. The interviewed Ghanaians are mostly economic migrants who know each other from churches and migrant associations within their communities, where they have earned a reputation for being trust-worthy and reliable. In Amsterdam, Ghanaians tend to live in highly concentrated communities, such as the Bijlmer neighbourhood. Here, individual trust is maintained by local community relations rather than through participation in financial SHGs. Indeed, the Ghanaians we interviewed participated in *sus* for financial motives, and to a lesser extent to strengthen their existing social relations.

In contrast to the Ghanaians, the interviewed Ethiopians are political refugees, an experience that seems to have damaged the maintenance of trust relations among community members, who live scattered throughout the Netherlands. As political refugees with low social trust within their diaspora community, Ethiopians benefit from reciprocal relations in *iqqub*s that help members build earned trust. Consequently, one of the reasons for taking part in an *iqqub* is the need for strengthening social relations by increasing their reputation of trustworthiness. This is particularly true when taking part in a democratic ROSCA, where members have to meet in person, handle their financial affairs in mutual understanding and help peers in difficulty. In authoritarian ROSCAs, often elderly women manage *sus* and *iqqub*s and the coordinator's role becomes even more important when the members do not meet in person or do not know each other personally. In such authoritarian *iqqub*, trust is earned through financial performance only. The case of the authoritarian *iqqub*, however, showed that members may see each other even without regular meetings, such as socializing at birthday parties, weddings or other social events. Thus in both cases participation in a ROSCA can strengthen social relationships in different ways while defaulting on one's payments will always change earned trust into distrust, resulting in being banned from further participation.

The possibilities of saving and of making use of social pressure were the most prominent financial motives our respondents had for participating in *sus* or *iqqub*s. They regarded their savings as hot money (Wright, 2000) because the money provided within the *iqqub* or *susu* was based on face-to-face contact, even though that contact was different between

democratic and authoritarian ROSCAs. The cheap and relatively easy access to a lump sum of money was also important to participants. Though both groups used ROSCAs more for private use, Ghanaians also used their shares to make investments in either Ghana or the Netherlands. A properly functioning ROSCA depends on the management skills of the organizer and/or the group control mechanism. Because the financial pool is shared among the members, it is seen as hot money; but if default behaviour occurs, hot money can turn into cold money. If that happens, the ROSCA's continuation is endangered. A participant might drop out and leave the other members behind with a financial gap. This is one reason that some respondents choose not to participate in ROSCAs. They recognize the added value of ROSCAs but prefer the services of formal financial institutions. They prefer the cold money option, where they can use banking facilities rather than having to interact and deal with other group members.

Although this discussion of ROSCAs may seem generally positive, reality shows there is also a flipside. Especially in authoritarian ROSCAs problems occur when an organizer cannot collect contributions from all participants. To compensate for the missed payments, the organizer may confiscate goods from the defaulter's house (Smets and Bähre, 2004) or wait for a defaulter at an ATM and grab the withdrawn money (Bijnaar, 2002). Bähre (2014) reports that insurance mutuals in South Africa make use of ROSCA-like organizations, which benefit the better-off and the state, but not the poorer sections of society. Instead of trickle-down mechanisms that favour the poor, trickle-up economics show that mutuals channel cash to the state and to companies. Here, money is extracted from the poor to benefit the better-off.

The cases in our study show that the mechanisms within ROSCAs can adjust to social situations and can change as needed. For instance, while many Ghanaians prefer to receive the lump sum at the beginning of the cycle, Ethiopians tend to wait until the end. Members who still have to build trustworthy reputations are put at the end of the ROSCA cycle to ensure that they pay their monthly contributions before obtaining their share. And control mechanisms can be further adapted based on group members' need to strengthen trust relations. When a cycle ends, participants can decide whether they will start a new short-term cycle (12–18 months) and whether they will adjust the rules and regulations to avoid institutionalization based on the local context and ROSCA participation. Non-cooperative participants can thus be denied membership in the next cycle. These examples show that *iqqubs* and *susus* adapt their mechanisms to new situations but do not transform the basic ROSCA functioning to something completely new.

The relational elements within ROSCAs are similar to the social resilience discussed in the theoretical framework section. We, therefore, conclude by linking these insights with our earlier discussion about resilience in the contemporary financial landscape in the Netherlands.

4.6 Conclusion

Resilience in the contemporary financial landscape is often physically oriented and place based (regional), as Siemiatycki et al. (2016) show. Emphasis is often put on the efficiency of financial institutions. Financial crises have even led to more efficiency and the homogenization of financial and banking institutions. However, a window of viability will not be reached if the homogenization of banks goes hand in hand with an increasing number of similar banking and financial institutions. A way to obtain a more sustainable financial landscape is to carefully lift invisible, informal financial services, mechanisms and facilities, which Gibson-Graham (2014) refers to as the iceberg under the water's surface.

In contrast to the mainstream banking system that has become uniform and characterized by increasing efficiency and monopolies, ROSCAs rely on different trust relations and interactions between participants. Hossein (2017) explains that ROSCA members use their cultural networks and friendships to make financial transactions work. This relational focus is needed for social resilience. This focus differs from that of solid organizations which aim for efficient approaches but not necessarily effective. This focus differs from that of solid organizations – including zombie institutions – which aim for efficient approaches rather than effective ones. In contrast to the cold money of financial institutions, Hossein (2017, p. 39) explains that ROSCAs are a kind of “banking that thinks about people as human beings.” These financial SHGs operate on a small scale and use human control mechanisms within mainly authoritarian management systems. It looks like that democratic management systems are less practiced in both case studies due to the fact that the community does not reflect the strong ties in the ethnic group as in the country of origin. Weak ties are more common which asks for in authoritarian managed ROSCAs.

For a sustainable ecosystem, it is important that diversity and resilience play a central role. Important views on resilience can be found in the engineering and adaptive approaches. The engineering approach to resilience implies mechanisms of bouncing back to an original form that neglects historical developments. The adaptive approach implies that resilient regions can bounce forward, which creates a new situation. Siemiatycki et al. (2016) show that economic developments are not restricted to a specific region, because internal and external regional economies interact with each other. However, the engineering and adaptive approaches tend to neglect power relations and other social issues. Therefore, the concept of resilience should be expanded towards a broader concept of resilience, one that offers possibilities for bouncing forward in combination with social resilience. A broader conceptualization of resilience offers for example possibilities for adjustment of the operation of a ROSCA

in the Netherlands where social control mechanisms are less strong in comparison to the country the country of origin, as has been described in the Ghanaian case study. In this study, we applied the concept of social resilience to shine a light on the role specific financial SHGs play in diversifying the contemporary financial landscape in the Netherlands. In contrast to financial and banking institutions that deal with cold money, ROSCAs work with hot money, and they follow a process approach that adjusts rules and regulations to changing circumstances.

When the grassroots operations of informal financial alternatives are better understood, they can be used to innovate and diversify financial services. Lietaer et al. (2009) and Lietaer et al. (2010) assume that if ROSCAs are placed among other financial arrangements – for example, community currencies, financial cooperatives and crowdfunding – in contemporary financial landscapes, the financial system will seek to rebalance itself. Our study has been a small attempt to contribute to such a development, with the hope that many other studies will follow. It shows that the use of physical and social resilience in a financial landscape leads to more in-depth insights into an ecosystem in which formal and informal financial arrangements and organizations are included. This study has shown that resilience in an ecosystem (Lietaer et al. 2009) provides insight in finding an equilibrium in the system, but more attention has to be paid to the interaction of human beings in a community of practice. The challenge is to combine resilience at various levels. Next to resilience in an ecosystem, social resilience for smaller units must be used. In these smaller units – such as a ROSCA – social relation, trust and management systems can be included. This combination of different kinds of resilience offers the possibility of zooming in at smaller units within an ecosystem, such as the Dutch financial landscape.



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Five CAF groups in action

This chapter presents the five CAF groups, all of which were active for one to two years or longer. I first describe a fictive group to provide an impression of what may typically happen during a “normal” CAF meeting. Then I describe the CAF groups in my research, detailing their operating methods and their financial performance.⁷ I assess the groups’ financial performances by looking at the members’ savings and loan behaviour. Members’ savings behaviour was monitored through three quantitative measures: *agreed minimum amount of savings* (chosen by all members together), *average monthly savings per member* (the average amount that each members saves individually per month), and *total amount of savings per cycle* (the accumulated amount of all individual savings in the entire cycle). Groups’ loaning behaviour was monitored by five quantitative measures: *total amount loaned per cycle* (the total amount of all loans distributed during an entire cycle), *interest rate* (chosen by all members together), *return on savings* (the amount each member received at the end of the cycle, based on the interest rate paid during the entire cycle), *number of loans* (the total number of loans distributed among the members), and *average loan size* (the average amount that individual members received as a loan). These quantitative measures are analysed on the basis of why the members of each CAF group borrowed from the group’s funds and how much or how little they borrowed during the entire research period.

A typical CAF meeting

I arrive in time at the meeting place; some members are already present. We chitchat a bit and talk about our experiences since the last meeting. The members eat snacks or drink a cup of coffee or a beer. Once everyone has arrived, we sit down, with the paperwork and cashbox on the table. The members have appointed one person as the “bookkeeper” and another as the “money counter.” Together, these two members fill in the financial forms during the meeting. By rotating these tasks, all members can gain equal insight into the financial procedures.

The bookkeeper asks all members to hand in their savings to the money teller and to sign the financial form. This part is often a very joyful moment, and people are proud to show their saving capacity in cash. The savings are added up, and the total amount is announced to the

7 All names and places are pseudonyms.

group. The amounts are then entered on the savings form overview. The bookkeeper asks members with outstanding loans to pay back their monthly shares and hand in their money to the money counter. These payments are noted on the financial forms as well. The bookkeeper and the money counter calculate the total amount that remains in the cashbox. The bookkeeper announces this amount and asks whether someone needs a loan and for how much. The money for this loan is then counted carefully and handed over to the borrower, who signs the financial form for taking out a loan.

The bookkeeper calculates the total group balance and asks the money counter to check the cash amount in the cashbox. They often count the group balance twice. When the financial forms and the money in the cashbox are in agreement, the financial procedures are completed. The meeting closes. Members either discuss other issues concerning their private or professional lives or leave immediately.

5.1 CAF WOMEN ENTREPRENEURS

The first Wednesday evening of every month, the nine female members of CAF WOMEN ENTREPRENEURS met at the Entrepreneurship Centre in The Hague (see table 2). They had different ethnic backgrounds (Dutch, Surinamese, Indonesian, and Congolese) and were between 40 and 70 years of age. The majority of the women ran their own microenterprises in sectors such as catering, bookkeeping, arts, and advising/coaching, all in The Hague area. Some of them combined different sources of income, such as pensions, part-time jobs, or social benefits. Most of the women had higher education backgrounds. Tanja, the initiator of the group, was a business advisor and trainer for beginning female entrepreneurs. To establish a professional support network and a financial self-help group, she invited participants from one of her previous women empowerment and entrepreneurship trainings to join the CAF WOMEN ENTREPRENEURS. These members formed the core of the CAF group. Later, other women joined. Trust was rather strong from the start, attributable to the fact that the majority of the women already knew each other. Tanja, as the initiator and former business coach, was highly appreciated by all of them. At the beginning, however, she was reluctant to play the prominent role of coordinator and therefore positioned herself as a regular member. But her presence, insights, and support were greatly valued and became important for the group's successful performance. The women of Surinamese, Congolese, and Indonesian backgrounds had already heard about or had successfully participated in ROSCAs in their own communities.

Table 2 Individual characteristics of CAF WOMEN ENTREPRENEUR members

CAF WOMEN ENTREPRENEURS	CYCLE 1: Feb 2014 – Dec 2014	CYCLE 2: Jan 2015 – Dec 2015
Number (Total number of members at end of cycle)	8	9
Age	40–75	40–75
Sex	Women only	Women only
Origin	Netherlands, Indonesia, Suriname, Congo	Netherlands, Indonesia, Suriname
Level of education	Vocational training to higher Education (BA, MA, PhD)	Vocational training to higher Education (BA, MA, PhD)
Sources of income (Paid salary (A), Social Benefits (B), Entrepreneurship/ Self -employment (C))	A: 1 member, B/C: 1 member, A/C: 1 member, C: 5 members	A: 1 member, B/C: 1 member, A/C: 1 member, C: 6 members
Net monthly income (individual)	€1,000–2,500	€1,000–2,500
Net monthly income (household)	€1,000–6,000	€1,000–6,000
Dropout rate	Two members left the group because of time constraints	No one dropped out
Membership growth	One member joined	One member joined

During their meetings, the women first socialized and ate before turning to the financial part. Members took turns being bookkeeper, a different person each meeting, and were supported by those who had done it before. The women were always very cheerful and complimented each other on the amount saved. In addition to saving, they also agreed to provide loans to each other. Members could apply for loans based on their total amount saved. The demand was higher than the cash deposited in the box only one time, just before summer holiday (see Graph 2). But usually, they could negotiate easily with each other and weigh and compare their different needs. As many of the women knew each other well, trust was not an issue. They agreed amongst each other about loans for business purposes or private use. Over the two-year period, they managed to increase their savings from the first to the second cycle by more than three times and the total amount of loans disbursed was almost doubled in that same period (see Table 3).

Table 3 Financial performance of CAF WOMEN ENTREPRENEURS

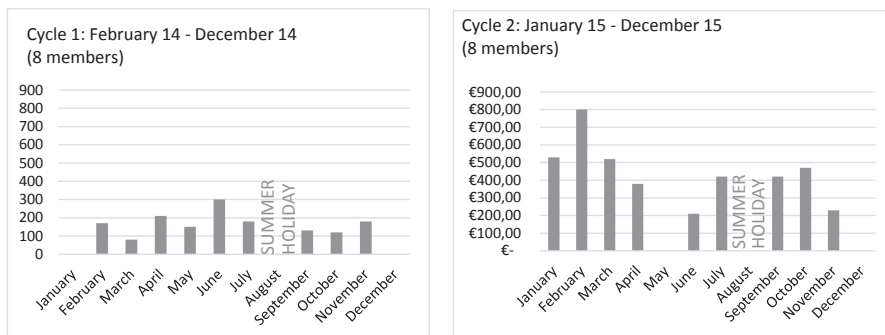
Financial factors	CYCLE 1: Feb 2014 – Dec 2014	CYCLE 2: Jan 2015 – Dec 2015
Interest rate	Fixed interest 1%	Fixed interest 1%
Total savings per cycle	€1,290	€3,980
Average monthly savings per member	€17	€55
Total value of all loans	€2,800	€5,250
Return on total savings	4.99%	3%
Number of loans	10	13
Average loan amount	€215.38	€403.85

The more vulnerable members of this group appreciated the mutual support to save on a regular basis for future emergencies: *“The participation encourages me to save and forces me to think about what I want to buy; I like it because I save for what I need tomorrow; saving is a big incentive for me”* [Final II workshop]. Hanna explained that the group pressure encouraged her to save on a regular basis:

At home, I have a little box where I keep some extra money. But I also take it out again when something special happens or just when I leave the house.... [...] Yes, and here it is different. Every month I have to save, and the money remains here. I like the result at the end of the year. It makes me feel satisfied” [silence, consenting sounds from the others]. [Final II workshop]

At the end of the first cycle, the women were especially surprised to see that the more they saved the more capital there was for lending. This awareness made them more business-minded and more inclined to increase their savings during the second cycle: *“We have saved much more than during the first year!”* [Final II workshop]. Thus, the strengthening of the savings behaviour also motivated the women to manage their financial affairs in a more professional and business-minded manner: *“We have become much more business minded!”* [Final II workshop]. This development co-occurred with their decision to stop having common meals and focus more on the financial purpose of their meetings. Graph 1 shows how their savings increased.

Graph 1 CAF WOMEN ENTREPRENEURS Cycles 1 and 2: Total savings per meeting



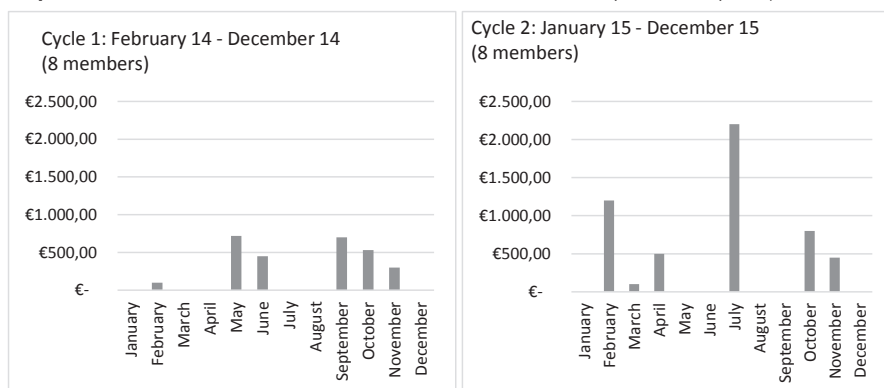
The more entrepreneurial group members needed loans to acquire assets for their business activities, such as a camera, a ticket to Suriname (to run a training), and an industrial sewing machine. Even though the women were hesitant to engage in lending when the CAF group first began, the average loan size doubled during the second cycle (see Graph 2). Having access to loans ranging from €100 to €1,000 served as an attractive alternative to borrowing from a bank. Others used loans for private purposes. One woman, for instance, received a small loan to repair the leaking roof on her garden shed. Another was enabled to pay her child's school fees.

During one of the first group meetings, the initiator explained to a new member that banks do not provide loans to smaller entrepreneurs, which was one of the reasons why they set up this group: *"Banks have become inaccessible and a new era has come, when people will take their destiny back into their own hands. It is very important that people start doing it themselves again and then together."* During the meetings, the women often expressed that they were proud to feel like a "bank." For instance, at the end of the first cycle, someone said: *"We really pretend to operate as a bank!"* The others replied: *"But isn't that what we are?"* [loud laughter] [Final II workshop].

Carine – the owner of an Indonesian catering business – used several loans to invest in larger events and at fairs to promote her business. At first, she remarked that the loans would be too small to be considered meaningful to entrepreneurs. Tanja put this comment in a broader perspective. To her, loans from a CAF group are an alternative to a loan from a bank: they are more accessible, more flexible, and less expensive (when including the interest returned on savings). But she said this was also about a kind of mindset, a resisting of the urge to grow big fast, as she explained with the following story:

I think as an entrepreneur and I work with loans from the bank, but this space is different. Here we can meet all kinds of financial needs that unexpectedly come around the corner, so you can still do something. Yes, you cannot borrow 10,000 in one go, but you do have the flexibility to easily borrow 100 or 1,000. This is therefore a reasonable tool for small businesses. Not just households ... [Carine agrees] Remember, we had the one lady at the beginning, she had experience with banking, and she said from the start that CAFs are too small ... I know that she is still struggling at the moment with her company. It was an Antillean lady who wanted to grab too high, and then I think, start small, take small steps, and then it can grow, but if you want to get there in one go, it won't work. [Final II workshop]

Graph 2 CAF WOMEN ENTREPRENEURS: Total amount loaned per month per cycle



Members of this group also experienced a new form of financial consciousness from the influence of money on their life in general. During the Final I workshop, Caroline explained this as follows: “Yes, but that [participation in the group] is mainly due to the fact that you just think about money! What does money actually do to you?” [Final I workshop]. This is linked to Tanja’s observation that starting entrepreneurs tend to aim for the sky and have difficulties thinking smaller. But members of this CAF group also observed that the money handled in their group would intensify their mutual relations and increase their trust in each other. Gerdien explained it this way:

At the banks, it is all about competition and returns. But you don’t have that here at all. You have a connection here, and it is also much nicer. That is also a bit of macro and micro. So the more you save, the more we grow together, the more is your individual profit. That is also just an insight [...] I really would not borrow money from the bank anymore. Yes, that is also a kind of consciousness. But it is also a personal insight ... [...] Yes, and I have fun doing this, very different from going to the bank. I’ve never laughed at a bank before. I find it very funny here. It has something playful. [Final II workshop]

Thus, handling money within this CAF group also meant a lot of laughter and joy. Members enjoyed handling cash only and felt this as something much more positive than they generally experienced when dealing with a bank.

5.2 CAF MEN

CAF MEN was made up of men with different ethnic, religious, and economic backgrounds (see Table 4). The men met every first Friday of the month at a “men only” participation centre in The Hague. All participants were migrants, except for one who was native Dutch. Their educational levels differed significantly, and many received social welfare benefits. In September 2013, Ercan, the coordinator of the centre, selected the initial group members, but within the first two months new members joined; others dropped out over time as well. For two years, a stable group of men participated, even though changes occurred from the first to the second cycle. One of the centre’s volunteers, Piet, had a very prominent position in the group and eventually served as the coordinator, taking over tasks that were originally carried out by the initiator. The morning of every meeting day, the coordinator’s main challenge was to remind the other men of the upcoming meeting and press them to arrive on time. He either called them by phone or talked to them personally. Their talk during the meetings remained rather functional, but they also had contact outside the meeting during other activities in the centre. Most talking dealt with issues such as “being on time” and “not attending at all,” as Piet often complained. He linked this to the fact that most of the men were unemployed and depended on social welfare benefits. Even though the group met on a regular basis for two years, punctuality and attendance issues were one of the reasons why Ercan, the initiator from the community centre, decided not to continue the group at the end of the two-year research period. Without the guidance and constant pressure from Ercan and Piet, the CAF MEN group fell apart.

Table 4 Individual characteristics of CAF MEN members

CAF MEN	CYCLE 1: Sept 2013 – Sept 2014	CYCLE 2: Sept 2014 – Aug 2015
Number (Total number of members at end of cycle)	11	11
Age	50–75	35–75
Sex	Men only	Men only
Origin	Netherlands, Iraq, Suriname, Guinea –Conakry, Turkey	Netherlands, Egypt, Iraq, Suriname, Morocco
Level of education	Mostly high school and vocational training	Mostly high school and vocational training
Sources of income (Paid salary (A), Social Benefits (B), Entrepreneurship/Self-employment (C))	A: 3 members, B: 8 members	A: 3 members, B: 8 members
Net income (individual)	€500–2,200	€500–1,750
Net income (household)	€500–3,800	€500–2,200
Dropout rate	Four members left the group before the end of the cycle	Four members left the group at the end of cycle
Membership growth	-	Four members joined

CAF MEN concentrated on savings only (see Table 5). Loans were discussed several times but for different reasons were never provided.

Table 5 Financial performance of CAF MEN

Financial Factors	CYCLE 1: Sept 2013 – Sept 2014	CYCLE 2: Sept 2014 – Aug 2015
Agreed minimum amount of savings	€10	€10
Average monthly savings per member	€17	€11
Total savings	€1,510	€1,100*
Total value of all loans	-	-
Interest rate	-	-
Return on total savings	-	-
Number of loans	-	-
Average loan size	-	-

* The total savings amount is based on a restricted set of data because the final bookkeeping was destroyed due to miscommunication between the CAF MEN and me.

The members regularly saved €10 to €30 per person per month (see Table 5). For them, saving was the most important motivation for joining the group. Describing a specific experience, Kamal explained why he thinks that savings are so important to him and the others:

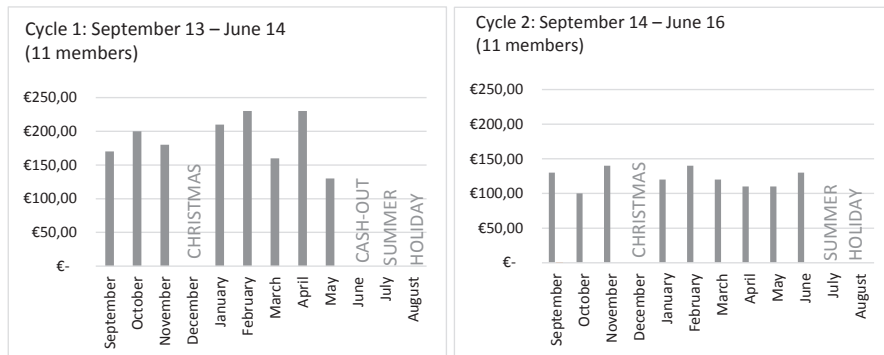
Look, I also want to go on holiday. I also want to do certain things. Here, you know you have a pot. You get your turn. If you want, you can pay, if you don't want to go anywhere, you just save, maybe you've put something somewhere, then you do that. You may need it a day later. [...] Once, I had to buy a TV. And I saw an offer of those smart TVs in the BCC brochure. And it was something like 700, I think. I said, no, it's not going to be cheaper, this is my chance. I asked them if I could just do it on instalments [...] They looked, and they said, "No sir, you are on social benefits, and it is not possible." I started to doubt, but I wanted the TV! What should I do ... I said, wait! I'm going to get some money somewhere. I'm not going to say that I have the money at home. Then I take it in cash. If I had not saved, I would not have been able to buy it. [Interview]

At the beginning, loans were a highly debated issue in the group. Piet was one of the opponents: *"I don't want people to be forced or encouraged to borrow. It should only be about saving and not about borrowing. If we do it with borrowing, I will not participate. People may not be able to pay it back, and then they and the others will run into trouble" [Formation workshop]*. The group was dominated by members who feared that they would not be able to repay loans or, even more importantly, that others would not be able to do so. They also feared that providing loans to each would affect their social relations in a negative way, as Darshan has experienced before:

I have lent a lot of money to friends, and it has not always worked out well. You lose your money, and you lose your friends too. So, look, if they are good people, then it's not a problem for me, but if a person can't pay then you lose him from the group and the money is gone. [...] Maybe he won't come to the centre anymore [laughs]. That is a risk factor. And from experience, I say that it often causes problems with people. [...] Things are going well at the beginning, but at the last minute you will experience problems. You lose your friend and you lose your money. [Interview]

Some of the very vulnerable men dropped out of CAF MEN early in the first cycle, taking their meagre savings of €10 to €20 with them. At the end of the first cycle, another member left because of health-related issues. He had one of the highest savings amounts during that cycle and was more than happy to cash out his savings of €160, which he considered a financial buffer for his difficult personal situation. The differences in total savings per cycle were not related to a drop in individual savings but were caused by the departure of two members who had saved the most during the first cycle. The remaining members maintained stable savings behaviours over the two years (see Graph 3).

Graph 3 CAF MEN Cycles 1 and 2: Total savings per meeting



Many CAF MEN members appreciated the financial bookkeeping skills they acquired in the CAF group. Each meeting, the members appointed a new bookkeeper. This bookkeeper was closely supervised by Piet, who was always scared to lose control, especially concerning the finances. The money was counted by someone else in the group. As a consequence, Manzoor, for instance, even set up an Excel table to gain more insight into his personal income and expenditures: *“This way you can see how much you can spare at the end!”* [Final II workshop]. During the Final II workshop, Mehmud said that he had learned that one always has to double check one’s financial administration: *“Financial administration has to be double checked for every cost, because mistakes are made easily. I really learned that you have to double check something if you really want to do something*

well” [Final II workshop]. After each cycle, I prepared a “certificate of participation” for each member. They were all proud to have their pictures taken with their certificates.

5.3 CAF GHETTO

The CAF GHETTO group, consisting of four members and their three children, was initiated by Sonia, an Antillean student (see Table 6). By creating a CAF group, Sonia – mother of a little boy (1) – aimed at motivating other members to improve their savings behaviour. Sonia had had very positive experiences with ROSCAs, and that was an important motivator for her to start the group. All members of the group already knew each other and were motivated to join given their earlier positive experiences with ROSCAs. In addition to her boyfriend Charles and brother Devin – with whom she lived in one house – Sonia also asked her best friend Diana to join this group. Charles and Devin had no formal employment and did not earn a regular income when the group began. They depended strongly on Sonia’s education grant. Diana lived as a single mother with her two daughters (ages 3 and 8). All four adults had (partly completed) lower or higher education backgrounds. They also had debts ranging from €8,000 to €30,000. During the first cycle, the women started to include their three children in the savings activities. The meetings initially took place at Sonia’s home. Later, Sonia’s family moved in with Diana in the city centre to save on rent and the meetings took place there.

Table 6 Individual characteristics of CAF GHETTO members

CAF GHETTO	CYCLE 1: Sept 2013 – Aug 2014	CYCLE 2: Sept 2013 – Jan 2015
Number (Total number of members at end of cycle)	4 adults (3 children)	3 adults (3 children)
Age	28–35 (1–8)	28–35 (1–8)
Sex	2 men, 2 women (3 children)	1 man, 2 women (3 children)
Origin	Dutch Antilles	Dutch Antilles
Level of education	Vocational education, higher education (BA)	Vocational education, higher education (BA)
Sources of income (Paid salary (A), Social Benefits (B), Entrepreneurship/Self-employment (C))	A: 1 member, A/B: 3 members	A: 1 member, A/B: 3 members
Net monthly income (individual)	€0–1,150	€600–1,150
Net monthly income (household)	-	-
Dropout rate & Membership growth	All members were active	One member dropped out

CAF GHETTO concentrated on savings only (see Table 7). The bookkeeping was initially done by Sonia, but at the beginning of the first cycle, she tried to engage the other adults, especially the men. During the second cycle, the members of CAF GHETTO did not succeed in coming together on a regular basis and the activities were often controlled by the two women only. The few times that they met were due to my initiative rather than their own.

Table 7 Financial Performance of CAF GHETTO

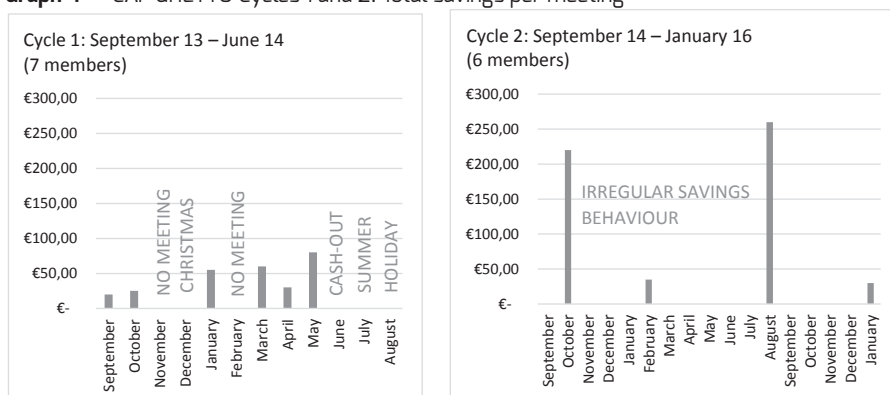
Financial factors	CYCLE 1:		CYCLE 2*:	
	Sept 2013	– Aug 2014	Sept 2013	– Jan 2015
Agreed minimum amount of savings	€5		€5	
Average monthly savings per member	€6		Not representative	
Total savings	€270		€545	
Total value of all loans	-		-	
Interest rate	-		-	
Return on total savings	-		-	
Number of loans	-		-	
Average loan amount	-		-	

* During the second cycle, CAF GHETTO saved on a very irregular basis and larger amounts of money were moved in and out of the cashbox without being registered properly.

At the beginning, the women of CAF GHETTO were highly ambitious to meet on a monthly basis and to be able to save again. Despite the strong motivation of the female members, the savings behaviour of CAF GHETTO was very irregular (Graph 4). After the first cycle, Sonia said: *“Feels good to save money. It gives us a feeling of being proud to be able to save this kind of money”* [Final I workshop]. But it remained an ongoing challenge to arrange a time to meet, and sometimes no one saved anything at all. During the second cycle, I only joined in occasionally. During that period, group members did not save on a regular basis; they deposited money irregularly and took money from the cashbox for different reasons. For instance, they had received money as a grant from an aunt living abroad. That money was put in the cashbox as savings but later taken out again to pay some urgent energy bills without noting the withdrawal in the financial record.

During my initial informal talks with Sonia, she had mentioned her wish to provide each other with loans. At that time, she was also thinking about setting up a business to sell aloe vera products. However, the business idea has not been realized, and the need for loans did not arise in the group. Due to their own history of debt, Sonia and Diana were extremely hesitant about issuing or receiving loans in general. For them, it was much more important to increase their savings instead.

Graph 4 CAF GHETTO Cycles 1 and 2: Total savings per meeting



CAF GHETTO's difficulties in keeping up their savings were also linked to their difficult financial situations and high levels of debt. For instance, despite outstanding energy bills, it was important to them to heat the apartment at such a level that they were able to wear T-shirts and shorts at home even during the cold and rainy Dutch winter. But Sonia and Diana were aware of the ongoing struggles about finance within the group and enjoyed sharing new insights with their children as part of their financial education. For example, Sonia quickly opened an "account" for herself and one for her one-year-old son. Diana included her daughters more actively in saving: "Look, you have to save money and not waste it! And when you marry, we will have saved enough money for your wedding!" [Regular meeting]. The girls loved to participate in the meetings.

Even though the women were highly motivated, the group's performance demonstrates that their initial ambition to save was not very successful in the end. During the member check, however, Sonia explained that participating in the CAF group and gaining insights from the CAF methodology helped train her to increase her self-discipline. She also tried to tackle other habits in her life, such as shopping, in which she had difficulties controlling herself. She explained that she started to think differently about money as a motor of positive change:

Money is a starting point for a feeling of being proud of one's self and more disciplined all around. I became inspired also in other areas. I started to do "meal prep" and made lists for grocery shopping. We also tried to budget to do nice things with the kids. The world has become larger. It is not about the money, it is more what we thought we would do with the money. We had to break the habit of thinking that everything is expensive because there is a lot of fun stuff to do with your children that does not cost a thing. That is the most important. Before I was thinking.... Whatever.

*I do not care. Now I try to think differently and change. But that is very, very difficult. I still have bailiffs staying at my door and waiting for me.
[Member checking]*

5.4 CAF TRANSITION LAB

Since October 2014, CAF TRANSITION LAB, a group with ten participants (see Table 8), has met once a month in a community centre in Amsterdam. All participants are socially engaged women and men living in a neighbourhood characterized as active and engaged. They are either self-employed, formally employed, or still studying. When the group started, the members already knew each other from their activities in and around the community centre. This group was initiated by a strong community leader, Behrouz, who is a resident of the neighbourhood and who inspired others to join. His initial aim was to set up a fund for the neighbourhood community. What that should look like in practice became a challenge for all the members and a point of ongoing discussion. Some members had experiences with ROSCAs before, but that had no specific influence on their decision to start the group. Members immediately started to save on a regular basis, but they did not see any need to provide each other with loans until some months later. The second year proved to be more challenging. In spring 2016, Mahin, the informal coordinator of the group, tried her best to find a common meeting date, but the members' busy daily lives did not make her job easy. When she was about to give up and close the group, the other members protested and expressed their wish to continue the group's activities.

Table 8 Individual characteristics of CAF TRANSITION LAB members

CAF TRANSITION LAB	CYCLE 1: Sept 2014 – Aug 2015	CYCLE 2: Sept 2015 – Nov 2016
Number (Total number of active members at end of cycle)	10	10
Age	30–65	30–65
Sex	2 women, 8 men	2 women, 8 men
Origin	Netherlands (4), Iran (3), Serbia (1), Germany (1), Morocco (2)	Netherlands (5), Iran (2), Serbia (1), Germany (1), Morocco (2)
Level of education	Some vocational training, mostly higher education (BA, MA)	Some vocational training, mostly higher education (BA, MA)
Sources of income (Paid salary (A), Social Benefits (B), Entrepreneurship/Self-employment (C))	A: 1 member, A/C: 3 members, B: 1 member, B/C: 2 members, C: 2 members	A: 1 member, A/C: 3 members, B: 1 member, B/C: 2 members, C: 2 members
Net income (individual)	€1,000 –2,500	€1,000 –2,500
Net income (household)	€1,250 –5,000	€1,250 –5,000

The members of CAF TRANSITION LAB saved on a regular basis and provided each other with loans (see Table 9). They also aimed at benefiting the neighbourhood.

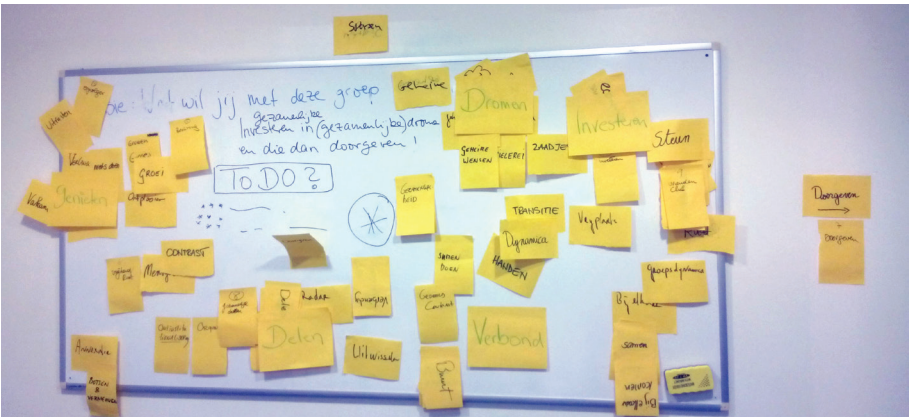
Table 9 Financial performance of CAF TRANSITION LAB

Financial Factors	CYCLE 1:	CYCLE 2:
	Sept 2014 – Aug 2015	Sept 2015 – Nov 2016
Interest rate	1%	1%
Average monthly savings per member	€13	€18
Total savings	€1,020	€890
Total value of all loans	€360	€1,000
Return on total savings*	€21,60	€5
Number of loans	1	2
Average loan amount	€360	€500

* CAF TRANSITION LAB decided not to cash out their savings at the end of the first cycle. They continued throughout the two cycles without providing members with a return on their savings.

At CAF TRANSITION LAB, the members saved on a regular basis, usually €10 per person per meeting. This was what they had agreed upon at the beginning, and they did not question that decision throughout the cycles. During the Process I workshop, I questioned their rather restricted saving behaviour in relation to their high ambitions to use their savings as a community fund. I asked them to formulate a common vision, and their response was the following mission statement: *“Invest in shared dreams and pass them on to others”* [Process I workshop, see picture 3]. For the many idealistically driven members among them, it was very important to serve the community and not their own personal consumption or business needs. They felt this fund would be a way to do that. But even though they persisted in following their dreams, they did not adapt their savings behaviour to this new ambition.

Picture 3 Progress I workshop for CAF TRANSITION LAB

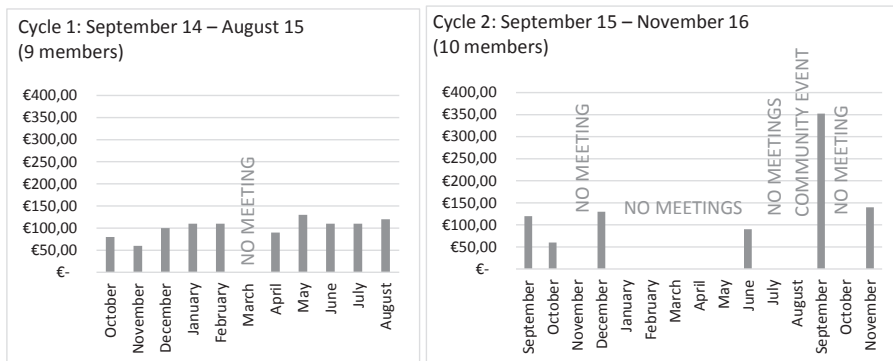


In the second year, however, they decided to increase the volume of their group's capital, not by savings, but by a new enterprising activity. During a local street festival, they sold second-hand books and food:

I arrived around 3 pm when preparations for the party were already in full swing. The stand has been set up and seven members are present. One half of the stand is furnished with all the books from the community centre. These are for sale for €1 each, and members' enthusiasm is quite high from the start. In addition, they are selling self-made beef burgers. The group has spent €100 on material and hope to earn €200. Ivo has been working on this for two days and is now working with enthusiasm behind the stand. The banner of the CAF initiative will be placed behind the barbecue, and we will hang a number of flyers on the stand. The atmosphere is cheerful. They are happy that books are being sold quickly. [...] Although the members of this group are quite diverse, I notice a strong connection – “We the CAF group!” [Fieldnotes]

The total amount of money generated (€352) was invested in the group fund (see Graph 5). In addition to making this economic investment, they also aimed to become more visible as a CAF group in the neighbourhood and to promote the idea of CAF groups in general.

Graph 5 CAF TRANSITION LAB: Total savings per meeting



For Behrouz, who initiated the group, the possibility of loans for himself or for someone else in the group was not that important. In this respect, he also influenced the other group members. Even though a few of the entrepreneurs expressed interest in small business loans during my interviews with them, it was not until the end of the second cycle that the first business loan was provided to a group member. The group

instead aimed at using loans for community or social purposes. This was realized halfway through the first cycle: a loan of €360 was apparently granted not to one of the members but to someone else outside the group. At least that was the impression I got. But later, Behrouz explained what had really happened:

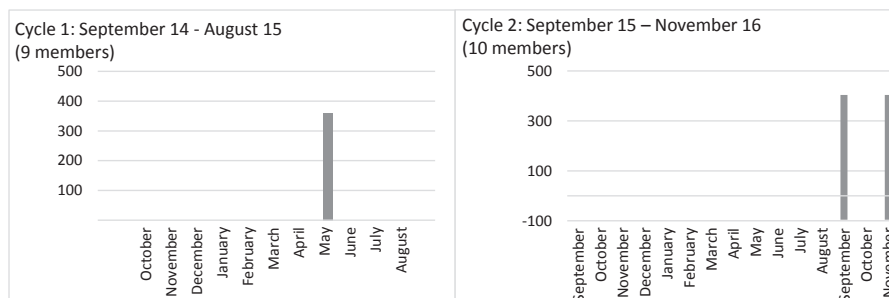
Around my loan a very fantastic thing happened. [...] I said I wanted to give someone a loan. But I didn't want to say to whom. Then, we were talking about what we were going to do with this situation: how much should we know of each other's financial affairs? But then we immediately said, guys, we trust each other. [...] But the person in question was Ismael [also member of this group], and he was simply sitting there too. But he couldn't keep it to himself, and he just said, "Guys, that loan was for me." [...] He actually had a lot of trust in the others. So it was actually a very moving situation. [Final II workshop]

This example demonstrates the increasing level of trust among the members as well as their social motivation. Later in the second cycle, one loan of €500 was given to someone from the neighbourhood who experienced a financial emergency.

During the member check, the CAF members discussed what it actually meant to them to provide each other with loans, or to at least have the opportunity to do so. For them, the value of the money was less important than what they could actually do with it. This was very different from what they generally experienced at the bank, as I summarized in the following field note:

At the bank you are just a number. They always want something from you. You are just a customer with a wallet that needs to be tested for risks, interest rates, and the time needed to pay back a loan. The human aspect has totally disappeared. Within the CAF group, the focus is on the members themselves and their needs. Members would not care if they lost money because it is for the other members. Within the CAF group, money comes much closer to you. Money becomes emotional again, and you attach much more responsibility to it. You would rather pay the group back than a bank. Because you know exactly who the money belongs to. No certainty is provided to the group, no risk-based thinking. It has everything to do with trust. [Field notes from member checking]

Graph 6 CAF TRANSITION LAB: Total amount loaned per month per cycle



5.5 CAF COMMUNITY PILOT

CAF COMMUNITY PILOT was set up in a community centre in The Hague. I had established contacts with the centre through one of their volunteers, and together we organized an information session on CAF groups. During that session, we formed a group of seven men and women (see Table 10). Most of them had never seen each other before, and none of them had ever heard of ROSCAs before. Members were either self-employed in the creative industry sector, formally employed, or unemployed and looking for a job. The group met on a regular basis for one year. During that year, members saved about €10 to €40 per person per session and granted each other loans for personal needs. After one year, the group activities stopped. A few participants expressed the intention of organizing a savings group in the future, but that plan did not materialize.

Table 10 Individual characteristics of CAF COMMUNITY PILOT members

CAF COMMUNITY PILOT	
CYCLE 1: Feb 2015 – Nov 2015	
Number (Total number of active members at end of cycle)	7
Age	40–60
Sex	4 women, 3 men
Origin	Netherlands
Level of education	Some vocational training, mostly higher education (BA, MA)
Sources of income (Paid salary (A), Social Benefits (B), Entrepreneurship/Self-employment (C))	A: 3 members, A/B: 2 members, B: 1 member, C: 1 member
Net income (individual)	€500–2,000
Net income (household)	€500–3,000
Dropout rate & membership growth	No member left or joined the group

In this CAF group, members saved on a regular basis and provided each other with loans (see Table 11). The members of CAF COMMUNITY PILOT were particularly interested in participating in a financial experiment.

Table 11 Financial performance of CAF COMMUNITY PILOT

CAF COMMUNITY PILOT	CYCLE 1:
	Feb 2015 – Nov 2015
Number of meetings	10
Interest rate	0
Average monthly savings per person	€17
Total savings	€1,080
Total value of all loans	€1,000
Return on total savings*	0
Number of loans	6
Average loan size	€166

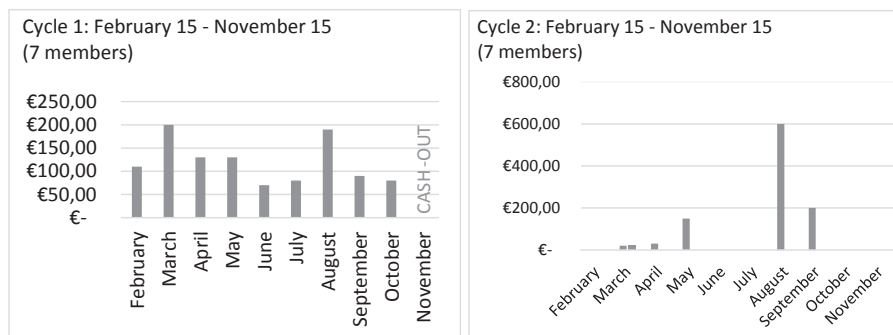
* The group decided to use no interest rates.

After two months, they started to experiment with issuing small loans of about €20. Several months later, they began to provide each other with larger loans, for example for car repairs and training course fees. They explained that they would handle loans from the CAF group in a more responsible way than they had handled money they had previously received from a bank:

- Kelly: You actually have a kind of different behaviour with this system than when you do business with the bank.*
- J: How exactly would you describe that?*
[silence, hum]
- Helga: More social and a greater group responsibility.*
- Dennis: Yes, but also more responsibly towards yourself.*
[Final I workshop]

Throughout the cycle, the members also discussed whether and how they could link their savings and loan activities to issues of sustainability and community development in general (see Graph 7). One of the ideas discussed was the purchase of solar panels for private households. But that idea was never realized.

Graph 7 Total of savings per meeting and total of loans per meeting



5.6 Conclusion

I initiated each of the CAF groups described in this chapter using connections in my personal and professional networks. Most of the members within each group knew each other before the group began. The members of CAF COMMUNITY PILOT were the exception; they met for the first time during an informational meeting at a community centre in The Hague and decided to start a group at that time. The composition of members was very diverse and differed between the five CAF groups. CAF MEN, CAF WOMEN ENTREPRENEURS, and CAF TRANSITION LAB had the most diversity in the ethnic backgrounds of their members. CAF WOMEN ENTREPRENEURS, CAF TRANSITION LAB, and CAF COMMUNITY PILOT had the highest educated members. In contrast to the other groups, CAF MEN and CAF WOMEN ENTREPRENEURS were single-sex groups.

Members' savings and loan behaviours were also different between groups. CAF MEN and CAF GHETTO members concentrated on savings only, with minimums of €5 (CAF GHETTO) and €10 (CAF GHETTO) per person per meeting, which were seldom exceeded. Whereas the members of CAF MEN were successful in saving regularly for the entire two-year period, the members of CAF GHETTO had more difficulty, especially in the second cycle.

In CAF COMMUNITY PILOT and CAF TRANSITION LAB, members saved and lent money to each other once in a while. In CAF TRANSITION LAB, the monthly savings did not exceed the initially agreed upon €20 per two months. Loans were provided for private matters, most of them to group members but also some for members of the external community. Members of CAF COMMUNITY PILOT had a larger variety of savings amounts per month. They also provided each other with loans for social and private purposes.

CAF WOMEN ENTREPRENEURS was the only group in which members saved and provided loans to each other on regular basis. The savings amounts increased significantly during the two cycles. As a result, the women also asked for larger loans and thus generated a higher return on their savings. The majority of the loans were for business investments.

This chapter provides foundational information to help readers better understand interpretations of the empirical findings discussed in next three chapters. Chapters 6 and 7 focus on the individual member level by applying three selected capabilities. Chapter 8 focuses on the group level by investigating whether the five CAF groups could be regarded as communities of practice.



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Do-It-Together Finance! A participatory action research on community-based finance systems in the Netherlands⁸

6.1 Introduction

For decades, the Netherlands was considered to have a national welfare regime ranking highly in terms of providing opportunities to participate in society (Murie & Musterd, 2004). Today, however, social assistance is declining due to high costs, an ageing population and the economic crisis (Yerkes & van der Veen, 2011). In the Netherlands, microfinance institutions have been designed to increase social and financial inclusion. The most important and largest Dutch microfinance institution Qredits has been functioning since 2009 after being founded by the Ministry of Economic Affairs, Agriculture, and Innovation in collaboration with private and public partners (Lobbezoo, 2010). Like many other microfinance initiatives in the Netherlands, Qredits (2013) focuses primarily on lending to micro and small entrepreneurs. The average loan size of credit distributed by the institution is approximately €16,400 while the maximum loan size has been raised from €50,000 to €150,000. This increase demonstrates a greater focus on small enterprises and, to a lesser extent, the small-scale income-generating economic activities of the vulnerable in the Netherlands.

To cope with financial inclusion, we can learn from recent developments in the Global South. Research worldwide has shown that vulnerable people have access to finance outside the formal financial sector. In the Global South in particular, people have initiated financial solidarity initiatives at the grassroots level. Rotating Savings and Credit Associations (ROSCA) are one of the most widespread and popular informal financial arrangements in the Global South. ROSCA participants contribute a fixed amount to a common fund which is then given to each contributor in turn.

⁸ For this article, I set up the theoretical framework based on the capability approach. I also collected, organized, and coded the empirical data. The analysis and discussion of the empirical data was carried out in close collaboration with the co-author Peer Smets (Lehmann, J. M., & Smets, P. (2014). Do-it-together finance! A participatory action research on community-based finance systems in the Netherlands. *International and Multidisciplinary Journal of Social Sciences*, 3(3), 268-296).

Once all participants have received the fund, the ROSCA can stop or continue with a new cycle (Bouman, 1995).

Since the early 1990s, international development organizations have learned from these ROSCAs. As an alternative to the traditional microloan and ROSCAs, these organizations have developed a new methodology for setting up so-called self-financed groups (SFGs) to improve the well-being of vulnerable people in Africa, South America, and Asia. Most SFGs function like autonomous “mini banks.” In contrast to microloans, SFGs do not rely on donations, grants or loans from formal financial institutions but are self-reliant based on the group’s savings fund. Unlike ROSCAs, SFGs are implemented by an external institution and they depend on a more advanced set of (adaptable) rules which provides them with more flexible, transparent, and reliable financial services. SFGs have been implemented for millions of vulnerable people in Africa, Asia, the Americas and, more recently, Europe (Fleischer-Proaña et al., 2011; Hendricks & Chidiac, 2011). These SFGs are given different names, depending on the implementing organization; for example, “village savings and loan associations” by CARE (Cooperative for Assistance and Relief Everywhere) or “community-based saving groups” by Aga Khan Foundation. SFGs directly relate to their members’ financial and social needs. These groups serve as financial safety nets, generate significant economic benefits, improve personal financial management skills, empower members in terms of their social status, relationships and social networks, and even stimulate entrepreneurial activities (Hendricks & Chidiac, 2011).

Since 2004, the Spanish foundation *Asociacion de Comunidades Autofinanciadas* (ACAF) has gained experience in setting up SFGs, known as CAF groups in the European context. CAF stands for the Spanish term *Comunidades Auto Financiadas* (self-financed communities). ACAF started in Catalonia (Spain) and has successfully implemented about 80 CAF groups since 2004 (Korynski & Rodriguez-Ferrera, 2010). Generally, CAF groups are composed of a maximum of 30 members, which meet on a monthly basis. Each member saves money which is deposited into a common fund and the amount saved determines each individual’s capacity to apply for a loan from this fund. All financial transactions are recorded and cash balances of every meeting are deposited and kept in a box. The group decides whether interest is paid on loans extended and interest payments remain within the group before eventually being distributed among the participants. Members share responsibility and ownership from the first day onwards. In sum, every group functions according to the same structure but each sets its own rules and regulations.

The practical experience of ACAF in Barcelona (Korynski & Rodriguez-Ferrera, 2010), as well as recent research findings in developing countries (Fleischer-Proaña

et al., 2011; Hendricks & Chidiac, 2011) suggest that the CAF approach appropriately meets the needs of vulnerable target groups. Yet, the performance of SFGs with regards to well-being has not been investigated in Europe. To fill this gap, in September 2013 the first author of this article started a PAR project by initiating a number of CAF groups in the Netherlands. The aim of this project is to provide further insights into the operational features of community-based financing mechanisms such as CAF groups with initial findings indicating how such grassroots solidarity may contribute to the well-being of vulnerable people in the Netherlands.

The structure of this paper is as follows. First, the theoretical framework, based on Amartya Sen's capability approach, will be presented while the research design based on Participatory Action methodology will be explained. Then, the cases of three CAF groups in the Netherlands are presented, compared, and discussed.

6.2 The Capability Approach: An alternative welfare approach

Across the world, the concept of well-being is defined according to different theoretical approaches, but measurement and operationalization remain major challenges. In Europe, well-being has been measured through mainly quantitative studies on social exclusion and inclusion. Scholars agree that exclusion and inclusion refers to simultaneous processes and conditions where individuals or groups are neither completely included nor excluded from public services and different layers of society (Burchardt et al., 2002).

According to Sen (1993), however, such traditional approaches of welfare economists are ignorant of the capability of people themselves to change and adapt their conditions to enhance their well-being. Rather than measuring well-being through general macroeconomic quantitative data, Sen examines well-being in terms of a person's capability "to do something valuable or to reach a valuable standard in life" (Sen, 1993, p. 30). Since the early 1980s, the capability approach has been used as a broad normative framework for the evaluation and assessment of individual well-being and social arrangements. For this paper, Sen's notions of functionings, capabilities, and freedom of choice serve as sensitizing concepts to investigate whether and how people's well-being improves through participation in CAF groups. *Functionings* represent "the various things that a person manages to 'do' or 'be' in leading a life" (Sen, 1993, p. 31). On the one hand, they reflect the state of being of a person, such as being happy or self-confident. On the other hand, functionings illustrate what a person is doing in his or her life such as taking part in a community or investing in the start-up of a business. Nussbaum (2011), another advocate of the capability approach, argues that the notion

of *capability* can be regarded as the “answer to the question, ‘what is he or she able to do and to be?’” (Nussbaum, 2011, p. 20). Therefore, it is a “kind of freedom to achieve various lifestyles” (Sen, 1999, p. 75), which encompasses different sets of functionings. In other words, capabilities are the sum of the opportunities for choice and action (Nussbaum, 2011). The capability approach is based on a person’s freedom of choice. A person should have the *freedom to choose* a particular lifestyle fitted to his or her view of well-being. This freedom is also related to the person’s agency: Every person has to exercise his or her capabilities in the context of external structural constraints and access to basic means. Thus, the freedom to lead different types of lives is reflected in every person’s set of different capabilities which, in turn, depend on specific personal, political, social and economic situations (Sen, 1993).

To operationalize the capability approach, we selected an indicative set of functionings. This is necessary because Sen warns against composing a universal set of capabilities that can be used in different contexts. He argues that capabilities should include the values of the target group with respect to a specific study. Thus, the selection process has to remain open to social discussion and public reasoning (Sen, 2004). In the context of developing countries, for instance, it is possible to base one’s analysis upon a relatively small number of functionings, such as being well nourished and sheltered or having access to clean water. In richer communities, these functionings have already been satisfied. In such contexts, it is more important to look at functionings such as participation in the community as well (Sen, 1983).

For this article, we composed an indicative set of capabilities on the basis of existing data and empirical evidence (Alkire, 2007) of the most widely spread and investigated informal financial self-help group, the ROSCA. The participation in ROSCAs appears to contribute significantly to the well-being of its participants on three major aspects. First, empirical evidence demonstrates that regular participation in ROSCAs enables people with few material assets to build up a reputation for being trustworthy and reliable (Ardener & Burman, 1995; Smets, 2000). That is why participation in ROSCAs is important to strengthen *social networks* amongst friends, neighbourhoods, family or among colleagues at work (Light & Gold, 2000; Smets, 1996). Second, participation in ROSCAs improves the *financial household management* of its participants. Some people respond positively to the group pressure to save money on a regular basis for future emergencies in their households (Smets & Broekman, 1996; Kappers & Lehmann, 2011). Others participate in ROSCAs because of accessible and interest-free loans, which they use to invest in household items, to educate their children or to purchase flight tickets to return to their country of origin (Bijnaar, 2002). Finally, participation in ROSCAs is related to *entrepreneurial positioning*. Among members of the Korean diaspora in the USA, for instance, ROSCAs are widely used to finance

businesses. Korean men and women actually tend to increase their participation in ROSCAs when they arrive in the USA. They use ROSCAs to set up a business and expand their economic activities (Light & Deng, 1995). Moreover, empirical evidence in the Netherlands has shown that members of ROSCAs seem to start social projects or economic activities more frequently, either in the Netherlands or in the participant's country of origin (Kappers & Lehmann, 2011; Bijnaar, 2002). These insights provide the following three capability sets (CS):

- CS1:** Being able to develop and maintain a diverse social network (social networks)
- CS2:** Being able to control one's household (financial household management)
- CS3:** Being able to adopt an enterprising attitude and take initiative (entrepreneurial positioning)

6.3 Research method and design

Most research studies based on the operationalization of the capability approach are of a quantitative nature (Robeyns, 2006; Anand et al., 2008). In line with Sen, Alkire (2007) argues that the target group has to be involved in the selection of the relevant capabilities and functionings as this is sensitive to subjectivity and value judgment. That is why Alkire and other researchers have recently promoted the methodology of PAR as an appropriate instrument to operationalize the capability approach (Robeyns, 2006).

This research applies a combination of inductive and deductive elements which is achieved through the application of PAR methodology. Generally, studies based on this methodology aim to solve particular social problems together with the target group in real-life situations. Even more so than other qualitative research designs, PAR is based on ongoing research cycles (plan, act, observe, and reflect) (Berg, 2004), which resemble the constant comparative method (Corbin & Strauss, 1990). In general, more traditional research methodologies assume that the researcher is a "neutral, value-free" operator. PAR researchers, however, accept the responsibility of being actively involved in the research and transformation process (McNiff & Whitehead, 2006).

6.3.1 Data collection and analysis by PAR research cycles

Two groups were set up in August 2013 and another one in January 2014 (for details see Table 12). At the end of a yearly cycle, money saved was transacted to the members of CAF Men and Ghetto. The CAF Women Entrepreneurs are continuing their activities until January 2015.

Table 12 Overview of CAF groups

CAF	Members (July 2014)	Gender	Age	Ethnicity	Occupation	Income (in euros)
Men*	13	Men	50+	Mixed	Jobless/ retired	800-1300
Ghetto*	5	Mixed	27-33	Homogenous	Student, low income, jobless	700-900
Women Entrepreneurs*	9	Women	40+	Mixed	Entrepreneurs	1200-3000

* The names of the groups are anonymized.

Data collection consisted of semi-structured interviews with all members at the beginning of the CAF cycle and ethnographic field observations of monthly group meetings. Based on the PAR methodology, the members of CAF groups were asked to reflect on their sets of capabilities and functionings during two participatory workshops: the first after 5–6 months (progress) and the second at the end of the cycle (final) (see Table 13). Similar to the constant comparative method, data analysis was carried out as a continuous process during the entire research period (Strauss & Corbin, 1990). The data were coded to identify common patterns and concepts specifically in relation to “capabilities” and “functionings.”

Table 13 Time span of CAF groups (2013–2014)

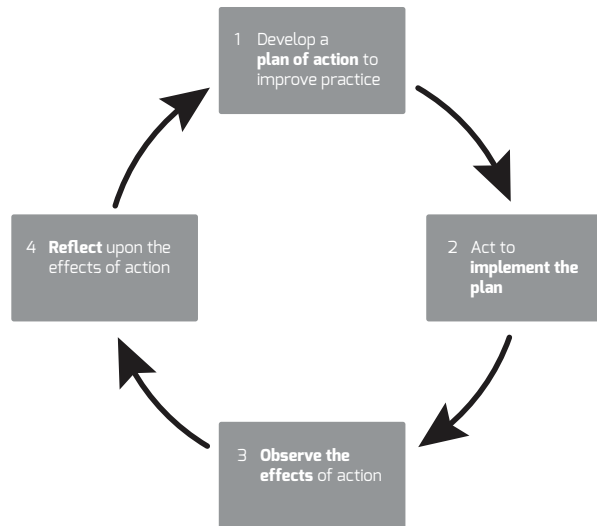
CAF	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	July	Aug
Men	1	2	3	-	4	5 Progress	6	7	8	9 Final	-	1
Ghetto	1	2	3	-	4	5	6 progress	7	8	9 Final	-	1
Women Entrepreneurs	-	-	-	-	-	1	2	3	4	5	6 progress	7

Note: Numbers refer to the months of being operational

6.3.2 Role of Action Researcher

Generally, more traditional forms of research assume that the researcher is a neutral, value-free operator. However, PAR constantly stresses the double role of the researcher (McNiff & Whitehead, 2006). These research cycles spiral through time and new questions, new literature and new methods can emerge (Herr & Anderson, 2005) as illustrated in Figure 7.

Figure 7 Action Research cycles



Source: Berg (2004)

6.4 CAF Groups

In this section, we introduce three CAF groups and reflect on how participation in these groups during the first year influenced the capability sets (as laid out above) of its members: (CS1) their ability to develop and maintain a diverse social network; (CS2) their ability to control their household management, and (CS3) their ability to adopt an enterprising attitude and to take initiative. For each case, attention will be paid to the characteristics of the group as well as its participants. The focus will be on the capability sets of participants by illustrating their functionings at the start of the group, the expectations of their participation and, finally, functionings achieved at the end of the first year of participation.

6.4.1 CASE 1: CAF Men

In this CAF group, men with different ethnic, religious, and economic backgrounds took part. All participants were migrants, except for one native Dutch person, who is a volunteer at the centre. Most of the members were Hindustani originating from Suriname (8), and others came from Iran (1), Iraq (2), and Turkey (1) with all having lived for 15–40 years in the Netherlands. Moreover, their education levels differed significantly and many were receiving social security.

Since September 2013, on every last Friday of the month, the CAF Men met at a participation centre for men only in The Hague from 6 to 7pm. Some of the participants did not attend punctually which often caused conflicts within the group. Ercan, the coordinator of the centre, initially selected group members, but within the first two months new members joined, while others dropped out. After six months, the group consisted of 13 participants. At the start of the cycle, the participants indicated that they did not trust each other sufficiently to provide loans to one another. Most were aware of the existence of ROSCAs in the Netherlands and some had previously participated in them. A few had negative experiences during their previous participation resulting in mistrust and hesitation toward borrowing and going into debt. The CAF group activities included keeping savings safe, but the members could withdraw them at any moment throughout the course of the year. Three men withdrew their savings and left the group. Two men within the first two month of the cycle and one only two meetings before the end of the year. The other participants continued depositing monthly amounts of cash in a common pot, which was kept safely in the participation centre. The provision of loans remained a point of discussion though, and it is probable that the provision of loans will be introduced in the beginning of the second yearly cycle of 2014–2015.

CS 1: Social networks

The men in this CAF group had an internal and external social contact (i.e., within and outside the CAF group). These contacts influenced the trust relations among the group members in a different way although, generally, the partaking men knew each other from the activities organized in the centre. For all CAF members, the participation centre plays an important role regarding their social life. The participating men regularly attended to play cards, drink coffee or partake in organized workshops and debates. Ercan, the coordinator of the centre, knew all group members well. He had selected the initial participants based on their capacity to manage their household budget. Some of the selected members were in debt while others were known to be very capable of managing their finances. Some had a very active social life both in the centre and elsewhere but some participants depended on the centre for their social

contacts. Playing cards was considered a particularly cohesive social activity, especially for the Hindustani participants. Anil and Benny, two members of this group, related their level of social contact and trust to the issue of lending money to each other. Anil had known the other Hindustani men for about one year and was willing to help others and expect the same from them in return. Benny had been visiting the centre since 2008 but he was more hesitant regarding mutual financial support: “Money is a risk. In this respect, I do not know them. Daily, I sit with them together, but I do not know how they manage their finance.”

Many participants expected that their participation could help them to extend their social networks. The Hindustani men associated participation in the CAF group with the comfortable togetherness they enjoyed at the centre already. Once some of them decided to join, others followed. However, throughout the year, social contact between the members remained rather superficial as personal issues were not discussed during the meetings. They still expected the CAF organizer to play a leading role concerning the implementation and management of the financial procedures. When the CAF organizer encouraged the members to take part in discussions, for example concerning the question of providing loans to each other, the majority became actively involved. In addition, socializing in the common room of the centre after meetings was highly appreciated by many members.

When the CAF Men group started, trust relations were rather weak, but getting to know each other and the discussions during the CAF meetings had led to improved trust relations as discussed during the PAR workshops. Below the most common reflections are provided:

- *Mutual involvement and coming together create trust and a personal connection.*
- *Trust in the group is stronger than outside the group.*
- *One can trust people who keep their promises. They feel responsible.*

Thus, it can be carefully suggested that the social network in the centre became stronger when members developed a reputation for being trustworthy; this was an important functioning achieved.

CS 2: Financial household management

By checking the financial transactions on their digital banking account, some men had assumed an excellent financial overview and budget management, while others had problems monitoring their financial affairs. None had a bookkeeping system which included their daily expenditures. Most participants lived alone and were therefore responsible for their own budget management. The need for setting priorities became apparent when the CAF participants talked about their savings and borrowing

behaviour. The moral values of most men conflicted with the idea of taking out a loan. Ercan, the coordinator of the participation centre, for instance, considered obtaining credit to be a loss of control resulting in a very insecure feeling. One of the participants, Paul, explained how to avoid borrowing by means of financial priority setting: “If one needs money for replacing a broken washing machine, a lump sum is needed. One should have to be prepared and save.” Another view from another participant about loans was related to negative past experiences. In his early twenties, Anil had to repay a loan of €12,000 which had enabled him to buy a car. Including overhead costs and interest rates, he paid a total of €16,500 in the end. He felt cheated and since then he had preferred only to borrow from somebody with whom he has a good relationship, such as his father or his aunt.

Most men saved regularly and kept their savings in a bank account or at home while men who received welfare were afraid to demonstrate that they were able to save. They feared losing their savings if they got into a position where they needed financial assistance. As for priority setting, most men made a clear distinction between savings and financial reserves. In their view, savings were meant for a very specific good while financial reserves were kept for unexpected life events. Most men put money aside but the amount differed depending on their financial situation in that specific month.

Many men participated in the CAF group because it forced them to save. Thus, the most important achieved functioning of this group was their newly adopted habit of regular saving. Most participants saved €10–40 monthly while only three participants saved irregularly. During the PAR workshop the participants reported what savings meant to them and listed below are the four most common reflections:

- *Teaches you to be more economical.*
- *Regarded as a financial backup.*
- *Savings provide self-confidence and security.*
- *At home, you can easily access the savings of your children. Within the group you do not touch them as you would feel ashamed.*

Improved savings behaviour can impact the life of an individual participant. For example, Corly's debts had spiralled to the point that his budget was now controlled by the government. Nevertheless, he attended every CAF meeting and saved €140 within seven months. A pressing financial need made him decide to withdraw all of his savings before the CAF cycle had finished. He was extremely glad that he could make use of his accumulated savings in this precarious situation. Another achieved functioning was the implementing of the CAF bookkeeping method. At each meeting, a different participant had to fill in the forms, which created a feeling of ownership among the members. For example, Robert was initially rather sceptical but once he

was in control of the bookkeeping, he felt more responsible for the group. He became a reliable, accurate, and engaged bookkeeper, who helped the others out. Here, the bookkeeping element gave participants self-confidence.

CS3: Entrepreneurial positioning

The participants generally lacked the regular income of a steady job. Most participants relied on social security except for the coordinator of the participation centre, his employee, and two elderly participants. Many participants had worked for many years, but had lost their jobs within the previous five years, mainly due to health problems. Interestingly, many participants had tried to set up their own business, or at least considered doing so. However, only Robert had succeeded. He started a driving school and replaced it later with a small supermarket. However, when he became ill, he had to stop and closed down the shop. Today, he depends on his wife's income.

At the participation centre, many CAF members were engaged in voluntary activities. This enabled them to deal with their personal problems, to enrich their networks, and to become more self-confident. But for others, doing voluntary work was not realistic due to health problems. With regards to the entrepreneurial positioning, there was a lack of well-defined expectations. Only Benny proposed to set up additional social activities with the group within the participation centre and wanted to use the savings for this purpose. Furthermore, no new ideas, group activities or engagement emerged among the CAF participants until the end of July 2014. Due to the fact that CAF Men was embedded in the participation centre, the men seemed to have no need to employ social activities within the CAF group as the centre already offered enough possibilities for social activities and meeting one another.

6.4.2 CASE 2: CAF Ghetto

The two men and two women of this CAF group have an Antillean background and are about 30 years old, having lived in the Netherlands for 5–10 years. All have high levels of debt (€8,000–30,000) and have a low to higher education background. Sonia, the initiator of CAF, is a student at the University of Applied Sciences. She had participated in ROSCAs before with positive experiences. By creating a CAF group, she aimed to motivate the other members to improve their savings behaviour too. She was also convinced that participation in a CAF group would better fit her irregular income than had saving in a ROSCA because she would not be forced to save the same amount of money every month. Moreover, she preferred that they borrow money from CAF instead of from her. Diana, Sonia's best friend, joined the group as well. She lives together with her two daughters (aged three and eight). At the beginning of the cycle, the CAF meetings took place at Sonia's home where she lived together with her

boyfriend Charles, her baby boy and her brother Devin in The Hague. None of them were earning a regular income and there was high dependence on Sonia's study grant. Later, Sonia's family moved in to Diana's place in the city centre to save on rent.

CS1: Social networks

All participants had regular contact with each other beyond CAF. As best friends, the women had daily contact by phone. In general, trust relations were well developed. Diana is part of Sonia's larger family, which is reflected in the fact that they regard each other as sisters.

Except for with Diana, Sonia was not able to sustain other social contacts because of financial constraints. Going out and having a drink was too expensive for her. The two men in the CAF group spend money on their social activities. Charles, for example, is a member of an automobile club where he meets like-minded people. Devin speaks good English but even after staying for several years in the Netherlands, he doubts his ability in the Dutch language. That is one of the reasons why he has more friends in the virtual world of gaming than in reality.

As for participation in CAF, Diana wanted to enjoy the experience with Sonia, but the two men appeared to be very indifferent about the social aspects of their monthly meetings. Sonia expected that the household members, especially the men, would learn financial management skills. In general, participation in the CAF group did not provide them with more possibilities to meet, but they tried to organize the meetings in such a way that it could be combined around their social activities. For example, if Diana stayed over for a "girls' night out," it would coincide with a CAF meeting.

CS2: Financial household management

All participants were heavily in debt and the two men in the group have had their seizure of earnings. During the interviews, it appeared that this was mainly attributable to their improper budget management and irregular incomes. Charles, for example, had two smart phones, a car (registered in somebody else's name), and a room full of electronic devices. In the living room, they had a huge flat screen television and several laptops. Although Charles is without a regular job, he earned some income as a temporary substitute within the transportation sector. Devin had lacked income from work since the start of the CAF cycle. His ambition was to save within the group and to move out and live on his own again. In March 2014, he restarted his studies for which he received a small study grant.

All four members made use of their online banking accounts, but only the women appeared to have the capacity to monitor their financial affairs. Both maintained a bookkeeping system in an excel spreadsheet. The men, however, had no overview of the household budget as Devin explained:

'I have no idea because my sister does it all. If I will live in my own house, then I will be able (...), then I will have to do it. In other words, because I stay with my sister, I do not really pay attention to it.'

All participants were principally against taking out a loan. Their reasoning for this, however, differed. Charles explained that even if he wanted to borrow, it would be impossible due to their credit registration at the public foundation BKR. Sonia argued that she first needed a stable income before obtaining a loan. She regretted taking consumption loans previously, which had brought her serious financial difficulties. In contrast to the negative perceptions about borrowing, all participants valued saving. Despite her difficult financial situation in the past, Sonia had always tried to save. Since the arrival of her baby boy, however, she was not able to continue this:

'In my view, saving is a 'must'. (...) . It is really nice to have the possibility to take €20 and go to the movie theatre. And that is what I am missing. This was a kind of freedom which I always had.'

The other members were also accustomed to saving. Charles tried to save about €50 a month whenever he had a job. He used his savings to bridge the periods in between jobs. Before joining CAF, Diana saved €10 monthly and her savings on her personal account reached €25. She withdrew the savings when needed. When Devin still earned some income, his sister Sonia encouraged him to save in his own saving account. Otherwise, he would have spent it carelessly.

The CAF members, especially the women, aimed to save. Savings would, they believed, help to realize ambitions and create financial safety nets for emergencies. At the beginning of the CAF cycle, Sonia expected herself or the others to ask for a loan. During the CAF meetings, Diana and Sonia were always very joyful and happy when they saved €10–20 and deposited it in the common saving box. After a while, even Anna, the 10-year old daughter of Diana, contributed €5 to the group from her own savings and her mother's allowance. During the PAR workshop, Diana and Sonia felt proud when saving.

Since her participation in CAF, Sonia had become determined to have money available for each meeting. According to her, this was a different motivation from the times that she had tried to save on her own. During the first group meeting, the two men joked that bookkeeping was a purely female task and not for men. After that, Sonia tried to encourage the men to fill in the forms to become involved in the household management. Devin participated in the group, but he was hardly able to save. In contrast to their expectations, the group members refrained from asking for loans from the group fund.

CS3: Entrepreneurial positioning

Charles and Sonia are both entrepreneurially-minded. Charles's dream was to start a business in the IT sector while Sonia sold aloe vera products via an American retail company but with limited success. Obtaining permanent employment remained the largest challenge for all members. Due to the shortage of jobs available on the labour market, Devin and Charles in particular were not highly motivated to actively look for a job. Charles had even used the CV and the motivation letter of his brother to apply for a job online because he felt that writing a letter would take too much of his time. Devin tries to manage his search for a job online and sees himself as disadvantaged, because he speaks Dutch poorly and does not have a car. The ultimate aim of Sonia was to use her savings to invest in income-generating activities, but Sonia's business idea was not a big success. It was completely unrealistic for her to take out a loan. In summary, CAF did not bring about any new activities.

6.4.3 CASE 3: CAF Women Entrepreneurs

All nine members of CAF Women Entrepreneurs have a different ethnic background (Dutch, Surinamese, Indonesian, and Congolese) and run their own microenterprises in catering, bookkeeping, and advising/coaching in The Hague area. Most of the women have a higher education background. Tanja, the initiator of the group, is a business advisor and trainer at a business training program for beginner female entrepreneurs. To establish a professional support network and a financial self-help group, she invited former participants to join CAF Women Entrepreneurs. Except for one Congolese woman, the women knew each other from the business training program. The CAF group met monthly at the office of one of the members from 6 to 9pm. Each member saved €20–50 per month and from the second meeting onwards, loans were provided. All of the women involved with a migrant background had had positive experiences participating in ROSCAs before.

CS1: Social networks

The women already knew each other from the business training program and wanted to meet regularly. Most of the women participate in similar business networks, meetings, and conferences in The Hague area. All women also had an active and extended social network of friends, acquaintances, and family and were engaged in voluntary work and had different hobbies. Due to their participation in the business trainings, they knew and trusted each other already. The sensitive issue of trust was only disputed during the first meetings, especially when the provision of loans was discussed but since Tanja, the group's initiator, had obtained her first loan, concerns about trust diminished.

The women took part in the CAF group because it offered them a space for mutual learning between women with different ethnic backgrounds and education levels. The

group members expected that they would gain more insights into business networks. In this way, they wanted to overcome their restricted view of their own business activities. During their meetings, they had dinner, talked, and filled in the CAF form. The atmosphere during the meetings was always very cheerful and amicable; the social contact was very relaxed and intimate. The women talked about a variety of different subjects such as finance and taxes but also about how to lose weight and get into better shape. One of the most important buzz words of this group was “networking,” as they shared insights into other business meetings, public services, and contacts.

CS2: Financial household management

The women entrepreneurs were used to running their own business including financial transactions, which was also reflected in their financial household management. None of them were in debt at the time of the interview. Three members were financial administrators or bookkeepers for larger companies or were self-employed. Those entrepreneurs who lost their jobs and continued as self-employed flex workers had experienced a significant drop in income. All women, whether living alone or with a partner, had an important role in controlling and managing their household budget. Saving and making reservations was, for them, essential because they needed a financial cushion for difficult times ahead. This cushion was hardly used for issues other than business problems or unexpected happenings, such as tax payments or essential household items. Due to the fact that all women preferred to save for unexpected expenses, they avoided taking out a loan.

The women expected that, with the help of the other group members, they could overcome financial shortcomings in the future. Caroline remarked: “I am not good with money, but I want to learn.” In this regard, the group pressure to save was appreciated by all members. They also participated in CAF Women Entrepreneurs because they distrusted formal financial institutions. CAF Women Entrepreneurs was seen as a reasonable alternative as Marijn explained:

‘I got fed up of the banking and insurance sector. I prefer to deal with them as little as possible, because their only aim is self-interest (...). That is why I find these appealing.’

The members discussed the positive and negative aspects of having a safe place for their savings or access to loans. As entrepreneurs, they experienced difficulty in obtaining a bank loan. Participation in the CAF group offered the possibility of having easy access to finance, which was appreciated by the members. During the second meeting, Tanja got a loan of €100 to supplement her travel costs to Suriname for business and private reasons. Two gatherings later, Arti obtained a loan of €240 for her catering business. She aimed to repay the loan as quickly as possible, and wanted to find out how fast

she could earn back her investment. Taking out a loan from the group is decided by mutual agreement, but it should be invested in businesses.

CS3: Entrepreneurial positioning

The participating women are entrepreneurially-minded and have active, busy lives. Most had held a regular job for many years before becoming a consultant or independent flex worker. However, only a few can make a living out of their business activities. Tanja and Joyce, both bookkeepers, had succeeded in doing so; the others still used their savings or relied on pensions, social security, additional income-generating activities or their husbands. Most women were involved in voluntary activities and had time-consuming hobbies.

By participating in the CAF group, the women wanted to learn how they can be more successful as an entrepreneur collectively as well as individually. Collectively, they used the CAF meeting to share their knowledge on a variety of business-related questions. They regarded their participation in CAF Women Entrepreneurs as a pilot project for larger network activities such as setting up a cooperative. On an individual basis, they wanted to have a positive impact on their business by gaining access to finance as well as to networks and knowledge of the other members. Through participation in the CAF group, the women maintained a strong network based on their shared experiences of the previously attended business school. After three months, the first income-generating activity had been created in the group. Arti, who runs an Indonesian catering service with biological and halal food, was proud that she could provide meals for all of the CAF meetings. Every member paid her €5 for this service. Arti also took out a loan of €240 to invest in her business. Another entrepreneur, a photographer, urgently needed a new camera and took out a loan of €450 to buy a proper lens.

6.5 The Capability Approach Applied

According to Sen, the evaluative space of the capability approach concentrates on the combination of a person's realized functionings which reflects his or her achievements. It illustrates what a person is actually able to do and to become. With regard to the achieved functionings, Sen has been criticized for focusing too much on individuals and less on the interaction of individuals with others and the social structure in which the individual lives. Ibrahim (2006) emphasizes that the capability approach acknowledges the social structures only as long as they have an impact on individual well-being and freedom. However, by evaluating the capability sets of the CAF members, it becomes obvious that their achieved functionings are closely interlinked with their individual achievements and those of the other group members within the social context of Dutch society.

This linkage becomes apparent when we look at how Dutch citizens deal with their different forms of “freedom.” The basic conditions of Dutch society are formed by its welfare state, although this is deteriorating. In contrast to “developing” countries, most Dutch people do not need to worry about housing, medical care, and food as these basic needs are met. Instead, people are commonly expected to be able to possess additional luxury items such as a TV, laptop, smartphone or car. However, with such consumption comes increasing inequalities. Those with a small budget are tempted to follow the mainstream consumption patterns, which is encouraged by many consumer lending schemes. The freedom of abundant consumption opportunities may then turn into a problematic situation. However, if people cannot cope with this freedom, they unwittingly enter a vicious cycle of debt. Furthermore, social control mechanisms have declined especially in urban agglomerations such as The Hague region.

The observed doings and beings – as reported in Table 14 – serve as a guideline to compare and discuss the cases and to understand which capability sets have been influenced by the participation in CAF groups from September 2013 to July 2014.

Table 14 Capability Sets

Capability Sets	Achieved functionings	
	Doings	Beings
CS1: Being able to develop and maintain a diverse social network (<i>social networks</i>)		
	Social contact outside the group Social contact within the group	Being self -confident Being proud Being trustworthy
CS2: Being able to control one's household finance (<i>financial household management</i>)		
	Monitoring financial affairs Setting priorities Having a financial safety net	Being self -confident Being proud Being trustworthy
CS3: Being able to adopt an enterprising attitude (<i>entrepreneurial positioning</i>)		
	Seeking opportunity Taking initiative Fulfilling commitments	Being self -confident Being proud Being creative Being persistent

First, the capability of the CAF members to maintain a social network was reflected by the social contact within and outside the group. For example, the men of the CAF Men group participated mainly for social reasons: the Hindustani men strengthened their existing contacts and the non-Hindustani enlarged their network. This led to a growing relationship of trust within this CAF group. Moreover, the members of the CAF GHETTO and Men groups used peer pressure to strengthen their social networks as well as to set priorities and save more money as a consequence.

Second, the capability of the CAF members to control their household finance was investigated by looking into the ways in which the members monitored their financial affairs, set priorities and their opinion about having a financial safety net. Even though all members of CAF groups seemed to have access to a savings account or were able to save at home, they highly appreciated the group pressure to save. Saving within a group seemed easier for them than saving alone. Specifically, the members from the CAF and Men groups felt very proud of their newly set priorities, which enabled them to save. Here, credit provision, however, would be seen as another burden, which may change in the future. In particular, the men of CAF could not discipline themselves to limit their consumption expenditures. Sonia used peer pressure to establish discipline among the participating men and hoped that this behaviour would become habitual. To overcome gender stereotypes and share the burden of being responsible for the household budget management, Sonia encouraged the men to fill in the finance forms. A similar impact on self-motivation could be seen among the men of the group. By establishing peer pressure, they encouraged each other to save regularly. For the CAF Men group, the growing level of mutual trust coincided with refraining from the provision of loans during the first cycle. However, the Women Entrepreneurs' members provided loans almost without hesitation. It was expected that that doing so would boost business activities. The members of the CAF Men confirmed that such access to credit would give them a secure feeling of having a financial safety net.

Finally, the capability of CAF members to adopt an enterprising attitude was evaluated by how they sought opportunities, took initiative, and fulfilled their commitments. For the members of the CAF Women Entrepreneurs group, financial household management was not their primary challenge and all of them had a strong social network. These women were less interested in establishing peer pressure to save but more concerned with professional networks and the access to finance. In their view, knowledge exchange gave a boost to mutual learning and business activities. In contrast to the other two CAFs, they provided loans to each other from the first meeting onwards. Loans were directly invested into their businesses and issues of trust did not play a role. They used participation in the group to overcome financial shortages and to gain access to business networks. For instance, they asked one member, the owner

of a catering business, to cook for them at every meeting. Thus, by participating in the group, she gained access to another income-generating activity. During their meetings, these women exchanged knowhow about their business and tax formalities, while also dealing with topics regarding how to combine family life and have a business.

6.6 Conclusion

The model of CAF groups, as well as the theoretical framework of Sen, are mostly applied in the Global South, but can also be applied in a Western setting such as the Netherlands. We see that Sen's focus on individual freedom, which applies mainly to developing countries, needs some modification for the Western context. In contrast to the developing countries where social control can restrict freedom, peer pressure in the Western context has been eroded to a certain extent. In this context, participation in CAF groups can be important to restrict this kind of freedom by bringing back peer pressure. Thus, based on social peer pressure, members of CAF groups are forced to carry out "doings" such as saving on monthly basis. Once, they relate these doings to "beings," such as feeling proud or self-confident, there is a chance that this functioning becomes habitual and part of self-discipline. Although with a limited number of case studies, we have found indications on how the participation in a CAF group has an impact on the individual functionings of its members. Social networks were essential for groups such as the CAF Men and Ghetto. Members used their established trust and reputation to strengthen their social contacts within and outside the group setting. The female entrepreneurs of the CAF Women Entrepreneurs group used their social contacts but rather as a means to support their professional networks. Both the members of CAF Men and Ghetto appreciated the group pressure to set better financial priorities and to save on a regular basis. For the CAF Women Entrepreneurs group, this was of less importance. In contrast to the CAF Men and Ghetto groups, they used the access to loans to boost their business activities.

In summary, within this research we could demonstrate how short-term participation in CAF groups significantly influences a member's capability to establish social networks, manage his or her financial household and enlarge his or her entrepreneurial positioning. Additional future research must demonstrate how this will develop in the long-term and how particular characteristics like gender, ethnicity, education, and age are of particular influence on the capability sets of members of CAF groups.



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Agency and well-being in financial self-help groups of the Global North: An empirical study and its sociological implications for the capability approach⁹

7.1 Introduction

This chapter presents an action research¹⁰ project involving financial self-help groups (Self-help groups) that aim to empower their members at the grassroots level in one Global North country, the Netherlands. Recently, like in many Western countries, Dutch people have been facing fundamental changes. Due to the Great Recession following the 2008 economic crisis, the Dutch welfare state has reduced social assistance because of high costs (Kersbergen et al., 2014) and an ageing population (Bovenberg & Gradus, 2008). In addition, impulsive consumer behaviour and low levels of financial literacy have led to an increase in overindebtedness and economic inequality (Van der Schors et al., 2016). Furthermore, loneliness, particularly among elderly people (Van Tilburg, 2014) or urban populations in the Randstad area (Karamali et al., 2014), seems to be increasing. Many Europeans have become more critical of financial institutions and have started to look for ways to realize a more inclusive society (Dubois & Lasida, 2010). As a consequence, people are seeking alternatives to existing financial options, and different grassroots initiatives have emerged all over Europe (Dash, 2014; EMN, 2014; Kousis & Paschou, 2017), including in the Netherlands (e.g., Vasileiadou et al., 2016; Dumitrica, 2017).

9 Under review: This chapter has been submitted as part of a book on the capability approach.

10 Action research is defined as a normative research approach that aims to contribute positively to social action, policy reforms, or other types of social change: A primary purpose of action research is to produce practical knowledge that is useful to people in the everyday conduct of their lives. A wider purpose of action research is to contribute through this practical knowledge to the increased well-being [&] of human persons and communities [&] (Reason & Bradbury, 2008, p. 4).

This chapter focuses on one such initiative, the implementation of CAF groups (*Comunidades Autofinanciadas*, Spanish for self-funded communities), which belong to the family of savings groups. In a savings group, up to 30 people save and lend money to each other on a monthly basis. All financial transactions are recorded, and the cash balances from every meeting are deposited in a secured box. The first savings group was set up by CARE International in Niger in the early 1990s. Based on this success story, other facilitating agencies adopted the model and savings groups have spread all over the Global South, reaching Europe in the late 2000s. The latest figures suggest there are over one million facilitated savings groups with a total of 20 to 30 million members globally (Seel, 2018). In the Global South, savings groups serve as financial safety nets, generate economic benefits, improve personal financial management, stimulate entrepreneurial activities, and empower members in terms of their social statuses and social networks (Fleischer-Proaño et al., 2011; Hendricks & Chidiac, 2011). In Europe, savings groups were implemented in Barcelona in 2004 by the foundation ACAF Spain, which referred to them as CAF groups. However, no fundamental research has been conducted yet to determine whether these European groups have a similar impact on their individual members' well-being as do groups in the Global South. To explore this question, I set up and closely followed five CAF groups¹¹ in the Netherlands between 2013 and 2016, asking whether and how participation in a CAF group might contribute to the well-being and agency of its members.¹² No formal (microfinance) institutions were involved, although in two cases, I collaborated with a local community centre. Each group was guided, observed, analysed, and compared to the others using ethnographic participatory methods. Participants varied significantly in ethnic background, age, and income level. To assess the impact of CAF-group participation on its individual members, I applied the capability approach, which explicitly gives room to the different standards of well-being that different individuals, communities, and even whole nations may hold (Sen, 1999).

In the following, I first explain how I operationalized Sen's capability approach in this study. I then use my findings to construct five ideal types of CAF participants to analyse how participation in a CAF group may affect different members. Finally, I discuss my empirical findings and their theoretical impact on Sen's capability approach. My findings show that individual agency and each individual's interactions with the surrounding societal structures should play a crucial role in assessing the impact of participation in a CAF group.

11 Four groups were active for two years; one group was active for one year; two groups failed at the start.

12 For initial findings from this research project, see also Lehmann & Smets (2014).

7.2 Theoretical framework

Sen's capability approach views people as active agents (Alkire, 2008). His normative notion of agency describes an individual's capability to act and is an assessment of "what a person can do in line with his or her conception of *the good*" (Sen, 1985, p. 206, emphasis in the original). Thus, Sen's work is "particularly concerned with the agency of the individual as a member of the public in economic, social and political actions (varying from taking part in the market to being involved, directly or indirectly, in individual or joint activities in political and other spheres)" (Sen, 1999, p. 19). Sen (1985, 1992) further elaborates that, for evaluative purposes, we should distinguish between one's well-being achievement and one's agency achievement because people might also pursue goals other than their well-being. Sen defines "well-being achievement" as "an evaluation of the 'wellness' of the person's state of being (rather than, say, the goodness of her contribution to the country, or her success in achieving her overall goals)" (Sen, 2009, p. 36). In contrast, "the person's success in the pursuit of all the objectives that he has reason to promote" refers to one's "agency achievements" (Sen, 2009, p. 37). For cases in which such goals are pursued by groups of people, as in Self-help groups, rather than by individuals, the capability approach literature repeatedly discusses two themes: first, the phenomenon of collective capabilities developed within Self-help groups of the Global South; second, whether and how the capability approach takes the impact of social structures on individuals into account.

Ibrahim (2006) was the first scholar to account for the group element: she developed a conceptual framework to analyse the functioning of women's self-help groups in Egypt. In her recent work, Ibrahim (2014) explores the example of Egyptian Self-help groups fighting female genital mutilation (FGM). These groups were initiated by a local NGO to support women activists in fighting such practices within their own communities. It appears that these women focus more on the well-being of their communities than on their own well-being, even though their participation influences the latter as well. Ibrahim used this focus on community well-being to develop her notion of collective capabilities, defined as "the newly generated functioning bundles a person obtains by virtue of his/her engagement in a collectivity that helps her/him achieve a life he/she has reason to value" (2006, p. 398). These collective capabilities are closely linked to a process of collective action that leads to the benefit of the community at large.

However, not all self-help groups can be perceived as an aggregated form of a collective capability. Self-help groups exist all over the world, and members may have very different goals when it comes to agency and well-being achievement. In contrast to Ibrahim's self-help groups in Egypt, members of self-help groups in the Global North tend to focus more often on their individual well-being achievements and their ability

to cope with the temptations of daily life in an affluent society. Think of alcoholics who seek mental support at AA meetings (Alcoholics Anonymous) or of overweight people who encourage each other to follow a healthier lifestyle in a local Weight Watchers club. For understanding the meaning and impact of self-help groups in the Global North, Sen's notions of individual agency and well-being achievement may be more helpful as heuristic devices (or searchlights).

I turn now to the second critical theme within the academic discourse: whether and how the capability approach can be regarded as too individualistic. Sen's approach has often been criticized of being too individualistic. That is why the question of whether societal structures have an impact on individual capabilities has been the subject of ongoing discussion among scholars of the capability approach. The capability approach has been criticized for its methodical individualism, more specifically for ignoring the impact of social interaction and community dynamics on individuals' well-being and agency achievement (Zimmermann, 2006; Deneulin, 2008; Teschl & Derobert, 2008; Lefsmann, 2011). Other scholars have argued, however, that the capability approach does take social context into account, for instance, by acknowledging that individuals can adjust their individual expectations through "adaptive preferences" (Teschl & Comim, 2005). For my theoretical framework, I follow the reasoning of Robeyns (2005), who also rejects the idea that the capability approach is too individualistic. In her holistic framework of the capability approach, Robeyns argues that by applying the concept of "conversion factors," the approach pays sufficient attention to social structures and groups, such as Self-help groups in the broader context of the Netherlands.

In the next section, I explain how I operationalized Sen's theoretical framework for my study on the effects of CAF groups on their individual members, and I describe how the qualitative data was selected and analysed.

7.3 Operationalization and research methodology

Researchers generally agree that it is especially challenging to operationalize the capability approach for empirical studies (e.g., Comim et al., 2008; Robeyns, 2005). Ibrahim (2014) identified two major challenges: "(a) the choice of the evaluative space; and (b) the selection and aggregation of capability domains" (p. 15). The choice of evaluative space is about whether to focus on capabilities or functionings (Sen, 1999). Ibrahim (2014) explains that by focusing on capabilities first, one reinforces the liberal nature of Sen's framework. Moreover, one reinforces its *anti-paternalism* by not imposing notions of the good life (p. 16). However, even Sen admitted that capability sets are difficult to spot directly and that "one might settle often enough for relating

well-being to achieved – and observed – functionings” (Sen, 1992, p. 52). Thus, for this research project, the evaluative space consisted of the functionings – the doings and beings – people achieved while participating in a CAF. These were later grouped into enhancements of particular capabilities.

7.3.1 *Selected capabilities*

Once the evaluative space has been defined, the second challenge is to select and aggregate the capability domains. Sen refused to define a universal set of capabilities that could be used within different contexts, arguing that capabilities should be specifically selected for the purpose of the study and according to the values of the target group. Thus, the selection process remains open to discussion (Sen, 2004, p. 77). Following Sen’s reasoning, I used an inductive qualitative research approach with a deductive angle, taking a number of previously defined capabilities not as merely a hypothesis but, in a broader sense, as “sensitizing concepts” (Blumer, 1954). A sensitizing concept informs the researcher on how to collect and analyse the qualitative data; it serves as a leitmotiv for the research project (Van den Hoonaard, 1997). I selected three capabilities as “sensitizing” concepts based on existing data and implicit assumptions of the most widespread and investigated informal financial arrangement: the rotating savings and credit associations (ROSCAs). In the Global South, as well as in Europe and the United States, ROSCAs are popular among migrants who are familiar with such groups from their countries of origin (Ardener & Burman, 1995). As in CAFs, ROSCA members are stimulated to save and have access to a lump sum of money. Evidence has demonstrated that participation in ROSCAs contributes significantly to the well-being of their members. The workings of ROSCAs inspired the articulation of the following three capability sets as sensitizing concepts for investigating the effects of CAF groups in the Global North:

Capability 1: Being able to develop and maintain a diverse social network

Research has indicated that in the United States, regular participation in ROSCAs enabled people with few material assets to build a reputation for being trustworthy and reliable (Ardener & Burman, 1995, p. 10). ROSCA participation appears to be important for strengthening social networks among friends, neighbourhoods, family, or employees of the same company (Light & Gold, 2000, p. 115; Smets, 1992).

Capability 2: Being able to control one’s financial household management

ROSCA participation improves participants’ financial household management. Some people appreciate the positive group pressure to save money on a regular basis for future

emergencies (Kappers & Lehmann, 2011; Smets & Broekman, 1996, pp. 144–145). Others participate because of accessible, interest-free loans for investing in household items, children's education, or plane tickets to their countries of origin (Bijnaar, 2002).

Capability 3: Being able to adopt an enterprising attitude and take initiative

ROSCA participation is related to entrepreneurial positioning. For instance, among members of the Korean diaspora in the United States, ROSCAs are widely used to finance businesses and set up and expand their economic activities (Light & Deng, 1995). Moreover, in the Netherlands, ROSCA members seem to start social projects or economic activities here or in their countries of origin (Kappers & Lehmann, 2011; Bijnaar, 2002).

7.3.2 Construction of ideal types

In my research on CAF groups in the Netherlands, qualitative data was generated through semi-structured interviews with the members, ethnographic observations of various group meetings, and six participatory workshops organized within the five CAF groups. The data analysis was informed by constant comparative methods (Boeije, 2002). By comparing the different data sources during the research, I was able to analyse material by formulating sensitizing concepts, coding the data, redefining the concepts, and connecting them to theory. To assess the effects of CAF-group participation on individual members, I constructed records based on interviews, observations, and workshops for each member. I searched for common characteristics between members, such as age, gender, income, occupation, and ethnic background. In analysing these records, five ideal types of CAF members emerged. The methodology of constructing “ideal types” is based on Max Weber's understanding of an “*Idealtypus*” (Weber, 1963). I then coded every record, searching for typical patterns and characteristics in these very different people and focusing on individuals' achieved functionings. These functionings could be a change in a member's state of “being,” such as becoming more self-confident. But they could also refer to what a member was “doing” as a participant, such as saving money or exchanging information. Such functionings consisted of changes in behaviour (e.g., beginning to save), attitude (e.g., acquiring more self-esteem because of the new saving behaviour), or knowledge (e.g., gaining a better understanding of banking operations).

In the following exposition of my empirical findings, each ideal type is an abstraction of the characteristics of various CAF members from different groups. In reality, each CAF member showed a mix of characteristics of different ideal types. Their achieved functionings formed the evaluative space for analysing the impact of CAF-group

participation on the capabilities of individual members. Consequently, the achieved functionings reflect the main changes in functionings that may occur in individuals' lives during their participation in a CAF group.

7.4 Empirical findings

This section describes five ideal types of CAF participants and their achieved functionings according to the capabilities defined in section 7.3.1.

7.4.1 *Ideal types of CAF members*

The following portraits of ideal types are fictional compositions of the characteristics of different CAF members.

1. *The survivalist*

Moestaf is 59 years old and lives in The Hague. He arrived in the Netherlands 23 years ago as a political refugee from Iraq. His marriage did not last, but he maintains a close relationship with his children. Since the divorce, he has engaged in different jobs to support his family. An unsuccessful venture left him with a large debt. He had to work even harder to make a living and to pay off his debt. Because of his bad health and his advanced age, he has been unable to find work recently. For Moestaf, life has been difficult. Leaving his country of origin was hard. However, Moestaf has a positive attitude towards life and enjoys the peaceful Netherlands. He manages his small social welfare benefits wisely, and when he needs some extra money, he can always turn to relatives. In turn, he tries to support them whenever he can.

Survivalists like Moestaf face several major challenges, such as migration, divorce, unemployment, sickness, but they keep their heads above water. To keep the wolves at bay, survivalists make use of social networks consisting of family members, close friends, and people at the mosque/church. Survivalists usually depend on limited and irregular incomes and have a history of indebtedness; however, by trial and error, they learn to manage their meagre resources wisely.

2. *The entrepreneur*

Lieke grew up in a little village in the northern Netherlands. After graduating in hotel management, she supported her husband in setting up a small restaurant where she helped in the kitchen and was

responsible for managing the staff. However, their marriage did not last, and they broke up a few years ago. After her divorce, she tried to reorient herself and found that her energy and happiness would come from being her own boss and baking cakes. That was the basis for her new business idea. In the beginning, she baked only for people in her personal network, but soon she contacted some coffee shops and tea houses that were interested in selling her cakes, cookies, and sweets. However, it remains challenging to make a living, so she also works part-time jobs. And whenever she can find the time, she tries to meet up with other like-minded entrepreneurs within the different entrepreneurship networks in The Hague.

For entrepreneurs like Lieke, running an enterprise is not only an income-generating activity but a way of life. Entrepreneurs feel that by being their own boss, they can achieve their dreams and combine this with their private (family) life and sources of income. Entrepreneurs strongly rely on professional networks for advice and emotional support. Although entrepreneurs have lost faith in formal banking methods, they seek ways to regain control over their (financial) lives.

3. The idealist

Bahman escaped from the Iranian Revolution, arriving in the Netherlands with his wife in the early 1980s. They quickly received resident permits and resumed their studies in political science at Leiden University. Over time a daughter and son were born, and the family moved to The Hague, where Bahman got a job at the Ministry of Social Affairs. His job is fulfilling, but Bahman is also engaged in all kinds of activities in his neighbourhood and in The Hague in general. Recently, he decided to reduce his working hours to set up a small consultancy on sustainability issues, where he could combine his passion with his professional experience. He heard about CAFs at one of the community centres where he attends meetings. He liked the idea immediately as he is always up to meeting new, like-minded people and has not yet had any hands-on experience in financial matters. In addition, he has always thought about setting up a kind of community fund that could support neighbourhood people with business ideas or community projects or that could help those with temporary financial needs.

Bahman's life story provides insight into the idealist ideal type. Idealists like Bahman have a strong desire for societal transformations, and they try to live up to those ideals. Idealists think they are different from the majority of people because they take pleasure in trying new things at different moments of life. Idealists are very active as volunteers in different areas, and they enjoy connecting with a variety of – preferably like-minded – people to do something good for society.

4. The instant gratifier

Sanjana is 28 years old and lives in Amsterdam. She was born and raised in Paramaribo, Suriname, where she graduated from high school. She decided to migrate to the Netherlands to pursue her studies and receive a diploma for secondary professional training. In Suriname, she had been a member of an informal savings and loan group and was very keen on saving. The migration was not difficult at all: she received a grant for Surinamese students and settled in Amsterdam. Life in the Netherlands, however, was more expensive than she had expected, and she quickly got into financial problems. Unexpected housing taxes, high energy and phone bills, and a loan for her laptop made her financial affairs quite miserable. Despite her situation, Sanjana has big dreams, and saving money would be one way of fulfilling them. Some of these dreams, however, remain highly unrealistic. For about two years, she has been part of a debt resilience program, and a large part of her income remains under external control until all her debts are repaid.

Sanjana's story provides insight into the typical life course of an instant gratifier. Instant gratifiers have (or had) limited incomes, but their lifestyles exceed their personal budgets. Status symbols such as flat screen TVs or mobile phones are important to them and are purchased without sufficient awareness of the consequences. Due to their consumeristic behaviour, instant gratifiers are inclined to borrow money, and they subsequently build up debts they cannot pay off quickly. In the worst cases, they must undergo a debt relief process to get out of debt. Instant gratifiers often have big dreams and visions for their own future but lack a sense of reality and planning skills to make them come true.

5. The vulnerable

Toni, 50 years old, arrived in the Netherlands in the late 1990s as a refugee from the civil war in Guinea-Bissau. Today, he lives in Amsterdam West. He tried to work very hard at different factories and construction sites, but occasional bouts of severe depression caused long periods of

unemployment. He speaks hardly any Dutch. He never got married, and today he has only a small social network of a few neighbours and social workers. He lives on a very small social welfare benefit. Toni is a calm, shy person who finds it difficult to trust others. Although he often feels lonely, he does not open up easily to others. He also thinks that money is a very personal issue, so the idea of participating in a CAF group provokes mixed feelings. Nevertheless, when Toni hears about the CAF group at the community centre, where he occasionally drinks a coffee or follows a social event, he decides to give it a try. He knows from experience how difficult it is to put money aside if you already have so little.

Vulnerable people like Toni have small and weak social networks; they often feel lonely and seek other social contacts. They also have very low incomes and find it difficult to save. Vulnerable people often do not have a positive relationship with money and do not like to talk about it.

7.4.2 *Enhanced capabilities through achieved functionings*

In this section, I apply my theoretical framework to the empirical findings and assess the achieved functionings of CAF participant ideal types to explain how each of the three defined capabilities was enhanced.

Capability 1: Being able to control one's financial household management.

In the Netherlands, people experience a consumeristic abundance. Those with small budgets may be tempted to follow mainstream consumption patterns and spend more than they can afford, which is encouraged by many consumer lending schemes (Van der Schors et al., 2016). Those without the income-generating capacity needed are often able to buy desired goods on credit. Such behaviour is characteristic for an impulsive spender with low financial literacy and limited capacity to build a financial safety net.

CAF participation affected members' financial literacy because they learned about handling financial products more wisely and organizing their financial affairs in a more responsible way. Through their participation in CAF groups, instant gratifiers and survivalists in particular appeared to acquire new insights into the positive effects of social pressure to save more, spend less, and resist consumeristic urges. The survivalists in this project appreciated gaining financial housekeeping skills that helped them manage their small incomes even more wisely: *"If you are not used to it, you have to think carefully"* [P 12–CAF 1].¹³ By participating in the CAF group,

¹³ To maintain privacy, abbreviations were used to designate specific participants [P #] in the five CAF groups [CAF 15].

survivalists became conscious about the importance of savings: *“We learned to save more for unexpected costs and solve financial problems before they become too big”* [P 15–CAF 1]. Instant gratifiers were very proud of their ability to save, which may have had a positive effect on their self-respect at the beginning. For them, being able to save is an essential part of life, but because of their difficult situations, it is not always possible: *“Saving is for me, somehow, a must. This has fallen apart. I miss this kind of freedom!”* [P 5–CAF 3]. For instant gratifiers, participating in a CAF group is an important means to handling money more wisely: *“I am not so good at saving. In the CAF group, I have the impression that it would be possible because I would feel the pressure that everyone else is saving too”* [P 4–CAF 4]. Despite their high motivations, instant gratifiers have difficulties fulfilling their personal expectations. There is a strong chance that their saving performance will decrease significantly over time, generally because of an apparent pattern of overconsumption, such as overheating one’s apartment despite unpaid energy bills [CAF 3].

The very vulnerable members, who also aspired to save, were not as successful as others, depending on their specific backgrounds and situations, and they often dropped out at the beginning of the cycle. At the beginning, vulnerable people may be motivated to save: *“It is a difficult country. You cannot always have a lot of gold at home... I like that we are doing it here together”* [P 13–CAF 1]. But even though they have good reasons for participating, they tend to drop out at an early stage.

Neither the instant gratifiers nor the majority of survivalists requested loans from their CAF groups. For these people, it was more important to try to build a financial safety net just by saving. Their negative experiences with borrowing in the past made them very hesitant to ask other members for financial support. Though they were both ambitious, instant gratifiers and vulnerable members were less successful at saving and had more difficulties meeting their personal expectations. Entrepreneurs and idealists were less likely to use the CAF group to better manage their financial household management.

Capability 2: Being able to develop and maintain a diverse social network.

Loneliness is increasing in Western societies, while old social control mechanisms are declining (Dawson, 2012). For instance, the most vulnerable citizens in Amsterdam – the low-skilled, low-income groups and residents without paid work – feel increasingly lonely (Amsterdamse Gezondheidsmonitor, 2016). Another study showed the danger of loneliness is especially common among ethnic minorities (Visser & El Fakiri, 2016). I found that by participating in a CAF group, survivalists received emotional and social support and decreased their degree of loneliness. They participated in the group to make social contacts and because they enjoyed the company of others: *“I like to meet*

new people from different countries and cultures” [P 11–CAF 1]. Relationships based on trust were important for survivalists: *“Trust is always essential”* [CAF 1]. Therefore, the monthly gatherings, where mutual trust can deepen over time, were indispensable to them: *“I like to be among my friends, I am not afraid anymore. Maybe a year ago, we said we would be friends, but I was still frightened. But I am fine and it is cosy to be among my friends”* [P 11–CAF 1]. In addition to building trust in others, survivalists’ participation enabled them to achieve earned trust. Survivalists enjoy enhancing their resilient social networks while repairing their financial deficits.

For idealists, the CAF group was foremost a network of like-minded people, which was a crucial reason for their participation. They were enabled to strengthen their ideals and exchange opinions and new ideas about recent societal developments with the other group members: *“I thought it would be nice to meet other people who thought about the same things I did”* [P 8–CAF 5]. Thus, for idealists, the possibility of receiving loans for themselves or someone else in the group was not that important: *“It is most important that there is more contact between people who do not know each other yet, and trust, and these kinds of things. We do not have much money in the fund yet, so it is not possible to do much or take out a loan”* [P 3–CAF 4]. Idealists often talked about their dreams and the importance of having enough money in the fund to keep these dreams alive [P 2–CAF 4].

Entrepreneurs used the group explicitly as an opportunity to maintain a network of like-minded business people and to exchange business information and tips with during their meetings (i.e., tax issues, bookkeeping challenges, external network meetings in the area): *“There are always people in the same occupation area that are relevant to meet”* [P 9–CAF 2]. For them, it felt reassuring and supportive to be part of a network of like-minded and supportive entrepreneurs who face similar challenges. Instant gratifiers aimed at having more money to participate in social life, such as going to the cinema or a party with their friends. Their difficulties with financial household management, however, made achieving this personal aim difficult. Vulnerable people were often motivated to participate in a CAF group despite personal difficulties like being shy. They looked forward to meeting the other group members and enlarging their social network: *“I do not really know why, but I am a calm person. That is why I cannot establish new relationships easily”* [P 13–CAF 1].

Capability 3: Being able to adopt an enterprising attitude and take initiative.

Entrepreneurship is a concept that goes beyond the mere promotion and development of enterprises (Molenaar, 2016). Over the past decades, it has been gradually accepted that entrepreneurship deals more with attitudinal aspects and less with managerial

capacities or technical skills. Attitudinal characteristics can include “taking initiatives, information seeking, efficiency orientation, or self-confidence” (pp. 8–9). These characteristics are relevant both for entrepreneurial people who want to set up their own businesses in the Netherlands and for enterprising persons who want to take initiative in their own lives.

During their participation in the CAF group, entrepreneurs and idealists gained new insights in financial affairs and became more conscious of the impact of money on their lives in general. As one member explained: *“I became conscious of what money can actually do for you”* [P 9–CAF 2]. Idealists focused on motivating each other and exchanging inspiring ideas within the group, but they also helped other group members to take action outside the group, for example, contributing to charity projects, supporting new entrepreneurs, or helping individuals in financial distress.

Entrepreneurs initially did not take the savings aspect seriously, focusing instead on loans that could help their businesses. But after a while they realized that by increasing their personal savings within the group’s fund, they would have access to larger business loans for their individual enterprises. Through their participation, some entrepreneurs learned that finance is about not only business and commerce but also emotions and trust: *“It is also about granting each other the money and the trust we gain from each other. Before I thought of my financial affairs only in a very business-oriented way. I had only dealt with formal financial institutions before”* [P 7–CAF 5].

Survivalists, instant gratifiers, and vulnerable people were less successful in adopting an enterprising attitude and taking initiative.

7.4.3 A fourth capability

In assessing the effects of CAF-group participation, I found that some of the aims and (sought for) effects that participants highlighted could not be categorized under one of the three capabilities I used as sensitizing concepts. The idealist members, especially, as well as some of the entrepreneurs, had accepted the invitation to set up a CAF group because they wanted an alternative to the formal financial system. They enjoyed participating in a financial experiment to explore new ways of handling money while also learning more about the formal financial system in general. These members were very critical about existing structures, and for them, the CAF group was a means to change these existing structures for the better. They had two reasons for this. First, they had a strong self-interest in their financial affairs and did not want third parties making reckless investments and gambling with their money without being held responsible. By participating in a CAF, some members increased their capabilities to find solutions outside the contested financial sector.

Second, these idealists and entrepreneurs also participated in the CAF to contribute to common goods, such as a flourishing community, and to sustainability. They were especially focused on those who were more vulnerable or at risk, particularly future generations, who they felt were being ignored by existing structures. Thus, idealists regarded participation in a CAF group as an interesting financial experiment. They were critical of the mainstream financial sector and motivated to seek alternatives: *“I actually see that the whole financial industry is shifting. Is it not a dead end after all? I see more people looking for alternatives”* [P 7–CAF 5]. Entrepreneurs regarded CAF loans as an alternative to banks. Entrepreneurs were aware that banks are generally reluctant to provide loans to smaller businesses, and this was one reason they thought people should try to become more independent: *“Banks are less accessible than before. That is why people have to become active themselves!”* [P 10–CAF 2]. While participating in the CAF, some even expressed that they were proud to feel like a “bank.” At the end of the first cycle, someone said: *“We really pretend that we are a bank.”* The others replied: *“But isn’t that what we are?”* [CAF 2].

Since the global financial crisis of 2008, several new financial initiatives have emerged in the Netherlands. Initiatives such as crowdfunding, energy cooperatives, and community currencies are seen as alternatives to what people experience as an outdated financial system. Many members valued their CAF group because it helped them to improve their savings or to build their social network, that is, to further their own well-being. However, because of current developments and trends in the Dutch financial landscape, some members valued joining what I call a countermovement; in other words, they wanted to realize agency achievement (as detailed in Chapter 2). They saw their CAF membership as one of the many small initiatives that could transform the financial landscape in Europe (Dubois & Lasida, 2010; Dash, 2014; EMN, 2014; Kousis & Paschou, 2017) and in the Netherlands (e.g., Dumitrica, 2017).

To account for this specific impact that CAF groups in the Netherlands can have on members’ capabilities, I added a fourth capability, that is, *the capability to join a countermovement*. This empirical finding points to a blind spot in the capability approach: the idea that individuals might be able to influence social structures as well.

7.5 Agents’ impact on social structures

When I started my research, I assumed that the individual members of a CAF group would participate for their own well-being or, in some cases, for that of the other members as well. This kind of reasoning fitted well with the first three capabilities. When analysing my research findings, however, the way I had defined the agency

of CAF members needed to be amended. Some participants, it appeared, were not focused exclusively on their own well-being and that of the other members, but they aimed to have an influence on the broader world they lived in as well. This finding supports Ibrahim's claim that "the two-way relationship between individual capabilities and social structures needs to be emphasized" and that "social structures are instrumentally and intrinsically important for human capabilities, capabilities can also alter the pre-existing social structures rendering them more conducive to individual and communal well-being" (Ibrahim, 2006, p. 402).

To account for this two-way relationship, I introduce Crocker and Robeyns (2010), who explain that a person is an agent with respect to action X to the extent that the following four conditions hold: "(1) *self-determination*: the person decides for himself or herself rather than someone or something else making the decision to do X; (2) *reason orientation and deliberation*: the person bases his or her decision on reasons, such as the pursuit of goals; (3) *action*: the person performs or has a role in performing X; and (4) *impact on the world*: the person thereby brings about (or contributes to bringing about) change in the world" (pp. 80–82). In their view, the more fully an agent's action fulfils each condition, the more fully it is an act of agency. According to these four criteria, joining a CAF group could be regarded as an act of agency, first, if each member had freely decided to participate, second, if members had made their decision for explicit reasons, such as strengthening personal social networks or creating financial safety nets, and third, if members had performed certain actions to keep the CAF group alive. It would not be difficult to assess whether individual participants met Crocker and Robeyns's (2010) first three conditions for agency, but assessing whether they achieved the fourth condition would be less straightforward. Though one way for an individual to bring change to the world might be through participation in a CAF group, the CAF group can also be regarded as a vehicle for its individual members to interact with the world. To what extent a person "brings about change in the world" wholly depends on what we mean when we speak of the "world." Crocker and Robeyns's concept of the world is rather vague. I will therefore use insights from sociology to make this vague notion of the "world" more concrete.

Recently, adherents of the capability approach have engaged in a lively dialogue about the use of sociological insights into the most important features of the world we live in, more specifically, about the way our social world is constituted through the relation between agency and structure (Deneulin & McGregor, 2010; Gangas, 2014, 2016; Hodgett & Cassin, 2012; Holmwood, 2013; Hvinden & Halvorsen, 2017; Kremakova, 2013; Leßmann, 2020; Zimmermann, 2006, 2018). In analysing the influence of CAF groups on the well-being and agency of their individual members, I aim to join this debate – namely by demonstrating how a sociological theory may render Sen's

capability approach more useful by highlighting the way in which participation in a CAF group may also increase members' social awareness and political involvement, which may consequently have an impact on surrounding structures.

7.5.1 *Added value of Giddens's structuration theory*

Crocker and Robeyns's (2009) fourth condition of agency specifies having "impact on the world": my empirical findings indicated how, for some CAF members, influencing existing social structures was an important motive for joining the group. In his book *The Constitution of Society*, Anthony Giddens (1984) introduces his so-called structuration theory. He claims that people's practices may establish, replicate, or modify the structures that ultimately influence those practices themselves. The distinctive contribution of structuration theory therefore lies in its analysis of the "meeting points" of interaction between structure and agency and its analysis of "power in the constitution of these meeting points" (Stones, 2009, p. 90). Power is then defined as a "transformative capacity": the ability of agents to interfere in social structures so as to also alter them in some way (Giddens, 1984). Stones's (2005) more applied adaptation of the structuration theory contains "an ontology directed at particular social processes and events in particular times and places" (p. 8), and O'Reilly (2012) further developed Stones's approach in relation to global migration issues. From the perspective of the structuration theory, the way in which Sen's capability approach accounts for the interaction between agent (individual member) and structure (societal context) is one-sided. The following paragraphs explain how elements of Giddens's structuration theory may amend the capability approach to account for all four capabilities that this study found to be important for the well-being and agency of individual CAF-group participants.

According to Stones, *external structures* exist as conditions of action that exist independently from the agent-in-focus (Stones, 2005, p. 84). These structures can have an impact on actions in both enabling and constraining ways. External structures can be more distant, like large historical and spatial forces; broad patterns of global social change and transformations that manifest themselves in various institutions, such as health care institutions and housing-market employment structures; or even larger-scale events such as famine or war. External structures can also be more proximate and located in the small-scale, context-specific constraints and opportunities that influence or are influenced by the daily practices and interactions of agents, such as "organizational arrangements, [or] physical and material things like trains, houses and building arrangements" (O'Reilly, 2012, p. 150). In contrast to external structures, *internal structures* are located within the agent and refer to, for example, one's "generalized world-views and cultural schemas" and one's "typifications of things,

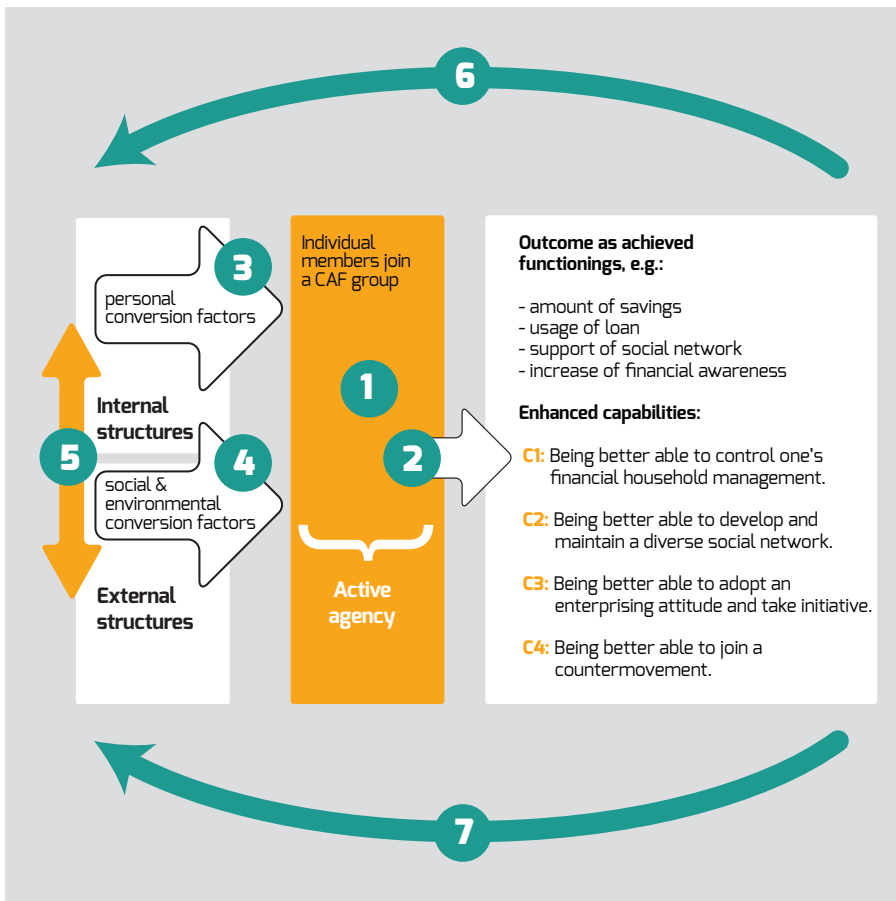
people and networks as well as connotations of discourse, habits of speech and gesture” (p. 88). Another aspect of internal structures is that they help the agent interact with external structures in the practice of daily life: “It is how the given agent ... perceives the specific context of action, how the external circumstances ... are understood in this place and time” (O’Reilly, 2012, p. 22).

Thus, these daily actions are about the ways in which individuals draw upon their internal structures and interact with the enabling and constraining forces of external structures. This is what Stones calls active agency (Stones, 2005).¹⁴ The notion of active agency acknowledges that all internal structures are enacted and embedded within external structures. Agents have their own internal structures, and they experience external structures as either enabling or constraining, or as both at the same time. Consequently, Giddens’s notion of the duality of structures refers to the *outcomes* of active agency that take the shape of external and internal structures, while these structures simultaneously form the input for individual agency. Unlike the structuration theory, the capability approach regards the individual as an agent who reacts to the effects of external structures by striving for a life that has value. The agent converts these structures into functionings through what Sen first called “utilization functions” (Sen, 1985). Later, Sen (1999) defined different sources that would convert personal characteristics “into the person’s ability to promote her end” (p. 74). These sources have been generally conceptualized into three distinct types of conversion factors: (1) personal conversion factors, such as physical condition, gender, reading skills; (2) social conversion factors, such as public policies, social norms, societal hierarchies; and (3) environmental conversion factors, such as climate and geographical location. These three kinds of factors play a role in converting resources, goods, capacities, and assets from internal and external structures to the achieved functionings of individual CAF members (Robeyns, 2005, p. 9; Chiappero et al., 2018, p. 238).

This is where Sen’s and Giddens’s approaches can be distinguished. Due to the simultaneously constraining and enabling means that Giddens accounts for in his structuration theory, agents may be perceived as not only influenced by but also interacting with and intervening in societal structures and social systems. Giddens thus emphasizes that – in Sen’s words – in addition to converting resources and commodities into functionings, individuals are enabled to transform societal structures. Figure 8 illustrates how insights from Giddens’s structuration theory can be added to amend Sen’s capability approach. Active agency – an individual joining a CAF group – is at

¹⁴ Stones (2005) bases his definition of active agency on this framework of four interrelated components: external structures, internal structures, active agency, and outcomes. By doing so, he slightly distances himself from the abstract ontology in which Giddens was interested and encourages researchers to do empirical research to explore the interchange between the individual actions of agents and structures.

Figure 8 Illustration of the extended capability approach



the centre of the illustration (Box 1). Capability enhancement depends on the achieved functionings of individual participants, which formed the evaluative space of this research. These functionings are achieved by a person's participation in a CAF group (Arrow 2). Whether, how, and why individuals participate in a CAF group depends on their conversion factors (Arrows 3 and 4), which explain how they transformed internal and external structures into agency. The notion of active agency acknowledges that internal structures are embedded in external structures (Arrow 5). Finally, Arrows 6 and 7 illustrate what Giddens calls the duality of structure; one feedback loop shapes internal structures (Arrow 6), while the other influences external structures (Arrow 7). For instance, one CAF member may change their habit of overconsumption and start saving on a regular basis instead (internal structures). Another member may gain access to a financial alternative, in opposition to the contested mainstream banking sector (external structures).

7.5.2 *The role of the two feedback loops*

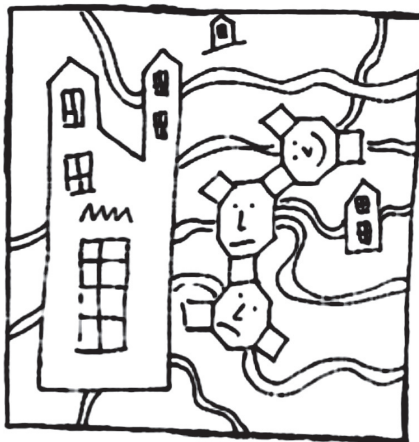
Adding the two-sided feedback loops inspired by Giddens's structuration theory allows me to visualize a multileveled process of how CAF members interact within their surrounding structures. The first feedback loop (Figure 1, Arrow 6) illustrates how CAF participation influenced members' internal structures. Being able to save money (C1) or belong to a group of like-minded people (C3) increased some members' self-confidence. Or in the vocabulary of the capability approach, CAF members converted different sources into personal characteristics to increase their personal well-being and that of the other group members (Sen, 1999). By expanding the capability approach with Giddens's structuration theory, I can explain that while participation in a CAF group influences members' internal structures, the members may also influence the most proximate layers of external structures in their daily practices and interactions: for example, strengthening or weakening social networks at a community centre or within the family setting.

Adding this feedback loop also renders the capability approach more dynamic regarding the time dimension. For example, the development of a functioning such as "trust" is crucial for CAF members. I distinguish here between social trust (a form of trust that reflects a positive perception of the generalized other) and individual trust (a form of trust in a particular other) (Svendsen, 2014). When an individual joined one of the CAF groups in this study, their level of social and individual trust at that particular moment influenced the way they interacted with the other CAF members. Over time, member interactions changed, and in many groups, they eventually led to a third form of trust: earned trust. This refers to the trust one can obtain by showing positively valued behaviour and transactions (Knorrinda, 1999). The degree of earned trust differed for each member. Entrepreneurs and idealists, for example, found it easier to trust others than did vulnerable participants. This difference in levels of initial trust underlines that some individuals need a larger collection of resources than others to achieve the same functionings. Comim (2004) calls this a "conversion-gap": where one person might be able to achieve functionings faster than another. He concludes that "interpersonal variations in transforming resources into functionings might be a function of time" (p. 5). Comim criticizes the capability approach for tending to disregard the aspect of time and thereby remaining too static. Thus, when measuring changes in knowledge or habits, or their influence on external structures, it is crucial to keep in mind that a person's agency and well-being are always time-related and dynamic.

The second feedback loop (Figure 8, Arrow 7) – based on Giddens's structuration theory – emphasizes the crucial role of individual agency's impact on the more distant external structures of society. Idealists and entrepreneurs, in particular, explicitly joined the CAF group to be part of a larger movement. Idealists were frustrated

about recent developments in the formal financial sector and wanted to participate in a new informal financial experiment. Entrepreneurs, who did not have access to small business loans from the bank, greatly appreciated being in control of their own money and therefore being free of debt and other interdependencies with the formal banking sector. Thus, this feedback loop helps explain how CAF members enhanced their capability to join a countermovement (C4), wishing to contribute, even if in a very modest way, to a change in external structures. The feedback loop from personal capabilities to external structures can be linked to what Medina (2013) calls “chained actions.” In his view, individuals’ most significant impact on external structures is achieved by “chained actions,” where actions “coalesce in such a way that they become a traceable performative chain, with each action in the chain having traceable effects in the subsequent actions of others” (Medina, 2013, p. 225). In Medina’s view, having impact on structures is part of a constant struggle for more justice and equality in an unfair world, which individuals engage in by carrying out individual actions or by uniting in small or large groups. These actions are “chained” to strengthen a collective alternative to mainstream practices or dominant institutions. Often, this is a slow process that takes place in the margins of society, where the subtle and modest struggles of individuals – who are not always aware of each other – add up and gradually bring about some form of social change. These small and often disjointed efforts by individuals to change their lives and those of others for the better are described by some scholars as a contribution to “slow change” or “micro change” on the grassroots level (Stall, 2010; Ghorashi, 2018). This kind of change may be small and temporary, but it can have a meaningful impact on structures in the long run. One participant explained this through a drawing and text (Figure 9):

Figure 9 CAF member’s illustration of how the CAF group effects change in societal structures



In sum, the first feedback loop (Arrow 6) illustrates how CAF members' personal well-being and agency achievements influence their internal structures and, consequently, how they eventually influence the very proximate external structures of their daily lives. The second feedback loop (Arrow 7) goes beyond personal well-being and can be regarded as a link, however small, in a series of "chained actions" that in the long run may have considerable impact on distant external structures. Together, these two feedback loops illustrate in a dynamic and multileveled way that by participating in CAF groups, individuals can change their internal structures by experiencing external structures as something they may have an impact on, however small. And through chained actions, individual acts may contribute to broader societal change. In this way, these feedback loops show a multi-layered definition of agency at the individual (the individual's act to join the CAF group), relational (the way members interact with each other in the group setting), and structural (the eventual interaction between societal structures and the CAF members) levels.

7.6 Conclusion

This chapter aimed to answer the question of how participation in a CAF group may influence the agency and well-being of its individual members. To assess this effect, I initially used three capabilities as sensitizing concepts. It is important to note that not all 40 participants in this research project were equally successful in enhancing their capabilities. For example, while all participants were enabled to increase their social networks, only some managed to save their income in a more effective way. By participating in a CAF group, individuals with very different backgrounds and social positions were empowered to enhance different capabilities while exercising agency and improving their well-being.

My empirical findings pointed out the importance of a fourth capability, namely, the capability to join a countermovement. As scepticism towards financial institutions increases and social benefits in general decrease, people in many Global North countries are choosing to organize themselves and seek solutions at the grassroots level. Thus, participants, especially those with the characteristics of idealists and to some degree of entrepreneurs, felt that by joining a CAF group, they had become part of a countermovement. These findings revealed a theoretical limitation of Sen's capability approach: it does not account for the way in which individuals aim at having a significant influence on their surrounding structures.

I therefore introduced Giddens's structuration theory to account for the two-way interaction between individual and society for which the capability approach has a

blind spot. Thus, by amending the capability approach with Giddens's structuration theory, this study contributes the following sociological insights to the debate: First, individual CAF members aimed to influence their surrounding structures in a multileveled process, which I illustrated through the internal and external structures distinguished by the structuration theory (Giddens, 1984; O'Reilly, 2012; Stones, 2005). Second, the conversion factors in the capability approach basically try to explain how individuals convert resources into functionings. By adding two feedback loops to Sen's theoretical framework and linking them to the concept of "chained actions," I showed that, over time, individual acts may have an impact on very proximate and more distant structures. With the help of Giddens's idea of the duality of structures, I therefore concretized what Crocker and Robeyns (2009) meant by their fourth condition of agency: namely, that a person is able to contribute or to bring about change in the world.



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CAF groups as communities of practice?

8.1 Introduction

In the previous chapters, I showed how individual CAF members learned from each other by participating in a group. This empirical finding suggests that CAF groups could be considered as communities of practice. Wenger (1998) describes a community of practice as a group of people who share a certain domain of interest that distinguishes them from others. By engaging in joint activities and discussions, members of such a community pursue the same interest, sharing relevant information and learning from each other. A community of practice can therefore also be regarded as a “social learning system” (Wenger, 2010). According to Wenger (2010), “it exhibits many characteristics of systems with their emergent structure, complex relationships, self-organisation, dynamic boundaries, ongoing negotiation of identity and cultural meaning” (p. 179). A community of practice is therefore not just a community of interest. It is a group of people who share a repertoire of resources such as experiences, stories, tools, and ways of addressing problems. As Wenger phrases it, “as learning gives rise to a multiplicity of interrelated practices, it shapes the human world as a complex landscape of practices” (p. 183). ROSCA members, for example, form a community of practice that can play an important role in strengthening resilience in a financial ecosystem (see Chapter 4).

In Chapter 7, two feedback loops were introduced to expand Sen’s capability approach with Giddens’s structuration theory. The first feedback loop shows how CAF members’ internal structures are being influenced. It emphasizes what members have learned through their participation. These newly acquired insights can in turn influence the most proximate layers of external structures, such as members’ social networks at a community centre or their family settings. The second feedback loop emphasizes the potential influence CAF groups have on the more distant external structures of society, such as the financial sector or the participation society. This feedback loop can be linked to what Medina (2013) calls “chained actions,” which are actions taken by individuals or small or large groups to achieve more justice and equality as part of a larger movement in an unfair world. One way of becoming a significant part of such chained actions and contributing to a larger movement is for a group of people to become a community of practice. Thus, if a CAF group were to eventually evolve into a community of practice, it could join other related chained actions and therefore become part of a larger movement.

This raised the question of whether and how the CAF groups I studied developed the potential of turning into communities of practice. Becoming a community of practice takes time, usually more time than the two years I researched each CAF group. Thus, I estimated that I could only investigate a CAF group's *potential* to turn into a community of practice. The time after my departure would show whether and how the members would continue to use the CAF group to learn more from each other and eventually become a community of practice. In this chapter, I use a number of criteria for communities of practice to investigate this question in more depth.

8.2 From individual to group level

As explained in Chapter 3, qualitative data were generated through interviews, field notes, and ethnographic observations during various group meetings and through six participatory workshops. I constructed member records based on this data, following individual participants throughout the two-year period of my research. I then developed five ideal types representing the variety of backgrounds the participants in my study had. These were presented in Chapter 7. Each CAF group was composed of members with characteristics of different ideal types, but generally one or more types would prevail: for instance, in some groups, survivalists and instant gratifiers were in the majority, while another group consisted mainly of entrepreneurs. Different compositions emerged, which eventually had an impact on the performance of the group as a whole. I visualized the ideal type compositions for each CAF group and confirmed them through member checks (see Chapter 3)

The backgrounds of members were different for each group. In some groups, the majority of participants were born outside the Netherlands (ethnicity). Two of the five groups were men- or women-only groups (gender). In some groups, the members all had the same educational background, while in others, their educational backgrounds differed (education). Finally, there was a significant difference in income among the different members (income). However, while gender, ethnicity, class, and education were taken seriously in analysing the impact of CAF groups on individuals, they were not the key sensitizing concepts of this study. On the individual level, the key concepts were informed by Sen's capability approach (1999) and led to the construction of the ideal types, which were not directly related to gender, ethnicity, income, or educational level.

8.3 Introducing communities of practice

This chapter focuses on the three competences that Wenger (2010) considers essential for individuals who are members of a community of practice (p. 180). In the following, I introduce a number of criteria to test whether and how a CAF group operated in a way that gave its members the opportunity to develop these competences. Each criterion can be regarded as a condition for a CAF member to obtain a specific competence.

In contrast to the members of the ROSCAs investigated in Chapter 4, individuals in this research project joined their CAF group without previous expertise or detailed knowledge of its operations. Even though they shared the common interest of handling their financial affairs in a more responsible way, they still had to learn how to run the CAF group in the first place. After the two-year research period, three groups stopped, but two continued on after my departure as an action researcher. I discuss how well each group met the criteria for each of Wenger's three competences (2010) in Section 8.4, then I explore whether and to what extent each group came to operate as a community of practice in Section 8.5.

Competence 1: Understanding what matters, what the community's enterprise is, and how it gives rise to a perspective on the world

Following Wenger's first competence (2010, p. 180), to be able to understand what a community's enterprise is, members of a potential community of practice need to discuss their personal aims and strive for the same outcomes as the group. Sharing the same perspective on the world and believing in the same issues regarding their enterprises is necessary for members to learn from each other and act as a successful community. Common goals within a group have an instrumental purpose: they enable members to accomplish the aims or outcomes they seek (Forsyth, 2014). According to Forsyth (2014), participation in groups is a source of heightened motivation, "for it increases members' commitment to their own personal goals and to the goals that the group has set for itself" (p. 8). These goals can be diverse and may vary by group. Self-help groups are often described as groups of people who come together to address a commonly felt problem (Richardson & Goodman, 1983). Thus, members of a self-help group usually have a common goal to change their own situation and that of the other members. Participation in the group helps the members change their feelings of not being part of society (e.g., "being indebted" or "excluded from access to finance") (Adamsen & Rasmussen, 2001, p. 913). Thus, having a *common goal* can be regarded as the condition for CAF-group members to achieve the first competence.

Competence 2: Being able (and allowed) to engage productively with others in the community

Following Wenger's second competence (2010, p. 180), I introduce the criteria of democratic leadership and individual, social, and earned trust to test whether CAF members engage productively with each other in CAF groups.

In Chapter 4, I explained that either trustful relationships in a democratic organization or a leadership trusted by participants in an authoritarian form are important conditions for ROSCAs to operate successfully as communities of practice. According to Smets, "ROSCAs are either managed in an authoritarian or a democratic way. In an authoritarian ROSCA the decisions and responsibility are in the hands of the organizers and in a democratic ROSCA the participants have to take care of the management and maintenance of the group" (Smets, 2000, p. 17). Thus, to engage productively with others depends on how a group of people is managed, or even better, how a group of people are able to manage themselves depending on the adopted style of *leadership*.

Groups that adopted a more democratic form of leadership in this research project enabled members to exchange knowledge and thus to develop the second competence – namely, to engage productively with others to achieve the common goal of their CAF group. Therefore, to investigate whether a CAF group met this condition for the second competence, I will explore whether and how it embraced a more democratic form of leadership.

For a democratic leadership to function, members have to trust each other, especially when it comes to handling their financial affairs within a group setting. But what is trust exactly? Misztal (1996) argues that "trust is a highly problematic but recurrent feature of social relationships" (p. 12) that enables the functioning of social networks as well as economic transactions. Here, I refer to three types of trust: individual trust, social trust, and earned trust. According to Svendsen (2014), individual trust is trusting a person one already knows. In the case of financial self-help groups, this means that one already knows other members well from other settings, for instance because they are a family member, a close friend, or a colleague. Another form of trust is social trust:

[This kind of trust] is expanded to include people about whom the trusting party has no direct information. Thus, social trust reflects a positive perception of the generalized other. It is a belief that the people one may interact with will behave decently. A person's level of trust thus reflects a standard estimate of an unknown other's trustworthiness. (Svendsen, 2014, p. 15)

There can also be situations where people do not (yet) trust others, especially when it comes to handling money together. In such cases, trust has to be earned; individuals have to build trust and their own status of being trustworthy. In a ROSCA, for example, trust is not a commodity that can be imported automatically from some prior set of relationships:

It is something that has to be made and remade and thereby reinforced over and over again. People stay in ROSCAs because they observe, round by round, that everyone is obeying the rules. Trust is more of a verb than a noun. (Rutherford, 2009, p. 51)

Based on reciprocal relations like those that happen in ROSCAs, “earned trust” refers to trust that one can obtain by showing positively valued behaviour and transactions, which are expected to continue in the future (Knorringa, 1999).

Competence 3: Appropriately using the repertoire of resources the community has accumulated through its history of learning

Wenger’s third competence (2010, p. 180) concerns participants’ ability to make proper use of a repertoire of resources, that is, a set of knowledge and skills that the community has built up over time through a common learning process. For this third competence, I will investigate whether and how the CAF groups went through a learning process in which they accumulated new skills and knowledge that enabled their members to, for example, expand their social and professional networks, improve their financial positions by saving money and providing loans to each other, or strengthen their entrepreneurial attitudes. The competence of making appropriate use of the CAF group’s accumulated repertoire of knowledge and skills is thus dependent on the condition that they share what Wenger called a certain history of learning.

Table 15 summarizes the criteria for each of the three competences for a community of practice.

Table 15 Summary of Wenger's three competences

Competences for members of communities of practice	<i>Understanding what matters, what the enterprise of the community is, and how it gives rise to a perspective on the world</i>	<i>Being able (and allowed) to engage productively with others in the community</i>	<i>Appropriately using the repertoire of resources the community has accumulated through its history of learning</i>
Conditions	Common goals enable members to accomplish the aims or outcomes they seek	Trust is essential when group members interact with each other. Three forms are relevant: individual, social, and earned trust. Democratic leadership	Accumulation of knowledge and skills based on a shared learning history.

8.4 CAF groups as communities of practice?

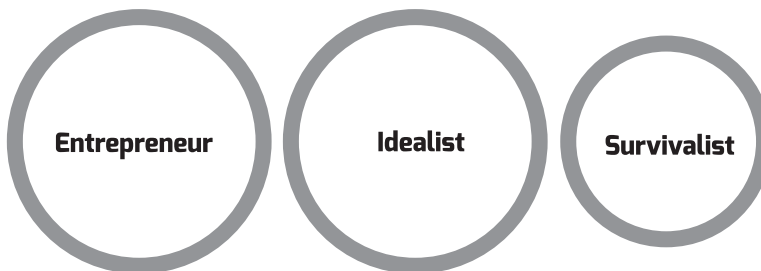
In the following section, I apply the above defined criteria (see Table 12) to each of the five CAF groups followed in this project to get a deeper understanding of the competences needed to eventually become a community of practice. The application of these different criteria will also form the basis for the final discussion of whether and how each CAF group had the potential to turn into a community of practice according to Wenger's definition.

8.4.1 CAF WOMEN ENTREPRENEURS

Figure 10 Group composition of CAF WOMEN ENTREPRENEURS

Group summary

The nine members of CAF WOMEN ENTREPRENEURS all have different ethnic backgrounds (Dutch, Surinamese, Indonesian, and Congolese) and run their own microenterprises in catering, bookkeeping, and advising/coaching in The Hague area. Most members have a higher education background. Tanja, the group's initiator, is a business advisor and trainer at a business training program for beginner female entrepreneurs. Except for one Congolese woman, the women knew each other from an earlier business training program. Each member saved €20–50 per month, and from the second meeting onwards, loans were provided.



The members started this CAF group with the explicit *common goal* to establish a professional business network of like-minded women entrepreneurs. For many members, it was essential to meet other entrepreneurs and be part of a network, as Caroline explained: “*There are always people who are working in the same field in which I am also working and who are very interesting to get to know. I think networking is something that always stays and what should keep you busy as well*” [Interview].

This group was equally driven by entrepreneurial and idealist motives. The members regarded their participation in the CAF group not only as an instrument to help each other but also as a way to experiment at a financial level and eventually as a way to revolutionize the financial sector. Marleen explained why she mistrusts the financial sector:

I really like this CAF group, especially in these times. I am very angry with the banks, just like everyone else, let's say. [...] So I prefer to have as little to do with it as possible. Because, they are only interested in their own affairs. This [CAF group] is of course very small-scale, but I think, yes, there may be more initiatives like this. People are setting up their own banks, you know, that had happened also with the former farmer cooperatives, which has become the Rabobank. And at some point, you might even be able put the big banks aside. [Interview]

Like Marleen, other members of this group were equally critical and cynical about how the aftermath of the financial crisis influenced the formal financial sector, and they wanted to avoid being part of it. This mistrust motivated the women to look for financial alternatives such as the CAF group. In addition to having these goals, the survivalists, especially, were very keen on building up a financial buffer and having access to their own finances in case of an emergency. The women saved on a regular basis and provided each other with loans right from the start. The loans were mainly used for investing in their business activities and for covering travel costs (for instance, trips to do business and to meet family in Suriname).

All members were invited by Tanja to join the group. During the first group meeting, she acted as leader, but she tried to distance herself from the role after that. She introduced me to the other group members and explained her personal objectives and why she had invited them, but she otherwise tried to stay in the background, as noted the following field note:

I explained that the coordinator has an important role to play but that they should not be the leader or "driver" of the entire group. Everyone immediately looked at Tanja, but she was very clear that she was definitely not going to play the role of a coordinator. Tanja is loved by everyone and gets a lot of attention, but during our meeting, I never had the feeling that she was too central. She was able to insert herself at certain moments but remained – as she had promised me and herself – at the background most of the time. [Field notes]

Thus, Tanja refused to become the coordinator, but at the same time, she was able to generate confidence and mutual support when needed. She clearly wanted to adopt a *democratic form of leadership* without playing a central role herself. However, she somehow managed to become an invisible leader: especially during the first year, her presence and advice were crucial for the group. Later, by rotating the role of the bookkeeper and money teller, the members of the group became more and more independent of her advice. When important decisions had to be taken, the group

members discussed in detail what it would mean to each member personally. They then decided together what further steps to take without referring to Tanja.

The issue of trust was actively discussed during the participatory workshops. Because they had being entrepreneurs and women in common, they shared social trust towards each other. Meetings usually began with members sharing information about job opportunities and business events, but the women also enjoyed talking to each other as mothers and spouses: *“We, as women, we have to keep everything together!”* [Regular meeting]. When the CAF group first began, one of the members with an Indonesian catering business provided the others with tasty dishes (see picture 4). She was paid a little fee in return. During the meals, the women took time to chitchat extensively, filling the room with their laughter and enjoying each other’s company. During the second year, they decided that time was a precious good and that they would like to become more efficient. They then decided to stop the catering service. Subsequently, personal conversation became less prominent and more time was dedicated to financial transactions and bookkeeping.

Picture 4 Indonesian catering

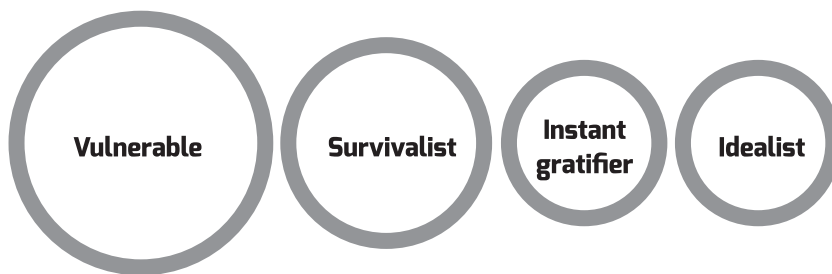


Even though most of them knew each from other activities, the women managed to deepen each other's earned trust and strengthen their reciprocal relationships through social support. Due to the intensive contacts at the beginning of their meetings in the first year, members had become acquainted with each other's personal sorrows and difficulties. Survivalists greatly profited from the subsequent strong mutual support among the group members. Hanneke, for instance, was a single mother and a freelance photographer. Sometimes it was difficult for her to make ends meet. One day, someone broke into her apartment and stole her camera. At that time, having reached the end of the second cycle, the members of the group were thinking about a common charity. But instead of financing an external project, they decided to support Hanneke. Tanja explains why: *"I consider a charity more like, you [Hanneke], you have had a problem and then we – I just say it now – that we give something to you. That could also be a charity! [consenting sound] We should not need to go too far outside the group. But if something goes wrong within the group, we can support each other by doing so"* [Final II workshop].

Thus, by learning from each other in the CAF group setting, the women were able to accumulate a *repertoire of new skills and knowledge* to strengthen their social and business networks, improve their financial positions, and broaden their entrepreneurial business attitudes. The support given Hanneke during her time of difficulty is an example of how the members of this diverse group learned to establish a supportive social network by helping each other out financially and exchanging knowledge on how to grow as an entrepreneur, such as how to deal with tax authorities or news about interesting business fairs. Entrepreneurial women in need of financial resources learned from each other about how to access and make use of business loans outside of the often mistrusted financial sector. During the member checking (see also chapter 3), the more idealist-driven members explained that they had also saved money with the group to let others make use of the group's fund. Realizing that they were not actually in need of cash themselves, they were delighted that others could borrow from the common fund to make ends meet. As CAF WOMEN ENTREPRENEURS met all four conditions, I concluded that this group indeed developed the potential to turn into a community of practice. CAF WOMEN ENTREPRENEURS continues today, even though the research period is over.

Figure 11 Group composition of CAF MEN**Group summary**

Men with different ethnic, religious, and economic backgrounds took part in this CAF group. All participants were migrants, except for one native Dutch person. Most of the members were Hindustani originating from Suriname (8); others came from Iran (1), Iraq (2), and Turkey (1). All had lived in the Netherlands for 15–40 years. Their education levels differed significantly, and many were receiving social security. During both cycles, their group consisted of 13 men, with slightly changing membership. Most members saved €10–20 per month. The question of loans was highly debated, but in the end, no member submitted a loan request.



The men in this group had a dual *common goal*: to create a financial safety net and to intensify social relations. During the Progress I workshop, Manzoor explained to the others that saving money within the group would help him to put more money aside: *“If you keep the money within the group, you withdraw it less quickly, otherwise you would be ashamed”* [Progress I workshop, see picture 5]. Danny learned that saving helped to overcome financial problems: *“It is important to solve financial problems before they get too big. If you are on social assistance, you cannot save easily and it is easier this way. It is a nice pocket money.”*

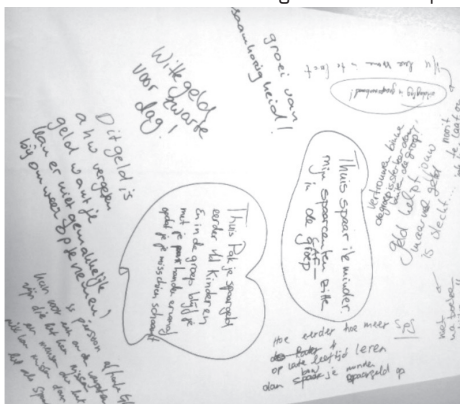
Ercan, the leader of the community centre where the group met, had selected the initial group of men. He convinced Piet, a volunteer at the centre, to participate as well and to keep the other men on task. Piet was appointed as the group’s coordinator during the first session, and he constantly kept motivating the others to appear on time and

to save. The other men appreciated this positive pressure to save and to be punctual. Over time, Piet adopted a rather *authoritarian form of leadership* style to keep the group active. He often complained to me about his fellow members' lack of self-discipline: "Men just aren't reliable and don't show up. Within the centre, we try to involve them in everything [politics, welfare of others]. But men also come here mainly to play cards, for the rest, "basta" [Informal talk]. It appeared that those who had the most time were also the least punctual. These are typical characteristics of the vulnerable and the instant gratifier. Consequently, the CAF MEN depended largely on Piet, which was frustrating to him. The other group members were unable to adopt a democratic style of leadership, to take ownership and run the group, without Piet's support and supervision.

Even though no loans were disbursed during the two years the group existed, different forms of trust were a central issue throughout the participatory workshops. As many of the men already knew each other through their participation in the centre, they could build on a certain level of individual trust. At the beginning, however, negative experiences with ROSCAs were directly linked to the issue of trust, as I noted in the following field note:

At the beginning of my explanation of CAF groups, I tried to make a comparison with *kasmonis* and *susus* (names of ROSCAs in Suriname and Ghana, respectively) as usual, but I did not receive positive responses with these examples. On the contrary, a lot of tensions arose, a number of men started talking aloud: "Bad experiences, people ran away with the money, people couldn't afford it anymore." It took a while before I could calm them and explain that it was not a *kasmoni* but something else. [Formation workshop]

Picture 5 World Café at Progress I workshop



Because of these negative experiences, trust was not self-evident. Instead, it had to be earned by seeing each other on a monthly basis and by saving regularly. This was also one of the most important reasons why the men were too reluctant to ask each other for loans. Still, after one year, they found that *“trust was always important”* [Final I workshop] to them. Over the course of the two years, the increasing level of earned trust slowly changed into an increasing feeling of being a group and having mutual support: *“Because we are more of a group, we have more trust in each other”* [Process II workshop].

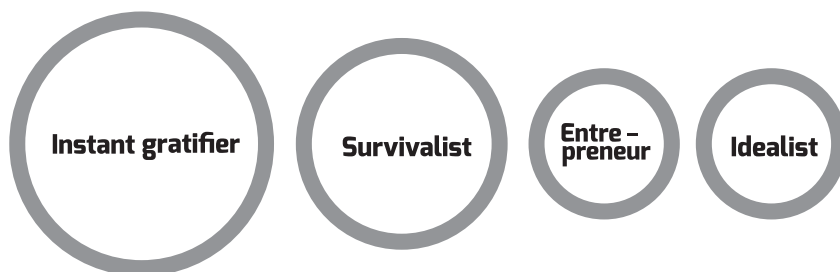
Thus, by learning how to fill in the financial forms, motivating each other to save, and increasing the level of trust among the group members, the men were able to *accumulate new knowledge and skills* on how to manage their social networks and improve their financial positions. Together, they had learned how an increased level of trust is essential to feeling part of a group of like-minded men. The group became an important tool for intensifying social relations and mutual support, as Ahmed explained: *“Now, I feel confident among my friends, I am no longer afraid. Maybe a year ago, we said we were friends, but yes, at that time, I was scared. But now I don’t think it’s scary. [...] Simply, it’s fun together, it’s a reason to sit together! I really enjoy it. I’m happy with it”* [Process II workshop].

The men especially appreciated the positive pressure they felt to put money aside for an extra financial buffer. Participants’ learning process to improve their financial position was based on that pressure to save money on a regular basis, and some members also gained insights on how to improve their household management. These learnings occurred less through the mutual exchange of knowledge and expertise and more through the men’s individual experiences of putting money aside and improving their skills on their own.

Strengthened social networks and an improved financial position were not enough reason for the men to continue their group activities, however. Once the research period was over, I did not visit the group anymore and the volunteer also stopped supporting the group’s operation. The men could have run the group on their own, but they were unable to adopt a democratic leadership style. The members were not able to stay motivated, and the CAF group’s activities came to an end. Thus, this CAF group did not meet the criteria for having the potential to turn into a community of practice during the research period.

Figure 12 Group composition CAF GHETTO**Group summary**

This small group of seven members (including three children) was initiated by an Antillean student, Sonia (30 years), who is a student at my university. She had a strong wish to save on a more regular basis. By creating a CAF group, this mother of a baby boy intended to motivate other members to improve their saving behaviour as well. Besides her boyfriend, Charles (32 years), and her brother, Devin (28 years) – with whom she lives – she also asked her best friend Diana (29 years) to participate in this group. Diana lives as a single mother with her two daughters (aged 3 and 8). The adults' educational backgrounds ranged from lower to higher education, and all four had high debts (approx. €8,000–30,000). They each saved €5–20 per month, and they did not ask each other for a loan.



Besides being excited to start a new project with her friend Diana, Sonia, the initiator of this group, was very motivated to end her ongoing financial support of her brother and boyfriend. She was tired of being responsible for their financial well-being and aimed at formalizing their informal financial dependencies, as I wrote in this field note:

We had a pleasant conversation about her interest in setting up a CAF group within her circle of friends. She had the impression that she was the only one who could handle money well among her friends. All the others are more or less in debt or often have problems with money. That is why she felt that a CAF group could be a very good way of teaching her friends how to handle money more responsibly. She was also tired of always being the one who had to lend money and then find it difficult to get it back later. [Informal talk]

Thus, the *common goal* of this group – largely motivated by the two best female friends – was to build a financial buffer and to get a grip on their debt situations. For the two women, savings meant freedom: to be able to take part in social life again (e.g., going out to the cinema or dinner) and to have less to worry about in general. Sonia explained: “For me, it’s kind of, I don’t know how to say, a must. A part of my life that has actually disappeared a bit due to circumstances, but which I really long to get back on track. [...] It is also nice if you can have 20 euros at hand and say we are going to the movies or whatever. [...] And I miss that. I miss that freedom. I always had that” [Interview].

Sonia convinced the two men to join the group, but they had to be kept motivated. During the first sessions, the two men seemed to share the same common goal and to be similarly driven as the women to increase their savings and change their financial situations. Charles arrived on time, acted as the bookkeeper a few times (obviously pushed by Sonia), and handed in some savings. But as time passed, the two men needed constant reminders to be on time and to come with money to deposit as savings, and they became less dedicated to their initial common goal. During the second cycle, Charles did not even show up anymore, and Sonia’s brother only participated because he was already in the house.

Sonia continued to be the leader of this group and had to keep pushing the men to participate. Even though she would have preferred to implement a democratic form of leadership, the passive behaviour of the other group members pushed her to be more directive in her style of leadership, which thus was closer to *authoritarian leadership*.

There was a relation of mutual support and individual trust between the two women of CAF GHETTO because they had known each other for a long time. The friendship between them was strengthened by the CAF group, which they called “*our new adventure*” [Field note]. When we met at either Sonia’s or Diana’s place, the two women combined these meetings with a number of other social activities such as a sleep-over with the kids, cooking dinner, or shopping at The Hague Market. The fact that the women had known the two men for a long time did not mean that they also trusted them in financial terms. But through participation in the CAF group, they hoped to force them to take a little more responsibility for their own financial affairs and to become less dependent on their sister or girlfriend for their financial well-being.

The high expectations of the two women, however, ended in disappointment. Although the group started with high spirits, the men dropped out during the first year. Despite teaching each other how to fill in the forms and trying to motivate each other to save at the beginning, the members were not able to build a common *repertoire of skills and knowledge*. During the second year, the women still appreciated the feeling of putting money aside, and they tried to meet on a regular basis, but their meetings became less

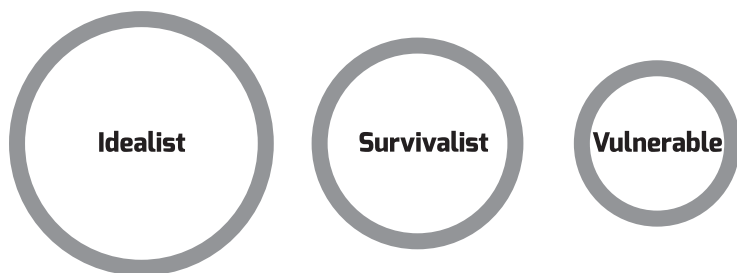
and less frequent. Thus, the access to additional financial resources was not enough motivation for them to continue the group once the research period came to an end. Even though the women were able to strengthen their friendship and experienced putting money aside and thinking critically about their financial planning as positive, this CAF group did not have the potential to turn into a community of practice.

8.4.4 CAF TRANSITION LAB

Figure 13 Group composition of CAF TRANSITION LAB

Group summary

This group of about eight members met once a month in a community centre in Amsterdam. All were socially engaged women and men living in that neighbourhood who were self-employed, employed, or still studying. They knew each other from joint activities in and around the community centre. Even though they started to save straight from the start, they initially did not see any need for providing each other with loans. Each member saved no more than €10–30 per month; over time they started to launch extra entrepreneurial activities to add to their group's fund.



The *common goal* of this CAF group was to create an active network of inspirational people and to build something they kept calling a “community fund,” a goal that was shared by all members alike. CAF TRANSITION LAB met in the evenings at a community centre in Amsterdam. At the beginning, they often tried to combine their meetings with activities at the centre. This meant that they sometimes spent less than half an hour on their savings activities. Later, they took more time for the group as they

realized it was needed to fill in the financial forms and to socialize in a more relaxed manner. Furthermore, not all members of the group had known each other previously; it was therefore essential to take the time to get to know each other. Mahin often talked of “*dreaming to initiate new ideas*” [Regular meeting]. For some members, just having the opportunity to have this fund at hand and to brainstorm with the others about what to do with it in the future gave them a feeling of deep satisfaction.

Behrouz had a special role in this CAF group: *Behrouz is the leader of the entire group, the entire centre. He is a key figure in the in the whole neighbourhood because he is the only one who is well known and trusted by all the others. Through him, the members would actually learn to trust each other* [Formation workshop]. At the community centre and in the neighbourhood, he was a very well-known person and a facilitator for a range of activities. In other words, he was the spider in a web of many community relationships. But his position also brought challenges for the group. In theory, the members were used to working together in different constellations and were therefore in favour of a *democratic form of leadership* for this particular group. Thus, they suggested that the function of the coordinator would rotate among the members. But in reality, Behrouz often dominated the discussions, which can be illustrated in how the issue of providing loans was decided on: During the first meeting, the members discussed whether they wanted to provide each other with personal loans. According to Behrouz, however, this would not be necessary as he expected no one in the group would be in need of extra money. However, I knew from individual interviews that at least three members would not have refused a personal loan in an emergency, as I explain in the following field note:

Behrouz is again dominating the conversation; he says that no one here needs a loan anyway. I know from at least three members that they might need something from time to time, or that saving can be important for them. But this kind of commentary is not possible in this atmosphere. Behrouz does not want to do any harm of course, but in his enthusiasm, he sometimes goes too far and thus influences the other members of the group. [Fieldnotes regular meeting]

Behrouz's dominating behaviour seemed to be an unintentional result of his uncontrolled enthusiasm and strong ideals to bring about social change in the community. Nonetheless, it also seemed to silence other members' voices and ideas within the group.

Lack of *trust* was not an issue for the members of this CAF group, but they still enjoyed the increasing level of trust. Most of the members knew each other through activities at the community centre, but, most importantly, everyone knew Behrouz. Because this form

of individual trust existed, they were motivated to join and did not have any suspicions towards their fellow group members. As Hans explained: “*I expect a friendship club. We are a club of people who trust each other. There must be real trust. I have been invited, and I am also a reliable person. I expect a nice and cosy atmosphere*” [Interview].

During each workshop, the members confirmed that the level of trust had increased, and they began to feel like a group of friends. They started to see each other outside the regular group meetings. For instance, when Herbert celebrated his retirement, he explicitly invited the CAF group to join his party. Another example is Sigrid, who asked the group to finance a personal educational activity without letting the others know what it was all about. Without the feeling of group support that came with the CAF money, she would not have felt encouraged to carry out her planned activity. Money coming from the bank or from her personal savings account would not have given her the same feeling of emotional support. The only thing that was important to her was the trust of the others, as I explain in more detail in the following field note:

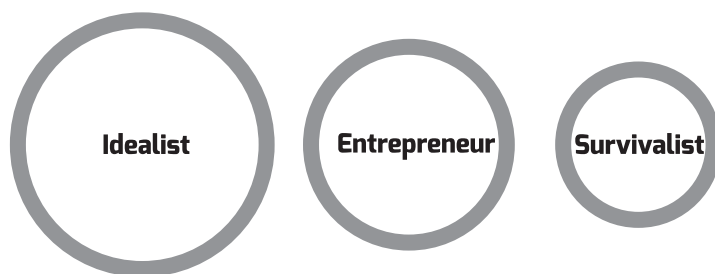
The conversation was ultimately about the fact that not long ago, Sigrid had requested a loan for a very personal purpose. She would not ask this group for money for a PC or printer that easily. For that, she would prefer to save up her own money. But for something personal, it is ok. She would not have borrowed that money so easily from others or even from the bank. But because it comes from the group, she dared and felt the support of the other members. So money becomes a way to create something, to develop something, it is a means. But within this group, it is never a goal in itself to collect as much money as possible for economic profit. And that makes this group different from a normal bank. Money is only a means and not the end. [Member checking]

In this example, earned trust became so strong that it replaced money as a means to realize individual dreams. By learning to trust each other in this way and by inspiring each other to think differently about handling their financial affairs, the members were able to accumulate a *repertoire of knowledge and skills* on how to handle money in a different way. This was especially valuable to the idealistically driven people, who gained access to a group of like-minded people with whom they could develop ideas for the surrounding community. And some of the more vulnerable members were able to learn how to put aside money and have access to financial resources (i.e., loans) in times of need. According to my assessment, this CAF group met the four conditions and therefore had the potential to turn into a community of practice. After the research period ended, the members continued to meet on an irregular basis to support each other and to develop new ideas for the neighbourhood community.

Figure 14 Group composition of CAF COMMUNITY PILOT

Group summary

This group was set up in a community centre in The Hague. I had established contact with the centre via one of their volunteers, and together, we organized an information session on CAF groups. During this evening event, we formed a group of eight men and women, the majority of whom had never seen each other before. Most of them were either self-employed in a creative industry, employed, or looking for a job. During their single year of activity, each member saved about €10–40 per session, and they provided each other a number of loans to meet personal needs, such as repairing a car or paying fees for a training course.



During the first meetings, the members of this CAF group agreed that their *common goal* was to participate in what they called a “financial experiment” and to meet like-minded people. As Arnold explained: “*I also thought it would be nice to meet other people who may have thought about the same things as me*” [Interview]. However, building up a financial buffer through extra savings was also important to them.

Most of the members did not know each other before the group formed. They came together following a social media announcement from the community centre. At the beginning, they focused on getting to know each other, and apparently everyone wanted to avoid dominant behaviours. That is why they chose to have a *democratic form of leadership* and to share and rotate the coordination and bookkeeping tasks. The group held on to this approach and managed to keep all members on board throughout the year. But there were discussions about it as well. Once, for example,

they talked about whether they would use interest rates. Because of their *common goal*, the majority of the members rejected this idea – they wanted to do things differently from the mainstream financial system. One member thought otherwise, and instead of discarding her sentiments, the group members discussed respectfully and at length the pros and cons of not working with interest rates, and in the end, she agreed to follow the opinion of the majority.

Because most of the members did not know each other, the level of individual trust was rather low at the beginning, and none of the participants would act as a leader to bind the rest together. However, the common mission of participating in what they called a financial experiment provided the members with a solid basis of social trust. They felt part of a group of like-minded people with whom they shared a similar view of the world. Nonetheless, they experienced a large increase of earned trust within the year of operation. During the Process I workshop, they reported the increased levels of trust and intensified social relations. Then, during the Final I workshop, they discussed their financial affairs in more detail.

Dennis: I also like that great level of trust among us.

J: Yes, and last workshop, it was mainly about networking, the social and human dimension, and experiment and procedure [...] and that it first felt awkward but then became familiar. [...] And now I see at this meeting that the role of money has become more important and that it was more about the group dimension last time. Is that right?

Dennis: I think that is because we are already much more certain about the group. The role of money then comes up because the other aspects have become less relevant.

J: Is that a change?

Dennis: Yes, that is certainly a change but does not mean that the group is less important. At least, it doesn't feel so to me.

[Final I workshop]

Hence, within a period of about six months, they had learned to trust each other, which allowed them to more openly discuss their individual financial affairs. By learning to trust each other in this way and by inspiring each other to think differently about the role of money, the members were able to expand their *repertoire of knowledge and skills*. They appreciated the new knowledge they gained as like-minded people about sustainability related subjects and reflected together in a critical way on formal financial institutions. But even though this CAF group had a specific common goal, adopted a democratic leadership style from the start, and developed a sufficient level of trust, they decided not to continue after the first year. During the short period of their

existence, this particular group of people had the potential to become a community of practice. However, having achieved their common goal of participating in a financial experiment and meeting like-minded people, they did not expect to accumulate enough additional knowledge and skills to compensate for the effort of continuing to meet once a month. Thus, this CAF group did not seem to have the necessary potential to become a community of practice, and after one year, they decided to stop.

8.5 Discussion

In this chapter, I aimed to explore whether and how each of the five CAF groups had the potential to turn into a community of practice. After applying the criteria to the empirical findings, I concluded that two of the CAF groups – CAF TRANSITION LAB and CAF WOMEN ENTREPRENEURS – indeed had the potential to turn into communities of practice. Members of these CAF groups shared very explicit common goals, such as strengthening their social and business networks and having access to financial resources. The more idealistically driven members, in particular, enjoyed joining a financial experiment that sought solutions outside the financial sector. They also aimed at increasing their social and financial means to do good within the wider community or to support an individual member in need. Thus, such members were less focused on their personal well-being, and they tried be important to people either inside or outside their group. In both CAF groups, trust played a less prominent role at the beginning of the cycle because a basic level of social trust existed among the members straight from the start. Even so, as the project progressed, members noted an increasing level of earned trust, which they greatly appreciated. Both groups also adopted a democratic leadership style and tried to involve all members alike and in a transparent way. Finally, both groups developed a common repertoire of knowledge and skills regarding topics such as enlarging one's social network, handling one's financial affairs, and being more entrepreneurial. Thus, CAF TRANSITION LAB and CAF WOMEN ENTREPRENEURS both met all the criteria for becoming a community of practice. In contrast, despite having a similar composition of ideal types as these two groups, CAF COMMUNITY PILOT did not become a community of practice and it stopped after one year. The group's participants found that they had achieved their common goal – having participated in a financial experiment – and the additional knowledge and skills they might gain regarding their financial positions or entrepreneurial attitudes did not outweigh the time and effort involved in coming to the monthly meetings.

The above discussion leads to the question of whether a CAF group needs to turn into a community of practice to be of value to its members. In contrast to the groups with the potential of turning into a community of practice, the last two CAF-groups

– namely CAF MEN and CAF GHETTO were mostly composed of individuals who showed traits of the instant gratifier and vulnerable ideal types and whose common goal was the aspiration for “a better life” by being able to save, establish a financial safety net, and gain new knowledge in personal financial bookkeeping skills.

Trust played diverse roles in these groups, depending on the context of the group and the characteristics of the participants. For CAF MEN, with survivalist and vulnerable members in the majority, lack of individual and social trust played a much more prominent role at the beginning. This group was initiated by the coordinator of the community centre most participants visited on a regular basis, and he was highly trusted by all of them. Earned trust was gained throughout the two years of operation, and it was mentioned and appreciated by all the men alike. Members of CAF GHETTO knew each other very well as family members and friends, and the two women had a high degree of individual trust for each other. For a CAF group dominated by instant satisfiers, knowing each other very well seemed counterproductive for their savings performance because they did not fear the loss of face in front of family members and friends who already knew their habits – good or bad. For different reasons, neither of these two CAF groups were able to adopt a democratic leadership style. The members of CAF MEN did not have the self-discipline to show up on time and to manage the bookkeeping on their own. They needed and appreciated the support of the volunteer leader. And even though the leader of CAF GHETTO would have enjoyed adopting a democratic leadership style, half the adult members were too unmotivated to participate accordingly. Finally, the accumulated repertoire of new knowledge and skills based on mutual learning in these groups was less developed than that in the CAF groups that did turn into a community of practice. In contrast to CAF GHETTO, CAF MEN was of added value to all the members, and many of them would have been motivated to continue after the research period, though they would have still required supervision.

The experience of CAF MEN shows that a CAF group that does not evolve into a community of practice can still be of great value to its members. Similarly, the female members of CAF GHETTO learned important lessons, as did the members of CAF COMMUNITY PILOT, who stopped after only one year of operation because their common goal had been achieved. The question of democratic leadership, however, remains the bottleneck in becoming a community of practice. For CAF groups composed mostly of very vulnerable members, establishing a democratic leadership can be especially challenging because members’ main goal is to improve their personal situations rather than being able to understand all the rules and procedures and having enough ownership to run the group on their own. In that situation, the value of a CAF group comes not from having a democratic leadership style but from being guided by a trustworthy community leader or a welfare organization.

8.6 Conclusion

This chapter aimed to answer the question of whether and how the CAF groups studied in this project had the potential to become communities of practice. I used four criteria – common goal, democratic leadership, trust, and a repertoire of knowledge and skills – to determine if a given CAF group met the conditions for its members to be able to develop Wenger’s three competences for a community of practice. The application of the criteria resulted in a discussion of why two of the CAF groups showed the potential to become communities of practice, while three others did not. My analysis also raised the question of whether a CAF group had to turn into a community of practice for it to be of added value to its members.

To conclude, I will link this chapter’s findings to the two feedback loops I introduced in Chapter 7 to expand Sen’s capability approach with Giddens’s structuration theory. The first feedback loop shows how CAF members’ internal structures are influenced, that is, how members are able to increase their individual well-being. This feedback loop appeared to function in every CAF group in this study. Even though three groups did not have the potential to become communities of practice, their members encouraged each other to save on a regular basis and increased their mutual trust in each other. Members’ new learnings could have an influence on very proximate external structures, such as interactions at a community centre (CAF MEN and CAF COMMUNITY PILOT) or family dynamics (CAF GHETTO). The second feedback loop emphasizes the potential importance of CAF groups on the more distant external structures of society, such as the financial sector or the participation society. This feedback loop can be linked to what Medina (2013) calls “chained actions” – individual or group actions to promote more justice and equality in an unfair world. Only CAF WOMEN ENTREPRENEURS and CAF TRANSITION LAB showed the potential of becoming part of chained actions; because they had the combination of competences to eventually form a community of practice, these groups might have the potential to become of significance for the more distant external structures of society. The role that these kind of CAF groups may play in distant social structures and in the broader context of the financial landscape and participation society will be discussed in detail in the concluding chapter of this dissertation.



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Conclusion

I opened this dissertation by recounting my conversation with Alain, who explained what he thinks people in the Netherlands are missing: they have easy access to money, but they have to handle their financial affairs on their own. In his view, money can bind people together in social networks, but this social side of the coin is largely overlooked in the Netherlands. With the increasing individualization in today's Dutch society, social ties have become rather loose. However, by linking the social and financial sides of the coin, CAF groups might be a way to empower people in the Netherlands.

In this last chapter, I discuss my role as an engaged scholar before turning to my main research question: What value do CAF groups have for their members and for the broader Dutch context? This question was broken into three sub-questions in the Introduction, and those sub-questions formed this dissertation's structure, though they were not necessarily discussed in a linear chapter order. Chapters 6 and 7 addressed my first sub-question, concerning the impact of CAF-group participation on the agency and well-being of the members, while my second sub-question, about how members interact in the settings of different CAF groups, was discussed in Chapters 5 and 8. After using Sen's capability approach to elaborate on the empirical findings for these two questions, I explain why and how I expanded the capability approach with Anthony Giddens's structuration theory. I then provide answers to my third sub-question, which asked about the possible significance of CAF groups for the Dutch financial landscape and the participation society. Finally, I recap my main findings about the value CAF groups have for their members and for the broader Dutch context by discussing how to balance the social and financial sides of the coin.

9.1 Being an engaged scholar

Setting up CAF groups in this action research demanded a high degree of flexibility and reflexivity from me as an engaged scholar. In this conclusion, I reflect on how I interacted with CAF members throughout my research process.

9.1.1 The role of participation for engaged scholarship

In this action research, I tried to strengthen the position of the CAF members. As an engaged scholar, my aim was to do research with and for people who might benefit from it (Boyer, 1996). I was especially driven by the need for social action and was inspired by societal questions about concerns and challenges provoked by the participation society and the financial landscape in the Netherlands. I was also committed to the production of knowledge and theory building. Reflection cycles during the course of this action research included observing, evaluating, and modifying the way I interacted with CAF-group members (see Chapter 3).

9.1.2 Participation at action and research levels

In retrospect, I distinguished two levels on which the CAF members and I participated during this project – the research level and the action level – which were essential for reflections on my dual role as engaged scholar. During the research process, I focused on theoretical concepts in inductive and deductive ways to underpin the research process (research level) as well as the CAF methodology (action level). The action level was mostly about the way I created, trained, and coached the groups and implemented the CAF methodology together with the members. My roles and those of the research participants changed during the research process – sometimes consciously, sometimes unintendedly. On the action level, I aimed at making CAF group members feel comfortable in order to enable the development of shared feelings of ownership. Once a group established such ownership, I could reduce my control over their operations. This offered possibilities for the members to find their own creative solutions. However, not all groups created a feeling of ownership. Two of the five groups needed intense guidance and ceased to exist after my departure.

In contrast to their involvement at the action level, CAF-group members were less engaged in the development of the theoretical framework and concepts at the research level. This was not unexpected. I had assumed in setting up this project that members' priority would be to learn from participating in a CAF group (for instance, how they could better handle their financial affairs) and that they would be less interested in the theory development of the capability approach. During the participatory workshops, for instance, I asked participants whether they had witnessed any changes concerning their own well-being and the operations of the group, but I did not explain how these questions were embedded in the theoretical framework. The operationalization of the capability approach proved to be rather complex, so I did not want to bother CAF members with it and thus did not actively involve them in the research design or theory development at the research level.

Through the repetitive reflection cycles, I finally realized that this project should be considered action research rather than participatory action research as I claimed in Chapter 5, where I discussed the first findings of this research journey. As I discussed in Chapter 3, participatory action research pays specific attention to how people participate in all aspects of the research design and research process (Banks et al., 2013), whereas the general definition of action research refers to a normative research approach that aims to include and empower its research participants and wishes to contribute positively to social action, policy reforms, or other types of social change (Reason & Bradbury, 2008). Because the project's primary purpose for the CAF members was to produce practical knowledge – such as the insights gained through participating in a financial self-help group – and because the CAF members were not very much engaged on the research level themselves, this project qualifies as action research rather than participatory action research.

The following sections discuss my theoretical framework and empirical findings. To demonstrate how CAF-group members were able to empower themselves, I use notions from Sen's capability approach as sensitizing concepts.

9.2 The capability approach

The theoretical framework of this thesis was informed by Amartya Sen's capability approach (Chapter 2). According to Sen (1999, 2000), a person should have the freedom to choose a particular lifestyle fitted to their view of well-being. In other words, every individual should have the freedom to choose the kind of life they have reason to value. This is what Sen calls "capabilities." This freedom of choice would also include an individual's choice to participate in a self-help group, such as a CAF group. Once an individual is part of a group, they become involved in different activities. Sen calls these activities "functionings," which refer to a person's state of "being," such as feeling less lonely, or to a state of "doing," such as saving money. These functionings formed the evaluative space of this research project.

When it comes to evaluating an individual's functionings, Sen (1992) emphasized that researchers should focus on the individual's well-being as well as their agency achievement. Well-being is in some ways more focused on self-interest, whereas agency goals may refer to both personal achievements and promoting the well-being of others (see also definition of agency and well-being achievement in chapter 2). As I operationalized Sen's capability approach for this research, it became clear that CAF members' agency and well-being achievement were influenced by the specific context of the Dutch society, such as individualization, the patterns of a consumption society

(consumerism), and the aftermath of the global financial crisis of 2008. I therefore introduced so-called conversion factors, which made it possible for the capability approach to consider the influence of societal structures, namely by converting characteristics of goods and services into individual functionings. These conversion factors were applied by operationalizing three capabilities – access to social networks, financial household management, and entrepreneurial positioning – into functionings. My selection of these capabilities was based on the assumption that participation in a CAF group would enhance them. Thus, I used these three capabilities to assess the value of CAF groups for their members and for the broader Dutch context.

9.3 Empirical findings

In my analysis of the qualitative data, five CAF member ideal types emerged. The achieved functioning of these ideal types formed the evaluative space to analyse the different effects of CAF-group participation on the well-being and agency of individual members, considering their specific backgrounds (see Chapter 7). The main characteristics of these ideal types are as follows:

1. The **survivalist** faces major challenges in life (such as divorce, long-term unemployment, and sickness). To keep the wolves from the door, a survivalist uses their social networks. A survivalist depends on a limited and irregular income and has a history of structural indebtedness; however, they have learned to manage their meagre resources wisely.
2. The **entrepreneur** considers running an enterprise not only as an income-generating activity but also as a way of life. An entrepreneur feels that by being their own boss, they can make their dreams come true and combine that with private (family) life. An entrepreneur strongly relies on professional networks, seeks ways to retain control over their life, and likes to look for creative financial solutions.
3. The **idealist** has a strong desire for societal transformation and tries to live up to those ideals. An idealist takes pleasure in trying out new things at different moments of life. An idealist is often active as a volunteer in different areas and enjoys connecting with a variety of – preferably like-minded – people to do something good for society.

4. The **instant gratifier** has (or had) a limited income, and their lifestyle exceeds their personal budget. Status symbols such as flat screen TVs and mobile phones are purchased without sufficient awareness of the consequences. Due to their consumeristic behaviour, instant gratifiers tend to borrow money easily and subsequently build up debts they cannot pay off quickly. An instant gratifier has big dreams and visions about the future but lacks a sense of reality or planning skills to make those dreams come true.
5. The **vulnerable person** has small and weak social networks and often feels lonely. They have a relatively low income and find it difficult to save. A vulnerable person does not have a positive relationship with money and does not like to talk about it.

On the basis of these ideal types, the empirical findings were distinguished between the effects of CAF-group participation on the capabilities and functionings of individual participants (Chapters 6 and 7) and its effects on the interactions and dynamics of the different CAF groups (Chapters 5 and 8). Here, I briefly discuss those empirical findings and provide answers to the first and second sub-questions of this dissertation.

Capability 1: Being able to develop and maintain a diverse social network

The empirical findings showed that it was indeed important for CAF members to meet like-minded people and to expand their social contacts. In times of difficulty, they could rely on emotional or financial support from their fellow group members. Some reported that the support received eventually reduced their feelings of loneliness. This was especially true for survivalists and vulnerable participants. To be able to broaden their social networks, it was important for CAF members to develop more trust in other people. Trust was experienced in three different ways: individual trust, social trust, and earned trust.

Within some CAF groups, members could rely on individual trust because they knew each other from before and knew whether they could consider each other as trustworthy. This form of trust worked in two ways. For some members, it had a positive effect because they had worked together before or had joined similar (entrepreneurial) training programmes. These members could work smoothly together in a CAF group, start saving right away, and provide each other with loans rather quickly. For others, however, it could be a limiting factor, as was the case when the fellow participants were relatives. Because these members did not fear

embarrassment through bad performance, they had difficulty remaining motivated and saving on a regular basis. Another form of trust on which CAF groups were based was social trust. Here, the members of a CAF group frequented the same community centre, had the same profession, or were all entrepreneurs. They used that experience to feel connected to other members they did not yet know personally. In cases where potential participants did not have either of these two forms of trust, they were hesitant to start a CAF group. Once a group had started, however, all participants reported that over time, their trust in fellow group members increased. This kind of trust is usually called earned trust. This earned trust was an important effect of CAF-group participation.

Members experienced saving and borrowing/lending as a way to deepen mutual trust and reciprocal relations. This was true for all participants, regardless of which ideal type they resembled most. At the beginning, idealists and entrepreneurs usually employed social trust, whereas survivalists, vulnerable members, and instant gratifiers relied on individual trust to join a group. Over time, earned trust functioned as a positive form of peer pressure. As they got to know each other better, participants wanted to show their best sides and earn the status of being trustworthy. During difficult times, they could rely on the support of their fellow group members, which was greatly appreciated by all members but especially by survivalists, instant gratifiers, and vulnerable members.

In summary, members of almost all CAF groups reported that trust among the participants had increased through dealing with their financial affairs within the group setting. In other words, dealing with each other's savings and loans increased earned trust and consequently increased in a modest but crucial way the scope of their social networks by adding the members of their respective CAF groups.

Capability 2: Being able to manage one's financial household

CAF participation had a positive impact on members' financial household management as they learned how to handle their savings and credit more wisely. During group meetings, members learned from each other about how to record these financial transactions. This was especially true for vulnerable members, instant satisfiers, and survivalists. Some members reported that they finally understood how a bank works, especially when it comes to borrowing. They understood better how interest rates are calculated and how costs would increase if a member could not pay on time. This was especially helpful for entrepreneurs and survivalists. For most CAF members, it was important to build a financial safety net just by saving. Survivalists, instant gratifiers, and vulnerable members in particular were very hesitant to ask for a loan because of

earlier negative experiences with borrowing. In general, loans were mostly used for consumption purposes and to a lesser extent for enterprise-related investments.

Participants gained in-depth insights through their improved savings performance. Most members saved more in the group than they would have on their own. Supported by their fellow group members, participants used peer pressure to improve their savings performance. Instant gratifiers and survivalists in particular acquired new insights into the positive effects of social pressure to save; they learned to spend less and to resist consumeristic urges. Even though they were not very successful in accumulating savings, instant gratifiers were very proud of the little amount of money they were able to put aside. That again positively influenced their self-respect. The very vulnerable members, who also aspired to save, were not as successful, and many dropped out soon after the CAF group was established. Members of CAF groups experienced a positive form of financial consciousness and an increasing awareness of money in their lives. Before, handling money was experienced as a troublesome and lonesome business. Members stated that they were not used to talking about their financial affairs with others. The way in which the CAF group enabled them to share details of their financial affairs with others was appreciated as supportive and insightful. Members appreciated this way of handling their financial affairs compared to their experiences with formal financial institutions, such as banks.

Capability 3: Being able to adopt an enterprising attitude and take initiative

CAF participation had a positive impact on the entrepreneurial positioning of entrepreneurs and idealists. Entrepreneurs used the CAF group explicitly as an opportunity to operate in a network of like-minded businesspeople and to exchange business information and advice during their meetings. For them, it felt reassuring and supportive to be part of a network of fellow entrepreneurs who faced similar challenges and understood each other well. Idealists focused more on motivating each other and on exchanging inspiring ideas. They also helped others outside the group by contributing to charity projects, supporting starting entrepreneurs, helping vulnerable individuals in financial distress, and so on.

Entrepreneurs also used the CAF group as a means to access finance. Most were self-employed, at least part-time, in professions such as independent photographers, social advisors, or artists. Many entrepreneurs felt excluded from the formal financial system either because they were not eligible for financing from banks or because of the very high costs of consumption credit. Seeking financial support in the form of a loan from the group felt much more reassuring than having to approach a bank. Group members

were able to discuss in-depth what a loan would mean to them and received advice on how to spend or invest it. Entrepreneurs and idealists gained insights into how to manage their financial affairs and became more conscious of the impact of money on their lives. Through their participation, entrepreneurs learned that finance does not only touch upon their business and trade but also involves emotions and trust based on their relations with other CAF members. Survivalists, instant gratifiers, and vulnerable members were not necessarily engaged in business development or income-generating activities. For them, the CAF group was more about increasing self-confidence and taking initiative in general. Participants who were part of a CAF group experienced a feeling of pride and satisfaction.

The three capabilities, access to social networks (Capability 1), financial household management (Capability 2), and adopting an enterprising attitude and taking initiative (Capability 3), served as the main sensitizing concepts to analyse the preliminary effects of the first three CAF groups on their participants (Chapter 4). In the course of the research, however, it appeared that there were also aims and (sought for) effects that could not be categorized under one of these three capabilities. Idealists in particular, but some entrepreneurs as well, had accepted the invitation to set up a CAF group because they had been looking for an alternative to regular banks. To account for this specific aim and intended effect, a fourth capability was introduced: *Being able to join a countermovement* (Chapter 7).

Capability 4: Being able to join a countermovement

By participating in a CAF group, idealists in particular aimed to join a countermovement. They experienced this countermovement as providing general alternatives for people who were frustrated and disappointed by formal banks. These idealistic members considered their CAF groups as one of the many small initiatives that would eventually diversify the financial landscape in the Netherlands. Together with participants in local exchange and trade systems, crowdfunding campaigns, *Broodfondsen* (occupational disability insurance), and community currencies, especially the more idealistic and entrepreneurial driven CAF group members aimed to change existing societal structures. They saw themselves as a product of Dutch society but also aimed for changing societal structures. Thus, idealists, as well as entrepreneurs, enjoyed participating in a CAF group because they considered it as a financial experiment to explore new ways of handling money and, at the same time, as an opportunity to learn more about the formal financial system.

Idealists, who were very critical about the existing financial structures, had two main reasons for joining. First, they wanted to control their financial affairs and did not want third parties

making reckless investment decisions without being held responsible. By participating in a CAF group, the more idealistic members expected to increase their abilities to find solutions outside the formal financial sector. Second, idealists and entrepreneurs both participated in the CAF groups not only for financial and economic gain for themselves but also to contribute to their surrounding communities, such as neighbourhoods, churches, and families. They were especially focused on those who were more vulnerable or at risk. Idealists therefore regarded their participation in a CAF group as an interesting financial experiment. They were critical of the mainstream financial sector and motivated to look for alternatives. Entrepreneurs were aware that financial institutions are generally reluctant to provide loans for smaller businesses. They therefore tried to become more financially independent, which could be achieved through the CAF group.

9.4 Beyond the capability approach

In chapter 2, I discussed the critical theme of whether and how the capability approach can be regarded as too individualistic and whether the impact of societal structures on individuals had been taken into account. The empirical insights into the importance of the fourth capability of “being able to join a countermovement” led me to expand my initial theoretical framework using Robeyns’s holistic framework (Robeyns, 2005). In this respect, Zimmermann (2006) claimed that the notion of freedom should be regarded as an agency-related process that is based on Georg Simmel’s understanding of power relations (1992; quoted in Zimmermann, 2006). For Simmel, the notion of freedom includes a kind of particular relationship with the environment based on interactive relations. This specific process of liberation also entails power relations with others (Zimmermann, 2006, p. 477). These relations are ambivalent and bear a double social meaning, namely, “that the subject is bounded by others and binds others” (Simmel, 1992, p. 100, quoted in Zimmermann, 2006).

Given the empirical findings of this study, I conclude that one way for an individual to be bound by others and to bind others is to participate in a CAF group. In that regard, I agree with Zimmermann that individuals – like the CAF members in this action research – are making use of their capabilities by interacting with their surrounding structures (Zimmermann, 2018). And by doing so, individuals might also be able to “bring change to the world” (Crocker & Robeyns, 2010, p. 82). Assessing whether and to what extent a person brings about change in the world depends on what “the world” means. For this dissertation, I used sociological insights based on Giddens’s structuration theory (1984) to make this notion of the “world” more concrete by developing a more multi-layered definition of Sen’s notion of agency that includes individual, group, and structural levels (see Chapter 7).

I expanded Sen's capability approach with sociologist Anthony Giddens's notions of the structuration theory (1984), to show how CAF members are not only impacted by societal structures but might also have an impact on the world. In contrast to Sen, who focuses on how structures influence individuals, Giddens claims that people's practices may also establish or modify the social structures that ultimately influence those practices themselves (Giddens, 1984). These societal structures infuse all layers of society. External structures can be very distant – such as the financial market – or much more proximate to the individual CAF member – such as a neighbourhood community or family. According to Giddens's theory, an individual member's participation in a CAF group can be seen as an act of agency that may eventually change social structures. Power is thus a “transformative capacity”: the ability of agents to interfere in social structures so as to alter them in some way (Giddens, 1984). In contrast to Sen's capability approach, Giddens's structuration theory understands power as being not only in the hands of agents but also substantially intertwined – visibly or invisibly – with the surrounding structures; thus, agents are influenced by but could also influence these power relations. I therefore looked into feedback loops and the emergence of so-called communities of practice to show how members of CAF groups could interact with societal structures.

9.4.1 Feedback loops

By expanding Sen's capability approach with the notions of the structuration theory in Chapter 7, I was able to chart the interaction between individual CAF members and their surrounding structures at the grassroots level as a process involving two feedback loops. The first feedback loop indicates how CAF members' personal well-being and agency achievements influence their internal structures and how these internal structures consequently act upon the very proximate external structures in their daily lives. This is especially important when looking at the first three capabilities of access to social networks, financial household management, and entrepreneurial positioning. The second feedback loop emphasizes the impact of individual agency – however small and modest – on the more distant external structures of society. This feedback loop shows how the impact of participation in a CAF group may go beyond improving one's personal well-being, leading to acts of agency achievement by CAF members who, in joining a countermovement, strive to have an effect on more distant external structures (Capability 4).

9.4.2 Community of practice

In the capability approach, self-help groups are often perceived as enhancing collective capabilities (Ibrahim, 2006). They are seen as examples of collective action that lead

to additional benefits for the collective at large (see Chapter 2). The empirical findings of my study on CAF groups in the Netherlands showed that participants can have different motives regarding their well-being and agency achievements. These motives can differ between members of the same CAF group and between CAF groups. For instance, some members were especially keen on saving, making new friends, or strengthening existing social contacts, while others were keen to provide each other with loans or help others in their neighbourhood community. The idea of a collective capability that applies to all members alike was therefore not applicable for the CAF groups studied here. The constructed ideal types also show that one should distinguish between the agency and well-being achievements of individual CAF members rather than focusing on collective capabilities that account for all members alike. In chapter 8, I discussed in detail whether and how some of the CAF groups had the potential to turn into a community of practice and others did not.

9.4.3 *How to have an impact on the world*

As an engaged scholar, I considered it as my main task to empower the CAF members. In the Netherlands, the public discourse on “empowerment” often refers to individuals being enabled to achieve something on their own and how that is directly linked to an individual agent’s internal structures to act within societal structures (Van Regenmortel, 2005). The capability approach is based on the *freedom of choice* because the freedom to choose a particular lifestyle is an intrinsic part of an individual’s well-being. Like the concept of empowerment, this freedom is related to a person’s capacity for agency, which depends on the influence of societal structures and a person’s access to basic means (Frediani et al., 2019). In this final chapter, I discuss in more detail the significance of CAF groups for the societal structures in the participation society and in the financial landscape of the Netherlands as elaborated on in Chapter 1. As the Netherlands transforms from a welfare state to a participation society, Dutch citizens are expected to become responsible for their own well-being. All citizens are expected to participate more actively while welfare state services diminish (Putters, 2014). The current Dutch financial landscape is dominated by international banks that have lost the face-to-face contact with their clients and that expect people to manage their financial affairs on their own. At the same time, new small-scale local initiatives are emerging such as crowdfunding, peer-to-peer lending, time banks, and local contemporary currencies. These are being developed in response to a retreating welfare state and the perceived failure of financial markets to empower people in dealing with their own problems of how to survive in this challenging world (De Moor, 2013; Biekart et al., 2016; Brandsen et al., 2016).

To discuss the role CAF groups play in the participation society and financial landscape, I expanded Sen's capability approach with Giddens's structuration theory. In the following, I use the three levels of empowerment (read agency) distinguished by Jacobs et al. (2005, in Van Regenmortel, 2005, p. 28) as a tool to highlight the importance of power relations while explaining this multi-layered definition of agency (individual, group, and structural) in more detail. Therefore, I will discuss the levels of empowerment as "power from within," "power with," and "power to."

The first level of empowerment is the "power from within" – located at the individual level – which can be seen as an agent's internal structures, such as their own qualities, skills, self-awareness, and self-confidence. By using conversion factors, the capability approach takes societal structures' influence on these internal structures into account. These internal structures are located in the first feedback loop. Chapter 7 claimed that Sen's view on agency considers only the impact of structures on agents; therefore, to show how CAF members may also have an impact on the world, his capability approach had to be expanded with Giddens's structuration theory. This expansion is shown through the next two levels of empowerment.

On the second level, empowerment is directly linked with resources in a specific environment, such as mutual support from family, friends, or neighbours. This "power with" – located at the group level – can be linked to how people organize themselves in financial self-help groups. By interacting with others in this way, people can have an impact on the more proximate external structures through the second feedback loop, as argued earlier. These interactions take place in the immediate context of the individual participant, such as a community centre or a neighbourhood initiative.

The third level of empowerment is also visualized by the second feedback loop, but it refers to one's impact on more distant external structures. It illustrates how power relations take place at the broader political and social level. This form of power – the "power to" – refers to the structural level of agency. By making use of this kind of power, people implement changes in external structures to create better accessibility to facilities and resources or to improve laws and regulations.

By adding the capability "being able to join a countermovement," I showed that in addition to having an impact on individuals, participation in a CAF group may also have potential significance for more distant external structures such as the participation society and the Dutch financial landscape. It is here that individual CAF members are empowered, depending on their internal structures, to not only improve their own well-being but also to play a more active role for the surrounding structures. The agency of a CAF member is thus not only an individual learning process to increase their "power from within" but also an emotional and financial cooperation with

other group members (“power with”). With this multi-layered definition of agency, I showed that a number of CAF members also wished to use “power to” in order to have significance for the more distant external structures. The more idealistic members in particular joined a CAF group to challenge the financial sector (very distant) or to support their surrounding neighbourhood communities (more proximate).

According to Medina (2013, 2014), the many small or large initiatives of a countermovement can be seen as a constant struggle for more justice and equality in an unfair world with individuals carrying out individual actions or uniting in large groups or in very small groups, such as CAF groups. Especially when a CAF group has the potential to turn into a community of practice (Chapter 8), CAF member’s actions are “chained” to strengthen individuals’ efforts to affect societal structures. This of course has to be regarded as a very slow process that takes place at the margins of society. In the following, I will show how participation in a CAF group can have significance for the participation society and the financial landscape in the Netherlands.

9.5 CAF groups and the participation society

The Dutch welfare state is expected to shrink further and to make space for the so-called participation society. This implies that instead of being supported by the public sector, citizens increasingly have to solve personal challenges, such as health-related problems, by themselves. They therefore have to become more familiar with their own problems and find solutions themselves in the so-called third space (Van Til, 2000). In this “third space,” citizens can choose to meet and share feelings, thoughts, and observations; eventually, they may choose to become active not only for their own well-being but also for that of others. This space is occupied by individuals who act as organizers of their community and as entrepreneurs of its social, economic, and cultural enterprises by setting up initiatives to support each other in neighbourhoods or community centres. The Dutch ideal of a participation society, however, has created a paradox, one that illustrates how the Dutch government is forcing its own blueprints onto the actors of civil society, and in doing so, is extending rather than diminishing its power (Korstenbroek & Smets, 2019). When control remains in the hands of distant institutions, member of the participation society are required to have certain skills and competences and access to resources in order to participate (Van Beek, 2016). However, many people in vulnerable situations lack the skills needed to find solutions solely by their “power from within”; they therefore become increasingly dependent on the remaining services of the participation society.

CAF groups could be an option that allows people to tackle some of their personal challenges with the support of other group members. In the following, I elaborate the possible significance of CAF groups for the participation society.

9.5.1 The beauty of simplicity

The participation society is characterized by bureaucratic procedures on such actions as setting up a community initiative or accessing additional support for informal caregivers. For many citizens, these laws and regulations have become too complex to understand (De Bruijn et al., 2016; De Bruijn, 2017). In contrast to the complexity of figuring out the rules and regulations of the participation society, participation in a CAF group is rather simple. Once members have learned how to apply the CAF methodology, they can simultaneously save money, have access to loans, and invest in their social networks. The empirical findings of this dissertation showed that especially the more vulnerable members could be empowered through participating in a CAF group. They were either supported by more resilient fellow members or by additional institutional support and guidance from the community centre that facilitated the group.

9.5.2 The advantage of heterogeneous groups

A CAF group composed of only vulnerable people will have little prospect of success if the members have to run the group themselves, even if they have a common goal and a mutual understanding of each other's needs and sorrows. However, homogeneous CAF groups will work for more idealistic and entrepreneurial members, who can easily develop a sense of shared ownership and a democratic form of leadership in which all voices are heard and decisions are taken in consultation with all members. In my research, heterogeneous groups composed of vulnerable, idealistic, and entrepreneurial members were successful in empowering all members. An advantage of such CAF groups is that weaker members can be supported and inspired by stronger ones. Membership in such a CAF group could therefore lead to the empowerment of weaker members within the group setting and could become one way to combat loneliness and transform liquid social relations into more close-knit connections and more stable social networks.

9.5.3 Resist temptations together

One challenge for members of affluent societies is how to deal with over-indebtedness. In particular, people with small budgets may be tempted to follow mainstream consumption patterns and spend more than they can afford, which is often encouraged by various consumer lending schemes (Van der Schors et al., 2016). Such behaviour is characteristic for an impulsive spender with low financial literacy

and limited capacity to build a financial safety net. Faced with the challenges of the Dutch consumption society, CAF members can learn how to improve their financial household management. For instance, some CAF members were able to develop more self-discipline to resist the temptation to consume without limits. Whereas many measures for debt prevention and debt relief in the Netherlands are based on a one-to-one relationship between a professional and a client, a CAF group functions as a self-help group (Jacobs et al., 2005). Similar to other self-help groups such as Alcoholics Anonymous or Weight Watchers, CAF members understand each other's sorrows and daily challenges and support each other in times of crisis.

9.6 CAF groups and the financial landscape

Globally, contemporary banks face many crises, often attributed to their culture of profit-making at all costs (Christophers et al., 2017; Lietaer et al., 2010). Since the last global financial crisis in 2008, the Dutch financial landscape has been dominated by only a few banks, and despite the lessons learned during the crisis, those banks have continued with business as usual. In doing so, they have increasingly distanced themselves from the needs of people they are actually supposed to serve. The main difference between a bank and a CAF group is the human relationship between savers and borrowers within the financial self-help group setting. In a bank, banking professionals no longer know their clients, and they are hesitant to provide small loans to unknown entrepreneurs. In a CAF group, however, members are motivated to save, they experience positive pressure from fellow group members to do their best in managing their financial affairs, and they have relatively easy access to loans.

Chapter 4 explained that a resilient financial landscape depends on the diversity and interconnectivity of a wide range of financial organizations and institutions – not only banks (Gibson-Graham et al., 2013; Lietaer et al., 2009). Given the dominating role of banks in the Netherlands, new grassroots initiatives such as crowdfunding, peer-to-peer lending, and community currencies are emerging. These grassroots initiatives can address new societal problems and seem to fill a gap in the Dutch financial landscape. An increasing diversity that aims to tackle the monoculture of banking institutions might lead to a more sustainable financial system. In the following, I elaborate on the possible significance of CAF groups for the Dutch financial landscape.

9.6.1 *Financial inclusion*

In the contemporary financial landscape, banks play a dominant role in the financial inclusion of Dutch citizens. For instance, they are required by law to offer bank

accounts to all legal Dutch citizens. However, when it comes to other services, such as credit, they tend to exclude some citizens. Micro-entrepreneurs and small and medium entrepreneurs (SMEs), in particular, do not have full access to business loans (Kerste et al., 2016). Reasons for banks to exclude these entrepreneurs are telling. For instance, small loans are less profitable for banks than large ones. Banks often need more time to check the credit risks of smaller enterprises and prefer to make more profit with less work (OECD, 2019).

In this dissertation, it became evident that entrepreneurial CAF members used the group to overcome financial exclusion from the Dutch banking sector. For them, small business loans from a bank were too costly, and banks did not regard them as an eligible business to profit from. For CAF members who expected to boost their small enterprises, access to finance from within the group was thus seen as one of the key factors of success. One CAF group with mainly entrepreneurs as members was especially successful and continues to the present day (2015–2020). The entrepreneurial-minded members of this CAF group not only sought access to finance but also appreciated being able to improve their entrepreneurial skills and attitudes. Such communal learning processes have led to increased access to money and to new insights and idea exchanges with fellow businesspeople. Consequently, the entrepreneurs who participated in this CAF group were able to improve the performance of their enterprises.

More vulnerable citizens also benefitted from the financial services provided by their CAF groups. Even though Dutch citizens are able to access banks and open savings accounts, they often fail to create a financial buffer for difficult times (Van der Schors et al., 2016). A survey conducted during the current corona crisis found that 30% of respondents with irregular incomes lacked a financial buffer to maintain their daily lives for two months (Nibud, 2020). In contrast, CAF-group members were enabled to build up financial buffers. Many members had found it demotivating to save on their own at an anonymous financial institution and therefore had difficulties putting money aside for themselves. In participating in a CAF group, however, they experienced support from each other to save money on a monthly basis and gain access to loans for emergency situations, social events, or personal needs.

9.6.2 *Hot and cold money*

To provide a better understanding of the role money plays in how people support each other, Chapter 4 discussed the notions of hot and cold money. So-called cold money comes from external agencies where participants do not have direct contact and lack mutually responsible relationships. An alternative to cold money is “hot money,” defined as money provided with face-to-face relationships, such as those developed in a CAF

group, in which personal interaction takes place and financial affairs are controlled by those who feel responsible for that money. Hot money is experienced by all CAF members involved as their own. The two case studies of ROSCAs (susus among Ghanaians and iqqubs among Ethiopians in the Netherlands) in Chapter 4 provided insight in how hot money shapes different forms of leadership and trust relations. In ROSCAs, people work together in informal bottom-up initiatives in which they gain access to finance and experience a positive pressure to save. Cold money turns into hot money when the members involved trust each other and strengthen their social relations.

The moment a CAF member is awarded with a loan from the CAF group, that person will do their best to repay it. This is the key to success for a CAF group. Thus, CAF members understand that money can be more than just a way to consume goods or to pay back a loan provided by distant financial institutions; it can also be a glue that binds people together. Whereas banking and financial institutions use money to make profits, CAF groups regard money as a means, not an end. By understanding this, one can understand the different role that CAF groups (can) play in the Dutch financial landscape.

9.6.3 *Social resilience*

Chapter 4 also discussed the role of resilience for the financial landscape. It concluded that academics emphasize physical and area resilience and underestimate the role of social resilience. Hall and Lamont (2013) view social resilience as people's capability to sustain and improve their well-being in relation to others. Chapter 4 looked into social resilience in relation to communities of practice. Members of a community of practice work together to develop a shared understanding of what their joint endeavour means and to gain the ability to adapt to changes (Wenger, 2000). To change a CAF group into a community of practice, trustful relationships, democratic leadership, common goals, and accumulated knowledge and skills are required (see Chapter 8). For CAF members, it is especially important to learn from each other to improve for instance financial management and business skills and to strengthen their social networks as a process of change that can take place in very proximate external structures such as family and neighbourhoods. This process of change within families and neighbours is what Hall and Lamont (2013) call an increase of social resilience. Participation in CAF groups can encourage members to help each other in times of crisis. CAF members can also learn from each other about how to build up a financial buffer to face the challenges of daily life, such as a broken washing machine or refrigerator, or to take a holiday with their children. Such social resilience cannot be stimulated by institutions such as banks, which have become more and more digitized and anonymous, but in a diversified financial landscape, social resilience can emerge through human interactions that take place in smaller communities, such as CAF groups.

In sum, CAF groups can contribute to making the financial landscape more diverse. Financial institutions are functioning with cold money, whereas members of CAF groups prefer hot money based on trust relations and human contact. By participating in a CAF group, individuals learn from each other and strengthen their trust relations, which in turn may increase the social resilience of the surrounding communities.

9.7 How to balance the social and financial sides of the coin

At the beginning of this dissertation, Alain explained his metaphor of the social and financial sides of the coin. The financial side is about whether and how citizens have access to the financial sector and how they make use of their financial means. Currently, financial institutions such as banks are not able to meet the needs of all Dutch citizens. Having access to numerous financial providers in combination with the temptations of the Dutch consumption society leads especially vulnerable people into situations of overindebtedness. In contrast, the social side of the coin emphasizes that access to financial services is about belonging to a community, reciprocal trust, and solidarity. Due to increasing individualization in contemporary Dutch society, the social side of the coin is missing. People may have access to anonymous financial resources, but the challenge is whether they can use the social side of the coin in times of difficulties and despair. Thus, the challenge is how the two sides of the coin can be balanced.

In the final section of this conclusion, I incorporate the main findings of my dissertation in a discussion on whether and how CAF groups could play a role in balancing these two sides of the coin, looking at each of the three levels of empowerment separately.

9.7.1 *“Power from within” the individual CAF member*

The empirical findings showed that participation in CAF groups had an impact on how individuals handled their financial affairs, such as improved savings behaviour or access to money in times of need (Capability 1). CAF members used the financial side of the coin through their “power from within.” However, individual members were only able to improve their personal financial performance because they could trust their fellow members. Having trust in others and earning trust over time because of a reliable financial performance could also lead to another form of “power from within,” that of more self-confidence, which can be linked to the social side of the coin. Having “power from within” implies that handling money in a more responsible way in combination with increased self-confidence could lead to an improved entrepreneurial positioning (Capability 3). Entrepreneurial-minded CAF members applied for individual business loans and also learned from other entrepreneurs how to improve their own business

performance. Even though the impact on internal structures through “power from within” was essential to empowering CAF-group members, my research showed that it takes more than the individual to balance the social and financial sides of the coin. Participation within a financial self-help group helped these individuals to not only improve their own well-being but also that of others.

9.7.2 CAF members use “power with” to support each other

CAF members used the level of “power with” to support each other and strengthen their social networks (Capability 2). Especially vulnerable CAF members often found it impossible to empower themselves using only their “power from within.” They needed the positive pressure of group members to help them improve financial habits, such as saving on a more regular basis, though they could choose to leave or even disband a group the moment it no longer met their needs. CAF group participation also helped disconnected individuals to realize that by working together, they might be more capable to meet the challenges of the emerging participation society. This research showed that a group made up of only vulnerable members needed strict, long-term guidance in learning how to run a CAF group and to begin to access their “power from within.” With such guidance, they were also able to work together to support each other, that is, to exercise “power with.” For more resilient citizens, CAF groups can form a mutual learning experience to balance the social and financial sides of the coin from the very beginning. In this study, such members required less supervision and could run the group quickly on their own. In the participation society, joining a CAF group is therefore a way to strengthen vulnerable citizens in a sustainable way. However, more vulnerable members still might need additional support either from other members or from professionals.

9.7.3 CAF members use “power to” to make a change in the world

The model of CAF groups is rooted in a long-standing tradition, both in the Global North and South. In the Global North, financial self-help groups such as local rural cooperatives or urban savings banks had been used for a long time but were partially abandoned when financial institutions expanded. Some people have gradually come to once again understand that there is more than only the financial side of the coin and that the social side matters as well. Subsequently, in CAF groups, the more idealistic and entrepreneurial members exercised their “power to” to engage in different ways, in search of the social side of the coin. Even though having access to finance became an important issue for some groups, trustworthy relations and mutual support were equally important

Idealistic members were especially keen to change the more distant external structures of the Dutch financial landscape. One way to do so is to join other invisible, informal financial services, mechanisms, and facilities that Gibson-Graham (2014) refers to as the iceberg under the water's surface. Similar to the ROSCAs discussed in Chapter 4, CAF groups have proven to strongly rely on relations of trust, on human control mechanisms, and on interactions between the individual members. My analysis showed that two of the five CAF groups in this study had the potential to turn into communities of practice and were able to establish a common history of learning. As communities of practice, those CAF groups embraced the desire to establish a collective project that envisioned new ways of communal life premised on building connections on an equal footing and empowering themselves and others (Barnfield, 2019). These CAF groups, led by enterprising and idealistically driven members who followed common goals such as enterprise development, community development, and social change, also continued operating after the research period ended.

As a community of practice, a CAF group can become one societal initiative among many others to empower enterprising and idealistically driven people who want to be part of a countermovement and bring about social change. Thus, participating in a CAF group leads to making use of “power to,” which means having agency to make small changes as part of “chained actions” carried out by individuals, groups, communities, politics, or academia in their daily reflective actions (Ghorashi, 2014). In this research, I showed that when idealistically driven individuals dedicate themselves to a CAF group, members can empower themselves and intensify their social relations. They are also able to develop a shared repertoire of resources for empowerment, such as an activating network of like-minded professionals and common financial resources to support more vulnerable members of the CAF group itself or to promote social projects in their communities.

I finished this dissertation during the “intelligent lockdown of the corona crisis” in the Netherlands. At the moment, the effects of this crisis on the economic system and societal structures cannot be foreseen in detail. But the impact will certainly be severe, especially on the more vulnerable members of society (Van Horssen & Verberk – de Kruik, 2020). As part of a “chain” of many small actions in these insecure and challenging times, CAF groups could become one of the many ways to increase people's consciousness and help them regain control over their own financial and social resources – which can eventually make a difference in their communities at large. CAF groups thus have the potential to become one of these small and often disjointed efforts by individuals to empower themselves and others, a process some scholars have described as a contribution to slow change or micro change (Ghorashi, 2018; Krause, 1983; Stall, 2010).

9.8 Research limitations

This action research was carried out in the Netherlands. In addition to the specific backgrounds (ethnicity, class, sex, etc.) of the CAF members themselves, my own positionality as action researcher (young, female, German, twice mother (to be)) makes it difficult to replicate this project in precisely the same way. In addition, the number of active CAF groups (five) studied here is rather limited. However, by holding interviews with a large number of CAF members and through extensive fieldwork, I obtained in-depth and detailed information about the different groups' interactions. On the individual level, I identified five ideal types that I used to explain how and why CAF members behaved in certain ways and that helped me to structure those findings. The lifespans of the groups were also limited: I followed four groups for two years and one group for one year; two other groups did not manage to become operational. Finally, I filled the position of initiator, supervisor, and researcher of CAF groups which forced me to simultaneously support the CAF groups and collect and analyse the data. To meet the challenge of remaining reflective at both action and research levels, I had many in-depth conversations with my PhD supervisors and research peers at the university throughout my research, analysis, and writing, and presented findings at various conferences and research group meetings.

9.9 Recommendations

In this final section, I offer recommendations for Dutch professionals who are interested in creating or coaching CAF groups. Before setting up CAF group that fits any of these categories, however, one should first establish what previous experience potential members have had with financial self-help groups. For example, most migrants in the Netherlands have had at least some experience with ROSCAs. Knowledge of or familiarity with the concept of an informal financial group will generally facilitate future participation in CAF groups, but it could have the opposite effect. People who perceive the ROSCA as an ideal model might hesitate to join a different kind of informal financial group. Alternatively, those who have experienced any kind of malpractice in ROSCAs may have fundamental doubts about joining a CAF group or they may want to significantly modify the CAF methodology's rules and regulations. Such experiences probably influence people's willingness to participate or the time it takes to establish a satisfying level of trust in a CAF group and should therefore be taken into account.

There are many reasons for joining CAF groups. My research helped me to identify three main CAF-group categories, each with specific target groups, values, and

recommendations. For each category, I first explain how the target group profits and then provide explicit recommendations.

Entrepreneurship development

Enterprising individuals who are excluded from formal financial institutions might join or create a CAF group to gain access to financial resources and services. Such a CAF group is primarily focused on developing and improving the entrepreneurial attitude of its participants. Participation can also activate business networks and skills training.

Benefits to members:

- Members can provide and receive loans on the basis of the mutual trust and the group's collective judgement, avoiding the risk of exclusion or rejection by formal banks and financial institutions. This practice can lead to increased self-esteem for entrepreneurial group members.
- Members can expand their business networks considerably.
- Members can rely on mutual peer support. Members who invest in other group members can expect to be supported by others as well.
- Members can increase both their private and business financial resources.

Recommendations for trainers/coaches:

- Target experienced and/or highly motivated starting entrepreneurs for membership. Motivated and capable members will help a group's progression, but entrepreneurs will also encourage the mobilization of more vulnerable members and the surrounding community.
- Establish group decision-making methods that ensure all members feel represented and heard.
- Try to find the optimal group size for building enough capital in the group's fund. Let group members estimate how much money should be in the fund to cover the size of their loans.
- Promote trainings of advanced financial and entrepreneurial skills for the members of this kind of CAF group.

Financial education and empowerment

Potential members of this kind of CAF group can be considered as rather vulnerable: people who are often unemployed and who have low incomes, a history of debt, and difficulties in understanding the consequences of financial transactions. They have basic financial needs regarding household buffers, social networks, emergency situations, or life events, such as weddings and funerals or replacing broken appliances.

Benefits to members:

- Members can increase their level of financial literacy, which can enable sustainable savings behaviour and the creation of a financial buffer for unexpected expenses and hard times.
- Members can increase their financial self-reliance and self-esteem by creating a financial household buffer.
- Members can be empowered through the social network to learn from each other and to inspire and motivate each other.

Recommendations for trainers/coaches:

- Encourage a diverse group composition in order to facilitate peer learning. For instance, try to mix “instant gratifiers” and “vulnerable people” with the more robust “survivalists.”
- Be prepared to lead the group process and to teach the CAF methodology to the group rather than just providing guidance as members work out the process and methodology for themselves.
- Transfer leadership to the group members gradually to empower feelings of “ownership.” The amount of time needed for this transfer will depend on group members’ specific backgrounds.
- Be prepared to provide additional financial skills trainings and to provide extra supervision or support as members learn how to complete the bookkeeping forms.

Community development and social change

CAF groups in the Netherlands can also be perceived as innovative financial experiments designed for community development or social change. Such groups may attract a diverse group of professionals, such as entrepreneurs, community developers, or social workers, with ideological doubts about the formal financial system. These members see CAF groups as an alternative model with a positive impact on societal structures. They also often focus on more financially or socially vulnerable people in or outside the CAF group.

Benefits to members:

- Members can be part of an inspiring and activating network of like-minded professionals with whom they can explore new informal financial arrangements with a social impact.
- Members may have opportunities to pull together financial resources to realize new ideas and projects within the CAF group or for the benefit of the larger community.

Recommendations for trainers/coaches:

- Bring together not only idealistically motivated individuals but also entrepreneurial and vulnerable individuals who are searching for better financial positions or business networks. With a mixed composition of ideal types, the CAF group can have a positive impact for all members.
- Establish group decision-making methods that ensure all members feel represented and heard.
- Encourage members to look for ways to expand their range of activities and increase their capital in order to focus on social impacts and the exploration of new initiatives. For instance, groups could support community initiatives or raise money through small and manageable enterprising activities, such as selling second-hand books or running a food stand at a local community market.

Epilogue

This dissertation concluded with a discussion of whether and how CAF groups could play a role in the participation society and financial landscape of the Netherlands and with a number of recommendations for professionals in the field. Though I find the potential impacts of the five CAF groups I investigated inspiring – modest and small though those impacts might be – I am excited to use these last pages to report on an initiative that I developed as I worked on my research. During this years-long journey, I often thought about “starting something more practical.” But in the end, I was too busy reporting on my research activities and I longed for an inspiring counterpart to that work. Doing research on your own is one thing, starting a social enterprise activity is another. At least that was the case for me. Then I had a coffee with Gabriëlle Athmer in the same lunchroom where I met Alain many years before. At the end of 2017, Gabriëlle – a very experienced international consultant on savings groups in Africa – was curious to know whether I thought it would be possible to set up a successful savings groups in the Netherlands. And whether I was interested in joining her in the attempt. Oh yes, even after all those years, I believed in savings groups and their potential for Dutch people! My role – we agreed – would be in the background because finalizing this dissertation remained the first priority of my professional and personal life.

As a result of this collaboration, things moved quickly. A new foundation was created: “Stichting Cash2Grow.” As representatives of this foundation, Gabriëlle and I joined forces with other savings group supporters at the European level to organize an international workshop for 19 June 2018 at The Hague University of Applied Sciences (THUAS). The workshop was organized in cooperation with the Microfinance Centre (MFC) in Warsaw (Poland), a network of organizations from Europe and Central Asia. Organizations from Spain, Italy, and Germany attended. Participants focused on the potential of savings groups for both micro-entrepreneurs and citizens who could benefit from improving their skills in managing their household finances and from accumulating savings and gaining access to small loans. We also discussed the future of what we called the “savings groups movement in Europe.” One result was the submission of a project proposal for an EU Erasmus+ grant. In autumn 2019, we received the notification that our Erasmus + proposal was accepted. The two-year project, which started 31 December 2019, aims at developing an innovative methodology for hands-on financial literacy and entrepreneurial training for vulnerable (young) adults. This innovative skills development methodology is based on participation in savings groups that will provide hands-on experience in financial literacy and teamwork skills. Meanwhile, the Cash2Grow foundation has been successful in setting up more

savings groups in the Netherlands. Since 2018, the foundation has collaborated with a number of strategic partners and received funding to start pilot projects throughout the country. As a result, the foundation has piloted savings groups in five locations and developed and tested training materials for trainers as well as for savings-group members. These projects aim to create conditions to scale up the creation of savings groups while integrating financial education curricula from 2020 onwards.

To date, I have been an enthusiastic head of the foundation board but have remained in the background due to my research obligations. By the time you, the reader, hold this dissertation in your hands, my long, time-intensive, and life-changing journey will have almost come to an end. One thing is sure at this very moment: I will still be committed to what we have called a *Savings Groups Movement*, and I will finally have the time and capacity to become more engaged in the foundation Cash2Grow. For more information in Dutch, please see the foundation's website: www.cash2grow.nl.



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English Summary

Dutch people have been facing fundamental changes in recent years. Due to policy changes following the global economic crisis in 2008 and the subsequent great recession, the Dutch welfare state has reduced social assistance because of high costs and an ageing population. While individuals now experience an increased freedom to choose lifestyles that fit their needs, independent of the solid social structures of the past, they also feel less attached, more uprooted and instable. Since the global economic crisis, many people have become more critical about financial institutions, which seem to keep operating in the same way as before the crisis and have lost their human face.

In this dissertation, society developments are explained through the social and financial sides of the same coin. The financial side is about whether and how citizens have access to the financial sector. It is also about how solid financial institutions such as banks are not providing relevant services for all Dutch citizens. As banking services become more and more digitalized, people have fewer face-to-face relations with their financial service providers and are left to find solutions to their financial problems alone. At the same time, the number of financial providers has increased. Access to numerous providers combined with the temptations of the Dutch consumption society can lead people into overindebtedness. Especially vulnerable people who lack financial resources and financial literacy skills are tempted to consume beyond their individual financial capacities. In contrast to the financial side of the coin, the social side emphasizes access to financial services based on community and trust relations. Due to speedy social relations and the increasing individualization of Dutch society, the social side of the coin seems to be lacking. People naturally use the anonymous financial resources at hand, but the challenge is whether they can also access the social side of the coin in times of difficulty and despair. Thus, the struggle for people is how the two sides of the coin can be balanced.

To explore whether and how the financial and social sides of the coin could be balanced, this dissertation examined the role of a particular financial self-help group, the CAF group, for the Dutch participation society and financial landscape. People in CAF groups have to rely on trust relations to handle their financial affairs – such as saving and borrowing – together. For this dissertation, five CAF groups were set up in the Netherlands between 2013 and 2016. Each group was guided, observed, analysed, and compared to the others using an action research approach. In this way, both sides of the coin were explored for the individual as well as for the shared experiences of the different CAF groups investigated.

What are CAF groups?

Different studies in the Global South have shed light on how people with very little means make do with the little they have (Rutherford, 2009; Collins et al., 2009; Wilson et al., 2010; Smets, 2004). The most important conclusion was that people living in poverty want to save and do save, even with small and irregular incomes. They have invented different ways of handling their financial affairs without interference from the formal financial sector. For this dissertation, the notion of “financial self-help groups” was chosen to cover not only the financial side of the coin – people saving and lending money to each other – but also the social side of the coin – people participating in a financial self-help group to help themselves and other group members. The research focuses on CAF groups, just one of the many kinds of financial self-help groups. To understand the approach of CAF groups, Chapter 1 presents examples of three other financial self-help groups: ROSCAs, ASCAs, and savings groups. Parallel to similar developments in the Global South, the foundation ACAF¹⁵ introduced the first savings groups in Barcelona under the name of CAF groups (*Comunidades Autofinanciada*, in English: self-funded communities) in 2004. The CAF approach supports the financially and socially excluded poor sections of societies. In the beginning, the foundation targeted mainly migrant communities that had experiences with ROSCAs and ASCAs. The experiences with CAF groups in Spain suggest that this approach may also work in other countries in the Global North. CAF groups have been introduced in Italy, Hungary, Belgium, and Germany. This dissertation presents the first in-depth study of CAF groups’ performance in the Global North.

Theoretical framework

The theoretical framework of this dissertation is informed by Amartya Sen’s capability approach (Chapter 2). According to Sen (1999, 2000), a person should have the freedom to choose a particular lifestyle fitted to their view of well-being. In other words, every individual should have the freedom to choose the kind of life they have reason to value. This is what Sen calls “capabilities.” This freedom of choice would also include an individual’s choice to participate in self-help groups, such as CAF groups. Once an individual is part of a group, they can carry out many different actions. These are what Sen calls “functionings” within his approach. Functionings refer to a person’s state of “being,” such as feeling less lonely, and to a state of “doing,” such as saving money. Functionings formed the evaluative space of this research project. When it comes to evaluating an individual’s functionings, Sen (1992) emphasizes that scholars should focus on well-being as well as agency achievement. Well-being is in some ways more focused on self-interest, whereas agency goals may refer to both personal achievements and promoting the well-being of others. As I operationalized Sen’s capability approach for the theoretical framework of this research, it was clear that CAF members’ agency

¹⁵ Today, ACAF operates under the umbrella of the online platform winkommun.org.

and well-being achievement were influenced by the specific context of the Dutch society, such as the increasing loneliness, the patterns of a consumption society, or the aftermath of the global financial crisis. The capability approach takes the influence of societal structures into account through so-called conversion factors which convert characteristics of goods and services into individual functionings. Conversion factors for this research were applied by operationalizing three capabilities: *diverse social networks (C1)*, *financial household management (C2)*, and *enterprising positioning (C3)*.

This research on creating, training, and coaching CAF groups was based on an inductive research approach with a deductive angle. Therefore, the three capabilities serve merely as sensitizing concepts throughout the dissertation.

Research design

Engaged scholars use action research to find solutions for societal problems (Chapter 3). Engaged scholarship can be seen in two different ways (Boyer, 1996): First, engaged scholars use scientific resources to address the most pressing social, civic, and ethical problems of their time. Second, engaged scholars contribute to a special climate in which academia and society communicate in a durable and creative manner. One way of carrying out engaged scholarship is by doing action research. This is the method I chose. Action research has been described as an umbrella term or as a “family of approaches” in which scholars participate together with the research participants in many ways. In Chapter 3, I detail my research methods and design. I also reflect on the fundamental elements of this action research project: the implementation of the CAF groups as well as the collection and analysis of the empirical data. Finally, I reflect in more depth on how I designed and carried out this action research as an engaged scholar, focusing especially on my interactions with the CAF members as research participants. Leading themes were my *changing role as a researcher*, the extent to which CAF members had a *feeling of ownership*, and *how I was able to share control over the research process*.

After explaining my theoretical framework and methodological approach in Chapter 3, I provide more detailed background to situate CAF groups in the Dutch financial landscape in Chapter 4. I discuss two specific financial self-help groups: ROSCAs among Ethiopians and Ghanaians living in the Netherlands. Compared to the formal banking system that dominates the current financial landscape, these financial self-help groups claim effectivity and a human face instead of efficiency in their operation and management. By exploring the concept of social resilience for the contemporary financial landscape, Chapter 4 shows that a combination of different kinds of resilience creates possibilities for analysing the dynamics of a kaleidoscope of financial arrangements and institutions.

Empirical findings

The empirical findings are analysed, presented, and discussed in Chapters 5, 6, 7, and 8. My analysis revealed five ideal types of CAF members. Each ideal type summarized below encapsulates the characteristics of different individual CAF members from different groups.

The *survivalist* faces major challenges in life (such as divorce, long-term unemployment, and sickness). To keep the wolves from the door, a survivalist uses of their social networks. The *entrepreneur* considers running an enterprise not only as an income-generating activity but also as a way of life. An entrepreneur strongly relies on professional networks, seeks ways to retain control over life, and prefers to look for new financial solutions. The *idealist* has a strong desire for societal transformations and tries to live up to those ideals. An idealist takes pleasure in trying out new things at different moments of life. The *instant gratifier* has (or had) a low income, and their lifestyles exceed their personal budgets. Due to their consumeristic behaviour, an instant gratifier tends to borrow money easily and therefore builds up debt that cannot be repaid quickly. The *vulnerable person* has a small and weak social network and often feels lonely. They also have a very low income and find it difficult to save. A vulnerable person does not have a positive relationship with money and do not like to talk about it.

On the basis of ideal types, the empirical findings are presented on the level of the individual members (Chapters 6 and 7) and on the level of the different CAF groups (Chapters 5 and 8). The main findings for each capability are summarized below.

Capability 1: Being able to develop and maintain a diverse social network

The empirical findings showed that it was indeed important for CAF members to meet like-minded people and to expand their social contacts. This was especially true for survivalists and vulnerable members. To establish social networks, CAF members had to trust each other. Trust can be distinguished as individual trust, social trust, and earned trust. Within some CAF groups, members could rely on *individual trust* because they knew each other from before. Other groups were composed of people who frequented the same community centre, had the same profession, or were all entrepreneurs. At the beginning of their participation in a CAF group, these members used that experience to feel connected to other members they did not know personally: that is, they relied on *social trust*. Once members had participated regularly in a group, their trust in each other increased. This earned trust was an important effect of CAF-group participation. Thus, members experienced saving and borrowing/lending as a way to deepen their trust and reciprocal relations. CAF-group members used earned trust, but they also exercised a positive form of peer pressure. By getting to know

each other better and each other's savings behaviour, members could earn the status of being a trustworthy person. In other words, dealing with each other's savings and loans accelerated members' earned trust and consequently increased the scope of their social networks.

Capability 2: Being able to control one's financial household management

CAF participation had a positive impact on members financial household management because they learned how to handle their savings and to borrow more wisely. During the group meetings, members learned from each other how to record transactions and keep control over the bookkeeping. They also understood better how interest rates are calculated and how costs would increase if a member could not pay in time. For most CAF members, it was important to build a financial safety net by saving. Loans were mostly used for consumption purposes and to a lesser extent for income-generating activities. In-depth insights were gained through improved savings performances. Most members saved more in a group than they would have done on their own. Supported by fellow group members, individuals enjoyed the peer pressure to improve their savings performance. Members also became more conscious of the impact of money on their lives. Before becoming a CAF member, handling money could be experienced as rather troublesome and was seen as a lonesome business. Members expressed that they were not used to talking about their financial affairs with others. They experienced sharing details about each other's financial affairs as supportive and insightful. As a result, members appreciated this way of handling their financial affairs compared to their experiences with formal financial institutions, such as banks.

Capability 3: Being able to adopt an enterprising attitude and take initiative

CAF participation had a positive impact on the entrepreneurial positioning of entrepreneurs and idealists. Entrepreneurs used the CAF group explicitly as an opportunity to operate in a network of like-minded businesspeople and to exchange business information and advice during meetings. They also used the CAF group as a means to access financing. Many members were self-employed (at least part time), operating as independent photographers, social advisors, or artists. Many felt excluded from the formal financial system either because they were not eligible for financing from banks or because that financing was only available at the high cost of private loans. Seeking financial support in the form of a loan from the group felt much more reassuring than having to relate to an anonymous banking institution. Through their participation, entrepreneurs learned that finance not only touches upon their business and trade but also deals with emotions and trust. Survivalists, instant gratifiers, and

vulnerable members had different entrepreneurial positionings. For these members, entrepreneurial positioning was not about business activities but about increasing self-confidence and taking initiative. Members of a successful CAF group experienced a feeling of pride and satisfaction.

These three capabilities served as the main sensitizing concepts for analysing the preliminary effects of the first three CAF groups (Chapters 5 and 6). In the course of the research, additional aims and (sought for) affects that CAF members experienced could not be categorized under one of these three capabilities. Idealists in particular, but some of the entrepreneurs as well, had accepted the invitation to set up a CAF group because by doing so they aimed to join an alternative to the formal financial system. To account for this specific effect of CAF groups, a fourth capability set served as an additional sensitizing concept: *Being able to join a countermovement* (Chapter 7). This capability set was added as a fourth capability in line with the inductive research design.

Capability 4: Being able to join a countermovement

By participating in a CAF group, idealists aimed to join a countermovement. This countermovement was experienced as a general alternative for people who were frustrated and disappointed by the formal financial system. They saw themselves as one of the many little and very small initiatives that could eventually colour the financial landscape in the Netherlands. Like the members of LETS (Local Exchange Trading Systems), crowdfunding campaigns, *broodfondsen* (occupational disability insurance), and community currencies, CAF group members wanted to change existing societal structures and diversify the financial landscape (Chapter 4). They saw themselves as a product of Dutch society but also aimed for constituting, reproducing, or even changing to some degree the different societal structures they were living in. Thus, CAF groups dominated by idealists and entrepreneurs enjoyed participating in what they would call a financial experiment to explore new ways of handling money and simultaneously learning more about financial systems. On the basis of these insights, the initial theoretical framework founded on Sen's capability approach was expanded, as is summarized below.

Expanding the capability approach

To explain the empirical findings and to show how CAF members can have an impact on the world, I expanded Sen's capability approach with sociological notions of Giddens's structuration theory (Chapter 7). Giddens (1984) explains the world through the notion of social structures. In contrast to Sen, who focuses on how structures influence individuals, Giddens claims that people's practices establish, replicate, and modify the structures that ultimately influence those practices themselves (1984). These societal

structures infuse all layers of society, and most importantly, they are reproduced by the internal structures of interacting agents – for instance CAF members. External structures can be very distant – like the development of the financial market – or much more proximate to the individual CAF member – like a neighbourhood community or family. In Giddens's view, an individual member's participation in a CAF group is therefore an act of agency that simultaneously reproduces and changes the rules and resources of social structures. These interactive relations of agents and structure were added to the theoretical framework as feedback loops, and they appear in communities of practice.

Chapter 7 introduces two *feedback loops* to visualize how CAF members interact within their surrounding structures on the grassroots level. The first feedback loop illustrates how CAF members' personal well-being and agency achievements influence their internal structures and, consequently, how they participate in the very proximate external structures in daily life. This feedback loop is especially important for social networks, financial household management, and entrepreneurial positioning (see empirical findings on Capabilities 1–3). The second feedback loop emphasizes the crucial role of individual agency's impact on the more distant external structures of society. This feedback loop often goes beyond personal well-being and can be regarded as an act of agency achievement by CAF members who strive for interaction with more distant external structures (Capability 4).

In the capability approach, self-help groups are often related to the notion of collective capabilities (Ibrahim, 2006). They are closely linked to processes of collective action that lead to additional benefit for the collectivity at large (see Chapter 2). In line with the idea of community of practice, my research shows that one should distinguish between the agency and well-being achievements of individual CAF members rather than focusing on collective capabilities that account for all members alike. Wenger (1998) describes a community of practice as a group of people who share a certain domain of interest that distinguishes them from others. By engaging in joint activities and discussions, members of such a community share relevant information and learn from each other. That means the idea of a collective capability that applies to all members alike is not applicable for CAF groups. By introducing the five different ideal types (Chapter 5) as well as Wenger's community of practice (Chapter 8), I was able to differentiate the research findings without having to aggregate the individual members' agency and well-being achievements into collective capabilities.

How to have impact on the world by balancing both sides of the coin

One insight from this dissertation is that participation in CAF groups has an impact not only on the selected capabilities of individual members but also – however modest and small – on more distant external structures such as the Dutch financial landscape

and participation society. Anthony Giddens's structuration theory locates these impacts on both very proximate structures and more distant structures. It is here that the individual CAF members are empowered, depending on their capabilities, to improve their own well-being and potentially influence their surrounding structures. The empowerment of a CAF member is an individual learning process of *power from within* their internal structures, but it also depends on the emotional and financial input of other group members (*power with*). A number of CAF members in this study also used power to have an impact on more distant external structures (Capability 4). The more idealistically driven members in particular joined a CAF group to have influence on the financial landscape and to do something good for their surrounding communities. According to Medina (2013, 2014) having such an effect on structures can be seen as a constant struggle for more justice and equality in an unfair world with individuals carrying out individual actions or uniting in large groups or very small groups, such as a CAF group. When CAF groups turn into communities of practice (Chapter 8), member's actions are chained to strengthen individuals' efforts to deal with the challenges of living in late modernity times. These chained actions constitute a slow process that takes place at the margins of society. In this study, two CAF groups led by enterprising and idealistically driven members who followed common goals such as enterprise development, community development, and social change turned into communities of practice and continued operating after the research period had ended.

By expanding the capability approach with Giddens's structuration theory in accordance with the outcomes of this action research, this dissertation showed how CAF groups might effect changes – however small and modest they might be – on societal structures. Although the chained actions deriving from CAF-group participation may be small and of a temporary nature, they can have a meaningful impact for individual members. Thus, by combining the social and financial sides of the coin, CAF groups can eventually play a role in innovating and diversifying the services of the participation society and financial landscape of the Netherlands.

Nederlandse Samenvatting

Nederlanders hebben de laatste jaren te maken gehad met fundamentele veranderingen. Na de wereldwijde economische crisis in 2008 en de daaropvolgende grote recessie, zijn de algemene voorzieningen van de verzorgingsstaat middels verschillende beleidswijzigingen afgebouwd, mede onder druk van stijgende kosten ten gevolge van de vergrijzing. Hoewel individuen tegenwoordig meer keuzevrijheid hebben om een passende leefstijl te kiezen, onafhankelijk van de solide sociale structuren van vroeger, ervaren ze tegelijk ook meer onthechting, instabiliteit en ontworteling. Sinds de wereldwijde economische crisis zijn veel mensen kritischer geworden ten aanzien van financiële instellingen, die op dezelfde manier blijven opereren als voor de crisis en de menselijke maat uit het oog hebben verloren.

In dit proefschrift worden deze ontwikkelingen in de samenleving belicht vanuit de sociale en financiële aspecten van geld; *‘the social and financial sides of the same coin’*. De financiële kant beschrijft de vraag óf en hoe burgers toegang hebben tot de financiële sector. Het gaat er onder andere om dat formele financiële instellingen zoals banken hun diensten niet voor alle Nederlanders beschikbaar maken. Naarmate de financiële dienstverlening steeds meer wordt gedigitaliseerd, hebben mensen steeds minder een persoonlijke relatie tot deze dienstverlener, en worden zij bij financiële problemen vaker aan hun lot overgelaten. Tegelijkertijd is het aantal financiële dienstverleners toegenomen. Toegang tot tal van aanbieders in combinatie met de verleidingen van de Nederlandse consumptiemaatschappij kunnen een overmatige schuldenlast opleveren. Vooral kwetsbare mensen zonder financiële vaardigheden of middelen komen hierdoor in de verleiding om voorbij hun individuele financiële capaciteiten te consumeren.

In tegenstelling tot de *the financial side of the coin*, benadruk de *social side* juist de toegang tot financiële diensten op basis van de gemeenschap en vertrouwen relaties. Door de toenemende vluchtigheid van sociale verhoudingen en individualisering van de Nederlandse samenleving lijkt deze sociale kant van geld vaak te ontbreken. Mensen maken nu eenmaal laagdrempelig gebruik van anonieme financiële diensten, maar hebben zij in moeilijke tijden ook toegang hebben tot deze *social side of the coin*. De uitdaging is hoe de twee zijden van de medaille in evenwicht kunnen worden gebracht. Dit proefschrift onderzoekt de rol van een specifieke financiële zelfhulpgroep (de CAF groep) in de balans tussen *the social and financial sides of the coin*, toegepast in de Nederlandse participatiemaatschappij. Deelnemers aan CAF-groepen bouwen op vertrouwensrelaties om samen hun financiële zaken – zoals sparen en lenen – af te

handelen. Voor dit onderzoek zijn tussen 2013 en 2016 vijf CAF-groepen in Nederland opgericht. Elke groep werd begeleid, geobserveerd, geanalyseerd en onderling vergeleken met behulp van een *action research* onderzoek. Op deze manier werd de betekenis van beide kanten van de medaille onderzocht zowel voor het individu als voor de CAF-groep als geheel.

Wat zijn CAF-groepen?

Verschillende studies in het Mondiale Zuiden hebben laten zien hoe mensen met zeer weinig middelen rond komen van het weinige dat ze hebben (Rutherford, 2009; Collins et al., 2009; Wilson et al., 2010; Smets, 2004). De belangrijkste conclusie was dat mensen die in armoede leven willen én kunnen sparen, zelfs met een klein en onregelmatig inkomen. Zij hebben verschillende manieren bedacht om hun financiële zaken te regelen zonder betrokkenheid van de formele financiële sector.

Voor dit proefschrift werd gekozen voor het begrip “*financiële zelfhulpgroepen*” om niet alleen de financiële kant van de medaille te dekken – mensen die geld sparen en aan elkaar lenen – maar ook de sociale kant – mensen die deelnemen aan een financiële zelfhulpgroep om zichzelf en andere groepsleden te helpen. Het onderzoek richt zich op CAF-groepen, als één van de vele soorten financiële zelfhulpgroepen. Om de betekenis van CAF-groepen te begrijpen, begint hoofdstuk 1 met voorbeelden van drie andere financiële zelfhulpgroepen: ROSCA's, ASCA's en spaargroepen. Parallel aan een vergelijkbare praktijk in het Mondiale Zuiden heeft de stichting ACAF¹⁶ in 2004 de eerste spaargroepen in Barcelona geïntroduceerd, onder de naam *CAF groepen* (*Comunidades Autofinanciada*; ‘zelf-gefinancierde gemeenschappen’). De CAF-aanpak richt zich op ondersteuning van de financieel en sociaal uitgesloten, arme delen van de samenleving. Initieel richtte de stichting zich vooral op migrantengemeenschappen die ervaringen hadden met ROSCA's en ASCA's. De ervaringen met CAF-groepen in Spanje laten zien dat deze aanpak ook in andere landen in het Mondiale Noorden zou kunnen werken. CAF-groepen zijn inmiddels geïntroduceerd in Italië, Hongarije, België en Duitsland. Dit proefschrift presenteert de eerste diepgaande studie van de impact van CAF-groepen in het Mondiale Noorden, te weten in Nederland.

Theoretisch kader

Het theoretische kader van dit proefschrift wordt gevormd door de *capability approach* van Amartya Sen (hoofdstuk 2). Volgens Sen (1999, 2000) heeft het individu de vrijheid om een bepaalde levensstijl te kiezen die past bij zijn of haar visie op welzijn. Met andere woorden, ieder individu moet de vrijheid hebben om het soort

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¹⁶ Vandaag de dag opereert ACAF onder de paraplu van het online platform winkommun.org.

leven te kiezen dat hij zinvol acht. Deze notie van vrijheid noemt Sen ‘*capability*’. Dit omvat ook de keuze van een individu om deel te nemen aan zelfhulpgroepen, zoals CAF-groepen. Zodra een individu onderdeel wordt van een groep, kan hij verschillende handelingen uitvoeren, door Sen ook wel ‘*functionings*’ genoemd. *Functionings* verwijzen daarom naar iemands staat van ‘zijn’, zoals bijvoorbeeld ‘zich minder eenzaam voelen’, en een staat van “doen”, zoals ‘geld sparen’. De *functionings* vormen de basis van het theoretisch kader van dit onderzoeksproject. Bij het evalueren van de *functionings* van een individu benadrukt Sen (1992) dat onderzoekers zich moeten richten op zowel het vergroten van welzijn als het vergroten van het vermogen om te handelen (*well-being and agency achievement*). Welzijn (*well-being*) is meer gericht op eigenbelang, terwijl actorschap (*agency*) het welzijn van zowel het individu als het welzijn van anderen beoogt te bevorderen. De Nederlandse context van mijn onderzoek beïnvloedt zowel het *welzijn* als de *actorschap* van leden van CAF groepen, bijvoorbeeld vanwege de toenemende eenzaamheid, de patronen van een consumptiemaatschappij, en de maatschappelijke nasleep van de wereldwijde financiële crisis. Sens’ *capability approach* werd voor dit onderzoek geoperationaliseerd door middel van drie *capabilities*: *sociale netwerken* (C1), *financieel beheer van huishoudens* (C2) en een *ondernemende houding* (C3). Deze *capabilities* vormen de leidraad in dit proefschrift.

Onderzoeksontwerp

Maatschappelijk betrokken onderzoekers (*engaged scholars*) maken gebruik van actieonderzoek om oplossingen te vinden voor maatschappelijke problemen (hoofdstuk 3). Zulk onderzoek kenmerkt zich door twee benaderingen (Boyer, 1996). In de eerste plaats worden urgente problemen op sociaal, burgerlijk en ethisch vlak op een wetenschappelijke manier benaderd. In de tweede plaats creëren betrokken onderzoekers een bijzonder klimaat waarin de wetenschap en de samenleving op een duurzame en creatieve manier met elkaar communiceren. Een van de manieren om betrokken onderzoek te doen is actieonderzoek; de methode die ik voor dit proefschrift gekozen heb. *Actieonderzoek* is een overkoepelende term voor verscheidene benaderingen waarin wetenschappers samen met de onderzoeksdeelnemers participeren in een onderzoeksproject.

In dit hoofdstuk licht ik mijn onderzoeksmethoden en -ontwerp nader toe: de implementatie van de CAF-groepen en het verzamelen en analyseren van de empirische gegevens. Ik reflecteer ook op mijn eigen rol in het ontwerpen en uitvoeren van dit onderzoek als ‘betrokken onderzoeker’. Hierbij richt ik me vooral op mijn interacties met de deelnemende CAF-groepsleden. Speciale thema’s in deze analyse zijn de veranderingen in mijn rol als onderzoeker, het gevoel van eigenaarschap van de CAF-leden, en het delen van controle over het onderzoeksproces.

Een meer gedetailleerde achtergrondbeschrijving van het Nederlandse financiële landschap wordt gegeven in hoofdstuk 4. Het hoofdstuk richt zich op ROSCA's van twee specifieke groepen in Nederland: Ethiopiërs en Ghanezen. Onderzoek naar het functioneren van deze financiële zelfhulpgroepen biedt een extra perspectief op het huidige, formele financiële landschap in Nederland. Hieruit blijkt dat diversiteit in financiële arrangementen en instellingen ook verschillende soorten 'veerkracht' kan bewerkstelligen. Dit draagt meer bij aan een duurzaam financieel landschap dan de monocultuur van traditionele banken. Met een analyse van de rol van veerkracht in het financiële landschap wordt aan de hand van de ROSCA's de huidige dominantie van de formele financiële sector ter discussie gesteld.

Empirische bevindingen

De empirische bevindingen van dit onderzoek staan centraal in de hoofdstukken 5, 6, 7 en 8. Uit de bevinding komen vijf ideale CAF-lid types naar voren. Elk ideaaltipe vat de karakteristieken van verschillende individuele CAF-leden uit verschillende groepen samen.

De *survivalist* (overlevingskunstenaar) staat voor grote uitdagingen in het leven (zoals echtscheiding, langdurige werkloosheid en/of ziekte). Om problemen buiten de deur te houden, doet een *survivalist* een beroep op zijn of haar sociale netwerk. De *entrepreneur* (ondernemer) beschouwt het runnen van een onderneming niet alleen als een inkomsten-genererende activiteit, maar ook als een manier van leven. Een *entrepreneur* is sterk afhankelijk van professionele netwerken, zoekt manieren om controle over het leven te behouden en zoekt bij voorkeur naar nieuwe financiële oplossingen. De *idealist* heeft een sterk verlangen naar maatschappelijke verandering en probeert idealen waar te maken. Een *idealist* ontleent plezier aan het uitproberen van nieuwe dingen op uiteenlopende momenten in het leven. De *instant gratifier* (instant 'behoeften-bevrediger') heeft (of had) een laag inkomen, en een duurder levensstijl dan het persoonlijke budget toelaat. Door consumentistisch gedrag en instant bevrediging bestaat een neiging om meer geld te lenen. Hierdoor ontstaan schulden die niet snel kunnen worden terugbetaald. De *vulnerable* (kwetsbaar persoon) heeft een klein en zwak sociaal netwerk en voelt zich vaker eenzaam. Hij of zij heeft ook een zeer laag inkomen en vindt het moeilijk om te sparen. Een kwetsbaar persoon heeft geen positieve relatie met geld en praat er niet graag over.

Op basis van deze ideaaltypes worden de empirische bevindingen gepresenteerd zowel op individueel niveau (hoofdstukken 6 en 7) en op CAF-groep niveau (hoofdstukken 5 en 8). De belangrijkste bevindingen voor elke *capability* worden hieronder samengevat.

Capability 1: Het ontwikkelen en onderhouden van een divers sociaal netwerk

De bevindingen van het empirisch onderzoek laten zien dat het belangrijk is voor CAF-leden om gelijkgestemden te ontmoeten en sociale contacten uit te breiden. Dit geldt vooral voor de meer kwetsbaren leden. Om een sociaal netwerk op te zetten, hebben CAF-leden vertrouwen in elkaar nodig. Vertrouwen kan worden onderverdeeld in individueel vertrouwen, sociaal vertrouwen en verdiend vertrouwen. Binnen sommige CAF-groepen is sprake van *individueel vertrouwen* omdat de leden elkaar van tevoren persoonlijk kennen. In andere groepen gaat het om *sociaal vertrouwen* omdat de leden deel uitmaken van dezelfde beroepsgroep of ondernemers zijn, of hetzelfde buurthuis bezoeken. Bij aanvang van deelname aan een CAF-groep kennen de leden elkaar dan niet persoonlijk, maar is het vertrouwen gebaseerd op gedeelde ervaringen, professioneel of sociaal. Naar mate leden vaker aan een groep deelnemen, neemt ook het wederzijdse vertrouwen toe. Dit *verdiende vertrouwen* is een belangrijk effect van CAF-groeps participatie. Op deze manier ontstaat door gezamenlijk sparen en lenen een verdieping van wederzijdse relaties en vertrouwen. Naast *verdiend vertrouwen*, ontstaat in een CAF-groep ook een positieve vorm van groepsdruk. Door elkaar en elkaars spaargedrag beter te leren kennen kunnen groepsleden de status van betrouwbaar persoon 'verdiene'. De omgang met elkaars geld versnelt het *verdiende vertrouwen* van leden en vergrootte de reikwijdte van hun sociale netwerken.

Capability 2: Het beheren van huishoudelijke financiën

In een CAF groep leren de leden om te gaan met leningen en spaargeld. CAF-groep participatie heeft dus een positief effect op het vermogen tot verstandig financieel beheer. Tijdens de groepsvergaderingen leren de leden elkaar bijvoorbeeld hoe ze transacties kunnen registreren en de boekhouding kunnen controleren. Ze begrijpen ook beter hoe de rente wordt berekend en hoe de kosten stijgen als een lid niet op tijd kan betalen. Voor de meeste CAF-leden is het belangrijk om een financieel vangnet op te bouwen door te sparen. Leningen worden meestal ingezet voor consumptiedoeleinden en in mindere mate voor inkomsten-genererende activiteiten. Beter financieel inzicht leidt tot een beter spaar vermogen. De meeste leden hebben meer gespaard in een groep dan ze zelf zouden hebben gedaan. Leden werden zich ook meer bewust van de impact van geld op hun leven. Voorafgaande aan deelname werd de omgang met geld als lastig ervaren, en als een individuele aangelegenheid. De leden geven aan dat ze niet gewend waren om met anderen over hun financiële zaken te praten. Door deelname aan een CAF groep beschouwen ze het delen van details over elkaars financiële zaken juist als ondersteunend en verrijkend. Dit wordt positiever beleefd dan hun ervaringen met formele financiële instellingen, zoals banken.

Capability 3: Het ontwikkelen van een ondernemende houding

CAF participatie had een positieve impact op de ondernemende houding van ondernemers en idealisten. Ondernemers gebruikten de CAF-groep expliciet als een kans op een netwerk van gelijkgestemde zakenmensen en om bedrijfsinformatie en advies uit te wisselen tijdens vergaderingen. Zij gebruikten ook de CAF-groep als middel om toegang te krijgen tot financiering. Veel leden waren zelfstandigen (ten minste parttime), zoals fotografen, sociaal adviseurs of kunstenaars. Velen voelden zich uitgesloten van het formele financiële stelsel, hetzij omdat zij niet in aanmerking kwamen voor financiering door een bank, hetzij omdat die financiering alleen beschikbaar was tegen de hoge kosten van consumptieve leningen. Het zoeken naar financiële steun in de vorm van een lening van de groep voelde veel veiliger dan afhankelijkheid van een anonieme bankinstelling. Door hun deelname leerden *entrepreneurs* dat de financiering niet alleen gaat om handel, maar ook gaat om emoties en vertrouwen. Voor leden met kenmerken van een *survivalist*, *instant gratifier*, of *vulnerable* betreft de ondernemende houding niet zo zeer bedrijfsactiviteiten, maar het vergroten van zelfvertrouwen en het nemen van initiatief. Dit leidde in voor veel CAF-leden tot trots en tevredenheid.

Deze drie *capabilities* dienden als de belangrijkste leidraad voor het analyseren van de eerste drie CAF-groepen (hoofdstukken 5 en 6). In de loop van het onderzoek, ontwikkelden de leden aanvullende doelstellingen die niet gecategoriseerd konden worden onder een van deze drie *capabilities*. Vooral idealisten maar ook enkele ondernemers, sloten zich aan bij een CAF groep op zoek naar een alternatief voor het formele financiële stelsel. Om rekening te houden met dit specifieke effect van CAF-groepen werd een vierde *capability* toegevoegd: *deelnemen aan een tegenbeweging* (hoofdstuk 7).

Capability 4: Het deelnemen aan een tegenbeweging

De CAF groep als tegenbeweging werd ervaren als een alternatief voor idealistisch gedreven leden die gefrustreerd en teleurgesteld zijn door het huidige formele financiële systeem. Zij zien zichzelf als een van de vele kleine initiatieven die uiteindelijk het financiële landschap in Nederland kleur geven. Net als de leden van LETS (Local Exchange Trading Systems), crowdfunding campagnes of *broodfondsen*, hebben deze leden van de CAF-groep de ambitie om het financiële landschap te diversifiëren (hoofdstuk 4). Ze zien zichzelf als een onderdeel van de Nederlandse samenleving, maar zijn ook gericht op het veranderen van de verschillende maatschappelijke structuren. Vooral CAF groepen met veel idealisten en ondernemers waarderen de nieuwe, experimentele omgang met geld in combinatie met het verwerven van kennis over financiële systemen. Met deze inzichten werd het theoretisch kader van Sen's *capability approach* uitgebreid, zoals hieronder wordt samengevat.

Uitbreiding van de *capability approach*

Om te illustreren hoe CAF-leden maatschappelijke structuren kunnen beïnvloeden, wordt Sen's *capability approach* uitgebreid met sociologische noties van Giddens's structuratietheorie (*structuration theory*) (hoofdstuk 7). In aanvulling op Sen, die zich richt op de invloed van maatschappelijke structuren op individuen, beweert Giddens dat individuen ook enigszins invloed kunnen hebben op de structuren om hen heen. Volgens Giddens wordt het handelen van individuen beïnvloed door maatschappelijke structuren maar tegelijkertijd worden diezelfde structuren ook elk keer weer opnieuw bevestigd of gewijzigd door de eigen handelingen (1984). Deze 'reproductie' van maatschappelijke structuren ontstaat door de interactie met de interne structuren van het individu zelf. Interne structuren zoals bijvoorbeeld persoonlijkheidstrekken, opleidingsniveau, of ambities zijn onlosmakelijk verbonden met het individu. Externe structuren kunnen bestaan uit fenomenen diep grotere afstand staan van het alledaagse leven van individuen, zoals de ontwikkeling van de financiële markt, of dichterbij, zoals een buurtgemeenschap of familie. Volgens Giddens is de deelname van een individueel lid aan een CAF-groep dus een daad van *actorschap* die tegelijkertijd de potentie heeft om sociale structuren te reproduceren dan wel te veranderen. Deze interactieve relatie van *actorschap* en structuur werd toegevoegd aan het theoretische kader in de vorm van twee *feedback loops*.

Hoofdstuk 7 introduceert deze twee *feedback loops* om te visualiseren hoe CAF-leden interacteren met de hen omringende structuren. De eerste *feedback loop* laat zien hoe het persoonlijke welzijn en *actorschap* (*well-being and agency achievements*) van CAF-leden hun interne structuren beïnvloeden, en hoe ze daardoor interacteren met de nabije externe structuren van het dagelijks leven. Deze *feedback loop* is van belang voor het ontwikkelen van de eerste drie *capabilities*. De tweede *feedback loop* benadrukt hoe individuele leden eventueel invloed kunnen hebben op externe structuren die zich op grotere afstand bevinden. Deze *feedback loop* wordt meer bepaald door het vermogen van *actorschap* (*agency achievement*) dan door het persoonlijk welzijn (*well-being*) van CAF leden in de interactie met externe structuren (*Capability 4*).

In de *capability approach* worden zelfhulpgroepen vaak geassocieerd met het begrip *collective capabilities* (Ibrahim, 2006). Deze *collective capabilities* zijn nauw verbonden met processen van gezamenlijke activiteit die leiden tot een collectief voordeel voor de groep (zie hoofdstuk 2). Mijn onderzoek toont aan dat hier onderscheid gemaakt moet worden tussen het vergroten van *actorschap* en welzijn (*agency and well-being achievements*) van individuele CAF leden enerzijds, en de *collective capabilities* van alle leden van deze financiële zelf-help groep gezamenlijk, anderzijds. Wenger (1998) beschrijft een *community of practice* als een groep mensen met een gedeeld belang dat hen onderscheidt van anderen. Door deel te nemen aan gezamenlijke activiteiten en discussies, delen leden van een dergelijke gemeenschap relevante informatie en leren

ze van elkaar. Door de introductie van de vijf ideaaltypen (hoofdstuk 5) en Wenger's *community of practice* (hoofdstuk 8), kon ik verschillende *agency and well-being achievements* van de individuele leden onderscheiden van *collective capabilities*. Dat betekent dat het idee van een *collective capability*, waarover alle leden van een groep gelijkelijk beschikken, niet van toepassing is op CAF-groepen.

Hoe CAF groepen van groter betekenis kunnen zijn door het in evenwicht houden van beiden kanten van de medaille

Een van de inzichten uit dit proefschrift is dat deelname aan CAF-groepen niet alleen impact heeft op de *capabilities* van individuele leden, maar ook – hoe bescheiden en klein dan ook – potentie heeft externe maatschappelijke structuren te beïnvloeden. Hierdoor kunnen CAF groepen een rol spelen in het Nederlandse financiële landschap en de participatiemaatschappij. Vooral de meer idealistisch gedreven leden sloten zich aan bij een CAF-groep om invloed uit te oefenen op het financiële landschap en iets goeds te doen voor hun eigen gemeenschappen. Volgens Medina (2013, 2014) kan deze ambitie van CAF leden worden vergeleken met die van andere kleine groeperingen die zich inzetten voor meer rechtvaardigheid en gelijkheid in de wereld. Wanneer CAF-groepen de potentie hebben om in *communities of practice* (hoofdstuk 8) te veranderen, kunnen de individuele acties van groepsleden gekoppeld worden (*chained actions*) aan andere groepen. Daardoor kunnen de individuen elkaar onderling versterken en zo de uitdagingen van het hedendaagse leven beter het hoofd bieden. Deze *chained actions* vormen een langzaam proces dat plaatsvindt in de marge van de samenleving. Twee CAF-groepen in deze studie met vooral ondernemende en idealistisch gedreven leden hadden de potentie om een *community of practice* te vormen. Naast het verbeteren van hun eigen welzijn, waren ze ook bezig met gemeenschappelijke doelen, zoals de ontwikkeling van sociale ondernemingen en projecten in hun lokale gemeenschap. Daarbij waren ze zeer geïnteresseerd in grotere vraagstukken van sociale veranderingsprocessen in de maatschappij. Hoewel de *chained actions* die voortvloeien uit de deelname van een CAF-groep klein en tijdelijk van aard kunnen zijn, hebben ze zeker een zinvolle impact op individueel niveau. Zo kunnen CAF-groepen door de positieve effecten van het combineren van de sociale en financiële kant van de medaille, van belang zijn voor innovatie van de Nederlandse participatiemaatschappij en de diversificatie van het huidige financiële landschap.

Overview for each chapter

Curriculum Vitae

Julie was born in Dannenberg (Elbe) on 17 July 1983. After graduating from the Rudolf Steiner Schule in Lüneburg in 2003, she spent a year in Cameroon volunteering with the foundation *AfricAvenir* under the guidance of Prince Kum'a Ndumbe III. Julie studied in Germany, France, and the Netherlands, receiving a BA in Social Science with minors in Economics and Communication Sciences from Erfurt University, Germany, a CEP (Certificat d'Etudes Politique) from the Institute d'Etude Politique in Lyon, France, and an MSc in Public Administration with an emphasis in International and Development Administration at Leiden University, The Netherlands. During her studies, she gained practical work experience in Malawi and Senegal. Finalised in 2009, her MSc thesis investigated the importance of mutual trust in group lending schemes at three microfinance institutions in Dar es Salaam, Tanzania. It was there that she became interested in the subjects of microfinance, financial inclusion and community economics.

After university, she first worked in the Entrepreneurship and Microfinance research group at the Inholland University of Applied Sciences and then in the Financial Inclusion and New Entrepreneurship research group at The Hague University of Applied Sciences (THUAS) both led by Klaas Molenaar. There, she began her PhD research journey in 2013 as an external PhD candidate at the VU Amsterdam, supervised by Prof. Halleh Ghorashi and Dr. Peer Smets (VU) and Dr. Baukje Prins (THUAS). In addition to her own research, she especially enjoys helping students discover an enthusiasm for conducting research. She is also closely involved in different research projects at national and European levels.

In the last years of her PhD research, she became active in the “European movement” of savings groups. In 2018, she co-founded the foundation *Cash2Grow* with Gabrielle Athmer to promote savings groups in the Netherlands. Currently, Julie lives with her family in the north of the Netherlands near the city of Groningen.

Acknowledgments

My journey towards this dissertation started long before I prepared the research proposal. Its various destinations would not have been so fascinating and inspiring were it not for the people and places that influenced me along the way. Many people helped me continue on my journey. I thank a few of the most influential in the order I encountered them.

During my childhood, my parents, Sabine and Klaus, supported me in whatever adventure I had planned - from 'hunting' on my own wild pigs with our little dog in the woods behind our house to traveling much further away from home as a teenager and student. Their belief in me to go my own way, yet always being there to fall back on, has remained a never-ending source of courage. Danke, Mama und Papa.

As my journey took me further afield, my first influential destination was Cameroon, where, at 19, I spent a year volunteering with the *AfricAvenir* foundation. My experiences there and especially my encounters with Prince Kum'a Ndumbe III fundamentally shaped my view of the world. It was in Douala that I learned about the "African Renaissance" and what the reversed South-North knowledge transfer could mean in practice. Merci, Prince.

After many other journeys, I settled in Leiden for my master's. It was there that I met Arnoud, who gave me the most important reason to stay and to look for a professional career in the Netherlands. Arnoud and I have had so many adventures together in the Netherlands and abroad, and I feel deeply blessed that I can always count on him to be by my side. The most wonderful adventure so far was and still is that of becoming a family, of being blessed with our two children born in 2015 and 2018. Arnoud, Thilo, and Alma – you make my world complete. Dank aan jullie.

I met Klaas Molenaar while finishing my masters. He taught me to incorporate the lessons from the Global South in my work. Klaas was the key to many doors and connected me to inspiring people, including my supervising team, in which he participated all the way and beyond. Dank je voor alles, Klaas.

One of these places became my second home for a long time and the destination where most of this research journey actually took place: De Haagse Hogeschool (The Hague University of Applied Sciences). There, I especially benefited from the leadership of two inspirational women: Ineke van der Meule, who facilitated the start of this research, and Simone Fredriksz, who supported me in bringing it to a good end. Veel dank gaat aan De Haagse en jullie allebei in het bijzonder.

The VU Amsterdam was another crucial destination on this journey. There, I felt very blessed to have Halleh Ghorashi as my supervisor. With her wise guidance and thoughtful advice throughout these past years, Halleh has been a continual source of inspiration, both personally and academically. Dank je, Halleh.

I am also grateful to my two fantastic co-supervisors, Baukje Prins and Peer Smets, and their productive collaboration on this journey. Baukje's critical and profound feedback when reading patiently my texts – over and over again – challenged me to bring them to higher and higher levels. And Peer's critical and empathic way of accompanying me closely and giving me so much helpful advice enabled me to navigate the different stages of this journey. Dank jullie allebei.

This research would not have been possible without the members of the five CAF groups in Amsterdam and The Hague. I am deeply indebted to every single member. You are the many pillars that form the foundation of this research. Dank aan jullie allemaal.

During my journey, I greatly appreciated the support I received of family, friends and colleagues. It is impossible to name all those who helped me along the way, but I wish to mention a few.

Thank you to my 'extended' family: to Sigrid, for your humorous support and empathy; to Anna Lena for feeling so close even when you are the furthest away; to Marie, for your wise advice; and to Svea, for being my 'oldest' friend. Thank you to my Dutch family for kindly asking again and again about the status of that "*boekje*". Thank you to my dearest friends in The Hague and in the "Heimat" – especially Emmeline, David, Marijn, Jakob, Hannah, Leo, Michaela, Marlen, Michaël, Petra, and Laura – for always believing in my ability to reach the final destination. Thank you to my colleagues at De Haagse Hogeschool: my dear "Dream Team," Meike, Saskia, and Janneke, and my colleagues Martijn, Anita, Karijn, Albert K., Henk, Jan, Nathalie and Albert C..

Finally, I reached the final destination. In our house next to the forest and the city of Groningen, Arnoud, Thilo, Alma, and I completed the final leg in this research journey. Yes, we did that together! Thank you, Susann, Esmee, Nanne, Bram, Gerdientje, Irene, Jacobine, Reina, Marlies, Jakob, Lisanne, Jan Willem, Tinka and Laura, for welcoming our family at that crucial moment of the journey and for showing interest in what we do and who we are.

I am also grateful to those who helped put the finishing touches on this book: to Sheri, who smoothed my English and lifted my spirits with her encouraging emails from far abroad; to Hannah, who made the beautiful installation on the cover; and to, Heerko, who put the whole publication together and created this attractive design.

Though one journey has ended, many others are still to come. My sincere thanks go to Gabriëlle for so patiently waiting for me while putting an incredible amount of work and time into our foundation, Cash2Grow. I am excited to discover the professional and personal journeys that lie ahead.

