



Number 33 / September 2012

THEY CAN DO IT: SAVING AS EXPERIENCED BY RURAL PERUVIAN WOMEN*

MARIANNE DAHER GRAY

I. INTRODUCTION

This paper draws on the stories of many women who, despite their adverse living conditions, seized the opportunities they were offered to improve their lives. These stories are varied, with “good times” and “bad times,” but what characterizes these women is their courage in facing down their fear of change and daring to do what it takes to “get ahead,” even when that means changing course. We find stories of women who face episodes of violence and marginalization and break out of their constraints, opening themselves to a world of possibilities, forging new bonds rooted in solidar-

ity and beginning to dream of a better future. These women have been very generous in sharing their stories, and they teach us to rethink the many faces of poverty and the enormous store of resources on which people draw to deal with it. These resources already exist before programs begin: the strength is there, the creativity is there, the networks are there, nature is there. The job of social programs, therefore, is not to create those resources, but to give the “push” that activates them.

Here savings have unexpected consequences for this study. Saving translates into that small push that these women need to help them dare to activate their strength and creativity, connect with their networks and make use of

* The complete document is available at the Capital Project: <www.proyectocapital.org>.



their natural resources. But that does not come merely with the accumulation of money; the key to these programs lies in guiding this action so it makes sense. By making sense of savings, these programs instill in the women a dream about their possibilities for the future. This idea, which is briefly described in this executive summary, will be developed in depth in the long form of the paper. Ultimately, it translates into beneficial changes for the women in many areas of their lives.

II. METHOD

The study was conducted using a qualitative approach, following Grounded Theory guidelines, supplemented by the Encounter-Context-Themes Analysis Device.

The programs visited include three forms of encouraging saving (based on financial education, varying the allocation or non-allocation of Conditional Cash Transfers) and are implemented in places that differ geographically, but not culturally. They are: Innovations for Scaling Financial Education (implemented in the northern highlands), Savings Promotion in JUNTOS Families Pilot Project and Puno-Cusco Corridor Development Project (both implemented in the southern highlands). The program visited in the northern highlands was in its initial phase, so the interest (for the purposes of this study) was in establishing a type of base line for the future participants' expectations about saving, and to develop an in-depth characterization of these women before their entry into the program (36 women participated). The programs visited in the southern highlands, which were in their final phase, demonstrated the changes that actually occurred in the women's lives because of saving, which is the main focus of this paper (47 women participated).

Data gathering was done in two phases. The first phase, in February 2012, consisted of a visit to the program in the northern highlands. The second phase, in April 2012, involved a visit to the programs in the southern highlands. The data collection strategies done with these women were two focus groups, three in-depth individual interviews, one evaluative group conversation, and one community assembly. At the same time, five evaluative conversations were conducted with key informants, along with five participating observations (home visits in the southern highlands and training for leader mothers – women who will act as savings promoters among their peers – in the northern highlands).

III. PRINCIPAL RESULTS

1. Experience prior to participation in the programs

It is common to find that most women have little or no experience with financial institutions, particularly banks, before their participation in the program. When women are asked their reasons for not using banks, the main ones are distrust and fear of financial institutions. This is due to prejudices based on bad experiences or myths (for example, that the bank would deceive them or keep their money for itself). There is also some insecurity based on lack of knowledge about how these institutions operate, which is mentioned both by women who look back retrospectively at their participation and by women who are about to enter the programs.

When asked about their experience with saving before participating in these programs, most women say they had never saved. Nevertheless, a closer look at how these women



manage their income, especially during months when their expenses are higher (such as the beginning of the school year and the rainy or planting season), reveals that they use informal savings strategies to cope at these times. For example, some save money at home (under the mattress) or purchase small animals (chickens, guinea pigs or rabbits). When asked about formal savings (in financial institutions), the women who are about to begin participating in the programs spontaneously mention the benefits (safety and control), as well as the importance of having money for emergencies. It is noteworthy that the women are not yet able to see a purpose for saving beyond dealing with “contingencies”, although that changes when they enter the programs and begin to accumulate capital.

There are conditions that facilitate or hinder saving, and it is important to take them into account when implementing these types of programs. Some conditions are directly related to the person who saves; these include the person’s degree of knowledge, trust, determination and willingness to participate in the program. Other conditions are rooted in the following fields: family (support or lack of support from her partner and children), occupation (having work or a small business as a source of income), institutions (access to financial institutions and products), society (situation of poverty and vulnerability), culture (male chauvinism and the “confinement” of rural women to the domestic sphere) and context (geographic isolation and climate). There are also conditions directly related to the programs (mainly training and the promoter).

2. Saving is possible: Effects of programs to encourage saving

The women in this study demonstrated that saving is possible. Although the amounts and times of saving varied among the women, the great majority said they would continue saving in banks even after their participation in the programs ended. But the most important thing for them is not the mere accumulation of money, but the positive effects that saving has had on their lives, in important areas such as their economic situation, as well as on them as women and on their relationships with other people or institutions.

The most important economic change is the capacity for saving. Before participating in the programs, many women did not save or did not realize they were saving, as their saving was informal and sporadic. Thanks to the programs, the women not only save, but also see the benefits of formal savings, including the safeguards guaranteed by financial institutions, and the ability to increase their economic capacity, manage their resources appropriately and improve their living conditions.

Personal changes are mainly psychological; saving allows them to dream about possibilities for the future. When they dream, the women feel free (independent), sure of themselves (competent), able to achieve what they set out to do (sense of accomplishment) and happier. These women are validated as important people and recognize their courage in accepting the challenge to dream of a life that is different and better. There are also physical changes (in their appearance) and changes in their knowledge (regarding financial education). There is a sense of empowerment in the women that comes from being responsible for themselves

and their families, being solidarity with other women and being able to stand up to other people and institutions.

Changes in relationships occur within the family and in interactions with other people and institutions. In the family, before the program, the women's partners had strongly opposed the women's participation, and in some cases, there had been episodes of domestic violence. After the women's participation and empowerment, however, that no longer occurs. The social environment is also strongly leveraged, thanks to the training, when the women meet and share their experiences. Some women are even inspired to take important positions in these groups (as promoters) or in their communities (in leadership bodies). In their relationships with other institutions, particularly banks, the women overcome their fear and approach them as the doorway to inclusion in the financial system and to greater contact with all types of institutions (health, education, local government and others). The women's empowerment enables them to demand that they receive high-quality service and be treated well.

3. Interesting phenomena related to saving

The long form of the paper discusses savings-related phenomena that will be described only briefly in the executive summary. The first and most important is that "Saving allows women to have a dream about the future". This is possible because saving forces them to think about the future, about what they want and what they would like to achieve. These women have countless dreams, including a better education for their children, starting a business, expanding their small homes, being able to pay for celebrations, having some support in their old age, and being able to deal with emergencies.

These thoughts about their lives and their futures remove them from the harsh immediacy of their poverty, enabling them to dream of something beyond their everyday concerns and dare to face the future, considering other options and alternatives besides those to which they have been limited until now. This enables them to overcome obstacles and constraints and dream of their possibilities for the future.

A second phenomenon is that of "The woman who saves and conditions for saving". Women participating in the programs often are in a very precarious situation and have little income or ability to plan for the future. There is also a great deal of machismo or male chauvinism (associated with violence and discrimination), with the women's partners opposing their participation in activities outside the home. Women tend to be "confined" to their homes. This is the situation when the programs are implemented. Under these circumstances, some women tend to give in and be submissive; they cannot move beyond the immediate problems posed by poverty, and fear stifles their dreams and their hope for a better future. These women need additional "remedial" assistance in order to enter the programs with a real ability to achieve their goals. But these factors often constitute serious threats or obstacles to their participation in the programs, and explain why these women could not make progress. In the other hand, there are also strong and dedicated women who, precisely because of the difficult circumstances in which they live, are anxious to get ahead and change their lives. These women see saving as a real possibility that is within their reach, and which will help them achieve their short or medium range goals.



A third phenomenon is “Reconnecting: Saving as a mechanism for expanding social support networks”. This occurs particularly because of the “confinement” of rural women; the programs open up to them new worlds and new possibilities for interaction. Thanks to the program, the women “get out” their houses, meet other women who are in the same situation, have a promoter who helps and reinforces them, connect with financial institutions and much more. This broader connection with the world breaks the vicious circle in which they previously moved within their homes and farms, creating a virtuous circle filled with opportunities for new friendships, access to sources of work and basic services such as health and education, greater inclusion in the financial system, and other possibilities.

Finally, there is an interesting “Link between savings and entrepreneurship” (understood as small-scale income-producing activities). This relationship is important, because saving is a financial tool that makes it possible to inject resources into new businesses without the risks associated with credit. Although microcredit has proven to be useful in some situations, most experiences show that it can also create a huge burden for families, who must pay off a loan that they cannot sustain during the first months after starting a business (when there are often more losses than profits). Saving is a much safer financial tool, and linking it with entrepreneurship could guarantee the participants’ graduation from such programs.

IV. CONCLUSIONS

This study supports the fact that women do save, even when they do not have economic incentives to do so, as long as saving makes

sense to them. Saving has proven to have a series of benefits that go beyond the mere accumulation of money, and which are related to psychological empowerment and the possibility of dreaming. Emphasis is therefore placed on the benefits of saving as an entry point for inclusion in the financial system and a path out of poverty, as saving is a safer and easier strategy than credit for achieving this.

At the same time, some recommendations for the design and evaluation of savings incentive programs emerge from the women’s own experience. Regarding program design, they emphasize the importance of financial education training and the role of the promoter (beyond delivering economic incentives or subsidies). It is at these times that the women can make sense of savings and become motivated to achieve their goal. Second, the process of approaching the bank should be voluntary (with their consent) and first-hand (they should go in person). This is a first step toward connecting with other institutions and exercising their rights as citizens. Third, it is necessary to educate the financial institutions, challenging their myths and prejudices about people living in poverty, so they adapt to those people’s needs, offering greater facilities. Fourth, it is advisable to enhance the linkages between savings-incentive programs and those promoting entrepreneurship. Linking savings and entrepreneurship can translate into an effective strategy for graduation from social programs. Fifth, one aspect that could be leveraged by the promoters is transmission to the women of the message, “Yes, you can”: they can save, they can dream, they can get ahead. This personal development or empowerment is what finally enables women to overcome their fear and the obstacles they face.

The evaluation of these programs offers a rich and complex opportunity to assess the elements that truly represent well-being for these women. Psychological empowerment is as important as inclusion in the financial system, and relevant tools and approaches are needed for the in-depth study merited by both. It is also important to ask the right questions, which emerge from the participants' experience. A study that takes seriously the evaluation of the results and/or impact of these programs must address the challenge of evaluating them by taking into account their many dimensions, which could be done using an Integral Evaluation Model. That model uses a mixed method-

ology, involving constant interchange between qualitative and quantitative sources. This makes it possible to reveal not only what works, but also why and how it works.

This study therefore demonstrates that saving involves both economics and attitudes, which are associated with empowerment and the ability to dream, as well as the possibility of connecting with others and putting into motion a plan of one's own. It is therefore important to take an integral approach to these programs, which coincides with the complexity of the poverty that they are intended to address and change.



Marianne Daher Gray,
Doctoral Program in Psychology,
Pontificia Universidad Católica de Chile



This publication is possible thanks to the support of the Ford Foundation and the IDRC - International Development Research Centre



PROYECTO CAPITAL

Opportunities for inclusion in the financial system in Latin America and the Caribbean
A woman who saves changes lives

Readers may make verbatim copies of this document for noncommercial purposes by any means,
provided that this copyright notice appears on all such copies.