Dissertation

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Investigating channels of cash circulation adopted by unbanked (African) migrants in Pretoria Central Business District (CBD).

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TABLE OF CONTENTS

Declaration

I ______Emma Mavodza________ *declare that the work I am submitting for assessment contains no section copied in whole or in part from any other source unless explicitly identified in quotation marks and with detailed, complete and accurate referencing*.

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Signature   Date: 21 July 2016

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Abstract

This study explored cash circulation channels adopted by unbanked migrants in Pretoria Central Business District (CBD), South Africa. To understand the complex nature of cash circulation and the subjective practices of migrants, in-depth interviews were conducted with sixteen migrants selected through snowballing sampling. Collected primary data were analysed thematically, from particular to general themes depending on the responses provided by the informants. The study adopted the Sustainable Livelihoods Framework (SLF) as an analytical tool to show how in the face of structural and institutional barriers, unbanked migrants have the capability to adopt digital solutions and socially embedded channels which are more flexible and sustainable in their livelihoods. These include informal channels such as *hawala*, *malaichas* and digital solutions like *Kawena* and *Mukuru*. By using this framework, the report reveals what unbanked migrants are doing on the ground, what shapes adopted cash circulation processes and the resultant livelihood outcomes. The study aimed at contributing to previous research on money transfer mechanisms adopted by unbanked African migrants. The conclusion reached is that, by adopting various socially embedded cash circulation channels, unbanked migrants circumvent structural constraints and, by so doing, financially include more people who were previously excluded. Although the study was limited to a small sample, it raises strong implications for policy makers to look at the inherent strength of migrants as development actors. Findings from this exploratory study are critical in that they open new niches for research on migrants and financial exclusion in Africa and beyond.

Keywords: Unbanked migrants, Sustainable Livelihoods Framework, Kawena, Mukuru.com, Hawala

Chapter 1

Introduction

This study explores cash circulation channels adopted by unbanked migrants in Pretoria Central Business District (CBD). This chapter introduces the topic of unbanked migrants and financial inclusion by providing a brief background to the study stating why this study is necessary. The argument put forward in this study is that in the face of structural and institutional barriers, unbanked migrants have the capability to adopt digital solutions and socially embedded channels which are more flexible and sustainable in their livelihoods. Therefore this chapter outlines the research problem, research questions and the research objectives.

1.1 Background to the study

The economic crisis in most countries in sub-Saharan Africa (SSA) – the Democratic Republic of Congo (DRC), Malawi, Mozambique, Nigeria, Zimbabwe, to name only a few - forced many people to migrate to neighbouring countries (Tevera and Zinyama, 2002; Mwakikagile, 2008). It is, for example, estimated that over one and a half million Zimbabweans are living in South Africa[1] given the country's high mobile and regional labour force. These migrant workers are compelled to make regular or sporadic transfers to dependents living within or outside South Africa. However, the majority of these migrants are unbanked and do not possess legal documentation (Zinyama, 2002; Madsen, 2004; Akokpari, 2000) to open a bank account. For that reason, they have to find alternative ways such as informal or communal means of circulating cash (Pozo and Dorantes, 2004; Gupta et al, 2007; Hernandes-Coss and Egwuabu, 2006)

In the Global North, Robbins and Contreras (2006) noted that millions of minority consumers such as the Hispanics and emigrants are unbanked leading them to pay higher fees when making both high value and low value transactions. The same applies to the Global South as banks require local proof of residence, proof of

[1] Centre for development enterprise (2008). Recent unverifiable estimates indicate a figure of around 3 million.

income and valid permits before opening an account. In line with this, Segatti and Landau (2011), in their study in South Africa found out that banks refuse access to poor foreigners even with asylum or refugee status. Demirguc-Kunt, Beck and Honohan (2008), for example, established that over eight million Nigerians in diaspora do not have access to financial services. For that reason, nearly all monetary transactions used by these (il)legal migrants are cash based (McAndrews 1998).

Previous studies on remittances have focused on contributions of those in diaspora to development in home countries and not specifically on how the unbanked circulate cash in their daily lives. To this end, the study contributes to existing literature by looking at the modalities of cash circulation among the unbanked migrants and what influences their choice of channels; a topic that has not received wide scholarly attention. The study is interested in cash circulation because cash differs from other payment instruments in that it is continuously circulating. This is because it is always available, provides full and final settlement of a transaction. The other reason is that, carrying cash is potentially dangerous; migrants have to reduce the risk of losing money at all times (Yang, 2011) by devising or adopting innovative ways of handling cash (saving, sending or receiving) through safer methods such as mobile and/or online banking[2]. In light of this, some scholars posit that banks should expand services that enable migrants to send money home (Robbins and Contreras, 2006). However, banks and other formal channels of conveying remittances are not considered secure enough by migrants and this is consistent with other studies on remittances in both the Global South and North (Pozo and Dorantes, 2004).

The introduction of mobile money facilities enabled unbanked migrants to actively manage their financial accounts (Aker and Mbiti, 2010). However there are a few mobile money services that allow international transfers (Ibid). In addition, Anderlone and Vandone (2006) posit that most studies on migration and development ask ahistorical and macroeconomic questions such as: Why do migrants remit? What is the developmental impact of remittances? Who migrates and why? Historically, consumption, savings, investment, speculation and manipulation of economic

[2] First-hand information from interaction with people in my immediate community.

conditions have been motivations involved in the circulation of money (Smelt, 1980). This is because money was also regarded as a very private matter coupled with connotations of self-worth (Wiserman, 1974).

The study therefore sought to fill a lacuna in literature on the mechanisms of cash circulation channels adopted by unbanked migrants within the broader political economy of culture, society and institutions by taking individual migrants as the starting point. The research question was: How do unbanked migrants conduct cash transactions in South Africa? The point of departure is that, previous studies on migration and financial inclusion are inclined to reach the conclusion that migrants are living on the edge, are helpless, vulnerable, irrational and victims of economic deprivation, political or social discrimination (de Haan, 2000). This is true in some media reports in Southern Africa[3] as both print and electronic reports show traces of negativity and in the process victimises the immigrant (Ellis, 2003; Gordon, 2010:7; Neo-Cosmos, 2006; 2015). Similarly, Atkinson and Messy (2015) are also of the strong view that migrants are a vulnerable group facing significant barriers to access of and use of appropriate financial products. This possibly explains why, for example, the Millennium Declaration of Rights (2001) portrays migrants as vulnerable entities requiring protection from discrimination (Usher, 2005).

This study takes the view that migrants are creative as they identify opportunities and seizes them (de Hann and Rogaly, 2002; Yang, 2011; Vaaler, 2011; 2013 Constant, 2014; Bettin et al, 2015). This possibly explains why the World Bank (2015) submits that financial transfers by migrants have remained very resilient since the onset of the global financial crisis. In the same vein Boccagni (2015) asserts that there is a need to investigate cash circulation channels among the unbanked. The importance of migrants as active development agents manifest, for example, in the way they are portrayed as an important component to tackle poverty and as a roadmap to meet Millennium development goals.

However, for migrants' activities to have an impact in reducing poverty due to exclusion, they need to have the tools, products and skills to make the most of their

[3] For example, current reports in local papers on refugees travelling to different parts of the world.

income. To this end, the Sustainable Livelihoods Framework is used to highlight the importance of human, social and financial capital as the main resources available to unbanked migrants (Scoones, 1998; 2015).

On these grounds, labelling migrants as vulnerable and destitute people is arguably misleading considering how innovative and adaptive they are in making a living (Harris- White, 2005; Scheffan et al., 2012). This explains why de Haan (2002) and Skeldon (2002) see migrants as agents of radical transformational innovation[4]. By exploring ways in which migrants in South Africa circulate cash in their networks, the study demonstrates how the so-labelled 'victims' are transforming the livelihoods of locals as well as creating jobs for them (Kalitanyi and Kobus (2010). In line with this, Vaaler (2013) argues that migrant entrepreneurs are better positioned to start small businesses as social networks provide them with an alternative to formal commercial relationships. The common values in the networks provide harmony of interest that erase the possibility of opportunistic behaviour hereby reducing transaction costs (Martinez, 2014).

The argument is that, migration plays a huge role in diminishing vulnerability (Ellis, 2003; Boccagni, 2015) not reinforcing it as what some scholars compel readers to believe. To this end, unbanked migrants are seen as active innovators and agents for the diffusion of innovation through, and among other things, social networks: for example, the *hundi/hawala* system of debt transfer to facilitate long distance trade among dispersed groups in South Asia (Martin, 2009). As Monsutti (2006) points out, remittances in this instant cash transfers serve an imperative function of reinforcing transnational networks of using money and goods as a means of affirming traditional social and economic relations. Monsuti (2004) also emphasised the importance of cultural values and templates in present-day transnational diaspora networks among the Hazaras – the third largest ethnic group in Afghanistan. Kapur (2003) notes that these informal networks are common: for example, the *fei chien* in China, *phoe kuan* in Thailand, *hui* in Vietnam and *casa de cambio* in South America, to mention only a few.

[4] IFM and IBM (2008). Institute for Manufacturing which provides new innovative ideas.

Historically, migrants have had an inherent source of deprivation of essentials in the host country that stimulates innovative adjustments (Mabogunje, 1975). Because migrants feel deprived of the banking facilities previously relied upon in their home countries, it becomes imperative to turn to alternative cash transfer facilities. This study is carried out of the observation that critical financial development literature on how unbanked migrants are coping is patchy and the introduction of mobile money is relatively new in Southern Africa. In short, this study expands on existing literature by exploring ways in which migrants take control of their finances. As Yang (2011), in a study conducted in El Salvador observed, migrants had a greater chance of opening an account when offered the option of greater control.

According to Bakker (2014), what lacks in scholarship on migration and development in general is the attention to specific processes linking these twin processes of migration and development. Lastly and equally importantly, the study sought to highlight emergent problems (if any) associated with these channels. Based on this background, the study provides an important complement to the domestic demand, side barriers and potential solutions through detailed data about the specific needs and specific strengths of migrants to ensure efficiency of cash circulation mechanisms. This important contribution is based on unbanked migrants' cash circulation channels, the emotional and social costs they encounter and the different motivations for channel choices-. issues which, in my scholarly research have not received wide attention in previous studies on Southern Africa.

Using a combination of snowballing sampling and in-depth interviews, this study explored cash circulation channels adopted by unbanked migrants. The conclusion reached is that in the face of structural constraints that exclude them from accessing mainstream financial services, unbanked migrants find ways to actively access alternative financial services which in turn leads to financial security. Discussion of the methods used to gather data and the discussion of the alternative channels used by unbanked migrants is follows in Chapter 3 and chapter 5 respectively.

1.2 The research problem

Most migrants were previously banked in their home countries but find themselves unbanked because of tight immigration regulations enacted to restrict labour movement. On the one hand, the migrants studied did not have the required documentation to open accounts and yet access to financial services is essential in the present-day consumer global economy. This creates difficulties in facilitating payments in their networks. On the other hand, for the case of Zimbabwe (but not exclusively), the problem is that the unbanked Zimbabwean migrants developed mistrust of financial institutions particularly due to past experiences with the dollarisation process in their home country (Noko, 2011).

This is because people lost their lifelong savings when the country adopted the United States dollar as the only legal tender. Although there has been increasing interest in the role of the networks of transmission of immigrant remittances (cash transfers), this study established that there are still a few studies focusing on this aspect (Karafolas and Konteos, 2009). There is a need to gain some insights on how unbanked migrants save, invest, access insurance and access credit without access to formal financial institutions. The leading question that arises is: How do unbanked migrants conduct cash transactions without access to formal banking?

1.3 Rationale of the study

The study explored the modalities of cash circulation used by unbanked migrants. The main aim was to understand unbanked migrants' cash circulation mechanisms. The study, by examining channels adopted by migrants, contributes to literature on money transfer methods used by unbanked African migrants in greater Pretoria. Most literature discusses the migration-development nexus (Kapur, 2003; van Hear and Nyberg- Sorensen, 2004; Maphosa, 2005; Dev, 2006; Rapoport and Docquier, 2006; Kerzner, 2009; Yang, 2011; Bakker, 2014) and, by looking at money circulation channels, this study expands on existing literature on the remittance modes used by migrants. Although there is wide literature on barriers and opportunities for the promotion financial inclusion for the unbanked (Caskey, 2002; Anderloni and Vandone, 2010; Helena-Barcelos et al., 2012), the study was relevant in that it looked at present money circulation channels used by migrants in Pretoria CBD. Given that mobile banking is seen as a major step towards financial inclusion of the unbanked (Ndlovu and Ndlovu, 2013; Aker and Mbiti, 2010), the study sought to establish ways in which migrants financially include themselves.

In the case of fragile economies such as Somalia, scholars (Horst, 2004 and Lindley, 2007) have explored transnational livelihoods strategies by refugees and the role of remittances on the revival of the fragile economies. However, these studies did not specifically explore how cash circulated among the unbanked in order to attain development, financial inclusion and normalcy in fragile settings. Although the relationship between migration, development and remittances has been examined broadly from the perspectives of the global North and South, the micro perspectives on how unbanked circulate cash are limited to economic explanations. However, migrants live in a social and cultural world of interdependences that are not captured by economic calculations alone. The study established that migrants are innovative and are not constrained by the vulnerability context in which they are forced to operate in as they devise grassroots ways of cash circulation. Scholarly writers especially of the Southern African migration Project[5] (SAMP) focused on quantitative analysis and were based on limited data sources such as household surveys and questionnaires. Hence this research used qualitative methodology to gain understanding of complexities of cash circulation mechanisms among the unbanked migrants. Therefore this study complements existing literature on migrant remittances by providing a qualitative explanation regarding issues of the unbanked and financial inclusion.

1.4 Objectives

The objectives of the study were to:

- explore the modalities of cash circulation among the unbanked migrants in South Africa.
- investigate how unbanked migrants save and/or invest money

[5] An international network of organisations founded in 1996 to promote awareness of migration and development linkages in the Southern African Development Community (SADC). It provides policy, advice, training expertise and campaigns on migration.

- detail ways in which unbanked migrants insure themselves against future uncertainties

1.5 Research questions

Main question:

- How do unbanked migrants in South Africa conduct cash transactions?

Sub-questions:

- What channels do unbanked migrants use to receive, send, save and/or invest received cash?
- How do migrants respond to fluctuating exchange rates between host and home country?
- What challenges do the channels of cash circulation pose for unbanked migrants?

1.6 The report structure

This chapter has introduced the background of the study highlighting the rationale, the main research problem, objectives and the research questions that were under investigation. Chapter 2 reviews related literature on money circulation with regards to unbanked migrants and Chapter 3 critically discusses the methodology that shaped the study. Chapter 4 presents the findings that emerged from the study and Chapter 5 is the analysis of data. Chapter 6 draws conclusions and makes recommendations for further study.

Chapter 2

Literature review

2.1 Introduction

The purpose of this literature review is to discuss the themes around issues of cash circulation by unbanked migrants drawing examples from migrants in the Global North and South. The literature specifically looks at the extent of unbanked people, financial management among the unbanked, different channels of cash circulation and the importance of social networks in cash circulation. Therefore the literature illustrates how migrants are excluded and in the face of all the structural barriers they face, they have to be creative and adopt digital financial channels (mobile money and e –wallets) that are flexible and sustainable in the long run.

The study adopt the Sustainable Livelihoods Framework as a livelihood analysis tool to assess how cash circulation mechanisms are shaped and reshaped by institutions, identities and vice- versa. These concepts are also used in Chapter 4 and 5 to present and analyse the data obtained from the interviews respectively. In short, this chapter examines existing cash circulation channels for the unbanked, their different forms, i.e. informal, formal, semi-formal. It also highlight the structural barriers unbanked migrants face in circulating cash and how they rise above these challenges on the grass roots to insert themselves through adopting channels which link them to their social networks of family, friends, acquaintances and peers on a transnational level.

Therefore this study explores cash circulation channels adopted by unbanked migrants in Pretoria Central Business District (CBD), South Africa. Using the Sustainable Livelihoods Framework (SLF) as an analytical tool this study shows how in the face of structural and institutional barriers, unbanked migrants have the capability to adopt digital solutions and socially embedded channels which are more flexible and sustainable in their livelihoods. The conclusion reached is that, by adopting various socially embedded cash circulation channels, unbanked migrants circumvent structural constraints and, by so doing, financially include more people who were previously excluded.

To understand the complex nature of cash circulation and the subjective practices of migrants this chapter therefore discusses general migrant practices on money circulation around the world narrowing it down to cash circulation by unbanked migrants in Pretoria CBD. To answer the research question, “How do unbanked migrants conduct cash transactions?”, this chapter looks specifically at the nature of financial inclusion for the unbanked, financial management among the unbanked, migrant creativeness in adopting sustainable alternatives which link them to their social networks, the significant of transnational households and lastly the SLF in relation to cash circulation choices of the unbanked migrants.

2.2 The unbanked and money circulation

The World Bank estimates that nearly two and a half billion adults globally - 50% of the total adult population- are currently unbanked, and do not use formal financial services (Demirguc-Kunt, 2012). Of these, over 66% of the unbanked are in Middle East, North Africa and Sub-Saharan Africa (SSA) and it is estimated that of the 9.4 million unbanked people are in South Africa. Of these, 88% are blacks, 9% are coloured, 1% are whites and 1% are Asians (World Bank, 2003). Studies have established that Zimbabweans, for example, in South Africa, are unbanked because of barriers to financial inclusion such as prohibitive costs owing to geographical distance, lack of financial infrastructure, restrictive regulations, governance failures, lack of suitable products and lack of proper legal documents (Tevera and Chikanda 2009; Makina, 2007).

In a related study by Aggarwal (2013), it emerged that 25% of unbanked adults cited prohibitive costs and 20% said that the bank was too far away. In a similar vein, Siedman and Tescher (2003) submit that at least 10 million Americans (disproportionately poor, minority, lower income, young) are unbanked. They also observed that even those who are banked conduct most of their financial transactions outside the banks due to cultural, regulatory and information barriers. In addition, in a study on Albanian migrants in Greece, Karafolas and Konteos, (2009) found out that ‘hand carried’ remains the popular method of circulating cash in spite of the cost and quickness and despite the growth of mobile money transfer operators in Albania. It is in this light that the present study sought to explore channels used to circulate cash. As the findings will later show, most of the respondents reported that they preferred informal channels of sending money as they could not afford to use money transfer operators such as Western Union and Money Gram.

In line with the above observations, unbanked migrants are not only excluded from using cash circulation facilities such as Western Union and MoneyGram but also their access to formal credit and savings are limited - usually catering for a small section of legal migrants, i.e. the middle class and high income earners. For a fact, MoneyGram and Western Union requires that the sender has appropriate residency or work documents authorising the sender to earn South African rands (FinMark Trust report, 2003). Due to this and many other reasons that will be discussed in chapter four of the report, low income individuals are discouraged to conduct international transfers using these channels.

It is also noteworthy that undocumented migrants often avoid official ways of circulating money or conducting business (Maphosa 2005). In a study conducted in Johannesburg, Madsen (2004) found out that undocumented migrants struggle to exist outside the law since they were mostly illegal foreigners. He also observed that they are unprotected against crime and must hide from the police striving to be invisible from the state to maintain their livelihoods. For this reason, they are more likely to face problems when circulating cash in their networks.

Gindrey (2005) argues that Zimbabweans are the largest group of non-nationals in South Africa estimated at two million. Of the estimated two million Zimbabwean migrants in South Africa, almost 70% are unbanked (UNDP, 2010) because they are illegal (Kerzner, 2009) and employers take advantage of their situation to pay them meagre wages.

Apart from Zimbabweans, migrants from other nationalities also face similar problems because of their unbanked status. According to Demirguc-Kunt, Beck and Honohan (2008), over eight million Nigerians in diaspora do not have access to financial services. In her interviews with Somali and Ethiopian migrants, she also found out that it was also not easy for these nationals to use formal channels due to lack of documentation and fear of prosecution and deportation. To shed light on this, Maphosa (2007) asserts that as a result of non-proactive policy to influence cash flows in the Zimbabwe–South African corridor, 90% of cash transfers are informal. Zanamwe and Devillard (2010) concur as they submit that two thirds of money transfers to Zimbabwe are through informal channels.

On a similar note, the general pattern that emerged also from the findings was that for most poor (African) migrants, cash is transferred through cross border bus drivers (Myers, 1988; Mcknley, 2003; Orozco, 2000; Orozco and Jewers, 2014). The reason is that SSA has a higher percentage of unbanked people with women and children being severely affected. Contrary to received literature that suggests that unbanked migrants resort to informal ways of handling money because they are illegal (Akokpari, 2000; Atkinson and Messy, 2015), Segatti and Landau (2011) point to the fact that banks refuse access to poor foreigners even those with asylum or refugee status as they are not profitable enough and they usually lack documentation such as proof of source of funds. As it will be shown in Chapter four, this is also the plight of the asylum seekers in my study. The next section addresses the character of financial inclusion for the unbanked migrants.

2.3 Financial inclusion for the unbanked

The starting point is that there is a relationship between channels used to circulate cash and financial inclusion defined in terms of financial service usage, knowledge and access (Toxopeus and Lesin, 2007). To shed light on this, Donovon, (2012) observed that due to an insatiable need to promote financial inclusion for the unbanked, most financial service providers and researchers have diverted from the real world of migrants. Instead of focusing on how to improve financial literacy for the unbanked migrants, previous studies tend to focus on contributions of migrants to development, legal status, demographics, access to formal channels of cash circulation, etc. (Bloch 2005; Kodsal and Liebig, 2005; Makina, 2007; Kerzner, 2009; Tevera and Chikanda, 2009).

In their study on improving financial literacy among the unbanked, Atkinson and Messy (2015) found out that almost one in every six young people and adults were excluded. Migrants and their families were more likely to be outside the formal financial sector due to both supply side barriers (strict identification requirements, costs) and demand side barriers (language, perceptions, culture, etc.). For the case of Botswana, Lesotho, Malawi and Mozambique, to name a few, studies focus on the impact of migration and HIV and AIDS (Chirwa, 1997; Lurie et al, 2003). On the other hand, some researchers have looked at migration and xenophobic attacks in South Africa (Neocosmos, 2008; Mattes, 1999).

However, given that remittances are a person to person flow of money without government intervention, cash circulation among the unbanked and their recipients can widen the scope of financial inclusion. This is because through informal channels they use - evidence from the research findings, remittances are delivered directly to the lower income segment of the population. It follows that remittances improve access to finance to the people who did not have access previously. Toxopeus and Lensink (2007) explain the causal relationships as well saying that on one side remittance senders need at least one financial, i.e. one that offers them the opportunity to make international payments. If they have the required documents then they unbanked can turn to the formal banking sector. On the other side, in order to receive remittances the receivers may be forced for the first time to look for financial services beyond their neighbourhood. Thus the scope of financial inclusion will be widened as both the senders and receivers continue to look for complementary services such as savings, investment and insurance.

This means that financial inclusion for the unbanked has been the rhetoric in both electronic and print media asserting that about half the world is unbanked (Murdoch et al. 2009).[6] Orozco (2006), for example, found out that migrants are more vulnerable to financial exclusion in the United States of America. He established that half of Latino migrants from Mexico are excluded due to their legal status. In the same vein, studies conducted in the United Kingdom, Greece and Netherlands on access to banking and financial services for unbanked reached the same conclusion that they are excluded (Atkinson, 2006; Pilley, 2004) on similar grounds.

[6] They provided a figure of about 2.5 million globally, with Asia and sub-Saharan Africa being the most hit.

This is also true for studies conducted in India (Singh, 2012), the Philippines (Yang, 2011); Kenya (Aker and Mbiti (2010) and Zimbabwe (Kerzner, 2009). The main reason given is that banks do not consider migrants as profitable customers (Anderlone and Vandone, 2006). For this reason, they remain excluded despite policies and programmes advanced for including the poor financially. Baker and Wooder (2011) are also of the view that 'for many people in emerging markets, financial inclusion is unachievable'[7]. Others have looked at how microcredit offered by the Grameen Bank has helped unbanked women in Bangladesh access cash (Yunus, 2003).

Migrants' financial exclusion was partly the reason to undertake this study. It was also against this background that one of the objectives of this study was to detail ways in which these channels of circulating cash affect the daily financial livelihoods of unbanked migrants living in South Africa. In short, regarding the issue of financial inclusion, I wanted to explore if there was any relationship at all between cash circulation channels the unbanked migrants adopted and financial inclusion/or exclusion in the long run.

Contrary to Demirguc-Kunt and Klapper (2012) who submit that recent decades have seen positive developments in SSA citing that a lot of efforts have been done to try and incorporate the unbanked into the formal banking system. For example, these writers cite efforts such as the reduction of fees charged, documentation required, initial deposit, etc. as good examples. However, these solutions have only helped a few local people specifically in South Africa (World Bank, 2014). Some have looked at how M –banking in Kenya such as *M-Pesa* has helped move towards including the unbanked (Aker and Mbiti, 2010) or the G-cash in the Philippines and M-paisa in Pakistan (Van Lee, 2009).There are however a few follow up studies done on the matter.

At this point, it is worth to note that, in emerging markets, research has focused on ways in which migrants adapt or on how they are excluded (Vertovec, 2001). Some scholars bemoan that even if a lot has been done to promote financial inclusion for

[7] Not their exact words.

the unbanked; most migrants still find themselves excluded from the formal financial services particularly those at the bottom of the pyramid. Available literature also acknowledge that migrants deal with cash through remitting back home but they do not go on to explain how these transactions actually take place. Hence the study exploited this gap in literature as illustrated in section 1.3.

The reason why I chose to explore this relationship was that financial inclusion has significantly moved up in the research agenda – it has become more of a basic need given the unprecedented spread of globalisation and concepts of flexible labour. International labour markets creating family bonds and obligations across countries have emerged and in my view this has shaped the nature of financial inclusion of previously excluded people due to transnational networks and capital flows. Robbins and Contreras (2006) provide more insights on the issue of global labour restructuring arguing that flexible labour markets have increased the unbanked segment. This is true for South Africa where this study was conducted mainly due to the existence of large minority groups.

It can be argued that in spite of the push for financial inclusion for all, in sub-Saharan Africa almost four hundred million remain outside formal financial systems.[8] Although in South Africa, for example, six million basic bank accounts were opened in the last four years (World Bank, 2014), non-nationals still struggle to open a basic savings account due to reasons discussed in 2.1 above. Hence despite the country's long history of migration, no concrete measures and policies have been enacted yet to cater for migrant need as far as financial inclusion is concerned.

As shown in chapter 4, migrants face structural barriers in the host country such as language and laws (Yang, 2011; Levitt, 2004; Orozco, 2006; Kerzner, 2009). These, to some degree, determine preferred ways of receiving, sending and saving money. The Sustainable Livelihoods Framework describes these structural barriers as the vulnerability context existing outside the migrant's control (Serrat, 2008; Kollmair, 2002; Levine, 2014; Scoones, 1998; 2015). Rather than exploring ways through which unbanked migrants can be included financially in the host country. From the

[8] Gallup statistics on global financial inclusion.

above literature, it is evident that previous research has focused on migration and financial exclusion. The study therefore addresses this gap in literature by focusing on how these unbanked migrants insert themselves in an unequal economy and fight inclusion by adopting various channels to circulate cash that they deem sustainable, rational, cost effective and secure for their recipients. Therefore the focus is on how they fight financial exclusion in their own terms and deal with cash as they are unbanked (Moyo, 2009; Datta, 2012).

The other drawback in the understanding of financial inclusion for unbanked migrants stem from the observation that there has been unprecedented improvements in technology in telecommunications. Most studies on migrant remittances were done before the introduction of mobile money initiated in Kenya M-Pesa (Aker and Mbiti, 2010). For example, studies done on the Zimbabwe – South Africa remittance corridor (Maphosa, 2004; 2007, Bloch, 2005; Pendleton et al., 2006; Makina, 2007; Kerzner, 2009; and Tevera and Chikanda, 2009). The same also holds true for other countries in SSA: most of these studies were based on a few and limited data sources as well as unsubstantiated assumptions and generalisations that African migrants remit cash to their relatives and families and so were financially included.

To illustrate this, Pendleton et al, (2006) and Tevera and Chikanda (2009), for example, based their studies on Migration and Remittance Surveys (MARS) conducted by the Southern African Migration Project (SAMP) in 2005 (Burgsdorff, 2010). However, new channels of sending, receiving or sending money have been developed since then. For example, M-Pesa in Kenya (Dermiguc- Kunt and Klapper, 2012) and emerging electronic banking facilities in Southern Africa such as Mukuru.com, M-cash, Telecash, Ecocash (Ndlovu and Ndlovu, 2013), MTN mobile money etc. are recently introduced facilities. There is evidence to suggest that these digital based money transfers stand a better chance for including unbanked migrants financially.

The recent spate of xenophobic attacks against foreigners[9] is another development that necessitated an inquiry into understanding how migrants circulate cash under such circumstances. These attacks led to more insecurity among the unbanked migrants as it became more difficult to carry cash around due to fear of being attacked and losing all the hard earned cash. It is anticipated that the study provides more recent findings on African migrants as the World Bank data base is not sufficient and for fragile countries such as Zimbabwe, World Bank data was last published in 1994, Somalia, Democratic Republic of Congo etc. (Burgsdorff, 2010).

The study constantly refers to but not exclusively to the Zimbabwean situation to assess the relationship between financial inclusion and channels used to circulate cash. The reason is that Zimbabweans are the biggest migrant group in South Africa even surpassing the numbers of Mozambican migrants during the civil war (FSMP, 2007).[10] On the whole, migrants are not dictated to by the structural barriers around them, rather they fight for their own survival in their own ways that have proved sustainable, creative and innovative based on the findings. The next section therefore discusses how migrants survive by being innovative and creative human beings.

2.4 Migrants as creative human beings

As has been noted earlier, unbanked migrants are often constrained by the vulnerability context which is characterised by laws, institutions, volatile exchange rates and policies (Gordon, 2010; Atkinson and Messy, 2015). However, as demonstrated in chapter 4, migrants do not sit back rather they insert themselves in a myriad of ways, for example, Constant, (2014) argued that migrants create jobs through self-employment which also benefit natives. Bloch (2005) and Makina (2007) through their survey data respectively found out that Zimbabweans are among the most educated on average (UNDP,2010) and could easily identify opportunities.

[9] Observation and reports in the media
[10] Forced migration studies at the University of Witwatersrand.

In a similar vein, some studies observed that migrants were poor not because they did not have money but because they lack access to the instruments and means (the transforming structures according to the SLF) through which they could improve their financial lives (Donovan, 2012). This means that the adoption of mobile money facilities by unbanked migrants could be seen as a clear manifestation of action against structural barriers. The potential of migrants as creative has been missed in most migration literature. Maphosa (2005), for example, contends that cash transfers among undocumented Zimbabwean migrants have received limited attention in research and policy matters.

Instead of taking unbanked migrants as people without agency, this study looks at migrants as the point of departure exploring how they practically and innovatively responded to structural barriers such as rules and regulations that excluded them from accessing basic financial services.

In line with the above, Rogerson (1999) also submits that migrants have to get access to finance through a highly creative process as they had problems in opening accounts and acquiring visas and permits. As the findings demonstrate, they also had to deal with customs when sending goods, harassment by police and local officials and were usually targets of criminals and gangs.

Under all these circumstances, without access to a bank, unbanked migrants had to constantly ensure safety of their cash for instance by depositing it in a virtual mobile wallet or asking friends to deposit in their accounts but this is risky. Taking a combination of these factors and some unforeseen factors such as volatile exchange rates, the innovative culture of migrants is thus shaped by the changing requirements of informal institutions to which they have to adapt in order to survive (Meagher, 2005; 2007).

As demonstrated in Chapter 4, most unbanked migrants were employed in the informal economy - from vending, part-time work, domestic work, etc. - and their income was cash based. For this reason alone, the unbanked migrants required efficient utilisation of varying sources of cash inflows as they receive irregular income from occasional jobs (Bangers and Soderberg, 2008). Given their irregular and insecure income, the main problem unbanked migrants faced was with regard to creatively managing their finances by peer to peer lending, rotating savings and credit associations, burial associations, etc.

In addition, in order to understand how unbanked migrants innovate, in their paper, Anderloni and Vandone (2006) analyse migrants' financial behaviour and financial service demand by looking theoretically at migrant financial needs and lifecycle. It emerged from their study that remittances were the most significant drivers for financial innovation. Therefore the potential of migrants as banking customers has not been widely explored, "the untapped market segment" (Vandone and Anderlone, 2006). This can also be as a result of most migrants being assimilated and grouped within the host country's poor overriding their potential to innovate.

The point is that previous studies on migrants have continuously portrayed them as victims who do not have human agency based on limited data sources. However, far from being destitute people as conveyed in the media and scholarly articles, the findings demonstrates that not all migrants are poor; there is evident that some respondents were educated and understood the need for financial inclusion, however they could not access financial services formally due to lack of legally recognised documentation among other reasons.

Studies have also shown that most traders are foreign immigrants including but not limited to Congolese, Ghanaians, Malawian and Nigerians (Peter, 2010; Anderson, 2006). This therefore lead to the conclusion that although statistical evidence indicates that many people are currently unbanked in the world, very little is known about the extent of financial exclusion (Beck et al. 2011; Demirguc-Kunt and Klapper, 2012) as among other reasons limited accounts of their innovation and creativity have been detailed in scholarly literature.

However, migrants' creativity is not without challenges. Sometimes migrants fail to keep up as the environment keeps changing, technology keeps evolving. Although new technology has enabled new products and broadened access to financial services for the unbanked, as the findings will demonstrate, not all the unbanked migrants benefit. As a result they remained trapped in a cash based transactions.

Cash transactions may seem appealing to the unbanked on reasons that cash circulates, is always available, provides full and final settlement for a transaction as well as allows for anonymity.

However dealing with cash is also risky, for example, the use of cash as the main payment option by the majority has led (but not exclusively) to robberies, cash related crimes, high informal sector and revenue leakage. Another challenge is in regards to mobile money and the unbanked. Amalzan and Vonthon (2014) argue that a mature digital ecosystem has not been developed yet making migrant innovations difficult. As a coping mechanism, migrants also rely heavily on their transnational ties which enable them to build social and economic capital. The next section discusses the importance of transnational households among the unbanked.

2.5 The significance of transnational households.

In order to gain a deeper understanding of how unbanked migrants conduct cash transactions, there is a need to get insights on the role played by the transnational households. Transnationalism refers to circular migration during which the migrant remains engaged with his or her community of origin (Cohen, 2005). Further, Yang et al (2014) describes transnational households as households with members who have migrated to other countries who keep in touch with the rest of the family remaining home. Vertovec (2001) submits that migrants always maintain various forms of contact with people and institutions in their places of origin through remittances and correspondence.

Hence they argue that if migrants do not share the same financial objectives as family members remaining home, information asymmetries may prevent migrants from achieving objectives that require the assistance or participation of relatives remaining in the home country. This is partly so because the social, economic and political ties linking migrants and non-migrants are deep and they fundamentally change the way individuals earn their livelihoods and redistribution of resources (circulation of cash). From an anthropological perspective, Lorena Nunez (2010) argues that sending money helped migrants to reproduce and maintain family relationships across borders. Levitt and Lamba (2011) served the same in their study of transnational migrants. Based on his observation, unbanked migrants in this study adopted digital solutions and informal channels that enabled them to send money and sustain social relationships as well.

Thus to achieve their goals, migrants have to maintain ties through various ways including the ones noted by Vertovec (2001) who describes phone cards as the “social glue” of transnational ties (Vertovec, 2004). The use of digital networks allows them to convey instantly money, information and affection across borders thereby transnational households rebel against geography (Suro, 2003:4). Migrants also send money to relatives in different parts of the world not necessarily their home countries. Hence cash circulation among the unbanked migrants cannot be explored separately from transnational households.

To shed light on this, in studies done in Kenya and in China by Chen (2006) and de Laat (2008) respectively, spouses kept monitoring each other financial decision making. This is enabled by the use of mobile phones which improves communication within and across international boundaries (Aker and Mbiti, 2010). Transport costs in this instance are replaced by communication costs. Given the fact that most African households are closely knit, the social and emotional costs of migration and sending money are often overlooked though important in determining the choice of channels. The act of sending money is therefore important among migrants of any nationality because it links migrants with their homes and reflects bonds of responsibility where broader networks of relatives and communities also stands to benefit.

In Nigeria, Singh and Sausi (2014) observed that the trips to travel to South Africa were usually sponsored by the whole family. This practice is not only common to Nigeria as Kohnert (2010) posits, the South African notion of *ubuntu* which means *I am who I am through others* exists among migrants from different nationalities in South Africa. Although it is not known in equal terms in all parts of Africa, visions of it are manifesting. For instance, the use of mobile money is not only economical viable but plays a social role as well especially in the migration networks. Massey (1990) defines migration networks as sets of interpersonal ties that link migrants, former migrants and non–migrants in origin and destination areas by bonds of kinship, friendship and shared community origin. If not through the understanding the nature of transnational households first, how could the micro- level sacrifices and hardships faced by unbanked migrants be explained?

Chapter four and five will also show that cash circulation is deeply rooted in culture and society (de Haan, 1999; de Haan and Rogally, 2002; Kothari, 2002; Levitt, 2005) especially given the fact that migrant networks are embedded in transnational social spaces. Mobile populations have become the norm in human history not the exception (Ellis). This therefore means that cash circulation channels by unbanked migrants are directly linked to the history of migration.

2.6 The social texture of migrant cash transfers

Although economic literature views money as a legal tender, money has a translucent character defined by the processes in which it participates in contemporary consumers' lives. This is because the modern market is still embedded in personal and social meanings (Granovetter, 1985). This is due to the fact that money is a symbol of relationships in that it strengthens existing relationships as well as help in forming new bonds. This social texture of money encompasses material relationships and the quality of relationships which these transactions create, sustain and modify (Firth, 1967:4). The thinking is that money pushes communities' physical boundaries outwards.

The same sentiments are also present in Hart (2001) who views money as a new Human universal in this present era of globalisation. The main problem is the way in which the West or the developed nations assume how people in the Global South handle money. There is a need to investigate the factors contributing to exclusion for instance, gender, and also exploring issues that maintain the status of the unbanked. Therefore to understand how unbanked migrants invest, send, receive or loan money, it is imperative to understand that there is a social texture to money because of which unbanked migrants consciously or unconsciously chose the channels they use. This social aspect helps to explain why, despite the volatile exchange rates unbanked migrants continue to send money to family. To add on, in most SSA countries, the introduction of mobile money did not shift the fact that most marginalised people are still comfortable with informal systems of money transfer

(Sultana, 2009). The reason for this is that most informal channels of conveying remittances are based in the social context of peer networks and trust. The study also established that unbanked migrants did not trust banks but they had unwavering trust in one another.

In addition, successful micro-finance innovations in Bangladesh, for example, by the Grameen Bank which offered accessible financial services to marginalised women by lending them money with repayment and loan borrowing placed in the social context of peer networks, some women still prefer to borrow from their friends and relatives rather than from the bank. This is not because poor people are conservative to change but they feel that their own way of doing things is also superior and there is a need to merge both informal and formal activities if the overall goal is financial inclusion. For instance, the anti-middlemen movement in Greece due to the debt crisis is one of the ways by which people exercise solidarity in times of hardships, and shield the poor and marginalised through providing mutual socio - economic support for each other (Rakopolous, 2010).

Hence it can be argued that although money is regarded impersonal, there is evidence to suggest that unbanked migrants attached a social meaning to it thereby affecting their choices of cash circulation channels. Equally importantly, to understand how cash transactions are conducted among unbanked migrant, looking at the social meanings attached to money is however not enough. The next section reviews literature on financial management among the unbanked.

2.7 Financial management among the unbanked

Singh (2013) posits that having mobile money or access to credit is not a mantra to financial inclusion and empowerment. For this reason, she argues that there is need for empowering both unbanked men and women on how best to manage the little amounts of cash to have effect on their present lives. Effective management of money is important as unbanked migrants may need a variety of financial products including savings products, electronic payment facilities and access to credit and insurance. Therefore there is a need to reinforce the behaviours that improve financial wellbeing of migrants (Atkinson and Messy, 2015). It is important for the migrants to understand how to calculate exchange rates, to budget and make effective use of their money by keeping records of money send and smoothing irregular cash flows. Keeping records enables unbanked migrants to be aware of the fees they pay even when using informal channels (Seshan and Yang, 2012).

Ethnographic studies find that the unbanked rarely complain about the expense or inconvenience of obtaining payment services (Caskey, 1997b), what worries them instead was financial insecurity. According to Stark and Macin, (2012), migration networks evolved as a response to migrant financial constraints. The reason for their evolvement was that the social capital of migration networks lowers the costs and risks associated with migration raising the net benefits of migration (Massey 1990). Given the nature of the transnational households described above, Yang et al (2014) submit that there is a need to understand financial decision making among these households. They argue that it is necessary because the flows of resources (capital) within such households are large in magnitude (Conway and Cohen, 1998; Massey et al, 1998).

In addition, Collins et.al (2009) concur with the above observation arguing that to have effective financial services for the poor and marginalised wo/men, there is need to understand how they actively manage their little and irregular flows of money in a way that connects them to their family, kin and social networks. This is because kinship ties play both an economic and social function in African society (informal insurance, increasing access to credit and savings, etc.) (Aker and Mbiti, 2010).

Although migrants have an important socio-political and economic significance, there is less knowledge about their real behaviour of consumption and integration in the markets (Stark and Macin, 2012). Remittances practices such as channels used to send cash to "ensure future wellbeing" (Roberts and Morris, 2001) are therefore reinforced by transnational ties (Cohen, 20005). As a result of the assumptions that the poor have too little money and no active financial lives, literature on financial management for the poor is patchy (Collins et.al. 2009). However, this does not mean that they do not manage their finances in a way that ensures their sustainable financial livelihoods.

Most financial development agents often focus on people at the top of the market and by so doing they remain ill-informed about the needs of the poor and unbanked people. The other reason for this may be that the demand for small transactions (savings, insurance, credit) means that a large part of the population of African economies are not commercially viable customers (Beck et al). Siedman and Tescher (2003) concur with the above observation arguing that in America, mostly the assumption is that low income households have high transactional volumes and low account balances - an unprofitable combination for banks. In line with this thinking, the study therefore explores how migrants are creative in handling money. Traditionally, financial service providers have made these unfounded assumptions about unbanked people without attempting to establish the realities of their situation (Rutherford, 2000). This study established the context in which the unbanked migrants conducted their cash transactions in their daily lives.

In the same vein, to avoid depoliticising efforts taken to understand cash circulation networks among the unbanked, there is a need to identify financial needs, usage, discipline, attitudes and issues of access. For example, contrary to received knowledge that tended to paint unbanked migrants as vulnerable, Segatti (2011) posits that Somali migrants were highly organised based on strong identity and the desire to remain independent. In terms of handling financial transactions, Somalis have international linkages which gave them a comparative advantage as these networks allow them to do bulk buying and access capital. In this regard, Daniel Thompson in his study: *Risky business and geographies of refugee capitalism in the Somali migrant economy of Gauteng South Africa between 2010- 2012* discovered that to some extent social networks among the Somalis were a source of sustainable financial livelihoods for the groups involved.

With regards to economic and financial shocks, Misago et al (2010) concurred with Segatti (2011) in pointing out that individuals who were members of social networks were more resilient to social and economic shocks through recourse to informal sources of in-kind and financial support. However it is also noteworthy that strong networks based on nationality are difficult to forge due to the fluid and heterogeneous urban environment and oscillatory nature of migration. To this effect, Madhavan and Landau (2011) suggested new tools and concepts to study community of strangers and how people strategise their access to social capital in urban contexts. This is so because social capital sometimes determines how capital was managed-group savings, home town associations, etc.

Moreover, given that remittances are sometimes irregular, it is important to explore how these people manage their inconsistent source of income especially migrant households. Another important aspect is that money is gendered as women across cultures and generations spend more of their money than men on household and children (Zelizer, 2011). Thus no matter how much access women have to money, they always feel comfortable with using it for domestic purposes (Singh and Bhandari, 2012).

Although mobile money is proving to be the best medium so far for financial inclusion; women still have unequal access to new forms of information and communication technologies compared to men. Historically banks have not seen women as potential profitable customers (Sigh and Badhari, 2012). In situations where the husband and wife possess a joint 'mobile' account, still the husband is responsible for making withdrawals and deposits. Sen (1999) argues that freedom is an essential aspect of development as well as means to development. Based on his work, availability and access to finance can be a crucial influence on the economic entitlements of economic agents.

There are strong complementarities between individual agency and social arrangements (World Development report 2000-1). In *Development as Freedom,* Sen (1999:85) pointed "the capabilities of people to do things, the freedom to lead lives- that they have reason to value". Inasmuch as new forms of technology such as mobile money transfers and banking are improving financial knowledge and management among the unbanked the world over, new forms of exclusion are also manifesting especially among women whose financial decisions still rests with the men.

The availability of mobile networks has improved the livelihoods of rural men, women and children. However, the ultimate value of banked money in rural communities is insignificant. This is because of uncertainties and lack of trust because of the previous experiences. In Zimbabwe for example, rural people lost their savings following the dollarisation and fell prey to gullible ‘entrepreneurs’ who capitalised on high inflation to buy their animals and produce using expired bearer cheques or fake newly introduced currency (Noko 2011). For this reason, these people would prefer to instantly convert remitted money to livestock or purchase consumer durables, agricultural implements and inputs.

The volatility of exchange rate which witnessed the rand falling in purchasing power is also another conduit creating uncertainties with the management of money among the unbanked. As the findings will show, the use United States (US) dollars as legal tender in their home countries deletes their hard earned cash. Based on the above illustrations, financial inclusion can be best understood only if people get to understand how the previously banked deal with money in environments characterised by uncertainties. Assuming that getting money into the hands of the previously unbanked automatically changes their status with regards to financial knowledge and confidence is therefore based on unfounded assumptions. There is however a need to understand how cash circulates through social networks among the unbanked as this will help broaden our understanding channels used to circulate cash.

2.8 Cash circulation and social networks among the unbanked

Scholarly literature only highlight the existence of social networks but not their efficacy (Stark and Macin, 2012) with regards to cash circulation among the unbanked segment of the population. Although Meagher (2007) argued that African networks are in most cases not bound by long term obligations. Kohnert (2010) noted that Somali migrants have access to information and financial networks that provides better access to credit, information and technology on a long term basis. With regards to Kenya, Aker and Mbiti (2010) noted that mobile phones and networks help migrants alert each other of shocks, raids, opportunities thereby reducing household exposure to risk.

Cash circulation among the unbanked is also understood within the frameworks and contexts through which people perceive money and its uses. Historically, migrants used both formal and informal channels to send or receive gifts. For example, the use of mobile based money transfer operators has shaped the scope of financial inclusion/exclusion in myriad ways. Writing in Indian context, Singh (2013) argues that the main challenge for these modern technologies is sustainability, issues of scale and awareness to the needs of the poor women and men who have not been served by banks for a very long time; these are people who have always used other ways of accessing finances. As noted earlier, new technologies still fail to integrate the poorest of the poor into global financial institutions. As a result of this, informal channels for sending, receiving and saving money are still flourishing in Africa as they are embedded in social norms and values.

In addition, in African rural communities where most of the unbanked people reside, money circulates through local associations and networks of mutuality, trust and solidarity. Therefore, using mobile money enables people to share resources and smooth uneven incomes (Suri, Jack and Stocker, 2012). This helps in creating sustainable institutional linkages on multiple scales due to the nature of the socio-cultural roots of development and the adaptation of these socio-cultural roots to the actual setting in which informal institutions are embedded (Kohnert, 2010). Hence to improve financial inclusion, there is need for providers to partner with local semi-formal micro-finance organisations since they know people's norms, values, opportunities and threats. Through these partnerships, suitable financial products can be made available for the unbanked that are more scalable and sustainable. A useful insight is also provided by Lindley (2008) who maintained that the position that informal channels of remittances or money in general are still persisting mainly because they draw upon existing social institutions and solidarity networks. One example of informal channels of remittances is the Hundi *hawala (hundi for trust in Hindi and hawala meaning transfer in Arabic)* in the Middle East and South Asian countries which is a mechanism for debt transfer to facilitate long distance and cross border trade. This system is solely based on trust and there is as limited paperwork or none at all.

The hawala system is also adaptive and flexible as it changes to suit current global trends in technology and innovations such as mobile money. It functions particularly where the modern banking infrastructure is weak such as Somalia and Afghanistan.

In addition, the historical trade dimension of Hundi hawala has often been underestimated making it easy to overlook its potentially complex connections to the movement of goods and capital (Martin, 2009). Hawala creates reliable routes for monetary and trade flows. Schramm and Taube (2003) liken hawala to rotating savings and credit associations that similarly arise in the contexts of insufficient formal financial institutions. This enables the unbanked to gain transactional security through reference to social and cultural safeguards, for example *Stockvels* in Southern Africa.

Therefore the ability of informal channels of remittances to operate successfully in the environments of weak or expensive legal and fiscal systems cannot be ignored if the broader goal is gaining an understanding of how unbanked migrants conduct cash transactions. These informal channels are also deeply embedded in religious and cultural traditions of the users unlike formal channels which are commercialised, run by third parties and not context specific in most cases.

Moreover, as remittances circulate in social networks they cement and construct new socio-economic relationships. Although mobile money has been implemented in Kenya and elsewhere to improve financial inclusion for the unbanked, most users in Western Kenya use mobile money to access their social networks of friends and relatives (Maurer, 2012). Despite the fact that mobile money is designed for individuals, research findings show that it is more accurately a tool used by individuals who see themselves as part of groups or collectives, ranging from savings groups to cousins, siblings or group of extended family who amass contributions for public ceremonies such as weddings, funerals, birthday celebrations, etc. It follows therefore that mobile money is part of entrustment, whereby people save through others contributing to a pool of resources (Shipton, 2007). Through exchanges, social relationships are created by debts and obligation especially in the transnational households described in the earlier section. In traditional African culture, giving equals saving on reason that one way or the other, people who are members of social networks are obligated to give as a consequence of what Durkheim termed the ‘non contractual element of the contract’ (Mauss, 1967). Inasmuch as cash circulation among unbanked migrants is concerned, social networks are of crucial importance as “wealth in people” (Guyer, 1993).

It is also difficult to ensure financial inclusion for the unbanked through conventional formal channels only (Verhoef, 2001). In South Africa, Zimbabwe, Lesotho, Swaziland and Botswana just to mention a few, traditional kinship relations denied African women access to property and cash income. Due to his observation, women devised ways to cope with this exclusion in form of rotating savings and credit associations (ROSCAS). These are well known in Southern Africa as *Stockvels* which functions to ensure access to small credits, social and financial support to members in just the same way as formal financial institutions such as banks. Trust is also a common feature for both formal and informal financial institutions but on top of trust, informal financial institutions are based on 'ubuntu' which means oneness, caring for each other and solidarity.

Informal channels for remittances are also persisting due to the fact they are adaptive responses to crises and can respond to immediate problems. Unlike formal financial institutions which assume that being banked is a rational human choice, membership to informal institutions like the Hundi hawala and Southern African *stockvels* are not only rational choices but have social considerations as well. This therefore means that cash circulation among the unbanked is guided by certain social and cultural templates.

The importance of cultural values and templates is evident not only in the functioning of past hawala arrangements but also in present day transnational diaspora networks. Monsutti (2004) describes how culturally recognised mechanisms of solidarity and competition have been instrumental in forging durable transnational community among the Hazaras -the third largest ethnic group of Afghanistan through remittance transfers. Channels of cash circulation adopted by unbanked migrants are (in my view) important as tools to cope with dispersion and insecurity among millions of African migrants scattered all over the world. For example, the use of mobile based money transfer operators organises community from moment to moment regardless of geography among a dispersed yet intimately bonded sphere of close contact "the floating world" (Gergen, 2010).

Ballard (2003) also point to the importance of cultural values, and norms among UK based South Asians, i.e. Pakistanis and Indians. Thus there is need to have a multiplicity of bases for financial inclusion of the unbanked on the premise that “one size does not fit all” (Beck, et al. 2005). There is also a need to link both the formal and informal channels especially considering that nearly all transactions of Hundi/hawala are settled through the formally organised banking system (Ballard, 2003). Based on the above examples, informal channels of remittances run parallel to formal ones especially among African migrants in South Africa. Despite the fact that m-banking meet existing needs such as domestic remittance market in most developing countries, some people adopt mobile banking due to lack of viable alternatives to some extent (Maurer, 2011). As illustrated in chapter 4, some unbanked migrants adopted channels such as Mukuru.com, Ecocash and Kawena because these were the limited options available to them.

2.9 Conceptual framework: The Sustainable Livelihoods Framework

SLF is an analytical toolkit used in development by practitioners, policy makers, researchers, etc. as a basis for livelihood analysis by organising various factors which constrain or enhance livelihood opportunities and show how they relate to each other (Ashley and Carney, 1999; Brock, 1999; Rakodi, 2002; Mcnamara, 2013). Scoones (1998; 2015) defines the framework in terms of its key principles; people centered, holistic, dynamic, building on strength and sustainability. Therefore SLF challenges the neoliberal economic development models by contending that people should be seen as active agents who make their own choices and devise their own strategies (Scoones, 2015) and who are able to maneuver their way within constraints. SLF dates back to the work of Polanyi (1944; 1957) as it recognise the mediating effects of social relations institutions and culture on the ability of migrants to access and transform the resources at their disposal for their own betterment. This means that the economic attributes of livelihoods are mediated by social institutional processes.

Using SLF in research enables the connections between peoples’ economic lives and institutions to be made. There are various basis of SLF and there are many ways of applying livelihoods approaches, however the study adopted the one developed and adopted by the United Kingdom based Development for International Development (DFID). The SLF is much indebted to the work of Sen (1981) on entitlements and Chambers (1983), Chambers et al (1989) who authored the first paper on sustainable livelihoods. DFID adopts Chambers and Conway (1997)'s conception of livelihoods provided below,

> *"A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base." (DFID, 2000)*

According to this framework the resources and livelihood assets that people (unbanked migrants) have access to are called 'capitals' usually arranged in a form of a pentagon which in turn are used to assess people's overall base set (Solesbury, 2003). These are human capital (labor and skills, experience, knowledge and creativity), natural capital (resources such as land and water), physical capital (machinery, infrastructure and energy), financial capital (money, credit and loans), social capital (social networks) and the recently added political capital (citizenship and membership in political parties) (Adato and Meinzen-Dick, 2002, Levine, 2014; Scoones, 2015).

Although a full set of factors of SLF may need to be considered, in this study, the scope of their influence were limited by the research question. Therefore the study concentrated on financial capital. For the unbanked migrants under study, financial capital referred to (ir) regular inflows and outflows of money as savings, consumption, production, availability of cash through remittances, wages, loans, etc.

However, financial capital was the least available asset to the unbanked migrants therefore it was important to focus on the cash circulation mechanisms they adopted. Social and human capitals were used as supporting capitals to understand how unbanked migrants conducted their cash transactions. The researcher deemed it important to include social capital as it involved social resources such as social networks for cooperation, mutual trust and support, relationships of trust and reciprocity which were readily available among the unbanked migrants as illustrated in chapter 4.

In addition, social capital was seen as crucial to unbanked migrants partly because due to lack of documentation, they were sometimes unable to achieve their financial objectives through the conventional market system as described by Carney etc. al. (1999). Thus for the unbanked migrants, social capital was viewed as a resource of last resort (DFID, 1999) as it provided the basis for informal safety nets.

Livelihood strategies including cash circulation are shaped by the context, the institutions and policies and assets (Levine, 2014; Scoones, 2015).The point of departure for this study is that unbanked migrants should be seen as potential resources rather than sources of concern. As suggested by the SLF, they possess human, social and financial that makes a major contribution to economic well-being. The study employed the Sustainable Livelihoods Framework (SLF) in order to understand the complexities of cash circulation channels by unbanked migrants in Pretoria.

SLF has since the 1990s become the dominant approach to the implementation of development interventions by a number of international agencies (Chambers and Conway, 1991; Scoones, 1998; DFID, 1999). It is still widely recognised as offering the most comprehensive framework for complex realities of people's livelihood strategies (Scoones, 2009; 2015). According to Morse et al (2009), SLF is a response to the technocratic and apolitical approaches which view people as objects of analysis without agency and did not analyse why people made the choices they made or the constraints they faced (Scoones, 2009; 2015).

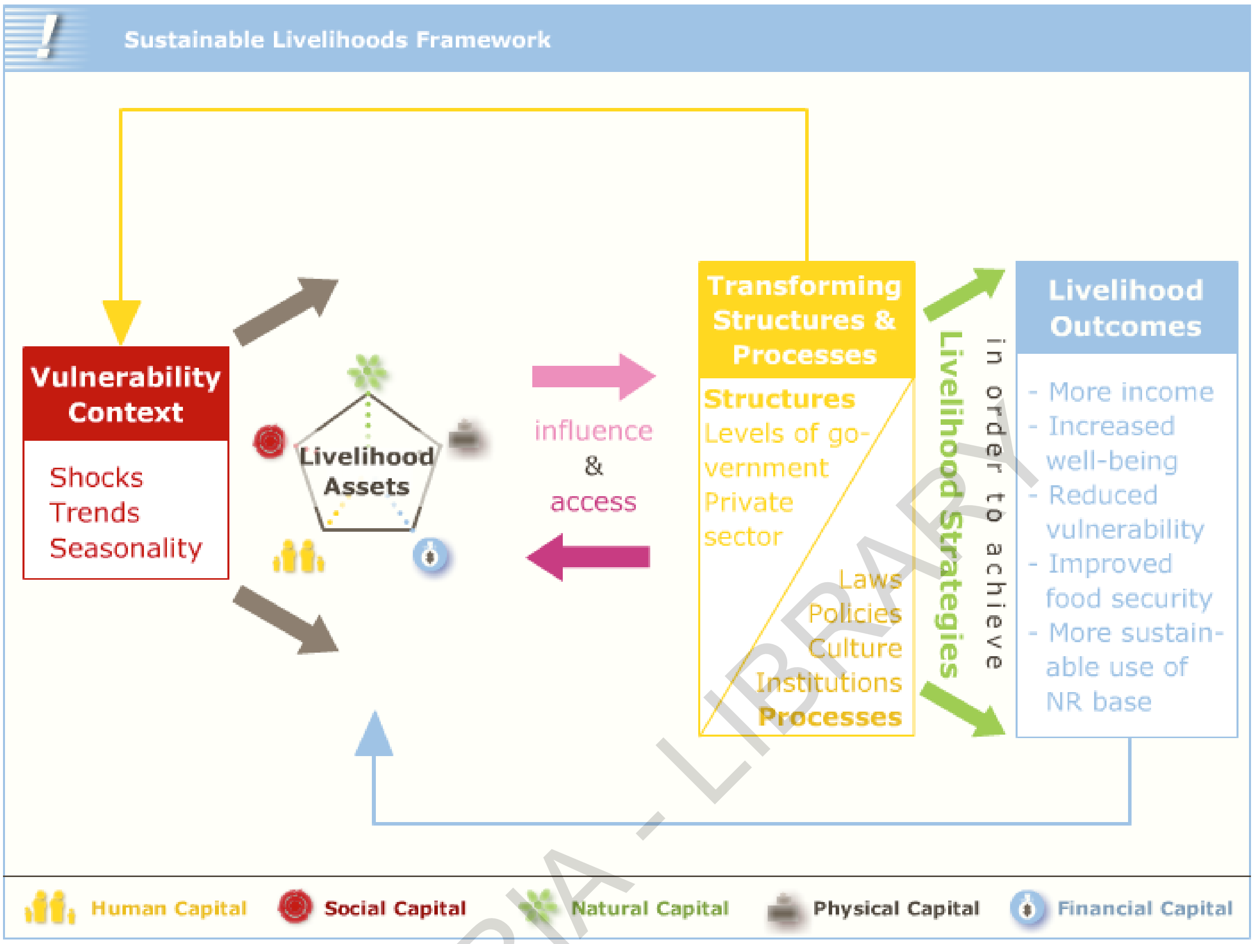
Although SLF had been criticised for lacking political economy aspect, recent literature has taken the critique into consideration (Levine, 2014; Scoones, 2015). In line with this argument, Levine (2014) argued that SLF can be likened to 'political economy analysis' as it looks at how people's possibilities and choices are shaped by broader structures of society in which they live (politics, power, institutions etc.). Initially, SLF was adopted in the study as a way of thinking about reducing financial vulnerability in cash based market economy. Emphasis was on how the unbanked attained a measure of financial wellbeing at both the household and individual levels. As illustrated in chapter four of this report, the household acted as an arena of struggle and negotiation between generations and sexes as to which cash circulation channels were good and acceptable.

Although SLF is normally used in rural contexts (Levine, 2014), this was an urban based study; it was my duty as a researcher to show innovation and skill in applying the approach to suit the new context. The justification is that people's livelihoods strategies are guided by the same principles regardless of settings and potential outcomes. As the SLF suggest, I looked at the channels the unbanked migrants were using and the limiting factors they were encountering to ensure financial livelihoods. I used SLF as a form of livelihood analysis to assess how cash circulation channels fitted in the general livelihoods of unbanked migrants. By doing this, I was able to understand the subjective assessments by respondents of their own financial wellbeing. The things they had achieved to do, livelihood outcomes.

As discussed in the literature review and in Chapter four, unbanked migrants were in some cases unable to break the cycle of exclusion with inadequate capacity to respond effectively due to lack of required documentation. The framework helped me to understand how these unbanked migrants operated effectively within a constraining environment. The SLF refers to this external constrains as the vulnerability context with which the unbanked migrants had no control of. Serrat (2008) defines a 'vulnerability context' as a situation in which people are exposed to risks through sudden shocks, trends over time and seasonal changes. In line with the above definition, Kollmair et al (2002), Levine (2014) and Scoones (2015) concur that the vulnerability context is the external environment in which people exist, critical trends as well as shocks and seasonality over which people have limited or no control. This, they argue, has a great influence on people's livelihoods and on the wider availability of assets such as cash, skills and social networks. Towards the end of the study, the continual depreciation of the South African rand presented itself as a harmful threat to migrants who often send money across borders SLF - respondents especially from DRC, Nigeria and Zimbabwe, reported that they had inadequate capacity to respond to effectively. With this scenario in mind, unbanked migrants had to be selective and creative about the channels they used for conveying cash. As illustrated in chapter four, some respondents opted to send groceries in place of cash to escape the souring exchange rates.

The SLF acknowledged that people may pursue multiple strategies sequentially or simultaneously (de Haan, 2012) to enhance their assets in face of shocks and stresses over time. This proved true in this research as unbanked migrants employed a range of strategies not only to maximise their income but also to minimise risk and to protect or increase other things that they value: relationships, transnational homes, etc. By employing SLF as a form of livelihood analysis, I was able to take into consideration complexities and changing situations which unbanked migrants may use multiple cash circulation channels simultaneously. As illustrate in chapter four, the livelihood outcomes after employing various strategies included better income, access to savings clubs, access to credit in social networks and the general financial wellbeing of the transnational household.

Figure 1: Diagrammatic presentation of the SLF[11].



Source: Department for International Development 2000

2.9.1 Application of SLF

In this study, SLF was used as an analytical toolkit to understand cash transactions within the wider set of financial livelihoods of the selected unbanked migrants. The study reconsidered and improved the methodological aspect of including unbanked migrants contestation over values. As an appreciative inquiry, the framework itself was used to generate broad questions and identify methods which can be used to collect data. SLF suggests that the first step towards understanding people's livelihoods is to use research instruments that delve into the subjectivities and complex realities of the target population unbanked migrants. Therefore, the choice of in-depth interviews as a method of data collection was influenced by SLF. I was

[11] Although it appears linear, processes are interrelated and rely on constant feedback to and from each other.

also able to generate broad categories of questions which guided my fieldwork. These questions included how unbanked migrants lived? What resources they had access to? What worked and what had potential to work for them? How unbanked migrants secured access to cash as a resource critical to construct a livelihood? Therefore the SLF was used as an assessment methodology in gaining an understanding of how unbanked migrants make the choices in the background of related costs. In this regard, the framework served as a checklist for data gathering in the field and for presenting and analysing data in chapter four and five of this report.

To include the wider political economy as suggested by Levine (2014) and Scoones, (2015), I concentrated on political and power relations within the group of unbanked migrants especially looking at how their identity as unbanked migrants shaped their day-to-day cash transactions for survival. Over and above, SLF enabled the researcher to go beyond isolating unbanked migrants as rational decision makers but take account of the various factors which preconditioned how unbanked migrants circulate cash as well as the researcher's own assumptions and position. For example, in the absence of work opportunities, migrants created their own employment in the informal sector. By asking questions on culture and identity and cash circulation, I was able to address the concerns of the critics in a way that improves the framework to suit the urban orientation of the study. In short, SLF was used to establish what exactly shaped the choices of the channels for cash circulation to avoid giving a depoliticised description of the channels unbanked migrants use to circulate cash divorced from the context.

For example SLF takes differentiation into account in studying livelihoods. In this study, the respondents had different reasons for using different channels to circulate cash. As illustrated in chapter 4, these included sending money via friends and relatives because they trusted them more than the formal channels. Instead of taking unbanked migrants as undifferentiated, there were variations even among those who used similar channels such as differences in gender, motivations, age, levels of exposure, etc. This shows that although people had similar resources, people are different, they have different attitude to risk, different abilities (Levine, 2014) which all played a role in cash circulation channels and processes.

Table 1: Basic SLF components in relation to this study.

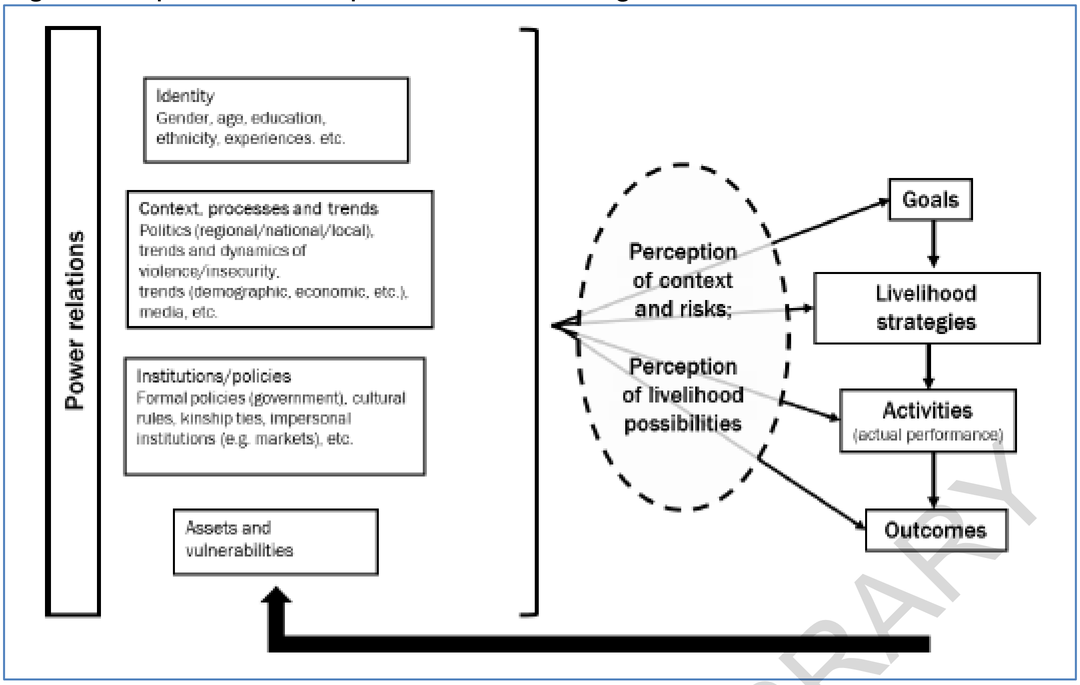
SLF element	Vulnerability context	Livelihood assets	Transforming Structures	Livelihood Strategies
Adaptations	Structure, culture, law (illegal migrants) , volatile exchange rates	Financial capital, human capital and social capital (cash, knowledge, skills and social networks)	Availability of cash and the channels for its circulation, exchange rates, both formal and informal market	Cash circulation, Rotating savings and credit groups (ROSCAS), peer to peer lending, forming associations- grocery, burial, home town)
Key questions	What risks do unbanked migrants living in Pretoria face with the channels of cash circulation?	What assets do they access? How do they circulate cash as an asset?	Who uses the channels? What channels do they use? For what purposes? How do the channels they use compare to others they do not have access to? What special quality do the channels unbanked migrants adopt	What general cash circulation channels do unbanked migrants use categorized by gender, age, education etc., How do the use of these cash circulation channels tie into unbanked migrants' financial

			possess? Do these cash circulation channels make any difference?	livelihood strategies?

This illustrates how the SLF fit into the study of unbanked migrants. The second column describes the vulnerability context for the unbanked. Since they were illegal migrants, the vulnerability context included the laws and policies and also volatile exchange rate and insecure forms of employment. To understand this, I had to ask questions pertaining to the risk the unbanked migrants were potentially facing in circulating cash and how prepared they were if such risks confronts them. The third column describes the assets and resources unbanked migrants had access to. As the illustrate in chapter four, these included crucial human capital in form of entrepreneurial skills, shared knowledge, social capital, which was comprised of social relationships, cemented by values, norms and beliefs and financial capital which was in form of wages. The study however showed that the unbanked migrants lacked appropriate transforming structures to realise their livelihood outcomes.

Figure 2 illustrate a simplified operational map for research using SLF. According to the map, people's livelihood goals, strategies and outcomes are influences by an interaction of power relations (institutions, assets, context and identity) and perceptions of risks, context and capabilities.

Fig 2: An operational map for research using SLF



Source: Levine, 2014

2.9.2 A Critique of the Sustainable Livelihoods Framework

Despite its wide acceptance, criticisms have been leveled on the SLF due to lack of consensus on how to apply the SLF in development and in research. Designed originally with a rural agrarian context in mind, SLF includes factors like natural capital which were less salient in my study of unbanked migrants' livelihood strategies in Pretoria which is an urban setting. Moser (1998) rightly observed that, "A key question concerns how to give operational meaning to the conceptualization of fragmented capital assets starting with people's own understanding of the world", SLF has been criticised for not considering factors like gender dynamics, inequalities of power and conflicts of interests among the vulnerable groups that might have the potential of keeping the poor in poverty no matter how innovative they are (de Haan, 2012. However, this criticism has long been addressed by earlier and recent conceptual modifications respectively (Collinson, 2003; Lautze and Raven Roberts 2003; Levine, 2014; Scoones, 2015).

Although the framework highlights the importance of social relations and institutions for livelihoods, it failed to recognise that social assets are multidimensional and so are difficult to observe (Bebbington, 1999 cited in de Haan, 2012). There were instances where relations of inequality and power reproduced poverty at a local level especially among the unbanked migrants. Some respondents reported being in exploitative social networks; informal structures of social dominance and power within the migrant group also influenced people's access to resources and livelihood opportunities as the quotation below illustrates:

> *"The major shortcoming of structural-functional and economic approaches to the household is the neglect of the role of ideology. The socially specific units that approximate households are best typified not merely as clusters of task oriented activities that are organized in variable ways, not merely as places to live/eat/work/reproduce, but as sources of identity and social markers. They are located in structures of cultural meaning and differential power" Guyer and Peters (1987: 209) cited in de Haan (2005:3)*

The SLF also focused insufficiently on gender, power relations and human agency (Serrat, 2008:4). This is so because it posited that an individual or group action is influenced and modified by each other's action as well as by the institutional arrangements forming the context of their action. Individual or group action affects and influences existing institutional arrangements and actions (Serrat 2008).

In addition, a major challenge for operationalising a sustainable livelihoods framework was on how to quantify, compare and measure capital assets. The researcher felt that the breaking down of people's complex realities in terms of assets may have had a superficial value given that not all assets can be generalised and expanded in an incremental fashion (Serrat, 2008:4).

Further, political capital can be given equal status with other capital assets but it could well be argued that a sound definition of social capital would necessarily include a consideration of power and political relationships. SLF underemphasise the macroeconomic and political issues that are of key importance in understanding livelihoods (O'Laughlin, 2004 and Toner, 2002). For instance how global conditions such as improvements in technology in cash circulation could have conditioned local circulation channels. Having argued that the framework is gender and cultural insensitive, the framework is also silent about the relationships between assets i.e. of how the assets may change over time, or whether having high levels of one particular asset may compensate for low levels of another. Morse et. al. (2009) posited that it is unclear how to measure capitals and it is difficult to assess the asset pentagon. People's lives are too complex to be presented in a neat and simple diagram.

Despite all these criticisms, the SLF remained a crucial framework for guiding this research as it undoubtedly helped the researcher to approach the main study question: How do unbanked migrants conduct cash transactions? The framework also was crucial in guiding the researcher to identify weak links between processes and structures of cash circulation so as to provide further recommendations that might improve cash circulation among the unbanked in Pretoria CBD.

The dynamic aspect of the framework made it adaptable to any context related to development. Hence it was easier to adapt and modify to suit the situations, experiences and circumstances of unbanked migrants in Pretoria (CBD) with regards to cash circulation. Important to note however is that the framework does not provide standard step by step guiding principles.

2.10 Conclusion

This chapter discussed the various cash circulation channels available to unbanked drawing examples from SSA and around the globe. These were based on my understanding that most unbanked migrants are obstructed from accessing formal financial services and products due to lack off required documentation. Therefore the purpose of the literature was to illustrate how these migrants are excluded and in the face of all the structural barriers they faced, how they had to be creative and adopt digital financial channels (mobile money and e –wallets) that were flexible and sustainable in the long run as will be shown in chapter four and five of this report, the unbaked migrants had to adopt channels of cash circulation embedded in culture and society that linked them to their social networks and shared identity in host and home country.

The next chapter present the channels of cash circulation based on interview data. Chapter five supports the contention that unbanked migrants are not vulnerable but creative as they rise above the structural barriers to financial service access. This is because they forge sustainable cash circulation mechanisms as asserted by the sustainable livelihoods framework (SLF). The framework help explain cash circulation using an institutional perspective; where institutions are defined as “humanly devised constraints that shape human interaction” (North, 19990:3). However, unbanked migrants also faced challenges which were beyond their capacity to respond effectively. Therefore my recommendations centre on strengthening unbanked migrants capacity to respond to constraints and insert themselves effectively.

For the purpose of data analysis, I followed the three main steps suggested by SLF. These are: understanding what unbanked migrants were doing on the ground, what shaped their cash circulation channels and with what livelihood outcomes. By understanding this, I was able to understand why they chose the cash circulation channels they used. The study established that the unbanked migrants actively chose the channels that ensured security of their hard earned money and sustainability of their livelihoods.

Chapter 3

Research Methodology

3.1 Introduction

This chapter critically discusses the research design and the qualitative methods that I used for data collection. The chapter also discusses why a qualitative methodology was adopted and why it was useful for the study of unbanked migrants. To answer the research question "How do unbanked migrants in South Africa conduct cash transactions?" The objectives of the study were to: (a) explore the modalities of cash circulation among the unbanked migrants in South Africa; (b) investigate how unbanked migrants save and/or invest money; (c) detail ways in which unbanked migrants insure themselves against future uncertainties

I used in-depth interviews and snowballing sampling were adopted to gain insight on how unbanked migrants circulate in their transactions. In addition, the chapter presents detailed descriptions of how data were collected and challenges faced by the researcher during fieldwork as well as ways in which these obstacles were circumvented for the study to be a success. In this chapter, a discussion of data analysis and ethical considerations are highlighted as well.

3.2 Justification for choice of study area

The field work for this study was carried out in Pretoria CBD. This location was chosen because Pretoria is one of the largest cities in South Africa and is seen by the migrants as a place of improved resources, security and work opportunities. Hence migrants target the booming cities as they moved from regions of declining economic activities to vibrant ones such as Pretoria. I was able to find a heterogeneous sample since most unbanked migrants worked in the CBD. I made initial contacts with some of the participants to gain access to others. I am familiar with the city and was able to move around it to conduct interviews.

Partly due to global labour restructuring, people have become increasingly mobile and the issue of migrants has become sensitive in South Africa due to xenophobia and economic decline in the other African countries. I had also made initial contacts with some of the participants who lived and worked in Pretoria. The research question was also not site specific, this study was not defined by or intimately linked to the study site. This study could be conducted anywhere and, it was anticipated that if issues of inaccessibility on this site had arisen, I could easily chose another site without necessarily affecting the research outcome. In a nutshell, Pretoria CBD was identified as the feasible location for research because it enabled me as a time constrained student to multitask - attending lectures, tutoring and fieldwork at the simultaneously.

3.3 Research design

The study employed a qualitative research approach which is defined by Creswell (2009:232) as "means for exploring and understanding the meanings individual or groups ascribe to human or social problems". The qualitative approach was suitable for my research question: How do unbanked migrants conduct cash transactions? This is so because in contrast to quantitative study which seeks to reveal general patterns and trends, cash circulation among the unbanked covers a diverse set of phenomena which is hard to operationalise. Therefore qualitative research emphasise the complexity of human behaviour and draws attention to the importance of meanings, values, goals to understand human practices. This is because I wanted to understand the complexities and processes of unbanked migrants cash circulation channels and the values and meanings motivating their choices. The thinking was that these complexities and deeper meanings could not be sufficiently addressed by quantitative approaches which tend to be statistically based and trivialise real life situations to collect quantifiable data (Black, 2002:73).

Therefore to study unbanked migrants, the I opted for a qualitative design to understand cash circulation channels and transactions of the unbanked and the relationships between variables which were unknown to the researcher. As Black (2002) puts it, quantitative design tend to look at many variables, generate plenty of data leading to generation of many facts and little or no understanding of the relationships among variables. Therefore another motivating factor for a qualitative approach lied in its ability to explore unknown variables as described by Cresswell (2009). In this study, the variables could not be easily identified hence an exploratory study was done to develop explanations of social phenomena as it occurred. This means that there were no pre-set categories of questioning and analysis in order to understand the context in which the unbanked migrants carried out their cash transactions and why they chose the channels they used. Hence this flexibility of qualitative research design enabled me to add new variables as they appeared unlike the survey researcher who would have ignored risking missing data. This however is contrary to quantitative studies which require that the initial design remain unchanged throughout (Babbie, 2010:287).

However, as a new qualitative researcher, I used my literature review and the Sustainable Livelihoods Framework (SLF) to militate against the challenges of qualitative research described by Marshall and Rossman (2011). These challenges included taking time to develop a conceptual framework that is thorough, concise and elegant (2011:5), planning a design that was manageable, systematic and yet flexible and lastly integrating the above mentioned into a coherent document that is convincing to readers.

In addition, I wanted to explore the subjective and differentiated aspects of cash circulation by the unbanked migrants hence a reading of Degu and Yigzaw (2006: 2) and Hesse-Biber and Levy (2011) made me realise that qualitative research approach was suitable for exploring the social subjective aspects such as social meanings people attribute to their experiences, circumstances and situations. Therefore, the circulation of cash among the unbanked migrants required an intimate exploration of the channels they adopted and what exactly motivated them in their own context as described by Cresswell (2009). I could have used quantitative study but understanding cash circulation as a social process, I realised that it could not be easily reduced to numerical values such as how much they had and how much they invested or saved. A qualitative study enabled the researcher to uncover the reasons, the motivations; constraints they faced and opportunities these migrants had which would have been impossible if a quantitative approach had been taken.

Babbie (2010) and Bryman (2008) submit that qualitative research designs recognise differentiation. Babbie sees the quest for standardised, typical conclusions in quantitative design fitting round pegs in square holes. I chose qualitative research approach because unlike the quantitative approach, it recognised differentiation and diversity among individuals or groups. In this study, I had a differentiated sample which included unbanked migrants of different ages, ethnic origin, and nationality, gender, race, etc. I chose qualitative study also because of its flexibility in studying differentiated groups of people. Unbanked migrants chosen to participate were highly heterogeneous, coming from eight different nations and belonging to different ethnic groups. Therefore qualitative design was adopted with the thinking that one size does not fit all which is in direct opposition with the quantitative paradigm which normally treats individuals, groups, settings, situations, meanings and contexts as undifferentiated.

Qualitative approach enabled the gathering of data along lines of heterogeneity as the findings will later show in Chapter four; the unbanked migrants experienced and interpreted their social worlds differently. By interviewing the unbanked migrants in their own contexts and setting, the researcher was able to understand that some actions that may appear irrational on the part of the observer from outside were actually embedded in the unbanked migrants' culture and identity. For example, social loans they gave each other without any written or signed agreement and yet they honoured and repaid. Hence the researcher managed to understand that there were certain unwritten laws and contracts that guided their behaviour; this could not have been possible by distributing questionnaires, surveys and structured interviews normally used in quantitative studies (Babbie, 2010).

Based on the reading of Singleton and Straits (2011:71), the researcher understood that exploratory studies are mostly "undertaken when relatively little is known about something, perhaps because of its "deviant" character or its newness". Although the phenomenon of migrants and migrant remittances is not new in scholarly literature, the issue of how unbanked migrants who are undocumented circulate cash appeared somewhat "deviant" to the researcher. It has been mentioned earlier that these migrants were unbanked, undocumented and found it difficult to access basic financial services. These people through their informal work had access to cash hence the researcher chose a qualitative research design in order to understand how they managed to carry out certain financial activities given the fact that they were not banked.

Since it was my first time conducting a qualitative study, my original ideas about how to conduct qualitative research were somewhat unsettled in the beginning of field work. However I had to conduct a qualitative study as it was the most suitable to explore the channels used by this group of people who appeared vulnerable on the surface and yet resilient inside. This was only achieved by the use of open ended questions which gave me a leeway to probe for more clarification, an activity which would not have been possible if I had employed quantitative methods which are rigid and cast in stone (Rubin and Rubin, 1995).

Although numerous texts are available on how to conduct qualitative research (Patton, 2002; Mason, 2002; Silverman, 2006; Marshall and Rossman, 2011; Flick, 2014; Miles, et al., 2014; Katz, 2015); qualitative research designs are still vulnerable to criticism because they do not proceed from fixed designs like quantitative designs (Katz, 2015). However, I was also aware of the inherent limitations of qualitative research, for example qualitative research was too subjective, difficult to generalise and replicate as highlighted by Bryman (2008). This was because the data was gathered through interviews which were subjective, personalised and context specific which made it difficult to make generalisable conclusions especially in relation to other groups of migrants in a different locations in South Africa.

However this did not apply to this study as the aim of the study was not to reach generalisable conclusions; but to understand how the selected unbanked migrants circulated cash in greater Pretoria without any attempt to standardise the findings in any way in the future. In Chapter 5, to avoid inherent bias, I used my literature review and my conceptual framework as guides for analysis of data. The next section discusses the pilot study.

3.4 Pilot study

After the research proposal was approved by the Social Science Research Committee at the University of Witwatersrand, I conducted a pilot study in which a few unbanked migrants were interviewed to create an opportunity to test the effectiveness of the research methodology (Weiss, 1994) and to check determine feasibility of the study in Pretoria. The participants in the pilot study were mostly researcher's acquaintances and some were referred to the researcher by others who had participated. I was able to refine the interview guide in Appendix C of this report and include questions on unbanked migrants' knowledge on exchange rates and questions on the meanings the unbanked migrants attached to money which the researcher had not included in the interview guide initially. I was also able to identify the questions that made respondents feel uncomfortable. I had to reword the questions regarding their sources of income and savings since I realised taking them out would have meant missing on important data.

In addition, conducting the pilot study gave me an opportunity to re-assess the rationale of the study and to refine research questions. This was possible because, through the pilot study, I had gathered more insights to what exactly was the problem the unbanked migrants seemed to be facing. Most importantly, I managed to test ethics representation and research validity. It was also then that I discovered that there were many moments which challenged my values for instance some participants revealed illegal things that they had done (audio-taped) which I thought were ethically defining moments but could not do anything about it.

Going into the study, I was not sure whether the respondents would agree to being audio-taped given their status as undocumented migrants. I managed to eliminate the barriers such as resistance to tape recorders and mistrust of the researcher's agenda before the actual study began by explaining clearly the aim of the study and the procedures. My safety concerns were also eliminated in the process because I discovered that the people were actually friendly, related more to me and felt comfortable. To sum up, I followed Sampson (2004)'s advice that conducting a pilot study was an essential part for a successful research The pilot study also enabled the researcher to get more contacts for the actual research. The next section describes the sampling procedure.

3.5 Sampling procedure

Bryman et al. (2014), Babbie, (2010), Straits and Singleton Jr (2011), Marshall and Rossman (2011) all highlight the importance of sampling in any given study qualitative or quantitative. This is because it is difficult to question each and every individual concerned in the research. In qualitative study, the purpose of sampling is to tap into the breath of variation within a population rather than to focus on the average or typical member of the population (Babbie, 2010:225). This section discusses the sampling design and procedure for the study. The sample population (population which sample was drawn from) was unbanked migrants in and around greater Pretoria. In this study inclusion in the sample was based on migrant status (African descent, unbanked, (un)documented). However, inclusion was not limited to unbanked only since some in the sample were previously banked or banked in their home countries. As the findings will later show, some were banked but could not access formal financial services due to a wide array of reasons discussed in chapter 4 and 5 of the report.

In order to come up with a sample - “the segment of the population that is selected for investigation” (Bryman, 2012:187) – I adopted the snowball/ chain referral sampling. This is “a form of non-probability sampling that involves the careful selection of typical cases or of cases that represent relevant dimensions of the population” (Singleton and Straits 2005: 569) Through this technique, I made initial contact with two Zimbabweans (Ruth and Kombo) who were relevant to the research topic and then used these to establish contacts with others. I gave details of the study to the contacts to give to anyone in their network who might be eligible. In other words, first contacts were asked to provide “names” and “addresses” of potential informants (Straits and Singleton Jr, 2011: 137) who were then contacted, and asked the names of others and so on”.

The choice of snowballing sampling in this study was also influenced by Bryman, (2008) who highlights its potency in capitalising on existing social networks. I realised that there were no records of population size of unbanked migrants. I found that it was impossible to draw a random sample of unbanked migrants because of lack of accessible sampling frame which is defined by Bryman et al (2014) as the listing of all units in the population from which the sample will be drawn. Therefore, it was difficult for me to establish the precise extent of the population in Pretoria from which unbanked migrants could have been drawn from as this is an ever shifting population. Snowballing sampling was therefore an informed option that I made for the success of this study.

Bryman et al., (2014) also argue that the absence of records on population size also make it difficult to use random sampling. Unbanked migrants were dispersed. Babbie (2010) emphasise the use of snowballing sampling on dispersed, difficult to reach and yet close knit populations like migrants, criminals, homosexuals, lesbians etc. By using snowballing sampling, I was able to simultaneously capitalise on and to reveal the connectedness of individuals in networks (Noy, 2008 cited in Bryman, 2008).

Equally importantly, I was able to modify snowballing sampling by using a 'mix of snowballing' i.e. on the one hand participants identified each other while on the other due to my in the areas the unbanked migrants "hanged"[12],I did not only rely on waiting to be given names of other participants I could contact. I was able to meet other participants through interacting with Kombo and Ruth's circle. Others approached the researcher after conversations with their friends.

Based on my readings of Straits and Singleton Jr (2011: 138); Marshall and Rossman, 2011; Bryman, (2012:187), I drew the conclusion that in snowball sampling "members of the target population often know each other". This was true in my experience with snowballing sampling as undocumented migrants already knew each other. As the point was made earlier that some were illegal migrants (at least 5 had legal documentation recognised in South Africa), with no fixed abode and were sometimes on the move running from law enforcing agents hence they were difficult to locate. Hence the researcher realised that it was easier and faster for unbanked

[12] The public places where they usually got together and look for work, etc

migrants to identify and locate each other than to just randomly select and face the challenge of incorrectly identifying targets.

The initial contacts in this study did not take time to refer as many people as they could think of and who had the characteristics described by the researcher. I managed to get a sample of unbanked, (un)documented migrants, who had stayed for at least one year in South Africa, informally or formally employed living and working in Pretoria. However, I ended up conducting in-depth interviews with sixteen people from different nationalities so as to get an inclusive sample to understand how different groups of migrants circulate cash in pursuit of their day to day survival. These included salon owners, vendors, self-employed, domestic workers and food outlet workers; at least 40% of the migrants had professional qualifications although this was not necessary for inclusion in the sample the researcher was happy because this helped counter translation issues as most of them spoke average English.

The sample comprised of six women and ten men between the ages of twenty-six to forty-five: four Zimbabweans, two Somalis, two Ethiopians, three Nigerians, two Mozambicans, one Swazi, one Tswana and one Congolese. Of these, nine were totally unbanked, the rest had some sort of account but admitted that they barely used them and twelve were undocumented. Among the undocumented, three (Uche, Gugu and Uche) revealed that their visas had expired, three Zimbabweans were on Zimbabwean special permit (Ruth, Kombo and Jessica), three reported that they did not qualify to have permits as they were undocumented, the rest, besides Phiwe who extended her days at the border, were on asylums (Ahmed, Samouri, Theo, Hassan and Tinotenda).

Table 2: Sample composition

Pseudonym of participant	Nationality	Age	Residence status	Banking status	Duration of stay in South Africa
Albeto	Mozambican	36	Undocumented	Never banked	6 years
Alfonso	DRC	30	undocumented	Previously banked	4 years
Ahmed	Somalia	37	Asylum	Unbanked	4 years

Gugu	Swaziland	26	Expired work permit	Banked in Swazi	7 years
Hassan	Somalia	32	Asylum	Unbanked	6 years
Ife	Nigeria	28	Expired visa	Unbanked	6 years
Jessica	Zimbabwe	29	Zim special 3 year permit	Previously banked	3 years
Kombo	Zimbabwe	39	Zim special 3 year permit	Previously banked	8 years
Nelito	Mozambique	45	Undocumented	Unbanked	8 years
Papayake	DRC	43	Asylum	Banked in the DRC	10 years
Phiwe	Botswana	26	Renew days at the border	Banked in Bots	6 years
Ruth	Zimbabwe	41	Zim special 3 year Permit	Never banked	10 years
Samouri	Ethiopia	38	Asylum	Previously banked	6 years
Theodore	Ethiopia	36	Asylum	Previously banked	5 years
Tinotenda	Zimbabwe	32	Asylum	Previously banked	7 years
Uche	Nigeria	42	Expired visa	Never banked	8 years

Although the representativeness of the sample acquired through snowballing sampling has been challenged by scholars such as Black (2002); Bobbie (2010), Bryman et al (2014), it did not affect this study on reason that the study was an exploratory one. This is because the study aimed to collect in-depth data on how undocumented, unbanked migrants conducted their cash transactions. By using this smaller sample, I was cognisant of the fact that representativeness, of the sample and generalisations of findings could be highly questioned. This write-up does not aim to generate representative data for generalisations but the specific channels used by the sampled unbanked migrants to circulate cash. I found Babbie (2010)'s proposition on the efficacy of snowballing on exploratory studies to be correct. Although it was weak on representativeness, according to Babbie, (2010) snowballing sampling remained the most suitable for exploratory studies including this one. The population of unbanked migrants is constantly shifting and statistically unknown even in quantitative terms. This means that this group of people is not only difficult to locate, but also not suitable for purposive sampling procedures.

As discussed earlier qualitative study was chosen to ensure a naturalistic and interpretive approach to data gathering through face-to-face oral interviews in participant setting.as emphasised by Denzin and Gupta (2000). I used a smaller sample because this naturalistic study was not logistically possible on a larger sample. Larger samples are however necessary in quantitative studies which require greater precision or accuracy. This study is pivoted on understanding subjective views and opinions of unbanked migrants which made a bigger sample irrelevant.

3.6 Data sources

Appropriate and dependable data collection instruments are a prerequisite for every successful systematic data collection on the sample. In qualitative study, research instruments include in-depth interviews, journals, personal diaries, participant observation, focus group discussions etc. (Babbie, 2010; Bryman et. al. 2014; Black et. al. 2002; etc.). This section discusses the tools that the researcher used as sources of data. For this study, I used in-depth interviews to get transcripts which became the main sources of data. Field notes gathered during the interview process, notes from supplementary notebooks that were provided to the participants during the initial interview meeting were the other sources of data for this study. Supplementary notebooks were in the form of small writing pads that were given to participants to jot down any post interview recollections. Most importantly, I kept a research journal which was used for personal reflection and assessment of the whole research journey from proposal, fieldwork and analysis of the data. This journal became important for my own reflection on the process of research i.e. reflexive memos for keeping the huge volumes of data in check to avoid being overwhelmed, field notes, my own emotions, assumptions I had initially and post interview reflections. For the purposes of analysis, literature review and conceptual framework were used as guidelines. The next section discusses in depth interviews as a data collection tool used in this study.

3.6.1 In-depth Interviews

After being granted the ethics clearance certificate for this study, the researcher started to conduct interviews. I made initial contact with Kombo and Ruth who worked as gardener and domestic worker in Centurion where the researcher stayed. Kombo showed interest in the study after a few casual conversations I had with him.

> *"I will take you to a place near Romans Pizza in Sunnyside, there you will meet everyone from Cape to Cairo… please be careful some of the guys do not have papers so they will not just talk, but do not worry I will explain to them first" (Journal entry September 15/2015).*

His statement did take me aback since it became clear to me what type of people I was going to be dealing with. I knew I had to be careful and create good rapport with them first or else they were not going to talk. Babbie (2010) recommend creating a good relationship and creating a secure talking environment with the participant in order to get rich data. The first day the researcher went to the place with Kombo but no interviews were scheduled for that day.

The place was abuzz with activity, from informal traders who were constantly hiding their merchandise whenever they spotted a police vehicle passing by or just sirens. This was the moment when I realised the weight of Kombo's words… they were so suspicious and always on the edge. I also spotted a couple of spazas ran by Somalis and Ethiopians, salons and barber shops as well. Kombo was right; this place was just occupied by foreigners who knew each other by name in spite of how many they were and in spite of coming from different countries. I was also quick to notice that I stood out and this made me feel a little uneasy and doubted whether I was up for anything that day. Kombo quickly came to my rescue as he introduced me to a couple of his friends. I was there the whole day but did not conduct any interview that day.

The interviews started the next day and participants kept referring each other. Most importantly by being familiar with the context, the researcher could have followed Siedman (1998)'s recommendation to conduct a series of three separate interviews but it was not practical as the researcher was a full time student with course work modules and tutoring responsibilities. However by continuously going to the place where Kombo had taken me to find participants, I was at least able to establish the context of the participants' experiences. As Siedman (1998) rightly puts it, "people's behaviour becomes more meaningful and understandable when placed in the context of their lives and the lives of those around them".

I had the choice to use different types of interviews i.e., the structured, semi-structured and unstructured interviews. Structured and semi-structured interviews had the advantage of generating standard data which would mean easy interpretation and analysis (Straits and Singleton Jr, 2011). Based on my readings of Marshal and Rossman (2002; Kvale (1996), I decided interviews would be informal, conversational, exploratory and flexible with open-ended questions and a few closed questions when and where necessary. Unstructured and semi-structured questions were used during face-to-face interviews which enabled ruling out at least most "impression management" on part of the respondents.

Bryman (2008) and Bryman et al. (2014) correspond that the main advantage of in-depth interviewing lies in its flexibility. Rubin and Rubin (1995:43) observed the same arguing that, "Qualitative interviewing is flexible, iterative and continuous rather than prepared in advance and locked in stone". This proved true as I managed to redesign some questions as the interview progressed, I was able to accommodate new issues not anticipated beforehand, and follow-up questions were also asked following unusual responses by the interviewees. In-depth interviews allowed the researcher to probe easily as in a natural conversation hence rich textured data was extracted through adapting and modifying the research questions throughout the study (without necessary changing the meaning) to suit every individual's circumstances, i.e. level of education and speech capacity.

It is also worth noting that my interviewing approach was influenced by Hesse-Biber and Levy (2011:94)'s emphasis on active listening and asking. Therefore while conducting the interviews, I had to actively ask and listen in order to understand the meaning of what the respondent was saying so as to link it with the next question. Babbie (2010) also advised not only to listen and talk actively but also to think and talk at almost at the same time. By asking questions and listening actively, I managed to get insights into the channels the unbanked migrants used to circulate cash, their motivations for such choices and the challenges they faced as well as how they overcame them. This would not have been possible if I had used structured questions in my interview.

Moreover I also settled for informal interviewing which allowed the respondent to go beyond simple answers to unusual responses which unravelled his or her own opinions, motivations and personal beliefs about cash circulation channels. In-depth interviewing also allowed me to flexibly structure each and every question as per respondent's understanding. As Bryman et al. (2014) posit respondents may have different understanding of vocabulary. As I have discussed earlier, the sample for this study was differentiated with respondents from Botswana, Nigeria, Swaziland and Zimbabwe who were somewhat fluent in English than their counterparts from DRC, Ethiopia, Mozambique and Somalia.

Babbie (2010) is, however, of the view that power imbalances between the researcher and the respondent could likely influence the outcome of the research. To this end, I was aware of my relationship with the research participants and tried my best to break down any power asymmetries that could have influenced the results. I achieved this by maintaining rapport, being friendly and by avoiding asking leading questions which would have translated to domination of the participant. Hence I genuinely presented myself as someone willing to learn about them by putting my respondents first. I achieved this by heeding Lofland et al (2006)'s advice that to be a good interviewer, one had to be "a socially acceptable incompetent". Hence I had to act as if I did not understand even the most basic and obvious aspects of the situation. Hence by employing in depth interviews, the respondents provided me with an opportunity to learn beyond my limited perspective as Stake (2000:446) observes.

At this point I also understood the weight of Kvale (1996)'s recommendation that in the field, I had to be like a miner who or a traveller. Hence I had to keep digging until I struck gold. Therefore rather than distributing questionnaires as is done in quantitative study, in-depth interviews enabled me to dig deeper into the issues concerning cash circulation rather than scratching on the surface. I was able to keep an open mind on the nature of unbanked migrants' general day to day cash transactions as well as the channels they used for such.

In-depth interviewing also allowed me to probe in cases where I did not understand what the respondent trying to say. This would not have been possible if surveys questionnaires have been distributed. In addition, I managed to get more data on the channels they used by continuously probing for more clarification. Babbie (2010) warns against using focus group discussions for sensitive issues as people will not easily disclose sensitive issues in front of their peers. In this study however, I found out that financial issues were still as a sensitive to discuss even without the presence of a group. It took me a lot of probes to get to the bottom of some of the transactions the respondents conducted.

I, however, was cognisant that in-depth interviews are not bias free. Fontana and Frey (2000:646) concurs with this observation arguing that "…increasingly qualitative researchers are realising that interviews are not neutral tools of data gathering but active interactions between two or more people leading to negotiated, contextually based results". Most of the inherent limitations of in-depth interviews applied to this study as well. The main criticism levelled against the use of in-depth interviews are that replication of the study is not possible. Therefore in this academic study this criticism did not apply as the aim was not to replicate the study but to seek originality. As Burawoy (2003:650) rightly puts it, "[In] academia the real reward comes not from replication but originality". This means that this study, as with all studies in social sciences was designed in a way that made it as credible as possible. The aim was not to recreate data but to uncover new angles, new processes and new problems in day-to-day lives.

Another disadvantage common with all interviewing processes is that they are more time consuming than surveys. However, I made sure that I conducted my interviews in the evenings after work when all my respondents were free. This is because I did not want to take much of their day time. I was also attending classes and had tutoring duties during day time. I had to cut on some personal engagements to make time for the interviews. Although I tried to be savvy with time, some of the experiences might not be documented in this research given the limited time (forty-five minutes at most) I had to conduct the interviews.

Another challenge was that the data gathered could not be readily generalised (Creswell, 2009; Hesse-Biber, 2011; Bryman, 2008). However, this study was exploratory and generated subjective data which was not meant to be generalised or imposed as the absolute truths. The findings from this study are therefore not to be imposed on other unbanked migrant populations living and working in South Africa. The study results should not be considered representative of the migrant population in South Africa or other locations in Pretoria in any way. The results are rather meant to be indicative of a range of migrant experiences on cash circulation and are intended to provide clear insights on the different cash circulation channels the migrants adopted on daily basis.

As noted earlier, the aim of the study was not to reach generalisable conclusions. As a qualitative study, the outcome of the study only spoke of the selected sample and the general population the sample was drawn from. Most importantly, migrants' experiences and issues of finances were subjective and differed from time to time, with levels of education, locality and because of that the researcher could not come up with a blanked conclusion. As de Haan (2000) submits, migration streams differ, making it difficult to generalise about characteristics, perceptions and situations of migrants at any given time.

The researcher could also have made use of focus group discussions but in-depth interviews were used instead as it was not logistically possible to conduct focus group discussions as participants (most) were employed informally and did not have fixed time "to waste", most of them were scattered in different locations in the CBD. For that reason, face-to-face in-depth interviewing was considered by the researcher as the best data collection tool available for the study of cash circulation channels among the unbanked. The thinking was that issue of cash was too sensitive for people to talk casually about it. People talk casually about issues such as sex and marriage but not with finances (financial issues remain a closely guarded private issue).

Lastly, the data gathered through in-depth interviews was influenced by the theoretical framework of the research. This is so because the questions I asked during the interviews were already theoretically situated based on existing discourses (Mc Dowell, 2010). In light of all this however, I managed to conduct the interviewees as per the earlier schedule therefore about thirteen of the sixteen respondents were interviewed at specific times at their “work” places, “homes”[13] or any other venue at scheduled times depending on individual preferences.

3.6.2 Post interview reflections

Initially I only wanted to use in-depth interviews but later realised that post interview reflections were necessary for the respondents. To this end, supplementary notebooks were given to each and every participant soon after the interview. These were meant for the respondents to jot down things they wished they could have earlier in the interview but failed to remember or the time did not allow. These were provided to the participants on the first meeting and the researcher collected these after the three months process of data collection. The notebooks were not personalised rather they were marked in alphabetical order corresponding with a particular respondent.

The thinking was that in-depth interviews were not sufficient on their own the notes in the notebooks would supplement personal interviews by providing more insightful data on issues such as frequency, exchange rates and general financial transactions of the unbanked migrants. As noted earlier these were optional and the participants were not penalised for returning a blank note book. None of them returned a blank one but most of them just repeated what they had already said in the interviews hence some of the notes they submitted were repetitions.

There researcher also realised that the option of notebooks was also not going to help much since on handing the notebooks, one responded jokingly said:

> *“But we have already told you everything that we do… I do not think there is anything much we will write here… personally I do not normally write what I do because I do not necessarily plan what I do…do not worry I will take it anyway” (Journal entry- September 20/2015).*

It was at this point that this participant made me question the validity of notebooks as a data gathering instrument.

[13] Most migrants did not have fixed abodes neither did they have specific work places.

3.7 Data analysis

Huberman and Saldana (2013) argue that data analysis involves presenting the data not in its original format, deciding to what extent the original texts to keep and to what extent the raw data will be transformed. In the process of analysis of data, Bryman et al. (2014) advise that there is a need to retain the original context of the data. Many scholars concur that the researcher is the primary ‘instrument’ of data collection and analysis (Russell and Kelly, 2002; Meriam, 1998; Bryman et al., 2014; etc).

Thematic analysis was used in this study based on insights from Bryman et al. (2014) who argue that thematic analysis is a flexible method of data analysis not tied to any philosophical orientation. I found this to be true as I did not follow any cluster of techniques. I started the process of data analysis by re-reading the 16 transcripts over and over again to identify themes and scribbling in the margins. The use of in-depth interviews also allowed for data analysis to be done concurrently with data gathering. This facilitated the generation of themes with which to explore and develop a conversation on the cash circulation channels of the unbanked migrants. The goal was to describe the channels used by the unbanked migrants to circulate cash and at the same time to interpret features of the research topic ((Brown and Clarke, 2006).

Most importantly, the researcher faced a challenge with the analysis of data collected using in-depth interviews. The sixteen interviews conducted generated a mass of raw data which needed a lot of time and energy to make sense of. Therefore to counter this challenge, extra care to include time for transcription and analysis of detailed data was taken thereby enabling the researcher to have ample time to analyse data collected. As I had initially taken notes on data analysis from many methods readings, while in the field I was able to see the significance of the readings. I organised my quotations thematically using my objectives and questions and then filled in the data.

In chapter four of this study, the data was then analysed inductively from particular to general themes. This was done by compiling specific themes related to cash circulation that emerged from the data; I substantiated my arguments by letting the participants speak for themselves by providing thick descriptions. In chapter five, I develop my argument that unbanked migrants rise above their vulnerability context and forge sustainable livelihoods. I then made recommendations based on the basis of the data.

Although the notions of validity and reliability do not take same connotations in qualitative research as in quantitative research, I was also concerned about the credibility of my research. However after reading an article on verification strategies for establishing reliability and validity (Morse, et al, 2002), I realised that it was important for me as a researcher not to shake off my biases but to let them known to others as well who might read the report latter. These included (although I tried my best to analyse the data objectively) the subjective and personal reasons for doing the research, my initial assumptions, emotions, values, passions, preoccupations, behaviour and my own status as a privileged student at the time that might have allowed or inhibited me to see. To this end, the researcher kept a research journal to detail her own personal involvement in the research.

3.8 Ethical considerations

The study received the procedural ethical clearance from the department of social science ethics clearance committee and was conducted in a way that was morally and academically acceptable by taking into consideration the following ethical issues. Firstly, confidentiality was maintained by not using the respondents' real names and addresses. Furthermore, data provided by each informant was not shared with others to avoid personally humiliating or embarrassing the subject. In this research report, the identities of the participants were anonymous. The information collected during the course of the research remained confidential as well. The researcher protects the collected raw data in a password secured computer and will destroy it after the stipulated period required by the university. This means that the data is stored until the submission of the thesis and will also be kept for the purposes of reworking the thesis after reader's comments. After the submission of the final thesis, the data will be destroyed.

Before participating, the participants were given a participant information sheet which provided brief and accurate information about the research. The information included the purpose of the study which was carefully explained on the sheet and orally. The researcher did this in line with Straits and Singleton Jr (2011) who submits that participants can only make informed decisions about whether to participate or not after considering the provided information about the study. As most of the respondents were undocumented, they only agreed after understanding that participating in the research would not pose any harm or minimal risk. What only posed as risks were no more than general encounters in daily lives (Marshall and Ross man, 2011). These included the participants having to hide away from police because they did not have papers and hiding out in public toilets. All the sixteen participants did not withdraw in the middle of the research although they knew that they were free to withdraw from participating in the study whenever they felt uncomfortable.

3.9 Reflexivity: The researcher's role in the study

> *"Without some degree of reflexivity any research is blind and without purpose" (Flood, 1999:35 cited in Finlay 2002).*

A number of scholars argue that social science research cannot be value free and one has to acknowledge that values, attitudes, interests and hopes of the researcher can influence the way he/she sees things and what he/she sees (Creswell, 2003; Mertens, 2003;Bryman, 2012; Bryman, et al., 2014). Cresswell (2003:182) also argues that one cannot escape the personal interpretation brought to qualitative data analysis. This section describes my experiences throughout this journey, highlighting the biases that might have shaped the way I viewed and understood the data I collected and the way I interpreted my experiences. The section will also highlight the challenges as well as lessons learnt during the field work process. I had to continuously reflect on the research process to understand how unbanked migrants circulate cash and at the same time trying to make connections between the sustainable livelihoods and their channels. I got useful insights from Charmaz (2006) who defined reflexivity as:

“The researchers scrutiny of his or her research experience, decisions and interpretations in ways that bring the researcher into the process and allow the reader to assess how and to what extent the researcher’s interest, position and assumptions influenced inquiry. A reflexive stance informs how the researcher conducts his or her research, relates to the research participants and represents them in written reports” (Charmaz, 2006:188-189).

To begin with, the main research question for this study was: How do unbanked migrants conduct cash transactions? As Russell and Kelly (2002) would have it, good research questions spring from a researcher’s values, pre-occupations and passions. This proved correct for this present research question as I spent most of my time reading and wondering how all the migrants conducted their financial transactions. The study was generated by the observation that most of them did not have easy access to formal financial institutions in the host country. I continued reading around it and this pre-occupation led me to want to study it systematically. This therefore means that as an international student myself who sometimes had difficulties sending money to relatives back home, I had subjective and personal reasons for doing this research though I tried to brush that aside.

In addition, I also wanted to understand how these transactions took place and how institutions (financial) can better their access for migrants. That was when I realised that there was definitely a gap in knowledge regarding the channels migrants used to circulate cash. Hence continuous reflection helped me to clarify my research purpose (a desire to gain insight into how unbanked migrants conducted cash transactions) and also why I thought it was worth pursuing. In my view, there was therefore a theoretical as well as a practical purpose for my research.

3.9.1 The Interviewing process

My assumption of the interview process was disrupted after entering the field. Initially I understood interviews as uncomplicated where researcher asked questions and participants provided answers. That was not actually the case on the ground since I found interviews as a two way process with the participant also asking questions as to why I wanted to know what I was asking. During the interviews, I had to try and get back on track to avoid asking questions that I needed answers for personally to focus on more broad objectives of the study to avoid flawing the study as Watt (2007) suggested. In addition, after reading about the politics of interpretation and representation - participants versus my own perspective - in methods literature, it made me more cognisant about my relationship with the research participants and how this might influence the outcomes of this study.

As Babbie (2010) argues, asymmetries of power between researcher and the researched can have profound impacts on the data gathered, I realised that I had power to decide what to include and what not to hence I had to constantly maintain good rapport and let the respondents do most of the talking to avoid dominating them. The respondent's questioning of my use of notebooks was an important highlight of the breaking of power asymmetries. The respondent felt he had equal footing with the researcher and he provided valuable input. Moreover, the fact that I was also a foreigner interviewing other foreigners to some extent bridged our class, nationality and educational differences. This made me a better and more informed listener.

It was also not easy as I thought to arrange to meet with the respondents given their busy, irregular schedules and my own busy schedule at school. As mentioned earlier, the researcher was a full time Masters student who had to attend lectures and fulfil tutoring duties as well at the same time juggling fieldwork. Sometimes I felt like I was intruding in my participants' lives. I also felt I may have been asking too much of my participants but at the same time I was not sure I had enough data to shed light on my research questions. I would also have benefited from having extended time in the field as emphasised by Wolcott (1994). However, I did not have unlimited access to the participants due to other college and personal obligations.

Most importantly, I had to keep the recorder on even after the formal interview had ended, an advice I got from Babbie (2010). After my first interviews, I realised that other important and interesting issues were said that were relevant. Unfortunately, I had failed to capture them hence rendering them off the record so that using them would have been a breach of ethics.

3.9.2 Keeping track of the data

Through continuous reflection, I was able to keep track of what was happening during the course of the study at a number of levels. It made it easier to make timely adjustments when necessary through the use of field notes and reflexive memos. It also helped to avoid feeling overwhelmed with the volumes of data that had accumulated. After every interview, I summarised what I wanted to achieve and then wrote notes on what actually happened. I also reviewed my field notes after every interview and listened to the audio clips. This helped me to detect questions that I should have asked but did not and had to ask them in the next interview to get more insights. It was then that I realised the significance of what Kvale (1996) emphasised that it was not only the quantity of data that mattered but the "right" content as well.

3.9.3 Challenges faced in the research process

The main difficulty faced during the course of field work was that doing a research that looked intensely at the personal lives of others was difficult and many a times. I wondered if I was up to the challenge. As a qualitative researcher, I was exposed to the risk inherent in qualitative research such as being emotionally entangled. As a student, I found out that I was grappling not only with the 'how to' of research but also with the complexity of the research process itself. In addition, the research process was "time consuming, intense and intimate" as Patton (2002:35) observes in his writings. The research took over my social life as I was continuously looking for understanding and more connections between my research objectives, questions and what I actually found in the field. Equally importantly, more than half of the respondents were undocumented and overly suspicious. As a result, the researcher deliberately left some issues that had to do more with their illegal status hanged. For this reason this data is not documented in this report.

3.9.4 Ethics in practice

Lastly, with regards to ethics, I discovered that there was a huge difference between procedural ethics - acquired from the ethics committee through an application - and ethics in practice, encounters in the field. I found useful tips from reading Guillemin and Gillam (2004)'s article which made me realise that there were many difficult, often subtle and usually unpredictable situations that arose in the actual practice of research in the field. These are defined by the duo as "ethically important moments" (pg. 262). I understood that the form I had completed to get ethical clearance from the committee was merely for procedural ethics in which I had included issues that might be of concern to the committee and I had answered all the questions on the form to raise as little concern as possible with regards to my study on human subjects. However, I encountered unexpected issues in my field work that were not exactly addressed in the by the questions on the ethics form.

To demonstrate this point further, the case of Uche is a good example. While interviewing Uche from Nigeria, who drove a nice VW sports car, he said that he works in a salon. When I asked him about his sources of income at first he said he worked in the salon. However, as the interview progressed and he became more comfortable, he disclosed that he sold drugs while the audio recorder was still running. I froze as I did not know what to do but I knew I had to keep my composure and show as little negative reaction as possible. He had told me this confidently and although this had both ethical and legal implications, I felt it was my right to protect him. Later at home I deleted that part from the audio-clip since I was not sure whether a breach of confidentiality was going to be ethically acceptable although I strongly felt that it was ethically required. This was an "ethically important moment" in which as a researcher it was my responsibility towards the participant.

Moreover with regards to quotations in the research report, I faced a huge dilemma on how best to present the participant views without overriding them with my own views:

> *"I honestly do not think it is right to quote someone in manner that he/ she would find embarrassing" (Journal entry 5/10/2015).*

This got me thinking about whose interests the research was supposed to serve and I regarded it as an ethical dilemma.

The best highlights of this journey wee the lessons I learned through the course of the study. The most important lesson worth noting was never to take people for granted. I learned a lot from my respondents who despite of their status (illegal, undocumented, unbanked) spoke about the channels they used to circulate cash and their sources of precarious income with so much confidence instead of feeling ashamed. I also learned that keeping a journal is crucial for every qualitative researcher as this helped keeping my own values on check. Lastly, I learned that becoming a qualitative researcher is actually a never ending process.

3.10 Conclusion

This section critically discussed the qualitative methodology that was used in the study and demonstrated why a qualitative study was necessary for studying unbanked migrants. The qualitative methods used were a combination of snowballing sampling technique to find the participants and in-depth interviews to collect the data. The main research question was: How do unbanked migrants conduct cash transactions? The research was based on the fact that due to lack of legal documentation in South Africa, most previously banked migrants found themselves unbanked or under banked. Most of them were constrained by structural barriers and found themselves in a difficult position to conduct cash transactions. After conducting a pilot study, the researcher used snowballing sampling method to find the research participants. In-depth interviews were used as the main instrument to gather data and the questions asked pertained to how the migrants send, received, invested, borrowed or saved money (see Appendix C).

The study took as its starting point the fact that migrants were not victims and used in-depth interview to highlight the bottom up approaches to cash circulation adopted by the migrants. Chapter 4 presents the findings to support that most small businesses were actually owned by migrants. Due to time and resource constraints - the researcher is a full time Masters student -; the sample was limited to sixteen people from eight African countries.

Supplementary but optional notebooks were also given to the participants for reflecting on the interviews carried out earlier. Bearing in mind that in-depth interviews also had inherent weaknesses, the researcher had to make more time for data collection and analysis of huge volumes of data in an attempt to detail and analyse how these unbanked migrants circulate cash.

Chapter 4

Presentation of findings

4.1 Introduction

This study was carried out to understand how unbanked migrants in Pretoria CBD send, receive, save, and invest money. I also aimed to understand what shaped cash circulation mechanisms, emergent challenges and the unbanked migrants' understanding of exchange rates. As indicated in the previous chapter, a total of sixteen migrants were interviewed and these were from Democratic Republic of Congo (DRC), Botswana, Ethiopia, Mozambique, Nigeria, Somalia, Swaziland and Zimbabwe.

This chapter therefore provides a detailed description of specific financial transactions by the unbanked shedding light on these migrants' levels of financial knowledge related to exchange rates, financial management, insurance, etc. The results of this study show that cash circulation channels adopted by unbanked migrants varied greatly. There was wide use of informal channels and limited adoption of formal channels such as western union and MoneyGram. Social networks enabled the migrants to effectively use the informal channels aided by the development of transport and communication channels.

The chapter also illustrates how these migrants have adopted non-bank money transfer operators such as Mukuru.com, EcoCash and Kawena to financially include themselves in mainstream cash economy in the midst of structural barriers. In addition, the chapter discusses the informal pathways for cash circulation. These include sending cash by using bus drivers, informal couriers known as malaichas, acquaintances and the hawala system. Finally, the chapter illustrates the economic, social and emotional costs incurred by migrants in the process of cash circulation.

4.2 The formal pathways used for cash circulation

As discussed in the chapter two of this report, formal channels were cumbersome for unbanked migrants due to lack of required documentation (Makina, 2007). This explains why there was limited adoption of formal channels of cash circulation despite the growth in technology for money transfer systems in South Africa. However during emergencies or when the rate was lower, respondents from Zimbabwe and Mozambique used formal channels such as Western Union and Money Gram.

The mode adopted to either send money or receive was determined by communication, transport and banking infrastructures in home as well as the host country. On the whole unbanked migrants used Mukuru.com, EcoCash, Kawena, Western Union and local money markets. The first two methods - Mukuru.com and EcoCash were mainly used by Zimbabwean and Mozambican migrants. The following paragraphs describe the operational opportunities and challenges of these channels.

Mukuru.com is a United Kingdom based money transfer service which, according to informants, operated as follows: The sender provides the agent with a valid passport and registers an account, listing all the potential recipients. The respondents pointed that they dial the USSD number for Mukuru *130*567# using any network such as Vodacom, Cell C or MTN to register or inquire about service problems. The respondents regarded this facility as more convenient in that they could create an order on their phones and settle the bill at selected retailers including Pick and Pay, Woolworths, Checkers, Lewis, etc. Once the bill is settled, the receiver would instantly receive a text message on the phone with a reference number to use when collecting the money.

The money could be collected at selected banks in Zimbabwe or Mozambique such as the Central Bank of Zimbabwe. This digital facility enabled the sender to choose the form of currency either South African rands or United States dollars to reach the beneficiary. This enabled respondents like Ruth who was a full time domestic worker at the time of the interview to save time, avoid the black market with exorbitant exchange rates and other related cost like travelling to town. Although this channel was common among the Zimbabweans, Papayake from the DRC said that he also used Mukuru.com to send money to his home country. For him the facility was attractive because *"it does not have a lot of paper work compared to banks*"[14]. The reason given was that banks make 'unnecessary' demands by asking for proof of residence, source of income and a valid identity document. Kombo from Zimbabwe echoed the same sentiments:

> *"It is easy for most of us to open a Mukuru .com account in South Africa because only a valid passport is required. They do not ask for legal South African permits at all although permits are a prerequisite"*

In addition, one respondent from DRC reported that he used M-cash in South Africa. He said that in order to send money with M-cash, one has to first register first at any Vodacom shop with a valid South African identity document and valid permit is required as this facility operates like Mukuru.com described above.

EcoCash is another channel unbanked Zimbabwean migrants use to send cash to their families and friends. According to Kombo, EcoCash is a mobile money facility provided by Econet wireless in Zimbabwe. A virtual or mobile wallet is created on the phone and the user deposits money into a virtual e-wallet at the agents' offices, and the person then sends the money at any time using a mobile phone. Unlike Mukuru.com, one can distribute small amounts of money to all the recipients through a single transaction using this facility. Once the money is loaded in the virtual e-wallet, the user can make payments to beneficiaries anywhere as long as there is network reception.

For this reason Kombo said:

> *"My wife does not have to travel to town to collect the money… she can collect the money at the local shops in our village, Mukuru is good but she had to travel from our village to town where she could get to CBZ".*[15]

For this informant it did not make financial sense to travel long distances to collect a small amount of money. Kombo's mother and siblings live in a remote rural area whilst his wife lives at a small growth point. Through using EcoCash, Kombo would transfer money to his wife and mother separately in their own respective mobile

[14] Interview with Papayake
[15] Interview with Kombo in Pretoria CBD, 23 September 2015

phones. This, he said, helped him avoid unnecessary problems concerning how much each should receive. As, Kombo said, most local convenience shops offered the service, his beneficiaries wife and mother-in-law could either take groceries or money at the growth point shops or local village shops respectively. In this regard, Kombo's choice of cash transfer channels was mainly determined by the recipient's convenience and safety as well.

The study also established that the same migrants from Mozambique and Zimbabwe use Kawena to send money home. They said this facility – Kawena - does not charge any transaction fees or commission as it partners with OK Zimbabwe and in Mozambique. Neli said that most retail outlets in Mozambique and Jessica from Zimbabwe said that this facility operates like EcoCash. The sender loads money in mobile phone wallet in order to conduct transactions. Migrants who use this facility revealed that they opt for Kawena to cut unnecessary middle men who used to take a chunk of their hard earned money for themselves.

In addition, only a quarter of the respondents used Western Union and MoneyGram to send money to intended beneficiaries. This is because most of the respondents were undocumented and were afraid of being arrested when they visit these points. The rest of the respondents cited a combination of lack of trust, low confidence in formal channels and lack of appropriate products for low income migrants. The four respondents who used these services however regretted that the services were not easily accessible for their recipients in the rural areas who had to travel long distances to collect the money. They also regretted that, the costs of sending small amounts were very high hence they used these channels sparingly.

> *"My wife called me and said my mom home was sick and needed medical care. I could not send money via the bus because the money was needed urgently. I used MoneyGram and told her to travel to go to Stanbic in the nearest town to collect the money… However, my wife called me around 5 p.m. and informed that she did not manage to collect the money because there was no network. She ended up borrowing the money from Bra Bujo (light loan provider). Since then I haven't gone back to MoneyGram again".*

The other respondents also complained about the same difficulties when channelling cash using Western union and MoneyGram.

A few reported that they used local retailers like Spar, Checkers, Shoprite and Pick and Pay which offered money transfer services for unbanked South African citizens- and respondents seized this opportunity as well. Phiwe from Botswana said she speaks Tswana, one of the official languages in South Africa and uses Tswana-speaking friends' identity particulars free of charge to send money. The same applied to Gugu, from Swaziland, who is fluent in isiZulu and uses local friends' identity particulars to remit cash locally. What this means is that unbanked migrants are taking advantage of their social networks to financially include themselves.

However the adoption and use of these channels were not without challenges on the part of the respondents. Migrants from Mozambique and Zimbabwe indicated that they faced challenges with Mukuru.com, EcoCash and Kawena as channels for sending money. They regretted that, EcoCash was not yet established in South Africa and the agents are "*somewhat canny and unreliable"*. This was because they did not have fixed offices and at some points they used their own networks. Jessica describes her encounter with the agent as follows:

> *"After a friend recommended that I try Eco Cash, I went to a local station after approaching a certain guy … I told him that I wanted to send money to Zimbabwe and he instantly started making calls. After giving him the money, he called and informed me that the transaction was done. To my surprise my sister called back saying she had received the money less six per cent"*.

Although this facility is fast and reliable, the charges are high forcing them to resort to informal methods of remitting cash. For this reason, most of the informants who used these facilities have adopted the non-bank MTOs to build their credit record to use when acquiring for personal loans later. However, they said they were disappointed as the record was not credible enough to use for loan applications. This is because the MTOs do not offer any other financial services for the unbanked that would help them in creating a credible record of payments. Although Kawena advertises a number of schemes such as funeral cover and insurance, the respondents like Kombo who use it frequently said that it does not cover migrants.

The other challenge was that, informants who used Mukuru.com said that they had to pay for each and every transaction made. If, for example, one has to send money to five different people, he/she has to pay charges for all those transactions forcing them to resort to other informal channels. Although most of the interviewees who used Mukuru.com were confident and content with this facility, it also emerged from their accounts that they were not fully satisfied with the service due to the charges. To illustrate this, the study established that Mukuru.com charges 10% of total amount send. Although people could send home as little as R200, the charges were still high. For instance, Ruth said that in order to send to send R1000, she had to pay R1100. Once the transaction was done, it was irreversible.

The other discontent was that money could only be collected at the Commercial Bank of Zimbabwe (CBZ) only. From what was gathered, these banks were not located in rural areas of which "most of our beneficiaries are in the remote rural areas"[16]. In addition, it has been noted earlier that these migrants adopted Mukuru.com hoping to cut the middlemen but still a lot of people are involved. Ruth, for example, said that she sends money to her mother through a cousin who lives in Masvingo town who, in turn, gives the bus drivers to drop at a local bus stop in the rural area.

Lastly and equally importantly, with regards to MoneyGram and Western Union, the main challenge that emerged was that they were exclusionary and expensive as most of the respondents' beneficiaries stayed in rural areas. However, this method works well for Phiwe from Botswana who uses MoneyGram to deposit money in her FNB account and use the internet to makes transactions. However, Neli from Mozambique said that this facility is frustrating in that "*You can't send small amounts of money as it is far too costly"* and the facilities is only used by account holders:

[16] Tinotenda, interview on 23 September 2015

"I for one thinks these are meant for our rich fellows not for me …imagine I can't even open a basic bank account…It's a night mare".

Samouri however disagreed with Neli's belief saying that:

"These services are not meant for that rich only. I am beginning to think that we just think that we can't qualify when we do not even try to check out how much they charge"

These were some of the challenges revealed by informants on formal banking. As a result of these challenges, some migrants were adopting informal cash circulation channels which they felt had more physical presence in their social networks as discussed below.

4.3 Informal pathways used by unbanked migrants to circulate cash

The study results put to test the fact that unbanked migrants can actually become better off by using formal banking. More established migrants like Ruth from Zimbabwe (12 years) and Neli from Mozambique (9 years) did not have accounts with formal institutions and did not trust formal channels of sending, receiving, saving and investing money. It also emerged from the interviews that security for them referred to security of their families back home hence the higher transactional costs they described were sub-optimal for them. The four migrants who had bank accounts in South Africa said that the people they send money were in the rural areas without banks. Most importantly, previous banking experiences in home countries such as Hassan from Somalia's experiences in a stateless country and Tinotenda from Zimbabwe's experience with the dollarisation process meant that they did not have any motivation to open accounts and relied heavily on informal channels.

It has been said earlier that seventy-five per cent of the interviewees were unbanked because they did not have legal documentation. This section describes informal channels used by these migrants including included acquaintances, couriers, bus drivers and hawala system.

To circulate cash locally, the migrants depended on their social networks. If, for example, a person in Pretoria wants to send money to Cape Town, they would ask another migrant or a South African citizen to do the transaction for them. The person receiving the money would also provide an account number of a friend to use. The money is deposited in that account; the holder withdraws and gives the intended beneficiary the money. This is ultimately based on trust and mutual understanding. There are no written agreements, it is only verbal.

For international transfers of cash, Uche said he used only friends and family to send money *"because I trust them more than these fake agents who only steal my money".*[17] He said that he did not send money often but used acquaintances to send whenever he did. Although he said that he did not go home frequently, Uche said "money would always fly home".[18] Most of the respondents including Ruth, Alberto and Nelito said that they preferred bus drivers and acquaintances because they were always on the move looking for better opportunities and had now formed personal relationships with them. Jessica said she calls the driver and can track when the money was delivered in Nyika, her rural home in Zimbabwe. For this reason she opts for bus drivers as most trusted and convenient acquaintances to send money home:

> *"Sometimes TK (Bus driver) does not charge me anything at all. He is the one who even call me to confirm that my mother has received the staff; it's all about the physical presence. I feel my mother's money is safe with him and my mother feels the same too".*

In addition, the use of malaichas was also a common feature among the unbanked migrants. Malaichas were regarded as the best option especially by respondents from Mozambique and Zimbabwe. The depreciating rand made sending cash more expensive hence malaichas remained the best option because they deliver the goods on the doorstep of the receiver no matter the location. Neli said he thought that this practice dates back to the period when gold and diamond were discovered in Egoli. However in this study, I found out that the use of malaichas for sending cash is actually a recent phenomenon. For Zimbabweans like Ruth, sending money with malaichas was convenient as they deliver at the doorstep of the receiver. In her words, "the malaichas did not face much trouble at the Beitbridge point of entry

[17] Uche, Interview 23 September 2015
[18] Ibid

unlike individuals". The great grandfathers who worked in the mines used the malaichas to send goods and money to their families. Neli said:

> *"I came to South Africa in 2009 and when I asked my country people how send money back home, they told me that I can use Kawena available in most retail shops in Mozambique. I tried that but there tail shops were in Maputo and my parents stay in the rural areas around Naamacha. To access Kawena they have to travel to Maputo or a nearby town wasting money and the malaicha is the best for me".*

Lastly, six out of the sixteen respondents said that they used a system known hawilaad which operated on hawala principles. They highlighted that this system was not well known in South Africa in spite of its use mainly by Pakistanis and Somalis in South Africa. This channel was mostly used by Ahmed and Hassan (Somalis), Samouri and Theo (Ethiopians). Uche and Ife from Nigeria said they knew about it but they seldom use the method. From what they said, the hawala system responded to immediate needs of unbanked migrants. Unlike in formal banks where formal addresses are a pre requisite, with hawala, kinship details constituted an address. The two interviews with the Somalis revealed that this system of cash circulation relied on effective and strong social and business ties. According to Hassan, hawala is based on trust which is the only capital that the dealers (hawaladars) have as Samouri from Ethiopia indicated:

> *"Although I do not have much details I know that the money I send does not move physically from here to Ethiopia…it stays here they settle the recipients with the money that is already there so my parents are guaranteed to get the money because the dealers have unlimited trust in each other".*

The system operated as follows; hawaladars residing in both source and recipient countries use a code to communicate a sum of money which is then given to the payee in the country of origin. The money is not physically transferred and the transaction is settled through other means of compensation that can occur at different moments and do not necessarily involve direct payments between the Hawaladars. In simplest form, the system operated as follows. A person – say X - would go to the local hawaladar – say Y in Pretoria to initiate a transaction. Hawaladar Y would then take the money, charge X a transaction cost and a commission of less than 3%, gives X a code which the parents would use to collect the money as communicated to the Hawaladar in the home country.

From what they said, the use of hawala had a lot of advantages for the respondents involved. It was less bureaucratic as it had no paper trail; it was swifter, more convenient and less expensive without interference of authorities at all. The transactions they made usually costs 1- 2% of the principal sum transacted unlike western Union which charge close to 8%:

> *"Without xawil, I guess I would not be able to send money to my village …there is poor banking infrastructure in the cities such as Mogadishu, Bosaso and Hargeisa not to talk about the village"*[19]*.*

According to the respondents, this system was regarded very convenient for beneficiaries in rural areas who did not have access to banking infrastructure. They believed that hawala is sustainable given that it is embedded in traditional forms of discipline and punishment as those who do not conform to rules and regulations were excluded and isolated- a very bad move for a member of a transnational family

In spite of hawala being advantageous to the respondents who used it, it had inherent limitations associated with informal channels in general. These included lack of security and invisible costs when they give tokens of appreciation to couriers. In some cases, the respondents regretted that bus drivers took advantage of their situation to charge more than the formal channels. In addition, as soon as the money was given to them, the drivers were difficult to trace as they switch off their cell-phones. In line with this, Jesssica mentioned that her money was dropped off at a wrong point. Ruth also expressed discontent saying:

> *"I have lost my staff for at least five times for the twelve years I have been here. The other time the driver used my money for his own benefit and only repaid it after three months of fighting…since then I only send goods not money with these drivers"*

Ahmed also bemoaned that when using hawala the money may end up in the hands of illegal money launders and terrorists making it an insecure channel:

[19] Ibid

> *"This undocumented transfer of money attracts illegal activities, they only use codes and symbols which are only known by those people in the network and terrorists such as Boko Harram can use it to fund their shenanigans"* (Uche, 23 September 2015)

In the case of Hawala, the fact that this system lied on the borders of legality and illegality made it less attractive to some of the interviewees' friends and family as Theo puts it:

> *"My brother use Western Union despite it being expensive for small transactions. He saves his money until it is reasonable enough to send via Western Union. … He says he does not desire a cheap channel and he wouldn't want to be caught up in illegal activities unknowingly".*

The previous sections have described the channels of cash circulation adopted by unbanked migrants. Use of informal channels was common among most of the migrants and it also cut across all the different nationalities interviewed. The next section briefly illustrates how the use of socially embedded channels tallied with the main financial transactions of the respondents in this study.

4. 4 Unbanked migrants' cash transactions as socially embedded

The concept of embeddedness is a contested arena in economic sociology. In Granovetter (1985)'s scholarship, all economic action is enmeshed in social relationships. From the interviews, it emerged that savings, investment, insurance and access to credit were accessed through reference to social relationships. Eighty per cent reported saving in groups, ten percent saving individually and ten per cent revealed they hardly remain with extra cash to save.

Except for a few respondents including Papayake from DRC and Ife from Nigeria who used local banks to keep their savings, most of the respondents saved in groups. This is because due to their precarious forms of employment, most respondents did not have month to month financial savings as they lived from pay check to pay check. Although most respondents indicated a desire to save on their own, it was not only difficult but impossible as Gugu, a Swazi who worked in a pharmacy said:

"As for me, I think I am just one pay check from disaster… I have lots of debt both personal and family, if for any reason I miss just one pay check, I'm finished thus it's better to keep some money in the with the stockvel ladies"

Not all respondents shared the same sentiments with regards to saving in groups. Tinotenda who is unbanked said that he kept his money on him although it was a risky thing to do. His fear was that he did not want to leave his effects when deported. However some respondents realised the importance of having savings- Kombo and Alfonso reported working longer hours to compensate for lower wages to be able to save and invest for the future. Some strategies adopted to save more money included multi-earning, Tinotenda shared a room with four others to cut on rent, he had also minimised his rate of food consumption so he could save more money – a social cost on his part.

Secondly, the study established that unbanked migrants made collective savings for health insurance and life insurance. Members join different schemes such as burial associations, church savings and hospital savings voluntarily. Most of the informants had joined burial associations in which they contribute R500 per year. From what they said, the money was paid at once or in instalments and was used to cover health and death related expenses. Uche from Nigeria said he also contributed monthly in his home town association which channelled the money towards vulnerable children particularly orphaned children:

"The money is not much …only R50 a month I know it's for a good cause so dey is no wahala (there is no problem)".

These were the reported ways used by these migrants to save money for future use in their social networks.

Thirdly, unbanked migrants interviewed used different strategies to invest their money. Of the sixteen informants in the study, 20% indicated that they had some sort of investments back home and 75% invested in some of the following: constructing houses in Mozambique and Zimbabwe, starting up small businesses (Alfonso, Samouri, Hassan and Ahmed), renovating houses - Ruth from Zimbabwe), livestock, drilling boreholes at home, buying consumer durables such as solar panels, invertors, generators, ploughs, large water tanks as well as financing children education - social capital. However, some like Neli from Mozambique said that she did not have any tangible investments yet because her family was disadvantaged.

However, all this was not without challenges as they also said that they faced many problems in their pursuit to invest in their home countries. One of the problems described by Neli was the issue of incomplete markets and poor infrastructure as illustrated below.

"Investments are good for the future of families. However it is difficult for most of us given incomplete markets at home. We can't invest here in SA. Back home things are also bad. Political and economic environment was not stable, there was high inflation and domestic currencies were not stable and too weak. Transport is a problem and most people do not have the money"

To add on, investment in children and sibling education was regarded as a sustainable investment and a pathway out of poverty by at least 60% of the respondents. For example Ruth channelled about 50% of her earnings towards the education of her three sons. It was important for the children to have school fees, uniforms and books. To enable them to study at night, Ruth reported that she had purchased an inverter and a big solar panel to due to absence of electricity at her village. Investing in children and relatives' tertiary education was common practice among the Congolese, Nigerians and Zimbabweans interviewed in the study. The thinking was that, if they had access to good education they would find better and secure jobs:

> *"I am afraid if they do not take school seriously they will end up like me… I do not want them to have a life like mine. I always call them to make sure they have everything they need for school but the problem is most of their friends dropped out of school and are here in Egoli …I tell them to get qualification first."* [20]

Another common trend was the commodification of cash. Commodification occurred when migrants due to the continual depreciation of the rand and the high costs of

[20] Ruth Interview

sending money had to resort to keeping commodities and sell them at a later date to recover the money. For example, Uche bought basic electrical gadgets that he occasionally cargoed to Nigeria for sell. The money was usually for his parents and this helped him to keep the value of the money. The only challenge he faced was that sometimes the goods depreciated in value and sold very slowly. In the same vein, Papayake from DRC kept the value of his money stored in jewellery. He bought original neck chains and watches which he keeps in a safe. He said that he started this practice long back while still in his home country. He revealed that he sold one of his diamond studded watches to travel to South Africa.

Purchasing of consumer durables was also another way to commodify cash either to liquefy it in the short or long run. Tinotenda said that every time he goes home he takes solar panels and small invertors for sell. The reason he gave for this was that electricity was now scarce in Zimbabwe and investing in solar panels was one of the lucrative businesses in that country. Important to note is that all these different mechanisms of saving and investing were done in for the safeguard of social relationships.

In addition, most of the respondents came from countries where the rand was not regarded as legal tender. At most fourteen informants said that as soon as they get their 'pay checks', they convert their money to the United States (US) of America dollar. Only Phiwe and Gugu said they do not convert their money to US dollars. It emerged that the Somalis and Ethiopians change their money in the Pakistan and Indian shops in Sunnyside because they offer better exchange rates. This is because they did not use the official rate to attract customers. Kombo said he purchased most of the dollars from people coming from home who needed South African rands to buy goods.

Investment in property also made socio-economic sense among the respondents. About 50% reported that they had purchased piece of land and some like Ruth were in the process of constructing houses. Buying farm animals were also a form of investment among Mozambican and Zimbabwean informants. They did that in the hope that, on returning home in their old age or when economies of their countries improve, they gain some kind of respect in their communities. Theo from Ethiopia and some Somali migrants indicated that they had ventured into grocery shops in home countries. Hasan, for example, indicated that he operated in a spaza shop in South Africa: a risky business given recent spate of attacks on foreign-owned shops.

As mentioned in the previous discussion, the said informants did not have formal access to credit. Instead, they exercised what they termed peer-to-peer lending. This is when they often borrow from their collective funds or from friends and family at very low or no interest rates. Although 80% said they had access to loan sharks (mashonisa among the Tswana, shylocks among the Swazis and Chimbadzo dealers among the Zimbabweans). They hardly use their services because; in Ruth's words the money lenders are predators without any sympathy when they need outstanding dues:

"I'd rather go back home and work in the fields than take a chimbadzo loan. When those people want their money, they will be hard on you and do not take any pleas"

For this reason Ruth and Alberto chose not to borrow from them and opt for friends, family or their employers. The same also applied to Somalis migrants. However the challenge with social loans is that they have high interests as friends demanded some kind of surety. Alfonso from DRC said that if one need money he/she is asked for collateral security to ensure that one does not default. Because most friends and family do not have the money, they resort to social loans as, in most cases; acquaintances hardly pay back the money:

> *"You can't just keep asking your brother or sister about repaying a loan…its unethical and immoral, normally one has to wait until the money is returned without asking, the last time I gave my brother R1000 and when I send him a text message asking for it he simply replied, 'hope you won't need my help one of these days'…up to now I haven't received the money."*[21]

The respondents said that it was difficult to keep asking a relative about repaying a loan. Instead those who lend to family and friends often ask for something else in return not necessarily of equal value. For this reason Gugu said that she would rather go to shylocks to avoid problems with family who "*always think they are entitled to my money".*

[21] Ife, Interview 22 September 2015

Another striking finding was that rotating savings and credit associations (ROSCAS) cut across all the migrants interviewed. Group saving was regarded by Guyer (1993) and Shipton (2007) as wealth in people or saving through others. This is a form of 'village' banking through which the unbanked saved through others. Members pay joining fees and a fixed monthly contribution. Among the Zimbabweans, the rotating savings club was called "mukando" meaning to throw, in Botswana its "motshelo" meaning "to pour", among the Congolese, it is known as "likelemba", Swazis call it "inhlangano" literally translating to "a meeting place" in Somalia its "Hagbaad"; meaning to throw and isusu (throwing hands) among the Nigerians. The respondents also indicated that they were members of one or more of these savings clubs depending on individual preferences and cash available; there was no penalty for doing that.

From what I gathered, these different types of savings clubs operated on similar principles. The contributions commenced at the beginning of the year and members may join or withdraw at any time. Contributions are deposited into a banked member's account and monthly instalments are transferred via mobile money or paid in cash. These savings clubs were beneficial as members borrowed from their collective savings to smooth their irregular incomes and repaid at an interest ranging between 4 - 6%. The principal plus the interest is then shared according to each member's contributions at the end of the year. The main reason for joining these clubs was to securely save and gain access to social credit as most of the respondents indicated that they could not access traditional lending and savings institutions. They take this as a form of village banking where they could rotate credit and share risks as long as the members trusted each other. However, they all bemoaned that the savings were short term market transactions and so were not sustainable on the long run.

The respondents also formed grocery associations which operated more or less like the ROSCAs. The only difference was that they bought groceries at wholesalers throughout the course of the year and shared among themselves at the end of the year. This is a common practice among migrants from DRC, Mozambique and Zimbabwe. From the interviews conducted, it emerged that these associations are meant to cushion them against the weakening rand against the US dollar. Alberto, from Mozambique said that, in their group, they collect monthly contributions of R300 and deposit at Makro Wholesalers in Centurion where they will buy basic necessities in bulk at a discount. They would then send part of the groceries back home using the couriers. However, the challenge they encountered was that high customs duty and transport costs depleted their hard earned cash.

Tinotenda, Ruth, Kombo and Jessica (all from Zimbabwe) had knowledge of exchange rates due to the dollarisaton of the Zimbabwean economy. Apart from them, about half of the respondents had basic financial literacy. This helped them to survive in an economy where economic conditions were becoming less and less favourable for undocumented immigrants. Chapter 5 will discuss the implication of exchange rates on unbanked migrants. Phiwe from Botswana and Gugu from Swaziland said that they did not use hard currencies but the rand and did not bother with checking current exchange rates. The rest of the informants were highly clued-up on the issues of exchange rates of the naira, meticals, rand and francs against the US dollar. Ruth, for example, said she uses her mobile phone to check the exchange rate and only sends money when the rate is favourable. However, Papayake said that he sends the money even if the rate is unfavourable:

> *"Can I argue with the Fed,*[22] *there is nothing anyone of us can do about it… that how it is and maybe will be forever".*

This is because sometimes family back home would call with more pressing issues back home; they would not need to wait for the rate to go down. The only thing they would do is to buy goods in South Africa and sell them in their respective countries. In addition, apart from exchange rates, the unbanked migrants also understood inflation rates as some even keep diaries complete with each day's rates.

Last and equally importantly, it was a common pattern among the respondents to send money home. However towards the end of the study, with the continual depreciation of the rand, migrants also reported receiving money from other family members scattered all over the globe or what is called "reverse transnationalism" (Carling and Erdal, 2014). This means that the direction of cash circulation had shifted.

[22] Referring to the Federal Reserve Bank of America

4.6 Conclusion

The complex reality where unbanked migrants circulate cash through a myriad of ways does not correlate with the conventional view that migrants are vulnerable and constrained by structures. The chapter demonstrated the ways in which a sample of sixteen unbanked migrants circumvented structural barriers to access the much needed credit, savings and investment capital on the safeguards to their social networks. The channels they adopted ranged from semi-formal, to formal and informal channels with the most uncommon one being the hawala among the Somalis, Ethiopians and to a lesser extent Nigerians. The respondents also used non-bank operators like Western Union and MoneyGram which the respondents deemed cumbersome. This study also established that informal channels such as physical transportation of the money, malaichas, friends, bus drivers and family were also persistent despite the availability of convenient mobile based money transfer operators.

This study shows that today's migrants are more resilient as they also reported their involvement in a wide array of social banking including saving schemes such as ROSCAs, grocery associations and forms of insurance like burial associations to enhance their levels of financial access. Investments were minimal among the migrants who had insecure forms of employment. Due to the cross border nature of remittances; the respondents understood exchange rates and made rational choices regarding the channels they used. On the whole, the channels, modes of cash circulations and transactions of the unbanked were deeply embedded in social networks, values, norms and traditions of the unbanked migrants.

The next chapter will use these findings to show how migrants as active agents of development rise above the structural barriers to forge successful survival strategies as illustrated by the cash circulation modalities described in this chapter.

Chapter 5

Discussion

5.1 Introduction

The research report was undertaken to answer the question: How do unbanked migrants conduct cash transactions? To understand the modalities of cash circulation among the unbanked, the study was guided by the following sub-questions:

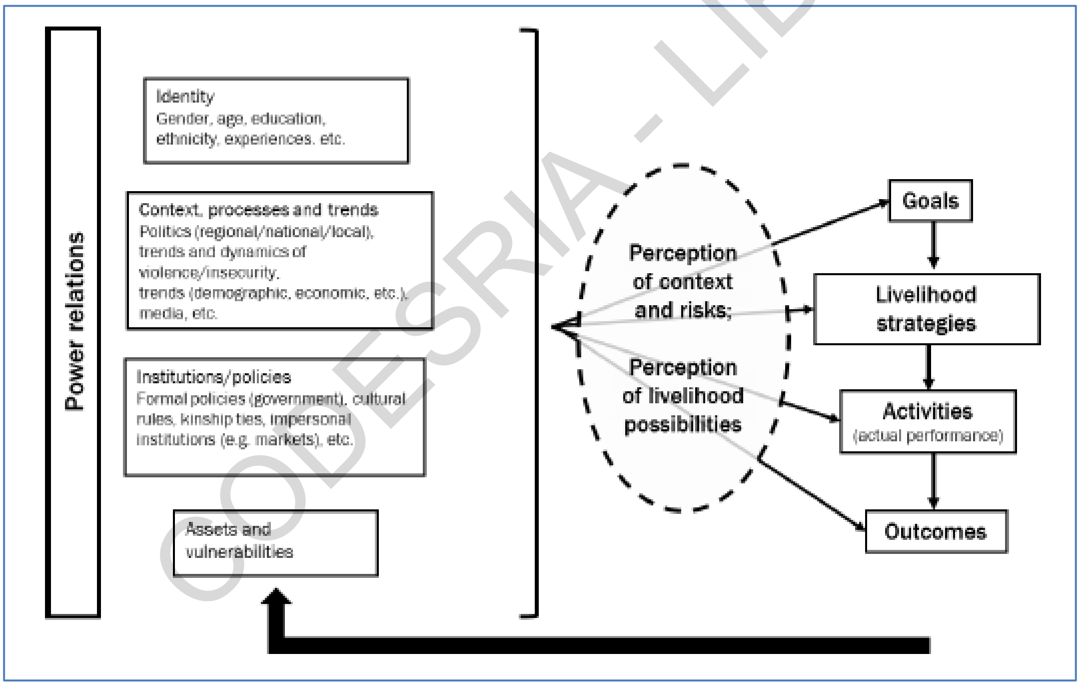
- What channels do unbanked migrants use to receive, send, save and/or invest receive cash for their financial wellbeing?
- How do unbanked migrants borrow money (if they) from various financial sources?
- How do migrants respond to fluctuating exchange rates between host and home country?
- What are the emergent opportunities and challenges associated with the channels of cash circulation adopted by unbanked migrants?

Chapter 4 described the channels unbanked migrants used for sending and receiving cash as well as the options they had for insurance, investing, borrowing and accessing credit. Therefore this chapter discusses how migrants these financially excluded migrants, in the face of all the structural barriers they face, show innovativeness and creativity by adopting digital financial channels (mobile money and e –wallets) and informal mechanisms of cash transfers that are flexible and sustainable in the long run given their status. However, it is worth-noting that the effort is not to reduce the migrant into a rational egoist but to understand the role of the migrant in preservation of a sense of community through cash circulation. According to the Sustainable Livelihoods Framework (SLF), unbanked migrants have inherent strengths which lie in their human and social capital which in turn ensures effective cash circulation in the absence of conventional access.

Hence using the SLF, this chapter critically examines (a) the modalities-the particular ways in which cash circulation process was experienced by migrants, (b) what configured cash circulation and its utilities among the unbanked and (c) the financial livelihood significance of using such channels. As Levine (2014) pointed out, no single research study can include everything covered by the framework due to its broadness and complexity. Based on my research question, I had to isolate other forms of capitals in the SLF asset pentagon. Therefore this study only focused on financial capital, human capital and social capital to understand how these fit into the specific channels used to circulate cash.

Using Fig.3 below, I analyse cash circulation processes motivations, perceptions, strategies and outcomes.

Fig. 2: An operational map for research using SLF



Source: Levine, 2014

This shows that cash circulation processes are shaped by identity, context, institutions and available assets. These, together with perceptions of capabilities and risks shape livelihood goals, strategies and outcomes. The diagram also shows that institutional processes (formal and informal) meditate the ability to carry out cash circulation processes and achieve outcomes.

5.2 Cash circulation modalities

In this study, migrants experienced the process of cash circulation in different ways based on their disparate circumstances. The study established that the unbanked migrants had to financially include themselves at a number of levels, i.e. personal, family and community. Different people interviewed were using different or similar channels driven by diverse motivations. Cash circulation as a livelihood strategy had a set of guiding principles by which unbanked migrants tried to organise themselves to achieve their goals. As illustrated in chapter four, the respondents had different options available to them to achieve the goal of minimising risk of losing their money and helping out in the transnational household.

As suggested by the SLF, different forms of migrant assets were accumulated, exchanged and modified in a transnational setting. The cash circulation channels responded to circumstances such as hike in exchange rates which affected human capital investments (Yang, 2008; Yang, et al., 2014). However I had to keep on asking questions to understand their rationale for using channels which were sub-optimal by my particular assumptions. For example channels like bus drivers and sending money with friends did not make economic sense on my part. Although hawala appeared sub-optimal, Hassan reported that it was convenient, fast and cost effective. The next subsections discuss the concrete experiences of migrants with the cash circulation process which manifested in the ways they saved, invested and accessed credit.

5.2.1 Access to credit, savings and insurance

It has been noted in chapter two and four that unbanked migrants did not have access to formal credit, savings and insurance institutions. Therefore unbanked migrants were involved in different forms of insurance which included rotating savings and credit groups (“mukando” meaning to throw, in Botswana its “motshelo” meaning “to pour”, among the Congolese, it is known as “likelemba”, Swazis call it “inhlangano” literally translating to “a meeting place” in Somalia its “Hagbaad” ; meaning to throw and esusu (throwing hands) among the Nigerians. Respondents from Mozambique and Zimbabwe were also involved in grocery association and burial associations cut across the whole group of respondents. To note is that these were bottom up approaches to financial inclusion on their part.

These findings challenge scholars like Birkenmaier and Fu (2015) and Grinstein-Weiss et al., (2010; 2015) who submitted that unbanked migrants miss the opportunity to save and invest due to lack of access to informal financial services. Therefore the idea that remittances are predominantly spent on excessive consumption is questionable given that unbanked migrants reported saving individually and in groups to cater for future shocks such as droughts and lack of employment. The need to save challenged them to become more active financially. They had to save in groups as the alternative financial service (AFS) providers such as Mukuru, EcoCash and Kawena did not have credit and savings components.

In the same vein, in their study of Mexican immigrants, Amuedo Dorantes and Pozo (2006), found out that risks increased the propensity to send money home , the main reason being to accumulate precautionary savings (Amuedo Dorantes and Pozo ,2002). To add on, in a related study, Orozco and Fedewa (2005:4) also estimated that around 10% of the remittance receipts were saved, invested and used for entrepreneurial activity. This challenges the notion that unbanked migrants are vulnerable as the observation that some cash inflows are kept aside for investment or saved indicate the need for complementary financial services among the unbanked. Their transactions were based on trust, had no legal contracts, no strict collateral requirements (Yunus 2008 cited in Johnson, 2008). At this point it suffice to point towards the ills of the neoliberal regimes which were adopted by most sub-Saharan African countries with dire consequences for the nation states' capacity to provide a safety for its citizens. Hence people see it fit to take care of each other in the absence of state social benefits.

In my view, the only challenge the unbanked migrants faced with regards to savings was lack of sufficient income to save significantly not the bank account itself. This is so because the high maintenance of a bank account (Agarwal, 2013) had the potential to limit its value to the migrants who creatively opted for AFS providers. At the same time low maintenance accounts may not be profitable for banks. Similar conclusions were reached by Anderlone and Vandone (2006; 2010) who found out that banks did not consider Mexican immigrants as profitable customers but risky ones. This explains why Ruth and Tinotenda who had legal recognised documentation were deliberately unbanked. This act could mistakenly be seen as self-exclusion if their reasons for not opening an account were not explored in depth. As I see it, unbanked migrants are viewed as vulnerable people by studies which narrowly views financial inclusion as having access to formal banking institutions.

5.2.2 Investments from "below"

Investment is defined as a means of securing more of an asset or resource as a way of ensuring long term security and hedging against uncertainty (McDowell and de Haan, 1997; Ellis, 1998). Given the unbanked migrant's insecure and irregular sources of income described in chapter four, investments were limited to building of houses, human capital investments and small scale commerce. The SLF shows how in different contexts sustainable livelihood strategies are achieved through access to a range of livelihood resources (Brock, 1999). Hence group savings were a form of financial capital which was essential for investing in fixed assets, education of children and starting small businesses. Cash circulation relaxed liquidity constraints and funded investments in human capital (Yang, 2008; Gilliano and Ruiz- Arranz, 2009; Cooray and Mallick, 2013; Scheffan, et al., 2014). In this study, investments among the unbanked were in largely in human capital (education of children and relatives) and in social networks (social capital) as these proved important in situations of uncertain eco-political climate as they functioned as social safety nets which used to be provided by the state.

Although a review of literature on migrant cash transfers show that most of the money is used for personal and family consumption "unproductive uses" (Meyers, 1991; Black 2003) there is evidence to suggest that unbanked migrants were involved in productive investments as well. De Haas (2006) concurs with the above observation arguing that contention migrant income is spent on consumption has proved inaccurate based on his study of Moroccan migrants who actively channelled their money towards community investments through home town associations. The wide scholarship on the relationship between migrants and development by Iskander, (2010; 2013; 2015) in Morocco and Mexico also dispute the observation that migrants channels money to unproductive uses. Therefore this common observation in my view misses the point that poor households give priority to basic needs. From a perspective of human development that focuses on wellbeing and capabilities of people (Sen, 1999), migrants are rational as day to day cash transfers improve wellbeing and living standards. The respondents in the study had good reasons not to invest huge in unfavourable environments, rather they focused on building houses and small scale commerce. For example, in their study of Mexican immigrants, Woodruff and Zenteno, (2007) concluded that about 20-33% of micro enterprises were funded by migrant income. This put to test the he widely held conception that migrants are vulnerable and in need have help.

However in cases like Somalia where political and economic structures remain unchanged, Horst (2004) argues that investments remain fragile due to lack of transforming structures such as rule of law (Donovon, 2012). The same applies to migrants from DRC, Mozambique and Zimbabwe who remained constrained by dysfunctional institutions in their home countries. To ensure survival, they had to be creative and innovative to ensure a measure of sustainability for their families who remained in countries which did not have infrastructure to support investments. Although most of the money was used for survival, there were cases where migrants like Hassan and Samouri from Somalia and Ethiopia respectively said that they had invested in small businesses to enable their relatives to be self-sufficient in case they will not be able to send money regularly. However, migrants could not remove the more structural development constraints such as social inequalities, corruption, misguided macro-policies and legal insecurities and this had an impact on their bottom up approaches to financial wellbeing. Hence being creative and active alone was is not enough in cases where complementary tools of development are non-existent.

It is however noteworthy to argue that in spite of facing so many challenges in pursuit of investment; all the migrants in the study had investments of some sort. The reason for this was likely a personal one. In most of my interviews, most migrants expressed the desire to go back home hence common forms of investments included building houses, purchasing land and livestock. These assets would then help the migrant start up in the community at a later date. Therefore by disguising certain investments as community centred, migrants manage to maintain their positions and status in different locations simultaneously. Some including Alberto from Mozambique invested in community assets and social assets (relationships) to enhance, political influence and to ensure safety of his family during his long absence from home.

In a different vein, although migrants do not always invest in tangible investments, de Haas (2005) submitted that Ghanaian migrants who lived abroad became source of financial flows, technological transfer, international ideas, capital and investment making them innovators in their own country. These social remittances are important since they affect attitudes towards women rights, women employment and the girl child and financial wellbeing as well. People became more aware of new technologies and new cash circulation processes.

5.2.3 Social loans as socially embedded

Received literature only highlights the existence of social networks but not their efficacy in cash circulation. It emerged from the study that social networks increased migrants capacity to utilise new avenues of savings. By offering un- collaterised borrowing, migrants extended access to scarce resources to each other. This is also echoed by Scheffran, (2014) who argue that migrant social networks help to build social capital to increase socio-economic resilience in communities. Although migrants are considered as a high risky segment by financial institutions (Amerndariz and Mudoch, 2000; Hermes and Lesink, 2007; Pedrini, et al., 2016), their creative use of social networks as collaterals have ensured them access to diverse financial products including access to loans (Segatti, 2011).

The SLF suggest that to understand peoples' livelihoods, there is a need to look into the strength inherent in them. In the study, I found that unbanked migrants' potency lied in notions of reciprocity, solidarity, trust, mutual support and loyalty. The physical presence of these notions replaced the formal assurances such as legal contracts for loan repayment and interests for investments provided by formal institutions. These common values provided a harmony of interests (Martinez, 2014) that erased defaulting and failing to pay up. Aker and Mbiti (2010) and Lorena Nunez (2010) argued that kinship ties play an important socio- economic function in the African society by acting as informal insurance networks increasing access to credit.

Therefore continuous and frequent interactions among group members during meetings, in my view, provided them with an opportunity to develop new and deepen existing relationships within the group. This in turn increased the likelihood of loan repayments and reduced defaulting. This shows that unbanked migrants creatively devised ways to sanction against opportunistic behaviour like cheating the group. Conceptualising through the SLF the success of social loans lied in social capital which was embedded in a structure of relations between and among actors in form of trust, oneness, information, effective sanctions, authority relations and obligations in a group. These notions also ensured the efficiency of digital solutions and informal channels adopted by unbanked migrants.

5.2.4 The ease of sending and receiving money

This study argues that unbanked migrants are circumventing structural barriers to ensure access to a variety of financial resources. As illustrated in chapter 4, this was made possible by migrant transnational behaviour which enabled migrants to build social and economic capital that takes advantage of price differentials when conducting cash transactions. Engaging in cash circulation processes gave the migrants the capability to be and act (Sen., 1999). The migrants in the study were motivated by their understanding of the structures within which they operated, they were well connected and had improved access to knowledge on various channels. For example, the adoption of Mukuru.com, Kawena and EcoCash, by the Zimbabweans and Mozambicans was embedded in home country development. In as much as these formal channels depended on technology for efficiency, unbanked migrants also took advantage of technology when sending money through friends and relatives who charged zero commission.

Transactions costs were decreased by reducing co-ordination and search costs; unbanked migrants knew each other. Therefore their unbanked status did not imply a lack of access to low cost transactions. For example, Iskander (2010) highlighted how the bold and small initiatives of migrants improved financial inclusion for migrants in Mexico and Morocco. She argued that migrants from Morocco pioneered financial institutions and services that meet the needs of large numbers of emigrants who had no previous exposure to banking: for example, the Bangue Centrale Populaire.

Migrants preferred alternative financial service providers which offered the functional operation of self-enforcement. From their perspective, informal value transfer systems alternative financial services offered lower transaction costs. There is also evidence to show that cash circulates through informal channels (; El- Qorchi, 2002; Passas, 2003a; Pieke, et al., 2005; de Haas and Plug, 2006; Schaeffer, 2008). By using SLF, I was able to understand that the variation in channel choice was as a result of in group variations along attitudes, perceptions, skills and ethnicity. Migrants under the study were from different countries endowed with differentiated physical resources, levels of poverty, literacy levels and basic infrastructure. Most of the transactions were smaller and this explains why most of the respondents were discouraged formal channels which had higher costs.

In addition, channels like human door to door couriers, bus drivers and returning migrants were much convenient especially for the receiver due to their physical presence in the community. Most of the destinations were in remote rural areas for about 80% the respondents. Some migrants had access to banks but due to lack of international banking networks and even national ones, they had to rely on retailers. For instance, Kawena worked in conjunction with OK Zimbabwe a big retail outlet with branches all over the country. Hence instead of striving to provide macro-financial services for the unbanked, there is a need to institutionalise the tried and tested channels they have been using for some time.

Martinez (2014) argued that deteriorating or limited formal institution environment raises transactions costs. In this regard, channel choices by migrants were influenced by prevailing infrastructure, access to information about the market and cultural practices and also by the nationality of the remitter (Meyers, 2002) as markets differed in home countries. Respondents from DRC, Zimbabwe and Somalia mainly depended on informal channels citing structural barriers to access (Levitt, 2004; Yang, 2011) such as incomplete markets and lack of adequate banking, transport and communication infrastructure linking the city centres to the countryside. In Somalia, for example, the use of hawala was promoted by the lack of nationwide banking networks which made it difficult to transfer money to outlying areas. Therefore the Hawala or Xawil system continues to be popular because it had proved in expensive (charges 2% of the principal capital send), efficient and required no paperwork and identification. However, this lack of standard documentary requirement makes the operational system of most informal channels susceptible to financial abuse (Passas, 2003; Maimbo and Passas, 2004).

However this did not apply to the unbanked migrants homogeneously as some had transnational kinship and community ties, values of reciprocity, trust and solidarity which were bounded by rights and obligations of members towards each other. These were capable for providing assurances in an increasingly network society-era of increasing circulation (Cassarino, 2004; Faist, 2008). Thus cash circulation was as a result of relational issues as migrants existed in a set of relationships with other actors in the transnational space. Cash circulation was not only morally bounded; most of the transactions were linked to the formal sector as well. This means that the creativity of migrants was influenced by observed and expected behaviour of others.

SLF contends that to determine the rationality of people under study, the starting point had to be the analysing what the subjects were already doing to secure livelihoods. At this point, it can be argued that the agency of migrants has not been widely researched mainly because migrants were not studied as subjects of analysis but as vulnerable development beneficiaries. In as much as there has been a renaissance in the interest in remittances in the past few years (World Bank, IMF, IOM, and scholars like Ratha (2003); Kapur, (2005); Orozco and Jewers, (2014) among many, the issue of migrant cash circulation remains largely under researched. de Goede (2003) observed that there has been little study of how exactly cash and other remittances reach their destination and what their relation is to global finance in this present era of globalisation. Therefore I would argue that denying that such a relationship exists further undermine the rationality of migrants and their capacity to influence financial inclusion at the grass roots. Scholars like Boccagni (2015), suggested that channels of cash circulation are important if the goal understands financial inclusion of the unbanked. In the next section, I discuss hawala as an uncommon channel used in South Africa by migrants.

5.2.5 Hawala as an uncommon mechanism used

In this section I discuss the hawala system because except for the Somalis and Ethiopians, the channel was uncommon among other migrant groups under the study. As discussed in Chapter 2, the hawala system is a parallel cash transmission system that exist parallel to traditional banking and financial channels. However, its adoption though on a lesser scale signalled migrant agency. Hawala is discussed as a form of informal value transfer system (IVTS) which is defined by Passas (2003a) as:

> *'any network or mechanism that can be used to transfer funds or value from one place to the other without leaving a formal paper trail of the entire transaction, without going through that regulated financial institution at all'*

Inasmuch as the growth of telecommunication system has enhanced the global conventional financial systems, it has also but not directly enhanced the money transfer channels in the informal sector. In Somalia, for example, Bradbury (2003) concurs with this observation arguing that the growth of telecommunications has made the xawil system more efficient and convenient for most of the population who remain outside the formal banking system. de Goede (2003) also argued that informal systems such as hawala are not 'underground banking' as they are connected to mainstream banking in a number of ways and they violate no law.

The Somali and Ethiopian respondents reported that they opted for channels that operated on hawala principles based on trust and reputation in the context of political instability (de Haas and Plug, 2006). Trust and credit are important attributes for western banking as well. As de Goede (2000:60) rightly puts it, "credit in which western banking is premised is based on trust." This explains the rationality of unbanked migrants for continuing to rely on informal channels long after they had acquired basic knowledge about formal channels (Karafolas and Konteos, 2009). These channels had served people long before the introduction of modern banking, e.g. fei chíen in China and hundi in South East Asia (Passas, 2003).

Therefore it suffices to say that in the absence of machinery of law like in the case of DRC, Somalia and Zimbabwe, private arrangements based on trust emerge to mitigate shocks, conflicts and ensure cooperation. From the migrant perspective, informal channels offer lower transaction costs than formal channels. This challenges Akokpari and Atkinson, (2000) and Messy (2015) who argue that unbanked migrants use informal channels because they are illegal.

Although informal channels have been labelled as aiding weapons of terror and money laundering, de Goede (2003) begs to differ arguing in defence of hawala. He argues that focusing on hawala only has deflated attention away from money laundering in the big financial institutions. Similarly, Passas (1999:4) concurs with de Goede supporting that informal channels do not represent a money laundering threat in way different from legitimate banking. These channels are also not illegal as they do not violate local social norms of acceptability or any legal laws (Webb, et al., 2009).

As suggested by the SLF this section discussed what the unbanked migrants were doing on the ground. This became my starting point for understanding their rationality rather than imposing my understanding of the situation on them. This helped me to be able to understand them as people with goals and strategies and rational agents in charge of their own destiny. As a livelihood analysis, this study had to begin with recognising the strength of unbanked migrants to understand what shaped the cash circulation channels and transactions described above. The next section discusses the specific factors that shaped the cash circulation modes among the unbanked migrants.

5.3 What shaped cash circulation as a process

Brock (1999) argues that people's livelihood strategies and resources are not merely means through which they make a living as they also give meaning to the person's world. According to the SLF, livelihood strategies are shaped by the context, resources available and the institutional environment in which they operate. In this study, cash circulation process among the unbanked was also shaped by the vulnerability context (external environment), perceptions of identity, ethnicity-for the case of the Somalis, relative power, and treatment by institutions. The next sections discuss the significance of these factors on unbanked migrants' cash circulation processes.

5.3.1 Vulnerability context

"… The framework depicts stake holders as operating in a context of vulnerability, within which they have they have access to certain assets. Assets gain weight and value through the prevailing social, institutional and organisational environment (policies, institutions and processes). This context decisively shapes the livelihood strategies that are open to people is pursuit of their self-defined beneficial livelihood outcomes." (Kollmair et al., 2002).

The unbanked migrants encountered various risk factors in their cash circulation process that they had to constantly find ways to mitigate. In this study, these factors included but were not limited to volatile economic environment of the host and home countries (depreciating rand in South Africa, Zimbabwean economic decline and statelessness in Somalia), unfavourable investment environment, lack of political stability (DRC, Somalia and Zimbabwe).

The respondents reported that they had also migrated to shield their families against these shocks. SLF recognise that migrant cash transfers are resistant and counter cyclic to economic recession. This is in line with studies done by Horowitz and Agarwal (2002); Yang and Choi (2007); Yang (2008); Ratha, et al. (2012 and Cooray and Mallick (2013). They posit that migration and subsequent cash circulation was important for compensating negative shocks to income in households and as a form of risk diversification strategy to insure exogenous income shocks. In her longitudinal studies in Morocco and Mexico, Iskander (2010; 2013; 2015) used the social resilience of migrants as a conceptual tool to argue that cash transfers among the migrants increased their capacity to respond to challenges and plan for future.

The weakening of the rand throughout the study to present increased the vulnerability context for many migrants who work in South Africa. According to

Speckman (2015) the weak rand took a toll on the pockets of foreign nationals who were finding it more difficult to send a monthly stipend to families back home. Although there is vast literature to suggest that remittances can reinforce existing in equalities in migrant households (Barlard, 2003; Carling, 2004), on the basis of evidence from the study, cash circulation increased their resilience and reduced the vulnerability of migrants.

However this does not mean that all migrants are resilient. A study by Kamran and Uustalo (2016) on unbanked, low income consumers in Pakistan established that they are vulnerable and 'live on the edge'. This phrase portrays a graphic image of the livelihood circumstances of unbanked migrants. The possible explanations for the contradictory findings in Pakistan and South Africa lie in the different socio-economic contexts. South Africa is by far better in terms of livelihood opportunities for the unbanked than Pakistan due to political instability.

In addition, restrictive immigration policies encouraged undocumented migration and permanent settlement of migrants (Ratha, 2003). According to Massey et al (1998), these "restrictions (the external environment which unbanked migrants did not have control of) interrupted patterns of circular migration". As one responded rightly puts it,

> *"I would love to go home on a regular basis to see family but the problem is I do not know if I will be able to sneak back in without papers. I managed to come after four failed attempts. I'd rather stay and maybe one day if I save enough for my family to cross over here and stay until things are better at home" (Interview with Tinotenda).*

From what this respondent said, it is clear that initially the migrants do not have a motive to stay for longer periods. However they only chose that option after realising that if they go home they might not be luck to sneak in again given their illegal status. Thus highly restrictive policies push these migrants to into staying as they fear losing their right to return. The dilemma the migrants faced was discussed in Neil (2002:46-47). Therefore to mitigate the likelihood of deportation and failure to return, the migrants resorted to staying indefinably and adopting channels that were more sustainable in the long run given their goal to stay indefinitely if undetected by emigration authorities. The Somalis used their ethical ties to help each other circulate cash and to start up small businesses to secure livelihood.

5.3.2 The social embeddedness of economic action

The concept of embeddedness is a highly contested (Kripner, et al., 2004; Block, 2003, Granovetter, 2002). According to North, (1990), the actions of individuals are influenced by the social institutions in which they function. However, Granoveter (1985; 2002) offers a relational view of embeddedness arguing that social action is enmeshed in on-going networks. The problem of embeddedness can be traced back to Polanyi (1944) who saw the market as dependent on moral order and economic behaviour as unnatural. SLF also recognise the embeddedness of economic action in society as Scoones (1998; 2015) emphasise that the economic attributes of livelihoods are mediated by social institutional processes. There is evidence in this study showing that cash circulation was not a pure economic action among Somalis, Mozambican and Zimbabweans migrants. Rather it was imbued with meanings, not separated from respondents' identities and values to say the least. The wide array of meanings included maintaining transnational homes, social status, the need to re-create a sense of community life in a foreign country and to avoid social death.

In a similar vein, Zelizer (2005:2) submitted that "…plenty of economic activity goes into creating, defining and sustaining social ties". In Mozambique's rural areas, one respondent acknowledged that circulation of cash, goods, communication and ideas was actually embedded in exchange systems of village life. Hence sending money through informal channels for the respondents' meant that they were able to capitalise on the lack of transparency of these channels to avoid "social death"[23] (marginalisation, being cut off from community) by maintaining their positions in community. When used in the social sciences, Vigh (2006) described social death as to be without rights and claims, marginalised and treated as sub-human. The respondents also viewed sending money as a measure of social success. According to the social status theory, sending money (no matter what the cost) was regarded as a peak of financial success and it was in line with expected behaviour from the family.

Bukasa Peter (2010) also add to the above arguing that the economic utilitarian conception of money led researchers to fail to focus on the significance of money at

[23] The term appeared in Mason (2003) in his articles on slavery.

personal, familial and on its embeddedness in cultural contexts. By exploring cash circulation channels adopted by unbanked migrants, I was able to understand how money as a commodity was actually has socially negotiated meanings in more ways than initially thought when the study began. Hence the migrants' adaptive capacity was successful because of the embeddedness of the channels in society. It has been illustrated the literature that they used digital solutions such as Eco-Cash as mediums of cash transfer and as mediums of care. Jacob (2016) echoed the same sentiments with regards to the success of M-Pesa in Kenya. He argues that M-Pesa is a tool used to connect people and their ideas. Hence the creativeness of unbanked migrants in cash circulation is shaped by their identity, ideologies and a craving to belong to a social system.

I reached the conclusion that cash circulation among the unbanked had social, political and economic determinants because migration is a multidimensional process which does not occur in isolation to other economic and social processes. Therefore cash circulation channels are deeply rooted in culture and society and are context specific (de Haan, 1999; de Haan and Rogaly, 2000; Kothari, 2003; Ballard 2003; de Haas, 2005; Ratha, 2003). In African settings therefore it is evident that cash circulation does not affect the integrity of social systems as cash circulates based the economics of the family (Chami et al, 2005; Lorena Nunez, 2010) which for the migrants involved in the study meant joined or shared liability. Hence all the cash circulation channels and processes had a goal of maintaining and reproducing family relationships. Informal channels were thus best suited.

Horst (2004) is also of the view that traditional social security mechanisms through kin, family are important in determining cash circulation as they are responsible for social and economic reproduction (de Haas, 2006; Nunez, 2010). Because of this function, transnational networks in the horn of Africa seem to be providing durable solutions to poverty although the issues of sustainability of the networks in the long run have not been studied (Horst, 2004).

The social texture of remittances which means that remitting cash is not only done for economic gain but for protecting honour, respect and union among family members also manifests in the way those left home repay for the money send to them. They do so by building houses and doing projects in honour of those working hard to send the money. Although scholars like Kapur (2005) seem to suggest that remittances are unrequited sources of finance, the evidence from the study seems to disconfirm. It is true that throughout the study there was limited financial reciprocity; those who send money reported that they made social claims on the receivers. There were certain unwritten rules related to acceptable spending behaviour. Although there are mixed findings regarding this issue, flows of cash are however crucial for building on social ties and networks of affection and obligation (Nyberg-Sorensen, 2004:27). Based on this evidence, the social texture of remittances partly explains why there was limited adoption of formal channels of cash circulation by the respondents in the study. The reason is that most formal institutions are not embedded in notions of culture and society. Although the social texture and embedded of cash circulation channels enabled efficiency, it also gave rise to social and emotional costs on the part of the migrant.

5.3.3 Social and emotional costs shaping cash circulation processes

According to Levitt and Nyberg Sorensen, (2004) cited in Bettin et al. (2015), there has been little research either theoretically or from policy perspective which focus specifically on the sacrifices made by migrants who remit cash. Boccagni (2015) and Ratha (2015) see the transnational family as beneficiaries of migrant livelihood struggles and as constraints to self-realisation in host country. Although there is evidence to suggest that the transnational household offered emotional support, reverse remittances (not common until the later part of the study where Zimbabwean participants like Kombo mentioned receiving money from home when they faced financial constraints in South Africa)., social status, attachment and a locus for cultivating nostalgia, it was also a source of many costs as migrants endured difficulties quietly. To understand how social and emotional costs faced by migrants shaped migrant agency in the circulation process, there is a need to understand both the individual and the family as basic units of analysis.

As Tamagno (2002; 2003) cited in Nunez (2010) described, in migrants context, flow of money, goods and communication across borders speaks of the emotional language of those involved in such exchanges. Taking insights from Mauss' 1967 essay ‘The Gift’, the act of exchange is usually replete with rights and obligations as gifts remain tied with both the sender and the receiver. Hence understanding channels and transactions of unbanked migrants may not shed light on their motives which include sending money to fill the void left by the migrant (Nunez, 2010).

In this study, both male and female migrants were under a lot of pressure to send or save money as this was seen as a physical sign of migration success (McDowell and de Haas. Financially stable or not, the migrants in the study were also under pressure to send money home, therefore they used the principle of deferred gratification (Tarutis, 2014). Horst (2002) discovered the same among the Somali migrants in Minneapolis. This is so because as discussed earlier, migration was not solely an individual choice rather decisions were taken in the context of the family and household as a form of portfolio diversification by families (Stark, 1991; Seshan and Yang, 2012).

Given the fact that south–south migration is less remunerative (de Haas, 2006a) pressure mounts on the migrants to secure some cash any how (precarious forms of work) to send home putting their own lives at stake. Bakker (2015) found that migrants worked longer hours to compensate for lower wages. For instance women and in some cases men had to work over hours and to spend less and so as to continually present an image of a good life to their families and this was in total contrast with the realities on the ground.

The creativeness of unbanked migrants manifest in the sense that they were able to take care of their families with insufficient financial means. In a study of Somali migrants in Minneapolis, Cindy Horst (2004) reached the same conclusions that in spite of their precarious existence, filthy jobs and empty apartments, the Somali migrants made sure they send money home before they even paid their own rent and buying their own food stuffs. At this point, Al Ali’s concept of “forced transnationalism” (Al Ali, 2001:115) is a useful concept to analyse clashes between migrants individual dreams and communal obligations. It was evident from the study findings that migrants had to send money home threatening their own livelihoods. Others like van Hear (2002) also observed similar patterns of migrants depriving themselves of basic necessities for the sake of family.

To endure all this and deal with their unfortunate realities, migrants created dreams and fantasies or what Berlant terms 'aspirational normativity' (Berlant, 2007). In a similar vein, Butler (2009) argues that people (migrants) become more adapted (subjectivity) and to become human, the migrants have to be separated from selves. In my view the migrants involuntarily consented to precarity as a coping mechanism to create a less bad life for their families back home. The unsociable working hours, isolation and alienation endured by migrants on daily basis made them more resilient and not more vulnerable.

This section described the factors that shaped cash circulation among the unbanked. The following section discusses the livelihood outcomes as a result of the channels used, transaction conducted and the different motivations behind the different or similar channels.

5.4 Outcomes of cash circulation channels and processes

Choice of cash circulation was made for a variety reasons at both individual and community levels. There is a need to understand how cash circulation channels and processes fitted within unbanked migrants' goals of financial security. These ranged from maintaining family presence in several locations as an insurance policy and personal security. However the next section will only focus on improved financial inclusion for the unbanked as an outcome of cash circulation mechanism.

5.4.1 Improved financial security for the unbanked

Instead of labelling unbanked migrants as excluded and vulnerable, Jones (1998a:4) offers an affirmative explanation of the relationship between unbanked money transfers and financial inclusion. He argued that remittances can widen the scope of financial inclusion for the previously excluded as they are usually destined for poorer areas, rural regions and declining urban areas in stateless societies. This means that they are more effective for income distribution than large top-down programmes aimed at financial inclusion. In this study, most of the respondents said that they opted for informal channels due to the desire to send money to their villages which were subserviced by banks and money transfer operators such as Money Gram and

Western Union which were urban based and exclusionary inform as they require documentation.

In a similar vein, Kapur (2003:10) observed that cash through informal channels flow directly to people who really need it with no costly bureaucracy on the sending side and no siphoning from corrupt officials. As discussed earlier these migrants did not trust formal financial institutions which might have influenced their choice of channels. Thus unbanked migrants are seen as a roadmap to ensuring financial inclusion at the grassroots level. Moreover, USAID (2012:2) recognise the "untapped potential" of financial transfers to extend to human development (Sen, 1999). In line with this observation, Stein (2003) posited that cash circulation among the unbanked does not carry contractual obligations, constraints and pre-conditions like in the commercial arena hence it reaches beneficiaries who are often low income families who did not have previous exposure to banking.

On the relationship between remittance transfers and financial inclusion, Toxopeus and Lensink (2007) submitted that remittances have the potential to widen the scope of financial inclusion for the unbanked. In this regard, both remittance senders and recipients who are mostly likely to be unbanked maybe forced for the first time in their lives to look for financial services beyond their neighbourhood. For example, recipients who received money via Mukuru.com or money gram were for the first time forced to go to CBZ and other banks that offered the services.

In addition, cash circulation among the unbanked can be seen as a bottom up approach to income distribution since many people are included yet poor (Jones, 1998b). Therefore apart from improving the immediate family's wellbeing, cash circulation had multiplier effects with potential to enhance welfare among populations in developing nations: for example, through home town associations. Based on this observation, unbanked migrants in the study are also road maps to financial inclusion.

On a different note, respondents from Somalia submitted that sending remittances back home has enabled their relatives to differentiate between high value transactions and lower value ones. They said that Somali shillings were only used for low value transactions while higher value transactions were in US dollars. Based on these explanations, it is evident that the transnational households devise ways to protect their hard earned money from domestic hyperinflation. Although the rationality of migrants of sending money frequently in small amounts is questionable, the findings revealed that this was one of the ways unbanked migrants devised to ensure safety of their money as they did not have bank accounts. By sending small and frequent amounts, they manage to reduce risk of loss or theft of their money.

However, the extent of financial inclusion of the poorest of the poor has been challenged by scholars who argue for the selectivity of migration as a process Contrary to this observation, this write-up, however, discusses the importance social networks which according to the sustainable livelihoods framework is one of the most critical resource the unbanked migrants have.

5.4.2 Conclusion

In sum, unbanked migrants adopted various waysto circulate cash as their unbanked status meant that they could not directly access formal financial services. These included Mukuru.com, Ecocash, Hawala, malaichas, hand delivery and Kawena for the various groups of migrants as discussed in chapter 4. These channels enabled the migrants to sustainably and efficiently move their cash among themselves because they capitalised on existing social networks, norms, values and beliefs. As a result of these norms, they saved in groups and were involved in various community savings clubs. Therefore they managed to ensure each other against uncertainties such as death and immature deportation. By being there for each other, unbanked migrants were able to ensure that their cash was secure despite not having formal access to financial services in the host country.

Chapter 6

Conclusions and recommendations

6.1 Conclusion

This qualitative study was carried out to understand the modalities of cash circulation among the unbanked. One of the objectives was to explore challenges faced by unbanked migrants with the cash circulation mechanism they adopted. Unbanked migrants were seen as creative and innovative human beings who through adopting a wide array of financial service alternatives, proved that they could rise above the structural constraints they were operating within. They also did not seek social benefits from either the host or origin countries. As the findings in Chapter 4 illustrated, the unbanked migrants had knowledge of exchange rates, managed their finances in groups thereby sharing collateral, used informal channels which were embedded in culture and society and avoided circular migration. These acts proved that although they were vulnerable to external shocks, they had capacity to respond effectively in their own terms.

By using the SLF as an analytical in this study, I was able to understand the institutional arrangements that enabled the unbanked migrants to achieve their financial goals of sending, investing and insurance in spite of the adverse circumstances. The SLF also helped guided the study to look at migration as a process guided by regularised patterns of behaviour, structured by rules (formal/ informal) which had widespread use among the migrant community. Important to note however that cash circulation among the respondents is was not guided only by the economic theories of demand and supply or losses and profits. Rather it was embedded in their different social identities and the different meanings they attached to cash in their own context.

However, Skeldon (2008; 2014) warns against essentialising migrants' agency at the expense of institutional change. This is so because cash circulation processes cannot independently set in motion broader processes of human and economic development of migrants. Therefore there is a need to appreciate the resilience and capabilities of migrants and to move from the notions of banked or unbanked to focus on financial management and resilience (Gutman, et al., 2015) of the unbanked as illustrated in Chapter 2.7 of this report.

The report concludes on the notion that unbanked migrants can also have sustainable financial livelihoods regardless of their unbanked status. For them, being undocumented or unbanked was not something they considered negative in any way. This is so because according to them although being banked had certain advantages such as guaranteeing the safety of their income, they did not care much since they had limited and insecure sources of income which meant that having a bank account for them was important but not a priority.

The researcher has also provided detailed rationale for each analysis given. At this point, more research is therefore needed focusing not on migrants as undifferentiated but on specific migrant livelihood characteristics such as forms of employment. The thinking is that this will enable the strengthening of existing coping strategies so that the people viewed as vulnerable can become more resilient and meet their desired outcomes. Although a differentiated livelihood analysis needs time, financial and human resources, it is within the world of possibility.

6.2 Recommendations

Throughout the report, supply side barriers and demand side barriers to effective cash circulation were highlighted. Based on the literature review provided, this was not only affecting migrants in the global South but also in the global north. However, unbanked migrants in this study did not sit idle or wait to be rescued; rather they find ways to manoeuvre around the constraints. To lessen or maybe address both supply side and demand side barriers, my recommendations are situated in broad categories of policy, research and practice.

A. Policy

Ill-conceived policy which does not recognise migrants as active agents is likely to cause collateral damage. There is evidence showing that some modern banking institutions developed out of informal channels i.e. the bottom up initiatives of ordinary people like unbanked migrants. Policy spaces can easily be located by looking at the efficacy of what is being done by people who are supposed to benefit from proposed policies so that policy will not stand abstract from the people's realities. There is a need to strengthen and recognise the efficacy of informal channels and their redistributive effects, i.e. their ability to reach excluded people more than the conventional channels.

Through advocacy and raising awareness, governments should support what the unbanked migrants are already doing on the ground without labelling it illegal or unlawful. Governments can be persuaded by bottom up efforts like campaigns by both banked and unbanked migrants teaming together to show how important financial access is for migrants. Based on this study, formal channels are not illegal as they conform to levels of social acceptability. Therefore the informal channels should not be clamped down on without creating viable alternatives as this will potentially cause hardships to the migrants and their families in countries of origin.

Another policy issue worth recommending is the encouragement of more subtle and friendly policies without harassing or instilling fear in the migrants. These in turn will bolster solidarity, oneness, and togetherness and empower migrants to maximise their social, human and economic capital in this transnational social space. I recommend this because while conducting this study, I found out that anti- immigrant policies actually justified public xenophobia against foreigners in South Africa making access to basic financial, social and political services difficult for them.

B. Research

There is a need for more socio-anthropological studies to have a better understanding on the nature of migrant livelihoods. Through these, strengths, weaknesses, threats and opportunities the migrants face on daily basis can be avoided, taken advantage of or avoided and more structural development problem can be noticed in infancy.

More research may investigate the impact of specific channels of cash circulation on development for example informal channels only or digital solutions. Further research may also be done focusing on the relationship between host country immigration policies and their impacts on migrant wellbeing.

C. Practice

The research raises a practical issue to understand specific needs of the unbanked segment of the population. Migrants have specific needs which remain unaddressed by the supply side such as the need to send smaller amounts of cash at reasonable rates. It is surprising how with the long history of migration in South Africa many banks have not adapted to the needs of the migrant community. Another practical recommendation will be achieved by relaxing some of the requirements for opening accounts for unbanked migrants in the host country thereby making it easy to open accounts by foreign nationals. For example by allowing those migrants with asylums and special permits such as Zimbabweans to open low maintenance accounts.

This expands on de Haas (2010)'s recommendation that migration should be freer and more liberal. Therefore to this end I recommend the provision of some sort of legally recognised identification to those identified as illegal immigrants such as the special permits which were given to Zimbabwean migrant in 2010 by the South

African government. This will not only help delimiting the extent of foreign nationals in South Africa but also will enable the formerly constrained migrant to work, earn and invest freely in the host country thereby contributing to economic and social development of the host country. Hence improving banking network access is recommended.

Lastly, the banks could also make banking easier for migrants by encouraging low small deposits and withdrawals. In chapter 2, it was noted that banks found unbanked migrants as unprofitable customers. However, the study established that this group of people make small but frequent transactions. Therefore I recommend that the banks should capitalise on these frequent transactions.

The study established that unbanked migrants found it difficult to open accounts and because of this had to find other ways of circulating cash in their networks. Although they did not have bank accounts or access to formal financial services, the study established that the unbanked migrants managed their irregular flows of cash in a way that enabled them to secure livelihoods for themselves and their families.

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8. Appendices

Appendix A: Participant Information Sheet

University of Witwatersrand

Department of Sociology

1 Jan Smuts Avenue

Braamfontein 2000

Johannesburg

South Africa

Dear Participant,

My name is Emma Mavodza. I am a Masters student in Development Studies at the University of Witwatersrand in the Department of Sociology. I am conducting research on unbanked African migrants in Pretoria. The study is titled Investigating channels of cash circulation by unbanked migrants in Pretoria CBD. I would like to invite you to participate in the study because you meet the specific characteristics the study is looking for.

The research purpose is to investigate how unbanked migrants in Pretoria circulate cash and to understand how these cash transactions in turn have shaped their financial wellbeing. If you are keen to participate in this study, I kindly require you to be one of my interviewees, have oral interviews with me on a mutually agreed date and time, agree on a convenient location where the interview will be conducted, agree on total length of time for interview (provisionally 45 min to an hour), grant me permission to be tape record your responses and if need be, conduct short follow up interviews with me.

There are no predictable risks of physical injury associated with your participation in the study and there is no material or financial payment that you will receive for participating in the study. I will use pseudonyms and no one will be able to identify your answers or connect you to the interview. In the event that the results of the research will be used in academic publication, your identity and that of the other participants will remain anonymous. All information collected during the in-depth interviews will be treated as confidential and will be protected at all times.

Participation in this study is entirely voluntary which means you are free to withdraw at any time without consequences of any kind. You are also free to ask for removal of your data from the study, refuse to answer questions you do not feel comfortable with and still remain in the study. The researcher may only withdraw you from participating in the study if circumstances warranting him/her to do so arise. You will not be waiving any legal claims or rights because of your involvement in the study. This study has been reviewed and received ethics clearance through the University of Witwatersrand, Faculty of Social Sciences Research Ethics Committee.

If you have any questions regarding your rights as a participant please contact me on email emma.tofa@yahoo.co.uk or my supervisor. Dr Rajohane Matshedisho - Rajohane.Matshedisho@wits.ac.za

Sincerely

Emma Mavodza

Appendix B: Consent form

Researcher's name: Emma Mavodza

Title of Study: Investigating cash circulation channels adopted by unbanked migrants in Pretoria, CBD.

CONSENT

I……………………. hereby consent to participate in the research on the above mentioned topic. I understand that I am participating freely and without being forced to do so. I also understand that I can stop participating at any point should I not wish to continue, and this will not affect me in any way. I understand that participation in this study will not benefit me personally.

………………………………….. ……………………………..

Signature of participant Date

CONSENT FOR AUDIO RECORDING

I hereby agree to the audio recording of my participation in the study.

………………………………. ……………………………..

Signature of Participant Date

Appendix C: Interview Guide

I. Sources of income

1. What is your source of income?
2. Do you have any other sources? Please explain.

II. Channels used to send and receive

3. Have you ever send money to anyone?
4. Who do you send money to?
5. How often do you send money?
6. How do you send money?
7. Where do you send money?
8. Would you prefer a bank for sending or receiving your money? Please explain.
9. Have you ever used other alternative ways of sending money?
10. May you please explain why you prefer X channel than Y channel?
11. Have you ever tried opening an account with a local bank? What was the response by the bank?

III. On savings and/or investments of monetary remittances

When did you get to know about X as a method of sending money?

12. What do you like or not like most about X? Explain why?
13. You said earlier that …, could you please explain why decided to invest or save your money that way?
14. What advice would you give to someone in the same situation?
15. Are there any challenges you face in investing and saving money?
16. How do you measure your success in circulating cash so far?

IV. Financial innovations and general lifestyle of unbanked migrants.

17. What do most people around here think of the channels of circulating cash?
18. Is that the way you feel too? Explain your answer?
19. What are your views on X as a means of cash transfer?

20. Is there anything more you would like to tell me about X as a facility to send, receive or save money?
21. Are you happy with X as a method of cash transfer?
22. Do the channels you use improve your security in dealing with money?
23. In your view, do exchange rates affect the transactions you make?

V. Emerging challenges associated with digital solutions

In your view, are there any challenges posed by X or Y cash circulation channels?

24. If there are, what are the challenges you face when conducting your cash transactions?
25. And how does that affect your day to day cash financial transactions as an unbanked migrant living in South Africa?
26. How do you counter those challenges in your day to day management/uses of cash?

I THANK YOU.

Appendix D: Ethics Clearance certificate