



Banking is for Others: Contradictions of Microfinance in the Ghanaian Market¹

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Abstract

Recent literature on microfinance has observed that commercial microfinance programs that achieve financial sustainability largely fail to reach the poor (Hulme 2000; Mayoux 2000; Cull, Demirgüç-Kunt, and Morduch 2007). Most studies rely on institutional explanations for this failure (Battilana and Dorado 2010; Pache and Santos 2010; Canales 2011). Using a Braudelian conceptualization of a fragmented, three-tiered capitalist world-economy, this study examines how Ghanaian market women finance their businesses within the bottom layer of the capitalist world-economy, and why, despite the availability of commercial microfinance, they continue to rely on informal finance. I argue that commercial microfinance is structurally constrained by contradictions between the profit-driven logic of the upper layers of the capitalist world-economy and the socially-embedded and subsistence-driven logic that organizes the market in which market women operate. I also show that, to the extent that commercial microfinance partially penetrates the market, it disrupts the circulation of financial resources and weakens existing social and economic networks within the community.

Keywords: Microfinance, Global Capital, Local Markets, Social embeddedness, Ghana, Braudel

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Within the past two decades, microfinance has burst onto the world stage, attracting both publicity and recognition as a market solution to poverty. Yet, while it has been hailed as a strategy that can “create economic and social development from below” (Nobel Foundation 2006), the eruption of microfinance crises around the world has cast a shadow of doubt over its effectiveness and sustainability. Indeed, numerous studies have shown that microfinance has failed to deliver on its promises of reaching the poor (Hulme 2000; Hunt and Kasynathan 2001; Cull, Demirgüç-Kunt, and Morduch 2007), empowering its clients (Goetz and Sengupta 1996; Grasmuck and Espinal 2000; Mayoux 2000), and bringing about financial integration by replacing unregulated means of informal finance (Jain 1999; Tsai 2004).

This study examines the open-air market in Madina, Ghana, a town less than twenty kilometers north of the capital, Accra, where numerous microfinance institutions have sprung up within the last decade. While formal microfinance has been put forth as a cheaper and more secure alternative to curbside informal finance (Khandker 2000; Robinson 2001; Sengupta and Aubuchon 2008), traders in Madina Market continue to rely heavily on local, informal money collectors despite the increasing availability of formal financial services. However, insofar as formal microfinance has unevenly penetrated Madina Market, it has also disrupted the circulation of financial resources within the market, leading to market fragmentation and social stratification within the community.

Adopting a Braudelian conceptualization of the capitalist world-economy as a three-tiered structure of capitalism, market economy, and material life (Braudel 1982), which highlights the interlocked but fragmented nature of markets, this analysis moves beyond institutional explanations for the failure of microfinance—specifically, commercial microfinance—to take root in the market. Through tracing in detail how low-income market women selling perishable food items sustain and finance their businesses, I observe that while the upper echelons of the capitalist world-economy function according to a profit-driven logic, the social and economic interactions between market women are still governed by the subsistence-driven and socially-embedded logic of material life. These contradictory logics thus pose serious structural constraints on microfinance as it attempts to function as a bridge and intermediary between different tiers of the capitalist world-economy.

Commercial Microfinance as a Paradigm for Development

Microfinance, as the provision of small-scale savings, credit, or insurance services to low-income populations, has existed in various forms throughout history.² In its informal articulation, curbside

² For a detailed overview of the historical evolution of microfinance, see Morduch 1990 and Tsai 2004.

microfinance institutions, such as rotating credit associations (ROSCAs) and informal money collectors or lenders, have long served populations with limited access to formal financial services. In its formal articulation, microfinance has been pursued as large-scale subsidized credit such as state-sponsored rural credit schemes.

In the 1970s and 1980s, experimental projects such as Projeto Uno in Brazil and the Grameen Bank in Bangladesh introduced innovative financial technologies such as group lending in small-scale programs, but these projects have since been criticized for their chronic dependence on subsidies (Jain and Moore 2003). Beginning in the early 1990s with the global neoliberal turn, policy-makers began to argue that microfinance institutions should be profitable, giving rise to the now dominant narrative of commercial microfinance, which promises “the development of sustainable financial intermediaries that capture local savings, access commercial finance, and lend these funds to low-income borrowers at interest rates that enable full cost recovery and institutional self-sufficiency” (Robinson 2001:xxxvi).

More recently, scholars have begun to debunk the “win-win” appeal of the notion of profit-making microfinance, pointing to considerable trade-offs between commercial and social objectives (Morduch 2000; Battilana and Dorado 2010; Pache and Santos 2010). Yet while many studies have analyzed the institutional logics of commercial microfinance within local contexts (Anthony 2005; Sanyal 2009; Canales 2011), this study seeks to understand the day-to-day operations of commercial microfinance within the broader context of global capitalism. In doing so, it highlights the deep, structural tensions between global and local capital in which the trade-offs between commercial and social objectives are rooted. Furthermore, while much of the existing microfinance literature focuses on micro-lending, this study examines both savings and credit services, paying attention to the impact of commercial microfinance on feedback linkages between the two in order to illustrate the disruptive effects commercial microfinance can have on existing local networks of financial resources.

Microfinance in the Capitalist World-Economy

While microfinance has variously been attributed to its socially embedded nature (Sanyal 2009; Roy 2010; Khavul 2010), the term “socially embedded” sometimes confuses more than it illuminates. Clarifying and distinguishing between the different meanings of the term, as I shall illustrate, is crucial in highlighting the internal contradictions within commercial microfinance.

In a thorough discussion of the etymology of social embeddedness, Krippner and Alvarez (2007) posited that the concept references two distinct intellectual projects. The first draws upon the seminal work of Granovetter (1985), who put forth “embeddedness” against the problem of atomism by pointing out that individual behavior is “so constrained by ongoing social relations that to construe them as independent is a grievous misunderstanding” (Granovetter 1985:482).

More specifically, Granovetter observed that economic transactions do not always occur between individuals who make rational, self-interested decisions in isolation from other social actors, but are often embedded in networks of personal relationships. Building on these initial observations, subsequent research has shown that social relationships between exchange partners can enhance economic performance (Uzzi 1996; 1997). The initial successes of microfinance functioned precisely on this logic. By introducing such financial technologies as group lending, early microfinance programs actively made use of social ties between borrowers to stimulate screening and monitoring within loan groups, as well as to enforce repayment (Stiglitz 1990; Besley and Coate 1995; Ghatak 2000; Wydick 2001; Chowdury 2005).

The other intellectual project of social embeddedness stems from the work of Polanyi (1944), whose argument of embeddedness is made against an analytically autonomous economy. Polanyi argued that market society, which is driven by motivations of profit and which gives rise to the *Homo Economicus*—the self-interested, utility-maximizing agent—is not a universal but a historically specific phenomenon. While modern capitalist society is socially disembodied and the market has emerged as a singular organizational logic, existing as a separate institution from social institutions by “subordinat[ing] the substance of society itself to the laws of the market,” this was not always the case (Polanyi 1944[2001]:75). Earlier societies have historically been socially embedded, such that the logic of economic action corresponded with social logics, such as that of kinship or worship, and economic ties and social ties were “mutually constituting” (Krippner and Alvarez 2007:222).

If Granovetter’s embeddedness captures the logic underlying non-capitalist economic action within capitalist contexts, Polanyi’s embeddedness concerns the logics underlying the socio-organizational contexts—capitalist and non-capitalist—within which economic action occurs. This distinction is critical in highlighting how, even if they appear similarly embedded in social relations, the specific operation and meaning of economic action, and indeed, capital, can vary according to the embedded or disembodied socio-organizational contexts in which they occur. Understanding the nature of microfinance thus requires not only an appreciation of the social embeddedness—in the Granovetterian sense—of its particular strategies and technologies, but also the identification of the level of social embeddedness—in the Polanyian sense—of the markets in which it operates.

Where Granovetter and Polanyi converge is in their implicit teleological assumption of capitalist development as the sequential procession through various distinct forms of social and economic organization, from pre-capitalist societies to mature capitalist societies. Braudel, in contrast, is in the minority in suggesting that, even in its mature form, the capitalist world-economy is fragmented into different tiers; specifically, a three-tiered structure of capitalism, market economy, and material life, each dominated by different norms and relations of production. At the

uppermost tier of capitalism, capital seeks to maximize both its scale of operation and its mobility across space in its hunger for profit, taking on the character of “great predators” roaming under “the law of the jungle” (Braudel 1982:230). Below the murky layer of capitalism is the layer of the market economy, characterized by “many horizontal communications between the different markets” and “a degree of automatic coordination usually [linking] supply, demand and prices” (Braudel 1982:229). In this middle layer, capital functions at a smaller scale of operation and enjoys a lower degree of mobility across space, but is still driven by profits.

Particularly pertinent to this study, however, is the bottom layer of the capitalist world-economy, described by Braudel as “the stratum of the non-economy, the soil into which capitalism thrusts its roots but which it can never really penetrate” (Braudel 1982:229). Here, capital functions at a subsistence scale of operation, and is constrained to a specific, local space. Despite the “truly fantastic” volume of economic activity which takes place within this layer of the capitalist world-economy, the mechanisms of material life are “often hard to see for lack of adequate historical documents” (Braudel 1981:23). As such, the rules and norms which govern “this infra-economy, the informal other half of economic activity, the world of self-sufficiency and barter of goods and services within a very small radius” (Braudel 1981:24) remain unwritten and unknown to outside worlds, even if they are well-understood by the economic actors operating within it.

A Braudelian framework of analysis is novel to the study of microfinance, and affords a particular sensitivity to macro-micro linkages in two ways. First, Braudel’s insights regarding the macro structure of the capitalist world-economy draw attention to the variation in the behavior of capital depending on the micro contexts in which it operates. At the upper layers of the capitalist world-economy, even if economic transactions are socially embedded in the Granovetterian sense, capital nonetheless follows a profit-driven logic. In contrast, within material life, which commercial microfinance is attempting to penetrate, economic transactions are socially embedded in the Polanyian sense, and capital follows a subsistence-driven logic rather than a profit-driven logic. As such, the mechanisms by which capital is circulated through such financial intermediaries as commercial microfinance institutions cannot be assumed to be universal, and must be studied vis-à-vis their local, micro contexts. Conversely, Braudel’s insights also remind us that local markets do not exist as isolated spaces, but are situated within the fragmented capitalist world-economy. Thus, commercial microfinance cannot be analyzed as capital that is indigenous to or circulating within self-contained local markets within the layer of material life, but must be understood as capital attempting to traverse the global and the local, and to transit between different layers of the capitalist world-economy. A Braudelian framework of analysis thus allows us to trace the roots of the difficult trade-off between the institutional goals of maintaining profitability and reaching the poor to the macro-structural constraints presented by the fragmented structure of the capitalist world-economy.

Research Site and Data

The site for this study is Madina Market, the central open-air market in Madina, a large town about twenty kilometers north of Accra, the capital city of Ghana. Located at one end of the Accra-Madina Road near a junction where major roads from various regions of the country converge, Madina has evolved from a small village to a bustling town with a population of nearly 80,000 by the early 2000s (Ghana Statistical Services 2002). Surrounding Madina Market, the streets of Madina are lined with small restaurants and shops selling electronic items and household products, as well as mobile hawkers selling a variety of products ranging from clothing items and cosmetics to counterfeit DVDs. Over the past decade, the expansion of businesses in the area has motivated many formal financial institutions, ranging from high street banks to commercial microfinance institutions, to set up branch offices in Madina. Additionally, providers of informal finance, most notably *susu* collectors (money collectors), also operate within and in the outskirts of Madina Market.

Roughly 600 traders of foodstuff and household items, mostly women, sell their wares within Madina Market. Most traders operate at a fixed location. Large-scale traders, usually selling non-perishable items, have stalls within fixed structures. Small-scale traders, usually those selling perishable items, often operate under makeshift structures, or simply spread out their goods on the ground. Those who have yet to obtain a suitable fixed spot often operate as mobile traders, walking through the market, carrying goods on their heads. While small-scale shopkeepers and restaurant owners operating around Madina Market also form part of the clientele of commercial microfinance institutions and other formal financial institutions that have branches in Madina, this study focuses on small- to medium-scale female traders who purchase from wholesale markets and sell at Madina Market such perishable food items as vegetables, fruits, fresh fish, and dried fish. These traders include some of the poorest in the market, and are exposed to the greatest market volatilities because of the perishability of the products they sell. More importantly, they lie squarely within the category of small-scale female entrepreneurs that commercial microfinance purports to target (Cull, Demirgüç-Kunt, and Morduch 2009; Morduch 1999; Robinson 2001), and for whom access to formal financial resources might otherwise be limited.

I conducted fieldwork at Madina Market over a period of four weeks in 2008. I selected a geographically representative sample of 60 market women by systematically sampling about every tenth female trader throughout the market for a questionnaire survey. The survey data provides a general demographic and financial profile of these women. Based on their scale of operation,

utilization of financial services, as well as self-identified financial autonomy, 24 market women of different characteristic profiles were selected for follow-up in-depth interviews.³

The interviews were conducted in a mixture of English and local dialects with the help of interpreters, and lasted between 40 to 60 minutes. To minimize the disturbance to the women being interviewed, the interviews were conducted at their stalls during the off-hours of the market, usually during early afternoon. The interviews were semi-structured and focused around the financial resources of market women.⁴ I began the conversation by asking market women to recount their experience of establishing their business. Central to this study is the existing landscape of material life within which market women operate, as well as the linkages between formal and informal finance. Accordingly, I asked questions about the challenges they faced in starting and sustaining their businesses, as well as their strategies to overcome them. In particular, I asked about the types of financial resources upon which they relied for their businesses specifically and for their livelihoods more generally, as well as their perceptions of the effectiveness of different types of financial resources. Among those who had been operating in the market prior to the entry of formal financial institutions, I also asked their opinions on how the emergence of newer forms of finance had affected the market. In addition, I also conducted in-depth interviews with three informal *susu* collectors (money collectors) who operated within and around the market, referred to me by the market women I surveyed. Finally, I also interviewed officials of the two formal microfinance institutions that had branches within the vicinity of the market.

Table 1 summarizes the profile of the market women surveyed in this study. The median age of the women was 38.6, and most of the women had been selling in the market for more than a decade. The majority of women was married (57%), and had received only primary education (68%). Interestingly, although only 28% of the women professed to be the head of household, almost 82% reported financial autonomy, that is, autonomous control over income earned from their businesses, allowing them to make decisions regarding household spending, healthcare, or their children's education.

³ "Scale of operation," measured by the value of monthly stock, was operationalized as four categories—very small, small, large, very large—by quartile range. "Utilization of financial services" had four possible outcomes: no utilization of formal or informal financial services, utilization of informal financial services only, utilization of both informal and formal financial services, and utilization of formal financial services only. "Self-identified autonomy" was a dichotomous yes-no variable. The combination of these three variables yielded a total of $4 \times 4 \times 2 = 32$ distinct theoretical ideal types of characteristic profile. Survey respondents were sorted by ideal types, and two respondents were subsequently randomly selected within each ideal type sample for in-depth interviews. 20 theoretical ideal types were blank categories with no survey respondents fitting those ideal-typical characteristic profiles.

⁴ Please see annex for full survey.

Table 1. Basic Characteristics of Surveyed Market Women

Mean age (Years)	38.6
Marital Status (Percent, <i>N</i>)	
Never married	16.67 (10)
Married	56.67 (34)
Divorced/Separated/Widowed	26.67 (16)
Education (Percent, <i>N</i>)	
Up to Primary	68.33 (41)
Up to Secondary	30.00 (18)
Tertiary	1.67 (1)
Head of Household (Percent, <i>N</i>)	
Self	28.33 (17)
Other member	71.67 (43)
Financial Autonomy (Percent, <i>N</i>)	
Yes	81.67 (49)
No	18.33 (11)
Scale of Operation (Value of monthly stock, US dollar equivalent)	
Minimum	300
At the 25 th percentile	1,200
Median	3,000
At the 75 th percentile	5,625
Maximum	15,000
Monthly gross income (Total cash received from sales per month, US dollar equivalent)	
Minimum	600
At the 25 th percentile	1,050
Median	1,950
At the 75 th percentile	3,150
Maximum	16,500
Mean years in business	13.34

However, freedom to make financial decisions does not necessarily equate to freedom from poverty. As can be seen in Table 1, both the distributions of monthly stock value and monthly gross income⁵ are right-skewed, an artifact of a few outlier traders who operate at a scale far above median. What is important to note is that, apart from the traders operating at the extremes of the distribution, the monthly stock value of the women's businesses by and large exceeds their monthly gross income, meaning that the amount of money they pay per month to buy their stock is more than the cash that they receive from selling their goods. In other words, many of the women operate at an extremely low profit margin, or even at a loss, and may depend heavily on various forms of credit to maintain liquidity in their businesses. I discuss this finding at length later.

The Logic of Maternal Life

Open-air markets in Ghana have a long history dating back to the 15th century (Peil 1974). While they were once dominated by male traders, British colonial conquest at the turn of the 20th century drove men into the more profitable cocoa farming trade and consequently the market has gradually come to be seen as “a timeless, ‘traditional’ female occupational sector” (Clark 1994:6). Over time, a wide variety of strategies for survival has emerged, resulting in a vibrant system of informal finance, which crucially include the development of dense networks of interpersonal relations.

Not only do traders regularly draw on existing social ties for non-commercial resources to enter the market, such as by acquiring starting capital and location rights through kin, but, once in the market, traders' daily business activities also continue to be facilitated by their social relations with others in the market. For instance, traders frequently watch each others' goods, take messages, and placate customers for each other. Furthermore, credit is also widely extended between traders in the form of goods advances among retailers, wholesalers, and farmers. Such arrangements are essential for economic survival, and are made possible by the foundation of strong social ties among traders. To be sure, traders do each other favors or pass on helpful information because they trust that such acts will be reciprocated. Similarly, credit is extended among traders because they know each others' buying habits, credit histories, and financial positions, and because traders act collectively as monitors on one another and can be expected to cooperate in penalizing defaulting behavior.

Social relations within the market likewise buttress *susu*, one of the most widespread and resilient savings institutions and strategies in Ghana (Bortei-Dorku Aryeetey and Aryeetey 1996).

⁵ Different market women restock goods at different frequencies. To facilitate more accurate recall and estimations of stock value and income, market women were first asked how often they restocked goods. They were then asked how much money they spent each time they restocked goods (cash and credit), and how much they received during the period between restocking (cash and credit). Each market women's stock value and gross income were first calculated per stock period, and subsequently converted to monthly stock value and gross income for uniformity and easy comparison.

Introduced to Ghana around the early twentieth century by migrant Igbo traders from Nigeria, *susu* was originally used to depict a “savings institution based on cowrie shells, prior to the introduction of British currency” (Bortei-Dorku Aryeetey and Aryeetey 1996:5). *Susu* has come to refer to various forms of rotating savings and credits associations (ROSCAs), and by the late 1990s, was estimated to be responsible for mobilizing “about 50 percent of total financial savings in Ghana” (Bortei-Dorku Aryeetey and Aryeetey 1996:7). The typical *susu* consisted of members who agreed to make regular contributions to a fund which would be given, in whole or in part, to each contributor in rotation, either randomly or according to members’ needs. Like credit relations, *susu* groups are formed through existing social relations between members of the group, and make use of these to create disciplinary pressures for each member to contribute regularly to the savings pool, which in turn safeguards the economic interests of all within the group.

While at first glance this reliance on social relations to enhance economic positions within the market might lead us to conclude that the market is socially embedded in the Granovetterian sense of the term, a closer look at the logic underlying economic transactions within the market might lead us to more accurately identify it as being socially embedded in the Polanyian sense of the term, based on two distinguishing characteristics.

The first distinguishing characteristic is that economic relations and social relations are mutually constitutive within the market. Indeed, consistent with Polanyi’s (1957) description of societies in which the economy is submerged in the social, mechanisms of entering into and maintaining credit or group savings relations among traders also conform to the logic of kinship and friendship. While financial ties can develop out of social ties existing *a priori*, such as in the case of ROSCAs, whereby traders who trust each other enter into relations of financial interdependence by saving jointly as a group, economic transactions arguably also produce social relations that will reinforce and sustain them. Relations within the market frequently begin as economic ties between wholesalers, retailers, and customers who buy from and sell to each other. Through repeated economic interactions and transactions, these ties develop extra-economic dimensions, such that traders are no longer simply bound to each other through economic exchanges, but are tied socially as colleagues, friends, and counterpoints through which their lived experiences in the market make sense. To the extent that economic ties overlap with social ties, such that traders make decisions not only “to safeguard [her] individual interest in the possession of material goods,” but also “to safeguard [her] social standing, [her] social claims, [her] social assets” (Polanyi 1944 [2001]:48), the distinction between social and economic becomes blurred and fuzzy.

The second distinguishing characteristic is the non-profit-driven logic underlying economic activities. To be sure, even if market women do harbor aspirations for accumulation, empirically, their businesses function according to a subsistence-driven logic, not a profit-driven

logic. Indeed, while market activities for profit and those for subsistence may appear similar, Braudel's conceptualization of a fragmented capitalist world-economy urges us to carefully distinguish between the everyday acts of buying and selling within the upper layers of the capitalist world-economy and within material life (Braudel 1982:62-64). While economic transactions within the upper layers of the capitalist world-economy follow a M-C-M' profit-driven logic, whereby merchants start with money (M) and buy commodities (C) in order to sell for more money (M'), within the layer of material life, economic transactions follow a C-M-C' subsistence logic, whereby traders come to the market to sell commodities (C) for money (M), but only as a means of acquiring other goods (C'). The critical difference between the two types of market dynamics is that the former is driven by an endless pursuit of monetary profit, such that accumulation becomes an end in itself, and the latter is not. Within the market, market women's businesses by and large do not generate monetary profit. Rather, money is only a means by which market women transform one set of commodities, namely the goods that they sell, into other sets of commodities, such as goods consumed for everyday sustenance. As such, the transactions occurring within the market are perhaps more appropriately understood as forms of barter, except that they are mediated by money.

As the market is socially embedded in the Polanyian sense, that is, not organized around the principle of profit maximization, there are serious implications for the types of financial services that operate there, particularly in terms of the scale of profit margin, time, and space. First, practices and institutions of informal finance, ranging from the extension of credit among traders to *susu* savings groups, are not instruments through which traders make profits off of each other, but are rather means of pooling resources to ensure a basic, subsistence level of liquidity and financial stability among community members. Second, the forms of financial services found in the market address short-term concerns of liquidity and not long-term goals of accumulation. The *courte durée* that structurally bounds credit and savings relations, as well as their informal and socially embedded nature, allows financial institutions to respond flexibly to varying conditions in the market, such as market shocks and volatility, seasonality. This also caters better to any sudden household or individual crises that users of financial services may face, since the term of any relation of financial dependence or interdependence is shorter, and conditions looser. Third, the system of informal finance functioning within the market is entirely local in that it draws on local resources to service the community, and does not provide linkages to external resources or channels for external institutions to enter the local market. Credit relations within the market are largely extended among traders, or between traders and customers, such that the sharing of liquidity remains local and the network of credit relations is closed to the local community. Likewise, *susu* performs the crucial function of pooling and mobilizing local savings, but also redirects these savings to meet the most urgent local needs. Thus, in order for commercial

microfinance to succeed as global capital functioning within material life, it must overcome structural constraints stemming from the differences in the logics underlying each layer of the capitalist world-economy.

Banking for the Others?

Since the early 1980s, the Ghanaian government has pursued financial reforms to create spaces for such institutions as non-governmental organizations (NGOs) and credit unions, which operate within the interstices between formal and informal financial institutions.⁶ In particular, the passage of the Financial Institutions (Non-Banking) Law (PNDCL 328) in 1993 provided “a flexible means of regularizing [...] microfinance institutions through the transformation of NGOs into licensed financial intermediaries, [the] formalization of actual or potential informal money-lending operations, [and the] establishment of small private banking operations serving a market niche” (Steel and Andah 2003). Nine specialized categories of non-bank financial institutions were created under the PNDCL 328, among which savings and loans companies became an important channel through which a commercial microfinance sector developed.

Yet the creation of a regulatory niche for middle-tier financial institutions and the numerical expansion of commercial microfinance institutions (that is, microfinance institutions that explicitly profess goals of financial sustainability and profitability) should not be equated with commercial microfinance successfully penetrating material life in Ghana. Around Madina, while commercial microfinance institutions have become more accessible, their clientele has been concentrated among shopkeepers operating in the outskirts of the market. Within Madina Market, while market women have begun utilizing formal savings services, they simultaneously retain their dependence on informal savings services, and are unreceptive to credit services provided by commercial microfinance institutions.

Table 2 shows the various kinds of credit services utilized by market women in Madina Market. As can be seen, they continue to rely heavily upon informal sources of credit. Of the 60 women surveyed in Madina Market, only 3 (5%) had ever taken a loan from a formal financial institution. Most market women were aware – but also highly skeptical – of formal microcredit services and the associated rhetoric that claims such services are a means of poverty alleviation targeted towards small-scale clients.

⁶ For the analytical purposes of this study, I shall group formal and semi-formal financial institutions into a single category of “formal institutions,” as they both fall under the jurisdiction of the Bank of Ghana.

Table 2. Utilization and Provision of Credit Services

	Yes	No
Advance of capital/goods (% , N)	76.7 (46)	23.3 (14)
Support from kin (% , N)	46.7 (28)	53.3 (32)
Loan from formal financial institution (% , N)	5 (3)	95 (57)
Extension of capital/goods advance (% , N)	60 (36)	40 (24)
Extension of capital advance (% , N)	35 (21)	65 (39)

When asked about their perception of the effectiveness of formal microfinance, particularly microcredit services, in improving the well-being of market women, women frequently referred to, but distanced themselves from, a generic and nameless “other” who allegedly benefits from these services. One woman put it, “as for the banks, yes, they have helped. Of course they have helped. I have heard they give money [loans] to many women. But as for me myself, I don’t use the banks” (Interview #4, 2008). When asked whether she would consider taking a loan from a formal financial institution, another woman responded, “As for the banks, they give it [the loan] to you, but they take it all back again. Oh I don’t know. I don’t need their help. Yes, others have been going for the money [loans], but as for me, the small that I have is enough for me. [...] I would rather pray to God to provide” (Interview #6, 2008).

In order to understand the aversion to formal microcredit services, it is necessary to clarify the nature of credit services actually offered by commercial microfinance institutions to market women. As the branch manager of one microfinance institution operating in Madina Market explained (Interview #25, 2008), the high costs and labor-intensive nature of community-centric products, such as group loans, have pushed commercial microfinance institutions towards offering credit services which are effectively down-scaled versions of high street financial products. Their smaller size aside, microcredit loans are granted to market women on an individual basis depending on their credit-worthiness on paper, demonstrable by a regular track record of making

savings deposits, and are secured by collateral and no different in principle from personal loans granted by banks. As this manager further explained,

We have to watch our operations. We need to make profit, and we are aiming to expand. It is too risky to grant loans without collateral, so we need to take something, savings, [borrowers'] properties, or [borrowers] have to find a personal guarantor. Group loans are for beginners. You send an [loan] officer to help these women form groups, you teach them how to save, you monitor their progress and make sure they are paying on time. But our goal is that, after some time, instead of us going to the women, they come to us. We cannot keep sending officers out. We don't have enough staff, and it is too time-consuming (Interview #25, 2008).

Given the pressures for profit and commercial microfinance's corresponding model of operation, market women's underutilization of formal microcredit services can be attributed to variegated manifestations of the same problem: scale. First of all, although they are marketed as being designed "to meet the financial services needs of women and other entrepreneurs in the micro/small business sector" (Women's World Banking Ghana 2008), it is tremendously difficult for most market women to qualify for microcredit services. One woman commented that "banks come and advertise and educate market women, but they do not give loans" (Interview #12, 2008). Another explained that although she saved at a formal financial institution, she would not take a loan "because of the long process—they need collateral and there is too much paperwork" (Interview #11, 2008). For market women living from hand to mouth, requiring scales of surplus through such conditions as collateral, or the ability to maintain a minimum savings balance and to display a good track record of regular savings, effectively excludes them from obtaining microcredit loans.

Secondly, to insure against the risks of lending to market women—who are often viewed as less than credit-worthy clients given the volatility of their businesses—as well as to maintain profitability, commercial microfinance institutions often charge high, if not usurious, interest rates on microcredit loans, sometimes exceeding 25% per loan period.⁷ Consequently, many market women are deterred from even considering microcredit services. One woman pointed out, "if I borrow from the bank, I have to pay interests. But if I buy on credit and use *susu* savings, I do not have to pay interests" (Interview #1, 2008). Another woman admitted to having considered taking

⁷ The interest rate for a 30-week loan of 500 Ghana Cedis (equivalent of about USD 500 at rates in July 2008) from Women's World Banking Ghana, for example, is 29.0%, with a weekly repayment of 21.49 Ghana Cedis.

a microcredit loan, but ultimately decided against it: “I just don’t have enough money to pay back” (Interview #8, 2008).

Thirdly, in order to streamline operations, microfinance institutions have introduced regular, weekly loan repayment schedules that do not allow for the market fluctuations to which market women are susceptible. As a result of the obvious discrepancies between the temporal scale of a loan cycle and that of market women’s business cycles, many market women find it too risky to take on a loan. One woman described the stress of financing a loan:

I don’t take loans from the bank, because paying back is too difficult. Every week you have to pay—every week. If the market is not good, you can’t pay, but the banks will come and harass you. If you cannot pay, they will come and take you away to the police station, and they will lock you there. Yes, the banks, they give you money, but they take it all away from you again. They will make you pay down to the last pesewa [cent] (Interview #3, 2008).

In this respect, the experience of the few women who took out microcredit loans might serve as a cautionary tale. Only three out of the sixty women surveyed ever took out a microcredit loan. One was the top trader in the sample, who operated a fruit and vegetable store out of a fixed built structure—the largest in the sample both in terms of physical space and operational scale—and who had received starting capital from both her father and her husband. The second trader also operated out of a fixed built structure, with a small store selling tomatoes and onions. She, too, received starting capital from her husband, and continues to rely on his financial support in maintaining her store. The third trader was a single mother who had a fixed make-shift stall selling dried fish. Of the three women, the first two used the loan not to expand their businesses, but rather, on home improvements. These two women were able to repay their loans on schedule, but only because their husbands made significant contributions towards loan payments. The third woman had intended to use her loan to expand her business, but when her son unexpectedly fell ill and was admitted to the hospital, she used the loan to pay for medical bills instead. Having had to take time off her business to care for her son, she exhausted her savings and fell behind on loan repayments. Now, burdened by an outstanding loan that was still accumulating interest, she lost credibility within the market, and faced significant difficulties in accessing sources of informal credit to revive her business. For those market women whose sole source of income is their precarious business, and cannot rely on diversified financial resources, microcredit loans in their particular commercial form can easily prove too risky.

Table 3. Utilization of savings services % (N)

Yes	88.3 (53)
Informal only	54.7 (29)
Informal and formal	28.3 (15)
Formal only	17.1 (9)
Subtotal	100 (53)
No	11.7 (7)
Total	100 (60)

In comparison to formal microcredit services, savings services offered by commercial microfinance institutions have gained traction among market women in Madina Market in recent years. However, even as more market women have begun utilizing formal savings services, their reliance on informal savings services persists. Table 3 shows market women's preferences for formal and informal savings services. Of the 88% of market women surveyed who reported a regular habit of saving, only 17% did so solely through formal financial institution. It must be noted, however, that, like informal credit, the modes of informal savings services have changed drastically over time. As Madina Market expanded over the years, with more and more market women originating from different parts of the country, ROSCA-type *susu* groups have become scarcer. Whereas it was once easier to establish a *susu* group comprised of traders selling the same good, of the same tribe, and speaking the same dialect, it is now more difficult for market women to assemble a homogenous group, or find time to operate a *susu* group.

By far the most prominent form of *susu* now present in Madina Market is the *susu* collector, who is usually male, and visits market women at their stalls or their homes at agreed times on a daily basis, and collects funds towards individual savings plans. Market women deposit a fixed amount of cash, determined in consultation with the *susu* collector, for an agreed period of time, usually not exceeding one month. In case a market woman earns more than expected on a particular day, she may make a larger-than-usual deposit. Similarly, if a market woman makes less-than-expected sales, she may deposit less than the fixed amount without penalty. Since the purpose of this savings plan is to achieve a reasonable sum of savings, market women are discouraged from making withdrawals within the savings period. In case of emergency, however, market women can request a withdrawal, in which case the *susu* collector would deliver the amount to her stall or her home. In rare cases, *susu* collectors may even give out small, short-term loans to market women. At the end of each savings period, market women's deposits are returned, less an agreed-upon amount that goes to the *susu* collector as a commission or a service charge.

Essentially a form of mobile banking, the *susu* collector scheme is similar to ROSCA-type *susu* groups to the extent that market women rely heavily on local information to identify reliable *susu* collectors with whom they can trust their hard-earned money. Saving with the *susu* collector is, however, fundamentally different from being part of ROSCA-type *susu* groups in that market women no longer develop horizontal economic and social ties with each other through pooling and managing their financial resources, but rather develop individual and vertical relations with the *susu* collector. Whereas those in ROSCA-type *susu* groups supported and kept each other accountable in meeting savings targets, market women are now disciplined by the *susu* collector's daily visits.

While these changes precede the entrance of commercial microfinance into the market, the evolution of informal savings services begs several questions. In particular, if the mode of informal saving has evolved from an egalitarian group-based model of collective saving to a hierarchical banker-client model of individual saving that resembles formal financial institutions, why would market women still choose to save informally, given newly available access to formal finance? Given the option of saving at a licensed, regulated formal financial institution where interest could be earned, why would market women continue to take the risk of handing their savings to an unregistered and unregulated *susu* collector who charges a monthly commission? Explanations provided by market women reveal that the continued reliance on informal finance is not only a matter of habit or inertia, but an exercise of agency based on rational calculations concerning the problem of scale.

Table 4 shows market women's utilization of various types of savings services according to their profile characteristics. I performed statistical tests to examine whether the types of savings services utilized by market women are correlated with their profile characteristics. Results show that women's choice of savings services were not significantly correlated with their age, level of education, whether or not they identified as the head of household, or whether they were the primary source of financial support for their household. The only two factors that were significantly correlated were the scale of operation of women's businesses and their income level.⁸ Beyond the feeling of "shame" (Interviews #5, #7, 2008) and "embarrassment" (Interviews #7,

⁸ Chi-squared tests of independence were employed to test the statistical significance of the relationship between women's choice of financial service and women's level of education, status within the household, and source of financial support for their household. ANOVA tests were performed to test the statistical significance of the relationships between women's choice of financial service and age, scale of operation and income. The relationship between women's choice of financial service and the scale of operation of their business was found to be marginally significant ($p < 0.1$), and the relationship between choice of financial service and income level was statistically significant ($p < 0.05$).

#14, 2008) for depositing miniscule amounts at a formal financial institution, the problem of scale manifests itself dually as issues of time costs and liquidity.

Table 4. Utilization of Savings Service by Profile Characteristics

Characteristic of Market Women	Type of Savings Services Utilized		
	Informal Only	Informal & Formal	Formal Only
Age (Mean)	38.7	39.7	38.9
Education (% , <i>N</i>)			
Up to Primary	54.3 (19)	31.4 (11)	14.3 (5)
Up to Secondary	58.8 (10)	23.5 (4)	17.6 (3)
Tertiary	0 (0)	0 (0)	100 (1)
Status within Household (% , <i>N</i>)			
Self as head of household	42.9 (6)	50.0 (7)	7.1 (1)
Other Member as head of household	59.0 (23)	20.5 (8)	20.5 (8)
Financial Support for Household (% , <i>N</i>)			
Self	57.1 (16)	35.7 (10)	7.1 (2)
Other household member	52.0 (13)	20.0 (5)	28.0 (7)
Scale of Operation (Mean Monthly Stock Value, US dollar equivalent)			
	2130*	3238*	4762*
Mean Monthly Income (Total cash received from sales per month, US dollar equivalent)			
	1991**	3560**	5850**
Total	54.7 (29)	28.3 (15)	17.0 (9)

* $p < 0.1$, ** $p < 0.05$

Given the limited hours of operation of formal financial institutions, market women can only access formal financial services by taking time off their own businesses during the work day. Furthermore, the tedious and sometimes—especially for illiterate market women—“humiliating”

(Interview #5, 2008) process of form-filling, long lines, and formal financial institutions' distance (however short) from market women's stalls mean that every trip to make a deposit or withdrawal may take up to hours, resulting in decreased sales and money lost. In contrast to the rigid mode of operation of formal financial institutions, *susu* collectors offer flexible, door-to-door, and efficient services on demand, leading market women to more often choose the more time-conserving option at a minimal price. One market woman remarked, "the banks, you walk there, and you get asked questions before they give you money. So when I need money, I just call my *susu* collector any time" (Interview #12, 2008).

The time costs of utilizing formal savings services compound the liquidity pressures felt by market women. Since it is costly to make deposits and withdrawals, money saved in formal financial institutions reduces the already scarce liquid capital on which market women rely for their businesses and households. Furthermore, although most formal financial institutions do not require minimum balances for savings services, such requirements do exist for interest returns. The financial benefits of formal savings services can therefore only be enjoyed if market women can set aside enough money for their account balances to accumulate sufficiently. As one market woman explained,

The reason why you cannot withdraw money every day is because then the money in your account will be too small. When you put money in the bank, you should wait one, two or three months. You can withdraw every day, but it is not in your interest, because you can't get interest that way (Interview #14, 2008).

Taken together, unless they operated at a considerable scale, and could afford to save a sizeable sum for a period of time, it makes far more economic sense for market women to save with a *susu* collector rather than at a formal financial institution. While many women interviewed acknowledged the risks associated with informal *susu* collectors and expressed at least a theoretical preference for formal financial institutions, the transformation of theory into practice is nonetheless constrained by the nature of market women's small-scale businesses. As one market woman remarked, "I know that the *susu* collector may run away with my money, but my money is not enough to save at the bank" (Interview #2, 2008). Overwhelmingly, market women shared the sentiment of "if I had spare, I would save in the bank" (Interview #6, 2008), but as one woman somberly noted, "my capital is too small to put in the bank. Once I put it in the bank, my business will have nothing to rely on" (Interview #16, 2008). And as another piercingly observed, "we all know it's [formal financial institutions] very good, but unless you get big money, you cannot go there" (Interview #13, 2008).

This finding is consistent with other studies, which have also observed the difficulties of commercial microfinance in taking root in local markets (Grasmuck and Espinal 2000; Hunt and Kasynathan 2001; Chowdhury et. al. 2005). Yet, to the extent that commercial microfinance services have been adopted unevenly within the market, or more specifically, that it is only savings services that have been adopted by market women operating at larger scales, the effects of commercial microfinance on the local market warrant closer attention.

In Madina Market, commercial microfinance has disrupted the local system of informal finance in two important ways. First, commercial microfinance has contributed to the weakening of the social relations network within the market, which began with the decline of ROSCA-type *susu* groups and the emergence of the *susu* collector. The replacement of groups by individual collectors has reconfigured the dense network of mutual cooperation and interdependence among market women into a sparser network whereby market women are dependent on the *susu* collector, and are connected to each other not directly, but only indirectly through the *susu* collector.

With the entrance of commercial microfinance, the vertical structure of social relations between market women and providers of financial services is replicated, but the nature of those relations is fundamentally different. While the economic relations between market women and the *susu* collector are sustained on the basis of trust, friendship, and because the *susu* collector is a member of the local community, economic relations between market women and formal financial institutions are disembedded from social relations and sustained bureaucratically. This transition from a social network characterized by a sense of solidarity and an intimate knowledge of others' financial position to a looser network characterized by more vagaries and uncertainties is felt and articulated by women who have been in the market long enough to witness such changes. One older woman who has been operating in the market for more than twenty years noted,

before, we all gave money to the *susu* collector. He comes every day, and you know how much everybody is giving. Now, people still give money to the *susu* collector. But if they have spare, they can go to the bank. Sometimes I also go to the bank. Yes, other people also do it, but I don't know [who does it] (Interview #17, 2008).

Second, commercial microfinance has also disrupted the circulation of financial resources within the market. Local institutions of informal finance have historically served as an effective way to direct financial resources toward community needs by transforming local savings into local credit. For instance, through informal credit arrangements between traders, the personal savings of one market woman is redirected to another as credit. In ROSCA-type *susu* groups, members of the group pool their savings to condense the time necessary for each individual to accumulate a given amount of savings, such that the lump sum going to the designated member of the group

functions effectively as a short-term loan. Similarly, in addition to maintaining the liquidity of market women by providing withdrawal-on-demand services, insofar as *susu* collectors extend small loans to market women in emergency situations, they also serve as a channel through which the collective deposited savings of the community can be re-directed towards local need for credit.

Commercial microfinance, however, disrupts the savings-credit cycle. Since market women must bear considerable transaction costs to make cash withdrawals from formal financial institutions, once deposits are made, their savings become trapped and illiquid. Additionally, since market women typically only utilize formal savings services but do not take out microcredit loans, savings deposited at formal financial institutions do not get recycled into the market as credit to other traders. As such, by holding community savings and hindering its recirculation into the community, commercial microfinance imposes considerable liquidity constraints on the market as a whole. Furthermore, as commercial microfinance services are utilized only by richer market women, the disruption of the savings-credit cycle might also be understood as fragmentation within the market based on financial position. If the financial resources of richer market women are systematically apportioned into a distinct sphere separate from the rest of the market with its own set of disembedded economic relations, the disruption of the savings-credit cycle leads not to an overall decrease in financial resources within the market felt equally by all market women, but rather, to the systematic deprivation of poorer market women whose liquidity was already more constrained to begin with, and who, due precisely to liquidity constraints, cannot access the financial resources now trapped within formal financial institutions.

The disruption in the circulation of financial resources occurs not only on the demand side in relation to market women, but also on the supply side in relation to providers of informal finance. Certainly for *susu* collectors, the competitive pressures exerted by commercial finance on their businesses are strongly felt. One *susu* collector offered this perception of the “financial food chain:”

Nowadays there are more and more banks. They didn't use to come here to the market, but now they are here. They take away our clients. [...] They usually take the customers with the growing business. As [the customers' businesses] grow, they go to the bank. But without us, they cannot rise up to the level of the bank. Without us, banks may not even see their customers. [...] But they don't even come and thank us for raising such customers for them. We train them [market women] to save, and they go to the bank. Banks should join hands with us, so they don't take our job away from us (Interview #26, 2008).

By diverting their largest and most reliable sources of working capital, commercial microfinance leaves *susu* collectors with only the small-scale deposits which market women cannot afford to deposit at formal financial institutions. In response to this, all three *susu* collectors interviewed for this study have begun to streamline their operations, with the articulated intention of “becom[ing] more like the banks” (Interview #27, 2008). Thus, the *susu* collectors have begun to operate out of fixed offices, and decreased the frequency with which they go from stall to stall within the market, thereby reducing the very kind of mobile banking services which formal financial institutions fail to provide, and on which market women depend.

Furthermore, while there have been attempts at a hybrid model of commercial microfinance, as suggested by one of the *susu* collectors, their success has been dubious. In 2005, for instance, Barclays Bank Ghana launched a microbanking program whereby loans were made to *susu* collectors for on-lending to their own clients. While the program was launched with much fanfare, with a Barclays official writing in *The Guardian* of the prospects for a profitable business situation in which “everybody wins” (Derban 2008), by 2010, Barclays had begun to partner with two international non-governmental organizations to reform the program into a community savings and loans project (Yeboah 2010), and currently lists the project as one of its not-for-profit “Community Sustainability Programme[s]” (Barclays 2013). Lending to *susu* collectors for further on-lending might seem a viable model, one that saves formal financial institutions administrative and labor costs but still allows capital to penetrate the lowest layers of the market through the expertise and connections of the *susu* collector. However, other transaction costs associated with the process of subcontracting could pose serious constraints on profitability.

Discussion

In his evaluation of the history and evolution of microfinance, Jonathan Morduch comments that “the idea for [microfinance] did not come down from the academy, nor from ideas that started in high-income countries and then spread broadly” (1999:1573). Rather, the innovation of microfinance lies in its use of socially-embedded financial technologies “long used in traditional [...] modes of informal finance” combined with the “scale advantage of a standard bank.” In the case of Madina Market, when social networks close in upon themselves and become insular, social embeddedness becomes a liability by reducing the flow of information from outside the network, and, by allowing “the social aspects of exchange supersede the economic imperatives” (Uzzi 1997:59), the pressure for profitability ultimately pushes commercial microfinance institutions to abandon these financial technologies, and to, instead, adopt standardized bureaucratic structures of organization.

Such institutional arrangements, exemplified by fixed business hours, standardized forms, and regular loan repayment schedules, enable bureaucratic efficiency, but result in rigid and

inflexible financial services that do not meet the needs of market women. Thus, paradoxically, by eliminating the elements of interpersonal relations which introduce variability and uncertainty into financial transactions, commercial microfinance disembeds itself from the very networks of trust on which its success is to be based.

The structural contradictions inherent in the logic of commercial microfinance can be understood as a problem of scale, in terms of profit margin, time, and space. With regards to profit margins, this study of Madina Market illustrates that commercial microfinance faces a lose-lose situation of either extracting profits within the layer of material life at a level that is not sufficient by the standards of the upper layers of the capitalist world-economy, or increasing profits by cutting costs and forfeiting the means of penetrating the lowest layers of material life.

With regards to time, in attempting to move between the various layers of the capitalist world-economy, commercial microfinance must also reconcile differences in the temporal structures of savings and credit cycles. Whereas savings within the upper layers of the capitalist world-economy are usually held for a time period long enough to facilitate accumulation, within the layer of material life, savings deposits are frequently withdrawn within such a short time period that accumulation does not occur, as we have seen in Madina Market. Likewise, credit cycles within the upper layers of the capitalist world-economy tend to occur over a longer time period than those within the layer of material life. Credit instruments such as loans perform the function of compressing time, such that financial resources that would otherwise take time to accumulate are made available in the present. Within the upper layers of the capitalist world-economy, the scale of temporal compression is generally greater, as reflected by the larger size of loans as well as longer repayment terms, whereas within the layer of material life, temporal compression takes place on a much smaller scale, as evidenced by the smaller size of loans that are often settled within a matter of days or weeks.

With regards to space, commercial microfinance also embodies the paradoxical double meaning in David Harvey's (2001) notion of the "spatial fix." Insofar as commercial microfinance promises a new channel for the reinvestment of surplus capital from the upper layers of the capitalist world-economy in the layer of material life, it arguably offers a "fix" to global capital's problem of over-accumulation. Yet in its attempt to plant global capital firmly into the layer of material life, commercial microfinance also "fixes" capital within specific spatial localities. Whereas in the upper layers, capital constantly seeks to expand beyond the boundaries of existing markets and to replicate itself across geographic spaces, within the layer of material life, success within the market is predicated on capital's ability to adapt to the particularities of local contexts.

Microfinance thus seeks to resolve the contradictions between profitability and subsistence, and long-term and short-term modes of operation, as well as the tendencies towards spatial expansion and concentration. These are not simply the artefacts of contrasting institutional

priorities stemming from differing normative attitudes towards commercial and social objectives (Pache and Santos 2010; Battilana and Dorado 2010; Canales 2011). Rather, they reflect the structural fragmentation of the capitalist world-economy into different tiers governed by conflicting norms and relations of production. Indeed, our venture into Madina Market reveals that, even within a broader context of global capitalism, there can remain a market layer that remains socially embedded in the Polanyian sense. In order for commercial microfinance to function as a financial intermediary between global and local markets, and cross between different layers of the capitalist world economy, it must overcome the contradictions between the logic of profit maximization, which dominates the upper layers of the capitalist world-economy, and which gives microfinance its distinctive “commercial” flavor, and the logic of subsistence, according to which the layer of material life is organized.

Yet the difficulties which commercial microfinance has experienced in overcoming these contradictions do not mean that it has not had a noticeable impact on the day-to-day life within the markets that it tries to penetrate. Indeed, as Braudel noted,

In a context where other structures were inflexible (those of material life and, no less, those of ordinary economic life) capitalism could choose the areas where it wished and was able to intervene, and the areas it would leave to their fate, rebuilding as it were its own structure from those components, and gradually in the process transforming the structure of others (Braudel 1981:562).

It is precisely this kind of incomplete and uneven penetration of commercial microfinance that has transformed Madina Market. Commercial microfinance has consolidated the reconfiguration and disembeddedness of social relations that began with the replacement of ROSCA-type *susu* savings groups with *susu* collectors. Whereas the former facilitated horizontal linkages between market women, the latter cultivated vertical linkages between individual market women and the *susu* collector. This vertical structure of social relations is replicated in commercial microfinance, yet while vertical linkages between market women and *susu* collectors were embedded in trust and friendship, economic ties between market women and microfinance institutions are disembedded from social relations and bureaucratically sustained. Perhaps more significantly, by re-directing only better-off market women towards commercial microfinance institutions, and more specifically, towards savings services and not credit services, commercial microfinance not only disrupts the circulation of financial resources within the market by trapping savings and hindering its recirculation into the community as available credit, but also creates fragmentation by systematically apportioning the financial resources of richer market women into

a sphere distinct from the rest of the market, the access to which is obstructed for poorer women given their liquidity constraints.

The trade-off between the commercial objectives—maintaining profitability—and the social objectives—reaching the poor—of commercial microfinance has been well-documented in the existing literature. Yet by adopting a Braudelian framework of analysis, this study traces the roots of commercial microfinance’s failure in this setting to structural contradictions inherent within the fragmented capitalist world-economy. Braudel’s insights about the fragmented nature of the capitalist world-economy direct us to carefully distinguish between market activities and dynamics that may appear similar, but are driven by conflicting logics. While the every-day activities of buying and selling may appear similar across time and space, our venture into Madina Market reveals that unlike the kind of buying and selling for profit maximization and capital accumulation which takes place in the upper layers of the capitalist world-economy, activities of buying and selling within the layer of material life are driven by a subsistence logic, and are more akin to barter exchange mediated by money.

Likewise, although commercial microfinance and traditional institutions of informal finance both appear to be rooted in a socially embedded logic in that both rely on social relations to ensure or improve economic performance, closer examination shows that commercial microfinance is better understood as being socially embedded in the Granovetterian sense, in that social relations are factored into economic transactions to facilitate profit maximization in the long run. Markets where traditional institutions of informal finance operate are better described as being socially embedded in the Polanyian sense, where social and economic relations are not organized by the purely economistic principle of profit maximization.

Scholars have expressed hope that the development of better financial technologies (Cull, Demirgüç-Kunt, and Morduch 2007), better institutional practices and monitoring mechanisms (Hunt and Kasynathan 2001; Knight, Hussain, and Rees 2009), and improved regulatory environments (Knight et. al. 2009) may allow commercial microfinance to better achieve its dual goal of reaching the poor while maintaining profitability. Yet unless the challenges faced by commercial microfinance are understood not only within the localized contexts of the markets in which they seek to penetrate, but more appropriately with a view of how local markets functioning within the layer of material life are situated within the global capitalist world-economy, the structural constraints inherent in the very idea of commercial microfinance are likely to remain unresolved.

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Annex 1: Questionnaire**(I) PERSONAL INFORMATION**

- (1) Name: _____ (2) Name of Business: _____
- (3) Age: _____ (4) Ethnicity: _____ (5) Language(s): _____
- (6) Religious Affiliation: Muslim Christian (Denomination: _____)
- (7) Marital Status: Never married Married Divorced Widowed Separated
If married: Does your husband live...
 within the same house in a different house, but in the same town in a different town
- (8) No. of children: _____ (9) No. of people who have been eating from the same pot as you over the last 6 months: _____
- (10) Who is the head of your household: Self Husband Other:

- (11) Who supports your family financially? (check all applicable) Self Husband Other:

- (12) Are you a member of any community organizations? (Church groups, Susu's etc)
No Yes (specify):

- (13) Level of Education: < Primary Primary Secondary Tertiary:

- (14) Location: (Mark on map)

(II) BUSINESS/ FINANCES

- (15) Years in business: _____

(16) Goods sold:	(17) Value of Stock (Cost Price)	(18) How often do you restock?	(19) How much do you purchase each time you restock? (Specify: cash/credit)

(20) How much do you earn on...

A good day? (Cash) _____ (Credit) _____

A bad day? (Cash) _____ (Credit) _____

(21) Do you usually save? Yes No

If yes, do you keep the money...

At home/in a safe place In a bank Susu Other

If you save in a bank, which bank? _____ Since when?

Other:

(22) How do you get the money to sustain your business?

i) Has anyone ever given you their money to trade with?

Yes: _____ No

ii) Have you ever got a loan or a bank overdraft?

Yes: _____ No

iii) Have you ever subscribed to a susu?

Yes: _____ No

iv) Have you ever received goods on credit? Yes No

(23) Have you ever helped others sustain their businesses?

i) Have you ever given money to someone else to trade for you? Yes No

ii) Have you ever given people your goods on credit? Yes No

(III) FINANCIAL AUTONOMY

The following questions are about finances within your family.

(24) Do you talk with anyone in the family about what to spend money on? Yes: _____

No

(25) Are you able to support yourself and your family with the money that you earn? Yes No

Is there someone else you could rely on for support? Yes: _____ No

(26) Do you usually give the money that you earn to somebody else in the family? Yes No

If yes, to whom? _____

(27) Do you get any cash in hand to spend on household expenditures other than food? Yes

No

(28) If you wanted to buy yourself a small item of jewelry, such as a pair of earrings, would you feel free to do it without consulting somebody else in the family? Yes No

(29) If you wanted to buy something for your parents or other family members, would you feel free to do it? Yes No

This is the end of the survey. Thank you very much for your time!

Annex 2: Interview Guide

Thank you for doing the questionnaire for us a few days ago. Now we would like to ask you a few more questions, in order for us to better understand the story of your business. This interview should take no more than 40 minutes, and we greatly appreciate your help.

- 1) Could you tell me how you started your business? What made you decide to go into this business, and what did you have to do to get started?
- 2) What were the greatest difficulties that you faced trying to start your business, and how did you overcome these difficulties?
- 3) Did anyone give you money to start your business? Did you have to pay interest, or provide something as collateral? Was it difficult to pay back?
- 4) If you wanted to expand your business, or needed help to stay in business, how would you find the money to do so? Who might be likely to help you do it? Have you ever considered borrowing from (family members/ susu's/ money collectors/ banks)? Why or why not?
- 5) There are more and more banks opening up around here. Do you know about the services that they offer? Do you think you can benefit from those services? Why or why not?
- 6) What are the greatest difficulties that you now face in keeping your business running? What do you do to try to overcome these difficulties?