

How We (Not They) Make Money

Part 2

25th Sustainable Shared Growth Seminar

Sekiguchi Global Research Association
Institute for Governance and Rural Development
March 21, 2018
CPAf, UPLB

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HOW DO WE MAKE MONEY?





TAMAD NOW
PULUBI LATER
WORK NOW
MAYAMANLATER

CHINK+ CHINKEETAN.COM

f i t s #CHINKEETAN

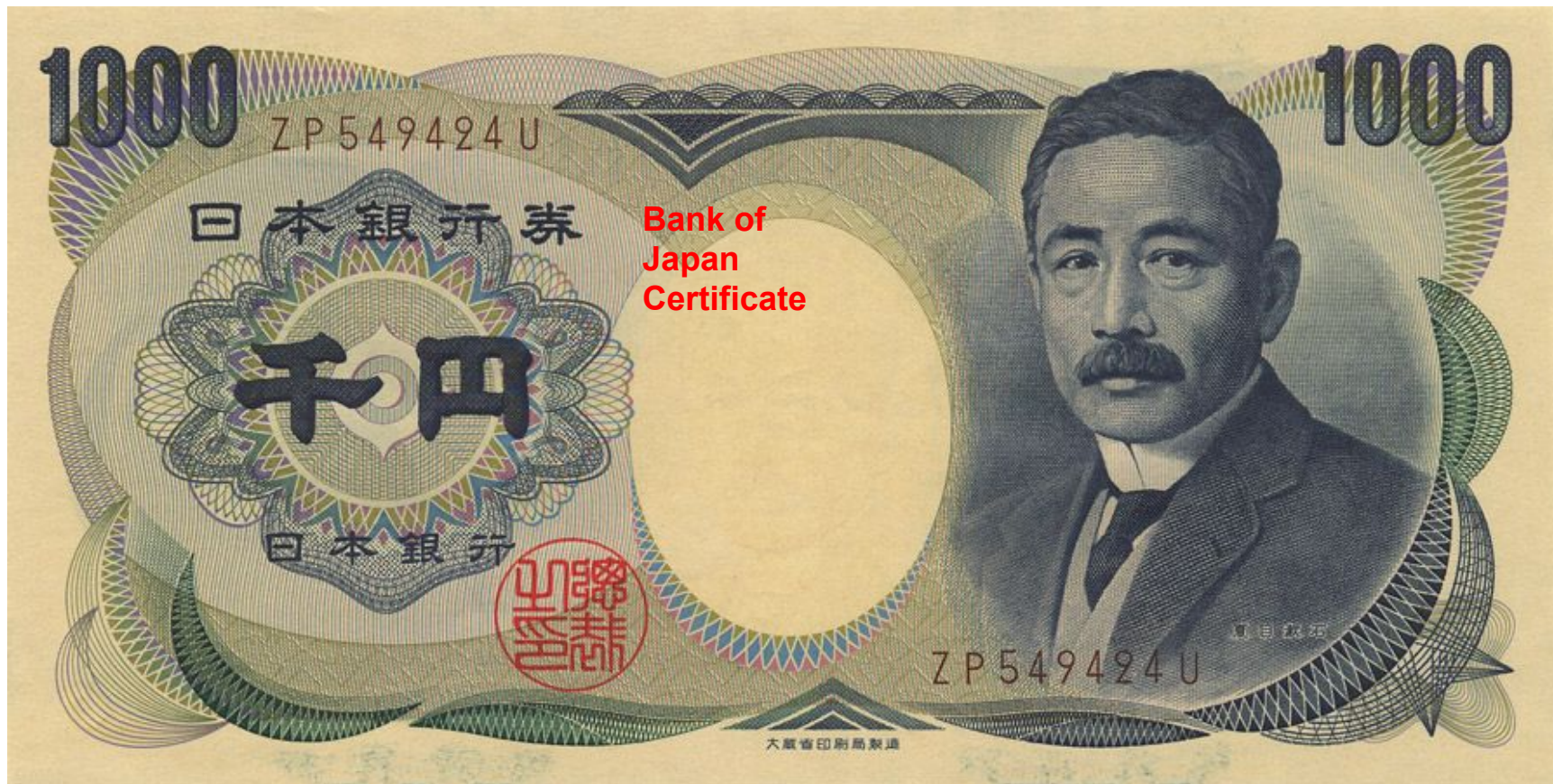
HOW ELSE DO WE MAKE MONEY?



“Ang salaping ito ay bayarin ng Bangko Sentral ng Pilipinas at pananagutan ng Republika ng Pilipinas.”

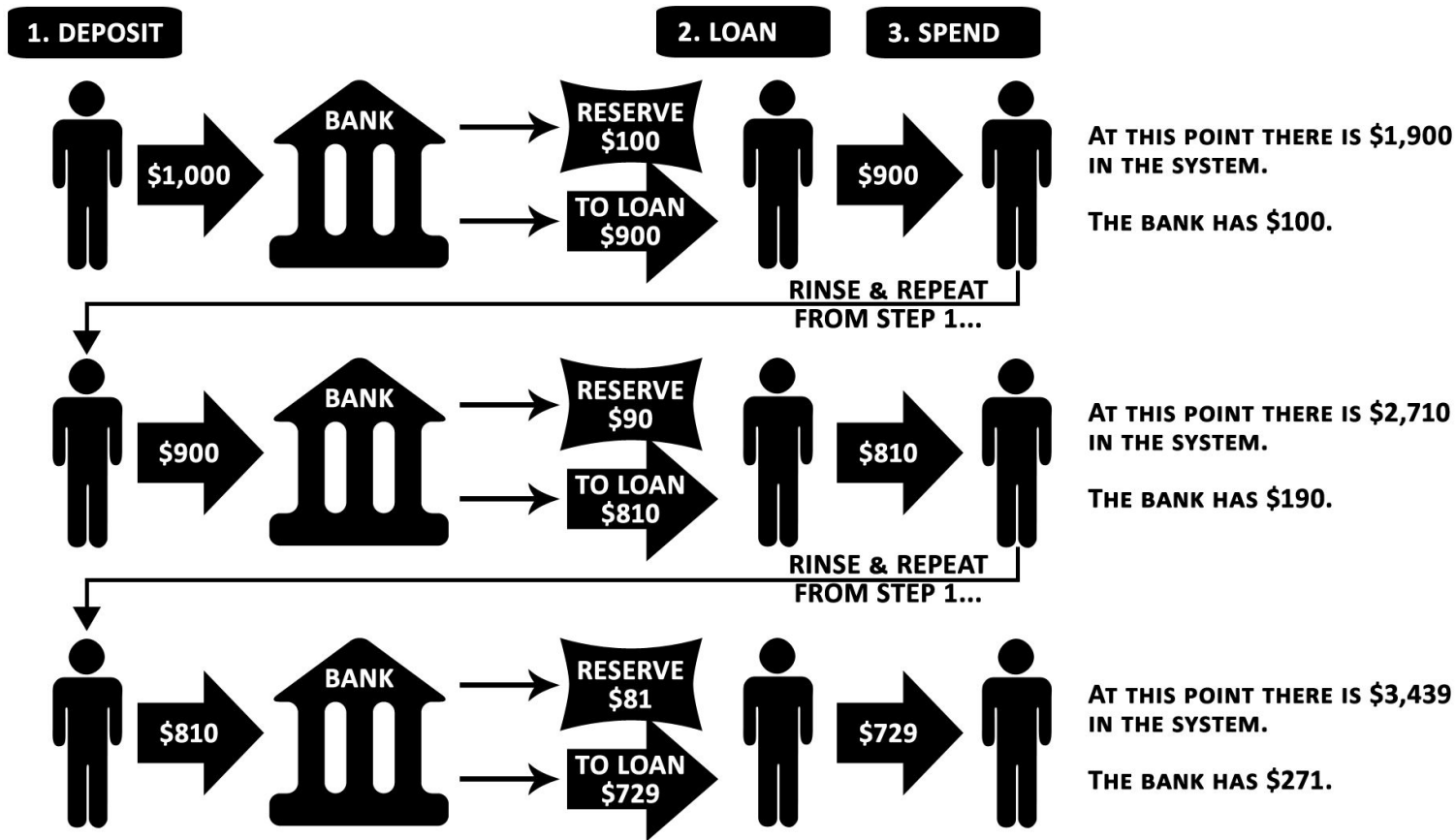
This bill is a payment of the Central Bank of the Philippines and an obligation of the Republic of the Philippines







THE BASIC FRACTIONAL RESERVE BANKING CYCLE



MONEY CAN BE CREATED
WITHOUT (CENTRAL +
PRIVATE) BANKS



COMMUNITY
COMPLEMENTARY
LOCAL

CURREN
CY

Case of Kenya's Safaru-Credit



Outline

- ❖ RATIONALE
- ❖ BASIC MECHANISM
- ❖ IMPACT
- ❖ OPEN FORUM

Rationale of Community Currencies

❖ Features of Poor Communities

- Development imbalances between poor communities and surrounding areas
- Leads to “money leakages” (outflows > inflows)
- Large patterns of seasonality (unpredictability)
- Resulting in stark lack of a medium of exchange, even though goods and services may still be available (excess capacity of goods and services)





Negative Shock

COMMUNITY'S NOT BUYING

- **SPOILAGE**
- **LOW PURCHASES**



CC

Negative Shock

COMMUNITY'S
NOW BUYING

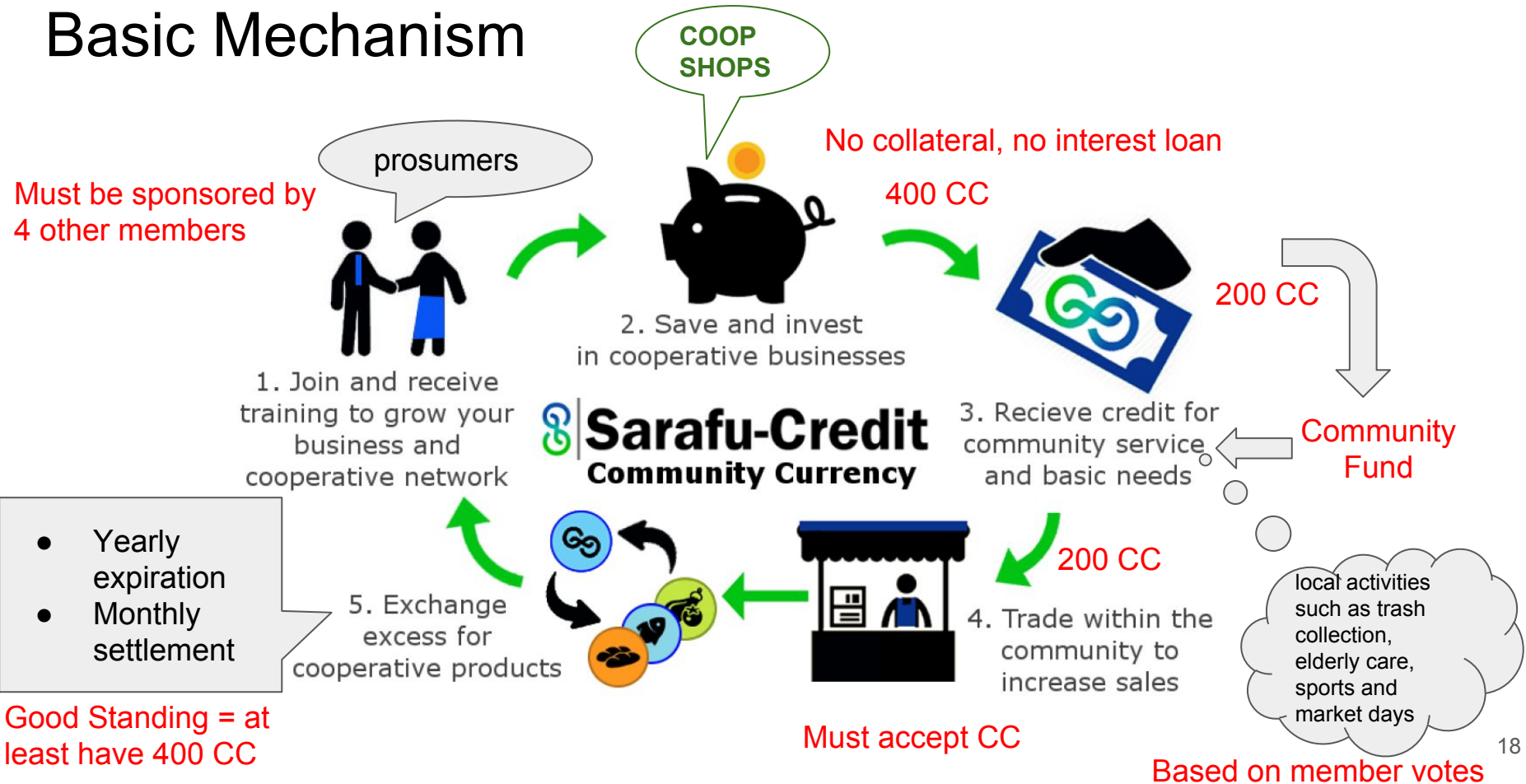
- REDUCED SPOILAGE
- PURCHASES

Rationale of Community Currencies

- ❖ Community currencies have been introduced in several areas in Kenya
 - To foster trade by complementing the lacking national currency
 - Thereby bridging unused resources with unmet demand
 - And stabilizing the local economy (countercyclical buffer)



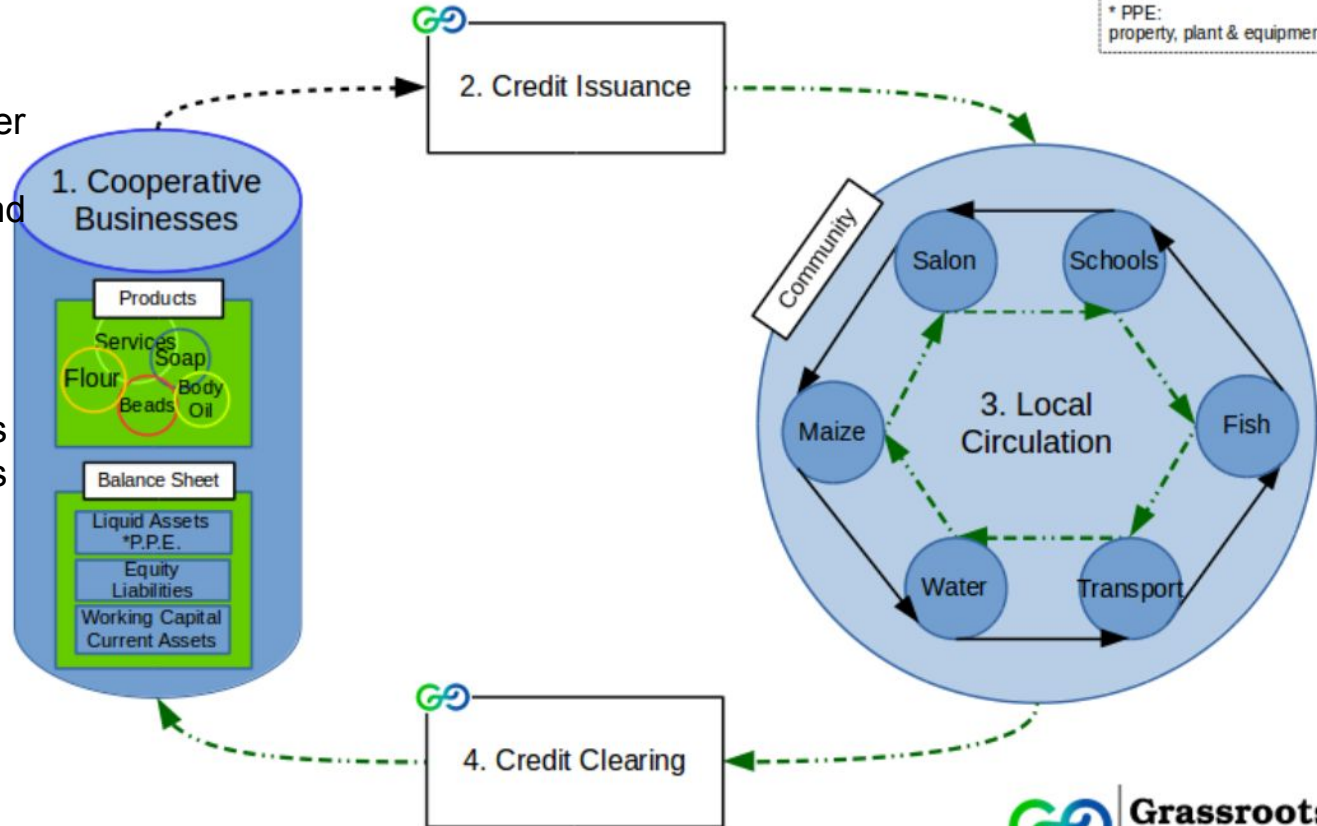
Basic Mechanism



Cooperative Shops



- ❖ Credit-clearing center
 - Stocked with local goods and wholesale items
 - Purchasable with CC
 - Buy off excess CC with profits
- ❖ Community information center
 - Directory (marketing)





Grassroots
Economics

*Prospering economies
built by thriving communities.*

About

Community Currency

Programs

Resources

Donate

Blog

Contact



Transform Local Economies

**ENDING POVERTY LIES IN BUILDING
COMMUNITIES.**

Grassroots Economics is a non-profit foundation that seeks to empower marginalized communities to take charge of their own livelihoods and economic future. We focus on **community development** through economic empowerment and community currency programs. Beneficiaries of our [programs](#) include small businesses and people living in informal settlements as well as rural areas.

Impact

- ❖ are able to save more of the national currency, and
- ❖ to access more easily to basic goods and services therefore satisfying their needs more largely (the CC is often described as “the currency allowing not to go to bed hungry”).
- ❖ stronger ties among members, facilitated exchanges when the Kenyan shilling is scarce, and
- ❖ increased sales for the microenterprise.
 - An impact assessment conducted after the launch of the Bangla-Pesa estimated that it led to a 22% increase in sales for participating microenterprises (Ruddick et al., 2015).

Impact

❖ Preliminary Survey Results 2017 (Grassroot Economics)

➤ Social Impacts:

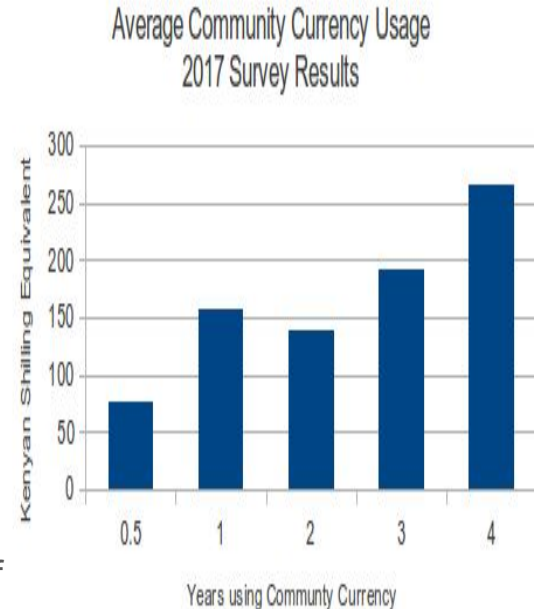
- Environmental Services: 57% of members (684) report Community Currency being used for environmental programs (Such as trash collection and community gardens)
- Willing to continue: 93% of members (1114) want the program to continue and increase the amount of Sarafu-Credit in the community.
- Education: 23% of members report using Sarafu-Credit for school fees (276 students with increased education)
- Trust: 77% of members say that trust in the community has increased.
- Gifting: When asked “How much over the last month did you give (in money professional services and time) to support people or groups without expecting compensation?”
 - Non-using Groups averaged 191 KSH (equivalent) Monthly
 - Community Currency users averaged 855 KSH (equivalent) monthly.
 - 347.48% Higher amounts of gifting for those using Community Currency

Impact

❖ Preliminary Survey Results 2017 (Grassroot Economics)

➤ Economic Impacts:

- Usage with Kenyan Shillings: Based on 505 businesses surveyed across 5 networks an average of 36.6% of sales are being accepted in Community Currency:
- Food Security: 6% increase in daily food purchases are being made by members using Community Currency
- Job Creation: 17% of members report hiring new employees because of the program (206 jobs created). This is over a 100% increase from baseline.
- Customers: 57% of members report increases to customers and 65% report increases to sales because of the program.
- Member retention: Overall we have issued a zero-interest credit to 1700 members totaling roughly 7200 EUR and retained 1140 members (95%).
- Community Currency usage over time. (Average daily amount of CC usage). We find the longer people are in the program the more Community Currency they are using.



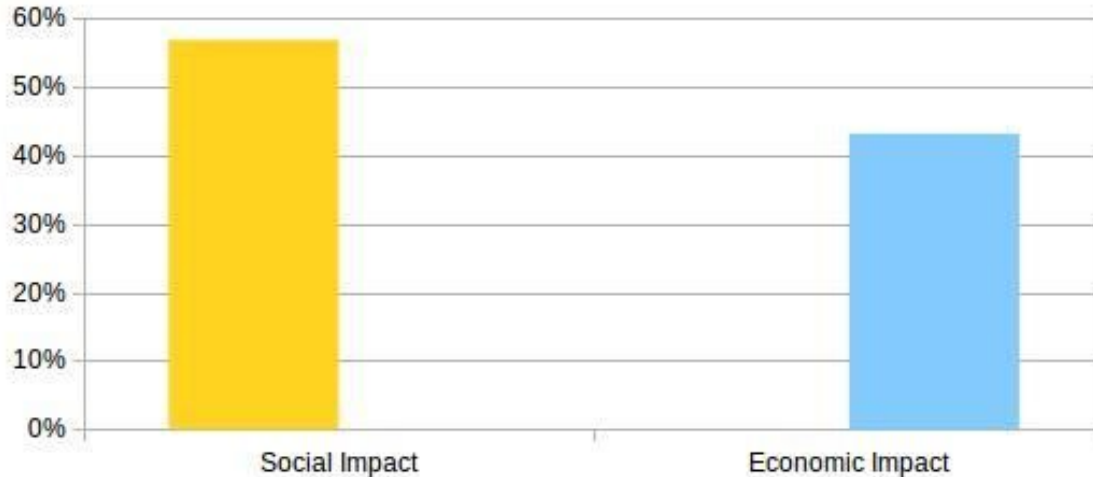
Impact

❖ Preliminary Survey Results 2017 (Grassroot Economics)

- When asked what was the main impact of the program there was a close split between social and and economic impacts.

Main Impact Types Reported by CC Users

505 Member Surveys Across 5 Communities



Lessons from Evolution

- ❖ Needs understanding from national government
 - Mombasa County opposes use of slum currency ([Business Daily, May 11, 2017](#))
 - Bangla-Pesa six freed after State drops charges ([Business Daily, Aug. 25, 2013](#))
- ❖ Post-ODA project sustainability is an issue
- ❖ Social capital in the community is crucial

Some Thoughts Based on FGD with Calamba Development Council

- ❖ Some misconceptions
 - SM vouchers are not really CCs



The Perfect Gift for Any Occasion

Make it more special with any of these Limited Edition Gift Card Sleeves for only P20.00. Available only at The SM Store branches.

HOME ABOUT US WHERE TO BUY WHERE TO USE THEMES AND DENOMINATIONS FAQ

Where to Use

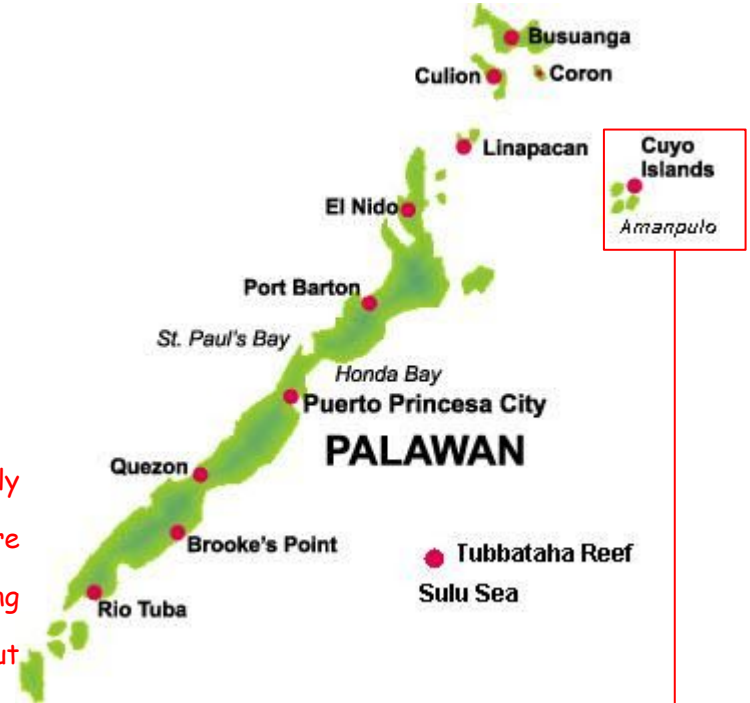
THE SM STORE SUPERMARKET HYPERMARKET savemoreSM Supermarket UIC Walter Mart Supermarket UIC Alfamart always here for you SM appliance CENTER ACE Hardware watsons KINGDOM

Some Thoughts Based on FGD with Calamba Development Council

- ❖ Some misconceptions
 - SM vouchers are not really CCs
 - Faded Philippine coins/bills in Cuyo Island are not really CCs

Money

Visitors should be aware that there are currently no ATM facilities on Cuyo and card payments are also not accepted anywhere on the island. Bring cash! There are several banks on the island but they only service local account holders.



Some Thoughts Based on FGD with Calamba Development Council

- ❖ Some misconceptions
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 - Not just for war-torn communities like Marawi City

ISLAMIC BANKING

According to the Islamic law, a Muslim is strictly not allowed to both pay and accept interest

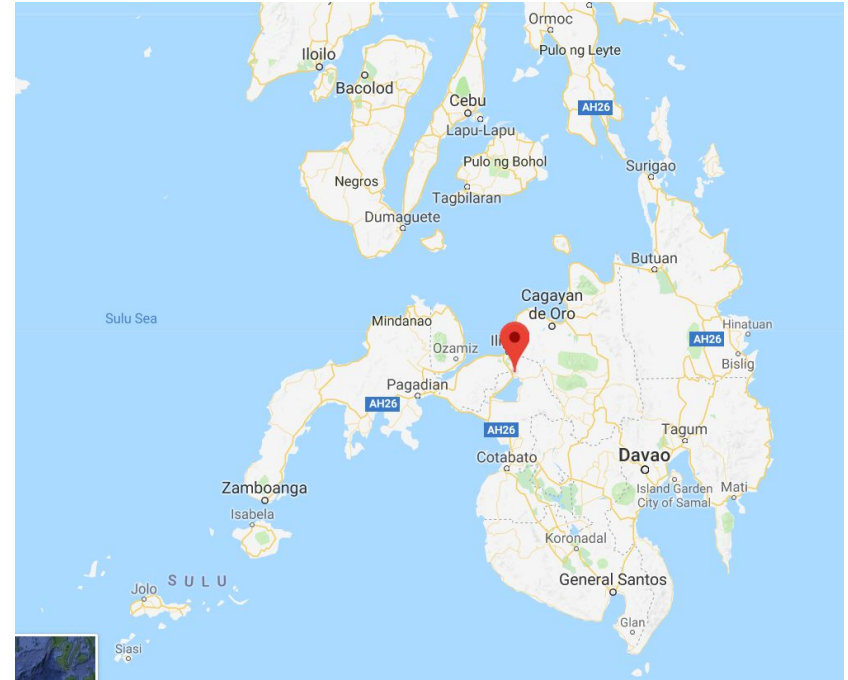
Islamic banking means money should be deposited in a bank without any interest rates

The amount deposited should not be invested for trading, gambling, or in any transaction involving alcohol or pork

It will be introduced under coop banking laws so the state govt can make decisions



The Sharia-compliant bank in the state will be the first such institution in the country



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 - Not just for war-torn communities like Marawi City
 - CCs could be digital as well



Relating CC to Sustainable Shared Growth (KKK)

❖ Efficiency (Kahusayan 效率)

- Excess Capacity → waste and welfare losses
 - Consumers enjoy lower prices but at lower amounts of goods and services
 - Producers suffer from lower prices and less sales
- Removal of excess capacity → efficiency



❖ Equity (Katarungan 公平)

- Interest rates > growth rate of income → increasing gap between owners of capital and laborers (Piketty “Capital in the 21st Century”)
- No interest rate removes this source of inequity



❖ Environment (Kalikasan 環境)

- Efforts to protect and preserve the environment could be rewarded (revealing the invisible)



CPAf Community Currency

← → ↻ 🏠 <https://plus.google.com/u/0/communities/117227055622480427253/stream/9f> 🔍 検索

Google+ Communities 🔍 Search Google+

What do you want to share? 📷

Max Maquito Owner ✓ 28m

CPAf Seminar on Community Currency

Community Currency Seminar

Sustainable Shared Growth Seminar #25

INSTITUTE FOR GOVERNANCE AND RURAL DEVELOPMENT COLLEGE OF PUBLIC AFFAIRS AND DEVELOPMENT UNIVERSITY OF THE PHILIPPINES LOS BAÑOS

IN COLLABORATION WITH

SEKIGUCHI GLOBAL RESEARCH ASSOCIATION ATSUMI INTERNATIONAL FOUNDATION

PRESENTS

25th SGRA Sustainable Shared Growth Seminar

Max Maquito Owner ✓ 40m

Consultation at the 1st KOOPIHAN in 2018 of the CCCDC

Drs Max Maquito and John Perez are presenting

City of Calamba Cooperative Development Council
City of Calamba, Laguna

22 January 2018

Dr. FERDINAND MAQUITO
College of Public Affairs
AUPLB, College, Laguna

Dear Dr. Maquito:

Cooperative greetings!

The City of Calamba Cooperative Development Council (CCCDC) in coordination with Cooperative and Livelihood Development Department (CLDD) will hold its 1st **KOOPIHAN** in 2018, a forum on coop-related issues on February 27, 2018, 8:00 o' clock in the morning at CLDD Training Center, 2nd floor Mercado De Calamba, Brgy. 5, Calamba City

In connection with this, we would like to invite you to be our second Resource Person to discuss the topic about **"POTENTIAL OF COMMUNITY-BASED CURRENCY AMONG COOPERATIVE BUSINESS TRANSACTIONS"** to participants/representatives from more than fifty (50) registered cooperatives in the City of Calamba. Your time slot is from 10:30 am to 11:30 am.

We look forward for your positive response on this invitation. Thank you very much.

2 members - Private

CPAf Community Currency

MANAGE

🔍 Search Community

About Community ▾

Look for us in Google Communities or leave your g-mail address with us!

fmaquito@up.edu.ph
jmperez3@up.edu.ph