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Publication Date

2023-03-02

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CBDC Field Research Insights: Challenging Common Assumptions about Access to Financial Services: Reflections from Rural Mexico

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By *Clément Crucifix (UCLouvain, Belgium)*

When we think about financial inclusion, we often imagine people going by themselves to financial institutions or directly using payment apps on their phones. We think of access as individual, direct, and unmediated.

For people in the village of El Progreso*, in the northern Sierra of Puebla (Mexico), access to financial services is never that simple. Despite cash predominating in this relatively remote rural area, most people also use financial services, whether for saving money, receiving remittances, or accessing credit. However, this access is rarely direct. All sorts of human intermediaries intervene in the process: friends, relatives, people with good credit, or personnel at financial institutions.

By analyzing the role played by those actors, I highlight some problems faced by people when they try to access financial services, as well as how they try to resolve these problems. I do not pretend to be exhaustive but rather demonstrate how important it is to look at those spaces of intermediation to understand better people's monetary practices. This will allow me to challenge some common assumptions about access to financial services in rural areas.

Access Often Involves Collective Dynamics

In El Progreso, access to banking infrastructure is quite limited. There is only one branch of a microfinance institution (MFI), and it only opens at specific hours and does not have an ATM. Moreover, clients need to give advance notice when they want to withdraw money. All of this makes the MFI pretty inconvenient. To find other banking options, people must travel an hour and a half by car to Hueytamalco or Teziutlan (Figure 1).

To address this problem, inhabitants of the village tend to mobilize their social relationships to access and move their money more easily. This strategy consists of leaning on other people's access to financial services. In this system, people who travel regularly to the city are particularly useful. It is common for people to give them their cards or transfer money on their accounts through banking apps, so the traveler can withdraw the amount required for them. In other cases, when people need to receive remittances from other parts of the country, they give the account number of that intermediary, who will withdraw the money and bring it in cash to El Progreso.

Though we tend to think of financial access as individual, the strategies developed by people in El Progreso often involve collective dynamics. These collective "transactional units" are generally composed of friends or relatives that have mutual trust. Such collective practices also increase the range of options available for individuals. Parallel to banking infrastructure, there is an important "human



infrastructure” that helps to bridge the distance between people and financial services.



Access Is Not Only about Distance

On some occasions, it is equally important for people to limit the role of such intermediaries. This point was made especially by people who receive remittances from the United States. Indeed, as an interviewee told me, it is well known that “those who have cash in the village are those who have relatives in the U.S.” For their security, it is therefore important to maintain as much privacy as possible around their reception of remittances.

This was the case for Paola, the youngest daughter of a family of seven children. Her sisters work in Mexico City and her brothers in Indiana (United States). She is the only one who still lives in El Progreso with her mother, which makes her the central node of the family's economic transactions, as she is the one who receives the remittances sent by her siblings.

When I asked her where she goes to receive the money, she said—quite surprisingly—that she prefers not to withdraw it at the branch in the village:

“My brothers have sent it to FINRURAL [the MFI in El Progreso]. But it's better at Coppel [another MFI], in Teziutlan. Now Olga [the bank teller of the branch, who is also from El Progreso] works at FINRURAL. If I make transactions there, I'm sure that she will tell her mother that I came, that they've sent me more money from the U.S. Then her mother will tell someone else. So, for my security I prefer not to go there.”

In a village like El Progreso, the bank teller is not a neutral person, but rather is someone who knows you personally. To keep transactions private and avoid the involvement of that kind of actor, some people prefer to use other options, even if they are more distant.

Access Is also about Bypassing Digital Barriers

Finally, getting access through intermediaries can also be a way to bypass discrimination related to digital profiling. For example, the Buró de Crédito (Credit Bureau) in Mexico has a private digital platform that centralizes all the data collected by financial institutions about their clients and gives, according to their own algorithm, a rating that is supposed to reflect an individual's creditworthiness. In Mexico, it is estimated that one-third of credit requests are refused due to a poor credit history on digital platforms (La Jornada 2018).

My interviewees regularly complained about the Buró de Crédito. In some cases, credit taken by a person with the same name was registered by mistake on their profile. In others, financial institutions simply forgot to actualize the payment information of their clients. Overall, the platform was accused of using unfair and opaque criteria to determine credit ratings that—according to them—did not correspond to their capacity to repay.

In El Progreso, a common way to bypass this digital barrier is to ask for the intervention of a *prestanombre* (lend-name person). A *prestanombre* is someone with a positive rating on the platform who agrees to take a loan at a financial institution that they will give to the person who needs that money. Again, this practice requires a preexisting relation of trust, as the *prestanombre* must ensure that the informal borrower will repay them.

Far from the idea that digitalization would lead to the obsolescence of all forms of intermediation (Tankha and Dalinghaus, 2020), this practice demonstrates how *prestanombres* open alternative points of access to credit and where criteria used by digital platforms can be challenged in favor of more collectively accepted ones.

The Impossible Unique Solution

By looking at these collective practices of intermediation, I have demonstrated the diverse factors that are at play in people's strategies, as well as the impossibility of finding a single, perfect solution to facilitate access to financial services in a rural area like El Progreso. On some occasions, distance is not so much a problem when people can rely on trustworthy intermediaries to bridge the distance between them and banking infrastructure. On other occasions, proximity can even be a problem when it implies the involvement of persons who knows you too well. Furthermore, intermediation can be a way to integrate alternative criteria in access to financial services.

Instead of a unique solution, it seems much more appropriate to increase the range of options accessible to people, as well as to integrate existing “informal criteria” into formal banking solutions. This would strengthen the capacity of actors to choose between multiple possibilities and create their own arrangements, depending on the situation and according to their needs and values.

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*The data presented here come from a qualitative survey conducted in May 2022.

Figure 1. ATM in Hueytamalco, an hour from El Progreso. (Photo by Clément Crucifix)

This work was conducted as an independent 2022 research project on central bank digital currency and financial inclusion, in collaboration with Maiden Labs, the MIT Digital Currency Initiative, and the Institute for Money, Technology & Financial Inclusion, and funded by the Gates Foundation. You may view the context of this study on the [IMTFI blog](#) and details of the new research report release [here](#).

Original blogpost published on the IMTFI Blog on March 2, 2023 can be found here: [CBDC Field Research Insights: Challenging Common Assumptions about Access to Financial Services – Reflections from Rural Mexico](#)

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