

Informal savings and insurance associations

Advancing solidarity and key for a 'good life'

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Abstract *The project is interested in comprehensively scrutinizing what rotating saving and mutual self-help associations in Hawassa City have to do with the everyday lives of individuals, their future aspirations, and ideas of 'good life', how they ease migration. It also explores developments in the associations due to the interface of formal and informal savings and insurance associations. In doing so, focal weight is given to how the informal savings and insuring systems pave the way for the 'good life' and migration, and an investigation of how future aspirations are channelled with informal savings and insurance institutions. These informal associations are indigenous and known in local terminologies as equbs (rotating savings groups) and iddirs (traditional insurance associations). Both equbs and iddirs provide their members with material (money, assets, and investments) and non-material (emotionally priceless solidarity, affiliation, and support) benefits that cannot be accessed easily through formal financial and insurance institutions. Thus, they are great alternatives for individuals and communities seeking to achieve an aspired 'good life' in the future.*

Introduction

Informal associations are present in large numbers in low-income countries such as Ethiopia. A significant amount of economic and social activities are channelled through them (Anderson et al. 2003, cited in Bisrat Agegnehu 2012). In their study of the development of the Ethiopian financial sector, Aderaw Gashayie and Singh (2016) provide a definition of the term 'informal' that characterizes it as the provision of services that are not, or are only partially, regulated by law but are based on self-regulatory mechanisms. Moreover, due to the weakness of existing formal saving schemes and the prevalence of traditional support mechanisms in developing countries, informal organizations are among the most important financial institutions (Kedir/Ibrahim 2011). Rotating savings and insurance associations are widely known as informal saving and credit institutions in which individuals form a coalition for a definite period to save and loan money (Kedir Abbi/Ibrahim Gamal 2011). They are

indigenous financial institutions in Africa and known by many names globally, for example, *ajo/isusu* in Nigeria, *tontines* in Francophone West African countries such as Senegal and Cameroon, *hui* in China, *muzikis* or *likelambas* in the Democratic Republic of Congo, *equb/iddir* in Ethiopia, *stokvel* in South Africa, *mukando* in Zimbabwe, *susu* in Ghana, *chama* in Kenya, *tandas* in Mexico, and *chits/kuries* in India (Lukwa et al. 2022).

In Ethiopia, rotating savings groups (*equbs*) and insurance associations (*iddirs*) are among the informal financial institutions that serve as sources of savings alongside formal financial bodies such as banks and insurance. *Iddirs* and *equbs* play a pivotal role in the people's lives though the forms and types of these institutions greatly vary across societies. *Equbs* are Rotating Savings and Credit Associations (ROSCAs) whose members make regular contributions to a revolving loan fund. They are a form of traditional cooperative in Ethiopia and are formed voluntarily (Lidetu Alemu Anjulo/Ewun Markos Madda 2019). Addisu Karafo (2017) mentions that *equb* associations display both saving and credit features, as they make loans to members at different times and are established for various purposes, such as starting or expanding business ventures, making purchases, or simply for saving.

Iddirs are another widely known type of informal financial institution and provide the means to socially insure oneself. *Iddirs* in Ethiopia are socially formed associations that were traditionally designed primarily to facilitate funeral ceremonies. They thus provide a way of showing solidarity to an individual who has lost a relative. However, over time, the purpose of *iddirs* has extended beyond burial issues (cf. Pankhurst et al. 2009; Pankhurst this volume). Dejene Aredo (2010:57) defines such associations as “a ubiquitous indigenous insurance institution (found in Ethiopia) that covers different risks such as funeral ceremonies, death of major productive assets (such as draft oxen), medical expenses, and food shortages”. Hence, indigenous insurance activities constitute one of the response mechanisms, developed over time through network-based collective action arrangements, to cover individuals' specific shocks. Consequently, this study deals with the most widely known and practised financial means of ensuring survival in society, with particular emphasis on *equbs* and *iddirs*.

These financial institutions and their participants have received growing attention over the last two decades. For example, Kedir/Ibrahim (2011) have studied ROSCAs in urban Ethiopia. Their study is more concerned with the importance of *equb* as an informal saving institution mainly in urban areas and examines members' participation and volume of saving. Addisu Karafo (2017) scrutinizes the role of *equb* in financing micro and small business enterprises, and his study is confined to the Konso people from the southern part of Ethiopia. His work shows that informal financial institutions like *equbs* surpass other financial establishments and significantly back micro and small business enterprises. Similarly, Worku Zeleke (2011) considers the role of *equbs* in promoting small and medium-sized enterprises

in Ethiopia. The study shows how enterprises are partially filling the gaps left by formal money lending institutions through *equb*. A Master's thesis by Bisrat Agegnehu, published in 2012, explores why people join informal financial institutions, and gives emphasis to *equbs*. A study by Lidetu Alemu Anjulo and Ewun Markos Madda (2019) reveals the various factors driving household saving participants in *equbs* by providing empirical evidence from Areka, Boditi, and Sodo, major towns in the Wolayita Zone, southern Ethiopia.

There are similar studies of *iddir* associations. A report by Léonard (2013) on agricultural projects of support to familial farming describes the characteristics and types of *iddirs* among the Kambatta and Wolayita people. A study conducted by Dejene Aredo (2010) scrutinizes the practice of *iddir* as social insurance and describes how it serves as an indigenous social security arrangement. Arega Bazezew and Wubliker Chanie's (2015) study sheds light on *iddir* and social capital in the Gende Woin town of East Gojjam in the Amhara region of Ethiopia. The study reveals the role of *iddir* associations in creating strong networks among the communities. To sum up, most of the studies on *equbs* and *iddirs* are focused on the role of these associations in individual households, their structure, members' proclivity to indigenous financial institutions, and their function in terms of funding business enterprises. However, with my research, I want to offer a new perspective on informal saving and insurance associations, presenting them as the means to design future aspirations, lead a 'good life', and ease migration from rural areas to cities. Moreover, the study scrutinizes the developments in the associations evolving from the interface between formal and informal savings and insuring associations.

Equb and *iddir* are seen as practices that not only raise money or provide security but also preserve cultural values and build social capital that can be used for advancement (Bourdieu/Wacquant 1992:119; Nida this volume). Above all, they are future-making practices. Such cultural arrangements empower individuals and societies to work towards their future goals and desired well-being by providing coping mechanisms for unpredictable and stressful life events. While doing so, they reverence both the tangible external traits and intangible internal features necessary for overall well-being and fulfilment. Therefore, informal associations such as *equbs* and *iddirs* serve as equipoise between the material (external) and non-material (internal) aspects in the pursuit of a 'good life' (i.e., a well-rounded and fulfilling life). Material well-being (incorporating necessities such as food and shelter, income, health, and security) provides the indispensable foundation for a comfortable life, whereas the non-material traits that define the 'good life' hinge heavily on aspiration and opportunity, self-respect and fairness (Fischer 2014), meaningful relationships, and belonging to a community. This perspective, which is in line with the Aristotelian ideal of a fulfilled life (*eudaimonia*), suggests that ethically virtuous actions shaped by culturally specific belief systems and values as well as robust relationships in all their forms with colleagues and the broader community contribute to the richness

and depth of the human experience; in other words, they contribute to a 'good life' (Waldinger/Schulz 2023). Thus, it is seminal to recognize the interconnectedness of different life domains in comprehending greater overall well-being. Giving exclusive weight to material wealth may not guarantee fulfilment, and attention to non-material traits is indispensable for a more comprehensive and persistent sense of well-being and 'good life'. Alongside this line, this research investigates future aspirations and ideas of a 'good life' as channelled through informal savings and insurance associations.

Under the umbrella of social construction, a qualitative research design was employed and empirical evidence was collected through in-depth interviews, focus group discussions, and observations. In-depth interviews were conducted with association members, key individuals from the associations, as well as elders in Hawassa city. Focus group discussions with local community members were carried out to collect more primary data. Participant observation on the other hand was used to gather detailed data on the *equb* and *iddir* activities of the study society.

Informal savings and insurance associations

Ethiopia has rich historical traditions that reflect the unique and egalitarian nature of the society (Dobler 2011). Among these traditions, the most notable are the indigenous institutions such as *iddirs* (insurance associations) and *equbs* (saving associations), and mutual customary organizations such as *mahibers/tsiwwas* (a religious association organized by lay people), *sānbātes* (religious associations celebrated within the church compound), and *afoshas* (the insurance cooperatives of the Oromo people). These cultural heritages are available across socio-cultural contexts and function for the well-being, stability, and security of the communities. Close relationships that include family and friends are essential for individual and community resilience. Successfully overcoming challenges often depends on having supportive relationships to fall back on during difficult times. As Beardslee (1989) points out, these relationships serve as an important catalyst for personal change and form the core of a person's ability to thrive in familiar communities. They can also be understood as a notion of cultural resilience. Individuals and communities can deal with and bounce back from harsh conditions not just through personal characteristics alone, but through the support of bigger socio-cultural traits (such as institutions, values, customs, and norms) (Clauss-Ehlers 2010). Hence, in vulnerable situations, those cultural values, customs, and indigenous knowledge systems are crucial for reinforcing resilience, as they adapt and cope through the use of traditional skills and knowledge passed from generation to generation, which is also vital to the sustainability of livelihood systems (Ledesma 2014).

***Iddir*: indigenous life insurance**

An *iddir*, which is characterized as offering group life insurance, is a large self-helping association often established among residents of the same neighbourhood, friends, and family, or workers at the same organization to raise funds that will be utilized in times of misfortune, sickness, and/or death within the group and their families. The study also revealed that *iddirs* occasionally can be embedded in religious institutions and structured as church-based self-help organizations.

Death is an inevitable but difficult part of life. The death of a loved one, whether they be an intimate friend, spouse, sibling, parent, or other kinsman, is painful. The ritual of burial bears witness to the life of the deceased or the family. The more people who attend a funeral, the more it says about the social relations and the righteous nature of the deceased or their family. Hence, *iddirs* deal with death as an integral part of life; by organizing a eulogistic funeral ceremony, they keep the memory of the deceased alive (Solomon Dejene 2007).

When members lose family members or loved ones, *iddirs* provide them with condolence money and everything necessary for the funeral service. The family or associate of the deceased is given a set amount of money from members' monthly contributions to help them cope with their grief. The amount given depends on the degree of relation or intimacy of the deceased to the family or person that is a member of the *iddir*. *Iddir* members are required to attend the funerals of those connected to members and must always be ready to offer support. The traditional association also extends its help through the provision of money and material capital at other times of emergency or major life events such as sickness, weddings, and student graduations. The structures of these traditional insurance institutions include a chairperson, secretary, moderator, treasurer, and auditor. The members of the *iddir* have the power to define the position of authority held by those leaders. The amount of each member's contribution, the number of members, and the frequency of meetings are decided at a meeting at which all members are present. The same set-up is also common in *equbs*, in which the fixed amount of money contributed regularly and the timing of meetings is decided mutually. Sometimes, when the number of deaths in a month becomes high, these five committee members will call for a general members' meeting to propose an additional contribution for the next month. At the meeting, they decide on the new increment after evaluating various scenarios.

In this informal socio-economic tradition, the responsibilities of the men and women are well defined regarding the arrangements after a death. The men are in charge of setting up tents or rooms to accommodate people, organizing chairs and related materials, looking after the arriving guests, digging burial sites, and arranging the casket. The women help with preparing food and drinks for the grieving family and arriving guests. Thus, the *iddir* guarantees that everyone is taken care of in times of need through participatory and enabling means. When there is a death, the

community is kept intact and the grieving family instantly gets financial and social support (Ayele Bekerie 2003).

As far as membership is concerned, married individuals are more likely to engage in traditional financial arrangements than youths. To be regarded as fully matured people, the married members of a society are required to join an *iddir* association in their neighbourhood or surrounding area. Even if they are living in a certain locality temporarily, they must join the neighbourhood *iddir* to raise funds to be used during emergencies. As one informant, who is a member of three different *iddir* associations and treasurer in one of them, explained:

“A person who is usually married and established in a family is eligible to be a member of a certain *iddir*. Hence, he has both the right and obligation to participate in the association. It is not dependent on age as long as one is married. An individual who is not married is indirectly thought to be a member of a certain *iddir* as his/her family is directly involved in one.” (treasurer of *iddir*, Hitata Kebele, September 21, 2022: Interview)

Therefore, marriage leaves a person no option but to be included in an *iddir*. One informant, who was a teacher but is now a merchant, also outlined that, *iddir* members are often economically poor and know the value of a person in times of sorrow: “In our church, a woman who is not married and whose family is in a remote area is encouraged to join the *iddir*. It is not supposed for her to get married or have a child to be a member” (businesswoman, Dume Kebele, November 22, 2022: Interview). Thus, people with low financial capacity and those who are married are the ones who usually join an *iddir*. It gives them social security. During the tough times that accompany a death, it is the *iddir* members who will be there first, attending the funeral and paying a visit to the grieving family to offer condolences.

Furthermore, it was asserted by the main study participants that *iddirs* do not consider potential members on the basis of their ethnicity, belief system, class, age, or sex. Every resident of a certain community has the right to be associated with these traditional socio-economic organizations. At times, most or all of the members of an *iddir* may belong to one ethnic assembly, but it is not justifiable to label them as identity-based *iddirs*. In particular, people from minority ethnic groups might be part of an *iddir* whose members are exclusively from their ethnic group. However, this is mainly because most of the minority ethnic groups like the Kambatta, Wolayita, and Dorzes come from an area that is relatively small and homogeneous. It is also common for people who move to towns from the countryside to settle in one neighbourhood and form an *iddir* (Solomon Dejene 2007).

In the study area, however, there are *iddirs* for men (*yabawora*) and for women (*yegwada*), both with their own responsibilities. As mentioned, the men facilitate the installation of the big white tent at the residence of the bereaved family, while

the women prepare and endow it with household materials sufficient to provide accommodation for the *iddir* associates. Nevertheless, there is no cleavage between the men's and women's *iddirs*, and sporadically, a woman who has lost her husband can be part of the men's *iddir* and no one can remove her from this group.

Equb: indigenous saving institution

An *equb* is an association often established by individuals such as businessmen, government employees, and people who know each other in the vicinity to contribute a certain amount of money from their income to obtain funding for such things as holding a wedding, building a house, starting a micro-business, or buying furniture for one's home. Depending on the income and amount of money contributed by members of the *equb*, this informal savings institution can be practised on a small or large scale. Street retailers and market traders often form the smaller *equbs*, in which members allot 10 or 20 birrs per week. Neighbours and staff of an organization who earn a monthly income may also join and practise this type of *equb*. However, larger *equbs* are widespread among business owners who prefer this traditional means of saving money to accumulate funds through daily, weekly, or monthly deposits to the conventional financial system. Occasionally individuals with urgent emergencies are given priority when the lump-sum pay-out for members is rotated.

Equbs are not embedded in categories such as ethnic identity, religion, or other forms of boundary. However, the nature of these associations – which, according to some of the study's interlocutors, are based on trust, social obligation, and the commitment of the members, and which have various purposes, such as starting a business, saving, and purchasing expensive assets – means that they are often formed by homogenous groups. Most are structured with members that are selected from the same ethnic background, income level, occupation, or neighbourhood, usually in retail business¹ *equbs*. According to the study's informants, the identity-based nature of many *equbs* results from the issue of trust. As one study participant in Tabor sub-city stated: "The basic thing in *equb* is the issue of trust. There should be a person whom you know very well. More essentially, it is all about who is the chairperson and is that person trustworthy." Nevertheless, the selection criteria are poles apart from one *equb* to another, and most of the study's informants assumed that what matters is the grade of worthiness to be a member, which, according to Bisrat Agegnehu (2012) is assessed by the *equb* administrators. One member of an *equb* that has 12 members, each contributing 1,500 birr every week, clarified that religious, ethnic, class, and/or other social stratifications don't matter but that the capacity and willingness to take part do:

1 Retail business *equbs* are financial associations of individuals who own boutiques, electronics shops, shoe shops, bookshops, supermarkets, butchers, laundries, etc.

“Participation is possible for all as long as one has the capacity and willingness to make a regular saving contribution. Therefore, issues like religion and ethnic affiliation don’t matter. For instance, I have a weekly *equb* based on my capacity and income, which determines the type of saving I choose to participate in. Though we are from the same area, we don’t belong to identical religions, ethnic affiliations, income, sex, or age.” (businesswoman, Hawassa, September 24, 2022: Interview)

A statement from the focus group discussion (FGD) participants confirms the egalitarian nature of *equb*: “Everyone is allowed to participate in those indigenous institutions of the society; male, female, old, young, the poor, or the rich. They are all-inclusive and people from different backgrounds participate in them” (FGD with *equb* members, Mehal Sub-city, Hawassa, September 20, 2022). Accordingly, Ayele Bekerie (2003) claims that both *equb* and *iddir* associations are national phenomena that are embraced by society across linguistic, religious, and ethnic lines. For example, Muslims can participate in *iddir* or *equb*, although Christians form the majority of members. In summary, the fundamental requirements when a person asks to join an *iddir* or *equb* as a new member are trust and their capacity to save.

In terms of the gender of members who participate in *equbs*, male participation is higher. Membership of *equb* groups is not a way for men to hide money or assets from their wives. Rather, they inform their partners and consult with them before joining an *equb* group. The money saved by the husband via *equb* is not spent for personal purposes, but for the joint household. Furthermore, several research participants maintained that women up to the age of 30 are highly involved in *equb* savings, but when they get married, their participation usually declines as they take on the responsibility of caring for children.

Membership of *equbs* is also not determined by age as it is determined by economic status and capacity. There are some merchants who have saved via *equbs* from a young age, for example. Retired people often do not have *equbs*/savings. Yet the study suggests that there is a significant difference in the level of participation in *iddirs* between old and young household heads. Membership in *iddirs* upsurges with the increasing age of household heads (Arega Bazezew/Wublikler Chanie 2015; Pankhurst et al. 2009).

Informal institutions: future-making and dreams of migration

In a context of anxiety about the unknowable future, the identity of self (individual or communal based) is to a significant degree future-oriented, shaped by a desire to understand or give meaning to the future. This meaningful future equates to a conception of a ‘good life’ that is rational and worth living (Korosteleva/Petrova

2022). People in different cultures have diverse notions about what constitutes a 'good life' (Wilk 1999), but social expectations, values, and norms regarding well-being, relationships, and personal fulfilment play a seminal role. Thus, people's views of well-being across cultures cannot simply be reduced to material conditions (Fischer 2014).

The imagined meaningful future is persistent manifested in peoples' lives when they plan, dream, and aspire for an affluent livelihood or a 'good life.' Furthermore, anticipation, preparation, and hope are also key to turning complexity from a liability into an asset. Yet few have thought about the anticipatory systems and processes that not only surround us but are also critical ingredients of actions everyone takes constantly (Miller et al. 2018). Anticipatory actions signify the proceedings activated before emergencies to mitigate the impending effects of crises, prevent them altogether, and build communal resilience (Levine et al. 2020).

Participation in the indigenous voluntary self-help associations of *iddir* and *equb* is a future-oriented anticipatory action that seeks to activate and restore the competence of community pliability and foster hope and security in the face of uncertainty. The practice of *equb*, which provides a group savings structure for households, empowers members of society to utilize financial resources efficiently and intelligently for the construction of rational visions and dreams of the future, and to attain long-term economic stability/sustainability. Cooperation in such indigenous financial institutions is voluntary, but it is sustained by reciprocal altruism, trust, congruence between benefit allocations, and collective and adaptive rules (rule-making processes are participatory and responsive to changing contexts and needs) (Arana/Wittek 2016). The study found that people do not lose if they have *equb* savings, and that this is a key mechanism in encouraging and motivating them to work hard and have attainable dreams. Those who refuse to join an *equb*, on the contrary, become sluggish in their occupation and lack the ingredient needed to bounce back from setbacks. One female informant, who owns a coffee shop, asserted that "*equb* is a means of meeting future aspirations leading one to achieve well-being in life. For example, if I plan to purchase a Bajaj taxi, there is a weekly *equb* I know in which members' contributions are around 3000 birr; the final pot is 200,000 birr. Thus, thinking of buying that Bajaj and saving for that purpose is a huge step forward for a successful outcome" (businessperson, Hawassa, September 19, 2022: Interview). Therefore, *equb* is a stimulating cultural practice that is characterized by trust and solidarity; it enhances saving traditions and encourages people to use their time and money wisely. This contributes to the realization of a 'good life' and affluence.

Ideas about a stabilized future operate on a collective level, and communities possess features like those of individual human beings such as collective consciousness' as well as cognitive and emotional desires (Wendt 1999, 2003 cited in Berenskoetter 2011). Correspondingly, *equb* and *iddir* associations have mutual future aspirations (such as offering all-inclusive medical benefit funds and creating

employment opportunities or income-generating activities for poorer members), which martial and motivate the group toward a better tomorrow. For this purpose, many indigenous saving and insurance institutions are shifting a certain amount of their monthly contributions into other forms of investment, such as buying shares and securing assets such as land to fund and enhance sustainable individual, neighbourhood, and communal resilience.

Beyond the material benefits they extract from being a member of an *iddir* or *equb*, members are also entitled to emotionally priceless, non-material benefits and values. Aspiring for the future 'good life' envisioned through these two informal associations provides individuals with hope for future investments and secure assets that are hard to attain through individual effort. In addition, the solidarity offered by members 'in times of adversity is considered as a support system, preventing one from feeling alone through life's unhappy moments. Similarly, in joyful times – a wedding, a baby's birth, graduation, and other traditional events – members can be counted on to share in the celebrations. The non-material gains are thus deep and meaningful, and at the heart of individuals and communities. This was observable in the interviews when, at various times, informants showed their delight in their faces as they explained, expressing their motivation, what their tomorrow holds and what awaits them. This shows how the material benefits and the non-material gains complement each another.

Income, wealth, and material resources are imperative to one's ability to achieve a 'good life', but alone they are not enough. The idea of a 'good life' is something very individual (Fischer 2014). A person may live in an affluent community and still express an experience of abject poverty. Likewise, a person may express a high quality of life despite living in profound poverty. It is therefore important to understand individuals' and communities' internal ideas of 'good life' rather than to deduce what it might be based on what society defines objectively as a good quality of life (Gbiru/Akinpelu 2010).

Future-making and migration are two sides of the same coin, and the latter involves not merely physical relocation but often a movement from one framework of knowledge to another. The decision to migrate is often based on the recognition of imminent threats at the present location or better opportunities elsewhere. Hence, migrants do not leave their regions or countries with blank slates, nor do they flow in certain directions without some knowledge to guide their journeys (Taa 2003). Members of the household who prefer to migrate are responsible for supporting families and friends at home as well as improving their future lives (McLeman/Gemenne 2018). To help fulfil these commitments, migrants regularly form self-help associations such as *equbs* and *iddirs* with fellow migrants. Feleke Tadele et al. (2006) have also shown that internal migrants often form *iddir* and *equb* institutions with fellow migrants in the urban areas where they live. If a relative living in the countryside encounters adversity, the expatriated friends and/or family

affiliates are expected to send money and material support back home. While the expressed purpose of *equbs* and *iddirs* is to provide financial and mutual assistance to members in times of adversity, they also serve to maintain links between migrants and the rural communities from which they come. Furthermore, success in gaining employment for most migrants lies in the support that they obtain from their networks of *iddir* and *equb* members, kin, and ethnic affiliates already established in the host country (ibid.).

As well as promoting migration to relatives back home, friends/ethnic affiliates and/or members of *iddir* and *equb* networks may also serve to deter migration. As the study findings demonstrate, this is oftentimes done by transporting destitute migrants back to their families and by enhancing the transfer of funds and material benefits to the natal homes. Hence, there are times in which the customary associations play a role in combating rural–urban and urban–urban migration by showing solidarity to members and directing money to poorer households. Solidarity involves mutual support within a group. Therefore, support measures such as the transfer of money to poorer households are essential to reduce internal migration. FGD participants from Wukro Kebele *iddir* affirmed this: “In 2021 their insurance association was able to help a couple of individuals to repatriate to their homeland by providing them money for transportation and other essential expenses” (FGD with *iddir* members, Mehal Sub-city, Hawassa, September 20, 2020).

Informal vis-à-vis formal savings institutions

Informal financial institutions play a complementary role to the formal financial system by serving the lower end of the market (people with lower income levels or budget constraints) (Ayyagari et al. 2008:2). Hence, regardless of the increasing numbers of banks, bank branches, and insurance companies, especially in urban areas, the informal (*iddir* and *equb*) mutual cooperatives are still functioning simultaneously with the formal financial institutions of the country (Lidetu Alemu Anjulo/Ewun Markos Madda 2019). The reasons why these mutual cooperatives survive are, in part, because they have developed, operating in new ways and offering new options beyond their conventional purpose. For example, many now offer the flexibility² of a payment from the pot if a member encounters an urgent issue and can present a witness; many have modernized to take advantage of mobile

2 This complements the more rigid structures of the formal institutions.

banking³, to make payments easier for their members; and some are planning to provide medical benefit funds and employment opportunities.

Moreover, contemporary *iddir*⁴ and *equb* associations have become progressive and are acclimatizing to the banking industry and its comprehensive procedures such as deposit facilities, loans and advances, and transfers. For example, earlier participants of the customary insurance and saving organizations used to save cash collected from members in a traditional box at home. But, following the emergence of private banks, which have enhanced the convenience and outreach of the formal banking system, these organizations now keep their money in bank accounts and have the facility to make payments by cheque. This has given these traditional associations access to special interest benefits (with a rate from 7–10 per cent) and ensures their money is in a safe place. Banks also benefit from such arrangements: an informant from NIB bank told me, they mobilize part of the deposits for loan purposes (i.e., offering short- and long-term loans to importers, wholesale traders, and regional governments) and to create multiple accounts. In addition, *equbs* and *iddirs* linked to the banking system are viewed as more formal and thus trustworthy as banks have mechanisms in place to prevent or mitigate any problems. There is thus mutually productive and interdependent collaboration between traditional self-help institutions and formal financial agencies.⁵ They work together in a coordinated and symbiotic manner to maintain the essentials of individuals and the broader society. Bank accounts opened in *iddirs'* and *equbs'* names are common in the

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- 3 The same informant claimed: "I have a fear that introducing mobile banking has a chance of minimizing the social interaction and strong social bonds we brought this far. This could be one of the drawbacks of mobile banking and adopting modern platforms like Telegram [a messaging app]. Similarly, members who lack smart phones are not able to access information shared through Telegram. Physical interaction and gathering are grounds for information exchange, societal discussion, and conversations" (public relation officer of an *iddir*, Mehal Sub-city: Hawassa, November 22, 2022: Interview).
 - 4 According to Léonard's (2013) report on rural *iddir* cooperatives of the Kambatta and Wolaita, the majority of community-based *iddirs* he observed do not have a bank account in their names. Bank accounts per se are seen as a burden (they are far from villages, taking time and money to reach). It seems also that *iddir* members in rural areas do not completely trust the bank system (Léonard 2013).
 - 5 Banks optimise their income by working directly with the *equb* and *iddir* associations. Authorised bank representatives attend *equb* and *iddir* meetings. This practice encourages the establishment of multiple savings accounts with increased liquidity. For example, in an *equb* where 3 million birr is collected weekly with each member depositing 25,000 birr, the person receiving the *equb* kitty is expected to deposit a portion of it (usually between 20,000 and 30,000 birr) into their bank account. This strategy allows banks to capitalise on the increase in savings deposits and liquidity. Given these links to *equbs* and *iddirs*, banks are strategically positioning themselves in places where they can capitalise on these financial transactions. By capitalising on profitable relationships with these associations, banks facilitate various forms of lending.

study area. This integration, when done correctly and with proper oversight, helps bridge the gap between the underserved population and the formal sector, offering broader financial opportunities, inclusion, and security to participants and the community (Temesgen Teshome 2008:63).

Continuity and changing trends among *iddirs* and *equbs*

The indigenous institutions of saving and insurance continue to exist within a societal context of disruptive politics, alarming inflation, unemployment, and lack of income among the society. Indeed, according to members, both *equbs* and *iddirs* have received growing attention (growing number of members) over the years, and they believe this will persist in the future. Nothing can affect the good reputation of these two indigenous socio-economic institutions. The practice of *iddir* in particular is vital for the order and cohesiveness of the society, as it strengthens social interaction and solidarity among members regardless of any differences.

The secretary and chairperson of Wukro and the surrounding area's cooperative *iddir* outlined that their association was established in 1973 by between five and seven individuals with a contribution amount of 0.50 cents. Over time, the service, trustworthiness, and capacity (both in terms of money and assets) of the *iddir* attracted more people to join; currently, the *iddir* has about 1200 members, including females. In a context of inflation increasing the cost of living, and in a developing country, in which funeral expenditure represents a high proportion of households' monthly income (Dercon et al. 2007), it is economically wise to be a member of such indigenous insurance associations. Moreover, as we have seen, membership of an *iddir* provides comfort and support during difficult times.

Iddirs also provide opportunities for members to meet and discuss non-financial issues, such as crime prevention, village-level security issues, community sanitation (cf. Yasmin Abdu Bushra this volume), development, and combating harmful traditional practices, such as *selist* (third-day mourning), *hawilt sera* (tomb or monument building), *yehazen cherk* (wearing of black cloth), *yehazen mels digis* (feast after burial) and *teskar* (commemoration feast) (Arega Bazezew/Wublikler Chanie 2015). Members also help protect their surrounding locality from various security threats by involving themselves as community guards in consultation with *kebele* administrators. There are even times when meetings are arranged with *iddir* members to discuss political matters and development activities with local government administrative bodies (*kebele* officials). Governmental institutions may communicate with *iddir* members when they require their cooperation on national issues. In relation to this, participants at the FGDs and key informants noted that during the Derg and EPRDF (which came to power after the fall of the Derg in 1991) regimes, *iddirs* were involved in the political affairs of the government and played a substantial role

during the country's civil war, fought between the Ethiopian military dictatorship (Derg) and the northern anti-government rebels (TPLF and EPLF) as well as in the war between the EPRDF and the current state of Eritrea (1998–2000). They supplied materials such as tents to the national military and provided a portion of their capital to the regimes as a form of subsidy. Though most *iddirs* later retreated to focus only on burial activities, the Derg period witnessed the spread of *iddirs* throughout rural Ethiopia, while the size of some urban-based *iddirs* increased significantly. The EPRDF government has also been interested in working with *iddir* associations, most notably on anti-HIV/AIDS campaigns and spreading modern agricultural activities (Dercon et al. 2007). The research participants explained that the prominence of *iddir* in society's well-being will persist despite several contemporary challenges.

As mentioned, today's *iddirs* are extending their scope beyond their conventional purposes by organizing a mobile banking system⁶ and planning, though it is not yet practical, to provide medical benefits funds and create employment opportunities and income-generating activities. Thus, associates of the Tabor and Wukro neighbourhood *iddirs* assert that these transformations meant that their associations are a different form than the traditionally known concept of *iddir* and that this is reflected in both the increasing provision of multiple services and the involvement of *iddirs* in community development programs. For instance, the Wukro neighbourhood *iddir* has developed a project proposal in consultation with government officials to create container shops in front of Hawassa University. It is hoped that these containers will provide a place where those members without an income can launch small enterprises. The *iddir* will also provide them with start-up loans from its capital. A limited number of insurance associations have also been able to buy restaurants and run them as a side business to provide extra income. This affirms the evolution of the practice of *iddir* as a cooperative means to reach the future-aspired 'good life'. Though the practice was initially created as an indigenous insurance system to cover after-death expenses and provide solidarity, these days, it is helping living members and their families attain their desires in life.

Traditionally, *equb* associations were very important in helping businesses develop and grow, as the savings one earned was a substantial amount of money. However, this is not the case currently. Given the contemporary socio-economic situation of the country and the extended saving cycle, coupled with the purchasing power of Ethiopian birr dropping over time, saving through *equb* associations is becoming

6 The same informant claims, "I have a fear that introducing mobile banking has a chance of minimizing the social interaction and strong social bonds we brought this far. This could be one of the drawbacks of mobile banking and adopting modern platforms akin to telegram. Similarly, members who lack smart phone are not able to access information shared through telegram. Physical interaction and gathering are grounds for information exchange, societal discussion and conversations."

worthless, at least, according to one merchant and member of the Haike Dar sub-city *equb*. The duration of the savings cycle is decided depending on the number of members and what they decide on the frequency of contributions. As the cycle duration gets longer, the chance that the money is affected by inflation and the increasing cost of living increases (Bisrat Agegnehu 2012). This in turn results in the loss of a golden investment opportunity, valuable time, resources, and money (Worku Zeleke 2011:6). Thus, being the last person to collect the savings is a disadvantage, as the value of the money reduces over time.⁷ This is one of the reasons why interest in *equbs* is declining. Several tradespeople reinforced this and asserted that, since 2019, *equbs* have been given less consideration because of the fragile economic and political state of Ethiopia and have been turning to banks and micro-financial institutions instead. However, this is not always the case and despite all this, the practice of *equb* persists. This persistence appears to be the result of the tiny but effective tricks that members employ to forge benefits out of their savings. This includes but is not limited to (as things are changing and unpredictable) increasing the number of shares a person has in a single *equb* association, making in-kind *equb* arrangements to cope with inflation, and reducing the number of participants in a single *equb* cycle. Hence, *equb* remains part of the work culture and is deeply entwined with the everyday lives of people. It was there in the past and persists in the present for those who are financially weak or wish to start a business and for petty traders and retailers.

Conclusion

The indigenous institutions of *iddir* and *equb* are among a variety of voluntary traditional heritages and self-support systems that are available across socio-cultural contexts and function for the well-being and stability of society in Ethiopia. Notions of well-being/'good life' are encumbered with deeply held moral valuations – the various standards behind a 'meaningful life'. Such conceptions are culturally specific and even idiosyncratic, but they share a common concern with values (what is important in life) and an orientation toward the future that is not necessarily, or at least not easily, quantifiable. The practices of *iddir* and *equb* are future-oriented and anticipatory; they seek to activate and restore the competence of community resilience and foster hope and security in the face of uncertainty. The study revealed that *iddir* and *equb* associations are also working on migration-related issues, and there are even times when they have taken part in combating internal migration by returning

7 The reasons members join ROSCAs are diverse and may include wanting to purchase durable goods or secure insurance (in which case, members do not necessarily want to take the pot early), and/or to avoid the question of income divisibility among relatives.

destitute migrants to their families and enhancing the transfer of funds and material benefits to the natal homes. The associations have also created a mutually productive collaboration with formal financial organizations, and they continue to persist within contemporary social, political, and economic scenarios. Compatible with these modern financial institutions and their mounting accessibility, *equbs* continue serving many to attain future careers and goals, and sustain business. Furthermore, these associations tighten interaction, affirm solidarity, and are vital for social cohesion.

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