



**Mona School
of Business &
Management**

MSBM

The University of the West Indies, Mona

Mona School of Business and Management
Business & Management Conference
Learning • Knowing • Doing

THE EVOLVING ROLE OF MUTUALS IN THE CARIBBEAN FINANCIAL SERVICES LANDSCAPE

FROM PARTNER TO INTERMEDIATION AND BACK: REVERSALS
IN THE LOGIC OF FINANCIAL SERVICES BUSINESS MODELS

When Monica Foster arrived in Brooklyn from Jamaica in 1968, she started saving to buy a home, but she did not open a bank account. Like many Caribbean immigrants, she joined a partnership, or savings club, run by her family and friends, "throwing a hand" of \$100 a week. In the next 20 years, that \$100 a week paid for a house on Long Island and the furniture in it, and it put her children through college. But Mrs. Foster, an office supervisor for a window contractor in Brooklyn, still throws her hand every Saturday.

"When I get my paycheck, the first money I take out is my hand," said Mrs. Foster, who joined her first partnership as a young girl in rural Jamaica. "I don't think I'd be disciplined enough to do that on my own every week."

\ ROUND ROBIN\ *v. n.*

“A form of Partner tied to the weekly staging of entertainment events. Social groups and entire communities, in some instances, save for the proceeds from round robin events which are financed by pooling funds together.

The Draw is given to different individuals on a rotating basis each time for the staging of a particular event. Profit from the venture belongs to that individual. Members typically support each other's events

Characteristics of Partner Model of Financing

Typical Characteristics

- No interest payments
- No “Banker” fees
- Part economic-survival strategy and part cultural, social activity
- Adaptive mechanism, alternative to limited Bank access
- Typically small pools, ten to 15 partners
- Trust dependent - no written accounts, hands are almost always thrown in cash - the rate of default is negligible
- Major source of capital formation among West Indians in NY (75% participation)

Disadvantages

- Does not Scale well
- No interest payments
- No regulation, occasional defaults by the “Banker”

Sign of the Times?

In 2017 the first block-chain based ROSCA (Rotating savings and credit association) platform was developed utilising smart-contracts on the *Ethereum* network.

The *WeTrust* platform raised \$6.5M market capital in an ICO that ended in April 2017. Its current market capital has since tripled within 10 days of coin issuance

