Twitter Thread by Niti Bhan used to be The Prepaid Economy.

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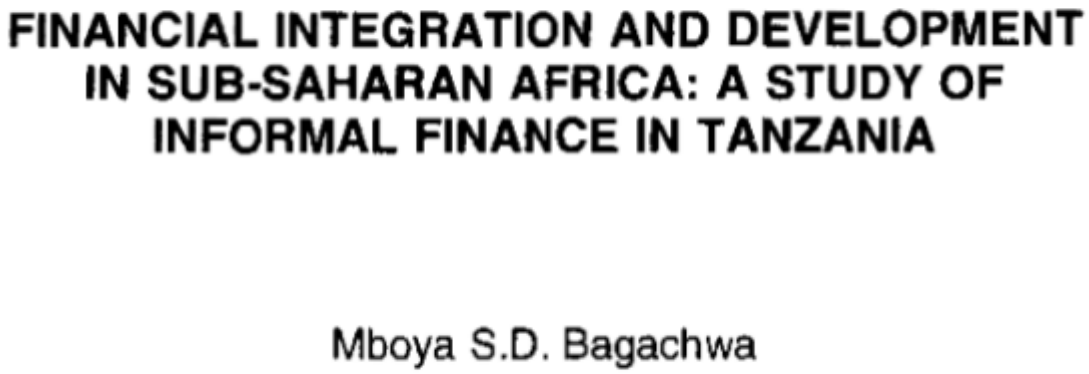
@niti_bhan

This is from 1995 and is an ODI working paper, its insightful because it still references the impact of the SAPs on the rural economic ecosystem https://t.co/tSQo281qVW However, I have an issue with the mindset revealed by the author's framing and evaluation.


FINANCIAL INTEGRATION AND DEVELOPMENT
IN SUB-SAHARAN AFRICA: A STUDY OF
INFORMAL FINANCE IN TANZANIA

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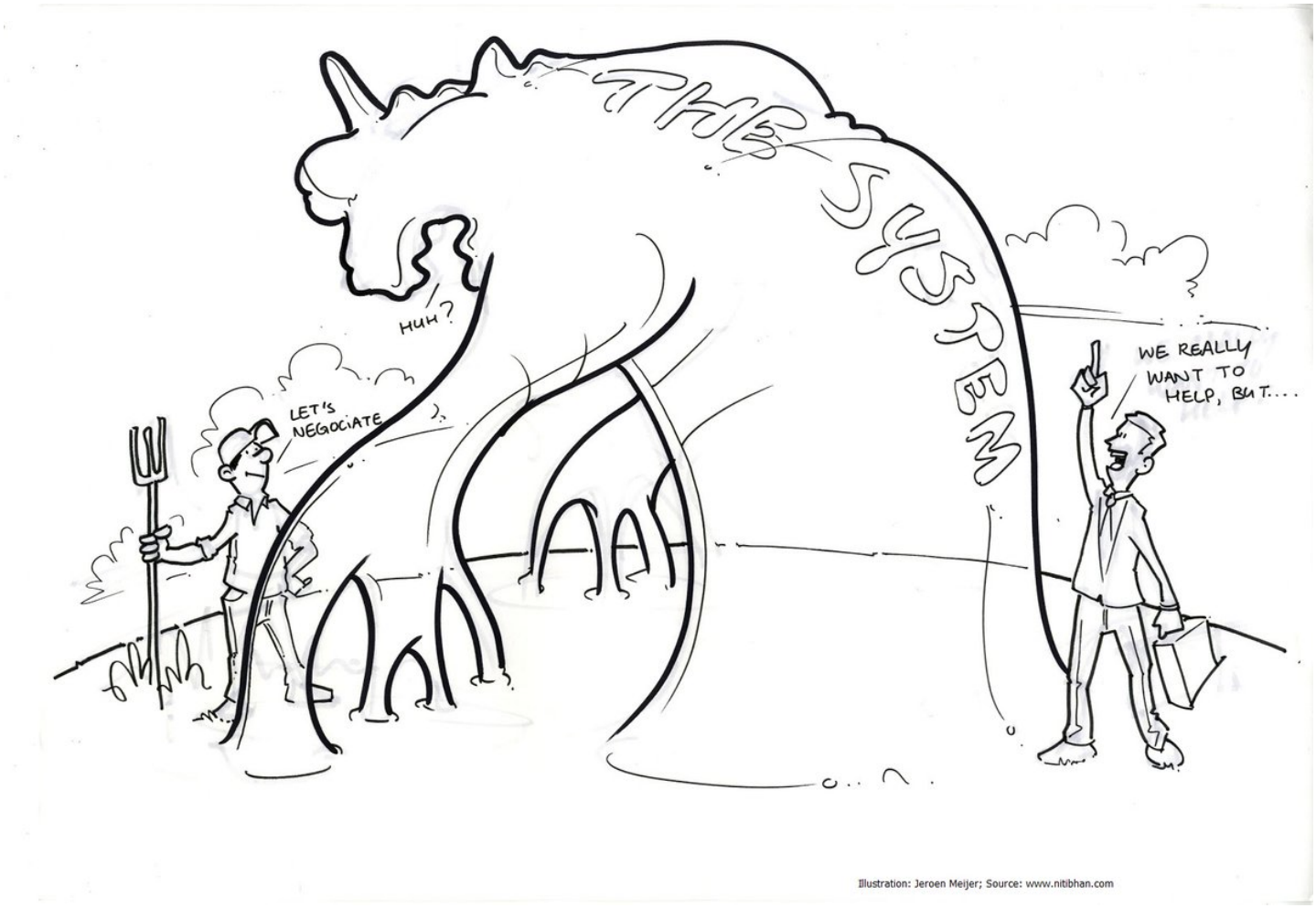
Savings is a complicated subject among the informal economic ecosystem's actors, and I want to discuss it further here. Even the formal first world economy is conflicted about savings. Note that its considered valuable for devt here in this snippet.

However, financial reform has at best had limited *developmental* effects in the region so far. It has been increasingly recognised that the adoption of financial liberalisation policy alone has not been sufficient to generate a strong response in terms of increased savings' mobilisation and intermediation through the financial system, wider access to financial services and increased investment by the private sector. Fragmentation of financial markets persists, impeding efficient resource mobilisation and financial intermediation.

Yet, until the year 2020 and its pandemic shock to the whole system, the dominant narrative of economic growth relied on consumption, which in turn was a mindset that decried the massive savings seen among consumers in emerging markets like India & China. https://t.co/D091ecSOKp

The real blockage, it seems to me, is that the informal ecosystem's value flows (disaggregated into goods, services, people, info & knowledge, currency or value equivalent) are air-gapped from teh formal economy's money. The two ecosystems are not well integrated enough for flow

Coming back to the thorny issue of savings in the context of the informal economic ecosystem - the volatile economic ecosystem to be honest, which these days is creeping into the margins of the allegedly formal system etc. there is an inherent conflict between two "systems" here



Telcos are the best leading indicator of the trend towards the need for flexible systems design & business models delivered to the last mile - the prepaid purchase plan puts control over timing & amount to be spent in the hands of end-user instead of imposing calender based bills

And understanding the whys and wherefores of the above allows us to recognize that 'savings' in the form of money sleeping in a lumpen mass is anathema to the trader or businesswoman in the 'informal' economy - money should be working for its living, goes the thinking.

Various past projects and threads and blogs references here. The point is that what the informal and rural economy need to be revitalized is a hefty dose of connecting to the flows of money and other value units, https://t.co/nclfYQ42cH 'getting the blood flowing' in the system.

Now in context I would look at these agricultural commodity flows from the lenses of evaluating blockages or eddies and/or is it a cohesive system that eventually links up or is it discrete microsystems with uneven linkages.

