

# **The meanings of social currency on a peripheral neighborhood of a large urban center in Brazil.**

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## **Abstract**

This paper aims to present an analysis of the different meanings of social currency within the context of the Development of Community Banks in Brazil. The research was developed at the Banco União Sampaio located in a peripheral neighbourhood in the city of São Paulo.

Within dest strategy, the local social currency holds a central role in an economic dimension as well as from a social perspective. As is stated by academic literature, it is a fact that social currency strengthens the local development processes such as the stimulation of consumption within their own neighbourhood, maintaining this wealth internally. Furthermore, from a social perspective the focus of the discussions is placed on the enhancement of community ties, contributing to the promotion of a local identity. These functions assigned to the currency which strengthen the community banks' discourse are not necessarily the only to be observed.

For this research we interviewed workers, credit users and bank customers from whose responses we were able to understand the social currency as a mapping of dynamics, such as the relationships between community members to those from outside their community and demonstrate the absence of the State and the systems created by the community to reduce such a lack.

## **Introduction**

*“Ma’am, you ain’t getting it, we be the system around here (sic)!”  
Community Bank credit analyst.*

This paper aims to present reflections on the social currency and their functions within the context of the strategy of the Community Banks of Development (BCDs). To this end, we are developing a pilot study focused on understanding how people in the community, users of a Community Bank located in an outlying neighborhood of Sao Paulo, signify the social currency.

Before that, it is necessary to rapidly contextualize the social currency in Brazil. It is known that experiences with social currency exist all over the world and in different contexts: from the experiences in Austria and Germany which used the theory of "currency oxidation", where money loses its value with time, to the LETS (Local Exchange Trading System) system which started in Canada and, today, is spread across different countries of the world including Community Banks and Exchange Clubs that can be found in countries like Brazil and Argentina (*Burigo, 2000*). What we can point out in common between these experiences is the fact that they have arisen in times of economic crisis and shortage of official currency, so as to constitute as alternative methods to

accomplish the movement of goods and products.

In Brazil, social currency is linked to two strategies - the Exchange Clubs and Community Banks. These initiatives are part of a wider context of practices - the Solidarity Economy. The propositions of the Solidarity Economy are reissuing, in a contemporary form, the historical struggle for emancipation of workers. Singer, reviewing the tradition of those fights, takes on the present challenge as being the construction of a self-managed economy made by the workers to end social exclusion, which is intrinsic to capitalism (Singer, 2004). When the author points to an economy self-managed by workers, more than to economics, he refers to a free man who takes in his hands not only the means for their survival, but the construction of their own history. And this history is not made only by and for some people, but collectively to form effective spaces for participation and achievement of a new social practice in the search for overcoming inequalities.

From this perspective, although we now have many studies and research on this topic, Solidarity Economy is mainly a field of practice that articulates itself in a social movement of transformation. To França Filho, the Solidarity Economy can be understood as a conceptual discussion seeking its theoretical construction, as case study, as a methodology of intervention, as public policy, and in a contextual way, from their practices (França Filho, 2006).

Thus, it is important to be attentive to the concrete reality of Solidarity Economy and how it is constructed in everyday practices. We bring then, the definition of Ecosol contained in the letter of principles of the Brazilian Forum for Solidarity Economy (FBES), which articulates the main social actors in this field: *"(...) much larger than one sector of society. (...) because it represents not only an advancement of one sector of production, but an advancement of society, a transformation where the human being is seen as the protagonist and the main goal of economic activity."*<sup>1</sup>

It is therefore within this field of practices and principles that the use of social currency in the Brazilian context is given. As already mentioned, the major initiatives that use it are the Exchange Clubs and Community Banks. In both initiatives, the aim is to promote the expansion of trade between producers and consumers when money becomes scarce and prevents the acquisition of goods by people. In Exchange Clubs, the social currency is used in a space-time set, i.e. producers and consumers gather together to exchange products or services in a determinate time and place. As the currency has value only in the club, the idea of accumulation is eventually disheartened, allowing greater speed of circulation, exercising with greater emphasis the role of money as a medium of exchange rather than book value. From the perspective of the Solidarity Economy, the Exchange Clubs also allow a critical discussion of prices, as are other principles that are ruling the exchanges. It is essential to point out that the organization of the Club is given, as in other endeavors of Ecosol, based on self-management.

In the strategy of Community Banks the social currency, also called local currency, is used in an integrated manner with other strategies (as will be discussed next). In this context, there is an

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<sup>1</sup> Text extracted from FBES website at: <http://www.fbes.org.br>

enlargement of the used territory of currency, since it circulates in a neighborhood, a community. As this local currency is accepted only in local shops, there is an increase of internal wealth of the community, causing, consequently, a rise of employment and income in the region. This methodology assumes that communities are impoverished not because people have no income, but because the wealth generated by them ends up being used for consumption outside the community, as in the nearby shopping centers and, consequently, increasing the profits of large networks distribution and marketing.(Melo Neto and Magalhães, 2008).

The community bank fits in the field of research and practices of solidarity finance, being characterized as a solidarity financial service network, of associative and community nature, focused on generating employment and income under perspective of the Solidarity Economy (Rede, 2006). The aim of Community Bank is to promote local development using a social currency as a way to make and keep money circulating in the community. It works also by granting loans in national currency for producers, with interest well below market rates, increasing the potential growth of trade and local production, besides providing social currency consumer lending to families in order to support their small costs of day to day living.

The analysis for the loans, both in national currency and in social currency, is also based in consultation with the neighborhood which assures an active community role in the process of lending. Importantly, the community bank is only effective with the active participation of the community to assume the use of social currency, the consumption in the neighborhood and the veracity of the information for earning credit.

A key feature of the Community Bank is having the community as its manager, and for that there are two spaces for direct participation in activities: the management council of the bank and the local forum of development. Both are made up of neighborhood resident families, merchants, other entities operating in the region, representative associations of the bank and its employees. The management council has the task of analyzing issues relating to the community bank. The forum is intended to be a place for discussion and deliberation of the community on more important issues related to the neighborhood.

In the daily performance of community banks the "official" discourse seems to be merged with other possible meanings of the bank for people who use it. To stop, in the economic sense, the demand for financial services by the population, means losing sight of the role that the community bank plays within the local culture and dynamics. Going to the bank and requesting a loan in social currency does not only result in the increase of consumption and local trade safety in the purchase of needed items, but also means no longer relying on the favor of relatives and neighbors, establishing new social networks or establishing a new relationship with the neighborhood.

Some questions that guided the beginning of our work were: in a community where money is scarce, what function can a currency with the name of the neighborhood take? What does having a bank mean to that community when there is a whole set of practices and a system of

meaning and actions that presents itself to this population so incomprehensibly, marking another field of exclusion? Being the strategy of community banks itself an invention and ownership of the community, the study of these reappropriations becomes increasingly interesting. In a search to improve the conditions of life, the community of Palmeira in Fortaleza, is using an official financial system and, as Certeau (1994) would say, transforming it into a new way of doing it.

Certeau works with the importance of everyday life on the analytical level, and the day-by-day-culture appropriation and reappropriation of the individual through practice and, in this process, understands that the daily practices are launching new glimpses on our look at cultural practices (Certeau, 1994).

From a theory of everyday practices, Certeau bases on Foucault to point out the need of not focusing only on the "discipline producer", keeping in mind that the whole society is not reducible to it. He points out a way to look at the power games, dumb and silent, that "organize the social-policy order"(1994, pg.41).

The author's thinking on the issue of consumption and use of space as an intelligent and scattered practice. He proposes two categories of analysis: the strategic use of spaces, which would be institutional, announced, and visible; and the tactical use, that is the unspoken, does not gain visibility, is not analyzed, but that is practiced. (Certeau, 1994).

From this analysis we began the pilot research in the Community Bank União Sampaio as a way to raise other possible roles of social currency and its other tactical uses. Five interviews were carried out among bank workers, association workers and borrowers. In addition, the researchers followed the community bank from the beginning of the implementation process which contributed to the enrichment of this research.

To develop the research we also had the participation of a young woman who performs some bank activities. It was done in order to allow the community to appropriate some research tools and also include the perspective of the community of the entire work process.

This community participation in the research is consistent with a constant concern of the workers of the association: to be taken not only as a locus of research, but as a space for building knowledge collectively, and in addition, a way to make this knowledge stay in the community.

### **The Community Bank União Sampaio**

The Community Bank União Sampaio was created in 2009 as part of a project developed by the Technological Incubator of Popular Cooperatives - University of Sao Paulo (Incubadora Tecnológica de Cooperativas Populares da Universidade de São Paulo - ITCP USP). The project was based on the Palmas Bank's experience which created the strategy of community banks.

In order to choose the communities where the community banks would be implemented, diagnostic visits were made to analyze the potential of both the association and its environment for

the implementation. Joaquim Melo of Palmas Institute, says that the community bank cannot be seen as a community organizer, because, to guarantee its existence, community ties that can support it are needed.

Within this perspective, the Popular Union of Women (União Popular de Mulheres - UPM) had a history of 20 years in the community of Jardim Maria Sampaio working on improving the living conditions of the neighborhood and offering a space for sharing and participation for local residents.

The choice for this association was made not only by the information given by its members, but also by the experiences on the grounds of the association. The House, as regulars call it, seemed to have no doors, the noises of their activities were perceived by everyone who walked by its small corridors. Classes on Youth and Adult Education took place there, children used computers in the media center, artistic and musical activities were developed. The coffee was available to anyone who would pass by. The House was always full, with children, young and elderly, all its comings and goings. Moreover, the fact that the association has been following the principle of horizontality of the Solidarity Economy, even without giving it that name, also influenced the association's choice.

After some discussion and willingness of members of the association to receive a community bank, we began a joint process between ITCP and UPM for deployment. In each activity, a set of relations between the association and other characters of the neighborhood would be revealed. To perform the creation of the art for the currency, we called a well-known person among the cultural circuit<sup>2</sup> in which they are involved. All nominations for the currency, as well as its name, "Sampaio", were made collectively; visits to traders, already showed the legitimacy of The House beyond its walls.

The iconography chosen for the elaboration of the currency shows up as a point of relevant interest, as it relates in a concrete and strong way the history of the association with the bank's strategy. For one side of the currency images were chosen that tell and reconstruct the history of The House and of the neighborhood. Each one of them was marked by a strong and significant image within the community and association context: Paulo Freire<sup>3</sup>, resuming the history of the association that began in the time of military dictatorship in Brazil, where they already worked with youth and adult education; Maria da Penha<sup>4</sup> which represents the cause of The House, the women's rights cause. To show the history of militancy in the neighborhood the image of Dandara was chosen, a woman who had strong political involvement in the region. Besides these, one of the notes has the logotype of the association and another one has the South Zone Network logotype (network associations and enterprises of Solidarity Economy, partner of ITCP and UPM).

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2 The Southern Region of São Paulo is known for hosting big soirées like the Binho's, Mutcho's, Coperifa's and others.

3 Renowned educator who influenced all critical pedagogy.

4 The Law n. 11.340 which, among other determinations, raises penalty in cases of aggression against a woman in familiar or domestic context.

The relationship between the community bank and the association can be perceived in the following situation: interviews by the media. When visiting the community, they wanted to know more about the bank, how social currency worked, if there was a risk of robbery, etc.

In the interviews, something happened frequently: whenever someone at the bank was asked about the operation process of the local currency or even of the bank itself, they started to talk about the importance of UPM, its performance in the district and the way that history reverberated in the ongoing history of the bank's currency and its acceptance by the community. The reporters were annoyed, they didn't want to know about the association, but about the bank. But the answer given by the workers pointed out the relationship between the history of the association and the bank's success: *if you want to understand the bank, then you will have to listen to the history of The House first, if you are to understand the bank and currency*. The phrase suggests the impossibility of grasping the symbolic functions of currency and its appropriations by the community without understanding the social fabric in which it is inserted. There is no way to isolate the currency from its context and its relationships.

After determining the characteristics of the currency, the community bank was opened with a big party. Most people were still not sure about what it meant to have a bank in the community, but the idea of a local currency in the neighborhood raised much curiosity. The local currency entered in circulation only three months after the opening of the bank. For its arrival, an afternoon tea was held as a way of allowing for a conversation about the currency. Thereafter, the community bank workers began their strategies for movement: social currency credit (without interest), paying part of the association workers remuneration in social currency, encouraging the exchange trades among the association members.

For the local merchants to accept the social currency, conversations were held in order to increase awareness of the benefits of the community bank for the community and the local businesses with the potential increase in sales. The small traders accepted the money without major difficulties, however the two largest markets of the neighborhood have not yet accepted the local currency.

Since the currency was eventually accepted only in small markets, it ended up causing an increase in sales of those that were normally the closest to residents. However, the population of the neighborhood would rather buy in the two major markets, for they have a lower price as they can negotiate better deals with suppliers.

Currently, the circulation of money has begun to show the economic dynamics of the neighborhood.

Although people wanted to consume in the larger markets due to the price, the loans takers ended up buying in the smaller ones. As the establishments, in the moment of accepting the local currency, pledged to give a 5% discount to all who buy with *Sampaio*, the disparity in prices slowed a bit and favored the growth of small traders, but the discussion on prices in the community has become a topic of public debate and not an individual perception or negotiation between traders

and buyers.

### **Social Currency and the relational networks**

We can say that the local currency has a dynamics mapping function. This function can be realized by the reports of those interviews we made, whether with people who were close to The House, or even employees of the bank.

### **From loans to claims, the struggle to fill citizenship gaps.**

One of the interviews was done with the young woman who participated in the research activities. In her testimony, she pointed out a problem related to the fact of her salary being paid in social currency: when she went out with friends, she didn't have the same liberty of consumption as them. The social currency is not accepted in many bars and cinemas, or in any theater in the region.

This conversation rebounded automatically in a speech made by the coordinator of the bank in which he showed the importance of local currency being accepted in the cultural circuit such as cinemas, theaters, soirées, among others. Since the beginning of the activity of the bank, there is an awareness-raising work in the cultural circuit of the southern region of Sao Paulo, with emphasis on soirées\*.

It is interesting to think about the potential of this work that shows culture as a social right. Even here, the currency maps, beyond economic needs, a social need for culture. This situation is always based on the needs of the population that visits the bank; the community.

The local currency, in this case, maps the citizenship gaps and the needs of the population - and, in addition, ends up being the spearhead of the population efforts to guarantee access to their needs and their rights.

One of the other interviews was made with a woman who works in The House, who performs a literacy work with young people and adults and tutoring for children. She said the new Sampaio currency came to help people, to trigger a breach so they can improve their conditions:

*"She, being inside a house, which is an NGO, will learn a craft to get a productive loan and start working. Those who already have set up a project receive Sampaio, do the marketing and spread it (...) At first, she thought it was a ticket. But now she knows it is more valuable, she identifies as: it is my money, it's my bank! Mateus (a child who frequents The House), when we are showing the house to people, always says: I can introduce you to our bank! It is one thing that is hers, for her. When we build with someone else, people will appropriate. (...)*

The speech of the interviewee is very relevant. She points out how the activities of The House are related to the currency, making it impossible to analyze separately. Those who frequent The Home, work or participate in any activity, know the bank, know its currency, get a loan... and when they use it, they are doing more than buying or making an exchange, they promote

themselves, promote their neighborhood. When people ask about the new currency, it feels like the ownership of those who use it is even stronger as they have to explain the importance of the currency, its identity, reinforcing its potential, recreating Sampaio currency at every moment.

This interviewee also reported how she and her husband managed to buy the eyeglasses they needed. Having a new demand for this product and, as the community had no optician in the neighborhood, the bank' staff went to another neighborhood's optician and negotiated the permanent acceptance of their local currency by the establishment. The negotiation was made and they even got a larger discount for purchases with the currency.

This action, like many others was not just a Sampaio loan, but a discussion about needs, about what people needed and weren't able to achieve. The bank and the currency work in a way to converge social demands, and also as a springboard for conquests, sparing the community of several citizenship gaps.

What becomes important is to strengthen the construction of a space for debate and popular claim that was enhanced with the community bank and social currency. These residents were not just going into a bank and asking for a loan, they were trying to intervene in economic and social dynamics of the neighborhood, claiming something that would be better for them. They were talking to people who respected their point of view and working, not for them or by them, but with them.

We present here the currency as a representation bond. Not by a vote, but a direct actuation, a practice of meaning.

### **An enlargement of the porosity of the city**

This same interviewee gives us the "passport" dimension that local currency can assume with the outside world and the neighborhood association, as she says: "outsiders." She talks about an institutional dimension, pointing to the increase in the number of people coming to know the work of the association on behalf of the community bank and local currency and about the possibility of new partnerships for development projects.

Some of the people working in the bank already had relationships with national and international entities and organizations, but these have been enhanced and many others were constructed through social currency. Everyone was interested in how a community was creating a new currency, giving loans and managing a bank. These facts make this suburb association of low income to be interesting to outsiders, making the media, other associations and entities wanting to visit, exchange, share and help in such an intense way.

In this process many opportunities of partnerships were and are being built. It's giving strength to other actions to happen as an approved project of the Ministry for Culture for the creation of the Popular Agency Solano Trindade of culture sponsoring. It is as if the currency strengthened the community actions. It is converging people towards something in common: the neighborhood improvement, local development and the construction of spaces for discussion and

realization of these tasks.

Here, we call attention to an appropriation of a currency as something that works as a key to enhance the porosity of a city (Isaac Joseph, 1998). To this author, the fluidity of the city is crucial. People circulate and make choices. It is necessary to think about proximity and distance that surrounds these circulations.

Joseph doesn't understand the city solely as a place of exclusion; periphery people are not secluded to only one area. This exclusion is situational, not static. The individuals are not only citizens seeking their rights, they are residents, passers-by. It is a set of actors embodied in the same person.

When we think of social currency and the bank, we find a potentialization of the porosity of the city. Various relationships with other local actors and classes were being built in a more fluid way.

### **In search of freedom**

An unusual situation occurred on a day that we were in the bank on a meeting to decide who would be granted credit in social currency. Coincidentally, one of the applicants appeared with her mother at the door of the bank when we were discussing her request, we asked her to wait a little longer and we would give her an answer.

As a standard condition for granting credit was a limitation of one credit per family, and her mother already had one, we said that, for this reason, she wouldn't be able to get one. They were not close to the association and, as it was their first time credit, weren't well aware of the procedure. So, the mother got very distraught and we explained that this rule was created because we didn't have much money and wanted to help most families as much as possible. She kept arguing, asking if it was due to the same address given in both requests, and we said that it was a question about serving a larger number of families. She still couldn't understand it and finally asked if it was a matter of a system rule and, if so, she would try again giving her daughter's boyfriend's address. When we did not know what else to say to explain it to this mother, the credit analyst said, *Ma'am, you ain't getting it, we be the system around here (sic)!*

This is not means that in this neighborhood the State is not present, but that this space is also reframed. Achieve this range of actions in a collective manner, horizontally, according to the principles of Solidarity Economy could not be opening a breach in the State?

### **Conclusion**

The social currency in the case study of União Sampaio presents itself as a social relations mapper. Its "passport" function, the revealing of citizenship gaps, the triggering of discussion about the neighborhood and the community, shows the uses it can assume within the dynamics of a particular locale. It is a tool that is owned by the community, which assigns its meanings in every practical action, occasionally, working as a spearhead for unleashing processes of public debate

and comunitary organization.

Through every new place where the new currency is accepted, a new relationship is built between entities and new projects are consolidated. The community is embracing this tool and recreating it with each new path of their daily lives, whether to better know the neighborhood, to consume within the local market, to reconstruct its history or to become a sociability aggregation focus.

The potential of social currency in its many possible paths is to be unveiled only with the understanding of its local practices and dynamics.

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