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Money pool (Hội/Họ) in the Mekong Delta: An Old Way of Doing Finance in Rural Vietnam

Economic and political reforms launched in 1986 have spurred rapid economic growth and development, transforming Vietnam from one of the world's poorest countries to a lower middle-income nation. Despite economic growth, the informal financial sector continues to be of great importance in Vietnam, and it includes moneylenders, relatives, friends and rotational savings and credit associations (ROSCAs).

ROSCA, or money pools (called Hội, Họ, Phường or Biều, depending on the geographical location), have for centuries been a way to help poor households invest in business, housing, education and healthcare, among other things. Information on this type of activity can be found in books and stories dating to the nineteenth century, though this type of financing has existed in various forms, in every corner of rural and urban Vietnam, for hundreds of years. While informal credit suppliers usually charge higher interest rates than formal banks, its main advantages include ease of access through its simpler loan procedures, something that engenders trust within the community.

The emergence of Họ/Hội is attributed to the historic characteristics of reciprocity that shaped self-sufficient Vietnamese communities, where members would jointly contribute either rice or a small amount of money every month as insurance for times of need. Unlike other types of microfinance or bank credit, there are no requirements on the money's use, and the funds can be obtained without the consent of other family members.

Most participants of Họ/Hội in the Mekong Delta today are women. All interviewees during my fieldwork in 2017–18 reported that joining Họ/Hội was very beneficial because it encouraged reciprocity. There was a consensus in interviews and group discussions that the person who organizes Họ funds must be a responsible person. The arrangement depends on the amount of money to be paid and whether it is a for-profit or not-for-profit Họ/Hội. The cycle can be weekly, monthly, bi-monthly, year, crop harvesting time, etc. The way Họ/Hội works is quite simple. For example, suppose that for each month, the total amount involved is one million VND, divided equally among 10 people; each person will contribute 100,000 VND (US\$50). The amount one collects is inversely correlated to when they receive it, where the first receives the least. For example, instead of receiving one million VND, the first person only 800,000 VND (US\$400). Thus, the rest only need to contribute 80,000 VND (US\$40) instead of 100,000 VND (US\$50) each month. Those who draw



Local women discussing the advantages and disadvantages of Hội/ho in Bac Lieu province, Mekong Delta of VN. May 2018. Nga Dao photograph.

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from the pot later receive more funds because they had to wait longer to receive their portion. In most situations, the members know each other and make their own rules.

Thus, the key element for Hò/Hụi is trust. Senior participants are very careful when selecting who joins their Hò/Hụi. The organizer often must be a very trustworthy woman and/or highly respected in the community. Even though Hò/Hụi members agree in advance on the distribution order, if someone unexpectedly needs the money they can contact the organizer at any time with this emergency request, making the system very flexible.

My field survey showed that 14 out of 15 Hò groups in my studied sites in the Mekong Delta consisted of women only, and just one group had mixed men and women (and there were only two men among 15 members). Women who participate in Hò are very diverse in terms of background and socio-economic conditions but tend to have either grown up together or were married to someone in the village. Whilst they may have only had passing relations before joining the same Hò, most reported growing closer to the others through their membership.

Hò funds have never been without their problems. Hò fund collapses have happened and were often due to participants or even organizers absconding with the money (sometimes up to six-digit figures in US dollars). Regardless, people still regularly invest in Hò. To minimize risks, it's important that participants keep good records and set reasonable interest rates. Written agreement among participants help to mitigate the risk and can also be used as evidence should fraud cases occur.

This practice has reinforced a sense of community through reciprocity, especially for poor and marginalized women. It helps bring women together to support each other out of poverty. Despite the risks associated with it, the fact that people continue to practice it nationwide demonstrates its sustainability. And more importantly, the popularity of this practice of communal financing has helped it become recognized by law, contributing to Vietnam's diverse economy. While being context-specific, they are, in general, flexible and give women, especially poor women, access to a relatively large amount of cash that they would not be able to access without joining a Hò/Hụi fund. The system can also be seen as an indicator of community solidarity. It only flourishes because of close relationships and social networks based on mutual trust. Thus, Hò/Hụi is likely to continue to have a place in modern Vietnam's economy.

Note: This is a summary of my chapter in *Community Economies in the Global South: Case Studies about Rotating Savings and Credit Associations and Economic Cooperatives* (Oxford University Press 2022), edited by Caroline Hossein and Christabell P.J.