

From corruption to moralities of finance: Insurances for the poor in South Africa

DRAFT: NOT FOR PUBLICATION

Erik Bähre

Institute of Cultural Anthropology and Development Sociology, Leiden University

ebaehre@fsw.leidenuniv.nl

Abstract

Since ten years, large-scale South African insurance companies are establishing a myriad of policies that aim to incorporate the previously excluded African poor and middle classes. Insurance companies, government agencies, ombudsman organizations, the media, and African clients living in the townships of Cape Town, South Africa have their own and at times very different concerns about corruption, fraud, and morality. The study examines the experiences and rumours about the embezzlement of money, false claims, identity fraud, and allegations of insurance murders. It argues that, in order gain insight into these concerns, one needs to shift attention from the analysis of corruption to the analysis of moralities of finance. Unlike studies of corruption, moralities of finance a) include financial regimes and practices that are not entangled with the state; b) reveal that high levels of agreement about illegitimate financial practices reflect high levels of inequality in South Africa; c) offer insight into the consequences of financial regimes for neighborliness and kinship.

Introduction

During apartheid, insurance companies rarely served Africans but this has changed over the last ten years. Insurance companies have expanded their business to predominantly poor and lower-middle class Africans and companies, such as Sanlam, Old Mutual, Liberty Life, and Metropolitan, have developed and sell new policies for new costumers. Within a relatively short period of time, insurance have become a crucial part for dealing with risks, also for the poor and lower middle classes. Poverty, inequality and high levels of risks in South African society are so high that mutual aid and support by kin or neighbours often does not suffice. For example, the existence of burial societies are threatened by the high rise of HIV. These societies, which are mostly organized among neighbors, can only cope by diminishing benefits or by increasing the contributions, or by excluding HIV related deaths (see Bähre 2007b).

Expenditure on insurance in South Africa was already high. With 14.5% of GDP expenditure on insurance it was almost three times that of the United States (5.23% of GDP) (III 2003, IP 2004, 3).ⁱ But the recent expansion means that it are not only wealthy people that take out insurance policies. In the townships of Cape Town, South Africa, insurance adverts have become ubiquitous. Insurance products are advertised on billboards along the motorways and on schoolgrounds. Local newspapers have started to feature insurance adverts, television programs now broadcast commercials that target African clients, and insurance companies have opened offices in the townships of Cape Town. The survey carried out in Indawo Yoxolo and Tembani revealed that more than three out of four respondents had at least one insurance policy and that some had up to nine policies. It seems that the new policies and marketing strategies are having an effect.

The expansion of insurance in is not without its problems and South Africa's insurance industry suffers from various scandals. I rather analyze the expansion of insurance vis-à-vis changing moralities of finance and not from the vantage point of corruption.

First, studies of corruption examine the state. They have revealed how the state is used for personal gain, particularly how government officials use their position as a broker to channel resources in return for bribes or other forms of personal gain (see for example Bähre 2005, Reno 1995, Blundo et.al. 2006, Ledeneva, 1998, Olivier de Sardan 1999, Jain 2001).ⁱⁱ Commercial financial companies, however, are usually not studied in this way, probably because they are not accountable in the way in which governments are. At the same time, insurance companies do create collective goods that are based on solidarity mechanisms, which are governed by processes of inclusion, trust, and decisions about entitlements which are highly morally charged. This does make it crucial to examine the moral concerns and dilemna's that surround these collective goods. Zelizer (1978, see also 1995) offered an inspiring analysis of the moral questions that are part of insurance. She offers a fascinating account of the expansion of life insurance in 19th century USA. These life insurances were initially rejected because it was at odds with religious beliefs. It was highly controversial to make the value of life commensurable to a monetary value. Life insurances were criticized as a profanity – only God

would know the value of life – and for commoditizing life itself. Only after time and many debates and controversies, did life insurance become morally acceptable (Zelizer 1978).

In South Africa, expansion of insurance causes a reconfiguration of the moral landscape. This analysis of financial regimes builds on studies that examine the morality of money in general (Bloch and Parry 1989, Lamont 1992, Zelizer 1994). More recently, the attention has shifted to morality in and about financial institutions, such the expansion of micro finance projects in Egypt (Elyachar 2002), new financial trading firms and techniques at the heart of global capital in the USA and UK (Zaloom 2006), and the establishment of new communities that are based on online currency trading (Knorr-Cetina and Bruegger 2002).

Second, the concept corruption assumes a high level of agreement about the problems and its causes, an agreement that quickly becomes fragmented once it is confronted with everyday economic practices. Corruption, with its strong moral overtones, I would argue, is first and foremost part of the language of policy which Mosse (2005) so convincingly scrutinized. The aim of policy language, he argues, is not necessarily about establishing clarity, but it is about achieving agreement and consensus in the world of policy. Mosse shows how key concepts in development remain poorly defined and vague in order to hide or temporarily suppress disagreements among stakeholders:

'It is precisely the ability to achieve a high degree of convergence of disparate interests, contained in the official language of a single validating model, that characterizes successful policy and project validating model, that characterizes successful policy and project ideas.... Consultants make policy successful by building ambiguity and interpretive flexibility into project designs, thereby opening them up to diverse interests' (Mosse 2005, 46).

It could be that these processes also take place when policy focuses on corruption. These processes might very well have their, at least temporary, benefit for policy makers, but are at odds with academic knowledge (see Mosse 2006). The term corruption might be too constraining for the analysis of financial regimes and institutions because it suggests an agreement or consensus about the kind of abuses and the kind of organizations that need to be scrutinized. By examining the moralities of finance one can bring to light the discrepancies between judgments, evaluations, and legitimacies and how these discrepancies are caused by the wide variety of organizations, peoples, and social fields that make up the financial landscape. The current global economic and financial crisis makes it ever more pressing to widen the analysis of moral concerns about financial institutions like insurance companies but also banks, pension funds, and credit companies.

The data on which this study is based is collected between 1995 and 2010 during several research stints ranging from a few weeks to a year in length—about two and a half years of fieldwork in total. I have held several interviews with actuaries and others working in the insurance industry in Johannesburg and Cape Town, and also interviewed people who were involved in selling insurance

policies or managing insurance claims. Most of the research was carried out in the townships of Cape Town, which is particularly interesting due to the strong presence of the insurance industry: many South African insurance companies have their headquarters there. Almost all of the residents of both are Xhosa who, with the abolition of apartheid, left the impoverished bantustans Ciskei and Transkei to try to earn an income in the city.

A comparison of the townships Indawo Yoxolo and Tembani is central to this study. In 1995, Indawo Yoxolo—situated between Philippi and Mitchell's Plain—was a small squatter camp. However, over the years, with the aid of governmental development funds, most of it was turned into a township with electricity, sanitation, paved roads, schools, a clinic, and demarcated and privately owned residential plots.ⁱⁱⁱ Its residents are the poorest of Cape Town, and many live in shacks of corrugated iron sheets, wood, or other available and affordable building materials. During my fieldwork unemployment was rampant and even 'lucky' residents earned very little as security guards, cleaners, or nannies. Violence was a major concern, and several people were murdered in the course of fieldwork (Bähre 2007a). Notwithstanding the violence, and that most residents disliked living in Indawo Yoxolo, many social activities connected neighbors, such as informal burial societies, credit groups, choirs, and small independent churches that held their services in people's living rooms.

Although Tembani is only a few kilometers from Indawo Yoxolo, it is a very different neighbourhood. It is part of Cape Town's largest African township Khayelitsha and its residents are much wealthier than those of Indawo Yoxolo. Many earn a decent salary as teachers, nurses, or civil servants, and some own small businesses. Most residents of Tembani live in privately owned, two- or three-bedroom brick houses and some own a car. Violence was not nearly so rampant there. Nevertheless, it was difficult to conduct fieldwork in Tembani, in the sense of being part of the community, because neighbors interacted only sporadically, mostly to chase away potential criminals, and had rarely established burial societies, financial self-help groups, and only sporadically attended local churches (See Bähre 2010).

In addition to interviews, participant observation, and other standard ethnographic research methods, I developed a survey on insurance and other financial arrangements and networks. In 2005 and 2006, my research assistants Edith Moyikwa and Mandisa Kunju carried out this survey among 110 residents in Indawo Yoxolo and Tembani, about half from each area. The survey contained questions about the use of financial services, trust in financial institutions and networks, concerns about risks, and engagement in social networks. Edith and Mandisa also helped me with the Xhosa language, which I only mastered on a basic level, and helped me to interpret conversations and events, especially when these could pose a threat to me (see Bähre 2007a).

A morality of financial inclusion

It seems at odds for commercial insurance companies to expand insurances to people who are relatively poor, whose lives are more exposed to risks, who can only afford relatively small insurance

policies with large administrative burdens, and whose reputation is often as poor as their financial means (see Bähre 2010, De Swaan 1996). This expansion is driven by an expected profit and the attempt to open up new markets, but these expectations and attempts are entangled with new political realities, i.e. democratization in 1994, and a changing discourse on the poor.

First, national political changes were crucial for the ‘discovery’ of tens of millions of clients. After the first democratic elections of 1994, the South African government emphasized that resources had to be redistributed in order to overcome the vast discrepancy between a predominantly white elite and the predominantly African poor. In addition to jobs, housing, sanitation, education, and social grants, historically disadvantaged communities should also gain access to financial services, become owners of financial companies, and become part of the higher ranks of employment. The ANC government wanted banks to make their services available to the poor, which meant that they had to establish offices in the townships and former Bantustans, that they had to lower the bureaucratic burdens for clients, and develop new types of services that were more suitable to the financial needs, banking skills, and financial circumstances of ‘previously disadvantaged communities’.^{iv}

The call for democratisation and financial inclusion was not only a government concern, also some working in the insurance sector explained to me that they felt responsible for South Africa’s future. The actuaries that were working on policies for the poor were often fairly young, around forty years of age, male white South Africans, with degrees from the University of Stellenbosch, University of Cape Town, or University of Witwatersrand. Some felt that they were part of a new era, and one actuary explained to me: ‘it is now our time. We are young and we do not have the burden of history like the older people working here. We have to make something of this country.’ The Actuarial Society of South Africa (ASSA) also saw the need to change the profession. In 2000, ASSA established ‘Actuaries On the Move’ to increase the profession’s diversity, and they set up mentoring and training programmes to increase the number of Black actuaries in the country. Hillary Murashiki, chairman of the diversity committee of ASSA publically stated: ‘Thanks to a R20 million series of initiatives by the Actuarial Society of SA [South Africa] and its sponsors, there are today four black South African actuaries and many more to come.’ About 60 percent of the actuarial students are black, which reveals that a large shift can be expected in the future.^v

Most actuaries that I interviewed did share some of the concerns that the government had and wanted their profession to change, but the concern about government pressure was much stronger. Almost all actuaries that I interviewed were worried that the ANC government would force insurance companies to develop products that did not work and were not profitable. A manager working in the insurance sector explained to me that this was a result of the ANC’s socialists view on people. He told me that politicians did not have a real and objective understanding of how people behaved, that their ideas were too romantic and did not take selfishness into account. He wondered how one could develop any policy if one did not have an objective understanding of human behavior. This unrealistic view on behavior made conversations with politicians very difficult. The actuarial profession took for

granted that people were rational individuals and this was the fundamental to the development of policies, establishing risks, costs, and mechanisms to limit insurance fraud. This was at odds with the politician's morality that emphasized community relations, group solidarity, and inclusion.

Insurance companies experienced government legislation as a threat to their business. In 2005, there were rumors that the government was going to establish a national funeral policy. Several actuaries told me that they feared that the government would waste tax payers' money and take profitable business away from them. In the beginning of 2006, the rumors of a national funeral policy had ceased and the concern was more about the government's plans to establish a National Health Insurance, a scheme which had simmered already since democratization in 1994 but which became more realistic after 2007 (see Botha and Hendricks 2008). Some actuaries told me that they were not only concerned that government would tell them how to run their business, but also that it would take the most viable part of the market away from them and thus undermine the sector as a whole. Some were also concerned that national insurance schemes would suffer from mismanagement due to lack of actuarial knowledge and a too romantic view on human behavior. Some also expressed their concern that some politicians might use the National Health Insurance to enrich themselves and their family members. Many wondered: 'what is going to be the next government plan? What legal restriction will we have to face in the future?

Self-regulation proved to be a key strategy to manage government pressures. Particularly important was the establishment of the Financial Sector Charter on Black Economic Empowerment, which came into effect in 2004, after the 2002 financial sector summit organized by NEDLAC, the National Economic Development and Labour Council, a partnership that represents business, labour, and the government.^{vi} In this charter the financial sector commits itself to increase non-whites in senior positions, to support the establishment of black owned small and medium enterprises, as well as to make it easier for the poor to access financial services. Among others, the charter stipulates that by 2008, 80% of LSM1-5 should have access to transaction products and services, while 'a percentage (to be settled with the life insurance industry) of LSM1-5 households have effective access to life insurance products and services' (Financial Sector Charter p.9).^{vii} New business opportunities arose, while new opportunities for making money were imagined as a result of democratization that brought about new political and moral agenda's.

Second, the attention to poor and lower-class South Africans was part of the 'discovery' of the poor as financial agent, as potentially profitable clients that would benefit from financial products and services. The 'discovery' of new clients was at the heart of a changing morality on poverty and finance that emerged internationally, and the replacement of one stereotype about the poor (passive and untrustworthy) by a new stereotype, i.e. skilled micro entrepreneurs that can successfully navigate financial markets (cf. Elyachar 2002). This new stereotype is among others expressed by the business guru Prahalad who argues that the poor offer an important business case and that business can

eradicate poverty. In 'Fortune at the bottom of the pyramid: eradicating poverty through profits' Prahalad (2004) argues that simple innovations open up the BOP (Bottom of the Pyramid) market.^{viii}

Also financial institutions like banks and insurance companies have come to see the poor as trustworthy and reliable entrepreneurs. The most widely known and influential case is the Grameen Bank, which Yunus established in Bangladesh in the mid 1970s. It started to organise solidarity groups that provide small loans to poor women without requesting conventional collateral such as a job or house. The moral dimension of this development became particularly clear when in 2006 Yunus was awarded the Nobel Peace Prize and not the Nobel Prize in Economic Sciences. The microfinance industry challenged the dominant stereotype that the poor were irresponsible and passive *and* replaced it with a morality that emphasised that financial products can rely on the poor's social relations, and that the poor are creative and trustworthy entrepreneurs. Over the last twenty years, microfinance has become a considerable industry involving billions of dollars, hundred millions of clients, and a myriad of organizations such as the World Bank, the United Nations, ACCION International, FINCA, CGAP (the Consultative Group to Assist the Poor). Several studies have highlighted the positive impact of microfinance with encouraging titles such as *The miracles of barefoot capitalism: A compelling case for microcredit* (Klobuchar and Wilkes 2005) and *Money with a mission: microfinance and poverty reduction* (James Copestake et al 2005). This is indicative of a changing morality on finance and poverty, and as also Elyachar found on microfinance in Egypt: '...practices once dismissed as 'backward' and situations once seen as transitional have become the vanguard of entrepreneurial savvy in the global age.' (Elyachar 2002: 496).

The South African 'discovery' of the African clients was part of this moral reorientation and replacements of stereotypes. In South Africa, FinMark Trust was established in 2002. The goal of this NGO is 'making financial markets work for the poor'. They commissioned research on how to deliver financial services to the poor and devised policy proposals for government and the financial sector. The research data are made available to actuaries within the participating insurance companies who, based on this information, device new type of policies, and make assessments of risks and costs. Finmark Trust was financed by the UK's Department for International Development (DFID) and the Banking Council of South Africa.^{ix} DFID sponsored FinMark trust with 5 million pounds, but it also receives support from development organisations like the Consultative Group to Assist the Poor (CGAP), USAID, and the United Nations, have started to sponsor this initiative.^x

These national and global reorientations were crucial to the expansion of insurance in South Africa. About ten years ago, insurance companies started to establish special branches to develop policies for African clients. Today, it is common to see insurance advertising billboards in the townships, sometimes even at schools, to find insurance adverts in local newspapers that are freely available, and see insurance adverts on television that seem to be aimed at African clients in particular. Some companies have set up offices in the African and Coloured townships and started to hire brokers who speak Xhosa, the dominant language amongst Africans in Cape Town.

Supermarkets and other stores sell insurances and churches have become particularly popular venues for selling policies. In 1989, the insurance company African Life and the leadership of the Zion Christian Church (ZCC) launched a funeral policy for ZCC members only. This policy grew after the mid-1990s. It was administered largely by ZCC members who collect the premiums and register payments. They also helped with the administration of claims, clarified potential misunderstandings about the legitimacy of claims, and dealt with other insurance-related issues, including conflicts among relatives over the allocation of benefits. For insurers, cooperation with the church had many advantages, most obviously that the ZCC offered up to four million clients with low administration costs.

More recently cooperation between the insurer Safrican and the prosperity church Assemblies of God. Safrican is largely owned by the Black Economic Empowerment company called Thebe Investment Company, and since 2007 it has been the underwriter of the funeral services for the Assemblies of God of Southern Africa. Safrican taught a group of Assemblies of God members about its policies, no doubt to ensure that they could then sell them to other congregation members.^{xi} Insurance companies also envisioned markets in other Southern African countries, but also India, China, and Indonesia. African Life, for example, has established offices in other African countries such as Botswana and Malawi.

The survey that was carried out in Indawo Yoxolo and Tembani showed that 25 percent of the residents were without any kind of insurance and that some had as many as nine policies. Of the respondents, 63 percent had at least one funeral insurance policy, which meant that insurance policies had become more popular than the burial societies among neighbours. Unemployment insurance (UIF) was held by 44 percent, 27 percent had medical aid, 26 percent a pension fund; and 24 percent a mortgage that included an insurance policy.^{xii} Respondents' income was one of the strongest determinants for having a policy.^{xiii} Almost all (96 percent) of those who earned more than R4000 per month, which was approximately €400 had at least one or were covered by a partner's policy. Even the poor respondents, most of whom lived in Indawo Yoxolo, often had policies: 41 percent of those with incomes under R1000— about €100 and considerably less than a cleaner's wage—had at least one.^{xiv}

Morality and insurance: public debates

Bruce Cameron, an acclaimed financial journalist, regularly wrote about these policies in *Personal Finance*, a newspaper section and website that is part of Independent Online^{xv}. He warned his readers among others against 'crooked financial advisers who have made themselves beneficiaries of life assurance policies without the policyholders apparently knowing about it' (Cameron 2005).^{xvi} But mostly, public debates are on pension and retirement annuities, a type of long-term insurance. Financial journalists reported how pension funds charge inappropriate and undisclosed fees or use other illegal or at least illegitimate measures which severely limit the benefits of pensioners.^{xvii} In

2009, a scandal erupted around Old Mutual, one of South Africa's biggest insurers. Old Mutual had invested in Zimbabwean's diamond fields, even though this was at odds with international sanctions against Mugabe's repressive regime (Saunders 2007). The immorality of these investments led to a Zapiro cartoon that presented Old Mutual as a loyal and violent partner of Mugabe's the Zanu PF.^{xviii} A partner that is willing to ignore human rights and the media, that fails to follow the rules of the United Nation's Kimberley Process Certification Scheme that aims to limit the spread of so called 'blood diamonds', and that is displayed as if it has no problems to kill poor entrepreneurs.



In 2010, the Mail and Guardian reported another scandal that involved SA Quantum, a financial services company that was set up by the financial industry to sell and administer its financial products. The newspaper published that SA Quantum gave R60,000 a month to Mrs. Vavi, the wife of Cosatu general secretary Zwelinzima Vavi. In return, she sold financial products, mainly pension annuities, to the members of Congress of South African Trade Unions (Cosatu), South Africa's largest trade union. Once the story was about to become public, SA Quantum's CEO Veon Bock offered the journalist R120,000 to suppress the story about the payments to Mrs. Vavi (Letsoalo 2010, Vavi 2010). The journalist accepted part of the money at a parking lot but did so while filming the with a hidden camera, which only strengthened the allegations against SA Quantum and Mrs. Vavi.

The critique against insurance companies is also expressed by its ombudsman organizations. In a speech for the Life Offices Association, the association of long-term insurance companies operating in South Africa, the ombudsman of long-term insurance stated made a very clear statement:^{xix}

"Now, one thing you can say about insurers and their marketing material: they convey an impression of help and assistance, of the milk of human kindness flowing freely toward all

mankind, especially potential policyholders. But I rather suspect, judging by the stories we get, that beneath that benevolent façade, also beats a heart of stone.” (Nienaber and Preiss 2006)

The media, ombudsman organizations, the Financial Services Board, the Pension Fund Adjudicator, courts, all pay attention to moral or illegal actions in South Africa’s insurance industry. These concerns should also reflect the experiences that clients in townships like Indawo Yoxolo and Entambeni have. After all, of the people that were surveyed, 26% had a pension fund and 16% had a provident fund which is sometimes also utilized to provide an income after retirement. This means that the high costs that insurances charge also affect their benefits. But during fieldwork it became clear that the debates and concerns were not about pension funds or even bribes that were given to the wife of Cosatu’s secretary general, but that they had markedly different concerns that did not reach the media, the courts, or even ombudsman organizations. Residents living in Indawo Yoxolo and Tembani generally have no access to these institutions and their concerns remain unacknowledged (see Bähre 2010).

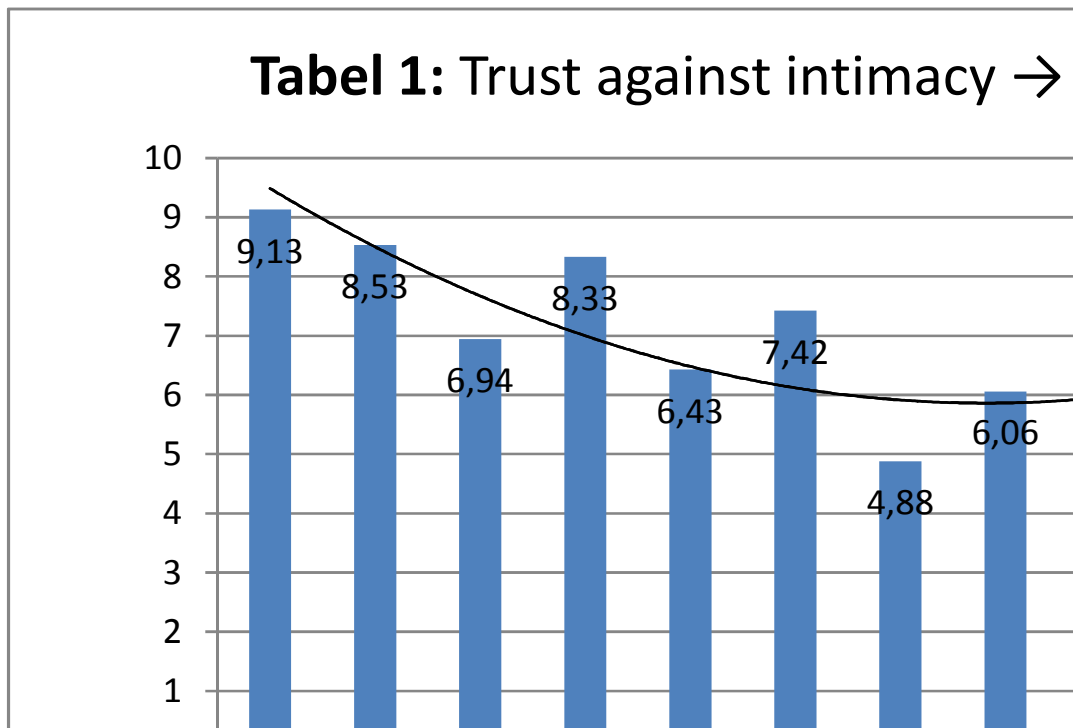
Ombudsman organizations are only accessible to people who are financially literate, who have access to facilities such as internet, printing, and e-mail, and who are able to clearly formulate their concerns in writing. In practice, this means that one is faced with insurmountable hurdles. The ombudsman for short-term insurance can be contacted by phone, but complaints have to be made in writing by filling in a form that can be downloaded from their website (osti.co.za). The ombudsman for long-term insurance also requires a complaint in writing and even though they have started to offer assistance through the phone, this remains a major hurdle. The ombudsman for Financial Services Provider seems to be the least accessible. In order to submit a complaint one needs to complete a form that can be downloaded from their website. I had made several attempts in 2005, but without success. Even when I sent several e-mails requesting the form, there was no response. In 2011, the form could be downloaded from their site (faisombud.co.za) and in order to submit a complaint one has to fill in a five page form. These are very high administrative hurdles but during my fieldwork I did not find a single person who was aware of these organizations, let alone the distinctions that they had drawn between different financial products. There were also no NGO’s or other organizations that could help people with submitting claims, filling in forms, or other forms of support that people were in need of. Also the Magistrate’s Regional Court in the township Crossroads and Cape Town’s High Court do deal with insurance issues. During interviews it became clear that they do receive cases where fights over estates have emerged, for example because the deceased had married traditionally and judiciary and where both wives make claims on the inheritance. But insurance policies are only rarely part of these cases because the entitlements that the insurance policy provides go directly to beneficiaries and bypasses the estate’s executors.

Avenues to express concerns, illegitimacy, or illegality, are not open to the majority of South Africa's citizens and the debates, lawsuits, and media report express relatively elitists concerns, even though it is not recognized as such. What are the concerns and moral issues that insurance brings about but do usually not reach the media, ombudsman organizations, and legal institutions? There were problems with insurance companies, particularly with regards to payments of entitlements. During interviews, I have heard many rumors and also found some incidences of corruption by policy holders and their dependents as well as those working for insurance companies or their sales agents.

These became particularly clear during a broadcasting at radio station that broadcasts in Xhosa. At first, the station was hesitant to have a feature on insurance in their because one of South Africa's insurance companies was an important sponsor. But finally the station manager and I managed to arrange a time in a programme that was devoted to women's issues and which the station manager felt was far removed from the times and audiences that listened to its financial programs. During the broadcast I was able to explain what my research was about and we asked people to call the station. Usually, this programme was relatively quiet and the woman that interviewed me became very excited when the phone continued to ring and when women started to talk about the problems they had with insurance companies. One woman said that an insurance company had promised to give her R5000 if she would buy their policy. She was in distress because the money had still not arrived and she did not understand what had happened. Later, during an interview which I had with her, it became clear that she would only receive R5 but it was written in such an unclear language that she had misunderstood the advertisement that the company had dropped in her mailbox (Bähre 2010). Another caller said that an insurance company refused to disburse the money that she was entitled to. Her son had died and she had a life insurance policy but no matter how often she send letters to the company or send them faxex, they refused to even administer her claim. Other callers explained how they were angered by insurance salespeople who were trying to sell them policies that they did not want and who were lying about the types of policies, the prices, and policy conditions. Some were also suspicious that insurance companies got hold of their personal details like home address and the number of their mobile telephone. One story of insurance fraud was about two insurance sales agents who had taken out a life insurance on customers without them knowing it. They then killed the two men so they could claim money from the insurance. The rumour went that the insurance agents also cut of the hands and feet of their victims so they could conceal the identity of the corpses.^{xx}

The problems that people experienced with insurance companies were not so often related to fraud and corruption, but more to poor administration and bureaucratic hurdles and to what many experienced as the company's unwillingness to pay out the money they felt they were entitled to. These stories were more about the inability to navigate complex bureaucracies than about fraud, corruption, or other moral concerns. The survey that was carried out in Indawo Yoxolo and Tembani also revealed that insurance companies were seen to be fairly trustworthy. Respondents were asked how trustworthy a number of institutions and relations were. They could answer on a scale from

extremely untrustworthy (0) to extremely trustworthy (10). Insurance companies were believed to be fairly trustworthy and more trustworthy than members of neighbourhood based savings and credit associations (*umgalelo* members), people in general, burial societies, relatives of one's partner, and marginally more trustworthy than the government.



In table one I treat the nominal categories as if they are ordinal by ranking them from most intimate to most bureaucratic. The more intimate relations are also more trustworthy. People living in the same house receive an average of 9,1 which is followed by one's own relatives (8,5) and the ancestors (6,9). But then levels of trust drop only to increase again with trust in large scale and bureaucratic institutions. Banks are regarded as the second most trustworthy (8,7) and also the government (6,8) and insurance companies (6,8) are fairly trustworthy. 'People in general' is the item which is least intimate and least bureaucratic and only *umgalelo* members have a lower average (4,9) which is probably because of the money that circulates within these groups and thus causes high risks.

I realize it is not without problems to make such a ranking. Most churches do emphasize intimacy, either with God or fellow members of the congregation, but there are also exceptions, for example the Universal Church of the Kingdom of God, which discourages personal relations among members (Van Wyk 2007, Bähre 2011). The relationship with partner's is strongly gendered and the men that took part in the survey gave an average of 7,4 while women gave an average of 5,8. This is in line with the ethnographic findings on the hostile relationships between women and their in-laws (Hammond-Tooke 1970, Murray 1980, Sharp and Spiegel 1985, Niehaus 2001, Bähre 2007a). Also

‘Neighbours’ is a difficult category because it means different things to different people. The neighbours in Indawo Yoxolo, interact a lot as they borrow money from each other, establish financial organizations, and engage with each other in many ways. In Tembani, neighbours only engage with each other sporadically, mostly only in order to chase away criminals, and neighbourliness is much less pronounced here, which is also apparent by the high fences that surround the plots in Tembani (see Bähre 2011). Trust among neighbours was a 7,5 in Indawo Yoxolo and in Tembani it had an average of 7,0. Also financial obligations seem to be important, especially among umgalelo members where a fellow member can run away with the money or where a fellow member fails to make the payments that are required (see Bähre 2007a).

One could very well make a somewhat different order if one ranks these categories from more intimate and less bureaucratic to more bureaucratic and less intimate. Moreover, Herzfeld (2005) revealed how bureaucracies and governments draw on cultural intimacy, which problematises the juxtaposition of intimacy and bureaucracy. At the same time, it does seem that levels of trust are influenced by social intimacy and bureaucracy. The Weberian idealtype of bureaucracy seems to be the emic model. Trustworthiness is either based on intimate and highly personal relations, or it draws on impersonal bureaucratic notions in which sociality and intimacy are absent. Trust in relatives and trust in banks more or less have the same average, but mean very different things. When you ask ‘how much do you trust your relatives?’, people will have very different connotations than when you ask them to what extent they trust banks. It are exactly these differences that are worth of further exploration as they shed light on financial moralities.

The discussions I had about insurances pointed mostly to its effects on social relations, particularly the way in which it provoked immoral behavior and confirmed, or possibly strengthened, distrust among neighbours, and even kin. Insurance makes it possible to support kin as it offers assistance in times of need and can relieve the consequences of adversities and risks for social relations. This became clear in the survey when people were asked ‘do you think that insurances help people to be responsible?’ A vast majority of the respondents (73%) agreed or completely agreed (measured on a five point scale from completely agree to completely disagree). Insurances help to maintain and support social relations, at least some.

But insurances also undermined sociality. It not only offered an escape from pressing social obligations (Bähre 2011) but also meant that one could profit from misfortune. In the same survey, 75% agreed or fully agreed with the statement that ‘insurance threatens *ukunceda*’. *Ukunceda* is Xhosa for ‘to help’ and most respondents envision insurance as a threat to mutual help and the sociality of which it is part. In short, insurance enables the maintainance and mutual support of some relations, particularly those that are most valued such as members of households, and threatens other relations, particularly financial relations among neighbours, fellow migrants, and other non-kin groups.

Frequently, people told me that they were worried about the advantage that people took at funerals because of the money that was involved. They had accounts of people lying about the amount of money that they contributed at funerals and that they knew of people that pretended that someone was dead in order to receive benefits. But there were also more serious accounts such as people that took out an insurance policy on someone who they expect to die soon. A clear example of this threat was when it became known that a woman took out life insurances on her neighbours. Whenever a neighbor died, she claimed R10,000 from the insurance company, which eventually came out and led to witchcraft allegations towards her. The woman had in interest in the death of some of her neighbours and people believed that she might have resorted to witchcraft in order to ensure her 'income' from the insurance company. I had also heard that insurance salespeople did the same thing, that they took out life insurance policies on people without them knowing it and then received benefits after their deaths. This surely had a corrupting affect on mutual help.

In the survey, one out of six respondents stated that they knew of insurance murders and knew that people were killed in order to cash in on the life insurance policy. Murder rates in South Africa are very high and are in constant need of explanation. Insurance policies appear to have entered the realm of explanation for the many violent deaths that govern day-to-day life in the townships of Cape Town.

Kinship relations are also affected by insurance payments. For example, Jolanda, a nurse living in Tembani, had mixed feelings about insurance: 'It is fifty, fifty. Sometimes they [insurance companies] are fine but they can make excuses when you need them.' She does not trust insurance companies and she does not trust churches either: 'I trust the building, but not the people in the building, not even the pastor'. To explain her distrust she complains about cheating brokers but also about a problem that her colleague had. Jolanda's colleague had a life insurance on her mother but when her mother died the insurance company refused to pay because her sister had the same policy. Jolanda's colleague and her sister had hidden the policy from each other because they were worried that the other sibling would not anymore feel responsible for their mother. Both siblings did not want to be burdened with all the funeral costs. But because the insurance company refused to pay one sister because of the other sister's policy, they found out about each other's policies.

Jolanda thinks it is not fair that the insurance company refuses to pay both sisters. Nonetheless, she argues they were both right to hide the policy from each other: You must keep insurance policies a secret from others, particularly from your kin. Jolanda also hides her policies because she wants her relatives to take responsibility and because she wants to avoid rumours. She explains to me that her relatives would become suspicious of her when they knew that she would receive money when something happens to them.

Insurance policies had also become part of Nonzuno's relationship with her husband. Nonzuno was born in the former bantustan Ciskei in what now is the Eastern cape and in 1976 she moved to Cape Town. She lives together with her husband in Tembani, but even though she lived here

for over forty years, she is still very negative about Cape Town. She complains to me that in Cape Town 'it is a mind-your-own business life. I do not even know the surname of the woman living right in front of me, on the other side of the street. In Emaxhoseni [roughly the Eastern Cape] people greet each other in the street and talk with each other.' She does not know my research assistant Edith either, even though they live quite close to each other. Nonzuzo would like to go back to the Eastern Cape but her bad health prevents it. She has had three heart operations and in the Eastern Cape she would have to work too hard: get water, fetch fire-wood, and many other arduous task that put a strain on her heart.

Nonzuzo was one of the respondents of the survey and my research assistant and I visited her because she wanted to talk more elaborately about an insurance policy. We had set up an appointment with Nonzuzo and her husband. Nonzuzo welcomes us when we arrive but her husband is not there. After waiting for some time, I ask Nonzuzo if she can start to explain what problem she encountered with the insurance company. Her reply was: 'You know, my husband beats me. He has another woman somewhere else and I know that he has a child with her. This child is about nine years old now. Sometimes my husband does not come home for a long time and he leaves me with nothing [no money to buy food]. I often feel stupid when people ask me 'where is your husband?' I just have to make things up because I do not know where he is or I do not want to tell people.'

It appears that the insurance problem is related to her marriage problem. Nonzuzo does not want to say more about it until her husband has arrived. This is somewhat uncomfortable for us and we feel that Nonzuzo has mobilized us to sort out a marriage problem, not an insurance problem. Nonzuzo's husband arrives about an hour and a half later carrying two bags of groceries. He gives us a glass of cool drink which we only consume after a brief prayer. Nonzuzo's husband explained to us that he had provident fund at Spoornet, the South African railway company. He started the policy in 1977 with R20,- per month and in 1998 he was fired. During those 21 years he never had a problem at work, but nonetheless he lost his job. He made a claim with the insurance but only received a meager R1400,-. This was way too little and he explains to me that he is upset about it. Now, more than ten years later, Nonzuzo still wanted to know from her husband why he received so little money. I asked Nonzuzo's husband if he had any policy papers or any other details that were part of the provident fund. His wife also urges him to look for the papers in their bedroom and the situation feels very awkward. He scrambles around in the room for a minute or two and explains that he cannot find anything: no policy documents, no policy number and he does not even remember the name of the insurance company. Instead, he complains about the Unemployment Insurance Fund (UIF), a tax-based social security provision. He is angry that the government is stealing money from him. When he quit his job as a social security guard, the UIF refused to pay him his monthly provision because he was not fired or retrenched. He thought that he would also receive UIF if he stopped his job and was unpleasantly surprised that he received nothing. He was also angry about the government for charging him for water. When we left he promised to look more elaborately for the policy papers and that said

that he would give us a call. He did not call and I had the impression that Nunzuzo had made the arrangement with us in order to put her husband on the spot. Even though the provident fund payments took place more than ten years ago, she was still upset, possibly because she suspected that her husband had shared the money with his girlfriend. That is probably why she complained that he left her with nothing. For Nunzuzo, the problem with the insurance was intimately tied to her marital problems.

Linda also had family problems after her husband Benjamin died after a brief period of illness. Benjamin worked as a security guard and they both lived in a squatter camp in Khayelitsha (see also Bähre 2007a, 164). Linda was now entitled to money because of the provident fund that he had via his employer. Linda went to her husband's home village in the Eastern Cape for the funeral but after the funeral her in-laws kept her there. They were angry at Linda and accused her of killing their son so she would own the shack by herself, and because she wanted to make money from the funeral and the insurance benefits. They forced Linda to go to the village's ATM machine and ordered her to withdraw money for them. She refused as she desperately needed the money herself and did not feel that her in-laws were entitled to it. When one of her in-laws started to beat her at the ATM machine, she withdrew the money from her account and gave it to them. Fortunately for Linda, the insurance company had only made a first installment into her account. She called the insurer and asked them to postpone further payments until she was able to leave her in-laws.

Conclusion

The examination of moralities of finance, in this instance of expanding insurance to relatively poor Africans in Cape Town, reveals concerns that studies of corruption would miss. Public debates, judiciary cases, and ombudsman reports present the concerns that relatively elite clients have. The worries, experiences and rumours in Indawo Yoxolo and Tembani were often different. Many were worried that insurance led to all kinds of immorality, ranging from insurance murder, to rivalry among kin, to fear of adultery. These moral concerns reveal how the expansion of commercial insurance affects personal relationships and feeds into, or possibly strengthens, the instability of these relations. Could it be that insurance, at least in some circumstances, not necessarily supplements mutual care arrangements, but undermines them? With insurance policies, particularly life insurance, it literally pays to cheat or kill, at least that is a common opinion. Could insurance, unexpectedly, lead to, or at least bring to light, inequalities among kin and neighbours?

The analysis of corruption assumes that moral concerns are restricted to government organizations or the state in general, but more importantly it is in danger of obscuring the diverse concerns, experiences, and rumours of the morality of financial regimes. The incidences of fraud, corruption, and supporting dictatorial regime reflect a relatively elitist life-world, and the inability of the poor to gain access to these avenues reveals the levels of inequality in South Africa. One might very well question how legitimate it is to scrutinize corrupt practices without acknowledging that the

wider financial and economic landscape which makes South Africa one of the most unequal countries in the world. What good is it when transparency International places South Africa on a relatively high number 54 on a scale from 'very clean' to 'highly corrupt' countries, when it has one of the highest levels of economic inequalities in the world?^{xxi} The scale from 'very clean' to 'highly corrupt' brings the work of Mary Douglass (1966) on purity and danger in mind. The United States with its financial system that led to the 2008 global economic crisis, is one of the cleanest countries (# 22). Switzerland, with a financial regime that only recently decreased its willingness to secure the billions of dollars of the world's dictators, has even made it to the top ten of 'cleanest' countries (#8). Similar to the public debates in South Africa, this too might reflect elitist moralities.

A strict definition of corruption surely facilitates international comparisons and policy development, but is in danger of overlooking the way in which people's moralities change. The residents in Indawo Yoxolo and Tembani are more concerned, or at least as much concerned, about the effects that insurances have on neighbourhood and kinship relations. Their complaints are not only about maladministration and the way in which insurance companies withhold money to which they argue they are entitled, but as much, if not more, about personal relations. With insurance payments, one has a stake in other people's misfortune.

It seems that, because of its bureaucratic nature, insurances are not distrusted as much as at least I had expected. Bureaucracy, due to the absence of personal relationships and its impersonal nature is trusted irrespective of the many stories that people tell each other about the problems that they have experiences with insurance companies. The immoral affects of insurance are more on personal relations that are not as intimate, or even outright hostile as women often experience with their in-laws. These relations are already quite fragile, are often faced with many competing claims and obligations, and offer relatively little mutual support and forms of social control, which only makes them more vulnerable to rumors, and allegations, of immoral practices.

References

- Bähre, E. (2005) 'How to Ignore Corruption: Reporting the Shortcomings of Development in South Africa', *Current Anthropology*, 46(1): 107-113, 117-120.
- Bähre, E. (2007a) *Money and Violence; financial self-help groups in a South African township*, Brill Academic Publisher: Leiden.
- Bähre, E. (2007b) 'Reluctant solidarity: death, urban poverty, and neighbourly assistance in South Africa', *Ethnography*, 8(1): 33-59.
- Bähre, E. (2010) 'Redes de inclusão e burocracias de exclusão: Riscos e seguros de responsabilidade civil entre mais pobres na África do Sul', *Etnográfica* (14)2:
- Bähre, E. (2011) 'liberation and redistribution: social grants, commercial insurance, and religious riches in South Africa', forthcoming in *Comparative Studies in Society and History*, issue April.
- Bloch, M. and Parry, J. (1989) 'Introduction: Money and the morality of exchange', in Bloch, M. and Blundo, G. and Olivier de Sardan, J. P. (eds) (2006) *Everyday Corruption and the State: Citizens and Public Officials in Africa*, London: Zed Books.
- Cameron, B. (2008) *Retire Right*, Cape Town: Zebra Press.
- Parry, J. (eds) *Money and the morality of exchange*, pp. 1-32. Cambridge, Cambridge University Press.
- Botha, C. & Hendricks, M. (eds). (2008) *Financing South Africa's national health system through national health insurance: possibilities and challenges: colloquium proceedings*. Cape Town: HSRC Press.
- Copestake, J., M. Greeley and S. Johnson (2005) *Money with a Mission: Microfinance and Poverty Reduction*. Rugby: ITDG Publishing.
- Douglas, M. (1966) *Purity and Danger: An analysis of concepts of pollution and taboo*, London and Boston: Routledge and Kegan Paul.
- Elyachar, J. (2002) "Empowerment Money: The World Bank, Non-Governmental Organizations, and the Value of Culture in Egypt." *Public Culture* 14(3): 493-513.
- Hammond-Tooke, W. D. (1970) 'Urbanization and the interpretation of misfortune: A quantitative analysis', *Africa*, XL(1): 25-39.
- Jain, A. K. (2001) 'Corruption: A review', *Journal of Economic Surveys*, 15(1): 71-121.
- Klobuchar, J. and S. Wilkes (2005) *The Miracles of Barefoot Capitalism: A Compelling Case for Microcredit*. Minneapolis: Kirk House Publisher.
- Knorr Cetina, K. and Bruegger, U. (2002) 'Global Microstructures: The Virtual Societies of Financial Markets', *American Journal of Sociology*, 107: 905-950.
- Lamont, M. (1992) *Money, Morals, and Manners; The culture of the french and american upper-middle class*, Chicago and London: University of Chicago Press.
- Ledeneva, A. (1998) *Russia's economy of favours: Blat, networking and informal exchange*, Cambridge: Cambridge University Press.
- Letsoalo, M. (2010) 'Mrs Vavi, the pension funds and the bribe', *Mail and Guardian*, pp. 3. April 1, 2010 ed.
- Mosse, D. (2005) *Cultivating Development: An Ethnography of Aid Policy and Practice*, London: Pluto Press.
- Murray, C. (1980) 'Migrant labour and changing family structure in the rural periphery of Southern Africa', *Journal of Southern African Studies*, 6(2): 139-156.
- Niehaus, I. (2001) *Witchcraft, Power and Politics; Exploring the Occult in the South African Lowveld*, London and Cape Town: Pluto Press and David Philip.
- Nienaber, P. and Preiss, J. (2006) 'Funeral Insurance: A Perception from the Office of the Ombudsman for Long-term Insurance', *South African Merchantile Law Journal*, 18: 291.
- Nienaber, P. (2005) 'An industry under Siege: Speech of the Ombudsman for Long-term Insurance on opening the LOA's Annual General Meeting: 18 november 2005'. Cape Town, Ombudsman for Long-term insurance.
- Olivier de Sardan, J. P. (1999) 'A moral economy of corruption in Africa?', *The Journal of Modern African Studies*, 37(1): 25-52.
- Prahalad, C. K. (2004) *Fortune at the Bottom of the Pyramid: eradicating poverty through profits*. Upper Saddle River, Wharton School Publishing.
- Reno, W. (1995) *Corruption and State Politics in Sierra Leone*, Cambridge: Cambridge University Press.
- Saunders, R. (2007) 'Crisis, Capital, Compromise: Mining and Empowerment in Zimbabwe', *African Sociological Review*, 12(1): 67-89.
- Sharp, J. S. and Spiegel, A. D. (1985) 'Vulnerability to impoverishment in South African rural areas; The erosion of kinship and neighborhood as social resources', *Africa*, 55(2): 133-152.
- Swaan, A. d. (1996) *Welzijn, onderwijs en gezondheidszorg in Europa en de Verenigde Staten in de nieuwe tijd*, Amsterdam: Bert Bakker.
- Vavi, Z. (2010) 'Mrs Vavi and the pension funds: Zwelinzima Vavi responds', *Mail and Guardian*, pp. 2.
- Wyk, I. v. (2007) "Profit prophets and God's money": the making and unmaking of riches in the Universal Church of the Kingdom of God in Durban, South Africa', PhD thesis, London School of Economics and Political Sciences.

Zaloom, C. (2006) *Out of the pits: traders and technology from Chicago to London*, Chicago en London: University of Chicago Press.

Zelizer, Viviana A. (1978) 'Human Values and the Market: The Case of Life Insurance and Death in 19th-Century America' *The American Journal of Sociology* 84(3):591-610.

Zelizer, V. A. (1994) *The Social Meaning of Money*, New York: Basic Books.

Zelizer, V. A. (1995) *Pricing the Priceless Child: The Changing Social Value of Children*, Princeton: Princeton University Press.

ⁱ South African figure according to the insurance report 2004Q4, business monitor international (mermaid house, London, 2004), p3. Other countries 'According to a study by the Insurance Information Institute, expenditures on non-life insurance in 2003, see www.marginalrevolution.com/marginalrevolution/2005/02/insurance_fact_.html.

ⁱⁱ To some degree, corrupt practices in informal markets are also examined, particularly the use of scams (Smith 2006)

ⁱⁱⁱ E. Bähre, *Money and Violence: Financial Self-Help Organizations in a South African Township* (Leiden: Brill, 2007).

^{iv} The Zantsi account is an example of a new type of bank account especially made to cater to the needs of the poor. It appears to be relatively successful.

^v Lloyd Coutts, Black actuaries are on their way, says Assa, in business report, January 22, 2006 (<http://www.busrep.co.za/index.php?fArticleId=3076460>)

^{vi} The charter can be found on the financial sector council's website www.fscharter.co.za

^{vii} on-line: www.treasury.gov.za/press/other/2003101701.pdf

^{viii} Prahalad ranks 8th in the Financial Times' Top 50 'Most important living management thinkers'; 12th in the Thinkers top 50, 2003; and 23rd in the Top 50 of Management Gurus.

^{ix} (See Finmark Trust Annual report 2003, p.4)

^x See website of Finmark trust for sponsors. On sponsoring by DFID, see www.webarchive.org.uk/pan/10144/20041206/www.dfid.gov.uk/mdg/povertyfactsheet.html

^{xi} See the press release of 11 Sept. 2007: www.safican.co.za/content.html?navID=45&contentID=36.

^{xii} Other policies were the provident fund (16 percent), education policies (8 percent), car insurances (8 percent), disability policies (5 percent), the insurance of loan installments on furniture (4 percent), and investment funds (4 percent). These are much higher percentages than those found for LSM 1-5 for the whole of South Africa in the FinScope Survey for 2003 (FinScope 2003). LSM (Living Standards Measure) 1-5 roughly corresponds with that of the residents Indawo Yoxolo and Tembani which were surveyed here. A clarification of these categories can be found on www.saarf.co.za/LSM/lsm-article.htm.

^{xiii} Kendall's tau_b 0,503, correlation significant at the 0.01 level, N=110.

^{xiv} FinScope of 2003 states that almost nobody earning below R1000 a month has a policy. Because the study on which the FinScope data is based is unavailable, even though the study was publicly funded by the UK Department for International Development (DFID), the reason for this vast discrepancy remains unclear.

^{xv} He was awarded a Sanlam Award for Excellence in Financial Journalism 2009, which was the 12th year that he received this award. See www.sanlam.co.za/wps/wcm/connect/sanlam_en/Sanlam/Sponsorships/Media/Financial+Journalism+Awards/Previous+Winners/

^{xvi} See www.roylaw.co.za/home/article/protectyourfamily/pageid/insurance

^{xvii} See a.o. Fisher-French (2010) and response by Deloitte on the 2005/2006 annual report by the Pension Fund Adjudicator. For deloitte's response see: www.deloitte.com/view/en_ZA/za/services/audit/97cd6aeff60fb110VgnVCM100000ba42f00aRCRD.htm. For the annual report see: www.pfa.org.za/site/index.asp

^{xviii} Source: <http://www.mg.co.za/zapiro/fullcartoon/2337>, 20 november 2009

^{xix} Nienaber (2005: section 13)

^{xx} I wish to thank Deborah James for pointing out this rumour to me. According to the rumour, the newspaper 'The Sowetan' ran a story on these insurance murders, but I have not been able to verify this. On insurance murder, see also www.insurance-guide.co.za/pub/ig-life-insurance-a-motive-in-cape-town-murder.html

^{xxi} See the 2010 results on www.transparency.org/policy_research/surveys_indices/cpi/2010/results.