Banks in the Brazilian favela

A study of the relations between bank branches and residents of an urban region targeted by "pacification" policies

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Introduction

Despite their global reach, the processes leading to the financialization of social life are many and varied, both in terms of the agents responsible for their formulation and implementation and in relation to the dynamics and effects that they unleash in different national and local contexts.

In Brazil, the government has played a key role in enabling and promoting these processes through the development of programs and initiatives in line with the proposals formulated by institutions like the World Bank and other organizations making up the international financial system. According to these agencies, increasing access to the financial system is one means of attaining higher levels of social inclusion, leading to an expansion of banking services and the supply of credit to low-income populations (Sen 2000; Kumar 2004; Banco Central do Brasil 2010).

Over the course of the 2000s, as formal employment and the population's income rose – both enabled to a large extent by a real increase in the value of the minimum wage and by the implementation of minimum income programs – the Brazilian government increasingly turned to the banking system in order to distribute the benefits of welfare and social policies (pensions, allowances, social welfare payments) and persuaded the institutions making up the National Financial System to create services specifically aimed at these sectors of the population by opening small outlets providing financial services in areas without bank branches, creating new simplified bank accounts, and introducing lines of microcredit and payroll loans for wage earners (Miguel 2012), public employees, retirees, and pension holders. All these policies led to a substantial increase in the demand for financial services, perceived by public and private institutions alike as a great opportunity to be exploited. In order to do so, however, they had to discover better ways of communicating and interacting with a public previously located outside their target groups.

The topic of this text is the action of financial agents in popular contexts. I aim to analyze various aspects of the relationship between financial institutions and low-income populations through the observation of a concrete experience: the opening of bank branches in a peripheral region of the city of Rio de Janeiro, Brazil. These branches arrived in parallel with government initiatives launched to "pacify" the region – that is, the state's attempt to regain control of territories taken over by organizations linked to drug trafficking.

Because of the complexity of the context in question and the variety of agents involved, the analysis of this experience allows us to consider the theme of the financialization of social life in terms of broader and more complex problematics, including the actualization or reconstruction of social boundaries in processes that involve social policies or practices designed to be "inclusive."

Banks and the community

The ethnographic research informing this article was carried out over the first half of 2013. During this period, I was able to closely study the impact of interventions by state agents and financial institutions in an urban territory with a high population density, traditionally perceived as impoverished, precarious, lacking basic public services, and extremely dangerous due to the permanent dispute for control of drug trafficking among local criminal organizations, combined with the conflicts between these factions and the police.

State interventions in this territory have taken place since 2007 through projects run as part of the Brazilian federal government's Accelerated Growth Program (*Plano de Aceleração do Crescimento*: PAC). These projects were designed to improve urban mobility, resettling part of the population in new housing developments and installing new health centers, schools, sports centers, culture spaces, and so on. Subsequently, from 2010 on, state intervention took the form of direct action by the police and armed forces (called "pacification" or "occupation," depending on the speaker's viewpoint) and the installation of permanent police stations in the community, denominated UPPs (*Unidades de Polícia Pacificadora*: Police Pacification Units). All these actions were given widespread coverage by national and international media channels, presented as part of the attempt to prepare the city for the 2014 FIFA World Cup and the 2016 Olympic Games.

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The same year that the "pacification" actions took place, two bank branches were inaugurated in the region: one, a private international bank with a strong presence in Brazil, which I shall call "Bank E;" the other, a Brazilian government bank, named "Bank C."

Although various banks were already physically present in nearby districts considered low-income or even impoverished, the establishment of bank branches within a territory described by terms such as "favela" (slum), "morro" (hill), or "comunidade" (community) – and more precisely, in a region perceived as extremely violent – was considered a fairly daring action by the financial institutions involved and also by the local population itself.

The branches studied were installed in localities that can be seen as more privileged due to the presence of urban facilities (schools, cultural and sporting centers, health centers) and access to public transport, mostly resulting from the PAC interventions. The presence of these resources, combined with a large concentration of commercial points, explains the intense circulation of residents through the region (Müller 2016). Consequently, the field observation based around these branches also permitted contact with individuals who, even though not directly interacting with these financial institutions, benefitted from the movement generated by their presence and/or the relative degree of security provided by their proximity. Fieldwork also allowed for the identification of other financial agents operating in the region, along with the large diversity of connections existing between government actions (PAC projects, installation of the UPPs, and so forth) and their presence in this context.

Objectives and targets

Bank E: "We came to stay."

Some years before the inauguration of its branch in the community, Bank E had already been operating in the region through representatives who offered microloans to local traders. However, despite the institution's relative familiarity with this clientele, in order to become permanently installed in the territory, the bank turned to the intermediation of other agents already embedded in the community. Performing this role in the most effective form was a non-governmental organization that had already been active in this and other favelas in the city, promoting cultural activities (music, dance, and theatre) and above all, recruiting, selecting, and referring individuals who, exempt from formal criminal accusations, were looking to disentangle themselves from activities linked to drug trafficking and apply for formal job vacancies offered by partner companies. Although it already had a partnership with Bank E prior to the opening of the branch in question, the NGO, which labelled itself a "social company," possessed its own trajectory independent of the bank. Its activities were also supported by a partnership with the Rio de Janeiro city council and other large national companies.

In order to set up the branch in this favela, Bank E, the NGO, and the region's residents' association established an agreement "where everyone wins" (according to the slogan repeated by all the agents involved) for sharing the building from which the latter association operated. As well as the rent that the bank began to pay to the association, it assumed the costs for the renovation work of dividing the building into three parts: the NGO began to occupy the entire second floor, while the ground floor was divided between the association (the smallest part) and the bank branch. The entire building was painted the same color, with its front dominated by signs with the names of the bank and the NGO, both displaying the same layout (color and lettering).

The partnership with Bank E was present in virtually all the activities of the NGO and the community association. According to the testimony of agents from the NGO, at that time the bank was financing the payment of all the organization's employees (around 300 people) and was present in practically all the activities that it promoted, in this and other communities in the city. The partnership – which took the form of sponsorship, logistical support, and the presence of senior members of the bank (managers and directors) at events – was advertised by printing the bank's logo on any material publicizing activities (banners and promotional gifts). In return, the NGO lent the bank its reputation as an entity with strong local roots, committed to popular issues and interests, and above all, with a proven record in developing innovative social technologies. Recognition of this expertise had led the NGO to be invited to provide consultancy services to diverse private institutions with social aims and to public organizations both in Brazil and abroad, allowing it to choose the most suitable partnerships from among the many offers of sponsorship it received.

The branch Bank E opened in the community was small but fully equipped and operational: in other words, it was able to provide all the services offered by the bank to clients at other branches. Its entrance hall contained various automatic teller machines (ATMs), where a uniformed member of staff was on hand several hours a day to help clients. Lines would form only on certain days of the month, such as pension payment day. Like other private banks, Bank E did not accept payment of fees or bills from non-clients. These people were sent to the lottery agency located on the same street, which would have long lines every day.

According to its staff, the branch had been achieving all the targets set by Bank E's senior managers, especially those related to opening bank accounts and taking out microloans. Forming this portfolio of clients depended on the action of the bank representatives working with the local traders, advising them on business practices and the process of formalizing enterprises that were very often informal. Many of these microloan representatives were local residents, some of whom had been recruited by the partner NGO, a fact that was highly valued in the conversations with the bank employees and in the marketing material produced by the financial institution.

The fact that branches had been opened inside a favela's territory (or "community") was widely cited in the bank's promotional material, where it appeared as a sign of the financial institution's commitment to the country (reflecting the bank's foreign ownership) and also its commitment to the low-income population, especially those living in lower-income neighborhoods which, in Brazil, had only very recently begun to be seen as part of an expanding consumer market. In the case of favela inhabitants, this applied only insofar as these regions were included in urban integration projects (police pacification interventions, public construction work and services) and their residents targeted by policies designed to increase income and access to financial services. In the bank's official pronouncements, one expression in particular appeared in reiterated form: "We're here to stay."

For the staff of Bank E, participation in the experience of installing a bank branch in the favela implied risks, but could also enable them to obtain significant personal and professional gains. The fact that they worked in a context that in the public imagination, was traditionally perceived to be hostile, dangerous and commercially unpromising meant that they were subject to constant questioning by family members and acquaintances, who would ask about their work conditions and the insecurity to which they were exposed. This topic was present in practically all conversations, including those with me. The response to these questions was invariably that the person mostly felt safe in relation to his or her day-to-day work. Greater emphasis, however, was given to their feeling of pride for the respect shown to them by the local population. Although they seemed overworked, these professionals always appeared extremely enthusiastic to be involved in what appeared to them to be an adventure – thus far, a highly successful adventure, since the branch had been able to meet the commercial targets proposed by the bank, achieving a performance comparable to that of older branches or even those located in districts with higher-income populations.

As a project earmarked as strategic to the financial institution as a whole, it was clear that the branch's location also considerably raised the professional profile of its staff. According to one employee, the implantation of the branch in the favela environment could be considered an example of entrepreneurship: that is, a unique experience through which know-how was being produced that could later be applied to contexts involving low-income populations in other parts of the world where the bank aimed to operate.

Bank C: "It seems like a public hospital."

Bank C had already installed ATMs in some public localities inside the favela, but, as observed earlier, a full branch had only been inaugurated a few months after the "pacification" operation in the region. The opening of this branch in the shopping center had led to the relocation of the lottery agency that had previously operated there, providing financial services to people without a bank account.

According to the accounts of staff from Bank C, the branch had been created with the aim of relieving pressure on branches located in neighboring – although not very nearby – districts, which had become swamped by the increase in demand for services generated by the growth of the population benefitting from public policies (family allowances, retirement benefits and pensions, unemployment insurance, and so on). In this sense, the installation of the branch inside the favela primarily had a social dimension.

Bank C's branch took up three very small rooms at the rear of the shopping center. In order to work, the revolving door – the main security device – had to function in a very restricted space, which required constant negotiation between those wishing to enter and those leaving the branch. Inside, the branch had no decorative elements. There was also no space for clients to sit or even stand, meaning that they had to wait outside in a public area that formed part of the shopping center's internal corridor, where the two ATMs were also located. Even on busy days, however, the clients never formed a line. When people arrived, they would ask to the person next to them: "Who's the last one in the queue?" After obtaining this information, they would find a place to sit, talk to the others, or walk up and down, enjoying the view but keeping an eye on those entering and leaving to make sure they did not miss their turn.

Most of the branch's users were women (mothers and grandmothers) who would frequently visit the bank accompanied by small children. Men appeared more often at lunchtime. Many people did not know how to use the ATMs, while many others appeared uncertain about the suitability of their request for banking services or unsure whether they were at the right branch to deal with their case. In order to respond to these doubts, the branch placed a receptionist outside the branch to provide advice to clients. When she was away, this information was given by the branch security guard. The receptionist lived in the community. The security guard as well as other branch employees came from other districts not very far away. The guard said that he liked to work there, but also displayed some concern about security in the region. Any information was given in front of everyone else waiting to be served. The public exposure of the questions and the details of the clients' personal lives meant that they became the subject of comments among those waiting, in many cases prompting the involvement of the latter in resolving the person's queries and problems. The branch's employees and some of its clients displayed the familiarity of those frequenting the place regularly. It was also normal for staff and users waiting outside to help take care of the small children or hold them while their mothers or grandmothers were being served or using the ATMs.

As well as occupying a tiny space, the branch faced a variety of obstacles in its day-to-day operations. Bank activities were frequently suspended due to the absence of an internet connection (the cables were frequently stolen, people said), or because the printer was not working, or because the ATMs were broken and no maintenance was available, and so on. The intermittence of the services meant that users had to return to the branch numerous times, in many cases on the same day. Some people, unable to be paid the benefit they had come to receive, found themselves without the money to pay for their transport back home.

Despite all these difficulties, during the period of field observation, I rarely witnessed expressions of annoyance or revolt. One of the reasons for this "goodwill" may be the fact that many of the individuals using the bank were beneficiaries of social policies (family allowances, unemployment benefits) rather than paid workers, which meant that they did not assume the position of consumers or clients of a company. In fact, many saw themselves as beneficiaries of a public service whose delays and precariousness were perceived as normal. On just one occasion I heard a client vent his frustration: "This place seems like a public hospital. We stand in a line and are never attended!" he shouted. Others demonstrated a clear awareness that they were not wanted by the private banks, either as account holders or as users of other services, such as paying household bills, for example. "There at the other bank they don't want me," one resident claimed indignantly after just coming from Bank E, where he had not been served.

Another reason for the clients' acceptance of the failures in the bank's services may be related to their identification with the staff, who also suffered from difficult working conditions (cramped space, poorly functioning equipment, overwork, and few resources). The employees had no private space to rest. During lunch breaks, they ate and rested in a small room sometimes used as the branch's storeroom whose only door, kept half-open to let the light in, opened directly onto the external part of the branch, facing the spot where the clients waited. Hence, even when they were having lunch or going to the bathroom, which was located in the center of the shopping gallery, the bank staff were constantly approached by clients with problems.

Despite the wait and the technical issues, however, the clients generally left the branch satisfied, at least in relation to how they had been served. Employees were commonly praised for the attention they had given to them or for the dedication shown in solving a particular case. Some of the scenes I observed corroborated the impression that the staff made an effort to communicate well with the clients. They would calmly explain the problems involved in each case (the transfer of the locality for receiving benefits, difficulties in accessing the earnings of sick family members due to a lack of the legally required documents, no proof of the income or guarantors needed to obtain loans, loss of bank cards, forgotten passwords, and so on), find ad hoc solutions to complicated cases, and advise clients on questions unrelated to the bank's affairs, such as telling them where to obtain a particular document, or the best means of getting there.

Judging by the accounts obtained, the staff's treatment of the public was not based merely on an institutional standard of attendance or a personal style, but principally on identification or engagement. As well as emphasizing that they felt very safe working in the region – even more that in branches located in traditional districts of the city – various employees from Bank C stressed that they had visited, worked in, or even lived in "communities" at some point in their lives. For a number of them, the transfer of their place of work to a favela had been a personal choice, justified by the desire to place themselves in an environment that forced them to become involved in what they believed to be socially engaged or important work.

Even for the employees of Bank C themselves, it was a surprise that the branch, opened in the favela in response to social demands (from the beneficiaries of public policies), had also been able to achieve good commercial results. These were primarily obtained through the concession of microloans. From the viewpoint of staff members, the positive results achieved challenged the stereotyped and prejudiced views that dominated the public image of favela inhabitants and, by extension, those who worked in these areas. At the same time, they realized that a sizeable proportion of these commercial results depended on clients who did not live in the community but in nearby districts. These were customers who began to frequent the branch precisely because it was located in an easy-to-access place, after the state's "pacification" of the region. Were the security conditions to change or were the branch located in a more central area of the favela, it would have been unlikely to have been frequented by this type of public.

The good commercial results meant that the branch lost its status as a social branch. Due to its positive performance, the bank's central administration began to expect it to meet the same targets required of other branches, which allow the bank to achieve its more general strategic objectives (ranking among the top Brazilian banks). Although they displayed pride in the branch's achievements, the employees thought that the commercial targets proposed thereafter were excessive, taking into account their work conditions and the additional effort needed to provide services to the low-income population.

Among the difficulties encountered in serving residents of the community was the fact that many of them had no proof of address, since they lived in places of unauthorized occupation. To get around this problem, the bank accepted declarations of residence provided by the local residents' association. Other difficulties concerned the problem many clients faced in providing proof of their income – a step required to take out a loan – since the work, commercial activities, and services performed by most of this population were informal. In such cases, the bank agreed to calculate the estimated income based on the presentation of documents showing the family's monthly expenditure (rent, monthly payments, or other regular expenditures).

Final considerations

Everything described above compels us to recognize the importance that low-income populations have increasingly acquired in today's global economy. We have also seen that, in the context of government policies implemented until very recently in Brazil, the promotion of financial services to poorer sectors of the population was conceived as a strategy for social inclusion.

In the media discourse found in mainstream newspapers and TV channels, however, the topic of expanding the use of banking services and loans among the lower-income classes has been treated almost exclusively as a concern with the growing indebtedness of the population – although the bases of these worries are not clearly demonstrated, nor are their motives made entirely explicit (who is concerned with whom, after all?).

Some theoretical approaches present financial tools and resources as a means of widening opportunities only if they are available to all and subject to social control (Abramoway 2004; Gloukoviezoff 2006). Many of the academic works focusing on this issue have directed their analyses towards denouncing the widening control of economic life by the financial system. These take as a background the critique of the predominance of a so-called neoliberal logic in the contemporary world, but do not place due emphasis on the processes that make these phenomena possible. In the present work, as in that of authors who have inspired it (Villarreal 2004; Mattoso 2005; Castilhos 2007; Lazarus 2010a and 2010b; Ossandon 2011; Bazán Levy and Saraví 2012; Wilkis 2013 and 2014), I have instead sought to explore concrete situations that involve the relationship between the financial system and the low-income population in order to reveal the social processes that cause so-called financialization to assume very different configurations.

In the analyzed case, access to financial resources was promoted in a historical context in which it comprised one of the objectives of a government program. Additionally, making this access a reality depended on the effects of other state interventions that aimed to establish governance over a territory historically located outside or on the margins of its control. Finally, we were able to see that the action of the banks that began to operate in the region depended heavily on the mediation of other agents already rooted in the locality or their presentation as agents distributing state benefits.

Through an ethnographic approach, therefore, the concrete processes related to what we identify as the "financialization" of social life can provide a window onto innumerable phenomena, the most evident in this case being the maintenance and reproduction of social boundaries, even when the populations concerned are targeted by initiatives for social inclusion.

Note

This is a short version of the article: Müller, Lúcia Helena. 2017. "Bancos na favela: Relações entre agências bancárias e moradores de uma região urbana alvo de 'políticas de pacificação'." *Tempo Social* 29 (1), 89–107.

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