

Micro Finance in Traditional Mutual Help Networks in East Asia: A Comparison of Rotating Savings and Credit Associations in Japan, South Korea, China, and Taiwan

Abstract: This paper presents micro finance as a traditional system of mutual help networks in East Asia. These are called “rotating savings and credit associations” (ROSCAS), and can be also seen in other areas. Micro finance means that invested money is small and managed by members. The paper discusses the results of an interview survey and fact-finding fieldwork study in South Korea, China, and Taiwan. It has been called *tanaomoshi* or *mujin* in Japan. ROSCAS in East Asia have different names in each country and area: South Korean *kye*, Chinese *kai*, and Taiwanese *hyokai* can be compared with the already well-studied Japanese case.

Mutual help actions are divided into three categories. One is reciprocity in helping to plant rice and re-roof houses by exchanging labor. The second is redistribution. In exchange for the right to get goods from a common store, local people have the obligation to maintain a common pool of resources. Finally, unidirectional help refers to support in funeral and wedding ceremonies requiring no monetary exchange. The content of redistribution is labor, goods, and money. ROSCAS are the redistributive action of money. In the case of having insufficient funds, local people would often give rice or other goods instead of money. Micro finance encompasses gathering money for buying cows and digging wells among local people.

The purpose of the paper presentation is to show that ROSCAS are important not only economically but also socially in terms of friendship and bonds. The economy is embedded in social relations and institutions. While ROSCAS have almost disappeared from modern life and some are interest-oriented, they contributed to sustainable communities and can still be identified in East Asia. The paper concludes that modern societies might do well to reconsider ROSCAS such as mutual help networks in search of ways of reconstructing communities.