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CHALLENGES OF SOCIAL CURRENCY USE: A SURVEY ON COMMUNITY DEVELOPMENT BANKS IN BRAZIL

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ABSTRACT

This paper presents the case of the social currencies created and managed by Community Development Banks (CDBs) in Brazil. During the management processes of social currencies, many challenges are faced by CDBs. This study addresses the main challenges and difficulties of the social currencies of CDBs. This research shows the results of a survey carried out on 47 of the 78 social currency cases that existed in Brazil in 2013. These cases include 18 communities where social currencies presented circulation difficulties. Difficulties in obtaining a monetary reserve and being accepted by local businesses were also major challenges. The results encourage further research on other social currency cases and offer information that support the continuity of public policies for solidarity finance in Brazil.

KEYWORDS

Social Currency. Community Currency. Community Development Banks. Solidarity Finance. Banco Palmas. Brazil.

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1. INTRODUCTION

Community Development Banks (CDBs) are financial institutions that focus on promoting economic development through loan granting and other services within a particular area or community, mainly of low-income or otherwise disadvantaged. CDBs are part of the microfinance field where several institutions–public, private and non-profit organizations–offer financial products (mainly microcredit) to low-income populations. While microfinance is considered as one of the most important alternatives for poverty alleviation in both developing and developed countries, studies have shown that microfinance institutions and government microcredit programs have generally failed in this aspect (Brau & Wolle, 2004). In Brazil, CDB are solidarity finance experiences characterized by four basic aspects, namely, a) community-based management of activities; b) microcredit lines for production and local consumption with fair interest rates to generate increased income and employment opportunities in the community; c) loan granting and collection based on neighborhood relationships and solidarity; and d) creation and management of alternative instruments to encourage local consumption - mainly a social or community currency - which are recognized and accepted by producers, retailers and consumers. Credit lines and social currency are the main devices that assist CDBs in Brazil with coordinating the relation between local actors, and solidarity is fundamental. This study focuses on the fourth aspect of CDBs: the use of community or social currencies.

Community Development Banks are relatively recent in Brazil, but they stand out because they are distributed across several Brazilian regions and received considerable institutional and governmental support. Most of this government support is specific and short-term, but there are also direct and systematic forms of support, such as the financing by the National Solidarity Economy Department (SENAES) of the Ministry of Labor and Employment (MTE) to establish the Brazilian network of community banks. In addition, in some specific cases, legislation has been enacted to regulate the relationship between the local public authority and the community bank. Currently, the Brazilian CDB network is composed of 115 organizations Each one creates a social currency as part of the CDB methodology. Thus, the investment of the Brazilian Federal Government and local powers in the diffusion of CDBs is, consequently, an investment in the creation of new social currencies.

The origin of CDBs in Brazil is attached at the history of the Conjunto Palmeiras and Banco de Palmas association. This history has previously been told by several researchers (Silva Júnior, 2004; Freire, 2009 and 2011; Soares, 2006 and 2009; Borges, 2011; Lietaer and Kennedy, 2010; Meyer, 2012; Rigo, 2014; Rigo and França Filho, 2017). The book "Viva Favela: quand les démunis prennent leur destin en main" (Favela Life: when the poor take their destiny into their own hands), written by Élodie Bécu and Carlos de Freitas with testimony of Joaquim de Melo Neto, published in France in 2009, details the day-to-day leadership in the struggle for better living conditions in the community. However, the research on CDBs and social currencies in Brazil has focused on case studies. The present study presents the first survey carried out in the Brazilian CDB network. It is a diagnostic survey, because the data collection instrument used was constructed with two main focuses: raise basic information on CDBs and their social currencies and diagnose the challenges they face in their local development processes. This study emphasizes information pertaining to social currencies. In Brazil, the field of solidarity economy, specifically solidarity finance, obtained the most important public support between 2010 and 2014. Traditional and innovative initiatives were supported by NGOs and other civil society organizations to promote economic, cultural, political, environmental and social development in poor communities.

The social currencies of CDBs are an important part of a broader activity of these institutions that aim to provide banking and financial services, including access to credit, and a range of community activities linked to a main objective: local development. In this sense, CDBs are a social technology closely associated with management strategies of the local development process, and the main actors are in the community.

During our research, we noticed that the operating mode of social currencies can be explained in four stages: a) creation of the currency and its identifying elements; b) awareness-raising activities; c) issuing and introduction into the community; c) circulation management and control; d) monitoring and assessment of its use.

The creation of a social currency involves decisions regarding its name, values, and design; the bills usually feature elements of local identity. For example, the "Sururus", which circulates in the Quilombola community in the Vale do Iguape in the state of Bahia, is named after a type of seafood abundant in the region. "Cocais", which circulates in the community of São João do Arraial in the state of Piauí, represents the Babassu palm tree, which is abundant in the region and used in several products, including cosmetics and oils. Both cases have economic and social importance in their respective territories.

The process of implementing social currencies in communities requires capacity and creativity of the CDBs to raise awareness about their use. These activities are constantly reinvented by the CDB managers to the extent that they perceive the need to build the money circulation. In general, the activities revolve around convincing local residents and businesses to use and accept the social currency as a means of payment. To this end, several activities are carried out, such as meetings with local associations and leaders, lectures, plays, publicity materials (posters, banners, leaflets, etc.), and even a photonovel with characters interpreted by community residents, as it occurred with the Palmas social currency in the first months after it was issued.

The issuing and introduction of a social currency into the community also require creativity and commitment of credit agents, and its use has to be guaranteed by national currency (ballast or coverage). Thus, the reserve of national currency must be obtained even before the social currency is created. Each amount of social currency circulating in the community has its national currency equivalent in a bank account. There are many ways to launch a social currency into the community and boost its circulation. First, the residents can borrow social currency for consuming within the community by using it in the local network of enterprises. In this type of credit, the resident has quick access to social currency because of the urgency of the request. Second, the direct exchange of legal tender (Brazilian Real–BRL) for social currency in the CDB tellers. However, research has shown that its effectiveness requires businesses to offer some advantage for purchases in social currency, such as discounts and promotions (Rigo, 2014). Third, the CDB or local partner organizations can pay their associates and employees using social currency. It has been a way of issuing a considerable amount of social currency on a monthly basis and placing into circulation, thus boosting the local economy.

The processes for managing and controlling the circulation of social currency are supported using simple spreadsheets to record the amount issued. Although each CDB, through its credit agents, has specific features to manage its social currency, in general, they follow the methodological guidelines learned during the training stages undertaken by civil society organizations that supported its implementation process. These civil society organizations are called Support and Development Entities (SDEs).

The operation of the alternative currency circuit in the CDB methodology could be summarized as follows: participants receive loans and part of their salary, or directly exchange BRL for social currency at the CDB. Once they have the social currency, they can use it in the community businesses that have joined the social currency system (and are usually registered by the CDB). Once businesses receive the currency, they use them to give back change or buy goods within the community. Hence, a network of producers, businesses, service providers, and consumers is established, using the social currency as well as the legal tender on a daily basis.

It is also important to emphasize the relevant role played by social currencies as a social technology because of their potential to reorganize local economies. Such reorganization consists in keeping the money in the community (considering that the social currency and the legal tender have the same value). Thus, consumers and producers are financed through the use of the social currency, generating a cycle that revitalizes the local economy. Consumers who, for various reasons, have previously bought goods and services outside the community, are encouraged by a close relationship to consume locally. The idea is that this process can boost the creation of new jobs, as well as the emergence of new local enterprises, notably family businesses and Solidarity Economy Enterprises (SEE). As previously mentioned, the CDB methodology is broader, and also includes microcredit lines for production that aim to generate increased income and employment opportunities in the community

Monitoring and evaluating the use of social currencies, although seen as important, have not yet become a CDB common practice at the CDBs. An exception is Banco de Palmas, the first CDB in Brazil, which monitors consumption in the community every two years, and has obtained important information to assist with decision making in general as well as with the currency. However, the other CDBs still have not performed a structured and recorded evaluation of their experience with the use of social currency.

By presenting the general challenges in social currency use, we hope to contribute to practices of these CDBs in relation to their social currencies. We also hope that this paper can provide a better idea to researchers and practitioners in the field of community currency about social currency use in Brazil and its challenges.

This study presents the results of a survey on approximately 47 social currencies of Brazilian CDBs. The findings are presented descriptively in an attempt to provide a concrete look at the data. This study addressing the Brazilian CDB network was the first general survey of the Brazilian CDBs, and is part of a broader research that can be found in Rigo (2014) and Rigo and França Filho (2017). The data collection instrument used was constructed with two main focuses: raise detailed information on CDBs and their management of social currencies and identify their challenges. Our intent was to gather information to guide the actions of SDEs and practices of CDBs. Thus, the main objective of this research was to raise and analyze information through a survey seeking to identify challenges for improving CDB practices and, consequently, their action results in the communities. This study emphasizes information pertaining to social currencies.

To this end, we address the general challenges of social currencies in their communities according to the opinion of CDB managers. After that, we present some aspects of the communities and the construction of the social currency circuits that could influence their difficulties. In this sense, we discuss the role of awareness-raising activities for the use of currency in the communities and the difficulties in creating monetary reserve for promoting social currency circulation. We remark that these–maintenance of awareness-raising activities and difficulties in creating monetary reserve–are the main challenges that CDBs face in building an alternative monetary circuit to assist them with promoting local development according to their intervention methodology.

1.1. Methodology

The data collection instrument was built in May 2012 by a team of four field researchers under the coordination of this researcher. It was used to data from 47 CDBs throughout Brazil between August 2012 and January 2013.

Conducting the survey through on-site visits enabled our research team to gather more data using the prepared instrument. The on-site visits enabled us to understand some contextual aspects that could not be understood using a questionnaire conducted via e-mail or telephone. In addition, these on-site visits ensured more quality to the quantitative data collected and enabled collection of relevant qualitative information from each CDB and their communities. Observation of the participants and open conversations complemented the quantitative information retrieved by the questionnaire and resulted in notes about the participants' attitudes, actions and remarks, as well as about the researchers' impressions (Vieira and Pereira, 2005)

Aiming to summarize the qualitative information collected by research team after the on-site visits, a focus group that lasted approximately 3 h was also formed. The meeting was audio recorded and important details on the situation of the investigated social currencies could be systematized. At that time, situations of specific CDBs were discussed, including regional differences and local aspects that were considered in the interpretations of the objective data collected through the questionnaire.

At the end of collection, a database with the quantitative data was constructed using the Sphinx2000 software. This software and the support of a statistician enabled the construction of tables and the cross-referencing of some information. The qualitative information from focus group was systematized without using the software and categorized according to the common recommendations for content analysis (Bardin, 2008; Dellagnelo and Silva, 2005).

The data presented refer to the 78 existing Brazilian CDBs in August 2012. At that time, 22 new CDBs were starting their activities in different Brazilian states and many others had only recently been inaugurated. These 22 CDBs and their social currencies were not considered in our survey.

We interviewed 47 CDB managers, representing 60.2% of the total in 2012. Currently, there are 115 CDBs in Brazil, and the 47 surveyed correspond to 40.8% of them. We consider that this survey is still representative of the Brazilian CDB. The on-site visits included the majority of CDBs in each region: 3 of the 9 CDBs in the North region; 26 of 44 CDBs in the Northeast region, 4 of the 6 CDBs in the Central-west region, 14 of 18 CDBs in the Southeast region, and none in the South region. The only one existing CDB in the South region was located in the municipality of São Leopoldo, state of Rio Grande do Sul, and was ending its activities. In these regions, 13 states were analyzed to obtain the diversity of locations and experiences.

2. SOCIAL CURRENCIES OF BRAZILIAN CDBS: MANAGEMENT AND CHALLENGES IN THEIR COMMUNITIES

The ways of controlling and managing the circulation of social currencies by CDBs are relatively simple. Most of them use a membership form for local businesses (68.1%), spreadsheets of the social currency amount issued (51.1%), and spreadsheets for managing the entries and exits of social currency and legal tender (63.1%). Other mechanisms have been created by CDBs to facilitate this activity, such as cashbooks, printed forms, etc. Most CDBs make the record at the time of transaction (51.1%), but in some cases such activity is performed at the end of the day or the week (12.8 and 6.4%, respectively). According to the survey data, the average time spent to record and control currency circulation is 2-4 h per week. However, a significant number of CDBs do not keep such records (34.9%).

Regarding the specifics of social currencies and the management of their circulation by the CDBs, banks have also encountered some difficulties, especially in stimulating their use. Difficulties in the formation of the credit fund for loans (ballast or coverage) and acceptance by local businesses have been the main challenges. Of the 47 researched social currencies, 18 had problems with their circulation. In some cases, notably in the Northeast region, problems relative to insufficient credit fund for loans restricted the issue of social currency in the community. Another common problem was the non-acceptance of social currencies by local businesses, requiring a significant effort for awareness by CDB managers. Table 1 identifies the social currencies with circulation difficulties and their respective CDBs and communities.

The main challenge regarding the use of social currencies in the communities, indicated by 24 of the 47 CDB managers, refers to its acceptance by local businesses and community residents. This means that CDBs must constantly make residents and business owners aware of the importance of using social currency in the communities. Some testimonies of qualitative data collection are presented ahead: “there is poor acceptance of the currency by the residents and business owners. The businesses report that customers do not want to receive their change in social currency, which in turn hinders its acceptance by the businesses”; “Confidence in the currency, on account of non-distribution, is the greatest challenge”; “Registration of the businesses that receive the currency is a challenge, because they are reluctant to accept it”; “The problem is that the retailers live outside the territory, and they think: ‘We will not profit anything from it’”.

As a result, we observed that formation of a network of businesses and producers that accept the currency is the preponderant challenge faced by the CDBs in their training activities of the local monetary circulation. The situations are different in different communities. In some cases, residents are reluctant to accept change in social currency when buying something in community. In other cases, they do not feel motivated to make the direct exchange in the CDB even to take advantage of the discounts offered. These situations are reported in some of the interviews with the CDB managers:

> Many businesses retain the currency because buyers do not accept change in Tucumã (Interview, CDB Liberdade, Manaus, AM, Oct 2012).
>
> There are problems involving business owners regarding currency circulation, because they are not generally available and willing to talk to people/customers about the currency. They offer the discount (5-10%), but their involvement in explaining/promoting the social currency is small. In addition, they need to encourage buyers to receive change in social currency, but many prefer to exchange it directly at the bank, thus creating a very short and convenient circulation for the businesses. On the other hand, there are retailers who have never been to the bank to exchange social currency and are able to spend everything in the community, including giving change (Interview, CDB Pirê, Dourados, MS, Oct 2012).
>
> Some important businesses do not accept the social currency, such as a traditional pharmacy of the municipality. People still need to learn more about it, get to know it better, and become aware of the use of social currency, especially on “exchange” (direct exchange, buying products in local markets) (Interview, CDB Dunas, Aracaju, SE, Nov 2012).
>
> Owners argue that they want to “wait and see if it will work out” (Interview, CDB Casa do Sol, BA, Sept 2012).

Table 1 - Social currencies with circulation difficulties in their communities

Name of CDB	Municipality	Area of action	State	Currency
Vale do Acarape	Acarape	municipality	CE	–
Bandesc	Cascavel	municipality	CE	Bento
Pirambú	Fortaleza	Pirambú neighborhood	CE	Pirambú
Dendê Sol	Fortaleza	Edson Queiroz neighborhood	CE	Sol
Padre Quiliano	Caridade	Campos Belos neighborhood	CE	Caribelo
Buriti	Mauriti	municipality	CE	Grão
Ocards	Ocara	municipality	CE	Tupi
Bancart	Irauçuba	Missi district	CE	Tá
Amizade	Irauçuba	Cruzeiro neighborhood	CE	Cactos
Juazeiro	Irauçuba	Juá district	CE	Cactos
Dunas	Acaraú	Aranaú district	CE	Timbaúbas
Pacatubanco	Pacatuba	municipality	CE	Paca
Ecoluzia	Simões Filho	Santa Luzia neighborhood	BA	Trilha
Puã	Vitória	Nova Palestina neighborhood and surrounding area	ES	Puã (*)
Esperança	Cariacica	Cinco neighborhood for RA 8	ES	Rosa (*)
AbraÇo	Serra	Planalto Serrano region	ES	AbraÇo (*)
Terra	Vila Velha	Terra Vermelha region and surrounding area	ES	Terra
Estrutural	Distrito Federal	satellite city of Estrutural	DF	Conquista (*)
(*) Currencies still under process			Total	18

Source: Data from the direct survey (2012).

The problems of acceptance involving each social currency reveal the importance of more in-depth studies in the communities where they occur. It seems that these challenges are related to the work that the CDB has developed throughout its operation. Specifically, acceptance of the currency by local businesses may be associated with the level of legitimacy and recognition of the CDB in the community, which may demand a long time. In addition, the associative dimension that the CDBs propose to build requires people involved and committed to the project of social currency circuit. CDB managers, credit agents, and other local leaders play a fundamental role in the effectiveness of the currency circulation.

The second challenge mentioned by 14 CDB mangers is precisely the lack of monetary reserve, which is the consumer credit fund used by the CDB to offer the line of credit in social currency. The adequate volume of credit fund allows the expansion of loans for consumption in social currencies and, as a result, promotes their circulation. The problem related to the absence or insufficiency of credit fund is a concern for the CDBs, mainly because there is a "potential loss of credibility of the social currency with the delay in obtaining the credit" (interview, Nov 2012). This concern arises because "all the work done to raise awareness in the community for the use of the social currency could be lost if borrowers seek the CDB and the bank has no funds to lend them the money. The borrowers do not see the currency" (interview, Oct 2012).

2.1 Aspects of the community and construction of the social currency circuit

The survey data and the on-site visits show that communities where the CDBs operate generally have enough businesses to build a social currency circuit network. The challenge then is to stimulate them to trust and accept the social currency. Table 2 shows that 19.1% of CDBs had built a relatively small network of social currency circulation, with acceptance of up to 10 local businesses. Among the CDBs surveyed, 25.5 and 23.4% constructed a circulation with 10 to 30 and 30 to 50 businesses, respectively. There are few cases in which the social currency circulation has more than 50 registered businesses (nine CDBs, 19.1%, have 50 to 100 registered local businesses, and two CDBs, 8.5%, have more than 100 local businesses registered).

Table 2 - Average number of businesses accepting the social currency in the territory

Number of businesses accepting the social currency	Cases	% of cases	% valid	% accumulated
Up to 10	9	19.1	19.1	19.1
Between 11 and 30	12	25.5	25.5	44.7
Between 31 and 50	11	23.4	23.4	68.1
Between 51 and 100	9	19.1	19.1	87.2
Over 100	4	8.5	8.5	95.7
Information not provided	2	4.3	4.3	100.0
Total	47	100.0	100.0	–

Source: Data from the direct survey (2012).

However, the fact that a business accepts the social currency or has been registered in the circuit does not mean that the social currency effectively circulates through it. It also depends on using it. Table 3 cross-references the data of the number of residents of the territories with the number of businesses that accept the social currency (data from perception of the interviewees). Most of the social currencies circulating among more than 50 registered businesses occur in communities with 10 to 60 thousand inhabitants. However, this is does not constitute a correlation, because in some cases the currencies are circulating in much smaller local networks (with up to 30 registered businesses, for example) in communities of the same size in terms of local number of businesses. Furthermore, there is also a case in an area with over 60 thousand inhabitants where the social currency circulation occurs only among ten local businesses.

Table 3 - Number of inhabitants of the territory vs. number of businesses that accept social currency

Number of businesses accepting the social currency	Number of inhabitants in the territory						Total
	Up to 1000	1,001 to 3,000	3,001 to 10,000	10,001 to 30,000	30,001 to 60,000	Over 60,000	
Up to 10	0	0	0	1	0	1	2
	0.0%	0.0%	0.0%	2.1%	0.0%	2.1%	4.3%
Between 10 and 30	2	0	0	7	1	2	12
	4.3%	0.0%	0.0%	14.9%	2.1%	4.3%	25.5%
Between 30 and 50	0	1	1	**3**	**6**	0	11
	0.0%	2.1%	2.1%	6.4%	12.8%	0.0%	23.4%
Between 50 and 100	0	1	0	4	3	1	9
	0.0%	2.1%	0.0%	8.5%	6.4%	2.1%	19.1%
Over 100	0	0	1	0	2	1	4
	0.0%	0.0%	2.1%	0.0%	4.3%	2.1%	8.5%
Information not provided	0	2	1	4	2	0	9
	0.0%	4.3%	2.1%	8.5%	4.3%	0.0%	19.1%
Total	2	4	3	19	14	5	47
	4.3%	8.5%	6.4%	40.4%	28.9%	10.6%	100.0%

Source: Data from the direct survey (2012).

In order to confirm this no correlation, we tested other data cross-references. For instance, the total number of businesses in the community with the number of businesses that accept the social currency. There are cases with few local businesses (30 to 80) that have a large number that accept the currency (30 to 50); hence, an acceptance network of social currency is formed with the potential to effectively reach the entire community. In addition, there are communities with a quite large number of businesses (over 500 businesses) with only ten businesses accepting the social currency.

In the same sense, the survey was able to identify that the average amount of social currency exchanged weekly at the CDBs is not directly related to the number of businesses accepting it in the community. The purpose of this cross-reference was to obtain information that would provide an idea of the amount of social currency in circulation. The volume of exchange at the CDB, in general, cannot be seen as an indicator of the use of the social currency in the community, because it may mean that the currency is concentrated in the hands of few business owners who have to exchange it for the legal tender so that they can purchase supplies outside the community. Table 4 shows that the average amount of social currency exchanged at the CDBs per week is 150 (always equivalent to the legal tender) in most cases (27.7%). In five cases, the exchanges are of values >500 social currencies and, in 15 cases, there have been no exchanges. The cases with no exchanges are those where the social currencies are no longer circulating in the community or where the CDBs have failed to estimate a weekly exchange value, but they ensured us that it is low.

In terms of an ideal situation of social currency use in CDBs, the lower the value directly exchanged at the CDB, the greater the use of the currency between the members (businesses and individuals). This means that businesses do not have to exchange social currency for the legal tender because the amount they receive in social currency is all spent within the community (with commercial purchases, payment of employees, etc.). However, especially the larger businesses often do not find supply sources within the community, and periodically exchange the social currency received for legal tender at the CDB. After that, these amount returns to circulation through direct exchange, loans, part of salaries, and other mechanisms to relaunch it in the circuit. However, this makes the circuit shorter.

Table 4 - Average amount of social currency exchanged weekly at CDBs

Average amount of social currency	Cases	% cases	% valid	% accumulated
Up to 150	13	27.7	27.7	27.7
150 to 300	6	12.8	12.8	40.4
300 to 500	3	6.4	6.4	46.8
500 to 700	3	6.4	6.4	53.2
Above 700	2	4.3	4.3	57.4
No exchange	15	31.9	31.9	89.4
Information not provided	5	10.6	10.6	100.0
Total	47	100.0	100.0	-

Source: Data from the direct survey (2012).

2.2. Awareness-raising activities for the use of social currency in the community

Acceptance and use of the social currencies by businesses and residents in the territories seem to depend greatly on the educational activities and instruments, awareness, and dissemination that the CDBs create and use for this purpose. For instance, the interviews with managers of the Buriti, Bandesc, and Vale do Acarape CDBs in the state of Ceará indicated no efforts were made in this direction, and thus their social currencies did not circulate effectively.

In general, during the creation of the CDB and implementation of the social currency, credit agents and other people involved in the process invest in presentations (48.9%); education, such as workshops and training (46.8%); communication materials (61.7%); local media, such as sound systems, word of mouth, and community radio (55.3%); publicity at events and fairs (48.9%); specific activities with business owners (70.2%); and even in community schools (23.4%). However, our research also identified that such efforts made by the CDBs to publicize the social currency role in the territory tend to decline or cease over time. Table 5 shows which of these activities were still being performed by CDBs and their credit agents at the time the survey was conducted. In 46.8% (22) of the CDBs surveyed, none of these activities were being performed. Only 23.4% of the CDBs designed and used communication materials and 17% gave presentations, used local media, and publicized at events and fairs. Only 14.9% of the cases indicated specific activities with local retailers who were vitality important to the social currency circulation.

Problems related to promotion of the social currencies in the territories were recognized as one of the main challenges for their use according to 13 CDB managers, as reported by one of them: “the greatest difficulty is the minimal promotion of the currency; marketing materials” (interview, Oct 2012). The problems with educational activities are associated with maintaining the same communication mechanisms that were used when the CDB and the social currency were first created, which generally require that the CDB credit agents and employees continue these educational activities. This becomes even more important in the context of territories with intense immigration and emigration, as in the case of Conjunto Palmeiras, as Joaquim de Melo Neto, the coordinator of Banco Palmas, pointed out in an interview conducted in 2012.

Table 5 – Activities and instruments utilized by CDBs to stimulate social currency use in the community

Actions and instruments used	Responses		% of CDBs
	Number of occurrences	% of occurrences	
None	22	28.9%	46.8%
Presentations	8	10.5%	17.0%
Education (workshops, courses, training, etc.)	5	6.6%	10.6%
Communication material (posters/banners)	11	14.5%	23.4%
Local media (sound system, word of mouth, community radio)	8	10.5%	17.0%
Events and fairs	8	10.5%	17.0%
Specific activity with business owners	7	9.2%	14.9%
Activity in community schools	2	2.6%	4.3%
Other activities	5	6.6%	10.6%
Total	76	100.0%	-

Source: Data from the direct survey (2012).

As stated earlier, the question of the legitimacy and recognition of the CDBs work by the residents cannot be neglected. The respect and confidence that the community residents have in the CDB initiative can greatly influence the way the social currency circulates. In addition, conflicting issues (political partisanship, for example, as perceived in Matarandiba, territory of the Ilhamar CDB) also have the power to negatively influence the social currency circulation among residents and businesses.

Remunerating CDB members and workers with social currency is a way of releasing it into the community in a more constant way. However, only four CDBs, all in the Northeast region, have this policy and practice, with employees' payment varying from 10 to 50% of their total remuneration. It is noteworthy that the Ilhamar CDB, which pays 10% of its employees' salaries in social currency, and the Cocais CDB, which pays 50% of its workers' salaries in social currency, have practically the whole community accepting their social currencies.

2.3. Difficulties in creating monetary reserve for promoting social currency circulation

The data in Table 6 confirm that the CDBs have had difficulties in creating the monetary reserve to make social currency available in the communities, either in the form of credit for loans or of salary payment (in the case of direct exchange, the reserve is simultaneous and the amount exchanged is usually low). The initial reserve available for social currency circulation in the community is BRL 3,196 on average (approximately EUR 822). However, it should be noted that some CDBs begin their activities without any assets to transform into social currency (minimum 0.0). Some CDBs have this fund significantly diminished as the demand for the social currency falls.

The total reserve fund of the group of CDBs is BRL 408,508; however, BRL 200,000, (approximately 50%) belongs to Banco Palmas. Furthermore, not all the reserve value circulates in the communities because of the challenges faced by the CDBs, as previously mentioned (acceptance, legitimacy, among others). The average amount available, already issued and entering and leaving the CDBs, is equivalent to BRL 3,150. However, comparison between the median amounts of social currency available (BRL 1,000) and in circulation (BRL 400) indicate that many CDBs have a low amount of social currency in circulation.

Still considering Table 6, the group of CDBs that answered this question (41 out of 47) had a total of BRL 129,158 circulating as social currencies. However, approximately BRL 40,000 worth in Palmas is circulated in the Conjunto Palmeiras community. Thus, the Palmas social currency represented approximately 31% of the amount of social currency issued by the CDBs surveyed in 2012. However, despite the fact that the Palmas social currency, created and managed by Banco Palmas since 2002, is considered the most emblematic of all Brazilian social currencies, recent studies have shown that its volume and circulation has decreased, leading Banco Palmas to question the feasibility of keeping it in the community. The process of Palmas use was detailed by Rigo and França Filho (2017).

Table 6 - Characterization of the initial, current, and average amounts of social currency (in legal tender) circulating in the communities

Characterization of the amount of social currency	Statistics							
	Valid/ Omissions	Total	Average	Mode	Medium	SD	Minimum	Maximum
Initial amount issued	**(42/5)**	**134,232.00**	**3,196.00**	0.00	2,000.00	4,370.70	0.00	19,250.00
Current amount available (initial + new)	**(41/6)**	**408,508.00**	**9,963.61**	0.00	**1,000.00**	31,891.50	0.00	200,000.00
Average amount of currency in circulation in territory	**(41/6)**	**129,158.00**	**3,150.20**	0.00	**400.00**	8,067.97	0.00	40,000.00

Source: Data from the direct survey (2012).

A fourth and last challenge concerns certain characteristics of the territories where the CDBs and social currencies are established. For example, proximity of the territory to the city center or other commercial areas makes it difficult for residents to become aware of local consumption, using social currency or not. This raises some questions: Why are CDBs implemented in certain areas. Is their methodology appropriate to that location? As previously seen, the social currency use is only a part of a CDB methodology. Credit to production in legal tender, social and educational activities, and other financial services are typically developed by CDBs and not necessarily associated with social currency use.

3. FINAL REMARKS

One of the relevant challenges imposed on social currency use in CDB practices is closely related to insufficient resources. Thus, problems related to monetary reserve also risk credit fund constitution for loans in social currency and narrow the issuing of social currency by CDBs in the communities. In our opinion, this challenge denotes that financial support, public or private, at the beginning of practices is essential for CDBs to reach their proposal: local development.

However, our results show that the main challenge related to social currency use in a community are the problems associated with constructing a network that accepts the social currency, especially among businesses. This task depends on awareness-raising activities conducted by CDB managers. As previously seen, CDB activities and instruments that stimulate social currency use in the community are important and contribute to the construction of legitimacy both for the bank and the social currency.

We also showed that some problems with social currency circulation could be related to specific features of the community, such as its distance from larger shopping centers. This aspect indicates that future studies relating the characteristics of the community with those of the monetary circuit constructed by the CDB should be carried out. For example, aspects such as political-party divisions and conflictual relationships could negatively influence the circulation of social currency. In contrast, aspects such as history of collective involvement and social organization could positively influence circulation.

Today, in addition to the challenges identified by our research, the CDBs and the whole field of solidarity finance in Brazil are experiencing a moment very different from that of 2012. Contextual challenges make CDB activities much more difficult. The absence of an appropriate legal framework that assists with legitimizing these associative organizations, the total disrespect of the Federal Government to the field of solidary economy, and the insignificant financial support to this public policy are examples of the difficulties that CDBs are facing and will continue to face.

Finally, it can be inferred that a legal framework for Brazilian solidarity finance could help building legitimacy to CDBs and social currencies. In our opinion, a legal framework would facilitate the access to public funding sources.

These potential funding sources are fundamental not only to improve the process of building CDBs and social currencies, but also to maintain and develop these entities. It would also assist with reducing the uncertainties resulting from governmental polices that dismantle structures and interrupt public policies built by civil society with potential to develop poor communities.

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