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Community Perspectives on Savings and Internal Lending Communities Program: Insights from Rural Guatemala.

Pablo Lamino

University of Florida, pablo.lamino@ufl.edu

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Abstract

In rural Guatemala, where poverty, limited access to formal financial institutions, and economic inequality persist, community-based financial models like Savings and Internal Lending Communities (SILCs) offer a promising alternative. SILCs have gained recognition for their potential to empower low-income individuals, especially women, by providing accessible savings mechanisms and small loans managed within the community. Grounded in Social Capital Theory, this qualitative case study explores the perceptions of Savings and Internal Lending Community [SILC] participants in two rural Guatemalan communities, focusing on their experiences, the influence of SILCs on their well-being, and their recommendations for program improvement. Employing focus group interviews, observations, document analysis, and a participatory group activity, the study engaged Field Technicians, women SILC members, and non-participating youth. Findings reveal that participants perceive SILCs as a crucial financial safety net and a more accessible alternative to traditional banking, fostering social cohesion and enhancing livelihoods through access to savings and low-interest loans. However, the study also highlights the critical role of trust, with instances of loan default and withdrawal posing challenges. Participants emphasized the need for accountability mechanisms like collateral to mitigate these risks and strengthen group cohesion. Recommendations for improvement include greater flexibility in participation, enhanced coordination and guidance, and the continuous building of trust through transparent practices to ensure program sustainability and community engagement.

Keywords

rural development, microfinance, Guatemala, financial inclusion

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Pablo Lamino, University of Florida

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Introduction

Guatemala is one of the largest economies in Central America, yet its growth has not benefited all citizens equally (The World Bank, 2025). Around 46 % of Guatemalans live below the poverty line, reflecting deep structural inequalities that particularly affect rural populations (World Bank, 2025). These economic disparities also limit access to education, as many low-income families depend on child labor to supplement household income (United States Department of Labor, 2021; Vásquez & Bohara, 2010). As a result, children who work instead of attending school are deprived of the education necessary to break the cycle of poverty and achieve long-term economic advancement (International Fund for Agricultural Development, n.d.).

Migration has become a critical response to Guatemala's persistent poverty and limited economic opportunities. The country has a net migration rate of -1.6 migrants per 1,000 population, with a significant portion of international migration involving men from rural areas seeking work abroad, particularly in the United States (Bermeo et al., 2022). In departments such as Huehuetenango, male migration has surged, with up to 7% of the population apprehended at the US between 2012 and 2019 (Zepeda & Arévalo, n.d.). This trend has reshaped community dynamics, leaving women and youth to take on greater economic responsibilities in the absence of male family members (Luna, 2021).

Microfinance programs have emerged as a potential solution to these economic pressures, since they provide small-scale loans, savings accounts, and other financial services to low-income households (Achour & Hda, 2022; Lamichhane, 2020). Microfinance programs also aim to develop personal incentives for growth, stimulating and increasing borrowers' self-esteem and self-confidence as they discover they can manage their finances effectively (Lacalle-Calderón et al., 2015). Over the last two decades, microfinance programs have focused on rural women, providing them with access to small-scale loans to unlock their productivity by enabling them to start small businesses (Nukpezah & Blankson, 2017). One of the limitations of microfinance institutions is that, although they provide small producers with low-interest-rate loans, they still operate as external institutions aimed at improving their financial resources (Brannen & Sheehan-Connor, 2016; Hartarska, 2009).

Like the external microfinance institutions, the Savings and Internal Lending Communities [SILCs] use a holistic programming approach that supports low-income households by providing income-generating opportunities through access to self-managed savings and financial services (Lee et al., 2021). Unlike the external microfinance institutions, SILCs aim to promote financial services that keep money in the community. Besides the economic and personal growth that SILCs bring to individuals, they also encourage and strengthen community values, such as understanding, building trust, sensitization, group formation, and inter-leading (Catholic Relief Services [CRS], 2006; Parker et al., 2016).

The primary goal of SILCs is to facilitate simple savings and lending activities in communities without access to financial services. Key characteristics of SILCs include: (1) self-selected participants, (2) groups of 10 to 25 individuals, (3) independence and autonomy, (4) election of a five-member leadership committee, which is re-elected annually, (5) a constitution outlining rules and providing authority for the committee and dispute resolution, (6) pooling savings to create loan capital, (7) conducting transactions during meetings for transparency, and

(8) using a lockable cash box for safeguarding cash and maintaining records (CRS, 2006; CRS, 2024).

In the case of Guatemala, microfinance, including SILC, has been evaluated as a potential source of reducing gender violence in poor rural settings (Cepeda et al., 2017). In addition, SILCs' principal economic bases and willingness to pay for technical assistance have also been reported by other investigations (Allen, 2020; Allen & Panetta, 2010). Although research on SILCs in rural Guatemala highlights their role in promoting financial literacy, youth engagement, and community development (Allen, 2024; Simpson, 2019), much less is known about the challenges of establishing these programs and the ways adult participants experience and apply their benefits, as existing studies tend to emphasize program outcomes or educational interventions (Allen, 2020, 2024; Simpson, 2019). Therefore, this study aims to gain a deeper understanding of the participants' perspectives on SILCS programs in rural Guatemala. This will help to implement future SILC programs based on participants' perceived benefits and potential actions to improve the system.

Theoretical Framework

This study adopts the Social Capital [SC] Theory as its guiding framework, emphasizing the importance of social networks, trust, and reciprocity in promoting economic and social development. Multiple studies have reaffirmed SC's role as a key contributor to economic resilience, particularly in marginalized and rural communities (Muringani et al., 2021; Osei & Zhuang, 2020). Bourdieu (1986) and Coleman (1988) emphasize how social ties facilitate resource exchange, collective action, and community cohesion, factors crucial for addressing financial exclusion and poverty.

Building on Woolcock and Narayan's (2000, p. 226) definition of SC as the "norms and networks that enable collective action," this framework helped to analyze how community-based financial models like SILCs leverage community relationships to improve economic outcomes. At their core, SILCs promote trust, shared decision-making, and community self-governance, principles that closely align with the tenets of SC theory. Several features of SILCs illustrate their embodiment of SC in practice (Sakamoto, 2024). Groups are formed voluntarily based on mutual trust and shared values, reinforcing what Putnam (2000) describes as bonding SC. Establishing clear rules, annual elections, and a governing committee fosters transparency and institutional trust (Allen, 2020). Financial transactions within the group enhance accountability and promote cooperative behavior (CRS, 2006; CRS, 2024). In addition to fostering financial discipline, member savings serve as a loan fund, cultivating economic interdependence and long-term sustainability. These dynamics also relate to bridging and linking SC, by creating connections within and beyond the immediate group, SILCs help participants access broader social and economic resources (Sakamoto, 2024).

Purpose and Objectives

This study aimed to understand participants' SILCs' perceptions. The following research questions were used to guide the accomplishment of the purpose of this study:

1. How do participants describe the SILC program?
2. How does participation in SILC groups influence members' well-being?
3. What are some recommendations to improve SILC programs?

Methodology

This study employed a qualitative case study approach to explore a bounded system through in-depth data collection from multiple sources (Creswell, 2007). A constructivist paradigm guided the research, emphasizing participants' interpretations and meaning-making of the SILC system (Creswell & Creswell, 2018). Approval from the Texas Tech Institutional Review Board was obtained prior to data collection (IRB2022-644).

The Setting

The study was conducted in two rural communities in the Department of San Marcos, Guatemala: Nuevo Paraíso and Nueva Independencia. Nuevo Paraíso, an agricultural settlement of 160 families, and Nueva Independencia, consisting of 43 households and 261 residents as of 2015, both established SILC programs at the beginning of 2022.

Participants

I (Pablo) recruited three distinct participant groups: (1) Field Technician SILC members (FT-SILC; $n = 3$), (2) Women's SILC members (W-SILC; $n = 5$), and (3) Youth Non-SILC participants (Y-NSILC; $n = 6$). All participants were residents of the community. FT-SILC members were active participants and program coordinators; W-SILC participants were women with current or past involvement in SILC; Y-NSILC participants were 18–27 years old and not affiliated with SILC but willing to share perspectives.

Focus Group Interviews

Data collection took place over three on-site visits, during which 14 participants shared their experiences in three separate focus group interviews, each lasting between 30 and 45 minutes on average. I developed a 14-question interview guide based on previous documents and the research objectives (see Appendix A). The focus group interviews were conducted in Spanish, the participants' native language. As a fluent native speaker, I did not require a translator, which supported clear communication and allowed participants to share their perspectives. All focus groups were audio-recorded and transcribed verbatim. Researcher memos were also taken to capture observations, questions, and reflections, supporting transparency and reflexivity (Lincoln et al., 2011; Saldaña, 2016).

SILCS Perception Group Activity

Following the focus groups, each participant group completed a structured activity that consisted of answering 10 questions about SILC benefits, improvements, and engagement opportunities (see Appendix B). This allowed participants to share experiences aligned with their roles while reinforcing the qualitative triangulation of data.

Observations

Observations were conducted during SILC meetings in Nuevo Paraíso, focus group sessions, and a check-in meeting in Nueva Independencia. Participants were informed of the purpose and provided consent before observation (Flick & Flick, 2018; Spradley, 2011).

Document Analysis

I requested copies of printed documents related to the cooperative, as electronic documents were unavailable (Bowen, 2009). I was provided with information about the creation of the Nuevo Paraiso and Nueva Independencia SILC programs, as well as reports from previous meeting minutes. These documents provided a more profound insight into the SILCS organization and how SILC has evolved since its foundation in 2021 (see Figure 1).

Figure 1

Pamphlets from the two communities implementing the SILC program



Data Analysis

All interviews were transcribed verbatim and analyzed in two stages. First, I conducted open coding to identify categories emerging from the data, following Saldaña's (2016) recommendations. I reviewed transcripts, memos, and field notes, and coded by hand to capture key concepts and patterns.

Next, I used MAXQDA qualitative software to assist in organizing and comparing the codes. A second Spanish-speaking coder, who had lived in Guatemala and was familiar with the culture, independently coded the transcripts. We met twice to compare coding decisions and reach consensus, which enhanced the reliability of the findings (Saldaña, 2016).

After initial coding, I employed pattern coding to group categories into broader themes (Miles et al., 2014; Saldaña, 2016). This iterative process allowed me to connect across data sources and refine themes that represented participants' experiences.

Trustworthiness

Credibility, transferability, dependability, and confirmability were used to enhance the rigor of this study (Creswell & Creswell, 2018). Credibility was supported through the use of diverse data sources (Creswell & Creswell, 2018), and the inclusion of participants' native language further enhanced the clarity and depth of responses (Saldaña, 2016). Transferability was strengthened through purposive sampling and a detailed description of the community (Lincoln et al., 2011). Dependability was ensured through clear and transparent documentation of data collection and analytic procedures (Lincoln et al., 2011). Confirmability was achieved through reflexivity and collaborative coding (Creswell & Creswell, 2018).

Researcher Subjective Statement

While multiple strategies were used to minimize bias, I acknowledge that researcher subjectivity cannot be entirely removed (Creswell & Creswell, 2018). I am a native Latin American and fluent Spanish speaker, with four years of professional experience in Honduras and fieldwork with rural communities in Guatemala. My personal and professional background informs my interest in amplifying the perspectives of underserved agricultural communities.

Results

Research question 1: How do participants describe the SILC program?

Participants viewed the SILC program as both a financial safety net and a more accessible, fair alternative to traditional banking, highlighting its structured approach to saving, income management, and access to low-interest loans, as well as the supportive group environment. Table 1 describes the theme and a representative quote for that theme.

Table 1.

Participants' Perceptions of the SILC Program

Theme	Description	Representative Quote
Financial Safety Net	Savings provide a structured method for members to secure money, avoid impulsive spending, and gain financial stability.	“What is great about [SILC] is that the interest you pay eventually returns to you. In the end, when the savings cycle ends, they return your interest and savings. ... It feels like extra savings that I have been accumulating just by paying interest.” (W-SILC participant)
SILC vs. Traditional Banking	SILC is seen as more accessible and equitable than traditional banks, offering lower interest rates, fewer bureaucratic barriers, and community-based support.	“If you take out a loan from a bank, they eat you alive with fees. However, it is just 5% in our savings group, and everything is done by group consensus. It is an opportunity to grow a business.” (Y-NSILC participant)

Theme 1: Financial Safety Net

A central theme that emerged was the role of savings as a financial safety net, providing participants with a sense of stability. Interviewees shared how participating in SILC provided a structured approach to saving money and receiving financial benefits at the end of each savings cycle. A participant from the W-SILC group explained:

What is great about [SILC] is that the interest you pay eventually returns to you. In the end, when the savings cycle ends, they return your interest and savings. The interest I paid does not go to someone else; it comes back to me. So, in the end, it feels like extra savings that I have been accumulating just by paying interest.

This sentiment was echoed by others, for instance, one FT-SILC participant described the difference between saving at home and SILC:

It has been a beautiful and successful experience because saving at home is difficult. If I have some money tucked away and a vendor passes by, I spend it because I know it is there. However, with SILC, our savings are locked in until the end of the year. By then, the money has grown.

Finally, a participant from Y-NSILC shared what she had heard from people in the community on how SILC, little by little, made a difference:

Well, I have heard that this is a way for women to make the most of their money. They say, 'If I save little by little, at least I end up with something. However, if I keep the money on hand, I end up with nothing.' When you save bit by bit, over time, it adds up. Once you have got a decent amount, you can finally say, 'Now I can buy something I really need.'

Theme 2: SILC vs Traditional Banking

Participants compared SILC to traditional banking institutions, highlighting the advantages of SILC over formal financial services. Many viewed SILC as a more accessible and equitable alternative, offering lower interest rates on loans and fewer bureaucratic barriers. A participant from Y-NSILC described the benefits of the SILC system compared to conventional banking:

I have heard that auto-savings is designed not to benefit the system [like traditional banks do]. It is kind of like a bank, but with much lower interest. If you take out a loan from a bank, they eat you alive with fees. However, it is just 5% in our savings group, and everything is done by group consensus. It is an opportunity to grow a business.

For context, participants reported that the 5% interest rate within the SILC system refers to the total interest applied over the loan period, which usually ranges from three to six months. In contrast, traditional banks often report interest rates on an annual basis. For example, a W-SILC participant emphasized the supportive nature of the system, especially when compared to high annualized interest rates charged by banks:

This savings system has been a big help to many of us who have been part of it. [...] It is a great advantage because it differs from using a bank. Banks charge much interest, especially if you miss a payment [...]. But here, well, this system has really supported us. It's been a huge help.

During my participatory observation, it was evident that members were actively engaged in the SILC program. A group of coordinators, functioning almost like community bankers, organized meetings and guided financial decisions. In my memos, I wrote about how participants expressed their satisfaction with the program, and how some similarities with formal banking institutions were visible. For example, although participants were seated at desks, they arranged

themselves sequentially when performing transactions, mimicking the process of forming a line to deposit or withdraw money. Figure 2 illustrates this organization, highlighting how members participate in an orderly manner while engaging in the SILC system.

Figure 2

Participants implementing the SILC program



One key benefit of SILC participation was accessing loans with low interest rates, compared to formal institutions that required higher interest rates and more documentation. A W-SILC member explained: “If someone needs a loan, they can get one with just 5% interest. The repayment period usually ranges from three to six months. So it's manageable, and the interest payments return to the group.”

While many participants adopted the SILC model, some continued to use traditional banking services, arguing that even though it might require more paperwork, they could potentially receive higher dividends from their investment. A man from Y-NSILC shared his experience with a bank's investment plan: “I use the bank. I bought a plan service that transfers a set amount from my savings account into an investment fund. That way, I earn more interest. We are talking maybe 2%, sometimes 3% or 4%.”

Research question two: How does participation in SILC groups influence members' well-being?

Participants reported that SILC participation fostered social cohesion and improved livelihoods by strengthening community bonds, supporting collective decision-making, and enabling investments in household infrastructure, livestock, and personal assets. Table 2 describes the theme and a representative quote for that theme.

Table 2.*Influence of SILC Participation on Members' Well-being*

Theme	Description	Representative Quote
Collective Commitment	Active participation in SILC groups fosters a sense of belonging, strengthens community ties, and encourages adherence to group rules.	“First, you must join the main group because the women’s group has many subgroups... To be part of any of these, you must first join the main group with a fee of 20 quetzals [2.70 dollars] and attend all types of meetings, whether they are about savings or not.” (W-SILC participant)
Enhancing Livelihoods	Savings enable meaningful improvements in members’ lives, including investments in livestock, home infrastructure, and personal items, contributing to long-term financial security.	“This year...we built a well, because we did not have access to water before.” (FT-SILC participant)

Theme 1: Collective Commitment

A key theme that emerged was the role of social cohesion within savings groups, where participants emphasized the importance of collective participation and adherence to group rules. Joining a SILC group was described not just as a financial commitment but as a structured and shared experience that required active involvement, attending meetings, paying a membership fee, and engaging with others in the community. For many, this shared savings journey helped foster a more profound sense of belonging and strengthened community ties. A participant from W-SILC underscored the importance of commitment and participation:

First, you must join the main group because the women’s group has many subgroups, cultural, beauty, savings, and the Candelas group. [...] To be part of any of these, you must first join the main group with a fee of 20 quetzals [2.70 dollars] and attend all types of meetings, whether they are about savings or not.

This sense of commitment and growing solidarity was echoed in the SILC activity, where participants discussed upcoming loans to be facilitated by the SILC program, demonstrating participation and shared decision-making (see Figure 3).

Figure 3

SILC Perception Group Activity



The importance of discipline and collective agreement was also emphasized by an FT-SILC, who shared how the group embraced the rules established during their assemblies: “It has been a positive experience, and it adapted very quickly to our group. We have not had any problems with the rules agreed upon in the assemblies; no one complains or says they do not like a particular rule.”

Theme 2: Enhancing Livelihoods

Participants shared how their involvement in savings groups led to meaningful improvements in their daily lives. For many, savings enabled investments in livestock, home infrastructure, and personal items such as household appliances. These purchases addressed immediate needs and contributed to long-term financial security. One participant from W-SILC described how she used her savings to invest in livestock, an investment that eventually yielded a significant profit:

We can buy a small animal, something worthwhile that makes a difference. For example, I received about 3,000 quetzals [390 dollars] last year. We bought a young goat for 1,500, and over the year, it gained weight. We got 5,000[650 dollars] or 6,000 quetzals [780 dollars] when we sold it. It was a good investment.

Similarly, another woman from W-SILC recounted how her family used their collective savings to make a more substantial investment: "Last year, my family and I said, ‘Well, let us look at our total savings.’ We had saved about 7,000 quetzals [910 dollars]. So we decided to buy something valuable, a cow." For some, savings translate into basic infrastructure, significantly improving their quality of life. A participant from FT-SILC explained how they used the funds to address a critical household need: "That money comes back to us, and it is the only way we can save. This year, from the money we got back from the auto-savings, we built a well, because we did not have access to water before."

During my research memos, I emphasized how participation in SILC groups fosters financial stability and self-reliance. Whether through investing in livestock, improving household infrastructure, or meeting personal needs, savings groups empower members, especially women, to take control of their financial futures and improve their standard of living.

Research Question 3: What are some recommendations to improve SILC programs?

Participants suggested improvements focused on inflexibility, better coordination, and building trust. They emphasized the importance of adapting the program to different economic capacities, improving coordination, and creating mechanisms to maintain trust, such as collateral systems for loans. Table 3 presents the theme and a representative quote associated with each theme.

Table 3.

Recommendations to Improve SILC Programs

Theme	Description	Representative Quote
Inflexibility	Participants stressed that rigid rules and financial commitments made SILC less accessible to youth and others with limited resources, highlighting the need for adaptations.	“Well, maybe it’s partly because of the rules, because not everyone can fully follow them. ... I don’t participate much in the women's group activities because of time.” (W-SILC participant)
Aligning Expectations	Participants emphasized the importance of clearer guidance, training, and communication to reduce misunderstandings and ensure members share common goals.	“Everyone has different ideas, so part of the challenge is learning how to make the most of the investment system.” (Y-NSILC participant)
Accountability	Members highlighted the need for stronger accountability systems to prevent breaches of trust, such as defaulted loans, suggesting mechanisms like collateral to safeguard group stability.	“Sometimes people just take out a certain amount of money and then leave the savings group. The rest of us are left in debt.” (Y-NSILC participant)

Theme 1: Inflexibility

The theme of inflexibility emerged particularly in relation to the economic capabilities and interests of younger participants. Many youth reported challenges in creating SILC-focused programs because of meeting the financial commitments of SILC programs, often because they still relied on parental support and had limited personal income.

During my second visit to the community, I observed that the SILC rules and bylaws were displayed on a wall, accessible to all (See figure 4). Among them were added penalties for arriving late or eating during meetings, an indication of the program’s structure but also a potential barrier for some members, especially youth.

Figure 4

SILC rules and bylaws.

The image shows a handwritten list of rules and fines for a savings group, titled "REGLAS Y MULTAS DEL AHORRO". The list is numbered 1 through 24. Each rule is followed by a fine amount in Quetzales (Q.).

Rule Number	Rule Description	Fine (Q.)
1.	Por llegar tarde.	Q. 1.00
2.	Por hablar de otros temas.	Q. 1.00
3.	Por comer en la reunión.	Q. 1.00
4.	Por vender en la reunión.	Q. 1.00
5.	Por contestar llamadas.	Q. 1.00
6.	Por salir sin permiso.	Q. 1.00
7.	Por Cambiar de lugar.	Q. 1.00
8.	Por maltratar la libreta.	Q. 5.00
9.	Por olvidar la llave.	Q. 5.00
10.	Comprar nuevos Condados, Si Pierde la llave	Q. 1.00
11.	Por faltar a la reunión.	Q. 5.00
12.	Por no saber su número.	Q. 1.00
13.	Por faltar Social todas las Socias.	Q. 1.00
14.	Si alguien no paga Se tomara una pertenencia de la persona deudora.	
15.	Por Si alguien fallece tendria una persona familiar Para pagar o redamar sus ahorros	
16.	Cumplir con el pago en la fecha establecida.	
17.	Pagar multa por no pagar a la fecha.	
18.	Se da multa por el que quita integrarse	Q. 20.00
19.	Toda Socia tiene que prestar.	
20.	Cancelar Para volver hacer un prestamo	
21.	Despues del ahorro quedarse 15 mnts o 20 para un tem	
22.	Por mandar niños a la reunión	Q. 5.00
23.	Por no usar mascarilla	Q. 1.00
24.	Si alguien de las Socias quiere 7 Prestamo mas de 1 que tiene ahorrado Tiene que presentar un documento a caso de Valor.	

A participant from W-SILC reflected on how the rigidity of rules may discourage youth participation: "Well, maybe it's partly because of the rules, because not everyone can fully follow them. For example, I'm technically part of the SILC group, but I don't participate much in the women's group activities because of time."

A man from Y-NSILC echoed similar concerns and suggested that gender dynamics can also impact engagement. He proposed separating groups by gender to reduce potential conflict: "I think it would be better if the groups were separated. When we're all in the same group, problems can arise. Even the women themselves have mentioned it, sometimes we [youth] think differently, which can lead to conflict."

A participant from W-SILC agreed with the idea of creating youth-specific groups, noting the value of intergenerational learning and advocating for spaces where young people can engage more freely: "I think, ideally, young people should have their group. But I also think the experience women have gained is worth sharing because it can help guide us."

Theme 2: Aligning Expectations

Another recurring theme was the need for greater alignment within SILC groups. Participants emphasized that misaligned expectations and unclear group goals often led to frustration or disengagement, especially among younger members. Strengthening alignment, through clearer guidance, structured training, and consistent communication, was seen as essential to ensure smoother group functioning and member engagement.

A male participant from Y-NSILC expressed how differences in perspectives can hinder collaboration, highlighting the need for structured guidance and a shared understanding of the SILC investment system: "Everyone has different ideas, so part of the challenge is learning how to make the most of the investment system."

As part of the memos I prepared during the SILC workshops, participants were asked to design their own version of a SILC program. Several key suggestions emerged from this activity. First, decentralized training opportunities were viewed as essential for promoting participation.

Second, participants stressed the importance of welcoming and orienting newcomers, as the committee often assumes that everyone already understands the process. Lastly, to strengthen loan repayment commitments, some suggested requiring a tangible form of collateral from the loan recipient, such as goods or property.

This information was supported by one W-SILC participant, who emphasized the value of drawing from past experiences and communicating expectations clearly: "Well, to grow or implement something new, you first need to reflect on past experiences, at least that's been true in my case, through two or three cycles."

Finally, in the SILC activity, question 12 asked them to provide one main recommendation to improve the SILC. They emphasized the importance of obeying the rules, ensuring that people make their monthly contributions, being punctual, and attending the SILC trainings on managing finances.

Theme 3: Accountability

Another recurring theme was the need for stronger accountability systems within SILC groups. Many participants emphasized that when trust was broken, such as when members withdrew from the group or failed to repay loans, it created significant problems, especially in groups where loans were shared or collective responsibilities were involved.

A male participant from the Y-NSILC group described a case where the member got a loan and left the group, leaving others to bear the burden: "Sometimes people just take out a certain amount of money and then leave the savings group. The rest of us are left in debt." In response to these concerns, a participant from W-SILC explained that her group had developed a more formal approach to prevent trust breaches. They introduced a collateral system, requiring members to provide a tangible guarantee when requesting a loan:

Well, in the women's group, we just talked about it during the meetings and made verbal agreements. However, now things have changed; if you want a loan, you need to offer some form of guarantee, like a piece of furniture or an appliance.

My memos supported these findings; I observed how members shared an incident where a former member had taken out a loan and left the community without making repayment. This situation created significant issues for the group. Formalizing loan agreements and implementing collateral-based guarantee systems emerged as practical strategies to strengthen group cohesion.

Discussion

Participants described SILCs as financial safety nets, offering collective savings, interest earnings, and the security of community oversight, benefits that promote disciplined saving compared to keeping money at home (Allen & Panetta, 2010). In contrast to formal institutions, SILCs were perceived as more accessible, offering lower interest rates, fewer bureaucratic barriers, and specific advantages for women and youth. This perception reflects a broader distrust of formal banking in low-resource settings, positioning SILCs as a culturally appropriate alternative (Brannen & Sheehan-Connor, 2016; Karlan et al., 2017). At the same time, these comparisons highlight the need for further investigation into financial exclusion and the evolution of trust in formal and informal systems. Examining how banks, microfinance institutions, and savings groups interact in communities where SILCs operate could provide

valuable insights into the factors shaping financial behavior and trust (Brannen & Sheehan-Connor, 2016).

Participants highlighted social capital embedded in SILC participation. The regular meetings, membership dues, and collective decision-making processes fostered trust and mutual accountability, reinforcing the group's identity and solidarity. According to SC Theory, such trust and cooperation are essential for enabling collective action and achieving positive community outcomes (Coleman, 1988; Putnam, 1995). SILCs operationalize these principles by encouraging bonding SC within the group, members develop trust, adhere to rules, and support each other's financial and social goals, while also cultivating bridging and linking SC by connecting members to broader economic and social resources (Sakamoto, 2024).

Many participants used their savings to invest in income-generating assets, such as livestock or infrastructure improvements. These investments suggest that SILCs have the potential to foster sustainable livelihoods beyond immediate financial relief, indicating that SILCs can serve as a tool for broader community development (Lee et al., 2021). When supported effectively, SILC groups can facilitate long-term improvements in the quality of life for their members.

Participants hesitated to fully engage with SILC programs due to these concerns, underscoring the need for enhanced training, transparent communication, and more effective facilitation by program coordinators. Addressing these barriers through increased financial literacy and clear accountability mechanisms could significantly enhance the effectiveness and reach of SILCs (Allen, 2020; Anderson & Baland, 2002).

Recommendations

The findings of this study provide several practical recommendations for practitioners, policymakers, and organizations that support SILCs. Program designers should consider tailoring SILC structures to accommodate the diverse economic capacities of participants. Many young people and women in rural Guatemala face financial constraints that limit their ability to meet the rigid contribution requirements. Introducing flexible savings thresholds, alternative meeting schedules, or tiered participation models could reduce barriers to entry, especially for younger members who are still financially dependent on their families.

The study highlights the importance of structured training and orientation for SILC members. Facilitators should implement comprehensive onboarding processes that clearly communicate the purpose, rules, and benefits of participating in SILC. Regular training sessions and accessible educational materials can help ensure that all members, regardless of prior experience, understand how to navigate the system effectively.

Ultimately, SILCs offer a unique opportunity to integrate financial inclusion with broader development objectives. Their community-based nature makes them ideal platforms for delivering complementary programs in health, agriculture, and education. Practitioners and organizations should explore ways to leverage SILCs for multi-sectoral interventions, thereby amplifying their impact on household resilience and community development.

Limitations

While this study provides valuable insights into the lived experiences of SILC participants in rural Guatemala, several limitations should be acknowledged. The study was

conducted in two communities, which may limit the transferability of the findings to other contexts. The sample size was relatively small ($n = 14$), and while qualitative methods prioritize depth over breadth, future studies with larger samples could provide broader perspectives. The reliance on self-reported data may introduce bias, as participants may have answered due to social desirability or group dynamics. Lastly, the study was conducted over a relatively short time. Longitudinal research could offer deeper insights into how SILC involvement influences financial behavior, community dynamics, and personal development over time.

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Appendix A

Interview guide questions:

Introduction

1. Tell me a little about yourself.
2. How long have you lived in the community?
3. What are your primary sources of income?
 - a. Do you receive money from remittances?
4. How do you distribute the money you receive?
5. Have you heard about the auto savings system?
 - a. What have you heard?
6. Do you set aside some funds to save?
7. Do you have experience saving money associatively?
 - a. Tell me about these experiences?
8. Have you heard of other experiences about the self-savings system?
9. What are the reasons why you have not joined yet?
 - a. What are the reasons why they have been associated?
10. How do you think the self-savings system could be improved?
11. Could you tell me about the requirements to be part of the self-saving system?
12. If I had the opportunity to be part of the self-savings. How much money would you be willing to contribute?
13. Tell me, how would you implement the self-saving system in the community?
 - a. What would the process of socializing with young people be like?
 - b. How could their participation be increased?
14. How could I preserve the self-saving system?

Appendix B

SILCS Perception Group Activity

1. How did you hear about SILC?
2. What have other people said about the SILC system?
3. What have you heard about other people not part of the SILC system?
4. What are the greatest benefits of the SILC system?
5. What other benefits have you had besides the financial benefits?
6. What are the main sources of income?
7. How much of your income do you allocate to SILC?
8. What are the greatest difficulties with SILC?
9. How can we resolve these difficulties?
10. What are the reasons why other people do not join?
11. How can we motivate these people to join the SILC system?
12. How can the SILC system be improved?