**Headline:** A Circular Economy

**Teaser:** Latino community members in Southern California use the *tanda* system for mutual financial support.

By Damon Orion

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**[Article Body:]**

Between 1942 and 1964, migrant Mexican farm and railroad workers [labored](https://prologue.blogs.archives.gov/2023/09/27/the-bracero-program-prelude-to-cesar-chavez-and-the-farm-worker-movement) for low and often delayed pay under the U.S. Government’s Bracero Program. [According](https://academicworks.cuny.edu/cgi/viewcontent.cgi?article=6291&context=gc_etds) to the 2023 paper “The Bracero Program and the Exploitability of Migrant Workers,” this program “operated by instilling fear and uncertainty among these people,” using threats of deportation and wage retention to control and exploit the laborers.

To alleviate the financial instability they faced, immigrants in Southern California instigated the first known use of the *tanda* in the United States, “the Mexican variation of lending circles, [which] are an informal financial practice used among Mexican-American communities,” according to an [article](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10242226/) in the journal Springer Nature.

As the eMoneyPool Blog [states](https://www.francisbennettcreative.com/blog/2014/9/8/emoney-pool-blog-the-aranda-tanda), the Mexican-American community in Southern California continues to rely on this practice “as an essential social support system.” Mexican culture researcher [Carlos Vélez-Ibáñez](https://search.asu.edu/profile/852357) has also [tracked](https://blog.wetrust.io/the-key-to-a-successful-tanda-confianza-d8e299404dd4) *tandas* in American states like Arizona and Washington, according to a 2020 blog by Patrick Long.

“The tanda exists at the intersection of culture and resource management and at the center of families’ financial lives,” [points out](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10242226/#CR5) the Springer article.

Participants in this system put a specified amount of money into a pool at regular intervals—for example, each week or month. The fund is then given to a different group member during each new cycle.

[According](https://blog.wetrust.io/the-key-to-a-successful-tanda-confianza-d8e299404dd4) to Vélez-Ibáñez, *tandas* typically comprise10 to 12 participants. It is common for each group member to contribute about $100 to the pool weekly or monthly, creating an average fund of $1,000 to $1,200 that goes to one participant.

While similar rotating savings and credit associations (ROSCAs) can be [found](https://www.refinery29.com/en-us/2023/04/11353283/how-to-start-cundina-mexican-mutual-aid) in regions like Africa, Asia, the Caribbean, and [India](https://www.bajajfinserv.in/investments/chit-funds), the [paper](https://www.jstor.org/stable/3773280#:~:text) “The Tanda: A Rotating Credit Association in Mexico” states that *tandas* tend to have comparatively short cycles and smaller funds.

In 2018, [Medium](https://medium.com/@fundary/tandas-and-the-informal-economy-of-mexico-4f3c80c1c7ce) reported that 31 percent of Mexico’s population uses this system. Vélez-Ibáñez, who has documented *tandas* in Mexican states like Baja California, Sonora, and Sinaloa, told [Refinery29](https://www.refinery29.com/en-us/2023/04/11353283/how-to-start-cundina-mexican-mutual-aid) in April 2023, “Any time you have more than one Mexican, you’ll probably find a *tanda*.”

The *tanda* is believed to have originated in Puebla, Mexico. According to the [study](https://sites.socsci.uci.edu/~wmmaurer/courses/anthro_money_2004/Tandas.htm) “Tandas and Cundinas: Mexican-American and Latino-American Rotating Credit Associations in Southern California,” Chinese contract workers living in Mexico after 1899 may have helped inspire this approach through the use of the *hui*, a ROSCA system used by Chinese communities in East and Southeast Asia.

The same study [notes](https://sites.socsci.uci.edu/~wmmaurer/courses/anthro_money_2004/Tandas.htm) that this practice has survived in the U.S. because Mexican immigrants in the United States have “continued to be of the working class” and have “relied on the *tanda* as a form of money saving.”

**Pooling Resources**

[Data](https://nationalequityatlas.org/data-in-action/stories/wage-gaps-by-latino-ancestry) from the National Equity Atlas shows that Latinos in the U.S. “earn the lowest median wages of any major racial group.” Sixty percent of Latino professionals aged 18 to 34 who participated in a 2021 LinkedIn [survey](https://www.linkedin.com/blog/member/career/dismantling-barriers-to-career-advancement-for-latinos) said they had been “overlooked or intentionally passed over for career advancement opportunities… because of their race,” and 73 percent of them said they “believe that a person’s skin tone impacts their career progression.”

Many Latinos in America also lack access to banking and traditional loans. The American Banking Association, while referring to a Fed survey, [stated](https://bankingjournal.aba.com/2024/05/fed-survey-unbanked-status-continues-to-vary-among-income-ethnic-groups/) that 11 percent of Latino adults in the U.S. were unbanked in 2023, in contrast to 4 percent each for white and Asian adults. A [survey](https://unidosus.org/wp-content/uploads/2022/10/unidosus_oportun_latinosaccesstocreditremainslowandstratified.pdf) published in 2022 found that 20 percent of Latinos in America had no credit history. Meanwhile, data from 2018 and 2019 show that Los Angeles County-based Latinos with good credit were denied mortgages at [twice the rate](https://latino.ucla.edu/research/american-dream-deferred/) as white applicants with comparable credit scores.

For individuals who face these hurdles, *tandas* can serve as interest-free loans, helping pay for essentials like eyeglasses, household appliances, weddings, and medical care. As Santa Clara County deputy district attorney Hugo Meza [told](https://www.washingtonpost.com/business/2024/06/08/immigrants-have-long-used-community-crowdfunding-how-does-it-work/) the Washington Post, “Let’s say a family has a child soccer superstar and gets invited to the soccer tournament in Dallas but doesn’t have the funds to go,” he said. “They can start a *tanda*.”

Carmine Aranada is one of 10 sisters and cousins in Santa Ana, California, who formed a *tanda* to support their businesses of making jewelry, blankets, and hats. “Even if we could get loans from traditional banks, we could not afford to pay the interest,” she [told](https://www.francisbennettcreative.com/blog/2014/9/8/emoney-pool-blog-the-aranda-tanda) eMoneyPool Blog in 2014. “Our businesses are only profitable because we are the labor. The *tanda* is perfect for us. We contribute a little of our cash every week and get the lump sum we need to buy materials exactly when we need it.”

Single mother Alma Diaz has used *tandas* to support her children and sustain her small jewelry business. “The *tandas* certainly help me to avoid owing money to anyone,” she [explained](https://boyleheightsbeat.com/tandas-provide-when-banks-wont-lend/) to the bilingual community news project Boyle Heights Beat in 2015. “It gives me a great deal of pleasure to be able to maintain my household by myself and that my children don’t want for anything.”

**Mutual Trust**

Another frequently cited benefit of *tandas* is the trust they cultivate between group members. The wealth management app Cowrywise [states](https://cowrywise.com/blog/mexican-tanda/), “The penalty of not paying to the *tanda* is letting down your friends or family, and to most Latin Americans, that’s worse than whatever the bank can do to you for not paying back a loan. They have a culture that is deeply rooted in and reliant on loyalty.”

Vélez-Ibáñez has estimated the odds of *tanda* participants getting scammed at 0.005 percent. “If you [take the money and run], you’re rupturing those relationships,” he said to [Refinery29](https://www.refinery29.com/en-us/2023/04/11353283/how-to-start-cundina-mexican-mutual-aid). “Therefore, you’re out alone and not trusted after that. And because you’re not trusted, you’re no longer part of those networks of support.”

The mutual trust required to build a successful *tanda* helps strengthen community and personal relationships. The 2023 Springer [study](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10242226/) “The Tanda: An Informal Financial Practice at the Intersection of Culture and Financial Management for Mexican American Families” contrasts this with “impersonal banking in which trust is based in legal contracts that are often written in English and may not be linguistically accessible. In other words, unlike racial capitalism, *tandas* resist dehumanization, the denigration of racial and ethnic identity, and a devaluing of human relationships in favor of the accumulation of capital.”

The study adds, “Continuing to uplift these culturally specific, inclusive practices has important implications for decentering whiteness as the standard in financial systems that perpetually marginalize others.”