**Money management in poor and low-income households OR Do you want to know how poor people really manage their money?**

**(David Hulme)**

Back in 1999 the Institute for Development Policy and Management started working with Stuart Rutherford (now an Honorary Research Fellow at the Global Development Institute) on a research project to deepen our understanding of the ‘poor and their money’ <http://practicalaction.org/recent-publications-1?gclid=Cj0KEQjw88q9BRDB5qLcwLXr7_sBEiQAZsGjazdWEKfiz8FpX0mOQkF2eQ5K4Y8cW_Eh2VGH6FZvnqAaApAA8P8HAQ>

I had learned a lot from my work with Paul Mosley on ‘Finance Against Poverty (<https://www.routledge.com/Finance-Against-Poverty-Volume-1/David-Mosley/p/book/9780415124294>) but had realised that one wave or two wave surveys did not capture the sophistication of poor and low-income people’s financial lives. It was evident that the dominant narrative of the 1990s –‘poor people need micro-credit’ – was flawed. It was also clear that most research on microfinance (especially by economists) failed to cover informal financial services which, even in microfinance-saturated Bangladesh, were the larger part of poor people’s financial activities.

What to do came to me on a late night train taking me home to Wilmslow after a day in London – DIARIES! Well, actually not strictly ‘diaries’ but fortnightly reports from skilled research assistants over a 12 month period, to record all the financial services (formal and informal) that 50 households in Bangladesh and 50 households in India used. Stuart and I recruited Orlanda Ruthven and, with a DFID research grant, started the work that culminated in the microfinance bestseller book ‘Portfolios of the Poor’ [www.portfoliosofthepoor.com](http://www.portfoliosofthepoor.com). This revealed that poor and low income people weave together dynamic portfolios of formal and informal financial services (just like you and I) to meet their changing needs and circumstances. It showed that poor/low income people needed flexible financial products and that savings services are as important as loans. Take a read of the book – it’s excellent.

Being a ‘bad academic’ I moved on to researching other issues. But Stuart, who claims to be a ‘non-academic’, stuck to the poor and their money. With colleagues he has deepened and refined the ‘diaries’ methodology so that data is collected on a daily basis. For details of the up to date methodology click here (Hrishi diaries for CGAP); for the latest report on their findings click here (Interim Report V2); for the website with all materials and data click here <https://sites.google.com/site/hrishiparadailydiaries/home>.

This is an extraordinary resource – a blow-by-blow account of the daily financial lives of 50 poor/low income households in Bangladesh. It covers their trials and tribulations (coping with deaths in the family and court cases) and successes (successful microenterprise initiatives and weddings). It covers the way they use microfinance institutions (MFIs) and their rich, informal financial lives. If you have not got 12 months to sit down in a village in Bangladesh and talk with low income/poor people then these latest diaries are an amazing shortcut to uncovering the insights that high quality fieldwork provides… and they are also an enjoyable read. DO NOT MISS THEM.

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