

# Savings and Chance

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## Learning from the Lottery to Improve Financial Services in Haiti

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Households in rural Haiti experience a finite number of ways to make a living. Many cultivate the over-farmed hills or fish the over-fished coasts. They also run eateries, buy and sell mobile airtime, or manage gambling stalls. Perhaps the most visible members of the Haitian economy are *Madan Saras*, traveling merchants who buy goods, haul them across great distances, and sell them in marketplaces, along roadsides, or near construction sites and truck stops. Throughout the country, economic opportunities prove scarce, wages insufficient, and futures bleak.

A limited range of financial services hinders the expansion of employment opportunities in Haiti. Formal financial services such as deposit-taking, credit and insurance have emerged nationally, but their performance disappoints. Bank branches remain confined to major cities and towns. More geographically dispersed credit unions are on the whole threatened continually with collapse brought on by weak management and poor regulatory oversight. Although microfinance has extended to and benefited some isolated parts of Haiti, its impact is not always positive. Along the country's southern coast, farmers complained bitterly of their experiences with a major international microfinance institution (MFI) based in Les Cayes. "They beg us to take loans and then hassle us when we can't pay, despite our poor harvests," was a criticism leveled by one disgruntled borrower and echoed by many. As a result, financing even the most marginal enterprise is an expensive proposition, given costly and spotty banking services.

Inappropriate financing options constrict the growth or survival of crops and livestock, the promotion of retail and wholesale business, and social and environmental welfare. With few employment prospects, mouths to feed, and small businesses to manage, accumulating cash to invest in an enterprise, home, or education becomes a very difficult task to achieve. Women cut trees or sell land to come up with funds for emergency illness. Rural households pawn off the last of their belongings to obtain lump sums of cash to pay for rent, improve their land or homes, or fund the burials of relatives. Given their precarious incomes, uncountable families submerge into the depths of instability when unanticipated expenses, such as illness, death, or natural disaster, arise. Families who are able to secure a lump sum can stave off financial undoing, reverse the cycle of poverty, and transform their futures.

To address the need for cash, many Haitians turn to the lottery for the chance to win a transformational lump sum, a sum large enough to allow them to escape their current circumstances. Over 35,000 lottery stalls in almost every village in Haiti present the poor with a possibility of earning 10, 20 or 50 times their wager.<sup>1</sup> For winners, the lottery can turn small streams of money into meaningful capital. Many Haitians overlook the steady losses of playing *borlette* – the name of Haiti's lottery system - because that same system does in fact generate cash.

"Savings and Chance," a study by a team from the Center for Emerging Market Enterprises (CEME) at the Fletcher School, Tufts University, explores several theories that connect the ubiquity of gambling practices in Haiti and their implication for financial services.

While Haitian financial services have become more inclusive in aggregate, providers could do more to reach a poorer clientele, particularly with savings services. Banks, MFIs, credit unions, and insurance

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<sup>1</sup>Pooja Bhatia, "Haiti puts its faith in the lottery", The National, (Posted April 02, 2010), Accessible at: <http://www.thenational.ae/apps/pbcs.dll/article?AID=/20100402/REVIEW/704019990/1008>, (Accessible at April 8 2010)

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companies offer services still largely out of reach and inappropriately designed for the majority of people living in rural areas. These services also do little to supply Haitian families with the cash they need to avoid or beat seemingly irreversible poverty. Both accessibility and trust inhibit the scope of formal (regulated banks and insurance companies) and semi-formal (MFIs and *caisses populaires*) financial institutions in rural areas.

As these findings indicate, the Haitian lottery appears a historical and cultural response to economic and social marginalization, as well as a manifestation of undeterred hope for the transformational lump sum. It allows people with traditionally little choice to exercise agency via the few resources they enjoy. The system also supplies a possible escape route for families entrenched in or on the verge of indigence. Formal and semi-formal financial institutions have a lot to learn from the lottery. In the minds of its users it is a pastime, a vice, a way to engage the spiritual realm, and a financial service.

### Current Formal Financing Opportunities in Haiti

Banks still serve only a small fraction of the Haitian population. The average outstanding bank loan balance is twenty times the Haitian per capita GDP of USD 12,700, which implies that an extremely limited number of people have access to bank loans. In fact, banks lend to just 54,877 clients, or 1% of Haiti's 5.3 million adults. Deposit services are more widespread, demonstrated by the banking sector's 1.9 million savings accounts. Yet, banks provide these savings services to the Port-au-Prince area almost exclusively: 82% of the total bank savings portfolio is located in the capital. In addition, banks' assets remain largely consolidated. Just three of the eight commercial banks operating in Haiti, namely Sogebank, Unibank, and Banque Nationale de Credit, account for 86% of the USD 2.21 billion in total assets within the banking sector.<sup>2</sup>

Microfinance institutions' products extend to a significantly larger clientele compared to commercial banks. Currently, 63% of all MFI branches and many mobile loan officers are located outside of Port-au-Prince; broad geographical presence has enabled more than 147,976 people to borrow cash.<sup>3</sup> In addition, a much smaller average loan size of USD 540 indicates that these institutions reach less wealthy populations. According to the World Bank, 21 MFIs operate in Haiti and the number continues to grow. The two largest domestic banks, Sogebank and Unibank, have both entered the MFI market with microfinance subsidiaries Sogesol and Micro Credit National (MCN), respectively. However, MFIs confront more a restrictive regulatory environment than commercial bank counterparts: Regulations prohibit MFIs from using customer deposits to fund loan activities, for example. Our research suggests that this type of policy reins in MFIs' outreach. At least one MFI, Fonkoze, surmounts this barrier by offering unregulated "investment accounts" to customers.

Savings and credit cooperatives in Haiti called *caisses populaires*, or simply *caisses*, currently struggle to redeem their reputations as safe places in which to deposit savings. Until 2002, largely unmonitored caisses promised high returns on savings to depositors. New customers, lured by interest rates exceeding 10%, fueled a climb in deposits. Unfortunately, fraud and mismanagement followed.<sup>4</sup> Large numbers of

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<sup>2</sup>Ian Whiteside and Steve Wardle, "Haitian Microfinance Industry Overview" (Haitian Microfinance, Inc., 2009), see: <http://www.haitianmicrofinance.com/HaitianMicrofinanceIndustryOverview.pdf>.

<sup>3</sup> Ibid., 8-9.

<sup>4</sup> For press coverage, see Cooperative crisis continues to escalate in Haiti- Haiti Progress, "This Week in Haiti,"

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caisses collapsed, wiping out depositors' savings. In July 2009, the 2002 financial losses still haunted interviewees, who recounted their neighbors' suffering and the consternation of local savings groups that placed surplus funds into caisses populaires. "People lost everything," said a member of one mutuelle. "They sold livestock and jewelry to get the high returns promised by the caisses. Some were promised a 15-20% return on savings. They are still set back."<sup>5</sup> Of the interviewees, one man lost 43,000 gourdes (USD 1,205) and one woman lost 50,000 gourdes (USD 1,400); both invested in the same failed caisse populaire. With tales of financial deceit fresh in people's minds, cooperatives have not regained their position in Haitian market.

Beyond the physical and logistical limitations of formal financial services, cultural and social inhibitions also prevent many Haitians from opening savings accounts, initiating loans or seeking financial advice from institutions. Our interviews suggested that, particularly in rural areas, some populations do not feel comfortable using bank or MFI agents. Lack of experience with formal financial institutions intimidates a portion of the unbanked and deters them from participating in these often daunting structures. In addition, the slow and trying process of saving, with only minimal interest and without community support, frequently discourages those pursuing a transformational lump sum.

### Current Informal Financing Opportunities in Haiti

Against the backdrop of insufficient, inaccessible and sometimes undependable formal financial services, people save, borrow and insure based on goodwill agreements with neighbors and relatives, or seek out pawnbrokers to amass the blocks of cash they need. They also use savings groups to supply credit, grants and cash distributions. Pawn shops and local savings clubs broaden the availability of financial services to Haitians outside the banking system; yet they do not achieve clients' ideal standards of affordability, transparency, reliability, or quick maturity.

Informal financial services fill a niche demand for emergency funds in Haitian communities. Most small towns are home to at least one bric-a-brac shop where borrowers pledge specific categories of possessions for quick credit (known as *plop-plop*). These borrowers are desperate to fund urgent needs, such as medical emergencies or expenses related to the death of a relative. Burying family members properly in Haiti is culturally essential: The coffin, the ceremony, and the food for funerary events can add up to thousands of dollars. Even a simple wooden casket can cost USD 200.

This type of informal credit is expensive. The two pawnshop owners interviewed in Les Cayes advertised 12.5% monthly interest, payable in cash at the beginning of each month, for loans secured with some valuable pledge. Both pawnbrokers claimed this price for cash was a bargain compared to the alternative, namely moneylenders who prey on citizens who have nothing which can be used as collateral.<sup>6</sup> Still, this fee can overwhelm Haitian families. It is not clear how many businesses use this method to generate needed capital.

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<sup>5</sup> Two residents in Roche-A-Bateau reporting losses. (K. Wilson and G. Burpee, *Filling the Blue Box*, Working Paper, 2008).

<sup>6</sup> To give the reader a comparison, pawnshops in Boston, Massachusetts charge 3% per month interest.

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The Haitian *sol* and *sabotay*, located more specifically in the marketplace, operate like RoSCAs<sup>7</sup> with individuals depositing money into a communal fund that is instantly disbursed to one or more members. The *sol* keeps running until all members have benefited from the fund. They take in the members' regular deposits, called a "hand" or *main sol*, once or several times a month depending on the *sol*'s rules. The person starting the group is called the "sol mother," *manman sol*, or sometimes simply "banker." The *sabotay* functions identically to a *sol*, but moves more briskly to reflect the higher velocity of money in a trade or market setting. Members often contribute hands daily, with some depositing several hands each turn. Those depositing more than one hand receive additional payouts in proportion to their contributions.

Interviews conducted for this research indicates that most people participating in *sols* use funds immediately, putting payouts toward household expenses such as rent, home repair, education, medical attention, or sometimes toward their businesses or farms. In some cases, members use the funds to purchase assets like land or livestock, or to rent a market stall. Many seek to generate even more income from their investment. One member of a rural *sabotay* reported, "Every now and then, I spend my sum on the lottery." More often than not, the lump sum is plowed into expenditures like rent or trade inventory.

However, *sols* can present serious, unanticipated risk. The proper selection of a *sol*'s membership is crucial; stories of groups dissolving prior to the last member's payout abound. Premature dissolution leaves some contributors high and dry, while others—those who had received funds at the beginning of the cycle but who failed to throw in later—benefit from "free" money. Regardless of the risk faced by *sol* members, these savings clubs persist since they allow individuals to obtain lump sums of money.

A *mutuelle*, known more completely as a *mutuelle de solidarite* (MUSO) or accumulating savings and credit association (ASCA), is a group of people who gather for the purposes of saving money and making small loans to one another. Unlike the *sol*, which at each turn reduces its fund to zero by distributing all contributions immediately to one or several of its members, the *mutuelle* accumulates funds over time. *Mutuelles* usually comprise between ten to 50 members, often women. Members agree on important savings and disbursement policies when they inaugurate their *mutuelles*. They decide how much each member must save, how often she will save, and what fine she must pay if she is late with a deposit or a loan payment. Members also decide on the interest rate and period of loans as well as acceptable loan uses.

Savings collected by members help fund purchases that are too large to accomplish through individual effort. With help from peers, participants of *mutuelles* finance many of the same expenses as *sols*: coffins, bicycles, emergency medical expenses, or school tuition. Because members contribute each month, the *mutuelle*'s total capital holds the prospect of increasing. Members can borrow money from the fund, which offers the possibility of larger loans as the year progresses. Still, these savings groups' funds may not grow and mature as quickly as a member needs, particularly during a crisis.

Despite the range of informal financial services, Haitians still have trouble accessing the capital they need to grow their businesses and support their families. Emergency funds are in short supply, and group savings frequently do not satisfy member needs. Many Haitians remain intent on trying their luck to win a lump sum of cash for their expenses at the lottery. With negligible disposable incomes, Haitian families

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<sup>7</sup> For more, see Shirley Ardener and Sandra Burman Eds. *Money-Go-Rounds: The importance for Rotating Savings and Credit Associations for Women* (Oxford, UK: Berg, 1995).

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set aside funds to play the lottery—in some senses, throwing the money that would be used for the ingredients of a meal, toward the purchase of a lottery ticket. The motivation to play the lottery runs deep in the country and its people; a better understanding this inclination may help banks, MFIs, and development actors to design financial products that attract a broader population's interest in saving toward financial security.

### The Borlette System: A Deeply Rooted Phenomenon

Our interviews overwhelmingly indicate that players consider wagering a strategy to amass enough money to propel themselves out of poverty. Most Haitians barely earn enough to feed their families; when illness strikes a household or nature destroys housing, families on the brink of destitution are plunged into it. Few options for assuring safe harbor exist, since many Haitians do not buy insurance and few have savings. The lottery, meanwhile, offers players the hope of transforming financial turmoil into stability.

Often marked as “banks” on their signage, thousands of independently-owned lottery stalls are strewn through the urban and rural landscapes. Each ticket includes three lots, providing various returns on wagers. The winning numbers mirror those of the New York State Lottery in order to avoid corrupt national drawings. Different winning combinations offer players multiple chances at victory. The simplest combination is called the *borlette*, which uses the last two numbers of the New York drawing. As it is the most common lotto game played, borlette has become another name for the lottery itself: Every Haitian interviewed, whether or not a player, understood the rules of the borlette. As one player noted, those who play habitually feel unsettled if they go to sleep “without a ticket in their pocket, knowing they did not play that day.”

While the origins of the present Haitian lottery, a numbers game, are not known specifically, it is believed that lottery practices in the country emanated from a game that permitted slaves to win freedom in the broader Afro-Atlantic world. Historical records show that, at least across Spanish and Portuguese Atlantic colonies, a lottery system developed in conjunction with slavery. Lottery drawings first occurred to award slaves as prizes to colonizers.<sup>8</sup> Later examples show slave societies playing the lottery to win their own freedom: In Ecuador, slaves created “voluntary cooperatives” to which each could contribute one real daily to free a member of the group; that lucky person was selected through a lottery.<sup>9</sup> The tradition has transformed into a daily practice whereby individuals bet on combinations of up to seven numbers to liberate themselves from poverty.

According to Haitian interviewees, at present, playing the borlette invites divine intervention in improving livelihoods. Players “leave it to God” to help them make ends meet, expand their businesses, and accrue wealth. In the face of untenable inequity, unjust economic constraints, and harrowing unemployment, playing borlette and agreeing to take a chance offer a proactive way of dealing with harsh realities. Many players express deep spiritual conviction that their ancestors guide them towards winning numbers and see them through difficult circumstances in return for faith and their fortune.

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<sup>8</sup> Conrad, R. E. (1984). *Children of God's Fire: A Documentary History of Black Slavery in Brazil*. University Park: The Pennsylvania State University Press.

<sup>9</sup> Townsend, C. (2007). In Search of Liberty: The Efforts of the Enslaved to Attain Abolition in Ecuador, 1822-1852. In D. J. ed., *Beyond slavery: the multilayered legacy of Africans in Latin America and the Caribbean* (pp. 37-57). Lanham, Maryland: The Rowman & Littlefield Publishing Group, Inc.

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While the lottery at inception may not have been religious, its spiritualization appears in part influenced by Afro-Atlantic religious traditions. Players of the Haitian lottery, as well as players of other lottery systems within the Afro-Atlantic region, use messages ancestors transmit in their dreams to select lottery numbers. This lottery has been adapted in numerous Afro-Caribbean societies and shows transnational similarities. La Charada, a weekly game played by many people in the streets of Cuba, is constructed to enable players to channel their dreams, preoccupations, or significant events of the day into potentially winning numbers. In Ghana, lottery players consult “forecasters” with detailed charts to acquire “predictions” about numbers.<sup>10</sup> In the United States, research on Caribbean-influenced lottery practices in 1920-Detroit once featured dream interpretation and folklore.<sup>11</sup>

The lottery could be considered Haiti’s most widespread and widely-frequented business. An estimated 35,000 borlette stalls grossing an annual \$1.5 billion<sup>12</sup> are visible from nearly every Haitian street corner and in even the tiniest villages. These stalls represent more than mere national interest in gambling; they are vessels into which Haitian pour the symbols, meanings and conversations with ancestral spirits in hopes for monetary returns. While many play to win and see the lottery as a savings strategy, others visit borlettes for distinct reasons, among them:

- **To survive.** Said one woman in a Les Anglais, “If we spend the money, it’s gone. If we save the money, it’s still gone [referring to the collapse of the caisse]. At least if we play the borlette, we have chance of getting more money. I depend on the borlette. I usually win a little something every week.”
- **To pass the time.** These are players who play occasionally. They enjoy the discussion, social habit, and anticipation of the daily number.
- **To win.** These are players who see the borlettes as an investment strategy. At some point, they might win and could win big. One middle class man asserted: “I only put down at least 50 gourdes at a bet, so that my payout, when it happens, is very large.”
- **To decipher.** These players put to use their dreams and visions, the position of the moon, and the advice of spirits that may lead to winning numbers.

The lottery has come to comprise an important social and cultural phenomenon in the country. It is a site of community interaction, a chance to gain a transformational lump sum, and a receptacle of personal beliefs. In explaining his lottery habit as a manifestation of culture and spirituality, one Haitian man related, “As soon as we are Haitian, we have links to roots and a culture with dead relatives.” A glimpse into many lottery stalls in Port-au-Prince shows crowds lingering around a barred desk. Observations indicate that these people are discussing their daily affairs, politics, solutions to unemployment, and the selection of their lottery numbers.

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<sup>10</sup> Ghana Web. (n.d.). *Lotto in Ghana: Not that simple*. Retrieved April 30, 2010, from Ghana Web: <http://www.ghanaweb.com/GhanaHomePage/NewsArchive/photo.day.php?ID=141443>

<sup>11</sup> Light, I. (1977). Numbers Gambling Among Blacks: A Financial Institution. *American Sociological Review*, 892-904.

<sup>12</sup> Pooja Bhatia, “Haiti puts its faith in the lottery”, *The National*, (Posted April 02, 2010), Accessible at: <http://www.thenational.ae/apps/pbcs.dll/article?AID=/20100402/REVIEW/704019990/1008>, (Accessible at April 8 2010)

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### Investing in Dreams, Imagery and Hope to Get Ahead

Most Haitians look for guidance from the *lwa*, Haitian Vodou deities, or ancestors as to whether or not to play the lottery each day, which numbers to select, and ways to interpret the signals they observe in numerical form. One non-lottery player, also a Jesuit priest, said that, if he were a lotto player and dreamt of his deceased mother, upon waking, he would rush to the lottery stall to buy the number that reflected his mother's age at death. Other Haitians reported that they might choose to interpret this dream as a signal to select the mother's date of death, the number for mother, or the number representing death. Symbols, either in dreams or reality, have multiple interpretations, therefore wise discernment is key.

For this reason, assistance in selecting lottery numbers has become somewhat commercialized. Some players report consulting *hougan* or *manbos*, Vodou priests and priestesses, to help them interpret dreams and select winning numbers. There are also books that a lottery player can buy to translate dreams or influential imagery into numbers. The *tchalat*, as these books are known, serve as a point of reference for individuals reading messages sent from the divine. The guidebooks help players determine which numbers they will select, based on advice from "wise masters" of "minute meditation." They describe the process of using dreams to obtain winning lottery combinations:

"After having dreamt and as soon as you wake up, go over your memories diligently to find something distinguishable that affected you the most while dreaming. It happens often that, in one dream, you will find several numbers; concentrate on the ones that repeat themselves most often. Also don't forget that you might encounter an object associated with only one number in your dream, like a kitchen, which is only 224 and, and among all others that repeat, it is exactly that—the 224—that emerges during the lottery drawing."<sup>13</sup>

Frequently, unsuccessful lottery numbers are chalked up to a misunderstanding between the player and his or her deceased ancestor. One player noted difficulty in choosing winning numbers as his faith was tainted by European rationalism and less than pure: "[When I select a failing number,] I am not in harmony with my soul. I depend too much on reason and question too much. Spirits don't like that—they like faith."

Social stigmas affect lottery playing, despite its popularity. The lottery is condemned by some as Vodou and superstition. Players note that some Protestant churches and religious organizations actively teach that playing the borlette is religiously wrong. Various adherents contend it is negative "mysticism" to ask spirits for material enrichment and that the borlette engages "devilish luck:" One person explained, "When people want to get rich, they get in touch with the devil to get a number to get rich." In addition, many upper-class Haitians interviewed remarked that the lottery is "superstitious" and a waste of money.

Still, specific religious identities do not necessarily prevent a person from playing the lottery, nor does affiliation with the educated elite. Though the borlette presents the most visible form of retail in the Haitian countryside, some players take their activities underground out of shame. One interviewee emphasized, "Even pastors play in secret." Another interviewee identified a Protestant church that arranges dream interpretations to help its parishioners select lottery numbers in Gonaives. In this instance,

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<sup>13</sup> ACM. (1978). *The Breviary for Lottery Players*, 10th Edition. Port-au-Prince. Pg. 13



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prayer for successful lottery numbers was directed towards Christian spirits deemed “beneficent” by the religious leaders. Two of the community members convened parishioners to pass the night praying and meditating.

Some educated interviewees discussed their playing habits openly, though not without tinges of embarrassment. One university-educated player expressed ambivalence at admitting he plays the lottery:

“Because I am a statistician, I know I shouldn’t play the borlette. When I told my colleagues I was coming for this interview, they were really surprised that someone educated like me is playing. There is only a 3% chance of winning. But I play from my dreams. We Haitians believe in a lot of supernatural things. Each time I have a good dream, I play. It’s part of my culture.”

According to interviews, poor peasants, who make up the majority of Haitians, play the lottery more readily than wealthier Haitians. It is they who most require the lump sums to transform the reality of their grinding poverty. Some interviews suggest, however, that wealthier people across religions, who may vehemently deny playing the lottery, do in fact play it regularly.

Many people express their hope in the future through playing the lottery. One interviewee noted, “I don’t feel good when I sleep without a borlette ticket in my pocket.” Foregoing the chance to win on dreams is seen as lacking optimism. Behavioral economists might also label the draw to play as “regret aversion,” the wish to experience no feeling of regrets for not seizing the chance to win. Regret aversion supersedes an aversion to losses that will surely come the players’ way.

The lottery does not fit into any strict category of religion, spirituality, financial institution, or employment. Yet it is a means through which Haitians, both those with little opportunity or plentiful wealth and from any religious tradition, can exercise their spiritual and fiscal agency.

### Cultural Cues, Customer-Centered Accessibility, and Originality

Through creative uses of color and symbolism, widely understood rules, and reliable transparency, the borlette system offers a unique value proposition of entertainment, financial gain, and clear risk to customers. The “borlette culture” is firmly-rooted, ubiquitous and resilient in Haiti, despite hurricanes, a recent earthquake and chronically poor farm yields. The reasons people play the lottery are complex and multifaceted. A combination of entertainment, hope, desperation, and a belief that finely honed powers of prediction can beat the odds contribute to the durability of the “borlette culture.” Particular aspects of the lottery appear critical components of its success and are described below.

The stalls play on religious and cultural symbolism to recall players’ deeply held beliefs. With names like “Grace a Dieu,” (Thanks to God) “Pere Eternel,” (Father Eternal), “Mon Reve,” (My Dream) and “Ironie de Vie,” (The Irony of Life), the stalls evoke spirituality and religious conviction

Lottery stalls are usually brightly colored blue, yellow, or red. Colors are not only visually enticing; they correspond to certain lwa, including those associated with wealth and luck. For example, one informant mentioned that blue is a color associated with Erzulie Dantô and Erzulie Freda, both lwas who represent wealth. This symbolism helps entice customers to play.

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The originality and fun associated with the lottery is a major source of appeal. Although the basic idea of the borlette is the same throughout Haiti, as private businesses, borlette operators compete through their creativity. Games are based on seven-digit state lottery drawings in the U.S., and players can bet on combinations of two, three, four, or five digits, each with a different payout. Many borlette operators also craft their own twists on a game or even run an additional raffle or drawing to attract customers. Sometimes, owners invent games to prevent fraud. For example, Woozbert Norgaisse, the former owner of the 34-stall chain, Chez Wooz, in Gonaïves, once coded each of his borlette tickets to prevent side-selling by employees. Drawing from the pool of ticket duplicates, he would occasionally award a prize to the winner. The surprise drawing kept staff honest in their handling of tickets and got customers involved beyond the daily announcement of winnings.

In a nation burdened by significant corruption, customers in Haiti trust lottery drawings because the numbers come from U.S. state lotteries, transparently televised and well audited. Those involved in borlettes acknowledged that older drawings based in Port-au-Prince, Gonaïves, Santo Domingo, and even Venezuela, were compromised by organizers' rigging schemes. As recently as 2008, customers learned that some prizes were paid out in the Dominican Republic before they were even announced in Haiti, which enabled some in Haiti to receive phone calls revealing winning numbers. Operators were forced to switch to U.S lottery drawings. Today, most Haitian borlettes use the New York and the Chicago lotteries' winning numbers as their own at the customers' demand.

Households appreciate the straightforward risk involved in "investing" in the lottery. As one woman in Chardonnerie, South Department, said in 2007, "I sold everything I had and put USD 4,000 in the local credit union. My money vanished. It was a 100% loss. At least with the borlette, I lose a little over time, but usually I win." Another informant described his grandmother's daily borlette habit, "Even if it meant we didn't eat, my grandmother played 10 gourdes in the borlette. How else were we going to eat the next day, with no reliable income?" The lottery does not pretend to provide security or stability; it is transparent about its associated risk and thorough unpredictability. However, it is perhaps the only "financial service" that offers customers the hope of winning a lump sum seen to ease financial trouble.<sup>14</sup>

Borlettes are a known and surprisingly conventional institution in an environment of instability. As one key informant said, nothing in Haiti runs on time—except the borlettes. Every day, twice a day, all bets are collected and turned into the central "bank" before the winning numbers are drawn. And, everyday, twice a day, everybody who wins gets paid-out. When payouts are denied, the operator is usually forced to close from scorn and customer pressure.

Among other attractive features noted, the lottery system also offers players the freedom to seek out the stalls that provide them returns. Because set-up costs are relatively low, borlettes extend thoroughly into rural Haiti. Players interviewed noted that they only have loyalty to a particular stall for as long as it grants them winnings; they also mentioned depending on certain dream interpreters as long as their success rates were adequate. They are not stuck with service providers that do not meet their demands.

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<sup>14</sup> Though many Haitians treat the lottery as a vehicle to "escape" poverty, in truth, most wagers are not large enough to earn a transformational lump sum upon winning. Still, the perception that the lottery might change a player's fortune appears a powerful draw to betting.

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The power involved in selecting a stall at which to “invest” funds, how much, and when, almost certainly adds to the lottery system’s appeal.

### The Borlette Culture and Financial Products

Haitian businesses appear wise to incorporate elements of the lottery into their services, as this practice sits deep within cultural traditions and spiritual beliefs. Some phone companies have used lottery habits and dream deciphering to lure customers. Voila, a national company specializing in the sale of airtime for mobile communications, has advertised dream interpretation to clients, who can search phone databases to interpret dreams. This same company offers clients the service of receiving lottery results by SMS.

Financial providers in Haiti, whether insurance companies, MFIs, banks, credit unions, or telecoms, have an opportunity to reach millions of Haitians with more attractive financial products. The borlette culture has much to teach these institutions about ways to design and market their products. Below are recommendations for the financial services industry in Haiti based on lessons learned from borlette:

**Engage “decipherers” who like to participate in the outcome of their financial experience.** Most financial products in Haiti and elsewhere ask little of consumers. The role of the consumer is to process information that comes in the form of advertising or financial disclosure, with little input or control.

On the other hand, many borlette players choose their numbers with a great deal of consideration. Many see themselves as active collaborators in the outcome, or as “decipherers” who can improve their chances of winning. They might actively seek counsel from the spiritual realm or consult the tchalat, the dream bible. Often, they see themselves as making a difference in determining the right number.

Financial service providers could incorporate more client participation into both savings and insurance products. Offering prizes is one way to accomplish client input by allowing customers to vote on the types of prizes available. Borlette tickets themselves might be a winning prize.

**Offer the predictability and transparency of the borlette – a known product.** Borlette operators are predictable, transparent retailers, for the most part. They operate according to similar business rhythms throughout the country. Any player can travel to Haiti and understand regional or local variations in betting the numbers. The digits of the New York State lottery may be played slightly differently from stall to stall, chain to chain, or town to town, but the player will know exactly when the winning numbers are announced (twice per day always at the same time); where to find the winning numbers (posted in tidy, clear lettering on the walls of betting stalls); when lotteries open and close; how winning numbers are selected and exactly what payout amounts will be. The borlette industry has masterfully created an experience that requires minimal training for the client. Consistency of experience reduces the need for expensive education by suppliers.

In contrast, financial products and the institutions that offer them are inscrutable. The financial sector does not offer the same repeated, universally understood set of experiences that the borlettes do. It is difficult ‘to get the hang’ of a savings product in the same way someone might get the hang of playing the borlette.

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Following the customer-friendly model established by the borlettes, financial service providers should work towards offering easily understood and fun products. For example, banks could present clients with plans that give rewards for steady deposits. Instead of offering somewhat meaningless compounded interest, they might award report earnings as winnings, points, or even award borlette tickets for increasing balances.

**Offer surprise.** The borlettes, though predictable, stimulate clients' interest through their uncertainty and surprise. Financial providers might do well to build in frequent, surprising rewards for steady loan repayment, insurance payments, or steady savings.

**Provide “sachet” products.** Players can participate in the borlette for a few gourdes per ticket. This low threshold allows even those with irregular incomes to participate in the daily thrill of the lottery. To reach the poor, financial institutions might lower minimum deposit requirements.

**Colors, imagery and accessibility.** The retail appearance of borlette stalls is pleasing in most cases. In the south, Missile Borlette meticulously requires that franchisees use its specific lettering and “brand” colors. Many borlette chains or even individual stalls capitalize on colors and imagery that appeal to the poor. One owner near Demarais distinguishes his kiosks with illustrations of rockets leaving Haiti with passengers lashed to its sides, escaping the island toward a more promising future. Opportunities of a better life are part of “selling the dream.” Financial institutions might borrow from the fanciful, hopeful and colorful presentation that is part and parcel of borlette culture.

### Conclusion

The lottery system in Haiti is extensive, with an estimated 35,000 stalls in cities and towns, and customers whose numbers have been estimated in their quantity but not counted. Individuals often use the lottery to try to amass lumps sums that seem impossible to accumulate in any other way. To earn the patronage of clientele focused solely on the lottery as its main financial tool, more mainstream providers could replicate certain aspects of the borlette system that have so successfully engaged a large percentage of the Haitian population.