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# Brokers of Order: How Money Moves in Wartime Syria

Guran, Gozde

Princeton, NJ : Princeton University

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# Brokers of Order
# How Money Moves in Wartime Syria

Gözde Güran

A DISSERTATION
PRESENTED TO THE FACULTY
OF PRINCETON UNIVERSITY
IN CANDIDACY FOR THE DEGREE
OF DOCTOR OF PHILOSOPHY

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# Abstract

This dissertation interrogates the organization of economic exchange during periods of profound crisis, and considers the effects of these economic activities on social and political order. It specifically examines the institution of hawala, an informal money transfer system that emerged as the primary channel for sending money into, out of, and across Syria during its post-2011 civil war. I explain how this system survived and even flourished during this protracted conflict, providing a vital economic service for diverse actors like refugees remitting money to their families, NGOs funding relief programs, and traders and smugglers moving goods across borders. In doing so, I elucidate mechanisms that allow informal institutions to adapt to crisis situations.

The study is based on eighteen months of fieldwork in Lebanon and Turkey, including a multi-sited ethnography, 115 interviews with brokers, customers, and other market actors, and a field experiment examining pricing patterns in hawala transactions.

I argue that hawala's adaptability and resilience stemmed from the internal diversity of the trust ties that formed its networks and the multiplicity of monies that travelled through them. Specifically, brokers performed elaborate relational work, both with each other and with their customers, which allowed them to build networks based on diverse forms of trust and to draw in different types of money. I show, first, that brokers built networks around two primary types of trust – rooted pre-war trust ties and new trust ties cultivated in exile – which allowed them to scale up their operations while still relying on inter-personal trust to enforce commitments. Second, I find that brokers adapt their services to meet the diverse needs and expectations of different types of customers (e.g., refugees and NGOs). This relational work allows brokers to draw in flows of money going into and out of Syria, which brokers match to avoid having to engage in risky physical settlements of debt. Finally, the study demonstrates not only how brokers manage to navigate the challenges of conflict, but also how, in doing so, they effectively broker a broader sense of order and stability for those who have endured the hardships of war and exile.

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# Map of Syria


TURKEY
SYRIA
IRAQ
LEBANON
ISRAEL
JORDAN
SAUDI ARABIA
Mediterranean Sea
Boundary representation is not necessarily authoritative.
Damascus
Aleppo
Amman
Beirut
Jerusalem
Palmyra
Euphrates
Tigris
Syria
International boundary
National capital
Railroad
Expressway
Road
0 50 100 Kilometers
0 50 100 Miles
Lambert Conformal Conic Projection, SP 32°30'N / 37°00'N
[a]The Golan Heights is Israeli-occupied Syria.
[b]Israeli occupied with current status subject to the Israeli-Palestinian Interim Agreement; permanent status to be determined through further negotiation.
Base 803086AI (G00046) 5-07

# Cast of Characters

The following is a list of the main characters that I refer to throughout the dissertation, which should help guide the reader through the narratives. All the names below, and throughout the dissertation, are pseudonyms (to protect the anonymity of my interviewees). The place name Amalia is also a pseudonym for a mid-sized city in central Syria.

**The Amalia Network**

| Name | Description | Location | Hometown |
|---|---|---|---|
| Hajj | A *hawala* broker | Istanbul, Turkey | Amalia |
| Hatem | Hajj's friend and occasional customer, who introduced me to Hajj | Istanbul, Turkey | Amalia |
| Mustafa | Hajj's partner, a large *hawala* broker in Gaziantep, near the Syrian border | Gaziantep, Turkey | Amalia |
| Mazen | Mustafa's cousin, who works with him in *hawala* | Gaziantep, Turkey | Amalia |
| Samer | Mustafa's cousin, who works with him in *hawala* | Gaziantep, Turkey | Amalia |
| Ali | Hajj's primary partner in Syria, and a distant cousin of Mustafa | Al-Bab, Syria | Amalia |
| Mahmoud | A young man living in Hajj's hostel, and one of his regular customers | Istanbul, Turkey | Amalia |

**The Beirut Network**

| Name | Description | Location | Hometown |
|---|---|---|---|
| Zein | A *hawala* broker | Beirut, Lebanon | Damascus |
| Abbas | Another *hawala* broker, and a member of Zein's crew | Beirut, Lebanon | Deir Ezzor |
| Irfan | Another *hawala* broker, and a third member of Zein's crew | Beirut, Lebanon | Deir Ezzor |
| Sargis | The final member of Zein's crew, a Syrian-Armenian *hawala* broker | Beirut, Lebanon | Aleppo |
| Rafik | A half-Syrian, half-Lebanese *hawala* broker, with a large money-transfer business in Beirut | Beirut, Lebanon | Hama |

# Acknowledgments

This dissertation has been a collective enterprise in the fullest sense. It involved research and writing in many corners of the world, from Princeton to Beirut to Istanbul to New York, and, along the way, I have collected many debts of gratitude to my mentors, collaborators, colleagues, family, and friends.

My biggest thanks goes to my dissertation committee: Viviana Zelizer, Kim Scheppele, and Adam Goldstein. Viviana has been a formidable advisor, mentor, teacher, and interlocutor from day one. Our shared fascination with tracing money into diverse corners of social worlds certainly planted the seeds for this project. I still remember the day I first told her about *hawala*, as a first-year graduate student, and it was her enthusiasm and genuine curiosity that convinced me to embark upon what seemed to be a daunting endeavor. Over the last six years, not only has she provided the most incisive feedback as this project took shape, but has also ensured that I was cared for and supported along the way. Besides her creative scholarship, her artful prose and her remarkable dedication to her students truly set her apart.

Kim was an avid supporter of my work as soon as I arrived at Princeton, and her involvement in this project improved it immeasurably. I always found it refreshing to be able to talk to an advisor so clued into global affairs and genuinely interested in social worlds beyond the West. Conducting

research in unpredictable and sensitive environments can really accelerate the more routine challenges of fieldwork. Having Kim's experience and wisdom on my side was an invaluable asset as I tried to navigate these challenges.

From our very first meeting Adam's perceptive comments and sharp analytical eye shaped my thinking on this project (and others) in fundamental ways. Like all freshly-minted professors, Adam was juggling many commitments at once but he was always generous with his feedback and mentorship on all matters, from substantive comments on my work to the publication process to career advice. Adam always provided the most "actionable" and honest feedback on my work, which can be a rarity in academia.

Beyond my committee, I was fortunate to be a member of a truly supportive and collegial department. Many professors and colleagues enriched my time at Princeton. Janet Vertesi was always ready to brainstorm on my projects with her characteristic enthusiasm -- even if it meant virtual chats disrupted by Beirut's infamous infrastructural breakdowns. Mitch Duneier has maintained a vibrant community of ethnographers in the department, and I greatly benefited from his unique, systematic approach to the ethnographic method and his on-target guidance in my own fieldwork. Dalton Conley helped this ethnographer try her hand at quantitative data analysis in our empirical seminar, and has been very generous with his career advice. Fred Wherry moved (back) to Princeton after I had already left for the field but he still offered me invaluable feedback on several chapters (and a memorable research trip to Sao Paulo). Outside of Sociology, Max Weiss's teaching allowed me to ground my work in the rich historiography on Syria, and Cyrus Schayegh helped me better conceptualize transnational ties and situate my writing on the Middle East. I am also grateful for all the support and feedback I received from: Miguel Centeno, Matt Desmond, Paul DiMaggio, Patricia Fernandez-Kelly, Alejandro Portes, and Paul Starr. Amanda Rowe deserves special thanks for making my time as a Princeton graduate student so smooth and pleasurable.

Graduate school can be a solitary experience, they say, but never did I feel on my own with the cohort I was blessed with. Our tight-knit group not only made my time in the program more enjoyable, but my colleagues also inspired me with their ambitious projects and unique personalities. I owe particular thanks to Kalyani Jayasankar, Liora Goldensher, Clark Bernier, Kyle Chan, and (our honorary member) Thalia Gigerenzer for their camaraderie, dinner parties, and occasional kidnapping schemes. Beyond Princeton, I am grateful to have a most loyal group of friends, who have dispersed across the world but who have nevertheless been there all along: Zuhal Emek, Ferhan Güloğlu, Ceren Hiç, Esra Okumuş, and Pınar Özmen.

I received valuable feedback on this project from a wide range of scholars. I am grateful to Nina Bandelj for being so generous with her mentorship and feedback, starting from our first encounter in summer 2015 in Paris. I also benefited from the feedback I received from a great community of economic sociologists at several conferences and workshops, including: Jens Beckert, Danny Fridman, Kurtuluş Gemici, Alya Guseva, Karin Knorr-Cetina, Simone Polillo, Marc Schneiberg, David Stark, and Chris Yenkey. Many of these valuable opportunities to receive feedback on my work took place at several conferences and workshops, including: the American Sociological Association Annual Meeting (2018, 2019); the Society for the Advancement of Socioeconomics Annual Meeting (2017, 2019); the Middle East Studies Association Annual Meeting (2017); Princeton's Woodrow Wilson Scholars Fellowship Seminar (2019); Princeton's Center for the Study of Social Organization Workshop (2016, 2017); and Princeton's Religion and Public Life Workshop (2019). I am grateful to the organizers and sponsors of these meetings. A graduate student's research design can only be as imaginative as their funding allows, and I owe particular gratitude to several institutions that saw the promise in my project, including the National Science Foundation, the Woodrow Wilson Scholars Fellowship, the Princeton Institute for International and Regional Studies, Princeton's Near

Eastern Studies, the Princeton Center for the Study of Religion, and the Mamdouha S. Bobst Center for Peace and Justice.

As my interlocutors in the field often liked to remind me, I picked a "challenging topic" to study. There were several rocky moments during my fieldwork, both in Beirut and Istanbul, but every time I found the critical support I needed to keep me going. I am forever indebted to four immensely resourceful Syrians, who provided crucial research assistance: Mohammed Ashoor, Noah Darwish, Othman al-Karkokli, and Liam Sabbagh. All four of them became good friends along the way. I was blessed with three wonderful Arabic tutors, who helped me improve my spoken Arabic and inspired me with their deep love for the language: Alaa Khabbaz, Mazen Rabia, and the inimitable "S". Two community centers in Istanbul, with their dedicated team of employees, volunteers, and community members, showed me an entirely new and wonderful side of my own home city. Ali Hamdan and Ethan Wilson provided valuable connections to Turkey's NGO community. In Lebanon, I am grateful to Sam Dinger and Daniel Tavana for keeping my spirits up through the tribulations of fieldwork. I would also be remiss if I did not thank Noy in Bourj Hammoud, whose Armenian delicacies with an Aleppo flavor were my ultimate remedy whenever I felt homesick or needed a respite. Needless to say, I am eternally grateful to my research interlocutors, above all Zein and Hajj, who opened up their lives to a stranger, and all my interviewees, who generously shared their time, knowledge, and experiences with me.

Of course there is a story before Princeton. My first academic mentor was Hatice Güney, my elementary school teacher in Diyarbakır, Turkey, who has been an avid follower of my academic journey ever since, at seven years old, I declared to her that I wanted to become a "science-woman." My college friend, Ferhan Güloğlu, was the one who convinced me to pursue a career in academia, when I did not even know it was an option. But it was not until I met my undergraduate professor and mentor, Koray Çalışkan, at Boğaziçi University, that I knew what kind of scientific knowledge I

wanted to pursue. My sophomore year, Koray handed me a book I had never heard of, *The Great Transformation* by Karl Polanyi, which, to say the least, set me on the path to becoming an economic sociologist. Without his firm support, I would never have considered applying to graduate school abroad, let alone move across continents to New York. At NYU, I found another terrific advisor in Arang Keshavarzian, who supervised my master's thesis and gave me the critical advice to apply to a PhD program in Sociology at his *alma mater*, Princeton. NYU's Kevorkian Center, led by the wonderful team of Greta Scharnweber and Michael Gilsenan, was the most welcoming intellectual home.

And then there is the real beginning. My parents, Elif Emek and Münir Güran, have been my most ardent fans and ultimate source of support in all my endeavors. My father's lifetime commitment to social justice and his unwavering political activism have left an indelible mark on my upbringing. His trademark is his ability to relate to people from all walks of life and political convictions, and I aspire to emulate him in my own work as an ethnographer. My mother always looked out for the best opportunities for me, and has pushed me to have ambitious goals and stray far out of my comfort zone, even if, to her chagrin, that ultimately took me on journeys far from home. I admire her endless intellectual curiosity and trust more than anything her instincts, which have never once failed me when I faced a difficult decision. My parents vicariously experienced college and beyond through my own journey in academia, and I see this dissertation as our collective achievement. I (and my parents) also thank Lisa Thompson and her terrific family for readily adopting me into their Thompson clan.

And if every bit of this journey has been a real joy it is because I was able to do it all with my partner, Killian Clarke. I still smile thinking about all the chain of events that brought the two of us into that seminar room at NYU, and then again put us on track to pursue our (synchronized) PhD programs at Princeton. We have moved so many homes across cities and continents I stopped counting, and Killian has heard more about *hawala* and money brokers than he ever asked for. Writing a dissertation in the best of times can be daunting, but writing one during a pandemic has been its

own special experience. If I found the motivation to move forward, it has been thanks to Killian's encouragement (and his nudges) at every step. He has been the biggest champion of my work and my most devoted critic.

Ultimately, however, this dissertation only exists because of the relentless generosity of the hundreds of Syrians that I met over the last six years. Their endurance, creativity, and humor, even in the most unsettling times, have been the ultimate source of inspiration for this project. Many of them entrusted me with their personal histories, the intimate details of their relationships, and their deep knowledge of local economic networks. My only hope is that what comes next does justice to their accounts.

*For my grandma, whose stories were the first sparks*

# Chapter 1
# Introduction: Syrian *Hawala* Networks

Nadine finally showed up to class that Sunday after weeks of absence. I was getting updates about her from other volunteers at the community center in Istanbul, where I was teaching Turkish language classes to a group of Syrian women like Nadine. It was March 2018, and Nadine's hometown, Eastern Ghouta, a rebel stronghold just outside of Damascus, was going through one of the most gruesome episodes of Syria's civil war. After years of bare survival under a government-imposed siege, these suburbs of Damascus, which housed primarily Sunni Arab working-class and farming families, were now weathering indiscriminate airstrikes by the Syrian government. Nadine, a single mother of five, had managed to smuggle herself and her three youngest children to the relative safety of Istanbul years ago, after her husband was arrested by government forces. But her two oldest daughters, already married with children, had stayed behind in Ghouta. When Nadine entered the classroom, we all gathered around her. The women showered her with questions, asking how the daughters were doing, how Nadine was managing. As usual, she was wearing her long, all-black veil, which contrasted with

her pale skin and her large, hazel eyes. But that day her eye sockets were visibly red. She had barely slept since the bombing campaign had started. Coming to class was her only social outing in weeks; "I needed the distraction," she turned to me with a faint smile, "or I will go mad." She told us that her daughters were sheltered in the basements of their buildings. She could barely communicate with them as there were frequent power cuts and they had no cell phone reception in these basements – they had to go upstairs, risking their lives, to take calls. She was desperate to help them but, being miles away, her hands were tied. All she could do, she said with an air of resignation, was send money.

Granted, Nadine did not make much money from her handicraft work at the center. The amounts she sent never exceeded a few hundred dollars. And unlike her neighbors, who were paying fees as low as two percent to send money to safer cities in Syria, Nadine had to pay seven to eighteen percent in transfer fees, depending on how tight the siege in her hometown was. But every little bit helped, especially as her daughters more or less survived on this money. And in the end Nadine was just grateful that she had a way to keep her daughters afloat. In fact, her ability to send to her daughters whatever she had and whenever she wanted was one of the very few things that Nadine could take for granted in her life, even in the worst of times. Like many of her neighbors and fellow Syrians, she never thought twice about this possibility, which was made possible by a widely-used informal money transfer system called *hawala.*

Nadine was not an exception in placing her trust in *hawala.* Over the course of my research, I met dozens of Syrians who similarly assumed they could always find "some person" in the diasporic community to send money to their loved ones when they needed to. Syrians from all walks of life relied on these informal networks, formed by brokers who were (displaced) Syrians themselves. They used it to send money to major cities and to remote villages, to areas under government rule and to those controlled by various rebel groups. They used it to send money to and from Europe, and the Gulf, and many other destinations where their family members have dispersed. They used it to send

regular remittances, small and large. Like Nadine, they used it to send urgent transfers in times of emergency. They used it to send gift monies for the weddings and births that they had had to miss, and funds to help pay for surgeries and funerals. They used it to send religious alms (e.g. *zakah*) during Ramadan to families who they deemed to be in even direr situations than themselves. They also used it to receive money from Syria, be it their life savings stored in Syrian banks, cash from the liquidation of their homes, or monthly pension payments from the government. It would not be an exaggeration to say that *hawala* was one of the few institutions that knit together Syria's fragmented territory and dispersed population. In fact, *hawala* networks and the money flows they enabled, in a way, traced a more realistic map of what Syria had come to represent since the start of the war.

Syrian refugees were not the only ones who relied on *hawala*. Hundreds of international NGOs also used the system to finance their humanitarian relief and aid projects inside Syria. Newspapers and civil society organizations relied on it to pay salaries to their staff members in Syria. Businesspeople also used *hawala* to pay suppliers and to import and export goods, ranging from basic groceries to textiles to electronic devices, continuing a practice that began centuries ago, when *hawala* emerged to safely finance long-distance trade across the Indian Ocean (Tripp 2013:166-9). Actors like smugglers used the system to finance the trafficking of people and illicit goods, practices that have brought *hawala* under scrutiny from foreign governments and international organizations (de Goede 2007, 2012). In other words, this informal institution of disparate brokers "worked" in all kinds of situations and for all kinds of purposes. *Hawala*, an Arabic word that means "transfer" or "money order" (also, historically, "bill of exchange"), has provided all of these incongruous actors with a rare source of predictability amidst the uncertainty of civil war and mass displacement.

The presumption that *hawala* works anytime and anywhere was so strong among the Syrians I met that I often encountered quizzical looks when I told them I was conducting research on the system. "What do you need to learn?" I often heard. "You just give cash to a person here [in Istanbul]

and they deliver it to your family in Syria. It's as simple as that," one woman from Damascus told me. "Of course the money doesn't actually move," many customers would explain. "It all happens on WhatsApp," they would say when I asked how the transfers happened so quickly and were able to reach so many destinations. "After all, it's just trust," was the ultimate explanation people gave me, typically with a shrug.

In this dissertation, I explain how *hawala* has emerged as a reliable and resilient informal institution in and around Syria, in a context where state institutions have largely lost their credibility and integrity and most private institutions have radically curtailed their operations. The puzzling stability of *hawala* in the face of wartime instability raises important questions: how do economic systems persist during protracted episodes of crisis? How do trust-based informal institutions like *hawala* scale up (both in scope and coverage) while continuing to enforce commitments? How do informal market actors form, sustain, and cultivate trust in a context where social ties are constantly disrupted and face-to-face interactions are all but impossible? How do they protect their businesses from the myriad risks that war creates? How do they simultaneously earn the trust of exchange partners as diverse as refugees, NGOs, and businesspeople, and accommodate their distinct needs?

My argument is two-fold. Focusing on the source and content of trust ties, I analyze brokers' mostly-hidden but elaborate "relational work" (Zelizer 2012) both within their inter-broker "trust networks" (Tilly 2005) and in their exchange relationships with diverse types of customers. Part I shows that brokers build their networks around two primary types of trust ties – what I call "rooted" and "cultivated" trust. Knitting together these diverse trust ties, I argue, allows them to scale up their operations across different jurisdictions (including active conflict zones) and provide coverage over large distances. Specifically, brokers effectively combine rooted, pre-war trust relationships with trust ties cultivated in exile to create networks with a complex mix of direct and (digitally-) mediated relational infrastructures. In Part II, I argue that *hawala*'s effectiveness is contingent on its drawing in

different types of monies, which create matching streams of inflows and outflows, allowing brokers to synchronize balance sheets across vast distances and avoid risky and burdensome physical settlements of debt. However, attracting these diverse monies requires brokers to adapt their services *and* their behavior in exchange situations to accommodate the needs and expectations of different types of customers, including refugees sending remittances and NGOs sending aid. Ultimately, then, I find that what makes *hawala* seem like such a coherent system to customers, regulators, and researchers alike is, ironically, the *internal* diversity of its trust ties and forms of money.

In the rest of this introduction, I first provide an overview of what we know about *hawala*, focusing on three domains that have each approached the system with a distinct set of policy concerns and motivations: security, development, and new money. I then offer important background and context on *hawala*, including the conflict setting in which it is situated, the market environment in which it operates, and the steps in a typical transaction. Next, I detail the argument of the book and discuss its contributions to debates in economic sociology, migration studies, and research on civil wars. Lastly, I end with a discussion on my research design, detailing my fieldwork and data collection strategies.

## I. What Do We Know about *Hawala*?

The term *hawala* refers to an unlicensed system of value transfer based on inter-broker arrangements in which funds are moved from one location to another (Ballard 2005; de Goede 2007, 2012; Schaeffer 2008; Thompson 2008, 2011). The etymological origin of the word *hawala* is Arabic, but *hawala*, in some form, has existed for decades if not centuries not just in the Arab World but across the Middle East, South Asia, and East Africa (Tripp 2013:166-9). Historians have traced *hawala*'s origins to the facilitation of long-distance trade routes around the Indian Ocean (Tripp 2013). However, *hawala* as a value transfer practice has transformed since then, responding to technological

advances in communications and to the emergence of nation-state borders and bounded national economic systems. While some governments (e.g., India, the United Arab Emirates, Lebanon) have recently made attempts to regulate or criminalize unlicensed *hawala* activities, these efforts so far have had limited success. To this day, *hawala* is still defined by its *informal* character, which means that 1) it is based largely on interpersonal networks of (often diasporic) relations that span long distances and 2) its (cash) transfers remain largely illegible to states and formal institutions of finance.

Despite its longstanding history, geographical spread, and global relevance, scholarly work on *hawala* remains scant. However, policy-makers, development practitioners, and the technology community have paid some attention to *hawala* – both to its danger and to its promise. This research generally falls into three categories – security, development, and new money –each of which I discuss briefly below.

*Security*

In October 2001, about a month after the September 11 terrorist attacks, *Time Magazine* published an article titled: "A Banking System Built for Terrorism" (Ganguly 2001). The article opens with a description of a mysterious transaction:

> In the labyrinthine depths of old Delhi, where the lanes are too narrow even for a rickshaw, men drink tea and chat in shabby offices. Nobody seems to be doing any work, until the phone rings. Then, numbers are furiously scribbled, followed by some busy dialing and whispered instruction. Although it's far from obvious in the innocuous setting, these men are moving money - to exporters, drug traffickers, tax evaders, corrupt politicians. And terrorists.

"Welcome to the world of *hawala*," the author announces. The article goes on to describe the system to the reader: "an international underground banking system that allows money to show up in the bank accounts or pockets of men like hijacker Mohammed Atta, without leaving any paper trail." Interestingly, the article's main point – that *hawala* is used to finance terrorism – was undermined several years later when the 9/11 Commission ultimately concluded that they "could find no evidence

to suggest that the hijackers used *hawala"* to fund their operations. The report further specified that "[w]ire transfers, physical importation of funds, and access to foreign bank accounts were sufficient to support the hijackers" (9/11 Commission Report 2014).

Notwithstanding this important factual error, the *Time* article exemplifies the type of discourse that became common in international security debates about *hawala* in the post-9/11 era and the global war on terror.[1] In fact, *hawala* came under the spotlight as Western policy-makers, led by those in the United States, sought to trace illegitimate monies back to their sponsors, accompanied by their efforts to design new tools to govern, legally, "exceptional" spaces and actions (Scheppele 2004; de Goede 2012).

This security literature on *hawala* therefore focuses heavily on the system's susceptibility to cooptation by nefarious actors, who may use it to launder "black money," conduct illicit trade (of drugs or weapons) and/or fund terrorist organizations like Al Qaeda (Passas 2006; Kleemans 2015; Mowatt-Larssen 2016). As a corollary, several international governmental organizations like Interpol, the IMF, and the World Bank have published their own reports on *hawala* and suggested guidelines for governments to use in developing regulations. These reports (and the governmental regulations they inspire) often make a distinction between "white *hawala*," which refers to legitimate transactions such as migrant remittances and humanitarian aid transfers to conflict zones, and "black *hawala,*" which refers to illegitimate transactions like tax evasion, smuggling, money laundering, and terrorism financing (Jost and Sandhu 2000; Daoudi 2005).

These efforts have motivated various governments in the Middle East (e.g., the United Arab Emirates, Lebanon), South Asia (e.g. India, Pakistan), and the West (e.g., the United Kingdom, Germany, the United States) to introduce regulations on *hawala*, requiring any money transfer operator (MTO) to obtain a government-authorized license, at times with prohibitive capital guarantees, and

[1] Credit goes to Daoudi (2005), where I first encountered this magazine article.

abide by customer due diligence requirements (Daoudi 2005; Rusten Wang 2011). In some countries, such as India, governments even went so far as to effectively criminalize and ban *hawala*, only to later scale back these strict regulations after observing both their ineffectiveness in actually curtailing *hawala* activities and their disproportionate burden on remittance senders and unbanked populations (Daoudi 2005).

Some studies, particularly in legal studies and criminology journals, have examined these regulatory initiatives and monitoring efforts, seeking to evaluate their impacts and effectiveness (Passas 2006; Daoudi 2005; Rusten Wang 2011; de Goede 2007, 2012). For example, in *Speculative Security*, Marieke de Goede (2012) provides a careful and critical reading of policy initiatives to curb and criminalize *hawala*. She points out that *hawala* stands in the way of states' efforts to effectively link finance and security in their pursuit of "underground monies." Yet, de Goede argues that rather than eradicating or curtailing *hawala*, these regulations have done more to legitimate the formal institutions of global finance as a "coherent" system that can be rationally designed and securely managed (de Goede 2012). In this sense, the security literature on *hawala* aligns with contemporaneous policy and scholarly arguments on the "dangers of cash." These risks are prominently laid out by Kenneth Rogoff (2017) in his provocative book, *The Curse of Cash*, which argues that paper money lies at the core of the world's most rooted problems, from corruption to human trafficking to drug trade and tax evasion. He thus advocates an overarching and radical solution to the problem of global crime that entails eliminating cash from the economy – or, at the very least, in their highest-denomination forms, like $100 bills. *Hawala*, as a cash-based transfer system, sits at the intersection of these manifold security concerns around "black monies."

Despite its centrality to major policy debates, the security literature on *hawala* does not draw on rich empirical data or in-depth field research. Many of these security reports provide a good general overview of how *hawala* works based on interviews with local experts and practitioners, but their

descriptions remain at a highly schematic level. While the concerns around illegitimate uses of *hawala* are certainly valid, the regulatory efforts they have brought about have been shown to be ineffective, at best, and directly harmful to marginalized populations, at worst. Without a more empirically-grounded approach, which unpacks how and why *hawala* remains so popular across the world, efforts to curb or limit its proliferation will almost certainly continue to fail and backfire.

*Development*

One of the reasons that efforts to curb *hawala* have had such limited success is that *hawala* and similar informal value transfer arrangements remain the preferred mode of sending money for all manner of low-income and marginalized communities. In certain contexts where formal alternatives are either not sufficient or simply do not exist *hawala* is simply the only viable option for sending money . Accordingly, *hawala* has also attracted considerable attention from development practitioners and policy-makers.[2] While cautious about the potential security vulnerabilities of the system, this line of research tends to emphasize *hawala*'s potential for fostering development in remittance-receiving countries, and delivering humanitarian, emergency, and relief aid to beneficiaries in conflict- and disaster-ridden contexts. While it is impossible to come up with a concrete number, the vast majority of the billions of dollars' worth of remittance flows to the Global South are estimated to pass through informal channels like *hawala* (El Qorchi, Maimbo, and Wilson 2003; Schaeffer 2008; Joarder and Saleh 2010). Moreover, *hawala* has proven to be a particularly effective and reliable vehicle for moving money in contexts of crisis and conflict, as formal channels come under strain or break down, making it a valuable asset for distributing and financing humanitarian aid.

[2] In fact, the interest in *hawala* from many development-oriented international organizations such as the World Bank and the IMF preceded their more recent, post 9/11 security-oriented focus.

Unlike the security perspective, which is aimed at regulating *hawala* operations, this line of research is primarily motivated by identifying best practices for using *hawala* to promote development and provide relief in "fragile states." These reports often provide a more substantial background on the mechanics of *hawala* operations, detailing how brokers go about transfers and settlements. For example, two prominent studies that take this approach focus on the *hawala* sector in Afghanistan: a World Bank publication by Samuel Munzele Maimbo, a senior expert and prominent director at the Bank, titled *The Money Exchange Dealers of Kabul* (2003), and a more recent book by Edwina Thompson, an Australian development expert, called *Trust is the Coin of the Realm* (2011). Drawing primarily on interviews with *hawala* practitioners and customers in Kabul's main bazaar and a number of other cities in Afghanistan, both manuscripts describe, in fine detail, how *hawala* transactions are handled and how brokers navigate Afghanistan's challenging market context (which, like Syria's, has been ravaged by war). Yet, partly because of the limited nature of their access (neither author spoke the local languages) and their empirical data (they only interviewed actors who operate out in the open), and partly because of their focus on de-mystifying the system for their target audience of Western policy-makers, these manuscripts offer a fairly monolithic and schematic glimpse into the social world of *hawala*. For example, as the title of Thompson's book suggests, these reports emphasize repeatedly that *hawala* networks are based on trust ties between brokers, without explaining how these relations are formed or maintained, how their content might vary, or how they can span such long distances and enforce commitments.

In the last decade the development literature on *hawala* has shifted its focus to Syria, as NGOs moved their operations to Syria and neighboring countries to provide support during one of the world's major humanitarian crises. In summer 2015, a prominent international policy institute, Chatham House, sponsored a large conference in Istanbul to exchange knowledge on the humanitarian use of *hawala* in the context of Syria. The resulting report, a technical assessment

prepared by an expert team led by the same Edwina Thompson, concluded that existing *hawala* networks in Syria had the capacity to manage large-scale cross-border NGO operations. It also offered a number of best practices for organizations to follow in their dealings with informal money transfer agents (Beechwood International 2015). These best practices were mostly focused on ensuring that NGOs do not run afoul of donor guidelines and international laws in engaging with *hawala*. In fact, as I explain in Chapter 5, NGOs are often wary of dealing with an informal and unregulated system like *hawala*, and they devote significant resources to conducting on-the-ground research on local *hawala* markets and specific brokers. Some of this knowledge ends up written-up in proprietary development reports about *hawala*, which are shared internally, with other development organizations, and with donors. While these reports are often more empirical than the research noted above, their focus is quite narrow, as they are mostly concerned with mitigating the potential risks of using *hawala*. In fact, here the security and development approaches somewhat converge: many NGOs produce these reports to demonstrate to their donors, which include Western governments, that their use of *hawala* does not (unintentionally) benefit any terrorist organizations or support illicit activities.[3]

*New Money*

Finally, advocates and developers of digital monies have shown a remarkable amount of interest in *hawala* . Unlike the first two groups, who have approached *hawala* more instrumentally, this approach takes an interest in *hawala* for its own sake. These technologists consider *hawala* to be an exemplary system of value transfer and a platform for payments that bypasses centralized authorities like states and banks. Granted, *hawala* uses state-issued currencies, but the digital money advocates

[3] These reports or research findings are often not intended for the broader public audiences and I often had access to them only after meeting and interviewing NGO employees themselves. As such, these findings and reports contribute to my empirical data and provided a useful resource to cross-check with my own findings.

often highlight *hawala*'s peer-to-peer mode of exchange as a model for their own efforts in building similarly decentralized exchange infrastructures. One exemplary article on *Priceonomics* labels *hawala* "the working men's Bitcoin," a reference to the well-known crypto-currency, and lays out the striking similarities between the two systems and their merits vis-à-vis the costly, bureaucratic, and centralized nature of traditional banking. The author argues that the two systems' ways of decentralizing trust among a peer-to-peer network are analogous albeit distinct: Bitcoin, the author argues, is based on "modern […] open-source code" while *hawala* relies on "an ancient […] honor system and the power of personal reputation" (Mayyasi 2014). The author argues that it is therefore wrong to characterize these systems as anomalistic alternatives to traditional banking, when in fact it is banking that is the historical anomaly. In his words: "Bitcoin [represents] an algorithmic return to the past" (Mayyasi 2014). In this sense, the new money literature on *hawala* invokes the system in part to generate historical legitimacy for their own project.

But while digital money advocates praise *hawala* for its decentralized structure, they are suspicious of its reliance on interpersonal trust, which they often dismiss as "inefficient," "limiting," and "vulnerable" to dishonesty and disputes. An article in Bitcoin Magazine, published in 2014, exemplifies the skeptical attitude toward interpersonal trust that is common among crypto-currency communities. The author puts it most clearly when, citing Bitcoin's own foundational white paper, it asks "whether trust is necessary or efficient" in "modern" decentralized economic systems of exchange. It goes on: "Who do we really have to trust with our money, why, and what can we do to change that?" The author then describes *hawala* as the "first decentralized global money transfer system" in world history, but argues that Bitcoin solves the trust problem by replacing it with open-source code that equally distrusts any and all nodes in a horizontal network (Wagner 2014). While there is now emerging research critiquing this notion of crypto-currencies as "trust-free money" and revealing that there is, in fact, a rich "social life of Bitcoin" (Dodd 2018; Caliskan forthcoming), the

point to emphasize here is that these writers believe that their technology-based systems have managed to upgrade *hawala* for the modern age by solving its core "flaw" – its reliance on trust. Needless to say, very little of this writing is based on serious empirical research on *hawala*, and it mostly provides a monolithic and cursory picture of the system – using it as an "historical" analogy to legitimate various future money projects.

Technology experts have also looked to *hawala* and other local economic arrangements as inspiration in designing financial systems in places with limited formal infrastructures. One prominent example is mobile money. In Afghanistan, for instance, attempts to establish expansive mobile money coverage have faltered in large part because *hawala* already provides much of what these systems are supposed to offer. Moreover, citizens often express distrust toward institutions in the formal sector (Chipchase, Lee, and Maurer 2011). Take the following statement from one report quoting Farooq, an Afghan mobile money agent: "People are suspicious of these newfangled schemes. And can you blame them? We've endured three decades of war. Instability in our environment makes us seek out stability in our day-to-day, even if it's just the same *hawala* agent that our father used, or our grandfather used. […] Come another war, how do we know these new companies won't just disappear? Afghans don't have a decades-long relationship with Roshan [the company], so we don't know that they won't run away with our money when times get tough"(quoted in Chipchase *et al.* 2011:31). Furthermore, people often express skepticism toward the commission structure of the mobile money service, which some customers perceive as bribes (Chipchase *et al.* 2011:31). In contrast, *hawala* fees are often based on shared understandings of value, economies of favor and gifts, and long-standing relationships, as this dissertation will show. In his introduction to the same report, Bill Maurer suggests that, rather than ceding these markets to *hawala*, development practitioners and mobile money entrepreneurs may try to capitalize on these existing local trust networks, by, for instance, enlisting *hawala* brokers as

mobile money agents and allowing them to offer mobile money services alongside *hawala* (Chipchase *et al.* 2011).

In sum, research on *hawala* to date has been motivated by three primary concerns: curtailing global crime, promoting development, and designing future monies. Partly because of their limited access to empirical, fine-grained data on *hawala*, these accounts remain somewhat myopic in their depiction of the transactions, networks, and the organizational structure of *hawala*. In many ways, this research also exoticizes *hawala*, depicting it as a mystical and timeless system based on an inscrutable set of logics. *Hawala* in these accounts seems to work the same way everywhere, whether a broker operates in London or Kabul, and anytime, whether in a present-day war or in ancient trading port. *Hawala*, in other words, is depicted as a homogenous system that has survived many eras and transcended vast contextual differences because of its unique ability to evade authorities. Its practitioners, to the extent that they make an appearance at all, come across as shadowy, indistinguishable figures. And, in an echo of my interlocutors' passing comments during my fieldwork, all these expert studies ultimately converge on a fairly simple conclusion: that *hawala* works because of trust. Certainly, this is true, but trust emerges only at the end of an elaborate chain of interactions and relationships between the participants of *hawala*. Whereas these studies present trust as the ultimate explanation for *hawala*'s success and resilience, in this dissertation I take trust as my starting point.

Regardless of their empirical and theoretical limitations, from a more practical point of view, the distinct concerns that motivate these studies remain legitimate. Regulating and monitoring *hawala* is indeed a major challenge for government officials, who are understandably concerned about the system's cooptation by smugglers, traffickers, and terrorists (even if these instances of abuse are dwarfed by *hawala*'s legitimate uses). It is also crucial to understand how *hawala* and similar local economic arrangements can be effectively and securely utilized by the development sector, whether that means reaching beneficiaries in hard-to-access locations or building on *hawala*'s trustworthy

infrastructure to develop inclusive financial systems. And it remains important to learn from *hawala* as we seek to design more stable and secure future monies. My hope is that this dissertation will offer a more empirically-grounded perspective to inform these important debates.

## II. Background and Context

*The Civil War and Hawala*

The Syrian conflict represents one of the most violent and intractable episodes of war in our time. More than half of Syria's citizens have been displaced from their homes, with an estimated five million forced to migrate to the neighboring countries of Turkey (3.7m), Lebanon (1m), and Jordan (0.7m) and an additional one million seeking asylum in Europe (UNHCR 2019). Yet despite this profound humanitarian crisis *hawala* has remained surprisingly resilient during the conflict. In fact, existing *hawala* networks have expanded to fill the void left by the retreating formal institutions of finance and private companies.

*Hawala* is not entirely a product of war in Syria. The practice of moving money through interpersonal ties has a long history in Syria (and, as noted above, more broadly in the region). In the decade preceding the war, *hawala* existed alongside a fledging formal financial system. This system had started to expand after an economic opening that began in the early 2000s, when Bashar al-Assad took over the presidency from his deceased father, Hafez (Abboud 2009). Compared to previous episodes of liberalization in Syria under his father's rule (Heydemann 1992; Perthes 1995; Hinnebusch 2001; Haddad 2004), the majority of the economic reforms under Bashar al-Assad took place in the financial sector (Leverett 2005; Abboud 2009; Selvik 2009; Haddad 2011, 2012; Wedeen 2019). In 2004, the first private banks began operating in Syria and credit began to flow to everyday Syrians. Billboards in upper-class neighborhoods became the visual manifestation of this expansion of credit to many new social groups in Syria (Terc 2011; Wedeen 2019). This was a limited, carefully-crafted expansion of

the private sector, accompanied by a symbolic opening of the Damascus Stock Exchange and the distribution of licenses to several private banks and other financial institutions, among them several local and transnational money transfer companies (Haddad 2011). These new contracts, licenses, and privileges primarily accrued to businesspeople who had close personal or familial links to Assad, which helped to undermine already weak public trust in the formal sector (Haddad 2012; Abboud 2013, 2017). The President's maternal cousin, Rami Makhlouf, became the public face of this distrust, with his monopolistic control over key sectors in the economy and his mafia-like approach to business (Abboud 2013). In fact, public mistrust of the private and public sectors are connected in Syria, as the two are seen as inextricably linked through networks of corruption and cronyism. Combined with their already weak presence outside of major urban hubs, this meant that Syrians viewed formal institutions of finance as untrustworthy, inaccessible, and corrupt.[4]

By the time the popular uprisings against the Assad government started to spread across Syria, in the spring of 2011, Syria had fourteen private banks (Badra 2015). Yet, despite this steady growth in banking, Syrians remained largely underbanked and underinsured (Badra 2015). *Hawala* was thus a more familiar and reliable system to most Syrians than the state-sanctioned, formal institutions of finance. However, according to several interviewees the competition posed by these rival alternatives still meant decreased demand for *hawala*, especially for domestic transfers within Syria. In this period, *hawala*'s main function was largely to facilitate international remittance transfers, particularly from wealthier Gulf countries, where many Syrian men had relocated to work in better-paying jobs that allowed them to support their families. These *hawala* networks were also connected to broader regional networks, which knit together countries like Kuwait, UAE, Saudi Arabia, Qatar, and Egypt, often to facilitate these types of worker remittances.

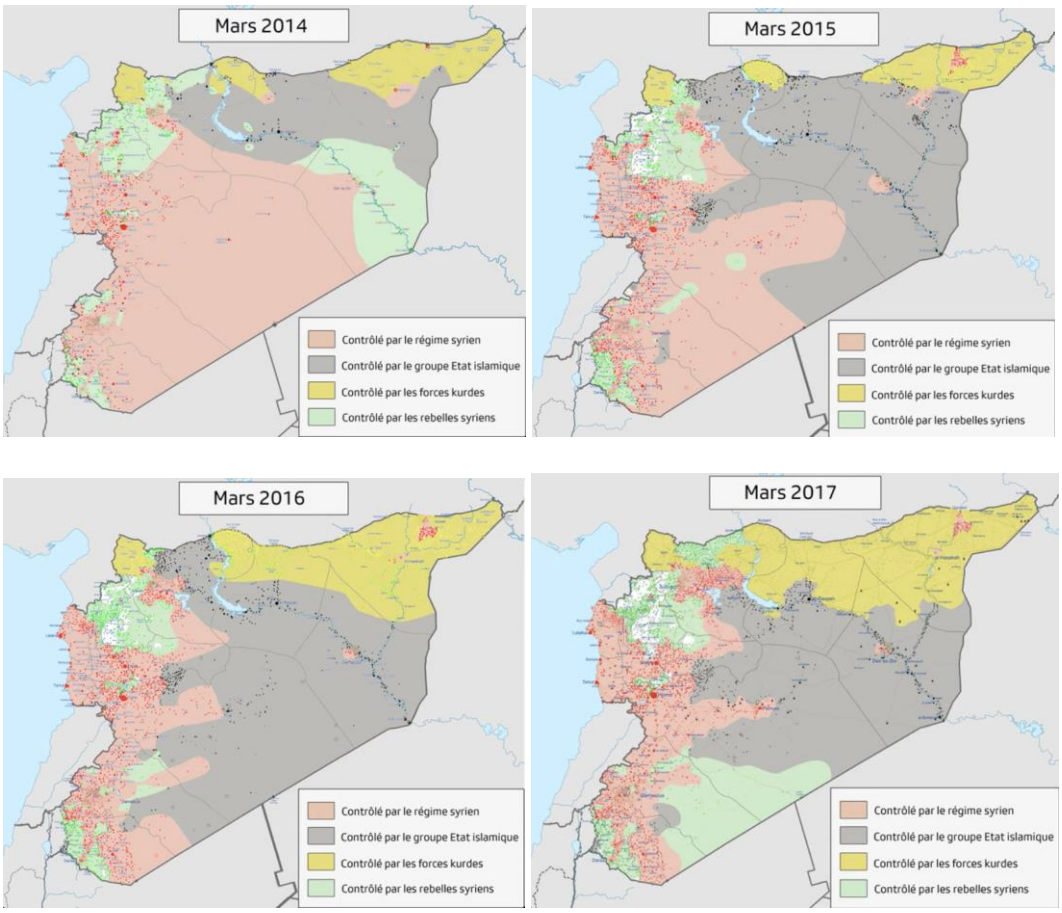
[4] The literature on Syria's financial sector, particularly as it relates to its wartime economy, remains somewhat scant. Accordingly, in the remainder of this section, I primarily draw on my own interviews with several relevant individuals (remitters, brokers, official money transfer operators, experts) to provide this background.

Yet, this picture changed dramatically in 2011 as peaceful protests in Syria were met with violent government crackdown, which ultimately led to the outbreak of the civil war in 2012. Over the course of the conflict, Syria's territory was effectively divided into at least four geographical areas under the control of different warring factions (Abboud 2019). The first area remained under the control of the Syrian government, and included the capital, Damascus, the regions along the Mediterranean coast in western Syria, and a number of urban hubs in eastern parts of the country (e.g., Qamishli, Deir Ezzor city). The second area was under the control of the Kurdish-led Syrian Democratic Forces (SDF), and stretched along the northern border of the country with Turkey. Third, until 2017, the Islamic State controlled vast areas of the country's east, though major cities were later recaptured by the SDF and Syrian government forces. Lastly, the remaining, non-contiguous territories were controlled by myriad armed rebel groups. Compared to the first three areas, the rebel-controlled sections were marked by highly local divisions and fragmentation (Abboud 2017, 2019).

Moreover, territorial control was highly fluid throughout the conflict, as Figure 1.1 demonstrates. Warring factions lost and re-gained control of various cities, with some cities, like Hasakah and al-Bab, changing hands several times. Aleppo, the major economic hub and the most populous city prior to the conflict, was an active battleground for four years until December 2016 and was divided between the government, rebels, the SDF, and the Islamic State (Khaddour 2017).

Non-state actors (e.g., armed rebel groups) who gain control over a territory often attempt to fill the void and create a new local order (Mampilly 2011; Arjona 2016), and this localization creates internal boundaries within the same country, whereby each locality has its own system for regulating social and economic life. This fragmentation in territorial control disrupts the effective functioning of institutions that govern economic systems. For example, with no national court system or integrated set of laws it becomes impossible for exchange partners in two different areas to enforce contracts or settle trade disputes. As a result, actors that would normally transact across long distances or who have

**Figure 1.1: Territorial Control in Syria Between 2014 and 2017**




*Source: The Magreb and Orient Courrier Syria Civil War Map*

national economic enterprises may withdraw from certain regions and refrain from entering into new contractual agreements.

And, in fact, this is exactly what happened to Syria's nascent banking and financial sector. As the government lost control over vast parts of its territory, the formal financial institutions that had grown up during the prior decade of economic opening either completely ceased operating or retreated to the capital, Damascus, and a few major urban hubs in government-controlled areas, while also significantly curtailing their operations. The few foreign banks that had been operating in Syria similarly exited the market, citing the wartime risk. One report estimated that, by 2015, nearly one-third of the 243 officially-registered private bank branches in the country were no longer operational

(Badra 2015) – a striking number when we consider that these banks were already heavily concentrated in urban areas like Damascus

And, yet, at the same time that Syria's formal banking system was collapsing, money began to flow at an unprecedented scale. In part these flows were fueled by the massive population displacements that the war had precipitated (al-Jssem and al-Obaid 2019). As in other situations of crisis, the short term became the dominant horizon under which people operated, with money in cash form being prized over all other types of assets, which could easily be destroyed in the conflict. Thus many Syrians rushed to liquidate their assets, most commonly, by selling property and trying to move them to wherever they migrated. As demand for these services exploded, the informal networks have grown exponentially in size and scope.[5] *Hawala* has thus become the most viable means of moving money both over Syria's fragmented territory and across its borders (Dean 2015; al-Jssem and al-Obaid 2019).

*Syria's Money Transfer Market*

*Hawala* is only one of a number of ways that Syrians have historically moved their money. Moreover, the term itself, which simply means "transfer" in Arabic, is somewhat nebulous, referring at various times to different types of businesses and brokers. Accordingly, I want to begin by explaining what I mean when I use the term "*hawala*" in this dissertation. While as noted above, much existing writing on *hawala* depicts it as a homogenous, coherent, and monolithic informal system, in practice it can take different shapes: from the barber on the corner who does informal transfers on the side to the officially-registered money transfer agency of an international company that also offers

[5] Syrian *hawala* is not the first money transfer institution to emerge out of a civil war setting. Western Union, the world's foremost money transfer business, was established by the end of the American Civil War, "making it America's first telecom giant." Twenty years after its founding, in 1871, the company launched its money transfer service, "executing and verifying the transactions in an exchange of coded telegrams." (Bennett and Etter 2017).

"unofficial *hawala*" as an alternative service. In fact, there is even a government-regulated and licensed *hawala* industry in Syria, as well as in Lebanon and Jordan, where licensed companies operate from rented store spaces and might even have chain branches like their international counterparts. Yet, in this dissertation, as in most of the existing literature, I use *hawala* to refer to transfer networks that operated outside of these regulatory structures. While some *hawala* brokers do operate from office spaces that receive customers publicly, the vast majority of its practitioners do not have a dedicated office space (al-Jssem and al-Obaid 2019). Instead, the majority of *hawala* brokers either operate on-the-go, seeing customers at their homes or at special meeting points for cash pick-ups or delivery. And in the cases where they do offer their services from an office space, these offices are usually devoted to a different, formal business enterprise, e.g., supermarkets, barbershops, mobile phone stores, restaurants, tourism agencies, currency exchange stores, parking valet services, and so on. In Lebanon, these informal Syrian *hawala* businesses operate alongside a small formal money-transfer sector, which is dominated by Lebanese brokers and is regulated by the state. Because their activities are illegal, the majority of these Syrian *hawala* brokers maintain no visible presence on the streets. In Turkey, where Syrian *hawala* activities are largely tolerated by state authorities, brokers sometimes publicize their money transfer services on store windows with handwritten signs that read "we offer *hawala* here."

While for purposes of research tractability and rigor it is important to have a clear conceptual definition of *hawala*, it is important also to note the semantic fluidity of this concept in practice. First, the contextual meaning of "*hawala*" varied in my fieldwork sites and when used by different actors in Syria. For instance, it became clear to me early on that there are subtle distinctions between what regulators, brokers, and ordinary Syrians understand and mean when talking about *hawala*. Regulators perceive the system as any money transfer arrangement that falls outside formal finance, and even a cursory look at the regulatory language adopted by governments demonstrates the isomorphic process through which these policies diffuse. Moreover, in line with de Goede's (2012) conclusions, I found

that local governments often adopt this language largely to appease Western policymakers and to "legitimate" their domestic formal financial sector. Lebanon, for instance introduced *hawala* regulation in 2013 in an effort to "de-risk" its own financial sector from the potential risks of the Syrian war next door, according to my interviews with Central Bank officials and auditors. The language of the Lebanese Circular of 2013 and its definition of *hawala* reflects this juxtaposition with the officially-sanctioned financial sector: "the informal systems through which fund transfers take place outside the conventional financial sector" (BDL Circular 2013). Yet, this definition of *hawala* as "unconventional" directly contrasts with how ordinary people perceive the system.

In fact, I found that everyday Syrians typically referred to *hawala* as the default option, to the extent that the very word for "transfer" in Arabic (i.e. *hawala*) has come to invoke the informality of the arrangement. When I asked *hawala* users or practitioners how they would call the "method they used to send money," respondents most commonly used the expression *hawala aady*, which can be translated simply as "popular" or "ordinary" transfer. When I asked them to further define the characteristics of the system they then used the adjectives unofficial [*ghayr- resmy]* or unregulated *[ghayr-nizamy],* and described it frequently as transfers "through people" [*tareeq al-ashkhas*]. In contrast, they described registered money transfer methods as official, regulated, and "transfers through offices" [*tareeq al-mekteb*]. This last distinction, whether it is facilitated through people or through offices, means that the boundaries between informal *hawala* and formal money transfers is not entirely clear-cut in the eyes of customers. For example, an unregistered *hawala* broker operating in an office space may look quite official to an everyday customer. I found this to be particularly the case for *hawala* brokers operating in rebel-held areas; while no political authority licensed, registered or monitored these businesses, the fact that they operated from a rented store space and advertised their activities freely gave some customers the impression that these businesses were more official. Because of the special status conferred to an office space, I make sure to mention this detail when it occurs. Lastly,

respondents did not use the term *hawala* to describe the method of delivering money through personal couriers, which is a common way for migrants to move money, as they simply send money back with friends or family who are traveling home (Zelizer and Tilly 2007). While more limited in the context of conflict, these services are almost always offered as a favor, free of charge. Interestingly, I also discovered that people who at times sent money this way did not even think of it as making a "transfer" per se.

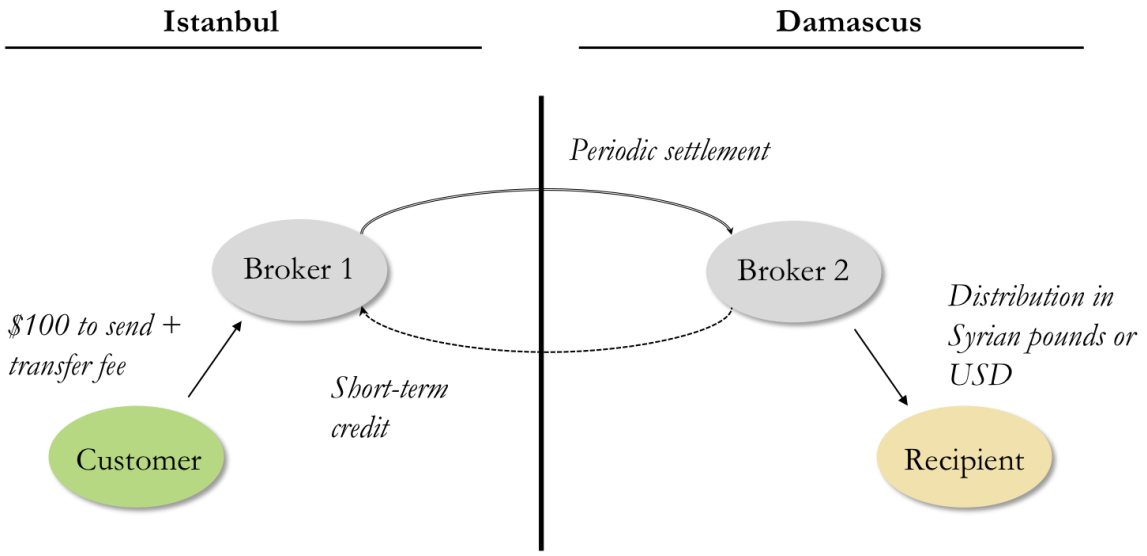
Equally important, practitioners of *hawala*, i.e. those who conduct the transfers, are variably described as brokers, agents, money dealers, and most commonly as "a person who does *hawala*." The practitioners themselves almost never refer to themselves as brokers or agents, particularly because, as I explain more below, they usually have other primary occupations (e.g., small shop owner, barber, school teacher, trader etc.). Instead, they simply refer to their *hawala* trade by reference to what they *do*: "I make transfers" or "I work in transfers." Customers also only occasionally use the term agent or broker, and it is usually NGO customers who use these terms; more often they simply refer to these men as "a person" [*shakhs* or *hada*] or "a guy" [*shab*] who does *hawala*. Moreover, as Part II demonstrates, brokers' own definitions of their occupational identity may also vary depending on the type of customers they interact with. Throughout the dissertation I use the term broker to describe these *hawala* entrepreneurs, both for convenience and for its analytical purchase. However, in direct quotes I maintain whatever language my interviewees used to refer to their brokers.

Finally, it is important to note that the universe of money transfer options to and from Syria varied considerably from region to region within Syria. In areas controlled by rebels, the Islamic State, or SDF *hawala* was essentially the only option for money transfers. However, in government-controlled areas in Syria, there were officially registered local money transfer companies (e.g., Haram, Anqabout) that continued to provide their services through the war. There were also branches of international money transfer companies like Western Union and MoneyGram, who insistently

maintain a presence in Syria, though the scope of where they could send and receive money was highly limited. These options did provide an alternative to *hawala* for transfers to a limited number of cities and towns inside Syria's government-controlled areas. However, they remain highly unpopular for transfers to and from international destinations for myriad reasons: they imposed higher transfer fees; they used unfavorable "official" exchange rates for currency conversions; their transfer speeds were slower, taking multiple business days; they imposed maximum transfer limits (usually at $500); and they maintained strict document requirements from customers (e.g., a valid passport). Last but certainly not least, any officially registered company had to share customer identity and transfer details regularly with Syrian government authorities, making them highly untrustworthy and risky for most Syrians, as Chapter 4 discusses in detail. A final non-*hawala* money transfer option in government-controlled areas of Syria was the use of taxi courier services, which operated on a limited number of routes between Lebanon and a small number of Syrian cities, like Damascus. While this option charged similar transfer fees to formal alternatives (typically $6 per $100), they were still more affordable because they delivered in dollars (so requiring no currency conversion). They were also safer from the customer's perspective, as they did not share customer details with any authorities, and more accessible, because they did not require extensive documentation. However, like the formal alternatives, this service was only available in a handful of locations and taxi drivers typically imposed limits on transfer amounts to minimize their own risk.

Broadly, then, while Syrians living in certain regions of the country did have access to non-*hawala* money transfer services, these options were typically limited and unpopular. And for Syrians living elsewhere *hawala* was essentially the only way to send and receive money. In Istanbul and Beirut, there were, of course, many formal banks and money transfer offices, but their operations in Syria were almost non-existent. The informal *hawala* sector – in its diverse and varied forms – therefore

**Figure 1.2: A Schematic Representation of a Typical *Hawala* Transfer**




quickly became the near universal means for moving money into, out of, and across Syria's fragmented territory.

*How Does Hawala Work? A Typical Transaction*

Up until now, I discussed the wartime context in which *hawala* operated and how *hawala* compared to other modes of transferring money during this war. Yet, how does a typical *hawala* transfer happen? In Figure 1.2, I offer a schematic representation to explain the general steps in a hypothetical *hawala* transfer.

In this example, a customer based in Istanbul wants to send $100 to his or her family, friend, or business partner in Damascus. This customer brings the money in cash to a local *hawala* broker, who she or he has identified through social contacts or an online forum. The broker takes the cash and contacts his (it is almost always a man) partner in Damascus, usually through an encrypted, online messaging application like WhatsApp, and sends him the following information: the name of the recipient, the date and the hour of the transfer (which is often embedded in the text meta-data), the

amount to be disbursed, the destination (if specific) and, if applicable, the exchange rate to be used for the conversion. Once the information is sent to the destination location, the partner broker gives the money, either in US dollars or in Syrian pounds, to the recipient. The recipient can either come to the broker's office to collect the money, can arrange to meet the broker at a mutually agreed location, or can have the money delivered directly to his or her home. Because the second broker is dispersing money on behalf of the first one, he is essentially extending that first broker a loan (in the amount of $100). Eventually, when these transactions add up, and the credits have accumulated, they must be settled. Finally, there are two components to the price in this typical transaction. First, there is a transfer fee, which either takes the form of a flat rate or a percentage of the transferred amount. Second, for transactions that involve a conversion from US dollars into Syrian pounds, brokers may charge the customer an exchange rate premium, leveraging the difference between the exchange rate charged and the market exchange rate to earn money on the transfer. Unlike the transfer fees, these exchange rate premiums are often not made explicit to the customer, unless the latter asks specifically.

As this description makes clear, *hawala* transfers appear utterly seamless to customers – a point that, as I noted earlier, was often emphasized to me in interviews. However, as scholars of infrastructures and other complex systems have argued, behind every "seamless" transaction or operation there almost always lies an intricate patchwork of actors, objects, places, and ties (Vertesi 2014). Even this stylized, hypothetical example exposes some pieces of this complex relational and technological infrastructure: brokers, customers, cash money, smartphone apps, (multiple) currency exchange markets, and migration trails. All these actors, tools, and systems come together to enable this simple transfer (Law 1987; Latour 2005). In the next section, I turn to my explanation of how this elaborate but hidden relational infrastructure makes money move into and out of wartime Syria.

## III. Argument and Contributions

How has *hawala* managed to survive, and even flourish, under the protracted strains of the Syrian conflict? If trust is the basis of these informal economic networks, where does trust come from and how do brokers sustain their trust ties across vast distances? How do informal systems based on trust, which we typically think of as localized and inward-looking, scale up to cover diverse geographies and handle significant volumes? How do brokers manage the serious risks of running large businesses in a wartime setting? And how do they meet the diverse needs of different types of customers?

I argue that the answers to these questions lie in the diversity of relationships that constitute *hawala*. In contrast to the depictions of *hawala* discussed above, which frame it as a homogenous and unchanging set of trust relationships, I understand *hawala* to be based in a highly variegated social world, marked by different types of trust ties that bind brokers both to one another and to different sets of customers. In coining the concept of "relational work," Viviana Zelizer (2005, 2012) highlights the laborious processes of "matching" relationships across all types of transactions. The relational work concept has been fruitfully applied to a host of settings and exchange relationships: national fundraising efforts that help manufacture diasporic bonds (Lainer-Vos 2012), expert calculations of material compensation in court settlements (Zelizer 2005); gift-giving practices in public agencies (Fridman and Luscombe 2017), relational accounting in household finances (Wherry 2017), and extending personal loans to friends and family (Wherry, Seefeldt, and Alvarez 2019). Zelizer (2012:145) argues that people in all kinds of exchange situations "engage in the process of differentiating meaningful social relations," define the nature of these relationships, and adapt the terms of economic transactions to suit these differentiated ties. Relational work ensures that exchange parties arrive at "good matches" between the nature of their relationship, the shared meaning of the exchange, and its appropriate media. Successful matches may foster further exchange, whereas failed

matches threatens to spoil not only the transaction itself but also the relationship itself (Zelizer 2012; also see: Bandelj 2020).

From this perspective, we should see every *hawala* transfer as a distinct accomplishment. Indeed, a relational work approach to *hawala* implies unpacking the content of ties that produce trust, and the processes of its reproduction, accumulation, and break-down. It is, I argue, through relational work that *hawala* brokers are able to develop and maintain trust ties that allow them to operate at such scale. Relational work also explains how brokers are able to draw in such diverse types of monies from different customer bases, which turns out to be crucial for managing their operational risk. However, a complete picture only emerges when we place these trust ties in the broader context of wartime Syria. On the one hand, I find that entrepreneurial brokers manage to re-purpose and expand trust relations disrupted and dispersed by war, which allows them to overcome the usual trade-off in informal markets between trust-based exchange and scale. On the other hand, I find that brokers' relational work with different types of customers allows them to capitalize on the multiplication in forms and types of money that war creates, allowing them to match inflows with outflows, which minimizes their operational challenges. Ultimately, it is the diversity of relationships that distinguishes *hawala* in wartime Syria – both from other economic institutions that failed to survive the war and from similar informal arrangements in other parts of the world that have not managed to scale up so effectively.

The dissertation proceeds in two parts. In Part I, I argue that brokers' creative relational work allows them to build expansive networks out of diverse trust ties, which helps them operate at considerable scale while still relying on trust to enforce commitments and preserve accountability. Specifically, I reconstruct two *hawala* networks from the perspective of two *hawala* brokers who were my main interlocutors in Lebanon and Turkey, respectively. I find that inter-broker trust in these networks is based on two types of ties: *rooted* trust ties, i.e. long-standing, local trust relations that

preceded the war, and *cultivated* trust ties, i.e. new, trans-local trust ties formed by brokers in exile. The network stories further reveal that war in effect generates solutions to the problems it creates by creating a new map of social connections in Syria and along migration routes. Mass displacement means the rooted trust ties once concentrated in a single base suddenly become dispersed across diverse geographies. And it also entails that Syrians from all over the country, who never otherwise would have met, end up concentrating together in safe havens, where they can cultivate new trust ties. *Hawala* works, I argue, because brokers engage in relational work that essentially knits together these rooted and cultivated ties. These networks of diverse ties then allows brokers to send transfers to myriad locations without ever extending considerable credit to brokers they do not trust. As one of my interlocutors put it to me, *hawala* is built on the "cumulative trust," that results from aggregating all these strong trust ties.

In Part II, I argue that *hawala*'s reliability and resilience also depends on brokers' relational work with diverse types of customers, which allows them to draw in different types of money. Because these diverse monies both flow into and out of Syria they allow brokers to match transactions going in opposite directions, which eliminates or minimizes the need for a highly risky operational task: settling inter-brokers debts through the physical movement of cash. But in order to create these bi-directional flows, brokers must attract and maintain different types of customers. In this section I focus on how brokers engage with two of the most distinct customer types: refugees, who usually send remittances to their families in Syria, and NGOs, who use *hawala* to finance aid operations in Syria. Interview and ethnographic data show that these customers place divergent, and at times contrasting, demands on brokers. For instance, while refugees prioritize anonymity in their transfers for fear of detection and harassment by authorities, NGOs insist on documented transparency to demonstrate to their donors that they are handling their aid money responsibly. Brokers' (varying) ability to accommodate these customers' demands determines the extent to which they can draw in

these "multiple monies," each with their own sets of qualities and requirements (Zelizer 1994; Bandelj, Wherry, and Zelizer 2017). To accomplish this task brokers perform specific forms of relational work, which results in flexible, informal ties with refugees and quasi-professionalized ties with NGO customers. Finally, in the last chapter of Part II, I explore the results of an experimental audit study, in which I test whether these differentiated relationships impact the outcomes of transactions. Specifically, I unpack patterns in brokers' behavior and decision-making in pricing and find that the flexible and informal nature of brokers' ties with refugees lead them to rely on more discretionary pricing, while their quasi-formal relationships with NGO customers make brokers more likely to adopt a standardized pricing behavior . Moreover, the study reveals that this use of discretion results in, on average, higher prices for refugee customers than for NGOs, despite the fact that most brokers told me in interviews that they offer refugees lower prices.

These findings and arguments offer relevant insights for a number of scholarly debates, which have so far rarely come into conversation with each other. Below, I focus on three prominent areas that I hope to bridge in this dissertation: economic sociology, migration studies, and studies of civil war.

*Economic Sociology*

I seek to build on and advance a number of key areas of research in economic sociology. Broadly, the study uses the concept of relational work to analyze a number of core concepts and methods in economic sociology, including: brokerage, uncertainty, trust, and social networks. Moreover, I seek to broaden the empirical range of these studies by bringing relational work to a context of conflict and informal exchange.

First, *hawala* is an ideal site in which to investigate the connections between "brokerage" (McAdam et al. 2001; Burt 1992; Stovel and Shaw 2012) and "relational work" (Zelizer 2005, 2012;

Bandelj 2012, 2020). While brokers bridge individuals, organizations, and geographical sites, acts of brokerage happen at the interpersonal level, and most frequently involve informal relationships like those the brokers that I feature in Part I (Stovel and Shaw 2012). Simply connecting actors previously unknown or unrelated to one another is often only the first step in acts of brokerage. Brokers must subsequently perform elaborate relational work to sustain these at times uneasy bridges, and facilitate cooperation between the recently connected actors (Obstfeld 2005) – or perhaps keep them intentionally distant (Rossman 2014). Moreover, rather than treating ties in a network as a given and stable property, Zelizer frames them as constant accomplishments, and emphasizes "the creative effort people make establishing, maintaining, negotiating, transforming, and terminating interpersonal relations" (Zelizer 2012:6). Studying brokerage therefore requires that we look inside the micro-transactions that brokers facilitate to trace how they are constructed by the relevant exchange parties. However, it also requires that we pay attention to the broader "structure and content of relations" in which these actors are situated and through which their transactions take place (Bandelj 2012).

Second, relational work provides a new methodological lens for studying social ties. By qualitatively analyzing the processes of relational work I hope to offer an alternative to quantitative social network analysis, which scholars typically use to study such configurations of relations. These quantitative approaches are highly effective at mapping out the structure and patterning (in particular, density and centrality) of relations among actors. However, as critiques of quantitative network analyses emphasize, these techniques are often inadequate for exploring topics like: how and why ties form and are maintained within networks; the content of these (trust) ties; the defining biographical details of persons who constitute such ties; and the broader contexts in which these webs of relations are grafted (Goodwin and Emirbayer 1994; Smith-Doerr and Powell 2005; Desmond 2014; Small and Adler 2019). In a similar vein, a relational work approach differs from the foundational concept (and approach) of "embeddedness" in economic sociology (Granovetter 1985; Krippner and Alvarez 2007;

also see Bandelj 2020). While the embeddedness approach sees social relations as the context that shapes, enables, and structures economic exchange, relational work treats social ties as constitutive of economic action (Bandelj 2020). For instance, in the current study, studying differentiated ties themselves reveals how trust-based exchange may persist and expand in times of war.

Third, the study builds on theoretical debates on "uncertainty," which represents one of the key bridges between economic sociology and neo-institutional and information economics. Sociologists and economists alike highlight uncertainty as a key area of research in explaining economic action. Following Knight (1921), scholars define uncertainty as *incalculable* risk, or situations where actors cannot predict the potential outcomes of their actions (and inaction) and, unlike risky situations, cannot assign probabilities to future states (Beckert 1996, 2016; Dequech 2000; Esposito 2013; Carruthers 2013; King 2016; Aspers 2018). Williamson (1981) lists uncertainty as one of the three critical dimensions of any economic transaction (frequency and durable investments being the other two), and argues that the key measure of an actor's performance and viability in the economy is its capacity to adapt to uncertainty. Information economists similarly highlight that uncertainty may result in the failure of market exchange if it is not mitigated by effective institutions (Akerlof 1970; Stiglitz 2000). And Beckert (1996) emphasizes that the major task of economic sociology should be explaining how uncertainty emerges from critical coordination problems in markets and how actors creatively use social devices like trust and reputation to domesticate uncertainty.

This growing interdisciplinary debate has offered a set of important insights on the sources of uncertainty and the coping strategies that actors adopt to tame it. Existing analyses largely focus on problems of information at the level of transactions (i.e., the problems of quality and commitment) (Akerlof 1970; Podolny 1993; Greif 1993; DiMaggio and Louch 1998; Guseva and Rona-Tas 2001; Kim 2009). But there has been much less research on what scholars call "radical" or "fundamental uncertainty" (Dequech 2003; Beckert 2016; King 2016), which typically results from *the context of*

*exchange*. While transaction-level uncertainty may still remain relevant, under radical uncertainty these transactions are typically exacerbated by the unpredictability of the broader environment. To the extent that scholars have considered the effects of such uncertainty, they tend to highlight entrepreneurship and innovation in rapidly changing industries and technological fields (e.g., Dequech 2003; Beckert 2016; Aspers 2018). In other words, these studies largely assume the stability of the broader political, economic, and infrastructural systems. However, profound uncertainty resulting from the disruption of these systems is far from uncommon; it can emerge from financial crises, from natural disasters, from infrastructural or technological breakdowns, or from political revolutions. One important exception is the significant body of sociological scholarship that has emerged to explain the 2008 financial meltdown (Fligstein and Goldstein 2010; Krippner 2011; MacKenzie 2011; Goldstein and Fligstein 2017). While these studies helpfully draw attention to the systemic nature of crises and their role in producing multiple sources of uncertainty for economic actors, their focus is primarily on explaining the causes and consequences of the crisis themselves, rather than investigating the creative action that economic agents take in seeking to conduct exchange in these unstable conditions and contexts. Civil wars represent one of the most extreme forms of such crisis, as they create highly uncertain environments where many different forms of unpredictability co-exist. As such, the context of civil war offers a valuable setting to study the sources and effects of radical uncertainty in economic exchange.

This study also contributes to our understanding of one of the most-cited solutions to problems of uncertainty: trust. Particularly in situations where actors lack formal institutions to enforce commitments and guard against malfeasance or dishonesty, they are more likely to draw back on their strong trust relationships as an alternative means of enforcement (Grief 1993, 2005; Portes and Sensenbrenner 1993; Beckert 1996, 2016; Gambetta 1996; Guseva and Rona-Tas 2001; Beckert and Dewey 2017; DellaPosta 2017; Aspers 2018). However, this scholarship also concludes that trust-

based exchange is constraining; because actors cannot branch beyond the safety of their strong ties, their activities will necessarily be limited in scale and scope, and they will be unable to take advantage of opportunities to expand and integrate into broader markets (Gambetta 1996; Guseva and Rona-Tas 2001). In some cases, scholars even argue that reliance on trust can be an impediment to the development of more robust and sophisticated institutions, which help actors expand and scale up (Grief 2005). Yet, *hawala* raises important theoretical questions about this presumed trade-off between trust and scale (also DellaPosta 2017). In fact, Part I demonstrates that informal systems like *hawala* can, in fact, scale up and expand effectively. I show in this section that by bringing together diverse types of trust relationships these networks are able to cover vast areas, including zones under government and rebel control, while still relying on trust to enforce debt obligations between brokers (Portes and Sensenbrenner 1993). These findings suggest that scholars studying trust-based exchange and informal markets ought to pay more attention to variation in the origins, nature, and content of trust ties.

Finally, I contribute to existing scholarship on informal exchange 1) by investigating heterogeneity in situations of informality, and 2) by probing how these varying experiences of informality pattern micro-level behaviors and decision-making like pricing. Most studies treat informal markets as homogenous spheres of exchange, overlooking the fact that informality is a variable and situational condition that assumes distinct forms depending on the specific conditions of exchange and the relationships between participants. States and relevant regulatory authorities often differ in how they define the rules of the game (Fligstein 2001), and whether they have the resources or the will to enforce these rules (Holland 2016). Moreover, there is heterogeneity in the participants of exchange. As I show in Part II, informal markets often cater to diverse sets of customers, whose distinct priorities and market experiences affect how they navigate and experience informality. Moreover, informality may itself be conditioned by the relationship between these participants – for

example, I find that brokers behave more "informally" with refugee customers than they do with their NGO customers, providing more tailored arrangements for the former and while standardizing their services for the latter. Most existing studies overlook this internal heterogeneity within informal markets and instead focus on their meso-level organization (Baker and Faulkner 1993; Portes and Haller 2005; Gambetta 1996; Levitt and Venkatesh 2000; Guyer 2004; Beckert and Dewey 2017) or macro-level drivers and impacts (Hart 1973; de Soto 1985; Feige 1990; Elyachar 2005; Venkatesh 2006). Thus, we have yet to explore how the considerable variation in the nature and type of participants in these informal markets conditions the extent to which they are experienced on the formal-informal spectrum. Moreover, partly because of the secretive nature of informal activities, which makes them difficult to observe empirically (Feige 1990), we know relatively little about how different levels of informality shape micro-level economic behavior. Drawing on ethnographic observations and an audit study, this study is uniquely positioned to hone in on the micro-level behaviors and transactions that ultimately define informality, in its diverse manifestations.

*Migration Studies*

The Syrian war has generated population displacement at mass scale, creating one of the largest refugee crises in recent history. Moreover, UNHCR figures put the number of internally displaced Syrians at more than half of the country's pre-war population. While Western media attention has largely focused on the refugee flows into Europe and other high-income countries like Canada and the United States, the vast majority of Syrians refugees (approximately eighty-five percent) have in fact settled in neighboring Middle Eastern countries like Turkey and Lebanon. This pattern of settling in neighboring states is not unique to Syria's migration crisis; seventy-three percent of refugees globally are living in host countries in the Global South (UNHCR 2020). The disproportionate media attention to migration movements into advanced economies finds its corollary in the literature on international

migration, which overwhelmingly focuses on migration to the Global North despite the fact that major-refugee-receiving countries are located in the Global South (Horst 2007; FitzGerald, Scott, and Arar 2018). Thus, empirically, the study fills an important gap by focusing on two sites in the Global South, Lebanon and Turkey, that host among the largest populations of refugees in the world.

The study also makes a theoretical contribution to the sociological literature on international migration by studying how refugee networks can be important sites for creative economic action. Sociologists have long emphasized the importance of social networks in, for example: shaping migration patterns, routes, and experiences; conditioning migrants' trajectories of integration in the host country; and influencing migrants' remitting behaviors as well as their distributional effects in origin communities (Massey and Basem 1992; Portes and Rumbaut 2006; Garip, Eskici, and Snyder 2015; Garip 2012; 2017). To the extent that economic action features in these studies, it is largely as a vehicle for migrants' patterns of movement or integration into their new homes. For example, Portes, Guarnizo, and Haller (2002) document how entrepreneurial migrants mobilize their transnational ties to build successful businesses, though ultimately their primary concern is whether these entrepreneurial migrants are able to adapt to the advanced economies in which they now operate. While these are certainly important questions, these studies rarely explore the immense analytical potential of these "transnational trust networks" to reveal key economic and social processes, like trust formation and maintenance and boundary-making (Tilly 2007; Zelizer and Tilly 2007). Accordingly, this study sees refugees as key economic actors, examining the emergence and persistence of their resilient economic networks and institutions in order to draw general lessons for how economic action may persist in times of crisis.

*Civil War Studies*

Civil wars often bring about partial or full state collapse, with state actors no longer able to exert control or influence in territories nominally under their authority. While classic accounts of civil wars often framed these zones of state failure as pseudo-anarchic no-mans-lands marked by chaos and disorder, an emerging line of scholarship that studies the micro-dynamics of civil war has shown that, on the contrary, order typically emerges organically in these areas, creating local "wartime institutions" (Arjona 2016). Non-state actors (e.g., armed rebel groups) who gain control over a territory often attempt to fill the void left by the retreating state, creating a new system of authority through direct or indirect rule (Weinstein 2007; Mampilly 2011; Arjona 2014; 2016; Arjona, Kasfir, Mampilly 2015). Several studies in civil war contexts from Latin America to Africa show that non-state actors might inherit and repurpose existing institutions or establish parallel political orders with their own legal and governance institutions. In Syria, these arguments have also been used to explain the surprising effectiveness of the Islamic State's system of governance, which relied on a host of institutions and laws, some of which were appropriated from the Syrian state (Revkin 2016). Ana Arjona (2009) argues that these local orders and their governance structures vary a great deal based on the resources and goals of rebel groups, as well as their relationships with the local population. Even in areas where the state maintains full control, the pre-war order usually changes significantly, with governments forced to create new systems for organizing social, political, and economic life in times of war.

Because this scholarship mainly comes out of political science, its focus has been almost entirely on institutions of political governance, rarely considering social or economic institutions. However, as I argue in this dissertation, the case of *hawala* shows that economic exchange can also be an important source of wartime order. Moreover, while the localization of political governance creates internal boundaries within the same country, wartime institutions like *hawala* may in fact be able to

bridge these territorial divisions, creating not only liquidity for a host of economic activities (Carruthers and Stinchcombe 1999) but also a sense of coherence against the backdrop of political fragmentation. I return to these themes in the concluding chapter, pointing out that the monetary flows that *hawala* facilitates actually have the effect of structuring and sustaining a sense of normalcy in the context of Syria's war, by sustaining the livelihoods of residents, the trade activities of businesspeople, and the welfare services of humanitarian organizations. As such, economic institutions like *hawala* can significantly shape how local populations experience state and rebel rule, and can themselves be constitutive of a sense of order during wartime.

## IV. Fieldwork and Methods

The fieldwork for this study began as early as summer 2015, when, following my first-year as a graduate student at Princeton, I spent three months in Beirut, Lebanon to study colloquial Syrian Arabic. It was the height of the Syrian refugee crisis in Europe, although the countries neighboring Syria were already hosting millions of refugees at that point. I had chosen Lebanon for my studies because of its shared Levantine dialect with Syria, which I was determined to study, albeit from a distance. But by the time I arrived in Beirut, one out of five people in Lebanon was Syrian, making it all quite easy for me to meet and practice my language skills. That summer I had several conversations with Syrians about the myriad challenges of living in Lebanon, which contrasted sharply with my own relatively easygoing experience living in Beirut's Hamra neighborhood, which had only been mired by that summer's infamous garbage crisis. It was during these conversations that I realized every Syrian I met had maintained strong relationships with their family members back in Syria. One testament to these intimate ties was the remarkable movement of money between them and their hometowns. As an immigrant myself I was no stranger to these types of exchanges. But as an economic sociologist I quickly became fascinated by how much easier it was for my Syrian friends to send money to their

families, even to those in active war zones, than it was for me to transfer, for example, my summer research funding from my US bank account to Lebanon.

I had heard about *hawala* for the first time from a cyber-security expert in the United States only a few months before my trip to Beirut. As someone who lived all her life in Turkey and had studied the Middle East for several years, I was struck by the fact that I had never encountered "this concept" before, particularly given my longstanding interest in the sociology of money. With the encouragement of my advisors, I quickly embarked on a summer project to explore and understand what *hawala* meant and how it worked on the ground. It was not until the end of that summer that I came to observe that most of these money transfers by Syrians involved a causal meet-up with "a guy" in the neighborhood or even a simple WhatsApp message to "a contact." It was also during that summer that I first met Zein, the protagonist of Chapter 3. He was introduced to me by my Syrian Arabic tutor and was the first *hawala* broker that I got to know, ultimately becoming my main interlocutor in subsequent fieldwork trips to Lebanon. I left Beirut that summer more confused than before I arrived about how these informal transfers worked so effectively.

On my way back to Princeton, I stopped in Istanbul to visit my family. Unlike Lebanon, which had a long history of hosting Syrians as students, workers, and businesspeople, Turkey was noticeably transformed by the arrival of so many Syrians, which had turned it into the largest-refugee hosting country in the world. The transformation was most palpable when walking through Istanbul's streets and neighborhood markets, where there was now a proliferation of Syrian-run small businesses all with their signs written in Arabic, using the alphabet Turkey had abandoned almost a century ago with the fall of the Ottoman Empire and the founding of the Republic. As an eager student of Arabic, I was happy to be able to practice my skills, reading store signs and overhearing conversations on the street, now in the comfort of my home city. And it was not long before I began to notice makeshift signs, hung in the front windows of many of these new businesses, which usually read something like:

"*hawala* to Syria is available here." The combination of a relatively more welcoming "context of reception" (Portes and Rumbaut 2006) in Turkey and the illegibility of Arabic to its authorities meant that *hawala* was far more public and visible in Turkey than it had been in the stricter and more hostile environment of Lebanon, where brokers operated in almost complete secrecy.

In designing my fieldwork plan, I followed ethnographers who position connections and interactions in (and among) social sites at the center of their research, and select their sites based on where these interactions play out (Appadurai 1990; Marcus 1995, 1998; Desmond 2014, 2016). Accordingly, following that summer, I developed a multi-sited ethnography design (Marcus 1995) and selected two cities, Istanbul in Turkey and Beirut in Lebanon, as the primary sites of my fieldwork. I went back to Beirut in the summer of 2016, and then conducted my long-term fieldwork from April 2017 to October 2018. Over these eighteen months (six months in Beirut and twelve months in Istanbul), instead of dividing my time equally and in a continuous manner in each setting, I travelled back and forth between Lebanon and Turkey for periods of three to six months. This fractured research model allowed me to extend my time horizon in each field, giving me opportunities to cross-check patterns I had observed in each setting. It also allowed me to divide my time more meaningfully according to the specific circumstances of the field. For instance, Turkey's more relaxed environment for *hawala* operations (as well as my own local connections there) made it far easier for me to gain access to Syrian communities and brokers there than it was for me in Lebanon. Moreover, conducting research in multiple sites means that the ethnographer needs to make decisions about where to be present at any specific time. Studying distributed networks such as *hawala*, in particular, requires being mobile even at a single field site. Addressing this challenge in studying dispersed and often digitally mediated action, Anne Beaulieu's (2010) proposes adopting strategies of co-presence to complement (or at times supplant) the physical, face-to-face interactions that characterize traditional field research. In my field sites, this approach meant adopting brokers' own communication technologies, like online

messaging apps on smart phones, which they used both to mediate their transactions, communicate with their customers, and to interact with their social circles. I used these media to stay connected to my subjects whenever I was doing research in another site, and tried to establish co-presence in the field during times when I physically re-located to other sites.

The case selection process developed somewhat endogenously based on my initial field visits in the summers of 2015 and 2016. But the two countries also offered significant empirical and analytical advantages for purposes of comparison. From an empirical standpoint, these were the two countries that hosted the largest number of Syrian refugees in the world; there were approximately 3.7 million Syrians in Turkey and 1 million in Lebanon, according to official (and thus conservative) UNHCR figures. Both countries also had a significant number of humanitarian NGOs with operations inside Syria, although Turkey had a larger share in no small part because of its less strict environment toward *hawala* activities. Beirut and Istanbul are also the two most dynamic urban hubs in each country, and respectively hosted the majority of Syrians. In both countries, Syrians overwhelmingly lived in rented apartment units in urban centers, instead of the government-run refugee camps or informal settlements, which housed less than fifteen percent of all Syrians, mostly from lower-income and rural backgrounds (Clarke 2018). Importantly, neither country recognized Syrians as refugees or asylum seekers under their domestic law, meaning Syrians did not have a right to permanent settlement in either country. Instead Syrians were treated as "foreigners" in Lebanon (with no special status) and were subject to a "temporary protection regime" as "guests" in Turkey (with a specific regime of rights adopted for Syrians only) (Canefe 2018). While registered Syrians enjoyed more rights (e.g., access to public health care) in Turkey compared to Lebanon, these rights had an ad hoc quality as determining any one group's status and rights inside its boundaries remained at the discretion of the Turkish

government.[6] Compared to the (legal) status and rights of Syrians in European countries, for instance, Syrians in these neighboring countries thus experienced a higher degree of precariousness in terms of their legal status, protections, and access to benefits. Yet, despite their own precarity, in both cities these refugees regularly sent money back and forth from Syria. This was an important consideration in case selection because I wanted to center my research around "configurations of relations," including customers, in line with "a relational ethnography" approach (Desmond 2014) that traces connections, interactions, and transactions between actors who occupy different positions within the social space that spans across one's field sites.

Conducting research on *hawala* in both Turkey and Lebanon also offered me analytical leverage because of the differences in their historical and cultural connectedness to Syria. First, while Lebanon and Syria have historically had intimately connected economies, with a shared dialect of Levantine Arabic, overlapping family ties (Johnson 1986), and a highly entangled history, Turkey has been largely detached from economic hubs in the Middle East since the collapse of the Ottoman Empire after WWI. Second, while Beirut has long been home to diverse communities with diasporic ties (e.g., Armenians, Palestinians, Syrian migrant workers) (Chalcraft 2009; Chatty 2010; Nucho 2016), Istanbul has only recently become a destination for foreign migrants and refugees. As a result, whereas informal money transfer practices have long been part of Beirut's urban fabric, these activities have only recently become widespread in Istanbul. Third, while the Lebanese government had passed regulations to monitor and formalize *hawala* businesses, mostly in response to the perceived risks that the Syrian war posed to its financial sector, Turkey had no such legal framework. In Istanbul I was therefore able

[6] While Turkey is a signatory to the 1951 Geneva Refugee Convention, an exception clause allows the country to determine the particular status of any foreign group on an *ad-hoc* basis. See: (Canefe 2018). Interestingly, this same approach of discretionary governance also applied to Syrians' *hawala* activities in Turkey (Holland 2016). Lebanon continues to resist ratifying the Convention, and actively promoted a return campaign for Syrians. Both countries also forcibly deported thousands of Syrians, in clear violation of international law, further contributing to Syrians' overall precarity in both countries (Clarke 2018).

to study *hawala* activities as they emerged, and before they were constrained by government regulation, whereas in Beirut I studied how more established *hawala* networks have adapted to crisis and new government oversight.

During this fieldwork, I followed a number of different research strategies: I collected qualitative data using ethnographic and interview methods and, drawing on these findings, implemented an audit study to analyze brokers' pricing decisions. Below I briefly described these three methods of data collection.

*Ethnographic Fieldwork*

The primary research method I adopted in my fieldwork was ethnography. Given *hawala*'s informality, any meaningful access to these trust networks necessarily meant building my own relationships in the field. As I quickly learned during initial visits to my field sites, the differences in how these countries received Syrians and regulated *hawala* meant that I had to follow different research strategies and protocols in each site.

As a native of Istanbul, I was already familiar with the landscape of the city but did not yet have any personal or social ties to its new Syrian communities. To cultivate these relationships, I volunteered at two Syrian community centers, where my knowledge of both Turkish and Arabic was welcomed. I performed a number of volunteering activities, such as accompanying patients on hospital visits, helping with bureaucratic paperwork, and teaching Turkish and English language classes. As I recount in Chapter 2, these volunteer activities eventually granted me access to Syrian households, families, and brokers in Turkey.

In Lebanon, however, my ethnographic access was granted more by happenstance, as I used the informal relationships that I had built in the field. This is best exemplified by my initial "chance" encounter with Zein, which I describe in Chapter 3. This more contingent approach to gaining access

partly had to do with the fact that *hawala* was more "underground" in Lebanon – brokers and customers alike were noticeably more cautious about meeting with me, let alone talking about their money transfer activities. Moreover, because the institutions of bureaucracy functioned in Arabic and I, as a foreigner in Lebanon myself, did not have the local knowledge to help Syrians navigate those spaces, the value I could add through volunteer activities was somewhat limited. Instead I had to build my relationships with Syrians in Lebanon personally – most commonly people who lived or worked in the four different neighborhoods I lived in during each visit. (In later trips, I was also introduced to relatives and friends of my Syrian contacts in Turkey.) In both countries, these interactions, as well as my long-term investment in colloquial Arabic skills, were crucial in allowing me to overcome, to a certain extent, the challenges of access that researchers typically encounter in studying the informal economic activities of hard-to-reach populations.

For my ethnographic research, in both settings, I followed a small number of brokers and customers as they went about their transactions and other daily social and work activities. There are relatively few barriers to entry in the *hawala* business, which makes it a dynamic and decentralized market setting. While some brokers operated out of a regular workspace, like a supermarket or a barbershop, most conducted their operations on-the-go using a smartphone. As a result, rather than adopting a more traditional ethnographic design based in a single setting, I had to be mobile in the course of my fieldwork, observing brokers as they received customers in various settings and accompanying customers on their visits to brokers. I wrote and coded detailed field notes to allow for inductive analysis of emergent themes, using the NVivo qualitative data analysis software.

Besides this more targeted field research, I received invitations to attend social gatherings, like dinners and after-work meetings, often scheduled in cafés and usually timed to coincide with European football matches. Particularly during these "hanging out" times, my presence as the only non-Syrian person, and often the only woman, had several implications, depending on the situation.

All the brokers I met were men, although many were close to my age. This meant that my presence was always "felt" and my "access" in the field was bound to be different to what a (Syrian) male researcher would have experienced. But being a woman in this male-dominated field also opened some doors that may not have been unavailable to a man. For instance, I found that pious men often felt at ease inviting me, a woman, to their family households for dinners or tea, a privilege I might not have had if I were a man. (And veiled women in these private spaces were often comfortable enough around me to uncover their hair, dress casually, and chat informally with me.)

Moreover, the fact that I was from Turkey typically meant that I was not perceived as a foreigner (a term that is usually reserved for people from outside the Middle East). Instead, my contacts often referred to me as "a sister," – for example, when they asked their friends or contacts to meet with me and talk to me about my research they would often say that their friend would be "helping out a sister." My Turkish identity was also helpful in social situations, and my conversations with interviewees and interlocutors often revolved around the shared linguistic, cultural, and culinary heritage between Syria and Turkey. This local status also helped to minimize legitimate suspicions about my "real motivations." In two separate interviews, I was asked to present my Turkish ID card, half-jokingly, to prove I was not an American (because of my institutional affiliation) or a foreign agent (some were well-aware of the negative attention *hawala* had received for its supposed ties to "terrorist monies").

The potential implications of being involved in *hawala* activities are different for brokers and customers, with the risks of legal liability generally much higher for brokers. Accordingly, I followed different research procedures when shadowing these two types of participants. When I was embedded with a broker during their meetings with customers, I carried a visible notepad and asked the broker to explain the purpose of my presence to arriving customers. However, customers mostly preferred me not to reveal my researcher identity, which would likely have put off or scared many brokers (who

I did not know personally). Because I did not obtain the explicit consent of these brokers, I only accompanied a customer if the meeting took place in a public setting, like a café, a street corner or a store where the broker also conducted *hawala*. During all my visits, I paid close attention to how brokers interacted with customers and, once the other party left, asked questions about the specific transaction to either the broker or the customer, depending on whom I was accompanying.

A second source of data emerged from customers' outreach efforts to brokers prior to these visits. Typically before making a transfer, customers reach out to brokers by phone or through messaging applications like WhatsApp to inquire about the terms and conditions of the transfer (similar to the inquiries in the audit study that I describe below). I received the logs from a number of these WhatsApp conversations and also observed several of these phone calls firsthand. These observations yielded important insights regarding how brokers react to different types of customers, which I document in detail in Part II. Finally, several brokers with whom I developed closer relationships often allowed me to study their notebooks or WhatsApp messages to examine the details of their transactions. Reviewing these transaction logs with brokers themselves provided valuable opportunities to learn about their pricing processes and relationships with different customers and broker partners. Finally, I adapted a strategy first employed by Elisabeth Wood (2003) in which subjects are asked to produce maps of their social connections and relationships. I asked my broker interviewees to draw their *hawala* networks and their locations on blank maps. Not only did these maps allow me to more concretely understand the full scope of their immediate networks and how brokers understood the spatial dimensions of their activities, but these mapping exercises also offered opportunities to have more structured conversations about brokers' relationships with their partners.

*Interviews*

To complement these ethnographic observations, I conducted 115 semi-structured interviews with Syrian *hawala* brokers, refugees who send remittances back home, representatives from aid organizations that use *hawala*, and other relevant actors such as regulators, money exchange agents in Lebanon, and formal money transfer brokers. The initial interview sample came from the relationships I built personally or in the community centers, which I expanded on using snowball sampling. I actively sought to build a diverse sample that would include, for example, different types of market actors (e.g., brokers in different neighborhoods and different types of customers) and participants from different parts of Syria (i.e., both government- and rebel-controlled territories). I particularly sought to diversify my sample of *hawala* brokers based on social characteristics (ethnicity, religion, seniority), capital size, and connectedness (both in terms of the expansiveness and geographical reach of their networks). In total I conducted 115 interviews: fifty-two interviews in Lebanon, fifty-four interviews in Turkey, and nine interviews with individuals inside Syria (via encrypted phone calls). In terms of participant types, I interviewed twenty-one brokers (a total of 34 interviews), twenty-nine individual customers (31 total interviews), twenty-six individuals who worked in aid organizations (i.e., NGO customers) (31 total interviews), and seventeen other relevant market actors (e.g., official MTOs, money exchangers) and regulators (19 total interviews).[7] In an appendix I provide a full list of all my interviews, including a variety of relevant details.

While the sample includes members of many religious and ethnic minorities represented in Syria, the majority of my interviewees were Sunni Arabs, which reflects the demographic profile of Syrian refugees and *hawala* brokers in both Lebanon and Turkey (as well as, the majority of the Syrian population). All brokers I interviewed were male. The average age of these brokers was 33, and most

[7] Some participants were interviewed multiple times, typically in follow-up interviews over the course of several trips to each field site. The numbers in parentheses account for these follow-up interviews. I found it particularly helpful to conduct follow-up interviews with brokers.

of them had no more than a secondary education level (I note those who are outliers, like college degree holders). The interviews with brokers were almost all conducted in Arabic, while those with customers, who came from different socio-economic backgrounds, were conducted in either Arabic or English (only one interview was conducted in Turkish). Interviews were recorded only when the interviewee felt comfortable; otherwise I hired a research assistant to accompany me and transcribe our conversation. Most qualitative data collection took place in Beirut and Istanbul, though I conducted seven interviews in the border city of Gaziantep in Turkey, six interviews in two border towns in Lebanon's Bekaa Valley, and nine interviews with persons in seven different towns in Syria.

These interviews provided valuable insights on the personal biographies of brokers as well as details on the histories of their relationships with fellow partners. Interviews also helped me probe differences across different "situations" of exchange in ways that were not always readily apparent from ethnographic observations (Lamont and Swidler 2014). For example, they brought to light key differences in transactions to different parts of Syria and in transactions involving different types of customers. Finally, these interviews also gave me an opportunity to probe and explore patterns, practices, and themes that emerged from my ethnographic observations, drawing on a wider sample of respondents (Lamont and Swidler 2014).

*Audit Study*

Finally, I conducted an audit study to explore differences in the pricing practices brokers used with distinct types of customers. One of the key insights that emerged during my fieldwork in Turkey was that a significant number of searches for brokers happened online. Brokers frequently, though not always, advertised their *hawala* services on platforms like Facebook pages or websites where Syrians shared tips on various aspects of life in Turkey. Some of these sources also included (or at times were dedicated to) advertisements from *hawala* brokers, which included their contact information.

Researching these online sources, with the help of one Syrian research assistant, I was able to compile contact information on 183 brokers who were all based in Turkey. I then used these contact details as the basis for the audit study. Working with two Syrian research assistants, we called each broker twice to ask for price quotes on transfers to Idleb and Damascus – once with the caller acting as a Syrian refugee and once as an NGO representative.

The audit study builds on insights that I developed through my ethnographic fieldwork. In fact, researchers who engage in sustained fieldwork are uniquely positioned to identify unnoticed or unusual patterns in social behaviors, some of which may be measurable later on using other research techniques like field experiments or surveys (see e.g., Chauchard 2014; Ranganathan 2018; Thachil 2018). These empirical extensions to more traditional fieldwork approaches can allow researchers to test qualitative intuitions, generalize inductive findings, and systematize otherwise unobservable data. Moreover, they also extend and build on these experimental and survey methods by implementing them in novel empirical sites (e.g. informal markets) and by innovating on their conventional applications. Audit studies, for instance, are typically used in labor market settings (in Western contexts) to measure discriminatory behavior based on race, class, or gender (Pager 2003, 2007; Gaddis 2018). What makes audit studies so powerful (even within the genre of field experiments) is their embeddedness in real-world settings. Yet, social scientist have so far made limited use of this technique in settings beyond Western labor markets, or to study outcomes other than discrimination (for an exception on both fronts, see Ranganathan 2018). The present study seeks to advance the use of audit studies by applying the method to study a distributional outcome, i.e. prices, which provides greater opportunities to make inferences about mechanisms. In doing so, the study also generates rare quantitative empirical data in an otherwise opaque informal market setting.

*Outline*

The rest of the dissertation proceeds as follows. Part I focuses on inter-broker relationships, unpacking the nature and source of trust ties that define two specific *hawala* networks. Chapter 2 and Chapter 3 each follow the same structure: they start with the biographical histories of two brokers, Hajj and Zein; then reconstruct each network from these two brokers' own vantage points; and finally explain how these networks mobilize rooted and cultivated trust ties to expand their coverage while still enforcing commitments. Part II moves the focus to broker-customer relationships, and the diversity of monies that flow through *hawala* networks. Specifically, I introduce two types of customers, Syrian refugees and humanitarian NGOs, and recount how these starkly different customers navigate the informal economic terrain of *hawala*. Then I explain how brokers go about meeting these customers' distinct and diverse requirements and needs. Chapter 4 takes a close look at remittances, and documents the priorities of refugee customers, who generally desire access, anonymity, and flexibility in their transfers. Chapter 5 shifts the focus to aid money and explores interactions between brokers and NGO customers. It describes the quasi-formal nature of these relationships and explains how brokers' accommodate NGOs' expectations of liquidity, transparency, professionalism, and (also) flexibility. Chapter 6 presents the experimental audit study, which reveals how two axes of variation – the context of exchange (permissive versus prohibitive) and the identity of the exchange partner (refugee or NGO) – affects brokers' price-setting behavior. I find that brokers are more likely to use discretion in setting prices with refugee customers and for transfers to areas controlled by the Syrian government, and that this discretionary pricing results in higher average prices in both cases. Chapter 7 then concludes the dissertation with a broader discussion of *hawala*'s impacts on the social order of Syria today, at a time when one third of its population lives in exile and more than half have been internally displaced. I argue here that the money flows that *hawala* facilitates provide a vital and reliable economic lifeline for Syrians living through the protracted uncertainty of

the crisis. In this sense, the dissertation reveals not only how brokers navigate the challenges of the conflict, but also how, in doing so, they effectively broker a broader sense of order and stability for those who have endured the hardships of war and exile.

# Part I

# Brokers and Trust Networks

# Introduction to Part I

"Before the war, [*hawala*] wasn't like this. Damascus and Aleppo were all there was. Now it's all linked all over Syria and the things have improved greatly for people. Wherever you go, you'll find someone to make transfers anywhere you want." Irfan, a *hawala* broker I met in Beirut in May 2018, echoed many others when he stressed the pervasiveness of *hawala* networks into and across Syria, and their unprecedented expansion during the war. Originally from the eastern province of Deir Ezzor situated by the Iraqi-Syrian border, he escaped as violent clashes neared his hometown and crossed the border into Lebanon in 2014. Once in Beirut, he reconnected with other *Deiris* (as Syrians from his hometown province are called) and fellow Syrians from other parts of the country, who eventually introduced him to the *hawala* business. Irfan said he knew tens of other *Deiris* like him who work in *hawala* in Beirut alone. Most of his transfers were either to his hometown and surrounding villages in

Deir Ezzor or to Damascus. But "tell me any location in Syria and I will find a contact within minutes," he re-assured me holding up his smartphone.

Irfan is able to facilitate transfers to almost any location in Syria because, ever since he relocated to Lebanon, he has established ties with brokers from different regions of the country; he is close friends with brokers from Damascus, Aleppo, Homs, and his hometown, and through them to many others across Syria. When he lacks a direct business contact at a particular destination he relies on these brokers to facilitate the connection, often via the preferred encrypted messaging application, WhatsApp, on their smartphones. Conversely, other brokers frequently contact him when they need to transfer money to or from Deir Ezzor and, in such cases, Irfan performs "the relational work" (Zelizer 2012) of mediating these ties and transactions. Irfan was a good friend and partner of Zein, a broker originally from Damascus, who introduced me to the rest of his network during my fieldwork in Lebanon. The core participants in Zein's and Irfan's network each originated from different cities and regions of Syria. Like Irfan, when they first arrived in Beirut and started doing *hawala*, they were almost exclusively conducting transfers to and from their hometowns, typically through a family member or relative located there. With time, however, Zein started developing stronger connections with fellow Syrians, often because he was called on to help with informal work arrangements, social gatherings, border crossings, and bureaucratic paperwork such as applying for a residency permit. As these *cultivated, trans-local trust relations* became stronger, Zein started working with many of these friends in his *hawala* dealings, which ultimately resulted in them merging their isolated transaction corridors into a much more comprehensive *hawala* network.

Yet, not all *hawala* networks follow this pattern of merging. Hajj is a broker I met in Turkey, and his network is a case in point. Hajj is "a pioneer refugee" (Fitzgerald and Arar 2018; see Bakewell *et al.* 2012). He was the first member of his family to cross the border into Turkey when his hometown, a mid-size city in central Syria, passed hands into local rebel control and, shortly after, came under

attack from the Syrian army, which wanted to re-capture the city in early 2014. Once settled in Istanbul, Hajj made the arrangement for his family members and several other residents of his hometown to emigrate as well. Within months, he even developed a reputation as someone who could help out refugees from his town arriving in Istanbul. Because Hajj's hometown has changed hands multiple times between different warring factions, the majority of its residents have been displaced and have spread across many regions of Syria. Hajj's reputation and local connections have thus moved together with the community to their new locations of semi-permanent settlement. And because of this geographical dispersion, Hajj has been able to leverage his *rooted, local trust relations* to provide considerable coverage across many regions of Syria in his *hawala* transactions. Importantly, in both cases, Zein and Hajj also relied on (often digitally) mediated trust relationships with brokers they had no direct connections with, but were introduced to through one of their immediate (rooted or cultivated) trusted contacts. Through this common mechanism, both Hajj's and Zein's networks were able to expand their *hawala* businesses beyond their immediate set of trust ties to cover diverse geographies and towns across Syria.

In this section, I trace these two processes of network formation in *hawala* by following the trajectories of Hajj and Zein and reconstructing, from their vantage point, the immediate set of connections they rely on to conduct their *hawala* transfers. Both networks span towns and regions across borders, and operate in the context of Syria's protracted civil war, with its constant threat of violent conflict, periodic displacement, and disruptions to the routine course of life.

In this sense, *hawala* brokers operate in the same context of radical uncertainty (Dequech 2003; King 2016) as any other economic actor across Syria's fragmented and war-torn territory. They face the same constraints that compel them to make (economic) decisions in a highly unpredictable environment, where formal institutions do not exist or fail to function. To fill the void left by broken institutions in similarly unpredictable environments scholars have found that actors often resort to

more predictable social ties to facilitate transactions (Beckert 1996; DiMaggio and Louch 1998; Guseva and Rona-Tas 2001; Dequech 2003). Interpersonal relations of trust serve as an effective form of "protection against opportunistic behavior" (DiMaggio and Louch 1998:634) because exchange partners are at risk of jeopardizing their reputations and undermining ties to their communities (Williamson 1983; Grief 1993; DiMaggio and Louch 1998). This guarantee in the form of interpersonal trust helps actors lengthen their time horizons by ensuring that obligations (payments, the quality of goods) will be fulfilled at a future date. Whereas in normal times institutions like legal protections and courts help to guarantee these obligations, when these institutions are weak or unavailable interpersonal trust can serve as an effective alternative. Moreover, in periods of crisis, especially in times of civil war, actors might develop a particular preference for in-group exchange (based on ethnicity, sect, or local identity).

However, as the scholarship points out, enforcing economic transactions via trust requires strong ties, which are typically inward-looking and highly localized. Sociologists and economists alike contend that informal activities are bound to stay small in scale (even in the case of transnational illicit transactions) because any individual actor is likely to have a limited number of strong trusted relationships (DellaPosta 2017). In other words, one of the most common conclusions in the scholarship on informal economic activity is that there is a necessary trade-off between relying on interpersonal trust and transacting at scale (Grief 1994; Guseva and Rona-Tas 2001; Beckert and Dewey 2017). Thus, while social devices like trust help actors navigate uncertainty in wartime exchange, they also constrain exchange opportunities, and are themselves vulnerable to the contingencies and disruptive effects of warfare.

Like other economic exchange arrangements operating in contexts riven by uncertainty, *hawala* brokers rely on trust and intimate social relations to guarantee their commitments. Yet, *hawala* poses a theoretical puzzle to the consensus in the literature about the limitations of trust in facilitating

economic activity. As the following accounts show, both Zein's and Hajj's network operate across broad swaths of Syria's fragmented territory: in areas that are under the control of government as well as different warring factions; in major cities as well as isolated, hard-to-reach towns and villages; in active warzones and territories where the conflict has subsided. In this way, the two networks exemplify the remarkably pervasive coverage and spatial scale of *hawala*. Yet, despite their scale and their reliance on interpersonal trust ties, both networks managed to avoid frequent or major violations of obligations, defaults on promises, and other types of malfeasance. These networks therefore raise a puzzling question about the supposed tension between trust and scale: how are *hawala* brokers able to scale up their transactions while relying on trust relations to enforce commitments?

The next two chapters answer this question. I show that the radical uncertainty generated by Syria's war also created opportunities for actors who were able to lengthen their time horizons. In fact, the case of *hawala* represents a prime example of entrepreneurs thriving under these conditions. By knitting together different trust relationships (rooted and cultivated; direct and mediated), *hawala* brokers are able to simultaneously use trust to guarantee their mutual obligations *and* extend their coverage across multiple locations. These "cumulative relationships," as one broker put it to me, allow brokers to avoid trading off between trust-based exchange and scale. In other words, it allows them *both* to form long-term agreements (i.e., the accumulation of considerable debt obligations with other brokers) in the absence of institutional enforcement and to scale their operations up beyond their immediate, strong trust relationships.

Moreover, I show through the network stories below that it is partly the war itself that creates the conditions for brokers to sustain different types of trust relations, which in turn allow them to avoid the tradeoff between trust-based exchange and scale. In this sense, the war provides its own solutions for the problems it creates. Specifically, I argue that war helps create these pervasive, dispersed, and reliable relational structures through two mechanisms: 1) the dispersion of *rooted trust*

*relationships* across space, and 2) the concentration of *cultivated trust relationships* in safe-havens. Both Hajj's and Zein's networks are effective in conducting operations across distant and diverse locations because they knit together both rooted and cultivated trust relationships into complex networks of mediated ties that allow brokers to transact with interlocutors who they may not directly trust.

First, war creates constant mass displacement, and in doing so it disperses long-standing local ties between friends, family-members, and neighbors physically across space. Thus, the rooted, local relationships that typically govern informal economic exchange in more settled times end up spread across diverse geographies. Second, as people fleeing the war concentrate in certain (however temporary and precarious) safe havens, they cultivate new relationships with their fellow citizens from diverse regions and backgrounds. And because these individuals share the common trauma of displacement and exile, these cultivated ties in safe havens can often be extremely strong. Each of the network stories below exemplifies one of these mechanisms clearly. Hajj primarily relies on rooted trust relationships, as he conducts *hawala* almost entirely with fellow residents of his hometown who he knew before the war and are now strewn across Syria and Turkey. In contrast, Zein built his network on cultivated trust relationships, or the strong friendships that he formed with other young men who had ended up in exile in Beirut.

Yet, once we zoom out from the vantage point of these two particular brokers it becomes clear that both networks rely on a *combination* of rooted and cultivated relationships. In this sense they both rely on different types of trust ties, which allow their members to conduct *hawala* transactions with second- and third- degree contacts in locations where they do not themselves have direct contacts. In other words, though Hajj is directly connected to brokers via rooted relationships and Zein is directly connected to brokers via cultivated relationships, these direct connections themselves have further connections (based on a combination of rooted and cultivated relationships), which allow them to mediate between Hajj/Zein and other brokers who they may not trust or even know

personally. These mediated trust relationships therefore allow brokers like Hajj and Zein to provide considerable coverage in their *hawala* operations while minimizing the risk of spreading their capital to those with whom they have no direct ties. Ultimately, these mediated relationships help sustain the flow of money even to the most isolated and hard-to-reach locations, bring together the many disparate *hawala* networks, and contribute to the reliability of the system as a whole.

The accounts show that to remain effective trust in *hawala* needs to be reproduced constantly and creatively (Lewis 2008). In this sense, *hawala* is an ideal site in which to investigate the connections between "brokerage" (McAdam *et al.* 2001; Burt 1992; Stovel and Shaw 2012) and "relational work" (Zelizer 2005, 2012; Bandelj 2012, 2020). While brokers bridge individuals, organizations, and geographical sites, acts of brokerage happen at the interpersonal level, and most frequently involve informal relationships like those Zein and Hajj have with the other members of their networks (Stovel and Shaw 2012). Simply connecting actors previously unknown or unrelated to one another is often only the first step in acts of brokerage. Brokers must subsequently perform elaborate "relational work" (Zelizer 2012) to sustain these at times uneasy bridges, and facilitating cooperation between the recently connected actors (Obstfeld 2005) or perhaps keep them intentionally distant (Rossman 2014). Moreover, rather than treating ties in a network as a given and stable property, Zelizer frames them as constant accomplishments, and emphasizes "the creative effort people make establishing, maintaining, negotiating, transforming, and terminating interpersonal relations" (Zelizer 2012:6). Investigating brokerage mechanisms therefore requires that we look inside micro-transactions to trace how they are constructed by exchange parties and that we pay attention to the broader "structure and content of relations" in which these actors are situated and through which their transactions take place (Bandelj 2012).

A relational work framework is particularly relevant for studying how brokers create and sustain trust ties to expand their *hawala* operations. Zeroing in on the content of ties and the processes

of their reproduction reveals that they may vary not only in their strength and density (e.g., embedded versus arms-length ties, see: Uzzi 1996) but also in their geographical origin (hometown versus shared safe haven) and in their temporality (long-standing versus recent). In the following two chapters, I analyze the relational work that goes into forming and sustaining different types of trust ties in *hawala* networks. Such an approach, I argue, helps explain how certain entrepreneurial brokers managed to creatively re-purpose and expand trust relations disrupted and dispersed by war, and thus overcame the trade-off between trust-based exchange and scale. By qualitatively analyzing the processes of relational work I hope to offer an alternative to a quantitative social network analysis, which scholars typically apply to study such configurations of relations. These quantitative approaches are highly effective at mapping out the structure and patterning (in particular, density) of relations among actors. However, as critiques of quantitative network analyses emphasize, these techniques are often inadequately suited for analyzing: how and why ties form and are maintained within networks; the content of these (trust) ties; the defining biographical details of persons who constitute such ties; and the broader contexts in which these webs of relations are grafted (Goodwin and Emirbayer 1994; Smith-Doerr and Powell 2005; Desmond 2014). In a similar vein, a relational work approach differs from the foundational concept of "embeddedness" in economic sociology (Granovetter 1985; Krippner and Alvarez 2007; also see Bandelj 2020). While the latter sees social relations as the context that shapes, enables, and structures economic exchange, relational work treats social ties as *constitutive* of economic action (Bandelj 2020).

Drawing on ethnographic data and interviews, the next two chapters offer a qualitative assessment of relations in each network. First, rather than prioritizing "nodes in a network over names" (Desmond 2014:572), I depict the biographical histories, characteristics, and personalities of brokers who constitute these networks. Second, I examine the *content* of the trust ties that bind brokers together and analyze the processes though which these cross-cutting affiliations between brokers

pattern their money transfer activities. Third, I graft each network onto geographical space, paying attention to how locality, with its particular social and political context, shapes the very nature of ties and connections in each network.

The two chapters proceed as follows. First, each chapter traces the biographical trajectories of Hajj and Zein, my two main interlocutors in Turkey and Lebanon, respectively. The accounts make clear that both Hajj and Zein occupy a special social position within their respective communities in Lebanon and Turkey. Their phone numbers circulate among fellow Syrians who need help crossing borders, settling in new destinations, or navigating bureaucratic hurdles. Indeed, their careers as *hawala* brokers begin making sense when these activities are located within the broader economy of favors in which they participate. As the war intensified and the demand for *hawala* services soared, what began as *ad hoc* transfers done for free for friends or family became more frequent and routinized, such that eventually they started charging for these transactions. The chapters then reconstruct their immediate sets of direct relationships, which constitute the backbone of their trust networks. Finally, I end each chapter with an analysis of how each network goes beyond these direct relationships, relying on mediated trust ties to accomplish *hawala* at a scale that is rarely seen in other instances of informal exchange.

# Chapter 2
# Rooted Trust in the Amalia Network

## I. Hajj

When I told Hajj that I was back from New York for a short visit in May 2019, he insisted I had to come over for an *iftar* dinner at his parents' apartment in Fatih, a lower middle-class neighborhood in Istanbul, which has recently become home to thousands of Syrians fleeing the war. It was the final week of Ramadan, the holy month in Islam when Hajj and his family fasted from dawn to dusk. In our WhatsApp message exchange, he joked, knowing that I do not observe the fasting tradition, "try not to fill your stomach too much, my mom is making kabsah," an elaborate chicken and rice dish, which Hajj proudly explained was best made in the town he is from in Syria that I will call Amalia.[8] Also invited was Hatem, another Syrian from Amalia, who had become a good friend of

[8] In order to protect the confidentiality of my interlocutors, I will use the fictional name of Amalia for this town. Amal means hope in Arabic, and Amalia translates to "the place of hope." I also omit certain local details that might give away the town's real identity. All other location details are kept true to the original accounts.

mine through our work together at a Syrian community center. It was Hatem who had initially introduced me to Hajj one-and-a-half years prior. I arrived with my package of pistachio baklava from Hajj's favorite Syrian dessert store in the Fatih bazaar to find several of his family members, including his elderly parents, two sisters, one brother in-law, and nieces and nephews, jostling around to get the dinner ready in time for the *ezan*, the call to prayer at sunset when observing Muslims break their day-long fast. I was invited into the main *sofra* [banquet set out on the floor] together with all the men and Hajj's mother, the matriarch of the family. The sisters and the children ate separately in the small room adjacent to the living room, not because I, as a woman guest, was present, but because Hatem and Mahmoud, two men from outside the family were joining as well.

Mahmuod was the third and last guest, a twenty-one-year-old young man, also from Amalia, who had arrived in Turkey by himself at the age of eighteen, leaving his family behind in an IDP (internally-displaced persons) camp in Killy, Idleb in northern Syria, which was under rebel control. Unlike Hatem and I, Mahmoud was a regular at Hajj's family *iftars*. But later when I asked him about his journey into Turkey, his story matched Hatem's and several other *Amali* youth I had met: "When I first crossed the border and arrived in Reyhanli [a border town in southern Turkey], I only had a phone number to call and no other connections." When Mahmoud called the number the man at the end of the line was Hajj.

About a ten-minute walk from his family's apartment, Hajj rented a whole building, which looked more like a dilapidated, skinny tall structure squeezed in between two apartment complexes, and turned it into a youth hostel [*sukkan ash-shabab*]. When young *shabab* [guys] like Hatem and Mahmoud called him, Hajj put them up in this hostel. There were in total about thirty residents at a given time, whose ages ranged from late teens to early thirties. (Mahmoud and Hatem represented the two extremes on this age spectrum when they first arrived.) At Hajj's hostel, the newcomers did not start paying rent until they could find a job, most often brokered by Hajj himself. These jobs included

working as salespersons at stores serving Syrian customers, as construction workers, as cooks or waiters at restaurants, or as tour guides for Arab visitors from high-income Gulf countries. In this transition period as the young *shabab* find their footing, Hajj also helped them receive small amounts of money from their families back in Syria to buy food, clothing, and other essentials. Then once they secured employment in one form or another, the money would start flowing in the other direction as more-or-less regular remittances to their families. These remittances also went through Hajj.

Hatem first introduced me to Hajj in January 2018, about six months after I started volunteering at the Syrian community center, which was located in a working-class neighborhood close to Fatih. I had already heard a lot about Hajj from Hatem, who had stayed at his hostel for six months but later was able to rent an apartment with three other friends (all from Amalia). Not everyone is able to settle down that quickly. Several hostel residents I met had been there for three years or more. But Hatem was on the older end of the age spectrum. He was also an outlier in terms of his social position in Amalia: he already had a college degree in Literature, had a middle-class upbringing, and a history of stable employment by the time the war hit his hometown. Once in Istanbul, he quickly found a job as an Arabic teacher at a UNICEF-funded school for Syrian children, which helps them prepare for the transition into the Turkish school system. Because of his middle-class status and education-level, Hajj often deferred to Hatem and always called him "Ustaaz Hatem," which not only refers to his occupation as a teacher but is also a sign of respect for highly-educated persons in Syria. Thus, on a request from Ustaaz Hatem, Hajj agreed to meet me.

We settled on a meeting point on the bustling Istiklal Street, the social heart of the European section of Istanbul. As usual, Hatem arrived right on time. He had just received a text message from Hajj, who wanted to stop by a nearby mosque quickly to pray. I started asking Hatem questions about Hajj to get a better sense of the person I was about to meet. After hearing all the stories of how Hajj would help people out – settling them into Istanbul, finding them jobs, sending money to their

families, getting them a *kimlik* (Turkish ID card) – I was surprised to hear he was only thirty-eight years old. Seeing the surprised expression on my face, Hatem clarified: "he is young at age but senior as a persona…That is partly why we all call him 'Hajj'" he explained, referring to the title reserved for Muslims who have made the pilgrimage to Mecca. "This is to show our respect." His actual name was Fouad.

At that point, Hajj approached us. At first sight he looked to me a decade older than his age. He was wearing a clean, white, well-ironed shirt, with rolled up sleeves, and a black vest. He had an assertive and masculine manner of walking, accentuated by his stubble and the prayer beads he was rolling in his right hand. He greeted Hatem in a common gesture that I had seen many *Amalis* use, involving an additional kiss beyond the two that are standard in Syrian culture, but one that misses the cheek and includes a half hug. Hajj turned to me and placed his right hand on his heart, a common social clue when men do not shake hands with women. Then he said: "merhaba, nasilsin?" [hello, how are you?] in Turkish. Upon hearing my response in Syrian Arabic, he didn't hide his surprise and smiled, protesting to Hatem "you didn't tell me she speaks Syrian!" We went to Aznavur Pasaji and sat at a table in the courtyard so that Hajj, who is a serious chain-smoker, could smoke freely. He lit a cigarette as soon as we sat down.

This is when I first heard Hajj talk about his journey from Syria in December 2014. He was eager to recount the story and was clearly proud of it. Hajj was a "pioneer refugee," the first one in his family to leave Syria and cross the border into Turkey. "I arrived just myself, with only one month's rent and I had brought a little bit of mukabbilat [starters and staple food]. I started looking for jobs but I didn't speak any Turkish so it was hard to understand what people wanted and needed. And at the time, there weren't many Syrians in Istanbul like [there are] now." His first foray into work was as a street vendor, *seyyar satici*. He laughed as he was reminiscing: "I didn't know it [street vending] was illegal in Istanbul. And definitely didn't understand the tricks of the trade of how to evade *zabıta* [the

municipal police]." Then he started working in construction, his primary trade in Syria, as a day worker. He was paid forty liras a day (around ten USD at the time) for twelve hours of work. As his Turkish improved, he started taking construction contracts himself, like he had back in Syria. Eventually, with the money he saved he managed to bring all his family to Fatih in three separate trips from Raqqa, where they were staying after being forced out of their homes in Amalia. "We have six apartments on the same block… We are a big family," he told me. While all his siblings were married with kids, Hajj, the oldest of all, remained unmarried himself.

Hajj started the youth hostel after one of his contractors' told him a friend was looking to rent out an abandoned dorm building in Fatih. "When young *shabab* arrive here, they have no money," Hajj explained. The dorm came with bunk beds. He quickly put together some money from a local charity and donations from neighbors to put down the deposit and buy bedding. He and his brother worked to fix the shared kitchen sinks and bathrooms on every floor.

A few days after the *iftar* dinner with Hajj's family, I visited Hajj and the *shabab* at the hostel. We sat in the room on the first floor that Mahmoud shared with two other guys. When I arrived they were all playing video games on their smartphones. Two sets of bunk beds took up most of the room. There was a small TV installed on the wall, where there was a replay of a European football match. Most *shabab*, like Hajj, are avid Barcelona fans. As the only person not fasting in the room, I sipped the tea Mahmoud had prepared for me as they showed me the champion's cup that their Amalia team had won in the previous year's Syria league, an amateur football league where teams of Syrians in Istanbul, each representing their hometowns, play against one another. When Hajj stepped outside to take a phone call, I asked the *shabab* if all the thirty-two residents currently staying in the hostel were from Amalia. Mahmoud responded with a big smile: "Yes, all the *shabab* are from Amalia. Hajj never accepts any strangers [*ghareebeen*] to the hostel. Even if someone from Damascus or elsewhere asked

him for a place, he would tell them there was no vacancy. Strangers are hard to know [*mu maaruf*] and troubles arise. But when we are all from the same town, each one of us stick together."

## II. Rooted Trust Ties

Like many other brokers I met over the course of my research, Hajj emphasized to me that he never intended to work in *hawala*. Instead he became a broker "by accident." "I started doing *hawala* only to help people. With no fee or anything." People went to Hajj to find an apartment or a job, to get their ID card or residency permits, to navigate hospitals and pharmacies, and so it was only natural that they go to him as well when they needed to send money to their families and relatives in Syria.

While he had never handled money transfers before, Hajj was not completely clueless about how to go about it. He knew who to call from Amalia to see if they could arrange a few transfers between there and Istanbul. This local contact was Mustafa, who came from one of two most prominent families in Amalia. They owned several local businesses, but their primary one was a grocery wholesale business that sold goods to supermarkets and restaurants in and around the town. They also owned a franchised branch of one of the largest Syrian money transfer companies, which was fully registered and authorized before the war. Mustafa was in his mid-twenties when he took over responsibility for running the family businesses from his father, before the war had reached Amalia. He had decided to shut down the money transfer business in 2013, when the Syrian army attacked local rebels in Amalia in an effort to re-take control of the city.

Hajj had long worked for Mustafa's family in various types of jobs, but most prominently in supervising construction projects and logistics for their wholesale business. He had a good relationship with the family, and was always invited to family weddings and other important occasions. When Hajj asked Mustafa if he could help with a few transfers to Amalia, Mustafa readily agreed.

At that time, Hajj told me, he and Mustafa would simply match transfers going in opposite directions, which eliminated the need to settle accumulated debts, which would have been difficult and risky given they were separated by multiple conflict-zones and the heavily patrolled Turkish-Syrian border. For every transfer that Hajj sent to Mustafa in Amalia, they would wait for an equal sized transfer (or bundle of transfers) to be sent from Amalia back to Istanbul. If a big imbalance started to emerge, he explained, "I would stop doing transfers in that direction and wait until the accounts balanced each other again." The matching worked because some refugees were sending money to their families back in Syria, but families in Syria were also sending money into Turkey both to support family-members who had just crossed the border but also to get their savings out of the country before they themselves started their journey across the border. But, eventually, as the volumes increased, directly matching transfers in this way began constraining his business.

"In the beginning, I didn't even take note of these transfers. It was all in here," he told me pointing to his head with his cigarette in hand. But as the requests increased, "it became too complicated. Accounting in the head wouldn't do it." He bought a notebook, where he started jotting down all the transfers he was facilitating for the people in the neighborhood to keep track of what he owed and what he was owed.

Right around that time in mid-2015, Amalia had once again become a battlefield. This time the Islamic State had attacked to take the control of the city from the Syrian regime's forces. The heavy clashes led to a massive exodus of residents from the city. This was the time when Hatem and his family had left the town, and, similarly, Mustafa had no choice but to leave, along with most of his immediate and extended family. Unlike most others, Mustafa had the resources to move across the border with his family and settle in the town of Gaziantep (colloquially, Antep) in Southern Turkey. Even though Hajj was in Istanbul, he gave them contacts who could help them with accommodation

during the journey. "I was in touch with them all the way," he recounted to me. "We sent each other voice messages on WhatsApp several times a day."

Like other Syrians who had to leave behind immovable assets like houses and businesses, Mustafa and his family scrambled to liquidate their savings before journeying to Turkey. Once they had converted these assets to cash, they entrusted them to a *hawala* broker in Syria and then reclaimed them from that broker's partner, who was based in Antep. Mustafa then used this capital to quickly restart some of his businesses. He opened up a trade company for importing goods from Turkey into Syria, which he then sold to supermarkets and restaurants across the country, including in territories held by the rebels, the government, and the US-backed Kurdish authorities. To finance this cross-border trade, he had to rely on *hawala*: he was able to pay his suppliers directly in Turkey and but his customers were paying him in Syria, so he used *hawala* to get these payments out of Syria and back to Turkey. Hajj, on the contrary, continued to facilitate remittance transfers from a growing number of *shabab* and other *Amalis* in Fatih. Though these remittance transfers were usually in much smaller amounts than the large transactions Mustafa was using to finance his trade business, they were far greater in number and eventually added up to considerable sums. The two men started working together in earnest in early 2016.

Because his family had already run a money transfer company, Mustafa was experienced in the operation of a transfer business. Yet, before the war, his business relied on the official company's infrastructure of branches across Syria. Now, from his new home in Gaziantep, he started re-building his own network of connections across Turkey and Syria, relying exclusively on his family members who, like most *Amalis*, had been displaced and dispersed to a number of locations across Syria's major provinces, including Raqqa, Idleb, Aleppo, Homs, Damascus, and Deraa. Looking through Hajj's transfer logs in his notebooks, which he let me study, I could easily trace the movement of their fellow Amalis by the changes in the recorded transfer destinations over the course of the war.

By the time I met Hajj, in early 2018, he was regularly working with twelve brokers, which he referred to as "jamaatna." The word "jamaa" connotes an intimate group of people bound together by communal ties, be they religious, ethnic, or local. All three of these identity markers were relevant to Hajj's jamaa: they were all Sunni Arab men from Amalia. While he was directly in touch with all of these individuals, depending on the transfer destination, his most immediate connection was to Mustafa, who was based in Antep. Hajj often reiterated to me that "my account [*hesabi*] is with Mustafa," whenever I wanted to learn more about his debt settlements. Through Mustafa, however, Hajj conducted transfers with the other seven brokers.

Through Mustafa, Hajj was connected to Ali, a broker based in al-Bab, a Syrian town in the Aleppo province right across the border from Antep. Through a combination of connections via Mustafa and Ali, he was also connected to Ibrahim and Muhsin in Sarmada, Idleb, to Suleiman and Waleed in regime-controlled Homs, to Ahmad in rebel-controlled Deraa, to Majed in Damascus, to Ziad in Kurdish-controlled Hasakah, and to Abdi in Mersin, a Mediterranean port city on in Southern Turkey. Mustafa also worked with two brothers in Antep, Mazen and Samer, who were Mustafa's maternal cousins. Yet as far as Hajj was concerned, Mustafa was the "central bank" [bank al-markazi], he joked.

I met Mustafa, Mazen, Samer and Ali's brother Yaseen on a week-long research trip to Antep in late April of 2018. I had known Hajj for four months by then and in the course of several meetings – over Syrian food, backgammon games, and football matches – I had learned something about almost everyone in Hajj's immediate network. One day Hajj mentioned he was planning to travel to Antep for the wedding of Mustafa's cousin but he had to secure a travel permit from Yabancı Şube [Turkish Immigration Office]. Until then, it hadn't dawned on me that Hajj could move money all the way to Syria with a mere WhatsApp message but could not himself travel outside of Istanbul. In the end he could not join me. He explained: "I would have come with you to Antep but I couldn't get the

permission to travel. I don't have *ikamet* (residency permit) now. I used to have one but didn't renew. I only have *kimlik* (ID card) now. *Kimlik* you can use with anything. It is even better than *ikamet* in hospitals. But *ikamet* is good if you want to work officially or want to travel to other cities." He reassured me, though, that he had told Mustafa and the *shabab* (the two brothers) that I was coming to visit soon. The brothers had wanted me to know that I should not stay at a hotel but that I would be their guest at their family place. I thanked him, but told him I was going to stay with my mother's aunt who lived in Antep. "*Mashy* [no worries]," he said, "but get ready for their mother's cooking then. Umm Muhammed has the best kitchen in the world."

I first met the brothers, Samer and Mazen, at a café near Antep's historic bazaar. Unlike Hajj who spoke with a distinct *Amali* accent, which I often struggled to understand, the brothers both effortlessly adopted a Damascene accent when speaking to me. Samer, who is older at twenty-six, had finished his college degree in tourism right when the uprisings began in 2011, and was already working at Mustafa's money transfer office. But Mazen was too young when the war broke out, so he never got to receive his high school baccalaureate. Yet, even without a high school degree, he had an educated look and demeanor. Their family was solidly middle-class in Syria, both based on their father's occupation, a retired accountant at the local electricity company, and their connection to one of the wealthiest local families. After our interview, they insisted on taking me on a guided tour of the bazaar, with a special stop at their favorite restaurant in the city, where Samer showed me videos from all the famous Syrian and Turkish chefs he follows on Instagram. I insisted on picking up the bill, which they only accepted on the condition that they would host me for lunch at the apartment they shared with their parents. The next day I arrived, with my dessert in hand, at their apartment in a high-rise building in the suburbs of Antep. During my visit, the parents, who shared the family trade-mark of piercing blue eyes, took it upon themselves to introduce me to the food, the history, and the cultural specialties of Amalia, accompanied by pictures saved on Samer's smartphone. Mustafa, who lived

nearby, joined for tea together with Yaseen (who turned out to be the brother of Ali, the broker based in al-Bab).

I was surprised to discover that Mustafa was a rather skinny and unassuming young man, who somehow did not have the gravitas I had expected of someone Hajj had called the "central bank." Unlike the brothers, Mustafa spoke with an *Amali* accent and did not enunciate his words much, making it harder for me to understand him. This soon turned into a joke, as I kept turning to Mazen for help, who eagerly assumed the responsibility of giving me Arabic-to-Arabic translations. Mustafa told me that he had recently gotten married but did not have any kids yet. When I asked if his wife was also an *Amali*, they all laughed. "Not only that," Mazen said, "it is the same family, of course."

The following day, I met Mustafa and Mazen at the same café in the old bazaar area. I was curious why, when it came to his *hawala* transactions, he only chose to work with his family members, and why Hajj was the only exception. "We are one family only because sometimes money is too risky," he explained. Mazen, interjected, laughing: "And our family is everywhere." Mustafa explained that until the war broke out, all his family members lived and worked in Amalia. But, like most residents of Amalia, they eventually left and dispersed, as the town traded hands between different warring factions. Many residents had no choice but to escape to the relative safety of nearby Raqqa, which at the time was the self-declared capital of the Islamic State (IS), even though every single *Amali* I spoke to despised the IS for being "Un-Islamic" and "un-Syrian." (Many IS members and fighters are non-Syrian jihadists.) Among these emigrants to Raqqa was Ali, the broker who was based right across the border from us. Ali, like many *Amalis*, was eventually forced to flee Raqqa as well, when the US air force began indiscriminately bombing the city as part of its support for the Kurdish-led Syrian Democratic Forces in their campaign to destroy IS. He was, at the time of our interview, based in a "new safe haven": the small village of al-Bab, which was under the control of Turkish-backed rebels. al-Bab had been a non-descript town before the war but had grown to become one of the most diverse

urban hubs in Syria, hosting thousands of IDPs, including *Amalis* like Ali. With its strategic border location connecting major highways and largely conflict-free status, al-Bab has become a microcosm of Syria's diverse regions and a major *hawala* hub over the course of the war. "No one even knew it [al-Bab] existed before the war," said one broker I interviewed in Istanbul, who, like many others, by then conducted several of his transfers across Syria through his contact in al-Bab, whom he grew up with in the same town.

I knew from Hajj's transaction logs that most of his settlements were with Mustafa. But I also noticed that the majority of Hajj's transfers were first to Raqqa and then later to al-Bab. I asked how frequently Mustafa worked with Ali. Mustafa is "the boss" in Turkey, Mazen replied first. Mustafa laughed and explained: "Ali is working on Syria and we work in Turkey. You can say he is the boss in Syria, I am the boss in Turkey."

Like Mustafa, Ali came from a prominent family in Amalia. His family owned the most famous clothing store in the town and, like Mustafa's family, owned a branch of an official money transfer company. At one point Hatem had made it sound like the two families were competitors through their rival money transfer businesses. But Mustafa's description of their relationship made it clear that the two families in fact were fairly close, and had strong ties to one another through intermarriages. Mustafa told me his wife, who he had just gotten married the previous summer, was actually Ali's cousin. When I expressed my surprise that the two families were actually related, they joked and laughed: "like everyone else in Amalia."

I interviewed Ali virtually over a WhatsApp phone call shortly after my visit to Antep, thanks to Mustafa's help, who cautioned me that Ali would likely not talk at length because he was always busy. Once on the call, though, Ali seemed eager to talk. But he did ask to put the call on hold three times over our less than hour-long conversation. Like Mustafa, Ali had the know-how of running a money transfer business . More importantly, being based in the border hub of al-Bab had allowed him

to cultivate relationships with displaced Syrians from other parts of the country. Drawing on these new relationships with fellow Syrians in al-Bab, Ali was able to expand his *hawala* connections beyond his local *Amali* network to cover diverse regions across Syria, in a similar manner to the network I will describe in the next chapter.

Ali's background was very similar to Mustafa's. As the oldest son and the natural heir of his family, he had never considered going to college; instead he completed his compulsory military service after high school and took over the family business directly afterward. Unlike Mustafa, though, who still considered grocery wholesale his major trade, *hawala* had become Ali's main occupation after the war started. In al-Bab, he had a *mekteb*, a store where customers came in and out freely to request transfers or to receive them. (In contrast, neither Hajj nor Mustafa had stores or offices for their *hawala* activities.) He employed two young men to work in the store behind the counter, who helped him manage the transfers to and from Syria's fourteen governorates, as well as with Gulf Arab countries and a few European countries like Germany and Sweden, where thousands of Syrians had migrated recently. He advertised his business on the store front, as the rebel authorities had not attempted to regulate or shut down *hawala* businesses. And he occasionally collaborated with other *hawala* offices, especially when any one of them lacked a contact in a specific location or had cash liquidity problems. "Each office has its own special relations," he explained, referring to their connections to particular locations. I was able to confirm with Ali that the majority of the transfers in Hajj's notebook that were recorded as going to al-Bab were actually being redirected to other locations across Syria, where Hajj did not have direct contacts.

Ali's customer base included a more diverse group of social actors than either Hajj's or Mustafa's: ordinary Syrians sending money to family and friends, traders paying suppliers, and aid organizations seeking to move their donor money across Syria to implement their humanitarian programs. His direct *hawala* connections were also broader and more numerous: he was working with

about twenty people across more than ten locations in Syria. "I cannot just work with four or five people," he explained, "I need at least ten people and that is just to cover only the main areas I work with." On an average day, he conducted around twenty transfers of different volumes, but emphasized that some offices in al-Bab made as many as fifty to sixty transfers per day. By comparison, Hajj typically made less than ten transfers a day. When I asked about these "larger offices," as he described them, he estimated that out of around fifty *hawala* businesses in the town, four or five offices "dominated" the sector.[9]

Back in Antep, I reminded Mustafa that Hajj was not a family member. "No he is not," he replied, "but there is blind trust between us. He is an old friend, from before the war. He is like a brother. Hajj is responsible [*masoul*] for Fatih [Hajj's neighborhood in Istanbul]." Mustafa recounted the story of his journey across the border with his family and how Hajj was able to help them along the way. Mazen joined in, "Hajj is like family. My mother loves him." When he moved temporarily to Istanbul to make some extra money, he stayed in Hajj's youth hostel. He worked in manual jobs, mostly in Hajj's construction projects, before eventually moving back to Antep to continue living with his family. Squinting his striking blue-grey eyes, he broke into a big smile: "They should give him Turkish nationality."

## III. Making *Hawala* Work in the Amalia Network

In one of our early meetings, before I met any of his colleagues, Hajj described his immediate set of exchange partners as follows:

> The people I work with are all from Amalia. All of them. We are approximately in all Syria. Not exactly all Syria…but almost. So the people I work with in [Antep and Mersin] in Turkey - all from Amalia. The main person in Antep [referring to Mustafa] has a big business. But not just *hawala*. He does wholesale. And the person in al-Bab [referring to Ali] also from Amalia. I knew him from before [the war] from Amalia.

[9] He added: "Here you can't say that 'this' or 'that' is the largest. Most things here are confidential and not clear unlike the way it was in Raqqa, where things were more transparent [*shaffafi*] and orderly [*nizami*].

> [He was] in Raqqa -- when the situation there was safe and stable -- and then there was fighting so he went to al-Bab and now he has a store for *hawala*. And people in Sarmada, rural Idleb, also from Amalia. The one in Sarmada has a *bakkal* [mini-market] but also works in *hawala*. And people in Damascus and Homs, also from Amalia. There is one from Homs -- he is actually a school teacher. But he has some money on the side so he does *hawala*. The other one [in Homs] is a real estate agent. He depends on his father who has a lot of money - I mean capital [*raseet*]. He started with $60,000. Like this [*heyk*]. If you have money but don't make any use of it then it will just fly away. So he does *hawala*…There is one in Damascus, [who] also owns a market. These are the people I know personally. And each of them also knows other people. Especially the person in al-Bab knows a lot of people that I don't know directly [*bi-shekl mubaasher*]. But he knows them. That's good enough for me. I transfer to him and he can transfer by means of other people he knows well.

Figure 2.1 maps out the Amalia network from Hajj's perspective. The figure only includes ties to brokers with whom Hajj had a direct line of communication, i.e. those who he directly contacts to facilitate a transfer (even if the transfer is mediated by another broker). All of the nodes in Hajj's network represent brokers originally from Amalia. These connections include four fellow *Amalis* in two locations in Turkey, Antep and Mersin. Inside Syria, Hajj's connections include al-Bab (Aleppo) and Sarmada (Idleb) in the North, both under rebel control, and Homs and Damascus in the South, both under government control. These are Hajj's most active partners in terms of transfer frequency. Occasionally, he also works with three additional brokers, who facilitate transfers to the Rugban refugee camp in Deraa in the South, and to Kurdish-controlled Hasakah in eastern Syria.[10] With the exception of Hajj's direct tie to Mustafa in Antep, all of his ties to these *Amali* brokers are mediated, either by Mustafa or Ali. However, all of his ties, whether direct or mediated, are based in rooted trust relationships, in the sense that they all precede the war and are primarily defined by shared identification with the same local hometown. What this figure leaves out, furthermore, are the additional mediated ties that extend from al-Bab to non-*Amali* brokers elsewhere in Syria, which are all based on the relationships that Ali cultivated with other brokers in this hub location. Moreover it

[10] Note that the above quote from Hajj does not include these two brokers. I did however observe him directly communicate with them later on in my fieldwork and took notes on them based on Hajj's descriptions. Hajj told me he knew them personally but was not up-to-date on their current living and working situations.

**Figure 2.1: The Amalia Network**




excludes out-of-network brokers, who Hajj occasionally works with in Istanbul, primarily because Hajj does not enter into debt relationships with these brokers.

Hajj's description above encapsulates several features of his network. First, he highlights that every member of his *jamaa* [community] is from Amalia. These close-knit local ties – in the form of family, kin, and work relationships – typically predate the war and seem to be a prerequisite for entry into Hajj's network. Moreover, being from Amalia encompasses several identity markers beyond simply sharing a hometown; it also means, at least in Hajj's *jamaa*, being a pious Sunni Muslim, the ability to speak a shared *Amali* dialect, with its unique expressions, as well as a shared culinary culture and a distinct knowledge of local history. All of the *Amali* brokers (and customers) I met cited the close-knit community structure of their town before the war, explaining to me that "everyone knew everyone" and telling me how rare it was for *Amalis* to marry outsiders. (Hatem, whose paternal side

of the family had migrated to Amalia from Deir Ezzor in the 1970s told me he was often referred to by local townspeople as a *Deiri*). Yet, it is worth noting that, despite this identity-based homophile, Hajj's network members also demonstrate remarkable variation in terms of their primary occupations, which often take precedence over their *hawala* activities (e.g., school teacher, construction worker, trader, real estate agent, small shop owner). They also vary considerably in their class background and education level (middle school, high school, college graduate). Second, Hajj emphasizes that, largely owing to the war's violent destruction of Amalia's local community, these close-knit trust ties are dispersed across Syria's fragmented territory, covering towns under regime and rebel control alike. Third, Hajj draws the boundary of his network around those members who he knows personally, but notes that his money transfers go beyond these immediate ties, mostly through Ali's business in al-Bab. In this sense, Hajj's network is variegated, with an uneven distribution of trust and capital among its participants. Indeed, from Hajj's perspective, Mustafa and Ali clearly hold a special status, as they allow him to transact with a broader set of brokers across Syria and beyond.

Like any *hawala* broker, Hajj needs to solve two operational problems to sustain his transfers: 1) achieving coverage across a broad scale so that his customers can send money to different destinations and 2) guaranteeing that the imbalances he accrues with different brokers are eventually settled. Hajj is able to solve these problems through the relational infrastructure of his trust network, specifically by relying on the relational labor of brokers like Mustafa and Ali.

Most of Hajj's transfers are remittances from the *shabab* who stay at his hostel and Syrian neighbors in Fatih, mostly from Amalia. As such, Hajj largely sends money *into* Syria. In describing his customer base Hajj told me: "I know almost all of them. There are of course people from Aleppo, Idleb, Damascus, but they are a small minority." Still, given that Amalia was one of the major battlegrounds in the civil war, which left its population displaced multiple times over, the destinations for Hajj's transfers are diverse, ranging from Raqqa, Idleb, al-Bab, and Killy under rebel control to

Homs, Damascus, Deraa, and Aleppo under regime control. Regardless of the specific destination, these remittance transfers flow primarily in one direction, from Turkey to Syria. When someone asks him to transfer money to their family, Hajj takes the cash either in Turkish liras or in US dollars, depending on the customer's choice, charges them a fee of between two to five percent of the transfer amount (depending on the destination and the customer) and sends a WhatsApp message to his partner in the destination location. Hajj and his partners all use the same standardized template in their WhatsApp messages to initiate a transfer. Here is an example message I recorded in my fieldnotes, on September 3, 2018, after observing an exchange between Hajj and one of his customers in person and having Hajj demonstrate to me his routine communication of the transfer details on his phone:

> As-salamun aleykum [May peace be upon you],
> *Hawala* to Maarat al-Numan
> The amount is 305 US dollars
> The name of the receiver: Marwan Al-Hamed
> The sender: Muhammed Al-Hamed[11]

After sending this message to Muhsin, in Sarmada, Idleb, Hajj then copied it over to Mustafa, in Antep, and added the following line: "Via Muhsin [*an tareeq Muhsin*]." According to Hajj, Muhsin, on the other end, records 305 USD as credit, and delivers 300 USD to the recipient in US dollars, Syrian Pounds or, at times, Turkish liras. If there is currency conversion, Muhsin [and, in general, the broker in Syria] sets the exchange rate based on the local black market rate in Sarmada, Idleb. The remaining five dollars are Muhsin's share of the transfer fee, i.e. half of the ten-dollar fee Hajj charged for this particular transfer.

The reason that Mustafa receives a copied version of a message for each and every transfer is that Hajj only settles accounts with him. It is Mustafa's responsibility then to settle the debts that accumulate between Hajj and Muhsin, and also to ensure that they each have the liquidity to sustain

[11] Names have been changed to protect the customer's identity. Maarat al-Numan is a town in the Idleb countryside.

their transactions. Since Hajj is on the sending end with remittances, he often ends up with pools of cash across the many transfers he conducts. Eventually he must figure out how to send this cash into Syria to repay the various brokers who have been distributing his transfers to the recipients in their locations. For this, Hajj relies on Mustafa and Ali. Since both Hajj and Mustafa are in Turkey it is easier for them to transfer money between each other; I witnessed them resolving their settlements using a variety of methods, including formal financial institutions (e.g., bank transfers, official money transfer companies such as Western Union) and unofficial couriers travelling between Antep and Istanbul (usually one of the two brothers in Antep).[12]

Settling debts across the Syrian border is more complicated, and here Ali and Mustafa work together, taking advantage of their considerable pools of capital and their diverse customer bases, who send money in both directions. For rebel-controlled areas in Syria, particularly in border hubs like Sarmada, it is easier to strike balances of inflows and outflows, by matching incoming transfers like remittances and aid with outgoing trade payments for goods. Muhsin, for instance, delivers Hajj's transfers to recipients in Idleb, while collecting payments from either Mustafa's or other traders' clients inside Syria, on the other. These different types of transfers are usually high enough in each direction to cancel each other out. In extreme circumstances, when considerable imbalances emerge, Mustafa and Ali will resort to driving significant amounts of cash physically across borders – though they do everything they can to avoid this high-risk undertaking.

In regime-controlled areas trade flows are often not sufficient to create even balances, and physical transfers of cash pose a much higher risk of confiscation at frequent regime checkpoints. Instead, Hajj and his partners have come up with a creative solution involving pensions of retired Syrians. When senior Syrians who are already retired escaped Syria, the Syrian government continues

[12] Both Hajj and Mustafa have official bank accounts at a Turkish bank, which requires a Turkish ID card and residency card. Hajj's residency card has expired but his bank account was still active by the time I met him.

to deposit their monthly pensions in their bank accounts, which are only accessible in regime-controlled cities where some banks branches continue to operate. Hajj told me he realized that many senior Syrians were not able to access their pension payments once they were out of Syria. One of them was Abu Muhammed, the father of Mazen and Samer, who is a retired accountant. To help him receive his pension, which had accumulated over many months, Hajj contacted Waleed, the school teacher based in Homs, and asked if he could obtain permission (*wakaala*) to collect Abu Muhammed's pension on his behalf. Waleed obtained the permit and started withdrawing the pension. Shortly after, they started collecting pensions for tens of other senior Syrians based in Turkey. Hajj made the deliveries in Istanbul, while Mazen and Samer delivered those in Antep. As such, pension payments being sent from Syria to Turkey started to match, at least partly, the remittance flows going in the other direction. Ultimately, Mustafa acts as a clearing house for settling (or transferring) any remaining debts among Hajj and different brokers in the network, and ensures that each of them have the liquidity they need at a given time. Hence Hajj's half-joking but adept description of Mustafa as the "central bank" in the network.

Hajj's reliance on local, interpersonal relationships of trust to facilitate his *hawala* transactions is similar to the way other informal economic activities work, as these types of close social ties provide a reliable means of enforcement in the absence of formal institutions. What distinguishes his network and the organization of exchange for many *hawala* networks is their scale and spatial penetration. Hajj, for one, is able to meet requests for transfers across Syria's various villages, towns, and cities. The account above exemplifies how brokers like Hajj achieve such broad coverage. In fact, despite their highly localized association, Hajj's partners followed the same patterns of displacement and movements as the rest of the community following their encounters with violent episodes. The wartime dispersion of their community across Syria translated into the spatial expansion of Hajj's trust-based network across Syrian towns under both rebel and regime control.

As Hajj's description in the opening quote reveals, however, he is able to go beyond his immediate set of personal connections in the network by means of mediated ties through brokers like Ali, who Hajj knows and trusts. al-Bab, where Ali is based, is a fertile hub for cultivating new relationships with fellow *hawala* brokers from different parts of Syria. As Ali described to me during our interview, he interacts and cooperates with fellow brokers on a daily basis to facilitate transfers to locations when one of them may not have a direct contact. In this sense, al-Bab is similar to Beirut, which I describe in detail in the next chapter: it is a safe haven where Syrians from all over the country come together, cultivating new relationships with each other that can then be used to extend *hawala* networks to new and more diverse locations.

Hajj's network is sufficient to cover the destinations and amounts for transfer requests from the majority of his customer; however, there are inevitably cases where his network fails to deliver. An example is when he cannot identify either a direct or a mediated broker in a given destination. In such situations, Hajj works with brokers who are outside of his network entirely. He relies on his own set of newly-cultivated connections to fellow Syrian brokers in Istanbul and works with them to realize the transfer through these brokers' own networks. I identified three destinations where Hajj resorted to this method: Menbij, Raqqa, Eastern Ghouta, and Deir Ezzor. The first two cities were at the time under the control of the Kurdish-led Syrian Democratic Forces, and the last one was a regime-held enclave squeezed between Kurdish and IS control and in generally a remote and hard-to-reach destination. Eastern Ghouta is outside of Damascus, where Hajj has a contact, but is one of the hardest-to-reach destinations due its the long-lasting strict siege by the government. At least one of the brokers Hajj used was himself a Syrian Kurd from Qamishli, a predominantly Kurdish city in Northeastern Syrian, on the border with Turkey. Most often Hajj does not charge a fee for these transfers, but, if the customer seems to be "doing well," he explained, he charges his half of the regular rate for a similar destination. "I don't like turning down people," Hajj explained to me when I asked

why he went out of his way to carry out these transactions. He also noted that the other brokers sometimes bring him customers and that they help each other with "cash problems" should they occasionally emerge.

The case of Raqqa, moreover, attests to the dynamic nature of *hawala* networks, particularly under war conditions, which often force brokers themselves to escape conflict and relocate. Up until the year before I met Hajj Raqqa had been the self-declared capital of the Islamic State, and was home to a significant number of Amalia's former residents, who had relocated there when their town was caught in the middle of clashes between local rebel militias and government forces (as mentioned above). Yet, when Raqqa fell victim to a US-led air bombing campaign against the Islamic State and later came under control of the Kurdish-led SDF, many civilians, including former Amalia residents, found themselves once again under fire and moved to nearby al-Bab. One of these residents was Ali, who moved his family and his *hawala* office from Raqqa to al-Bab. Hajj's transfers followed Ali and the Amalia residents, and Raqqa went from being his most frequent destination to being one of his least common ones. Not only were there now far fewer Amali customers living in Raqqa, but one of Hajj's main partners, Ali, who was mediating many of his transfers, was now no longer based there. He explained this dramatic change in the network structure as follows:

> We send everywhere in Syria but before, it was mostly Raqqa. But now Raqqa is with the Kurds and we don't have transfers there. Now it is the least amount. Now most of the people who live there are Kurds and the population changed. There are Arabs, Syrians, but they are a minority. Now most *hawala*s go to al-Bab. Because it has become a safe place for many displaced people. […] The person I work with in al-Bab is the same guy who I used to work with in Raqqa [referring to Ali]. He also moved to al-Bab.

On other occasions Hajj would rely on formal transfer channels, rather than out-of-network brokers, to expand his coverage. This was particularly the case when he facilitated transfers from Syrians living in Europe. In these cases he used Western Union, as he lacked a trustworthy contact in Germany and Sweden, where most of these transfers came from. Transferring money through

Western Union requires a valid passport, which many Syrians living in Turkey do not have. Hajj explained his transfers from Europe as follows: "There are external transfers from Germany or Sweden through Western Union. It comes to me and I receive it for people who don't have passports. Or the other way around, I sent it on their behalf. But I don't get a fee for that. It is just the Western Union fee. Sometimes if the people in Europe want to send the money to Syria, it first comes to me through Western Union and then I send it to Syria. In that case, I take the transfer fee for the Syria part. For instance, they send a thousand Euros, I receive 980 Euros here [minus the WU transfer fee]. And then, if I am sending the money to al-Bab, I take twenty Euros [the fee on 1000 Euros]. Or they would send 1040 Euros from Germany. Like that."

Not all these transfers are remittances. Crucially, Hajj also facilitates bureaucratic paperwork in Syria by acting as a mediator in the process of transporting official documents and the associated fees. Hajj explained: "There are […] people who need to renew their passports or do other paperwork in Syria. They send me the documents and the money here [to Istanbul]. I send it to Syria. The documents then come to me and I send them back to Europe." These requests, however, are nowhere near as frequent as his regular money transfers and Hajj told me he does not charge a fee for these "favors."

I also witnessed what happens when two brokers fail to build a trust relationship with each other, and when there is no mediating broker to facilitate their transaction. Hajj told me about a contact based in Germany, who wanted to work with him to send money transfers from Syrian refugees in Germany back to their families. The transfers would pass from Germany to Istanbul, and then some would continue on to Syria via Hajj (and his network). Hajj had been introduced to the contact through an acquaintance, a Syrian neighbor (originally from Aleppo), who ended up moving from Istanbul to Germany. Hajj had been talking to this man for several weeks on Facebook Messenger. I kept asking if he wanted to work him but Hajj was reluctant and said he was not sure if

the person was trustworthy [mawsouq]. Not coincidentally the contact was not an Amali; he was originally from Aleppo, like the mediator who put them in touch. Finally they agreed on an arrangement, which ended up involving Western Union for transfers from Germany to Istanbul. Because he did not fully trust the man, Hajj was not willing to distribute payments to customers in Istanbul without first receiving them from Germany. Instead his contact in Germany started initiating transfers via Western Union, the same method Hajj was already using to help people receive transfers from their relatives in Europe. Hajj, then, contacted members of his network in Syria if the transfer was directed to Syria. Hajj told me he did not charge an extra fee for these transfers and the arrangement seemed to be working well. Yet by the time I was back in Turkey in May 2019 they had all but stopped working together. I asked Hajj if they had a problem and he responded with an emphatic headshake: "No, never," he clarified, "no cheating or anything." Despite their recurrent transactions, and the possibilities of expanding their coverage to Europe, they had failed to build a sustained partnership. Neither Hajj nor the broker in Germany ended up undertaking the relational work that was necessary to generate trust and sustain their exchange partnership.

These notable examples and exceptions highlight the limits of Hajj's network. Despite his *Amali* partners spread across Syria and the mediated ties through partners in hubs, Hajj still occasionally encounters transfer requests to locations that he finds difficult to fulfill. But they also importantly point to Hajj's unwillingness to expand his coverage (to Europe and new destinations in Syria) and to monetize additional services (e.g., document transportation). These self-imposed limitations and voluntary frictions, I argue, relate back to why and how Hajj has become involved in *hawala* in the first place. Rather than investing in these potentially profitable business relationships and endeavors, Hajj simply continued to facilitate transfers, on a daily basis, with his *jamaaa*, while also continuing with his other work of running the youth hostel and fulfilling construction contracts. Besides the extra pocket money from the transfer fees that I observed him charging, I asked Hajj if

there was anything in particular that motivated him to continue working in *hawala*. He told me he simply liked helping people out, but then reflected further: "That I'm well-known now. I like that my phone is busy all day. […] Also working with folks in Syria and in Antep. Talking to them everyday. […] The feeling that people trust me with their money. And they know that I would never cheat them."

# Chapter 3
# Cultivated Trust in the Beirut Network

## I. Zein

In the summer of 2015, Zein was constantly on the move. He was shuttling between Beirut and Damascus, a drive that, before the war, took only two hours. Depending on "the situation," as Zein often said in reference to the changing war conditions, this journey now lasted up to an eventful six hours. I was amazed at his mobility, especially at a time when most other Syrians I knew in Lebanon would not dare travel back into Syria, fearing arbitrary arrests by Syrian authorities or denials of re-entry by the Lebanese border police.

Zein was able to move around so freely in part because of his work. For more than two years, until late 2014, Zein had been employed by a number of major international organizations (INGOs), helping them with the logistics of their aid projects and the needs of their foreign staff members. He had a large banner of one of these aid organizations hung at the back of his car, which he said helped

him breeze through border checkpoints. It was not hard to see what made him an attractive candidate for these coveted jobs: he spoke decent English and was well-educated, with a degree in law, though he never ended up practicing because of the war. He was also distinctive in his ability to effortlessly switch between a posh Damascene accent, a marker of his middle-class upbringing, and a *shaaby* or popular street accent, commonly associated with the working-class *reef* [suburbs]. He typically used the former with me but swiftly adopted the latter when we were around his friends. His ability to "speak in tongues" extended to his exceptional command of Syria's diverse regional dialects, from *halebi* (the dialect in Aleppo) to *Deiri* (the dialect in the Eastern province of Deir Ezzor) to the coastal Latakian dialect. He owed this fluency, he explained, to having spent most of his childhood and adolescence moving across Syria, following, with the rest of his family, his father's ever-changing posts as a police commissioner. Apart from the many accents and the INGO banner on his car, being the son of a police officer afforded him unique connections, which allowed him to navigate border checkpoints and state institutions with remarkable ease.

I first met Zein in the summer of 2015, when I was studying with his sister, Ruha, to improve my *ammiya* (colloquial Syrian dialect). We were meeting almost daily in her apartment, which she shared with her two children since her move from Damascus to Beirut in 2013. Ruha had heard a lot about my research, as I would vent to her in frustration every time some lead I was following dried up or a prospective interviewee stood me up. "It is too sensitive here in Lebanon, can't you pick another topic?" she often advised me. It was during one of these rants, almost a month into our lessons, that Ruha recommended I talk to her brother, Zein, who she had invited over for dinner. Zein arrived early in the evening to the children's enthusiastic welcome. At thirty-two, he was energetic and spoke with an excited tone, asking about my Turkish origins and education in the United States. "I am an American at heart," he said with a big smile, "I work really hard." After our initial introduction, I began telling him about my research on *hawala*. He interrupted me, with his impatient but polite

attitude, "Ruha told me," he said, "you can ask me whatever you want." I explained I wanted to meet with people who worked in *hawala*, "No problem," he said, "*ala raasy* [ready to help]. You can come to me when you need help." That was when I finally learned that Zein himself was a *hawala* broker.

Like Hajj, Zein never really planned to work in *hawala*. But when he was working for the INGOs, he had been crossing the border almost daily. Many friends and relatives knew this, and began asking him if he could bring some money to their loved ones. "I started doing these transfers just as a favor in 2012" and continued like that for awhile. I didn't charge anything. It was all free "with nothing return," "with no profit." By 2013, as government repression escalated and many Syrians started fleeing the country in large numbers, the requests began multiplying and he began finding it hard to keep up.

> You know I started with families – $100 here, $200 there. Families that wanted help. Within Damascus, from Damascus to Beirut, from Beirut to Damascus. And I started not because I wanted to make money but because I wanted to help people out. Someone is in the army; he can't go to his family. My father is a police officer. I help this and that person. But I didn't make money. But you know that gave me the idea to start the business. How? Someone would come to me: 'I can't go to my family but they need this money.' I don't ask for any money but the person says 'please take this $5.' I refused in the beginning but then I thought okay I will take it. That is how I started. But one friend gets another friend in. People ask, 'how do you send money to your family?' 'I send with Zein.' 'Is he good?' 'Yes I trust him.' After one month, two months. All these people you don't even know start asking.

During the two years he worked for the INGOs, his business continued to be all "family remittances" [*tahweel aaliyya*]. He used to collect and deliver money between Damascus (both the city and its suburbs) and Beirut. But when his contract with the last INGO expired and he had to find a new way to earn a living, he began investing more time and energy into his money transfer activities. By the time I met Zein in Beirut, in the summer of 2015, he had greatly expanded his coverage and had refined his business practices by, for instance, offering delivery services across neighborhoods in Damascus. "With time," he said he expanded his coverage to include many Syrian cities, "first Daraa, then Aleppo, Hasakah, Latakia, Homs, Deir Ezzor and like that [*heyk*]."

When I next went to Beirut, in the summer of 2016, Zein was still on the move. His phone was constantly buzzing with Whatsapp messages from customers requesting transfers, texts from partners confirming delivery, and calls from various contacts seeking help or favors. It was hard to chat with him for five minutes without our conversation being disrupted by a call or a text. It was clear that since I had last seen him a year ago his *hawala* business had become much more professionalized. He told me that he had begun to "specialize" in *hawala* transactions for property sales. Many home-owners in Syria who wanted to leave the country had to quickly sell their homes and, because of strict capital controls by the government and/or lack of access to banking, they would use people like Zein to transfer the cash from these sales out of the country. "That is what I am popular for," Zein explained.

Eventually, Zein's constant moving around took him much further afield. By the time of my last two visits to Beirut, in 2017 and 2018, Zein had made his way abroad, resettling with his wife in a Western country. I did manage to connect with him again in his new home-city in 2018, and though he was grateful to be living in a country with far more security and stability than he had enjoyed in Lebanon, he spoke wistfully about his work in *hawala* with the *shabab*, which had ceased entirely. He was employed fulltime as an Arabic instructor at a reputable institution but he found the work dull. "I'm so bored here. I want to do business. Maybe one day I'll start doing *hawala* here too," he told me with an uncharacteristically nostalgic air. "But it's hard. It is not like Beirut here. I don't know anyone."

## II. Cultivated Trust Ties

As I followed Zein around Beirut it quickly became clear that, whenever he was not on the move, he was hanging out with his circle of friends. To his wife's vocal displeasure, they hosted one another for dinner, smoked argileh together, watched football matches over araq and mezes (unlike Hajj and his *jamaa*, everyone in Zein's circle freely consumed alcohol), and passed around their

smartphones to share videos on social media. They were all Syrian men in their early thirties, but each was from a different part of the country. There were three *shabab* [guys] that he spent most of his time with: Sargis, an Armenian-Syrian from Aleppo, and Abbas and Irfan, both from the Eastern province of Deir Ezzor. Another *shab* Zein saw often was Rafik, who was half-Lebanese, half-Syrian. He grew up in Hama. Rafik was not part of the initial crew. And unlike the other three, who held a high school diploma or less, Rafik had obtained his college degree in engineering right before the war started. Despite their diverse backgrounds, their paths had converged in Beirut, where they had all moved for the same two reasons: escaping the war and finding better work opportunities. They were also Zein's primary contacts for his *hawala* activities.

Irfan was the only one Zein knew from before the war. In fact, the two had a long history. They first met as middle schoolers in the Eastern province of Deir Ezzor, where Zein's father was posted for three years. "We were best friends," Irfan told me fondly of their childhood friendship. "We lived on the same block. He was in my brother's class but it was the two of us who clicked." They lost touch when Zein's family moved to Sweida for his father's next post. Years later they reconnected on Facebook and, a few years after that, they realized they had both ended up in Beirut when Irfan posted a photo of himself in front of a well-known landmark. "I've known him for a very long time. But since we found each other in Beirut, he became a brother now," Zein told me. Irfan often used more intense expressions to describe their strong bond: "If Zein wanted me to cut my arm and shed my blood, I wouldn't think twice. There is blind trust between us," he once told me, exhaling his argileh smoke. We were sitting at a café next to Beirut's famous pigeon rocks overlooking the Mediterranean. It was the spring of 2018, long after Zein had left Lebanon to settle in a Western country.

When Zein and Irfan reconnected in Beirut, Zein's contract with the INGO had just ended and he was making most of his income from a combination of *hawala* and smuggling electronic goods

into Syria. At the time, he was only moving small volumes of cash and goods to avoid attracting attention at the border crossings and checkpoints. When Zein told Irfan about his *hawala* transfers, Irfan introduced him to Abbas, another *Deiri* who worked as a parking valet manager in central Beirut. He was also a seasoned *hawala* broker. Abbas was a friend, but also Irfan's go-to person when he needed to send money to his own family. Abbas had left his hometown in 2006, long before the war, at the age of sixteen. He had worked in odd jobs at first, but then took a more stable position as a waiter for two years at a restaurant in the Gemmayza neighborhood of East Beirut. "There were no jobs in our town so all the young people left and naturally came to Beirut," he told me. He made $400 per month but "spent almost nothing." He was staying with his uncle, who was also working at a hotel in Beirut, and was mostly eating at the restaurant where he worked. He was sending about $100 back to his parents, which was "small but went a long way in Deir." He saved whatever he could from the rest of his salary. Zein and others often mocked Abbas for his frugality. In the two years he worked at the restaurant, he managed to save about $2,000.

Even before he had built up these savings, Abbas knew what he wanted to do with the capital. He knew from personal experience how hard it was to send money back home. Deir Ezzor sits on the border with Iraq, and is both distant and isolated from Beirut and Syria's major economic hubs of Aleppo and Damascus. Neither Abbas nor anyone in his family had bank accounts, and, even if they did, bank transfers and transfers with the few official money transfer companies (like Western Union) cost exorbitant amounts. Instead, when he wanted to send money, Abbas had to go to the bus station and hand his cash in an envelop with his father's name to the driver of an over-night bus that carried passengers from Beirut to Deir Ezzor. This was not legal, of course, but the border police avoided searches in exchange for "gifts," sometimes as small as a pack of cigarettes. There were a lot of *Deiris* in Beirut who sent money back home this way at least every month. But Abbas had seen that his co-

workers at the restaurant who were from other cities in Syria were able to send money back home "momentarily," "through a guy."

On one holiday visit back home, he brought along his savings of $2,000 and gave it his cousin. "I was the first person from Deir to do *hawala* from Beirut," he said proudly. His uncle joined him soon after. In less than a year, Abbas was able to raise his operating capital to $6,000. While the volume of transfers was not particularly high, it was easy to move the capital between Beirut and Deir Ezzor on buses whenever they went for a visit back home. He continued to work at the restaurant and make transfers for other *Deiris* on the side. "I didn't consider this as work at first," Abbas told me, echoing many other brokers. But the war was a turning point. As the Syrian government started losing territory, it became too risky to drive across multiple checkpoints guarded by different warring factions. "Sometimes you can't even tell what group is controlling a checkpoint," he said laughing. His town was particularly vulnerable; most of the province of Deir Ezzor fell under the control of the Islamic State, causing the local population to flee in mass numbers. Abbas's own hometown was still under regime control, so his family remained despite the constant threat of fighting. But there were no more buses to and from Deir Ezzor. At the same time, demand for transfers increased significantly, and using *hawala* through people like Abbas became the only viable option for moving money. While he claimed to be the first *Deiri* hawala broker in Beirut, by the time I interviewed him in summer 2016, he said he knew personally around twenty other *Deiris* who were working in *hawala*.

When we met, Abbas had long quit his restaurant work and had taken a job as a valet manager. He lived and worked in a tiny studio apartment on the ground floor of a residential high-rise building. He employed around ten Syrian and Lebanese young men, paying them each a daily wage of $20 to do the menial job of directing and charging for parking on the block. While his employees handled the valet work, Abbas devoted most of his energy to his *hawala* activities. Every time we visited, Zein and I found him smoking with some of the young guys in the parking area of the high-rise building.

The studio where he lived and worked had a separate entrance, tucked next to the main door of the building. His single bed and a small, square dining table with white plastic chairs monopolized most of the space in the room. But the over-head shelves provided some storage space for a mélange of picture frames, knick-knacks, school notebooks, a tiny TV set, and an old-fashioned safe with a turner key. He always had news playing on the TV, but he mostly evaded my casual questions on current events and politics. He offered his guests Nescafe and juice in plastic cups. After eight years of working in *hawala*, he told me, he had raised his initial capital of $2,000 to $325,000. Given this considerable sum, I was struck by his modest living situation. When I first heard of his business successes, I asked Zein about the stark discrepancy with his frugal living standards. "He is very, very careful with his money," he laughed, "did you see all the notebooks on the shelves? This guy keeps such detailed records." He added that Abbas was saving money for his upcoming wedding in Damascus, and that he hoped to furnish an apartment in Beirut to share with his new wife. "He is a self-made man," Zein told me with his usual enthusiasm.

Abbas was one of the few brokers I met who had begun doing *hawala* before the war. "When I first started everything was through text messages," he told me, explaining how he communicated with his cousin about a transfer. "Now everything is on WhatsApp." While he had greatly raised his capital, he was still only working with his family members in Deir Ezzor, now with the addition of his younger brother, several male cousins, and a few distant relatives. Apart from his hometown, he sent money to several other large and small towns in the province, including Deir Ezzor city, Al-Bukamal, Al-Mayadin, Al-Ashara, and Deblan. Like Zein, he and his family members also provided delivery services to those who wanted it. When demand for transfers increased and formal money transfer options were no longer available, Abbas sent his cousin to talk to a few known traders and gold sellers in the city of Deir Ezzor. A number of them started making their payments to Lebanon through Abbas. Abbas was making the deliveries and payments in Lebanon; his family members meanwhile

collected the cash from the businesses of gold sellers and other traders and used it to disburse money locally to the recipients using these funds. In this way, they were able to achieve the same balanced, bi-directional movement of funds that was so crucial to sustaining transfers in Hajj's *hawala* network. Once the war started, this matching of funds was especially crucial because it became virtually impossible to physically move cash from Beirut to Deir Ezzor and back again.[13]

Most of Abbas's customers continued to be *Deiris* but, he said, "when I get a customer who wants to send money to Damascus, for instance, I just call Zein." Zein and Abbas did not immediately start working together in *hawala*. They saw each other often in social circles, and Abbas introduced him to his close friend, Sargis, an Armenian-Syrian originally from Aleppo, who managed a number of buildings in an upscale neighborhood in Beirut. Sargis worked in *hawala* as well, mostly doing transfers to his hometown, Aleppo, through an arrangement with his relatives that was similar to Abbas's. Sargis had a make-shift office, which was a studio room in one of the buildings he was managing. Unlike Abbas, Sargis only used this apartment for work. He lived in Bourj Hammoud, a predominantly Armenian, lower middle-class neighborhood, with his wife and three children. When we first met Sargis there, Zein turned to me and said half-jokingly: "Do you know this room where we met Sargis? Maybe this room has more money than the Lebanese central bank."

Zein and Sargis both described their initial impressions of each other as lukewarm. For Zein, Sargis was "too quiet" and "uptight." He told me: "If you look at Sargis. You'd think 'what can I give to this guy?' He is so simple. He doesn't talk a lot. Believe me, if he asked me for money on the street I'd give him," he joked. Sargis thought Zein was too bossy [*yelaab muallem*] and "thought of himself too highly." But one day Zein received a phone call from Abbas, asking if he could help Sargis, who was having trouble with his passport renewal. Zein used his connections in Syria through his police

[13] In the following section below I further elaborate on how Abbas' debt settlement strategies when matching alone is not sufficient.

commissioner father and "made some calls." Sargis also told me of the incident: "He helped me out and I wanted to give him money to thank him. He told me 'no money, you're welcome [*tikram*].' After that incident, Zein told me, "he [Sargis] relaxed around me and started inviting me over for dinner and argileh every other day. And then we became best friends."

When I asked Zein and others for stories about their friendships, I heard similar accounts involving acts of generosity and favors. Rafik, another close friend of Zein's in Beirut, who also occasionally worked with him in *hawala*, told me how they initially met after a mutual friend gave him Zein's phone number when Rafik's cousin had trouble crossing the border into Syria. Zein also later recounted this incident to me as follows:

> Rafik's cousin had trouble on the border. I was then working for the [INGO]. He called me and explained the situation. And I ended up helping him. And then I met Rafik in person in Lebanon. He came and visited me in Beirut to thank me. And *baad fiqra* [after some time], we started talking about work. We got closer. And I talked to him. I told him I was doing these transfers for people, too. We started talking like that. He gave me the idea to expand my work [in *hawala*].

The favors went the other way as well. When I visited Beirut in summer 2016, Rafik was helping Zein extend his residency permit at the notoriously Kafkaesque Public Security Directorate (*Amn al-Aam*), which all foreigners, including Syrians, dread. Rafik had a contact at the institution and, following several phone calls, he managed to get Zein's extension request approved. Rafik is half-Syrian, half-Lebanese, which afforded him dual nationality. His father moved to Syria in the 1980s at the height of the Lebanese civil war. In Hama city, where he relocated, he met Rafik's mother. Rafik grew up with his four brothers in Hama and went to college in Damascus. But, in a bitterly ironic twist of history, he decided to move to Lebanon when the war broke out – at around the same age that his father had moved to Syria to escape Lebanon's civil war.

Thanks to his Lebanese passport, Rafik had more rights and options in the country compared to other Syrians. For example, in contrast to Zein an the rest of the *shabab*, Rafik had opened an officially registered store where he offered money transfers as an authorized agent [*wakeel*] for both

international and Syrian money transfer companies. Moreover, unlike the others who relied on secondary sources of income, Rafik exclusively worked in the transfer business, making transfers around the world every day. Yet like the others, when it came to transferring money to Syria, he usually leveraged his local contacts to do "unofficial *hawala* based on trust," as he described to me. In major cities under the control of the government it is possible to make transfers using the official companies' infrastructure. However, Rafik generally avoids using these official channels because "it is too much paperwork;" "not a lot of profit (as the company takes a cut);" "it takes three business days"; and "there is a maximum limit for what you send [which at the time of the interview stood at $500]." And for the customer "it is bad because you have to use the official exchange rate," as opposed to the black market rate, which was considerably lower (i.e. the value of the US dollar is higher]. He had "brothers, cousins, relatives, and friends" in many provinces. "That is how we work in Syria. They are not official. They work in secret [*bi-shakl sirri*]. Some have a clothing store, a supermarket, or a coffeeshop. And they do the *hawala* on the side. I text them: 'So-and-so is going to pass by, give him this amount of money.' Or the other way around [*bil aqs*]."

Zein introduced me to Rafik separately from the other *shabab*, and I had never seen them hang out together with Rafik. In fact Rafik and the others barely knew one another. Once when I suggested inviting Rafik to a gathering with Irfan and others, Zein said Rafik was not part of that crew. Zein deferred to Rafik above every other friend he introduced me to over the course of my research. "He is reaaaally smart. He is amazing with technology. He knows all the words in English but he can't speak [laughs]. He is like a computer. He would do a translation for you word-by-word. But he can't speak. We're very close now. I talk to him everyday." I discovered that Rafik had an impressive command over exchange rates, and when I asked him about the local black market rates, he could instantly tell me off the top of his head. The two of them did not work together on a continuous basis, Zein told me, but he knew he "could always count on him when [he] needed a contact or some extra

cash" in a destination. Rafik likewise told me he relied on Zein when he had to make a transfer to certain "sensitive" locations, where he said Zein had "special relations." He listed two provinces as examples: Sweida and Deir Ezzor.

Sweida is a province in southwestern Syria with a predominantly Druze population that had remained under regime control. Like Deir Ezzor, it was a city where Zein's father had been posted and where Zein had lived and built up connections. I had heard from other *hawala* brokers that Sweida was a difficult destination to reach, which they usually attributed to the close-knit nature of its mainly Druze local community. When I later asked Zein to explain his special connections there, he said: "In Sweida I have some connections. Not all of them work in *hawala*. Sweida is a special city. It is Druze people… If I work with one of them, all the rest would know. But I make business when these people want something in Lebanon. And they help me when I need to pay someone there […] I keep it very quiet. Just hey so-and-so, please give this person $1,000. That is it. Just friends." Still Zein said these transfers were rare, and that Druze customers mostly used Druze brokers because they "only trust one another."[14]

As for Deir Ezzor, Rafik said the difficulty was related to it being remote and mostly rural. For these transfers Zein relied on Abbas's and Irfan's extensive family-based networks, which covered most of the small towns in the province. These mediated transfers were more expensive, as there were more brokers involved. Zein told me, when he mediates these relationships, he usually takes a cut equaling half of what the final broker (e.g., Abbas) would charge for the transfer fee. Sometimes, but not always, he gives Rafik a cut as well out of his part. "Depends on the agreement [*hasab al-ittifaq*]" he explained.

[14] This claim does not always hold. In fact, I met another broker in Lebanon, who himself was from Idleb, and whose main partner was a Druze Syrian from Sweida.

Zein relied on these relationships to expand his *hawala* activities beyond Damascus and its peripheral regions. Importantly, nearly all these relationships were formed, cultivated, and reinforced after the war broke out. In some sense the war and the resulting experience of exile created the conditions for these fraternal relationships between Zein and his friends. Of course, rooted trust relations based on kinship and local identity were still important in this network, as money mostly flowed through these direct, dyadic ties between brokers in Beirut and their families and friends back in their hometowns. But the fact that these brokers could rely on each others' individual direct ties allowed them to expand their coverage to destinations they would not otherwise be able to reach on their own. As Zein described to me: "Sargis knows people but [they are] mostly all from Aleppo. Ahmad and Irfan both know a lot of people but they are all *Deiris*. Yousef [another broker from Homs] knows some *Homsis* and that is it." Rafik was the only exception in having broad coverage beyond his hometown owing to his stronger market position with an official business to supplement his informal *hawala* activities, his larger operating capital, and his broad network of relatives who served as his distribution points. Importantly, from Zein's point of view, there was no real distinction between working with these *shabab* as business partners and hanging out with them as friend. And when I asked him what he liked about *hawala* beyond the chance to make some additional money his answer had an uncanny resemblance to Hajj's:

> In *hawalat* you need to talk to everyone. Not just your family or kin. You can't just talk to your relatives. Sometimes there is no [cell phone] service; sometimes you need to know local prices [exchange rates]; sometimes there is not enough money. It is never enough to work on your own. […] And *hawala* allows you to stay in touch with all the people. [*Khalliki ala aalaqa*]. You have real relationships with all these people. There is exchange and conversation [*muhabba*]. That is the nice thing about *hawala*.

## III. Making *Hawala* Work in the Beirut Network

In Zein's network, it is the relationships that the *shabab* built and cultivated in exile that allow them to avoid the trade-off between trust-based exchange and scale. Whereas Hajj was able to conduct

transfers to multiple destinations in part because of the forced migration of *Amalis* across Syria and into Turkey, Zein and his partners mostly sent transfers directly to and from their hometowns and the surrounding regions, creating "specializations," as they put it, in particular destinations, like Damascus, Deir Ezzor, Aleppo, Homs, and Idleb. By referring customers to one another and by pooling their capital together, they were able to expand both their transaction volume and their coverage. The strong, largely dyadic ties that each broker sustained with his family members and relatives in his Syrian hometown, thus, were knitted together by the trust relationships that Zein and his friends cultivated during their shared experience in exile. In that sense, the same forces of conflict that dispersed Hajj's rooted relationships across and beyond Syria, here brought the diverse members of Zein's network together into one place, creating a concentration of both trust and capital in Beirut.

Figure 3.1 depicts Zein's immediate set of connections in Beirut, Damascus, and Sweida, as well as each broker's individual ties to their specialized destinations.[15] The figure shows that Zein's ties to fellow Syrians in Beirut allowed him to broaden his coverage significantly beyond his immediate hometown, Damascus. It further demonstrates that each broker in Zein's Lebanon network served as a mediator for the other brokers, allowing them to transfer funds to destinations they would not otherwise be able to reach. Through his ties to Sargis, Abbas, and Irfan Zein was able to conduct transfers to and from Aleppo and Deir Ezzor, respectively, which both changed hands multiple times during the war and were divided into sections governed by different warring factions. Zein also relied on the mediated ties offered by his two friends in Damascus, whom he went to university with before the war broke out. These two brokers, represented as the two nodes in Damascus, had emigrated to Damascus from their hometowns of Idleb and Homs, allowing them to conduct transfers there. Even though Zein had no contacts in these cities, he was able to use these mediated ties to send transfers

[15] I include Rafik as a contact in Beirut but leave out his extensive coverage across Syria, as Zein only occasionally worked with him and did not interact, to the best of my knowledge, with any of Rafik's contacts in Syria.

**Figure 3.1: The Beirut Network**




to both destinations, which were each controlled by separate forces (Idleb by rebels, and Homs by the Syrian government). Importantly, almost all these individual dyadic relationship were, like Hajj's ties, long-standing rooted trust relationships, based on family relations and shared local residence. But except for the two brokers in Damascus, Zein's relationship to these brokers were all cultivated in Beirut after the war. What this figure leaves out are the additional relationships that come with each brokers' individual contacts. In other words, just as Zein's two friends in Damascus had ties in Homs and Idleb, Sargis's and Abbas's contacts in Aleppo and Deir Ezzor also had additional contacts in other cities, which further extended the overall coverage of the network.

Zein started off in *hawala* with conducting remittance transfers for friends and family. But by the time I met him in 2015 and later in summer 2016, he was facilitating a more diverse set of transfers including, alongside remittances, capital from home sales (which, as noted above, became one of his

specialties), money sent to cover fees for bureaucratic paperwork (e.g., passport renewals, postponements of military service), and payments for traded goods like electronic devices (which he himself traded along the border as well), gold, clothing and so on. As such, unlike Hajj who mostly transferred remittance money one-way into Syria, Zein's transfers went both ways. Inflows of remittances into Syria were "small in amount but large in number," he explained, whereas outflows of cash from property sales and traded goods were fewer in number but large in volume.

Equally important, Zein facilitated transfers across many cities within Syria's regime controlled areas, like Sweida and Homs. Internal transfers within government-held areas, particularly because they do not require currency transfers, were relatively easy. When I asked why there was demand for these internal transfers given the availability of formal alternatives (like official money-transfer businesses), Zein explained that any transfer that goes through the official system is strictly monitored by the government. "Every day at five in the evening an inspector comes into these stores to collect the list of all transactions and customers for the day. People are afraid and they use *hawala* to support their families." Moreover as I detail further in the next chapters, Zein emphasized that *hawala* was a way for ordinary Syrians to "bypass the corrupt system" of the state and the banks. Unlike Hajj who could hardly leave Istanbul without an official permit from the Turkish Immigration Office, Zein crossed the border between Beirut and Damascus almost daily. Yet he disliked and avoided transporting cash across the border, citing the high risk of seizure by either the Lebanese or Syrian border officials. Instead, he tried his best to match his inflows and outflows, only occasionally moving cash physically when it was really necessary. Within Syria, however, Zein was freer to move cash from place to place, as long as he remained within government-controlled areas; his privileged family connections allowed him to move around relatively easily, and this relieved pressure to balance transfers across all the locations where he and his partners were conducting transfers.

As noted above, Zein worked with two close friends in Damascus to facilitate transfers. If the transaction was a significant amount, he would only have these friends handle the cash pick-up or delivery. For more routine, smaller deliveries that usually ranged between $100-$1,000 he relied on a contingent of delivery agents who worked for him and his friends in Damascus. "After I got stronger in this business," he told me, "I had to hire employees to handle the regular transfers." At one point in summer 2016 he was employing up to fourteen people who managed his deliveries on motorbikes and cars across neighborhoods of Damascus and the surrounding towns. These were all young men and he paid them $100 per month. They all communicated through voice memos or text messages via WhatsApp because, Zein explained, "in Syria you have to assume cell phone calls are tapped." They received the cash and the directions from Zein or one of the two friends and then disbursed them to specific addresses. "We give people options: delivery or pick-up," Zein explained, "delivery is an additional two percent, otherwise pick-up is the usual five percent fee."

The transfer requests fluctuated considerably, "depending on the situation [with the war]"; he said it could be anywhere between "ten to one-hundred-fifty transfers per day." When I asked how many regular customers he had, he said about one hundred. He added: "But these one hundred don't always send money every month but you have a relationship with these people. I know these people. I know all their names. I know all their businesses and jobs. […] If I don't know you and don't know where this money is going, I won't send your money. It's that easy."

Because so many of these transactions were conducted over smartphones, and because Zein was someone who was always on-the-go, I found it more difficult to observe his transactions than I had with Hajj. Occasionally I happened to be with Zein or another broker when they handled an in-person exchange, but these incidents were rare. For customers they knew well, they would often even make the transfer when they received the request on WhatsApp, before the customer came in person to hand in the cash. Most of the interactions with customers I witnessed were therefore relatively

brisk: a simple hand-off of cash with no discussion of fees, rates, destinations, or services. To learn about the specifics, I would ask Zein and others to walk me through particular transfers they conducted on a given day, specifying transaction details like the amount, transfer fee, and the exchange rate. When I asked Zein the same questions during one of our more structured interviews, he gave me the following account of a particular transfer he had conducted that day:

> Today is Thursday. What is the date? September 2, 2016. OK, today the dollar for Syrian is 524. This is the market rate in Damascus. This person wanted to send $1,000. Here is what I did: I took $1,000. And a 514 rate is what I charged for Damascus. I usually take 5-10 difference from the rate. What I gave [the receiver] in Damascus: 514,000 Syrian pounds. For every $100, for this person, I took $4. So [it makes] $40. And I give [to my friend in Damascus] half of the fee and also half of the ten-point difference.[16]

Because Zein mostly handled transactions in government-controlled areas, where dealing with foreign currencies like US dollars is strictly prohibited and met with harsh punishments, almost all his transactions involved currency conversions between US dollars and Syrian Pounds, using the day's black market rate. Like most brokers, he combined and triangulated a number of sources to track these highly localized and, at times, unstable rates. To keep himself up-to-date, he followed Facebook pages and checked smartphone applications that published daily black market exchange rates for particular towns and cities across Syria. When he had an actual transfer, however, he often reached out to his contacts in the destination to receive a price quote. He explained:

> I follow Facebook pages. [Shows me a page on his phone.] This is really good. It is really close to the true market price [*saar as-souk al-haqiqi*]. I use apps… This is to have an idea. As for actual transfers I talk to someone in the area. I ask: 'Today, how much is the official rate [*saar ad-dawla*]? How much is the black market rate [*saar as-souk as-sawda*]?" I talk to people. I have relationships with friends in different locations. Apps, friends, and people in the places where I send the money. You figure it out.

[16] With a ten point exchange rate differential, Zein and his partner essentially netted 10,000 SYP as an additional fee for this transfer, equivalent to $19 at an exchange rate of 524. The cost of this transfer is, in other words, 50% higher than it would have been if there had been no currency conversion. These additional fees from exchange rate differentials are a crucial source of income for brokers conducting transfers in different currencies, a topic that I return to in Chapter 4.

To make it easier to keep track of his debits and credits across transfers, Zein used a popular accounting software called "al-Rasheed." "Because I have all this money with people, I have to keep records, he explained, "I sometimes have $50,000 spread across many people. I need the names, the details." He added that in his network it was only Sargis, Rafik, and himself who were using this program. This way, he explained, he would record the basic details for each transaction --the date, destination, amount, sender and receiver names, and the partner broker's name. "Then I enter how much Syrian for a dollar. Just that. Every day in this tab in the program," he said, as he gave me a mini-tutorial in the program. "And the system does it automatically. Just everyday at noon, when the black market prices are known." I asked if they ever needed to re-adjust these rates for times when the local currency fluctuates more than usual. Zein's response was abrupt and in line with one of most commonly observed pricing norms among brokers that I came across during my research: "In the system it is very clear. If I give you 1,000 today, you give me that amount a month later. If the dollar is coming down, the price of everything is coming down. I'm not afraid if the dollar is going up or down. That's how the system works. If you give the money [order] today, you use the rate of today. Tomorrow it will be different and we will use that rate." As settlements among brokers are completed, he deletes the transaction data periodically.

While Zein and Rafik, both college graduates with middle-class backgrounds, were comfortable with using computers and special software like al-Rasheed for keeping records, they still primarily used smartphones for these and several other purposes. All brokers in Zein's network used smartphones to: 1) communicate transaction details with fellow brokers and customers, 2) to trace, collect, and circulate currency exchange rates, and 3) to record transaction logs for their accounting systems and settlements, and 4) to communicate with their social circles, to socialize with peers on online social media platforms, and to follow daily news using a variety of applications. As such, the smartphone for these brokers has become more than just a communication device; for brokers it

simultaneously becomes a market device, a price-retrieval and recording tool, a data storage space, a means of avoiding government monitoring, and a virtual space for social interactions with friends and family who are near and distant, which becomes crucial to processes of relational work and trust maintenance. In one illustrative case, one broker, based in Istanbul and originally from Aleppo, showed me a WhatsApp group that he was part of with 300+ members. Some messages included transfers requests, others forwarded YouTube videos. Being a successful businessman before he relocated to Turkey, he claimed to know every one of the members personally from before the war. "We talk all day long [for *hawala* transfers], and we joke at nights," he laughed.

Of course, digital data on smartphones can also easily become a liability. This is especially the case when brokers, like Zein, rely on digital records to keep track of their debts and settlements. The ephemeral nature of digital data threatens means that transaction records are always at risk of disappearing. When brokers lose digital records (e.g., when their phone breaks down), it can be extremely difficult to recover records of their debt and credit obligations. In one case, Zein's software had crashed and all the Arabic letters (for names and locations) had turned into the number 9. After paying a repair person hundreds of dollars, he was able to retrieve the data but told me he still had to compare records with his partners in a time-consuming process. These records are important because brokers also use digital records as evidence in situations of dispute settlement. While rare, when a disagreement emerges about a transfer or its details, for instance, brokers often rely on previous communications on WhatsApp as evidence to settle these disputes. For these reasons, most brokers choose to back up their data in a physical notebook (although Zein did not). Moreover, in the event of getting caught by authorities, the digital traces on brokers' smartphones can more easily tie them to evidence of their *hawala* activities. In fact, for governments, smartphone use may become a tool of surveillance since they render transfers more legible and tie the movement of money to specific individuals. When brokers operated in areas where there was more active government monitoring and

sanctioning of their activities (e.g., Lebanon, government-controlled areas in Syria) they were more diligent about deleting their records on WhatsApp and other software periodically.[17]

In Hajj's network, two central brokers, Ali and Mustafa, took care of the actual logistics of settlements among other brokers. In Zein's network, by contrast, each broker in Beirut directly handled their own debt settlements with other brokers, be it with their partners in their hometowns or among themselves in Beirut. However, for Abbas, Irfan, and Sargis whose main destinations were Deir Ezzor and Aleppo, respectively, Zein's role was as crucial for helping them settle debts in their hometowns as it was for helping them expand their coverage. Having a partner in Damascus, the capital city, allowed these three brokers to more easily clear imbalances and replenish capital with their family members in their hometowns. They would identify traders in their respective areas who had business dealings in Damascus, and then use them to get cash that they had transferred to Damascus via Zein back to their hometowns.[18] In this way the cash they collected from customers in Beirut would first be handed to Zein, then through Zein's network to a trader in Damascus, and then via this trader back to their family members in their hometowns.

Because Zein's connections involved brokers with their own disparate rooted ties and specialized operations in certain destinations, his network had a less hierarchical structure than Hajj's network, where Mustafa and Ali held observably higher status and authority in providing capital, maintaining balances, and mediating relationships for the rest of the network. Moreover, Hajj often knew and communicated with his second-order contacts, even when his transfers to them were mediated by Ali and Mustafa. In contrast, Zein only communicated with his friends, not to their

[17] One broker based in Damascus explained that he either recorded his transactions on two copybooks or at least took photos of the pages on his phone until the debts were settled. In case "government comes to inspect you," he explained, "you have to be ready to burn one notebook […] the other one is usually hidden at my parents' home."

[18] In Sargis's case he used both Zein and another broker he knew to move his capital through Damascus and back to Aleppo.

contacts in Syria; once he handed a customer off to them they would handle the transfer from that point onwards. Each broker in Zein's network, in other words, owned and controlled their own specialized networks.

The exception to this horizontal division of labor was Rafik. As noted above, Rafik's business had broader coverage and larger operating capital, thanks both to his hybrid business operations (i.e., an official franchised branch and unofficial transfers) and to his more extensive informal web of connections across Syria.[19] Moreover, Rafik himself specialized in Hama, Damascus, and the rest of the government-held areas, meaning that he and Zein were in some sense competitors. But my conversations with them revealed that they both regarded their relationship as one of cooperation, even if they did not work together continuously. Even in places where Rafik had strong relationships, like Aleppo, Zein first worked with Sargis. But they still considered one another as fallback options, to be called on to help with two types of situations: 1) when one needed to send money to a destination where he had no contact through his own network (e.g., Deir Ezzor and Sweida for Rafik, Hama and Latakia for Zein) and/or 2) when one of them did not have enough liquidity in a destination to realize either a large one-time transfer (e.g., home sales) or an unexpectedly high number of small transfers in a short period of time (e.g., transfers during Ramadan and *eid* holidays). Yet, despite their consistent social interactions and occasional cooperation, Rafik did not become integrated into Zein's core group of *shabab,* either socially or for their work in transfers.

Zein's network also points to the unfolding and dynamic nature of *hawala* networks. Irfan, for instance, already knew Abbas for some time (they were both *Deiris*) but only began trying his hand in *hawala* following his introduction to Zein's social circle and with the latter's encouragement. In other instances, disagreements over accounts and disputes over transactions could end up "freezing" or

[19] While everyone in Zein's core group told me the maximum volume for their largest one-time transfer never exceeded $50,000, Rafik's answer to the same question was $300,000.

completely "cutting off" relationships. One case of a temporary freeze involved a Syrian broker from Damascus, who had special connections through a close friend to the hard-to-reach town of Raqqa. Zein was introduced to this broker by Sargis (his broker friend from Aleppo), and he started working with him in Damascus. During my visit in 2016, however, I heard Zein complaining about this broker to Sargis and Abbas. When I asked why, Zein told me they had a few disagreements on transfer amounts with the broker. "He is not very smart," he added, and explained that he made mistakes in transaction records, which Zein and others used for settling debts. Nonetheless, Zein thought his mistakes were "honest" and told me the broker ended up correcting the amounts. But even though the mistakes did not cause him any financial damage, he "preferred not to do business" with this broker unless he really needed to. When I followed up on their relationship a few months later, through a WhatsApp exchange, he told me they were on good terms again and that "the guy was too young and inexperienced" (he was twenty at the time) but had stopped making his accounting mistakes.

During interviews, I heard other brokers making this distinction between "honest mistakes" and acts of "cheating." One broker in Istanbul explained: "If you cheat, you can't survive [in this business]. But sure there are times when people make mistakes in the books. I can recognize the normal mistakes […] but what I'm saying is if there's cheating. I don't tolerate it. If there's one case [of cheating] we cut the relationship." Abbas, Zein's *Deiri* friend, told me he experienced one incident involving what he assessed to be a case of fraud. The incident involved a Lebanese broker based in Jounieh, a suburban town right outside of Beirut. This was one of the only times I heard of any Syrian broker working with a Lebanese individual, apart from the case of Rafik, who was half-Lebanese. Abbas had a dispute with this broker involving a settlement in the amount of $4,000. Abbas sent the money to settle their accounts, through a delivery agent on a motorcycle that the broker himself had sent. The broker claimed he never received the money. After some back and forth, the broker told

Abbas that his delivery agent had disappeared with the money but that he was going to cover the loss himself. "That was it," Abbas told me, he said he "cut off" the relationship with him after the incident and told all his contacts to do so as well.

Unlike Hajj and many members of his network, Zein and his friends earned significant amounts from their *hawala* transfers, which, during some periods, exceeded their earnings from their primary jobs (i.e., valet parking, building management, smuggling electronic device into Syria). Yet, while some made more money than others (e.g., Abbas), their network had a more horizontal structure and division of labor, with each broker "owning" a particular destination through dyadic ties to their hometown. These cultivated ties in exile allowed Zein and his partners to send money to locations and regions beyond those where they had rooted ties, in contrast to Hajj who achieved his coverage through the dispersion of his rooted local ties across space.

While this key difference is important for uncovering how different trust ties form and hold together in distinct *hawala* networks, it is important to also recognize the broad similarities across the two networks. Importantly, the key distinction in the overall structure of the two networks partly emanates from the fact that I, as a researcher, was introduced to these networks from the network positions of my two primary interlocutors (Hajj and Zein). For example, if I had been introduced to Hajj's network from the vantage point of Ali (in al-Bab), it might have looked far more similar to Zein's network, given the importance of al-Bab as a hub and Ali's heavy reliance on cultivated ties with non-*Amali* brokers who he met after he was forced into exile. Beirut, in that sense, functions as a similar type of hub for Syrians like Zein as al-Bab in Syria did for internally displaced Syrians like Ali. Similarly, if I had learned about Zein's network from the perspective of one of his fellow Damascene brokers in Syria, it might have looked much more similar to Hajj's network, i.e., with a set of rooted relationships based on shared residence in Damascus dispersed by the war over various

locations inside and outside Syria (e.g., Beirut, Homs, Idleb), and with Zein holding the same mediating role as Ali.

# Conclusion to Part I

The two network narratives above point to several theoretical implications about how informal economic exchange can persist at scale and in the face of profound crisis and uncertainty. Below I summarize some of the key findings from these accounts and discuss their implications for a number of theoretical concepts and processes: trust and relational work, brokerage, wartime exchange, and technological mediation in informal exchange.

## I. Trust and Relational Work

Interpersonal trust undergirds (informal) economic activity, particularly in times of crisis and acute uncertainty. But as the literature on informal exchange argues, relying on such interpersonal trust relations to conduct economic activities usually comes with severe limitations. Because economic actors can only transact with exchange partners who they personally know and trust, they may find it

difficult to scale their enterprises up beyond a given social circle or locale. This problem becomes particularly acute during period of wartime, or similar episodes of social upheaval which involve institutional breakdown, social disruption, and mass forced displacement. On the one hand, these periods of crisis elevate the importance of intimate trust ties, as the formal institutions that normally govern economic activities and help exchange partners enforce agreements break down, collapse, or weaken. On the other hand, the war may have a destructive impact on these trust relations, disrupting local ties and networks as individuals flee from violence and spread out across disparate locations.

In the two chapters above I have shown how *hawala* brokers navigate these challenges, creating trust-based networks that are able to operate at considerable scale, even in the midst of Syria's violent civil war. These networks function effectively in large part because they are built on different *types* of trust ties – specifically, ties that differ in both their *content* and *intensity*. But the integration of these diverse ties is not automatic. First, I have shown that the war itself offers solutions to some of the problems it creates, by essentially dispersing individuals with intimate mutual trust relations across diverse geographies, and concentrating Syrians from different locales together in key safe havens. And, second, I have shown that brokers must perform elaborate and regular relational work, both to maintain their ties with intimate contacts who now live in distant locations and to cultivate new ties with brokers who they did not know before the war. The diversity of ties within these *hawala* networks is ultimately the outcome of this persistent relational work, which sustain their cross-cutting ties with frequent social interactions, acts of generosity and risk-taking, exchange of favors and gifts, and cooperation (at times with no monetary return) in *hawala* transactions.

The chapters above mapped out two *hawala* networks from the standpoint of the two brokers who were my main interlocutors in the field: Hajj in the case of Turkey, and Zein in the case of Lebanon. When seen from their vantage points these networks appear quite different, both in their structure and in the content of their ties that form that structure. For Hajj, "his community," as he

put it to me, consisted only of fellow *Amalis*, with ties that pre-existed the war and were defined by a strong sense of pride in being from Amalia. This shared sense of hometown, which he and his interlocutors firmly held onto during their exile in Turkey and across Syria, encompasses multiple forms of identification, including local culture (food, dialect), religion (all were pious Sunni Muslims), ethnicity (all identified as Arab), and family relations. Within Hajj's immediate network, then, trust was *rooted* in these multifaceted but highly localized forms of identification. In contrast, Zein's network was built around the novel friendships he cultivated after he moved to Beirut. With the exception of one broker (Abbas), all his friends had left war-torn Syria out of fear of the conflict (Sargis, Irfan) or because of limited livelihood opportunities (Rafik, Zein). And, in all of their cases, they were themselves "uprooted," leaving behind their families, relatives, and close social circles. In the safe haven of Beirut they found a mélange of Syrians from around the country, some of whom became their friends, and then their business partners. Though they had been formed relatively recently, these *cultivated* trust relationships were often extremely strong, forming a kind of fictive brotherhood based on shared experiences of hardship, displacement, and exile.

The network stories also show that trust ties among the brokers in each network are also distinguished by their intensity: trust can be direct or mediated. In the case of Hajj, his most direct tie was to Mustafa, who then mediated and sustained Hajj's other relationships to relatives in Raqqa, al-Bab, Homs, Damascus, and Idleb. Hajj knew all these brokers from Amalia, and in that sense the nature of his ties to them was still rooted, even if they were also mediated by Mustafa. But Hajj also conducted transfers through Ali, his contact in al-Bab, and in many (if not all) of these instances he had no direct relationships with the brokers in the final destinations. Indeed, Ali's ability to send transfers to so many places in Syria was based on his own set of cultivated ties, which he had built up in al-Bab, another safe haven, with other fellow *hawala* brokers. From Ali's perspective, then, his network may have looked much more like Zein's, with a series of cultivated to various brokers, each

of whom specialized in transfers to their hometowns. In this sense, the mediated ties in Hajj's network were both rooted and cultivated; Mustafa and Ali mediated transfers to other *Amalis*, but Ali also his cultivated ties in al-Bab to mediate transfers to brokers outside of the Amalia network.

Mediated ties were also central to Zein's network. Zein had two direct contacts in his hometown of Damascus, which allowed him to conduct transfers there, but otherwise he relied on a range of trust ties to fellow *hawala* brokers (and good friends) that had cultivated in Beirut after the war broke out. Zein's two contacts in Damascus mediated transfers to their hometowns of Idleb and Homs, and his friends in Beirut allowed him to send transfers to Aleppo, Deir Ezzor, and many other locations. Each broker in Zein's network performed relational work to sustain their rooted ties to their families and relatives back in their hometowns in Syria, forming their own specialized *hawala* corridors. Ultimately, then, both Hajj's and Zein's network relied on a patchwork of both rooted and cultivated ties and direct and mediated trust. It was the integration of these different types of ties that allowed them to cover such vast swaths of territory while still relying on enforcement power of intimate trust relations to guarantee obligations and ensure that debts were settled.

More broadly, my interviews with a broader sample of brokers, both in Turkey and Lebanon, confirmed that this integration of diverse trust relationships characterized most if not all *hawala* networks. A broker based in Damascus, who I interviewed virtually in the spring of 2017, summarized this common pattern of what he called "cumulative relationships" in the *hawala* market as follows:

> Well, after being in the market [for some time], you start developing new relationships and [keep] updating your relationships. So I know person X, and that person will call person Y and so on. Using phones, and mostly using WhatsApp because it is encrypted. […] And actually I don't have to have a lot of relationships. I can have two or three trusted relationships. This is what we call cumulative relationships [*aalaaqat taraakumy*]. I know three or four contacts, and each of them has their own three or four direct contacts and so on. Everyone knows everyone. And after all you're talking about hundreds of contacts in all of Syria. And not just Syria but also all of Lebanon, Jordan, and Turkey and so on.

## II. Becoming a Broker

Both Hajj and Zein became *hawala* brokers in similar ways. Neither of them started off intending to establish themselves in *hawala*. Instead they became brokers by accident, in the sense that they found themselves making transfers as favors for Syrians who lacked their connections, in Hajj's case, and their mobility, in Zein's case. As the war intensified and led to more displacement, precarity, and uncertainty, requests for these transfers multiplied and it was only at this point that Hajj and Zein began charging for transfers, turning these acts of generosity into an additional source of income (and eventually considerable profit in the case of Zein). And importantly, despite their different backgrounds, Hajj and Zein occupied a similar position within their respective communities and social circles; they were both people that individuals would turn to for assistance or when in trouble.

Similarly, neither broker made a deliberate effort to build up a large *hawala* network, at least initially. Both relied on relationships with individuals who they knew socially, either because they were friends or because they were from the same hometown. Importantly, both networks, like all the networks I encountered over the course of my research, were composed entirely of Syrians. But beyond this shared nationality the members of these networks varied considerably. In Hajj's network members mostly were from the same hometown, whereas in Zein's network they were from different locales. Similarly, Hajj's network members shared the same sect and ethnicity, whereas Zein's network was multi-confessional and multi-ethnic. Both networks included members with different educational and socio-economic backgrounds, and who worked in a wide array of occupations (both before the war and during their time in exile).

Regardless of their content and intensity, the trust ties that made up each brokers' network were far from static or stable; instead the stories show that these ties were built on delicate forms of "relational work" (Zelizer 2012). This relational work was particularly important in the context of the ongoing war and its multiple forms of displacement and instability. Many brokers who worked

together on a daily basis had not had face-to-face interactions for years; some had never even met. Yet they socialized, often virtually, and they continued to extend each other favors, help, credit, or, in some cases, take risks on each others' behalf. In other words, these exchanges happened in both social and economic currencies. The trust ties that made them possible were the recurring accomplishments of brokers' "creative efforts in establishing, maintaining, negotiating, transforming, and terminating interpersonal relations" (Zelizer 2012:6).

This relational work also extended to brokers' interactions with customers, as the following chapters document in detail. Even when they started charging for their services and expanding their operations, Hajj's and Zein's *hawala* transfers remained embedded in an economy of favors as they continued to help their community members find employment, rent an apartment, overcome bureaucratic hurdles and so on, all free of charge. This also applied to their pricing practices and their use of discretion over what to charge for particular customers or in particular situations, a dynamic that I discuss in more detail in Chapter 4. In situations that involved transfers for medical surgeries or religious alimonies, for instance, they reverted back to treating these transfers as favors and conducted them free of charge. In yet other examples, I observed them conducting transfers before their regular customers had the means to hand them the cash, in essence extending them a small line of credit. Their social entrepreneurship within their communities, in this way, went hand in hand with their economic entrepreneurship in building and sustaining their *hawala* businesses.

## III. War

*Hawala* is not unique to Syria or to wartime conditions. Many diasporic communities across the world rely on *hawala* or similar economic arrangements to facilitate the flow of remittances and other types of money (Horst 2007). But examining *hawala* in and around wartime Syria brings to light

important (and to a certain extent surprising) characteristics compared to more commonplace informal economic arrangements.

First, as more and more Syrians escaped the war and the depressed economy, the demand for money transfers increased. This increased demand for *hawala* services, pulled more individuals into the system as brokers, and significantly expanded *hawala* coverage even to the most remote areas. It is not a coincidence that both Zein and Hajj only started doing *hawala* after finding it hard to keep up with requests from friends, relatives, and members of their community. The war also made formal money-transfer options unavailable in vast areas of Syria, particularly areas outside of government control, as companies, transfer agencies, and banks exited these areas. This increased the demand for *hawala* even further. Moreover, war conditions fueled existing sentiments of distrust towards banks and formal economic institutions in the country, which routinely hand over customer data and transaction details to government authorities, who can in turn use these records as an excuse for arbitrary arrests and harassment. Customers often cited their (and their families') safety and their overall distrust of the "corrupt system" as their primary reasons for choosing *hawala* over formal alternatives, whenever the latter was available. Last but not least, the economic precarity produced by wartime created further demand for *hawala* transfers in the form of remittances, asset transfers, smuggling financing, and aid transfers.

Second, as both network stories demonstrate, war also played a role in dispersing trust ties that, during more settled times, remained localized and inward-looking. While each network was structured differently, they both incorporated long-distance ties that brokers continued to sustain through episodes of displacement. In Hajj's case, his hometown population's displacement was so drastic that he could use his rooted ties to conduct transfers across many regions of Syria. Because the war has dispersed his community over such varied geographies, Haj has been able to rely almost solely on his rooted, local trust relations to achieve *hawala* coverage across many regions of Syria.

Yet importantly, in both cases, Hajj and Zein also relied on mediated trust relationships with brokers who they had did not know directly. In Zein's case, these connections were mediated by his friends in Beirut and, in Hajj's case, they were mostly facilitated by Ali, who was based in al-Bab. In this sense, Beirut and al-Bab played a similar role in each network, pooling resources and relationships among fellow Syrians from diverse areas. As safe havens (however temporary), these towns became hubs for Syrians who have had to flee their homes across the country. What connects these different types of localities are the opportunities they provide for Syrians from different parts of the country to gather, interact, and build relationships beyond their immediate local attachments. These hubs, where trans-local ties thrive, often become key passage points within *hawala* networks; brokers based in these towns channel transfers between less-connected sites and knit together the smallest and farthest localities in Syria. While Beirut has a long history of being a migrant destination for Syrians, some of these hubs, like al-Bab, have only recently become significant meeting points.

## IV. Technology

Since most brokers are spatially separated from one another, their routine transactions need to be conducted through technological devices, i.e., smartphones. Yet brokers' reliance on these digital interactions are intricately and variably tied to the content and intensity of trust ties between them. Ties that rely on rooted trust are often maintained entirely through virtual communication. In most cases, brokers go for years without having in-person interactions with their family members, including those who are their *hawala* partners. When these ties are cultivated, however, in-person interaction often becomes much more important. Because these ties are more recent, and because they are built on shared experiences of exile and displacement, they are often formed and maintained through frequent in-person social interactions, as with Zein and his *shabab*. Thus, whereas the relational work

that maintain rooted ties take place often entirely through smartphones, cultivated ties depend far more on regular face-to-face interactions.

Several features of smartphones help brokers conduct their operations with greater speed (as long as there is internet connection on both ends) while at the same time evading surveillance.[20] One unique feature of smartphones is that within the technological ecosystem, they occupy an intermediate space between phones and computers. Their computerized structure, on the one hand, helps brokers use the device to access other digital services through applications, which allows them to trace price data on exchange rates, keep records of their transaction logs, and verify whether transfers have reached their destinations in the agreed-upon manner. On the other hand, the phone-like features of smartphones, e.g., their small size and portability, offer brokers greater spatial flexibility, a crucial advantage given that most brokers work multiple jobs, move around constantly, and strive to avoid the attention of authorities. Finally, encrypted online messaging services like WhatsApp allow them to communicate with their partners and customers with a much-reduced risk of government surveillance. Brokers never used regular cellular service in Syria because they held the reasonable belief that, in one broker's words, "all phones are tapped and [conversations are] recorded by the government." Another broker explained that he never conducts a transfer without a message on WhatsApp: "[All transactions] take place through WhatsApp. There must be a message sent by WhatsApp. If there isn't then the transfer won't take place."

[20] In line with most Syrians I interviewed, one broker described access to internet and connectivity in Syria as follows: "The connection is slow but it is there. In regime areas there is SyriaTel and MTL with data that they use on their phone. In areas out of the regime, they have satellite internet. They sell the internet by megabytes. 500 Syrian liras for 50GB etc. Not sure about the price. It is through international companies like American or Turkish companies. In opposition areas, there is no power sometimes but there are specific neighborhoods where there is internet. In Raqqa, al-Bab, you can find connection like that. But of course it is expensive. But even now, with this war, Syria is better and cheaper than Lebanon [laughs].

Ultimately, then, the network narratives above tell a story of how brokers in *hawala* conduct relational work – both in-person and using technology – to integrate and sustain different types of trust relations. I have argued in this section that the multiplicity of trust ties within *hawala* networks is the key to explaining how this system of informal exchange is able to scale up to cover vast territory and different types of jurisdictions within Syria's wartime geography. And, yet, the importance of relational work in *hawala* is not limited to maintaining brokers' ties to one another. These individuals must also perform elaborate relational labor in order to draw in different types of customers. The next section therefore turns to these broker-customer dynamics, examining how brokers adjust their cash transfer services to meet the diverse needs and expectations of a highly heterogeneous customer base.

# Part II

# Customers and Wartime Monies

# Introduction to Part II

The first few of days of every month were always the busiest days for Hajj. This was when most of his customers, including the *shabab* at the youth hostel, received their monthly payments from their employers and handed to Hajj whatever they could set aside to be sent to their families back in Syria. Notwithstanding their own precarious situations in their countries of refuge, millions of Syrians living abroad, like the *shabab*, feel obliged to send back home whatever money they don't themselves need to live. These remittances provide a vital lifeline to their loved ones, who often have no other source of income and no way to cover everyday expenses. Yet, these more or less regular transfers were only one of the forms of remittances that Hajj facilitated. Like all types of money, these "personal transactions between the migrant and his or her transnational family" (Singh *et al.* 2012:476) take on different forms and a multiplicity of meanings according to their purpose and use (Zelizer 1994). For example, Hajj would not only send regular transfers from his customers' monthly paychecks, but also

gift transfers sent to celebrate rites-of-passage and major life events like weddings, births, or funerals; *zakah* (religious alms) transfers during the holy month of Ramadan for fellow Syrians living in dire conditions like IDP (internally-displaced persons) camps; emergency transfers for costly medical treatments or for home repairs to fix damage caused by falling bombs; and hefty transfers to cover smuggler fees for family members trying to escape Syria.

And yet the diversity of transfers in *hawala* extends even beyond remittances. While most scholarship on migration tends to focus on such remittance transfers (Freund and Spatafora 2008; Dustmann and Mestrest 2010; Carling, Erdal, and Horst 2012; Garip *et al.* 2012; Singh *et al.* 2012), in fact there are far more forms of money flowing into and out of conflict zones and other crisis-ridden localities. Hundreds of international NGOs send billions of dollars annually to support a range of crucial humanitarian relief actions, like emergency response programs, medical and educational services, water sanitation projects, and direct cash transfers. Businesspeople pay suppliers inside and outside Syria to trade diverse goods. Most of these trade activities are not registered at the borders, and, as such, they all fall under the broad umbrella of "smuggling," However, most of the goods that travel on these smuggling routes are hardly illicit; take, for example, Zein's smuggling of electronic devices between Beirut and Damascus, or Mustafa's cross-border trade in grocery products like biscuits and cookies. Moreover, ordinary Syrians and businesspeople alike seek to transfer the cash from the liquidation of assets like homes and businesses, in order to protect this wealth from the ravages of war and/or the predations of the regime. Finally, many Syrians seek to transfer their public salaries and other regular sources of income, like retirement pensions or disability payments, out of their bank accounts in Syria and to their current places of residences.

In fact, this diversity of monies is crucial to keeping *hawala* flowing into and out of Syria. As noted in Part I, one of the central problems in *hawala* is that broker may end up owing each other large sums of money, as credits or debits from transfers flowing in one direction stack up over time.

Eventually, these balances must be settled, which can necessitate logistically complex and risky movements of physical cash from one broker to another. But brokers can minimize the need for these onerous physical settlements by drawing in different types of money and serving different types of customers, allowing them to match monies flowing into Syria with those leaving the country. Matching in fact is the ultimate act of brokerage: by matching transactions that go in different directions, brokers bring together disparate economic actors like refugees sending remittances or rescuing their savings, NGOs providing aid, businesspeople financing smuggling operations or liquidating their assets, and retired public employees withdrawing their pension payments. These are actors who would otherwise rarely interact, and certainly would never conduct business with each other. In this sense, brokers obfuscate any direct links between these diverse groups of customers, and their more or less licit forms of money.

Besides this "obfuscatory relational work" (Rossman 2014), brokers also need to perform relational labor to attract these diverse groups of customers and meet their specific needs. In other words, in addition to the relational labor they perform to form and sustain their ties with each other, as I detailed in Part I, brokers also need to form, manage, and negotiate relationships with their customers. And the quality and content of these relationships are just as diverse as the many types of customers who come to rely on *hawala* for their transactions.

In analyzing this multiplicity of wartime monies, I draw on and contribute to an established line of sociological research on money that has called into question one of the fundamental assumptions about modern, state-sponsored money: its fungibility. This research has shown instead that money is diverse, and has a vibrant social life (Zelizer 1994; Dodd 1994, 2014; Carruthers and Babb 1996; Helleiner 2003, 2008; Desan 2005; Polillo 2011; Bandelj, Wherry, and Zelizer 2017). The fungibility assumption refers to the guarantee that any given banknote has the same value as any other note of the same denomination (Bandelj *et al.* 2017). Writing against this idea of money's homogeneity,

Zelizer (1994) has documented how users of money mark it differently according to its source, destination, and purpose. Other scholars have analyzed the plurality of money in various settings and at different levels of analysis, demonstrating the multiple forms that money takes in economic life, its legal and political qualities, and the contestations that take place over the true nature of money (Dodd 1994, 2014; Carruthers and Babb 1996; Helleiner 2003, 2008; Ingham 2004; Desan 2005; Polillo 2011). During civil wars, particularly, which represent extreme situations of instability where the sovereign authority of states is significantly challenged, national currencies may become an important site for such political contestations (Carruthers and Babb 1996; Helleiner 2003). Moreover, crises, in general, are periods when everyday routines for using, storing, and valuing money begin to break down, when the value of a currency can fluctuate wildly, and when there is acute uncertainty about its future value. These unsettled times therefore often see a multiplication and proliferation in forms of money and regimes of value (Guyer 2004, 2012).

In the next three chapters, I argue, first, that this multiplication in forms of money – itself a product of the war – allows brokers to manage their operational risks by minimizing the need for physically settling imbalances. In this sense, the argument has parallels to the one in the previous section, where I pointed out that by dispersing rooted trust ties and creating hubs for cultivated trust the war provided solutions to the problems that it created. Here, too, we see a similar dynamic: the multiple monies produced by the war offer a way for brokers to manage the logistical challenges of operating across Syria's fractured terrain. Second, though, I show in these chapters that it is hardly a foregone conclusion that brokers can successfully draw in these different types of money. Rather, brokers must engage in concerted relational work to meet the specific demands and expectations of these diverse customers.

I specifically focus on two of the most common and distinct types of customers: refugees sending remittances and NGOs sending aid. Both remittance and aid transfers are money to support

persons and communities in need. However, they differ significantly in terms of their organizational character. Remittances are personal transfers from migrants to their family members, who often occupy precarious and legally ambiguous social positions, whereas aid involves institutional transfers by highly formalized organizations and donors (which include government agencies). This key distinction, as I hope to show, defines these customers' diverse priorities and demands from a money-transfer transaction and shapes their differential interactions with *hawala* brokers. One important point to note is that both remittances and aid are streams of money that travel into Syria from outside – in fact they are two of the most common forms of inflows into Syria. In this sense, they are not examples of the kind of bi-directional transfers that allow brokers to avoid physical settlements. Rather, the most common forms of outflows from Syria are asset liquidations, business payments for trade, and retirement payments. However, I chose to focus on these two types of inflows for two reasons. First, because I myself was based outside of Syria it was easier for me to study brokers' interactions with customers sending money from these border countries into Syria. And, second, refugees and NGOs represent two of the most distinct types of customers who use *hawala*. Comparing their interactions with brokers therefore allow me to gain maximal analytical leverage in studying how these brokers adjust their behaviors and business practices to meet diverse customer expectations and requirements.

In Chapters 4 and 5, I describe the relational work that brokers perform to meet the specific needs of each group of customers. I find that in their dealing with *hawala* refugee customers prioritize: *accessibility* (an affordable financial service without onerous document requirements, convenient and safe distribution options, and broad geographical coverage), *anonymity* (evading governments' and other political groups' surveillance and potential harassment), and *flexibility* (interest-free credit options in times of hardship, adaptation to dynamic and unpredictable war conditions). In contrast, I find that NGO customers have a different set of requirements. They prefer: *liquidity* (the ability to deliver high-volume transfers, including to hard-to-reach locations), *transparency* (intensive, detailed documentation

of their payments), *professionalism* (punctuality, effective communication, clean and high-denominated bills), and, like refugee customers, *flexibility* (adaptation to dynamic and unpredictable war conditions). I explain how brokers adjust their service offerings to meet these divergent expectations, resulting in distinct forms of relationships with each type of customer. With refugee customers, brokers maintain (and even accentuate) the *informal* nature of their operations by assessing and adapting to the particular situations and needs of their customers. For example, they resort to social forms of vetting when documents are missing and offer home-delivery services when customers need extra safety. With NGOs, however, brokers tend to "formalize" their relationships and interactions by, for instance, entering into quasi-contractual agreements, producing receipts and other forms documentation, and hiring dedicated staff to communicate with NGO employees.

Chapter 6 considers whether this variation in brokers' relationships with these two types of customers systematically changes their pricing behavior in actual transactions. In order to identify (any) patterns in brokers' pricing practices, I conducted an experimental audit study in Turkey, where brokers use online platforms to advertise their services. The results of the audit study reveal that brokers do in fact change their behavior when pricing transfers for these two types of customers; they are more likely to use discretionary pricing with refugee customers sending money to their families, while they tend to follow remarkably uniform pricing norms when offering price quotes to NGO customers. Further, the findings reveal that brokers' use of greater discretion with refugees results in *higher* price quotes, on average, for these customers. The study further probes the impact of discretion by examining another source of variation: the destination of the transfer. Specifically, I compare price quotes for transfers to government-controlled Damascus, which entail a conversion from dollars to the local Syrian currency, to price quotes for transfer to rebel-controlled Idleb, where no conversion is required. I find that in the transfers to Damascus, the hidden and highly discretionary exchange rate cost likewise generates a more dispersed and higher set of prices. Ultimately, then, this audit study not

only reinforces the findings of the earlier chapters – i.e., that brokers' develop markedly different types of relationships with different types of customers – but also offers unique data demonstrating the effect of these relational differences on concrete economic outcomes like prices.

## Chapter 4
# Refugees and Remittance Money

On the first day of every month, Kareem, a Syrian building manager in Beirut's Sanayah neighborhood, met his friend and gave him a few hundred dollars out of his $800 monthly wage. His friend was a chef at a restaurant in the same neighborhood and I often found them hanging out together, smoking and chatting away, by the open parking lot near the building entrance where I lived that summer in 2016. Kareem's friend worked in the kitchen after five in the evenings but he was hardly idle during the daytime. He collected cash from friends and customers like Kareem, and made transfers to their families across Syria. Since Kareem moved to Beirut in 2015 with his wife and seven year-old daughter, who was always eager to practice her English vocabulary with me, he had been trying to support his family in his hometown, located in the eastern province of al-Hasakah. Kareem relied on *hawala* to make these transfers, facilitated by his chef-cum-broker friend, who would ensure that his payments were delivered to the door of his family in Hasakah, usually in less than an hour.

Rawan, a Syrian woman I met during my fieldwork in Istanbul, had a markedly different experience with *hawala*. Rawan decided to move to Turkey from her hometown, Damascus, after her participation in the peaceful protests in 2011 placed her on several blacklists.[21] Unlike Kareem, Rawan came from a middle-class background. At thirty, she held a master's degree in international development, spoke fluent English, and had already worked at several humanitarian NGOs. Like Kareem, however, she relied on *hawala* to send regular amounts from her savings back to her brother and parents in Damascus. For Rawan, using *hawala* was the only way to ensure that there will be no official records of her transfers, which, she feared, could give the authorities an excuse to harass her family. Rawan told me the amounts could range from a few hundred dollars to a thousand. She did not have a stable relationship with a particular broker, as in the case of Kareem who sent money via his friend. Instead Rawan used different brokers, finding their contact information online or through a friend. Her experience with meeting brokers diverged significantly from that of Kareem, too. "He [the broker] would come on a motorcycle, take the money, and within an hour or two, he would tell me: 'check, confirm that they received the money. Yeah as simple as that," she explained to me her experience. Unlike Kareem who often socialized with his broker friend, Rawan felt no special connection to any broker, and told me she even felt "awkward" in some situations interacting with brokers as "a non-hijabi woman" "from a different background."

Rawan also had an aunt in Europe, who sometimes sent her money on her birthday and other special occasions. In these instances, Rawan often received a phone number from her aunt, and contacted the broker herself to arrange a pick-up. Whenever she was on the receiving end, the broker would check her ID to make sure she was the intended recipient. (She said brokers rarely checked her ID when she was the sender.) She explained: "When I receive money from abroad, the only form of

[21] Several Syrians told me that in exchange for a bribe they could get certain officials to check whether their names appeared on these lists.

verification is my ID. No signature, no receipt, nothing. I meet the guy next to a mosque, he hands me the money, I count it in front him, we confirm, shake hands, and he takes a photo of my ID every single time." Rawan's aunt and her family received asylum in their host country, and were receiving monthly welfare assistance to cover their basic needs. Like many other Syrians in her situation, however, Rawan's aunt felt the need to send some savings from her modest benefit payments to her family members back in Syria and Turkey. Rawan told me that her aunt could of course use Western Union to send money to Turkey, but she preferred *hawala* for fear that the European authorities would "have their names in the system." "They cut your allowance if they see that you're sending a part of it," Rawan explained, "a lot of people got into trouble."

These vignettes only touch upon the remarkable diversity of the Syrian refugee community and the types of money they send and receive. These refugees come from all parts of Syria, including from areas that are still under government control and are largely spared of conflict, as in the case of Rawan. Others, like Kareem, have left their families in remote provinces governed by rebel authorities and with a very limited or non-existent formal financial sector. Despite these differences, however, Syrians as diverse as Kareem, Rawan, and Rawan's aunt rely on *hawala* to send and receive money. Regardless of their class positions, these customers often have no qualms about using *hawala*, which is the default mode of sending money among Syrian communities abroad, and rarely approach a *hawala* transaction with hesitation or distrust.

Equally diverse are the nature of the monies they send and receive through *hawala*. Behind the official category of "remittances," money can take multiple forms with different qualities. In a country where the majority of the population relies on external transfers to survive (Said 2019) and an estimated 94 percent of the population lives in poverty (SCPR 2019), there are the more-or-less regular, typically monthly allowances that go to sustain the quotidian needs of millions of Syrians trapped inside a country. These somewhat regular transfers for "family maintenance," as many brokers

referred to them, were typically in amounts of $100-$500, but, according to some estimates exceeds all registered wages and salaries in Syria (Said 2019). A Syrian in Beirut explained: "Syrians need this money for everything. For rent, for food, for electricity, for water, for utilities. […] People usually send a couple hundred dollars per month to cover these expenses for their families. But of course it depends. More or less. But usually at most $1,500, $2,000." A second category of remittances were more ad hoc; these often covered "urgent expenses" to cover emergency situations like sudden surgeries or unexpected relocations. Third, transfers included one-time expenses for more or less planned migrations within or out of Syria, which often involved substantial payments to smugglers. Finally, remittances covered *ad hoc* gift monies for important rites of passage (like the transfers from Rawan's aunt for her birthday), as well as religious alms (*zakah payments*) during the month of Ramadan or *eid* holidays.

While remittance monies come in various forms, they have several features in common. First and foremost, both the senders and receivers of these monies live in various states of precarity, ranging from financial insecurity to legal (residency) rights to physical vulnerability. Second, these payments are nearly always bound up in intimate (usually familial) relationships between senders and receivers, marking them as distinctly personal (Singh, Cabraal, and Robertson 2010). Third, like other marginalized populations (Elyachar 2003; Thachil 2018), refugees themselves are often identified with informality, whether it refers to the precariousness of their situation in exile and outside the borders of their country. Below I discuss how these features shape refugees' expectations toward *hawala* and describe the relational labor that brokers perform to tailor their services toward these distinct expectations and demands.

## I. Expectations and Priorities

*Accessibility*

The first expectation that refugees have of *hawala*, and one of the main reasons that they prefer it over formal banking or money transfer services, is that it be widely and easily accessible. In fact, access to financial services has long been a major issue for everyday Syrians, as it is for citizens in many low-income countries. Starting in the early 2000s, the Syrian government undertook steps to expand the reach of the formal financial sector, including bank branches, currency exchange offices, and money transfer agencies (Badra 2015). As I noted in Chapter 1, these efforts met with limited success, especially outside of major cities and trade centers. By the time the war broke out most Syrians remained unbanked and had limited experience engaging with formal financial institutions. As the government started losing control of its territory, even the limited financial expansion that occurred in the 2000s began to be reversed, as banks exited all but a few cities under the control of the government. Even when Syrians can access official financial services in their areas, they are often wary to use them, as they must provide passports and other documentation to use their services.

For Syrians who migrated abroad during the war, their exclusion from the formal financial sector is even starker. Not only do Syrian refugees often lack sufficient documentation to open bank accounts and use basic financial services, but host countries typically impose strict requirements for Syrians in particular, which make it next to impossible for them to access formal financial channels. These restrictions are particularly pronounced in Lebanon. Virtually every Syrian I spoke with there told me they could not open a bank account even when they were able to provide the necessary documents and proofs of identification (the only exceptions were wealthier Syrians who had opened Lebanese bank accounts before the war). Syrians were often subjected to arbitrary and capricious decisions, and even those with relatively secure employment (e.g. NGO employees) told me about their immense difficulties in accessing formal banking. One Lebanese NGO official told me she

initially allowed several Syrian colleagues to use her bank account to receive their salaries from the organization, but later stopped for fear that authorities might see these transfers as "suspicious." While Syrians with regular employment have better access to the formal banking system in Turkey, the majority of Syrians still lack bank accounts. Particularly as regulations for "foreigners" became stricter, Syrians (like other refugees and migrants) were increasingly excluded from the formal financial sector, a phenomenon that is common for marginalized groups around the world (Wherry et al 2019) . For example, the new rules required Syrians to provide not only a local ID and a passport but also a valid residency permit (which many did not have) in order to open a basic debit account.

While the documentation rules are less demanding for licensed money transfer companies, these business still remain relatively inaccessible to Syrians. Both international companies, like Western Union and MoneyGram, and local Syrian companies, like Haram or Hafez, require a valid passport to make or receive an external transfer, and many Syrians I met either did not have a passport or, more commonly, had not been able to renew theirs. Syrians can, in some cases, circumvent these rules by asking a friend or relative with a valid passport to receive money on their behalf (as Hajj occasionally did). But these are only partial solutions, as companies place strict restrictions on both the number of monthly transfers any one individual can receive or send (typically two) and the maximum amount that can be sent in each transfer (typically $500). Moreover, it is not uncommon for individuals to discover that they have been arbitrarily blocked by these companies. For example, Wasim, a Syrian Kurd in Istanbul who occasionally received remittances from his cousin in Germany, told me that on several occasions Western Union had denied him access to his cousins payments (in the amount of 200-500 euros). The first time, the reason was that his temporary protection card from the Turkish government spelled his transliterated name differently by one letter, and the second time he was told by the Western Union office that his friend, who was receiving the payment on Wasim's behalf, because his passport had just expired, had been blacklisted with no further explanation.

In contrast to the burdensome documentation requirements and capricious restrictions of formal financial institutions *hawala* brokers typically required very little from their customers. This was one of the primary reasons that *hawala* was preferred by refugees over formal alternatives. Brokers still verified the identities of their customers but they used far more flexible and inclusionary methods of verification. First, for customers who were part of a broker's immediate social community, as in the case of the *shabab* in Hajj's hostel or his neighbors in Fatih, they simply relied on this informal knowledge to validate the sender's identity (i.e., their family name, occupation, or local reputation). Second, when brokers did not personally know the sender, they relied on mutual contacts. Often times, customers were referred to brokers by their friends or contacts, and brokers would sometimes check with these existing customers to ensure that the new customer was trustworthy. Third, for brand new customers that were either recruited through online channels or through storefront ads, I also witnessed many brokers requiring an official form of identification, at least for initial transfers. In such cases, however, brokers often accepted any type of identification and did not care for whether the document was still valid or expired. In these cases, brokers usually tried to informally gather a bit more information about their customers, usually while the cash was being handed over, asking them questions about their hometowns, their current neighborhood, and their employment. These conversations usually happened casually, often in the context of normal conversation. These were also moments of active relationship-building as brokers tried to turn these new customers into loyal clients.

Brokers usually had a separate verification process for customers on the receiving end of a transfer. Here, brokers were more likely to require an ID card as proof of identification. But in cases where these recipients could not produce an ID, their identity could still be verified by the sending customer, who would simply send a message to the broker on WhatsApp confirming that the recipient was correct. Once again, such requirements were often abandoned once transfers became more recurrent and routinized.

Lastly, for transfers of large amounts (typically over $10,000), social channels of vetting, rather than official proofs of identity, became significantly more important. Indeed, I found that brokers' informal vetting processes were often far more diligent than the official know-your-customer (KYC) requirements used by banks and formal financial organizations. Many brokers told me that they would simply not facilitate large transfers without first vetting their customers and the purpose of their transfer. Fawzi, an Aleppine broker who ran his *hawala* business out of a non-descript office in the back of a clothing store, told me about one transfer that I had seen him making: "Like this guy who just received the money now. He sells perfume. I know him well. He is from al-Firdaws [neighborhood in Aleppo.] Whenever I get *hawala* [for him] I deliver to him. But if someone just walked in with large amounts of money, we become intelligence agents [laughs], […] we start asking them where, to whom, what is the purpose, what is your job? If I don't trust [the customer], I wouldn't deliver the money." Another broker based in Damascus made a similar point: "There is a trust relation [in *hawala*]. Not every person who wants to send a large amount can go to them [brokers] and send money. They wouldn't transfer it. There needs to be trust. They need to know the person [the customer]."

Thus while brokers still inquire about their customers and the reasons for their transfers, at times using involved informal vetting processes, their ability and willingness to use a variety of flexible and inclusive verification measures makes their services highly appealing to refugee customers. Their accessibility contrasts strikingly with the onerous requirements of official financial institutions, whose rules and requirements make their services virtually impossible to use, even for Syrians who can physically access their branches and offices.

Besides its flexible inclusion of undocumented and unbanked refugees, *hawala*'s accessibility had a second dimension: its physical presence in virtually every location in Syria and its neighbors. Brokers pervasive networks extended even to isolated villages, where the formal sector had never reached, even before the war, and active conflict zones, where few other economic actors continued

to operate. *Hawala* networks achieved this remarkable spatial pervasiveness in different ways. First, as we learned from the story of Hajj, brokers themselves followed the same migration trails as their fellow customers, meaning that they came from different corners of Syria, including remote towns and small villages, and settled in the same neighborhoods as the fellow residents of their hometowns. In fact I found that most brokers' primary customer base consisted of their own fellow townspeople, a phenomenon that we saw clearly in the previous chapters.

Second, when a broker had a partner in a given province, like Aleppo or Hasakah, they often provided services within a broad radius across the province, including many surrounding cities, towns, and villages. In both Hajj's and Zein's network, for instance, their partners were able to deliver cash transfers not only to major centers like al-Bab, Deir Ezzor City, Sarmada and so on, but also to the surrounding towns and villages. The partner brokers usually oversaw these local delivery points, using friends or relatives who were based in these towns and villages, or relying on paid employees to provide home delivery services. In fact, home deliveries were a crucial component of many brokers' service offerings and one of the main reason that *hawala* appealed to so many customers. Home delivery was valued for security reasons, as it mitigated the need for recipients to physically travel to an office or meet-up point, which could be risky in active conflict zones or in areas where political authorities could not be trusted. "It is safer to get it delivered to homes," one customer explained, "because it would be dangerous to carry [the cash] in a bag." The risk of being caught carrying money was especially high in government-controlled areas, where carrying foreign currency could lead to questioning, harassment, or arrest. Home delivery was also preferred because it was simply less costly and more convenient for the recipient. Kareem, the building manager in the opening section of this chapter, explained that even though there are licensed stores operating in parts of the province where his family lived, "with the official way, you need to go physically to an office [in the city center] using a taxi, [which] is expensive and difficult to go around for my elderly mom." Abbas, the *Deiri* broker in

Zein's network, explained to me that customers especially preferred home deliveries when the recipient was a woman, who often did not feel comfortable meeting men on the street or in offices.

In sum, for refugee customers, who cannot physically access banks or money transfer offices, who lack official identification documents, or who are deliberately excluded from these official financial channels, *hawala* provided a far more inclusive and accessible alternative. Brokers made their services accessible by adopting flexible methods of customer verification and by offering broad coverage and specialized services that allowed virtually any Syrian to send or receive money, wherever they happened to be.

*Anonymity*

As Rawan's account in the opening of this chapter makes clear, it was not only brokers who sought to evade government scrutiny of their activities. Many customers also sought confidentiality in their transactions out of a very reasonable fear that authorities would use their transfers to arbitrarily target and harass them and their families.

This risk was particularly palpable for transfers to areas controlled by the Assad regime. "My customers don't want their names with the government," Zein explained, when I asked what his customers prioritized in their transfers. "That's what they care about," he continued, [because] "you may get in jail for economic crimes or for [funding] terrorism. If you send more than $200 a month, you make trouble for yourself or your family." Zein's explanation echoed the answers I received from almost every customer I interviewed. One customer told me: "the main reason that people use this method [*hawala*] is to evade the Syrian regime. Because if you send with official offices, they ask where is the money coming from, where is it going to? What is the purpose?"

For Syrians living in Lebanon there were actually a number of formal options for sending money into government-controlled areas. But I found these Syrians rarely use these official companies,

as they worried that if their family members visited these offices they might be arrested and charged with false crimes, like funding opposition groups. Interviewees repeated often that any company with an official license from the Syrian government was required to keep detailed records on customers and transaction details, which were then shared, on a daily basis, with government representatives, who visit the stores in person to collect these daily records.

Refugees' skepticism toward formal financial institutions also extended to banks and money transfers organizations in their host countries, particularly in places like Lebanon where the authorities were more hostile toward Syrians. "Here [in Lebanon] people are afraid of Hizbullah" explained one *hawala* customer in Beirut, referring to the Lebanese political and militia group that supported and fought alongside the Assad regime in Syria. This customer was from the government-controlled city of Hama, and he worked twelve-hour shifts at a mail delivery company that allowed him to send $300 a month to his parents and $100 to his fiancé back in Hama. He feared that if Hizbullah got wind that he was transferring money to his family, who had initially joined the peaceful protests, they might try to punish him. "People prefer to use *hawala"* he explained further, "because if they want to transfer through an office it will be discovered. It's safer through persons [*tareeq al-ashkhas*]." Even in Turkey, where *hawala* activities were more tolerated than in Lebanon, many Syrians told me they feared that their remittance transfers might somehow be identified by government authorities and labeled as transfers to terrorist groups. This concern was particularly valid for Syrian Kurds sending money to their families in areas governed by the Kurdish-led Syrian Democratic Forces, which Turkey has labeled a terrorist organization.

Finally, customers' desire for anonymity in their transfers extended to those living in areas under rebel control. In these regions, where rebel authorities were not able to fully guarantee the physical safety of local populations, customers sought to keep their transfers as discreet as possible so that their family members would not be targeted and have their money appropriated by criminals,

vigilantes, or rebel groups. In some instances rebel groups even tried to raise money from money transfers by taxing these flows; this was, for example, a strategy that the Islamic State pursued in some locations, as it sought to establish more formal systems of government and regulate local economics.

In fact, regardless of where customers were located and where their remittances were headed, and no matter how "clean" or "moral" or "legitimate" remittances were, almost all refugee customers I spoke to expressed a strong preference for anonymity in their cash transfer activities. Of course, as the previous section documented, customers are hardly anonymous to brokers themselves, who pride themselves on their detailed and intimate knowledge of their customers. Rather, what customers care about is that their transactions remain illegible to the relevant government authorities.[22]

*Hawala* brokers I interviewed understood and respected their customers' desire for anonymity, and worked hard to ensure that this expectation is met. As the previous chapters detailed, brokers did keep records of their transactions but they were vigilant about keeping these records from government authorities. In some instances, brokers would take additional steps to make sure that their customers' names not appear in any official paperwork. One common example I encountered related to two-step transfers that involved brokers using a combination of their *hawala* contacts and formal transfer agencies. Both Zein's and Hajj's networks employed this popular technique: when a broker had a contact in a government-controlled location, they sometimes used their partner to first convert the transfer into Syrian Pounds, using the more favorable black market exchange rate, and then conducted a second transfer to the final destination using a formal money transfer agency. In these two-step transfers, the sender's ID was never used for the second transfer; instead the mediating broker would use his own ID to send the money internally. The recipient's name would still be the customer's actual

[22] This customer requirement has obvious implications for governments' efforts to regulate and oversee *hawala*, which I described in the dissertation's introduction. Indeed, the general failure of these regulation efforts may stem, in part, from their inability to recognize that *hawala* is valued precisely because it is invisible to government authorities, who are often deemed "untrustworthy" or "unreliable."

recipient, but since these were internal transfers, usually of smaller amounts, it was much less likely to attract suspicion from the authorities. Moreover, brokers took extra measures in transfers to sensitive areas, by for instance not using last names in communications or by using pseudonyms for certain repeat customers to ensure their confidentiality. Finally, with services like home delivery, brokers worked to ensure that these deliveries were not observed by neighbors, local authorities, or local security agents, who might try to seize the cash.

Of course, such measures were hardly fool-proof. Sometimes brokers' reliance on smartphones and digital technologies could put customers at risk when, for instance, a broker was apprehended by the authorities. Amer, a software engineer from Damascus, was one of the unlucky customers that the police decided to make an example of. In late 2014, Amer was in Damascus working as an engineer for a company that was developing an accounting software (which, ironically, had been commissioned by an officially-registered money transfer company). He had a close friend who was living in a little village near Harasta in Eastern Ghouta, which at the time was facing a yearlong siege by government forces. "My friend was there, with his family, with no access to food, medicine, nothing." Amer sent some cash from his savings to help them out. But the *hawala* broker, who took the cash from Amer, was caught by the authorities that very same day. The police found Amer's number on the broker's phone and traced the number to his office. He was arrested and, to his shock, tried on terrorism charges. His mother and sisters didn't hear from him for a year. All they were told by Amer's colleagues was that he had been taken in by the general security. "We thought he was dead," his mom told to me with tear-filled eyes.

Yet, despite the clear risks, many Syrians, including Amer after he escaped from prison and made his way to Istanbul, continued to use and trust the *hawala* system. They correctly perceived formal financial institutions as entailing far greater risk, and providing much less security. In fact, I found in interviews that customers' fears of using official banks and money transfer companies were

bound up in their more general distrust of formal systems and authorities, a product of living for decades under an unaccountable, corrupt, and violent political regime. Indeed, they often cited their distrust of Syria's banking system in the same breath that they condemned the Syrian state and its "corrupt" system. Brokers were also well-aware of their customers' disdain for the official system, as they often shared these same convictions. And they often mobilized and leveraged these sentiments to set their own business activities (morally) apart. "People don't trust the government," Zein put it to me in stark terms, "Even if I [were to] steal their money they [would] still trust me more than they trust the government."

*Flexibility*

The final expectation that most refugee customers had of *hawala* is that it remain flexible, adapting readily to the war's many uncertainties. These refugees already had plenty of instability in their lives, and so they valued a system that could help them to respond to and manage these many disruptions. Brokers accommodated these expectations by offering ad hoc services that helped their customers cope with various sources of instability in their lives. One good example is the provision of emergency credit to refugees in dire need of cash. Though *hawala* brokers rarely provided loans in a systematic or routine way, I found that brokers occasionally provided credit to regular customers facing a sudden or unanticipated emergency. These situations often arose when customers experienced a personal crisis, such as a job loss, which would undermine their ability to keep up with regular transfers to their families, who often came to rely on these remittances for their day-to-day survival. Another common example was when a customer's family members encountered a sudden emergency in Syria, like an unexpected medical surgery or the destruction of a home. As Part I detailed, brokers

like Hajj and Zein often waived transfer fees when they judged their customers to be in urgent need.[23] But they might also release the transfer before they actually received the cash from the sender, essentially extending that customer a small, interest-free loan. In other cases, brokers offered actual loans to help their customers cover the cost of rent, utilities, or other expenses. These "emergency loans" were only extended to loyal, recurrent customers, who often lived in the same neighborhood as the broker himself. While they did not charge interest on these loans, brokers did expect these customers to pay them back when they were able to get their hands on some money.[24]

I did hear about some rare instances of loans never being repaid, which usually did significant damage to relations between the broker and customer in question. Hajj, for instance, justified his aversion to working with Syrians from outside of his hometown by referencing his experiences of being "cheated" by several non-*Amali* customers, who never paid him back for loans he extended them. These few instances of non-*Amali*s abusing his trust not only caused him to sever his ties with them, but made him wary of dealing with any non-*Amali* customers. It did not, however, stop him from continuing to offer small loans to *Amali* customers, especially the *shabab* who stayed in his dorm.

Some brokers provided transfers on credit on an almost routine basis, agreeing to send money on behalf of a customer simply when they received a WhatsApp message, and collecting the cash and transfer fee from that customer later on. Kareem, the building manager in Beirut, told me that whenever he wanted to send money he would send a voice message on WhatsApp to his friend, the

[23] Not all brokers responded to emergencies with such acts of generosity. In fact, Irfan, one of the *Deiri* brokers in Zein's network, told me that he often charged higher fees when he "heard a sense of urgency" in his customer's voice, before clarifying he would not do so for regular customers. Moreover, like many other brokers I encountered, Irfan was adamant about not chargning for charity and religious alms transfers. I examine the varied consequences of brokers' discretionary attitude towards refugee customers more directly in Chapter 5.

[24] I never encountered an example of a broker charging interest on a loan. Importantly, levying interest is not acceptable to pious Muslims, and many of my broker respondents cited this prohibition in explaining why they did not charge interest in any of their operations. They also often presented moral explanations claiming that they did not want to take advantage of their customers' precarious situations.

restaurant chef who also worked as a broker, and then hand him the money later. "It all happens very fast," he told me as he described a typical transfer, "I just say 'please transfer this amount to my mother.'" Shortly after, sometimes in less than an hour, he explained to me, he would get a confirmation from the broker that the sum has been delivered, also through a WhatsApp voice message. Because brokers only provide these kinds of ad hoc and informal credit and loans to customers who they know well, it provides a strong incentive for customers to stick with a broker who they know well.

Apart from personal situations of crisis and emergencies, refugee customers also expected a certain degree of flexibility in situations where the conflict directly affected their families, potentially making them harder to reach. As in the case of Hajj and his *Amali* community, refugees' families were often uprooted, sometimes multiple times, as they escaped active fighting zones and fled to safer locations. In such circumstances, refugee customers often needed to send money quickly and in large amounts, to support their families' relocation and to help them survive as they traveled. These episodes sometimes required brokers (and their partners) to send money to locations that they did not usually serve, forcing them to creatively expand or repurpose their networks. We saw examples of this dynamic in the earlier chapters – for example, Hajj often relied on Ali, who was connected to a broad network of brokers in al-Bab, to send money to obscure places where he personally had no contacts.

At times brokers themselves are subjected to the tribulations of war. For example, we saw how Ali himself was displaced multiple times, first to Raqqa and then to al-Bab, migrating along with his fellow residents from Amalia. I also heard stories of brokers who were stuck in besieged areas or who were trying to operate in active war zones. But because *hawala* is so informal, with brokers having no office spaces and relying solely on cash transactions, many brokers were able to survive even these extreme disruptions and resume their transfer activities in their new homes. Of course, not every individual broker was able to adapt to such drastic changes. But I found in my research that the system

was usually able to accommodate even the most extreme wartime conditions, offering transfers to even the most hard-to reach places, albeit sometimes for significantly higher fees. This flexibility was highly prized by refugee customers, who had come to expect such moments of calamity in their everyday lives, and is a large part of the reason that *hawala* had come to be taken for granted by so many Syrians I met.

A final way in which brokers offered their customers flexibility was by devising unique methods to handle specialized payments and transfers. One good example is accessing the pension payments of senior Syrians who relocated abroad. Retired citizens in Syria continued to receive their pensions throughout the war, albeit at a fraction of their original value, but accessing these funds was impossible from outside of government-controlled areas. As I noted in Chapter 2, Hajj and his partners in Homs and Damascus devised a method to retrieve these pension funds on behalf of tens of *Amali* retirees in Turkey. (These transfers were one of the ways in which Hajj's network matched inflows with outflows.) Another good example of a special kind of transfer is the movement of customers' entire life savings or cash from the liquidation of their assets. These transfers can range in size from a few thousand dollars to hundreds of thousands of dollars. Recall from Chapter 3, that Zein actually prided himself on being a specialist in these types of large asset transfers, with his partners often referring their customers to him.[25]

Yet another type of specialized transfer involved payments to human smugglers, who facilitated refugees' treacherous migration journeys out of Syria. Unlike *hawala* brokers, these smugglers were regarded with deep suspicion by most Syrians, many of whom told me stories of suffering financial loss or outright fraud at the hands of smugglers. Because of this distrust, refugees

[25] Interestingly, I learned that the need to retrieve liquidated assets sometimes provided the initial impetus for refugees to start working in *hawala* themselves. A refugee living abroad might use the capital from the sale of one of their assets to begin dispersing transfers to recipients in their hometown in Syria, perhaps through a family member or friend. In this way, they might eventually manage to move all their savings out of Syria.

often made arrangements with these agents to release at least part of their payments only after arriving in their final destinations, and they used *hawala* brokers to make these payments. In this way, *hawala* was able to provide a small degree of predictability to an otherwise highly risky and uncertain journey. This example, like the others above, demonstrates how brokers proactively worked to accommodate their customers' diverse transfer needs, and the various uncertainties that wracked their lives. This flexibility set *hawala* apart, making it far more appealing to refugees than the various official and informal (e.g., courier) alternatives.

## II. The Refugee-Broker Relationship

Having now discussed the expectations and priorities that refugees have of *hawala*, and how brokers adjust their services to meet these demands, this final section analyzes the nature of the relationships that these interactions between brokers and refugees ultimately produced. Of course, the first step in any buyer-seller relationship is that the customer must seek out and identify a seller offering a good or service that he or she wants. With *hawala* there were a number of ways by which refugee customers searched for brokers. The most common technique was through word-of-mouth, with refugees simply asking their friends and neighbors in their new communities of settlement. As migration scholars have shown, diasporic communities often rely on their local networks and social capital to retrieve information about where to settle and how to access essential needs like accommodation, employment, documentation, and medical assistance (Massey and Basem 1992; Portes and Sensenbrenner 1993; Garip 2017). Identifying a way to send or receive money was often among the first tasks that refugees set about after they had resettled. Typically they would simply seek out residents of their hometowns in Syria, hoping to find a broker with the ability to send money back

to these locations. These searches often yielded quick results, especially for larger towns and cities, as there were often several brokers who operated in these locations.[26]

Refugee customers also identified brokers based on tips from their family members back in Syria. In this method, the migrant would ask their family members to identify a local broker in Syria and retrieve the contact information for that broker's partner in the non-Syrian city where the refugee had relocated. This reverse search method was usually used for sending money to hard-to-reach locations, such as remote villages, active conflict zones, or areas controlled by particular rebel groups. In Turkey, for instance, I encountered this type of reverse search most commonly with Syrian Kurds. Because Turkey considered the areas under the control of Kurdish political groups as a threat to national security, brokers' *hawala* activities in these areas were subject to heightened levels of scrutiny.[27] Kurdish refugees therefore typically called up their family members back in Syria and asked them to identify a broker in their hometown who they knew could be trusted, and then to send them the information for that broker's partner in Istanbul.

Because refugee customers so often relied in their hometown networks to identify brokers, most brokers' customer bases consisted primarily of residents from their own hometowns (as we saw with the networks described in the previous chapters). Because of these shared local roots, relationships between brokers and refugee customers could become quite strong over time, as the

[26] Sometimes refugees would simply make their own arrangements to send money back and forth from their hometown. For instance, one Syrian in Beirut, who was originally from Hama, told me he often coordinated his transfers to his parents with those of his parents' neighbor, who sent money to support their daughter's college expenses in Beirut. He simply gave the money he would have sent to his parents to the neighbor's daughter, and the neighbor handed the same amounts to his parents. "Nothing illegal is taking place," he explained. Another Syrian from a small border town told me about a similar arrangement: "For instance I want to send money to someone in Syria and there is a person there [in Syria] who wants to pay someone in Lebanon. So I pay his person here, and he pays my contact in Syria. And it could be two people in Lebanon and I pay both. This happens a lot." Both interviewees stated they never paid or charged fees for these exchanges, characterizing them, instead, as "favors."

[27] At least one *hawala* office run by Syrian Kurds and operating primarily in Kurdish areas had to shut down abruptly during my fieldwork.

broker and customer might also have shared similar social circles, job arrangements, and other community-based activities. This was clearly evident n the case of the *shabab* in Hajj's youth hostel, where Hajj was not only their go-to *hawala* broker but also their landlord, and, at times, their employer (many *shabab* worked on Hajj's construction projects).

Migrant communities often live in "social fields" with densely and overlapping networks (Levitt and Schiller 2006). Similarly, the cross-cutting nature of refugee-broker relationships sometimes had a profound effect on exchange situations. For instance, because Hajj knew a great deal about the young men in his hostel, including their financial situations and the wellbeing of their families, he often adjusted the terms of the transfer for each customer. Mahmoud, the twenty-one-year-old young man whose family was in an IDP camp, told me that Hajj never charged him for his transfers to his family. When I asked Hajj about Mahmoud, he told me he was a "very smart" but "unlucky guy" – he had to forgo his studies in Syria but had quickly adapted to the Turkish educational system. With Hajj's assistance, Mahmoud had taken the university entrance exam for foreign students (most Syrians did not know this was an option) and secured a spot in one of the most prestigious public universities in Istanbul to study computer engineering. In the meantime, he worked as an Arabic-Turkish translator for a notary in Fatih, a job, Mahmoud told me, Hajj brokered for him. Mahmoud used his earnings not only to cover his own basic needs in Turkey but also to help out his family and siblings who lived in an IDP camp in Killy, Idleb.

Hajj's treatment of Mahmoud contrasted with the way he interacted with Hatem, who initially introduced me to Hajj. Hatem had spent his first four months in Istanbul at the hostel but then had moved into his own apartment, with three other friends that he knew from Amalia. Throughout his stay at the hostel he continued to send money back to his parents. However, by the time we met, Hatem was already using another broker, also from Amalia, who he said charged less than Hajj did. "Hajj is a little more expensive," he explained when I asked why he had switched to the other broker.

"It is not his fault, he is working by himself with other people. But the other guy works for a big office […] so it is cheaper with him." When I asked if he had considered finding another broker earlier on, Hatem said he "knew Hajj was a bit more expensive than other [options]" but "didn't want to offend him," especially while he was still staying at the hostel. "He knew I was sending money," he said. From my observations of Hajj's interaction with Hatem it was clear that they both deeply respected each other. As mentioned earlier, Hajj always referred to Hatem as "Ustaaz," referring both to his occupation as a teacher and his status as a learned person. Hajj told me often that Ustaaz Hatem was a very "muhtaram" [respectable] man. Yet this respect also meant that he judged Hatem's circumstances differently than those of Mahmoud, judging that Hatem could afford to pay higher fees for his money transfers. Moreover, Hatem's reluctance to switch to a cheaper option during his stay at the hostel is also informative. When brokers and customers shared overlapping connections, it could be harder for customers to terminate their relationships with their brokers, without also jeopardizing others.

Eventually, Hatem went back to sending his monthly transfers through Hajj. During a phone call in April 2020, Hatem told me he had decided to switch back because "he is a little more expensive but, *khalas* [no worries], he is more secure." It was the height of the Covid-19 crisis, and Hatem wanted his parent to be able to receive his transfers without having to venture out to a meeting point outside their home. The other broker worked through people he did not know well in Homs, where Hatem's parents lived, and they did not provide home delivery services. Hajj's partner in Homs, on the other hand, was a fellow Amali that Hatem's parents knew personally, and Hajj made sure that the transfers were sent directly to his parents' door. Whereas Hajj did not waive the fee for these transfers, as he had with Mahmoud, he demonstrated his care and respect for Hatem (and his parents) by going out of his way to ensure the transfer was made in the way Hatem wanted. This special relational work, in fact, led to the resumption of their economic exchange in the context of a novel crisis.

Sometimes, refugees would find *hawala* brokers through less personal means, including by searching on online platforms. Syrians often used online platforms like Facebook to find and share essential information and survival tips, like the most up-to-date situation on border openings and closures, relevant bureaucratic procedures, and how to access essential services (Holland and Peters 2020). In a similar way, Syrians use online platforms to search for *hawala* brokers who can make transfers to their hometowns.

Syrians usually relied on online searches to identify brokers in specific situations: For example, when refugees settled in neighborhoods or towns with few other Syrians or when they first arrived in the host country and had not yet built contacts with fellow Syrians they sometimes would have no one to ask for a broker reference. In some cases, customers would need to make urgent transfers, and would not be able to reach their existing broker for some reason. They also used online search methods when the conflict itself interrupted their normal transfer dynamics, for example, when their families were forced to migrate and moved to a destination where their regular broker had no contacts, or when their brokers' contact left an area that had become an active warzone. And, sometimes, as with the case of Hatem, customers simply wanted to change brokers because they were unhappy with the services being offered by their existing one. In fact, online search for *hawala* was common enough that many brokers chose to advertise their services on these platforms, especially in Turkey, where *hawala* was less criminalized. These advertisements could be as simple as a Facebook post that read: "instant *hawala* from [city in Turkey] to Syria. Call [number]." Sometimes they were more elaborate online banners with a broker name or even a company name and logo, an office address, detailed contact information, and a list of all locations where the company or broker offered transfers.

*Hawala* brokers did not just advertise online, but also on storefronts in busy market areas (again, I only saw this phenomenon in Turkey). In the Introduction, I noted that I first recognized *hawala*'s ubiquity in Turkey when I walked through a market and saw myriad signs in Arabic advertising

*hawala*. For some customers, this was enough: they simply went to a busy market area like Aksaray, Fatih, or Zeytinburnu in Istanbul and walked into a *hawala* office like they would with any other shop. A twenty-six-year-old Syrian man from Hama, for instance, told me he transferred money to his family on his regular trips to the Syrian-owned supermarket in his neighborhood in Istanbul, saying it was "as ordinary as buying a pack of cigarettes."

Ultimately, then, though many refugee customers relied on their personal and localized networks to identify brokers, some simply used more impersonal means, like searching on web platforms or heading to busy market areas. Still, because so many refugee-broker ties were built around local connections, they became tied up with other kinds of relations, like friendship, employment, and kinship. This had significant implications for the types of exchange situations that refugee customers encountered in *hawala*, as the examples of Mahmoud and Hatem indicated. Moreover, brokers often understood and empathized with their refugee customers' situations, and they undertook concerted relational work in providing services that sought to accommodate these specific needs. After all, brokers and refugee customers shared the ultimate experience of living through war and displacement. This mutual empathy and personal connectedness stood in sharp contrast to the relations brokers cultivated with a second group of customers: humanitarian organizations. The next chapter turns to these NGO customers, analyzing how they engaged with *hawala* in their efforts to disburse aid money across Syria's conflict-ridden geography.

## Chapter 5
# NGOs and Aid Money

In November 2016 the city of Aleppo, a major economic hub and the most populous city in Syria, was under siege. Syria Relief,[28] a humanitarian NGO, had been supporting aid operations in the city for years from its base in Gaziantep, Turkey. But since banks and official money operators had long since exited rebel-held parts of Syria, Syria Relief had been forced to rely on *hawala*. The organization had tens of full-time staff members in rebel-held Eastern Aleppo, who ran all manner of programs in the city – from subsidized bakeries, to emergency medical response teams, to water and sanitation projects. The only way the organization was able to pay these on-the-ground staff members was through *hawala* brokers. In fact, the consistency and reliability of these *hawala*-based payments had allowed the organization to expand over the years, hiring more staff, launching new programs, and providing long-term budgets and plans to their donors, many of whom were government agencies in

[28] All names of organizations in this chapter are pseudonyms. Some details, such as the exact nature of relief programs have been changed to respect the confidentiality requests of interviewees.

Europe or North America. Even when it became clear that the Syrian government's take-over of Aleppo was imminent, and that most civilians, including Syria Relief's staff members, would have to evacuate, the organization was still able to keep their operations running. They identified the locations of their staff members and then asked their *hawala* broker to divert their payments and salaries to these new sites. The broker called his partners in Syria, who were able to pay the staff members on time, and they quickly re-started their programs in these new locations.

Syria Relief was a large humanitarian organization, with over 900 employees spread across nine provinces in both regime- and rebel-controlled areas. Their on-the-ground employees in Syria included both men and women, and came from a diverse pool of highly-educated professions, including healthcare providers like doctors and nurses, teachers, and other college graduates. Syria Relief paid these employees monthly salaries, ranging from $250 for part-time employees to $1200 for senior field officers who worked full-time and managed large teams. As such, the organization had a significant operating budget and routinely handled large transfer amounts. Ahmad, the organization's thirty-three year-old project manager, who was originally from Damascus, explained to me in fluent English how these payments worked: "it is ordinary for us to send $150,000 or $200,000 [in a single transfer]." In the Turkish border town of Gaziantep, where the organization was based, they worked with three brokers, who, Ahmad emphasized, "all passed vetting criteria and a bidding process."

Hundreds of international aid organizations like Syria Relief relied on *hawala* to finance relief programs and pay staff members inside Syria. Organizations varied in size and operations, but according to several interviewees, in Gaziantep alone there were, in 2018, 496 humanitarian NGOs with an annual operating budget of $250,000 or above, funded both by Western governmental donors like USAID, UKAID, ECHO (European Union), GIZ (Germany), and France Expertise and by private philanthropies like the Gates Foundation. Depending on the size of the organization, their monthly transfers for salaries and projects could range from $25,000 to $1,000,000 or more. Their

programs included large-scale direct cash transfers to families-in-need, medical and clinical support in underserved areas or emergency conflict sites, subsidized bakery and other food basket programs, water and sanitation projects, schools and other educational facilities, civil society trainings, mental health support, and emergency rescue. Some large international NGOs managed their operations directly, but many of them sub-contracted to small and medium-sized NGOs, often founded and run locally in Turkey, Lebanon, or Syria, who served as their implementing partners. Aid programs operated in areas under the control of different warring factions; in major cities as well as the rural countryside; in hard-to-reach or besieged areas; and in stable areas and active conflict zones. Regardless of their size or the nature of their operations in Syria, I found that the vast majority of these humanitarian organizations had no choice but to rely on *hawala* to keep their services running.[29] As one NGO representative put it: "If you're operating in Syria, the reality is you are using these informal channels."

NGOs are formalized professional organizations, which follow remarkably standardized (and often isomorphic) rules and procedures in running their operations. Moreover, in contrast to refugees' longstanding familiarity with *hawala*, most of these humanitarian organizations had little experience using *hawala* to fund their programs.[30] As a result, NGO representatives, in particular (mostly-Western) senior managers, typically harbored a certain degree of suspicion toward the system. Moreover, aid money is typically sourced from large, overseas donors, which impose stringent requirements on how that money is handled, managed, and used. But these requirements often conflict with the need for

[29] The major exception are UN agencies, who only operated in government-controlled areas and used banks to facilitate their transfers. However, several interviewees confirmed to me that even these entities use implementing partners that rely on "unofficial channels," particularly because of the large discrepancy between the official and black market exchange rates.

[30] Some larger organizations with operations in many parts of the world had some experience using *hawala* in settings similar to Syria's (i.e. where there were few formal financial organizations). For example, I heard that some organizations adopted practices and procedures for using *hawala* that they had developed while working in Afghanistan. However, most aid professionals I spoke to had encountered *hawala* for the first time during their work on the Syrian crisis.

flexibility that comes with operating aid and relief programs in conflict-ridden contexts. Thus, incorporating aid flows into *hawala* depended on a distinct and delicate relational tie between these highly formalized organizational customers and informal *hawala* brokers.

In this chapter, I unpack these delicate NGO-broker relationships, just as I did with refugee-broker relationships in the previous chapter. Specifically, I show that, like remittance money, aid money came with its own distinct sets of characteristics and requirements, which led to a unique set of customer expectations and demands. As with their refugee customers, brokers undertook considerable relational work to meet these expectations, and in doing so they also established long-term and meaningful relationships with their NGO customers. But, as I show, the content and nature of these relationships was distinct, with brokers treating their NGOs customers in a far more professional and formalized manner than they did their refugee customers.

## I. Expectations and Priorities

*Liquidity*

I begin, as I did in the previous chapter, by laying out the primary expectations that NGO customers had of *hawala*, which were mostly distinct from the expectations of refugee customers. First, most NGO representatives cited liquidity – i.e., the ability to transfer large amounts of money – as one of their major requirements. Working with brokers who "have money on hand," several interviewees explained, made the planning and financing of their projects more predictable. This was, of course, particularly important for NGOs that conducted large-scale operations in diverse areas across Syria. As Part I explained, brokers often collaborated and cooperated with each other to meet liquidity and coverage challenges, allowing them to execute transfers even when they did not themselves have the cash on hand. However, depending on an NGOs' scale of operations, some brokers did struggle to handle regular large aid transfers. In these situations, they typically relied on

what Carruthers and Stinchcombe (1999) call "market-makers," like Ali in al-Bab, who created liquidity within *hawala*.

Because of their need for liquidity, NGOs usually worked with one main broker who had a larger business (like Mustafa in Hajj's network) and handled most of their large transfers to their main locations. Sometimes NGOs supplemented these large brokers with smaller brokers who "specialized" in certain hard-to-reach locations, where their main broker had no coverage. For example, Ahmad, the Damascene project manager at Syria Relief, explained to me that they worked with three or four brokers at a given time because "not everybody directly works in Daraa, in Homs, in Deir Ezzor, Eastern Ghouta… And these three or four money dealers pick the agents they work with inside Syria. That way we get forty or more distribution points inside Syria."

NGOs relied on a number of methods to identify broker partners who could reliably handle their large-scale transfers. One common signal of a broker's size was whether they had an "office" in certain key locations inside Syria. For example, NGOs often cited the same three major hubs as important sites where they expected their brokers to have a physical presence: al-Bab in the Aleppo Province (where Ali in Hajj's network was based), Sarmada in Idleb Province, and Derek in al-Hasakah Province. All three of these border towns in Northern Syria are good examples of what I called in Part I safe havens, or gathering points and relocation destinations for displaced populations across Syria. As I explained, these safe haven towns often served as reservoirs for trust and capital, allowing specific *hawala* networks to expand their liquidity and coverage. For large NGOs concerned about making sure their transfers arrived reliably in many locations, a brokers' presence in these towns not only served as an indication of his business's scale, but also provided something of a guarantee that that broker would have access to the necessary liquidity to fulfill the NGOs' transfers.

In fact, as one broker in Istanbul explained to me, many NGOs themselves chose to set up regional offices in these small towns. Daniel, an American NGO auditor, had recently travelled to

Derek, a small town near the city of Qamishli, and told me with great enthusiasm about its cosmopolitan feel: "Because it was seen as a safe haven by many IDPs, Derek and Qamishli in general received people from neighboring regions and kept their original diversity, with Kurds, Arabs, Assyrians and others. It is located on the border triangle between Syria, Turkey, and Iraq." Haytham, a field officer who was based in Derek at the time of our virtual interview in November 2017, confirmed Daniel's observation and further elaborated: "Derek is an important center for *hawala* in this part of Syria. It is an important trade center. […] It has a lot of international NGOs. Most of these organizations that function in the Jazeera [predominantly Kurdish] area have their head offices in Derek. Like Doctors Without Borders, International Rescue Committee (IRC) and other organizations. All of them have offices in Derek which made it a huge center for *hawala.*"[31] Thus, these safe havens were not only places where brokers could gain access to additional liquidity in a pinch, but they also came to serve as hubs for NGO operations, making them ideal points for cash distributions.

*Transparency*

As noted above, aid money often required that NGO customers commit to transparency and accountability, as donors asked for extensive documentation showing how their funds had been used. These requirements had major implications for how NGOs navigated the *hawala* market. As Part I demonstrated, it is a common misconception about *hawala* that it does not leave any paper trail. In fact, brokers I met usually kept diligent records, in both digital and physical form, in order to track their own accumulated debits and credits and manage settlements. But in order to serve NGO customers, brokers often had to adapt their services to produce additional records and documentation

[31] In citing this quote directly and entirely, I do not imply that these mentioned organizations necessarily draw on *hawala* brokers for their operations.

on their transfers. To fulfill their donor requirements, NGOs needed records of how their aid money moved at every step of its journey. For example, they usually required documented proof that the intended *recipient* of each transfer had in fact claimed the money in the specified *amount* and at the specified *destination*. This required brokers in the destination location in Syria to somehow confirm the identities of the recipients and then to issue formal "receipts" documenting these key transaction details.[32]

Arman, a Syrian employee at a large NGO based in Istanbul, explained to me their system for collecting receipts from their brokers to document the payment of salaries to over 400 employees across Syria:

> NGO: Every month we give [the broker in Turkey] a list of all our recipients in each sub-district in each Governorate, with their names and ID information and everything. The broker then sends this information to his partner agents [in Syria]. The local agents disburse the salaries and aid cash. […] We have about 400 employees that get paid through the *hawala* system. And when [our employees] get the money, they put their real ID on the voucher with the reference number and location.
> GG: Do you produce the voucher?
> NGO: Yes, we produce [the voucher] and put the recipient name, his ID number, the amount, and the reason for transfer. [Shows example on his smartphone.] Here the money dealer will also sign or stamp and here our employee would put their real ID. They take a picture and send it to a WhatsApp number we have for these receipts only.

Many other NGO representatives I spoke to explained to me that they used similar systems of vouchers, receipts, and ID documentation.

Some brokers came to handle so many salary payments that they ended up becoming experts in these types of transfers, and adjusted their business models and pricing accordingly. For example, NGOs typically interacted only with their main broker in the sending country (e.g., Turkey for Arman),

[32] Importantly, all the NGO employees I interviewed emphasized that these receipts have no legal status in the event that the broker fails to deliver the payment. However, they argued that these documents were "good enough" proof for the purposes of demonstrating their accountability to the donors.

allowing him to train his partners on the appropriate documentation standards and to ensure that these standards were met in practice. Some brokers developed a unique fee structure for NGO salary payments, charging a $4 or $5 transfer fee per employee paid, instead of the standard percentage fee for the overall transfer amount. An American INGO employee based in Lebanon explained that when sending salaries for their employees inside Syria they paid fees "based on the number of names." "For instance," he explained, "we pay $4 per person, regardless of the amount. If you send $100, you pay those $4. If you send $1,000 you still pay the same." This standardized payment scheme allowed brokers to price in the additional service of documenting and verifying every payment. And many NGO representatives I spoke to saw this as an acceptable and reasonable charge for this special service. Some NGOs even said that their brokers functioned almost like "an employee" or served as a de-facto "payroll manager." A representative from one NGO in Gaziantep told me he was surprised at how cheaply and effectively brokers offered these documentation services:

> Actually I am amazed how they accept this system of documentation. When I calculate the economics of it, we pay such little fees and actually it is like having an employee in each sub-district that distributes salaries for us and sends documentation. For sure, I would need an accountant inside Syria for this. For every 20-30 employees one agent gets a maximum of $100. And the transfer fees are split between the main agent here and the agent over there. So it is not a large amount of money. And they are working strictly. In 2016, we only lacked $7,000 worth of undocumented transfers out of two million [US] dollars.

The practice of offering receipts became so commonplace for some brokers that they started producing receipts with features that made their services look "more legitimate" in the eyes of NGO officials and donors. Daniel, the American auditor who conducted compliance and quality controls for hundreds of NGOs, emphasized that brokers had become much savvier in their documentation work, like specialized stamps and seals, over the four years he had been working on the Syrian crisis.

> GG: In your audit work, how often do you see *hawala* receipts?
> Daniel: All the time. Everything is through *hawala*. In our [audit] organization as well. So I work with *hawala* receipts all the time.
> GG: What do you look for in these receipts?

> Daniel: The usual stuff. The name of the sender and receiver, date and stamps, seal of the [*hawala*] office or company, etc. But *hawala* agents have gotten so good at meeting these expectations. They know what makes them [the receipts] look more legitimate.

Interestingly, some brokers inside Syria refused to adopt these systems of documentation, not only because they feared detection or punishment, but also because they were offended by the idea that their word was not good enough. Indeed, because *hawala* functions mostly based on trust, brokers sometimes perceived demands for documentation as a signal of distrust toward them. A twenty-nine year-old Lebanese representative of an international NGO that provided emergency relief recounted one such example to me. A broker his organization worked with in the Kurdish-controlled city of Qamishli was facilitating a transfer to the NGO's vendor in the city, who also happened to be the broker's cousin. When the NGO received the payment confirmation over WhatsApp, they requested a receipt. The broker responded that "he couldn't make his cousin sign the receipt because 'he's [my] cousin and that's not okay right?'" The NGO employee went on, laughing: "'That's what he told us. And I'm like 'No!' I called him and told him I can't possibly tell this to compliance here. They wouldn't care. They want to see a proof of payment and he's still like 'but he's my cousin, I trust him.' And I'm like 'Okay, great, I trust you, too, can we put it on paper though?'"[33]

Sometimes NGOs' demands for transparency came into conflict with their desire to keep the identities of their employees and partners discreet. As one NGO representative told me: "One problem we have with some agents is that they don't respect the confidentiality rules. They pay employees in front of everyone in the office. Shouting the organization's name and everything." In many cases, working for international organizations could draw the suspicion of local authorities, both

[33] At other times the political environment could be an impediment to producing detailed receipts for each recipient. Many NGOs operating in Kurdish-controlled areas, for instance, told me that the SDF authorities kept a close eye on who works with humanitarian organizations and only allowed certain employees "who have the green light from the Kurdish authorities" to collect and distribute salaries.

in rebel- and government-held areas. Thus many on-the-ground NGO staff members preferred to keep a low profile and not advertise their affiliations with foreign organizations. Moreover, NGOs sought to keep the salary amounts for their staff members confidential. According to many NGO representatives I interviewed, this was especially the case for women, who sometimes preferred not to share their exact salary information with their spouses or family members. To manage this problem, one organization asked their broker to come to their local NGO office in Syria to pay their staff members. In other cases, NGOs took advantage of brokers' home delivery services to distribute salaries.

NGOs also preferred using brokers to distribute salaries, particularly when they could offer receipts, because it allowed them to maintain accountability and transparency within their own organization. One European NGO official in Istanbul explained to me that they had initially sent all their salaries for a given location to their chief field officer, who would then divide up and distribute the salaries to ten to twenty other staff members. However, despite the fact that these bulk transfers were often cheaper and more efficient to send, they worried that there was no way to ensure that the money was actually making it into the hands of their employees in the correct amounts. They preferred having their broker pay their staff members directly, which they could then document using payment receipts. Here is how the European NGO official explained the problem to me:

> Let's say you are a supervisor and you get paid for ten people. You can always take $200 and you'll tell the employees their salary is $150. [One of our employees] wanted to make things *accountable* because [otherwise] there is no intermediary between [the local supervisor] and the employee. So that's how he started working with payments directly through the *hawala* system. We even used to work with the *hawala* system the original way and used to send the money in bulk to one person, who would distribute it to others. Honestly it is easier and more efficient. But our system now [paying employees directly through *hawala*] is more accountable.

Ultimately, then, my research revealed that *hawala* brokers became highly adept at meeting NGOs' demands for accountability and transparency in their payments. These brokers standardized and regularized these services to such an extent that they came to be seen almost as outsourced human

resource managers, and were preferred even over NGOs' own internal staff members. Though some brokers struggled to adapt to these transparency standards, which were somewhat at odd with *hawala*'s trust-based norms, others proved quite adept at accommodating these requirements such that they ended up developing long-term professional relationships with these humanitarian organizations.

*Professionalism*

In addition to transparency and liquidity, most NGO customers told me that they preferred to work with *hawala* brokers with some degree of professionalism in their business practices. This expectation, I realized, was connected to the attitude, held especially by Western NGO officials, that *hawala* was an untrustworthy and vulnerable system, used by nefarious actors for potentially illicit purposes. Working with a broker who upheld a certain image of professionalism seemed to partially assuage these officials' concerns and anxieties. This is one of the reason that brokers ended up developing more professional-looking receipts over time. I identified three broad categories of professional conduct that NGO clients seemed to find important: punctuality, efficient communication, and clean bills.

First, NGO customers highlighted *punctuality* as a marker of a broker's professionalism. In the context of *hawala* transfers, punctuality usually means that the broker delivers the transfer in a timely and agreed-upon manner. When I asked these interviewees to elaborate, many of them said something along the lines of this NGO representative in Lebanon: "[…] by punctual I don't only mean fast transfers. That is important but he can take as much time as he wants so as long he stays by his word with us." Particularly in periods of greater demand, like religious holidays, punctuality became an even more important requirement for NGOs. Rania, a thirty-year-old Damascene woman employed at a medium-size NGO in Turkey, told me that during her three-year tenure at the organization the only major problem she had had with a broker related to this point:

> GG: Did you have a problem with these brokers?
> Rania: Only once. It was at the end of Ramadan, right around the *eid* holiday. The organization decided they were going to pay the salaries before the holiday. I went to the [*hawala*] place and I handed the cash. And the agreement was that the money would be available in an hour to the employees in Hasakah and other locations. One employee called me and told me they went to the office but the money had not arrived. I called them and they said 'yes, there is a problem so it will only be available after *eid*.' So they postponed it for a week.

Rania's organization continued to work with the same broker in Turkey partly because there were no other incidents of late payments, and partly because the broker was "polite" in his communication with the organization, both over this incident and in general. This brings me to the second aspect of professionalism that NGOs often brought up: *effective communication*. One interviewee explained that a professional broker is someone: "who is business-savyy with communication." He further elaborated: "Good communication with me and my field team. Someone who separates the relationship between us from the relationship with the local team and the local broker." NGOs also expected brokers to be able to communicate effectively with their broader team of brokers, both within and outside Syria. As noted above, even though organizations typically worked with one major *hawala* broker in the sending location, these brokers must regularly communicate with and receive receipts from dozens of brokers across Syria's diverse provinces. In an ideal world, the main broker would act as an "operations manager," according to one NGO representative. He explained that ideally this broker would know all the on-the ground agents well and would serve as their "go-to-guy for anything," including logistical details and information on exchange rates. These main brokers therefore ended up serving not only as hubs for capital and money flows, but also hubs for information and communication, helping NGOs keep track of their operations inside Syria. In fact, to "streamline these communications," according to one NGO representative, some brokers in hub locations such as al-Bab, Sarmada, or Derek, ended up hiring dedicated employees to handle communications with NGO customers.

Finally, NGO customers paid attention to the material properties of the actual money that their brokers used, often emphasizing to me that they preferred working with brokers who transacted using *"clean" and high-denominated bills*. As with many war economies, Syria's economy became almost entirely based on cash, both for conducting transactions and for storing wealth. As a result, ripped and damaged bills became commonplace, with a secondary market emerging in which damaged bills were traded at a discount. NGO customers told me that it was important to them that brokers not disburse such damaged or torn bills to their employees or vendors, which could create problems for their operations. NGOs also preferred large denominations because they believed they were less easy to counterfeit (contrary to much of the literature on money laundering). Having "small bills carries a risk both for us and the broker," explained one NGO official, "it is very easy to have counterfeit bills when they are 5 or 10 dollar bills." Another representative explained that: "[If someone gives a small bill], you're not going to hold the dollar and check. But if someone gives you a hundred dollar bill, you might check it more thoroughly. And good brokers want to avoid that risk altogether. It is risky enough with the sort of work they do so also dealing with counterfeit is really stressful in an already stressful situation." Apart from the risk of forged bills, NGOs wanted to avoid having their staff deal with large physical volumes of bills, which are "a lot more difficult to move and safeguard," as one official put it. They therefore preferred that brokers disburse large bills, particularly when making a significant one-time transfer to one of their field officers of potentially thousands or tens of thousands of dollars. This issue of physical cash volume became a particularly problem when the sum had to be converted into Syria pounds, whose value plummeted over the course of the war. For all these reasons, NGO customers preferred to work with professionalized brokers who could pay their vendors and employees with crisp bills in high denominations.[34]

[34] Interestingly, I found that brokers themselves also cared about the material properties of the bills they received from customers. One broker based in Damascus brought this point up in our virtual interview: "[When I receive a sum], is it in the category of $100 or less? Is it a pack of $100 or is it a pack of $10? Again, the state

*Flexibility*

Finally, just as refugee customers valued *hawala* for its ability to flexibly adapt to the war's changing conditions, so too do NGO customers expect flexibility from their *hawala* brokers. Indeed, as the opening vignette of this chapter makes clear, NGOs operate within the same unstable and unpredictable terrain of conflict as do refugees. Over the course of my research, I heard about and witnessed myriad situations in which NGO customers and brokers worked together to adapt to the war's vagaries, including by: redirecting payments to displaced staff members, shifting project implementation (and funds) to new locations, developing ad-hoc solutions to fulfill documentation requirements during power-cuts or blackouts, and making payments on credit when NGO funding streams were disrupted. In fact, while NGOs' expectations for transparency and professionalism reflected their general desire to *formalize* their relationships with their brokers, their desire for flexibility meant that they also appreciated *hawala*'s more informal properties. Indeed, like refugee customers, this is the main reason that NGOs chose to work with *hawala* brokers even when formal banks and money transfer agencies offered services in their areas of operation.

Brokers recognized that their services were prized for their flexibility, and worked collaboratively with NGOs to respond to situations of crisis. For example, in this chapter's opening vignette Syria Relief's broker was able to redirect their staff's salaries and their project funds to new locations after only a few phone calls. Another challenge to NGOs' normal business practices are Syria's frequent power cuts and blackouts, which can make it impossible to, for example, print out the receipts necessary to maintain payment documentation. One NGO representative in Lebanon told me about how his broker had helped them to adapt to such a situation. The NGO was trying to send

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of the money. Is it in good condition or not? Are there torn bills? Any pack that contains counterfeit money? Because if I receive and deliver money that contains fake money that will ruin my reputation. That is why we check it two or three times to make sure the money is good. So if you come to me and want to transfer money but the money is not in good condition, I will simply not accept it. It is very little things but they matter."

money to Eastern Ghouta, the besieged suburb outside of Damascus that had been subjected to an indiscriminate regime bombing campaign in spring 2018. The NGO office in Beirut received a call from one of their brokers telling them that their staff member in Eastern Ghouta could collect their transfer order of $60,000 "if he acted quickly." By the time their staff member arrived in the office, however, the area had lost power and their printers were no longer working. The NGO representative explained the situation: "They couldn't get the printer working because the town [Harasta] started to be attacked that day and when they do that they cut the electricity. [Once they got back power,] he ended up sending me a receipt like this [he played a video recording on his phone]." Instead of a photo of the signed receipt and the recipient ID, the broker had sent a "video receipt" of the NGO staff member holding the cash and his ID card, verifying verbally that he had received the payment and detailing the other relevant information. The NGO ended up adopting the practice more regularly, whenever their recipients had to collect money in an active conflict zone.

Sometimes, the disruptions to normal NGO operations were caused not by the war, but by the inefficiencies of formal financial institutions. NGOs typically operated from countries neighboring Syria, but their funding almost always came from governmental and private sources in high-income countries, especially in Europe, North America, and Japan. These transfers from donors usually arrived via bank transfers into the organization's local bank account. Over the course of my research, I encountered many examples of organizations struggling to receive and access their funding, which was a major issue given the time-sensitive and urgent nature of many of their services. In most cases, these delays in bank transfers resulted from the strict regulations and surveillance programs governing the formal financial system (de Goede 2012), which ended up flagging many of these transactions as "suspicious" or "high-risk," especially when the organization's name made reference to Syria. For example, one high-profile NGO had registered its Turkey office by adding the word "Syrian" to their original name. The Syrian representative I interviewed believed that the addition of

this word was the reason that the transfers from their main donor "kept getting blocked and sent back to the US." Another American NGO representative explained in frustration: "They see Syrian and block the transfer. And these transfers are coming from the US, the UK governments etc." But he also told me that every time they encountered funding delays, which often took weeks to resolve, their broker continued to disburse their payments on-time, agreeing to receive the NGOs' funds once their money was cleared. "Essentially he extended us free credit." the representative explained. Brokers, in this sense, offered the same informal credit arrangements to NGO customers that they did to their refugee customers.

In fact, despite their general preference for more formal channels, and their suspicion of *hawala*'s informal character, many NGOs (particularly smaller and less-well-funded ones) found the strict regulations of the official banking sector, as well as the official registration requirements of host governments, to be so onerous that they ended up embracing informal practices themselves. For example, Rania, the Damascene NGO representative quoted above told me about how her organization ended up mediating transfers on behalf of a Europe-based peer NGO:

> There is another organization called [Name]. They are based in Brussels. So they don't have an office here. And it's really hard to send money directly from Brussels to Syria. So they used to send it to our bank account, and we used to take a commission to deliver to these *hawala* offices. So I used to go send money for [our NGO] and for [the other NGO] with a different office. So I was the distributor for all this cash.

In this example the NGO based in Turkey essentially turned into a broker itself, mediating transfers between the European NGO and the *hawala* network that extends into Syria. And this informal arrangement was far from unique or extraordinary: many regional offices or subcontracted implementing partner organizations ended up in similar mediating roles, facilitating the transfer of funds between official donor channels and the unofficial brokers that could get the money to their actual field of operations. In this way, NGO customers not only appreciated the flexibility of *hawala*'s informal practices, but embraced these practices themselves.

## II. The NGO-Broker Relationship

In the previous chapter I explained how refugees' particular expectations of *hawala* led them to build relationships with their brokers marked by empathy, personal meanings, and shared histories and identities. For NGOs, who, as I have outlined above, had an entirely different set of expectations and requirements, these relationships looked somewhat different. In this final section I flesh out the nature of the NGO-broker relationship, including how these relationships were typically formed, and the type of relational work that brokers undertook to maintain them.

Regardless of their size NGOs usually hired full-time or part-time Syrian staff members as "finance officers" to manage their relationships with *hawala* brokers, which helped them to make the informal *hawala* field more legible. These employees were typically young, male, and , college-educated. Some spoke English fluently, though others did not, instead communicating with English-speaking NGO stuff via other Syrian employees. Many of these individuals worked on project-based contracts, migrating from one NGO to another when their project concluded or ran out of funding. During my research I interviewed several of these Syrian NGO employees, who told me about their methods for identifying and engaging with brokers. When permitted, I occasionally tagged along on their visits to meet brokers and distribute cash payments.

One of these finance officers' primary responsibilities, particularly at the beginning of a project, was to identify a reliable broker.. Sometimes these officers searched for brokers using the same online platforms described in the previous chapter. However, in most cases, they identified brokers using relational mechanisms. For example, they might find brokers using their own social ties to local Syrian communities, just as refugee customers did. Sometimes they also reached out to the NGO's field officers based in Syria for recommendations on brokers who could send money to that location. Most commonly, though, these finance officers would rely on their own past experiences and their connections to other finance officers to identify brokers. Because they circulated between

different NGOs these finance officers often built up expertise, and the broker they used in a previous job would usually be their first option when they started a new job. This community of Syrian NGO workers is also fairly small, and finance officers typically got to know each other, both through professional and social networks, which means they could ask each other for recommendations and compare notes on other aspects of brokers' practices (like their prices). In this way, NGOs benefited from the accumulated expertise of this small community of Syrian NGO workers, who helped them to identify brokers who met their various expectations and requirements.

I also discovered in interviewing these NGO finance officers that they sometimes conducted more rigorous market research and vetting of brokers before finally selecting one to work with. They would first have some initial conversations with potential brokers, collecting information on their backgrounds, their coverage, their conditions and transfer terms, and their prices. Based on this initial market research, organizations would compare various brokers and make follow-up requests for identifying information, often so they could conduct online security checks. NGOs ultimately reported the results of this research to their donors to demonstrate that they had undertaken a transparent selection process. "Donors want a clean process," one interviewee explained, because "I may be working with my brother," he joked, "I would say he is the best!" Moreover, some NGOs chose to work with multiple brokers even when their operations could easily be handled by a single one because, as one representative put it to me, "donors ask us to diversify." In addition to transparency in the selection process, NGO representatives often cited their fiduciary responsibilities to donors.

Organizations that routinely transferred large amounts typically had more resources to undertake robust and involving vetting procedures. According to several NGO representatives, some very large aid organizations even implemented formalized bidding procedures, in which they invited various brokers to submit bids with specific price quotes and terms. One NGO representative who oversaw such a bidding process at his organization explained:

> We met with many brokers and money dealers just to explain them how the bidding process goes. We gave them an application and asked them to give us a sealed envelope with their prices and terms for the next three months. And ask them to specify some other terms… Like this will be the fixed rate for a besieged area. And just the basic rates for a given sub-district. We then do a comparative bid analysis and determine the best offer for each sub-district. And of course the best does not only mean the price, it also means other terms like how fast the money is going to be disbursed. For instance one says in thirty minutes. Another can be many hours or sometimes a couple of days.

Moreover, this formalized process of conducting market research often did not end even when NGOs had established a relationship with a particular broker. Sometimes finance officers might find themselves needing to supplement their main broker with a new broker who specialized in a particular area. Moreover, several NGO representatives told me that they continued to collect information on the *hawala* market to keep themselves up-to-date on transfer prices, including variable local exchange rates, and to vet local *hawala* brokers in sensitive contexts. Especially for this kind of localized market information, NGOs relied on their staff members inside Syria. One NGO representative in Lebanon explained how they conducted this kind of on-the-ground research: "That's kind of based on our network of people we have across Syria. They are well plugged into local contexts. They can ask the right questions without getting any red flags raised, and [they] […] have their ears really close to the ground." Another representative at a European NGO office in Beirut told me they hired a dedicated "remote cash advisor," who "did research on money transfers to Syria. He was looking at different ways to transfer money to Syria. And networks the people are using, what they call the *hawala* system. He was looking at how these networks work and what the best options are. […] He did a decent report for us, which was approximately 30 pages." Interviews with field staff inside Syria confirmed that they were often tasked with this type of on-the-ground research, which at times included examining whether a broker had any direct ties with the Syrian government or with certain armed groups.

The result of these various forms of market research and vetting procedures is a relatively formalized and quasi-official relationship between brokers and their NGO customers. Indeed, I found

that even when a broker had worked with an NGO for several years, he rarely built the kind of close affective ties with NGO staff members that brokers often had with their longstanding individual customers. For brokers, this professionalized approach to engaging with NGOs was deliberate. Many brokers recognized that NGOs preferred such quasi-formal relationships, which mitigated their anxieties about *hawala*'s potentially illicit uses and helped them justify their use of *hawala* to their foreign donors, albeit while still appreciating the flexibility that *hawala*'s informal structure could offer. In contrast to the type of relational work that they put into maintaining their ties to refugee customers, brokers' relational work with their NGO customers often entailed dressing up their informal businesses to make them look as formal and official as possible. Even more striking, many brokers engaged in these divergent forms of relational labor simultaneously – as they served both refugees and NGOs. In the next chapter, I explore how these different types of broker-customer relationships shaped transaction-level patterns of exchange in the form of transfer prices.

# Chapter 6
# Pricing Wartime Monies: A Field Experiment

Throughout Syria's civil war, *hawala* continued to operate successfully across sovereign boundaries and zones of control that had divided up the country. As the previous chapter showed, brokers also effectively accommodated the divergent, and even conflicting, demands and priorities of diverse types of customers who use their services. For refugee customers brokers offered more flexible arrangements, for example, by offering alternative identification strategies and providing convenient home delivery options. For NGO customers, brokers formalized and standardized their services (and their relationships), through the use of receipts and other quasi-formal arrangements and services. Further, *hawala* brokers provided these services to both government- and rebel-controlled parts of Syria, as well as to neighboring countries, each with their own legal regulations and levels of enforcement toward the system. Because *hawala* networks were grafted onto multiple legal regimes, *hawala* activities in fact aggregated into a legally hybrid market, allowing me to investigate variation in

how actors in this informal system operated, depending on the jurisdiction under which they fell and they transacted with.

In this final chapter, I explore how brokers adapt their behavior in particular exchange situations according to these different 1) partners to exchange and 2) contexts of exchange. Specifically, I study how these two axes of variation affect brokers' pricing, a key micro-behavioral process in any economic activity. By studying what drives brokers' price-setting behavior in *hawala* transactions for different types of customers and in different jurisdictions, I seek to gain leverage on the kinds of questions about informal exchange that have thus far eluded the scholarship. Specifically, I ask: how do different situations of exchange shape informal economic decisions and behaviors?

To answer this question, I drew on my ethnographic insights to design and implement an experimental audit study of 119 *hawala* brokers. Sociologists have used audit studies extensively to identify and measure discrimination in labor market settings (Pager 2007; Gaddis 2018). Few scholars, however, have leveraged this research strategy either to analyze patterns of variation and inequality in economic processes such as pricing or to study hard-to-observe activities like informal exchange. While the secretive nature of informal transactions often makes them difficult to study with these types of empirical designs, I leverage a rare source of data in *hawala* – brokers' online advertisements – to circumvent this challenge. Moreover, while most audit studies are designed around binary outcomes (e.g., whether an employer calls an applicant back or not), this study is designed to produce richer and more diverse data, which allows me to map out an otherwise-opaque informal market setting. Lastly, because the audit study is embedded in a long-term fieldwork-based project, I am able to draw on my qualitative data to explain the mechanisms behind the patterns in the data. In sum, the audit study presents unique empirical data on pricing patterns, which reveal important heterogeneity in *hawala* transactions, while the qualitative data help me to uncover the mechanisms that shape price-setting processes in these different situations of exchange.

The findings from the audit study reveal that brokers set more dispersed *and* higher prices when the customer is a refugee sending remittances versus an NGO sending aid. It also reveals that brokers set more dispersed and higher prices when the destination of the transfer is Damascus (where *hawala* is prohibited) versus Idleb (where it is permitted). Both of these empirical patterns can be explained, I argue, by understanding the conditions under which brokers use more or less *discretion* in exchange situations.

We saw in the previous two chapters that brokers' different types of relational work toward NGOs and refugees resulted in different types of interactions during situations of exchange. Brokers often used their informal knowledge of refugees' own personal situations to tailor their services and offerings, including their prices, to specific customers – we saw this most clearly with the example of Hajj's differential treatment of Hatem and Mahmoud. In contrast, when dealing with NGOs brokers generally sought to standardized and formalize their offerings. This use of discretion in interacting with refugee customers explains why these customers received higher and more dispersed prices in the audit study. Whereas brokers use their own individual judgments to set prices for refugees (i.e., they are price-setters) they typically offer more uniform and standardized prices to NGOs (i.e., they are price-takers). Importantly, I also argue that brokers do not deliberately set higher prices for refugees; rather this is an unintentional byproduct of their greater use of discretion toward these customers (and one that only a mixed-methods study like this one would be able to reveal).

As for the differences in prices for transfers to Damascus and Idleb, I also argue that these patterns can best be explained by brokers' use of discretion. Because *hawala* in Damascus was criminalized by the regime, brokers there operated largely in secret. Moreover, this strict legal environment also added an extra component to these transfers: the need to convert dollars into Syrian pounds, which was the only permitted currency for everyday Syrians in Damascus. In Idleb, however, which was controlled by rebels who permitted *hawala* to operate freely, there was no need for these

currency conversions. I argue that the opaque market setting in Damascus, and specifically the need to convert currencies and, thus, set an exchange rate, introduced an additional element of discretion for *hawala* transfers to this destination, which did not exist for transfers to Idleb. As with refugee customers, brokers' use of more discretion for these Damascus transfers explains the greater dispersion in their prices, and their higher overall level.

## I. Black, Gray, and White: Hybrid Markets and Shades of Informality

When coining the term "informal economy" almost fifty years ago Keith Hart (1973) adopted an expansive definition, which encompasses any type of economic activity that falls outside of government oversight. Scholars have since emphasized that states are central in shaping and defining informal activities (Portes and Haller 2005; Elyachar 2005; Portes 2010; Holland 2016; Beckert and Dewey 2017). First, by designing the rules of the game for how exchange can and cannot take place, states define the legal status of a given transaction and, thus, condition the organization of exchange relations for that particular activity (Fligstein 2001; Dioun and Haveman 2017). Second, a state's capacity and willingness to enforce the law and persecute legal violations introduces important variation in whether informality is sanctioned, not least by imposing (or withdrawing) costs on those who practice the activity (Holland 2016). Hence, how governments define the legal status of an economic activity, and how they choose to sanction (or not) violations of the law, creates considerable heterogeneity in how informality manifests itself in concrete market settings.

Scholars have typically approached this heterogeneity by distinguishing between informal and illegal exchange. In their classic article, Portes and Haller (2005) define as "informal" any economic activity that escapes legal stipulations like licensing, tax rules, and labor regulations but involves the exchange of goods and services that are not themselves prohibited by law. In contrast, a transaction becomes illegal when it involves the production and distribution of prohibited goods such as drugs,

counterfeit medicine, or human organs, or the provision of prohibited services like trafficking humans or child labor. While scholars do recognize that the boundaries between informal and illegal exchange are blurred in real-world settings, this distinction nonetheless has led to a bifurcation in the literature, which tends to treat informality and illegality independently, studying them empirically, if not theoretically, as separate spheres of exchange. This approach makes it difficult to study precisely how different types of legal regimes and levels of law enforcement shape informal economic activity.

In fact, given its multiple dimensions and different shades, informality may best be conceptualized as a variable condition, with many informal markets and activities characterized by a hybrid legal regime. In some cases, a transaction may be a routine activity but the way it is carried out can violate the law (Portes and Haller 2005; Beckert and Dewey 2017). In other cases, an activity may simultaneously hold a diverse (at times conflicting) set of relationships to the law in different legal jurisdictions (Dioun and Haveman 2017). In yet others, legal rules might be clear in prohibiting the activity but the enforcement can be weak and ineffective either because authorities lack institutional capacity or because they intentionally choose to tolerate the violations (Holland 2016).

The literature is rife with examples of these legally hybrid market situations. In their study of the US medical marijuana market Dioun and Haveman (2017) show that conflicting legal rules at different levels of government (local, state, and federal) increase uncertainty for authorized sellers and affect their pricing decisions. The street vendors in Duneier's Sidewalk (1999) face informality differently depending on whether the books they sell are counterfeit or legal copies, and whether the city government bans them from occupying public space. The Sicilian mafia families in Gambetta's (1996) account engage in both prohibited lines of business (e.g., private protection and extortion) and licensed ones (e.g., furniture and car sales). Under all these scenarios, actors need to routinely evaluate the implications of legal regimes for their activities in the course of each individual transaction.

Effectively studying informality thus demands that scholars zoom in to the micro level of transactions, parsing out how actors evaluate and navigate informality in concrete situations of exchange.

A second source of heterogeneity within informal markets emerges from differences in the participants of exchange. Though it is widely believed that informal markets only serve individuals at the margins of society like criminals or the poor, in fact there is considerable evidence showing that informal markets draw in a diverse set of actors, including individuals of different social standing (e.g., the rich seeking to evade taxes), multinational corporations (e.g., relying on informal labor), aid organizations (e.g., procurement of goods in conflict zones), and government officials (e.g., bribery). Take, for example, the informal economic activities recounted by Venkatesh (2006), which impact many actors in the neighborhood including lay residents, religious figures, and even law enforcement agents. Thus, like any other market setting, informal markets are also stratified by the identity, resources, and status of actors who participate in these transactions (Podolny 2008). Yet, given the variable contexts of legality and law enforcement, informal exchange can come with different advantages and costs for different actors. For example, Gabriel Rossman (2014) argues that prohibited activities come with significant social and reputational costs for certain actors, and that these actors may therefore "engage in elaborate relational work to obfuscate the taboo exchange…while avoiding sanction from third parties" (Rossman 2014:57). Because of these differences in how different market actors experience and manage informality, it can, again, be fruitful to focus on economic decision-making at the transaction level. In the next section I discuss one such micro-level process – pricing – which is crucial to any transaction in any market setting.

## II. Pricing in the Shadows

Regardless of its relationship to the law, any economic transaction involves decisions and negotiations about value, which, in its monetary expression, takes the form of a price (Simmel

1907:78). Rather than being an intrinsic and "objective quality of things," Simmel reflected in his magnum opus, *The Philosophy of Money*, prices are subjective judgments upon objects of exchange, assigning them positions in a scale of values. Building on this insight, the distinct sociological approach to price formation privileges the relational, institutional, and cultural processes that shape these judgments in concrete instances of exchange (Beckert 2011). Pricing, from this perspective, is a profoundly relational and political process, whereby participants to exchange negotiate and compete over control to set prices (Weber 1978; Geertz 1978; Zelizer 1985; Knorr-Cetina and Bruegger 2000; Fligstein 2001; Velthius 2003; Wherry 2012; Caliskan 2007, 2010; Fourcade 2011; Beckert 2011).

A key insight from this literature is that an actor's ability to set prices largely depends on the institutional design of the market (Beckert 2011). For example, pricing dynamics in a market where there are no regulatory restrictions on sellers will differ considerably from one where consumer rights are strictly protected. Similarly, for unauthorized sales of goods and services (e.g., counterfeit brand watches), price distributions will likely look different when providers are concentrated in a particular marketplace, making price comparisons easier, than if they are dispersed in space (Geertz 1978; Dewey 2012). Legal regimes, in particular, affect pricing processes by influencing valuation norms, which, in turn, shape prices (Dioun and Haveman 2017). "Pricing scripts" often emerge in response to the organizational set-up of a market (Velthius 2003), and actors follow or ignore these collective norms based on institutional practices around cooperation, enforcement, and sanctioning. Yet, because most studies typically examine pricing in legally-sanctioned markets, we lack a sound understanding of how the distinct organizational conditions of informal markets might influence actors' pricing behaviors.

Though there are no direct empirical studies of pricing in informal markets, several findings from the existing literature allow us to hypothesize about the characteristics of these markets that might affect pricing decisions. First, one of the defining features of informal markets is the high level of secrecy that characterizes their operations (Feige 1990:991; Gambetta 1996). A crucial consequence

of this secrecy is greater market opacity; customers may struggle to evaluate and compare the quality of the product or service, as well as its price in relation to alternatives available from other sellers. Moreover, informality also impedes the flow of information among customers, who refrain from sharing their experiences with peers either to avoid incurring penalties from authorities or because of the reputational costs of engaging in prohibited or morally dubious behavior (Rossman 2004). Yet, as Beckert and Dewey (2017) argue, transparency is far from a uniform quality in extra-legal markets; rather, it is a variable condition that changes depending on the level of state persecution and the specific structure of the market. Opacity is often higher in settings where the risk of persecution is high, as participants have more incentive to conceal their activities and thus avoid detection by state authorities. Under such conditions, the distribution of knowledge among actors will likely be more uneven, granting a comparative advantage in pricing decisions to those with greater access to and command of scarce information.

Second, economists have long argued that market competition shapes prices. Depending on the level of state oversight and repression, competition may be more or less limited in informal markets in two distinct (but related) ways. On the one hand, the high risk of persecution tends to deter risk-averse actors, reducing the number of sellers (and at times buyers) in the market. On the other hand, sellers are less inclined to advertise their prices publicly (Beckert and Wehinger 2013:16). Instead, advertising and marketing in informal markets often takes the form of face-to-face offers and personal favors (Gambetta 1996:46). For both reasons, competitive pressures to offer lower prices so as to attract more customers might be lower in markets where state persecution is high. Moreover, the inability and unwillingness to publish prices not only inhibits competitive pricing but also creates dispersed and uncoordinated pricing behavior (unless the market is controlled by a small number of suppliers or a monopoly). Thus, when competition becomes more limited, we might expect higher and more dispersed prices.

Third, actors in informal markets face different levels and types of "transaction costs" (Williamson 1981), depending on the level of law enforcement and sanctioning (Feige 1990; Beckert and Wehinger 2013; Holland 2016). On the one hand, unreported economic activity benefits from cost reductions by evading taxes and other regulatory expenditures as well as by enjoying reduced labor and operational costs. On the other hand, informal market actors confront unique costs since they need to avoid detection and sanctioning by authorities, which often makes it harder to communicate and cooperate in an efficient manner. Moreover, informal market actors need to find ways to maintain exchange in the absence of legal protections that are available to formal market actors (Gambetta 1996:42), and must seek compensation for the potential social costs of engaging in illegitimate or immoral transactions. These transaction costs tend to increase as a function of the level of state persecution, which could, in turn, drive prices higher. In addition, sellers might adopt different strategies for handling these additional transaction costs, which might, in turn, entail dispersed and varying prices for the same service or good (Dioun and Haveman 2017).

As discussed above, the legal status of exchange is a heterogeneous condition and, thus, the conditions that define informality in exchange relations should be considered as variables as well. For example, as the legal status of an exchange moves from being unreported or unlicensed to explicitly prohibited, or when law enforcement authorities move from indifference to active persecution of an activity, the effect of this change on pricing is likely mediated through one or several of the mechanisms discussed above: communication channels and information flows, competition among sellers, and/or transaction costs. From this perspective, pricing dynamics and other economic outcomes in informal markets might vary considerably depending on the specific situations of informality confronting market participants.

## III. Data and Research Design

The empirical data in this chapter comes from a combination of ethnographic and interview data from the qualitative fieldwork and a field experiment in the form of an audit study. Drawing on qualitative insights and findings, I implemented a field audit study to test specific questions related to brokers' pricing decisions. The audit study was conducted in Turkey in June 2018.

### *Qualitative Insights for the Field Experiment*

Researchers who engage in sustained fieldwork are uniquely positioned to identify unnoticed or unusual patterns in social behaviors, some of which may be measurable later on using other research techniques like field experiments or surveys. These empirical extensions to more traditional fieldwork approaches can allow researchers to test qualitative intuitions and generalize inductive findings. To this end, and following other recent ethnographic studies (e.g., Thachil 2017; Ranganathan 2018), I use grounded ethnographic insights to design and implement an experimental audit study on pricing dynamics in *hawala*.

I have already described in detail in the preceding two chapters how my fieldwork and ethnographic observations led me to identify differences in how brokers engage with NGO and refugee customers. Brokers developed highly personal and informal relationships with many of their refugee customers, with whom they often shared a local hometown back in Syria, whereas they typically interacted with their NGO in a remarkably professionalized manner.

My fieldwork also brought to light key differences in the way brokers conducted transfers to different parts of Syria. First, brokers categorized their transfers according to whether the destination was in a government- or rebel-controlled territory. Syria's territory was effectively divided into zones controlled by the government and those controlled by various rebel groups, and the legal status of *hawala* activities varied substantially across these areas. In government-held areas only a small number

of businesses were authorized to conduct money transfers, and only on the condition that they imposed limits on transfer amounts, used highly unfavorable official exchange rates, and meticulously documented and reported their activities to government authorities.[35] The vast majority of *hawala* brokers in these areas therefore operated *against the law*; they were run in secret and the Syrian state actively sought to persecute and penalize their activities. The consequences of getting caught by the authorities in government-controlled areas could therefore be severe, as one broker explained: "If someone was charged with [working in] *hawala*, he will be treated as a terrorist. At best, a lot of money will be spent [as bribes] to release the.m"[36] In fact, over the course of my fieldwork, at least three brokers and one customer in my contacts' networks were arrested in government-held areas and put in prison for engaging in *hawala* activities. In contrast, no political authority had the regulatory capacity or willingness to monitor the money transfer market in rebel-held areas; brokers in these locations therefore operated with relative impunity.

The more punitive legal environment in Damascus and other areas under the control of the government forced brokers into the shadows, resulting in a crucial logistical difference in *hawala* operations there. Dealing with foreign currencies is strictly prohibited and punished, and, from the perspective of brokers, constituted one of the most visible forms of evidence against them if they were to get caught. As one broker stated: "If you got stopped in Damascus and they find dollars with you, you will definitely be in trouble. You'd be very lucky if they kept the money and let you go." As a result, in government-controlled areas, brokers typically only collected and distributed money in the local currency, the Syrian Pound. In rebel-controlled areas, however, no such restrictions existed, and

[35] These official companies only facilitate transfers to and from, and within, the government-held areas. Because of Turkey's support for rebel groups, any transfer from Turkey raises red flags for the Syrian authorities and incurs prohibitive fees, making it practically unusable. When I visited the branch of an international company in Istanbul to inquire about sending money to Damascus, I was told plainly that I should "ask around for better and cheaper alternatives," implicitly a recommendation to use *hawala*.

residents and brokers freely dealt in US dollars. This operational difference had a direct impact on pricing in *hawala* since, in cases where brokers performed currency conversions it created an additional step in their pricing decisions, and introduced an additional component to the overall price in the form of an exchange rate premium.

*Field Experiment Design*

To further probe these qualitative insights, I designed and conducted an experimental audit study to test the impact of transfer destination and customer type on brokers' price-setting behaviors. Given their close approximation to real-life situations, the use of audit studies in sociological research has allowed scholars to directly measure the impact of (racial, religious, and gender) discrimination in labor market settings (Pager 2007; Gaddis 2018). Particularly when combined with qualitative fieldwork, audit studies offer a powerful means with which to identify patterns and mechanisms in important decision-making processes (for an exemplary study that adapts a similar design, see: Ranganathan 2018). Yet, despite the crucial impact of pricing on outcomes like wealth distribution and customer welfare (Beckert 2011), surprisingly few studies have leveraged audit designs to study pricing and price discrimination. Moreover, to my knowledge, no scholars have adopted this method to study behavior in informal and illegal markets, in part because the participants involved in these transactions tend to hide their activities (Feige 1990; Gambetta 1996).

I leverage a unique source of data in *hawala* to circumvent this problem. In Turkey, *hawala* activities are largely overlooked and tolerated by the government, allowing many Syrian *hawala* brokers to advertise their services online. By researching informational websites tailored to the needs of the Syrian diaspora living in Turkey and social media platforms like Facebook and Telegram, I was able

**Table 6.1: Structure of the Audit Study**

| Source of variation | Types | Key characteristic |
|---|---|---|
| Customer identity | Refugee | Remittance money |
| | NGO | Aid money |
| Destination | Idleb | Permitted |
| | Damascus | Prohibited |

to collect information on 183 brokers that included their phone numbers and locations in Turkey.[37] Of these 183, 144 numbers were in active use.

Following the qualitative insights, I tested two major sources of variation that might affect pricing behavior in *hawala* transactions: the transfer destination (government versus rebel-held territory) and the type of customer (refugee versus aid organization).[38] I trained two male Syrian research assistants to conduct calls over the phone pretending to be customers inquiring about potential transfers to Syria. This resulted in two rounds of calls to each of the 144 brokers, with a minimum of one week in between calls to the same broker to avoid raising suspicion. In one round, the caller claimed to be an individual seeking to send money to his family in Syria. In another round, the caller presented himself as a representative of an aid organization and inquired about sending aid money to finance relief programs in Syria.[39] This difference in the type of customer added an experimental dimension to the study. Furthermore, to probe the effect of different legal environments in the transfer destination, I selected one destination in each of the government-controlled and rebel-held areas: Damascus, the capital city under government control, where *hawala* and any unauthorized transactions in a foreign-currency are prohibited and criminalized, and Idleb, the largest city under

[37] The location data is typically at the city-level across Turkey.
[38] To get a fuller picture of pricing scales, callers inquired about two transfer amounts ($200 and $500 in the case of individuals and $500 and $5000 in the case of NGO customers). The individual amounts match the amounts used in World Bank Remittance Prices Worldwide. Here I only report price quotes on transfers of $500 to facilitate direct comparison between customer types.
[39] The order in which a caller posed as an individual or an organization for the same broker was randomized.

rebel control, where *hawala* is not registered with or monitored by any political authority and transactions in foreign currencies (almost always US dollars) occur routinely.

We obtained 109 and 103 responses, respectively, in the two rounds of the study, with a total of 93 matched responses (i.e., brokers who responded in both rounds). This entailed a response rate of 74% and a total of 848 transaction-level observations.[40] Importantly, at the time of the study (June 2018), both cities had largely been free of direct conflict for some time, allowing us to distinguish the effects of different legal regimes from the additional effects of conflict.

Callers asked about the two components of the price in a given transfer, the transfer fee and the exchange rate, as well as the speed of the transfer and whether the money could be delivered in US dollars (as opposed to the local currency, the Syrian pound). Evaluating the transfer fees charged was straightforward, as these were quoted either in fixed dollar amounts or as a percentage of the transaction amount. However, in evaluating the implicit fee charged through exchange rate differentials I had to compare the quoted exchange rate to a benchmark market exchange rate and calculate the exchange rate premium. Like most market actors in Syria, brokers do not rely on official exchange rates in conducting their business, but rather use black market rates. Tracking these rates is often difficult, particularly because the value of the Syrian Pound not only fluctuates temporally but is also highly localized. In other words, the black market exchange rate for the Syrian pound in one location might differ significantly from the rate in another, and these discrepancies are particularly pronounced if the locations are controlled by different political authorities (e.g., the government versus rebels). To effectively measure the exchange rate premium in *hawala* transfers, therefore, one cannot simply refer to the official exchange rate. I therefore gathered data on daily black market currency rates for Damascus and Idleb from a Facebook page that publishes rates for multiple cities

[40] The non-responses were primarily cases where the call was never answered after repeated attempts. A few brokers refused to give quotes on the phone and instead invited us to their offices to discuss in-person.

in Syria on a daily basis. The page is frequently used by *hawala* brokers to look up black market rates and several of my interlocutors referred me to it when I asked for a reliable source of black market rates. In the price calculation, I subtract the local sell rate obtained from this source from the exchange rate offered by the broker for a specific transfer. When the broker gives the option of delivery in US dollars, eliminating the need for conversion, this rate is assumed to be zero. Lastly, I use this exchange rate differential to calculate an implicit exchange rate cost for the transfer.[41]

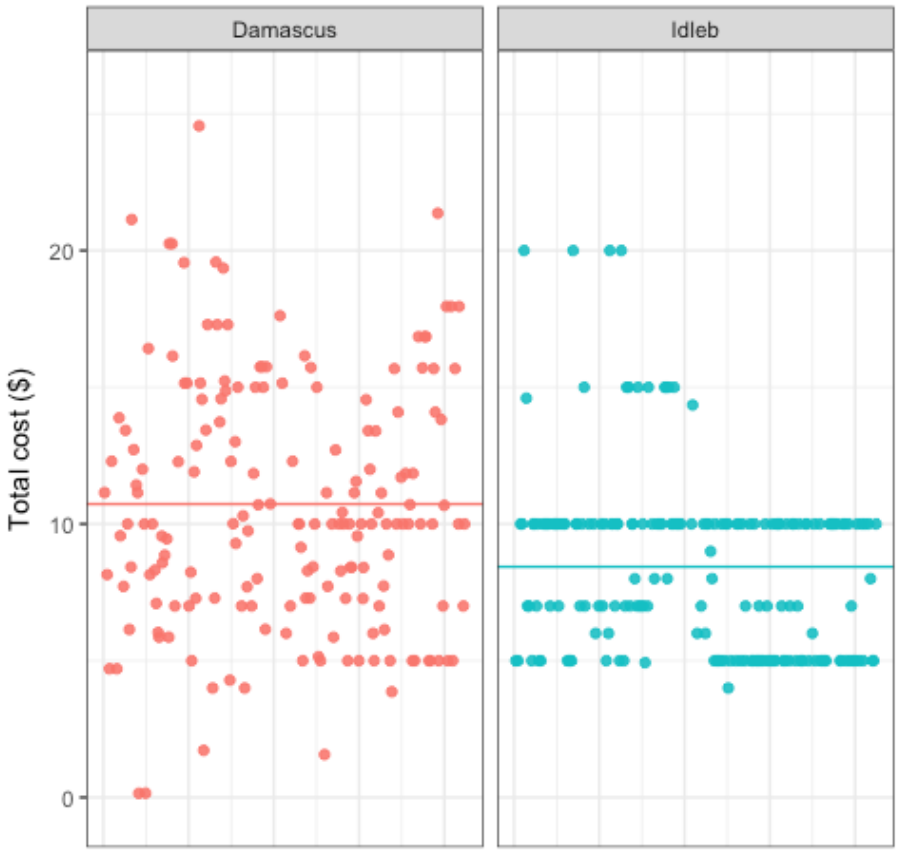
The audit study is a good approximation of how a significant number of customers go about finding brokers and sourcing prices, as described in the previous chapters. By and large, customers rely on two techniques to identify brokers: they rely on their social connections or they draw on the websites and online platforms that I used for the study. Though we typically think of informal markets as settings in which search happens through personal relationships, increasingly many informal market actors are taking advantage of the spread of digital technologies to advertise and search for services. In *hawala* I found that customers usually resorted to these online sources when they lacked an existing relationship with a broker or when their broker was temporarily unavailable. The audit study therefore captures relatively well how search actually happens in a significant portion of this informal market. That said, I also rely on qualitative data to validate that the findings from the study are applicable to instances of search using personal relationships.

## IV. Results

I present four main findings from the audit study: two sets of results related to the mean price and two related to the dispersion of prices. For the purposes of this chapter, I only use data from

[41] For example, if the black market rate is 500SYP/$1 and a customer is quoted an exchange rate of 490SYP/$1 for a $100 transfer, the implied cost is 10SYP*$100 / 500SYP = $2.

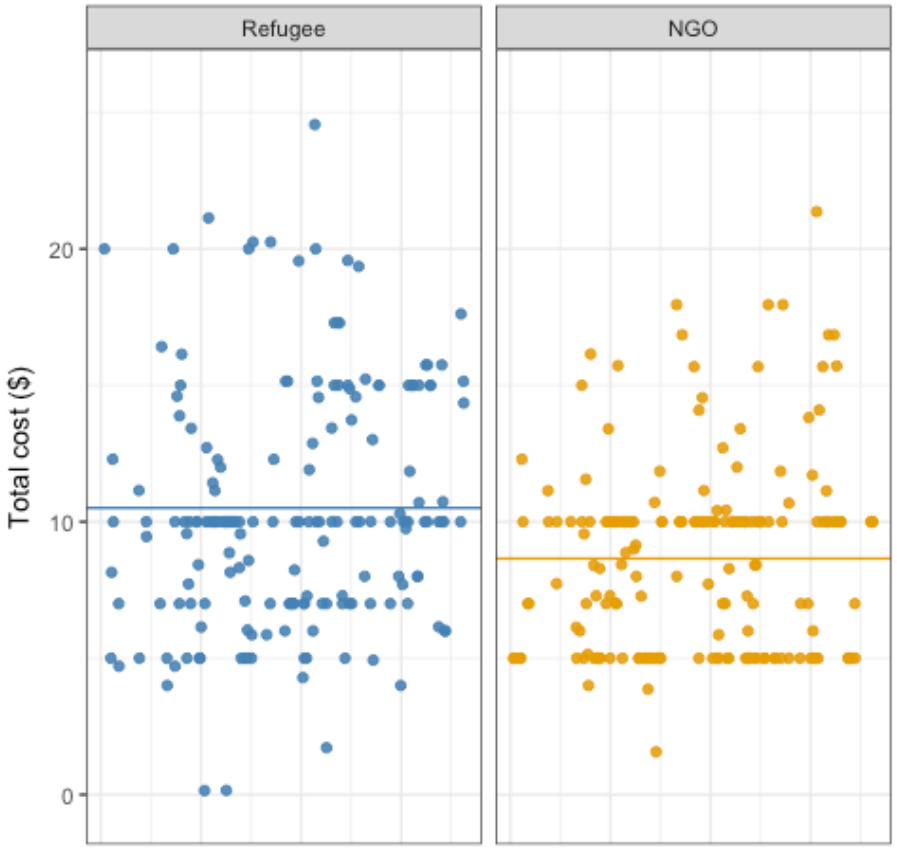
**Figure 6.1: Transfer Prices by Destination ($500)**




matched responses (n=93), i.e., responses from brokers who answered calls from both the refugee customer *and* the NGO customer.

Figure 6.1 compares prices for transfers to Damascus and Idleb. The figure shows the distribution of all the prices collected in the study (transfer fee plus the exchange rate differential) as well as the mean price (as represented by horizontal lines) for a transfer of $500 to Damascus and Idleb, respectively. First, the price dispersion, as measured by variance in prices, is higher for transfers to Damascus (var = 23.0) compared to those directed to Idleb (var = 10.6). The ratio of these variances stands at 2.2 and is statistically significant ($p < 0.001$). This trend in the dispersion of prices reveals that both the cheapest and most expensive transfers in the data are headed to Damascus. Remarkably,

**Figure 6.2: Transfer Prices by Customer Type ($500)**




there is no price that falls below the $5 level for transfers to Idleb. In the case of transfers to Damascus, however, there are at least two quotes that offer essentially free transfers (the cases where favorable exchange rates offset the transfer fee). This finding indicates that brokers seem to be price-takers for transfers to Idleb, with 91 percent of prices falling between $5 and $10 and many prices clustering along these price bands. In contrast, brokers seem to use far more discretion in setting prices for transfers to Damascus, where the range of prices that fall within the same range is only 48 percent.

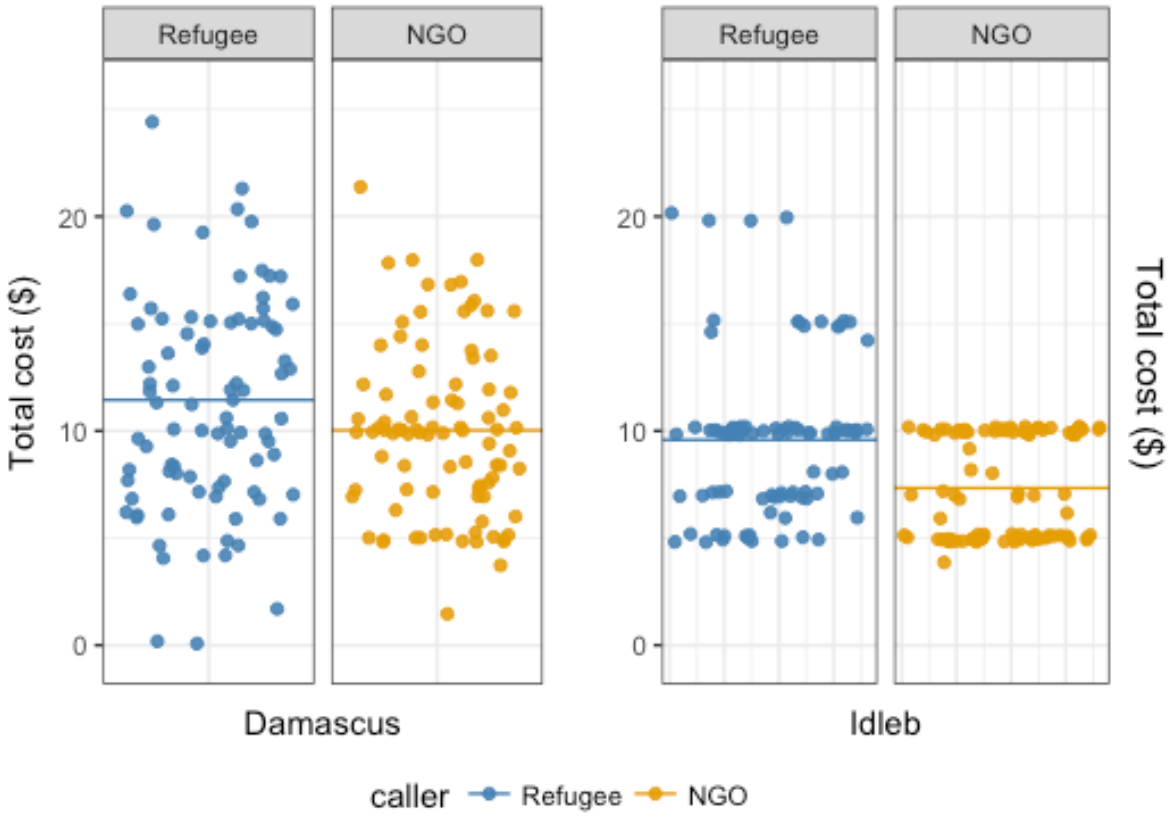
Second, regardless of the identity of the caller, the cost of transferring money to Damascus, where *hawala* is prohibited, is on average higher than the cost of transferring the same amount to Idleb, where *hawala* is permitted: $10.70 versus $8.40. This cost differential of $2.30 represents a 27 percent

increase in the price and is also statistically significant ($p < 0.001$). Although the cheapest transfers seem to be going to Damascus, the price of transfers to Idleb seem to be cheaper on average. This difference is clearly driven by the overall uniformity of prices for transfers to Idleb.

Do brokers distinguish between different types of customers? Figure 6.2 displays the distribution of all prices as well as the mean price for two types of *hawala* customers: refugees and NGOs. Regardless of the destination, brokers use more discretion in setting prices for refugees, resulting in more dispersed prices (var = 22.1) than those for NGOs (var = 12.4). Specifically, prices diverge 1.7 times more for refugee customers than they do for NGO customers ($p < 0.001$). Eighty percent of price quotes for NGOs fall within the $5-$10 price range, compared to 60 percent for refugees. As in the case of high-dispersion context of Damascus, this higher dispersion once again translates into higher cost for refugees. On average, brokers charge a higher price to refugees ($10.50) compared to the price they charge to NGOs ($8.70). This price difference of $1.80 is statistically significant ($p < 0.001$) and represents a 21 percent premium.

To further probe these findings, I examine how these two dimensions (location and customer) interact with each other. Figure 6.3 disaggregates the results by destination and customer type. The figures show that price convergence is highest when the customer is an NGO and when the destination for the transfer is Idleb, suggesting that brokers display much less discretion over prices in this situation. All prices for these transactions fall within the $5-$10 range, and many fall directly on these two bands. For transfers to Idleb, only refugee customers pay a cost that exceeds a $10 price level. The ratio of variance for Idleb transfers by refugees and NGOs is 2.4 ($p < 0.001$). Importantly, the level of price convergence for NGOs is somewhat attenuated when they seek to transfer money to Damascus. For this destination, the ratio of variance between NGOs and refugees is only 1.7 ($p = 0.04$), highlighting brokers' tendency to use more discretion and act as price-setters in general for transfers to Damascus when compared with those to Idleb.

**Figure 6.3: Transfer Prices by Destination and Customer Type ($500)**




A second finding emerging from Figure 6.3 is that sending money to a location where *hawala* is prohibited (Damascus) drives prices up for all customer types. Yet, more of this cost falls on refugee customers than on NGOs; refugees pay on average $11.40 to transfer to Damascus, 14 percent more than the $10.00 price paid by NGOs ($p = 0.05$). Surprisingly, however, price discrimination is even more pronounced in Idleb, where NGOs pay only $7.30 on average, a 34 percent discount compared to the price charged to refugees ($9.58) ($p < 0.001$). In other words, NGOs pay essentially the same price for transfers to the more expensive destination, Damascus, that refugees pay for transfers to the cheaper destination, Idleb.

**Table 6.2: Summary of Findings**

| | Customer type | |
|---|---|---|
| **Destination** | NGO | Refugee |
| Idleb | • Lowest price<br>• Lowest dispersion | • Mid-level price<br>• Mid-level dispersion |
| Damascus | • Mid-level price<br>• Mid-level dispersion | • Highest price<br>• Highest dispersion |

## V. Discussion

What explains these patterns in brokers' price-setting behavior? In this section, I draw on my interviews and ethnographic observations, as well as additional evidence from the audit study, to unpack the mechanisms that drive this variation in *hawala* prices. I specifically seek to identify mechanisms that might explain the four key findings emerging from the analysis above: 1) prices for transfers to Damascus are more *dispersed* than those for transfers to Idleb, 2) prices for refugees are more *dispersed* than prices for NGOs, 3) prices for transferring money to Damascus are *higher* on average then prices for transfers to Idleb, and 4) prices for refugees are *higher* on average than prices offered to NGOs. Table 6.2 above summarizes these findings.

Reading the qualitative data in light of these findings, I propose that these patterns are best explained by brokers' differential assessments of what they identify as the two crucial aspect of an exchange situation: 1) the partner to exchange, and 2) the context of exchange. Crucially, these two factors conditioned brokers differential use of discretion in pricing their services. First, the nature and demands of the particular monies that different customers sent through *hawala* shaped their

relationship and engagements with brokers and, thus, patterned the prices that they were offered.. Brokers were more willing to follow pricing norms and offer more standardized prices to NGOs, with whom they had more professionalized relationships. In contrast, they tended to resort to discretionary pricing when offering prices to refugees, with whom they had more personal and informal relationships. What the audit study further revealed is that these more standardized pricing behaviors placed NGO customers in a more favorable position than refugee customers; because brokers offered NGOs what they perceived to be the standard market price, overall, NGOs ended up with lower rates.

Second, the punitive legal regime in Damascus increased secrecy in informal *hawala* operations and raised the opacity of transfer prices. All the brokers I met told me their transfer prices depended on "the situation" [*wadaa*] in the destination location. This general term referred to two contextual factors: conflict-related conditions and whether the area fell under government-control or not. Given that neither Damascus or Idleb were experience conflict at the time of the study, the only major contextual difference between these locations was the nature of the governing authority. The operational differences for *hawala* in Damascus (and in government-controlled areas in general) created a hidden cost component in the form of an exchange rate premium, which was much less legible to customers compared to the explicit transfer fees. It also introduced more room for variation and discretion in pricing decisions, as brokers could choose which black market exchange rate to use, highlighting the importance of "contextual knowledge" in pricing decisions (Aspers 2006). This use of discretion in setting these hidden exchange rates resulted in greater price dispersion, and higher overall prices, for transfers to Damascus.

*Refugees vs. NGOs: Pricing Multiple Monies*

The results of the audit study reveal that brokers did in fact adapt their pricing behavior when interacting with distinct types of customers. These choices manifested themselves in lower and more

uniform prices for NGOs, and higher and more dispersed prices for refugees. In this section I explain why the differences that these two types of customers received is driven primarily by brokers' varying use of discretion.

NGOs sending aid money through the system typically sought a more formalized relationship with brokers, as Chapter 5 documented. Brokers' efforts to incorporate these expectations and formalize their market relationship with NGOs extended to their pricing practices; they were more likely to adapt standardized pricing behavior when interacting with NGO customers. They did this in part because they knew that NGOs conducted due diligence and market research, meaning that they were more likely to know what other brokers were charging. In contrast, refugees sending remittance money were more accepting of the informal nature of *hawala*, which allowed them to access the system without onerous documentation requirements and to send money discreetly. This, in turn, led brokers to adapt a more individually-tailored approach to their relational work with refugee customers. In their interactions with these customers brokers were therefore more likely to evaluate and form judgments about their unique situations, leading them to also adapt more discretionary pricing behavior.

Interviews with brokers who routinely conducted transfers for aid organizations revealed that they deliberately adopted more standardized pricing approaches. Many brokers described a "pricing scale," for instance, when I inquired about how they charged NGO customers. One broker in Istanbul explained how he set prices for organizations as follows: "I take $4 for every $100 for instance. But of course amounts of $100, $200, $300, these are normal amounts. I take only a certain amount from them (*raqam muayyene bes*). But of course, if we're talking about large amounts of money being transferred this way, it is all a proportion [*nisbe*]. […] when we're talking about big amounts, like $10,000 or $100,000, then it is more like three, four, or five percent for every $1,000. We also discuss: Where is the destination? What is the method of delivery? This is all based on the agreement with the organization."

Another good example of brokers' uniform pricing for NGO customers is their use of flat, per-employee pricing schemes, which I described in the previous chapter. In other cases, brokers charged the organization a flat fee for each sub-district where they sent money, which, like the per-employee fees, did not vary according to the specific amounts. Other brokers, including Hajj, only occasionally made *ad hoc* transfers for aid organizations, which usually involved a transfer to a hard-to-reach location where they were a "specialist." However, even in these cases, brokers switched to a more professional style when explaining their transfers to customers, invoking terms like "market price" and "agreement" in a quasi-contractual sense. Hajj, for instance, occasionally did transfers for an aid organization that ran education programs in Idleb's Khan Shaikhoun, and when I inquired about how he set fees for this organization he explained that they had a general "agreement" [*ittifaq*] and that he just used a "regular" price scale based on the amount.

In contrast, when I asked brokers about their ordinary Syrian customers who sent money to their families, they often went on at length about each of these customers' "special circumstances," which they said dictated the terms and prices for these transfers. When I asked brokers to explain how they determined what transfer fee to charge, they often stated, in the words of one broker, that it "depends on the person, and depends on their situation." This broker went on: "If I know they have hardship I charge less. […] For friends I'll do it for free at first, but sometimes then I start charging. And if they're doing okay then I charge them a bit more." Zein told me that he would even "ask around" to gather more information on new customers, especially if they were asking to send a hefty amount: "Sometimes I ask the person [who wants to send money]: 'give me one hour, half an hour, five minutes.' And I ask the person in *Deir* [destination location] about him. Why does he need this money? [If] he has a problem like an urgent medical [surgery], I give him directly the best rate. [If] he needs it to buy a house, I make it a little harder [by charging more]."

Similarly, Hajj charged different fees even for the *shabab* who stayed in his dorm, depending on his judgment of their circumstances, despite the fact that the *shabab* might share this information with one another. As I explained in Chapter 4, Hajj often charged no fee for Mahmoud, who was sending whatever he could save back to his family living in an IDP camp in Syria. In contrast, Hatem, who Hajj judged to be doing better with a stable job, told me he thought Hajj's rate was too high, causing him to temporarily switch brokers. Moreover, brokers also assessed the purpose and nature of a transfer. Hatem for instance told me Hajj did not charge him for his *zakah* transfers during Ramadan. During one of our more structured interviews, Hajj told me that he did not charge for transfers to "relatives and friends" or those that were for charity: "I still don't take fees from people I know, like relatives and friends. Or people that I know are sending money to refugee camps for charity. I don't charge them either. […] Their condition is very dire."

However, brokers' use of discretion toward refugees did not always benefit these customers, which explains why refugees received not only the lowest but also the highest price quotes in the audit study. Irfan, the *Deiri* broker from Zein's network, for instance, admitted that he charged higher fees when he detected "a sense of urgency" in the customer's tone. He explained how he approaches these situations as follows: "Look I just had someone who wanted to send ₪8,000 and he has to send it quickly due to some issues. I took ₪100 from him. But normally it could be [as low as] ₪30-₪40. He [the customer] said take whatever you want but send the money." I asked Irfan if he would still charge more if the amount was smaller: "If it's like ₪500 or less […] tomorrow or two days later there's no big change, I take ₪10. But again if you are in a hurry I will maybe take ₪20." Importantly, however, when I asked Irfan whether he charged fees for *zakah* payments during Ramadan, his response was emphatic: "No, no, no I don't. Never [*Abadan*]. I do it for free." Others emphasized that even though they charged more in particular situations these pricing practices did not constitute "cheating" and

were not ethically problematic. A broker in Lebanon who was based right across from his Syrian hometown on the other side of the border justified his use of discretionary pricing as follows:

> GG: Do you charge different fees for your ordinary Syrian customers?[42]
> Broker: Yes. How? If one is trying to be smart, or rather sometimes a cheater. After all, the price is the price. It needs to be the same for everyone. But there are good things and bad things like in every business. I am so-so. I am sometimes good, sometimes not. It depends on the person. But I don't know. I hope God forgives me. Everybody works this way. But if I see someone poor, I won't do it. Because I have a child and I'm scared. Some people do it. They may even give fake money. But God punishes them. They will lose their money, their business. You won't stay long in this business if you cheat.

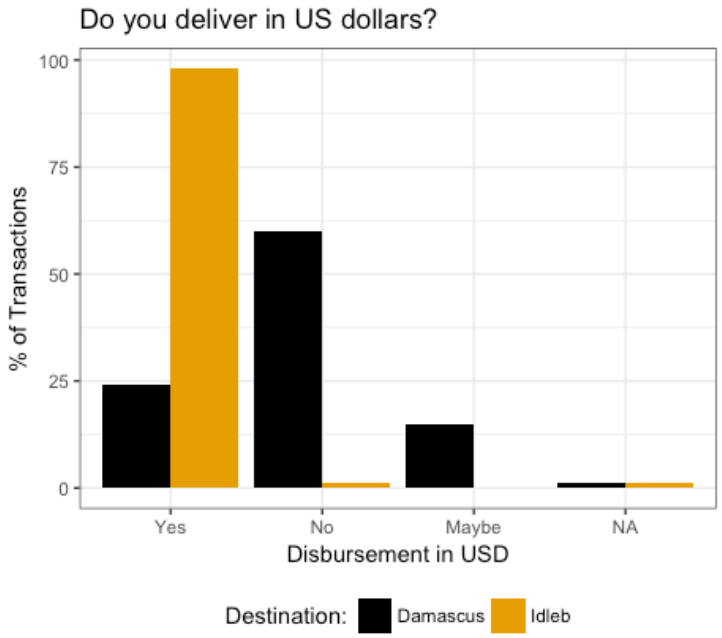
As these examples and quotes indicate, brokers' discretionary pricing behavior vis-à-vis refugee customers could go in both directions, resulting in both below-market and predatory prices, depending on how they perceived and judged the particular situations of their customers. In contrast, brokers recognized that NGOs preferred a more professional relationship and would expect to receive a more standardized market price. As a result, NGOs were much less likely to receive discretionary prices, either of the very low or very high variety.

*Damascus vs. Idleb: The Hidden Cost of Illegality*

Next I explain how differences in the legal context of exchange impacted brokers' use of discretion in pricing and drove differences in prices for transfers to Idleb and Damascus. Though all the brokers in the audit study were based in Turkey, where the state largely overlooks their informal transfer activities, their partners inside Syria operated under conditions that varied according to the stance of the relevant governing authority. As discussed earlier, in interviews and conversations brokers often emphasized that there were major differences in whether their partners in Syria were operating under government-controlled areas or rebel-controlled areas. A primary difference was that

[42] Brokers distinguished their ordinary Syrian customers as "ashkhas aadeyeen," ordinary people, and thus I adopted this language when I probed about these customers.

**Figure 6.4: Disbursement in US Dollars, by Location**

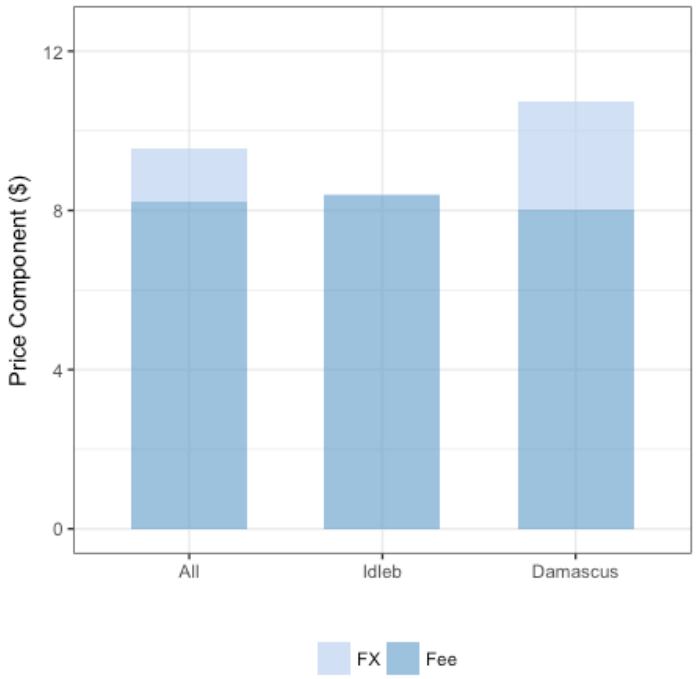



in Damascus delivery of currency always happened in the local Syrian pound, due to the risks for brokers of carrying US dollars, whereas in Idleb distribution in dollars was the norm.

Figure 6.4 confirms this insight; it represents the distribution in brokers' responses to the question of whether or not they offered deliveries in US dollars. While brokers followed a strict norm for transfers to Idleb and almost always offered disbursement in US dollars, only a quarter of them offered this service for transfers to Damascus.

This key operational difference meant that most transfers to government-controlled Damascus required a currency conversion from US dollars into Syrian Pounds, creating an opportunity for brokers to make additional money by charging an exchange rate premium. A direct way to evaluate the effect of this additional cost is to decompose total prices into their main components: the transfer fee and the exchange rate premium. Figure 6.5 presents the two price components (fees and the exchange rate premium) for all transfers, transfers to Idleb, and transfers to Damascus. Importantly, there seems to be no difference in terms of what brokers charge as a fee for the two destinations. In

**Figure 6.5: Price Components (Fee and Exchange Rate Cost) by Location**




fact, transfer fees to Damascus are slightly lower than those to Idleb (though the difference is not statistically significant). Instead, the price differential we observed in the earlier figures comes entirely from the exchange rate premium.

This exchange rate premium not only created a hidden cost for transfers to Damascus but it also introduced more uncertainty into the pricing process, leading to more opportunity for discretionary pricing. First, unlike the more stable and legible nature of the flat transfer fees, exchange rates during the Syrian conflict fluctuated daily or even hourly, and could show great variation based on a particular location. As a result, brokers themselves used dynamic and diverse sources of information to track exchange rates. For instance, many brokers relied on their personal networks to source exchange rates, calling local contacts in Syria to discover the black market rate at a particular time and place. Other brokers relied on one of several social media sites or messaging apps (like the one I used to calculate the exchange rate premium in this study). This uncoordinated and unstable

nature of black market exchange rates made this component of the price more subject to discretion by brokers in their pricing interactions.

Second, in a typical *hawala* transfer, the broker in the receiving location where the conversion happened was the one who set the exchange rate in a transfer. Once this quote was received, the broker in the origin location (i.e., the subjects in the audit study) would generally use this rate directly. (In some instances they might introduce an additional premium, but I found this practice to be quite rare.) Thus while a transfer to Idleb involved one decision-maker, who set the transfer fee directly, a transfer to Damascus often involved a second decision-maker one, introducing more potential for discretion in determining the total price.

Finally, brokers generally did not quote the exchange rate premium to customers unless they asked for it (which they rarely did). In routine encounters that I observed in brokers' workplaces or when I accompanied customers on their visits, brokers typically quoted only the transfer fee that the customer needed to pay on the spot. Most customers never inquired about the exchange rate, and during interviews or after these visits when I raised this issue, many of them seemed puzzled or dismissive. They either admitted that they hadn't thought about it and/or underplayed its importance, suggesting that the brokers were surely using a "market rate" for the transfer (as opposed to the official rate, which they rejected outright as fabricated and unrealistic). While customers might have had access to local contacts or social media sources that would allow them to inquire about these black market exchange rates, they rarely conducted this type of additional research. As I myself discovered, it required time and experience in the market to learn about which sites were accurate, timely, and reliable. Ultimately, because customers (refugees and NGOs alike) were less likely to inquire about this component of the price, brokers tended to simply use the exchange rates set by their partners in

Syria and, at times, did not even inquire themselves about the exchange rate that was used to distribute the final amount in the local currency.[43]

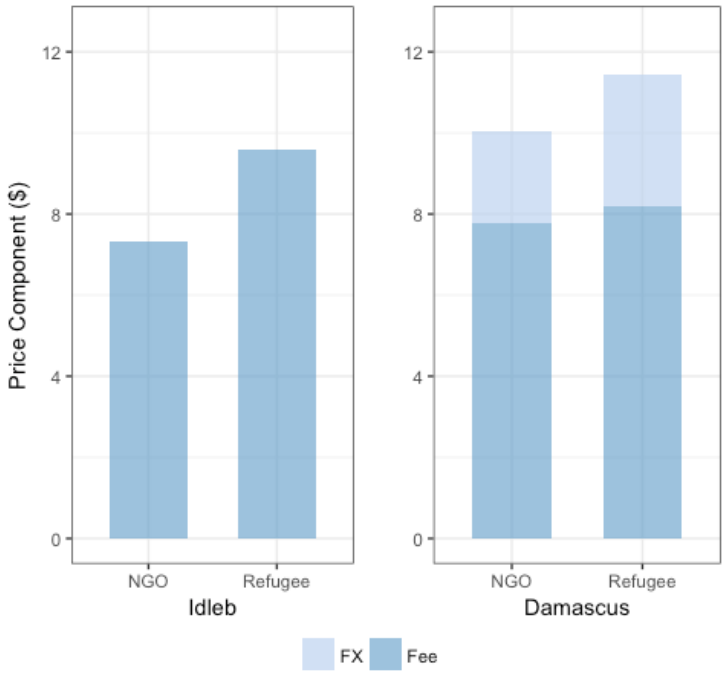
In this way, the heightened illegality of the Damascus context had a somewhat counter-intuitive effect on brokers' pricing practices. Rather than undermining or hurting their business, illegality actually granted them more discretionary authority. This dynamic was brought to light during a customer visit I observed at the office of an established *hawala* broker in Istanbul's bustling business center, Aksaray. During the visit the broker explained a common marketing strategy to his customer, who happened to be from his neighborhood back in Damascus and was hoping to retrieve the cash from the sale of his apartment in the amount of 25,000,000 SYP (equivalent to ~$50,000 at the time). Warning him to be careful (and clearly promoting his own services), the broker explained that most brokers try to cheat customers by offering a cheap transfer fee and "ripping [them] off with the exchange rate." In fact, I did find evidence of this practice in my research, with unusually low transfer fees usually accompanied by highly unfavorable exchange rates.[44] This opportunity to bake the exchange rate premium into the price for transfers to Damascus gave brokers more discretion in setting prices, allowing them to charge higher prices without driving customers away or suffering reputational costs.

What this discussion demonstrates, then, is that in setting prices, market actors actively evaluate the particular situation of exchange, including the needs and expectations of different exchange partners and the special circumstances of the context of exchange. The higher and more dispersed prices in illegal market settings reflected the fact that brokers had more authority to use discretion when setting exchange rates, a largely hidden component of the price, than they did when

[43] They simply entered the dollar amount in their accounting records since they only used these amounts for broker-to-broker settlements.

[44] Note, though, that brokers did not seem to do this on average – at least not according to the data in the audit study. As Figure 6.5 above makes clear, the transfer fees for Idleb and Damascus were actually nearly identical.

**Figure 6.6: Price Components by Location and Customer Type**




setting transfer fees. In such situations, strict legal enforcement might in fact create conditions that exacerbate asymmetries between exchange partners. Sellers, who often have more reason to invest in retrieving relevant information and building useful connections, end up having more opportunities and resources to acquire up-to-date information on market conditions vis-à-vis buyers, who are often less motivated to undertake these extensive investments for a single transaction (Aspers 2006). Moreover, secretive environments ensure that sellers, as the more powerful party in the exchange, are better positioned to frame and "define the situation" of exchange (Baker, Faulkner, and Fisher 1998:153). The patterning of prices in *hawala* transfers reflects these differences in partners to exchange and contexts of exchange, and demonstrates how their specific nature can condition brokers' decision-making processes in concrete transactions.

One remaining question is how the dynamics of customer type and transfer destination interact. In other words, how much do NGO customers maintain their comparative advantage when faced with the hidden costs of transferring money to Damascus? Figure 6.6 sheds light on this question

by comparing the breakdown of price components for NGOs and refugees by destination. The results point to several implications. First, in Idleb, where the price is composed entirely of fees, brokers' uniform price quotes translated into large discounts for NGOs. In Damascus brokers still charged lower and more uniform prices to NGO customers. However, in this context, these differential levels were driven almost entirely by the more opaque exchange rate premium, while transfer fees remained virtually identical for both customers. Second, in Damascus, where the price of transfers was composed of both fees and exchange rate costs, NGOs lost some of their comparative advantage in prices. Not only did they receive, on average, lower discounts (14% in Damascus versus 34% in Idleb), but brokers seemed to display more discretion in setting prices, resulting in higher price dispersion. In other words, the pricing norms that created such strong convergence in Idleb were less robust for transfers to Damascus, because of the greater market opacity in this context, which gave brokers particularly more discretionary authority.

## VI. Alternative Explanations

In the discussion above I proposed that brokers' differential use of discretion, based on their exchange partners and context of exchange, best explains the empirical patterns in prices for informal *hawala* transactions. Here I evaluate two alternative explanations that could also explain these patterns: transaction costs and market competition. As discussed in the theory section, research on informal markets suggests that informality has implications for both transaction costs and competition, and that both of these factors could impact pricing. Below I evaluate how well these explanations can make sense of the observed pricing patterns, using both qualitative data from my fieldwork and data from the audit study. I find that though these alternatives can explain some of the observed pricing patterns, all in all, they fail to account for these trends as comprehensively and robustly as does the discretion mechanism.

*Transaction Costs*

Oliver Williamson's (1981:552) influential approach on transaction costs emphasizes that "frictions" in exchange such as conflicts, misunderstandings, opportunistic behavior, and malfunctions may impede the efficiency of market operations (Williamson 1981:552). When economic actors cannot solve these inefficiencies the cost of transacting may go up. From this perspective, the higher average prices reflected in the audit study might be a function of higher transaction costs. This could particularly be the case for transfers to Damascus, where the heightened risk of persecution may introduce the kinds of market frictions that Williamson highlights, driving up the cost of transfers. Moreover, the dispersion in prices in Damascus could be explained by the relative abilities of brokers to absorb and manage these costs, which could create heterogeneity in the organization of exchange (Dioun and Haveman 2017).

While a transaction cost mechanism can explain the high-level difference in prices between Damascus and Idleb, other patterns in the data do not support this explanation. First, if brokers are facing additional operational costs in regime-controlled areas like Damascus we would expect this cost to be reflected in transfer fees, which is the component of the price that, according to interviewees, is supposed to reflect the operational costs of the transaction. However, as Figure 6.5 demonstrates, the price hike in transfers to Damascus comes entirely from the exchange rate differential. Moreover, if we look only at those brokers who do deliver in US dollars in Damascus we find that their transfer fee is almost identical to the average fee charged for transfers to Idleb ($8.08 versus $8.40, respectively). Second, transaction costs cannot explain the customer-level variation in prices. Qualitative data suggests that it is in fact conducting business with NGOs that typically introduces additional costs for brokers (e.g., demands for receipts, documentation of receiver's ID, distributing payments across multiple individuals). Brokers also face a higher risk of persecution for transacting with NGOs, as the Syrian government considers these organizations threatening and may be more

proactive in trying to detect and punish those facilitating their transactions. Third, the potential heterogeneity in operational costs cannot easily explain the higher price dispersion for refugees, who, in fact, constitute a less costly and less risky type of customer. Thus transaction costs do not provide a compelling explanation for why and when brokers adapt their pricing behavior in their informal transactions.

*Competition*

Competition provides another alternative explanation for the observed variation in brokers' pricing behavior. The economics literature provides conflicting arguments about how competition might influence price levels and, particularly, price dispersion in markets. Following Baker et al. (1998), I consider two ways in which competition can impact market outcomes like pricing: sellers' behavior and the market structure (Baker *et al.* 1998:152). First, in more competitive markets, the number of sellers is greater, creating rivalry for potential buyers, which can drive down prices. Second, competitive markets are marked by particular conditions of exchange: for example, they have few barriers to entry, allowing small sellers to enter the market, and greater market transparency, allowing buyers to more easily compare offers (Baker et al. 1998). Literature on price discrimination (i.e., situations where sellers offer different prices for identical goods or services based on the characteristics of buyers) suggests that these types of competitive markets can lead to price differentiation for different customers (Verboven 2008). Competition can create pressures on sellers to distinguish between customers based on their demand elasticity (i.e., how much a customer is willing to pay), leading to price discounts for certain types of buyers. Or it can mean that sellers try to "poach" certain particularly desirable types of customers by offering lower prices than their rivals (Borenstein and Rose 1994; Verboven 2008; Gerardi and Shapiro 2009).

Applying this framework to the pricing patterns in Damascus and Idleb, we might argue that the *hawala* market in Idleb, where no political authority monitors brokers' activities, simply has more brokers and is therefore more competitive compared to the illegal market in Damascus, and that this explains the latter's higher prices. While we lack definitive empirical data on the number of brokers who operate in Damascus and Idleb, if this were the case, we would expect to find more brokers in the audit who conduct transfers to Idleb than those who transfer to Damascus. Yet, the same number of brokers (in fact all but one broker) said they conducted transfers to Idleb and Damascus. There does not, therefore, appear to be remarkably more competition in transferring money to Idleb.

When we consider how brokers might be distinguishing between and competing over customers, we might hypothesize that brokers offer NGOs lower prices because they think NGO customers are less likely to pay higher prices (i.e., they have lower demand elasticity) or because they see NGOs as more valuable types of customer (because of their repeat transactions) and therefore try to poach them from competitors. Yet, neither of these propositions sufficiently explains the observed differences. First, NGOs with donor support and better financial resources have far higher demand elasticity than refugees, who are much less able to absorb higher prices. In fact, as Chapter 3 documented, many NGO representatives commented on how cheap they found the transfer fees and emphasized that they would be willing to pay more. The poaching argument better aligns with patterns in the data: brokers may offer lower prices to NGOs because they are competing to secure valuable long-term customers. But, importantly, this explanation fails to explain why NGOs partially lose their advantage for transfers to Damascus, where brokers charge NGOs and refugees identical transfer fees and choose to introduce higher costs for both using exchange rates. Moreover, the poaching mechanism runs counter to the observation that, despite the average prices, it is in fact refugees who secure the lowest individual price quotes across both contexts.

Overall, the findings from this audit study support the idea that the specific nature of brokers' relational work toward different types of customers can have significant effects on concrete micro-level outcomes like prices. The study showed that relational factors (i.e. the identity of the exchange partner) and contextual factors (i.e. the destination of the transfer) impacted brokers' decision-making behaviors in concrete situations of exchange. Specifically, these two factors influenced the extent to which brokers used discretion in their pricing decisions, leading to more dispersed price quotes for refugees' transfers and for transfers to Damascus. And ultimately, the findings revealed that the varying use of discretion in brokers' pricing decisions resulted in higher average prices, pointing to an empirical connection between discretion and pricing that merits further examination.

# Chapter 7
# Conclusion: Brokering Order in Wartime Syria

War disrupts existing social and political orders, often with drastic consequences for economic life. It targets and destroys vital infrastructures and physical environments that are essential to daily survival. Its participants, states and armed challengers alike, routinely inflict violence on civilians, often leading to population displacements at mass scale. It undermines even robust states, whose institutions cease to function and who lose their sovereign claim in large parts of the national territory, as rebel groups move in and impose direct or indirect rule (Mampilly 2011; Arjona 2014, 2016; Arjona *et al.* 2015). As myriad checkpoints and internal borders disrupt the movement of people, goods, and money, economic actors experience supply shortages and massive price fluctuations. The multiple and, at times conflicting, legal regulations undermine contract enforceability and quality controls on goods and services. This social dislocation and political fragmentation, so common in prolonged civil war contexts, upsets and unsettles the usual course of economic activity and market routines. Many

economic actors and organizations, such as banks and large businesses, fail to cope with these challenges and exit markets entirely. And yet others, like *hawala* brokers, manage to sustain their activities even in the most uncertain and volatile war contexts.

In fact, perhaps what is most surprising about these war-ridden contexts is that, despite the profound humanitarian, political, and financial crises that they wreak, they rarely bring about total breakdown or collapse. Instead, new institutions often emerge locally, giving rise to fresh routines and orders (Arjona 2016). Syria, one of the most violent and intractable episodes of war in our time, is an illustrative example. Moreover, investigating empirically how certain actors, and not others, are able to thrive during times of instability shifta our attention away from the coping mechanisms that help people get through these times and toward the forms of creative action that these conditions can engender. Interestingly, these creative actions in times of crisis often elicit negative ethical judgments, with behaviors that we might otherwise describe as entrepreneurship being scorned as profiteering or price-gouging. Yet analyzing these supposedly "unethical" actions and activities can help us to uncover key mechanisms that allow certain actors to thrive in the same conditions that typically lead to exchange failure for others. The preceding chapters have shown how economic institutions like *hawala* may remain surprisingly robust in the face of profound conflict, violence, and displacement. This resiliency, I have argued, is based in *hawala*'s remarkable ability to flexibly adapt to often-unpredictable war conditions.

First, instead of relying on face-to-face or localized trust, brokers capitalized on the new configurations of social connections produced, in large part, by the forced migration and displacement that the war itself generated. As I explained in Part I, rather than rupturing and eradicating trust ties, this social disruption actually diversified their content: Rooted trust ties expanded and dispersed in space along migration routes, while new, cultivated trust ties emerged in safe havens away from active conflict zones. Through their concerted relational work brokers aggregated these diverse trust ties,

building elaborate networks and generating what one broker called "cumulative trust" across and beyond their immediate set of connections. Cumulative trust, I argued, is what allows *hawala* to overcome a fundamental trade-off in many other informal arrangements: brokers are able to simultaneously scale up their operations while still effectively enforcing commitments.

Second, I explained in Part II how money multiplied in the context of Syria's war with remittances, humanitarian aid, trade finance, retirement payments, and other forms of money flowing into and out of Syria. *Hawala* brokers have not only adapted to this diversification and multiplication in types of money, but have also strategically leveraged this diversity to minimize the physical movement of cash across borders. The brokers have adjusted their services to accommodate the different (and at times contrasting) expectations of customers who brought these multiple monies into the system. This relational work with customers, the chapters showed, included changing the terms of their transactions according to the special needs of their customers: e.g., producing receipts for NGOs, offering home deliveries for customers in remote areas, redirecting payments and transfers along migration routes, extending limited credit to customers. Their pricing practices and behavior also shifted, as the audit study showed, according to the nature of these relationships: they followed pricing norms in their quasi-formal relationship with NGOs, while they tended to use more discretion in their informal relationships with refugees. Ultimately, however, *hawala*'s ability to cater to these diverse customers allowed brokers to match bi-directional flows of money and avoid, to a significant extent, risky physical settlements of debt. Ultimately, then, brokers' relational work with one another and with their customers allows *hawala* to manage challenges and risks that would prove debilitating to other businesses during war: enforcing agreements, operating at scale, relying solely on cash, and transacting across battle-lines and international borders. The result is a remarkably resilient and reliable wartime economic institution.

## I. Consequences and Effects: Brokering Order

In each and every chapter we have seen examples of how *hawala* shapes and impacts Syrians' everyday lives. It allows them to send money to friends and family, including for weddings, births, and funerals; it funds vital humanitarian service operations, including hospitals, bakeries, and rescue services; it provides the financing for the trading operations that keeps Syria's markets full and its businesses liquid. In other words, it provides a lifeline for millions of Syrians. While much of this dissertation has focused on explaining *hawala*'s resiliency, in this conclusion I want to briefly reflect on the broader consequences of this resiliency.

My interlocutors in the field often reflected on the "importance of *hawala*" to life in contemporary Syria. "Can a car run without fuel?" one Damascene broker based in Istanbul asked me. He went on: "Same thing goes with the economy – nothing works without [*hawala*] in Syria. There would be no markets, no schools, no police, no state. Life would [come to a] stop. There's no other system in Syria so we are filling this gap." Several NGO officials and refugees echoed this point, when they told me about their reliance on *hawala*. One Syrian from Khan Shaikhoun, Idleb told me during our meeting in Beirut: "Syrians need this money for everything. For rent, for food, for electricity, for water, for utilities. People send money to sustain their [families'] lives in Syria. There is no other way." "Where Syrians go, you will find *hawala*," another Syrian from Aleppo told me, echoing many others. "Why? Because we are ten million [displaced] Syrians. […] I have a brother in Egypt, a brother in Sweden, and my parents [are] in Syria. We need *hawala* as Syrians." Similarly, several NGO officials told me, during interviews, that their operations would simply come to a halt if it were not for *hawala*. "The thing is," one NGO representative in Istanbul said to me, "if we are running programs at all in Syria it is because of *hawala*."

Various political authorities and rebel groups inside Syria understand that *hawala* is crucial for their ability to maintain local order, according to several interviews. Despite their discomfort with the

informality of the system, NGO officials often stressed that they trusted the brokers they worked with more than they trusted any political authority inside Syria. One official said: "if any one group, no matter what their military strength is, come in and try to [...] touch *hawala*, they are going to get kicked out. Because so much of life and the businesses are based on *hawala*…and not just the fall of this industry or that but all the transactions around them are based on this transfer system…So *hawala* is a red line." Brokers were well-aware of their position of power and autonomy vis-à-vis rebel authorities, in particular. For example Hajj's partner in Gaziantep, Mustafa, told me: "All the political groups know if they want to survive they need the people to survive under their rule…so they [let them] receive *hawala."* At times, rebel groups may try to impose more control over *hawala* activities in their territories. In one exemplary episode, the local rebel authority HTC, an al-Qaeda offspring, attempted to introduce regulations on *hawala* brokers and stores in northwestern Syria. This move, however, elicited an immediate and fierce response: local *hawala* brokers not only defied the new regulations and registration requirements, but also threatened to cut off money flows into and out of HTC-controlled areas. Even though HTC is a notoriously ruthless rebel group, it quickly retracted these regulations.[45] While brokers' operations were certainly affected and shaped by the legal and political environments in which they operated, as I have detailed in several examples throughout the dissertation, customers and brokers alike shared a general sentiment that *hawala*'s survival was not tied to the unpredictable whims of the war. *Hawala*'s stability, in other words, was perceived to be independent from who controlled a particular locality or area. This (perceived) autonomy, both from political groups and from war's destructive effects, is intimately related to *hawala*'s informal and self-governing status. And it contributed to the general collective attitude, described in the very first pages of this dissertation, that *hawala* could simply be taken for granted.

[45] The incident was recounted by many interviewees, and was detailed in an internal NGO report shared with me by the organization.

As *hawala* brokers enable the movement of diverse monies into and out of Syria's multiple political orders, they also normalize and provide predictability to an array of activities that rely on these transfers. Sending money, even to and from hard-to-reach places , besieged zones, or distant places of exile, becomes a matter of certain routines and procedures, as Nadine's story in the opening vignette of the dissertation showed. The treacherous journeys along migration routes become slightly more predictable and less daunting when migrants can entrust their life savings to a broker, who only releases them when the journey is complete. Trade becomes much easier, as we saw with Mustafa in Hajj's network, when suppliers know that they will receive their payment no matter who happens to be in control of a given area. Settling and living in exile becomes a bit more manageable when, as in the case of the *shabab* in Hajj's youth hostel, refugees can receive some initial support money from their families, until they are ready to pay it forward, reversing the direction of the flow. And, as we saw with Samer's and Mazen's father in Gaziantep, retired seniors feel more secure when they can access the benefits of their lifelong labor in the form of pensions. Aid organizations like Syria Relief can more sustainably run their operations when they can adjust and shift their programs according to conflict dynamics. NGOs are also able to make longer-term plans, when they can continue to reach their beneficiaries and sustain their programs even when their donor payments are blocked by banks as suspicious transactions, as Chapter 5 documented. And refugees feel more at ease knowing that even when they do not physically have cash on hand they can rely on their brokers to extend them a small line of credit and make transfers to their families in times of emergency.

In all of these ways, *hawala* transfers broker a sense of order and normalcy in the midst of the breakdown and chaos of war. It flexibly adapts to the changing and volatile terrains of war and exile, and enables a range of vital activities that provide a lifeline to citizens living in these contexts. Wartime economic institutions such as *hawala* can, in this sense, be a rare source of stability in these unstable contexts.

Finally, beyond these implications for the preservation of everyday life, *hawala* may also have consequences for the long-term preservation of Syrians' social and political identities. With one third of its population living in exile and more than half displaced inside the country, Syria as an "imagined community" no longer corresponds, even roughly, to the map of its physical terrain. Instead the Syrian "imaginary" is preserved through other means, including through institutions like *hawala*. The money flows that *hawala* enables sustain and represent the symbolic ties that connect millions of Syrians dispersed across the world to their families and to the communities that they left behind. In this sense, *hawala* transfers themselves perform a certain type of relational work, binding Syrians to each other and to their home. When aggregated across thousands or millions of transfers, the result may be the preservation of Syria as an imagined community, albeit in a different form. *Hawala*, in other words, may be a rare institution that allows for that imaginary to persist, one dollar at a time.

## II. Broader Implications

Finally, I want to conclude with some reflections on the broader implications of this dissertation. First, this study has provided an empirically-grounded account of how *hawala* functions, particularly in a conflict context, and how it supports a diverse array of actors and activities. My hope is that these insights and observations will generate a helpful empirical fact base that policy-makers worldwide can leverage to effectively engage with practitioners of *hawala* or other similar informal value transfer systems. As I discussed in the introductory chapter, existing policy debates put a disproportionate emphasis on the "vulnerabilities" of *hawala*, particularly the system's supposed tendency to support the activities of various types of nefarious actors. While these concerns are certainly valid, they remain largely speculative, and run the risk of overshadowing the many benefits of *hawala* – i.e., serving unbanked populations, providing services to those in marginalized spaces and communities, helping the international aid community reach their beneficiaries, and sustaining crucial

trade activities. The case of Syria clearly shows that formal institutions like banks in their current form cannot serve these communities and perform these vital functions in a conflict-ridden context. Thus, any governmental attempt to eradicate *hawala* is bound to do harm, unless an equally robust and flexible alternative is offered to replace it.

The being said, it is also important that we not romanticize *hawala*, which, after all, cannot ultimately solve difficult problems of financial inclusion for marginalized communities and effective aid delivery to hard-to-reach destinations. Moreover, to the extent that *hawala*'s informality is its biggest strength, it also means that its advantages can be unevenly distributed across different participants. For example, we learned in Chapter 6 that refugees receive higher prices on average than NGOs, because of brokers' tendency to use more discretion in pricing their services to refugees. Even though these prices are still lower than those refugees would receive in the formal sector, the example still speaks to the potential inequalities that may emerge in these types of self-regulating settings. Moreover, the exorbitant fees charged for transfers to besieged areas and active conflict zones (e.g., 18%-25%) further demonstrates the limitations of an informal system. Furthermore, while *hawala* empowers certain types of actors, e.g., brokers and certain refugee customers, it may also leave out others. The most striking example is women, who are almost never part of these broker networks and who at times expressed discomfort about their interactions with brokers, as in the case of Rawan in Chapter 4. (Most commonly, women simply avoided these interactions by sending the male members of their family to handle the cash handout to a broker.)

*Hawala* networks can also be segregated by ethnic, sectarian, and national cleavages. While empirical data on this type of market segmentation are anecdotal, *hawala* might even exacerbate such cleavages and the historical mistrust between diverse communities. For instance, I often heard about "stories of cheating" involving brokers who were members of other ethnic groups – e.g., Alawites, the sect that the ruling Assad family and several core regime members belong to; Lebanese, who

several Syrian interviewees said "only believed in money and profit"; or Kurds, who many Syrian interlocutors said did not consider themselves Syrian at all (at least two Kurdish interviewees expressed the opposite sentiment of "not being accepted" as Syrian by the Arab-speaking majority). Mistrust also extended to non-Syrians. In an almost ironic manner, many Syrian brokers, for instance, talked about their distrust of "Afghani brokers" (who mostly operated in the Zeytinburnu district of Istanbul) for being "shady" and "risky," and speculated about their possible ties to terrorist groups and the opium trade.

Moreover, the concerns of governments and aid organizations about potential abuses and nefarious activities in this self-regulating system remain valid. NGO representatives often simultaneously expressed their appreciation of *hawala* and their sense of unease at the possibility that they might inadvertently have become associated with actors (like smugglers) using *hawala* for illicit purposes. Regulators that I interviewed in Lebanon further voiced a fear that if *hawala* became associated with the country's reputable banking institutions it could draw scrutiny from international authorities and harm the country's already fragile formal financial sector. These examples highlight valid concerns about the lack of regulation and oversight over *hawala*.

Thus the ultimate takeaway from this research is not that formal financial institutions are somehow inferior to informal, self-regulating alternatives like *hawala*. Rather we should be studying *hawala* and other resilient economic arrangements as illustrative models that may help us learn how to build more flexible, inclusive, and durable institutions – and ones that are more able to survive profound episodes of crisis. While this study focused on how informal market actors can take advantage of and even thrive in the uncertain and unstable context of war, the implications of its findings travel beyond the wartime context of Syria. Unsettled times are not unique to war situations and may be created by a number of other types of crises, such as natural disasters like flooding and earthquakes, public health emergencies like epidemics and famines, political revolutions, financial

crises, and episodes of technological breakdown. In all these situations, we are likely to find dynamics similar to the ones discussed here, with everyday routines and existing orders becoming unsettled, social ties being disrupted and re-shaped, time horizons shortening. Such conditions, as we have seen, make economic action difficult if not impossible for many formal businesses and organizations. While in this dissertation I discussed how trust diversifies and how money multiplies in a particular context of war, and how certain actors might capitalize on these patterns, we might imagine other mechanisms that can accomplish the same crucial outcome of sustaining economic action and structuring life in times of crisis. Further studies of similarly resilient institutions in other situations of crisis and radical uncertainty may allow us to learn more about such alternative mechanisms, and begin to sketch out how we might apply them to formal economic institutions.

# Appendix: List of Interviews Conducted

| No. | Month | Year | Interviewee Type | Interviewee Location (City) | Interviewee Location (Country) | Lan-guage | Interviewee Nationality | Interviewee Hometown | Age | Gen-der | Interview Number † | Recording Method | Length |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | July | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | First | Written Notes | 1:15 |
| 2 | July | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 60s | M | First | Written Notes | 0:45 |
| 3 | July | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | First | Written Notes | 1:00 |
| 4 | July | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 30s | F | First | Written Notes | 1:00 |
| 5 | August | 2016 | Broker | Beirut | Lebanon | English | Syrian | Damascus | 30s | M | First | Written Notes | 1:00 |
| 6 | August | 2016 | Broker | Beirut | Lebanon | Arabic | Syrian | Deir Ezzor | 20s | M | First | Written Notes | 1:45 |
| 7 | August | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 20s | M | First | Written Notes | 0:50 |
| 8 | August | 2016 | Regulator | Beirut | Lebanon | English | Lebanese | Beirut | 50s | M | First | Written Notes | 0:45 |
| 9 | August | 2016 | Broker | Beirut | Lebanon | Arabic | Syrian | Aleppo | 30s | M | First | Written notes | 1:15 |
| 10 | August | 2016 | Money Exchanger | Beirut | Lebanon | Arabic | Lebanese | Beirut | 50s | M | First | Written Notes | 0:45 |
| 11 | August | 2016 | Money Exchanger | Beirut | Lebanon | Arabic | Lebanese | Beirut | 40s | M | First | Written Notes | 0:30 |
| 12 | August | 2016 | Broker | Beirut | Lebanon | Arabic | Syrian/ Lebanese | Hama | 20s | M | First | Written notes | 1:00 |
| 13 | August | 2016 | Official MTO | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | First | Recording | 1:00 |
| 14 | August | 2016 | Money Exchanger | Beirut | Lebanon | English | Lebanese | Beirut | 50s | M | First | Recording | 1:45 |
| 15 | August | 2016 | Money Exchanger | Beirut | Lebanon | English | Lebanese | Beirut | 70s | M | First | Recording | 1:00 |
| 16 | August | 2016 | Broker | Beirut | Lebanon | English | Lebanese | Beirut | 60s | M | First | Written Notes | 0:45 |
| 17 | September | 2016 | Broker | Beirut | Lebanon | Arabic | Syrian | Eastern Ghouta | 20s | M | First | Written Notes | 1:15 |
| 18 | September | 2016 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Hasakah | 30s | M | First | Written Notes | 1:00 |
| 19 | September | 2016 | NGO Customer | Beirut | Lebanon | English | Syrian | Damascus | 40s | M | First | Written Notes | 0:50 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20 | September | 2016 | Broker | Beirut | Lebanon | English | Syrian | Damascus | 30s | M | Second | Written Notes | 1:30 |
| 21 | April | 2017 | Broker | Beirut | Lebanon | Arabic | Syrian | Deir Ezzor | 20s | M | Second | Recording | 1:00 |
| 22 | April | 2017 | Official MTO | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | Second | Written Notes | 0:45 |
| 23 | April | 2017 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Hasakah | 30s | M | Second | Written Notes | 1:10 |
| 24 | April | 2017 | Individual Customer | Beirut | Lebanon | English | Syrian | Damascus | 30s | M | First | Recording | 1:15 |
| 25 | April | 2017 | NGO Customer | Beirut | Lebanon | English/ Arabic | Syrian | Hama | 20s | M | First | Written Notes | 2:00 |
| 26 | April | 2017 | NGO Customer | Beirut | Lebanon | English | Syrian | Damascus | 40s | F | First | Recording | 1:15 |
| 27 | April | 2017 | NGO Customer | Beirut | Lebanon | English | Syrian | Damascus | 30s | M | First | Recording | 1:00 |
| 28 | April | 2017 | Official MTO | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | Third | Recording | 1:00 |
| 29 | May | 2017 | NGO Customer | Beirut | Lebanon | English | Syrian | Damascus | 20s | M | First | Recording | 0:45 |
| 30 | May | 2017 | Broker | Damascus | Syria | English | Syrian | Damascus | 30s | M | First | Written notes | 1:00 |
| 31 | May | 2017 | Broker | Damascus | Syria | English | Syrian | Damascus | 30s | M | Second | Recording | 1:30 |
| 32 | May | 2017 | Money Exchanger | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | First | Recording | 0:45 |
| 33 | May | 2017 | Money Exchanger | Beirut | Lebanon | English | Lebanese | Beirut | 30s | M | First | Written Notes | 1:30 |
| 34 | May | 2017 | Money Exchanger | Beirut | Lebanon | English | Lebanese | Beirut | 80s | M | First | Recording | 2:00 |
| 35 | May | 2017 | Money Exchanger | Bekaa | Lebanon | Arabic | Lebanese | Bekaa | 30s | M | First | Recording | 3:00 |
| 36 | June | 2017 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Damascus | 30s | M | First | Written Notes | 1:00 |
| 37 | June | 2017 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Idleb | 40s | M | First | Recording | 1:30 |
| 38 | June | 2017 | NGO customer | Istanbul | Turkey | Arabic | Syrian | Eastern Ghouta | 30s | M | First | Recording | 1:10 |
| 39 | June | 2017 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Idleb | 40s | M | First | Recording | 1:21 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 40 | June | 2017 | Broker | Istanbul | Turkey | Arabic | Syrian | Hama | 30s | M | First | Recording | 0:43 |
| 41 | August | 2017 | NGO customer | Istanbul | Turkey | English | American | USA | 20s | M | First | Written Notes | 1:30 |
| 42 | August | 2017 | NGO customer | Istanbul | Turkey | Arabic | Syrian | Deir Ezzor | 20s | M | First | Written Notes | 1:15 |
| 43 | August | 2017 | NGO customer | Istanbul | Turkey | English | European | Europe | 20s | M | First | Written Notes | 1:00 |
| 44 | August | 2017 | NGO customer | Istanbul | Turkey | English | Syrian | Damascus | 20s | F | First | Written Notes | 0:45 |
| 45 | September | 2017 | Broker | Beirut | Lebanon | Arabic | Syrian | Damascus | 30s | M | Third | Recording | 1:30 |
| 46 | September | 2017 | Broker | Beirut | Lebanon | Arabic | Syrian | Damascus | 30s | M | Fourth | Recording | 1:00 |
| 47 | November | 2017 | NGO Customer | Beirut | Lebanon | English | American | USA | 30s | M | First | Recording | 1:00 |
| 48 | November | 2017 | NGO Customer | Beirut | Lebanon | English | Lebanese | Tripoli | 20s | M | First | Recording | 1:00 |
| 49 | November | 2017 | Broker | Istanbul | Turkey | Arabic/ Turkish | Syrian | Damascus | 30s | M | First | Written notes | 0:45 |
| 50 | November | 2017 | NGO customer | Istanbul | Turkey | Arabic | Syrian | Qamishli | 20s | M | First | Recording | 1:00 |
| 51 | November | 2017 | Broker | Istanbul | Turkey | Arabic/ Turkish | Syrian | Damascus | 30s | M | Second | Written Notes | 2:00 |
| 52 | November | 2017 | NGO customer | Istanbul | Turkey | English | Syrian | Damascus | 20s | F | Second | Written notes | 1:30 |
| 53 | November | 2017 | NGO customer | Idleb | Syria | Arabic | Syrian | Idleb | 30s | M | First | Written Notes | 0:45 |
| 54 | November | 2017 | NGO customer | Qamishli | Syria | Arabic | Syrian | Qamishli | 20s | M | First | Recording | 0:30 |
| 55 | December | 2017 | NGO customer | Istanbul | Turkey | Arabic | Syrian | Damascus | 30s | M | Second | Written Notes | 1:45 |
| 56 | December | 2017 | Broker | Istanbul | Turkey | Arabic | Syrian | Damascus | 30s | M | First | Written Notes | 1:00 |
| 57 | December | 2017 | NGO customer | Istanbul | Turkey | English | Syrian | Aleppo | 20s | M | First | Recording | 1:00 |
| 58 | January | 2018 | NGO customer | Istanbul | Turkey | English | Syrian | Damascus | 30s | M | First | Recording | 1:15 |
| 59 | January | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 30s | M | First | Recording | 1:30 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 60 | February | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Damascus | 30s | M | Second | Written Notes | 0:50 |
| 61 | February | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Damascus | 40s | M | First | Recording | 1:00 |
| 62 | February | 2018 | NGO customer | Afrin | Syria | Arabic | Syrian | Afrin | 30s | M | First | Recording | 1:00 |
| 63 | February | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Damascus | 30s | F | First | Recording | 0:50 |
| 64 | February | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Aleppo | 30s | M | First | Written Notes | 1:00 |
| 65 | February | 2018 | NGO customer | Istanbul | Turkey | English | Syrian | Hama | 30s | M | First | Recording | 0:45 |
| 66 | March | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Amalia* | 30s | M | First | Recording | 2:00 |
| 67 | March | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Homs | 20s | M | First | Recording | 2:15 |
| 68 | March | 2018 | Individual Customer | Istanbul | Turkey | Arabic | Iraqi | Baghdad | 40s | F | First | Written notes | 0:45 |
| 69 | March | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 30s | M | Second | Recording | 2:30 |
| 70 | March | 2018 | NGO customer | Istanbul | Turkey | Arabic | Syrian | Idleb | 30s | M | First | Recording | 1:30 |
| 71 | March | 2018 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Damascus | 40s | F | First | Written Notes | 1:00 |
| 72 | March | 2018 | Broker | al-Bab | Syria | Arabic | Syrian | Amalia* | 30s | M | First | Written Notes | 0:45 |
| 73 | March | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 30s | M | Third | Written Notes | 1:30 |
| 74 | April | 2018 | Broker | Gaziantep | Turkey | Arabic | Syrian | Amalia* | 20s | M | First | Recording | 1:45 |
| 75 | April | 2018 | NGO customer | Gaziantep | Turkey | Arabic/ Turkish | Syrian | Eastern Ghouta | 30s | M | First | Recording | 1:00 |
| 76 | April | 2018 | NGO customer | Gaziantep | Turkey | English | Syrian | Damascus | 30s | M | Second | Written Notes | 0:45 |
| 77 | April | 2018 | Individual Customer | Gaziantep | Turkey | Arabic | Syrian | Idleb | 70s | M | First | Written Notes | 0:45 |
| 78 | April | 2018 | Broker | Gaziantep | Turkey | Arabic | Syrian | Amalia* | 20s | M | Second | Recording | 1:15 |
| 79 | April | 2018 | Broker | Gaziantep | Turkey | Arabic | Syrian | Amalia* | 30s | M | First | Recording | 1:30 |
| 80 | April | 2018 | Broker | Gaziantep | Turkey | Arabic | Syrian | Amalia* | 20s | M | First | Recording | 1:00 |
| 81 | April | 2018 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Aleppo | 30s | F | First | Written Notes | 1:15 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 82 | April | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Latakia | 30s | F | First | Written Notes | 1:00 |
| 83 | May | 2018 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Hama | 20s | M | First | Written Notes | 2:00 |
| 84 | May | 2018 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Hama | 30s | M | First | Written Notes | 0:45 |
| 85 | May | 2018 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Hama | 30s | F | First | Written Notes | 0:45 |
| 86 | May | 2018 | NGO Customer | Beirut | Lebanon | English | Lebanese | Beirut | 30s | F | First | Recording | 1:15 |
| 87 | May | 2018 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Latakia | 30s | M | First | Written Notes | 0:45 |
| 88 | May | 2018 | NGO Customer | Beirut | Lebanon | English | Lebanese | Beirut | 30s | F | First | Written Notes | 1:00 |
| 89 | May | 2018 | Individual Customer | Beirut | Lebanon | Arabic | Syrian | Damascus | 20s | M | First | Written Notes | 1:00 |
| 90 | May | 2018 | NGO Customer | Beirut | Lebanon | English | Lebanese | Tripoli | 20s | M | Second | Recording | 1:00 |
| 91 | May | 2018 | Broker | Beirut | Lebanon | Arabic | Syrian | Deir Ezzor | 30s | M | First | Recording | 1:30 |
| 92 | May | 2018 | Individual Customer | Bekaa | Lebanon | Arabic | Syrian | Rif Dimashq | 30s | M | First | Recording | 1:30 |
| 93 | May | 2018 | Individual Customer | Bekaa | Lebanon | Arabic | Syrian | Damascus | 30s | M | First | Recording | 1:00 |
| 94 | May | 2018 | Individual Customer | Bekaa | Lebanon | Arabic | Syrian | Damascus | 40s | M | First | Recording | 0:45 |
| 95 | May | 2018 | Official MTO | Bekaa | Lebanon | Arabic | Syrian | Damascus | 40s | M | First | Written Notes | 0:45 |
| 96 | May | 2018 | Broker | Bekaa | Lebanon | Arabic | Syrian | Rif Dimashq | 30s | M | First | Written Notes | 1:30 |
| 97 | May | 2018 | Broker | Beirut | Lebanon | Arabic | Syrian | Idleb | 20s | M | First | Written Notes | 1:00 |
| 98 | May | 2018 | Individual Customer | Damascus | Syria | Arabic | Syrian | Damascus | 30s | M | First | Written Notes | 0:45 |
| 99 | May | 2018 | Individual Customer | Latakia | Syria | Arabic | Syrian | Hama | 20s | M | First | Written Notes | 0:30 |
| 100 | May | 2018 | Individual Customer | Hama | Syria | Arabic | Syrian | Hama | 60s | M | First | Written Notes | 0:45 |

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 101 | May | 2018 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Damascus | 30s | M | First | Recording | 0:45 |
| 102 | August | 2018 | NGO customer | Istanbul | Turkey | English | Syrian | Damascus | 30s | M | First | Written Notes | 1:10 |
| 103 | September | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 20s | M | Second | Written Notes | 1:00 |
| 104 | September | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Amalia* | 30s | M | Second | Recording | 1:15 |
| 105 | October | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 30s | M | Fourth | Written Notes | 1:45 |
| 106 | October | 2018 | NGO customer | Istanbul | Turkey | English | Syrian | Hama | 30s | M | Second | Recording | 1:30 |
| 107 | October | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Aleppo | 20s | M | First | Written Notes | 1:00 |
| 108 | October | 2018 | NGO customer | Istanbul | Turkey | English | American | USA | 20s | M | First | Written Notes | 1:15 |
| 109 | October | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Amalia* | 30s | M | Fifth | Written Notes | 2:45 |
| 110 | October | 2018 | Broker | Istanbul | Turkey | Arabic | Syrian | Afrin | 20s | M | First | Written Notes | 1:00 |
| 111 | October | 2018 | NGO customer | Istanbul | Turkey | English | European | Europe | 30s | F | First | Written Notes | 1:00 |
| 112 | October | 2018 | Individual Customer | Istanbul | Turkey | English | Syrian | Hama | 20s | M | First | Written Notes | 1:30 |
| 113 | May | 2019 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Amalia* | 20s | M | First | Written Notes | 1:00 |
| 114 | May | 2019 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Amalia* | 20s | M | First | Written Notes | 1:30 |
| 115 | May | 2019 | Individual Customer | Istanbul | Turkey | Arabic | Syrian | Amalia* | 20s | M | First | Written Notes | 0:45 |

* Amalia is a pseudonym for a mid-sized city in central Syria. I do not disclose this city's real name so as to protect the anonymity of my interviewees
† Because I interviewed many subjects more than one time, in this column I list whether the interview was my first, second, third, etc. with the respective interviewee.

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