

Drivers of participation in Gamiya (ROSCA) in the Sultanate of Oman: Identifying Socio-Economic and Cultural Factors

Dr. Mohsin Aziz¹, Dr. Mohammed Samiuddin Saheem², Dr. Mohammed Atif Irshad Khan³

^{1,2,3}. *College of Economics and Business Administration, University of Technology and Applied Sciences, Muscat, Sultanate of Oman.*

Abstract—Rotating Savings and Credit Associations (ROSCAs), locally termed Gamiya, remain a prevalent informal financial system in Oman. Despite the growth of banks and digital financial services, Gamiya continues to offer households a culturally accepted, interest-free mechanism for pooled savings and short-term credit. This study explores the participation motives and socio-economic benefits of participating in ROSCA. Using data from interviews, group activity observations, and secondary sources, the research highlights Gamiya's continued relevance, trust-based structure, and social cohesion role. Findings indicate that the reasons for participation are varied ranging from forced financial discipline to perceived social benefits.

Index Terms—Gamiya, ROSCA, Socio-Economic and Cultural Drivers, Oman, Social Capital, Savings Groups, Interest Free Loan, Qard al Hasan.

I. INTRODUCTION

Informal financial networks have historically provided essential support to households in developing and emerging economies. In Oman, these networks manifest prominently as Gamiya, a form of ROSCA. ROSCA members contribute fixed amounts periodically, and each member receives the pooled sum in rotation (Bouman, 1995). Unlike formal banking systems, Gamiya operates without interest and relies on mutual trust and social relationships, which reinforces its cultural and financial significance (Ardener & Burman, 1995).

II. OBJECTIVES

The objective of this research is to identify and analyze the primary motivations underlying individuals'

participation in Gamiya (ROSCAs), including economic, social and cultural factors influencing their decision to participate.

III. LITERATURE REVIEW

ROSCAs are established financial arrangements prevalent in multiple regions, including Asia, Africa, and Latin America, known locally as Chit Funds, Susus, or Tandas (Aziz *et. al.*, 2025). They facilitate savings and provide interest-free loans through pooled contributions, relying heavily on social trust (Ardener & Burman, 1995). In Oman they are commonly referred to as Committee among expatriates and Gamiya among Arabic speakers.

In Arab societies, ROSCAs are reinforced by kinship and cultural norms, often operating as an alternative to interest-bearing loans. Studies show they play dual roles of providing financial access and fostering social cohesion (Bouman, 1995; Geertz, 1962). Previous research highlights Gamiya's role in enabling women and low-income households to access lump sums for urgent needs or investment (Hashemi *et. al.*, 1996; Morduch *et. al.*, 1999; Aziz *et. al.*, 2025). Trust and social capital are fundamental in sustaining these associations (Yunus, 2003).

Nik Hadiyan Nik Azman and Kassim (2019) examined the role of Rotating Savings and Credit Associations (ROSCAs) in supporting the sustainable development of women micro-entrepreneurs in Malaysia. Using a qualitative approach, the study found that ROSCAs function as accessible alternative financing mechanisms for women who face barriers to formal

credit, including lack of collateral and limited financial literacy. Participation in ROSCAs helps women accumulate start-up capital, manage cash flow, and strengthen business continuity. The study also highlights the social benefits of ROSCA membership, such as peer support, trust building, and information sharing, all of which contribute to long-term entrepreneurial sustainability.

A study by Al-Ajlouni and Almosabbeh (2019) provides one of the most comprehensive empirical examinations of ROSCA in Saudi Arabia. Surveying 519 participants across the country, the study showed that these informal associations are widely practiced and serve as an important alternative to formal financial services. The primary motivation for participation is saving, rather than borrowing, as many individuals view ROSCAs as a disciplined and socially supported mechanism for accumulating lump-sum funds. The study also highlights the role of religious acceptability, noting that participants prefer ROSCAs because they avoid interest (*riba*) and align with Islamic financial norms.

Study by Rabie (2021) focused on the behavioral foundations of ROSCA participation in urban Egypt. Combining incentivized experiments with survey methods, the study examines how impatience, self-control problems, and limited access to banking influence individuals' decision to join ROSCAs. Findings reveal that participants with higher present-bias and limited savings discipline are more likely to join, using ROSCAs as a "commitment device" to enforce regular savings. Access to formal banks significantly reduces the likelihood of joining, confirming that ROSCAs serve as substitutes where formal financial services are inaccessible, costly, or culturally distant. The study also shows that the allocation order of who receives the pot first significantly shapes group stability, demonstrating that negotiation norms embedded within ROSCAs have real financial consequences.

A recent study by Hawari *et al.*, (2025) using household-level panel data from the Indonesian Family Life Survey (IFLS) show that *arisan* participation is positively associated with improved household consumption levels, reduced vulnerability to short-term financial shocks, and increased

ownership of durable assets. Qualitative studies highlight that *arisan* (Indonesian version of ROSCA) meetings double as social gatherings, strengthening community bonds, women's networks, and mutual support systems. In rural settings, *arisan* often plays a critical insurance role, while in urban environments it is used strategically for saving towards festivals, appliances, or school fees. The Indonesian case illustrates how social capital and financial behavior are tightly interlinked in sustaining large-scale ROSCA participation.

In the context of Oman, Aziz *et al.* (2025) conducted an exploratory study to examine the structure, functioning, and motivations of Rotating Saving and Credit Associations (Gamiya). The study found several types of ROSCAs in vogue in the Sultanate of Oman such as using method of payment as criteria. Some of the methods that the study found are: Ballot method, fixed ranking method, mix of ballot and ranking method, auction method, need based ranking. The study also found three different types of ROSCA's in vogue in Muscat. They are fixed contribution and fixed payout method, variable contribution and variable payout method, fixed contribution and variable payout method (also called discount method).

Collectively, these studies indicate that ROSCAs in the Gulf and Oman serve both economic and social functions, providing financial access, reinforcing social networks, and supporting cultural and religious norms. They also highlight persistent challenges such as default risk and the need for better institutional support to sustain these informal financial systems.

IV. METHODOLOGY RESEARCH DESIGN AND SAMPLING

This study adopts a qualitative exploratory approach using data from 82 participants representing diverse age groups and occupations across Muscat. Snowball technique was used to locate ROSCA's and collect data from them.

V. DATA COLLECTION AND PARTICIPANTS

Data for the present study was collected using semi structured interview method. Participants came from 7 ROSCA's with a total of 82 participants. Participants

included 50 women (teachers, nurses, homemakers) and 32 men (drivers, small shop owners, government employees) aged between 25 and 55. Participants' identities were anonymized, and all data were treated confidentially to ensure ethical compliance. All the 7 groups were formed at the workplace with coworkers participating. However, 3 groups included participants that were not part of the organization where the group was formed. They were included as they were known to the participants.

VI. FINDINGS

When asked to identify reasons for participation, participants cited multiple reasons, including access to interest-free lump sum amount, forced saving, meeting educational or household needs. Social cohesion and trust were also recurring themes. This confirmed with earlier studies (Ardener, 1964; Ambec & Treich, 2007; Bouman, 1995; Geertz, 1962; Gugerty, 2007; Kimuyu, 1999). Additionally, many small business owners rely on ROSCA funds to finance entrepreneurial activities such as purchasing inventory or expanding microenterprises, making ROSCAs an important tool for local economic empowerment (Kimuyu, 1999). Social cohesion is another strong motivating factor. The system depends heavily on interpersonal trust, reciprocity, and cultural norms that reinforce reliability and solidarity among members (Calomiris & Rajaraman, 1998). Thus, ROSCAs serve not only as financial instruments but also as mechanisms that strengthen social networks and mutual support within communities.

Table 1: Gender distribution of the participants

Gender	Number	Percent
Males	32	39 Percent
Females	50	61 Percent

Table 2: Age, Education, Salary and Contribution range of the participants

Variable	Minimum	Maximum
Age	21 Years	58 Years
Salary	80 OMR	1400 OMR
Monthly contribution to the pot	10 OMR	150 OMR
Education	Class 5	Ph.D.

Table 3: Nationality distribution of the participants

Indian	20	24.39 Percent
Omani	18	21.94 Percent
Pakistani	11	13.41 Percent
Bangladeshi	10	12.19 Percent
Filipino	8	9.75 Percent
Egyptian	6	7.31 Percent
Jordanian	5	6.09 Percent
Sudanese	4	4.87 Percent

Table 4: Reasons for participation in ROSCA

	Reason for Participation	Number of Participants	Percentage
1	To avail interest free loan	47	57.31
2	Forced Saving	42	51.21
3	To help a colleague in need	21	25.60
4	To fulfill urgent household needs including medical bills for two and daughter's wedding for one.	6	7.31
5	Meet educational needs	5	6.1

Note: The total percentage is more than 100 percent as many cited more than one reason for participation.

1. To avail interest free loan

Participation in Rotating Savings and Credit Associations (ROSCAs) is driven by a combination of financial, social, and psychological motivations. One of the primary reasons participants join ROSCAs is the opportunity to access interest-free lump sums, which allow individuals to meet pressing financial needs without incurring debt from formal institutions (Ardener, 1964). In the present study, the highest percentage of participants (see Table No. 4) cited that the ROSCA provided them an opportunity to avail interest free loan. In Islamic belief system, Interest is

forbidden. Instead of interest-based system, the loan is expected to be given as *Qard al Hasan*. *Qard al Hasan* means benevolent loan given on the basis of social obligations where the borrower is not required to return anything extra except the principal amount (Chapra, M.U., 1995). ROSCA fulfills the requirement as there is no interest involved in it and participants in need get access to funds without having to pay interest. They have to only repay the principal amount. This confirms with the principle of *Qard al Hasan* (Dinc. et. al., 2022; Zafar & Shair 2025). One member pointed out “I wanted to shift my house. It required a certain amount of money for shifting and buying new furniture for my new house. I did not want to take interest bearing loan from bank. I started gamiya in my office. My colleagues joined my gamiya and got enough amount to shift my house without the guilt of paying interest’.

2. Forced Saving

ROSCA’s play an important role in helping participants manage financial obligations that arise in both everyday life and major life events calling for urgent spending’s. In the present study, the second most cited reason given by a little more than 51 percent was that the participation in ROSCA forced them to save which otherwise was difficult for the participants. The social contract of paying a particular amount at a particular time was necessary for many to save. Participants reported increased financial discipline and improved money management. Participation in ROSCA resulted in forced saving over discretionary spending. This disciplined approach was especially valued by individuals who previously struggled to maintain any meaningful savings by reducing discretionary spending (Gugerty, 2007). The structured and compulsory nature of periodic contributions helps members overcome common barriers to saving, such as irregular income or competing household demands (Ambec & Treich, 2007). As one participant shared that she found it difficult to save. According to her “*I found it difficult to save money for my future needs despite understanding its importance. I am a compulsive buyer and would buy things which I did not even require. My participation in gamiya now forces me to first pay a certain amount the day I get my salary. Now even if I spend all my salary, still I manage to save a decent portion of my salary, all thanks to gamiya*”.

3. To help a colleague in need

A quarter of the participants revealed that they had no urgent requirement for funds and they participated in it to help out a colleague who required urgent money for his / her various needs. This aspect highlighted the need of participants to maintain social structure and social networking by helping each other. It helped them to socially bond with each other and gave them a sense of community. As one participant pointed out “*It is our duty to help each other. Also, if I help others in their needs, I can expect that they will also help me when I need their support*”. This is in line with the work of Geertz (1962) which found social motivation for joining including helping others. There is also evidence from earlier research (Onda, 2021) that many join ROSCA not merely for the purpose of saving but in the hope that the group members will support them when needed. For such participants, reciprocity and solidarity are key motivators for joining ROSCA.

4. To fulfill urgent household needs

A few participants cited the need to access quick money for household improvements including repairs and furnishings of the house or household items. A few among them cited need for finance due to emergency medical conditions of self or a family member. Medical emergencies are often unpredictable and costly forcing people to prioritize ROSCA as a financial safety net, particularly when formal insurance or credit is not accessible. In one case it was upcoming daughter’s wedding which prompted him to join ROSCA to access required funds. A member pointed out “*I had saved money for my daughter’s wedding. However, increase in gold prices derailed my financial planning a bit. To cover the financial gap, I joined gamiya. I was able to easily repay the pot loan in a year without putting myself in financial burden*”. This finding aligns with the earlier studies (Bouman, 1995; Zafar & Shair 2025), which also found that often in emergency situations people turned to ROSCA.

5. To meet educational needs

In a study by Bouman (1995), it was found that the lump-sum payouts from ROSCA are frequently used for children’s education particularly in communities where access to formal banking remains limited. In the present study also a few of the participants became members of ROSCA to get lump sum funds to meet educational needs of his son. According to him, “My

son got admission offer from a good Malaysian University. My salary is good enough to pay his fees and support his education. However, I was required to show a certain minimum lump sum amount in my bank account for the purpose of admission. I did not want to get loan from bank for the same. I talked to my friends and we decided to start a Gamiya. It was decided that I will get the first pot. This way, I was able to fulfill my son's educational needs without having to resort to interest based bank loan".

VII. DISCUSSION

The present study reveals that participation in Rotating Savings and Credit Associations (ROSCAs), locally known as *Gamiya*, in the Sultanate of Oman is not driven by any one particular motivation. The reason for participation is a combination of financial, behavioral, and social motivations. The most prominent motivation, reported by the largest proportion of participants, is access to interest-free financing. This aligns closely with the Islamic financial principle of *Qard al-Hasan*, under which borrowers are required to repay only the principal amount without any interest. This result reinforces prior literature suggesting that informal financial mechanisms remain attractive in Muslim-majority contexts where conventional interest-bearing loans may conflict with religious values (Chapra, 1995; Dinc *et al.*, 2022). The preference for ROSCAs as a Shariah-compliant alternative highlights their continued relevance despite the expansion of formal banking services.

Beyond credit access, ROSCAs function as an effective mechanism for forced saving. Participants reported improvements in financial discipline and money management, indicating that regular, mandatory contributions help overcome behavioral constraints such as irregular income streams and tendencies toward discretionary spending. This finding supports behavioral economic arguments that commitment devices can enhance saving behavior, particularly among individuals who face self-control challenges (Ambec & Treich, 2007). In this regard, ROSCAs serve not only as financial tools but also as behavioral instruments that facilitate long-term financial planning.

Social motivations also played a substantial role in ROSCA participation. Approximately one-quarter

(see Table No. 4) of respondents indicated that their involvement was motivated by a desire to support colleagues or community members in need. This underscores the embeddedness of ROSCAs within social networks characterized by trust, reciprocity, and mutual assistance. Such findings are consistent with the view that ROSCAs strengthen social cohesion and reinforce informal safety nets, particularly in contexts where formal social protection mechanisms may be limited or less accessible.

Additionally, participants reported using ROSCAs to address practical and often urgent financial needs, including household expenses, medical emergencies, educational costs, and family-related events. This flexibility enhances the appeal of ROSCAs, as they allow participants to mobilize lump sums at critical moments without the procedural barriers commonly associated with formal financial institutions.

Despite these insights, the study also highlights important gaps in the existing literature on ROSCAs in Oman. There is limited empirical evidence on the long-term effects of ROSCA participation on wealth accumulation and financial resilience. Moreover, gender-based participation patterns and their implications for financial inclusion remain underexplored. Besides, Oman has a large expatriate population. Separate studies are required to understand the motivation driver for expatriates for participation in ROSCA.

Overall, the findings suggest that ROSCAs in Oman continue to play a vital complementary role alongside formal financial institutions, fulfilling financial, behavioral, and social functions that are not fully addressed by conventional banking services.

REFERENCES

- [1] Al-Ajlouni, A., & Almosabbeh, I. (2019). Investigation of ROSCAs as an alternative financial solution in Saudi Arabia. *Journal of Arab Economic Studies*, 5(2), 45–62.
- [2] Ambec, S., & Treich, N. (2007). Rotating savings and credit associations as financial agreements to cope with self-control problems. *Journal of Development Economics*, 82(1), 120–137.g). Rotating savings and credit associations as financial agreements to cope with self-control problems. *Journal of Development Economics*, 82(1), 120–137.

- [3] Ardener, S. (1964). The comparative study of rotating credit associations. *The Journal of the Royal Anthropological Institute*, 94(2), 201–229.
- [4] Ardener, S., & Burman, S. (1995). *Money-Go-Rounds: The Importance of Rotating Savings and Credit Associations for Women*. Berg Publishers.
- [5] Aziz, M., Muslim, M., Sohrab, M., Khan, U. A., & Saifullah, K. (2025). An exploratory study on the working of Rotating Saving and Credit Association (Gamiya) in the Sultanate of Oman. *International Journal of Innovative Research and Technology*, pp. 251–255.
- [6] Bouman, F. J. A. (1995). ROSCAs worldwide: Financial services for the poor. *Journal of International Development*, 7(2), 215–221.
- [7] Calomiris, C. W., & Rajaraman, I. (1998). The role of ROSCAs: Theoretical and empirical perspectives. *Journal of Development Studies*, 38(2), 132–163.
- [8] Chapra, M.U. (1995) *Towards a Just Monetary System*. The Islamic Foundation, UK, p-68
- [9] Dinc, Y., Jahangir R., Nagayev R., Cakir, F. (2022) Economics of saving-based finance: an interest-free model of rotating savings and credit association in Turkey, *Journal of Islamic Accounting and Business Research*, Vol.13, No.2, 338-263
- [10] Geertz, C. (1962). The rotating credit association: A “middle rung” in development. *Economic Development and Cultural Change*, 10(3), 241–263.
- [11] Gugerty, M. K. (2007). You can’t save alone: Commitment in rotating savings groups. *Economic Development and Cultural Change*, 55(2), 251–282.
- [12] Hashemi, S. M., Schuler, S. R., & Riley, A. P. (1996). *Rural Credit Programs and Women's Empowerment in Bangladesh*. *World Development*, 24(4), 635–653.
- [13] Hawari, M. I., Roesmara Donna, D., & Saleh, S. (2025). *The role of arisan in alleviating household asset poverty in Indonesia*. *Jurnal Economia*, 21(2), 258–270. <https://doi.org/10.21831/economia.v21i2.72707>
- [14] Kimuyu, P. (1999). Rotating savings and credit associations in rural East Africa. *World Development*, 27(7), 1299–1308.
- [15] Khan.U.A, & Jain.V, (2025). Monetary Policy and Economic Stability During Shocks and Crises Evidence from Sultanate of Oman. *Advances in Consumer Research*, 2(5), 1338-1345.
- [16] Khan.U.A, & Jain.V, (2024). Analysis of Monetary Policy of Central Bank of Oman on Economic Growth and Stability. *International journal for innovative research in multidisciplinary field*. 10(6), 32-39. DOI:10.2015/IJIRMF/202406004
- [17] Morduch, J. (1999). *The Microfinance Promise*. *Journal of Economic Literature*, 37(4), 1569–1614.
- [18] Nik Hadiyan Nik Azman, & Kassim, S. (2019). *Sustainable development of women micro-entrepreneurs in Malaysia: Factors affecting adoption of rotating savings and credit associations (ROSCA)*. In *Advances in Social Science, Education and Humanities Research* (Vol. 292). Atlantis Press.
- [19] Onda, M. (2021). Rotating savings and credit associations as traditional mutual help networks in East Asia. *International Journal of Asian Studies*, 18(2), 271–287.
- [20] Yunus, M. (2003). *Banker to the Poor: Micro-lending and the Battle Against World Poverty*. Public Affairs.
- [21] Zafar, M. B., & Shair, W. (2025). Community-driven financial practices: socioeconomic determinants of interest-free ROSCAs in Muslim communities. *Journal of Islamic Accounting and Business Research*, 1–26. <https://doi.org/10.1108/JIABR-11-2024-0462>