

## Chapter 8

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# THE “BANK OF WELFARE” AND MEXICO’S MORAL ECONOMY

The Mexican state-owned bank *Banco del Bienestar* (Bank of Welfare) has received a lot of attention for its role in the current Government’s ambitious political project to create an “alternative to neoliberalism” and turn Mexico into a “moral economy”. This chapter analyzes the activities of *Banco del Bienestar* (BB), with special attention to the recent economic crisis induced by the Covid-19 pandemic. Its main argument is that, while the BB contributes to the survival of the poor through its social benefit and microcredit programmes, it has primarily served to push forward an agenda of financial inclusion. This agenda is based on a confluence of interests, which includes the Washington institutions/Wall Street alliance, powerful Mexican financial and corporate elites, the Mexican military and the Mexican reactionary left. It is highly problematic because it cements a “moral economy” that increases the dependency of the poor on a patriarchal state and their inclusion in exploitative social relations with the financial and corporate elite.

## INTRODUCTION

Banco del Bienestar (Bank of Welfare) is the smallest among nine banks owned by the Mexican state that, together, form the Mexican

development bank system. Since Andrés Manuel López Obrador (AMLO) took over Government at the end of 2018 as President, and in particular with the advent of the Covid-19 pandemic, the Banco del Bienestar (BB) has received a lot of attention in the country and abroad for its role in the President's ambitious political project to develop an "alternative to neoliberalism" and turn Mexico into a "moral economy". This chapter analyzes the activities of the BB with a special focus on the recent economic crisis induced by the Covid-19 pandemic. The chapter's main argument is that, while the BB contributes to the survival of the poor through its social benefit and microcredit programmes, it has primarily served to push forward an agenda of financial inclusion. This agenda is based on a confluence of interests, which includes the Washington institutions/Wall Street alliance, powerful Mexican financial and corporate elites, the Mexican military and the Mexican reactionary left. The financial inclusion agenda is highly problematic as it cements a "moral economy" that increases the dependency of the poor on a patriarchal state and their inclusion in exploitative social relations with the financial and corporate elite.

To make this argument, I first present the history and functioning of the BB and how it emerged in the context of the financial inclusion agenda. Second, I describe the impacts of the Covid-19 pandemic on the economy and rising poverty in Mexico, before giving an overview over the main actions of the BB to respond to the crisis. After that, I expand on the details of the privatization and financialization of social policy implemented by the BB, which particularly relate to the involvement of private financial institutions in the administration of its policies. Finally, I conclude with an overview of the effectiveness of the BB programmes, drawing some general conclusions.

## **THE BANK OF WELFARE AND FINANCIAL INCLUSION**

Banco del Bienestar (BB) was created in 2001 under the name of BANSEFI (National Savings and Financial Services Bank). As part

of the World Bank-supported Savings and Credit Sector Strengthening Program in Mexico, its aim has been to generate access to safe and efficient financial services for the poor. BANSEFI was used by previous governments to implement the conditional cash transfer programmes that have become an increasingly important source of income for a large share of the Mexican population since the end of the 1990s, and that were also supported through World Bank loans.

When Andrés Manuel López Obrador (AMLO) took over the Government in 2018, he re-named BANSEFI in order to give expression to his major initiative to distribute resources to the poor and support the “economy of the people” (*la economía popular*). Like previous left-populist governments in Latin America, AMLO follows a proclaimed anti-neoliberal, but decidedly neo-extractivist economic policy. His Government has focused on increasing the income of the poor, primarily through increasing the productivity of the state oil company PEMEX, fighting corruption and imposing harsh austerity measures in the public sector, as well as investments in (highly conflictive) infrastructure megaprojects, including a new oil refinery. The freed resources are supposed to be channelled to the poor, mainly in the form of social benefits paid out to individuals.

AMLO therefore seeks to massively expand the role of what the President has called the “Bank of Welfare for the People” (*Banco del Bienestar del pueblo*). The most important programmes delivered through the BB are cash benefits for disabled people and the elderly (*Pensión para Personas con Discapacidad/Adultos Mayores*), scholarships for high school students (*Beca Benito Juárez*) and subsidized employment of youth at participating private companies (*Jovenes Construyendo el Futuro*). The official data indicate that these cash transfer programmes, with a budget of MXN 267,344 billion (US\$ 12 billion), reached almost 18 million beneficiaries in 2020 (Cámara de Diputados/CEDRSSA 2020). Moreover, the BB runs a microcredit programme for microenterprises (*Tandas del Bienestar*).

The other key political narrative, of which BANSEFI – now BB, have been an important element, is *financial inclusion*. According

to the World Bank, Mexico lags behind in terms of financial inclusion, as only 37% of adults have a bank account (World Bank 2020, 16). The World Bank has therefore supported the institutional development of the financial sector in Mexico since the end of the 1990s and continues to do so through loans to the Government (US\$500 million in 2019 and US\$1 billion in 2020). Therefore, and in order to comply with World Bank credit conditionality, the Government launched the 2020-2024 National Financial Inclusion Policy in March 2020 (Gob 2020a). The policy aims to facilitate access to financial products and services for people, in particular through the provision of microcredits for micro-, small- and medium-sized companies (MSMEs), backed by the idea that this will result in the well-being of the poor: “Increased access to financial services can lead to a significant increase in income, particularly among low-income individuals and those located in areas with lower pre-existing bank penetration. Financial inclusion promotes economic well-being by assisting vulnerable households to build up productive assets, manage risks, and respond to financial shocks” (World Bank 2019: 5).

However, critical observers argue that the financial inclusion agenda has served to re-legitimize the instrument of microcredit in light of its huge failure as a poverty reduction strategy (Bateman 2012; see also Bateman, this volume). With this policy, the Government follows the World Bank’s idea that financial inclusion contributes to economic growth and wellbeing. The BB is the key to implementing financial inclusion as it “promotes and facilitates savings among Mexicans, inside and outside the country, as well as access to first and second floor financing, in an equitable way, for individuals and corporations” (Gob 2020b). To drive home the national financial inclusion message, the Government policy also includes financial education at schools.

Another element of the financial inclusion policy is to reduce the use of cash and increase the use of financial technologies and digital payments in the economy. Most payments in Mexico are cash,

reflecting the large share of informal economic activity. Therefore, the central bank, Banco de México, launched the digital payment app CoDi (Digital Charge). In turn, the BB will use CoDi to deliver social benefits. The stated aim of implementing CoDi, and financial inclusion in general, is to draw more people into the formal economy and to combat money laundering and corruption (Galizia Cruz 2019; World Bank 2020).

In January 2020, the Government announced the ambitious goal of constructing 2,700 new branches of BB in the country, adding to the 538 existing BANSEFI branches. If this is realized, the BB will be by far the most geographically widespread bank in Mexico. Its branches will be constructed in locations without existing banking services or where services are insufficient or involve high fees. MXN 10 billion has been earmarked for branch construction, with MXN \$5 billion having already been transferred to an account at Banjército (National Bank of the Army, Airforce and Navy),<sup>1</sup> as the military is responsible for construction, equipment and transporting the cash to the branches.

As of June 2020, 230 new branches had been finished (Gob 2020c). One of the major challenges of constructing the bank branches across the country and having them use digital technologies is that many rural areas lack Internet access. In response, the Government created a new state-owned telecommunications and Internet company in the National Electricity Commission (CFE), whose aim is to provide Internet access on a non-profit basis to the population currently without access and free Internet access in public spaces (IFT 2019). The company was assigned a budget of another MXN 10 billion.

In addition to expanding access to banking and financial services, the financial inclusion agenda involves tapping into international financial markets to fund the issuing of microcredits. This usually

<sup>1</sup> Banjército is another one of the nine banks owned by the Mexican state that form the Mexican development bank system.

happens through securitization, i.e. the bundling of microcredits and selling of the loans or their derivatives as combined packages on financial markets (in turn, providing an income stream for investors). The link to debt issuance on financial markets is also evident in the case of the BB, despite the President's assertion that the bank is "financially independent". According to BB financial statements, its liabilities include one loan of more than MXN 300 million issued by Nacional Financiera (NAFIN, which issues debt for the Mexican government on international financial markets), one loan guarantee of more than MXN 300 million issued by Banjército, and one loan of more than US\$45 million issued by the Inter-American Development Bank (BB 2019, 46; BB 2020, 4, 10). The first two are specifically designated for the issuance of microcredits.

The available data remain inconclusive on the IDB loan but suggest that it is also designated for the issuance of microcredits. Moreover, the BB also conducts repo operations of substantial volume on financial markets, i.e. it borrows short term on financial markets. It remains unclear to what extent the resources of the two World Bank loans on Financial Inclusion (World Bank 2019, 2020) have been channeled to the BB. Typically, the World Bank focuses its activities regarding financial inclusion on implementing a regulatory environment that favours the integration of the economies of countries in the global south with global financial markets, and the profitability of these markets.

## THE DEVASTATING EFFECTS OF COVID-19 ON POVERTY

Mexico is among the countries with the highest level of infections and deaths due to the coronavirus. As of the beginning of November 2020, there have been more than 933,000 confirmed cases of Covid-19 and more than 92,000 deaths. However, as the Government uses the Sentinel method to track the pandemic, where only a certain number of monitoring clinics deliver data, it is estimated

(including by the Government itself) that the real number of infections was already around 2.8 million in June 2020, while independent sources assume 5.7 million (Infobae 2020).

At the end of March, the Government began to implement a series of public health response measures. In general, these were less restrictive than in many other Latin American countries, as the Government acknowledged the reality that more than half of Mexico's population make their living in the informal economy. Hence, there was never a complete confinement. However, all schools and universities were closed, public events were cancelled and economic activities that were classified as non-essential were suspended. Around 60% of all enterprises partly or fully closed their activities (INEGI 2020a). The Government launched the "Jornada Nacional de Sana Distancia" (National Workday of Healthy Distance), which urged people to stay at home and only leave the house for absolutely essential activities.

In June, a traffic light system was launched, which consists of four colours (red, orange, yellow and green). These mark the severity of the pandemic in each state and indicate, accordingly, which kind of activities are safe to resume. As of November 2020, the majority of the country is still on orange, while the infection rate is still high.

The Covid-19 pandemic has had a devastating economic impact on Mexico. According to Banco de México, more than 12 million people lost their jobs between April and May: 3.72 million in the formal sector and 8.46 million in the informal sector. Another 8 million became underemployed, i.e. employers cut their working hours (El Financiero 2020). Some 91% of enterprises reported decreased income, 30% of households reported that one or more of its members lost their job because of the pandemic, and 65% of households reported income losses (INEGI 2020a).

Not only have millions of people lost their jobs, but the share of the working poor has massively increased as incomes have declined. In May, the share of the working population who could

not afford the official basket of essential consumer goods rose to 54.9%, from 35.7% in March (Coneval 2020b). Among the most affected are women, especially because of the large number of un- or underemployed domestic workers (El Economista 2020a). The deterioration of working conditions became even more evident with the gradual opening of the economy in June. Two-thirds of those who returned to a job took up work in the informal sector, and almost three quarters of them earned less than before the pandemic began. Of the total working population, 46% state they earned less than before the pandemic. No less than 52% of the working population in Mexico work in the informal sector,<sup>2</sup> while almost half of them make their living through microbusinesses that are based on the resources of the household (INEGI 2020b). Some 60.7% of the working population earn less than two minimum wages (El Economista 2020b), which equals less than around US\$ 5.60 per day or around US\$ 170 per month.

## KEY ACTIONS BY THE BB TO RESPOND TO COVID-19

The measures taken by the BB to tackle the economic crisis caused by the Covid-19 pandemic essentially consist of an expansion of programmes that already existed, in particular the microcredit programme (however, as explained below, the programmes are hardly administered by BB itself). The pensions for the elderly programme, which pays MXN 2,670 every two months to all people over the age of 65 who have a pension of less than MXN 1,092 per month, was paid in advance for four months, i.e. beneficiaries received MXN 5,340 at once. This also applies to the pensions for the disabled programme if the beneficiaries are under 18 or indigenous people (Economía Hoy 2020). The “Sembrando Vida” (Sowing Life)

<sup>2</sup> The latest report of the National Council for the Evaluation of Social Development Policy (CONEVAL) speaks of 56.3%, also citing data from INEGI (CONEVAL 2020a, 27).

programme, which pays subsidies to the rural poor for agroforestry projects, increased by 200,000 recipients.

The microcredit programme existed before under the name “Tandas para el Bienestar” and provided an interest-free credit of MXN 6,000 to family microenterprises that have existed for more than six months. The loan must be paid back in 12 monthly payments, with an initial grace period of three months. If borrowers repay the full amount, they will have access to a second credit of MXN 10,000, and in a third and fourth round, of MXN 15,000 and MXN 20,000 respectively. Because of the crisis, the beneficiaries of this programme may defer their payments for three months, and they may access the second credit if they have paid back only 60% of the first one.

With the beginning of the *Jornada Nacional de Sana Distancia*, the Government announced the expansion of the microcredit programme. The programme, called *Crédito a la palabra* (Credit to the Word, i.e. without providing much paper work or the need for a credit history), foresees the issuing of 2 million individual credits of MXN 25,000 to MSMEs in urban areas. This includes 1 million individual credits each for the formal and informal sector. Both the formal and informal sector borrowers must pay back the credit in 33 monthly payments of MXN 824 each after a grace period of three months.

For formal sector enterprises, the interest rate is varied according to their size: 6.5% for enterprises with between 1 and 10 employees; 7.5% for those with between 10 and 20; 8.5% for those with between 20 and 50; and 10% for those with above 50 employees (IMSS 2020). Beneficiaries must be registered at the social security institute IMSS (Instituto Mexicano del Seguro Social) and must not have laid off personnel for the past six months. Interested enterprises must apply for the credit online through the IMSS. Domestic workers can also apply for this type of credit; however, they must be registered for social security. According to the President, funding for this part of the programme comes from the recovered taxes of

large corporations, which he personally urged them to pay as they owed MXN 50 billion to the state. According to Government information, tax collection from ‘large contributors’ increased by 144% although we were unable to verify this information based on statistical data from the tax administration office.

One million individual credits at interest rates of 6.5% are planned to be issued to informal microenterprises registered in the “Census of Wellbeing” (Censo de Bienestar). To register the potential beneficiaries of social benefit programmes, 26 of 31.9 million households in Mexico were surveyed within six months in 2019 (Gob 2020d). According to official information, one million microenterprises such as small kiosks, restaurants, street food stands and taxi enterprises were identified through the census, which are offered the “Credits to the Word” programme through phone calls. Should informal businesses not be registered in the census, they can register themselves through the webpage of the Secretariat of Wellbeing. According to the President, funding for this programme comes from a public development bank, Nacional Financiera (NAFIN).

In July 2020, the Government announced a further credit programme, the Direct Productive Credit (Crédito Directo Productivo), which will provide MXN 20,000 to 50,000 to formal sector microenterprises at an interest rate of 12%. The aim of this programme is to allocate MXN 300 million for a term of 18 months after a three-month grace period. These target the cities and towns most affected by Covid-19. Funding for this programme, according to the President, also comes from NAFIN (Urbeconomica 2020).

## THE PRIVATIZATION AND FINANCIALIZATION OF SOCIAL POLICY

Because of the poor infrastructure of the BB, in terms of its technological and human capacity as well as its geographical presence, all of its programmes have completely relied on collaboration with private domestic banks, in particular Banco Azteca. Banco Azteca

is part of Grupo Salinas, a powerful transnational conglomerate owned by Ricardo Salinas Pliego, Mexico's second wealthiest man (after Carlos Slim) and a close ally of President AMLO. With around 1,900 branches and more than 10,000 ATMs, Banco Azteca is the private bank with the widest geographical reach in Mexico. Its branches are usually located inside the stores of its parent company, Elektra, a retail chain that sells consumer goods such as appliances, electronics, motorcycles and computers. A key element of Salinas' business model has been 'financial inclusion', i.e. the massive expansion of lending money to the low-income sector and households, as the director of Banco Azteca explains: "[Banco Azteca] is a bank that was born as an institution of the people, so we have used financial inclusion not as a matter of rhetoric, but as a business model that we know how to do well" (La Razon 2020).

This business model became possible with the 2008 reform of the Credit Law, which created the figure of "niche banks", allowing retail chains such as Elektra and WalMart to carry out banking operations and offer financial services to their clients (Dávalos Torres 2020). Banco Azteca is known for providing credit at very high interest rates of around 88% (El Financiero 2014) and very low default rates, as it operates a fleet of debt collectors. Its return on equity was 10% in 2019 (Edwards 2020).

AMLO's system of social benefits is operated via bank cards, so-called "Wellbeing Cards" (Tarjetas de Bienestar). Without public tender, the emission and operation of the cards was assigned to Grupo Salinas. The beneficiaries of social programmes, including 2,000 adolescents working at the companies of Grupo Salinas within the "Youth Constructing Future" programme, automatically receive the card. Using the card, they can withdraw the money without fees at Banco Azteca, and in the retail chains Chedraui, Walmart, Soriana, Suburbia and LaComer at minimum spending levels and/or tied to special offers. "Credits to the Word" are issued through Banco Azteca, Banorte or Santander. To receive the credit, beneficiaries must open a bank account at one of these banks if they do not yet have one.

It is likely that the operations of the BB will continue to rely on collaboration with the private banks in the future. First, in July 2020 the Government cancelled a contract for over MXN 10.8 billion to install 8,000 ATMs at BB branches, officially because of a shortage of funding (Hernández 2020). According to media reports, the issue may also have been related to corruption and shifts in political loyalties inside AMLO's Morena Party, as the contract cancellation occurred simultaneously with the removal of the BB Managing Director (Maldonado 2020a).

Second, the first act of the new BB Director was a 40% cut in the bank's human resources budget, which involved a reduction of 1,200 staff contracted via outsourcing and wage cuts for the remaining staff (Maldonado 2020b). This too suggests funding problems. Third, beneficiaries are already used to receiving their benefits at the private commercial banks and these banks have a strong interest in maintaining the business of "Wellbeing" since it provides access to huge sets of personal data and portends potentially new banking clients. In the case of Grupo Salinas/Banco Azteca, it also ensures that the target group of costumers is drawn into their stores.

Considering the immense power of these financial institutions and business conglomerates, and AMLO's close alliance with Mexico's economic elites, it is doubtful that the current Government will somehow interfere in this business. It seems more likely that the BB will only be an alternative in remote rural areas, where it does not compete with commercial banks. But even there, Elektra seeks to profit from benefit recipients, developing a virtual store format to serve remote areas without physical buildings (Echeverría 2020).

## EFFECTIVENESS OF THESE BANK ACTIONS

Between January and July 2020, more than MXN 58 billion was distributed to more than 6.6 million individuals through social benefits programmes – 80% through pensions for the elderly and the dis-

abled, and scholarships for adolescents (Gob 2020e). Considering the devastating economic situation, and that the large majority of elderly, disabled and adolescents live in nuclear families, it is likely that the expansion of these programmes in the course of the pandemic also benefitted the families of these beneficiaries. However, this may be a side-effect of the programme rather than its intended goal, as there is no unemployment benefits scheme in Mexico.

According to the data provided by the BB, 808,014 “Credits of the Word” were issued in May and June 2020. Of these, 79% went to informal sector enterprises, 20% to formal sector enterprises (the large majority to enterprises with between 1 and 10 employees) and 1% to domestic workers. In Mexico, there are 4.8 million informal enterprises, which make up 75.2% of all enterprises and are, for the overwhelming majority, microenterprises (INEGI 2019, 6). This means that around 13% of informal enterprises have received the credit.

A survey by the statistical bureau noted that only 7.8% of all enterprises in Mexico reported that they have received some sort of support thus far during the pandemic (89% of which received it from the Government). However, it is also important to note that this survey includes large enterprises and does not exclusively refer to the credits offered by the BB (with some municipalities, such as Mexico City, also offering credits). In the same survey, of those who did not receive support, 37% say they did not know support was available. This seems somehow surprising considering the broad coverage of the topic in the media, including a daily one-hour press conference of the Secretariat of Wellbeing (Secretaría del Bienestar). Another 18% thought the support offered was too complicated to apply for and/or they applied but they did not receive it. Only 12% stated that they did not receive support because it was not necessary.

Some formal enterprise owners also report that they were denied the credit because they were not allowed to have any deregistering of staff members, even if they left voluntarily and before the

crisis (personal communication, small business owner in Mexico City, August 19, 2020). As regards informal enterprises, it is unclear as to which criteria were selected from the census.

Regarding the use of these credits, it is likely that the recipients mostly used the money to pay for essential costs, in particular rent, electricity and water, and social security for their employees and taxes if they were formal sector enterprises. In contrast to large corporations, which benefitted from tax reductions (INEGI 2020a) and the buying of bonds through the Mexican Central Bank in the course of the Covid-19 crisis, MSMEs have neither benefitted from exemptions from taxes or utility payments nor cash transfers. On the contrary, some small business owners report that, during the pandemic, their electricity was cut off due to outstanding bills (personal communication, small business owner in Mexico City, August 19, 2020). It is thus unlikely that entrepreneurs will use the credit in a productive way. The medium life span of a microenterprise in Mexico is 14 months (Aguirre 2010, 223). Of those that took credit before the crisis, 81% used it for buying supplies and 26% for paying off other credit (INEGI 2019). In fact, there have been media reports that Banco Azteca withholds money if the recipient of the Credit to the Word has an existing debt with them (Guerrero 2020).

Furthermore, it is instructive to think about the repayment of the credits. The demand for microcredit securities on financial markets assumes that the borrowers will receive sufficient income to be able to pay back the credits. Considering that 18 million Mexicans are beneficiaries of some kind of social benefit programme, it stands to reason that part of the funds distributed through these schemes will flow back to the BB in the form of debt and interest repayments. A microcredit scheme run by the previous Government was tied to the guarantee of repayments through the PROSPERA cash transfer programme by design. The BB had to incur major losses in 2019 due to a fallout rate of 85% in the microcredit programme, where credit repayment of the beneficiaries worked through discounts on payments of the PROSPERA programme, a

cash transfer scheme for poor women.

When PROSPERA was abandoned by the AMLO Government, the BB had to roll over the microcredits (Contrapeso Ciudadano 2019; El Sol de México 2020). What is more, PROSPERA (in the past, known under the names PROGRESA and OPORTUNIDADES) was itself financed through World Bank loans, i.e. the interest paid on microcredits were (supposed to be) financed through public debt. This illustrates not only that microcredits do not achieve their supposed goal of economic development and poverty reduction, as backed by a substantial amount of research (see for instance Bateman 2014), but also the absurdity of a social policy that is based on the financing of social benefits and microcredits through external debt.

## CONCLUSIONS

In this chapter I have analyzed the actions of the Mexican public commercial bank, the Banco del Bienestar, with respect to the economic and social crisis induced by Covid-19 in Mexico. It has become clear that, even if a bank is publicly (i.e. state) owned, it does not imply that it is free from class-based and class-divided interests. On the contrary, the analysis has shown that ‘public’ banking in Mexico has primarily served the private interests of a broad and very powerful coalition of actors comprised of the Washington institutions/Wall Street alliance, important fractions of the Mexican financial and corporate elite, the Mexican military and the reactionary left in the guise of President Andrés Manuel López Obrador.

In the context of the Covid-19 crisis, the policy of the BB has been focused on expanding its existing social benefit programmes and particularly its microcredit programmes. This approach is driven by the neoliberal agenda of financial inclusion and the World Bank narrative that linking the poor with the financial sector serves their economic wellbeing. While it serves the legitimacy of these actors, this narrative is highly problematic. First, the

programmes do not serve to increase the income of the poor and creation of productive assets, as stated by the World Bank, much less, as in the words of the President, to revive the *economía popular*. Rather, the debt-based programmes cement and increase the dependency of the poor on state welfare payments and credits. This is problematic, albeit not surprising.

In many ways, the Mexican public sector recovery strategy reinforces a centuries-old patriarchal and anti-emancipatory political culture in Mexico wherein legitimate political authority is based on the exchange of votes for social benefits (Albertus et al. 2012). After four decades of neoliberal financial crises that have steadily expelled larger segments of the population from livelihoods and living spaces (Sassen 2014), social benefits have essentially come down to upholding pure survival and the minimum of social reproduction.

President AMLO recently summarized this “moral economy” as follows:

Justice is to serve the humble people, the poor people. This is the role of the government. Even animals [animalitos] – which have feelings, it has been proven! – ... there is no way to say to a pet: ‘Go, find your food!’ They have to be given their food. (Andrés Manuel López Obrador, Daily Press Conference, March 29, 2020).

Second, what is even more worrying is that, through this policy, the state actively supports the further advance of social control and exploitative relations by a small financial and corporate elite in Mexico. One of the obvious effects of both the social benefit and the microcredit programmes is that the administering private banks, especially Banco Azteca, have materially benefitted through gaining access to the personal data of the poor, its explicit target consumer group. This is even more disturbing as Grupo Salinas executives control key positions in the state: The National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores)

under the Secretariat of Finance (Secretaría de Hacienda y Crédito Público) is run by a former high executive and co-founder of Banco Azteca; and the Secretariat of Education (Secretaría de Educación Pública), which is responsible for implementing financial education at schools, is run by the former long-standing director of Fundación Azteca. Less obvious but also deeply problematic is that the BB and the Mexican public banking system overall serves as bond between the poor and global financial markets. As pointed out by Soederberg (2013, 606), the poor have become attractive borrowers over the last two decades because financial investors see them as very reliable payers of high interest, and thus an investment vehicle that is resilient to economic crisis.

Part of Mexico's "moral economy" is that the Government appeals to the "solidarity" of the people when it comes to paying back the loans (Press conference of the Secretariat of Wellbeing, August 15, 2020). The current crisis has pushed millions more to the limits of survival. It is to be feared that through the "Bank of Welfare", the Covid-19 crisis has worked as a catalyst for the further ratcheting up the power of finance capital over the poor in Mexico. In order to transform the Bank of Welfare into a truly pro-poor public bank, progressive academics and policy advocates must address crucial issues such as the dissociation of public banking and public finances in general from financial markets and private banks.

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