

Governing *Homo Subprimicus*: Essays on the Financial Regulation of Poverty After the Subprime Crisis

by

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Abstract

This thesis explores the landscape of experimentation in non-prime financial products, services and institutions that has taken form since the financial crisis. Since the financial crisis, the premise that poor families can be made “self-sufficient” through the educated use of well-designed and regulated for-profit financial instruments has given rise to a variety of new financial practices that are reshaping the US financial landscape in ways that few geographers have studied. The thesis is composed of four primary chapters (chapters 2, 4, 6 and 8) with secondary linking chapters in between (chapters 3, 5 and 7).

Chapter 2 challenges extant framings of the relationship between financially marginalized groups and the financial system as one of either discriminatory exclusion or usurious inclusion. It argues for a reframing of financial exclusion as a problem of financial government. From this perspective, financial exclusion is a problem of how to regulate the conduct of risky populations through the sale of financial products and services. It argues that apparatuses designed to overcome barriers to the extension of financial government have produced tiered processes of financial subject formation.

Chapter 4 explores recent amendments of the Fair Credit Reporting Act, showing how the (re)production of financial relations at a national level can reshape financial relations at other scalar levels. It argues that the rescaling(s) that have attended the amendment of FCRA have reworked the relationship between individuals and their virtual financial selves (i.e. credit reports and scores) in ways that have created new tensions, contradictions and sites of struggle in the nascent post-crisis politics of financialization.

Chapters 6 and 8 explore this nascent politics on the ground, drawing on interviews and 1.5 years of ethnographic work with nonprofits in the San Francisco Bay Area. These chapters examine how informal financial practices are being repurposed and formalized to make the risks of financially excluded groups legible, tractable and priceable for “mainstream” financial service providers. I show that formalization is used to achieve a variety of often-contradictory ends, including the valorization of fallow stocks of social capital, the making of new markets, and a redistribution of calculative agency in the credit scoring process.

Keywords: Financial Geography, Governmentality, Inclusion/Exclusion, Formalization, Financialization, Poverty, Rights, Citizenship

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List of Acronyms

Alt-A	Alternative A-Paper
AFS	Alternative Financial Services
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CEO	Chief Executive Officer
CFPB	Consumer Financial Protection Bureau
CRA	Consumer Reporting Agency
ECOA	Equal Credit Opportunity Act
FACTA	Fair and Accurate Transactions Act
FC	Financial Citizenship
FCRA	Fair Credit Reporting Act
FDIC	Federal Deposit Insurance Corporation
FFL	Financial Facts Label
FHA	Federal Housing Authority
FICO	Fair Isaac Corporation
FiSCA	Financial Service Centers of America
FLEC	Financial Literacy and Education Commission
FRC	Fremont Family Resource Center
FTC	Federal Trade Commission
GAO	Government Accountability Office
LC	Lending Circle
LGBT	Lesbian Gay Bisexual Transgendered
LMI	Low- and Moderate-Income
LOP	Law of One Price
MAF	Mission Asset Fund
MEDA	Mission Economic Development Agency
MSR	Mode of Social Regulation
NWRO	National Welfare Rights Organization

OECD	Organization of Economic Cooperation and Development
OFE	Office of Financial Empowerment
RoA	Regime of Accumulation
ROSCA /RCA	Rotating Savings and Credit Association/Rotating Credit Association
TILA	Truth in Lending Act
US	United States
USD	United States Dollar

Chapter 1.

Introduction

Capital's search for "fixes" – spatial, temporal, institutional or otherwise – to the waves of crisis that followed the collapse of Keynesian Fordism motivated the outsourcing of production not only around the globe, "but also to the whole of society" (Mezzadra and Neilson 2013: 88, Hardt and Negri 2009, Gill and Pratt 2008). This extension of the valorization process beyond the proverbial factory gate and the cubicle (Marazzi 2011) into less traditional spaces of production is marked by various trends. These include the blurring of work and non-work time and space, the intertwining of productive and reproductive labor, and the increasing diversity of activities (re)oriented toward the production of value (i.e. almost anything that generates data) as well as the growing heterogeneity of legal arrangements by which labour relations are organized (e.g. temporary, contract, part-time, etc.). In this "social factory" (Gill and Pratt 2008), where value is produced through processes and activities that transcend traditional employment relations, finance plays an integral role in the expropriation of surpluses (Lapavitsis 2009). In a period of "financialization", where "profits accrue increasingly through financial channels" (Krippner 2011: 28) and people are expected to manage a growing set of socially-produced risks through investments in the self, financial inclusion¹ is essential for both social regulation and the realization of value.

As collective and redistributive systems for the management of social risk and welfare (from progressive taxation, unions and employment insurance to income supports, public housing and pensions) have been dismantled, reformed or restructured,

¹ Financial inclusion has various meanings, but at its most general it refers to efforts to ensure that people have a safe place to keep their money and track their finances (usually a bank account), as well as affordable access to credit and other consumer financial products, like insurance, and savings products.

unemployment, health, education, old age, and shelter have become issues to be managed more wholly at the household level through consumer financial products and services. Indeed, the idea that households might fund their own “private welfare states” through investment and debt was popular in the easy money environment created by the Federal Reserve in the early 2000s. People across the US and the Anglo-American world were encouraged to join George W. Bush’s “ownership society,” (Langley 2007) take on cheap debt, buy a home and build an asset base on which to live. For the financial industry this expansion of credit into formerly “excluded” populations was tantamount to the discovery of a “‘developing country’ within the United States” (Wade 2008: 31): a perpetual debt producing organism, whose risks, if innovatively packaged and obfuscated, could be “distributed” to others for a fee, and even bet on to fail.² While in the early and mid 2000s borrowing may have been, in Wade’s words, “the only sensible way live” (Wade 2008: 35), the logic fell apart for those who were financially “included” by subprime mortgages and later stripped of their assets and creditworthiness in the ensuing crisis. As we now know, this subprime mode of inclusion failed – at least in so far as the bets placed on the future earnings of NINJAs³ and precarious workers did not pay off (at least for most). Despite the debacle of the subprime crisis, the consumer finance industry, states, and consumer advocates remain widely committed to finding new and better ways to make financial markets work for the poor in the name of profit, economic efficiency and social justice.

The chapters contained in this collection aim to “defetishize” financial inclusion in the post-crisis United States. They provide a critique of financial consumer advocacy and the idea that well-designed financial markets can make poverty alleviation profitable. While showing how and why market-based approaches ultimately fail theoretically, as well as practically and politically, the dissertation takes seriously the proposition that

² The practice of designing investment vehicles (CDOs) to fail and then purchasing “insurance” (credit default swaps) against their failure (i.e. betting on their failure), long suspected, led the Securities and Exchange Commission’s fraud charges against Goldman Sachs (Story and Morgenson 2010) and journalists’ investigations of hedge fund, Magnetar (Eisinger and Bernstein 2010).

³ The term NINJA stands for “no income, no job or assets” and became term often attached to mortgages that were extended in the lead-up to the subprime crisis with extremely lax underwriting.

regulation, combined with education and product innovation can make financial markets “safe” for everyone. In spite of the financial crisis and the failed promise of the “ownership society,” for a wide range of actors, from the World Bank, to consumer advocates and civil rights organizations, financial inclusion remains synonymous with opportunity, empowerment and rights. This embrace of inclusion often ignores the social relations on which inclusion is based. Inclusion can as easily embed one in networks that enhance financial “capability” as render subjects susceptible to exploitation and expropriation. This is not to suggest the need for some general accounting of the costs and benefits, or pros and cons of financial inclusion, but rather the need for greater attention to how efforts to include, for better or worse, are reshaping socio-financial relations on the outer edges of the US financial system.

The Production of Financial Borderscapes

Rather than simply an end state to be achieved, inclusion is a process. The process of inclusion involves the constant reproduction and reworking of borders, the dismantling of boundaries between individuals and capital, and, consequently, the transformation of social relations and the production of new social formations. By framing inclusion as a process of bordering, the setting for each chapter becomes a “financial borderscape”: the borders between the included and excluded (Chapter 2); the imbrications, between and co-constitutive insides and outsides of scalar relations (Chapter 4); the intersections of interpersonal networks, or between the financially “visible” and “invisible” (Chapter 6); and between subjects and objects (Chapter 8). While these borders do not have well-defined locational referents like territorial borders, they nevertheless have a geography: a dispersed geography composed of banks, nonprofits, cheque cashers, legislatures, *et cetera*, where subjectivities are produced and various knowledges brought to bear on the roughly 70 million people in the US commonly described as “underbanked”⁴ or “financially underserved.” These are the subjects to be included, educated or made self-sufficient – who occupy a socially constructed liminal financial borderscape. This dissertation, then, is about the subjectivities and social

⁴ The term “underbanked” refers to people who are either “unbanked” (i.e. do not have a bank account) or who have bank accounts, but occasionally rely on alternative financial service providers (e.g. check cashers, or title lenders) for their financial service needs.

relations being produced at and through these imagined borders, and the variety of actors from financial devices (like credit scores) to nonprofits, state agencies and philanthropies that intervene or affect these processes of socio-financial production. In each chapter I move beyond dichotomies of inclusion and exclusion and explore how the (re)bordering being done since the financial crisis of 2008 in the name of financial inclusion and financial empowerment is reshaping social relations and producing new financial subjects.

By focusing on processes of social formation and subject formation I aim to avoid treating inclusion as either a policy goal whose merits can be taken for granted, or as a strategy of capital to be resisted. While the uncritical embrace of financial inclusion as inherently beneficial is problematic, so too is the opposite tendency to assume that markets, money and finance destroy and corrupt interpersonal relations, social solidarity and trust. From this latter perspective financial inclusion appears to be little more than a “screen allegory”⁵ (Spivak 1988, Mitchell 2004: 182) to legitimate the deeper penetration of finance capital into the “lifeworld” (Dienst 2011) – another instance of capital positing a limit as a barrier that must be surmounted (Marx 1973 [1858]: 410). It is important not to assume that finance is nothing more than a force of abstraction – “the frightful leveler [that] hollows out the core of things their peculiarities their specific values and their uniqueness and incomparability” (Simmel 2002: 14).

Such dichotomous depictions of the relationship between abstraction and particularity are pervasive in many varieties of left political economy; the market is depicted as an external imposition and imbued with the destructive power to do away with tradition, community, solidarity and particularity more generally (Berndt and Boeckler 2009). The appeal of these tropes is obvious. They provide something to be resisted or refused. Following Joseph (2014: 6), I contend that it is a myth that “the particular is destroyed by being abstracted,” and that processes of abstraction – in their various guises of commodification, marketization, or financialization – do not destroy

⁵ Screen allegories are narratives mobilized to occlude or displace more contentious alternative narratives. In this case, a relatively contentious story about making money from the poor or creating new markets for large financial institutions is displaced by one about access, inclusion, rights and financial capability.

particularity, but constantly transform social relations, and produce new social formations and particularities. In place of a dichotomous relationship between the abstract and the particular, Joseph proposes a dialectical one: the dialectic of particularization and abstraction.

Four Moments in the Production of the Contemporary Financial Borderscape

While this more dialectical approach is not always explicit in the chapters that follow, each looks to better understand how the spread of abstracting financial devices like credit scores produce new social formations and unique spaces of financial practice in the US financial borderscape. Each chapter examines this process through the efforts of consumer advocates and asset builders, past and present, to empower the poor, and of financial institutions to reach into new markets. In Chapter 2, I do this by rereframing financial “exclusion” as a problem of neoliberal governmentality. Framed this way financial exclusion is a problem of how to regulate the conduct of risky populations, at a distance, through the sale of financial products and services, without threatening the “freedom” of markets or undermining economic stability. Since the financial crisis, the premise that poor families can be made self-sufficient through the educated use of well-designed and regulated for-profit financial instruments has given rise to a variety of new financial practices reshaping the US financial landscape in ways that few geographers have studied.

Chapters 6 and 8 explore this variegated landscape of experimentation in “non-prime” financial institutional development and subject formation empirically. Chapter 6 engages the connections between financialization and the restructuring of social relations by drawing on interviews and participant observation conducted with nonprofits in the San Francisco Bay Area. It explores how informal rotating savings and credit associations (ROSCAs) are repurposed and formalized to make the risks of financially excluded groups legible, tractable and priceable for “mainstream” financial service providers. It argues that the informal financial practices of financially excluded groups in the United States are being enrolled in an incipient regulatory project to make new markets and produce financially self-sufficient subjects on the edges of the financial

system. While formalization is proffered by advocates as a way to give recognition to striving subprime financial subjects and valorize fallow stocks of social capital, the process of formalization transforms social relations in ways that may undermine certain forms of community in favour of a sociality more compatible with finance-led accumulation. But rather than a destruction of community, what I find is an emerging moral economy of financial self-management in which individual performances of creditworthiness are imagined to “scale up,” and together constitute a collective act of self-protection from the predations of financial capitalism. In other words, I find a reimagined understanding of community based on new sets of relations between striving subjects, nonprofits and financial institutions.

While Chapter 6 focuses on the scale of the social network – social capital, interpersonal connections and connections to various institutional actors – Chapter 8 is more focused on individual subjects and financial objects. Chapter 8 emphasizes the relationship between my fellow lending circle (LC) participants and their credit scores rather than changes on interpersonal relations or connections with particular organizations (Chapter 6). What I find is that for many participating in LCs, working to increase credit score is only indirectly related to improving creditworthiness (i.e. one’s ability to repay their debts). Instead, credit building is about achieving correspondence between self-perception and algorithmic representation. Credit building is about learning to perform subject positions that produce the types of data that are rewarded by credit scoring algorithms. It is about learning to play what I call the “credit score game” and strategically producing data to affect the calculation of credit score. This ability to strategically manipulate one’s credit score is noteworthy because it represents, following Callon and Muniesa (2005), a redistribution of “calculative agency” and the emergence of a new form of distributional financial politics centred on who generates what kinds of “positive data.” I argue that this new terrain of contestation exists because of a relationship between individuals and their credit information forged by recent amendments to the Fair Credit Reporting Act (FCRA 1970).

Chapter 4 excavates recent legislative efforts to construct a national space for the purchase and sale of consumer credit risk in the United States. During the mid-1990s

and early 2000s FCRA was amended several times in an effort to produce a national space in which consumer credit risk could be priced in “place-free” terms. I use the recent history of FCRA to show how the (re)production of financial relations at a national level reshaped financial relations at other scalar levels. The chapter also reveals how processes of financial subject formation are tied to the production and reproduction of geographical scale. The rescaling(s) that have attended the amendment of FCRA have reworked the relationship between individuals and their virtual financial selves (i.e. credit reports and scores) in ways that have created new tensions, contradictions and sites of struggle in the nascent post-crisis politics of financialization. Some of these tensions are explored through interviews with my fellow LC participants in Chapters 6 and 8.

Studying Socio-Financial Transformation on the Financial Fringes

The analysis and conclusions of this thesis are based on a variety of methodological approaches. While Chapters 2 and 4 rely on textual and discourse analysis, Chapters 6 and 8 draw on a variety of qualitative methods, including in-depth interviews with LC participants as well as ethnographic techniques (e.g. participant observation). Because these latter Chapters (6 and 8) constitute the empirical core of the thesis, the methods they employ deserve additional explanation and description.

Originally the empirical components of this thesis were envisioned as a multi-sited ethnography of payday loan storefronts. With this in mind, my early fieldwork involved attending the 2011 Annual Meeting of the Financial Service Centers of America in Orlando, Florida. There I was able to observe as well as eat and speak with a variety of professionals involved with the AFS industry, from the operators of service center storefronts and legal compliance officers to regulators (e.g. from the CFPB). While I learned much about the state of the industry at the time – its size and growth as well as its anxieties about online competition and regulatory uncertainty (represented by the creation of the CFPB in the 2010) – my primary intent was to make contacts that might lead to placement as an observer or employee somewhere along the AFS value chain. Many AFS industry members communicated a desire to find new outlets through which to communicate “their side of the story” and to prove they were not “bad guys,” but I was

unable to find anyone with the authority to provide access or interest in participating in qualitative research whose results and distribution they would not be able to control.

This lack of access to industry spaces (e.g. storefronts) required adjustment to my research plans and methods. To find alternative sites where I might embed myself in the border zone between the financial “fringes” and more traditional financial institutions (banks and credit unions) I conducted scoping interviews with various financial reform advocates in the San Francisco Bay Area. A common enthusiasm was expressed for the work being done by a small organization called the Mission Asset Fund. MAF’s primary vehicle of intervention in non-prime financial relations was its lending circle program (see Chapters 6 and 8). Lending circles, as I discuss in much greater detail later in the thesis, are essentially a form of peer lending common in Hispanic and other immigrant communities in the US, redesigned as a credit building product. The purpose of the LC, as described by MAF, is to “leverage cultural assets” in order to bring “credit invisibles” out of “the financial shadows” and into the “financial mainstream”. I felt LCs would provide an ideal venue through which explore the US financial borderscape for a couple of reasons.

First, the informal group lending systems on which LCs are based (rotating savings and credit associations, like *tandas*) are typically trust-based and involve frequent meetings and other forms of interaction between participants. These trust- and solidarity-building activities I anticipated would provide opportunities for ethnographic encounters with the quotidian financial dynamics of the post-crisis financial borderscape, and allow me to establish relationships with LC participants extending beyond MAF, into participants everyday lives. Second, the intention behind the LC program is to produce changes in people’s lives by revealing hidden performances of creditworthiness, thereby reducing information asymmetries and altering the socio-financial relations in which financially “excluded” households are embedded (e.g. predatory relations with “fringe” financial service providers). On a more practical level, when I contacted MAF it was enthusiastic about meeting with me and was open to my participation in its various initiatives, including participation in LCs, attending project planning meetings, collaborating on writing projects and helping design small research projects (see Chapter 5 for a more detailed description).

It was in the fall of 2011 that I began planning my LC participation. At the time the LC program was in the midst of its first major expansion, having recently received a grant to replicate the LC program at various sites in the Bay Area, including the San Francisco LGBT Center, and the City of Fremont's Family Resource Center (FRC) as well as a number of other prospective sites (e.g. in Oakland and Richmond). Planning my LC participation involved getting to know various MAF program officers, who introduced me to those responsible for running the LC program at partner sites.

I began my LC participation in January 2012, becoming a paying member of two LCs at the SF LGBT Center and one LC at the FRC.⁶ I quickly discovered that LCs would not be the high-touch pathway into participants everyday lives I had anticipated based on MAF's promotional rhetoric and literature on informal ROSCAs in anthropology, sociology, and economics. LC members rarely, if ever, meet after the original formation meeting. While this was an interesting finding in itself (see Chapter 6), it also required adjustments in my research methods. First, I relied more heavily on interviews with LC participants to learn about people's financial lives and connections to various actors shaping and reshaping the financial fringes. Over the course of 2011 and 2012, I conducted 21 in-depth, semi-structured interviews with LC participants from MAF, the LGBT Center and the FRC. Interviewees were also surveyed for basic demographic information. Second, I attended additional LC orientation and formation meetings at all three field sites as well as financial education classes targeted at LC participants. These classes proved to be helpful recruitment sites for LC participant interviewees. For example, a Money Smart⁷ class for LC participants at the FRC gave me the opportunity to spend a full day with fellow LC participants from outside my own circles where many shared personal stories and opinions about the US financial system and their places in it.⁸ Finally, I interviewed LC coordinators at all three field sites.

⁶ I also observed several other LCs at the FRC without contributing funds to the circle.

⁷ The Federal Deposit Insurance Corporation developed Money Smart in 2001. It is a free financial education curriculum composed of 30 modules to help social service providers and individuals teach and learn the basics of personal financial management.

⁸ To learn more about the goals and intentions of Money Smart, I interviewed the FDIC's Chief of Outreach and Program Development in Washington, DC in December 2012.

Beyond participation in, and observation of, LCs my interactions with MAF took a variety of forms from informal walk-alongs with MAF staff to sharing news articles about finance-related topics via email and more formal collaborations on writing and research projects (see Chapter 5). I first made contact with MAF in August 2011. My involvement in MAF's operations was intermittent and spread over many months; this involvement was embedded in particular projects and not the organization's operations more generally. I functioned as an unpaid consultant.⁹ Playing this role for MAF gave me access to people and spaces that would otherwise have been out of reach. For example, through my affiliation with MAF I was able to secure an invitation to a closed-door "Financial Innovators Lunch" which brought together high-ranking officials and staff from the CFPB and "innovators" in the "underbanked" financial industry, including CEOs from start-up firms, the heads and directors of outreach oriented divisions of banks. These contacts were instrumental in arranging the interviews I conducted during a research trip to Washington, DC in December 2012, where I visited and met with staff at the FDIC, CFPB and Credit Builders Alliance.

Methodologically the research on which this thesis is based is an innovative and improvisational mixture of various qualitative techniques from participant observation to surveys, interviews and textual analysis. Each technique provides a unique vantage point from which to examine, and interact with the unsettled borderscape that constitutes the fringes of the US financial system. Together these techniques triangulate the story that this thesis unfolds about the connections between macro-level processes of financialization and the micro-level practices that make up the everyday lives of financially marginalized populations. Each method adds nuance, insight and confirmation to a story that might otherwise be disjointed or even impossible to tell. Moreover, this methodological improvisation was necessary to adapt to challenges encountered in the field. This methodological *bricolage* also made it possible to follow relations as they extended out from individuals to processes and structures (Burawoy

⁹ Indeed, when MAF registered me for a conference I was assigned the title of "Consultant"

2009) – from personal stories of financial hardship to processes of financial inclusion and education and the financialization of the American economy.¹⁰

Note on the Concept of Financialization

The term financialization has been in academic use for at least 20 years (e.g. Arrighi 1994). In the early 2000s its meanings as well as the phenomena it was deployed to explain began to expand, first gradually and then accelerating rapidly after 2008. By 2009 Lee *et al.*, in their introduction to a special issue of *Economic Geography* on the financial crisis, claim to have identified seventeen distinct variants of the term. Given that “financial” is the most common titular adjective of the recent crisis it is perhaps no surprise that the events rippling out from the collapse of Lehman Bros. and the US subprime mortgage market have hoisted “financialization” to buzzword status, and precipitated an explosion¹¹ in its use. This post-crisis proliferation has caused concern that colloquialization and scholarly overuse are diluting the term’s meaning, and splintering and fragmenting the concept into an incoherent mess. In response, Christophers (2015) has called for a more cautious, parsimonious use of the term and a debate about financialization’s analytic and theoretic limitations. Despite sympathy with such warnings, this dissertation makes frequent use of the financialization concept. In the interest of clarity and a desire to preserve the explanatory import of the concept, here I want to provide a guide to the interpretation of the term within this document and to position my work within financialization’s poorly-pruned family tree.

Financialization is a “rascal concept.” Although Brenner, Peck and Theodore (2009: 3) assign this moniker to neoliberalism for being “promiscuously pervasive, yet inconsistently defined, empirically imprecise and frequently contested,” it is surely a label that applies equally well to financialization. Both financialization and neoliberalism, like globalization, are terms that function both as subject and object – umbrella terms for a

¹⁰ I have used pseudonyms for all study participants, including all interviewees, LC participants, staff at MAF, the FRC and the LGBT Center.

¹¹ Christophers (2015) makes this claim based on an analysis of Google Scholar, where a search for “financialization” turns up 170 hits between 1996 and 2000 compared to 12,010 between 2011 and the midpoint of 2014.

set of phenomena to be explained, and tasked with explaining and making sense of those same phenomena. While much of the confusion that results from this dual role as both subject and object, explainer and explainee, is perhaps unavoidable, the meanings of the term and the intuition behind its use is made clear(er) by the historical processes the term financialization is used to describe.

Accounts of financialization can be divided into four strains according to the empirical trends they emphasize. The first originates in the work of Arrighi (1994 and 2009), but has been most thoroughly developed in the context of recent US history by Krippner (2005, 2011). Krippner (2011) centres her definition on profit shares, defining financialization as a pattern of accumulation in which profits accrue increasingly through “financial channels” (i.e. in the form of interest, dividends or capital gains) rather than through the production and sale of tangible commodities.¹² A second, refers to the growing political power of the rentier (Dumenil and Levy 2004, Palley 2007, Piketty 2014), and is closely tied to a revanchist neoliberal class project, especially for Harvey (2007). Here, empirical support takes on variety of forms, including rising inequality, wage stagnation, favourable tax treatment of capital gains, and unprecedented levels of debt (sovereign, corporate and personal). A third strain of financialization scholarship (Froud *et al.* 2000), emphasizes trends in corporate governance that fall under the rubric of the “rise of shareholder value”. Here financialization is defined by the pursuit of “shareholder value” through stock buybacks, misleading accounting practices, and other methods designed to produce short-term stock-price appreciations at the expense of longer-term strategic considerations (e.g. research and development, labour and environmental conditions). This variant of financialization is empirically expressed through inflated price-to-earnings ratios, stock market bubbles as well as various forms of “creative” accounting (e.g. Enron and Worldcom). Finally, there are a variety of sub literatures that I will call “the financialization of X”, which all make similar claims about the growing role of financial instruments, logics and practices in shaping action in a particular domain. For example, the financialization of daily life (Martin 2002, Langley 2010), wherein the social reproduction of the household is increasingly intermediated by

¹² Krippner (2005) uses a more restrictive definition of financialization, wherein profits accrue *primarily* through financial channels.

financial products and institutions: buying a car and owning a cellphone are affected by credit score, the ability to retire or send one's kids to college depends on the financial assets that make up one's 401K and 529 "savings" plans, etc. The financialization of the city (e.g. Weber 2010), wherein funding urban use values turns on the ability of city governments to sell access to future income streams to investors, whether these streams-to-be-securitized take the form of incremental increases in tax receipts or parking fees. The financialization of nature, in which to save nature, it must be sold (McAfee 1999), and to be sold, markets must be made – a process that recruits the expertise of financial consultants as well as liquidity from global capital markets. Each case constitutes an example of financialization to the extent that the achievement of some end, from the reproduction of the household to the funding of public amenity or environmental protection, is mediated through actors, technologies and practices constructed as "financial"¹³ that once either played no role or a smaller role in the achievement of those ends.

All of these definitions implicitly suggest that financialization involves growth in the size of finance's role – in capitalism, in a national economy, or a particular corner of society – across some unspecified threshold where quantitative changes take on special qualitative significance. Whenever profit shares (Brenner 2000, Arrighi 2009, Krippner 2005, 2011), debt loads (Palley 2007), or other quantitative indicators are employed as evidence of financialization, tacit assumptions are being made about the thresholds and mechanisms through which quantitative change is manifested qualitatively through changes in socio-financial relations – in financial motives, markets, actors and institutions (Epstein 2005: 3). It is not merely the existence of a pattern of accumulation in which profits accrue increasingly through financial channels that signals the financialization of the American economy; it is that a certain percentage of profits accrue this way (Krippner 2005). However, determining whether that threshold is crossed in moving from 15 to 20 or 25 to 30 percent of corporate profit is a foolish positivist errand, and if financialization is to be more than a descriptive concept, it must be conceived and studied as more than a quantitative phenomenon in which finance grows in new places

¹³ Ironically, the advent era of financialization has been accompanied by a blurring of the distinction between financial and non-financial sectors of the economy (Krippner 2011).

or in new ways or for new reasons. Instead, financialization scholars would do well by focusing on how, why, where and when financial relations take on new qualitative significance. In this dissertation I explore financialization through changing socio-financial relations of which statistics can only ever be imprecise indicators.

I study financialization through the social relations produced by efforts to commodify the risks shifted onto the shoulders of individuals through processes of neoliberalization, and to circulate those risks on consumer financial markets. This is an understanding of financialization that brings together the insights of LiPuma and Lee (2005) on the objectification of abstract risk with Martin's (2002) understanding of financialization as the spread of a "commercially inspired selfhood" where individuals take on responsibility to secure their livelihoods through investment and borrowing. In what remains of this note on financialization I want to clarify what I mean by the commodification of risk, and the relationship between neoliberalization and financialization (see Chapter 2, as well).

For LiPuma and Lee the derivative is a device which enables "the plurality of incommensurable types of risk [to be] reduced to a singularity: risk in the abstract" (414). The story they tell about the derivative, is a story about the commodification of risk, wherein qualitatively distinct risks are abstracted and detached from the social contexts in which they were created, so that they can be quantified, rendered equivalent and tradable. While the derivative is perhaps the most universal tool for the commensuration of particular/concrete risks, it is not the only technology through which risk is abstracted, commodified and circulated it on markets (credit scoring plays this role in consumer financial markets). But before risk can be profitably circulated it must be made priceable. As I explore in this dissertation, making concrete individual risks priceable requires the cultivation of relationships between individuals and financial institutions that make risks visible, legible and measurable for those who might wish to purchase those risks in the form of loans or securities. The desire to create subjects who can manage social risks through the private procurement of financial products (saving, investment and borrowing) has made the financial relationships of low- and moderate-income populations an important domain of intervention for the neoliberal state.

In addition to having common origins in the 1970s crisis of Fordist-Keynesian capitalism, neoliberalization and financialization are mutualistic processes, wherein, (i) neoliberal policy logics produce new opportunities and platforms for financial innovation, and (ii) financialization provides new techniques and technologies of government for the neoliberal state that promise, at least in theory, to effectively regulate conduct without impinging on market freedom or the efficiency of its outcomes. Finance, through the census-like collection of data and mathematical techniques that enable individuals to be modeled as functions of abstract risk, provides technologies that aspire to make government beyond the state deployable. Put another way, finance, through the process of financialization, has claimed a piece of what was once the state's monopoly over "legitimate symbolic force" (Burbarker and Cooper 2000: 15) – the power to name, identify, categorize and count. This calculative mode of action utilizing a variety of techniques and forms of knowledge "to structure the possible field of action of others" (Foucault 1982: 790) – is, for Foucault, the definition of government. Financialization, also then, in this thesis is related to the "roll out" of a form of private financial government.

Note on the Organization of the Thesis

This is a dissertation by paper. Chapters 2 and 4 have been previously published in *Antipode* (Kear 2013) and *Geoforum* (Kear 2014), respectively, and Chapter 6, at the time of submission, is under review at the *Journal of Cultural Economy*. Chapters 3, 5 and 7 are designed to make connections between the more substantive chapters and position their content and arguments within the broader context of my PhD research. Chapter 3 provides a brief "prehistory" of the financialization of everyday life, focusing on various movements for credit access and the passage of a suite of financial consumer protection legislation in the late 1960s and early 1970s. The Equal Credit Opportunity Act, the Fair Credit Reporting Act and various other Truth-in-Lending related federal legislation laid the foundation and, in some sense, constituted the political arena in which distributional financial claims-making occurs in the US to the present day. Chapter 5 provides background about my ethnographic research working with an organization called the Mission Asset Fund (MAF) as a part-time consultant on two projects and

participating in its credit-building peer lending circles (LCs) at partner organizations around the Bay Area.

Chapter 2.

Governing *Homo Subprimicus*: Beyond Financial Citizenship, Exclusion and Rights

In this chapter I present an alternative to scholarship on the distributional politics of finance that emphasizes the financial empowerment of the financially excluded through the recognition of new financial rights. To push reformist efforts to universalize access to “safe” and affordable financial products further, I (re)conceptualize finance as a form of biopolitical government whose subjectivizing tendencies are concomitant with emerging capitalist class processes. The chapter builds toward this (re)conceptualization of the distributional politics of finance by engaging with some of the theoretical questions and challenges raised by the idea of “financial citizenship” (FC) (Leyshon and Thrift 1995), and liberal campaigns to create “safe” and “inclusive” consumer financial markets.

The chapter is divided into three main parts. In the first, I introduce the idea of FC, and outline a set of challenging questions about financialization, sovereignty and rights, which the concept raises. I then argue that demands for greater financial inclusion made by FC discourse are at their core not about financial rights *per se*, but about giving the economically marginalized more control over their livelihoods. FC discourse errs, first, in the choice of the institutions from which it seeks rights and, second, in its assessment of the quality of empowerment and autonomy that access to financial products can provide to low-income households. In the following section I present an alternative view of the relationship between the financial system, the state and the citizen, which muddies the liberal distinction between the state and the financial system (and markets more generally). Here I argue that financialization involves the rollout of a form of biopolitical government incommensurable with the idea of financial rights, or dichotomies of financial inclusion and exclusion. Drawing on Foucault’s distinction

between technologies of discipline and security, I describe how barriers to the extension of financial government to certain social groups is creating a “double system” of financial government, and tiered processes of financial subject formation. I conclude with a call for more research on the novel class processes of today’s financial capitalism.

Distributional Financial Politics in the Current Conjuncture

Since the early stages of the “Great Recession,” the squeeze on households, businesses and governments from stagnating real incomes and sluggish economic growth has become harder to conceal through expansions in credit and debt, or by rechanneling investment into financial markets. As a result, the distributional politics of finance have been destabilized and distributional social conflict has acquired a new immunity to the crisis-deferring apparatuses of finance. Does this mean, as Krippner (2011: 139) has suggested it might, that financialization “as a response to the crisis conditions of the late 1960s and 1970s[...]is coming to a close”?

Seven years after the collapse of Lehman Brothers, the political and economic implications of finance’s loss of palliative efficacy in the treatment of distributional social conflict are still coming into focus. In the meantime, those interested in the distributional politics of finance should not assume that the end of financialization is nigh. Financialization, understood most broadly as the increasing role of financial motives, markets, actors and institutions in any or all spheres of life (Epstein 2005: 3), is too diverse and variegated a phenomenon to experience a singular dénouement. Lee *et al.* (2009: 728) “identify at least 17 notions of financialization,” suggesting that it is a process capable of adapting and finding many forms of expression as it seeps into the “nooks and crannies of social life” (Lee *et al.* 2009: 728). Moreover, it is unlikely that today’s expressions of financialization exhaust the process’s evolutionary potential. Perhaps, then, the more important question is not whether financialization is “coming to a close,” but how and why which branches of financialization’s family tree terminate, persist and mutate?

Faith in the allocative efficiency of financial markets may be on the wane, but no alternative hegemonic social mechanism for negotiating competing social claims has

risen to take the place occupied for three decades by financial markets. In the absence of an alternative decision-making mechanism, the political contest for scarce resources, and over who should bear the brunt of cascading crises – subprime, liquidity, debt, fiscal, social, legitimation and so on – will continue to be shaped by financial interests and logics.

Regardless of whether financialization represents a major structural shift in the operation of capitalism,¹⁴ it has changed the way economic subjects are formed (Chapter 4), creating new financial identities (Langley 2010, Martin 2002), and axes of distributional struggle (Chapter 8). Unfortunately, changes in subject formation processes and economic identities are harder to measure than profit shares and revenue flows, which have become the standard indicators of financialization (Krippner 2005, 2011).¹⁵ While not easily measured, shifts in subjectivities affect the way positive economic rights are conceived, the types of social claims that are made and the strategies that are used to secure them. Making sense of these ongoing and lagging qualitative effects of financialization requires the development of new theories and methods for studying the distributional politics of finance. An early effort in this vein is provided by the notion of financial citizenship (FC). Introduced by Andrew Leyshon and Nigel Thrift (1995) as a platform for the promotion of financial rights, FC is a rare example of a distinctly financial mode of distributional social claims-making. The idea of FC is both suggestive in productive ways and inadequate in others.

Financial Citizenship

With financial citizenship Leyshon and Thrift provided a new language through which to articulate the injustices of financial exclusion in the context of the financially “disenfranchising” tightening of credit, “flight to quality” and retreat of retail banking from low-income areas (Pollard 1996) in the aftermath of the early 1990s recession. Today

¹⁴ See Christophers (2011) for a skeptical appraisal of theories of financialization that infer structural changes in capitalism from national statistics on profit shares.

¹⁵ For detailed statistical measures and definitions financialization see Krippner (2005, 2011), and Stockhammer (2004).

the term possesses few rivals as a framework for representing the inequities of financial exclusion in a manner that points toward their amelioration.

FC provides a language that connects the lived experience of financialization on the margins to a new set of not-yet-existing economic rights. However, the financial inclusion pursued by financial consumer advocates and FC proponents only makes sense as a solution to the problem of financial marginality as long as the necessarily discriminatory logic of finance is underplayed. As long as those with precarious incomes deposit less money for banks to lend and are at greater risk of defaulting on loans, they will pay a premium for financial services. The discriminatory nature of risk pricing forecloses the possibility of an egalitarian financial system. By ignoring the pseudo-natural limitations of the financial system, FC elides several complexities regarding the relationships between economic marginality and financial access, the desirability of financial “inclusion,” and the very applicability of a conventional inclusion-exclusion framework to the financial system. By exalting financial inclusion as a sort of “human right” (Leyshon and Thrift 1995), FC leaves unchallenged the expansion of the financial system’s role in the regulation of everyday life and in the mediation of social relations. By critically engaging with FC, I both respond to the “urgent need” identified by French *et al.* (2008) and Dymski (2006) to discuss the “rights of financial citizens” (French *et al.* 2008: 31) in the context of the current conjuncture, and develop an alternative schema for conceptualizing and problematizing financial discrimination in ways that financial exclusion and financial citizenship cannot.

The State, the Financial System and Citizens

Leyshon and Thrift use the idea of citizenship to link the marginalizing tendencies of the financial system to a set of unrecognized financial rights. They justify the adoption of citizenship language to make this connection by highlighting a series of equivalences between (nation) states and financial systems:

States have an 'inside' and an 'outside', a 'here' and a 'there'; they have citizens (on the inside) and non-citizens (on the outside). Contemporary financial systems also have these characteristics. They draw borders which are difficult to transgress, and which are currently being rolled up. What we need is a concept like financial citizenship which can relate the

two, both as a means of putting pressure on states to reform their financial systems so that they include rather than exclude and of putting pressure on financial systems to realize that they have some state-like responsibilities which reach beyond consumer sovereignty into basic human rights (Leyshon 1995: 336).

Leyshon and Thrift's invocation of FC leaves unclear to whom, or to what, the appeal for financial rights is being made: is it the state, the financial system, some higher moral principle, or a combination of these? It is ambiguous whether FC is supposed to be a souped-up version of an already held citizenship, or a sort of additional citizenship, where one would have rights guaranteed by the state as well as by financial institutions, as when they suggest that "...people should be able to be 'dual citizens' of both the state and the financial system" (Leyshon and Thrift 1995: 336). Regardless, the passage, in addition to presupposing an extant relationship between the state and the financial system capable of creating a new class of rights, provocatively confers on the financial system "state-like responsibilities."

The idea that the financial system and the state bear separate, state-like obligations to the economically marginalized makes one wonder where the financial system's state-like responsibilities come from. Do they originate in some unwritten, original contract, natural law, or other equally pre-social and self-evident principle of justice, or are they automatically imparted through the financial system's assumption of state-like powers and roles in the governance and regulation of the state's subjects? While there exists a vast literature reaching back to Hobbes and Locke about the state's responsibility to its subjects, the idea that financial institutions might be responsible for providing and protecting the rights of noncustomers remains novel. Hobbes and Locke's contrasting accounts of the origins of the state's responsibilities to its subjects provide instructive models with which to make sense of FC's enlistment of the financial system in the guardianship of "citizenship" rights.

From Hobbes to Locke

Relations between the financial system, the state and the public have taken on a baldly Hobbesian quality in which financial authorities and technocrats act as a sort of modern monetary policy Leviathan (Mann 2010: 18). Despite this Hobbesian turn, FC

discourse, and the efforts of financial consumer advocates to build a more inclusive financial system, are predicated on a version of the relationship between the financial system and its subjects-cum-citizens that is more Lockean than Hobbesian. It is a relationship where the financial system is accountable to the people – and not only in their capacities as creditworthy customers. The tensions between the implicitly Lockean political imaginary of FC discourse and consumer advocates, and the reality of a financial system which must operate in a Hobbesian fashion to manage capitalist crises, have not received the attention that they deserve.

Hobbes's (2010[1651]) depiction of the relationship between the rights of the governed and the state contains both resonances with the contemporary financial system's operation as well as important dissonances with FC discourse. Highlighting the resonances, Mann (2010: 18) argues that the "very structure of modern monetary authority has a distinctively Hobbesian quality" in which various precepts of modern monetary policy orthodoxy have become "difficult to reconcile with any acceptable definition of democracy." According to this orthodoxy, markets must be protected from the vagaries of shortsighted electoral politics. To ensure that investors can form "rational expectations" based on "credible," and "transparent" monetary policy, governments must give near complete and unchallengeable authority to their central banks to maintain a targeted rate of usually around 2% inflation (Lucas 1986:128, Mann 2010).

In neither Hobbes's sovereign, nor today's inflation-targeting Leviathan, however, do we find examples of state responsabilization that fit with the "state-like responsibilities" imagined for the financial system in FC discourse. In Hobbes's schema the state's responsibility to its subjects is a *quid pro quo* for its enjoyment of a complete monopoly over legitimate coercion. In FC discourse the financial system, when carrying out its state-like duty, is the guarantor of rights, not the recipient of the right to do whatever is necessary to appease bond markets. Clearly the Hobbesian qualities of today's financial order are not what animate demands for financial inclusion, or inform FC discourse's understanding of the financial system's obligations to the excluded. FC represents a Lockean demand made against the grain of an increasingly Hobbesian financial system.

Unlike Hobbes's Leviathan-ruled state, Locke's state is answerable to the people, and rightfully overthrown by them when it fails to defend their rights, judge them impartially, or makes itself the "arbitrary dispose[r] of [their] lives, liberties, or fortunes" (Locke 1988: §221). The financial system's role as an "impartial judge" is a large part of what defines its "stateness" in a contemporary Lockean sense. Casting the financial system as an "impartial judge" parallels a general tendency in neoliberal discourse identified by Foucault (2009: 32) to reify the market and exalt it as an impartial arbiter of state practice. This general tendency, however, began to manifest itself in particular legal forms in the 1970s. Perhaps the best example of the formalization of finance's role as an impartial judge is the US Equal Credit Opportunity Act of 1974 (Marron 2007). Regulation B of the Act prohibited any "judgmental system" of credit assessment. In place of "judgment" the Act made scientific and objective credit scoring systems based on statistically representative sample groupings the proper means of discrimination. In so doing, the Act inaugurated an historical shift from "creditworthiness" as discontinuous phenomena and a function of "personal character," to creditworthiness as a "continuous measure of risk constructed within the context of the wider national population" (Marron 2007: 117). The Act, and the risk-scoring technologies it promoted, by offering an "objective" means of assessing default, promised to serve as an impartial means of discrimination operated by private companies, beyond the purview of electoral politics.

In carrying out its "state-like" responsibility to impartially discriminate, the financial system becomes entangled with the problems and questions of sovereignty. Carl Schmitt (2005), probing the foundations of legal order in modern states, defines the sovereign as an actor outside the law who must decide when the law must be suspended to preserve and protect the legal order. The problem of sovereignty, for Schmitt, is that the state is both founded upon and haunted by the specter of an entity possessing the obscene power to "decide the exception" – to decide when an emergency exists and whether the law must be superseded to eliminate it (Schmitt 2005:7). Try as it might, according to Schmitt (2005: 11), the state cannot wholly exorcise or permanently "repress the question of sovereignty." This responsibility to decide the exception is a source of extreme anxiety for the liberal democratic state for many reasons, and various methods have been devised to dodge the problem. The

ways and means of coping with the anxieties of sovereignty are central to the history of financialization, and are deeply woven with questions at the heart of FC discourse.

As Krippner (2011) argues, the history of finance's rise is closely related to the struggle to delink the state's sovereign responsibility to decide from unpopular economic outcomes. According to Krippner, the post-war expansion of the state's role in the management of the economy amplified perceptions that economic events were "the product of state action" (21). This popular belief in the state's economic sovereignty made the responsibility to make policy decisions affecting the allocation of scarce resources a political liability for legislators confronting the fiscal and social crises of the late 1960s and 1970s. The state's lack of will or ability to decide how to negotiate a new distributional social compromise or discipline private wants made offloading the burden to decide to the "blind" operation of financial markets an appealing way to escape direct culpability for unpopular distributional choices. By tapping into domestic and global capital markets, state officials hoped to resolve political dilemmas while escaping responsibility for the fallout (Krippner 2011: 22, 2007). As Krippner explains, prior to US financial deregulation, interest-rate caps and capital controls kept capital chronically scarce. This scarcity of capital meant that "every attempt to allocate credit to one use required denying it for another [forcing policy makers to choose] which sector to favour in allocating credit – industry or housing, large corporations or small businesses, municipal finance or agriculture" (Krippner 2011: 59). Financial deregulation partially obviated the question of sovereignty in the economic sphere by leaving the dirty, distributional work to the invisible hand. The displacement of the sovereign burden to decide to the pseudo-natural logic of risk pricing, however, helped create a new form of financial market sovereign in the form of the scientifically discriminating credit bureau, rating agency and the monetary-policy leviathan described by Mann.

Locke, while taking the question of sovereignty seriously, rejects the necessity of a figure "who decides the exception" as an absurdity, "as if when men quitting the state of nature entered into society, they agreed that all of them but one should be under the restraint of laws, but that he should still retain all the liberty of the state of nature, increased with power, and made licentious by impunity" (§93). From this Lockean perspective, then, the idea that the problem of sovereignty might be allayed by

outsourcing the state's role as an "impartial judge" in economic affairs to the market becomes highly problematic if the market's operation is deemed unjust and a threat to the people's well being.

This Lockean frame fits well with the arrangement of rights and responsibilities implied by FC discourse. FC functions as a Lockean claim to an undermined set of natural (human) rights made against the backdrop of an increasingly Hobbesian system of financial sovereignty. FC's financialized reinterpretation of Locke provides a basis for both a responsibilized financial system and a radical grievance on behalf of the "financially excluded". To claim financial inclusion as a right is to reject the version of impartial judgment provided by credit bureaus and credit scoring algorithms. FC discourse declares that the market and the financial system have failed in their state-like responsibility to serve as an impartial judge and equal protector of the lives, liberties and estates of the people. This failure is demonstrated by the lives of the "excluded," whose day-to-day interactions with the financial system "erode[s] their wealth, constrain[s] their options, or pre-commit[s] their future cash-flows" (Dymski 2006: 310). If we read between the lines of FC discourse there is a declaration made on behalf of the financially excluded: "include us, give us our financial rights; live up to your end of the social contract, or else!" Unfortunately, this Lockean response to the tyranny of financial market sovereignty overestimates the plasticity of financial logics, the applicability of liberal notions of social contract to finance, and the ability of financial institutions to underwrite the rights that FC demands.

Limits to the Institutionalization of Rights

There are several tensions operating in FC discourse between the conceptions of "basic", or "human" rights, and rights that are contingent, such as citizenship rights, conferred based on special qualifications (e.g. birth place). This distinction between the "Rights of Man [sic]" and the rights of the citizen is a very old one. Despite its familiarity, for Leyshon and Thrift financial *citizenship* is a claim to "basic human rights," not to citizenship rights. This conflation is not without purpose or historical precedent, however. The secret to the complementary operation of these two categories of right lies in their occupation of different ontological niches.

To posit the existence of human, natural, or intrinsic rights is to suggest that rights can exist independently of their codification in law, or enforcement by human institutions – they are presocial, prepolitical and inhere to all humans, *ipso facto*. This idea, exemplified by Lockes’s state of nature, that even when stripped of all attachments to collectivity – state, family or tribe – people remain rights-bearers is a mixture of naivety and recklessness. As Arendt (2001[1951]) poignantly reminds us, the 20th century’s experiments with statelessness display with disturbing clarity that liberation from the “encumberments” of polity make us too easily reduced to “the scum of the earth” without the consolations of freedom and autonomy promised by Locke’s state of nature to fall back on.

While faith in natural rights as a lower-bound beneath which the human condition cannot sink may be utopian, not all invocations of human rights commit the same error. For Sen (2009) human rights are simply an ethical claim, and, following Hart (1955), he suggests that human or “moral” rights – while not necessarily describing actually existing rights – are nevertheless the “parents of law” and, therefore, often precursors of future rights (Sen 2009, Hart 1955). In other words, human rights are a claim that things should be otherwise – that legislation should be enacted, institutions founded, hearts and minds changed, *et cetera*, so that aspirational rights can grow into actual rights (i.e. rights codified in law or at least in custom). This model of rights development goes a long way to explaining the rhetoric of FC. Far from conflating two distinct categories of rights – citizenship and human – FC seeks to induce new “citizenship rights” by leveraging the idea of “human rights.” If financial rights are akin to human rights and yet they are denied to the financially excluded, then something must be done. What this something should be is open to debate, but using Hart’s “parental” model of rights as our guide suggests that aspirational financial rights ought to become the formal rights of the financial citizen.

In this sense, FC discourse’s invocation of human rights is gambling that the institutions necessary for the protection of a hypothetical class of financial rights either already exist, or can be brought into existence. In addition to assuming that such institutions can be feasibly developed, FC discourse assumes that once these institutions are in place they will endow newly minted financial citizens with rights that inoculate them against the marginalizing effects of the financial system’s operation. In

other words, it assumes it is a lack of financial rights that lies at the root of financial marginality. This rights-based ordering of the experience of financial marginality proffered by FC discourse implies that marginality is caused by exclusion and can be cured by an inclusionary institutional fix. This strategy of making distributional social claims by tying an exclusion-based etiology of poverty to a set of unrealized rights is not new. In the next section, I explore how the 19th century English working-class suffrage movement used citizenship rights to make distributional social claims by appealing to a similar rights- and exclusion-based etiology of poverty. This historical example provides insight into the applicability of the language of exclusion and citizenship to economic marginalization in contemporary financial capitalism.

Rights, Inclusion and Social Control

Both the right to vote and the “right to finance,” by fixating on a certain form of “inclusion,” lose sight of a deeper politics of social control. In the case of FC, this fixation manifests itself in a misrecognition of the financial system as a feasible source of rights; or more precisely, a misrecognition of the financial system as a viable institutional guarantor for a set of rights capable of remedying the marginalizing effects of the forms of discrimination on which the selfsame financial system structurally depends.

In his 1854 *History of the Chartist Movement*, R.G. Gammage provides a concise interpretation of the causes of working-class poverty:

The masses look to the enfranchised classes, whom they behold reposing on their couch of opulence, and contrast that opulence with the misery of their own condition. Reasoning from effect to cause there is no marvel that they arrive at the conclusion – that their exclusion from political power is the cause of our social anomalies (Gammage 1854, cited in Jones 1983: 100).

For Gammage the causes of working-class misery were rooted in the corruption of political institutions not in the structural dynamics of capitalist exploitation. The economy was viewed as a neutral mirror of political corruption – the true source of working-class suffering. The sources of economic inequality – monopolies in land and capital – were not the economic system, but “artificial laws” created by political monopoly (Jones 1983). This juxtaposition of the “artificial” and the “natural” was a powerful trope

that fell in line with Smithian and Lockean understandings of the world. From Locke's natural right to the property produced with one's own hands and Smith's depiction of the naturally neutral workings of the market, it was a short step to a belief that inequality was produced by a divergence between natural and artificial rights (Jones 1983: 135). Corrupt legislatures controlled by "idle" classes produced laws inconsistent with the laws of nature and property rights that were artificial, allowing the undeserving to accumulate wealth. The source of the "productive" class's poverty was the "idle" enfranchised class's usurpation of its natural right to the value of what it produced through the imposition of "artificial" laws. The antidote to these "artificial" laws and the "fictitious" prices of a politically dominated exchange process was the vote.

Much like FC discourse, the writings of 19th-century working-class radicals identified the cause of marginality as exclusion from access to institutions controlling their livelihoods, which in turn diminished their capabilities and denied them more basic natural-cum-human rights. Equality of citizenship was impossible until "men" – instead of "bricks, mortar and dirt" – were represented in parliament (pamphleteer cited in Thompson 2001:170). Notwithstanding this obvious truth, as long as the contradictions, and exploitations of the capitalist economy were viewed wholly as the product of the legislative process, the vote remained a panacea for "the miserable, so-called 'free-born' Englishman." In the face of a determinate adolescent industrial capitalism, the struggle for the vote could never be more than a proxy battle in a broader war for control over the conditions of life and labour. Nevertheless, faith in the salvific potential of the institution of the franchise was not completely misguided. The franchise's connection to working class control of legislation affecting their everyday lives was very real (e.g. Poor Laws, the Factory Acts, etc). Working-class radicals did not err in their identification of the franchise as an institution capable of securing other rights, but erred in their assessment of the magnitude of social control that the right to vote could provide. In short, they were asking too much of an institution that could plausibly provide a foundation for expanded rights.

FC discourse errs in regard to both the institutions from which it chooses to claim rights and in its assessment of the quality of control those rights might provide to their bearers. Financial rights and deeper "inclusion" in the financial system do not

necessarily lead to greater social control over one's everyday life, or even greater financial security. What I call "the institutional error" in critiques of today's financial system originates in a diagnosis of financial marginality – reminiscent of 19th century radicals – as almost entirely a matter of regulatory capture by the financial sector, and regulatory failure by state agencies. This understanding of the financial causes of growing disparity is exemplified by current US debates over consumer financial protection. Elizabeth Warren, the vocal Harvard Law professor, former head of the Congressional Oversight Panel on the Toxic Asset Relief Program, US Senator, and architect behind the new Consumer Financial Protection Bureau, is perhaps the most articulate spokesperson for this position. The picture painted by Warren is one in which "the rules American families have played by are not the same rules that govern Wall Street," "huge banks feast off the middle class" (Warren 2010), and their lobbyists thwart efforts to give it a fighting chance by "stick[ing] a knife in the ribs" of the regulators trying to level the playing field. Beneath this rhetoric, though, is a belief that credit products can be as "safe" as any other product, and "should be thought of... like toasters and lawnmowers, and their sale [...regulated to] meet minimum safety standards" (Bar-Gill and Warren 2008: 6). For Warren the prescription is clear: insulate regulators from lobbyists, enact regulations to prevent lenders from exploiting information asymmetries and consumer irrationality, and, rest assured, well-padded consumers will confidently embrace once frightening financial products, promoting vigorous competition, efficient markets, and Pareto improvements in social welfare. This understanding of the relationship between middle-class financial hardship and the state is a familiar one. Fairness in financial markets is impossible as long as the interests of Wall Street lobbyists instead of middle-class consumers are represented in Congress. Financial markets are simply neutral mirrors of the corruption wrought by the "quiet coup" of America's reemergent "financial oligarchy" (Johnson 2009).

While FC discourse is less sanguine about the efficiency of markets, the rhetoric of financial rights and market/regulatory failure both commit a similar "institutional error" – assuming that there is nothing fundamentally contradictory about the idea of safe financial markets. Unfortunately, by definition, there is no such thing as a risk-free, completely safe consumer financial product; risk itself is what is being bought and sold on financial markets.

Making Financial Products Safe, or Forming Safer Financial Subjects?

Financial markets can be made “safer,” and the most predatory abuses of lenders can be partially ameliorated through regulation. Cheaper and “safer” access to financial services may increase the capabilities of those marginalized by the workings of financial capitalism. However, the pursuit of a kinder, gentler financial system complements efforts to more deeply integrate the poor into a financial mode of private government. Instead of lionizing inclusion, we need to ask whether the newly “included” will simply be subsumed by a financial mode of social regulation that more efficiently expropriates value from those it “includes”?

To clarify the stakes involved in this question, it is worth reflecting on the Tocquevillian distinction between the citizen and the subject. For Tocqueville (2001 [1835]), to be a subject is to be subjugated, powerless and passive, while to be a citizen is to be the opposite, a self-governing individual with the power and liberty to act on one’s interests, goals and desires. The problem is that the types of power relations implied by this Tocquevillian, citizen-subject dichotomy poorly describe the ways in which finance functions as a form of government. Financialization has helped to blur the categories of inclusion/exclusion, citizen/subject, autonomy/coercion to the point where they no longer map onto each other in straightforward ways (Cruikshank 1999).

The binary coding of membership implied by FC and its allusions to the discrete territorial space of the nation state, with its easy to recognize inside and outside, poorly describe the contemporary financial system. Being “inside” the financial system should not be confused as a position of greater financial autonomy and freedom. Indeed, in the lead up to the subprime crisis thousands of the middle-class households were taken in by “jumbo” loans, and record numbers of the “well off” were forced to walk away from their million dollar homes (Howley and Levy 2009). The financial system is only exclusionary in so far as its omnivorously inclusive appetite makes it prone to bouts of explosive indigestion. Historically financial inclusion rather than exclusion has been the more common source of moral anxiety. The wealth of nations was to be kept out of the hands of Smith’s “prodigals and projectors,” and the poor protected from predatory lenders by imposing boundaries on finance’s appetite for yield (Ashton 2009) and risk through interest-rate caps.

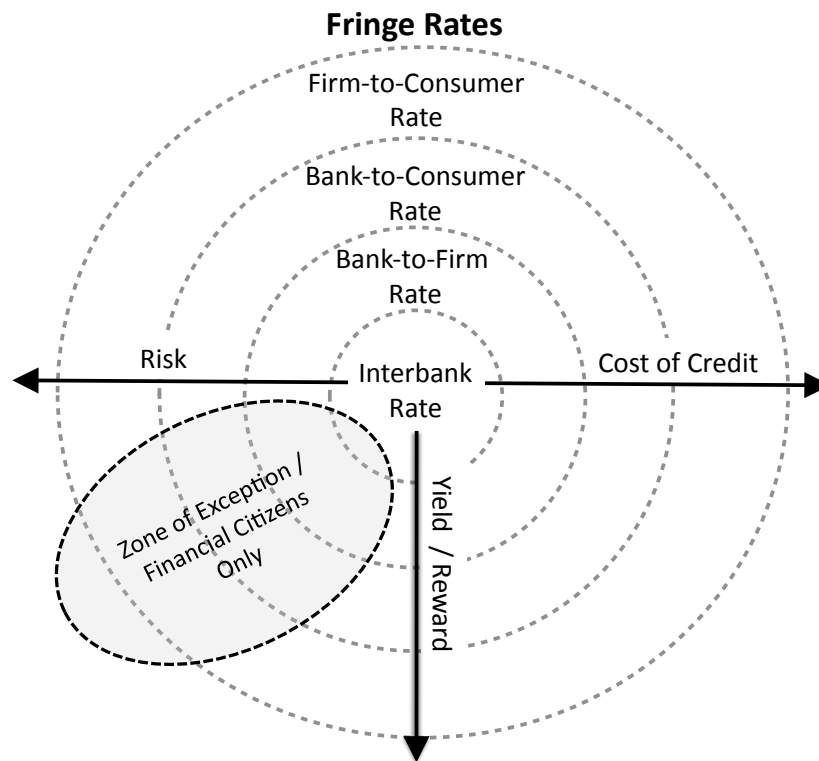


Figure 2-1 Financial Citizenship as Exception

A binary coding of membership with an easy to recognize inside and outside is a poor model for the contemporary financial system. Instead, the financial system is better described as a continuous space: from a center occupied by the central bank, the financial system extends out over a field of theoretically ever-increasing risk, yield and cost of credit. The financial citizen exists in this space as an exception, whose cost of credit and yield are unrelated to risk.

The same conclusion that simple inclusion should not be the goal of financial citizenship has been reached by Gary Dymski (2006: 310), who prior to the 2008 crisis expressed concern over how financial markets were now “including’ the excluded with a vengeance.” Nevertheless, Dymski holds up the idea of financial citizenship as a way to address the forms of discrimination that the inclusion-exclusion dichotomy is insufficiently plastic to address. Presumably, then, in Dymski’s schema the rights of financial citizenship would not be rights of membership (in the sense implied by Leyshon and Thrift’s metaphor with the nation), but a special type of rights conferred on individuals by virtue of their marginality. The rights of “financial citizens,” conceived in this way, enables individuals to exist within the financial system in a state of exception – in violation of the system’s own logic and exempt from the cold rationality of risk pricing

to which the better off are subjected. In this way, FC comes to resemble an inferior right and function similarly to 16th-century systems of relief where those deemed sufficiently destitute were officially authorized to commit the otherwise illegal act of begging (Cloward and Piven 1993). Unfortunately, the financial system, unlike the decrees of monarchs, possesses a pseudo-natural logic of its own, which imposes very real constraints on the “state-like” responsibilities the financial system can shoulder, and on the “rights” it is agile enough to confer. For example, access to affordable credit cannot be universalized by forbidding risk pricing. To the extent that the most recent credit crunch was the fallout of the failure of financial models to accurately price risk, we have already glimpsed the likely consequences of securing positive financial rights by asking financial institutions to ignore the credit scores of their borrowers. This creates a quandary: despite the want of a kinder, gentler financial system, efforts to bring such a system to fruition through citizenship, inclusion, and rights may (i) threaten the integrity of financial institutions as well as the broader economy, and (ii) deepen finance’s role in the regulation of everyday life, ceding further power over the distribution of resources to the determinate logic of risk pricing. Getting beyond this quandary requires a language for articulating the marginalizing effects of financialization that moves away from the binary of inclusion/exclusion that citizenship cannot wholly escape, and toward a language more sensitive to the subjectivizing aspects of financialization.

Citizens, Subjects, Population, Class

Contemporary and historical visions of a more democratic, inclusive and equitable financial system commonly assume a population properly socialized to the ways of finance as a prerequisite. According to Alex Preda (2009), even nineteenth century French socialists Proudhon and Lefevre believed financial speculation could remedy social inequalities and proffered a system of national financial education that would make the something-from-nothing powers of the speculator available to all. In a similar vein, FC has been used as a slogan by financial literacy advocates who mourn record levels of personal debt as a social failure to instill a sense of pecuniary responsibility, and proper knowledge of financial products in the public. Presented in this way, the financial citizen is less the claimant of inalienable rights and more the addressee of an interpellative hailing to take responsibility for their financial illiteracy and

to pathologize their financial marginality as a form of neurosis to be diagnosed and treated by financial councilors and coaches. Citizenship here becomes a subjectivizing force, where what Cruikshank (1999) calls the “will to empower” morphs into a subtle coercion which encourages individuals to produce themselves as financially governable subjects.

This section explores the implications of these subjectivizing forces and is based on three central premises. First, that financialization is tangled up with the process of subjectivization (Langley 2010, 2008, 2007, 2006; Marron 2007; French and Kneale forthcoming). Second, the process of financialization appears to feed off forms of statecraft open to the participation of private entities in what was once more clearly the state’s monopoly over what Bourdieu calls “legitimate symbolic force” (Burbarker and Cooper 2000: 15). That is the “sovereign” authority to name, categorize and count, to *decide* who is “risky” and who is not; who is “prime,” “subprime” “Alt A” and verboten; who is banked and unbanked. Financialization has been attended by the emergence of new actors and mechanisms (e.g. credit scores, insurance premiums, etc.) through which the self is linked to power. Put simply, financialization is usefully conceived of as the “roll out” of a new form of private “government;” government defined broadly in the Foucauldian sense to “encompass the multiple ways in which the self has become related to power” (Rose, 1992). Third, the financially marginalized are from the perspective of the financial system an opportunity, a resource, and an untapped seam of value. This hard to specify population of opportunity gestured at with terms like “subprime,” “excluded” or “underserved” is also a barrier to the expansion of financially mediated forms of social regulation – a *terra incognita* of illegible and unmodeled risk. The negotiation of the tension between opportunity and barrier embodied by this population is central to the dynamics of financial subject formation. Although credit, debt and investment over the last 30 years have served as a means of social regulation, particularly attractive to states wishing to offload responsibility for economic outcomes to the market (Krippner 2011), the operationalization of this financial mode of regulation has been an uncertain and uneven one. This search for new financial markets has converged with state efforts to govern at a distance to produce a new “subprime” financial subject.

Neoliberal Governmentality, Subjectivization and Financial Exclusion

To clarify this relationship between financialization, neoliberalism and “subprime” subject formation it is helpful to highlight one particular aspect of Foucault’s original treatment of neoliberal governmentality (Foucault 2008[1979]). For Foucault, a key feature of neoliberal governmentality is its generalization of the economic form – that is the application of the market to all domains of life. This generalization of the economic form is closely related to subjectivization as it seeks and assumes the universalization of *homo œconomicus*:

...that is to say, the person who accepts reality and responds systematically to systematic modifications artificially introduced into the environment. *Homo œconomicus* is someone who is eminently governable... *homo œconomicus* [is] the correlate of a governmentality, which will act on the environment and systematically modify its variables (Foucault 2008: 270-271).

Foucault’s *homo œconomicus* is the ideal neoliberal/financial subject; however, universal conformity to this model is clearly not possible. The impossibility of a truly universal *homo œconomicus* suggests a binary coding of the neoliberal economic identity: *homo œconomicus* and its other. This “financial other” is simply *homo œconomicus* unable or unwilling to behave, to respond systematically to changes in its environment, or to perform the universally prescribed identity well enough to pass. As Langley (2007) reminds us, the performance of financial identities is rarely certain or smooth – “identification is a construction, a process never completed” (Hall; cited in Langley 2007: 76). This is an issue I will come back to later in this chapter, but for now I want to make clear that what I am proposing is that *the problem of financial exclusion is, from the perspective of neoliberal governmentality, a problem of being unable to conduct the conduct of particular populations (i.e. the financial other) in a manner which protects the security of the market*. To overcome this problem, the financial other has become a site of education and reform; the target of an effort to produce a new category of financial subject, a new object of power/knowledge, who can be counted on to respond predictably to stimulus – a “subprime” *homo œconomicus*

From Discipline to Security

Financial exclusion confronts neoliberal governmentality as a dilemma. A puzzle in which the state must simultaneously admit that there exists a group “too poor for debt, [but] too numerous for confinement” (Deleuze 1992: 6), whose free participation in the market could impinge on its efficient operation or create problems for government, while steadfastly resisting the temptation to legislate and interfere with the liberty of the market, and, in so doing, make itself liable for (unpopular) economic outcomes.¹⁶ But, how can the failure of markets to safely universalize themselves be addressed without infringing on the freedom of the market? How can the regulation of the banned be made *laissez faire*?

To understand the present moment of experimentation and institutional searching for ways to inoculate the financial system against such destructive and toxic subjects, I want to revisit Foucault’s distinction between discipline and security. For Foucault (1995), the aim of a disciplinary system is the exhaustive division of everything into the permitted and forbidden, and the obligatory assignment of prescriptions, prohibitions and rewards to every partition of time, space and action (Foucault 1995; 2007). Discipline is aimed at what Foucault called the “dissociable multiplicity” – at individuals – and seeks to produce bodies that “may be subjected, used, transformed, and improved” (Foucault 1995: 136) – bodies that are docile. Discipline is the antithesis of *laissez faire*.

Discipline is oriented toward the docile body. Security is directed toward the “naturalness” of the population. The population “is a natural phenomenon that cannot be changed by decree” (Foucault 2009:71); it cannot be enclosed within the walls of an institution (e.g. the workhouse, the housing project, the prison, the school, the hospital, the factory, etc.). The population is not a collection of subjects to be disciplined, but “a set of natural processes to be managed” (Foucault 2009: 70). According to Foucault, the population constitutes a new political subject, a “collective subject absolutely foreign to the juridical and political thought of earlier centuries” (Foucault 2009:42). The correlate of this new political subject is a new technique of power, which uses knowledge

¹⁶ The term “neoliberal dilemma” is also used by Krippner (2007) with regard to US monetary policy.

of population dynamics to rationally act on the “penetrable naturalness” of the population (Foucault 2009: 72).

In this context, the central task of government, and a prerequisite for the management of society, becomes “ensuring the security of the natural[...]processes intrinsic to population” (Foucault 2009: 354). Regulation takes the form of apparatuses (*dispositifs*) that do no more than incline and dispose, and operate “through and by reliance” on the freedom of natural processes – the “natural” movement of prices, interest rates, credit scores and the circulation of both people and things. Here we have all the now familiar ingredients of what Foucault calls governmentality: “the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex, power that has population as its target, [the human sciences] as its form of knowledge, and apparatuses of security as its essential technical instrument” (Foucault 2009: 108).

However, the appearance of apparatuses of security, population and governmentality in the 18th century did not cause extant systems of power to disappear. The emergence of governmentality gave birth to “a sort of double system” (Foucault 2009: 352). On one side is discipline, the enclosure of disorder, illegality and irregularity within specialized institutions designed to produce docile bodies. On the other side is the collective subject, the “free range” subject who participates in a self-interested choreography directed by mechanisms of incentive regulation. Implicit in this double system is a division of society into those who do as the apparatuses of security dispose and incent, and those who will not or cannot, who are remedial or abnormal. This is not the division of society into two populations, but the division of society into the population and its other (Foucault 2009: 44). An *other* composed of violators of a new social contract wherein those who elude the apparatuses of security fall out of the collective subject and remain the objects of discipline and intervention, to be coerced, to be punished or protected by the state, charities and other institutions (Foucault 2009).

Who are these violators when viewed through the lenses of financialization and neoliberal governmentality? They are the toxic financial subjects. Here again is the problem that financial exclusion presents to the extension of neoliberal governmentality:

how can a collective financial subject be formed from a pool of toxic people, “too poor for debt”? How can it be managed at a distance? How can it be secured? Moreover, how can this new financial subject be produced under a regime of neoliberal government that has *laissez faire* as its hallmark and constantly obliges itself to ask whether it is governing too much? The answer is that the collective subject must produce itself. *Homo subprimicus* must be made through a process of self-help – a return on an investment in the enterprise of self.

Securing Homo Subprimicus through Technologies of Inclusion

Cast in this light, financial inclusion becomes hard to distinguish from the end result of a successful process of financial normalization, making inclusion less about rights and more about “human capital” formation (Becker 1962). Giving the financial other the tools it needs to normalize and invest in itself, to earn greater financial enfranchisement, however, is not simply a matter of removing interest rate caps, standing back and allowing capital spill out to the nether regions of the financial system. The ambit of this financially mediated entrepreneurial mode of social regulation has been largely confined to those who belong to what Froud *et al.* have (2001) termed the “fortunate forty”¹⁷ or “active investor-subjects” in Langley’s language, who are able to manage at least an awkward performance of the financial subject positions that they have been assigned.

This bounding of financial government to middle-class financial ecologies (French *et al.* 2011) has been reframed as a technical problem of *market completion* (Ashton 2009). In other words, from the perspective of financial institutions the extension of financial government to new populations (or financial inclusion) is a problem of learning to insure against adverse selection and to manage information asymmetries in unfamiliar markets. Phillip Ashton (2009) points to several factors that have made the risks posed by certain borrowers more legible and tractable for financial institutions. In particular, technical innovations in credit and profit scoring have made it easier for lenders to scrutinize the formerly invisible underlying risk profiles of borrowers. Second,

¹⁷ This term refers to the top-two quintiles of the income distribution.

this new legibility has allowed firms to establish niches in loan products tailored to high-risk borrowers (Rivlin 2010, Caskey 1996). These firms specializing in the risk profiles of the “subprime” have gradually come to constitute a parallel financial system composed of predatory mortgage originators as well as a whole fringe financial industry offering a suite of products from payday loans, title loans and cash for gold to more recent developments in pooled chequing account substitutes, accessed through reloadable prepaid debit cards.

This inchoate subprime financial subject is the correlate of a specialized financial governmentality – a *homo subprimicus* eminently governable by financial means. It makes little sense to think of this new subprime subject as either excluded, included, or the bearer of rights. It populates a market built by new technologies and rationales that have made it possible to imagine and manage the poor in asset-like ways. For financial capitalism to thrive and grow it must find ways to involve the poor. Indeed, as Christian Marazzi (2011: 39) argues, “in order to function, [financial] capitalism must invest in the bare life of people who cannot provide any guarantee, who offer nothing apart from themselves.”

The Financial Government of Bare Life: Beyond Inclusion and Exclusion

The inadequacy of the language of exclusion and citizenship in the face of a financial capitalism that invests in bare life in the hopes of summoning into being a “subprime” *homo œconomicus* is further clarified by Agamben’s treatment of biopolitics. According to Agamben (1998), turning “the biological fact that human beings are a species” (Foucault 2009: 1) into an object of political strategy confounds the once stable Aristotelian distinction between political life (*bios*) and bare life (*zoe*) (“the simple fact of living common to all living being”). For Aristotle the relationship between these two kinds of life, *bios* and *zoe*, was relatively clear-cut: to enter the *polis* and participate in political life (*bios*) one needed to be qualified beyond simply being alive (*zoe*). Those who are merely alive – uncultured brutes and barbarians – were simply excluded from *polis*. For the political life in the *polis* to thrive, the baser manifestations of human biology needed to be suppressed and/or excluded.

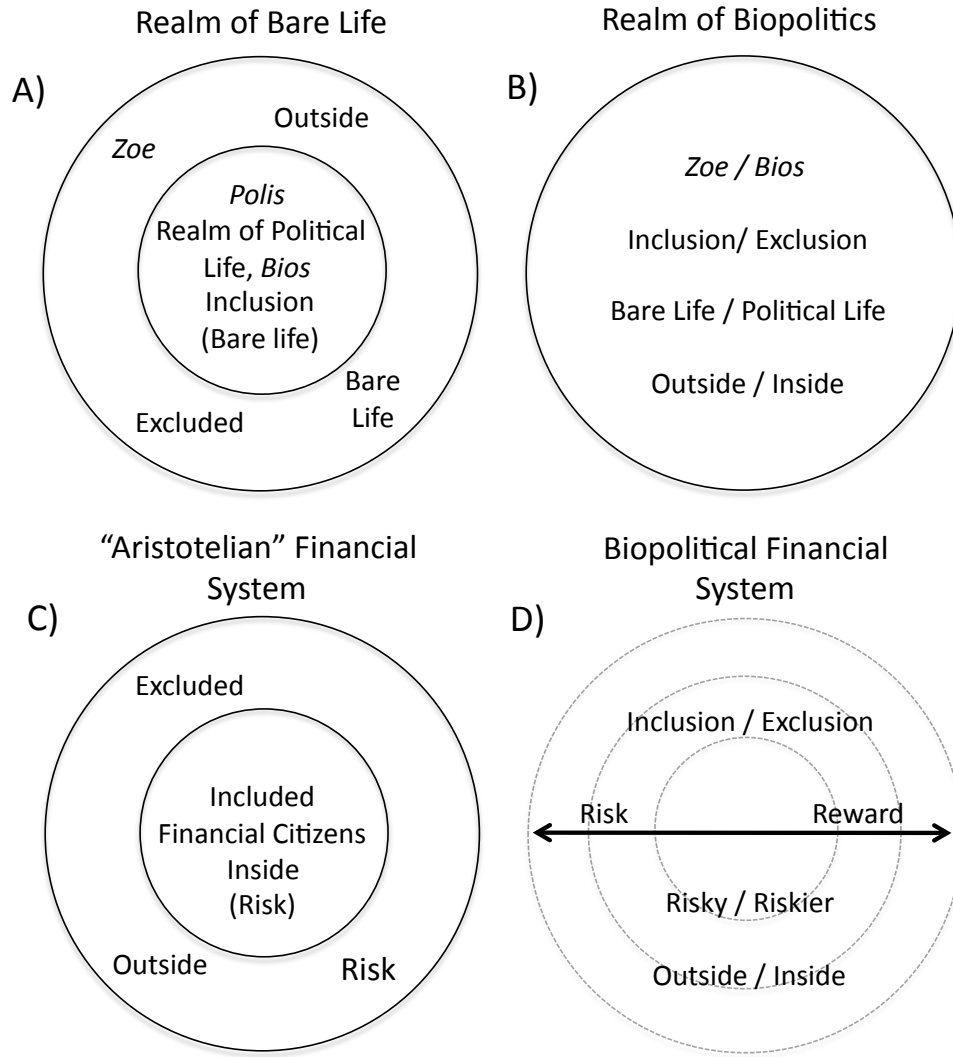


Figure 2-2 From an "Aristotelian" to a Biopolitical Financial System

Biopolitics, for Agamben, totally reworks this Aristotelian mapping of inclusion and exclusion onto bare life and political life. For Agamben one of the defining features of the biopolitical is its transformation of bare life – formerly pushed to margins of political life – into an active component of political life. Biopolitics turns bare life from something that is a threat to *polis* into a tractable object of power. In fact, political life in a biopolitical world, according to Agamben and Foucault, depends on being able to access, understand and exploit the dynamics of bare life. When bare life becomes the object of political life rather than its antithesis the realm of bare life begins to “coincide

with the political realm, and exclusion and inclusion, outside and inside, *bios* and *zoe*...enter into a zone of irreducible indistinction” (Agamben 1998: 9).

FC discourse’s depiction of the relationship between the financial system, and low-income or credit constrained populations is locked in an Aristotelian framework. This is problematic because the contemporary financial system does not thrive through the exclusion of bare life, but increasingly lives and governs through it, but in the contemporary cultural form of risk to thrive. Financial life seems to operate like Aristotle’s *polis*; the financial system appears to depend on the exclusion of risk. It is tempting to imagine those who are too risky to access mainstream financial products as today’s equivalent of Aristotle’s barbarians excluded from some financial *polis* and denied the rights of citizenship. However, in contrast to the Aristotelian schema, where bare life plays no active role in the political life of the *polis*, in the financial system, risk plays an extremely active role. Risk is arguably the central organizing concept for the financial system. It is the common substance by which the financial system measures value, and manages and governs itself.

If we cross into a biopolitical “zone of indistinction” the moment the excluded exception – bare life/risk – is activated and becomes the object of government, then the contemporary financial system is an ideal type of the biopolitical power described by Agamben. Effective government in this biopolitical sense depends, not the exclusion of bare life or risk, but on access to it. Understanding risk, learning to read it, and to make it legible and tractable is essential if risk is to be made the object of political strategy, and a part of the apparatus of government. Both the expansion of financial government and financial “inclusion” depend on finding new ways of making risk tractable.

Presented in this way, the objectives and questions raised by the idea of FC appear to be less about inclusion and exclusion than about how risk, and risky people ought to be governed in the contemporary politico-financial order. The problem to which FC attempts to respond, is not so much the fragile position of the financially excluded, but the fact that so many have come to rely so wholly on a form of biosocial government (French and Kneale 2009) which seeks the “total closure” of an administered world where “rights” are always contingent and “we are all reduced to the status of objects of

'biopolitics'" (Zizek 2002: 100). From this perspective, "financial citizenship" and "inclusion" come to resemble fetishes wherein the effects of a purely administrative rationale based on some actuarial calculation (e.g. credit score) are confused for rights of financial inclusion. The reality is that we are all financial *homo sacer* – "included" in the financial order only in so far as we can be excluded without cost ("killed and yet not sacrificed" (Agamben 1998: 8)).

Perhaps the goal of an "after" financialization distributional politics should be less about bringing affordable finance to the risky, and more about politicizing the financial system's cultivation of tractably risky populations. Financial "exclusion" needs to be reframed, not as a matter of social justice or basic rights, but as a problem of financial government – that is as a problem of conducting the conduct of risky populations without threatening the security and autonomy of financial markets.

Conclusion

FC amounts to a claim to a position not yet represented within the financial order in the hopes of summoning into being a financial subject that is the bearer of rights – rights to financial services at non-premium prices – a financial citizen. This claim reflects a desire to make the seemingly inexorable financialization of all aspects of life fairer, kinder and gentler. While the policy mechanisms through which such an egalitarian mode of financialization might be instituted remain elusive, such efforts aim to make the performance of extant financial subject positions easier for those that are struggling to perform. Financial rights as "performance enhancers," however, run the risk of doing little more than subsidizing the expansion of the financial industry, and the systems of social control and government that finance epitomizes. Rights and citizenship claims pose no direct challenge to a financial system that encourages individuals to embrace risk and privately secure their livelihoods through savvy investment.

For Wright (2011: 405) "effective citizenship depends upon a process of social inclusion as a member of a social and political community, for without such inclusion there can be no robust mechanism for translating formal rights on paper into substantive rights in practice." More than just reiterating the Arendtian insight that rights are

meaningless unless there exist entities capable and willing to defend them, Wright is suggesting that even rights in law (i.e. supported by legal institutions) are meaningless, unless there exist systems of social inclusion to transform rights in law into *de facto* rights. The causes of financial marginality are not merely institutional, and regulation cannot make financial products risk free. It may be inclusion and rights that the financially marginalized require, but not necessarily *financial* inclusion or *financial* rights. The rights of the poor, the marginalized or any social group only exist so long as they constitute themselves in a form that makes their defense possible. But how is this nascent population of *homo subprimici* to protect itself if not through claims to new rights?

In the context of an “after” financialization distributional struggle, this question is in urgent need of theoretical and empirical attention. Though some attention has been paid to class in the financialization literature, it has largely been focused on the growing power of an elite financial-rentier class, or middle-class savers feeding what Froud *et al.* (2002) call the “coupon pool” by purchasing of stocks and bonds (French *et al.* 2011). Comparatively little attention has been paid by critical financialization scholars to the ways in which financialization may or may not be affecting class processes at the lower end of the income distribution.

The on-going processes of subprime subject formation, and the development of new biopolitical techniques and technologies for valorizing bare life are wrapped up with new systems of financially mediated value extraction, which extend well beyond the “factory gates” (Marazzi 2011). Between the familiar terrain of research on the conversion of labour into labour power, and post-structural sensitivities to the putatively non-capitalist class processes of the home and other “non-capitalist” spaces (Gibson-Graham 2006[1996]), might critical scholars be missing an evolving set of alternative, capitalist class processes? If financialization has transformed the way capitalism works, then we should expect classed patterns of exploitation, domination, and subjectivization to change with it. Yet little attention has been paid to how financialization might be empirically explored through shifting dynamics of class. If the marginalizing effects of the financialization process are to be resisted a collective movement of social protection will be required. We need a new collective idiom of identification if we are to effectively resist

the individuating forms of self-understanding that give financialization its ideological power.

By confronting explicitly the connections and feedbacks among the processes of financialization, subject formation, and expropriation, the idea of a subprime “class” politicizes credit rationing and financial discrimination in ways that FC does not. In an economy where social relations are increasingly mediated by abstract notions of risk, the fuzzy line between good credit and bad credit takes on far greater material significance to people’s everyday lives. The challenge for the future of distributional politics is to represent the significance of this divide in ways that promote an antagonism toward, and the politicization of – not just the effects of risk pricing – but the practice itself, and the systems of exploitation and subjectivization that produce and reproduce “too risky” populations.

Chapter 3.

Ideology and the Legislative Proto-History of Financialization

Laclau and Mouffe (1985), in their description of what they call Gramsci's "concept of hegemony beyond 'class alliances'" (66), explain that the intellectual leadership of an effective political movement depends on forging a collective will – a will that depends on an ensemble of ideas and values shared across classes, or in their language, the collective will requires that "certain subject positions traverse a number of class sectors" (67). For Laclau and Mouffe, Gramsci's treatment of hegemony provides a way of thinking about the relations between groups that "baffles their structural location," and makes ideology the terrain on which structurally-confounding relations are constituted (67).

The early 1970s were a key period in US financial history in which structurally-confounding alliances across various subject and class positions transformed the way American consumer financial markets operate. My hope is that the following proto-history of financialization will act as a corrective to the too-singular emphasis on neoliberalism in many critical accounts of the relationship between ideology and financialization. Before the forms of financial government discussed in Chapter 2 were rolled out, or the ideas of Hayek and Friedman found popular political expression in Reaganite deregulation, there were pitched battles in the US over access to credit waged by women, minorities and welfare recipients. The role these movements played in creating a new regulatory regime of financial consumer protection is often forgotten, even though they have had long-lasting impacts on the financialization of daily life. The Truth-in-Lending Act (1968), the Fair Credit Reporting Act (1970), and the Equal Credit Opportunity Act (1974), along with a raft of other consumer finance legislation,

introduced terms like "credit score" and "APR" into the popular American lexicon, and gave credence to an understanding of participation in private financial markets as a right.

The stated goals of these legislative efforts were not ideologically homogeneous. They were Keynesian in their desire to enlist consumer credit markets in business cycle stabilization (Durkin and Elliehausen 2002); neoliberal in their preoccupation with enhanced competition, market efficiency and reluctance to impose interest-rate caps; and, for lack of a better term, socially liberal in their response to civil- and womens'-rights-based claims to non-discriminatory credit access. By mobilizing universalist notions of "truth," "fairness," and "objectivity," consumer financial reform in the 1970s managed to produce an awkward alliance spanning a breadth of class and other subject positions, and, in so doing, to carve out an ideological position from which financial interests and logics could advance into new areas of social life.

The financial reforms of the 1970s should serve as a reminder that by mitigating the most flagrant abuses, market ideologies can bond disparate political actors together and provide a platform for the extension of financialized social relations into new spheres of social life. The "turn to finance" can be seen not merely in moments of deregulation and rechanneled capital, but also in the way economic rights are conceived and the types of social claims that are made. Shifts in the language of social claims-making toward a financial idiom began before the statistical indicators of American financialization were detectable.

Give Us Credit for Being American

Prior to statewide cuts in 1968, New York State welfare recipients were eligible for special grants for children's clothing, furniture and other important consumer goods. The response from social assistance recipients and welfare activists to the scrapping of the grant program was noteworthy because, instead of petitioning legislators to reinstate the grants, they directed their energy toward the private sector (Kornbluh 2007) by demanding credit from major department stores. According to Kornbluh (2007: 114-116), this social claim to credit from private enterprise reflected a sense of entitlement to "first-class" citizenship in the "affluent society" (Galbraith 1958) of post-war America.

Campaigns for department store credit were carried out in several cities, and grew into a countrywide effort of the National Welfare Rights Organizations (NWRO) to bring consumer credit to welfare recipients across the US. One of the major targets of the campaign was Sears, and letters written to the company's President clearly communicate that for many of the families and activists involved, access to credit was not only an increasingly important part of American life, but a right that ought to be treated like any other right of citizenship. For Etta Horn, denying credit to welfare recipients was a matter of income-based discrimination: "this whole society is run on credit, especially for the rich man. So why can't we have it?" Another activist in a similar vein told Sears "we do not believe a person should be refused credit for the simple reason that he (sic) is a recipient of public assistance. People on welfare must be allowed the same rights and opportunities as other American citizens" (Kornbluh, 2007: 126-127). Similar sentiments were expressed in campaign slogans directed at Sears: "The rich get cash and credit, at least give the poor credit" and "Give us credit for being American!"

While the department store campaign made claims to a set of not-yet-realized social rights to credit from private institutions, it was not only about access to credit, but also about freedom from the coercive parallel financial systems that dominated poor, black urban communities. For activist Margie Jefferson, the department-store campaign was about "no longer [being] restricted to buying inferior products at high prices in the ghetto."

Civil Disorder and Consumer Credit Markets

Months before the first campaigns for department-store credit were launched, the National Advisory Commission on Civil Disorders delivered its findings to Congress. Named for its lead author, Illinois Governor Otto Kerner, the Commission, was tasked by President Johnson with finding the "true causes" of the "racial disorders" bringing "shock, fear, and bewilderment to the Nation" (Kerner Commission 1968: 1). Among the Report's conclusions regarding the outbreaks of "law-preserving violence" (Benjamin 1986) during the 1960s in poor black urban neighbourhoods were a number of findings pertaining to the importance of credit in low-income, racialized communities. Echoing

many of the grievances expressed by welfare rights organizations, the Report claimed that racial discrimination, limited mobility, unstable income, and insufficient savings to make cash purchases compelled low-income, black households to patronize local merchants, offering a limited selection of inferior goods, on an instalment basis, leaving customers vulnerable to abuse. This vulnerability was exacerbated, the Report condescendingly explained, by “lack of education concerning the nature of credit purchase contracts,” and “laws governing relations between consumers and merchants...[that] offer protection only to informed, sophisticated parties with understanding of each other’s rights and obligations” (139). In addition to confiscatory interest rates, black debtors faced consumer credit regulations that tipped markets dramatically in favour of creditors; for example, in the 1960s creditors could garnish wages without a hearing or trial, and without notifying the debtor employee (Kerner Commission 1968). Creditors could also repossess goods with ease, and continue to hold debtors responsible for unpaid balances even after goods were repossessed. Additionally, employers were allowed to use knowledge of an employee’s bad debts as grounds for dismissal.

This urban unrest and disorder, articulated with expanded notions of citizenship and the extension of social claims-making into private financial markets, shaped the vast array of consumer credit protection legislation passed in the late 1960s and 1970s. Between 1968 and 1977, at least ten major pieces of federal consumer financial protection legislation were passed in the United States, including the Truth-in-Lending Act (1968), the Fair Credit Reporting Act (1970) and the Equal Credit Opportunity Act (1974), among others. These legislative initiatives transformed the relationship between most Americans and the financial system in profound ways.

Consumer Credit Protection

After a decade of failed attempts, the Consumer Credit Protection Act and its 1st Title, the Truth-in-Lending Act, passed in 1968. The legislation addressed many of the most flagrant abuses in consumer financial markets, and neatly circumvented demands for new social rights to credit by providing new legal rights to the “truthful” disclosure of terms and prices.

Notably, by greatly enhancing protections from wage garnishment, the Consumer Credit Protection Act addressed the Kerner Commission's concern that credit markets were contributing to civil disorder. The Act limited the proportion of a worker's income that could be garnished, forbid employers from firing workers for being pursued by creditors (Title III), and made prejudgment garnishment of wages illegal. These reforms, dramatic as their effects may have been for poor debtors, are less relevant to the proto-history of contemporary financialization than the legislation's marking of a new paradigm in consumer financial regulation that moved away from interest-rate caps and other forms of "protection," and toward others – especially disclosure.

The most visible impact of TILA was to standardize advertised loan terms as an annual percentage rate or APR. This tiny regulatory innovation was tasked with accomplishing a dizzying array of policy and political goals. Standardized disclosure of loan terms was supposed to protect legitimate businesses from unethical competition, encourage comparison-shopping and more efficient markets, as well as improve borrowers' financial understanding and behaviour.

By conflating disclosure with protection, TILA made a number of ideological assumptions at the same time as it left open opportunities to build political coalitions across traditional class boundaries. For bourgeois market fundamentalists, disclosure was an appealing way to protect consumers because it was intended to work with existing market forces (Durkin and Elliehausen 2002). Efforts to protect consumers through more invasive interventions in credit markets, like interest rate caps or prescriptive controls of contract terms, are anathema to free market advocates because such interventions are assumed to reduce choice, supply, and innovation in all markets, let alone credit markets. Disclosure also appeals, and continues to appeal, to fiscal conservatives because it is relatively cheap to implement and enforce.

While on these terms TILA met the requirements of "neoliberal" dogma, and made "protection" an uncertain function of individual financial acumen, it also addressed, however inadequately, demands for new rights for credit-market participants. TILA was effectively proffered as an empowerment of citizens regardless of race, gender or income by satisfying a "Right to Know." TILA was also passed in deference to a pseudo-

Keynesian desire to make consumer credit a vehicle of economic stabilization. Though the logic may have been faulty, during congressional hearings it was argued that standardized disclosure would discourage borrowing in economic booms and do the opposite during contractions.

Notwithstanding the fact that TILA treated disclosure as a panacea, while finessing a bait-and-switch that substituted an anaemic “right to know” for more substantive claims to social rights, it did manage to frustrate creditors. Intentional or not, TILA gave leverage to debtors by placing new compliance obligations on creditors. Lenders complained these requirements were too onerous and made it too easy for borrowers to claim non-compliance, seek restitution and avoid paying their debts.¹⁸

Financialization as a Path-Dependent Process

Statistically measurable evidence of financialization may not have been visible until the 1980s, but the legislative foundations of financialization were laid in the decade *before* Reagan took office, Volker launched his “coup,” or the first waves of post-Golden Age financial deregulation. This foundation was laid by legislation not well described as neoliberal. It was aimed at mollifying the poor, and addressing the demands of groups across a diversity of class and other subject positions. While the ideological cement that held these groups together was not neoliberal, the agreement created during the 1970s around disclosure, equality of opportunity (if not access) and “objective” underwriting enabled and shaped the way financialization has unfolded and affected US households up to the present day. As I show in the next chapter, the Fair Credit Reporting Act (FCRA) became an important site of struggle over personal information and the way distribution financial claims are made.

Chapter 4 explores how a uniform national space for pricing consumer credit risk has been constructed through the interplay of three mechanisms/processes: legal preemption, market model performativity (i.e. the “law” of one price), and financial

¹⁸ Re-tipping the scales in favour of creditors was one of the goals of the Truth in Lending Simplification Act passed in 1980.

individuation/responsibilization. The chapter explores these market-making intersections of law, abstraction and subject formation by analyzing congressional hearings and other documents related to several proposed and enacted amendments to FCRA between the mid 1990s and 2000s. The role of law and the state in shaping processes of financial subject formation testify to the importance of the late 1960s and 1970s in contemporary financialization.

Chapter 4.

The Scale Effects of Financialization: The Fair Credit Reporting Act and the Production of Financial Space and Subjects

Since roughly the mid 1990s, geographers have been concerned with the role of financial products and logics in shaping broader social patterns of exclusion and privilege (Leyshon and Thrift 1995; Dymski 2006, 2009; Kear 2013). This research covers a broad and growing terrain, exposing exclusionary patterns of bank branch divestment (Pollard 1996), the predatory landscapes of “fringe” financial institutions (Greaves 2003), the uneven geography of foreclosure (Wyly *et al.* 2012), as well as the role of credit reporting and scoring technologies in structuring these patterns of uneven development (Leyshon and Thrift 1999; Marron 2007, 2009; Ashton 2011). These developments have all unfolded against the backdrop of national, mass-market spaces of credit consumption and risk pricing; however, work on financial exclusion, and industry deployments of profit- and risk-scoring technologies have somewhat overlooked to the production of the spaces in which such activities and processes unfold. This chapter brings the production of financial space to the fore, excavating the legislative efforts, and underlying political-economic rationales, that have created the institutional conditions necessary for the emergence of a national market in consumer credit risk in the United States.

To this end, the chapter explores the coproduction of financial and geographical scale using the recent legislative history of the Fair Credit Reporting Act (FCRA 1970). In the mid 1990s, FCRA was amended several times, preempting state law and progressively concentrating regulatory sovereignty over US consumer credit markets in federal hands. Geographically, what marks out these FCRA amendments from broader trends in financial regulation toward the “upscaling” of regulatory sovereignty is their role

in reconfiguring financial relations at and across scalar levels, and in catalyzing mutations in the governmental function of the key market devices (Callon 2006; Poon 2009) of credit reports and scores. The FCRA amendments, justified in the name of national consumer credit reporting standards, were underpinned by a belief in efficient markets and aspired to produce conditions conducive to the performance of the “law of one price” (LOP) in consumer credit markets; that is, to create a space in which consumer credit risk could be priced in “place-free” terms. While this geographical mission in the service of financial market efficiency is arguably an impossible one, the effort to realize the LOP has produced important new geographical and financial relations. Through a sequence of contingent events, efforts to create and maintain national uniform consumer credit reporting standards have remade individual financial practices, processes of financial subject formation and, more recently, the efforts of municipalities to produce financially “self-sufficient” citizens.

The chapter begins with a reflection on the relationship between financial scale and the genesis of FCRA as response to new social claims to financial rights and emerging accumulation crises in the 1970s. The following section gleans insight into the coproduction of geographical and financial scale using the recent work of financial geographers. The next three sections constitute the empirical core of the chapter, and provide an account of recent legislative changes to FCRA and their role in reconfiguring spatial and financial relations across scales. The chapter closes with a discussion of the novel political dynamics produced by tensions between traditional, creditor-centered uses of credit-scoring technologies and more recent policy applications, which envision risk scores as a means of behaviour modification and borrower-led “self-improvement”.

Scale, Rights and Finance

In 1968, when Senator William Proxmire introduced “A Bill to Protect Consumers Against Arbitrary Or Erroneous Credit Ratings, And The Unwarranted Publication of Credit Information,” the volume of consumer debt circulating in the United States was approximately \$100 billion. While \$100 billion is a small fraction of the \$2.8 trillion in consumer debt that keeps the US economy idling today, it was a large enough sum to convince renowned legal and privacy scholar Arthur R. Miller to argue before Congress

that consumer credit had become such a “commonplace” and “basic aspect of contemporary financial life” that “to constrict [its] flow would, for many Americans, have the effect of choking off significant aspects of their economic existence and deprive them of many of the amenities of modern life” (US House 1970: 185). In Miller’s estimation, the size of the consumer credit industry had crossed a line beyond which it “no longer [could] be permitted to hide behind that conclusory epithet that credit is a ‘privilege’ and not a ‘right,’ which it [had] employed so successfully in the past to justify extracting large quantities of personal information from credit seekers and using it for their own commercial purposes.” (US House 1970: 185).

In Miller’s telling, then, financial scale is marked by thresholds at which quantitative changes take on special qualitative (social and political) significance. Instead of a liquid turning to vapor, Miller described a socio-financial change of state where the volume of consumer debt expands, dollar by dollar until “privilege” sublimates into “right”. A similar understanding of the relationship between quality and quantity is implicit in many contemporary accounts of financialization. Whenever profit shares (Brenner 2000, Arrighi 2009, Krippner 2005, 2011), debt loads (Palley 2007), or other quantitative indicators are employed as evidence of financialization, tacit assumptions are being made about the nature of financial scale, and the thresholds at which and mechanisms through which, quantitative change is manifested qualitatively through changes in financial motives, markets, actors and institutions (Epstein 2005: 3). In other words, financialization is not merely a process in which finance grows in new places, in new ways or for new reasons; it is necessarily a growth process that transgresses thresholds – socially-constructed boundaries where financial relations take on new qualitative significance.

Miller also highlights the intersection of personal information with the process of financialization and the production of financial scale. The imperfect flow of information across space and time, the hard-to-appraise intentions of borrowers, and moral restrictions on the pricing of risk (i.e. sanctions against usury) have long been framed as barriers to the extension of credit to certain populations and the expansion of creditor-debtor relations. In other words, the size of credit markets, in both monetary and spatial terms, has long been limited, to varying degrees, by lenders’ access to information about

borrowers, and restrictions on the uses of that information. This information dependence means that the supply of consumer credit can expand to meet demand only as far as information is allowed to flow and risk can be priced. As Leyshon and Thrift (1999) presciently argued, the codification of once tacit, site-specific (branch-specific) knowledge in the form of credit scores has had profound implications for the spatiality of information asymmetries as well as patterns of financial inclusion and exclusion.

In the late 1960s and early 1970s “powerful forces generated by our rapidly changing society”, to borrow Miller’s phrasing, made the diminution of such limitations on the flow of credit information an objective of the state and capital for a variety of reasons. New forms of social claims-making, and demands to “Give Us Credit for Being American” (Kornbluh 2007, Clapovitz 1967) made access to consumer credit into a civil rights issue at the same time as stagflation and growing international competition threatened the mass consumption that underpinned the Fordist class compromise. The expansion of consumer credit markets offered a way to keep the consumption engine going at a time of economic uncertainty and the emerging fiscal crisis of the state. The promise of expanded consumer credit markets also neatly circumvented demands for new social rights. In place of a “right” to credit, Americans were offered new consumer protections to mitigate the credit industry’s most egregious and discriminatory practices. Instead of new financial rights, Americans got a sophisticated apparatus for the collection and distribution of consumer information that promised to both expand liquidity and allocate it with scientific impartiality.

Social claims to credit and macroeconomic pressures gave unprecedented urgency to efforts to make credit decisions everywhere instantly, and for everyone. Only if credit decisions could be made “wherever a consumer might appear to transact business”, “virtually upon request,” for “masses of [new] customers” (Miller testimony, US House 1970: 185), would consumer credit be able to substitute for consumption-sapping precautionary cash savings and more substantive claims to social rights. In 1970, however, as Miller emphasized in his testimony, the legal and technical infrastructure needed implement such a credit “fix” only existed in inchoate form.

FCRA was part of a suite of financial consumer protection legislation passed in the early 1970s to realize the aspiration of a national, impartial, accurate, profitable and accessible system of consumer credit that could help mollify consumer-protection and civil-rights activists while stimulating effective demand. Building this national consumer credit space has turned out to be a never-quite-finished process. Viewed through the history of FCRA, this process demonstrates the coproduction of financial and geographical scale. This history provides a case study in the reconfiguration of financial and geographical relations across scalar levels, from the nation all the way down to the body. Indeed, by shifting responsibility for the accuracy of credit information onto the shoulders of individuals, recent amendments to FCRA have made the US credit reporting system increasingly dependent on the collective performance of prescribed financial subjectivities and processes of financial subjectivization (making oneself into a certain type of subject) and subjectification (being made into a certain type of subject) (Arthur 2011: 155; Hamann 2009).

By imagining that consumer credit markets are potentially governed by the “law of one price” (LOP), these growing connections between the microphysics of financial practices and the maintenance of the national, uniform credit reporting system become much more comprehensible. For something resembling the LOP to operate in national financial space, individuals must be actively involved in the production of “efficient” markets. The LOP holds that in an efficient market identical commodities must have the same price regardless of where they are traded. In the context of consumer credit markets, then, the operation of the LOP at the level of the nation implies that identical default risks (e.g. individuals with equal credit scores) must have identical prices no matter where they are priced in the national space. Though nothing resembling the LOP actually exists (or has ever existed) in US consumer credit markets, it remains a sort of theoretical lodestone, drawing in economists, legislators and policy makers attracted to the desirable outcomes its reign is supposed to herald. For example, in addition to removing spatial barriers to accumulation through financial channels, a market which complies with the LOP is supposed to be one where risk cross-subsidization is minimized. Credit markets that obey the LOP are supposed to be markets where “deserving”, low-risk borrowers are not “punished” for the riskiness of others with higher interest rates, and “undeserving”, high-risk borrowers are not “rewarded” for the

conscientiousness of others with lower interest rates, based simply on where they live. Thus, the reign of the LOP within a particular space is supposed to confirm, and coincide with, the realization of an efficient, meritocratic and objective system for the allocation of credit.

Using the recent history of FCRA, this chapter documents legislative efforts to create legal and institutional conditions conducive to the performance of the LOP. These efforts to realize the LOP are linked in important ways with the production of scale, in both the monetary sense of increasing the volume of credit in circulation, and in the geographical sense of reworking differentiations, orderings and hierarchies of spatial relations.

Amendments made to FCRA, by preempting various state laws, have initiated a process of rescaling in the consumer credit industry. The effects of this rescaling have been myriad. Most obviously, rescaling has accelerated the growth of consumer credit information and debt circulating in the US economy, and disrupted existing scalar hierarchies by reallocating law-making power over consumer credit markets from the state to the federal level. Less obvious is how this “upscaling” of regulatory sovereignty has concentrated the forces of financialization at the level of the individual. By promoting popular access to the market devices of credit reports and scores (Poon 2007, Muniesa *et al.* 2007), amendments made to FCRA in the mid 1990s recruited the financial practices of individuals and households in the performance of the LOP at the national scale. The last two decades of FCRA’s history, then, provide a revealing case study of the relationship between financialization and the production of scale. It shows how changes in the relations between state and federal levels transform financial practices (responsibilities, knowledges, competencies) at the level of the individual and, in turn, how the financial practices of households and individuals produce and reproduce the conditions required for the rule of the LOP and accumulation in national financial space.

The Scale Effects of Financialization and the Financial Effects of Scale

Despite scale’s status as a privileged geographical concept in the financialization literature (French *et al.* 2011), little emphasis has been placed on the relationship

between financialization and what Brenner calls “scalar structuration,” or “the production, reconfiguration or contestation of particular differentiations, orderings and hierarchies among geographical scales” (Brenner 2001: 600). The relationship between financialization and the production of scale is central to the history of FCRA. FCRA’s history shows how the spreading and deepening role of finance in the mediation of social relations remakes the practices that constitute scalar levels as well as the relations between and within levels. FCRA’s recent history, then, is a study in the co-constitution of scale and processes of financialization. In making this argument, I am following the work of others sensitive to the co-production of scale and financial relations. Particularly influential here is Langley’s (2008, 2013) work on financial subject formation, LiPuma and Lee’s (2004, 2005) on derivatives, and, most recently, Clark’s (2010) on the nascent field of “behavioural economic geography”.

Langley (2008: 7), noting a predilection in social studies of finance to focus on “global finance” at the expense of everyday financial practices, explores the “intersection between changes in the capital markets, on the one hand, and transformations in everyday spaces, practices and identities, on the other”. Understanding this intersection, for Langley, is a question of how aggregate quantitative increases in the scale of saving and borrowing are expressed in qualitative transformations in people’s everyday lives (15). To answer this question, he draws heavily on Foucault, opening a door to a more complex understanding of conventional scalar categories like the global, the household and the individual.

In the *Birth of Biopolitics*, Foucault (2008[1979]: 186) claims the analysis of micro-powers and governmentality should “not be confined to a precise domain” or particular scale, but instead “be considered simply as a point of view, a method of decipherment which may be valid for the whole scale, whatever its size”. If “the analysis of micro-powers is not a question of scale” but “a question of point of view” (2008[1979]: 186), how should we understand Langley’s interest in the connections between the macro-level of global capital markets and the micro-level of everyday financial practices? If the “out there” of global finance and the “on the ground” of everyday financial practices can be reduced, in part, to “points of view”, it makes little sense to think of financialization as consisting of distinct processes unfolding at discrete geographical

levels. When financialization is conceived of as a trans-scalar process experienced across scalar levels, everyday financial routines become a part of the global, and can be seen as meaningful sites of contestation and resistance to contemporary finance at any scale. Langley's Foucauldian account of everyday saving and borrowing points toward an analysis of financial practices, not only at or between particular scales, but of how such practices actively reconfigure and contest particular hierarchical orderings of sociospatial relations.

More recently, Langley and Leyshon, in their 2012 (4) "Introduction" to a special issue of the *Journal of Cultural Economy* on the "growing array of subjects being produced, through a variety of channels, by finance", asks, following Callon (1998), what role finance plays in the "configuration" of *homo oeconomicus*? We might further ask what the geographies of financial configuration look like? In other words, what are the enabling geographies of financial subject formation? This question is also raised by Langley's (2013) reflection on Deleuze's "control society". As Langley explains, in control society "order is achieved in a world that appears to be marked by a spatiality of movement, motion and circulation as opposed to one of cellular and disciplinary enclosures" (i.e. institutions for the production of docile bodies – the prison, the hospital, etc.) (Langley 2013: 9). The credit consumer's credit score, according to Langley, is an exemplar of the "ultrapid forms of free-floating control" (Deleuze 1992; cited in Langley 2013: 8) that Deleuze associates with societies of control. But as I will show in the sections to follow, even such forms of "free-floating control" are territorialized – the spaces of control in which "dividuals" consume their credit scores (and produce themselves as certain types of financial subject) must themselves be produced through legal and political processes that have received little attention in financial geography and cultural economy. This involves relations between the production of space and the production of financial subjects, which operate on a scale that is much larger than the City of London (McDowell 1997), the trading floor (Zaloom 2006) or the classroom (Hall and Appleyard 2012) and other more intimate scales that have often been prioritized in research on financial subject formation (for a review of recent work on financial subjectivities research in geography and cultural economy, see Hall 2011).

LiPuma and Lee's work on financial derivatives (2004, 2005), while primarily engaged with the relationship between temporality and financial circulation, also provides insight into the co-production of geographical scale and financial relations. The story they tell about the origins of the modern derivatives market starts with the global reorganization of production in the 1970s, which they contend generated "problems of connectivity immune to traditional solutions" (2005: 406). Specifically, the proliferation and institutionalization of outsourcing exposed firms to new forms of political, currency and counter-party risk. These new risks encouraged financial improvisation (Engelen *et al.* 2010), expanding the range of derivatives products used to "hedge" against a growing variety of risks. What they describe is an iterative interaction between geography and finance. In the first moment, the spatial scale of production relations expands; in the second, new financial products and forms of risk-trading evolve to smooth the frictions of those novel geographies, which in turn create new platforms for financial speculation with knock-on implications for financial geographies.

LiPuma and Lee's description of the relationship between financial derivatives, liquidity and overaccumulation in the metropole exemplifies the back-and-forth between spatial and financial relations. As the authors explain, for derivatives to provide an effective hedge, principals must always be able to buy or sell on demand; that is, derivatives markets must be liquid at all times. The constant need for liquidity "furnished a new avenue and opportunity for absorbing the over-accumulation of capital in the metropole, giving birth to new institutions, such as hedge funds and new banking divisions, that specialized in managing speculative capital" (2005: 406). This is a sort of "spatial fix" wherein overaccumulated money capital in one part of the globe is kept in motion and protected from devaluation by circulating at the global level, in financial derivatives markets. Thus, while perhaps simple lessons, LiPuma and Lee's work shows that (i) accumulation through financial channels occurs across scalar levels, and that (ii) the imperatives of capital accumulation condition the ways in which scale and finance constitute each other.

It is not only through "up-scaling" to the global that financial relations are reworked in the service of accumulation. The scale of human decision-making has recently become an object of study, policy intervention and market making. While the

temporal scale of financial decision-making has been of interest to behavioural economists for some time (Kahneman 2011), only recently, with the work of Clark *et al.* (2009, 2010) on retirement planning, has the relationship between geographical scale and personal financial decision-making been given much consideration. Noting the consensus view in behavioural economics that humans are cognitively biased toward making decisions based on “local”, easy-to-access information, Clark *et al.* ask what factors influence this apparent aspect of “human nature”. “Are people always ‘local’”, and under what conditions do they “scale-up their search for advice and information in making planning decisions” (Clark *et al.* 2010: 167)?

The authors mostly leave the answers to these questions to a future behavioural economic geography, and direct their discussion away from an individualistic behaviourism, toward a social theory of financial decision-making. Critical of the methodological individualism of behavioural economics, they ask how “the scope of observed [individual] behaviour [...] is ‘produced’ by society (the environment) and is ‘regulated’ by the performative requirements (context) that attend certain social roles and responsibilities” (Clark 2010: 165)? Answering this question requires attention to the relations in which people are socially embedded (Portes and Sensenbrenner 1993) as well as the scales and levels people are inclined to employ and prioritize in making financial decisions. Such questions also open the door to further enquiries about the “proper” or “best” scale from which to evaluate financial decisions, and how the financial subject might be “nudged” (Thaler and Sunstein 2009) to up- or down-scale the perspective of their decision making in accordance with the interests of lenders, nonprofits, government agencies or other entities. Moreover, if the default scale of financial decision-making is socially produced, then how do certain scales come to matter more than others?

These examples of the intersection of finance and geographical scale show that (i) financial relations at one spatial level are tied to relations at other levels; (ii) the coproduction of scale and financial practices is conditioned by accumulation, and the scale/magnitude of accumulation is conditioned by the production of geographical scale; and (iii) even the scale of human cognition can become a target and a site of scalar structuration in the service of accumulation or a certain mode of regulation. In the

following sections, I provide insight into these scale effects of financialization, and financial effects of scale, using the history of FCRA.

Producing a National Space for the LOP

[The Consumer Reporting Reform Act] fails to recognize the legitimate need for this interstate business to have uniform regulation in all 50 States instead of a patchwork of different standards across the country.

*- Barry Connelly, Executive Vice President, Associated Credit Bureaus
US House 1993*

The Consumer Reporting Reform Act (introduced in 1993) was the first attempt to substantially update FCRA since its passage in 1970. The Bill aimed to improve the accuracy of credit reports by imposing a greater “burden of proof” (Sen. Bryan in US House 1993) on credit reporting agencies (CRAs) and data furnishers, and by making it easier for consumers to access, verify and dispute information on their credit reports and scores. Owing in part to Republican opposition and objections from the consumer credit industry, the Bill failed to make it through the Senate. The consumer credit industry argued that the completeness and accuracy of consumer credit files would be better served by the enforcement of national, uniform standards (Hillebrand 2004) than by forcing CRAs to give “their product” away to consumers “free of charge” (Connelly in US House 1993), or by “impos[ing] severe civil and administrative liability upon hundreds of thousands of credit grantors that voluntarily report their customers’ account payment history” (Orser in US House 1993). From the CRAs’ perspective, the bill’s principal shortcoming was its failure to smooth industry operations across state borders. According to the CRAs, the industry faced a “patchwork” of consumer protections and regulations that inhibited commerce and limited millions of Americans’ access to credit. In essence, the CRAs argued that to expand the quantity of consumer credit in circulation the scalar organization of financial regulatory sovereignty among scalar levels had to be reconfigured.

Twenty-three years after FCRA became law, progress toward an information infrastructure capable of pricing consumer credit risk everywhere, instantly and for everyone had run aground, frustrated by an uneven regulatory geography. Ultimately,

the consumer reporting industry got the uniform, national standards it wanted. When FCRA was finally amended in 1996, the new legislation preempted state law on seven key issues (Table 4-1). The passage of 1996 preemptions, was not merely a victory for the lobbyists of a sub-faction of finance capital, but a contingent moment in an ongoing search for a way to organize competition in US consumer credit markets such that risk could be priced in place-free terms. That is, to create the conditions for the rule of the LOP in US credit markets.

The LOP is a sort of hypostasized intuition about how capitalist social relations (e.g. competition and arbitrage) enforce the equalization of prices across space. To the extent that reality observes the “law” it is an organizational achievement, realized to varying degrees and through various means in different times, places and industries. Even in the mid-nineteenth century, the “supposedly ‘competitive stage’” of capitalism, the mechanisms for equalizing prices “were anything but perfect” (Harvey 1999: 142-143). Most industrial and agricultural activity was small-scale and decentralized, transportation costs were high, and the flow of information about prices, investment opportunities and production techniques was slow and sporadic. Such barriers to competition meant prices for identical products varied markedly from place to place.

While the forms of fragmentation and the specific barriers to uniform risk-pricing faced by the consumer credit industry in the early 1990s were not the same as those faced by 19th century capitalists, the perceived threat they posed to accumulation and the efficient allocation of liquidity still shaped the actions of capital and the state in important ways. In Congress the threat was constructed, not simply as a matter of industry profitability or market efficiency, but as a threat to the nation itself – especially to its more vulnerable citizens. In 2003, when the 1996 preemptions were set to expire, federal legislators took action to preserve the uniform system by passing the Fair and Accurate Transactions Act (FACTA), which made the 1996 preemptions permanent and carved out additional restrictions on the purview of state law-makers (Table 4-1). During FACTA hearings, the 1996 preemptions were routinely conflated with earlier iterations of FCRA, and promoted as a source of American economic exceptionalism. Rep. Bachus (Alabama) (US House 2003b) likened the national credit reporting system to an essential piece of national infrastructure – “like our national interstate highway system, like our

national powergrid, like our national communications system” – integral to the functioning and competitiveness of the American economy. Indeed, for Bachus, the smooth invisibility with which the national uniform credit reporting system operates is part of what makes the nation imaginable as a cohesive scalar arena of financial relations.

Table 4-1 FCRA Preemptions of State Law

	<i>State law preempted with respect to...</i>
1996 Preemptions	<ul style="list-style-type: none"> ■ The prescreening of consumer credit reports ■ The amount of time a CRA has to respond to a consumer complaint ■ The duties of a lender who takes an adverse action ■ The duties of a lender or insurer who uses a credit report without the initiation of the consumer ■ The information contained in consumer credit reports ■ The responsibilities of data furnishers ■ The exchange of credit information between companies affiliated by common ownership or corporate control
2003 FACTA Preemptions	<ul style="list-style-type: none"> ■ Any identity theft law that are “inconsistent with the provisions of FCRA (Hillebrand 2004) ■ The information that must be made available to victims of identity theft by various entities ■ The exchange and use of information in marketing ■ The notifications regarding the use of risk-based pricing ■ The disclosure of credit score for credit granting purposes ■ The frequency with which CRAs must provide free credit reports ■ The responsibilities of CRAs with respect to fraud alerts

Consumers today are able to move from state to state, they are able to finance loans, get mortgages at low rates, and part of the reason is what they never see, and that is the national uniform credit reporting system (Bachus US House 2003b: 8).

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they never see, and that is the national uniform credit reporting system (Bachus US House 2003b: 8).

The achievements of this unseen infrastructure were described in almost mystical terms, able to work what Federal Trade Commission (FTC) Chairman, Muris, called the “miracle of instant credit” – a “miracle that occurs all over America everyday” (US House 2003b: 12). This “miracle” not only made credit available anywhere, instantly, but to people once beyond the pale of the mainstream credit economy. In his 2003 testimony, then Treasury Secretary Snow impressed on Congress how important the FCRA preemptions “[had] been for lower income people and how many people at the lower income scales in the United States [had] credit today because of the FCRA [preemptions]” (US House 2003b: 11). Citing the Council of Economic Advisors, Snow argued that uniform national standards lead to the approval of 280,000 additional mortgages, worth \$22 billion a year. According to Rep. Maloney (New York), failure to reauthorize the preemptions “could cost the economy nearly \$90 billion in GDP, \$19 billion in additional incremental interest for consumers, and over 19,000...single-family homes” (2003a: 8).

While such figures, and the “democratization of credit” they were intended to confirm, appear less impressive in hindsight, they speak to the importance of credit to the imagined health of the American economy. Indeed, in 2003 consumer credit was such an integral part of the American economy that through a few loose equations the the national credit reporting system could be made a metonym for the economy as a whole. As Rep. Bachus (US House 2003a) succinctly put it, “it is our national credit reporting system that provides a great deal of the fuel to the engine of consumer spending that is currently driving our economy”.

The “Illusion” of Say’s Law and American Financial Exceptionalism

According to then FTC Chairman, Muris (2003), the US “economy has a few simple reasons why it is so much better than many other economies, and two of those reasons are our labour markets are so flexible, and another is our credit markets are so flexible...[and] that flexibility crucially hinges on having national standards in the credit

markets.” Here Muris is using “flexibility” as a sort of code for the smoothness with which Say’s law appears to operate within US borders.

For Keynes, Say’s law – commonly aphorized as “supply creates its own demand” – describes only rare or “special cases” of market equilibrium, which classical (and to an extent neoclassical) economics assumes and mistakes for the way markets operate in general (2007:3). Say’s law is based on the intuition that since commodities are purchased with other commodities, every act of buying must ultimately be an act of selling. This identity implies that an increase in the supply of commodities constitutes an equal expansion in the means of payment, and consequently, demand. This apparent equilibrium, according to Keynes, is a sort of “optical illusion” (21) sustained by the faulty assumption that “if people do not spend their money in one way they will spend it in another” or that “an individual act of saving leads to a parallel act of investment” (2007: 20-21). In short, Say’s law assumes that saving is always either zero, or that it has no effect on aggregate demand; to save is simply to spend differently. However, as both Keynes and Marx point out, the translation of saving into spending and investment, and the very act of exchange are uncertain processes.

For Keynes, uncertainty is intrinsic to the money form, and arises from tensions between the function of money as medium of exchange and as a store of value. As a store of value, money presents a barrier to the smooth operation of Say’s law. When the desire to hold money (liquidity preference) is high relative to inducements to spend and invest (i.e. relative to the marginal efficiency of capital), circulation is curtailed, demand may fail to match supply and factors may be left involuntarily unemployed. There is much at stake in the certainty with which Say’s law is perceived to operate for (neo)classical economic ideology. Without uncertainty in the operation of Say’s law, “the rest follows,” as Keynes put it: “the social advantages of private and national thrift, the traditional attitude toward the rate of interest, the classical theory of unemployment, the quality theory of money, the unqualified advantages of laissez-faire... and much else we shall have to question” (21).

These are the stakes invoked by the term “flexibility”. The “flexibility” described by FTC Chairman Muris is a measure of how well an economy can be made to perform

the illusion of Say's law and conform to the ideal of classical economics. Flexibility is a euphemism for how convincingly supply *appears* to create its own demand; how well the nation ensures that for every seller there is a buyer and for every buyer a seller; how quickly saving becomes spending and markets clear.

Consumer credit has at least two roles to play in this performance. First, by stretching purchasing power beyond the limits of current income, or by allowing small businesses to invest beyond current profits, consumer credit increases the flexibility of buyers to buy and sellers to sell, speeding up the exchange process and reducing the risk of devaluation. But perhaps more importantly, consumer credit – to the extent that it can be made available everywhere, instantly, for everyone – can substitute for precautionary savings and reduce liquidity preference. Why save when you can borrow? Indeed, there is considerable evidence linking the growing use of credit cards beginning in the 1980s and 1990s to falling savings rates (Browning and Lusardi 1996; Gross and Souleles 2002). However, the portion of the population for whom credit can substitute for saving and increase purchasing power flexibility depends on how well Say's illusion operates when the commodity on offer cannot be directly observed – when the commodity for sale is consumer risk itself. It is here where consumer credit reporting has the biggest role to play in enacting the illusion of Say's law, and providing the flexibility extolled by Muris.

For Say's law to operate in consumer credit markets the supply of consumer risk must match demand. For a variety reasons this coupling often fails, and demand for risk fails to match supply. Even in the absence of prejudice, lenders commonly deny credit to those willing to pay a premium for it (Stiglitz and Weiss 1981). The first reason is that higher interest rates may attract borrowers that are desperate, engaged in speculative activity or who simply have no intention of honouring their debts (adverse selection). The second is simply that higher debt-servicing costs create perverse incentives for borrowers to default. Credit reporting is supposed to compensate for these information problems by providing credit granters with data to help them divine the true intentions of borrowers, predict their future behaviour, and price their default risk. Rarely addressed in the literature on credit market imperfections are the ways in which geography can confound efforts to compensate for information asymmetries.

Even if a perfect data double could be assembled and used to perfectly price a borrower's risk of default, it would not be enough to sustain the illusion of Say's law in credit markets on a national scale. Doing so would require not only that each consumer emit sufficient information to permit the assembly of a data double, but that this new species of ersatz borrower be perfectly portable, able to follow their doppelganger like a shadow wherever they go, completely intact, no matter what borders they cross, or be conjured, upon request from the data ether with the same spell everywhere. Meeting such requirements, quixotic as the effort may be, is what national uniformity and state preemption aim to achieve for the credit reporting system.

This flexibility confounding intersection of information asymmetry, uncertainty and geography is well captured by a 2003 exchange between Rep. Sanders (Vermont) and two expert witnesses on "the Importance of the National Credit Reporting System to Consumers and the US Economy" (US House 2003a). Sanders, interested in preserving states' rights to enhance consumer protections beyond those provided by federal law, asked the defenders of preemption on the panel why they felt "the world [would] collapse if the California legislature addresses what they see as a pro-consumer need? Or Vermont does the same?" The Vermont congressman received two categories of response: the first relates to risk modeling and price determination, and the second to reputational portability.

For Michael Turner, President and CEO of the Policy and Economic Research Council, the necessity of a uniform national system was an artifact of the limitations of risk modeling. To provide insight into the challenges an uneven regulatory geography poses to the risk modeler, Turner asked the hearing to

...imagine 50 states continually passing legislation. You have to continually then adjust 50 separate [risk] models to moving targets, at considerable expense and considerable time. Now these models are based on sample sizes that are national currently [due to the 1996 preemptions], but if you go to a state, and particularly a small state with a small population, the predictive ability of smaller sample sets is diminished. So for example, what you get is you get a small state/big state dichotomy. So in some senses, then, where you live determines your credit, and people in smaller states could be handicapped (US House 2003a: 50).

In other words, Say's law would not function with equal ease in all states. Not only would failure to reauthorize the 1996 preemptions unduly harm the residents of small states, but it would impair the functioning of the LOP. It would exacerbate inefficiencies in the allocation of capital. It would hinder the ability of the credit reporting system to organize competition in US consumer credit markets such that risk could be priced in "place-free" terms. Equal risks in New Jersey and New York might command different prices on opposite sides of the Hudson.

The second response to Sanders emphasized the impacts of regulatory fragmentation on reputation. Lack of uniformity from state to state with respect to, say, the responsibilities of furnishers, the sharing of data between affiliates, or the types of information contained in one's credit report, it was argued, would make one's credit reputation less mobile. For instance, if Arizona were allowed to pass legislation imposing greater liability for inaccurate information on data furnishers, furnishers in Arizona (retailers, car dealers, etc.), fearing legal action from delinquent consumers, might be reluctant to report negative information to the CRAs. If someone from Arizona were now to move to Maine, creditors in that state, looking at the Arizonan's clean credit history would have no way to know whether the Arizonan's clean history reflects consistent on-time bill payment, or merely that they are from Arizona, where furnishers are afraid to report negative information. Creditors in Maine, would price this uncertainty into the cost of the loans they make to people from Arizona. This uncertainty produced by this lack of legislative standardization would ripple. In addition to paying more for credit, the Arizonan might be denied credit altogether and be unable to buy a home in Maine. Without the "portable reputations" made possible by the 1996 FCRA amendments, Abernathy explained, "the mobility of our labor force and the ability of a consumer to move from state to state while [...] preserving their ability to access [...] cheap capital" would be impaired.

FACTA was passed in the fall of 2003, making the 1996 FCRA amendments permanent. Despite the step represented by FACTA toward the ideal of portable reputations and an information infrastructure capable of facilitating underwriting decisions everywhere, instantly and for everyone, the information problem in consumer credit markets was further complicated by technological developments in the late 1990s

and early 2000s. Owing to a variety of factors, including the growth of e-commerce, a dramatic increase in identity theft occurred during this period (Whitson and Haggerty, 2008). Identity theft not only threatened to contaminate credit files with erroneous derogatory information, but also to induce states to legislate new consumer protection laws that would undermine the hard-won uniformity brought by the 1996 FCRA amendments. To address identity theft, while preserving national uniform standards and without imposing potentially liquidity constraining liability on furnishers and CRAs, Washington was pushed to redistribute responsibility for data integrity. The “solutions”, which FACTA, and subsequent legislation, would ultimately provide, shifted much of this responsibility onto the shoulders of individuals. The effects of this shift have been far reaching, transforming the relationship between individuals and their data doubles as well as their role in creating and reproducing the conditions required for the operation of the LOP.

Identity theft complicates tensions in the operation of credit markets between the desire for information completeness, and the desire for data objectivity. Realizing the LOP in consumer credit markets requires not only that reporting be standardized, but that individuals consent and commit to making themselves priceable. In much the same way as the operation of stock markets depends on the financial reporting of publicly traded firms, consumer credit markets require that default-correlated data flow from borrowers and lenders. The completeness, or at least the volume, of this information flow depends substantially on how compelled (internally and externally) individuals are to provide it and care for it. The active participation of individuals in their own pricing, however, is fraught with contradiction. The more involved one is in transmitting data about themselves, the greater their ability to manipulate that data – to conform their data double to the gaze of scoring algorithms and lenders. Put another way, the more responsibility for the care and production of credit data is shifted onto the shoulders of citizen-consumers, the more aware they become of how they are being observed, and the less “objective”, and therefore valuable, the data becomes. Identity theft forced the state and the industry to confront this contradiction between objectivity and completeness/accuracy in ways that have expanded the role of credit reports and scores as apparatuses of government, at the same time as they have been undermined as objective assessors of default.

Financial Subjectivization in the Service of the LOP

Rep. Kelly: Do you think there are potential ways that we can help consumers get more information to help them combat identity theft, and fraud? [...] perhaps we can energize consumers themselves to do a bit more to help protect against identity theft?

Ass. Sec. Abernathy: Yeah, they are really the first line. And I think a lot of identity theft can be stopped if people knew [sic] a little more about their credit reports.

- US House 2003a

From the perspective of today's financial subject, encouraged by public and private institutions alike to seek out, monitor and even purchase their own credit information as an alienated commodity (see Langley 2013), the suggestion that people should "know more" about their credit information is little more than a platitude. But when viewed against the backdrop of the long history of successful credit industry campaigns to limit individuals' access to information, and retain proprietary control over consumers' data and the products and revenues derived from it, the novelty becomes more apparent. FACTA was a turning point in this regard, having arguably the greatest impact on the relationship between individuals and their credit information since FCRA's enactment in 1970 (see Table 4-2). During his 1970 testimony, Arthur R. Miller argued that just as people have the right to defend themselves against physical injury, we need "to give individuals an effective way of finding out what [their] information profile looks like, to allow [them] to get into the information flow that relates to [them]". This idea, that people have a right to "their" information, and to verify and contest it, has animated the efforts of consumer advocates concerned with effects of credit reporting for a generation. In 2003 this extant movement for access to information merged with concerns over identity theft to tilt the incentives governing access to credit information. The effect was to refocus and rescale the object of state intervention from the industry and the firm (e.g. lenders and furnishers) to individuals and their financial decision-making capacities. The integrity of the national, uniform credit reporting system was made to depend on processes of financial subjectivization – on the individual consumer-citizen's internalization of the desire to care for their data doubles and maintain "clean" and accurate credit reports and scores.

For much of the history of consumer credit reporting, the use-value of credit-scoring technologies has been assumed to depend on their internal workings being hidden from borrowers, who might otherwise behave strategically in order to “game the system” and manipulate their scores (Eisenbeis 2002). A basic tenet of positivist science is that researchers must not influence the behaviour of their object. This means that borrowers must be kept in the dark about how their behaviour is being recorded and evaluated by credit bureaus and creditors. Consequently, from the early days of the American consumer financial protection movement, calls for greater transparency and access to credit records have been rebuffed, and resisted strongly by furnishers, lenders and bureaus, alike. The growing prevalence of identity theft in the late 1990s upset this *status quo* resistance to transparency and information access, further confounding tensions between the desire to expand credit markets while making sure that borrowers pay no attention to the algorithms behind the curtain.

Between 2001 and 2003, the FTC reported a tripling in reported cases of identity theft. The contamination of millions of credit files with erroneous information injured not only borrowers and lenders, but also to the integrity of bureau databases responsible for the “miracle of instant credit.” Identity theft created a dilemma for the reporting and scoring industry: while liability for the accuracy of credit reports is not desirable, the exchange value of their product is derived from its accuracy, and use value in underwriting and risk pricing. In other words, lenders and CRAs wanted to mitigate the impacts of identity theft without taking on new legal and regulatory burdens.

According to some in the industry, the only politically feasible way to do this was to concede a more active role for the individual financial subject in policing the accuracy and completeness of their credit files. Reflecting on mounting demands to provide consumers with great access to their credit files, in 1999 President of the Consumer Data Industry Association, Barry Connelly, predicted that “political and consumer pressure for disclosure will be so great that it will no longer be possible to hide behind the claim that, ‘you won’t understand it if we tell you.’ It will no longer be acceptable to say, ‘we are afraid that you will manipulate your score because you know what is in the little black box’” (2002: 223). Three years later during Congressional FACTA hearings,

Secretary Snow (2002: 29) articulated the ascending orthodoxy on the proper relationship between individuals and their information:

We want people to know their credit reports. We want them to know that this information is being used to create scores. We want them to have a sense of how the scores are being created. We want them to have some sense of what they can do to improve their credit profiles. And it seems to me, you go to the identity theft issue, it is very important they have these records so they can correct them if they are wrong and wrong information doesn't continue to be circulated in the credit system.

The way out of the dilemma was to “empower” consumers by giving them greater access to the data collected about them, and making them the “first line” of defense against erroneous information. Providing individuals with controlled access to their data doubles acknowledged the demands of consumer groups, while ensuring that the burden of responsibility for protecting the integrity of the price mechanism would not be taxing for industry.

It was just such a compromise that FACTA effectuated: enlisting individuals in the pricing of their own risk and in the search to perfect the LOP in consumer credit markets at the national scale. FACTA gave individuals unprecedented access to their credit information (Table 4-2). For the first time individuals could access their credit reports without being rejected by a credit card company, car dealer, landlord or employer, and consumers were given the “right” to obtain their credit scores for “a reasonable fee”. Moreover, by circumscribing and standardizing the responsibilities of lenders, bureaus and furnishers with regard to identity theft, FACTA and its new preemptions (Table 4-1), served to simultaneously responsabilize individuals while protecting businesses from consumer litigation. As Whitson and Haggerty (2008) argue, this responsabilization imposed almost absurd expectations on individuals to alter their routines and cultivate new competencies both to protect themselves from the “inevitability of victimization” (Whitson and Haggerty 2008: 580) and to ensure that they are equipped to prove their victimhood should it be necessary.

Table 4-2 Historical Development of Individual Access to Credit Reports and Scores, Pre-FCRA to Present

<i>Period</i>	<i>Individuals' Access to Their Personal Credit Information (e.g. credit reports and credit scores)</i>
<i>Pre FCRA (1970)</i>	<ul style="list-style-type: none"> ■ Credit reports sold to individuals at the discretion of CRA ■ Individuals have no legal right to access their credit information
<i>Early FCRA (1970-1996)</i>	<ul style="list-style-type: none"> ■ <i>Credit reports free to individuals who request a report following an adverse action</i>
<i>1996 Amendments to FACT Act (2003)</i>	<ul style="list-style-type: none"> ■ <i>Free access to 1 report per year, upon request, for individuals who are unemployed but seeking employment, on public assistance, or who suspect fraud</i> ■ <i>Credit files (excluding credit scores) available to individuals for a charge of \$8 or less</i>
<i>FACT Act to Dodd-Frank (2010)</i>	<ul style="list-style-type: none"> ■ <i>Individuals entitled to 1 free credit report each year from each of the three major CRAs, upon request</i> ■ <i>CRAs required to make credit scores available to individuals for a "reasonable fee"</i> ■ <i>Mortgage lenders required to disclose credit scores to applicants</i> ■ <i>Lenders required to provide a risk-based pricing notification to applicants when their credit report has been used to justify charging higher interest rates than they charge many other borrowers.</i> ■ <i>Credit reports free to individuals who request a report following a risk-based pricing notification</i>

FACTA's emphasis on consumer empowerment resonated with neoliberal nostrums of self-sufficiency, personal responsibility and faith in the power of financial incentives (Williams 2007). Individuals have distilled incentives to police the contents of their credit reports because, unlike bureaus and lenders, they cannot spread the consequences of erroneous negative data across millions of files. The ideal neoliberal subject, incentivized to ensure they are not unfairly denied access to financial products, housing or employment, should be expected to take advantage of opportunities to monitor their credit files and verify that they truly reflect their creditworthiness. FACTA responded to the threat posed by identity theft by enrolling the individual more wholly in the search to perfect the operation of the LOP. It put the interpellated financial subject on quality-control duty for the CRAs, ensuring that inaccuracies would be expunged from their databases, their product kept pure and its use value to lenders and conscientious consumers, alike, preserved. By placing new responsibility for the integrity of the national credit reporting system on the shoulders of consumers, FACTA also imparted new macroeconomic importance to the behaviour and self-monitoring capacities of individuals.

However, regardless of how important individual behaviour is to accumulation and the national economy, subjects do not come formatted with the right suite of capacities and priorities installed. Not surprisingly, then, the passage of FACTA reinvigorated efforts to educate the financially "remedial," "illiterate", or insufficiently financially "capable" to help them perform the subject positions FACTA envisaged for them (Kear 2013). To this end, the act created the Financial Literacy and Education Commission (FLEC) to "improve financial literacy and education through the development of a national strategy" (GAO 2005). The Act directs FLEC to promote the awareness and importance of (i) credit reports and scores in obtaining credit and the terms of credit, (ii) accuracy in credit reports and scores, (iii) correcting inaccuracies, and (iv) "the effects of common financial decisions on credit reports and scores". Today FLEC is the principal body through which financial education initiatives are coordinated across federal agencies and departments, and national standards in financial education promoted. Together FACTA and FLEC have made credit reporting and the financial capabilities of the population a site of federal intervention to an unprecedented extent. The liquidity of consumer financial markets and the reign of the LOP at the national scale

is governed through the behaviour of financial subjects; objects of power/knowledge, who can be counted on to respond predictably to the stimulus of credit reports and scores – a financialized *Homo oeconomicus*.

To ensure what Assistant Secretary Abernathy described as, the “widest availability of financial services at the lowest cost to as many people as possible” (US House 2003a: 13), FACTA drafted the individual as a quality control officer for the national credit reporting system. In so doing, the function of the credit report was dramatically expanded. Once almost singularly conceived as an underwriting tool hidden from borrowers, the credit report has become a tool for the government of the self and others (Foucault 1988; Marron 2007; Miller and Rose 1990). This expansion in the governmental function of the credit report was coextensive with the rescaling of financial relations. In the name of a national uniform credit reporting system that can price risk in place-free terms, and make credit available to anyone, anywhere, instantly, the function of “local,” micro financial practices in the reproduction of the macro economy was remade.

This reconfiguration of the financial relations that tether the macro to the micro continues today. The link that FACTA established between individuals and their data doubles in the service of an errorless, uniform national credit reporting system is now being exploited to measure, diagnose and treat financial marginality. The 2008 financial crisis, and the marks it left on people’s credit histories through job loss, default and foreclosure, has further encouraged the objectification of the data double as a target for improvement. Both struggling financial subjects, deprived of liquidity, as well as revenue strapped governments, desperate to “streamline” public programs through the fortification of the self-helping capacities of their citizens, have seized upon credit reports and scores as expedient indicators of financial capability and self-sufficiency.

Perhaps the best example of this appropriation of the credit report as a tool of public policy is New York City’s Office of Financial empowerment (OFE). Established in 2006 by the Bloomberg Administration, the OFE pioneered the integration of “financial empowerment” programming into the delivery of existing public programs. The integration of financial counseling and asset building programs into key City services is supposed to

produce a so called “supervitamin” effect, enhancing treatment outcomes for “clients,” and saving money for taxpayers by increasing the self-sufficiency of program participants. The credit report is used to perform a sort of financial triage and to measure and track financial outcomes for domestic violence survivors, the homeless, the jobless, those on probation, and variety of other client types. This use of municipal services to provide “touch points” and “warm hand offs” for an emerging cohort of professional financial social workers is a relatively new phenomenon that remains little studied outside of US philanthropic research networks. This financialization of the safety net is an important new site in the post-crisis politics of financialization (Newman 2012, Weber 2010). It is one that has been made through processes of rescaling that have qualitatively transformed the function of market devices and the relationship between individuals and their virtual financial selves, and now between the state, the financial system and their subjects.

Conclusion: Rights, Scale and the Politics of Financialization

In 1949, T.H. Marshall argued that citizenship had become “the architect of legitimate social inequality.” Inequalities of social class could be legitimated, according to Marshall, only if mitigated by the “rights of citizenship” (Marshall 1965: 77). However, the specific set of rights needed to legitimate social inequality is a variously expanding and contracting terrain of contestation. In the 1960s and early 1970s, according to Miller, credit underwent a socio-financial change of state, growing in volume to a point where its status as “privilege” or “right” became ambiguous, inaugurating a new role for financial markets in the determination of legitimate social inequality and entering credit in the contest to be included in the rights of citizenship.

After three decades of financialization, the notion of “financial citizenship” (Leyshon and Thrift 1995; Dymksi 2006) remains little more than an ethical claim to hypothetical rights guaranteed by no one. There are many reasons that demands to “Give Us Credit for Being American” have faded. Among them fundamental incommensurability between the logic of financial accumulation and rights (Kear 2013), and the palliating substitution of substantive claims to social rights with anemic consumer rights to disclosure and other protections (e.g. the Truth in Lending Act), but

also the production of a national information infrastructure capable of pricing the risk of anyone, anywhere, instantly. A liquid, “efficient” and objectively discriminating (Marron 2007) consumer credit apparatus promises to render financial rights redundant: surely only the “undeserving” need rights when the nation floats on an ocean of credit? The production of an ever more liquid and accessible national credit system has been under appreciated as a geographical project of scalar structuration.

As the foregoing has shown, since the early 1990s the expansion of credit availability has been pursued through the reworking of geographical differentiations, orderings and hierarchies in spatial relations. Attempts to bring credit markets into compliance with the LOP, and produce and preserve a national, uniform consumer credit reporting system via multiple rounds of state preemption, has dismantled informational borders, reallocated sovereignty across scalar levels, responsabilized the individual for the care of their data, while creating new modalities of financial government. These cascading scale effects of financialization are contingent outcomes of efforts to create the conditions required for the performance of the LOP and market efficiency.

Through processes of financial subjectification and subjectivization the consumer/citizen/client has learned both to enforce the LOP and secure their livelihood through the care of the virtual financial self. The enrollment of the individual in the performance of the LOP has created new contradictions and axes of conflict in the still nascent politics of financialization. Among these are tensions arising from the dual role of credit reporting and scoring devices as tools for, on the one hand, the evaluation of risk and monitoring of financial behaviour, and, on the other, the modification and regulation of financial behaviour. At what point do the personal practices required to make our risks monetizable become opportunities for financialized dissimulation? At what point do financial coaches, financial social workers and asset-building organizations cease being agents of the financial system and efficient financial markets helping us to conform and make ourselves priceable, and, instead, become enablers of strategic behaviour, “manipulation” and “system gaming”? Surely struggles over our data doubles, not only access to them, but control over their composition and applications are only just beginning as “big data” enters the underwriting business (Hardy 2012), and states devise rationales for the privatization of risk. That individuals, and the processes

by which their concrete risks are abstracted, read, managed and priced, should be a site financial politics is not surprising. However, there is a geographical history to the present biopolitical moment that has been largely untold. It is through processes of rescaling in the name of market efficiency that the cognitive capacities and predictable irrationalities of the human have come to matter so much to the financial system and the national economy.

Chapter 5.

New Ways to Include

Despite the wide range of phenomena that now fall under the rubric of financialization, finance remains at its core about solving a very old problem: mobilizing capital for investment by serving as an intermediary between those with money and those who want to spend and invest it. Finance has always played a central role in the operation of capitalism, as reflected in Schumpeter's (1934) characterization of money markets as the "headquarters of capitalism." Accordingly, a central plot in the history of capitalism has been, and continues to be, perhaps more than ever, the hunt for new sources of capital, and the corollary pursuit of new forms of collateral against which to borrow that capital. In this regard, contemporary capitalism functions as a fiercely efficient distiller of incentives to innovate new techniques and technologies for identifying and collateralizing novel asset classes and income streams. As a result of such financial innovation, what counts as a viable income-yielding asset now stretches from credit card debt all the way to the "kitchen sink" (Leyshon and Thrift 2007: 100).

Beginning in the 1980s, large companies, once the bread and butter of the banking industry – discouraged by high interest rates and aided by the growing involvement of institutional investors in equity markets – began relying more and more on non-bank sources of capital. The decline in corporate business, combined with growing demand for financial products from pensions and other institutional investors, helped precipitate a shift in the dominant business model of the banking industry. In the 1980s banks transitioned to an "originate and distribute" model, becoming veritable chop shops of securitization, assembling and repackaging debt and risk and selling it on to investors and speculators around the world in exchange for fees and commissions. Fee-based revenue models in retail banking also made bank accounts more expensive for less affluent customers unable to maintain minimum balances required to avoid fees.

Such fee-based approaches, combined with overdraft charges and fear of bounced cheques made “fringe” financial service providers – cheque cashers, payday lenders, etc. – attractive to many low-income customers, especially many from communities of colour made to feel unwelcome at banks. At the same time as the alternative financial services (AFS) sector grew in the 1990s by catering to risky, low-margin customers ignored by large banks, low interest rates and abundant liquidity helped keep demand for securities high and pressure intense to push lending (mortgages, lines of credit, credit cards) into more marginal markets and unlock new and better yielding sources of debt.

The neoliberal state obliged. Privatization and private-public partnerships transformed formerly public assets – Hospitals, schools, bridges, transit systems, waste treatment facilities, waterworks, and other utilities – into income streams. The financial industry responded to this commodification of the remains of the welfare state in the form of new products offering citizen/consumers long-term security and lifestyle insurance in a process Blackburn (2008: 84) describes as the “commodification of every aspect of life and the life-course.”

In the next chapter (Chapter 6), I explore the commodification and collateralization of “cultural assets” and the social networks of financially excluded groups in the Bay Area. By drawing on ethnographic work with the Mission Asset Fund (MAF), as well as interviews with participants in credit building lending circles (LCs), Chapter 6 aims to better understand how the transformation of informal financial practices into tools of financial inclusion reshapes socio-financial relations on the borders of the financial system. The specific cultural assets “leveraged” by MAF are *tandas* and other informal rotating savings and credit associations (ROSCAs), which are trust- and social-capital based lending practices common around the world and in many immigrant communities in the US. But before I do this, I want to provide some insight into MAF as a field site as well as some background on the organization, its position in the constellation of actors at the border of what MAF calls “the financial mainstream”, and how I participated in MAF’s border work.

Finding Sites of Financial Bordering

The choice of MAF as the primary field site for my research was part design, part good fortune. One of the goals of my dissertation research was to understand how financial practices on the edges or “fringes” of the financial system have reacted to credit tightening after the subprime crisis. The “credit crunch” that accompanied the 2008 financial crisis set the stage for a dramatic increase in the prominence of less risk-averse fringe financial institutions in the lives of marginalized populations. However, concerns about the predatory lending practices of subprime mortgage lenders also brought scrutiny to the nearly 24,000 fringe financial storefronts marketing payday loans and other high-cost credit products in the US.¹⁹ As a result, the 2008 financial crisis created both new opportunities for firms specializing in high-risk consumer financial products and an intensification of political pressure to reform the relationship between low-income households and the financial system. Finding spaces in which one might ethnographically inhabit this tension between market opportunity and reform on the borders of the “mainstream” financial system is not an easy task.

One approach is for the researcher to embed themselves in industry spaces: trade conferences, shareholder meetings and retail storefronts. While this strategy can provide access to business rationales, the micro-practices of retail spaces and product users, it also poses challenges. Principal among these is access. While Servon (2013, 2014) has adopted this strategy,²⁰ spending several weeks working as a teller at Check Center²¹ in the Bronx and Oakland, such arrangements can be difficult to negotiate without compromising research, and may depend on the existence of extant trust or business-cum-research contacts. I conducted preliminary research at an annual meeting of the Financial Service Centers of America (FiSCA), in 2011 in part to gain access to storefront spaces. I also met with the owner of a nonprofit payday lender located in

¹⁹ This is more than the number of McDonald’s, Burger King, J.C. Penny, Target and Sears stores combined (Stegman 2007; Rivlin 2010).

²⁰ To my knowledge the results of this research have not been published in academic journals, but have been shared in articles written for *The New Yorker*, the *New York Times*, the *Wall Street Journal* and *The Guardian*.

²¹ Check Center is a national AFS provider in the US.

Oakland in the hopes of using his storefront as a field site. However, I was not able to arrange sustained access as an employee or any other capacity in the AFS industry that would provide data-rich interactions with customers.

Another way to access shifting relations at the borders of the “mainstream” financial system is through advocacy organizations or regulatory bodies. This strategy also presents access challenges, as regulatory agencies are often reluctant to open themselves up to outsiders. Indeed, while visiting the Consumer Financial Protection Bureau’s Washington, DC offices in late 2012, three people I spoke with would not allow our conversations to be recorded nor would they sign interview consent forms (nowhere else in my research did I encounter such reluctance). Embedding oneself with an advocacy organization also has its problems. For example, the AFS industry is routinely demonized by financial consumer advocacy organizations. Notwithstanding such potential biases, it was through an interview with the California Director of the Center for Responsible Lending (CRL), one of the largest consumer financial protection advocacy organizations in the US, and a prominent critic of the AFS industry, that I first learned about MAF.

When I first met with MAF’s Executive Director, Simon Perez²² (sometimes now described as MAF’s Chief Executive Officer) the organization was in the midst of a major effort to expand and replicate its LC program at various sites throughout the Bay Area.²³ To evaluate the success of this initiative, MAF was eager to develop a relationship with academics and to present the work they were doing in language that would travel well in academic and policy networks. To this end, MAF was already working with Belinda Reyes, an economist at the University of California, San Francisco’s César Chávez Institute on an evaluative study to determine whether the improvements in credit score experienced by MAF’s LC participants were reproduced in LCs administered by

²² This is a pseudonym. Pseudonyms are used for all of my interviewees and research participants.

²³ Including the City of Fremont’s Family Resource Center and the SF LGBT Center (2 of the 5 pilot sites), which administered all of the LCs that I participated in. Today, MAF has more than 30 partners offering LCs.

other organizations serving low-and moderate-income populations. While the organization was particularly interested in research that could quantitatively demonstrate their programs' social return on investment (e.g. average credit score improvement, money saved, etc.), MAF was open to my less narrowly defined ethnographic approach. As a result, we were able to come to an informal agreement wherein I would serve as an unpaid, part-time consultant on a number of in-house research projects and reports in exchange for access to MAF's office environment and staff,²⁴ as well as introductions to MAF partner organizations.

MAF was an ideal site for my research. In 2011 MAF was located in the heart of the Mission District of San Francisco,²⁵ an area with a high concentration "fringe" financial service providers. MAF described its local geography as one where...

...the path into the financial mainstream is neither straight nor narrow; it's more like an obstacle course riddled with predatory lenders and traps that drain any assets that they may have. Fringe financial services providers—pawnshop, payday, and check-cashing stores—outnumber bank branches four to one in our neighbourhood (Quinonez *et al.* 2010: 4).

In addition to being located in an area with many AFS providers, MAF is part of a network that includes government regulatory bodies as well as financial industry groups dedicated to "better serving" low- and moderate-income financial markets. For example, since 2013 Perez has served as the Chair of the CFPB's Consumer Advisory Board, and in 2011 MAF received a \$250 thousand grant from the Center For Financial Service Innovation (CFSI) and the Citi Foundation to expand its flagship peer lending circles program (see Chapter 6 for more detail).

MAF's LC program is the principal focus of the more empirically oriented chapters in this collection (Chapters 6 and 8). The LC program is intended to provide a "culturally appropriate" mechanism to help people establish a credit history and improve

²⁴ My visits were all arranged by email or phone, and most of my visits took the form of a meeting to discuss a particular project.

²⁵ MAF has since moved twice to accommodate expansions in its programs and staff. Its current location (3269 Mission St.) is south of the traditional borders of the Mission District.

credit scores. According to MAF (2011), 44% of Mission households do not have credit histories, and 51% lack a bank account. This makes these households dependent on informal networks of friends and family, as well as high-cost AFS providers (e.g. pay day, title and for-profit microcredit), for loans and other financial services that “drain assets” with their high fees and interest. While MAF staff often spoke about the need for more transparent fee disclosures and terms associated various financial products (see below), Perez did not want to reproduce what he felt was the too-common practice of demonizing fringe lenders or protecting vulnerable populations through interest-rate caps. Rather than focusing on the behaviour of lenders, Perez wanted MAF to focus on borrowers, to make sure they have the information they needed to make the right financial decisions for themselves: “Instead of demonizing lenders we should be empowering people to make better financial decisions for themselves” (Fieldnotes October 2011). This borrower-centered approach to consumer financial protection (or empowerment/responsibilization) found expression in all the MAF programs in which I participated in some way. The three main projects and programs in which I collaborated with MAF staff were LCs, a report on a “financial facts” disclosure label (see below) for various financial products, and a research project assessing the impact of a fee disclosure box we developed for a prepaid debit card.

“Just the Financial Facts, Please”: Financial Protection through Better Disclosure

As described in Chapter 3, in the 1970s it was hoped that a right to the truthful disclosure of loan terms, including APR, would help consumers protect themselves from predatory lenders. More than four decades and millions of “duped” borrowers later, many financial consumer advocates, regulators and politicians remain committed to the idea that disclosure can empower borrowers to make the right financial decisions for themselves.²⁶ However, according to contemporary consumer financial protection discourse, for disclosure to realize its potential it must be more transparent and

²⁶ Reforming disclosure has been a major focus for the CFPB, including a complete overhaul of Truth in Lending mortgage disclosure forms.

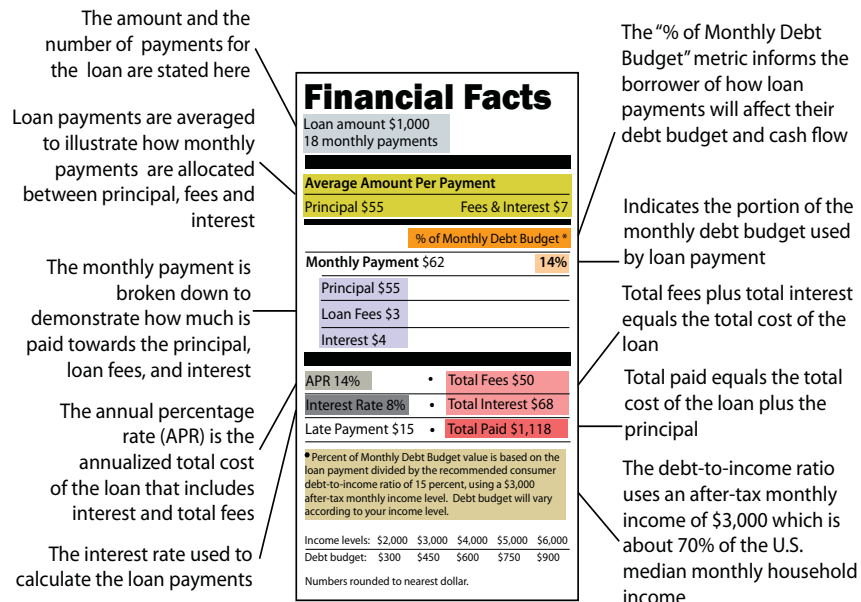
incorporate advances in behavioural research to compensate for our “predictably irrational” brains (Ariely 2008).

The growing emphasis on disclosure among financial reformers reflects a broader sense that traditional models of financial education do not work. The traditional model assumes individuals follow a linear path that begins with financial education, leading to better financial knowledge, financial literacy and finally to behaviour changes which make possible better financial outcomes. There are many problems with this model – setting aside the assumption that the behaviour of individual financial consumers determines financial outcomes and the elision of structural and contextual factors. First among these problems is that there is very weak evidence that a causal chain exists “from financial education to higher financial literacy, to better financial behaviour, to improved financial outcomes in part due to biases, heuristics, and other nonrational influences on financial decisions” (Willis 2011: 429). Moreover, there is little agreement about what types of knowledge actually lead to changes in behaviour, or how financial wellbeing (outcomes) should be measured and even whether appropriate metrics exist.²⁷

One solution to the failure of financial education and the lack of empirical support for the linear education-literacy-behaviour-outcomes causal chain is to find ways to intervene – to “nudge” – at the point of sale, at the moment when financial decisions are made. According to one attendee at a “financial innovators” lunch I attended, this amounts to “putting the education inside the tool [i.e. product] itself.” The behavioural engineering of disclosure is one method of intervening at the moment of decision. MAF’s in-house disclosure solution and method of “putting the education inside the tool” is what it calls a “Financial Facts Label” (FFL) (Figure 5-1).

²⁷ While there is a large academic literature on financial education and literacy, this section draws on fieldnotes from a closed-door “financial innovators” lunch about financial capability I attended as a MAF Consultant and hosted by the CFPB at the 2012 Underbanked Financial Services Forum.

Figure 5-1 MAF’s “Financial Facts” Disclosure Label²⁸



MAF’s FFL is based on the well-known Nutrition Facts label, which the Food and Drug Administration (FDA) requires all food and beverage packaging in the US to display. The FFL provides a standardized, easy-to-understand way for consumers to evaluate the cost of a loan at the point of sale. In addition to APR, the FFL breaks down monthly payments into principal, fees and interest, informs the borrower of the total cost of the loan in terms of fees and interest, and clearly displays potential charges for late payment. The FFL also provides an estimate of the percentage of the borrower’s monthly “debt budget” the loan represents. Instead of helping people count their calories, the FFL is designed to help people put their debt on a diet. The epigraph of an early draft of a report I worked on evaluating the efficacy of the FFL for small-dollar loans framed the role of disclosure in the context of the 2008 financial crisis and the “personal debt crisis”:

Statewide trends have primarily focused on regulating small dollar lenders through APR caps and other regulations, facing robust opposition from the financial services industry. In direct contrast to this typical approach, Mission Asset Fund is proposing a fresh solution, grounded in a pilot

²⁸ Figure from Quinonez and Robinson (2011) “Credit Deserts.” MAF.

research project, that can curb the personal debt crisis for low-income Americans by simply providing better consumer information (never published draft MAF 2011: 1)

For MAF, the best way to protect financial consumers on the edges of the financial mainstream is through a combination of product innovation and improving a borrower's ability to assess financial products independently.

Banking the Unbanked with Prepaid Cards

Outside of participation in LCs and the FFL evaluation, my primary connection to MAF's operations was through a research project I helped facilitate on prepaid debit cards. The prepaid debit card market has grown tremendously in recent years and is often touted as a new way to "bank" the unbanked. Reloadable prepaid debit cards offer many of the same services as chequing accounts – direct deposit, security from theft, transaction histories, the ability to make on-line purchases – but are less expensive for banks to administer than traditional accounts. The hope among financial inclusion advocates is that prepaid cards will provide banks with a profitable way to cater to low-balance clientele, whom they have traditionally eschewed. The concern is that they also provide the AFS industry with a new means of extracting fees – loading charges, ATM fees, transaction charges, unused balance fees – from their customers.

To this end, we designed a version of the FFL for a popular prepaid card offered by a nearby AFS provider called the ACE Elite Pay-As-You-Go Card (see Figure 5-2). We then recruited 50 MAF clients to participate in a small, "unscientific" randomized control trial of our Ace Elite FFL. Study participants were all given \$50 cash, along with instructions to purchase an ACE Elite Pay-As-You-Go Card, and to make a specific set of typical purchases using their cards (see Figure 5-3). All participants were surveyed about how much of the \$50 they thought they would be able to spend on goods and services and how much they thought they would be charged in fees. Twenty-five participants were given a debit-card-sized version of the FFL to carry with their prepaid debit cards (the treatment group), and twenty-five were not (the control group). Our null hypothesis was that those who received the treatment (i.e. were provided with the FFL)

would, as a group, spend less on fees and more on goods and services than those who did not.

Figure 5-2 ACE Elite Pay-As-You-Go Card Financial Facts Disclosure Label

ACE Elite Pay-as-You-Go		
Prepaid Card Fee Summary		
Fee Category	Fee Type	Amount
Total Cost of Setup:	Monthly Fee	\$ -
	Activation	\$ 3.95
Add Money:	Direct Deposit	\$ -
	Cash (at a Store)*	varies
Get Cash:	ATM*	\$ 2.50
	Store Cash Back	\$ -
Spend Money:	Signature	\$ 1.00
	PIN	\$ 2.00
Information:	Call Customer Service	\$ 0.50
	Online/Mobile Information*	Free
	ATM Balance Inquiry*	\$ 0.50
Caution:	Replacement Card	\$ 3.95
	Inactivity	\$ -
	ATM Decline	\$ 1.00

Other fees may apply, see terms and conditions for details.

*Third-party fees may apply

www.aceelitecard.com (866) 387-7363

Due to our small sample size and flaws in our research design, our results were inconclusive, and interpreting them is beyond the scope of this discussion. However, the process of working with MAF staff to develop, design, implement, interpret and present this research provided valuable insight into (i) MAF’s relationship with its client base, (ii) its commitment to disclosure and improving the decision making of borrowers, and (iii) the uses and abuses of positivist research rhetoric in public and funder relations (as a way to demonstrate a kind of fealty and legitimacy).

Figure 5-3 Prepaid Card Study Participant Instructions

Checklist of Items

All participants of this study agree to make the following purchases and complete the following activities with their \$50 card during the period April 1st-May 15.

Step 1

Purchase \$50 "Ace Elite Pay-as-You-Go" prepaid debit card @ ACE Checks Cashed Short-Term Loans store 2038 Mission St., San Francisco, CA 94110

Step 2

Register your card online (either at home or at MAF). Provide username and passcode to MAF.

Step 3

ATM: withdraw \$ from an ATM
Cajero ATM: Retire \$ de un cajero ATM

(a minimum of \$10)

Step 4. Buy any TWO things listed:

Meal: Purchase a meal
Comida: Compre una comida

(\$10 or less)
(\$10 o menos)

Transportation: Buy a BART/muni ride or clipper card

(\$10 or less)
(\$10 o menos)

Cosmetics or Toiletries: Purchase a cosmetic or toiletry item from a pharmacy
Cosméticos o artículo de tocador: Compre un cosmético o artículo de tocador de una farmacia

(\$10 or less)
(\$10 o menos)

Grocery: Purchase something at the grocery store
Tienda: Compre frutas en una tienda

(\$10 or less)
(\$10 o menos)

Step 5. Use the rest of the \$ on the card, however you wish.

Credit Building and Lending Circles

Almost all the work MAF does relates to its LC program in some way. LCs are composed of a group of people who make payments to MAF on a monthly basis, MAF then uses

these funds to extend zero-interest and zero-fee²⁹ loans to individual LC members. Loans equal to the size of the fund are made to a different circle member each month until every circle member has received a payout. Each participant contributes the same amount to the fund each month. This amount is determined by mutual agreement.³⁰ Each member of the group (commonly ranging from 6 to 10 participants with an average of 8) receives this common fund once during the life of the LC as a zero-interest loan (see Figure 5-4).³¹ The central conceit of the LC program is that circle members are lending each other money, mimicking the structure of an informal ROSCA, like a *tanda*, in which a group of people contribute to a fund disbursed to each member on a rotating basis. The benefit of creating a formal, legal loan structure, including a lending agreement and promissory note (see Appendix C for a sample loan agreement and promissory note), is that MAF is able to report circle members' payments to the common pool as payments on a non-revolving loan from MAF, LLC to participating credit reporting agencies (during my time at MAF this included Experian and Transunion, but not Equifax). LC members, by engaging in what appears to be a "culturally familiar" informal economic practice, are able to build a credit history, establish or increase their credit score,³² and improve access to "mainstream", lower-interest credit, instead of the higher-cost "fringe" AFS providers that prey on the Mission's "thin" and "no file"³³ population.

²⁹ There are fees and penalties associated with insufficient funds and late payments (those charged by the participant's bank, plus \$10 by MAF). The fee structure of the program is currently undergoing changes; I believe there are now some fees associated with participation. Partner organizations that administer LCs also pay charges to MAF and its affiliate, MAF, LLC, for acting as a loan servicer.

³⁰ A LC generally ranges in size from to 6 to 10 members (average approximately equal to 8). The average loan/fund size is approximately \$900. Loans are composed of payments equal to \$50, \$100, \$150, or \$200 per person per month. Payment amounts and associated loan size is determined by mutual agreement among LC members).

³¹ The order in which the members of the group receive their loans/disbursements is also determined by mutual agreement.

³² According to MAF, 90% of participants without credit histories are able to establish credit scores through LC participation (MAF 2014). Improvements in credit score are not guaranteed; indeed, it is possible to default on an LC loan.

³³ Terms for people with either little or no credit history.

Figure 5-4 Step-By-Step LC Basics

Step 1: Orientation

- All potential LC members attend information session about the LC program.

Step 2: Underwriting

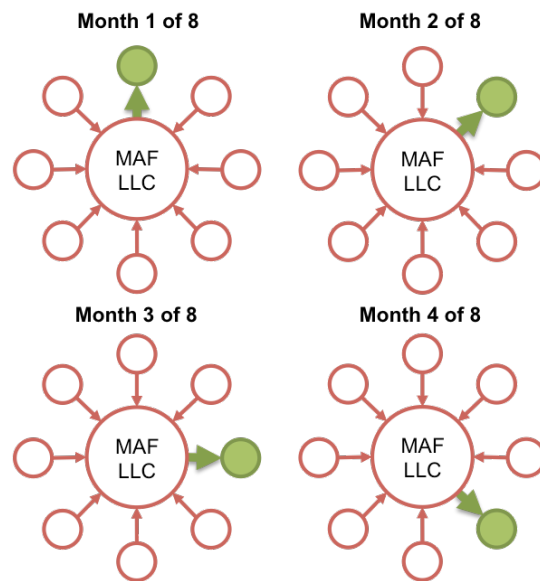
- All potential LC members have a private meeting with an LC coordinator:
 - Provide proof of household income, and banking information (participants must have a chequing account).
 - Provide estimates of monthly expenses.
 - Provide Individual Tax Identification Number (ITIN) or Social Security Number (SSN).

Step 3: LC Formation

- Potential LC members meet each other.
- Name of LC chosen by group (e.g. "The Savers").
- Monthly contribution determined (i.e. \$50, \$100, \$150, or \$200).
- Payout order determined (e.g. John receives loan in August, Teresa in September, and so on).
- Loan Agreement and Promissory Note filled out and signed.

Step 4: Rotation

- Monthly payments are automatically withdrawn from LC member bank accounts.
- Once per LC a payout is directly deposited in a participant's bank account.
- Monthly payments are reported to CRAs.

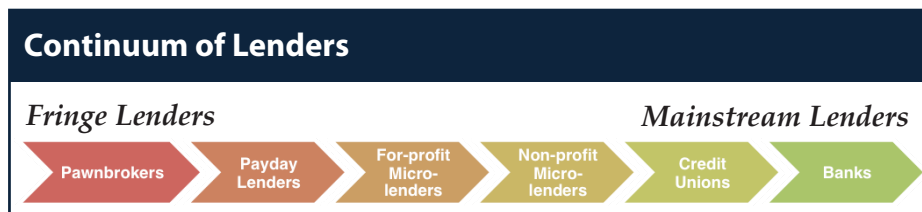


MAF's promotional literature often describes a credit score as a sort of passport required for full participation in the American economy. This intersection of national borders with financial borders can be seen most clearly in two specialized LC programs run by MAF: Citizenship Tandas and Lending Circles for DREAMers. These LCs are tailored to help either US permanent residents pay the \$680 citizenship application fee or undocumented "childhood arrivals" pay the \$495 fee required to apply for deferred

action,³⁴ at the same time as they establish a credit score – the “passport” to economic opportunity.

Credit-building programs, like LCs, are supposed to have the dual effect of (i) making neighbourhoods like the Mission less attractive targets for the AFS industry, and (ii) enabling participants to “build assets” with money borrowed at prime rates from “mainstream” financial institutions and invested in property, education/“human capital” and businesses (see Figure 5-5 MAF’s Continuum of Lenders). Credit-building, then, is closely allied with a broader set of approaches to poverty alleviation that fall under the rubric of “asset building.” Indeed, asset building and credit building are often conflated. According to Jennifer Tescher, CFSI’s President and CEO, “The work that Mission Asset Fund does is powerful because it recognizes that one’s credit profile is an asset.”

Figure 5-5 MAF’s Continuum of Lenders: From “Fringe” to “Mainstream”



(MAF 2011)

Asset-based approaches to welfare (Sherraden 1991) have a long and varied history in the US, and aim to alleviate poverty by promoting asset accumulation (saving, home ownership and investment) among the poor, rather than through income supplementation (e.g. traditional forms of welfare relief).³⁵ Where income supports are derided for creating “dependence” on the state, asset-building is said to foster “independence” and “self-sufficiency.” While no one at MAF spoke negatively of income supports like Temporary Assistance for Needy Families (TANF), for example, MAF and

³⁴ Deferred Action for Childhood Arrivals (2012) is a US immigration policy, implemented by the Obama Administration in response to the failure of the DREAM Act, which allows undocumented immigrants that entered the US prior to their 16th birthday and before June 2007 to be exempted from deportation and receive a 2-year renewable work permit.

³⁵ Asset-building advocates correctly point that asset and wealth inequality is much greater than income inequality. “Asset poverty” is especially dramatic in communities of colour.

its partners often tout LCs as a way to increase household financial self-sufficiency.³⁶ Although, MAF portrays LCs as reliant on interpersonal trust and social capital, and productive of community (see Chapter 6), it is the individual that is responsible for their own financial protection. Individuals must educate themselves, make better financial decisions, and build their credit scores to obtain prime loans and invest in themselves to become self-sufficient. At the risk of oversimplifying this perspective, what low- and moderate-income families need in order to make ends meet, pay down debt and join the financial mainstream is not paternalistic protections or handouts, but better tools – financial product and service innovations – like LCs.

Moral Economies of Financial Self-Care

In 2012, Strike Debt, an offshoot of Occupy Wall Street, published a *Debt Resisters' Operations Manual*. The first chapter of the *Manual*, dedicated to “Credit Scores and Credit Reporting Agencies,” is largely a do-it-yourself guide to credit-score repair. The chapter sympathetically tells its readers, presumably with tarnished credit histories, that even though “it can seem difficult and futile to investigate or repair your credit score[...]it isn't” (4). Despite the ostensibly radical intent of the *Manual*, this chapter at least, is a rather pedestrian guide to *individual* financial salvation won through cultivating a closer relationship between would-be debt resisters and their credit reports. The juxtaposition of credit repair advice with the collective register of the “99 percent” is an odd one. It is an example of an emerging moral economy of financial self-management, in which individual acts of financial self-management are imagined to “scale up,” and together constitute a collective act of “self-protection” from the predations of financial capitalism.

³⁶ The term self-sufficiency has a loose meaning; however, some (Pearce 2001) have tried formalize self-sufficiency standards, which measure the “amount of income necessary to meet basic needs (including taxes) without public subsidies (e.g., public housing, food stamps, Medicaid or child care) and without private/informal assistance (e.g., free babysitting by a relative or friend, food provided by churches or local food banks, or shared housing)” (selfsufficiencystandards.org 2015).

As I discuss below and in Chapter 6, LCs are an excellent illustration of individual financial management being conflated with community building. Perhaps the clearest example of this emerging moral economy is an initiative called “700 Credit Score Communities” run by Operation HOPE. Operation HOPE is one of approximately 20 nonprofit organizations that make up the President’s Advisory Council on Financial Capability.³⁷ HOPE describes its mission as the promotion of what it calls “‘silver rights,’ or making free enterprise and capitalism work for all. Financial literacy is the tool, financial dignity is the goal and financial inclusion is the way.” By working with individuals to increase a community’s average FICO score to 700, Operation HOPE aims to transform “‘poor neighbourhoods’ into emerging market communities of economic opportunity...

...At HOPE we believe that when you transform a neighbourhood to become a 700 credit score community, check cashers, title lenders, payday lenders and rent-to-own stores become credit unions and community banks and liquor stores are transformed into convenience stores and grocery markets (Bryant 2012).

Contained in this vision of community transformation through collective credit score appreciation are a number of tacit moral assumptions about the fair pricing of financial products and the proper functions and responsibilities of various financial service providers. Specifically, that payday lenders and cheque cashers are bad actors because they take advantage of credit constrained communities by charging high prices.

Similar kinds of moral assumptions about just prices underpinned E. P. Thompson’s notion of moral economy. For Thompson, 18th century bread riots were not merely a collective reaction to hunger and deprivation, but to the violation of moral assumptions about the legitimacy of certain practices in the marketing, milling and pricing of bread, and the social roles and responsibilities of certain economic actors. Similarly, James Scott (1976) uses the term moral economy to refer to the ways in which collective moral expectations based on the “right to subsistence” create redistributive

³⁷ Financial capability is a holistic terms that recognizes that the connections between financial access, knowledge and skill in improving a household’s financial wellbeing and other economic outcomes.

obligations, which spread the risks of poverty across an extended network. So, how might we map Scott and Thompson's conceptions of moral economy onto an initiative like Operation HOPE's "700 Credit Score Communities" or MAF's LCs? Implicit in the work of MAF and other financial advocacy groups like Operation HOPE, who claim to represent financially marginalized populations, is a set of moral claims about the fair pricing of financial products and the proper functions and responsibilities of various financial service providers.

However, the moral economy at the heart of an initiative like MAF's LCs (or, more explicitly, 700 Credit Score Community) is different from those described by Thompson and Scott in at least two notable ways. First, the collective response to moral trespass does not take the form of an angry crowd. The "collective" is atomized, sifted into a multiplicity of private individuals. It involves a "crowd" in the same way that "crowdsourcing" does, and as Silverman (2014) argues:

The greatest deception of crowdsourcing is the notion that there is a crowd at all. Sure, there may be thousands of people participating in the T-shirt design contest, driving cars for Lyft, filling out paid surveys, or helping a police force identify looters in CCTV footage, but they are not assembled as a crowd. They are not in communication with one another, much less occupying one physical space...There is no group of people organizing, conferring with one another, [and] leveraging their power as a group...This is a crowd only in name.

Perhaps, then, the form of collectivity gestured in LCs or 700 Credit Score Communities is a sort of "serial crowd." In his *Critique of Dialectical Reason*, Sartre (1991[1960]) distinguishes between "groups" and "series." Both are forms of social collectivity, but "unlike a group, which forms around actively shared objectives, a series is a social collective whose members are unified passively by the objects around which their actions are oriented or by the objectified results of the material effects of the actions of the other" (Young 1994). Groups go on strike, storm the Bastille or chase the bakers out of town. People waiting for a bus, or listening to the radio, both examples of series used by Sartre, typically do not. The collective of radio listeners or, in our case, credit builders is constituted by their individual orientation toward objects, e.g. credit scores (see Chapter 8), and the material possibility of improved access to prime credit. In a moral economy of financial self-care individuals form a serial collective wherein proximity or

concentration within a particular territory produces effects that are imagined to be transformative and as effective as chasing the moneylenders out of town.

This leads to the second difference, in moral economies of self-care the collective does not enforce latter-day millers' and bakers' adherence to a set of social-*cum*-moral obligations: payday lenders and cheque cashers are mostly spared the wrath of the crowd. There is no need for the collective to impose price ceilings or otherwise interfere with the operation of the price mechanism. Instead, the obligation falls to the individuals in the crowd. The moral order is preserved, and cost of credit controlled by, the individual's internalization of the obligation to improve their credit score for the sake of the group. Access to credit at affordable rates is constructed as a contingent outcome, its conditions of realization secured by private investments of time and effort to school oneself in the proper care of the financial self. This is self-care in the name of community.

Integral to the operation of this moral economy is an appropriation and rescaling of the function of the credit score. For Operation HOPE and MAF, the credit score, is not merely a device used by creditors to assess individual default risk. They appropriate the credit score as a measure of both individual and collective vulnerability to predatory financial institutions (for more on LCs and the “politics of measure” see Chapter 8).

The Social Construction of Scale

Though the logic behind the idea of a “700 credit score community” is fairly straightforward – fringe financial providers will not target communities with access to mainstream sources of credit – it also suggest as complicated relationship between spatial and financial scale. For Sayre (2005, Sayre and Di Vittorio 2009), scale is comprised of three interrelated aspects: size, level and relation. Scale as *size* refers to the theoretical possibility of reducing the relationship between things to a single quantitative one: height, area, price, weight, etc. To borrow Sayre's analogy, we could, for example, put a newborn baby and a garbage truck on the same scale, reducing the relationship between them to a purely quantitative one of weight. But we don't for a variety of reasons (including cleanliness), especially because a difference of a few

grams is meaningless to the operator of a dump, but can be life and death for a newborn. In some sense, then, trucks and babies exist on different *levels* of “weightiness,” so we make specialized scales for each.

But not all qualitatively different things are assigned their own scales. A drug dealer isn't likely to object to weighing cocaine on a scale designed for gold just because gold and cocaine are qualitatively very different. What determines whether a qualitative difference between things merits their placement on different scales is the *relations* – social, technical, physical, etc. – in which they are embedded. In much the same way, when one walks into a bank looking for a loan their riskiness is assessed on a scale that the lender considers suitable in relation to the bank's existing portfolio, reserve ratio, expectations of profit, and so on. Parallel to Sayre's weight illustration, all kinds of borrowers could theoretically be put into continuous quantitative relation with each other – reducing all of the concrete circumstances that might influence their risk of default to abstract risk. This is exactly what derivatives facilitate. But despite the rise of the derivative (LiPuma and Lee 2004), even in financial markets, quality often trumps quantity and certain qualitative features of borrowers come to matter more than others in the demarcation of credit markets.

Consumer credit markets illustrate this particularly well. The current trend with individual consumer scoring scales like the FICO score is toward greater specialization. Today there are dozens, if not hundreds, of different consumer credit scoring models used by lenders. According to the CFPB, FICO (formerly the Fair Isaac Corporation) alone markets at least 49 different scoring products to lenders, borrowers, landlords, and increasingly employers. The point that I want to highlight here is that credit-scoring technologies are becoming increasingly sensitive to qualitative differences in credit relations. The scales being designed for consumer credit markets are increasingly specialized and tailored to fit particular types of relations: relations between subprime borrowers and subprime lenders, between employers and employees, between renters and landlords, between consumers and themselves and so on.

In this context, the placement of neighbourhoods and individuals on the same scale of riskiness sticks out. Since the scales with which we choose to measure are socially constructed – products of the social relations in which the object being measured is embedded – the question raised by the notion of the 700 Credit Score Community, and the serial moral economy it implies, is what shifts in financial and social relations have made the application of a single financial scale to individuals and neighbourhoods (objects we generally consider to be qualitatively quite distinct, spatially and otherwise) compelling for low-income groups and those who claim to serve them? These shifts in relations can be seen in the strategies being used by philanthropies, nonprofits, regulators and financial institutions to reform and deepen the relationship between low- and moderate-income households, and “mainstream” financial institutions. In Chapter 6, using in a detailed exploration of LCs, I investigate these shifting relations in more detail.

Chapter 6.

Moral Economies of Financial Self Management: Peer Lending and the Financial Regulation of Poverty

In December 2014, Lending Club became the world's first peer-to-peer (P2P) lending platform to go public, reaching a valuation on the New York Stock Exchange of nearly \$9 billion (USD) on its first day of trading – a higher valuation than some of the largest banks in the United States (e.g. Comerica and CIT Group). With considerably less fanfare, four months earlier, a little-reported amendment was made to California's Financial Code. Passed with bipartisan support, California Senate Bill 896 was designed “to encourage nonprofit organizations to help facilitate the making of zero interest loans, through [peer] lending circles.” The driving force behind the bill was a San Francisco financial nonprofit called the Mission Asset Fund (MAF), which since 2008 has worked to expand its flagship peer-lending circles program. MAF's Lending Circles (LCs) are formalized versions of rotating savings and credit associations (ROSCAs), similar to the *tandas or cundinas* common in the Latino community the organization was established to serve. What sets MAF's LCs apart from informal ROSCAs is that the payments LC members make to each other are reported to credit bureaus, providing participants with a way to build a credit history. Following the amendment's ratification, MAF's CEO described the bill as a validation of his organization's work and the value of the interpersonal trust that undergirds the financial practices of the poor and financially excluded:

[Peer lending] happens all over the world, and it's incredible when you think about it: people coming together and pooling each others' resources — poor people pooling their own money — and all based on trust, and they are doing it already. That should be highlighted, that should be

uplifted, that should be sanctioned, and the state should recognize it, and I think that's what this bill does.

While the idea that personal connections and social networks have economic value is not new – it is the basic intuition behind the idea of social capital – the market's animal spirits have perhaps never been so convinced that that value can be monetized, or reformers so adamant that the poor can be lifted up by its collateralization.

Drawing on 1.5 years of ethnographic research, including participation in and, observation of, LCs with MAF and its partner organizations, this chapter explores the relationship between financialization and the informal financial practices of low- and moderate-income groups in three overlapping moments. In the first, I argue that initiatives to financially include and “empower” low- and moderate-income groups in the US (as well as other centers of Anglo-American financial capitalism) deserve more attention from critical financialization scholars. Together they constitute an incipient regulatory project, and play an underappreciated role in legitimating finance-led growth while deepening the role played by financial products and logics in the lives of the poor. In the second moment, I posit the LC as a discovery turned up by a macro-level/generalized search to find less overtly confiscatory ways to profit from the financial needs of the poor by prospecting for new ideas, and product innovations in the informal financial practices of financially ‘underserved’ groups. MAF’s repurposing of the ROSCA, then, provides an opportunity to document how the turn to the informal in an effort to (i) tap the improvisational capacities of the poor, (ii) include the financially excluded and (iii) develop new markets in the risky and hard-to-price corners of the financial system, is reshaping socio-financial relations in an advanced capitalist context. By doing so, the chapter extends recent work (e.g. Kar 2013, Schuster 2014) exploring the role of debt in creating networks of obligation in the context of microfinance in the Global South.

Specifically, by comparing the networks and obligations that inhere in the ideal-typical, informal ROSCA to those found in LCs – an actually-existing, formalized expression of the ROSCA – I explore how the financial networks and relations of LMI households are being reworked in response to crisis and the ideal of financial inclusion. I use this comparison of the ideal-typical ROSCA and the actually-existing LC not only to measure the transformation and difference induced and created by the process of

formalization, but also to complicate and reflect on the relationship between indebtedness and creditworthiness. First I use the LC to highlight complications in the commodification of interpersonal relationships and consider the implications of interpersonal relations impervious or intractable to collateralization and commodification? Do such relations disadvantage those enmeshed such hard-to-valorize networks? Should interventions be taken to ‘improve’ them and how? Relatedly, the story I tell about the LC challenges common assumptions about what sorts of relations count as social capital and contribute to the creditworthiness of those without conventional sources of collateral. What I find is that the ends to which a ROSCA is applied affect structure of bonds of trust and interpersonal obligation that constitute the ROSCA; more precisely I find that these relations are restructured in ways that have been assumed incompatible with the functioning of ROSCAs.

A Finance-Led Mode of Social Regulation?

Lessons from Regulation Theory

For scholars of contemporary financialization, the present historical moment holds challenges that bear loose, but instructive, resemblances to those faced by regulation theorists in the late 1980s. As new patterns of accumulation took form in the “creative destruction” that followed the collapse of Fordism, many researchers influenced by regulation theory heralded the arrival of a new “post-Fordist,” “flexible” regime of accumulation. For Tickell and Peck (1992), however, such declarations of a successor to Fordism reflected disproportionate attention to innovations in production processes and a select group of “new industrial spaces” (Scott 1988) at the expense of research into how such novel systems of accumulation were being stabilized and socially reproduced. In other words, the regulatory half of the *accumulation system*³⁸ and *mode of social regulation*³⁹ couplet — which together define a *regime of accumulation*⁴⁰ — had been

³⁸ A macro economically coherent production-distribution-consumption relationship.

³⁹ The ensemble of state forms, social norms, customs, political practices that provide institutional fixes to the immanent crisis tendencies of an accumulation system.

⁴⁰ The coupling of an accumulation system with a mode of social regulation during a period of relatively crisis-free, stable growth.

neglected, both theoretically and empirically. What Tickell and Peck's closer examination of the regulatory side of the equation revealed was not a fledgling class compromise or other ingredients that might add up to a coherent mode of social regulation, but 'disorder' — a neoliberal 'jungle law' made manifest in a variegated landscape of local experiments in the stumbling pursuit of a new "institutional fix" (Peck and Tickell 1994).

In the financialization literature there has been a similar inattention to the regulatory ensemble of state forms, social norms, and political practices that help reproduce finance-led growth. Profits continue to accrue through financial channels, but as the succession of financial crises (the Asian financial crisis, the dot-com crash and the Great Recession) attests, whatever financially-mediated mode of social regulation does exist has been inadequate to produce stability — unless one broadens the definition of stability to include "secular stagnation" (Krugman 2013, Summers 2014). What does exist on the regulatory side is, again, a variegated landscape of experimentation, this time in pursuit of an elusive complement of laws (Soederberg 2014), market devices and institutions to stabilize and reproduce accumulation through financial channels (Krippner 2005, 2011). While these efforts have not achieved stability they have, nevertheless, fostered a productive terrain for financial "innovation" (see Figure 6-1). In much the same way that neoliberalism has, in Peck's words (2013: 719), "displayed a disconcerting ability to 'fail forward'" and capitalize on its own contradictions and crises, the collapse of the subprime mortgage market in 2008 has spurred a new wave of products and programs to include and "empower" America's financially "less capable." There is a lot to be learned in this "post-crisis" moment of experimentation about the changing dynamics of financial subject formation and the financial regulation of poverty in the US.

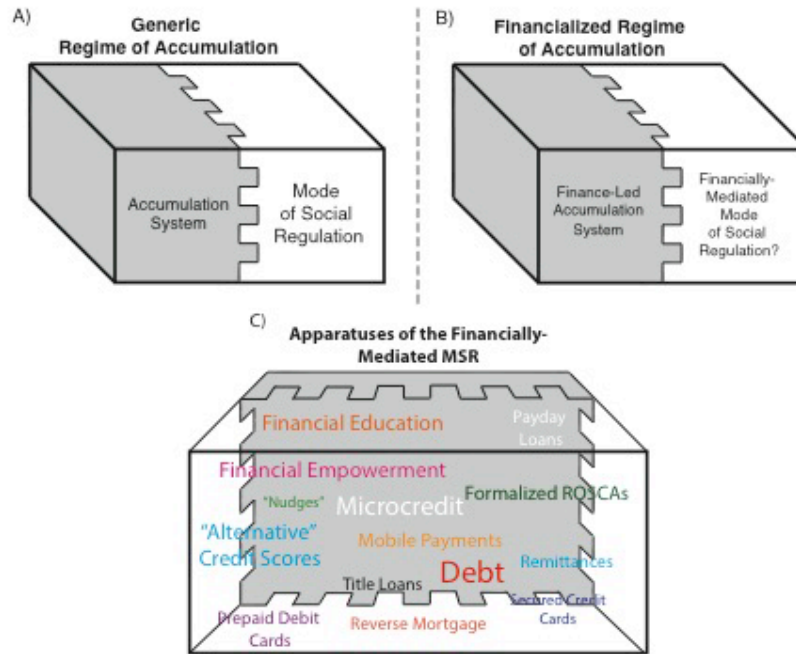


Figure 6-1 Innovation in Pursuit of a Financially Mediated MSR

As McFall (2014: 7) points out, “markets for particular sorts of products emerge in particular sorts of contexts,” and the work of devising those products always tries to anticipate the future. Such “devising work,” as she calls it, while speculative and uncertain, also shapes the trajectory of financial markets. In this chapter I focus on the reformist work of devising “safer” markets on the fringes of the US financial system. I read the inchoate, idiosyncratic, and experimental for insights into the contingencies of the current conjuncture, and scrutinize the effects of such regulatory innovations on the trajectory of financialization processes, especially as they pertain to financial subject formation.

Regulating the Financial Behaviour of the Poor

Although nothing approaching the standard of a finance-led mode of social regulation has emerged during the era of financialization, plenty of financial apparatuses of social control have come to play prominent roles in everyday life. Since the onset of the 2007-2008 crisis, many scholars (e.g. Graeber 2011; Dienst 2011; Joseph 2014) and popular movements (e.g. Strike Debt 2012, 2014) – reprising Deleuze’s (1992: 6; Joseph

2014) provocation that “man is no longer man enclosed, but man in debt” – identify indebtedness as the elemental apparatus of control symmetrical with financialized capitalism. Soederberg (2013, 2014), focusing on the US, argues that the normalization of debt and “the reliance on credit to augment and/or replace the living wage or the government benefit cheque” (2014: 3) represents a *de facto* regulatory regime she dubs “debtfarism.” But as she points out, the spatio-temporal fixes achieved by the extension of credit to “surplus populations” are temporary, “requiring subsequent rounds of intervention by the debtfare state” (Soederberg 2013).

The subtext here is that for the “debtfare state” to effectively regulate accumulation, work must be done to give credit to those “too poor for debt” (Deleuze 1992: 6). Work must be done to craft financial tools better suited to the capacities of those called to be self-sufficient debtors, and to produce subjects governable by financial means (Chapter 2). This pursuit of a harmonious convergence between financial subjecthood and financial marketplace expresses itself in many forms: the marketing of credit scoring and reporting products directly to consumers (Langley 2013, Chapter 4), the growing number of “credit-building” products and programs, the development of more “transparent” product labels and disclosures (e.g. the Consumer Financial Protection Bureau’s (CFPB) new mortgage disclosures), the promotion of “bridging” products like prepaid debit cards, the search for “safe” payday loan substitutes, the extension of financial management and education onto people’s cellphones (PayPerks, Mint.com, HelloWallet), and so on.

This incipient mode of socio-financial regulation acts as a sort of supplement to “the joint action of welfare-turned-workfare and [the] aggressive penal bureaucracy [of prisonfare]” (Wacquant 2010: 202)⁴¹. But, regardless of what it might be called, a variety of state and non-state actors are today dedicated to developing products to “better serve” the “financial needs” of “underbanked” Americans, and to cultivate citizens with the financial capability to use these products to “improve” themselves and their communities. The products and programs emerging from this financial inclusion complex

⁴¹ See also Piven and Cloward (1993) on the role of welfare in the regulation of poverty, and Peck (2001) for an analysis of its transformation in workfare.

of banks, think tanks, NGOs, philanthropic foundations, and state agencies are increasingly directed at the financial behaviour and decision-making capabilities of those living on the fringes of the financial “mainstream” – the “underserved,” the “un- and under-banked” or simply “LMIs” (low- and moderate-income groups). Much of this work is premised on the notion that studying the psychology and social networks of those living on the financial margins can reveal “hidden rationalities” that explain “bad” financial decisions (forgetting to pay bills on time, settling for usurious payday loans, neglecting to save for a rainy day).

Research in this vein (emerging from state agencies (e.g. the CFPB) as well as foundations and think tanks concerned with asset building (Sherraden 1991; CFED.org), financial education, or microfinance) exhibits a sort of “methodological localism.” This “localism” is basically an augmented version of the methodological individualism of neoclassical or behavioural economics, wherein economic phenomenon are reduced to individual actions (i.e. personal choices), but with special explanatory power assigned to “social networks” in accounting for the financial behaviour of the poor. In other words, it is tacitly assumed that financial outcomes at any scale are produced at either the scale of individual cognition, or the social network/household.⁴² From the perspective of such methodological localism, it follows that any sort of financial “fix” – any attempt to regulate poverty by financial means or to turn poverty into a platform for financial accumulation (Roy 2010: 23) – ought to be pursued through policies, programs and products targeted at the scale of the cognitive and/or the social network.

At the cognitive level, the embrace of behavioural economics by (neo)liberal politicians and policy makers has led to the emergence of a new cohort of “behavioural architects”⁴³ tasked with designing products and policies that exploit the “predictable irrationalities” (Ariely 2010) of the human brain in order to “nudge” (Thaler and Sunstein 2009) LMI consumers in welfare/wealth enhancing directions (for a political

⁴² Clark *et al.* (2009) in their research on retirement planning do find evidence that their respondents’ value information gleaned from intimate and specialist advisory relationships over “sources of information provided remotely or at the national scale” (2496).

⁴³ In 2010 David Cameron commissioned a “Behavioural Insights Team”, affectionately dubbed the “Nudge Unit”, to craft regulatory policy. More recently, the Obama Administration has followed suit.

economy/geographical take see Jones *et al.* 2014; Pykett 2013).⁴⁴ Less heed has been paid, however, to the scale of the social network as a target for improvement and reform in pursuit of universal financial markets. That is, in pursuit of a means of financial inclusion and mode of socio-financial regulation less hazardous than the alchemy of CDOs and CDSs, and less overtly confiscatory than payday and title loans.

Improving the Financial Networks of the Poor

The social networks of the poor have long been depicted as both a cause of, and solution to, various forms of marginalization and social/economic exclusion. At one extreme they are lionized as enablers of innovative risk-spreading adaptations to scarcity, built on trust, solidarity and mutual aid. At the other, they are transmitters of “poverty culture” that trap people in “cycles of poverty” (Sen. Moynihan (1965) and others). This double coding of the social networks of the poor as both empowering and debilitating is crystallized in the role of so-called “social capital” in mediating access to financial services. For now, I use the term “social capital” broadly to describe the basic idea that networks, or “connections” (interpersonal, familial, or institutional as well as obligations and bonds), arranged in particular ways, under certain conditions, can increase flows of future income or be converted into other forms of capital (Ostrom cited in Light and Gold 2000; Bourdieu 2002; Putnam 2000).⁴⁵

In microfinance's now archetypical narrative of financial empowerment, the social networks of the poor are refigured as deep pools of “social capital” that can substitute for a lack of conventional collateral (property and/or credit history, etc.), and used to secure loans, start businesses, manage risk, and, eventually, increase income and accumulate

⁴⁴ The terms “predictable irrationality” and “nudges” are both taken from the titles of two popular behavioural economics books: ‘Predictably Irrational: The hidden forces that shape our decisions’, by Dan Ariely (2010), and “Nudge: Improving decisions about health, wealth and happiness”, by Richard Thaler and Cass Sunstein (2009).

⁴⁵ I want to make clear that my invocation of social capital is an ambivalent or agnostic one. While I accept that the non-Bourdieuian popularizations of social capital have fallen out of favour among critical scholars for good reasons (see DeFillippis 2001 and Fine 2002 for a good summary) — especially Putnam’s (2000) treatment of social capital is a “stock” that can be held by a person, a group or even a whole nation; I also recognize that the concept continues to inform the actions and rhetorics of nonprofits, state agencies and corporations, and therefore cannot be ignored.

assets. However, not all social networks or “connections” are readily converted into future income (DeFillippis 2002), and may even influence market behaviour in ways that constrain future cash flow. For example, Reid’s (2010) recent work with minority, subprime mortgage borrowers in Oakland and Stockton, California suggests that the social networks in which people are embedded can create “preferences” for higher-cost brokers and lenders. Specifically, many of Reid’s interviewees limited their search for market information to insular networks of ‘strong ties’ and trusted brokers connected to extant social networks, even when these brokers did not offer the most favourable terms.

This dichotomous coding of social networks marks a gap between the potential of networks to financially empower, and a lived (classed, gendered and racialized) experience that suggests it is not so easy for marginalized groups to convert social connections into capital, or prime financial market access. Closing this gap implies making the social networks of LMI Americans more fungible. The objectification of the social networks of the “subprime” as targets for improvement and reform is an important area of experimentation in the search for an accumulation-stabilizing convergence of financial subjecthood and the financial marketplace.

The Exchange Rate of Social Capital

Bourdieu’s notion of the “bureaucratic field” is a helpful lens through which to view this experimentation, and to highlight the stakes involved in the relation between social networks, social regulation and financialization. For Bourdieu the state is “an ‘X’ (to be determined)” which not only claims a monopoly on the legitimate use of material violence, but also of “symbolic violence,” by which Bourdieu means the special capacity to categorize the population, and to legitimate inequalities and hierarchies (according to race, class, gender, ethnicity). This makes the state “the holder of a sort of meta-capital...which enables [it] to exercise power over...the different particular species of capital (economic, social, cultural, symbolic, etc.), and especially over the different rates of conversion between them (and thereby over the relations of force between their respective holders)” (1994: 4). Conceptualizing the state in this way makes it a dispersed and contested terrain, rather than a monolithic, or well-defined set of institutions. In this Bourdieuan sense, the state is “a splintered space of forces vying over the definition and distribution of public goods” (Wacquant 2010: 200). This “splintered space of forces” is

what constitutes the *bureaucratic field*, and it is in this contested space where the mechanisms for converting “connections” into “social capital”, and “social capital” into financial market access, are made.

The rest of the chapter is focused on a particular corner of the “bureaucratic field” where MAF is working to create new mechanisms of exchange, and alter the terms of trade between different “species of capital.” More specifically, I document the ways in which the relations between informal lending institutions (i.e. rotating savings and credit associations), low-income groups, financial nonprofits, and credit reporting agencies are being reshaped to produce a more “financially self-sufficient” and “financially empowered” precariate.

These arguments are empirically grounded in the time I spent as an unpaid consultant on two MAF projects (see Chapter 5), and participating in LCs run by MAF and its partners at the San Francisco LGBT Community Center and the Fremont Family Resource Center. Twenty semi-structured interviews ranging in the length from 1 to 4 hours were also conducted with fellow LC participants.

Capitalizing on Informal Economic Practices

Payday is an option, and a lot of people use it. [Lending Circles are] another option, and people also use this option...I hope that we're out there trying to scour our communities, trying to find other practices, so that we can legitimize them.

— *Sen. Lou Correa (August 2014)*

A common refrain among financial inclusion advocates is that “credit invisibles,” “thin-files,” “unscorables,” or people who are “un-“ or “underbanked,” cannot “fully engage” in the economy, and are therefore unable to reach their “full potential,” or realize the “American dream” (paraphrasing MAF CEO Simon Perez 2014). While MAF shares this perspective, the organization’s approach to financial inclusion acknowledges that financially marginalized communities have not been idle in response to institutional and market failures to “democratize finance.” For MAF, those living on the financial margins are not passive victims of either discriminatory exclusion or predatory inclusion,

but “financial innovators” — improvisers of informal financial survival strategies, importers and cultivators of alternative financial practices. The problem, according to this position, is that the potential of such informal financial innovations to empower the “underserved” is limited by their lack of official recognition and their relegation to the extralegal margins of the financial system. To maximize the social return on such adaptations to “life in the financial shadows” (MAF 2014), so the logic goes, they must be scaled-up and incorporated into the mainstream financial system. To create a consumer financial marketplace for the “underserved” with better options than what’s on offer from the “loan sharks” at Wonga or MoneyMart, the improvisational capacities of the “community” must be tapped, innovations identified, legitimized (by both the state and financial institutions), brought to market, and brought to scale. California Senator Lou Correa, standing beside MAF’s CEO, Simon Perez at the SB 896 press conference, captured the spirit of this mission with his “hope that we’re out there trying to scour our communities, trying to find other practices, so that we can legitimize them.”

Framed this way, the formalization of the informal/alternative economic practices of financially marginalized groups promises a “win-win-win”: the “underserved” are empowered by an expanded consumer financial marketplace, the financial sector gains products with which to penetrate new markets, and the state gets a population that can manage its precarity via “safe” and “responsible” financial products (rather than depending on public programs, or predatory financial firms). This vision of a financially-mediated, market-expanding mode of poverty regulation through formalization motivates, directly or indirectly, the work being done by groups like MAF and sympathetic legislators like Sen. Correa, as well as the patrons who fund them. While it is important to question the validity of this “triple-win” vision, it is also important to examine its performative effects, and ask how the process of formalization is re-grading the contours of the bureaucratic field and reshaping the sociofinancial relations which underpin the alternative economic practices being brought to market and brought to scale.

To gain insight into these questions, I focus on the ROSCA, a well-studied informal financial institution, and its formal incarnation, the ‘lending circle.’ What this comparative study of the ROSCA shows is that formalization can dramatically alter the connections which constitute the social capital that inheres in the social relations of the

ROSCA, as well as the mechanisms and actors involved in the conversion of that 'capital' into other forms of capital (Bourdieu 2002). It is important to emphasize that this is not a longitudinal study and differences between the relations produced by the LC and those typically associated with informal ROSCAs are not necessarily before-and-after effects experienced by individual LC participants. In other words, I am not comparing *individual A* at time *t* (before LC participation) to *individual A* at *t+1* (after LC). This means that transformations observed do not measure changes in particular individuals, but in the relations that according MAF's rhetoric and decades of social science research make ROSCAs work and produce the 'social collateral' that is supposed to make the poor creditworthy. The transformation that I describe, then, is institutional, but expressed, analyzed and understood through the experiences of LC participants.

Formalization Without Transformation

After years of declining sales, by 2002 Levi Strauss & Co. had nearly completely divested from US production operations, closing its 96-year-old sewing facility in San Francisco's Mission District and laying off the 100 or so remaining unionized workers. Three years later the company sold the plant and donated \$1 million of the proceeds to establish an asset-building nonprofit "target[ing] low-income households, with a particular focus on those who share the historic profile of [Levi's] former factory workers" – low-income, largely Hispanic immigrant families (*MAF Five Year Plan 2005: 2*). In 2007, MAF was born. To help compensate for the area's loss of well paying, secure employment, MAF was mandated to provide financial coaching as well as matched savings and other asset-building programs to the Mission's low-income households (*MAF Five Year Plan 2005: 2*).

On one of my first visits to MAF's office at 19th and Mission, Simon explained that he wanted the organization to be more than just a source of research critiquing and documenting the precariousness of low-income groups. His vision for MAF was shaped by two core values: "meeting people where they are," and "help[ing] people find progress in their lives by starting with what they already have" (interview October, 2011). What MAF's "families" were assumed to "already have" is "social capital" – a sense of bounded solidarity and tight-knit trust networks born of poverty and exclusion from state sources of recognition and the financial "mainstream." Along with social capital, they had a

repertoire of informal financial practices and strategies brought from their countries of origin and adapted to life in their new, gentrifying home.

In the three years since my first visit, MAF has become one of the most widely acclaimed asset-building nonprofits in the US. Simon has won many awards, and in 2013 became the first Chair of the CFPB's Consumer Advisory Board. The organization has also been very successful in attracting foundation and philanthropic support, along with a great deal of media attention, including the front page of *The New York Times's* "Business Day" section (Cohen October 10, 2014: B1).⁴⁶

Much of this attention has focused on MAF's flagship initiative: organizing and administering formalized, credit-building ROSCAs it calls, variously, "lending circles", "*cestas populares*," and "social loans." In 1962, Clifford Geertz famously described ROSCAs as the "middle rung of development", because of the role he ascribed to them in bridging the gap between peasant and merchant attitudes toward money and its uses (Geertz 1962: 245, see also Kurtz 1973). MAF also imagines LCs as intermediary institutions, but where the "bridge" they provide spans "the chasm between the realities of financially excluded communities and the mainstream financial system" (MAF website 2014).

LCs bridge this "chasm" by making informal financial practices and extant stocks of "social capital" (and the creditworthiness they are assumed to imply) legible to mainstream financial institutions, so they can be measured, priced and converted into more fungible forms of capital. The operation of this conversion is, on the surface, quite simple. When members contribute funds to their circle, it is reported to credit bureaus as if they were payments on a car loan or some other form of non-rotating credit.

⁴⁶ According to MAF, the organization has received funds from Citi Bank, JPMorgan Chase and Co., the Center for Financial Service Innovation, the Levi's Strauss Foundations, the Ford Foundation, the James Irvine Foundation, the Soda Foundation, the Sales Force Foundation, the Annie E Casey Foundation, Bank of America, Bank of the West, Capital One, Charles Schwab Bank, Experian, the San Francisco Foundation, San Francisco Mayor's Office of Housing, San Francisco Office of Workforce and Economic Development, the Silicon Valley Community Foundation, the Thomson Family Foundation, the Walter & Elise Haas Fund, and Wells Fargo.

As Simon explained, MAF's LC program is premised on the idea that informal lending is not that different from formal lending. What separates the informal from the formal, according to Simon, is recognition. There are echoes in this idea of "recognition" in the transformative power Hernando De Soto attributes to collateral in the *Mystery of Capital* (2000). In much the same way that the poor of the Global South "have houses but not titles; crops but not deeds; businesses but not statutes of incorporation" (De Soto 2000; cited in Riles 2011), MAF's clients have social capital, but no way of collateralizing and converting it into non-predatory forms of credit. By reporting LC participants' payments to credit bureaus, MAF provides both an opportunity for recognition and a mechanism for converting fallow social capital into mainstream consumer financial market access.

This idea that, save recognition from the state and the financial system, formal and informal lending are practically the same, underplays the potential for recognition and the conversion process to affect the social relations in which social capital is presumed to inhere. With LCs, MAF aims to benignly open a window for financial institutions on practices and capabilities they cannot see or account for with conventional measures of creditworthiness. Regardless of how meritorious one's financial behaviour might be, actions performed "in the shadows" (MAF 2014) outside the gaze of the "surveillant assemblage" (Haggerty and Ericson 2000), are left out of official accounts of creditworthiness. By creating a line of sight between informal financial practices and the financial system with its LC program, MAF provides a stage for the undocumented and the otherwise financially invisible to perform their creditworthiness and build a credit history, by just going about their normal financial lives and engaging in familiar financial practices.

This idea that informal socio-financial relations can be readily incorporated into mainstream consumer credit markets without transforming those relations is the fetishized dream image of the LC. LCs are imagined to "transport meaning" (Latour, 2005: 39), and spread the good news about meritorious financial behaviour without transforming the social relations in which that behaviour is embedded. In other words, the social relations that make the *tanda* work can be formally subsumed by the financial "mainstream" without that subsumption becoming real.

If formalization and recognition do reshape the relations that make ROSCAs work the apposite question becomes how does the process of formalization – of making once “hidden” financial practices legible to the financial system – transform those relations? What new relations does formalization produce? What happens to the social capital, the bounded solidarity and interpersonal trust that supposedly underwrites the *tanda*, the *cundina*, the *susu*, the *arisan*, the *kya* or any number of other varieties of ROSCA? What the case of MAF shows is that “horizontal” relations between friends, family members or coworkers are replaced by vertical relations between “clients” and NGOs, or between potential customers and “mainstream” financial institutions.

ROSCAs and the Performance of Creditworthiness

Especially influential in shaping the ROSCA as an object of study was Ardener’s effort to pare a “wide variety of structures” down to their “essential” “common elements” to construct a “comprehensive definition”: an association formed upon a core of participants who agree to make regular contributions to a fund which is given in whole or in part, to each contributor in rotation (Ardener 1964: 201). Despite encompassing an extraordinarily varied set of arrangements, Ardener’s definition continues to receive more or less universal acceptance.

Often primarily descriptive, early ROSCA researchers catalogued an incredible diversity of practices that fell within the parameters of Ardener’s formulation. ROSCAs can be found on every continent; in urban and rural settings; where conventional sources of credit exist and where formal credit is scarce. They are practiced by small groups and large groups, the poor and the not-so-poor. Participation is often highly sexed and gendered, but not always. Sometimes ROSCAs involve contracts, constitutions, and well-defined roles and rules, but often they do not. In some cases interest and/or fees are charged and profits are made, but often the profit incentive is absent and participation is “free”. Participants sometimes know each other well (friends, family, and coworkers), but under certain conditions this is not the case. Usually they are informal, but there are state-regulated examples (e.g. in Vietnam ROSCAs must be registered (Granovetter 1995)) or operated by formal financial institutions (e.g. Korea). Rotation order can be determined by lottery, seniority, auction, need or simple

agreement. The length and frequency of rotation varies considerably. Payments are often made in person at special feasts or parties, but collections and payment are sometimes made independently, with little ceremony. Clearly, the ROSCA is a versatile and extremely heterogeneous institution.

Perhaps because of the wide variety of social, cultural and economic conditions in which these associations evolve, by the 1980s many social scientists embraced ROSCA as a model social form through which to explore the role of contextual variables in shaping economic action (Granovetter 1985; Coleman 1988). Indeed, according to Portes and Sensenbrenner (1993: 1323), “few instances of economic action can be found that are more embedded” than the ROSCA. The ROSCA was held up as an institution whose workings could be reduced neither to self-interest (formalism), nor to relational and institutional constraints (substantivism). For both Granovetter and Coleman, a compelling account of the existence and workings of ROSCAs required the social sciences to move beyond existing frameworks, which were either “over-socialized,” with little room for human agency, or “under-socialized,” with actors making decisions like atoms, unconstrained by social context (Granovetter 1985). In response, Granovetter offered his “embeddedness approach,” while Coleman (1988: S95) proffered “social capital” as a way to introduce social structure into a rational action paradigm, and do away with what he described as the extreme individualistic premises of (neo)classical economics.

Since Coleman’s original use of the ROSCA as an exemplar of a particular type of social capital, the connection between ROSCAs and social capital has become naturalized, and has gradually ossified. Today ROSCAs have become a sort of indicator species for economies rich in social capital; it is taken for granted that where ROSCAs exist they must necessarily be the products of enforceable bonds of interpersonal trust and group solidarity. My research suggests that the equation of ROSCAs with these particular expressions of “social capital” is not necessary and should be denaturalized. To do so, I show how the social relations, often assumed to be essential to the functioning of a ROSCA, are being repurposed and reworked in the service of an inchoate financially-mediated regulatory project (Fairbanks 2011; Peck 2001). First, however, it is important to understand the origins of the ROSCA-social capital nexus.

The ROSCA-Social Capital Nexus

For Coleman (1988), social capital is relational, not a thing that can be possessed by an individual, community (i.e. Putnam 1995) or piece of machinery. Social capital “inheres in the structure of relations” between and among actors; it refers to aspects of social relations that can be used by an actor to “achieve their interests” (Coleman 1988: S98, S101). In other words, social capital is defined by its function, not the specific form it takes. Accordingly, many kinds of social relations or aspects of social structure can function as social capital, under the right conditions. Coleman identifies three different forms of social structure that often function as social capital: (i) obligations, expectations, and trustworthiness structures, (ii) information channels and (iii) norms and effective sanctions.

Coleman contends “the rotating credit associations of Southeast Asia and elsewhere” exemplify the first as social structures in which actors can harness the “trustworthiness of the social environment” and interpersonal obligations to “amass savings for small capital expenditures” (S102). He goes on:

...without a high degree of trustworthiness among the members of the group, the institution could not exist — for a person who receives a payout early in the sequence of meetings could abscond and leave the others with a loss. For example, one could not imagine a rotating-credit association operating successfully in urban areas marked by a high degree of social disorganization — or, in other words, by a lack of social capital.

Put another way, the social relations (interpersonal trust and obligations) essential to the operation of a ROSCA constitute social capital because they can be utilized by individual actors to “achieve their interests,” in this case, money for small-scale capital investment. Without trust or *confianza* (a term often used with reference to Latin American ROSCAs (Velez-Ibanez 1983)) between members, a ROSCA cannot serve individual interests and, therefore, the ROSCA’s social capital is devalued.

In the intervening years there has been much contestation around the definition, application and academic merit of the social capital concept. Following the publication of Robert Putnam’s famous 1995 paper, “Bowling Alone,” social capital became one of the most widely deployed and attacked concepts in the social sciences (DeFilippis 2001, see

also *Antipode* special issue on social capital edited by DeFilippis 2002, for a helpful review). Despite the scholarly angst accompanying the shifting meanings and popularization of the concept of social capital in the late 1990s and early 2000s, the ROSCA-social capital nexus outlined by Coleman has persisted with little revision.

Although the ROSCA has become almost synonymous with social capital (contested as the term may be), the ends that ROSCAs are used to serve (or at least imputed to serve) have continued to evolve. As initiatives like MAF's LCs attest, the basic structure of the ROSCA, and the social relations on which its reproduction is assumed to depend, can be, and have been, repurposed in many ways. To put this repurposing in perspective it is worth considering a small sample of the functions variously attributed to ROSCAs. Most ROSCA are well described as extensions of two "core" functions: saving and borrowing. Perhaps the most established application is consumption. Some research shows that ROSCA funds (whether saved or borrowed) are commonly earmarked for particular types of consumption (e.g. weddings and quinceañeras), and higher-cost items, especially appliances and other durable goods (Zelizer 1995); however, this is not universal. Many participants treat ROSCA funds no differently than other income. The role of ROSCAs in capital formation is another recurrent theme in the literature. For example, Light *et al.* (1990), focusing on Korean immigrant communities in the US, detail the role of the *kye* (i) in providing start-up capital to Korean entrepreneurs excluded from formal capital markets, and (ii) in preventing "capital escape" from Korean enclave economies. Along similar lines, but writing much earlier, Kurtz (1973) described the ROSCA as "an adaption to poverty" that "provides an alternative to participation in the mainstream of ... society because the national economic institutions simply cannot absorb or utilize the energies or abilities" (51) of the poor and other marginalized groups.

Eroglu (2010), complicates Kurtz's depiction of the ROSCA as an adaptation to poverty, observing that it is often difficult for people with low or unpredictable income to keep up with ROSCA payment commitments. Nevertheless, Eroglu describes Turkish *guns* as a form of "self welfare" used by poor households to "develop the discipline of saving towards both their consumption and investment needs" (463). This idea that ROSCAs are "commitment devices" (Bryan *et al.* 2010) that rely on peer pressure and

fear of social sanction to overcome self-control problems is a common theme in the ROSCA literature that has recently experienced a revival in development economics (Ardener 1964, Ambec and Treich 2007). Others researchers (e.g. Anderson and Baland 2002) have found evidence for a “household conflict hypothesis”, in which wives make commitments to ROSCAs in order to protect savings from the short-term consumption demands of husbands and other relatives. Finally, ROSCAs are being reimagined by policy makers and deployed in a “meta-functional” governmental apparatus used to encourage certain behaviours and achieve policy goals (e.g. increased savings, increased credit score, raising capital). In all this research the ends change but the structure of the social relations involved in the ROSCA are assumed to be largely static.

What is missing, then, is attention to how the ends affect the means: how the ends to which the ROSCA is applied react back on the social structures which ostensibly define the essence of the ROSCA (i.e. social capital, interpersonal trust, bounded solidarity, etc.)? If there are co-constitutive/reflexive dynamics between structure and function, then what are the implications for the ROSCA-social capital nexus and the contours of the bureaucratic field? What happens to the social capital on which the ROSCA is assumed to be founded, and the mechanisms through which it is converted into other forms of capital? And, to the present case, how are social relations and social capital altered when the ROSCA is repurposed as a credit-building tool?

Performing Creditworthiness for a New Audience

While it is hard to know why the ROSCA literature has largely ignored questions related to the co-constitution/reflexivity of structure and function, it is perhaps symptomatic of a (positivist) tendency to treat ROSCAs as objects with constant properties. In much the same way that hammers are objects that can be used to break windows, drive nails or extract them without changing form, it has been taken for granted that the functions of the ROSCA can proliferate without affecting the social formations which underpin it. Indeed, this may be the case for many ROSCA applications, but my research shows this is not always so. To understand why and how the ends to which the ROSCA is applied might alter its underlying structural relations, it is helpful to reflect on the ROSCA as a performance of creditworthiness, rather than as a thing or a tool.

The prototypical informal ROSCA is a collective performance of creditworthiness made possible by many other performances of creditworthiness. The completion of a ROSCA is a performance of creditworthiness in itself because the very act of completion necessarily implies that no one “absconded,” and that everyone has made their payments and received their payouts. But this is an *ex post* demonstration whose realization depends on many other (prelocutionary) performances of trust and creditworthiness. While ROSCA members generally have preexisting links through family, friends, employment or some other affinity, these connections are typically supplemented with additional performances of commitment to strengthen these bonds. For example, members will often meet on a regular basis, and/or host feasts and parties for other members. Such performances are considered essential to affirm and fortify the inter-personal trust necessary to hold a ROSCA together.

A key feature of these performances is that they are all in some sense “local.” They are intended for a “local” audience and they are unlikely to transmit information beyond the group of fellow participants or those with “strong” ties to the participants (e.g. non-participating friends or family). In other words, to secure money from others in one’s personal networks via a ROSCA, one’s performances need only be tailored to a parochial aesthetic (Riles 2011) or system for evaluating and accounting for creditworthiness (Joseph 2014). It is through these performances that one is able to convert social capital into a sort of collateral and then economic capital (money). It follows, then, that the scale at which social capital can be converted into economic capital is limited by the volume of money circulating within these parochial networks.⁴⁷ To access more economic capital, the audience must be somehow “scaled up.” The conversion of social capital into economic capital through a ROSCA is restricted by the scale at which creditworthiness is performed.

This scale problem is what LCs are supposed to address. The ideal subject of MAF’s LC program is someone with high levels of social capital but whose economic potential is stifled by the restriction of their performances of creditworthiness to the “financial shadows,” where they are invisible to, and unrecognized, by mainstream

⁴⁷ Here scale, in a monetary/financial sense, begins to overlap with scale, in a spatial sense.

financial institutions. Framed this way, invisibility and lack of recognition have myriad negative consequences for the participant and for society more broadly: social capital is unutilized, devalued and lost; productive and profitable loans to creditworthy families and aspiring entrepreneurs are not made; and “invisibles” must turn to predatory and usurious lenders to obtain capital outside of personal networks.

MAF’s LCs broadcast local performances of creditworthiness on a larger scale. More specifically, LCs put ROSCA performances on stage, so to speak, for the mainstream financial system by reporting payments that participants make to each other to credit reporting agencies (CRAs, for example, Experian and Transunion). MAF provides a means for meeting the aesthetic criteria of creditworthiness demanded by mainstream lenders. The reporting of meritorious financial behaviour performed in an LC to CRAs not only makes that behaviour visible, but allows the information communicated by the performance to be entered into risk-, credit- and profit-scoring algorithms (like FICO) and used by lenders to make underwriting decisions across the country.

The fantasy of formalization is that the translation from informal ROSCA to credit-building LC merely changes the audience, while the performance of creditworthiness remains unchanged. That is to say, advocates of formalization assume the social relations that constitute the social capital essential to the operation of a ROSCA (the obligations and structures of trust-building) are unaffected by its repurposing as a crediting-building product, oriented toward national databases and mainstream financial institutions. The scale problem is “solved” by enabling social capital to be commodified (abstracted and quantified) by an algorithm in the form of credit scores, and then circulated on national consumer credit markets. The LC is a financial innovation that provides a more efficient mechanism for converting locally embedded forms of social capital (trustworthiness structures (Coleman 1988), interpersonal trust and organic solidarity (Portes and Sensenbrenner 1993)) into financial market access and economic capital. From this perspective, the LC is the ROSCA “financialized,” i.e. adapted to the logic of contemporary financial capitalism, but fundamentally unaltered.

But this not necessarily so. In the following section, I explore how and why the “broadcasting” and “scaling up” of the audience for the creditworthiness performance

transforms both the performance and the relations in which social capital is assumed to inhere. The performance of creditworthiness is reorchestrated to conform to new aesthetic criteria – the CRAs’ algorithmic gaze, and FICO’s methods of accounting for creditworthiness. The choreographers of this performance are no longer ROSCA participants and the networks of family and friends in which they are embedded. Instead, the community at the center of the ROSCA, composed of “horizontal” bonds between participants (see Joseph’s (2014) critique of Graeber (2011)), is displaced by new “vertical” connections to nonprofits and financial institutions who directly assist, counsel and train participants in forms of financial hygiene rewarded by scoring algorithms and the “prime” lenders who rely on them.

Social Capital is What Makes it Work: The Rhetorics and Realities of the “Social Loan”

...because people come with those relationships, because people are looking at each other face to face, people actually follow through with their commitment. Those relationships are really like the glue that makes the social loans work and for people to repay it...We all have social capital. The question is how can we build programs and services around that so that we are helping people move from point to point to point in their own journey to the financial mainstream.

— Simon Perez, James Irvine Foundation February 2nd, 2013

MAF’s LC program boasts a remarkable, near-zero default rate. Their staff and promotional literature attribute this success to the social nature of LC loans. As the above quote suggests, it is social capital (here reduced to a sense of obligation created by face-to-face contact) that is credited with producing such a stellar record of repayment from a population with either no official credit history or a tarnished one. While accounting for this low rate of default is beyond the scope of this thesis, my interviews suggest it is unlikely a sense of fidelity to peers that explains it. This is not what I expected to find. Because of the widespread acceptance of Coleman’s account of the ROSCA-social capital nexus, and MAF’s own emphasis on social capital, when I joined my first LC I expected to find an effort from organizers to strengthen the ties between circle members – to create some sense of group solidarity. Initially, my

experience confirmed these expectations and prevailing assumptions about what makes ROSCAs, and by extension, LCs, work.

The first LC formation meeting I attended was held at the San Francisco LGBT Center in January 2012. During formation meetings, potential participants usually meet each other for the first time. Eight of us, plus two members of the LGBT Center's personal finance and small business programs office, sat in a rectangle facing each other, learned each others names, joked and made various gestures oriented toward strengthening the ties between us and creating some sense of group solidarity. Together we decided on a name for our circle, shared emails and formed a Yahoo group; we even made tentative plans to meet over the next few months — at the very least we planned to meet at the midpoint of our circle and again at the end. At a number of points during the meeting the program coordinator, Mary, spoke passionately about how LCs were a way to build queer community and how community solidarity was an important part of financial health. After we held a contribution “auction” to determine how much everyone could afford to contribute (everyone needed to contribute the same amount), and agreed on a payout order, Mary encouraged us to recognize the deeper significance of what we had just accomplished:

I mean you're having a financial conversation with your lenders, because you're all lending each other money here, and everyone's just like, “You know, I could do August.” Imagine Bank of America being, “yeah you could pay me in August or November, whatever. I'm cool.”...What I just saw was actually you guys kinda looking to each other and really experiencing community and the cooperation that it takes to function in community.

Despite Mary's efforts to coordinate a get together for our circle by email, it never occurred. The feasts and parties I expected from the ROSCA literature did not happen, nor were they necessary to the functioning of any of the other LCs in which I participated. One reason for this is that, despite Mary's affirmations and MAF's rhetoric, LC participants are not technically lending money to each other. MAF serves as a payment processor. Participants make monthly payments to MAF, which MAF then distributes as a lump sum to each circle member in the agreed upon order. It is all handled through direct deposit and no physical money changes hands, and if anyone

fails to make a payment, the partner organization (e.g. the LGBT Center) acts a guarantor, and makes the payment on the participant's behalf.

Months later, during a follow-up interview, I asked David, a member of one of my LGBT circles, if he would have participated in his circle if the LGBT Center hadn't promised to stand in for one of the other members if they couldn't keep up. David's feelings were clear:

Absolutely not! I have never met those people in that room. I didn't identify with any of the people in that room. I don't even know enough about them to judge them. They're strangers to me. I don't remember anyone's name. So asking to depend on them for money? No way. (huff)
No way.

Others expressed little interest in getting to know the other members of their circle for a number of overlapping reasons. For some, relationships with other members were made redundant by the role of the guarantor (why get to know other members when their creditworthiness doesn't really affect you?). For others it was a lack of time for new relationships, or negative perceptions of their fellow members. Some of those I interviewed expressed apprehensions about the financial acumen of fellow circle members. These judgments were based on the "stupid" questions people asked, and stereotypes about certain racial and linguistic groups, among other factors.

Candice: When we first originally met before we were an actual group and they were talking about it, it was kind of scary because we started off with I think like 25 or 30 people, I don't even know, but it was kind of like...looking around the room and it was kind of like, "uuuummmm" and this goes into that whole worthiness thing. Some people were asking certain question where, you're like "they don't know financial things at all." And other people would ask questions, "well why do I have to pay it back? And stuff" and you're like "I really don't want you in the circle." So its kind of weird because then once we got into our circle, I had just come out of a class with Tim (a small business counselor) then I went into our first introduction where we did our name and all that stuff, so it's really funny because [Mary] was very passionate about it. And I can remember looking around the room wondering like, "okay, how many people are going to dump out, how many people are going stay, how many people will just f-up, and it's just kinda funny.

Mark Kear (MK): And how about with the other people in the circle? Were you interested in meeting other people that were participating in the lending circle program?

...

Lisa: No...Not that I'm not interested. I have absolutely no time [laugh]...None of that matters at all, yeah, because somebody else is taking care of that (making sure that payments are made) I don't have to worry about that.

...

MK: If we were really lending money to each other and depending on each other to pay...

Candice: ...I honestly think that it wouldn't have worked. If it was just a group of people doing it without any backing of any sort I don't think it would be a revolving circle, I don't think it would be a good wheel – a turning wheel.

...

Becky: No, yeah, not so much. [pause] Because really unless there's something different in different circles that you're involved in it's basically you go there that night, you fill it out (a contract and a promissory note), and "see ya", you know?

...

Aida: Latin people they get together like a couple of people that they know from years ago, so they started it – the tandas. But it was very informal, so I didn't like that.

Even Wanda, a single mother of two born, raised and living in West Oakland, who spoke of a loss of community and a desire to bring LCs to the "black community" in West Oakland, had little interaction with the other members of her circle. She assumed her experience was anomalous, however. When I asked her whether she felt her LC relationships provided forms of support (emotional or otherwise) beyond the financial, she explained that even though that was not her experience because "our circle didn't really meet", she "would still say, 'yes'..."

...even though that was not my personal experience. But I'm guessing that other circles probably do have more time together, I don't know. So I would say yes, you know.

Others expressed a similar desire to build more substantial connections with other circle members that were never realized for reasons they assumed were unique to

their personal circumstances. For some, especially those from circles run by MAF, LC participation provided an alternative to insular personal networks perceived to be remedial in some way. Speaking about the financial education she received from MAF staff, Lupita expressed relief that she was finally getting access to expert information rather than relying on other Latino immigrants in her community.

Well, Latino people sometimes they don't know or they give you the wrong information. Like I didn't have my credit so people would tell me, "oh you cannot build your credit right now." Or, "No, it is very difficult. You have to get a house." Sometimes the people don't know the right answer but they give you the wrong answer and you say, "well?" We as Latinos we don't go to the right place to get the right answer, and with Asset Fund I have found that we can build the credit, [and] learn more about how to take care of the money.

Lupita, whom I interviewed with her husband at a community commercial kitchen where they rent time for their catering business, listed all the organizations and financial service providers with whom she had strengthened her relationships through MAF, including the Mission Economic Development Agency (MEDA), and various financial institutions. It was only once she and her husband established a relationship with MAF that they became aware of several other organizations and companies serving families like theirs.

Lupita: ...we have lived here for 20 years and I didn't know about this organization (MEDA), so I don't know about the Progressivo (a high-interest lender catering to Spanish speakers in California). So maybe it's that we don't have the information [about] where to go. *The Spanish speaking community, the Latino community, we don't know where to go, or who to go with because they don't know what organizations exist.* (italics indicate speaking through a translator).

MK: Or who to trust?

Lupita: No, no, maybe we don't have the information. Like I was living in the Mission for 20 years, I didn't know about La Cocina (the community commercial kitchen where they rent time), [or] about MEDA.

For many of my interviewees, horizontal bonds between participants were incidental to the formation of new vertical ties between individuals and MAF, its partner organizations and their staff. LC participants often emphasized their relationships with an organization's counselors. For Sarah, who was participating in her third circle, the

contrast between her relationships with fellow participants and with MAF staff was particularly stark.

MK: ...have you developed relationships with any other members of your circles?

Sarah: No, I haven't. No, I haven't developed any relationships with nobody. I have developed a relationship of gratitude with Roberto and Luisa (MAF staff). That's MAF for me. I'm grateful for that.

MK: Do you know anyone else at MAF?

Sarah: No, no.

MK: If it were not for the fact that the Mission Asset Fund was guaranteeing all of the loans, would you feel comfortable—

Sarah: No. No. That's why back in Chile I never participated. At this period in my house (growing up in Chile) it was, 'are you kidding me? NO!' There's no trust. So I didn't.

MK: So it is your trust of MAF, not your trust of the other people in the circle that make you sure that you are not going to lose your money??

Sarah: And I am going to say something that – it's really bad what I am going to say – it's going to sound really awful, but it is because they (other circle members) are Hispanic.

MK: Huh? I see.

Sarah: Awful what I am saying. It's awful.

MK: So what do you mean by that?

Sarah: Lack of values. There are other things that work better than being honest.

For the organizers of the circle in Fremont, an East Bay suburb close to San Jose, cultivating social capital and solidarity among circle members was at best a tertiary concern. Fremont Family Resource Center (FRC) staff viewed the LCs almost solely as a credit-building program that could serve as a platform for the promotion of their other programs, and add to the growing list of financial programs that funders were encouraging them to develop.

Given these comments and sentiments, it is perhaps no surprise that I found little evidence that circle participants were concerned with proving their character or demonstrating their creditworthiness to other participants. The only creditworthiness performances required of admission to a LC are conducted privately with staff of MAF or partner organizations, who carry out private underwriting meetings with all prospective participants.

Once admitted, the performance of creditworthiness – making payments on time – is unseen by other participants: circle participants have no way of knowing whether their peers have made a late payment, defaulted or whether they are still participating at all. Demonstrations of credit and trustworthiness are performed exclusively for staff, CRAs and the credit-scoring algorithms of future lenders. The effectiveness of these performances is determined by aesthetic criteria set outside, and entirely beyond the influence of, the group of circle participants. In a variety of ways, circle facilitators at MAF and its partner organizations help to shape the circles in accordance with this externally imposed aesthetic. To make sure the circles have the largest and quickest impact on their credit scores, facilitators expressed a desire to guide the deliberations of participants to ensure circles were not too long or too short, too taxing or too affordable. This involves (i) weighing the desire to be inclusive (by keeping monthly payments affordable for everyone in the group) against the desire to maximize the credit score impact (by creating a larger (positive) tradeline); and (ii) making sure circles are not too long (forcing people wait as long as a year for their payout), or too short to have an impact on credit score.

When I described these observations to Simon, i.e. that the forms of bounded solidarity characteristic of informal ROSCAs did not seem to exist in my LCs, he admitted that to some extent the insurance function of social solidarity, so important to traditional ROSCAs, had been obviated by the role of guarantor organizations. Nevertheless, he insisted that the community-building function of the LC remained intact, especially for MAF-run circles. He explained that MAF wanted to move toward a club model for their LCs, where circle members meet more regularly to learn about shared interests. MAF also hired a Community Organizer to develop what Simon called a participatory education approach to financial education and coaching, in the spirit of

Paulo Freire's *Pedagogy of the Oppressed*. Speaking months later, Roberto, a popular former employee who was involved in these efforts, noted how the effort to build connections between participants was frustrated by the perception that such connections were superfluous to the to the performance of creditworthiness and credit score improvement:

Roberto: We attempted to use group meetings for savers clubs and credit clubs. Simon was a huge proponent of it because he saw it in churches and AA groups where people, where people come together, they share...

MK: Popular education?

Roberto: Yeah, popular education...it was so great (speaking sarcastically). It was going to create all this benefit. There was no attendance. We put it as a mandatory thing, but how can we make it mandatory when people are already getting their money and paying back their money? We can't hold back their money when we promise that we're going to give them their money at a certain time...the fact is that there was no reason for them to come. The only reason they came is that we're going to show you your credit report...

While Roberto's comments are pessimistic regarding the potential to foster strong interpersonal bonds among circle participants, he still felt that MAF was contributing to and fostering community in some form. For him MAF as a whole formed a community. This sense that MAF itself is a community is affirmed by the organization's unique way of talking about itself and its clients. For example, dedicated clients are referred to as the organization's "families," and the organization often refers to its staff and clients as "Mafistas" – with the playful implication that MAF is a sort of movement and its clients followers.

I witnessed this dedication in a variety of ways. For example, during a planning meeting for an evaluation study of a prepaid-card fee-disclosure label we developed, Roberto had no hesitation claiming he could recruit 50 clients to participate, or that they would use the funds we provided as prescribed. When I asked how we would ensure that people actually purchase prepaid cards, both Roberto and Simon were unconcerned, and expressed complete trust in "our families." We also didn't have to worry about people returning to complete follow-up surveys because we were recruiting

from a pool of “our families”. This confidence was fully justified: on short notice we were able to fill MAF’s offices for an early evening meeting.

Like Sarah, other MAF circle participants I interviewed expressed a devotion to the organization. For instance, Camille, a middle-aged single mother, who spent many years recovering from addiction and manipulating the welfare system, described her unique relationship with MAF:

Camille: Sometimes I feel like I’m the poster child for MAF, and I just spread the word... It just fascinates me how I can talk about Mission Asset Fund in my other careers and at school and then interlink them all and then have a testimony to tell others, and just be proud of that.

...

MK: Do you embrace that role as poster child?

Camille: Yes, I do. I love it. If they ask me “can you jump?” I would say “how high.” [laughing] “Jump on down here?” “When?” Yeah, I’m there.

Stories like Camille’s are common among “Mafistas,” and play an important role in the construction of MAF’s media image and promotional literature. And while testimonies like Camille’s of personal transformation through financial education and credit score appreciation demonstrate strong connections between the organization and its community of participants, they also position MAF as the hub in a network of “community” connections that bears little resemblance to the relations on which the ROSCA-social capital nexus is assumed to depend (see Figure 6-2).

What I expected to find when I began my fieldwork was a program oriented towards creating creditworthiness as an emergent property of the bonds formed between circle members. This expectation was based, first, on an understanding of the relationship between social capital and creditworthiness often associated with microfinance, where peer-pressure and coercion play a role in reducing default (Rankin 2002). Second, it was founded on findings from the ROSCA literature that people often participate because they receive support from their peers that extends beyond “the economic” (e.g. emotional support, Oh 2007), but which still strengthens one’s sense of financial obligation. Despite past findings and the rhetoric associated with MAF’s LC

program, this is not what I found. What I found was a model in which “horizontal” bonds between participants were incidental to the formation of “vertical” ties between individuals and financial empowerment hubs, which were in turn focused on creating new relationships between striving non-prime financial subjects, and financial coaches and other services aimed at bringing participants into the “financial mainstream.”

The ambivalent attitude of participants towards their circle peers does not necessarily indicate that the LC program does not produce “social capital” or facilitate the conversion of that capital into financial access and other species of capital, however. The social capital produced inheres, rather, in a new set of relations with financial coaches, nonprofits and specialized financial institutions, which together form an emerging assemblage of financial apparatuses for the social regulation of poverty. This is an assemblage held together by the premise that poor families can be made “self-sufficient,” and economies stabilized, through the educated use of well-designed and regulated for-profit financial products and services. Paradoxically, the social capital the

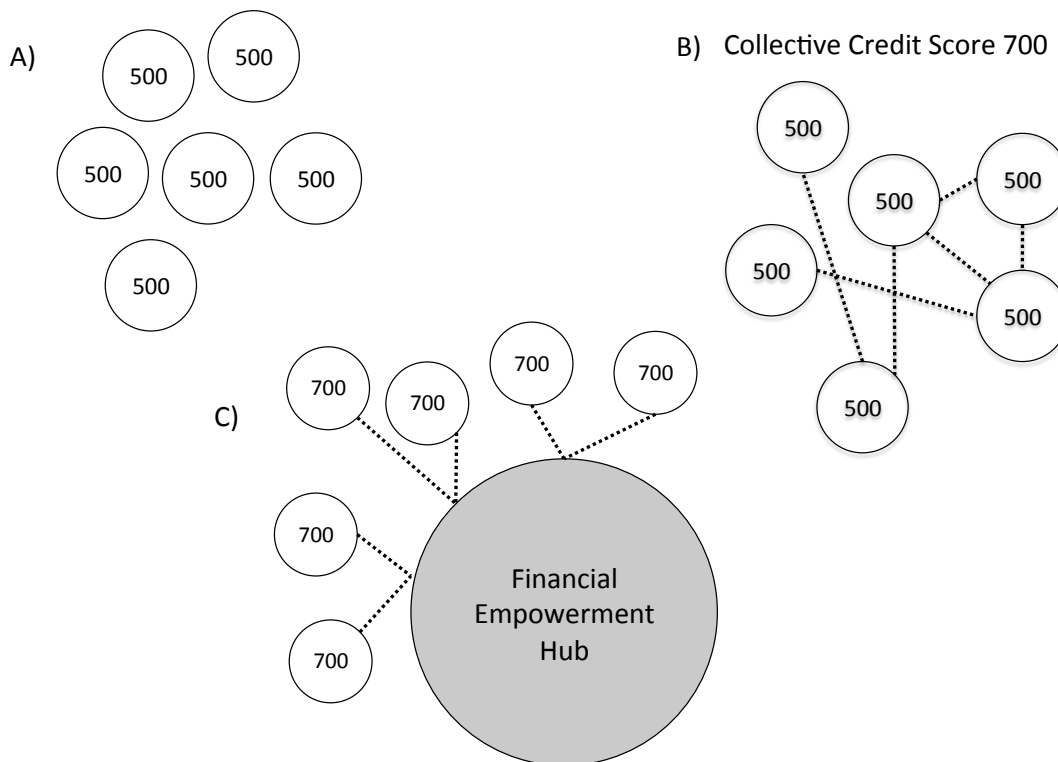


Figure 6-2 Social Connections and Creditworthiness

In panel A) individuals are unconnected with low credit scores. In panel B) social capital is created between individuals, which make the group more creditworthy. In panel C) individual improve their individual credit scores through the formation of connections to a financial empowerment organization.

LC produces renders unnecessary the very solidarity assumed to be essential to the functioning of ROSCAs. The LC is less a bridge than an interest-free financial incubator in which new forms of social and financial competencies can be nurtured, and capabilities enhanced, before leaving informal practices behind in favour of the recognition and legitimacy of the “mainstream.”

Conclusion: Emerging Moral Economies of Financial Self-Management

The LC is an innovative repurposing of a common informal financial practice in response to financial exclusion. It is a zero-interest lending product that provides those with no credit history, or a tarnished one ‘build credit,’ expand their housing options, borrow money more cheaply, and, potentially, build an asset base. It is also the site of an emerging, and deeply contradictory, politics of financialization (Kear 2014; Newman 2012) in which individual acts of financial self-management are imagined to ‘scale up,’ and together constitute a collective act of ‘self-protection’ from the predations of financial capitalism.

Once interpersonal relations, or as my LC research suggests, connections to NGOs, financial coaches, and various other relational/network resources, are reimagined as forms of collateral, and technologies are developed to commodify them, then the largely taken for granted notion (at least in the Anglo-American capitalism) that the individual is the appropriate scale at which consumer debt burdens should borne is thrown into question. Moreover, if the default social unit of consumer debt is not the individual, then how else might the obligation of pay one’s debts or evaluate creditworthiness be scaled? As Schuster (2014: 570) argues it is the scale at which liability is constructed and “the constellation of documents and relationships marshaled as evidence of creditworthiness” that produces and reproduces “economic subjects with differential capacity to embody or encompass those external relationships,” or what she calls the “social unit of debt”. The result is a confusing set of scalar and relational shifts

wherein interpersonal relations of trust and embeddedness within a group are invoked as the foundation of creditworthiness while what the LC actually produces is orthogonal connections to financial professionals, nonprofits and other institutions.

While there may exist many expressions of such contradictory financial politics of scale, the LC exemplifies a particular strain I call a moral economy of financial self-care. The idea that individual acts – visiting a financial coach, participating in a credit-building program, monitoring your credit score — can produce emergent forms of collective self-protection represents this nascent neoliberal moral economy of financial self-management.

Implicit in the work of MAF and other financial advocacy groups like Operation Hope (see epigraph), who claim to represent financially marginalized populations, is a set of moral assumptions about the fair pricing of financial products and the proper functions and responsibilities of various financial service providers. Specifically, that payday lenders and check cashers are bad actors because they take advantage of credit constrained populations by charging high prices. These kinds of moral assumptions about just prices underpin E.P. Thompson's notion of moral economy. For Thompson, 18th century bread riots were not merely a collective reaction to hunger and deprivation, but a reaction to the violation of moral standards regarding the legitimacy of certain practices in the marketing, milling and pricing of bread, and the social roles and responsibilities of certain economic actors. The moral economy at the heart of an initiative like MAF's LCs (or, more explicitly, 700 Credit Score Community) differs from two Thompson's in two key ways. First, the collective response to moral trespass does not take the form of an angry crowd. The 'collective' is atomized, sifted into a multiplicity of private individual actions. Second, the collective does not enforce latter-day millers' and bakers' adherence to a set of social-*cum*-moral obligations: payday lenders and check cashers are mostly spared the wrath of the crowd. Instead, the obligation falls to the individuals in the crowd, and the moral order is preserved, and cost of credit controlled by, the individual's internalization of the obligation to improve their credit score for the sake of the group. Access to credit at affordable rates is constructed as a contingent outcome, whose conditions of realization are secured by private investments

of time and effort to school oneself in the proper care of the financial self. This is self-care in the name of community.

For many of those I interviewed the desire to build and be a part of an LC was about more than accessing credit. Despite the fact that the forms of solidarity attributed to ROSCAs were not present in the LCs I participated in, the idea of people helping each other is what appealed to many of my fellow participants. Some expressed frustration and anger about Wall Street and the corruption of the financial system, and wanted to believe that LCs were the beginning of something better. For them, LC provided a hopeful answer to the contradictory question of how to create alternative economies, new ways of being in common (Hardt and Negri 2009), while building our credit scores. Lending circles reflect a desire to have cake and eat it too: to live in common, in harmony with financial capitalism or to build solidarity economies without joint liability.

Chapter 7.

Lending Circles and the Control of Economic Representation

In Chapter 8, drawing on interviews with my fellow LC credit builders, I consider how efforts to improve one's credit score might relate to a broader, though inchoate and not necessarily effective, distributional politics of financial measure. The analysis and findings of Chapter 6 raise a number of questions about creditworthiness and its relationship to credit score. For example, what changes, if any, are being measured when one's credit score increases as a result of participating in a LC? What is it about LC participation that makes participants more creditworthy if it is not "social capital" – a sense of obligation or trust between LC members? Do the new vertical connections between LC participants and financial coaches, counselors and financial nonprofits, like MAF, make people more creditworthy?

During my interviews I always asked LC participants whether they were "more creditworthy" as a result of their LC participation and to explain why their creditworthiness had increased, decreased or stayed the same. While the responses were diverse, together they suggest that the relationship between LC participation and self-assessed creditworthiness is ambiguous. This ambiguity contrasts starkly with the LC's effect on measures of creditworthiness – or credit score – which, according to MAF, almost always improves, often dramatically, as a result of LC participation. This disparity between credit score improvement and the variability of perceived changes in creditworthiness suggests that LCs do more than make social capital visible to the "surveillant assemblage" (Haggerty and Ericson 2000), or make people more creditworthy. This begs the question: what social processes do LCs catalyze and what is being measured when one's credit score increases as a result of participating in a LC?

What I argue in Chapter 8 is that the issue of creditworthiness is a bit of a red herring, and that LC participation is related to control over economic representation. More specifically, I argue that LCs provide a mechanism for achieving a variety of representational ends, from aligning credit score with self-perceived creditworthiness to redistributing what Callon and Muniesa (2005) call calculative agency in consumer credit markets. To explain how LCs enable participants to achieve these representational ends, Chapter 8 begins by elaborating the under examined role of financial objects in the process of financial subject formation.

Chapter 8.

The Strategic Personification of Credit Score: NGOs, “Positive” Data, and the Redistribution of Calculative Agency

Credit scores are like the dating equivalent of a sexually transmitted disease test... [They're] a shorthand way to get a sense of someone's financial past the same way an S.T.D. test gives some information about a person's sexual past.

- Manisha Thakor, Founder and CEO, MoneyZen Wealth Management, cited in the New York Times (Silver-Greenberg 2012)

Apparently “even Cupid wants to know your credit score.” At least, that is, according to a *New York Times* article drawing on anecdotes from rebuffed dates, financial consultants and online matchmakers to reveal how “this once little-known metric” (Silver-Greenberg 2012) is recalibrating modern love. This mutation of the credit score into a numerical pheromone to be sniffed out on first dates to ensure that toxic subjects are tossed back into the sea of wannabe mortgage co-signers is, as Joseph (2014: ix) points out, just “one of many bits of evidence of the penetration of credit and debt in our contemporary popular culture” – that is, evidence of financialization. But more than that, it exposes anxieties about the “proper role” of financial metrics in the mediation of social relations.

In much the same way that turning the forensic investigator's ultraviolet gaze on a kitchen, bathroom or bedroom can render familiar spaces, and those who inhabit them, abject and dirty, the credit score transforms those around us into pathological financial

subjects: the Scrooge, who puts money before love; the insecure, FICO⁴⁸-obsessed mirror-gazer; or the late-paying deadbeat, poisoning pools of asset-backed securities. And just as glowing splotches on a bathroom wall cast aspersions on the hygiene of its users, we imagine such financial pathologies to be the product of personal failings. The source of the pathology is the subject – their laziness, greed, superficiality, and ignorance – not the credit score.

In this chapter I look beyond the weaknesses of the pathological financial subject – and the various treatments and forms of fiscal calisthenics designed to aid in the performance of prescribed financial subjectivities – to the role of financial objects and market devices in the process of financial subject formation. Instead of the human subject being the locus of agency, following Callon and Muniesa (2005), Bennett (2005) and Yuran (2014), in my account agency is distributed across an assemblage of actants, including financial objects, like the credit score, that together make possible the performance of particular financial subject positions.

While “decentering the subject” is a theoretical exercise, my reasons for doing so are primarily empirical. More specifically, my goal in proposing a more “object-oriented” account of financial subject formation is to reconcile the practices I encountered as a participant observer in various credit-building programs with the feelings and opinions expressed by my fellow participants. For many of my fellow participants in credit building “lending circles” (LCs) run by various nonprofit organizations in the Bay Area, credit building was less about becoming more creditworthy, and more about finding ways to align an alien quantitative abstraction (their credit score) with their personal qualitative reality; in other words, it was about making sure that they got recognition for how creditworthy they really were, or making the right moves in a sort of “credit score game” that obeyed a different logic than their everyday lives.

For the Mission Asset Fund, or MAF, the organization that developed the LC program, LCs are supposed to help bridge “the chasm between the realities of financially

⁴⁸ FICO, formerly the Fair Isaac Company, is a software company most famous for developing the most widely used credit scoring algorithm, which using data collected by the three main credit reporting agencies, calculates FICO scores.

excluded communities and the mainstream financial system” (MAF website 2014). These LCs are formalized versions of rotating savings and credit associations (ROSCAs) (Ardener 1964), similar to the *arisans* (Geertz 1962), *tandas* (Kurtz 1973), *susus*, *kyes* (Light *et al.* 1990) common in many parts of the world and among many immigrant communities in the US. In both traditional ROSCAs and LCs a group of people contribute to a pool of funds that is disbursed to each member of the group on a rotating basis. What sets LCs apart from informal ROSCAs is that the payments LC members make to each other are reported to credit bureaus, providing participants with a way to build a credit history. For MAF’s CEO, Simon Perez, LCs are a way to gain official recognition for the performances of creditworthiness that happen everyday in the “financial shadows” of immigrant and other financially marginalized communities (MAF website 2015).

This reconciliation of quality (creditworthiness) and quantity through the object of the credit score recruits a variety of institutions (banks, credit unions, nonprofits, state agencies), products and services (secured credit cards, microloans, financial coaches and counselors), and behaviours (budgeting, saving, financial education). It is also related to an array of imbricated and sometimes contradictory goals, from becoming legible (Scott 1998) to mainstream lenders to buying a home, starting a business, getting an education or a job, and even, as the *Times* suggests, finding a romantic partner. So although credit building is still promoted as means to an end (e.g. cheaper credit, consumer goods, assets, etc.), the centrality of the credit score in regulating access to a seemingly ever-expanding set of resources and opportunities has made a higher score a sort of universal equivalent – an abstract measure that mediates access to a variety of concrete necessities. As a result, a high credit score has become desirable – much like money – in and of itself. It is an end that is often pursued independently of any particular consumption or life goals. The credit score has become a floating signifier – a sign of much more than default risk and the cost of credit.

All of these developments (the growing arsenal of credit building practices, the ubiquity and variety of credit scoring products, and the proliferation of the credit score’s significations) suggest that credit score calculation is an active and intensifying site in an emerging politics of financialization (Newman 2012). This politics is expressed in myriad

ways: resistance to and refusal of credit (Anonymous Collective 2012), strategic monitoring and “building” one’s credit score, as well as efforts by policy makers to encourage more holistic, less *ad hoc* ways of measuring consumer credit risk and “financial wellbeing” (CFPB 2015, Interview December 2012). The credit score is clearly much more than an impartial, quantitative indicator of an individual’s risk of default, as it was originally marketed to lenders. Today it is a site in what Mann (2007) calls the “politics of measure”. In much the same way that for Mann (2007: 23) the wage produces and reflects a politics of social difference, so too the credit score has become a “simmering pot of material and symbolic stuff” in the “social factory” (Gill and Pratt, 2008). Questioning the credit score – how it is calculated, what it measures, where its data comes from, and where the line between “prime” and “subprime” is drawn – has perhaps greater significance for social reproduction and individual well being today than ever before; and yet, little attention has been paid by critical financial scholars to how these politics are enacted, on the ground, by consumer advocates, reformist policy elites, nonprofits, and financially “underserved” communities. It is these “grounded” or “micro” politics of the credit score this chapter is about. It explores how credit building advocates and struggling non-prime financial subjects are working to reshape the algorithmic production of privilege through legal reforms and the creation of new data streams, but also through craftiness and learning to “play the credit score game.” To understand the nascent politics of measurement and calculation simmering around the credit score, a more object-oriented theory of financial subject formation is required.

Aims of the Chapter

Drawing on participant observation and semi-structured interviews with fellow participants in credit-building peer lending circles (LCs), as well as various other key informants, this chapter explores how striving non-prime financial subjects come to personify the credit score – to follow, stretch and manipulate the “rules” they believe govern its calculation. In doing so, the chapter has several aims. The first is to interrogate the relationship between credit score and creditworthiness. What, besides the arrival of new information at a credit bureau, changes about a person when their credit score increases, and what opportunities for subversion does the calculation of credit score provide? Does a movement in one’s credit score necessarily imply one has

changed (a change in subjectivity or in the social relations in which a person is embedded), or can the system be “gamed” (i.e. credit score appreciation without underlying change)?

The central aim of the chapter is to draw attention to the coalitions of consumer advocates, nonprofits, legislators and financially “excluded” groups working to redistribute what Callon and Muniesa (2005) call “calculative agency” (i.e. the ability to participate in and affect the calculative process) in consumer credit markets. These efforts are varied and idiosyncratic: to make the risks of particular groups legible in new ways, to expand the sources of data used to calculate credit score, and to share/harvest data from new areas of life. Together these actions add up to a nascent politics of financialization – a politics of measure centered around the increasingly hegemonic market device of the credit score.

The chapter is divided into two main parts. In the first, drawing on Marx’s notion of personification, I explore the relationship between economic objects and the performance of unfamiliar subject positions. This section of the chapter also engages with Foucault’s (2008) theorization of neoliberalism and argues that the pursuit of the liberal principle of “equal treatment” in US consumer credit markets, through consumer protection legislation (e.g. the Equal Credit Opportunity Act 1974), has created an algorithmically governed “credit score game,” in which striving subjects learn to live according to its rules. In part two, I explore what it means to make distributional economic claims within the logic of the “credit score game.” To do so, drawing on Callon and Muniesa (2005), I argue that “calculative agency” is asymmetrically distributed in consumer credit markets, and consider the ways in which the “subprime” crisis has created openings for the redistribution of calculative agency. More specifically, I show how MAF and other nonprofits are “empowering” non-prime financial subjects by

devising new mechanisms for the production and transmission of “*positive*” data.⁴⁹ Finally the chapter concludes by briefly examining the potential of using personal data production to make distributional financial claims

Learning to Play the Credit Score Game

On a beautiful Saturday morning in August, in the middle of a complex of single-story commercial buildings, nine of my fellow LC participants and I sat in a classroom at the City of Fremont’s Family Resource Center (FRC). We were waiting to begin our FDIC-developed Money Smart⁵⁰ class taught by a retired tech businessman volunteering his time through the United Way. The group of us – women and men (4 and 6); black, white, and brown; non-citizens and citizens; 20-somethings to 60-somethings – were given a thick Money Smart binder with ten modules, starting with “Banking On It” and concluding with “Your Own Home.” The focus of our 6-hour workshop was modules 7 and 8 – “To Your Credit” and “Charge it Right” — how to use credit and how take care of our credit information.

As we introduced ourselves, several people confessed to feeling inadequate about their financial knowledge. Those who grew up in the US shared their frustrations that financial management was not taught when they were in school the way it apparently is today. But there was also support for the idea that the financial world had changed, and that the financial system today had more obstacles and snares than when they were growing up. For Jennifer, one of my fellow Money Smart students, the credit score was a metonym for many of these changes and the ways that contemporary

⁴⁹ The term positive data can be a bit misleading. Historically in the US, and to this day in many countries (e.g. Australia), only “negative” or “derogatory” information (late payments, defaults, charge offs, liens, etc.) is collected by CRAs. “Full-file” or “comprehensive” (sometimes called “positive reporting”) credit reporting includes additional information (for example, companies that have extended credit, the amount they extended, the type of credit (revolving/non-revolving) extended, as well as applications for credit, how often payments were made on time, your debt level, etc.) that can potentially improve your access to credit. In other words, negative data cannot improve credit access, and positive data can help or hurt depending on the nature of the data (e.g. a high debt load and lots of credit applications is “positive” data that can impair credit access).

⁵⁰ The Federal Deposit Insurance Corporation developed Money Smart in 2001. It is a free financial education curriculum composed of 30 modules to help social service providers and individuals teach and learn the basics of personal financial management.

finance impinges on everyday life. For her “everything happens or doesn’t happen to you based on your credit score.”

Later, when I spoke with Jennifer and her husband, Donald, both in their 60s, I learned their credit problems had left them effectively homeless, staying either in their two aging cars, or with friends, sometimes for weeks at a time. Unable to find a landlord willing to rent to them, their church minister encouraged them to join one of the FRC’s credit-building LCs. For Donald and Jennifer, joining an LC was not just about improving their housing situation or accessing credit, it was about reining in what they felt was a self-destructive antipathy toward financial institutions. As Jennifer explained, she had been “angry at financial institutions” for a long time,

...[it] feels like banking institutions are here to benefit the wealthy and to steal from the poor and give to the rich. Sort of Robin Hood in reverse. And I’ve had that attitude, which I really know I need to change, but I’ve had that attitude probably since maybe the early 80s, when I was a student...I guess the reason I feel like I have to change my attitude about it is that if I don’t [pause] I will be perpetuating, for myself, an unpleasant experience with my credit.

For Jennifer and Donald, building credit was not just about making on-time payments or effective budgeting, but about finding ways to accommodate a system they felt did not serve their interests. As Jennifer succinctly put it during our Money Smart class, she was there “to learn how to play the game that you have to play at this point.”

Although the metaphor of the economy as a game is a common one with a plastic meaning, Jennifer’s description of credit-building as a sort of game is worth analyzing for a variety of reasons – not least because many of my fellow credit-builders felt similarly. The construction of the credit score as game-like object opens up various questions related to the relationships between (i) financial objects and the performance of financial subjectivities, (ii) credit-building and the microphysics of neoliberal governmentality, as well as (iii) insight into the strategies being used to contest the measurement of risk and the calculation of credit score.

What Credit Score Wants: Learning to Perform Alien Subjectivities

In *What Money Wants*, Noam Yuran (2014: 14) argues that “the desire for money is not simply a psychological affect but...is embedded in the object itself.” In other words, for Yuran (2014: 22), desire, something typically attributed to subjects, is a property of money – an object. This understanding of the desire for money as a property of money itself pushes the limits of subjectivity and, according to Yuran, requires the transcendence of the opposition between subject and object. While the objects of money and credit score are not perfect analogs, Yuran’s analysis is helpful for thinking about the role of objects in animating the practices, typically attributed to the agency of subjects, involved in “playing the credit score game.” In thinking about these “intricacies of agency” (Muniesa *et al.* 2007) in the context of credit building practices, I lean on actor network theory’s (ANT) conceptualization of agency as a distributed phenomenon inhering in assemblages (or *agencements*) of “human bodies, but also of prostheses, tools, equipment, technical devices, algorithms, etc.” (Callon and Muniesa 2005: 4). Here a few simple examples may clarify the relationship I am proposing between the object of the credit score and subjectivity as well as the credit score’s role in the production of financial subjects.⁵¹

However, first it is important to clarify my use of the term “object” because, in my use, an object is not just a physical thing, as conceived of in ANT (or with Bennett’s (2005) object-oriented ontology, for that matter), but an expression of social relations. ANT is concerned with how non-human physical objects participate in society, or put another way, how physical objects come to play “social” roles. For example, we can think of a spring attached to an outside door playing a social role to the extent that the spring replaces, or modifies, the common courtesy of closing a door after entering a building (Latour cited in Yuran 2014: 62). In some sense, then, the spring shapes the social reality of entering a building. But what about, Yuran asks us to consider, *social functions that can only be performed when transferred to an object?* In other words, how is social reality materialized in objects (this is one of the fundamental questions of Marxism)? For

⁵¹ Here I am drawing heavily on Yuran, who uses these illustrations to similar ends.

example, a society where resources are allocated according to the logic of risk pricing implies the existence of an object that can perform a social role that individual subjects cannot – impartial discrimination among the concrete risks face by a diversity of subjects. Social reality assumes the form of an object; in the case of this chapter, the object of the credit score. The social object of the credit score can take the form of a numeraire, an algorithm or the data that is fed into the algorithm to produce the numeraire. In each form, the object is an expression of the same sociofinancial relations. The following example clarifies this understanding of social objects further.

Milton Friedman (1970) famously argued that a corporation's only social responsibility is to increase profits. For Friedman, because “a corporation is an artificial person,” it can only have “artificial responsibilities,” which can deviate considerably from the “real” responsibilities of the “real” people (executives) who are legally compelled to maximize profits for shareholders. Actions that might be considered pathological, or immoral when carried out by a “real” person may be socially accepted or even celebrated when carried out by an “artificial” one. Indeed, this contrast between the ethical standards applied to real versus artificial persons is the premise of the hit documentary “The Corporation” (2003), which uses the Diagnostic and Statistical Manual of Mental Disorders to argue that the “normal” behaviour of corporations is psychopathic. But more than that, real people, when acting as executives – as personifications/representatives of an “artificial person” – are capable of acting in ways that they might find objectionable in their “real” lives. As Yuran (2014: 22) puts it, “the corporation wills that which is impossible for people to will.” It acts as a sort of prosthesis, enabling a real person to behave in accordance with the alien or external subjectivity of an “artificial person”.

Marx invokes a similar distinction between individuals as particular persons and individuals as personifications of abstract economic categories and social relations. In *Capital*, he deals with individual capitalists, landlords, or workers

... only in so far as they are the personifications of economic categories, bearers of particular class-relations and interests. My standpoint...can less than any other make the individual responsible for relations whose

creature he remains, socially speaking, however much he may subjectively raise himself above them (Marx 1977[1867]: 92).

Here there is a co-constitutive dynamic between subject and object. As Harvey (2011) says, when the capitalist starts their day they are not free to indulge subjective desires – to spend profits however they wish; instead, they must “buy means of production and labour power and put both to work with a given technology to create a new commodity which they sell in the market place for the original money plus a surplus (called profit) at the end of the day.” The subject-as-capitalist must conform to the objective logic of capital accumulation and obey the law of value. If they do not, capital is not reproduced and the individual ceases to be a capitalist. The subject-as-capitalist cannot exist without the objective logic of capital, and, the objective existence of capital depends on the subject who behaves as *if* they are a capitalist – as a personification of the object (Yuran 2014: 25, 30). In this example it makes little sense to ascribe agency solely to either the subject or the object; agency is distributed between the capitalist and capital (subject and object).

The idea that subject and object act together as an assemblage should not be read as distorted ANT or a new materialist reinterpretation of Marxism. Blurring subject and object has a rich history in Marxism. Particularly apposite is Ollman's (1976: 27, 28), description of what he calls “Marx's philosophy of internal relations.” For Marx, he says, “man is a thing as well as an assemble of social relations, because he conceives of each thing as a Relation, in this instance, as the assemble of social relations...the individual is held to be in some kind of union with his object.” If this relational perspective on Marx is taken seriously, then surely the role of objects deserves to be highlighted in Marxist-inspired analyses of financial subjectivity and financial subject formation.

Games are another class of objects that act as mediators or prostheses necessary for, or enabling of, the performance of certain subject positions. Games allow their players to justify acts that, outside of the “game world”, would be pointless, alien or opposed to their values. Examples of the suspension of normal morality or one's normal personality in the playing of games are easy to find in popular culture. Duplicitous characters in reality television programs often justify their actions as simply “playing the game”. In the fictional Baltimore of the TV show “The Wire” (2002) the boundaries of

legitimate violence in the drug trade are determined by whether they occur inside or outside of “the game”. Misogyny and violence can be enjoyed as recreation by “normal” people inside virtual game worlds like *Grand Theft Auto*. To be an effective player in a game one must give one's subjectivity over to the game's objective logic – its formal and informal “rules”. One must, in some sense, personify the objective logic of the game. Doing so makes it possible to enjoy forcing one's mother into bankruptcy while playing *Monopoly* without attracting suspicions of personal pathology. Games, then, like the objects of the corporation or capital, are devices that, by creating a sense of distance between the individual and the role they play, allow for the performance of behaviours that might otherwise feel cruel, alien or meaningless. By imagining credit building as a game, Donald and Jennifer were able participate in a system they felt was contrary to their values, but necessary for survival. The credit score game would will, they hoped, what they could not will on their own.

Double Performativity

For several of my interviewees, the practices associated with building credit felt alien, and, for the small of number who actively monitored their scores through services like MyFICO, changes in their scores seemed removed from their day-to-day financial realities and own personal sense of creditworthiness. Especially confounding for Dhvani, who immigrated from India as an adult, was the need to acquire debt in order to build credit. When I asked Dhvani why she “strongly agreed” that she was a creditworthy person, she explained that it was because she had never taken out a loan or carried any debt. She worried that carrying debt would make her feel like “something [was] holding on to [her],” that she would lose sleep and live in “constant fear and maybe I don't know how to tackle that fear, so if I finish it [any credit card debt] off.”

For Dhvani the use of credit had little to do with the desire or need to borrow money. In using her credit card she was in some sense suspending her personal antipathy for debt, or what she attributed to an Indian cultural tendency, in order to conform to an American financial context that made a virtue of high credit score.

Dhvani: See if I am in India I don't have to worry about the credit score. Their system is different. You can live without a credit card there easily.

But here they say “credit score,” so okay let me use it [her credit card] as much as possible. So even for two dollars and three dollars I use my credit card. Just it’s a necessity that’s all I’m seeing.

Mark Kear (MK): What is it for you that makes it a necessity?

Dhwani: Credit score. They say credit score is important [laugh]. So I don’t know.

MK: So credit score is important and that’s why you want to use credit products, so that there is data generated that can lift your score?

Dhwani: Right. Right. Yeah, so whenever I go to stores I use my credit card, that’s the only way I – cause I don’t, I have no debts, so then how will I improve my credit score, so I need to prove them. So this is the way I do it.

Dhwani engaged in financial activities that she described as “not my way” by internalizing a vague and impressionistic understanding that the algorithms used to calculate credit score – part of the “different way” of the US – could not work in her favour unless she fed them positive data, even \$2 or \$3 at a time. As a player in the credit score game, Dhwani was able to perform a subject position in which she felt foreign.

Dhwani’s motivation to improve her credit score captures a second performative dimension of the metric. Many of the other LC participants I spoke to, including Dhwani, felt they were more creditworthy than their credit scores suggested. Building credit was about making sure their credit scores reflected who they actually were, and ensuring they were not misrepresented to landlords, lenders, employers and others. Building credit was about taking control of their fair and accurate economic representation. Thus, as the role of the credit score in allocating resources has expanded, individuals as well as financially marginalized groups and those who claim to speak for them have been enrolled and mobilized in a project of making risk-scoring algorithms more fair, accurate and aligned with self-perceptions. In other words, through its proliferation, the credit score has acquired the means – for struggling financial subjects and their advocates – of making itself “true” (see Kear (2014)) for a legislative history of the changing relationship between individuals and their credit information). This makes the credit score performative in a double sense: first, the coupling of the subject with the object of the credit score facilitates the performance of unfamiliar data-producing financial subject

positions; and second, by “playing” according to rules of the credit score game the subject (in concert with various “prostheses” and other actants) works to achieve correspondence between self-perception and algorithmic representation.

The performativity of the credit score appears, then, to make it an ideal apparatus of neoliberal government. The credit score impels the performance of prescribed financial identities without conspicuous interventions from the state or other authorities. It is an object that produces subjects who work to make their risks measurable, legible and tractable for a variety of state and non-state actors that wish to shape their behaviours for profit and other ends.

Fairness and the Neoliberal Economic Game

In *Birth of Biopolitics* (2008[1979]), Foucault argues that “the neoliberal project” seeks to construct the “the economy [as] a game: a set of regulated activities...in which the rules are not decisions which someone takes for others. It is a set of rules which determine the way in which each must play a game whose outcome is not known by anyone.” In this passage, Foucault describes how the “Rule of law” formalizes a neoliberal economic game in which internally regulated individuals/enterprise units compete with each other. The core liberal value captured by this notion of the economy as game is equal treatment under the law. The rules of a game are neutral or impartial: once the rules are set they are supposed to apply in the same way to everyone.

The structure of this relationship between the neoliberal economic game and the rule of law is mirrored in the “credit score game”, except the rules of this latter sub-game are not codified in state law, but in the algorithms of FICO and other private evaluators of consumer credit risk. Algorithmic judgment promises fidelity to the principle of equal treatment because, once programmed, an algorithm cannot take sides. Credit scoring algorithms are faultlessly mindless, simple step-by-step operations that process and make calculations with data collected by credit reporting agencies (e.g. Equifax, Experian, and Transunion). They are as biased as the data they are fed.

In 1976 this connection between credit scoring algorithms and the equal treatment principle was enshrined in law, in a series of amendments to the Equal Credit

Opportunity Act (ECOA, first passed in 1974). For instance, Regulation B (1976) of the amended Act endorsed the use of “Empirically derived and other credit scoring systems... that evaluate an applicant’s creditworthiness mechanically” (§ 202.1(b)) in order to “promote the availability of credit to all creditworthy applicants without regard to race, color, religion, national origin, sex, marital status, or age” (§ 202.2 (p)). However, such legislative efforts to make the US consumer financial system a “fair game” for everyone have not secured the equality of access (outcomes) to credit for marginalized groups the ECOA (and other consumer financial protection legislation of the era) aimed to facilitate.

Since the “subprime” crisis there is a renewed sense that the economic game is “rigged,” as Elizabeth Warren, Harvard Law Professor turned populist Democratic Senator, is fond of saying. From the radical disavowal of established institutions by Occupy and Strike Debt to the passage of Dodd-Frank (2010) and the creation of new regulatory agencies (e.g. Consumer Financial Protection Bureau (CFBP); formed 2011, director appointed 2012), distrust is widespread.

And yet, although the financial crisis of 2007-08 is commonly taken as proof that finance has “transgressed the boundaries of its proper role and place in society” (Cooper and Konings forthcoming), surprisingly, many call for a deepening of the financialization of daily life: more data must be harvested from new parts of the life process, to level the playing field and make consumer credit markets better serve the financially excluded. From this perspective, the problem with the current credit reporting and scoring system is not that algorithms take sides or play favourites, but that the game is not comprehensive enough – that the behaviour of too many is not counted. As the domain of easily available default-correlated data has exploded with the advent of “big data”, credit bureaus and enabling legislation have not kept up, leaving many creditworthy individuals and households in the “financial shadows,” invisible to scoring algorithms. In the next section, starting from an understanding of markets as “collective calculative devices” (Callon and Muniesa 2005), I explore efforts to “level the playing field” through the strategic production of positive data, based on practices previously unrecognized by the credit reporting system. These efforts are premised on the idea that by expanding

the economic game into new spheres of the life, the credit score can be made truer for more people and a fairer arbiter of credit access.

Redistributing Calculative Agency in the Credit Score Game

According to Callon and Muniesa (2005: 1229), “markets calculate”. The value of this proposition for understanding the contemporary politics of measure in US consumer credit markets is that it complicates the attribution of agency in calculation: “who (or what) actually calculates (and how) when we say that ‘the market’ calculates” (Callon and Muniesa 2005: 1229)? These are not straightforward questions to answer because the things that circulate on markets (from papayas to abstract risk) do not come into the world, *ex nihilo*, ready to be calculated. Rather, they must be made calculable.⁵² “Making goods calculable” (Callon and Muiesa 2005: 1232) is an operation involving a variety of “calculative agencies”. Calculation from this perspective is neither the mental process of human subjects (producers, consumers, workers, capitalists), nor is it outsourced to non-human “tools” (double-entry bookkeeping, an abacus or an algorithm). Instead, calculation is carried out by “collective hybrids” (assemblages; in this case, markets) in which agency is distributed among human and non-human actants (Murdoch 1998; Latour 2007).

Applying this notion of distributed calculative agency to the consumer credit market implies that credit-scoring algorithms are calculative devices that neither replace the evaluations of underwriters, nor are algorithms completely obedient to creditors that wield them, accomplishing exactly what the creditor desires (see Poon 2007). Instead, they are simply a new prosthesis added to the assemblage of relations through which the calculative process is mediated. What Ashton (2011) calls the “own agency” of calculative devices is tempered by viewing calculation as a collective process in which the calculative practices of agents are coproduced – subjects mediating objects and objects mediating the calculative practices of subjects. Importantly, it does not follow

⁵² “Making goods calculable” for Callon and Muniesa (2005) involves processes of “objectification” and “singularization” which bear some resemblance to the processes of abstraction and individuation associated with neo-Marxist accounts of the commodification nature (Castree 2003, Prudham 2009).

from this understanding of calculation that calculative agency is evenly distributed in market assemblages. Not all agents that make up the market assemblage are equally powerful. Calculative agency will be greater for actors with access to more information, that can shape the information that other actors in the market use to make decisions, that have access to specialized tools, and can create formal procedures, like algorithms, for classifying, ranking and otherwise ordering the world.

Such asymmetries in calculative agency are easy to find between, for example, between mass retailers and consumers (Cochoy 2002 cited in Callon and Muniesa 2005). Buyers and sellers in these markets do not meet each other on unbiased terrain. Think of online retailers, who anticipate purchases before they are made, and, who prepare items for shipment before the recipient has placed their order. Think also of Ikea, which forces the consumer through a maze, controlling in time and space what information the consumer encounters. Think also of the asymmetries between investment bankers and bureaucrats tasked with regulating them, who must rely on the institutions they are tasked with regulating for data and the expertise to decipher it. Such asymmetries certainly exist in the credit score game as well. This asymmetry is the target of efforts to expand the credit game and broaden the gaze of the “surveillant assemblage” (Haggerty and Ericson 2000). It is to the practices and politics of redistributing calculative agency that I now turn.

Seizing the Means of the Manipulation

A question that I asked all of the LC participants I interviewed is whether they feel their country of origin, race, linguistic preference, ethnicity, sexual orientation or gender ever disadvantages them when accessing, purchasing or using financial products. To my surprise, few of those who felt disadvantaged believed it was evidence that the financial system was discriminatory. Keiko, for example, a recent Japanese immigrant to the Bay Area, felt that as a newcomer her credit score misrepresented her creditworthiness, but this was a temporary problem. She was confident that as she acquired more knowledge about the US credit system she would be able to strategically modify her behaviour, and “achieve” a credit score that better reflected her personal character. In other words, for Keiko, calculative agency is something that can be acquired through learning and

implemented through the knowing use of financial products. A further implication of this perspective is that borrowers have the power to affect asymmetries in the distribution of agency across various axes of social difference.

That borrowers consider themselves to have the power to strategically affect credit score calculation suggests a remarkable transformation in the distribution of calculative agency in the credit scoring process has over the last decade and a half (Kear 2014). For most of its history, the credit reporting and scoring industry believed its *raison d'être* – the objective assessment of default risk for lenders – depended on the restriction of borrowers' ability to knowingly affect their scores. Robert Eisenbeis (2004 [2002]), of the Atlanta Fed, captured this perspective well: “If we really tell people what is in the model, then they may conclude, or be advised, to [behave strategically] to qualify for credit [or...] to boost their score. To me this is not counseling, its manipulation of the system, and there are proprietary and other reasons why creditors would be reluctant to go down that path...”

What we have, then, are two antithetical positions: for Eisenbeis, the accuracy of credit scoring models depends on a tight circumscription of borrowers' calculative agency, whereas for Keiko, and many of my fellow credit-builders, the credit reporting system's legitimacy and fidelity to their true character depends on borrowers' “empowerment” in the calculative process. What the creditor and modeler view as “manipulation”, credit builders view as the self-helping alignment of an indicator with the attributes of the underlying asset/person being measured.

While this “will to empower” (Cruikshank 1999) can morph into a subjectivizing force that encourages individuals to produce themselves as financially governable subjects (Kear 2013), it also represents a subtle redistributive politics consistent with the logic of the credit score game. Credit building—a largely non-state, philanthropically supported set of practices aimed at helping the deserving poor lift themselves out of poverty through saving, investment and asset accumulation—might appear to be distributionally “neutral” (Krippner unpublished), insofar as it does not challenge existing market-based allocations of resources and entitlements. However, since the subprime crisis, segments of the asset-building movement have begun to assert claims to prime

credit market access in novel ways. Rather than asserting a right to credit through anti-discrimination discourse (as with past movements for credit access), a new distributional financial discourse has emerged emphasizing unevenness in borrowers' ability to produce positive credit data. In place of rights to credit, claims are being made to the means of positive data production. New products, programs and laws are being devised in the hope that new sources of positive data can capture the behaviours/experiences of those living on the financial margins. This approach to distributional claims-making simultaneously admits the existence of inequities along various axes of social difference in credit markets, and the need to redistribute calculative agency, without directly challenging the hegemony of the credit score and extant distributions of wealth and income. In the next section, using examples drawn from fieldwork, I explore the odd and inchoate relations shaping these distributional politics of financial calculation.

Producing Positive Data

The old-fashioned appearance of the poles was clearly designed to evoke a sturdier time in our nation's history, except for the little LED counters at eye level that registered your Credit ranking as you walked by. Atop the poles, American Restoration Authority signs billowed in several languages. In the Chinatown sections of East Broadway, the signs read in English and Chinese – “America Celebrates it Spenders!” – with a cartoon of a miserly ant happily running toward a mountain of wrapped Christmas presents. In the Latino sections on Madison Street, they read in English and Spanish – “Save It for a Rainy Day, Huevón”—with a frowning grasshopper in a zoot suit showing us his empty pockets. Alternate signs read in all three languages:

The Boat is Full

Avoid Deportation

Latinos Save

Chinese Spend

ALWAYS Keep Your Credit Ranking Within Limits

I felt the perfunctory liberal chill at seeing entire races of human beings so summarily reduced and stereotyped, but was also voyeuristically interested in seeing people's Credit rankings.

- Shetyngart (2011) Super Sad True Love Story

As Shetyngart's vision of a financialized tomorrow suggests, and the subprime crisis so brutally confirmed, despite the “scientific” discriminations of credit scoring algorithms, patterns of credit access remain racialized and classed. Some financial inclusion advocates have tried to account for this by pointing out that who furnishes data to CRAs (credit reporting agencies), and what types of data get reported, affects how different populations are represented. For example, informal loans – even payday loans and home-rental payments – are not reported, while mortgage payments are. Such reporting patterns privilege certain financial activities, and the subjects who perform them, by weighting the calculative process in favour of data that underrepresents certain, especially racialized, groups. On this view, the redistribution of calculative agency to debtors and excluded groups requires new ways of producing positive data. In the words

of Steve Wagner (fieldnotes June 2012), Experian’s President of Consumer Information Services, CRAs need access to a broader and deeper view of “how people live.”

Credit Builders Alliance is an excellent example of an organization doing this “devising work” (McFall 2014). Founded in 2007, the CBA provides a national network of 400 “nonprofits with both the ability and critical technical assistance to report loan data to the CRAs” (CBA 2015). While many nonprofit organizations provide loans to clients for a variety of purposes, few are able to generate the volume of tradelines,⁵³ or have the monetary and technological resources or expertise to meet the compliance requirements of being a data furnisher⁵⁴ (Transunion 2015). By providing scale and expertise, CBA acts as a mechanism for a diversity of non-traditional, non-market lending (i.e. zero interest lending) activities to enter into the credit score calculation. Speaking on a panel at the 2012 Underbanked Financial Services forum, Vikki Frank, then CBA Executive Director, explained that the CBA empowers the “underbanked” by providing them with “more ways to add positive data.”

It is through the CBA that MAF has been able to transform once-“invisible” financial practices, namely informal peer lending among the Mission District’s Latino families, into credit-building “lending circles.” Since forming its first LC in 2008, MAF has been widely acclaimed as one of the most innovative asset-building nonprofits in the US for its novel approach to “leveraging cultural assets” to financially empower financially excluded immigrant communities as well as low- and moderate-income households. Through a network of partner nonprofits that now stretches across the US, MAF has facilitated close to \$3 million in zero-interest peer loans to thousands of households (Cohen 2014). But perhaps most noteworthy for our purposes is how effectively MAF’s LC program has enabled the production of positive data. Despite guaranteeing thousands of loans to people with tarnished and limited credit histories, MAF and its

⁵³ Tradeline refers an account established at a CRA when one opens a line of credit i.e. a car loan, a mortgage or a credit card.

⁵⁴ Section 623(a) of FCRA imposes a variety of duties on data furnishers to provide accurate and complete information to the CRAs. Moreover, FCRA requires CRAs to “maintain reasonable procedures designed to avoid” fraudulent information from being reported, and “procedures to assure maximum possible accuracy” of data (Section 607(a) and (b)). A compliance industry now exists complete with specialized reporting software and compliance consultancies to help data furnishers. The result is that not all lenders want or can afford to be data furnishers.

partners boast a near-zero default rate and claim to have increased the credit scores of LC participants by an average of 168 points (Reyes *et al.* 2013).⁵⁵

The remarkable stream of positive data generated by the LC program can be interpreted in a variety of ways. The first is a sort of efficient-markets explanation: MAF has been able to exploit inefficiencies in consumer credit markets with “inside” cultural information about latent stocks of “social capital” held by many immigrant and financially excluded communities (interpersonal trust, personal obligation or bounded solidarity (Portes and Sensenbrenner 1993; Coleman 1988; Chapter 8)). Another view is that participation in an LC triggers changes in behaviour and in participants' socio-financial relations that make them more creditworthy. In other words, large average increases in credit score reflect genuine transformations in creditworthiness. Finally, we might understand the LC as a sort of benign charade enabling participants to “play the game” – to manipulate their credit scores and produce positive data without necessarily drawing on previously unrecognized, and therefore, unpriced pools of social capital, or experiencing a default-correlated personal transformation of some kind. Of course, these interpretations are not mutually exclusive. In the face of overlapping and overdetermined explanations, it is important to reflect on participants' stories, and to consider the post-crisis contingency of the prioritization of positive data.

Finding New Ways to Say “Yes” in the Post-Crisis Conjuncture

In 2012, during his introductory comments to a group gathered to discuss “shifts in consumer credit decisioning,” Robert Annibale, CitiBank’s Global Director of Community Development and Inclusive Finance, painted a bleak picture of the near future (fieldnotes June 2012). Soon, he said, the unemployment insurance extensions passed in 2008 would come to an end,⁵⁶ more struggling families would max out their TANF (Temporary Assistance for Needy Families) eligibility (capped at 60 months per

⁵⁵ Reyes *et al.* (2013: 2), where the 168 figure originates, note that “on average, clients who started without scores improved their scores by almost 600 points.” This implies that clients without a credit score were recorded as having a credit score of 0, even though the FICO scale only goes from 300 to 850,

⁵⁶ In fact they did not come to an end until much later.

lifetime), and with unemployment still high, he asked, “how quickly [do you think] people will have [life] events that hurt their scores?” The implied answer was “very quickly,” and, according to Annibale, it was the actions of lenders and policy makers that would determine “how quickly they recover.” His conclusion was that new mechanisms were needed to get recession-battered households producing positive data again. As one executive from Equifax put it, lenders “want to find [new] ways to say ‘yes’ to more 680s” (fieldnotes June 2012). The most ballyhooed solution to this recessionary scarcity of positive data has been the use of so called “alternative data” – an umbrella term that captures everything from utility, rent and phone payments to online social network data (Alloway 2015) – in the underwriting process. This desire to broaden the view of the consumer with “alt data” or “big data” has even found legislative expression – most prominently with a failed effort to pass an “act to amend the Fair Credit Reporting Act to clarify Federal law with respect to reporting positive consumer credit information to consumer reporting agencies by public utility companies, and for other purposes” in the US House of Representatives (2012 HR 6363). The credit reporting industry’s desire to broaden the view of the consumer marks a convergence of an ambient imperative for finance capital to expand into the life worlds of those living in the terra incognita of unpriced risk (Ashton 2009) and a conjunctural, one, where rationalizing lending to people with little or tarnished credit histories is a response to crisis.

It is in the context of the crisis-induced contraction in consumer credit markets – especially in the “underbanked space” – that the embrace experimental “on-ramps” to the financial system, like MAF’s LCs should be understood. Outside of this context, it is hard to understand why a CRA would consider an organization, like MAF, with an espoused goal of increasing its clients’ credit scores and an incentive to report only non-negative data, to be a legitimate furnisher of data.⁵⁷ Indeed, it is contradictory to the extent that tapping new sources of positive data shifts calculative agency from creditors and underwriters to indebted subjects and borrower. These subtle distributional implications of the LC were not lost on many of the participants I interviewed.

⁵⁷ When my fieldwork came to an end (2013), Transunion and Experian, but not Equifax, were accepting LC data.

For example, Mary, a former realtor, who facilitated the LC program at the San Francisco LGBT Center, one of MAF's partners, explained that the ability to produce a favourable "data double" (Whitson and Haggerty 2008) was not evenly distributed.

...as a realtor I would see this all the time. People who had enormous amounts of debt, and who were really living paycheck to paycheck, and minimal savings and that I would consider to be financially very high risk, but "hey, I have an 810 credit score" because they know how the system works, they know how to structure their debt in a way that looks good to the credit bureaus and have the education to make themselves look good on paper. But I think that any system can be manipulated like that and I think that to some degree it's unfair to allow certain people the ability to manipulate it and leave out others because they don't either have the financial advisor or the money or the resources to be able to participate. If we're going to accept the worst-case scenario where the system is going to be manipulated, I personally feel that everyone should have equal access to that manipulation [laughs].

For Mary, part of the appeal of LCs was that they gave people a means of representing themselves in financial relations that typically was only available to privileged populations. Any negative connotations – that LCs might be manipulating the system – were mitigated by this redistributive element. For David the creditworthiness of the subject was decoupled from the object of the credit score; or, more precisely, that in credit score game the concept of "creditworthiness" was so completely enjoined with credit score that the specific attributes or tactics of the subject playing the game were largely irrelevant.

MK: What would you say if I said that lending circles were set up to help people manipulate the system? People aren't actually changing their creditworthiness but it's improving their credit score by producing a bunch of positive data where there's really not much risk [of producing negative data] involved.

David: I think it's really six of one half a dozen of the other. It's...what do they call the person that graduates last in med school? Doctor. What do they call someone with a 700 credit score? Creditworthy. I mean it's a system that we have set up and it's an arbitrary score and because it's an arbitrary score if you know how to navigate it and play the system then more power to you. You know?

Some of my fellow LC participants felt that what Eisenbeis (2002) described as "manipulation" was exactly what striving financial subjects were supposed to do.

Perhaps the best illustration of this comes from a conversation I had with Elizabeth, a self-described financially savvy person with years of experience running a business and affiliations with LGBT chambers of commerce in eight large American cities. Although Elizabeth expected our LC to increase her credit score she did not feel that her participation affected her creditworthiness in any way. Given that she did not feel as though she had become more financially secure, educated or disciplined, and that there was no real risk associated with participation in our circle, I asked if she felt like she was just manipulating her credit score. Matter-of-factly she answered, “Absolutely....It’s exactly what the system is designed to do. You gotta do something to get [your credit score] back up.”

Conclusion

For so many of my fellow credit builders, LC participation was about performing subject positions that existed at various degrees of separation from what they felt were their “true” subjectivities. Credit building was, contradictorily, a set of alien practices aimed at aligning self-perceptions with financial representations. It was about learning to personify the object of the credit score. The credit score willed what the subject would not will on their own. Subject and object were acting in tandem as a sort of sociofinancial hybrid. Importantly, the character of this hybridity is not stable. It is historically produced, and over the last two decades – especially since 2008 – the tools, mechanism, apparatuses or prostheses that subjects employ to personify the object of the credit score has expanded. The ability provided by organizations like MAF to self-consciously, reflexively and deliberately engage in financial behaviours, removed from immediate consumption or savings goals, intended to affect the calculation of credit score is a new phenomenon whose implications for the financialization of daily life have been little explored. What I have argued is that such means of “manipulation” represents a shift in calculative agency from the creditor to the debtor. But, more importantly, it suggests the emergence of a new arena of distributional financial politics – the circumscribed arena of the “credit score game”. The limited ability of the financially excluded or “invisible” to shape their data doubles to gain access to credit through programs like MAF’s LCs, however, does not challenge the hegemony of finance capital. The current conjuncture has provided groups like MAF with an opportunity to create

positive data where such opportunities did not previously exist. Whether this lacunae will remain open as consumer credit market loosen, only time will tell.

But in the meantime, it is important to remember that empowering non-prime subjects to, in the words of Robert Annibale of CitiBank, “build a financial identity” and provide their own “decision-relevant” information to creditors can be problematic (fieldnotes June 2012). First, giving the poor and the financially excluded the means of conforming to the gaze of the “surveillant assemblage” of banks, credit card companies and the CRAs should not be confused for emancipation from the subjectivizing apparatuses of financial government. Access to the means of positive data production, and the redistribution of calculative agency it implies, comes with costs for excluded groups making claims to credit. First, allowing a broader and deeper view of how one lives, whether the window is opened consensually or not, involves a forfeiture of privacy. Moreover, by opening a window on to informal practices, such as *tandas*, as MAF has, puts such practices at risk of being subsumed by financial logics that may impair the survival of such non-market alternative economies. Second, the trade of data for access imposes a sort of “data tax” on those who have little to offer but their access to their quantified life processes. Increasingly those who cannot pay with money pay for access with their privacy and their information. While this model was pioneered on the web, technologies for quantifying the self are paving the way to a convergence of surveillance, finance and distributional politics. A person who wants to buy a car but has bad credit can now get the loan they need by allowing lenders track and control their movements with so called starter interrupt devices, which allow lenders to remotely disable a car’s ignition (Arnade 2014). Want to lower your car insurance premiums? Let us track your driving patterns by GPS. Can’t afford health insurance? Maybe you can with a new health insurance start-up called Oscar that will give you your own fitness tracker. Oscar will monitor your calories burned, steps taken and hours slept and pay you for your healthful behaviour.

We have entered the age of the quantified, biofinancial subject (French and Kneale 2012) in which more of our lives can be quantified and monetized than ever before. It is a hybrid subject whose agency in calculative processes are more important, more uncertain, or more in need of critical examination.

Chapter 9.

Conclusion: Forging Optimistic Financial Attachments

As we see nowadays in Southeast Asia or the Caribbean, the misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all.

- Joan Robinson (1962: 45) Economic Philosophy

Putting together this collection I often wondered how Robinson's contention about capitalist labour markets might apply to Anglo-American consumer credit markets: is the "misery" of a life spent in debt preferable to a life without credit? While the forms of exploitation that characterize employment relations are not the same as those between lenders and borrowers, the parallels are strong enough to make Robinson's statement worth considering in the context of the main chapters of this thesis. In this brief concluding section I sketch these parallels and consider whether the forms of optimism on which LCs (as well as credit and asset building, more generally) depend are "cruel": Are they cruel in the Berlantian (2011) sense that the forms of attachment to "good-life fantasies" they encourage are an obstacle to the realization of less individualizing, more equitable, less conditional forms of social protection, inclusion and citizenship? I also map out potential directions for future research relating to (i) the role of the local state in reshaping the financial relations in which poor households are embedded, and (ii) how new payment and value-transfer infrastructures are changing the way financial institutions relate to, and make money from, the poor.

The first parallel between labour markets and credit markets I want highlight in Robinson's statement is the way it demarcates a capitalist inside and outside. She divides inside from outside without conflating these relative positions with inclusion and exclusion. The supposedly worse off "outsiders" of Southeast Asia and the Caribbean

are not “excluded” from exploitation, rather, as the passage of time has proven, they existed in a potential state of hyper-exploitation. As I argued in Chapter 2, it makes little sense to think of *homo subprimicus* as excluded, nor does it make sense to think of the “unexploited” worker as excluded from exploitation. To the extent there remain outsiders to capitalism, they are, from the perspective of capital, its Manifest Destiny; outlets for capital’s “need of a constantly expanding market” that “chases” it around the globe (Marx 1954[1848]), into the *terra incognita* of uncharted risk on the edges of the contemporary financial system and into the diverse, non-market spaces of informal economic practices. This begs the question: if such binaries of inclusion and exclusion are inadequate to the ways that risk pricing, profit scoring, and myriad other financial apparatuses increasingly structure the lives of both the “included” and “excluded”, then how else might we think about the issues gestured at and problematized by terms like “financial exclusion” – recognition, citizenship, social control, equality? As I argued in Chapter 2, one approach is to reframe financial “exclusion” as problem of neoliberal governmentality. Once reframed, the political challenge becomes not one of securing financial rights from institutions incapable or unwilling to grant them (financial regulators, banks or credit unions), but one of resisting the individuating forms of self-understanding and practice that financialization promotes. I have found very little to suggest that consumer credit access helps subjects resist processes of individuation, even when access is promoted as a community/collective benefit.

Second, in considering the “benefits” of exploitation for workers and debtors, it is important to consider differences in the ways practical necessities of household reproduction structure relations with bosses versus those with lenders. Both workers and indebted subjects enter into relations with their employers and creditors under conditions of formal equality: in both cases, buyer and seller are equal under the law. A subject can turn down a job or say no to the terms of a loan. We know, however, that in labour markets such *de jure* rights matter little when they must sell their labour power to reproduce themselves. If the worker has nothing else to fall back on, then regardless whether it is freely chosen, exploitation *must* make the worker less miserable, albeit in a very limited sense. Is the same true of debt? Is the social reproduction of the household sufficiently decoupled from financial markets that we can, as the slogans of financial planners promise, “live debt free”? Or, as Joseph (2014) and others argue, has debt

become an “immanent component of social relations”? Is there still an outside where social relations are untouched by indebtedness? Are our everyday lives so firmly embedded in a social formation shaped by financial instruments and logics that it is no longer possible to exempt ourselves from some accounting of our differential creditworthiness if we to reproduce ourselves as more than bare life? For all but a small, and shrinking, privileged few, exemption from such systems of accounting in the Anglo-American world requires the abandonment of conventional good-life fantasies of home, career and family.

Indeed, as MAF reminds us, good credit has become a sort of passport for crossing a seemingly always-proliferating set of borders. Borders between physical territories (i.e. debt-induced migration, immigration fees, deferred action fees, the cost of a coyote), but also more abstract borders that must be crossed to secure a place to live (either to rent or own), an education, a job, a car or even a cellphone. While the fantasies of upward mobility and job security attached to home ownership, entrepreneurialism and a college degree are fraying and in crisis, for most of my fellow credit builders they remain objects of optimistic attachment. For many, credit is an umbilical tether that sustains this attachment. The testimonies of my fellow credit builders attest that access to credit and a better credit score remain sources of optimism, even after, or perhaps because, they have been victimized by predatory lenders. As people who have experienced personal traumas as a part of the broader financial crisis – lost jobs, lost homes, lost business(es), lost health, foregone degrees – participation in an LC, and credit building more generally, helped people to “find progress in their lives” (Perez, see Chapter 6) and (re)identify with the system that hurt them.

As discussed in Chapter 4, access to credit has long been imagined as a necessity of “first-class” citizenship and key to achieving the “good life.” Although access to credit was “democratized” through the 1970s, 80s and 90s, with a concomitant rise in personal debt until 2008, all this access did not allow the newly “financially enfranchised” to build their assets enough to reduce US wealth inequality (Piketty 2014: 349); in fact, wealth inequality has increased, and many formerly excluded groups who began accumulating assets (read: taking out mortgages) in the mid 2000s had them stripped in the crisis, especially black and Latino households, whose median wealth between 2005

and 2009 fell from already low levels by 55% and 66%, respectively (Pew Research 2011). Yet consumer finance remains a productive source of technologies for cultivating optimism and binding the hardships of the poor and their financial subsistence strategies (high-cost and short-term credit, or borrowing from friends and family) to the hope to a better future: “silver rights” (Bryant 2012), economic mobility, social equity, meritocracy, and even, in the case of lending circles, forms of community and social solidarity. If the assurances offered by maintaining a healthy “debt diet” (Chapter 5) or keeping one’s credit score high are dissolving, does that make the forms of optimism these practices engender cruel? If the benchmark for a “cruel” financial technology is the subprime mortgage, which managed to simultaneously extract usurious levels of fees and interest from borrowers while promising the good life and upward mobility based on asset inflation, then most other technologies of financial inclusion are likely borderline cases – ambiguously cruel.

Nearly a decade since the onset of the Great Recession, finance and its allies in government and the charitable sector continue to search for new ways to (re)foster financial connections between a striving precariate and a variety of aspirations, from the nebulous “American dream” to the less lofty “self-sufficiency.” As the LC exemplifies, this search is reshaping relations between individuals and their social networks, communities as well as financial institutions and the state.

Future Directions: Municipal Financial Empowerment and Accumulation by Intermediation

One potential trajectory for the line of inquiry the foregoing chapters have established is to explore the changing role of the local state in relation to low-income groups and consumer financial markets (see Chapter 4). A small but growing number of municipalities in the US have begun to intervene in AFS markets by providing financial counseling and “asset-building” programs to low-income public service users. Described by its supporters as “municipal financial empowerment” (MFE) (NYC 2012), this rearticulation of the role of the local state in relation to consumer financial markets has implications for processes of financial subject formation, urban austerity and urban policy mobilities. Starting with New York City in 2008, US municipalities began passing restrictive zoning ordinances against payday lending, and integrating “financial

empowerment” programming into the delivery of a variety of city services. Advocates of this integration claim financial counselling and education assists “clients” with money management, or with building their credit scores, savings and assets, improves financial decision-making, and reduces dependency on public programs as well as AFS providers. MFE also forges a new connection between urban austerity and financialization by imagining financial empowerment as a “supervitamin” for public programs (NYC 2012). Here the expectation is that financially empowered citizens will make fewer demands of public services to manage personal economic risks, thereby reducing the cost of delivering a variety of services from subsidized housing to prisoner reentry and domestic violence programming. While implemented to address unique conditions in particular cities, each local regime to improve municipal financial health – from New York City to Savannah, Georgia – and produce financially self-sufficient subjects is connected to policy networks that extend beyond the urban scale. The burgeoning literature on urban policy mobilities (McCann 2011), concerned with how policies and best practice models “mutate” as they move across space and time (Temenos and McCann 2013), provides an ideal framework for bringing together extant literatures on urban governance and the financialization of everyday life.

The second direction I hope to take my work is into the “payment space”. As Maurer (2012: 593) explains, the payments industry is based on the conceptualization of payments as a “space” in which market actors compete by creating efficiencies in the transfer of monetary value from agent-to-agent across space and time. While economic geography has been at the forefront of research on the flow of value through commodity chains and global production networks, or among world cities and nation states, it has largely ignored the actors that “conjure value chains in the act of payment” (Maurer 2012: 493). The recent proliferation of “ways to pay” from prepaid debit cards to mobile wallets and crypto-currencies offers a unique route by which to profit from financial inclusion. While not all LMIs have bank accounts or lines of credit, almost all engage in monetary transactions. A convergence of technological and regulatory developments is opening up the space between buyer and seller to competing systems of monetary value transfer. By laying down new “rails” – proprietary infrastructures of value transfer and storage – Apple, Google, PayPal and Amazon as well as incumbents like Visa,

MasterCard and various telecoms (e.g. Safaricom's M-pesa in Kenya) hope to take a cut of as many monetary transactions as possible. This transformation of payment is described by Forbes Magazine (Bertoni 2014) as a "\$15 trillion dollar gold rush" for control of the fees and data flowing from "every [retail] transaction on the planet." While promoted by philanthropies like the Gates Foundation for their potential to create new opportunities to bank the poor, these new payment infrastructures also provide a mechanism for skimming value from sociality itself – from any relation facilitated by the exchange of monetary value. In the "Metropolis and Mental Life", Georg Simmel (2002[1903]: 17) describes how "mere increases...[in] economic, personal and intellectual relations in the city" produce what he called an "unearned increment" of ground rent that accrues indirectly to property owners. While the ability of Simmel's landlords to extract rents from increases in sociality are indirect and hard to quantify, those who lay claim to, and privatize "payments space" hope to reap more direct reward. This rent seeking in payments space is likely to shape accumulation strategies with broad implications for how, where, and from whom value is realized for years to come.

In both these future projects, and in the main chapters of this collection (Chapters 2, 4, 6, and 8), there is a common concern with the role of finance in enabling the continued realization of value in the context of crisis and the diffusion of productive activity away from the familiar disciplinary space of the factory and office. In other words, how is finance implicated in the realization of value in the "social factory" through processes of subjectivization, product innovation, market making and institutional development? The zones in which these financial "fixes" are enacted are financial borderscapes: boundaries between the excluded and included; mainstream and fringe; the subject, the household, and the national scale; individual and their data, the state, nonprofits and financial institutions; buyers and sellers, and so on. This remaking of financial borderscapes pushes economic geography beyond a Harvian focus on spatially *expansionary* "fixes" and toward the ways that markets are spatially reconstituted in the service of accumulation (Christophers 2014).

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Appendix A

ROSCA Participant Survey/Interview Template

This template was used to structure conversations that varied in length and content dramatically. Interviewees were not handed this template or asked to fill it out like a survey. A short survey to collect basic descriptive statistics was collected at the beginning of each interview (though not all participants filled out this survey). This template was used to guide conversation and aid in note taking.

Participant History and Motivations for Participation

Have you ever participated in a lending circle before?

Yes No

If yes:

Where did you participate in this lending circle?

Did you know the other members?

How many members were in the circle(s) that you participated in?

How long did these circles last (how many weeks or months)? What was the typical size of the contribution? How frequently to did you contribute? How frequently did you meet with the other members of the circle?

Was there some form of “interest” or “fee” charged to participants (e.g. conventional interest payments or feast/party responsibilities)?

How was the order of fund disbursement determined? By lot? Was order predetermined by a leader or some other system (e.g. need, seniority)? Or, was order determined on a consensus basis?

Was the circle organized informally (family, friends, coworkers, club members) or formally (i.e. by an agency or business)?

What do you like or dislike about the MAF circles in comparison with other ROSCAs that you have participated in?

Push vs. Pull Factors

Here I want to illuminate the factors that lead people to join a MAF lending circle. Were they attracted by the opportunity of improving their already-viable credit history and the desire for an interest-free loan, or were they pushed by debt, desperation, capital scarcity, etc.

Tell me about how you heard about the LC program and the reasons that you thought improving your credit score, getting a small loan or saving were important at this moment in your life.

Rank the following in order of their importance to you:

- Establishing / improving your relationship with MAF
- Building your credit / improving your credit score
- Saving money
- Borrowing money / accessing interest-free loans
- Community building / Community involvement
- Improving financial discipline
- Recreation
- Other

How do you plan to use the funds that you borrow and save?

I have nothing special in mind. I'll probably use the money the same way I use other income.

I'm only participating to build my credit (*be sure to ask a follow-up question here to learn why credit score improvement is particularly important at this juncture in their life*).

If "saving money" ranked highly....

Given that there is no interest paid in a lending circle, what makes a LC a good way to save money?

Symbolic Capital

I am a creditworthy person. (five-level Likert)

Do you know your credit score?

Yes

No

If yes, was there a particular event/concern/reason that motivated you to find out your exact score?

Do you feel that your credit score is an accurate reflection of your creditworthiness?

Yes

No

Neither

Do you think that credit score is a fair way to decide how much people should pay to borrow money, or whether or not they should be able to borrow money at all?

Yes

No

Neither

Do you think that people with high credit scores have earned the right to pay less for loans?

Yes

No

Sometimes

Do you think that someone's credit score says more about them than just how risky they are in the eyes of lenders, or whether they qualify for a loan?

Yes

No

Neither

What characteristics about you do you think make you more, or less, creditworthy than your credit score suggests (c.f. suss out connections to social capital, or other personal networks)?

Do you feel that participating in the LC has made you a more creditworthy person, or has it simply increased your credit score (Note: Are LCs just "manipulating" the system)?

Yes

No

Neither

If yes, in what ways has participating in a LC made you a more creditworthy person beyond simply improving your credit score? (five-level Likert)

Credit score is a reflection of one's character and personal integrity. (five-level Likert)

Credit score is not a good reflection of personal character, but it's the way the world works, so I have learn how to make my credit score look good so that I make ends meet and succeed economically.

Ignorance of credit score is a privilege of those who can take their financial wellbeing for granted. (five-level Likert)

Cultural Capital

The aim of this section is gain insight into the domestic transmission of cultural (financial) capital and the investment that people are willing to make to compensate for a perceived lack of domestically transmitted cultural (financial) capital.

Do you feel like your country of origin / race / language / ethnicity / sexual orientation / gender put you at a disadvantage when accessing, purchasing or using financial products?

If yes, why? Is this because the financial system is discriminatory or that you have just not been given the same opportunities to acquire knowledge and skill in the use and navigation of the various financial products being offered by financial institutions?

Access to credit at affordable rates is a right? (five-level Likert)

Social Capital and Embeddedness

Are you participating in any other programs with nonprofit, charitable or government agencies? If yes, are you a participant, employee, volunteer, or some combination of these?

Do you participate in other financial education, coaching or self-improvement programs? If yes, what are they, what is the name of the organization(s) running them (MAF, United Way, etc.), and why did you decide participate in the program(s)?

Have you ever participated in a matched savings program (e.g. IDA)? If yes, what did you use the funds for and who was the matching agency (Opportunity Fund, Earn, United Way, etc.)?

Do you feel that participation in a LC provides personal supports and benefits beyond the financial? If yes, how so (e.g. emotional support, sharing of common experiences, etc.)?

Did you know any members of the MAF circle(s) you are participating in or have participated in prior to circle formation? If yes, what is your relationship to those people?

Has participation in a LC affected your relationship with or perception of traditional financial institutions (e.g. banks, credit unions or payday lenders)?

Which of the following statements more closely represents your opinion?

“LCs demonstrate that when people work together they can create alternatives to traditional lenders and become less dependent on for-profit financial companies.”

“Access to financial products from mainstream financial service providers (e.g. banks) is a necessity in present day America. MAF’s LCs help me improve my relationship with mainstream financial service providers and give me access to more of the products and services that they offer.”

How has participation in a LC changed your relationship with the community of other participants (e.g. fellow citizens of Fremont, Hispanic women, the LGBTQ community, etc.)? (five-level Likert)

How has participation in a LC changed your relationship with MAF and other nonprofit service providers and charities (e.g. United Way, Opportunity Fund, EARN, MEDA, etc.)? (five-level Likert)

How has participation in a LC changed your relationship with government agencies (e.g. Social Security Administration, CalWORKs, the City of San Francisco) (five-level Likert: stronger to weaker)? (five-level Likert)

Describe your level of agreement with the following statements:

Forms of social assistance like welfare are a good way to help people in need (five-level Likert).

Matched savings programs are a form of social assistance like welfare (five-level Likert).

Financial councilors and coaches are playing a similar role in people’s lives as social workers (e.g. connecting people with the resources and advice and generally helping people in times of personal distress) (five-level Likert).

Psychology vs. Circumstance

One theory about why people choose to participate in ROSCAs is that they encourage self-discipline. Financial self-discipline has been framed as both a matter of

individual psychology and as a matter of circumstance. Here I want to get a better idea of 1) the value that LC participants place on financial discipline, and what they feel constitutes good financial discipline, 2) whether they feel that LCs assist in the development of financial self-discipline, and if so, how they do so, 3) whether they feel that the need to cultivate a particular form of financial self-discipline is a matter of will power (i.e. overcoming their “money scripts” / individual psychological shortcomings), or a product of circumstances (e.g. lost job, new family, medical issue, lack of other forms of insurance, etc.).

How useful/beneficial/important is it to consciously work to increase your financial discipline (ability to create and stick to a budget)?

Not important at all

The factors that affect my savings, cash flow and expenses are beyond my control. Thinking about every dollar I spend takes up valuable time and stresses me out.

Not important

Creating and sticking to a budget is more trouble than it's worth.

Ambivalent

Becoming more financially disciplined might improve my quality of life or might not – it's 50/50.

Somewhat important

The factors that affect my savings, cash flow and expenses are uncertain, but mostly within my control. I can improve my quality of life by paying closer attention how use my money, and improving my self-control.

Very important

The factors that affect my savings, cash flow and expenses are completely within my control. The more financial self-control I have the better my quality of life will be.

My individual circumstances (job, race, sexual orientation, income, immigration status, etc.) mean that I need to be more financially disciplined than others (five-level Likert).

I am a bad saver and need help to develop good financial habits (five-level Likert).

Participating in a lending circle encourages good financial habits and self-control (five-level Likert).

Appendix B

Descriptive LC Interviewee Statistics

Note: Descriptive statistics only provided for LC interviewees that filled out survey.

US Citizen	sex	Race/Ethnicity	Highest Education	Employment	Income (\$000)	age
Citizen	F	Hispanic	2-Yr college / Prof Degree	Self Employed	40-50	36
Non-Citizen	F	Hispanic	High School	Self Employed	20-30	44
Non-Citizen	F	Hispanic	Grad / Prof	Self Employed	40-50	37
Citizen	F	Hispanic	Less than High School	Self Employed	<10	64
Citizen	F	Asian	2-Yr College	Employed Full Time	30-40	71
Non-Citizen	F	Hispanic	Less than High School	Self Employed	10-20	66
Non-Citizen	F	Hispanic	Some College	Self Employed	30-40	42
	F	Hispanic	Some College	Employed Full Time	40-50	40
Citizen	M	Caucasian	4-Yr College	Employed Full Time	40-50	30
Citizen	F	Black	Some College	Employed Full Time	40-50	47
Non-Citizen	F	Japanese	4-Yr College and graduate /professional degree	Employed Full Time	40-50	31

Citizen	F	African American	4-Yr College and graduate /professional degree	Employed Full Time	40-50	48
	F	Asian / Indian	4-Yr College	Unemployed	<10	46
Citizen	F	White	4-Yr College	Not in Labour Force	40-50	57
Citizen	M	Asian/Pacific Islander	4-Yr College	Not in Labour Force	60-70	47
Non-Citizen	F	African American	Less than High School	Self Employed	<10	53
Non-Citizen	M	African American	4-Yr College	Self Employed	<10	57
Citizen	M		4-Yr College	Self Employed	20-30	61
Citizen	F	White	4-yr College	Not in Labour Force	20-30	61
Citizen	F	White	4-Yr College	Self Employed		
Citizen	F	Chinese	Some College	Self Employed	20-30	56
12/19 Citizens	17/21 Female	7/20 Hispanic		11/21 Self Employed	30 (≈Ave.)	49.7 (Ave)

Appendix C

Lending Circle Documents



Lending Circles Agreement

This is an agreement between MARK KEAR (name of borrower) ("Participant"), SF LGBT CENTER (name of organization) ("Guarantor") and Mission Asset Fund ("MAF") pertaining to Participant's membership in the Lending Circle LAB RATS (name of the lending circle group) ("Lending Circle").

Background and Purpose

A Lending Circle is a common fund established by a group of Participants for the purpose of making and receiving zero interest and zero fee loans. Under this contract, MARK KEAR (name of borrower) is required to make monthly payments of \$ 50 ("Lending Circle Payment"), so that the total amount of money in the pool is \$ 400 ("Loan Total"). MAF's affiliate, MAF, LLC, will lend the "Loan Total" to each Participant based on an order determined by the Lending Circle's Participants. Each Participant will repay the loan within the time agreed to by the Lending Circle Participants through periodic electronic transfers from the Participant's bank account.

Each Participant of the Lending Circle is required to contribute \$ 50 (Lending Circle Payment) per month to the Lending Circle, as payment on a current or future loan. The Loan Amount is equal to the Participants' monthly contributions multiplied by the number of Participants. The Participants of the Lending Circle decide the order in which each Participant will receive the Loan Amount, and how much time the Participants will have to repay their loans. MAF's affiliate, MAF, LLC, will act as the lender. MAF, as loan servicer, will initiate electronic transfers from each Participant's bank account to transfer the Participant's payments to the Lending Circle. MAF will also disperse the Loan Total to each Participant in monthly rotation by initiating an electronic transfer to the Participant's bank account. Guarantor will provide support for the organization and operation of the Lending Circle, and act as Guarantor of the Participants' loans.

Lending Circles Agreement

Participant Agreements

I understand and agree that the Participants of the Lending Circle group must follow certain basic rules to ensure that the Lending Circle can benefit all of its Participants. Therefore I, MARIC IZLAR (name of the borrower), agree that throughout the time I am a Lending Circle Participant:

- I will maintain a checking account at a bank or credit union ("Bank Account").
- I will make payments of \$ 50 (Lending Circle Payment) to the Lending Circle on the 17th day of each month (or on the first business day thereafter.) I will make the Lending Circle Payment through an electronic transfer from my Bank Account to MAF's bank account.
- I appoint MAF to be the loan servicer. As loan servicer, MAF will initiate electronic transfers of borrowed funds from its affiliate, MAF, LLC into Participants' bank accounts. MAF will also collect payments on outstanding loans by initiating electronic transfers from the Participants' bank accounts to MAF's Lending Circle account.
- I authorize MAF to withdraw Lending Circle Payments from my Bank Account and to deposit money I borrow from the Lending Circle directly into my Bank Account. I understand that this authorization will remain in effect until loan is paid in full or if I deliver written notice of its termination to MAF, and give MAF a reasonable opportunity to act on such notice.
- I agree to sign a promissory note through which I will commit to repay the full Loan Total to MAF, LLC.
- I agree to maintain sufficient funds in my Bank Account to cover the monthly payments on any money I borrow from the Lending Circle. I further agree to pay MAF a fee of \$10 dollars every time the funds in my account are insufficient to cover a Lending Circle loan payment when due. I understand that this fee is in addition to the Lending Circle Payment and will not reduce any amount I owe. I acknowledge that any failure to make payments on time could negatively affect my credit report.
- I understand that in the event that I fail to make a payment within 30 days after the Payment Date, the payment will be deemed a Late Payment.
- I understand that if I fail to make two consecutive payments or pay the full balance owed by the final payment date that the loan will be deemed to be in default.

Lending Circles Agreement

- I authorize MAF to access any and all data associated with any electronic funds transfer it is authorized to make under this Agreement.
- I authorize MAF to periodically request and obtain a copy of my credit reports through TransUnion, Experian and/or Equifax.
- ~~I will obtain a social security number or an ITIN if I do not currently have one.~~ *MAF*
- I will inform Guarantor and MAF of any changes to the information I provide below.

I have read this agreement, I understand it, and I agree to it voluntarily.

PARTICIPANT

First Name: MARK
Last Name: KEAR
Social Security Number or ITIN: _____
Address: _____
City, State: Oakland, CA
ZIP: 94609
Signature: _____
Date: 01/19/2012
Bank Name: _____
Account Number: _____
Routing Number (ABA): _____

Guarantor
by (print name and sign): _____
its (title): _____
date: _____

MAF, LLC
by (print name and sign): _____
its (title): _____
date: _____

Promissory Note

\$ 400 [loan total]

City of San Francisco

State of California

01/19/2012 (date)

In consideration for the loan amount to be initiated no later than 02/17/2012 (date of first payment), I, MARK KEAR (name of borrower) ("Borrower"), residing at [redacted]

[redacted] (address of Borrower), agree to pay MAF, LLC, through electronic transfers from my checking account initiated by MAF, LLC's loan servicer Mission Asset Fund, the principal sum of \$ 400 (Loan Total), without interest.

The principal amount due under this Note shall be paid in installments of no less than \$ 50 (Lending Circle Payment amount) payable on the 17th day of each month (or the first business day thereafter), until this Note is paid in full, provided that Borrower will be deemed to be in default if this Note is not paid in full by 09/17/2012 (date of last payment).

Borrower has previously authorized Mission Asset Fund, through Citibank N.A., to initiate electronic fund transfers from [redacted] accounts, and this Promissory Note is the result of that authorization. Borrower agrees to make the payments required by this Note with [redacted]

MAF, LLC may waive any of the terms and conditions of this Note, but no such waiver shall affect or impair its right to require [redacted] it applies [redacted]

In the event that Borrower fails to make any payment by the [redacted] date set forth above, MAF, LLC shall collect a ten dollar fee from Borrower and may, at its option, make the full outstanding balance of Borrower's loan due and payable immediately. In the event the loan evidenced by this Note is not fully repaid by [redacted] recover [redacted]

Promissory Note

Borrower waives presentment for payment, protest, and notice of protest for nonpayment of this Note and waives trial by jury in any action under or relating to this Note. Any notice, other communication, or payment required or permitted hereunder shall be in writing and shall be deemed to have been given on delivery to the address provided in the Lending Circles Agreement.

This Note shall be governed by and construed in accordance with the laws of the State of California.

Borrower

Name: Mark Kumar

Signature: 

Date: 1/19/2012