

Financialization and Everyday International Political Economy: Financial Inclusion\*\*

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Abstract

This paper focuses on how financialization has permeated the everyday lives of ordinary people, particularly poor people in the global South through 'financial inclusion'. The conceptual framework of this paper bridges the concept of financialization with Everyday International Political Economy to study financial inclusion. It argues that financial inclusion is an economic development project where the state is an active agent in facilitating and mobilizing global financial corporations and international organizations, so that the poor embrace and adopt financialization and its financial logic. The financial inclusion project shapes and constructs the identities of the poor to become financial subjects or entrepreneurs who follow financial scripts in their everyday lives. It also argues that the financial inclusion project directs attention away from seeing how markets create inequality, and thereby expands and empowers global finance corporations and global capitalism.

Keywords: financialization, everyday international political economy, financial inclusion

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บทคัดย่อ

บทความศึกษาการขยายบทบาทของทุนนิยมธุรกรรมการเงินในชีวิตประจำวันของคนทั่วไป โดยเฉพาะชีวิตของคนจนในซีกโลกใต้ โดยผ่านนโยบายการเข้าถึงการเงินของคนจน ซึ่งการศึกษามีกรอบความคิดในเรื่องของทุนนิยมธุรกรรมการเงินซึ่งมีความสัมพันธ์กับเศรษฐกิจการเมืองระหว่างประเทศของชีวิตประจำวัน จากการศึกษาพบว่า การเข้าถึงการเงินของคนจนนั้นเป็นนโยบายการพัฒนาเศรษฐกิจที่รัฐมีบทบาทสำคัญในการอำนวยความสะดวกและขับเคลื่อนโดยบรรษัททุนข้ามชาติและองค์กรระหว่างประเทศ นโยบายการเข้าถึงของการเงินของคนจนได้ปรับและสร้างอัตลักษณ์ให้คนจนเป็นนักการเงินหรือนักธุรกิจที่มีแนวคิดในการวางแผนทางด้านธุรกิจการเงินในชีวิตประจำวัน แต่การเข้าถึงนี้เบี่ยงเบนความสนใจไปจากประเด็นที่ว่าตลาดสร้างความไม่เท่าเทียม ดังนั้นนโยบายการเข้าถึงการเงินของคนจนดังกล่าวกลับขยายอำนาจของบรรษัททุนข้ามชาติและทุนนิยมโลก

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Recent decades have witnessed the expansion and growth of financial markets, financial innovations and products in the global economy, and how th

e growth of finance and financial logic have influences on national economic and development policies, the management and strategy of large international corporations and domestic firms, and on the lives of ordinary people (Lai 2018). Scholars have used the term financialization to conceptualize the increasing role and power of finance in contemporary global capitalism (Martin 2002; Epstein 2005; Krippner 2005; Van der Zwan 2014). The concept of financialization emerged with the economic downturn that took place in the advanced economies in the 1970s, when rising energy prices, stagflation, deindustrialization, and unemployment, had led to a shift from Fordist production regime of mass production and consumption to a financial-led capitalism, where accumulation of profit and wealth now derives more from the financial sector, involving investing in assets and trading in stocks, bonds, commodities, and other financial instruments, for instace (Boyer 2000; Harvey 2011). Coupled with the spread of economic neoliberalism, which has anti-welfare state rhetoric, the financial transformation in the advanced economies has pushed ordinary lives to rely on the market instead of public provision of goods and services. Relying on the market means ordinary lives have been turned into investors through financial narratives and practices which emphasize responsible and calculative beings who learn financial management strategies and then invest in savings, pension funds, stock market shares, private health insurance, and assets such as homes in order hedge against the uncertain future (Martin 2002; Langley 2008; Hillig 2019). In short, neoliberal transformation of the welfare state in the advanced economies “led to the emergence of individualized, asset-based welfare” (Gabor and Brooks 2017, 424).

But that was the story of financialization in the advanced economies, which begs the question whether in developing countries and emerging markets, financialization has similarly shaped the states, institutions, and, particularly, ordinary lives in the same way. The answer is no, because it is context-dependent: we need to look at the context within which financialization develops. “Financialization is therefore not a linear process and assumes different forms in developing countries vis-à-vis advanced economies, as well as country-specific forms” (Bonizzi 2013, 85). However, there is no doubt that the Structural Adjustment Programs promoted by the World Bank and International Monetary Fund, and the Washington Consensus have shaped

countries in the global South to adopt neoliberal economic liberalization and financial deregulation. But this is an uneven process; different states set up institutions and enact legislations to accommodate the neoliberal development project at different times and in various ways. In the post-Washington Consensus era, neoliberalism continues to shape the development paradigm, and it is now about “inclusive market” (Mendoza and Thelen 2008).

As for the ‘financialization of daily lives’ in the global South, we hear about how new financial innovations and mobile technology have led the development of the M-Pesa, a mobile money service in which Kenya cooperated with MasterCard to allow the ‘financially excluded,’ or the poor, to have access to financial payment and services (Hughes and Lonie 2007; Cobbett 2015). Financial inclusion and financial technology (fintech) make up the current trend and debates on development in the global South (Mader 2017; Bernards 2019a, Bernards 2019b; Bonizzi 2013). Financial inclusion of the “unbanked” is the “new financial systems targeting the poor” that have been promoted as a major development agenda along the paradigm of “inclusive market” by the World Bank (Gabor and Brooks 2017, 423; Mader 2017, 464), Alliance for Financial Inclusion (AFI), the Bill and Melinda Gates Foundation (BMGF), G20 and the Maya Declaration, and the United Nations Development Program (UNDP) (Gabor and Brooks 2017, 423; Soederbeg 2013, 598). What we are witnessing in the fintech era is that financial inclusion as a development project requires cooperation among “state institutions, international development organizations, philanthropic investment, and fintech companies” (Gabor and Brooks 2017, 423). This becomes known as the “fintech-philanthropy-development nexus.” (Mader 2017, 462)

This paper focuses on how financialization has encroached and permeated the everyday lives of ordinary people, particularly poor people, in the global South through the financial inclusion project. The paper is interested in looking at how the everyday lives of poor people in the global South are connected to global finance and global capitalism. In answering the question, the conceptual framework of this paper bridges the approach of financialization with that of Everyday International Political Economy (EIPE) to study the financial inclusion project of the poor. Both financialization as a concept and EIPE approach borrow from the Everyday Life literature. Social theorists who wrote about **everyday life** include Henri Lefebvre (Lefebvre 1971; Lefebvre 1991) and Michel Foucault (1980). The **everyday life** is associated with Foucault’s concept of governmentality and the logic of discipline. EIPE also draws on the concept of

**everyday politics** from scholars who work in anthropology and politics, such as James Scott (1985). **Everyday politics** is linked to **logic of actions** within which resistance (by the weak, non-elite, or the poor) is located. While **everyday politics** is the site for **action**, change, resistance, rupture, and emancipation, the **everyday life/logic of discipline** is where non-elites conform to the norm and financial scripts and becomes financial subjects who drive the economy (Hobson and Seabrooke 2009, 295-306). EIKE approach asks how everyday decisions and actions on spending, buying, investing, borrowing and saving by the ordinary people of all walks of life transform the global economy (Hobson and Seabrooke 2007, 1).

Financial inclusion, I argue, is viewed as an economic development project where the state is an active agent in facilitating and mobilizing global financial corporations, domestic institutions, and the poor to enact and embrace financialization and its financial logic. The state works together with a network of international organizations, financial technology (fintech), and philanthropy in developing a financial system and services for the poor in the name of development as 'inclusion.' The financial inclusion project shapes and constructs the identities of the everyday poor to become financial subjects who follow financial logic and its scripts, but the financial subjects in the global South are imagined differently from those in the global North, and, thus, financial literacy becomes imperative in the construction of financial subjects among the poor in the global South. I also argue that the financial inclusion project directs attention away from seeing how markets create inequality, and FI extends the neoliberal development project and expands as well as empowers global finance corporations and global capitalism.

The outline for this paper is as follows: the first part discusses how scholars define the concept of financialization. For this paper, financialization is about the "new arena for financial accumulation" (Clapp and Isakson 2018, 438); new business strategy for firm – shareholder value; and the impact on the everyday life (Van der Zwan 2014). Financialization of the everyday life is also about embracing financial logics – credit, risk management, and speculation (Davies 2014, 387). The second part is on the Everyday International Political Economy approach. EIKE is divided into two tracks: the **everyday life** which follows the **logic of discipline**, and the **everyday politics** which emphasizes **the logic of action**. EIKE is included because it focuses on everyday poor and the financial markets, particularly financial inclusion. In the third part, I trace the development of financial inclusion: how it was rebranded from microcredit, and how FI is different

from microcredit. In this part, I also show cooperation among state, international organizations, the Alliance of Financial Inclusion (AFI), Bill and Melinda Gates Foundation, financial technology (fintech), expand the “inclusive markets” and construct a new identity of the poor as financial subject. I also show how AFI obscures from financial inclusion the debate on how markets generate inequality. The last part is the conclusion where I discuss the implication of financial inclusion and fintech in turning the poor into new financial assets from which the financial market can make more profit from the digital footprints and big data that the poor generated.

What is financialization?

Scholars have conceptualized and defined financialization in various ways. For Gerald Epstein, financialization is “the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of domestic and international economies” (Epstein 2005, 3). Greta Krippner defines financialization as a “pattern of accumulation in which profits accrue primarily through financial channels” (Krippner 2005, 174). But these definitions are descriptive. Natascha van der Zwan summarizes the concept of financialization into three distinct forms: along the transformation at the macro-level where the new regime for accumulation shifts to the financial sector; the meso-level of firms’ strategy and management where the new concept of share-holder value becomes prominent; and the micro-level of social daily life. I will summarize the three concepts but focus especially on the last one on the financialization of the everyday life.

Scholars have conceptualized financialization as a new arena for accumulation. Accumulation scholars think that when the hegemony of the U.S. was in crisis in the 1970s, there was a shift to finance as a new area for accumulation. Since the 1970s it was more profitable to invest in the financial market than in the productive market. Due to increased international competition, and high energy prices, non-financial firms of the advanced economies moved production overseas to save costs. Non-financial corporations did not reinvest their profits in the production sector as before, and instead they “distributed to shareholders or used for the purchase of financial products” (Van der Zwan 2014, 104). This marked a shift from Fordist production regimes to a new accumulation regime in financial sector. Non-financial corporations were gaining more profits from investing in the financial sector than investing in the productive sector through dividends and capital gains (Arrighi 1994; Krippner 2005).

The second form of financialization is the concept of shareholder value which has been prioritized by firms over other forms of management (Lazonick and O'Sullivan 2000). During the 1970s, U.S. firms confronted slow economic growth, high inflation and international competition, and consequently firms were not making a lot of profits. Company owners thought that managers were not doing enough to improve the company's profit. Since the 1980s the shareholder value has become the dominant "conception of control" among corporate managers and owners (Fligstein and Shin 2007). "This idea suggested that managers needed to pay more attention to increasing the returns on the assets of the firm in order to increase the value of those assets to shareholders and less attention to other constituencies, such as employees and communities" (Fligstein and Shin 2007, 399-400). Put simply, the primary function of firms now is to generate profits for shareholders and not benefits to stakeholders such as employees, thus making corporate managers focus on financial returns on investment. To create incentives for corporate managers/CEOs to maximize the value of the shares in the stock market, their remuneration is tied to stock and not to salaries. Their incomes and bonuses, taken together, has risen exponentially. Executives are "earning several hundred times more than the average workers" (Van der Zwan 2014, 109.)

The third concept of financialization concerns "the encroachment of finance into the realms of everyday life" (Van der Zwan 2014, 111). Financial services and products are made more available to people who previously did not have access to them, such as the poor and the 'unbank' through the concept of democratization of finance. Financialization of the everyday life involves "making financial capitalism through specific narratives and discourses that emphasize individual responsibility alongside risk-taking and calculative assessment in the management" (Van der Zwan 2014, 111). With cutbacks in welfare provisions in the advanced economies, people have to rely on themselves, and be responsible for their well-being and their future. It is not hard to imagine that situation: cuts in public provisions mean that one cannot get free education or health care anymore, and as a result, one either has to save money or borrow money for one's own education and health insurance. Should one delay going to school now and work or should one just borrow money and invest in human capital in order to acquire knowledge and skills to increase one's value for future employment? One has to become more calculative about one's well-being and future.

Financialization refers to the insert of 'financial logic' into more and more areas of social and economic life. Financial logic involves "extending of credit, distributing risk, and making money from money" (Davies 2014, 386). Extension of credit is about borrowing; distribution of risk is about hedging against future uncertainty and hard times by buying insurance; and making money from money is about speculation or investing in propriety assets. It is not that hard to imagine life under neoliberal policy where social welfare has been attacked and rolled back. Neoliberal policy that led to the retrenchment of the welfare state is also a factor in the expansion of finance into the areas of economic and social life. Shelter, education, and health have become more dependent on the financial market. With cuts in social provisions, it means individuals have to become more responsible for their future financial security through demand for more financial services and credit to replace the social provisions. As people in the U.S. and Europe wanted to maintain their living standards, they borrowed even more, leading to debt-financed consumption (Hyman 2012). They have to rely on credit access to invest in housing, education, health, and consumption, and financial innovations and services expanded even more as a result.

Neoliberal policy of financial liberalization and deregulation fuels the growth of financial industries and "reified financialization as the ideal technique of governance" (Lai 2018, 611). Financialization of the everyday focuses on the "discourses of risk-taking and self-management" and the formation of "financial subject" or "investor" subject" (Langley 2008; Van der Zwan 2014, 112; Lai 2018). Scholars draw from "Foucault's notion of governmentality – how states regulate behavior 'at a distance' through discursive productions of knowledge and techniques of self-government that motivate subjects to ascribe voluntarily to self-disciplinary ways in order to achieve 'rationality' " (Lai 2018, 616). "Financial planning becomes a form of biopower whereby investor subjects are mobilized to plan, calculate, and invest wisely to fulfill and secure their future well-being" (Lai 2018, 616). In short, neoliberal policy, discourses on risk taking and self-management frame people to be responsible subjects who are expected to take care of themselves, their own financial security and welfare.

As lives and their futures are more engaged with the financial markets, individuals become vulnerable to fluctuations in the financial market and financial instability. Financial education is then imperative for individuals' financial decision-making, management, and responsibility for



one's own future in the neoliberal financial capital era. "Through the discourse of 'personal responsibility' and 'self-sufficiency' produced by the state-sponsored financial literacy programs, individuals are normalized as responsible for their own financial well-being" (Lai 2018, 616). The idea of financial literacy puts the responsibility on the individuals to manage their own risks and their financial futures, and it "sideline[s] socio-economic causes and the system factors that underpin financial market instability." (Santos 2017, 418). Put simply, if one fails to take care of one's own financial investment, then the blame is on one for not educating oneself and not knowing how to manage risk. The blame is never on the structure of financial capitalism; the blame is always on the individual for not knowing how to spread risk and make prudent investment. To understand how individuals internalize financial ideas and become "savvy financial actors, judiciously managing [their] material and immaterial assets in a world without guarantees," we have to understand how financialization influences and transforms culture and social life (Haiven 2014, 4). One of the approaches to understand how finance permeates everyday life is through the lenses of the cultural political economy approach, which is not discussed in this paper, and the financialization of everyday life approach.

In short, the financialization of everyday life approach draws on the concept of governmentality, which emphasizes that power is exercised by establishing the environment, conditions and discourse leading individuals to discipline themselves. Individuals conform to the constructed norms. For example, discourses (e.g. policy discourses) and calculative tools (e.g. private pension) construct individuals as entrepreneurs who absorb investor identities. Foucault's governmentality also inspired EIPE, particularly through the **logic of discipline** in the **everyday life**. This is where financialization of everyday life overlaps with EIPE, which is discussed in the next section.

#### Everyday International Political Economy (EIPE)

International Political Economy (IPE) has turned to the everyday life to analyze how ordinary people, particularly non-elites, can transform the global economy. EIPE is a bottom-up approach to study IPE, and its governing question is "who acts and how their actions enable change" in the global economy (Hobson and Seabrooke 2009, 291). EIPE has two variants: **everyday life** and **everyday politics**. The **everyday life** is about the **logic of discipline** while **everyday politics** is about the **logic of action**. To understand the everyday life approaches is to

“understand how our world is constructed, who holds power, and who transforms political and economic environments, common assumptions must be challenged and de-naturalized” (Hobson and Seabrooke 2009, 295). EIPE “breaks away from the theoretical assumptions about social behavior and interactions” (Silva 2018). Hobson and Seabrooke concentrate more on **everyday politics** because they think that the **logic of action** is where resistance and change are located. In other words, “everyday politics confronts the global in the guises of the ‘weapons of the weak’ in trade unions, peasant organizations, and the like” (Davies 2016, 25). They think that the bottom-up approach to change in the global economy is located in “defiance,” “mimetic challenge and hybridized mimicry,” and “axiorationality” (Hobson and Seabrooke 2009, 301-303). Before I explain **everyday politics/the logic of action** and its conception of change, I will first explain **everyday life/the logic of discipline**.

The logic of discipline is based on the concept of governmentality, similarly to the aforementioned financialization of everyday life. Employing a governmentality approach is helpful for showing how individuals adapt their behaviors according to constructed norms. For Foucault, there are “two mechanisms operating as power technologies: a disciplinary mechanism (normation) and a regulatory mechanism (normalization)” (Hillig 2019, 1462). The disciplinary mechanism operates on the individual while regulatory mechanism concentrates on the population. Starting from norm, the disciplinary mechanism defines what is normal and abnormal, and it tries “to get people to conform to the norm with the help of individual measures such as surveillance and punishment.” (Hillig 2019, 1462). This is normation for Foucault. The “disciplinary technology of labor” is about assigning workers some tasks and about making sure that workers work on it productively by monitoring and supervision. (Hillig 2019, 1462). The regulatory mechanism is the “massifying effects” that involves the population and not just individuals. “This is not a binary distinction between normal and abnormal: there are different levels of ‘normalities’ where ‘the operation of normalization consists in establishing an interplay between these different distributions or normality and [in] acting to bring the most unfavorable in line with the more favorable” (Foucault 2004, 91). This is what Foucault refers to as normalization. “Normation with a focus on individualizing effects (e.g. disciplinary technology of labor) and normalization with focus on massifying effects (e.g. saving norms) construct an overall norm – for example, the norm of asset ownership” (Hillig 2019, 1462). The asset ownership norm in the U.S. and the U.K. is internalized by individuals, leading them to disciplining themselves. But not everyone in society

will follow the norms, and Foucault emphasizes resistances being “present everywhere in the power network” (Foucault 1978, 95). Aspects of resistance by the non-elites is discussed next in relation to **everyday politics/the logic of action**.

Hobson and Seabrook define “everyday actions as acts by those who are subordinate within a broader power relationship but, whether through negotiation, resistance or non-resistance – either incrementally or suddenly – shape, constitute, and transform the political and economic environments around and beyond them” (Hobson and Seabrook 2009, 301). EIPE looks at the interactions between non-elites and elites to see how incremental changes take place. EIPE looks at “defiance,” “mimetic challenge and hybridized mimicry,” and “axiorationality” as a source of ‘bottom-up’ change.” (Davies 2016, 25)

Defiance can be in many forms. Overt defiance is how the non-elites resist the elites’ coercion. Strikes and walkouts can be examples of overt defiance. However, subtle forms of defiance according to the everyday politics literature include “form of verbal taunts, subversive stories, rumors, ‘sly civility, and so on” (Hobson and Seabrooke 2009, 300). The second concept, mimetic challenge, comes close to James Scott’s ‘weapons of the weak.’ This is when the non-elites adopt the elites’ discourse or characteristics, and use it for their own “subversive agenda, such as “the strategies of colonial resistance movements during decolonization” (Hobson and Seabrooke 2009, 302). The third category of bottom-up change is ‘axiorationality,’ which they define as:

“...a habit informed, reason-guided behavior within which an actor still retains a concept of interest. Axiorational behavior is aimed neither at purely instrumental goals nor purely value-oriented goals. Rather, it refers to a situation where an actor uses reason to reflect upon conventions and norms, as well as the interests they inform, and then choose to act in ways which are in accordance with broader intersubjective understandings of what is socially legitimate.” (Hobson and Seabrooke 2009, 302)

Axiorationality allows the agency of the non-elites to be informed by reason and habit, and not be a purely rational actor, as assumed by mainstream IPE. But “axiorationality is not a form of resistance” (Hobson and Seabrook 2009, 304). Thus, this third category of bottom-up change reflects closely the everyday life experiences of the non-elites. Some of them followed the norms, behaving according the logic of discipline, and become investor subjects. But some have resisted

and “opted out of individualized retirement schemes or have shown a general preference for risk-averse behavior in ways that goes beyond just fear.” (Van der Zwan 2014, 113).

Most case studies on the financialization approach and EIPE are from advanced economies (Martin 2002; Langley 2008; Hillig 2019). However, we are seeing more studies of financialization of the everyday life in developing economics and emerging markets as the concept of financial inclusion becomes prominent in global development. Financial inclusion has been embraced by international development organizations and the G20 since 2008. I will discuss financial inclusion as a global development trend in the next section.

What is Financial Inclusion?

Financial inclusion (FI) is a rebranding of microfinance that took center stage in the global development agenda since 2008. The World Bank, the G20, the Bill & Melinda Gates Foundation, Citibank, MasterCard, and many others, led the way in pushing financial inclusion in the global development agenda. FI becomes a “policy tool that promotes growth and stability while reducing poverty” (Soederberg 2013, 593). FI strategies are the extension of microfinance but involve more private sectors and the loans can be used for production as well as consumption. Microfinance, having gained popularity in the 1990s, involves small, short-term loans granted mainly to women. Microfinance was a neoliberal market-based solution to solve the poverty problem by providing small loans to the poor to produce goods and sell them in the market. But microfinance failed at turning the poor into entrepreneurs. Now microfinance has been rebranded with a new name, financial inclusion, this being the current neoliberal development project for the financially excluded and the ‘unbank’ of the global South. FI is how the everyday poor in the global South is connected to global finance.

In this section, I trace the development of financial inclusion: how it was rebranded from microcredit, and how it is different from microcredit. Then I will discuss the fintech-philanthropy-development nexus to show how the poor in the global South are connected to the global economy. I will also point out the role of the state in cooperating with international development organizations, fintech companies and philanthropic organizations to motivate the poor to embrace the financial inclusion project. In the last part, I will discuss how the financial inclusion project is a continuation of the neoliberal development agenda that expands and empowers financial

markets. I also emphasize that we need to know about finance and financialization in order to understand financial narratives and argue against them.

Financial inclusion provides the analytical lens to understand the connection and relations between financialization and the poor. In advance economies, the concept of democratization of finance means expanding financial services and credit access to the previously financial excluded group. Financial exclusion was studied to explore how bank and financial institutions discriminate against the poor or minority groups and refuse to provide loans or even to allow them to open bank accounts, hence unbanking them. It required state action, legislation, and public-private partnerships to persuade banks to allow the poor have access to financial services. Financial inclusion of the poor in the U.S. did not happen until the 1970s. “By the late 2000s, FI had travelled across borders to anchor a new, finance-based, development paradigm” (Gabor and Brooks 2017, 426). It is not surprising that financial inclusion has been promoted globally at the time when there was a financial crisis in the US with the subprime mortgage meltdown. This is how the financial sector goes after wealth accumulation in the untapped markets of the global South.

Financial inclusion is a rebranded-microfinance project, but it has “a far broader range of financial products and providers” (Gabor and Brooks 2017, 423; Soederberg 2013). In other words, FI involves more than microfinance institutions. Microfinance and microfinancial institutions (MFIs) came under attacks for mismanagement and even corruption (Hickel 2016). Microfinance came under scrutinies and attacks for charging high interest rates, on average around 35 per cent in 2011 according to **The Economist** (The Economist 2014). The high interest rates on microloans had led to over-indebtedness (Guérin et al. 2015), making the impact of financial access on development doubtful. Moreover, microfinance has been criticized for not empowering women as it had been planned to do (Fraser 2009). Microloans were used in consumption instead of starting a business as intended. (Guérin et al. 2015). Consequently, the poor struggled to make repayments. Defaults on loans were high too as borrowers thought that MFIs were “unjust or exploitative” (Hickel 2016). Microfinance’s reputation worsened when poor people with a lot of debt and could not pay back loans decided to commit suicide (AP 2012).

However, microfinance was renamed as financial inclusion, which combines finance with the discourse of social inclusion to address previous injustices:

“The program of financial inclusion represents a proposal to address the immense social, political and economic injustices suffered over several decades of unmitigated debt accumulation. However, the idea of financial inclusion is “paradoxical” because “it addresses the social costs of financialization by facilitating even more extensive debt relationships and a further commodification of livelihoods in the global South” (Mader 2017, 462).

And yet, the way financial inclusion has been embraced and mobilized by international development organizations, fintech companies, and philanthropic organizations indicates a willingness to overlook the ‘paradoxical’ aspect of how markets create inequality. New financial innovations and technology allow the poor who have never opened a bank account or had access to formal financial services to have access to credit and financial services. Financial technology and the use of mobile phones have been promoted by government and global credit card companies, such as MasterCard, in the case of M-Pesa in Kenya.

By 2011, the FI agenda in international development has led to the formation of the Alliance for Financial Inclusion (AFI), “a network of policy-makers and regulators from 90 developing countries...with the funding from the Bill and Melinda Gates Foundation (BMGF) and endorsement from the G20.” (Gabor and Brooks 2017, 423). The Maya Declaration, based on G20 Principles for Innovative Financial Inclusion, was signed in 2011. It is a set of voluntary guidelines aimed at expanding financial inclusion. “Around 80 countries, which represent over 75% of the world’s unbanked population” signed the Maya Declaration (Soederberg 2013, 599). AFI claims, “the critical importance of financial inclusion to empowering and transforming the lives of all our people, especially the poor, its role in improving national and global financial stability and integrity and its essential contribution to strong and inclusive growth” (Alliance for Financial Inclusion 2015, 37). The World Bank promotes ‘inclusive growth,’ because, it claims, “lack of access to finance can be critical for generating persistent income inequality or poverty traps, as well as low growth (World Bank 2014, 3). When AFI and the World Bank frames inclusion as a way out of ‘poverty’ for the poor and ‘low growth’, they give much legitimacy to financial inclusion as a development project, and refrain from discussing how financial markets creates instability and inequality.

There are two reasons for the rapid rise of FI as a development cooperation model. The first one is the extension of the neoliberal project through the spread of financial-led capitalism to

accumulate more profits in the global South. “Poverty is understood as a new frontier for profit-making and accumulation” (Gabor and Brooks 2017, 424). The second one is that the convergence of philanthropic development and fintech or the philanthropy-fintech-development nexus could reap even more profits from the digital footprints and the big data that financial inclusion of the ‘unbank’ would generate.

Working closely with the fintech-philanthropy-development nexus, state institutions are “making governable subjects more legible to the state” (Gabor and Brooks 2017, 430), and the new data and digital footprint becomes the new frontier for accumulation. The ‘unbank’ and the poor in the global South are “constructed more likely to make mistakes, either because they are irrational or because they suffer from cognitive limitations” (Gabor and Brooks 2017, 431). The state, then, has to provide them with financial literacy to direct them to behave according to the logics of finance. The state can “channel individual behavior” through the use of financial education and surveillance (Gabor and Brooks 2017, 431). Thus, FI can be thought of as a new form of governmentality.

According to Soederberg, there are several problems with the G20 Principles and the Maya Declaration. The first problem is that “aspect in the G20 Principles is a historical and apolitical represent of financial inclusion” (Soederberg 2013, 599). It is “ahistorical” and “apolitical” in the sense that financial inclusion agenda ignores the history of indebtedness caused by microfinance programs, and the voices of the poor who have been exploited by microcredit schemes. In other words, FI agenda hides the power relations between the financial elites and those impoverished poor borrowers. FI is the continuation of the neoliberal development policy that only enriches the elites at the expense of the poor. The second problem is that there is no transnational regulation on financial inclusion: that is, there is no framework that governs relations between the power of creditor and debtor. (Soederberg 2013, 599). FI, thus, shifts the risks to the poor themselves and to the global South. In addition, financial inclusion misleadingly frames the problem of poverty as the result of lacking credit access, ignoring the intersections of poverty with the social and economic transformations under capitalism.

## Conclusion

In conclusion, the paper asks the question how the everyday life of poor people in the global South is related to global finance. We do not usually think about poor people when it comes to global finance. We think about states, international organizations, international corporations, the finance and banking industry, and sometimes global NGOs on development issues. We need to consider more than just elite actors in the global economy because ordinary lives of non-elite actors play a crucial role in the transformation of the global economy as well. The conceptual frameworks used to study the poor, non-elites, and the unbanked and their relations to the global economy are the financialization and EIPe approaches. Everyday literature has inspired both financialization and EIPe. Financialization has transformed the everyday practices and lives of ordinary people to embrace the logic of finance; restructured firms to respond to shareholders; transformed the global economy and opened up a new area for accumulation. EIPe uses the concept of **everyday life** and **everyday politics** to analyze how non-elites' actions and their interactions with elites can transform the global economy. EIPe puts more emphasis on **everyday politics** because it is where acts of resistance, such as defiance, mimetic challenge, and axiorationality, can bring about change and open up space for emancipation by the non-elites.

Financial markets have expanded to include the poor and the 'unbank' of the global South. The poor in the global South are now connected to global finance through the financial inclusion project which becomes a model of development embraced by international development organizations, philanthropic organizations and fintech companies. The poor are also connected to global capitalism via their mobile phones and fintech. They might have access to financial services and credit now, but that comes with the price, too, of being under surveillance, and being susceptible to excessive debt and to financial market volatility. The way AFI and international development organizations promote and frame financial inclusion as a path to economic growth through the inclusive market agenda obscures the debate on how the financial market itself creates instability and inequality. The poor are not the ones who gain the most value from being in the FI project. Instead, global financial companies, fintech companies, and philanthropic foundations will enrich themselves from FI. Note well also that without the state cooperating with international development organizations and the fintech-philanthropy-development nexus in the first place, FI would not have taken place. I agree with Soederberg that "G20 financial inclusion agenda is not a neutral project, but one that is part of longer, neoliberal-led development strategies aimed at promoting increased integration and constructing the dependence of the poor



in the global South on private capital flows.” (Soederberg 2013, 609). Through mobile phones and fintech, and the public-private cooperation, the state has made the ‘unbank’ become ‘legible’ in the FI project (Scott 1998, 2-3, 183-184). The digital footprints of the ‘unbank’ and the poor and the big data that they generate will be the new arena for accumulation. The state provides financial education to the poor for them to act and conform to the financial logic. When the poor fail at financial and risk management, the blame is on themselves and not on the structure of the financial system where the fintech companies, philanthropists, banks and global credit card companies enrich themselves.

Studying the concept of financialization is important not only to know the impact of finance on the structure of the global economy, the national economy and development, firm strategy and organization as well as the lives of ordinary people, but also to examine the financial narratives or explanations in order to understand the biases in their stories and in turn be able to argue back at them. In order to avoid the situation where we are made silent by their narratives and say ‘it’s the natural force of the market,’ or ‘price fluctuations due to supply and demand in the commodities market,’ we need to shorten the “distance” between the financial narratives and our knowledge on finance (Clapp 2014, 799-800). We need to know about finance and financialization in order to resist the power of finance. Even though financial inclusion has been embraced by the international development organizations, one must realize that inclusion does not translate into equality.

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