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Panel Proposal

The Financialization of Everyday Life in Vietnam

Convenors

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Panel Abstract
In recent years, it is impossible not to notice the growing level at which the everyday life of ordinary Vietnamese people has become financialized. Consumer loans, private insurance of all kinds, including life insurance, app-based credits, stock markets, are suddenly everywhere to be found. Not long ago, one even heard of the launch of a state-approved private pension offer by a financial investment company. Not only have financial products and their intermediaries but also their associated logics of risk-taking, risk management, and self-enterprise entered everyday life and discourses of most people. No longer targeting only high-income and moneyed people, national and transnational financial institutions now extend their reach to low-income groups such as migrant workers or farmers, who have until recently little exposed to their operations. Indeed, it seems that the aspirations of low-income people for financial control of their life and their lack of social protection are providing the very opportunities for some financial actors, such as predatory lenders or betting platforms, to cash in. During the pandemic, this has helped to increase the indebtedness and destitution that already occurred to many due to the loss of livelihoods and employment.

This panel explores the ongoing political economic and social processes that are occurring as part of the increasing financialization of everyday life in Vietnam through the practices, motivations and operative logics of financial actors and ordinary people. We present ethnographic studies of life insurance sellers, debt collectors, migrant workers and others at work in their engagement with financial activities and rationalities. They indicate the ways in which financialization is enabled by the interaction between the de-responsibilization of the state, discourses that promote self-responsibility and self-entrepreuneurism as the pathways to wellbeing and development, and people's aspirations to become part of the (modern) financialized world. On another level, we show how financial institutions work through local social networks and relations in order to expand while feeding on their logics of care and gift-exchange to make profits. Everyday financialization, we argue, has significant implications for social relationships, moral subjectivities and the future wellbeing of ordinary people.

Discussant
Alison Truitt, Tulane University, United States

Papers

The Enterprising Self of Market Socialism: Life Insurance Agents in Rural Central Vietnam

Minh Nguyen, Bielefeld University

Within the last decade, global and national insurance corporations have made household names in the remotest and poorest localities in Vietnam. The industry actively mobilizes kinship practices, local relationships and the state-sponsored notions of entrepreneurship and self-responsibility to recruit local people into its sale networks as sales agents or customers, depending on their social positions. The sales agents' practices and the meanings they attach to their actions indicate the rise of an enterprising self for which self and social relationships hold the potential for profit-making. These, however, have to be cultivated and sustained through the language and acts of care, reciprocity and belonging that must naturally occur in their interactions with potential customers. The best agents are thus not just those who successfully present themselves as trustworthy and understanding of other people's needs, but must also be real believers in the merits of life insurance as a modern form of care through helping people to deal with risks and uncertainty in a disciplined way. The insurance sales agent is indeed a creature of the new economy, where the mandate to be self-entrepreneurial and self-responsible sits alongside with that to be a socially and collectively spirited person. This paper uses the figure of the life insurance agent to analyze the ramifications of the enterprising self under market socialism. For this particular form of personhood, I argue, "technologies of the self" are fashioned within a "structure of feelings" that combines the entrepreneurial ethos of the new economy with the values of socialism and deeper-seated moral ideas of the self.

Consumer Finance and Debt Collection in Vietnam: The Ambivalence of Institutional Informality

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Vietnam is experiencing a consumer finance boom. This recent development raises an interesting paradox. On the one hand, the state and financial actors promote consumer finance as a tool to consolidate financial institutions, depersonalize credit relations, and eradicate an 'archaic' but persistent informal sector typified by 'black credit' moneylending gangs and personalized credit relationships. On the other hand, banks and financial companies (fincos) involve borrowers' relatives, friends and employers in private credit transactions. Moreover, fincos hire aggressive collectors connected to black credit gangs to collect arrears. This paradox reveals an ambivalence of the consumer finance sector whereby formal lenders use collection practices that they lambaste for being informal and abusive when used by moneylenders.

This article argues that the implementation of these practices in the face of political narratives and regulatory efforts to eliminate them both supports and subverts the development of consumer finance. By turning borrowers' familial and social networks into co-debtors and hiring controversial collectors, banks and fincos fulfil two goals: they comply with stringent regulations on non-performing-loan and limit credit risk in a country where 70 percent of the population is unbanked but keen to take consumer loans. At the same time, however, lenders create social discontent and erode public trust in consumer finance, thus restraining credit growth. This ambivalence is characteristic of transitional and emerging societies where formal rules and laws are desynchronized and underenforced with informal norms and practices.

Here, informal collection practices resist articulation in dominant discourses and persist as a way of ‘getting things done’ (Ledenova 2006, 2018).
This argument contributes to debates about the mechanics of informal influence on the emergence and shaping of formal institutions, and the creation of adaptive and resilient strategies off established rules to deal with market failure. It makes a unique contribution to debates about informal practices described as an outcome of individual agents’ handling of formal rules and informal norms by showing that financial institutions carry similar practices despite being illegal and controversial.
Data for this article comes from in-depth interviews conducted with 60 informants from Hanoi and Ho Chi Minh City. The convenience sample comprises 30 bankers working for public banks, joint-stock commercial banks, financial companies and fintech start-ups, and 30 borrowers who took consumer loans – cash loans and instalment plans mainly – from formal lenders.

Betting on the Future: Financial Activities by Migrant Factory Workers in Vietnam
Minh Ngoc Luong, Bielefeld University

This paper focuses on the questions of why and how migrant workers in Vietnam engage in financial transactions and the relationship of their current financial activities to their long-term welfare. The first explanation for the workers’ financial engagement can be traced to the changing welfare context of Vietnam. On the one hand, the Vietnamese state still upholds its socialist ideology of a “for the people” (*vì dân*) state, which in the last decade has translated into a basic universal welfare scheme that offers either pay-as-you-go or means-tested social protection. On the other hand, the state promotes a new discourse emphasizing personal and familiar responsibilities in ensuring wellbeing. The combination of thin social protection with a greater emphasis on self-responsibility has paved the way for privatization of health, education and other social services in practice.
With barely liveable wages, migrant workers who tend to work in the factories for a limited number of few years hardly find in state welfare suitable forms of social protection. They, therefore, turn to financialised solutions that are becoming widespread, ranging from loans from commercial banks, online investment app or black-market credit. Secondly, workers’ greater range of financial activities is facilitated by the emergence of various financial institutions on the ground who are actively extending their reach among low-income and little protected groups.
Migrants can easily get a medium to big loan with their own company’s partner banks. Online financial apps and offline lending services can be easily reached with a tap on the smart phone. Meanwhile, these financial institutions exploit existing social network for expansion: co-workers and former workers are hired to recruit new members in exchange for commission, thus helping to quickly increase participation. Credit staff members are available at all times to help customers to receive loans within minutes. These mechanisms are promoted as supporting workers to follow their dreams of a prosperous and secure future. In practice, they put them at a high level of risks that might destabilize the prospects of their long-term welfare.