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Singapore | 28 May 2021

Lending Apps in Vietnam: Facebook Groups Offer Guidance, Comfort and Contentment to Borrowers in Jeopardy

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Digital subprime lending is a thriving new market, and dozens of lending apps are available for download on smartphones. In this picture, a shopkeeper uses his mobile phone while waiting for customers in Hanoi on June 16, 2020. Photo by Nhạc NGUYEN, AFP.

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EXECUTIVE SUMMARY

- Vietnam's digital subprime lending industry is rapidly growing amidst public concern for reckless lending and aggressive and unregulated debt collection practices.
- Disgruntled, harassed and vengeful digital borrowers express their discontent about predatory lending apps on social media platforms including Facebook groups.
- These Facebook groups function as:
 - forums where members coalesce for guidance on navigating the expanding and labyrinthic landscape of lending apps;
 - milieus of expression and comfort for over-indebted, isolated and harassed members; and
 - spaces where members express their desire to challenge and take revenge against digital lenders and debt collectors that victimise them.

INTRODUCTION

Consumer finance is rapidly growing in Vietnam, a country undergoing financial transformation.¹ Digital subprime lending is a thriving new market,² and dozens of lending apps are available for download on smartphones.³ These allow borrowers to enjoy a ‘fast and easy’ credit experience and obtain subprime unsecured loans with high interest rates within minutes. This expanding lending landscape stirs ambivalent emotions. On the one hand, it generates excitement over the prospects for accelerating financial inclusion, formalising lending practices and repelling ‘black credit’—a catch-all for unlicensed moneylending, high interest rates, and strong-arm collection practices.⁴ On the other hand, it raises public concern over unlawful lenders who promote reckless and predatory lending and use harsh recovery methods that create grounds for debt entrapment and social discontent.⁵

This article examines how disgruntled, harassed and vengeful borrowers express their discontent in Facebook groups that antagonize over digital subprime lending. It shows how, for mainly young and active working-age borrowers, participating in these groups constitute a politicisation from below of digital subprime lending. These borrowers’ groups do not challenge dominant narratives about credit liberalisation as vectors for progress, neither do they promote the emancipatory ideology that anti-debt movements spread in Europe⁶ and North America⁷ in the aftermath of the 2008 financial crisis. Instead, they reflect the need for a newly formed community of borrowers to assist each other and share practical knowledge on how to navigate lending apps, express frustration about abusive practices, and beat ‘predatory’ lenders at their own game. Their posts and micro-actions make practical knowledge accessible to large communities of borrowers and lenders who monitor discussions, thereby encouraging collective action and reaction.

But even if these micro-actions reflect public discontent and trigger regulatory changes, it is unlikely that they will reverse the growth of digital subprime lending and financial transformation all-together. Be that as it may, these social media groups provide insights into under-regulated digital subprime lending in Vietnam, and highlight the need for will, leadership and direction in facing the challenges of financial transformation and fostering political change.

Findings for this article were retrieved by surveying posts across three private Facebook groups dedicated to digital borrowers in Vietnam.⁸ Due to technical constraints associated with data processing limits, five days’ worth of user posts were sorted from most to least recent, and exported for thematic analysis. Each of the groups surveyed harbours around 12,000 members, and there are hundreds more of smaller and bigger, active and inactive groups available through a keyword search on Facebook. They carry similar names, usually with the expression ‘evading debt’ (*bùng app*) incorporated. Members are mainly borrowers who use lending apps from banks, financial companies (such as FE Credit), p2p platforms, dubious loan companies and moneylending gangs, lenders who advertise their products, and debt collectors who seek defaulting borrowers.

NAVIGATING APPS: GROUPS AS SPACES OF GUIDANCE

The borrowers’ groups primarily function as a forum where members come together to seek advice and encouragement on how to navigate the expanding and labyrinthine landscape of lending apps. To start with, these groups provide guidance for borrowers to access ‘easy money’ from digital lenders. Newcomers will commonly seek advice on which apps are easier

and safer to borrow from, what personal data to provide or give access to in order to reassure lenders while protecting borrowers' privacy, and how to fulfil requirements to ensure approval. Generally, application requirements are more stringent for banks and p2p platforms, and minimal for financial companies and illegitimate lenders. Experienced borrowers often address practical and technical requests, such as how to check and improve one's credit record. Notably, these groups do not deter but encourage mass digital borrowing. The reason is that by repeatedly borrowing, maximising, and repaying their credit, borrowers are able to build trust and credit history with lenders, giving them access to cheaper, larger and more flexible loans. Therefore, instead of informing about the dangers of digital subprime lending in terms of over-indebtedness, group members share tricks on how to take full advantage of the system or 'exploit the apps' (*cày app*).

A popular topic of discussion is over-indebtedness, especially debt entrapment and heavy harassment. Many members invite over-indebted borrowers to dip their feet further into the mud, borrow more, default and hope for resolution through debt restructuring. By doing so, they promote further entrenchment with digital lending schemes, encouraging juggling – borrowing here to repay there – instead of steering away from mass-borrowing. Some members advertise side-services, advice and collaboration on how to borrow more and engage deeper with lending behaviours, especially to new members who have had their loan application rejected. They offer personal document fraud and fake identities to borrow under a different name, referees-for-hire or the provision of a reference number for borrowers to put forward in their loan apps, and surrogacy services whereby members offer to borrow for borrowers in exchange for a percentage of the debt payment. Some members also publicise their desire to cooperate and 'build a good record together'. In these arrangements, a creditworthy borrower cooperates with a non-creditworthy borrower to take a high loan to be split and then default together. One of these posts reads: *"Hi everyone, I'm holding a 'good profile for borrowing purposes, inbox me if you want to participate, we will split 5/5"*.

Discussions about over-indebtedness also deal with default and debt evasion. Tips and methods for how to stifle debt collectors' harassment and evade loans are passed along from more experienced members to newcomers. To prevent or put a stop to threatening messages and cyber-bullying tactics used by debt collectors, borrowers are advised to meticulously erase their phone and social media data, as well as tighten and reduce their online presence to a minimum to stop the flow of information supplied to their harassers. In addition, experienced members classify lenders based on how easy it would be to default them. Traditional banks are the hardest to default because of their stringent application demands. Financial companies such as FE Credit come second due to their well-developed pressuring methods and large networks of debt collectors. Ranking last in members' implicit difficulty scale are dubious lending apps – the most cited are Doctor Đông, Tamo, VDong, and Cash24 – that have limited resources to persecute late borrowers. These illegitimate lenders are preferred and most-recommended because, as one user writes, they *"won't go to your homes or collect your debt in real life. Apps only text and call to threaten you. All their staffs bluff and pretend to be gangsters. They only scare women and little children"*. In any case, close observers note that debt collectors stop harassing late borrowers with phone calls and social media smear posts two or three months after the latter defaulted. In a last recourse, experienced members advise harassed and over-indebted borrowers to 'evade their debt' (*trón nợ*). Extreme techniques of loan evasion involve moving away from one's old place of residence and faking one's own death.⁹ In short, borrowers' groups play a vital function for sharing practical and vital knowledge to navigate lending apps.

LAMENTING OVER APPS: GROUPS AS SPACES OF COMFORT

Beyond sharing advice and guidance, borrowers' groups form much-needed milieus of expression and comfort for members who lack experience in dealing with digital lenders and debt collectors and are isolated from their usual support systems. Many members show apparently genuine concern, solidarity and compassion for over-indebted borrowers who share their 'harassment journeys'. Members publish posts that profess struggle, pain and desperation resulting from heavy indebtedness and cyber-bullying from collectors. In one of the groups surveyed, multiple members expressed being reputationally isolated and persecuted by their families for falling into debt. These groups and the illusion of collective understanding therefore become a source of social support for lost and isolated borrowers who share their story to seek uplift and encouragement. Across the litany of posts detailing harassment journeys can be found posts such as one by a member professing to have reached an end point:

Is anyone else here also like me? I was caught in a financial bind, so I took out high-interest loans. Then I borrowed from lending apps to get rid of those debts, and I wound up with more debt. I can't tell my family. I am blacklisted by the banks. Now neither my brothers and sisters nor my friends will lend me money. I am losing 30 million in daily interests, and there's no way for me to escape or get a fresh start in life. I can't sleep most nights because I feel as humiliated as a tramp. I am constantly worried about debt collection.

These cri-de-coeur are more often than not met with compassion, and at times, sincere commiseration from other members. One user commented: "*nobody living a happy, peaceful life would think to turn to borrowing from mobile apps and defaulting. In these groups, aside from loan sharks and scammers, everyone has had to live through the pressure of defaulting and evading debts from lending apps*". Members are open and candid about the cyber-harassment that results from defaulting and evading debts, often sharing screenshots of threatening text messages, recordings of threatening phone calls and instances of social media defamation by collectors. They do this to ask for advice, and at times to consult the group on the severity of the threats, some of which border on being death threats:

Warning to Debtor [name], National ID [ID Number]. We have bought back your debt contract, if we don't receive the money today, we will send our gang down to your house, don't blame us then for being heavy-handed.

These posts are often met with an outpouring of support and demonstrations of support whereby members would collectively insult and demean the lender and debt collector. Overall, these Facebook groups generate virtual – yet generous – social support to over-indebted borrowers who have become alienated from their families and society.

CHALLENGING THE APPS: GROUPS AS SPACES OF CONTENTION

Borrowers' groups are also spaces where members express their desire to challenge digital lenders and collectors that victimise them. One way through which members do so is by classifying, analysing and dismantling their rhetoric and methods. Comments downplaying the legitimacy of a threat, such as "*real gangs do not work like this, they don't go around sending threatening paragraphs [of text] (...) These are little boys posing as gangs*" abound under members' posts on the harassment they suffer. If these comments provide some comfort, they

also highlight an antagonising mindset of ‘us versus them’ which borrowers adopt against lenders and collectors, as well as debtors’ willingness to get beneath and dismantle creditors’ practices.

Borrowers’ primary method to contend and take revenge against lenders and collectors is by instrumentalising the act of mass-borrowing. To “*relieve people’s suffering*” and bankrupting lenders, borrowers must continually borrow and default and/or evade debt *en masse*. Advocates for this approach speak of “*teaching the mobile apps a lesson*”, and encourage other members to default as well: “*exactly, evade the loan to show them how cutthroat interests work*”, as one member puts it. Some members have articulated an ‘eye-for-an-eye’ desire to even things with digital lenders:

The apps are so stupid. Why didn’t they talk properly from the beginning? They’re calling and swearing at people in my contacts, now they’re turning to soft text messages asking me to repay the principal. What’s the point? You can redeem the money, but I can’t redeem my reputation. I’m not going to pay until you die.

This tendency towards borrowing to take revenge is spurred on further by collective action. More specifically, some members organise among themselves to share or buy into a profile or a SIM card with favourable scores. Members will often trade SIM cards with three months or more of call history to apply for loans and default collectively, hoping to put the lender under financial stress.

The desire to undermine lenders’ threats is taken to the extreme when members respond to debt collectors’ threats with taunts and provocations, by daring debt collectors to come to their residences or by sending condescending words to them. Some go so far as to call collectors to meet physically, to which the latter never show. One user writes: “*does anyone know the working address for VDong? I want to come over to find them, so they wouldn’t waste their efforts on finding me, I’ve been waiting for so long*”. Other group members organise among themselves to report debt collectors to the police. Most of the time, however, the majority of these reporting activities happen within the Facebook groups themselves. Members adopt a fiercely hostile and insulting attitude towards lenders and collectors, and threads reporting them often garner significant engagement in the form of outraged and angered comments such as: “*loan sharks need to be boycotted immediately*”.

Despite launching themselves into activities that could be considered controversial if not illicit, members view their actions in a Robinhood-esque narrative of rightfully taking from predatory digital lenders, their henchmen or debt collectors, and the ‘rich’ mobile apps to “*fund their own livelihoods*”, as expressed by several members. Members also justify their actions based on the mistreatment and harassment suffered at the hands of exploitative lenders. In brief, groups act as spaces for resisting and challenging lenders and collectors who are perceived as evil.

CONCLUSION

To sum up, the recent explosion of digital subprime lending in Vietnam is a double-edged sword. On the one hand, it democratises credit access in a country where 70 percent of the population is un(der)banked and consumer finance was non-existent until a few years ago. On the other hand, it fuels a traditional and digital lending market inhabited by old and new, lawful and unlawful, decent and predatory lenders driven by the demand for short-term profit-seeking

and dubious practices. Facebook borrowers' groups relay growing concerns about predatory finance as well as the financial insecurity of a young generation of tech-savvy borrowers in Vietnam. These groups provide a space where digital borrowers seek advice, services and comfort, and voice their anger and desire to undermine predatory lenders. The borrowers are confronted with a new era of financial transformation that is increasingly capturing aspects of their everyday life and transforming their borrowing practices and relationship to lenders, finance and technology. As their stories, testimonies and micro-actions show, digital subprime lending can also turn against abusive lenders and trigger a politicisation from below which may draw large support and prompt regulatory changes without challenging subprime lending and financial transformation. We can only hope that the Vietnamese government will continue to regulate consumer finance, including p2p platforms that operate in legal limbo, lending practices such as personal data collection, and the debt collection industry which will continue to grow despite the recent banning of the 'debt collection business'. In the meantime, Facebook borrowers' groups will continue to pop up and escalate the outcry against predatory finance.

¹ Hong-Kong Nguyen et al., "The New Politics of Debt in the Transition Economy of Vietnam," *Austrian Journal of South-East Asian Studies* 12, no. 1 (2019): 91–110.

² I borrow the term 'digital subprime' from Joe Deville, "Digital Subprime: Tracking the Credit Trackers," in *The Sociology of Debt*, ed. Mark Featherstone (Bristol: Bristol University Press, 2019), 145–74. Digital subprime refers to "subprime, payday lending markets in various different countries [that] are lending at high rates of interest to borrowers who often have either poor credit histories or, in some cases, no credit histories at all" (p. 145).

³ Nicolas Lainez, "Navigating Vietnam's Lending App Maze," *Fulcrum*, January 6, 2021, <https://fulcrum.sg/navigating-vietnams-lending-app-maze/>.

⁴ Angela Di Rosa, "Vietnam Fintech Report 2020" (Singapore: Switzerland Global Enterprise, Fintechnews.sg, 2021).

⁵ VietnamNet, "Chinese Lending Apps Leave Vietnam Quietly," *Intellasia*, August 1, 2020, <https://www.intellasia.net/chinese-lending-apps-leave-vietnam-quietly-797636>; Tuoi Tre News, "In Vietnam, Instant Online Personal Loans a Poisoned Chalice for Borrowers," March 18, 2019, <https://tuoitrenews.vn/news/business/20190318/in-vietnam-instant-online-personal-loans-a-poisoned-chalice-for-borrowers/49318.html>.

⁶ Quentin Ravelli, "Debt Struggles: How Financial Markets Gave Birth to a Working-Class Movement," *Socio-Economic Review*, August 3, 2019, mwz033, <https://doi.org/10.1093/ser/mwz033>; Marek Mikuš, "Contesting Household Debt in Croatia: The Double Movement of Financialization and the Fetishism of Money in Eastern European Peripheries," *Dialectical Anthropology* 43, no. 3 (September 2019): 295–315, <https://doi.org/10.1007/s10624-019-09551-8>.

⁷ Noelle Stout, "Indebted: Disciplining the Moral Valence of Mortgage Debt Online," *Cultural Anthropology* 31, no. 1 (October 23, 2015): 82–106, <https://doi.org/10.14506/ca31.1.05>; Marcos Angelovici, Pascale Dufour, and Héloïse Nez, eds., *Street Politics in the Age of Austerity: From the Indignados to Occupy*, Protest and Social Movements 8 (Amsterdam: Amsterdam University Press, 2016).

⁸ *Hội bùng app vay tiền online* ('Online Lending App Evasion'), *Bóc phốt tín dụng đen online-Chia sẻ Kinh nghiệm Vay App, Bùng App* ('Revealing the Faults of Online Black Credit and Experience-sharing for Online App Lending and Evasion'), *Hội vay tiền App web Bị khủng bố-Tín dụng đen-Giúp đỡ ACE đối phó* ('Harassed Lending App/Black Credit Borrowers' Support Group').

⁹ Tuoi Tre News, "Vietnamese Woman Stages Own Funeral to Evade Debt Collectors," *Tuoi Tre News*, April 1, 2021, <http://tuoitrenews.vn/news/society/20210401/vietnamese-woman-stages-own-funeral-to-evade-debt-collectors/60107.html>.

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