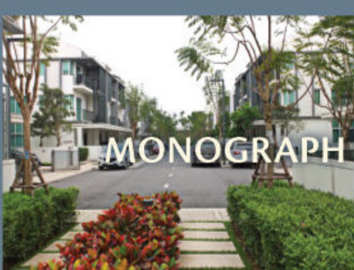
RECONFIGURING VIETNAM

GLOBAL ENCOUNTERS, TRANSLOCAL LIFEWORLDS

Minh T.N. Nguyen
Kirsten W. Endres
editors



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MINH T.N. NGUYEN

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Consumer Finance in Vietnam: The De/personalization of Credit and Debt Collection

NICOLAS LAINEZ, TRỊNH PHAN KHÁNH,
AND BÙI THỊ THU ĐOÀI

CONSUMER FINANCE IS BOOMING in Vietnam. Virtually nonexistent a decade ago, this market grew at an unprecedented rate over the past decade. Today, Vietnamese citizens are bombarded with microloan offers sent via SMS, email, and social media by financial companies (fincos), banks, peer-2-peer lenders, loan companies, and moneylenders. Obtaining consumer credit has become so convenient that a borrower needs only to make a phone call or click on a smartphone application to secure a microloan within minutes. This consumer finance boom reflects a pattern of financialization in the Global South. This concept refers to the emancipation of finance and its tightening grip over the economy and society. In Vietnam, financialization becomes visible through the growth of consumer finance (Nguyen et al. 2019) and private insurance of all kinds (Nguyen 2020), as well as a euphoric stock market boosted by a retail investor boom and an easy monetary policy (Lainez and Trịnh 2021). This chapter sheds light on the tensions and contradictions that financialization in general, and consumer finance in particular, generate in Vietnam.

These tensions and contradictions surface from an examination of the gap between political narratives about the benefits of consumer finance, on the one hand, and banking practices related to microlending and debt collection, on the other. State, financial, and financial technology (fintech) players promote consumer finance as a magic tool to develop Vietnam, accelerate financial inclusion, formalize transactions, depersonalize credit, and eradicate an "archaic" yet persistent "black credit" (*tín dụng đen*) sector—the epitome of structured loan-sharking activities. Advocates argue that socially based lending practices including moneylending typify an exploitative, personalized, and unregulated subsistence economy that should be replaced with an optimized, depersonalized, and regulated market economy. Our study on microlending and collection practices challenges this argument, in particular, that consumer finance favors credit depersonalization. On the ground, fincos and banks depersonalize credit transactions and automate credit risk assessment. At the same time, however, they turn borrowers' relatives, friends, and employers (hereinafter referred to as "personal relations") into collateral, a practice they lambaste for being backward, illegitimate, and coercive when carried out by black credit gangs. By collateralizing personal relations, they limit credit risk and bad debt or non-performing loan ratios in the banking sector. But, they also reconfigure credit relations and reinforce the embeddedness of credit into social relations in an environment where socially based finance has been and continues to be vital to millions of Vietnamese. This finding challenges the pervasive separation between the economy and the society and highlights that debt and its dyad, credit, are social relations and processes that financialization reconfigures rather than eliminates.

Our argument enriches debates about financialization. This concept evokes the shift from industrial to financial capitalism. It appeared in the 1990s, was developed in the 2000s, and became popular in the 2010s after the 2008 global financial crash (Mader, Mertens, and van der Zwan 2020). Today, financialization expands in the Global South, resulting in significant heterogeneity where it exhibits specific and variegated patterns (Guérin, Morvant-Roux, and Villarreal 2014; James 2015). It has drawn the attention of economic anthropologists who approach it "not as a disembodied and narrowly economic process, but rather as a complex social dynamic manifesting in spheres ranging from intimate relations to national politics" (Mikuš 2021:1). By using ethnography and relational approaches and examining financialization's inner workings and societal effects, anthropologists challenge popular views of finance as an economic, technical, and abstract process disconnected from society and social relations (Hann and Kalb 2020).

To boost financialization in developing regions, policymakers and financial and fintech players circulate legitimizing narratives about financial inclusion and poverty reduction. In the case of consumer finance, they emphasize its presumed ability to empower individuals, cultivate economic opportunity, and enhance inclusive growth. They also highlight its ability to depersonalize credit relations and render them more efficient, transparent, and fair. An example of depersonalization is credit risk assessment or the probability for the borrower to default on the debt. At the beginning of the twentieth century, US department stores proposed installment plans to increase profit. Retailers established personal relations with consumers and observed their demeanor, morality, and status to assess their character and risk (Marron 2007:106). With the emergence of credit cards and probabilistic credit scoring technologies between the 1950 and 1960s, lenders construed individuals as sets of attributes and established relations between these attributes and odds predictions about default. The assessment of risk through scoring technologies grew in the 1970s. In 1990, most US banks were using credit-scoring technology, widely perceived as "transparent, consistent, uniform, unbiased, less labor intensive and automatable" (Marron 2007:113). Today, credit markets use alternative data and machine learning analytics to score and reach the unbanked (Mader 2016; Aitken 2017).

Despite progress in risk assessment, credit remains embedded in social relations and mediated through agency, morality, and governmentality (Mikuš 2021). For example, credit markets tap into families' and households' capital to expand (Zaloom 2020; Han 2012). In Spain, prior to the burst of the real estate bubble in 2008, banks commodified social relations of precarious South American migrants who applied for risky mortgages by leveraging their income streams and turning their social networks into guarantors (Palomera 2014). In Greece, during the recent austerity period, courts blurred the individual and collective responsibility of defaulting borrowers. The courts compelled them "to exhaust all possible familial/household means to honor their obligations," thus leading to the financialization of kinship (Kofti 2020:280). In the field of microfinance, lenders have commodified social networks and resources like trust by imposing social collateralization on female borrowers (Kar 2018; Guérin 2014). This scholarship challenges the dominant narrative of credit modernization with regard to credit depersonalization and institutionalization: modernity does not necessarily succeed in replacing "informal" and socially embedded credit markets with "formal" credit markets driven by specialized financial institutions and technologies. The two coexist in symbiosis as extensively shown by historical (Lemercier and Zalc 2012) and contemporary works. In Vietnam, for instance, rural households combine socially based loans for consumption and bank loans for production and asset accumulation (Barslund and Tarp 2008). In Senegal, female borrowers take loans from microcredit providers to then re-lend them for profit in their community (Perry 2002) and, conversely, Cambodian borrowers take loans from moneylenders to repay microcredit loans (Ovesen and Trankell 2014). In South Africa, workers use state salaries and grants as collateral for taking informal loans whose payments are deducted from their salaries (James 2017). In brief, this chapter supports the symbiosis argument by revealing how consumer finance collateralizes social relations to reduce credit risk and expand in Vietnam.

We substantiate this argument with qualitative data collected in Vietnam in 2020 and 2021 amid COVID-19 restrictions. Most of the data, some five hundred pages, originate from semi-structured, in-depth interviews conducted in person and online via recorded phone calls and telecom software. The sample size amounts to forty-five informants, mainly from Hà Nội and Hồ Chí Minh City. It contains seventeen bankers: four risk specialists, a senior banker, a branch manager, four loan appraisal officers and credit support staff, a former credit and debt manager, a marketing manager, a transactional manager, a former debt collector, and a consumer relations employee. These bankers work for public banks such as BIDV, Vietcombank, and Petrolimex, joint-stock banks such as PVCombank, Shinhan Bank, MB Bank, and Maritime Bank, and fincos such as FE Credit, Home Credit, MCredit, and Shinhan Finance. The sample also includes two senior officers from the State Bank of Vietnam (SBV) and the Credit Information Centre (CIC), the national credit bureau under SBV supervision. The sample also has twenty-six borrowers, including twelve individuals who obtained cash loans and bought vehicles and electronic devices on installment plans (*trả góp*) from fincos, mainly FE Credit. Our data is not representative of financial practices but provides a valuable glimpse into the sensitive underpinnings and inner workings of consumer finance in Vietnam.

Vietnam's Consumer Finance Market Goes Global

Before examining the depersonalization and personalization of credit, it is important to consider the economic background. Despite being under authoritarian rule by the Communist Party, Vietnam has achieved rapid growth since the launch of the Renovation (*Đổi mới*) reforms in 1986. Its economy has developed rapidly, with a US$4,348 GDP per capita in 2023. The country fits into a broader pattern of postwar economic transformation marked by rapid privatization and industrialization, a dynamic export-oriented market, and a recent push for financial inclusion. It has also made rapid progress in the field of financial inclusion. While 70 percent (World Bank 2018:160) of ninety-eight million Vietnamese citizens had no bank account a few years ago, two thirds had at least one bank account in 2022, according to the State Bank (Thái Khang 2022). To boost financial inclusion even more, the government has approved the national inclusive finance strategy to include 80 percent of the population by 2025 (VNS 2020).

Vietnam is a testing ground for financialization. The banking sector has gone through a lengthy process of isolation and closeness to consolidation and liberalization. Although subordinated to government objectives during the socialist period (1975–1986), it has become an autonomous sector guided by global and regional market forces and competitive pressures since the Renovation reforms. The government's strategy has been to open the market to global capital while simultaneously strengthening its regulatory influence and power (Kovsted, Rand, and Tarp 2004). Foreign capital entered the Vietnamese banking sector when the State Bank allowed joint venture banks and wholly foreign-owned banks to operate alongside state-owned banks and joint-stock commercial banks in the 1990s.

Consumer finance is a growing market with untapped potential for profit. It is driven by sustained growth and the appetite of young and urban middle-classes as well as workers and rural families to take up loans to build and renovate houses, purchase motorbikes and cars, and acquire consumer goods. This market has grown steadily over the past decade to account for 20.5% of the total outstanding loans in the economy, 2.5 times more than in 2012 (VNS 2021). However, it accounts for only 8.7% of the total outstanding loans if mortgage lending is excluded, far behind Malaysia, Thailand, and Indonesia, where consumer finance (excluding mortgage lending) accounts for 15 to 35 percent of the total outstanding balance. Hence consumer finance has room for growth in Vietnam (Can 2021). The market is segmented and dominated by FE Credit. From the early 2010s, this company sought to liberalize credit and provide consumer loans to the unbanked. FE Credit was the first institution to democratize credit: two-wheeler loans, unsecured cash loans, installment plans for cell phones and appliances, credit cards, and digital loans. In 2020, it led the consumer finance market with a market share of 55 percent and a total outstanding loan value of VND 66 trillion (US$2,718,005,400). Its rivals are other fincos such as Home Credit, HD Saison, Mcredit, and Shinhan Finance. Public and joint-stock banks are also entering the market. As opposed to fincos, they provide housing, car, credit card, and unsecured loans to low-risk customers with stable incomes. The market also includes peer-2-peer platforms such as Vaymuon, Tima, and HuyDong, a large number of big and small (un)authorized loan companies, and black credit gangs. They all offer microloans through simple procedures and easy-to-use apps.

Depersonalizing Consumer Finance

The rapid growth of consumer finance partly results from the depersonalization of credit relations. Until the advent of FE Credit, banks were reluctant to provide consumer microloans. As a result, lending was strongly based on social relations: people borrowed money from relatives, friends, employers, moneylenders, and rotative and saving credit associations. Nowadays, family loans remain hugely popular. A research participant, Minh, took a VND 800 million (US$32,946) mortgage loan to VPBank to purchase an apartment in Hồ Chí Minh City.[1] The developer sponsored the borrowing procedure, which was fast and easy. To repay her mortgage before its maturity and save on interest, Minh borrowed 50 percent of the outstanding loan from her parents: "I had the help of my family, so I asked them to help with that loan. We arranged between ourselves afterward, and I repaid them. This loan was of helping nature, so there would be no fees added." While family finance is practical and flexible, it comes with obligations to return the favor and balance emotions (*tình cảm*; Pannier 2018). The work of Nicolas Lainez and colleagues on credit in Hồ Chí Minh City's sex trade also reveals that unbanked and financially excluded sex workers take loans from procurers and moneylenders who use knowledge extracted from their labor and personal relations to assess risk and ability to repay. To ensure repayment, procurers take cuts from sexual transactions, whereas moneylenders use violence (Lainez, Trịnh, and Bùi 2020). In short, personal relations have been and remain a crucial credit source for millions of Vietnamese who lack a bank account, material warranties, and trust in the banking system. However, socially based credit carries heavy obligations and is limited in scope.

Credit institutions took advantage of these limitations to develop a consumer finance market. FE Credit has set the course for depersonalizing and automating credit. Since 2010, it has created a vast sales network of 20,000 point-of-sale locations, formed many alliances with retailers nationwide, and compiled a database of 11 million customers. It is also the first credit institution to digitize credit by launching a lending app ($NAP), a credit card management app (FE Mobile Card), and a super app that consolidates all its services (FE Credit Mobile). It has also invested extensively in risk management technology to reduce operational costs and human discretion in loan decisions. The digitalization of customers' personal, credit, and behavioral data processed through machine learning analytics has also improved credit risk assessment. To further cut paperwork and speed up loan approval, it has implemented digital identity verification procedures (Electronic Know-Your-Customer: eKYC). Other fincos such as Home Credit, Lotte Finance, and Mirae Asset follow its lead by tapping into new financial technologies including eKYC (Luong 2021). Banks follow in their footsteps by testing similar technologies to slowly, but surely, penetrate the vibrant consumer finance market. The race for a fast and easy credit experience is on in Vietnam.

To the surprise of policymakers and financial players, this race has triggered the proliferation, professionalization, digitalization, and visibility of shadowy lending operations referred to as "black credit." Many of these lenders originate from gangs of moneylenders and pawnshops that operated discreetly in neighborhoods, leveraging local knowledge to assess risk and recover outstanding loans. To fill a growing yet unmet demand for unsecured microloans, some of these lenders have expanded their operation to cover entire cities, provinces, and regions. Nowadays, they advertise their products online and through lending apps and posters glued onto city walls with enticing messages like "hello, there is money" and "borrow money quickly" (Lainez 2021). To take their business to the next level, they have overcome the limiting scope of personal and localized relations, which was their trademark.

Personalizing Controversial Debt Collection

While fincos and banks depersonalize credit relations and promote contractual and regulated transactions, they also use borrowers' personal relations as collateral against credit risk and bad debt. This process is visible in collection procedures, which remain loosely regulated. Debt collection is divided into stages. When a client misses the payment of a microloan, in-house collection departments from credit institutions send reminders. If the client ignores the messages, collectors contact borrowers' personal relations acting as referees to gather information about their motive for being late and incite repayment. At FE Credit, the Reminders Service contacts the borrower and the borrower's referees persistently, sometimes calling thirty times and sending dozens of text messages a day during the first thirty days after the payment due date. From the thirtieth to the sixtieth day, the Collection Service escalates harassment through persistent calls and messaging and home visits. After sixty days, the file is passed to the litigation service. Depending on the profit, FE Credit sues the borrower or commissions or sells the bad debt to a third party that may use violent means to retrieve it. Along these stages, collectors pressure the borrower and personal networks to incite payment. A typical gentle call or text message made or sent during the first ten days after the payment date says, "this person hasn't paid, we urge his relatives to remind him" or "this subject is indebted to us, we are requesting him to repay." Then, messages can quickly escalate and become rude, insulting, and threatening. Late payers and defaulters from the study explained how their relatives and friends had received insulting and threatening messages saying, "if you don't pay, I will come to your house to kill you," "we will cut off the heads, arms, legs of your children out in the streets," and "we will kill your child." They could not determine if these threats came from FE Credit or third-party collectors.

External collectors working for fincos carry out defamation campaigns on social media as well. Late payers may find manipulated photos of themselves wearing a prison uniform with messages such as "this is a debtor who refuses to pay up" circulating on their Facebook and Zalo pages. Đức took a VND 35 million (US$1,441) cash loan from FE Credit to open a restaurant that went bankrupt because of COVID-19 lockdowns. After missing a payment for five days, FE Credit sent him messages accusing him of "fraudulent crimes and appropriation of property" and threats of "a market-hammer nature, that if I read them out loud, it would be very unsettling to hear." The most devastating action was the circulation of manipulated pictures of his sister on an ancestral altar and his wife dressed as a prostitute with a message saying "Đức's wife has to sell sex to repay her husband's debt" on his Facebook and Zalo pages. He explained:

> Family is the most important thing. On my wife's side of the family, and on mine, and other people, they're like: "oh, this guy is this and that." It affects me a lot. I'm not worried about my job. But in the family if there's a rumor about you, and, well, Vietnamese people have always been like this, it's not easy to get past this traditional character. Once they've tarnished you among your relatives and others, it's really bad. When you appear on Facebook, it's got a devastating effect as you're almost like a wanted person. They put my wife's photo up and said she's a prostitute. And now, to explain to everyone why they did that to us takes a lot of time, and maybe they might even say: "it's because of the husband that the wife is in this situation," right? So, I'm still the one most affected by this problem, right?

These methods have devastating effects on borrowers' personal relations, who can also be asked to repay the debt. Ngân, a woman working in a hospital, contracted TB and missed payment for a cash loan from FE Credit. After this finco harassed her son, she said, "they told me that if I was unable to pay, I needed to tell my family to do so on my behalf." Her son agreed to repay two installments before he ran out of cash. External collectors can deal with this issue by proposing new lines of credit to late payers and their personal relations. Informants have reported being offered loans from FE Credit's in-house and external collectors collaborating with small loan companies and pawnshops. These methods have caused public anxiety as evidenced in hundreds of news clips and YouTube videos on FE Credit's controversial collection practice and the explosion of Facebook groups where disgruntled borrowers share their grievances and experience with fincos such as FE Credit.

Although banks are more cautious than fincos, some also harass late payers in order to collect outstanding loans. Petrolimex Group, a public bank that provides secured loans to low-risk clients, sends reminders five days before and after the payment date, investigates the client through phone and home visits up to ten days after the payment date, and from day eleven onward, requires the late-paying client to sign a commitment form. According to a senior officer from Petrolimex, at this stage, "If the client still can't come through, we will take more serious actions, such as going to the client's workplace or calling their family and relatives to remind them of the debt if the client refuses to cooperate." Our evidence and extensive material from news clips, YouTube videos, and social media show that credit institutions recover bad debt by turning borrowers' personal relations into collateral and using aggressive collection methods. Ironically, credit institutions and policymakers condemn these practices, especially credit personalization and coercion, when carried out by black credit gangs. What motivates credit institutions to act in this way?

Controversial Collection Supports Consumer Finance

Vietnamese credit institutions seek to enroll millions of unbanked citizens in the consumer finance market. However, they operate in an environment plagued by a substantial lack of customer knowledge, which limits their capacity to assess credit risk and reduce non-performing loans. The specter of bad debt looms on the horizon. It has raised grave concerns in Vietnam in the past decade. In 2008, after the global financial crisis, economic growth and consumption crashed, the economy experienced high inflation, and a property bubble burst, leaving high non-performing loan ratios in the financial system (Musil, Labbé, and Jacques 2019). Between 2011 and 2015, the State Bank restructured the financial system, stabilized credit institutions, and created the Vietnam Asset Management Company in 2013.[2] These efforts led to a significant drop in non-performing loan ratios: from 4.08% in 2012 to 2.4% in 2018 (Tran, Nguyen, and Tran 2020:324).

The economic fallout of the COVID-19 pandemic has revived concerns. Fitch-rated local banks reported a 45 percent surge in past-due loans in the first quarter of 2020 compared to the end of 2019 (FitchRatings 2020). The State Bank issued Circular 01/2020 in March 2020, requiring credit institutions to restructure repayment periods, waive and reduce interest and fees, and maintain bad debt classification to support borrowers affected by COVID-19. However, non-performing loan ratios continued in 2020. Data from seventeen listed commercial banks pointed to an increase of 30.7% compared to 2019's end, totaling a ratio of 1.8% (VietnamCredit 2020). Non-performing loan ratios are higher for fincos. FE Credit announced an increase from 6 to 6.6% from December 2019 to December 2020 (VIR 2021a).

In the first half of 2021, it jumped to 9.1% (VIR 2021c). These figures should be taken with a grain of salt, however. They are a bone of contention as different sources provide different figures. While the banking industry has consistently reported ratios below 3 percent, the National Financial Supervisory Commission stated FE Credit's ratio reached 9.5% by the end of 2017 (Huynh 2017). Several bankers from the study admitted that credit institutions "cook" their figures by selling bad debt to their child companies, especially during crisis times. To further support distressed borrowers, the State Bank issued Circular 03/2021 in March 2021, reinforcing the provisions of Circular 01/2020 and encouraging lenders to make provisions for potentially unrecoverable loans within three years (Vietnam+ 2021). It also amended this circular by issuing Circular 14/2021, requesting banks to prolong the repayment term for debtors by an extra six months (Vietnam News 2021). Overall, Circulars 01, 03, and 14 aim at keeping non-performing loan ratios below 3 percent and helping borrowers to weather the COVID-19 storm.

In this constraining environment, fincos and banks use any method available to reduce non-performing loan ratios. These methods include harassing borrowers' personal relations and, for fincos, hiring out or selling bad debt to controversial third parties that recover it aggressively. Policymakers and financial players associate these practices with coercion and danger if carried out by black credit gangs. However, fincos and banks similarly recover bad debt by exploiting legal loopholes and weak enforcement. In the face of countless scandals and public anger about FE Credit's aggressive collection tactics,[3] the SBV issued Circular 18/2019 in 2019. It provides that fincos can call debtors and send reminders only up to five times a day, and from 7 AM to 9 PM. In addition, collection activities must exclude any "organization or person who does not have debt repayment obligation" to the finco, meaning borrowers' personal relations. However, it is unclear who monitors enforcement. Our data show that fincos continue to harass borrowers and their personal relations as usual.

Another recent legislation, Investment Law 61/2020/QH14, bans debt collection services beginning 1 January 2021. Fincos can no longer commission or sell bad debt to third parties. However, collectors create other business models and conceal their activities to circumvent the law. They enter into debt-trading agreements with credit institutions, which do not involve "buying and selling bad debt" (Pham 2020). They are valuable to fincos because they are not bound by banking regulations and, therefore, enjoy more leeway to recover bad debt. In other words, these collectors do the dirty work credit institutions cannot do. Since debt collection is crucial to limit non-performing loan ratios, it can be argued that using controversial collection methods and turning borrowers' personal relations into collateral supports consumer finance growth in Vietnam.

Controversial Collection Reconfigures Credit Relations

As we have seen, consumer finance interweaves bank loans with social debt and obligations. This process reinforces socially based finance and reconfigures social relations. A similar process has been documented in Greece, where the law compels borrowers to exhaust all possible means from co-residents and nuclear family members to extended networks of kin and close friends to repay outstanding loans. While legal pressure reinforces moral obligations and practices of solidarity and mutual support, it also challenges gender and seniority roles (Kofti 2020). In Vietnam, it is not the law but fincos and banks that pressure borrowers' personal relations to repay debt. Credit institutions apply contract law to define legal obligations, responsibilities, and binding rights with borrowers. While they cannot hold borrowers' personal relations legally accountable, they make them responsible by circumventing regulations and exploiting familistic obligations. Familism is an ideology that informs the socialist welfare regime in Vietnam, where the "bigger family" of the state supersedes the nuclear and extended family, although familial care is more important than state welfare due to the low quality service (Nguyen and Chen 2017). On the ground, fincos and banks assume that the family as a whole feels obliged to look after its members. Several bankers from our study supported this assumption. According to a loan officer from Shinhan Finance,

> the way I see it, this practice is cultural. The Vietnamese family is usually pretty tight-knit, right? Vietnamese are affectionate, so if you cannot pay for the debt and your parents are harassed, you would feel really guilty, right? You would feel unfilial and at fault. Therefore, you would try to pay the debt as soon as possible so your loved ones wouldn't be harassed. It all comes down to culture and tradition.

This cultural argument has substantial implications as it entails that borrowers' personal relations must share the burden of outstanding loans.

Borrowers' relatives, friends, and employers have mixed feelings about this shared responsibility. Families might play the fincos and banks' games and let individual loans become family issues. They devise strategies to repay arrears under harassment, which reinforces socially based finance. However, harassment can also generate stress, conflict, anger, and guilt among friends and employers. Quyền, a senior executive from PetroVietnam, the state-owned trade and gas corporation, was harassed by FE Credit when one of his employees missed the payment of a VND 50 million (US$2,059) cash loan he took without informing him. Quyền first received gentle calls asking him to interfere. Seeing that he ignored requests, collectors made calls and sent him text messages every few minutes all day long. Harassment ceased when he interfered. He called for more regulations on debt collection as "the act of incessant texting to terrorize an individual is illegal. It does not comply with the law, which leads to terrorism." The media widely report these practices. A recent piece from VietnamNet titled "Businesses 'Tortured' by Calls from Debt Collectors" describes how fincos harass deputy directors and division heads of big companies for their employees' outstanding loans. The director of a business in Đống Đa District in Hà Nội felt "tortured" when he received over one hundred calls in the previous two days about a debt that a departed worker had taken and defaulted on. The journalist argues that lenders should not harass "relatives of borrowers and ask to pay debts, because the relatives don't have the obligation of debt repayment" (Anh 2022). In this case, collection reconfigures labor relations between employers and employees by adding an extra layer of responsibility and obligation. Many of our informants expressed unease at being caught in unrelated collection procedures. This discomfort was more tolerable among relatives who intertwine money and obligations, financial flows, and moral economies daily (Small 2018).

Familistic and controversial collection methods also transform credit relations; in particular, they erode borrowers' moral obligation to repay debt and credit institutions' legitimacy to claim repayment. Tuân, a delivery man from Hà Nội, took two cash loans from FE Credit: VND 36 million (US$1,483) then VND 50 million (US$2,059) to repay the first loan and cover urgent expenses. After fifteen months of steady repayment, he missed payments for the second loan due to income loss amid COVID-19 restrictions. FE Credit's in-house and external collectors harassed him: "For me, there's no problem with reminders, but it's different once collectors insult me and threaten to kill my child." They also harassed three of his relatives: "They insulted them, forced them to tell me to repay. It had a very negative impact on my workplace and my family." Eventually, Tuan evaded his debt. He admitted, "presently, I don't want to deal with it, nor do I need to. Since they feel no responsibility to their customers, I don't need to deal with it." This quote epitomizes a growing discontent about unfavorable lending conditions, penalties, and violent collection methods imposed by fincos on low-income borrowers. Much discontent is aimed at FE Credit.

Tuân's anger at FE Credit's threats against his son took a political turn. He joined Facebook groups where members shared advice on dealing with aggressive collection methods. He then created his own Facebook group:

> The purpose of these groups is to respond to the terrorist nature of FE collection methods, their wrongdoings. People must find a way to respond. The purpose is not to default but to ease the downfall of people who have been forced into a dead-end by FE through peers in the same situation. Honestly, members in these groups hope for a different debt collection from FE and that they review their ways of working with clients. They don't wish for much.

Borrowers express this frustration through social media. There are hundreds of Facebook groups where disgruntled borrowers and their families pour out their grievances, provide mutual support, share tips on dealing with lenders and collectors, and even conspire to deceive and strike back against credit institutions and shadowy third-party collectors. Many of these groups focus on FE Credit and obscure lending apps operated by unlicensed loan companies and black credit gangs, known for being even more aggressive than fincos. These Facebook groups' members do not challenge financialization and consumer finance growth nor promote the emancipatory ideology that anti-debt movements spread in Europe (Ravelli 2021; Mikuš 2019) and North America (Stout 2015) in the aftermath of the 2008 global financial crisis. Instead, they reflect the need for a newly formed community of borrowers to assist one another in becoming familiar with new lending markets and their controversial practices. In short, the involvement of borrowers' personal relations in private credit transactions and controversial collection undermines public trust in consumer finance and obfuscates the official narrative presenting it as the best antidote to black credit. Most importantly, it creates communities of borrowers who politicize credit and debt relations and challenge inequality and power relations with financial players and the state, thus reconfiguring and shaping credit relations.

Conclusion

At the conference "Consumer Finance: New Vitality after a 10-Year Journey" that was held at the Vietnam Investment Review headquarters in Hà Nội on 25 March 2021, the participating economists, bankers, and regulators reaffirmed the dominant narrative that "consumer lending has grown strongly in the last ten years, promoting economic growth (including consumption, production, and services), increasing access to credit, reducing the rate of black credit, and limiting cash payments" (VIR 2021b). A session was dedicated to the best "[s]olutions to promote consumer credit, contribute to improving people's lives, and limit black credit." Black credit epitomizes personalized, usurious, and coercive credit relations that are bound to be replaced by a depersonalized, regulated, and safe consumer finance market. This evolutionist narrative circulates extensively in media, banking, and development circles. It creates a dichotomy between "informal" and "formal" practices and provides a moral justification for consumer finance growth, a "new" and "modern" financial system bound to replace an "old-fashioned" and "inefficient" one based on social relations.

This chapter challenges this linear narrative, particularly the promise that consumer finance renders credit relations more rational, efficient, and fair through depersonalization and automation. As this chapter shows, this promise applies to credit sales and credit risk assessment but not to debt collection, which harnesses social obligations to manage credit risk, reduce non-performing loans, and generate value out of social relations. On the ground, fincos and banks turn borrowers' relatives, friends, and employers into collateral for securing microloans, which is illegal but morally acceptable to bankers because of the popularity of cultural and familistic practices whereby familial and social circles share financial responsibility.

Our data highlight a substantial gap between narratives and practices, promises and facts regarding the actual capacity of consumer finance to depersonalize credit relations. We promote a critical approach to development narratives grounded in empirical research. This approach does not limit itself to revealing the gap between policy discourses and practices or comparing financial systems labeled as "informal" or "formal" to highlight their differences and similarities or strengths and weaknesses. It aims at studying empirically how credit relations feed on each other and form new impersonal and automated credit instruments and how this weaving gives rise to new credit relations and practices to identify indicators of modernization, change, and depersonalization (Lemercier and Zalc 2012). In Vietnam, the depersonalization of consumer loan sales and automation of credit risk assessment goes hand in hand with the reinforcement of social collateralization. Both financial practices and social relations undergo a transformation, reconfiguration, and change. But does this change equate to modernization and improvement? Who benefits from such an improvement? Citizens, financial markets, or the state? To what extent? Is credit (de)personalization a good indicator of modernity and progress? Our study dismisses this argument.

A crucial aspect of our analytical approach is to regard credit as a social *and* economic relation rather than just an economic relation, a tenet of economic anthropology (Hann and Kalb 2020, Mikuš 2021). It is productive to ground the study of consumer finance and financialization more broadly in everyday life to clarify the role of social actors and their agency in shaping financial logic. Taking such an approach is critical to uncovering how financialization is contingent upon specific development trajectories and economic transformation processes. As this chapter shows, financialization in Vietnam is about the rupture, newness, and transformation of the financial sector, as much as it reflects partiality, incompleteness, and continuity of entrenched, embedded socioeconomic practices. Our study highlights that financialization is taking root in emerging countries because it resonates with political economies of integration into global finance and draws from existing social structures and practices that it reshapes to draw value from and thrive.

Notes

1 All names herein are pseudonyms.

2 This public company purchases non-performing loans to keep their ratio below

3 percent. In exchange, it provides banks with special recapitalization bonds from the State Bank, which they repurchase five years later.

3 See https://www.youtube.com/results?search_query=fe+credit.

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