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**Experiments in Relational Finance:**  
**Harnessing the Social in Everyday Debt and Credit**

*Theory, Culture & Society*

**Lauren Tooker and Chris Clarke**

## **Abstract**

In the wake of successive crises, novel politics and ethics are emerging around attempts to institute a ‘new’ world of finance in the name of social relations. Financial start-ups and development organisations, often working alongside established financial institutions, are experimenting with the ‘social’ in order to create markets and scale up their activities. At the same time, people continue to advance social claims in finance out of concern for others. This article examines the rise, politics and ethics of this experimentation in what we call ‘relational finance’. Our argument is that by rendering the social dimensions of finance explicit, contemporary relational finance makes sociality available for marketisation and politicisation. We illustrate this claim with three examples of mobilisations of the social in everyday lending and borrowing: social collateral, social lending and social debt. Relational finance, we conclude, is far from an unproblematic ‘alternative’ but retains ethical and political potential.

## **Keywords**

relational finance, financial innovation, sociality, everyday lending and borrowing, debt and credit

‘We believe you are more than your FICO [credit] score!’, a Silicon Valley start-up called Vouch hails its potential customers, in order to promote a ‘social lending’ process in which friends and family vouch for an applicant’s creditworthiness and

collectively underwrite the applicant's loan. Vouch in turn borrows an idea at the heart of microcredit schemes, namely that 'social collateral' built on informal relations of peer pressure and joint guarantees can replace the asset-based financial collateral that usually secures personal borrowing. Alongside these innovations, the debt resistance movement Strike Debt has experimented with using donation crowdfunding to buy up personal debts on the secondary market and cancel them. Undertaken in the name of a vision of 'social indebtedness', this experimentation re-routes the everyday pathways of debt markets in the direction of political critique.

These varied claims to the social are examples of a turn to social relations in finance following the global financial crisis and in response to the failure of development to address persistent poverty and inequality. The 'social' now lies at the heart of contemporary capitalist market-making and economic interventions (Davies, 2015). Witness, for instance, the rise of social entrepreneurship (Daya, 2014) and crowd models of social investment (Langley, 2016), as well as the popularity of behavioural economics and associated 'neocommunitarian' nudging policies (Davies, 2014: ch. 5). With these mobilisations of the social, business-as-usual is becoming enmeshed with the business of the unusual, meaning that some of the most familiar aspects of the financial world – money, payment, debt and credit – are being reformulated and redefined.

We call this contemporary financial experimentation with 'social relations' *relational finance*. We define relational finance as digitally mediated financial experimentation that mobilises informal, peer-to-peer and crowd social relations for 'post'-crisis capitalist times. Relational finance places these relations within a market frame, so

that the social is no longer understood as market externality or market corrective but instead sits at the heart of both marketisation and the politicisation of markets. Markets for relational finance are growing rapidly, even if total volumes remain small in comparison to global financial activity. In the United States, for instance, peer-to-peer lending has doubled in size every year since 2010, totalling US\$12 billion in 2014 (Morgan Stanley, 2015: 6). In the ‘sharing economy’ global revenues for key sectors are projected to hit US\$335 billion by 2025, up from US\$15 billion in 2015 (PricewaterhouseCoopers, 2015).

In this article we investigate the rise, politics and ethics of relational finance in the realm of everyday lending and borrowing.<sup>1</sup> Our central argument is that by rendering the social quality of finance explicit, relational finance makes sociality available for marketisation and politicisation, often foreclosing radical change but also opening up ethical and political possibilities. We illustrate this argument with three examples of mobilisations of the ‘social’ in everyday lending and borrowing: the production of ‘social collateral’ in microcredit; the differentiation of ‘social lending’ from mainstream banking; and the enactment of ‘social debt’ by activists who are using secondary debt markets to cancel personal debts. We avoid presenting relational finance as either co-opted by established financial actors or as an unproblematic financial alternative. Instead we seek to understand the appeal, limits and potential of the relational finance turn. In this we follow commentators who decline to reduce the resurgence of the ‘social’ in government and economy to ‘neoliberalism in disguise’ and who still maintain a critical ethos (Davies, 2015: 433, 440). Relational finance, we conclude, should be accounted for in open but critical terms, as a set of practices

that have ethical and political potential and yet are far from unproblematic ‘alternatives’.

A clarification regarding terminology is useful at this point. Our relational emphasis might be taken to suggest that today’s experimentation with the social in finance is simply the continuation of an often romanticised lineage of relational banking and stakeholder capitalism.<sup>2</sup> Such a reading would, however, neglect the way in which digital technologies have introduced new forms of distancing and connection into finance (Schwittay, 2015: 3-4). For instance, while they appeal to ideals of unmediated social negotiation in finance, online microfinance and peer-to-peer lending platforms use digital technologies and social analytics to make the social available for intervention. At the same time, the overt financial market orientation of relational finance also distinguishes it from small-scale, community initiatives, like local exchange trading systems, that are set up in opposition to financial markets. In relational finance, critique *of* markets is pursued *through* financial market relations, to varied effect.

The remainder of the article proceeds as follows. First, we map the broad terrain of so-called ‘post-capitalist’, ‘alternative’ and ‘social’ finance and economy in conceptual terms. We draw on exemplary engagements to show how these forms of economy and finance are constituted in and through a relation to the very ‘mainstream’ from which they are presumed to stand apart. Second, we situate relational finance in political-economic terms by locating it within the ‘afterlives’ of development and global finance. We argue that relational finance is part of a broader embrace of everyday financial participation, experimental design and imaginaries of

disruptive innovation, and should be analysed with reference to critiques of these trends. Third, we illustrate empirically the ways in which relational finance makes the social available for marketisation and politicisation. We examine three mobilisations of the social in everyday lending and borrowing: social collateral, social lending and social debt. We end by underlining the paradoxes and possibilities of relational finance, giving examples of the way in which relational finance experiments, while far from being ‘alternative’, retain ethical and political potential.

### **From ‘diverse economies’ to financial ‘alternation’**

In a now celebrated image of economic alterity and diversity, J.K. Gibson-Graham (2006: 70) use the metaphor of the economy as an iceberg to reveal diverse forms of non-capitalist transaction, labour and enterprise within a supposedly homogenous capitalist economy. In the iceberg image, wage labour, capitalist firms and commodity exchange in markets sit above the water. Submerged below is a much larger mass of alternative and non-market transactions, work and enterprise, within which immanent post-capitalist ‘alternatives’ can be found and expanded. Gibson-Graham’s iceberg image offers an influential schema of postcapitalist economies, as part of a broader generative vision and performative practice of thinking ‘otherwise’. Nevertheless, as Leyshon et al. (2003: 8) have argued, this ‘proliferative’ way of thinking about economy still needs to account for the ways in which ‘economies based on the particularities of capitalism...may exist alongside those based, for example, upon mutuality, ecological sustainability and social justice.’

Indeed, we suggest that these different economies do not so much ‘exist alongside’ each other as flow into and through each other. When we look to contemporary financial experimentation, it seems the iceberg has melted. Scholars are now drawing attention to the ways in which pre-capitalist, capitalist and post-capitalist forms of value eddy around each other in contemporary finance, but are also stopped and captured. As Maurer (2012: 475-6) has argued in relation to the payments industry, ‘rivers [of payment] large and small function because private and public entities have built a series of channels complete with portals, locks, sieves and dams that enable that transfer of value – for a price that is not set by the market’ (see also Nelms et al., this issue). This example moves us from imaginaries of economic diversity and post-capitalism to the ambiguous relation between capitalism and its ‘others’, and between public and private, in contemporary finance.

This analytic shift is important precisely because recent developments like the sharing economy and social lending are frequently characterised as ‘alternative’. In contrast to this label, however, financial activity premised on the ‘social’ is often deeply enmeshed with established and global forms of finance, such that a division of ‘mainstream’ from ‘alternative’ obfuscates more than it illuminates (Aitken 2006, 2015a). What we call relational finance is therefore best figured neither as the hypervisible capitalist ‘tip’ of an economic iceberg, nor as part of the iceberg’s submerged post-capitalist ‘base’, but as a hybrid of ethical and political concerns enmeshed within what have been termed ‘circuits’ of commerce and capital (Zelizer, 2011; Aitken, 2015a: 200-02). Aitken’s (2006, 2015a) work on fringe finance offers a helpful metaphor with which to think about these circuits. According to Aitken (2006: 493):



A fringe is a zone of transition, but one that is, often literally, threaded to its interior...Capital, as it is constituted at and through its fringes, operates not in a space wholly separate from its “others”, but precisely across and under the lines that are said to separate it from those “other” worlds in the first place.

The very division of ‘fringe’ from ‘mainstream’ finance creates zones in which people are ‘adversely incorporated’ via the suturing of global finance into their daily lives, albeit in ambiguous and not uncontested ways (Aitken 2015a).

At the same time, people question the terms of their incorporation and appropriate financial practices by adapting them to their own commitments and relationships (Pellandini-Simányi et al., 2015). This can be seen, for example, in the ‘relational work’ through which people pluralise money (Zelizer, 2006, 2011). When an individual ‘earmarks’ a particular form of money for a particular purpose (for instance, by using one system of payment for intimate transactions and another for impersonal interactions), she constructs and differentiates relations with those around her, while also rendering money into monies (Zelizer, 2006; Zelizer, 2011: 91). Zelizer shows that (commodity) money does not operate as a universal equivalent that corrodes social relations; social relations and monies co-constitute each other, including through practices of relational work (Dodd, 2014: 290). The idea of relational work thus supports the idea that there is not some zone of the ‘social’ that market-driven, calculative financial rationalities enter and conquer (Callon, 1998). ‘Calculative’ and ‘caring’ relations commingle within financial practices and spaces, as people exercise agency in their financial interactions with others. Attending to relational work allows us to discern ethical and political possibilities in quotidian

practices within markets, rather than premising change on some external ‘great refusal’ (de Goede, 2005: ch. 6; Aitken, 2015a: 223-24).

In relational finance, we argue, such possibilities, but also limits arising from adverse incorporation and existing hierarchies and vulnerabilities, arise as different groups ‘make explicit’ (Muniesa and Linhardt, 2011) concepts like the ‘social’ in contingent and experimental ways. In turn, we understand the ‘social’ less as a social structure or resource (like trust) that exists apart from finance than as a set of claims that make ‘finance’ what it is. Our concern is therefore to understand the effects of relational finance’s claims to sociality, rather than to conceptualise the ‘social’ or to outline a social-relational approach to finance. By thinking of relational finance as a series of experiments that performatively render explicit the ‘social’ in finance, we are able to examine what mobilisations of the social *do* without presuming that this recourse to the social is a wholly good or bad thing. In relational finance, it is precisely the ability to define and redesign the supposed boundary between the ‘social’ and the ‘market’ – and equally, to *collapse* this boundary – that sits at the heart of financial power and the production and appropriation of value.

In sum, we take analytic inspiration from the collective insight that so-called ‘post-capitalist’, ‘alternative’ and ‘social’ finance and economy exist in a relation to mainstream markets that is other than opposition. We find it helpful to think of this relation in terms of ‘alternation’ (Maurer, 2005, 2008). Alternation implies a difference that is neither absolute nor fixed but enacted through oscillation (Maurer, 2005: 13). It allows us to ‘think about the function of the modifier “alternative” differently as an alternation in phase over time, rather than as an other outside of or

opposed to a dominant formation' (Maurer, 2008: 69). Thinking this way in terms of changes in phase brings us to broader temporal and cultural shifts in political economy. Indeed, Maurer's rendering of the 'alternative' as alternation resonates with what we describe in the next section as the oscillating, transitional forms of thinking about finance that are typical of the 'afterlives' of global finance and development.

### **Relational finance in the afterlives of development and global finance**

In this section, we argue that relational finance is a product of what have been termed the 'afterlives of development' (Rudnycky, 2010; Rudnycky and Schwittay, 2014) and what we think of as the afterlives of global finance. With this turn of phrase we do not claim that development and global finance are dead and buried as political-economic projects. This is far from the case. But 'contested failures' (Best, 2016) in global finance and development have engendered reflexive responses that articulate and incorporate critiques of finance. We suggest that the afterlives of development and global finance are marked by imaginaries of everyday participation, social design and disruptive innovation. Specifically, these imaginaries embrace everyday financial participation and empowerment, adopt principles of experimental design as a way of 'engineering' change, and invoke disruptive innovation to distinguish the 'new' from the 'old', despite significant continuities.

Relational finance is situated at the confluence of over thirty years of rolling crises in finance and development, starting with the Latin American sovereign debt crises of the 1980s and extending to the aftershocks of the global financial crisis of 2007-08.

The most recent crisis has generated considerable interest in alternatives to established forms of finance. In the United States, Occupy Wall Street launched a sophisticated debate about alternatives to mainstream finance and banking (Appel, 2014). In Greece, former Minister of Finance Yanis Varoufakis has mooted the development of national crypto-currencies in order to end what he calls the ‘monetary asphyxiation’ of Eurozone countries (Varoufakis, 2014). Globally, Islamic finance is being promoted as a way of creating a risk-sharing finance rather than a risk-taking one (Rethel, forthcoming). This interest in alternatives seems likely to endure in the wake of a crisis that, in regulatory agendas at least, has reinforced status quo thinking about finance, even as crisis is used to legitimate sweeping political-economic reforms and the inequalities produced by austerity (Helleiner, 2014; Roitman, 2014; Hozić and True, 2016).

A shift in development paradigms runs in parallel to this growing interest in so-called financial ‘alternatives’. In what have been called the ‘afterlives of development’ (Rudnyckyj and Schwittay, 2014; Rudnyckyj, 2010), state-led development is giving way to a form of development in which the state works in ‘partnership’ with international financial institutions, international and local non-governmental organisations, private enterprise, philanthropists, religious groups, celebrities, social entrepreneurs and individuals (Lewis, 1998; Bedford, 2009; Rudnyckyj and Schwittay, 2014; McGoey, 2015). In this ‘popularised development’, the involvement of ordinary people in the financing and delivery of development is promoted through online microfinance lending and voluntourism (Schwittay, 2015: 7-8). This everyday turn has its twin in popular-finance agendas in Anglo-America that seek to ‘democratise’ finance and empower people to ‘participate’ in it through

everyday lending, borrowing, investment and financial literacy programmes (Langley, 2008).

At the heart of the popular development and everyday financial empowerment agendas lie emotion, affect and what Sayer (2011: 2) calls ‘lay normativity’. For instance, the ‘sharing’ economy and peer-to-peer financial arrangements promise an economy built on friendly exchange, solidarity and sharing between ordinary individuals. This is simultaneously the imagining of what Nelms et al. (this issue) call an ‘economy of just us’ existing beyond markets and the state: an economy that is counterposed to the seemingly dubious moral economies of private banks, corporations and captured regulators. The afterlives of global finance and development are rooted in ordinary ethical and political life, in which people build connections with others and live ‘a relation to the world of concern’ (Sayer, 2011: ch. 1). The emergence of Occupy, resistance to structural adjustment and austerity, and mundane daily experimentation with crowdfunding and peer-to-peer production, lending and exchange are all ways in which people establish meaningful economic relations with others. Everyday affect and lay normativity are thus central to the afterlives of global finance and development as simultaneously resources for businesses to capitalise on and sites of political dissent and ethical care (Sayer, 2011; Konings, 2015; Schwittay, 2015).

This everyday normative turn in finance and development is linked to a reflexive understanding of the world in terms of experimental design and prototyping (Schwittay, 2014; Corsín Jiménez, 2014). When finance and development go popular, financial relations are conceived as socially constructed and designed, rather

than given. Seeing finance as a world of *design* changes financial ‘reality’ from being a ‘matter of fact’ to a ‘matter of concern’ (Latour, 2004). This experimental design sensibility introduces into finance the kind of reflexivity that typifies critique. Social scientists are no longer alone, if they ever were, in invoking the ‘social’ in order to reveal both the workings of power and unrealised possibilities in finance.<sup>3</sup> They are also no longer alone in so far as collaborative encounters are being encouraged between academics, regulators and market participants, as groups outside the academy turn to ‘culture’, ‘ethics’ and the ‘social’ as frames for understanding financial crisis and failure (Riles, 2013).

Indeed, in a world of and by design, cultural difference and social obligation have become resources for ‘redesigning’ finance. ‘Culture’ and ‘sociality’ are now things to be harnessed in financial inclusion policies rather than overwritten by financial rationality. The aim of financial inclusion 2.0 is less the construction of ‘rational economic woman’ (Rankin, 2001), or the conversion of a presumed *homo sociologicus* into *homo economicus* (Callon, 2015), than acknowledgement of the financial rationality *and* relationality of people in the most disadvantaged sectors of society. Thus digital applications are being designed to allow people in the global South to ‘ earmark’ monies for different purposes in their banking, even as poverty continues to be conceived as a problem of banking the ‘unbanked’ and ‘under-banked’ (Schwittay, 2014). The ‘social’ and the ‘cultural’ are being brought into the heart of financial interventions.

Social design gives rise to hybrid prototypes laid down over existing priorities and practices in finance. Sometimes the result is a form of finance framed in terms of

disruptive innovation that nevertheless retains many of its earlier features. In the afterlives of global finance and development, innovation is figured as a (digital and technological) ‘disruption’ of existing forms of banking, finance and development. Developments in the fintech sector, for instance, are about the marketing of difference from what went before in terms of disruption and improving competition (e.g. Wheatley, 2014). This figuration of difference covers over the ways in which these ‘older’ forms of finance relied on an excess of financial-market innovation and competition within a broader ‘economy of prestige’ (Gammon and Wigan, 2015: 125). The imagination of post-crisis finance as a site of (Western) innovation and distancing from the usual suspects also belies the nature of the circuitry through which this finance operates. As Aitken (2015a) demonstrates across a range of fringe finance sites, this circuitry includes long established global financial actors and practices and confounds divisions between global North and global South.

Finally, an emphasis on innovation and everyday participation can also expose the very building blocks of finance to appropriation and re-invention, including for subversive political and ethical ends. People ‘tinker’ with designs in unexpected ways, demonstrating that care and technology need not be opposed (Mol et al., 2010). Market idioms and infrastructures are open to social ‘recoding’ by groups who are increasingly reading activism through tropes of digital citizenship like hacking and commoning (Isin and Ruppert, 2015: ch. 6). With this tinkering and recoding comes the potential for novel connections, contestations and ‘rewiring from within’ (Tooker and Maurer, 2016: 342). What Barry (2001: 201) calls an ‘inventive politics’ becomes possible, in which ‘the political [is] conceived as an index of contestation and experiment’. If critique of finance in the name of the ‘social’ has

become the basis for an extension of finance, this extension is taking place to uneven and at times inventive effect. We move now to provide examples of these developments in the area of everyday lending and borrowing.

### **Mobilisations of the ‘social’ in everyday lending and borrowing**

In this section we argue that people, firms and financial institutions are reformatting and reinventing conventional units and practices of lending and borrowing, such as collateral, intermediated loans and even debt itself, by rendering explicit ‘social’ relations of informality, peers and the crowd. In microcredit, for example, financial collateral has become ‘social collateral’ via the mobilisation of informal relations of solidarity, peer pressure and censure. In online peer-to-peer lending, platforms have differentiated ‘social loans’ from lending intermediated by banks by using ideals of peer relations and social metrics of creditworthiness. In activist experiments with secondary debt markets, personal debt has been recast as ‘social debt’ via crowd-funded debt cancellation, so that the burdens of indebtedness become shared and a political community of debtors becomes possible. These experiments with the social in everyday lending and borrowing create new connections and units of finance, which can reinforce but also challenge hierarchies and inequalities. The social becomes marketised but also, sometimes, finance becomes politicised and a site of ethical negotiation.

#### *Producing social collateral through ‘informal’ relations*

An important point of departure for innovations of the ‘social’ in everyday lending and borrowing lies in the packaging by microfinance institutions of informal



relations between borrowers as ‘social collateral’ in microcredit. Microcredit emerged in the 1970s in Latin America and Bangladesh as a small-scale intervention into poverty reduction by local development banks and non-governmental organisations (Schuster, 2015a: 9). It involves the formation of small groups of borrowers to whom collateral-free credit is provided with the intention of allowing the borrowers, often women, to engage in income-generating activities. Within these groups, the need for conventional asset-backed collateral is removed by social relationships of peer pressure, solidarity and censure. Group guarantees mean that default by an individual member usually results in the reduction or loss of all members’ access to credit, inducing individual borrowers to fulfil their repayment obligations and ensuring high debt recovery rates.

By enjoining borrowers to participate in the rituals and requirements of borrowers’ groups, microcredit produces the very unit of borrowing, namely social collateral, it purports simply to harness (Schuster, 2015a). As Schuster (2015b: np, emphasis in original) observes in ethnographic research on microcredit in Paraguay:

For women who borrowed, the everyday business of managing collective money, meeting as a group, submitting to a personal credit check that was compiled for group creditworthiness, and so on, not only drew on, but actively *manufactured* social collateral while working to reshape what it meant to be both a woman and a borrower.

By making explicit and systematising gendered ‘informal relations’ understood as ‘social capital’ (Rankin, 2002), microcredit schemes reformat these relations as a resource for ensuring repayment, while also reinventing finance as ‘empowerment money’ (Elyachar, 2002). Indeed, women’s empowerment has become the common

currency of microfinance, even as the informal relationships bound up with social collateral have been shown to be intensely gendered sites of conflict, sociability, vulnerabilities and hierarchies (Kabeer, 2001; Rankin, 2001; Mahmud, 2003; Schuster, 2015a).

In turn, the discovery of ‘informality’ in the form of social collateral has laid the basis for the marketisation of microcredit via the linking of microfinance institutions to global financial ones, a process that has been comprehensively documented (Roy, 2010; Aitken, 2015a: ch. 3). A less obvious site of ‘innovation’ lies in the turn to harness everyday affect and lay normativity outside of borrower groups, as microcredit has come into contact with peer-to-peer imaginaries. Microcredit is being reconceived as a non-hierarchical, peer-to-peer relation operating across geographic distance and socio-economic difference, as online microfinance platforms link lenders in the North with borrowers in the South (Moodie, 2013; Schwittay, 2015). In this digital incarnation of microcredit, lending and borrowing are secured not only by gendered social relations within local borrowing groups and microfinance institutions but also by producing an experience of ‘virtual kinship’ for the lender that ‘works to neutralize or erase the financialized aspect of the transaction and the financial links that preceded it’ (Moodie, 2013: 281).

A prominent example of this redesigned form of microcredit is Kiva, an online platform touted by one of its founders as ‘person-to-person microfinance’ (Flannery, 2007). As Schwittay (2015) demonstrates, ideals of direct social interaction and emotional connection are central to Kiva’s social enterprise model, as lenders and borrowers are encouraged to engage each other by reading online profiles and via

microfinance tourism, in which groups of lender-tourists come ‘face-to-face’ with borrowers while on holiday. Through these encounters microfinance is figured as a meaningful ‘intercultural exchange’ (McKinnon et al., 2013). Both offline and online exchanges, however, are mediated by partner staff at microfinance institutions and by volunteer Kiva fellows, who frequently write borrowers’ profiles and manage interactions during microfinance tours, as well as being less overtly mediated by backdoor analytics of lending preferences and behaviours (Schwittay, 2015: ch. 3, ch. 5). Hierarchies of voice, unequal resources and a lack of broader narratives regarding why borrowing is necessary to begin with means the stretching of social collateral to encompass North-South ‘peer’ relations is fragile in ethical and political terms.

#### *Differentiating social loans through ‘peer’ relations*

The ideal of relations among peers is most prominently taken up in ‘social lending’ via online peer-to-peer platforms. These platforms facilitate the transfer of unsecured loan monies from lenders and investors to borrowers and businesses. The social lending sector, at least in its online digital form, is usually dated to the foundation of the platform Zopa in the United Kingdom in 2005. The initial model of peer-to-peer lending was a reverse-auction bidding system for loans that allowed direct negotiation over interest rates between individuals. Based on this mechanism, early advocates argued that ‘notions of the individual within community, transparency and broader ethicality are fundamental to Social Lending schemes’ (Hulme and Wright, 2006: 7). As peer-to-peer lending has grown and spread around the world it has taken on different forms and mobilised contrasting claims to the social. In the United States, for example, the sector is increasingly designed as a marketplace for loans,

with institutional investors effectively working to produce a new asset class (Aitken, 2015a: 212). By contrast, a number of peer-to-peer platforms in China and India appeal to their countries' 'collectivistic culture' and informal credit mechanisms as a basis on which to build social lending online through a digitalisation of existing practices (Weeks, 2016; de Stefano, 2016; Tsai, 2002).

One central aspect of the appeal to the 'social' in peer-to-peer lending is the idea that online platforms can generate increased social awareness between people in a direct, 'peer' financial relation. Some characterise this relationality in terms of a potential 'warm glow' that lenders might receive if they offer discounted interest-rates through the platforms based on a desire to offer pro-poor, 'socially responsible' or gender-lens based loans (Chemin and de Laat, 2013: 854). Others mobilise a more marketised image of what unmediated online platform interaction can create, suggesting a 'purer' market for the cost of borrowing outside of bank intermediation (Anonymous 1, 2016, interview with Clarke). In various ways, both with and without explicit normative pretensions, platforms have used claims to sociality to differentiate peer-to-peer lending from the facelessness and anonymity of bank borrowing in an era of financialisation.

Initially, peer-to-peer platforms emphasised how they brought together ordinary people online to establish trust and facilitate credit assessment within interactive communities of 'peers'. Yet these spaces for social interaction have always been mediated by other values, norms and established practices of finance. For instance, borrowers who used language associated with 'humanising' personal details and justifications for loans were found to be *less* likely to have their loan funded than

those who used more ‘concrete’ (often quantitative) statements about their financial position (Larrimore et al., 2011: 31). In recent years, this trend has continued as the increased commercialisation of peer-to-peer lending has led to its reinvention as ‘marketplace’ lending. There is now significant institutional involvement in the sector both in terms of ownership of the platforms and the making of loans. In Aitken’s (2015a: 221) words, peer-to-peer lending is now ‘more fully an outlet for financial capital than an unmediated site of financial relationality’. Given the current state of the industry, then, earlier visions of peer-to-peer lending as a form of commoning or peer-based co-operativism have failed to materialise.

Against this backdrop of growing commercialisation and institutionalisation, it is possible to identify lost opportunities but also residual potential in peer-to-peer lending. This potential comes through most clearly in the development of standardised, yet often hybrid, credit rating practices. One interesting example is the platform SoFi, short for ‘Social Finance, Inc.’, which grew out of efforts to allow the alumni of elite US universities to fund the loans of the next generation of students. As it has expanded from student loan refinancing to consumer loans and mortgages, SoFi has experimented with how it makes credit decisions by using a range of metrics that include traditional measures, but also employment history and assessments of earnings ‘potential’ (McLennahan, 2016). SoFi even has a careers services team to make sure its borrowers can fulfil that potential, in turn ostensibly affecting creditworthiness and, of course, ensuring loan repayment. This type of financial experimentation is reminiscent of how other forms of peer lending, especially in non-profit models, have also become sites of financial politics in which people who are financially ‘excluded’ strategically struggle to influence the

calculation of their credit scores (Kear, 2016: 274). However, experimentation with the assessment and management of creditworthiness also introduces ways in which debtor-creditor relations are reproduced on unequal terms: SoFi's members, for instance, are overwhelmingly young professionals with elite social networks and career prospects. Thus while there is some lingering potential in the peer-to-peer sector, the differentiation of social loans through 'peer' relations is built on precarious and contested foundations in ethical and political terms.

### *Enacting social debt through 'crowd' relations*

The debt resistance movement Strike Debt radically extends the idea that there are pockets of possibility within markets for substantively reconfiguring debtor-creditor relations. Strike Debt was formed in New York as an offshoot of Occupy Wall Street. In late 2012 the group launched the Rolling Jubilee, an experimental political engagement with personal-debt markets that used crowdfunded donations (averaging around US\$40 but often as little as US\$1 each) to buy up medical and student loan debts (Gokey and Gough, 2015: 80; Brown, 2014: 6-7). The Rolling Jubilee appropriated a process that was then little known outside of financial industry circles, namely the buying and selling of distressed debts on secondary markets for a few pennies on the dollar. Secondary-debt buyers achieve sizeable profits by pressuring people to repay debts that the debtors do not realise are now valued at a fraction of the original face value. Using this mechanism, Strike Debt leveraged the US\$700,000 it had crowdfunded in order to buy up just under US\$32 million of debt. Rather than collecting these debts, however, Strike Debt 'abolished' them, in what it called a 'people's bailout'.

Much interest in (and critique of) the Rolling Jubilee focuses on the initiative's status as a gimmick and reads Strike Debt's intervention as a charitable one (e.g. Henwood, 2012; Clover, 2013). But the group maintains the importance of the initiative as an 'illumination' and a 'spectacle' (Gokey and Gough, 2015: 77; Appel, 2015, interview with Tooker) designed to make explicit 'a solidarity of the indebted' through 'mutual aid as direct action' (Brown, 2014: 2, 7). As one participant in Strike Debt explains it, the Rolling Jubilee breaks down the assumption of a dyadic relationship between debtor and creditor and replaces it with 'rhizomatic maps of debt' in which, for instance, mortgage originators, aggregators and owners of asset-backed securities come into view (Appel, 2015, interview with Tooker). By loosening what is usually taken to be a direct moral bond and unmediated transfer of value between the debtor and her original creditor, Strike Debt has forged new political connections among debtors. These connections reformat debt as a unit of solidarity, expressed as a claim to social indebtedness (Aitken, 2015a: 219-221, 2015b). As one participant explains, 'the framework of mutual indebtedness or social debt...addresses power imbalances and says that there is a form of sociality that could and should rectify those, that should acknowledge those power imbalances' (Appel, 2015, interview with Tooker).

The realisation of social debt relies on the design of experimental political infrastructures to underpin a community of debtors. The Rolling Jubilee and subsequent initiatives like the Debt Collective (a pilot debtors' union) knowingly ride the wave of social design and digital inventiveness that flows through the afterlives of global finance and development. Participants describe their work in experimental design terms as a 'proof of concept' (Anonymous 2, 2015, interview with Tooker) and as a 'social hack' of finance (Thomas Gokey, as cited in Aitken, 2015b: 861-2;

Laura Hanna, as cited in Pinto, 2012). One participant explains this language as both a ‘zeitgeist thing’ that ‘hails a certain crowd of young and often critiqued as depoliticised, neoliberal entrepreneurial types into thinking very differently’ and a reflection of the very real need to use technology to craft shared spaces for otherwise isolated debtors (Appel, 2015, interview with Tooker). Online interactions are still accompanied by the type of face-to-face exchange, friction and care that constitute the everyday labour of political organising (Anonymous 3, 2015, interview with Tooker).

If Strike Debt’s emergent political community of debtors began in the relative anonymity of a ‘crowd’, its envisaged endpoint is a form of debtor mutualism within an economic system that ‘use[s] socially productive forms of debt and credit’ to ‘enable a truly democratic society’ (Hanna et al., 2016). By ‘reverse engineering’ (Taylor, 2015) the complex, fragile chains created by financialisation, and by building political infrastructures to enact social indebtedness, Strike Debt demonstrates that people can use social redesign in finance to do more than deepen the grooves of well-worn extractive financial pathways. In making explicit social indebtedness to others, the group shows that it is possible to interrupt the amortisation of daily life by capitalist finance and to create what we might call, following Deville (2015), ‘debtor publics’.

### **Conclusion: Paradoxes and possibilities in relational finance**

With this understanding of relational finance in place, we conclude by highlighting a series of paradoxes and possibilities. We start with the paradoxes. First, experiments



in relational finance often claim to be social ‘alternatives’ to financial markets, but they tend to work squarely within a financial-market framing. Second, these experiments herald the possibilities of direct, unmediated and disintermediated relations to disrupt established finance, but they are still highly mediated: the experiments are shaped by digital technologies, online platforms, and by their relation to established financial institutions and markets. Third, relational finance experiments rely upon the power of personal connection and emotional investments in others’ lives, but they typically deploy forms of lending, borrowing and giving that involve limited face-to-face relationality. And as a series of performative experiments in rendering explicit the ‘social’, relational finance generates and formats the very social relations and units of finance it purports simply to harness. The political dimensions of relational finance lie in the navigation of these paradoxes, as seen in the three cases we have explored.

Rather than writing off relational finance based on these paradoxes, we think these experiments retain possibilities for contestable everyday ethics and politics. Importantly, experiments in relational finance show that technology and care are not necessarily opposed (Mol et al., 2010) and that digital distance need not result in moral distancing. Meaningful connections in finance do not have to be premised on the romanticised model of face-to-face contact offered by relational banking, nor on the controlled public disputation of stakeholder capitalism, from which certain groups are absent along lines of classed, gendered, sexualised and racialised difference. Within each of these experiments lie ordinary ethics and politics that are not fully reducible to the operation of power. In the cases of Kiva and Strike Debt, for instance, solidarity relations underpin and are created through social collateral

and social indebtedness. Such relations remain achievements of the everyday within and despite often crushing levels of indebtedness. In social lending, people and firms are attempting to find new ways to negotiate creditor-debtor relations. Sometimes these attempts bring genuine emotional connection and affective concern, even though they also often reproduce the types of inequalities that are found in ‘traditional’ lending. It is important to take these varied attachments seriously as sites of everyday political connection and ethical concern.

In this article, we have examined relational finance as digitally mediated financial experimentation that reformats and reinvents conventional units and practices of credit and debt by mobilising informal, peer-to-peer and crowd social relations. Relational finance confounds easy labels of ‘alternative’ and ‘social’ finance, as part of a broader reflexive and experimental market-based critique of finance typical of the ‘afterlives’ of global finance and development. It is precisely the hybridity of relational finance experiments and their ambiguous politics and ethics that we bring to the fore. Relational finance, we conclude, should be accounted for in open yet critical terms, as a set of practices that have ethical and political potential yet are far from unproblematic ‘alternatives’.

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## Notes

<sup>1</sup> See Nelms et al. (this issue), on imaginings of social relationality in the payments industry. See Dodd (this issue) on Bitcoin as an experiment in *anti*-relational finance that nonetheless bears a distinct sociality.

<sup>2</sup> We thank an anonymous referee for this observation.

<sup>3</sup> We thank an anonymous referee for this point as it is expressed with regards to power.

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