

# REGIONAL ECONOMIC STUDIES PROGRAMME WEBINAR

## Webinar Series 2020-2021: Financial Transformation, Credit Markets and Household Debt in Southeast Asia

### Consumer Finance and Credit Risk in Vietnam: Shifting Uncertainty to Family and Social Networks

Date : Monday, 28 June 2021

Time : 4.00 pm – 5.15 pm (Singapore time)

Click [here](#) to register

#### About the Webinar

This webinar examines how consumer finance draws on family and social networks to reduce the uncertainty inherent to credit transactions in Vietnam, which cannot be calculated through credit scoring methods. While virtually non-existent a decade ago, consumer finance is thriving in Vietnam, a country where 60 percent of the population is un(der)banked and lacks credit history. To transform uncertainty into calculable credit risk, decrease exposure to bad debt, maximize profit, and determine loan eligibility and pricing, Vietnamese lenders apply standardized traditional and AI-based credit scoring methods against a backdrop of credit automation, digitalization, and depersonalization. Despite recent progress in calculating credit risk, lenders still lack intimate knowledge about borrowers, a major disadvantage for boosting popular products such as unsecured cash loans. Lenders overcome this limitation by shifting uncertainty onto family, social and professional networks, especially by incorporating borrowers' relatives, friends and employers into credit transactions as informal guarantors, spies, collectors, and co-debtors. This process becomes particularly apparent in collection practices targeting borrowers' social relations that are not legally liable. This financialization of familial and social networks is facilitated by the encroachment of family finance in daily life. This webinar is based on unique empirical evidence, consisting of in-depth interviews with 40 low-income borrowers and ten representatives from banks and financial companies including debt collectors, conducted in Ho Chi Minh City in 2019 and Hanoi and Ho Chi Minh City in 2021.

#### About the Speakers



**Nicolas Lainez** is a Visiting Fellow at ISEAS – Yusof Ishak Institute and an Adjunct Assistant professor at the Department of Southeast Asian Studies at NUS in Singapore. He holds a Ph.D. in Social Anthropology from the School for Advanced Studies in the Social Sciences and a Masters in Development Studies from Sorbonne University (France). His research is located in the field of economic anthropology and his research areas include peripheral financialization, credit markets, household debt, informal finance, care economies, gender, sexuality, migration and trafficking. While at ISEAS, he investigates financial transformation, consumer lending and household debt in Vietnam. His work has been published in *American Anthropologist*, the *Journal of Ethnic and Migration Studies*, *Geoforum*, *Time & Society*, *The Sociological Review*, *Culture, Health and Sexuality*, and the *Journal of Vietnamese Studies*.



**Trinh Phan Khanh** is a recent political science graduate, specializing in international relations and organizations, from Leiden University, the Netherlands. He is currently a field research assistant in a project on consumer finance risk for the ISEAS-Yusof Ishak Institute.



**Bui Thi Thu Doai** is a Bachelor student in Development & Economics from the London School of Economics, University of London. She received UoL's Top Scorer award for her academic performance in 2020. She is currently working as a research assistant in a project on consumer finance in Vietnam for ISEAS – Yusof Ishak Institute.

### **About the Discussants**



**Hao Quach** is an associate professor in banking and finance at the University of Lincoln, Business School. He has worked either as a lecturer or as a research fellow at Harvard University (USA), California State University at Long Beach (USA), University of Salford (UK), University of Birmingham (UK), and National Economics University and National University of Vietnam in Hanoi (Vietnam). He has published research in areas of financial markets with specific focus on pricing models, business valuation, investment strategies, corporate governance, behavioural finance, banking system and microfinance. His academic career has been well supported by his extensive private sector experience. He has been working in capital markets as an investment banker since 2006. He has founded and oversees the Lincoln Student Managed Investment Fund that invests in shares of companies listed on London Stock Exchange just like an investment fund in the real world.



**Tom McDonald** is an Anthropologist at the Department of Sociology, The University of Hong Kong. His research focuses on technology and society in China. His current research investigates the adoption of digital money platforms amongst migrant factory workers in Shenzhen, examining how such platforms are reworking monetary practices and social infrastructures amongst low-income labourers. He has published articles in several respected academic journals, including *American Anthropologist*, *China Quarterly*, and *Ethnos*.