‘Debt Is What Happens, While . . .’

The Emerging Field of Digital Finance and Precaritisation in Everyday Lives of Young Danes

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> ‘Don’t you want an arranged overdraft?’ my bank advisor asked. I didn’t really need it, because I had savings at the time. However, I thought, ‘What the heck, just let me have that as well’! It was for free, you know, so I thought, ‘Why not?’ And then I went travelling and spent all of my money, including the arranged overdraft. . .
>
> —Erik about his first encounter with a Danish bank

The Danes have debt—and a lot of it! Individual household debt in Denmark corresponds to almost three times the disposable income (Denmarks National Bank 2016). This is the biggest gross debt among all OECD countries, and although this does not mean that all Danish households are close to bankruptcy (as many have large values as well), it shows that private debt is a normal condition as well as a growing risk in everyday life. Moreover, access to credit (hence the risk of debt) is socially differentiated, as those with the lowest income and the highest need for credit also tend to end up with the most expensive, unsecured loans (Juul 2009; Poppe, Lavik and Borgeraas

2016). Young Danes (eighteen to thirty years) and especially those with vulnerable social backgrounds constitute a particularly indebted group; a large number of them are registered as default debtors (Jakobsen et al. 2015). The 'indebtedness of Danish youth' has been a growing political (and moral) concern in public debate. However, the Danish regulation of credit markets and debt has been characterised by passivity both when looking at the regulation of lenders and credit markets and when examining the legal possibilities for debt resettlement and debt counselling (Jørgensen 2012, 2015). The consequence of this is that subprime lenders have developed an aggressive marketing of 'instant loans' that primarily target young consumers. Prevailing explanations of debt oscillate between emphasising 'financial illiteracy' among the young (hence individualising the issue of debt) and accusing deregulated and aggressive lenders of targeting young people with 'unethical' advertisements for high-interest unsecured loans (thereby isolating and 'scapegoating' a small part of the loan market).

Based on an extended case study (Burawoy 1998) on debt, digitalisation and differentiation in Denmark, the chapter approaches the issue of debt problems among a socially vulnerable group of young Danes. To frame the case study, I draw on recent anthropological literature on credit consumption and changing credit/debt relations in digital finance (Gregory 2012; James 2015; Maurer 2014; Peebles 2010). Empirically the chapter combines insights from a debt prevention project carried out by the Danish consumer council[1] with Danish legislation and insights from participant observation around voluntary debt counselling. The debt prevention project draws on interviews with young Danes (some with debt problems and some without). Theoretically, credit and financing are viewed as socially embedded (Polanyi, Arensberg and Pearson 1971 [1957]) and as a part of emerging capitalist financial markets, practices and moralities (Palomera and Vetta

2016). The discussion is divided into three sections reflecting different dimensions in credit use and digitalisation of money. First, I look into the development of digital finance in Denmark, then I analyse dynamics of credit taking and debt among a group of socially vulnerable and indebted young Danes. Third, I discuss changing conceptualisation of credit and young peoples' difficulties in separating 'having money' from 'owing money' by drawing on Gregory (2012), Peebles (2010) and Zelizer (1997). I hereby carve out possible contours of the emerging (socially and symbolically differentiated) field (Bourdieu 1990) of digital finance that may lead to a process of spiralling debt and increasing financial precaritisation (Standing 2011) among the most disadvantaged group of young Danes.

Digitalisation of the Everyday—and Cash for Rhubarb

During the last three decades, there has been a rapid increase in credit-based consumption and digital payment systems in Denmark (Hohnen and Böcker Jakobsen 2015). Starting with deregulation and liberalisation in the housing market during the 1990s, this process of 'normalisation' of credit-based consumption has gradually included social groups that did not previously have access to formal credit. The current Danish loan market is characterised by a large range of credit offers—both from banks and from financial companies offering unsecured 'instant' loans to large parts of the population, including the young (Danish Competition and Consumer Authority 2015). Parallel to this development, cashless transactions have become widespread, and young Danes in particular use digital money for everyday transactions. In 2018, 25 per cent of young Danes (eighteen to thirty) had at least one consumer loan (Danish Consumer Council 2018). The Danish national deferred debit card (Dankort) (which may also be used to obtain credit if an arranged overdraft is agreed on by the bank) and other forms of electronic payment are widespread. In 2015, 80 per cent of all retail transactions were digital (Betalingsrådet 2016). The young Danes interviewed relied heavily on mobile payment services, all had bank accounts and all used web banking. Everyday payments and 'bookkeeping' are digital, and cash is only used on special occasions, such as for 'buying rhubarb in the countryside or tipping in for a shared birthday present', as a young woman explained it. In addition, some informants explained that they would sometimes bring cash when 'going out' in order to make sure their spending did not get out of hand. Although 'real' credit cards are not widely used, most informants had experiences with credit and lending in various forms, and credit was considered easily obtainable. Although only a few of the most indebted had experiences with high-interest 'quick loans' (some of which have annual percentage rates up to 791 per cent),[2] the general picture seems to be that the young use credit on a regular basis in everyday spending. This is in line with earlier findings and suggests a change in the spending/saving paradigm (Poppe, Böcker Jakobsen and Andersen 2009). The normalisation of everyday credit among the young, moreover, seems to be promoted by Danish banks, as indicated in the vignette above. Many young people spoke of being approached by their banks when they turned eighteen. Moreover, banks had offered them not only the Danish deferred debit card but also overdrafts up to 50,000 DKK. Some also recalled being surprised about the persistence of banks in their credit offers:

> I told her [the bank advisor] that I didn't need a card with credit options [Dankort with arranged overdraft] but she was like: 'Are you sure you don't?' and even if I had decided not to, then it was something like, 'Imagine that you end up in a situation where you don't have money,

> etc.' . . . I basically found it unrealistic that I would find myself in a situation where I couldn't contact my mother, where I had lost my phone, etc. I actually felt it was a bit unrealistic to imagine that so many things should go wrong. (Kristian, who does not have debt problems)

As a consequence, even informants who initially had not contemplated obtaining credit ended up getting a credit offer and, in a few cases, spent the money and had trouble paying it back. These findings reflect the role played by mainstream financial agents in normalising credit use among the young. They suggest the importance of looking beyond the more conspicuous lenders and the unsecured high-interest loans to examine the everyday of what Maurer (2014) sees as 'a route to rent' and Borgeraas, Poppe and Lavik (2016) define as 'walking the thin line between welfare and catastrophe'.

For some of the young people, available credit had turned into problematic debt. Not surprisingly, many of those with debt problems had other social problems, confirming the prevailing sociological picture of risk of debt as related to weak social backgrounds, low levels of education, one-parent families and households/individuals with psychological problems (Hiilamo 2018).

Credit and Debt among Socially Vulnerable Youth

As a part of the project 'On the right track', sixteen narrative interviews with young Danes in debt were carried out.[3] Most of the young people with debt also had lower-class social backgrounds, and several had parents with social problems. Their stories are characterised by early independence, as many left their parental home early, including starting to live on their own or with girlfriends or boyfriends in their late teens. Some were still in school and had no stable income when they made these moves.

Their narratives also reflect a process of transition to adulthood characterised by many shifts, 'trial and error' in terms of education, living conditions, partners and changing relations to parents.

The use of credit (and the risk of debt) in these stories is closely linked to a range of everyday social struggles that are related to the social situation of this group of vulnerable young adults. Contrary to prevailing ideas of 'conspicuous consumption' presented in the Danish media,[4] credit does not appear as a choice of luxurious lifestyle; rather, it emerges as part of the unpredictability of transition to adulthood that seems particularly challenging for the most vulnerable. Such challenges may be getting into debt when breaking up and moving out from one's girl- or boyfriend, like Mia: 'I did not enter the relationship with debt, but I left it owing 42,000'. Debt may also occur simply as a result of not having any income but moving out early from one's parent's home, as with Paul, who described how he started living with (and aimed to help) a girlfriend in trouble when he was seventeen. A few others used credit in their struggle for social recognition—like Sally, who tried to deal with her experience of being obese by buying clothes on the internet to gain social acceptance using installments or available credit arrangements. She described: 'Since school . . . you know . . . I have not been thin . . . and when I had social events I just felt that I had to appear in some cool clothes . . . new clothes so that people might overlook the image of me that I saw, myself.'

Most, however, experienced a combination of issues related to coming from a precarious social background. They had limited contact with parents and were left to solve problems on their own. Some had a psychiatric diagnosis; in these cases, they were easily tricked into obtaining credit. Malin's story exemplifies the interconnectedness of these issues. She moved from her mother's place when she was sixteen and lived in various places in

Denmark. For a period, she stayed with her father, then with a girlfriend and then she attended a boarding school. She was diagnosed with a borderline disorder and took medicine daily. Her debt accumulated over several years, starting with not being able to pay traffic fines accrued from driving without a license. She also explained that her father used her identity to obtain a 30,000 kr debt in her name. Finally, Malin was manipulated into obtaining credit via phishing on social media. She recounted, 'It is not that I have 'real' bank loans or something like that, but it is more that I have debt from when I have been on Facebook and there you can win something for free if you answer some questions—and then afterwards the salespeople call you and offer you e-cigarettes or travel deals, etc.'

Together, these stories show how debt accumulates as a response to unpredictable conditions in young lives, which are enforced by social vulnerability, social class background, lack of networks and/or psychological problems. Particular groups are therefore clearly more at risk than others. In addition, although loan taking was initially the main focus in these interviews, the narratives that were told showed financial choices as deeply entangled in social life. Rather than as a choice, the accumulation of debt appears as a result of a variety of social pressures in youth life, all of which takes place in (commercialised) social contexts where digitalised credit is easily obtained.

Changing Credit/Debt Relations

Digital finance also epitomises changes at a more theoretical level in terms of the conceptualisation of 'money' and the constitution of boundaries between 'credit' and 'debt'. The development of digital and credit-based money seemingly results in a 'grey zone' between having money and owing money, raising questions related to *how one* *estimates how much money one has,* when money takes the form of revolving credit lines or credit scores. This difficulty is reflected in the quote below, where Andreas tries to define 'arranged overdraft': 'I see it [arranged overdraft] as a 'buffer', that is, as a kind of disposable money because it always gets back to zero again . . . or that depends, of course, on your disposition, but you tend to aim to pay it back again. Therefore I would say that it is at my disposal'. In this definition, it is unclear whether arranged overdraft is actually a kind of debt—it is 'a kind of disposable money' that 'one has to pay back', but at the same time it is a 'buffer' that is 'at one's disposal'. This is clearly not a traditional way of 'owing money' because it 'always (as if by magic) gets back to zero again'.

A similar kind of confusion can be seen below in Sally's trouble understanding her own 'creditworthiness'. She is clearly at a loss in understanding why—given her credit/debt history and present balance, that she is allowed further credit when wanting to buy a new phone: 'I told the sales person that I considered buying this phone [on credit] and then she looked me up and said, 'Well, it looks okay . . . ' So apparently, I am creditworthy. But honestly, I don't quite understand why, when I look at my bank account. In my opinion it should raise concern somewhere.'

The examples above show how young Danes—both those in debt and those without—have trouble establishing the boundaries between 'having money' and 'owing money'. In addition, as prevailing moral connotations of credit/debt relations (Peebles 2010) are also at stake in a Danish context, where 'to owe' [*skylde*] and 'a debtor' [*skyldner*] semantically refers to being 'guilty', there is much at stake in terms of moral positioning and social status. As a response to these tensions, the young Danes struggle to create a new conceptual basis for legitimate credit/debt lines. Kathrine, who was not experiencing debt problems, explained, 'If I would take *a loan,* it would be like accepting that I was out of control or that I was spending too much money. But with *an arranged overdraft* it is possible to say, 'Well, it is just because it is a bit difficult this month and we pay it back the next' (author's emphasis).

In spite of a widespread credit use among all young Danish adults—some of the young Danes (mostly middle class) symbolically manage to strip their credit practices of any association with debt. 'Arranged overdraft' and 'revolving credit lines' connote very different ways of 'owing money' from high-interest instant loans or other forms of unsecured payday loans—the forms of credit available to the more precarious groups already in debt.

The empirical examples indicate that the development of debt problems does not only rest on aggressive financial markets nor on the specific social situation of specific vulnerable groups, although both of these issues do play a role; financial experiences and reflections on financial choices expressed by young informants suggest a more widespread confusion around credit/debt boundary making. Gregory (2012), based on Peebles (2010), suggests that present 'credit card based financing' blurs the boundaries between credit and debt by installing a series of preliminary, liminal and postliminary credit/debt phases (Gregory 2012: 283). Credit may be granted but not yet obtained, credit may be obtained, hence taking the form of debt, but this debt may not yet be due, and so on. What seems at stake in the Danish case, moreover, is that such types of 'mediated' credit/debt relations do not only concern the temporality pin pointed by Gregory but also work as a means of symbolically differentiating financial products and mainstreaming credit. In contemporary credit markets, some forms of loans such as 'arranged overdraft' and 'revolving credit' are not conceptualised as loans nor morally connoted with debt. The emerging field of digital finance in Denmark therefore is characterised by a kind of moral 'whitewashing' by conceptual migration, as a large part of the loan market is simply semantically disconnected from connotations of 'loans' and 'debt'. What we see is an increasing transgression and separation from the (economic) calculation of credit and debt. Not surprisingly, this makes it difficult for young Danes (probably all Danes) to estimate whether they owe money or have money. The process can also be related to Gregory's (2012) suggestion to focus on credit as a 'shape shifter', showing how the usage of words reflects local moral economies as 'credit', which is considered 'bad' and called 'debt' while 'good' money lending is termed 'credit'.

This conceptual distinction resembles what Zelizer (1997: 21–23) referred to as 'earmarking' of money. Changing the perspective on money from quantitative 'money' to qualitatively different 'monies', Zelizer suggests looking at market money as 'social currencies' where monetary payments, such as social security, women's wages, tips and pocket money were each connoting differences in usage, installing specific relationships and carrying different legitimacies for the social actors involved (Zelizer 1997: 18–19). I suggest that the emerging field of Danish digital finance also reflects such forms of stratified 'marking'. Those forms of credit obtained by the most precarious groups—such as instant payday loans, SMS loans and installment plans—are marked as debt, carrying connotations of stupidity, immorality and irresponsibility. In contrast, those targeting the middle class, such as 'arranged overdraft' and 'revolving credit lines', are not associated with debt but normalised and sanctioned as legitimate 'financial buffers'.

Conclusion: Digital Finance as an Emerging Contested and Hierarchical Field

Digitalisation and increasing use of credit characterise everyday financing in a Danish context, and increasing usage of digitalised credit clearly epitomises changes in cultural meanings and usages of both ‘credit’ and ‘debt’. However, although all young Danes use credit on a daily basis, those who get into serious debt problems are those with lower-class backgrounds who, in their early adulthood, confront a series of challenges that can include early independence, lack of income, lack of social support or psychological problems. The lives of these young people do not follow an idealised linear transition to adulthood. They are characterised by a series of ‘emergencies’ to which they respond—often on their own. For this group in particular, easy access to (expensive) credit may appear as a solution to the various kinds of challenges they experience in the social situations in which they find themselves. The widespread availability of credit in largely deregulated markets that has developed in the last decade therefore poses a particular risk for this group. The ‘case’ of precariousness and debt among young Danes thereby shows how social and cultural processes are related to unequal positions and dispositions in an emergent, socially differentiated field of everyday digital finance (see also Hohnen 2017; Pahl 2008).

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Notes

1. The interviews with young Danes (ages eighteen to thirty) with debt problems were carried out as part of the project 'On the Right Track' (The Danish Consumer Council 2015). The project was financed by TrygFonden.
2. Commercial for 'payday loans' at Vivus.dk, www.youtube.com/watch?v=8mg7iVp1G7w.
3. Young people were recruited via different sources, for example via a network of debt-counselling offices and an announcement on Facebook.
4. An example of such a moralising discourse is the Danish TV programme called 'Luksususfælden' (the Luxury trap). This programme title also signals that having debt problems is presumably related to luxurious spending.

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