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The Financial Ecologies and Circuits of Commerce of Retail Credit Cards in Santiago de Chile (Synopsis of Research Results)

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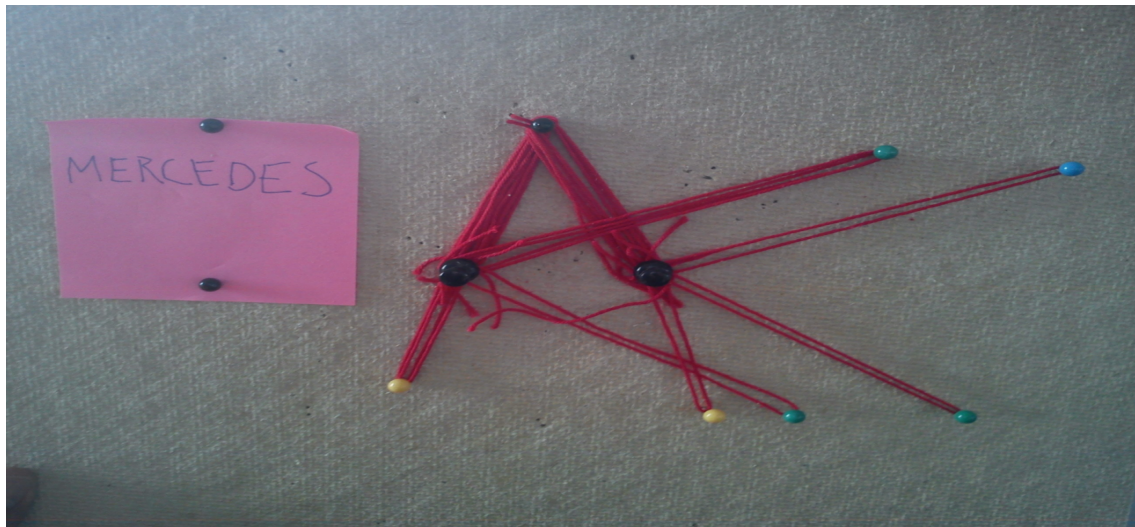
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The Financial Ecologies and Circuits of Commerce of Retail Credit Cards in Santiago de Chile

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Synopsis

The expansion of consumer credits has been one of the most wide-ranging transformations in the last 20 years in Chile. One can argue that Chile has gone through its own process of 'financialization' and that this has had a very specific and domestic character: consumer credits. Of course, this is not the only country where consumer credits, and particularly, credit cards, have seen a significant growth. However, recent trends in the Chilean case show an important particularity: the access to credits has neither been driven by banks nor by other traditional financial institutions but mainly by retailers such as supermarkets and department stores. In today's Chile retail credit cards are not merely used to purchase goods in the issuers' stores, but also increasingly as revolving credits cards that are usable in an expanding network of places (including airline tickets, private hospitals, pharmacies, and, certainly, other stores). In a developing country, where a large proportion of the population has not traditionally been considered by banks as potential customers, chain retailers are becoming the main access to finance.

This research, using an ethnographic approach and mostly relying on interviews and traces of financial transactions recorded in different objects (such as credit cards bills or notebooks), reconstructed the credit history of 13 different households situated in three areas of the city with low access to other financial services. Two notions were very important in guiding our methodological approach and the analysis of the collected material: "financial ecologies" and "circuits of commerce".

Geographer A. Leyshon and his colleagues have pointed out that the expansion and technologization of finance is not even, rather it is distributed in "financial ecologies", which mark different forms of inclusion and exclusion. In this context, a contrast has shown up between areas of "super inclusion" (people that pass bank scoring tests are in fact actively targeted by banks' marketing departments and live in areas of the city where there are many different bank branches) and "excluded areas", mostly inner cities, where it is possible to find "relic" financial practices, such as money lenders that collect their payment from home to home. However, as the last financial crisis in the US has shown, new technologies, especially risk pricing, have enabled the rise of new formal financial actors that are transforming the access of finance of those traditionally excluded. Like bank credit cards in the US, or mobile money in Africa, department store cards are becoming a central medium of payment and credit for previously financially excluded population in Santiago. Our work is the first that describe how store cards are used together with other financial instruments (such as cooperatives and ROSCAS) and that tries to map the different credit transactions in the city.

In her later work, Zelizer has paid special attention to the analysis of different types of payments and what she has called "circuits of commerce". These circuits are structures of social relations that mark symbolic boundaries that, for instance, allow differentiating right or wrong payments, or different types of them (such as allowances, presents, charities or purchase). In this context, economic actors are obliged to perform a "relational work" to identify the right type of payments for each situation to deal with controversies concerning the nature of each payment. Zelizer's main focus is on money but her methods, nevertheless, are useful to study credit too. Actually, perhaps the main finding of this research is connected to a very specific "circuit" that has

emerged together with store credit cards. In the households studied, despite being associated to an individual's name, department store cards are collective: people do not only buy things with them, but cards themselves (or actually their credit limit) are also borrowed. Most of the material collected in our fieldwork explores the particular dynamics of these particular circuits.

By studying both, the financial ecologies and circuits of department store credit, this research is helping to understand better the very complex area that exist between financial inclusion and exclusion in Chile today. It studies how those that are nominally excluded from formal lines of credit (for instance because they are recorded as past defaulters and cannot pass banks or store scoring tests), nevertheless, they access credit through others' cards. Yet, these circuits (like store risk scorings) have their own rules of exclusion. At the same time, this work questions the usefulness of studying levels of indebtedness only at the level of individuals or even households, because a card can be own, or at least used, by a much more complex social network. Moreover, social networks can also be too abstract, as these circuits are based on richer relations that are relationally re-defined. At the same time, if we consider the type of behavioral scoring mechanisms performed by Chilean retailers, that make that the more a card is used the bigger the credit limit becomes, it becomes clear that these networks are also mediated by cards themselves and their particular kind of "memory". Our current interest is to keep advancing in the understanding of these dynamics. In order to do this, we are re-reading our material and experimenting with different forms of visualizing and presenting the collected information. However, we believe, we are just starting.

This report presents (in Spanish) our very preliminary findings and it is organized in four parts. Part I presents the socio-economic and financial characteristics of the three areas of the city (or "comunas") where fieldwork was carried out. Part II reconstructs ethnographically the interviewed people and their credit practices (names have been changed in order to keep anonymity). Part III and IV show some of our attempts for visualizing our results. Part III maps the credits practices described by the interviewees in the city and Part IV shows two visualizations of the networks formed by department store cards circuits.