UC Irvine
Papers

Title
Making Poverty Into A Financial Problem: From Global Poverty LinesTo Kiva.Org

Permalink
https://escholarship.org/uc/item/6cs0h902

Journal
Journal of International Development, 26(4)

ISSN
0954-1748 1099-1328

Author
Schwittay, Anke F

Publication Date
2013-10-30

DOI
10.1002/jid.2966

Copyright Information
This work is made available under the terms of a Creative Commons Attribution-NonCommercial License, available at https://creativecommons.org/licenses/by-nc/4.0/

Peer reviewed

eScholarship.org Powered by the California Digital Library
University of California

Making Poverty Into A Financial Problem: From Global Poverty Lines To Kiva.Org

Anke F. Schwittay*
Centre for Development Studies, University of Auckland, Auckland, New Zealand

Abstract: This paper presents the financialization of poverty as a conceptual addition to the literature on microfinance. It argues that for microfinance to be seen as a solution to poverty alleviation, poverty has been made into a financial problem. This is exemplified by the World Bank's global poverty line and leads to the constitution of poor people as financial subjects. In addition, thinking of poverty in financial terms enables Northern publics' engagement with poverty. Recent initiatives like Live Below the Line and Kiva.org are presented as examples of how poverty is made manageable for Northern supporters of microfinance.

Keywords: financial inclusion; poverty alleviation; online microfinance; banking

Microfinance remains a 'panacea of choice' (Roy, 2010: 22) for global poverty alleviation strategies. As a result, the literature exploring its benefits and drawbacks is burgeoning. Although reports by development organizations continue to celebrate microfinance for its potential to spur the growth of microenterprises and thereby enable poor women and their families to work themselves out of poverty (Robinson, 2001), the academic literature on its impact remains inconclusive, even after the introduction of randomized control trials to provide more scientific assessment methods (Banerjee & Dufflo, 2011; Roodman, 2011). In addition, there is a large critical body of work examining microfinance's connections to neoliberalism (Bateman & Chang, 2013; Elyachar, 2002; Weber, 2004), its complex gender dynamics (Karim, 2011; Rahman, 1999; Rankin, 2001) and its remaking as a frontier for finance capital (Roy, 2012; Young, 2010). What has emerged from these discussions is that microfinance is most productively conceptualized as part of a financial inclusion assemblage in which power, authority and control are negotiated (Kabeer, 2000; Schwittay, 2011a).

In this article, I argue that what is missing from these discussions is an analysis of the conceptual foundations on which microfinance rests. I call this conceptualization the financialization of poverty, in reference to a framing of poverty in financial terms. It is through this process of financialization, which often means access to poor-appropriate formal banking instruments, that financial inclusion interventions are developed and legitimized. In the three sections of this article, I show how the financialization of poverty works on three distinct but interrelated levels: on the level of poverty as a concept, on the level of poor people targeted by financial inclusion and on the level of everyday microfinance supporters in the Global North.

1 THE FINANCIALIZATION OF POVERTY

Most fundamentally, I argue that financial inclusion interventions can be seen as central to global development strategies because poverty has been made into a financial problem. In other words, once poverty has been constituted in financial terms, it can be alleviated by financial means. This line of argument draws inspiration from James Ferguson's analysis of the technocratic nature of the anti-poverty machine, which conceives of poverty as a technical problem that can then be solved with the tools with which development workers are equipped (Ferguson, 1995). Because many employees of development agencies are technocrats and not social activists or social workers, for example, they have to think of poverty in technical terms to be able to offer solutions towards its alleviation.1 A similar process takes place with the financialization of poverty, of which global poverty lines are the foremost example.

1.1 Global Financial Poverty Lines

What does this conceptual financialization of poverty look like in practice? The most authoritative example is the World Bank's global poverty line and its translation into the first Millennium Development Goal (MDG), which adheres to an 'essentially monodimensional conception of "extreme poverty" (as lack of income or consumption)' (Edward, 2006: 381, original emphasis). The global poverty line defines as extremely poor those who live under $1/day and as poor those who live under $1.25/day and thereby firmly yokes poverty to a financial indicator. This insufficient amount of money is usually explained as a lack of income, either from microentrepreneurship as advocated by microfinance supporters or from formal waged jobs as advocated by its opponents (Karnani, 2007).

This is not to deny that being poor means not having enough money to live. However, as Amartya Sen has shown, 'real incomes can be rather poor indicators of important components of well-being and quality of life that people have reason to value' (Sen, 1999: 80). In other words, defining the poor as those who live on an amount of state-issued tender that falls below a certain line is not sufficient to account for their poverty. The emergence of broader definitions of poverty that pay attention to poor people's values and notions of well-being shows the way towards a more complete understanding. In his writings, Sen acknowledges that the easy-to-measure, income-tied dimension of poverty continues to be seen as fundamental to enabling the poor to make other quality of life choices, from housing to education to healthcare. This means that the multidimensional character of poverty is acknowledged but put on a financial footing (Edward, 2006).

In contrast to microfinance's neoliberal agenda, cash transfer programs are seen as a more equitable way to overcome the poors' money shortage, one that also addresses poverty as an issue of unjust redistribution (Hulme et al., 2010). Programs such as Oportunidades in Mexico,

---

[1]A similar process is underway in the marketization of poverty, whereby poor people are becoming protocustomers of transnational corporations. For this to happen, poverty is constituted as a problem that can be solved by market interventions. Bill Gates' creative capitalism and C.K. Prahalad's Bottom of the Pyramid theories are the best examples of this (Schwittay, 2011b).

Bolsa Familia in Brazil and South Africa's Child Support Grant have been recognized as affordable and effective ways to help poor people escape the poverty trap through financial support. Similar to microfinance supporters, advocates of cash transfer programs argue that 'the biggest problem for those below the poverty line is a basic lack of cash' (Hulme et al., 2010: 2). Once again, poor people's lack of financial resources is singled out as the cause of their poverty, and giving them money, in the form of loans or cash transfers, becomes one of the most effective poverty-fighting solutions. Even Sen includes access to finance as part of the economic facilities that constitute one of his five instrumental freedoms.

One of the effects of poverty's financialization is its universalizing definition as a common condition shared by poor people the world over. This not only neglects the heterogeneity and diversity of poor people's lives (Hulme & Shepard, 2003) but also enables the global poverty alleviation interventions of which microfinance, as the creation of 'social value [through the] maximization of the disposable income of the poor' (Chu, 2005: 14), is exemplary (Ilcan & Lacey, 2011).2 These interventions are, by necessity, of a financio-technical nature, calling for the better design of poor-appropriate financial services, often through the use of mobile technologies (Maurer, 2012) or the creation of new asset classes to tap commercial capital (Matthaus-Maier & von Pischke, 2006). All of these initiatives focus on the expansion of formal financial services to the poor, in an attempt to ameliorate what is perceived to be the major cause of their impoverishment, namely their lack of capital. To address this lack, development is also becoming financialized.

1.2 The Financialization of Development

One effect of conceptualizing poverty in financial terms is that it enables the 'financialization of development' (Roy, 2010: 31). Roy uses this term to refer to the integration of the world's poor into global financial markets, especially by way of the Consultative Group to Assist the Poor's (CGAP) version of microfinance. This microfinance think tank housed at the World Bank advocates a minimalist, financially sustainable-cum-profitable model of microfinance as the key to tap into the commercial capital that is necessary to include the billions of poor people who do not yet have formal financial access based on latest World Bank estimates that encompass 2.5 billion people.[3] It is their lack of financial access, taken as evidence of a need for it, that drives the expansion of the financial inclusion assemblage into mainstream financial markets. This commercial incorporation reinforces microfinance's integration into global structures of neoliberal discipline and exposes it to financial excess and crisis. The financialization of poverty therefore also includes making poverty into a banking problem that highlights the formal nature of poor-appropriate financial instruments.

---

[2]The quantitative dimension of the financialization of poverty also accords with the increasing emphasis on metrics to enable global rankings, impact assessments and monitoring and evaluation activities. Even social impact assessments and social performance indexes rely on quantitative data about changes to lives and livelihoods.
[3]http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20433592~menuPK:34480~pagePK:64257043~piPK:437376~theSitePK:4607,00.html, accessed 28 March 2013.

CGAP also issues the authoritative metrics, best practices and guidelines that govern contemporary financial inclusion practices. Indeed, Roy argues that one of the characteristics of 'the business of poverty com[ing] to be "financialized"' is its 'transform[ation] into a set of financial benchmarks and indicators' (Roy, 2010: 31, original emphasis). Pointing out this dominance of financial metrics does not explain, however, what enables them to be measures of poverty alleviation in the first place. Roy approaches this conceptual ground when she defines financialization as 'an invitation to live by finance' (Roy, 2010: 32, citing Martin, 2002: 3). In the case of microfinance, this invitation is not extended courteously but often powerfully by means of patriarchal control and gendered divisions of labour and consumption. Using financial markers to measure poor people's progress out of their precarious position means that living by minimal finance is seen as the defining characteristic of that condition in the first place.

As 'financial norms come to supersede social norms in the making of development' (Roy, 2010: 47), what are the effects of this transformation on those who are defined as poor because they live below the poverty line? This question brings us to the second level of the financialization of poverty, which examines the making of poor subjects of finance.

2 POOR PEOPLE AS FISCAL SUBJECTS

Mohammad Yunus, who received the Nobel Peace Prize in 2006 for his work with the Grameen Bank and in this way contributed much to making microfinance popular beyond development circles, argues that access to credit is a fundamental human right. According to him, 'the poor know that credit is their only opportunity to break out of poverty' (Yunus, 1999: 59). Through such authoritative statements, access to formal credit is made into an essential need for the poor. In the process, poor people are reconceptualized as financial subjects who can escape the 'tyranny of emergency' (Appadurai, 2001: 31) that rules their lives through making use of poor-appropriate financial services. Part of this process is the production of knowledge about poor people's financial lives and practices, and the inculcation of good fiscal values.

2.1 Making Financial Lives Knowable

Poor people's lives are made knowable as 'unexpectedly intense financial lives' (Collins et al., 2009: 13) through methodologies ranging from financial diaries to ethnographic research. The former was developed by David Hulme (Hulme &Mosley, 1996) and popularized by the now seminal book Portfolios of the Poor: How the World's Poor Live on $2/Day (Collins et al., 2009).4 The book opens by arguing that 'the one thing [the poor] have in common, the thing that defines them as poor, is that they don't have much money' (Collins et al., 2009: 4). This statement both speaks to and reinforces the financialization of poverty.

The original diaries, in the form of balance sheets and cash-flow statements, were assembled by tracking the daily incomes, expenditures and other financial transactions of 300 poor households in India, Bangladesh and South Africa from 1999 to 2005 (Collins et al., 2009). One of the key insights was that poor people had not just low but also fluctuating and

[4]In the appendix, the authors chronicle the evolution of the research method from a more qualitative to a quantitative approach allowing for statistical analysis.

unpredictable income, which forced them to develop sophisticated money management skills centering on borrowing and saving. The researchers described these financial skills as 'fundamental to achieving those broader aims [of being healthy or well educated or wealthy]' (Collins et al., 2009: 3). Thus, it is not just access to money but also the ability to manage it that is seen as crucially important to poor people's lives. This shifts responsibility squarely unto poor people's shoulders, leading to an individualization of poverty that neglects the social and political relations at its root.

Financial diaries have become a popular research methodology that has been utilized in early investigations of m-Pesa, the mobile phone-based money transfer system in Kenya (Morawczynski, 2011), and to understand the financial lives of poor people in the USA.[5] Such diaries are also promoted as a tool for consumer research by organizations partaking in forming an emerging financial market at the so-called Bottom of the Pyramid, consisting of billions of new consumers whose minimal incomes put them at the bottom of the world economic pyramid (Cross & Street, 2009).6 This shows that poor fiscal subjects are also rebranded as financial consumers, being targeted by the marketing of formal financial instruments designed specifically for them. Indeed, microfinance has captured the corporate imagination of global financial giants like Citibank and Deutsche Bank, who see the potential for profits to be made at the next financial frontier (Roy, 2010).

However, it is universities that are at the forefront of producing the knowledge operationalized by financial inclusion interventions. Jonathan Murdoch, another co-author of Portfolios, leads the Financial Access Initiative (FAI) at New York University. FAI, which is also propagating the use of randomized control trials to assess the impact of microfinance, was established with the help of the Bill and Melinda Gates Foundation. The Gates Foundation launched its Financial Services for the Poor Initiative in 2006 and since then has invested millions of dollars in developing 'next generation' savings products, delivery channels and policy frameworks (Gates Foundation, 2010). Another beneficiary of the initiative is the Institute for Money, Technology and Financial Inclusion (IMTFI) at the University of California, Irvine, which produces qualitative knowledge of poor people's financial logics and practices.

The Institute funds mainly researchers from developing countries to carry out detailed ethnographic research on poor people's 'monetary ecologies and repertoires' (IMTFI, 2010: 9).Working with a broader definition of money, which goes beyond the conventional financial meaning of state-issued tender to also include quasi and alternative currencies as well as physical assets, IMTFI's researchers are showing that poor people employ elaborate calculative rationalities such as sliding scales, different numerologies and various value standards and ways of counting (IMTFI, 2010: 23). Drawing attention to these local and indigenous financial practices and validating them in the process illuminate another facet of the financial lives of poor people.

In addition to such academically informed research is the increasing use of mainstream credit-scoring technologies, which were introduced by commercializing microfinance institutes (MFIs) (Campion & Valenzuela, 2002; Schreiner, 2009). 'Black lists' track poor clients' arrears

---

[5]http://www.cfsinnovation.com/content/financial-diaries, accessed 15 March 2013.

[6]http://www.microfinanceopportunities.org/docs/Financial%20Diaries%20as%20a%20Tool%20for%20Consumer%20Research.pdf, accessed 15 March 2013.

and defaults, whereas 'white lists' capture more comprehensive information, detailing, for example, borrowers' past credit histories, current loan exposure and income levels (Luoto et al., 2007: 317–318). These systems produce a different, statistical kind of knowledge that makes poor clients knowable as high-risk or low-risk borrowers. More circumscribed and instrumental, this knowledge also contributes to constituting poor people as fiscal subjects. Taken together, all of these knowledge interventions and the information they produce inform initiatives aiming to endow poor people with good financial skills.

2.2 Instilling Financial Values

Financial literacy education is at the forefront of these initiatives, brought to prominence by the official recognition that microfinance can create over-indebtedness and hardship instead of well-being and empowerment. According to a World Bank economist, 'financial literacy has come to play an increasingly prominent role in financial reform in both developed and developing countries, and is portrayed in global policy circles as a panacea for many recent crisis-related financial ills'.[7] In November 2010, the World Bank launched a Global Program on Consumer Protection and Financial Literacy, which focuses on shielding poor financial clients from abusive and predatory practices and on providing 'consumer education.'[8] Such education, the need for which is established through extensive country-level household surveys, is often delivered during microfinance lending group meetings and focuses on expanding poor people's knowledge of formal financial services, budgeting and asset building.

Promoting savings is a central component of financial literacy strategies, working to inculcate practices of planning for the future rather than succumbing to day-to-day struggle (Ilcan & Phillips, 2010). As the work of Rutherford (2001) and financial diaries have shown, poor people already save informally and in a rich variety of ways, and the aim of financial inclusion efforts is to supplement these with formal systems. The Gates Foundation is once again spearheading these efforts; however, recognizing that simply setting up savings accounts is not enough, it is supporting research on more appropriate products and services. IMTFI, for example, has issued a number of recommendations for the design of savings schemes that take the social, cultural and religious complexities of poor people's lives into account (IMTFI, 2010). These schemes would allow them to fulfil their social obligations while accumulating savings; they acknowledge the importance of social rank as a safety net by maintaining rather than trying to level it, and they include convertibility devices that work with poor people's unique calculative logics.

Savings, and increasingly also insurance and pension systems, aim to instil fiscal prudence and foresight 'through the cultivation of a different kind of relationship to the future' (Philipps & Ilcan, 2007: 108). Even though research has shown that poor people do not usually live from hand to mouth, such arguments against mere survival strategies and for a forward-

---

[7]http://econ.worldbank.org/external/default/main?theSitePK=477894&contentMDK=22183420&menuPK=546584&pagePK=64168182&piPK=64168060, accessed 22 March 2013.

[8]http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTFINANCIALSECTOR/0,,contentMDK:22761006~pagePK:148956~piPK:216618~theSitePK:282885,00.html,

accessed 22 March 2013.
looking orientation are central to the constitution of poor people as fiscal subjects. A CGAP director concurs, ‘Microfinance allows poor households to move from everyday survival to planning for the future, investing in better nutrition, improved living conditions and children’s health and education’ (Littlefield et al., 2003: 1). Thus, making poor people into fiscal subjects as part of the financialization of poverty includes ideas of them spending every penny as soon as they get hold of it. Although these ideas are not born out in the research-based literature, they are necessary to implement financial literacy education that brings poor people’s financial practices in line with formal, more controllable systems of borrowing, saving and insurance. This is not to say that such formal systems cannot be of benefit but to note the assumptions and disciplinary logics on which they are based.

Poor people are not the only ones demanding our academic attention, however, and in the next section, I examine how the financialization of poverty enables the actions of everyday people in the Global North who are supporting poverty alleviation through microfinance.

3 EVERYDAY SUPPORTERS OF FINANCIAL INCLUSION

The hand-to-mouth idea says more about how such Northern supporters think people below the poverty line live than how the latter actually do. This enables Northern engagement with poverty alleviation, which is mediated through the ‘public faces of development’ (Smith & Yanacopoulous, 2004). The growing literature on this subject centres on a ‘modern, Western self who is not only aware of poverty’s devastation but is also empowered to act upon it in responsible ways’ (Roy, 2010: 12). Microfinance is a prime area of this engagement, made possible by the financialization of poverty, which renders poverty understandable to Northern supporters and amenable to their actions.

3.1 Making Poverty Manageable

The authors of Portfolio argue that ‘for those of us who don’t have to do it, it is hard to imagine what it is like to live on so small an income [$2/day or less]. We don’t even try to imagine’ (Collins et al., 2009: 1). By contrast, I argue that it is precisely as a financial problem that poverty becomes imaginable to Northern supporters. As a matter of lacking access to money, poverty is accessible and understandable to everyday people who can relate to the importance of money, or the lack thereof, in their own lives. As levels of income and access to financial resources open up or foreclose choices in their lives as well, Northern supporters can comprehend, or at least try to, what it would be like to live on $1 a day.

Initiatives like Live Below the Line (LBTL), which challenges people in the USA, UK, Australia and NZ to survive on between US$1.25 and NZD2.25 for five days each year, aim to raise this awareness, alongside funds for poverty alleviation.[9] A visit to the website of LBTL-UK shows that what is presented there is a very truncated account of trying to live like the extremely poor, one that centres on buying food, cooking and eating it. There are recipe books and shopping tips, and participants’ blogs are full of pictures of groceries and meals. One more reflexive couple wrote in their blog that ‘whilst this has been an interesting exercise we feel an important point has been missed by many. The low price paid for food in the west

[9]www.livebelowtheline.com, accessed 25 March 2013.
(aka Tesco Value) is a form of exploitation and at least partly responsible for much of the world's poverty.'[10] This statement goes some way towards explaining why so many people have to live on $1/day, which should be the beginning of a deeper engagement with poverty. That this engagement rarely takes place does not detract from the fact that LBTL is facilitating Northern publics' encounters with poverty. The proliferation of similar initiatives shows that they are successful in presenting a very limited account of the challenges of poverty in terms that everyday people in the North can understand. They make the struggles of distant others less different and more real, at the same time that they are reinforcing the financialization of poverty.

Whereas focusing on the structural complexities of global poverty could easily become overwhelming and inhibit action, presenting the problem of poverty in a simplified, financial way makes it wieldy and actionable. MFIs play an important role in these reimaginings. According to the Grameen Foundation's website, 'microfinance is an amazingly simple approach that has been proven to empower very poor people around the world to pull themselves out of poverty,' a statement that is followed by an invitation for the reader to support its work through a donation (quoted in Ilcan & Lacey, 2011: 71, emphasis added). Representations are a central part of this particular public face (Dogra, 2012), and the ubiquitous photos of hardworking women microentrepreneurs reinforce the success story told by MFIs. Through such narratives, MFIs legitimize their own work as the most appropriate solution to poverty to current and future institutional and individual supporters. Microfinance is shown to be a sound and efficient business practice that brings visible benefits to poor individuals, their families and communities. Supporting this practice has been made easier through the use of digital technologies.

3.2 Connected Microcapital

One of the most celebrated ways in which everyday supporters, mainly in the USA but also in Northern Europe and other parts of the world, are engaging with microfinance is through Kiva.org, the world's first person-to-person microlending website (Flannery, 2007, 2009). The organization was founded in 2005 and since then has lent close to US$420million to over 1million borrowers in 67 countries.[11] Kiva makes microfinance actionable by allowing anybody with a credit card to lend a minimum of US$25 to a 'Kiva entrepreneur' of their choice; to date, over 1 million lenders have done so.[12] The organization's website presents its visitors, many of whom learn about microfinance through the site, with the World Bank/CGAP financialized explanations of poverty and the importance of microfinance in its alleviation.[13]

Kiva has been positioned as an example of the 'intimate mediations with poverty' of concerned citizens in the Global North (Roy, 2012: 149). In fact, it is its ability to capitalize on the double feeling of 'being invested in somebody' financially and emotionally that has contributed to Kiva' success (Black, 2009: 277). Whereas the financial connections materialize in millions of microloans, the emotional bonds between borrowers and lenders are forged via

---

[10]https://www.livebelowtheline.com/uk-chris-vernon, accessed 25 March 2013.
[11]http://www.kiva.org/about, accessed 3 April 2013.
[12]As a number of people have pointed out, the money does not actually go to that particular person, whose loan has very likely been funded already by a local Kiva partner MFI, which rather uses the $25 to fill another loan in its portfolio (Roodman, 2009).

[13]http://www.kiva.org/about/microfinance, accessed 4 April 2013.

borrower stories on the website, loan updates in lenders' inboxes and blog posts from Kiva fellows. These are highly mediated and scripted encounters, structured by the borrowers' and lenders' unequal power to tell their offline and online stories (Gajjala et al., 2011). Still, Kiva stories are powerful representations that spur Northern publics into action, while also providing a venue for more ambivalent expressions of lenders' motivations and identifications (Black, 2013).

Technologies such as the Internet make these connections possible. Financially, it allows for the aggregation of thousands of microloans and their disbursement to local MFI partners. Matt Flannery, Kiva's co-founder and CEO, has called this 'connected capital…a particular kind of currency flowing through the Kiva market place.'[14] Connected capital is endowed with certain characteristics such as being patient (Kiva lenders seek long-term or no returns), catalytic (Kiva lenders take big risks in order to have big impacts), accountable (Kiva lenders want feedback on their loans) and democratic (Kiva lenders number in the hundreds of thousands). What results is a relationship between people and money that enables action towards poverty alleviation through microfinance.

Part of the financialization of poverty is, therefore, a novel way in which capital is harnessed in the service of poverty alleviation. This happens not as the result of its more equal distribution but of capital's repositioning as a force for good, which neglects structural causes of poverty. In this process, established development concepts, such as social capital, which has become operationalized as a key repayment mechanism of microfinance borrowers groups and has also lent its name to an emerging social capital market,[15] are being articulated with more mainstream understandings of financial capital to bridge the worlds of finance and development. Kiva is thus firmly embedded in the global financio-capitalist marketplace, at the same time that it helps its partner MFIs to enter this market themselves (Gajjala & Birzescu, 2011; Flannery, 2007).

Kiva's technological affordances also bring social connections and emotional satisfaction to Northern supporters of microfinance. As Premal Shah, Kiva's President, observes, 'we let the average person be like a Bill Gates or a Rockefeller' (cited in Heim, 2006). Kiva users respond by describing their activities as 'you are a venture capitalist when you're on Kiva' (quoted in Gajjala et al., 2011: 890). Allowing its lenders to partake in the feel-good effect that comes from emulating famous philanthro-capitalists is another, albeit very limited, way in which Kiva makes poverty alleviation through microfinance accessible to Northern publics. This ignores the paternalistic power inequalities that are underwriting such forms of assistance and instead celebrates them as one of entrepreneurial partnerships, based on loans rather than charity (Flannery, 2009). However, Kiva lenders cannot receive interest for legal reasons and are instead paid in the stock success stories that have been an important part of microfinance's rise to development prominence. Such micronarratives of individual improvement and success, one microentrepreneur at a time, dominate the Kiva website. Although more critical accounts, usually of individual misfortunes leading to default, are occasionally found, they do not encourage Kiva lenders to engage with the broader critiques of microfinance or with their own privileged position in the global system whose inequalities are creating the very conditions Kiva's work is

[14]http://video.socialcapitalmarkets.net/2010/10/opening-keynote-from-matt-flannery-kiva/, accessed 1 July 2011.

[15]http://socialcapitalmarkets.net/, accessed 5 April 2013.

trying to alleviate. This work has been enabled by the financialization of poverty, which engages Northern publics through making the plight of the world's poor people imaginable and actionable.

4 CONCLUSION

Why does the financialization of poverty matter? And how does it contribute to the current debate over microfinance, over whether it helps poor women and their families enterprise themselves out of poverty and secure their livelihoods in a more stable way or, alternatively, whether it serves to further the global neoliberal financial agenda by creating a new debtor class? In this article, I have shown that paying attention to the conceptual foundation of financial inclusion interventions can help to frame the debate in more agnostic terms. All assumptions about microfinance, or other financially based poverty alleviation strategies such as cash transfer programs, rest on the constitution of the lives of poor people as financial lives and of their poverty as a lack of money. In order to understand why microfinance, in spite of growing criticism, remains popular, in the double sense of its continued embrace by multilateral development organizations, national governments and many NGOs, and growing popularity among everyday people in the Global North, it is important to investigate the foundation on which it sits. Microfinance's legitimacy derives from the financialization of poverty, which enables its advocates to present the practice as a simple yet indispensable part of the contemporary development apparatus.

Still, development organizations are being forced to engage with the critiques of microfinance. Some have decided to abandon their microlending activities (Wilson, 2007), whereas many others are devising financial literacy education programs. Codes of conduct abound and consumer protection initiatives are beginning to appear. These concrete measures will be strengthened by an understanding of the basis on which microfinance's pervasiveness is built. Recognizing the narrowness of financial ideas about poverty and the poor might then open up a space to broaden program design and implementation. The financialization of poverty also raises new questions for further research. One is the relationship between the existing, 'indigenous' monetary management skills and calculative practices of poor people and the formal knowledge that financial literacy aims to impart. Another is the ways in which the successful engagement of Northern publics enabled by the financialization of poverty can be opened up to more complete debates about its structural causes. The financialization of poverty thus lays out a promising research agenda that will add much to the existing literature on microfinance.

REFERENCES

Appadurai A. 2001. Deep Democracy: Urban Governmentality and the Horizon of Politics. *Environment and Urbanization* 13(2): 23–44. DOI: 10.1177/095624780101300203.
Banerjee A, Dufflo E. 2011. *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. Public Affairs: Philadephia.
Bateman M, Chang H-J. 2013. Microfinance and the Illusion of Development: From Hubris to

Nemesis in Thirty Years. *World Economic Review* 1(1): 1–39. DOI: 10.1111/j.1471-0366.2011.00330.x.

Bill and Melinda Gates Foundation. 2010. Financial Strategies for the Poor: Strategy Overview. Global Development Program November. Retrieved 15 Nov 2010, from http://www.gatesfoundation.org/financialservicesforthepoor/Documents/financial-services-for-the-poor-strategy-overview-november-2010.pdf

Black S. 2009. Microloans and Micronarratives: Sentiment for a Small World. *Public Culture* 21(2):269–292. DOI: 10.1215/08992363-2008-029.

Black S. 2013. Fictions of Humanitarian Responsibility: Narrating Microfinance. *Journal of Human Rights* 12(1): 103–120. DOI: 10.1080/14754835.2013.754293.

Campion A, Valenzuela L. 2002. Credit Bureaus: A Necessity for Microfinance? In *The Commercialization of Microfinance: Balancing Business and Development*. Drake D, Rhyne E (eds.), Kumarian Press: Bloomfield.

Chu M. 2005. Microfinance: The Next Ten Years. In *Microbanking: Creation Opportunities for The Poor through Innovation*, Pakpahan A, Lokollo E, Wijaya K. (eds.) Bak Rakyat Indonesia: Jakarta; 111–115.

Collins D, Morduch J, Rutherford S, Ruthven O. 2009. *Portfolios of the Poor: How the world's Poor live on $2 a day*. Princeton University Press: Princeton, N.J.

Cross J, Street A. 2009. Anthropology at the bottom of the pyramid. *Anthropology Today* 25(4): 4–9. DOI: 10.1111/j.1467-8322.2009.00675.x.

Dogra N. 2012. *Representations of Global Poverty: Aid, Development and International NGOs*. IB Taurus, London.

Edward P. 2006. The Ethical Poverty Line: A Moral Quantification of Absolute Poverty. *Third World Quarterly* 27(2): 377–393. DOI: pdf/10.1080/01436590500432739.

Elyachar J. 2002. Empowerment Money: The World Bank, Non-governmental Organizations and The Value of Culture in Egypt. *Public Culture* 14(3): 493–513. DOI: 10.1215/08992363-1498001.

Ferguson J. 1995. *The Anti-Politics Machine: 'Development,' Depolitizication and Bureaucratic Power in Lesotho.* University of Minnesota Press: Minneapolis.

Flannery M. 2007. Kiva and the Birth of Person-to-Person Microfinance. Innovations: Technology, *Governance, Globalization* 2(1–2): 31–56. DOI/pdfplus/10.1162/itgg.2007.2.1-2.31.

Flannery M. 2009. Kiva at Four. Innovations: Technology, Governance, *Globalization* 4(2): 31–49. DOI: pdfplus/10.1162/itgg.2009.4.2.31.

Gajjala R, Birzescu A. 2011. Digital Imperialism through Online Social/Financial Networks. *Economic and Political Weekly* 66(13): 95–102.

Gajjala V, Gajjala R, Birzescu A, Anarbaeva S. 2011.Microfinance in Online Space: A Visual Analysis of Kiva.org. *Development in Practice* 21(6): 880–893. DOI: 10.1080/09614524.2011.583637.

Heim K. 2006. A web of giving. *Seattle Times*, December 18.

Hulme D, Mosley P. 1996. *Finance Against Poverty*. Routledge: London.

Hulme D, Hanlon J, Barrientos A. 2010. *Just Give Money to the Poor: The Development Revolution from the Global South*. Kumarian Press: Sterling.

Hulme D, Shephard A. 2003. Conceptualizing Chronic Poverty. *World Development* 31(3): 403–423.

Ilcan S, Phillips L. 2010. Developmentalities and Calculative Practices: The Millennium

Development Goals. *Antipode* 42(4): 844–874. DOI: 10.1111/j.1467-8330.2010.00778.x.

Ilcan S, Lacey A. 2011. *Governing the Poor: Exercises in Poverty Reduction, Practices of Global Aid*. McGill-Queen's University Press: Montreal and Kingston.

IMTFI. 2010. Monetary Ecologies and Repertoires: Research from the Institute for Money, Technology and Financial Inclusion. First Annual Report and Design Principles. University of California, Irvine http://www.imtfi.uci.edu/files/imtfi/docs/2010/IMTFIDesign-1.pdf

Kabeer N. 2000. Conflicts over Credit: Re-evaluating the empowerment potential of loans to Women in rural Bangladesh. *World Development* 29(1): 63–84. DOI: 10.1016/S0305-750X(00)00081-4.

Karim L. 2011. *Microfinance and its Discontents: Women in Debt in Bangladesh*. University of Minnesota Press: Minneapolis.

Karnani A. 2007. Microfinance Misses its Mark. *Stanford Social Innovation Review*, Summer.

Littlefield E, Morduch J, Hashemi S. 2003. *Is Microfinance an Effective Strategy to Reach the Millennium Development Goals?* CGAP: Washington, DC.

Luoto J, McIntosh C, Wydick B. 2007. Credit Information Systems in Less Developed Countries: A Test with Microfinance in Guatemala. *Economic Development and Cultural Change* 55(2): 313–334.

Martin R. 2002. *The Financialization of Daily Life*. Temple University Press: Philadelphia.

Matthäus-Maier I, Von Pischke JD (eds.). 2006. *Microfinance Investment Funds: Leveraging Private Capital for Economic Growth and Poverty Reduction*. Springer: Berlin.

Maurer B. 2012. Mobile Money: Communication, Consumption and Change in the Payments Space. *Journal of Development Studies* 48(5): 589–604.

Morawcynski O. 2011. Examining the Adoptation, Usage and Outcomes of Mobile Money Services: The case of M-Pesa in Kenya. PhD, University of Edinburgh, Edinburgh.

Phillips L, Ilcan S. 2007. Responsible expertise: Governing the uncertain subjects of biotechnology. *Critique of Anthropology* 27(1): 103–126. DOI: 10.1177/0308275X07073821.

Rahman A. 1999. Micro-credit Initiatives for Equitable and Sustainable Development: Who Pays. *World Development* 27(1): 67–92. DOI:10.1016/S0305-750X(98)00105-3.

Rankin K. 2001. Governing development: neoliberalism, microcredit, and rational economic woman. *Economy and Society* 30(1): 18–37. DOI: 10.1080/03085140020019070.

Robinson M. 2001. *The Microfinance Revolution: Sustainable Finance for the Poor.* World Bank: Washington DC.

Roodman D. 2011. *Due Diligence: An Impertinent Inquiry into Microfinance.* Center for Global Development: Washington DC.

Roodman D. 2009. Kiva is not quite what it seems. http://www.cgdev.org/blog/kiva-not-quite-what-itseems, accessed April 4, 2013.

Roy A. 2010. *Poverty Capital: Microfinance and the Making of Development*. Routledge: New York.

Roy A. 2012. Subjects of Risk: Technologies of Gender in the Making of Millennial Modernity. *Public Culture* 24(1): 131–155. DOI: 10.1215/08992363-1498001.

Rutherford S. 2001. *The Poor and Their Money*. Oxford University Press: Oxford.

Schreiner M. 2009. Can Credit Scoring Help Attract Profit-Minded Investors to Microcredit? In

New Partnerships for Innovation in Microfinance. Matthäus-Maier I, Von Pischke JD (eds.). Springer: Berlin; 207–231.

Schwittay AF. 2011a. The financial inclusion assemblage: subjects, technics, rationalities. *Critique of Anthropology* 31(4): 381–401.

Schwittay AF. 2011b. The marketization of poverty. *Current Anthropology* 52(S3): S71–S82.

Sen A. 1999. *Development as Freedom*. Anchor Books: New York.

Smith M, Yanacopoulous H. 2004. The Public Faces of Development: an introduction. *Journal of International Development* 16(5): 657–664. DOI: 10.1002/jid.1118.

Weber H. 2004. The 'new economy' and social risks: Banking on the poor? *Review of International Political Economy* 11(2): 356–386.

Wilson K. 2007. The Moneylender's Dilemma. In *What's Wrong with Microfinance?* Dichter T, Harper M (eds.) Practical Action Publishing: Warwickshire, UK; 97–108.

Young S. 2010. The "Moral Hazards" of Microfinance: Restructuring Rural Credit in India. *Antipode* 42(1): 201–223. DOI: 10.1111/j.1467-8330.2009.00737.x.

Yunus M. 1999. *Banker to the Poor: Micro-Lending and the Battle against World Poverty*. Public Affairs: New York.

*Correspondence to: Anke F. Schwittay, Centre for Development Studies, University of Auckland, Private Bag 92019, Auckland 1142, New Zealand.
E-mail: a.schwittay@auckland.ac.nz