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Digital technologies of debt resilience: everyday life and citizenship in the Age of Austerity

End of Project Report

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1. Executive Summary

Digital Technologies of Debt Resilience is a pilot study into the everyday politics of indebtedness in Britain. One element engages directly with political actors seeking change to some aspect of the political economy of retail credit or personal debt; the other element looks directly with the indebted and how they use peer-to-peer information sharing on digital forums. Traditional understanding of social and cultural participation invokes spatial images of communities: clubs, neighbourhood activism or preserving local identities. Our project extends this understanding of communities to those formed by common political objectives (anti-poverty, financial reform, student debt) and/or personal circumstances (debt distress, mortgage arrears, insolvency and bankruptcy) in order to consider the personal and organizational resilience required to respond to the on-going financial, economic, and increasingly political crisis that defines the post-2008 Age of Austerity.

This research project uncovered the multifaceted ways that individuals and civil society expose the protracted personal and societal processes dealing with debt. We discovered how individuals and a variety of civil society actors have stepped in to fill a pronounced policy void. The scale, impact and type of issues they tackle are as diverse as their methods; and the field is dominated by relatively few key individuals within small but effective organisations who are doing the bulk of the heavy lifting, but still only able to produce one-off campaigns and community outreach efforts.

This project uncovered a small network of key civil society organisations and digital network of individuals working hard with the (limited) resources they have available to take action on debt issues. For civil society groups it is often limited budgets, lack of resources or digital know-how leads to unclear and inconsistent messaging and further limits their capacity for impact. The vast majority of actors in this space lack basic infrastructure and sufficient resources to scale-up their activities. For individuals in peer-to-peer forums the pressing issues of living and dealing with 'indebtedness' breaking the self-imposed silence is politics in action.

2. Aims, Objectives and Methods

Civil Society Groups informing and enacting debt resilience sought to answer the following questions: *how do key civil society groups use digital platforms to highlight, educate, inform, and coordinate action related to politics of indebtedness? What are the perceived strengths and weaknesses of digital platforms in enabling a culture of resilience?*

Data collection involved 9 semi-structured interviews with key actors from civil society organizations directly involved in advocacy or services to people in debt. Subjects were identified using a primary scoping exercise of identifying key civil groups providing debt management advice or producing research or events in the areas of fair credit access and/or debt problems at household or community level. This was followed-up by identifying individuals attending one of several workshops and events related to debt and financial services reform. The nine semi-structured interviews were conducted in the

spring of 2014. Interviews were transcribed and uploaded into Nvivo 10 software to enable computer analysis of responses.

Interview subjects were then invited to attend one of two project sponsored day-long 'Collaborative Encounters' workshops and asked to recommend contacts within their network they think would be interested in attending (snow-ball sample). The two events brought together academics, activists, organizers, and individuals working in cognate areas of politics of indebtedness; the first event had 12 participants and the second had 16 participants. Both events used Open-Space Technology¹ to facilitate participants to create the agenda and contribute to a collective output. This method promotes conversations between research partners, rather than using a linear inside-to-outside and top-down model of knowledge transfer, impact and public engagement, this method operates to co-produce knowledge.² This method experimented with the co-creation of knowledge as a means of evaluating the potential of digital communities to enable and enact socio-cultural and/or political change. Individual, anonymized, responses were posted as blog (<http://alternatives2debteconomy.tumblr.com/>) using NCapture uploaded to Nvivo 10 for analysis alongside interview responses.

The data analysis involves a basic triangulation data collection drawing information from workshops, semi-structured interviews and secondary data sources. Triangulation is a powerful technique that facilitates validation of data through cross verification from two or more sources giving the researcher more confidence when different methods lead to the same result.³ Moreover, triangulation limits confirmation bias, which is the tendency of people to favour information that confirms their beliefs or hypotheses.⁴

Peer-to-Peer information sharing to enable debt resilience aimed to answer the following questions: *How do peer-to-peer forums on indebtedness identify, inform, or enact resilience to get 'out of debt'?*

Online forums can be a bit like unmoderated focus groups since they highlight processes of collective meaning-making.⁵ Digital forums offer a unique and underused source of information to explore the discursive creation of 'debt' and the everyday practices of indebtedness.

The first step was selecting which forums to analyse, given the very large number that deal with every manner of issue related to debt, indebtedness, debt management, debt collection, bankruptcy, and so on. We analysed four forums that are part of a larger group of forums – what we term 'sub-forums' – used by debtors to discuss their issues. Each sub-forum is diverse, with each providing unique value for its members.

All four sub-forums analysed were very different from one another, with each one offering a different function or value added for its users.

- *CAG Debt Management and Debt self-help / MSE Debt-Free Wannabe*: These two forums were two of the most general debt-related sub-forums, providing insights into how debtors used these online spaces in a myriad of different ways. New

members with fewer posts start the majority of threads, with topics covering a wide range of subjects. These include discussions about what books are helpful to debtors, specific advice over budgeting, and general moral and emotional support for those trying to get out of debt. Various regular or longer-term members of the online community, who are generally supportive and helpful in providing a wide range of emotional and practical guidance, respond to almost all threads. The majority of expertise on these two forums is provided by a relatively small number of members who may have upward of 8,000 posts, but there are also members with less than 20 posts who offer help too.

- ***CAG Debt Collection Agencies***: this sub-forum is more like a troubleshooting or Q&A service. The main form of support provided is relatively targeted, technical advice about how to deal with third party debt collectors. This includes, for example, advising debtors to refuse to speak to creditors over the phone, providing letter templates to use in communication with creditors, answering queries relating to specific collections letters, providing advice on rules, regulations and relevant third party agencies to contact (e.g. the Financial Ombudsman). Specific tacit and technical knowledge of these processes is incredibly important, and is clearly the value-added of the debt forums for users.
- ***Mumsnet***: This debt forum lies at the other end of the spectrum. The value-added for users is not necessarily tacit and technical knowledge of the finance industry, but centred more upon strategies for thrift and emotional support. A particular characteristic of the forum is that a small amount of users provide a large amount of the content.

Different debtor sub-forums sampled			
Forum	Sub-forum	Description	URL
Consumer Action Group	Debt Management and Debt self-help	General sub-forum on getting out of debt	http://www.consumeractiongroup.co.uk/forum/forumdisplay.php?173-Debt-management-and-Debt-self-help
Consumer Action Group	Debt Collection Agencies	Specific sub-forum for discussing debt collection agencies	http://www.consumeractiongroup.co.uk/forum/forumdisplay.php?167-Debt-Collection-Agencies
Money Saving Expert	Debt-Free Wannabe	General sub-forum on getting out of debt	http://forums.moneysavingexpert.com/forumdisplay.php?f=76
Mumsnet	Debt thread [note: this is not a sub-forum]	General thread on getting out of debt	http://www.mumsnet.com/Talk/legal_money_matters/a2062902-Debt-Number-3-For-those-who-feel-they-are-drowning-and-want-a-way-out

We captured a snapshot of up to the first 40 threads, sorted by latest post, from April 1st onwards from each forum. For Mumsnet, in lieu of different sub-forums we sampled the latest Debt thread that contained 850 individual posts, and a total of around 65,000 words. The resulting data was coded in line with the research questions and aims of the project using NVivo – a qualitative analysis research tool. We took a “grounded theory” approach to data analysis. We started by capturing the sample as PDFs via NCapture for NVivo, ensuring that ‘emoticons’ were retained; this is important as members use these as an important way of expressing relief, frustration, anger, fear and sarcasm. Once the data corpus had been constructed, the entirety was read through in order to build some provisional themes.

A codebook was then developed based on these themes, with the entire corpus systematically coded accordingly. Our codes were designed with the exploratory nature of the research in mind, i.e. we wanted to get a general sense of how debtors were using these online spaces, what value these forums provided, and the political valences of forum discussions. Our codebook contained three basic categories. The first was ‘resilience’, which was used generally to capture and categorise the sort of problem presented by the original poster. The sub-categories included ‘economic/financial’, ‘emotional/affect’, and ‘coping strategies/tactics’. The second was ‘expertise’, which was used generally to capture and categorise the sort of support, knowledge and advice offered by members of the forums. The sub-categories included ‘legal/official’, ‘experiential expertise’ and ‘emotional support’. Due to the nature of the Mumsnet forum, we had to be therefore more flexible with these categories when analysing the debt thread. The third was ‘who are the indebted?’ which was used generally to capture and categorise who possessed the debts – particularly the extent to which it effected the household or family as a whole or just an individual. The sub-categories included ‘family’, ‘gender dynamics’ and ‘individual’. These categories provided us with a unique and broad picture of how the forums were used despite of their manifest differences, and were invaluable in informing the analysis.

3. Key findings

There is a Policy Void

Currently there is a large void in public policy understanding and responses to indebtedness. On the whole very little has been done to develop ways of solving the problems precipitated by widespread indebtedness. This is in part because the entire economy is dependent on it continuing unabated.

There are a relatively small number government sponsored research projects and policy reports that address the problems of debt in the UK; however these explicitly seek to reduce debt problems to a small sub-section of society considered to be the ‘over-indebted’⁶ or ‘vulnerable consumer’.⁷ Identifying a small population of problem debtors with individual financial problems offers the easiest way for policy-makers to develop targeted but shallow solutions. The policy proposals are all similar: individuals need

better 'financial capabilities' through improved financial literacy to get themselves out of debt.

Concluding that problems of indebtedness can be improved with better financial capabilities is tantamount to saying unmanageable levels of debt are a problem of lack of maths skills. Government-funded programs to improve financial literacy already exist — however, in practice, these simply offer more of the same and are effectively no more than a 'do nothing more' policy. Furthermore, focusing on small groups of over-indebted excludes large swathes of the population that are indebted but managing their debts.

Civil Society is filling the policy void

- Civil society engages in a range of activities from advocacy to personal service to assist the indebted. As such, they are well-placed to diagnose key problems caused by rising indebtedness.
- These are passionate and dedicated people largely working in physical spaces like church halls and street stalls to develop solutions to problems of indebtedness, especially at household and community-level.
- Attempts by civil society to engage in digital spaces are not as effective as they could be; better digital engagement is necessary to widen impact and bring about political change.

In the context of a lack of real solutions being offered by policy-makers, this pilot study sought to observe the unique and often creative ways that civil society seeks to understand the problems of indebtedness in the UK and, more importantly, serve as an incubator for innovative solutions.

The challenge for civil society remains in building capacity in the network of individuals, organisations, campaign groups and academics working in cognate areas. Civil society is a vibrant social space with a range of activities related to the problem of indebtedness: from providing debt advice and campaigns for financial services reforms; to advocating for disadvantaged groups in society and coordinating direct action. Importantly, there is no organisationally and ideologically distinct vision for change, which is so badly needed in the current political climate.

Sharing a common politics does not necessarily mean the actors agree on the means or the ultimate ends of much needed change. At one end of the spectrum 'reformers' advocate for consumer protection or better banking, and at the other end 'resistors' seek to rupture financial power in everyday life.

- Reform efforts focus on shaping financial services regulations of the credit industry, promoting greater financial transparency and renewing the focus on community banking, credit unions, community reinvestment, and responsible financial services.
- Community-led initiatives focus on making banking that works for people and explicitly highlighting the problems debt cause at the household and community-

level. They rely on personal testimony offered in public forums to acknowledge and find solutions to the problems debt creates in a local area.

- ‘Making Debt Political’ initiatives includes a wide range of activities that highlight how debt manifests as a cost-of-living crisis; the aim is to highlight the daily struggles faced by of large swathes of the population trying to cope with stagnant incomes, rising costs at the same time as service existing debt.
- Resisters seek to mobilise individuals and communities to think about how debt is imposed by political and economic elites; increasingly political action seeks to experiment with ways individuals and communities could take back power over their own lives and to reinvigorate the very practice of exercising political power.

While there might not be a homogenous set of shared goals and values within this group, the network of individuals and organisations involved nevertheless share an interest in the wider politics of debt. Moving forward, these different strands need to pull in the same direction. Importantly, there needs to be recognition and space made for those (non-political) individual’s experience of living and struggle to cope with indebtedness.

Key Campaign: Financial Inclusion

Centre for Responsible Credit⁸ a policy-based think tank established within the Centre for Economic and Social Inclusion (CESI)

For nearly two decades, director Damon Gibbons has consistently campaigned against irresponsible lending practices and high cost credit. He is founding member of the European Coalition for Responsible Credit (ECRC) and founded the ‘Debt on our Doorstop’ campaign.

Just Money campaign is a partnership between the Contextual Theology Centre and Citizens UK aims to highlight the consequences of high cost and extortionate credit, and promote alternative forms of ethical credit at community level.

Representatives from the campaign have been working closely with politicians in London boroughs to eliminate advertising for high cost credit suppliers from Council-owned spaces, and ensure that ‘financial institutions work for us and our communities’⁹.

Zero-Credit¹⁰ is a consumer cooperative focusing on research and development in the consumer credit sector. It is a much smaller organisation than the national non-profits but offers direct forms of engagement with indebted populations. Founder and Director Emma Bryn-Jones is committed to participatory methods and launched Zero-Credit as a digital project in 2009, and expanded it to become a cooperative in 2010, presently connecting nearly 100 members nation-wide.

Their aim is to engage with three communities: a digital audience, who may be people or organisations; their subscribers, who are professionals and organisations; and their members, who co-own the company and are individuals with personal experience of borrowing.¹¹

It created a 'Borrowers' Charter' in an attempt to create partnerships between those offering support and those who need it the most. The organisation believes that consumer participation with debt specialists, credit providers, or regulators with a stake in personal borrowing is essential.

Key Campaign: Reforming Payday Lending

This project was fortunate to observe in real time how civil society and Credit Union affiliated groups opened-up the political debate on the high cost credit industry, namely payday lenders. These efforts were hugely successful in shedding light on industry malfeasance and the problem of payday lending in deprived areas, which ultimately led to a policy victory by securing an interest rate cap by the regulators¹² and a public relations victory when Wonga wrote off £220 million of customer loans.¹³

Movement for Change¹⁴ (M4C) is a non-profit membership organization started in 2010, aligned with the Labour party formed out of Citizens UK. Its vision was to assert democratic and civic power by mobilizing campaigners and activists at the community level to work on issues that most directly affect them.

Its #Sharkstoppers¹⁵ campaign fought for tighter regulation of the high cost credit market. The M4C arm of Sharkstoppers campaigned against the predatory lending practices and continues to target the irresponsible practice of payday lender advertising.

Carl Packman, author of *Loan Sharks: The Rise and Rise of Payday Lending* (2012), and *Payday Lending: Global Growth of the High-Cost Credit Market* (2014), he is a researcher, consultant, and regular commentator (*The Guardian* and *Huffington Post* in the UK and *American Banker* in the US) on payday lending and personal debt.

Key Campaign: Promoting Credit Unions

Credit unions historically are non-profit, member-owned savings and loans cooperative institutions. While they are widely used in European countries and in North America, they have failed to enjoy the same levels of popularity in the UK. Advocates for the use and expansion of credit unions champion them as alternative and viable competitors to banks and high-cost lenders.

Some of the more active campaigners include, the Tim Hall¹⁶, a lecturer at the University of East London spearheading efforts to establish a University Credit Union; Stella Creasy, the MP for Walthamstow; Movement for Change; David Barclay of the Contextual Theology Centre; and Carl Packman.

Campaigners who advocate for credit unions believe that they can mark the space once capitalised on by high cost credit, and offer terms that are far more responsible, and with the added incentive of a savings product and free debt advice services.

Angela Clements¹⁷ - **Credit Union Really Effective Solutions and Fair-for-You**, formerly Chief Executive of Citysave Credit Union (Birmingham), created her own social enterprise model (company limited by guarantee) credit union – Credit Union Really Effective Solutions Ltd (CURES). CURES has members from across the Credit Union sector, aimed at those who want to find new ways to enable the industry to deliver the services to improve communities. *Fair for You* is an alternative hire purchase credit provider that seeks to rival Bright House ‘Rent-to-own’ business model by providing affordable personal finance to enable customers to buy a large variety of household items. Angela is widely regarded as a pioneer trying to innovate the credit union sector.

Key Campaign: Debt Activism

Civil society organisations focus on activism or personal empowerment, seeking to expose the exploitation and power relations of finance in the economy. There is a growing focus on debt “resistance” or “repudiation” whereby grassroots campaigns seek to organise the people who are most directly impacted by indebtedness and to push for a sort of fair settlement, including repudiation of unjust or illegitimate debt.

Jubilee Debt Campaign began in the 1990s seeking to build solidarity with other global actors to demand freedom from unjust sovereign debts and create a new people-centred financial system. They are primarily focused on working on the issues of debt and while they do not work directly with issues surrounding personal debt, they look at the parallels between individual debt and sovereign debt and point out the many similarities around debt dependency and unjust working/living conditions at the society level.

Move Your Money, a self-described decentralized organization that carries out various campaigns to bring to light the dubious workings of big finance, and promotes the use of more ethical financial providers like credit unions, community development finance institutions (CDFIs) and peer-to-peer lending structures. Within the first six months of this campaign more than half a million personal customers closed accounts with high street banks, moving their money to mutuals, ethical banks and credit unions. The next stage for the campaign is to encourage and support institutions to move their money out of the four largest high street banks.”¹⁸ **Joel Benjamin** of Move Your Money produced a toolkit for civil society organisations to focus their efforts collaboratively and locally, to create a long-term strategy to promote financial reform at community level.

Brett Scott, the author of *The Heretic’s Guide to Global Finance: Hacking the Future of Money*, focuses on empowering individuals to think about economics and finance differently. He describes his work as offering a framework for financial literacy ‘based on anthropology, gonzo exploration and the hacker ethos, and helps the reader develop a diverse DIY toolbox to undertake their own adventures in guerrilla finance and activist entrepreneurialism’.

Debt Resistance UK

A growing network of activists engaged in community-facing events to highlight the problems of indebtedness in the UK. Seeking to emulate Rolling Jubilee’s Strike Debt campaign these activists try to find possibilities for resistance in relation to different forms of household debt and to better understand the viability and implications of

different forms of refusal for debtors in the UK. This network is developing a UK version of Strike Debt's Debt Resisters' Operations Manual.¹⁹

Individuals are finding ways to deal with debt

- The indebted are using digital peer-to-peer spaces to share stories, seek support and exchange information.
- Such sites provide anecdotal information about people in crisis that is a rich and largely underused resource.
- Personal shame and embarrassment in talking about debt needs to be overcome to bring about political change.

Our research revealed how individuals enact forms of resilience through their model of digital self-help. Through detailed qualitative research we were able to observe how individuals highlight, educate and inform each other on how to cope with indebtedness.

All sub-forums studied provide an important source of expertise for those who are trying to get out of debt. Sometimes the knowledge was clearly more experiential. For instance, experienced users encouraged a long-term mind set, honesty and commitment in newer members through, among other things, suggesting that indebted users should lay bare an example of a single month's budget so that other users can suggest ways to cut expenditure.

Financial literacy becomes a collective endeavour

Part of the success of these forums is their ability to act as rich sources of information for new and established members to consult when assessing their specific debt issue. The forums contain a deep store of detailed advice on how to deal with specific problems, whether practical, emotional, or legal. This, coupled with the fact that individual threads around a certain issue are returned by relevant search engine queries, acts as a draw to new members while, for more established members, reaffirms the relevance of the forum's collective work.

Forums are not just about solving new problems as they come up but also about creating an ever-changing, living archive of life in debt for future debtors – and indeed researchers – to access.

Forums provide an important source of emotional support

P2P debtor-support forums entangle financial advice with emotional and moral support. An illustrative example of the kinds of emotional support such forums can provide can be drawn from the MSE Debt-Free Wannabe sub-forum. In this case, the response comes after the initial poster had edited their post to replace the original information about their debts with a message that simply read 'Too scared'.

Debt advice provided can be unconventional

This gives an interesting twist to how we understand financial literacy. Conventionally understood, financial literacy is grounded in assumptions about the individual decision-maker: once an individual is equipped with the correct cognitive tools, information, and

basic mathematical skills they are, it is argued, more likely to make the most effective financial decisions. This way of improving individual financial literacy has become an increasing central objective of public policy, in a context of consumers being persistently told that making the 'right choice' amongst a wide range of financial products is integral to maximizing life chances.²⁰

P2P forums show a different version of financial literacy in action. Financial literacy becomes not simply about embedding the relevant knowledge in an individual, but as in the example above, also through crowd-sourcing economic decision-making. Of course there are risks in doing this for the individual, but for many it is clear that this practice provides significant immediate benefits in the form of quick responses and, in some instances, detailed advice on how exactly to proceed. In a society where it is still taboo to talk about personal finances with others, crowd-sourcing a financial decision offers a type of social support that cannot be found elsewhere.

Debt becomes a collective, political issue

The available technical and experiential expertise, coupled with emotional and moral support, means that debt is no longer a private issue for forum users. Members end up having an emotional stake in each other's debts and sometimes keep track of an individual's journey as it progresses.

As with many online forums, this leads to a collective social group forming around a shared object of concern leading forum contributors to begin asking question about the fairness of certain types of market relation. For instance, users begin to identify asymmetric power relations and relate these not to unfortunate individual circumstances but to more systemic forces

The power of the 'community' that is invoked in these posts (through the use of 'we' and 'us') highlights the existence of a clear group identity. Important here is the claim to be able to understand the particular challenges a user is going through by virtue of having lived through very similar circumstances. This is this not simply about providing an alternative source of debt advice, but making clear the deep understanding that comes from living the everyday life of indebtedness.

In debates about how debtors might be better supported, the focus of policy debates tends to be either the capabilities of individual debtors, usually framed in terms of financial literacy, or the quality of debt advice given to individuals, with attention on the role of the commercial debt management firms and the training given to debt advisors.

What this overlooks is that debt advice is itself political. This is something that a comparison between conventional debt advice and the kinds of advice provided online within P2P forums renders clear. As valuable as good debt advice can be for individual debtors, the debt advice industry is not set up to challenge the wider asymmetries of debt. Indeed, as much as advice norms such as the recommendation to maintain contact with creditors may benefit some debtors, they also benefit the credit industry.

However, the unconventional forms of debt advice provided on the forums offer a potent challenge to such norms: they invite debtors to become unruly and disruptive, to make life difficult for creditors. Further, in creating problem debt as an issue that can be best solved through collective action the result is to tip – no matter how little or

unintentionally – the balance of power relations away creditors and back to debtors. That this rebalancing does not occur through official political institutions does not make it any less political. It is one of the accomplishments of the forums, acting as a living archive of sorts, to act as an alternate space within which the politics of contemporary indebtedness can be debated and acted up *in practice*. In the process, providing debt advice becomes a political act.

Learning a New Way of Giving and Taking Debt Advice

These results provide a useful way of re-thinking how debt advice is given and received by those with detailed knowledge of how to enact debt resilience. When debt advice is structured in a top-down way it remains a private, technical and apolitical issue. On the other hand, when it is freely given from the bottom up, it becomes public, emotional, and potentially political.

- Many debtors are left without access to relevant expertise that might help them deal with their problem debts.
- The types of formal advice that are offered almost exclusively focus on the technicalities of problem debt, rather than its emotional effects.
- The types of formal support offered continue to constitute new power imbalances, with debtors becoming dependent on the expertise and trustworthiness of impersonal institutions and their representatives.

4. Key issues

There is an important need to build research capacity to fill the ‘data gap’ on the scale and scope of the household debt problems, especially the wider problems it creates.

There is a significant lack of ‘data’ on household debt. The Bank of England aggregate banking statistics of ‘debts outstanding’ held by households hugely underestimates the stock of debt because it does not count ‘securitised assets’ or the loans lender regularly move off-balance sheet. For most lenders securitization represents more than half of their loan book. Also, most of this public data is not relevant or useful to understand the social scales of the household and/or the local community.

There are traditional household surveys such as British Household Panel Survey (Longitudinal) or Wealth and Asset Survey (Panel), but these require a very high skill set to use the statistical software required to access and analyse this data. The Wealth and Assets Survey requires a special license. By contrast, the United States has the Survey of Consumer Finances, which makes cross-sectional data available as a supplement or in a downloadable Excel file equip with basic data processing function. The result is that data in the UK is not easily accessible for use beyond those with expert qualifications.

Establish a digital platform for engagement that will enable the creation of a collaborative network.

It became clear there is a lack of effective engagement by civil society with digital platforms as a means of building capacity within the network and providing much-needed collective resources that will better facilitate a scaling-up of activities.

Most civil society actors identified two key advantages of social media strategies: first as a means to communicate their message to a wider audience, and second to connect with like-minded people and build networks. A key problem is conflating digital engagement with social media presence, namely Facebook and Twitter. In practice this means that digital platforms are almost exclusively used by civil society actors as a promotional tool to advertise events and get 'boots on the ground' at real world events.

This framing of the digital forecloses the many forms of digital engagement, collaboration, or campaigns that could be possible outside of social media platforms. Even though key actors directly recognise digital strategies for their success, at the same time they have yet to communicate their strategy or approach to other actors.

Most criticism of digital engagement from research subjects was the potential threat that it would replace face-to-face engagement, which is the very foundation of community organising and political campaigning. The majority of respondents were very clear that digital needs to be secondary to real world activities. Another key point was a scepticism that digital engagement can't reach people any more given the level of saturation of digital content in daily life.

5. Next steps

The next steps for this project will be establishing a digital platform of engagement. In 2015, the Political Economy Research Centre (PERC) at Goldsmiths will launch the ***Debt Community Network (#DebtCN) as a blog and hashtag experiment in an attempt to facilitate more digital engagement*** across the growing network of actors engaging with the wider politics of indebtedness.

#DebtCN will be a digital repository of successful activities offering social enterprise models, tool kits, campaigns and direct action.

#DebtCN will foster creative and experimental forms of digital engagement to highlight, educate, inform, and coordinate action related to politics of indebtedness. It will try to create a collaborative forum providing much needed information on the scale and scope of indebtedness and a repository of research, campaigns, actions and policy proposals.

A key issue emerged from this research that needs further investigation: ***Household Debt Restructuring is the missing piece of the financial restructuring puzzle***

The restructuring of household debt is a top-down process that will be a short-term pain to achieve long-term economic recovery and restore the balance between risks/benefits of credit contract. 'Inflating the debt away' or debt 'haircuts', like those implemented in Greece, may address the issue of sovereign debt, but do not address the systemic issue of private debt.²¹ The debt overhang negatively impacts consumption, resulting in lower growth, compressed household income and rising unemployment – all of which contribute to a further downward spiral of economic contraction and declining living standards across society.²² A write down of debt on this scale would normally lead to an

‘awful lot of pain’, with families losing homes and jobs as companies go bust, however, in these circumstances, the government can absorb some of these costs.²³

The International Monetary Fund 2009 report *Principles of Household Debt Restructuring* calls for a “well-designed and well executed government intervention” in the form of a “household debt restructuring programme designed to reverse nonperforming loans”. The task, therefore, is to minimise the costs incurred by relieving the most vulnerable and burdened individuals by spreading the costs in a more manageable and sustainable way across society.

Two policy designs are put forward in the report:

1. *Supervised court framework*, each case is taken in turn and a ruling will take into account the payment capacity of the debtor and a suitable modification of the terms of the loan will be made. If the debtor’s financial problems continue beyond a specified length of time, a ‘fresh start’ through the discharge of debts can then be sought.
2. *Government supported debt restructuring programme* that would either target a certain group of vulnerable debtors or a particular loan type. Acting as a centralised relief fund, assistance can come in many forms.
 - Financial backing to banks to restructure their loans.
 - Direct support to households in the form of debt forgiveness, interest rate subsidies or tax incentives. It cautions that debt restructuring will not be too generous, as only those unable to service their debts would qualify.
 - Establish a separate institution to purchase distressed assets on secondary markets.

The final point on buying up distressed debts in secondary markets refers to how banks, when they believe a loan is ‘non-performing’ or will not be paid back in full, sell them on in a bundle at 10p on the £1 on ‘secondary’ debt market and written-off the bank’s balance sheet. Debt collection agencies typically buy this debt and relentlessly chase down borrowers to make some form of payment; since borrowers believe they still owe the full amount they often pay enough to ensure the company can make a profit.

Debt restructuring could also make debt contracts more equitable, ensuring that risk and losses are more evenly distributed between the debtor and creditor:

“If financial contracts more equally imposed losses on both borrowers and lenders, then the economy would avoid the levered losses trap in the first place. This would force wealthy lenders with deep pockets to bear more of the pain if a crash materialises. But their spending would be less affected and the initial shock to the economy would be much smaller”.²⁴

The widespread nature of household debt led the International Monetary Fund (IMF) report²⁵ to claim that if left unaddressed, the problem of debt holds the potential to cause huge drains on the economy as well as lead to widespread social and economic unrest.

6. Impact

The research conducted as part of this project has already been disseminated widely and has achieved considerable impact, with further impact to come in the coming months.

Collaborative Encounters

A key impact from this project was the Knowledge Exchange workshops, in London and Manchester; they facilitated key engagements between project members, participants, other academics and new actors. These Collaborative Encounter events experimented with the co-creation of knowledge as a means of evaluating the potential of digital communities to enable and enact socio-cultural and/or political change. Prior to the workshop each participant was asked to provide written comment on three key questions: Who are the indebted? What needs to change? How do we bring about this change? These questions sought to stimulate participants into thinking in advance about the key issues surrounding debt, and to highlight key forms of specialist knowledge. Throughout the day participants made posters and commented on those made by others. The use of posters provided a visual way to represent the key issues and topics on the workshop agenda. In doing so tried to facilitate new ways, and always in conversation with research partners, how and when social research can be culturally and socially transformative.

Many workshop participants noted it would be useful to create a digital space for these types of interactions. In response the project team uploaded key texts, anonymized, and work products were posted as blog (<http://alternatives2debteconomy.tumblr.com/>).

Key impacts from these events were the forging and fostering of important working relationships within the Knowledge Exchange network. Different actors in the space of campaigning against debt or financial inclusion, they came together to meet and discuss how to shape wider political engagement. Therefore, these workshops became – through the actions of the participants themselves - a major contribution to the fostering of relationships between the network of actors, through multiple organisations, to work toward the a common goal.

One example, is the key relationship created at Collaborative Encounters workshop with Debt Resistance UK, which led to participants contributing chapters to forthcoming Debt Resisters User Manuel UK.

Another key impact-related events from this project emerged when network actors contributed to call for evidence by the Financial Conduct Authority on the cap on the cost of credit. In turn, these contributions was debated in the series of blogs based around the project. Interviews with press media that were in turn informed about the Knowledge Exchange and the wider project, including Bloomberg, The Independent, The Guardian and Radio 4.

A follow-up Community-Facing evening event (Oct 17, 2014) on Payday lending, in conjunction with publication of Carl Packman's newest book *Payday Lending*, included talks by Lord Glassman and Carl Packman followed by an open forum discussion. The event concluded with policy discussion and networking. From this Carl Packman spoke at a related New Putney Debates (November 4, 2014) on Unsettling Debt: What does Debt Resistance mean in the UK?

PI Johnna Montgomerie and project consultant Carl Packman were featured on Radio 4's *Thinking Allowed* to discuss payday lending, loan sharks and indebtedness. Here full episode here: <http://www.bbc.co.uk/programmes/b04tlfsk>

Public Interest Report

The New Politics of Indebtedness in Britain - Public Interest Report, the launch event and hashtag #politicsofdebt highlighted all the research from this report. Full Report available here: http://www.gold.ac.uk/media/PoliticsofDebtinUK_FINAL.pdf . We launched using the hashtag and basic [Tweetch](#) analysis of the #politicsofdebt included 100 tweets by 33 contributors over two days; these tweets reached over 39,500 accounts with potential 59,800 impressions. The report generated a good amount of press interest, so far the only published story is here: <http://www.marketmoving.info/uk-households-need-bailout-just-like-banks/>

The project team is committed to promoting the report, its findings and wider message again in the New Year. We are keen to follow-up on media interest and push the research out into the public domain.

7. Dissemination

Exploratory outputs from the projects research have been presented in a number of contexts and events, all serving to feedback into the overall success of the project.

Johnna Montgomerie presented research design and method in paper entitled “Digital Technologies of Debt Resilience” to international panel called ‘Fringe Finance as global industry’ at the International Studies Association annual conference, Toronto, CA (March 26-30).

The project team delivered a panel “Debt Resilience in the Age of Austerity” and presented preliminary research findings across all work packages at an international and interdisciplinary conference *Futures in Question*, at Goldsmiths (11th to 12th September, 2014).

Johnna Montgomerie and Carl Packman wrote two blogs together related to payday lending and regulation in the UK.

“Payday lenders let off the hook as regulators miss the point”, *The Conversation*, published August 2014, <https://theconversation.com/payday-lenders-let-off-the-hook-as-regulators-miss-the-point-30114>

“Despite credit cap, Britain’s payday lenders will live to loan another day” , *The Conversation*, published November 2014, <https://theconversation.com/payday-lenders-let-off-the-hook-as-regulators-miss-the-point-30114>

Further blog posts are scheduled in early 2015, Stanley and Montgomerie “Life in debt as everyday political economy” for Sheffield Political Economy Research Institute (SPERI) blog; also Deville “Living Archives” for Sociological Imagination. In each case the aim is to raise awareness of the research and, in particular, direct further attention towards the Public Interest Report.

The entire project team contributed to public interest report: ***The New Politics of Indebtedness in Britain***, available here:

http://www.gold.ac.uk/media/PoliticsofDebtinUK_FINAL.pdf

Finally, there are key academic outputs already in publication process:

A paper by Joe Deville, titled 'Debtor publics: Tracking the participatory politics of consumer credit' is under review at *Consumption Markets and Culture* and is due for publication in the 'Ageing Markets' Special Issue, edited by Luis Araujo, Franck Cochoy and Pascale Trompette.

A further paper, titled 'Digital debt management: The everyday life of austerity', co-authored by Deville, Montgomerie, and Stanley, is in preparation for submission to a special issue of *New Formations* titled 'The future of austerity: The cultural politics of indebtedness' and edited by Rebecca Brammall and Jeremy Gilbert.

8. Funding

The project team secured follow-on funding with the ESRC Knowledge Exchange Opportunities (£233k) ***Crafting an Alternative Politics of Debt Spaces and places of politics as everyday action.***

This project enables knowledge exchange with civil society organisations and key individuals shaping the alternative politics of debt in the UK; our project partners are civil society organisations but our network scoping activities and research activities incorporate small private companies and private individuals. In this case the 'politics of debt' serves to operationalise the contested discussions and narratives of "debt" especially in relation to the Age of Austerity. In this context the alternative politics of debt articulates non-elite perspectives on the role finance plays in the economy and society. Finance and banking is an elite game: its commercial power is spatially bound within The City, the power to politically regulate its activities are institutionally bound to The Treasury and the Bank of England. These two practices bind together to the exclusion of 'outsiders' whose solutions or ideas are summarily dismissed as 'unworkable'. It is this barrier that civil society networks continuously struggle to breach in the hope of influencing policy and social practice.

This project explores the network of individuals and organisations sharing an interest in the wider politics of debt but recognises that whilst project partners might share common politics, they do not necessarily agree on either the means or the ultimate ends. The two primary objectives of this knowledge exchange project are: (1) map the digital/real-world network of individuals and organisations involved in the politics of debt to create DEBT-CommunityNetwork (Debt-CN); (2) to collaborate with project partners to co-create a package of digital outputs exploring various alternative futures of finance in Britain.

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- ³ Yin, Robert K. (2009) *Case Study Research; Design and Methods*. 4th edition, Sage Publications, Los Angeles CA
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- ⁵ On online methods, see Holtz, P., N. Kronberger and W. Wagner (2012) 'Analyzing Internet forums: A practical guide', *Journal of Media Psychology: Theories, Methods, and Applications*, 24(2), 55-66. Moloney, M. F., A. S. Dietrich, O. Strickland and S. Myerburg (2003) 'Using Internet discussion boards as virtual focus groups', *Advances in Nursing Science*, 26(4), 274-86.
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- ⁹ <http://www.theology-centre.org.uk/?s=just+money>
- ¹⁰ <http://www.zero-credit.co.uk/>
- ¹¹ http://www.debtmanagementtoday.co.uk/newsstory?id=1467&type=newsfeature&title=in_profile_with_em_ma_bryn-jones_of_zero-credit_limited
- ¹² Financial Conduct Authority (FCA) CP14 Price Cap on High Cost Short Term Credit, 15/07/2014 <http://www.fca.org.uk/news/cp14-10-proposals-for-a-price-cap-on-high-cost-short-term-credit> (accessed 01/12/2014)
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- ¹⁵ http://www.movementforchange.org.uk/ed_miliband_joins_sharkstoppers
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