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Subprime Empire: On the In-Betweenness of Finance

ABSTACT:
In the decade since the 2008 global financial crisis, much of the debate has been over who to blame: reckless speculative finance or irresponsible (often low-income) borrowers. This essay takes up this set of moral arguments about what the poor can and should be able to afford by examining sub-prime logics at a global scale: subprime empire. Predatory lending in heartland America and development oriented microcredit in places such as India and Paraguay, appear not just to be geographically disparate, but also to have different moral valences. On closer inspection, however, we argue that subprime lending and microfinance are two sides of the same coin. Our analysis of microfinance allows us to understand what is happening in the *in-between*, as capital flows between financial investors and poor borrowers. By comparing financialization in India and Paraguay, we document and theorize the making of subprime empires that rely on actors within marginal financial sites to stabilize the evaluative frameworks and social interdependencies that make profits flow. We argue that the forms of financial capture and conversion in the *financial in-between* reproduces imperial dynamics by naturalizing the limited expectations of economic subjects of the global south and erasing the violence inherent in these forms of economic redistribution that maintain those expectations as such.

In November 2008, as the economic world reeled from the collapse of investment bank Lehman Brothers amid the Subprime Crisis, the British monarch famously asked a group of economists at the London School of Economics "why did nobody see this coming?" In response to the question from the Queen—who had lost a considerable wealth with the crash of the stock markets—economist Luis Garicano explained: "At every stage, someone was relying on somebody else and everyone thought they were doing the right thing" (in Pierce 2008). The reason no one could see what was coming was because there was a complex chain of mediators between those who were buying houses, those who were trading collateralized debt obligations (CDOs) in Wall Street, and those insuring these debts. The making and trading of financial products relied not only on "high finance" but also on the chain of institutions and individuals who mediated the flow of capital from households to financial centres.

In the global North, the Global Financial Crisis (GFC) led to a series of debates over who was to blame: speculative financiers or irresponsible (poor) borrowers who took on mortgages they could not afford (see McLean & Nocera 2010; Mian & Sufi 2014).[1] Yet, even as poor borrowers were tarred—often unfairly—through the crisis, there has been a different approach to poor or "subprime" borrowers in the global South. In the decade after the Subprime Crisis, microfinance—the range of financial products, but primarily credit, offered to the poor—has expanded rapidly as a tool of development and women's empowerment over the past two decades. With the proliferation of microfinance, poor borrowers were seen as an untapped, desirable, and profitable market. At first glance, subprime lending and microfinance appear not just to be geographically disparate, but also to have different moral valences: one, a form of predatory lending—using teaser rates to seduce low-income borrowers—the other, a developmental project of extending credit to the financially excluded in order to help them out of poverty. On closer inspection, however, we argue that subprime lending and microfinance are two sides of the same coin.

If no one saw the Subprime Crisis coming, it was perhaps because the mediating institutions—mortgage brokers as opposed to investment bankers—were not seen as significant enough to focus on.[2] Meanwhile studies of microfinance have highlighted the highly localized set of debt relationships that borrowers are increasingly entangled in (e.g., Brett 2006; Guérin 2011; Karim 2011). Our analysis of microfinance, however, allows us to understand what is happening in the in-between, as capital flows between financial investors and poor borrowers. What then are the salient differences between "low-end financial institutions" that are meant to save developing economies and help them grow, versus subprime lending that is widely thought to be a threat to the global economy and a social, economic, and familial catastrophe for millions affected by the mortgage crisis? We argue in this comparative study of microfinance in Paraguay and India that markets of microfinance are not only increasingly the model for global banking, they reveal a critical position of intermediation. A decade after the Subprime Crisis, and after ten years of record growth in the microfinance industry (Convergences 2018), our analysis of banking practices in Paraguay and India shows how both subprime and microfinance are co-constituted scalar hierarchies that animate the distributional order of global finance.

We base this assessment on our wide-ranging ethnographic engagement with the specific financial actors who make it their work to generate these scales. We turn our attention to the intermediary institutions and actors that were missed in the leadup to the Subprime Crisis. In doing so, we suggest that what we see is an emergence of a subprime empire, where "poverty capital" (Roy 2010) is central rather than peripheral to emergent forms of capital

accumulation. We advocate for a theory of in-betweenness, and conclude with observations on the emergent risks of the shadow banking sector.

Finance and Empire

In our longstanding comparative discussions about microfinance in our respective fieldsites in Paraguay and India, we have often noted significant ways in which the particular histories and practices converge and diverge. Yet, what has consistently drawn us back in our comparative analysis is how financial power increasingly penetrates the lives of the poor and where comparison is both our method of analysis and what drives financial practices (Kar and Schuster 2016). Microfinance in Paraguay and India are comparable—and indeed need to be compared—not in the quest of developing a better model of microfinance, but to show how these two very distinct cases are drawn together in an imperial project of finance.

Since the 1970s, we have seen the increasing "financialization"—the growing importance of "financial activities as a source of profits in the economy" (Krippner 2011: 27)—of the global, economy. Financialization also marks the Long Twentieth Century, which saw the demise of colonial empires—of British hegemony—and the ascendancy of the American one (Arrighi 1994, Hardt and Negri 2000, Panitch and Konings 2008). Even as much of the global South achieved independence from colonial forms of control, it was subjected to new forms of financial discipline, as evidenced by the debt crises and subsequent structural adjustment that struck Latin America, Sub-Saharan Africa, and Asia from the 1970s through the 1990s.

By the mid-twentieth-century, "*the* economy, bounded by national borders, began to replace the spatiality of empire…render[ing] the radically unequal postcolonial order licit and apparently subject to scientific management" (Appel 2017: 296). Under this new form of empire, nominal sovereignty might be respected "but previously colonized land and peoples… become public property of a sort, open to both capital investment and, in a continuation of the civilizing discourses of the previous phase, development projects" (Lutz 2006: 595). In this context, microfinance is particularly suited to serve both as a tool of development and as a form of imperial expansion of finance. Through microfinance, the world's poor could become a new and necessary source of credit, while sustaining the hegemony of development. The "national economy" emerged "as empires crumbled in the wake of World War II and anticolonial movements coupled with emergent U.S. hegemony reframed the world as a collection of nation-states…practices of measurement, comparison, and evaluation developed apace" (Appel 2017: 298). While national metrics such as GDP have caught the attention of political anthropology, the shift to imperial finance also created speculative and profitable grounds for measurement, comparison and evaluation (Kar and Schuster 2016). Unsecured, subprime lending that compares investment opportunities in "emerging markets" replaced in part colonialism as the framework for imperial relationships between pools of capital in the Global North and sites of extraction the Global South.

These geopolitical scales animate our comparison: bringing together India and Paraguay by contrasting the expectations for economic opportunity peddled by different types of unsecured lending. Subprime lending in the global north traffics in borrowers' class ambitions and dreams of upward mobility (Stout 2016), rendering its failure scandalous and its collapse violent. Meanwhile, financial brokers in the global south naturalize borrowers' limited expectations, condensing them into tiny lines of credit and thereby concealing the violence entailed in maintaining these micro-expectations.[3] Economic aspiration and

opportunity are arranged into geopolitical hierarchies that track alongside colonial geographies.

Financialization introduces new forms of accumulation through dispossession (Harvey 2003) or expulsion (Sassen 2014). While "imperial efforts to shape and order populations are often undertaken by imperial proxies, such as influential capitalists" (Collins and McGranahan 2018), not all financial actors work in "a sort of postimperial service of US expansion" (ibid). Financial players on Wall Street may well have an interest in setting their new financial creations loose in a sandbox kept well apart from global pools of capital. In fact, our fieldwork among regulators and fund managers reveals the appeal of experimenting with "fintech" (aka new financial technologies) in markets that are understood to be separate from the global mainstream. However, accumulation also takes place through certain processes of *inclusion*. Subprime empire, then, is a way to understand how the act of inclusion, of bringing the poor into the circuits of finance, has not only become a normalized practice, but that it is central to capitalist experimentation and expansion.

Yet empire—and the expansion of global capitalism—does not just happen. The analysis of financialization only through the macro-level institutions or macro-histories (e.g., Arrighi 2010; Harvey 2003; Kalb 2013; Lapavitsas 2013) belies the way in which "empire is in the details" (Lutz 2006). In anthropology, these details are carefully observed in the analysis of elite financial actors (Ho 2009; Miyazaki 2013; Riles 2011; Zaloom 2006). Others have shown how financialization of housing has entrapped the poor (Palomera 2014; Stout 2016). Yet, too often what we see as intimate and complicit experiences of finance in the periphery are framed as emanations from imperial centres like Wall Street that are inserted modularly into developing economies and imposed on local banking systems. What we argue here is that financialization of the peripheries takes place not only through macroeconomic processes, but through everyday mediations and translation that make financial expansion possible.

Just as bureaucrats served empire in the colonies (Cooper 1997), we are interested in the consultants and translators of finance who make it legible, and indeed possible, by producing the very grounds of accumulation. In an interview, Maurice Godelier argues how in the banking sector, "we have a few thousand unknown decision makers who managed to create a huge mess by making decisions that escaped all monitoring" (in Pech 2011: 1). This "distance between economic decision makers and society," Godelier argues is "a function of the structure of our society: there is an invisible social group… They are just doing their work—in banks, behind counters and desks, on boards of directors" (in Pech 2011: 2). While we agree that there is a large group of people whose work shapes the global economy, we argue that these actors are not necessarily only elite, nor are they invisible in ethnographic encounters. Simultaneously, while we have elsewhere focused on the ordinary people whose lives are shaped by more powerful financial decision-makers (Kar 2018, Schuster 2015; see also Narotsky and Besnier 2014), there are, importantly, people and institutions in-between who enable these linkages of global finance.

In their essay on money, Jonathan Parry and Maurice Bloch note how it "is in nearly as much danger of being fetishised by scholars as by stockbrokers" (1989: 3). The same can be said of finance today. With the expansion of finance, its analysis has often focused on how it abstracts and quantifies (LiPuma 2017; Lee and Martin 2016). While the very smallness of the microfinance renders it seemingly less complex than "high" finance, its global expansion

has made it a formidable basis for capital accumulation and financial empire. Yet, methodologically, the scalar logic of microfinance also renders more visible the process by which financial value is translated and mediated.

What our ethnographic analysis shows is that financialization is itself caught up in deeply relational practices, requiring not just the work of analysts and traders at desks in global centres of finance, but also the everyday practices of mediators and translators in the global South and the cultural knowledge of the worlds in which they work (see Begim 2018; James 2018; Lewis and Mosse 2006; Searle 2018). Financialization is not just a top-down process, but one that draws on social norms, people's life course, and kinship logics. The success of financial expropriation and empire requires a deep understanding and work of translation and revaluing people's social and relational lives.

Good Financial Products

The seemingly limitless capacity of financial systems to absorb and profit from non-capitalist life projects can make their spread feel, if not quite inevitable, then at least endlessly creative in the capacity of non-capitalist life projects to generate capitalism (Bear et al 2016). In Paraguay, consultative labour—with its own ethical and critical claims—is the key to this process of financial capture and conversion. In India, financial value was translated to investors in particular ways that simultaneously hid or obfuscated other forms of knowledge and practices.

For Caroline Schuster, returning to Paraguay in 2013, important transformations in the wider political context pressed for further consideration.[4] In June 2012 the Paraguayan Congress impeached the leftist-leaning President Fernando Lugo. An interim government headed by Lugo's free-market Liberal party Vice President, Federico Franco, rose to political power until elections could be held to vote in a new administration. All of this was in the background when I arranged a follow-up interview with Martín Burt, the CEO and President of Paraguay's most venerable microfinance non-profit, Fundación Paraguaya. Rather than meeting in their headquarters on a quiet residential street in an affluent Asunción suburb, I was given directions to an office in the Palace of Governance. Much to my surprise, Martín was now President Franco's chief of staff.

Martín's new role offered an opportunity to focus on the processes of conversion and translation that upscaled Fundación Paraguaya's microfinance priorities into national development policy. Sitting across a heavy wooden desk and backlit by large windows overlooking the palace grounds, Martín spread several glossy reports on the anti-poverty program that had been one of the Franco administration's priorities during his interim government. Martín's role as chief of staff included ongoing political advising, which played a key role in the rollout of President Franco's nationwide development program.

As we discussed his aims for a national poverty survey Martín asked if I remembered the final research dissemination presentation I had given to the NGO's managers three years earlier, in 2010. This question made me a bit uneasy, since I recalled delivering a critical account of the concept of "entrepreneurship" that framed the microcredit Committees of Women Entrepreneurs program, and especially the NGO's stated aim of turning poor women into successful independent businesswomen. I had given what I judged to be a fair assessment but had long fretted about my complex relationship to the NGO: researcher, friend, and critic. Along with anthropologists such as Carla Freeman (2015), Deborah James (2014), and Julia Elyachar (2005) – who are also advancing feminist approaches to the study

of capitalism – my presentation critiqued the notion of the individual entrepreneur. Martín leaned forward, obviously not willing to let me off the hook: "You thought that I wasn't listening to you, but I was. Every word," Martín went on to say. In a sense this is exactly what I hoped within the ethics of fieldwork practice. As I wrote in my meeting notes, Martín gave a neat summary of my presentation:

> You told us that borrowers do not invest in a micro-business, they are not really entrepreneurs. When it comes to making their payments they have to call in all of their outstanding obligations elsewhere in the neighbourhood, from their boyfriend or husband, family, and so on. And work at whatever they can (*todo un poco*) to get the money. You told us that they would do *cualquier cosa para completar*, they would try any strategy to complete the payment.

And this was indeed an effective summary of my research. Whether working odd jobs to generate extra income, pawning household appliances, doing domestic labour, or redoubling efforts to collect outstanding payments owed to them, the looming deadline generated a frenzy of extra work: opportunistic if not quite entrepreneurial. This is of course was not an especially surprising finding within the wider critical literature on microfinance in anthropology and feminist studies. In fact, this is the conceptual basis for "social collateral," which offloads the risk of default from banking metrics measuring creditworthiness and onto the social networks and intimate relationships of borrowers. My addendum to this conversation, which was already well underway in academic discussions, highlighted the particular forms of movement incited by the unfolding life course of loans. The slow-down/hurry-up rhythm of repayment made women's constant knitting and unravelling of interdependency a crucial mechanism for creating the social unit of debt in microfinance. While Fundación Paraguaya conceived of and justified its lending as appealing to the more "natural" feminine traits of solidarity and mutual care of its women borrowers, my research documented the everyday financial practices and regulatory frameworks (such as debt amortization schedules, credit scoring, face-to-face meetings, and membership) that manufactured social collateral. Put another way, microfinance created the very gendered sociality to which these loans sought to appeal in borrowers (Schuster 2014, 2015).

I thought of the social unit of debt as an important object of production and manipulation in the banking world, and I built my ethnographic analysis by specifying its power-effects. In contrast to my fears that my analysis had offended Martín by questioning the "social" and "entrepreneurial" nature of the development work in which his organization engaged, Martín had, in fact, considered my ethnographic account—including its implied critique of the organisation's methodological individualism and neoclassical reasoning—as a resource. As I came to appreciate later, Martín had transformed my critical evaluation into management consulting advice.

Continuing his reminiscence, he told me that the NGO managers had thought long and hard on this notion of "*completando* (completing payments)"—of pairing opportunistic work with recruitment of others to help pay loan instalments, all organised around repayment dates. This finding went to the heart of my effort to understand the lifecourse of debt within wider anthropological theories of value: a venerable topic harkening back to Malinowski, Mauss, and classic theories of gift exchange. Reframed in the consultative mode, my observations offered opportunities for financial innovation.

I should be clear; it was not Martín's interpretation that I took issue with. It was what he did with it. Using the national poverty metrics that he was now positioned to construct by leveraging his position as chief of staff for the President, Martín's innovation had been to devise benchmarks for minimum household earnings pegged to a national poverty line. And further, conceding that microfinance was probably *not* used for individual entrepreneurship as he had thought, and instead inspired women to (admittedly onerous) feats of relational and physical labour, Martín reasoned that the loan itself could actually *generate* household income. Rather than setting a loan ceiling at what the NGO thought a particular borrower could reasonably repay from business earnings, instead loan officers might *assume* that the loan would be paid at all cost, and thus debt itself could be used to generate a particular level of weekly or monthly income, which he saw as precisely the sort of economic uplift microfinance aspires to. As Martín explained to me, if his poverty baseline estimated that a family would need $300 in earnings a month to exceed the national poverty line, simply offer a loan for $300 with the assurance that the household—as the social unit of debt—would generate resources to meet that obligation by any means necessary. My observation that the organization's focus on its clients and members missed their wider social worlds, was captured and converted into a new household-based loan product. Over-indebtedness was re-conceptualized as good social policy, and sub-prime lending was recast not just as the democratization of finance but also as a corrective against income inequality. Who needs conditional cash transfers when the poor will undertake those redistributive efforts themselves?

The plasticity of global development frameworks—including microfinance—is of course well documented by anthropologists. This conversation has been inspired in large part by James Ferguson's (1994) classic characterisation of development as "the anti-politics machine" that deftly deflects critique while simultaneously justifying further technocratic investment in program growth. More interesting than the depoliticising effects, I think, is the form of financial labour—and particularly consultative knowledge—that enables Fundación Paraguaya to realise it's "double bottom-line": social goals co-produced with financial profits. Martín's refashioning of my ethnographic critique into a novel financial product—household anti-poverty loans—went beyond simply recognising a good idea drawn from years of ethnographic study. For Martín, critique offered up resources to experiment with new financial practices.

While Martín's anti-poverty lending scheme fits neatly into the microcredit discourse of uplift and empowerment, underlying Fundación Paraguaya's subprime lending is a very familiar structure of financing. The organization's laser focus on keeping its borrowers on payment is precisely what makes the refinancing of debt viable for its multinational bankers including Citi and HSBC. This financing structure is at the very centre of the subprime mortgage crisis. As Melinda Cooper explains, "The income flows that travel through an asset-backed security or collateralized debt obligation are interest payments extracted from the volatile, unpredictable wages of post-Fordist workers" (Cooper 2015, 417, see Schuster 2019); what she characterizes as the link between "shadow money" and a "shadow workforce." Securitization is only profitable if the poor can be coerced into keeping on payment. Ratings agencies like S&P provided what in retrospect are recognized to be extraordinarily overconfident assessments of these payment streams for CDOs in the US housing market or for the levering of European banks. Meanwhile, microcredit ratings agencies like MixMarket give Fundación Paraguaya an excellent score based on self-reported financial data about payment rates, return on investment, and defaults. Maintaining strict payment regimes – such as those at the heart of Martín's anti-poverty loan – are precisely

what makes microfinance institutions viable investment opportunities for international capital funds.

Finance is scaled through peculiar forms of collective ethical practice, linking clients, to consultants, to development policy, to regional financial system, all through the incorporation of a new credit product. And the quandary of making good financial products also reveals that this is so for economic actors such as Martín, who we often credit, perhaps erroneously, with the calculative agencies of high finance.

Hidden Values

While in Paraguay, Martín sought to produce value from critique, in India, another microfinance institution sought to protect its value from critique. In October 2010, Sohini Kar was conducting fieldwork on commercial or for-profit microfinance in the Indian city of Kolkata in West Bengal. Passing through the "Bypass"—a connection between the township of Salt Lake in the north-east of the city with the south—I noticed a large billboard from L&T Finance featuring a smiling group of women, seated together. The billboard was advertising the financial arm of the Indian conglomerate Larsen and Toubro's microfinance program. Unaware that L&T Finance had microfinance operations in Kolkata, I found a contact for Public Relations at the company, and wrote to request any information on their program and the possibility of conducting a field visit.

As a PhD student at the time, I was well aware that the possibility of hearing nothing back from L&T Finance was high, and was pleasantly surprised to receive a reply only fifteen minutes after my request for information:

> Dear Ms. Kar,
> L&T Finance has a fairly robust microfinance portfolio. While we do not have an exposure in West Bengal at this point in time, we do have plans for eastern states in future. If you want more information we can get across some material to you.
> Rgds.

The email was neither particularly informative, nor did it cause me to think much of the fact that they were not yet operating in West Bengal. I responded asking for additional information to be sent by email or to my mailing address, but never received anything. Yet what seemed at first like a failed attempt to make a contact in the field came to reveal a more complex set of ways in which financial information is disclosed or concealed.

A month later, I was accompanying loan officers from an MFI that I call DENA—where I conducted the majority of the 14 months of fieldwork between 2009 and 2011—to the group meetings where borrowers made their weekly repayments. When visiting a new group, I would ask what other MFIs borrowers had loans from. On one such visit, as a borrower listed well-known MFIs, but also mentioned "L&T." Surprised to learn this, I then wrote back to my contact at L&T Finance, asking for clarification:

> I had written to you earlier about my research in Kolkata on microfinance. I just wanted to confirm that L&T has no microfinance operations in Kolkata, as I had met some women in the course of my fieldwork who said that they had some loans from "L&T", so I was a little confused. Would you happen to know if there is any other MFI operating under a similar name?

I never received a response to this question and, again, chalked it up to the many dead ends of fieldwork. Two months later, however, in January, I was located at a different branch office of DENA, and here too, as I accompanied loan officers to meetings, I heard from a number of borrowers that they had loans from "L&T." I asked the Branch Manager, Anand, about the other MFIs in the area, and when he too mentioned L&T. I asked him if he knew anything about it. Anand said that L&T had been around for a month or two. Their staff, he said had "laptops" and went around to group meetings on motorcycles rather than bicycles like most other MFIs. I asked about how they used the laptops, and he said that they could print things off, like with electric bills. It seemed like what Anand called "laptops" were more likely to be handheld devices rather than laptops.[5] For how little L&T Finance told me about their operations—or lack thereof—in West Bengal, both borrowers and other MFIs seemed widely aware of their presence and practices.

If evidence from my fieldwork revealed that L&T was indeed operating on the ground in Kolkata, it was not until a few months later that I found confirmation of this—not in response to my questions, but through financial documents. L&T Finance had been in the process of being publicly listed through an initial public offering (IPO) in the Bombay Stock Exchange (BSE). As part of this process, the company filed a red herring prospectus in August 2011.[6] Documented in this prospectus was the fact that the company did, in fact (with data from March 2011), operate in West Bengal. The point of my cat-and-mouse attempts to verify L&T Finance's operations in West Bengal is not to argue deception; rather, financial valuation—of which microfinance is one component—works through certain forms of legibility and illegibility, and across different scales of operation. The appearances and disappearances of L&T Finance's work in microfinance reflected the two ways in which it produced value: First, it required the primary flow of capital in the form of credit to the poor; and second, it required the valuation of the company through representations in advertising and in public documents for the IPO.

In my first encounter with L&T Finance's microfinance work, it was with the billboard. This advertisement in English, featuring the group of women borrowers, seemed a strange image. Who was its intended audience? Urban poor borrowers, few of whom were able to read English, especially in a passing vehicle, would use the billboard as a source of information. Most knowledge of new MFIs are spread through word of mouth in neighbourhoods. Further, the billboard offered little information on where to seek out loans or find a branch office. The lack of substantive information on the operations of the firm was necessary to sustain its production of corporate value in number of ways. First, the main audience was the urban elite, who would either see this as a sign of L&T Finance doing social good or corporate social responsibility. That is, the advertising reflected popular images of corporate social responsibility and being a good company (see Rajak 2011). Yet for L&T Finance, microfinance is a core and profitable—rather than charitable—component of its activities. An alternative reading suggests that with the upcoming IPO, L&T Finance sought to advertise its value to potential investors. The billboard made microfinance legible, not to its actual users, but to potential investors. The image helped to produce a value for L&T Finance by referencing its engagement with microfinance, without giving away any real information on what these practices were or how or whether they benefitted the actual customers.

The reason for L&T Finance's refusal to provide me with information on their work in West Bengal, while remaining unclear, also marks a certain kind of work in making knowledge about this company known and unknown. A point to note here is that the IPO was taking place amid a crisis in the microfinance sector, and regulatory uncertainty, which is also

indicated in the red herring prospectus. In this case, the valuation of the firm was still in flux. The absence of information to an outside researcher can be seen as a way to manage the value of this company, without additional scrutiny. In particular, the image of bad lenders (e.g., coercive loan officers) could hurt the valuation of the company, if it were to come under regulatory scrutiny. At the macro-level, L&T Finance became illegible to me, except for in the documents offering insight into the valuation of the company; even as L&T was very much operational in my field sites, and visible to those working in the sector or taking on loans.

The logic of disclosure and concealment by L&T reflects the multiple ways in and scales at which value is produced under financialization, and indeed in the way that a firm financializes. In the first instance, there is extraction of capital from poor borrowers through microfinance loans. Debts are produced through the labor of loan officers and the extraction of debt capital from poor households. Here, we see the capitalization of poor people's assets as it is drawn into circulation through the formal financial sector (see Leyshon & Thrift 2007). This operational form of financialization ensures the accumulation of profits in the firm. Second, however, is the issuance of shares by L&T Finance as it goes public on the Bombay Stock Exchange. In selling shares of its company, the firm itself becomes a financialized entity: beholden to shareholder value and subject to speculation (Ho 2009).

Valuation of corporations, as Fabian Muniesa argues, is not a simple recognition of the value that it inherently has; rather, it is "about considering a reality while provoking it," (2012: 32). In other words, an investment banker interprets a business as a "relational, active process out of which something can hold as the sign (read 'the value') of something" (ibid). For L&T Finance, IPO documents, such as the red herring prospectus, and outward facing publicity through the billboard project certain signs that can be interpreted for financial valuation. Meanwhile its material presence in the lives of poor borrowers and loan officers marked a different kind of value-making by expanding credit markets. L&T worked to ensure a strong valuation of its company in the IPO, particularly as the microfinance crisis threatened reputational risks. L&T Finance also needed to ensure that its value could only be translated through certain modalities: advertising and the public documents, rather than through the actual reporting of borrowing and lending to the poor. Even as microfinance lending was a core component of its operations, it could be disclosed in closely guarded ways.

Nevertheless, as conversations with borrowers and loan officers in my research demonstrated, ethnographic encounters in poor neighborhoods cannot be controlled by public relations representatives and end up revealing the everyday interactions that make the capital flows of debts possible. While in Paraguay, ethnographic research could be absorbed into new practices, in India, ethnographic inquiry rendered visible the value-making process of firms that seek to extract capital from the poor. In both cases, anthropological research tracing microfinance across scales collided with the value-making projects of financial actors.

Good Investments

While financialization can be read as a process of abstraction and of further disembedding the economy from social relations, it is simultaneously suffused with social and relational values. The expansion of finance capital is neither inevitable nor smooth. Rather, it is mediated through forms of ethical and relational understandings of people's social worlds. In both Paraguay and in India, we find forms of ethical management and relational values are deployed to ensure the sustainability of microfinance.

For Caroline Schuster, consultancy as a performative cultural production hinged on managing "ethical management" within the wider microcredit complex. Reflecting on the ease with which my critical anthropological project could be refigured as management consulting also pressed for further consideration of the limits of consultancy—i.e. when moral frameworks failed to scale as financial advice or to generate new financial products. I suggest that this reveals much about the imperial logics ordering finance, and the way that the "micro" of microcredit grounds and stabilises sub-prime empire.

The most common discussions about ethical management of microloans among borrowers turned on the uses and abuses of collective funds. Crucially, those uses were often *also* about creating and profiting from new financial services. I now turn to my discussions with Cecilia, the president of a microcredit Committee of Women Entrepreneurs with an extensive history of borrowing from Fundación Paraguaya. Her relationship to debt helped me see the limits of the currency of financial advice, consultancy, and the ethical management of debt.

When I interviewed Cecilia in March of 2010 she was 53 years old and lived in a government subsidized housing development (SENAVITAT) in the outskirts of a large urban area known for transborder commercial trade. The mother of 11 children and one of 10 siblings, Cecilia's modest brick bungalow was perforated by sprawling kinship ties that connected her outward to relatives living nearby in the neighbourhood, in the capital city, and as far away as Argentina and Spain. In an interview she noted a larger line of credit from the San Cristobal savings and loan cooperative (about $1,200) was invested in building supplies to put an additional bedroom and larger kitchen on her home. These large extended families would surely confound Martín's income-calibrated household loan with its carefully manipulated line of credit, while simultaneously serving as the basis for the repayment vectors he found so promising.

Initially it was difficult to catch up with Cecilia since she was described to me as a "very active lady" (*una mujer muy activa*). Often this phrase was used with approval and admiration to describe women who were most successful at generating income, usually through a complex repertoire of business ventures. Cecilia was especially busy since she had recently purchased a transport van. Rather than using her microloan from Fundación Paraguaya for the investment (tellingly, the sums were far too small to purchase such as a vehicle), she convinced her estranged husband to sell their shared house. Her microcredit loan filled in short-term budget shortfalls.

When I met with Cecilia again two months later, she shared some startling news. She was leaving her post as president of the microcredit group and hoped to leverage her savings at a local credit cooperative to take on a bigger debt. As she explained the situation: "I was already thinking of leaving the group, but only thinking, right? But after… My colleague (*compañera*), well [laughing], she confirmed my departure for me [me confirmó mi salida]." Cecilia seemed to sense the irony and dark humor at the root of her troubled "solidarity loan," and her colleague's—the group's treasurer—role in excluding rather than incorporating neighbourly social ties. And since the integration and disintegration of borrowing groups was fairly common, and usually revolved around women's complex negotiations of the payment schedules, I was surprised Cecilia returned to the story of her troubled relationship with the treasurer. Their interpersonal relationship was positioned as equally important to the financial decision about juggling her multiple loans. In a monologue that typifies gendered Paraguayan discursive tropes for gossip and interpersonal drama, Cecilia narrated her dilemmas. What is so striking about her story is how closely it hews to the thematics of financial innovation

articulated by her lenders. Like Martín, Cecilia's quandary was over the ethical management of microloans.

To set the scene for me, Cecilia first circled back to one of her many business strategies. On the day in question she told me that she was due to collect (*retirar*) 500,000 Guaranis, or about $120, that she had lent to an associate in another neighbourhood. Her friend had called and told her that she had the money but would only be able to bring it to Cecilia's home the following day. Meanwhile, another bill had unexpectedly come due; her wholesaler abruptly delivered her merchandise order and required payment on the spot. Her careful hedging and manipulation of investments had suddenly gone pear-shaped. However, a third type of investment was at play. Cecilia had already collected several of her microcredit group members' weekly payments and was holding the collective funds before delivering them to the NGO the next day. Sensing a solution to her cash shortfall, she settled accounts on her merchandise with the group microcredit payment. At the same time, she got a guarantee from her own client that she'd be able to collect on the money owed to her the following day, before the microcredit payment fell due.

This left her the task of managing the microcredit loan payment and coordinating with the group's treasurer. Cecilia called the treasurer and volunteered to make the journey to the NGO's headquarters in her place, thinking to exploit the trip to collect her own payment on the way. As with other financial products and their second and third order derivatives, the complex itineraries of money and payments created the possibility of speculation and hedging. Explaining her plan to her colleague, she recalled saying: "I already have it, I have the money only that I need to go and collect it. Sure, she told me, fine. No problem, she said to me. After that, well up to there, everything was fine, right. There's no problem, she said to me. And she came," arriving with the balance of the money she had collected from the microcredit group to pay their weekly instalment.

Up to a point, then, Cecilia succeeded at leveraging the pooled capital of the microfinance group and using it to profit from shorter-term speculative trades. Perhaps more surprisingly, she managed to sell the treasurer on this chain of promises, stabilizing them as a legitimate investment. However, the ethical conundrum came down to precisely the accounting of the multiple payments. While Martín saw this as a potential new subprime product when those various income streams were combined, Cecilia saw the opportunity for profit in the margins, to borrow Jane Guyer's (2004) turn of phrase. The trouble was in precisely those margins (conceived of as both profits and boundaries), as Cecilia continued:

> So, she came and I handed over the money [the balance of the group's payments], the 120,000 [sic] that I still had under my charge. I handed it over so that she could add everything up, and so that she could turn it back over to me, right, I handed over that 160,000 [sic], I gave it to her…So we added it all up—this is the amount that needs to be brought [to the NGO]. All good. This amount. After that I said to her—and me, how much do I need to refund the group? I asked her. More or less, I said to her. And she added up that 160,000 all told, and she added it up, and she told me 510,000 Guaranis, she said to me. And really it was only 350,000 that had to be refunded. And she tells me 510,000, she says to me. I and I said to her, why? I asked her. [CS: right because it was less…] No no no, eh, 350 is what I had to refund. That 160,000 that I already gave her. And with that, it's 510, right? With that it's 510. And she wanted me to, she wanted me to refund 510!

As Cecilia sped through her account of the accounts, as it were, her vexation at being unable to persuade the treasurer was palpable. “And I told her, and how is it that you don’t know how much money you brought and the amount, I asked her. Count your money, I told her. If you know how much money you came with you have to know that, I told her. Obviously I gave you the money, I told her. And she left—bam!—she left angry.”

With the charismatic authority of the mercurial businesswoman, Cecilia rewrote the rules of collective obligation (and its social unit of debt) and claimed a moral high ground as a risk-taking entrepreneur. This all came apart, though, when she was unable to convert these novel financial practices—harnessing pools of capital made available by the particular payment rhythms of microfinance—into wider claims about being a good manager for her microfinance fund. In fact, microfinance not only offered credit for business ventures, it also offered the language to justify what she did—entrepreneurship.

However, “good management” remained an intractable problem within the relational space of the group and its financial strategies. In fact, at issue were “good accounts”, as Cecilia wrapped up her story:

> C: If she had spoken to me *right*, well then maybe…I, I figured that she spoke to me as if, well, as if she thought of me as shameless (*sin vergüenza*) I don’t know, to do this sort of thing. And I think, surely she is using the money too, and that she just refunds it as well.
>
> CS: Sure, if there is money in the till…
>
> C: And since she has a little shop (*almacen*) and suddenly the same thing happens like it happened to me, right. But I’m not going to use money if I’m not going to refund it. I would never even touch a single Guarani if I wasn’t going to return it. And I know that I committed an error there, right. By, by paying my bill with the man who delivered my merchandise, I know I committed an error, right? But it wasn’t with bad intentions. Perhaps some use the money with bad intentions, to not return the money ever again. But not me. That’s not my, my, my, way of being, or rather I’m not like that at all. Sure I used it, it’s because I was going to pay it back. If I knew that I wasn’t going to have the money to refund it, well then I wouldn’t *touch* it. No, never. I wouldn’t touch it.
>
> CS: Wow. So it’s really complicated, working like that.
>
> C: Yes, yes, complicated, it’s really complicated. Just that, it’s complicated. I know that on that day if we don’t pay, well, nothing more comes back to us (*no nos viene más mucho*). I know it’s like that. But we’ve never fallen behind….
>
> I have two instalments left to pay off my whole loan. Maybe I’ll pay off the microfinance with my loan from [San Cristobal]. I’m wanting to pay ahead, more guarantee that way. I think 640,000 it’ll come out to.

Cecilia’s faith in the generative forces of finance propelled her investing, and also her ethical stance as a good manager. With nothing but good intentions—at least in her own narration—she dealt with a complex credit system. And in principle there was agreement between herself and the treasurer about using the collective funds for personal profits. The arrangement came

apart *not* because any particular link in the chain of financial transactions and translations failed, *nor* because the whole deal was thought to be fraudulent, as with the subprime collapse that was taking place simultaneously in North American credit markets. Rather, the manipulation of collective risk for personal gain was celebrated as savvy business practice.

So what went wrong? Cecilia's reaction was telling: "I became angry, I became a bit offended, I was disgusted with how she spoke to me." Rather than scaling up the forms of moral reasoning and management of risk that brought the president and treasurer to loggerheads, instead Cecilia was disappointed that they both had "erred" (*cometí un error*). What failed was *not* the performative dimensions of promise encoded in a financial product. Rather, the translations proceeded along another vector, to the gendered judgments of appropriate behaviour among neighbours and colleagues. This is in marked contrast to Martín, who had taken my analysis of his organizations' errors and, rather than becoming offended (as I had feared), had channelled those critiques into new sub-prime household anti-poverty loans. As Farquhar and Kelly remind us, "Finance readily translates myriad other things, material and immaterial, into the terms of its own codes, expansively and productively, but within rules and vectors of movement that we need to better track and understand" (2013: 554). In this instance, the pooled capital and speculative behaviour of the fund's management was unexpectedly captured and conveyed into the intimate sentiments of anger, offense, disgust, and error.

Affective Audits

While Cecilia offered her consulting services for managing microfinance, in India, the complex demands of formal accounting and social obligations emerged in the process of audits. Commercial MFIs raised capital to lend to poor borrowers through loans from commercial banks, or through investments in public and private equity. These lenders and investors often required audits of the MFIs to ensure the proper management of funds. With microfinance operating often with a double bottom-line—of economic and social benefits—audits would attempt to account not only for the financial side of the ledger, but also the social. In other words, it needed to ensure that MFIs were both financially and socially responsible.

In February of 2011, DENA was expecting an audit from one of their lenders, a public sector bank. Sohini Kar was accompanying Anand, a branch manager, and Amit, a loan officer, on their rounds of weekly group meetings where women repaid their loans. In addition to the usual collection and documentation of the repayments, Anand announced the audits. During each of the meetings that morning, Anand explained that it was possible that people from the bank would be coming to one of the meetings to audit them, and they would have to know the answers to these questions.

In one such meeting, Anand first asked them if they knew how much they paid for the deposit, and instead of percentages, asked if they knew how much they would pay for ₹1,000 or ₹10,000. No one really seemed to know, though some tried to guess. Finally, Anand told them it was ₹50 for every 1,000 or five percent. "And can you get this back?" asked Anand. Some nodded while others shook their head. "Here, the answer is yes. You can get this amount back," he coached them. He then asked about the life insurance, which is bundled in with the loans. After some confusion, they were told it was ₹10 for every 1,000 or 10 percent. "And can you get this back?" repeated Anand. "No" replied one woman. "Do you know why?" "If something happens to us or the person we have a joint photo with, then we don't have to pay off the loan." "Yes," replied Anand. "If you or your guarantor—the person in

your joint photo—dies—and we don't like to think of these things—then you don't have to pay off the loan. Does anyone know what the interest rate on the loans are?" asked Anand next. Most of the women shook their heads. "Twelve point five percent at a flat rate. And 24 percent on a method called reducing method that banks use," explained Anand. "It's all written in that leaflet we handed out. It's in the [group's] book as well."

Although many of the women in the group had been borrowing for more than a year, they remained relatively unsure about basic information on interest rates and fees. The flat interest rate of 12.5 percent was more straightforward to understand for many borrowers. For instance, with a loan of ₹10,000, a borrower would pay back a total of ₹11,250, over 50 weeks, or ₹225 per week. The more complicated reducing method, however, more accurately reflects the interest on the loan, at the higher rate of 24 percent. This higher percentage, however, was not only bad for marketing, it was also a more complex equation to explain how as people paid down their principal, the rate of interest was actually higher over the course of the year. While the 24 percent was rarely ever over the course of my fieldwork, it was necessary for Anand to ensure through coaching that the women could accurately respond to the auditors who might check on this knowledge.

Along with the technical knowledge about interest rates, Anand also checked to see if borrowers understood the mechanism for redressals. What about if you have a complaint, do you know what to do?" continued Anand with his questioning. "We don't have any complaints," was the prompt reply from the women. "Okay, but say you did. Say you saw me in the street and I behaved badly with you; what would you do?" "I would speak directly to you and say that." "But I'm the one who did something wrong!" "We'd tell sir," indicating the loan officer. "But he is junior to me, he can't say anything," persisted Anand. "Just tell us" said one woman, seeming to be in a hurry and ready to have this question and answer session over with. "There's a complaint box," said Anand. "You've heard of it before; it's in front of our office. You can write a letter and put it in the box; I don't have the key—the head office does. Or, there is a customer care number in the pamphlet we gave out. You can call there. Or thirdly," picking up one of the passbooks, "the head office address is given to everyone on these passbooks and you can talk directly to the head office by going there. So, there are three options for you to address complaints."

Concern over complaints stemmed from an ongoing crisis in the microfinance sector, which had been triggered, in part, by concerns over coercive recovery practices by loan officers. In the wake of the crisis, the calls for due diligence asked for new formal mechanisms to ensure that complaints would reach the head office. Yet, as the back and forth between the women and Anand suggests, these formal measures did not align with borrowers' social lives. Writing a letter and submitting in the head office required not just time and effort on the part of women—many with limited literacy. Despite the claims for transparency, my fieldwork revealed how borrowers and lenders often negotiated issues directly, rather than involving the branch or head office. This is not to say that there should not have been alternative mechanisms for redressals, but that the formal system of accountability failed to reflect on the realities of women's ability to make a complaint in the ways presented.

Yet, as he was concluding his coaching on the audit, Anand added a little bit more advice for borrowers: "If people from the bank come to this [group] meeting, you should only answer what you are asked," he explained. "Don't say this or that and make any unnecessary statements!" Anand then concluded with an analogy: "Think of it like this. If a brother comes to his sister's house, and there is no rice in the house, the sister will go next door and ask for

some rice and make food for her brother. He will never know that there was no rice or that there was any problem, and leave." For Anand, the audit was not a process of revelation or transparency; rather, it was one that required careful management of social relationships.

The relationship between brothers and sisters are socially—and ritually—rich in India. There are annual celebrations across regions that mark the particular bond between brothers and sisters, in which brothers constitute an important source of protection, particularly for married women as a connection to their natal home. For instance, holidays such as *Raksha Bandhan* and *Bhai Dooj* or *Bhai Phonta* allow for women to provide food and care for their brothers, with the expectation of reciprocity of care, particularly after marriage. In making the auditor akin to a brother, Anand called on the women to perform a kind of care that ensures that the auditor does not worry; while simultaneously binding the women to the MFI symbolically as a husband. While there may be domestic differences or problems, this must not be revealed to the visiting auditor. Care is necessary both to protect the MFI as well as the auditor from worrying.

Anand's use of the kinship metaphor demonstrates the how the expansion of capital relies on ensuring relations of care. Loans can only be made available to poor women if they are able to demonstrate the same kind of care toward auditors and MFIs as they do their brothers and husbands. While financialization is often understood in terms of its abstractions, the process is deeply socialized: it relies on both real (Kar 2017) and metaphorical kinship relations to ensure people are affectively enmeshed with finance.

Audits are necessary to the smooth operation of financialization. They offer data and a certain degree of transparency necessary for financial actors to make economic decisions. In anthropology, audits are often theorized under the framework of audit cultures, and the expansion of neoliberal modes of governmentality through the constant assessment of different domains of life (Kipnis 2008, Strathern 2000, Shore and Wright 2015). Audits demand a process of due diligence on the part of auditors to ensure that the appropriate criteria are met (see Maurer 2005). Yet audits take place in a context of rich social life and existing relationalities. What the bank's auditor would find in the wake of Anand's extensive coaching is not the hallmark of transparency and neoliberal discipline. Rather, both the borrowers and the loan officers attempted to find ways of translating the formal language of audits into one that was relationally commensurable. The process of financial expansion requires the enfolding of such social worlds; yet, the negotiations between Anand and the borrowers demonstrate how the forms of knowledge that financialization relies on is one of translation not transparency.

Towards a theory of in-betweenness

Our central claim is that subprime empire is in the details, and that those details are mediated by in-between actors who turn marginal contexts into engines of profit. They perform something like socio-moral-financial gentrification aimed at elevating and overhauling the economies of the poor. Translating and mediating the details is where financial systems are the most vulnerable to being unsettled by ethical critique, social contingency, and political capture. On one hand this is a hopeful claim. Since the expansion of capital relies on complex and contingent mediations, then those sites of in-between brokering are also where frank discussions about justice and inequality are staged. Ultimately, we find that there are limits in capital's capacity to absorb critique and convert it into new products, services, and data. On the other hand, this is a troubling claim: the unsettled margins in their ethical, social, and

political modes, are the unfinished edges of financialization, and it is up to certain marginalized actors to stitch them together.

The question of being a good debtor is not simply about repaying loans, but also all of this relational work of managing and stabilizing these unruly sites. In Paraguay, Cecilia and Martín's stories demonstrate contrasting forms of moral reasoning at the heart of microfinance. When she received criticism for her approach, Cecilia didn't make a parallel move to Martín's; the Committee treasurer's accusations were cast as an interpersonal disagreement rather than a resource for financial innovation. The gendered "micro" of microcredit framed the financial practices in interpersonal terms. Tellingly, the payment rhythms that went to the heart of Martín's poverty metrics, and served as the basis for securitization of the loans via backers like HSBC and Citi, created a whole host of ethical conundrums for the women who managed collective debts. Rather than creating management consultants, however, the question of how to "make good microloans" that was put to women in leadership positions within their Committees of Women Entrepreneurs, was persistently reframed in gendered and intimate terms: What Viviana Zelizer (2000) calls the "relational work" of matching personal relationships with particular forms of payment or compensation.

Meanwhile in India, the cases of L&T Finance and Anand's audit discussion reflect contrasting practices of disclosure in finance. Market knowledge was deeply mediated rather than providing a view from nowhere. While L&T sought to make its value selectively visible to investors, it assumed distance between those who would invest and those who would encounter its everyday operations of lending to the poor. It needed to mediate these different worlds to ensure its desired valuation. For Anand, borrowers were not only indebted to the MFI, but were also enmeshed in relational obligations akin to familial bonds. Auditors would only be able to reflect such mediated knowledge in its reports.

The making of subprime empires and the expansion of capital relies on actors within marginal financial sites to stabilize the evaluative frameworks and social interdependencies that make profits flow. However, this relational work is not itself grounds for accumulation. Anthropological knowledge production is uniquely situated to describe and make sense of the details of subprime empire: the relational work of these vulnerable sites, in-between actors, and uncertain productions. What is disquieting for us is that our ethnography of how people are affectively enmeshed with finance itself can become a resource. That is, when the anthropologist's in-between-ness (e.g., Seizer 1995) is turned around and used as a blueprint to more effectively enmesh people with finance. In both India and Paraguay, the position of the ethnographer complicates the place of critical anthropological knowledge within contemporary financial systems. This is partly due to the value that financial actors such as Martín and L&T Finance put on knowledge itself. As Julia Elyachar (2006: 413-14) has argued, we must consider "the role that anthropology as a discipline has played in the evolution of new forms of knowledge practices in banking and finance." Indeed, "microenterprise lending is inseparable from social-science research. Its very existence as a form of banking can be called a social-science 'outcome.'" (ibid: 414).

Here we are interested not just in the way that social science thinking pervades sites and spaces outside of the academy, and its instrumentalization in service of generating "best practices." Rather, we are interested more specifically in the role of the anthropologist as participant-observer and of financial brokers as in-between mediators. There is something especially generative about these interfaces of encounter and their "comparative projects" (Kar and Schuster 2016). Both ethnographers and financial brokers are called on to resolve

the ambiguities of these lifeworlds. This is familiar conceptual terrain, but usually viewed from the safe remove of critical approaches to financialization. Feminist studies of finance point us to the surprising ways that diverse life projects are recruited into financial systems (Bear et al 2016). As researchers, we find we are being drawn into other projects that are not of our own making.

These mediations, and the in-between actors who undertake them, conjugate the "sub" of subprime and the "micro" of microfinance. We have shown that a whole host of mediations are required to generate these in-between scales of financialization. This is not simply about better understanding the hidden worlds of the poor, putting them under the microscope so to speak. The in-betweenness of finance is both an argument about methodology and theory (see also Lutz 1995, 2006). We argue that understanding the wealth of societies must go beyond "employ[ing] a small set of financial concepts to understand certain defining dimensions of contemporary derivative capitalism" (Lee and Martin 2016: 1). Subprime empire is not available for "social reading" (ibid) of its forms or logics because it is generated out of indeterminate mediations. It is not just a concept, but rather also a method: a transept-walk through our contemporary debt-scape, and one traversed by *both* ethnographers and their microfinance fund-manager counterparts.

Subprime empire as a methodology – i.e., where and how to access the unfinished edges of financialization – recasts the grounds for critique as well. Perhaps our analysis is unfashionably humanistic in our insistence on taking financial practices seriously. However, our focus on in-betweenness peoples subprime empires in such a way as to better appreciate their politics. Like political institutions, financial systems organize and deploy officially sanctioned forms of violence and relations of force. It is from this standpoint that we "consider global finance as an object of political anthropology" (Ortiz 2017: 326).

Our wider thesis is that the miniaturization of microfinance is a form of violence—it stakes out just how little borrowers are thought to deserve out of their economic projects and livelihoods, and calibrates microfinance to their micro-sized wants and needs. In this sense, it participates in subprime finance but is distinct from the expansive forms of global opportunity peddled by the mortgage market (Stout 2016). Crucially, we argue that this violent downscaling is precisely what allows key financial intermediaries to capture and convert profits within local debt economies, just as subprime lending has been shown to do in the global north. The key difference is that the gendered "micro" as a site of desire, aspiration, and hope – versus the "sub" as a site of scandal and crisis – reproduces imperial dynamics by naturalizing the limited expectations of economic subjects of the global south and erasing the violence inherent in the forms of economic redistribution that maintain those expectations as such.

Out of the Shadows

In the aftermath of the GFC, as large banks retreated from lending, shadow banking, or the less regulated non-bank financial sector, stepped in to fill the gap (Hale 2017). Yet, just as big banks stopped financing subprime borrowers directly, they shifted investments into nonbank firms or shadow banks. Nonbank firms (e.g., auto lenders) make loans to those with poor credit, but simultaneously raise capital from banks such as Wells Fargo and CitiGroup. According to a report in the *Wall Street Journal*, loans to such nonbank financial firms in the United States have "increased sixfold between 2010 and 2017 to a record high of nearly $345 billion" (Rudegeair et al. 2018). In India and China, two of the largest emerging economies, shadow banking is a critical systemic risk (Mukherjee 2018).

Despite growing regulatory concerns over the shadow banking sector and unease within the banking sector—with even JP Morgan's CEO Jamie Dimon warning that "someone's going to get hurt out there" (Campbell 2019)—the model looks surprisingly familiar to those working on microfinance. Shadow banks, including MFIs, operate as mediators of capital from larger banks and financial institutions, absorbing the risk of lending to the poor while enabling the increasing expansion of finance to the previously "unbanked." The growth of the shadow banking sector globally in the aftermath of the GFC demonstrates most clearly the how microfinance and subprime are indeed constitutive of the same project of financial expropriation from the global poor.

In an increasingly unequal world, political and economic dominance is sustained through financialized wealth held by global elites (Piketty 2013). Global finance cannot be understood in the framework of nation-states (Tooze 2018), but can be recognized as an imperial form of power that systematically and coercively expropriates money from the world's poor for wealth accumulation. Our comparative work demonstrates how financialization happens in distinct but entangled ways. Yet, as Catherine Lutz cautions, it is important to understand empire "as a large set of sometimes conflicting and only partially achieved projects, rather than a single coherent and accomplished thing" (2006: 594). Finance is peopled, and the everyday work of mortgage brokers, MFI workers, and other intermediaries is critical to the new global economy. Ethnographic attention to the in-between spaces of finance is critical to our understanding of how financial empire works.

The rapid growth of shadow banking in the global financial system suggests a need to turn to these intermediary institutions that sustain the flows of global capital. What emerges is a need to refocus attention to *how* these institutions translate and mediate capital. As microfinance has expanded globally, it has become increasingly conventional rather than alternative form of financing. In India, MFIs have become part of the mainstream banking sector, with a growing number that are publicly listed, while others have larger banks as private equity shareholders. Similarly, in Paraguay, leaders like Martín can leverage their experience with microfinance to launch new products and expand the basis for global finance. With microfinance, the moral language of inclusion and development has belied its more mundane role: of drawing in the capital from the poor into new circuits of finance. Microfinance, serving as the basis of subprime empire, is not peripheral to global finance, but is a model.

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[1] Evidence shows that the American middle-class was at the centre of the mortgage crisis, not poor borrowers (Adelino et al. 2018; Albanesi et al. 2017).
[2] In 2005, 65% of subprime loans originated through mortgage brokers (Berndt et al. 2010)
[3] We thank an anonymous reviewer of *Current Anthropology* for clarifying this crucial point.
[4] In our ethnographic sections, we will be using the respective first person (Author 1 on Paraguay and Author 2 on India) for our vignettes and analysis.
[5] This was confirmed in publicly available documents from L&T Finance on their microfinance operations.
[6] A red herring prospectus is a preliminary prospectus for an IPO that does not disclose the number or price of shares being issued.

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