

DEBT AND DIRTY NAMES

Tracing Cashlessness and Urban
Marginality in Brazil



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‘Mom! Don’t get my name dirty!’ Ana’s daughter looked upset as she yelled at Ana upon discovering the reason that no one in the house ever answered the phone. I was visiting Ana as part of my fieldwork in a social housing complex, located in an impoverished part of the city of Salvador in north-eastern Brazil. Her daughter, Clarisa, had been trying to call for some time, not knowing that the landline phone was no longer in service because Ana had failed to pay the bills. When Ana had set up the landline phone and cable TV, she had been obliged to sign a contract for a year of service, but she quickly ran into problems paying for the monthly plan; she prioritised the water and electricity bills instead. The contract was in her daughter’s name, which meant that Clarisa was getting a ‘dirty name’ (*nome sujo*); that is, she was being registered as a bad payer with one of Brazil’s credit bureaus. Ana had asked her daughter if she could use her name because Ana already had a ‘dirty name’ herself due to two maxed-out credit cards. She had used one of the credit cards to buy furniture on behalf of her neighbour and long-time friend who had not yet repaid her debt to Ana.

In the housing complex, neighbours and their relatives were getting caught up in vicious debt cycles, part of a

wider crisis in socioeconomic development in Brazil. In recent years, Brazil's urban poor have acquired what I call a 'double burden of debt': in addition to borrowing money and making use of credit systems in the cash-based informal economy, they have also gained access to credit in the formal and highly digitalised economy. 'Name dirtying' is common to both credit systems if debtors fail to pay.

During the era of the Workers' Party government in Brazil (2003–2016), consumer credit was promoted as a means to both financial and social inclusion (Badue and Ribeiro 2018; IPEA 2010). The access to new types of credit enabled new modes of consumption among the low-income population. New livelihood strategies through credit-based investments emerged in the quest for a better life. In turn, low-income Brazilians have experienced rising household debt (IMF 2013).

This chapter traces how the urban poor juggle the double burden of debt and the entanglements of cash and financialised debts. It explores debt relations among neighbours and kin and will show how these relations are characterised by both care (Han 2011, 2012) and exploitation (Stack 1975) as well as an interdependency that reinforces the volatility of unstable household economies. This chapter draws on seventeen months of fieldwork in Salvador between 2012 and 2019.

The housing complex where Ana lives houses sixty-five families who were evicted and later resettled from a nearby slum as part of a state-led urban renewal project, Better Days (*Dias Melhores*). More than a thousand families were displaced, and the first families to receive their new homes were moved to this housing complex in May 2012. The housing project had evoked some optimism about the 'better days' to come, but when the families moved in, they found that the housing was of poor quality. It was sloppily built with cheap construction materials; residents had to do the repairs and maintenance themselves. People started investing their scarce resources

into improving their new homes out of necessity and to better suit their needs and aspirations for a proper home (Kolling 2019). As I was to discover, many of the home improvements hinged on credit.

Credit and Financial Inclusion

Brazil experienced massive socioeconomic progress during the Workers Party's first ten years in power, with a significant reduction in poverty and inequality (Cruz et al. 2012; IPEA 2010). Policies of financial inclusion aimed to improve access to banking and credit services for poor Brazilians, who had not previously had such access, by expanding the financial infrastructure of banking facilities and promoting new services and financial products (Nakane and Rocha 2012). The rollout of a nationwide conditional cash transfer program, *Bolsa Família*, distributed through a public bank, also facilitated inclusion in the financial system. By 2013, nearly fourteen million families were enrolled, receiving a monthly welfare stipend (Badue and Ribeiro 2018; Campello and Neri 2013). Despite these changes, 30 per cent of the adult population in Brazil today does not have access to a bank account; the same percentage of the local workforce receives its income in cash (Demirgüç-Kunt et al. 2018: 20, 47).

The Central Bank and federal government presented financial inclusion and access to credit as tools for poverty reduction (Central Bank of Brazil 2012). In 2003, the federal government introduced a law determining that 2 per cent of the money deposited in private banks should be lent to low-income individuals (Barone and Sader 2008). Banks offered credit through new loan options and, increasingly, through credit cards. By 2013, 76 per cent of Brazilians held a debit card or credit card, on which half of all purchases in the country were made (ABECS 2013). Brazil's financial sector continues to push for growth in debit and

credit cards as a means to expand the formal economy and increase access to financial services (Casacchi 2018). Today money spent via credit cards makes up two-thirds of formal borrowing (Demirguc-Kunt et al. 2018: 78).

The rapid proliferation of credit cards has included the urban poor in the peripheries of big cities in north-eastern Brazil, where banks and ATMs remain scarce (Nakane and Rocha 2012). In the housing complex, residents survived (on average) on 40 per cent of the Brazilian minimum wage, and the majority are recipients of the Bolsa Familia monthly welfare stipend. They are part of Brazil's lowest social class, the 'very poor', class E.¹ Yet many residents had credit cards. I was surprised to find that Ana, for example, had a total of three credit cards issued from commercial banks, despite having neither a bank account, a valid identity card nor an official address or phone number. She earned her money in cash in the informal economy and could not document her meagre earnings. Her situation illustrates that obtaining credit in the formal economy in Brazil is no longer restricted to those with bank accounts, good credit scores or a demonstrable income.

During fieldwork in Brazil in 2019, I learned that she had never set foot in a bank to get these credit cards. The cards are not tied to a bank account, but issued through some of Brazil's largest retailers and supermarkets. They issue credit cards, backed by Brazil's major commercial banks, based on a perfunctory consultation of an applicant's CPF (personal registration number with the Internal Revenue Service) and identity card, the RG, or other type of identity card with a recent photo.

A Credit and Cash-Based Income

Ana sold fruits and vegetables as her main source of income, which was small and very irregular. Ana would get up around four in the morning to arrive early to get

the ‘good deals’. The good deals Ana referred to seemed to be low prices for low-quality produce; most of the fruits and vegetables she sold were overly ripe, leaving a sweet smell in her living room where they were stored. She sold the produce in front of her house, displaying it on an old tarpaulin seen in the photo below.

The next day she would take what was left in a rusty wheelbarrow to the area where she and the other families in the housing complex used to live, about three and a half kilometres away, and where she still had a lot of regular customers. Ana sold her produce cheap and at a lower price than the local supermarkets, yet most of her customers preferred to buy on credit. She would then spend the rest of the week trying to collect debts, showing up at people’s homes, often finding that they were out of cash to settle up.

Ana’s customers’ reluctance to pay their debts was a common phenomenon in the area. People were always



Illustration 2.1 Ana selling produce in front of her house. Photo by the author. © Marie Kolling.

broke and owed multiple people (and institutions) money. When debtors did have money, there were plenty of creditors awaiting their share. Many, like Ana, depended on others to pay them back in order to pay off their own debts as well as to cover regular household expenses. This created unstable interdependencies among people in the community, a phenomenon also observed among low-income families in São Paulo (Badue and Ribeiro 2018).

For Ana, it took money to make money. Without cash, she could not return to the market. She paid bus fare in cash, as well as the fruits and vegetables and the minivan driver who transported the goods to her home. It could take weeks until she managed to return to the market. In the meantime, she survived on what she had. It was not unusual for Ana to skip a meal because there was no food in the house. She would buy on credit (*fiado*) from the other vendors in the housing complex, and occasionally she would buy groceries at nearby supermarkets using her third credit card. She only discovered whether the card had credit when she tried to use it at a store, at the risk of others witnessing her shamefully having to leave the items behind.

Ana's willingness to sell on credit made her products attractive for her customers, but it complicated her business as well as her own ability to get by given the interconnectedness of her business and her household economy. In line with Millar's work (2014) on the relationship between precarious labour and precarious life among urban poor working at a dumpsite in Rio de Janeiro, Ana's unstable work destabilised her daily life.

The Trouble with a Dirty Name

People preferred to buy on credit, and with the recent access to digitalised credit in the formal economy, it had become possible to buy consumer goods that, until recently, were unattainable for the poor in the

north-eastern Brazil (Cruz et al. 2012). Residents without credit cards tried—and sometimes had luck—borrowing someone else’s card, a practice locally referred to as name lending (*emprestar o nome*). This practice also refers to a person obtaining credit in the name of someone who is creditworthy by getting a bank loan in that person’s name or purchasing items in instalments. This is a common practice in Brazil, especially among lower social classes (Plano CDE and BF Associates 2012).

To obtain credit in someone else’s name means that the lender loses his or her access to credit until the other person has paid the debt. The name-lending practice thus entails a risk of becoming a debtor and losing one’s access to credit if the money is not paid back on time or not repaid at all, which frequently happened among the residents in the housing complex. If people are registered as bad payers in Brazil, they are denied credit for five years unless they pay off their debt. As the opening vignette demonstrated, residents were caught up in debt cycles, seeking out people with clean names in the community and trying to clean their own. A ‘clean’ name, as it is called, could easily become ‘dirty’. When a name is ‘dirtyed’, it becomes useless both to the person who possesses it and to potential borrowers of that name.

Holston (1991) described working-class people in the peripheries of São Paulo in the late 1980s whose home improvements, similar to the lower-class residents in the housing complex, hinged on credit and to whom achieving a sense of personal progress was measured by the aesthetics of their homes (Holston 1991; Kolling 2019). According to Holston, the workers made sure to pay their debt because without credit they could not be modern consumers. However, three decades later, the fear of a dirty name no longer necessarily results in people paying their debts, as I discovered in Salvador. By February 2018, more than sixty million Brazilians were officially registered as bad payers (Lewgoy 2018). For Ana and many

other residents in the area, accruing debt was a condition to making ends meet—however fragilely—and to invest in her business and in a sense of personal progress, which she associated with improving her house. Residents risked going into debt—or having others go into debt on their behalf—to achieve this sense of individual progress.

When people bought on credit from each other or borrowed each other's name, it was not necessarily their intention not to repay. The lending practices of the urban poor in Brazil (of money but also of goods and services) resemble those described in Carol Stack's insightful urban ethnography from the early 1970s. Describing low-income Black Americans and their social networks, she writes, 'Friends exploit one another in the game of swapping and expect to be exploited in return. . . . Individuals risk trusting others because they want to change their lives' (1975: 39). Everyone had difficulties making ends meet, and everyone needed credit of different kinds. Although people did not intend not to pay their debts, there was an element of exploitation when seeking out clean names and asking for credit because they were aware of the dire consequences of debt.

Credit as Care?

I wondered why people like Ana, whose business and household economy were so vulnerable to debt, would allow people to buy *fiado* or lend their digital credit at the risk of being stuck with other people's debt and potentially a dirty name. When I asked Ana on different occasions, she did not answer. Clara Han's work (2011, 2012) on debt among poor families in Chile's capital, Santiago, is useful for shedding light on the name-lending practices and reasons that local small-scale vendors like Ana let their customers buy on credit.

In Chile, the proliferation of consumer credit up through the 2000s is similar to that of Brazil. Han shows that

among poor families struggling with economic vulnerability, mental illness and substance abuse, buying on credit in stores, using credit cards and other loan options and ultimately becoming indebted are part of concerted efforts to hold the family together. This is a valuable insight to understand why poor families are sometimes caught up in debt traps, which can have a marginalising and stigmatising effect but nevertheless remain willing to put themselves in that difficult situation out of care for others. Drawing on this insight, it becomes possible to perceive the offering of credit to a relative or neighbour and risk becoming indebted as an act of care. For instance, when Ana's daughter loaned her name to Ana for her to set up a landline phone, that was an act of care for her mother. Or when Ana agreed to pay for her neighbour's new piece of furniture with her own credit card, that can be understood as an act of care for a neighbour and long-time friend.

But why, then, did Ana use her daughter's name knowing the risk of falling behind on paying the bills? Or why did Ana's husband not help pay the bills while she was struggling? Whatever Ana's husband earned from his occasional day-labour jobs remained his. The household expenses and household debts were not a shared burden between them, which was also the case among other couples in the area. Meanwhile, Ana was struggling to make a living, pay the bills and improve her house and status in the community. Her house was among the 'least transformed' in the housing complex, and she was frustrated by her inability to use her credit cards to invest in her business and her house. She had plans and dreams for how to improve her house, and she wanted to apply for a micro-credit loan to improve her business, which all required her to 'clean' her name.

While name and credit lending were an expression of care, debt could shift the power relations from the creditor to the debtor, from vendor to customer, and between a husband with money and a wife with little money to

maintain her home and livelihood. In this scenario, Ana's customers probably knew that it was better for her to have bad-paying customers than no customers, which left her in a vulnerable position as she ranked low on people's list of creditors to repay. These dynamics between care and exploitation point to the ambivalent terrains of care in circumstances of poverty and economic precariousness as it becomes intertwined with vulnerability and power (Han 2011; Johnson and Lindquist 2019).

Conclusions

When people failed to pay their debts in the formal economy, they would dirty their names; likewise, debt from local cash purchases or name borrowing could disrupt the flow of credit. Care was intertwined with vulnerability and power. Once in a while, credit as care had its limits. For example, no one was willing to lend their credit cards to the neighbour who had used Ana's credit card. Ana, likewise, was not allowed to 'pay later' for the alcohol and tobacco she wished to buy from one of the next-door vendors in the housing complex. The business owner was fed up with the unpaid tabs that she had been running up for years, and one afternoon, the vendor declined to sell Ana a beer without receiving cash up front. Ana got furious over the sudden rejection of credit that not only stopped the flow of cold beer on that hot afternoon but also signalled a change in their relationship: the care as credit towards Ana had reached its limit.

In this chapter, I have shown how the urban poor in Brazil juggle a double burden of debt as they have gained access to credit in the formal economy by intertwining informal practices with formal financial institutions and becoming entangled in new debt relations as both debtors and creditors. I have described how debt created interdependencies in the community, which generated unequal and unstable

relationships characterised by both care and exploitation, infused with hope and diluted by disappointment. These insights contribute to recent anthropological literature on the ways that state policies of expanding access to credit in the formal sector in the Global South impact people's lives and their future aspirations, social relations and community life (Fotta 2018: 3; Han 2012; James 2014; Schuster 2015).

As digital credit brings new opportunities, it also raises the stakes. It enables people to dream bigger consumption dreams, but dreams and debt are two sides of the same coin for most people on the margins of the city and the formal economy. For them, the double burden of debt increases financial instability, social vulnerability and urban marginality.

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Note

1. In Brazil, financial institutions divide the population into five social classes, where A is the wealthiest and class E includes the 'very poor' (Plano CDE and BF Associates 2012).

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