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Finding the Edges of Payday Lending

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Abstract

Although virtually unknown in 1990, payday lending has become an important and profitable credit practice over the past two decades. Because of this growth, and because it has been implicated in ever-increasing levels of debt among the poor, payday lending has been confronted by an active political movement which has had some success in imposing forms of regulation in the United States and abroad. This paper argues, however, that this activism has failed to address the increasingly globalized nature of payday lending. Over the past five years, in particular, payday lending has become a thoroughly globalized practice deeply connected to and enabled by liberalized global financial markets. This paper reflects on the distance between the activism that now confronts it in national or subnational contexts and this increasingly global reach of payday lending. It concludes by making the case for a more fully globalized conception of global financial justice.

Keywords

payday lending, financial globalization, financial justice, border

> Edges supply bounds to the in-between, outer limits so to speak (though not of a single kind, and certainly not reducible to their linear representation) . . . [they are] porous edges that take in as well as give out . . . There is no edge of edging, no ultimate edge in the activity of having or giving an edge to something . . . there is edging out and out and out, but there is no definitive or final single edge.
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> —Edward Casey, "Edges and the In-Between" (2008: 9-10)

Introduction

As Edward Casey has noted, the edges of any object are infinitely deferred. As he suggests, edges are porous and incomplete markers that contrast with our conventional sense of boundaries as stark delineations cleanly inserted between discrete objects or spaces. This paper takes Casey's conception of the edge—outer limits that enact porous and mobile bounds—as a useful critical

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device that might help us think through the global political implications of payday lending. Among the most controversial and quickly growing financial practices, payday lending has been the subject of much political and regulatory scrutiny over the past decade. Although it was virtually unknown in 1990 as a formalized practice, payday lending now constitutes a regularized and profitable part of the American sub-prime credit landscape. The profitability and rapid growth of payday lending has been matched, in some measure, by a stinging political movement enacted by a web of consumer and anti-poverty activists. Mobilized by the high rates of interest payday lenders charge, and by the circuits of debt they re-inscribe, this network of activists have achieved some degree of success both in the United States and elsewhere, in erecting various forms of regulation—often forms of consumer protection or restrictive measures on interest charges.

The contention at the heart of this paper is that payday lending is marked by porous (and expansive) edges; not by any precise or settled border but by edges that seemingly disappear into other horizons. In some senses, as recent financial crises have underscored, all forms of financial practice are mobile and amorphous. Both recent and classical themes in political economy have emphasized financial "capital", however we might want to define it, as a particularly fluid and expansive form defined precisely by its liquid and footloose movements (see Bauman 2006; Leyshon and Thrift 2007). Conceiving financial capital without a firm edge, however, is particularly apt in relation to payday lending. The lines that would separate payday lending, for example, from other forms of "mainstream" financial practices—including those at the heart of global financial markets—are increasingly indistinct (see Aitken 2006). Payday lending often re-circulates financial capital generated by mainstream global financial institutions, relies on global financial networks, and is deeply implicated in mainstream stock and equities markets. If there are edges to payday lending, they are increasingly enfolded into the spaces of mainstream finance in complex kinds of ways.

In this paper, however, I focus on geographical edges and the distance that now seems to separate payday lending in practice from the assumptions that guide much activism around it. More specifically, I argue that payday lending is increasingly marked by *globalized* edges. As it faces market saturation (especially in the United States) and as it is confronted, at least in part, by forms of regulation that have introduced uncertainty, payday capital is increasingly oriented abroad, specifically in efforts to export itself to new markets (in North America, Europe, Australia and 'emerging economies') and to exploit 'untapped' markets outside of the forms of regulation, which now predominate in the United States. These processes have been underpinned by the consolidation of large, sophisticated, and transnational payday lending networks. A key argument at the heart of this paper is that payday lending has become one of the faces of *global* finance: global in ambition, uncertain in its edge, not easily reducible or contained as a neatly demarcated practice. This globalizing edge, however, is unmatched by the network of activism that seeks to disrupt payday lending. These forms of political action, which have achieved some degree of success in Canada, the United States, Australia, and in other jurisdictions, have largely operated at the level of *national* (sometimes sub-national) policy development. As I argue in this paper, this localized scale of operation, although successful in some respects, is inadequate to address the increasingly globalized edges of payday capital; a process of globalization that, in some particular ways, has helped to constitute. To provoke a debate about the future of payday lending, this paper reflects on the possibilities of a more globalized conception of financial justice activism, a kind of porous edge analogous to the form of destructive financial practice activists seek to confront.

To advance this kind of argument, this paper is divided into three main sections. The first section sketches the terrain that payday lending has come to occupy in our financial landscape over the past twenty years as well as the various forms of regulation and activism that have confronted its rapid ascension. As this section notes, these diverse forms of regulation have served multiple, sometimes disparate ends: sometimes enacted to confront payday lending and the burdens it imposes on vulnerable communities and sometimes established as a way to regularize payday lending and sanction it as a legally permissible and, by extension, "legitimate" practice (see Aitken 2010). Despite this complexity, there is, nonetheless, a disjuncture rapidly opening between activists working largely within a kind of regulatory localism and a practice increasingly, sometimes alarmingly, global in ambition. A second section turns to this trend and reviews some of the ways in which payday lenders have aggressively sought to export themselves abroad. This section reviews these recent attempts to reconstitute the edges of payday lending and to develop a globalized market. This globalized space for payday lending has been driven by market saturation, regulatory arbitrage and the "discovery" of large untapped other markets for a credit model preoccupied with vulnerable or "sub-prime" populations. A third, and concluding, section turns to the political implications of the disjuncture that now seemingly exists between activists focused on sub-national/national contexts and a globalizing sector increasingly preoccupied with the conversion of vulnerable *global* populations into profitable asset streams. If there are ways to address this disjuncture, and, by extension, to establish limits to payday lending, I suggest in the conclusion that they might possibly be found only in the space of a global civil society that might take issues of (global) financial justice more seriously, that is, a politics attentive to the edge and the shifting and porous spaces it forms.

1. Regulating the Edges of Finance: Payday Lending Tamed?

Although virtually unknown in 1990, payday lending has now become an immensely important part of the landscape of everyday finance. A relatively straight-forward credit practice, payday lending consists of unsecured short-term loans often extended for a very short period of time (often for a two-week duration) at rates that dwarf those prevalent in prime credit markets. Although figures vary, it is now estimated that the average cost of credit associated with American payday loans, expressed as an annualized rate of interest, can reach 400% or higher (Pyper 2007). These high rates of interest have sparked rapid growth. In the United States, the first and deepest market for payday lending, there are now approximately 20 000 payday loan outlets as well as a rapidly growing pool of internet lending outlets. These lenders now serve an increasing "underbanked" population. It is now estimated, for example, that 41 million adults in 21 million American households are "underbanked," with only fleeting relationships with mainstream financial institutions (Rowe 2011: 3; FDIC 2009). This "underbanked" category is of particular importance because payday lenders require a post-dated check linked to a mainstream checking account from borrowers in order to issue a payday loan. This check from borrowers, post-dated for the day when the loan is due (usually a two week period after its issue) must cover the loan principal as well as all interest and fees. Although designed as a short-term loan product at comparable cost, there is accumulating evidence that payday loans are now often used as a regular and even serial form of credit among those populations least able to afford the cost (King and Parrish 2009). At the heart of the concerns about payday lending is the possibility of economic disenfranchisement: the concern that payday lending is a credit practice that exposes those least able to afford it to disproportionately high costs and, by extension, ever-deepening cycles of indebtedness. This indebtedness, in turn, is often implicated in broader forms of social exclusion, poverty, and vulnerability (Buckland 2012).

This rapid growth of payday lending and the circuits of debt it has helped to inscribe have not been uncontested but have been confronted by an animated political movement. An American movement opposed to payday lending has been assembled out of consumer advocates, anti-poverty organizations, some credit unions, anti-racist activists, and a coalition of other organizations committed to programs of fair trade in its broadest form. This network has been successful not only in attracting media attention to the high costs associated with payday credit, but also in constructing an impressive institutional presence capable of exerting serious pressure on policy and legislative agendas at all levels of government. The heart of this institutional presence involves a coalition of groups—especially the Center for Responsible Lending and the Consumer Federation of America—with long-established credentials at the national level. This network has generated serious policy research and created organized webs of advocacy that, over the past ten years, have helped trigger momentum for legislative and regulatory reforms. These movements opposed to payday lending have not, in turn, been unopposed; they have slowly been confronted by an increased lobbying presence of the payday industry itself and by the formation of three main national lobby groups working on the industry's behalf.[1] Nonetheless, the political pressure and policy analysis they have brought to bear have resulted in serious regulatory initiatives in the United States at both the state and federal level.

The steady growth in American regulatory measures has, first and foremost, been constituted at the state-level. Several states, such as South Dakota and Michigan, have actually passed laws that explicitly sanction payday lending. In contrast, at least 14 states, notably North Carolina, New York, and New Jersey, have imposed prohibitions on payday lending in various forms. There are also a wide range of states that have permitted payday lending but have enacted a suite of consumer protections, including complex disclosure requirements, prohibitions on rollover loans, truth-in-lending advertising requirements, or other licensing conditions. In some states, such as Arizona and New Mexico, total costs are subject to legally enforceable ceilings (Mann and Hawkins 2007; Mendenhall 2007; Spector 2008). Oregon, for example, has capped all permissible finance charges on loans under $50 000 (USD) to 36% Annual Percentage Rate (APR) in addition to an "origination fee," which cannot exceed $10 per $100 loaned (Zinman 2008: 6). By the end of 2011, the National Conference of State Legislatures reported that 43 states had enacted specific legislation or regulatory orders relating to payday lending of one kind or another (Morton 2011).

At the federal level, the most important regulatory achievement has been a restrictive measure on payday loans extended to military service members and their dependents. Invoking an argument that payday lending constitutes a "predatory" credit practice, in 2006 Congress passed a measure that prohibited any payday loans to military personnel that exceed rates of interest of 36% APR (Public Law 109-364 2006). After many years of pressure by the movements

[1] The three lobby groups are Financial Service Centers of America, the Online Lenders Alliance, and the Community Financial Services Association.

opposed to payday lending, this initiative represented the first enforceable federal-level measure. This momentum for federal-level involvement could potentially crystallize in more significant ways with the formation by the Obama administration of the Consumer Financial Protection Bureau (CFPB) in the wake of the global financial crises of the past several years. The CFPB, a product of the Dodd-Frank Wall Street Reform legislation, has been the subject of immense political contestation over the past several years. By 2011, the CFPB became a functional federal body with special mandates to address and potentially regulate all practices relating to consumer finance, including payday loans and other "short term, small dollar lending," echoing a campaign promise made by Obama during the 2008 campaign.[2] Although the precise form that regulation will take remains unclear, and although it will certainly continue to be subject to forms of political pressure from congressional politicians and industry lobbyists, the CFPB has already signalled its intent to develop its regulatory purview over payday lending. In late 2011, the agency launched its first of a series of field hearings to determine the scope of its regulatory focus on payday lending (Cordray 2012). This move was punctuated by the simultaneous release of the Bureau's formal examination procedures for programs of payday lending. As these procedures make clear, the CFPB is constituting itself as a body with meaningful authority to regulate payday lending ultimately grounded in federal legislation well beyond Dodd-Frank: *The Electronic Fund Transfer Act*; legislation relating to fair credit reporting and collection; *The Equal Credit Opportunity Act*; regulations prohibiting unfair or deceptive lending arrangements; and most importantly, the key provisions of the *Truth in Lending Act* (CFPB 2011). Given the resonant connection between the formation of the CFPB and the network that has opposed and politicized payday lending, it seems now likely that new agency will exert regulatory pressure on payday lending practices in significant form.[3]

In diverse ways, the activism, policy research and advocacy that led to these regulatory practices have been replicated beyond the United States. Canada, for example, is now the second largest active market for payday credit practices and operates in some ways as an extension of the American marketplace. Since 2006, Canadian federal and provincial governments have systematically

[2] During the 2008 campaign, Obama promised to extend the measure governing payday lending among military personnel to all Americans. In addition, Obama has aggressively appointed key administration officials—Michael Stegman Elizabeth Warren, and Michael Barr—who are long-time financial inclusion activists. Barr, in particular, a long-time financial inclusion advocate, was a key architect of Dodd-Frank.

[3] This federal interest in payday lending is not completely unprecedented but was preceded by the FDIC's small-dollar loan program.

assembled a new regulatory regime explicitly designed for payday lending (Aitken forthcoming). At the heart of this regime is new federal-level legislation that was introduced in 2006, which crafted a legal exemption from the prohibition in Canada's criminal code for forms of credit that carry rates of interest in excess of 60% per annum, a rate that is uniformly lower than those charged by payday lenders (Kitching and Starky 2007). This exemption can be taken up in provinces that create new consumer regulation and licensing schemes for payday lenders. In this sense, the new regimes were organized as an attempted balance that sought both to settle the legal questions associated with payday lending and to enact forms of consumer protection.[4] However, it now appears that most of the Canadian regimes, with the possible exception of Manitoba, work primarily to settle the legal ambiguity around payday lending and to carve out a legitimate space for the practice, an approach distinctive from some of the most restrictionist regimes in the United States (see Aitken 2010 [forthcoming]). There are now, for example, six Canadian provinces that have enacted regulatory and licensing regimes that typically specify maximum fees for payday loans as well as a repertoire of consumer protection measures often including some requirement for clear disclosure and guarantees against deceptive credit or marketing practices. The centerpiece of the various regimes, however, are the rate ceilings that typically range from $21 per $100 loaned in Ontario to $31 per $100 loaned in Nova Scotia, caps that can result in rates of interest above 900% APR (Manitoba 2010). Manitoba is a partial exception not only because it set the lowest rate ceiling ($17 per $100 loaned) but also because the initial regulatory order explicitly adopted a more hostile approach to the sector than most other provinces. The initial Manitoba order was strenuously opposed by payday lenders and the national payday loan lobby. Challenged in court and eventually re-drafted, the Manitoba regulations have been built around a discourse that frames payday loans as a particularly pernicious form. Even still, if Manitoba is the harshest Canadian regime, it still codifies a space for rates of interest (517% APR) that far exceed many state ceilings in the United States and that appear to be above the estimated average of payday loans issued in North America (Pyper 2007; CFPB 2011; Manitoba 2010).

There have also been significant regulatory initiatives, albeit with dramatically different results in Australia and in the UK. One the one hand, in the UK there has been a series of high-profile campaigns led by consumer advocates, especially Consumer Focus. These campaigns have led to an important series of regulatory investigations—by both the Competition Commission and the

[4] This is punctuated by the ways in which the major Canadian industry lobby—the Canadian Payday Loan Association—issued recurring calls for forms of regulation that might bring the sector into forms of legal legitimacy. See Keyes 2009.

Office of Fair Trading (Competition Commission 2007; Office of Fair Trading 2010a). Although both of these processes identified some degree of inefficiency in the ways in which the market for high-cost credit operates in the UK, they have not altered the regulatory landscape in any serious or fundamental manner, leaving the sector regulated by the requirements of the *Consumer Credit Act* of 1974 (revised in 2006) and overseen by the Office of Fair Trading (OFT). The Competition Commission review, for example, noted the existence of a somewhat uncompetitive market for high-cost credit that failed to provide consumers with enough choice or meaningful forms of price competition. To address the dilemmas of competition, the Commission encouraged the development of mechanisms of consumer transparency—including a mandated website that would allow consumers to compare prices between lenders on a series of uniformly presented measures. In doing so, the Commission explicitly evacuated discussions of more restrictive regulatory measures, including the imposition of price controls.[5]

This attempt to settle the question of consumer credit regulation as a regime, concerned primarily with consumer protection and behavior, was confirmed in a recent process managed by the Office of Fair Trading. The OFT's Review of High Cost Credit assessed both policy issues relating to all forms of fringe credit and the range of social scientific/policy research on the topic. Informed by a behavioral economics approach, the OFT placed emphasis on the lack of financial capability among users of high-cost credit as a key to deficiencies in the market. Although some segments of the high-cost credit market, especially home credit and payday lending, are uncompetitive, the review placed emphasis on the recurring inabilities of borrowers to successfully navigate between various products or to manage complicated forms of credit in an effective manner. Moreover, the OFT echoed earlier regulatory discussions by concluding that price controls of any serious kind would "distort" the market and restrict choices available to financially excluded populations, populations that need to be better equipped to manage their own behavior in the high-cost credit landscape. Price controls in the alternative credit market, the OFT reports, "would not achieve their specified objectives but would produce a range of unintended consequences ... distorting the market" (Office of Fair Trading 2010b: 5; Office of Fair Trading 2010a: 4). As the culmination of various regulatory discussions, the OFT review confirms that there is now emerging a settled approach to

[5] See Competition Commission report (2006). See also the Office of Fair Trading 2010b: "the [Competition Commission] did not favour the use of price caps as a remedy to the problems it found in the home credit market. Instead, it 'sought to find remedies that will encourage competition in the market for home-collected credit, in the belief that an increase in competitive pressure will serve to remove the detriment of high prices' " (p. 25).

regulation in the UK—one that places burdens on individual borrowers and that attempts to cultivate a kind of prudential capacity within those borrowers.[6]

On the other hand, the Australian government has recently enacted its first ever price controls as part of a larger suite of reforms to financial and securities regulation. These reforms entailed a new uniform set of rules governing consumer credit at the national level. In the summer of 2011, spurred by advocacy organizations such as the Consumer Action Law Center, the government announced amendments that include new rules for "small amount" credit contracts. Although the rules apply to a possibly wide range of contracts, they were specifically designed for payday lenders. The amendments enact a series of new rules, including a prohibition on refinancing payday loans, a requirement to disclose the availability of other financial options, and a prohibition on simultaneous small dollar loans. In ways that parallel the approaches taken in some American states, the centerpiece of the regulations, are new limits on the overall cost of credit. Origination fees are capped at 10% of the total amount plus a maximum monthly fee of 2%. This is in addition to a prohibition on larger credit contracts that exceed annual rates of 48% (see National Consumer Credit Protection Amendment (enhancements) Bill 2011).

Although the most developed regulatory discussions for payday lending have occurred across the Anglo-American world, there have also been scattered processes in other jurisdictions. Following years of deliberation and negotiation, the European Union, in May 2008, implemented an updated version of its *Consumer Credit Directive*. The new directive requires standardized advertising requirements (including those relating to cost of credit), codifies rights of withdrawal up to 14 days after credit contracts are consummated, and establishes uniform disclosure requirements for all credit agreements (BIS 2010). Notably, Hungary has introduced slightly more restrictive rules by lowering maximum APR caps on payday loans and other forms of consumer credit, effective April 1, 2012 (International Personal Finance 2012b). In a much different context, South Africa has, since 1990, undergone three distinct phases of reform to its consumer credit regimes, the core of which has been successive exemptions from the interest rate limitations of the *Usury Act* (originally passed in 1968) for short-term credit in particular. This most recent framework, established in 2006, creates the National Credit Regulator responsible for all credit transactions as well as new rules governing interest, disclosure, contract, registration, and related requirements. The act also constituted the National

[6] It should be noted that several of the key consumer advocacy organizations, including Consumer Focus, also took an explicit position against price controls, reflecting a wide consensus on the issue. See Burton 2010.

Consumer Tribunal, the first ever South African judicial body charged with hearing cases relating to noncompliance (see Department of Trade and Industry 2004: 23; Whittaker 2008; Department of Trade and Industry 2007; National Credit Regulator 2008). In this sense, the South African rules, which have opened space for payday lending as well as a diverse range of other micro-lending practices, exist in the same current as Canadian regulations, which authorize a well-demarcated exemption for payday lending practices.

The emergent regulation of payday lending has taken an astonishingly diverse variety of reforms. Although these various reforms have been, in some measure, the product of anti-poverty or consumer rights activism, they have also been deeply shaped by industry lobbyists and representatives as well. Canadian regulations, for example, were developed in conjunction with the national industry lobbyist, the Canadian Payday Loan Association. The new regime is, in many ways, the logical outgrowth of calls the association had long made for "more regulation," a strategy the Association has long hoped would deliver legitimacy. Moreover, many of the larger payday operators have described the new regulations as a kind of stabilized platform for long-term growth and consolidation in the industry. CS Financial, the largest Canadian-owned payday lender, for example, noted that, in conjunction with lawmakers, it had "secured balanced consumer protection rules that will facilitate long-term growth. . . . As a result . . . we have an aggressive organic growth strategy in place" (CS Financial 2010). In a somewhat similar fashion, the British regulatory processes also carefully considered the requirements of the sector and have been generally met with satisfaction from lenders desperate for clarity regarding credit rules. Dollar financial, the largest single payday lender in the UK, and one of the largest in the world, has repeatedly described the regulatory discussions in the UK as "settled." CS Financial (2012) has concurred, citing its "favourable regulatory framework" as the key factor in its attempt to expand rapidly in the British marketplace. In these instances, regulation seems to have operated in ways that have either settled regulatory issues or regularized the sector as a legitimate and legally permissible practice (see also Aitken 2010).

These permissive forms of regulation, however, contrast with other instances—Australia, many American states, Hungary—where consumer advocates have managed to achieve more restrictive measures. At the very least, these varied regulatory discussions operate in a contested space, marked by bitter struggle over the broader public and political meaning of predatory, irresponsible or onerous lending. As a contested set of practices, the emerging modes of regulating payday credit are also deeply conditioned by the complexity of what they are attempting to tame: a form of credit that is increasingly expansive in its ambition and scope. Regulations seem, for example, already incongruent with the increasing growth of internet lending. Internet payday lending, a practice almost completely untouched by recent regulatory changes, is becoming an increasingly significant channel through which payday capital flows. It has been estimated, for example, that over $10.8 billion in payday loans were placed through internet lenders in 2010 (Consumer Federation of America 2010). Moreover, San Francisco-based JMP Securities has estimated that internet lenders could comprise 60% of the overall payday lending marketplace by 2016 (Sandman 2012). This growth confronts, in particular, jurisdictions like New York and North Carolina, which have prohibited the practice of payday lending but remain effectively unable to challenge the growth and reach of internet payday loans. The increasing scope and complexity of payday lending is, however, even more striking in geographical terms; a practice not only *national* or even *international* in tone—that is, a set of discrete national processes, each unfolding in relatively autonomous, insulated, or disconnected kinds of ways. Rather, this has been a more deeply coordinated, even *globalized*, process that increasingly marks out globalized edges not well matched by forms of *national* regulation.

2. The Globalized Edges of Payday Lending

Payday lending is often marketed as an imminently local credit practice. In these narratives, payday lending is a practice particularly oriented to the needs of "everyday" populations and deeply enmeshed in the requirements of specific neighbourhoods. In some important ways, the diverse regimes that have been enacted to regulate payday lending also orbit around a conception of fringe lending practices as ultimately local, even place-bound practices. With the possible exception of the European Consumer Credit Directive, most of the regulatory regimes are the product of national or, as in the case of North America, sub-national political processes. They seek to address the question of payday loans—and the associated issues of indebtedness and economic disenfranchisement—in a strictly local manner, as a practice that could be contained within particular, well-demarcated spaces.

Payday lending practices, however, no longer inhabit only local credit spaces, but have become mobile and deterritorialized. Payday lending is not so much a local credit practice as it is a part of a much larger circuit of capital with global ambitions and reach. These ambitions have often been on display, for example, in the direct wake of the regulatory processes themselves. There is some evidence, for example, that some forms of regulation have chased payday lenders from jurisdictions (King 2009). Confronted by both market saturation and the pressures of the most restrictionist regulatory regimes, some payday lenders have curtailed growth plans or exited particular markets. Over the past couple of years in particular, the largest American payday lenders have begun to alter their domestic operations dramatically by closing lending operations in states with onerous regulatory requirements. Combined with growing patterns of market saturation (partly constituted by state-level regulations that have effectively closed certain markets to lenders), the growth in payday loans of several years ago has now undergone serious reverse in the United States. Stephens Inc., for example, a leading source of expertise on the consumer finance sector, estimated that there were approximately 20,600 payday lending outlets in the United States in 2010, which was a decline of 7.6% from the prior year (Advance America 2011: 13). This reversal continued in 2011, during which the number of American outlets declined to approximately 19,000, although store-based loan volume did show a "modest recovery" of 2% to $29.8 billion (Hecht and Joseph 2012: 1).[7] Moreover, the largest and most prominent firms have had to abandon the rapid growth that has characterized the sector for most of the last two decades. Between 2008 and 2010, for example, Advance America, the largest American payday lender, has reduced its number of outlets from 2,767 to 2,313 (Advance America 2011: 1). A large bulk of this total is accounted for by the closure of operations in seven states that enacted payday regulations. Its own regulatory filings note the importance of regulatory pressure as a key factor in its reduced prospects in the United States. "Due to market saturation and to federal and state legislative and regulatory challenges," as Advance America (2011) notes, "the number of centers in the cash advance services industry has largely stopped growing in the United States" (pp. 5-6). This kind of decline is echoed in other notable examples of retrenchment in the wake of regulatory reforms. EZCORP, a large American provider of consumer finance of various kinds, and a firm that has been on the vanguard of payday loan globalization, announced its cancellation of an attempt to purchase a controlling interest in a large Australian payday lender four days after the announcement of Australia's new cap on payday loan fees. In announcing the cancelled transaction, EZCORP officials noted that the planned APR caps would "have a material impact" on its consumer loan business in Australia (EZCORP 2011a).

These same firms, however, have often simultaneously gravitated toward permissive regulatory regimes which have stimulated cross-border growth and investment. The inverse angle of Advance America's domestic market decline, for example, has been an international expansion explicitly predicated on

[7] Stephens notes, however, that internet loan volumes increased by 30% per annum in 2011 to $14.3 billion (Hecht and Joseph 2012: 1).

processes of regulatory settling abroad. Upon completion of the Canadian regulations, it launched a new international brand, National Cash Advance. Advance America invested serious resources into National Cash Advance and developed aggressive expansion plans in Canada and the UK, two markets it identified as both underserviced and unburdened by excessive regulatory weight. Establishing a presence in these particular markets creates, as Advance America notes (2011), "geographic diversification [which] helps mitigate the risk and possible financial impact of unfavorable legislative changes" (pp. 5-6). This regulation/entry sequence has been replicated by other firms. Cash America, for example, another large American payday lender, has both reduced its domestic outlets but expanded its international footprint (Cash America 2012). This internationalizing strategy has been felt most fully in Cash America's aggressive launch of e-commerce payday lenders in Canada, the UK, and Australia (Cash America 2011). CS Financial has similarly pursued a rapid expansion into the UK. Describing the UK as a market with a "settled" and "mature" regulatory context, CS has now developed a long-term growth strategy for both physical and internet payday lending operations (Thompson 2009). Also, as CS Financial (2012) notes, "To continue to grow profitably, [and] based on its . . . favourable regulatory framework, we have initiated an expansion into the United Kingdom" (p. 10).

Regulatory regimes, established in part as a response to activism organized against payday lending, have sometimes fueled international growth of payday credit by large consolidated lenders keen to exploit possibilities for regulatory arbitrage. This is particularly evident in the case of the UK. Over the past five years UK regulators have developed and reiterated a consistent regulatory framework that has led to spectacular payday lending growth. This growth has been particularly pronounced over the past two years since the completion of the OFT Review of High Cost Credit, which has left intact the basic parameters of consumer credit regulation and which unequivocally rejected a cap on credit costs. Over these past few years the size of the market for payday loans and home collected credit are estimated to have grown in excess of £6 bn (House of Commons Business, 2012: 3).[8] Moreover, the number of borrowers has increased

[8] I should note the possibility, however, that this recent growth might threaten the settled regulatory discussion in the UK. There are signs, for example, that advocates and some legislators are becoming increasingly restless in the context of this recent growth of and reliance on payday lending. There has been a recent announcement by the Office of Fair Trading (OFT) of an investigation of 50 payday lenders to assess compliance with fair lending requirements. In addition, the regulatory settlement that has been so attractive to lenders might also be unsettled by a proposed but still unconfirmed shift of consumer credit regulation from OFT to a new Financial Conduct Authority. Despite these moves, the long-term prospects of any fundamental shift away from the basic features of regulation in the UK remain remote, especially in the context of the

from 300,000 in 2006 to 1.9 million by 2010, indicating a market with dynamic growth potential (House of Commons 2012: 14). The volume of loans has also dramatically increased, tripling in size between 2007 and 2010 and growing even more intensely in the two years since (O'Connor 2011). In these terms, the UK market, perceived by lenders as lightly regulated by a single and consistent national regime, has become a strangely intense frontier for the future prospects of large payday lenders. This has transformed the UK market into what one consumer advocate has referred to as the "only wild west for payday lenders" (quoted in House of Commons 2012: 13). Enova Financial, for example, Cash America's international online operation, has established a business model explicitly dependent not on domestic but on international markets and on the UK market in particular. These markets, according to Enova's regulatory filings, "offset the loss of revenue from certain domestic markets in which we no longer offer consumer loans or have reduced our product offerings" (O'Connor 2011). Frequently invoking a contrast between the British market and a now bewildering and shifting patchwork of American state regulations, the largest and most competitive payday lenders have framed the British market as the space most important to the future success of the payday lending model. One large payday lender has baldly referred to the UK as "our least penetrated, most underserved and fastest growing market" (O'Connor 2011). Informed by calculations about the relative costs of its regulatory regime, payday lenders have identified the UK as a particularly promising frontier, a space ripe for "penetration" and growth.

In other settings, however, the globalization of payday lending has been triggered not by the calculations related to various regimes of "settled" regulation but by the opportunities that could be harnessed from contexts without regulatory constraint of *any* meaningful kind. Although British consumer advocates have described the UK as "the only wild west" available to payday lenders, there is now a series of "emerging" but unregulated markets attracting enormous interest among payday lenders, markets in Eastern Europe, Russia, South Africa and, perhaps most importantly, in Mexico. Although Mexico lacks the maturity of the British market, it has been the object of intense investment by large lenders and is becoming key to the expansive future of payday lending.

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current government. In the midst of the recent Commons discussions, for example, the government has reaffirmed the importance of continuing its existing regulatory commitment to empower consumers in the context of settled availability of choices: "... we want all consumers to be empowered to make better choices for themselves. Consumers should be free to borrow if that is what they decide is in their best interest. It is not for the Government to pass judgement on whether a particular product is good or bad ... we want to provide consumers with the tools they need to make informed decisions" (House of Commons 2012: 6-7). It seems likely any future regulatory change would occur within the existing framework.

The enormous growth—and potential—of the Mexican market is the result of an immense population without serious access to credit as well as an almost complete absence of meaningful regulation over consumer credit; both of which are striking points of contrast with the markets first reached by payday lending (the US, Canada, the UK, Australia). The penetration of financial institutions, for example, is among the lowest in the hemisphere, registering only 9.6 bank branches per 100,000 inhabitants (Banco Walmart 2009: 14). Moreover, although Mexico has a significant financial sector, it has shown little explicit interest in credit practices that are explicitly targeted to poor populations. Especially in the period since the 1994 Peso crisis, mainstream Mexican financial institutions have targeted only the 15% of households clustered at the top of the socio-economic spectrum (Obermann 2006: 8). This is particularly evident in rural areas where only 6% of the population has access to formal financial accounts (Meagher *et al.* 2006: 26-27). As a result, less than 25% of the population nationally enjoys access to basic financial accounts (Obermann 2006: 8). It is estimated that Mexico has among the lowest levels of bank services per capital, a level that seems stubbornly entrenched, improving only marginally over the past several years by less than 0.5 new branches per 100,000 (Banco Walmart 2009: 14). This striking level of financial exclusion is even more pronounced with respect to consumer credit. The seismic events that shook the financial sector in the 1990s—the privatization of state-owned financial assets, processes of capital account liberalization, and the 1994 Peso crisis—have contributed to a financial system seemingly unable to address the credit needs of everyday or marginalized populations. Although there are some signs of nascent consumer credit markets—recent growth, for example, in middle-class mortgages accompanied by a modest real estate boom—private consumer credit is strikingly undeveloped. Mexico's level of private credit as a whole measures 26% of GDP which is notably below the average for Latin American countries (Obermann 2006: 2; Gelpern 2007). Moreover, only 31% of the employed population have access to credit cards or other regularized forms of credit (Obermann 2006: 9). As a result, Mexico has one of the world's lowest consumer credit to GDP ratios in the world at 2.8% (Obermann 2009: 9). When plotted in relation to GDP per capita, Mexico's relative lack of credit marks it as one of the least financially penetrated consumer economies globally (Banco Walmart 2009: 15).[9]

[9] Despite this very low level of credit and financial penetration, Mexico has recently experienced rapid growth in consumer lending over the past number of years, which has been both triggered by and attracted to micro-lenders of all sorts. In 2005 and 2006, for example, consumer lending grew by 45% and 36%, respectively, a level of growth that elevated consumer lending to 10% of total lending, up from less than 3% in 1999 (Gelpern 2007: 1523).

The general lack of consumer credit extension in Mexico has been coupled with an almost complete absence of regulation. Although there have been various government initiatives organized around consumer credit since the early 1990s, some of it in the wake of both bank privatization and the 1994 crisis, the sector operates without any substantive regulations. There have been, for example, no serious restrictions placed on the practices of consumer lenders, leading some to suggest a lack of institutional capacity to prevent abusive or predatory lending. Moreover, Mexico has almost no regulatory provisions that apply to non-bank, commercial, and industrial companies that are allowed to open and operate full-service banks (Gelpern 2007: 1523). As two observers succinctly put it, the Mexican "legal framework cannot prevent predatory lending form harming borrowers because these practices have not been lawfully regulated" (Racanello and Garcia 2009: 7).

It is in this context of this large untapped demand, and a largely unregulated marketplace, that payday lenders have become deeply interested in Mexico. World Acceptance, for example, a large American consumer finance firm that has been active since the 1960s, has gradually and methodically assembled a large network of Mexican payday lending operations. By 2011, this network of outlets was extending almost $875 million (USD) in loan value to a wide range of middle- and working-class Mexicans (World Acceptance 2012). Similarly, Enova Financial has begun a lucrative lending operation in Mexico extending short-term consumer finance loans via its internet lending platform (Enova International 2012. Perhaps the most dramatic sign of the global interest in payday loans and in other forms of high-cost credit in the newly dynamic Mexican consumer finance market, however, is the entry of Banco Walmart. Walmart has long been interested in entering the kind of consumer finance market dominated by payday lenders in North America. Its own American experiment was derailed (temporarily) when it withdrew its application for an American banking license in the face of stiff opposition from large American banks, community banking associations, and a range of consumer advocates. In 2006, however, it was granted a banking license for a full-fledged deposit-taking banking institution in Mexico. Although it was initially somewhat slow in developing this banking initiative, it has now engaged in rapid growth of its financial services and has targeted, in particular, short-term loan products that parallel the payday lending model. By 2009, Banco Walmart had opened almost 200 locations and had begun offering a diverse range of products, including not only consumer, short-term, and instalment loans, but also credit cards and traditional deposit services (Banco Walmart 2009).

The growth of high-cost credit spanning the Mexican-American border, however, is not only a one-way flow of American payday capital. One striking attempt to construct cross-border payday lending platforms that involves two-way traffic across the Mexican-American border has been organized by Mexico's Grupo Elektra. Grupo Elektra now operates the largest, and most controversial, micro-lending networks in Mexico. This micro-lending network, which has been an important model for Walmart and its expansion into Mexico, was assembled in 2002 when Grupo Elektra launched a full banking service, Banco Azteca, and opened branches in each of 815 existing consumer-goods retail locations. The brainchild of Mexican billionaire Ricardo Salinas, Azteca was explicitly designed to address low-income and financially excluded Mexicans, and "to demonstrate the importance of offering financial services to this under-served segment of the Mexican population" (quoted in Brun and Love 2009). Over the decade since its launch, Azteca has developed a series of loan products tailored to the same populations often targeted by payday lenders, including, in particular, the 70% of the population it says is either served poorly by mainstream banks or remains unbanked completely. By 2006, Azteca was reporting 40% annual rates of growth and 30% growth in net deposits (Gelpern 2007: 1527). Earning high profits fueled in part by the very high rates of interest, Azteca began to expand rapidly in Latin America with operations in Honduras, Peru, and Columbia. By 2011 Azteca's growth continued unabated. Its loan portfolio grew by 53%, punctuated by a 63% rise in gross loans, which helped secure annual rates of growth in profit of 20% and in revenue of 19% (Suarez 2012). In a striking development in February 2012, Elektra negotiated a financial transaction that saw its purchase of Advance America, the largest non-bank payday lender in the United States which operates over 2600 payday lending outlets. The deal, announced by Salinas as an attempt to integrate Elektra's presence at the "bottom of the pyramid" across North America, consists of a $780 million (USD) transaction in which Banco Azteca will pay a 32.7% premium (based on market capitalization) for Advance America shares (Suarez 2012; Burtzlaff and Schmid 2012; Wright Investors' Service 2012). In announcing the acquisition, Salinas stated, "We are eager to expand our services to the United States and to continue meeting the needs of the financially underserved" (Harrison 2012; Thompson 2012). These developments signal a new phase in the globalization of payday lending, not only the exportation of American lenders into a context they perceive as a new and profitable frontier, but also the beginnings of a more thoroughly integrated North American market aimed at consolidating various platforms for micro-lending in the form of large lending networks operated across a range of credit practices.

2.1 *Globalized Payday Lending*

The introduction of payday lenders and other high-cost credit operators in places like Mexico is part of an attempt to open new frontiers of payday lending in 'untapped' markets. In doing so, payday lending networks are attempting to instrumentalize poor and working poor bodies abroad as sources of financial value and profit. This prospecting for new markets, I want to argue, however, is not simply an exportation of the American model of payday lending to new contexts; a simple extension of a domestic or local credit practice to new spaces or settings. The globalization of payday lending, at its most ambitious, has entailed a qualitative transformation of payday lending into a more thoroughly globalized and *financialized* operation. This globalization has been enabled by the construction of sophisticated global financial networks—networks that instrumentalize and recirculate capital from the core of global financial markets into and among the poor and working poor in emerging markets around the world. This is a process strongly enabled by global financial markets and key financial instruments that are helping to create thoroughly financialized networks of payday lending. The largest providers of global payday capital, for example, often tap into and recirculate capital from global capital markets, especially capital from hedge funds or from other global credit facilities. In addition, large payday lending now is often comprised of networks of publicly traded firms that span into and are made possible via global stock markets, often assembling their own expansion through sophisticated stock market transactions. This location, internal to global capital markets, has been achieved in partnership with the expertise of some of the largest firms at the core of global financial markets: financial analysts, risk management specialists, and experts who have supported Initial Public Offerings, stock acquisitions, and financial planning. Moreover, the daily operations of the largest payday loan networks are facilitated by mainstream global financial instruments and the services extended by the largest firms at the core of global financial markets. This includes a deep reliance on derivative instruments to manage risk associated with foreign exchange and other financial volatility. Finally, these networks rely on the basic architecture of the global financial system: the global payments and clearing network to facilitate loan settlement, systems of global financial reporting and accounting, and mainstream banking channels to recirculate working capital across borders. Although often framed as instances of "fringe" or "alternative" finance, payday lenders are themselves an extension of and constitute themselves as a circuit of global financial capital (see also Aitken 2006).

At the apex of these global circuits of financialized payday capital are three particularly important lenders that have assembled large financialized networks. A first significant financialized network offering high-cost credit to the poor and working poor has been assembled by International Personal Finance (IPF). IPF began as an outgrowth of Prudential Finance, the largest player in the domestic British home-credit market, a market for a longer current of high-cost credit that nonetheless has important parallels to payday lending. Prudential established an international division in 1997, which was charged with exporting the home-credit model to new foreign markets. Although the division experimented with an entry into the South African marketplace, it eventually focused its energies on Eastern Europe, where it has established a very successful presence in Poland, Czech Republic, Slovakia and Hungary. In July of 2007, in the wake of solid growth across all of its markets, IPF formally "de-merged" from Provident in a legal process that established it as a completely separate publicly firm. Now operating in six markets (including two new rapid expansion initiatives in Mexico and Romania), IPF reaches over 2.2 million customers annually, issues 710 million pounds of credit and generates annual gross receivables of over 937 million pounds (International Personal Finance 2011a: 81). IPF has sought to rapidly establish itself as a thoroughly globalized network of credit for those unable to access mainstream financial or credit practices. Essentially, "International Personal Finance ... aims to be recognised around the world as the human face of finance, particularly to people of modest means" (International Personal Finance 2010: 2). To do so, IPF has consolidated itself as a rapidly growing presence across its main markets in Eastern and Central Europe as well as in Mexico. By 2011, it was reporting highly profitable operations in all of its markets. Its oldest markets in Eastern Europe were earning profits of 99.8 million pounds in Europe, an increase of almost 25%, while its markets in Mexico contributed dramatically by marking an increase in profit of 3.5 million pounds from only 0.3 million pounds the year before, indicating a maturing market presence that has now outlasted and overcome the negative investment outlays associated with new market development (International Personal Finance 2011b). Moreover, IPF's Mexican customer base increased by 14% over the last year to almost 600 000 while net receivables increased by 24% on an annual basis (International Personal Finance 2011b: 52). As IPF noted in its regulatory filings, "We remain convinced of the long-term potential of the Mexican business to grow to at least three million customers, generating a total pre-tax profit of 90 million pounds per annum in the long term" (International Personal Finance 2011b: 52). This existing and latent growth would make Mexico IPF's largest long-term market, and the centerpiece of its strategy to become a leading lender of short-term credit to the global population of "modest means."

The costs of IPF's dramatic and expansive ambition in Mexico has been underwritten and facilitated by the negotiation of a series of refinancing arrangements consummated over the course of 2010. This refinancing, which provided it with over 480 million pounds in working capital from debt financings stabilized IPF's financial platform for the medium and short term and cemented its extensive linkages to the global financial economy. The largest segment of this financing was generated from a 225 million pound package of bonds offered through its European medium-term note program, a suite of bonds floated in the markets outside of North America. In addition, in September 2010 IPF issued 200 million Zloty Polish bonds in its largest international market. A final component of this refinancing was negotiated in November of 2010 with the announcement of a new three-year syndicated and bilateral bank facility totalling almost 200 million pounds. This final component, issued through a broad international banking group, underscores IPF's increasing reliance on financial institutions at the center of global financial markets. The banking group that developed the new facility included Citibank, HSBC, VUB, BZWBK, l Unicredit, ING, Alior, DZ Bank, and OTP Bank (International Personal Finance 2011b: 54-55). This complex set of debt instruments highlights IPF as a firm increasingly imbricated with global financial markets, and reliant on those increasingly dense financialized linkages to instrumentalize the financial value it seeks to realize from the global underbanked.

A second large global network has been assembled around the American lender, EZCORP. One of the largest global networks of payday lenders, it directly operates over 1100 outlets across the United States, Canada, Mexico, and the United Kingdom. From this network, EZCORP earned a net income of $122 million in 2011, up from $92 million in 2010 and $68 million in 2009 (EZCORP 2011b: 26). Like most American payday lenders, however, EZCORP has been experiencing a decline in its American markets that is now being offset by its operations abroad, especially in Mexico. Revenue from its Mexican operations, for example, grew 56% over the past year, while income from its American payday lending operations accounted for only 19.4% of overall consolidated income, down from 25.4% in 2010 (Scharf and Wong 2012). To offset this trend, and in the face of what it has referred to as "regulatory uncertainty" in the United States, EZCORP has accelerated its focus on international lending. As one financial analyst has put it, "Mexico remains a strong growth vehicle for the company and should drive future results" (Scharf and Wong 2012).

It is in this context that EZORP has slowly assembled a large international network across a diversified range of settings. Like many other firms, it continues to focus its growth in Canada, the UK, and most particularly, in Mexico, a market it has been active in for a relatively long period of time compared to other lenders. The relative maturity of its status in Mexico has allowed it to position itself as a significant player across a range of consumer finance categories. Recently, for example, EZCORP acquired 60% ownership interest in Crediamigo, a speciality consumer finance company in Mexico, which specializes in payroll deduction loans. In ways that are similar to the payday credit EZCORP offers other clients, Crediamigo offer non-collateralized loans to employees, which are collected not through a post-dated check but through a system of pay deductions authorized through a series of agreements with over 150 employers. According to company officials, this acquisition helps EZCORP "to grow in Latin America generally and enter into new lines of business that complement our successful ... operations in Mexico" (EZCORP 2012b). This deliberate growth has resulted in steady increases in the amounts and complexity of credit it has extended. In 2011, for example, it extended almost $250 million (USD) in consumer finance loans, a figure that does not include the $500 million it extends annually in pawn loans (EZCORP 2011b: 8).

Beyond the operation of its own transnational payday lending operation, the centerpiece of EZCORP's growth strategy has been a "strategic global alliance" that has slowly assembled with Australian multinational Cash Converters, an alliance made possible through financialized transactions. Cash Converters is the largest payday lender in Australia and, perhaps more importantly, a diversified consumer finance firm with operations in 21 countries, including a large network of payday lenders. Although EZCORP and Cash Converters have been formally involved with each other for several years, the partnership was announced as a "global strategic alliance" in March 2011 in an attempt to "develop and introduce a suite of innovative financial services products," underpinned by the "global roll-out of integrated financial services" (EZCORP 2011c). At the center of this program is the formation of several joint ventures designed to facilitate "faster growth in more geographies," including, in particular, growth opportunities in South America (EZCORP 2011c: 1-2). Although this partnership was dealt a setback when EZCORP cancelled a stock transaction in the wake of the recent announcement of a new Australian interest rate cap, the core of this global strategic alliance has been built through a series of stock transfers that have allowed EZCORP to acquire over 124 million Cash Converters shares. This has resulted in a 33% ownership stake in Cash Converters as well as the control of two of the five seats on its Board of Directors. In another share-transaction that was financed by its own share offerings, EZCORP assumed a 30% stake in Albermarle and Bond, one of the UK's largest consumer finance and pawn broking businesses owned in part by Cash Converters. Albermarle and Bond offers consumer finance loans, including payday loans, at outlets in the UK. It has also been a very profitable venture, increasing its profit by 6% over the past year to 15.3 million pounds (EZCORP 2012a: 12). As a result, EZCORP now influences a network of payday lenders active across four continents and dozens of different lending platforms, stitched together through two large public firms, each of which continued to grow in dynamic ways. This is a diversified network, moreover, constructed through a series of financialized mechanisms and assembled through transactions in global financial and stock markets.

The third and the largest and most fully globalized payday network—the network most emblematic of the ambitions for a globalized circuit of payday capital—has been formed by DFC Global (DFC). Rebranded in August 2011 out of what used to be known as Dollar Financial, DFC Global aims to provide "neighbourhood financial services on an international scale" and to become the "leading international diversified financial services company serving primarily unbanked and under-banked customers" around the world. DFC, which is among the handful of market leaders in the United States, operates the largest payday lending network in Canada and the UK and has transformed itself over the past decade into a coherently organized global presence squarely focused on constituting a global market for payday lending. DFC's anchor chains, MoneyMart (Canada) and MoneyShop (UK), were early innovators in their respective markets and now outpace and dominate competitors in terms of growth, number of outlets and credit extended. DFC also operates over 1200 lending outlets, several wide-ranging internet platforms as well as specialized consumer finance firms, including pawn and mobile lending networks in Europe. Through aggressive acquisition strategies, DFC now operates lending operations in Finland, Sweden, Poland, Canada, Ireland, the UK, the US, Mexico, and Spain. These operations now span a range of delivery channels, punctuated by an aggressive move into internet lending platforms in all of its major markets (Datamonitor 2012: 17-18). These networks generated revenues of 788.4 million in 2011, an increase of 24.5%, and earned operating profits of $307.2 million in 2011, which was an increase from the $246.3 million operating profit earned in 2010 (Pierce and Sot 2012: 4).[10]

Like both IPF and EZCORP, DFC's profitable global network of payday lenders has been enabled through a series of intimate connections established with mainstream global financial markets. DFC's growth has been consolidated, for example, through a series of acquisitions often made possible through share transactions or other financial maneuvers. This has allowed DFC to consummate at least 100 acquisitions since 1990 (DFC 2012a: 6). In April 2011, for

[10] Analysts consistently rank DFC as a leader in the consumer finance sector. See, for example, Pierce and Soto (2012), who state that DFC "has become a diversified global enterprise well positioned for long-term growth. Moreover, we believe DLLR can leverage its diversified platform to drive significant revenue and earnings growth as these platforms serve as launching pads for further channel, country and product expansion" (p. 1).

example, DFC floated a public offering of 6 million shares of common stock, the proceeds of which ($117 million) were used to finance one of its most recent acquisitions, MEM, a short-term internet lending operation in the UK (DFC 2012a: 35). Moreover, much of the working capital circulated through DFC's now globalized credit networks has been assembled through strategic arrangements with some of the largest financial institutions in mainstream global financial markets. DFC has, for example, issued various tranches of convertible notes worth almost $165 million (due in 2028), as well as $600 million worth of unsecured notes due in 2016, that sold to American and global investors (DFC 2012b). More immediate, the credit extended to its own clients has often been assembled from some of the largest financial institutions in global markets, including loan facilities valued at $59 million negotiated with Wells Fargo and Credit Suisse (Datamonitor 2012: 25). The centerpiece of this deep reliance on global financial markets is a new senior secured global credit facility, which DFC negotiated with a syndicate of lenders managed by Wells Fargo Bank in 2011. This global revolving credit facility provides DFC with access to $200 million (with potential to increase to $250 million) in currency denominated in US Dollars, British Pounds Sterling, Canadian Dollars or Euros—a facility broad enough to facilitate DFC's operations across borders (DFC 2012a: 34).

At the core of its global growth has been an explicit attempt by DFC to constitute its market as a particular type of category. Alongside its early adoption of a global perspective, DFC has consistently enunciated a strategic intent to harness what it refers to as the global "Alice" demographic—a reference to a global population increasingly characterized as an "asset limited income constrained" demographic. This category, which has provided a pivot for DFC in its recent processes of strategic planning, targets a flexible and broad set of populations—poor, working-poor, middle-class—under various forms of economic distress. The Alice category refers not only to those conventionally understood as outside of the mainstream financial system, especially poor populations, which have often been excluded from basic banking services. This category also addresses working and even middle-class populations under various, even fleeting, forms of economic distress or unable to fully access mainstream financial services as prime customers. It is also a category with a certain global ambition—a category designed to address a diverse and growing global population with various degrees of economic unease. Constituted in the broadest socio-economic and geographic manner, the Alice demographic has allowed DFC to articulate the object of its credit practices in expansive terms. As Jeff Weiss, Chairman and CEO of DFC, has put it, Alice populations are becoming a core component of a global economy increasingly characterized by uncertainty and instability:

> Stagnant and declining wages in many parts of the world, coupled with significantly higher prices for goods and services, is causing the people in higher income brackets to migrate into our ALICE demographic in increasing numbers ... To satisfy their short-term credit needs ... it continues to be our mission to be the leading provider of diversified financial services to this ALICE demographic—that's the asset limited income constrained demographic. (DFC 2012b)

In its baldest sense, DFC's preoccupation with its Alice demographic is a codified attempt to extract financial value from distressed bodies, to convert the vulnerable populations living at or beyond the edges of mainstream global finance into sources of financial income and value. To do this and, thus, to constitute and extract value from a growing global population of asset-limited bodies, DFC has increasingly addressed these populations in scientific terms. Over the past decade, during which it has aggressively expanded globally, DFC has simultaneously developed a sophisticated technique for global credit analysis. Rooted in its Berlin office, DFC has developed and given prominence to an enhanced global credit organization under the direction of its Chief Credit Officer. The office seeks to develop and integrate new credit analytics across all of its operations, informed by a range of diverse forms of expertise: financial accounting, statistical analysis, econometric modelling, and consumer behaviour assessment. This enhanced capacity for global credit analytics, unique among global payday lenders, has allowed DFC to monitor global customer loan performance using real-time lending and collections performance data. As a result, the Berlin office has developed methods of analysis and technologies with which it can rapidly adjust and revise all aspects of credit extension in ways that minimize default risk and develop flexible consumer assessment processes that are deeply sensitive to emerging global economic trends. Its credit analytics office continuously revises lending criteria and customer scoring models as well as collection techniques in ways that respond to or anticipate emerging trends both across the global economy as well as in the local context of each of its particular global markets (DFC 2012b).

Although DFC claims only to tap into, to *serve*, this large, pre-existing market, its own practices have been deeply implicated in the processes, and the conditions of the vulnerable population it seeks to address had been constituted in the first place. DFC has not merely responded to a profitable market segment, but has constituted that segment in a particular way, as an identifiable and measurable population with regularized characteristics. Converting vulnerable bodies into a source of financial value has been accomplished by simultaneously reconstituting them as a population that can be measured, tracked, and addressed in a rigorous manner. Moreover, its own credit practices, inextricably connected to deepening cycles of indebtedness, have been deeply implicated in the broad forms of economic distress that characterizes the conditions of existence for this population in the first place.[11] What sets DFC apart as a model of globalized payday lending is the systematic way in which it tracks and addresses the population it wants to constitute, an approach itself that has proven mobile and adaptable across the various distinct global markets in which it operates. Financial analysts, for example, have consistently identified DFC's approach, and its ability to impose it globally, as key to its striking financial results and importance to the maintenance of its share price. DFC Global, as one financial analyst recently observed, "has developed a very sophisticated and flexible operating system that can be readily adapted to country specific monetary, language and regulatory needs. Accordingly, we believe the company has just scratched the surface in terms of total market potential" (Furtado *et al.* 2012).

Increasingly sophisticated, the largest three global payday lending networks—IPF, EZCORP, DFC Global—have become globalized in a range of ways. Chased from the domestic American market by oversaturation and onerous regulatory burdens, these lenders have responded by carefully but often aggressively constructing networks of credit extension that are global in at least three distinct but deeply interconnected ways. First, and most immediately, these are networks that extend credit across borders. These three networks have assembled transnational operations in ways that rely on foreign markets more fully than they do on domestic markets. Second, and in order to enable the construction of lending networks that transcend borders, these firms have become deeply enfolded into global financial markets. In order to recirculate capital to the global markets they now dominate, these networks have come to rely on global financial markets and the kinds of expertise and practices common to those markets. Put a bit differently, these networks exist not only as a transnational enterprise but also as a global circuit of capital, organized as an extension of global finance. Third, these networks, and DFC in particular, have begun to constitute the object of the credit they extend as a global population. The population targeted by payday lending has been constituted by lenders like DFC, not as a national population or as a population understood as inhabiting national market segments; rather this population has been characterized (and analyzed) as a globalized body legible in terms of its relationship to a distressing global economy. This, in turn, has allowed these networks to operate nimbly across global market segments. These various processes, which have enabled these three diversified networks and countless

[11] As Uriah King (2009) has noted, payday lending "doesn't solve a financial crisis but creates a new one every two weeks."

other smaller globalized operations, have reconstituted payday lending in inescapably global ways. This is a globalized edge, however woefully incongruent with the modes of political action with which payday lending has often been confronted.

Conclusion: A Politics of the Edge

The process described in this paper, the globalization of payday lending, has been neither seamless nor complete. Rather it has been uneven and turbulent. Advance America, for example, the largest American lender, has been emblematic of the enthusiasm for, as well as the risks associated with, the globalized edges of payday capital. In the immediate wake of the consummation of Canadian and British regulatory discussions, it announced its intention to substitute growth in its own saturated and "over-regulated" domestic market with deepened commitments to international investment and expansion. By 2011, however, its regulatory filings and correspondence with market analysts were indicating a preference to exit those international markets. Faced with a perplexing failure to grow operations internationally and to expand with any kind of systematic pace, Advance America has quietly abandoned its global ambitions. This was strangely punctuated in late February 2012 when it abruptly closed all of its Canadian operations overnight.[12] In addition, over the last few months, and despite widespread assurances that regulatory debates were now settled, quiet developments suggest that UK regulators are beginning to train attention, once again, on the increasingly controversial practices associated with the rapidly expanding payday lending sector. This has been underscored by the announcement of a review of the practices of dozens of the largest lenders by the OFT designed to measure any possible gap between formal best practices and the often ugly side of actual lending and loan collections.

Despite these stumbles, the largest and most competitive payday lenders have all unequivocally staked themselves to an expansive global strategy. The futures of payday lending, it seems, are now unequivocally related to global horizons and to the construction of increasingly sophisticated networks and technologies designed to transcend those horizons. Put in the language that Casey (2008) uses, there is no clear national edge to the practices of payday lending, but rather, porous edges that seem consistently expansive and

[12] Although the closure of its Canadian operations was a long time in development (and the product of a series of complicated factors), the immediate trigger was a consumer-rights complaint in the province of British Columbia. See http://investors.advanceamerica.net/releasedetail.cfm?ReleaseID=650729.

geographically unbounded. These globalized edges, however, are not well matched by the main forms of political activism that have confronted payday lending and the indebtedness it helps constitute. The overwhelming majority of this activism has been rooted in the specificities of particular geographic contexts—either national or, in many instances, subnational spaces. As a result, the regulatory and policy mechanisms designed to address payday lending have been local in scope, with no authority to engage any of the cross-border or global dimensions of the pressures payday lending unleashes on vulnerable populations. There is now a real and widening gap between the activism that seeks to disrupt payday lending and the global reach that has enabled payday lenders to grow dynamically beyond activist pressures. This global reach is, at least in part, a reaction against the regulations that activists have often promoted or have helped craft. Even the most radical critics of payday lending seem wedded to a kind of regulatory localism. The Predatory Loan Association, for example, executes its unique brand of political action within a focus on national or subnational policy solutions. The Predatory Loan Association has authored a website that narrates a fictionalized payday trade association surreptitiously representing lenders proud of their record of "extracting profit from the working poor." The site also boasts a series of mock "payday loan calculators" that allow lenders to calculate the maximum APR and profit levels possible (see http://www.predatorylendingassociation.com/). Nonetheless, and despite the innovation of this form of culture-jamming protest, the Predatory Loan Association, among the fiercest and most creative of critics, remains squarely focused on state-level regulatory reforms in the United States, without any reference to the globalized nature of payday lending.

I want to conclude this paper by pointing to some of the dilemmas that I suggest are associated with this kind of regulatory localism. Most importantly, I want to argue that payday lending—and the debt it unleashes—will not be adequately confronted without explicit organizing at the global level. Although the goals activists seek (the elimination of predatory lending, the easing of cycles of indebtedness, access to affordable and progressive forms of credit) can be fleetingly achieved in the context of specific jurisdictions, they cannot be addressed in any kind of fullness without confronting the globalization of high-cost credit. Without confronting this process of globalization, activists risk simply displacing the practices they most vociferously oppose to and shifting them onto "other" populations. In this risk, the movement faces the possibility it might become, perhaps unintentionally, a parochial gesture, concerned not with social justice in any broad sense but with the protection of local bodies in ways that are abstracted from a larger context.

These dilemmas raise a series of more broadly important questions relating to the possibility of global financial justice. Two particular kinds of questions—one philosophical and one practical—now confront the movements opposed to payday lending as they seek both to advance the local success they have had and address the limits of that success in its broadest application. Philosophically, the globalized pressures of payday lending entail questions regarding the broadening of the movement. Such movement involves questions regarding the possibility that the movement might adopt a broader perspective that is sensitive to the global displacements that well-intentioned but locally focused regulation might entail. Put a bit differently, it now seems reasonable to ask if the movements opposed to payday lending can shift the philosophical orientation of their activism from a narrow conception of *consumer protection* to a more broadly informed commitment to *financial justice* in its broadest form. As they have mounted pressures for regulation, activists have often couched their claims in a language of consumer protection, which emphasizes issues of procedural fairness within particular legal jurisdictions. This has often been a narrow agenda; however, it is not focused on what it might mean to pursue fairness for all, but rather, orbits around legal protections implemented within existing regulatory spaces. To address the increasingly global dimensions of the problems they confront, activists need to develop a conception of financial justice that is as globalized as the practices they seek to confront: some systematic and explicit formulation of the minimal requirements for fair financial and credit practices and the conditions in which these apply broadly. It is only without some attention to questions of justice that the movements opposed to payday lending can neglect, often in unintended ways, the application of these minimal requirements to communities and populations beyond local contexts. Remaking itself in relation to the question of justice, however, will confront the movements opposed to payday lending with serious conceptual issues. Moreover, as Jerry Buckland (2012) has noted, financial justice cannot be separated from questions of economic justice more broadly. It is, as he suggests, the larger forces of economic injustice—falling wages, precarious and flexible employment, economic insecurity in all of its forms—that have helped shape the conditions of existence for payday lending and its rapid growth over the past decades. In this sense, the broadening of the movements opposed to payday lending will need to occur along multiple trajectories—requiring attention not only to a broader globalized landscape and orientation, but also to the broader forms of economic injustice, which enable predatory lending in the first place.

At a more practical level, the movement is confronted with questions regarding the pragmatic issues of global organizing that could make this commitment to financial and economic justice a reality. In what ways might the movements opposed to payday lending begin to make meaningful connections across borders and, more substantially, develop concrete proposals that could subject payday lending to meaningful constraint at the global level? Put in the language of International Relations theory, could there be a global civil society built around the prospects for financial justice (Lipschutz 1996, 2006; Macdonald 1997)? If payday lending is now a globalized practice—as this paper has argued—could it be *governed* globally? Could the movements opposed to payday lending globalize their own activism and proposals for regulation in ways that might subject it to meaningful forms of global governance? The construction of global civil society linkages involving ethical commitments constituted across sectors of the global economy has some precedent. The movements dedicated to fair trade, local currencies, socially responsible investing and all varieties of sustainable consumption, for example, entail diverse ways of constituting a global ethical practice that might have some relevance to any possible formulation of global financial justice. This is not to suggest that the ways in which these movements mobilize consumers or everyday actors in solidarity with producers or marginalized others is an exact model that could be followed by a globalizing fair credit movement. Nonetheless, they do provide some suggestive ways of thinking about the organization of questions of economic justice across international borders. Perhaps more directly, the question of global financial justice has been raised in important ways by the movements that have long been committed to questions of global debt and debt forgiveness. This activism culminated in the pressures exerted by a network of transnational activists centered on the Jubilee 2000 campaign, which helped to secure a novel moral framework for questions of debt cancellation and which, by extension, helped to establish new norms governing global finance (see Friesen 2012).

Addressing these issues and beginning the process of building the types of global civil society linkages modelled by the fair trade or Jubilee movements will be long and uncertain. Given the past sensibilities of the movement, the prospects for this process of reorientation seem, at the moment, remote. The forms of activism that have challenged payday lending domestically show few signs that they might be ready to adopt a mode of practice global in scope and form. Nonetheless, the pre-condition for a meaningful practice of global activism entails a return to the issues raised by Casey (2008) regarding the complexity of the edge. A conceptual point of departure for any possible reorientation—for any meaningful commitment to global financial justice—is the recognition of the importance of a politics of the edge. As Casey reminds us, a politics of the edge has a kind of double meaning. On one hand, the politics of the edge holds out the promise of a limit, of a kind of margin for the practices in questions. This implies that we could constitute an edge to payday lending and that we might find, at least in some manner, a zone of completion. On the other hand, however, this promise of an edge is always a deferred one, a point made elusive by margins that are mobile and permeable. If we are to invent an edge for payday lending, if we are to find a politically manageable limit to the scope and impact of payday lending, we must become simultaneously sensitive to the impossibility of any well-demarcated edge. A movement with a global reach and sensibility can only be developed if it is attentive to the complex, expansive, and changing edges inhabited by payday lending. Ironically, it might only be by acknowledging the porous and shifting edges of payday lending, especially its increasingly complicated global edges, that a limit, however fleeting, might be found for a credit practice implicated in intensifying pressures of indebtedness and economic disenfranchisement. This requires forms of political action that are, themselves, capable of self-reflection on their own edges and limitations, and on the changing nature of the object they purport to target. In a world characterized by liberalized global finance, all forms of capital have open edges—points of complicated mobility and global reach. This is particularly true of payday lending. If there are to be edges, or perhaps in a more explicitly political lexicon, *limits* to payday lending, they might be found in a politics where those edges are not assumed as given, but are understood as shifting political practices worthy of critical reflection.

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