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ARTICLE

From financial inclusion to indebtedness: How FinTech transforms credit access and household financial practices in Buenos Aires, Argentina

Kubra M. Altaytas[1,2]

[1]FLACSO Argentina, Buenos Aires, Argentina and [2]IEALC-UBA-CONICET, Buenos Aires, Argentina
Email: altaytas@gmail.com

Abstract

Amidst the global ascent of financial technologies (FinTech), Argentina presents a critical case for examining how these platforms shape debt relations among marginalized households. Employing a mixed-methods approach, this article draws on quantitative data from the Central Bank of the Republic of Argentina and the National Institute of Statistics and Censuses, alongside qualitative findings from a case study conducted in Buenos Aires' largest slum. The article conceptualizes FinTech as an integral part of the lower tiers of the credit market, functioning as a mechanism for extending debt. The findings reveal that FinTech platforms do not displace existing credit sources but instead operate alongside them, providing new channels for debt that deepen financial dependence. FinTech's role in marginalized communities, therefore, is less about banking the unbanked and more about reconfiguring access to unsecured debt, allowing for immediate consumption amidst financial instability. The article in this way contributes to the literature on FinTech by offering an understanding of FinTech's embeddedness in everyday financial practices, showing how marginalized users engage with FinTech as a tactical response to their socio-economic conditions, exercising agency within constrained circumstances shaped by debt and financial precarity.

Keywords: FinTech; financial inclusion; household indebtedness; marginalized households; Argentina

Introduction

In the aftermath of the 2008 financial crisis, household finance in the Global South experienced a significant transformation, driven by initiatives advocating for financial inclusion (Servet and Saiag, 2013: 27–29; Soederberg, 2013: 598–599). These efforts have contributed to rising household indebtedness in many countries (Bonizzi, 2013). However, Argentina presents a more complex case with household debt accounting for just 4.1% of GDP. In contrast, neighboring countries have seen much higher levels of indebtedness, with Chile at 46.3%, Brazil at 34.9%, and Colombia at 27.2% for the final quarter of 2023 (BIS, 2023). These comparative figures suggest that financial instruments related to household indebtedness have not penetrated Argentine society to the same extent as in its peers.

The ethos underpinning 'digital financial inclusion' is particularly targeted towards such geographies. Global policy advocates argue that digital technologies provide 'affordable ways for the financially excluded' to access savings, credit, and insurance

(GPFI, 2016: 1). Central to this transformation is FinTech, an emerging sector focused on applying novel digital technologies to financial services, thereby redefining the very architecture of financial access and interaction (Wang, 2018a; Wójcik, 2021: 568). As part of the broader deepening of financial processes, FinTech initiatives have been positioned as a solution for banking the unbanked and extending financial services to those traditionally excluded from formal banking systems, particularly individuals marginalized due to their lack of conventional credit histories and scores (Langley and Leyshon, 2021: 377; Wang, 2018b).

Given the evolving policy landscape surrounding financial inclusion, Argentina presents a critical case for analyzing the socio-economic impact of FinTech, offering rich contextual details and significant implications. Despite the sector's rapid expansion, the Argentinian context remains markedly underexplored in the literature. In 2017, the formation of the Argentine Chamber of FinTech saw only 13 registered firms; by 2023, this number had surged to 343, reflecting the sector's exponential growth (Ámbito, 2024; Finnovista and VISA, 2023: 6). Among these firms, MercadoPago and Ualá stand out as the largest and most influential, having expanded their operations beyond Argentina to neighboring markets such as Mexico, Brazil, and Chile. Currently, nearly 70% of the adult population holds a FinTech account in the country, using it for daily financial activities such as money transfers, payments, and, increasingly, for savings, investment, and credit access (Argentine Chamber of FinTech and ITBA, 2024).

Local studies that do focus on the Argentinian context often mirror a familiar perspective, predominantly extolling the incorporation of the unbanked into the financial system, thereby reflecting the same projections promulgated in the Group of 20's financial inclusion initiatives (cf. Carballo and Bartolini, 2020). However, critical debates on FinTech reveal that beyond addressing the unbanked, FinTech opens new avenues for profit maximization, where global technology corporations strategically use financial inclusion as a gateway into the finance sector, capitalizing on longstanding concerns in the Global South about financial exclusion (Bernards, 2019a; French and Leyshon, 2004; Gabor and Brooks, 2017; Lai and Samers, 2020: 10–14; Natile, 2020). This article seeks to expand discussions at the intersection of banking the unbanked, financial inclusion, and FinTech. Framing these debates within the specific context of Argentina is particularly important, as it highlights the distinct financial dynamics of a country where formal banking access is already widespread, challenging the conventional narrative of banking the unbanked. Therefore, by contributing to these discussions, the central argument highlights how FinTech platforms in Argentina, while ostensibly enhancing financial inclusion, primarily serve as a tool for managing immediate, accessible debt rather than transitioning the unbanked into the formal financial system. This shifts the debate to the role of FinTech in normalizing debt within marginalized communities.

While it is clear that many users engage with FinTech platforms out of an immediate need for debt, there remains a limited understanding of who these users are and the specific circumstances that shape their participation. Much of the critical scholarship on FinTech tends to focus on structural dynamics, often overlooking the agency of the users themselves. The strong connections between data-driven technologies and FinTech systems are often discussed within the broader critique of surveillance (O'Dwyer, 2019), emphasizing the control these platforms exert over their users. Langley and Leyshon (2021) argue that FinTech platforms consolidate power by monopolizing user data, embedding themselves into larger platform ecosystems dominated by BigTech. Through this 'datafication' of financial services, FinTech firms market products to previously unbanked or underbanked populations, transforming user data into a source of profit while subjecting these groups to increased surveillance (Jain and Gabor, 2020). Gruin (2019) extends this critique by highlighting how datafication underpins broader governance mechanisms, embedding financial technologies within socio-political and economic structures to manage and control users. However, this focus on surveillance tells only part of the story. Beyond simply monitoring users, FinTech platforms also act as gatekeepers, leveraging control over data and financial payment infrastructures to shape the terms of access to credit and enforce loan repayment. By embedding themselves into users' daily financial practices, such as mobile payments and credit transactions, these platforms systematically exploit financial vulnerabilities (Donovan and Park, 2022). This gatekeeping function not only reinforces structural constraints but also dictates the narrow and often exploitative parameters within which users are compelled to operate these systems.

The problem remains that whether through intensified data surveillance or the extractive practices of these firms as gatekeepers, users are left with limited room to maneuver within these structures. Yet, the adaptation of FinTech into existing financial practices, while embedded in macro-power relations, is ultimately a deeply social process (Ertürk et al., 2021). Wang (2020) defines the role of users in this process through the concept of performative agency, where financial technologies not only shape economic behavior but also influence users' identities through their daily interactions with these platforms. The central argument is that users are not passive recipients of financial services but act as agents who actively engage with and respond to these systems, albeit within constrained choices shaped by the structural dynamics of FinTech. Guermond (2022) further shows how the agency of users engaging with other financial products and services can manifest in diverse responses to financial inclusion, allowing them to contest the encroachment of financialized practices into their socio-economic lives.

This article contributes to debates on user agency by exploring who these users are and how they engage with FinTech platforms. In precarious conditions where users' capacity to maneuver is limited by the pressures of debt and financial precarity, the agency of users becomes more complex and constrained. Rather than simply adopting FinTech as a means of managing consumption, users adapt these platforms as part of their tactical financial juggling to cope with their socio-economic vulnerabilities (see also Wampfler, Bouquet and Ralison, 2014). The article explores how users develop these tactics to preserve their creditworthiness, revealing a deeper, more problematic engagement with FinTech that highlights both the adaptability and the limitations of agency within financialized systems.

To explore these dynamics and their socio-economic implications, this article employs a mixed-methods approach that combines quantitative and qualitative insights into the transformative role of FinTech in Argentina's marginalized communities. The quantitative component leverages data from the Argentine central bank and the National Institute of Statistics and Censuses (INDEC), offering insights into how FinTech reshapes the relationship between marginalized populations and the financial sector. Complementing this, a qualitative case study is conducted within the largest slum of Buenos Aires. From the beginning of 2022 to the end of 2023, over 100 semi-structured, in-depth interviews were carried out, predominantly on an individual basis with some group interviews included to capture a broader range of perspectives.

The interviews began by focusing on participants' interactions with both bank and non-bank financial instruments prior to engaging with FinTech, uncovering the motivations and conditions that led to their adoption of these platforms through retrospective narratives. This approach traced the shifts in their financial positions and tactics following their integration with FinTech services. The discussion then explored participants' motivations and reasons for utilizing FinTech platforms and their evolving relationships with these services. Analyzing their account histories alongside the participants, the interviews discussed specific financial transactions, including the types of purchases made, debt incurred, credit limits, and participants' perceptions of their financial engagements. These insights not only reveal the tactical adaptations of marginalized users but also illuminate the broader impact of FinTech on the economic practices of those living at the peripheries of society. By focusing on the everyday financial practices of marginalized users, the study as whole reveals the complexities of agency in constrained socio-economic contexts, setting the stage for a detailed exploration of how FinTech reconfigures credit access, debt relations, and the social dynamics of financial inclusion in Argentina.

The social life of FinTech in the Global South

The ascent of FinTech is typically described in official policy discourse as 'open[ing] space for financial inclusion' (AFI, 2010). These innovative spaces are crafted through engagements with economically marginalized groups, aiming to mitigate the transaction costs inherent in traditional banking structures and the information asymmetries that arise from the absence of reliable credit histories among the unbanked (Langley and Leyshon, 2017: 5). It is argued traditional credit scoring models, which assume that active bank account management is indicative of financial reliability, often overlook actual financial behaviors prevalent in the Global South, where fewer people regularly use bank accounts. In these regions, less common bank account usage and a higher prevalence of cash transactions complicate the demonstration of financial solvency, as there is often no formal credit history (GSMA, 2014: 65).

In this scenario, the advent of electronic payment systems represents a critical shift, offering a solution to the traditional lack of documentary evidence by analyzing transaction data such as remittances, withdrawals, and deposits (Burton, 2012: 118). It is this shift that underpins the rise of FinTech, with digital financial services integrating previously excluded segments of the population into the financial system through mobile phones. The creation of a digital footprint through the ubiquitous use of mobile phones has become an indispensable tool for integrating these traditionally underserved communities into the financial system. FinTech business models, which generate credit scores for mobile phone users without a credit history by employing predictive analysis of call and message patterns, underscore the pivotal role of data and algorithms in penetrating low-income markets. This strategy enables FinTech firms to amass and capitalize on user information, underscoring the transformative impact of technological innovation on financial access (Gabor and Brooks, 2017: 427–8).

Furthermore, positive credit scores traditionally align with a consumer profile that includes stable employment, homeownership, and marital status, criteria imbued with social norms that influence credit evaluations. Conversely, negative credit scoring is associated with the absence of prior credit history, renting instead of owning a home, unstable or precarious employment, variable income, and single or divorced status (Appleyard, 2021: 392). The conditions making financial services necessary for the marginalized, like unstable and low incomes, simultaneously categorize them as bad borrowers, questioning their integration into the financial system (Bernards, 2019b: 2). Traditional models, once central to managing information asymmetries within credit-granting frameworks, are being supplanted by advanced software that facilitates the 'discrimination between "good" and "bad" customers "at a distance," [utilizing sophisticated analyses of] occupational, demographic, geographic, and additional data provided either directly by the consumer or from other databases' (Leyshon and Thrift, 1999: 436).

The rollout of FinTech in this way transforms marginalized groups into active participants, capable of engaging with and incurring debts within the financial system (Aitken, 2017: 8–11). This transformation is propelled by the utilization of big data and machine learning, tools that allow for '[the expansion of loan portfolios] to irregular workers without increasing default risk' (Bernards, 2019b: 13). Such an observation compels a reevaluation of the conventional role and position of FinTech platforms, challenging the typical perceptions held within North American, European, and Asian financial ecosystems, where such platforms are predominantly regarded as startup ventures or extensions of established banks (Langley and Leyshon, 2022: 4). Contrary to Northern examples, in Argentina, FinTech platforms primarily 'offer mobile payments and, increasingly, unsecured short-term credit and other financial services' (ibid: 5), a common tendency observed in other Global South countries as well.

These services are tailored to the unique socio-economic reality of the country, marrying profitability with financial inclusion. Consequently, this dynamic recasts 'the poor' as viable consumers, leveraging financial access as a strategy for market expansion (Mader, 2018). Therefore, the Argentinian case provides a valuable perspective on how FinTech creates new avenues for households to access immediate debt, thereby facilitating the maintenance of consumption even in the absence of sufficient cash flow. By reconfiguring credit access through channels distinct from traditional financial institutions, FinTech alters borrowing patterns and embeds itself deeply within household economic practices. This dynamic not only sustains consumption but also shapes the way marginalized users negotiate their financial realities.

This process connects household consumption practices with the financial system through the pervasive use of unsecured debt (Montgomerie, 2009: 15). Historically, Argentinian stable and oficial wage-earning consumers have engaged with financial services that facilitate access to goods through credit cards, thereby embedding financial mechanisms deep within everyday economic practices, a trend rooted in significant structural changes initiated in the 1990s (Del Cueto and Luzzi, 2016). However, credit card ownership has not become a widespread practice, with only 29% of the adult population holding credit cards in 2021 (Demirgüç-Kunt et al., 2022). For those engaged in informal labor markets and without a stable income, debt has traditionally been something one pursues outside of formal banking institutions (Saiag, 2020a: 97). Put differently, the financial avenues available to the poor remain confined to the lower tiers of the credit market, perpetuating their categorization as bad borrowers and reinforcing systemic barriers within the financial ecosystem.

At the subordinate strata of the credit market, non-bank lenders such as stores, cooperatives, microcredit institutions, pawnshops, and payday lenders cater predominantly to individuals with lower incomes or unfavorable credit histories (Wilkis, 2013: 151). These entities often extend credit at elevated interest rates and under less advantageous conditions, thereby highlighting the disparate access to financial services among the most marginalized communities (González-López, 2023: 24). In regions like Latin America, and particularly in Argentina, the significance of non-bank lenders is pronounced; they emerge as vital providers of credit, facilitating access to goods through more adaptable schemes (Ossandón, 2014). Therefore, FinTech emerges not as an outlier but as an intrinsic part of the subordinate strata of the credit market in Argentina. Given its roots in complementary non-bank credit mechanisms, FinTech's role should not be narrowly compared to traditional banking institutions. Instead, it aligns more closely with non-financial credit providers, marking a profound shift in financial practices.

This shift foregrounds questions of agency more than ever before. On the one hand, FinTech platforms' debt mechanisms hinge directly on users' decisions, constantly updating their credit scores based on real-time consumption and payment patterns. The relationship between the platform and the subject is highly direct and immediate; users can observe how the amount of available credit is recalculated every moment based on their behaviors. On the other hand, the Argentinian case offers a vivid example of what happens in everyday financial lives of marginalized communities when a new form of debt access emerges through FinTech. This raises critical questions: How do they decide which borrowing instrument to use for a given purchase? What factors shape their choices between FinTech platforms, traditional lenders, or informal credit sources? (See also Saiag, 2020b: 5).

As Zelizer (2011: 90–1) points out, financial decisions are not simply economic calculations; they are embedded in social relationships and shaped by the particular contexts in which different forms of (borrowed) money are used. Each borrowing option carries its own social meaning, shaping how and why people turn to certain financial instruments over others. Agency in this context refers to the capacity for intentional action that is both shaped by and responsive to structural conditions. Rather than viewing agency as purely individual rationality in isolation or as strategic decision-making, it is about choosing between sets of possibilities and/or obligations, with moral norms and social relationships shaping these decisions, and a tendency towards tactical actions instead of long-term strategies (Mikuš, 2024). For instance, the choice to access credit via a FinTech app versus a local store is rarely a straightforward calculation of interest rates; it involves considerations of existing debt relationships, gender roles within households, income level, age, position in the labor market, and the reliability of informal credit sources, social and cultural factors, and so in (James, 2021: 47; Morvant-Roux et al., 2013: 134; Tumini and Wilkis, 2022).

Building on this, the analysis presented here situates financial decisions within the broader frameworks of socio-economic relationships, highlighting how marginalized users tactically engage with FinTech platforms. The next section demonstrates that the decision to open a FinTech account is not simply due to a lack of banking access, but rather a means to gain access to debt. The following sections show how marginalized people contend with their financial realities, revealing the diverse ways agency is exercised through FinTech tools to manage debt in Buenos Aires.

From financial inclusion to indebtedness in Argentina

The formal recognition of FinTech within the Argentine policy framework was first encapsulated in the National Financial Inclusion Strategy, adopted in 2019. This document delineates the Argentinian context as one characterized by its comparative lag in financial development, framing this as both a challenge and a latent opportunity. Within this defined scope, the burgeoning FinTech ecosystem in Argentina is posited as a significant opportunity, distinguished as the fourth largest in the region (Ministry of Finance, 2019: 15). FinTech is positioned to bridge financial inclusion gaps in Argentina, which lags behind neighbors in deposit and withdrawal points. This scarcity, especially in lower socioeconomic areas, highlights systemic inequality. Official discourse acknowledges these infrastructural limitations, emphasizing FinTech's role in addressing them (Ministry of Finance, 2019: 22). Shifting to electronic wallets and similar technologies therefore suggests a strategy to enhance financial inclusion, particularly by integrating marginalized segments of the population and emphasizing FinTech's benefits in terms of accessibility.

In the ensuing years, with particular emphasis on 2021, the FinTech ecosystem experienced a marked intensification of engagement, highlighted by the Digital Strategy 2022–2025, endorsed by the United Nations Development Programme. This period underscored the alignment of state policy with the promotion of the 2030 Agenda for Sustainable Development Goals, thereby signifying a strategic commitment to leveraging FinTech as a tool for addressing economic and social vulnerabilities and inequities. As a result, the Argentine FinTech ecosystem is lauded for its potential to significantly reduce these disparities. Notably, Argentina slightly surpasses the global norm for FinTech penetration, with approximately 67% of its digitally active populace engaging with FinTech platforms, modestly above the global average of 64% (Lopez Freijido and Bizama, 2021: 14). Thus, recognizing Argentina's position in the global FinTech landscape paints a picture of advancement and potential within the digital finance landscape.[1]

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However, this progressive narrative glosses over two critical questions. Firstly, who are the individuals embracing access to FinTech within Argentina's diverse socio-economic reality? Secondly, under what conditions is this access occurring? To address the first question, the matter of access transcends the mere availability of financial instruments and is intrinsically woven into a broader pattern of financial inclusion. The data suggest that in Argentina, access per se cannot be deemed problematic given the widespread reach of banking services. The coverage of bank accounts across the Argentine adult population, having reached 91% by the end of 2020 as reported by the Central Bank of the Argentine Republic (Banco Central de la República Argentina, hereafter BCRA), signifies a quantitative advance in terms of access to finance. Furthermore, while this banked population rate was already high in comparison with other countries at similar income levels, a notable increase in the opening of bank accounts, totaling more than 5 million during the second quarter of 2020, was largely driven by policies to distribute social aid to those affected by the economic fallout of the COVID-19 pandemic. As a result of this policy, 3 million people who previously lacked bank accounts were introduced to the banking system, deepening a level of financial inclusion that mirrors the figures reported in more developed countries (BCRA, 2021: 4).

In fact, prior to the pandemic, the state had already made significant strides toward achieving widespread banking access among marginalized groups, facilitated by enduring mechanisms deeply embedded within the country's socio-economic framework. The historical trajectory of social aid and assistance programs highlights their enduring impact on fostering financial inclusion. Notably, the surge in bank account openings during the pandemic's early months can be seen as an extension of this ongoing commitment to integrate the marginalized into the banking system rather than an isolated response. This ongoing commitment was initially demonstrated through initiatives such as the Unemployed Heads of Household Program, launched in April 2002, alongside the creation of the national microcredit program, legislated under Law 26.117 in 2006 (Nougues, 2020). Together, these programs were integral to a broader strategy aimed at achieving the financial integration of society, illustrating the state's dedication to expanding access to financial services.

Furthermore, in 2010, this commitment was further solidified when the Argentine central bank issued Communication 'A' 5127, which established the Universal Free Bank Account, ensuring that all citizens, regardless of their economic status, could access basic banking services. Subsequently, since December 2015, Argentina's financial landscape has undergone a significant transformation towards a regime of financialized accumulation. This shift has been driven by a series of structural reforms, such as the deregulation of financial markets, the introduction of new financial instruments, and strategic political maneuvers aimed at embedding the country more deeply within the global financial system (Montecchia and Valdecantos, 2020; Santarcángelo and Padín, 2019). Consequently, this period has seen increasing focus among policymakers on enhancing financial inclusion (Nougues, 2022).

Strategies of policy-driven financial inclusion align closely with the experiences of residents in the largest slum of Buenos Aires. During a conversation with a 34-year-old female participant, who has an account with MercadoPago, it became evident that her motivation diverged from seeking banking access. Rather, her story illuminates the broader context of financial accessibility.

> I've had a bank account since 2008, a detail I recall precisely because that was the year my eldest son was born. [I]t was then, with the arrival of my first child, that I opened my first bank account, primarily motivated by the child assistance program. I've maintained that account ever since.

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For the ones without children or men who do not benefit from social assistance for children, there are typically three avenues through which they integrate into the banking system. The first pathway involves formal employment, where their monthly salary is directly deposited into their bank account. The second, and often more precarious, pathway is for the self-employed or those in the informal job market. They operate as independent contractors, paying a single monthly fee to the Federal Administration of Public Revenue responsible, which unifies their tax, pension, and health insurance contributions. A 32-year-old woman employed in housekeeping and elderly care while also managing a low-cost cotillion service with her family under precarious conditions, shares her experience. 'I have never encountered difficulties in accessing banking services', she explains.

> When I opened my account with MercadoPago, I already had accounts with two banks. My registered status and necessary documents made it easier compared to some of my neighbors, and my tax registration, under the lowest tier, gave me the credibility banks required.

The final and most precarious pathway to banking integration involves those relying on day-to-day informal labor, such as carpentry, delivery services, street vending, who lack the ability to maintain regular social security payments. Within this context, the pandemic emerged as a critical catalyst for banking engagement, as access to social assistance programs required entry into the formal banking system. This shift compelled informal workers to engage with the banking system for the first time. A 35-year-old participant, who has long depended on informal work, reflected on his experience.

> I use MercadoPago all the time, but not because I don't have a bank account. I've had one for years, opened to handle tax payments, but it's now blocked due to debt. These days, I rely on cash from the odd jobs I do; it's never much. I keep the banking app in case I need to check something.

These brief interview excerpts highlight that many participants had already been banked. In conjunction with Argentina's notable banking rates, this suggests that the real issue of access through the promotion of FinTech instruments transcends the question of entry into the financial system. FinTech expansion is not a process of bringing the unbanked into the banking fold but rather an expansion of debt accessibility. This perspective shifts the debate on FinTech by showing how tsuch tools redefine consumer debt.

Figure 1 evidences a growing tendency among individuals to engage with debt, particularly via FinTech platforms, a sector categorized by the BCRA under the broader umbrella of non-financial credit providers. This tendency underscores a considerable transformation in the non-bank credit domain, with FinTech playing an increasingly central role. An examination of the available data from 2018 to December 2023 reveals a significant upsurge in engagement with FinTech platforms among debtors, indicating a growth that markedly surpasses that of other non-financial credit categories. Starting with 619,299 debtors in December 2018, the FinTech sector saw an explosive increase, with debtor numbers escalating to 4,512,472 by December 2023, representing approximately a 628.60% increase. Consequently, while it constituted only 6.52% of all non-financial credit debtors in 2018, this figure rose dramatically to 35.92% by 2023. Therefore, this surge underscores the rapidly growing reliance on FinTech instruments for debt-related financial services in Argentina.

As depicted in Figure 1, the rise of FinTech among borrowers from non-financial credit providers has nearly reached the magnitude of the 'other lenders' category, which had traditionally served as the primary credit source for informal workers. This is largely due

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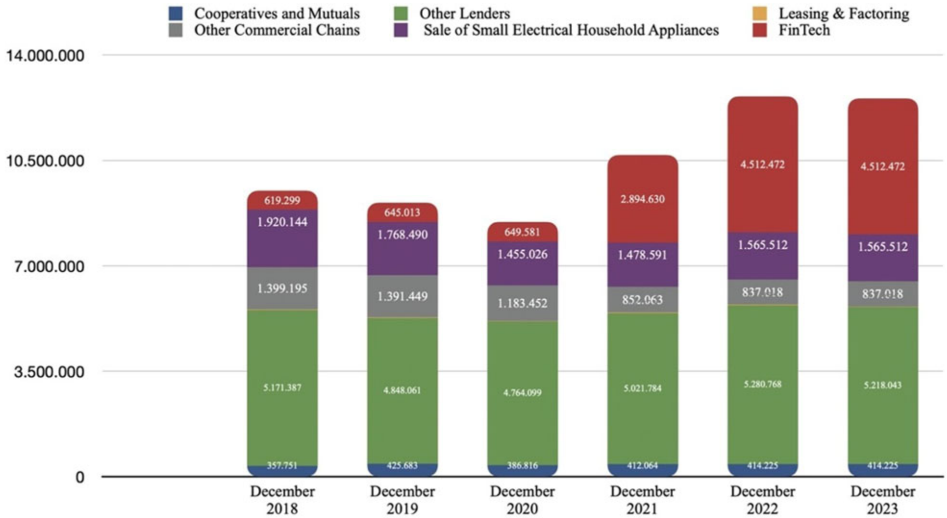

Figure 1. Distribution of borrowers among non-financial credit providers; number of debtors. *Source*: Central Bank of the Argentine Republic, Non-Financial Credit Providers Report.

to the broad and inclusive definition of this category, which typically encompasses a wide range of credit services, thus contributing to its extensive debtor base and surpassing more narrowly defined sectors (BCRA, 2023: 36).Therefore, this trend underscores FinTech's burgeoning impact within Argentinian financial ecosystem.

Illuminating this trend, a 43-year-old participant highlights how FinTech platforms are reshaping debt practices in marginalized communities, reconfiguring not only the practice of debt acquisition but also challenging the traditional predominance of 'other lenders' within marginalized communities. Reflecting on his fifteen-year tenure at a local factory, he describes his stable income being deposited into a private bank that also provided him with a credit card, frequently used for installment payments across merchants. Alongside this, he maintained a longstanding relationship with a local payday lender but recently began engaging with MercadoPago, which he found more convenient for electronic payments. These platforms, he notes, allow him to balance digital and traditional financial methods, reserving cash for essentials such as transportation. 'I've started using MercadoPago for its lower interest rates and convenience', he explains. 'It's a balance, using both digital and traditional means as needed'. When asked about his preference for alternative lending channels over banks, he recounts a past experience with a bank loan for a secondhand car. Although initially manageable, repayment challenges forced him to sell the car and incur additional costs the bank overlooked. This experience left him wary of large loans. 'Nowadays, for small, everyday expenses, I prefer something like MercadoPago', he says. 'It matches my immediate needs without requiring extensive documentation. While I'm not sure banks would bother with such minor amounts, MercadoPago offers them with no fuss over paperwork'.

This narrative underscores the flexibility FinTech offers to users navigating multiple forms of credit. Yet, the participant's experience also illustrates the precarious nature of financial access. While tangible assets like the car he once owned provided a buffer during financial emergencies, his reliance on FinTech loans for 'small and everyday expenses' ties repayment obligations to future income, an inherently unpredictable and precarious resource. At the same time, these insights reveal the multilayered nature of financial access. On one hand, FinTech facilitates immediate debt for day-to-day needs, a utility

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often inaccessible through traditional banking systems. On the other hand, the inquiry challenges the narrative that FinTech primarily serves the unbanked, showing that many users are already integrated into the banking system. For these banked households, FinTech complements traditional access to debt by offering accessible, small-scale loans for practical financial needs, positioning itself as a tactic for navigating the everyday financial landscape, rather than replacing existing services.

Nevertheless, there is a discernible cohort, notably among the younger population, for whom FinTech provides the primary gateway to financial services due to limited access to traditional banking options. A 21-year-old university student offers a compelling example of this shift. Balancing her studies with informal work, she relies on Ualá to manage her everyday financial needs, like contributing to shared household expenses and educational expenditures. 'Unlike traditional banks, Ualá offered financial services to minors, allowing easy online registration', she shares, highlighting how the platform addressed her specific needs when she was ineligible for conventional banking services. This adaptability was particularly significant, as her family hesitates to engage in online transactions due to concerns about sharing card details. For her, 'Ualá filled that gap, facilitating my foray into online commerce. I recently purchased a mattress, which would have been cumbersome without the credit options that Ualá provides'.

This shift in perspective is emblematic of a broader transformation in consumer choices, reshaping the landscape of consumer debt. The method of purchasing, whether through traditional stores or e-commerce platforms, significantly determines the choice of financial instruments utilized. The emphasis on digital purchases, facilitated by fintech platforms, represents a significant deviation from previous generations' approach to loans, often taken for tangible goods from physical stores under the category of 'small electrical household appliances'. Now, the digital realm offers both a platform for engagement and a means to fulfill immediate financial needs, highlighting a shift in how financial access and debt are perceived and managed.

Revisiting the discourse on financial access through the lens of FinTech in Argentina, it emerges that for the youth, the concept of access predominantly revolves around entry into the financial system, aligning with the broader oficial narrative of transitioning from unbanked to banked. This demographic's engagement with FinTech platforms is often initially driven by a quest for financial autonomy, signifying a pivotal first step toward broader financial inclusion. However, this initial motive of obtaining financial autonomy through ownership of a financial account subtly transitions towards engagement with debt.

This phenomenon indicates a complex layering of financialization wherein the allure of easy access to financial tools and services intersects with the realities of debt acquisition. There is therefore a duality to the process of FinTech expansion into marginalized communities. On one hand, it embodies the official discourse of integrating the unbanked into the financial system for the younger population, offering a semblance of autonomy. On the other hand, it reveals a trajectory that invariably leads to the normalization of debt as an integral aspect of their financial engagement. A 23-year-old participant sheds light on this dual trajectory, describing how his use of these platforms evolved alongside his informal work and household responsibilities. Living with my mother and siblings, he contributes around 20% to household expenses. Initially, his Ualá account, opened in 2018 or 2019, saw limited use due to the lack of local merchants accepting digital payments. However, as these platforms updated, he expanded his engagement, incorporating MercadoPago into his everyday transactions. 'It gives me the peace of mind to buy things even if I don't have money', he explains, noting how the service allows him to defer payments to the following month with a small charge. Reflecting on his experience, he shares 'the last thing I bought with MercadoPago wasn't anything big, just ten medialunas

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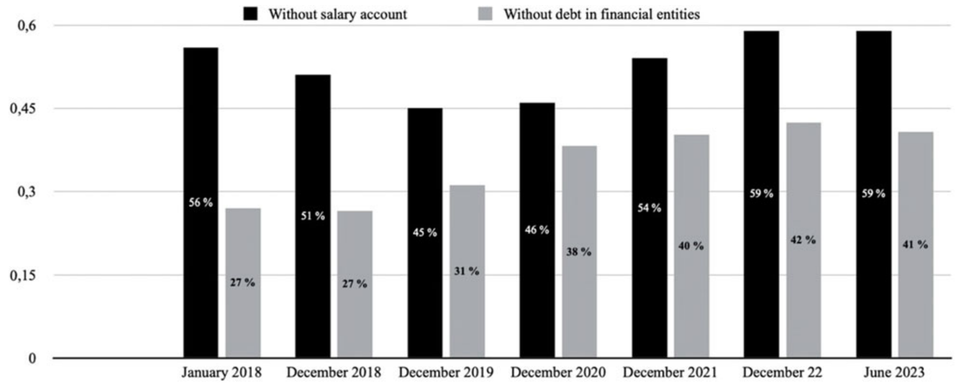

Figure 2. Dynamics of FinTech debt among unregistered wage earners and individuals without current debt in financial entities; percentage of total credit portfolio to households. *Source*: Central Bank of the Argentine Republic.

[croissants], a little treat. We went to a bakery and paid using its loan', highlighting how such platforms embed debt into routine financial practices.

While officially viewed as a means to bridge the gap between the unbanked and the banking system, the above findings indicate that individuals across marginalized socio-economic backgrounds are embracing FinTech not as a means of accessing financial services, but as a crucial tool for managing their daily and immediate financial needs through debt. While FinTech has undoubtedly offered novel pathways for financial engagement, the conditions under which this access occurs, marked by the ease of obtaining debt, raise important questions about the medium and long-term implications for financial stability and economic equality.

FinTech's role in reconfiguring access to credit

Engagement with FinTech in marginalized communities is largely motivated by debt management necessities arising from economic vulnerability. Figure 2 offers a visualization of this dynamic, delineating the proportion of the total loan portfolio of FinTech allocated to households. The quantitative data, from 2018 to June 2023, shows the extent to which FinTech platforms have permeated household financing. The 'Without salary account' row shows the subset of FinTech credit service users who operate without the conventional framework of a salary account, thereby shedding light on the prevalence of informal employment among these users. These individuals that lack formal salary accounts are often engaged in unregistered employment. Indeed, the 'Without debt in financial entities' row provides insight into a group that utilizes FinTech platforms as their exclusive source for credit, meaning they do not currently hold credit with conventional financial institutions.

Within the specified timeframe, the data illustrate a discernible pattern among FinTech loan recipients lacking traditional salary accounts. In January 2018, a notable 56% of the FinTech loan portfolio catered to this demographic, indicating a widespread dependency on this service by those typically engaged in informal employment. By June 2023, this proportion had increased significantly to a consistent rate of 59%, suggesting a solidifying reliance on FinTech platforms for financial transactions among individuals without salary accounts. Examining the unemployment and informal employment rates provides essential context. Initially at 9.1% in the fourth quarter of 2018, the unemployment rate surged to 11% in 2020's fourth quarter due to the pandemic, and subsequently followed a downward trajectory, reaching 6.2% by the second quarter of 2023. Concurrently, the

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period under review witnessed only a modest increase in the rate of informal employment, rising from 46% at the close of 2022 to 48% by mid-2023 (INDEC, 2023).[2] These slight changes in unemployment and informal employment rates suggest that while economic conditions provide context, they alone do not fully account for the surge in FinTech adoption observed. This is supported by qualitative interview data presented earlier, indicating that the pandemic and a subsequent surge in FinTech adoption played a crucial role in altering the landscape of financial transactions for individuals without salary accounts, rather than fluctuations in unemployment or informal employment rates alone.

In fact, the most critical aspect of FinTech's adoption is the way it reconfigures the landscape of non-financial credit providers. This reconfiguration is particularly pronouncd among recipients without formal salary accounts. Historically, the small electrical household appliances category held the highest proportion of debtors lacking salary accounts. In January 2018, while 66% of the debtors within the small electrical household appliances category did not possess a formal salary account, FinTech's corresponding rate was 56%. Observing the progression to June 2023, the rate for the small electrical household appliances category declined slightly to 58%, while for FinTech, it exhibited an increase to 59%. This shift indicates FinTech's expanding role in providing credit to those traditionally engaged in informal labor markets, gradually closing the gap with the small electrical household appliances sector. Amidst this evolving financial terrain, personal narratives provide insight into the tangible impact of FinTech's rise A 35-year-old woman articulates her experience, highlighting the convenience afforded by FinTech platforms:

> MercadoPago has simplified my life. I was able to purchase a fan on credit through their platform when my old one broke. Previously, I would visit the local appliance store, agreeing to a payment plan with installment fees.

This reconfiguration underscores how FinTech platforms are actively reshaping the credit landscape by opening new channels to access to debt. However, the discussion on debt access within marginalized communities reveals that FinTech functions as an ancillary avenue for credit, rather than displacing existing informal or formal credit sources. This supplementary role is crucial to understand as it highlights that the integration of FinTech into the financial habits of these communities is not about eliminating traditional methods but adding another layer of accessibility to credit. Put differently, the primary appeal of FinTech extends beyond the mere formalization of financial interactions or the pursuit of favorable interest rates: it lies in the simplicity and immediacy with which credit can be obtained.

For instance, she continues her relationship with the local appliance store, still paying installments for a TV purchased three years ago. For the fan, however, she opted to use the loan from a FinTech platform. If she had bought it from the local store, she would have had to pay the first installment immediately, leaving her without enough money until she received her payment from household cleaning. By using the FinTech platform's loan, she was able to pay later and keep her cash on hand. This tactical choice exemplifies how FinTech platforms serve as a critical tool in expanding financial possibilities under the given circumstances, enabling her to meet urgent needs without disrupting cash flow.

In a deeper dialog about her and her neighbors' shared experiences, the participant reflected on the realities of handling credit payments. When asked which credit source offered a more straightforward resolution in the event of payment difficulties, her response underscores a key distinction between neighborhood-based lending and FinTech platforms: the impersonal and automated nature of the latter. While local vendors within the neighborhood offer flexibility and an understanding of the community's dynamics, creating room for negotiation during financial strain, such relational lending remains limited to the geographic and social boundaries of the neighborhood. Beyond these

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confines, lending terms become stricter, understanding diminishes, and opportunities for negotiation, while present (see also Guérin et al., 2015: 83), are significantly reduced. In contrast, FinTech platforms operate through algorithms and automated systems, stripping the lending relationship of human interaction.

This shift marks a fundamental transformation in the nature of debt itself. Unlike traditional relational lending, where repayment often involves a strong sense of reciprocity and trust, debt within FinTech frameworks emerges as a material obligation. As the participant explains, 'I try to be more strict with MercadoPago because . . . the amount is reduced automatically. I have no way to recover it'. She highlights the importance of this credit, emphasizing that 'the amount they offer me is not limited to household purchases but also I use it as cash, for daily shopping'. Repayment is enforced through automated deductions, with failure to meet obligations leading to an immediate reduction in future credit access. In this context, the borrower's responsibility to repay is detached from moral or personal accountability, tied instead to tangible financial penalties. This impersonal dynamic effectively strips the debt relationship of its moral dimension; repayment becomes less about adhering to moral responsibility and more about maintaining access to the platform's services. Debt within FinTech platforms is thus reframed as a material obligation to preserve creditworthiness in an impersonal, algorithm-driven financial system.

While the primary attributes of debt associated with FinTech remain constant, there is a discernible shift in perception among the younger demographic regarding the distinction between traditional channels and FinTech. This shift expresses a generational change in the approach to financial tools and their uses. A 24-year-old male participant captures this evolution, reflecting on his transition from neighborhood-based credit to digital options as he and his girlfriend set up their own household. 'At my mom's', he recalls, 'pretty much everything was from the local store in our neighborhood. When her old fridge broke due to electrical issues, she bought a new one from a household appliance store, probably paying the price of five! Those stores are a rip-off!' In contrast, he explains how he and his girlfriend have embraced MercadoPago to acquire essential items, leveraging its installment options.

> We divide our purchases between her account and mine, based on the specific deals or credit limits MercadoPago extends to each of us. [S]ure, we don't have the luxury of stretching payments over many years with tiny amounts, but the upside is that at least we know exactly how much we'll end up paying in the end, without the cost multiplying by five.

This participant's approach exemplifies a shift from traditional credit sources to FinTech platforms to leverage the predictability of debt. The younger generation seems to be trying to reduce the exploitative potential of local store credit terms. In contrast, the previous narrative, drawn from a woman's experience, contrasts sharply with that of this young man who reflects on his and his partner's approach to managing household necessities. Revisiting these narratives reveals a distinct pattern in how debt and credit are engaged with, particularly highlighting the gendered nature of these financial tactics within households. Notably, both his mother and partner have historically relied on local stores for essential purchases, indicating a consistent preference among women in marginalized communities for familiar and discrete credit sources.

This phenomenon is not incidental but reflects a broader trend because these stores offer a way for women to 'borrow quickly and without disturbing other household members' (Guérin, 2014: 47), as evidenced by the fact that nearly 85% of female participants in this study have engaged with both small electrical household appliances sectors and FinTech for their financial needs. Furthermore, the transition to FinTech

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platforms introduces an aspect of personalization to what would otherwise be a wholly impersonal formal of borrowing. The amount of debt one can access and the feasible number of installments become inherently personal questions, intricately linked to each individual's financial needs and actions. This shift from a standard model of credit provision to one that is dynamically adjusted according to the user's circumstances and preferences underscores a significant transformation in how financial services are experienced and managed.

This observation aligns with the findings related to individuals who do not currently hold debt within financial entities, as shown in the right-hand column of Figure 2. A steady climb in their engagement with FinTech platforms is evident, increasing from 27% in 2018 to 41% by 2023. This trend underscores a pivotal aspect of financial inclusion efforts at the policy level by addressing the information gap that perpetuates financial exclusion among those entrenched in the informal sector. The innovative use of both financial and non-financial data is proposed as a means to construct alternative credit assessment models and new scoring systems in order to overcome traditional barriers to financial access (United Nations Development Programme, 2021: 13). By incorporating broader data points, FinTech platforms promise a broader understanding of creditworthiness, thus enhancing visibility within financial systems.

However, such initiatives inadvertently foregrounds deeper issues. On a societal level, this new mode of engagement with debt through FinTech reshapes longstanding concerns regarding the social role of creditworthiness (Lauer, 2017: 21). The visibility and accessibility of credit scores on FinTech platforms recast creditworthiness as a constantly measurable and publicly observable trait, embedding financial metrics into everyday life. As participants increasingly navigate between personal relationships and FinTech services, credit limits become more than just financial markers, they take on heightened significance as indicators of purchasing power.

Creditworthiness, social tensions, and the negotiation of FinTech debt

The heightened visibility of credit scores and the constant self-monitoring of creditworthiness reveal how FinTech has transformed debt into a social marker that shapes interactions and relationships. This dynamic is particularly evident in the experiences of a group of young men, ages 19 to 25, who shared their credit limits during a group interview. The conversation, initially light-hearted, quickly revealed underlying tensions as disparities in credit access became apparent. For the participant with the lowest credit limit, the situation became a source of subtle ridicule. This seemingly trivial exchange reveals the profound impact that constantly visible credit metrics have on personal identity and social dynamics. One participant, in an effort to shift attention away from his relatively low limit, explained that his greater reliance on Ualá accounted for his diminished standing on MercadoPago, suggesting that a comprehensive view of his credit across platforms would present a more favorable picture. Another defended his modest limit by explaining that household purchases were predominantly transacted through his brother's account, thus rationalizing his lower usage and consequent credit limit on his personal account.

On the one hand, a recurring theme in discussions with participants is the personal significance attributed to maintaining one's credit limit on platforms like MercadoPago. This perspective is not merely about maintaining a number (or scoring from the perspective of FinTech company); it is about securing a lifeline for future necessities. Participants describe a deliberate tactic to safeguard or incrementally improve their creditworthiness, perceiving it as crucial for ensuring continued access to credit. This access, in turn, is viewed as crucial to their ability to deal with ongoing and future needs,

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underpinning their financial resilience in an unpredictable economic landscape. Furthermore, this preoccupation with digital financial identity underscores the transformation of financial self-perception, highlighting a shift where financial identities are increasingly mediated and shaped by algorithmic determinations. On the other hand, distributing household financial responsibilities among family members, such as conducting household purchases through a brother's account, exemplifies a cooperative approach to mitigate the risk of overextending any single account.

Moreover, participants employ multiple FinTech platforms for distinct financial activities, thereby enhancing their overall credit access across different services. This pattern mirrors the tendency to combine other lenders and small electrical household appliances with FinTech credits. They attempt to expand their access to debt by utilizing various credit sources simultaneously, thereby creating a financial framework to meet their needs. This complex debt landscape can be further clarified with an examination of how borrowing from family or friends integrates into this broader financial arrangement. The reluctance to borrow from close connections adds another layer of complexity to this financial web. The social stigma associated with borrowing from friends may be influenced by prevailing household attitudes, instilling a sense of reluctance or shame among some participants. Furthermore, familial discouragement of indebtedness could deter requests for financial assistance from close relatives, prompting them to seek impersonal sources of credit from institutions like FinTech or banks.

Nonetheless, a recurring narrative emerges across numerous interview accounts, revealing that many participants' family members face similar financial circumstances. Consequently, soliciting debt from them is often viewed not as seeking assistance but as imposing an additional burden. This realization underscores the complex interplay of social, familial, and economic factors that shape their approaches to managing debt. A 32-year-old woman shares her reservations about borrowing from close connections due to the potential financial strain it may impose on them as following:

> My mother had lent me money in the past when she was in a position to do so, but that's no longer the case. I have friends, but I hesitate to involve them, knowing well they don't live in luxury either. Moreover, I'm not sure if I could repay them promptly on a set date. There's no guarantee. That's why I prefer not to entangle them in my financial matters; I prefer to use the app.

By opting for impersonal financial tools like FinTech apps, she avoids the social and familial complications that arise from borrowing from close connections. Her aim is essentially to address her financial needs without placing additional burdens on family and friends, thus preserving her social relationships. This participant's narrative sheds light on the delicate balance they must maintain between their need for financial support and their reluctance to burden others, further illuminating the preference for more impersonalized forms of credit access that, in turn, reveal a nuanced understanding of the moral dimensions associated with various sources of credit. As previously discussed, debt within FinTech platforms is shaped by the impersonal, algorithm-driven dynamics of material obligation rather than ethical accountability. In contrast, interpersonal debt introduces a different dynamic, one characterized by protective attitudes and shared responsibilities, reflecting a tendency to prioritize care within social contexts. This dynamic is less about adopting market logics and more about negotiating social and affective dimensions. Financial practices are deeply embedded within relational and moral contexts, which not only interact with market rationalities but also actively shape, complement, and sometimes conflict with them, underscoring the multidimensional nature of financial decision-making (Lai, 2017: 4–6).

There exists a tacit moral calculus in determining the appropriateness of different debt channels, with FinTech platforms being preferred for more routine or immediate consumption needs. Further exemplifying this, a 29-year-old woman shares her perspective on distinguishing between everyday expenses and emergency financial needs:

> For regular purchases or needs, I definitely use MercadoPago. I wouldn't want to trouble a friend for every little thing. However, in an urgent situation, say I need cash to take my daughter to the hospital in a taxi, that's when I would ask my neighbor if she could lend me some money.

Her testimony underscores the interplay between the convenience of FinTech for everyday financial transactions and the reserved reliance on personal relationships for emergencies, delineating a clear moral boundary between different types of financial needs and the sources deemed appropriate for them. The analysis developed here suggests several key factors that lead marginalized groups to rely on these platforms for obtaining debt. First, there is an enduring and acute necessity for borrowing, driven by economic vulnerability. Second, a significant proportion of Fintech users are engaged in informal employment and lack formal salary accounts. Third, many have established relationships with previously accessible credit channels, where debt engagement is shaped by gendered dynamics and the use of multiple forms of credit. Finally, the moral and social pressures of indebtedness push marginalized populations toward FinTech platforms for impersonalized interactions.

Conclusion

This article has sought to provide an understanding of FinTech use within the marginalized communities of Buenos Aires, Argentina. The first significant finding is that the majority of users are already integrated into the formal banking system. However, despite their banked status, these individuals are often unable to secure access to credit. FinTech platforms thus emerge as a tool for addressing their persistent demand for unsecured debt. FinTech users can in this context be best characterized as those seeking alternative channels to meet their chronic need for credit, rather than those simply seeking access to traditional financial services.

Understanding FinTech as a pathway to debt raises thorny questions about agency. It is by now well-known that both debt in general and the algorithmic systems of FinTech in particular impose significant constraints on individual autonomy and agency. These constraints are only more pronounced within marginalized communities, where economic precarity intensifies their grip on everyday life. However, this case study suggests that focusing solely on the 'pervasive nature' of algorithms and debt 'leaves little room for exploration and discovery' (Mikuš, 2024: 2). Approaches such as Wang's (2020) concept of performative agency are therefore valuable, as they underscore how even in constrained environments, users engage with FinTech in dynamic and participatory ways. Similarly, Guermond's (2022) notion of quasi-subjects highlights individuals who neither fully conform to the expectations of financial systems nor completely reject them. Instead, they navigate, resist, and negotiate their financial environment through a blend of reluctance, refusal, and self-organized alternatives. These positions challenge the idea that financial inclusion necessarily transforms individuals into disciplined neoliberal financial subjects.

Through the Argentinian case study presented here, it becomes clearer how users tactically engage with FinTech, not as passive recipients but as active agents, continually negotiating their lived financial realities. Several intersecting factors, such as gender, age, employment stability, and access to traditional credit channels play crucial roles in shaping FinTech usage and user agency. For instance, gender emerges as a central determinant, with women often turning to FinTech not only for practical purposes, but also due to the social acceptability it affords. Age further shapes adoption patterns: younger users, typically more tech-savvy and less integrated into formal financial systems, often rely on these platforms to meet immediate consumption needs.

Across the board, a key tactic observed was the strategic use of FinTech for small, short-term loans aimed at preserving liquidity rather than for long-term financial commitments. In this context, FinTech functions as a vital tool for managing cash flow, with users accessing credit to sustain everyday consumption in the face of economic precarity. Another tactic involved the layering of credit sources, where users combined multiple FinTech loans or mixed FinTech debt with other credit channels. By diversifying their debt portfolio, they created more flexibility, choosing repayment options based on what was most urgent or convenient at any given moment. Within households, financial responsibilities were often shared among family members to avoid overwhelming a single account with multiple transactions. This strategy helped spread financial risk, ensuring that no single user bore the full burden of managing household spending or debt.

These shifts that FinTech introduces into debt relations are also emblematic of broader transformations. As FinTech platforms facilitate initial access to debt, they simultaneously normalize indebtedness as an integral part of financial juggling for those living in marginalized communities. Traditionally, debt has been tied to face-to-face interactions, often sought in moments of urgency or as a last resort, making it a deeply personal and socially embedded process. Debt was commonly reserved for significant or pressing needs. However, FinTech transforms this relationship by making debt more accessible and less tied to urgent, critical needs. Instead, it becomes a tool for everyday consumption, enabling users to borrow for smaller, rapid purchases, including leisure activities.

While FinTech's impersonal nature offers certain advantages, such as emotional detachment and a release from the social obligations inherent in community-based lending, it also brings significant limitations. This anonymity, though often appreciated by users, limits possibilities for negotiation. Unlike local lenders or store credit providers, where borrowers might request more flexible terms during financial hardship, FinTech's algorithmic systems impose rigid repayment structures. These fixed terms restrict users' ability to adjust their debt obligations when their economic circumstances change. Additionally, the internalization of credit scores as social markers further complicates the dynamic, as FinTech systems shape users' perceptions of their own financial worth and the range of possibilities available to them.

What began as a study of FinTech in this way evolves into a broader question about what happens when a new debt instrument enters into and reshapes existing economic relations. Using quantitative data, this article has clearly identified who FinTech users are, particularly their informal positions in the labor market and their growing ties with financialized debt. Such comprehensive macro-level data is relatively scarce in the existing FinTech literature. Yet the more important issue, which this article also sheds light on, is how users engage with these new financial instruments and what their modes of engagement reveal about their agencies and lived experiences within the broader context of financialization.

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Notes

1. Despite this progressive narrative surrounding Argentina's FinTech adoption and the official focus on strengthening financial access, a critical concern from the state's perspective remains the population's heavy reliance on cash. Financial innovation aims to reduce cash dependency (BCRA, 2017; ADEBA, 2022), a critical issue in Argentina, where society has traditionally relied on cash transactions (Luzzi and Sánchez, 2021). As a result of policies designed to promote FinTech adoption, the number of electronic payments per cash withdrawal increased from 2.2 in 2019 to 4.1 in 2023 (BCRA, 2023: 24).
2. This rate of informal employment, derived from INDEC's database for this study, is calculated based on the sum of 'unregistered salaried employees' and 'non-professional self-employed individuals'. These categories are considered primary indicators of the informal labor market within the context of this analysis.

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