

Akos Rona-Tas and Alya Guseva: *Plastic Money: Constructing Markets for Credit Cards in Eight Postcommunist Countries* Stanford, CA, 2014: Stanford University Press, 318 pp.

There is now a reasonable body of research that has examined the emergence and development of consumer credit markets in the United States. In this stimulating new volume, Akos Rona-Tas and Alya Guseva seek to examine the more recent development of credit cards in what they term post-communist countries. Implicit within their thesis is that these countries share a common political, cultural, and economic trajectory. In consequence, the argument follows that their credit card markets have followed along a path where there are clear similarities, parallels, and lessons to be drawn.

Underlying the overall analysis is the idea of reflexivity, in Giddens's sense of the word. The development and consolidation of regional and later national payments cards within the United States pursued a blind path of development. For the post-communist countries, the American credit card market forms an explicit backdrop; it provides a potential path of development to be followed, while its powerful payment card actors seek always to shape these nascent markets in their own image. This is no simple tale of globalisation (or westernisation), however, but more what Roland Robertson famously termed glocalisation. The dominant payment cards Visa and MasterCard, along with ancillary firms like Fair Isaac, do play a significant role. Nevertheless, credit-card production, distribution, and consumption have developed in ways shaped very much by the situated cultural, social, political and economic contexts of these countries.

The theoretical touchstone for the authors is the role of institutions. In this they take a strident stand against certain strands of simplistic neo-liberal thinking in reject-

ing the idea of spontaneous market development as well as the assumed naturalness of consumption as something inherently desirable. On the contrary, they situate their concern for what they term the generative rules that bring markets into being rather than the functional (neo-classical) rules that govern how markets operate in practice. As the authors remark, '... card markets do not spring up simply as a result of banks issuing cards to consumers; instead they require a lot of concerted market-building effort on the part of banks and the state, as well as multinational corporations and institutions' (p. 6).

There are nods here to economic sociology in the Granovetterian tradition and to more recent social studies of finance approaches that emphasise the performativity of theory in moulding the conduct of markets. The authors, however, are not greatly concerned with theoretical innovation. In fact, in many ways, the concepts they do draw upon to frame the content of their approach could be found quite easily within the pages of conventional economics (and marketing) textbooks.

One of the two central problems addressed are 'payment puzzles'. First, there is the dilemma of the two-sided market, more popularly known as the chicken-and-egg question. How does a credit card recruit enough consumers to make it worthwhile for merchants to take part while ensuring enough merchants are signed up to make it attractive to consumers to carry their card? Second, there is the problem of technological standardisation. How can competing banks and systems engage in the cooperation necessary to make payment card systems cost efficient for everyone? For example, it might have crossed your mind that when a cashier invites you to stick your card into the electronic payment device located by the till, it does not matter which specific bank issued your card. And, in fact, it does not even matter whether one is paying by Visa, Master-

Card, or American Express—the point-of-sale terminal takes all regardless.

The second set of problems are 'credit puzzles', challenges germane to the actual lending and borrowing part of plastic cards. This includes the puzzle of information asymmetry (lenders knowing less about potentially defaulting borrowers than they would like), the puzzle of information-sharing (rival lenders sharing data about potentially common customers), and the puzzle of market origination and expansion (how does any lender start lending when customers have never used credit before and how can this market be expanded without attracting defaulters?).

In response to these problems, the authors first outline the classic origins story of consumer credit within the United States. Important features identified here include an emergent consumer culture, the growth of private credit reference agencies and the existence of a post-Depression regulatory banking context that encouraged information-sharing between lenders. Missing, however, is the fascinating history of credit scoring within the United States and the huge role carved out by Fair Isaac Corporation in mathematising consumer default risk.

Second, the authors provide an overview of post-communist contexts from the 1990s onwards. Here they show that, far from following the easy path that had been laid down in America four decades previously, these countries' emerging credit-card systems struggled to prosper within a context of unstable banking systems, an over-concentration of banks, unreceptive consumers, profound economic dislocation, falling living standards, cash-based economic exchange, and obdurate retailers hostile to the unwelcome light of financial accountability wrought by a shift away from cash. Even the calculation of an applicant's income by a bank could be fiendishly difficult in countries such as Russia, where employee wages are often

topped up off-the-books to evade taxation.

The three main empirical chapters tackle the issue of how the puzzles were addressed and the ways in which viable credit-card systems began to develop. In terms of source material, the authors draw on a wide-range of documentary materials and extensive in-depth interviews with banks employees and other officials. Each of these detailed chapters takes a specific regional focus, allowing more of the specifics and contours of the post-communist experience to be articulated. Chapter 5 examines card markets in Central Europe: Hungary, Poland, and the Czech Republic. Chapter 6 tackles East Europe: Russia, Ukraine and Bulgaria. Chapter 7 looks outside Europe to those countries still nominally communist: China and Vietnam.

In Central Europe, the authors attempt to show how initial credit-card marketing concentrated on elites, whereby personal ties and relations of trust between lender management and VIP consumers helped to obviate problems of non-payment. The emergence of computerised credit referencing, a systematic and complete recording of the credit use of all consumers, was a prerequisite for the credit card's later development in the United States. However, within these countries, it struggled to take hold. Data protection strictures, particularly in Hungary, dampened the capacity of banks to share information. On top of this, the most powerful banks—themselves an institutional legacy of socialist economic planning—were loath to share their valuable customer data with smaller competitors. However into the 2000s, particularly with EU accession across the region, these issues were gradually resolved.

For the East European countries, distance from Western Europe's sophisticated credit-card payment systems and a relative cultural remoteness from consumerism, presented even more challenges for the successful development of credit cards sys-

tems. However, ironically, one key strategy in the rollout of mass payment card possession across the population was a direct legacy of communism. Large state-run enterprises, keen to switch away from the disbursement of cash wages, shifted towards bank transfers just as debit cards were being promoted by banks. Paying with plastic did become more normalised—yet penetration, as the authors note, remains stubbornly low and merchants suspicious.

Paying with plastic is one thing; borrowing on plastic is another. The authors describe how screening and assessing applicants for credit became a growing concern for lenders. Yet these processes were far more labour-intensive compared to advanced consumer credit markets with their automated statistical scoring systems. For example, echoing early American credit screening, Ukrainian bank staff recorded and evaluated each credit applicant's communicativeness, enterprise and 'looks'. Echoing Bourdieu's class analysis, even wrong answers to questions about radio station preference could be enough to condemn one as socially lumpen and morally unworthy of credit. Banks also sought to ensure that potential credit customers were socially 'anchored': locatable, pursuable, and thus less likely to abscond from their debts.

Within Vietnam and China, the growth of payment cards has been a much more recent phenomenon. In Vietnam, while showing some promising growth in the 2000s, possession of payment cards—even purely for ATM use—has actually gone into decline as consumers have shunned high fees and poor service. Within China, rather than opening up their national market to global capital in the way that the former socialist European countries did, the state has viewed payment cards 'as part of the country's financial system, a lever necessary to control and steer economic development' (p. 221). Here, the authors note

the vital role played by the Chinese state in developing an independent credit card payment system in UnionPay, the most popular card in China and now a global rival to Visa and MasterCard. Parallel to this, a state-directed credit bureau has nationalised the distribution of consumer information, serving the interests not only of credit-granting banks but of the Chinese security services too.

While the book is replete with detail and insight, there are, perhaps, a number of reservations one could express with respect to the approach taken by the authors. The book is predominantly a social history of the institutionalisation of payment and credit cards within the selected range of post-communist countries. Throughout, the analysis is very much framed by the authors' conceptual 'puzzle' framework of two-sided markets, information asymmetry and so on. At times, one feels an occasional nagging sensation of teleology at play; an overly-structured identification of generic challenges faced, won and lost along a linear path of development. One could argue, perhaps unfairly, that the authors replace a faith in the spontaneous development of markets with an equally determining belief in the strength or weakness of institutions.

The rigorous application of these puzzle frameworks also overshadows other interesting stories to be told such as the materiality of how electronic systems were constructed, how exposure to advanced markets—through, say, acquiring MBAs abroad—inspired senior bank management, the particular ways that credit cards were promoted through advertising campaigns and how individuals conceived of themselves in new ways as consumers of credit. To some degree, the highly-structured approach adopted here combined with the sheer number of countries examined mean that the book stands a little adrift theoretically from the direction of other recent work on the sociology of mar-

kets. To some extent, a dense richness of understanding about how markets work ends up being elided for the sake of scope and breadth.

The sheer scope of the book also raises tensions concerning the subject matter. To what extent can it be said that the tribulations described in building and sustaining credit-card markets were a specifically post-communist experience? It seems clear that, at least to some extent, similar challenges and strategies must have characterised growing credit-card markets in the likes of Ireland or the Nordic countries.

Leaving aside these reservations, the analytical ambition and sheer empirical detail of the book are to be commended. They ensure it represents an invaluable contribution towards our understanding of how consumer credit markets have emerged within post-communist contexts, a particular and fascinating case study of markets more generally. In so doing, this book does much to provide for a more satisfying global picture of the business of consumer lending and borrowing.

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Igor Guardianchich: *Pension Reforms in Central, Eastern and Southeastern Europe: From Post-socialist Transition to the Global Financial Crisis*

Abingdom 2013: Routledge, xv + 304 pp.

In the past two decades, Central and Eastern European countries (CEECs) have undergone intense reforms in practically all social policy areas. Because of their budgetary impact, reforms of the pension system have occupied a prominent position in the far-reaching transformation of post-socialist welfare states. This book provides an in-depth analysis of the complex process of old-age social security reforms in Croatia,

Hungary, Poland, and Slovenia, embedding the four countries' experiences into an interesting theoretical framework. While I believe the book's empirical analysis of the four cases does not underpin all of the propositions made by the author, the discussion of the political-structural determinants of reform sustainability still make his work a valuable inspiration for future research.

The book's focus is on the transformation processes in the four countries that have started in the mid- and late 1990s and have been continuing with more or less resolve ever since. The nations analysed were facing largely similar socio-economic challenges, such as low economic growth, rising unemployment during economic transition and, most importantly, a declining contributor-to-pensioner ratio (see Table 7.3 on p. 245). Yet, the divergences in the reforms adopted have been rife. Hungary and Poland introduced in 1998 and 1999, respectively, a relatively large mandatory funded pillar allowing partial opt-out from the public pay-as-you-go system. While Croatia privatised its old-age social security in a similar way as Hungary and Poland, it adopted a considerably smaller mandatory funded scheme. Slovenia's quasi-mandatory funded pillar has been kept even more modest, and has been limited to public-sector workers only. The four countries also differed in the scope of welfare-state retrenchment their pension reforms entailed. While the Polish notional defined-contribution (NDC) scheme and Croatia's points system clearly favoured long-term fiscal viability over social adequacy, policymakers in Hungary and Slovenia have shown considerably less determination in pursuing cuts in their public pension systems' generosity. What enabled these systemic reforms? What are their distributive consequences? Can one expect long-term political support for them? These three questions constitute the focal point of the book.

Inspired by Natali and Rhodes' [2008] work on pension politics in Bismarckian