The depoliticisation of social policy through financial inclusion

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Received 10 March 2023
Revised 24 May 2023
26 May 2023
Accepted 26 May 2023

Abstract

Purpose – The purpose of this paper is to explore two financial inclusion measures adopted within the local welfare context of the city of Milan, Italy, examining their functioning and underpinning representations. The aim is also to understand how such representations take concrete shape in the practices of local actors, and their implications for the opportunities and constraints regarding individuals' effective inclusion. To this end, this paper takes a wide-ranging look at the interplay between the rise of financial inclusion and the individualisation and responsibilisation models informing welfare policies, within the broader context of financialisation processes overall.

Design/methodology/approach – This paper draws on the sociology of public action approach and provides a qualitative analysis of two case studies, a social microcredit service and a financial education programme, based on direct observation and semi-structured interviews conducted with key policy actors.

Findings – This paper sheds light on the rationale behind two financial inclusion services and illustrates how the instruments involved incorporate and tend to reproduce, individualising logics that reduce the problem of financial exclusion, and the social and economic vulnerability which underlies it, to a matter of personal responsibility, thus fuelling depoliticising tendencies in public action. It also discusses the contradictions underlying financial inclusion instruments, showing how local actors negotiate views and strategies on the problems to be addressed.

Originality/value – The paper makes an original contribution to the field of sociology and social policy by focusing on two under-researched instruments of financial inclusion and improving understanding of the finance-welfare state nexus and of the contradictions underpinning attempts at financial inclusion of the most vulnerable.

Keywords Financial inclusion, Financial education, Financialisation, Individualisation, Depoliticisation, Microcredit, Social policy, Responsibilisation

Paper type Research paper

1. Introduction

Financial inclusion is a topical issue globally. Microfinance and microcredit programmes have been playing a key role in its growth in the global south since the 1990s and the 2008 economic and financial crisis subsequently boosted it further in high-income countries. It refers to a set of initiatives generally aimed at facilitating access to financial products and services by individuals and families in conditions of social vulnerability or poverty (European Commission, 2008; Lazarus, 2022; Prabhakar, 2021). Several scholars contextualise its rise within the processes of financialisation of social policy and everyday life and within a political-institutional scenario characterised by trends toward greater individualisation and marketisation of social issues (Berry, 2015; Mader, 2018; Maman and Rosenhek, 2019; Marron, 2014; Lazarus, 2020, 2022; Prabhakar, 2021). The concept of financialisation is generally used to designate the "increasing

International Journal of Sociology and Social Policy
Vol. 44 No. 13/14, 2024
pp. 1-15
Emerald Publishing Limited
0144-333X
DOI 10.1108/IJSSP-03-2023-0056

dominance of financial actors, markets, practices, measurements, and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states, and households" (Aalbers, 2019, p. 258). It is deemed to influence social policies both in terms of governance – with financial actors playing an increasingly significant role – and by introducing new social intervention logics and instruments which vary by context (Caselli and Dagnes, 2018; Mader *et al.*, 2020; Lavinas, 2018; Sinclair, 2013).

The purpose of this article is to contribute to our understanding of the finance–social policy relationship by focusing on two financial inclusion measures and examining the representations – i.e. the normative and cognitive frameworks – by which the issues at stake are defined in relation to specific assumptions, values and meanings. The aim is to understand how such representations take concrete shape in the strategies and practices of social actors, and the implications of these for effective people inclusion opportunities and constraints. To this end, the article takes a wide-ranging look at the interplay between the rise of financial inclusion in the social policy field and the individualisation and responsibilisation models that have generally oriented social policies in recent decades.

The article's analytical framework refers primarily to the literature on individualisation in social policy, that is, the tendency to take the individual as a point of reference and as the metric for measures and interventions (Daly, 2011; Bonvin and Laruffa, 2018). It draws, in particular, on research that highlights how, in the wake of neo-liberalisation and financialisation, public action strategies and tools tend to configure protection from social vulnerability in terms of personal and strictly individual skills, without taking more general causes and contextual factors into account (Borghi, 2011; Daly, 2011; Bonvin and Laruffa, 2018; Scoones and Stirling, 2020). This interpretive framework is then drawn on in dialogue with the literature on depoliticisation (Hay, 2007; Wood and Flinders, 2014).

The article also draws on the sociology of public action and the related approach to the study of policy instruments as governance tools which incorporate, fix and enact specific representations of issues at stake and the solutions to them (Lascoumes and Le Galès, 2012). Methodologically, it provides a qualitative analysis of two case studies, a social microcredit service and a financial education programme, implemented within the local welfare services of the city of Milan, Italy. Qualitative content analysis was carried out on field notes collected during direct observation and transcripts of semi-structured interviews conducted with key local policy actors.

The article is structured as follows. Sections 2 and 3 briefly reviews the theoretical and analytical framework outlined above. Section 4 then describes the article's principal methodological choices and section 5 examines the two case studies. Finally, section 6 discusses the rationale behind the two cases analysed and illustrates how the instruments involved in various ways incorporate and tend to reproduce, individualising logics that reduce the problem of financial exclusion and the social and economic vulnerability underlying it, to a matter of personal responsibility and calculable risks independent of contextual factors, thus fuelling depoliticising tendencies in public action. The article also discusses the contradictions underlying financial inclusion instruments, showing how local actors negotiate views and strategies on the emerging problems and inconsistencies to be addressed.

2. Financial inclusion

Financial inclusion measures are designed to expand access to financial products and services – including current accounts, deposit accounts, loans and mortgages, insurance and payment services – by the most vulnerable or at risk (Lazarus, 2022; Prabhakar, 2021). It is intended to combat financial exclusion, i.e. the "process whereby people experience difficulties in accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life" (European Commission, 2008, p. 9). It follows that this is a situated process in which the levels considered “adequate” to “a normal social life” depend on the economic, social, institutional and cultural context-specific dynamics involved. Moreover, there is more than one type of exclusion and the latter’s intensity varies. The European Commission (2008) identifies two main types: total financial exclusion – those who do not have a current account and, in general, have almost no dealings with banking and financial institutions (the unbanked) – and partial exclusion – people who have at least a bank account, but do not have access to, or make only sporadic use of, other financial products and services, such as electronic payments, savings instruments and loans (the marginally unbanked). In more advanced economies, total financial exclusion has been reduced considerably over time, to the extent that several scholars have referred to the concept of the financialisation of everyday life precisely to account for the broadening of participation in financial markets not only to middle-class individuals and households, but also to low-income ones, through credit cards, consumer loans, home mortgages, insurance and other financial products and services, such as supplementary social security and health plans (Mader *et al.*, 2020; van der Zwan, 2014).

In Europe, financial inclusion measures have so far primarily focused on improving access to credit (Ozili, 2021) and microcredit is an example of the policy instruments adopted. It consists of a small loan granted to non-bankable households – those who cannot access traditional credit channels – generally for two main purposes: to support self-employment/entrepreneurial projects (business microcredit) or to meet basic need-related expenses, i.e. for housing, transport, energy, education and health (social or personal microcredit) (Ruesta and Benaglio, 2020). While opportunities to access credit, and financial services and products in general, are increasing, both opportunities for access and risks associated with financial participation remain unevenly distributed (Dagnes, 2018; Lazarus, 2022; Prabhakar, 2021). For example, under certain conditions, debt may trigger over-indebtedness, a state of crisis or insolvency dynamics. Further risks may arise from the purchasing of unnecessary, inappropriate or relatively high-risk products. In general, when it does take place, inclusion involves risks and uncertainties that may exacerbate social vulnerability. At the same time, exclusion seems to have a negative impact on the living conditions of the excluded (Akgun *et al.*, 2022; European Commission, 2008), a dynamic that can be seen as a kind of financial inclusion-exclusion-process short circuit.

The literature on the topic has paid only limited attention to the contradictions potentially emerging from the tension between the push for financial inclusion on the one hand, and constraints, on the other (Ozili, 2021; Prabhakar, 2021). On the policy side, financial education has been seen as a way out of this impasse, an approach which has increased in popularity in recent years in hundreds of countries and has been encouraged by the OECD, partly as a means of fostering financial inclusion and at the same time promoting novel models in the management of the new risks associated with it by focusing on improving citizens’ financial skills (Atkinson and Messy, 2013; Lazarus, 2020, 2022; Marron, 2014). In particular, financial education consists of programmes that pursue three main aims: (1) improving knowledge of basic economic and financial concepts (e.g. simple and compound interest, inflation, risk-return ratios and risk diversification); (2) fostering the adoption of “appropriate” financial behaviour, ranging from the ability to rationally manage economic resources by creating a household budget, to easily pay debts and bills, to making informed financial choices on the basis of relevant information obtained before making financial decisions; and (3) facilitating the development of financial attitudes, such as the propensity to pursue long-term goals and generally having a forward-looking orientation (OECD, 2017). Initiatives and programmes with these aims in mind have grown in recent years, also following the adoption by most OECD countries of national financial education strategies (OECD, 2017).

A limited number of critical analyses have emerged within international studies of financialisation (Ozili, 2021; Prabhakar, 2021). These have focused especially on microcredit and, more recently, on financial education by drawing attention to the assumptions implicit in current models of financial inclusion and the way these interlock with the tendency towards greater individualisation and marketisation of social risks and needs (Lavinas, 2018; Lazarus, 2020; Mader, 2018; Maman and Rosenhek, 2019; Marron, 2014). Such critiques revolve around the idea that there is evidence of a causal relationship between financial exclusion and socio-economic well-being and, more importantly, that it is determined by financial inclusion rather than the contrary (Mader, 2018). Critiques of the assumption that economic and social well-being depends primarily on individual choices and behaviours (see also Wolf, 2018), as does the management of social and financial risks, are connected with this, and its broader framework and implications are discussed in greater depth in the next paragraph.

3. Individualisation and depoliticisation

The tendency towards individualisation in social policies is the subject of a very broad field of studies which, on one hand, underlines its elements of discontinuity as compared to the standardising and hyper-bureaucratic traditional welfare-state approach and, on the other hand, highlights the link with the general individualisation dynamics cutting transversally and profoundly across contemporary societies (Borghi, 2011). In extreme synthesis, the core reference is the image of an independent, active and autonomous individual, a "self-possessed and self-directing subject" (Clarke, 2008). In current financialisation conditions – of welfare, the economy and everyday life – individualisation gives increasing space to financial rationality. As Maman and Rosenhek (2019, p. 4) point out, the reference is to an individual who acts "as an active and disciplined investor, saver, policyholder and debtor . . . a responsible and calculative financial subject", capable of participating in financial markets and engaging with financial products and services (p. 4). For Lavinas (2018, p. 508), this idea is the determinant source of legitimacy in financial inclusion policies.

Since the 1980s, the European active labour market policy agenda has strongly emphasised the individualisation of action as necessary for people's effective inclusion in the labour market and society. However, this is an extremely ambiguous topic. On one hand, local and national decision-makers in Europe tend to favour strategies – in work, social assistance and health – capable of taking into account specific personal needs and resources (van Berkel and Valkenburg, 2007). From this point of view, individualisation – together with the related themes of empowerment and activation – responds to the need to treat policy recipients as autonomous, responsible and diverse individuals (Taylor-Gooby, 2011). On the other hand, especially in welfare systems in which neo-liberal tendencies are more prominent, the shifting of focus of policies towards the individual has moved hand in hand with what sociological theory has defined as a hypertrophic development of individual responsibility (Beck, 1992).

The shifting relationship between individual and collective responsibility has been brought into focus very clearly in the context of active labour market policies with regard to "employability", implying a definition of unemployment as the result of individual deficiencies. Consequently, responsibility for ensuring adequate individual access to employment is placed on individuals themselves (Bonvin and Laruffa, 2018), and their ability to demonstrate satisfactory commitment to job-seeking and skill development.

It can therefore be said that in the social policy individualisation context, there are at least as many problems as there are opportunities. This analysis will focus, in particular, on problems related to depoliticisation, currently the subject of much governance and public policy debate and generating a certain variety of definitions (Hay, 2007; Wood and Flinders, 2014; Busso, 2017). Burnham's is an extremely concise definition which describes it as "the process of placing at one remove the political character of decision-making" (Burnham, 2001, p. 128). As Hay has pointed out (2014, p. 302) rather than a lack of politics such a process implies a specific way of doing politics: "depoliticisation is not about less politics, but about displaced and submerged politics". The recent growth of interest in this topic has moved hand in hand with the development of phenomena such as post-democracy and post-political governance in the neo-liberal era (Wilson and Swyngedouw, 2014). Following Wood and Flinders (2014), the dissemination of governmental forms of depoliticisation has become evident in various policy contexts, in reference to "arena-shifting" processes (Flinders and Buller, 2006, p. 296) in which the powers of government institutions are being delegated to external entities, mainly technical in nature, and unencumbered by accountability constraints. Additionally, depoliticisation is an important key to the analysis of individualisation processes, as late modernity scholars starting with Beck have pointed out. The reference is, more precisely, to societal forms of depoliticisation (Wood and Flinders, 2014) based on translating collective and social problems into individual challenges for which individuals are themselves held responsible, a logic which strips away the collective and political dimension from social issues (Rivest and Moreau, 2014, p. 2). This is, in turn, connected to the mechanisms typical of discursive depoliticisation (Wood and Flinders, 2014) based on the reformulation of social contingencies into irreversible and necessary realities, according to a "there is no alternative" logic. As we will see in the following analysis of two cases of financial inclusion, the tendencies to ignore social vulnerability factors and to naturalise them are intertwined and crucial depoliticisation areas.

4. Analytical approach and methodology

The article draws on the sociology approach to public policy instruments (Lascoumes and Le Galès, 2012) by which policy instruments are not neutral devices since they incorporate and reproduce specific values, theorise the issues at stake and contribute to structuring public action in accordance with their own logic. In line with this, the paper's research approach is a case-based one which ensures in-depth empirical enquiry. In particular, it provides a qualitative analysis of two case studies, a social microcredit service and a financial education programme implemented by Milan's local welfare services. The methodology used to examine the financial education service was a hybrid one which included: a) attendance at two group meetings, interrupted by the COVID-19 pandemic of which one was on *Future, Planning and Income and Expense Management* (2.5 h) and one on *Indebtedness and Investment* (2 h), and a meeting attended only by financial educators (4 h) dealing with the latter's role; b) an online course (asynchronous online format; 60 h); c) six semi-structured interviews with key stakeholders and practitioners. The interviewees were Milan's welfare plan implementation manager, two municipal project managers, two financial educators in charge of the company managing the service, and a financial education practitioner. The social microcredit programme study drew on eight semi-structured interviews and analysed data on 1,498 social microcredit applicants collected between 2011 and 2019 by service managers. The interviewees were two project managers responsible for the service and six practitioners. The decision to analyse two case studies was based on their ability to reconcile two financial inclusion time frames: a short time frame corresponding to the direct inclusion in financial markets that is the purpose of microcredit designed to enable people to pay for urgent and immediate expense needs; and a long-term and in-depth time frame covering people's longstanding financial education behaviours and attitudes.

Key informants were selected via stakeholder sampling, i.e. a type of purposive sampling widely used in qualitative sociological research. The interview outline included questions about the setting up and development of the service, the actors involved in it, problem-setting and goal-setting, outcome expectations and actual results, the problems which emerged, the limitations encountered in promoting greater financial inclusion, and any strategies put in place to overcome them. The empirical material was transcribed and subjected to software-assisted thematic analysis (using Nvivo) on an inductive basis. Study participants were anonymised.

5. Financial inclusion: social microcredit and financial education case studies in Milan, Italy

5.1 The local welfare context

The Italian welfare system hinges on the importance of sub-national and municipality levels. In this context, Milan's local welfare history and specific characteristics are very interesting. After World War Two, Milan experienced a local welfare "golden age" referred to as "Ambrosian" – after its patron saint – characterised by a virtuous relationship between municipal institutions and civil society and strong local government welfare service provision intervention. From the 1950s to the 1970s social Catholicism and reformist socialism were the bedrock of social citizenship principles (Benassi, 2019).

In line with more general changes taking place in Europe, the decades which followed, and especially the 1990s, saw this drive progressively diminish in favour of a residual type of social welfare, on one hand (Mingione *et al.*, 2004), and market-making strategies, on the other (Costa *et al.*, 2016). The victory of a centre-left coalition in the 2011 municipal elections seems to have ushered in a new phase, marked by the participation of third-sector organisations and citizens, together with the onset of a major reorganisation of services centred on the idea of "welfare for all", which local policy makers accorded a strong innovative value. The objective was to expand access to local welfare to citizens who did not normally use services but could pay for them. In addition to an online information and service access platform – called WeMi – the project was based on a territorial infrastructure divided up into 13 centres located in various city districts. Overall, there were two dimensions to this phase: a market-oriented phase, and one that involved experimenting with new inclusion and social participation practices.

This is a framework of the focus on the role of finance in the reorganisation of local welfare, reflected in the implementation of measures such as microcredit (*Social Solidarity Credit*) and financial education services. Milan's financial education service was launched as a pilot project in 2013, and it was the first public financial education service trialled in Italy to apply a specific technical standard introduced in 2011 by UNI, the Italian National Standards Organisation, designed to overcome initiative fragmentation and provide guidance for public and private actors intending to promote financial education. The service was managed by a social enterprise which designed the course content as well. It was made permanent in 2021 and called WeMi-Educazione Finanziaria while microcredit is provided by a non-profit organisation set up in 2011 and presided over by the city's mayor (hereafter "Foundation") and comprising the Municipality of Milan, the Metropolitan City of Milan, the local chamber of commerce and the main Italian trade union confederations, Cgil, Cisl and Uil. This governance has contributed to the development of a strong, long-term service integrated structurally into the local welfare system.

5.2 The main objectives of Milan's financial inclusion programmes

Milan's financial inclusion measures are consistent with its recent attempts at innovation in the scope and objectives of local welfare. This has included the development of new services designed to reach a much wider target than traditional services and inspired by the principles of activation and responsibilisation, presented as diverging from "classic" social intervention and exemplified by financial inclusion services. It was in this spirit that the Foundation was set up in 2011. As the city of Milan's Welfare Development Plan 2012–2014 sets out, this non-profit organisation "constitutes a completely new civic welfare model" (City of Milan, 2012, p. 69). The point is made clearer by the Foundation, which emphasises on its website that its "fundamental purpose is personal activation" and describes itself as working in accordance with a model of intervention that is "of a temporary nature", which is what marks it out from traditional social services:

> Ours is a different approach to social welfare (. . .) the foundation of our activities, all of them, must be activation of the recipient. If people don't get involved, nothing we do can be of use to them. We do not envisage assistance, we leave it to the state to take care of the weakest. We work with social groups we can get involved. Our goal is to reactivate people in need, to help them address their own needs. (Microcredit manager, Nov. 2019)

Another element of difference from traditional social services focused on is the target group, which consists of workers whose hardship is temporary. This is a target group often favoured by microcredit services, which tend to concentrate on the "not so poor" (Crivellaro, 2015; Lazarus, 2022). The underlying notion of the welfare state is therefore presented as closer to a residual model: passive policies for chronic poverty, active ones for people deemed capable of achieving social inclusion within the marketplace. Microcredit is presented as consistent with this view because it is viewed as likely to support people's income at times of economic hardship by leveraging their ability to take debt-related action. Specifically, the service provides a small loan guarantee to cover basic need expenditure (e.g. health, education and housing). An essential requirement is that beneficiaries are "non-bankable", i.e. excluded from access to traditional credit channels, typically for economic reasons and a lack of personal guarantees.

The financial education service was similarly set up with a view to promoting "a preventive and promotional welfare state which invests in citizens' responsibility and the choices available to them to increase their own well-being" (City of Milan, 2018, p. 19). It targets the population as a whole – for whom it is free – with a focus on the vulnerable or at risk. The municipal project manager described the service as "paradigmatic of a new welfare approach" oriented to preventing future poverty:

> We wanted to work on people's motivation, to make them understand how important it is to think about their future (. . .). Financial education raises some fundamental issues relating, firstly, to people taking care of themselves, or rather, making effective life choices in accordance with their goals . . . and this is really new in welfare policy terms, with these latter traditionally intervening when a problem arises (. . .) because there is a preventive and promotional approach on one hand and a reparative approach on the other. (Municipal service manager, Dec. 2019)

Both financial inclusion measures are therefore underpinned by an approach defined by the interviewees as "active" or "preventive", in line with the individualisation and responsibilisation models discussed above.

5.3 Individual management of risks and social needs

Social microcredit enables non-bankable people to access loans by granting collateral alternatives to personal guarantees. On one hand, microcredit services provide a small loan which serves as immediate income support to address a basic need. On the other, it allows the Foundation to act as a loan guarantor and subsidise interest rate reductions. The specific case analysed was a small loan (a maximum of ten thousand euros) from partner banks secured by the Foundation. The latter also provides ancillary financial education services primarily related to budgeting and the risk of over-indebtedness. The service's target group is non-bankable households unable to pay for a basic need-related expense (e.g. related to health, education and housing) because of temporary economic difficulties. The Foundation received 1,498 applications during the 2011–2019 period, mostly from Italian citizens, but non-Italian citizens also accounted for a significant share (about 37%). Urgent household expenses, such as rent and condominium fees (33% of all requests, according to data provided by the Foundation) were the number one reason behind applications.

As regard with financial education, the aim of the service is, first and foremost, to improve people's financial knowledge and budgeting, debt, protection, pension, saving and investment-related behaviours. The service seeks to improve citizens' long-term planning abilities and adoption of goal-oriented attitudes via planning methods applied to their "life plans" (City of Milan, 2018, p. 20). The service teaches six main topics (planning for the future, budgeting, debt, social protection, retirement and investments) in three in-person group sessions or via access to an asynchronous online course on a dedicated web platform. In addition, the service includes a (recommended) free individual financial coaching period with a financial educator. This consists of individual meetings designed to draw up what financial educators call a "household economic-financial plan". Drafted using specific software, the plan consists of a tailored overview of family economic, financial and property assets as the basis for projections of the resources needed to achieve goals and the development of appropriate plans, as described in more detail below (field notes, online course).

Overall, both tools are intended not only to improve access to financial products and services but also to enhance individuals' ability to manage financial inclusion-related risks:

> Many of the people we deal with were once well-off but are not so anymore. They believe they can continue with the same lifestyle as before and, to maintain this lifestyle, they incur debt they can't repay, and then they get into debt again, and fall apart. (Microcredit manager, Nov. 2019).

As other studies have shown (Lazarus, 2022; Maman and Rosenhek, 2019; Marron, 2014), responsibility for managing financial risks is seen primarily as a personal matter, as is responsibility for social risk management:

> Raising awareness about economic resources is essential. I have seen several times that it was only during sessions that participants realised what can happen in people's lives. They may not think about certain things . . . or they don't know that, if these happen, the state won't cover everything they need. But if they think about it first and take out even minimum insurance to cover themselves against disability . . . (Municipal project manager and financial educator, Dec. 2019).

In this respect, financial education meetings and the online course pay specific attention to the rationale underlying the need to acquire financial knowledge and skills: "our economic stability can only be ensured by mixed public and individual solutions now, and this will be even truer in the future. This is because of a steady decline in public welfare" (fieldnotes, online course).

This emphasis on the motives underlying the need for financial inclusion is less marked but still present in the microcredit promoter discursive register, with these tending to take the need for personal active strategies to address impoverishment processes for granted (as also emerges from the interview extract cited above). However, they seem to apply this logic to one specific target only, i.e. those who do not have access to residual income support policies and cannot find adequate solutions to their basic needs in the private market.

5.4 Engaging in appropriate financial behaviours and attitudes

Social microcredit is accessed via a two-stage process. The first is a preliminary phase in which applicants are assessed and selected. The second is the repayment phase in which loan repayment is monitored and the implementation of the sustainability plan verified. During the first phase, practitioners check applicant creditworthiness and whether the planned expenditure relates to real, and truly primary, needs. In this regard, it should be noted that the loan is not paid into the recipient's bank account but involves expenses being paid directly to the property or supplier. This is seen as less important with a view to exerting control over the loan as contributing to the candidate assessment and selection process that is at the basis of what the Foundation calls the "moral surety" (*fideiussione morale*) required of candidates. This "moral surety" is based on judgements of claimants' "good faith" (Microcredit manager, Nov. 2019). This is demonstrated, firstly, by checks on loan purposes. It is not just about ensuring that expectations are met as regards aid-worthy needs, i.e. related to basic goods and services. Applicants must also show a "willingness to engage in a responsible relationship with us"

(Microcredit manager, Nov. 2019). Loan-purpose transparency, personal socio-economic status, lifestyle and consumption choices are all ways in which applicants can demonstrate this. The next step involves practitioners and applicants working on the family budget to assess the sustainability of the debt, raise awareness of the risks and implications of debt and look at appropriate family-budget management strategies. In short, moral surety is:

> a kind of path along which you enter into the merits of the need: where it arises, why it arises and how the applicant intends to respond to it. And so, when a practitioner says to me: in my opinion this person's need is real and can be met with a loan because he/she wants to deal with it in this way, you have actually given me an assessment of the person's ability to get actively involved in solving the problem. Next comes sustainability, which is more technical. (Microcredit manager, Nov. 2019)

The moral evaluation device would seem to be paternalistic in orientation, insofar as moral commitment is one of the main justifications for the selection criteria adopted. Thus, ancillary financial literacy services (focusing on money management and indebtedness) replace traditional credit guarantees with moral commitment to behave as a good debtor. Adapting behaviour to the debtor's situation is deemed essential to preserving the debt-to-income ratio and repayment capacity:

> We try to discourage borrowing unless it is really the answer to the problem. For instance, if you don't pay your condo fees, you can't pay any other expenses and it's a vicious circle. So, let's pay the condominium fees. Then you pay the other expenses and make sure your son gets a Saturday and Sunday job. So he can handle his spending, and you don't need to give him money every week, and we use that money to pay off the debt. (Microcredit manager, Nov. 2019)

The "discouraging borrowing" focus is the result of its ambivalence, implying a certain degree of risk and also specific behaviours. At the same time, it reflects the ability of social actors to problematise such aspects, as the next section discusses.

While microcredit's demand for individual behavioural changes is an implicit one it is central and explicit to financial education. The educational programme offered by the service includes various training modules with two main objectives. First of all, it seeks to change people's perception of their needs, risks, problems and desires. Secondly, it encourages them to align their behaviour to specific purposes and methods. Table 1 summarises the key contents and objectives of the teaching programme.

Within this framework, planning is regarded as a critical financial skill. It is made up of a set of logics and tools whose overall purpose is to encourage future-oriented behaviour. Planning is based primarily on the ability to manage money, maximise savings, cope with unforeseen events such as sudden reductions in income, identify life and protection goals, plan and manage debt and anticipate retirement needs. As Table 1 shows, the assumption underlying planning is the need to work on raising people's awareness of three main issues: firstly, recognising that everyday decisions and behaviours impact on future well-being and social security; secondly, awareness of future risks and needs and the increasingly limited potential state or employer support; and thirdly, an awareness that reorienting individual behaviours is dependent on the perception of the cognitive biases limiting rational thinking in everyday life. The overall purpose of all this is to encourage individual responsibility:

> [with awareness] . . . you can choose and that's the wonderful thing! Now I'm saying this to see what your reaction will be, but if you realise that [. . .] if things go on like this, you will be left without a pension . . . what will you do then? You're the one who chooses what strategy to adopt, get a second job if you can . . . your life is yours, and you know where to go, what to do. It is knowledge that enables you to choose. (Financial education service, partner company manager, Dec. 2019)

Financial inclusion through microcredit or financial education therefore implies adopting financially logical behavioural models based on the need to foster individual management of financial and social risks.

Title of the module	Keywords/themes	Main financial abilities to be developed
Future and Planning	Awareness; intentionality (forward-looking and goal-oriented approach); planning	- Envisioning the future - Awareness of the reasons why you decide your future and living conditions - Forecasting key life-long events, with accurate descriptions of the needs and associated objectives in the form of precise quantitative economic assessments
Economic and financial resources	Budgeting; precautionary savings; self-control and cognitive biases (e.g. instant gratification bias); individual responsibility	- Managing money - Maximising savings - Resisting pressure to consume and borrow in favour of forward-looking objectives
Indebtedness	Planning; awareness; imprudence	- Evaluating the debt repayment financial commitment, understanding the technical aspects and considering any adverse events - Calculating indebtedness needs, managing and evaluating the sustainability of household debts
Protection	Risks; welfare state crisis; uncertainty; insurance plans	- Awareness of risks (e.g. disability, premature death, disease) and increasing cutbacks in public support - Anticipating and measuring protection needs, acquiring background knowledge in order to evaluate and implement "appropriate" solutions
Pension	Planning; risks; public pension shortcomings; individual responsibility; private pension provision	- Awareness of the risk of longevity, the need for long-term care and the limitations of state aid - Defining retirement goals and acquiring background knowledge in order to evaluate and implement "appropriate" solutions
Investment	Investment orientation; awareness; ability to wait; risk-taking; safety first; (quantified) aspirations	- Internalising investment as a way of thinking and functioning - Awareness of the risks of financial investments and opportunities for the achievement of "life goals"

Source(s): Authors' own creation

Table 1.
Learning modules, the online financial education course

5.5 Financial inclusion: constraints and contradictions

These two cases also highlight the various constraints and contradictions associated with the financial inclusion of the most vulnerable. Where microcredit is concerned, these emerged in the earliest years of the service's implementation. Interviewees described the problems encountered in terms of the risk of jeopardising both the Foundation's goals and the sustainability of the service itself. As we have seen in an interview extract quoted above, the moral commitment guarantee was achieved, in the first instance, by judging candidates' good faith. However, "next comes sustainability, which is more technical" (interview quoted above, Nov. 2019). Assessing sustainability consisted of social workers taking applicants' socio-economic situation into account, especially the existence of a steady income, the temporary nature of the need for money and the capacity for repayment "regardless of their good or ill will" (Microcredit manager 2, Nov. 2019), in meetings with beneficiaries. Over time, these conditions became increasingly challenging for the purpose of keeping insolvency rates under control. In fact, the more inclusive first phase resulted in high default rates (up to a quarter of applications), jeopardising the measure's viability and risking exacerbating social vulnerability. Household budgets were potentially put under strain by imbalanced personal debt-to-income ratios. Insolvency also risked turning recipients into "bad payers", and thus exacerbating their financial marginalisation. As a result, fewer loans were granted:

> At first, we were quite enthusiastic [. . .] we haven't lost this enthusiasm, but now our attitude is more . . . responsible. Our initial insolvency rate was quite high [. . .] objectively speaking I was not entirely familiar with this risk. I knew microcredit only *in the ideal world*. You come up against the real world only later on. That is, giving money to people who are not being helped along the path to income recovery means doing charity work and doing it badly, very badly. [. . .] if you lend money to someone who is unable to pay it back, no matter whether in good or bad faith . . . you are getting him into debt. (Microcredit manager 2, Nov. 2019; authors' emphasis).

Interviews with operators revealed a certain unease generated by the contradiction between their expectations regarding the ability of this policy instrument to help people (their knowledge of "*the ideal world*") and the real world. The problem was interpreted as the result of the social construction of microcredit as an income support instrument capable of responding to social needs even in conditions of particular economic hardship. The contradictions were seen as bringing out the political nature of the debt and undermining its legitimacy as a social policy tool: "microcredit cannot replace . . . it's a financial instrument! It is a form of credit in its own right and credit should be conceived of as a bridge [. . .] not a panacea; otherwise it can be suicide" (Microcredit manager, Nov. 2019). By contrast, the prime target of financial educators is the most vulnerable, viewed as those most likely to benefit from new cognitive and behavioural financial models (see also Lazarus, 2022):

> I need to protect my family, and a vulnerable family has the same problem, maybe because there is just one income, or because the family is large. So, addressing the issue of protection is equally important for more vulnerable people. The same applies to retirement planning, because it is essential to help vulnerable people understand that they need to think about the future, to save for the future. The same is true of investment, why can't most vulnerable people invest? For us investing means setting objectives and achieving them. So, it means using savings to send your children to school, to renovate your house . . . (Financial education service, partner company manager, Dec. 2019).

Even for those on very low income, and especially in such cases, financial educators work to modify consumption choices, the ways money is spent and improve people's ability to assess the impact of everyday financial choices on household living conditions. Many of the motives for consumption are presented as individual errors arising from heuristics and cognitive bias, including deterministic thinking and an inability to resist "instant gratification". Heuristics include conformity and inertia, a belief that there is a solution to every problem, and that someone will come to the rescue, typically the government or the family. The suggestion is thus "to start questioning things" and take responsibility for problems not previously considered "because your job, your family, your government has taken care of it" (financial educator, group meeting). Special attention is paid to the ability to control and plan economic and financial resources through budgeting. Borrowed from business practice, budgeting consists of establishing a credit and debit account with all expenses being meticulously documented on a daily basis. The research highlighted a tendency not only to overestimate the importance of resource management vis-a-vis resource availability but also to delegitimise consumption practices founded on forms of rationality not based on economic considerations:

> A few weeks ago, I did budgeting with a mother in the community who earns something like 300 euros a month, so there's no point in talking about home independence and so on, but she was

> spending a lot on sweets and croissants for the child. We made her think: why do you have to spend 137 euros a month on candy? (Financial educator, Dec. 2019).

However, non-economic forms of rationality emerge in the daily work of practitioners as obstacles that are not always easily overcome:

> It is true that there is also a problem related to deprivation, if I have to make my daughter live in a community which is not a place [i.e. not the best place to live] . . . I feel I have to fill the vacuum, and the only way for me to do that is to buy her all the sweets she wants.

In this case, the financial educator worked to direct this expenditure towards different and bigger goals, still focused on her daughter, such as taking the child to an amusement park, in order to show her that the money could be spent in other ways. In so doing, the intention was to teach her a different approach to action, one informed by the planning method. At the same time, this interview shows that educators can be forced to come to terms both with limited budgets and the social meaning of money. Incorporating planning logics is central to financial education, but it falls somewhat short of the programme's overall objectives.

6. Discussion and conclusions

Welfare systems, following both explicit and implicit forms of retrenchment in times of increasing social complexity, have become a crucial field of financialisation. Financial inclusion measures are a limited but significant part of this picture, at the intersection between everyday life and changes in welfare systems' institutional and regulatory structures. This article has analysed microcredit and financial education in the context of changing social policy paradigms on the basis of two case studies and, on one hand, focusing on the concrete ways in which these measures are implemented, the contradictions inherent in the financial inclusion of the most vulnerable and the strategies adopted by local actors to cope with them and, on the other, casting light on their cognitive and normative dimensions as regards individualisation.

As we have seen, individualisation is an ambiguous field as it has both emancipatory and restrictive implications regarding the autonomy of the recipients of social inclusion measures and of social policies more generally. The problems are particularly evident in responsibilisation dynamics. As regards financial inclusion, the cases analysed in this article highlight the contradictions that emerge at the intersection between the pressure for greater financial inclusion and the various constraints to which the most vulnerable are especially subject. However, microcredit's short time frame quickly brings local actors face to face with contradictions. Any failure to repay a debt (attributed in the interviews to socio-economic factors) risks exacerbating the social and financial vulnerability of beneficiaries and jeopardises the survival of the programme itself. The goals of financial education are different and much longer term. While financial educators do potentially face constraints in encouraging financial behaviours and logics, these constraints tend to be attributed to behavioural errors that need to be corrected over the long term. In this sense, financial literacy implies risk and social and financial need management models centred on individualisation and responsibilisation in particular.

Focusing on the cognitive substratum of these measures, this article fosters a greater understanding of the personal responsibilisation dynamics whereby protection against risks and critical events is configured as a lack of the financial skills needed by vulnerable individuals and families, without more general vulnerability factors and contexts being taken into account and addressed. In the cases examined, inclusion leverages a calculating and risk-managing individual acting with the rationality required by financial capitalism. Secondly, it deals with a desocialised and de-contextualised individual whose problems and weaknesses fall entirely within the sphere of personal responsibility. These dynamics are common to the two cases although they are more accentuated in financial education.

By exploring how microcredit and financial literacy work, the article sheds light on some of the individualisation mechanisms of inclusion policies specifically linked to financial logics, showing how these contribute to removing the multiple dimensions that influence financial (and social) exclusion from the scope of public action. This highlights the twofold bond between the measures analysed and depoliticisation processes. Financial inclusion is legitimised by two depoliticisation dynamics, while contributing to strengthening them: the societal dynamic, which transfers financial and social risk from the collective to the individual sphere and the discursive dynamic which places financial inclusion interventions in the (non-political) "realm of necessity" rather than the (political) realm of choice (Hay, 2007).

This analysis, therefore, shows that individualisation and the tendency of financial rationality to reduce protection against economic vulnerability to calculable and specific risks and responses - independent of contextual factors and reasons – intertwine to bolster the de-politicisation of the issue of social inclusion.

This essay seeks to make an original contribution to the field of sociology and social policies by addressing a significant but little-discussed policy area in Europe, through a broad and comprehensive analytical perspective that takes into account the nexus between social policies, financial logics, individualisation dynamics and de-politicisation. This perspective provides an insight into the relationship between the micro and meso financial inclusion levels and the macro level of the mechanisms underlying public action, as well as the concrete constraints encountered in the financialisation of welfare states. The article can thus improve our understanding of the implications of financial inclusion for diverse social groups and the resistance they may encounter. In policy strategy terms, the limits and constraints highlighted suggest a need to adopt integrated strategies capable of connecting the financial dimension of inclusion with a wider and more comprehensive social dimension, in order to take the complexity of inclusion needs and vulnerability factors into account. In summary, we thus need to design inclusion policies aimed at working on the interdependencies between problems and solutions.

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