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**THE FINANCIALIZATION OF EVERYDAY LIFE OR THE
DOMESTICATION OF FINANCE?**

**How mortgages engage with borrowers' temporal horizons, relationships and
rationality in Hungary**

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Scholars applying notions of governmentality and performativity to everyday finance and work on the financialization of daily life suggest that the daily encounter with financial products, credit rating systems and new political and media discourses promoting a financial entrepreneurial spirit lead to the penetration of financial logic into everyday realms that were once free of economic calculation. This article, drawing on interviews with Hungarian mortgage borrowers, looks at how exactly financial products shift everyday subjectivities, by focusing on three key terrains: relationships, time frames, and rationality. We argue that albeit mortgages do carry their own specific logics (certain time frames, rationalities and approaches to relationships are required by certain mortgages), these logics hardly ever succeed in shaping everyday subjectivities to their own image. Finance is 'domesticated': mortgages are appropriated to existing relationships, temporal structures and rationalities guiding everyday life. New subjectivities emerge and a novel financial logic is applied to everyday life mostly in cases when the take-for-granted course of events breaks down: when mortgages are denied, and people face payment difficulties and defaults. In these cases, previous routines of rationality are questioned, relationships are put to (a financial) test, and time frames are reevaluated according a financial logic.

Keywords

Borrowers; financialization; Hungary; mortgage; performativity; rationality

Introduction: The missing financialized subject

‘[F]inancialization...insinuates an orientation toward accounting and risk management into all domains of life’ - argues Randy Martin (2002, p.43) in his book *The Financialization of Daily Life*. The book forms part of the growing literature on the financialization¹ of everyday life suggesting that the proliferation of financial products (home mortgages, private health insurance, pensions, and stocks market shares) among non-professional users, alongside credit rating systems and new political and media discourses that prompt a financial entrepreneurial spirit lead to the penetration of financial logic into everyday realms that were once free of economic calculations (Martin, 2002, Aalbers, 2008, Davis, 2009, Montgomerie, 2009). The home is increasingly seen as a real estate investment, personal relationships get infused with monetary concerns and decisions are taken with an eye on their credit-rating implications. Martin goes as far as to argue that a substantively new relation between the self (and the intimate private world) and finance is being forged: finance presents itself as ‘a means of acquisition of the self’ (2002, p.3). This new orientation is probably the most evident in people’s relation to the family home. The home becomes an ‘object of speculation and credit... being fully rationalized for investment decisions’ (Martin, 2002, p.195), or to cite Aalbers on the same point, ‘the financialization of home forces more and more households to see acquiring a house not just as a home, as a place to live, but as an investment, as something to put equity into and take equity from’ (Aalbers, 2008, p.152).

The argument that financial calculation starts to penetrate the intimate sphere presupposes that the intimate had been free of financial calculation. Historical evidence, however, suggests otherwise. The Ancient *oikos*, as Martin himself notes,

denoted the household as the key site of economic activities in contrast to the public realm of politics. The domestic realm has remained the site of (mainly female) budgeting ever since (see e.g. Pahl, 1990), which, for the largest part of history, was closer to an investment activity. Durable goods - furniture, clothes and even kitchen utensils - could be sold in second-hand markets with little loss until the 19th century, and were considered simultaneously investments and consumption objects (Nenadic, 1994, Perrotta, 2004). It was only with the rise of mass production and fashion cycles that some of these objects started to be enjoyed for pleasure and social motives (McCracken, 1988). Yet this change did not apply to houses, which continued to serve as a means of investment subject to financial calculation.

Importantly, domestic financial calculations have always been intertwined with social relationships (see e.g. Zelizer, 1997, Miller, 1999) and a range of non-economic considerations. This is particularly true for the purchase of the home: apart from the obvious point that social status is often demonstrated by the financial value of the house, long-term financial considerations are embedded in concerns over the family's reputation over time, ideals of family life and familial relations (see e.g. Osella and Osella, 1999, Bourdieu, 2005, Munro and Smith, 2008, Ronald, 2008).

In this light, the argument that everyday life has been recently subject to financialization appears not as a new phenomenon but as no more than another chapter in the long history of moral concerns over the corrupting forces of the economy over culture, which has accompanied market economy from early Modernity (Slater, 1997). Yet instead of dismissing the point, it can be reformulated as a more fruitful question, which may enhance our understanding of the long-discussed topic of how economy and society are related², how this relation changes and how it varies across social groups and space.

The more fruitful question is how exactly financial products are incorporated into people's everyday life. Through what processes does this incorporation draw upon or rewrite existing socially and culturally bound subjectivities, and what, if anything, is new in all of this? These questions are rarely asked because most proponents of the argument do not base it on observations of everyday life, but only infer it from the analysis of the media, banks and policy-makers (Martin, 2002, Aalbers, 2008) or from quantitative data on consumers' investment decisions (Montgomerie, 2009).

Inferring changes in subjectivities from the uses of financial products without observing people's everyday experiences with them relies, in this literature, on the implicit assumption that financial products have their own logic—to use a formulation in Science and Technology Studies, their own *scripts* (Akrich, 1992, Latour, 2008). Financial products, together with the discourses promoting them, are thought to produce subjects who adopt these logics into their everyday life: a risky investment entails a risk-taking agent. As Fligstein and Goldstein note, '[f]rom this perspective, taking on greater debt, using house value appreciation to fund expenses such as education and current consumption, and frequent trading in the stock market all *reflect* a trend toward more active, entrepreneurial management of household finances.' (Fligstein and Goldstein, 2014, p. 2, our italics).

Paradoxically, we have a sophisticated description of the (institutional) *causes* that may lead to new forms of financialization of everyday life, without hardly any insight into whether and how this financialization is actually taking place. Briefly, explanations of why financial products and policy discourses encouraging individuals to take finances into their own hands proliferate name the retrenchment of the welfare state as main cause (Martin, 2002, Langley, 2008, Payne, 2012). Credit filled in the

gap between stagnating real wages and people's expectations of a rising living standard. Credit, in turn, was made possible by the deregulation of markets: the 'democratisation of finance' (Erturk *et al.*, 2007) seemingly solved the problem without having to address the underlying cause of the gap. In this 'privatized Keynesianism' (Crouch 2009)—economic stimulus financed by households—risk was thus individualized (Beck and Beck-Gernsheim, 2001). Unlike in traditional Keynesianism, households, not the state, assumed the risk of defaulting on the debt that financed consumption-led economic growth.

The *processes* through which these changes might affect everyday life and subjectivity have been addressed to some extent by scholars applying theories of governmentality and performativity to financial markets. The core argument of governmentality scholars is that neoliberal policy and its associated banking practices, discourses and instruments address people as rational and responsible subjects, who are expected to take control of their financial affairs and assume individual responsibility for their own welfare (Langley, 2008, 2009, Payne, 2012). Conforming to these expectations happens not by direct punishment but through (surveillance and accounting) techniques such as credit scoring, which prompt consumers to internalize these market instruments' guiding logic and to become self-governing. Financial logic enters everyday culture through the discourses, regulations, financial instruments and technological devices that compel people to conform at a *practical* level, by allowing (or even requiring) and disallowing certain actions and subjectivities.

Performativity scholars tell a related story (Callon, 1998, MacKenzie, 2006), suggesting that economic knowledge does not merely describe how the economy works, but it brings about the economic phenomena and behaviour it claims to

describe. Policy-makers and banks, by devising policies and financial instruments based on models of the *homo economicus* (the rational, profit-maximizing agent of economics), foster the emergence of subjects who behave according to the model. Subjects here do not automatically emerge from a product's script: as Social Studies of Finance have shown the performativity of models is closely tied to successfully moulding to users (see for example, MacKenzie and Millo's (2003) account on how traders started using the Black-Scholes formula). The making of *homo economicus* has largely been studied in 'high finance' settings; yet the theory can easily be applied to ordinary borrowers as well.

Arguably, performativity and governmentality scholars do not claim that discourses and corresponding devices have a deterministic effect on everyday life. Even Martin is cautious to note that he documents what finance *invites* people to do rather than what they *actually* do in their daily lives. Yet without the implicit understanding that the discourses and products with logics do influence everyday life significantly, these arguments would certainly be less forceful.

This missing link between economic discourse (and financial instruments) and everyday practice was already an important point in the debate between Daniel Miller (2002) and Michael Callon (2002). Miller argued that ordinary economic practices rarely conform to economic theory but follow instead mundane concerns, routines and relationships. Proponents of the governmentality and performativity increasingly acknowledge the missing link themselves (Langley, 2007, 2008, Fridman, 2010)³ yet surprisingly few studies have addressed the question specifically. The few exceptions suggest firstly, that despite the proliferation of financial reasoning and products, they hardly transform people (and the market) to their own image (Smith *et al.*, 2006). Instead, people 'inhabit multiple subject positions within a financial ecology in ways

that conform, diverge and subvert neoliberal versions of the responsible, financially self-disciplined individual' (Coppock, 2013, p.479). Secondly, as Deville's (2012, 2014) study on debt collection highlights, when shifts in everyday subjectivities do take place, it does not happen through the conscious adoption of a more rational (and risk-aware) outlook, but largely through embodied, partly emotional, partly rational processes through which anxiety over debt is experienced and acted upon. Similarly, others (Araujo *et al.*, 2010, Vargha, 2011, Deville, 2014, McFall, 2014) have questioned the dichotomy of cold calculation and warm consumer world, showing that relationship and affect have become strategies of financial firms to generate (re)-attachment.

Our study contributes to this emerging literature by exploring how exactly, if at all, the financialization of everyday life takes place in different contexts, by looking at how mortgages shift everyday practices and subjectivities in Hungary. We suggest on the one hand that mortgages do carry certain scripts, which, together with new discourses, gear people's subjectivities into new directions, affecting their relationships, time horizons and calculative frames. On the other hand, we hypothesize that these scripts and discourses are re-articulated through everyday concerns that carry their own logics—sometimes deeply ambiguous and inherently contradicting visions of a good life and of relationships, as conceptualized by Berlant and Warner (1998). We will therefore argue that there is not a one-directional transformation by financial logics of non-financial relations. Rather, we find an interplay between the financial product and the world into which it enters. We interpret this as a process of domestication, whereby the financial object reorganizes certain relations of the domestic world, but it becomes entangled in that world. Further, by focusing on post-socialist Hungary as opposed to much US and UK

literature, the study highlights how the lived experiences of the mortgage are bound to particular social, historical and economic contexts.

The article is based on the analysis of 38 semi-structured interviews with Hungarian mortgage borrowers. Borrowers were recruited using a snowball method, via debt-advisory charities, and adverts. We used a sampling quota to include people with different mortgage profiles, based on the type of mortgage (state-subsidized and market-rate mortgages), income levels (lower, middle and upper), and location (Budapest and countryside). The interviews were carried out as part of our ongoing research that traces the making of the Hungarian mortgage market between 1996 and 2014, using discourse analysis of policy documents, as well as interviews with policy-makers, regulators and borrowers. Interview codes are used throughout to protect anonymity.

Home mortgages in Hungary

The financialization of daily life literature, discussed in the previous section, suggests that the proliferation of financial products, associated financial devices (such as credit-scoring) and discourses promote new - more calculative, entrepreneurial, and risk-taking - subjectivities and, thus, the entry of financial logic into everyday life. We delve into the possible mechanics and limitations of this argument by introducing a setting different from the Anglo-Saxon markets, the reference points for critiques.

In this section we discuss the scripts and discourses associated with two mortgage products that dominated the Hungarian market: lower risk, state-subsidised fixed-rate mortgages between 2000 and 2003, and riskier, foreign-currency-denominated (Forex) mortgages between 2004 and 2009. In the next section, we look

at the extent to which the scripts described here brought about the subjectivities required by them.

We must note two main differences between the Hungarian (and Eastern European) and Anglo-Saxon mortgage markets. The first is that mortgages in Hungary were not securitized. The second is the lack of centralized credit scoring (Rona-Tas and Guseva, 2013), as a consequence of which the risk/return-based subjectivities around publicly available consumer credit scores, and scoring's disciplinary effects on consumers (Aalbers, 2008, Langley, 2009), which are frequently cited effects of financialization, did not materialize.⁴

Until the early 2000s banks in Hungary hardly offered home mortgages because the land registry was unreliable, foreclosure regulation was patchy (which made non-performing loans impossible to prosecute) and the high rate of inflation (35% in 1991 and still above 15% in 1998), which meant that mortgages could only have been offered at unaffordable interest rates (Bethlendi, 2009).

The first type of mortgage that became widespread was state-subsidized with fixed low interest rates, available between 2000 and 2003 as part of the right-wing government's efforts to launch the market. Market-based mortgage rates soared at 22-28% while eligible families could borrow at around 6% fixed rate for 20 years. Eligibility was at first strict, sometimes requiring commitment to bear children within a time frame (Farkas *et al.*, 2004, Hegedűs and Somogyi, 2004, Bethlendi, 2009). This was broadened and borrowing multiplied nine-fold to 1,130 billion Hungarian Forints (\$5 billion) (Hegedűs and Somogyi, 2004). Risks related to these mortgages were assumed by the Hungarian state, and borrowers could relate to the new financial construct as another opportunity offered by the welfare state. Mainly middle and

upper-class Hungarians benefited, who were better-informed, and who could produce the substantial down payment or the income for using tax credit.

The policy discourse that accompanied this first programme did not propagate much conscious risk-taking or calculative ability on the part of borrowers. Similarly to the eligibility criteria, government communication stressed the state's duty to meet people's desires of a home and a family. Addressing Hungarians as families, it emphasized their own duties as couples destined to become parents (Parliament of Hungary, 1996-2014).

The subsidies eventually burdened the state budget and were phased out in 2003. This was when second type of mortgage appeared: foreign currency-denominated, market-based mortgage (Forex). As the typical interest rate of Hungarian Forint mortgages was 16% and remained high, the mortgages issued in Swiss Francs and Euros at 6-8% interest rates, but repayable in Forints at actual rates, soon dominated the Hungarian market.⁵ These market-priced, variable-rate mortgages were riskier for borrowers while flaunting low rates comparable to the previous subsidized products. Banks could unilaterally change the contract terms and all risks—stemming from shifts in future interest and exchange rates—were transferred onto the borrowers (Schepp and Pitz, 2012).

Thus, Forex-mortgages were substantively different from any other financial product Hungarians encountered before. Their scripts required people who had a high awareness of financial risk and a propensity to take it. Regulatory agencies took this highly aware, calculative subject for granted, and sought to help his or her decisions with information and comparison websites, and by obliging banks to provide detailed information to clients. By law, terms of contract, including risks, were read out loud to borrowers by notaries. Ads of the time, similar to those analysed by Martin (2002),

presented mortgage finance as an easy subject. They either depicted consumers who use their common sense to make mortgage decisions, or suggested that mortgages are so straightforward that no knowledge of financial reasoning is needed (Saffer, 2014).

The risky side of these mortgages became evident in 2008, when the global recession struck home and the Hungarian Forint was massively devalued against a rising Swiss Franc. The debt burden of Forex-mortgages increased well beyond US or UK crisis rates: average monthly payments grew by 75% in 2013 (Schepp and Pitz, 2012, Bohle, 2013). By end 2013, 44% of Forex-mortgage borrowers were in arrears, compared to 11% of the state-subsidized mortgages (authors' calculations from Hungarian National Bank data 2013). Unsurprisingly, 40% of people experiencing payment difficulties were in the lowest income bracket (Holló, 2007, Tóth and Medgyesi, 2010).

The financialization of everyday life reconsidered

How would theories of financialization predict the lived experience of credit? Getting a mortgage *per se* would mean a general shift towards a more calculative view of daily life, the home, and relationships. Moreover, for performativity-related approaches, the nature of these shifts would emanate from the properties of the mortgage and its accompanying discourses. Thus, we would expect variation: the state-subsidized and the market-rate Forex mortgage would generate different subject positions and experiences of credit (and default). We would not expect strong financialization with fixed-rate state subsidized mortgage borrowers, who were addressed by policy discourses as family members and citizens, who are neither able nor expected to master the art of finance and risk in their daily endeavours. In

contrast, we would expect stronger financialization for Forex mortgage borrowers. Is this the case?

To develop an answer, in this section we identify some of the key processes through which mortgages may shift subjectivities and transform everyday life. The discussion is structured along three themes that emerged from the existing literature and our interviews: relationships, time horizons and rationality. We aim to map the diverse, often contradictory ways in which indebtedness shifts how people lead their lives. Some of these will pertain to both mortgage types, others to one or the other.

It is important to make a conceptual distinction here between two ways in which mortgages may impact everyday life. First, they may change the main logic of a specific practice. For instance, if a house used to be evaluated based on emotional aspects and now it is regarded as an investment; or if creditworthiness becomes an aspect one considers when choosing a partner, we consider it a change in the *logic* of these actions - the penetration of a specifically financial logic into the practices of choosing a home and a partner, respectively.

Second, mortgages may pose new conditions that people respond to following existing logics of particular practices. For example, a person who chose her house based on emotional rather than calculative grounds (that she 'liked it' rather than because it seemed to be 'a good investment'), may feel an intense sense of loss when her beloved house is repossessed and she is forced to buy another one that she 'does not like'. Yet as long as in her next purchase she still sticks to the same logic that the house is something 'to be liked' rather than something to be 'profited from', we do not consider it a shift in the practice's logic. We will only consider those cases as instances of the financialization of everyday life that fall into the first category: which

do not simply prompt new actions along existing logics, but shift the very logic of these practices in a way required by the scripts of financial products.

We show that these shifts remain grounded in the existing structures of everyday experience, yet prompt people to adjust the everyday and evaluate it against a more explicit relational, temporal and rational structure discernible to them from the mortgage.

Banking on relationships

According to our interviews, mortgages were intertwined with relationships in everyday practices (see also Zelizer, 1997), and this limited the process of financialization. They had a re-organizing force as they were not simply added onto existing concerns of everyday life but gave them new shape, adjusting previously implicit ideas about a normal and good life. Calculation and planning that mortgages demanded did not pass over existing relationships, which would be recast in terms of an investor subjectivity of risk/reward. Rather, entering into the mortgage relationship inadvertently forced parties to qualify their relationships, but not on purely on financial calculative terms. Based on the extent to which mortgages were appropriated to existing relationships, we can distinguish three types of processes.

First, in most cases, mortgages did not ‘financialize’ people’s relationships by introducing their own logic into them. Rather, existing relationships *domesticated* finance, by embedding it into the concerns of everyday life. This category is best illustrated by mortgages that were taken out in order to meet the demands of a new life stage and relationships that it implied: people bought flats when they got married, planned to have kids, divorced, or simply felt that they should start their adult life.

Many debtors cited their age as justification for taking a mortgage: ‘I was 30 and I had not accomplished anything yet’ (FVZS2). To be sure, the appropriate flat size for a ‘normal’ family, or the ‘right’ age for starting an adult life, may have been influenced by marketing and policy discourse, which presented ownership of a certain property as necessary ingredient for a normal life in a given life-stage. Government programmes were specific: Hungarian Prime Minister Viktor Orbán’s infamous dictum in his 2000 annual address to the nation, outlined the ideal Hungarian household, consisting of ‘3 children, 3 rooms and 4 wheels’. Eventually, this material normalcy was reinforced by our interviewees’ own circle of friends among whom mortgages became omnipresent.

Second, in some cases mortgages did *alter* existing relationships by introducing new considerations into them, while retaining the logic of the original relationship. Calculation did not enter the relationship in any novel way. Rather, the mortgage pushed people to reflect on what exactly they wanted from their relationship. Conditions for subsidized mortgages (available between 2000 and 2003) required people to have children or evidence childbearing plans. This forced couples to discuss whether they wanted children together, how many and when—a ‘planification’ of their life. In these discussions, financial planning and family planning got intertwined, creating, in some cases, guilt over measuring the monetary value of unborn children.⁶

In our interviewees’ experience getting a mortgage together required a certain commitment, which some experienced as stronger than marriage—even those who got the market-based mortgages which had no conditions on marriage or children. An interviewee recalls the start of their mortgage story:

Well, we used to make fun of the fact that we received the mortgage a week before our wedding, and I said that this would keep us together tighter [than the marriage], because *the co-debtor bond is stronger than a marriage* because 25 years are guaranteed in it.

(FPRK6, our italics)

Indeed, as one participant who had divorced, yet still shared the debt with his wife lamented: the marriage was much easier to terminate than the shared mortgage.

Third, in few cases, mortgages did directly transform relationships. This happened when getting a mortgage put on the table some uneasy financial topics: for instance, who will be entitled to the house in case of divorce. It sometimes led to prenuptial contracts, in families that had never considered such measures before. Discussing finances escalated the tensions in couples' relationships, sometimes leading to divorce:

If that paper [the pre-nup contract] hadn't needed to be signed, it [the conflict] would never have come out. It wouldn't have spiralled out of control. But in retrospect, I say that maybe it's even better this way, because this way it occurred to me, I even asked him, whether we only got together because I was a pretty, twenty-something girl with a flat and a car? And he arrived with two plastic bags on his own.

FVN6)

Mortgages also had the capacity to change household gender relations, by way of their scripts on legitimate work. In many households the new emphasis on stable, documented income required for a mortgage led to a shift in power. Men, often working as self-employed or on a commission basis, could not qualify for mortgages,

whereas women, receiving a much lower, yet stable childcare benefit or a fixed income from a lowly paid menial job, could. In most Hungarian families larger financial decisions are taken mainly by men (Nagy, 1999), yet this shift meant that women needed to be involved as well: often as main debtors. This was beneficial for the women if the family did not default in the end.

Thus, mortgage borrowers were compelled to consider the consequences of fluctuating, often entrepreneurial, income for their household's welfare. A self-employed entrepreneur running a professional service firm explained that as they had no fixed salary, he went to great lengths to ensure that payments from clients arrived in time for the monthly mortgage payment—to make irregular income regular at least in terms of time if not volume. During the crisis, they became painfully aware of volatile income when after the monthly payment, 'all we [the family] had left was let's say 2,500 Forints [\$100—authors' note] for the rest of the month.' (FVZS3).

As expected, mortgages had the deepest impact on family life in cases of payment arrears, default and repossession, when anxieties and experience of loss destroyed relationships. Still, as foreclosure meant moving to a smaller flat—often the final step towards dissolving the relationship—it also enabled some to take long-anticipated steps: leaving alcoholic partners and forcing teenage children out of the 'mama hotel' and into independent lives.

In these cases - pre-nup contracts disturbing relationship, anxieties over foreclose leading to the dissolution of the family, or shifting power balance due to mortgage contracts - mortgages altered relationships, by superimposing their own requirements over people's existing relationships. Yet it is important to notice that what appears to be a penetration of a financial logic into relationships is never experienced as such: people make sense of the changes through notions of trust and

distrust in each other, loyalty, or their relationship being put to a test (and failing). In this sense it is not so much the case that a financial, calculative, logic overwrites existing logics of a relationship (in the sense for instance, that people would look for more financially viable partners in the future); rather the mortgage creates situations in which people's existing relationships break down. (See our distinction between changes in the logic of a practice and changes in action along existing logics due to new conditions above.)

Credit temporalities

Institutions' defining feature is the set of temporal frames they allow, offer or prescribe. Whether it is a country's constitution, a love affair, or a credit contract, they come to define certain basic temporal structures such as sequences, durations, temporal locations, recurrences, or schedules (Zerubavel, 1981) and more complex ones as histories or futures. When people interact with a financial tool, such as missing a monthly payment to the bank or making the annual family budget, they are confronted with its claim of temporal logic over their lives.

Mortgages contained a number of crucial references to basic temporal norms and structures. Recalling their encounter with mortgage timetables, interviewees often expressed their bewilderment. With end dates such as 2035, they said it resembled the title of a science fiction novel, or that it presented their own active lifetime as an item in a school timetable. The subsidized and the market-based mortgage imposed similar time frames simply because their length was alien to people's planning. Many interviewees started to reflect - often for the first time in their life - on crucial questions: whether they wanted to stay with their current partner for decades, how

long one can expect to work, how long the grandparents from whom they might inherit will live, and how much time they will have left from their own life when the mortgage is finally paid off.

Mortgages often appear in these narratives as fellow travellers for whom debtors are responsible: ‘as if one had a child’, or as ‘a shadow’ that follows the debtor. The end of the mortgage marks the period when a new, carefree life starts; however, that may well be when borrowers are already old. A debtor (FVN9) with a nearly defaulted Swiss Franc-mortgage captured with remarkable insight the ambivalence of mortgage in one’s life course: ‘one can only hope that old age comes soon’.

According to debtors’ recollections, the duration of their mortgage was adjusted to their budget: if they needed a bigger mortgage, or a lower monthly payment, the bank offered them extended duration. Most people did not seem to be aware that this also meant an increase in their overall debt. Instead, they experienced it as a negotiation between time, money and desires: in order to realize a bigger dream (house), the debt-servicing time had to be extended at the expense of the carefree lifetime.

Importantly, this new planning horizon gradually faded away, as the routine of payment set in. As a debtor with a 10.5-year, relatively small-sized mortgage explains:

Well, of course, when you see these numbers on the paper, it is shocking, and I thought that 10 years would last forever. But then somehow you pay less and less attention to it. In the first one or two years you follow where you are with your mortgage, but then you pay less attention to it.

This means that mortgages have the capacity to make debtors more time-conscious than customary, at least temporarily. However, it does not imply that they unilaterally force their own temporal structures, only those aspects of it that are somehow compatible with borrowers own understanding of time. This is well demonstrated by the fact that aspects of financial time and calculation, which were incompatible with their everyday reasoning, were mostly not present. For example, even the inter-relationship between the size of the monthly payment, the length of the contract and the overall amount payable to the bank was far less obvious to many.

Performativity and financialization theories indicate that within this general frame, risky mortgages would make debtors more time and risk-aware than fixed interest rate products. Indeed, some interviews reflect such awareness. One interviewee (FVN18) had mastered the intricacies of the financial and regulatory aspects of Swiss Franc-denominated mortgages to a remarkable extent. He checked the Forint-Franc rate virtually real-time, and took efforts to optimize the monthly cycle of his mortgage accounting at the bank. But the bulk of debtor experiences show little or no awareness of the basic temporal features of variable-rate mortgages such as when the interest rates are scheduled to change, let alone the fluctuation of exchange rates. Confirming Schepp and Pitz (2012, p.13), ‘the only orientation point at the decision to take the mortgage (was) size of the regular (usually monthly) instalment, which logic contained an implicit *assumption that the size of the instalment would not change*’ (our italics). This experience goes against the script of the variable-rate Swiss Franc-denominated mortgages, shared by bankers and policymakers, which envisions users who concentrate upon change, alternatives, and open-endedness, as a consequence of having low interest rates but higher risk.

The Forex-mortgage's script did not become effective due in large part to an intervention: the way financial reasoning was structured by banks' and agents' presentation of mortgage alternatives. The presentations focused on simplified tables that compared different currencies, yet only based on the first year's monthly payments.

[FIGURE 1 about here]

These tables were developed so that people can *understand* their options. That is, they were adjusted to the existing world of 'qualculations' (see below Cochoy 2008). Simultaneously, they formatted a perception of time in which future seemed identical to present. Risks from fluctuating currency and interest rates or personal circumstances were not visible, which allowed for decisions of an uncertain future to appear as decisions of a certain present. The temporal script, in other words, of these products got lost in the translation work carried out by bank employees, sales agents and friends (see next section). This translation prevented borrowers from realizing that they might need an approach to time and risk other than their usual one.

(Re)fashioning calculative subjects

As the previous section suggests, the temporal frames people operate on specific mortgage forms can rarely be deduced from some abstract logic of the financial instrument itself. This observation extends in fact to the broader rationalizing effect finance has on everyday subjectivity. This is largely because the everyday already operates with its own 'rationalities'.

We observe that the financial-rational mortgage scripts become juxtaposed with ‘everyday rationality’. By the latter we mean the multiple modes of rationalities that (partly) guide everyday actions and which are very different from ‘economic rationality’, the utility-maximizing purely calculative rationality assumed in economics.⁷ Some forms of ‘everyday rationality’ are embedded in routine, even non-reflected actions; others involve calculations and people providing instrumental reasoning for their actions. Many everyday calculations by consumers are better characterized by the term ‘qualculation’ (Cochoy, 2008). Activities involving arithmetic and finance such as grocery shopping, are not ‘mere calculation (price-based computing)’ but qualculation (i.e., quality-based rational judgements) that imbricates the moral and social world of the calculators (Cochoy 2008, p. 17, see also Callon and Law 2005). Far from free-floating human cognitive activity, qualculation is enabled and set up by market devices such as the shopping cart, which take part in consumers’ daily lives and everyday rationality. Mortgage enters this calculative practice with the built-in ‘economic rationality’ of the risk-return aware profit-maximizing borrower. It is the collision of its financial logic and the practices of ‘everyday rationality’ that we document.⁸

Our interviews suggest that the complexity of even the simplest mortgage and its high impact on people’s finances does not prompt consumers to approach it with a calculative mindset, let alone with that of the non-everyday, economic-rational, utility-maximizing agent. Most interviewees hardly engaged in financial calculation when getting their mortgage, made minimal effort to compare offers, and the idea that their houses might gain or lose value did not feature in their calculation at all. Many of them were unable to tell us even the most basic parameters of their mortgages, including the overall amount or the interest rate. One reason was separating spheres:

some interviewees who had a complex budgeting system for their daily expenses considered mortgages as a substantively different field to which this everyday rationality should not be applied.

On closer inspection, elements of everyday rational calculation are not entirely missing from these choices, yet they remain implicit, because they rely on collective, taken-for-granted wisdom about the market, which operates at a habitual level. Recurring (and globally resonant) themes were that houses are stable investments as house prices can only go up, and buying a house is by definition a better deal than renting. In contrast, economically rational calculations would show renting (especially larger flats) in Hungary as financially the better option. These market-wisdoms do not draw on financial calculations but on the popular reasoning that ‘if you buy, you pay the same as rent but at the end the house is yours’; and on the notion of the house as a long-term family home, a form of accumulating prestige and providing security. In Hungary the home has also been the chief form of inter-generational wealth transfer, yet interviewees discussed inheritance at length without any investment considerations (for instance, whether house prices remain stable).

Even those interviewees who prided themselves in choosing their mortgages after rational calculation, effectively applied an everyday logic that may have been rational in other fields, yet irrational or too simplistic when applied to mortgages. They shopped around for mortgages as they did for apples and cars: without taking into consideration actual risks and complexity. They were aware that currency rates fluctuate—before holidays, they waited for the right time to exchange their Forints—but in a ‘shopping’ situation, they did not assess exchange-rate risks posed by long-term mortgages.

Applying everyday rationality to mortgages—instead of a different, complex, hyper-rational financial logic—was reinforced by the presentation format of alternatives used by banks, mortgage agents, and people themselves (see temporality above). The market mediators who effectively interacted with consumers performed product demonstrations to ‘show how it works’. These calculations aimed to forge a match between the available financial products and people’s needs, which the mediators helped articulate in concrete technical-financial terms (see also Vargha, 2011).

[FIGURE 2 about here]

As Figure 2 shows, these formats included only a few carefully selected parameters, notably the sizeable difference between Swiss Franc (CHF)-denominated and Hungarian Forint (HUF)-denominated mortgage monthly instalments. For a 10 million Forint loan, the 12% interest rate of a Forint mortgage is cast against that of the Franc mortgage’s 5%; monthly payments of 110,109 Forints against 65,996 Forints (Forex-mortgages were also repayable in Forints). Figure 3a is a typical graph that accompanied discussions of exchange rate risk, to demonstrate the stability of the CHF-HUF rate, depicting little movement between 2002-2008. This table was reconstructed by a borrower-blogger and contrasted with a graph (Figure 3b) that would have illustrated Franc volatility historically.

These formatted calculations were supposed to reveal the ‘real’ nature of the financial dilemmas to clients, against the uncontrollable flow of financial information.

[FIGURE 3a and 3b about here]

These ‘real’ features may well have been accurate, but their specific selective format encouraged the application of everyday rationality, familiarizing the mortgage but side-lining other forms of rational approach.

The translation work—of making complex financial logics intelligible for everyday rationality—was also done by family members, friends and acquaintances, with whom mortgages increasingly became a topic of ordinary discussion. Networks were key: mothers told us they learnt about available products and debt-advisory agencies at the playground. Most interviewees took the advice of a friend or family member when choosing a mortgage. These mediating relationships were partly structured by financial expertise: people took advice from relations who worked in a bank, or turned to a mortgage agent to whom they could talk *like* a friend (note that financial selling is built precisely on a strategy of friendly relations). This allowed people to discuss mortgages in the frame that made sense to them: as a means of acquiring a home and a new life, rather than as a cold investment tool with intractable technical attributes. On the other hand, existing hierarchies, respect and trust often defined whose word counted in mortgage decisions, irrespective of financial expertise. ‘Daddy did the math’, explained an interviewee (FVZS1) who holds a higher financial degree than her father.

These findings have a paradoxical implication for our theoretical question: albeit rationalities were formatted by the mortgage presentation devices (which seemingly confirm the financialization thesis), these devices had in fact been adjusted to everyday rationalities, which meant that the mortgages’ scripts failed to realize.

In fact, the everyday calculative logics that guided borrowing were only substantially disturbed and explicitly reflected upon when participants encountered

difficulties repaying their debt. Having the house appraised by a surveyor and later re-appraised, was the first time most participants encountered the possibility that houses can lose value, and that it may be a (bad) investment. Similarly, the radical increase of monthly installments was the first occasion when many people calculated how much they will have to pay in total and how that relates to the value of their home. Most were shocked, not mainly because of the *increase* due to variable rates, but because they realized that *interest* means they will pay much more than the actual worth of their house. Many of these borrowers now, retrospectively, understood their loans in financial terms, as ‘high risk’.

Did the market-rate (mostly Forex, sold in 2004-2009) mortgages produce more financially rational subjects than the state-subsidized ones (offered in 2000-2003), as a financialization thesis would predict? Three main results emerged. First, we see more financially aware and highly calculative interviewees among the market-based borrowers. This would support financialization: products requiring rational risk-taking subjects indeed generated them. Yet this is a misleading correlation. It was not the market-based mortgage itself but the experience of *default* that led to new, ‘financialized’ calculations, as described in the previous paragraph; and the seeming correlation is explained by the fact that market-based (almost always Forex) mortgages were more likely to default.

Second, when looking not at how people regard their mortgages now, post-crisis, but at how they reasoned when taking them out, the reverse relationship is observable: state-subsidized mortgage borrowers often appear more financially savvy and calculative—confounding the financialization hypothesis. Many interviewees recalled using the low-rate mortgages explicitly for real-estate investment, and studying attentively the terms and conditions of different banks with an eye to

maximize subsidies. This calculativity partly stems from the routines and habits of socialist times: the ability to profit often depended on finding the loopholes in the socialist system and appropriating state property for personal use (Hammer and Dessewffy, 1997). Spotting profit opportunities in a novel form of state subsidy was therefore familiar terrain for many, and it was often the parents of our interviewees who initiated, selected and financed these mortgages.

In contrast, market-based mortgage borrowers were caught up in the project of Westernization, not financialization. They often mention banks, and the Forex-mortgage in particular, with awe and respect. One participant had been proud to have a Swiss Franc rather than a Forint mortgage, as it was 'more elegant'. Another saw her mortgage as something the bank 'awarded' to her for her reliability. Many interviewees had had great trust in particularly the foreign (i.e. most) banks, which they saw not only as experts but also as champions of fairness and honesty. It did not occur to them to apply even their everyday financial scrutiny to the mortgage contract.

Socio-economic inequality may further contribute to this reversed pattern of calculativity. Whereas state-subsidized mortgages, due to their strict eligibility criteria, were taken out overwhelmingly by the upper and middle class, market-based mortgages, especially after 2007, were taken by people of lower income and education (Bethlendi, 2009).

Third, the most pertinent differences in rational calculation were not between people with state-subsidized or market-based mortgages, but between people with different family traditions and personal history of budgeting. After selecting and signing (see above), people did not handle their mortgage as an isolated product with its own intrinsic logic, but incorporated it into their budgeting practices, learned from parents and their own experiences with previous mortgages. People might hold

several loans and mortgages over their lifetime, and their ‘calculative’ logic develops through these borrowing experiences and the personal life events in which these loans were embedded. Having successfully managed a state-subsidized mortgage, or drawing on experiences with low-rate, stable mortgages during socialism, many of our participants gained confidence to take a Forex-mortgage; which, however, worked according to a completely different logic. Thus, however strong the script of a particular device, the ‘calculative’ logic people apply at any point of their life, is never just a product of their encounter with it, but also of their layered experience.

Conclusion

The aim of this article was to understand how exactly financial products might shift everyday life and subjectivities. This agenda was motivated by exploring the missing link implied, but not empirically studied by theorists of financialization, governmentality, and performativity between the logics or scripts carried by financial products, devices, discourse and their impact on everyday life.

We suggested that mortgages do carry their own specific logics: certain approaches to relationships, time frames, and rationalities and are required by certain mortgages. These logics, however, hardly ever succeed in shaping everyday subjectivity to their own image (for a related point see Introna, 2009, Pellandini-Simányi, 2014). Rather, in most cases, mortgages are ‘domesticated’: appropriated to existing relationships, temporal structures and rationalities that guide everyday life. Lehtonen shows this process for electronics, while we observe it for less tangible financial technology: in order to be ‘living with’ a new technology, it ‘needs to be fitted into pre-existing technological and human relationships...a technology that has

become an integral part of everyday life slowly becomes less and less present' (Lehtonen, 2003, p.36). Indeed, one of the important processes in the domestication of mortgages was that their scripts were rearticulated by a number of people (friends, bank employees— Lehtonen's 'warm specialists') and presentation formats such as comparison tables. These translated them into familiar, existing interpretative frames where the mortgage seemed no longer wild, alien, and uncontrollable. Frequently, this translation was not even needed as mortgages remained in the background of decisions in which they were embedded and which were more crucial for people: having a baby or managing a divorce. Their main effect there was to push people to reflect on aspects of their life: relationships, future, and the good life, and concerns emanating primarily from these domains, rather than from the mortgage's financial logic.

Mortgages stepped out of the background of everyday life when the normal, routine, taken-for-granted course of events broke down: after denied applications, during payment difficulties, and around defaults. Then the script of the financial product came to dominate concerns of everyday life, literally upending it in repossession (foreclosure). In these moments relationships were put to (a financial) test, time frames were reevaluated, and previous routines of rationality were questioned, often from the viewpoint of the risk-return logic of the mortgage.

In terms of the Miller-Callon debate, we found that empirically, these mortgages did not perform *homo economicus* agents (or collective socio-technical agencies) in any meaningful way (Callon 2002); yet neither were calculations consistently overwritten by culture and non-economic meanings (Miller 2002). Instead, domestication meant the intermeshing of the financial-rational with already existing qualculations (Cochoy) and everyday rationalities.

Our key point, then, is that the way a mortgage shifts people's everyday subjectivity cannot be deduced from the features of the mortgage itself as a specific market device (echoing performativity) or from programmatic discourse around consumer finance (resonating with governmentality and financialization). Rather, any shift comes from the mortgage's interaction with existing everyday subjectivities, and whether people are dealing with their mortgages in 'settled' or 'unsettled' times, to use Swidler's (1986) terms. We did not explore how these existing subjectivities are structured; however, the literature on the connection between class and investment decisions, foreclosure and credit (Bourdieu, 2005, Aalbers, 2011, Whelan *et al.*, 2013) suggests that they are likely to be linked to different social backgrounds. This opens an important avenue for future research asking whether and how the performative effects of financial products, discourses and devices play out differently for social groups based on class, gender and ethnicity.

Notes

¹ For a discussion of the different uses of financialization see French et al. (2011).

² For a useful introduction to these debates see (Holton, 1992, Slater, 1997, Zelizer, 2005).

³ 'Individuals cannot identify with *the subject position of the investor to which they are summoned in an unambiguous manner: investment as a technology for the calculating and embracing of financial-market risk/reward* fails to bring order to future uncertainty and instead leads to heightened anxiety; and the performance of investment stands in tension with the practices of work and consumption that also appear as essential to securing, advancing, and expressing individual freedom in neo-liberal society.' (Langley 2007, p.70, our italics)

⁴ Banks each developed their private internal scoring systems, not public to consumers.

⁵ Between 2003 and 2010 the total value of mortgages rose from 1.5 billion to 4.4 billion Hungarian Forints, due almost exclusively to Forex mortgages. From few thousand in 2000, by 2011 15.2% of households held a mortgage, with roughly 300 thousand families holding Forex mortgages and the same number holding Forint mortgages in a population of under 10 million (KSH, 2011, 2014).

⁶ See also Zelizer (1985).

⁷ Even Weber's instrumental rationality falls into this group; see also Garfinkel's 'rationalities' (Garfinkel, 1967), and anthropologists' references to everyday arithmetic (Lave, 1988)

⁸ Note that our focus is not on analysing mortgage meetings as calculative spaces and sites of qualculation (for similar see Vargha (2011)). Rather, we look at how the mortgage takes on a life beyond that site, in other, everyday calculative spaces.

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FIGURE 1. Comparison sheet for ‘interest only’ and ‘0% administrative fee’ mortgage (Source: http://hiteltortenet.blog.hu/2012/05/25/a_hitel_maga)



HITEL CENTRUM

INDIKATÍV HITELKONSTRUKCIÓ

• Hiteltanácsadó neve: _____

Mobil száma: _____

E-mail: _____ Zdh.hu

Dátum: _____

Javasolt Pénzintézet	_____	_____
Javasolt Hitelkonstrukció	CHF piaci lakáshitel, „Csak kamat”	CHF piaci lakáshitel, 0% kezelési költség
Paraméterek		
Ingtalan értéke	12 750 000,-	12 750 000,-
Maximális finanszírozási arány	HB érték 105%-a	HB érték 105%-a
Igényelt kölcsön összege	12 000 000,-	12 000 000,- Ft
A kölcsön futamideje	20 év	20 év
A kölcsön devizaneme	CHF	CHF
A kölcsön éves kamata	4,99% (6,89%)	6,59%
A kölcsön éves kezelési költsége	0%	0%
A kölcsön várható törlesztő részlete	82.353,- Ft (95.720,- Ft)	90.125,- Ft
THM	7,60 %	7,01 %
Előre fizetendő díjak		
Értékbecslési díj	Akción, jelenleg 0,- Ft	Akción, jelenleg 0,- Ft
Közjegyzői díj (kb.)	a hitelösszeg 0,5-1%-a	a hitelösszeg 0,5-1%-a
Földhivatali bejegyzési díj	12.000,- Ft / ingatlan	12.000,- Ft / ingatlan
LTP szerződéskötési díj	-	-
Folyósítási díj	Akción, jelenleg 0,- Ft	hitelösszeg 1,5%-a maximum 900,- CHF
Összesen (kb.)	125.000,- Ft	260.000,- Ft
Egyéb járulékos költség		
Vagyonbiztosítás	kötendő	kötendő
Eletbiztosítás	-	-
Vég törlesztési díj	Az első 3 évben: 4% (minimum 300,- CHF, maximum 1500,- CHF) 3 év után: 2% (minimum 50.000,- Ft, maximum 250.000,- Ft)	2% (minimum 50.000,- Ft, maximum 250.000,- Ft)
Előtörlesztési díj	Az első 3 évben: 4% (minimum 300,- CHF, maximum 1500,- CHF) 3 év után: 1,5% (minimum 30.000,- Ft, maximum 150.000,- Ft)	1,5% (minimum 30.000,- Ft, maximum 150.000,- Ft)

Megjegyzés:
Az _____ CSAK KAMAT terméke esetén jelenleg futó akció keretében a zárójelben felüntetett törlesztő részlet a 7. hótól fizetendő és nem kell kifizetni az értékbecslési díjat, amennyiben vállalja a munkabér bankhoz történő utalását és 2 db csoportos beszedési megbízás megadását.

Az _____ 0%-OS KEZELÉSI KÖLTSÉG terméke esetén jelenleg futó akció keretében nem kell kifizetni az értékbecslési díjat, valamint a folyósítási jutalék 50%-át (maximum 300,- CHF) a bank visszatéríti amennyiben vállalja a munkabér bankhoz történő utalását és 2 db csoportos beszedési megbízás megadását.

A _____ Hitel Centrum szolgáltatása ügyfeleink számára ingyenes!

*Jelen indikatív hitelkonstrukció _____ használt adatai tájékoztató jellegűek és az ebben foglaltak nem minősülnek ajánlatnak. Jelen adatai a partnerbankjaink által a mindenkori változtatási jogokat fenntartásával rendelkezésre bocsátott információk alapján, ezért a hitelkonstrukción foglalt adatai változtatásának gárálya felelősséget vállalni nem tudunk. A fenti indikatív hitelkonstrukció _____ használt adatai pontosságával és teljesíthetőségével kapcsolatban amennyiben felkérjük, nem vállalunk. A fenti indikatív hitelkonstrukció _____ használt adatai információk önmagukban nem felelnek meg a jogszabályok az egyes bankok közötti változásokhoz. A bankok egyéb szempontokat a jogszabályok figyelembe vétele mellett a hitelkínálatuk elbírálása során, amelyekkel jelen dokumentum készítése napján közzétett körülmények forrását nem ismerhet. A hitelkínálat elbírálása minden esetben a bank joga és kötelessége. A fenti információk felhasználása automatikusan a jelen jogfenntartási nyilatkozattal foglaltak elfogadását jelenti!

FIGURE 1 English translation

LOAN CENTRE

Loan advisor (name):	
Mobile phone number:	
Email:	
Date:	

INDICATIVE LOAN CONSTRUCTION

Recommended financial institution	(Bank name)	(Bank name - same bank)
Recommended loan construction	CHF market-rate home mortgage, "Interest only"	CHF market-rate home mortgage, 0% servicing fees
Parameters		
Property (real estate) value	12 750 000	12 750 000
Maximum financing rate	105% of collateral value	105% of collateral value
Loan value requested	12 000 000	12 000 000
Repayment term	20 years	20 years
Loan currency	CHF	CHF
Annual interest rate	4.99% (6.89%)	6.59%
Annual loan servicing fee	0%	0%
Expected installment	82 353 Ft (95 720 Ft)	90 125 Ft
Effective APR	7.60%	7.01%
Fees to be paid upfront		
Property valuation fee	Promotional, currently 0 Ft	Promotional, currently 0 Ft
Notary fee (estimated)	0.5-1% of the loan value	0.5-1% of the loan value
Land Registry registration fee	12 000 Ft / property	12 000 Ft / property
Home savings and loan contract fee	-	-
Transfer fee	Promotional, currently 0 Ft	1.5% of loan value, maximum CHF 900
Total (estimated)	129 000	260 000
Other additional fees and charges		
Property insurance	mandatory	mandatory
Life insurance	-	-
Early full repayment fee	In the first 3 years: 4% (minimum CHF 300, maximum CHF 1,500) after 3 years: 1.5% (minimum 30 000 Ft, maximum 150 000 Ft)	2% (minimum 50 000 Ft, maximum 250 000 Ft)
Early repayment fee	In the first 3 years: 4% (minimum CHF 300, maximum CHF 1,500) after 3 years: 1.5% (minimum 30 000 Ft, maximum 150 000 Ft)	1.5% (minimum 30 000 Ft, maximum 150 000 Ft)

Note:

For the "Interest Only" product, according to our promotional offer the installment amount in parentheses is payable from the 7th month onward, and there is no property valuation fee, if your salary is transferred to your checking account at the named bank, and 2 direct debit bill payments are set up for that checking account.

For the "0% Servicing Fees" product, according to our promotional offer there is no property valuation fee, and the bank refunds 50% of the transfer fee (maximum CHF 300) if your salary is transferred to your checking account at the named bank, and 2 direct debit bill payments are set up for that checking account.

The Loan Center's services are free of charge to our clients!

(small print with important information)

FIGURE 2. Table comparing a CHF-denominated and a Forint mortgage similar to that shown to clients at a mortgage meeting

Devizanem:	HUF	CHF
Vételi árfolyam:	-	150,00 Ft
Eladási árfolyam:	-	150,00 Ft
Árfolyamváltozás		
Éves kamat:	12,00 %	5,00 %
Éves kezelési költség:	0,00 %	0,00 %
A kezelési költség számításának módja:	Teljes hitelösszeg	Teljes hitelösszeg
A folyósításkor fizetendő egyszeri költség:	0 Ft	0 Ft
Állami támogatás:	0,00 %	0,00 %
A kamatszámítás módja:	-	-
Futamidő:	240 hónap (20,00 év)	240 hónap (20,00 év)
Türelmi idő:	0 hónap	0 hónap
THM (%):	12,67 %	5,11 %
A hitel összege:	10 000 000 Ft	10 000 000 Ft
On által összesen fizetendő:	26 429 401 Ft	15 840 327 Ft
Ebből tőke (= a hitel összege):	10 000 000 Ft	10 000 000 Ft
a tőkére jutó árfolyamrész miatti költség:	-	0 Ft
kamat:	16 429 401 Ft	5 840 327 Ft
kezelési költség:	0 Ft	0 Ft
Az állami támogatás összege:	-	-
Törlesztőrészlet a második hónaptól:*	110 109 Ft	65 996 Ft
Az utolsó havi törlesztőrészlet:	110 109 Ft	65 996 Ft

FIGURE 2 English translation

Exchange rate change		
Annual interest rate	12.00%	5.00%
Annual mortgage servicing fees	0.00%	0.00%
Calculation of servicing fees	Total loan value	Total loan value
One-time transfer fee	0 Ft	0 Ft
State subsidy	0.00%	0.00%
Calculation of interest	-	-
Repayment term	240 months (20.00 years)	240 months (20.00 years)
Grace period	0 months	0 months

Effective APR (%)	12.67%	5.11%
Loan value	10 000 000 Ft	10 000 000 Ft
You pay	26 429 401 Ft	15 840 327 Ft
Of this, capital (=loan value)	10 000 000 Ft	10 000 000 Ft
charge on capital for exchange rate gap	-	0 Ft
interest	16 429 401 Ft	5 840 327 Ft
mortgage servicing fee	0 Ft	0 Ft
State subsidy	-	-
Monthly payment (installments) from the 2nd month		
	110 109 Ft	65 996 Ft
Installment in the final month	110 109 Ft	65 996 Ft

FIGURE 3a. Swiss Franc – Hungarian Forint exchange rate graph shown to clients (reconstructed by http://hiteltortenet.blog.hu/2012/05/26/a_kockazatokrol)

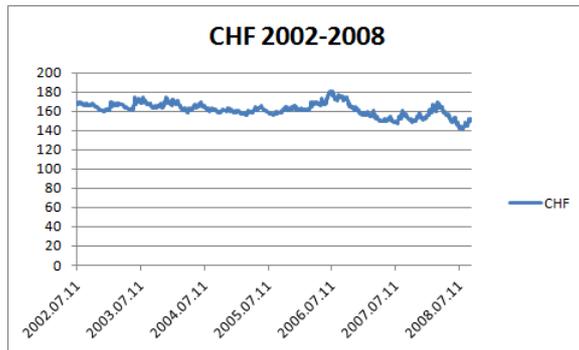


FIGURE 3b. Swiss Franc – Forint exchange rate historically (the borrower-blogger's calculation after default)

