



# **Capital Market Development in Southeast Asia: from speculative crisis to spectacles of financialization**

# Capital Markets by Design in SEA

- ▶ Diagnosis of Asian crisis of late 1990s:
  - Primary: double mismatch of short-term, dollar-denominated borrowing for long-term, local currency investments/non-performing loans
  - Secondary: lack of local knowledge by international investors, herd behavior
- ▶ Response: develop domestic government and corporate bond markets (both conventional and Islamic)
- ▶ Capital market development requires (largely absent) policy/regulatory, market financial/legal (and in the case of Islamic finance, religious) expertise; where from?
- ▶ How do SEA countries (Indonesia, Malaysia and Singapore) engage and **valorize** new financial ideas/practices?



# A Few Conceptual Points

- ▶ Design as ‘social practice’ (Appadurai 2013): middle way between planning and spontaneously evolving market order
- ▶ Planning for uncertainty, rather than outcomes: DS2.0 (or 3.0)
- ▶ ‘Design thinking’ (cf. Schwittay 2013) resonates with how we think about financial markets:
  - (Global) financial **architecture** (Eichengreen 1998; Best 2003)
  - Financial development **blueprints and roadmaps** (ASEAN 2008; SC 2001, 2012)
  - Everyday work of financial **engineers** (e.g. Ho 2009; Miyazaki 2013).
- ▶ **States** as arbiters and promoters of financial market knowledge
  - Sponsoring of tertiary education, training bodies and courses
  - Specifying the training agendas for financial market professionals in terms of continuous professional development requirements; accreditation etc.



# A Few Conceptual Points

- ▶ Capital market development as **situated knowledge practice**
  - Finance: actualization of future cash flows in the absence of full knowledge about the repayment ability and willingness of present recipients of funds
  - Finance as ‘knowledge practice’ (cf. Riles 2011). This knowledge is ‘situated’ as the collaboration of differently positioned actors— market practitioners, regulatory officials and Sharia experts, all operating within their own epistemic frameworks, career hierarchies and material incentive structures – is crucial to its production.
- ▶ Interactive dynamics of different ways of knowing are instrumental for capital market development – and by extension the financialization of economic systems in both material and cognitive terms.
- ▶ Knowledge-based inquiry into how we can understand the progressive development of capital markets as part of wider processes of financialization



	Knowing What	Knowing How	Expertise
State	Governance principles, e.g. prudential regulation	Implementation, e.g. standard operating procedures	Regulatory expertise, e.g., everyday regulatory practice and bureaucratic politics
Market	Financial principles, e.g. valuation/bond pricing formulae	Execution, e.g. market conditions	Financial expertise, e.g. arranging a deal
	Legal principles, e.g. beneficial ownership	Translation, e.g. documentation	Legal expertise, e.g. counsel on deals
Religion	Sharia principles, e.g. prohibition of riba, gharar, maisir	Ijtihad, i.e. interpretation/translation of religious stipulations	Religious expertise, e.g. fatwa, everyday governance through Sharia boards

## Variegated Market Designs



# The Project

- ▶ Financial knowledge as spectacle; dual signification of performance: 'linked to evaluation' and measurement and 'performance in a more theatrical sense' (Burke 2005)
- ▶ Guy Debord (1967): spectacle as social relation; here: financialization as social relation, (re-)created as an 'objective reality' mediated by spectacle of the conference
- ▶ Emergent literature on conference and meeting ethnography (Leivestad and Nyqvist 2017; Sandler and Thedvall 2017; JRAI 23(S1))
- ▶ Focus: Islamic capital market industry conferences in Jakarta, Kuala Lumpur and Singapore (2013-2014)



# Spectacular Finance

- ▶ Proliferation of regional capital market conferences, sites in which industries are ‘made’
  - Organized by both regulatory agencies and private providers
- ▶ Important part of market designs, e.g. from SG ERC: ‘increase the international profile of Singapore’s financial sector. a) Attract more high-profile conferences, especially those related to wealth management, processing and risk management activities, to Singapore’
- ▶ Dual objective of increased visibility (knowledge of) and knowledge exchange (knowledge in)



	<b>Organizer</b>	<b>Location</b>
<b>Global Islamic Finance Forum (GIFF)</b>	BNM, now MIFC	Kuala Lumpur, biannual, since 2007
<b>Kuala Lumpur Islamic Finance Forum (KLIFF)</b>	CERT Events	Kuala Lumpur, annual, since 2004
<b>IFN Asia Forum</b>	Redmoney Events	Kuala Lumpur/Jakarta (atermating), annual, since 2006
<b>IFN Indonesia Forum</b>	Redmoney Events	Jakarta, annual. As of 2016, alternating with IFN Asia Forum.
<b>World Islamic Banking Conference</b>	MEGA (Middle East Global Advisors) Events, supported by Monetary Authority Singapore	Singapore, annual
<b>Islamic Finance Services Conference</b>	Singapore Business Federation, Singapore Malay Chamber of Industry and Commerce, GASCI	Singapore, held in 2013 and 2014







# Spectacular Finance

- ▶ Expertise and valorization of financial market knowledge: meeting the engineers
  - e.g. ‘deal’ roundtables; investors’ views of local market conditions
- ▶ Celebrity status of speakers (gendered?) and celebration of markets and market life
  - On stage ‘performances’
  - Off stage networking
  - Exhibitions
- ▶ Specific (re-)enactments of situated knowledge practices; but also blurring of lines, role switching



# Concluding Remarks

- ▶ Knowledge as central problematique in financial markets
    - Role of financial market rationalities and logics in processes of financialization
    - Capital market development as situated knowledge practice
  - ▶ Dynamics of financialization as state-orchestrated spectacles
  - ▶ ‘Multiplicity’ of financialization
    - Aesthetics of global and local financial architectures
    - Valorization of financial market knowledge; how is financialization legitimated – economically, politically, socially, culturally? And among whom?
    - Performative enactments: capital market conferences as research sites
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