

# GEOFIN

## Western Banks in Eastern Europe

### New Geographies of Financialisation



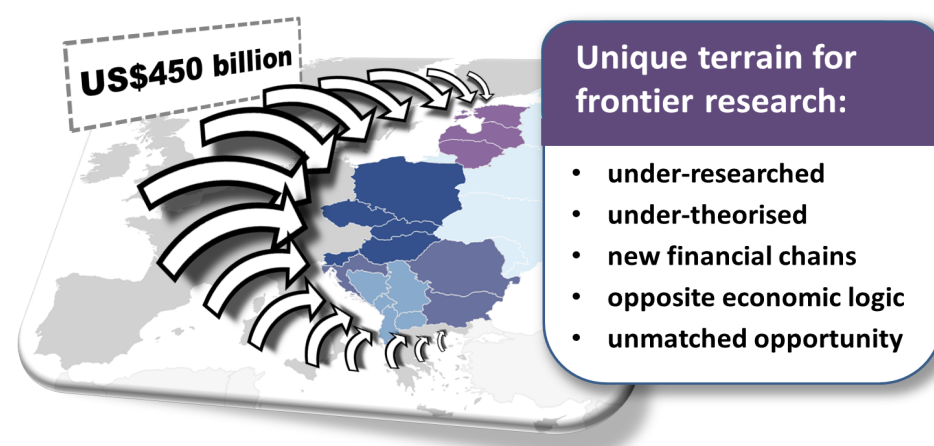
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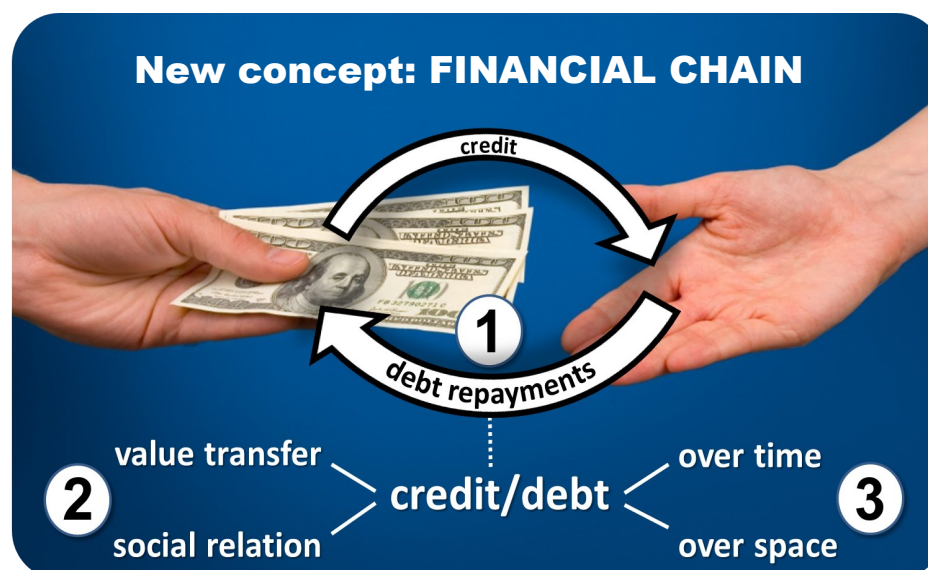
#### ABSTRACT:

**Financialisation**, or the growing power of finance over societies and economies, is increasingly recognised as the key feature of contemporary capitalism. However, significant gaps in our understanding of this process remain. Indeed, despite growing recognition that financialisation is an inherently spatial process, a **geographically-informed view of financialisation** remains underdeveloped. In addition, and related to this, the extent and the ways in which **post-socialist 'transition' societies in East-Central Europe** have been financialised remain under-researched and under-theorised. Yet, the examination of former state-socialist societies (built on the very opposite economic logic to that of financialisation) provides an unmatched opportunity to learn about financialisation itself, how it 'penetrates' societies and with what social and spatial implications. East-Central Europe in this sense constitutes a unique terrain for frontier research. GEOFIN will address the above shortcomings by producing empirical and theoretical insights to develop a geographically-informed view of financialisation.

#### Western banks in Eastern Europe



The objective is to examine how **states, banks and households** in post-socialist contexts have been financialised and to consider what implications this has for the societies in question and for Europe as a whole. The project will pilot a novel approach based on the concept of **'financial chains'** which are understood both as channels of value transfer and as social relations that shape socio-economic processes and attendant economic geographies. A set of interlocking **case studies** will be mobilised to reveal the different ways in which banks, states and households across post-socialist East-Central Europe are interconnected by financial chains with each other and with a wider political economy. GEOFIN will fundamentally advance our understanding of new geographies of financialisation, opening up new horizons in studies of finance and its future role in the society.



#### 'FINANCIAL CHAINS' CONCEPT:

The project will pilot a novel approach based on the concept of **'financial chains'** (Sokol, 2017). Financial chains, prime examples of which are **credit-debt** relationships, are understood both as channels of **value transfer** (between people and places) and as **social relations** that shape socio-economic processes and attendant economic geographies. The 'financial chain' metaphor therefore has a double meaning: it connotes both the way in which actors are interconnected with financial linkages (which transfer values over space and time) and the way they are 'chained' to each other in a social relation, shaping each other's actions in the processes (Sokol, 2017). However, the examination of 'financial chains' (and how they contribute to financial exploitation) represents a methodological challenge because it implies a mobilisation of both quantitative measures such as **financial flows** (data on which are often missing) and **social relations** (which cannot be easily quantified). Standard quantitative approaches cannot work here. The existing data on **household debt**, for example, are often aggregated at the national level and even central banks and regulators have difficulties of knowing of what is happening at the regional level. Besides, the figures describe the volumes of lending advanced to households, while the 'financial chain' logic suggests that the focus should be on money flowing in the opposite direction – i.e. value extracted from households over time and across space and beyond national boundaries. What is needed therefore, is hands-on research that will try to capture the mechanisms of how 'financial chains' function in space and time.

#### Reference:

Sokol, M. (2017) Financialisation, financial chains and uneven geographical development in Europe: Towards a research agenda. *Research in International Business and Finance (RIBAF)* journal. Volume 39, Part B, January 2017, Pages 678-685.

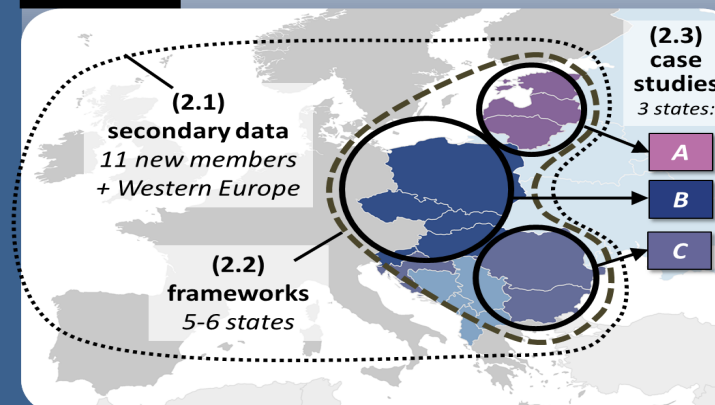
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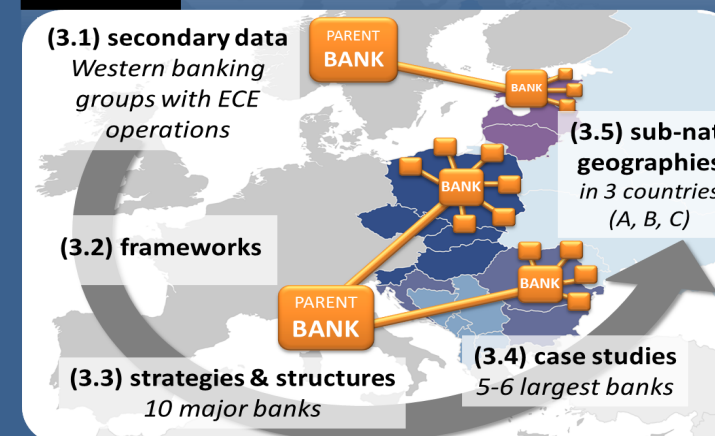
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#### METHODOLOGY:

##### Task 2: STATES



##### Task 3: BANKS



##### Task 4: HOUSEHOLDS

