



Michigan Coalition to End Domestic & Sexual Violence

### **Intimate Partner Violence and Risks for Predatory Lending**

- Financial abuse is a common tactic used by abusers to further gain power and control in a relationship.
  - Financial abuse is one of the most powerful methods of keeping a survivor in an abusive relationship.
  - Studies indicate that 99% of domestic violence victims experience financial abuse.
- Financial abuse can include:
  - Forbidding a survivor from working or sabotaging employment;
  - Not allowing survivors to access bank accounts or assets; and
  - Creating debts that damage a survivor's credit score.
- While economic distress does not cause intimate partner violence, myriad studies have found that increased occurrence and intensity of violence correlates with financial strain.
- People who have experienced predatory lending are more vulnerable to abusive tactics because they may be dependent on an abuser for housing, transportation, or other needs.
- Survivors who have experienced financial abuse are frequently forced to turn to payday-style lending.
- As part of financial abuse, some abusive partners may coerce a survivor to take out payday-style loans as part of this so-called debt trap.
- Many individuals who take out payday loans experience checking account overdrafts from lenders. For survivors who share an account with an abuser, this can lead to retaliation and further abuse.

***The Michigan Coalition to End Domestic and Sexual Violence) represents over 70 local organizations providing comprehensive survivor services and prevention programs in communities across our state.***

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## Financial Abuse Fact Sheet

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Domestic violence is a pattern of coercive, controlling behavior that can include physical, emotional/psychological, sexual, and/or **financial abuse**. Financial abuse is a common tactic used by people who choose to abuse through control and isolation of their partner, and it can have far-reaching and devastating consequences.

### What we know about financial abuse

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- Financial abuse is behavior that seeks to control a person's ability to acquire, use, or maintain economic resources, and threatens their self-sufficiency and financial autonomy.<sup>1</sup>
- Though financial abuse occurs in 99% of domestic violence cases, a 2014 study showed that 78% of Americans did not recognize financial abuse as a form of domestic violence.<sup>2</sup>
- Examples of financial abuse include: forcing a partner to miss, leave or be late to work; harassing a partner at work; controlling how money is spent; withholding money or basic living resources; giving a partner an "allowance"; stealing money, credit, property, or identity from a partner; and/or forcing a partner to file fraudulent legal financial documents or overspend on credit cards.<sup>3</sup>
- After being sexually assaulted, 50% of survivors either lost or left their jobs.<sup>4</sup>
- Domestic violence has economic impacts for survivors throughout their lifetimes. Additionally, women living in poverty experience domestic violence at twice the rate of those who do not, which furthers the reciprocal relationship between abuse and economic hardship.<sup>5</sup>
- State legislation, immigration status, work requirements, and complex application and recertification processes impact a survivor's access to financial public benefits such as Supplemental Nutrition Assistance Program (SNAP), Unemployment Insurance (UI), and Temporary Assistance for Needy Families (TANF).<sup>7</sup> Public benefit programs provide a critical safety net to survivors, ensuring that their basic needs will be at least partially met while they heal from trauma.
- As of 2013, only six states had laws protecting domestic violence victims from employment discrimination, while only 13 states allowed victims to take leave to seek

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<sup>1</sup> Adams, A.E., Beeble, M.L. (2018). "Intimate Partner Violence and Psychological Well-Being: Examining the effect of economic abuse on women's quality of life." *Psychology of Violence*.

<sup>2</sup> Adams, Adrienne E. "Measuring the Effects of Domestic Violence on Women's Financial Well-being." CFS Research Brief 2011-5.6.

<sup>3</sup> Tisdale, S. (2016). "Breaking the Chains of Financial Abuse." *Black Enterprise*, 46(6), 52-55.

<sup>4</sup> National Coalition Against Domestic Violence. (2017). "Quick Guide: Economic and Financial Abuse."

<sup>5</sup> Center for Survivor Agency and Justice. National Network to End Domestic Violence Economic Justice Summit 2018. (2018). "Transforming the Economic Landscape Facing Survivors: Advancing Racial & Economic Equity."

<sup>7</sup> Jacobs, Lisa; Menard, Anne; National Network to End Domestic Violence Economic Justice Summit 2018. (2018). "Public Benefits Programs and Domestic and Sexual Violence Victims' Economic Security."

medical attention or safety without fear of being fired.<sup>8</sup> Legal protections for survivors can include job protection, wage replacement, accommodations, and other protections from discrimination.<sup>9</sup>

- Embarrassment and fear of immigration-related repercussions are the most commonly cited reasons survivors do not seek help for financial abuse. Survivors who did seek help reported that domestic violence or social service organizations were far more helpful than police, government agency services, and credit bureaus.<sup>10</sup>

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## Effects of financial abuse

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- Victims of financial abuse lose a total of 8 million days of paid work each year.<sup>11</sup> The lack of paid sick days or other job protections prevents survivors from taking time off work to recover from injury, seek safety, or pursue a court case.<sup>12</sup>
- The total annual cost of domestic violence in the U.S. in 2015 was estimated to be \$8.9 billion. Approximately \$6.3 billion of these costs were for direct medical and mental health services.<sup>13</sup>
- The medical costs for survivors of emotional abuse, assault, or rape range from \$1,017 to \$2,665 per incident. Health care costs are 42% higher for domestic violence survivors.<sup>14</sup>
- Experiencing violence can have a long-term impact upon financial security. A 2000 survey estimated an average lifetime income loss of \$36,000 for teen victims of sexual violence, (equivalent to \$52,242 in 2017) due to decreased educational achievement, necessary sick leave, and impact on career trajectory.<sup>15</sup>
- A survivor may be forced to stay with an abuser due to concerns about economic stability. In a 2012 survey, three out of four victims said they stayed with their abusers longer for economic reasons.<sup>16</sup> Of the 85% of victims who returned to their abusers, a significant number cited an inability to address their finances.<sup>17</sup>
- In a 2012 Cornell study, over 30% of responding domestic violence services reported that more than a quarter of their clients were prohibited from opening a bank account or had their credit score lowered because of economic abuse. In the same study, one in three responding programs reported that fewer than 10% of their clients had an

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<sup>8</sup> Covert, Bryce. (October 2013). "California Now Seventh State to Bar Employment Discrimination Against Domestic Violence Victims." *Think Progress*.

<sup>9</sup> Wutchiett, Katie; Acoba, Melisa. (2018). National Network to End Domestic Violence Economic Justice Summit.

<sup>10</sup> Office of Manhattan Borough President; Sakhi for South Asian Women; Cornell University ILR School; The Worker Institute. (October 2012). "Economic Abuse: The Untold Cost of Domestic Violence."

<sup>11</sup> National Coalition Against Domestic Violence. (2017). "Quick Guide: Economic and Financial Abuse."

<sup>12</sup> <https://iwpr.org/wp-content/uploads/2017/01/B362-Domestic-Violence-and-Economic-Security-1.pdf>

<sup>13</sup> DuMonthier, Asha; Dusenbery, Malore. (October 2016). "Intersections of Domestic Violence and Economic Security. Institute for Women's Policy Research.

<sup>14</sup> Institute for Women's Policy Research. National Network to End Domestic Violence Economic Justice Summit 2018. (2018). "Estimating the Cost of Violence Against Women"

<sup>15</sup> Institute for Women's Policy Research. National Network to End Domestic Violence Economic Justice Summit 2018. (2018). "Estimating the Cost of Violence Against Women"

<sup>16</sup> Mary Kay. (2012). "Truth About Abuse Survey Report." *The Nation*.

<sup>17</sup> Salamone, Nancy. (September 2010). "Domestic Violence and Financial Dependency." *Forbes*.

independent credit card. Among those victims who did not have an independent credit card, 60% said that it was because their partner withheld documents from them, or otherwise prevented them from opening a credit account.<sup>18</sup>

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### Rebuilding from financial abuse

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- Seek help from a trained domestic violence advocate by calling the National Domestic Violence Hotline at 1-800-799-SAFE.
- Find local resources and hotlines through your [state/territory coalition](#).
- Gather as much financial information as is safe. This includes photos or hard copies of legal or financial documents such as birth certificates, credit card statements, social security cards, and health records. Learn more about collecting personal records from NNEDV's [Safety Net Project](#).
- [Make a plan](#) about where to go (stay with family, locate a shelter, rent an apartment, etc.) and determine a budget of realistic costs after leaving an abuser.
- Consider an [order of protection](#) from your abuser. An order of protection can offer survivors economic reliefs such as child support, mortgage or rent assistance, and temporary possession of property.<sup>19</sup>
- Consider applying for a micro-loan with NNEDV's [Independence Project](#) to begin rebuilding your credit score.

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### Additional resources

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- For more detailed information, download NNEDV's [Moving Ahead Through Financial Management Curriculum](#), created in collaboration with The Allstate Foundation.
- Learn more about the intersection of domestic violence and financial abuse from NNEDV's [Economic Justice Project](#).
- Find state-specific workplace protections for survivors at [WomensLaw.org](#).

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<sup>18</sup> Office of Manhattan Borough President; Sakhi for South Asian Women; Cornell University ILR School; The Worker Institute. (October 2012). "Economic Abuse: The Untold Cost of Domestic Violence."

<sup>19</sup> National Network to End Domestic Violence. (2016). "Financial Safety Planning."

