

# INACCESSIBLE BANK ACCOUNTS COST DOMESTIC VIOLENCE SURVIVORS \$5 MILLION EACH YEAR

## Helping survivors of domestic violence gain control over their financial lives is crucial to breaking the cycle of violence. A

fundamental component of establishing that control is accessing safe and secure bank accounts.

Survivors living in New York City's domestic violence shelter system, the majority of whom are low-income and without a bank account, have great trouble trying to open safe bank accounts because they run afoul of banking regulations. For example each bank is required by federal regulation to collect proof of customers' identity, physical address, and mailing address before opening an account. Survivors living in confidential shelters are prohibited from disclosing their physical address. As a result, 90 percent of domestic violence shelter residents are unable to open safe and new accounts because they can not provide a physical address. It doesn't have to be this way.

## OBSTACLES TO CLOSING UNSAFE BANK ACCOUNTS

Survivors who do have bank accounts often share those accounts with their abusers—a dangerous situation, especially after a survivor has fled. Abusers may monitor transactions on a joint account to track down survivors who are living in confidential locations. Abusers also often overdraw accounts, leaving survivors penniless and the accounts in poor standing in Chex systems. The "poor standing" designation precludes survivors from closing down current accounts and prevents them from opening new accounts.

**35,000** survivors access legal services, financial coaching, and counseling, and other support services

**40%**

do not have safe banking access

**13%**

lack a bank account

**27%**

have bank accounts that are unsafe

## WHO IS AFFECTED

Each year, 35,000 survivors of domestic violence access legal services, financial coaching, and counseling, and other support services in New York City. Approximately 14,000 of these survivors do not have access to safe, reliable bank accounts. More than 4,000 survivors lack a bank account altogether, and 9,450 have bank accounts that are considered unsafe because their abusers can access the accounts.

Consumers without secure bank accounts spend \$600 each year in expensive fringe financial services, including check cashers, pawn shops, and payday lenders.

**By helping low-income survivors open safe bank accounts and close down compromised ones, we can help thousands of survivors of domestic violence save more than \$8 million each year in fringe financial services.** With the money saved, survivors can:

- Pay for a security deposit on a new apartment;
- Save for their children's education;
- Enroll in a job training program; or
- Start an emergency fund.

## RECOMMENDATIONS

- Pass a rule exempting survivors of domestic violence living in confidential shelters from the physical address requirement when opening new bank accounts;
- Issue guidance permitting financial institutions to accept addresses obtained through the New York Secretary of State's Address Confidential Program in lieu of a physical address for customer identification program purposes; and
- Promulgate regulations allowing survivors of domestic violence to unilaterally close down compromised joint bank accounts.



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## SOURCES

New York City Mayor's Office to Combat Domestic Violence, <http://www.nyc.gov/html/ocdv/html/home/home.shtml>.  
2011 FDIC National Survey of Unbanked and Underbanked Households (Sept. 2012), [www.fdic.gov/householdsurvey/2012\\_unbankedreport.pdf](http://www.fdic.gov/householdsurvey/2012_unbankedreport.pdf).