

December 22, 2023

CONSIDERING SURVIVORS WHEN UPDATING CANADA'S LOW-COST AND NO-COST BANKING SERVICES COMMITMENT

The Canadian Center for Women's Empowerment (CCFWE) welcomes the [federal government's recent commitment](#) to strengthening consumer protection and ensuring that even the most vulnerable people living in Canada are treated fairly by their banks.

CCFWE appreciates the opportunity to provide recommendations concerning women and their children fleeing violence, particularly those experiencing Economic Abuse.

WHAT IS ECONOMIC ABUSE

Economic Abuse is a very prevalent but notoriously underestimated form of domestic violence that often has lasting adverse consequences for victim-survivors. It refers to various tactics that limit an individual's financial autonomy, including but not limited to denying them access to their money, exerting control over their resources, or leveraging intimidation to constrain their economic freedom.

While Financial Abuse and Economic Abuse are often used interchangeably, Financial Abuse comprises tactics for limiting monetary resources, while Economic Abuse encompasses a broader range of controlling behaviour, including economic control, economic exploitation, and employment sabotage.

In Canada, we are starting to recognize Economic Abuse and include it in our discussions around domestic violence. Economic Abuse is recognized as a form of gender-based violence in the National Action Plan to End Gender-Based Violence while Financial Abuse is included in the "family violence" definition of Canada's Divorce Act.

Prevalence of Economic Abuse in Canada

While people from all socioeconomic statuses, backgrounds, and identities can experience Economic Abuse, those from racialized, Indigenous, gender-diverse, and other marginalized communities, as well as low-income and educational backgrounds, are at a higher risk of Economic Abuse.

According to [Statistics Canada \(2021\)](#), almost half (44%) of all women in Canada are experiencing or have experienced some form of abuse.

[CCFWE's 2021 study conducted in the Greater Ottawa region](#) with victim-survivors confirmed similar findings from the United States, Australia and the United Kingdom that more than 95% of domestic abuse survivors have experienced or are experiencing Economic Abuse:

- 92% of victim-survivors have experienced their abusive partner keeping financial information away from them.
- 93% have had their abusive partner make important financial decisions without talking to them at first.
- 94% of victim-survivors have had their rent or bill money spent by their abusive partner without their permission.
- 84% of victim-survivors' abusers have built up debt under their name

EXPANDING ELIGIBILITY CRITERIA FOR NO-COST ACCOUNTS TO SURVIVORS OF DOMESTIC ABUSE

People who are victim-survivors of Economic Abuse should qualify for low-cost or no-cost accounts. Women and children fleeing violence sometimes leave without any financial resources, documents, or other assets. **If a victim-survivor has experienced Economic Abuse, opening an independent bank account that the abusive partner has not compromised can be a critical step post-separation.** With it, they can then receive social assistance or other benefits and take control of their lives and financial health.

Current gaps and vulnerabilities that need to be addressed

A lack of access to financial resources and services is often one of the main reasons that victim-survivors stay in abusive situations or have to return to violence. As a direct consequence of Economic Abuse and coerced debt (debt accumulated without knowledge or through force or threat), survivors are often highly indebted, without a regular income, and have a low credit score.

Victim-survivors who experience Economic Abuse are often hindered from accessing account statements or knowing information on the family income. Many are kept from having their own accounts and only live on the cash allowances of their abusive partner. Post-separation, survivors are under a lot of stress, trauma, and pressure to navigate the system that often fails to support them adequately.

The accumulation of harm adds another layer of complexity and hardship. Therefore, **survivors must have access to no-cost or low-cost bank accounts so they can quickly regain control over their lives** without having to pay the price of abuse even after separation.

They might not immediately qualify for social assistance or may be refused assistance due to existing joint assets on paper that are often only liquidated after court applications and lengthy (and expensive) court procedures.

Being eligible for no-cost, low-cost account options would be an essential step toward a survivor's financial independence and economic empowerment.

Identification of eligibility of survivors

CCFWE welcomed the release of [FCAC's bulletin on "Access to basic banking services: opening a retail deposit account,"](#) permitting banks to consider alternative ways of identification for "victims of domestic abuse and victims of human trafficking," amongst others. CCFWE recommends that **survivors eligible for no-cost accounts be allowed alternative methods of identification.**

CCFWE also urges the federal government to refrain from setting too strict eligibility criteria for survivors to prove abuse as there is already significant trauma associated with financial services for victim-survivors.

In [CCFWE's 2022 national study](#), 40% of social service providers noted that survivors received stigmatized treatment from financial institutions, while 76% mentioned that financial institutions have no processes in place for clients experiencing domestic violence.

CCFWE would propose that **financial institutions should allow victim-survivors to provide reference letters from community partners** such as women's shelters, church leaders or other social services, as well as even family lawyers. They can confirm if a person is or has experienced domestic violence and would be best equipped to assess a survivor's status and potential need for additional support when accessing financial services. Related, CCFWE also suggests financial institutions offer a free financial counselling session with a trauma-informed advisor for all eligible survivors (see recommendation #6).

Such an approach is already being modelled by Scotiabank's Financial Access Program, which works with service organizations that provide recommendations for clients to access banking services. In doing so, they work with established frontline service partners selected based on criteria such as Charitable Registration Number, years in service, annual reports including financial statements, and governance.

It would also correspond with [current practices of the Canada Revenue Agency \(CRA\)](#) that allow a letter from a trusted third party, such as a member of the clergy, band council, shelter, or

resettlement office, to confirm a woman fled violence and can thus start claiming benefits for herself and children.

Recommendation 1: CCFWE strongly recommends including domestic abuse survivors as a consumer group that qualifies for no-cost accounts.

Recommendation 2: CCFWE recommends allowing survivors qualifying for no-cost and low-cost accounts to provide alternative identification documents.

Recommendation 3: CCFWE recommends the use of reference letters by community partners to determine eligibility.

EXPANDING PRODUCTS/SERVICES AND FEATURES

CCFWE appreciates [Minister Freeland's request](#) to enhance low-cost and no-cost account options, including “providing additional debit transactions, online bill payments, and e-transfers with no extra fees.” This reflects the reality of modern banking and the habits of everyday Canadians.

By charging extra fees for overdrafts of non-sufficient funds or additional monthly transactions, particularly low-income and vulnerable Canadians get punished by the same framework that actually tries to protect them. Several [reports](#) have already pointed out that the majority of Canadians underestimate the amount of charges they are paying for their banking accounts and are often not adequately informed by their bank representatives of the different options available to them.

As survivors of Economic Abuse are often hindered from and coerced against managing their own finances, they are even more vulnerable to facing unexpected fees and charges that they cannot afford, driving them further into financial insecurity. **Eliminating additional charges and costs would significantly lower the stress and trauma that many Economic Abuse survivors already experience when trying to access financial services.**

CCFWE would also encourage FCAC to broaden the basic banking feature to include a pre-paid or secured credit card option. Credit cards are essential for basic transactions and everyday life.

Having a credit card, even with limited credit, would allow victim-survivors of coerced debt and a low credit score, as a direct result of an abusive relationship, to increase their credit score and establish a credit history. Some abusers damage a victim’s credit as a tactic to force them to return. Many participants of [CCFWE's study](#) confirmed that they only received cash allowances during years of living in abusive relationships, hindering them from building up a credit history. Many also face coerced debt and cannot access credit. Additionally, low credit scores make it difficult for survivors to rent an apartment.

Survivors and other vulnerable consumer groups with low credit scores would greatly benefit from accessing pre-paid or secured credit card options and other credit reporting options (for instance, subscriptions, bill payments, and automatic withdrawals) that would **contribute to credit building.**

In addition, CCFWE proposes financial institutions offer survivors eligible for no-cost accounts **one free meeting with a financial advisor** trained in trauma-informed language and specialized in providing an in-depth simple language overview of the available banking features and services.

Recommendation 4: CCFWE recommends eliminating any additional fees for low-cost and no-cost accounts that risk vulnerable consumer groups facing unanticipated fees or charges.

Recommendation 5: CCFWE recommends including limited credit options and credit reporting features for low-cost or no-cost accounts.

Recommendation 6: CCFWE recommends eligible survivors be offered one free financial counselling session when opening a low-cost or no-cost bank account.

ABOUT THE CANADIAN CENTER FOR WOMEN'S EMPOWERMENT

The [Canadian Center for Women's Empowerment](#) (CCFWE) is the only Canadian national non-profit organization dedicated to addressing Economic Abuse and economic injustice through advocacy, education, research, economic empowerment, and policy change. It is based in Ottawa.

CCFWE works collaboratively with organizations and individuals to develop a comprehensive approach that enables domestic violence survivors to recover from Economic Abuse. It also addresses critical policy gaps preventing survivors from recovering and becoming economically secure and independent.

CCFWE is proud to be an early adopter of FCAC's Measurement Plan for the National Financial Literacy Strategy.

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