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SB 264: Loans under \$25,000; Payday Loans April 2024

Please accept this statement as support for HB 145/SB 264: Loans under \$25,000; Payday Loans. The Alaska Network on Domestic Violence and Sexual Assault (ANDVSA) is Alaska's state coalition of victim services providers. Twenty-four programs across the state focus on services to victims/survivors of sexual assault, stalking and domestic violence.

Women living in poverty experience domestic violence at twice the rate of those who do not.¹ Additionally, domestic violence has economic impacts for survivors throughout their lifetimes. Financial abuse occurs in 99% of domestic violence cases.² Victims of financial abuse lose a total of 8 million days of paid work each year.³

Sexual violence has a similarly negative impact on a survivor's financial future. After being sexually assaulted, 50% of survivors either lost or left their jobs.⁴ 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.⁵

As such, survivors of domestic and sexual violence are particularly vulnerable to predatory loaning practices such as payday loans, which target those who are living paycheck to paycheck and struggling to make ends meet. In fact, national data shows that payday lenders specifically [target survivors](#) of domestic violence and sexual assault.⁶

With annual interest rates at an average of 421%, these loans are difficult, if not impossible to pay off.⁷ For a survivor who is already struggling to recover physically, psychologically, and

¹ 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."

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

³ National Coalition Against Domestic Violence. (2017). "Quick Guide: Economic and Financial Abuse."

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

⁵ Institute for Women's Policy Research. National Network to End Domestic Violence Economic Justice Summit 2018. (2018).

"Estimating the Cost of Violence Against Women"

⁶ Peterson, Alyssa. "Predatory Payday Lending: Its Effects and How to Stop It." *Center for American Progress* 20 (2013).

⁷ Source: Alaska Division of Banking and Securities 2021 Deferred Deposit Advances Annual Report. This APR is calculated using the formula: $((\text{Fees} + \text{Interest}) / \text{Principal}) / \text{Term} * 365$

Member Programs

Palmer AFS | Anchorage AWAIC, STAR | Hooper Bay Bay Haven | Bethel TWC | Cordova CFRC | Craig HOPE | Dillingham SAFE | Emmonak EWS | Fairbanks IAC | Haines Becky's Place | Homer SPHH | Juneau AWARE | Kenai LeeShore Center | Ketchikan WISH | Kodiak KWRCC | Kotzebue MFCC | Nome BSWG | Petersburg WAVE | Seward Seward Prevention Coalition | Sitka SAFV | Unalaska USAFV | Utqiagvik AWIC | Valdez AVV



ANDVSA

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financially from abuse, this added economic burden could cause further harm and stand in the way to their path of recovery and healing.

We cannot end domestic and sexual violence without actively working to expand protective factors in our society – notably, strengthening economic supports for those who are most vulnerable. We ask that you act quickly to support this bill’s passage through the legislature.

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