



Insight Briefing:

CREDIT REPAIR FOR SURVIVORS OF MODERN SLAVERY AND HUMAN TRAFFICKING



UNITED NATIONS
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FAST

FINANCE AGAINST
SLAVERY & TRAFFICKING

[Finance Against Slavery and Trafficking \(FAST\)](#) is a multi-stakeholder public-private sector collaboration based at United Nations University Centre for Policy Research (UNU-CPR) that works to mobilize the financial sector against modern slavery and human trafficking. Through its alliance-building approach and the grounding of its work in evidence-based approaches and rigorous analysis, FAST provides tools and training to financial sector stakeholders to take meaningful, sustained action against modern slavery and human trafficking.

FAST works with organizations around the world to maximize its reach and impact of mobilizing the finance sector to address modern slavery and human trafficking. It is supported by a number of partners, including the Norwegian Agency for Development Cooperation, the Office for Foreign Affairs of the Principality of Liechtenstein, the Ministry of Foreign Affairs of the Netherlands, the Australian Department of Foreign Affairs and Trade, the Liechtenstein Bankers Association, LGT Group, Tarom Foundation, the Government of Luxembourg's Ministry of Foreign and European Affairs, Humanity United, and Stiftung Fürstlicher Kommerzienrat Guido Feger, along with the private sector, philanthropic, and civil society associations.



ISBN: 978-92-808-6575-2 © United Nations University 2022.

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Background

FAST established a [Survivor Inclusion Initiative \(SII\)](#) in 2019 to facilitate access to financial services for survivors of modern slavery in the UK, US, and Canada. The FAST Secretariat has since provided training resources, direct support, and periodic convenings for this project that now brings together a dedicated coalition of participating organizations, including 14 banks (the UK, US, Canada, and Austria) and over 30 survivor support organizations (SSOs). To date, it has facilitated access to over 2000 survivors to basic banking services, such as checking and savings accounts.

FAST commissioned an Expert Review of the SII in the US, Canada, and the UK, completed in April 2022 by [Sarah Byrne](#) of Moore & van Allen (US). One of the key issues that emerged was the issue of debt or credit repair. There are devastating long-term consequences that trafficking experiences have on survivors' credit history, which prevents them from equitable financial access to rebuild their lives. Survivors stated that the 'bad credit' label they acquired through the experience of trafficking and exploitation should be acknowledged and addressed in the financial services offered to them.

At the end of 2021, the US Congress passed the [Debt Bondage Repair Act \(DBRA\)](#). DBRA provides a regulatory framework that will increase access to this important form of remedy for victims of trafficking. Specifically, the DBRA provides that "[a] consumer reporting agency may not furnish a consumer report containing any adverse item of information about a consumer that resulted from a severe form of trafficking in persons or sex trafficking if the consumer has provided trafficking documentation to the consumer reporting agency." This is aimed at supporting survivors access to [banking, credit, and employment](#).

The United States Consumer Financial Protection Bureau recently released the implementing rule, Regulation V Human Trafficking Rule, which amends the Fair Credit Reporting Act. According to the Rule, after 25 July 2022, survivors of human trafficking in the United States will be able to have adverse items of information that resulted from their trafficking experience blocked from their



credit reports. To do this, survivors or their representatives will need to submit particular information directly to the private companies that manage these reports, known as “consumer reporting agencies.” Victim determination documents can be provided by a federal or state government agency, court or service provider, or task force member so authorized by a government agency.

Canada had the first reading of [Bill 99, Protection from Coerced Debts Incurred in relation to the Human Trafficking Act, 2022](#) in March 2022. The Bill proposes an amendment to the Consumer Reporting Act “to prohibit the inclusion in consumer reports of unfavourable information about a consumer that resulted from human trafficking”. This legislation offers survivors protection from the collection of debts accrued through coercion, and also from the ‘bad credit’ label that is so often a barrier to accessing a range of financial services.

In addition to legal provisions that facilitate credit repair, financial institutions can work with survivors to repair their credit by dismissing adverse credit information and building good credit through bespoke financial products – an SII example of a bank's response to survivor needs is provided in the case study in Annex A.

The Roundtable

On 11 May 2022, FAST convened 25 participants from the US, Canada, and UK - survivors, survivor support organizations, and financial institutions - in a roundtable discussion on credit repair. The roundtable discussion covered issues both within and beyond the FAST mandate, but focused on how interconnected issues could be addressed by financial institutions and other relevant agencies/organizations working on credit repair. This *Insight Briefing* provides the sector with an understanding as to what survivors’ needs are on this specific topic and their recommendations on how they can potentially be addressed.

Key Issues from The Roundtable

Barriers to Survivor Access to Credit Products

There are three main concerns that financial institutions consider when extending credit to survivors:

- Vetting: who determines that a person is a survivor while maintaining privacy? Banks can accept an attestation from a support organization verifying a person's survivor status.
- Onboarding: what are the technical hurdles, and what documentary support is needed? Banking staff can manually intervene in the process to work with survivors to enable them to have access to appropriate credit products.
- Transaction monitoring: should these products be subjected to enhanced monitoring because these clients pose a "greater compliance risk"? Generally, banks do not use enhanced transaction monitoring as they have not found survivor clients to pose a greater compliance risk than any other client.


The scalability of these solutions may present a challenge, in particular, because a one-size-fits-all approach may not work for survivors with unique histories and needs. Although a personalized process may not be scalable, such tailored support impacts individual survivors.

Recommendation:

- Survivor support organizations can issue a letter confirming a survivor's status. Banks can use this to determine which products they have access to and how to manually manage the process to avoid auto-rejection.
- Banks can establish a flexible internal process for giving survivors access to credit products that includes a discussion between the survivor and trained banking personnel to determine which credit products are most appropriate for the survivor and apply the manual review of the onboarding process.

Managing Adverse Credit Information

Banks typically have a client onboarding process that is automated, and therefore in some cases, negative information causes an automatic rejection. It can be challenging for large organizations with automated operations to mitigate this by having a staff member intervene in the process. Some banks have struggled to set up an operational procedure to intervene before automation rejects an applicant or undo a rejection once it has occurred.



Financial institutions can make accommodations to help survivors with this process: the application can be made with support from a financial advisor, and if they are declined, a separate entity will look at the issue (i.e. credit history, stable income) and they can make accommodations to extend credit up to a certain limit.

Another avenue to explore is working with credit bureaus to establish a process to have a survivor's negative credit record expunged. This process is now facilitated by the aforementioned Regulation V Human Trafficking Rule (US), which enables survivors of human trafficking to have adverse items of information that resulted from their trafficking experience blocked from their credit reports.

Recommendations:

- Manual review of the onboarding process for survivors, rather than automation.
- Banks should establish a survivor-informed process for dismissing survivors' negative credit history.
- Support organizations should assist survivors in providing the necessary documentation in order to request that they have adverse items of information that resulted from their trafficking experience blocked from their credit reports.

Repairing Outstanding Debt

When the bank is a creditor to a survivor and the survivor seeks relief from a particular debt with that bank, their account may be flagged as high risk, which can lead to exclusion from that financial institution and others.

For instance, one survivor had a debt that had gone into collections, the survivor received a judgement, and the bank responded by forgiving the debt so the judgement was vacated.

Another bank negotiated a resolution for a payment plan for an outstanding debt that the survivor was having trouble negotiating with customer service.

Such personalized accommodations can help survivors to resolve outstanding debt that would otherwise prevent them from accessing credit.

Recommendation:

- Trained banking staff can work with survivors who have outstanding debts to assess their financial health and make accommodations to forgive the debt when possible or work together to establish a feasible payment plan for the survivor.

Expanding Opportunities to Build Good Credit History

Equally important to dismissing adverse information is building good credit history, for instance, through credit cards and bank loans. Simply by virtue of a bank issuing a credit card (even with a low credit line), the survivor's credit history changes positively. Expansion of products to build credit is an opportunity for growth (i.e., personal, small business, home, or auto loans).

However, when survivors first escape situations of trafficking, they may think like victims in survival mode: if they receive 1,000 USD, they may not be able to manage it well. Therefore, it is important to progressively teach survivors how to use these products and maintain them so that they can build a relationship with a bank.

Several banks indicate that they provide low-limit (i.e., 500-1,000 USD) credit cards. Although this is not much for the bank, it is significant for survivors. Having a specialized product for survivors that includes elements of financial literacy can help them to rebuild their finances and establish good spending habits. This allows banks to serve survivors while mitigating risk: banks can see how survivors manage, and if they show reasonable repayment, the limit can be scaled up. This process works well when survivors are referred to banks through support organizations so that the survivor, their case worker, and the bank can all work together to fulfill the survivor's financial needs.

Even if a survivor exceeds their credit balance, it is important that the card not be auto-closed. These are operational issues to address.

Product example: One SII partner bank offers survivors a no annual fee credit card with a limit of 1,000 USD. This limit can be reduced if there are reasons discussed with the survivor and case manager. Once a survivor has had some experience with this product, they can discuss other financial products.



What types of products build good credit?

- secured credit cards (client needs money to put down on it, but it does help them to rebuild their credit),
- unsecured credit cards, and
- financial literacy materials that give guidance on checking and credit accounts.

Lack of access to other financial products based on poor credit history is another barrier for survivors. For instance, personal loans of even 1,000 USD can be life-changing for survivors with immediate needs (i.e. mothers). Student loans and further education is another barrier. Giving survivors access to such loans is not a one-size-fits-all approach. A personalized approach makes sure the survivor is getting the support and products they need at any given time.


Survivors want independence to manage their finances. Therefore, any credit repair process should be survivor-led in terms of engaging with a service provider to find out what survivor needs are and tailoring the products and the process accordingly.

Recommendations:

- Banks can offer a low-risk credit product to survivors, with the possibility of scaling up the amount of credit issued.
- Banks and support organizations can provide survivors with financial literacy training specifically focused on managing credit products.
- If an account is flagged or auto-closed, banks can review the problem with the survivor and, if possible, make accommodations to keep the account open with a plan to solve the problem.

Regulators, Credit Bureaus and Government Support

An ongoing obstacle for survivors is verifying their status as a survivor in order to access support including bespoke products and services. In the US, migrant survivors have access to a T visa, which recognizes them as a victim of trafficking. Domestic survivors rely on verification documents from law enforcement, an attorney, or a survivor support organization.



Sharing information about someone's survivor status is very sensitive information. They may or may not want the consumer reporting agency to flag this information.

Recommendation

- Encourage survivor support organizations to obtain government agency authorization to verify a person's survivor status in the documentation that can be submitted to the credit reporting agencies.

Annex A

Case Study – Addressing Adverse Credit History and Credit Repair in SII

A survivor applied for a credit card at an SII partner bank. Although the process was done manually (not online), the client still received an automatic letter saying their application had been denied. The SII bank staff worked with the credit side of the bank to mitigate issues by showing pay stubs from the potential client and the years the trafficking occurred. Following this intervention, the survivor was granted a credit card. Even once a survivor gets a rejection letter for a credit card or loan, something can still be done on the bank's back-end. This story can be seen as good practice because the survivor was quickly informed of the letter quickly and worked with the bank to remedy it. However, having to fix the auto-rejection was not the best scenario and was upsetting for the victim, so manually pre-empting auto-denial based on credit history is preferable.



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