



Muslim Women and Debt

MWC Think + Do Tank Report

Background

The way we do research to inform policy isn't working. Today, most community based/'led' research is done through collaborations between large science or specialist research institutes partnering with local organisations beyond their institutions. Whilst this is an attempt to enrich the quality of research and of bringing wider social benefits, it still lacks the true representation of the communities they are trying to help. Where such partnerships are formed the experiences are not always productive or conducive to drawing on the knowledge and expertise of all participants, as they remain the subject not the co-authors of the research.

There is a need for a process that places these individuals and communities as the authors of research that considers the issues they face; and develops practical responses and recommendations from the ground up. There is a need for a radical shift and movement in how authentic data and insights are collected from women of Black and Minority Ethnic backgrounds.

In response MWC have developed an approach that focuses on the delivery of authentic and appropriate research to create better policy and practice that drive practical solutions that address women's health and wellbeing.

Think + Do Tank

With the support of Wellcome Trust, we hope to reverse the current trend of Muslim males and non-Muslims researching and advocating on behalf of Muslim women, especially regarding issues of health, wellbeing and bioscience.

Our approach will straddle the 'Think + Do Tank' between both policy and beneficiaries (Muslim Women) and will offer authentic insight and appropriate solutions, as it will be led by the beneficiaries. We focus on the relevance, credibility, legitimacy and utility of the research we do, ensuring that we position our research for use.

We focus on Muslim women from Bradford and surrounding areas. Within this group there is a climate of misogyny and patriarchy fuelled by public stereotyping and male-dominated interpretations of women's roles and positions. In short, society is denying these women their ability to think and act independently or contribute to the creation of health, wellbeing and bio-science policies and practices that affect them and their community.

For example, Muslim women have not been engaged as contributors to research and policy reflective of them. It seems that most research is a male bastion, which undermines their effectiveness and puts them at a disadvantage and impacts on how they research and present the needs of women. This project will be women led and women governed, therefore putting these women at the heart of the research.



Overview



While debt has social and personal implications for the average person, for Muslims there is a religious element too.

Within the Islamic culture, Muslims believe that borrowing and lending has serious consequences and debt is an otherworldly punishable offence – it may stop you from entering heaven.

The Prophet Muhammed (pbuh) was noted as saying: ‘If a man was killed in battle for the sake of Allah, then brought back to life and he owed a debt, he would not enter Paradise until his debt was paid off.’

Outstanding debts are aligned with a person’s outcome in the afterlife, so Muslims take it seriously. With such a great deal of importance placed on repaying debt, it can be easy for creditors to demand repayment.

Duaas – or prayers – are a profound act of worship for Muslims. There are prayers that can be used during salah (five daily prayers) or recited at any point in the day. Prophet Muhammed (pbuh) is said to have taught a prayer to one of his companions Abu Umamah Ansari who owed money to someone. It’s reported that once he recited the prayer, he was relieved of his debt.

Muslims in debt may wish to recite this to cope with financial woes, but it is not the sole way of addressing their debt and they will also need to take practical action to clear their debt.

We live in an era where everyone is encouraged to live off credit. Everyone needs to own a house. Everyone borrows to finance a car or even a mobile phone. This report has found that Muslim women are borrowing money to purchase these things and getting into debt at the detriment to themselves and their family – some of it has been due to choice, and some has been due to circumstances.

Whilst interest is haram (forbidden) in Islam and any loans that require repayment with interest added on are not permissible, many Muslims are still using credit cards that are not ‘halal’ as they are convenient to use. For Muslim women the issue is much worse as they must deal with debt within the confines of what freedom they have within their family, community and perceived religious doctrine.

Research



We worked with 25 Muslim women through round table discussions to capture and learn from their lived experience regarding debt – how they got into debt and how they resolved their debt – sharing lessons and learning.

Nationally, UK households’ outgoings are currently higher than their income. All in all, households are borrowing more and saving less. Many households are primarily using debt for consumption and are not increasing their wealth through their borrowing.

The Covid-19 pandemic has had a disproportionate impact on women from ethnic minority backgrounds. It has been a considerable shock to household finances, especially for women already earning a low/no income. Local Muslim women expressed worry about being in more debt because of the coronavirus outbreak. At the height of the pandemic local mothers reported that they were struggling to feed their children/family and we saw a 5-fold increase in demand for our Curry Circle. We were distributing 500 meals a week compared to 100 before the pandemic.

We found many Muslim women are victims of economic abuse in a relationship and were in debt because of this financial abuse. This is known as coerced debt – ‘debt generated through financial transactions which the victim is told to make (or is aware of the abuser making in their name) in a context where there are negative consequences for non-compliance’.

Coerced debt threatens the economic security of women. It can have lasting impacts on the ability of victims to rebuild their lives by worsening not just their immediate financial position, their credit scores, but also their emotional confidence and trust. This debt makes it difficult for women to leave abusive relationships; and on leaving it makes it difficult for them to rent a home, make purchases on loan, or open certain types of utility accounts.

The effects of debt are both economic and social, and many of our women are from lower-income households. Households, who already face economic hardship, who may need to borrow for necessities (e.g., food, shelter) and yet are often also forced to pay the most in interest rates. By contrast, households on higher and more stable incomes can often borrow more cheaply to fund consumption (e.g., holidays or luxury items) and asset accumulation.

The emotional consequences on repaying debt – stress, worry, etc – which in extreme cases can lead to the breakdown of the individual and the household, as per some of the comments from the group:

- ‘It’s hard, I’m drowning ... Someone told me to sell myself on the street’
- ‘When I was in debt, I feared answering the telephone. The calls keep coming’
- ‘It got too much... I tried killing myself ... I just don’t want to wake up anymore’
- ‘I am only surviving for the sake of my children...’

Findings

Recent research by the Fawcett Society highlighted that:

- Women owe less money – but they're more likely to have problems with debt than men
- Women are more likely than men to have savings accounts, but their savings are worth less on average

It seems Muslim women approach debt and interest in two forms: an approach, which constitutes incurring what the individual deems is necessary debt to buy, for example, a house or car or when dealing with a financial crisis; or an approach, which is the decision not to engage in interest-based loans, which then makes it difficult at times to pursue education or when some sort of life hardship occurs.

The women we work with are mainly low/no earners who may have no option other than to take out further credit or high interest, short term loans to deal with income shocks. As these repayments build up, the situation can get worse in the long term. They are women who often:

- Act as stay at home mums, carers for family members, housewives, meaning they need to work flexible hours, or they can't work at all.
- Have jobs with less long-term security, such as zero hours contracts, leaving them at risk.

The following are comments and experiences of the women we worked with:

“ ‘I didn't take out a loan for my debts because it's haram, so I planned to save up some of my salary to pay it off, it has been hard.’ Rabia

“ ‘I got into debt during COVID trying to pay rent and bills... I was already struggling before COVID. I had to turn to my family for which I was embarrassed.’ Fatima

“ ‘As a student, I wish there was a halal student loan ... as my family has had to struggle to pay for my education ... I feel bad.’ Apsana

“ ‘My boyfriend put me in debt by using my details to get money and now he has gone abroad and left me in debt ... I don't know what to do.’ Sadia

“ ‘Being in debt seems to be normal here and back home (Pakistan) ... everyone does not want to save to buy things, they want them now and get loans.’ Hafsa

“ ‘It is hard for my husband to provide for us all ... he is always working ... I want to help but he is a proud Muslim man.’ Amara

“ ‘Debt is a problem, and relieving people from debt is a very important aspect of being a pious Muslim in Islam, the Mosques need to do more.’ Farheen

“ ‘I am a domestic violence survivor ... I am only staying with my husband so I do not have to struggle financially ... if I leave how will I look after me and my children...’ Sania

“ ‘My ex-husband was already legally married, and we were not ... I only found out after we took out a loan together to buy a house ... he took the money and left ... I have been suffering ever since.’ Uzma

“ ‘Without financial independence I cannot leave my in-laws house ... I am stuck paying for all household debts, with no guarantee of ever getting security.’ Zoya

“ ‘I keep saying to myself everyday ‘stop running away’ but I’ve got a big drawer that has got lots of envelopes in. After the death of my husband the bills kept coming in his name and I just threw them away. I know what I should do but I don’t know where to start.’ Farah

Case Study



“ I was a victim of fraud.

My husband and his brothers used my name to buy things for themselves.

I came from Pakistan to the UK because I got married to my husband, I thought I was going to have a better life.

They took advantage of me.

I had no control of my finances during my marriage, he controlled everything I did, I lived like a slave. I had to do as I was told. He'll always have control.

Our children were looked after my mother-in-law and my sisters- in-law... I am grateful to Allah that they were not mistreated.

In arguments he used to wish me dead and leave, not returning for days.

He took out many loans in my name, which he claimed was for helping my family back home, in Pakistan, but he had used it to gamble, take drugs and drink alcohol.

I only escaped that life when he got arrested for drugs and the police came to my home and took me to the Police station, and asked me questions about money.

I am now getting help from social services to leave him and find a home for me and my children.

I have told my family back home and they are worried for me, and think it may be better for me to stay with him... I would rather die.

Shaista (translated from Urdu)

Conclusion

With evidence of increasing levels of poverty amongst Muslim women, due to precarious employment, low pay, rising living costs and reductions in welfare support, it is likely that the financial challenges facing them will increase and continue to do so as they get older.

It is important to have more understanding and a supportive Muslim community and religious organisations to help address the issues around minimum wage rates, divorce, domestic abuse, and becoming widowed.

More financial support and advice needs to be provided to these women facing financial difficulties, now and as they get older.

Recommendations



We brainstormed alternative options to interest-bearing loans and removed the blame on Muslim women who are trying to make ends meet or get ahead in life.

The ideas they had were:

- Develop a local women focused 'committee' (a financial union between South Asian women that has long been a tradition starting in the early 70's, still in operation today and very popular) or credit union that can offer small or micro loans without interest.
- Involve men in the solutions, as allies, fathers, brothers, friends, and partners, who can encourage and help the women in their lives to establish an emergency fund of three to six months of expenses. Having a healthy savings cushion could help prevent minor problems from ballooning into large-scale and long-lasting debt.

- Provide financial debt literacy including counselling, legal aid, and other advice to empower women and girls to make well-informed financial decisions for themselves and their families.
- Encourage and enable the registration of marriages, so brides are not being left debt-stricken and homeless after being abandoned by their husbands for example because their Sharia ceremonies are not recognised under UK law.
- Alleviate period poverty caused by the 'pink-tax' gender-based price hikes. Women pay more for items like clothes and personal care, such as razors, shampoo, and feminine care/menstruation products and the applicable taxes. All of these minimise the amount of disposable income needed to save, pay off debt, and invest to build wealth.
- Encourage Mosques and other religious institutes to help support with debt advice, financial literacy and other interventions to prevent debt within the community and to be more sympathetic to women who are single, divorced and are in trouble.
- Enable women exiting abusive relationships to be able to have easier access to tenancies, credit, and other debt - related support.

**Report created by the Think + Do Tank
participants supported by the MWC team.**

