



# Responding to economic abuse

Never Stand Still

Arts & Social Sciences

Social Policy Research Centre

## Understanding economic and financial abuse

Economic abuse involves behaviours aimed at controlling women's ability to acquire, use or maintain money, credit, property, or other economic resources, which harm women's economic security and potential to achieve self-sufficiency. Economic abuse is formally recognised in family violence legislation in four Australian jurisdictions, although legislative definitions and examples differ in each, reflecting the wide range of possible behaviours through which perpetrators may inflict economic harms, and the lack of a standard definition.

While 'economic abuse' captures the wide range of economic means of exerting harm, including interfering with women's opportunities for skill development and workforce participation, the narrower concept of 'financial abuse' focuses on tactics of economic abuse pertaining to money, including debt, credit, and financial wellbeing.

## Prevalence estimates

There are no reliable estimates of the prevalence of either economic or financial abuse, in part because of the wide range of behaviours involved, and lack of standard definition or system for data capture. Financial abuse has been estimated to occur among 80 to 90 percent of women who seek support for domestic and family violence (Evans, 2007; Macdonald, 2012). However, this is based on studies of women seeking support: economic abuse may not place women's immediate physical safety at risk and so victims of this form of abuse may not present to domestic violence crisis services and supports. Further, economic abuse may emerge either post-separation or during a violent partner relationship. It often emerges in the process of settling property matters and arranging child support. It is also a common form of abuse perpetrated against older women, including by adult children.

## Harms of financial abuse

Economic abuse can affect women's short, medium and long term prospects for financial wellbeing and independence.

- Debt may be incurred in a partner's name, resulting in damaged credit ratings or bankruptcy.
- Utility and telecommunications debt may prevent access to basic services, post-separation.
- Perpetrators may prevent or control access to bank accounts or credit, and may limit women's roles in financial decision making, preventing autonomy.

- Economic abuse can also reduce women's economic resources, through refusal to share income or assets, spending of women's earnings, or coercing women to relinquish assets, acquire loans or debt, or commit fraud.
- Financial harm may be inflicted through income support and child support systems or through property settlements, reducing economic outcomes.
- Economic abuse may also undermine women's workforce participation, affecting accumulation of retirement savings as well as current income.
- All of these harms can also undermine women's confidence in their capacity for financial management.

These harms reduce women's opportunity to leave violent relationships. Financial difficulties may make it hard to cover the costs of obtaining safe housing following separation.

## Addressing economic abuse

Enhancing women's economic security in general would help prevent economic abuse. The following list provides an outline of additional strategies which would help prevent and respond to economic abuse:

### ***Promoting awareness***

Policy makers need to promote information about financial abuse and the financial impact of violence. This could be targeted at the general community including adult women and young women in schools. It should also be targeted at service providers in contact with women who may be affected by violence, including government service providers such as those in Centrelink; financial counsellors; employers and employment service providers; and staff in banks, utility providers and other organisations responsible for loans and debt repayment processes. Collaboration between specialist domestic violence services and mainstream services could help.

### ***Reducing opportunity for economic abuse to be perpetrated through systems***

Economic abuse may occur through family law and child support systems. Domestic violence, including economic abuse, could be considered in the process of determining property settlements and child support arrangements. A small claims tribunal to quickly resolve small property matters and respond to shared debt would improve access to essential goods and services following separation, and reduce vulnerability to economic abuse through the legal and bureaucratic processes that mediate relationships between family members and money upon separation.

### ***Early specialist advice and assistance to secure property and funds, and prevent loss upon separation***

There is a need to act promptly on some financial issues following violence, including bank accounts and debts. If women have advice early enough, they are able to take key steps such as safely gathering financial information before they leave the home, closing down joint accounts and withdrawing money from joint accounts for living expenses. These actions in the early stages of separation could help prevent economic loss. Close cooperation on these issues between crisis services and financial counsellors, immediately after separation, may assist.

### ***Screening for economic abuse***

Financial counsellors and domestic violence workers could routinely screen for economic abuse. Screening instruments piloted in the United States (Adams, 2011) could help. These seek to capture the frequency of economic controlling or exploitative behaviours as well as employment sabotage, but have not yet been piloted and evaluated in Australia. These could form the basis of systems to monitor prevalence. Instruments could also be used by practitioners to help determine the influence abuse has had on women's financial wellbeing, and help assess needs, guide conversations about women's financial situations, and mobilise resources to address barriers.

## ***Responding to debt: Engaging the private sector***

The private sector is increasingly recognised as playing a role in promoting women's economic security following violence, including through responses to debt and access to credit and services for victims of violence. Currently, there is much variation in utility companies' policies relating to joint billing, payment methods, late payments, and disconnections. Utilities and telecommunications companies could help minimise the financial impact of relationship breakdown by enabling ongoing access to services for survivors of violence until property matters are settled. They could also reconsider the way in which debt incurred as a result of economic abuse is treated, to help women re-establish themselves independently as customers following violence. A family protection order, for example, could trigger financial hardship provisions or the amendment of contract details where accounts were jointly held.

Efforts to reduce the financial impact of relationship breakdown due to violence would be supported by the development of guidelines for the banking, utilities and telecommunications industries. For example, a recommendation of the Victorian Royal Commission into Family Violence was that the Victorian Government encourage the Australian Bankers' Association to develop a family violence-specific industry guideline, which should be supported by training and education for staff to help them respond to economic abuse associated with family violence (State of Victoria, 2016).

The Commission also recommended amending the energy retail code, to include family violence as an explicit criterion for eligibility, and to improve protocols around joint accounts and the transfer of debt.

## ***Asset-building strategies***

Strategies to replace and build assets have not been part of Australia's policy to address poverty following violence, in contrast to approaches which have developed in the United States, such as 'individual development accounts', which are part of the 'Assets for Independence' program (Kovach, 2009). These accounts aim to encourage saving through provision of a contribution where savings goals are reached, supported by financial education and counselling. Good practice programs providing no interest loans to help women get back on their feet following violence should be expanded. Other strategies to build assets for women could involve co-location of specialist financial counsellors in services used by women who have experienced violence, to help them plan financial strategies.

## **For more information:**

Adams, A.E. (2011). Measuring the effects of domestic violence on women's financial well-being (CFS research brief 2011-5-6). Madison's University of Wisconsin Madison.

Kovach, A. (2009). Integrating asset-building strategies into domestic violence advocacy. *Journal of Poverty Law and Policy*, 43(3-4), 148-160.

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Evans, I. (2007). *Battle-scars: Long-term effects of prior domestic violence*. Melbourne, VIC: Centre for Women's Studies and Gender Research, Monash University.

Macdonald, F. (2012). *Catalyst paper 1: An overview of economic abuse*. Collingwood: Good Shepherd Youth and Family Service and Kildonan Uniting Care.

State of Victoria (2016) *Royal Commission into Family Violence: Summary and Recommendations*, Melbourne. <http://files.rcfv.com.au/Reports/Final/RCFV-All-Volumes.pdf>