Financial abuse: an insidious and damaging strategy of domestic violence

The importance of cross sector collaboration in addressing social issues and in particular domestic violence has become increasingly evident. To date this collaboration has rightly focused on the immediate and urgent needs for women and children affected by domestic violence. While collaboration is also critical to addressing the long term damaging effects of domestic violence and especially financial abuse, the sectors with the required expertise have little knowledge and experience of each other. To date, as this paper will reveal, financial abuse has unfortunately received little attention in Australia from any sector.

“Domestic violence is the term commonly used in Australia to describe violence and abuse occurring between persons who are, or who have been in a relationship” (Laing, 2000, p1). The majority of its victims are female while the majority of the perpetrators are male (Laing, 2000; Bagshaw, Chung, Couch, Lilburn & Wadham, 2000; Edwards, 2004). The following definition of domestic violence reflects definitions and descriptions used nationally and internationally.

“Domestic violence is a range of violent, abusive and intimidating behaviours, used by an adult against a current or former partner to control and dominate that person. Domestic violence causes fear, physical and psychological harm. It includes physical and sexual violence, and psychological, emotional, social and economic abuse, and harassment and stalking” (NSW Health, 2003).

The inclusion of economic abuse in the definition and description of domestic violence does not indicate that there is an understanding of financial abuse, and its impact on women and children. The purpose of this paper is to continue the work begun by Green and Pearce in bringing financial abuse, and its impact on women and children’s lives to the attention of policy makers, legislators, government, non government services, financial institutions and the community (Green and Pearce, 2000). An overview of the current inclusion, description, treatment or absence of financial abuse in domestic and family violence policy, research and responses in Australia and overseas demonstrates that financial abuse has attracted little attention in the domestic violence field. There are some positive indications of a growing recognition of financial abuse through recent research projects and initiatives in Australia; and projects in America that demonstrate the value of partnerships with the finance sector in preventing and addressing the destructive impact of financial abuse.

The paper also describes the opportunity presented by the partnership between ANZ and The Benevolent Society in the Financial Literacy and Inclusion Program, to combine the knowledge, skills and experience of a domestic violence team, a financial literacy program and that of a financial institution to explore and address the experience and impact of financial abuse in intimate relationships. An overview of the plan to utilise the financial literacy training program Money Minded for use in the domestic violence field through this partnership will be provided.
Research and Literature

Domestic violence, the use and abuse of power and control in intimate relationships and its impact on the physical, psychological and emotional wellbeing of women and their children has been extensively researched and documented, and the focus of policy, legislative reforms and varying service responses over the last 40 years. This attention has often neglected the non-physical forms of domestic violence (Bagshaw et al, 2000) and in particular the role and impact of financial abuse.

While the different definitions of violence and abuse in intimate partner relationships include financial abuse, they use differing terms such as economic abuse; economic control, economic deprivation, financial abuse, or financial control. While its inclusion acknowledges financial abuse as one of the strategies used in domestic violence there has been little research to understand how it is used, how it is experienced by women; its role in controlling and manipulating women, in creating dependence and isolation, in obstructing women’s escape; and its long-term impact on women even after leaving the relationship.

The limited understanding and recognition of financial abuse in the domestic violence policy legislation and research is mirrored in the research and practice in other areas that could improve women’s protection and recovery from financial abuse (Branigan, 2004, p10); and unfortunately also in areas that may unintentionally compound the effects of financial abuse (Green and Pearce 2002; Branigan, 2004). For example, while there has been a strong and positive influence over the last 30 years on policy and service development in supporting and resourcing women’s economic development and independence (Doughney, Macdonald, Pyke, Lyon, Leahy, & Rea 2004) there has been little recognition of the substantial barriers and threats created by the financial abuse and control of women in their intimate relationships.

At the same time, as previously identified, the finance sector with its focus on the individual has little understanding of the effect on individuals of their relationships and the community (Singh, Meyers, McKeown and Shelley 2005) and therefore the effect of financial abuse on financial autonomy, decision making and competence. The extent and nature of the understanding and/or exclusion of financial abuse varies across all areas. Of particular concern is the omission or minimising of it in domestic violence research, literature and services.

Two recent and significant research projects, one national and one in NSW, provide evidence of the different ways this exclusion can occur. They also demonstrate that financial abuse is rarely absent from women’s descriptions of their abusive and violent relationships.

In 2000 Bagshaw et al from the University of South Australia conducted a phone in and focus group and heard from 102 women about their experiences of domestic violence and the helpful and unhelpful responses they received. The project was funded under the Commonwealth Government Partnerships Against Domestic Violence initiative. Their comprehensive report “Reshaping Responses to Domestic Violence” outlined their findings and recommendations for change and improvements. The report noted that “economic deprivation” was reported by most of the women who had or were experiencing domestic violence:

“This included complete control of all monies by perpetrators, no access to bank accounts, inadequate allowances given to women and, if the women worked her wages were used for all household expenses, while the perpetrators were used completely on him. In many instances the perpetrator controlled all access to food with food being locked in the cupboards and, in some instances women and children going hungry” (Bagshaw et al, 2000, p23).

Despite this evidence of financial abuse the report’s categorizing of women’s needs and its recommendations did not specifically address financial abuse except implicitly in the recommendations for more community education on non physical forms of abuse and for appropriate accommodation and financial security. Poverty was also mentioned as requiring further research and exploration, but only in its role as a barrier to escape, not as a consequence of the strategies of financial abuse reported by the women (Bagshaw et al, 2000, p44).

Edward’s (2004) recent research explored how women leaving domestic violence could safely remain at home. During the research twenty nine women shared their experiences of domestic violence. The report on this research “Staying Home Leaving Violence” excludes financial abuse from its description of domestic violence. This omission occurs despite the information provided by women indicating the presence of financial abuse.
The women’s stories revealed that one woman’s partner refused permission for her to work or pursue her TAFE studies another partner withdrew all the money from their account to prevent the woman leaving and another stole from the woman (Edwards, 2004, pp 27, 47). It was also noted that the partners’ gambling and dependence on alcohol and drugs was a significant factor in the majority of the relationships with many of the women being the sole breadwinners while the partner gambled his money and/or spent it on drugs and alcohol.

The relationship between these behaviours and the abuse and violence in the relationships is evident in the report’s description of one woman’s experience:

“He turned to a cocktail of psychological abuse and social isolation to exert power over her, gain her consent to go deeper into debt to feed his gambling addiction” (Edwards, 2004, p19).

While the financial abuse is not named in this report, the economic impact of the abusive and violent relationship is acknowledged (Edwards, 2004, p 60) although as in other reports, the emphasis is placed on poverty as an outcome of leaving the relationship, and therefore a barrier for women leaving (Bagshaw et al, 2000, p 8) rather than as a crucial aspect of the experience while in and because of the relationship (Branigan, 2004, p35).

While the role and impact of financial abuse continues to be omitted from many of the past and current research projects that contribute to our understanding of domestic violence and improvements in policy, legislation and services, there are notable exceptions.

It is apparent that many practitioners in the domestic violence arena are well informed by the women they work with about the systematic use and consequences of financial abuse. This experience in the domestic field has been responsible for one of the first papers on financial abuse in intimate relationships being presented in Australia. It was also the experience of direct work with women that prompted the first research on this form of financial abuse in Australia by the Colburg Brunswick Community Legal and Financial Counselling Centre (Branigan, 2004, p3)

In 2002, Green and Pearce presented their paper “The Criminalisation of Women: The Impact and Implications of Financial Abuse”. It describes financial abuse as a critical, yet neglected component of domestic violence. It provides stark and powerful descriptions of the serious consequences of financial abuse for many women, that is poverty and criminalisation. They also alert government departments to the unintended contribution they may make to the effects of this abuse and control, in particular Centrelink.

Their paper argues for the changes required to acknowledge financial abuse, raise community awareness and protect and respond to the women affected. They see access to accurate financial and legal information as important to the protection and empowering of women, and they outline the possible effects for women when they do not have access to this information. The effect of financial abuse that their paper specifically highlights and seeks to address is the increased representation of women in legal and paralegal processes (investigations, interviews and proceedings conducted by Centrelink) where financial abuse within the context of domestic violence is the key contributing factor. They are also concerned to highlight and raise awareness on financial abuse and its contribution to women’s experience of poverty. They contribute to the understanding of financial abuse by their descriptions of many of its forms:

The offending partner withholding financial support of the victim and her dependent child/children by not sharing his earned income or having her earned income paid into his account for his exclusive use or into a joint account to which she has no access

- The offender withholding information about finances including his income or tax arrangements and the exclusion of the victim from participation in financial decision making.
- Intimidation and coercion of the victim to apply for welfare payments and/or to sign loans
- The victim not being allowed to seek or maintain employment.
- The victim's signature being forged on credit card applications and company returns (Green and Pearce, 2002)
Further understanding of women’s experience of financial abuse and its impact on women’s and children’s security and wellbeing are provided by the research project conducted by Branigan for the Coburg Brunswick Community Legal and Financial Counselling Centre. Sixty four women participated through individual interviews and focus groups.

This research report and Green and Pearce’s paper share much in common. They both describe financial abuse as a powerful strategy used to gain and maintain control in intimate relationships that remains hidden and/or minimised, and at times supported by the beliefs, values and assumptions about relationships, money management, economic dependence/independence and gender.

*It is a profoundly under-recognized phenomenon as it is deeply hidden within societal expectations that couples will equitably share their financial resources for the good of the whole family (Branigan, 2004, p3).*

They both identify and highlight the difficulties women experience in identifying financial abuse and control and/or acknowledging it to themselves and others. Identifying abusive and manipulatively strategies used by their partners as domestic violence is acknowledged as being made more difficult for women by community campaigns, legislation, protection and responses that focus on physical assault (Bagshaw et al, 2000).

A key finding of Branigan's research is the role of bureaucratic, legal and corporate systems in perpetuating financial abuse of women, supporting the arguments in Green and Peace’s paper. Branigan’s report includes a comprehensive list of recommendations under three headings: Legal; Government Policy; Community Development and Financial Education. Their list of recommendations highlights the importance of the understanding and actions of all parts of the community in addressing financial abuse just as is the case for domestic violence in general. It also recognises the importance of services that address the urgent and immediate financial needs of women and children affected by financial abuse and services that will assist women’s recovery and the reclaiming of their identities and futures.
Initiatives to Address Financial Abuse

Current services in Australia address financial abuse to varying degrees. Green and Pearce describe the use of the Duluth Power and Control Wheel in their groups to assist women to identify the financial abuse in their relationships. They acknowledge that while a significant portion of the wheel is devoted to financial abuse (12.5%) it is unlikely that an equal amount of time is spent on exploring its impact (Pearce and Green, 2002, p11).

A number of organisations recognising the impact of financial abuse on a woman’s ability to leave an abusive and violent relationship have introduced specific programs aimed at financially assisting women. These include No Interest Loans (NIL’s) specifically for victims escaping domestic violence by Good Shepherd Youth and Family Services and Kildonan Child and Family Services in Victoria. Kildonan also provides financial counselling to women who are victims of domestic violence.

In 2001, the Australian Government started working with businesses, through Partnerships Against Domestic Violence-A Business Approach (PADV-ABA), to raise awareness within the workplace of the issue of domestic violence and its impacts on the corporate sector. This initiative followed similar initiatives in America providing awareness in workplaces of domestic violence and in particular the strategies used by offenders to sabotage a woman’s employment. The initiative was responsible for the development, dissemination and promotion of resources to inform and support workplaces to assist women to maintain their employment and hopefully their economic independence.

Knowledge around financial abuse and domestic violence is not reliant on literature and research. It is also evident in resources produced by domestic violence services, especially in America, by their comprehensive inclusion of the strategies of financial abuse and in some cases the provision of resources and services to prevent and address its effect. The financial abuse strategies identified in these resources parallel those described by Green and Pearce and Branigan. They also describe the role of financial abuse in exacerbating the difficulties women experience in escaping domestic violence:

- Often, victims of domestic violence have little or no access to financial resources and face the choice of poverty or remaining in an abusive relationship.
- Abusive partners may sabotage victims’ attempts to seek employment or education outside of the home by harassing them at work, withholding transportation or childcare, or beating them severely.
- Victims of domestic violence who have access to the internet may be unable to retrieve vital information about resources that could help them leave the relationship because many abusers closely monitor the websites victims visit.
- Some abusive partners harass victims through their social security numbers by damaging their credit and accessing their bank accounts.

(National Coalition Against Domestic Violence, 2006)

It is apparent that there are services in America who have pioneered projects to prevent and address financial abuse by engaging in partnerships with business and the financial sector. These projects include strategies to raise community awareness and provide resources and information. The importance of addressing the impact of financial abuse in reducing the incidence of domestic violence is recognised as good practice by these projects. They include a project being undertaken by the National Coalition Against Domestic Violence. The project’s description of the rationale for the initiative reinforces recommendations in Branigan’s report that argue for the development and adoption of financial education resources and training, by a range of services (Branigan, 2004, p37).

“For victims in all socioeconomic brackets, financial education is essential to breaking the cycle of violence. Financial matters become infinitely more complicated when compounded with the need to protect oneself from an abusive partner.” (National Coalition Against Domestic Violence, 2006)
The Domestic Violence and Financial Education Initiative

The experience of this American initiative and other initiatives to address financial abuse in Australia and overseas will provide important information for the project, made possible by The Benevolent Society’s partnership with ANZ. As stated previously this partnership produces a powerful combination of knowledge, skills and experience to address financial abuse supported by their shared experience in the Financial Inclusion Program.

The Benevolent Society has a long history and experience in addressing the needs of vulnerable individuals and communities since 1813. The organisation’s purpose in 2006 to create caring and inclusive communities and a just society continues this commitment.

This commitment is supported by The Benevolent Society’s extensive knowledge and experience in the area of domestic violence. Our practice has been one of collaboration and partnership with women, government and non-government organisations, businesses and the community. Our work with women has been concerned with the crisis and long-term needs of women and their children. This work has inevitably identified the need to identify, prevent and address the effects of financial abuse.

Key strategies of The Benevolent Society to engage businesses and raise awareness of the impact of domestic violence and financial abuse have been participation in the Office for Women’s working party on Domestic Violence and A Business Approach and a Domestic Violence and business campaign in 2004.

This project will initially focus on piloting the use of financial education training modules from the Money Minded financial literacy training; and developing and delivering a Train the Trainer package for workers in contact with women affected by domestic violence. This initial phase of the project will assist women:

- by identifying and validating their experience of financial abuse and its impact
- by recognising the importance of economic independence and financial information
- to gain personal control over money and financial resources
- to build and/or restore confidence in their ability to make informed financial decisions and their financial competence

It is hoped that the introduction of financial education programs will be only the beginning; that projects aimed at preventing domestic violence will promote young women’s recognition of the importance of economic independence and financial competencies; that understanding the use of financial abuse assists the community’s understanding of the use of power and control in domestic violence.

It is also hoped the project will provide support to the endeavors of Green and Peace and Branigan to alert government and corporate agencies and financial institutions to their unintended contribution to financial abuse and gain the necessary changes to thwart, not support financial abuse.
References

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