The cost of financial abuse in Australia

Commonwealth Bank of Australia

2022

Contents

Glossary

Acronym	Full name
ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
CALD	Culturally and Linguistically Diverse
CommBank	Commonwealth Bank of Australia
DFV	Domestic and Family Violence
GVRN	Gendered Violence Research Network
IPV	Intimate Partner Violence
MEB	Marginal Excess Burden
PAF	Population Attributable Fraction
PSS	Personal Safety Survey
SEA	Scale of Economic Abuse
SHS	Specialist Homelessness Services
US	United States
US$	United States Dollars
VAW	Violence Against Women

Note on terminology: while the DFV sector prefers the use of the term victim-survivors, for the purpose of this report both terms victims and victim-survivors were adopted.

How to get help

For support services and more resources on how to identify signs of financial abuse and sources for help, please visit the **CommBank Financial Abuse Resources Centre**[i] and **Good Shepherd Financial Abuse Information Hub**.[ii] Commonwealth Bank has also partnered with Good Shepherd to create the Financial Independence Hub. This is a free service delivered by Good Shepherd to provide confidential support to people recovering from domestic violence and financial abuse – regardless of who they bank with. Find out more on the Good Shepherd website. Banks can provide specialised support for customers impacted by domestic violence and financial abuse. Commonwealth Bank customers experiencing domestic or family violence can call a Community Wellbeing Specialist on 1800 222 387, or if it's difficult to call, customers can message this team via CommBank's online chat (Ceba) in the CommBank app. The Community Wellbeing team is available between 8am and 6pm, Monday to Friday (Sydney/Melbourne time, excluding public holidays). **For confidential information, counselling and support, you can call 1800RESPECT on 1800 737 732.** This is a free and confidential service that is not part of Deloitte or Commonwealth Bank. If you need an interpreter or translator, you can ask for one and the counsellor will make the arrangements.

i CommBank, Financial Abuse Resource Centre <https://www.commbank.com.au/support/financial-abuse.html>.
ii Good Shepherd, Financial Abuse Information Hub <https://goodshep.org.au/services/financial-abuse-information-hub/>.

over **623,100** women and men were subjected to **financial abuse** in Australia in 2020.

1 in 30 women

1 in 50 men

This is equivalent to more than 43 female and 27 male victims every hour of 2020.

Nearly **1 in 30 women** were subjected to financial abuse in 2020 compared to around **1 in 50 men**.

These figures are also likely to understate the true distribution of financial abuse due to gendered expectations around household finances and financial abuse being a relatively understudied form of abuse.

Types of abuse:

Female victims

- **26%** were the victim of a partner not contributing to household expenses
- **15%** had an abusive partner not contribute to the needs of their dependents
- **27%** had their income withheld or controlled by an abusive partner
- **22%** were prevented from working entirely
- **11%** were made liable for joint debts

Male victims

- **22%** had their income withheld or controlled by an abusive partner
- **11%** were prevented from working

The cost of financial abuse is staggering

$5.7 billion
Costs to the victim 2020

$5.2 billion
Costs to the economy 2020

Costs to victims* = $3.2B + $1.2B + $0.6B + $0.6B

- $3.2B — **Withholding or controlling** victim's income or finances
- $1.2B — Refusal to contribute to shared household **bills**
- $0.6B — Refusal to contribute to shared **expenses** for children
- $0.6B — Liability for joint **debt**

Costs to broader economy* = $4.6B + $0.2B + $0.4B

- $4.6B — **Productivity** costs
- $0.2B — **Mental health** costs
- $0.4B — **Deadweight losses**

*Note: Due to rounding, figures may not sum to total.

Executive summary

Over 623,000 women and men were subjected to financial abuse by a current or former intimate partner across Australia in 2020 alone. The impacts of financial abuse incurred an estimated $5.7 billion in direct costs for victims and $5.2 billion in costs for the broader economy in 2020.

Financial (or economic) abuse is widespread throughout Australian society and creates a range of serious costs for both victims and the broader economy. While most Australians recognise other aspects of domestic and family violence (DFV), such as physical and sexual abuse, fewer are aware of the prevalence and impacts of financial abuse.

The Commonwealth Bank of Australia (CommBank) is committed to addressing financial abuse and assisting customers to achieve financial independence. In 2020, CommBank Next Chapter was launched to support people impacted by domestic and financial abuse. Focussing on three key areas – support, advocacy and prevention – the program seeks to address the critical issue of financial abuse in Australia and assist impacted customers and members of the community to achieve long-term financial independence. Partnering with experts such as the Gendered Violence Research Network (GVRN) at the University of New South Wales has also produced a research series seeking to increase industry and community understanding of the problem of financial abuse in Australia.[1]

In this context, Deloitte Access Economics was engaged to study the prevalence and costs of financial abuse in Australia in 2020. This analysis should contribute to building the evidence base of the costs of financial abuse in Australia – and helping to raise public awareness on the issue to improve the response.

What is financial abuse?

Financial (or economic) abuse is a non-physical form of DFV which can be hidden or 'invisible' within intimate partner relationships. While initially considered as an element of emotional abuse, financial or economic abuse is increasingly recognised as a distinct form of DFV.

Previous reviews have highlighted the challenge in defining financial or economic abuse, due to a lack of historic recognition of financial or economic abuse as a form of DFV. Drawing from the Fourth Action Plan of the *National Plan to Reduce Violence Against Women and their Children 2010-2022* and previous work by the GVRN, this report adopts the term "financial abuse" to refer to both financial and economic abuse, and defines financial abuse as:

a deliberate pattern of behaviours in which an individual seeks to ***control, exploit or sabotage*** *their partner's ability to* ***acquire, use and maintain financial resources****.*

Financial abuse is considered a lesser known form of intimate partner violence (IPV), with both the broader community and many victims themselves unaware of the issue. Victims may often fail to identify signs of financial abuse due to gendered expectations surrounding the management of household finances, the gendered nature of care, and undervaluing of women's paid and unpaid work.

How prevalent is financial abuse?

Financial abuse is widespread in IPV settings in Australia. The most comprehensive source of information on the prevalence of financial abuse in Australia is the Australian Bureau of Statistics (ABS) Personal Safety Survey (PSS), which in 2016 measured financial abuse as a subset of emotional abuse. Among those experiencing emotional abuse, nearly one in two women (48 per cent) and one in three men (35 per cent) also reported financial abuse. This equates to over 380,000 women and 240,000 men in Australia in 2020.

In other words, nearly 1 in 30 women and 1 in 50 men are subjected to financial abuse in any given year – and this is almost certainly an underestimate.

Chart i presents the estimated prevalence of financial abuse in Australia in 2020, by age and gender. Women represent the majority (61 per cent) of victims of financial abuse. Most cases occur between the ages of 25 and 64, with a peak between 35 to 49 years – potentially reflecting the ages when victims' earning capacity, and household expenses, are typically highest.

It is noted that these estimates are **expected to underestimate the prevalence of financial abuse among female victims** of IPV, due to the gendered expectations outlined above – which may prevent female victims of financial abuse from recognising and reporting their abuse.

In addition, as the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident, these findings fail to account for experiences of financial abuse by persons of diverse gender identities.

Further, the PSS is likely to underrepresent groups such as persons with disability[2] and CALD communities.[3]

Chart i: Prevalence of financial abuse in IPV settings, by age and gender

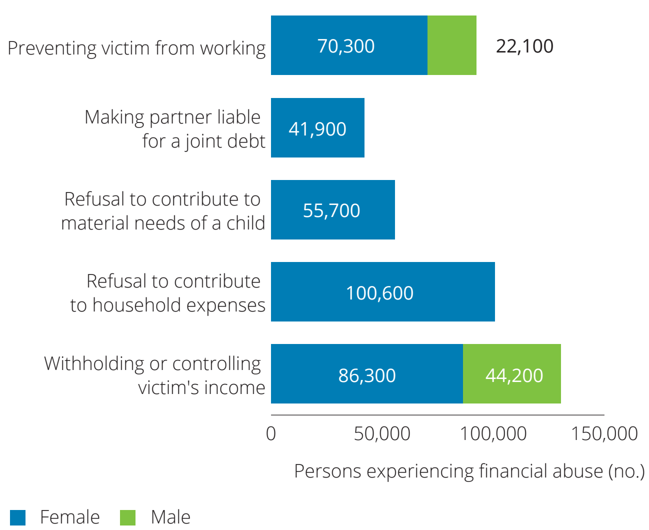
Source: Deloitte Access Economics analysis.
Note: Figures rounded to nearest hundred.

What are the impacts of financial abuse?

This report considered the impacts of some of the most common forms of financial abuse identified in Australian research to date. These costs were applied to two cohorts of victims of financial abuse: those experiencing behaviours of **control**, and those experiencing behaviours of **exploitation** or **sabotage**. Control involves behaviours where the perpetrator withholds or controls a victim's income. Exploitation and sabotage include behaviour such as where the perpetrator refuses to contribute to household expenses, refuses to contribute to the material needs of children and makes their partner liable for joint debts. Both cohorts also include behaviours where the perpetrator prevents the victim from working.

Chart ii shows the prevalence of each form of financial abuse measured in this study. Withholding or controlling a victim's income was the most common form of financial abuse, experienced by over 86,000 women and 44,000 men. Refusing to contribute to household expenses was only estimated for female victims due to a lack of evidence regarding male victims of IPV – yet was still the second most prevalent form of abuse.

Chart ii: Prevalence of financial abuse, by form of abuse



Source: Deloitte Access Economics analysis.
Note: Figures rounded to nearest hundred.

What is the cost of financial abuse?

Financial abuse incurs a range of costs on victims, as well as for perpetrators, children, friends and family, employers, governments, and the broader Australian community. For victims in particular, financial abuse has both direct and indirect costs.

Victims of financial abuse incur **direct costs** through the net present value of the losses resulting from the tactics adopted by the perpetrator – including lost income, higher expenses such as household costs, or additional expenses such as liability for unwanted loans. From a societal perspective, these direct costs to victims represent **transfers**, or a shift of consumption power from one group in the community (victims of financial abuse) to another (perpetrators of financial abuse). Nonetheless, these direct costs represent a significant burden to victims of financial abuse.

These direct costs of financial abuse can also lead to additional indirect costs for victims and the broader economy. For example, victims may experience financial hardship, stress, and housing insecurity, all of which can have serious and long-term implications for victims' financial security, employment, and mental health. Ultimately, in cases where financial abuse reduces a victim's financial security, it may also reduce their ability to gain independence and leave an abusive relationship.

The **broader economic costs** captured in this analysis include the cost of productivity losses, additional health system expenditure, and deadweight losses attributable to financial abuse. Productivity losses arise when victims are prevented from working by their abuser. The increased risk of experiencing depression and anxiety due to financial abuse can create additional health system costs. Deadweight losses capture the efficiency loss from having to raise additional taxes to cover reduced income or increased expenditure for government.

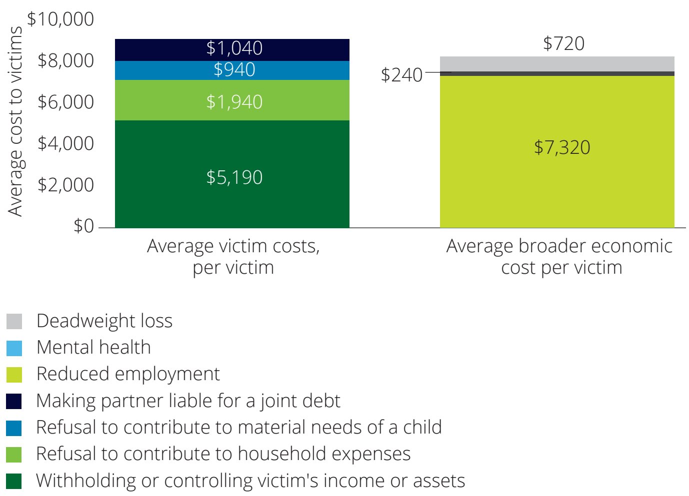
Based on the forms of financial abuse considered in this report, the impacts of financial abuse are estimated to have generated **$5.7 billion in direct costs** to victims. From a societal perspective, these costs lead to **$5.2 billion in broader economic costs** in Australia in 2020.

Behaviours of withholding or controlling income account for most of the cost for victims ($3.2 billion, or 57 per cent). Refusal to contribute to shared household expenses accounts for $1.2 billion (21 per cent) of the costs to victims, while refusal to contribute to the material needs of children cost $0.6 billion (10 per cent). Finally, making a partner liable for a joint debt carried a cost of $0.7 billion to victims (11 per cent).

Productivity losses represent the majority of broader economic costs, accruing a cost of $4.6 billion in 2020. Health system expenditure incurred a cost of $150 million. Deadweight losses amounted to a cost of $456 million.

This translates to an **average cost** of approximately $9,110 per victim of financial abuse – in addition to $8,300 per victim in broader economic costs.

Chart iii: Average per victim costs of financial abuse



Source: Deloitte Access Economics analysis.
Note: Figures rounded to nearest ten.

These estimates are likely to be conservative due to limitations in the measurement of prevalence and the scope of impacts captured.

There are a number of reasons why the true cost of financial abuse is likely to be higher. As noted above, traditional gender norms likely contribute to the 'invisibility' of financial abuse and under-reporting of the prevalence of financial abuse, particularly for female victims. In addition, financial abuse has been a relatively understudied form of abuse and historically subsumed within research on emotional abuse – limiting the understanding of the prevalence of financial abuse. For example, in the latest available data in the PSS in 2016, financial abuse was only captured as a subset of emotional abuse. More recent data that better reflects the contemporary understanding of financial abuse as a distinct and widespread form of DFV will likely reveal greater prevalence.

To illustrate some of the additional and unquantified costs of financial abuse for victims, this report also includes three case studies of financial abuse provided by WIRE (names changed). These examples can help to illustrate the severe and often invisible impacts of financial abuse for victims from a range of communities across Australia. In addition, the impacts of COVID-19 for victims of financial abuse in 2020 are not captured in the quantitative analysis in this report. However, targeted aspects such as forced early access to superannuation are considered in Chapter 2

Further work

This report represents a key step in raising awareness of the extent of financial abuse in IPV settings in Australia. However, the costs are not exhaustive, and more research is required in:

1. Establishing broad agreement on the definition of financial abuse

While financial abuse is increasingly recognised as a distinct form of DFV, a consistent definition has not yet emerged in Australian research or policy. An established and consistent definition of financial abuse is required to better build the understanding of the prevalence and costs of financial abuse.

2. Improving data collection and updating measures of the prevalence of financial abuse

Precise measurement of the prevalence of financial abuse is made difficult by the 'invisible' nature of the behaviours within intimate partner settings. While the ABS PSS offers the most comprehensive view of the prevalence of financial abuse in Australia, the limitations noted above suggest that significant under-reporting exists. Effort must be made to establish a more up-to-date prevalence estimate in line with contemporary views on financial abuse, whether in upcoming iterations of the PSS or through contributions by financial institutions with visibility of the issue. There may also be an opportunity for financial institutions such as CommBank to contribute to detecting signs of financial abuse and measuring prevalence within customer bases.

3.Understanding the diverse and intersectional impacts of financial abuse

Future research must also consider the intersection of financial abuse with gender (female, male, and gender diverse) and vulnerable population groups such as CALD communities, different socioeconomic backgrounds, Aboriginal and Torres Strait Islander peoples, and those with disability. While there is no evidence that persons from CALD communities are more likely to experience financial abuse, the impacts of financial abuse can intersect with vulnerabilities that are present in CALD communities that are not experienced by others. Further, the tactics of financial abuse are likely to differ across diverse and intersectional contexts, and lead to unique impacts for victim-survivors from CALD communities. Similarly, there is a lack of understanding in the knowledge of financial abuse in the context of IPV among older people. These vulnerabilities need to be considered by service providers to ensure they can provide the best support to victims of financial abuse.

4. Understanding the lifetime costs of financial abuse

This analysis examines the **annual cost** of financial abuse to victims and to the broader economy. This includes the costs incurred in 2020 due to due to unique instances of financial abuse perpetrated perpetrated in the previous twelve months.

To further build the understanding of the costs of financial abuse, further work could consider the **lifetime costs** of financial abuse within intimate partner relationships in Australia. This would involve considering the long-term impacts of financial abuse – for victims as well as for the perpetrators of financial abuse, and the children, friends and family, and employers of victims of financial abuse. These longer-term costs can include reduced lifetime productivity and earnings of victims of financial abuse, and generational impacts for the children of victims of financial abuse.

There is also scope for further research on the costs of financial abuse to government services such as through the legal aid, policing, social housing, and crisis accommodation services used by victims of financial abuse.

Deloitte Access Economics

1 Introduction

1 Introduction

1.1 Background

Financial abuse is widespread in intimate partner violence (IPV) settings throughout Australia, alongside other forms of domestic and family violence (DFV) such as physical, sexual, and emotional or psychological abuse. The perpetration of financial abuse creates a significant range of direct and indirect costs for victims and the broader economy.

Previous reviews have highlighted challenges in defining financial or economic abuse, due to a lack of historic recognition as a form of DFV. For the purposes of this report, the term "financial abuse" is used to refer to both financial and economic abuse. Drawing from the Fourth Action Plan of the *National Plan to Reduce Violence Against Women and their Children 2010-2022* and previous work by the Gendered Violence Research Network (GVRN) at the University of New South Wales, financial abuse is defined as:

a deliberate pattern of behaviours in which an individual seeks to "control, exploit or sabotage" their partner's ability to acquire, use and maintain financial resources.

The Commonwealth Bank of Australia (CommBank) is committed to addressing financial abuse and assisting its customers to achieve financial independence. Recent actions include launching CommBank Next Chapter, focussing on three key areas – support, advocacy and prevention – to address the critical issue of financial abuse in Australia and assist impacted customers and members of the community achieve long-term financial independence. Partnering with experts such as the GVRN has also produced a research series seeking to increase industry and community understanding of the problem of financial abuse in Australia.[4]

In this context, Deloitte Access Economics was engaged to study the prevalence and costs of financial abuse in Australia in 2020. This analysis should contribute to building the Australian evidence base on financial abuse – and helping to raise public awareness on the prevalence and costs of financial abuse in Australia today.

1.1.1 Financial abuse in Australia

The most recent data available on financial abuse within IPV settings within the Australian Bureau of Statistics (ABS) Personal Safety Survey (PSS) 2016 measured financial abuse as a subset of emotional abuse. Among those experiencing emotional abuse from their most recent abusive partner, almost one in two women (48 per cent) and one in three men (35 per cent) also reported experiencing financial abuse. This is equivalent to over 380,000 women and 240,000 men suffering financial abuse from a current or former partner in 2020.[iii]

Financial abuse is commonly perpetrated through behaviours of controlling, or trying to control knowledge, access, or decisions around household money, working or earning money, or income or assets.[5] It is considered a hidden and "invisible" form of IPV, with both the broader community and victims themselves often unaware of the issue. Victims may not be able to identify financial abuse due to gendered expectations around household finances, the gendered nature of care, and undervaluing of women's paid and unpaid work.

Awareness of financial abuse is increasing in Australia, albeit slowly and from a low level. One example of this is the Centre for Women's Economic Safety mobilising to respond to financial abuse. The first Economic Abuse Awareness Day was held in Australia on 26 November 2021, after its inauguration in Canada in 2019.[6]

There is also no 'typical' victim of financial abuse, making it more difficult to detect. Victims are widespread throughout Australian society, including across different age groups and levels of socioeconomic status. Notwithstanding this, vulnerable groups include persons with disability or poor health and those from culturally and linguistically diverse (CALD) backgrounds.

Victims of financial abuse are directly affected through the control perpetrators hold over their finances and may also have indirect costs incurred through flow-on impacts of the abuse. For example, victims may experience financial hardship, stress, and housing insecurity, all of which can have serious implications for mental health, resulting in an indirect cost to the victim. In cases where financial abuse reduces a victim's financial security, it may also reduce their ability to gain independence and leave an abusive relationship.

iii Deloitte Access Economics, analysis based on PSS (2016). For additional detail, see results in Chapter 4.

Even in cases where the victim does manage to leave the relationship, the impacts can be lasting, and the abuse may continue post-separation. This may include new tactics such as harassment at work and the use of the legal system to deliberately incur expensive litigation costs for the victim. Tactics such as these enable the abuser to maintain control over the victim long after the relationship is over.

The impacts of long-term financial abuse can incur significant costs that compound over a victim's lifetime. This is especially apparent when a victim is abused during key moments in their life, such as while studying or entering the workforce. The 6 Moments That Matter website highlights these critical points in time and how they can affect an individual's long-term financial security.[7] For example, experiencing abuse while studying or gaining a qualification can significantly hamper the victim's lifetime earning potential. Likewise, suffering abuse when entering, or returning to, the workforce can force a victim to remain dependent on their abuser. This report also includes three case studies of financial abuse provided by WIRE, to help illustrate the severity and invisibility of financial abuse for victims across Australia.

There is also evidence that the impacts of COVID-19 have been more pronounced for women.[8] Women were more likely to lose their job and to increase their amount of unpaid work in the home (such as childcare). Many more women also dropped out of study during this period, suggesting that caring responsibilities affected women's education opportunities as well as their paid work. These impacts are likely to compound the existing economic disadvantage faced by women by reducing their long-term financial independence and their capacity to leave abusive relationships. These additional impacts of COVID-19 for victims of financial abuse in 2020 are not captured in the quantitative analysis in this report. However, targeted aspects such as forced early access to superannuation are considered in Chapter 2.

1.2 Scope of this report

This report is focused on financial abuse in the context of an intimate partner relationship. The cost of financial abuse is calculated for Australia, for the year 2020. Costs are considered for both the victims of financial abuse, and broader economic costs:

- **Costs to victims** include direct costs and indirect costs. Direct costs relate to the financial value of the income and assets which are controlled, exploited, or sabotaged by perpetrators of financial abuse. Indirect costs to victims relate to the impact of abuse on victims, such as housing stress and financial insecurity.
- **Broader economic costs** include reduced employment and productivity of victims of financial abuse and greater need for mental healthcare.

The remainder of this report is structured as follows:

- **Chapter 2**: an overview of current evidence and research on the prevalence of financial abuse, impacts and costs of financial abuse
- **Chapter 3:** the approach adopted to understand prevalence and costs of financial abuse, including key assumptions and limitations
- **Chapter 4**: findings for the annual costs of financial abuse in Australia in 2020
- **Chapter 5**: suggested next steps for further work.

Box 1: CommBank Next Chapter

CommBank recognises the significant long-term impacts of domestic and family violence and financial abuse on victim-survivors and the wider community. Consistent with the bank's purpose of building a bright future for all, CommBank has a long-term commitment to address domestic violence and financial abuse for its customers and community.

In 2020, CommBank Next Chapter was launched to support people impacted by domestic and financial abuse. The program, which focuses on three key areas - support, advocacy and prevention – seeks to address the critical issue of financial abuse in Australia and assist impacted customers and members of the community achieve long-term financial independence. CommBank has taken action in four key areas:

- Lead the industry in providing support to customers impacted by DFV through the Community Wellbeing team. This team provides banking support to customers impacted by DFV. The team intends to support 125,000 customers over five years.
- Find and fix known issues with CommBank products and services, including through taking action to curb abusive language on digital banking platforms.
- Expand support for long-term recovery through their partnership with Good Shepherd to deliver the Financial Independence Hub.
- Build the fact base and raise public awareness of the issue of financial abuse.

Part of the last focus area is a research series conducted in partnership with the GVRN at the University of New South Wales. The series seeks to increase industry and community understanding of financial abuse in Australia.[9]

2 Overview of current evidence and research

2 Overview of current evidence and research

This chapter outlines findings from a targeted literature review to understand the existing evidence and research on financial abuse in Australia. Key research questions guiding the review included:

- How are **IPV** and **financial abuse** defined?
- How **prevalent** is financial abuse in the context of IPV in Australia?
- What are the **costs** of financial abuse in Australia?

Findings from the literature review are summarised in Section 2.1.

2.1 Summary of findings

The findings to answer the key research questions guiding the review are summarised in Box 2 below.

Box 2: Summary of key findings from the literature review

What is financial abuse?

Financial abuse is a deliberate pattern of behaviour in which an abuser seeks to "control, exploit or sabotage"[10] their partner's ability to acquire, use and maintain financial resources.[11]

How common is financial abuse in Australia?

The available evidence on financial abuse suggests that **financial abuse is prevalent in IPV settings throughout Australia:**

- Previous research based on findings from the PSS has established that amongst those experiencing emotional abuse from their most recent emotionally abusive partner, almost one in two women (48 per cent or 812,000) and one in three men (35 per cent or 364,000) also reported experiencing financial abuse.[12]
- The existing evidence indicates that financial abuse is experienced throughout Australian society, including across different age groups and levels of socioeconomic advantage – meaning that there is no 'typical' victim of financial abuse.[13]

What are the costs of financial abuse for victims?

Financial abuse can create a range of costs for victims, as well as for perpetrators, children, friends and family, employers, governments, and the broader Australian community. For victims in particular, financial abuse has both direct and indirect costs.

- **Direct** costs: Within the Australian literature on financial and economic abuse in the context of IPV, the most commonly identified costs include reduced access to income or assets, unwanted liability through joint debts, additional household expenses including for children, and loss of employment or study opportunities
- **Indirect** costs: The direct costs of financial abuse have further long-term impacts on victims, such as increased economic and financial hardship and insecurity for victims.
- In this way, financial abuse can increase victims' financial dependence on their partner[14] – meaning that financial abuse can act both as an impetus as well as an obstacle to leaving an abusive relationship.[15]

What previous estimates of the costs of financial abuse?

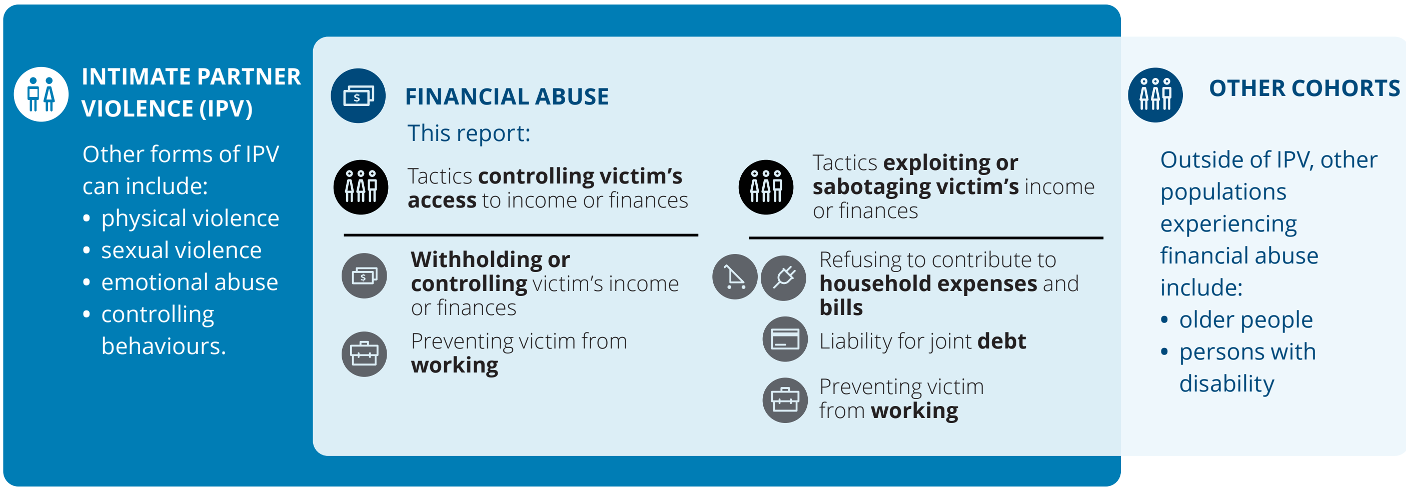
- Previous research has estimated the total cost of violence against women and their children in Australia between $11.9 billion and $22 billion (in $2020).[16]
- In the United States, previous research estimated the direct lifetime costs of IPV at US$103,767 for women and US$23, 414 for men.[17]
- There is less understanding of the specific cost of financial abuse in IPV settings in Australia. This is attributable to the lack of understanding of the nature and prevalence of financial abuse, as an "invisible" form of DFV.[18]

2.2 What is financial abuse?

Financial or economic abuse is a form of DFV, alongside other forms of violence or abuse including physical and sexual violence, emotional and psychological abuse, and other controlling behaviours.[19] Financial or economic abuse often occurs in the context of IPV, perpetrated by a victim's current or former intimate partner, and within a context of coercive control.[20] However, financial abuse may also occur outside of IPV relationships with people experiencing vulnerability, such as older people or persons with disability.[21]

This section sets out the definitions for IPV and financial or economic abuse which have emerged in research and other policy literature in Australia and overseas. The key forms of financial abuse identified in this review are set out in Figure 2.1.

Figure 2.1: Forms of financial abuse considered in the scope of this report



Source: Deloitte Access Economics.

2.2.1 Intimate partner violence

IPV refers to the experience of physical, sexual, and emotional abuse or controlling behaviours within a current or former intimate partner relationship.[22] Intimate partner relationships include marriage as well as de facto partners and those dating, whether or not cohabitating.[23] IPV can occur both during the course of an intimate partner relationship, and after a separation. In Australia, violence between persons who are in, or have had, an intimate relationship is recognised within the definition of domestic violence within he Fourth Action Plan of the *National Plan to Reduce Violence Against Women and their Children* (2019 to 2022) ('the Fourth National Plan'):

"[Domestic violence] [r]efers to acts of violence that occur between two people who are, or were, in an intimate relationship. It includes physical, sexual, emotional, psychological and financial abuse."[24]

As the understanding of the nature and types of family and domestic violence has evolved, IPV is increasingly understood to involve a broad range of controlling behaviours, or within a setting of **coercive control**. Coercive control describes a pattern of behaviours used by abusers to try and control their partner, which can include physical or sexual violence, as well as non-physical tactics such as emotional and financial abuse, interfering with relationships with other family members, stalking and monitoring movements.[25] In a survey of 15,000 Australian women aged 18 years and over in May and June 2020, **11 per cent of respondents reported experiencing coercive control** in the three months prior to the survey.

2.2.2 Financial or economic abuse

Financial or economic abuse is a non-physical form of DFV which can be hidden or "invisible" within intimate partner relationships.[26] While initially considered as an element of coercive control or emotional abuse, financial or economic abuse is increasingly recognised as a distinct form of DFV.[27]

Previous reviews have highlighted the challenge in defining financial or economic abuse, due to a lack of historic recognition of financial or economic abuse as a form of DFV.[28] Internationally, the *1993 United Nations Declaration on the Elimination of Violence against Women* did not specifically include financial or economic abuse as a form of violence.[29] In Australia, financial abuse was only first recognised in 2014 in the Second Action Plan of the *National Plan to Reduce Violence Against Women and their Children 2010-2022*, but differing definitions have since been adopted in both the Third and Fourth Action Plans.[30] Postmus et al (2020) highlight that this lack of definitional precision has impacted research on financial and economic abuse, by diluting the evidence base and preventing researchers from taking a consistent approach to measuring prevalence or evaluating policy responses.[31]

Some examples of definitions of financial and economic abuse adopted in international and Australian research, law and policy include:

- In an international review of existing definitions of economic and **financial abuse**, Postmus et al (2020) define **economic abuse** as "a deliberate pattern of control in which individuals interfere with their partner's ability to acquire, use, and maintain economic resources".[32]
- In Australia, the Fourth Action Plan of the National Plan defines financial abuse as including "when another person manipulates decisions or controls access to money or property without consent. Financial abuse can include someone taking control of household finances, limiting access to funds or forcing someone to spend money or sell property."[33] The Action Plan does not define economic abuse.
- Under Australian law, some examples of financial abuse are included within the scope of 'family violence', including unreasonably **denying financial autonomy**, or unreasonably withholding financial support needed to meet reasonable living expenses.[34]

While economic and financial abuse are often used interchangeably, other research has sought to distinguish between the terms, often on the basis of impacts on victims' economic and financial resources. Under this approach, financial abuse focusses on a victim's money and finances, whereas economic abuse captures a broader range of costs to a victim's economic resources, such as employment, education, having a place to live, and transport.[35]

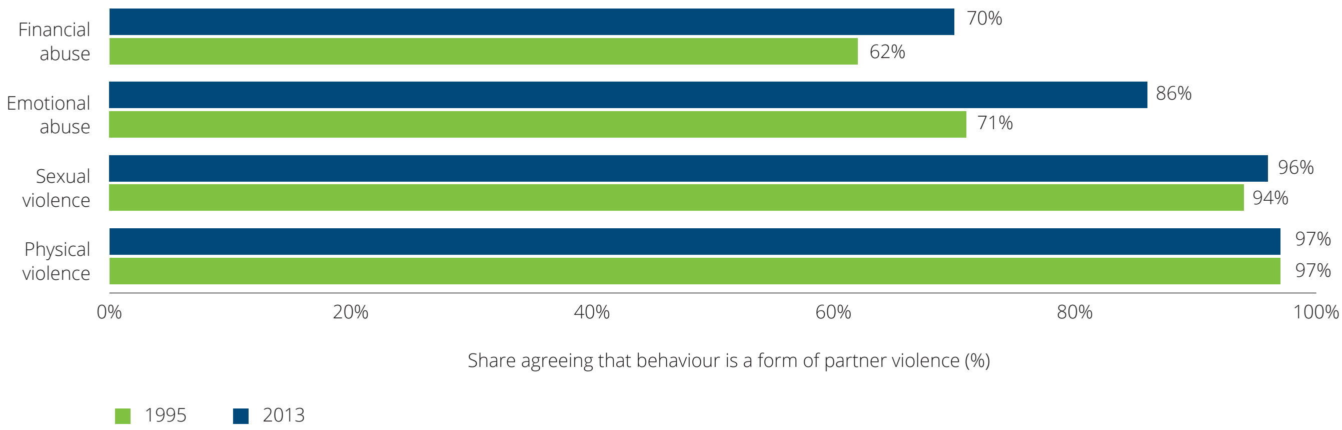
Box 3: Scope of "financial abuse" used in this report:

Based on the definition suggested by Postmus et al (2020), financial abuse is defined as a **deliberate pattern of behaviours** in which an individual seeks to "**control, exploit or sabotage**"[36] their partner's ability to **acquire, use and maintain financial resources**.[37]

In addition to financial resources, this report also considers the impacts on a victim's employment.

Within the community, financial abuse is increasingly recognised as a form of partner violence. The share of Australians recognising financial abuse (or *"trying to control by denying partner money"*) as a form of partner violence increased from 62 per cent of Australians in 1995 to 70 per cent in 2013 (Chart 2.1).[38] However, this understanding differs across age groups – with **younger Australians** aged between 16 and 24 years **less likely to recognise economic abuse** as a form of partner violence compared to older Australians.[39]

Chart 2.1: Community knowledge of violence against women, Australia, 1995 and 2013



Source: VicHealth (2014).[40]

2.2.3.1 Established forms of financial abuse

Previous research has sought to categorise the behaviours associated with financial and economic abuse. Three overarching categories of behaviours are established in literature, developed in the Scale of Economic Abuse (SEA) and revised in the Scale of Economics Abuse-12 (SEA-12):[41]

- **economic and financial control** (such as controlling access to bank accounts, controlling the victim's access to income or financial resources, distributing an allowance)
- **economic and financial exploitation** (such as exposing the victim to liability to the perpetrator's debts, failing to pay joint debts, refusing to contribute to household expenses or child support)
- **economic and financial sabotage** (such as preventing the victim from working or seeking employment, sabotaging visa arrangements, intentionally delaying family law property proceedings).

In a review of the Australian and international literature on financial and economic abuse, the GVRN identified the range of behaviours or tactics of financial abuse under each category.[42] Some examples identified in the review are outlined in Table 2.1. Within 21 Australian studies on financial and economic abuse in the context of IPV, the GVRN identified the most common tactics as where the perpetrator seeks to:

- **withhold or control** their partner's money or finances
- make their partner liable for a **joint debt**
- refusing to contribute to **household expenses**
- put **bills** in their partner's name to avoid liability
- sabotage their partner's **employment or study**.[43]

Table 2.1: Established categories and forms of financial abuse

Exploitation	Control	Sabotage
• Appropriating partner's income or finances • Sending money to family overseas without consulting partner • Appropriating ex-partner's money or assets • Dowry abuse • Putting bills in a partner's name • Making partner liable for a joint debt	• Controlling or withholding money or finances in a relationship • Using joint bank accounts to control partner's access to money • Excluding partner from financial decision-making • Threatening disconnection from essential services or utilities • Ex-partners controlling or refusing child support payments • Coercing partner into relinquishing control of assets • Keeping joint financial situation secret from partner • Pressuring ex-partner to drop settlement proceedings • Coercing ex-partner to agreeing to an unfair settlement	• Preventing partner from working or studying • Harassing partner when they are at school or work • Damaging partner's financial security due to poor credit rating, insolvency, or bankruptcy • Refusing to contribute to household expenses • Refusing to contribute to the material needs of children • Refusing to work • Coercing partner to invest in business or transfer money to their account • Deliberately prolonging ex-legal proceedings • Refusing to make income declarations to Centrelink, blocking access to childcare subsidies

Source: Gendered Violence Research Network (2020).[44]

2.2.3.2 Emerging forms of financial abuse

Over time, it is expected that evidence of new tactics of financial abuse will continue to emerge, as both financial instruments and expectations of behaviours towards finances within intimate partner relationships evolve.

In addition to the three categories of behaviours of financial or economic control, exploitation and sabotage recognised in Section 2.2.2, categories emerging in research on financial abuse are:

- **Economic and financial manipulation** (including leveraging a partner's emotions, dependence, or traditional expectations about financial management to either achieve financial gain, or cause financial disadvantage for the partner – such as a perpetrator lying about their financial situation, or misrepresenting their income to minimise their liability for child support payments)

- **Economic and financial entanglement** (including where the perpetrator uses their financial resources to keep the other partner in the relationship, such as creating joint debts and other liabilities which reduce their partner's economic independence and ability to leave an abusive relationship).[45]

Some of the novel types of financial abuse which are emerging in research on financial abuse include:

- forced early access to **superannuation** during the COVID-19 pandemic
- cancellation or alteration of **insurance policies**, often coinciding with property damage
- manipulation of access to income through financial instruments, such as **family trusts**
- manipulation or entanglement for migrants or temporary residents in Australia through **dowry abuse** and **temporary visas**
- deliberately causing **housing insecurity** by damaging property or not making rent or mortgage payments.[46]

Box 4: Forced early access to superannuation

A new type of financial abuse identified in 2020 was the forced withdrawal of funds from superannuation, following the introduction of the Early Access Superannuation Scheme.[47] The scheme enabled persons experiencing financial hardship to withdraw up to $10,000 in two transactions. Over the course of the scheme, a total of $37.8 billion in superannuation was approved for early withdrawal by more than three million individuals.[48]

Since the scheme, there have been reports of perpetrators of financial abuse exploiting the scheme and forcing victims of financial abuse to make withdrawals from their superannuation[49] – representing a potentially significant cost to the future income of the victim. As an indication, data from the Australian Taxation Office shows that the average amount approved for all female applicants was $7,957 and $8,423 for all male applicants.[50]

Younger victims of financial abuse forced to withdraw funds face a particularly significant cost to early withdrawal. For a 40-year-old forced to remove funds under the scheme, early access in 2020 represents the loss of approximately 27 years of compound interest on super. This could represent a loss of almost $64,000 based on an average withdrawal of $8,000 and an average annual return of 8 per cent[51] Younger Australians were found to be more likely to access the scheme, with almost 60 per cent of approved applicants aged 40 or under.[52]

2.3 How common is financial abuse?

Historically, the ambiguity in the definition of financial abuse has made it challenging for researchers to adopt a consistent approach to measuring the prevalence of financial abuse in the Australian community. The gendered nature of financial abuse adds to this challenge, with traditional gender norms associated with the handling of household finances meaning that female victims of financial abuse may be **less likely to recognise and report** their abuse compared to male victims. However, the available evidence on **financial abuse suggests that financial abuse is prevalent in IPV settings throughout Australia**.

2.3.1 Population prevalence of intimate partner violence

The most comprehensive source of information on the prevalence of IPV in Australia is the ABS PSS. Funded under the *National Plan*, the PSS is a cross-sectional survey which collects self-reported information on experiences of violence from respondents aged 18 years and over. It includes detailed information on experience of current and previous partner violence and emotional abuse, experiences of stalking, sexual harassment, and sexual and physical abuse as a child.[53]

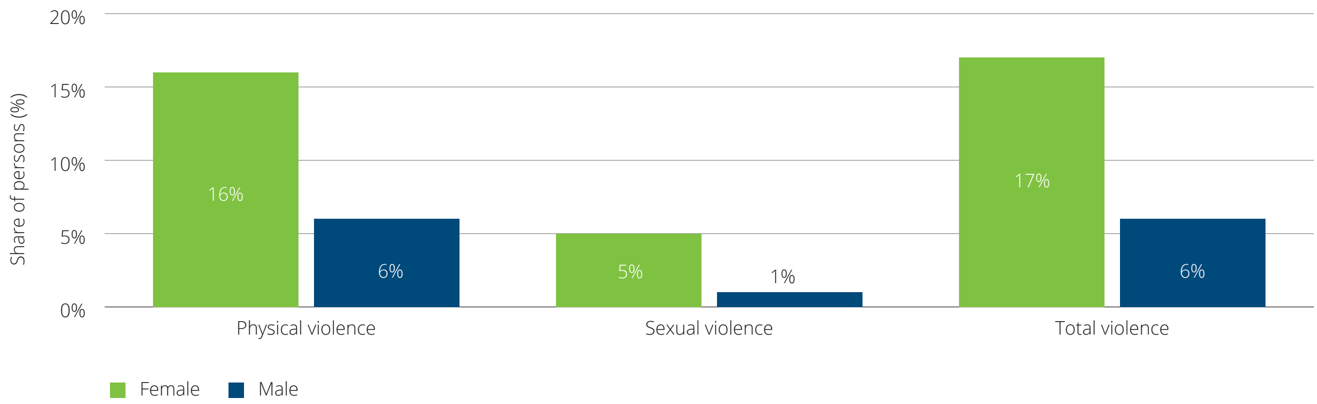
In the most recent PSS in 2016, 36,495 households were approached for the survey, with a sampling approach designed to produce reliable estimates for women at the national level as well as within each state and territory, and for men at the national level only. In 2016, the survey included 29,421 randomly selected female households and 7,074 randomly selected male households.[54] It is noted that as the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident of the household, these findings fail to account for experiences of IPV by persons of diverse gender identities.

Based on findings from the most recent PSS, nearly **one in five women** (17 per cent, or 1.6 million women) and **one in twenty men** (6 per cent, or 547,600 men) in Australia have experienced physical or sexual violence by a current or previous partner since the age of 15 (Chart 2.2).[55]

These findings **are expected to underestimate** the prevalence of IPV in Australia due to the sampling approach because respondents to the survey:

- only included individuals who had been, or were, cohabitating with their partner
- excluded individuals in residential institutions or services (such as group homes, refuges or shelters, and prisons). Individuals in these institutional settings may be more likely to have experienced IPV than others in the community: for example, of persons presenting to Specialist Homelessness Services (SHS) agencies in 2017-18, more than 121,000 persons required assistance due to experiencing DFV.[56]
- were likely to underrepresent groups vulnerable to financial abuse such as persons with disability[57] and CALD communities.[58]

Chart 2.2: Persons aged 18 years and over experienced IPV, by type of partner violence and sex*



Source: ABS (2017)[59]
* It is noted that as the PSS is fielded to households pre-assigned for interview with either 'female' or 'male' residents, these findings fail to account for experiences of IPV by persons of diverse gender identities.

2.3.2 Population prevalence of financial abuse

Previous research has suggested that the lack of awareness of financial abuse **may mean that many individuals may be unaware that they are suffering from financial abuse**. This can be the result of gendered expectations surrounding the management of household finances – previous research has highlighted that "[t]raditional stereotypes about gender roles and attitudes to money make fertile ground for controlling, exploitative and abusive behaviours regarding finances."[60] Combined with traditional gender norms surrounding the gendered nature of care, and undervaluing of women's paid and unpaid work – the lack of community awareness of the issue **can prevent victims from identifying whether they have experienced financial abuse**.[61] This presents a challenge to understanding the actual prevalence of financial abuse in the community.

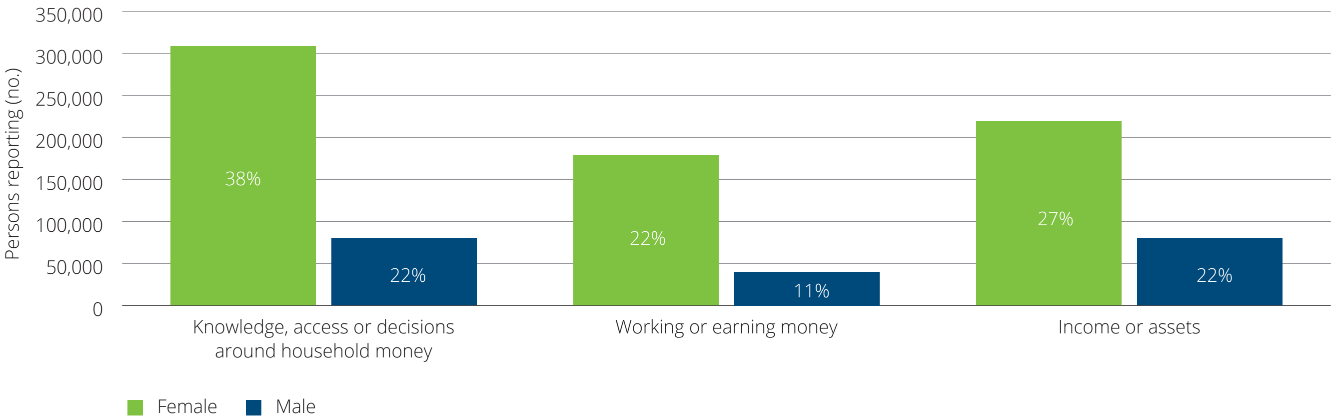
Notwithstanding the challenges, as for IPV, the most comprehensive source of information on the prevalence of financial abuse in Australia is the PSS. The PSS includes questions testing whether respondents have experienced behaviours of their most recently emotionally abusive partner controlling, or trying to control knowledge of, access to, or making decisions about household money; working or earning money; or income or assets.

Previous research based on findings from the PSS has established that **amongst those experiencing emotional abuse from their most recent emotionally abusive partner**, almost **one in two women** (48 per cent or 812,000) and **one in three men** (35 per cent or 364,000) also reported experiencing financial abuse (Chart 2.3).[62] This included behaviours of controlling or trying to control:

- knowledge, access, or decisions around household money (38 per cent of women, 22 per cent of men)
- working or earning money (22 per cent of women, 11 per cent of men)
- income or assets (27 per cent of women, 22 per cent of men).[63]

By comparison, research using the findings from the previous PSS in 2012 estimated a **lifetime prevalence** of financial abuse at 15.7 per cent for females, and 7.1 per cent for males.[64]

Chart 2.3: Prevalence of financial abuse among persons reporting emotional abuse from an abusive partner, Australia, 2016*



Source: AIHW (2018)[65]
* It is noted that as the PSS is fielded to households pre-assigned for interview with either 'female' or 'male' residents, these findings fail to account for experiences of IPV by persons of diverse gender identities.

As noted for the prevalence of IPV (Section 2.3.2), these findings are **subject to limitations in the sampling approach** for the PSS. Additional limitations in the PSS with respect to financial abuse include:

- Financial abuse is only included as a subset of persons experiencing emotional abuse, meaning the prevalence of financial abuse is subsumed within persons reporting emotional abuse in the PSS. More recent data that better reflects the contemporary understanding of financial abuse as a distinct and widespread form of DFV will likely reveal greater prevalence.
- Due to traditional gender norms associated with the handling of household finances, female victims of financial abuse may be less likely to recognise financial abuse compared to males, which is a limitation of self-reported data.[66]

Findings from other research of financial abuse in Australia suggest that findings from the PSS provide a **lower bound estimate** for the population prevalence of financial abuse in IPV settings. For example:

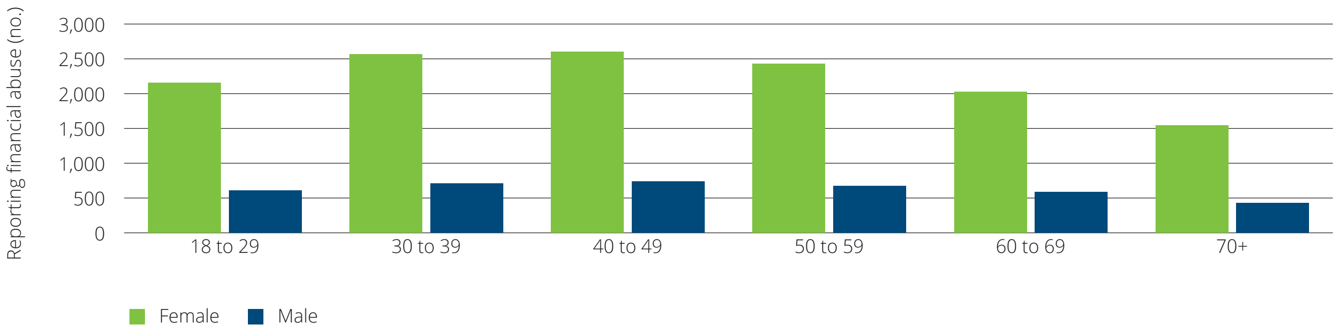
- A survey of 15,000 women in Australia in May and June 2020 found that of 11 per cent of respondents reporting experiencing coercive control, **one in two respondents (56 per cent)** reported their partner had used their own or shared money without consent or made important financial decisions without them.[67]
- A study of 121 adults visiting family dispute resolution centres in Australia found that **50 per cent of respondents** reported experiencing financial control in the abusive relationship.[68]
- Research on women seeking help from domestic violence services found that the prevalence of economic abuse ranged from **78 to 99 per cent** of those experiencing DFV. In the United Kingdom, **89 per cent of respondents** to research undertaken through domestic violence services delivered by a national charity refuge reported experiencing economic abuse as part of their experience of domestic violence.[70]

2.3.3 Characteristics of victims of financial abuse

The existing evidence indicates that the issue of financial abuse **occurs across Australian society, including across different age groups and levels of socioeconomic advantage** – meaning that there is no 'typical' victim of financial abuse.[71] This is demonstrated by analysis of the characteristics of victims of financial abuse in the 2012 PSS, finding that:[72]

- **Gender:** women reporting IPV were twice as likely as their men who report IPV to report having experienced economic abuse since the age of 15 years (with a lifetime prevalence of 15.7 per cent for women, and 7.1 per cent for men).
- **Age:** among women, respondents aged between 30 to 39, 40 to 49 and 50 to 59 reported the highest prevalence of economic abuse. Among men, respondents aged between 40 to 49 reported the highest prevalence of economic abuse (Chart 2.4).

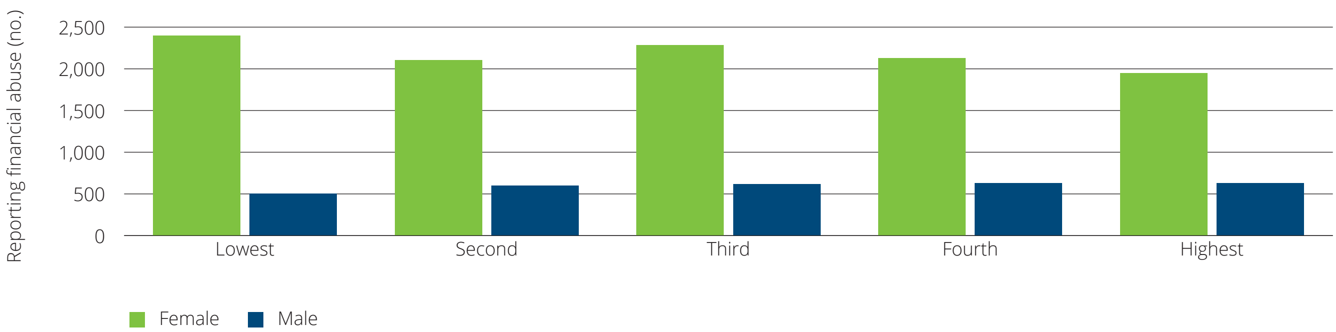
Chart 2.4: Women and men experiencing financial abuse, Australia, 2012



Source: Kutin et al (2017) [73]

- **Marital status:** women separated or divorced were more likely to report economic abuse compared to those married or in a de facto relationship.
- **Highest level of education:** women reporting Year 11 or 12 as their highest level of education were more likely to report economic abuse compared to those with a degree or diploma.
- **Household income:** women living in households with second and lowest income quintiles were more likely to report economic abuse; for men, household income was not a significant indicator of economic abuse (Chart 2.5).
- **Employment status:** women who were unemployed were more likely to report experiencing financial abuse; however, for both men and women, labour force status was not a significant indicator of economic abuse.
- **Disability and level of health:** women with a disability or poor or very poor levels of health were more likely to report experiencing economic abuse.

Chart 2.5: Household income quintiles experiencing financial abuse, Australia, 2012



Source: Kutin et al (2016)[74]

Box 5: Socioeconomic status and financial abuse

When 'Joy'[iv] became pregnant, she assumed that she and her partner would be together forever, and he would support her financially as she stopped working. She did not have paid maternity leave to support her. She realised, after four months of not working, that she was using her own savings for bills.

She asked her partner if he would contribute to their joint account to help her pay bills. Since they had been together, her partner had always considered paying bills to be below him. He had mockingly laughed at her when she had asked him to bring her food when she ran out of money while pregnant. Eventually, he partially contributed to the bills, but reluctantly.

After eight months of not working, Joy wondered why they were struggling so much. Her partner was a CEO. She checked the online ATO calculator and realised he should be bringing home $100,000 more than he was. Instead, he was leasing a car for $800 per month while Joy was using her life savings for daily expenses.

Joy's story illustrates that financial abuse can happen to anyone. Joy's husband was well-off but insisted that Joy paid the joint bills including for their child, until her personal financial situation deteriorated. While there is some evidence to suggest that some groups of people are more vulnerable to financial abuse than others, this does not imply that socioeconomic status will ensure safety from financial abuse.

Previous research has highlighted that people from **CALD backgrounds** experience a range of forms of economic and financial abuse specific to sociocultural contexts. These experiences vary across different cultural and linguistic contexts.[75] This can include instances where:

- social and cultural norms portray men as primarily responsible for the management of household finances
- migrants face additional challenges in accessing social support payments, are isolated from family, or are vulnerable to threats from their partner to their residency status
- language barriers and dependence on other family members preventing independent access to support.[76]

Financial abuse can arise in situations where recent migrant arrivals are experiencing social isolation, face additional barriers to seeking help, and are dependent on the perpetrator in multiple ways (see Box 6). While there is no evidence that persons from CALD communities are more likely to experience financial abuse,[77] the impacts of financial abuse can intersect with vulnerabilities in the CALD community not experienced by others. An intersectional approach is therefore required to understand the types and impacts of financial abuse for different groups throughout Australia.

iv Case study provided to Deloitte Access Economics by WIRE. Name changed.

Box 6: An experience of financial abuse for CALD communities

'Amal'[v] arrived in Australia as a refugee 15 years ago. She lives in a rural area with six children. Her husband was court-ordered to leave the family home due to family violence four months ago.

Amal had been working as a childcare educator for five years, but became unemployed when her employer ceased to provide services in the area. Since then, she became dependent on her husband's income. Amal and her husband were jointly paying the mortgage on the home.

Although he has left, Amal's husband continues to financially abuse her. Amal has faced a range of barriers in accessing support to disentangle and protect her finances and claim child support.

The home mortgage was in joint names, and it was not easy to have this changed. Living regionally, Amal sought to contact her bank through phone banking. While she had a volunteer to help her communicate, the bank would not accept information from Amal if the volunteer provided prompting such through rephrasing questions in plain English.

Language barriers also prevented her from interacting with the bank to protect her financial assets, such as resetting the phone banking password. Amal was on a waiting list for financial counselling for three months, during which time her husband withdrew large amounts of money from their mortgage account.

Amal is concerned about getting a fair and equitable distribution of family assets after the separation and having sufficient income to look after herself and her family.

Aboriginal and Torres Strait Islander peoples may also have differing experiences of financial abuse.[78] The National Aboriginal and Torres Strait Islander Social Survey (NATSISS) found that around 1 in 10 Aboriginal and Torres Strait Islander women have experienced DFV.[79] These women were found to be more likely to report high levels of psychological distress and more likely to experience homelessness. Financial abuse may manifest as "humbugging", a term used to describe potentially bothersome behaviours such as demanding sharing of resources or asking or pressuring a family member for economic assistance.[80,81] However, the evidence on whether humbugging should be considered a form of abuse is inconclusive, with some studies considering it a positive form of sharing and community support.

Financial abuse has also been researched among other population groups, particularly outside of the IPV context. For example, there is a significant body of research regarding the abuse of **older people**[82] (elder abuse) and **persons with a disability**.[83] These forms of abuse are distinct from IPV, though, as abuse in these contexts tends to be perpetrated by other family members or carers. However, for these groups, little is known about their experiences in the IPV context. Further research should explore the experiences of financial abuse in IPV settings for these vulnerable groups, as identified in previous research by the GVRN.

v Case study provided to Deloitte Access Economics by WIRE. Name changed.

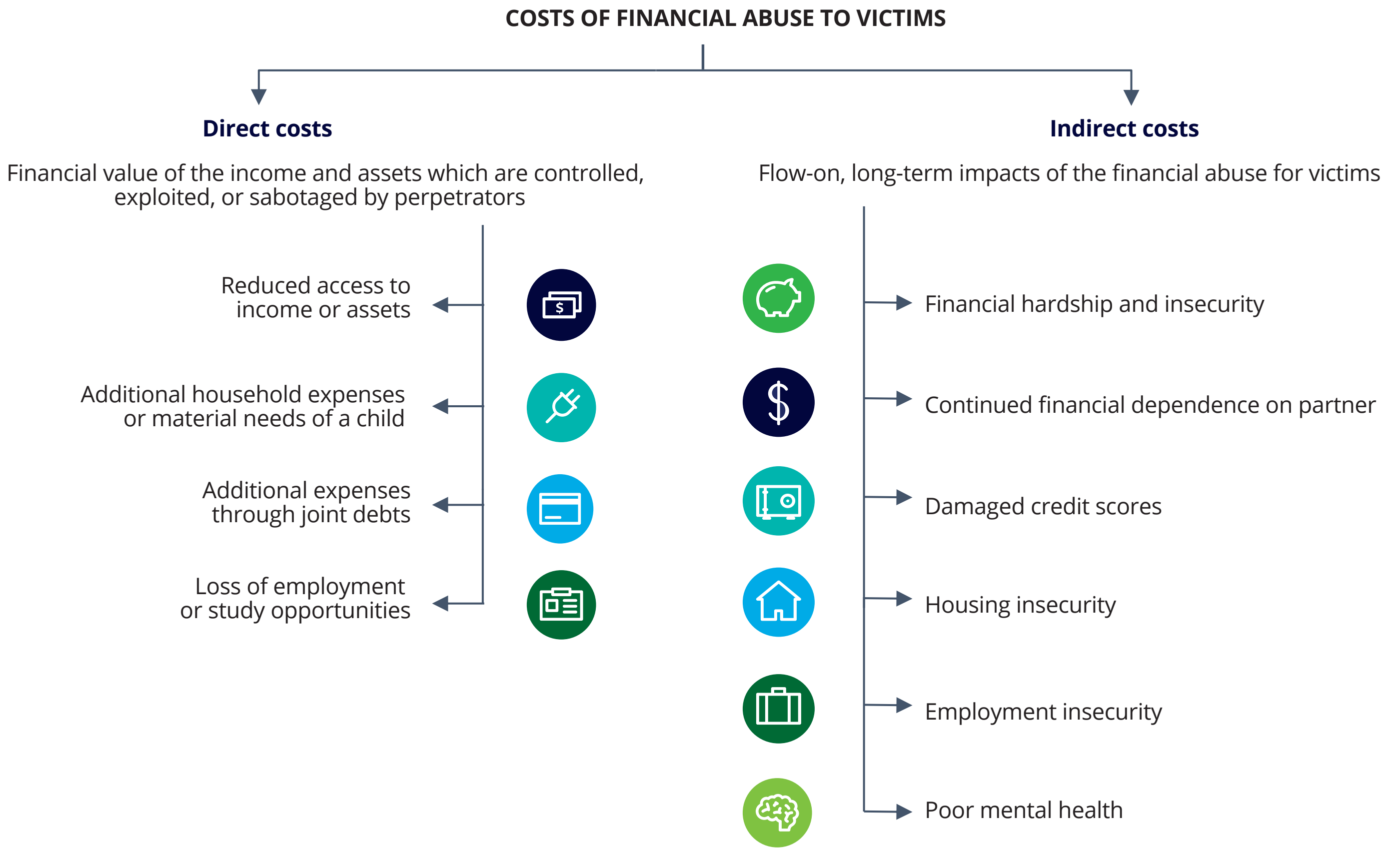
2.4 What are the costs of financial abuse?

Financial abuse incurs a range of costs on victims, as well as for perpetrators, children, friends and family, employers, governments, and the broader Australian community. For victims in particular, financial abuse has both direct and indirect costs.

- **Direct costs** are the financial value of the income and assets which are controlled, exploited, or sabotaged by perpetrators of financial abuse. For example, this includes the additional household expenses paid by victims; cost of additional interest and repayments of joint debts paid by victims; value of social support or welfare funds appropriated by a partner.
- **Indirect costs** are the flow-on, long-term impacts of the financial abuse for victims. Financial abuse can contribute to increased financial hardship and insecurity for victims and may lead to ongoing and long-term consequences on housing and employment security. For example, this may include financial stress, a negative impact on a victim's credit score, or additional mortgage or housing stress.

For the purposes of this report, the review was targeted to understanding the evidence of the direct and indirect costs of financial abuse for victims in IPV settings.

Figure 2.2: Costs of financial abuse to victims



Source: Deloitte Access Economics.

2.4.1 Direct costs for victims

For victim-survivors of financial abuse, the direct costs include the net present value of the losses resulting from the tactics adopted by the perpetrator.[84] The losses include lost income, higher expenses such as household costs, or additional expenses such as unwanted loans.

This section identifies the direct costs of financial abuse for victims and sets out some of the evidence collected in Australia and overseas on the prevalence of costs being incurred within the context of IPV.

2.4.1.1 Reduced access to income or assets

A perpetrator in an IPV scenario may appropriate the income or assets of the victim. A victim's income or assets may be appropriated in the following ways:

- **Denied access to household money**. Using results from the 2012 PSS, Kutin et al (2016) find that 5.78 per cent of persons in Australia are experiencing IPV, and that their current or former partner denied access to household money.[85] Prevalence was higher for women (8.78 per cent) compared to men (2.69 per cent).
- **Forced to put income into a joint account or partner's bank account**. In an Australian survey of 125 women who experienced financial abuse, 47 per cent reported that their partner made them put all their income into a joint account or his bank account.[86]
- **Forced to hand over wages or benefits**. In a survey of users of domestic violence services in the United Kingdom, 44 per cent of those reporting experiencing economic abuse reported that their abuser allowed them to continue working but made them hand over their wages.[87] Nearly three-quarters of respondents reported that the abuser had controlled their access to economic resources (74 per cent). Of women reporting claiming government benefits while in the relationship, only 48 per cent reporting having access to this income.
- **Spending decisions controlled**. In a survey of 120 women participating in a financial literacy program for survivors of DFV in the United States, 74.4 per cent of those reporting economic abuse reported that their partner made them ask him for money; 82.6 per cent reported that their partner made important financial decisions without talking to them about it first; and 72.5 per cent reported that their partner demanded they provide receipts or change when they spent money.[88]

2.4.1.2 Additional household expenses or material needs of a child

Victims of financial abuse can be forced to pay higher or additional household bills and other expenses where the perpetrator refuses to contribute to shared household expenses. In some cases, perpetrators force victims to pay all household bills or a **disproportionate share of household bills**. For example:

- 46 per cent of respondents experiencing financial abuse in a 2014 Australian survey reported that their partner put their name on all the utilities bills for electricity, gas, and water[89]
- 71.2 per cent of 120 women who had experienced DFV in the US reported that their partner would pay bills late or not pay bills that were in their name or both their names.[90]

A perpetrator may also refuse to contribute to **household expenses** including those related to the material needs of a child:

- 49 per cent of respondents reported that their partner refused to pay or help with childcare, 47 per cent reported that their partner refused to pay child support and 36 per cent reported that their partner would not contribute to household expenses (Australian survey of victims of financial abuse)[91]
- 12 per cent of those reporting experiencing economic abuse reported that their abuser refused to contribute towards costs such as household bills and bringing up children (survey of users of domestic violence services in the United Kingdom)[92]
- 69 per cent of those reporting economic abuse reported that their partner spent the money they needed for rent or other bills (survey of 120 women participating in a financial literacy program for survivors of DFV in the United States).[93]

2.4.1.3 Additional expenses through joint debts

To avoid liability for the perpetrator, financial abuse can involve higher expenses for victims through forced involvement in joint debts.

In cases of joint debt, victims are coerced into incurring **additional interest and repayments**. Victims may be left with outstanding joint debts for loans or bills which their partner either fraudulently put in their name or failed to contribute towards.[94] For example:

- In an Australian survey of 125 victims of financial abuse, 15 per cent of respondents reported that their partner used their name to take out loans or borrow credit.[95]
- Similarly, in a United States survey of 120 women participating in a financial literacy program for survivors of DFV, 58.5 per cent of those reporting economic abuse reported that their partner built up debt under their name by doing things like using their credit card or running up the phone bill.[96]

2.4.1.4 Loss of employment or study opportunities

Perpetrators of financial abuse may also affect the income that victims can earn from employment or studying by sabotaging opportunities. Australian and international evidence indicates that perpetrators in IPV settings use various tactics to control the working habits of their partners.

Victims may be forced to completely stop working or studying, leading to **loss of employment income** and other employment-related benefits such as independence and self-esteem. Australian analysis from the 2012 PSS found that 4.2 per cent of respondents who reported experiencing economic abuse also reported that their current or former partner prevented them from working or studying.[97] Prevalence was higher for women (6.38 per cent) compared to men (1.85 per cent). Cameron (2014) also found that 33 per cent of survey respondents who experienced financial abuse reported that their partner prevented them from working or studying.[98]

Similarly, in a survey of 120 women participating in a financial literacy program for survivors of DFV in the United States, 68 per cent of those reporting economic abuse reported that their partner did things to keep them from going to their job and 59 per cent reported that their partner demanded that they quit their job.[99]

Perpetrators may not prevent victims from working but interfere and try to **control a victim's working life**. Using results from the 2016 PSS, the AIHW find that of those reporting emotional abuse from a partner, 22 per cent of women, and 11 per cent of men, reported that their partner also tried to control whether they were working or earning money.[100] US survey evidence also found that 59 per cent of respondents reported their partner would threaten them to make them leave work; and 32 per cent reported their partner would beat them if they said they needed to get a job.[101]

In a survey of users of domestic violence services in the United Kingdom, almost half of those reporting experiencing economic abuse reported that their abuser interfered with their education and employment (49 per cent).[102] The likelihood of interference with education or employment was higher for younger women, who are more likely to be in education or employment compared to those who may have left employment or education to care for children.

2.4.1.5 Poor mental health

There is evidence that the psychological stress caused by financial abuse can also result in impacts for victims' mental health.[103] This is particularly where traditional norms for intimate relationships and emotions of love, trust and commitment are used to obscure financially abusive behaviour – leading to feelings of guilt, anger, and shame for victims.[104]

For victims of family violence, **poor mental health outcomes** can have lifelong impacts – including depression, anxiety, post-traumatic stress, and other stress conditions.[105] For example, in a US study of women experiencing economic abuse, those experiencing economic abuse were 1.9 times more likely to show symptoms of depression compared to other women.[106] Similarly, a study of women in the Philippines suffering from economic abuse found that victims reporting they had lost a job or income because of their husband were 2.16 times more likely to suffer psychological distress.[107] Moreover, a study of 4,906 women in India found that economic abuse was independently associated with positive screens for moderate-severe depression (adjusted odds ratio 2.6), anxiety (adjusted odds ratio 2.7), and suicide ideation (adjusted odds ratio 2.2).[108]

2.4.2 Indirect costs for victims

Indirect costs are the flow-on, long-term impacts of the financial abuse for victims. For example, this may include increased financial hardship and insecurity for victims and may lead to ongoing and long-term consequences on housing and employment security. In cases where financial abuse reduces a victim's financial security, such as through an expected fall in household income, it may ultimately reduce their ability to gain independence from an abusive relationship.[109]

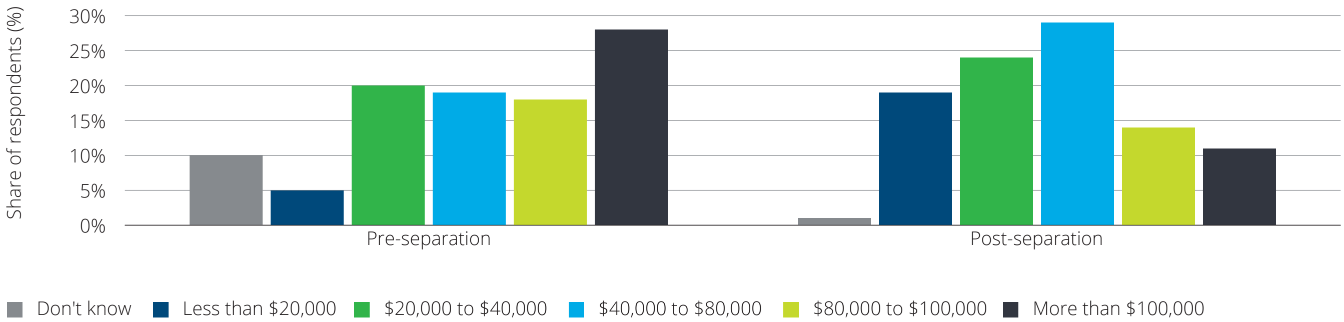
2.4.2.1 Financial hardship and insecurity

Financial abuse can contribute to long-term financial insecurity, including greater material hardship[110] or poverty for victims.[111] For Aboriginal and Torres Strait Islander peoples the impact of financial abuse is often not contextualised within broader structural factors such as general financial hardship that has been exacerbated by prejudice and discrimination.[112]

Financial abuse often leaves victims with lower savings and fewer assets than they had taken into the relationship. Studies have found that survivors of IPV often report being left with fewer assets than they had taken into the relationship, and/or left with debts.[113] Moreover, in a survey of survivors of financial abuse in IPV setting, most respondents reported experiencing a drop in household income following separation (Chart 2.6).

Reduced savings and assets can mean that victims lack sufficient finances to access essential services, increasing their dependence on government support payments. For example, in a 2014 study on 59 survivors of IPV in Australia, 30 per cent reported they did not have enough money to pay for essentials such as food, clothing, utilities, bills, rent or mortgage repayments; 33 per cent reported they were solely dependent on government support payments.[115]

Chart 2.6: Household income for survivors of financial abuse, pre- and post-separation



Source: Cameron (2014)[114]

2.4.2.2 Continued financial dependence on partner

In cases where financial abuse reduces a victim's financial security, such as through an expected fall in household income, it may ultimately reduce their ability to gain independence from an abusive relationship.[116] Some victims feel unable to leave an abusive relationship or feel forced to return to a violent partner.

Independent access to financial or economic resources is recognised as a significant factor supporting victims to leave abusive relationships, particularly where victims remain the primary caregiver for children.[117] In an Australian survey of 125 women, 57 per cent of respondents reported that not having enough money to manage on their own was an extremely important reason for staying in an abusive relationship.[118] 47 per cent of respondents reported that their children's financial security was an extremely important reason for staying in an abusive relationship. In this way, financial abuse can act both as an impetus as well as an obstacle to leaving an abusive relationship.[119]

2.4.2.3 Damaged credit scores

Reduced financial assets and damaged credit can lead to flow-on impacts for victims. When perpetrators seek to reduce their liability for loans and bills, victims are forced to take on debt that they cannot afford. When perpetrators seek to reduce their liability for loans and bills, as discussed in Sections 2.4.1.2 and 2.4.1.3, victims are forced to take on debt that they cannot afford. This harms credit scores and creates difficulties accessing loans, housing, and employment.[120] For example, in a US study of 164 survivors of IPV, 59 per cent of respondents reported that their partner had harmed their credit score through behaviour such as not paying bills, taking out additional credit, or defaulting on loans. As a result, 66 per cent of respondents reported that this had prevented them from getting a loan; 63 per cent reported it had prevented them from getting housing; and 21 per cent said it prevented them from getting a job.[121]

2.4.2.4 Housing insecurity

Financial abuse can contribute to housing insecurity for victims, through creating greater difficulty in accessing secure housing or setting up utilities in own name. This may be because of credit issues as discussed above in Section 2.4.2.3. For example, in a US study, 47 per cent of survey respondents reported it was difficult or extremely difficult to find housing after leaving an IPV relationship, and 43 per cent reported it was extremely difficult to get their ex-partner to leave the family home.[122]

2.4.2.5 Employment insecurity

Financial abuse can also lead to greater difficulty finding employment. Section 2.4.1.3 provides domestic and international evidence of perpetrators sabotaging opportunities for their partners to work or study. Even once a victim leaves an abusive situation, forced absences from employment or education can have a long-term impact on employment prospects. Participants in a survey of IPV victims reported a significant impact on employment opportunities through their partners preventing them from working, and lost years in the workforce.[123]

There is also evidence that IPV can impact on a victim's work performance. Presenteeism, as it is known, may arise due to the anxiety and stress imposed on the victim because of the abuse. This can affect a victim's ability to concentrate on tasks, leading to lower output while on the job. While this evidence exists for IPV, currently there is no direct evidence to support the link between financial abuse and presenteeism. Therefore, the costs of presenteeism are not quantified in this report.

Box 7: Poverty, homelessness, and the impacts of financial abuse

'Shelley'[vi] ended a physically and financially abusive relationship three years ago, after her ex-partner beat her badly in front of her children. Her ex-partner stole her car, took everything from the house, and turned off the power. Undergoing chemotherapy at the time and living rurally, Shelley and her children were moved in and out of emergency housing and a regional women's shelter, before ending up sleeping rough in a park.

Before the abuse, Shelley had owned her own home and ran a successful business. Now, Shelley lives in a housing commission home with her two children and relies on Centrelink payments. Shelley's story demonstrates how the impacts of financial abuse can lead to poverty and homelessness, including for persons previously financially 'well-off'.

Even years after leaving the abusive relationship, Shelley continues to suffer from "sexually transmitted debts" left by her ex-partner. This includes a debt collection agency chasing a power bill left under her ex-husband's name. While Shelley's financial counsellor has worked out a payment plan for a phone bill, she still pays $10 a fortnight for old bills. Shelley describes feeling trapped in a cycle of debt: *"You are trying to recover from his debts and then you fall back into the debt cycle because you don't have that extra income for living expenses."*

2.5 What are previous estimates of the costs of IPV?

Some previous studies in Australia and overseas have sought to estimate the costs of IPV and DFV more broadly:

- Previous research has estimated the total cost of violence against women and their children in Australia at between **$11.9 billion** and **$22 billion** (in $2020).[124] However, financial abuse was not considered as part of previous analysis.
- Some international studies have sought to estimate the **annual or lifetime cost of IPV**. In the United States, one study of 164 survivors of IPV estimated the direct lifetime costs of IPV at US$103,767 for women and US$23,414 for men.[125] This included the costs of related health problems, lost productivity, and criminal justice costs.

There is less understanding of the specific cost of financial abuse in IPV settings in Australia. This is attributable to the lack of understanding of the nature and prevalence of financial abuse, as a hidden and "invisible" form of DFV.[126]

vi Case study provided to Deloitte Access Economics by Wire. Name changed.

3 Our approach

3 Our approach

To understand the cost of financial abuse in Australia in 2020, two key aspects were considered: the estimated **annual prevalence** of financial abuse in IPV settings, and the **typical costs** to victims and the broader economy associated with financial abuse.

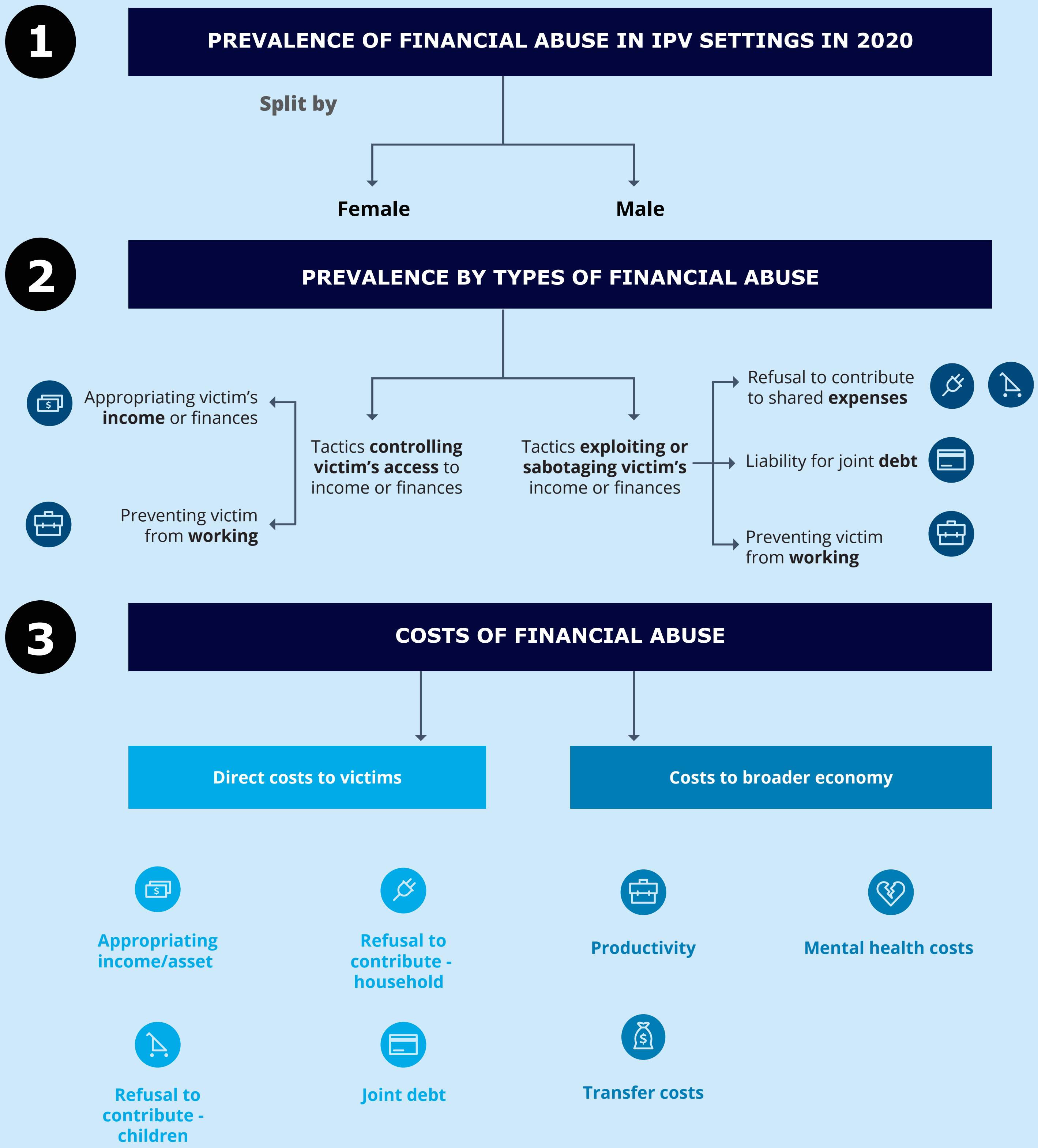
An overview of the approach to estimating the annual cost of financial abuse in Australia in 2020 is outlined in Table 3.1 below. Additional detail is provided in the methodological appendix – Appendix A. Findings are summarised in Chapter 4.

Table 3.1: Approach to estimating prevalence and costs of financial abuse

Item	Approach
1 **Prevalence of financial abuse – population**	To estimate the annual cost of financial abuse, this report estimates an **annual rate** for victims reporting at least one incident of financial abuse by a current or former intimate partner in Australia in 2020. The **PSS** captures the share of females and males reporting experiencing behaviours of financial abuse in the previous 12 months, as a share of females and males also reporting experiencing emotional abuse from a current or former partner. These shares are extrapolated to the total adult female and male populations in Australia to estimate total population prevalence in 2020.
2 **Prevalence of financial abuse – types of financial abuse**	This analysis adopts the prevalence estimates for the common forms of financial abuse identified in the literature review. These rates were applied to two cohorts of victims of financial abuse: • those experiencing behaviours of **controlling or withholding income** • those experiencing behaviours of **exploitation** (including refusal to contribute to shared expenses and liability for joint debts). For both cohorts, prevalence rates were applied to estimate the number of persons **prevented from working.**
3 **Costs of financial abuse**	The scope of costs of financial abuse includes the **direct costs of financial abuse for victims** as well as **costs for the broader Australian economy**. Direct costs to victims include the **immediate or 'first round' costs to victims**: • income which is withheld or controlled • additional expenses where partner refuses to contribute to household expenses or the material needs of a child • additional liability which is incurred for joint debts. From a societal perspective, these direct costs to victims are considered **transfers**, or a shift of consumption power from one group in the community (victims of financial abuse) to another (perpetrators of financial abuse). Nonetheless, these direct costs represent a significant burden to victims of financial abuse. The broader economic costs within scope are limited to: • the reduced **productivity** of victims of financial abuse • health system costs of **mental health impacts** associated with the abuse • **deadweight losses** associated with the need to collect extra taxes to fund the provision of services and support to victims of financial abuse.

Source: Deloitte Access Economics

Figure 3.1: Approach to estimating financial abuse in Australia in 2020*



Source: Deloitte Access Economics
* It is noted that as the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident, these findings fail to account for experiences of IPV by persons of diverse gender identities.

4 The cost of financial abuse

4 The cost of financial abuse

Financial abuse is common in IPV settings in Australia, impacting over **623,100 women and men in 2020**. The impacts of financial abuse are associated with a range of costs for both victims as well as the Australian economy, amounting to an estimated **$5.7 billion in costs for victims** and **$5.2 billion in costs for the broader economy** in 2020.

4.1 Prevalence of financial abuse

4.1.1 Population prevalence of financial abuse

Across Australia, around **623,100 people** aged 18 and over were subjected to financial abuse by a current or former intimate partner in 2020. This is equivalent to around **2.4 per cent of Australia's adult population**, or nearly **1 in every 40 adults in Australia in 2020**. The rate of abuse is higher for females than males, with around 2.9 per cent of females subjected to financial abuse by an intimate partner in 2020, compared to 1.9 per cent for males.[vii]

This is **expected to be a conservative** estimate of the prevalence of financial abuse in Australia, due to limitations in the sampling approach adopted by the PSS. In particular, the number of female victims is expected to be affected by traditional gender norms associated with the handling of household finances – which may mean that female victims of financial abuse are less likely to recognise and report their abuse compared to male victims.

Chart 4.1 and Table 4.1 set out the detailed estimates of the prevalence of financial abuse in Australia in 2020 by gender and age. For both female and male victims, financial abuse is most prevalent in the cohort aged **between 35 to 49 years**.

Chart 4.1: Estimated prevalence of financial abuse in IPV settings, Australia, 2020, by gender and age

Source: Deloitte Access Economics analysis based on the Personal Safety Survey (2016) and the CommBank Financial Abuse Study.
Note: It is noted that as the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident, these findings fail to account for experiences of IPV by persons of diverse gender identities.
Figures rounded to nearest hundred.

vii It is noted that as the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident, these findings fail to account for experiences of IPV by persons of diverse gender identities.

Table 4.1: Estimated prevalence^ of financial abuse in IPV settings, Australia, 2020, by gender* and age

Age group	Females	Males	Persons
18 to 24 years	39,800	25,000	64,800
25 to 34 years	85,900	53,900	139,800
35 to 49 years	117,000	73,500	190,400
50 to 64 years	77,000	48,400	125,400
65+ years	63,100	39,600	102,800
Total	**382,700**	**240,400**	**623,100**

Source: Deloitte Access Economics analysis based on the Personal Safety Survey (2016).

Note: ^ Values rounded to nearest hundred. Due to rounding, figures may not sum to total. * It is noted that as the PSS is fielded to households pre-assigned for interview with either 'female' or 'male' residents, these findings fail to account for experiences of IPV by persons of diverse gender identities.

4.1.2 Prevalence by type of financial abuse

As outlined in Section 2.3, the prevalence of each form of financial abuse was estimated using prevalence rates identified in the literature review. Gender specific prevalence rates were adopted for abuse types where evidence permitted. Where evidence did not exist, or it was unclear whether evidence regarding females could be generalised to males, the abuse type was applied to females only.

Box 8: Prevalence of forms of financial abuse

For the cohort of victims of financial abuse experiencing behaviours of control, the prevalence rates adopted were:

- **withholding or controlling victim's income**: 27 per cent of female victims of financial abuse in IPV settings, and 22 per cent of male victims of financial abuse in IPV settings.

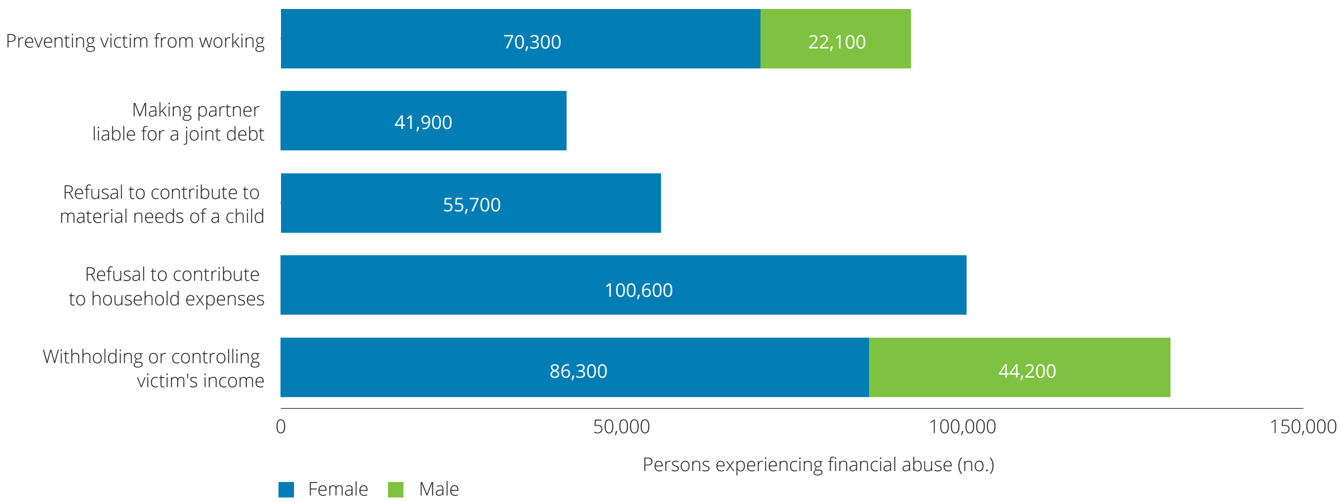
For the remaining cohort of victims of financial abuse experiencing behaviours of exploitation and/or sabotage, the prevalence rates adopted were:

- refusing to contribute to **household expenses**: 36 per cent of female victims of financial abuse in IPV settings[128]
- refusing to contribute to the **material needs of a child or children**: 49 per cent of female victims of financial abuse in IPV settings (for 41 per cent of households with children living at home)[129]
- making partner **liable for joint debts**: 15 per cent of female victims of financial abuse in IPV settings.[130]

For both cohorts, instances where victims were **prevented by their partner from working** were 22 per cent of female victims of financial abuse in IPV settings, and 11 per cent of male victims.[131]

Chart 4.2 shows the estimated prevalence for each type of financial abuse included in this analysis, disaggregated by gender. Withholding or controlling a victim's income was the most common type of abuse, with around 86,300 female and 44,200 male victims in 2020. The single most common type of abuse was refusal to contribute to household expenses, with approximately 100,600 female victims. Evidence did not support application to male victims, nor for refusal to contribute to the material needs of children and making a partner liable for a joint debt. Prevention from working was the only other form of financial abuse with evidence supporting application to female and male victims.

Chart 4.2: Estimated prevalence of financial abuse in IPV settings, by abuse type



Source: Deloitte Access Economics analysis.
Note: Figures rounded to nearest hundred.

It is important to note that victims of financial abuse likely suffer other impacts which are not measured in the literature. This suggests that the modelling for this report captures only a subset of the total cumulative impacts of financial abuse in Australia in 2020.

4.2 Annual costs of financial abuse

Table 4.2 presents the estimated cost of financial abuse in Australia in 2020. The total cost to victims was estimated to be **$5.7 billion**, with a further **$5.2 billion** in broader economic costs.

Table 4.2: Annual cost of financial abuse in Australia in 2020

Category	Value ($2020, $b)	Share of total cost (%)
Costs to victims		
Withholding or controlling income	3.2	57
Refusal to contribute to household expenses	1.2	21
Refusal to contribute to material needs of a child	0.6	10
Making partner liable for a joint debt	0.6	11
Total cost to victims	**5.7**	**100**
Costs to broader economy		
Productivity losses	4.6	88
Mental health impacts	0.2	3
Deadweight losses	0.4	9
Total costs to the broader economy	**5.2**	**100**

Source: Deloitte Access Economics.

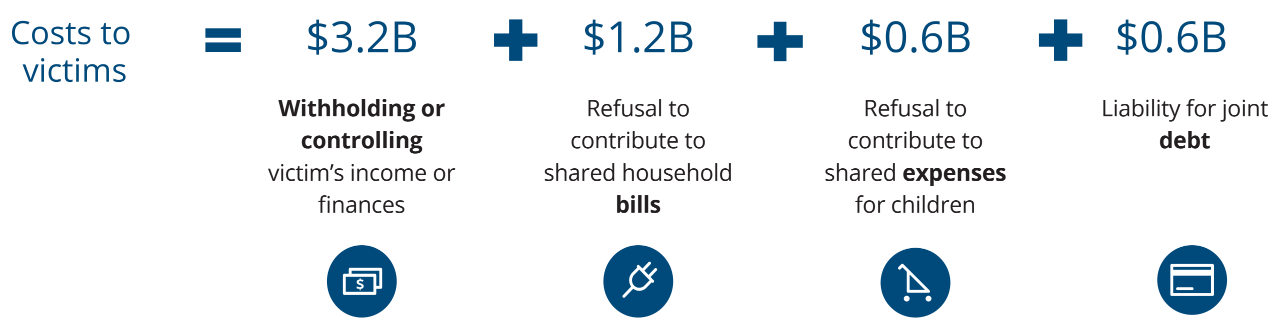
4.2.1 Costs to the victim

In 2020, victims of financial abuse in Australia incurred an estimated $5.7 billion in costs. These costs are illustrated in Figure 4.1.

From a societal perspective, these direct costs to victims are considered **transfers**, or a shift of consumption power from one group in the community (victims of financial abuse) to another (perpetrators of financial abuse). Nonetheless, these direct costs represent a significant burden to victims of financial abuse.

In addition, these direct costs of financial abuse can also lead to additional indirect costs for victims and the broader economy. For example, victims may experience indirect costs such as financial hardship, stress, and housing insecurity, all of which can have serious implications for physical and mental health. Ultimately, in cases where financial abuse reduces a victim's financial security, it may reduce their ability to gain independence and leave an abusive relationship. This can lead to **long-term or lifetime** costs of financial abuse for many victims. This may include reduced lifetime earnings and employment, and generational impacts for children of victims of financial abuse.

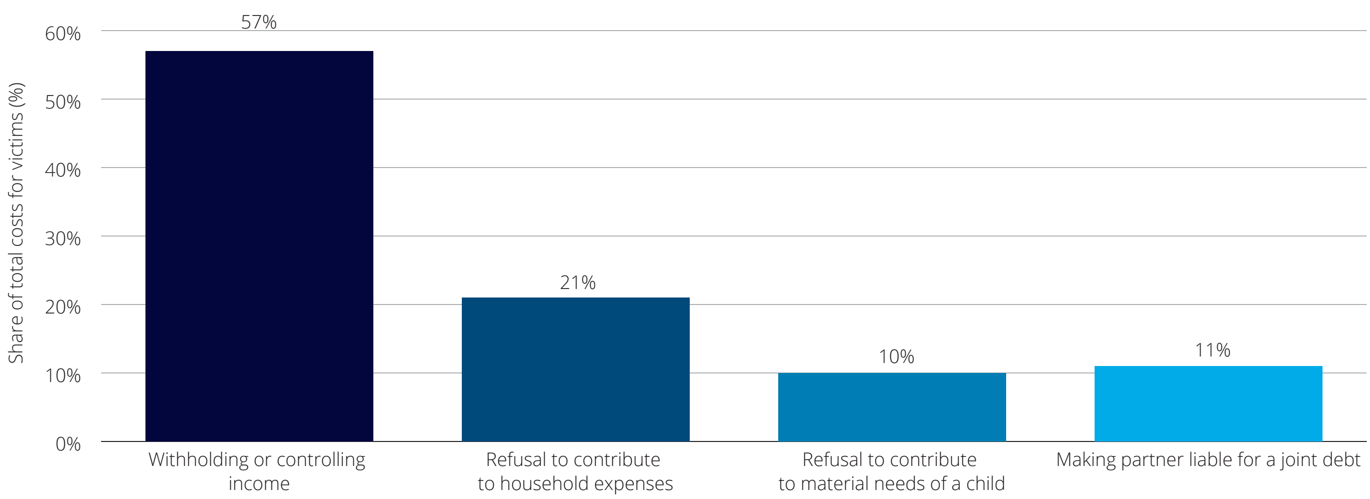
Figure 4.1: Costs to victims of financial abuse in Australia in 2020



Source: Deloitte Access Economics.
Note: Due to rounding, figures may not sum to total.

Chart 4.3 shows how these costs are distributed by type of abuse. The impacts of withholding or controlling income represent most of the direct costs for victims ($3.2 billion or 57 per cent). The other costs to victims captured in this analysis include refusal to contribute to household expenses ($1.2 billion or 21 per cent), refusal to contribute to the material needs of a child ($0.6 billion or 10 per cent) and making a partner liable for a joint debt ($0.6 billion or 11 per cent).

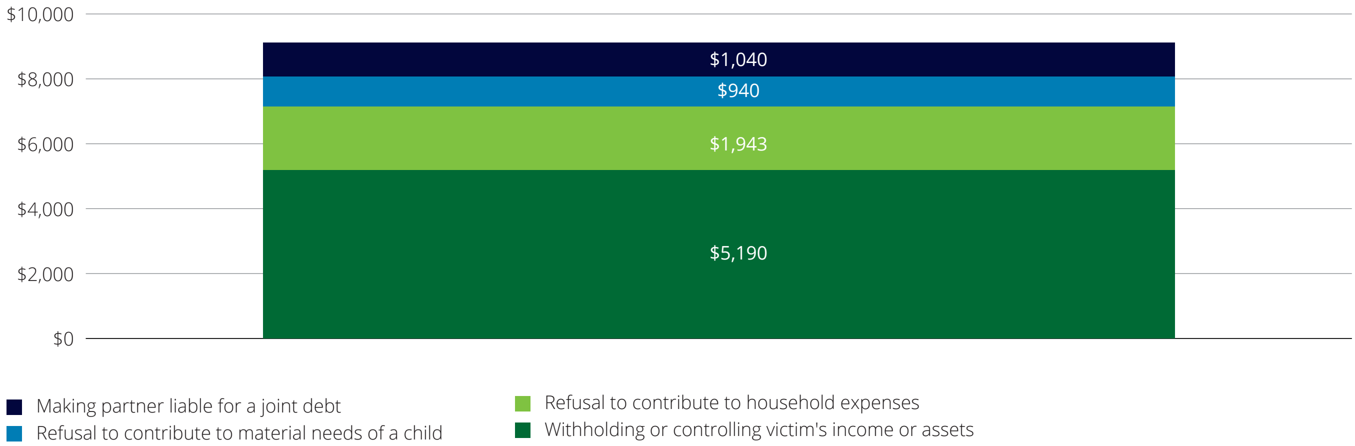
Chart 4.3: Annual costs for victims of financial abuse in Australia, 2020



Source: Deloitte Access Economics.

These costs translate to an **average annual cost** of approximately **$9,110 per victim of financial abuse** (Chart 4.4). This represents the average annual costs borne by all female and male victims of financial abuse. The distribution of these average costs matches that of the total costs shown in Chart 4.3.

Chart 4.4: Implied annual average victim costs, all victims ($2020)

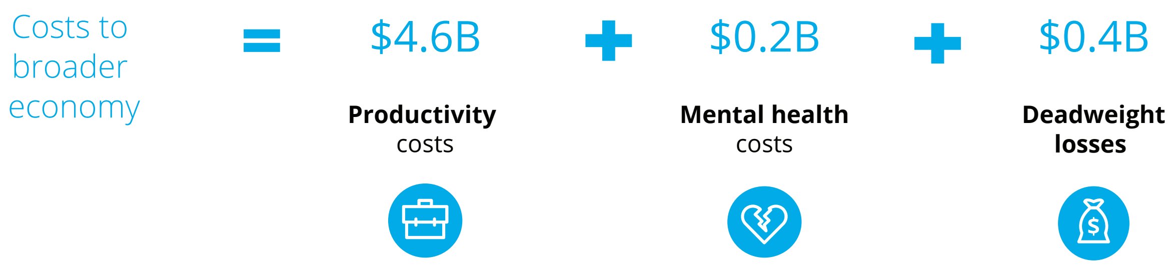


Source: Deloitte Access Economics.
Note: Figures rounded to nearest ten.

4.2.2 Costs to the broader economy

The total cost to the economy is estimated to be approximately **$5.2 billion**. Productivity losses account for nearly all of costs to the broader economy at $4.6 billion in 2020. The remaining $600 million was split between mental health costs ($150 million) and deadweight losses ($446 million).

Figure 4.2: Costs to the broader economy from financial abuse in Australia in 2020



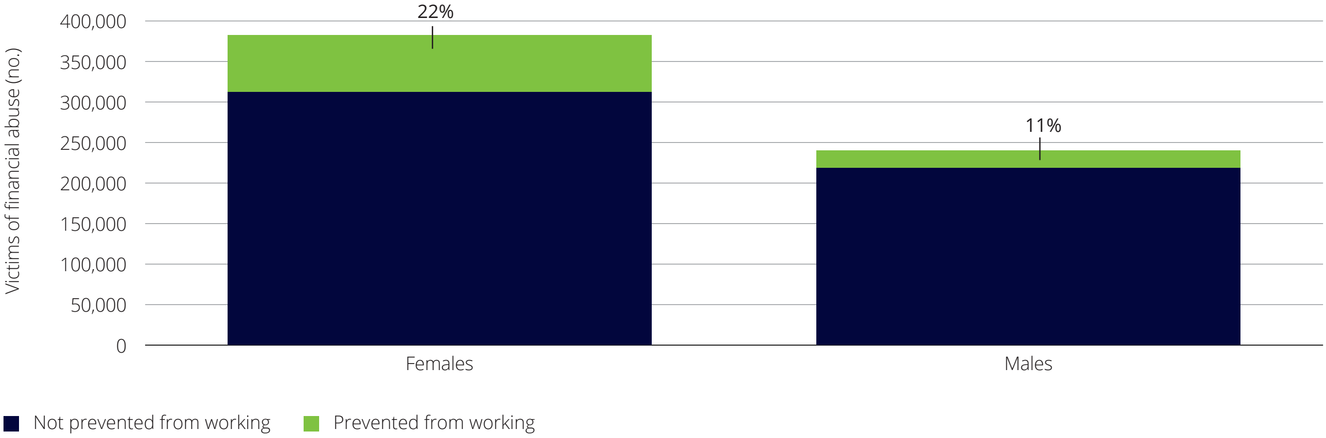
Source: Deloitte Access Economics.
Note: Due to rounding, figures may not sum to total.

4.2.2.1 Productivity losses

Productivity losses arise when a victim of financial abuse is prevented from working by their abuser. The cost of this is represented by the loss in earnings that would otherwise have been realised by the victim in the absence of abuse. It is also likely to have longer-term impacts on the victim even after the abuse has ceased, such as disadvantages in job-seeking, the uptake of additional unpaid housework, and a reduction in lifetime earnings and superannuation.

Evidence supported the costing of productivity losses for both female and male victims. Chart 4.5 shows that 22 per cent of female victims and 11 per cent of male victims of financial abuse in Australia in 2020 were prevented from working by their abusive partner.

Chart 4.5: Proportion of female and male victims prevented from working



Source: Deloitte Access Economics.

See Appendix A for more detail on the approach to estimating the costs of productivity losses.

4.2.2.2 Mental health impacts

The total cost associated with poor mental health outcomes among victims of financial abuse was estimated to be **$150 million** in 2020. This represents the portion of total health system expenditure on depressive and anxiety disorders in 2020 that was attributable to financial abuse.

Evidence shows that victims of financial abuse are more likely to experience chronic mental health conditions than the general population (see Section 2.4.1.5). This creates additional health system expenditure to provide services such as consultations with health professionals and the provision of other treatment (e.g. pharmaceuticals) that would otherwise not have been demanded.

The modelling for this relied on a population attributable fraction (PAF) approach using relative risk ratios from Coker et al (2002).[132] Using this evidence, it was estimated that 2.29 per cent of female victims and 3.26 per cent of male victims suffered from mental health conditions attributable to the financial abuse in 2020. See Appendix A for more detail on the approach to estimating the costs of mental health impacts.

4.2.2.3 Deadweight losses

In the case of financial abuse, deadweight loss is a loss of economic efficiency in the economy that arises due to the government's need to collect additional tax revenue to fund costs or replace lost income that would otherwise not have been incurred. This includes lost taxes from employees, additional social welfare payments, and Commonwealth and State health system expenditure.

The total cost of the deadweight loss associated with financial abuse in Australia in 2020 was estimated to be **$446 million** (Table 4.3). Further explanation about how deadweight losses were calculated is provided in Appendix A.2.

Table 4.3: Deadweight losses from financial abuse in Australia in 2020

Item	Total cost ($m)	Rate of efficiency loss (%)	Deadweight loss ($m)
Lost income tax revenue	4,563	23.3	397
Support payments	49	29.8	15
Mental health services	150	22.6	34
Total	**4,763**	**-**	**446**

Source: Deloitte Access Economics.

5 Further work

5 Further work

5.1 Further work

In reviewing the existing evidence on the nature, prevalence and impacts of financial abuse in Australia in 2020, this analysis has identified that further work is required to build a more comprehensive understanding of the costs of financial abuse in Australia today. Some of these areas for further work or research are discussed below, including:

- establishing broad agreement on the definition of financial abuse
- improving data collection and updating measures of the prevalence of financial abuse
- understanding the diverse and intersectional impacts of financial abuse
- understanding other broader costs of financial abuse.

5.1.1 Establishing broad agreement on the definitions of financial abuse

While financial abuse is increasingly recognised as a distinct form of DFV,[133] a consistent definition has not yet been established in the international or Australian research and policies on financial or economic abuse. Previous reviews have highlighted the **challenge in defining financial or economic abuse**, due to a lack of historic recognition of financial or economic abuse as a form of DFV.[134] In Australia, financial abuse was first recognised in 2014 in the Second Action Plan of the *National Plan to Reduce Violence Against Women and their Children 2010-2022*, but differing definitions have since been adopted in both the Third and Fourth Action Plans.[135]

Similarly, only few of the common behaviours of financial abuse are captured in the Australian criminal law definition of 'family violence' (including unreasonably **denying financial autonomy**, or unreasonably **withholding financial support** needed to meet reasonable living expenses.)[136]

Postmus et al (2020) highlight that this lack of definitional precision has impacted research on financial and economic abuse, by diluting the evidence base and preventing researchers from taking a consistent approach to measuring prevalence or evaluating policy responses.[137]

Further research should also consider the **new and emerging tactics** of financial abuse identified in the community and by financial abuse support service providers, to ensure the understanding of the scope of tactics of financial abuse remains up to date.

5.1.2 Improving data collection and updating measures of the prevalence of financial abuse

In addition to the definitional problems outlined in Section 5.1.1, measuring the prevalence of financial abuse is made challenging by the frequently hidden or "invisible" nature of financial abuse within intimate partner relationships.[138] While the PSS offers the most comprehensive understanding of the prevalence of financial abuse within Australia, it is subject to a range of limitations set out in Sections 2.3.1 and 2.3.2.

Together, these limitations could contribute to **significant under-reporting of the prevalence of financial abuse** in Australia through the PSS. To resolve these issues, more updated information that better reflects the contemporary understanding of financial abuse as a distinct form of DFV is required.

There may be an opportunity for financial institutions such as CommBank to contribute to understanding the prevalence of financial abuse in the Australian community. Financial products such as savings and transaction accounts, personal loans and mortgages are often used as tools of financial abuse. Australian financial institutions may be able to help detect financial abuse in their customer base and contribute to tackling the problem to contribute to a better understanding of the issue.

5.1.3 Understanding the diverse and intersectional impacts of financial abuse

There is a range of evidence on the impacts of financial abuse for victims of IPV in Australia and overseas. However, there is scope for additional research on the typical impacts and costs of financial abuse for victims of different genders, across different socioeconomic backgrounds, geographic locations, and cultural and linguistic backgrounds.

The tactics of financial abuse are likely to differ across diverse and intersectional contexts, and lead to unique impacts for victim-survivors from a range of communities. Previous work by the GVRN has already sought to highlight the impacts of financial abuse for persons with disability,[139] persons from CALD backgrounds,[140] and Aboriginal and Torres Strait Islander peoples.[141] Further quantitative analysis to better understand the diversity of experiences and costs of financial abuse will require additional data collection that adequately covers these groups.

In addition, further research should also consider the intersections of financial abuse for other cohorts outside of IPV, including older people, persons with disability, Aboriginal and Torres Strait Islander peoples, and persons within CALD communities. There is a particular lack of understanding in the knowledge of financial abuse in the context of intimate partner violence among older people (that is, outside of elder abuse). There is also a need for additional research regarding financial abuse that may be perpetrated by other members of one's family, such as dowry abuse and humbugging.

There is also a lack of general evidence regarding some economic and health impacts of financial abuse. For instance, while this report was able to quantify the cost of depressive and anxiety disorders relating to financial abuse, there is likely to be broader mental health and behavioural impacts. These impacts may also affect a victim's ability to concentrate on tasks at work, leading to lower output while on the job (presenteeism) and potentially increasing the risk of workplace accidents. Further research should look to explore these impacts in the context of IPV.

5.1.4 Understanding the lifetime costs of financial abuse

This report examines the **annual cost** of financial abuse to victims and to the broader economy in Australia. This is based on the impacts of new and repeat cases of abuse that occurred within the 2020 calendar year.

However, the impacts of financial abuse can be lasting, incurring significant costs that can compound over a victim's lifetime. Future work should consider the **lifetime costs** of financial abuse within intimate partner relationships in Australia. This would involve considering the long-term impacts of financial abuse – for victims as well as for the perpetrators of financial abuse; their children, friends, and family; employers of victims of financial abuse; as well as governments and the broader Australian community. These longer-term costs may include reduced lifetime productivity and earnings of victims of financial abuse, and generational impacts for the children of victims of financial abuse.

There is also scope for further research on the costs of financial abuse to government services such as through the legal aid, policing, social housing, and crisis accommodation services used by victims of financial abuse.

Appendix A - Methodological appendix

Appendix A - Methodological appendix

A.1. Prevalence and costs of financial abuse

To understand the annual cost of financial abuse in Australia in 2020, the analysis considered two key aspects of financial abuse: the estimated **annual prevalence** of financial abuse in IPV settings, and the **typical costs** to victims and the broader economy associated with financial abuse.

An overview of the approach to estimating the annual cost of financial abuse in Australia in 2020 is outlined in Table A.1. Additional detail on the approach to estimating individual cost items is provided in Table A.2.

Table A.1: Approach to estimating prevalence and costs of financial abuse

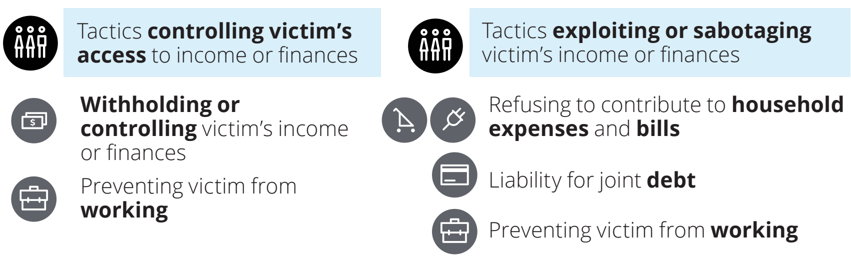
<table>
<tr><th>Item</th><th>Approach</th></tr>
<tr><td>1

Prevalence of financial abuse – population</td><td>
To estimate the annual cost of financial abuse, this report estimates an annual rate for victims reporting at least one incident of financial abuse by a current or former intimate partner in Australia in 2020. This means that this analysis is limited to victims of financial abuse who have suffered from at least one incident of financial abuse from a current or former intimate partner in 2020.
As set out in Section 2.3.2, the most comprehensive source of information on the population prevalence of financial abuse in Australia is the PSS. It is noted that as the PSS is fielded to households pre-assigned for interview with either ‘female’ or ‘male’ residents, these findings fail to account for experiences of IPV by persons of diverse gender identities.[142]
In testing for behaviours of financial abuse, the PSS asks whether respondents have experienced their most recently emotionally abusive partner controlling, or trying to control (1) knowledge of, access to, or making decisions about household money; (2) working or earning money; or (3) income or assets.
It is noted that these findings are expected to underestimate the prevalence of IPV in Australia due to the sampling approach only including individuals who had been, or were, cohabitating with their partner; and excluding individuals in residential institutions or services (such as group homes, refuges or shelters, and prisons).
</td></tr>
<tr><td>2

Prevalence of financial abuse – types of financial abuse</td><td>
As set out in Section 2.3.2, within the Australian literature on financial and economic abuse in the context of IPV, the most identified tactics include where the perpetrator seeks to:

withhold or control their partner’s money or finances
make their partner liable for a joint debt
refuse to contribute to household expenses
put bills in their partner’s name to avoid liability
sabotage their partner’s employment or study.[143]

A targeted literature review was undertaken to understand the available evidence in Australia and overseas on the prevalence of each type of abuse for female and male victims within IPV settings. A summary of this evidence is provided in Section 2.4.1.
Following this review, the cohort of victim-survivors of financial abuse was split into two overarching categories of behaviours of financial abuse (Figure A.1):
Figure A.1: Prevalent forms of financial abuse, Australia



Source: Deloitte Access Economics
</td></tr>
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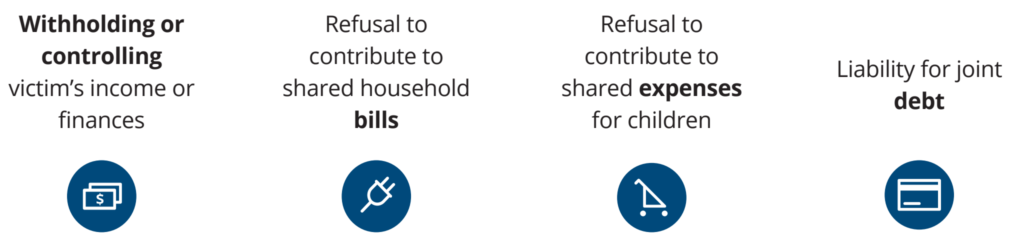
Item	Approach
	The size of each cohort, and prevalence of each form of financial abuse for each cohort, was then estimated using the prevalence rates for each type of abuse identified in the literature review. Findings are summarised in Chapter 4.
3 **Costs of financial abuse**	Financial abuse imposes a broad range of costs on victims, as well as perpetrators, children, friends and family, employers, governments, and the broader Australian community. For victims in particular, financial abuse can create complex economic issues which impact their lives over the short and long term. For this report, the scope of costs of financial abuse considered were limited to including the **direct costs of financial abuse for victims** as well as **costs for the broader Australian economy.** An important distinction between the direct costs to victims and broader economic costs considered in this report is that costs to victims represent **transfers rather than real economic costs**. This means that the costs to victims considered in this report represent payments from one group of economic agents (victims) to another (perpetrators). Transfers do not represent a net cost to the economy, except for the administrative and efficiency losses ('deadweight losses'). This means that the findings of the annual cost of financial abuse to victims and to the broader economy should not be combined, as only the latter represents a net loss to the Australian economy. *Direct costs to victims* To understand the direct cost to victims, the analysis considered the **immediate or 'first round' costs to victims** of the behaviours identified as the prevalent forms of financial abuse. For example, through behaviours of control, exploitation or sabotage, the cost to victim may include the value of the income or assets controlled or withheld by their partner; the value of household expenses which their partner failed to contribute; or the value of debt which their partner fraudulently borrowed under their name. A desktop review was undertaken to identify relevant financial proxies to estimate the average or typical cost to victims of the behaviours identified as prevalent forms of financial abuse in Australia, outlined above in Section 2.3.2. Average costs to victims were estimated for the following forms of financial abuse: **Figure A.2: Direct costs to victims of financial abuse**  Source: Deloitte Access Economics

Item	Approach
	It is important to acknowledge that a range of 'second round' impacts for victims also exist – such as costs to family members and friends who assist victim survivors, and costs to government and businesses in providing remedial services to survivors. Further research could help to capture these costs and those that may be borne by the public and private sector services provided to victims of financial abuse.

Additional detail on the unit costs and sources used to estimating the victim costs of financial abuse is provided in Table A.2.

Broader costs to economy

In addition to the direct costs to victims of financial abuse, financial abuse also creates costs for the broader Australian economy. As set out in previous analysis of the costs of family and domestic violence, this can include categories of costs including:

- health costs, and pain, suffering and premature mortality
- production and consumption related costs
- second generation and administrative costs
- deadweight losses.[144]

For this analysis, the broader economic costs within scope are limited to the **reduced productivity** of victims of financial abuse and health system costs of the **mental health conditions** associated with the psychological distress caused by financial abuse.

Some transfers between victims and perpetrators of abuse cause losses of economic efficiency from the need to collect extra taxes to fund the provision of services and support to victims of financial abuse. These efficiency losses represent the **deadweight loss** of financial abuse. These costs include the:

- lost **income tax revenue** paid by victims of financial abuse prevented from working
- additional **social welfare payments** paid to victims of financial abuse prevented from working
- the value of **mental health system services** provided to victims of financial abuse.

These categories of costs to the broader economy are set out in Figure A.3. Findings from the literature review on these impacts for victims of financial abuse in IPV settings are summarised in Section 2.4.1

Figure A.3: Broader costs to economy of financial abuse

Source: Deloitte Access Economics

Additional detail on the approach to estimating the productivity, mental health costs and deadweight losses associated with financial abuse is provided in Table A.2.

Table A.2: Approach to estimating individual cost components

	Cost component	Calculation	Details (all figures adjusted to $2020)
Victim	**Withholding or controlling partner's income**	*Annual cost of appropriated income* = Median weekly disposable household income¹ x share of female and male IPV victims reporting their partner withheld or controlled access to income.²	¹ Differing unit rates were applied according to victims' expected employment status, based on Kutin et al (2017).[145] For those employed, an annualised rate of $44,634 in net disposable income was applied using data from the ABS (adjusted for $2020).[146] For those unemployed and looking for work, an annualised rate of $ was applied based on JobSeeker in 2020.[147] For those not in the labour force, income was assumed to be zero and no unit cost was applied. ² A rate of 27 per cent of all female victims of financial abuse, and 22 per cent of all male victims, was applied using Kutin et al (2017).[148] **Key assumptions:** The costs of withholding or controlling income were only applied to the first cohort of victims of financial abuse subject to behaviours of **control**. Victims included in this cost estimate were excluded from other cost to victim estimates of behaviours of exploitation (refusing to contribute and making liable for joint debts). This reflects an assumption that victims may be **either** subject to behaviours of control over their income/finances/assets, **or** exploitation of their income/finances/assets. This is to avoid double counting the total value of victims' income/finances/assets which are controlled or exploited. However, the tactics of financial abuse may be more nuanced and combine multiple forms of control and exploitation.
	Refusing to contribute (household expenses)	*Annual cost of non-contribution (household expenses)* = Average household expenses for one adult¹ x proportion of victims whose partner either pays bills late or refuses to pay bills.²	¹ A unit value of $12,040 was derived from the ABS Household Expenditure Survey 2015-16 (including housing costs, domestic fuel and power, food and non-alcoholic beverages, and household services and operation, divided by the average number of residents per household).[149] ² A rate of 36 per cent of female victims was applied based on Cameron (2014).[150] **Key assumptions:** By adopting a per person estimate of average household expenses, the unit rate excludes expenses that may also be counted within costs of child maintenance.
	Refusing to contribute (child expenses)	*Annual cost of non-contribution (children's expenses)* = Value of child support payments¹ x proportion of victims whose partner would either pay bills late or not pay bills.²	¹ An annual value of $10,462 was derived from Services Australia, based on the minimum value of child support payments for one year for two children of mixed ages, assuming median parents' combined Child Support income ($39,480 to $78,957 p.a.).[151] ² A rate of 29 per cent of all female victims was applied using Cameron (2014)[152] and Census data (2016) for the share of couples with children living at home.[153]
	Liability for joint debt	*Annual cost of debt liabilities* = Average value of a personal loan¹ x proportion of victims whose partner accrued debt under their name.²	¹ A value of $15,500 was applied based on Reserve Bank of Australia data.[154] ² A rate of 15 per cent of all female victims was applied using Cameron (2014).[155]

	Cost component	Calculation	Details (all figures adjusted to $2020)
Broader economy	**Productivity losses**	*Annual cost of reduced employment* = Average annual earnings¹ x proportion of female and male victims prevented from working²	¹ Average earnings based on annualised average weekly earnings data by age and gender from the ABS.[156] ² A rate of 22 per cent of all female victims of financial abuse, and 11 per cent of all male victims, was applied using Kutin et al (2017).[157] **Key assumptions:** Employment rates among victims of IPV matches the general population. Victims who lose their job have their income reduced to the JobSeeker Payment rate.
	Mental health impacts	*Annual cost of depressive disorders* = Total health system expenditure on depressive disorders¹ x proportion of depressive disorders attributable to financial abuse²	¹ Health system expenditure on each mental health condition associated with financial abuse was drawn from the AIHW Disease Expenditure in Australia 2015-16 dataset.[158] Expenditure split by age and gender groups. Inflated to 2020 dollars using health price inflation. ² Based on a population attributable fraction (PAF) approach which uses literature to identify the excess population-level exposure to depression due to financial abuse. Relative risk ratios of 2.2 for males and 2.0 for females used.[159] **Key assumptions:** The mental health conditions identified in the literature as associated with financial abuse include **depression** and **anxiety**. Health system costs are estimated using a top-down approach to attribute a portion of total expenditure on mental health conditions attributable to financial abuse. Population attributable factors (PAFs) based on risk ratios are used to describe the increased risk of experiencing depression or anxiety due to IPV.
	Deadweight losses	*Annual deadweight losses* = increase in government expenditure or decrease in government revenue x marginal excess burden (MEB) of offsetting taxation²	¹ The change in net payments and taxation attributable to financial abuse included the sum of: (a) lost income tax revenue from victims of financial abuse prevented from working, where victim would have otherwise been employed (b) additional JobSeeker payments for victims of financial abuse, where victim was looking for work (c) additional health system costs on mental health conditions associated with financial abuse. ² This analysis adopts MEBs from Cao et al. (2015),[160] a study of the economy-wide efficiency of major taxes. A value of 23.3 per cent was used for lost income tax, calculated as the weighted value of individual (income and indirect) taxes. Additional support payments used an MEB of 29.8 per cent, based on the weighted value of personal, company, and indirect taxes. Additional health expenditure was divided into portions funded by the Commonwealth and that funded by the State, to which different MEBs were applied (38.3 per cent for state and 29.8 per cent for federal). A 0.71 per cent administration burden was included in all the MEBs. **Key assumptions:** Deadweight losses capture the costs to the economy of the direct victim costs. To avoid double counting, the direct costs to victims and broader economic costs should not be summed.

A.2. Deadweight losses

A deadweight loss is defined as a loss of economic efficiency that occurs when equilibrium is not achieved in a market. In the case of financial abuse, this arises due to the government's need to collect additional tax revenue to fund costs or replace lost income that would otherwise not have been incurred. These costs include lost employee taxes, additional welfare payments, and Commonwealth and State health expenditure.

There are inefficiencies associated with the collection of this additional tax revenue. Levying taxes reduces the efficiency with which resources are allocated within an economy. This may be through higher income taxes, which increases the price of work relative to leisure and, therefore, creates a disincentive to work. Additionally, higher sales taxes increase the cost of goods and services and results in a loss of sales to businesses. These mechanisms result in a reduction in consumer and producer surplus, respectively, which is known as the deadweight loss, or excess burden, of tax.

Deadweight losses increase when taxes are raised above the level that they would otherwise have been in the absence of financial abuse. This study assumes that the government maintains a budget neutral position despite the decreased tax revenue and increased government spending (e.g., to pay for additional health services). All other things equal, when there is financial abuse, maintaining the budget neutral position requires the government to levy taxes on other members of society to:

- Maintain the same amount of tax revenue despite a smaller pool of taxable income from individuals
- Pay for additional government spending in healthcare and social support due to financial abuse.

The respective tax rates used in the calculation of deadweight losses were:

- 22.3% average personal income tax rate and 15.1% average indirect tax rate
- 29.2% average company tax rate.

These tax rates were calculated by dividing the net income tax and net indirect tax by the taxable income, based on data from the Australian Taxation Office.

A.3. Assumptions and limitations

This analysis relies on results from the PSS (2016) to estimate the population prevalence of IPV and financial abuse in the Australian community in 2020. As noted in Section 2.3, there are a number of limitations in the sampling approach adopted in the PSS which mean that the prevalence estimates presented in this report likely represent a conservative estimate of the number of victims of financial abuse in IPV settings in Australia in 2020:

- In the most recent PSS in 2016, 36,495 households were approached for the survey, including 29,421 female households and 7,074 male households. As the PSS is distributed to households pre-assigned for interview with either the 'female' or 'male' resident, these findings fail to account for experiences of IPV by persons of **diverse gender identities**.
- Due to traditional gender norms associated with the handling of household finances, female victims of financial abuse may be **less likely to recognise and report their abuse** compared to males.
- The PSS is fielded as a survey of people living in the community and therefore excludes some key groups where financial abuse may be prevalent. For example, the survey **excludes those within institutional settings** such as refuges and domestic violence shelters (which may contain a higher prevalence of financial abuse than that in the broader community). It also only captures the experiences of those who live with, or previously lived with, their abusive partner and, as such, omits abuse occurring among partners who do not co-reside.
- Further, the PSS is likely to underrepresent groups vulnerable to financial abuse, such as **persons with disability**[161] and **CALD communities**.[162]
- Economic abuse has been a relatively understudied form of abuse until recent years and was only included as a subset of emotional abuse in the PSS 2016.
- The PSS results from 2016 are now five years old, meaning that there may be need for updated research. The next Personal Safety Survey is expected to be released in 2022.

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