



## VincentCare Victoria Submission: Parliamentary Inquiry into Financial Service Regulatory Framework and Financial Abuse

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### Introduction

VincentCare Victoria (VincentCare), a subsidiary of the St. Vincent de Paul Society Victoria (SVDPV), appreciates the opportunity to contribute to this parliamentary inquiry.

VincentCare delivers financial counselling, financial education and capability services in conjunction with family violence assistance based at our specialist family violence hub in Victoria. In this submission we aim to provide insights on financial abuse within the regulatory frameworks of financial institutions utilising our organisation's experience and unique perspective. VincentCare hopes to contribute to the improvement of safeguards and support systems within the financial sector through understanding and address challenges related to this issue.

In responding to the Parliamentary Inquiry our submission will focus specifically on the Inquiry's terms of reference 1,2, 4 and 5.

Please see [Appendix 1](#) for a summary of VincentCare's services and reach including our Financial Counselling and Capability programs.

#### 1. The prevalence and impact of financial abuse, including:

- a. the approaches taken by financial institutions to identify, record and report financial abuse, and any inconsistencies arising therein;
- b. the impact of the shift of financial products to online platforms; and
- c. any other contributory factors.

In VincentCare's extensive experience providing Family Violence and Financial Counselling services, we recognise the prevalence of financial abuse as a pervasive form of family violence and coercive control. This issue transcends regional boundaries and is a significant concern across Australia and globally. Too often, and consistently, we witness individuals trapped in abusive relationships where money and resources are used to assert dominance and control.

Our specialised Family Violence Practitioners receive specific training to recognise and identify the subtle signs of financial abuse when assisting victim survivors seeking support. VincentCare's financial assistance services are delivered from our Family Violence Services Hub, with the teams working in concert. VincentCare views addressing issues of financial abuse within the broader context of family violence as critical.

Regarding approaches of financial institutions, anecdotal evidence from VincentCare staff shows that there has been a marked improvement in the practices of creditors in working within the capacity of victim survivors impacted by family violence to manage debt. This is particularly the case in the instance of a coerced debt in joint names, or a debt incurred by the victim survivor who does not gain or benefit. However, our observations suggest that there may be a lack of consistency from financial institutions regarding:

- ☐ How financial abuse is identified and understood;



- ☐ How issues of abuse are documented and recorded by financial institutions; and
- ☐ How issues are reported by financial institutions.

A consistent and standardised approach across the financial sector could improve detection, preventative and responsive measures. **We recommend that guidance regarding identification, documentation and recording, and reporting is developed for financial institutions.**

Research as well as our frontline experience shows a number of common contributory factors correlate to prevalence or impact of financial abuse<sup>1</sup>. These include the experience of domestic violence and economic dependence on an intimate partner, with research suggesting up to 90% of people who seek help for domestic and family violence are also affected by financial abuse<sup>1</sup>. Other factors include the following:

- ☐ People who have limited consumer financial literacy along with limited technology access and proficiency are particularly vulnerable. This has implications on an aging population who may not be as adept at using technology and applications.
- ☐ Gender and age, with older people and particularly older women more frequently targeted for financial abuse. The increasing emergence of elder financial abuse which is gaining significant attention and subsequent policy focus;
- ☐ Social or geographic isolation is a factor for vulnerability. This has implications for regional and remote locations.
- ☐ Cultural factors, including families where discussion of financial issues outside family or questioning family decisions is considered taboo. This, in turn, prevents victims from seeking support or even having an understanding that their experiences are financial abuse.

The relatively recent transition to online financial platforms has increased the accessibility and anonymity for abusers, complicating the detection of financial abuse and increasing the risk to vulnerable consumers. Additionally, quick credit, e.g. via Buy Now Pay Later (BNPL) schemes, is more accessible than ever and is impacting people who previously would have been unsuccessful candidates for small loans.

Buy Now Pay Later (BNPL) schemes have gained immense popularity in recent years, offering consumers the satisfaction of immediate gratification without the immediate financial burden. In Australia, these schemes, also known as BNPL, have become increasingly widespread, promising convenience and flexibility in making purchases. However, beneath the veneer of convenience lies a troubling reality: BNPL schemes disproportionately affect poor and disadvantaged individuals, exacerbating financial hardships and contributing to housing stress. Despite concerns raised by consumer advocates and regulatory bodies, the lack of effective regulation in the BNPL sector continues to perpetuate these issues, further highlighting the need for intervention.

**We recommend the strengthening of regulation and legislation regarding Buy Now Pay Later schemes, to protect victims of financial abuse and to prevent financial abuse occurring. This is discussed in more detail in section 5.**

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<sup>1</sup> Dean; "Understanding the Financial Abuse of Older People: A Review of the Evidence" report by the Australian Institute of Family Studies (AIFS), 2019



**2. Other potential areas for reform, such as prevention, protection, and proactive systems, including:**

- a. existing financial product design;
- b. emerging financial products;
- c. employee training;
- d. culturally appropriate responses; and
- e. any other appropriate response, for example, mandatory reporting.

VincentCare believes that government agencies as well as financial institutions play a crucial role in both preventing and responding to financial abuse. This role could reduce likelihood and impact of financial abuse further, through the enactment of more stringent regulations, increased oversight of financial products, and the establishment of support systems for vulnerable customers. Sarah's story (case study next page) provides a real world example of the impacts when these prevention, protection and proactive systems are not in place or working.

### **Sarah's Story**

Sarah was referred to VincentCare's Specialist Family Violence Services by Victoria Police, who contacted the after-hours number on Sarah's behalf following a serious family violence incident. Sarah was in Australia on a temporary visa from New Zealand without income, and she was financially dependent on her partner, who was the perpetrator of the violence. At the time of referral, Sarah was 24 weeks pregnant and as a result of family violence had not had any medical attention for the duration of her pregnancy. Following the incident of violence, Sarah was left homeless with only one bag of clothing.

VincentCare provided Sarah with emergency accommodation while helping her plan to return to New Zealand where she would have family support.

Sarah's partner had possession of all Sarah's forms of identification. Sarah had no income as she was in Australia on a temporary visa, meaning that she had no access to Centrelink or other forms of income and had no way of paying for shelter, food, personal essentials, passport application fees and air fares home to New Zealand.

VincentCare negotiated with the New Zealand embassy to obtain a passport for Sarah without having to provide the necessary identification. Travel arrangements for Sarah to safely return to New Zealand were simultaneously made.

A few weeks after Sarah returned to New Zealand, Sarah's MCSFV Case Manager received a call from her to say thank you again and to let her know that she was doing really well and had linked in with an obstetrician to support her through her pregnancy.

Too often VincentCare hear from people on temporary visas who are fleeing family violence and are in financial distress. Financial institutions are in most cases unable or unwilling to provide any help or support.

### **VincentCare makes the following recommendations in relation to Sections 1 and 2:**

1. **The standardisation of protocols across all financial institutions for the identification, documenting and reporting of financial abuse as discussed above;**
2. **The establishment of a centralised Federal authority (watchdog) that:**
  - (a) **monitors new financial technologies and products for potential abuse risks before they enter the market; and**
  - (b) **maintains reporting and resolution mechanisms for suspected financial abuse.**
3. **The implementation and monitored adoption of a set of minimum standards in financial institutions.**

#### **4. Steps that might be taken to support financial institutions to better detect and respond to financial abuse.**

VincentCare believes that a comprehensive and institution wide approach is imperative to address the protective mechanisms as well as factors that increase vulnerability to financial abuse and fraudulent financial schemes, or scams, specifically for:

- People who rely on others to assist them with their financial matters including seniors and older adults, people living with disabilities and individuals or families not proficient in English.
- Low-income individuals, already financially strained are more likely to be vulnerable.
- Culturally and linguistically diverse (CALD) communities may encounter challenges in navigating financial systems, making them susceptible to financial vulnerabilities.
- Groups who may be targeted for scams including the elderly and people with disabilities.
- Aboriginal and Torres Strait Islander communities who may experience financial discrimination and targeting.

Current system mechanisms require customers to actively seek out and apply for financial support from specialised services. Knowing how to find support is a challenge for those unfamiliar with service systems, people who have had prior negative service experiences, and those who are concerned about the stigma of financial hardship.

A set of minimum standards, discussed above (section 2), could include measures to better support staff of institutions in understanding and addressing abuse. These could potentially include :

- (a) mandatory onboarding and annual refresher training incorporating reporting responsibilities including mandatory reporting, identifying and responding to family violence, elder finance abuse, and child safety;
- (b) readily available hard copy resources and on-line resources that inform vulnerable customers of contact points for confidential support and/or further information;
- (c) procedures that support vulnerable customers to confidently and safely access online banking platforms;
- (d) examples of likely presentations and/or activities attributed to family violence e.g. customers' physical appearance, increased application for loans or credit cards;
- (e) new financial products to undergo a regulatory review to ensure they have built in safeguards against financial abuse; and
- (f) confidential and effective mechanisms for handling financial abuse cases that are both culturally appropriate and upholds the customers' right to privacy and other regulated privacy principles.

Additionally, financial institutions will be more effective in identifying and responding to financial abuse within their client cohort, if they are able to apply practices within their own corporate structures that safeguard employees.

#### **VincentCare makes the following recommendations in relation to Section 4. Financial institutions should be incentivised to:**

- 1. Demonstrate how their employees are informed and trained to identify and respond to potential financial abuse as part of their fraud prevention programs, for example mandatory onboarding and refresher training, policies and procedures, and/or guidelines that relate specifically to financial abuse in the context of family violence, elder abuse and child safety.**

- This would minimise fraud-related losses for the business and to reduce vulnerable customers' risk of further financial abuse and distress.
2. Develop a Family Violence in the Workplace Policy affirming a commitment to providing a workplace in which family violence is not tolerated or excused as well as a commitment to managing the impact it has on staff and their participation in the workplace.
  3. Establish a Leave policy that incorporates family and domestic violence leave (paid entitlement).
  4. Develop support material for staff impacted by family violence including procedures for disclosure, accessing support, preparation of safety plans, access to employee assistance programs (EAP).
  5. Develop and/or enhance targeted user-friendly resources, including:
    - (a) on-line services with relevant links to avenues for redress and/or solutions to finance related issues. A good example is those available through the Victorian Energy and Water Ombudsman (EWOV)<sup>2</sup>;
    - (b) on-line services with relevant links to avenues for information and/or supports for family violence related matters. A good example are those developed by Safe Steps, the 24/7 family violence response centre in Victoria<sup>3</sup>; and
    - (c) accessible, responsive, language specific resources to educate and inform the financial capability and resilience of diverse cohorts, mitigating vulnerabilities to scams and financial hardships.
  6. Support staff training and ongoing professional development by promoting and facilitating participation at annual financial counselling conferences. A good example is the work conducted in this area by the peak bodies Financial Counselling Australia or in Victoria, Financial Counselling Victoria.
  7. Promote and advance the need for all creditors to be part of an appropriate external dispute resolution scheme, led and monitored by the centralised federal authority.
  8. Promote and/or standardise existing best practice. An instance of good practice is the Commonwealth Bank's *CommBank Next Chapter*<sup>4</sup> program which is aimed at helping end financial abuse and supporting people on their journey toward long-term financial independence. The program focuses and informs on key important areas for services, customers and workplaces such as:
    - Partnering with community services – collaborating with various community services to ensure that those affected by financial abuse can access the right supports.
    - Financial independence hubs – in partnership with Good Shepherd to establish hubs whereby individuals impacted by financial abuse can be assisted to regain their confidence and achieve long-term financial independence.
    - Increasing awareness – collaborating with experts to enhance community and industry understanding of financial abuse.
    - Technology solutions – leading technology to block and enable the self-reporting of abusive transaction descriptions.

<sup>2</sup> Victorian Energy and Water Ombudsman; [Energy and Water Ombudsman Victoria \(EWOV\) | EWOV](#)

<sup>3</sup> Safe Steps Family Violence Response Centre; [Safe Steps Family Violence Response Centre - 24/7 support for Victorians](#)

<sup>4</sup> Commonwealth Bank; Next Chapter Program: Independence for Victim Survivors of Family Violence; [CommBank Next Chapter](#)

- **Workplace resources – creating resources to assist other workplaces in supporting employees impacted by domestic and family violence.**

## **5. The role of government agencies in preventing and responding to financial abuse.**

As discussed in section 1, VincentCare's financial counselling and capacity program has observed a concerning rising trend in the utilisation of Buy Now Pay Later (BNPL) products within instances of financial abuse linked to family violence and elder abuse. The evolving trend reflects the impacts of an increasing cost of living crisis on individuals and families and underscores the lack of oversight and regulation of such products.

The BNPL products, facilitated by services like Afterpay, Zip and Klarna, has increasingly become a prominent component of debt faced by families. Moreover, individuals are now frequently utilising these platforms to acquire gift cards for supermarkets, introducing an additional layer of complexity to their financial situations, thus necessitating the development of new strategies by Financial Counsellors to effectively address these challenges.

As with a growing reliance on BNPL products (particularly to purchase essentials such as food), the evolving trend is a noticeable increase in the working-poor seeking assistance, an increase in mortgage arrears, utility debts, elder abuse, and financial abuse cases. These developments require Financial Counsellors to adapt their strategies to provide comprehensive support and financial stability in an increasingly challenging economic environment to those in need.

VincentCare is funded by the Victorian Government to support victim survivors without income on temporary visas, an identified vulnerable cohort who not only experience the impacts of family violence but are particularly challenged in navigating financial systems, making them susceptible to financial vulnerabilities, and affecting a Financial Counsellor's ability to do meaningful work with them.

People who have recently arrived in Australia may be particularly affected due to a lack of familiarity with Australian financial systems<sup>5</sup>. Some migrants, particularly refugees, are also at increased risk of migration-related trauma, including war, torture, family and sexual violence. These experiences of violence can affect a person's mental health, including their ability to cope in a new environment and developing post-traumatic stress, and can worsen family functioning issues during re-settlement<sup>6</sup>.

People from CALD backgrounds, particularly women, on temporary visas may face additional challenges in seeking help for family violence. Victim-survivors on a temporary visa may be dependent on a violent partner for residency and may not disclose violence due to the fear they may be deported. Conditions of temporary visas can result in social isolation due to, for example, restrictions to accessing employment and housing. Isolation may be further heightened for those who do not speak English or drive<sup>7</sup>. Moreover, temporary visa holders are often unable to access

<sup>5</sup> House of Representatives Standing Committee on Social Policy and Legal Affairs (2021).

<sup>6</sup> El-Murr 2018; Vaughan et al. 2016.

<sup>7</sup> House of Representatives Standing Committee on Social Policy and Legal Affairs (2021); Vaughan et al. 2016.





social support such as income support and healthcare (for example through Medicare), as eligibility is limited to people with permanent residency or citizenship status<sup>8</sup>.

Aside from visa-related barriers, this cohort of victim survivors may face other difficulties accessing support, such as:

- ☐ lack of CALD-specific information (for example, related to gender equality and violence, service availability, or legal rights and entitlements);
- ☐ language and communication barriers;
- ☐ fear and distrust of authorities due to pre-settlement experiences;
- ☐ community norms that discourage disclosure, acknowledgement and intervention of violence within relationships; and
- ☐ community belief that family and domestic violence issues should be dealt with within the family unit<sup>9</sup>.

**VincentCare makes the following recommendations in relation to Section 5:**

1. **Stronger, mandatory regulations in the BNPL space. In the absence of laws and regulations in the BNPL space, certain jurisdictions have taken the initiative to explore self-regulation mechanisms to show their good faith in consumer protection, and to support the growth of the BNPL market. This approach aims to address the same risks as comprehensive credit reporting, but on a voluntary basis. Further, the Australia Finance Industry Association (AFIA) launched a voluntary Code of Practice, the AFIA Buy Now Pay Later Code of Practice,<sup>10</sup> for BNPL product providers in March 2021 that sets out nine high-level customer commitments for signatories to make to ensure customer protection. The government should be working with proactive entities like AFIA to design and support the rollout of these regulations industry-wide.**
2. **The design and implementation of a policy framework that (i) promotes key insights to build a more nuanced understanding of the diversity of temporary visa holders; (ii) considers and recognises the role of deception and coercion as a form of financial abuse in the context of temporary visa holders; and (iii) endorses targeted pathways to financial independence in response to published data on the disadvantage experienced by temporary visa holders, particularly victim survivors on temporary visas without income<sup>11</sup>, to include:**
  - (a) **free access to mandatory use of independent interpreters (the use of family members as interpreters has the potential to include persons who use violence);**
  - (b) **access to government concessions that subsequently evidences capacity of individuals to utilise a range of secure and confidential banking, housing, health and like services necessary for recovery;**
  - (c) **services to have cultural competence and gender expertise; and**

<sup>8</sup> Cullen et al. 2022.

<sup>9</sup> El-Murr 2018; Cullen et al. 2022.

<sup>10</sup> Australian Finance Industry Association, code of Practice for Buy Now Pay Later Providers, March 2021.

<sup>11</sup> Women on temporary visas are more vulnerable than ever (womensagenda.com.au); Research brief: Support options for migrant women on temporary visas experiencing family violence in Australia (monash.edu); Snapshot-of-demand-and-current-issues-for-women-on-temporary-visas.pdf (csws.org.au)





- (d) **extended resourcing for money management and financial literacy education by community led service agencies similar to the resources provided by MoneySmart<sup>12</sup> but with relevance to temporary visa holders.**

## Conclusion

VincentCare acknowledges the importance of this timely inquiry and remains committed to working collaboratively with government agencies, financial institutions, and other stakeholders to enhance the detection, prevention, and response to financial abuse. Through strategic partnerships and focused reforms, we can collectively work towards a safer financial environment for all Australians.

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<sup>12</sup> Australian Government MoneySmart program and resources; Moneysmart.gov.au



## Appendix 1: VincentCare Victoria - Organisational Overview

VincentCare is committed to the principles of social justice and aims to ensure that every individual is treated with dignity and respect regardless of their ability, cultural background, ethnicity, gender identity, sexual orientation, or religion.

Consulting with clients, and working from a strong evidence base, including understanding the external operating environment and global trends, the Board developed an innovative model of care which is the centrepiece of our strategic directions, focusing on:

1. Providing quality services for people experiencing or at risk of homelessness, people with a disability, people experiencing or at risk of family and sexual violence, and men and women struggling with complex needs including substance abuse and mental health issues.
2. Advocating for vulnerable and disadvantaged people, respect their dignity and rights and understand their needs so as to provide them with support and encouragement to enable greater independence.

VincentCare has a deep organisational capability in intensive case management. We strengthen individuals and communities across Victoria through our funded and mission based activities, encouraging and supporting safety, resilience and improved life choices. We achieve this through actions and initiatives linked to place, space, support and inclusion:

**Place** reflects the neighbourhoods, meeting places, towns and communities. Most of our activities support a collaborative approach with support agencies that include Councils, Governments, other community development agencies and the local community.

**Space** reflects the areas / homes that people reside in, seek sanctuary in and build an identity with. VincentCare has been investing our resources to offer accommodation and fundamental human rights support solutions.

**Support** captures the partnering spirit we bring to support people to retain their dignity and capacity to make informed decisions. We measure outcomes achieved through our support, not hours of care.

**Inclusion** results from the transformation of people who demonstrate greater resilience and control over their lives, who are welcomed by places, spaces and supports that respect diversity, compassionate in their approaches, and that acknowledge choice.

VincentCare's financial assistance, family violence, housing and homelessness programs operate across a large catchment area in Melbourne's north-west, the Bayside-Peninsula region of Melbourne and north central and north-eastern regional Victoria. Specific programs such as our Ozanam House Crisis Supported Accommodation facility and our Youth Justice Homelessness Assistance Program are state-wide.

### Financial Counselling and Capability services

VincentCare is funded by the Department of Social Services (DSS) to deliver Financial Wellbeing and Capability Activity programs, more specifically:



1. Emergency Relief, Financial Crisis and Material Aid. This program aims to service and support eligible people to navigate financial crisis and to build financial wellbeing, financial capability and resilience.
2. Money Support Hub. This program aims to assist individuals and families to navigate life transitions and financial crises. Additionally, the program advocates and facilitates the necessary supports to vulnerable people and those most at risk from financial and social exclusion and disadvantage.

The Emergency Relief funding is apportioned to VincentCare's Hume Community Hub, Northern Community Hub and Inner Melbourne Community Hub, thus facilitating a coordinated approach to program delivery across the DSS statistical service areas in Victoria of (i) Hume and Shepparton; (2) Melbourne North West; and (3) Melbourne Inner and West.

The Financial Counselling and Capability program consists of qualified Financial Counsellors who provide free, confidential, non-judgemental services; supports and educates on strategies to manage finances and build capacity; explores options with debts and negotiates with creditors; and provides emergency relief where appropriate. On average, a client may be actively involved with the service for a duration of 2 to 3 months and there is a growing trend of clients returning for additional support, with some families reaching out periodically for help with essential needs such as car registration, car repairs, utilities, or rent arrears when their fundamental living expenses become challenging to sustain.

Wait times for financial counselling assistance through this program has increased over the past 12 months from 1-2 weeks to approximately 3-4 weeks. The increase in wait times for intake and assessment is primarily due to sustained high demand and a significant increase in the complexity of clients' circumstances. Clients are now presenting with multiple debts, sometimes as many as 30, and dealing with complex issues such as family violence, mental health issues, addiction, and insurance complications. The time required for addressing a client's many and complex issues has consequently lengthened, as has the time required to engage with each client.

Referrals to the Financial Counselling and Capability program from VincentCare's specialist family violence services (specifically in the Hume and Shepparton region) are prioritised and informs a wrap-around model of care that supports victim survivors on their journey of independence and financial wellbeing.

#### Specialist Family Violence services

VincentCare is funded by the Department of Families, Fairness and Housing (DFFH) to provide specialist family violence services to victim survivors experiencing or escaping family violence.

The services include the operations of two family violence refuges, Olive's Place – a high security refuge in the Southern Metropolitan Region of Melbourne, and Marian Community – a dispersed refuge model in Shepparton, regional Victoria and the *only* stand-alone dispersed model of refuge accommodation for women and children escaping family violence in the Goulburn region.

VincentCare's Marian Community are identified as first responders, working alongside or immediately after Police intervention. This service provides 24/7 specialist family violence support and covers a broad geographical coverage including Greater Shepparton, Moira and Strathbogie Shires with the after-hours coverage extending to Mitchell and Murrindindi Shires, thus servicing an area from the Murray River in the North to Wallan in the South.

Specialist family violence services are State-based and funded and referral channels are centralised, coordinated through state-wide and regional mechanisms. While intake and referrals for family violence supports varies from referral for financial counselling supports, both VincentCare's Financial



Counselling and Capability services and Specialist Family Violence services work in partnership and provide coordinated program responses. The benefit of this approach has been considerable and reinforces the importance of financial counselling as an integral part of any comprehensive family violence response.

Both the Financial Counselling and Capability services and Specialist Family Violence services comprise experienced, qualified and committed Financial Counsellors and Specialist Family Violence Practitioners who have in-depth knowledge of the complexities and sensitivities in responding to victim-survivors of financial abuse and family violence.

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