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Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

By email: rrat.sen@aph.gov.au

Dear Committee,

Submission to the Inquiry into Bank Closures in Regional Australia

Thank you for the opportunity to provide input to this Inquiry. Our input focuses on “(b) the economic and welfare impacts of bank closures on customers and regional communities” and on the risks and challenges faced by people experiencing financial abuse.

Summary

Access to bank branches is important to prevent financial abuse (including scams), particularly for those customers who feel more comfortable doing transactions face-to-face at a branch. While many customers are vulnerable to abuse via online transactions, there is a higher risk for those who wish to avoid using online banking due to age, disability or language issues. Lack of access to a branch leaves vulnerable customers with no choice other than to transact electronically, which may put them at risk of financial abuse from others, particularly intimate partners.

Economic Abuse Reference Group

The Economic Abuse Reference Group (EARG) is an informal group of community organisations which work collectively with government and industry to reduce the financial impact of family violence. Members include domestic and family violence (DFV) services, community legal services and financial counselling services.

Our work takes into account the experience of our members (as lawyers or financial counsellors) who assist clients who have experienced economic abuse. See more details about EARG [here](#).

Economic abuse

Economic abuse, also described as financial abuse, is a form of family, domestic and sexual violence. It has significant and devastating impacts at an individual, community and societal level. Economic abuse can take various forms, including accruing debt or other liabilities in the other person's name, not contributing to joint loans, controlling all finances, not making shared financial decisions, withholding necessities, preventing someone from obtaining or remaining in employment, and stopping someone from accessing education or a means to become financially independent. Economic abuse often occurs alongside other forms of abuse such as physical and emotional abuse, and sexual violence.

Financial abuse is a hidden epidemic in Australia. A recent report by Deloitte Access Economics found that 43 Australian women were subjected to financial abuse every hour in 2020.¹ Around 85% of women who access DFV services in Australia say that they have experienced some level of financial abuse in their relationship.² A 2017 study into the prevalence of economic abuse between intimate partners found that 11.5% of Australians had experienced it and that women experience it at higher rates (15.7%) than men (7.1%), though the true prevalence is likely far higher given the underreporting of DFV.³ These gender differences are important because it is well understood that family, domestic and sexual violence is gendered, and that women are the majority of victims and experience more severe consequences.⁴⁵⁶

Electronic banking and economic abuse

While electronic banking is convenient for many people, it can help facilitate financial abuse. This can be through perpetrators coercing victim survivors to sign loan documents electronically, to share their passwords or PINs with the perpetrator, or the perpetrator may have access to the person's banking or credit accounts, or authentication methods (such as multi-factor authentication via phone or email). Where a customer experiences

¹ Deloitte Access Economics (2022) The cost of financial abuse in Australia (Commonwealth Bank of Australia). <https://www.commbank.com.au/content/dam/caas/newsroom/docs/Cost%20of%20financial%20abuse%20in%20Australia.pdf>

² Australian Bureau of Statistics, Data and Information Regarding the Personal Safety Survey. In: 4906.0 - Personal Safety Survey Australia 2012. Canberra (AUST): ABS; 2013. Available from: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4906.0Main+Features12012?OpenDocument>

³ Kutin, J., Russell, R. and Reid, M. (2017) 'Economic abuse between intimate partners in Australia: Prevalence, health status, disability and financial stress', *Australian and New Zealand Journal of Public Health*, vol. 41, no. 3, pp. 269-274.

⁴ Ibid.

⁵ Australian Bureau of Statistics, Data and Information Regarding the Personal Safety Survey. In: 4906.0 - Personal Safety Survey Australia 2012. Canberra (AUST): ABS; 2013. Available from: <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4906.0Main+Features12012?OpenDocument>

⁶ Our Watch (2014) Reporting on family violence in Aboriginal and Torres Strait Islander communities. Melbourne: Our Watch.

vulnerabilities such as age, or language barriers, they may voluntarily give their security information to another person to transact for them, who may use it to commit abuse.

We have previously voiced our concerns about the ongoing use of electronic transactions⁷, because having documents physically witnessed further protects people experiencing financial abuse as it provides a safeguard to victim survivors by providing visibility where duress or coercion is happening and ensures that identity fraud can be stopped.

Why access to a branch is important in preventing abuse

Most of the risks arising from electronic banking can also arise when banking at a branch, however if a customer has access to a branch, the risks are reduced (particularly for vulnerable customers) because:

- There is an increased chance that someone within the bank will identify signs of abuse
- Branch staff can check that the person transacting for someone else has a power of attorney or some other appropriate authority
- Customers who lack confidence to use electronic banking (and may otherwise give security information to a friend or relative) have access to another method of transacting (ie in person)
- A customer who is concerned they may be a victim of fraud or abuse has the choice to raise this with the bank face-to-face, therefore expanding their avenues for assistance.

In recent years, banks have implemented systems and processes to identify warning signs of financial abuse and support victim survivors, including through industry guidelines such as the Australian Banking Association's [Financial abuse and family and domestic violence guidelines](#), and other industries are following. These developments are very positive, but there are limitations on the ability to identify abuse in online transactions.

Conclusion

Banks are becoming more aware of financial abuse and have generally improved their responses to these customers and they need to continue to improve their ability to identify financial abuse in online transactions. While many consumers choose to bank online, the lack of access to a bank branch removes customer choice for those who feel more confident, and safer, using a 'bricks and mortar' branch. It is these vulnerable customers who are at most risk of financial abuse and face financial risk due to bank closures.

⁷ <https://earg.org.au/wp-content/uploads/EARG-Submission-ETA-Final.pdf>