

KNOWLEDGE MODULES

3 OF 7

MODULE 3
**Understanding
Financial Abuse**

1

2

3

4

5

BEFORE WE BEGIN

REFLECTION

Before we begin this module take a moment to think about this statement from [Mihaljic \(2013\)](#):

Conceptual models of elder abuse, or financial elder abuse more specifically, highlight the importance of considering both individuals' attitudes as well as social and cultural norms as factors involved in the existence of financial elder abuse in the community, as suggested by theories of attitude-behavior relationships.... people within the community have both shared, different and individual attitudes about financial elder abuse...

Financial abuse is a complex subject and the concepts and models that explain financial abuse need to observe an interplay of many factors.

BEFORE WE BEGIN

REFLECTION

Also reflect on this excerpt from [Jackson \(2016\)](#)

The conceptualization of elder abuse has shifted over time, with some suggesting that the criminalization of elder abuse is responsible for the increased attention the social problem has received (Jackson, 2016). Criminalization may have helped the field gain some recognition in the 1990s, but by the early 2000s, it was unequivocally the emphasis on financial exploitation that elevated—catapulted—“elder abuse” into the sphere of a social problem.

Given research suggesting that financial abuse is the most prevalent form of elder abuse, and was responsible for ‘catapulting’ elder abuse as a policy issue, how much have you already heard about it?

OVERVIEW

UNDERSTANDING FINANCIAL ABUSE

Understanding financial abuse means **understanding theories, concepts and definitions.**

Developing an understanding of this background to financial abuse is directly relevant to ethical duties.

Understanding the theories behind financial abuse helps advisers better **appreciate the dynamics** that cause or contribute to financial abuse and how financial abuse manifests in the lives of older persons.

This module covers theoretical frameworks explaining financial abuse, concepts and domains of financial abuse, that financial abuse is a manifestation of ageism, and various Definitions of Financial Abuse.

LEARNING OUTCOMES

include understanding how financial abuse has been approached historically and how our current understanding of financial abuse has formed.

THEORETICAL FRAMEWORKS EXPLAINING FINANCIAL ABUSE

Financial abuse is generally understood to be the **most prevalent** form of elder abuse, though its measurement is also the most difficult and variable ([Jackson, 2016](#)). A recent systematic review noted, “Age-associated vulnerability to financial exploitation is rooted in exposure to neurological, cognitive, functional, and psychosocial risks” ([Burns, 2017](#)).

Theories explaining elder abuse abound and include:



DEPENDENCY

Social exchange theory, Political economic theory



PATRIARCHY

Feminist theory



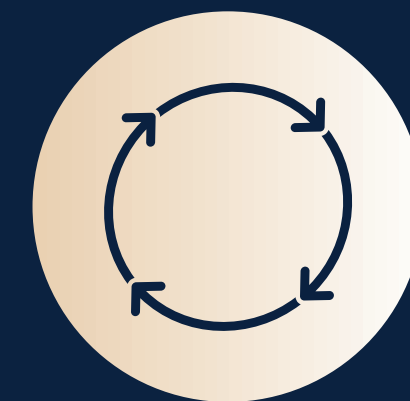
CAREGIVER PATHOLOGY

Psychopathology of the caregiver theory, Stratification theory, Situational theory



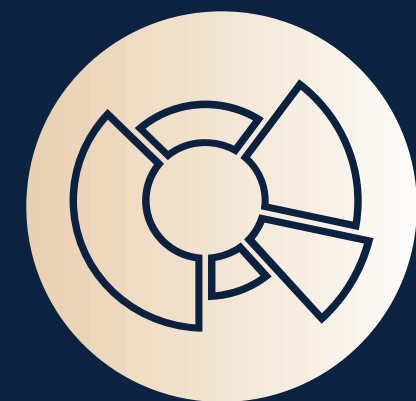
ENVIRONMENTAL STRESS

Role accumulation theory



LEARNED ABUSIVE BEHAVIOUR

Social learning theory, and



CULTURE

Symbolic interactionism theory ([Momtaz, 2013](#)).

THEORETICAL FRAMEWORKS EXPLAINING FINANCIAL ABUSE

Approaches to elder abuse modeled on child abuse and intimate partner violence have not been able to explain financial abuse ([Wilber & McNeilly, 2001](#)), so different analytical frameworks are required ([Hafemeister, 2003](#)).

Financial abuse is now **studied** in two ways:

1

Firstly, as part of elder abuse and

2

Secondly, independently from the broader phenomenon of elder abuse ([Conrad, 2011](#)).

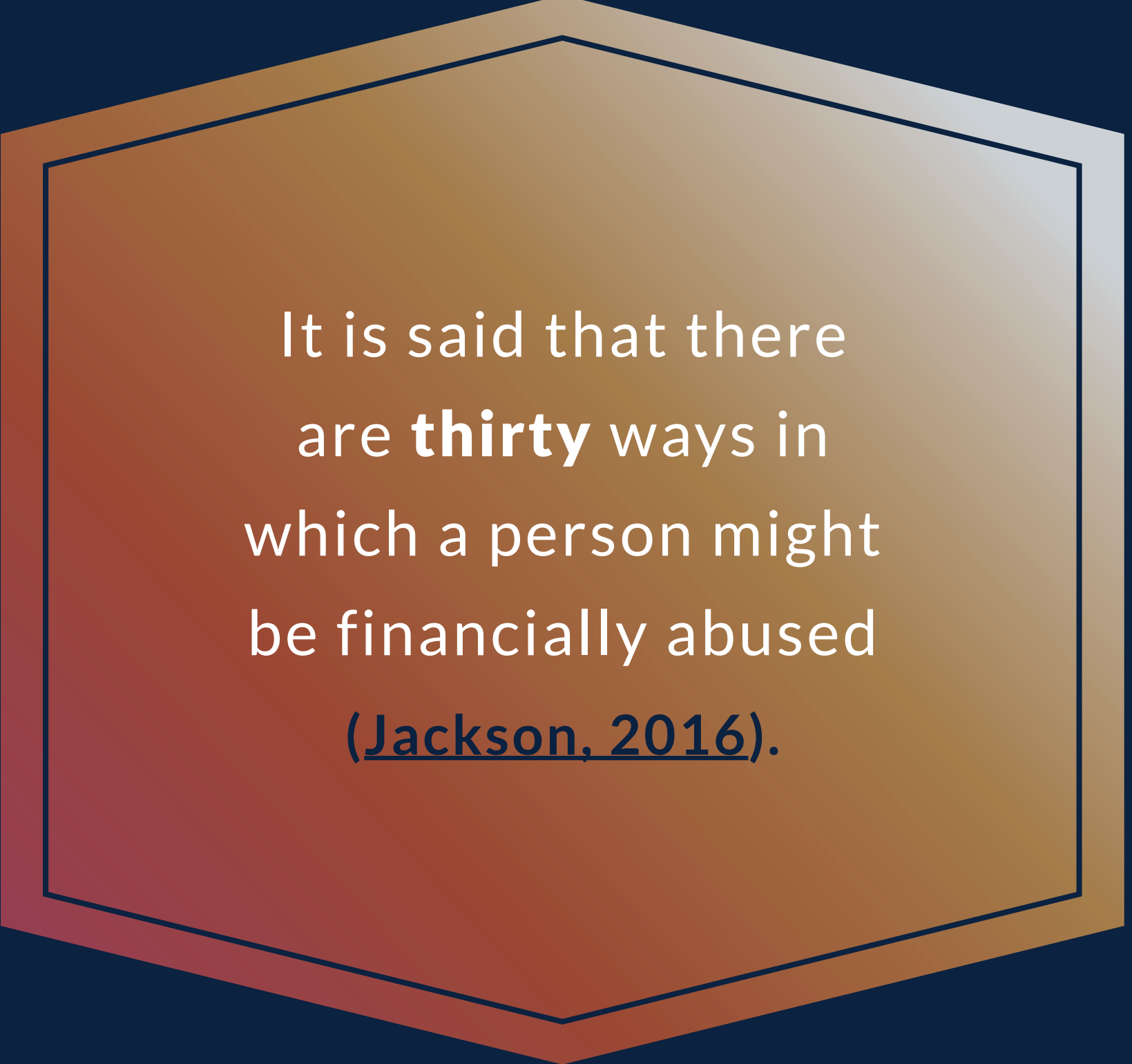
From a **medical perspective**, the aetiology of elder abuse is complex and varies by abuse type ([Cannell, 2016](#)).

THEORETICAL FRAMEWORKS EXPLAINING FINANCIAL ABUSE

The **dynamics** of financial abuse are complex. **For example**, economic abuse is strongly linked with power and control dynamics and is explained by feminist theory. Financial abuse can include similar dynamics but also involves others.

Unlike family violence, similar rates of financial abuse are found across **both genders**. ([Biggs, Manthorpe et al. 2009](#)) In some studies, men appear to be more at risk while others studies indicate that women are at great risk where the abuse is of a hybrid nature.

Similarly, **co-residency** with the perpetrator is not a major risk factor for financial abuse ([Joosten, 2017](#)).



It is said that there are **thirty** ways in which a person might be financially abused ([Jackson, 2016](#)).

THEORETICAL FRAMEWORKS EXPLAINING FINANCIAL ABUSE

Financial abuse **cannot be described easily** – it must be explained by reference to a legion of contexts, circumstances and impacts. It is important to be aware that financial abuse:

- Is a manifestation of ageism
- Is only one aspect or type of elder abuse, though perhaps the most prevalent
- Is variously defined and continues to be defined
- Can occur by itself or with other forms of abuse
- Has a number of specific dynamics that are gradually being better understood
- Includes a very wide range of conduct
- Is experienced by individuals from all walks of life, but its character and impact may differ
- Is perpetrated by a wide range of individuals and entities
- Is experienced in a range of settings: at home, in public or in institutions
- Aligns, overlaps and interconnects with other forms of violence and abuse
- Can be a gendered issue
- Has impacts that are felt widely, and are costly to individuals, families, the community and the economy.

CONCEPTS OF FINANCIAL ABUSE

The way in which financial abuse is targeted for prevention has developed from how it is **conceptualised**.

Early conceptual frameworks suggested four (4) components:

1. Vulnerabilities of the older persons
2. Characteristics of the relationship between the older person and the alleged perpetrator
3. An assessment of who benefits from the relationship and how and
4. Consideration of the process and tactics used and whether or not these meet the standards of undue influence, deceit, coercion, or theft. (Wilber, 1990-1996)
([Jackson, 2015](#))

Later research looked at financial abuse outside a relationship implying trust and sought to describe the nature and severity of financial abuse.

CONCEPTS OF FINANCIAL ABUSE

Conrad, 2011 proposed **six clusters** of financial abuse based on descriptive statements of key behaviours:

1. Theft and scams
2. Abuse of trust
3. Financial entitlement
4. Coercion
5. Signs of possible financial abuse and
6. Difficulty managing money.

Conrad's research resulted in the Older Adult Financial Exploitation Measure (the OAFEM) which is a specialised screening tool for detecting financial abuse. The OAFEM is one tool used by the Financial Protections Service to detect financial abuse in a range of settings.

CONCEPTS OF FINANCIAL ABUSE

Financial abuse covers a very **wide spectrum** of conduct.

Peterson, 2014 suggested domains to **categorise** major financial abuse of older persons:

- Stolen or misappropriated money or property
- Coercion resulting in surrendering rights or property
- Impersonation to obtain property or services
- Inadequate contributions towards household expenses
- Respondent destitute and did not received necessary assistance from family or friends.

CONCEPTS OF FINANCIAL ABUSE

The work describing financial abuse is always **evolving**. The various concepts have many **commonalities**.

Primary among them is that they recognize the **importance** of including the perpetrator and their characteristics as well as the social network or environment.

[Conrad, 2011](#) suggests the relationship itself must be **assessed** in terms of the:

- Extent to which the perpetrator is in a “position of trust”
- Status inequality between perpetrator and victim
- Patterns of interaction over time and
- Extent to which there is reciprocity versus highly skewed benefits and losses

This list is a useful ready reckoner for advisers when considering a possible abusive situation.

INDUSTRY EXAMPLE

OBJECTIVITY APES 110

Accountants are to observe objectivity as a fundamental principle “to not allow bias, conflict of interest or undue influence of others to to override professional or business judgements.” (APES 100.5, 120.1-120.2)

This obviously includes assessing (as Conrad suggests)

- Is a potential perpetrator (even the adviser) in a ‘position of trust’
- Is there status inequality between perpetrator and victim
- Have there been patterns of interaction over time and
- The extent to which there is reciprocity versus highly skewed benefits and losses

The duty includes to act accordingly, whereby the member shall “not perform a Professional Activity if a circumstance or relationship biases or unduly influences the Member’s professional judgement with respect to that service.” (120.2)

FINANCIAL ABUSE IS A MANIFESTATION OF AGEISM

Financial abuse is a **manifestation of ageism**.

Ageism is **nuanced and contextual**. It was first defined by [Butler](#) but has been reshaped many times:

... negative or positive stereotypes, prejudice and/or discrimination against (or to the advantage of) elderly people on the basis of their chronological age or on the basis of a perception of them as being 'old' or 'elderly'...

Common manifestations of ageism are:

-  **STEREOTYPING**
incompetence, illness, and irrelevance
-  **PREJUDICE**
benevolent or hostile
-  **DISCRIMINATION, HARASSMENT & VILIFICATION** and
-  **ABUSE, EXPLOITATION, NEGLECT & VIOLENCE**

INTERNATIONAL DEFINITIONS OF FINANCIAL ABUSE

There is no universally accepted **definition** of financial abuse.

Financial abuse has been **variously** referred to as financial elder abuse, financial mistreatment, financial exploitation, fiduciary abuse, economic abuse and material abuse.

It encompasses a very broad range of conduct ([NCPEA, 2001](#)).

It has been **defined** as “theft, fraud, exploitation, pressure in connection with wills, property or inheritance or financial transactions; or the misuse or misappropriation of property, possessions or benefits.”

([Phelan, 2017](#)).

INTERNATIONAL DEFINITIONS OF FINANCIAL ABUSE

The [United States Centers for Disease Control](#) (CDC) define financial abuse as:

Financial Abuse or Exploitation: the illegal, unauthorized, or improper use of an older individual's resources by a caregiver or other person in a trusting relationship, for the benefit of someone other than the older individual. This includes, but is not limited to, depriving an older person of rightful access to, information about, or use of, personal benefits, resources, belongings, or assets. Examples include forgery, misuse or theft of money or possessions; use of coercion or deception to surrender finances or property; or improper use of guardianship or power of attorney.

Financial abuse has also been **defined** as the illegal or improper use of a vulnerable adult's funds or property for another person's profit or advantage (AARP International, 2006, National Centre on Elder Abuse, 1998).

DESCRIPTIONS OF FINANCIAL ABUSE

The [Metlife Study of Elder Financial Abuse](#) (2011) concluded there were three (3) types of financial abuse:

1

Crimes of occasion, or opportunity are incidents of financial abuse or exploitation that occur because the victim is merely in the way of what the perpetrator wants

2

Crimes of desperation are typically those in which family members or friends become so desperate for money that they will do whatever it takes to get it and

3

Crimes of predation, or occupation occur when trust is engendered specifically for the intention of financial abuse later. A relationship is built, either through a bond of trust created through developing a relationship (romantic or otherwise), or as a trusted professional advisor.

AUSTRALIAN DEFINITIONS OF FINANCIAL ABUSE

There are no accepted **Australian definitions** of elder abuse or financial abuse. The Australian Government is developing key definitions as part of a National Plan on Elder Abuse. The [Australian Network for the Prevention of Elder Abuse](#) (ANPEA) adopted a definition that elder abuse is:

Any act occurring within a relationship where there is an implication of trust, which results in harm to an older person. Abuse may be physical, sexual, financial, psychological, social and/or neglect.

Financial abuse within a relationship implying trust is the primary focus of the Financial Protections Service.

Most Australian definitions locate financial abuse within a **relationship implying trust**, such as within a family or caregiver setting. These definitions distinguish criminal activity, like theft and fraud from financial abuse ([Mihaljcic, 2013](#)). Other types of financial abuse are **very serious**. For example, Financial Fraud can involve amounts three times greater than other types of financial abuse ([DeLiema, 2017](#)).

AUSTRALIAN DEFINITIONS OF FINANCIAL ABUSE

Increasingly, Australian jurisdictions are developing policies that define financial abuse.

The Victorian Government **defined** financial abuse as “the illegal use, improper use or mismanagement of a person’s money, property or financial resources by a person with whom they have a relationship implying trust.” ([Victorian Government, 2009](#))

The New South Wales Government uses a **similar** definition, “Financial abuse is the illegal or improper use of an older person’s property or finances. This includes misuse of a power of attorney, forcing or coercing an older person to change their will, taking control of a person’s finances against their wishes and denying them access to their own money.” ([New South Wales Government, 2015](#))

A WORKING DEFINITION OF FINANCIAL ABUSE

Until an Australian definition is **settled**, we are adopting the approach of Joosten (2017) and viewing any definition as “descriptive rather than prescriptive”.

With this in mind, we **describe elder abuse** in line with the World Health Organization definition as “a single or repeated act, or lack of appropriate action, occurring within any relationship where there is an expectation of trust which causes harm or distress to an older person” (WHO, 2016).

We describe financial abuse as being a **range of behaviours** committed for the purpose of monetary gain from the older person and arising in relationships of trust.

A WORKING DEFINITION OF FINANCIAL ABUSE

Financially abusive behaviours may include, but are not limited to **illegal, improper or exploitative use of an older persons' finances, resources, assets or financial position such as** “incurring bills for which an older person is responsible; stealing money or goods; and abusing power of attorney arrangements... refusing to repay a loan; living with someone without helping to pay for expenses; failing to care for someone after agreeing to do so in exchange for money or property; and forcing someone to sign a will, contract or power of attorney document” (ALRC, 2017).

We also **accept** the importance of taking a person-centred approach to responding financial abuse, and that older persons' conceptions may differ to legal or research based definitions. Adapting to how an older person describes financial abuse will be an important element of conversation, framing of financial abuse and service provision.

BEFORE WE LEAVE

REFLECTION

Think about the definition that places elder abuse and financial abuse...

- What are the limitations of this definition?
- What potential victims does it leave out?
- What potential perpetrators does it leave out?
- How might it be reformulated to be more inclusive of all forms of interpersonal violence against older persons?
- Does the use of the term 'elder' make the definitions problematic for use in Aboriginal and Torres Strait Islander communities?