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Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
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Cover Letter for Submission to the Inquiry into Financial Services Regulatory Framework in Relation to Financial Abuse in Australia

My name is Melissa Cuturich, a financial advocate, investigator, and strategist for women, with extensive experience in advocating for victims of financial abuse and negotiating resolutions with banks and other regulating bodies. My background includes three decades in the Construction, Property Development, and Finance sectors, along with founding Diva Enterprises and Diva Advocacy Solutions, specialising in educating and coaching women and young adults with Life skills and essential knowledge for financial autonomy. Providing solutions and resources for future sustainability and prevention of coercion.

Enclosed with this letter is my submission to the Inquiry into the Financial Services Regulatory Framework in Relation to Financial Abuse in Australia. Addressing majority of the terms of reference for the inquiry. This submission is based on my lived and professional experience dealing with banks, particularly in advocating for victims of financial coercion and negotiating to mitigate their losses.

All details pertaining to case studies have been noted generically for Privacy reasons and are condensed versions of actual cases. Most of these cases were resolved successfully, while others are still under investigations or part of AFCA matters where I am currently supporting victims through the preparation process for conciliation and assisting to articulate the matter to AFCA Case Officers for ease and efficiency.

I trust that the insights and recommendations provided will contribute to the Committee's efforts to strengthen the financial services regulatory framework and protect vulnerable individuals from financial abuse.

Thank you for considering my submission.

Yours sincerely,

A black rectangular redaction box covering the signature of Melissa Cuturich.

Melissa Cuturich
Founder, Diva Enterprises and Diva Advocacy Solutions

SUBMISSION TO THE INQUIRY INTO THE FINANCIAL SERVICES REGULATORY FRAMEWORK IN RELATION TO FINANCIAL ABUSE IN AUSTRALIA

02 June 2024

Authored by Financial Advocate Investigator & Strategist for Women

As a seasoned Business Consultant with three decades of experience in the Construction, Property Development and Finance sectors, bring to light the pervasive issue of financial abuse in Australia, particularly focusing on the banks' handling of domestic violence and financial coercion cases. Despite numerous resolutions demonstrating the systemic flaws within their internal processes, banks have consistently ignored these issues, opting to conceal systemic abuse without implementing necessary improvements.

Melissa J Cuturich

Executive Summary

Overview: This submission provides a comprehensive analysis of the current prevalence and impact of financial abuse, highlighting significant shortcomings within the existing regulatory frameworks. Drawing from my own lived and extensive professional experience, having resolved over 300 cases and guided an average of 8 women per week, through the complexities of Banking Investigations and also the general processes with various Regulators and Ombudsman services. The Advocacy services and educational workshops have made positive impacts to the lives of many families albeit through the Private sector and not funded by the Government. This submission is made to raise an important point about the often-overlooked issue of economic abuse and professional complicity in enabling domestic violence against women.

The National Plan does not directly address the role that organisations like accountants, banks, insurance companies, and government bodies like the ATO can play in facilitating economic abuse and entrapment of victims. Therefore, the inquiry is welcomed by many women, not only the victims of Domestic Violence. This action is perpetrated against all women at some stage of their lives, unfortunately.

This is a concerning gap, as research shows that financial insecurity and economic dependence on a partner is a major barrier preventing many women from leaving violent relationships. A 2020 report from ANROWS highlighted that "women with some forms of financial independence were more likely to experience intimate partner violence than women with no income at all." This is alarming due to the many cases where there has been no physical abuse however the manipulation and restriction of equity is evident, and the Banks have allowed a manufactured facility to entrap the women into long term violation.

This counterintuitive finding should not be interpreted as a flaw in the character or resilience of financially independent women. Rather, it likely reflects the fact that there is a significant deficiency to provide the same equity or equality within our Banking systems to prevent the continuation of an outdated methodology.

If the financial coercion was not permitted by the Banks victims would not continue to suffer in silence due to the implications and threat of homelessness and financial hardship. It is clear that there are more unreported events of Domestic Abuse that do not involve physical signs however the abuse is immobilising and devastating. After thirty years it is safe to assume that one in three women have been affected by some form of financial coercion and economic abuse at some stage in their life.

The National Plan rightly emphasizes addressing gender inequality as central to ending violence against women. However, it falls short in recognizing how professional institutions can become unwitting enablers of economic abuse through policies, documentation requirements, power imbalances, lack of monitoring and lack of trauma-informed practices that fail to identify and support victims.

For a young woman to be truly empowered with equity and build healthy boundaries, there need to be systemic reforms to ensure professional organisations are not inadvertently colluding with abusers through their documentation, financial processes, and lack of training to identify economic abuse. Economic equality and independence should be a source of strength, not a risk factor for violence.

Globally, this issue of professional complicity and economic entrapment of domestic violence victims remains vastly underexplored and unaddressed. The National Plan would be strengthened by robust policies and initiatives to ensure accountants, banks, insurance

companies, government bodies and other institutions are actively preventing economic abuse rather than enabling it through their practices. Only by addressing this gap can we ensure women's financial autonomy enhances rather than jeopardises their safety.

We propose practical solutions, including the innovative Lifeguard DNA system, to better protect victims and ensure financial institutions fulfill their obligations. The current Legislation will continue to victimise people that will not be able to prove intent due to the manufactured documentation that holds victim's hostage to not only their intimate partners but also the Bank. This submission includes both resolved and pending (case studies) matters, many of which were addressed without legal proceedings or representation. Most resolved agreements have gone unreported, and no evidenced improvements to the System Abuse has been implemented. These processes and actions continue to date.

It is evident that the weapon of choice in Domestic Abuse, begins with financial and emotional entrapment that removes any resources for victims to escape control. Victims are subjected to unknown liabilities and threats due to the inaction of Banking staff that can prevent fiscal entrapment and provide practical preventions before the Abuse escalates to violence or further coercion during and post separation.

Key Findings:

1. Prevalence and Impact of Financial Abuse:

1. **Economic Dependency and Entrapment:** All Big Four Banks have inadvertently and deliberately assisted in economic coercion by allowing perpetrators to control financial resources, thus making victims economically dependent. This dependency makes it difficult for women to leave abusive relationships, as they lack the financial means to support themselves and their dependents independently. Case studies of resolved and unresolved matters show the unjust documentation relied upon to hold the victim hostage to either the perpetrator or the Bank.
2. **Inconsistent Identification and Reporting:** Financial institutions exhibit inconsistencies in identifying, recording, and reporting financial abuse, resulting in underreporting and ineffective responses. All four Big Banks have failed improve their processes even after matters were highlighted and detailed evidence of internal interference was provided to them.
3. **System Abuse:** The aforementioned issues reveal a profound level of systemic abuse within financial institutions. Employees in positions of power have not only aided and perpetuated this abuse but also possess the means to intentionally or inadvertently conceal their actions. This entrenched misconduct highlights the need for rigorous oversight and accountability measures to dismantle these harmful practices and protect vulnerable individuals.

4. **Internal negligence and assisted coercion** have led to increased post separation liabilities with no protection or recourse for victims. All Four Banks were alerted to manufactured facilities enacted by their staff with little or no support for the victim.
5. **Inadequate Monitoring and Oversight:** Banks' internal systems lack adequate monitoring, allowing staff to override controls and conceal behaviours that contribute to financial liabilities and entrapment. For instance, forged documents or unauthorised guarantor statuses go unnoticed, further complicating women's ability to escape financial abuse. This action continues to date regardless of any amendments to Codes and or Policies. This action was acknowledged by three of the Big Four Banks
6. **Generic Hardship Recording:** Hardship requests to financial coercion are often treated generically without proper support for victims to investigate and source evidence of the crime relating to Financial Coercion. Resulting in further hardship and little to no adequate support for their circumstances,
7. **Lack of Distinction in Credit Reporting Codes:** Currently, all hardship agreements are generically noted as (A) on a victim's credit file, without distinguishing the circumstances. This means that even when a partner intentionally causes long-term hardship to damage the victim's creditworthiness, it is not clearly reflected. The system needs to be amended to indicate that the victim was not a willing participant in the creation of the credit, ensuring their credit history accurately reflects their lack of culpability in the financial distress.
8. **New Vulnerabilities in Online Platforms:** The transition to online platforms has introduced new vulnerabilities, especially affecting women who are at higher risk of financial exploitation. Case studies reveal that many women have been exploited by partners who manipulate them into making online applications after being denied finance elsewhere. These case studies highlight consistent patterns of behaviour by both perpetrators and banks. Perpetrators leverage conditional approval responses from online credit applications, which they access, and then exert pressure until funds are released into their accounts. This process is often concealed due to the final approval process, where documents are executed based on the initial online approval. Banks continue to defer complaints and requests to investigate these matters to their newly formed DV divisions that appear to be generic and cause further confusion online because they do not address the action and deal with the aftermath of coercion and intent.
9. **Lack of Training and KPI Pressure:** The lack of adequate training for bank staff, coupled with the pressure to meet internal KPIs and incentives, regardless of the latest reforms after the Royal Commission Recommendations. This has resulted in obvious signs of abuse being ignored. Case studies have shown that financial facilities were wrongfully executed due to this negligence. The internal focus on mitigating risk for the banks takes precedence over addressing potential abuse, leading to the perpetuation of financial coercion, and neglecting the protection of vulnerable individuals. Standard training does not include lived experience and is curated to avoid any implication of liability or negligence.
10. **Deception and Withheld Information:** In financial coercion cases, victims are often deceived, and information is withheld. Banks, despite seeing the victims' assets, often proceed with transactions regardless. Banks have the

opportunity to ensure that victims are fully informed and not solely reliant on the perpetrator's guidance. They can offer safeguards and make better notes on file to protect the victim's interests, however these mandatory compliance obligations are ignored. The ramification to the victim ensures they are unable to dispute the executed internal documentation that is legally binding.

11. **Neglect of KYC Obligations:** Banks frequently neglect basic Know Your Customer (KYC) obligations when establishing business accounts, thereby legitimizing fraudulent schemes that create a false sense of security. This negligence leaves many victims, particularly women, entrapped and coerced into accessing their funds or setting up Self-Managed Superannuation Funds (SMSF) to access Industry Superannuation. A recent case involving one of the Big Four banks demonstrated this issue when the bank accepted millions of dollars in transactions that could have been prevented if the mandatory KYC process had been properly followed. This situation exemplifies economic coercion used to generate benefits for the bank at the expense of vulnerable individuals.
12. **Patriarchal System Favouring Banks:** Professionally assisted coercion is perpetuated by a patriarchal system that inherently favours banks in both risk and liquidity protections. Case studies have shown that most financially coerced or manufactured facilities are enabled by the entrenched culture and procedures within these institutions. Banks continue to employ a 'tick and flick' approach to compliance, allowing abusive practices to persist unchallenged.
13. **Forged Documents and Unauthorised Acknowledgement:** Banks have routinely accepted forged signatures and enacted guarantor statuses without victims' understanding or approval to reduce their risk. This practice breaches compliance codes and regulatory obligations, yet all four major banks in Australia have been complicit. By overriding these safeguards, banks leave victims unable to articulate their circumstances or understand how they became liable for these obligations, further entrenching the financial abuse.
14. **No Formal Applications:** Banks' have provided financial facilities without formal Applications and no verification causing harm to victims who did not participate in these transaction however were legally liable. Whilst this practice has occurred for decades it had always gone unnoticed or detected due to the internal processes.
15. **Banks are complicit** in aiding and assisting financial coercion without reporting or accountability. They often avoid mandatory audits and reporting because the documentation appears to be executed according to internal policies and procedures.
16. **Scripted Customer Services:** Dedicated customer services or customer advocate departments within our Banks continue to be scripted and will ignore complex matters by providing standard non-acceptance of liability and continue to pass the matter to AFCA. Knowing that the documentation they provide will further entrap the victim.
17. **Lack of Proper Identification and Support:** Financial institutions often fail to identify signs of financial abuse due to inadequate training and pressure to meet internal KPIs. This leads to generic responses to hardship requests without proper investigation or support for victims. Women facing financial coercion receive little to no assistance, leaving them trapped in their abusive circumstances.

18. **Banks continue to provide Unsuitable Financial Facilities:** Facilities that were manufactured by perpetrators display evidence of being not suitable however Banks continue to protect their exposure and have had third party protection whereas to blame external Brokers. Whilst majority of cases showed inconsistencies the Bank failed to validate or ignored details made available to them. Banks have provided facilities knowingly and accepted victim's assets and guarantees without verification. Generally concerned with their own Risk!
19. **Unauthorised Access** Bank staff have unlawfully accessed victims' personal details and shared this information with abusers, often without detection. This egregious breach of privacy has placed many victims in severe danger, especially during separation. Victims are frequently left feeling vulnerable and as if their abusers have an uncanny ability to track them, sometimes compelling them to return to their perpetrators. Despite the gravity of these violations, employees who assist in this manner often face inadequate or no punishment. This highlights a critical gap in accountability and protection that must be addressed urgently to safeguard victims and uphold privacy and security standards within financial institutions.
20. **Use of Brokers by Abusers:** Abusers have purposely used Brokers to make submission intentionally to a specific Bank knowing the internal Banker within the credit department will approve the facility. Other occasions perpetrators have used known (buddy) brokers to cause entrapment and falsify details without the victim's comprehension of the matter.
21. **Our Big Four** have all played significant roles in the financial abuse of every case study since 2010 to date. Each matter could have been prevented. Many of which I resolved after the fact, dealing with legacy matters that remain unreported or disclosed publicly and current matters. Here I have attached four case studies.
 - Banks Blaming Brokers when they initiated variations to facilities to mitigate risk and assisted in financial coercion that resulted in a victim's details placed as a guarantor and co-borrower without her consent.
 - Another troubling instance involved a bank blaming a broker for a facility variation that removed a partner from liability, fully aware that the remaining victim would bear the brunt of a failing business. The bank's actions were not only irresponsible but also deeply unjust, as they knowingly facilitated financial ruin for the victim while absolving themselves of blame.
 - Our Big Four Banks have all participated in allowing customers to transfer assets and facilities into new entities after failing businesses were strategically placed in Administration with the victim placed as a nominee Director to 'take the fall!' In these cases, they involve a cohort of Professionals, Tax Agents, Insolvency Practitioners, Bankers and Legal Professionals.

- Enabling Disqualified Directors: Banks have enabled disqualified directors to operate business bank accounts and continue trading, resulting in creditors losing millions. Many of these creditors, particularly women, were coerced into investing their superannuation into property schemes without the necessary licensing to operate these investments. Despite these unethical practices, the banks benefited from millions of dollars in transactions. This blatant disregard for ethical standards and the financial well-being of their customers highlights a serious lapse in regulatory compliance and moral responsibility within the financial sector. In this matter it was made clear that the Bank had every opportunity to prevent the devastation this Scheme caused. **The Bank failed** to verify the Business Transactions, without reporting transaction well over the **\$10,000 threshold**, no reporting to AUSTRAC allowing transactions on average of \$50,000 daily internationally but also women who were coerced to access their Industry Superannuation into strategically established Self-Managed-Superannuation-Funds. Many of these customers are currently facing hardship and some are separating from partners due to escalated abuse.
- In regard to the above: The people involved are two of our Big Four Banks who had no knowledge of the accounts in question due to the lack of internal reporting. The Bank would then insist they had previously commenced investigations which was not true. The internal Bankers involved received a benefit from the Schemes Operators. The Professionals involved are the same cohort named above, however the victims were not only unsophisticated investors, **25% were perpetrators** who utilised the victim's industry super into strategically established SMSF. The victims now face significant losses and future **liabilities** as owners of the funds. Our regulators have not assisted in this matter and have ignored the significant requests for investigations. **The ATO** insisting on audits and lodgements offering only extensions of time and no support for the coercion or the Ponzi Scheme.
- Online Applications and Increased Abuse: One recent case involved a victim who was coerced into making an online application, resulting in even more abuse after the funds were provided for an unsuitable facility. In this matter the victim had been separated from another abusive relationship that was primarily physical in nature. This current relationship was only six months and she had moved in with the partner due to financial hardship and lack of support in holding the father of the children accountable for child support – **Her current** perpetrator used other forms of abuse and she soon became dependant on this man. He had a Homeloan with one of the Big Four Banks and had defaulted due to his employment instability and increased indebtedness. Having placed pressure on the victim she reluctantly agreed to attempt an online application for a Homeloan for his home – **The Process;** The

Victim initiate the application with her Bank (one of the Big Four) she had banked with them since grade school. Her wages went into the accounts held. At this stage she was paying for all the household expenses apart from his home loan. The Partner was by her side during the application to ensure she actually did it. The response came back as a **“Conditional” Approval**. The Partner then continued to pressure the victim to complete the next steps which was to go into a branch where they were met with the Bank's internal broker/banker. **The Partner** had small **defaults** which had to be paid up first. The Asset (secured property) was **only in the Partners name**, who suggested they were in the process of amending to reflect the **victim's interest**. This was never discussed with the victim, nor was it done. The Banker ignored compliance and mandatory obligations to push through the unconditional approval.

- *This placed the victim in immediate harm due to the fact she could be thrown out and remain liable for the facility that was provided with additional funds the Partner demanded.*
- *Soon after that is what occurred, and the Partner called the Police who advised the victim, she was technically 'trespassing.'*
- *The Partner also demanded an ADVO against the victim be placed calling her erratic and protesting she was the one who put holes through the wall.*
- *When the victim sought support, she was directed to a Domestic Violence (DV) area that unhelpfully suggested she speak with an external organization for financial support to relocate!*
- *The bank's scripted response ignored the victim's dire situation. It was only through persistent escalation to management that I was able to resolve the issue, demonstrating that the victim was not responsible for the unsuitable facility and coercion assisted by the internal Banker.*
- *In this case I suggested the victim (who had access to the joint account) transfer the balance of the additional funds to her account so that we could explain this was precautionary to avoid further misappropriation by the Partner and additional liability the bank would place on the victim. The matter was subsequently resolved without AFCA as I present the evidence of neglect and maladministration by the Bank's internal Broker.*

Warning Signs Ignored:

- **Pressure to Apply for a Loan:** *The victim was pressured to apply for the loan, a clear indicator of potential coercion and manipulation.*
- **Lack of Knowledge About Financial Struggles:** *The victim was unaware of the financial difficulties until coerced, suggesting she was not involved in the decision-making process.*
- **Payment of Household Bills:** *The victim was primarily responsible for household bills, indicating her financial contributions were being exploited.*
- **Absence from Asset Title Deeds:** *The victim's absence from the asset title deeds should have raised concerns about her genuine need for the loan and her involvement in the financial arrangement.*

- **Sudden Financial Responsibility:** *A sudden shift in financial responsibility to the victim without a clear rationale should have been a red flag for potential exploitation.*
- **These examples underscore the critical need for banks to implement robust verification processes and be vigilant in identifying signs of financial coercion, especially when dealing with online applications. Comprehensive training for staff to recognize these warning signs and take appropriate action is essential to protect vulnerable individuals from exploitation.**
- **Further Examples: Case Studie dated: January 2024**
Scenario: In one of the more recent case studies, a victim was coerced into making an application after her partner defaulted on an existing loan with a smaller banking institution owned by our Big Four. *The outgoing Bank was owned by the incoming bank.* The victim had funds from a previous marriage which the perpetrator nominated as his deposit to one of our Big Four Banks. At no stage was this verified during the application and credit process. Instead, the victim was noted as the second applicant and her contribution was not noted separately or individually.
 - The relationship became very volatile emotionally, mentally, and financially.
 - The financial struggles increased significantly with the perpetrator constantly changing employment and seeking cash payments for work he enlisted with a family member,
 - The victim and I engaged in length conversations as she was seeking better understanding of her potential situation and was seeking confidence and reassurance. When a victim is stripped of her abilities and confidence it is easier for the perpetrator to conceal the financial and economic abuse.
 - The ease in which financial coercion is played out with Online Applications is increasing with damaging ramifications for victims. Perpetrators such as in this instance, used the victims' details online to increase the facility and when the victim finally had the courage and confidence to separate, we began the process of developing a financial safety plan.
 - This involved conversations with the Bank while I insisted on the appropriate documentation to be provided to the victim so that it could be reviewed and investigated further to show the intent. Considering she was unaware of the indebtedness and now did not have any funds remaining as the Bank had tired them up and restricted her ability to access funds due to the perpetrator defaulting on repayments, he claimed he had paid.
 - Our findings showed that the perpetrator was able to direct all correspondence solely to himself. He then befriended the Banker who made notes that were not true nor were they verified. Allowing the misappropriation of the victim's funds/contribution to be used as additional security in order to access extra funds the victim was unaware of. It was clear after several conversations and disclosure that the Banker assisted in the coercion leaving the victim financially ruined and now

reliant on Family Court for property division that was not accurately disclosed or defended as coercion.

- Other case studies involved complaints made to AFCA who determined the Bank's were not responsible or accountable according to the documentation provided at the conciliation stages of the complaint. These processes resulted in the Victims having to enter into Bankruptcy or a repayment plan. **These cases came to me after the fact** and involved reviewing the matters in their entirety and then coaching the women (Victims) through the process and phone calls to the Bank to request vital documentation and reopen investigations after providing the Banks with detailed summaries of the action enabled by the Bankers. Resulting in all previous agreements deemed 'Resolved'
- **Farm Debt Mediation and Unverified Loans:** In this case, I assisted a victim during a Farm Debt Mediation where the bank had provided a loan without proper verification or a formal application. This practice, although common within the institution, was typically concealed and seldom challenged. Through diligent investigation, I uncovered this internal malpractice, which had left the victim vulnerable to financial exploitation.

Despite presenting clear evidence of the bank's negligence, regulatory bodies such as the Financial Ombudsman Service (now AFCA) and other legal entities initially claimed that the bank had acted appropriately. This lack of accountability underscored a systemic issue, where the true extent of financial abuse was often overlooked or dismissed.

Resolution: Detection of Misconduct: I was able to detect the bank's failure to follow proper application procedures, a concealed practice that had not been previously challenged.

Negotiation and Advocacy: Encouraging the victim to seek further support from regulators, I continued to advocate on their behalf. Despite regulators initially deeming the bank generous for providing additional repayment time, I persisted in highlighting the underlying misconduct.

Protecting the Victim: Ultimately, I successfully negotiated a resolution that protected the victim's home from repossession and secured compensation for the financial abuse suffered.

- **Unverified and Fraudulent Loan - Case Study:** with a Big Four Bank Over Unverified Loans In another significant case, I assisted a victim during mediation with one of the big four banks. The bank had provided a financial facility without a formal application, entrapping the victim in an indebtedness amounting to millions of dollars. This situation arose because the victim's partner was relying on her potential inheritance from her elderly parents as a means to eventually cover the debt.

- Details of the Case: Unverified Loans: The bank issued a substantial loan without following proper application and verification procedures, leaving the victim burdened with massive debt.
 - Financial Exploitation: The partner's plan was to leverage the victim's potential inheritance to repay the loan, exploiting her financial position and familial obligations.
 - **Systemic Issues:** Similar to previous cases, this incident highlights the systemic failures within the bank's internal processes and their lack of accountability.
22. **Unconscionable Actions:** The Big Four have also acted unconscionably when various matters were disclosed to them by engage receivers to take possession and remove themselves by involving the insolvency processes to either liquidate companies in relation to commercial facilities or receivers on assets to remove themselves from detection of internal breaches concerning staff who aided and assisted in the coercion and or economic abuse.
23. **Concealment of internal failing:** This action involves numerous instances where banks and their legal representatives have been provided with evidence of internal failures and maladministration. While receivership can be a legitimate process for recovering debts, it has been misused in many cases to conceal the bank's breaches. Banks engage in practices aimed at swiftly selling off assets, effectively removing any chance for customers to seek representation or expose internal deception and concealment. This strategy often leads to the removal of the customer's rights through receivership, typically resulting in bankruptcy. Such actions underscore the need for greater transparency and accountability within financial institutions, as they highlight a pattern of abuse designed to hide internal failings and malpractice. Leaving many victims devastated due both their partners and the Banks motives.
24. **Devastating Effects on Victims:** The effects on victims of these practices are profoundly damaging, removing any opportunity for them to defend themselves. The impacts include:
- **Emotional and Psychological Distress:** Victims often experience severe stress, anxiety, and depression as they face the loss of their assets and financial security. The feeling of helplessness and betrayal can lead to long-term mental health issues.
 - **Financial Ruin:** The swift sale of assets and ensuing receivership typically lead to bankruptcy, stripping victims of their financial stability and future prospects. This financial devastation can be particularly severe for women who may have been coerced into these financial arrangements. With many continuing to be held liable for actions assisted by professionals.
 - **Loss of Trust:** The discovery of internal deception and concealment by banks erodes trust in financial institutions. Victims may become wary of seeking financial services or advice in the future, further isolating them financially.

- **Inability to Seek Justice:** By removing opportunities for victims to seek representation or expose the truth, these actions deny victims the chance to hold banks accountable. This lack of recourse perpetuates a cycle of abuse and prevents victims from achieving justice.
- **Social and Economic Marginalization:** Victims often face social stigma and economic marginalisation as a result of their financial losses. This can lead to difficulties in securing housing, employment, and other essential services, further exacerbating their vulnerable situation.

These devastating effects underscore the urgent need for systemic reforms to ensure greater transparency, accountability, and protection for vulnerable individuals within the financial system.

25. **Victims Nominated as Directors:** In numerous cases, victims have been wrongfully nominated as company directors to shield the abuser, a prevalent form of systemic abuse witnessed since the 1990s. This exploitation often involves a cohort of professionals, including banks, tax agents/accountants, and insolvency practitioners, who facilitate the manipulation.

- **Impact on Victims:** Victims, typically women, are left with the severe ramifications of being listed as directors of failed businesses. Despite clear evidence of coercion and their lack of involvement in business decisions, they face long-lasting consequences:

Credit Reports and ASIC Records: Victims retain a record of being an office holder in a failed business, damaging their creditworthiness and making it difficult to obtain loans, mortgages, or other financial services in the future.

Liability for Debts: They are held accountable for debts to the Australian Taxation Office (ATO) and other creditors, debts over which they had no control or benefit.

Professional Stigma: The listing as a director of a failed business can tarnish their professional reputation, hindering future employment opportunities and economic stability.

Legislative Gaps: Current Australian legislation lacks mechanisms to adequately protect these victims. Despite the existence of laws addressing shadow directors and corporate governance, there are insufficient provisions to remove victims from the legal and financial repercussions of a failed business. The Australian Securities and Investments Commission (ASIC) and other regulatory bodies do not have processes in place to edit or annotate records to reflect the victim's coerced involvement.

Legal Timeframe for Changing Directorship:

In Australia, any changes to a company's directors must be notified to ASIC within 28 days of the change. Failure to report these changes within the specified timeframe can result in penalties and administrative complications. However, there have been many matters where professionals have been able to backdate these submissions to reflect the removal of the 'Perpetrator' in a timely manner.

Advocacy and Reporting: In my experience, working with cooperative insolvency practitioners has occasionally allowed for the reporting of the abusive partner as the 'shadow director' to include my findings. However, these efforts often fall short due to the absence of robust legal frameworks to absolve the victim fully. My findings and evidence of coercion have highlighted the critical need for legislative reform to provide true justice and protection.

Lack of Oversight in Compliance

Banks have consistently allowed these issues to go unnoticed, as many cases reveal changes in facilities and asset transfers to new company structures without adhering to standard compliance and mandatory documentation. This lack of oversight has facilitated unethical practices and left victims vulnerable to financial exploitation.

26. Looming Financial Burden and Increased Risk of Violence for Victims

Concerns are mounting over the extensive financial obligations of more than 2,000 failing businesses. During the insolvency process, voluntary administration, or receivership due to defaults, many victims are at risk of being unfairly burdened with these debts, effectively being sacrificed to "take the fall." This financial stress not only places an overwhelming burden on victims but also increases the risk of domestic violence as tensions escalate.

These actions were present even before COVID-19, and unfortunately, many perpetrators now justify their behaviour due to the pandemic. The continuation of veiling systemic abuse enacted by professionals has heightened the probability of entrapment both during and after relationships. This troubling situation underscores the urgent need for reforms to protect vulnerable individuals from unjust financial liabilities and the accompanying risks of abuse

While COVID has passed victims continue to live with the Pandemic of Abuse with no protections against Professionally Assisted Abuse within our Banks.

2. Effectiveness of Existing Regulatory Frameworks:

- The existing regulatory frameworks, including the National Consumer Credit Protection Act 2009 and the Privacy Act 1988, are flawed due to their lack of effective enforcement mechanisms to prevent financial abuse. These legislative measures, while well-intentioned, fall short in their practical application, allowing perpetrators to exploit gaps and continue their abusive practices. Cases have been presented where professionals bypass NCCP compliance by creating commercial or investment facilities to circumvent the protections established by the NCCP. This strategy has become a go-to formulation within our Big Four Banks, further perpetuating systemic abuse and heightening the probability of victim entrapment both during and after relationships.
- Additionally, the Privacy Act is being exploited and not adhered to by the Big Four banks, who often own subsidiary banks and share data without customers' knowledge. This data sharing is done to protect their own interests and make internal determinations of their risk and strategic actions against customers. Many of these actions have enabled the creation of significant financial impacts on victims of volatile relationships. These persistent issues underscore the urgent need for robust enforcement and oversight to protect vulnerable individuals from financial exploitation and coercion.
- The Australian Financial Complaints Authority (AFCA) is overwhelmed by complaints and constrained by jurisdictional limitations, affecting its ability to address complex cases of coercion. More recently I have assisted victims of severe coercion assisted Professionally by internal Bankers. Working with AFCA staff and case officers to identify the areas of concern and avoidance of Banks to provide documentation that would show intent and breaches. Assisting to articulate the circumstances and processes used to cause the manufactured liabilities.
- AFCA lack in resources or expertise to detect the intricacies of the multilayer processes of coercion involving manufactured documentation that is perceived to be compliant. This is due to the cohort of professional services used to enable the financial and economic abuse.
- APRA enforces legislation however the lack of detailed reporting continues to occur. Banks can override internal systems to conceal action of staff with minimal reporting. Auditing of internal behaviour remains with the Banks enabling the concealment of manufactured liabilities entrapment and post separation financial violation and threats. Forced default or homelessness by the perpetrator, continue to see many women held hostage economically. While Hardship is temporary it will be reported on the victim's credit report affecting her credit worthiness. There are no codes to identify Hardship due to Financial Coercion and Abuse.
- Australian Securities and Investment Commission (ASIC) are responsible to investigate and regulate professionals who engage in assisted coercion however victims are generally directed to AFCA and may not be able to articulate their situation effectively, resulting in as adverse determination.

- ASIC has turned victims away after the AFCA process resulted in many women left homeless and in continued Financial Stress and victimisation due to lack of details provided by the responding bank.
- ASIC has failed to investigate situations of Financial Abuse involving partners who have exploited the Corporations Act to entrap victims and use their identity as Nominee Directors (ND)
- ASIC does not have the resources to investigate breaches that been reported and fail assist the victim. Evidence has been provided to ASIC over a course of sixteen years detailing names and actions of internal staff and the perpetrators of significant coercion (crimes) that have not been investigate. Especially during the Royal Commission into Banks.
- ASIC and the ABA have failed to investigate matter involving our Big Four Banks regardless of the evidence provided to them:
- Banks have excluded the Victim (Nominated Director) in decisions and creation of accounts taking instructions from the Partner (Shadow Director) and accepting signatures of an uninformed and controlled Office Holder to meet their internal compliance. Knowing the Partner is not a registered Office holder with ASIC. To date the Director ID has not been effective to protect victims.
- **Credit Reporting on Financial Hardship Arrangements in Australia**
In Australia, financial hardship arrangements are recorded on credit reports under specific codes to indicate the nature of the hardship. As of July 1, 2022, new credit reporting rules require that any financial hardship arrangements be clearly noted on a borrower's credit report.
- **General Implications:**
These codes help distinguish between different types of financial hardship arrangements but do not include specific details or reasons for the hardship. The financial hardship information stays on the credit report for 12 months. Repayment history information remains for 24 months.
- **Impact on Credit Scores:**
Financial hardship information itself is not used to calculate credit scores. However, the repayment history during the hardship period can impact the score if the borrower fails to meet the agreed terms. If the victim is not in control of these repayments this will reflect on her future...***this is used to punish the victim further.***
- **Amend Reporting Codes:** Develop specific codes or annotations to indicate when a hardship arrangement results from financial coercion. This would help distinguish victims from willing participants in credit creation.
- **Enhanced Verification Processes:** Financial institutions should implement stricter verification processes to ensure that all parties involved in financial agreements are aware and consenting participants.

By implementing these changes, the credit reporting system can better reflect the true circumstances of borrowers and protect those who have been unfairly impacted by financial coercion.

3. Other Areas for Reform:

- Financial institutions require improved training and proactive systems to detect financial abuse, including training on real case studies and involving third-party organisations.
- Emerging financial products and digital banking require clear guidelines and rigorous oversight.
- Mandatory reporting mechanisms must be implemented to enhance accountability.
- Online applications show a higher risk of financial coercion remaining undetected with conditional approvals entrapping victims who are then pressured to compete.
- Supports for Victims to make confidential reports without the fear of exposure and ultimately ramification.
- Financial Coercion is underreported because it is enacted inconspicuously and often not disclosed until things go wrong.

Recommendations:

1. Strengthen Regulatory Oversight:

- Create specialised task forces within APRA to investigate financial abuse cases and enforce comprehensive guidelines for fraud detection.
- **Enhanced Training and Awareness:** provide comprehensive training for ASIC staff and bank employees to recognise and respond to financial coercion, including collaborations with private advocates with lived experience to incorporate the Public and Private candidates.
- To enhance trust and transparency, an external body should be established to collaborate with AFCA. This body would assist victims in clearly articulating their situations and ensure AFCA has the appropriate jurisdiction and authority to demand necessary documentation from lenders.
- Implement a system that enables direct reporting to APRA, bypassing the banks. The Lifeguard DNA system is tailored for this purpose, ensuring autonomy through instant time-stamped reporting and comprehensive monitoring of internal bank behaviours. This process eliminates the ability to override internal systems and prevents fraud on any level.
- Lifeguard DNA complements the Digital ID process to prevent coercion and provide economic security.
- Strengthening Evidence-Gathering Mechanisms: Develop sophisticated methods for identifying and documenting financial abuse, working closely with social services and DV Advocates in the Private space with experienced in resolutions and investigations. Not solely being reliant on Legacy Providers.

2. Funding for Advocacy Bodies:

- Allocate additional resources to organisations like AFCA, enabling them to provide comprehensive support and representation for victims or to engage external advocates to assist victims.
- Establishing an external body to work alongside AFCA to assist victims in articulating their situation and assisting AFCA to ensure they have the

correct jurisdiction and ability to demand the correct documentation from the Lender involve will also retain trust and transparency.

- Currently, banks only cover expenses incurred by victims for services provided by legal representatives, excluding other types of advocacy support. This policy should be amended to mandate that banks reimburse victims for all advocacy-related expenses. Victims often lack the resources to hire lawyers, who may also rely on executed documentation that obscures the perpetrator's actions and intent. Ensuring financial support for victims to access independent advocates will provide essential assistance and improve the fairness of the process.

3. **Educational Outreach Programs:**

- Empower women through targeted outreach programs that help them recognise and articulate financial coercion, focusing on prevention and reporting across both regional and metropolitan areas.

4. **Cross-Agency Collaboration:**

- Improve coordination between government agencies, non-profits, and regulators to streamline information sharing and response.

Conclusion:

Implementing these measures, including the Lifeguard DNA system, will reduce regulatory costs and streamline fraud detection by providing real-time data. This will position Australia as a global leader in fighting financial abuse and coercion. By aligning the Lifeguard DNA system with the legislated Digital ID Bill, Australia can create a cohesive framework that prioritises transparency, accountability, and the financial autonomy of all individual

Introduction to Contributor:

Melissa Cuturich is a recognised expert and professional advocate specialising in financial and domestic coercion cases. With over two decade of extensive experience resolving matters directly with banks on behalf of victims bankrupted due to professionally assisted coercion, she has become an authority in advocating for individuals affected by financial exploitation and malpractice within the financial sector.

Melissa's advocacy is deeply personal, as she herself has survived horrific events and all forms of financial and systemic coercion. Her lived experience, as penned in her book *The Heart of Hope*, has been the catalyst for her relentless pursuit of justice for others. She has dedicated her life to ensuring that victims of financial abuse receive the support and protection they deserve.

As a registered financial broker and founder of Diva Enterprises and Diva Advocacy Solutions, Melissa empowers women through the L.I.F.E. process (Love, Identity, Finance, Emotions). These organizations provide comprehensive investigation and reporting support while collaborating with external legal experts on legal matters. They also facilitate life skills programs for young people and deliver professional training to industries and frontline services to prevent co-dependency and coercive control.

Her background in construction, insolvency, and mediation enables her to identify and articulate breaches and malpractices to regulators. Melissa has led innovative initiatives in app development and sustainable solutions. This submission draws on legacy and current cases to illustrate how banks often prolong resolutions, frustrating victims while avoiding accountability.

This comprehensive submission aligns with the inquiry's terms of reference and proposes proactive solutions, such as the Lifeguard DNA system, to strengthen regulatory frameworks and protect victims of financial abuse. By adopting a comprehensive approach to end financial coercion, Australia can establish itself as a global leader in transparency and accountability while ensuring financial autonomy for all.

Prevalence and Impact of Financial Abuse

System Abuse – Professionally Assisted Coercion

The current enquiry while considering the effects of Financial Coercion and the ramifications on victims should also consider the silenced and concealed element of execution pertaining to the agreements and liabilities imposed on unsuspecting victims which I had termed 'Professionally Assisted Coercion' that is enacted by the many employees of organisations that are deemed to protect individuals and are provided unconditional 'trust' by the community.

Patriarchal System Favouring Banks

Professionally assisted coercion is perpetuated by a patriarchal system that inherently favours banks in both risk and liquidity protections.

This system, characterised by its male-dominated structures and values, contributes to the following discriminatory practices against women:

1. **Risk Aversion Over Victim Protection:** Banks often prioritise their risk and liquidity protections over the needs and safety of vulnerable individuals. This risk-averse mentality results in policies and practices that overlook the unique financial vulnerabilities faced by women, particularly those in coercive relationships.
2. **Gender Bias in Financial Services:** The patriarchal nature of the banking system means that financial products and services are often designed with a bias towards traditional male financial behaviours and circumstances. This bias can lead to inadequate support and recognition of the financial realities experienced by women, especially those subjected to financial abuse.
3. **Lack of Female Representation:** The underrepresentation of women in senior banking positions and decision-making roles leads to a lack of perspective on issues specifically affecting women. This absence of female voices can result in a lack of empathy and understanding towards victims of financial coercion, perpetuating systemic neglect.
4. **Inadequate Training and Awareness:** Bank staff, often operating within this patriarchal framework, may not receive adequate training to recognise and respond to financial coercion. This lack of awareness can lead to the dismissal or misinterpretation of signs of abuse, further disadvantaging female victims.
5. **Financial Products Favouring Perpetrators:** Financial products and services, such as joint accounts and loans, are often structured in ways that can be easily manipulated by abusers. The system's emphasis on shared financial responsibility can leave women disproportionately vulnerable to financial control and exploitation by their partners.
6. **Institutionalised Blame on Victims:** The patriarchal system often places undue responsibility on victims to prove their victimization and contest unauthorised transactions or forgeries. Women, who may already be marginalised or disempowered, face significant barriers in articulating their circumstances and seeking redress.

The Legacy of Patriarchal Banking Systems in Australia

The modern banking system in Australia, like its counterparts globally, has roots in centuries-old practices designed for a male-dominated society. Early Australian banks, established in the 19th century, were designed to serve the needs of merchants, traders, and the wealthy elite—predominantly men. These foundational policies and structures did not recognise the economic participation of women, nor did they account for issues such as domestic violence and financial coercion.

Despite numerous amendments over the years, the core framework of the banking system has remained largely unchanged. Banks prioritise institutional risk over individual protection, design services that neglect the financial realities faced by women and provide inadequate training for staff to recognize and respond to signs of abuse. This perpetuates a financial environment where women are disproportionately disadvantaged and vulnerable to financial coercion and domestic violence.

To address these deeply rooted issues, comprehensive reform is needed. Rather than merely amending existing policies, a complete overhaul should promote gender equality and recognise domestic violence and financial coercion as critical issues. While we continue to evolve and now recognise the importance of inclusiveness our Policies remain outdated.

Current Detection and Reporting Practices

Financial institutions have established various protocols to identify and manage cases of financial abuse. However, the effectiveness and consistency of these practices vary significantly across the sector. Regardless of institutions purporting to employ sophisticated monitoring systems that can be overridden or interfered with internally without detection. While it allows the flagging of unusual transactions potentially indicative of abuse, such as sudden changes in account activity or new account openings that do not fit the customer's profile. Transactions and establishing of accounts and manufactured loans occurs and cannot be defended by victims due to these manipulations of the internal systems. Despite these technologies, there are significant gaps in the practical implementation of these systems, primarily due to:

- **Lack of staff training:** Many employees are not adequately trained to recognise signs of financial abuse, leading to underreporting. And unsuitable facilities approved and executed by the perpetrator.
- **Staff have allowed transactions to be processed regardless of evident warnings.**
- **Inconsistent application:** The criteria for what constitutes financial abuse can vary by institution, leading to inconsistency in how cases are identified and handled. Banks have provided financial facilities without APPLICATION or verification.
- **Limited proactive measures:** Most systems are reactive rather than proactive, often only identifying abuse after significant damage has been done and identified by a third party or support person on the victim's behalf.

Impact of Digital Transition

The shift towards online financial platforms, while increasing accessibility and convenience, has also introduced new vulnerabilities. Online platforms can obscure the identities of those initiating transactions, making it easier for abusers to exploit these systems. For example, the lack of face-to-face interaction makes it simpler for someone to coerce a victim into making transactions or to use their information fraudulently without immediate detection. Key impacts include:

- **Increased anonymity in transactions:** Abusers can hide behind screen names and encrypted transactions, reducing the chance of being caught.

- **Faster execution of dubious transactions:** Online platforms allow for instant transactions, which can be a boon for abusers looking to quickly move funds without detection.

Contributory Factors

Several factors contribute to the prevalence of financial abuse, intensifying its impact on victims:

- **Forgeries and Unauthorised Transactions:** Numerous instances exist where financial documents are signed under duress or forged. Institutions often overlook this misconduct unless the victim explicitly contests it. Unfortunately, many victims are unable to articulate or understand their circumstances and are often made to feel responsible for the perpetrator's actions.
- **Loans and Credit Misuse:** Manufactured loans where victims are unaware of their involvement as borrowers or guarantors are alarmingly common. Such practices not only trap victims in unwanted financial obligations but also deteriorate their credit status and financial independence.
- **Lack of Verification:** The absence of stringent verification processes for transactions and financial agreements allows financial abuse to proliferate, with significant consequences for the victims involved.

Prevalence and Impact of Financial Abuse (Continued)

Challenges Faced by Victims in Contesting Financial Abuse

Victims of financial abuse often face significant barriers when attempting to contest unauthorized transactions and other forms of abuse. These barriers contribute to the underreporting and unresolved nature of many cases, thereby exacerbating the prevalence and impact of financial abuse:

- **Fear and Lack of Understanding:** Many victims do not fully understand the complexities of the financial arrangements that bind them. They are often unaware of how their liability was constructed, making it difficult to contest or even question these arrangements effectively. This lack of understanding is compounded by fear—fear of retribution from the abuser, fear of legal repercussions if the abuser has engaged in illegal activities, and a pervasive fear that their claims will not be taken seriously by authorities or financial institutions.
- **Coercion and Manipulation:** Abusers often use sophisticated manipulation tactics, including threats and intimidation, to coerce victims into compliance. This psychological manipulation can make victims feel powerless and less likely to seek help or expose the abuse.

Specific Issues with Loans and Credit Facilities

The provision of loans and credit facilities without formal applications is a significant issue, particularly among Australia's big four banks. These practices not only violate the basic principles of responsible lending but also pose severe risks to the financial stability and autonomy of unsuspecting victims:

- **Absence of Formal Applications:** There are documented cases where significant financial obligations have been established in the names of individuals without their knowledge or consent, and crucially, without a formal application process. This

breach of protocol not only undermines the integrity of financial institutions but also leaves victims vulnerable to debts they had no hand in incurring.¹

- **Banking License Obligations:** Financial institutions, particularly those with extensive market reach and influence, have a legal and moral obligation to ensure that all financial dealings are conducted transparently and ethically. This includes rigorous adherence to responsible lending practices which mandate that all credit facilities must be preceded by thorough and verifiable application processes. The failure to meet these obligations not only results in financial abuse but also diminishes trust in the banking system as a whole.²

1. National Consumer Credit Protection Act 2009 (NCCP Act)

- The NCCP Act regulates the provision of credit and requires credit providers to engage in responsible lending. Under the Act, lenders must ensure that any loan or credit facility provided is suitable for the customer and within their capacity to repay.

Shortcomings: Despite the Act's stringent guidelines, some financial institutions circumvent proper assessment protocols, particularly in cases involving coercion or forged documents. Banks providing credit facilities without formal applications breach the spirit of the NCCP Act, yet this often remains undetected or unchallenged.

2. Privacy Act 1988 (Cth)

This Act governs the handling of personal information by organisations, ensuring that such data is collected and used appropriately and securely.

Shortcomings: Abusers frequently exploit access to personal information to commit financial abuse, often through unauthorised loans or the fraudulent use of guarantor status. Despite the Act's provisions, financial institutions sometimes fail to detect or act on these violations, leaving victims vulnerable to repeated exploitation.

- **Intra-Group Data Sharing:** Banks can share data within their corporate group if it aligns with the original purpose of collection or if explicit customer consent is provided. However, this is frequently overridden, and data is shared without proper authorization, leaving victims at significant risk.

APP 11 - Security of Personal Information: APP 11 mandates that banks safeguard personal information from unauthorized access or misuse. Yet, this breach often goes unnoticed, allowing sensitive information to be accessed and exposing victims to further harm or threats.³

3. Australian Securities and Investments Commission Act 2001 (ASIC Act)

- The Financial coercion and domestic violence (DV) are pervasive issues in Australia, with banks often failing to address these problems effectively. The Australian Securities and Investments Commission (ASIC), established under the ASIC Act 2001, is tasked with overseeing financial services and

¹ Resolved matter dated 2015 -2023 can be provided on request.

² Reports made to Banks and regulators 2018 -2024.

³ Case Studies available 2016-2024

protecting consumers. However, significant gaps remain in combating financial coercion, leaving victims vulnerable.

- The ASIC Act 2001 grants ASIC the authority to regulate financial markets, ensure market integrity, and safeguard consumer interests. Despite these responsibilities, ASIC often struggles to address financial coercion due to the covert nature of such abuse and the appearance of legitimate paperwork provided by banks. This leaves the onus on victims to prove intent and action in which they had no part, complicating ASIC's ability to act decisively.

Shortcomings in Regulatory Action: Despite the critical role of ASIC, there are significant shortcomings in its ability to combat financial coercion:

1. **Complexities of Financial Abuse:** Financial coercion often involves sophisticated and subtle manipulation of financial resources, leaving minimal paper trails. ASIC struggles to gather sufficient evidence to initiate enforcement actions due to the covert nature of these abuses.
2. **Appearance of Legitimacy:** Banks frequently provide paperwork that appears legitimate, obscuring the true nature of the abuse. This misleads regulators and leaves victims bearing the burden of proving the malicious intent behind these actions.
3. **Regulatory Overwhelm:** My case studies reveal instances where ASIC staff, despite being provided with detailed information, were perplexed and overwhelmed by the complexities of financial coercion. In some cases, staff even reflected on their own experiences, highlighting a profound lack of preparedness to handle such cases effectively.
4. **Lack of Public Reporting and Disclosure:** The absence of comprehensive public reporting and disclosure mechanisms further hampers understanding the full scale of financial abuse. This limitation restricts ASIC's ability to respond adequately to emerging patterns of coercion and abuse.
5. **Economic and Funding concerns:** Having personally been involved with each case study, it is evident that underlying concerns stem from the exposure and potential liabilities organizations fear. The reluctance to investigate these matters, despite clear evidence, suggests a prioritisation of profit over people. This issue is far more significant than many economists have anticipated. ASIC's failure to thoroughly investigate the complaints raised could be perceived as a deliberate choice to avoid the financial and reputational repercussions that a comprehensive investigation would entail. Additionally, ASIC lacks the necessary resources to handle the potential influx of complaints effectively, highlighting a critical gap in its capacity to protect vulnerable consumers.

Four major matters of System Abuse left ASIC Staff dumbfounded and overwhelmed when the hidden patterns of *abusive behaviour and systemic flaws* was articulated in a step-by-step process. Highlighting that the staff in dedicated areas of ASIC require further and more lived experience training to address coercion in any environment.

4. Insurance Contracts Act 1984

- This Act governs insurance contracts, requiring that insurers act fairly and disclose relevant information to policyholders.

- Industry oversight: The Act establishes the Insurance Council of Australia, a statutory body that represents the general insurance industry and provides advice to the government on insurance-related matters. Without adequate reports or case studies that show the ability for perpetrators to manipulate policies and or remove victims without notice can cause continued coercion.
- Creating a dedicated department or policy to ensure victims can make discrete and confidential reports regarding the situation could protect them from unlawful liability and hardship.

Shortcomings: In the context of insurance policies and domestic violence situations involving financial coercion, there are a few ways in which abusive partners have used insurance policies as a means of control and coercion against women: The below findings are based on case studies summarised from 20010 to date.

1. **Beneficiary Designation:** An abusive partner may insist on being the sole beneficiary of the victim's life insurance policy or other insurance policies. This gives them control over the payout in case of the victim's death or other covered events, creating financial dependence and leverage.
2. **Fraudulent Policy:** Partners have taken out policies without the knowledge of victims.
3. **Policy Access:** The abuser may demand access to the victim's insurance policies, including policy documents, premium payment details, and claim information. This allows the abuser to monitor and control the victim's finances related to insurance.
4. **Cancellation or Lapses:** The abusive partner may intentionally cause insurance policies to lapse or be cancelled by not paying premiums or providing false information. This can leave the victim without coverage, increasing their financial vulnerability. Cases showed this was a common act especially *post separation*.
5. **Claim Interference:** In cases where the victim needs to file an insurance claim (e.g., for medical expenses, property damage), the abuser may interfere with the claim process, withhold information, or pressure the victim to withdraw or misrepresent the claim.
6. **Employment-Based Insurance:** If the victim's insurance coverage is tied to their employment, the abuser may sabotage their job or force them to quit, resulting in the loss of insurance benefits.

Where the abusive partner names the victim as an employee without actual insurance coverage, is a concerning tactic. This can play out in a few ways:

7. **Withholding coverage:** Many cases exposed the actions claiming the victim is genuinely employed by the abuser's business, the abuser then intentionally excludes them from insurance benefits and other entitlements, despite listing them as an employee. Others claimed they were employees only to receive enough money to run the household.
8. **Premium exploitation:** In cases where the victim is enrolled in an insurance plan through the abuser's business, the abuser may exploit this without actually paying the insurance premiums. Various case studies showed this, and other entitlements not allocated.

9. **Medicare Abuse:** For Medicare-related benefits, the abuser may provide false information about the victim's employment status or income to prevent them from accessing the appropriate Medicare coverage or benefits.
10. **Workers' Compensation Manipulation:** If the victim is injured or becomes ill due to work, the abuser may interfere with or deny their access to workers' compensation insurance benefits.
11. **Financial Exploitation:** The abuser may exploit insurance payouts or benefits intended for the victim, such as cashing out policies without the victim's knowledge or coercing the victim to sign over the proceeds. Misappropriation of policy cover such as health insurances – Partners have misused policies during and post separation.
12. **Intimidation and Threats:** Abusers have made threats of cancelling insurance policies, denying coverage, or withholding benefits as a means of controlling and intimidating the victim.

These tactics can leave victims without access to critical insurance coverage, financial resources, and the ability to make independent decisions about their policies. It's essential for insurance companies, domestic violence support organisations, and policymakers to be aware of these potential abuses and implement safeguards to protect victims of financial coercion and domestic violence.

Insurance Policies relating Financial Facilities:

Over 100 case studies have shown a pattern of behaviour within Australia's Big Four Banks and their subsidiary organisation along with one of the Multinational Banks revealed that victims were named as policy holders of LMIs solely regardless of both applicants being named on the facility.

Despite regulatory requirements, financial institutions may not detect or report such contracts unless directly contested.

5. Legislation and Statutory Instruments for Superannuation

- Various laws and instruments govern the superannuation industry, protecting individuals' retirement savings from fraudulent access or unauthorised changes.

Shortcomings: Victims of financial abuse often have their superannuation accounts accessed or altered without their knowledge. The current frameworks do not always ensure the early detection of unauthorised changes, resulting in significant financial losses for victims.

Intent and agenda: Is difficult to prove with the onus placed on the victim to show the intent for the perpetrator's action that they are predominately oblivious to due to the coercion!

6. State and Territory Laws and Regulations

- State and territory laws complement federal legislation by providing additional protections against financial abuse, particularly through family law and consumer protection frameworks.

Shortcomings: These laws vary in their efficacy and scope, resulting in a patchwork system where protections are inconsistent across jurisdictions. This inconsistency hinders comprehensive enforcement against financial abuse.

Recommendations for Reform

1. Enhancing Financial Product Design and Regulatory Frameworks

- **Strengthened Verification Processes:** Introduce mandatory verification steps, such as multi-factor authentication and personal interviews, for loan and credit applications. This will reduce the risk of forged documents or unauthorized transactions.
- **Regular Audits:** Implement regular, independent audits of financial institutions' lending and verification practices to identify compliance lapses and patterns of abuse.

2. Emerging Financial Products

- **Digital Financial Products:** Given the increasing use of digital platforms, develop clearer guidelines for online financial services that emphasize customer identification and consent verification.
- **Protections Against Unauthorised Use:** Create safeguards in emerging financial products that can detect unusual activity indicative of financial abuse, such as unexpected withdrawals or sudden changes in account settings.

3. Employee Training and Reporting Mechanisms

- **Comprehensive Training:** Require financial institutions to regularly train their employees to recognize signs of financial abuse, including the psychological and behavioural cues of coercion.
- **Mandatory Reporting Protocols:** Introduce mandatory reporting mechanisms for suspected cases of financial abuse, akin to those used in child protection. Employees who suspect abuse should be able to report it confidentially without fear of retaliation.

4. Culturally Appropriate Measures

- **Tailored Support Services:** Develop services that cater specifically to culturally and linguistically diverse (CALD) communities to ensure that victims receive assistance in their preferred language and cultural context.
- **Consider Dowry abuse as financial gain and financial coercion** where Banks have accepted funds nominated as Gifts however were sent to the victim for emergencies. Leaving the victim entrapped and dependant
- **Awareness Campaigns:** Run awareness campaigns targeting vulnerable communities, emphasizing the importance of recognizing and reporting financial abuse.

5. Proactive Systems and Additional Reforms

- **Proactive Fraud Detection:** Cease the ability for internal staff to override systems without detection.
- **Mandatory Loan Disclosures:** Make it mandatory for financial institutions to provide clear, written disclosures of the terms and conditions of loans or credit facilities before the final approval without the ability to override compliance.
- **Supply copies of all applications and verified documentation**

6. Government Oversight and Funding

- **Stronger Regulatory Oversight:** Strengthen the powers and resources of regulatory bodies like ASIC to allow for more comprehensive investigations and enforcement actions in cases of financial abuse.
- **Funding for Advocacy Bodies:** Increase funding for advocacy and support organisations to help them better assist victims of financial abuse and hold financial institutions accountable.

7. International Comparisons and Adaptation

- **International Best Practices:** Analyse comparative frameworks from other jurisdictions, such as the United States and the United Kingdom, and EU to identify best practices for preventing financial abuse.
- **Adaptation and Implementation:** Adapt effective international solutions to the Australian context and incorporate them into local laws and regulations.
- **Australia can become the thought leader to eliminate financially assisted coercion.** Many of our systems and preventions or supports are derived from International Influences however our recovery laws may differ, and our legislation or guides are not mandatory. The introduction of a collective approach to system abuse such as Lifeguard DNA will minimise the ability to coerce or manipulate victims (women)

Key Differences:

- **Regulatory Framework:** The UK's FCA provides specific, mandatory guidelines for financial institutions to follow, whereas in Australia, the ABA's Banking Code of Practice acts as a voluntary guide.
- **Specialised Support:** UK banks tend to have more consistent support structures for victims across all institutions due to FCA oversight, while in Australia, support measures are still being developed and vary between banks.
- **Awareness and Education:** UK banks often run more robust awareness campaigns and partner with domestic violence organisations, while Australian banks are increasingly focusing on training and partnerships but lack uniform implementation.
- A collective approach with monitoring ability directed to a Regulator would prevent any human interaction. This approach could be adopted by the US and UK to strengthen and reduce their current exposure and costs.

These recommendations provide a comprehensive approach to tackling financial abuse by focusing on preventive, protective, and proactive measures. They emphasise improving financial product design, regulation, and support systems to safeguard individuals and ensure that financial institutions fulfill their licensing obligations. Problems occur when internal systems are circumvented or when staff access customer files without proper oversight or deny such allegations due to a lack of monitoring.

8. Lifeguard DNA Proposal by Diva Advocacy Solutions

As part of the comprehensive submission to the Inquiry into Financial Abuse in Australia, the Lifeguard DNA process proposed by Diva Advocacy Solutions provides a targeted solution to address the specific vulnerabilities faced by women. This section outlines the features of the solution and integrates it into the overall framework of recommendations.

The Lifeguard DNA Solution Overview

The Lifeguard DNA process is designed to empower women and vulnerable individuals through real-time monitoring, unique identifiers, and integrated reporting mechanisms. Research and process analysis commenced in 2010 and developed in 2016 after various matters were advocated with our Big Four Banks. After extensive conversations and presentation to the banks their response related to the timing and not the functionality. Solutions were ignored by major banks despite its potential to protect victims of financial coercion, because of the proposed exposure of The Royal Commission, which resulted in seventy-six (76) recommendation however none of these attempted improvements resulted in the prevention of unconscionable acts that are concealed with legally binding documentation to date.

This process is a comprehensive financial protection app called "LifeGuard DNA" aimed at empowering women and preventing financial coercion and fraud. The app is designed to work in conjunction with various government agencies, regulatory bodies, and financial institutions to provide women with control, transparency, and accountability over their financial affairs.

We recognise that women, especially those in vulnerable situations during or post-separation, single parenthood reliant on various orders and child support, are often targets of financial coercion and fraud. The proposed app aims to address this issue by providing a secure platform for women to monitor and manage their financial affairs, while also integrating with government agencies and regulatory bodies to ensure transparency, accountability, and swift action against any fraudulent activities.

By combining the L.I.F.E Guard app with educational resources and training programs, our solution takes a holistic approach to empowering women, equipping them with the knowledge and tools necessary to protect themselves from financial coercion and abuse, while also promoting systemic changes within the financial sector to prevent and address such issues effectively.

Key Features and Benefits

1. **Accountability and Transparency:** Real-time monitoring identifies who accesses and modifies files, creating a clear audit trail that would have prevented unauthorised changes and concealed fraudulent activities internally.
2. **Unique Identifier:** Each financial document receives a unique number that prevents alterations without explicit customer authorisation.
3. **Instant Alerts:** Tax Evasion, identity use, misrepresentation within all regulating bodies, nonpayment of superannuation or supports.
4. **Direct Reporting to Regulators:** Reports serious breaches to the Australian Prudential Regulation Authority (APRA) for rapid regulatory intervention.
5. **Prevention of Unauthorised Access:** Prevents unauthorised access to personal data and interference in credit applications.

6. **Enhanced Due Diligence:** Identifies suspicious behaviour patterns and flags high-risk activity.
7. **Empowering Women:** Customers gain control over their financial information, including real-time tracking of their loan and credit activities. Use of their Identity and instant reporting of Abuse and Coercion confidentially.
8. **Government Agency Integration:**
 - **ATO (Australian Taxation Office):** Prevents tax evasion through income verification.
 - **DHS (Department of Human Services):** Ensures accurate collection and distribution of child support.
 - **Centrelink:** Secures social security payments and prevents penalties due to ex-partner actions.
 - **Court Orders:** Enforces court orders for property settlements, parenting arrangements, and domestic violence protection.

Framework for Implementation

1. **Integration with Financial Institutions:** The Lifeguard DNA process should be mandated for all major banks and financial institutions, with implementation rolled out in phases to ensure seamless adoption.
2. **Collaboration with Government Agencies:** Establish a multi-agency task force to coordinate integration between the Lifeguard DNA system and government agencies like the ATO, ASIC, APRA, DHS, and Centrelink.
3. **Regulatory Oversight:** Strengthen oversight by requiring APRA to enforce mandatory adoption of real-time monitoring systems like Lifeguard DNA across all licensed financial institutions. Immediate reporting to APRA to prevent internal interference or oversight.
4. **Customer Awareness and Education:** Launch targeted campaigns to empower women with the knowledge to monitor their financial documents and promptly report suspicious activity. Collaborate with third-party experts to ensure these initiatives effectively challenge outdated policies and procedures that have historically failed victims.
5. **LIFE Blueprints - Educational Resources and Training:**
 1. L.I.F.E Blueprints Workshops are Comprehensive educational resources and training programs targeted at different age groups, including young girls, single parents, seniors, and carers. Developed and rolled out privately since 2014 with successful results. Topics relate to Love-Identity-Finance-Emotions to teach and demonstrate invaluable life skills and resourcefulness to prevent, detect and manage adversity.
 2. Workshops and resources aimed at teaching women about patterns of financial coercion, empowering them with knowledge and strategies to protect themselves and their families, but more importantly to keep everyone accountable and reclaim autonomy for a sustainable future.
 3. Specific training programs for brokers, insolvency practitioners, and other relevant industries to identify signs of financial coercion and respond appropriately. Maintaining integrity within our Professional sectors.

6. **Legislative Support:** Update legislation (Codes) to mandate the use of real-time monitoring systems to detect and report financial abuse, ensuring that perpetrators are held accountable. The Digital ID legislation can integrate with instant time stamped reporting that has been a barrier for effective intervention. The Lifeguard DNA processes will ensure that partners cannot commit fraud, tax and child support evasion, Phoenixing and other forms of coercion that ultimately plays a significant role in our overall economy.

The Lifeguard DNA solution represents a significant step forward in empowering women and preventing and protecting against financial abuse. By mandating its use, the government and regulators can create a safer financial environment that prioritises accountability and transparency while providing security and autonomy for women in all financial situations.

The proactive measures needed to safeguard women's financial autonomy.

Benefits of Implementing the Lifeguard DNA Monitoring System

Reduced Costs for Government and Regulators:

- **Streamlined Investigations:** Lifeguard DNA's real-time monitoring provides regulators like ASIC and APRA with instant access to key documentation, significantly reducing the time required for investigations and preventing repeat offenses.
- **Automated Reporting:** By automatically reporting suspicious activity and breaches directly to regulators, the system reduces the reliance on manual intervention and lowers operational costs.
- **Prevention of Fines and Penalties:** Preventing financial abuse through early detection helps financial institutions avoid costly regulatory fines and penalties.
- **Reduce costs and resources** to deter fraud, malpractice, tax evasion, Phoenixing, child support collection, investigations, Centrelink fraud, welfare and employment cheats.
- **Royal Commission and enquires would be minimised with improved monitoring to deter maladministration and unconscionable conduct.**

Benefits for Advocacy and Advisory Bodies:

- **Increased Case Resolution:** Advisory bodies like AFCA can resolve cases more efficiently through the clear audit trail provided by Lifeguard DNA's unique identifier system.
- **Resource Efficiency:** Access to accurate, real-time data reduces the need for resource-intensive data collection and allows advocacy organisations to focus their efforts on providing direct support to victims.
- **Enhanced Support Networks:** By integrating with government agencies, advocacy groups can identify and respond to cases of financial abuse faster and offer specialised assistance.

Long-Term Economic Savings:

- **Lower Welfare Costs:** Preventing financial abuse reduces the economic burden on the welfare system, particularly through collection of Child support payments by mitigating the ability to conceal income and make false representation or complete avoidance.

- **Increased Tax Revenue:** By preventing fraudulent activity and ensuring accurate child support and tax collection, the government can minimize losses and maximize tax compliance. This would also eliminate employment tax evasion and entitlement misappropriation.

Recommendations for Strengthening Government Oversight

1. **Dedicated Task Force:** Create a specialised task force within ASIC and APRA to handle financial abuse cases directly. This task force should have the authority to compel financial institutions to provide documentation and fully cooperate in investigations without the judicial process when Financial Coercion is identified.
2. **Mandatory Guidelines:** Empower APRA to establish mandatory guidelines requiring financial institutions to use advanced fraud detection systems like the Lifeguard DNA process. Reducing cost and timely resources that could be allocated elsewhere.
3. **Cross-Agency Collaboration:** Encourage government agencies to collaborate with non-profits specialising in financial abuse support to provide comprehensive assistance. Removing the patriarchal approach to outdated policies to enable both Private and Public agencies to work collectively.

Challenges Faced by Advocacy Bodies dealing with Banks.

Lack of Awareness and Comprehension Challenges:

- Many individuals, especially women, are often unaware of the advisory and support services available to them or how to effectively utilise these resources. This lack of awareness results in the underutilisation of crucial support networks which could provide significant assistance.
- Furthermore, many women find themselves overwhelmed and confused by the complex nature of their financial liabilities or constraints with banks and other authorities. This confusion can prevent them from articulating their situations clearly, making it difficult for them to seek and receive the help they need. Emotive responses leading to missed opportunity for justice.
- The situation is further complicated when regulators, who often rely on documentation, are presented with information that is heavily curated by financial institutions. These institutions are primarily concerned with limiting their own exposure and liabilities and may not present the full context or extent of any maleficence involved. As a result, women's accounts of coercion or manipulation can be dismissed or not taken seriously, exacerbating their vulnerability and isolation.

Recommendations for Improvement

1. **Enhanced Educational Programs:** Develop and fund educational programs aimed at increasing awareness of financial rights and available support services. These programs should specifically target schools, Life Blueprints has operated privately and has revealed the complacency and lack within the education system. Our girls develop into adults that may not gain the knowledge until they have lived through the experience. Therefore, the teachings of LIFE, in providing life skills for females, to equip them with the knowledge to recognise, prevent and report financial abuse is essential.
2. **Training for Clarity in Communication:** Implement training sessions for women on how to effectively document and communicate their financial situations. These sessions can be instrumental in helping them articulate the nuances of their cases to regulators and advocacy bodies.

3. **Advocacy for Fair Representation:** Encourage advocacy bodies to take a proactive role in representing individuals who struggle to present their cases due to complex financial entanglements or coercion. This includes training advocates to recognise signs of financial abuse that may not be evident in standard documentation. Providing them with a curated checklist based on actual situations and recourse availability. Training the Public sector on matters they may not be formally familiar with to improve supports.
4. **Fair Compensation for Advocate (Non-Legal representation):** Our Financial Institution have no mandated requirements to pay for external Advocate, unless they are a Legal Firm. Victims of Financial Coercion do not have the resources to seek any representation. After decades of Advocacy resulting in substantial compensation to the victims. Banks do not recognise the time or cost involved to represent victims in these circumstances. Making it difficult to offer such support and instilling the standard processes that have failed many.

Conclusively

Financial abuse remains a significant issue in Australia, disproportionately affecting vulnerable individuals, particularly women. Despite existing legislation, inconsistencies in regulatory frameworks and enforcement have allowed financial institutions to exploit data-sharing practices, sidestep accountability, and inadequately address the unique challenges posed by coercive financial control.

The proposed changes will mark a significant shift in rewriting systemic violations of women's rights and set a precedent for the 21st century, moving beyond the outdated approaches rooted in a time when women had no rights. These comprehensive measures will establish a financial system that prioritises transparency, accountability, and the well-being of all individuals.

Addressing financial abuse through comprehensive education, enhanced support systems, and coordinated cross-agency collaboration will empower victims, reduce regulatory costs, and restore trust in Australia's financial sector. Educational efforts should go beyond standard teachings to include awareness of the probabilities and actions associated with the shadow side of financial control that often go unnoticed. This holistic approach will provide victims with the necessary tools to recognize and respond effectively to financial abuse.

Many victims receive vital support from advocates and organisations that are not legal representatives but whose skills are crucial for helping victims secure fair outcomes or prevent further victimization. Banks have intentionally prolonged cases with the unspoken expectation that support services will not persist, allowing the issue to be concealed through facility closure or asset repossession as a worst-case scenario. Currently some matters exceed 5 years as Banks ignore demands and requests to honour basic findings made since the Royal Commission recommendations.

We have an opportunity to establish a more progressive and inclusive framework that rejects antiquated norms and stands firmly against coercion and economic violation.

By implementing these measures, we can reshape the financial landscape to be more equitable, transparent, and safe for all women and potentially eradicate the inequality within our banking systems to break the cycle and allow it to continue for future generations to inherit.