



# **Parliamentary Joint Committee on Corporations and Financial Services inquiry into financial abuse**

A Dementia Australia submission

June 2024

This page is left blank intentionally

# Dementia Australia

Dementia Australia is the peak dementia advocacy organisation in Australia.

Our organisation engages with people with dementia, their families and carers in our activities, planning, policy and decision-making, ensuring we capture the diversity of the living experience of dementia across Australia.

Our advocacy amplifies the voices of people living with dementia by sharing their stories and helping inform and inspire others. As the trusted source of information, education, and support services, we advocate for positive change for people living with dementia, their families and carers, and support vital research across a range of dementia-related fields.

The Dementia Australia Policy team can be contacted on [policyteam@dementia.org.au](mailto:policyteam@dementia.org.au)

## Dementia in Australia

Dementia is the term used to describe the symptoms of a large group of complex neurocognitive conditions which cause progressive decline in a person's functioning.

Dementia is not just memory loss - symptoms can also include changes in speech, reasoning, visuospatial abilities, emotional responses, social skills and physical functioning. There are many types of dementia, including Alzheimer's disease, vascular dementia, frontotemporal dementia and Lewy body disease.

In 2024, it is estimated there are more than 421,000 people living with all forms of dementia. This figure is projected to increase to more than 812,500 by 2054.<sup>1</sup> More than 1.6 million people in Australia are involved in the care of someone living with dementia.<sup>2</sup>

Dementia is the leading cause of disease burden among Australians aged 65 and over.<sup>3</sup> Dementia is the second leading cause of death for Australians and the leading cause of death of women.<sup>4</sup>

It is important to note that the physical and cognitive changes associated with dementia will vary for each individual and require a responsive approach to every aspect of dementia care and support, including involvement in decision-making.

For someone living with dementia, decision-making ability can be influenced by a variety of physical, psychological and environmental factors. Decision-making ability can fluctuate within the course of a day, and over the longer term as the condition progresses. Adopting a

---

<sup>1</sup> Dementia Australia (2023) Dementia Prevalence Data 2024-2054, commissioned research undertaken by the Australian Institute of Health and Welfare instead of Australian Institute of Health and Welfare (2022) Dementia in Australia, AIHW, Australian Government.

<sup>2</sup> Based on Dementia Australia's analysis of the following publications - Department of Health and Aged Care (2020) Aged Care Workforce Census Report, 2020, p. 6; Australian Institute of Health and Welfare (2022) Dementia in Australia, AIHW, Australian Government.

<sup>3</sup> Australian Institute of Health and Welfare (2022) Dementia in Australia, AIHW, Australian Government

<sup>4</sup> National Health and Medical Research Centre, Cognitive Decline Partnership Centre (CDPC) (2019) Supported Decision-Making in Dementia Care: Final Project Report. Sydney: NHMRC Cognitive Decline Partnership Centre, <https://cdpc.sydney.edu.au>

supported decision-making approach enables people living with dementia to make decisions about their lives, including their financial affairs, with the appropriate assistance.

The 'spectrum model' of supported decision-making recognises that people living with dementia will require different levels and types of support at different stages of the dementia trajectory to maximise involvement in decision-making for as long as possible. Substitute decision-making involves a legally appointed person making decisions for the person with the disability when they are no longer able to do so.

These decisions may be about financial, lifestyle or medical issues and are underpinned by the principle of acting in accordance with the individual's will and preferences. Depending on the context, both supported and substitute decision-making approaches can offer appropriate assistance to enable a person living with dementia to remain actively involved in making choices about the management of their financial affairs for as long as possible.

## Introduction

Dementia Australia welcomes the opportunity to contribute to the Parliamentary Joint Committee on Corporations and Financial Services inquiry into financial abuse. This submission addresses the impact of financial abuse on those living with dementia, highlights the challenges faced by financial institutions in identifying, recording, and reporting financial abuse and provides recommendations to enhance safeguards for those living with dementia.

In preparing this submission we have drawn on evidence from a range of sources including recent consultation<sup>5</sup> with Dementia Advocates about their experiences with financial institutions. Dementia Advocates are people living with dementia, carers and family members who are involved across all aspects of Dementia Australia including media opportunities, policy submissions, research, service development, and learning and education products.

Advocates are also involved in systemic advocacy activities to raise awareness of dementia, tackle stigma and discrimination and influence change.

Our submission addresses the following sections in the terms of reference of the inquiry:

- the prevalence and impact of financial abuse, including approaches taken by financial institutions to identify, record, and report financial abuse,
- the impact of the shift of financial products to online platforms
- employee training and culturally appropriate responses
- mandatory reporting
- steps that might be taken to support financial institutions to better detect and respond to financial abuse, and
- the role of government agencies in preventing and responding to financial abuse.

---

<sup>5</sup> The consultation process included an online survey and a series of focus groups across Australia conducted in March 2024. The focus groups included in-person sessions in New South Wales (Sydney), Victoria (Melbourne), South Australia (Adelaide) and Queensland (Brisbane), and online sessions with participants from all states and territories.

## The prevalence and impact of financial abuse

The exact prevalence of financial abuse among people living with dementia is difficult to estimate. However, the gradual loss of capacity and decline in cognitive abilities increases the vulnerability of people with dementia and their risk of financial abuse and exploitation. Rapid advances in technology and the changing nature of banking, including the rise of online transactions, can increase the vulnerability of people with dementia.

Australia's overall elder abuse prevalence rate is estimated at 14.8%, with financial abuse being 2.1%.<sup>6</sup> However, this rate is derived from a study which did not include individuals living with dementia.

People with dementia are particularly vulnerable to abuse due to cognitive impairments that may limit their ability to communicate abuse or resist mistreatment. Consequently, the true prevalence and impact of financial abuse in Australia is likely underestimated.

Additionally, the percentage of cases of financial abuse that go unreported is likely to be high due to feelings of stigma, shame and embarrassment experienced by people who are victims of financial abuse and their families.

People with dementia may have diminished capacity to recall the financial abuse or lack insight to understand the instance/s of abuse. Even in cases where they do detect and report abuse, they may be dismissed as being an unreliable witness who is confused and lacks credibility.<sup>7</sup>

In addition, financial abuse is often perpetrated within families and therefore remains hidden. Victims are often in a relationship of dependence with the perpetrator of abuse and may fear there will be repercussions if they report the abuse.

## The approaches taken by financial institutions to identify, record and report financial abuse, and any inconsistencies arising therein

### Improving consistency in enduring power of attorneys

*“Need harmonisation of POA legislation.”-Dementia Advocate*

*“It would be great if there was agreement across states and territories that EPOAs approved in one state will be accepted in other states.” – Carer*

The lack of a coordinated and consistent approach to enduring power of attorneys (EPOA) across states and territories creates vulnerabilities that can be exploited for financial abuse. A lack of registry for EPOAs, interstate recognition issues, varying standards for capacity assessment, costs of creating and changing an EPOA and uncertainty around where to report abuse can create situations that are conducive to financial abuse. This highlights the

---

<sup>6</sup> National Elder Abuse Prevalence Study (2021) Final Report. (Research Report). Melbourne: Australian Institute of Family Studies.

<sup>7</sup> Alzheimer's Society (2011) Short Changed: Protecting people with dementia from financial abuse.

need for a more unified legal framework regarding EPOAs to protect the rights of vulnerable people.

In 2017, the Australian Law Reform Commission's *Elder Abuse – A National Legal Response* report<sup>8</sup> highlighted the need for harmonisation of state and territory laws regarding EPOA to reduce complexity and overlap, especially in cases involving cross-border issues. Despite minimal progress to date, the goal of harmonisation remains critical for preventing and responding to financial abuse of older individuals.

A single nation-wide document would streamline processes, making it easier for attorneys and principals to understand their responsibilities, thereby reducing unintended misuse. The current inconsistencies in EPOA laws create vulnerabilities, particularly for those with dementia, who face a gradual loss of capacity and increased risk of financial abuse.

Dementia Australia recommends establishing a national EPOA registry to ensure consistent registration and monitoring, making EPOAs accessible regardless of socio-economic status, and developing a standardised framework for capacity assessment.

Training for lawyers, attorneys, and witnesses on financial abuse and dementia is essential. Additionally, culturally appropriate information for First Nations and CALD communities is necessary. Decision-making approaches should align with the individual's will and preferences. There is a need for a balance between protecting individuals with dementia from financial abuse and respecting their autonomy and decision-making rights. Our position statement on supported decision-making is available [here](#).

Harmonising EPOA legislation and implementing a national registry are essential steps towards protecting those with dementia, ensuring their rights and finances are safeguarded.

## The impact of the shift of financial products to online platform

*'With banks, everything is online, which is a challenge for many people.'* -Dementia Advocate

Banking systems have changed with the increasing shift to online banking, and closure of many local branches. This has an impact on people living with dementia and carers, as familiar bank staff are less available for face-to-face interactions, which is often the preferred form of communication. Customers no longer have a personal relationship with their local bank branch.

The expectation that every customer is financially and digitally literate can constitute a form of discrimination for those who do not have the requisite digital and other skills or access to the appropriate devices. Maintenance of branch accessibility is imperative for people not comfortable with digital platforms.

There are specific issues for people living with dementia from CALD, First Nations and other diverse groups in relation to communication in managing banking and finances.

---

<sup>8</sup> The Australian Law Reform Commission (2017) *Elder Abuse— A National Legal Response*.

There needs to be flexibility in policies and processes to deal with the changing circumstances for a person with dementia as dementia progresses and needs change.

*'It needs to be a person-centred approach – there are fewer and fewer face-to-face opportunities (for banking) since COVID, and phone and online options are not as effective for people living with dementia.'* -Dementia Advocate

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

### **Employee training and education**

Carers of people living with dementia noted that staff of financial institutions need training and capability to respond to signs of dementia and work sensitively with carers. Staff should always use discretion and be respectful. Managers should be trained, able to support staff and aware of what the issues are for each person, managing concerns in a way which is helpful and respectful to everyone involved.

It would be helpful to have a regional staff member or coordinator across branches, who could make appointments to meet with people living with dementia and carers, and support branches with training and systemic changes.

There needs to be a system for notifying banks and financial institutions that the person has dementia. A register or registration process could be explored to provide additional support to people who are comfortable disclosing their diagnosis. This would need to involve consent and consultation and not everyone would agree to registering a diagnosis.

It would be useful as part of this process to initiate a meeting, in person and soon after disclosure of diagnosis. This could include a bank manager, person living with dementia and carer, and required documentation about illness, capacity, decision-making and power of attorney. It could also include a mandatory time frame for follow-up and review of support after the disclosure of a diagnosis.

If there is a decline in decision-making capability, a financial institution is expected to conduct due diligence. As described above, this would include setting up meetings with the customer and their representatives to discuss any steps to be taken to protect the customer's financial wellbeing as their capacity declines with the progression of dementia. This meeting would be an opportunity to develop a better understanding of the customer's financial needs day-to-day and identify what kind of activity may signal a risk.

To achieve this, front line staff require dementia education and training, as well as support from trained and specialised senior staff to ensure that a suitable approach is implemented. It would be helpful to train staff at financial institutions using case studies. Case studies could highlight what would be useful and constructive to maintain the dignity of both the person with dementia and the carer, what a financial institution should have in standard protocols to respond when these situations occur. There needs to be an empathic, respectful approach in working with people and their family members.



Employees involved in the provision of financial services, including those working in the banking sector, need appropriate education and training to be aware of potential signs of cognitive impairment and/or dementia. Different forms of dementia and other invisible disabilities will present in different ways. All interactions with the person must always be respectful. If there are serious concerns about a person's ability to manage their finances, staff employed in financial institutions could respectfully work with the person, their carer or family members to suggest a medical capacity assessment.

## Any other appropriate response, for example, mandatory reporting

Our consultation highlighted concerns about how financial institutions can effectively monitor and take action against potential financial abuse without violating privacy laws. There were different perspectives on whether banks should be mandatory reporters of financial abuse. Some participants felt that the currently voluntary guidelines should be mandatory.

Others discussed the need for legislative changes to allow banks to act more freely in safeguarding vulnerable customers, alongside the possibility of banks becoming non-mandatory reporters with 'safe harbours' to report suspected financial abuse.

In general, the concerns around these issues point to the need for educating employees of financial institutions on detection of elder abuse, including when and how to sensitively refer for support.

Previous research by Dementia Australia<sup>9</sup> indicates that there are mixed views on mandatory reporting of financial abuse. Some feel there should be mandatory reporting of financial abuse similar to what occurs in instances of suspected child abuse, where a service provider has a duty of care and professional obligation to report their concerns. However, there are concerns about mandatory reporting hindering the autonomy of an individual, such as in cases where a victim does not want the abuse reported. There would also need to be examination of what measures could be put in place to redress the abuse and mediate a resolution or take action against the perpetrators.

The issue of mandatory reporting of financial abuse of older people was raised in a 2007 Australian Government Inquiry into Older People and the Law. After reviewing the case for and against, the Committee did not support the introduction of mandatory reporting of suspected financial abuse, supporting instead the voluntary reporting of suspected financial abuse. This Committee acknowledged the need for a mechanism for those wishing to report abuse.<sup>10</sup>

---

<sup>9</sup> Alzheimer's Australia NSW (June 2014) Preventing financial abuse of people with dementia. Discussion paper No. 10.

<sup>10</sup> House of Representatives (2007) Standing Committee on Legal and Constitutional Affairs – Inquiry into Older People and the Law, Australian Government: Canberra



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

## Protocols and pathways

*'There should be a clear set of protocols that bank staff should follow'. - Dementia Advocate*

Current banking policies and protocols do not adequately identify people who are experiencing difficulties with banking or financial management and who might be at risk of financial abuse or exploitation. A multi-faceted 'alert' system is needed to identify at-risk customers and support them to continue to manage their banking and financial affairs with as much autonomy as possible, while also meeting the needs of carers and legal decision-makers.

There is an urgent need for clear and simple processes, procedures and customer journey pathways, using consistent language, for people living with cognitive impairment or dementia. There also needs to be clarity and consistency around dealing with enduring power of attorney or other legal decision-making instruments and establishing the bona fides of support people, given the potential for financial abuse or exploitation.

Privacy legislation also has an impact on flexibility and support for customers. This can complicate the support person or carer's role, if they are unable access accounts on someone's behalf or if the person who has power of attorney is acting unethically.

## Role of financial institutions in supporting vulnerable individuals

Advocates emphasised financial institution's responsibility, especially for individuals who lack a spouse or family advocate. This responsibility extends to training staff in dementia and respecting customer privacy, while also taking steps to protect them from financial abuse and facilitating easier access to financial services.

## Need for specialist support and training

Participants in our focus groups suggested the creation of dedicated areas within banks, where staff are specifically trained to address power of attorney issues or other dementia-related banking concerns. This includes recognising changes in customer behaviour that may indicate vulnerability and ensuring bank staff do not stereotype customers but provide appropriate, personalised support.

## The needs of female carers

The needs of older female carers of people living with dementia are arguably unique. Many reported that women of their generation had grown up in an era when men had sole responsibility for managing finances. When their husband or male partner was no longer able

to manage the finances because of cognitive impairment, female carers encountered many difficulties and barriers in taking on this role and in their interactions with banks.

Female carers reported that financial institutions continued to treat their husband as the decision-maker for the accounts and excluded them, even when banks were advised of the person's reduced decision-making ability. Carers reported that when they notified bank personnel in relation to the impact of dementia on their spouse's decision-making ability and requested support, they would not intervene with any protections.

Carers reported feeling disrespected, and that no adaptations were made for working with someone with dementia or their carer. This occurred despite carers often having a long-term relationship with banks and a good financial record.

Carers noted that if a bank knows that a person has dementia, there is a joint account and a good financial record with bills paid, they should know that the carer is the appropriate person to take over the account.

## Safeguarding measures on accounts

Participants suggested that there could be a protocol were certain events triggered support for people to simplify their finances. For example, on retirement or appointment of a power of attorney, a financial institution could take steps to support people to consolidate cards or ensure both partners are joint account holders.

Another potential safeguard could be an option for a people living with dementia or cognitive decline a card with a low transaction limit, especially for internet shopping. There are also models of managed cards for people with dementia from other countries which could be examined such as the Sibstar model in the UK.

Banks should also anticipate issues when opening accounts. This could include recording who is the next of kin, key contacts in case of bereavement or if there are concerns about cognitive competencies.

Banks and other financial institutions need to have clear pathways which safeguard the interests of the customer and should direct people to these pathways rather than taking limiting actions. Financial institutions could offer an information card with links to pathways and other organisations and resources that could assist. This could include local GP details and the National Dementia Helpline numbers.

Other safeguards to consider include:

- Limiting withdrawal amounts, removing card access, and other controls.
- Implementing two-factor authentication and spending notifications.
- Making it easier for support persons to be registered on accounts.
- Participants stressed the complexity of being a support person on an account and the importance of building trusting relationships with financial institutions.

A trained workforce is also a safeguard, as well as clear systems and protocols. Data about the customer should be analysed to inform approaches. Whichever safeguards are

implemented, it needs to be managed sensitively and with respect for the rights and dignity of the person living with dementia, and the needs of the carer.

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

Dementia Australia has identified significant challenges in investigating and resolving cases of financial abuse involving people with dementia. Often individuals with dementia are dismissed as unreliable witnesses, complicating efforts to prove that abuse has occurred.

There is difficulty in sharing information across organisations to support investigations, suggesting that a memorandum of understanding between key agencies could improve information flow.

Reluctance to investigate financial abuse cases involving people with dementia further complicates the issue. Financial abuse, unlike physical abuse, requires victims to report the abuse, make statements, and endure lengthy court processes. This is particularly problematic for individuals with dementia, whose capacity might be questioned.

Financial abuse through the misuse of Enduring Power of Attorney (EPOA) is also difficult to address. While there may be grounds for civil action if an attorney acts outside their authority, criminal prosecution is complex and often ineffective in recovering stolen assets. Therefore,

It is essential that people living with dementia are not dismissed as unreliable witnesses. Their experiences and testimonies are critical to detecting and addressing financial abuse, and their voices must be respected and heard in all investigative processes.

## **Summary of recommendations**

1. Harmonisation of enduring power of attorney (EPOA) legislation and
2. Establishment of a national EPOA registry
3. Dementia education and training for financial service employees
4. Maintenance of branch accessibility and flexibility in policies to deal with the changing circumstances of a person with dementia.
5. Protocols and pathways to identify at-risk customers and support them
6. Safeguarding measures on accounts

## **Conclusion**

The exact prevalence of financial abuse among individuals living with dementia remains largely unknown, but it is widely recognised as a significant issue, particularly because the perpetrators are often family members entrusted with enduring powers of attorney (EPOA). This dynamic creates a challenging environment for identifying and addressing abuse. People with dementia are especially vulnerable to financial abuse due to cognitive impairment, which can make it difficult for them to recognise or report financial exploitation.

Furthermore, when they do report abuse, their claims are frequently dismissed as unreliable, leading to underreporting and a lack of appropriate intervention. Feedback highlights the need for harmonised legislation, mandatory registries, comprehensive education and training for all parties involved and safeguards that protect vulnerable customers without hindering their independence. It also calls for systemic changes, both within banks and government, to better support individuals and families facing these challenges.