Financial abuse of older people in low and middle-income countries: the case of South Africa

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Introduction

This paper assesses what is currently known about the financial abuse of older people in low and middle-income countries (LMICs), making specific reference to South Africa. It demonstrates that individual and environmental risk factors for financial abuse are present, but the issue is generally neglected by researchers and policymakers. As a result, empirical data are limited and there is an urgent need for new studies. The paper begins by introducing the issue of elder financial abuse in LMICs more generally, identifying key risk factors and evaluating available evidence. The paper then provides a detailed case study of South Africa, reviewing local risk factors and available evidence of financial abuse. It concludes with recommendations about future research in this emerging area of concern.

The financial abuse of older people in low and middle-income countries

The populations of LMICs are ageing rapidly, with especially sharp increases in the number of people at very old ages (see Table 1). Current cohorts of older people in many LMICs had limited lifetime access to formal education, since this was much less available 50+ years ago. Similarly, many have little or no lifetime experience of “formal money-management” (such as holding a bank account).

TABLE 1 ABOUT HERE
Across LMICs generally, the past 15 years have seen a rapid increase in the coverage of pension schemes for older people. In some cases, such as Uganda and China, this has resulted from the establishment of new programmes. In others, such as Thailand or Mexico, it has been driven by the extension of existing schemes. Efforts to extend pension coverage have focussed on poorer socio-economic groups. The value of monthly pension benefits is highly variable, ranging from under US$10 in some cases (India, Uganda) to over US$150 in others (Brazil, South Africa, Argentina). Among poorer socio-economic groups, the value of the pension is high in relation to average levels of earnings and household income (World Bank, 2009).

Available evidence for LMICs shows that rates of home ownership are higher among people at older ages than for other age groups, partly due to more affordable housing in past decades. However, property rights are weakly defined and few older people make wills, particularly among poorer groups. This can generate considerable uncertainty and family tension about bequests, which can increase the risk of elder financial abuse (Lloyd-Sherlock et al, 2017).

Long-term care and social services provision for frail and dependent older people are very limited in most LMICs (WHO, 2015). This puts considerable strain on family carers, both in terms of the physical and emotional demands of caring, but also the direct and opportunity financial costs (Vaingankar et al, 2014). Additionally, it means that detection of and action to either prevent or intervene in situations of elder abuse and neglect are very weak (if they exist at all). Even if abuse is detected, institutional weaknesses in the police and judicial systems more generally often reduce any capacity to prosecute abusers (Call, 2002).
More broadly, most LMICs have seen rapid social, economic and normative changes over the past 40 years, including urbanisation, migration, and changing family roles. Without reducing this too neatly to a Cowgill “modernisation and elderly isolation” narrative (Cowgill, 1976), these social dislocations provide an important backdrop to risk environments for pensioner abuse. The limited available evidence indicates many older people feel insecure both in their homes and in their communities (Lloyd-Sherlock, Agrawal & Minicuci, 2015). Older women and frail older people are particularly susceptible to fear and more generally at greater risk of abuse.

Financial abuse of older people receives scant attention from academics and policy-makers working in international development or other sectors. As a further example, searching “financial” in the Journal of Elder Abuse & Neglect produces over 50 relevant papers, none of which refers to a LMIC. The academic literature raises concerns about older people increasingly living alone and having limited family contact due to migration (Teerawichitchainan et al, 2015). The possibility that other family members might be a source of vulnerability to older people is rarely considered, although there is some evidence that this can occur (Lloyd-Sherlock & Locke, 2008). The growing body of research on domestic violence against women in LMICs sometimes hints at elder financial abuse but does not focus on the issue (García-Moreno, et al, 2015).

Policy discourse and academic research emphasise the direct and indirect benefits of providing older people with pensions, as part of a wider agenda to promote the extension of cash benefits to the poor. Reference to potential problems and vulnerabilities associated with pension receipt are viewed as unhelpful and “off-message”. Consequently, the vast literature on pensions in LMICs has little to say about financial abuse. Policy-makers and
academics emphasise that pensioners usually “pool” their income with other household members, in a supposedly consensual process, framed by strong norms of inter-generational solidarity. Policy advocates take pension pooling as evidence that the benefits of pensions go beyond individual pensioners to family members of all ages (especially needy grandchildren) (Pelham, 2007; Help Age International, 2016). It is claimed that pension pooling increases the respect, status and bargaining power of older people within households and enhances inter-familial solidarity (Schwartzer & Querino, 2002; Help Age International, 2016; Salinas-Rodríguez et al, 2016). Hard evidence to provide support for this effect is limited.

Distinctions between consensual pension sharing (or other forms of inter-generational financial support) and practices that are better understood as exploitative or abusive are not always easy to establish. To some degree, these distinctions depend on cultural norms about what is acceptable or unacceptable behaviour. Research from Asian cultures has demonstrated an important element of normative subjectivity in distinguishing between kinship obligation and impropriety (Lee et al, 2012; Rabiner, Brown, & O'Keefe, 2004). At the same time, where older people are receiving other forms of support, such as assistance with daily living or even company from an unpaid individual, distinguishing between consensual financial reciprocation and exploitation is very challenging, especially if the dependent elder is cognitively impaired. This issue is particularly salient in LMICs, where almost all elder care is provided by unremunerated family carers with no external support (Lloyd-Sherlock et al, 2017). The difficulty of establishing financial abuse by family members is reflected in media representations of the issue. In some LMICs, there is a growing number of reports of older
people’s vulnerability to financial scams perpetrated by non-family members.\(^1\) By contrast, there is almost no reference to financial abuse within the family.

The only published study that explicitly assesses the financial abuse of older people in LMICs is a quantitative survey of elder abuse in Peru, Kyrgyzstan and Mozambique (Vizzard, 2013). Based on a questionnaire administered to around 100 people aged 50 years and over in each country, the study assessed the prevalence and forms of financial abuse. The main results are summarised in Table 2. Key limitations of the study are that data are based on self-report, and that the samples were not systematically designed. Consequently, actual rates of financial abuse may be under-reported and the data are not representative of national trends. Variable rates of under-reporting may in part explain the very high range of reported financial abuse prevalence across the three countries. Research from high-income countries reveals considerable variation in perceptions and understandings of what constitutes financial abuse, as well as variation in willingness to report it (Knight et al, 2015). This situation calls for more in-depth and situated research.

TABLE 2 ABOUT HERE

The financial abuse of older people in South Africa

In the light of the limited amount of data on elder financial abuse in LMICs, it is useful to present a more detailed case study. However, this case should not be seen as representative.

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of other LMICs. The choice of country was partly opportunistic and reflects a slightly greater availability of relevant information. The case study starts by examining factors that may increase the potential prevalence of elder financial abuse, starting with individual risk factors and then examining environmental effects. It then presents available information on the prevalence and forms abuse may take, and the effects it may have. Finally, the paper considers the extent to which current public policy in South Africa is addressing this issue.

The number of South Africans aged 70 and over will roughly double over the 25 years between 2015 and 2040, reaching a projected 3.5 million people (UN Population Division, 2017). There are indications that a large proportion of these people are functionally impaired and hence vulnerable to financial abuse. While there are no reliable surveys of dementia prevalence among older people in South Africa, there is growing evidence of a link between HIV and dementia risk, including for populations receiving anti-retroviral treatment (ART) treatment. Consequently, the prevalence of dementia may be significantly higher than in countries less affected by HIV/AIDS. Among the older population as a whole, lifetime access to education has been very limited. The 2011 Census reported that 45 per cent of people aged 60 or older were unable to read, with a similar number unable to calculate change (Statistics South Africa, 2014).

One key set of environmental risk factors is high rates of crime and violence compared to other LMICs, as well as high rates of addiction to alcohol and other substances (Swart, Seedat & Nel, 2015). These phenomena form part of a more general context of poverty, unemployment and internal conflict, with high levels of violence at many levels. A nationally

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2 It has been estimated that up to a quarter of adults aged 40 or over initiating anti-retroviral treatment for HIV have HIV-associated dementia (Robbins, et al, 2012). If this rate is representative of the total population with HIV, it would account for around a million people.
representative survey conducted in 2008 found that older people expressed very high levels of fear both in the home and outside (Lloyd-Sherlock et al, 2015).

Pension coverage in South Africa is high compared to other LMICs (Woolard, Harttgen & Klasen, 2010). Benefits include over three million old age grants, which target older people aged 60 years or older in poor households. Benefit values are currently over US$130 a month, which compares to an average monthly wage of US$270 for a low skilled worker.³ Across South Africa unemployment rates are high, with youth unemployment averaging over 50 per cent. In contrast to generous pension coverage, government transfers to people at younger ages are very limited.⁴ In 2011, the average income of black African households headed by an older person was US$138, and 53 per cent of such households contained four or more people (Statistics South Africa, 2014).

Not surprisingly, there is considerable evidence of pension pooling within households. A survey of 1,111 older people in rural and urban districts found 91 per cent claimed to share at least some of their pension with family members and 65 per cent claimed they shared all of it (Lloyd-Sherlock et al, 2012b). Existing studies emphasise associations between receiving a pension and increased household authority, especially for women (Ambler, 2011). There is also evidence of family members moving in with older people once they receive pensions. It has been observed that older South African black people face substantial “moral pressure” to share their pensions with other family members (Sagner & Mtati, 1999). This pressure does not just come from relatives: Sagner and Mtati (1999) observe:

⁴ For more general information on social protection for unemployed workers in South Africa, see http://www.social-protection.org/gimi/gess/ShowWiki.action?wiki.wikiId=855 [accessed 23 May, 2017].
By emphasising the poverty-alleviating function and the development oriented role of social assistance money in general and old-age pensions in particular ... the state also stresses the 'rightness' of pension sharing.... The state-supported ideology of the moral virtue of pension sharing and of the 'natural' selflessness of old-age pensioners dominates much of the public discourse on older people. (p. 408).

Since the 1990s, this moral pressure has been intensified by the impact of the HIV/AIDS epidemic on older women’s caring roles for ill children and surviving orphans (Nyirenda et al, 2015).

Taken together with a general context of prevalent social violence, high rates of pension coverage, social norms that pressure older people to share wealth, and large economic disparities, this suggests that South Africa represents a highly “abusogenic” environment. However, information on the form and prevalence of financial abuse remains scant.

As part of a wider survey of elder abuse, Bigala and Ayiga (2014) explored the prevalence of financial abuse among 506 people aged 60 or older living in the Mafikeng local municipality in north-western South Africa. Financial abuse was broadly defined to include “pilfering, obtaining money from older people with menace, and unauthorised benefit deductions by pension management agencies or their agents”. The study found that 28.5 per cent of men and 30.7 per cent of women reported they had experienced financial abuse at some time in their lives. No further information on the form of this abuse and its effects is available, and it is not possible to extrapolate from this study to draw conclusions about the country as a whole.

A number of other studies make general reference to the widespread financial exploitation of older people by family members, without providing specific evidence (Protasia &
Torkington, 2000; Burman, 1996; Ferreira & Lindgren, 2008). Further insights emerge from studies, which are not specifically concerned with financial abuse. In 2002, as part of a study on pensions and the economic status of older people, 20 in-depth interviews were conducted with older people in rural districts of Eastern Cape and urban former townships in Cape Town. Of these, four participants referred unprompted to financial abuse issues. These included pilfering by children and grandchildren, and robbery in the community (especially at times of collecting pensions). According to one older man in Guguletho township:

    When I developed a walking problem, I asked my daughter to get my pension. I asked her to withdraw 50 Rand from my bank and she agreed. When I [next] had to draw my pension money, I could not find my pension card, only to find that she had taken it. She withdrew 700 Rand from my account. And now we have a misunderstanding [between us].

Almost all of these interviews were conducted in presence of other family members, which is likely to have led to substantial under-reporting of abuse. Another case revealed the ambivalence between pension sharing and more coercive behaviour, especially where older people rely on family members for care. A frail 80 year-old man living in rural Eastern Cape observed that he was dependent on his son to do his shopping and help him collect the pension benefit. He went on to complain that his children over-relied on him financially and were irresponsible. A subsequent quantitative survey conducted with older people in the same districts in 2009 found that over 40 per cent of respondents (n= 759) reported that none of the pension income was reserved for their own personal use (Möller, 2011).

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5 For a general account of this study (not including the narratives presented in this paper) see Barrientos et al, (2003).
Furthermore, seven per cent of respondents reported that household members did not get on with each other due to “money problems”.

Beyond coercive pension pooling, there is fragmentary and anecdotal evidence of more egregious practices. Unauthorised deductions from old age grants would appear to be widespread: in February 2016 alone, the South African Social Security Agency received over 40,000 queries about such deductions. These included fraudulent loan deductions, and illegal funeral insurance schemes. The Agency has recently introduced new procedures including home visits in an effort to safeguard pensioners from some of these abuses.

Studies of financial abuse in high-income countries indicate that it is strongly associated with other forms of elder abuse (Fealy et al, 2012). As well as direct economic effects, it may have important effects on older people’s health and quality of life. Information on these effects is largely absent for South Africa, although some insights can again be derived from studies addressing other issues. A study of hypertension awareness among older people in rural Mpulalanga Province included two focus group discussions, both of which referred, again unprompted, to financial exploitation as a cause of health problems.6 One participant commented:

I remember a certain man that I went to visit last week. He had a stroke on his right hand. His son had forced him to go and buy a car using his name. He said he was very worried and it led him to have high blood pressure and now he had a stroke. Yes, because of thinking. If you can stop that, it can help us.

Another commented:

6 Details of that study (not including the data presented here) are available in Lloyd-Sherlock et al, 2018.
We are having lots of problems that are caused by our children, especially our grandchildren. Sometimes you find that they have stolen my money and I will be worried. And I will not sleep well and when I wake up the following day I will have headache and body pains.

South African law includes a number of theoretical safeguards against the financial abuse of older people. Financial abuse of older people was defined by the Aged Persons Act of 1967, later amended in 1998, as (i) the deprivation of economic and financial resources to which an older person is entitled by law; (ii) the unreasonable deprivation of economic and financial resources which the older person requires out of necessity; or (iii) the disposal of household effects or other property that belongs to the older person without the older person’s consent. At the same time, a number of NGOs in South Africa, including Action on Elder Abuse, make some reference to the issue. There is, however, a tendency for these initiatives to focus on financial abuse committed by “outsiders”, rather than abuse perpetrated by family members.

The extent to which these legal safeguards translate into genuine protection for vulnerable older people is open to doubt. No state agency, either nationally or locally, has taken a strong lead on this issue. As part of this, no efforts appear to be being made to address the vexed issue of how consensual pension sharing can be distinguished from abusive behaviour. The many publications and studies on South Africa’s pension programme continue to avoid reference to this issue.

**Final comments**
This paper demonstrates that many older people in LMICs are likely to be exposed to the risk of financial abuse. All the risk factors identified by studies of high-income countries are equally, if not more, present in many LMICs. The absence of data on the prevalence and severity of financial abuse does not indicate that the problem is negligible; only that it is being neglected.

We pay particular attention to financial abuse related to old age pensions. This is because pensions are a major source of economic security for older people in many LMICs, and are widely advocated as an effective intervention to enhance wellbeing in later life. One key piece of evidence supporting the extension of pension schemes is that older people, especially women, often share a large part of their benefits with other relatives. In return for sharing their pensions, it is sometimes claimed that older people have more say in family decisions. The proposition is that, through being empowered by their pensions, older people are in a stronger position to claim care and support from family members.

All of the above may sometimes apply. Pensions may be willingly shared between older people and grateful, vulnerable family members, who may in turn pay them back in other ways. Unfortunately, there is growing evidence, illustrated by the examples of pensioners in South Africa, that family relations are not always so altruistic or harmonious, and that the issue of consent is contentious.

Evidence of the extent of pension-related financial abuse remains very limited in LMICs, reflected in the fragmentary data presented for South Africa. There are several reasons for this lack of evidence. First, the issue has received very little attention from academics and policy-makers, partly due to a research agenda biased towards the positive effects of pensions and on family altruism. Second, evaluating the prevalence and severity of financial
abuse by family members is challenging, especially in settings where there are strong norms of inter-generational solidarity. Establishing clear criteria to distinguish between fully consensual pension-sharing and financial abuse is not easy in practice, with considerable blurring between the two. Designing effective and ethical methodologies to resolve these challenges across different cultural settings represents a major barrier to meaningful data collection. There is an urgent need for academics to take on this challenge. Robust data can then be used to inform interventions aimed at raising awareness, identifying people most at risk and responding to cases of abuse.

This paper does not focus on other forms of financial abuse that older people in LMICs may experience. Beyond coercive pension sharing, this can include a wide range of scams perpetrated by family and non-relatives. It also includes non-pension related financial abuse and exploitation by relatives or other people, involving property and other forms of wealth. As in high-income countries, these scams are becoming increasingly prevalent and sophisticated, and are often reported by local media. Raising awareness of these activities is useful in itself but should not deflect attention from financial abuse occurring within families. Other forms of financial abuse include the forcible appropriation of property (especially land and housing) by younger family members. Again, evidence for this practice remains largely anecdotal and this calls for concerted engagement by both researchers and policy-makers. The field of elder financial abuse as a whole requires coordinated attention and effort from the range of stakeholders. These include older peoples’ organisations and representatives, as well as broader civil society, together with human and financial services professionals.
References


HelpAge International (2016) The Philippine social pension at four years: insights and recommendations

http://www.eldis.org/go/topics&id=76319&type=Document#.VzSLOMv2bcs


Table 1. Population aged 75+ (million) in less developed regions.

<table>
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<th>Year</th>
<th>1990</th>
<th>2020</th>
<th>2030</th>
<th>2040</th>
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<td>54.0</td>
<td>158.8</td>
<td>250.6</td>
<td>383.3</td>
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Table 2: Patterns of elder financial abuse in Peru, Kyrgyzstan and Mozambique.\(^7\)

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<thead>
<tr>
<th>Lifetime prevalence (% of respondents)</th>
<th>Peru</th>
<th>Kyrgyzstan</th>
<th>Mozambique</th>
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<td></td>
<td>68</td>
<td>23</td>
<td>38</td>
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<th>Prevalence in last year (% of respondents)</th>
<th>Peru</th>
<th>Kyrgyzstan</th>
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\(^7\) In the report, financial abuse is defined as “the unauthorised and improper use of funds, property or any resources of an older person” including the use of theft, coercion or fraud to obtain or try to obtain the older person's money, possessions or property / taking or attempting to take power of attorney were also included.