Understanding Financial Literacy with Survivors of Intimate Partner Violence

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Introduction

Of the many forms of abuse experienced by survivors of intimate partner violence (IPV), physical, sexual, and psychological abuse are the most commonly identified and understood by advocates, researchers, and policy makers. Yet an abuser may also use economic abuse to control his partner by denying or hampering her ability to become economically self-sufficient (Adams, Sullivan, Bybee, & Greeson, 2008; Fawole, 2008; Postmus, Plummer, McMahon, Murshid, & Kim, in press). Because IPV survivors list economic concerns as the top barrier to leaving their abusers (Sanders & Schnabel, 2006; Turner & Shapiro, 1986; Zorza, 1991), they are one of the many groups that could benefit substantially from financial education programs, especially those that meet their unique needs by providing content on economic abuse and economic safety plans.

Key terms

*Empowerment* is the process through which individuals gain control and power over their own lives (Kasturirangan, 2008). Empowerment can encompass many domains of an individual’s life including one’s personal financial abilities. Hence, *economic empowerment* addresses an individual’s knowledge, skills, and confidence related to managing her own financial well-being. Economic empowerment provides a comprehensive framework that encompasses economic self-efficacy and economic self-sufficiency, both of which can be enhanced by financial literacy (Postmus, 2010).

*Economic self-efficacy*, borrowed from the broader self-efficacy literature (Bandura, 1982), is the level of one’s confidence in completing financial tasks in light of her current economic situation.

*Economic self-sufficiency* is defined as the manifestation of a wide range of behaviors related to financial management. In essence, one is economically self-sufficient when one demonstrates a mastery over financial tasks.

One avenue for reaching economic empowerment is through *financial literacy*, which includes the knowledge and skills needed to “discern financial choices, discuss money and financial issues without (or despite) discomfort, plan for the future, and respond competently to life events that affect everyday financial decisions” (Vitt, et al., 2000, p. xii). Financial literacy can be acquired through formal sources such as education, professional training, or seminars, as well as through informal sources such as family or friends (Perry & Morris, 2005).

In sum, financial knowledge and skills (financial literacy) may lead to economic empowerment, which includes a greater confidence to complete financial tasks (economic self-efficacy) and an increased ability to demonstrate effective financial behaviors (economic self-sufficiency).
Financial Literacy Programs for IPV Survivors

Several domestic violence organizations have developed financial literacy programs for IPV survivors. These include:

(1) The *Hope and Power for Your Personal Finances* program from the National Coalition Against Domestic Violence;  
(2) The *Personal Economic Planning* program used by the Iowa Coalition Against Domestic Violence (VonDeLinde & Correia, 2005);  
(3) Redevelopment Opportunities for Women’s Economic Action Program (REAP) in St. Louis, Missouri (Sanders, Weaver, & Schnabel, 2007); and  
(4) The *Moving Ahead Through Financial Management* program from The Allstate Foundation, implemented in partnership with the National Network to End Domestic Violence.

These programs provide financial literacy content that focuses on helping IPV survivors reach individualized economic goals and on strengthening their financial management skills. These programs also include information on economic abuse and safety concerns specific to survivors of domestic violence. To date, only the REAP and *Moving Ahead Through Financial Management* programs have been evaluated using exploratory research designs.

REAP was evaluated in 2001 with survivors recruited from two shelters who received the curriculum and a comparison group of survivors from two other shelters who did not receive it. All of the participants (a total of 67 survivors) completed a pre-test and, two weeks after the curriculum, a post-test. The results indicate that the IPV survivors who participated in REAP realized greater and statistically significant improvements in both their knowledge (financial literacy) and confidence in managing their finances (economic self-efficacy) than the survivors who did not participate in REAP. Although REAP shows great promise for improving women’s financial knowledge and economic self-efficacy, the study’s sample was small and the follow-up period was short (Sanders, et al., 2007).

More recently, The Allstate Foundation, in partnership with the National Network to End Domestic Violence, developed the *Moving Ahead Through Financial Management* curriculum. The goal of this program is to provide advocates with the education and tools they need to facilitate financial literacy programs with battered women and, ultimately, to enhance survivors’ economic empowerment.

Exploring the Effects of the *Moving Ahead Through Financial Management* Curriculum

To determine whether the *Moving Ahead Through Financial Management* curriculum improved participants’ lives, The Allstate Foundation hired researchers from the Center on Violence Against Women and Children at Rutgers University to conduct a nationwide longitudinal study that explored how the program affected survivors’ lives across a number of outcome measures.

The research team visited 15 program sites in 10 states to interview survivors who participated in the curriculum. These interviews occurred three times over the course of one year. One hundred twenty-one survivors were interviewed in the first round, 101 survivors were interviewed during the second round, and a final subset of 93 survivors was interviewed during the third round for a total response rate of 77%.

The survey instrument was comprised of validated scales that measured financial literacy, economic empowerment, economic self-efficacy, economic self-sufficiency, economic abuse, and IPV (both physical and psychological). A financial literacy scale was designed based on topics covered in the curriculum. Fifty-one items were included in the financial literacy scale, which measured participants’ knowledge of financial
topics using 4-point scales, with answers ranging from 1 (not true) to 4 (very true). Because this financial literacy scale was new and untested, an exploratory factor analysis (EFA) was used to reduce the number of items into meaningful subscales. Based on the EFA, the original 51 items were reduced to 13, comprising four factors named Knowledge about Credit (4 items), Knowledge about Obtaining Resources (3 items), Knowledge about Investing and Long Term Planning (4 items), and Knowledge about Joint Assets with Partner (2 items).

Other measures included:
- The Scale of Economic Abuse (Adams, et al., 2008) and the Abusive Behavior Inventory (Shepard & Campbell, 1992) to measure physical and psychological abuse;
- The Family Empowerment Scale (Koren, DeChillo, & Friesen, 1992), revised to reflect economic empowerment;
- The Women's Employment Network Economic Self-Sufficiency Survey (Gowdy & Pearlmutter, 1993) to measure economic self-sufficiency;
- A subscale from the Domestic Violence Related Financial Issues Scale (Weaver, Sanders, Campbell, & Schnabel, 2009) to measure economic self-efficacy; and
- Basic demographics (e.g. gender, age, race and ethnicity, education, length of services received).

Results

Descriptive analyses from the first round of data collection indicated that participants had moderate levels of financial literacy, with the greatest understanding of 1) how to review one's personal credit history; 2) the community resources and public assistance benefits available to them; and 3) the community resources available to assist them with the financial challenges they may encounter when deciding to leave an abuser. Areas they understood the least included 1) Individual Development Accounts and the Earned Income Tax Credit; 2) estate planning; and 3) investment opportunities (e.g. savings bonds, mutual funds, stocks).

Bivariate correlations were run to test the relationship between financial literacy and the economic variables (economic empowerment, economic self-efficacy, and economic self-sufficiency) and the abuse variables (physical, psychological, and economic abuse). Results reveal positive and significant relationships between financial literacy and the economic empowerment, economic self-efficacy, and economic self-sufficiency variables, with correlations ranging from .22 to .55. There were no significant relationships between financial literacy and any of the abuse variables. Regression analysis was used to determine whether financial literacy predicts the level of participants' economic empowerment, controlling for demographics (age, race and ethnicity, education, length of service, and income), economic self-sufficiency, economic self-efficacy, and abuse. The results indicated that financial literacy ($\beta = .46$, $SE = .10$, $p < .01$), identifying as Latina ($\beta = .19$, $SE = .15$, $p < .05$), identifying as other race/ethnicity ($\beta = .26$, $SE = .21$, $p < .01$), and economic self-sufficiency ($\beta = .21$, $SE = .07$, $p < .05$) were significant predictors of economic empowerment ($R^2 = 54\%$) (Postmus, Plummer, McMahon, & Zurlo, unpublished).

In the final round of interviews, survivors ($n=93$) reported changing their financial behaviors by setting financial goals (88%), creating a budget (76%), paying off their debt (71%), opening a bank account (65%), looking up their credit history (64%), creating a financial safety plan (52%), or starting a retirement account (22%). Overall, there were significant improvements in all three areas of their economic empowerment (i.e. financial literacy, economic self-efficacy, and economic self-sufficiency). Survivors also found the curriculum useful, with 96% either agreeing or strongly agreeing that they found it useful. Fifty-six percent of survivors reported that they referred to the curriculum when they had questions. Finally, 74% of survivors reported
sharing information they learned from the curriculum with others (Postmus & Plummer, 2010).

Conclusions

This research highlights the potentially critical role of financial literacy education in helping IPV survivors gain knowledge, confidence, and skills in the area of personal finance. Offering financial literacy education to survivors may be an important aspect of supporting their empowerment process, especially since economic dependency on the abuser is a major barrier for women in abusive relationships. In addition to financial literacy, economic self-sufficiency was a significant although less powerful predictor of economic empowerment. This suggests that a combination of financial literacy and economic self-sufficiency may play an important role in facilitating empowerment. Further research is needed to understand both their independent and combined contributions.

Interestingly, ethnicity (Latina and other) was also associated with higher levels of economic empowerment. This finding suggests that there may indeed be important cultural variations related to the various constructs used to define economic empowerment. Further research is needed to unpack the meaning of this finding, and future studies should explore the role of racial, ethnic, and cultural differences.

The research design and results from this study have important limitations. This was an exploratory study; hence, any results can only be generalized to those who participated in the interviews. Survivors were not randomly selected for the intervention, nor did this study utilize a comparison group. The effects of the financial literacy curriculum were derived from only the first wave of the research, and as such, further longitudinal analysis is needed to establish more robust findings. Plans are underway to conduct such analyses with the three waves of data collected. Additionally, a follow-up experimental research project will be implemented in the summer of 2011. This project will be national in scope and will include 600 survivors who will be randomly assigned to a control or an experimental group.

The limited but growing research on financial abuse and its effects suggests that it is critical for advocacy programs to incorporate economic empowerment into their core services. Moreover, the results of early studies suggest that financial literacy and economic empowerment programs are indeed effective in improving survivors’ financial knowledge, increasing their confidence about managing their financial affairs, and enhancing financial behaviors that will improve their personal safety and financial security.

The work of economic empowerment is critical to ensure not only long-term safety for survivors but to assist them in gaining long-term economic stability. More research is needed to understand how financial literacy and economic empowerment programs can be best delivered in a way that meets the unique needs of and safety issues faced by survivors. Research is also needed to understand the unique challenges faced by racial, ethnic, and immigrant populations and to determine how to sufficiently include these groups when implementing financial literacy programs designed to enhance economic empowerment.

Notes

1. We specifically talk about violence against women since women disproportionately represent victims and men disproportionately represent perpetrators of physical, sexual, and other forms of violence. Hence, we will refer to victims as female and perpetrators as male. This in no way diminishes the experiences of male victims nor absolves females of violence they might inflict upon males or other females.
References


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The Center for Financial Security (CFS) focuses on research that promotes individual and family financial security and informs public policy on the local, state, and national levels. The CFS focuses on vulnerable populations as defined by income, education, race/ethnicity, household status, disability, and financial shocks. CFS research falls into three categories:

1. Measurement - how to measure financial security and literacy
2. Targeting - who should be the focus of interventions
3. Testing - which interventions work and for whom

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