

AARP BANKSAFE™ INITIATIVE

A red boxing glove is shown from a side-on perspective, with a target symbol on the knuckle. The glove is positioned on the left side of a large red horizontal bar. The background is a blue triangle pointing to the right, with several white arrows of varying lengths and styles (solid and dashed) pointing towards the right. The text 'JOIN THE FIGHT' is written in large, white, bold, sans-serif capital letters on the red bar.

JOIN THE FIGHT

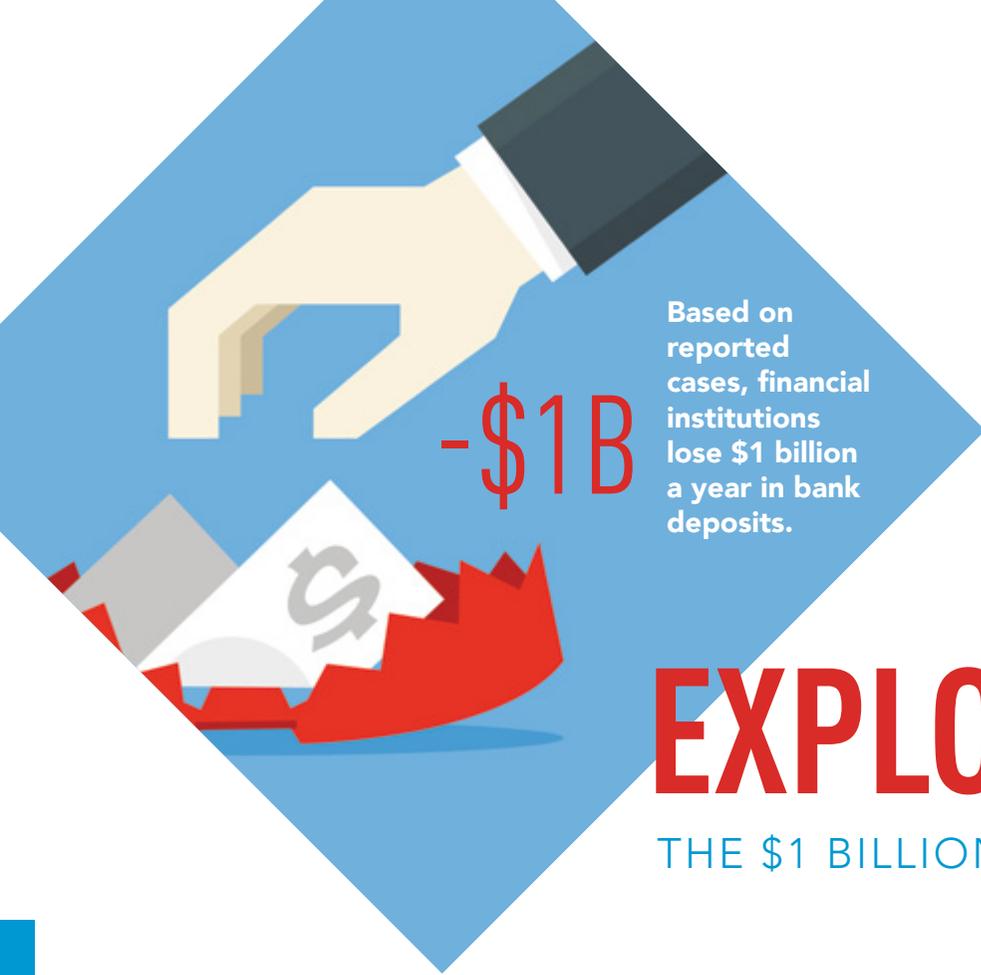
WHY FINANCIAL INSTITUTIONS
SHOULD FIGHT EXPLOITATION
AND PROTECT SAVINGS

BY JILENNE GUNTHER, MSW, JD

FIGHT EXPLOITATION

WHY

Financial exploitation is a growing problem that affects financial institutions' most valuable customers—older Americans and their families. Financial institutions can take small steps to prevent exploitation and protect customers' savings. Fighting exploitation is a smart business decision that saves money, increases brand distinction, strengthens customer trust, and improves employee morale.



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EXPLOITATION

THE \$1 BILLION PROBLEM

Americans ages 50 and older are among the most valuable customers in retail banking. Accounting for just over 32 percent of the US population, this important group commands more than 67 percent of US retail bank deposits.¹ But older Americans are also among the most vulnerable customers. This is the group most susceptible to financial exploitation.



The 50+ account for 32% of the US, and more than 67% of US bank deposits.

Based on reported cases, financial institutions lose \$1 billion a year in bank deposits.² Moreover, the vast majority of exploitation cases are never known by authorities, with an estimated 44 cases going unreported for each case reported.³ As the 50+ population continues to grow, so too will the amount of their bank deposits—and, along with that, the frequency and financial level of exploitation. With deposits increasing, today's reported \$1 billion in financial institution losses, not to mention the unreported losses, will grow substantially in the years ahead.

If financial exploitation continues unchecked, millions more Americans will lose their retirement savings, while financial institutions' reputations will be tarnished. Customers want and need their financial institutions to help prevent exploitation. According to a recent AARP survey of older Americans,

85 percent said they want bank employees to be highly trained in preventing financial exploitation.⁴

Contrary to what some banks may think, combating financial exploitation is doable, affordable, and even smart from a business perspective. Financial institutions can take small, low-cost steps to reduce exploitation and help protect the financial assets of their customers.



85% of the 50+ want bank employees trained in fraud prevention.

Despite knowing the importance of preventing financial exploitation, some financial institutions are concerned about perceived barriers to taking action and often note that regulators do not require them to adopt exploitation-prevention programs. **The primary perceived barrier: cost.** Banks often think successfully combating exploitation will mean a major investment and little- to no return. As it turns out, that assumption is both misleading and inaccurate, as the next section below discusses. But first let's look at the benefits.

Fighting exploitation **simply makes good business sense** for financial institutions. Here's how:

41%

41% of customers better trusted their bank based on how it handled an exploitation situation.

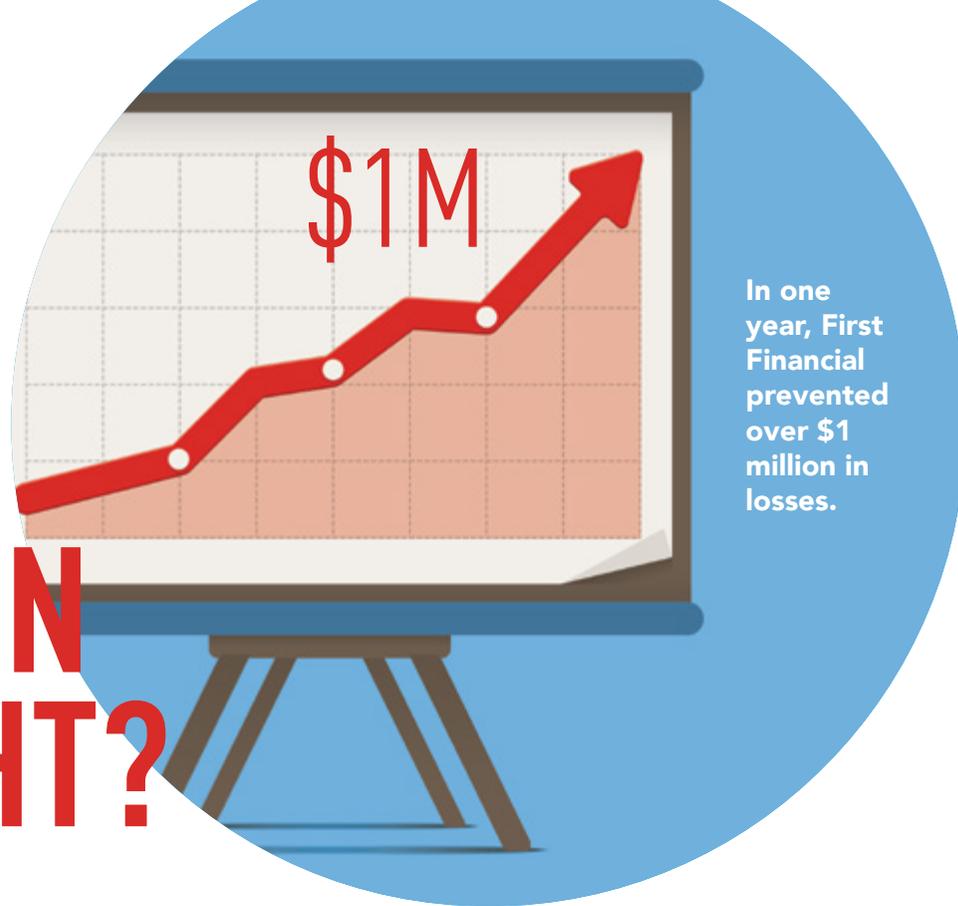
- **Prevents loss:** Most obvious but all-important, a proactive approach to fighting exploitation can protect customers' savings by preventing money from leaving the account. For example, a teller can stop the financial exploitation of a long-time customer before a check is cashed by noticing if the customer's signature is forged. Two small community banks have saved their customers millions of dollars.⁵ In only one year of implementing such measures, First Financial prevented over \$1 million in losses; other larger banks have saved individual customers hundreds of thousands of dollars.⁶

- **Creates stronger customer relationships and trust:** Four out of five older customers prefer establishing accounts at a financial institution that has at least one exploitation-prevention service.⁷ Forty-one percent of customers placed more trust in their financial

institution based on how it handled an exploitation situation.⁸ One on-the-ground example of relationship building: Suncoast Credit Union solidifies relationships with customers who have been victims of exploitation by regularly checking in with them, which also helps prevent recurrences of exploitation.

WHY JOIN THE FIGHT?

PERCEIVED BARRIERS EXCHANGED FOR BUSINESS BENEFITS



- **Increases brand distinction:** Barclays' brand distinction (i.e., the number of customers recommending the bank to someone else) significantly increased as a result of it developing age-friendly services and strategies to fight exploitation.⁹ Some financial institutions (e.g., Bank of American Fork, Barclays, and Lloyds Bank) gained new customer referrals and received publicity equivalent to millions of dollars in advertising.

- **Improves employee morale and performance:** Research shows that when employees have a sense of purpose in the workplace, better performance and personal satisfaction result.¹⁰ Fighting exploitation has already proven to be a source of that kind of purpose. Efforts to combat exploitation have already increased job satisfaction for bank employees at HSBC, Wells Fargo Advisors,

and Bank of American Fork. Wells Fargo Advisors receives letters from employees stating they are proud to work for a company that fights exploitation. Providing training empowers Barclays employees to effectively interact with vulnerable customers.¹¹

- **Provides Community Reinvestment Act (CRA) credits:** Banks' expenditures to fight financial exploitation might be eligible as "qualified investments" for purposes of the CRA Investment Test, according to representatives of the Federal Deposit Insurance Corporation and the Office of Thrift Supervision.¹² Several financial institutions have already received CRA credits for their outreach efforts.

Barriers Dismantled: Affordability and Return on Investment

Thus, the return on investment can be significant and meaningful. As for cost, many financial institutions find ways to bolster anti-exploitation efforts at minimal expense, such as adding exploitation-prevention courses into current employee training practices.

Other financial institutions have found that it is more cost-effective in the long run to identify potential issues and take action immediately rather than trying to recover funds after they have been stolen. The good thing is, banks can start out by taking any combination of such steps.

Small Steps to Prevention

Information is critical when it comes to fighting financial exploitation. Information must permeate the financial institution, from leadership to those on the frontlines working

with customers. Here are some steps financial institutions can take to prevent losses for themselves and their customers:

- **Identify and implement promising practices used by other financial institutions.** Banks and credit unions leading the way in exploitation prevention are willing to share promising practices with other institutions. Many financial industry associations like the Securities Industry and Financial Markets Association, Insured Retirement Institute, and the Financial Services Roundtable now hold a specific conference focused on sharing information with their members on best practices for fighting exploitation of customers. Resources, such as AARP's promising practices guide, are also available for financial institutions that want to bolster their efforts to fight exploitation.¹³

- **Educate bank employees on financial exploitation so they can recognize and act on signs of suspicious activity.** Educating frontline employees is one of the most effective ways to help prevent financial exploitation. One of the top services older Americans want from their banks is the simplest to implement – to do business with employees highly trained in detecting exploitation and taking appropriate steps to prevent it. These simple tactics can help institutions prevent the crime before the funds leave the account. As mentioned, implementing this strategy can be as simple as making minor changes in bank employee training. AARP in conjunction with the financial industry will be developing a comprehensive online course for banks on preventing exploitation.

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Four of five older customers prefer establishing accounts at a bank with at least one exploitation-prevention service.



SMALL STEPS TO PREVENTION

- **Build partnerships to fight exploitation.** Fighting exploitation takes a partnership between financial institutions and organizations that support older Americans, such as AARP, local adult protective services, and area agencies on aging. Every financial institution that successfully fights exploitation, like Barclays and Wells Fargo Advisors, finds it essential to partner with such organizations. For example, the Oregon Bankers Association partnered with AARP and the Oregon Department of Human Services to develop training

materials to fight exploitation. Reports of exploitation to Adult Protective Services from Oregon banks increased 188 percent in the six years following the release of a multi-disciplinary training toolkit to help bank employees spot financial abuse.¹⁴ These partnerships are a critical component in fighting exploitation because they combine resources, skills, knowledge, distribution networks, and established brand identities.

- **Tap your current resources.** Many compliance and risk-management officers are already engaged in preventing exploitation and ensuring that their financial institution follows laws and regulations on reporting regulatory requirements, banks can take an additional step to fight exploitation through training, awareness, or outreach, as discussed above.¹⁵

HOW PARTNERING WITH AARP CAN HELP

Fighting financial abuse takes only a few extra steps, but financial institutions that take these steps for their customers will also receive the benefits. Investing in employee training, outreach, and awareness will help banks reduce losses due to exploitation and will help them attract and keep high-value older customers.

As a leader in working with the 50+ population, with 37 million members in the United States, AARP is dedicated to helping consumers by educating financial institutions about effective ways to fight exploitation.

AARP has already started distributing promising examples of how financial institutions are fighting exploitation and will develop comprehensive training on preventing exploitation as part of its commitment with the financial institutions in this effort.

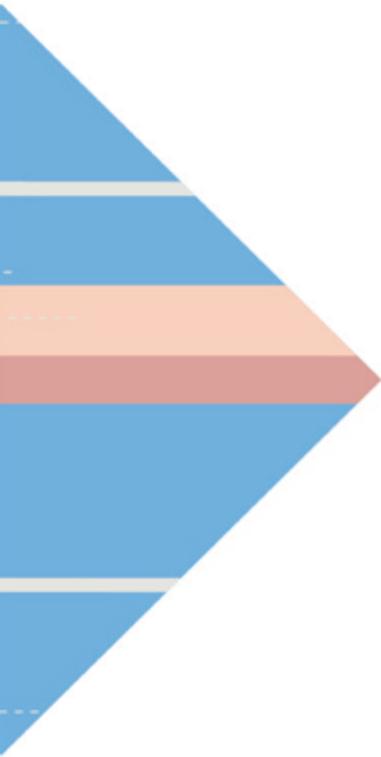
If your institution would like to get more involved in fighting exploitation or has a promising practice to share, contact Jilene Gunther at jgunther@aarp.org.



One of the top services older Americans want from their banks is highly trained employees in detecting exploitation and taking appropriate steps to prevent it.

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ABOUT THE AUTHOR:

Jilene Gunther is the director of the AARP's BankSafe Initiative. Gunther's research has been replicated in over 40 states and cited in US Senate hearings, Government Accountability Office reports, Forbes and Consumer Reports. She has written two books for the 50+ population on preventing financial exploitation. Before joining AARP, she led the State of Utah's and Bank of American Fork's exploitation-fighting efforts, which were recognized with two awards from two banking associations. Additionally, she has received more than 12 honors, including the Utah Woman of the Year Achievement Award.

Contact Jilene Gunther at jgunther@aarp.org