

Facing Fraud or Saving Face? A Survey of Asian Americans and Pacific Islanders 50 Years and Older on Fraud and Scams

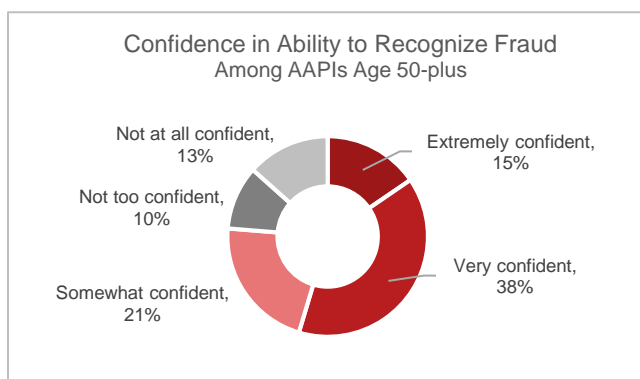
AAPIs 50-plus Exposed to Fraud Face Both Financial and Non-Financial Costs

Consumer fraud is a multi-billion-dollar problem in the United States.¹ Older Americans are particularly vulnerable as targets of certain kinds of fraud; and frauds and scams affect diverse populations in distinct ways. Yet, there is relatively little data about the fraud experiences of the Asian American and Pacific Islander (AAPI) population. AARP commissioned a survey to assess the extent that AAPIs age 50 and older are aware of and affected by different types of fraud; and to better understand if some AAPIs are especially likely to be hit by frauds and scams.

The survey finds high rates of exposure to fraud offers and experience with financial fraud. Exposure to fraud carries not only financial costs, but also costs to the physical and mental health of AAPIs. Several factors are associated with greater experience with fraud among AAPIs, including: limited English proficiency; access to fraudsters by phone, e-mail, and Internet; and how AAPIs conduct their financial transactions. Experience with fraud is also correlated with greater awareness of fraud and higher socioeconomic status.

We note, importantly, that surveys rely on self-reports, which may underestimate the incidence of experience with fraud if certain individuals or groups are less likely to acknowledge that they have been defrauded or scammed. Another limitation of our survey data is the inability to determine whether some individuals are more likely to self-report fraud exposure because they in-fact tend to be targeted more often or because they are otherwise more informed, knowledgeable or equipped to recognize fraud when it occurs.

Knowledge about Fraudulent Practices Is Mixed

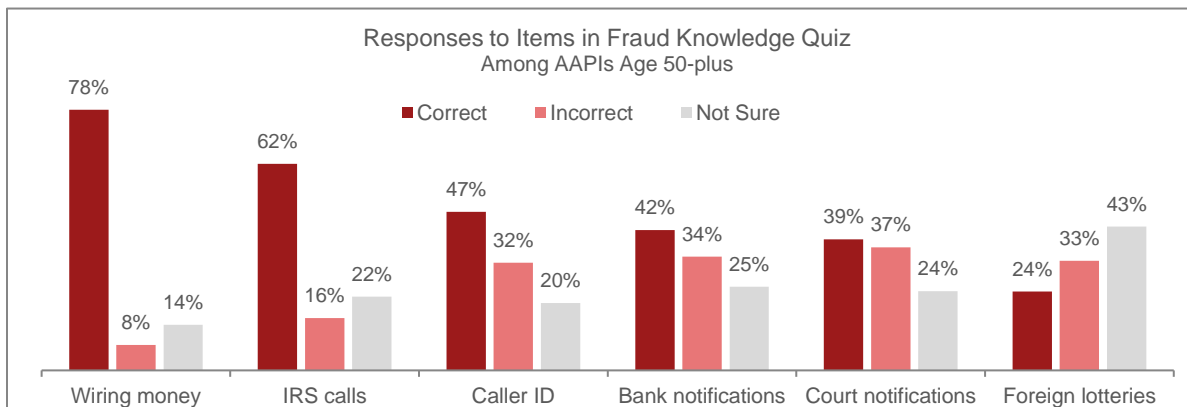


Nearly three-fourths (73%) of AAPIs age 50 and older feel extremely, very or somewhat confident in their ability to identify a fraudulent pitch or offer. However, in a series of six true/false questions designed to assess their knowledge of fraudulent practices, the majority (71%) did not pass the test by answering four or more correctly.

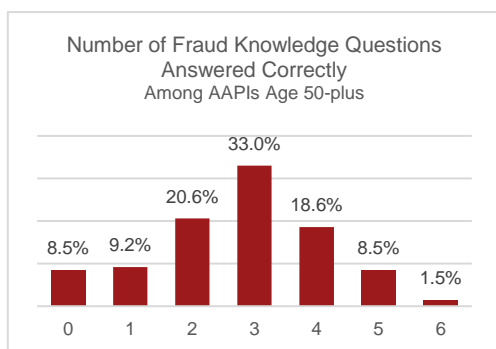
The survey asked participants to identify the following six statements as true or false:

¹ For background statistics on fraud incidence and some of the methodological difficulties in estimating that incidence, see the Federal Trade Commission's *Consumer Sentinel Network Data Book* (available online at: https://www.ftc.gov/system/files/documents/reports/consumer-sentinel-network-data-book-january-december-2016/csn_cy-2016_data_book.pdf) and the Stanford Center on Longevity's report, "Financial Fraud: the Basics" (available online at <http://longevity.stanford.edu/wp-content/uploads/2017/03/Fraud-the-Basics-1.pdf>).

- Caller ID is a reliable way to know where a telemarketing call is coming from.
- Banks never send their customers emails that ask them to click on a link wanting them to verify their information.²
- It is illegal to play a foreign lottery when you are in the U.S.
- The IRS is allowed to call you about back taxes you may owe without sending you written notice first.
- Courts will never notify you by telephone of a court date, jury duty summons, bench warrant or fine.
- Wiring money to someone you do not know is a safe form of payment.



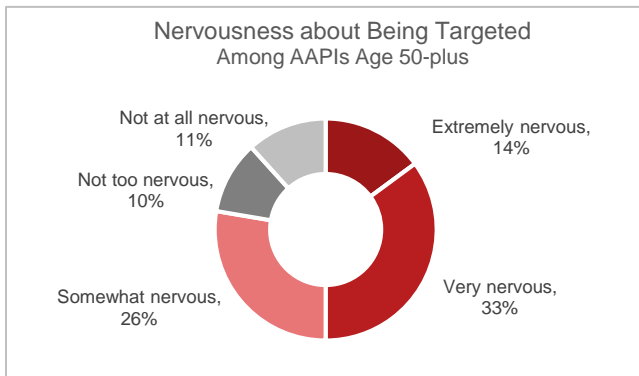
Knowledge of fraudulent practices varied widely across these items. About eight in ten (78%) recognize that wiring funds to strangers is a potentially unsafe form of payment, and 62 percent know that the IRS sends written notice regarding owed back taxes. At the other end of the spectrum, majorities are either unsure about or believe wrongly that caller ID is reliable (52% incorrect or unsure); banks will legitimately ask for verification of personal information via email (59% incorrect or unsure); courts will notify of civil obligations via phone (61% incorrect or unsure); and whether playing a foreign lottery while in the U.S. is legal (76% incorrect or unsure).



Importantly, almost none of the respondents correctly answered all six items (only 1.5%), and only 10 percent answered at least five out of the six items correctly. On net, 71 percent of respondents gave correct answers to no more than half of the items, essentially failing the fraud quiz. Respondents who scored lower on these knowledge items were likely to be older, less proficient in spoken English, less well educated, and from lower income households.

The survey does not show, however, that AAPIs who know more about fraud are less likely to be targets of it. Rather, we find that knowledge about fraud is positively correlated with greater exposure. Since exposure is self-reported, this suggests that AAPIs who can correctly identify fraudulent practices are also more likely to be aware of and to recognize potentially fraudulent situations.

² Only respondents who had email addresses (based on previous questions) were asked this item. The figure in this report shows percentages for those asked this item.



The survey also included another attitudinal measure related to fraud: degree of nervousness about being targeted by fraudsters. While just over half (53%) of 50-plus AAPIs are extremely or very confident that they can recognize a fraudulent pitch, 47 percent are extremely or very nervous that they or someone in their family would be targeted by a scam. Confidence in recognizing fraud correlates positively with better scores on our fraud knowledge quiz and with greater likelihood to recognize or self-report personal or family exposure to fraud offers and types of financial

fraud. Nervousness, on the other hand, is associated with lower rates of recognized or self-reported exposure to fraud offers and is unrelated to actual experiences of financial fraud. This suggests nervousness about fraud comes more from fear of inevitably falling victim rather than any experience with fraud.

One in four AAPIs 50-plus feels simultaneously extremely/very confident and extremely/very nervous which may reflect the pressure on consumers to stay constantly informed about the newest scams and techniques used by fraudsters.

Exposure to Fraud and Scams Is Widespread

| The survey measured exposure to frauds and scams using two question sets. | |
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| <p>Set 1: Specific offers, pitches or appeals by scammers or imposters that may mirror a legitimate sales tactic but are often attempts to defraud consumers. Respondents were asked if they or their families had ever encountered any of the following:</p> <ul style="list-style-type: none"> • A call from someone purporting to be the IRS regarding owed money or taxes. • A phone or computer message about a computer virus that requires immediate attention. • An offer of help with immigration for upfront fees from an unauthorized entity. • A call or email claiming to be a grandchild or other family member in need of emergency funds. • Meeting with someone on a dating website or other way who pretends to have romantic interest in order to defraud. • Contact requesting charitable donations during a crisis such as a disaster in one's country of origin or to help community members here in the US. • Notice of having won a lottery or sweepstakes, possibly in another country. • Contact about having missed jury duty and needing to pay a fine to avoid arrest. • A text or email requesting personal information to verify a financial account like a bank or credit card, usually with a link to click in the text or email. <p>Chinese American respondents were also asked two additional:</p> <ul style="list-style-type: none"> • Promise to remove a curse from you or your family by performing a blessing ritual on your valuables like money or jewelry; • Offers to sell valuable objects to you, such as gold coins or antiques, at a very cheap price. | <p>Set 2: Specific types of fraud which are often only known about or discovered after it occurs. Respondents were asked if they or their families had ever experienced any of the following (regardless of whether or not they lost money).</p> <ul style="list-style-type: none"> • Identity theft • Credit card fraud or unauthorized charges • Home improvement fraud • Travel fraud • Financial exploitation by a family member, friend, or acquaintance. • Any other type of financial fraud |

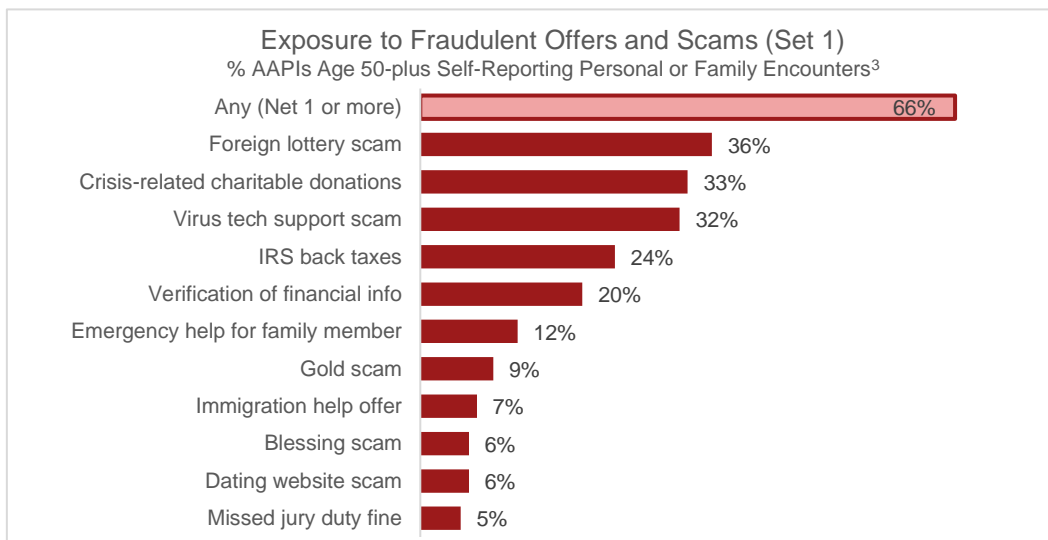
Overall, frauds and scams are prevalent in the AAPI community. Seventy-two (72%) percent of AAPIs age 50-plus report in our survey that they have had at least one instance of exposure to fraud, either themselves personally or someone in their family. For the purposes of our analysis, we consider a fraud "victim" to be anyone who responded to or engaged with a fraud offer (from the first set of items) or anyone who experienced known financial fraud (the second set of items), whether or not money was lost. Defined this way, we find that 39 percent of AAPI 50-plus or their families have been victims of frauds or scams.

72% of AAPIs 50-plus and their families have been TARGETS of at least one type of fraud.

39% of AAPIs 50-plus and their families have been VICTIMS of at least one type of fraud.

AAPIs Are Exposed to Many Different Kinds of Fraud

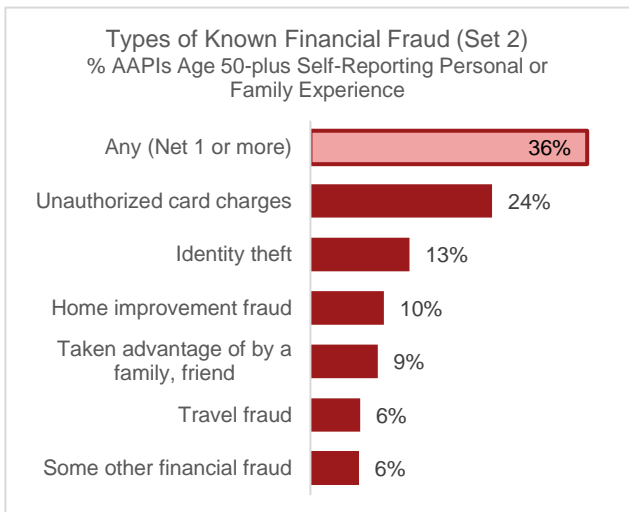
The survey found that, some fraudulent offers are quite widespread, like notice of having won foreign lotteries (36%), requests for crisis-related charitable donations (33%), and tech support communications for virus removal (32%). Other encounters, like offers of special help with the immigration process (7%), dating website scams (6%), and demands for fines for missing jury duty (5%) are less common. For the additional two types of fraud encounters asked only of Chinese Americans, 6 percent indicated that they had been offered a blessing ritual to remove a curse; and 9 percent stated that they (or someone in their family) had been approached about discounted sales of valuables like gold coins.



Overall, across the list of fraudulent offers and scams, two-thirds (66%) of AAPIs age 50 and older self-report having encountered at least one type of fraudulent pitch or offer, either themselves personally or someone in their family.³ Most (76%) were extremely or very certain that the offer was fraudulent. Across the nine types of fraud asked of everyone, the average number of fraud encounters was 1.76.⁴

³ Percentages shown for gold and blessing scams are based on Chinese Americans only and not the full AAPI sample. The overall exposure to any type of fraud (1 or more) remains 66% when these two types of scams are excluded from the net calculation.

⁴ This figure is only of the 9 fraud situations that were asked of all respondents and does not include the two additional items asked only of Chinese American respondents in the sample.



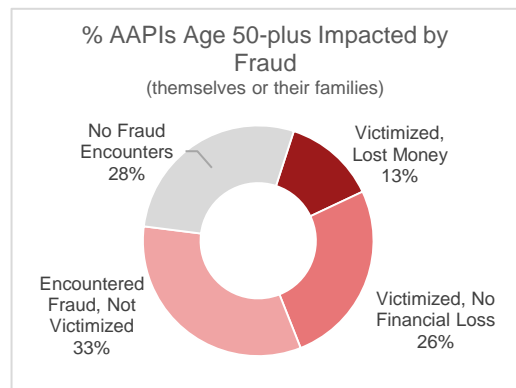
On the second set of financial fraud items that are typically known about only after it occurs, more than 1 in 3 (36%) AAPI adults age 50-plus experienced at least one, either personally or someone in their family. The range of exposure on this set of items is from a high of 24 percent who experienced credit card fraud to 6 percent who experienced travel fraud. Experience with these financial frauds tends to be more common among AAPIs who speak English proficiently, have higher incomes, and have higher education. Additional analysis of factors associated with higher exposure and experience with fraud are presented later in this report.

When these two sets of items were combined together into a cumulative measure of total exposure to fraud, the survey found that 72 percent of 50-plus AAPIs experienced at least one instance of exposure to fraud as previously mentioned. On average, AAPIs age 50 or older and their families have been the targets of nearly 2.5 distinct types of fraud asked about in this survey.

Fraud Results in Both Financial and Non-Financial Costs

Fraud and scams can result in both financial losses and non-financial costs to the victims. Interestingly, the survey reveals that while the financial cost to fraud victims is real, the emotional impact reaches far wider than the dollar costs alone.

Respondents who reported experiencing at least one of the fraud items presented in the survey were asked if they lost any money as a result. The figure to the right shows that roughly 1 in 8 (13%) AAPIs age 50-plus suffered financial losses due to fraud, or one-third of all victims.

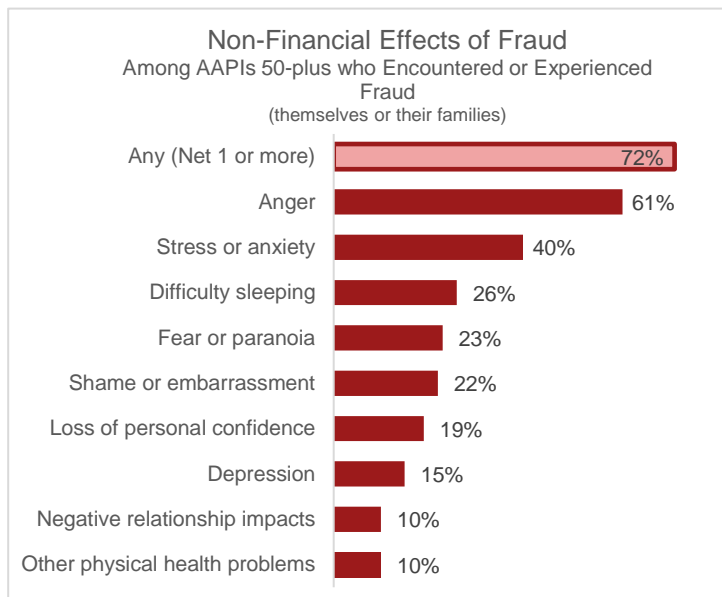


Another 1 in 4 (26%) responded to or experienced a fraudulent situation, but did not suffer any financial setbacks from it. An additional 33 percent encountered a fraudulent pitch but did not respond or fall victim to it and 28 percent of respondents did not self-report exposure to any fraud.

For those who lost money, the average reported loss was \$15,246. Average reported losses were considerably higher among 50-plus AAPIs with limited spoken English (\$22,369) and those with a four-year degree (\$23,198), but the number of respondents in these categories is relatively small, so these comparisons should be taken with caution.

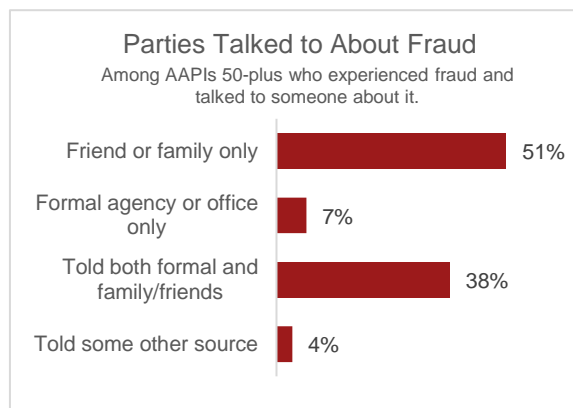
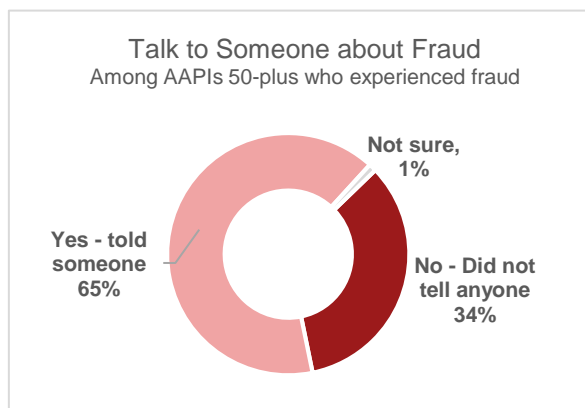
However, the negative physical, emotional and mental health impacts of fraud are much more common than financial costs. The survey asked respondents if they experienced any of the following: stress or anxiety; depression; difficulty sleeping; anger; fear or paranoia; shame or embarrassment; negative relationship consequences, such as family conflict or divorce; and loss of personal confidence.

Seventy-two percent (72%) of AAPIs who have been victims of fraud experienced at least one such non-financial symptom as a result of fraud, and 53 percent reported two or more. Most common among these were anger (61%) and stress or anxiety (40%). About one in four report difficulty sleeping (26%) and fear or paranoia (23%). Deeper emotional fallout affects substantial shares too, including shame or embarrassment (22%), loss of personal confidence (19%), depression (15%) and negative impact on relationships (10%).

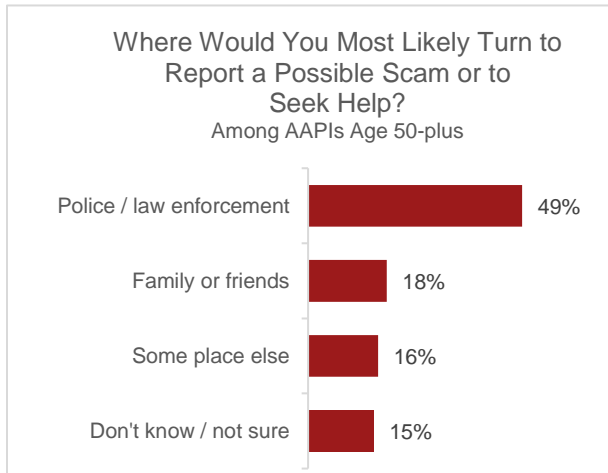


Formal Reporting of Fraud Is Varied, with Reluctance to Go to Authorities

A final set of items in the survey examined whether 50-plus AAPIs reported being victimized by fraud or suspicion of a fraudulent pitch and, if so, whether they went to a formal agency or office or kept their disclosure among family and friends.



Fully a third (34%) of those who were exposed to fraud did not talk to anyone about their experience. Of the 65 percent who did talk to someone, a majority (51%) only reported the incident to a family member or friend, while another 38 percent told both a family member or friend and a formal agency or office. Far fewer (7%) reported to a formal agency or office without telling their family or friends.



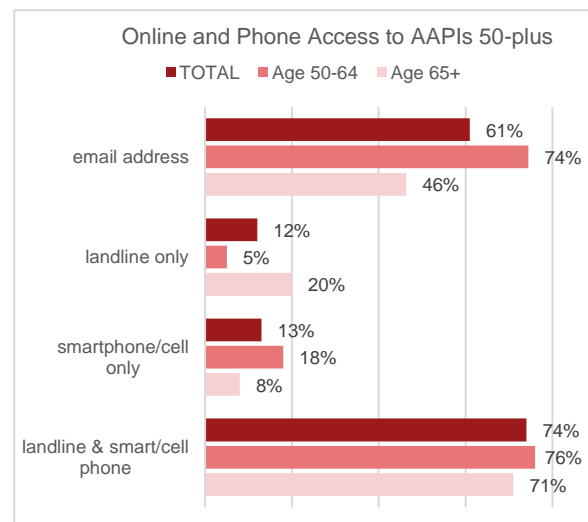
All respondents were asked who they might talk to if they were ever concerned about a fraudulent or potentially fraudulent incident. Nearly half (49%) would go to the police or other law enforcement agent, with 18 percent indicating they would report to a family member or friend. Fully 15 percent of respondents did not know or were not sure where to go with such a concern about fraud. Those who would rightly disclose potential frauds and scams to the authorities, as we will see in the multivariate analysis of risk factors below, are significantly less likely to be exposed to fraud as well as less likely to suffer financial losses from fraud.

One of the most consistent associations with formally reporting fraud were spoken English ability. AAPIs age 50-plus with limited spoken English were less likely to turn to the police, and both more likely to turn to a family member or friend and more likely to not know or be unsure where to turn with concerns about fraud.

How AAPIs Are Reachable and Bank

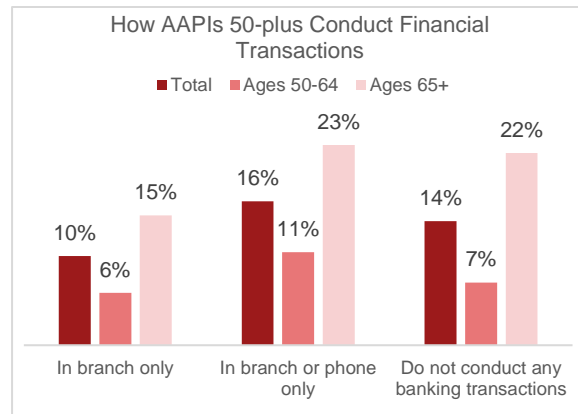
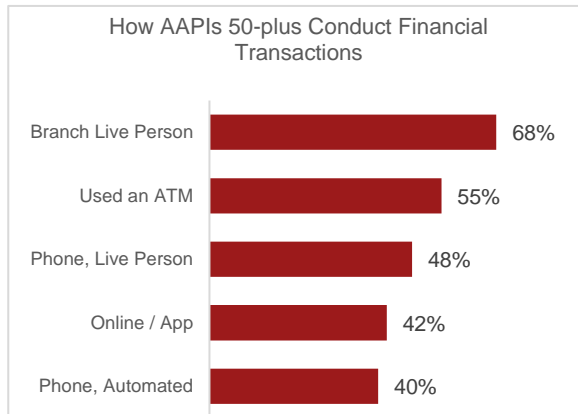
Beyond awareness and knowledge, additional factors in vulnerability to fraud are the way that someone can be reached and how they bank. Here the survey asked respondents about what kinds of technology devices and access they have and how they conduct their financial transactions.

- AAPIs with greater online/digital access are more likely to be targets of the types of fraud asked about in this survey. Those with smartphones and e-mail accounts are 1.5 times more likely to have encountered a fraud offer or experienced financial fraud than AAPIs who are "landline only."
- Most individuals maintain a landline connection (86%) and most have either a smartphone or cell phone (87%).
- Nearly three-quarters (74%) have both a landline and a mobile device. Nearly two-thirds (61%) of 50-plus AAPIs have at least one email address.
- 77 percent can be reached online by either email or their smartphones. Among 50-plus AAPIs with limited spoken English, only 57 percent are reachable online.
- Older AAPIs age 65-plus are significantly less likely to be reachable via e-mail (only 46% with an address) and more likely to have only landline phone access (20% have landlines only).



Exposure to fraud is significantly related to how AAPIs bank. Overall, 66 percent self-report at least one fraud pitch or scam, but this figure rises to 83 percent among those who conduct some banking online.

Banking at a branch or office with a live person remains the most common means of conducting financial transactions among 50-plus AAPIs. Automated means of banking overall were less common, although a majority of those who bank with a live person (by phone or at a branch) also use services like ATM machines, automated phone service, bank online, or use a banking app. Older (65-plus) AAPIs were much less likely to use any of these means of banking. In fact, 22 percent of AAPIs aged 65 and older were “unbanked”, meaning they did not use *any* of the five means of conducting financial transactions. By contrast, only 7 percent of those aged 50 to 64 were unbanked.



Factors Associated with Fraud Exposure

Several factors have already been identified as associated with higher levels of self-reported exposure to fraud, such as knowledge about potential fraud, confidence in recognizing fraud, how AAPIs conduct financial transactions, as well as background factors like age, education, income, and English proficiency. To determine which factors are most salient, we conducted multivariate regression analysis on three outcomes of interest: (1) the likelihood of being victimized by fraud, (2) the likelihood of experiencing financial losses from fraud, (3) the likelihood of experiencing physical and emotional costs of fraud.

Across these three measures, the data is consistent and show that 50-plus AAPIs with higher incomes and education are at greater risk for experiencing fraud and its negative financial and non-financial consequences. 50-plus AAPIs with limited spoken English are also significantly likelier to experience fraud, financial loss, and physical and emotional costs of fraud.

There are also several factors that safeguard AAPIs from being targeted and victimized by fraud. Not surprisingly, those who do not use any banking services are less likely to be defrauded and suffer financial and non-financial losses as measured in our survey. Importantly, readiness to report suspicions of fraud to the police is associated with lower risk of being targeted and victimized by fraud. Confidence that one can recognize fraud also mitigates the likelihood of financial loss and physical and emotional costs of fraud. Both these associations suggest that fraud awareness can be protective. Higher scores on our fraud knowledge quiz, however, is not statistically significant related to these fraud outcomes once the other factors mentioned above are controlled for.

Conclusion

Anyone can be a target of fraud and AAPIs 50-plus and their families are no exception. Digital communications and digital banking technologies pose even more opportunities for scammers, requiring consumers to be ever vigilant. Once victimized, the financial costs to AAPIs age 50 and older can be significant and the emotional damage is even more common. A significant number of AAPI fraud victims do not tell anyone about the fraud and when they do, most only tell friends and family and very few contact police or formally report the incident. By not telling anyone, victims are left to suffer alone and likely without gaining any wisdom about what steps to take next to protect themselves in the future.

Yet, the survey shows that personal confidence about one's ability to spot fraud contributes positively toward AAPIs being able to identify and avoid targeted scams. Consumer information and education designed to increase awareness and to build one's personal confidence can serve as protective armor in the fight against fraud.

The risks of fraud and its associated costs are even greater for AAPIs 50-plus with limited English proficiency, pointing to the importance of in-language consumer information and access to culturally appropriate fraud resources in the community.

Methodology

Survey data presented in this brief were collected in a telephone survey of Asian Americans and Pacific Islanders aged 50 and older. AARP commissioned Asian American Decisions to conduct the survey among a national sample of 900 respondents and an oversample of 220 Chinese Americans for a total sample of 1,120 individuals and a sub-total of 401 Chinese Americans. Interviewing was conducted in English, Mandarin, Cantonese, Korean, Tagalog and Vietnamese during October and November 2017. The full data, including Chinese over-sample, are weighted to match the over-50 adult population of Asian Americans in the 2016 Census ACS 1-year data file for age, education, nativity, ancestry, and language.

For more details on the methodology and results go to: www.aarp.org/AAPIfraudsurvey

Acknowledgements

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