

## Financial Abuse Targeting Elderly Citizens

### By Travelers

According to the Federal Bureau of Investigation (FBI), millions of elderly citizens are targeted annually with some form of [financial fraud](#), and many of these attempts are successful. It has been estimated that seniors lose approximately \$3 billion per year as a result of these scams, which are becoming more widespread and sophisticated.

Surprisingly, much of the criminal activity is initiated by a friend or family member. A recent [study](#) by the University of Southern California revealed that 55% of respondents reporting any type of elder abuse categorized those acts as financial, and that family members were the most alleged perpetrators of elder financial abuse.

With these facts in mind, banks should maintain heightened sensitivity around transactions that involve elderly clients, particularly if these clients have historically managed their own finances and may be exhibiting signs of cognitive decline. Increased vigilance, in general, can assist in uncovering fraud.

Knowing the customer, coupled with a comprehensive employee training program, can act as a strong front-line tactic to help banks prevent and expose elder financial abuse.

Here are some best practices for recognizing “at-risk” clients:

- Be on the lookout for non-family members being added to banking or investment accounts.
- Monitor large money transfers and changes in spending patterns, as these could be signs that some form of abuse is occurring. A senior’s spending habits are often predictable in frequency, volume and payees.
- Be alert for large amounts of funds exiting accounts to payees who had not been previously paid in any manner.
- Keep detailed notes in the form of dated, journal-type entries, recording any spending or personal behavior that seems unusual. These notes would be in addition to those kept on risk tolerance, goals, objectives, etc.
- Follow up with clients via phone or email to discuss any sudden financial decisions that seem out of character.
- In addition to making personal contact, encourage the client to engage an independent attorney to assist in their financial matters.
- Understand the laws that apply to the financial abuse of an elder client. Follow prescribed protocols if any illegal activity is suspected.
- Implement internal procedures to elevate circumstances which may present the need for further inquiry and analysis to the appropriate decision-makers.

“It’s important not just to have a system in place to detect elder financial abuse, but to also act on situations where potential fraud or malicious intent has been identified,” said Kristin Roger, Vice President and Head of Financial Institutions at Travelers. “We know banks want to serve as trusted advisors to their customers, and by taking simple steps, they can better protect their customers from potential financial harm.”

Elder financial fraud is on the rise and counts as one of the more heinous abuses of trust that senior citizens might endure. Along with the financial damage inflicted on customers, incidents of elder financial fraud can cause serious reputational harm. Therefore, implementing a sound method of prevention, detection, identification and reporting of this criminal behavior is paramount.

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