

ELDER JUSTICE COORDINATING COUNCIL
AARP's *BankSafe* Initiative

Executive Summary

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Too often, people who do everything right still lose their life's savings to financial exploitation.

Older individuals frequently are targeted and lose their entire nest egg – to the tune of \$3 billion annually – and the losses are only expected to get worse. The older population is growing, and their share of deposits will continue to rise. Declines in health or cognitive ability, along with social isolation, all increase an individual's risk for exploitation. As a result, the frequency and costs of financial exploitation will increase – wiping out the retirement savings of millions of Americans and tarnishing trust in their banks.

Financial institutions are positioned to be the first to recognize a potential problem and to intervene before an older adult is harmed. That is why AARP launched *BankSafe*, to empower financial institutions with solutions to prevent exploitation before the money leaves consumers' accounts. This goes beyond just exploitation. *BankSafe* principles are the key to better customer service by meeting customers' financial needs and safeguarding their assets.

AARP's *BankSafe* initiative has five fundamental elements: (1) preventing financial exploitation; (2) empowering financial caregivers; (3) helping those with dementia; (4) making the banking environment easier to access; and (5) promoting financial resilience. *BankSafe* targets all financial institutions, including banks, credit unions, and investment firms.

This is big business. Older consumers control 67 percent of U.S. bank deposits and when they lose money, so does their financial institution. It has been estimated that U.S. banks are losing more than \$1 billion from exploitation of their customers over age 50. However, the actual impact is likely much larger, as unreported cases outnumber reported cases by a ratio of 44 to 1.

By protecting and empowering consumers, AARP believes banks can minimize risk and exposure to loss while increasing brand distinction, strengthening customer trust, and improving employee morale. For some financial institutions, applying *BankSafe* principles already is showing results. For example, Texas' First Financial Bank implemented quality training programs and procedures that, in one year alone, prevented over \$1 million in losses.

We believe that a partnership that includes AARP, the financial industry, frontline workers, policy experts and community activists is the most effective way to fight exploitation. Through *BankSafe*, AARP is working to leverage the strengths of all stakeholders by bringing together resources, skills, knowledge, distribution networks, and established brand identities.

AARP is acting as a broker between consumers and the financial industry, a role for which we are uniquely qualified. Our nationwide influence reaches nearly 38 million members, and we have been building a reputation of trust with older Americans since our founding in 1958.

To solve the growing problem of exploitation, we needed to understand how our members experienced being the target of fraud and abuse and whether they viewed their financial institution as offering protection. The AARP Public Policy Institute commissioned a survey of consumers, and the results were not surprising: financial exploitation is a major concern for older consumers.

We also found that:

- Older consumers want to feel protected. Four out of five consumers age 50-plus prefer establishing accounts at a bank that has at least one service to fight exploitation.
- Training is crucial. Over 85 percent said they were highly interested in bank employees being trained in preventing exploitation.
- Preventing exploitation can build lasting trust. Over 40 percent of customers placed more trust in their financial institution based on how it handled an incident of exploitation.

Our research demonstrates that consumers strongly support strategies that protect them from financial exploitation.

Taking to heart what we learned from consumers, along with “an ounce of prevention equals a pound of cure,” AARP launched *BankSafe* to spread knowledge and insights based on global promising practices that educate the financial services industry on how to fight exploitation. Innovation does not have borders and these practices represent a blueprint of proven solutions that enhance training, security, and safeguard assets – for the benefit of banks, as well as their customers.

BankSafe is fighting exploitation on several fronts:

- We are creating a national online training program to help employees in financial institutions detect and prevent exploitation.
- We are spotlighting promising practices that financial institutions can use to protect their customers from exploitation.

- We are partnering with financial institutions to create innovative solutions to fight exploitation.

Stopping financial exploitation is not rocket science. We do not need to reinvent the wheel as we already have many tools in the toolbox – we just need to use them.

Older consumers are the financial industry's most valuable and vulnerable customers. They need to have confidence that their hard-earned assets will be safe and secure, not stolen, swindled, and lost to exploitation or fraud. These consumers are our parents, grandparents, aunts and uncles, and friends and neighbors. They are the most important people in our lives. Working together we can protect them.