

[Banking and Finance Law Daily Wrap Up, CONSUMER FINANCIAL PROTECTION BUREAU—CFPB issues advisory, report on elder financial abuse, \(Mar. 23, 2016\)](#)

Banking and Finance Law Daily Wrap Up

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The Consumer Financial Protection Bureau has issued an advisory and a report with recommendations for banks and credit unions on preventing and responding to elder financial abuse. According to the bureau, the [advisory](#) marks the first occasion a federal regulator has provided an extensive set of voluntary best practices to help banks and credit unions address the financial exploitation of older Americans.

“This action gives financial institutions best practices and tools to protect older consumers from financial abuse,” [said](#) CFPB Director Richard Cordray. “Banks and credit unions are uniquely positioned to look out for older Americans and take action to protect them.” On a press call, Cordray [noted](#) that the issue is also of personal interest—Cordray’s father is 98.

Pervasive problem. Older consumers are attractive targets for financial abuse. They may have significant assets or equity in their homes; they usually have a regular source of income such as Social Security or a pension; and they may be especially vulnerable due to isolation, cognitive decline, physical disability, or other health problems. Financial exploitation, said the bureau, is the most common form of elder abuse. Cordray called it the “crime of the 21st Century.”

Role of financial institutions. Banks and credit unions are uniquely positioned to help protect older Americans from financial exploitation, said the CFPB. Because the majority of older adults have checking or savings accounts and many prefer tellers as their primary form of banking, banks and credit unions have multiple opportunities for face-to-face transactions. A number of state laws also require that financial institutions report suspected elder financial exploitation.

As a result, the bureau’s advisory provides broad, but actionable, recommendations for banks and credit unions to help them identify and respond quickly to elder financial exploitation. Cordray clarified that the recommendations are not binding regulations, but rather “suggestions” that the bureau urges financial institutions to consider in serving their older customers.

The advisory recommended the following actions:

- **Train staff to recognize abuse.** Financial institutions should train employees to prevent, detect, and respond to abuse. Training should cover the warning signs of financial exploitation and appropriate responses to suspicious events.
- **Use fraud detection technologies.** Financial institutions should ensure that their fraud detection systems spot suspicious account activity and products associated with elder fraud risk. This includes using predictive analytics to review account holders’ patterns and explore additional risk factors that may be associated with elder financial exploitation.
- **Offer age-friendly services.** Banks and credit unions should enhance protections for seniors, such as encouraging consumers to plan for incapacity, and should consider age-friendly account features, such as opt-in limits on cash withdrawals. They can also enable older consumers to provide advance consent to share account information with a trusted relative or friend when the consumer appears to be at risk.
- **Report suspicious activity to authorities.** Financial institutions should promptly report suspected exploitation to relevant federal, state, and local authorities, regardless of whether reporting is mandatory or voluntary under state or federal law.

- **Collaborate with other stakeholders.** Financial institutions should work with the array of organizations on the local, regional, and state level that play a critical role in preventing, detecting, and responding to elder financial exploitation.

Warning signs. The bureau acknowledged that elder financial exploitation can be hard to identify. To assist financial institutions, the bureau also issued a [report](#) that provides an in-depth look at financial exploitation, case scenarios, and detailed recommendations to help financial institutions identify abuse. The report contains a list of 20 warning signs that may indicate elder financial exploitation.

Consumers who suspect they or someone they know has been a victim of elder financial exploitation can visit eldercare.gov to find a local agency or other service provider for help.

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