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Banks should take lead in stopping scams

Californian institutions are mandated to report suspected cases of financial elder abuse

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Few things are more disturbing than stories of elder abuse.

While physical abuse and neglect of seniors gets plenty of attention, financial abuse of the elderly is much more common.

A new report from Vancity Credit Union, The Invisible Crime: Seniors Financial Abuse, tells a story we have heard before. The cost of financial abuse is staggering and probably underestimated, the exploitation is often traced to family members, caregivers, trusted friends, and neighbours, and the abuse often occurs with the implied knowledge or consent of the elder person.

Given our growing population - one in four of us in B.C. will be a senior by 2030 - most observers think the problem is likely to become much worse.

How can we prevent the financial abuse of seniors? Vancity concludes that we need more research and a more co-ordinated response to the problem and, most importantly, better financial literacy is needed on the part of seniors so they know when they are at risk of financial abuse.

Well, perhaps. Better, I think, to recruit financial institutions to take a lead role to help stop scams on seniors. Financial institutions are among the first to notice unusual activity in a senior's account due to the nature of the client relationship.

The goal of a financial institution should be to stop funds from ever being handed over to an abusive relative or con artist. If they fail, I think they should be required to report that to the appropriate authorities.

That happens in several states in America but not here. B.C. and California both require certain classes of professionals to report suspected abuse and neglect of seniors.

Since 2007 officers and employees of financial institutions in California have been mandated to report suspected financial abuse of an elder or dependent adult. They must report suspected financial abuse immediately and file a written report within two working days with the local adult protection services or law enforcement agency. They're protected from liability for reporting such abuse. Banks can be fined up to $5,000 for failure to report an incident.

The process was streamlined in 2011 to enable quicker reporting through the Internet, which led to a significant reduction in the reporting burden. Several states in America now require the mandatory reporting of such cases. Almost all of the states in America have some form of voluntary reporting of abuse by financial institutions.

Here is my point. Banks need to recognize that they are the first line of defence against the financial abuse of seniors because they are in the best position to spot signs of abuse. Their job shouldn't be to teach seniors about financial literacy. Their job, first and foremost, should be to protect the assets of their most vulnerable clients.

One way to do that is to train their staff to spot elder abuse and to report it when they see it.

The mandatory reporting system works in California. By the end of 2010, California banks turned over more than 26,000 cases of potential elder abuse to authorities.

We could do the same thing here. We don't. My question is why not?

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