

What Can We Do To Help? Adopting Age-Friendly Banking to Improve Financial Well-Being for Older Adults

By Maya Abood, California Coalition for Rural Housing
with Robert Zdenek and Karen Kali,
National Community Reinvestment Coalition

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Center for Community Development Investments
Federal Reserve Bank of San Francisco
www.frbsf.org/cdinvestments

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Abstract

By 2060, one in five U.S. residents will be over the age of 65. In anticipation of this “silver tsunami,” financial institutions and community organizations across the country are partnering to develop age-friendly banking products and services that better protect and preserve the assets of an aging population. In order to examine the unique financial needs and increase the financial well-being of low-income older adults, the California Coalition for Rural Housing (CCRH) partnered with the National Community Reinvestment Coalition (NCRC) to conduct an intensive study of over 400 low-income tenants living in subsidized senior housing.

The research study concluded that lower-income older adults desire the following six services from their financial intuitions: (1) Low-cost, low-fee checking accounts; (2) Low-interest lending and credit products; (3) Assistance accessing public benefits; (4) Help avoiding financial abuse and fraud; (5) In-person customer service; and (6) Early-intervention retirement planning. Based on these findings and examples from the field, CCRH and NCRC recommend that banks develop more affordable banking products for seniors on fixed-incomes, assist customers in applying for public benefits, proactively address financial abuse and fraud, and provide in-person customer service and better early retirement planning. Financial institutions can incorporate these recommendations into the development of effective Age-Friendly Banking initiatives.

About the Authoring Organizations



The California Coalition for Rural Housing (CCRH) is one of the oldest statewide low-income housing coalitions in the U.S. and has worked with non-profit affordable housing developers, local governments, and advocacy organizations to implement innovative housing, community development, and asset building programs since 1976. CCRH member organizations recognize that providing housing is only a piece of a more comprehensive solution to combat poverty and stabilize communities. In order to provide low-income tenants with opportunities for wealth creation and asset building, CCRH’s members provide financial education, matched savings programs, and homeownership and credit counseling. In total, CCRH’s members house or provide direct services to over 30,000 low- or moderate-income people. CCRH would like to thank Citi Community Development for their generous support of its Age-Friendly Banking initiative; their early recognition of this important issue enabled the research and writing of this paper. To learn more about CCRH, visit www.calruralhousing.org.



The National Community Reinvestment Coalition is a nonprofit, nonpartisan association of more than 600 organizations dedicated to the mission of building and protecting wealth in America’s underserved communities. For more than 20 years, NCRC has advocated to ensure vibrant communities for America’s working families by actively promoting access to basic banking services and products, homeownership and the development of affordable rental housing, local business growth, workforce training, and strong consumer protections in the financial sector. NCRC would like to thank JP Morgan Chase & Co. for generous financial support of the Age-Friendly Banking innovation labs and Aging in Community research and practice. To learn more about NCRC, visit www.ncrc.org.

INTRODUCTION

Gloria Fitzgerald, a 72-year-old resident living in a HUD-subsidized housing development in rural Red Bluff, California, walked into the community room at her apartment complex, passed the padded rockers, artificial plants, and Fourth of July decorations, and took a seat at a folding table in front of a vending machine. To her left sat two representatives from a local bank branch, dressed in business suits and holding leather brief cases.

Gloria had invited the bank representatives to discuss how financial institutions could better protect low-income residents from identity theft and fraud, assist older adults with budgeting, and provide necessary and appropriate services, products, and protections. She opened the meeting by describing the experiences of older adults like herself who feel “squeezed out of the middle class.” Then she shared her own story of struggling with homelessness, becoming dependent on cash advance loans, and barely scraping by each month through sharing resources with friends.

As Gloria spoke, the bank representatives listened carefully, jotted down notes, and interjected with thoughtful questions and sympathetic anecdotes. Then they asked the precise question Gloria had been waiting years to hear, “What can we do to help?”

The question of how banks can better serve an aging population has been the subject of multiple programmatic initiatives and research studies nationwide. “Age-Friendly Banking” has gained national attention in large part because of the increasing number of older adults, like Gloria, who are more vulnerable to fraud and financial abuse and in dire need of economic assistance. The demographic trend of an aging population, dubbed the “silver tsunami,” suggests that by 2060, one in every five U.S. residents – or roughly 92 million people – will be over the age of 65. That is equivalent to the entire population of California, New York State, Pennsylvania, and Texas combined. People over 85-years-old represent the fastest-growing population among older adults.¹

Due to a combination of factors, including the recent economic recession, persistent poverty, high cost of living, and decline in retirement savings, the majority of older adults are now aging into economic insecurity. According to the National Council on Aging (NCOA), over 23 million Americans age 60 and older are economically insecure (at or below 250 percent of the federal poverty level).² These statistics are even more alarming in high-cost states like California, where the increased cost of housing, health care, transportation, food, and basic supplies places even more financial pressure on older adults.³

Today’s older adults are not only more vulnerable to persistent economic insecurity; they also face greater risk of financial abuse and fraud. The National Center on Elder Abuse (NCEA) estimates that approximately five million older adults experience financial abuse per year, yet only one in 25 formally reports their experience.⁴ This widespread abuse amounts to over \$2.9 billion⁵ in personal losses per year and can have devastating impacts on older adults’ physical, mental and financial health.⁶ In recent years, banks, credit unions, and financial regulators have taken significant steps to address financial abuse and fraud among older adults. In California, banks are required by law to report elder financial abuse and many banks have developed training materials and products to assist tellers in identifying signs of fraudulent activity. In fact, from April 2007, immediately after the mandatory reporting law was passed, to December 2010, banks in California have reported more than 26,000 cases of financial abuse of elders to authorities.⁷ Currently, there are over 20 states that have pending legislation on reducing elder financial exploitation with a primary focus on training bank tellers and customer service personnel to identify and report suspicious activities.

Banks have an opportunity to take Age-Friendly Banking beyond the strategy of protecting older adults from financial abuse. Through more intentional age-sensitive policies and programmatic activities, financial

institutions can proactively work to protect older adults' existing assets and increase their financial security. Older adults, particularly those that are low-income, have diverse banking needs and preferences that may not always be well understood or addressed by financial institutions. The National Community Reinvestment Coalition (NCRC) released a pioneering study titled *A New Dawn: Age-Friendly Banking*, which, with significant input from financial service institutions and experts, proposes a set of principles to guide banks in better serving the needs of aging consumers.⁸ In addition to documenting the growing economic challenges faced by older adults, the paper makes a strong business case for the adoption of Age-Friendly Banking practices among financial institutions.

The Age-Friendly Banking Principles include:

1. Protecting older adults from financial abuse

This principle involves developing national standards on detecting and preventing fraud and abuse, collecting data on fraud and abuse at state and national levels and training bank customer service personnel on how to identify and report fraud and abuse.

2. Customizing financial products and services for older adults

Customized products and services include low-cost, low-fee senior checking and savings accounts and simple benefits such as free bill-pay services, free or discounted money orders and low-cost safe deposit boxes. Additionally, banks should make available customer relations representatives who are well versed in products and services for older adults.

3. Expanding affordable financial management

Banks and financial institutions can tailor financial capability programs to older adults, offering financial education sessions at financial institutions and other locations frequented by older adults and expanding financial counseling and planning services, including retirement planning for older adults.

4. Accessing critical income supports

Banks and financial institutions can offer benefits check-up screens to older adults on a yearly basis. Financial institutions have an important opportunity to help enroll older adults in all eligible income support programs as well as educating potential older adult customers on the U.S. Department of the Treasury's switch to electronic benefits.

5. Facilitate aging in the community

Banks and financial institutions have the distinct ability to facilitate aging in community through the creation of low-to-no interest short-term home modification loans for older adults and through connecting older adults to financial institutions through public transportation and other older adult transportation services. Furthermore, banks and financial institutions may require housing counseling for reverse mortgages and other housing products, such as Home Equity Conversion Mortgages.

6. Improve accessibility at bank locations and services

Banks and financial institutions that incorporate universal and age-friendly design features improve access for older adults. Designing materials that are easy to read and understand as well as offering older adults training on online banking features and staff support for training activities furthers the goals of this principle.

By examining the holistic financial needs of older adults, NCRC's principles provide a framework for not only preventing financial abuse, but also for more proactively increasing older adults' financial inclusion and access.

Section One: Age-Friendly Banking in California

In 2012, the California Coalition for Rural Housing (CCRH) began to realize the increasing crisis facing older adults and partnered with NCRC, the Federal Reserve Bank of San Francisco, and Citibank to engage in a multi-year education, research, advocacy, and organizing effort to support economically vulnerable older adults. The research presented in this paper is a direct result of that work, and is the first step in demonstrating the potential of Age-Friendly Banking in California.

Research Methodology

Over the past two years, CCRH has engaged in a three-part process to analyze and address the needs of economically vulnerable older adults. First, NCRC and CCRH designed a survey, both in English and Spanish, which was distributed to approximately 1,800 residents in 36 low-income, rent-subsidized properties throughout rural and suburban California during the summer of 2013. Respondents answered questions regarding the types of financial services they use, the kinds of financial fraud they have encountered, and the types of income supports they receive. CCRH received 410 completed surveys (a 22 percent response rate) from older adults in 25 different cities, representing 36 senior living communities from ten different non-profit housing developers. CCRH staff analyzed the quantitative data using descriptive methods and testing for statistical correlation. A chi-squared analysis revealed significant correlation between certain variables, but not all of the factors, as discussed in greater detail in the findings below (see the Appendix for the chi-square analysis).

Secondly, CCRH conducted a series of Age-Friendly Banking focus groups from February 2013 to February 2014 to elicit qualitative data and contextualize the survey results. CCRH partnered with a professional facilitator and hosted the roundtables at nine properties, reaching over 150 participants in Napa, Davis, Sacramento, West Sacramento, Folsom, Red Bluff, Morro Bay, Santa Paula, and Salinas. The nine properties were selected based on the residents' level of interest and the capacity of resident service coordinators to conduct outreach. The focus groups surfaced stories and information on older adults' experiences with financial abuse and fraud, their current banking practices, and their desires and recommendations for better and more accessible financial products and services.

Finally, CCRH followed up on the focus group conversations with targeted trainings based on the needs identified by the study participants. The trainings have focused on topics such as preventing financial abuse, choosing a homecare provider, maximizing public benefits, creating a budget, and executing wills and trusts. The trainings thus far have been conducted at over a dozen properties and have reached over 200 older adults. While these trainings do not constitute a formal part of the research analysis discussed in this report, they provided context and helped inform the findings and recommendations.

Limitations

CCRH's study was limited to residents living in subsidized, non-profit-operated senior housing developments in rural or suburban California. Thus, the results do not necessarily reflect trends in the entire older adult population of California, but provide important insights on the financial needs and challenges of low- and moderate-income older adults.

The study design also has a variety of limitations that may have impacted the results. Regarding the survey, while some resident services coordinators conducted door-to-door outreach to assist older adults in completing the questionnaire, others simply distributed the survey through the mail. These inconsistencies led to high rates of return and completed surveys from some locations and low rates of return and incomplete surveys in other locations.

Furthermore, the survey did not ask for any demographic information including race, ethnicity, age, gender or income, which inhibited the ability to differentiate between sub-populations and reveal potential correlations. In order to partially overcome this challenge, we used SSI as a proxy for very low-income and assumed that those who filled out the survey in Spanish were likely monolingual Spanish speakers. Using these proxies, we were able to highlight some demographic divergence in the data results despite the lack of explicit demographic data.

Section Two: Findings

Overall, the findings of this study strongly support the principles of Age-Friendly Banking developed by NCRC. These findings are summarized below:

1. Older adults want and need low-cost checking accounts without minimum deposit requirements
2. Older adults want low-interest lending and credit products for emergency use
3. Older adults need assistance accessing public benefits and income supports
4. Older adults need help avoiding financial abuse and fraud and desire more educational and legal training
5. Older adults want in-person customer service at physical bank branches
6. Older adults need early intervention retirement planning

Finding 1: Older Adults Want and Need Low-Cost Checking Accounts without Minimum Deposit Requirements

The vast majority of older adults (nearly 90 percent) who participated in the survey reported having a checking account. This is consistent with, although slightly lower than, previous nationwide studies which report that between 94 percent and 96 percent of people age 65 or older have bank accounts.^{9,10} However, the survey did not address whether respondents were underbanked. A national survey conducted by the FDIC in 2011 found that 19 percent of adults over 65 were underbanked, defined as an individual who has in the past 12 months obtained financial products and services from non-bank, alternative financial services (AFS) providers.¹¹ The Center for Responsible Lending found that nearly 25 percent of all Social Security recipients have taken out a payday loan, often to cover their monthly expenses. These products lead to higher costs and reduced savings for economically vulnerable older adults.

During CCRH's focus groups, unbanked older adults said they did not have an account because they worried about associated fees and hidden costs and/or they did not believe they had sufficient financial resources to necessitate an account. According to the results of the survey, income appears to be a significant factor affecting older adults' decision to open or maintain a bank account. Based on a chi-squared analysis of the data, the lowest-income respondents (those entirely dependent on SSI) had significantly lower rates of checking account ownership than the rest of the population (84 percent compared with 92 percent of non-SSI recipients).¹²

Respondents who completed the survey in Spanish were also significantly less likely to have checking accounts than those who completed the survey in English. Only 71 percent of monolingual Spanish speaking respondents had checking accounts, compared to 91 percent of English-proficient respondents.

The lower rate of financial inclusion for monolingual Spanish speakers was further supported by the focus group discussions. Approximately 25 percent of the Spanish-speaking participants said they did not use any banking services.¹³ An additional 25 percent said they only used checking accounts to receive the direct deposit of their SSI or Social Security checks. Once they received their checks, participants reported withdrawing the entire amount and paying for everything in cash. Again, these survey results are consistent with findings at the national level. The FDIC's survey of financial inclusion indicated that 36 percent of monolingual Spanish speakers are unbanked and an additional 21 percent qualify as underbanked.

Older adults of both language groups expressed adamant discontent over bank fees, minimum balance requirements, and overdraft consequences. The vast majority of the participants in CCRH's study survive on extremely low, fixed incomes. Over 84 percent of survey respondents indicated that they rely on Social Security as their primary source of income and an additional 25 percent rely on federal SSI. While Social Security incomes may vary, recipients of SSI receive no more than \$721 as individuals, or \$1,082 as a couple, per month. Since approximately 30 percent of their income is spent on rent, older adults on SSI have a mere \$504 to \$757 per month to cover all other medical and personal necessities. Thus, even the smallest bank surcharge or overdraft fee can cause significant economic hardship.

During the focus groups, participants said, based on their experiences, that most banks recognize the unique financial hardships facing low- and very low-income older adults and are willing to waive any fees and/or minimum balance requirements. Yet the survey results suggest that either some banks do not offer this service or that banks are not advertising the service to all clients. Over 14 percent of older adults who participated in the survey reported that they pay a service fee to use their checking account and an additional 12 percent reported that their bank imposes a minimum balance requirement. In addition, 10 percent are unaware of whether their bank charges a service fee and 13 percent are unsure if there is a required minimum balance associated with their account.

Older adults at one location reported that their bank not only charged them an overdraft fee, but also required that they attend a budgeting class if they overdrew again from their account. Participants disliked the class and felt that it was "punitive" and "condescending." Based on CCRH's experience, older adults enjoy more affirmative budgeting workshops that allow participants to share budgeting tips and tricks amongst one another. Nearly all of the focus group respondents who said they are unhappy with their bank listed extra or hidden fees as their primary source of discontent, with most respondents stating they would leave their bank "without hesitation" if there was an increase in fees or a minimum deposit requirement.

Finding 2: Older Adults Want Low-Interest Lending and Credit Products for Emergency Use

Most of the older adults who participated in the survey rely on extremely low, fixed-incomes and are unable to set aside emergency savings for unexpected medical expenses or other costs. In fact, less than 27 percent of respondents said they have savings accounts and only 42 percent said they have sufficient financial resources to support themselves for three months or more.

Interestingly, although most of the older adults surveyed reported having very little to no extra money, the survey results indicate that most do not use credit cards and very few use payday loan products. Only 43 percent of respondents have a credit card and only three percent said they use payday loan products. Monolingual Spanish-speaking respondents have a significantly lower credit card usage compared to English speaking respondents, with only 21 percent reporting using a credit card compared to 45 percent of English speakers. Again, these findings are fairly consistent with other studies that examine older adults' use of credit cards and other financial products.¹⁴

Yet, the question remains – if low-income older adults are reporting that they do not have sufficient resources to plan for an emergency, but they do not use credit cards or other lending products, what do they do in the case of a financial emergency? Most older adults in the focus groups said that they either borrow money from family or friends, or "go without food or other necessities." Others said they have used cash advance products but were dismayed by the high interest rates and high fees.

When asked if they would be interested in a low-interest, low-limit credit card to use specifically for emergencies, most respondents responded favorably. However, many expressed hesitation or reluctance to use

any kind of credit card. At one focus group, 83 percent of participants said they would use a credit card with a maximum balance of \$1,000 and an interest rate below five percent.

Finding 3: Older adults Need Assistance Accessing Public Benefits and Income Supports

Both the survey and the focus groups revealed that older adults struggle to understand how to access income support programs. In particular, the following three topics generated the most discussion.

Social Security Go Direct®

Older adults expressed consistent confusion related to the Social Security Go Direct® program, which was instituted by the Treasury in 2010. The Go Direct® program requires any person enrolled in Social Security, SSI, and/or veterans benefits to receive their payments either through direct deposit into a checking account or to a Direct Express® Debit MasterCard®.

Most older adults who participated in the focus groups preferred to receive their benefits via paper checks and were confused by the new direct deposit requirements and many expressed confusion over the Direct Express® debit cards. Only 21 percent of survey respondents said they used the Direct Express® debit cards and several other respondents wrote a question mark next to the Direct Express® answer choice on the survey. Confusion and misinformation about the cards also came up during focus groups and targeted trainings. During the focus groups, participants asked basic questions such as, “Do you have to pay for it,” “Is that different than direct deposit,” and “Is it a credit card?” which suggests a lack of understanding among older adults about the new program and its requirements.

Accountability and Oversight of Representative Payees

A representative payee is a person, agency, or organization appointed by Social Security that has the authority to collect, allocate, and manage SSI and Social Security Disability Insurance (SSDI) income on behalf of a beneficiary. Typically, Social Security appoints a representative payee when the direct beneficiary is deemed unable to manage their own finances due to physical or mental disability.

Concerns about the representative payee system came up in several focus groups, particularly at senior communities with a high percentage of extremely low-income or disabled residents. In one focus group, three-fourths of the older adults had representative payees and each person expressed serious misgivings or concerns about the program. Several people shared stories of a friend or family member who was “taken” by a payee and most feared that the same could happen to them. One woman said she has never received a detailed financial statement from her payee and is unsure of how her money is being used.

The representative payee system has also been a topic of concern for the Social Security Administration’s Inspector General’s office. In 2011, the Office released a report estimating that 30,822 beneficiaries enrolled in the representative payee program had deposits transferred into improperly titled or improperly managed bank accounts. Upon analysis of the nationwide data, the Inspector General’s office concluded that \$307 million in annual public benefits may not be managed in the best interest of the beneficiaries.¹⁵

Based on CCRH’s initial conversations with bank representatives, it is unclear whether or not most tellers have any understanding of the correct titling or management procedures required under the representative payee system. The older adults enrolled in the representative payee account are also unclear regarding the role that their financial institution can play in monitoring and reporting on the payees’ transactions and communicating with the beneficiary.

Underutilization of CalFresh Benefits

Older adults who participated in the survey also appear to be underutilizing CalFresh/Supplemental Nutrition Assistance Program (SNAP) benefits. Only four percent of respondents said they receive food assistance through the CalFresh program. This number is staggeringly low considering that most of the survey respondents would likely qualify for the program. As noted by several other studies, older adults face unique challenges accessing the program and may be reluctant to enroll because of shame or stigma. According to NCOA, only one-third of the eligible senior population receives SNAP benefits.¹⁶

Underutilization of food assistance programs among the elderly further inhibits older adults' ability to achieve economic stability. The average senior living alone is eligible for approximately \$122 of food assistance per month, which would constitute a 15 percent increase in income for extremely low-income older adults on SSI. This extra income would significantly reduce food insecurity and could improve health outcomes for some of the most high-risk older adults.

Finding 4: Older Adults Need Help Avoiding Financial Abuse and Fraud and Desire More Educational and Legal Training

Most older adults who participated in the focus groups knew at least one person who had been scammed or fallen victim to financial fraud. However, only six percent of survey respondents indicated that they themselves had been abused within the last year. Furthermore, the survey respondents who did indicate abuse may not have a clear understanding of what constitutes elder financial abuse under the law. The NCEA, which is supported by the U.S. Administration on Aging, defines elder financial exploitation as "the illegal or improper use of an elder's funds, property or assets." Of those who reported abuse in the survey, 65 percent mentioned identity theft, computer scams, homeownership scams, medical scams, or petty theft, all of which would qualify under this definition. However, 15 percent wrote that they were financially abused because of unjust bank fees or high credit card interest, 11 percent said they were abused because the Social Security Administration cut their benefits, and seven percent mentioned other circumstances such as a spouse not paying alimony. While these examples do not legally constitute elder abuse, they show that some extremely low-income older adults may perceive even the smallest of fees or reductions in public benefits as overly burdensome.

We purport that CCRH survey participants may have low reported rates of illegal financial abuse because of shame or embarrassment to report, because of a lack of information, or because they are less at risk. Underreporting of elder financial abuse is common nationwide, with one study conducted by Cornell University estimating that the rate of abuse is over 24 times higher than what goes reported.¹⁷ However, it may be that older adults living in subsidized, well-managed housing developments have better protections in place than those living in market rate, unsupervised units. According to the National Council on Aging, isolation and loneliness are among the leading contributors to financial abuse. Since non-profit affordable housing developers often make a concerted effort to build community through programmatic activities and events, the rate of isolation, and subsequently the rate of financial abuse, may be lower in these properties than in the general population.

In addition, older adults living in low-income housing may be less vulnerable to savvy financial scammers because they have fewer assets. Since the older adults who participated in CCRH's survey do not have large savings accounts or, in most cases, any savings accounts, they may be less profitable targets for scammers. Similarly, since these particular survey respondents are all renters, they are not subject to the growing number of housing repair and refinance scams that impact older adults.

However, the CCRH survey and focus group respondents are still targets for numerous other scams, such as Medicare or lottery scams, as well as scams conducted by family members. Low-income older adults are

particularly vulnerable to being financially exploited by a trusted individual. During the focus groups, most participants said that the majority of financial abuse they have experienced or heard of was perpetrated by family members or caregivers who were given access to a senior's bank accounts or PIN numbers. These results are fairly consistent with other studies which report that 90 percent of elder financial abuse is committed by adult children, spouses, partners, care providers and other family members.¹⁸

Most participants said that in order to prevent financial abuse and fraud, older adults need to become more knowledgeable and empowered to protect themselves. They said banks could help improve residents' financial capabilities by conducting educational workshops, referring customers for financial coaching, and distributing information about scams and fraud prevention. In fact, most older adults who participated in the focus groups said that they would prefer banks, not community organizations, provide workshops on avoiding financial abuse and assisting in budgeting. Most said that banks are "trusted" and "experts in finances." It should be noted, however, that some participants felt banks would try to sell them products or services and would prefer a neutral and trusted community partner to conduct the workshops. There is thus an opportunity for financial institutions and community organizations, especially financial counseling organizations, to partner in designing and implementing workshops, as well as providing financial counseling and coaching.

Older adults also said that banks can help prevent senior financial abuse by funding free legal clinics for low-income older adults to draft Power of Attorney documents (POAs), wills, and trusts. If older adults are able to draft a POA while they have their full mental capacity, they are less likely to be coerced into choosing an abusive or exploitive person. In a workshop held at a senior community center in Napa, Kristin Lesnewich from Legal Aid of Napa Valley told participants that drafting POAs, wills, and trusts early in life is the single greatest thing they can do to prevent financial fraud in the future. She stressed that it is important to build and plan for the future and ensure that older adults, who may experience diminished financial cognitive ability as they age, can continue to maintain financially healthy lives.

Unfortunately, the survey results indicate that very few older adults currently have a POA, will, or trust in place. Among focus group participants, only a few had drafted a will or POA and only six percent of survey respondents indicated that they had a cosigner on their account. Banks can encourage and refer older adults to legal resources to help them make these important decisions.

Finding 5: Older Adults Want In-Person Customer Service

In every focus group discussion, participants expressed their explicit desire for a more personal relationship with their bank. They said they wanted to be treated with respect and to feel that they were getting the full attention of the banker or teller with whom they were speaking, whether in a bank branch or on the phone with a customer service representative.

During the focus groups, many older adults expressed concern over identity theft and believed that online banking puts them at an undue risk. Because of fears related to online safety and security, most older adults who participated in the focus groups were unwilling to use online banking services and preferred to use handwritten checks or cash. Most participants also noted that they did not own a computer or smartphone, and would therefore have to use a shared computer lab to do online banking, which they considered unsafe. Others thought that computers were not reliable due to crashes or freezing, and some said that their physical abilities, including impaired dexterity and limited eyesight, would inhibit them from accurately using computers for their banking needs.

Finding 6: Older adults Need Early Intervention Retirement Planning

“No one wants to be old and broke,” said one senior in the focus group, “but here we are.” Of the survey respondents, only 27 percent had a savings account, one percent had annuities, and six percent received any kind of pension. Additionally, 30 percent of participants indicated that they did not have enough income to get through the month, let alone to save.

Interestingly, many of the survey respondents also had no interest in budgeting or retirement assistance as they thought it was too late for them. Only 13 percent of survey respondents expressed an interest in budgeting assistance and five percent of respondents wanted help planning for retirement. In the comments section of the survey, respondents indicated that “they have no money left to budget” or “it’s too late in life for that.” During the focus groups, participants said that budgeting workshops can seem condescending and detract from the “real issue,” which they evaluated to be the overall lack of income. Participants also said that assisting younger adults in thinking about retirement before it’s “too late” would be more helpful than trying to help the elderly budget now. CCRH has, however, conducted several successful budgeting workshops for older adults that allow for more group discussion and let seniors self-reflect on the values behind their budgeting choices. By addressing the structural challenges of saving, allowing for more group sharing, and leading a values-based budgeting discussion, CCRH has developed workshops that are more affirmative of older adults.

Section Three: Recommendations

The findings detailed above suggest clear policies and practices that financial institutions could implement to further serve the needs of low-income, older adult customers. The recommendations listed below are based on the results of the survey and focus group findings, and interviews with advocacy and service organizations serving the elderly. They are also informed by the Age-Friendly Banking Principles discussed in the introduction.

Recommendation 1: Increase Low-Cost Banking and Provide Financial Products to Help Older Adults Facing an Emergency

Low-income older adults need specialized products that are low-cost and easy to use and understand. Strategies for increasing financial inclusion and satisfaction among this population include:

- Providing free or low-cost checking accounts that do not require a minimum balance and provide overdraft protection.
- Making sure that these accounts are well advertised to all older adults.
- Providing low-interest credit cards with low maximum amounts to help older adults facing emergencies.
- Developing small loan products with minimal fees and little interest.
- Providing complimentary checks to older adult clients who have checking and savings accounts.

Examples from the Field

Drawing upon the experience of Washington Savings Bank, a small community bank in Massachusetts, Bank of America is piloting a new product called the SafeBalance account. Bank of America will charge customers a \$4.95 monthly fee to allow customers to make direct deposits and pay bills online, avoiding overdraft and bounced check fees, which can amount to \$25 to \$35 each.

Recommendation 2: Help Older Adults Access Income Support Programs

Bank tellers and customer service staff are uniquely positioned to assist older adults in accessing income supports. Older adults who have close relationships with their banks say they trust the financial advice and

expertise of their personal banker and would value the bank's guidance in accessing income support programs. By offering services that help older adults better understand and access public benefits, banks can not only promote economic security, but also reduce the risk of older adults falling victim to fraudulent public benefit scams.

Examples of actions banks can take to increase older adults' access to income supports and public benefits include:

- Providing access to BenefitsCheckUp at bank branches or locations frequented by older adults to help them identify any additional public benefits for which they may be eligible. The BenefitsCheckUp website is maintained by NCOA and allows older adults to enter their financial information and instantly see what income supports they may qualify for.
- Training bank tellers and customer services personnel in the Social Security Go Direct® program so that they can better explain the move from paper checks to direct deposit for older adults who receive public benefits.
- Training bank tellers on the representative payee system so that they can explain to customers how the program works and answer any questions the customer may have.
- Inviting CalFresh, MediCal, Go Direct®, Low Income Home Energy Assistance Program (LIHEAP) and other public benefit representatives to bank branches or community locations to help them enroll older adults in benefits that are deposited directly with the financial institution.
- Contributing foundation funding to groups already providing assistance enrolling the elderly in public benefits.

Examples from the Field

In 2010, NCOA piloted eight Economic Security Service Centers throughout the country where older adults could receive economic case management, referrals to community resources, benefits enrollment, foreclosure counseling, and job training. Building on the success of the pilot, the Economic Security Initiative, which is supported by the Bank of America Charitable Foundation, the Retirement Research Foundation, and The Henry and Marilyn Taub Foundation, has now successfully introduced Economic Security Service Centers in 28 communities throughout the country. On average, older adults that receive holistic economic case management have increased their income or decreased their spending by \$250 each month. In California, the program currently only operates in Los Angeles and San Francisco and does not yet operate in any rural areas of the state, but it certainly has the potential to do so with greater investment and collaboration between financial institutions, community partners, and innovative uses of technology.

Recommendation 3: Prevent Financial Abuse and Fraud

In a letter to the editor published by the *San Jose Mercury News*, Rodney K. Brown, CEO of the California Bankers Association, said, "As bankers, we have a strong commitment to our clients and the protection of their financial assets. Part of that commitment includes watching out for our elderly customers."¹⁹ A study conducted in 2012 by the U.S. Government Accountability Office also concluded that banks are well-positioned to recognize, report, and provide evidence in elder financial exploitation cases.²⁰

Some ways that financial institutions can honor their commitment to protect elderly customers include:

- Train bank tellers and front-line staff in preventing financial abuse by using products such as the Financial Institution Elder Abuse Training Kit.
- Train staff in mandatory reporting requirements related to elder financial abuse.

- Utilize technology that identifies unusual spending patterns.
- Provide or require education and training for any cosigner on the account.
- Partner with local organizations such as Area Agencies on Aging, Adult Protective Services (APS), local legal services, and district attorneys' offices to investigate, report, and litigate cases.
- Provide foundation support for community education related to elder financial abuse.
- Offer legal clinics at bank branches to help older adults draft POA documents, wills, and trusts.
- Provide foundation funding for legal aid organizations that are currently helping older adults prepare legal documents.

Examples from the Field:

In 2003, the Philadelphia Corporation on Aging (PCA) partnered with Wachovia Bank to train tellers and customer service staff to identify the signs of elder financial abuse. The PCA Wachovia Partnership was expanded into a permanent partnership between the bank and APS teams across the country. In total, more than 3,000 cases were investigated, \$2.2 million in losses were prevented and \$62.5 million in assets were protected.

In California, Bank of the West, in partnership with the Elder Financial Protection Network, created the "Be Aware" program to address elder financial abuse. This program brings together community partners and local law enforcement officials to present seminars designed to educate older adults, their families, and their caregivers on how to recognize and prevent identity theft, scams and other forms of financial fraud targeting older adults. Bank of the West piloted this program in Northern and Central California. Based on the success and demand for this type of service, the bank then created the "Be Aware" seminar tool kit, which allows the branch managers to host seminars in their own communities. Since the inception of this program and the creation of the tool kit, Bank of the West has hosted "Be Aware" seminars in California, Arizona, Iowa, Utah, New Mexico and Oklahoma.

The Bank of American Fork in Utah developed a "view-only" banking product for caregivers and other trusted supporters. "View-only" banking means persons who have access to a senior's account can see all the details to make sure everything is on track, but cannot make any transactions. This can protect senior citizens from fraud, but it can also protect caregivers and supporters from unwarranted suspicion.

Maine's Senior\$afe program is a three-part program designed to close gaps in the financial fraud and abuse reporting system and increase interagency collaboration so older adults can get help as quickly and efficiently as possible. Senior\$afe was developed in collaboration with the Aging Services and Regulatory Divisions of the Maine Department of Health and Human Services, the Maine Bankers Association, the Maine Credit Union League and Maine Legal Services for the Elderly. The Senior\$afe program provides training to front-line employees to watch for unusual activity, such as a series of checks written to one person or large cash withdrawals. Over 200 front-line employees have been trained to share their new knowledge with others at their workplaces. For example, if a suspected victim comes into a bank or credit union alone and asks to make a large cash withdrawal, the employee might try to engage the older adult in casual conversation. If someone else is with the older adult, the employee might instead refer the matter to authorities who could begin an investigation.

The Delaware Legislature enacted House Bill 417 to amend the "Delaware Code Relating to Adult Protective Services," mandating that any financial institution representative who has reasonable cause to believe that any older adult is being victimized by financial exploitation is required to report the potential suspicious financial activity to Delaware APS. One of the significant features of HB 417, which unanimously passed both the Delaware House of Representatives and Senate, is that there is no dollar limit for reporting possible irregular

spending activities. The reporting, coupled with training of financial institution employees, will potentially increase the number of financial exploitation reports submitted to APS. HB 417 was spearheaded by the Delaware Bankers Association and the Delaware Department of Health and Human Services, and signed by Governor Markell.

Recommendation 4: Integrate Services for the Elderly through Dedicated Customer Service

Most of the older adults who participated in the focus groups expressed a desire to have a personal relationship with a banker who understands the unique challenges and needs of older adults. Banks can institutionalize these customer service goals in the following ways:

- Maintain full-service bank branches in neighborhoods with high percentages of elderly populations or neighborhoods with senior housing developments.
- Train a branch teller or customer services representative to be a designated “older adult specialist.” This individual would be well-versed in all issues affecting older adults, including managing the representative payee processes, executing wills and POAs, accessing and enrolling older adults in public benefit programs, etc.
- Provide or support other organizations in providing “financial advocates” who can examine fraud, counsel older adults who have fallen victim to financial abuse, and provide legal testimony or assistance.

Examples from the Field:

Several banks have realized the market demand for age-friendly products and services and have tried to meet their older clients’ unique needs. Bank of America Merrill Lynch recently hired their first “financial gerontologist,” a person dedicated to understanding the unique financial impacts of aging. According to Merrill Lynch, the role of the financial gerontologist is to assist older adults in planning for longevity and retirement and to assist families and caregivers in managing an elder’s finances.

While Merrill Lynch’s program certainly represents a key step forward in acknowledging the unique needs of older adults, most low-income older adults will never benefit from these financial advising services. Currently, financial gerontology certifications and trainings focus primarily on financial advisors serving wealthy families. In order for low-income older adults to benefit from the increased awareness of financial gerontology, bank tellers and customer service representatives should also receive these kinds of training.

Recommendation 5: Provide and Support Early-Intervention Retirement Counseling

In order to prevent people from aging into economic insecurity, banks and financial institutions should support and provide early-intervention retirement programs both through greater customer service and increased advocacy. Strategies include:

- Providing credit counseling to help adults achieve financial stability through asset purchases like a home or vehicle.
- Helping older adults protect the assets they do have by providing housing counseling and refinance programs.
- Providing financial education for adults who are nearing retirement.
- Supporting the Department of the Treasury’s new MyRA program and promoting the ongoing expansion of the program. MyRA provides low-cost, government-backed retirement accounts for savers who do not have access to an employer-sponsored retirement plan.

- Supporting the expansion and improvement of the Saver's Credit program to better serve the needs of low-income aging households. The Saver's Credit incentivizes retirement planning by providing a special tax break to low- and moderate-income taxpayers who are saving for retirement.

Examples from the Field

In 2011, the State of Delaware and the United Way of Delaware, with the support of the Delaware Bankers Association, embarked on an unprecedented and comprehensive venture to increase the financial stability of low- and moderate-income individuals through intensive financial coaching. The statewide initiative called \$tand By Me® is designed to provide Delawareans with a Personal Financial Coach and a toolkit to navigate the challenges leading to personal financial security. The program offers one-on-one financial guidance, provides help navigating college and financial aid applications, expands access to consumer-friendly alternatives to payday loans and check cashing stores, and offers assistance with requesting and interpreting credit scores. As of August 2014, 4,203 Delawareans, many of them low-income, received financial coaching, and combined, the participants reduced their debt by \$119,661 and increased their savings by \$472,648. This model of individual financial counseling could provide life-changing results, particularly to older adults nearing retirement.

Similarly, the California State Controller's Office piloted the first "Manage your Money Week" in 2014 which included over 135 financial education events throughout the State, covering topics such as budgeting, retirement planning, and avoiding financial abuse and fraud. The initiative was organized and implemented with the support of nearly 200 partners including AARP, the California Senior Legislature, and the Elder Financial Protection Network.

Conclusion

Like other low-income populations, older adults living on fixed-incomes would greatly benefit from low-cost, low-fee checking accounts, low-interest loan products, and assistance saving and accessing income supports. Yet, unlike the general low-income population, older adults experience diminished capacity and need financial institutions to help guard against financial abuse. Furthermore, because many older adults feel uncomfortable using the internet, technological innovations such as apps or online banking may not appeal to elderly customers who prefer in-person service.

Based on examples from the field, many financial intuitions have implemented pieces of the age-friendly banking framework, but thus far no bank has developed a comprehensive program to fully address low-income older adults' unique financial concerns. Through collaboration with community organizations, aging organizations, and a dedicated commitment to serving older adults, financial intuitions can implement effective and holistic policies, products, and practices that better meet the needs of their aging customer base.

When the bank representatives asked Gloria what they could do to assist her and her struggling senior community, Gloria did not hesitate. "You can come back," she said, "and you can keep coming back."

In a later interview with CCRH, Gloria said, "We need financial products and services that don't take advantage of us. We need help avoiding financial abuse and fraud. But more than anything, we need good customer service – service based on respect, genuine compassion, and proactive involvement."

By the end of the meeting with Gloria, the bank representatives had agreed to present at an upcoming workshop in the building, assist with BenefitsCheckUp, conduct targeted budgeting trainings, and help with any other future needs.

APPENDIX

Correlational Chi-Squared Analysis of Banking Services and Demographic/Economic Indicators				
	SSI (p)	SNAP (p)	Utility Assistance (p)	Mono-lingual Spanish Speaker (p)
Use of Debit Card	NS	NS	NS	NS
Use of Credit Card	0.064**	NS	0.055**	0.014*
Use of Checking Account	0.038*	NS	NS	0.001*
Use of Check Cashing	NS	NS	NS	NS
Use of Payday Loans	NS	NS	NS	NS
Reported Financial Abuse	NS	NS	NS	NS
	*Significant (p<.05)			
	**Borderline significance (p<.1)			
	NS= not significant			

¹ United States Census Bureau. “U.S. Census Bureau Projections Show a Slower Growing, Older, More Diverse Nation a Half Century from Now.” Dec. 2012.

² National Council on Aging. “Economic Security for Seniors: Fact Sheet.” 2014.

³ Levinson, Zachary, et al. “A State-by-State Snapshot of Poverty among Seniors: Findings From Analysis of the Supplemental Poverty Measure.” 2013.

⁴ Wasik, John F. “The Fleecing of America’s Elderly.” *Consumers Digest*, 77-83. March/Apil 2000.

⁵ MetLife Mature Market Institute, National Committee for the Prevention of Elder Abuse, and Center for Gerontology at Virginia Polytechnic Institute and State University. “Crimes of Occasion, Desperation, and Predation against America’s Elders.” June 2011.

⁶ Lachs, Mark S., et al. “The Mortality of Elder Mistreatment.” *The Journal of the American Medical Association*; 280(5): 428-432. 1998.

⁷ Brown, Rodney K. “Opinion: Banks Support Law to Protect Seniors from Fraud.” *San Jose Mercury News*. April 24, 2011.

⁸ Siddiqi, Sehar Robert Zdenek and Edward Gorman. “A New Dawn: Age Friendly Banking.” National Community Reinvestment Coalition. 2013.

⁹ Board of Governors of the Federal Reserve System. “Insights into the Financial Experience of Older Adults: A Forum Briefing Paper.” July 2013.

¹⁰ FDIC National Survey of Unbanked and Underbanked Households, September 2011.

¹¹ Ibid.

¹² Significance at alpha= 0.05

¹³ During the focus groups, banking services were defined as checking accounts, credit cards, and loan products associated with a financial institution. Payday loans and consumer credit cards were discussed separately.

¹⁴ FDIC National Survey of Unbanked and Underbanked Households, September 2011.

¹⁵ Office of the Inspector General, Social Security Administration. “Improperly Titled Bank Accounts for Beneficiaries with Representative Payees.” March 2011.

¹⁶ National Council on Aging. “Economic Security for Seniors: Fact Sheet.” 2014.

¹⁷ Lifespan of Greater Rochester, Inc., Weill Cornell Medical Center of Cornell University, and New York City Department of Aging “Under the Radar: New York State Elder Abuse Prevalence Study. Self-Reported Prevalence and Documented Case Surveys Final Report.” May 2011.

¹⁸ National Center on Elder Abuse, Westat, Inc. “The National Elder Abuse Incidence Study: Final Report.” 1998.

¹⁹ Brown, Rodney K. “Opinion: Banks Support Law to Protect Seniors from Fraud.” *San Jose Mercury News*. April 24, 2011.

²⁰ U.S. Government Accountability Office. “Elder Justice: Strengthening Efforts to Combat Elder Financial Exploitation” GAO-13-140T. November 15, 2012.

FEDERAL RESERVE BANK OF SAN FRANCISCO
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