



## CONNECTICUT BANKERS ASSOCIATION

February 28, 2023

To: Members of the Banking Committee  
From: Tom Mongellow, Art Corey (860-677-5060); Fritz Conway (860-229-0301)  
Re: **S.B. No. 1088, AN ACT CONCERNING FINANCIAL EXPLOITATION OF SENIOR CITIZENS**

Position: Support

S.B. 1088 would give financial institutions in Connecticut an important tool to address cases of elder financial exploitation involving their customers. This Department of Banking anti-elder fraud bill would allow financial institutions to put temporary holds on transactions, where there is a reasonable cause to believe that elder financial exploitation is taking place. At least sixteen other states have enacted laws that are like S.B. 1088, in just the last few years.

Research has shown that seniors lose \$36.48 billion nationally each year to elder financial exploitation. Recent data shows over \$6.7 billion of such abuse involves trusting relationships (family members, professional advisors, etc.). In Connecticut, over 500 thousand residents are 65 and older. Banks on a nationwide basis are reporting a steadily increasing level of financial exploitation of their elderly customers, that without this bill, they can do little to stop.

Banks are frequently the first to recognize and alert seniors to suspicious or criminal activity on their accounts. However, under current law, banks do not have the necessary tools to safely prevent the financial exploitation of an elderly customer, particularly when the elderly customer insists on completing transactions that are clearly fraudulent.

When an elderly customer insists on performing transactions that involve exploitation, any bank that refuses to honor the transaction runs the risk of being sued by their customer. While financial institutions frequently encounter elder fraud associated with a family member, they also see frequent targeting of elderly people who don't have children or family and are befriended by criminals and con artists. The criminals drain the senior's savings to the point where they have may have little money left to live on. This happens on a regular and increasing basis across the state and the nation, and a 2022 AARP study showed that over 87% of fraud by "trusted others" and 33% of fraud by strangers – goes unreported.

By allowing banks to temporarily delay a suspicious transaction the proposed bill will allow banks more time to investigate the suspected fraud and, as permitted by the bill, take action to address and prevent the exploitation. It will also allow an elderly customer to name a “trusted contact person” that the bank would be authorized to contact if it suspected the customer was experiencing financial exploitation, which can be very effective in stopping such abuse.

Under current law, one way in which banks can stop instances of elder financial exploitation is to alert state and local authorities. Banks regularly report suspected cases of elder financial exploitation to local police, where appropriate, and to the Connecticut Department of Social Services’ Protective Services for the Elderly (PSE) division.

In limited circumstances, a bank can also alert a family member or other trusted person to the exploitation of an elderly customer, but only when allowed by state and federal privacy laws (such as when the family member has a power of attorney from the customer or is a joint account owner with the customer), or when the customer has previously given the bank permission to contact such persons, which is not common. The bill should lead to greater use of “trusted contact persons” by codifying this option in law, which will greatly improve a bank’s ability to stop the financial exploitation of a customer.

In almost all cases of elder financial exploitation, time is of the essence and banks need to react quickly in contacting authorities or trusted persons. This bill attempts to address the issues of timing by allowing banks to delay suspected transactions while they try to resolve these situations.

Safeguarding a customer’s funds is a primary and fiduciary responsibility of all banks. Banks continue to go to great lengths to educate their customer service personnel to recognize possible financial exploitation of elderly customers, and this training is mandated by state law. However, by also giving banks the authority to safely use temporary transaction holds and to contact trusted persons, they will be able to prevent much more of the elder financial exploitation that is ever increasing in our state and across the country.

We applaud the Department of Banking for bringing forth this bill and their efforts on convening the group of interested stakeholders, including the CBA, to provide input on the concepts contained in the bill. While we are awaiting additional language changes to SB 1088 from the DOB, no one should disagree about the importance of this legislation in creating a toolbox to protect senior citizens from criminals and unscrupulous individuals.

As always, we would be happy to work with the Committee, and any interested groups on the beneficial concepts contained in S.B. 1088 and urge the Committee to support the bill.