

Vulnerability to financial scams:

WHAT CAN WE LEARN FROM CONSUMER FRAUD REPORTS?

USC

Judith D. Tamkin
Symposium on Elder
Abuse

*February 27-28,
2020*

Marti DeLiema, PhD
University of Minnesota School of Social Work



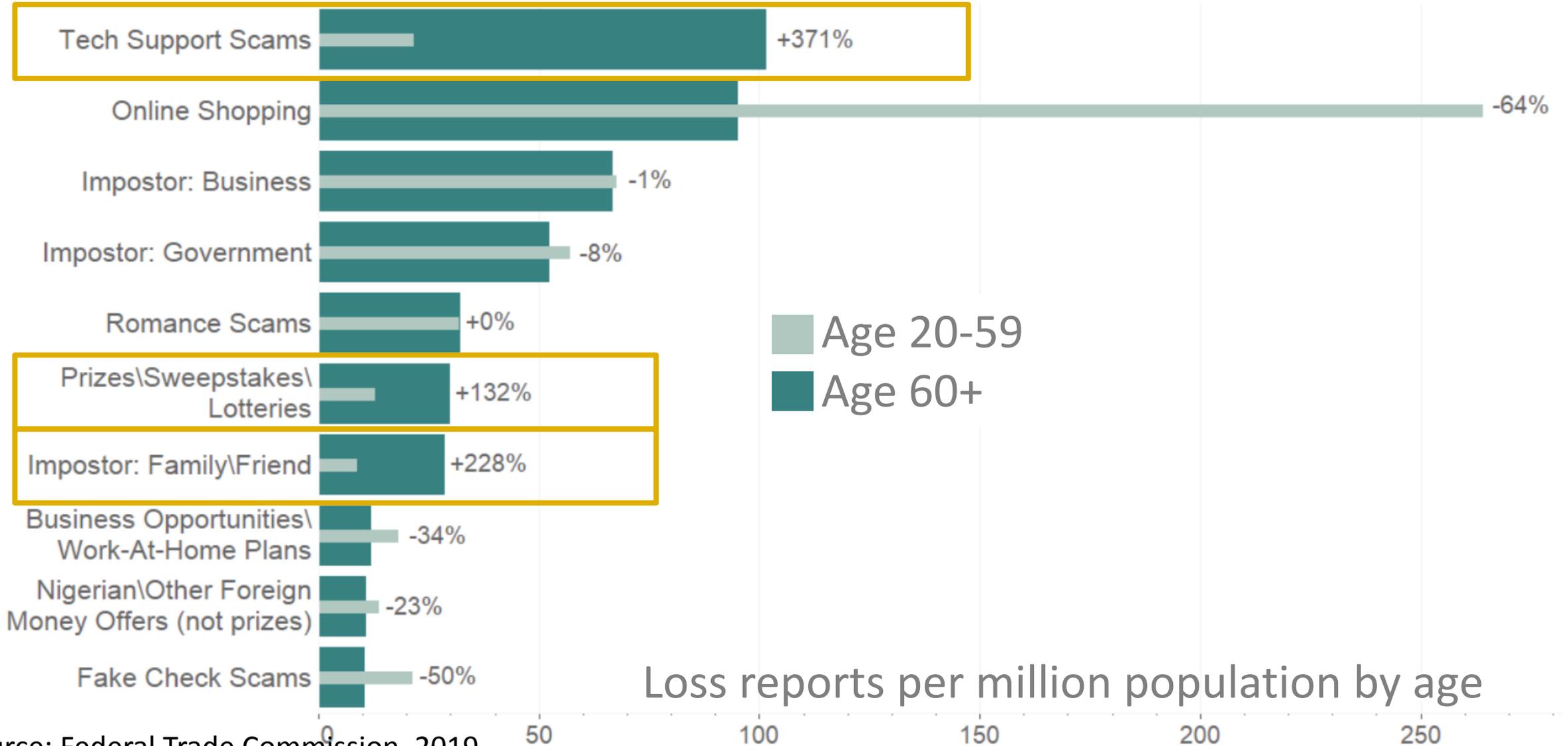
Methods to study victim risk factors

1. Survey randomly selected adults from the population and ask if they have been victimized
2. Survey proxies who can report whether a loved one was victimized
3. Survey known victims of fraud
4. Mine consumer complaint data or administrative records on victims
5. Survey individuals who self-reported fraud to complaint agencies



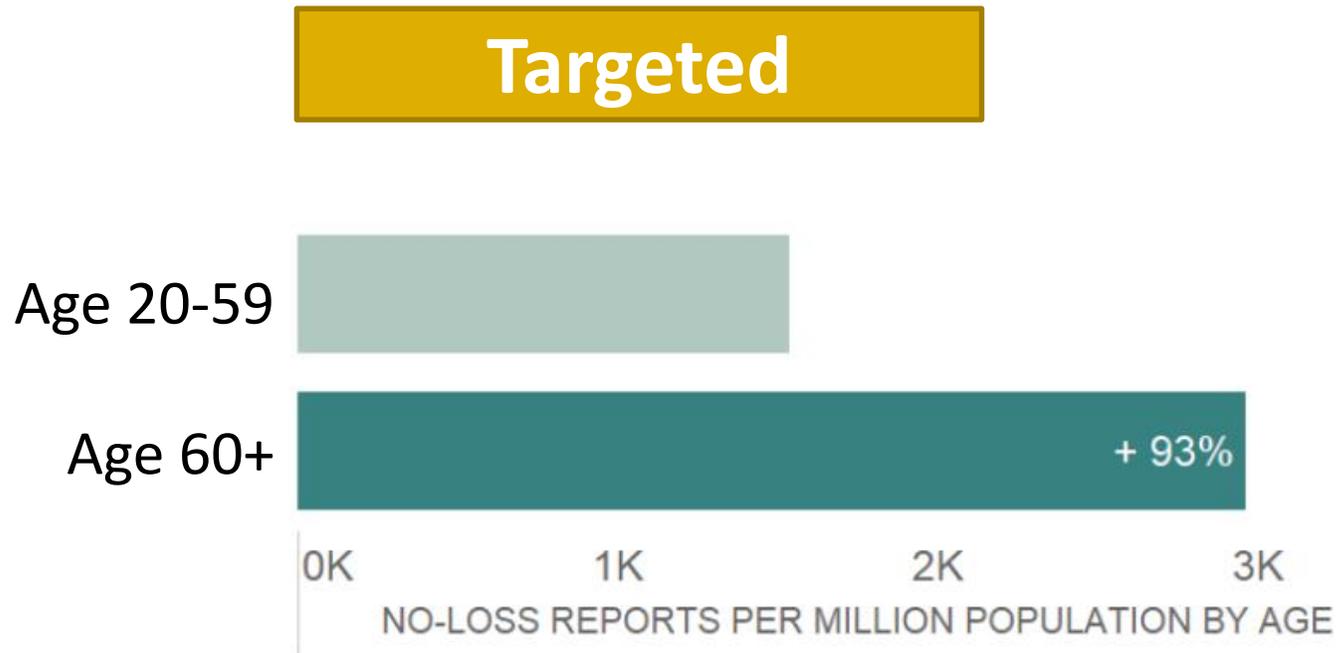
**What can we learn about older victims from the
FTC's Consumer Sentinel Report?**

Some scam types more common among age 60+

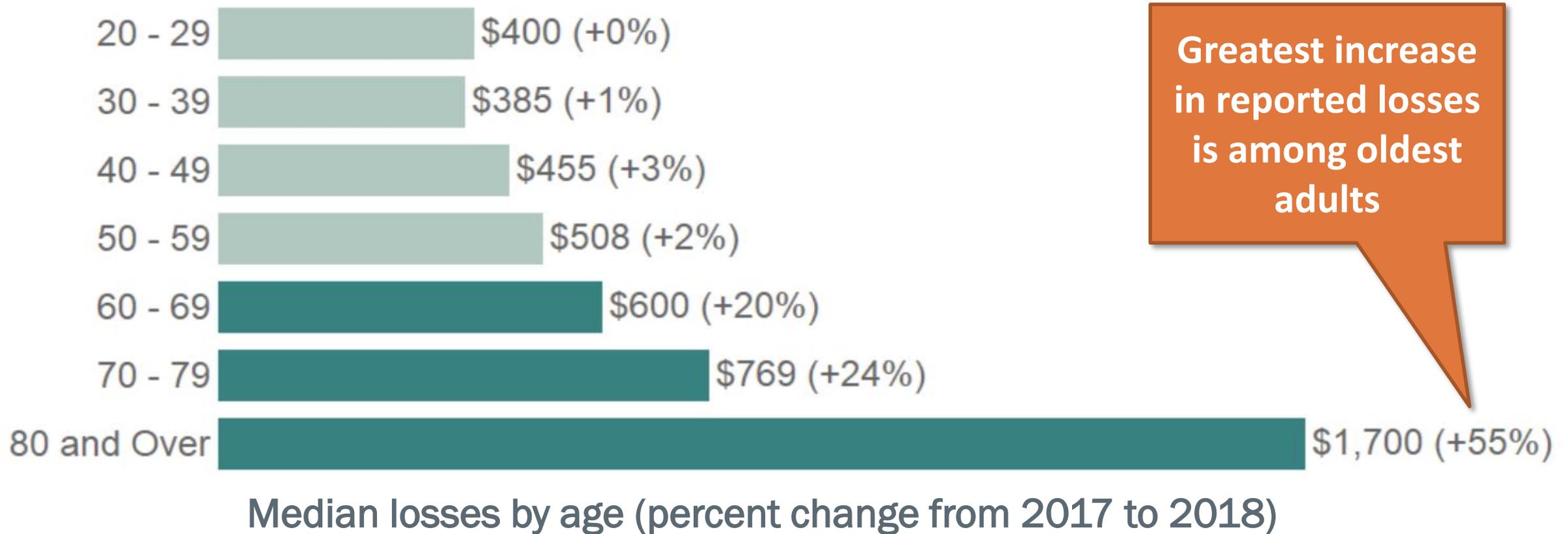


Source: Federal Trade Commission, 2019

Adults 60+ more likely to report being targeted, but less likely report losing money



When they do report losing money, it's often a greater loss than younger adults



Exposed to Scams

WHAT SEPARATES VICTIMS
FROM NON-VICTIMS?





The Research Team



Dr. Gary Mottola
FINRA Foundation



Mel Trumpower
BBB Institute



Emma Fletcher
Federal Trade
Commission



**Dr. Rubens
Pessanha**
IABBB



Dr. Marti DeLiema
University of
Minnesota
(formerly Stanford
Center on
Longevity)



Craig Honick
Founder and Managing Partner
Metro Tribal





Use of BBB Scam Tracker Data

BBB Scam TrackerSM

Brought to you by the BBB Institute for Marketplace Trust

Spot a business or offer that sounds like an illegal scheme or fraud? Tell us about it. Help us investigate and warn others by reporting what you know.

[Report a Scam](#)

Search for Scams

Search using any or all of the fields below.

Keyword

Scam Type
All Scam Types

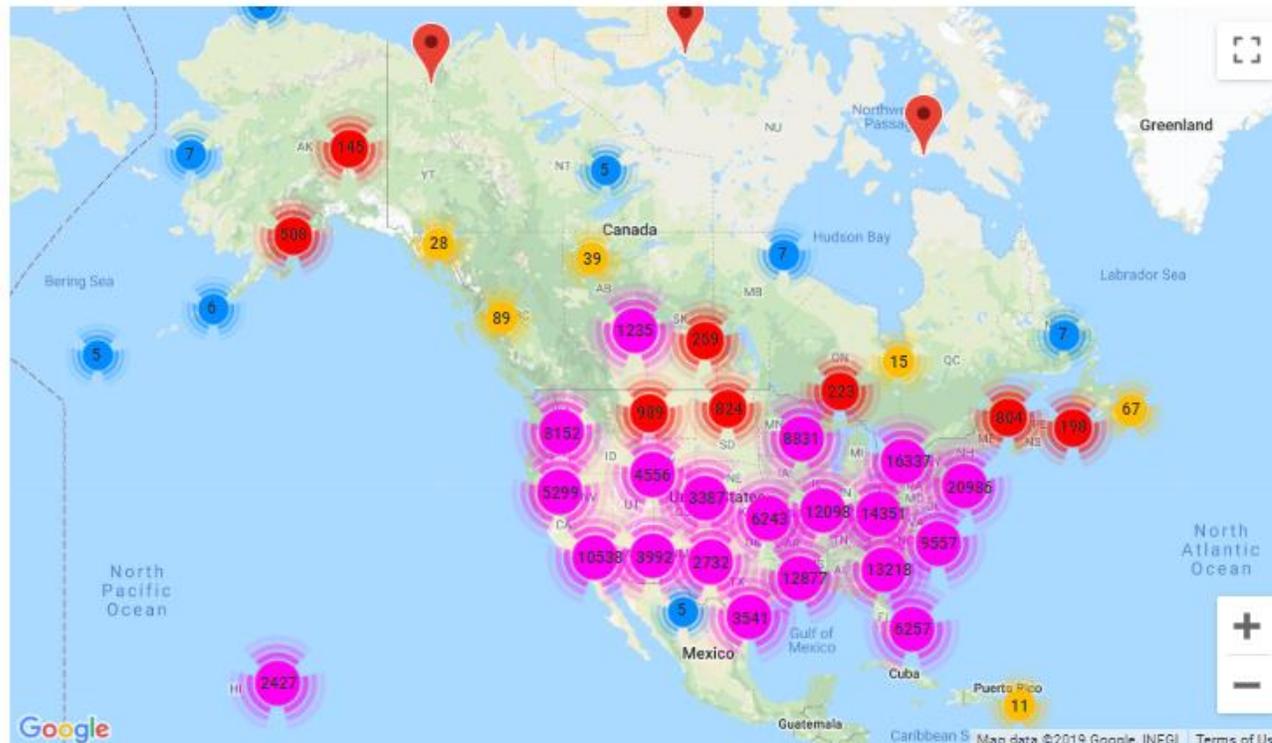
Country
Canada + U.S.

Date Reported
Feb 13, 2015 to Sep 24, 2019



[Learn more about scams](#)

Showing 170,862 Scams of 170,862 Reported



- ✓ Crowd-sourced.
- ✓ Searchable.
- ✓ New scam reported every 10 minutes.



Methodology



18 in-depth interviews



Online survey of BBB Scam Tracker reporters

- **1,408 responses**
- **Fielded August 2018**



The Path to Victimization

**Engaged and
not victimized
30%**



**Did not
engage
47%**

**Engaged and
victimized
23%**



Financial Insecurity Associated with Victimization

Question	Victims	Non-victims
Spend more than monthly income	23%	17%
Financially fragile*	38%	20%
I have too much debt	39%	28%

“I was overwhelmed with debt.”

*Measured as “could definitely not” or “probably could not” cover a \$2,000 emergency expense.



Lower Financial Literacy and Victimization

Those who did not engage had significantly higher scores on a 5-item financial literacy quiz.

*Range = 0 to 5, where higher scores = higher financial literacy





Social Isolation Increases Risk of Victimization

Among respondents who engaged...

- Those who ***did not have anyone available*** to discuss it with were also more likely to lose money.
- Those who ***chose not to*** discuss the solicitation with anyone while it was happening were more likely to lose money.

“I talked to my kids and they said they were pretty sure it was a scam.”



Testing the *guiding narrative* using the survey

“Sounded like a sheriff’s deputy and he was threatening me with immediate arrest if I didn’t comply.”

Victims’ Top Reasons for Engaging:

AUTHORITY:

ENTITLEMENT:

SCARCITY:

LIKING:



Preventing Financial Fraud

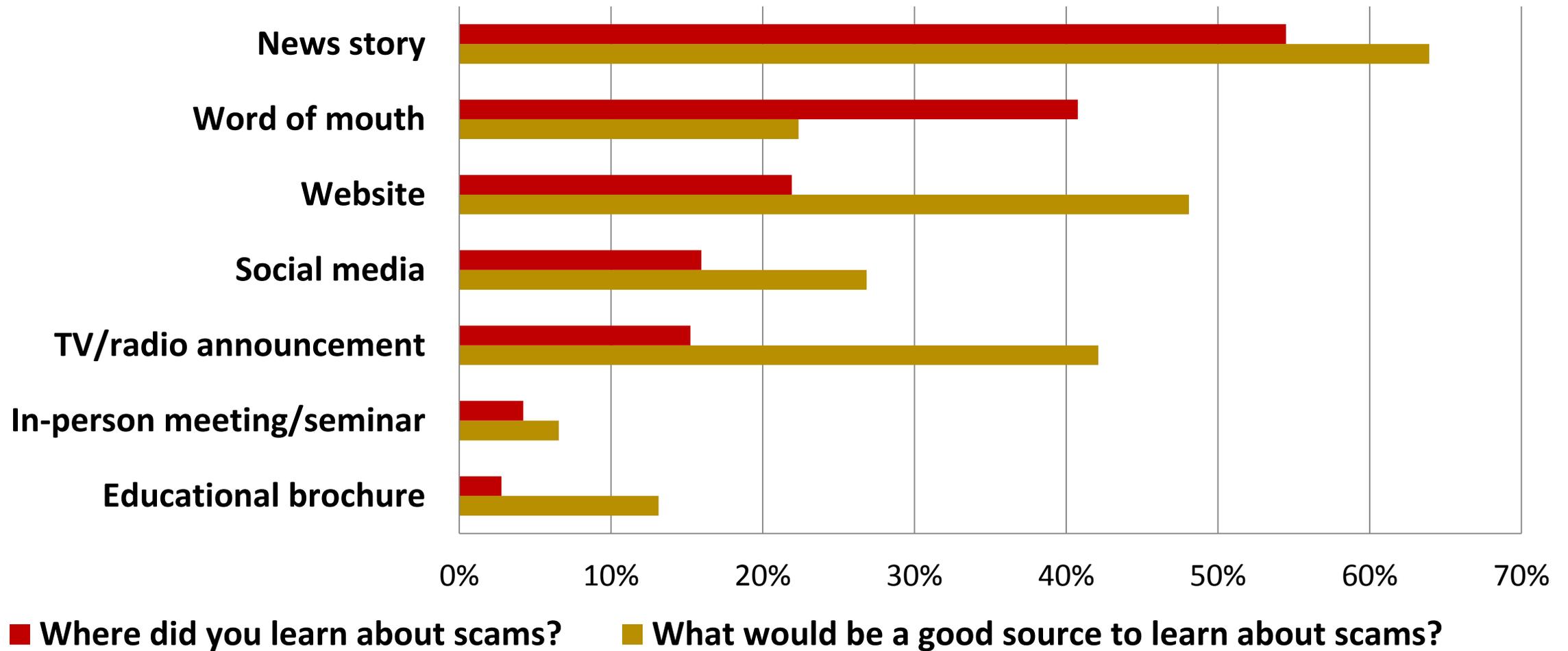
What reduced the likelihood of engaging?

Knowledge!

- Knowing about the **methods** of scammers in general
- Having **experience** with scams
- Knowing about the **specific scam** you are targeted by—80% less likely to engage, and 40% less likely to be a victim



Learning About Fraud



What's next for fraud victim research?

We need solutions!