

# **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



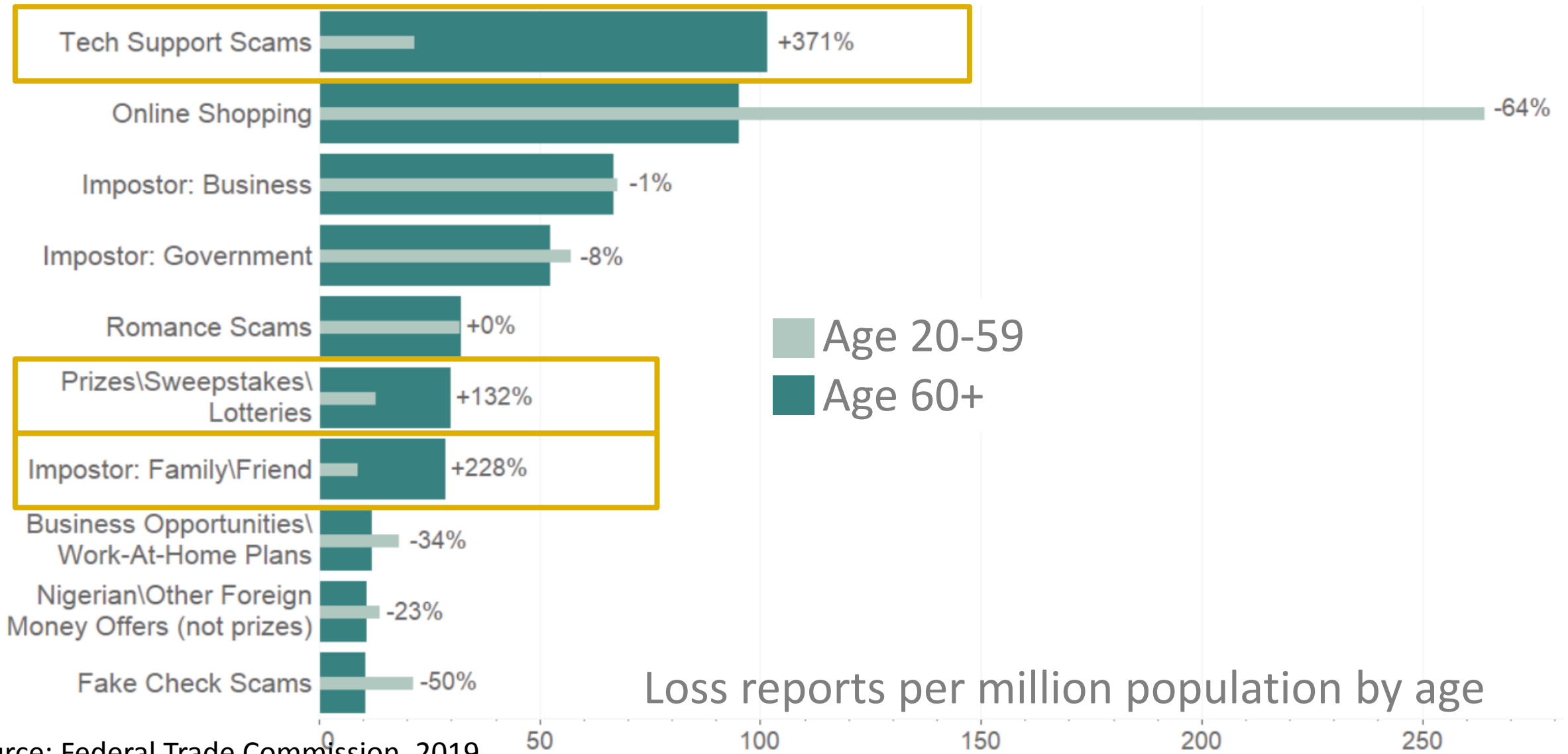
# Methods to study victim risk factors

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

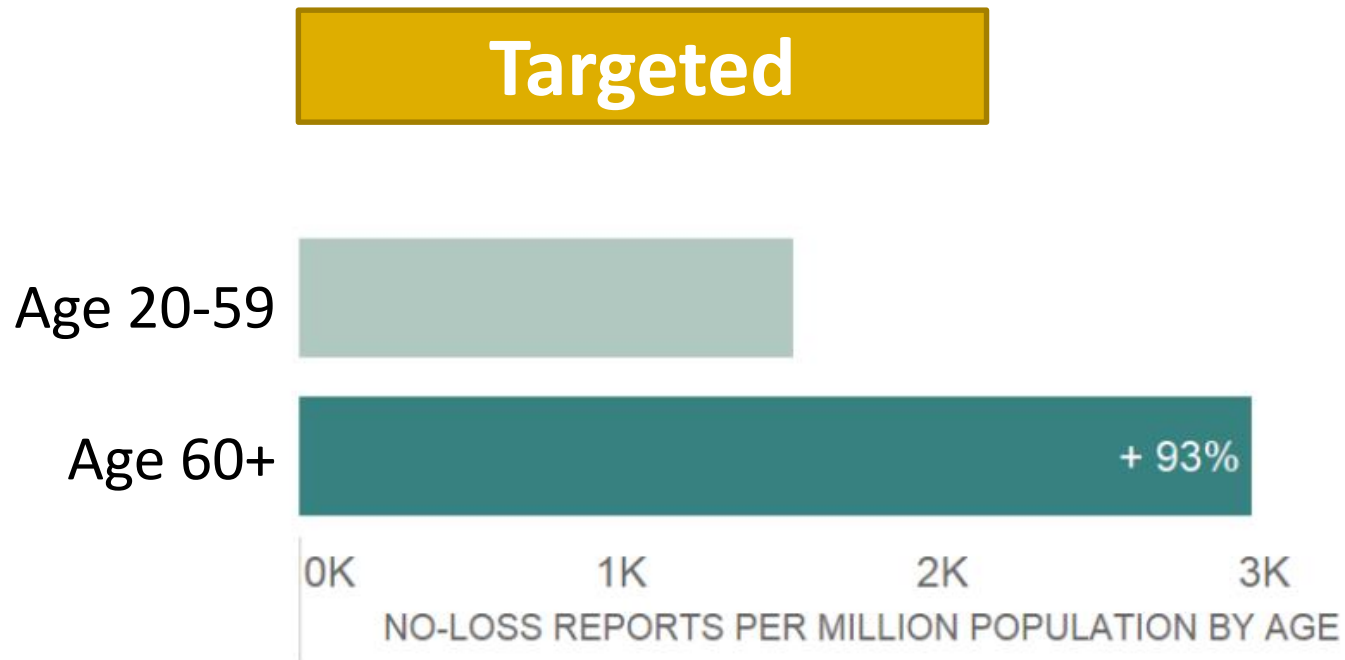
A blurred background image showing a group of people, possibly at a conference or meeting, with their faces and hands out of focus.

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

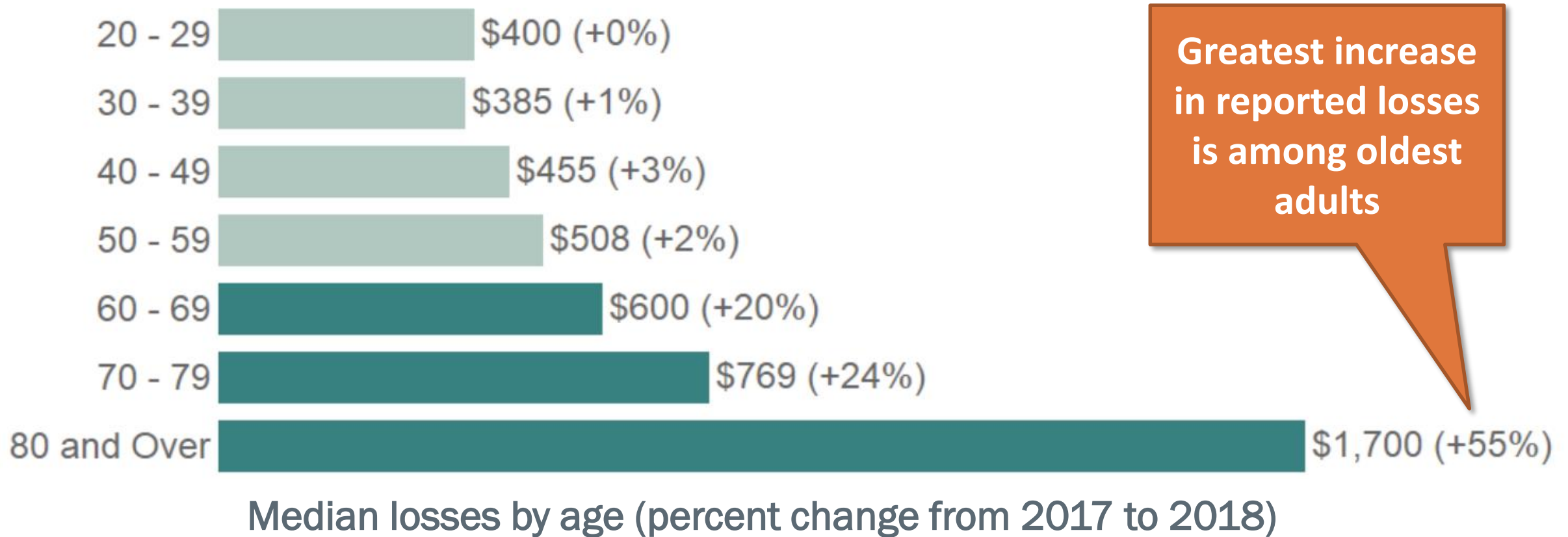
# Some scam types more common among age 60+



# 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



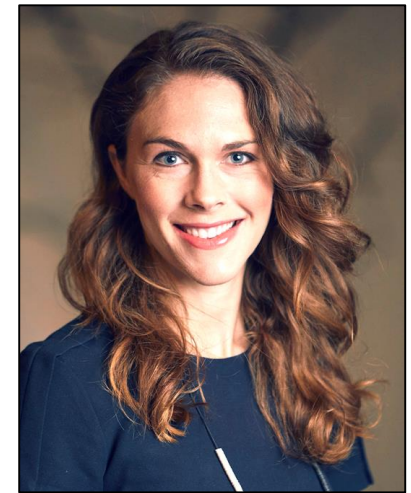
**Mel Trumpower**  
BBB Institute



**Emma Fletcher**  
Federal Trade  
Commission



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Pessanha**  
IABBB



**Dr. Marti DeLiema**  
University of  
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**Craig Honick**  
Founder and Managing Partner  
Metro Tribal





# Use of BBB Scam Tracker Data

## BBB Scam Tracker<sup>SM</sup>

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

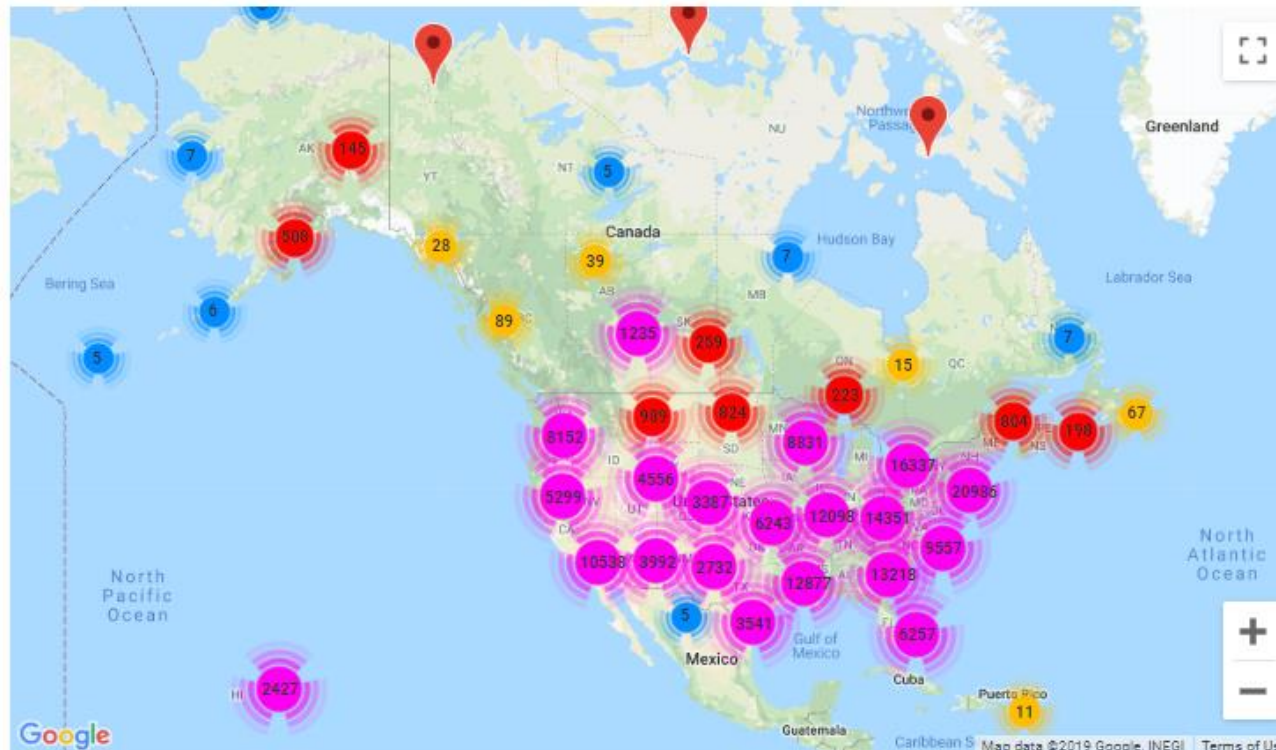
Feb 13, 2015 to Sep 24, 2019

Search



[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

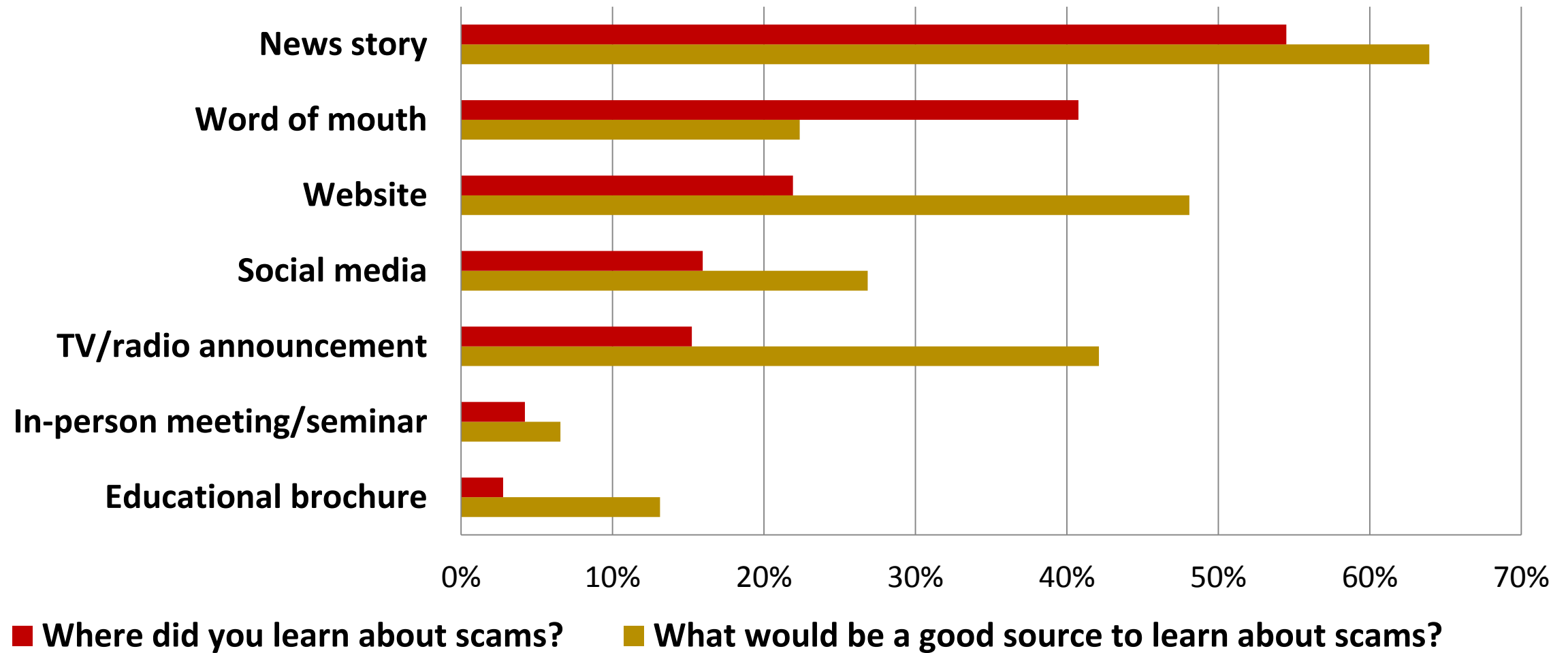
What reduced the likelihood of engaging?

## 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!