

FSC Roundtable on Elder Financial Abuse – 26th September 2017

On Tuesday 26 September 2017, the Financial Services Council (FSC) hosted the FSC Elder Financial Abuse Roundtable in Sydney.

The event, organised by the FSC Elder Financial Abuse Working Group, welcomed input from a range of organisations alongside FSC members to discuss possible next steps by the financial services industry in addressing the ongoing problem of elder financial abuse.

Participants included Anne McGowan, CEO of Protecting Seniors Wealth; Diana Ennis, Senior Manager of the External Dispute Resolutions Team at Financial Ombudsmen Service Australia; Phil Anderson, General Manager Policy and Professionalism at the Association of Financial Advisers and Dimitri Diamantes from Financial Planners Association of Australia. The Australian Bankers Association also provided input into the discussion.

The event came after recent developments surrounding elder financial abuse in Australia. Earlier this year, the Australian Law Reform Commission published a set of recommendations directed at possible legislative and industry responses to address the incidence of elder financial abuse.

Several of these recommendations specifically targeted the problem of elder financial abuse, including calls for the Code of Banking Practice to provide that banks will take reasonable steps to prevent the financial abuse of vulnerable customers. Relevant protections within superannuation were also earmarked for review.

The FSC is aware of the potential exposure to elder financial abuse among financial services institutions and is committed to exploring protective measures which can be adopted.

The roundtable event provided an opportunity to initiate conversations regarding what these measures might look like and how the industry could best respond in the medium-term prior to clarity of legislation.

Some of the issues highlighted include:

- Financial services front-line staff, particularly financial planners and advisers, are often the first and most frequent contact point for client interaction. Professionals in these roles, armed with appropriate knowledge about the signs of elder financial abuse, can provide vulnerable clients with first-hand guidance

as to what constitutes acceptable behaviour by their beneficiaries. This relationship can also act as an initial site for identifying suspicious behaviour.

- Many instances of elder financial abuse occurs through the manipulation of existing legal and financial instruments. Monitoring the use and management of such instruments can present a challenge for financial services institutions, which have an obligation to deliver client services professionally and confidentially. To address this, institutions can develop policies and implement internal operating procedures and reporting processes. This can include provisions regarding witnessing requirements, verification methods or protocols for reporting.
- Some financial institutions and small-medium size planning and advisory firms have sought to enact appropriate policies and procedures with regards to the types of risks being presented in their localities. This includes expanding on existing codes and practices regarding capacity-testing and treatment of vulnerable peoples. While these measures have had some success in identifying suspicious behaviour, consolidated industry-level commitment and guidance is required to effectively counter the increasing prevalence of elder financial abuse across Australia.
- An approach soon to be published by Financial Ombudsman Service Australia provides guidance to assist banking institutions to develop appropriate policies and actions in relation to preventing and responding to elder financial abuse. Led by best practice guidance published by the Australian Bankers Association for banks, the approach aims to be applicable at a high-level to all financial services. Protecting Seniors Wealth also provides CDP Accredited staff training workshops on financial abuse protection for financial services institutions. It is hoped such guidance and training will serve as a precursor to greater voluntary commitments and the enactment of proactive policies by financial services institutions.

Members of the FSC Working Group on Elder Financial Abuse, comprising representatives from Dixon Advisory, ANZ Wealth, NAB, Suncorp, Macquarie, MLC, Mercer, Perpetual, Equity Trustees, MyState and Sandhurst Trustees, are committed to further dialogue and action on this issue in 2018.

The FSC welcomes contributions from other industry organisations and interested parties.

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