

NBA Statement on Financial Abuse Protections in LB 909

LINCOLN, Neb. – July 21, 2020 – The Nebraska Bankers Association applauds the Nebraska Legislature for the inclusion of new financial abuse protection provisions in Legislative Bill 909, which was passed today on a 48-0 vote.

The financial abuse provisions contained in LB 909 would allow a financial institution to place a hold of up to 30 days on a customer's transaction when financial exploitation is suspected. The new regulations would protect anyone over the age of 65 or vulnerable adults, defined as someone who has substantial mental or functional impairment or who has a guardian or conservator appointed.

LB 909 also authorizes a financial institution to provide notification to family members or other third parties who can provide assistance to the senior or vulnerable adult if financial exploitation is suspected. It enhances the ability of financial institutions to take action to protect their customers by protecting them from liability if they stop or delay a transaction because exploitation is suspected.

A 2019 Consumer Financial Protection Bureau study estimated losses and fraudulent attempts against older Americans reached more than \$6 billion between 2013 and 2017. Nebraska banks already have practices in place to help detect and prevent these losses. According to a 2019 American Bankers Association Survey, 90% of banks require specialized training to detect elder financial abuse. However, their ability to protect their customers was hampered by existing regulations.

In testimony before the Banking, Commerce and Insurance Committee, Kent Franzen, vice president of compliance at Henderson State Bank, noted financial institutions often cannot take actions which would address financial abuse because of restrictions on disclosing customer information.

"Members of the Nebraska Bankers Association would like to thank the Nebraska Legislature and members of the Banking, Commerce and Insurance Committee for adopting this important legislation. Our members are pleased to have another tool to aggressively protect customers and fellow Nebraskans from financial abuse," said Richard Baier, president and CEO of the Nebraska Bankers Association. "Safeguarding customers is integral to our member banks and these provisions will provide a boost to their efforts."

The financial abuse provisions were introduced by Senator Matt Williams of Gothenburg. Williams is a past chairman of the Nebraska Bankers Association and the American Bankers Association

The Nebraska Bankers Association (www.nebankers.org), founded in 1890, is the voice of Nebraska's \$77.9 billion banking industry, which is composed of small, regional, and large banks that together employ more than 15,000 people, and safeguard nearly \$63.9 billion in deposits, all within the state of Nebraska.

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