

The Hidden Threat: Elder Financial Abuse in Malaysia

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Introduction

As Malaysia's population ages, financial advisors must be aware of a serious yet often hidden threat to older adults: elder financial abuse (EFA). The World Health Organization (WHO) defines elder abuse as any action or failure to act that harms or distresses an older person, usually done by someone they trust. One of the most common but underreported types of elder abuse is financial exploitation. This occurs when someone illegally or improperly uses an elder's money, property, or assets. It can occur in various ways, such as family members or caregivers pressuring older adults to give them access to their finances or taking money without permission. This exploitation can severely damage the financial well-being and independence of elderly individuals. The abusers are typically trusted people, such as family members, caregivers, or friends, and their actions may not be easy to spot.

Elders at Risk

Older adults are more likely to face financial abuse due to several risk factors. These risks are linked to health, family relationships, and life circumstances. Below are key risk factors supported by research studies of elders at risk for financial abuse.

Cognitive Impairment. Older adults with memory loss, dementia, or Alzheimer's may not fully understand what they are signing or giving away. The National Health and Morbidity Survey 2018 found that over 8.5% of Malaysians aged 60 and above show signs of dementia (Living with dementia, n.d.). These individuals are less able to manage their finances and more likely to become victims of abuse.

Physical Disabilities and Dependence on Others.

When older people cannot care for themselves, they must depend on others, sometimes to an excessive degree. Without checks, this trust can be misused. Pillemer et al. (2016) in *The Lancet Global Health* found that older adults with physical limitations are at greater risk of being exploited, especially if no one else is monitoring their care.

Female Elders. Many older women live alone and are not used to handling finances. This makes them more likely to trust someone who offers help, even if it is for the wrong reasons. Dey & Tripathi (2022) show that older women face higher risks of abuse, especially in cultures that expect them to rely on family. They often feel obligated to give money, land, or other valuables to younger relatives.

Home Ownership. A house is a valuable asset, family members under financial pressure may see it as an easy source of money, even if the elder does not want to sell. Wu et al. (2012) found that older people who own property are more likely to be pressured by others, especially by family who see the house as a financial "resource."

Living with Family Facing Financial Stress or Addiction. When older adults live with family members who are in financial or emotional trouble, they are more likely to be taken advantage of. Che Amani et al. (2021) found that elders living with unemployed or financially stressed children face a higher risk of financial abuse, mainly when they depend on them for daily needs.

Low Financial Literacy and Digital Skills. Scammers often target seniors unfamiliar with digital banking, apps, and online fraud. AKPK's 2022 Financial Behaviour Report shows that older Malaysians have lower financial and digital literacy.

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This makes them easy targets for phone scams, fake messages, and online fraud.

Social Isolation and Emotional Vulnerability.

When older adults feel lonely or look for companionship, they may be vulnerable to individuals who only seek their financial gain. Zannettino et al. (2014) and Redmond (2016) highlight that emotional needs can cloud judgment. According to the *New Straits Times*, many elderly women in Malaysia fall victim to “love scams,” losing large sums of money (Al-As, 2025).

Legal Vulnerabilities. Giving someone Power of Attorney (POA) protects older people. However, if the wrong person is given that power, it can lead to severe abuse. Rabiner et al. (2006) found that misusing POA is common in financial abuse cases. Trusted individuals sometimes use this power to take money or property for themselves.

The Signs of Financial Abuse

Unlike physical abuse, financial abuse does not leave bruises or scars. Instead, it often hides behind behaviour, spending, or lifestyle changes. Recognising the signs can help protect older adults from harm. Below are real-life examples of what financial abuse may look like in different settings.

At Home or in Personal Life

- Confused about money matters. An elderly woman is sure she paid her electricity bill, but her power is cut off. Later, her grandson admits to using her ATM card without permission.
- Afraid to talk about money. A retiree becomes nervous and avoids questions when asked how he manages his EPF or monthly expenses.
- Missing basic needs despite having money. An older woman receives a pension but has little food in the house, wears old clothes and looks neglected. However, she lives in a well-furnished home.

- Unpaid bills and money troubles with no explanation. An elderly man has savings but is almost evicted for unpaid rent. A family member handling his money had been using it for personal expenses.
- Isolation from loved ones. A once-social older woman suddenly stops going to prayers or community events. A new “friend” now manages her money and limits her outside contact.

At the Bank

- Unusual or large withdrawals. A retiree who usually spends RM1,000 a month suddenly makes multiple RM5,000 withdrawals in one week.
- ATM activity that appears suspicious or inconsistent. A housebound senior has daily ATM withdrawals, even though he has not left home in weeks.
- Suspicious signatures or account changes. A bank staff member notices a cheque signature that looks off and sees a new name added to the elder’s account.
- Bank letters are sent somewhere else. An elder’s bank statements are now mailed to a nephew’s apartment. When asked, the elder does not seem to know this has happened.

In Legal Matters

- Sudden changes to wills or property. A woman who had always planned to divide her assets among all her children suddenly gave everything to one daughter, who now takes care of her.
- Legal papers are signed in unclear situations. A son says he has power of attorney, but his mother, who has early dementia, does not remember signing anything.
- New people are claiming control over money. A neighbour demands access to an older woman’s

pension, saying he buys her groceries. However, no one asked the elder what she wanted.

In Healthcare Settings

- Missing doctor visits without a reason. A senior stops going to regular diabetes check-ups. She has enough money, but her caregiver would not take or give her the transport fare.
- Health is getting worse due to unpaid medical needs. An elderly man's medicine is not refilled, and his condition worsens, despite his steady retirement income.
- The caregiver controls all conversations with doctors. During medical visits, a caregiver insists on staying in the room and answers all monetary questions, even when doctors ask to speak to the elder alone.

Characteristics of Perpetrators and Their Tactics

Characteristics of Perpetrators

- Caregivers or Family Members. Many cases of elder abuse involve family members, especially adult children and spouses. About 60% of elder abuse cases are committed by family members (Jones, 2024). These abusers often depend on older adults for money or care. This reliance creates a power imbalance that can lead to abuse. The abusers take advantage of their close knowledge of the victim's weaknesses and resources.
- Caregivers or Family Members with Psychological or Substance Abuse Issues. Psychological factors play an important role in who becomes an abuser. Many abusers show signs of mental health problems like depression, anxiety, or issues with substance abuse. People who struggle with addiction may take advantage of their elderly relatives to pay for their habit.
- Predatory Strangers or New "Friends". These perpetrators build trust with the elder, often

through online platforms, before manipulating them into giving away money or assets.

Tactics Used by Perpetrators

- Grooming. Some abusers slowly gain the elder's trust by pretending to care deeply about them. They may initially show kindness and concern, but their underlying goal is to control the elder's money. Over time, they take advantage of the elder's emotional needs, making the elder feel like they owe the abuser help or money, often under the excuse of "support" or "care".
- Isolation. Abusers may try to keep the elder away from other people, like friends, neighbours, or even other family members. This makes the elder more dependent on the abuser. Without outside contact, the elder may not realise they are being abused and may begin to believe they have no other choice or support.
- Coercion. Some abusers use pressure or threats to get what they want. They might say things like, "If you do not help me, I will not take care of you," or claim the elder agreed to something they did not. Sometimes, they trick the elderly into signing documents to give away money or property. They may even misuse the Power of Attorney to move money or make legal decisions that benefit them.

Implications of Elder Financial Abuse

Elder financial abuse causes serious harm. It affects the older person, their family, caregivers, and the community. These effects can be financial, emotional, physical, and social.

Financial Impact. Older adults who experience financial abuse may lose their savings, pension funds, or property. This loss can make paying for daily needs such as food, housing, or medical care difficult. Some may become dependent on others or government support. This adds stress to family members who are already managing their finances.

Emotional and Mental Health. Victims often feel ashamed, embarrassed, or guilty. They may become depressed or anxious, especially if they do not know how to recover their money. These feelings can last a long time. Some may avoid talking about the abuse, which allows the problem to continue.

Physical Health. Financial loss can lead to poor health. Older adults may stop buying medicine or seeing doctors to save money. They might also cut back on food or home care. This can make health conditions worse. Stress from the abuse can lead to high blood pressure or heart problems.

Social Isolation. Victims may pull away from family or friends. They may feel embarrassed or afraid to talk about what happened. Being alone makes them more vulnerable to further abuse. They often do not know who to trust or ask for help without support.

Impact on Family Relationships. If a family member is the abuser, it can damage trust and cause deep emotional pain. The victim may feel betrayed. Other family members may fight over money or caregiving responsibilities, breaking families apart.

Legal and Community Impact. More cases of elder financial abuse mean more pressure on social workers, lawyers and the courts. Professionals like financial planners, doctors, and lawyers need training to spot and report abuse. Governments must improve laws and support systems to protect older people and punish wrongdoers.

Preventive Strategies: Financial Planners Are the First Line of Defense

Financial planners do more than manage money; they protect their clients' dignity, independence, and life savings. Regularly reviewing clients' finances can identify unusual activities, prevent problems, and support long-term financial health. This role is important for two reasons. First, older clients deserve protection from harm. Second, failing to address

financial abuse can harm their finances, family relationships, and the advisor's reputation. Therefore, financial planners need to engage in prevention and incorporate protective measures into their daily work.

Encourage Transparency and Oversight. Create a culture of transparency through scheduled account reviews, clear documentation of large transactions, and the use of checklists for estate and investment decisions. Regular reviews help detect sudden changes, new beneficiaries, or withdrawals that deviate from known patterns.

Example: A sudden RM50,000 transfer to a previously unknown person could be flagged in a quarterly review and halted in time.

Promote Tailored Legal Safeguards. Work with legal professionals to ensure that documents like Powers of Attorney (POA) are precise, conditional, and time-bound. Ensure wills and trusts are reviewed annually or after significant life events. Family members frequently misuse vague or open-ended POAs. Specific, conditional instruments limit abuse.

Example: A POA that activates only after two medical professionals certify cognitive decline prevents premature misuse.

Support Digital and Financial Literacy. Organise or refer clients to workshops on online banking, fraud detection, and secure financial practices. Provide curated materials explaining current scam tactics. Seniors unfamiliar with technology are prime targets for phishing, impersonation and malware scams.

Example: Teaching clients to verify a bank email URL could prevent a phishing attack that wipes out their savings.

Screen Third-Party Access Requests. Implement standardised vetting processes for any individual requesting financial access or acting on behalf of a client. Require signed declarations or third-party

verification. Many financial abuses begin with an unexamined request from a seemingly well-meaning relative.

Example: Requiring a notarised consent form before sharing information could expose fraudulent intentions early.

Empower Client Autonomy and Privacy. Offer private, one-on-one consultations with older clients. Ask open-ended questions about how they feel about recent financial decisions or interactions. Many elders do not disclose abuse out of shame or fear, especially if the abuser is a loved one.

Example: A client might only admit coercion if asked in a private, safe setting without the presence of a caregiver or family member.

Know the Referral Pathways. Maintain an updated list of relevant authorities, such as the Legal Aid Department, the Social Welfare Department and Bank Negara Malaysia's financial ombudspersons. When abuse is suspected, timely referral can mean the difference between recovery and prolonged harm.

Example: Referring a client to the Department of Social Welfare can trigger a formal investigation while protecting client confidentiality

Conclusion: From Stewardship to Safeguarding

Elder financial abuse is not just about money; it is about trust, respect, and human dignity. The damage can be profound and lasting when older adults are taken advantage of. It is excruciating because it often happens at a time when they should feel safe, supported, and valued. Financial planners are often the first to notice when something seems wrong. That makes their role very important. They are not just managing savings or investments; they are in a strong position to protect their elderly clients from being misled, pressured, or exploited. This responsibility goes beyond numbers; it is about standing up for what

is right. Older clients are more than just clients; they are parents, grandparents and elders who have worked hard and saved for their future. They deserve to be treated with care and protected from harm. Financial planners can help ensure that older adults live their later years with confidence and peace of mind. Every year on June 15, World Elder Abuse Awareness Day reminds people around the world to protect older adults from harm. Financial professionals play a key part in that protection. They help prevent abuse, speak up when something is wrong and show what it means to be trustworthy and ethical in their work. Protecting the elderly is not just good; it is the right thing to do.

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