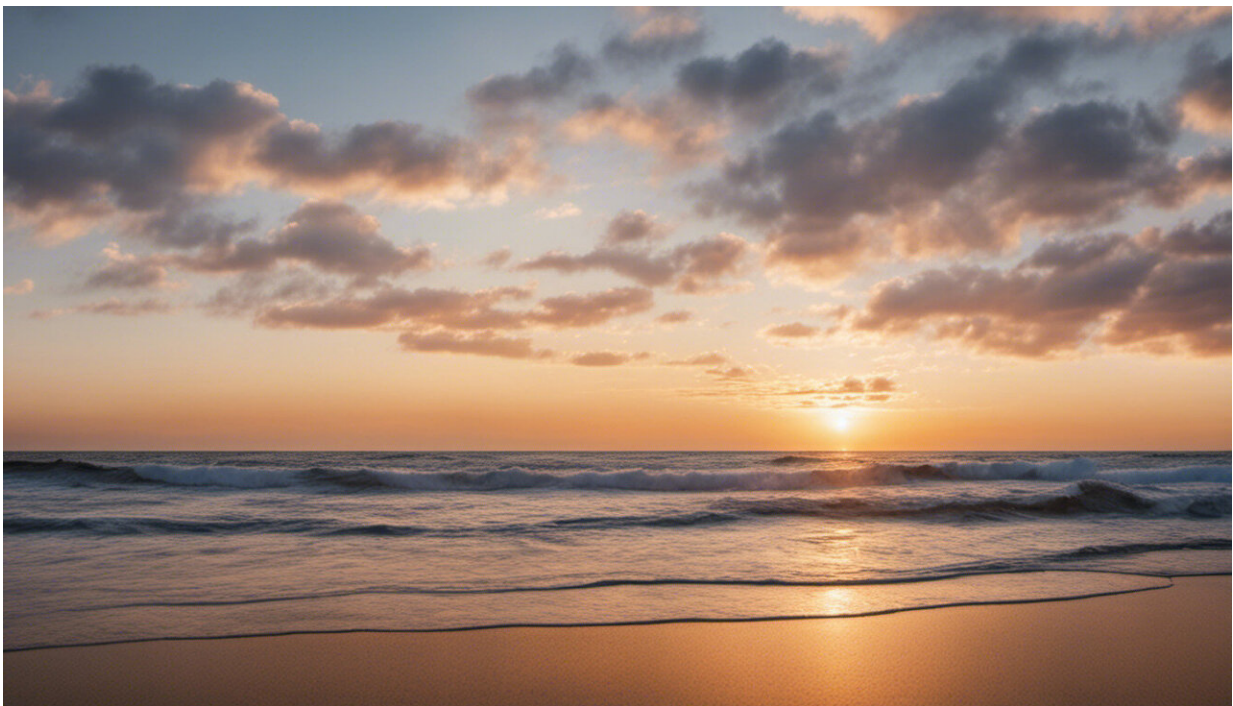


Financial fraud targeting older adults often involves appeals to emotions like anger, excitement

May 4 2016, by Clifton B. Parker



Credit: AI-generated image ([disclaimer](#))

An appeal to emotions like excitement or anger is a key persuasion tactic used by fraudsters to mislead the elderly.

That's the key finding in a new report from the Stanford Center on

Longevity. Excitement and anger – known as "high arousal" emotions – can lead to risky decision-making compared with "low-arousal" emotions, such as feeling depressed, bored or tired.

Financial fraud costs range in the billions annually, and many victims are elderly. The Federal Trade Commission estimates that in 2011, 7.3 percent of adults between the ages of 65 and 74 were the victim of financial fraud, as were 6.5 percent of adults age 75 and older. For all adults 18 years and older, a figure of \$50 billion is given for the overall impact of fraud, according to the Stanford researchers.

Prior research, the study's scholars point out, shows that [older adults](#) are particularly susceptible to the effects of high-arousal emotions on decision-making.

"When emotionally aroused, either excited or frustrated, older adults may be more susceptible to being victimized by scammers than are younger individuals," said Ian H. Gotlib, the David Starr Jordan Professor of Psychology and chair of the Stanford Psychology Department. "In the present study, they were more likely to want to pay for an item advertised misleadingly, regardless of how credible they believed the advertisement was."

Misleading advertising

The researchers examined whether inducing high-arousal positive and high-arousal negative emotions in the laboratory increases susceptibility to fraudulent purchases. Participants included 71 adults age 65 to 85 and 68 adults between 30 and 40 years of age.

Designed to simulate the real-world tactics of [financial fraud](#) perpetrators, the lab experiment involved inducing different types of emotional arousal in the participants and then assessing their responses

to misleading advertisements. The researchers assigned each participant to one of three emotional arousal groups: excitement (high-arousal positive emotion); anger (high-arousal negative emotion); and neutral (low arousal).

The study revealed that inducing either high-arousal positive or high-arousal negative emotions in older adults increased their desire to purchase products after viewing misleading advertisements. This occurred despite the fact that the high-arousal groups did not find the advertisements to be more credible than did the low-arousal group.

The results suggest that a state of high [emotional arousal](#), whether it is one of excitement or one of anger, may influence older adults' susceptibility to fraud.

"When we examined [younger adults](#) separately, we did not find these same effects. Further, whereas in younger adults greater advertisement credulity was associated with greater intention to purchase the item, credulity and purchase intention were not significantly related in older adults," the researchers wrote.

Societal implications

The study recommends that communicating such research findings to consumers and investors, especially older adults, may help them avoid becoming victims of fraud.

With warnings, people can recognize the tactics used by fraudsters – creating excitement about the proposition, putting time pressure on the decision, invoking the names of other "trusted sources" who have reportedly bought in to the endeavor – said Martha Deevy, director of the Financial Security Division at the Stanford Center on Longevity.

"Individuals can protect themselves by pausing or waiting a few days before saying 'yes,' and by following the adage, 'If it sounds too good to be true, it probably is,'" Deevy said.

Everyone, she added, can avoid fraud by never giving personal information to strangers who call on the phone, by asking to see credentials or to speak to supervisors, and by doing background research on charities, vendors and financial advisers to make sure that they are legitimate.

"Many financial institutions are also playing a role in helping to identify instances of potential fraud by being watchful for changes in behavior or transaction habits with their older clients," Deevy said.

More information: Heightened Emotional States Increase Susceptibility to Fraud in Older Adults: longevity3.stanford.edu/fraud-issue-brief/

Provided by Stanford University

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