



Consumer Services

ANNUAL REPORT 2019-2020



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I am pleased to present this fifth annual report on the work of the Financial Services for Consumers and Business depute and highlight some of the financial issues facing consumers throughout the commonwealth.

This past fiscal year presented numerous challenges with the onset of COVID-19 in March 2020. Individuals and families across the state have faced several hardships because of that, including those of a financial nature. The staff of the Financial Services for Consumers and Business depute has worked diligently throughout this year to help consumers resolve complaints about financial products, inform them of predatory practices and scams, and provide free, non-commercial information that is credible, timely, and actionable.

The staff of the depute is comprised of our Consumer Services Office and Investor Education and Consumer Outreach Office. This past year staff responded to nearly 5,000 calls on a host of financial questions and complaints, and reached more than 27,000 residents with our presentations, often times working closely with other state agencies and partner organizations.

In addition to continuing our work ensuring a well-informed marketplace for consumers and business, a new Investing in Women initiative was launched in January 2020. More information about the work that will come from this initiative is featured later in the report.

We continue to emphasize and work to help protect senior citizens in Pennsylvania, working alongside the Department of Aging to educate about the red flags of elder financial exploitation. This remains an important area to invest our time and resources, including through the Campaign for Wise and Safe Investing with the Pennsylvania AARP Consumer Issues Task Force so that seniors and those they interact with have the tools and knowledge to reduce the scourge of exploitation.

This report contains a brief summation of the work of the depute throughout this past year, as well as information about trends we are seeing. If you would like to learn more about the work of the depute I encourage you to:

- Follow us on Facebook and Twitter to learn tips about how to protect yourself and your money from the latest scams and threats;
- Visit the department's [calendar of events](#) to find an event near you or e-mail us at informed@pa.gov
- Connect with the people and organizations who are forming a network of consumer protection across Pennsylvania, include the Pennsylvania State Agency Financial Exchange (PA \$AFE); and
- Contact us at 1.800.PA.BANKS and speak with a Consumer Services Specialist if you have questions or complaints about financial issues.

Richard Vague

Pennsylvania Secretary of Banking and Securities



The Pennsylvania Department of Banking and Securities was created by Act 86 of 2012, which merged the Pennsylvania Securities Commission and the Pennsylvania Department of Banking into one agency under the governor's jurisdiction. The department's mission is to regulate financial services and work to ensure consumers and businesses are well-informed about the marketplace.

Here are some of the ways the department balances its mission of ensuring financial institutions' safety and soundness and consumer protection with our concern for Pennsylvania's families:

- We regulate nearly 200 state-chartered banks, trusts and credit unions to ensure that Pennsylvanians' deposits are safe and available when they need them.
- We license and register more than 25,000 consumer lenders, including mortgage brokers, originators and lenders; auto sales finance companies; debt services companies; check cashers; pawnbrokers; and money transmitters. We also enforce compliance with state and federal laws so that consumer borrowers will have confidence in their transactions.
- We register more than 225,000 investment professionals who conduct securities-related business in Pennsylvania, and review more than 5,000 securities offerings made to Pennsylvanians each year.
- Our Consumer Services Office staff provides free help to anyone with a question, concern, or complaint about Pennsylvania financial institutions or products. Simply call 1.800.PA.BANKS or visit dobs.pa.gov and a trained professional will respond within 24 hours.
- Our Investor Education and Consumer Outreach Office staff presents non-commercial, educational programs about investing and fraud prevention at senior citizen expos, community center functions, schools and other public events that teach consumers how to protect their money.

The department is accredited by the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, and the National Association of State Credit Union Supervisors. We are active members of the North American Securities Administrators Association, the National Association of Consumer Credit Administrators, and the Money Transmitter Regulators Association.

Our work is mainly funded by the assessments and fees paid by Pennsylvania's regulated financial community. No taxpayer dollars are used to support our work.



Consumer Services staff handled nearly 5,000 complaints/inquiries last year. Most of these were telephone calls and emails.

The Consumer Services Office is staffed year-round by a team of trained professionals who are dedicated to helping Pennsylvanians with financial issues and questions.

The toll-free 800 number, 1.800.PA.BANKS, is staffed Monday-Friday from 8:00 AM-5:00 PM.

Our Consumer Services Office has been in service for more than 40 years and aims to assist consumers with their financial questions. Callers deal with one point of contact, rather than being passed from person to person within the department. This continuity results in faster resolution of issues. Each call may be followed by hours of individual assistance, online research, and other follow-up.

The average time for Consumer Services to resolve complaints is under 5 days.

Continuing education for Consumer Services Office staff included participation in the Educational Committee for the National Association of Consumer Credit Administrators (NACCA) and participation in the American Association of Residential Mortgage Regulators.

Christine Hodge, chief of the Consumer Services Office, also leads the Commonwealth Call Center Collaborative ("4C"), which is a subcommittee of the Pennsylvania State Agency Financial Exchange (PA \$AFE). More than 10 different state government agencies collaborate on improving call-center services to their respective constituents.



Q: Must people provide their names?

A: Consumers are not required to provide their name to have a question answered. However, to process a complaint, we will require personal information. All personal information is handled in a strictly confidential manner.

Q: How long does it take to process and resolve a question or complaint?

A: About 85 percent of the time we resolve issues that same day. For those issues that do take longer, it is almost always because we are waiting on additional information from the individual consumer, or a formal response from the institution (we typically allow for a 30-day response).

Q: What are the financial issues that most concern people?

A: Most questions come in about deposit accounts (checking/savings), online and mobile banking, money transmission services, mortgages, and scams.

Q: When you cannot help, where do you refer people?

A: Consumers sometimes find that trying to find the right government agency to help them can be difficult or frustrating. Our Consumer Services professionals understand this challenge and are excellent at referring individuals to the correct regulatory or law enforcement agency.

CONTINUING COLLABORATION

In the past year, we have worked with the following agencies to help resolve consumer questions and complaints:

Federal Agencies

- Commodity Futures Trading Commission
- Consumer Financial Protection Bureau
- Federal Bureau of Investigations
- Federal Deposit Insurance Corporation
- Federal Emergency Management Agency
- Federal Financial Institutions Examination Council
- Federal Reserve Board of Governors
- Federal Trade Commission
- Financial Industry Regulatory Authority
- Internet Crime Complaint Center
- National Credit Union Administration
- Office of the Comptroller of the Currency
- Securities and Exchange Commission
- United States Department of Justice
- United States Department of Labor
- United States Postal Inspection Service

Other governmental agencies to which we have referred questions and complaints

- Delaware State Bank Commissioner
- Illinois Department of Financial and Professional Regulation
- Maryland Commissioner of Financial Regulation
- New Jersey Department of Banking and Insurance
- New York Department of Financial Services
- North Carolina Commissioner of Banks
- Pennsylvania local police departments

State Government Partners

- Department of Aging
- Department of Agriculture
- Department of Community and Economic Development (DCED)
- Department of Education
- Department of Human Services
- Department of Labor & Industry
- Department of Revenue
- Department of Transportation (PennDOT)
- Insurance Department
- Office of Administration
- PA Attorney General
- PA e-Health Partnership
- PA Emergency Management Agency (PEMA)
- PA Higher Education Assistance Agency (PHEAA)
- PA Housing Finance Agency (PHFA)
- PA State Police
- PA Treasury
- PA Commission on Crime and Delinquency
- Public School Employees' Retirement System (PSERS)
- Public Utility Commission

Additionally, the State Agency Financial Exchange (\$AFE) is a group of several state agencies that meet bi-monthly to discuss financial capability efforts. The group members share event information, helping each other promote activities and Financial Capability Month (April). Several collaborative efforts have also come out of \$AFE meetings, most recently financial education research efforts with the Department of Corrections, the Pennsylvania Board of Probation and Parole, and the department.

Informed consumers are better able to protect themselves from frauds and scams and to make decisions that improve their financial well-being. Our department's outreach staff participates in hundreds of public events each year – legislative expos, seminars in community and senior centers, and large-scale events. We offer educational materials and presentations, outreach programs, professional development workshops, brochures and online tools on a wide range of topics. All of our resources and programs are free and available throughout the commonwealth.



27,000+ Consumers



320 Presentations



56 Counties

OUR EDUCATION COORDINATORS GIVE PRESENTATIONS ON:

Consumer Protection



A series of presentations delivered in your community, customized to the audience. Topics include:

- Cybersecurity
- Avoiding Scams and Identity Theft
- Banking Basics
- Preparing for Big Purchases

Investing for Financial Independence



Start Today and Retire Tomorrow (STaRT) discusses retirement planning, with the goal of helping you determine your retirement goals and how to help you get there.



Investing 101 introduces saving and investing and covers: Why we need to save and invest, the difference between saving and investing, types of investment, the “power” of compound interest, investigating before you invest, technology and investing, and diversification.

Protecting Senior Citizens



Campaign for Wise and Safe Investing is a statewide outreach program in partnership with the Pennsylvania AARP Consumer Issues Task Force that provides retirees and senior citizens information on how to recognize, avoid, and report financial fraud and abuse. Community presentations are offered through a grant from the Investor Protection Trust.



Scam Jam is financial fraud prevention programming geared for retirees and seniors. Includes multiple guest speakers through contact and coordination with local, county, and state government agencies.



Fraud Bingo is a fun and interactive presentation that teaches consumers how to protect themselves from investment and fraud by playing a familiar game: Bingo! Players learn how to detect financial fraud by identifying scams affecting their own city or town.



Elder Financial Abuse Prevention is innovative, research-based programs that train medical doctors, lawyers, social workers, senior service providers, and other partners to recognize and report financial abuse targeting their clients, especially those suffering from mild cognitive impairment.

Students



Save and Invest PA! We partner with schools and colleges to teach students to pursue financial goals and financial independence through this introduction to the basics of investing and avoiding investment fraud.

Military



Making \$ense of Finance This conference program is designed to address financial and investing challenges faced by members of the military, veterans, and their families. This is made possible through the PA Military Finance Alliance, a multi-agency collaborative effort.

Our goal is to provide innovative programs to educate and protect Pennsylvanians.

DEPARTMENT LAUNCHES INVESTING IN WOMEN INITIATIVE

In January 2020 the department launched Investing in Women – an initiative that highlights strategies to address barriers women face to more confidently manage their finances.

Women are more likely to take time away from work to raise children or to be the caregiver of other family members. This means fewer years with income to put into a retirement savings plan.

Additionally, women tend to live longer than men, but have lower average salaries and wages, making 80 cents on the dollar compared to men, which means lower lifetime earnings.

Some of the research findings:

Retirement Planning and Investor Education

- 60% of respondents indicated they have not figured out how much to save for retirement
- Less than half, 49%, of respondents have a retirement plan through an employer.
- Respondents felt the least knowledgeable about investing in stocks and bonds, 66%, and choosing and managing investments, 63%.

Credit and Savings

- 78% of respondents have checked their credit score in the past year; 11% of 18-29-year-olds do not know the status of their credit score.
- A significantly higher percentage of respondents in the Northeast region of the state could not come up with \$1,000 if they had an emergency; 27% compared to 8% and 9% in the Northwest and Central regions, respectively.
- 44% of women with children under 18 are saving for their child's college; 53% of those respondents use the commonwealth's 529 Program administered by the PA Treasury.



INVESTING IN WOMEN

AN INITIATIVE TO REDUCE THE GENDER GAP FOR INVESTMENT PARTICIPATION



Research
Comprehensive statewide quantitative & qualitative study



Consumer Presentations
Held in communities designed to address unique financial challenges for women. Connect with us informed@pa.gov

LEARN MORE: DOBS.PA.GOV




Sponsored in partnership with a grant from the Investor Protection Trust

To learn more about the research findings, visit dobs.pa.gov and visit the Publications and Reports page:



RESPONDING TO COVID-19 - CONSUMER ISSUES

The financial impact of COVID-19 is widespread and affected millions of families throughout the commonwealth. In mid-March 2020 the department transitioned to remote working, including our Consumer Services Office which continued to respond to financial inquiries from consumers.

Additionally, our outreach staff transitioned to virtual presentations to continue to provide timely updates about financial relief options and information so consumers could be better informed about their finances amid the pandemic.

Consumers that want to learn more about how they can manage their finances and be informed about their options can visit dobs.pa.gov.

Impacted Financially by COVID-19?

Learn ways to protect yourself and keep your finances in order:



Trouble Paying Credit Cards?

Trouble Paying Rent?



Trouble Paying Mortgage?

Trouble Paying Utilities?



Contact your lender, landlord or service provider and explain:

- How your finances were affected by COVID-19
- How much you can afford to pay
- When you're likely to be able to restart regular payments



dobs.pa.gov/COVID19info

Published July 8, 2020
(data as of June 30, 2020)

PA Scams Reported to Federal Trade Commission: January - June 2020

FTC CONSUMER SENTINEL NETWORK

Pennsylvania
Year: 2020 YTD

View
Map

Year
2020

Quarter
All



Top 10 Fraud Report Categories

Imposter Scams	4,958
Online Shopping and Negative Reviews	4,806
Telephone and Mobile Services	4,344
Internet Services	2,065
Prizes, Sweepstakes and Lotteries	1,747
Travel, Vacations and Timeshare Plans	1,008
Business and Job Opportunities	917
Health Care	892
Foreign Money Offers and Counterfeit Check Scams	585
Mortgage Foreclosure Relief and Debt Management	166

State population estimates are based on U.S. Census population estimates for 2019. State level data excludes state-specific data contributor reports. Certain Fraud categories are comprised of subcategories that fall in both Fraud and Other report types. The Fraud rankings exclude subcategories that are not fraud.

FEDERAL TRADE COMMISSION - ftc.gov/exploredata

Fraud Facts

23,980

of Fraud Reports

\$20.3M

Total \$ Loss

\$200

Median \$ Loss

Got Feedback? Tell us what you think.

Each year, we take the opportunity to examine several of the often-complex financial issues we discuss with consumers. In this report, we will discuss Mortgage Forbearance Agreement, Fiduciary Duty (Financial Care-giver), and Social Payment.

MORTGAGE FORBEARANCE AGREEMENT

Earlier this year, the Consumer Services Office received increased calls about forbearance agreements. This type of agreement can provide short-term relief when a borrower is experiencing a temporary financial hardship. The lender may reduce or suspend payments for a period of time and does not initiate foreclosure while the agreement is in place. At the end of the agreement, lenders may ask that the borrower bring the account current. If the financial hardship has not been resolved, this could result in a delinquent account.

What is the problem?

Unfortunately, in some cases, borrowers may not reach out to their lender as soon as they realize that they cannot pay the mortgage payment and may be unable to do so for a period of time. In addition, borrowers who do not fully understand the agreement could potentially place themselves in violation of the terms and conditions.

What you should know

A mortgage forbearance agreement is not a long-term solution, rather it is an agreement that allows the borrower to avoid foreclosure until their financial situation improves. Sometimes the lender may be able to extend the agreement to assist the borrower further.

Other important factors to keep in mind are:

- A forbearance agreement will not negatively impact your credit report.
- A lender will not commence foreclosure proceedings while an agreement is in place.
- Contact your lender as soon as possible to discuss available options when you experience a life event that places you in a financial hardship.
- Once the agreement reaches term, the borrower may be required to pay the amount due or to resume contractual monthly payments.
- Discuss any concerns about the agreement with your lender before signing it.

What do we do to help?

Call the Consumer Services Office to discuss your concerns if you feel that your lender is not responsive to you. We can contact your lender and present your situation requesting a resolution as well as asking for any other options that may be available. In some cases, it may be necessary to pursue a permanent change to the loan terms and conditions by completing a loan modification application with your lender. Of course, the borrower must meet requirements as indicated by the lender and in some cases the lender may not be in a position to offer this option. Nonetheless, the Consumer Services Office will assist the borrower with their concerns to reach an amicable solution.

FIDUCIARY DUTY (FINANCIAL CAREGIVER)

You may be asked to serve in the capacity of fiduciary or financial caregiver for someone you are close to, perhaps a family member or friend. In this role, you are obligated to act in the best interest of the principal party for their general well-being and often to oversee their finances.

What is the problem?

The Consumer Services Office receives calls when another relative or concerned person notices that the fiduciary may not be making sound financial decisions. The allegations may be that the fiduciary used the funds belonging to the principal for their own benefit or that important information had been withheld from the principal causing a misunderstanding.

What you should know

Before agreeing to this type of relationship, you should seek legal advice. Be sure that you can uphold the duties of fiduciary and that your principal's needs are being met. Sometimes it is necessary to involve other family members and concerned persons so that everyone is aware of your duties.

Several examples of fiduciary duty relationships are:

- Trustee/Beneficiary
- Guardian/Ward
- Principal/Agent
- Attorney/Client

What do we do to help?

The Consumer Services Office will reach out to the financial institution(s) involved and obtain a response concerning the matter. We may be able to obtain an account history for the purpose of reviewing items that are considered questionable. At times, we may refer the issue to other state agencies or law enforcement depending on the severity of the allegation(s). We cannot offer legal advice; however, we encourage complainants to speak with legal counsel and to discuss their concerns with the proper authorities should the allegation be considered criminal in nature.

SOCIAL PAYMENT

The number of people using social media continues to increase each year, with most users having several accounts on different networking sites. Social payment is the use of social media to transfer money to another person or a business. The service is linked directly to your banking account or your debit/credit card. Sending a payment in this manner is transferred immediately or within a day. A user can connect with their friends through the service, type in an amount to be paid and click the button.

What is the problem?

The Consumer Services Office often receives calls from consumers who have been scammed by a “friend.” Scammers will set up fake accounts to dupe users out of their hard-earned money. The most reported scam is a “friend” or other user who is selling an item and they request that you send payment through the social networking site. You do not receive the item you paid for and you are not able to get a refund.

Often times, the service you are encouraged to use by the scammer does not include buyer protection. It is best to be cautious. If you do not know the recipient, you may want to offer to pay by other means, especially if there is an “urgency” to send the funds right away. If you feel pressured to use a service that does not provide protections, you should be suspicious of the other person’s intentions.

What you should know

Social payment services offer you a quick and convenient way to transfer funds. Some of the pros of this type of service are:

- Transferring funds is quick, easy, and hassle free.
- The funds typically arrive immediately or within a day.
- There is less chance of losing your credit cards and debit cards because you can perform these transactions on your smartphone.
- You can protect your account by setting up a two-factor authentication.

There are also disadvantages that come along with using social payments. These could be:

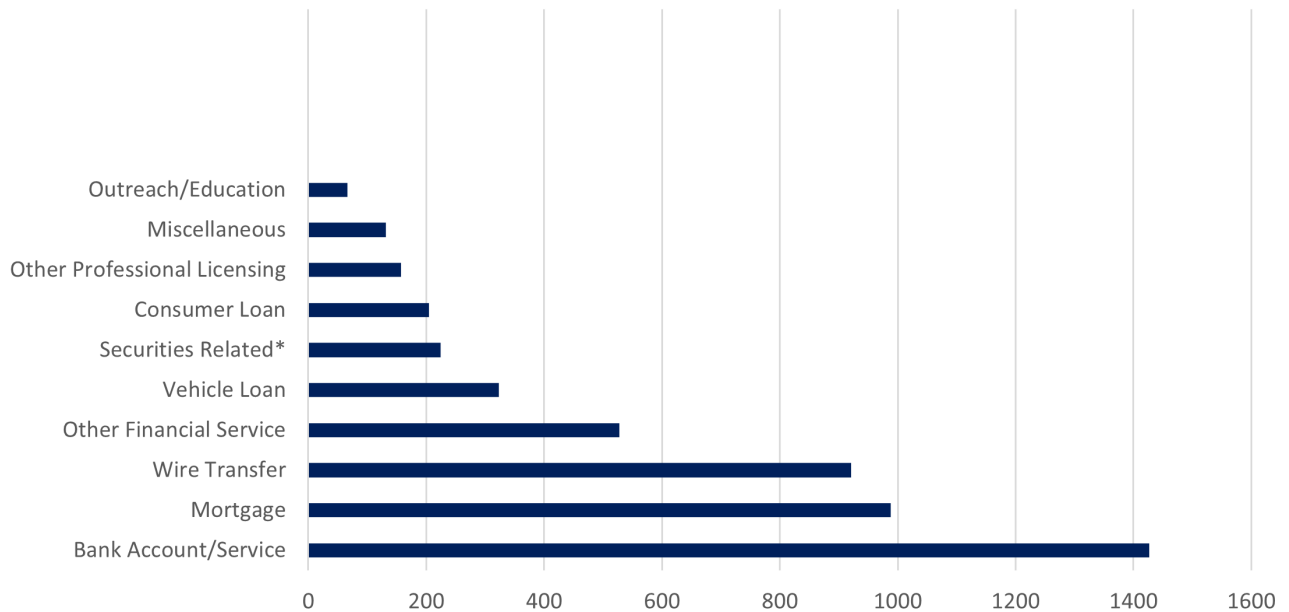
- Increased risk because the service is linked directly to your bank account or debit/credit card account
- Increased risk of being scammed
- Lack of buyer protection or coverage of loss you might experience when making a transaction
- Potential of increased fees when using a credit card

What do we do to help?

If you think you have been scammed or you have questions about your transaction, contact our Consumer Services Office. You can talk with a Consumer Services Specialist about your concerns or you may choose to file an online complaint. We will contact the licensee for answers about your transaction.

Unfortunately, many times we cannot obtain a refund. It is important that you know who you are sending money to and if the service provides buyer protection. Call our office if you are unsure of proceeding with a transaction. Don’t allow the scammer to pressure you into becoming their next victim.

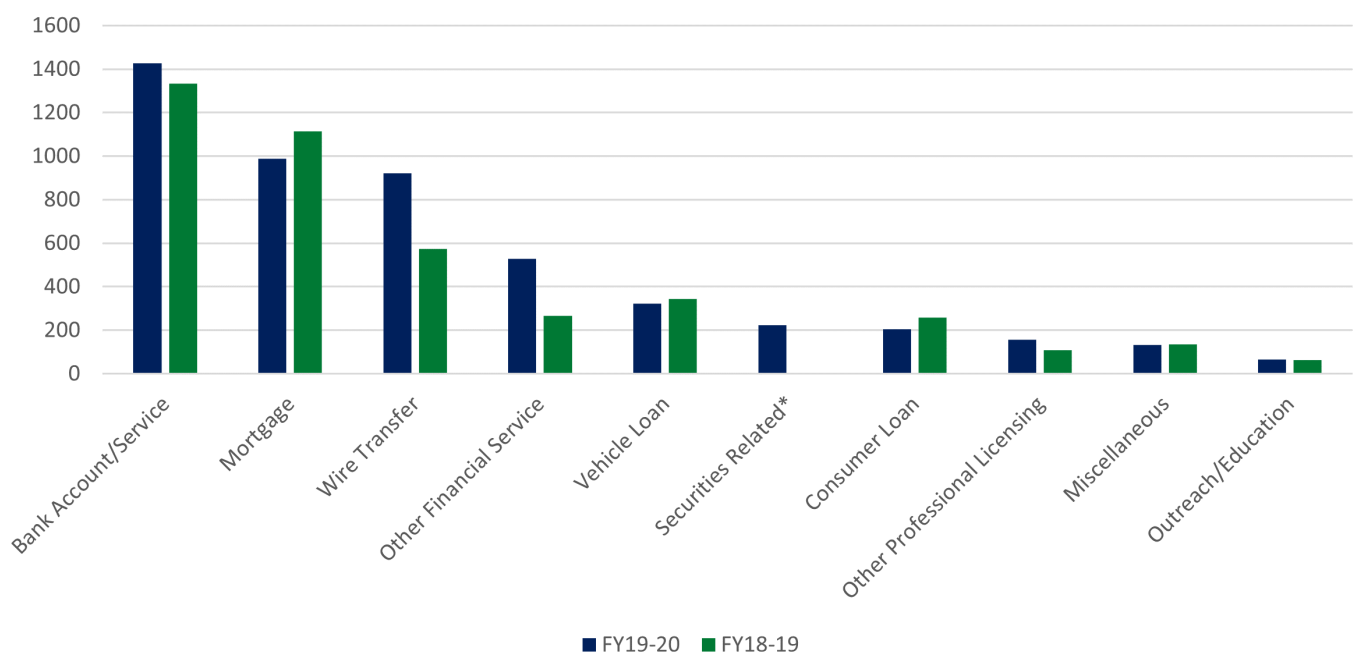
Product/Services with Most Inquiries FY 19-20 (4,970 Total Complaints & Inquiries)



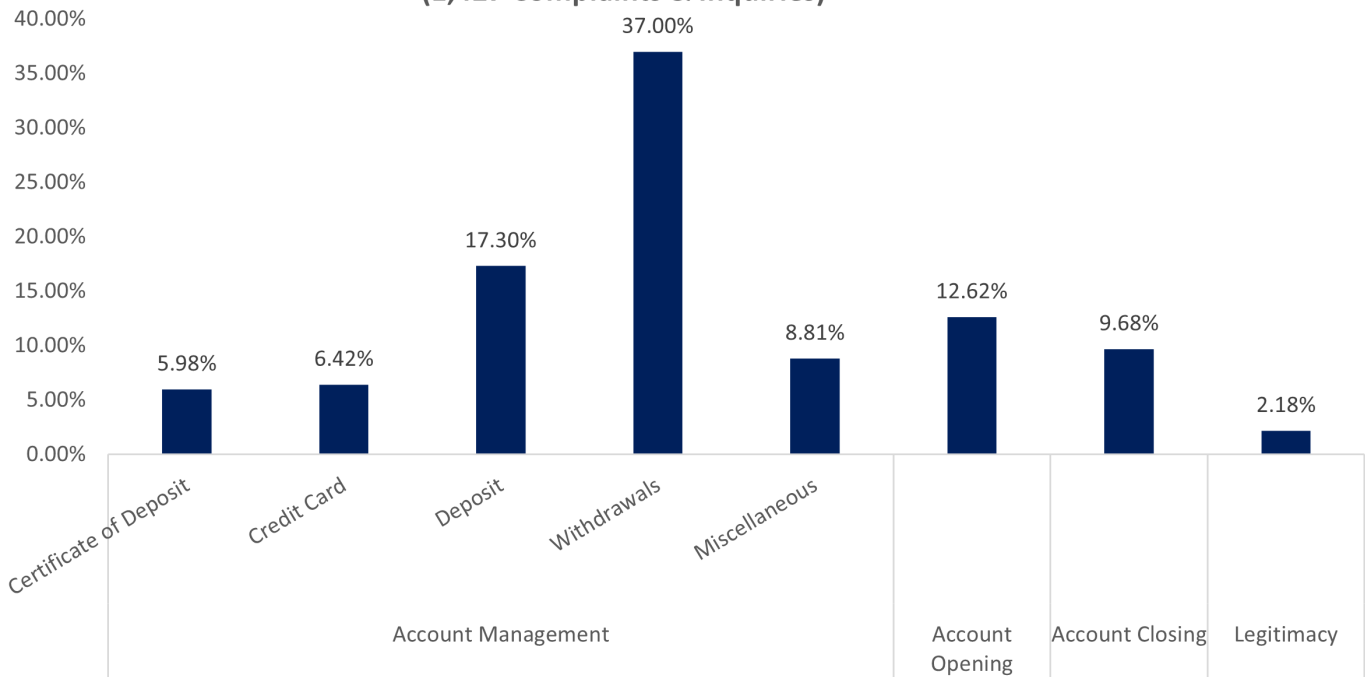
Basic banking services continues to be the most frequently asked about issue. This is due in part to their popularity compared to other services, and in part to disclosure and fee structures.

* In FY 18-19, securities related complaints were included in Miscellaneous

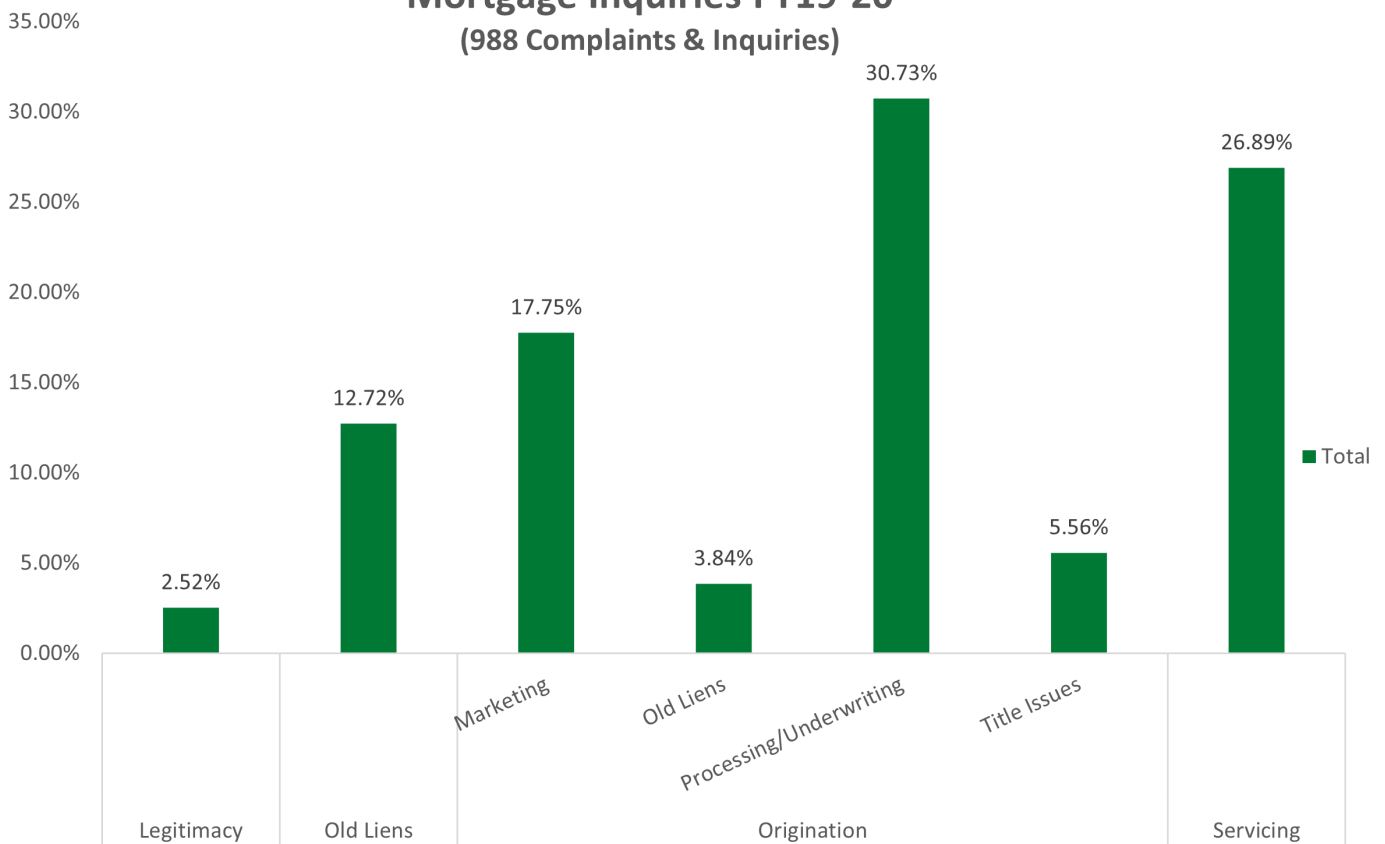
Most Frequent Inquiries 2-Year Trend (9,164 Complaints & Inquiries)

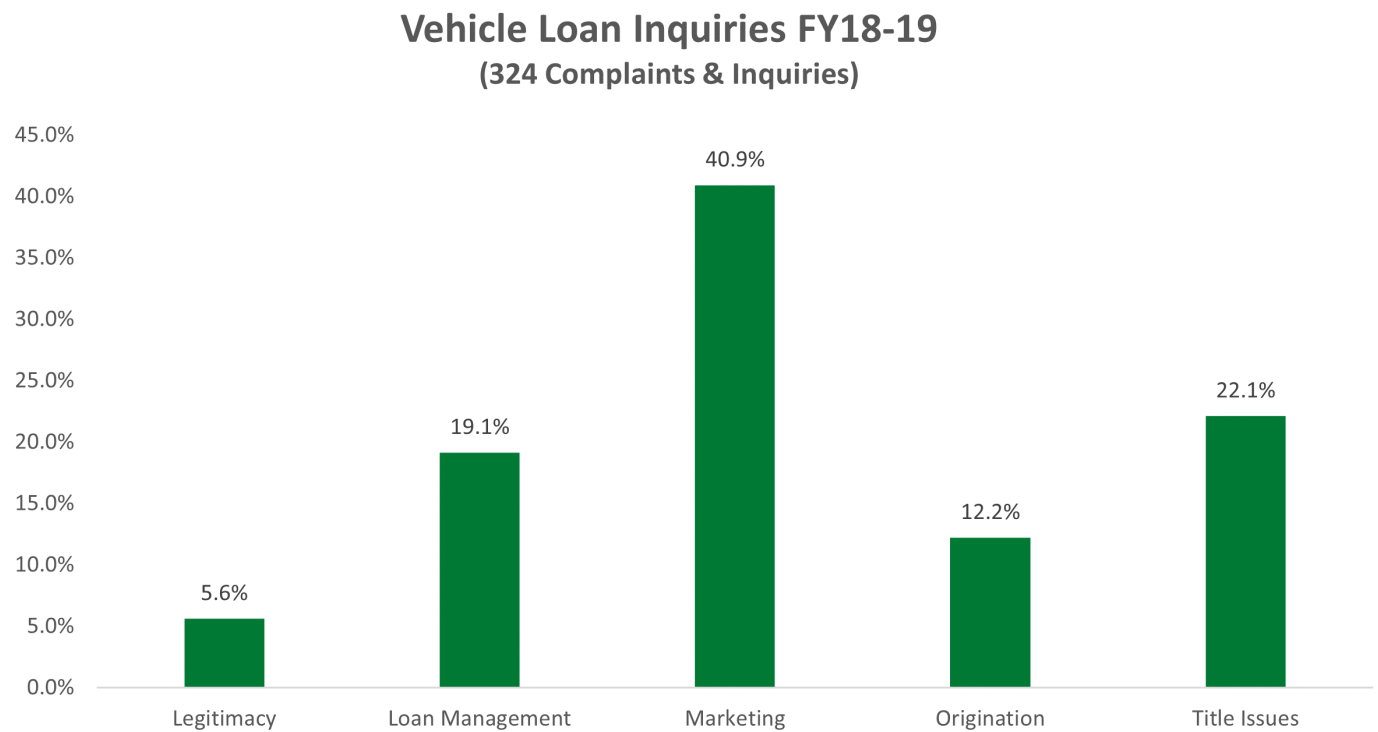
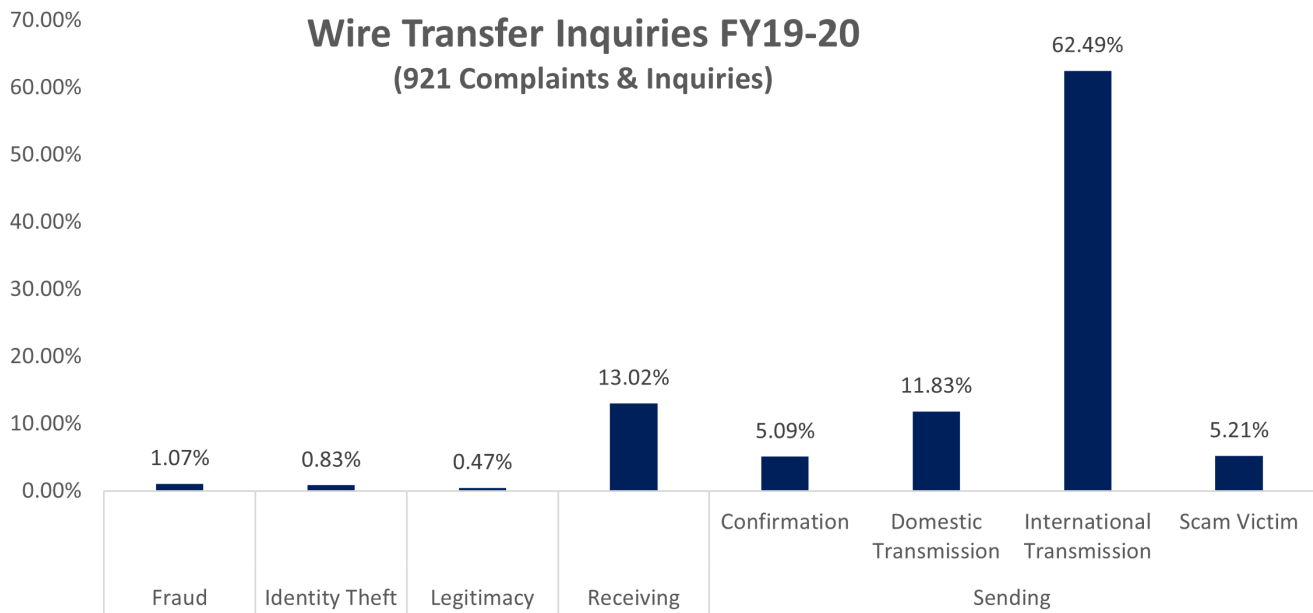


Bank Account/Service Inquiries FY19-20 (1,427 Complaints & Inquiries)

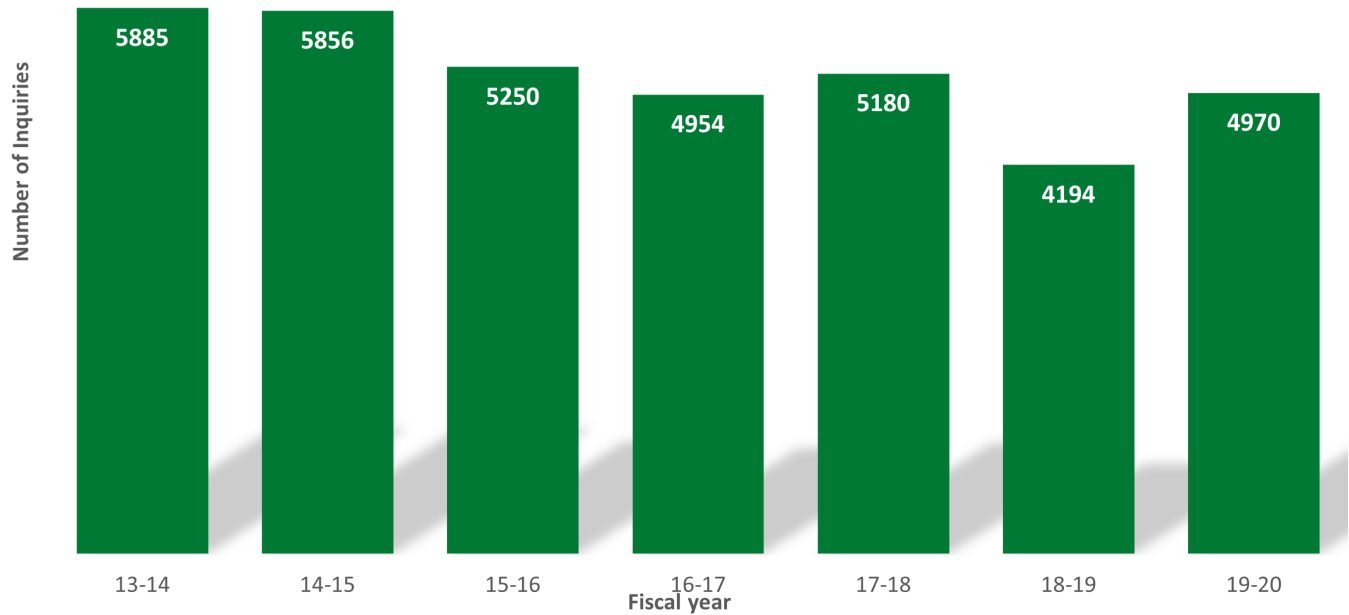


Mortgage Inquiries FY19-20 (988 Complaints & Inquiries)

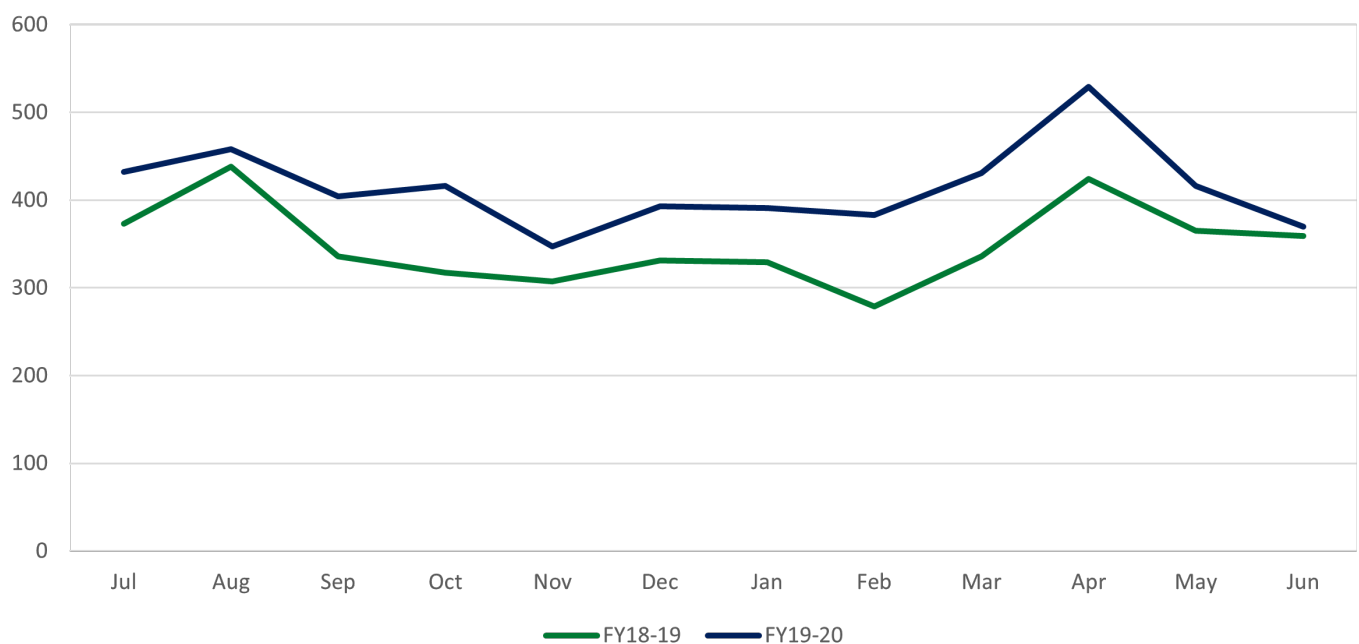




Aggregate Inquiries - FY to FY



Inquiries - Monthly Trends



Act today to stay informed, educate yourself and others, and contact us for help. At the Department of Banking and Securities, we encourage Pennsylvanians to:

Connect

- Like [PA Banking and Securities](#) on Facebook
- Link with [PA Banking and Securities](#) on LinkedIn
- Follow [@PABankingDept](#) on Twitter
- [Subscribe](#) to the department's newsletter "[The Quarter](#)"

Learn

- About the Department at [dobs.pa.gov](#)
- About our Programs and Presentations at [dobs.pa.gov/Consumers/Learn/Pages/Programs.aspx](#)
- Schedule outreach today: [informed@pa.gov](#)
- Attend an outreach event. Online Calendar at [secure.dobs.pa.gov/?a=events.home](#).

Contact

- File a complaint [dobs.pa.gov/Consumers/Pages/File-a-Complaint.aspx](#)
- **1.800.PA.BANKS (800.722-2657 or 800.600.0007)** with your questions about financial transactions
- Out of state **717.787.1854** | Media Inquiries **717.214.6036**
- PA Department of Banking and Securities | 17 N Second Street, Suite 1300 | Harrisburg, PA 17101

Publications

The department offers FREE brochures and hand-outs on various financial topics that are available to the public through request or by download as (PDF) at [dobs.pa.gov](#). If you are interested in receiving these publications, please contact us at: [informed@pa.gov](#) | **1.800.PA.BANKS (or 1.800.600.0007)**

Topics

Each topic below may have several different publications. Please inform us of the topic you would like more information on. We will provide a list of publications associated with those topics so you can choose which titles work for your specific initiative.

- Investing for Adults
- Protection for Seniors
- Investing for Military and Veterans
- Investing for Students and Young Adults
- Investors: Protect Your Money
- Consumers: Protect Your Money

Information

If you are ordering publications, please provide us with the following information by phone or email:

- Contact Name
- Organization
- Shipping Address
- Phone Number
- Email Address
- Topics

CONSUMER SERVICES ANNUAL REPORT 2019-2020



pennsylvania

DEPARTMENT OF BANKING
AND SECURITIES