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More than just the big print: meeting the needs of an ageing population

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- Many of today's oldest old (over 85s) are struggling to cope with a changing world of insurance and financial services where providers and advisers are increasingly remote and employing new technologies to engage with customers.
- As well as being the fastest growing segment of the population, the older age groups also hold a considerable proportion of the personal wealth in the country and represent in many markets an important group for insurers, financial advisers and investment firms.
- The growth of an increasingly elderly population means that there are not just more older people, but more who are living to increasingly old ages, often with challenging medical conditions, including dementia.
- Though there are not as many publicly available examples (to date) of how insurance, life and advice firms are meeting the needs of their oldest customers compared to the banking sector, progress is being made by individual firms.
- Firms face challenges stemming from walking a tightrope between what they must do under the law, what they should do according to industry guidance and what they would like to do in order to meet a customer's specific personal needs.
- What can the life, general and adviser professions do more of to provide the additional support that their oldest customers might need? We present some suggestions.

CII Introduction: many of today's oldest old (over 85s) are struggling to cope with a changing world of insurance and financial services where providers and advisers are increasingly remote and employing new technologies to engage with customers. While many older customers are familiar with the internet and are users of mobile technology, the effects of physical and cognititive conditions compounded by loneliness and a lack of social network can leave many feeling isolated and unable to engage with important financial decisions. Providers and advisers face an on-going challenge of delivering inclusive services to the growing number of oldest old and others faced with similar complex needs.

Being unable to access financial services seriously undermines people's ability to take responsibility for their own financial well-being and resilience. Through their work on the UK's ageing population the Financial Conduct Authority (FCA) have found that engagement with financial services is an increasing problem for the fastest growing part of our population, the oldest old. They have repeatedly heard from firms, consumer organisations and other regulators about the difficulties a wide range of consumers face when trying to access products and services which they can afford and which meet their needs[1].

This paper considers the needs of the 'oldest old' population primarily as a consequence of ageing in relation to their cognitive (memory, information processing and numeracy skills) and physical (mobility, dexterity, sight and hearing) decline in their later years. The extent to which individuals can adapt and cope with these changes will be influenced by their personal circumstances - do they have a strong network of family and friends, what is their personal state, are they dealing with grief, indebtedness, to what extent are they engaged with the digital world? We conclude with some examples of how firms are already supporting older consumers and suggests ways in which firms can help their oldest old customers.

Why ageing population matters

The ageing of the UK population and the growth of the over 85s as a group is well documented. As well as being the fastest growing segment of the population[2], the older age groups also hold a considerable proportion of the personal wealth in the country and represent in many markets – investment products, travel and home insurance, equity release and the changing market for retirement income products – an important group for insurers, financial advisers and investment groups. Moreover, many older consumers are entering retirement with mortgages and other debt that have yet to be repaid.

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Home ownership among older age groups is high. 72% of those aged 65 and over own their home outright and a further 4% own one with a mortgage[3]. The amount of housing wealth the 65-plus age group owns outright is substantial, estimated at £926 billion[4].

These home ownership figures indicate that up to 76% of those aged 65 and over (approximately 4 million UK households) could have home insurance with a potential total annual premium income of £350 million.

In recent years, the question has been asked in the media and in social groups as to whether older consumers are paying too much for their motor and travel insurances (when they can get it) and if age discrimination is taking place in these markets. Insurers are excluded from obeying the Equality Act 2010. However, they must produce yearly data on claims frequency and size by age in order to justify higher premiums to older motorists. Data from the Association of British Insurers (ABI) shows that though older consumers may not claim as often as some other age groups; in general, their average claims tend to be higher. Research conducted for www.lovemoney.com estimated that up to 50% of UK insurers refuse to cover

[1] FCA (2016), Access to financial services in the UK. Occasional Paper Np. 17. Accessed 7 August 2016. www.fca.org.uk/static/documents/occasional-papers/occasional-paper-17.pdf

[2] Age UK (2013), Over-85s are UK's fastest growing age group

[3] DWP (2016), Financial Resources Survey, financial year 2014/15. Tenure data table 3.7. Accessed 11 August 2016. www.gov.uk/government/statistics/family-resources-survey-financial-year-201415

[4] Key Retirement (2016), Pensioner property wealth hits £926bn. Accessed 11 August 2016. www2.keyretirement.co.uk/press-release/pensioner-property-wealth-hits-%C2%A3926-billion/

drivers aged 85 and over. Currently there are over one million motorists aged 80 or more and the fastest growth in car ownership over the past decade has been among the 70+ years (56% of this group, over 4 million, own a car) . These data indicate that motor insurance premium income has the potential to be worth £2.5 billion annually.

An ABI spokesman said: "Older drivers usually pay more for their car insurance than middle-aged drivers because they are likely to make expensive claims. Those in their 90s still pay less, on average, than those under 30 ."

Older people also find it difficult or expensive to get travel insurance. Many insurers impose an upper age limit of 79 years. A 2007 MORI survey of ABI members found that the average claim made by a person aged over 65 is nearly three and a half times more expensive than one made by a person under 50 years. A 2015 Keynote report on travel insurance reported that over 70% of those aged 65 and more said they would not go abroad without travel insurance. It is estimated that nearly 4 million people aged 65 and more take travel insurance (a potential annual premium income of over £400 million).

Until recent years, in terms of managing their financial wealth, older people's professional advice needs may have been relatively simple. Most people's wealth was held in defined benefit pensions or cash and most mortgages were paid off by retirement. All this is changing. Older people are increasingly expected to take personal responsibility for their financial futures with a growing need for on-going 'wealth' management, tax advice, cash management advice, care fees planning and mortgage repayment advice as they manage a wider range of financial assets and debt.

The growth of an increasingly elderly population means that there are not just more older people, but more who are living to increasingly old ages, often with challenging medical conditions, including dementia. Some may have significant financial or capital resources and, while many older people are extremely adept at managing their finances, others lack financial know-how or suffer from declining faculties or reduced confidence in their financial abilities over time. Others may have very limited resources and little resilience when things go wrong. Without support, many older people are liable to make poorly informed decisions and are potentially highly vulnerable to inappropriate advice.

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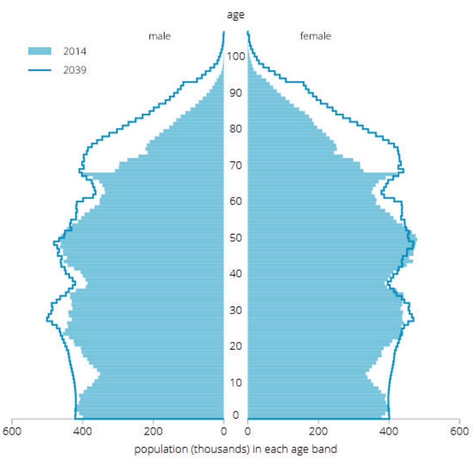
Ageing, vulnerability and changing needs

Improvements in healthcare, living standards and diet, as well as lower levels of fertility, have all contributed to a shift in the UK population profile (Figure 2) where:

- those above state pension age, now being boosted by the early baby boomers, already number 11.4 million;
- 1.5 million in the UK are aged 85 or over with the over 85s forecast to more than double to 3.6 million and 5% of the population by mid-2039. To put this into perspective; in 1984, 19% of the population aged 65 and over were in their 80s and 2% were aged 90 and over. By 2014, 22% of those aged 65 and over were in their 80s and 5% were aged 90 or over[5];
- the number of centenarians is projected to rise nearly six fold from 14,000 at mid-2014 to 83,000 at mid-2039[6].

Figure 1: Age structure of UK population, mid 2014-mid 2039



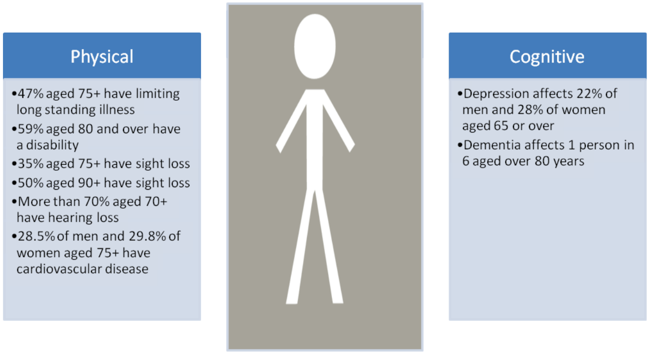
Source: ONS (2015), National Population Projections: 2014-based Statistical Bulletin

[5] ONS (2015), 'Estimates of the Very Old (including Centenarians): England and Wales, and United Kingdom, 2002 to 2014'. Accessed 2 August 2016. www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/ageing/bulletins/estimatesoftheveryoldincludingcentenarians/

[6] ONS (2015), 'National Population Projections, 2014-based Statistical Bulletin'. Accessed 2 August 2016. www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/nationalpopulationprojections/2015-10-29

Some of this age group will remain fit, healthy and active throughout their lifetime but for many, their advancing years will affect their physical and cognitive health (Figure 3), increase their level of dependency on others and the amount of support that they require from family, private and public institutions. Physical decline might be evidenced by weaker sight, hearing, poorer dexterity or increasing physical disabilities, such as walking unaided. Memory, information processing and numeracy skills may decline. For some, their decline in capability through ageing is often imperceptible and unacknowledged.

Figure 2: Physical and cognitive issues experienced by the older population (%)



Source: AgeUK (2016), *Later Life in the United Kingdom*.

Do older customers have different needs?

It is accepted that people's confidence in their own ability to manage their finances and chose financial products increases with age. However, functional numeracy and awareness of key financial terms and concepts reaches its peak at retirement age and then declines steeply around age 75[7]. Coupled with any physical decline, the ability to engage and interact with financial services can alter significantly for the older age group and as a consequence increase their vulnerability. Consumer vulnerability has received a lot of attention from industry, consumer groups and regulators but now it is being taken a step further and being considered within the context of the oldest people in the UK population.

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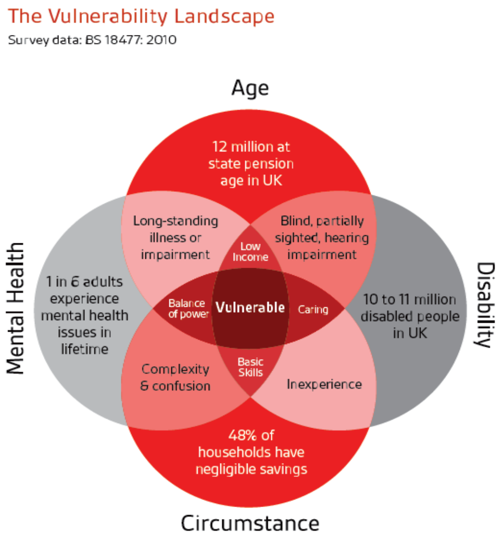
[7] FCA(2016), Ageing population and financial services, a collection of perspectives. DP16/1. Accessed 4 August 2016. www.fca.org.uk/static/documents/discussion-papers/dp16-01.pdf

Is it necessary to look at the older old population as a discrete group with a specific set of vulnerabilities? If we consider the vulnerability landscape (Figure 4) as defined by the British Standards Institute (BSI), older people can be found in any of the segments based on age, disability, mental health or circumstance. Maybe what we should be saying is let's focus on the older old, for by addressing their vulnerabilities, we can see that all sections of the vulnerable population should benefit from better access to information and services in a way which suits their needs and treats them fairly.

Figure 3: The vulnerability landscape



Source: BSI (not dated, c. 2012), Providing fair, flexible and inclusive services - a business perspective

The financial services industry and the FCA not only recognise that older people do have a specific set of needs that need to be met if older people are to access financial services in a form which suits their needs. But more particularly there is an increased awareness that the financial industry should facilitate their access to financial services in an appropriate manner that enables them to maintain their independence and continue to be protected and financially engaged.

In an ideal world all users of financial services would have equal access to the financial services market using a variety of mechanisms. However, markets are evolving in a way that is reducing some methods of access and providers are having to respond to individual needs as difficulties arise. The differing needs of the older population arising from cognitive and physical limitations creates barriers in their ability to engage and interact with financial services. These barriers take many forms but can be summarised as relating to issues around access, such as physical access for those with mobility issues and usability, such as the ability to read the available options on a screen. Overriding these two factors is the lack of standardisation that exists for the same processes/transactions between organisations, for example, the layout of ATM instructions.

Table 1 below demonstrates just some of the barriers that older consumers might face when engaging with financial services and the solutions that have been adopted by some firms to overcome these.

Table 1: Meeting the needs of the older population: unexhaustive list of possible barriers and solutions

Barrier	Problem	Solution
Hearing	Hearing problems either face to face or by telephone	• Hearing induction loops • Technology to provide instant chat service to talk through a British Sign Language interpreter • Text phones • Amplified sound
Visual	Problems in reading text due to limited sight	• Large text • Use of Braille • Use of audio options • Magnifying sheets and screen enhancers for visual displays • Talking ATMs • Larger navigation aids • Simple labels
Dexterity	Reduced hand grip Unable to manage more than one process at a time	• Easy grip pens • More seating and table arrangements
Physical disability	Not wheelchair friendly	• Improve accessibility e.g. wheelchair height ATMs • Improve queue seating arrangements
PINs / passwords	Unable to recall PIN / password	• Contactless payments • Alternative security
Use of colour	Colour schemes used cause visibility/ readability problems	• Premises colour schemes for with limited sight • High visibility debit/credit cards • High contrast displays
Call routing systems	Too many options: can not absorb/recall which option best suits them	• Have fewer than three options

Source: authors' own analysis

How well does the industry serve older customers?

There is recognition among the profession that this is not enough on its own and that more specific adjustment should be made to the characteristics of this older age group.

Under the banner of vulnerability, many organisations are responding to the needs of their older customers as part of their customer service or in their commitment to Corporate Social Responsibility. In addition, many companies work closely with charities such as AgeUK and consumer groups like Which? to look at how the experiences and interactions with the financial services sector can be improved. Yet there is recognition around the market that this is not enough on its own and that more specific adjustment should be made to the characteristics of this older age group. Recent and current activities and initiatives include:

- research[8] by the Payments Council into customer needs. It has encouraged members to embed consideration of those who need help in managing their affairs in all reviews of existing products and development of new ones;
- the FCA's Ageing Population project which aims to examine how it can enable financial markets to better meet the needs of older people in a way that is accessible to them[9];
- the Financial Services Vulnerability Taskforce, established by the British Bankers Association, which includes representatives from financial services, charities, consumer associations, regulators, commercial companies and other stakeholders. The Taskforce has outlined steps

[8] Payments Council (2012), Consumer research with 'older old' consumers and those living with cognitive, physical and sensory disabilities. Accessed 4 August 2016. www.toynbeehall.org.uk/research-archive

[9] FCA (2016), Ageing population and financial services, a collection of perspectives. DP16/1. Accessed 4 August 2016. www.fca.org.uk/static/documents/discussion-papers/dp16-01.pdf

designed to build on the work already undertaken by many institutions[10];

- in January 2016, the ABI, British Insurance Brokers Association (BIBA) and government agreed to continue their agreement to improve transparency and access to insurance for older customers[11]. If an insurer or broker is unable to offer cover to an older motorist or traveller becuase they are above upper age limits, they will be referred to an alternative provider who can meet their needs or to a 'Find-A-Broker' service;
- in January 2016, the ABI and BIBA issued a Code of Good Practice regarding support for potentially vulnerable motor and household customers at renewal[12].

When looking at specific examples of how the financial services industry is meeting the needs of their older old customers, it appears that to date most progress has been made by the banking sector as most of the publicly available information relates to banking case studies, such as AgeUK's report on friendly banking[13]. Perhaps this is because consumer interaction with the life, general and adviser sectors is more ad-hoc compared to their more frequent interactions with the banking sector as they manage their day to day finances.

A case study from the banking sector

One large building society has produced a Helping Hand unit. This kit has been designed to help customers who may need additional assistance as a result of conditions such as arthritis, sight loss and restricted mobility. It is recorded on the customer's profile that they use this so that they don't have to ask for it each time they visit a branch.

- they operate a video link service which connects customers in branch to its financial consultants based elsewhere, for example for mortgage, banking and savings, investment and protection consultations.
- available in 398 branches, the service has allowed customers in smaller branches to have 6 days a week access to consultants.

Though there are not as many publicly available examples (to date) of how insurance, life and advice firms are meeting the needs of their oldest customers compared to the banking sector, progress is being made by individual firms. Giving the different customer bases and focus of these organisations it is unreasonable for all firms to consider the older old customer when they are not part of their customer base.

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In their white paper 'Providing fair, flexible and inclusive services - a business perspective'[14] the BSI noted that a major insurance group with an aging customer demographic has emphasised the importance of understanding customer vulnerabilities across the business, which includes:

- providing information in larger print and audio enhancement;
- helping employees to understand the reasons why an older customer might make repeat calls about the same question;
- delivering yearly refreshers on vulnerability issues for staff;
- developing specialist products;
- simplifying websites to deliver greater accessibility;
- providing well-being sessions for employees and supporting them with counselling;
- de-stress and relaxation assistance.

[10] BBA (2016), Improving outcomes for customers in vulnerable circumstances. Accessed 10 August 2016. file:///C:/Users/Mary/Documents/WORK/CII%202016/Improving-outcomes-for-customers-in-vulnerable-circumstances-FINAL-web-version-v2.pdf

[11] ABI (2016), Voluntary agreement on age and insurance continues; ensuring older people can access insurance. Accessed 19 September 2016. www.abi.org.uk/News/News-releases/2016/01/Voluntary-agreement-on-age-and-insurance-continues-ensuring-older-people-can-access-insurance

[12] ABI and BIBA (2016), Code of Good Practice regarding support for potentially vulnerable motor and household customers at renewal. Accessed 10 August 2016. www.abi.org.uk/~/media/Files/Documents/Publications/Public/2016/Vulnerable%20customers/ABI%20BIBA%20Code%20Good%20Practice%20support%20potentially%20vulnerable%20motor%20household%20customers%20renewal.pdf

[13] AgeUK (2016), Age-Friendly Banking. What it is and how you do it. Accessed 10 August 2016. www.ageuk.org.uk/Documents/EN-GB/For-professionals/Policy/money-matters/report_age_friendly_banking.pdf?dtrk=true.

[14] BSI (not dated, c.2012) 'Providing fair, flexible and inclusive services - a business perspective' Accessed 8 August 2016. www.bsigroup.com/LocalFiles/en-GB/customer-service/BSI-Providing-fair-flexible-and-inclusive-services-a-business-perspective-EN-UK.pdf

Helping Older Customers: an approach by an investment firm

- Helpdesk staff are provided with a briefing document to provide guidance on dealing with vulnerable customers
- Help desk staff attend a detailed training course specifically focussed on how to deal with vulnerable customers.
- Other customer assistance (if required) includes providing information and documentation in Braille; use of large print; sending PIN by CD for visually impaired / blind clients; signposting vulnerable clients in contact log with a record of how best to help them.

Front line staff are a key part of the life, general and adviser offering, either by telephone or face to face meetings. The industry can learn from the experiences of the Financial Ombudsman Service staff where members are encouraged to read more between the lines and be alert to the triggers that might indicate that a customer is experiencing vulnerability. Partnerships with charities such as MIND and Samaritans have also resulted in specialist training being delivered to Ombudsman staff to assist them in building their confidence to deal with difficult situations. The ombudsman also developed a charter for their employees that encourages staff to initiate the right behaviours when dealing with consumer vulnerability and consider what they might be able to do differently.

Where the effectiveness of these changes have been measured by firms, increased customer activity and organisational savings have been reported with one firm reporting 100% return on their investment within 12 months.

Though not targeting their oldest customers specifically, some insurers and intermediaries are working closely with charities to understand the gaps between their customers' vulnerabilities and their employees' experiences and understanding of those vulnerabilities. Programme changes have included:

- simplifying websites to make then more customer friendly especially for disabled customers;
- improving accessibility to customer service staff through improved use of technology, such as use of text relay and shorter call routing systems;
- helping employees understand the reasons why an older customer might make repeat calls about the same question; and
- delivering training on vulnerability issues for staff.

Meeting the needs of older customers

While there are actions that the industry can take to facilitate access to their products and services by the oldest old age groups, we recognise that firms may face significant challenges when dealing with customers who have for example, dementia issues; walking a tightrope between what they must do under the law, what they should do according to industry guidance and what they would like to do in order to meet a customer's specific personal needs.

So what can the life, general and adviser sectors do more of to provide the additional support that their oldest customers might need while developing (industry) standards of best practice? In the list below we propose ways in which firms can help their oldest customers. These questions identify things to consider when asking if your business is accessible to these customers.

1. Does the firm have an overarching strategy or policy in place relating to older customers and is it monitored and enforced?
2. Can you identify when an older customer needs additional support due to physical and/or cognitive issues?
3. What systems are in place to record if additional assistance is needed toavoid the customer having to ask for help every time they contact the organisation..
4. Is your website easy to read and navigate for those with poor eyesight?
5. Do you match your communication to individual needs? For example, is your written material easy to read and understand for those with cognitive issues? Do you offer large print versions of your material?
6. Is it easy for customers to contact you if they have hearing difficulties?
7. Do you have a dedicated team, older customer champions or staff trained to deal with customers who need more help and explanation?
8. Have you explored different ways of staying in touch with customers who cannot use the internet or email?

9. Do you consult with older people or work closely with organisations that work with and represent them to obtain a better understanding of their needs and preferences?

10. Do you promote what additional provisions are available for those that need them and ensure that staff are aware of and know how to use/access them as well?

This list is not definitive but it can act as a prompt for your firm of some of the main questions you should consider when asking if your business is accessible to your oldest customers.

Conclusions

Providing help to older customers will help them maintain their independence for longer, with benefits flowing not only to the individual but also to society and families. It can also help the next generation who, while willing to help, may want to see their parents remain independent as long as possible. Moreover, supporting older customers can help organisations deliver a more customer-centric culture and a feel-good factor for staff.

The processes and changes that are made will need to maintain an element of flexibility. How the firm interacts with and communicates with older customers will change as technology changes and as future generations approach older age with different experiences. This is not a one-off fix but, nevertheless an important part of customer strategies in an ageing population.

Jackie Wells: Jackie is an independent policy and research consultant with more than 30 years' experience working in financial services markets with providers, related Government departments, the Financial Services Authority (forerunner to the FCA), as well as think-tanks, trade organisations, professional and consumer bodies. She also has a Masters in Gerontology and a keen interest in issues relating to ageing population and financial services.

Mary Gostelow: Mary has over 25 years' experience in the financial services industry having worked in marketing, strategy and research in life and pensions business planning for a major UK bancassurer and as a senior manager in Deloitte. For the past seven years, Mary has worked as an independent consultant. Her career is characterised by project driven work requiring high quality results within demanding timescales.