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- Generally, it was thought that equity release was not a desirable option and that downsizing would be preferential;
- A *No Nonsense* mark may increase confidence, although some viewed with suspicion.



## **Involving Older People Research Programme:**

### **Involving older people in the development of financial products and services.**

Carol Brennan, and Elaine Ritch, Yvonne Coull

This paper reports on a project which addressed older people's experience of financial products and how this could be harnessed to the advantage of other older people and the wider community. Help the Aged (2006) found through 'mystery shopping' that banks and building societies attempted to sell inappropriate and complicated products rather than products which would suit older people's needs. However, there is a recommendation for identifying needs and expectations of older people coupled with access to required products and services, which are often unattainable through 'edging out' due to technological advancement or discrimination related to age.

The pilot study was in two parts. An initial questionnaire was distributed in 2008 along with a request for future participation in a World Café, which was held at Queen Margaret University (QMU) in June 2008. The research addressed three areas:

- Bank accounts, including the opinions on an age specific account 'Scottish Senior' for those aged over 50;
- Perception of equity release products and attitudes to inheritance;
- The introduction of a quality mark - *No Nonsense* - which would indicate compliance with straightforward language and clear marketing criteria.

## **Main findings**

*Bank Accounts* – despite diversity within this older cohort, it was recognised that needs change when entering retirement due to a fixed, low income. However an age specific bank account was considered 'ageist' and unpopular although related benefits offered with accounts linked to a monthly fee were thought to be useful, specifically annual travel insurance. A preferential rate of interest could tempt some to switch to a 50+ account, as loyalty was felt to go unrecognised. Further, banks were seen as mainly concerned with generating profit and the participants felt that the service received had diminished through the closing of branches, reduction of staff - specifically the lack of access to the bank manager. There was some suspicion over Internet banking and shopping with 'younger' older people more comfortable and knowledgeable with technology than 'older' old people.

*Equity release* – most participants had heard of equity release, although a description and explanation of equity release products was included in the questionnaire and the World Café. In the main, it was thought that equity release was not a desirable option and that downsizing would be preferential. No participant wanted to allow the bank to benefit from their property and would rather the money went to their family. Further, property was considered as enabling independence and, for some, had sentimental attachments for the whole family. Moreover, participants commented that equity release providers were unethical by marketing to the vulnerable and that equity release was a desperate option, considered as 'asset stripping'. This was enhanced by negative media reports and miss-selling prior to the regulation of equity release. Generational differences were discussed, with those under 50 years being perceived as frivolous with money and making use of 'buy now, pay later' deals, whereas the over sixties would save to buy luxury products. Therefore, releasing equity for luxury goods or services was considered irresponsible, especially when planning for the future was considered difficult as people are living longer. Knowing how long to prepare for was thought to be impossible and releasing equity can be costly with legal fees.

*No Nonsense* – World Café participants viewed with suspicion the suggestion of a No Nonsense mark of compliance with the use of simple language. The main concern was about the endorsement of the mark. However, the results from the questionnaire indicated that such an endorsement would improve confidence in the products and services.

## **Background**

In the UK, it is expected that the numbers of those aged 65 years and over will reach 12 million by 2017, a rise of 3 million more than in 2004 (Age Concern 2007). There are currently more people aged over 65 years than under 16 years (National Statistics 2008). Therefore, older people are a growing section of UK society and now constitute 28.7 per cent (Age Concern 2007) of the total population. Further, it is not just the case that more people reach 65 years, but that they have a much greater chance of living longer in their retirement. Increasing numbers of older people (National Statistics 2007) and increasing survival rates have combined to expand the population of those aged 65 to an expected 15.8 million by 2030. These demographic trends are important not only for government policy but for the strategies and practices of the business community. How older people secure an adequate income for their retirement years, and how they spend that income on financial goods and services, can no longer be dismissed as a matter of interest only to specialist providers. The 'grey pound' now defines an important consumer group and commercial organisations could better provide for this growing section of the population (Help the Aged 2006). However, Help the Aged (2007) were of the opinion that the financial services industry has no general interest in older people because of perceptions about their relative lack of income.

Similarly, research on financial needs and aspirations in the retirement years is relatively underdeveloped. The National Consumer Council (NCC) has questioned the lack of investigation into financial opportunities for older people using the example that although 81 per cent of consumers thought the state pension inadequate in providing a desirable standard of living, 37 per cent had not started to save for retirement (NCC 2007). For those who do not make adequate provision, the financial difficulties of working life will be transposed to the retirement years and old age might well bring progressive impoverishment. In this financial terrain, there are new ideas and opportunities that need to be assessed. For example, the NCC recognised that equity release products would be increasingly used to supplement the incomes of older people and recommended research into consumer understanding of the suitability of such products for their needs.

## **Research**

For older people, financial awareness is increasingly relevant in a complex market where the implications of making ill-informed decisions can be costly both financially and emotionally (National Statistics 2007a). This pilot research study provided an opportunity to focus on the suitability of selected financial products for older people. Bank accounts and equity release products were selected for this study by an expert advisory panel. New marketing initiatives were being used to promote bank accounts including forms of insurance, to the '50+' market. Also older people are now expected to provide for their retirement and it is anticipated that equity release will be one product which may be used to fund and maintain consumer lifestyles.

## **Approach**

Two distinct types of data were needed to address these specific research questions. First, quantitative data mapping financial experiences was collected using a postal questionnaire that could effectively target respondents on a larger scale and provide a reasonably comprehensive dataset of circumstances and opinions. Second, to better elicit meaning and explore the decision process, a qualitative technique - World Café - was subsequently used. The participants were recruited through requests in local newspapers, the COPA bulletin and QMU email services and were required to be over 50 years. Participants were posted a copy of the questionnaire and asked to complete this and return it to the research team. A further request to participate in the World Café was also enclosed. As the questionnaire respondents were from all over Scotland, there were restraints for some in participating in the World Cafe, due to distance and the time of the event set for mid morning. The World Café was held in QMU.

The questionnaire was designed based upon the literature reviewed and piloted to ensure all aspects had been covered was designed with tick boxes for ease of use, often with an opportunity to explain further or add comment. For some questions, respondents had to indicate the strength of feeling they had about statements, or tick all the responses that were appropriate. There were three sections covering bank accounts, equity release and No Nonsense, with demographic questions at the end. The literature review had suggested that products and services for older people were limited. This study sought to identify products or services which might be required by older people and asked about the utility of having an advisor at the bank, trained to understand older people's needs, and giving advice on financial products, services and benefits. The results of the questionnaire were analysed using SPSS and used as the basis for developing questions for the World Café.

Using the World Café as a means of gathering opinion for the research was decided upon as it was deemed to be relaxing and informal. Financial matters are often considered private and uninteresting and therefore required a method that would facilitate shared dialogue and would encourage participants to explore their own experiences and thoughts. The World Café has previously allowed for lively conversations and the generation of discussion, which enhanced the quality of the data. The use of a café as a place to meet and have conversations is known globally and in this instance was useful in relaxing participants. Small groups of six people, with a table facilitator to explore concepts, enabled all participants to contribute to the discussion. The size was deemed important, as sufficient numbers were required to encourage participants to contribute to the discussion. Further, it was important that no one participant dominated the discussion. The event began with drama which introduced the products and explored concepts and opinions with the participants.

## **Lessons learned**

- The participants enjoyed moving tables as this increased the opportunity to meet other participants and broke up the conversations. Also, this prevented any one person from dominating the event.
- The drama was thought to be well written, bringing the 'topic to life' through portraying different viewpoints. The drama also offered an overview of the products and participants commented that it was a good learning tool.
- The participants were confident in expressing themselves and voicing opinions and this was attributed to the café atmosphere. This was enhanced by the professionalism and friendliness of the table facilitators.
- Some participants thought that writing on the tablecloth had two advantages. Thoughts could be written while others were speaking allowing for perspectives to be developed and remembered. This format also enabled less confident participants to write their comments. Although some participants felt they had been 'too well brought up' to write on table cloths.
- The room in which the world café was held had the benefit of good disability access and was close to facilities, however, as a result of background noise interference, it was caused some difficulty, especially for those with a hearing aid. The room was divided, with the other part used by university staff and this resulted in some people being unable to hear clearly. Further, it was suggested that a roving microphone would have enabled everyone in the room to hear the comments more effectively.
- The event would have benefited from being held in the early afternoon and would have allowed those who lived further from the event to participate.
- The mix of participants was thought to be positive, as it was diverse in age, social background and ethnicity.

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