



thinkpiece

Promoting debate and fresh thinking in the financial services industry

Inclusive design: the challenge of an ageing population

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Summary

- Recent research has shown that the over-50s are a significant and growing proportion, if not a majority, of the customer base in some markets. The same research shows that older people are much more likely than younger people to categorise themselves as savers rather than spenders.
- At the same time, older people's forums run by Age Concerns across the country found that there are still large gaps in the design of mainstream financial products and services, with many providers ignoring the changing physical, cognitive, social and emotional needs of their older customers.
- In order to fill these gaps, the industry's approach to delivering products and services must be shaped by principles for inclusive design which aim to ensure that good-value financial products and services are not just available to all older people, but are also delivered in an accessible and meaningful way.
- The industry might take its cues from the commercial sector, where manufacturers such as Fiat have found that, by ensuring that product design accommodates the needs of people with particular difficulties – for example problems getting in and out of a car or reading a display - they can extend their market to previously excluded groups, or those with temporary difficulties such as illness.

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CII Introduction: enhancing financial capability and providing for an ageing population are two of the biggest challenges facing the financial services industry today. Thus far, the approach to tackling these issues has been relatively disjointed, considering each problem individually. In this latest CII thinkpiece, Jane Vass of the charity Age Concern argues that inclusive design should shape the industry's revised approach to delivering mainstream financial products and services. For financial capability to be improved across the board, Vass posits, we need to consider the basic principles of inclusive design and delivery early on in the debate. The following article develops five such principles, drafted by Age Concern to help shape the debate.

Much is heard about the ageing population, and much about financial inclusion. But so far the financial services industry has looked at the ageing population mainly in terms of special products for older consumers, such as equity release, annuities and care products, while financial inclusion is seen as mainly of relevance to lower-income consumers. There has been little real discussion of how adapting mainstream products and services to meet the needs of an ageing population might bring business benefits and result in a more inclusive service for customers of all ages. Yet the Government's current review of its strategy for an ageing society picks out as one of its first challenges the need to ensure that services are 'well-designed and accessible to people of any age'.

At Age Concern, we have developed five draft principles, tested with older people, to help shape the debate. We'll be pursuing this agenda over the next year, when we join together with Help the Aged to form a single new charity dedicated to improving the lives of older people.

“Serving the needs of older people should be a mainstream consideration in the design of financial products and not about special needs for the minority.”

Ageing customers in the majority?

A report from Age Concern, *An inclusive approach to financial products*, shows that the over-50s are a significant and growing proportion, if not a majority, of the customer base in some markets. The report, sponsored by Lloyds TSB and Scottish Widows and written by independent consultant Jackie Wells, is based on new analysis

of the FSA's Baseline Survey of Financial Capability. It shows the importance of older people to the financial services industry, for example:

- 57% of cash ISAs and 74% of equity ISAs are held by people aged over 50
- 80% of life company investment bond holders are aged over 50 and 24% are aged over 70

At a time when there is much concern about levels of financial capability, many older people are in some respects more capable than younger people. For example, they are much more likely to categorise themselves as savers rather than spenders – nearly 80% of those in their seventies agree that they are more of a saver than a spender, compared to less than half of people aged under 50. As Figure 1 shows, more than half of people in their sixties have at least £10,000 in savings or investments.

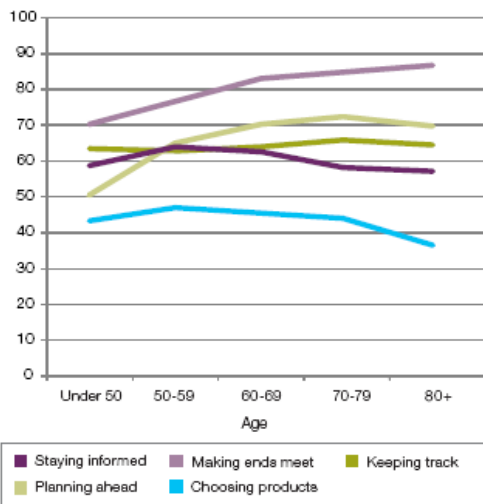
Figure 1: Savings and investments by age band



However, this is only part of the story. A quarter of people in their sixties have less than £1,000 in savings, and this rises with age to a third of those in their eighties. Retired people account for a third of people without access to a bank account¹; many are still heavy users of cash, with over 70% of people in their eighties using cash to pay for food, compared to just over half of people in their fifties. And although older people tend to score well at some aspects of financial capability, and in particular making ends meet, choosing financial products is an area where scores fall off at older age groups. See Figure 2.

¹ Financial Inclusion Taskforce, *Third annual report on progress towards the shared goal for banking*, December 2008

Figure 2: Mean scores for financial capability



Source: Analysis of BSFC. Base: 5325 respondents.

There is also a group of older people who are heavily reliant on other people to help them, for example by collecting cash or doing the shopping. This group is likely to become more important in future: a third of people aged over 50 already live with a health condition that limits their activities in some way. Moreover, financial institutions will need to develop ways of catering for their needs, for example by designing secure ways to authorise others to carry out particular tasks. We also have to recognise that ageing is associated with a decline in cognitive abilities, including memory, information-processing and decision-making.

Older people's views

We asked older people's forums run by Age Concerns around the country for their views on the financial services industry. It was clear that many wanted more input from the financial services industry, and while some reported providers that were alert to their needs, others felt 'pushed out'.

'Follow up information regarding investments. Don't walk out and claim commission and leave customers without any further information.'

'Too much stress on www.com – they have found a convenient way of disenfranchising older people.'

'Be prepared' – financial companies could promote this. The building society knew she was going into hospital and the [counter staff] suggested a letter of authorisation.'

A key picture that emerged was one of diversity. We met older people who were enthusiastic converts to new technology, and others who would never use it, some who were extremely

knowledgeable and others with more limited experience, some who were well-off and others who were struggling with debt.

With such a large and diverse group of consumers, a one-size-fits-all approach seems increasingly inappropriate. This led us to look at whether there are any lessons we can learn from 'inclusive design' initiatives in manufacturing.

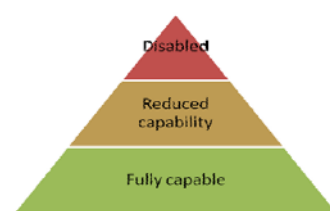
Lessons from inclusive design

"By widening out the design of mass market products to meet the needs of those with reduced capability, inclusive design seeks to extend the market."

Manufacturers such as Fiat have found that, by ensuring that product design accommodates the needs of people with particular difficulties – for example problems getting in and out of a car or reading a display - they can extend their market to previously excluded groups, or those with temporary difficulties such as illness. The new London Taxi was designed for accessibility and the houseware company OXO grew its business by more than 30% year on year through its Good Grips range of inclusively designed products. And surveys run by software giant Microsoft delivered a clear and powerful message; 57% of the 15,000 people sampled could benefit from accessibility features that are often buried within the operating system, rather than being made evident to the mainstream user.

Inclusive design does *not* advocate that one product can meet the needs of all; that market segmentation is inappropriate; that commercial requirements should give way to social responsibility or that product designers need to consider the whole population when designing a product. However by widening out the design of mass market products to meet the needs of those with reduced capability, inclusive design seeks to ensure that products are designed for use by people with a range of abilities. It encourages manufacturers to define the target population as the maximum number of people who could use the product and aims to minimise the number (at the top of pyramid below) for whom specially adapted products are required.

Figure 3: Inclusive design and capability



Source: Benktin and Juhlins as quoted in Inclusive Design: design for the whole population (2003)

Opportunities for the financial services industry

“A fresh look at the needs of the ageing population could bring commercial benefits for the financial services industry.”

Some of the potential benefits of adopting an inclusive design approach could include:

- **A bigger share of the market:** ignoring the needs of older people will be a seriously limiting factor for providers of all products in an ageing society;
- **Improved customer relationships:** customers who are helped to understand and to maximise the use of their financial products will feel differently about their providers and advisers than those who are left without support or suitable information.
- **New opportunities for sales:** as the number of older people increases and longevity improves, the opportunity to cross-sell will also increase.

“Inclusive design should involve a continuous process of reviewing current practice and implementing change.”

Some steps towards inclusive design have already been taken: banks, for example, provide support for customers with disabilities and basic bank accounts have been designed explicitly to improve financial inclusion. But there are still large gaps in the design of mainstream financial products and services, with many providers ignoring the changing physical, cognitive, social and emotional needs of their older customers.

Following extensive analysis of the market, and in consultation with older people's forums, we have developed **five draft principles for inclusive design** to help shape the industry's approach to delivering products and services. The principles aim to ensure that good-value financial products and services are not just available to all older people, but are also delivered in an accessible and meaningful way.

Five draft principles for inclusive design

1. **Adaptability** – the product development process should consider the needs of customers over the lifetime of the product/relationship.

2. **Accessibility:** products and services are available through channels which can be accessed by as many people as possible.
3. **Fairness:** treating all customers fairly, irrespective of age, income or ability.
4. **Useable information:** information is designed to be capable of being understood by customers with a range of abilities.
5. **Minimising hazards:** the safety of the customer and their money is built into the design of the products, systems and facilities.

Next steps

We are putting forward these draft principles as the beginning of the debate, not the end, and we would like to hear the industry's views. How can these principles be put into practice, and what is already going on in this area? Do we need simpler, more generic products that can be sold across age ranges, or more advice? Anybody who would like to join the debate is invited to contact us at: jane.vass@ace.org.uk.

We will also be working to promote inclusive design. In 2007, Help the Aged set up engage, a unique business network focusing on 50-plus consumers. It brings business leaders together to promote best practice and share expertise in the field of age-positive business. The new charity being formed as a result of the merger of Age Concern and Help the Aged will be launching an accreditation mark recognised by the consumer market as a stamp of excellence. Inclusive design will be a key criterion for accreditation. We encourage financial service organisations which take an inclusive design approach to financial services to apply for this new form of accreditation.

However, a first step for the financial services industry must be to talk to your older customers. To quote the words of one of our forum members:

Listen (really listen) to older people. Take time with their needs. Respect for older people is a must (you will be older yourself someday).

If you have any questions or comments about this publication, please contact the CII Policy & Public Affairs team on:

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Jane Vass has been Financial Services Policy Adviser at Age Concern England since 2006. She was previously an independent consumer consultant and writer specialising in financial services from the consumer viewpoint. She was also a member of the Financial Services Consumer Panel, and from 1983 to 1993 she worked for Consumers' Association.

Jane holds the PFS Certificate in Financial Planning.

This Thinkpiece summarises a report entitled *An inclusive approach to financial products* which is available on the Age Concern England website [here](#).

Age Concern is the largest organisation in the UK working for older people. Everyday we are in touch with thousands of older people, enabling them to make more of life. We work in the community to support older people through a range of initiatives. These include information and advice, befriending, day centres, lunch clubs, transport services, home visits, and advocacy services. *More information can be found at:* www.ageconcern.org.uk.

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