The World’s Growing Aging Population Presents Financial Challenges and Market Opportunities for Public and Private Sectors

New report examines the unmet financial needs of older people, particularly in Latin America, and charges policymakers and financial services providers to consider older people as an increasingly important market segment

(Washington, D.C., February 10, 2015) Today, the Center for Financial Inclusion at Accion (CFI) and HelpAge International released Aging and Financial Inclusion: An Opportunity, a report that examines the unmet financial needs of the rapidly growing global aging population, particularly in the developing world. The purpose of this report is to highlight the barriers and opportunities related to financial services in older age and throughout the aging process, a relatively neglected area of study.

Within 25 years, the percent of the world’s population over age 60 will nearly double and aging is advancing particularly fast in developing countries. While older people at the base of the pyramid have varied and unpredictable incomes, financial services can facilitate their income strategies. Some financial services providers, however, are cautious about their engagement with older people because of concerns about financial capability, income instability, and physiological issues. At the same time, social pensions, while quickly growing in reach, are currently inadequate to meet the needs of older people in emerging markets. The report encourages policymakers and providers to consider older people as an increasingly important market segment whose needs are differentiated from those of younger adults and to seek solutions to meet their financial needs.

Effective solutions will be found in cooperation between the public and private sector, in creative design of financial services, in early interventions to encourage participation in long-term saving and contributory pensions, and in a continued commitment to knowledge-sharing between the financial services sector, older persons’ associations, and support organizations on issues that may arise. These may include ensuring that effective monitoring and resolution mechanisms are in place in the event of mistakes, and to mitigate or control abuse; ensuring that products are easily understood and accessible; and that older people, indeed all clients, are able to make financially sound product choices.

“Within 15 years, there will be 1.3 billion people over age 60 in the world,” says Elisabeth Rhyne, Managing Director of CFI. “This reality presents challenges, but it also signals market opportunities that the financial sector has the potential to address. Taking action now—such as facilitating social pensions, linking pensions with other financial instruments, and working closely with older people—can help societies and individuals prepare.”

“Millions of older people in developing countries work well into their later years with unpredictable and low incomes,” says Kate Bunting, CEO of HelpAge USA—the U.S. affiliate of HelpAge International. “Financial service providers can be part of the solution to help older people manage their finances and have a more secure income. Meeting the financial needs of older people is not only the right thing to do—it’s also a smart investment.”
This report presents the findings of the joint project on aging and financial inclusion from CFI and HelpAge International with support from the MetLife Foundation. The project was prompted by the demographic review carried out as part of CFI’s Financial Inclusion 2020 project, which drew attention to the rapidly aging global population and to the immediate challenges aging poses, particularly in middle income countries. CFI joined forces with HelpAge because of HelpAge’s deep knowledge about global aging issues.

The full report and key messages are available at:
www.centerforfinancialinclusion.org/aging
www.helpageusa.org

About the Center for Financial Inclusion at Accion

The Center for Financial Inclusion at Accion (CFI) is an action-oriented think tank working toward full global financial inclusion. Constructing a financial inclusion sector that reaches everyone with quality services will require the combined efforts of many actors. CFI contributes to full inclusion by collaborating with sector participants to tackle challenges beyond the scope of any one actor, using tools that include research, convening, capacity building, and communications. To learn more about CFI, visit www.centerforfinancialinclusion.org

About HelpAge

HelpAge International is a non-profit organization and a global network of over 100 affiliated organizations in 70 developing countries, which work together to improve the lives of older people. We work to ensure that older people are included in international development and have access to emergency relief, income security, health services and basic human rights. HelpAge USA, the US-based branch, raises awareness about global aging and works with our global network of affiliates and partners to implement programs and policies that address the needs of older people in the world’s poorest communities. To learn more about HelpAge, visit www.helpageusa.org

Media contacts:

Eric Zuehlke
Center for Financial Inclusion at Accion
+1-202-393-5113 ext. 1634
ezuehlke@accion.org

Kate Bunting
HelpAge USA
+1-202-714-1119
kbunting@helpageusa.org