

Banking Opportunities in the Silver Economy

How banks and their clients can profit from age-friendly
banking products: Key take-aways from selected case
studies worldwide

July 2020

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The term “silver economy” refers to the economy of the 50+ age group. The growth of the aging population, combined with their consumption power, makes the silver economy an ideal segment for targeted banking products. Countries such as the US, UK and Japan are traditionally seen as leaders in both products and services markets for silver clients. Spanish banks do offer some specific products for seniors - primarily equity release and annuities, and to a lesser extent, targeted loans. Many Spanish banks also offer a suite of age-friendly services (discounts/benefits). However, there is scope to increase revenues from this market segment in Spain. According to our analysis of age-friendly banking case studies, there are essentially three main banking product categories for seniors prevalent worldwide. While some of these products are not entirely new to the Spanish market, others could represent concrete business opportunities for banks in Spain, specifically when targeted at high-net worth seniors. The main product categories include those that: i) increase supplemental income, such as equity release products (reverse mortgages and home reversions) and annuities, ii) provide long-term care/dependency/dementia insurance; and, iii) provide targeted loans, such as bridge loans and autonomy loans to help temporarily cover age-related costs. In addition, while not fee-based, banking services can be useful commercial tools for attracting seniors to silver product offerings, ultimately helping to boost banks’ market share in this key segment. Silver services may also help mitigate the stigma possibly attached to some of the products banks currently offer to seniors. Many banks are powerfully packaging together these silver services and products under branding initiatives (*i.e.*,

CaixaBank's Family Senior, Bankia Senior, Ibercaja Mayores, and Santander Senior) designed to attract senior clients by elevating their visibility and importance within the bank.

Executive Summary

Originally coined by researchers at Oxford University, the term “silver economy” refers to the economy of the 50+ age group. Specifically, the system of production, distribution and consumption of good and services aimed at using the purchasing possibilities of aging individuals and satisfying their consumption, living and health needs. The silver economy is not a single sector, but rather a collection of products and services across many economic sectors, such as housing, telecommunications, information technology, financial services, transport, energy, tourism, culture, infrastructure and local services, and long-term care.

The silver economy has attracted increasing attention in recent years, as demographic trends forecast a strong growth at the global level in the older segments of the population in the coming decades. According to the United Nations, the number of people over 65 is set to double from 703 million in 2019 to 1.5 billion by 2050. The demographic shift will be most profound in Japan, which is expected to have 81 seniors for every 100 persons of working age by 2050. While the EU population is projected to increase by a mere 2 percent by 2070, the share of seniors - defined as above 65 - is set to increase. What’s more, as a consequence of societal changes (lower birth rates) and medical advances, a new feature is emerging among the next generation of European seniors compared to the current generation - the higher share of ‘super’ seniors, or people over 80. Super seniors’ proportion of the total European population is set to increase from 26 percent currently to 44 percent by 2070. In Spain, one out of every two people will belong to the silver economy by the year 2030.

The consumption power of this group represents an important opportunity for banks to offer products specifically targeted to address their needs. According to Rothschild & Co, the 60-plus segment, or Baby Boomers, that make up the silver economy, is the fastest-growing consumer group in the world. Armed with increasingly higher spending power and a rising share of overall income, they will influence many corporations given their capacity to consume - which is set to reach USD 15 trillion by 2020. Offering some perspective, the GDP of the EU in 2019 was USD 18 trillion. According to recent estimates, the silver segment of the economy in Spain represents approximately 55 percent of total clients and 56 percent of gross margins in the Spanish financial sector.

Several countries, primarily Japan, the US and the UK, are considered leaders in the silver market and have taken steps to tap silver clients through adapting products and services designed to their specific needs. For instance, Japanese banks offer products to help boost retirement income, such as reverse mortgages and annuities, as well as insurance products to protect against issues such as dementia. However, there are still some regulatory and other barriers to entry for smaller Japanese banks wanting to enter this space¹. US banks stand out for a wide range of silver products, but also for provision of fraud prevention and education/digital training services. UK banks stand out for product provision as well as a focus on accessibility and education/digital training services.

There have been efforts by some Spanish banks to increase products and services provision to silver clients, largely through offerings of products, such as home equity release, annuities, specialized insurance products (through their bancassurance arms) and targeted loans. On the services side, efforts primarily include financial advisory and accessibility services and special discounts. Despite these efforts, this segment has often not been sufficiently prioritized

in Spain relative to the emphasis placed on attracting Millennial clients and attempting to reduce costs/increase efficiency.

Within this context, we have conducted a survey of the main banking product offerings for the senior economy worldwide, based on examples highlighted by international retirement organizations as well as individual banks in North America, Europe, Asia/Pacific and Latin America. Several of these products are not entirely new to the Spanish market and there is broad cross-country variation in their associated taxation that should be taken into consideration. Nevertheless, some of these age-friendly products could represent concrete business opportunities for banks in Spain, specifically when targeted at high-net worth seniors. We have found that there are 9 principal types of product offerings focused on three main areas:

1) Supplemental income: Focused on enhancing income through reliance on equity release schemes, such as reverse mortgages and home reversions, as well as on various types of annuities (lifetime and tontine);

2) Insurance products: Insuring against long-term care/dependency costs – at times focused specifically on dementia protection (in the form of insurance policies or trusts); and,

3) Targeted loans, such as bridge loans to cover health care costs or autonomy loans to cover some of the additional expenses related to physical or mental impairment. General age-friendly loans on attractive terms are also an option some banks offer to seniors.

Other products include pre-paid cards and bank accounts geared to be more attractive to senior clients.

In addition, while not fee-based, banking services can be useful commercial tools for attracting seniors to silver product offerings, ultimately helping to boost banks' market share in this key segment.

Silver services may also help mitigate the stigma possibly attached to some of the products banks currently offer to seniors.

Many banks are powerfully packaging together these services and products under branding initiatives (*i.e.*, CaixaBank's Family Senior, Bankia Senior, Ibercaja Mayores, and Santander Senior) designed to attract senior clients by elevating their visibility and importance within the bank.

Lastly, in the appendix of this report, we present another opportunity for banks to participate in the silver economy - this time as thematic investors, in both public and private markets. The appendix also provides additional background on demographic shifts and implications, both broadly and for financial institutions, as well as a section on overarching themes that underpin age-friendly banking products and services.

Glossary of Selected Products

Reverse Mortgages. A reverse mortgage (a type of equity release) uses equity in a property as security for a loan. Financial institutions issue the loan as a lump sum, a regular income stream, or a combination of these options. In most cases, the additional income generated does not affect borrowers old-age security or pensions nor is it subject to additional taxation.

Importantly, borrowers are not obligated to repay the loan at regular intervals. Any interest that accrues on the loan is added to the loan balance, with repayment deferred for as long as a borrower remains in their home. However, upon death, moving out or selling the home, the loan must be repaid in full, which includes both interest and associated fees.

There are two traits shared across most jurisdictions. The first is the so-called “no negative equity guarantee”. This policy prevents borrowers from owing more than the value of their homes. The guarantee ensures elderly individuals are not weighed down by considerable debt obligations at a time when their income is constrained and healthcare costs tend to rise. The second relates to restrictions on the age at which a borrower can access the loan, with the minimum age usually starting around 55.

Home Reversion. Unlike the case of a reverse mortgage, where the beneficiary of the loan retains ownership, in a home reversion, another type of equity release, a portion or the entirety of the home is sold to a provider, which pays the seller a tax-free lump sum in return. This lump sum is significantly less than the market value of the home

– typically only between 20 percent and 60 percent of its true value. There is no interest to pay with a home reversion plan, as this type of scheme is not a loan. When your house is eventually sold, the provider will take their share of the proceeds. If, for example, you sell 50 percent of your home to a home-reversion provider, they will take 50 percent of the sale price. The remaining 50 percent will go to your estate.

Lifetime Annuities. A lifetime annuity is a financial product you can buy with a lump sum of money. In return, you will receive a predetermined, guaranteed income payment for the rest of your life.

Tontine Annuities. A tontine annuity is an investment plan that combines features of a group annuity and a lottery. Each subscriber pays an agreed sum into the fund, and thereafter receives an annuity. As members die, their shares devolve to the other participants, and so the value of each annuity increases. On the death of the last member, the scheme is wound up. Tontine annuities are regulated in Europe and provided in several Asian economies (*i.e.*, Japan, Hong Kong).

Long-Term Care/Dependency Insurance. Long-term care insurance is an insurance product that helps pay for the costs associated with long-term care generally not covered by health insurance, or government aid programs. Individuals who require long-term care are generally not sick in the traditional sense but are unable to perform daily living activities, such as dressing, bathing, eating, or walking. Long-term care insurance benefits can include coverage of costs related to home care, assisted living, adult daycare, respite care, hospice care, nursing home, Alzheimer's facilities, and home modification to accommodate disabilities, among other benefits.

Dementia Insurance/Trusts. Some insurance policies offer targeted products designed to ease the financial burden specifically associated with dementia. Dementia protection can also be in the form of a trust, which allow clients to arrange their finances so that funds can be

allocated in advance for living and medical costs in case they develop dementia in the future.

Private Equity Fund of Funds. The most widely diversified private equity investment vehicle is the private equity fund of funds. A fund of funds aggregates capital from multiple investors and makes commitments to a number of private equity funds, sometimes making direct co-investments in attractive private companies along with underlying fund general partners to enhance returns, adjust allocations, and reduce fees.

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1. Key Findings*

Supplemental Income. Products within the area of supplemental income were the most frequently cited, representing 30 of the 47 case studies referenced.

Equity Release. Within the supplemental income category, equity release products were among the most common, with 16 examples identified in our survey. 13 of these were reverse mortgages, while 3 were home reversions. The US, UK, Japan and Canada represent the most dynamic markets for reverse mortgages, which have been less successful in Spain and in other countries, such as Sweden and Australia. Unlike the case of a reverse mortgage, where the beneficiary of the loan retains ownership, in a home reversion, a portion or the entirety of the home is sold to a provider, which pays the seller a tax-free lump sum in return. This product was found predominantly in the UK.

Annuities. Annuities² were also a widespread product, with 14 examples identified in most geographic regions. 12 lifetime annuities and 2 tontine annuities were identified. The majority of the large Spanish banks offer annuities. One specific form of annuity for seniors is the tontine annuity - an investment plan that combines features of a group annuity and a lottery. Each subscriber pays an agreed sum into the fund, and thereafter receives an annuity. As members die, their shares devolve to the other participants, and so the value of each annuity increases. On the death of the last member, the scheme is wound up. Tontine annuities are regulated in Europe and provided in several Asian economies (*i.e.*, Japan, Hong Kong).

* Case studies organized by product or service type, then by region and country GDP (PPP).

Insurance. We highlight 10 products in the insurance category, long-term care/dependency insurance stands out, with 6 product offerings across the regions – notably in the US, Canada, UK, France and Spain. The prevalence in the first two markets is linked to the reduced role of the state in providing for long-term care as part of the social safety net. As well, Germany, where long-term care insurance (either public or private) is obligated by law, may be an interesting country to analyse with respect to this market. Meanwhile, in other parts of Europe, throughout the Nordic countries, where free of charge insurance is largely provided against catastrophic old age events, the need for private long-term care insurance is diminished. In Spain, despite the introduction of the Dependency Law in 2006, guaranteeing some level of basic services, there is scope for supplemental long-term care insurance to ensure adequate levels of support. That said, in many instances, products have historically been too expensive to attract middle-income earners. From the perspective of insurers, medical breakthroughs and technological advances could stall the progression of diseases, increasing life expectancies and potentially LTC costs for insurers in the future.

Dementia protection policies are increasingly being offered by banks and insurers in countries such as Japan, Hong Kong and the UK in support of individuals in cases of severe mental decline. These can include targeted insurance policies activated in the case of onset of dementia, as well as trusts, which allow clients to arrange their finances so that funds can be allocated in advance for living and medical costs in case they develop dementia in the future. 4 such offerings are described in this survey.

Targeted loans, such as bridge-loans to cover an unexpected upfront cost (such as rent and the cost of care in the short-term while seniors or their family wait for confirmed funds to arrive in their account), or autonomy loans to lessen the cost of physical or mental impairment, appeared only 4 times within the survey in the US, France, Spain and

Mexico, indicating there may be an overlooked opportunity for banks in this space.

Finally, other products such as pre-paid cards and bank accounts for seniors too were less recurrent, appearing only 3 times in the US, Singapore and Hong Kong.

Services. Importantly, many banks are also offering services tailored to the needs of the elderly. Typically, these include accessibility (telephone banking, branch/ATM design) services, fraud prevention and education/digital training initiatives, among others. In addition, while not fee-based, banking services can be useful commercial tools for attracting seniors to silver product offerings, ultimately helping to boost market share in this key segment. As well, such services may help mitigate the stigma possibly attached to some of the products banks currently offer to seniors. This survey provides global examples of 42 senior market services across distinct areas.

2. Products

SUPPLEMENTAL INCOME

Home Equity Release

Reverse Mortgages

In Spain, around 80 percent of individuals over the age of 65 reside in a home they own³. This represents a potentially significant source of wealth for older Spaniards, who, in comparison with their EU peers, tend to receive lower pensions. In fact, the accumulate savings associated with homes owned by the 65+ population in Spain amounts to 600,000 million euros compared to 120,000 million in pension plans for the total population⁴.

Within this context, reverse mortgages were first introduced into the Spanish market under the mandate of President Zapatero in December of 2007, under Law 41/2007; however, they were not a success. Some of the reasons attributed to the failure of the product at that time include: i) the lack of knowledge/awareness of the product (a factor in effect today) , together with its complexity. For instance, it is estimated that only 12 percent of Spanish homeowners over the age of 65 are familiar with this financial product⁵; ii) the fact that at that time, Spain was immersed in a real estate crisis, driving down property values to extreme lows; and; iii) the opening and insurance fees associated with the product. Cultural factors have also been cited in the case of Spain, such as the lack of willingness to leave debt

obligations to heirs. Many older homeowners are also sensitive to the idea of diluting the inheritance of their children or grandchildren.

The complexity of issuing a reverse mortgage too may put off both banks and borrowers. Reverse mortgages are not standard products and are personalized according to each borrower's situation. In legal disputes, especially those involving heirs, this has led to judgements against reverse mortgages⁶. From the perspective of older borrowers, the complex design and terms associated with these loans may be too difficult to understand.

Other conditions may have also undermined the attractiveness of issuing reverse mortgages. For example, a bank and a borrower could disagree over the valuation of a property. Under Spanish law, the bank must accept the valuation put forward by a borrower if made by a registered valuation expert. As well, within a year of inheriting the property, an heir can either keep the property and settle the debt with the bank or hand over the ownership rights to the bank in lieu of payment. This latter option is particularly unpopular among Spanish banks who wish to avoid acquiring additional real estate assets.

As well, the prolongation of ultra-low interest rates has reduced the incentive to take out a reverse mortgage⁷. This is because in the reverse mortgage market, the interest rate not only determines the amount you will pay, but is also a factor in the amount you can borrow. Alternatively, these customers may prefer to rent a portion of their property or make other arrangements to generate income from it.

Spain, however, is not the only market where reverse mortgages have failed to become entrenched. Specifically, the World Bank has identified high insurance costs, a lack of risk pooling mechanisms, and a tough regulatory climate as potential hurdles. Also worth noting is the reputational risk that is associated with reverse mortgages, with the potential for elder abuse a particular concern⁸. Consequently,

many financial institutions have determined that the risks and compliance costs outweigh the benefits of issuing reverse mortgages.

Regulatory developments have proven particularly problematic for reverse mortgage issuers in Australia and Sweden. For example, in Australia, 2 of the 5 lenders who have issued reverse mortgages have exited the market in the last 2 years⁹. This is likely linked to enhanced regulatory scrutiny in the aftermath of misselling scandals and elder abuse. Similarly, in Sweden, in line with other Swedish banks, Swedbank recently stopped offering special mortgages targeted at seniors. Previously, elderly people could borrow money (10 years tenor) with their property as a guarantee. The Swedish banks have ceased offering these loans as they were unable to structure the loan with the new amortisation rules in Sweden.

That said, there are a few markets where the demand and supply of reverse mortgages is buoyant. Equity release loans are growing by more than £10 million per day in the UK with the market expected to have reached £5 billion in 2019, an 8 percent increase year-on-year¹⁰. The Canadian reverse mortgage market is similarly strong, reaching 3.92 billion CAD as of October 2019¹¹. While the demand for reverse mortgages in the United States has dipped, there were still nearly 32,500 reverse mortgages issued in 2019¹².

Moreover, there are several good reasons to be optimistic about the Spanish reverse mortgage market. First, there could be an issue of untapped demand. As mentioned, awareness of reverse mortgages in Spain is low. According to the General Council of Notaries only 45 reverse mortgages were issued in 2018¹³. This may be linked to the fact that only a handful of firms offer and therefore market this product. (Currently, only three players are offering these types of products in Spain: i) Portuguese bank BNI through Óptima Mayores; ii) Catalana Occidente, through its subsidiary Bilbao Hipotecaria; and, iii) insurance provider Caser, which has just entered the market. CaixaBank, through insurer VidaCaixa, is launching a pilot to assess

potential entry into the reverse mortgage market, and Mapfre, together with its bancassurance partners - Santander, Bankia, Bankinter and CCM - is also studying this market's potential.)

Consequently, increased public awareness supported by a targeted marketing campaign could spur demand. Second, the fact that so few financial institutions, largely insurers and bancassurance players, offer reverse mortgages suggest there is room for new market entrants, unlike other overcrowded areas of financial services. Third, the issuance of reverse mortgages could provide Spanish banks with an opportunity to solidify their relationships with older clients, many of whom are indifferent or even put off by banks' ongoing digital transformations.

Finally, house prices in Spain have recovered significantly over the past years and currently stand at a little over 80 percent of pre-crisis peak levels. While significant variation exists across Spain's regions, this is a promising statistic for the potential of the Spanish reverse mortgage market.

While there may still be opportunities for reverse mortgages in Spain, it is also worth considering other potential products and services banks could market to older clients based on the experiences of other countries.

EXAMPLES

QUONTIC BANK (US) – New York-headquartered Quontic Bank offers reverse mortgages to individuals 62 years of age and older¹⁴. Applicants must either own their home in full or have a remaining mortgage balance that can be paid by the proceeds of the reverse mortgage or alternative funds. Additionally, customers must be able to prove that they have the financial capability to pay for property changes such as homeowner's insurance, real estate taxes and

maintenance. The bank offers a variety of payment structures including fixed monthly payments for a predetermined period and a tenure loan option, which pays a fixed sum for as long as the customer lives in the home.

TOWNEBANK (US) – Virginia-based TowneBank offers reverse mortgages to customers at least 62 years of age¹⁵. The size of the reverse mortgage depends on a customer's age, the value of their home and the current interest rates. Applicants may be subject to credit or income qualifications.

EQUITABLE BANK (CANADA) – Equitable Bank offers reverse mortgages in Alberta, British Columbia, Ontario and Quebec. The minimum home value for a reverse mortgage is CAD 250,000 and applicants must reside in the property for at least 6 months each year.

HOMEEQUITY BANK (CANADA) – This financial institution is 1 of only 2 banks that offer reverse mortgages in Canada. The product is available to customers 55 and older. The reverse mortgage has a maximum amount of 55 percent of a home's equity. There are no restrictions as to how the proceeds of a reverse mortgage are spent. Customers are responsible for property tax, insurance, and the property's maintenance costs.

AVIVA (UK) – Aviva's customers can choose from two types of lifetime mortgages¹⁶. The Lifestyle Lump Sum provides a one-time sum for a specific purpose such as retirement income or assisting a child. The minimum amount of money a client can borrow for this loan is £15,000. Alternatively, the Lifestyle Flexible Option offers lump sums from £10,000, and sets up a cash reserve of at least £5,000 to draw money from when the borrower chooses. With this loan, the customer only pays interest on the money that they've drawn from their cash reserve.

JUST (UK) – This retirement solution provides three reverse mortgage products¹⁷. Its lump sum home lifetime mortgage offers

loans between £10,000 and £800,000. Alternatively, with an interest serviced lifetime mortgage there is a monthly interest payment assessed against a borrower's income and all outgoings. The maximum amount a borrower can access depends on factors such as their age and value of their property. Lastly, the drawdown lifetime mortgage provides an initial advance and cash facility that a borrower can draw on when needed. Interest is only charged on the amount taken rather than the full value of the advance.

NATIONWIDE BUILDING SOCIETY (UK) – Nationwide offers three types of so-called “Later in Life Mortgages”¹⁸. The first, is a Lifetime Mortgage, which releases the value of a home as a tax-free lump sum. Borrowers are not obligated to make monthly payments and the loan is repaid when the borrower either moves into a long-term care facility or dies. The size of this loan depends on the borrower's age and the value of their home. The second is a Retirement Interest Only mortgage. With this loan, the capital is paid off when a borrower either moves into a long-term care facility or dies but the interest is paid monthly. This loan's value is capped at £500,000. The third option is a Retirement and Capital Interest Mortgage. In this case, both interest and capital payments are made monthly. The primary difference between this product and other mortgages is that you can borrow up to a higher age. This loan is available for up to £500,000.

CASER SEGUROS (SPAIN) - Caser Seguros is the first insurance company to market reverse mortgages in Spain¹⁹. The product is available to customers at least 65 years of age and can be partially or totally cancelled at any point. In addition to the monthly payments and the ability for the customer to remain in the home, the product also provides assistance such as the selection of home help and staff during the first ten years of the contract as well as telephone advice and technical support throughout the entire loan period.

Interestingly, Óptima Mayores, which also provides reverse mortgages, advised the insurer on the design and marketing of Caser's reverse mortgage. Both firms have highlighted the sensitive social aspects of this product and the importance that the products' terms are clear and understandable to potential customers.

CATALANA OCCIDENTE (SPAIN) – The bank's reverse mortgage product is available to individuals 65 years and older whose homes have an appraised value of over €200,000. In the event that the property is located on the second floor or higher, the building must have an elevator. The monthly payments for this reverse mortgage are calculated based on the age of the youngest owner, the home's appraised value, and the population of the property's location. The loan is only cancelled once the customer dies or the loan is paid in full.

ÓPTIMA MAYORES (SPAIN) – In conjunction with Portuguese bank, BNI, Óptima Mayores offers reverse mortgages for properties worth a minimum of €150,000 to customers who are at least 65 years old²⁰. Customers can choose from a single lump payment, monthly payments or a combination of both. The reverse mortgage allows the customer to remain in the home until they die or choose to move, at which point the loan must be repaid.

CAIXABANK (SPAIN) - CaixaBank, through insurer VidaCaixa, is launching a pilot to assess potential entry into the reverse mortgage market²¹.

MAPFRE (SPAIN) - Mapfre together with its bancassurance partners - Santander, Bankia, Bankinter and CCM - is also studying this market's potential²².

BANK OF TOKYO-MITSUBISHI UFJ (MUFG) (JAPAN) – In 2014 MUFG began offering reverse mortgages²³. Notably, most reverse mortgages in Japan are issued based on the value of land rather than the value of a building given that the latter is worth less.

However, this reverse mortgage is available for both homes and apartments. The bank targets customers between 60 and 80 years old and offers a maximum loan amount of 15 million Yen.

IMB BANK (AUSTRALIA)– IMB Bank, the third-largest building society in Australia, offers reverse mortgages to customers age 70 and older²⁴. The money borrowed through a reverse mortgage is accessed as a lump sum, regular payments, a flexible cash draw facility, or a combination of these options. This arrangement can be changed at any point after the loan is settled. The bank charges a 5.82% variable interest rate for the product.

HEARTLAND SENIORS FINANCE (AUSTRALIA) – The Australian financial institution offers reverse mortgages for a variety of purposes including debt consolidation, living expenses, home improvements, travel, medical costs, aged care or purchasing a new car. Applicants must be 60 years and older and own a property with a minimum value of AUD 200,000. The reverse mortgage is paid either as a lump sum, regular advances, a cash reserve facility, or a combination of all three. The interest is calculated on the daily balance outstanding, and added monthly to a loan account. Heartland only offers a variable interest rate and customers can opt to make voluntary repayments. Customers can make repayments at any point in time without extra penalty charges. The goal is to ensure maximum flexibility and allow clients, if they wish, to reduce the balance and interest charged.

Home Reversion

BRIDGEWATER EQUITY RELEASE (UK) – Bridgewater is part of Retirement Bridge Management UK and offers three types of home reversion products²⁵. With each product, the homeowner sells 25 to 100 percent of the property for a cash lump sum, with the amount received based on the seller's age and the property value. Sellers must be between the ages of 60 and 90 and own a property worth a

minimum of £100,000. Certain properties such as caravans and flats do not qualify for this product.

The first product is the Home Reversion Plan (no rent), whereby the seller is granted a lifetime lease on the property. If an individual chooses an Early Vacancy Guarantee, thereby agreeing to vacate the property within the first 5 years, a cash sum is payable and calculated at 80% of the original valuation less the original cash release that was paid.

Alternatively, there is a Home Reversion with Fixed Rent option. This involves a fixed monthly rent payment of a minimum of £200. While a lifetime lease is provided, the company can revoke the lease if the individual fails to meet their monthly rent obligations.

With this product, there are three possible rental agreements. The first is a rent cease option, that allows an individual to select up to which age they wish to pay rent. The choices are age 80, 85 or 90 or continue to pay through the life of the plan. If there are joint clients these are the age of the youngest applicant. There is also a rent reduction option for joint applicants only. Couples can opt for rent to be reduced by 50% on the death of the first spouse (subject to a minimum of £200 per month). Lastly, there is the standard Early Vacancy Guarantee.

The third product is a Home Reversion with Escalating Rent. This is similar to the second product except that rent is increased at 2.5% per annum compound. The plan also comes with the same three rental agreement options offered alongside the Home Reversion with Fixed Rent product.

STANDARD LIFE (UK) – The insurance company offers a home reversion plan for customers at least 65 years old²⁶. Customers can choose to sell a portion or all of their property to release a tax-free lump sum. The plan offers a ‘Lifetime Lease’ that allows the seller to remain in the house rent-free until they die. Sellers also have the

option to move houses as most plans can be transferred to another property.

SUNLIFE (UK) – The insurer offers home reversion plans to individuals 65 years of age and older. While the amount of money a customer could receive as a lump sum varies, SunLife estimates that it can be as little as 25 percent of the home’s market value for a 65-year-old, rising to around 60 percent if the customer is 90. While a customer could sell 100 percent of their home, the price they received would be discounted and therefore not equivalent to the current market value. Customers choose between receiving the cash for their property as a lump sum or income and will reserve the right to remain in their property until they die or are moved into care.

Annuities

Lifetime Annuity

ALLIANZ (US) - The insurance company describes its Essential Income 7 Annuity as appropriate for customers concerned about saving enough for retirement and interested in a guaranteed lifetime income to cover essential expenses once retired²⁷. It provides principal protection from market loss, the potential for tax-deferred growth, options for lifetime retirement income, and a death benefit for beneficiaries. Customers can also increase the income through the Essential Income Benefit, for an additional cost.

The annuity is available to individuals up to the age of 80. If the purchaser is at least 50 years old, they can begin receiving benefits upon signing the contract or start the benefit payments at any point after reaching 50. The minimum investment amount is \$10,000.

FIDELITY (US) - Fidelity identifies Immediate Fixed Income Annuities as an appropriate annuity for those living in retirement²⁸.

These annuities provide a guaranteed income until the policyholder dies. There are also optional cost of living adjustments and beneficiary protection. However, to receive these lifetime income payments, the policyholder must have limited or no access to their assets.

The policy requires a minimum investment of \$10,000. This amount can be funded via a tax-free transfer from a qualified 401(k) plan, IRA, or other employer-sponsored plan. Alternatively, a policyholder can use money from their current savings, bonus, or inheritance. Customers can also exchange an existing annuity to a Fidelity tax-free annuity.

There are several ways customers can customize this annuity. Payments can begin within 12 months from the date the account is opened. Additional beneficiary protection options include a cash refund, which refunds the lump-sum investment minus any payments to a beneficiary upon death. Policyholders can also choose a guaranteed period of 5 to 30 years after their death during which the payments continue to a beneficiary. As well, there is the possibility of increasing payments by 1 to 5 percent as a form of inflation protection.

CANADA LIFE (UK) – The Lifetime Annuity is available to individuals at least 55 years old²⁹. It uses the money a customer has saved in their pension plan to provide them with a guaranteed, regular income for their lifetime and, if they choose at the outset, their chosen beneficiary's lifetime. A customer can choose a level of escalating income, the frequency of any income payments (monthly, quarterly, half yearly or annually), the guarantee period (from 1 month to 30 years) and whether to receive their income in advance or in arrears. The minimum initial investment is £10,000.

AVIVA (UK) - Aviva offers an annuity to customers age 55 and older that will provide a taxable guaranteed income for life. The

annuity rate depends on factors such as the size of a customer's pension, their age, health, and which benefits are chosen. It is possible to purchase an enhanced annuity if a customer has a medical condition that lowers their life expectancy. Upon passing away, the guaranteed income can be transferred to a partner, child under 23 or someone who is dependent on the policyholder due to a disability.

Customers can adapt the annuity to meet their personal needs. The payments can remain fixed or increase 3 percent each year in line with the UK Retail Prices Index. Policyholders can add a guarantee to ensure their annuity pays them or their estate for a minimum of 5 or 10 years after the annuity starts, even if the beneficiary passes away within the guarantee period. Lastly, up to 100% of the annuity's income can be paid to a partner upon the policyholder's death.

ÓPTIMA MAYORES (SPAIN) - Real Estate Life Annuity involves the sale of a senior's home in exchange for a monthly life annuity³⁰. The client remains in the home until their death and is responsible for any maintenance costs. Importantly, the agreement cannot be cancelled, and heirs will not inherit the property. The client can choose either to receive a monthly income for life or opt for an income over a specified term, with the latter resulting in higher monthly payments.

BANKIA (SPAIN) – The bank offers annuities as a part of its services for seniors.

CAIXABANK (SPAIN) – The bank offers annuities as a part of its services for seniors.

IBERCAJA (SPAIN) – The bank offers annuities as a part of its services for seniors.

ABANCA (SPAIN) – The bank offers annuities as a part of its services for seniors.

UNICAJA (SPAIN) – The bank offers annuities as a part of its services for seniors.

NTUC INCOME INSURANCE CO-OPERATIVE LIMITED (SINGAPORE)– NTUC Income offers a Guaranteed Life Annuity to supplement the CPF Life payments, an annuity program established by the Singaporean government³¹. Customers can begin receiving payments immediately or choose a date in the future. The payments are made monthly, quarterly, bi-annually or annually and are fixed regardless of the performance of the investment fund. The payment can increase through a non-guaranteed portion that is calculated based on the performance of the fund in which a customer is invested.

There are three possible death benefits³². The first is an immediate annuity which provides a single premium less any payments previously made. The deferred death benefit offers a single premium or 97 percent of the single premium with interest of 2.5 percent a year and bonus payments, whichever is higher. This option is only available if the death occurs during the deferred stage. Alternatively, there is a deferred benefit for when the death occurs during the pay-out stage of the annuity. This consists of a single premium, with interest of 2.5 percent a year and bonuses, calculated up to the end of the deferred stage, less any payments already made.

MANULIFE INSURANCE – (SINGAPORE) Manulife sells a RetireReady Plus annuity plan for a minimum price of S\$3,000. It offers monthly pay-outs for life or 5,10, 15 and 20 year periods upon entering retirement³³. Customers can adjust these payment periods according to their changing needs. In the case of a loss of autonomy, a policyholder receives up to 100% of their guaranteed monthly income (GMI). This amount is based on severity, with a partial autonomy loss payment equivalent to 50 percent of the GMI for a maximum amount of S\$2,000 per month. If an individual experiences a full loss of autonomy, the benefit is capped at S\$4,000 per month.

Tontine Annuity

NIPPON LIFE INSURANCE CO. (JAPAN)- The insurance company, also known as Nissay, launched its tontine pension scheme, GranAge in 2016³⁴. To purchase a tontine pension, an individual invests a lump sum upfront in return for an annual dividend paid up until their death³⁵. At this point, the shares in the tontine pension are divided among heirs. Importantly, the size of the annual dividend depends on how long you live and the number of fellow investors who remain living, with the last investor alive receiving the entire dividend.

The GranAge product is available to investors between 50 and 87 years of age. Investors can choose between receiving a dividend until their death or for 10 years. The longer the investor lives, the bigger their dividend. If a GranAge investor lives beyond 90, they would receive more money back than their initial investment. According to the company, more than 40,000 individuals purchased the product within the first year it was launched. Interestingly, the product attracted more women than men with about 40 percent of all investors in their 50s.

TONTINETRUST (FINTECH) (HONG KONG)- The start-up, established in 2017, offers tontine pension products focused on different asset classes, including ETFs, diversified real estate portfolios or asset specific real estate, and diversified portfolios of digital assets³⁶. The blockchain supported offering allows customers with a mobile phone to sign up for a tontine, which the company describes as a safe, low-fee mutual fund product. Each tontine consists of a closed pool of up to 10,000 same-age, same gender individuals and investors can opt for monthly payments until the age of 120, with payments proportional to the initial investment amount³⁷. The company states that pay-outs should increase faster than inflation and should rise substantially in later years as the remaining capital

must all be paid out to the surviving members. TontineTrust charges a flat 1 percent fee per year.

INSURANCE PRODUCTS

LTC/Dependency Insurance

NEW YORK LIFE INSURANCE COMPANY (US) - In 2018 New York Life Insurance Company introduced a new, simplified long-term care (LTC) insurance product³⁸. It offers coverage at four levels - Bronze, Silver, Gold and Platinum - with lifetime benefits between 50,000 USD and 250,000 USD. The insurance company also provides the option to customize a LTC plan with lifetime benefits up to 500,000 USD and add shared coverage for partners or spouses. That said, New York Life has deliberately reduced the number of add-ons in order to minimize the complexities of their LTC insurance product, which should reduce additional fees and associated costs.

Significantly, New York Life has designed an insurance product that targets a traditionally overlooked segment - middle income earners. Previously, complex and costly LTC insurance products were out of reach for this large consumer base. However, this product is designed with the average retiree in mind. For example, the policy divides the risk between a policyholder and the insurance company, thereby reducing the price-point. It is also structured similarly to other insurance products with deductibles and co-insurance features familiar to most consumers. Customers too can take advantage of a dividend benefit that can reduce future premiums or opt to increase their coverage.

SUNLIFE INSURANCE COMPANY (CANADA) – Sunlife offers two types of LTC insurance³⁹. The first product, Sun Long Term Care Insurance, provides protection in cases of healthcare costs in

retirement or the impact of severe illness or accident at any point during the policy period. The plan comes with a weekly benefit of 150 to 2,300 CAD and is available to anyone between the ages of 21 and 80. Policyholders can also opt for inflation protection and return of premium upon death. In order to receive benefit payments, a policyholder must require constant supervision due to deteriorated mental ability, substantial physical assistance with at least 2 daily activities, or stand-by assistance to perform daily activities.

The second product is Sun Retirement Health Assist. This insurance protects against the healthcare costs specifically associated with the effects of aging after the age of 65 and is available to individuals between the ages of 45 and 71. Policyholders choose from weekly benefits ranging between 500 CAD to 2,300 CAD. If a policyholder becomes dependent after the age of 65, it is their responsibility to cover the costs for the first 1 or 2 years. However, if dependency continues, Sunlife will disburse the weekly benefits to cover the cost of care provided at home, in a retirement facility, or long-term care home. The insurance company also offers automatic return of premium and inflation protection options free to policyholders.

AIG (UK) - Upon commissioning research, AIG discovered that many consumers were nervous about covering the costs of a serious injury that permanently undermined their independence. Consequently, the insurer introduced its Cover Care insurance product⁴⁰. Consumers between the ages of 17 and 64 can purchase plans worth up to £400,000. If a policyholder is diagnosed with a condition that prevents them from completing at least 3 daily tasks or with a serious cognitive impairment, they will receive 75 percent of their plan's value.

AVIVA (FRANCE) - Aviva is an international savings, retirement and insurance business. Its French arm, Assurance Dépendance Aviva, offers two dependency insurance products for customers between 50 and 75 years old that provide a monthly income in the

case of partial or total dependence. The partial option covers a policyholder in the case of partial dependence, providing half the income offered by the insurance policy. If a customer opts for the total dependence product, they will receive the policy's associated income in full. Aviva's dependency insurance products provide a monthly income of either €300, €600, €900, €1,200 or €1,500.

Policyholders benefit from several advantages. Firstly, medical check-ups are not required when applying for this product. Instead, prospective customers must sign a health statement or, in some cases, a supplementary questionnaire. Coverage cannot be cancelled regardless of any health developments and is extended until the end of a policyholder's life. If, after 8 years, a customer is unable to make their premium payments, protection is maintained at a lower level.

SOCIETE GENERALE (FRANCE) - The Garantie Autonomie Senior helps clients plan for the potential loss of autonomy⁴¹. The policyholder benefits from a monthly life annuity (paid after expiration of the 3-month deductible period) of between €500 to €3,000 per month in the event of total dependence. This is reduced to 50% for cases of partial dependence. Additionally, there is a capital equipment benefit of €5,000 to adapt the policyholder's accommodations.

There are also several services associated with this policy. Societe Generale has created a dedicated web portal called "My SilverCoach" that includes information, advice, and support services for policyholders. In cases where a policyholder has lost all or a portion of their autonomy, there is a dedicated telephone line for these customers, a professional assessment of their needs, training for caregivers and a caregiver's respite guarantee to organize the replacement of a policyholder's caregiver.

SANTANDER (SPAIN) - Banco Santander offers a Dependency Insurance product that will allow customers to benefit from up to

1,500 euros per month in situations of severe dependency or high dependency. There is also the possibility of receiving the first three months' worth of payments as a lump sum. This insurance may be contracted for individuals between 55 and 75 years, with a grace period of three years in the case of Alzheimer's and dementia, and one year for all other diseases⁴².

The dependency insurance offered by Santander is part of a package that was launched by the bank targeting seniors called Santander Senior. For 9 euros a month (108 euros a year), services include telephone assistance or an emergency button for any type of emergency, unlimited transfers from the office, accident insurance and three assistance services, including domicile tech support to help those people at home with possible problems they may have with electronic devices, 24 hour assistance, and a receipt optimization service for utilities, such as water, electricity bills, Internet, *etc.*

Dementia Insurance/Trust

VITALITYLIFE (UK) – The insurance company provides coverage for dementia and frailty as an add-on to its serious illness policies. Typically, this policy costs a 50-year-old non-smoker £90 a month over a 15-year term to age 65. For dementia costs, the policy will pay out a maximum of £100,000, with no age cap. The benefit payments are made once a policyholder is unable to complete daily activities such as getting out of bed, washing, dressing, feeding and everyday mobility. Once the policy term expires, a customer can extend coverage at the same premium. However, coverage will only extend to dementia and later life ailments rather than less age specific illnesses (*e.g.*, cancer) and the benefit amount will be halved.

DAI-ICHI LIFE HOLDINGS (JAPAN) – The Japanese insurance company, and Neurotrack, a cognitive health platform, have jointly launched a dementia insurance product. Neurotrack is a start-up company based in Silicon Valley that has developed a tool to

determine the state of brain health and cognitive capabilities. Users stare at a smartphone screen for about five minutes while an algorithm is fed data relating to the user's eye movement as it follows a video. If Neurotrack's system identifies early symptoms of dementia, confirmed by a doctor's diagnosis, the policy pays out. Interestingly, Dai-ichi sold 100,000 policies in four months, indicating a strong demand for the insurance product.

MIZUHO TRUST & BANKING (JAPAN) – The Tokyo-based bank offers a Dementia Support Trust service to its customers. It allows clients to arrange their finances so that funds can be allocated in advance for living and medical costs in case they develop dementia in the future. Significantly, this product is more flexible than other trusts provided by the bank. It enables clients to pay themselves or a guardian a regular income and make inheritance arrangements. Customers can also instruct the bank to pay for costs such as nursing and home renovations. Additionally, the bank can restrict access to a client's funds to pre-empt financial fraud or in cases of cognitive impairment.

HSBC LIFE INSURER (HONG KONG) – The insurance company offers a Dementia Protection product as a supplementary benefit of its EarlyIncome Annuity Plan. The aim is to minimize the financial burden associated with severe dementia. During the annuity period, the customer or benefit recipient receives an additional 100 percent of their monthly guaranteed payment under the EarlyIncome Annuity Plan. This benefit has a maximum of HKD 30,000 per policyholder until the insured passes away or reaches the age of 99 (whichever is earlier) regardless of the annuity period.

TARGETED LOANS

Bridge Loan

ELDERLIFE FINANCIAL SERVICES (US) – Elderlife provides seniors and their family members with financial education, guidance, and services that facilitate the transition to senior living⁴³. Of particular note is their bridge loan offering, which provides \$5,000 to \$500,000 to cover rent and the cost of care in the short-term while seniors or their family wait for confirmed funds to arrive in their account. The loans are available in as little as 24 hours and multiple family members can join the loan.

Autonomy Loan

BNP PARIBAS (FRANCE) – BNP Paribas has designed an autonomy loan to lessen the costs associated with mental and physical impairment. Clients can borrow between €760 and €5,000 with a payment period ranging from 12 to 48 months. The product comes with a fixed rate of 2.86 percent interest.

Age-Friendly Loan

CAIXABANK (SPAIN) – CaixaBank offers a loan targeting seniors called the Prestamo Family Senior Microcreditos with the objective of financing health and wellness costs.

BANAMEX (MEXICO) – In 2012 Banamex, now known as Citibanamex after Citi Bank's acquisition of the Mexican firm, launched a limited loan offer to clients up to the age of 79 years and eleven months. The products covered by the limited offering included car loans, payroll loans, personal loans, and loans for retired individuals. The bank waived the opening fee for loans up to 500,000 pesos. However, the interest rate did vary according to each individual's credit rating. The offering was also only available to those customers with an income of at least 1,000 pesos per month.

For retired clients, there were additional benefits associated with the loan offering. Firstly, these clients were offered a 24 percent annual rate as well as a 60 month loan period. Customers who received a pension could use the loan to acquire either a new or used car at a lower fixed annual rate of 11 percent, fixed monthly payments, a financing term of 36, 48, or 60 months and a down payment of between 10 to 20 percent instead of the required 25 percent.

OTHER

Bank Accounts

STANDARD CHARTERED (SINGAPORE) – Singapore's fifth largest bank offers an exclusive bank account for clients age 55 and older. Named the MyWay Programme, it includes a tiered interest rate with deposits greater than S\$50,000 receiving 1.08 percent, while deposits between S\$1 and 5 million garner a rate of 1.28 percent. Clients are required to maintain an average daily balance of at least S\$50,000 each month. If the balance falls below this threshold, a monthly fine of S\$10 is charged for non-priority or private-banking customers. The MyWay Programme also comes with perks valued by the bank's older clientele. These include a dedicated medical concierge by Parkway Hospitals, complimentary membership to a virtual retirement village, and access to medical screening services at Parkway Shenton.

HSBC (HONG KONG) – HSBC has initiated a Basic Banking Account with Independence product for senior citizens. The account is designed to support customers with dementia as well as their families or caregivers. By signing up for the account, clients can go about their daily lives with the ability to withdraw cash, pay bills and other banking activities. However, a designated third-party manages

a client's other accounts, oversees transactions, and transfers funds for the client.

Cards

TRUE LINK (FINTECH)(US) – The fintech company offers Visa cards to protect elderly clients with dementia or other cognitive impairments without compromising their financial independence. However, the card's design also supports family members, trustees, guardians, fiduciaries, attorneys, care managers, home care providers, or other individuals charged with overseeing a client's financial wellbeing. As such, it offers a customizable digital dashboard with settings that block certain types of spending (*e.g.*, jewellery, international transfers, travel), the ability to set budgets or curfews, and the option to monitor the spending of caregivers. In cases of unusual spending, True Link issues immediate alerts to the designated guardian or family member.

MATRIX OF SILVER ECONOMY BANKING PRODUCTS (2) - EUROPE

			Europe											
			UK			France			Spain					
Products	SUPPLEMENTAL INCOME	Home Equity Release	Reverse Mortgages	Aviva	Just	Nationwide Building Society			Óptima Mayores				Catalana Occidente	Caser Seguros
			Home Reversion	SunLife	Standard Life	Bridgewater Equity Release								
		Annuities	Lifetime	Aviva	Canada Life				Óptima Mayores	Bankia	CaixaBank	Ibercaja	Abanca	Unicaja
			Tontine											
	INSURANCE PRODUCTS		LTC/Dependency	AIG			Aviva	SocGen	Santander					
			Dementia	VitalityLife										
	LOANS		Autonomy Loan				BNP Paribas							
			Bridge Loan											
			Age-Friendly Loan						CaixaBank					
	OTHER		Pre Paid Cards											
		Bank Accounts												

MATRIX OF SILVER ECONOMY BANKING PRODUCTS (2) – OTHER

				North America				Asia/Pacific				Latam			
				USA		Canada		Japan		Singapore	Hong Kong	Australia	Mexico		
Products	SUPPLEMENTAL INCOME	Home Equity Release	Reverse Mortgages	Quontic Bank	TowneBank	HomeEquity Bank	Equitable Bank	Bank of Tokyo-Mitsubishi UFJ (MUFG)				Heartland Seniors Finance	IMB Bank		
			Home Reversion												
		Annuities	Lifetime	Allianz	Fidelity					Manulife Insurance	NTUC				
			Tontine					Nippon Life Insurance Co				Tontine Trust (fintech)			
	INSURANCE PRODUCTS		LTC/Dependency	New York Life Insurance Company		Sunlife Insurance Company									
			Dementia					Dai-ichi Life Holdings	Mizuho Trust & Banking			HSBC Life insurer			
	LOANS		Autonomy Loan												
			Bridge Loan	Elderlife											
			Age-Friendly Loan												Banamex
	OTHER		Pre Paid Cards	True-Link (fintech)											
Bank Accounts									Standard Chartered		HSBC				

3. Services

DESIGN/ACCESSIBILITY

TD BANK (CANADA) – TD Bank’s website has several features which enhance accessibility for senior citizens⁴⁴. Firstly, the bank has designed a web toolbar that functions like a TV remote control. Seniors can use the toolbar to adjust the website’s font size, reading speed, and volume. As well, “Help” and “Print” buttons, navigation directions, and telephone numbers are prominently displayed. Users can also hover their mouse over a given paragraph resulting in an audio version read aloud in either English or French. Alternatively, there is a magnify function that enlarges specific text, a space button that increases the distance between words, and a style button that alters background and foreground colours.

DEUTSCHE BANK (GERMANY) – Germany’s largest bank has designed its ATMs with elderly clients in mind. The machines include voice guidance and Braille. Additionally, the screens and navigation follow the World Wide Web Consortiums (W3C) Accessibility Standard. For example, only two buttons are necessary to initiate sensitive transactions and clients can automatically perform previously selected transactions. Hearing impaired clients can use the ATMs’ headphone ports. They provide acoustic feedback that confirms whether a PIN is inputted correctly while a computer voice alerts the user to withdraw cash from the ATM slot. For those clients in wheelchairs, ATMs are no more than 1200 mm above the floor.

SPARKASSEN (GERMANY) – Unlike North America or the Nordic region, Germany has remained a predominantly cash-based

society. For this reason, the closure of local banks can prove particularly problematic for elderly clients with mobility challenges. In order to service these clients, Sparkasse Aachen has instituted a telephone hotline for cash orders. For a fee of 9.90 EUR per order, cash is delivered to clients' home addresses.

LLOYDS BANK (UK) – Lloyds has designed its branches with senior citizens in mind⁴⁵. Entrances are often equipped with wheelchair lifts and internal ramps. For those who require additional help, there is a “Call Assistance” button outside the branches. The bank has lowered counters in order to accommodate wheelchairs and zimmer frames. For those waiting to see a bank representative, there is ample seating dispersed around the branch as well as counter queuing rails. Finally, the bank has invested in portable induction loops for the hearing impaired at every counter and private interview room.

RBS / NATWEST (UK) – Many elderly customers live in rural areas where banks are increasingly closing local branches. In order to plug this service gap, RBS has invested in high-tech vans with iPads and Internet access that travel between small towns and villages to provide banking services such as cash transaction, bill payments, account balances, and check deposits⁴⁶. As of January 2016, RBS' *mobile* banking vans served over 600 communities a week across England, Northern Ireland, Scotland and Wales.

RBS' *mobile* banking services are particularly age-friendly. The vans have high visibility markers on steps, handrails, and open plan designs. For the hearing and visually impaired, there are voice induction-hearing loops and braille documentation.

RBS / NATWEST (UK) – The bank has designed accessible cards to support the visually impaired. Debit and savings cards are differentiated by unique markings and raised dots. On the reverse side, telephone numbers are enlarged by 50 percent. There are also

cuts on the right-hand side of the card so that clients know which way to insert them into an ATM or PIN keypad.

RBS / NATWEST (UK) – RBS’ “be the difference” strategy aims to improve telephone banking experiences for older clients⁴⁷. The bank has abandoned call-handling times and encourages staff to better understand their customers’ concerns and potential vulnerability to financial fraud. By encouraging other clients to rely on self-service options, the bank has been able to reallocate its staff to more complicated and sensitive inquiries from senior citizens.

BARCLAYS (UK) – Barclays has amended several of its services to support its visually impaired clients⁴⁸. First, it provides check and credit book templates that assist senior citizens in writing checks, credit slips and signatures. Credit slips and reminder slips in check books come with punched holes in the stub so clients can more easily differentiate them from checks. As well, Barclays has created high-visibility debit cards that include bright arrows indicating how to insert the card into a machine and high-contrast colours that enhance the cards’ readability. Thirdly, more than 75 percent of Barclays cash machines across England and Wales have audio jacks that allow users to plug in their headphones for audio instructions.

BARCLAYS (UK) – Barclays has created a version of its PINsentry card reader for both visually and audio impaired clients⁴⁹. PinSentry is a security device that generates unique eight-digit codes for online banking transactions. It is used alongside the PINsentry card reader, a small, handheld device into which a user inserts their debit card. The accessible PINsentry card reader is larger than a standard device, comes with a bigger screen and buttons, and can be used with headphones or the built-in speakers. The cards are issued in high contrast colours with tactile design features that make it easier to identify the three-digit security number on the reverse side of the card.

BARCLAYS (UK) – The bank’s Text Relay Service is developed to support telephone banking for clients with hearing or speech impairments⁵⁰. The service is accessed via a telephone using a display screen with a keypad or computer with the Text Relay software. By transforming speech into written text, the client is then able to communicate with the telephone banking representative.

CYBG (UK) – In partnership with SignVideo, CYBG launched a video relay service (VRS) that connects deaf or hearing impaired clients to an interpreter via a video link⁵¹. The interpreter then calls the customer service helpline, acting as a conversational go-between for the customer and advisor. Clients can access the service on a tablet, smartphone, or PC without any additional software required.

BBVA (SPAIN) – Spain’s second largest bank by assets, BBVA, has installed ATMs with senior-friendly features. For example, navigation and functions are automatically set based on clients’ habits. By collecting data on previous uses, shortcuts are created that guide the client through services they commonly use. The physical design also takes into consideration the limitations and constraints of older users. BBVA has lowered the height of its ATMS to accommodate clients with wheelchairs or zimmer frames. For visually and hearing-impaired clients, the screens are larger with audio jacks for spoken instructions.

CAIXABANK (SPAIN) – The bank initiated a program called “Zero Level” to reduce barriers to banking services for elderly clients⁵². Bank clerks can use a video conference sign language service to communicate with deaf customers. In order to create a warmer and more welcoming space, furniture is strategically arranged in branches. For clients with physical constraints, the bank limits height differences between the outside and inside areas of the branch with the use of ramps or lifts.

RABOBANK (NETHERLANDS) – Elderly clients with mobility restrictions often struggle to make it to bank branches. Even when they are not housebound, visiting a branch can prove difficult as not all buildings are wheelchair accessible while long queues can be physically taxing for others. Consequently, Rabobank offers cash delivery for a fee of 5.50 EUR to clients unable to independently travel to a bank branch.

ABN AMRO (NETHERLANDS) – In the Netherlands, nearly half of all senior citizens describe themselves as lonely, with loneliness increasing as they age. For this reason, senior citizens often rely on banks not only for financial services but also as a social touchpoint. With this client segment in mind, ABN AMRO has trained 36 employees as financial coaches for senior citizens. These staff check up on elderly clients in their homes. During their visit they might review bank statements, ensure no unauthorised transactions have occurred, and keep an eye out for possible signs of dementia.

CREDIT SUISSE (SWITZERLAND) – The Swiss firm has designed a website that is accessible without a mouse. It includes tools such as braille lines, audio output, contrast adjustments, and large-font software with navigation available via a keyboard or voice control. For those clients with cognitive impairments, each section of the website is standardized with large photos that facilitate learning. The Access for All Foundation has certified the website with an “AA” quality label, the highest in Switzerland.

ERSTE BANK AND SPARKASSEN (AUSTRIA) – These two Austrian banks have developed ATM cards for customers with visual impairments. The cards include raised “EBS” letters at the bottom right corner in braille that differentiate them from other cards a client might hold in their wallet. Additionally, the letters act as a guide for inserting the cards into PIN or ATM machines.

LEUMI (ISRAEL) - In order to accommodate its hearing impaired clients, Leumi provides real-time support to online banking services via video. The service, called Leumi V, connects clients with sign language interpreters and includes face-to-face conversations with the bank's representatives. Accessing the service is easy, with clients simply entering their personal details and a brief summary of their inquiry on the bank's website.

OGAKI KYORITSU (JAPAN) – Older customers are particularly vulnerable to financial scams and therefore require additional security features to protect their accounts. Regional bank Ogaki Kyoritsu has installed a biometric palm reader at their ATMs in place of bank cards and PINs⁵³. This feature has the added benefit of helping senior citizens who suffer from memory lapses.

HSBC (HONG KONG) – HSBC's branches are designed to accommodate the needs and limitations of their elderly clients. Every branch has Community Care Ambassadors and Smart Seniors to support the different needs of elderly clients. There are also Dementia Friends Ambassadors trained by the Alzheimer's Disease Association who assist customers with dementia and their families. With the goal of reducing the physical discomfort of less mobile clients, many branches have express counter service along with seats or meeting rooms.

BANCO BRADESCO (BRAZIL) – The bank, one of Brazil's five largest financial institutions, has sought to improve the accessibility of its telephone banking service. Clients can do a variety of banking activities over the phone including paying bills and taxes, receiving balance updates, and updating personal settings and information. For those with hearing disabilities, there is a special telephone device with a keyboard and display that supports the telephone banking service.

FRAUD PREVENTION

BANK OF AMERICA FORK (US) – The bank’s third-party monitoring option functions as a “read only” account management system. An authorized family member or caregiver is permitted to monitor the senior citizen’s account and is permitted access to their online or monthly statements. However, the service does not provide the third-party with any control over the customer’s funds and transactions.

BANK OF THE WEST (US) – The bank has introduced its “Be Aware” program in order to combat elder financial abuse⁵⁴. Through its partnership with community organisations and local law enforcement, it conducts seminars to educate senior citizens as well as their family and caregivers on how to recognize and avoid financial fraud and identity theft. In order to reach a broader audience, the bank subsequently created a “Be Aware” seminar toolkit that allowed branches across states to host their own talks on financial fraud.

EVERSAFE (US) – EverSafe provides services that help protect senior citizens from financial fraud⁵⁵. The company monitors customers’ bank and investment accounts and credit cards and compares activity to an established personal profile based on previous credit data. If suspicious activity such as unusual withdrawals, missing deposits, irregular investment activity or late bill payments occur, an alert is issued by text, email, phone or via the EverSafe app to a trusted advocate such as a family member or advisor. If fraudulent activity is discovered, customers and their advocates can use tools developed by EverSafe to create a resolution plan.

FIRST FINANCIAL (US) – The Texas-based bank has focused on preventing financial fraud committed against senior citizens⁵⁶. The bank initiated a Fraud Busters Program, training 1,200 employees across 70 locations to identify financial scams such as fraudulent signatures or large cash requests. The initiative involves a partnership

with the local police departments, Adult Protective Services and the Better Business Bureau. Additionally, the bank speaks at retirement homes, civic clubs and church groups on how to identify financial fraud.

WELLS FARGO (US) – The bank launched its Elder Strategy Group in order to tackle both financial fraud and challenges relating to cognitive impairment⁵⁷. Composed of lawyers from each US state, the Group supports financial advisors who suspect or discover incidents of elder financial abuse, third-party scams, or cognitive impairment. The Group investigates activity or concerns reported by an advisor and liaises with law enforcement when necessary.

Advisors have a key part in ensuring the success of the Group's mandate. The bank trains advisors how to respond to cases of suspected elder abuse and administers an annual test on financial fraud. As well, advisors must request an emergency contact form from each of their clients that allows an advisor to contact a third-party such as a family member or friend if concerns arise over a customer's mental state.

Importantly, Wells Fargo has taken a highly centralized approach. This fosters expertise in areas of elder abuse and the handling of cognitive impairments such as dementia. Furthermore, by creating a direct line of communication between a specialised legal team and advisors, the Group has alleviated pressure on the bank's legal department and allowed for a timelier response to advisors' queries or concerns.

GENERAL ELDERCARE SERVICES

US TRUST (US) – The private bank provides a variety of eldercare services that go beyond mere wealth or estate planning⁵⁸. For instance, the bank has an inventory manager that organizes key

information, passwords and documents for a client and their families. It also offers bill payment and asset protection services. Through its alliance with a network of external health care companies and professionals, US Trust can also coordinate and support the management of clients' healthcare services. Lastly, the bank has published material on eldercare planning and financial management, including topics such as life insurance and trusts, managing Health Savings Accounts and power-of-attorney documents.

WELLS FARGO (US) – Wells Fargo offers its tailored Life Management Services to senior citizens. This involves a physical, medical and psychological assessment as well as an analysis of potential hazards at home, mobility restrictions, and nutritional or dietary needs. A Wells Fargo advisor then considers legal and financial requirements including health and life insurance coverage and designs an appropriate wealth management strategy.

As part of the ongoing service, a dedicated specialist can take on numerous additional responsibilities. For example, they may coordinate health care, insurance, bill and tax payments for a client. As well, the bank representative implements estate plans, coordinates home care for the client, manages assets and documentation, and can even attend conferences or events as the client's advocate. Especially noteworthy is the fact that these specialists are available 24/7.

LLOYDS BANK (UK) – The bank has implemented strategies to support clients with cognitive impairments⁵⁹. Its "Representative Access" service empowers family members or guardians to administer accounts of clients with Alzheimer's. In less extreme cases, banking representatives can pose alternative security questions to help clients identify themselves in place of passwords or pin numbers. The bank also schedules longer appointments for those clients with cognitive challenges.

BNP PARIBAS CARDIF INSURANCE (FRANCE) – The company aims to improve the aging experience through a tablet application adapted and designed for seniors known as Génération Care. The technology was developed with medical professionals and relies on collecting health related data relating to a user’s balance, blood pressure, and temperature as well as the number of steps taken. These data are compared with benchmark levels established in advance by a physician. An alert is then sent to a user’s caregiver with the tablet outlining procedures if there is a decline in the user’s health.

BANKIA (SPAIN) – The bank offers financial advisory services to clients approaching 65 years of age and advise on retirement and inheritance issues.

CAIXABANK (SPAIN) – The bank offers financial advisory services to clients approaching 65 years of age and advise on retirement and inheritance issues.

IBERCAJA (SPAIN) – The bank offers financial advisory services to clients approaching 65 years of age and advise on retirement and inheritance issues.

ABANCA (SPAIN) – The bank offers financial advisory services to clients approaching 65 years of age and advise on retirement and inheritance issues.

UNICAJA (SPAIN) – The bank offers financial advisory services to clients approaching 65 years of age and advise on retirement and inheritance issues.

KYOTO SHINKIN BANK (JAPAN) – The community-based credit union bank provides not only financial services but also community activities for its elderly clients. The bank hosts music therapy sessions, lectures about the public nursing-care insurance system, flower arranging, knitting and storytelling gatherings. The goal is to combat loneliness and support senior citizens’ independence.

HSBC (HONG KONG) – The Hong Kong bank has taken a comprehensive approach to ensuring its banking services are age-friendly. The bank’s ATMs have larger fonts, more graphics and simpler work processes. The integration of Voice ID into its telephone banking service means elderly clients are not required to remember their telephone banking PIN. The service relies instead on biometric technology that identifies a client’s unique voice. Also noteworthy is the mobile branch which sets up in designated locations around the city. Here, clients who are unable to access branches further away can engage in a variety of banking transactions including withdrawing cash, depositing money, and transferring funds.

TRAINING/EDUCATION

CAPITAL ONE (US) – While senior citizens’ uptake of online banking services is much lower than other banking clients, this is not necessarily due to a lack of interest. Instead, many aged clients lack the requisite digital skills or are concerned about the security of online services. For this reason, Capital One, in conjunction with Older Adults Technology Services and micro-learning specialist Grovo, launched an online banking tutorial program called *Ready, Set, Bank*⁶⁰.

The program features 44 2-minute videos that provide a step-by-step overview of digital financial management. Topics covered include how to use the course, tips for learning, benefits of online banking, online banking safety and security, getting started with online banking, staying on top of your money, and managing your account online. These videos make use of live action shots, screenshots and animation. Notably, the live action shots often feature older actors. This casting decision means senior citizens learn from their peers, thereby reducing any discomfort or intimidation associated with the material.

BANK OF AMERICA FORK (US) – Each branch has an age-friendly champion trained to spot financial fraud or signs of a stressed caregiver. These employees also provide support and information to their peers in serving older clients. Lastly, age-friendly champions from every branch attend quarterly meetings to exchange insight and best practices.

BARCLAYS (UK) – The bank has a dedicated team known as Digital Eagles that supports elderly clients⁶¹. The group consists of around 7,000 technophile employees who assist senior citizens with a variety of digital activities through their “tea and teach” sessions. These gatherings touch on topics such as accessing mobile banking and calling grandchildren over Skype. In order to ensure the program meets the needs of elderly clients, Barclays provides age-simulation suits to employees that mimic visual and physical impairments.

BILL PAYMENT

SILVERBILLS (FINTECH) (US) – Cognitive impairments can make it difficult for senior citizens to remain on top of their bill payments. Silverbills, a fintech, steps in by receiving, scrutinizing, and settling a customer’s bills to ensure the right amount is paid on time⁶². The service aims to protect the elderly from late fees, loss of vital services such as utilities, and eviction or foreclosure. Silverbills uses a 256-bit encryption method to ensure a high level of security and each customer is assigned a company representative they can speak with directly.

Silverbills’ operation is relatively simple. Prospective clients send a signed agreement via email, post or fax with a voided check. The company then coordinates with a customer’s vendors to receive and pay bills. Customers receive a monthly statement from Silverbills summarizing each transaction during the payment period.

DIGITAL SERVICES

TRUE LINK (FINTECH) (US) – True Link launched a digital-advisor platform called True Link Financial Advisors. The platform, which has attracted 3.6 million USD in venture capital funding, targets retirees or those a few years from retiring. Its investment products include ETFs, annuities and duration-matched bond ladders, with a fee of 87 basis points. The hybrid offering enables clients to input their personal details only but requires communication via phone or email with an advisor to transfer money. Clients can also access unlimited human financial advice.

Appendix

A. BANKS AS THEMATIC INVESTORS IN THE SILVER ECONOMY

Thematic investing is a form of investment which aims to identify macro-level trends, and the underlying investments that are positioned to benefit from the materialisation of those trends. Major themes, such as robotics and automation, population aging and climate change have important implications for economies and companies. Structuring a portfolio that takes into consideration such emergent trends could therefore generate above-market returns.

Thematic funds typically cover a variety of sectors and select companies within these sectors that are relevant to an underlying investment theme that the fund manager anticipates will generate higher market returns over the longer-term. Thematic funds' strategies usually involve looking not at the market in broad segments but diving deeply into market segments experiencing above-average growth. Strategies can be based on a sub-sector, such as artificial intelligence, or on a concept, such as aging populations. The objective is to identify target assets and develop a full investment thesis for them well before they become available for investment⁶³.

By participating as thematic investors in the silver economy, banks can access to higher yielding/relatively lower risk asset classes for their institutional and private wealth clients, while improving optics by making a social impact through helping companies within the silver sector.

One of the ways this can be done is through public markets vis-à-vis mutual funds, for example, Lombard Odier's (LO) Golden Age fund. Golden Age is an actively managed long-only global equity strategy fund launched in November 2009. It invests in companies deriving a significant portion of their revenues from the aging population theme. It has a bias towards developed markets and towards the Healthcare (almost 50% of the entire portfolio allocation), Consumer (21.8%) and Financial sectors (19.4%). It seeks to outperform the MSCI World Index over the long-term. The investment approach combines a fundamental bottom-up approach with a top down overlay to create a high conviction portfolio of around 50-70 positions. It focuses on names which should outperform the broader market on a sustainable basis and invests only in cash-flow positive companies. Since the Golden Age fund's inception, the cumulative total return has been 128.78%.

Alternatively, banks can also thematically invest in the silver economy through private markets, essentially through Private Equity (PE) funds or PE fund of funds (Managed Accounts) with a specific strategy that has a focus on the aging population and related industries (*i.e.* pockets of healthcare such as ophthalmology, physical therapy, digital dentistry).

Many banks are already offering private equity funds or PE fund of funds to their clients, either through their own asset management arms, or via distributing external PE funds. Taking advantage of the growth of the PE industry, both through PE funds and fund of fund vehicles, in tandem with the growth of silver economy sectors, could present a unique opportunity for banks to both increase profitability for high income clients, while making a social contribution through investing in companies directly benefiting the aging population.

Private equity is a special form of equity ownership, investing in non-public entities. Private equity typically requires investors to have a long-term investment horizon, making institutional investors, such as

pension funds and endowments, key players in the asset class. Within PE, there are noteworthy distinctions between Venture Capital (VC) and Leveraged Buyouts (LBOs).

To many, private equity (PE) is the biggest winner of the period of “lowflation”, zero-bound (in some cases negative) interest rates, and low economic growth that has become the ‘new normal’ in the industrialized world since the last crisis. McKinsey estimates that PE firms currently control assets valued in \$6 trillion. According to Preqin, these firms have about \$1.5 trillion more to invest.

In Spain, the combination of growth and a single framework for private equity has helped drive what some market analysts are referring to as a renaissance in the country’s PE industry. Spanish PE deal value reached a historic high in 2018, with just over €39 billion transacted across 183 deals, according to PitchBook data as of mid-January of 2020. Total deal value declined last year to around €22.7 billion, but still represented the second-largest value of PE deals in Spain over the decade with the fourth-largest number of deals during that same time period. Investors expect underlying fundamentals of Spain’s PE market to remain promising in the years ahead.

The introduction of new private equity laws in Spain in 2014 and the introduction of government tax measures benefiting private equity funds have laid the foundations for a solid legal operating framework. ICO’s Fond-ICO Global, a €2 billion government-run fund-of-funds program, has also helped to underpin industry growth, while in parallel, local investors have become more sophisticated.

Banks too are taking note of these PE trends. In the US, under the current provisions of the Volcker Rule, banks face limits on sponsorship of private equity and hedge funds. However, in a testimony before the House Financial Services Committee, Treasury Secretary Steven Mnuchin stated that a proposal addressing the Volcker Rule provision barring banks from investing in private equity

funds could be released by March 2020 or earlier, although this deadline has since been delayed as regulators have recently extended the period for industry comment. That said, banks investing in private equity directly would face higher capital requirements. Thus, the way forward would likely be to allow their institutional and high net worth clients to enter typically higher return/relatively lower risk private markets through the banks' investment management arms.

In Spain, financial institutions are in the midst of defining the best approach to make their foray into private markets, either through the creation of their own alternative fund divisions, distributing funds from third-party management companies, or seeking partnerships with specialized entities to launch their own vehicles.

In a context where finding profitability through traditional funds has become increasingly challenging because of the negative interest rate environment, many of Spain's large financial institutions are looking for new products that allow them to gain market share among high-net worth clients and institutional money – with alternative investments attracting particular attention.

These types of funds are unique for several reasons. First, they require investors who are willing to accept a longer-lock up. They also require a higher minimum level of investment, as well as a somewhat higher appetite for risk – although PE funds are not particularly risky ventures, they are often less transparent than traditional investment vehicles. The combination of these factors may make this type of investment less attractive for traditional Spanish private banking clients relative to private banking clients in other global markets. However, as the sophistication of the Spanish PE investor deepens, opportunities should not be ruled out.

Santander and BBVA (the two entities with the largest share of private banking in the Spanish market after CaixaBank) have recently created teams dedicated exclusively to alternative assets. Santander

has a team of 13 professionals spread between Europe and Latam dedicated to alternative investments commercialised through the banks' investment management arm.

BBVA has followed a similar approach, although it is at a more incipient point. The bank has created an alternative unit – which will become one of its strategic priorities this year- to invest in private equity, private debt, infrastructure or real estate.

Sabadell offers its large clients four private equity and infrastructure funds and Bankia is currently exploring how to enter the alternatives market this year, through the launch of its own vehicle for private wealth clients.

Lastly, CaixaBank, which does not yet have its own alternative funds, currently commercializes among its private banking clients specialized real estate, venture capital, private debt, infrastructure and buyout funds.

One specific area of private equity worth consideration for thematic investors is that of PE fund of funds. Fund of funds is advantageous for both investors with small private equity allocations and for investors with large private equity investment allocations. Although funds of funds add an additional level of fees, the fees can be far less than the costs of managing a private equity portfolio in-house. Investors in private equity funds of funds include public and corporate pension plans, endowments/foundations, insurance companies, banks, family offices and high net worth individuals.

B. DEMOGRAPHICS OF AGING

Originally created by researchers at Oxford University, the term “silver economy” refers to the economy of the 50+ age group. Specifically, the system of production, distribution and consumption of goods and services aimed at using the purchasing possibilities of aging individuals and satisfying their consumption, living and health needs. The silver economy is not a single sector, but rather a collection of products and services across many economic sectors, such as housing, telecommunications, information technology, financial services, transport, energy, tourism, culture, infrastructure and local services, and long-term care.

The silver economy theme has attracted increasing attention in recent years, as demographic trends forecast a strong growth at the global level in the older segments of the population in the coming decades. According to the United Nations, the number of people over 65 is set to double from 703 million in 2019 to 1.5 billion by 2050. The demographic shift will be most profound in Japan, which is expected to have 81 seniors for every 100 persons of working age by 2050. While the EU population is projected to increase by a mere 2% by 2070, the share of seniors - defined as above 65 - is set to increase. What’s more, as a consequence of societal changes (lower birth rates) and medical advances, a new feature is emerging among the next generation of European seniors compared to the current generation - the higher share of ‘super’ seniors, or people over 80. Super seniors’ proportion of the total European population is set to increase from 26% currently to 44% by 2070. In Spain, one out of every two people will belong to the silver economy by the year 2030.

The growth of the aging population creates significant challenges for government, society and industry. According to the IMF, between now and 2050, absent policy changes and reforms, outlays for pension and health care could increase by around 7 and 6 percentage points of GDP in advanced and emerging G-20 countries,

respectively. Such increases in spending could put significant pressure on public finances, requiring sharp cuts in other public spending, or sizeable tax increases, which are not always conducive to growth. As Barclays points out, a smaller proportion of people will be contributing to public funding than will be using public funds for healthcare. Jobs and growth will be affected, given that for those countries where fewer workers are available and labour force participation rates drop, economic output is expected to fall. Dependent care will become a prominent economic but also social issue, as the old age dependency ratio is projected to increase across most geographies. According to an HSBC sponsored survey of 15,000 people in 15 countries, only one in eight people expect to ever be able to afford to retire. Lastly, at the micro-level, companies may face labour shortages and succession issues that could lead to consolidation or closures.

Importantly, population aging raises a set of concrete challenges for the financial sector. IMF studies show the impact of the aging population on financial intermediation (Japan) may manifest itself in less need for bank lending, more securities investment and other fee generating sources of income, resulting in financial disintermediation and a decrease in banks' balance sheets. The regulatory hurdles for entry into the age-related segment of the banking market can be onerous, raising the risk that this crucial segment of the population ends up being underserved. Also, there appears to be an insufficient level of individual accountability for retirement.

Lastly - and paradoxically-, there is a reticence among older customers to use technology at the same time as banks invest heavily in IT to cut costs, reduce branches and simplify services. As technology permeates the banking sector, concerns abound that branch closures will go against elderly customer preferences.

Despite the difficulties associated with the rise in the aging population, seniors' share of assets and consumption power also

means the rise of the silver economy presents a wealth of opportunities for targeted products, services and investment within this segment - not least for the financial sector.

According to Rothschild & Co, the 60-plus segment, or Baby Boomers, that make up the silver economy, is the fastest-growing consumer group in the world. Armed with increasingly higher spending power and a rising share of overall income, they will influence many corporations given their capacity to consume, which is set to reach USD 15 trillion by 2020. By comparison, the EU's GDP in 2019 was USD 18 trillion. Frequently, this consumer spending is non-discretionary and not cyclically correlated, offering unique options for diversification. Furthermore, as the IMF points out, successfully channelling these savings into the economy could foster job creation and growth.

The combination of the aging population, with diverse and often-times unmet banking needs, and the shift towards greater individual responsibility for retirement savings is creating many new opportunities in the space commonly referred to as – age-friendly banking. According to research from the Gerontological Society of America, if banks could engage 12 percent of disengaged Baby Boomers, they could generate at least \$82 billion in deposits and \$443 billion assets. Seniors' risk protection also needs to be increased, with approximately 1 billion USD lost by 50+ clients due to fraud in the US alone. Looking at the US market, people aged 50 + own 67 percent of deposits, 96 percent of people age 50+ bank, and people over the age of 50 control in excess of 70 percent of assets. These data indicate scope to significantly increase deposits given the expected rapid growth of the senior population.

C. THEMES BEHIND AGE-FRIENDLY BANKING PRODUCTS AND SERVICES

As clients age, many will experience cognitive, physical, auditory or visual impairments, which render existing services inaccessible and certain banking products suboptimal. Given the wealth held by this growing client segment, banks cannot afford to ignore these unique challenges and needs. At the same time, the elderly are not a uniform population. In some cases, older individuals may remain independent, digitally active, and relatively healthy. This dynamism means banks should take a comprehensive approach to designing a positive, age-friendly banking experience.

Unfortunately, there is no silver bullet when it comes to designing banking services and products for the silver economy. However, there are overarching themes that banks should keep in mind as they tailor their products and services offerings to the elderly.

Products to Promote Financial Resilience

Along with the growing senior population comes the need for funding solutions that cover both living expenses as well as healthcare expenditures. These costs can be substantial despite government intervention. The need for health and life insurance is greatest in regions that cannot rely on a social security safety net built over the course of decades and that are underpenetrated with respect to insurance products.

However, even in countries where insurance markets or social safety nets are well developed, there is evidence that funding solutions are still required. For example, The Federal Reserve Bank of St. Louis estimates that 35 percent of US households do not participate in a retirement plan and warned that “for many American households, the total balances of their retirement accounts may not be sufficient to ensure a solid life in retirement”. Upon retirement in France, pension policy states a retiree must choose between receiving their pension as

an annuity or accepting the capital as a lump sum. In many cases, retirees choose the latter, which often leads to the capital being mismanaged or poorly protected. The effect in both situations is an increased need for income generating products for senior citizens.

At the same time, traditional pension plans are under pressure due to low bond market yields and rising longevity. As a result, there is a growing market for specialized insurance companies to take on the pension plan assets and management of large corporations in developed markets. In such an environment, private savings acts as another pillar for retirement, creating an attractive opportunity for asset managers and financial advisors. One such example is True Link Financial Advisors, a fintech that provides investment products such as ETFs, annuities and duration-matched bond ladders for retirees and those close to retirement.

Importantly, equity release products, such as reserve mortgages and home reversions, as well as annuities are designed to provide additional income to support the elderly throughout retirement.

Products and Services for Those with

Dementia

Currently, there are around 50 million people worldwide living with dementia, with 10 million new cases diagnosed each year. Importantly, age is the biggest risk factor for Alzheimer's and dementia, with the risk doubling every 6 years as seniors age. Ensuring these individuals are financially protected creates new opportunities for both banks and insurers.

Insurance companies have a key role to play. Individuals diagnosed with dementia as well as their families face additional costs that can prove difficult to shoulder. Interestingly, research by Swiss Re found that 84 percent, 75 percent, and 74 percent of consumers in the UK, Germany and the US would purchase an insurance product that would

help manage the impact of dementia through services and financial support.

Banks too must take a comprehensive approach in supporting clients with cognitive impairments. Specially tailored accounts can help balance financial protection and an elderly client's independence. For example, HSBC in Hong Kong launched its Basic Banking Account specifically for clients with dementia. It allows customers to withdraw cash, make everyday payments and initiate other basic banking services. However, a legally appointed third-party manages their other accounts, makes major payments, and transfers funds into the Basic Banking Account.

Staff should also be trained to recognize potential signs of dementia and remain patient with clients who become easily confused. Older clients may find it difficult to remember their PIN numbers. For this reason, banks should consider alternative security arrangements, especially those that rely on biometric indicators such as fingerprints or voice recognition.

Products and Services that Support Caregivers

There are around 40 million caregivers in the US, many of whom look after elderly family members for little or no compensation. Caregivers take on a variety of essential tasks including nursing, meal preparation, bathing, running errands, and managing finances. On this latter point, it is estimated that 54 percent of family caregivers (18.5 million) in the US assist individuals 50 and over with financial matters. Notably, the vast majority of caregivers are women, a segment that is often times constrained due to professional commitments, housework and childcare.

The role of a caregiver can prove challenging when it intersects with finances. Elderly clients may provide PIN numbers and account

information to a caregiver, exposing the client and caregiver to financial and legal risks. Also, caregivers can live far away from an elderly relative and their bank branch. This makes managing their finances a challenge if the caregiver lacks the necessary documentation or information, with potential time zone differences adding further complications.

Limiting the stress and burdens placed on caregivers can also protect a bank's elderly clients. For example, banks could issue prepaid credit cards for caregivers, similar to those offered by True Link. This would cap the amount of money caregivers access from elderly clients' accounts. As well, it would provide a history of caregivers' transactions, thereby protecting the elderly client from potential financial abuse and the caregiver from accusations of impropriety.

Alternatively, banks could provide automated bill payment services or partner with firms that do, such as SilverBills, to limit the responsibilities of a caregiver. This arrangement would protect elderly clients from scams or dishonest caregivers and reduce caregivers' responsibilities.

Promote Age-Friendly Culture and Accessibility

Creating an age-friendly banking experience can come up against banks' desire to economise. In particular, branch closures, reduced staff, and increased reliance on ATMs or digital platforms can leave elderly customers feeling forgotten. Additionally, younger employees may lack the necessary sensitivity or incentives to adequately address the needs of an older clientele.

In those branches maintained or opened by banks, there are several design considerations that can improve access for the elderly. While wheelchair ramps and elevators are relatively common, banks should also install handrails in queues, ensure ample seating around a branch, and lower counters to accommodate customers that rely on mobility aids such as zimmer frames. For those with auditory impairments,

background music should be kept low and a sign language interpreter available either in person or through video at the branch.

Customer facing employees require training and support to improve their interaction with older clients. Staff must balance the need for clarity and patience against the risk of patronizing their older clients. Tellers should be exempt from any service quotas or time restrictions when interacting with the elderly. Banks can also designate specific staff members at each branch responsible for improving the elderly client experience. By encouraging cross-branch discussion among these employees, best practices can then be shared with the entire branch team.

Modern technologies offer ample opportunities to create new ways of providing services across various touchpoints. However, to reap the full benefits, banks need to consider how auditory, visual and mobility limitations impact older clients' interaction with technology. For example, ATMs could be outfitted with audio ports for the visually impaired, debit cards could have angled edges that indicate to the visually impaired which way a card should be inserted into a machine. Banks can adapt telephone banking services so that customers can connect with video sign language interpreters. Lastly, clients that are visually impaired should be able to adjust the font, contrast, and spacing on websites.

Helping to Develop Digital Skills

Silver surfers make up an increasing proportion of the senior population. While adoption of digital services varies, with seniors in the Nordic region much more digitally savvy than their peers in Japan, banks should invest in programs to support those older customers interested in developing their digital skills. Such programs could pay considerable dividends, as evidence shows that once older customers have become comfortable with technology, they become enthusiastic adopters. This is important given the ongoing closure of

bank branches and the ongoing migration of financial services to the digital world.

There are several examples of banks supporting the digital education of their older clients. At Barclays, Digital Eagles educate customers on a variety of digital services ranging from online banking to setting up a Skype conversation with a grandchild. In the US, Capital One's Ready, Set, Bank program provides online tutorials about each stage in the online banking process.

Detecting and Stopping Financial Fraud

Senior citizens are vulnerable to financial fraud for several reasons. First, they have had decades to accumulate wealth, making them ideal targets for financial scams. Indeed, individuals over the age of 50 hold around 80 percent of the wealth in the United States. Globally, Euromonitor forecasts that the spending power of those aged 60 and over will reach 15 trillion USD this year, underlying the strong purchasing power of this segment. Secondly, many senior citizens live alone or are socially isolated. This can make them more vulnerable to manipulative family members and without a second opinion at hand when a suspicious money request is made over the phone or via email by a stranger. Thirdly, neuroscience and psychological data have found evidence that an individual's ability to detect suspicious circumstances may decline with age. Also, individuals with a history of short-term memory loss might be less confident about pushing back or asking questions when fraudsters request money.

Because many financial scams go unreported, it is difficult to estimate the exact costs incurred by senior citizens. However, a broad estimate puts the loss at between 2.9 and 36 billion USD each year. Financial institutions and banks are in the business of growing deposits and assets under management. Thus, these losses can undermine their interests, too.

As vanguards of the financial system, banks occupy a key position in the battle against financial fraud. Examples of initiatives include third-party monitoring systems for bank accounts, staff training, and specialized fraud-focused teams. Importantly, any outreach or educational material for elderly clients must also include a section on digital financial security. An increasing proportion of seniors use the internet for online shopping or banking, presenting new opportunities for fraudsters.

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² The annuity market in both North America and Europe is well-established, with countless products for numerous different situations and preferences. However, insurers could make more of an effort to market products to customers already in retirement as many annuities are sold as a means to shore up pensioners' incomes in advance of their retirement.

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Notes
