

Strengthening seniors' financial well-being throughout the COVID-19 crisis and its aftermath



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The COVID-19 outbreak and the resulting economic shock are having a strong impact on the personal and financial lives of all. This impact can be greater on seniors as a recent survey by the OECD International Network on Financial Education (INFE)¹ shows that seniors in most economies were already displaying lower levels of financial well-being prior to the COVID-19 pandemic. Elderly people are most likely to fall ill and to suffer serious complications from the disease. They are also likely to endure stricter lockdown measures in the present time and in the near future, limiting their possibility to live their (financial) lives as they did previously and requiring a profound adjustment. The pandemic and its socio-economic consequences are exacerbating factors that contribute to the increased vulnerability of elderly people, together with low financial and digital literacy, and possibly declining cognitive abilities.

¹ OECD/INFE (2020), International Survey of Adult Financial Literacy
www.oecd.org/financial/education/launchoftheoecdinfeglobalfinancialliteracysurveyreport.htm

Policy response measures

Address the risks of financial exclusion²

- Lockdown measures and social distancing imposed in particular on the older population can put them at risk of financial exclusion. On the one hand, elderly people might prefer cash and not be familiar with digital or online payments, on the other, elderly people might not be able to access financial institutions, post offices or financial advisers. As deconfinement measures might be gradual and apply especially to older citizens, work with financial institutions to devise strategies that allow older citizens unable to go online or contact dedicated call centres to communicate with their financial services providers and make financial transactions. Consider options to support inclusive access such as the establishment of mobile bank branches, sharing of facilities among providers, such as post offices, and offering home visits.

Protect elderly people from security risks, fraud and abuse

- Forgetfulness, distraction and confusion caused by cognitive decline may lead to costly mistakes and leave older citizens increasingly vulnerable, especially in the current crisis. The crisis also evidenced an increasing number of frauds targeting the elderly.
- Some insurance supervisors are implementing existing countercyclical supervisory tools while a few others have made some adjustments to regulatory or supervisory requirements in response to the health emergency, including flexibility in the implementation of investment limits or accounting standards. A small number of jurisdictions have allowed some forbearance in adherence to solvency or liquidity requirements.
 - **Mitigate security risks:** provide easy to digest mobile banking tips and material with a special focus on the need to apply strong security precautions, bearing in mind that many elderly people will make online financial transactions for the first time.
 - **Focus on fraud prevention:** elderly people are often exposed to the risks posed by scammers and online fraud and there have been many instances of increased fraud activity during the crisis. Devise solutions to communicate the emergence of frauds, and make sure elderly people and their representatives are aware of and have access to complaint handling procedures.
 - **Consider the possibility of elder abuse:** many elderly people, especially those with declining cognitive skills, may rely on others to advise them or operate on their behalf, even without a formal agreement in place to protect their rights, increasing the risk of financial abuse. Take steps such as targeted communication campaigns, working with other stakeholders and encouraging financial institutions to provide guidance to relevant staff to be alert to signs of potential financial abuse.

Encourage planning for uncertainty

- The crisis can be a good opportunity to foster financial behaviours that should be adopted later in life. Convey the importance of writing wills, setting up powers of attorney and making sure that if incapacitated, trusted advisers (from within the family or professional) have access to relevant financial information (assets, bank account numbers, etc.).

² The need to ensure the financial inclusion of the elderly population has been addressed by *G20 Fukuoka Policy Priorities on Aging and Financial Inclusion*, jointly prepared by the GPF and the OECD for the Japanese G20 Presidency in 2019, and will be addressed more in detail by the forthcoming report on *Financial Consumer Protection and Ageing Populations* being developed by the G20 OECD Task Force on Financial Consumer Protection.

Adapt the delivery method of financial literacy initiatives

- Older citizens might prefer traditional forms of communication. While a majority of the COVID-19 financial education response might be digital, take into account the needs of the elderly and include other forms of communication such as SMS, and traditional mass media such as radio or television to convey important messages and resources. Identify partners among non-governmental organisations that can facilitate reaching out to elderly people.

Help elderly people to emerge from the crisis

- The financial situation of elderly people will be affected by the current crisis, plan your response based on the elderly's financial literacy needs and financial situation. Focus on money management skills, and awareness and understanding of government support and social assistance measures for the many adults who retire without sufficient retirement income. Adopt a more sophisticated approach for seniors with sufficient wealth and financial resources.

Share what works

- The OECD/INFE and in particular its Working Group on Financial Education in the context of Ageing Populations- together with the G20 OECD Task Force on Financial Consumer Protection, will continue to address the financial education needs of elderly people. The experience of governments worldwide will be instrumental in developing policy instruments to support financial well-being later in life, both in OECD and emerging economies.

Find out more about OECD work on financial well-being at
www.oecd.org/financial/education/

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The OECD is compiling data, information, analysis and recommendations regarding the health, economic, financial and societal challenges posed by the impact of Coronavirus (COVID-19). Please visit our dedicated page for a full suite of coronavirus-related information – www.oecd.org/coronavirus.