Report on World Economic Forum (WEF) Global Agenda Council on Ageing Symposium

Managing ageing and cognitive decline: challenges and opportunities for financial services

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This report summarises the second symposium of the WEF Global Agenda Council on Ageing on the implications of ageing and cognitive decline for financial services. The first symposium was held at Keio University, Tokyo, Japan in October 2015 and the third symposium will be held in Philadelphia, USA, on 9-10 May 2016.

Contents

Key Issues for Consideration at Philadelphia

The Day Two Action Groups identified a number of issues that participants wished to see reported to the Philadelphia symposium for further exploration. The issues identified were:

- The need for a cultural shift in attitudes toward cognitive change – less 'disease', more 'normal brain ageing'. We need to take a life-course view, with preparation for possible cognitive impairment brought forward in time. Cognitive change should be framed in terms of the diversity of the older population.
- Health care and financial services need to be linked more proactively. Doctors should reconsider how they refer to money matters. The risk of fraud could be a trigger in health discussions. Occupational health and the workplace can be involved. Start from the home and map out to stakeholders.
- Labels and language. As we are in the early stages of understanding the brain, care must be taken in developing the labels and language we use, and the way we communicate, taking into account how different people respond to information. This can be supported by financial literacy initiatives within the community (as in Costa Rica), with feedback to financial services.
- More training on cognitive ageing for staff and practitioners is needed, based on an improved understanding of cognitive ageing and cognitive impairment.

- Avoid assumptions; solutions should be based on evidence; solutions should be based around prevention, detection and intervention.
- Financial service providers should be encouraged to work with Not-For-Profit Organisations on issues of planning ahead for care, financing care and the age-friendly design of services and products.

Welcome to the Symposium

Dr Derek Yach, Chair of WEF Global Agenda Council on Ageing and Chief Health Officer, The Vitality Group, welcomed delegates to the symposium, thanked the sponsors[1] and underlined the symposium's importance to the WEF Global Agenda Council on Ageing. The three WEF symposia bring together delegates from the fields of cognitive science, finance, health and technology. It is hoped that this unusual cross-fertilisation will generate new thinking on the topics on hand and new continuing collaborations, to the benefit of older people's quality of life.

Tom Wright CBE, Chief Executive of Age UK, welcomed delegates to the symposium and commented on the importance placed by older people on having enough money in later life to maintain independence and keep up their lifestyle and interests. People must manage their money for longer, but at the same time face the risk of cognitive decline. For this reason, Age UK is proud to fund the University of Edinburgh's 'Disconnected Mind' research project on cognitive ageing and to have joined forces with AARP to launch the Global Council on Brain Health, which aims to produce trusted information on brain health for public and professional audiences.

Financial abuse and scams are significant problems for older people and Age UK and the Gerontological Society of America have, in 2016, jointly published a special report on "Elder Wealth, Cognition and Abuse". It is important to manage risk of abuse proportionately, enabling people to maintain their rights, freedom and dignity.

Financial service providers face challenges in addressing cognitive ageing, but these issues are tractable and manageable and it is good news that the sector is increasingly developing age-friendly services designed to address them.

Olivier Oullier, Head of Strategy, Global Health and Healthcare Industries, and member of the WEF Executive Committee, on behalf of Professor Klaus Schwab, WEF Executive Chairman, acknowledged the work of the Global Agenda Council on Ageing, thanked Age UK and the sponsors for hosting and supporting the symposium and underlined the importance of ageing as a subject in the WEF's work. Recognising that age-related issues have been for too long the preserve of science and medicine, WEF has worked to foster interactions across a broader range of stakeholders. Through partnership and shared

[1] AARP and Barclays Bank

thinking we will advance in the shared mission of shaping the global public interest for older people.

Day One Presentations

Dr Hiroki Nakatani, Professor for Global Initiatives, Keio University, Tokyo, Japan, **reported on the October 2015 Tokyo symposium**, emphasising the particular challenges and opportunities of Japan's ageing society. On current trends, the population of Japan is forecast to fall to 47 million by 2100, intensifying the ageing effect. Population decline will be greatest in rural areas, presenting particular policy challenges. In 2014, the proportion of Japan's population aged 65+ was already 25.8%, compared with 17.8% in the UK.

Japan is studying its growing population of centenarians and 'supercentenarians' (those aged 110+) for their health and biological characteristics. Dementia is an increasingly costly challenge, so Japan is developing bio-markers of cognitive decline and therapies to combat Alzheimer's Disease.

Professor Nakatani noted that a number of emerging economies, e.g. Iran, Thailand, Chile, Costa Rica, Cuba and China, are forecast by 2050 to equal the degree of population ageing evident in developed economies. In the past, Japan developed its welfare state alongside population ageing. This may be the path that emerging economies need to follow in the future.

In Japan, more than two thirds of banking assets are held by those aged 65+, a situation in common with other developed countries. The 65+ age group must therefore be a key focus for financial services. Challenges include consumer protection, taking account of cognitive decline, consumer behaviour change, macroeconomic implications (e.g. pension fund investments) and developing mutually beneficial business models.

The Keio University approach seeks to combine longevity, security and creativity, increase its focus on pre-emptive medicine and build international partnerships to address issues of common concern.

Professor Ian Deary, Director of the Medical Research Council Centre for Cognitive Ageing and Cognitive Epidemiology, University of Edinburgh, UK, spoke on the subject of **cognitive vulnerability and resilience in later life,** reporting the results of studies on cognitive ageing, including his team's studies of the Lothian Birth Cohorts (LBCs) of 1921 and 1936. The baseline for these longitudinal studies is IQ data at age 11 for the Cohorts, collected as part of the Scottish Mental Surveys of 1932 and 1947. The Cohorts have

been tested every three years, from age 79 in the case of the 1921 Cohort, and from age 70 in the case of the 1936 Cohort.

Testing includes 16 different tests of cognitive function; genetic and biological indicators; physical function and fitness; medical history; lifestyle, social, personality and psychological factors; brain and carotid artery scanning; and retinal photography. This breadth of data enables a thorough, multi-variable analysis of factors possibly associated with cognitive ageing.

People of the same age differ markedly in their cognitive and brain health.

As people grow older, there is an average decline in certain thinking skills. This is known as 'normal cognitive ageing'. In groups studied in the USA, UK and elsewhere, the skills that show a decline (on average) include episodic and working memory, reasoning and perceptual speed. These changes are highly correlated. For example, people who decline in processing speed also tend to decline in memory and reasoning, and people who decline in these tend to decline in everyday activities such as problem solving. However, other thinking skills show a different pattern; vocabulary, for example, peaks in later life.

The majority of people experience normal cognitive ageing, which generally does not compromise independence. However, the LBC studies show a great deal of variation around the norm. Some people's thinking skills show relative improvement during their adult lives and are above the norm at age 70, whereas others experience relatively more decline than the average, ranging from a little to a lot. In some cases, decline heralds severe cognitive impairment and dementia. Participants also show an average decline in thinking skills through their 70s but with a high level of individual variation.

A key question is: why do some people have a better cognitive trajectory than others? The results of multi-variable testing show that the biggest factor in explaining why people's cognitive skills differ in older age is childhood IQ. In the LBC1936, about half of the variation in people's thinking skills in older age is explained by their IQ scores at age 11. This means that about half of the variation in older people's cognitive skills is caused by factors that kick in after age 11. Of this other half, the LBC studies have estimated that about 25% is due to genetic factors. The remainder could be due to environmental factors and 'stochastic' factors. The team is investigating what the tractable factors are, and estimating the size of their effects. Where significant factors are malleable, we might have the opportunity to change them in order to protect cognitive health.

So far, the research bears out the adage, 'healthy body, healthy mind'. People who take more exercise and are physically fitter do slightly better in their cognitive function in their 70's than would be expected from their childhood cognitive scores. The same is true of people who have a lower allostatic load – a measure of biological wear and tear on the body– and of those who have less shrinkage of their brain and better connections in the brain (and fewer scars [hyperintensities] in the brain's white matter).

The combination of a broad dataset and access to childhood IQ data in the LBC studies creates an unusually valuable opportunity to distinguish factors that possibly have an effect on cognitive ability in later life – possible 'causal' factors – from the many confounding variables, particularly the effect of childhood IQ on cognitive ability in later life. The study has found that some factors previously thought to have a direct effect on cognitive function in older age are actually explained by childhood IQ, i.e. they are examples of confounding variables and possibly of reverse causation.

Factors that have been found, in the LBC studies, not to make an independent causal contribution to cognitive health in later life are:

- Caffeine
- Alcohol
- Other dietary intakes
- Body mass index
- Cholesterol
- Social & intellectual engagement

Factors that have been found, in the LBC studies, to make an independent and possibly causal contribution to better cognitive function in later life are:

- Not smoking
- Physical activity
- Physical fitness
- Professional occupation
- More education
- Bilingualism
- Low allostatic load
- Better connected brain

According to Professor Deary and his team, these contributors to healthy cognitive ageing lead to 'marginal gains, not magic bullets'. Within the 50% of variation in thinking skills from in older age that is *not* explained by childhood IQ, good brain connections account for around 10%, initial brain size and retaining brain volume are important, and **the 'healthy' factors listed above have a small effect, each contributing around 1%.** Cognitive ageing is a complex picture, but one in which making appropriate lifestyle choices throughout our lives may reduce the risk of cognitive impairment and dementia in later life.

While processing speed and other cognitive skills on average reduce as we age, the knowledge and wisdom accumulated by the time we reach later life are important and useful in many everyday social and other circumstances. Professor Deary ended his talk by stressing that cognitive functions are important and that 'there is more to life than

thinking', emphasising health, happiness, life satisfaction and social engagement as areas that are also important in later life.

Dr Daniel Marson, Professor of Neurology and Director of the Alzheimer's Disease Centre, University of Alabama, Birmingham, USA, addressed the question: **how does ageing and dementia affect our capacity to manage our money?** The short answer is 'adversely', because financial ability is the most complex daily ability we exercise and financially-relevant skills are among the first to decline.

Financial capacity is defined as 'the capacity to manage money and financial assets in ways that meet a person's needs and which are consistent with his/her values and self-interest'. There are two aspects to this definition: the *performance* perspective and *best interest* perspective. The main cause of diminished financial capacity is cognitive decline but there are other causes too, such as mental or physical illness.

Normal cognitive ageing affects financial skills and by the age of 80-90 there is a significant decline in mathematical skills. However, these declines can be combined with improvements such as wisdom, learning from our mistakes and developing patterns of behaviour. People with mild cognitive impairment (MCI) are deeply vulnerable although they do not yet have dementia. Dementia adversely affects financial capability, compounded by emotional and behavioural issues. Scammers deliberately target older people who may be experiencing cognitive decline.

An 'Alzheimer's Disease (AD) tsunami' is on the way. In 1980 there were three million people in the USA with AD. This is likely to rise to 14 million by 2050.

The risks are accentuated by the fact that the 20% of US households aged 65+ hold 34% of the wealth, amounting to $18.1 trillion. Not everyone will have difficulties managing their finances but, as a whole, this group is at risk. Society has not yet adapted to the changes in our skills and abilities as we age.

A study by the National Endowment for Financial Education (NEFE) compared cognitively stable and cognitively declining older adults and found that those with cognitive decline took longer to complete basic financial tasks. Early warning signs of cognitive decline are:

- Missing key details in documents.
- Having trouble with everyday mathematical calculations.
- Showing decreased understanding of certain financial concepts.
- Overlooking risks with investment opportunities.

Neuroscience has potential. Already we can detect associations between loss of financial ability and deterioration in certain key brain areas. Some day we may be able to use MRI

scans to help identify older people at risk of impaired financial capacity before financial loss or exploitation occurs.

One interesting aspect of the question is the 'greying' of the financial adviser (FA) profession. The average age of FAs in the USA is 50.9 years and they are not being replaced. This may have implications for clients and firms, including poor financial advice and communication, departure from firm protocols, loss of clients, law suits and legal liabilities, damage to firms' reputations, etc.

Understanding of the relationship between cognitive ageing and financial skills is at an early stage. More research is needed. Artificial intelligence may in time come to our aid.

Panel discussion on the challenges and opportunities for financial services. Chaired by **Dr Derek Yach,** Chair of WEF Global Agenda Council on Ageing and Chief Health Officer, The Vitality Group.

Dr Debra Whitman, Chief Public Policy Officer, AARP, proposed that action to combat fraud, scams and financial exploitation should be a priority for the banking industry. AARP's age-friendly banking initiative addresses empowerment of care-givers, protection from exploitation, financial resilience and financial independence. In the USA, those aged 50+ have 60% of bank deposits and banks tend to assume customers' ability to manage this money safely.

The cost of fraud is estimated to be over US$3 billion per year. Banks are picking up US$1 billion of the costs. In a recent survey of older people, half of respondents reported being approached by an attempted fraud or scam. Banks need to scrutinise suspicious transactions more closely.

Customers want to see the banks take more active anti-fraud measures. This would improve the reputation of banks. There are many practical counter-measures that can be used: alerts, direct notifications of unusual activity, confirmation of suspect payments, putting a hold on suspect transactions, more training for frontline staff.

It is important that staff incentives be aligned with this more active approach and that banks work collaboratively with enforcement organisations and community groups to bear down on fraud and exploitation.

Steven Cooper, CEO Personal Banking, Barclays Bank, said that banks should take a positive approach to the ageing population, reflecting the larger spending power of the older age groups. In Barclays' case, 25% of active current account users are aged 60+.

There has been a revolution in customer behaviour, with lower branch footfall and over half of customers regularly using online banking. 25% of Barclays' customers aged 60+ are digitally active. Their oldest online banker is aged 104.

The motto they have adopted is: *Harness technology with humanity to create simplicity.* Innovations include video banking, mobile conversations, cheque imaging, high visibility cards, documents on screens, visible hearing aids. In the future Barclays plans to introduce new ways of passing security that will be more convenient for everyone: biometrics, voice and visual image recognition.

Barclays has 'Digital Eagles' and 'Silver Eagles' programmes designed to encourage staff and customer uptake of digital devices and banking methods. To combat scams and fraud, Barclays has begun advertising on television and uses data analytics to spot behaviour changes.

Carer banking is an essential area and Barclays has a dedicated team to work on Powers of Attorney, which handles 3,000 cases per month. There is a tension between carer access and the risk of abuse, which the bank recognises.

A recent training initiative is the 'Community Driving Licence' which is an online staff training tool focused on customers in vulnerable situations. This encourages links with local communities, third sector organisations, carer forums and scam awareness work with the police. 13,000 Barclays staff have gone through the training.

Daniel Ryan, Head of R&D – Life, Health and Big Data, Swiss Re Services Ltd, argued that insurance is a positive principle to apply to the cost of care, though it is difficult to forecast aggregate care numbers. Different countries have different institutional frameworks and there are differences in particular between the UK and France and Germany.

In general, insurance products are a poor match for our different needs at different stages of life. Medical insurance is generally designed for acute care rather than chronic conditions. However, new ideas are being developed that would support people to remain living independently in their own homes. Ideas include short-term care insurance to cover short-term care costs, followed by a supported return home.

Schemes to support people to remain independent will be assisted by advances in technology, e.g. in-home monitoring technology and pill sensors to confirm that pills have been taken. The use of such technologies could be incorporated into insurance products.

High costs of care are on the way. Industry and society must adapt to meet them.

Q&A

Points raised in the Q&A session included:

- Linking insurance with behavioural science and data analytics.
- In relation to financial scams, where is the appropriate line between bank and customer liability for loss?

- The need for more age-friendly design including of paper and on-line forms.
- How to address cognitive decline in professions where public safety is involved (eg financial advisers, airline pilots, surgeons) without using ageist employment policies?

Panel discussion on international perspectives: building resilience and reducing risk. Chaired by **Dr Derek Yach,** Chair of WEF Global Agenda Council on Ageing and Chief Health Officer, The Vitality Group.

Ninie Wang Yan, member of WEF Global Agenda Council on Ageing and Founder and CEO of the Pinetree Care Group, described how, in 2015, China set up an Ageing Finance Committee to incentivise innovations for an ageing society from the private sector and government. China has 220 million people aged 60+ and 140 million aged 65+, of whom 40-50 million have dependencies. Because of China's recent growth trajectory, one important difference from the West is that the younger generations rather than seniors hold most wealth. Seniors have a lower literacy rate, let alone financial literacy, so China has different policy questions to address.

Most senior wealth is in housing and reverse mortgages have been piloted in four cities. Only 45 families only took up the offer, of which only 29 actually involved payments. The pilot therefore was not judged to be a success. Seniors have a strong bequest motive and wish to hold onto their housing wealth despite low incomes.

China is interested in what the finance sector can contribute and is therefore involved in the WEF taskforce. Perhaps Western companies can offer services in China? China may also have solutions the West could adopt, for example in long-term care, where China emphasises maintaining and regaining functional capabilities. China is conducting intensive research in this area.

James Appleby, CEO of the Gerontological Society of America, discussed the mutual learning possible between the health and financial services sectors. In the healthcare sector, it is hard to identify people with cognitive decline and clinicians sometimes turn away because of the cascade of health and legal issues once a diagnosis of cognitive impairment has been made. As a result, a requirement to detect cognitive impairment is starting to be introduced.

The finance sector should smile at the prospect of an ageing society, due to the amount of older wealth – $18 trillion in the USA. There is a huge opportunity to develop new products for care and income. For its future interests, the financial services sector needs to earn the trust of the ageing population and its children.

An important issue is the need to balance autonomy with carer assistance. Designating someone as a 'trusted other' should be part of normal business, not an exceptional procedure. In order to reduce risk, the sector should develop better ways of asking probing

questions about asset decisions. This is because cognitive impairment affects people differently and at different rates. Asking such questions should be de-stigmatised. It should be normalised by making such questions regular and expected.

Psychological changes should be given equal due, as a person can have no cognitive impairment but suffer from psychological issues that affect their degree of vulnerability.

Developing such detection tools should be evidence-based. It may be possible to include financial service providers in an extended concept of the 'health care team'.

Baroness Sally Greengross, Chief Executive of the International Longevity Centre - UK, noted the emergence around the world of situations of population decline plus population ageing. On the other hand, developing countries have access to new technologies that did not exist for the equivalent historical cohorts in the developed world.

ILC-UK has surveyed older age groups and found that people are worried about issues such as paying for long-term care and coping with dementia and related neurological conditions. But there is 'a terrible lack of products' for these situations. Point-of-need products do quite well. But degenerative diseases are not well catered for. Long-term care insurance works only if it is compulsory. Therefore all sectors must work together to find solutions. At the age of 80+, there is a one in five chance globally of getting dementia and a one in three chance in the UK.

Equity release offers one approach, but accommodation can become inappropriate when people stay into old age in the dwelling they have occupied for years, as people tend to do in the UK. Senior Cancer Cover has proved popular in some Asian countries, where state care is less common. Combination insurance products (e.g. whole of life in the USA) have had some success. These pay for chronic and critical illnesses, and medical supplements cover is available to, for example, cover the cost of prescriptions. Such products could potentially be popular in the UK and some other European countries but customers would first need to appreciate the cost of medical treatment and products. The NHS is a wonderful system but has the drawback that the cost of medicines and missed appointments is not fully understood by the population.

Technology and health care must be used together to increase autonomy and reduce the cost of claims. It can be cheaper to give people home aids without administrative overheads, which saves on health and care costs. More can be done with tele-health and monitoring. Robots are coming, which will be good for companies as well as for service delivery. Older people's technology skills are increasing, but better designs are needed.

Home care must be introduced safely. Cognitive decline can lead to financial abuse, which unfortunately often involves family members. The sophistication of abuse is increasing. We need better products combined with better monitoring.

Technology can be used to diagnose potentially threatening health conditions, involving older people themselves in the procedure. An important goal is to ensure independent living for as long as possible.

Q&A

Points raised in the Q&A session included:

- The legacy problem of past financial service products turning out to be inadequate. The industry needs to re-establish trust by providing products that work the way they are advertised.
- The need to upgrade the care workforce. Ninie Wang Yan described how China is redefining long-term care work through technological upgrading: using smartphones and iPads, assessment algorithms and documenting impact. The idea is to attract young and talented people, give caregivers a new professional identity, increase experience and permit career progression. Older workers do not want to be segregated but to work with a diverse group of colleagues, as in the movie *The Intern*. Care work needs to be made 'cool'.

Derek Yach thanked delegates for their contributions throughout the day and highlighted a number of emerging themes, such as the wide variation in cognitive performance in later life, the idea of coupling insurance with incentives to live healthily and the WEF's interest in robotics and artificial intelligence as part of the solution for the challenges of an ageing population.

Day One Parallel Workshops

1. Changing technologies in financial services: opportunity or threat for people with cognitive decline?

This workshop was chaired by **Tom Wright**, CEO of Age UK.

Angela Wakelin, Managing Director of Operations and Control, Santander, described how customer and non-customer facing technologies increasingly affect all forms of risk across the bank: credit, conduct and people-related risk. There has been a huge amount of technological change over the past ten years, with much more to come. Banks must place the customer at the heart of what they do. Increasing complexity points to a need for collaborative models of working.

Some technologies may benefit people experiencing cognitive decline, for example, contactless payments and fingerprint and voice-recognition technology. Banks need to educate and support customers in their use. More people bank online, but we must strive

to make the remaining channels accessible, such as making speaking to someone the first contact option.

Banks are developing apps that can collect and securely hold data for each customer to personalise the service. Deposit machines are becoming more intuitive and can speak in many languages Geo-location can be used to figure out where a customer is, to prevent fraud. Central Resource Management systems will enable tailored conversations with customers. Cheque imaging will make depositing cheques easier.

Alongside the developments in technology it is necessary to have trained staff to provide personal tuition and help people navigate the new systems.

There are some negatives, for example new types of criminals who target individuals who are not proficient in the use of technology, including some older people. Banks need to study the risks and their mitigation. Voice recognition can be a problem where a carer is trying to discuss the financial needs of the person they are caring for. Advances in technology must not result in more restrictive and less flexible services.

The opportunities of new technology include improving the skillsets of staff, engaging customers in testing new technology, education, building on links with the care home sector, developing ways of identifying and assisting vulnerable customers and working with charities such as Age UK and Mind. Processes need to continually evolve as our knowledge of cognitive issues improves. Each year we must assess the outcomes of our support models.

This is a complex field in which financial service providers cannot be the only actors supporting customers with diminished capacity. Working in partnership with other relevant organisations is essential.

Phillip Mind, Principal Adviser, Payments UK, outlined Payments UK's role as a trade association for the payments industry, with 38 members covering many aspects of the payments system.

The payments landscape is changing, driven by domestic and European regulation, technology and customer demographics and preferences. Cash payment volumes are down but are still significant, debit card and contactless payments have increased exponentially and other types of payment are fairly static. Some consumers still rely exclusively on cash. It remains a myth to speak about the imminent arrival of the 'cashless society'.

Payments UK is expecting mobile and card use to increase, with the smartphone eventually replacing the card. Whatever their preferred payment method, all consumers want control over their finances and better information about payments, for example to be notified when payments are received and to know their 'true' balance without having to figure out whether certain payments have gone through.

Consumer research on people living with cognitive impairment has shown a series of barriers in accessing and using payment services, with digitally excluded people living alone in a remote location having the greatest difficulty. Coping strategies and work-arounds, such as sharing card details, passwords and PIN numbers, are widespread but breach the terms of the payment card. Payments UK is trying to improve delegated payments by methods such as a pre-paid card with a code, limited delegation over a bank account or opening a second account for specific purposes. The new Payments Services Directive allows third party access to payment information with customers' explicit consent.

Payments UK research has shown that 'cognitive load' – the mental effort required to carry out an action - arising from complexity, leads to higher rates of customer error. The more distracted we are when we are doing something, the more difficult it is to get it right. The industry needs to simplify as far as possible and improve user experience in order to reduce cognitive load in transactions, in turn reducing the potential for error among people with cognitive loss. The challenge is to put this into practice. There can be a tension between simplicity and security. The way payment transaction forms are designed is fundamental.

In the future, payments will be made increasingly through phone and wearable technologies, and identification will happen through biometrics e.g. voice and face recognition. We are likely to see 'sustained biometric ID' – wearable technology authenticated by fingerprint at the start of the day with our pulse providing sustained ID. It may be possible to access all financial services and products through a single interface. And the industry is working on 'confirmation of payee', a method to identify the person or company we are paying before a transaction is confirmed, to minimise the possibility of error and fraud.

Faith Reynolds, Member, Financial Services Consumer Panel, set out the key principles for better customer service by financial service providers:

- Simplicity – providers should mainstream inclusive design, think carefully about how they relate to customers, optimise user experience and help people understand their products and services.
- Flexibility – enable customers to do what they want, when they want.
- Control – enable customers to manage their finances optimally.

Technology gives providers the opportunity to offer enhanced services that better meet the needs of different customer groups. Flexibility and control are key, for example creating apps to enable people to have 'jam jar' accounts and do their budgeting from the same interface. New payment methods, such as chips in wristbands, may help carers as well as older customers. Customers could be supported by remote trusted account assistants. Such systems need to be made available universally and cheaply.

Technology also brings challenges. These include over-reliance on technology, digital exclusion and, among people with cognitive impairment, the effects of too much choice - making sense of a complex and crowded marketplace for financial services leads to higher cognitive load. In addition, there is a continuing role for regulation to ensure that developments are going in the right direction and sufficiently meet providers' duty of care to customers.

Discussion

Three themes emerged from the discussion:

1. Choice – technology offers opportunities for more choice for customers.
   Digital and online technology are bringing new entrants to the market. This is welcome but puts pressure on traditional models of service. Many banks must maintain branch networks alongside digital banking.

   Digital development may enable older people to stay in their homes for longer, by combing new technology with financial and health systems. This is an opportunity but may also be a challenge in the context of cognitive impairment. There is evidence suggesting that digital mastery remains largely intact during periods of cognitive decline, but we do not know enough yet about the potential of home digitisation to help older people with cognitive decline remain independent.

2. Simplicity – reduces cognitive load but can be challenging to implement.
   Generally, good design for older or vulnerable people is good for everyone. This extends to the design of products, services, printed forms and online facilities. The same is true of simplicity in user experience.

3. Duty of care – while the UK's Financial Conduct Authority has a statutory obligation to recognise that consumers are responsible for their own actions, financial service providers are seen to have a duty of care to their customers, from basic transactions like payments to major issues such as the continuing high rates of digital exclusion among older customers.
   There is a balance to be struck between regulation by regulators and self-regulation by financial service providers. While statutory regulation and codes of conduct are applicable to all and introduce consistency, many providers would see themselves as already upholding a duty of care through fair and appropriate treatment of customers. Also, marketplace competition may be an incentive to care for customers, and 'hygiene' factors, such as the provider's values and treatment of customers are increasingly important to candidates for jobs in the sector.

   A duty of care is increasingly important as increasing technology in financial service provision creates new possibilities for scams and fraud. Increasingly we place trust and reliance on digital systems over which we have no control. It is important that new

entrants to the market without financial service experience should comply with a duty of care.

2. Financial planning for an uncertain future.

This workshop was chaired by **James Goodwin**, Chief Scientist, Age UK, who said that the morning session showed that 'it is not all bad news', with many people maintaining good cognitive function into old age, but that there was evidence of financial skills being some of the first to decline. Financial advisers can themselves be affected by this, which introduces an additional challenge.

Otto Thoresen, Chairman, NEST Corporation,[2] UK, drew attention to the dramatic increase in uncertainty brought about by the shift to defined contribution (DC) pensions and the UK's new 'pension freedoms'. People now have to be 'actuary, fortune teller and investment expert' which cannot be everybody, especially when placed alongside the charts on cognitive decline shown earlier in the symposium. Many people have low energy and ability to engage in financial planning and are unlikely to use financial advisers. Nevertheless they need a safe option.

NEST is therefore developing a decumulation concept that balances flexibility with security and contains an element of longevity insurance. This will involve: a cash element, drawdown from retirement to age 85 and later life protected income, paid for by premiums paid between the ages of 75 and 85.

Tish Hanifan, Joint Chair, Society of Later Life Advisers, described the range of issues people need advice on, including care funding, state support, pension freedoms and financial investments, for which they often had no experience. There is a need for a broad range of generic advice and information as well as specialist financial advice. People need advance strategies for cognitive impairment, including setting up Powers of Attorney. People's capacity for loss often did not match their risk profile, and care costs introduce the risk of 'catastrophic loss'. Insurance will not cover catastrophic losses, so it is important that the delay in the introduction of the cap on care costs is only a deferment, not a cancellation. Housing wealth, via equity release, is a possible source of funding, but only if the industry gets the design right.

Discussion

Participants highlighted a number of points:

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[2] NEST Corporation is the UK's default state-backed pension savings company, set up in conjunction with the introduction of auto-enrolment into workplace pensions. Three years old, it has 2.6 million members and covers 40,000 employers.

- The need for safe, well-designed equity release (ER). ER suffers from negative public perceptions. ER may also contribute to un-repaid interest-only mortgages.
- The need for simplified advice and guidance, simplified options and rules of thumb to help people make safe financial decisions in later life.
- The difficulty of reconciling people's desire for flexible pension drawdown (including pension release on diagnosis of dementia) with the insurance principle. For longevity insurance to work, some people by definition have to 'lose out' (i.e. die younger than others).
- The small size of the average pension pot, which makes unaffordable not only catastrophic losses, but even maintaining one's habitual standard of living.
- The need for a default scheme such as the one proposed by NEST, to assist the many people who may have limited retirement savings and little engagement with financial services.
- The need for the 'care cap' to protect people from the risk of catastrophic care costs.

3. Can people living with cognitive decline remain financially included?

This workshop was chaired by **Toby Porter**, Chief Executive of HelpAge International.

Mary Gilhooly, Professor of Gerontology, Brunel University, presented her research on financial abuse, underlining two important issues: financial capacity and protection.

Capacity is a continuum and is decision-specific. Someone with dementia may be able to decide an ice cream flavour but not make a major legal decision such as getting married. Financial capacity does decline with age. As gerontologists, we have sometimes been guilty of painting a rosy picture, but it is not all positive. We have to be realistic.

Unfortunately there have been few studies of financial abuse and those that have been done often use samples not large enough for statistical reliability. We need to spend more money on this particular research topic and we need replication.

Financial abuse is thought to be the second most common form of abuse. Prevalence estimates range from 0.7% to 14.4%. Abuse is sometimes committed by people who hold Power of Attorney and family abusers are more often sons than daughters. A significant number of people fall for scams, including relationship scams among older people. Huge amounts of money are being lost. This is psychologically damaging and often goes with other forms of abuse – verbal abuse, neglect, etc.

Regarding protection, research on decision-making in emergencies is illuminating. Responsibility can be diffused, leading to no-one taking action. The five-stage Bystander Intervention Model identifies a number of steps in the decision to act:

- Notice the event
- Interpret the event as an emergency
- Assume personal responsibility
- Feel competent or able to help
- Give assistance

A break in one of these steps leads to a failure to intervene. There is also the influence of UK cultural norms of non-intervention, with people particularly reluctant to intervene in family and money matters: 'Your home is your castle.'

Would mandatory reporting help detect more cases? Probably not, according to US research that shows that those responsible 'game' the criteria[3] to alleviate pressure. To promote action we need personal responsibility combined with protection for whistle-blowers.

In summary we must learn how to recognise scams, how to recognise relationship scams, how to tell a relative you know they're being abused and want it to stop, how to ensure people exercising Power of Attorney act in the donor's interest, how to tell a friend they are being abused and how to report abuse to a professional. Also, older people need to learn how to protect themselves from abuse.

Joanna Elson OBE, CEO of the Money Advice Trust and Chair of the BBA Vulnerability Taskforce, reminded participants of the Barclays phrase, 'harnessing technology with humanity to promote simplicity'. Technology can be a burden, as well as an enabler, depending on how it is implemented.

Cognitive decline creates a number of challenges for financial services: access, the tension between autonomy and safety, less personalised services, vulnerability, scams and abuse.

There are a number of potential solutions, including:

- Early intervention.
- Technologies that combine access and simplicity, such as mobile bank branches, video banking, financial monitoring apps and reminder apps.
- Improved customer support, which will be better for all customers, not just those with cognitive decline, for example, a 'tell us once' approach to notifications of bereavement.
- Improved means for a friend or family member to help manage an individual's finances, balanced with safeguards against abuse.

[3] Manipulate the rules, or the way data are recorded, to achieve a desired outcome.

- Empowering frontline staff to listen carefully to what the person is telling them, to own the problem and to act on it.

These solutions are relevant beyond financial services, for example in the utilities sector, where companies have Priority Services Registers.

Discussion

Participants highlighted a number of points:

- Charities as well as companies need to apply the above solutions in their dealings with people potentially affected by cognitive decline.
- The need for a person-centred perspective rather than one that prioritises the needs of the organisation.
- How to incentivise the protection of people from scams and abuse?
- The need for more funding for research into financial abuse, prioritising methods to protect people from abuse.
- Can the Mental Capacity Act and the Care Act be used as levers for change?
- The need for an underlying culture change in approaches to cognitive decline and abuse.
- The growing collaboration between the Office of the Public Guardian, the Financial Conduct Authority, the Financial Ombudsman Service and banks on issues to do with Powers of Attorney and financial abuse.
- The need to consult people with dementia on legislative changes affecting people with cognitive decline.
- The need to identify 'triggers' and early warning signs of the impact of cognitive decline (such as unusual transaction patterns). These are key to helping staff intervene appropriately.
- The need for cross-sectoral working.

Day Two Presentations

A smaller group of symposium participants reconvened on day two to consider the results of day one, hear further presentations and make recommendations for action. Day two was chaired by **Toby Porter**, Chief Executive of HelpAge International, who reminded participants that the discussion would take place under Chatham House rules[4] and that the intention was to make the discussion action-oriented, with recommendations for consideration at the forthcoming Philadelphia symposium.

David Steele, Policy Adviser Financial Services, Age UK, presented a summary of the day one presentations and discussion. This summary can be found under 'Downloads – Note

[4] Non-attribution where identities and affiliations are sensitive.

takers summary' at http://www.ageuk.org.uk/professional-resources-home/conferences/global_ageing_council_on_ageing/post-event-resources/

Keith Oliver, Dementia Service User Envoy of the Kent and Medway NHS Partnership Trust, spoke about his personal experience of living with dementia and cognitive decline.

He described how he had worked as a primary school and head teacher until he was diagnosed with the early stages of Alzheimer's Disease in 2010 at the age of 55. He has since refocused his life on raising awareness of the disease. Keith described his symptoms and the process of being diagnosed, which was a huge shock. The Memory Clinic tests were exhausting. The full picture of his cognitive impairment emerged over about three months.

Keith showed eight days' worth of newspaper headings and articles about cognitive impairment, which contained anxiety-inducing headlines such as 'Dementia Betrayal'. He called for improvements in the language used to describe Alzheimer's Disease and in the care given. The 'Kitwood Flower',[5] with 'love' at its centre, shows how to design appropriate person-centred care. In the UK we have 42,000 people defined as having early onset dementia, but the number could be as high as 80-90,000 if we use a higher retirement age as the threshold separating 'early' from 'late'. Age UK Canterbury assisted Keith and his wife with many legal and financial matters, including Power of Attorney, wills and transferring to a more AD-friendly bank. This experience highlighted the problem of security systems such as PIN numbers. 'What's good for people with dementia is good for everyone. I don't want to live in a dementia-friendly community; I want to live in a friendly community.'

Keith takes a positive approach to his situation, but living with Alzheimer's Disease is not easy. 'I used to think I was bullet-proof, but life is getting tougher.' Time will tell if his advocacy is sufficient to inspire change.

Anna Dixon, CEO, Centre for Ageing Better, outlined the philosophy and work programme of the recently established Centre. It seeks to create a society where everyone enjoys a good later life, driven by evidence of what works. It has begun by studying the aged 50+ population, the results of which are on the Centre's website: http://www.ageing-better.org.uk/

Health, financial security and social connections are important for older people, whose expectations are generally modest, for a 'sufficient' standard of living. A positive outlook matters.

The Centre's segmentation research has arrived at six groups:

Thriving baby boomers: only 21% of the older population.

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[5] Tom Kitwood, *Dementia Reconsidered*, Open University Press, 1997.

Downbeat boomers: 21% of the older population. This is a group that is not happy despite a relatively good financial situation. They have worries about the future and about missed opportunities in the past.

Can do and connected: 19% of the older population. This includes widows and people who are poorer but have good social connections and are happy.

Worried and disconnected: 13% of the older population. These tend to be aged 70+ and retired. Their health and social connections are poorer. They relied on work for social meaning and have only the state pension to live on. Many rent. Their activity levels are low and they may be starting to experience memory loss. They may be bereaved and missing their partner, who may have been in poor health before passing away.

Squeezed middle aged, in their 50s: 14% of the older population. They lack time and money, have caring responsibilities and are unhappy. Retirement seems a long way off, their savings are insufficient and they often have teenage children as well as elderly parents.

Struggling and alone: 12% of the older population, across all age groups. These people may have long-standing health issues, may be unemployed and are mostly unhappy.

Solutions the Centre is starting to look at include: pre-planning, involvement in activities, making friends, care for health, back to work support and skills development.

Day Two Action Groups

The action groups were asked to consider actions under a series of headings and then each pick three key points for referral to the Philadelphia symposium in May 2016.

Action Group One, chaired by **Chris Roles**, Managing Director, Age International.

Health sector action points

- The scientific evidence on cognitive ageing needs to be communicated widely to the financial services industry.
- More staff training and education on cognitive impairment, combined with a better understanding of ageism.
- We need to plan ahead on Power of Attorney and improve the health sector's understanding of legal preventative measures.
- Caregivers need more support from health professionals.
- The care team should be extended to include financial planners and use more advanced tools for cognitive assessment.

Financial service action points

- Develop colleague understanding and awareness of cognitive issues.
- 'Use the moments' (when cognitive impairment is revealed) to signpost support for the challenges people face. Involve the not-for-profit sector.
- Develop a set of best practices for the financial services sector.
- Include a 'diminished capacity' clause with a designated trusted person as standard in financial contracts.
- Use plain language.
- Improve product and document design by tapping into the experience of older people and people with cognitive impairment.
- Make available more suitable types of accommodation for older people and simplify the process of house-moving. It was felt that the USA may be better at this than the UK.
- Financial service providers should include gerontologists in their teams.
- We should encourage a life-course approach to financial planning.
- Financial service providers should exercise a duty of care toward their customers.

Government and policy community action points

- The financial architecture for older age needs to be better future-proofed. There have been too many changes in the UK in recent years. Funding for ageing research also needs to be made more stable.
- Internationally, the policies of different ministries need to be better integrated.
- Long term care financing needs to be sorted out.
- Improve public awareness of identifying cognitive impairment among older adults.
- Reframe the public discussion of elder abuse as a societal issue.
- Avoid scaremongering. Make sure policy is based on evidence.

Research action points

- Focus research on practical implications and tangible benefits. UK university research was assessed for the first time in 2015 under the new Research Impact Assessment framework. Bear in mind that it takes more than 17 years for research impact to play out. Avoid the demand for instantaneous impact.
- Increase research into financial abuse.
- Develop tools for assessment of cognitive impairment and psychological vulnerabilities that impact on financial abilities across the life-course.
- How to use data analytics to monitor accounts for exploitation.

Technology action points

- More public toilets for older people - the reduction in public toilets leads to urinary tract infections, delirium, falls and dehydration.

- Use digital technologies to monitor older clients' financial activities, with involvement of family members if the client agrees, to improve protection.
- Develop new techniques for improving the digital skills of older people.

Action Group One - Key points for Philadelphia

- More training on cognitive ageing for staff and practitioners is needed, based on an improved understanding of cognitive ageing and cognitive impairment.
- The need for a life-course approach.
- Avoid assumptions; solutions should be based on evidence; solutions should be based around prevention, detection and intervention.
- Finance sector to work with Not-For-Profit organisations on issues of planning ahead for care, financing of care and the design of services and products.

Action Group Two, chaired by **Jane Vass**, Head of Public Policy, Age UK.

The symposium has made clear that there is a relationship between people's cognitive ability and their financial ability. No one sector or type of organisation alone can tackle the issues of ageing and cognitive decline in relation to financial services. The opportunities and challenges need a multi-disciplinary approach involving financial service providers, government and regulators, Not-for-Profit organisations and other stakeholders. Partnerships and innovation are essential to move forward.

Older people with and without cognitive loss and care-givers are key among the stakeholders. They should be included in the design of all types of services and solutions from the outset. Researchers should use dyadic research[6] designs. No-one should make assumptions about any age group or about the needs of people living with particular conditions, such as cognitive loss, or in different circumstances, such as long-term care-giving.

What is good for older and disabled people is good for everyone. Design should be inclusive, applying the principles of simplicity, autonomy and flexibility. To accelerate progress, the financial services sector should share knowledge about solutions that have been tried and solutions that work.

There are countries where the financial services sector has not yet considered the impact of an ageing population, let alone the consequences of more people living with cognitive impairment, and other nations that have begun to develop best practice, for example embedding accessibility and inclusion in new solutions for older customers, using digital technology where possible.

[6] Research taking account of the interaction between paired individuals.

Many societies do not yet understand cognitive ageing and cognitive loss in later life. It is important to educate everyone about normal cognitive ageing, healthy cognitive ageing, cognitive impairment and dementia. Appropriate language and terminology need to be used for accurate understanding. Already, the word 'dementia' carries stigma and, in Western societies, the term 'memory loss' has become synonymous with impending dementia, causing fear, when memory loss can occur for a number of reasons and may be temporary or mild. Banks, as places where people and communities can come together, are well-placed to spread awareness and education at local level.

Some solutions for cognitive impairment and dementia in relation to financial services will be community based. Financial service providers with a local presence need to make connections at community level. Local bank staff know their communities and are well placed to identify at-risk customers. This happens at some banks, with local staff backed by central specialist advisers. Other relevant local stakeholders are pharmacies and local Not-For-Profit organisations. In Ireland, postal staff delivering mail act as sentinels, reporting back to the health services any concerns they have about older people on their round.

More and better connections between financial and health services at national and local level are needed, with prior education for health services about cognitive ageing and age-related cognitive impairment:

1. Primary care practitioners, such GPs and their practice colleagues, are well placed to talk with patients with a dementia diagnosis and those with cognitive impairment on the need to prepare for future management of their finances and other personal affairs. Links need to be made between care planning, advance directives, LPA and financial planning. This practice could be spread and embedded through training of health professionals.
2. Health professionals in local communities and hospitals and frontline staff in local financial service outlets are well-placed to identify people at risk of loss of capacity for managing their financial affairs and those who are at risk of abuse or are being abused, and to refer such individuals to each other.

This symposium has scrutinised financial aspects of older people's lives, but it is equally important to enable people to make independent and rational decisions on other aspects of their lives for as long as possible.

Prevention is important, as is the early identification of cognitive decline, to increase people's opportunity to prepare for the future, taking earlier advantage of available services. Workplaces are good venues for prevention, providing opportunities for raising awareness of healthy ageing among people of different ages and educating people about what they can do to reduce their risk of cognitive decline in later life, e.g. control diabetes and obesity, stop smoking.

Older people need to be able to access information and advice at the time they need it. Information should be in a format that remains meaningful and helpful as cognitive impairment advances. This approach should be built into financial services.

Funding of care for older people is a major issue. This cannot be resolved by any one sector in isolation. Financial services and government need to collaborate to find solutions and to clarify their respective roles and responsibilities.

More research is needed to help financial services take an evidence-based approach to tackling the issues of ageing and cognitive capability. Research should include:

- More understanding of individual difference in changes in thinking skills over time.
- More evidence on the inter-relationship between biological and social factors in financial decision-making and how these change with ageing and loss of cognitive ability.
- The relationship between financial competence and age-related health issues other than cognitive health.

Research suggestions can be made to the Global Brain Health Institute, recently established in Trinity College Dublin and the University of California San Francisco.

Action Group Two - Key points for Philadelphia

- There needs to be a cultural shift in attitudes toward cognitive change – less 'disease', more 'normal brain ageing'. We need to take a life-course view, with preparation for possible cognitive impairment brought forward in time. Cognitive change should be framed in terms of the diversity of the older population.
- Health care and financial services need to be linked more proactively. Doctors should reconsider how they refer to money matters. The risk of fraud could be a trigger in health discussions. Occupational health and the workplace can be involved. Start from the home and map out to stakeholders.
- Labels and language. As we are in the early stages of understanding the brain, care must be taken in developing the labels and language we use, and the way we communicate, taking into account how different people respond to information. This can be supported by financial literacy initiatives within the community (as in Costa Rica), with feedback to financial services.

Final Remarks

On behalf of Age UK and the symposium sponsors, AARP and Barclays Bank, **Tom Wright**, CEO of Age UK, thanked participants for their input and looked forward to a successful third symposium in Philadelphia on 9-10 May 2016.

Appendix 1: Day One Summary Slides, available at: at http://www.ageuk.org.uk/professional-resources-home/conferences/global_ageing_council_on_ageing/post-event-resources/

Appendix 2: Symposium Programme, available at:

http://www.ageuk.org.uk/Global/Conferences/WEF%20Symposium/Symposium%20Guide%20-%203rd%20Feb%202016.pdf?epslanguage=en-GB?dtrk=true

Conference Report

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