



Submission to the Central Bank Strategic Plan 2019-2021

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1. Introduction

Age Action is the leading advocacy organisation on ageing and older people in Ireland. Our mission is to achieve fundamental change in the lives of all older people by eliminating age discrimination, promoting positive ageing and securing their right to comprehensive and high-quality services.

We want to make Ireland the best country in the world in which to grow old and we work with older people to build a society free of ageism where their rights are secured. A central feature of our work is raising awareness about the lived experience of growing old in Ireland.

We are grateful for the opportunity to make a submission to the Central Bank Strategic Plan 2019-21.

2. Context

For the purposes of this submission, we will focus on the Central Bank's response to current and emerging risks in the economy and wider financial system, specifically within the responsibility for protection of consumers of financial services.

Age Action wishes to highlight three key areas around older people's financial engagement, namely the ageing demographics of the Irish population, the numbers of older people who are financially excluded and financial elder abuse.

i. Ageing Demographics

According to the most recent Census figures, the number of people aged over 65 saw the largest increase of population since 2011. This age group has increased since 2011 by 19.1 per cent (to 637,567). The number of people aged over 85 increased by 15.6 per cent (to 67,555).¹

At present, just over 13 per cent of the total population is over 65 years of age.² Each year in Ireland, the over 65 age group increases by 20,000 people. The number of people aged over 65 is projected to increase very significantly to close to 1.4 million by 2041,³ from one-fifth to over one-third of the working population over the next two decades.

The number of people over 80 is set to rise even more dramatically, increasing by over 250 per cent to between 470,000 and 484,000 in 2046.⁴ Regional projections for 2016-2031 show the number of older persons (over 65) will almost double in every region over that time period.⁵

¹ <http://cso.ie/en/media/csoie/newsevents/documents/pressreleases/2017/prCensussummarypart1.pdf>

² <http://www.cso.ie/en/releasesandpublications/er/q-cv/qnhscimeandvictimisationq32015>

³ http://rebuildingireland.ie/Rebuilding%20Ireland_Action%20Plan.pdf

⁴ Based on 2011 base figures.

<http://www.cso.ie/en/csolatestnews/pressreleases/2013pressreleases/pressreleasepopulationandlabourforceprojections2016-2046>

⁵ <http://www.cso.ie/en/releasesandpublications/er/rpp/regionalpopulationprojections2016-2031>

Older people may present with specific needs around access to financial information and institutions.

Callers to the Age Action Information service often express worry and frustration over bank branch and post office closures. We believe that the decision to close local branches has undermined the sense of social cohesion in communities that they provided for many older people.

Branch closures have also made it more difficult to access services. Older people may need to travel longer distances to undertake financial transactions such as collection of pensions (and other State income supports) or to pay bills. This may result in older people engaging in riskier behaviours such as withdrawing large amounts of cash at once and keeping it in their homes.

Safeguarding and protecting the financial needs of older people should be prioritised. An increasingly digitised society is affecting the lives of older people, with many effectively excluded from engagement with the banking system. Age Action estimates that almost 440,000 older people in Ireland have never been online, this represents over 70 per cent of the total population over 65.⁶

Many older people complain of feeling pressured by their bank to do business online.

A move to online services may make sense from a commercial point of view but it creates barriers for many older people who are unable to carry out their day-to-day business online or are wary of doing so. This may lead to a dependency on others to conduct their banking.

In addition, ATMs may not allow someone to withdraw the amount they wish and may specify the withdrawal of a minimum amount, set notes or a daily limit. This may lead to an older person being unable to access their full State pension amount or other payments.

Requirements to present to financial institutions at certain times⁷ with specific forms of identification may disproportionately affect older people who may not hold a passport or current driving licence.

Age Action welcomes on-going efforts by the Central Bank to engage with stakeholder groups and to develop a positive consumer focused culture within regulated firms. We ask that this collaboration continues to ensure that the evolving needs of the ageing population are fully understood and that innovative responses to service provision and design of financial products reflects these needs.

⁶ Combining best available figures from the Eurostat data, Census 2016 statistics and the National Digital Strategy's 2013 estimate that only 3 per cent of people aged 75 and over use the internet.

⁷ E.g. opening an account or using after a period of inactivity.

We welcome initiatives by the Central Bank to raise awareness around specific consumer issues⁸ and ask that consumer information continues to be provided in accessible language and formats.

ii. Financial Exclusion

Research shows that older people are a group vulnerable to financial exclusion.⁹

A report recently published by The Wheel shows that older people feature within the groups vulnerable to financial exclusion.¹⁰ Statistics from the ESRI found that 26% of older people aged 65-74 and 36% of people over 70 experienced financial exclusion. The report noted that “people who don’t have a bank account pay more to make transactions. In short, not having a bank account hampers people’s access to economic opportunity and increases their risk of poverty”.¹¹ Being without a bank or post office account means that people often cannot avail of preferential rates for payments made by direct debit as well as wider services.

Age Action is aware in 2008 Irish banks were asked to provide and promote the take up of a Standard Bank Account to financially excluded groups, including older people. We understand that all high street banks now offer standard bank accounts, however awareness and take up remains low.¹²

iii. Financial Abuse

Older people are particularly vulnerable to financial abuse. A 2016 Age Action report found that during the period 2010-2014 one-fifth of the substantiated elder abuse cases reported to the HSE related to this type of abuse. Almost half of all Ulster Bank officials surveyed for the report indicated that they had dealt with a suspected case of financial abuse in the previous 12 months.

As referenced above, an increasing move to online banking can intensify the vulnerability of older people to financial abuse by restricting their ability to engage with financial services on their own behalf. It may lead to an older person handing control of their personal finances over to an IT literate friend or relative.

⁸ E.g. three Consumer Protection Bulletins were published during 2017 covering Motor Insurance, Social Media Monitoring and Current Accounts and Switching.

⁹ Defined by the European Commission as “process whereby people encounter difficulties accessing and/or using financial services or products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong”. See European Commission Directorate-Generale for Employment, Social Affairs and Equal Opportunities. (2008). Financial Services Provision and Prevention of Financial Exclusion. Brussels: European Commission.

¹⁰ The Wheel (2018) Money Matters - Addressing the unmet needs of people living with inadequate income and experiencing financial exclusion.

https://www.wheel.ie/sites/default/files/14499_TheWheel_money_matters_web.pdf

¹¹ Russel, H, Maître, B, Donnelly, N. (2011). Financial Exclusion and Overindebtedness in Irish Households. ESRI. Available at:

<https://www.esri.ie/news/financial-exclusion-andover-indebtedness-in-irish-households/SRI>

¹² The Wheel (2018) Money Matters - Addressing the unmet needs of people living with inadequate income and experiencing financial exclusion.

This reliance on friends or family can also occur when the older person relies on an ATM to access their money. This can lead to older people asking a friend or relative to use their pass card as they may be unsure of how to use the machine or uncomfortable with using it themselves. Older people may also perceive ATM locations as being unsafe.

Clearer and greater guidance by the Central Bank on the issue of financial abuse of vulnerable persons would allow banks (and other institutions) to respond in a standardised manner, along a clear pathway and to take actions that are 'regulatory sanctioned'.¹³

Guidance should outline the role of financial institutions in monitoring of legal arrangements such as Power of Attorney (or other forms of agency) as well as protection for institutions engaged in 'good faith' responses.

3. Recommendations

We would like to make several recommendations for consideration in the development of the Central Bank Strategic Plan 2019-2021.

1. We ask for the Central Bank's continued engagement with stakeholders in order to understand and represent older people's specific needs are being met around access to financial information and institutions, services, communication and affordable products. This may be best served by the creation of an age-specific advisory group.
2. To enhance consumer protections in place, we urge planning and research around the challenges that online banking and closure of branches can pose to older people.
3. We ask for clearer guidance from the Central Bank to institutions on the issue of financial abuse of vulnerable persons. Provisions for monitoring of financial legal arrangements for vulnerable customers and bank 'good faith' reporting protection should also be addressed.
4. We would like to encourage research on the take up of standard bank accounts within financial institutions by older people with a view to identifying barriers and enablers.

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¹³ Phelan et al. (2018) Experience of Bank Staff of the Financial Abuse of Vulnerable Adults.