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Are older people battling with digital financial services?

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Abstract. The proliferation of technology is the cause of converting many of the services to digital form which pressurizes everyone to adopt the internet. Online services which consist of financial transactions are required in this digital realm to gain benefits which would result in leading a convenient life in various ways. However, older people aged 65 and over are encountering obstacles that exclude them from the use of digital financial services, for example, fear, lack of experience/knowledge and interface issues. We discovered how older people interact with these services and some explanations for why older people in Scotland do not leverage these services. Data was collated from 14 semi-structured interviews with older people (those aged 65 and over) and intermediaries. Consequently, the hidden costs of not using digital financial services were revealed. Not only do these costs produce an impact on the everyday lives of older people but also on people who aid them with digital financial services.

Keywords: online financial services, older people, benefits, challenges.

1 Introduction

Online banking, booking online cinema tickets, buying flight tickets, online shopping or any other digital services which include financial transactions are considered as online financial services [1]. In the UK, older people aged 65 and over rarely use the internet compared to younger age groups [2]. A report stated that 32% of adults aged 65+ are internet non-users [3]. This clearly indicates that they use online financial services infrequently [1]. A number of papers have declared the challenges that older people are confronting with these services, for instance, lack of equipment [4, 5], language [6] and lack of confidence [7].

A recent study has reported the preliminary findings of some of the challenges gathered from five interviews that hinder older people (those aged 65+) from using digital financial services; the main factors are fear of scams, lack of skills and lack of help [1]. This paper discusses the challenges obtained from some semi-structured interviews and aims to address two specific research questions. Firstly, how do older people in Scotland aged 65 or over conduct online financial services? Secondly, are

older people losing benefits from not using these services? These questions are answered through the data procured from interviews with older people and intermediaries.

The first question focuses on older people's interactions with online services and the assistance acquired from intermediaries to use these services. The second question intends to identify the advantages of digital financial services and how this could impact the day-to-day lives of older people.

2 Literature Review

2.1 Digital divide

Some people have access to technology and some don't; this is often known as the 'digital divide'[8]. There are three factors which contribute to digital divide in older people: information access (i.e. the right equipment to access internet), information capability (i.e. possessing the capability to utilize technological devices), information utilization (i.e. possessing the capability to make use of the obtained information) [9]. In terms of information access, older people are experiencing issues associated with accessibility. A report stated that internet access is not available at the residence of 34% of older adults aged 65+ in the UK [10]. Not having access to internet could indicate that older people may have financial limitations if they are on low income and as a result, they significantly lack digital skills; this reinforces digital divide and the exclusion of older people from technology.

2.2 Older people's use of online financial services

The Office for National Statistics (ONS) in the UK declared that only 49% of older people aged 65+ used online banking in 2020 whereas over 65% of people in each of the other age groups were online banking users [11]. This clearly suggests that any benefits which could be derived from online banking are not being received by majority of the older people. Furthermore, only 65% of those over 65s used online websites for shopping and only 13% of older people (those aged 65+) purchased online transport service tickets (bus, train or flight); other age groups have a significant proportion of users who utilize online financial services [11].

All these statistics validate that over 65s are beginning to segregate from younger age groups due to the accumulation of technological services. Hence, it is vital to bridge this gap through effective interventions which would assist older people with digital financial services.

2.3 Older people's challenges in the use of online financial services

As briefly mentioned, a variety of reasons are related to older people's low usage of digital financial services. For instance, trust, perceived ease of use and perceived usefulness have an impact on adults' intention to adopt online shopping [12]. Some

older people try to avoid digital services where they have to enter personal information as they do not fully trust these services [13]. These types of behavioral challenges prohibit older people from using online financial services to some extent.

Furthermore, some older people are frustrated about the time required to learn digital skills and some are having difficulties with finding information they have already retrieved [13]. This could be a result of inadequate design of the interfaces; older people are digitally excluded due to accessibility issues. Although there are web guidelines, most designers do not follow these guidelines when designing interfaces [14].

In addition to these issues, some older people are not aware of online banking [15]. This indicates that they are not aware of online financial services. Hence, they perceive that technology is not useful to them [16]. On the other hand, some people have worries regarding security because websites or transactions that are not sufficiently protected can cause major problems [17]. Financial scams are increasing in society. Personal information is collected by fraudsters through fake websites [18]. This increases fear in older people which negatively influences their intention to use online financial services.

2.4 Help provided to older people

Marginalized individuals often receive help with digital services from digital carers; these carers could be family, friends or relatives [19]. This clearly indicates that older people rely on people who they fully trust to help them with online services. They often seek support from libraries to obtain digital skills [20] and from people or organisations to assist them with digital financial services. For example, post offices help people to carry out a few banking tasks such as withdrawing, paying cash into an account and checking account balance [21]. This is beneficial for older people who lack digital skills and who cannot travel to a nearby bank branch.

2.5 Benefits of online financial services

Since a lack of awareness of the internet is evident in older people [22], they are not aware of the benefits they are losing by not using online financial services. Online banking was created to enable users to have convenient access to their account information [23]. Online banking would stimulate eco-friendliness as there will be a reduction in the use of paper and the journey to a bank can be avoided [24]. Environment sustainability would not only be improved via online banking but through the use of all the other online financial services.

Leveraging online financial services has many other benefits as well. For instance, online purchases are cheaper and individuals can save up to 13% when compared to in-person shopping [25]. This is financially beneficial for older people as they could save money on travel expenses and various products including flight tickets and insurance policies. Moreover, time spent on in-person activities can be saved through the use of digital financial services; individuals can conserve around 30 minutes per transaction [25].

3 Method

Although the previous section mentions that older people are encountering several obstacles with online financial services and they are losing benefits from not using such services, this study aims to provide a theoretical contribution to knowledge by elevating our understanding of the key challenges that older people face in the use of online financial services and how this impacts them and others in the society. In order to achieve this, 14 semi-structured interviews were carried out; 7 interviews with older people (those aged 65 and over) and 7 interviews with intermediaries including employees and digital carers. Participants were gathered through communication and organisations such as Glasgow's Golden Generation, Glasgow Women's Aid, the Well Multi-Cultural Resource Centre, Hindu temple and university students who have helped or are currently aiding older people with digital financial services. It was not mandatory to take part in the interview or provide a response to all the questions.

Older people's challenges and interactions on online financial services were determined by asking around 7-8 questions to each participant and the duration of each interview was approximately 30 minutes. Older people were asked about the challenges they experience on online banking, online shopping, insurance policies, transport/event tickets and other financially related tasks that they carry out online. Intermediaries were asked about their experiences on working with older people, the type of help they provided and the challenges they noticed while assisting them with digital financial services. Interviews were recorded using a phone and were transcribed using a transcription software called Otter. A data analysis software (NVivo) was utilized to carry out thematic analysis on the transcripts. Various themes and codes were produced from thematic analysis such as challenges, hidden costs, help provided, implications etc.

4 Results

4.1 Challenges faced by older people

The most common challenges identified from the analysis were fear followed by lack of experience/knowledge and interface issues. These three codes were formed under the main theme – 'Challenges'.

Older people have a fear of carrying out transactions on digital financial services due to scams in society. One participant stated, "I don't want to lose my money". This fear prevents older people from adopting such services. An employee mentioned that "when it comes to buying things online...our service users are quite put off because they think it's quite a dangerous thing to give out bank details online." Also, they need reassurance from their family members prior to clicking the last button.

Another factor confronted by older people in the use of digital financial services is a lack of experience/knowledge. Since they were not born in the digital realm, they have difficulties in understanding the whole concept of technology: "...they're just kind of uncertain, like, what is the internet? What does that mean? What is a website?". They

do not have prior experience or knowledge to boost their confidence to use online services: "...there's no computers or anything when I was working...I've been retired for a long time."

Along with the challenges disclosed above, interface issues were also reported during the interviews. For instance, one digital carer stated, "Some of the processes are a little too complicated, for example, the two-factor authentication." Also, "phone font size" is an issue; they increase font size on phones which becomes harder to control as they have to scroll up and down many times to view the text. Another issue is the online shopping basket; some older people may not understand icons and they are not sure about how to remove added items from the basket: "My friend told me.... she ordered something...instead of one item she ordered 10 items. She didn't know how to delete it."

4.2 Older people's Interactions

With regard to interactions with online financial services, a number of questions were asked about five digital financial services: online shopping, buying/renewing insurance policies, tickets for events, transport service tickets and online banking. It was noted that older people rarely used these services. Some older people utilized these services independently or with the assistance of family members or friends: "...he usually uses the app for like to check the balance and then to transfer money as well."

Others did not use these services at all due to fear or because they have family members to deal with these services on their behalf. One participant mentioned that she has an online banking app on her phone, but she never uses it as her husband is handling all these services: "Not scared.... It's just because he does it". Another participant said that she learned to add items to the basket but she didn't have the confidence to move forward as she had a fear of losing money. Lack of digital skills was also evident in most of the older people: "I don't have the skill to use the app."

4.3 Hidden Costs linked to intermediaries

Digital carers aid older people with digital financial services in different ways: "I demonstrate it to him.... he writes it down. And then he tries it himself with the instructions he has written down." Another digital carer said that her parents don't have Wi-Fi so she does the tasks for them at her own home. Sometimes, they feel frustrated when they have to repeat the instructions and they lose patience: "It can be difficult. I do sometimes lose patience with my mother. Just because she's kind of, you know, like repeating things." Sessions could last for "45 minutes or an hour" or "two or more hours per week".

However, there are some indirect costs associated with this, for example, digital carers can otherwise spend this time for leisure activities or for their personal work-related tasks. One participant mentioned that she's losing time by helping her parents, but she needs to do it; she doesn't have a choice. In addition, they spend a lot of effort into helping these marginalized people which can be considered as another hidden cost (theme).

Employees working at non-profit organisations also aid older people with online services. Some employees do become frustrated: “It was very frustrating to kind of teach them how to identify what was safe and what wasn’t on online.” Also, sometimes it is difficult for them to deal with their personalities: “They just keep talking over you while you’re trying to do the things for them.”

However, they tend not to lose patience while working with vulnerable people as they are being paid for their job. This implies that the monetary aspect is a direct cost linked to the help provided by digital carers. The minutes or hours they spent with older people are free of charge; they could use this time for another job where they could easily obtain remuneration but they decided not to as they prefer to support older family members, friends and relatives.

In terms of help provided by employees, they deliver training on online services including instructions on how to stay safe online: “So it’s been my job to get out to our service users with the tablets and kind of teach them...do tutorials, do one to one sessions, build up their confidence and then I also do group sessions as well.” They usually provide them with instructions or as they’re going through a task, they’ll write specific instructions: “If there’s a little symbol, like, say the basket symbol or the love heart. I’ll draw out what symbol it is and then what that means when they click on it.” They spend around “one hour with either an individual or a group of people.” Employees also put a lot of effort into training older people: “I think online safety was kind of the hardest part... I need to make sure that they are not being financially abused in any way. It was very worrying for me that I don’t take the time to explain this, they could potentially buy something online or be scammed. And because I taught them how to do it, I would be in trouble.” This denotes that effort is another hidden cost faced by employees as well as digital carers.

4.4 Hidden Costs linked to older people

Older people who receive help from intermediaries experience a number of direct and indirect costs. An employee stated, “She has to travel into the city centre if she ever wants to go into a physical bank.” This clearly suggests that they spend time and effort (indirect costs) on travelling to the nearest branch for banking tasks since they do not utilize online banking. This finding was also revealed in previous research [1]. Moreover, they spend money (direct cost) on travel expenses. If these costs are reduced to some extent, older people could have an improved lifestyle in the context of everyday life.

Two employees did mention that there’s a higher percentage of females who attend the organisation for assistance whilst another two employees stated that they worked with roughly an equal number of male and female older adults. Although the gender aspect cannot be verified through the conducted interviews, majority of the participants were not aware of the implications of not using digital financial services: “I’m still old fashioned. I just think to myself, why do I need online banking? I just keep saying this. Why do I need it?” It is explicitly evident from this that older people lack knowledge of the benefits of online financial services and therefore they face hidden costs.

5 Conclusion

Findings from this research exhibited deeper insights by addressing the two research questions. This study divulged that fear, lack of experience/knowledge and interface issues were the main factors that act as barriers to older people's (those aged 65 and over) use of online financial services. These factors have been revealed in previous studies [1, 26-28]. Those who face challenges or those who do not utilize online financial services seek help from intermediaries such as digital carers and organisations. They interact more with such services once they receive assistance. However, hidden costs such as time, effort and money were revealed which corroborates that older people are losing many benefits from not using these services. As highlighted earlier, using digital financial services provide positive impacts on the environment and public in the form of benefits, for example, lower pollution and lower online prices. Intermediaries especially digital carers are also being affected by the hidden costs. Ofcom report indicated that 46% of 16–24-year-olds digitally helped someone weekly [10]. Hence, it is vital to reduce the costs through potential solutions.

As part of upcoming work, additional interviews would be conducted to contribute knowledge to the public especially financial service providers on the challenges encountered by older people and the necessity of performing amendments to existing products and developing inclusive interventions such as digital tools and training sessions.

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