



May 2023

# “You can’t bank on it anymore”

The impact of the rise of online banking on older people

# Contents

Summary and recommendations	03
Introduction - The rise of digital banking	06
Chapter 1 – How older people bank	09
Chapter 2 – The decline in cash and banking services	14
Chapter 3 – The Drive to Digital	19
Appendix	29

# Summary and recommendations

## Bank branches and cash

In recent years, bank branches have continued to close and cash use has declined. **The ensuing rise of digital banking has put the many older people who are reliant on these declining services at risk of being unable to manage their own money.** This in turn carries significant consequences, with people potentially being cut adrift from society.

We commissioned Ipsos to carry out polling of over 65s across Great Britain (see Appendix for more information). The results show that **while the majority of older people do bank online, with 58% mainly using a digital banking service to manage their main account, there are a significant number who are not able to do so.** 27% manage their accounts via a branch or other physical location (e.g. a Post Office), while the same proportion – but not necessarily the same people – visit a bank branch at least once a month. Only 14% of the 85+ age group bank online, with 58% relying on face-to-face banking.

75% of over 65s wish to carry out at least one transaction in a branch. While it may be possible for some of these transactions to be conducted online, this will not always be true. It is imperative that a branch network is maintained. **Shared Banking Hubs may well provide a solution for many older people, with 49% saying they would be comfortable managing their money from one** (26% would not be). The numbers comfortable with doing so may well increase as the concept becomes more familiar, and Age UK remains supportive of the proposals to create more Banking Hubs.

It is imperative that the programme of Banking Hubs continues, and **that the pace of the rollout is increased.** Delivery to date has been slow, and with the banks continuing to announce closures this will leave more communities to become ‘banking deserts’, leaving those reliant on physical services cut adrift. **The programme should aim to proactively put the appropriate banking solution in place before a last branch in town closes.**

According to data from the Financial Conduct Authority, **2.4 million older people rely on cash to a great extent in their day-to-day lives.**<sup>1</sup> Many other groups also rely on cash, for example people on low income who use it for budgeting purposes or people with mental health conditions. Although cash has declined it is still the second most common method of payment in retail transactions, and still has a big future. **We welcome the Government’s legislation and the Cash Action Group’s framework for guaranteeing access to cash in future.**

**The Treasury’s upcoming policy statement on accessing cash should be as comprehensive as possible, and include provision for the continued delivery of face-to-face banking services.** Putting the network of Banking Hubs on a more sustainable footing is important for consumer confidence. The policy statement should also make sure that access to cash is available without charge.

Under the Financial Services and Markets Bill, the Financial Conduct Authority will have the power to intervene in plans to close branches if doing so would leave vulnerable consumers at risk. **We encourage the FCA to work constructively with the banks to prevent this situation arising, and not to be afraid to use this power when necessary.** We believe this will help maintain the banks’ commitment to opening Banking Hubs and other alternative provision.

## Online banking

The banking industry should ensure that **everyone in our society is able to manage their finances in a way that suits their needs even if they are digitally excluded,** whether that is for products, services or accessing customer support.

**31% of respondents said they were “uncomfortable” with the idea of banking online.** This included more women than men (36% vs. 24%), and unsurprisingly a considerably higher proportion among older age groups – over half of 80-84s and 85+s were in this category. Even among the youngest age group, 65-69s, 24% said they were uncomfortable, which still represents a sizeable number of customers.

72% of people in the ABC1 social grade categories (see Chapter 3 for an explanation) were comfortable with online banking, compared to just under half (49%) of those in C2DE categories. Even the older group of ABC1 people are more comfortable with online banking than are the younger C2DE group. **Social grade, alongside income level, is a key factors in determining who will bank online and who prefers face-to-face.**

According to the polling, the main reasons for people feeling uncomfortable were: **fear of fraud; a lack of trust in online banking services; and a lack of IT skills.** We believe there is a lot of scope for the banks, working alongside charities and consumer groups as well as the telecoms industry, to address these issues.

We believe that more should be done to encourage and support people to gain digital skills and benefit from online banking if this is right for them. **Older people who are digitally excluded often need ongoing, personalised support, to gain digital skills. Once confident with some online activities, such as emailing and browsing, they may need further support to extend their skills including being able to safely bank online.** Banks have an important role to play in supporting people to have the skills to bank online.

However, **for those who do not (or for many, who cannot) bank online physical banking services and cash must be protected. It is imperative that people with fewer digital skills are not airbrushed out of the banks' delivery model.**

We are concerned that there are **some older people who are unable to leave their homes**, either because of limited mobility or because public transport is not good enough to take them to their nearest branch, who **will need further support** to manage their money in future.

For different reasons, **people living in rural areas may struggle to get a decent internet connection or mobile phone reception.** This is beyond the banks' capabilities to resolve – but is another reason why physical banking services must be safeguarded in such areas.

## Scams

As a fear of scams is an important reason for older people not wanting to go online, **the banking industry's failure to adequately tackle scams is a major deterrent for many older people and must be rectified.** For example, the voluntary code for reimbursing victims of Authorised Push Payment (APP) fraud was not widely implemented by the banks, with only 46% of losses being returned in 2021.<sup>2</sup> This creates an impression that if you do fall victim, you will not be treated fairly, which ultimately means fewer people are willing to risk online banking.

If the banks are serious about wanting to enable their customers to bank online, they must take proper action to tackle scams and refund victims. Age UK believes that **the banks and the Financial Conduct Authority should look at whether vulnerable customers should be reimbursed if they fall victim to a wider range of scams than just APP fraud**, and what measures the banks could practically take to stop other frauds from happening.

Banks should also play a greater role in helping people get online, and an industry-wide coordinated effort to help up-skill older people on modern technology would be desirable.

# Introduction - The rise of digital banking

***“Since 2020, we have lived through the fastest period of digital transformation in our history. In many areas and for many people this has been a positive development. However, there are those for whom this represents a new inequality, a limiting of options, choice, and control. This has been felt none more so in relation to banking and access to cash. We work with many people for whom digital transformation is a barrier and we must act now to prevent a new inequality taking root. We have a window of opportunity to continue to provide access to local, banking services, access to cash whilst promoting digital skills and access to other sources of local support.”***

***Simon Allen, CEO of Age UK Bath and North East Somerset.***

The coronavirus pandemic changed many things about our society, including the way people access banking services. The decline in cash use, which has been ongoing for years, was exacerbated and, partly as a result, older people are increasingly being expected to manage their money online.

However, being able to manage your money in a bank branch or similar place is essential for many older people, especially those who are less likely to have access to digital banking. As branch closures continue apace, it becomes increasingly important to ensure that physical spaces (whether a bank branch or another place) continue to exist, to maintain access to places where people can go to undertake tasks like withdrawing and depositing cash, applying for a loan, or arranging third party access to their account. Failure to ensure their survival risks cutting a significant minority of the older population out of an essential service, making it difficult to manage their money and to fully participate in society.

It is seemingly inevitable that many older people will be left behind by the rise in online banking. To start to counteract this, it is vital that we understand how older people bank, and who finds managing money online particularly challenging.

Ultimately, banking is an essential service that is relied upon by millions of people in order for them to fully function in our society, and it is imperative that the banks recognise the crucial role they have. While they are ultimately commercial bodies, senior leaders must recognise the need to ensure everyone, no matter who they are, can access the services they need.

Age UK supports and promotes the use of digital technology where appropriate, and we have extensive experience of helping people get online. In most cases this is a good thing, however there will always be those who simply are unable to bank in this way, whether because of skills and confidence, health conditions or cost.

In the aftermath of the pandemic, Age UK wanted to understand more about how older people are banking, and so we commissioned polling of people aged over 65 to look beneath the surface. This report uses the findings from the polling as well as drawing on our contact with older consumers and local Age UKs, which often hear from those older people who struggle to access both online and physical banking services. It focuses on the switch to digital, looking at what is needed to futureproof the system and ensure that people are able to bank online if they can, but continue to access banking services in other ways if they cannot – crucial for ensuring that all older people are included in the financial system.

Unless otherwise stated, the statistics refer to the proportion of people who confirmed how they bank (i.e. that they have a bank, building society or other account, or were in the 1% who did not have an account), which was 87% of those polled. We believe that most of the remaining 13% - who preferred not to say – are likely to have a bank account, just did not want to discuss it with an interviewer from a polling company, so using the baseline figures would have provided a less accurate reflection on older people’s banking preferences.

We also spoke to Age UK Campaigners and callers/emailers to the Age UK advice line, and also held a focus group of older people as well as speaking to the Chief Executives of a few local Age UKs about what changes in banking mean in their communities. Quotes from all of these are included and marked as appropriate.

# Chapter 1 – How older people bank

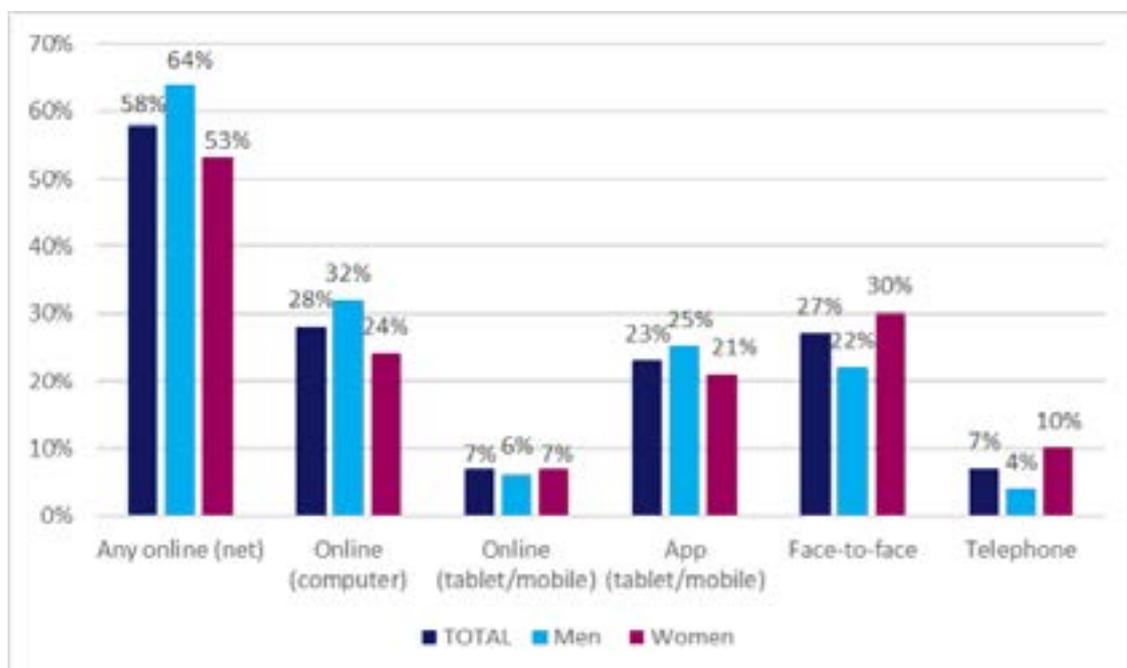
**“Technology is now paramount in everyday life but it excludes the elderly who may not be able to deal with the world of modern technology. The closure of banks and other services to push people to online-only access is a form of discrimination that should be addressed.”**

**Age UK Campaigner, female, age 73.**

In our polling, we asked respondents what the main method they use to manage their bank account is, the chart below shows the most common responses among those who confirmed that they have a bank or building society account. The majority of the over 65s bank digitally, either using a website on a computer or tablet/mobile, or using a mobile/tablet banking app – the first column shows the overall total (58%) banking digitally, while the next three columns breaks it down into the three groups mentioned. Interestingly, 65+ men and much more likely to bank digitally than 65+ women.

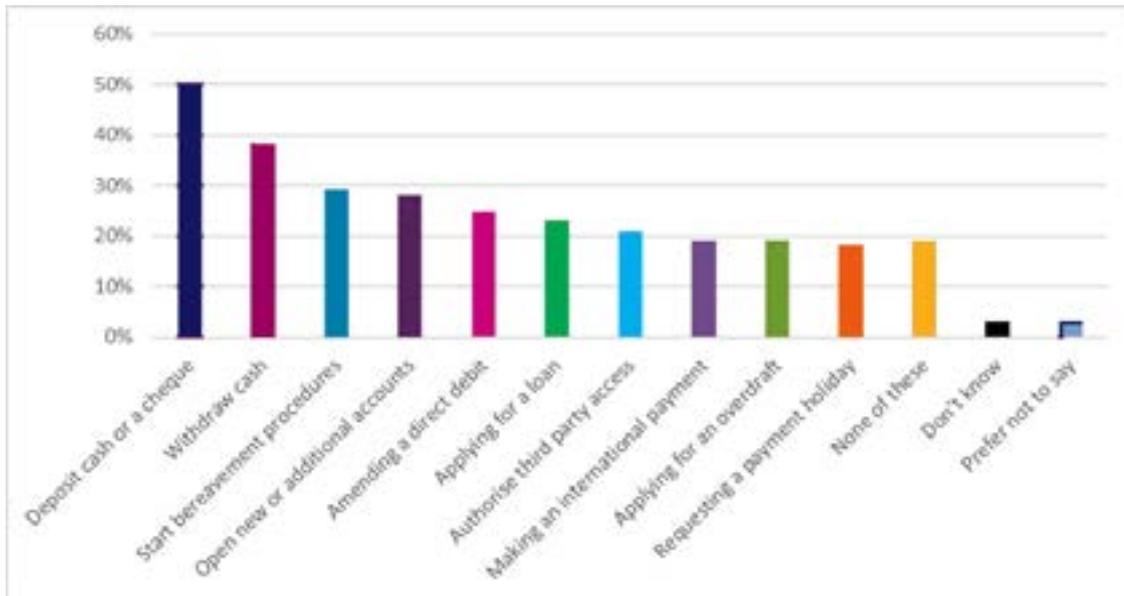
Perhaps the crucial finding here is that over a quarter (27%) of 65+s predominantly bank face-to-face in a branch or other physical location (e.g. a Post Office). Age UK believes that as branches close, it is imperative that these consumers are catered for, and we welcome the bank-led initiative to protect access to cash and essential banking services (see section on the Cash Action Group). The same proportion (27%) use a branch at least once a month – not necessarily the same people, although there is likely to be a significant degree of overlap between the groups. Those who are more dependent on branches are likely to find the move to online particularly difficult.

**Chart 1.1 – Main method of banking**



In terms of in-branch activities, three quarters (75%) of over 65s want to undertake at least one banking task in a branch. There is a clear gender difference here too, with 79% of women wanting to do this compared to 71% of men. The chart below shows how many people would like to do each task in a branch – the main things are depositing (50%) and withdrawing (38%) cash, starting bereavement procedures (28%) and opening new accounts (27%). However, all ten activities we asked about had 18% or higher respondents stating they would prefer to do them inside a branch.

**Chart 1.2 – Preference for doing different activities in-branch**



We also asked whether banking has become easier or harder since the pandemic, with 13% saying it is now harder. This rises to 21% among the 80-84 age group.

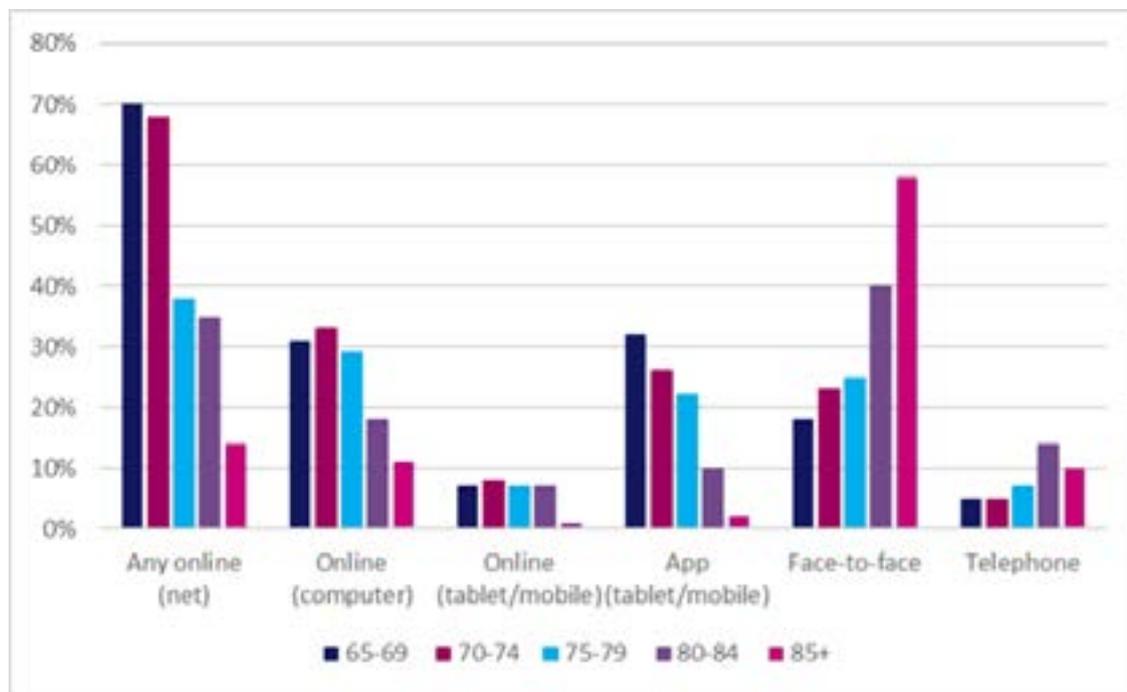
### Variation by age

As expected, the propensity to use online banking decreases as people get older. The use of any form of online banking falls from 70% among the 65-69s to 14% among the 85+ group; conversely the desire to bank face-to-face increases from 18% to 58% respectively. The transition to digital banking is particularly likely to leave behind the oldest in our society, which emphasises just how important it is that this group are supported with their banking needs.

It is a mistake to think that this will no longer be an issue in the future. Many people cannot bank digitally because they struggle with new technology – and technology will change over time potentially leaving future generations cut off – and also because of changing health, which can, for example, mean dexterity or cognitive ability declines as people get older. So, while more people may use online banking going forward, there will always be some who cannot, making it imperative that we future proof our systems properly.

**Chapter 3** looks in more detail at why people don't bank online.

**Chart 1.3 – Main method of banking, by age group**



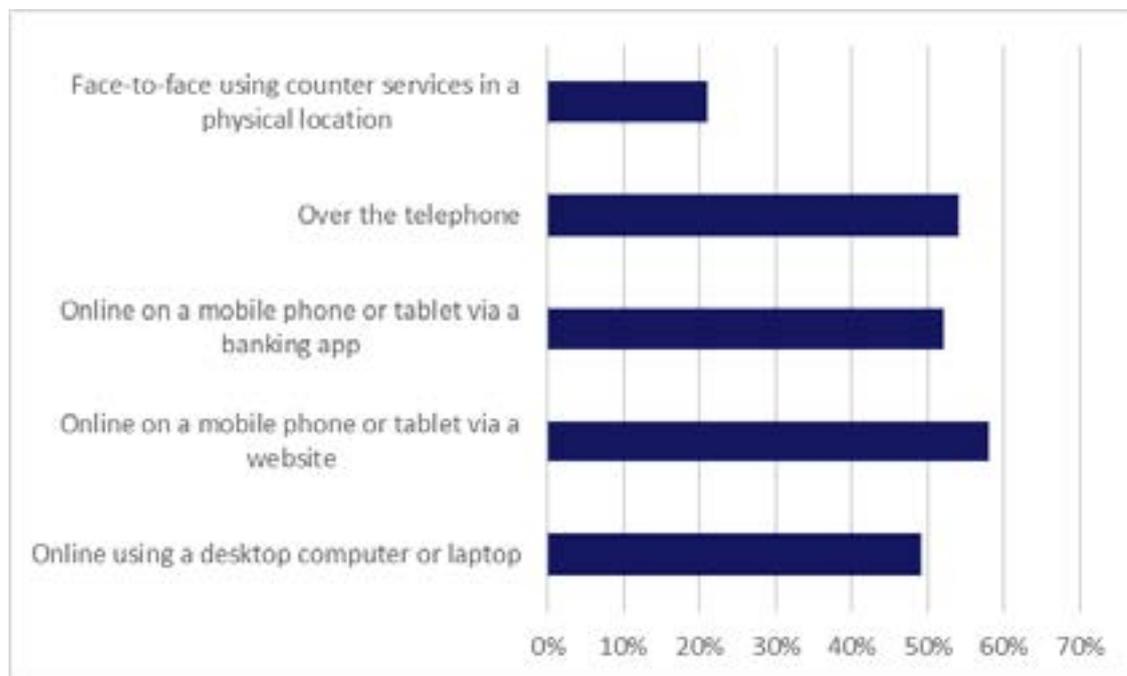
We also asked people how comfortable or uncomfortable they would be using online banking? This was done to get a broader sense of how people would feel with digital banking, in contrast to the more factual measures of how people actually bank discussed previously. Among those who said they were uncomfortable with online banking, two thirds (66%) currently bank face-to-face, while 13% bank over the telephone – 7% said they already banked online, but perhaps were doing it against their own wishes. There is more information about people feeling uncomfortable in Chapter 3.

Finally, we asked about the frequency with which people used the main options. This applied to all methods of banking they used, not just the main method. People using the online options were much more likely to access their banking at least once a week, with between 25% and 33% doing so. Telephone and face-to-face were both only accessed once a week by 5% of users.

However, less frequent visits to a branch (once a month (17%); every 1-3 months; 3-6 months; 6-12 months; and once a year (all 13%)) were far more common for face-to-face than the online methods. As this asks all survey participants, including those who bank online about all their banking choices, it means that a large majority of older people still use face-to-face banking even if it is not their main method.

This is shown by looking at the inverse – those who confirm they do **not** use each method, which makes interesting viewing. As shown in Chart 1.4 below – only 21% said they did not use face-to-face banking, compared to about 50% for all the online options (and telephone banking).

**Chart 1.4 – Proportion of 65+ customers who do not use each banking method**



### How other characteristics affect preference

#### Gender

Significantly more women bank mostly face-to-face than do men (30% vs 22%). This stark gender difference has implications for how banks deliver banking and digital inclusion services, and for communications and marketing.

#### Income

We can also tell that lower income groups are much less likely to be online. 34% of those on an income of under £17,500 mainly bank face-to-face and 52% in this income group use one or more form of digital banking, compared to 15% of those with an income of £30,000-£49,999 and just 7% of those with an income of £50,000 or above. Among these two higher income groups, 73% and 87% respectively mainly use online banking.

#### Number of people in household

People are more likely to bank online if they are living with someone else. While only 45% of people living in single person households mainly used an online method to bank, 68% of those living in households of more than one person did so. This could be partly related to age, with widows and widowers being more likely to be older and less likely to use the internet, and could also be that those living alone do not have anyone to help if they are not confident about going online.

# Chapter 2 – The decline in cash and banking services

*“My elderly mother is worried as her bank, has closed the local branch. She is not in good health and rarely leaves the house. She informs me she has a savings account and a current account with them. She wants to transfer the savings to her current account so she can access her monies when she needs to use her debit card from the current account. Mum is hard of hearing and avoids the telephone. Mum has no knowledge of the internet therefore no online bank account access. My question is please-what can I do to help her?”*

*Mailer to Age UK advice line.*

*“Bank branch closures can be a devastating blow for older people, leaving them feeling isolated and helpless. With limited access to digital banking and a preference for face-to-face transactions, they are suddenly forced to navigate a foreign and complicated financial landscape. The closure of a trusted branch can mean they are unable to manage their finances with the ease that many take for granted.”*

*Dale Maskell, Chief Executive, Age UK Cheshire*

## Recent developments in protecting cash

The decline in the use of cash is well documented. According to research by the Royal Society of Arts and LINK, cash withdrawals fell to around half of their pre-pandemic levels during the first lockdown. Interestingly, this decline was less in areas with higher levels of deprivation, which saw a 20% smaller reduction.<sup>3</sup>

In 2021 Age UK published a report [Short changed: how the decline in cash is affecting older people](#), looking at this issue.<sup>4</sup> It has significant consequences for all those – both older people and many other groups in our society – who are reliant on cash as a payment method. We call for a Universal Service Obligation to be placed on the banks, ensuring they will deliver cash to all those who many need it.

Since early 2020 Age UK has been part of the Cash Action Group (CAG), an industry-led initiative aiming to safeguard a future for cash. The CAG also includes going even further to protecting basic banking services, in larger communities at least.<sup>5</sup>

Furthermore, the **Government is legislating** to guarantee access to cash. The Financial Services and Markets Bill sets out the framework by which the regulation to guarantee withdrawals and deposits will work in future.<sup>6</sup> The Bill places responsibility on HM Treasury to produce a policy statement which will clarify the underlying criteria, while also giving the FCA the power to set out the regulatory regime, after consulting the policy statement. It is likely that the policy statement will establish geographic criteria to cash access points – this means that everyone should live within a set distance of somewhere they can get hold of cash.

*“I use cash to help me budget so that it makes me aware of my spending instead of using my card for everything and then getting a shock bill – it helps me budget and not overspend. All banks [here] have closed. All in [a nearby town] about 17 miles away are all closing in August! What message are they telling us – we are inadequate?”*

*Caller to the Age UK advice line.*

*“I like the feel of cash, it’s easier to manage and budget”,*

*Member of the Age UK Policy Sounding Board.*

## What will banking look like in the future

The Cash Action Group has created a system to ensure access to cash and banking services. If a community is lacking in these facilities, the public can request a review and LINK, the existing not-for-profit organisation that helps run cashpoints, will conduct a review of local needs. This review will take into account factors like other sources of cash, as well as information on the local population demographics – having an older population, will be a factor in determining future provision.

LINK will then recommend a solution, ranging from no action being taken to the creation of a shared Banking Hub. A shared Banking Hub would apply to larger communities with no other banks, while solutions for smaller communities include developing an enhanced Post Office, to make its branches more accessible and appropriate for delivering a wider range of banking services than are current delivered in-house, and the installation of new free-to-use ATMs or shops offering cashback without purchase (which itself has recently been introduced).<sup>7</sup>

It should be noted that the Post Office solution is in addition to the existing Post Office Banking Framework, which is an agreement between the Post Office and the banks that customers can make cash withdrawals and deposits in a Post Office branch. This will remain unchanged, and transactions can still be carried out – the new agreement goes beyond this to invest in a select number of branches to better equip them for delivering these banking services.

So, in future, a town might have either a Banking Hub, where customers of all high street banks and building societies could manage their finances; an enhanced Post Office, which is better geared up to deliver banking services than many existing branches are; or in smaller communities, a free-to-use ATM or cashback-without-purchase available in a local shop.

Outside of this scenario, other alternatives utilising new technology, for example OneBanx, might be able to help improve access for some older people.

## Older people's views on Banking Hubs

***“Hubs could work but they MUST all retain a High Street presence – a choice for people.”***

***Caller to Age UK advice line.***

***“I think hubs are a great idea, but need to be thought through – you really need a way of confidentially discussing your finances.”***

***Member of the Age UK Policy Sounding Board.***

The advent of the shared Banking Hubs is welcome, and the banks should be applauded for throwing their weight behind developing these. The pilots in Rochford and Cambuslang have become popular with local communities and embedded in the daily lives of local people and businesses. We believe the spread of this model across the UK is a positive development that has the potential to safeguard physical banking services for years to come. Age UK hopes that Banking Hubs will become commonplace across the country. There are obvious benefits to having a Banking Hub compared to having no branch, but there are also benefits to a shared hub replacing the last bank in town, as customers of all major banks would be able to use it.

Banking Hubs may well provide a solution for many older people, with 49% saying they would be comfortable managing their money from one (26% would not be). As this is a new, unfamiliar concept, we believe that this figure will increase over time, and are confident that once they are more widespread and better understood, the vast majority of older people will be comfortable banking in one.

Our polling suggested that depositing and withdrawing cash would be the most common services used in a Banking Hub, with some people hoping they can do other transactions too. Only 18% said they would not use a Hub. This is shown by Chart 2.1 below.

**Chart 2.1 – Banking services people aged 65+ would like to do in a Banking Hub**



*“Used to have a lot of banks in a nearby town, but now none. A girl comes to the library from [my bank], and they’re cheeky enough to call that a hub. You can only do transfers but nothing else...”*

*Woman with no online access, aged 78, interviewed by Age UK.*

*“Starting bereavement procedures is a huge and sensitive issue that people prefer doing in branch.”*

*Member of the Age UK Policy Sounding Board.*

## Branches keep on shutting...

In recent years bank branch closures have continued apace, with an average of 54 branches shutting each month since January 2015 and 662 closing during 2022<sup>8</sup>. Although the FCA has regulations about how banks should handle closures,<sup>9</sup> in practice there is very little that can be done to prevent them, as this is viewed as a commercial decision and left up to the banks, which only have a requirement to notify customers and stakeholders when doing so. It is worth noting that commercial policy on keeping branches open differs between banks, for example Barclays, which is the individual bank with the most closures, has (at the end of 2022) shut 962 branches since 2015 while Halifax has closed 149. Nationwide, a building society and not a bank, has closed 93 in this period.<sup>10</sup>

Our polling found that if their local branch were to close, nearly one in five survey participants (18%) wouldn't find it as easy to manage their money. While this is a minority, it represents 1.9 million older people.<sup>11</sup> A third said they would bank online and 43% said they would have to travel further to get to a branch. 28% said they would incur additional costs (e.g. travel) to continue banking in a branch, while 19% said they would switch to another bank. The same figure (19%) also said they would be less likely to visit their local high street, highlighting the knock effects of branch closure on smaller urban areas in particular.

**Failure to ensure the survival of bank branches risks cutting a significant minority of the older population out of an essential service, making it difficult to manage their money and to fully participate in society.**

*“All you get is a letter saying ‘your nearest branch is Peterborough’, which is hopeless – you can’t park near the bank, the bus is infrequent and the stop isn’t very near.”*

*Woman with no online access, aged 78, interviewed by Age UK.*

## The use of cash

Parallel to the continued closure of bank branches, the use of cash has declined in recent years, with significant falls during the pandemic, putting the future of cash at risk. Since 2017, cash use had declined at a rate of about 15% per year, which accelerated to 35% in 2020 owing to the lockdowns and reduction in economic activity. As the economy fully re-opened in 2021 usage was relatively stable at this reduced level with just a further 1.7% decline.<sup>12</sup> In spite of these falls, cash remains the second most common payment method (following debit cards), being used for about one in six (15%) of all transactions.

Cash use is higher in certain sectors of the economy, for example retail, and among certain demographic groups, including older people. Many older people are reliant on cash for their day-to-day expenditure. The Access to Cash Review, chaired by the former Financial Services Ombudsman Natalie Ceeney and published in 2019, found that 17% of the UK population, equivalent to about 8 million people, would struggle to cope in a cashless society.<sup>13</sup> This includes about 2.4 million over 65s, which represents 21% of the older population.<sup>14</sup> According to research by the Royal Society of Arts and LINK, this number could be even higher (19%), while 48% of the UK population say it would be problematic for them if cash disappeared.<sup>15</sup>

Cash use is particularly high among some older ethnic minority communities. Separate research commissioned by Age UK in 2021 found that 47% of the Black and South Asian people polled relied on cash in their day-to-day lives to a ‘very great extent’ or ‘great extent’. For the 14% who said a ‘very great extent’, this means they paid for everything, including bills, with cash.<sup>16</sup>

Older people are far from the only group that is reliant on cash, with other groups such as people with mental health conditions, lower income families or individuals who rely on cash for budgeting, and survivors fleeing domestic abuse also often being reliant on cash. This may become even more important as the current cost of living crisis continues.

As a result, Age UK firmly believes that there is a long-term future for cash and it will not be disappearing in the foreseeable future. No matter what advances in technology occur, there will always be people who depend on cash, and it is imperative that it remains in circulation and as a payment method for retail customers.

The Access to Cash Review states:

***“Britain is not ready to go cashless, because digital payments don’t yet work for everyone. The consequences to society and individuals of not having a viable way of paying for goods are potentially severe.”***

The shift towards non-cash forms of payments is itself having an impact on the availability of cash. The Review highlights that the cost of running the network of ATMs is £5bn, however falling demand for cash is making these machines less economical to run.

While the majority of over 65s are comfortable using the internet - There will always be some people who struggle to bank digitally or indeed to use the internet at all. This is not simply because they are older – it is often associated with other factors, for example health conditions, a lack of confidence, or cost.

# Chapter 3 – The Drive to Digital

***“My Dad was recently hospitalised with Covid (he has advanced COPD) and locked himself out of his online current bank account. He is currently receiving palliative care at home and unable to speak on the phone. They have said I could arrange 3rd party access to the account but they would want to speak to my Dad on the phone.”***

***Called to Age UK advice line.***

Previous Age UK research<sup>17</sup> has shown that among older people who would like to use the internet more, a concern that their digital skills are not good enough is the largest factor preventing people from going online, with 59% of 65-74s and 79% of 75+s saying this is the case. A lack of trust in the internet is the second most common reason why people in this group are do not want to go online (39% of 75+s), and we believe that when it comes to managing money, a particularly risky activity, the numbers with a lack of trust will be even higher. These findings are shown in Chart 3.1.

The risk of falling victim to a scam is not an irrational fear, but a very real problem which destroys self-confidence and ruins the lives of a significant number of older people each year.

***“The lack of confidence is huge, people weren’t young enough to learn when it came out. A friend has a computer but won’t use internet banking, and when he needs cash he won’t use the nearby cashpoint a couple of hundred metres away but will walk a mile to his branch of Lloyds.”***

***Member of the Age UK Policy Sounding Board.***

Similarly, the risk of financial abuse, which can be made easier by online banking is of concern to many older people. While the banks have taken measures to address this, for example training call centre staff, it is likely to be much harder to prevent in practice.

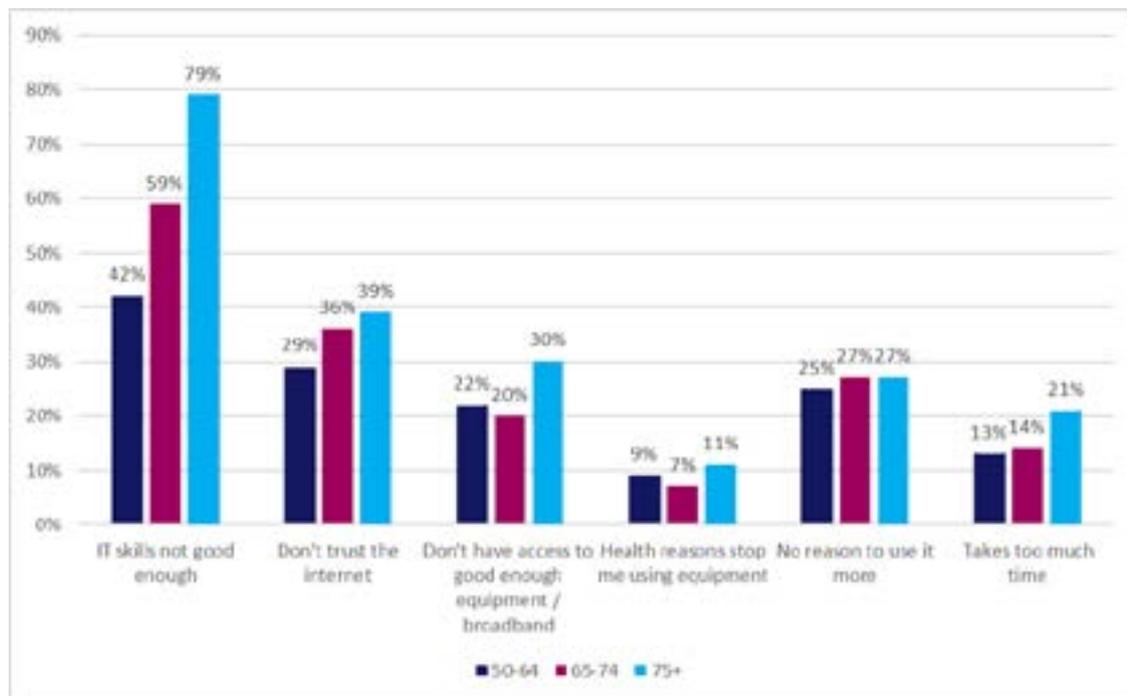
***“Anyone who depends on other people to manage their finances, it can open a can of worms and lead to financial abuse – online banking makes it too easy.”***

***Member of the Age UK Policy Sounding Board.***

***“Power of Attorney does offer some safeguards, but if someone is helping you with online banking the bank have absolutely no idea who’s doing it and it can be very dangerous”.***

***Member of the Age UK Policy Sounding Board.***

**Chart 3.1 – Reasons why people do not use the internet more, among those who say they would like to (by age group)<sup>18</sup>**



Source: Age UK (2021) – Digital inclusion and older people, how have things changed in a Covid-19 world

It is one thing supporting older people to email their grandchildren, but quite another to help them log on to online banking and make an online purchase or transfer money electronically. This requires more confidence and more advanced skills, which can take a significant amount of time and support to develop. There are a number of foundational skills that an older person needs to feel confident to carry out before they can confidently and safely approach online banking, such as turning on a device, browsing the internet, using email and managing passwords. Supporting older people with online banking can often be more complex too, as support providers need to understand and safely manage the sharing of personal information, which comes with data privacy and safeguarding concerns.

To keep developing digital skills and building confidence, ongoing support is also required. Would-be learners need ongoing support, tailored to their needs and preferences, and generally delivered on a one-to-one basis. This level of support can be resource-heavy, and funding for schemes needs to be based on quality rather than quantity of delivery to ensure real impact. Organisations that help older people acquire digital skills, including Age UK, could do much more with greater resources.

***“I refuse to take on online banking because I just don’t have confidence in myself to handle it correctly. All the signs are that Banks will eventually close, and I would like some sort of guarantee that this will not be for some long time. It’s quite right that schools teach I.T. etc so the young grow up knowing how to do this, but it leaves the elderly out - as usual.”***

***Age UK Campaigner, female, age 80***

While the banks would like everyone to move online, the lack of responsibility shown by industry in tackling online scams hinders making this a reality. For example, the widespread failure to adhere to the voluntary code for reimbursing victims of push payment fraud demonstrates the lack of willingness to help consumers.

Much more must be done, both in terms of fraud prevention and giving people the confidence that if they are the victim of a scam or fraud, they will be protected from significant financial loss.

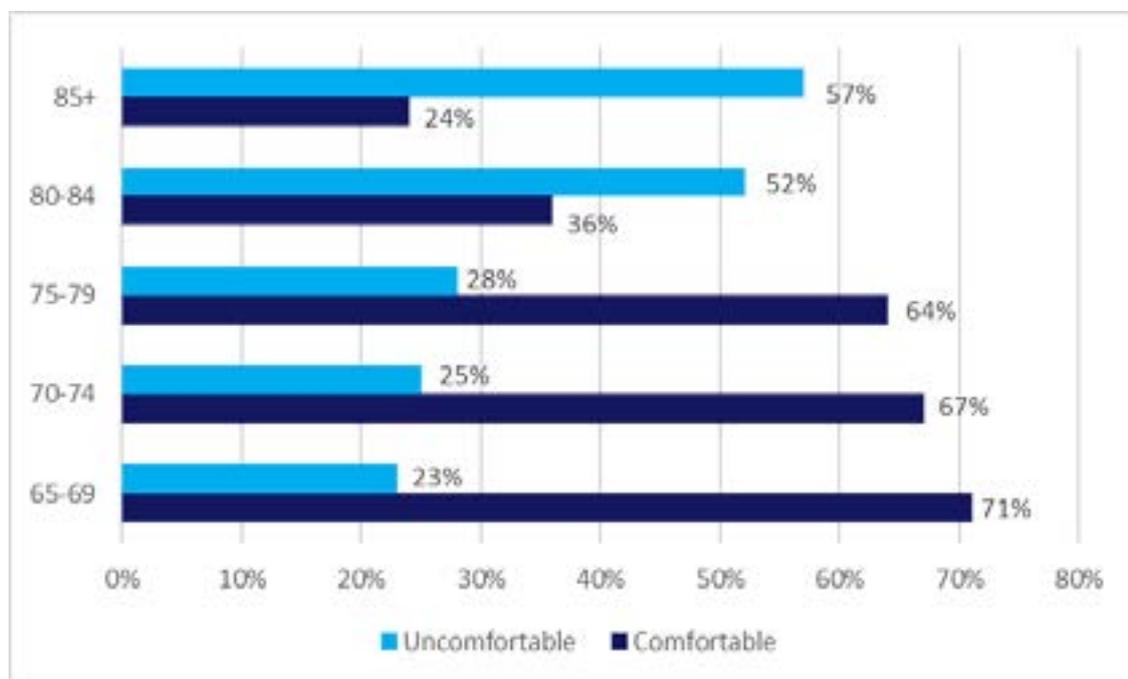
***“My bank wants me to bank online instead of by phone as I do now. I have been told this is not safe. Several years ago a very young friend did this and money was stolen from her account so I am nervous.”  
Caller to the Age UK advice line.***

## How comfortable are older people with online banking?

To try and understand more about how older people bank online, we asked how comfortable people are doing this. This was intended to go beyond factual measures of how people bank, and give a sense of how older people broadly feel about managing their money online. To recap, the majority of older people use a form of online banking as the main method for managing the money in their main account – 58% (64% of men and 53% of women) do so, while others will use it to a lesser degree (i.e. not as the main way of managing their money). We are therefore looking at lack a minority, albeit a substantial one, of older people who do not use online banking.

Overall, six in ten (61%) said they were comfortable with the banking online, while only three in ten (31%) said they were uncomfortable. There was a significant difference between men’s and women’s responses – two thirds of men (66%) said they were comfortable compared to only 56% of women; while only 24% of men were uncomfortable compared to 36% of women.

**Chart 3.2 – View on online banking, by age group**



There is also a significant difference by age group, as shown by Chart 3.2 above. As to be expected, a majority in younger age groups are comfortable, however among the over 80s the majority are uncomfortable.

*“Banks are slowly closing their counter services, everything is geared to internet banking, which as I am 80 I do not want to do internet banking, I would like the government to try and understand older people who do not have a computer or smartphones how they are going to cope.”*

*Age UK Campaigner, aged 80.*

**Even among 65-69s, the youngest age group in our polling, a quarter (23%) say they are uncomfortable with using online banking. This suggests that there will be a large number of older people struggling to manage their money online for many years to come.**

There are no doubt measures that can be taken to help, such as encouraging more people to bank on their smartphone or tablet, investing in digital skills training, and scam prevention – measures which are crucial in supporting people to understand the benefits – but this long tail of digital exclusion will continue to wag for a long time yet.

It is also clear that as branches continue to shut and banks encourage their customers to go online, more must be done to support the large number of older people, particularly those aged 80+, to manage their money. This does not mean solely by investing in digital solutions, but should include providing access to good quality physical and telephone banking services, alongside investments in digital solutions. It is clear from the results of our polling that the need for this is not going away.

*“Banks and industry should be more accessible to older people (or any person) who do not use computers or have smart phones. Need to have a real human at the end of the phone.”*

*Age UK Campaigner, female aged 77*

## Social grade and household income

Our polling has found that the two interlinked factors of household income and social grade are important determinants of whether people feel comfortable with online banking.

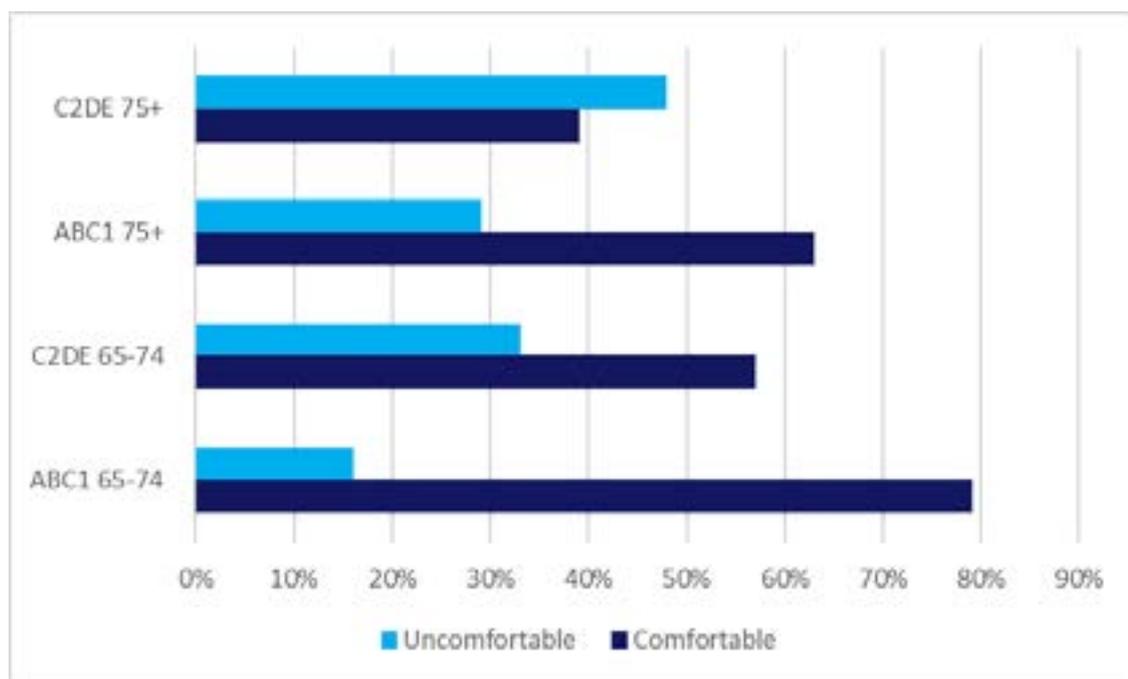
Ipsos, the company which conducted the polling for Age UK, defines social grade as:

***“A classification system based on occupation and it enables a household and all its members to be classified according to the occupation of the Chief Income Earner (CIE)”***

ABC1 is a group of mostly professional occupations, C2DE is a group of mostly manual and routine occupations. It is related to but not the same as income.

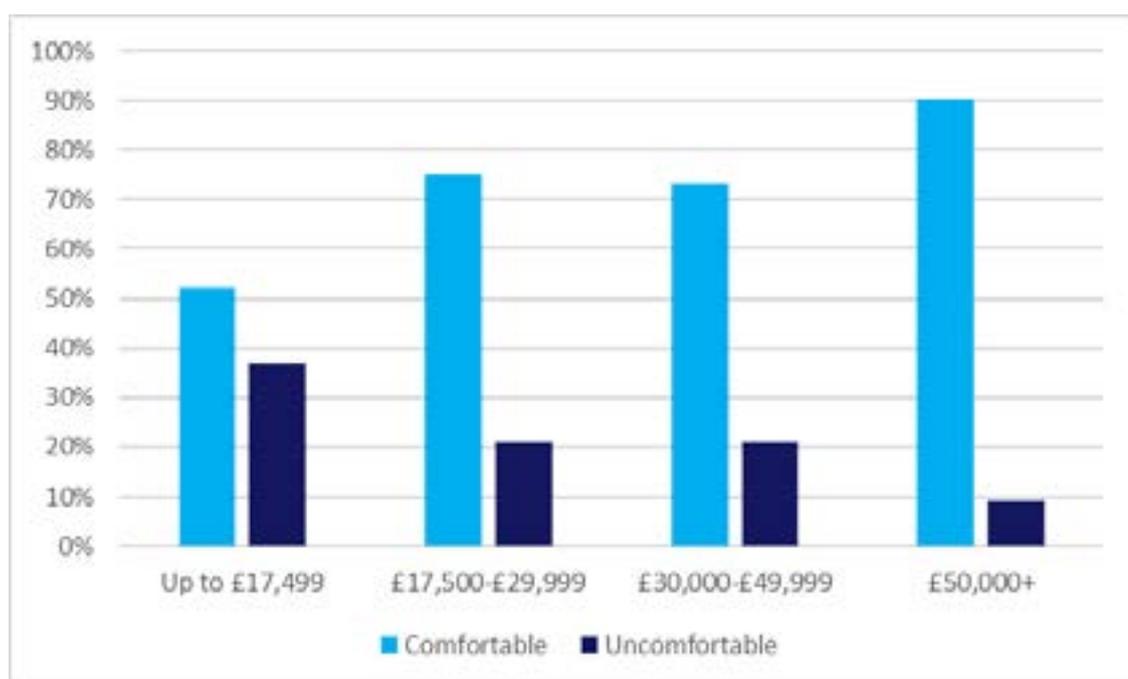
Overall 72% of people in the ABC1 categories were comfortable with online banking, compared to just under half (49%) of those in C2DE categories. There is an important interaction between age and social grade, as shown in Chart 3.3 below. **Even the older group of ABC1 people are more comfortable with online banking than are the younger C2DE group.**

**Chart 3.3 – View on online banking by social grade and age**



And for lower income groups at all ages it promises to be particularly difficult, as they experience significantly lower rates of comfort – for example, 37% of those with an income up to £17,499 were uncomfortable with online banking, compared to 21% of people in the income bands £17,500-29,999 and £30,000-49,999, and just 9% with an income of £50,000+, shown in Chart 3.4. This strongly indicates there are additional difficulties facing older people on lower incomes, and given that the pensioner population is skewed towards the end of the income distribution it is particularly problematic, especially if they are viewed as less commercially desirable for banks to help.

**Chart 3.4 – View on online banking, by household income**

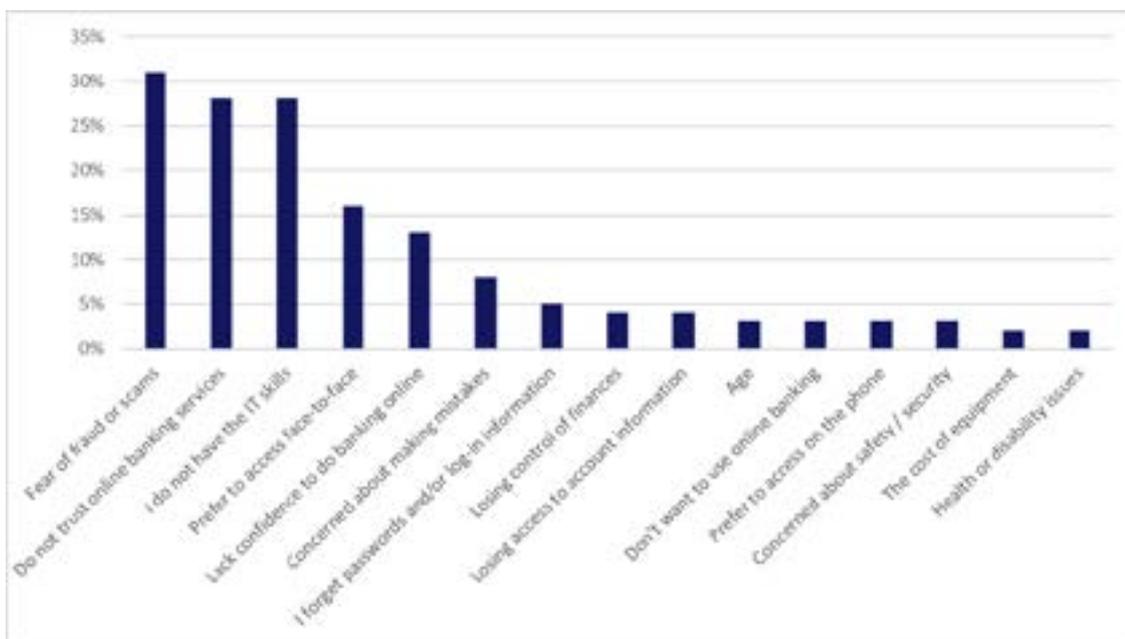


## Uncomfortable online

The polling also probed deeper into the reasons behind the lack of comfort with online banking. Among the 24% of older people who said they were uncomfortable, encouragingly, just 3% said they “don’t want to use online banking”, suggesting that the majority of older people are open to doing so if other barriers can be overcome. With the right support it may be possible to get many more older people managing their money online. Chart 3.5 below shows the reasons in more detail, with fear of fraud or scams, lack of trust of online banking and not having the required IT skills being the most commonly cited reasons.

Similarly, some stereotypical reasons why we might assume older people don’t bank online seem to be incorrect. For example, forgetting passwords was a reason only 5% of those uncomfortable with banking online gave for their discomfort - although for this small minority, who may be experiencing cognitive decline, it is important help is put in place.

**Chart 3.5 – Reasons why older people are “uncomfortable” with online banking**



We firmly believe it should be possible to help many older people bank online. However, the ‘online red-line’ is that those who cannot do so, for whatever the reason, can continue to access the full range of banking services over the phone, in branch, or through another means.

## Supporting older people to get online

***“Physical banking services are very important to older people in Sutton, we frequently hear from people who are finding it difficult to manage their money online and are desperately worried that their bank will close down leaving them cut adrift. We’ve seen so many close in the local area over recent years that it’s very important that what’s left is protected. People need a lot more help and support to go online and so far the banks haven’t done what’s necessary. Age UK Sutton could potentially help with this, but we’d need to be adequately funded to do so – the banks should do more to build these community networks and help give older people the skills and confidence to manage their money online.”***

***Nicola Upton, CEO of Age UK Sutton.***

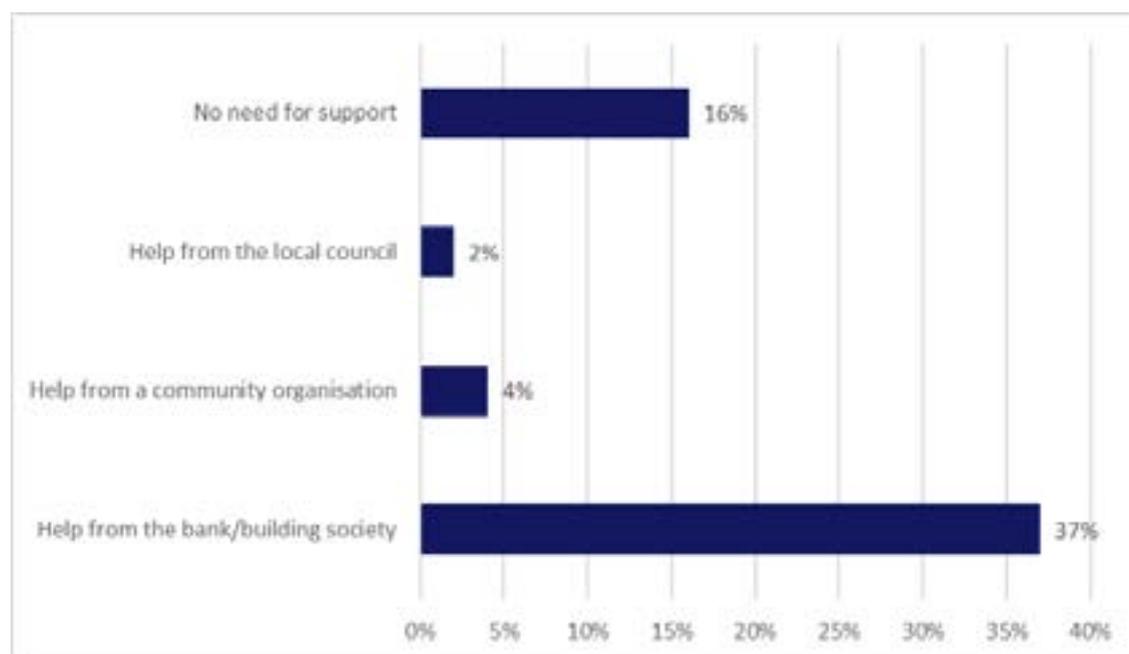
We also asked people what type of support would best help them to manage their money using online banking. This included all respondents, both comfortable and uncomfortable with online banking, but can be broken down by each category. Chart 3.6 presents the aggregated results by the type of organisation (a full breakdown of the results, which include online and offline support is included in the Appendix).

It is abundantly clear that most older people who require support with managing their money online would prefer to receive it from their bank or building society.<sup>19</sup> While about one in six either don't want to bank online or say they don't need any help (16% each), a sizeable minority 37% (40% of men, 34% of women) would like to receive some form of support from their bank, with only a small minority (4%) preferring it from a community organisation. This is perhaps not surprising, many people are reluctant to share their financial details with others, especially when they are not governed by regulatory and statutory codes.

The exception to this is among the 85+ group, with only 16% of this older age group wanting support from their bank. They are, however, less likely to want support from anyone, with far greater numbers compared to other age groups saying they did not want to manage their money online (32%) or that they didn't know (22%). The greatest inclination among this age group was to turn to family and friends (15%), which was broadly consistent with younger age groups and notably higher than 65-69s (8%).

Overall women were less likely than men to want to manage their money online, or receive support from an online source.

**Chart 3.6 – preferred sources of support for online banking**

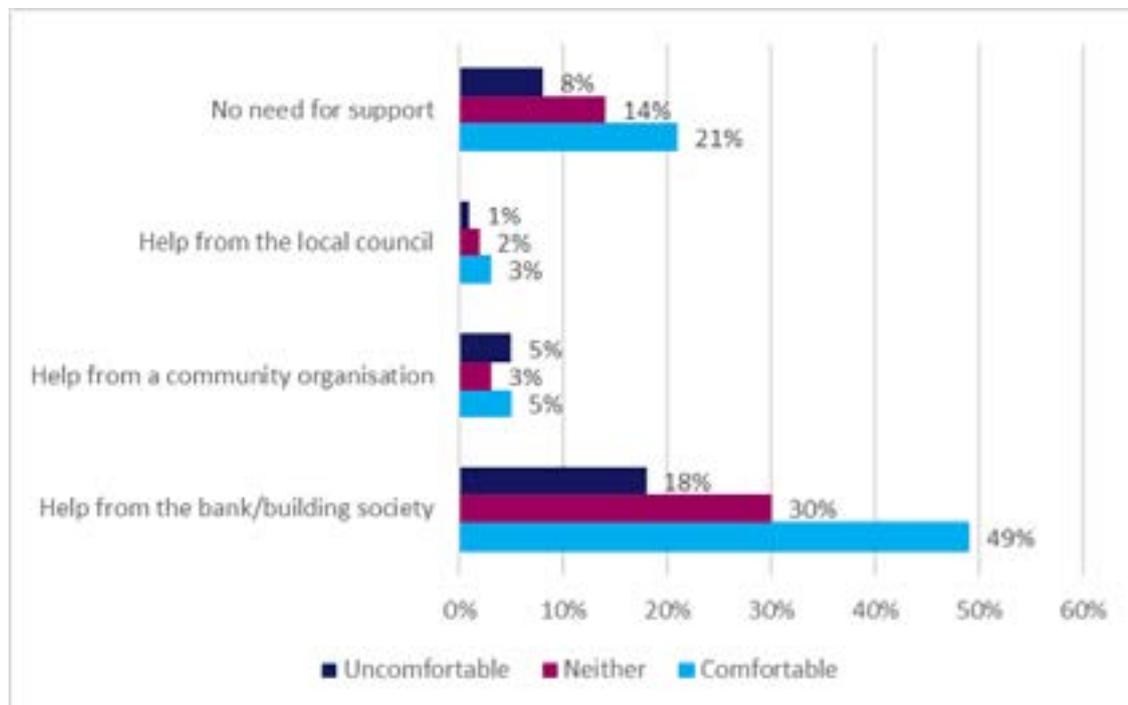


Those who were uncomfortable with online banking were far less likely to want support from their bank, with only 18% stating this (compared to 49% of those who did feel comfortable). This presents a potential problem, where those who could benefit most from banks' initiatives to help them get online being most reluctant to use them, and least likely to turn to their bank for support if they encounter a problem.

This could also manifest in failing to report suspected scams, or by being more likely to rely on family and friends to fulfil their banking needs. It reinforces the earlier point about the importance of creating a solid and fair regime for tackling scams, which gives customers the confidence to know they will be reimbursed and treated fairly if they fall victim. The banks' lack of willingness to assume greater responsibility here could be holding back their efforts to get more older customers online.

These findings are shown in Chart 3.7.

**Chart 3.7, preferred sources of support for online banking among older customers who are either comfortable, uncomfortable, or neither with online banking.**



Among those who are uncomfortable with online banking, over four in ten (42%) say they do not want to manage their money online. If the industry’s goal is to get everyone online, then this group could be particularly problematic, seemingly having neither the desire nor the confidence to bank digitally.

## Other issues

Older people who are less tech savvy face a range of problems when trying to access online banking. For example, **two factor authentication** can be a problem:

*“Can a bank be asked to allow two phone numbers to access online banking? My stepmother is 81 and asks me to keep an eye on her account but because of the 2-step authentication process, often, by the time she relays the texted code, the log-in attempt has timed out! I don’t particularly want the responsibility of having full POA but want to help with simple things for her.”*

*Mailer to Age UK advice line.*

This system only came into force in 2022, and banks and the regulator need to make sure that the rules are being applied fairly and taking additional steps to help their vulnerable customers.

There is an assumption that everyone trying to buy goods or bank online will have access to other forms of technology. This is not the case, for example with only 9% of 65+s using a smartphone to go online.<sup>20</sup> One caller told us how they tried to help their neighbour make an online purchase but because she did not have a mobile the transaction was denied.

***“My 80 year old next door neighbour has no mobile or smartphone yet she asked me to help her buy some white goods online. We went to pay using her card in an incognito page, but it was refused. After an hour on hold and a visit to the bank we were told because she does not have a mobile they won’t allow her to do online transactions.”***

***Mailer to Age UK advice line.***

From our own delivery of digital support services, we also hear from participants that they can be embarrassed about not being digitally savvy. They tell us they are afraid to admit if, for example, they do not have good skills or have been a scam victim, and may not like asking for help from friends and family as they do not want to be a burden.

Furthermore, there are also many older people who are lapsed internet users, who previously may have been able to manage their money online but for whatever reason (for example their computer breaks or they develop an impairment) are no longer able to. This point was highlighted in Age UK’s 2020 report on the issue, ‘Not like riding a bike: why some older people stop using the internet’<sup>21</sup>

***“Some of those people who are online may not be able to use it in future, so there needs to be a backup”.***

***Member of the Age UK Policy Sounding Board.***

For people living in rural areas there can also be additional difficulties. It is doubly unfair to remove face-to-face banking services and push people online when there are still parts of the country where it is difficult to access the internet or get a mobile phone signal. Older people living in these areas will not have had the opportunity to become digitally included, so suddenly expecting them, at the drop of a hat, to become digitally savvy and able to bank online is unrealistic and unfair.

***“Our community is very rural and there are still a great many places where it’s not possible to get a mobile phone signal or a decent broadband connection. As a result many older people are offline, and even for those who can see the appeal of being digitally included it’s simply not doable. As the banks continue closing branches and tell older people to manage their money online, more people are facing very long, difficult journeys or having to turn to friends and family, and we’re concerned is putting them at an unnecessary risk of fraud. It’s vital that the banks provide proper, meaningful support to everyone who needs it, and that they maintain access to cash and banking services for all older people.”***

***Amy Whyte, CEO of Age UK Northumberland.***

***“I live in a village where the Post Office is only open one day per week, people go there for cash, but in some ways it’s ideal to bank online.”***

***Member of the Age UK Policy Sounding Board.***

# Appendix

## The polling

### Ipsos polled 1,147 people aged 65+ in March and April 2022.

The questions asked were:

Thinking about your main bank account is that held with a bank, building society, Post Office or elsewhere? This may be your own personal account or a joint account you hold with somebody else.

On balance, what is the main way you manage the money in your main bank account? This may be your own personal account or a joint account you hold with somebody else.

How often, if at all, do you use each of the following methods to manage the money in your main account? [online using a desktop computer or laptop; online on a mobile phone or tablet website; mobile or tablet banking app; telephone; face-to-face counter services.]

Compared to before the COVID-19 pandemic, nowadays, has managing the money in your MAIN account become easier, harder or is there no difference?

Which, if any of the following activities would you specifically want to do in person at a branch of the bank, building society, Post Office, by that I mean you wouldn't want to undertake the task in any other way?

Has a bank or building society branch you used to use for your MAIN account closed in the last five years?

What would the impact be, if any, if the bank or building society branch you used was to close?

How comfortable, or uncomfortable, are you personally with withdrawing cash from each of the following? Please assume there is no charge when withdrawing cash from these locations.

If the branch of bank or building society you use or could use closed, how comfortable or uncomfortable would you be with managing your money for your main account in person in each of the following locations? [Post Office, mobile branch, franchise counter, public building].

If a local branch of your bank or building society was not available for your main account but you could access these services in person at a Shared Banking Hub premises, what services, if any, do you think this Hub should provide?

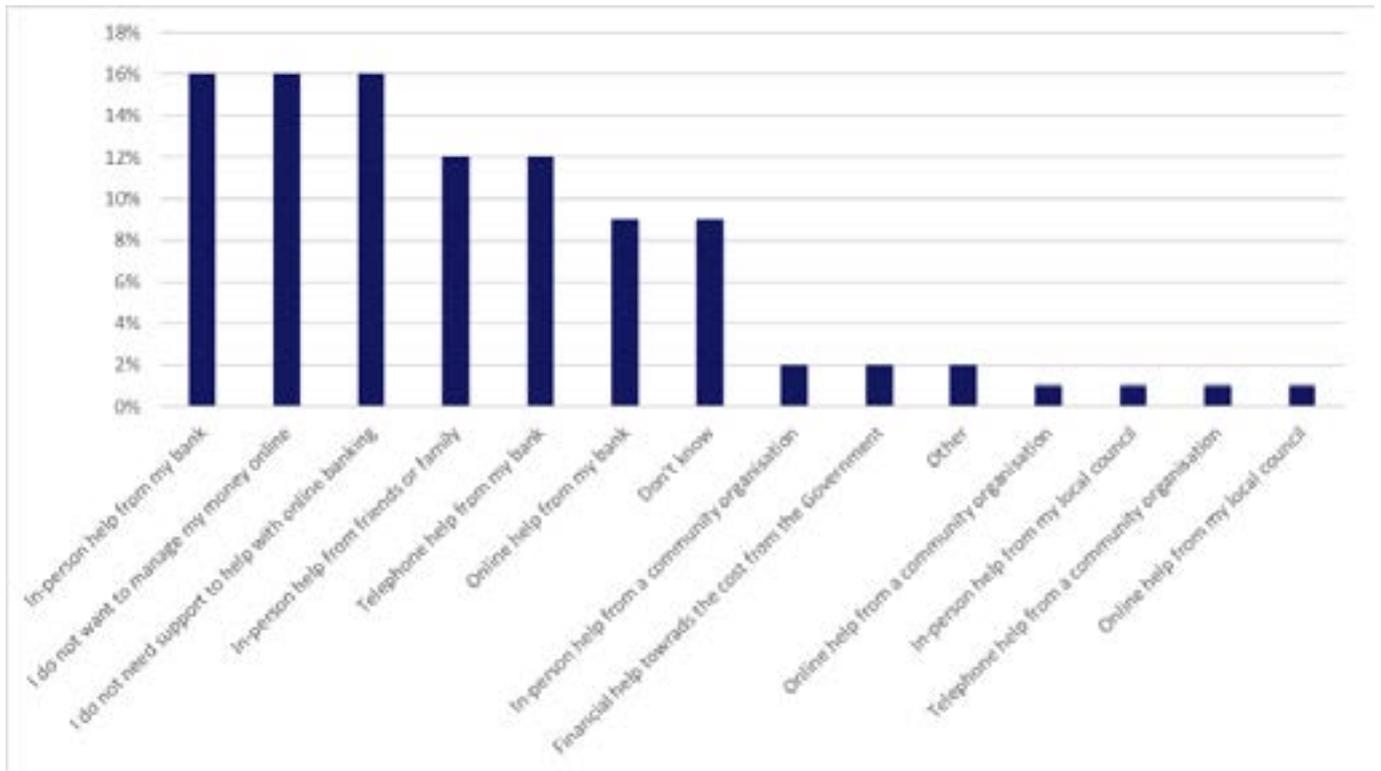
How comfortable or uncomfortable would you personally be for the main place you manage the money in your main account to be a Shared Banking Hub?

How comfortable, or uncomfortable, are you or would you be using online banking?

You said you were not comfortable using online banking. Why do you say that?

Which one of the following types of support, if any, would best help you to manage your money using online banking services?

**Appendix Chart 1 – full breakdown of types of support older people would require to bank online (all 65+ who do not bank online)**



Cover image: from the Centre for Ageing Better's age positive image library <https://ageing-better.org.uk/news/age-positive-image-library-launched>

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- <sup>1</sup> Financial Conduct Authority (2021), Financial Lives Survey 2020
- <sup>2</sup> Payment Systems Regulator (2022) <https://www.psr.org.uk/news-and-updates/latest-news/news/psr-sets-out-proposals-to-give-greater-protection-against-app-scams/#:~:text=Of%20these%20reported%20cases%2C%20currently,by%20the%20Lending%20Standards%20Board.>
- <sup>3</sup> Royal Society of Arts / LINK (2022), The cash census: Britain’s relationship with cash and digital payments
- <sup>4</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind\\_the\\_headlines\\_shortchanged.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/reports-and-briefings/money-matters/behind_the_headlines_shortchanged.pdf)
- <sup>5</sup> <https://www.ukfinance.org.uk/press/press-releases/pivotal-moment-banks-consumer-groups-post-office-and-link-join-forces-help-protect-cash-services>
- <sup>6</sup> See Schedule 8 of the Bill, <https://publications.parliament.uk/pa/bills/cbill/58-03/0146/220146.pdf>
- <sup>7</sup> <https://www.moneyexpert.com/news/new-legislation-to-permit-cashback-without-purchase/>
- <sup>8</sup> Which?, (2022), Bank branch closures
- <sup>9</sup> These guidelines have recently been extended to include partial closures (i.e. reduced opening hours) <https://www.fca.org.uk/news/press-releases/fca-updates-guidance-branch-closures>
- <sup>10</sup> All figures are from Which? (2022), Bank branch closures, updated 2 December 2022 <https://www.which.co.uk/money/banking/switching-your-bank/bank-branch-closures-is-your-local-bank-closing-ayYyu4i9RdHy>
- <sup>11</sup> Age UK calculation based on the Great Britain 65+ population using the Office for National Statistics mid-year population estimates for 2021.
- <sup>12</sup> UK Finance, Payments Market Report 2022, <https://www.ukfinance.org.uk/news-and-insight/press-release/contactless-makes-third-all-payments-while-cash-use-falls-again-in>
- <sup>13</sup> Access to Cash Review (2019), Final Report, <https://www.accesstocash.org.uk/media/1087/final-report-final-web.pdf>
- <sup>14</sup> Financial Conduct Authority (2021), Financial Lives Survey 2020
- <sup>15</sup> Royal Society of Arts / LINK (2022), The cash census: Britain’s relationship with cash and digital payments
- <sup>16</sup> Agroni polling of 501 older Black and South Asian people commissioned by Age UK and conducted in July and August 2021 in Bradford, Birmingham, Manchester, Leeds, Leicester and London.
- <sup>17</sup> Age UK analysis of ELSA Covid-19 Substudy, Wave 1, 2020. Taken from Age UK (2021), Digital inclusion and older people – how have things changed in a Covid-19 world
- <sup>18</sup> Age UK analysis of ELSA Covid-19 Substudy, Wave 1, 2020. Taken from Age UK (2021), Digital inclusion and older people – how have things changed in a Covid-19 world
- <sup>19</sup> This is a different question to asking from whom people would prefer to receive support to learn to go online, which we did not ask in our polling.
- <sup>20</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0020/234362/adults-media-use-and-attitudes-report-2022.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0020/234362/adults-media-use-and-attitudes-report-2022.pdf)
- <sup>21</sup> [https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/lapsed\\_users\\_report\\_march-2020.pdf](https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/lapsed_users_report_march-2020.pdf)

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