



Inclusive Financial System for the Aged



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Changing Contours of Indian Population

- India - 7th largest country; 2nd largest population - 1134 million in 2005 (17 % world's population)
- Aged (aged over 60 years) population in India: 84.7 million (7.5 %) in 2005; to rise to 141 million (10.2 %) by 2020; 194 million (13%) in 2030.
- Aging population requires additional attention - from society & Govt.; more funds for pension, health and other social benefits.



Saving for Old Age

- India - among the highest savers in emerging market economies.
- Gross Domestic Saving: Up from 23.5% of GDP in 2001-02 to 34.8 % in 2006-07.; Household savings up from 22.1% to 23.8% same period.
- Financial savings however constituted only 47.5 % of total household savings.
- Competing motives for household savings - retirement is main; others - liquidity to meet exigencies, housing, consumer durables etc



Preserving the Value of Savings

- Inflation erodes the value of savings
- RBI Policy focus is on price stability and containing inflation.
- Price stability objective is critical for social security



Financial knowledge/ Financial Education

- Critical for retirement planning
Penn Law School study:
- Financial products are complex and opaque
- Financial literacy would not suffice;
- Expert advice, Simplification & Transparency, Incentives for aligning to consumers' best interests; Regulation against high risk products etc are more crucial



Financial Education and Retirement Planning

Wharton Prof. Olivia Mitchell:

- **3 categories of Retirement Capital**
 - **Social Capital - Family, Community, Networks;**
 - **Health Capital - Physical/Mental investments;**
 - **Financial capital - Money and Financial acumen.**
- **Retirement challenges, future cost of healthcare, erosive power of inflation - under estimated by many**
- **A study showed low level of financial knowledge; only 18% people could correctly answer simple financial questions**
- **Companies should provide quality financial education to employees; (RBI experience)**



Financial Inclusion for Financial Protection

- Safe and accessible avenues for savings
- Safe and reliable payments
- Measures like no-frills accounts, GCC, small overdrafts
- IT enabled financial inclusion
- Social Security/pension payments through smart card accounts with biometric identification - AP Govt. Experiment



Housing and Health Care

- Housing - a key driver, significant increase in housing loans/housing stock.
- Health care - another important factor; Gol launched exclusive health insurance scheme, *Varistha* Mediclaim for Senior Citizens (Dec. 2006).
- IRDA has initiated number of steps for designing customised products for senior citizens and simplification of requirements/ procedures



Banking/Financial Products and Services for Senior Citizens

- Senior Citizens Savings Scheme (Gol, 2004)
- Specialised Deposit Scheme for senior citizens by banks
- Government Securities Act, 2006 - facilities for investment in relief bonds etc Reverse Mortgage Loans
- Reasonable/concessional bank charges
- Facilities to Pensioners - Joint account with spouse, quick processing, early credits



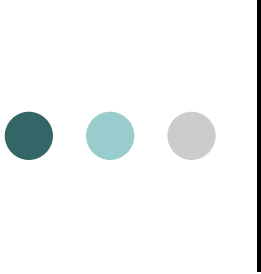
Banking/Financial Products and Services ...

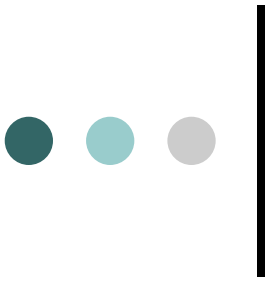
- **Simplification of procedure - Deceased account holders**
- **Operation of Accounts by Old & Invalids - Special instructions to banks**
- **Supply of Passbooks - all accounts holders.**
- **Liberal and simplified remittance facilities, joint operations of NRO accounts etc**
- **Senior citizen representation in Branch Level Customer Service Committees**



Tips to Senior Citizens

- Obtain and read the BCSBI's Code
- Clearly understand 'Average Quarterly Balance' concept
- Fill up necessary forms if TDS does not apply to you
- Do not keep the card and its PIN together
- Never disclose the card number or CVV number to others.
- Beware of 'phishing attacks' in online transactions- use only secured site
- Note - no interest is payable on the post maturity in the various senior citizen Govt. deposit schemes
- Finally, if you have a complaint, first approach the Bank, then the BO if complaint is not resolved by bank.

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- **Banks have special privileges and obligations.**
 - **Banking - a trust based relationship**
 - **Banks need to take special care for the senior citizen.**



Thank you!