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AARP Financial Innovation Frontiers report reveals only one in four 50-plus consumers is highly confident they can meet their financial needs in the next five years

Report outlines expected cumulative market revenue of \$83B over the next five years by 50-plus consumers on alternative financial services

WASHINGTON, DC— People aged 50-plus will generate \$83 billion in revenue for the fast-emerging alternative financial services sector over the next five years, according to **AARP's Financial Innovation Frontiers** report released today. The research also found that only one in four 50-plus consumers is highly confident they can meet their financial needs in the next five years.

As start-up companies pitch their solutions at today's **AARP LivePitch event**, the Financial Innovation Frontiers report demonstrates the breadth of the available market. The report highlights how financial services innovators can have an impact among this demographic and outlines the need for personalized multi-channel solutions to allow financial transactions when and where consumers want.

"This research shows the economic buying power of the 50-plus population who are increasingly turning to alternative financial services due to feeling that traditional bank offerings are not meeting all of their financial needs," said Jody Holtzman, senior vice president of market innovation, AARP. "Fintech companies are hoping to tap into this market by offering digital tools to address the unprecedented financial stress and complexity faced by this demographic."

The research found that the 50-plus segment will spend \$15.3 billion in the alternative financial services sector by the end of 2017, and that number is expected to grow by a healthy 4.25 percent annually through 2021. In addition, this industry is expected to syphon off \$1.6 billion from banking revenue on checking and savings, consumer credit card and lending products in the next four years in addition to \$1.2 billion in organic growth.

Other key findings of the Financial Innovation Frontiers report include:

- 50+ consumers represent only 35 percent of the U.S. population but control more than half of the nation's investible assets.
- Many 50+ consumers are financially exposed and ill-prepared in three critical areas:
 - Financial fitness
 - Healthcare emergencies
 - Retirement readiness
- 50+ consumers are projected to lose multitrillion dollars in retirement savings by 2021 due to various burdens:
 - \$4.3 trillion due to career setbacks
 - \$4.1 trillion due to unplanned withdrawals
 - \$1.3 trillion due to student debt
- Financial innovators can help by focusing on the following:
 - Removing friction in the customer journey and enabling consumers multi-channel access
 - Delivering personalized service and connecting customers with advisers and a care circle at pivotal moments
 - Helping Americans save for retirement and coping with ongoing healthcare costs
 - Showing customers a comprehensive financial picture
- 41 percent of 50+ consumers faced a major medical event in the past five years, and 18 percent indicated they could not cover any out-of-pocket expenses from a healthcare emergency.
- 50+ consumers are active users of digital devices; with close to half (45 percent) consumers saying they are comfortable with mobile commerce and mobile banking.

The Financial Innovation Frontiers report can be found here: www.aarp.org/fif2017

Report Methodology:

Javelin Strategy & Research, a research-based advisory firm that helps its clients to make better-informed business decisions in a digital financial world, conducted an online survey of a representative sample of 2,000 consumers over the age of 49 in January and February 2017. The overall margin of sampling error is +/- 2.19 percent. Additional data analyzed in this report come from a proprietary Javelin consumer survey fielded to

10,639 U.S. consumers in May 2016. The overall margin of sampling error is +/- 0.95 percent. The margin of sampling error is larger for subsegments in either survey sample. Some supplemental data for Javelin's models were drawn from third parties. Other sources for inputs into the models in this report include: The Center for Financial Services Innovation, Federal Reserve, Moebs Services, BankDirector.com and Creditcards.com.

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About AARP

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. With nearly 38 million members and offices in every state, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, AARP works to strengthen communities and advocate for what matters most to families with a focus on health security, financial stability and personal fulfillment. AARP also works for individuals in the marketplace by sparking new solutions and allowing carefully chosen, high-quality products and services to carry the AARP name. As a trusted source for news and information, AARP produces the world's largest circulation publications, AARP The Magazine and AARP Bulletin. To learn more, visit www.aarp.org or follow @AARP and @AARPadvocates on social media.

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