A Cross-Country Analysis of Population Aging and Financial Security

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A Cross-Country Analysis of Population Aging and Financial Security

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Abstract

Throughout the world, policy makers are concerned about the impact that population aging will have on households' financial security, especially those groups most likely to be vulnerable—women, the less educated, and the poor. We use data from the *2014 World Bank Global Findex* and supplement it with macroeconomic indicators of old-age security to investigate the financial security of households across both developed (OECD) and developing (non-OECD) countries with various aging populations. Five fundamental indicators of financial security are examined. Results show an aging effect for all measures. The aging effects are largest for those who report saving for old age. Older age groups living in countries with larger aging populations are more likely to save, regardless of OECD status. Also, those who are female, have less education, and lower incomes are particularly vulnerable, especially those living in developing countries. Further, the financial security of those living in non-OECD countries is significantly more likely to be affected by public pension spending and other key indicators of old-age security. Financial inclusion and technological usage also have a significant and positive impact on financial security. These factors could play a key role in promoting savings and improving financial security in aging populations worldwide. The findings from this study have important policy implications given the pressures that some countries' social support and public transfer systems will face in the coming years.

JEL Classification: D10, D14, D31, E21, G10, G20, H55, J10, J11, 017, R20

Keywords: population aging, financial security, savings, financial inclusion, old age, retirement, public pension spending

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