**REGIONAL OFFICE FOR ASIA AND THE PACIFIC**

# AFTN Seminar, Comments on: Research Panel I: "Population Aging – Productivity and Digitalization"
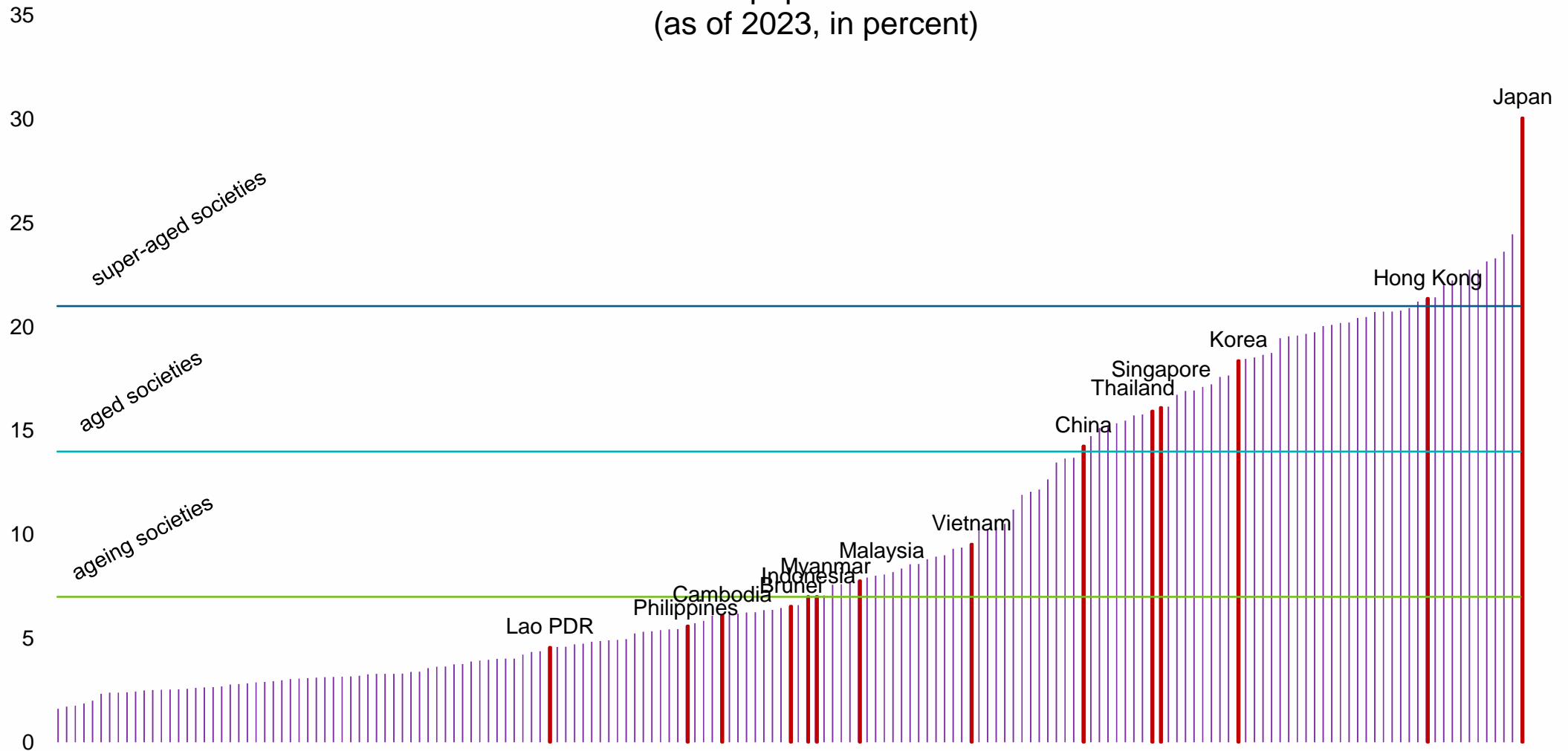
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# Summary of Papers

- The papers highlight the interconnectedness of demographic trends, economic policies, and technological advancements in shaping the future of ageing societies, across ASEAN+3 economies.

  - ▸ **Brunei Darussalam**: how does the shifting population age structure impact labor productivity?

    - ◆ Shows that older employees exhibit a positive impact on labor productivity amid a rapidly aging labor force.

  - ▸ **Korea**: how to achieve digital financial inclusion among the elderly?

    - ◆ Surveys policy steps towards digital financial inclusion of the elderly, also in the light of CBDCs.

  - ▸ **China**: how can smart elderly care platforms support elderly care?

    - ◆ Case study shows how much progress we have observed in creating smart elderly care and the many challenges still ahead.
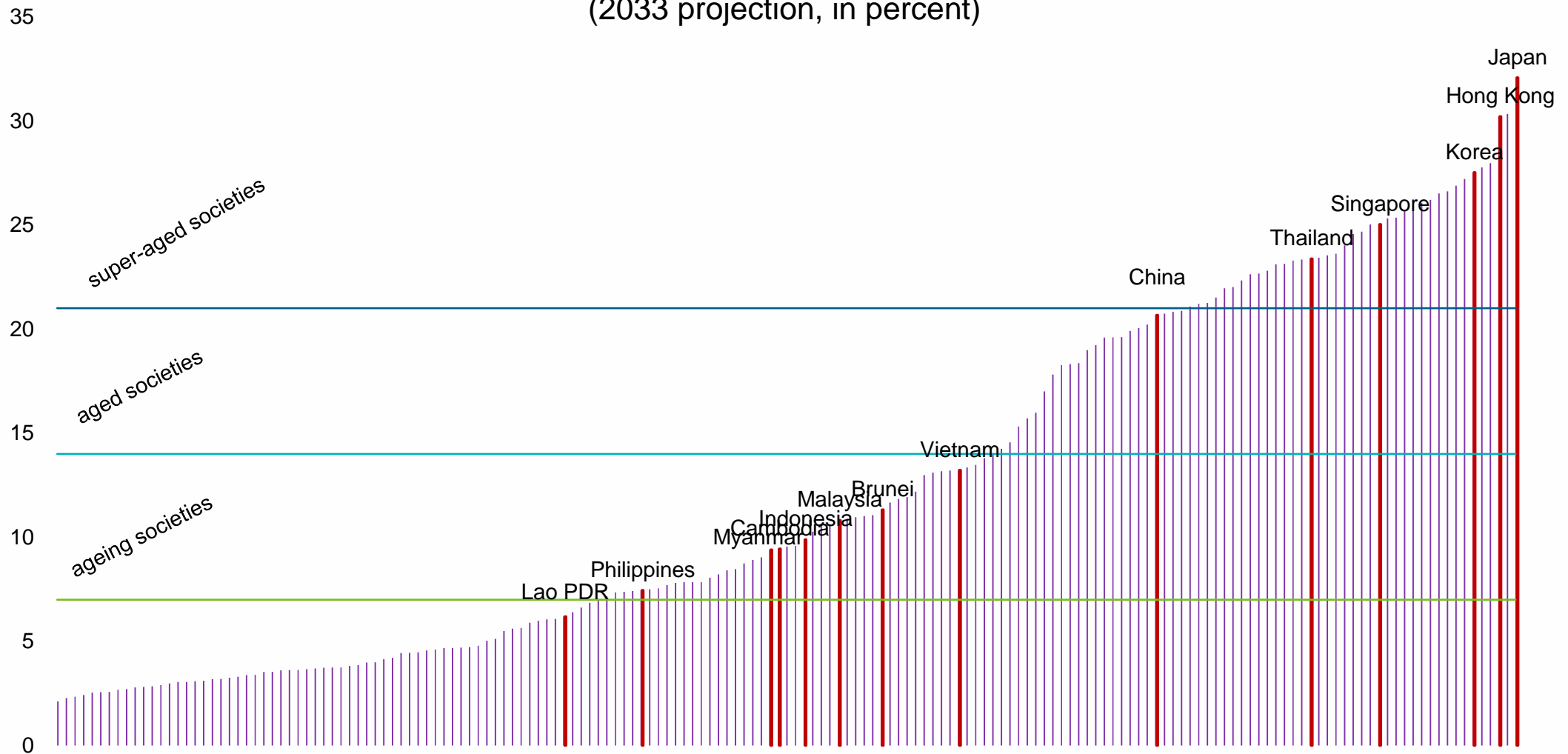
# Context

## Share of population over 65
## (as of 2023, in percent)



super-aged societies

aged societies

ageing societies

Japan

Hong Kong

Korea

Singapore

Thailand

China

Vietnam

Malaysia

Myanmar

Indonesia

Brunei

Cambodia

Philippines

Lao PDR

Source: United Nations, World Population Prospects (2022) via Our World in Data; own calculations

# Context

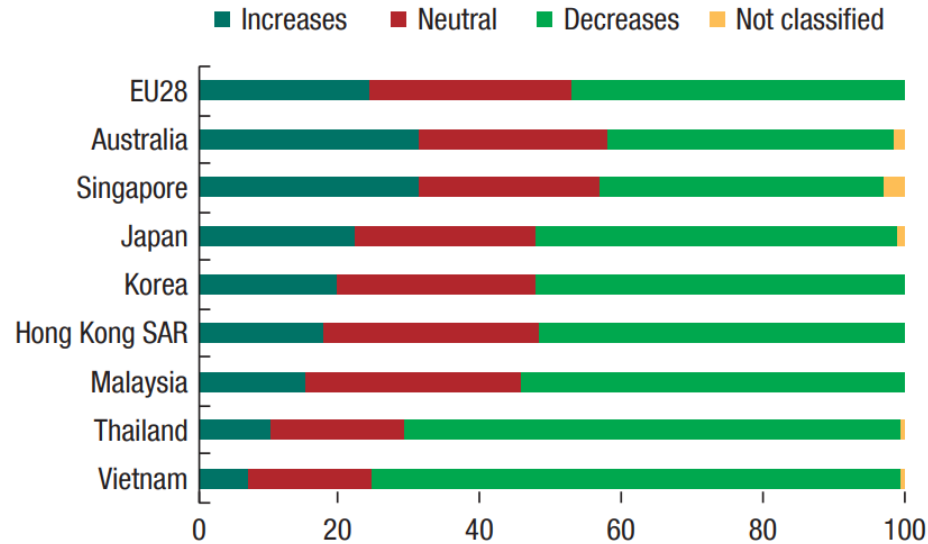## Share of population over 65
## (2033 projection, in percent)



Source: United Nations, World Population Prospects (2022) via Our World in Data; own calculations

# "Asia: At Risk of Growing Old before Becoming Rich?" IMF, REO April 2017



**Figure 2.7. Share of Workforce Whose Productivity Rises or Falls with Aging**
*(Percent of total workforce, latest available)*

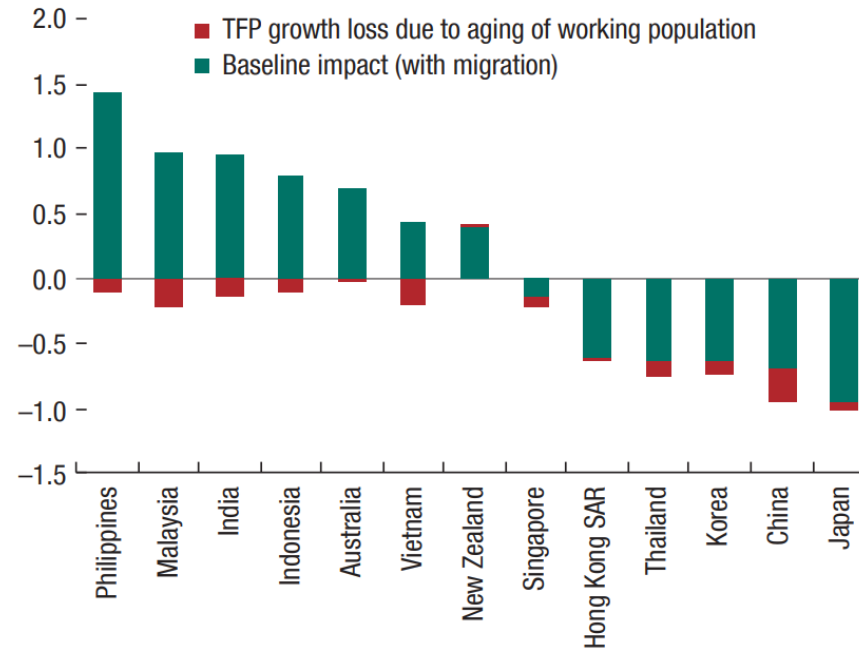Legend: ■ Increases ■ Neutral ■ Decreases ■ Not classified

Sources: International Labour Organization; Veen 2008; and IMF staff calculations.
Note: Category productivity "increases" with age comprises managers and professionals; category "neutral" comprises clerical support workers and services and sales workers; category "decreases" comprises technicians, skilled agricultural workers, forestry and fishery workers, craft and related trades workers, plant and machine operators and assemblers, elementary occupations, and armed forces occupations.

# "Asia: At Risk of Growing Old before Becoming Rich?" IMF, REO April 2017



**Figure 2.8. Baseline Growth Impact of Demographic Trends and Impact of Aging on Total Factor Productivity**
*(Percentage point impact on real GDP growth; average, 2020–50)*

Legend:
- TFP growth loss due to aging of working population
- Baseline impact (with migration)

Countries (left to right): Philippines, Malaysia, India, Indonesia, Australia, Vietnam, New Zealand, Singapore, Hong Kong SAR, Thailand, Korea, China, Japan

Source: IMF staff estimates based on United Nations 2015 (medium-fertility scenario) and Penn World Tables 9.0.
Note: Estimated impact of workforce aging on total factor productivity (TFP) growth follows Aiyar and others 2016 based on a sample of Asian and European countries.

# Comments

**"Population Age Structure Change and Labour Productivity: Evidence from Brunei Darussalam"**

- How do labor force participation rates within age groups change amid ageing?

- How do these labor force participation rates capture ageing and population age structure?

- How do your results change with other variables capturing age structure?

# Questions for Discussion

- Digital financial inclusion
  - What would be the most important arguments for more digital financial inclusion as a priority policy goal in Korea or other ASEAN+3 economies?
  - What would be its main benefits versus costs, both monetary and non-monetary?

- Digitalization among the elderly
  - A common theme is low smartphone usage, including because of affordability concerns and lack of understanding of digital technologies. What would be the role of government to improve digital uptake among the elderly?

- Smart elderly care
  - How to foster more innovation in smart elderly care? How to better align demand and supply for these products to achieve more marketization? Is this even possible in the short-term or should this be left to governments (e.g., externalities, public good)?

- Digitalization and labor markets
  - Another key function of digitalization in ageing societies is supporting the labor market amid a shrinking workforce, especially AI. How does progress look like across the region?