Investigating a Psychological Perspective of Reverse Mortgage

- How is Reverse Mortgage Perceived by Potential Borrowers in Sweden?

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Abstract

It is evident that in the future the population in the world will consist of a larger proportion of elderly compared with today. The population in Sweden will also have an increasing number of elderly and the economic situation for many of these elderly will be difficult and many will suffer from poverty. However, many elderly in Sweden are house rich and cash poor and thus have their wealth tied up in this illiquid asset. A suggested viable solution to improve the difficult economic situation for elderly that needs extra income and owns a house is a financial instrument called reverse mortgage. Reverse mortgage was introduced on the Swedish market 2002. Despite the potential on the Swedish market reverse mortgage has had a limited widespread among Swedish potential reverse mortgage borrowers. Considering what previously has been mentioned and that reverse mortgage still is an unexplored research area, this study aims to answer the question how is reverse mortgage perceived by potential borrowers in Sweden?

The purpose of this study is to get a deeper understanding of perceptions regarding reverse mortgage held by potential borrowers. Furthermore this study has an approach of constructivism and hermeneutic and is inductive with elements of deduction. In order to answer the research question and fulfill the purpose of this study a qualitative research strategy has been used. In line with this research strategy a focus group with seven potential reverse mortgage borrowers in Sweden has been conducted.

This study’s theoretical frame of reference consists of three parts. These three parts are reverse mortgage, psychology and behavior finance. This theoretical frame of reference is together with the gathered empirical data from the focus group the basis of this study’s conclusions and contributions.

This study contributes with new knowledge to the research area of reverse mortgage. The new knowledge contributes to create a deeper understanding of potential reverse mortgage borrowers’ perceptions in the focus group. Some of the most significant findings are that the focus groups initial negative perception changed to become more positive towards reverse mortgage which indicates an evolution of perception regarding reverse mortgage. The study also contributes to disclose new reasons when potential borrowers would take the loan, new feelings and characteristics associated with the loan by the potential borrowers in the focus group.

Key words: Reverse mortgage, perception, potential borrowers, psychology and behavior finance.
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1. Introduction

In this first chapter the subject reverse mortgage is introduced. The chapter starts with the problem background to this study and to reverse mortgage. After reverse mortgage has been introduced the previous conducted reverse mortgage research is briefly presented. Furthermore this leads to the knowledge gap and this study’s research question and purpose. The final part of the chapter presents the contributions and delimitations made by conducting this study as well as the disposition of the remaining study.

1.1 Problem background

The world’s population is expected to grow rapidly during the next coming 40 years according to a report made by the United Nations (UN, 2011a, p. 7-8). This rapid growth is mainly due to the fact that mortality rate is decreasing and average life expectancy is increasing (UMAC, 2011; UN, 2011b; WHO, 2012). Because of this the amount of elderly in the world will grow steadily and a larger proportion of the world’s total population will consist of people over 65 years compared with today.

Sweden’s population is also expected to grow rapidly during the next coming decades. People in Sweden who are 65 years or older will be the part of the population that will grow the fastest in the future. As a consequence of the rapid growth of elderly one-fourth of the entire population in Sweden will consist of people who are 65 years or older in year 2060 (SCB, 2012, p. 30, 266). This rapid growth of elderly is due to the increased average life expectancy observed and forecasted in Sweden (SOU, 2011, p. 10-11).

Behind the rapid growth of Sweden’s population are a lower mortality and an increase in immigration and birth rates. One reason to why the mortality rates steadily have declined is because of the development and progress in medical treatment (SCB, 2012, p. 12). The progress in medical treatment could therefore be a part of the explanation to why Sweden’s average life expectancy is growing (SOU, 2011, p. 10).

As the older population in Sweden will increase, it will also induce an increase in the amount of pensioners living in Sweden. The growing numbers of pensioners need to be supported by the people of working age which has stagnated in growth. This implicates that the pensioners exceed the amount of working people and this will therefore put pressure on the Swedish pension system (SOU, 2011, p. 30). Furthermore, this fact emphasizes the importance to acknowledge pensioners and their economic standards (SOU, 2011, p. 9).

In an investigation made by the Swedish government it is concluded that in the future there will be an increased amount of pensioners with a low economic standard (SOU, 2011, p. 26). Other research has shown that poverty of pensioners in Sweden will increase in the future to approximately 20-35 percent of the pensioners (Klevmarken et al., 2007, p. 40). These statements highlight the fact that many pensioners in Sweden will suffer from poverty and low income which is a worrying situation. In Sweden a person is considered to be poor when their income is 50 percent less than the median disposable income (Klevmarken et al., 2007, p. 40). To have an income that is less than 50 percent of the median disposable income means that a person in Sweden will not
have an income of more than 156 720 SEK per year (SCB, 2013), and thus is considered to suffer from poverty (Klevmarken et al., 2007, p. 40).

Even though pensioners have a low economic standard it is common that they own their house and these elderly homeowners are expected to increase further in the future (Klevmarken et al., 2007, p. 41). Statistics has shown that close to 55 percent of the population in Sweden who are between 50 and 74 years own their own house. In the part of the population that is 75 years and older statistics shows that 33 percent still own their house (SCB, 2011). The fact that many pensioners will suffer from low economic standard but still own their houses implicates that these pensioners could be seen as cash poor and house rich and thus have their wealth tied up in this illiquid asset (Klevmarken et al., 2007, p. 41).

Those pensioners who are considered to be cash poor and house rich are usually not qualified to get a standard home equity loan because of their low income (Caplin, 2000, p. 1-2) and insufficient creditworthiness (Shan, 2011, p. 746). Therefore, these standard home equity loans will not be an option for these cash poor house rich pensioners to get extra income from (Caplin, 2000, p. 1-2). A suggested potential viable solution to improve the economic standard for the pensioners, that needs extra income and that owns a house of value, is a reverse mortgage loan (Chou, Chow, & Chi, 2006, p. 716; Creighton, Jin, Piggott, & Valdez, 2005, p. 433). Studies have shown that by utilizing a reverse mortgage a substantial proportion of the poor pensioners will be reduced in the United States (Chou et al., 2006, p. 717; Mayer & Simons, 1994a, p. 22; 1994b, p. 253). This proves the potential usefulness of reverse mortgage for elderly in other geographical areas as well.

Reverse mortgage is a loan intended for cash poor elderly owning their homes (Shan, 2011, p. 743) with little or no house mortgage left to pay (Godfrey & Malmgren, 2006, p. 35-36). This loan makes it possible to convert home equity to income in the form of cash (Shan, 2011, p. 743). The elderly borrowers taking this loan can still live in their house and do not have to repay anything on the loan until they sell the house, leave the house permanently or die (Caplin, 2000, p. 2). Borrowers of reverse mortgage will never owe more, when the loan is due, than the market value of their house (Kaur Brar, 2011, p. 57). Therefore it is common that borrowers repay this loan by selling their house (Leviton, 2001, p. 2).

Originally the concept of reverse mortgage was originated from France (Huan & Mahoney, 2002, p. 29) and imported to United States in the 1970-1980s where it became known as reverse mortgage (Bhuyan, 2011, p. 8-9; Desai, 2010, p. 84; Godfrey & Malmgren, 2006, p. 35; Huan & Mahoney, 2002, p. 29). The largest market for reverse mortgage is found in the United States. Canada, United Kingdom and Australia also have a reverse mortgage market which is growing but these markets are still relatively small compared to the market in the United States (Creighton et al., 2005, p. 428). There is also potential in European countries such as Belgium, Germany, France and the Nederland which is due to the demographic structure where an ageing population is evident and where home ownership is common (Huan & Mahoney, 2002, p. 34-35). Although there is a clear potential of reverse mortgage it has not developed as fast as expected (Caplin, 2000, p. 1) which could depend on limited acceptance by the consumers (Bhuyan, 2011, p. 18).
Elderly people in Sweden who are cash poor and house rich has been in a difficult situation for a long time because the financial companies and banks were against lending money to this group of seniors (Sandén, 2008). Today this has changed and in 2002 reverse mortgage was introduced by Hypotekslån on the Swedish market. Shortly after this the major banks in Sweden also saw a potential in the Swedish reverse mortgage market. Therefore banks also chose to enter the market and started offering their own versions of reverse mortgage. Today it also exist actors such as insurance companies on the Swedish market that offer reverse mortgages to elderly (Rosell, 2010). Despite the potential on the Swedish reverse mortgage market the widespread of the loan has been limited (FI, 2009, p. 72).

1.2 Reverse mortgage research

Reverse mortgage as a research area is still relatively unexplored and much is still to be discovered. Among those previous studies that has been done many has focused on estimating potential demand for reverse mortgage on the market (Leviton, 2001, p. 3; Merrill, Finkel, & Kutty, 1994, p. 259; Shan, 2011, p. 745) and studied why the market size is not as large as expected (Caplin, 2000, p. 1; Leviton, 2001, p. 3; Shan, 2011, p. 745-746; Venti & Wise, 1991, p. 393). Much of the research regarding the potential demand for reverse mortgage has been conducted in the United States (Kutty, 1998; Shan, 2011). Other countries where studies has been conducted in order to study the potential demand for the product is for example Hong Kong (Chou et al., 2006), Australia (Hickey, 2012; Ong, 2008; Reed, 2009a) and India (Desai, 2010; Kaur Brar, 2011). Considering the fact that the majority of the studies are made in an American context it would be interesting and necessary to further investigate reverse mortgage in a different geographical area.

A number of prior studies have been of descriptive nature in the sense that they only described the features of reverse mortgage and its pros and cons (Godfrey & Malmgren, 2006; Huan & Mahoney, 2002; Kaur Brar, 2011; Nakajima, 2012). Other previous reverse mortgage studies have been focusing on whether or not reverse mortgage improves economic well-being. Somewhat contradictory conclusions have been found regarding to what extent reverse mortgage can affect the economic well-being of the elderly borrowers (Ong, 2008, p. 62). Two researchers that have been studying this aspect of reverse mortgage and economic well-being are Mayer and Simons (1994a, 1994b). They found that reverse mortgage borrowers economic well-being could increase by over 20 percent in the United States (Mayer & Simons, 1994b, p. 246). On the other hand Venti and Wise (1991) concluded that reverse mortgage borrowers economic well-being would only improve very little in United States (Venti & Wise, 1991, p. 393). These contradictory conclusions where made using the same dataset which further highlights the contradictory nature in these conclusions made my Mayer and Simons (1994b, p. 246), and, Venti and Wise (1991, p. 393). Ong´s findings which was done on the Australian reverse mortgage market suggest that reverse mortgage will improve economic well-being significantly (2008, p. 74). Other studies regarding reverse mortgage are focusing on poverty alleviation for the elderly borrowers. In the United Kingdom research implicate that poverty will only be reduced marginally with the use of reverse mortgage (Hancock, 1998, p. 249). This could be compared to the findings made by Leviton (2001, p. 3), Mayer and Simons (1994b, p. 253) and Kutty (1998, p. 113) which states that poverty will be reduced considerably when using
reverse mortgage. This also shows additional contradictory findings in reverse mortgage research and further emphasizes the need for additional research.

The majority of the reverse mortgage research has been conducted by using quantitative methods and also with an economic and demographic perspective. This indicates the need for more qualitative research in reverse mortgage to be conducted in order to get a deeper understanding in the area compare to the more general and broad contributions of the quantitative studies (Leviton, 2001, p. 3). Quantitative methods have been used in a variety of reverse mortgage studies, for example when comparing different retirement income strategies (Malhotra, 2012) and reverse mortgage as a supplement to retirement income (Rose, 2009). Surveys are also a common used method to gather information in reverse mortgage research (Chou et al., 2006; Desai, 2010; Mayer & Simons, 1994b; Merrill et al., 1994; Rasmussen, Megbolugbe, & Morgan, 1995, p. 8). One survey investigated demand and acceptance of reverse mortgage in India (Desai, 2010). Another study used a survey to find out potential demand in Hong Kong and tried to estimate how many citizens in Hong Kong that were willing to apply for a reverse mortgage (Chou et al., 2006). Surveys regarding attitudes on reverse mortgage has also been conducted (Leviton, 2001) but not in the same extent as the surveys focusing on demand.

There have been very few qualitative studies in reverse mortgage research. One qualitative study did 31 interviews with current homeowners in United States who previously had received counseling regarding reverse mortgage. This study was conducted in order to get a deeper understanding of the borrowers behaviors by studying their decision process (Leviton, 2001, p. 1, 3, 6). Behavioral and psychological obstacles are suggested to play an important part regarding the attractiveness of reverse mortgage as an option for cash poor house rich elderly (Shan, 2011, p. 745). Reverse mortgage and psychological forces has briefly been mentioned in Caplin’s study (2000, p. 32) where the author conclude that psychological forces seems to affect the borrowers opinion and demand for reverse mortgage (Caplin, 2000, p. 32). However, psychological aspects in relation to reverse mortgage are something that briefly has been investigated which emphasizes the need to investigate this further.

1.3 Research question

The problem background has been the foundation for the research question presented below which furthermore lead us to the purpose of this study.

*How is reverse mortgage perceived by potential borrowers in Sweden*

1.4 Purpose and motivation of the study

1.4.1 Purpose

The main purpose of this study is to get a deeper understanding of the perceptions regarding reverse mortgage held by potential borrowers. Therefore we aim to identify and describe perceptions held by potential reverse mortgage borrowers. This will give us the opportunity to create a picture of their perceptions.
We want to study potential borrowers’ perception and investigate what the underlying reasons behind their perception are in order to get a deeper understanding of potential borrowers’ perception regarding reverse mortgage as an additional source of income.

The purpose of this study implies that we will investigate reverse mortgage in relation to a psychological perspective. Through connecting reverse mortgage and psychology together we also aim to fulfill this study’s theoretical sub purpose which is to further extend and develop the unexplored research area of reverse mortgage.

Furthermore this study’s practical sub purpose aims at increasing the awareness and knowledge of reverse mortgage among potential borrowers on the Swedish reverse mortgage market. We also aim to uncover the potential borrower’s perceptions about reverse mortgage which furthermore help this study to provide the lenders with valuable insights concerning the customers (potential borrowers) perception regarding reverse mortgage.

1.4.2 Knowledge gap and contribution of the study

Considering the previous studies we have found we can conclude a couple of things. We can conclude that the majority of the reverse mortgage studies have been conducted in the United States and thus in an American context (Kutty, 1998; Shan, 2011). Therefore we find it interesting and necessary to extend the existing research to other geographical areas such as Sweden as well. To investigate reverse mortgage even further in a Swedish context is interesting because of the identified potential on the market (Rosell, 2010) as well as the limited penetration of reverse mortgage on the market in Sweden so far (FI, 2009, p. 72).

Something that is currently lacking in the reverse mortgage research is studies that use a qualitative method to contribute to a deeper understanding of the reverse mortgage market (Leviton, 2001, p. 3). Therefore this study will be using a qualitative method to gather the empirical data and in that sense contribute to a deeper understanding and reduce the lack of qualitative studies.

Much of the research on reverse mortgage has been focusing on estimating potential demand on the market (Leviton, 2001, p. 3; Merrill et al., 1994, p. 259; Shan, 2011, p. 245). A fraction of the research in this area suggests that psychological forces affect borrower’s opinions and demand of reverse mortgage. Psychological aspects have been mentioned to have an impact on reverse mortgage (Caplin, 2000, p. 32; Shan, 2011, p. 745) but despite this suggested impact this issue has not gained any considerable attention in the existing literature. Therefore an interest to investigate reverse mortgage in relation to a more psychological perceptive has emerged.

The topic of reverse mortgage is something that is up to date and of importance to investigate further in today’s society. Reverse mortgage is suggested to improve the poor pensioners economic situation by providing a potential solution to produce an income on the basis of earlier investment, the house. The importance and potential usefulness of reverse mortgage to many elderly is one reason why this needs to be investigated further. Another reason for why reverse mortgage needs more attention is because of the fact that this research area is still relatively unexplored and more is to be discovered and revealed in the future. Due to the fact that the area is relatively
unexplored it exist very few qualitative studies and especially in connection to a psychological perspective on reverse mortgage. Since there is basically no previous studies that investigate reverse mortgage in connection to a psychological perspective it is safe to conclude that we have identified a knowledge gap within the reverse mortgage research. By conducting this study we want to contribute to filling the identified knowledge gap that exists in the reverse mortgage research today.

This study will contribute by creating a deeper understanding of reverse mortgage borrower’s perceptions in Sweden, which will contribute to the extension and development in the research area of reverse mortgage. More precisely this study will contribute to the existing reverse mortgage research by exploring a new geographical area through a qualitative method and with a psychological perspective on reverse mortgage.

The practical contribution of this study consists of two parts. The first part relates to the fact that this study will provide the potential borrowers, which will participate in this study, with a familiarity and more knowledge about reverse mortgage as a financial instrument. To provide the potential borrowers with awareness and knowledge of reverse mortgage is vital to fulfill our main purpose, because otherwise this study will not be able to get a deeper understanding of reverse mortgage borrower’s perceptions of this loan. The second part of this study’s practical contribution is directed to the lenders that provide reverse mortgage for potential borrowers, which are the lenders customers. Through conducting this study we will also provide the lenders of reverse mortgage with a deeper insight relating to their customers (potential borrowers of reverse mortgage) perceptions of their offering. Such insights are advantageous for the lenders of reverse mortgage since they can utilize this to target and encourage their potential borrowers to apply for a reverse mortgage more efficiently.

1.5 Delimitation of the study

This largest delimitation in this study will be the Swedish reverse mortgage market and potential borrowers on this market. The study will not focus on any other geographical area than Sweden when collecting our empirical data. One reason for our interest in the Swedish reverse mortgage market is because despite the potential the acceptance has been limited so far on the market (FI, 2009, p. 72). Our target group in this study will be potential borrowers without any previous professional reverse mortgage counseling which is another delimitation of this study. The intention behind this delimitation is to get the potential borrowers spontaneous and honest reaction without them having any preconceptions from previous counseling. Furthermore the focus will only be on borrowers who are potential borrowers and thereby the elderly who are currently having a reverse mortgage are not in the scope of this study.

Another delimitation in this study is that we are only focusing on gather information regarding current perceptions at the time of the study which allows us to make a snapshot of the Swedish potential borrowers’ perception in 2013.

1.6 Disposition

The structure of this study will be presented below.
Chapter 1 - Introduction

This chapter introduces the reader to the problematic economic situation for many elderly which are house rich cash poor and also the study’s focus area; reverse mortgage. The study’s research question, purpose, knowledge gap and contributions as well as the delimitations in the study will be presented.

Chapter 2 – Theoretical methodology

The second chapter contains the study’s choice of topic, the authors’ preconceptions and the perspective from which the study is written. This chapter also includes the theoretical methodological standpoints which are explained and motivated. The chapter also describes how relevant literature was found, criticism regarding the sources and the most frequently researchers used in this study.

Chapter 3 – Empirical method

In this chapter the study’s empirical data collection process is described in detail. The first part in this chapter presents the necessary preparations needed to collect the empirical data. The second part describes the collection, processing and analyzing of the empirical data. Finally the study’s ethical considerations will be highlighted.

Chapter 4 – Theoretical frame of reference

This chapter starts with describing the features of reverse mortgage in detail and provides a review over previous reverse mortgage research. Relevant theories from the areas of psychology and behavioral finance is also presented and discussed. Finally it is explained how this study will intertwine the theoretical areas of reverse mortgage, psychology and behavioral finance.

Chapter 5 – Empirical findings and analysis

In the fifth chapter is the empirical data from the focus group presented and analyzed according to chosen themes. The theories presented in the fourth chapter will be used to analyze the empirical data. This chapter also includes a section where we will discuss and combine the analyzed findings.

Chapter 6 - Conclusions

The last chapter concerns the study’s conclusions. The chapter includes sections where the research question is answered, the fulfillment of the purpose is explained and the study’s contributions are described. Limitations and quality criteria in this study are also explained as well as suggestions for future research is presented.
2. Theoretical methodology

This chapter begins with a description of the choice of topic made in this study, the authors’ preconceptions and a description from whose perspective this study is written. The main purpose of this second chapter is to give the reader an overview and motivation of the theoretical methodological standpoints made in this study and also present the research method that is used. This chapter will also include a description of how we searched and found the literature we have used and which theoretical areas that is included in this study. Furthermore, a short summary of the most frequently occurring authors and researcher in this study will be presented as well as a section discussing criticism of the sources that is used in the study. In the end of the chapter is a summary of the methodological standpoints presented.

2.1 Choice of topic

When we first started to discuss the topic for this Master thesis we quickly realized that both authors had an interest in pensions and thus would like to write about something related to this subject. This mutual interest is due to the fact that our Degree project last year was also written within the area of pensions and it was here our interest began. Therefore we embraced this opportunity to dig deeper into the subject of pensions. We do this by exploring pensions in relation to a relatively new financial instrument on the Swedish market which is called reverse mortgage. The reason for why reverse mortgage was an intriguing area to explore further in this thesis is because both authors also have an interest in financial instrument due to the fact that we both studied finance at advanced level and are currently taking our Master’s degree with specialization in finance. Therefore this choice of topic was appropriate because through this choice we are allowed to combine our interest for pensions and finance. At the same time as we got the chance to combine these two areas of interest we also got the opportunity to gather new knowledge about reverse mortgage. Because of the fact that we knew very little about reverse mortgage we wanted to take this opportunity by writing this thesis to expand our financial knowledge further. The area of reverse mortgage is still unexplored in research and much is to be discovered. This was also a reason to our interest in this topic because by doing this study we also wish to contribute to the existing research on reverse mortgage.

Another reason for the choice of topic is our newly acquired knowledge in psychology. During the spring 2013 both authors of this thesis took a psychology course during the last Master year which made us interested in the area and which we further wanted to utilize in this thesis. We discussed different areas within psychology which could be of interest to immerse ourselves in and decided to focus on perceptions. The reason for this is the lack of research that connects reverse mortgage with perceptions and because we wanted to connect psychology with our previous financial knowledge. We also thought it would be an interesting angle when analyzing and investigating reverse mortgage on the Swedish market when talking to potential borrowers. Furthermore the choice to focus on perceptions corresponds to the research question and purpose of this study. By focusing on perceptions a deeper understanding from the potential reverse mortgage borrowers’ perspective will emerge.

2.2 Preconceptions
Authors writing a study will always have some sort of preconceptions. These preconceptions can be something that the authors are aware of or not (Bjereld, Demker, & Hinnfors, 2002, p. 14). Preconceptions are derived from previous experience, and new knowledge cannot be developed if the authors do not have adequate preconceptions (Gilje & Grimen, 1992, p. 183).

Preconceptions can be divided into two areas, a theoretical perspective and a practical perspective. Practical preconceptions concern knowledge derived from e.g. personal experiences and theoretical preconceptions from experiences related to knowledge gathered through education, textbooks and research (Johansson-Lindfors, 1993, p. 76-77).

Both authors to this Master thesis have similar theoretical preconception. We have both been studying the same program at Umea School of Business and Economics at Umea University (Civilekonomprogrammet - Service Management) and will take our Master in Finance this year. Both authors have also taken advanced courses in Management during the second Master year. Last year we wrote our Degree project in Finance together where the focus was on pensions which made us develop an understanding of theoretical aspects in the area. This Degree project also made us understand the Swedish pension system and made us realize the importance of studying the subject of pensions further. The importance of studying this subject is derived from the urgent need to handle the increasing elderly population now and in the future. We think that these previous theoretical preconceptions that we have gathered, both from our education and our Degree project, will help us when reading about reverse mortgage and the financial market where it can be found. Considering that we are studying perception of reverse mortgage as an additional source of retirement income we think that our educational knowledge and knowledge from our Degree project will be beneficial when writing this study. We think that it will help us to understand the concept of reverse mortgage easier and thereby enhance the possibility for us to write this study as good as we possibly can.

The preconceptions we have gained in the area of psychology have been acquired during the psychology course that both authors took. This course included a wide range of topics and therefore we got knowledge in many different areas. One of the specific included areas in the course was perception. Perception as a subject is also something that both authors have experience from during different marketing courses where the focus has been on perception in connection to customers and marketing. All this have made us understand the importance of understanding customers and their perception. This understanding has been an advantage during this thesis when we have investigated potential borrowers’ perception of reverse mortgage as an additional source of retirement income.

From our studies we have developed an understanding and ability of critical thinking when reading texts and gathering other types of information. This is one aspect that we think is useful when analyzing and reading academic journals and other texts as well as talking to people during the empirical data collection.

The practical preconception that affects this thesis is mostly from our practical experience from writing our Degree project. During our Degree project we gained experience and insight in the ongoing process of making a thesis. This practical experience of doing our previous thesis is beneficial to the process in this thesis. By
experiencing the process to making a thesis once before we are more prepared this time to face the challenges. This previous experience made us aware of where problems most likely can occur, and thus we are able to mitigate these potential problems before they arise. We also have a better practical preconception of how long time certain parts of a thesis is expected to take and therefore we could estimate the time needed for different parts of our thesis more accurately and thus make a more realistic time plan.

We already have experience from our Degree project of gathering empirical data through a qualitative method. This is a major advantage for us in this thesis because we have also chosen to collect information through a qualitative method this time. The qualitative method is chosen to be able to get a deeper understanding of potential borrowers’ perceptions towards reverse mortgage as an additional source of retirement income. We are already aware of the pros and cons that we need to take into consideration when using a qualitative method, which will be discussed more in detail later in this chapter. Through this knowledge it was much easier from the beginning to select a correct method for this thesis in relation to our purpose and research question.

Furthermore we also have practical experience to analyze complex situations and compare the empirical data with our theoretical framework, thanks to our previous thesis. This is helpful when conducting this analysis, because we already have practical experience to analyze data in a similar context.

Finally we feel comfortable and confident to present and explain complex issues to people. Thanks to the fact that we have been asked numerous times to present complex issues during our university studies. The practical design in this study, explained more in detail later in part 3.1.4, will require us as authors to present what reverse mortgage is and how it works for the potential borrowers that have been selected to participate in this thesis. This previous practical experience has made us confident in situations like this and therefore help us to assure that our message get through clearly to our audience.

What the authors of this thesis are missing is previous knowledge about reverse mortgage. But because we as students are used to this, to learn completely new things, we do not see this as an obstacle. Instead we think that the fact that we have previous experience from writing about pension helps us to understand the concept of reverse mortgage easier.

2.3 Perspective

The perspective of a study needs to be clarified in order to avoid misunderstandings between the author and those who read the study. Another precaution that the author of a study can take in order to avoid misunderstandings is to thoughtfully develop a research question which clearly states from what perspective the study will be made (Bjereld et al., 2002, p. 17). Considering the research question of this thesis “How is reverse mortgage perceived by potential borrowers in Sweden?” the perspective is clearly stated for the reader. By reading the research question it is easily recognized that this study will have the perspective of potential reverse mortgage borrowers in Sweden. Thereby the authors of this study have followed the precautions suggested by Bjereld et al. (2002, p. 17) to assure that no misunderstandings are made.

By having Swedish potential reverse mortgage borrowers’ perspective in this study it results in the fact that they also are the participants in this study. The purpose and research question of this study could not be fulfilled without the participation of
potential reverse mortgage borrowers in Sweden. Therefore this perspective and their perceptions are vital for the success of this study.

Furthermore we have clarified that the perspective in this study will be the potential borrowers of reverse mortgage. Since there are various lenders that provide reverse mortgages on the market the potential borrowers can also be seen as potential customers to these lenders. Therefore by applying a perspective that focuses on potential borrowers of reverse mortgage this study’s perspective consequently have a customer orientation.

2.4 Research philosophy

The first part of this section will describe and argue for this study’s ontological point of view. Ontology is concerned with describing how people perceive the nature of reality (Saunders, Lewis, & Thornhill, 2007, p. 108). Furthermore the second part in this section will describe and motivate this study’s epistemological viewpoint. This viewpoint describes what is considered to be adequate knowledge in a research area and how that knowledge is attained (Saunders et al., 2007, p. 102-103).

2.4.1 Ontology

In this study the focus is upon potential reverse mortgage borrowers and their perceptions on the loan. We are studying what these people’s perception of the loan is in order to get a deeper understanding of their opinions and thereby their perceived reality of the loan. Therefore this study focuses on a phenomenon that is subjective and socially constructed by the people participating in that reality (Brand, 2009, p. 433; Clifton, 2012, p. 151; Saunders et al., 2007, p. 108). The reality is thereby the outcome from the contexts that we are studying (Brand, 2009, p. 433) and in this study the reality which we focus on is the reality perceived by potential reverse mortgage borrowers. Due to the fact that we see the potential reverse mortgage borrowers as a social group of people who creates and can affect their social reality that they are in, this study is in line with an approach of constructivism (Bryman & Bell, 2005, p. 33-34; Saunders et al., 2007, p. 108). Due to the fact that we view the participants reality as a social constructed reality it excludes and reject the objectivistic research philosophy. This philosophy is rejected in this study because it does not see the reality as being constructed by the social actors in it (Saunders et al., 2007, p. 108). Furthermore when studying the reality of the potential reverse mortgage borrowers we expect them to have different perceptions of their reality.

Another reason to why we think this study has a constructivism approach is because it is not only them, the potential reverse mortgage borrowers, who will affect their reality because we affect their reality as well. We affect their reality by telling them about reverse mortgage. Consequently we strived to gather people in our sample who had no previous professional consulting experience from the loan our presentation of reverse mortgage affect how they see it, their thoughts and beliefs. Therefore this presentation provides them with the opportunity to build perceptions and also give them new knowledge which thereby affects their reality. Furthermore this could result in that the potential borrowers will gain new useful knowledge which they can use in the future if they decide to utilize reverse mortgage. Therefore it is possible that we will affect their reality in the long run.
2.4.2 Epistemology

The aim of this study is to get a deeper understanding of how reverse mortgage is perceived by potential reverse mortgage borrowers in Sweden. This implies that the authors of this study need to understand and interpret the gathered empirical data and the situation surrounding this study in order to create a deeper understanding about this phenomenon. By conducting this study we are interested in exploring perceptions which could not be observed in a psychical manner. Therefore this is not compatible with a positivistic viewpoint because according to this viewpoint acceptable knowledge is only derived from data that actually can be observed. In order to identify perceptions by potential reverse mortgage borrowers these perceptions need to be explained for and interpreted by us as authors. This implies that a study like this cannot be conducted in a totally value-free manner because of the required interpretations. Because we cannot conduct this study or analyze it in a totally value-free manner a positivistic approach is not appropriate (Saunders et al., 2007, p. 103). Even though we cannot be totally value-free in this study we always strive to be as factual as possible.

Every human being carries different sets of preconceptions (Gilje & Grim, 1992, p. 183, 202) and these preconceptions will subsequently affect the way in which we interpret situations. Thus we are not able to fully ignore our preconceptions when interpreting a situation. This will most likely lead to that a person can never interpret a situation exactly the same as another person, because of the differences in your preconceptions. Another aspect that will affect how something is interpreted is the context that surrounds the situation. The authors of this study believe that our preconceptions and the context always will affect the interpretation of a phenomenon to some extent, which finally will influence the knowledge that is obtained. Therefore a hermeneutic approach best describes our view of knowledge (Bryman & Bell, 2005, p. 443).

With a hermeneutic approach interpreting is the focus (Brand, 2009, p. 433; Lejano & Leong, 2012, p. 795) and three aspects and their connection to each other are of specific interest. These connected aspects are the gained understanding, the specific context and the interpretation of a certain phenomenon. That the context, understanding and interpretation are paid attention to at the same time as the details and the bigger picture is of importance. This is mentioned in the literature as “the hermeneutic circle” (Gilje & Grim, 1992, p. 190-191; Lejano & Leong, 2012, p. 797). To get a deeper understanding of each respondent’s perceptions we asked them to individually fill in a small questionnaire regarding the subject of reverse mortgage to get the opinions on an individual level. The context is affected by us as authors, as described above, in the sense that we held a presentation about reverse mortgage to illuminate our potential borrowers in the area. On the other hand the participants also affected the context as well. Our understanding of their perceptions regarding reverse mortgage is based on the interpretation of the questionnaire s and the discussion session that the potential borrowers participated in. This highlights the fact that in this study the context, understanding and interpretation is something that is intertwined. By handing out this questionnaire we wanted to get a view of each respondent’s opinion and perception of reverse mortgage. To enable us to get a deeper understanding of the respondent’s perception, besides from the questionnaire, we complemented this data when we allowed the group to discuss their opinions. This discussion was a way to gain access to
more details concerning their perceptions regarding reverse mortgage. The questionnaire and the discussion session that our respondents participated in are ways to make sure that every individual had the opportunity to express explain and elaborate their perceptions. This opportunity leads to a more detailed and richer set of data which will enable us to get an understanding for the bigger picture by analyzing the details carefully. To conclude we intertwined the context, interpretation and understanding at the same time as we wanted to acknowledge details and nuances that affect the bigger picture. Therefore this study can be seen as following “the hermeneutic circle” (1992, p. 190-191) mentioned by Gilje and Grimene.

2.5 Research approach

This study has it origin in reality as the need of this study is based on the occurring problem in the world of a growing elderly population that is poor. The interest to investigate reverse mortgage in this context is therefore justified because it is suggested to improve the problematic economic situation for the elderly. Reverse mortgage as a research area has not been investigated enough. We think that this lack of research in the area makes it interesting and important to study further. And because it does not exists any larger amount of previous reverse mortgage research, and especially not in Sweden that focuses on potential borrowers’ perception of the loan, a research gap is identified. Because of the lack of previous research and the identified research gap which is the foundation of our purpose and research questions (Alvesson & Sandberg, 2011, p. 247) we see a need to collect empirical data to develop this research area. The contribution to the theoretical area made by this study will be to develop and improve what already exists in the field of reverse mortgage. Moreover this will result in new insights that will affect the understanding of the area occurring today (Whetten, 1989, p. 492). The empirical data that we have collected will be vital to help us answer the research questions, fulfill the purpose and narrow the identified research gap.

In order to identify the research gap and the importance of this study an overview of previous research was made. This overview provided us with relevant theories which are used as a foundation when we constructed our presentation, the questionnaire and the discussion framework, which helped us to gather the necessary empirical data. Furthermore this collected empirical data helped us to answer our research question and fulfill the purpose of this study (Bryman & Bell, 2005, p. 25). The empirical data is later analyzed together with relevant theories that allow us to finally make conclusions based on this study.

The focus of this study is to explore potential reverse mortgage borrowers’ perceptions by gathering empirical data and later analyze this data using relevant theories in reverse mortgage, psychology and behavioral finance. Considering that we are exploring the reality (of potential reverse mortgage borrowers) and going back to theory this study has mainly an inductive research approach (Saunders et al., 2007, p. 119). However, because we are using theory as a foundation for the tools used in reality to gather empirical data, and therefore move from theory to reality, this study could also be seen as having influences of a deductive research approach (Jacobsen, 2002, p. 34). Furthermore, after this we are again moving back and ending with theory in order to be able to draw our conclusions. This could be seen as a back and forth process between an inductive and a deductive research approach. Even though we move back and forth this study mainly have an inductive research approach. This is because the foundation of
this study builds upon the problem of poor elderly which is derived from reality and also because of the perception of potential reverse mortgage borrowers is collected from reality which later on is analyzed by using relevant theories.

Moreover, because the questionnaire is created with the theoretical framework in mind it can be viewed as being mostly deductive. The fact that the answers to the questions most often corresponds or shows contradictory finding to previous theoretical finding implies that the questionnaire is more deductive than inductive. However, in the questionnaire some questions are open questions which enable the participants to express themselves freely concerning things which have never been mentioned before in the research area. Because of this it enhance the possibility to make new findings based on reality which makes the questionnaire inductive as well. Regarding the focus group discussion this empirical data is more inductive than the questionnaire because the answers are more developed and open and less directly connected to theory. This therefore helps in bringing new ideas and aspects that the participants thought of in the discussion in relation to reverse mortgage. Even though the discussion in some cases could show contradictory or corresponded findings to previous theoretical findings it still has it origin in the reality of the potential borrowers and thus is an inductive research approach.

2.6 Research design

2.6.1 Grounded theory

Above we described that our study could be seen as a back and forth process and that the main research approach is inductive with influences of a deductive approach (Saunders et al., 2007, p. 142). This further corresponds to our research strategy which is the qualitative method (Henwood & Pidgeon, 1992, p. 100) grounded theory where a development of a theoretical area derived from the real world is the strategy’s main idea (Oktay, 2012, p. 5, 18). We are striving to develop the area of reverse mortgage research, which corresponds to the strategy of grounded theory, by investigating potential reverse mortgage borrowers’ perception. Therefore we argue that this research strategy is appropriate in this study.

Another reason to why grounded theory is appropriate to in this study is because of the research philosophy constructivism which is applied in this study. Oktay (2012) describes that grounded theory is used by constructivists and that theories is developed as a result of the interaction occurring during the data collection process (Oktay, 2012, p. 23). In this study interaction in the data collection process will manifest itself when the authors interact with the participants by presenting the topic of reverse mortgage. Interaction with the participants will also occur during the discussion session. The researcher, Oktay, continues with explaining that grounded theory is a qualitative method (Oktay, 2012, p. 5), and because this study will be of a qualitative nature this also motivates grounded theory as a research strategy used in this study.

The process of using a grounded theory research strategy is explained by four stages where the first stage concerns theoretical sensitivity. During this stage we have searched for relevant information, theories and previous reverse mortgage research to find a research gap in the area which we could continue to investigate further (Corbin & Strauss, 1990, p. 6; Oktay, 2012, p. 17). The second stage is the constant comparison
stage where we as researchers analyze and compare the finding in the empirical data gathered during the focus group (Corbin & Strauss, 1990, p. 9; Oktay, 2012, p. 17-18). By comparing and analyzing the participants perceptions and thus the findings the researcher will be able to identify if it exists any biases in the empirical data (Corbin & Strauss, 1990, p. 9) that has to be taking into consideration. In this study the constant comparison stage is represented through comparing empirical data collected with questionnaire answered by each respondent, as well as comparing the different discussions in the focus group. This empirical data is analyzed and leads to the development and contributions to the theoretical area which is further developed during the third stage, the theoretical sampling stage (Oktay, 2012, p. 17-18; Saunders et al., 2007, p.142). The last and fourth stage occurs when we as researchers has reached theoretical saturation. This occurs when no extra empirical data is needed to gather because we as researchers have come to the conclusion that more data only will give the same result (Oktay, 2012, p. 18-19).

2.6.2 Discourse analysis

Discourse analysis is a qualitative method (Henwood & Pidgeon, 1992, p. 100) and informs how people perceive their social world (Stead & Bakker, 2010, p. 73), and because this is what we strives to understand in this study, a discourse analysis will provide us with the tool to reach our purpose. By investigating, comparing and analyzing the different languages, in our case the different perceptions and opinions derived from the focus group, a discourse analysis is a relevant research design to use. Previously in this study the research philosophies of constructivism and hermeneutic has been described and motivated. These research philosophies focus on interpreting social contexts. Because of this the research design discourse analysis is applied to this study. It is applied because it focuses on, studies and interprets language and social constructions which is similar to what the constructivism and hermeneutic is doing (Bergström & Boréus, 2005, p. 305-306; Stead & Bakker, 2010, p. 83). Additionally this corresponds to this study’s purpose and because this study is not focusing on the material reality, instead the focus is on the perceived reality by the potential reverse mortgage borrowers. Moreover discourse analysis is relevant in this study because we are conducting a qualitative research and thus focusing on and analyzes the perceptions and thus the language occurring during the focus group.

The use of a discourse analysis is used in research to compare different discourses and determine if any shared or contradictory discourses could be identified (Bergström & Boréus, 2005, p. 357). In this study this can be viewed from two different perspectives according to us. First of all it can be viewed from the focus group perspective and what is discussed in the group between the participants. By this we mean that by comparing and analyzing the different participants perceptions it is possible that we will identify different discourses. In addition to this, this perspective could also be seen as we are comparing and discussing the different findings in the questionnaire and the focus group discussion. The discourses that will be compared and analyzed is the initially ones found in the questionnaire which is handed out to the participants before they started the focus group discussion. This focus group discussion and the discourse derived from it are more developed because the participants have had time to consider and listen to others perspectives. Therefore these two discourses, the findings from the questionnaire and the focus group discussion, is compared and analyzed in relation to each other. By
this it enables us to identify if the discourses correspond, contradict or provides us with totally new insights.

Second of all the other perspective can be viewed from a theoretical point of view. Considering this we mean that we can view the theory concerning reverse mortgage as one discourse and our focus group and the empirical data derived from it as another discourse. These two discourses, the theory and focus group discussions, is analyzed and seen in relation to each other to compare and come up with final conclusions. By this we will see if our discourse will differ from the previously made discourse derived from theory or if it will be the same.

2.7 Research strategy

In order to decide which research strategy, qualitative or quantitative, that should be used in a study the purpose of the study should be taking into consideration. The research strategy that best fulfills the purpose is the strategy that is most appropriate to apply (Bryman, 1997, p. 130). Considering that the purpose in this study is to get a deeper understanding of the perception regarding reverse mortgage held by potential borrowers this study uses a qualitative research strategy. One reason to why this strategy is chosen in this study is that it facilitates and generates a deeper and a more detailed understanding of a certain issue. The possibility to gain a deeper and more detailed understanding is a strength that is associated with a qualitative strategy. By utilizing this strength the purpose of this study can be fulfilled. This deeper and more detailed understanding is related to the respondents, their situation and the issue studied (Henderson, 2009, p. 29; Steckler, McLeroy, Goodman, Bird, & McCormick, 1992, p. 2). Therefore we think a qualitative research strategy is the most appropriate and relevant one to use in this study. It is the most appropriate strategy because it helps us fulfill this study’s purpose by providing a deeper understanding regarding potential reverse mortgage borrowers’ perception.

Another reason to why this research strategy is the most appropriate one is because of the perspective held by this study’s authors (see part 2.3). This study focuses on potential reverse mortgage borrowers’ perspective and therefore is a qualitative research strategy motivated. We consider it to be motivated because it gives more understanding and enable us to address questions and discussions which would not have been possible using a quantitative research strategy (Saunders et al., 2007, p. 312).

The choice of a qualitative research strategy further corresponds to this study’s research philosophy constructivism (see part 2.4.1). This is because we are studying potential borrowers’ reality and thereby we find a qualitative research strategy to be most appropriate in order to get more detailed answers. By using this strategy it enabled us to ask follow-up questions (Saunders et al., 2007, p. 312) which we found to be of high importance to understand their reality. By understanding their reality we are able to develop the theoretical area of reverse mortgage further. Considering the fact that reverse mortgage is an unexplored research area a qualitative strategy will be beneficial as the area can be explored and developed in a more detailed manner by using this strategy. If we instead had chosen a quantitative research strategy it is likely that some aspects that arise during the discussion would not have been discovered and thus important details would not have been discovered. A qualitative strategy is also applicable and motivated in this study when relating to this study’s research design,
which is described as a mix of grounded theory and discourse analysis (see part 2.6.1 and 2.6.2 above). Because this study is exploring a new theoretical area a qualitative strategy is beneficial to immerse in this unexplored area (Robson, 2002, p. 59). Considering using a qualitative strategy like the ones applied in this study it helps in developing the area of interest in a theoretical manner (Oktay, 2012, p. 23). This development is possible because of the detailed and rich empirical data gathered through a qualitative strategy. The empirical data is used as the foundation of the theoretical contribution.

The main reason to why we have not used a quantitative research strategy is because it focuses on numeric data and quantity (Bryman & Bell, 2005, p. 85, 592; Henwood & Pidgeon, 1992, p. 98; Jacobsen, 2002, p. 38) and not on deeper understanding and analyzing details as the qualitative strategy does (Steckler et al., 1992, p. 2). Numeric data would not provide us with the same in depth information as a qualitative dataset would. Therefore a numeric quantitative data set would not fulfill the purpose of this study.

Some of the benefits with a qualitative research are, as previously mentioned, that it helps researcher in understanding the issue in focus and to get a deeper insight in the issue. The researcher benefits by getting an understanding of the people they are studying and is able to get insights in their thought and beliefs. Furthermore the use of a qualitative research method enables researchers to understand human behavior and get insight into the participants’ decisions, preferences and choices (Gordon, 2011, p. 174-175). Because this is the outcome we strived to gather from our focus group the choice of using a qualitative research method was appropriate.

2.8 Choice of research method – Focus groups

The choice of the qualitative research method that will be used in this study is focus groups. Focus groups are organized group interviews with the aim to get participants to discuss a certain subject together. The purpose of having a focus group is to collect the participants’ attitudes, opinions, beliefs and perception regarding a certain subject chosen for the group discussion (Esaiasson, Gilljam, Oscarsson, & Wängnerud, 2004, p. 345; Henderson, 2009, p. 28). In this study focus groups are motivated because of the just mentioned purpose of the research method, which is that it helps in collecting attitudes, opinions, beliefs and perceptions. Therefore, because this study focuses on perceptions regarding reverse mortgage, we consider this method to be appropriate and relevant. We think it is appropriate and relevant because it corresponds to this study’s research questions and purpose and thus will contribute to fulfill these. Therefore a focus group enable us to answer the research questions regarding potential reverse mortgage borrowers’ perceptions and fulfill the purpose of getting a deeper understanding of their perceived perception regarding the loan.

Focus groups are also a way to gather participants’ direct and fast reactions (Esaiasson et al., 2004, p. 345). Because we are focusing on potential borrowers without any previously professional counseling, the use of focus groups will provide us with their combined direct perceptions. Another mentioned aspect concerning focus groups is that it covers and focuses only on smaller amounts of themes. This compared with an individual interview which instead covers a variety of questions and areas. Therefore, by using a focus group it will contribute to a deeper discussion and understanding of
each theme instead of briefly discussing many areas and questions (Esaiasson et al., 2004, p. 346). This aspect is one thing that is of important for us. We think it is important because it corresponds to our design of how we will collect our empirical data by discussing certain themes during the focus groups, which later will be the foundation of our thematic analysis (described more in detail part 3.3.2). The fact that it also focuses in a smaller amount of themes, and thus provides a deeper understanding of the chosen themes, is also a reason to why focus groups is appropriate as a research method in this study. This because then it will help us in fulfilling our purpose and answering the research question.

The empirical data gathered from a focus group is made from the participants combined discussion and no focus is on what each individual participant is responding in the discussion. This combined and collected empirical data will therefore concern the group’s opinions regarding the chosen themes. Furthermore the use of a focus group will provide the researcher with an insight in how the participants deliberate and think about the subject (Esaiasson et al., 2004, p. 346-347). One positive aspect with having multiple participants when conducting a group interview, as in the case of a focus group, is that it will allow the researcher to get many peoples perspectives on the issue in focus. It will also be beneficial because the participants can question and make complementary opinions in the discussion (Ritchie & Lewis, 2003, p. 59). In this study we are not focusing on what each individual is saying because if that would have been the case we would have chosen to conduct individual interviews instead. Instead we are now studying their combined opinions and perceptions that are discussed during the focus group meeting.

Another good aspect that comes with using a focus group is that it can provide the researcher with richer empirical data. This is because the participants in a focus group are more willing to discuss personal and sensitive topics than they would if they had participated in an individual interview (Esaiasson et al., 2004, p. 346). Considering this we think that the choice of using focus groups as research method is the most appropriate for us. This is because we are studying a subject that could be seen as sensitive. It could be seen as sensitive because it concerns participants’ view of reverse mortgage as a source to pension income which also takes into account their personal life and future economic situation as elderly.

2.9 Searching for relevant literature

In the study we have conducted an extensive literature review. This review of reverse mortgage literature was made in order to get an overview of the existing studies that were conducted in this area. Through this overview we could ensure that we found a relevant research gap and thus are able to make an important theoretical contribution to the existing academic literature on reverse mortgage with this study. The aim of a well-executed literature review is to be able to highlight significant research result and relevant theories (Bryman & Bell, 2005, p. 581) and also to detect possible trends within the chosen area (Saunders et al., 2007, p. 57). Another factor that is of importance when conducting a literature review is to always have a critical mindset to the information that is found (Bryman & Bell, 2005, p. 581) in academic articles and in other sources. The authors of this study had a critical mindset during the literature review. This critical mindset is shown through our active choice to highlight studies we found about reverse mortgage that are both favorable and critical to the usefulness of
reverse mortgage. Furthermore, we are critical to theories used in this study and provide our own opinions about theories discussed which further shows our awareness and ability of critical thinking.

Academic articles and books with a clear research approach have been used to gather information about relevant theories and perspectives for this study. Google scholar and Business Source Premier are databases that we frequently have used to search for relevant information. In addition to these databases we have used Umea universities library as a source of relevant and reliable information. To ensure that we gain access to the most relevant and useful information in our literature review keywords has been used. Specifically used keywords are: reverse mortgage, psychology, perception, behavioral finance, retirement income and pensioners. Other sources of information have been academic journals, previous course literature with a distinct research focus and webpages of relevance. Webpages that have been used are Statistics Sweden (SCB), World Health Organization (WHO) and United Nations (UN). We consider the information gathered at the webpages of SCB, UN and WHO to be reliable sources. These sources are reliable because SCB are an administrative agency in Sweden, UN is a world known organization that promote peace around the world and WHO is an authority within UN that strives to improve welfare in the world.

A literature review should be seen as an ongoing process that always should be active during the course of a study, according to Bryman and Bell (2005, p. 581). This implies that the authors to this study should never stop searching and reviewing relevant literature. Therefore new literature that is found along the way could cause changes in the existing study (Bryman & Bell, 2005, p. 581; Saunders et al., 2007, p. 56), which is something that authors need to be prepared for. Our ongoing literature review in this study have contributed to the fact that we found new information that contradict previously found literature, therefore this ongoing literature review has caused changes in the existing study. One example of such a change is when we found literature that criticize reverse mortgage compared to previous studies in favor of reverse mortgage. This changed the study in the way that we added this critical perspective to the study as well. We believe that by including such new critical information we are able to provide a more true and realistic picture of reverse mortgage and furthermore it enable us to have a nuanced and critical discussion.

I order to choose the most useful and relevant academic articles we have focused on reading the articles abstract, results and conclusions. After this we chose those articles which we thought to be the most appropriate ones and benefit us the most in our continuing work. These chosen articles was then read and analyzed more thoroughly to collect information which we later on could use in our study. During our search for relevant literature we have used scientific books and journals. When we searched for academic articles we have, as far as possible, only used articles which are peer reviewed. One other aspect which we had in mind during our study was that we always tried, when possible, to find the original source. By finding the original source we could be more certain to get correct information which is not misinterpreted by other researchers. By always finding the original sources the quality of our references were secured and thereby we made sure to avoid misunderstandings and misinterpretations.

We have also searched in our collected and chosen articles and other literatures reference lists to find new sources which we could use in this study. This especially
helped us when we collected articles regarding reverse mortgage. It helped us because then we first searched for articles written about reverse mortgage we did not find as many as we wished to find. However, after we started looking in other articles and textbooks reference lists we found more relevant academic articles and textbooks. This strategy, to start from one source to find a new source could in some sense be described as a snow boll sampling method (Esaiasson et al., 2004, p. 212) and we think it has benefit us by providing access to useful articles. Besides this we have also tried, when possible, to look upon the chosen literatures importance and relevance. To be able to draw these conclusions we have looked upon how often our chosen literature has been cited by others as a way of indicating their importance and relevance. Even though we wrote our Degree project last year and thus has experience from writing a study we wanted to assure a good quality of this study as well. Therefore we have used a number of different methodological books to find inspiration of the structure to this study and which parts that should be included. We have used general methodological text books as well as those with a focus on business research and methods which we think is relevant to this study. By using multiple methodological sources we have been able to compare the descriptions and thus assure that we have applied the correct methodological framework for our study without making any wrong assumptions or misunderstandings regarding the meaning of the concepts described.

2.10 Choice of theoretical areas

A theory can be seen as a foundation that is constructed to be able to provide an understanding of the reality surrounding us. Therefore a theory often describes peoples’ actions and how they ought to act in certain situations. Subsequently a theory can also provide a guide regarding what actions that is most beneficial and efficient for people (Pierce & Newstrom, 2008, p. 466-467). Other characteristics that correspond with created theories, according to Klein and Zedeck, are that they provide us with an explanation for why an event occurred and facilitate management of problems (2004, p. 931). If a theory should be classified as a good and useful theory of high quality there are certain criteria’s needs to be fulfilled. Klein and Zedeck state that a theory cannot be classified as good and useful if it is not possible to verify, if it is not interesting or explicit (2004, p. 932-933).

To be able to get a deeper understanding of the perceptions regarding reverse mortgage held by potential borrowers in Sweden, we need to understand their reality. The empirical data collected in this study is analyzed though a thematic analysis with the help of relevant theories. When connecting theories to our empirical data we aim to get a deeper understanding of potential borrowers’ perceptions and thus their reality. Therefore the theories we use in the analysis can be seen as an important piece in providing a deeper understanding of the reality of potential reverse mortgage borrowers. As mentioned before theories are often focused on explaining the reality (Pierce & Newstrom, 2008, p. 466-467) and thus our theoretical framework in this study will be used with the same goal in mind.

We have divided the theoretical framework in this study into different sections that all contribute to fulfilling the purpose and answer the research question. In this paragraph the authors of this study wanted to provide a brief introduction and overview of the sections that we have divided our theoretical framework in. The main theoretical areas
used in this study are reverse mortgage, psychology and behavioral finance. Behavioral finance is used considering that this area connecting psychology, behavior and finance together. Behavioral finance is a very useful theoretical area for this study considering that we want to explore the perceptions of potential reverse mortgage borrowers. This implies that we want to study perception, which is a psychological phenomenon, in relation to the financial instrument reverse mortgage. Therefore behavioral finance is a field where many useful theories can be found relating to this study. Another central theoretical area in this thesis is of course theories related to reverse mortgage. The research on reverse mortgage is, as mentioned earlier, unexplored. Despite this some of the narrow research that have been conducted relating to reverse mortgage will be useful when it comes to understanding for example what reverse mortgage is, potential risks with this loan and pros and cons. In order to be able to answer how reverse mortgage is perceived by potential reverse mortgage borrowers in Sweden it is of vital importance that both the authors of this study and the participants really understand what reverse mortgage is. A nuanced understanding of reverse mortgage can thus be given by the theories in reverse mortgage research and therefor this area is very important to incorporate in this study. Furthermore this study aims at studying the perceptions of reverse mortgage which implies a psychological perspective on reverse mortgage. Subsequently the theoretical area related to psychology and perceptions will be used to be able to incorporate useful theories with the focus on this specific area. These theories are used to make sure that the research question and purpose in this study is fulfilled to such a large extent as possible.

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**Figure 1. Theoretical framework**

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**2.11 Frequently occurring authors and researchers**

During the process of writing this study some researchers and authors are occurring in the written text more frequently than others. Below we have created a table where we briefly describe who some of the most frequently researchers and authors occurring in this study are, their background information and their research area. Furthermore some researchers are included because of their significant contributions in their research area. In the table it is also included if the authors mainly are using qualitative or quantitative research method in their studies. The reason to why we have created this table is to
create an understanding for our chosen researchers and authors and their relevance in this study.

Table 1. Summary of frequently occurring authors and researchers in this study

<table>
<thead>
<tr>
<th>Information about authors</th>
<th>Main research field</th>
<th>Types of studies conducted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Andrew Caplin</strong> works as a professor of Economics at New York University and has written numerous academic articles (Caplin, 2010).</td>
<td>His main subject areas are real estate finance, economics and psychology (Caplin, 2010).</td>
<td>Some qualitative but mainly quantitative</td>
</tr>
<tr>
<td><strong>Hui Shan</strong> is a researcher which has written and published may working papers, academic articles and reports (IDEAS, 2012).</td>
<td>Real estate finance (IDEAS, 2012).</td>
<td>Mainly quantitative</td>
</tr>
<tr>
<td><strong>Christopher J. Mayer</strong> works as a professor and is also a principal on a company which is focusing on reverse mortgage (Columbia, 2013).</td>
<td>Real estate, finance and economics (Columbia, 2013).</td>
<td>Mainly quantitative</td>
</tr>
<tr>
<td><strong>Katerina V. Simons</strong> is a professor in economics and works as a lecturer at Yale University. She has written many academic articles and one of her cowriters is Christopher Mayer who is presented above (Simons, 2013).</td>
<td>Risk management and has also studied reverse mortgage (Simons, 2013).</td>
<td>Mainly quantitative</td>
</tr>
<tr>
<td><strong>Roberta Leviton</strong> is a professor and do also work as a consultant (Tandfonline, 2008).</td>
<td>Leviton is studying the areas of housing and ageing. And has written reverse mortgage articles (Tandfonline, 2008).</td>
<td>Qualitative</td>
</tr>
<tr>
<td><strong>Nandinee K. Kutty</strong> works as an economist and as a consultant in public policy (NHI, 2013).</td>
<td>Dr. Nandinee K. Kutty has published academic articles in reverse mortgage and real estates (NHI, 2013).</td>
<td>Mainly quantitative</td>
</tr>
<tr>
<td><strong>Daniel Kahneman</strong> is a professor and an author and researcher and the Nobel prize winner of 2002 where he as one of the first persons in the world integrated the two areas psychology and economics (Brockman, 2012; CFA, 2012).</td>
<td>Kahneman is the father of the term behavioral finance (Brockman, 2012; CFA, 2012).</td>
<td>Both qualitative and quantitative</td>
</tr>
<tr>
<td><strong>Sally R. Merrill</strong> has a PhD in economics and works as a project manager/director</td>
<td>Housing finance, welfare and mortgage lending (Insitute, 2013).</td>
<td>Mainly qualitative case studies.</td>
</tr>
</tbody>
</table>
2.12 Criticism of the sources

To always remain critical to the sources that is chosen and used in a study is of utter importance. In order to ensure the quality of the sources in this study the authors constantly need to scrutinize the credibility of every source. Critical thinking begins with an examination and evaluation of the credibility of the material (Esaiasson et al., 2004, p. 304). According to Esaiasson et al. there are main rules that you need to bar in mind when scrutinizing material that will facilitate process of critical thinking. These main rules are “authenticity, independence, simultaneity and tendency”, which ad up to a total of four main rules (Esaiasson et al., 2004, p. 304).

As mentioned above the first main rule is called authenticity. This rule relates to the fact that the authenticity of the used material needs to be secured. The material is authentic if it is not falsified or plagiarized (Esaiasson et al., 2004, p. 307). Therefor the authors of a study need to scrutinize the used material so that they can be sure that the material is not plagiarized or falsified, and thus make sure that the main rule of authenticity is followed. In this study the majority of the used material is peer-reviewed and published in academic journals. The majority of the material in this study is peer-reviewed and published in academic journals, to ensure the authors that the material can be seen as reliable and authentic. The authors of this study almost exclusively relied on such reliable and authentic material in order to avoid falsification and plagiarism.

When searching for material to use in this study the authors have always strived to find the original source of the material. By using original sources of any published material we are able to avoid misinterpretations made by other researches that cited the original researcher. This implies that we mostly use the original material written by the original researcher and therefore could claim that the material is not dependent on how any other researcher interpret the original researcher or writer. Therefore we claim that the material used in this study mostly can be seen as independent of the researcher or writer of the material. Esaiasson et al.´s second main rule relates to what is discussed in this paragraph and thus involves the assessment to what extent the material is independent from the author (2004, p. 308-309).

The rule of simultaneity is concerned with memories of people. More precisely that you need to be aware of the fact that peoples memory will be highly affected by the time that passes between the event and the time that they have to recall that memory of the same event. If people need to remember an event that recently took place they will more easily remember details and provide a more accurate description of the event. When much time passes between an event and the time of recall peoples memory will include more errors and they have a tendency to forget (Esaiasson et al., 2004, p. 310-311). During this study we have not come across material that can be affected by this time aspect related to people’s memories, therefore we can be sure that the rule of simultaneity did not have an effect on the material used in this study.

When gathering and scrutinizing material for a study you should always be aware of the possibility and risk that the author of the material can be biased. This corresponds to the fourth main rule called tendency (Esaiasson et al., 2004, p. 311-312). As mentioned
earlier the majority of the material used in this study is of academic and peer reviewed nature and thus the probability that the researchers of this material are biased is minimized and highly unlikely. Other sources that we have used that are not of strictly academic nature are such sources as webpages and new articles. We have strived to almost exclusively use webpages and other sources on internet that are of unquestionable quality and reliability. In a few rare occasions we have chosen to include sources that could be of questionable quality and were a tendency to be biased could exist. Such sources are newspaper articles written by Sandén (2008) and Rosell (2010) which cannot be categorized as academic articles. On the other hand these sources were still of relevance and importance in order to illuminate and make reality connections about reverse mortgage and the poor economic situation of many elderly in Sweden. Considering the fact that these sources only are used to a very limited extent in the problem background we have still chosen to accept that these sources are not as reliable as an academic peer reviewed article. We are also aware of the fact that these two included newspaper articles potentially could be of biased nature. By being aware of this fact we have scrutinized these sources extra carefully in order to ensure that we would have detected any obvious biased relations if they existed. As it turned out despite this detailed scrutinizing of these sources we were not able to detect any evidence that pointed to that the authors of these newspaper articles could be biased, and therefore we still chose to include them in the problem background of this study.

We as authors of this study have also thought about criticism that could be applied on ourselves. This criticism regards language bias which could occur when we translated the literature or articles from English to Swedish or the opposite way. Language bias could also occur when we translated the theoretical aspects of reverse mortgage into Swedish before our presentation was made or when we translated the focus group discussions from Swedish to English. This aspect, of language bias, is something that we have kept in mind during the whole process of conducting this study. Moreover, because both authors of this study are used to talk and write in English we do not see this as any problem. This is especially because we have thought about being as correct as possible when translating between English and Swedish and because we both have read everything multiple times to ensure that no misunderstanding or mistranslation has been made. Therefore we consider that we have reduced the issue that could occur because of a possible language bias.

2.13 Summary methodological standpoints

Figure 2 below provides a summary of the theoretical methodological standpoints in this study. This summary begins with an overview of the research philosophy where the ontology and epistemology is presented. After the research philosophy is presented the figure displays the research approach, research design and research strategy. The final step part in the figure presents the research method used in this study.
Figure 2. Summary of methodological standpoints
3. Empirical method

This chapter is written in a detailed way with the aim to enable the reader to understand all choices that have been made and the whole process of collecting, processing and analyzing the empirical data. The chapter is written in a detailed way to create transparency, reliability and to facilitate replication and scrutiny of the study. After describing the gathering, processing and analyzing of the empirical data the chapter will end with the ethical consideration made by the study’s authors. The final and last part of this chapter is a summary of the chosen thesis methods.

3.1 Preparation for collecting the qualitative empirical data

3.1.1 Sampling selection

Participants in focus groups should have at least one common characteristic and the selection of the participants should be made while having the research question and purpose in mind (Esaiasson et al., 2004, p. 347). In this study the sampling selection process started with the development of a profile of who we thought to be a relevant participant in this study and thus a potential reverse mortgage borrower. This profile included characteristics that we decided that all participants in the focus group should possess. The profile was also created with the purpose and the research question in mind because we wanted to assure that we would fulfill and answer these after collected the empirical data.

First of all, when consider the research question we are only focusing on citizens in Sweden and more directly around the region of Umeå. This is because we are writing the study in Umeå and to be able to easier collect our participants we chose to focus on the region of Umeå. We also chose to focus only on people who are of age 55 or older. The reason to this age is because they are closer to the age of when people are allowed to take reverse mortgage (Konsumenternas, 2013) and therefore we consider them to be more current potential borrowers then someone of a younger age and thus more relevant for us. The second criteria are that the people participating in the focus group must own their own house because if not, they would not be considered to be potential borrowers. They would not be considered to be potential borrowers because reverse mortgage is only directed to those who own their house (Shan, 2011, p. 743). Therefore, in order for them to be able to reflect and think more realistic and naturally about reverse mortgage and aspects surrounding the loan, it is necessary that they own their house.

Another criterion that has been decided concerns the value of the house that the participants own. We have decided that it should not be valued less than 500 000 SEK. The reason behind this choice is that it is the lowest value of the house that one of the current reverse mortgage lenders has as one of their criteria for elderly to take the loan (Konsumenternas, 2013). Therefore we consider this amount to be realistic to use when we created the profile. Besides these mentioned criterions we have also chosen to narrow down potential reverse borrowers to those who have a yearly income of 150 000 – 260 000 SEK. These numbers are based on two aspects. First of all, the lower limit of 150 000 is chosen because it is the amount that represents the poverty line in Sweden (SCB, 2013). Second of all, the upper limit of 260 000 is chosen because it represents the median disposable income in Sweden (SCB, 2013). With this in mind we consider these two amounts to be relevant. We think they are relevant because we believe that people under the poverty line might not owning their house and are therefore not
potential customers. Furthermore we also believe that people earning more than the median disposable income might not need a reverse mortgage in the same extent as people close to or below this amount. People with a yearly income over 260 000 SEK would probably not be in need of reverse mortgage to the same extent as the people earning less. These assumptions are confirmed by Merrill et al. that states that the elderly that would benefit the most from a reverse mortgage is in fact those with a low or medium income (1994, p. 262). The findings in this research further shows that reverse mortgage borrowers in United States has a median income which is substantially lower than the country’s total median income (Merrill et al., 1994, p. 265). These findings, that reverse mortgage borrowers has a lower income than other elderly homeowners, is furthermore also found by Mayer and Simons in one of their research (Mayer & Simons, 1994a, p. 22). This further motivates our chosen yearly income interval because it is reasonable to assume that this income interval will include potential reverse mortgage borrowers. What we have reflected upon regarding these two above mentioned criterions is that it could be perceived as sensitive and private information because it concerns their house value and disposable income. Therefore we will not use this information in any other way then to use it as a criterion when we are doing our sampling selection. We will not ask them to tell us their house value or disposable income. Instead we will ask them if they are in the interval 150 000 – 260 000 SEK or if the house value is above 500 000 SEK and depending on their answer they will be considered as potential participants.

Regarding the civil status included in the profile we have decided that it do not matter to us because what is more important is if they own a house. What could be of interest in relation to this aspect is if they have any children whom they are going to leave bequest to when they die. This is one aspect that could affect how they reflect upon and view reverse mortgage and therefore we consider this aspect to be interesting to collect information about.

The last criteria concern the health status of the participants. This is one aspect which most lenders of reverse mortgage are taking into account when they decide if they will concede a reverse mortgage contract with a borrower. Because of this we thought it would be relevant for us to include health status as a criterion in our profile. This criterion is included to contribute to a profile that is as realistic as possible to ensure that our participants could be qualified as an actual reverse mortgage borrower. Another reason to this criterion is that it qualifies a potential borrower by its probable lifetime. By looking at the health status of a potential borrower the lenders tries to predict how long they will stay in their house (Caplin, 2000, p. 14). We have not put any larger focus on this last criterion but we wanted only to collect people that are of good wealth, both because of the mentioned reason but also because of ethical aspects which will be discussed later in this study (see part 3.4). To conclude, the profile that we used when selecting the sample in this study is presented in Table 2 below and shows the identified selection criteria and comments on each criterion.

Table 2. Sampling selection profile

<table>
<thead>
<tr>
<th>Selection criteria</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Minimum 55 years</td>
</tr>
<tr>
<td>Homeowners</td>
<td>Must own a property such as a house, an</td>
</tr>
</tbody>
</table>
apartment, a residential building, a holiday house etc.

<table>
<thead>
<tr>
<th>Value of house</th>
<th>Minimum 500 000 SEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income profile</td>
<td>150 000 - 260 000 SEK per year</td>
</tr>
<tr>
<td>Civil status</td>
<td>Does not matter</td>
</tr>
<tr>
<td>Health status</td>
<td>Relatively good health. Necessary for qualifying as a potential borrower, able to stay in house for a longer time</td>
</tr>
</tbody>
</table>

When we had agreed upon the participants profile we started to discuss how many participants and focus groups that should be most appropriate for us to answer and fulfill the research question and purpose. The amount of focus groups that should be conducted depends on the study and no guidelines exist of how many focus group one should use. Considering a recommended number of participants in each focus group should be four to six people. Having this smaller amount of people present in each group will benefit the discussion and enable all participants to engage in the discussion (Saunders et al., 2007, p. 348). When we discussed how many participants and focus groups that felt necessary to gather for this study we decided, considering this study’s timeframe and magnitude, that two focus groups with six people in each group should be our main goal. However, because of the time frame, the scope of this study and the issue with finding participants (which will be described more in detail below), we only chose to have one focus group. In addition to this, that we only conducted one focus group, and only were able to collect participants to one focus group we chose to have seven participants instead of six as we first wanted. The reason behind the choice of having seven participants instead of six was that we wanted to have as many participants as possible without having too many. By not having too many participants we wanted to enable that every person would have the possibility to freely speak without having too many people talking at the same time. To only include one more participant then we first planned is also closer to what is recommended by theory (Saunders et al., 2007, p. 348). Therefore the choice of having seven participants feels motivated. Furthermore we also think that if we would have more than seven participants there would have been too many and not all would have had the same chance to speak freely as they did with seven participants.

In the starting phase of this study we wanted to conduct two focus groups. But as mentioned above we only had the possibility to conduct one focus group meeting. The reason to why we wanted to have two focus groups was based on, as mentioned above the time frame and the scope of the study. Our first thoughts were also that we could compare the focus group discussions. But because this is not our purpose, to compare the focus groups, we thought that it would not be necessary and that it could instead be a suggestion of future research.

One other aspect that we think is beneficial for us considering we only have one focus group is that we had the additional smaller questionnaire which contributed with important and relevant information. Because we had this questionnaire that the participants filled in before the group discussion started, we collected individual perspectives and got answers which were not brought up during the discussion. Furthermore, some participants did not speak as much as others did during the group
discussion but by including this questionnaire we got their perceptions and opinions anyway.

During the focus group discussion the participants freely discussed the, by us, presented themes. After a while the discussion lead to the same conclusion and no new additional opinions or perceptions was brought up. Therefore we felt a theoretical saturation which means that a continuing with more discussions would not bring any larger new insights that would affect our conclusions (Bryman & Bell, 2005, p. 350-351).

In order to gather the participants to the focus group we first discussed how we would find the peoples that corresponded to the profile which we had developed. We discussed multiple options and some options discussed were book circles, the hospital, real estate agents and banks. One problem with asking banks and real estate agents is that they have their customer secrecy and therefore they could not provide us with the help we asked for. We also turned to different housing cooperatives in Umea with the question to get access to some of their members. One of the housing cooperatives gave up approval to put up notes, a short information sheet, in their staircases with the purpose of gathering participants. On the notes we had a short description of our aim with the focus group, what we expected from the participants and our contact information as well as the final date which they could contact us on. We were allowed to keep the notes up for a week and during this week we did not get any answers from the people living in the houses.

When we collected the notes after a week we met some of the people living in the houses and we took the opportunity to ask them why they did not want to participate. The answers we got were that they did not have time, that they had not seen the notes or because they never had heard about reverse mortgage and thus did not know what they could contribute with. These aspects is also mentioned by Saunders et al. to be reasons why it can be difficult to get access to people wanting to participate in a study (2007, p. 210-211). Another aspect that could be a reason for why people are reluctant to participate is because of the nature of reverse mortgage. Because reverser mortgage is targeting people that need extra income it could be a sensitive topic to discuss with unfamiliar people. This could also be connected to what has been found in previous reverse mortgage research, that people are feeling embarrassed when they have to take the loan because then they are showing that they have insufficient with resources (Leviton, 2001, p. 9-10). The aspect that reverse mortgage could be seen as a sensitive subject was also experienced during the focus group and this will be discussed later in the empirical chapter.

Due to the above mentioned problem with finding and collecting participants we changed or method of how we would collect participants to our focus group. One of the authors of this study is from a small town named Vindeln outside of Umea and therefore we turned to her family for advice of how to find people there who could participate in this study. Because her parents fit the profile they also knew people who also corresponded to the profile. By their network of friends and their friends we collected a sample of possible participants who we started to contact in order to ask them if they would be interested to participate in this study. In total we got seven participants in different ages and sexes. All participants corresponded to the decided profile and by having an open discussion with them we decided on a time and date when all seven of
them could participate in our focus group. The decided time and date were May 16th at time 18.30.

When we had our participants our next problem was to find a place where we could conduct the focus group. We did a smaller research on where in Vindeln there was rooms, conference rooms or similar which we would be able to hire during the focus group. During the research we only found a few possible options that corresponded to our requests of having a room fitting minimum nine people. The room should also have a projector and a projector screen so we would be able to show our power point presentation during the presentation of reverse mortgage. The best and most suitable option for us was Vindelns Folkhögskola which only wanted a smaller fee (800 SEK) to hire their conference room to us.

When we had decided on the date when we would conduct the focus group we contacted the person who we had talked to at Vindelns Folkhögskola and asked if the room was free on the evening of May 16th. The person said that we could use the room and we decided which hours we needed the room and got access to the room between five and nine in the evening. After this we took contact with the participants again and asked if they still wanted to participate and gave them the time and place where the focus group would occur.

Considering the type of sampling selection method in this study we consider it to be a non-probability sample because it will not be selected at random or statistically. This sampling method is applied when conducting a more in-depth study then a study with a lager extent of participants (Saunders et al., 2007, p. 226). Because this study use a focus group and thus only a smaller amount of participants the non-profitability sampling method is motivated.

By using a non-probability sampling method the focus is not on generalizing the empirical data to the population. Instead the focus is to make generalizations to theory (Saunders et al., 2007, p. 227). This therefore means that the idea with a non-probability sample is to contribute to a theoretical area which corresponds to what we do in this study by having a grounded theory research design. In this study we are turning to those who we know are available and possible participants. By having this technique we strived to gather our respondents in an easier manner and also to find appropriate participants faster.

The choice of sampling method is a snow ball sampling method. It is seen as a snow boll sample because we first asked one person who was acquainted to one of the author’s. This person then gave us some names of people that corresponded to our participant profile and thus could be potential participants. These people did also lead us to gaining access to other potential participants as well. This process of people recommending other people therefore corresponds to the sampling method snow boll sampling (Esaiasson et al., 2004, p. 212). Snow boll sample are commonly used when a qualitative research is conducted. This leads to that the results derived from the study are not fully representing the whole population and can thus not be generalized to the whole population. Instead the generalization is, as mentioned in the section above, generalized to the theoretical area (Bryman & Bell, 2005, p. 124-126, 320) and because this is what we strives to contribute with is the choice of a non-probability sample and a snow ball sample motivated.
3.1.2 Preparations for the focus group meetings

Below we have described the preparations that we made before conducting the focus group. The focus group is divided into three sessions. These three sessions and their process are described more in detail later in this chapter in part 3.1.4. The continuing part of this section is separated into the three different sessions in order to make it easier for the reader of this study to understand what has been done in relation to each session.

3.1.2.1 Presentation of reverse mortgage

Before the presentation we did an extensive literature review. This literature review was conducted in order to understand what previously has been done in the relevant theoretical areas. The knowledge we gathered through this review of the literature later became a foundation for the presentation. In the presentation we included facts and knowledge that we collected during the literature review. Therefore the presentation held for the participants in the focus group was based on the previously gathered information regarding reverse mortgage. The presentation included information regarding what reverse mortgage is, which characteristics the common borrower has, benefits and drawbacks with the loan as well as the risks associated with it.

This literature review was a crucial preparation in order to be able to construct this presentation in the best way as possible because this helped us to present solid and reliable information to our participants. We made a Power Point presentation based upon the previously gathered knowledge about reverse mortgage. Furthermore we carefully scrutinized the Power Point presentation before we used it. This scrutiny was conducted in order to avoid making spelling mistakes and other errors that could make the presentation confusing. Except gathering knowledge, information and constructing a Power Point presentation based on this acquired knowledge, the authors of this study also made a manuscript including the bullet point and main ideas that we wanted to mediate to the participants. Before the presentations for the participants we made sure that we had enough time to verbally practice using the created manuscript. The verbal practice before the actual presentation was made in order to secure the quality of our presentation. We also wanted the participants to get an impression of us being prepared and professional. After practicing verbally on the presentation we made smaller adjustments. These adjustments were made in order to make the presented material as easily understood as possible. Another preparation that we did was to divide different parts of the presentation between the authors, so that we had personal responsibility for specific sections during the presentation.

3.1.2.2 Questionnaire in qualitative purpose

In session 2 in the focus group a questionnaire was used. The foundation of this questionnaire comes from the conducted literature review in this study. Therefore this was a necessary preparation before the construction of the questionnaire could begin. The questionnaire was used with a qualitative purpose in mind. This is because we wanted to use the questionnaire as a means to collect initial perceptions of each participant in the focus group. Furthermore it is also a commonly used method to use a smaller questionnaire when conducting a non-probability sample. Additionally, because the questionnaire is not used to gather statistical data that could be generalized other
than to the sampled group (Robson, 2002, p. 264), this corresponds to our motives with having a smaller questionnaire. The questionnaire is found in Appendix 1.

The questionnaire included different types of questions. In total the questionnaire contained 30 questions which where multiple choice, written answers and yes and no questions. Some of the areas included were background information of the participants as age, sex and educational background. Other topics covered were for example their perceptions of reverse mortgage, if they were willing to take the loan and feelings that could occur in different situations.

3.1.2.3 Discussion and Filming

Besides the preparations regarding the preparations and the smaller questionnaire we also discussed how we wanted to collect the data from the focus group discussions in order to be able to analyze it later. First we thought about the option to use a dictaphone to record the discussion that would take place during the focus group. However, because multiple persons are present during the focus group meeting we early understood that it would not be an option. It would not be an option because it would be difficult for us to listen to the recordings and thereafter transcribe the discussion as accurate as we wanted to. This is because we thought that the number of participants would make it difficult to clearly identify what they are saying. Due to this we instead decided to film the discussion in the focus group. By filming the discussion we would have material which we could use when we later would transcribe the discussions. The recorded film provides us with the same verbal information as a dictaphone would and therefore it enable us to more correctly transcribe the discussions (Bryman & Bell, 2005, p. 374). Furthermore, by filming the discussions it made the transcription process easier which will be described later in part 3.3.1.

The video camera was borrowed from Service Center at Umea University the day before the focus group. This was beneficial because then we could check if it worked and learn how to use it so that it would not be any problems at the coming day when the focus group would take place. Before we started filming the discussion we asked the participants regarding the permission to record their discussion. This question was asked in order to make them aware of the camera which would lessen the possible feeling of anxiety (Bryman & Bell, 2005, p. 375). Filming the discussion helps us to process the collected empirical data. We furthermore also thought that it would provide us with the reactions of the participants, their body language and other aspects that could be of interest when analyzing the empirical data later in this study’s process. This aspect was one thing that we thought would be beneficial in our study. We thought it would be beneficial because we are focusing on perceptions and thereby, by being able to study the situation and the discussion on film, we thought that a deeper understanding would arise.

As we have explained previously the choice of qualitative method in this study is focus groups. Before the focus group meeting we prepared themes including a few questions that would be used as the foundation of the discussion which could be seen as our interview guide. These themes included in the interview guide are based on the literature review and is the same as the one we used when we prepared the presentation and the questionnaire. The themes that were used during the focus group are found in Appendix 2 and concern the participants’ perceptions, feelings towards, and willingness
to take, a reverse mortgage. In order to secure ourselves to the situation that could occur if no participant would answer or start to discuss the question asked we had prepared follow-up questions. These “if quiet” questions was written with the purpose of only asking them if the participants would sit quiet and not responding to the question. By using them we wanted to be able to start a discussion or start their reasoning regarding the questions asked. However, because the participants did respond and started to discuss directly after the question was asked we did not have to use these prepared “if quiet” questions. In addition to this, the “if quiet” questions, the themes and the follow-up questions were prepared and asked in a way so they would not affect or lead the participants’ answers in any direction.

We wanted to make the participants to freely discuss the themes that we had presented for them and furthermore we also wanted us to be able to ask new or follow-up questions. In order to do this, the choice of using a semi-structured discussion was made. By using a semi-structured discussion the chosen themes is the foundation and the researcher are allowed to integrate with new or follow-up questions (Bryman & Bell, 2005, p. 363; Kvale, 1997, p. 32; Saunders et al., 2007, p. 312). This therefore corresponds to our wishes of how we wanted the focus group discussion to be. We consider that semi-structured discussion is most appropriate in this study because it allows the participants to speak more freely which we think is of highly importance. It is of highly importance because it should help us in getting a deeper understanding of their perceptions.

**3.1.3 Additional preparations**

One aspect that we took into consideration when we prepared the focus group was that we tried, as much as possible, to affect aspects that surrounded the focus group. By this we tried to affect those factors that could influence the focus group session in a negative way. We wanted to conduct the focus group in a secluded and quiet environment where the participants could feel comfortable to freely speak and discuss without being disturbed. This aspect is one thing that is mentioned to be important (Saunders et al., 2007, p. 321). The main reason to this was that we thought it would be beneficial in order to ensure the purpose of the focus group which is to provide us with a deeper understanding. This deeper understanding of the participants, hence the potential reverse mortgage borrowers’ perceptions, would therefore help us in fulfilling the study’s purpose. Therefore we strived to make the participants feel secure and comfortable in the situation which further would facilitate that they would provide us with a more detailed and deeper discussion.

The room that we conducted the focus group in was in a bigger building at Vindelns Folkhogsksola and because all other activities in that building were over for the day we had the whole building to ourselves. Thereby we held the focus group without being disturbed.

During the focus group meeting both authors of this study were present. We did not divide any certain responsibility area, besides some certain power point slides, instead we shared the responsibility. The reason to why we chose not to divide the responsibility between us is that we wanted the participants to feel that both authors are equally informed in the subject. By this we strived to get the participants to feel secure to talk to both of us.
3.1.4 Practical design of the focus group

As mentioned before we collected our empirical qualitative data in this study by using a focus group. The focus group was conducted in Swedish. This means that the three sessions included in the focus group described below were all done in Swedish. The reason to why we chose to use Swedish instead of English in the focus group was to make sure that the participants were not hindered to express their perceptions due to language barriers and lack of knowledge in English. Because of this we translated the information from English to Swedish and after the focus group meeting we translated the most relevant gathered empirical data back to English. The issue with language bias and how we have taken it into consideration was described in detail in part 2.12.

We divided the focus group into three different sessions. Session 1 was the first session in the focus group. In the first session the authors of this study presented the subject of reverse mortgage for the participants in the focus group. This presentation was made by using the prepared power point presentation. The authors of this study presented reverse mortgage and general information about the subject. By doing this presentation we wanted to introduce our potential reverse mortgage borrowers to this area. Therefore the presentation included general information as well as explanations regarding reverse mortgage that was useful for the participants to know, in order to be able to form an opinion and get a perception of the subject. During this presentation the participants were told that they should feel free to ask any questions that they were wondering about. This, that they were told to ask questions during the presentation, was to make sure that misunderstandings were avoided and also to create an open dialog from the beginning where the participants in the focus group felt free to ask any questions. That we encouraged the participants to ask questions during the presentation had two reasons. First of all it was of utter importance that all participants really understood what reverse mortgage was and the general information provided to them, because without this understanding they could not contribute to following 2 sessions of in the focus group. Secondly we also wanted to create an open and comfortable environment where we encouraged the participants to be active and ask questions. The effort to create an open and comfortable environment for the participants was in order to facilitate the transition to the remaining 2 sessions included in the focus group. In the remaining 2 sessions the participants were required to be more active than in the 1 session. To make the potential reverse mortgage borrowers (participants) in the focus group to feel comfortable with sharing their perceptions later in the focus group we aimed at creating an open and partaking environment from the beginning of the focus group.

When the first session of the focus group (presentation of reverse mortgage) was done we moved on the 2nd session in the focus group. This session included a shorter questionnaire handed to the participants which they should fill in directly after hearing about reverse mortgage. Through handing out the questionnaire we wanted to gather the individual perceptions of each participant regarding reverse mortgage, which they just recently had explained to them in the presentation. The questionnaire enabled us to gather their initial perceptions, feelings, opinions etc. of each individual participant in group. When everybody was done and had handed in the questionnaires to the authors of this study it was time for a break were we offered the participants refreshments in the form of coffee or tea, cookies and fruits. The coffee break was after the participants
filled in the questionnaire. This break was appropriate considering that one more session remained in the focus group and we needed the participants’ attention and focus throughout the last session as well. During the break the authors glanced through the answers in the questionnaires. This was done to provide the authors of this study with a general and brief opinion about the participant’s initial perception about reverse mortgage as a basis before the third session started.

After the short break the third session started. This session was structured in the form of a group discussion to get a better understanding of the participants’ perceptions about reverse mortgage. The authors initiated the discussion by asking the focus group a provocative question regarding reverse mortgage and their perceptions. The discussion in the group was free and all participants discussed together, with the occasional guidance of the authors when we introduced certain themes to discuss. Except the themes introduced by the authors occasionally the discussion was totally free for the participants to express their perceptions. A mainly free discussion in the focus group was made to enable discovering of perceptions and reasons behind these perceptions in the entire group. Such a free discussion enabled us to get the opportunity to discover details that might have been missed when using a more structured approach. Therefore the focus group’s perceptions and the reasons behind these are really allowed to appear using a more unstructured approach.

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**Figure 3. Practical design of the focus group**

- **Session 1**
  - **Presentation:** Authors present the subject of reverse mortgage.
  - **Why?** Introduce the participants in the group to reverse mortgage.

- **Session 2**
  - **Questionnaire:** Participants fill in a questionnaire regarding reverse mortgage and their perceptions.
  - **Why?** Gather initial brief perceptions regarding reverse mortgage from each participant in the group.

- **Session 3**
  - **Group discussion:** Participants have a group discussion regarding reverse mortgage and their perceptions of it.
  - **Why?** To enable discovering of similarities, differences and patterns of perceptions regarding reverse mortgage in the entire group. Plus reasons for these perceptions.
3.2 Conducting the focus group

To summarize all the information regarding the collection of the empirical data and the focus group we have created a table shown below. In the focus group seven persons participated. It was 4 male and 3 female participants between 56 and 68 years. In the focus group two participants marital status were cohabitants while the remaining five were all married. The focus group lasted for approximately 100 minutes on May 16th 2013. We met the participants outside the conference room 18.30. When all participants were gathered we showed them to the conference room and told them about the agenda for the evening. Before the first sessions, the presentation, we handed out consent forms to all participants (described in part 3.4). After they had read them through and signed them we collected the consent forms and started the presentations. During the presentation the participants asked many questions. In the beginning of the presentation we highlighted the fact that there were no strange or wrong questions and that they should not be afraid to interrupt us in our presentation. The first session lasted for 30 minutes and it lasted this long because the participants asked many questions during the whole presentation.

The second session which was when the participants filled in the questionnaire took approximately 20 minutes. After they had finished the questionnaire they were free to collect coffee, tea, cookies and fruits. When all participants had taken their food and sat down around the table we started the third session, the focus group discussion. During this session the participants continued to drink coffee and tea which we thought was a good way to make them feel more relaxed and comfortable in the situation. We asked them the questions we had prepared and they answered them by discussing the topic between each other. In the focus group there were some individuals who expressed themselves more frequently than others did. Because of this reason we were happy that we had handed out the questionnaire before the discussion. We were happy because even though all participants did not express themselves during the discussion, they still had the possibility to express themselves and their opinions in written form in the questionnaire instead.

We, the authors of this study, did not participate in the group discussion except when we asked the questions or gave them answer to questions asked by them. This session ended when we felt that no more information of relevance could be gathered because the discussion the whole time lead to the same answer and also because we felt that the participants discussions started to be less relevant to our study. Therefore, because we felt that we had collected interesting, relevant and good empirical material we ended the third session. This session lasted approximately 30 minutes and ended with us thanking them for participating in our focus group. When we ended the focus group and all participants had left the location the time was 20.10. In total the participants and we met for 100 minutes, 80 minutes of these was the three sessions and the other 20 minutes was spent on toilet visits, questions and collecting coffee etc. Furthermore we also observed the general mood in the focus group. We got the feeling of an open, curious and enjoyable atmosphere in the room and among the participants. The information presented above regarding the conducting of the focus group is summarized in table 3 below.

Table 3. Information regarding the conducted focus group
<table>
<thead>
<tr>
<th>Focus group</th>
<th>Number of participants</th>
<th>Duration of the focus group</th>
<th>Duration of each session</th>
<th>When (date) and which time of the day</th>
<th>Location</th>
<th>General mood in the focus group</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>7</td>
<td>100 minutes</td>
<td>Session 1: 30 minutes</td>
<td>May 16th 2013. Started: 18.30</td>
<td>Conference room, Vindeln Folkhögskola</td>
<td>Enjoyable, curious and open atmosphere.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Session 2: 20 minutes</td>
<td>Finished: 20.10</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Session 3: 30 minutes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.3 Processing and analyzing the qualitative empirical data

3.3.1 Processing the qualitative empirical data

In order to collect the empirical data from the focus group we have, as described previously, filmed the discussion that occurred during the focus group meeting. This recording was later used when we transcribed the material. When you transcribe material this means that a recording, as the film of the focus group discussion in our study, is transformed to a written text (Saunders et al., 2007, p. 475). Transcribing empirical data is done because it facilitates the transparency and accessibility of the data (Kvale, 1997, p. 155).

Before we started our transcribing process we discussed how we wanted to conduct the transcribing. First of all we decided that we should do it ourselves. The reason behind this decision is that we both have experience from transcribing material, we know what is most relevant to this study and because we wanted to assure that no important information would be omitted. By conducting the transcribing ourselves we also thought that we would save time to search for an appropriate transcriber or to wait for the transcribed material which we could have done by ourselves.

We also choose to conduct the transcribing word-by-word in Swedish by looking at the recorded film and separating the different participants’ answers. This, that we separated their answers, was done even if we had no thought of looking upon each and every different person’s answers and analyze them separately. Instead this was done because we wanted to see how often things were discussed or if some persons had the same opinions and furthermore also tried to get a picture of the reality that occurred during the discussion. One other reason to why the transcribing was done word-by-word was
because we wanted that the transcribed material used in the analysis should give a just picture of reality. Due to this we wanted the transcribed material to correctly correspond to what actually was said so that the data used in the analysis would be as reliable as possible. By conducting this thorough process we wanted to assure that all important and relevant aspects were included in the analysis.

Beside this we also choose which parts from the transcribing that were more or less important to include in the analysis. The parts were chosen according to the purpose and research questions of this study but also other aspects that came up which we though was interesting to highlight. Because this study is using a focus group involving a semi-structured discussion it allows the participants to speak freely and thereby some less relevant aspects arise during the discussion. These aspects are not included in the transcribing or the analysis because they are not relevant to this study.

After the focus group was conducted we sat down to transcribe the recordings. We divided the recorded film in two parts and transcribed one part each. Because we already had discussed and decided how we would transcribe the material this, dividing the transcribing, did not cause any problems. During the transcribing we sat together which enabled us to help each other if any problems would or difficulties would occur. Together we sat approximately eight hours (four hours each) and transcribed the material. The transcribed text is in Swedish and it is only the parts that will be used in the analysis that will be translated to English. This process of transcribing the chosen parts and citations from Swedish to English has been done carefully to avoid any misinterpretations. The transcribed material derived from the focus group was organized in relation to the discussed themes. After this was done both authors read the transcribed material multiple times and thereafter the analysis process started.

The questionnaires that we handed out and collected during the second session were processed by summarizing the answers in an excel sheet. We summarized the answers in an excel sheet to easier get an overlook of the answers. After we had summarized the answers we made diagrams based on the answers that we felt were most relevant and that we could use in our analysis chapter. We chose to create diagrams and pie charts even if we are not using the questionnaire as a quantitative research method. Instead we did the diagrams to get an overview of what was derived from the focus group meeting and easier see who many that mentioned a certain aspect. This process, to make the summary and create the diagrams took approximately twelve hours.

3.3.2 Analyzing the qualitative empirical data

In order to be able to analyze our qualitative data that is collected during the group discussion we put together the identified perceptions from the focus group. By categorizing these perceptions we facilitate the process of comparing participant’s perceptions with each other. We have also facilitated the detection of similarities, differences and possible patterns in our empirical data. In the analysis all the categorized and transcribed data is not included in the analysis. Instead the data that is of most importance and interest for this study is included for further analysis. The perceptions of our participants that are included in the analysis are furthermore analyzed with the help of relevant theories to be able to generate conclusions. These relevant theories are within the areas of reverse mortgage, psychology and behavioral finance. Also the answers provided to us in the questionnaire has been categorized and analyzed.
with the help of relevant theories. In addition to this it will clear which information is gathered from the focus group and from the questionnaire.

According to Braun and Clarke a thematic analysis is recognized by the fact that such an analysis finds, analyses and illustrates themes or patterns in a given set of data (2006, p. 79; Saunders et al., 2007, p. 482). In the light of Braun and Clarke’s description of a thematic analysis our analysis in this study is best described as a thematic analysis. The argument for this statement is based on the fact that we divided our empirical data into suitable categories. We thereafter analyzed these categories by using relevant theoretical themes to find differences, similarities and possible patterns in our data which is described in the section above.

As previously mentioned all the categorized empirical data is not used in our thematic analysis. Instead we have chosen to include only the categorized data that contributed to a nuanced analysis and consequently are of importance and relevance. Which parts of the empirical data that should be included in our thematic analysis have be chosen by having this study’s purpose and research question in mind. The analyzed data enables us to fulfill our purpose of getting a deeper understanding of the perception regarding reverse mortgage held by potential borrowers. Furthermore the data also should contribute to finding an answer to how reverse mortgage is perceived by potential borrowers in Sweden.

A thematic analysis is useful when rich and detailed data needs to be analyzed, the usefulness of the approach is due to the flexibility that comes with this method of analysis (Braun & Clarke, 2006, p. 78). Considering that this study aims at getting a deeper understanding of potential reverse mortgage borrowers’ perceptions we needed to collect detailed and rich data and therefor a thematic analysis is appropriate and suitable. Another reason for why thematic analysis is applicable in this study is because it is also compatible with our research philosophy that is constructivism. To combine a research philosophy constructivism with a thematic analysis is an appropriate combination according to Braun and Clarke (2006, p. 78). Thematic analysis is also a commonly used method for analyzing qualitative data (Braun & Clarke, 2006, p. 78), which further strengthen the usability of this method considering that we are using qualitative data.

The inductive approach in this study is highlighted in this section because we explore the perceptions of potential reverse mortgage borrowers in Sweden and thus their reality. We later analyze the empirical data collected from the focus group using relevant theories regarding reverse mortgage, psychology and behavioral finance. Consequently, we move from reality and our collected empirical data back to theories which emphasize the inductive approach in this study.

3.4 Ethical considerations

One aspect that is of high importance when conducting a study is to consider the ethical aspects regarding the study. Ethical aspects could be, for example, not to stress or mislead the participants and therefore the researcher should consider ethical aspects early in the research process (Robson, 2002, p. 65; Saunders et al., 2007, p. 231). These aspects have been taken into consideration when we conducted the focus group. The participants had the choice of withdraw themselves from the focus group if they wanted
and we informed them about that they were recorded on film. Other aspects that we have been taken into consideration and that we have presented to the participants is that their participation is voluntary and anonymous, that they do not have to answer the questions being asked and that the outcome from the focus group only will be used in this study. We gave the participants a consent form where all these aspects were highlighted. The consent form did all participants fill in before the first session started. In the consent form (see Appendix 3) all the ethical aspects that are taken into consideration is mentioned. To this study one aspect that is of certain importance to include in the consent form is the notion that we will film the discussion (Saunders et al., 2007, p. 239).

Regarding the participants health status we thought about this ethically. We decided to not include people in our sample who were not in good health or would not be able to manage to understand or participate in the discussion.

Furthermore we think that our role as researchers needs to be highlighted in relation to ethical consideration as well. We want to highlight that this study is not written on commission and is not paid or influenced by any external part. All the written text, conclusions and thoughts are ours and concluded by us only. The information that we has found and is written down in this study is all true and not distorted in any way. This applies both to the gathered literature and the empirical material which we have transcribed and used in our analysis.

In addition to this we also consider this study to be ethical because the outcome of our study will enhance the knowledge and understanding of reverse mortgage which not seem to exist in any larger extent in the society today. By increasing the awareness of reverse mortgage and by the results derived from our study we hope to create an understanding of the loan which will help people to make more ethical decisions. Considering this we hope that our study will contribute to the societal ethical thinking. Because we consider research to be one foundational aspect of the society our ethical contribution could be seen as a mean of improving the ethical nature of the society.

3.5 Thesis method summary
Rienecker and Stray Jørgensen have together created a model called "The pentagon of the study" (2008, p. 23-24). According to them this model provides an overview of the content that should be included in scientific studies. We have used their model and adapted it in order for it to provide an overview of our study. By doing this we wanted to give the reader a clear picture of this study in a short and illustrative manner. Our adaption of Rienecker and Stray Jørgensen’s (2008) model are found below. The reader should start by reading the square that is labeled with number 1 and is called research question. The following squares in the model should be read in numerical order so that the reader finally ends up in square number 6 which is called process of the study.
Figure 4. Thesis method summary

1. Research question: How is reverse mortgage perceived by potential borrowers in Sweden?

2. Purpose: The main purpose of this study is to get a deeper understanding of the perceptions regarding reverse mortgage held by potential borrowers.

3. Qualitative data: The qualitative data in this study will be gathered using a focus group.

4. Data collection method: A focus group will be used in order to get a deeper understanding of how potential borrowers perceive reverse mortgage in Sweden.

5. Theoretical framework:
   - Reverse mortgage
   - Psychology
   - Behavioral finance

6. Process of the study:
   - A literature review was conducted where we gathered necessary information to be able to gather empirical data.
   - The focus group meeting will consist of 3 sessions.
     - Session 1: The authors start with a presentation of what reverse mortgage is and explain the loan further for the participants in the focus group.
     - Session 2: After the presentation the focus group is given a questionnaire to fill out regarding reverse mortgage.
     - Session 3: The authors open up for a discussion in the focus group where they are allowed to discuss their perceptions of reverse mortgage further.
   - The collected data is analyzed and conclusions will be drawn.
4. Theoretical frame of reference

The purpose of this chapter is to present and get an overview of what has been done previously in research and is of relevance to this study. Reverse mortgage and previous studies in the area is presented in the beginning of this chapter. This part is used as a foundation to our presentation in the focus group. After this first part is different psychological aspects and theories in behavioral finance that is of relevance described. These two areas are used as the foundation of the questionnaire and the asked themes and will help us in analyzing the answers from the participants. In the final part of the chapter all these three areas are combined and conclusions will be drawn based in this chapter.

4.1 Reverse mortgage

4.1.1 Background and features of reverse mortgage

Reverse mortgage has its origins in France (Huan & Mahoney, 2002, p. 29) and this concept was introduced in United States sometime between the 1970-1980s (Bhuyan, 2011, p. 8-9; Desai, 2010, p. 84; Godfrey & Malmgren, 2006, p. 35; Huan & Mahoney, 2002, p. 29) where the largest reverse mortgage market exists today. Other markets where reverse mortgage is expanding is in Canada, United Kingdom and Australia, but these reverse mortgage markets are of a smaller size than the market in the United States (Creighton et al., 2005, p. 428). Many countries in Europe also have favorable conditions and a clear potential to have a flourishing reverse mortgage market (Huan & Mahoney, 2002, p. 34-35). Despite this potential many reverse mortgage markets have not advanced and grown as fast as expected (Caplin, 2000, p. 1). Bhuyan suggests that this slow development could partly be due to limited customer acceptance of the reverse mortgage (2011, p.18). In addition to this and the fact that reverse mortgage has not spread in any larger extent in Sweden (FI, 2009, p. 72) makes it interesting to study reverse mortgage from a customer orientation as described in this study’s perspective part 2.3.

As previously mentioned in the problem background reverse mortgage is a loan intended for elderly who are cash poor but own their houses. By utilizing reverse mortgage these elderly will get access to otherwise frozen home equity by converting a portion of the home equity to cash income (Shan, 2011, p. 743). Therefore reverse mortgage can be seen as a potential solution for the cash poor house rich elderly to improve their economic standard (Chou et al., 2006, p. 716). The repayment of reverse mortgage will not take place before the elderly borrower sells or leaves the house permanently or dies (Caplin, 2000, p. 2; Rose, 2009, p. 68). Reverse mortgage borrowers repayment will never exceed the value of the house on the market (Kaur Brar, 2011, p. 57). Due to this fact many borrowers usually will need to sell the house to be able to repay the loan (Leviton, 2001, p. 2). In cases when the borrower dies the heirs will need to repay the loan, either by selling the house or with their own funds if they want to keep the house. If it is required to sell the house to be able to repay the reverse mortgage the remaining capital from the sale that is not used to repay the loan will go either to the house owner or its hires (Rose, 2009, p. 68).

The amount that the borrower can receive depends on different aspects. Some aspects that will affect the amount are the market value of the house and the expected interest rate (Caplin, 2000, p. 3; Godfrey & Malmgren, 2006, p. 36; Merrill et al., 1994, p. 268;
Rose, 2009, p. 68). Another aspect that is taken into consideration by the lenders is the potential borrower’s current age. If he or she is married the partner’s current age is considered as well (Caplin, 2000, p. 3; Merrill et al., 1994, p. 268). For example an older potential borrower will receive a larger payment than a younger potential borrower because of the shorter life expectancy of the older borrower (Godfrey & Malmgren, 2006, p. 36). Furthermore a larger amount can also be borrowed through using a reverse mortgage if the interest rate is low or if the value of the house is large (Nakajima, 2012, p. 21).

Reverse mortgage is considered to be a complex financial product (Mayer & Simons, 1994a, p. 25; Rose, 2009, p. 69; Shan, 2011, p. 766) by elderly (Reed, 2009b, p. 1) and is difficult for lenders to explain to potential borrowers (Merrill et al., 1994, p. 266). It is suggested that people that have a higher educational background will find it easier to understand the concept of a complex financial product such as reverse mortgage (Chou et al., 2006, p. 724). One complexity with the loan concerns the fact that reverse mortgage converts a portion of the house equity to cash where various payment plans can be chosen. The payment plan can be customized and depends on the borrowers requirements (Desai, 2010, p. 84) and the payment plan can be changed, for a minor administrative fee, at any time (Shan, 2011, p. 748). Depending on the borrowers requirements the payments can be made in different ways. Either monthly for a predetermined time (this is called a term plan) (Rose, 2009, p. 68), quarterly or annually depending on when the borrower requires money from the loan (Desai, 2010, p. 84; Rose, 2009, p. 68). It can also be paid to the borrower continuously as long as the borrowers are still alive or as long as the borrower continues to own the house (tenure plan). Reverse mortgage can also be paid as a lump sum or by a line of credit. Line of credit implies that the borrowers have a flexible choice of withdrawing money whenever they need until a determined maximum credit line is reached. Furthermore it also exist combinations of different payment plans on the market today and examples of these combinations are when a line of credit plan and a tenure plan is combined (modified tenure plan). Another possible combination of payments is called a modified term plan which implies that the line of credit and the term plan is combined (Chou et al., 2006, p. 717; Nakajima, 2012, p. 21; Shan, 2011, p. 748). Regarding which payment plan that is most preferred by borrowers the findings is contradictory when comparing different conclusions derived from research. In a study made by Rose it is stated that borrowers prefer a payment plan which allows them to receive regular payments until they die (Rose, 2009, p. 69). Another research shows that borrowers more often choose to receive the converted home equity as a lump sum (Merrill et al., 1994, p. 266). These contradictory findings could be seen as an indication that it do not exist any generally preferred method of payment and this preference instead depends on the individual borrower itself.

People applying for a reverse mortgage are doing it for different reasons. Reasons to why people are willing to take the loan is to pay off other types of debts including the existing mortgage on their house (Leviton, 2001, p. 8; Mayer & Simons, 1994b, p. 244), get extra income and because they want to keep living in their houses (Leviton, 2001, p. 5; Merrill et al., 1994, p. 259, 262-265). It is also suggested that reverse mortgage rather is used to generate income when a unforeseen problem arise and financial emergencies of some kind occur (Caplin, 2000, p. 17; Kaur Brar, 2011, p.56; Mayer & Simons, 1994a, p. 22), instead of using reverse mortgage as a mean to support the households daily consumption (Caplin, 2000, p. 17). House owners often have great
income pressure that comes from the need of extensive home repairs (Kaur Brar, 2011, p. 56; Leviton, 2001, p. 2; Merrill et al., 1994, p. 258) and medical expenditures (Leviton, 2001, p. 7; Rose, 2009, p. 68). Therefore reverse mortgage could be used with the purpose to afford expensive home repairs (Kaur Brar, 2011, p. 56). The extra income gained through reverse mortgage could therefore be used for funding the medical expenses and the expensive home repairs. One other reason to why elderly have started take a reverse mortgage is because the stock market and the interest rates on their personal savings have declined (Rose, 2009, p. 67-68).

In addition to this people that are more likely to apply for a reverse mortgage vary in characteristics. The most common characteristics found are people or households with a low income, those who do not plan on leaving a bequest and those who have an attachment to their house and what to keep living there (Merrill et al., 1994, p. 259, 262-265; Shan, 2011, p. 745). Besides this it is also mentioned that it is more common for single women, older widows (Merrill et al., 1994, p. 259, 262-265) and persons without any children to apply for the loan (Chou et al., 2006, p. 721; Merrill et al., 1994, p. 259, 262-265). Furthermore, in a study made by Leviton, reverse mortgage borrowers usually did not tell anyone except the closest in the family that they took the loan (2001, p. 9).

4.1.2 Benefits, drawbacks and risks with reverse mortgage

4.1.2.1 Benefits with reverse mortgage

Elderly homeowners with a low income and a high home equity will benefit substantially by choosing the option of reverse mortgage (Merrill et al., 1994, p. 279). One large benefit with reverse mortgage concerns the aspect that the borrowers will receive extra income by converting their home equity to income in the form of cash while they still can live in the house (Leviton, 2001, p. 5; Shan, 2011, p. 743, 745; Wang, Valdez, & Piggott, 2008, p. 351). Another benefit that comes with reverse mortgage is that the borrower does not have to repay the loan until the borrowers dies or sells the house (Rose, 2009, p. 72; Wang et al., 2008, p. 350). The customized and flexible feature of reverse mortgage regarding the payment plan that the borrowers will have which depends on the requirement of the borrower is furthermore also mentioned as an advantage with this loan (Kaur Brar, 2011, p. 54).

One aspect that is considered to be an advantage with reverse mortgage and is due to the insurance premium, which is one of the costs associated with taking the loan, is that the borrower will never owe the lender more than the market value of the house (Nakajima, 2012, p. 28; Rose, 2009, p. 72). However this could also be seen as a disadvantage and a risk. This is because of the problem of moral hazard and maintenance risk which will be described in part 4.1.2.3.

Regarding borrowers’ well-being and poverty it is found that these factors will be improved and reduced when elderly homeowners’ use a reverse mortgage (Leviton, 2001, p. 3; Mayer & Simons, 1994b, p. 246, 253; Ong, 2008, p. 74).

4.1.2.2 Drawbacks and risks with reverse mortgage
Even if reverse mortgage is seen as an attractive option for elderly homeowners that are in need of extra income in addition to their pension income, reverse mortgage has its drawbacks and risks. Therefore it is of high importance that the drawbacks and risks of reverse mortgage are taken into consideration before entering the contract (Rose, 2009, p. 69; Wang et al., 2008, p. 350).

One aspect that is mentioned as a drawback of reverse mortgage and is suggested as one reason to the slow customer acceptance is the fees and costs that are associated with the loan (Mayer & Simons, 1994b, p. 235; Rose, 2009, p. 69). The costs associated with a reverse mortgage vary and are depending on which type of reverse mortgage the borrower is taking. All costs and fees that come from reverse mortgage are not paid directly to the lender. Instead it is only a “start-up fee” including administrative costs associated with closing the loan that needs to be paid directly. The other costs, for example an insurance premium, will instead be subtracted from the borrowed converted home equity amount that is paid out to the borrower according to the agreed upon payment plan (Rose, 2009, p. 69-70). These additional costs and fees derived from reverse mortgage need to be taking into consideration when a borrower decides to apply for the loan. This is because the costs and fees quickly can affect and increase the debt with a large amount of money (Kaur Brar, 2011, p. 65). Considering the costs and fees associated with reverse mortgage the borrowers taking the loan will be affected in various extents. People who will benefit the least from the loan considering the costs and fees are those who are only borrowing a smaller amount of money or for a shorter period of time. This is due to the fact that the cost and fees will be based on the house value and not on the borrowed amount itself. Thereby, by only borrow a small amount of money through a reverse mortgage, the costs and fees will be large in relation to the small amount of the borrowed money. Furthermore a person who only borrows money for a shorter period of time will get high costs accosted with the closing of the loan that has to be paid during the first years (Godfrey & Malmgren, 2006, p. 40).

Beside the complexity of reverse mortgage and costs and fees that come with the loan another drawback is that a large portion of the homeowner’s equity often needs to be liquidated through a sale of the house in order to be able to repay the loan when the loan is due. In some cases even the whole liquidated value of the house will be used to repay the loan (Rose, 2009, p. 72). It is also common that borrowers expect themselves to stay in the house or live longer than they actually will do. Therefore they will not be able to fully utilize all the benefits that is derived from the loan (Nakajima, 2012, p. 28) and will instead have paid expensive fees and costs that is associated with a reverse mortgage contract (Godfrey & Malmgren, 2006, p. 40).

4.1.3 Risks associated with reverse mortgage

Elderly people are considered to be financially conservative and risk averse (Ong, 2008, p. 64). Reverse mortgage is as mentioned before a complex financial product and by using reverse mortgage the borrower can be exposed to a variety of risks. Common risks associated with reverse mortgage will be described below.

4.1.2.1 Longevity risk

Today many people live longer than expected which creates the risk of longevity (Chou et al., 2006, p. 717; Deng, Brockett, & MacMinn, 2012, p. 697) which is due to a
substantially reduced mortality rate. This has made the longevity risk the most important and crucial risk associated with reverse mortgage. Longevity risk is of importance because the duration of the reverse mortgage is highly influenced by the expected mortality of the borrower (Wang et al., 2008, p. 351). Because of the longevity risk the lender suffers a risk by not knowing when the loan will be repaid. This risk is especially a considerable risk when the borrower has taken the payment plan that allows the borrower to receive payments until he/she dies (Kaur Brar, 2011, p. 64).

4.1.2.2 Home-value risk and cross-over risk

The home-value risk of reverse mortgage implies that the home value depreciates faster than anticipated (Chou et al., 2006, p.718). If the home-value depreciates to such a large extent that the borrowed amount is exceeding the home-value the borrower will be faced with a risk called cross-over risk. Furthermore this cross-over risk will also be influenced by interest rate risk (described below in this section) (Wang et al., 2008, p. 350-351) and occupancy risk (occurs when the borrower lives too long in the house and thereby the loan value exceeds the value of the house) (Huan & Mahoney, 2002, p. 30; Wang et al., 2008, p. 350-351).

4.1.2.3. Maintenance risk (moral hazard)

When reverse mortgage borrowers do not properly maintain their homes this could lead to a decrease in the house value and consequently it will result in what is called the maintenance risk (Chou et al., 2006, p. 718). When this situation is occurring it is mainly due to the moral hazard that arise because the borrower neglects maintaining their home to such an extent that the home value will decrease. This neglect could occur because the borrowers themselves will not suffer from the declining house value and thus it is primarily the lender that bears this loss in value (Kaur Brar, 2011, p. 64; Wang et al., 2008, p. 351). The reason behind why the lender bears this risk is because a reverse mortgage borrower never will owe more to the lender than the value of the house which is due to the insurance premium paid by the borrower when closing the contract (Nakajima, 2012, p. 28; Rose, 2009, p. 72).

4.1.2.4 Interest rate risk

By using a reverse mortgage it is possible to either have a fixed or adjustable interest rate on the loan (Case & Schnare, 1994, p. 308; Nakajima, 2012, p. 21). In addition to this the fluctuations that occur on the interest market imply an interest rate risk (Case & Schnare, 1994, p. 308; Kaur Brar, 2011, p. 64), especially because reverse mortgage loans often have adjustable loan rates. Furthermore this risk cannot be diversified (Szymanoski Jr, 1994, p. 352).

As shown above there are considerable benefits that arise with the use of a reverse mortgage. On the other hand there are risks and disadvantages associated with this financial product as well. Therefore a potential borrower carefully needs to consider the benefits, disadvantages and risks and evaluate these against each other before making a decision. Furthermore it is vital that potential borrowers recognize and have knowledge about all perspectives, such as benefits and potential drawbacks, in order to create a fair opinion about the financial product.
4.1.4 Previous reverse mortgage research

The research area of reverse mortgage has not been studied and explored in any larger extent. Many of the previous studies conducted in the area have focused on studying reverse mortgage and estimating the potential demand of the loan on the market (Leviton, 2001, p. 3; Merrill et al., 1994, p. 259; Shan, 2011, p. 745). Studies have also been conducted to study the size of the market for reverse mortgage and why it has not grown as large as expected (Caplin, 2000, p. 1; Leviton, 2001, p. 3; Shan, 2011, p. 745-746; Venti & Wise, 1991, p. 393). Research regarding potential demand of reverse mortgage has mainly been conducted in the United States (Kutty, 1998; Shan, 2011). More recently potential demand has been studied in other geographical locations than the United States. In a study made in Hong Kong potential demand was studied by Chou et al. and the researchers used a survey and a systematic random sample which included households with adults of middle age. Through using this method the researchers gathered 629 answered survey which indicated a favorable potential market for reverse mortgage in Hong Kong and thus a demand for the loan seems to exist (Chou et al., 2006, p. 719-720, 722). Potential demand of reverse mortgage has also been studied in Australia by using 1000 telephone interviews and 29 interviews with existing reverse mortgage borrowers. Through analyzing this empirical data the researcher concluded that a demand for the loan exists in Australia and that there are potential borrowers in the country. Furthermore the researcher of this study also concluded that there is very little understanding of reverse mortgage on the market (Reed, 2009a, p. 11, 13). In India there has also been conducted studies focusing on the same manner and in one of them the researcher used a random sampling method to handle out surveys. The selection of participants was people over 60 years and the researcher collected a total of 800 answered surveys. Regarding the potential demand in India the study concluded that it exists a potential demand for reverse mortgage and the citizens in India would benefit from the loan (Desai, 2010, p. 86, 91). Another study also made in India came to the same conclusion, that a potential demand for reverse mortgage exists on the Indian market (Kaur Brar, 2011, p. 62, 65). Furthermore investigating demand in other countries would be interesting especially in Sweden where the demand for reverse mortgage has so far been very weak. This is not something that is within the scope of this study. However through analyzing the perception in the focus group it might show some hints concerning why reverse mortgage has not grown as fast as expected in Sweden. Considering that a majority of the previous reverse mortgage research is from United States some studies have only briefly started to focus on other geographical areas such as India, Hong Kong and Australia. Therefore we consider it to be necessary and interesting to investigate reverse mortgage further in other geographical areas as well. Because of this, our study will contribute to this aspect due to the fact that this study is conducted in Sweden.

Many previous studies on the topic of reverse mortgage only describe reverse mortgage, its features and benefits and drawbacks with the loan (Godfrey & Malmgren, 2006; Huan & Mahoney, 2002; Kaur Brar, 2011; Nakajima, 2012). Other previously studies have been conducted in order to investigate if elderly people’s economic well-being can be improved when they are using reverse mortgage. The findings made in the different studies are contradictory regarding to which extent reverse mortgage can affect elderly borrowers economic well-being (Ong, 2008, p. 62). In an Australian study the researcher found that reverse mortgage significantly will improve the economic well-being of elderly borrowers. This result was derived by using mathematical modeling
based on micro data generated from a survey made during 2002-2003 in Australia named SIH (Survey of income and housing) (Ong, 2008, p. 65, 74). The researchers Mayer and Simons (1994a, 1994b) have in two of their studies found that elderly borrowers of reverse mortgage will have an increased well-being if they would take the loan. The studies were conducted in the United States and used a dataset collected through a survey called SIPP (Survey of income and program participation). Included in the survey there is different areas such as household’s well-being and income distribution (Mayer & Simons, 1994b, p. 241). The results from one of these studies showed that the economic well-being of elderly borrowers could increase with as much as 20 percent if they would have a reverse mortgage (Mayer & Simons, 1994b, p. 246).

In contrast to these findings other researchers have concluded contradictory conclusions using the same SIPP survey as their dataset. Instead of concluding that reverse mortgage would improve the economic well-being of elderly borrowers, as Mayer and Simons did (1994a, 1994b), Venti and Wise found that the economic well-being for elderly borrowing families in the United States only will be improved very little. Moreover these researchers concluded that elderly single people that are 85 years or older would have a substantial increase in their well-being because it would lead to a doubled income (1991, p. 393).

Previous reverse mortgage studies have focused on elderly borrower and poverty alleviation. One study from United Kingdom has used surveys concerning family expenditure during the years 1993-1995. In this study the researcher are modeling how the elderly borrowers in United Kingdom potentially will be affected by using a reverse mortgage. The conclusions made in this study implies that elderly people in United Kingdom that use reverse mortgage will only reduce their poverty marginally (Hancock, 1998, p. 249). Contradictory findings to this have been found by other researcher. Leviton states that previously there have been made various studies that concludes that poverty reduction effects can be achieved by using a reverse mortgage (2001, p. 3). Furthermore Mayer and Simons have conducted a simulation study where population estimates including people of age 62 or older in United States. Conclusions derived from this simulation study showed that a significant portion of the poor elderly using a reverse mortgage would have an increased income which would lead to their income being raised above the poverty line (1994b, p. 253). Another simulation study has been made in the United State and is made by Kutty (1998). In order to gather empirical data Kutty used the American housing survey (AHS). This survey included information as income, home value and poverty status. The results derived from this study corresponds to the two above mentioned studies and thereby states that by using a reverse mortgage the poverty rate will decline and it will furthermore also lead to that many elderly were brought out of poverty (Kutty, 1998, p. 113, 119-121).

The majority of the research that focuses on reverse mortgage has mainly been using quantitative methods. Therefore the usefulness of qualitative research is obvious and needs to complement the quantitative studies in order to attain a deeper and detailed understanding of the area (Leviton, 2001, p. 3). One of the few qualitative studies found during this study’s literature review included 31 interviews made in United States with current homeowners. These homeowners had experience from previously receiving counseling regarding reverse mortgage and the questions asked concerned the borrowers decision process (Leviton, 2001, p. 1, 3, 6). Besides a lack of qualitative studies there have also been very few studies that have focused on psychological aspects of reverse mortgage. One rare study that actually has mentioned psychological aspects discuss
behavioral and psychological obstacles. These behavioral and psychological obstacles is mentioned by Shan to be of importance and affect if reverse mortgage is seen as an attractive option by cash poor house rich elderly (Shan, 2011, p. 745). In addition to this psychological forces and reverse mortgage has been mentioned briefly in research and it is concluded that these forces affects the demand and the opinions that the borrower has regarding reverse mortgage (Caplin, 2000, p. 32). Considering that this study is using a focus group to collect the empirical data this will contribute to reduce the lack of qualitative studies covering the area of reverse mortgage. Furthermore by focusing on potential reverse mortgage borrowers’ perception of this financial product we will also contribute to the research by investigating reverse mortgage with a psychological perspective. Studies applying this perspective have been almost non-existent in the international literature on reverse mortgage and thereby this study has a strong contribution to the reverse mortgage research. Therefore the following section will introduce psychological concepts, perspectives and theories within the area of behavioral finance that we intend to use to analyze reverse mortgage.

4.2 Psychology for finance

By the theories presented in this part of this chapter we will be able to get a deeper understanding of the underlying reason to the perceptions the potential borrowers have. If these theories had not be included in this study we would instead only be able to compare our findings with previous research and see if our finding corresponds or is contradictory to previous reverse mortgage research. Now, we will be able to conduct a deeper analysis and contribute with new and developed knowledge.

4.2.1 Perceptions

Perception is a concept that is central and of high importance in this study. This is due to the fact that we want to study how potential borrowers perceive reverse mortgage in Sweden. Therefore we find it necessary to define the concept of perception and furthermore explain our view and interpretation of this concept. The concept of perception has its origins in the research field of psychology. To be more precise perception is commonly used within the area of cognitive psychology. One definition of perception, among many, that is rather inclusive is the definition made by Sternberg. Sternberg’s definition of this concept is as follows; “Perception is the set of processes by which we recognize, organize and make sense of the sensations we receive from environmental stimuli” (Sternberg, 2006, p. 111). However, we do not intend to study the actual concept of perception in itself instead we will use this concept to create a foundation that enables us to study reverse mortgage. By using this foundation to study reverse mortgage we aim to get a deeper understanding of potential borrower’s perception of reverse mortgage. Therefore the concept of perception will not be used exactly as it is defined above instead we have created our own definition of the concept perception that will be applied throughout this study. When discussing perception in this study we instead refer to the attitudes, emotions, opinions, comments, thoughts and perspectives regarding reverse mortgage that are expressed, discussed, and collected from the participants (potential borrowers) during the focus group conducted to gather our empirical data.

4.2.2 Affects
Affect in psychology research has various meanings and some of the mentioned are that affect is emotions, attitudes, preferences, feelings and moods regarding something (Bagozzi, Gopinath, & Nyer, 1999, p. 184; L. L. Martin & Clore, 2001, p. 29-30). It is also said that when a person makes a decision the information that is behind the decision will be based on a person’s feelings (L. L. Martin & Clore, 2001, p. 27). This is called affect infusion and means that when a person makes a judgment or a decision, the affect will influence the choice being made (Forgas, 1995, p. 39). In the case of reverse mortgage and elderly decision making in relation to the loan they makes their decisions to apply for reverse mortgage or not based on different affects. Some of the previous mentioned reasons in this study to why elderly are not willing to apply for reverse mortgage, and that could be seen as affects, is because of their willingness to leave a bequest (Creighton et al., 2005, p. 428; Leviton, 2001, p. 3), do not want to take on any more debt (Merrill et al., 1994, p. 263) or are attached to their homes (Leviton, 2001, p. 5). The authors to this study consider all these aspects as different kinds of affects and aspects which the elderly have incorporated in their decision process when they make up their mind what they think about the loan which will influence if they considering applying for the loan.

For example the fact that the elderly feel unfamiliar with reverse mortgage because they do not know anyone who has taken the loan can be seen as a feeling of fear (Leviton, 2001, p. 10; Mayer & Simons, 1994b, p. 235). Another example is the feeling that the elderly could feel if they should not give their heirs a bequest. This feeling that could arise due to this is that the elderly would feel that they are letting their children down by not leaving the house as a bequest which may result in a feeling of guilt. If people expect that a feeling of guilt will be associated with a specific action this feeling this will highly influence and affect their intended action (Kaiser, 2006, p. 71). Furthermore this feeling could be due to cultural or social norms (Avnet, Pham, & Stephen, 2012, p. 732) which in this case could be seen as the norm to leave a bequest to the heirs.

Furthermore the affect infusion model is applied when a decision has to be made in a complex situation or with the help of complex information (Forgas, 1995, p. 39). When the situation or the information is unknown for a person they will instead turn to their feelings when they are taking the decision or make up their mind about complex issues (Avnet et al., 2012, p. 720) which could be seen as affect heuristics. Heuristics is used when a person uses cognitive short-cuts and rules when a decision has to be made which often occurs when a complex or risky situation is occurring (Forgas, 1995, p. 47; G. N. Martin, Carlson, & Buskist, 2010, p. 666-667; Spence & Townsend, 2008, p. 91; Tversky & Kahneman, 1974, p. 1124). The process of using heuristics is subconscious and automatic and thereby the process is difficult to totally understand and explain (Seiler, Seiler, Harrison, & Lane, 2013, p. 10).

Because reverse mortgage is seen as a complex financial product (Rose, 2009, p. 69; Shan, 2011, p. 766) the need for elderly to use heuristics to make decisions could be necessary to be able to come to a final decision to apply for the loan or not. By using heuristics they will come to a conclusion or decision faster than if heuristics would not exist. One aspect with heuristic theory is how available and how easy it is to think of relevant information regarding the certain problem (G. N. Martin et al., 2010, p. 667; Tversky & Kahneman, 1974, p. 1127). As previously mentioned many elderly do not know anyone who has taken a reverse mortgage which could be the reason for why elderly are not taking the loan (Mayer & Simons, 1994b, p. 235). This could therefore
be connected to heuristics in the sense that they do not have any similar situation they easily have available in their mind (G. N. Martin et al., 2010, p. 666-667). Because of this they do not know what to do and are afraid of the unknown when they are considering the option of reverse mortgage. Therefore the heuristics in this case could be seen as not doing anything instead of taking the loan which they do not having any knowledge about. Furthermore the affects, attitudes and feelings of not knowing anything about reverse mortgage will determine if they will apply for the loan or not.

4.2.3 Feelings, attitudes and behaviors

In psychology it is stated that attitudes are composed of three different parts. These three parts are affect (the feelings an object create), behavioral intention (to act in a certain way because of a certain object) and cognition (the beliefs about the object). Depending on a person’s attitudes regarding an object, a person or a situation they will behave in a certain way that corresponds to their attitudes. Furthermore it is also possible that if a person thinks that other persons are of importance for them they will have positive attitudes towards what the person thinks of doing and he/she will more likely behave according to this (G. N. Martin et al., 2010, p. 668-669). This could be connected to elderly and their willingness to leave a bequest. The situation could be that the elderly think that their heirs want to get the bequest instead of letting the elderly themselves get the additional income. By this they consider what their loved ones and people of importance think and act according to this. But in reality the case could instead be that the children of the elderly prefer their parents to think more about themselves and wanting them to apply for the reverse mortgage so they can have a better life as seniors.

Another aspect that affects how a person acts considering the persons attitudes is by looking on how important the attitude is as a part of a person’s self and identity. If a person wants to be seen as independent then the person will behave according to this (G. N. Martin et al., 2010, p. 670).

4.2.4 Theory of attachment

Place attachment occurs when an individual has developed either a positive or negative relationship that is associated with a specific location. An attachment to a place is often developed due to the fact that an individual has complex experiences connected to a place and thus an individual affective bond is created in relation to this particular place (Tsung Hung, 2011, p. 898). This place attachment and thus an affective bond directed to a specific place can be related to the home of an individual or even more specific to a certain room in this home (Giuliani, 2003, p. 137). The basis of place attachment to people’s home is created through that people actively ascribe meaning to their homes (Shenk, Kuwahara, & Zablotsky, 2004, p. 159). Especially older people have a tendency to assign meaning to their homes and create a strong place attachment (Giuliani, 2003, p. 159; Shenk et al., 2004, p. 164). Naturally older people living in their home for quite a while will have developed stories and memories that occurred in their home. These stories and memories which is a part of their identity are emphasized by their home environment (Shenk et al., 2004, p. 160). That individual memories and stories are connected to their homes further highlight and explain why people tend to develop an affective bond to their homes and consequently a strong home attachment.
It is more likely that an elderly person has lived for a longer time in their home thus had created a strong place attachment because an attachment is created over time and is also affected by how often a person is exposed to a certain environment. Frequent exposure to an environment, such as a person’s home, creates a sense of familiarity with that environment. Therefore familiarity is an important feature when discussing the issue of place attachment. Familiarity with a place provides a feeling of order to people because though being familiar with an environment they know how this environment looks and could easily orientate and find what they need there. This implies that if people lived in their homes for a long time they know the place and can perform tasks here with less attention and energy which in turn provide people with a feeling of security (Shenk et al., 2004, p. 159, 167). It is suggested that the strong home attachment that many elderly display arise from the fact that the elderly have an increasing need for security and protection which they seek and find in their home environment. This often contribute to evoking much stress in a situation where a person needs to move from their home (Giuliani, 2003, p. 158-159). On the other hand important possessions that hold memories will probably be movable, such as photos, and thus a person can always bring movable important possessions that are connected to memories to their new place. Therefore the actual house might not be as important since other important possessions and thus memories are movable. This is could be true for certain people since the society today is characterized by high mobility (Shenk et al., 2004, p. 168).

Personal rituals and routines are usually developed when a person is frequently exposed to a place. An individually developed routine that is performed in relation to a certain place become a part of people’s behavior and helps them decide where they are and what they are doing as well as who they are. Furthermore rituals serve as a mean of tying a person to a specific place. Home is also a place where people are allowed to totally be themselves and where people feel free to express themselves. People often express themselves through personalizing the environment in the home by arranging it as they wish. Homes often represent the people living in it which result in the fact that, as time passes, the home and the individual identity in the home are progressively melting together and start to become one and the same (Shenk et al., 2004, p. 159-160). Therefore people’s identities normally have a strong connection to their homes. Considering this it is not hard to comprehend that places, such as a home, is in fact used to protect and increase people’s self-identities (Tsung Hung, 2011, p. 899).

The fact that people’s identities over time are very much intertwined with their home (Shenk et al., 2004, p. 159-160) leads to the fact that this environment will help increase their self-identities (Tsung Hung, 2011, p. 899). Other research also suggest that a strong attachment to a place is of importance for and affect older people’s wellbeing (Khozaei, Ramayah, Hassan, & Suriienty, 2012, p. 295). This positive effect on older people’s health and wellbeing that is influenced by strong place attachment is proven by the positive relationship found between these two variables in a study made by Morita et al. (2010, p. 548). This research provide support for the statement that utilizing a reverse mortgage can improve the wellbeing of the elderly (Shan, 2011, p. 745), since a reverse mortgage enable them to stay in their home longer where they most likely have a strong place attachment, which is suggested to be beneficial to their general health and wellbeing (Morita et al., 2010, p. 548).

4.2.5 Uncertainty
A feeling of uncertainty will result in that people will feel a loss of control over their lives. Consequently uncertainty is associated with discomfort and worry for most people (Dugas, Laugesen, & Bukowski, 2012, p. 846; Hogg, 2000, p. 227). Due to this fact people will naturally strive to reduce the aspects of uncertainty which are of most importance to them. It is not possible to reduce all uncertainty experienced by people in their life’s and therefore they need to choose which aspects that is worthy of uncertainty reduction (Hogg, 2000, p. 227). Furthermore by reducing uncertainty people’s well-being will be improved considering that humans have a strong desire to reduce uncertainty regarding subjectively important aspects in their lives (Hogg, 2000, p. 231-232).

People with a low income that experienced financial distress find themselves in a situation of high economic pressure. High economic pressure tends to create a stressful situation for the people experiencing this kind of pressure (Prawitz, Kalkowski, & Cohart, 2013, p. 36). Furthermore financial distress and the stressful situation that comes with it has a negative impact on people´s perceived well-being (Cummins, 2000, p. 134, 152). When people, especially elderly, need to worry about not be able to meet their financial obligations they are faced with the feeling of uncertainty (Leviton, 2001, p. 7). Humans strive to reduce uncertainty and this financial uncertainty will probably not be reduced immediately and could thus affect people´s well-being negatively (Hogg, 2000, p. 231-232).

4.2.6 Self-concept and self-esteem

Self-concept in psychology means a person’s view, knowledge and feelings regarding who they are (G. N. Martin et al., 2010, p. 657). One aspect of self-concept is self-esteem (Campbell et al., 1996, p. 141) which is connected to the beliefs and values a person puts on themselves. Because self-esteem concerns a person’s beliefs regarding themselves self-esteem is not a picture of reality. Instead it is a person’s perception of themselves (Baumeister, Campbell, Krueger, & Vohs, 2003, p. 2) and will influence that persons behavior (Campbell, 1990, p. 538). When people have low self-esteem it is more likely that these people think that they cannot control the situation they are in (Baumeister et al., 2003, p. 6) which could be a reason for why self-esteem should be protected. If people instead have a high self-esteem it is more likely that it will help them handle difficult situations. A high self-esteem will also make people more satisfied and happy (Baumeister et al., 2003, p. 10, 16) which could be seen as another motivation to protect and enhance the self-esteem perceived by people.

4.2.7 Behavioral finance

The area of traditional conventional finance is focusing on investors and on the financial market (Baker & Nofsinger, 2010, p. 3; Pompian, 2011, p. 3-4; Ricciardi & Simon, 2000, p. 1). It also studies how these investors behavior should be and states that investors are rationale when they are making decisions. In contrast to this, behavior finance states that investors are irrational. The focus of this orientation in finance is to understand people’s financial decision making (Baker & Nofsinger, 2010, p. 3; Pompian, 2011, p. 3-4) and the emotional aspects included in the decision process (Ricciardi & Simon, 2000, p. 2). This is done by combining the fields of finance, psychology (Baker & Nofsinger, 2010, p. 3; Pompian, 2011, p. 3-4) and sociology
Furthermore it is this aspect, the human side of finance, which separates the two orientations of finance (Agrawal, 2012, p. 7).

By understanding the investors and their choices it helps advisors to realize the expectations held by their clients and build stronger relationships with them which are beneficial for all involved (Pompian, 2011, p. 19-21). To use behavioral finance to develop an understanding of investors’ investment decisions and judgments could also be beneficial for the investors themselves. By making the investors aware of the mistakes they have made themselves and made by others the investors can use this awareness to learn and furthermore exploit this knowledge in their future investment decisions (Ricciardi & Simon, 2000, p. 3).

Kahneman and Tversky have studied uncertainty, heuristics and decision making and are two of the first researchers that have published studies in behavioral finance. These researchers’ work has been seminal in the area (Pompian, 2011, p. 33). Since 1990s the interest in behavioral finance has emerged (Ricciardi & Simon, 2000, p. 1) and after the first published study in the area the interest has continuously grown (Baker & Nofsinger, 2010, p. 19).

Behavioral finance is divided into two areas; micro and macro. Macro behavioral finance (BFMA) is focusing on the market and behavioral finance micro (BFMI) is instead focusing on the behavior of the irrational individual investors on the market (Pompian, 2011, p. 11). Because this study focuses on potential reverse mortgage borrowers the focus in this study will only be on the area of behavioral finance micro.

4.2.7.1 Behavior biases

One topic included in behavioral finance concerns investors or consumers decision making under information overload. In this situation people will bias in their choices by using short-cuts and discard options to be able to make their final decision (Agrawal, 2012, p. 8; Pompian, 2011, p. 43-44, 46-47; Tversky & Kahneman, 1974, p. 1124). Furthermore these behavioral biases occurs because of time, capacity and cost constraints (Agrawal, 2012, p. 14) and are also called preferences, beliefs or heuristics by some researchers. Behavioral bias also concerns psychological aspects as emotional factors, safety and social influences which could be due to family or the culture in the society (Pompian, 2011, p. 44).

There exists two main types of biases which are cognitive and emotional. Cognitive bias concerns informational processing and emotional bias occurs from feelings and attitudes. In these two types of bias there exists numerous of biases and it is suggested by researchers that it exists at minimum 50 different biases that people can apply in their decision making process (Pompian, 2011, p. 43-44, 46-47). It is also suggested that people can use different biases at the same time (Agrawal, 2012, p. 14). Because of this variety of behavioral biases this study cannot describe everyone in detail and will therefore only focus of those of most relevance for this study.

The first behavioral bias of relevance in this study is the familiarity bias. By this bias people will keep assets which are familiar to them because they are worried about the unfamiliar and changes. One suggested reason for why this bias occurs is due to lack of information which is relevant for the decision in question (Agrawal, 2012, p.11) and
because of the perceived safety with keeping the asset (Seiler et al., 2013, p. 9). This bias can also be connected to the next bias of relevance which is the status quo bias. The status quo bias concerns that people prefer doing nothing or keeping things what they have been and are thereby reluctant to changes (Agrawal, 2012, p. 13; Kim & Kankanhalli, 2009, p. 569; Pompian, 2011, p. 223).

Another bias is the loss aversion bias and happens when a person concerns more about not losing then about making any possible gains (Koller, Lovallo, & Williams, 2012, p.16-17; Pompian, 2011, p. 191). Considering reverse mortgage this bias could be seen by the fact that the elderly are reluctant to take on the loan to get the additional income (a gain). Instead they are putting their attention on the loss which is that they will not be able to leave the house as a bequest to their heirs. Regret aversion bias is also a mentioned bias which investors experience in their decision making. This bias occurs when people are feeling uncertain of the choice they have to make which leads to a feeling of regret. The feeling of regret will therefore influence the decision process and could also create fear by people due to the feeling of taking the wrong decision (Pompian, 2011, p. 243-244). Theory of regret and feelings that arise due to regret has been discussed in numerous literature and studies (Bailey & Kinerson, 2005, p. 23; Pompian, 2011, p. 244) and will be described more in detail below.

4.2.7.2 Regret theory

One factor that often has a significant impact on many people’s decisions is the ability that each person has to predict feelings of regret. This ability to predict feelings of regret consequently affects individuals decisions (Loomes & Sugden, 1982, p. 822). Furthermore regret is described as a cognitive negative emotion that arises when a person comprehends that the current situation could have been enhanced if he/she only made another choice earlier (Zeelenberg, 1999, p. 93). The feeling of regret is a feeling that most people make an effort to avoid (Sandberg & Conner, 2008, p. 590). Therefore people in general could be seen as regret averse which implies that they will make choices which they believe will reduce their probable regret or anxiety in the future (Caplin & Leahy, 2001, p. 56; Zeelenberg, Beattie, van der Pligt, & de Vries, 1996, p. 156).

In the literature regret theory describes the relationship between regret and previously made decisions of individuals. Regret theory makes two assumptions regarding human behavior. The first assumption is that individuals compare the actual result of a previously made choice with the result that could have been obtained if another choice instead had been made. This assumption is supported by the fact the almost all people tend to imagine how things could have been if they were a little different compared to their reality (Bailey & Kinerson, 2005, p. 23). Thinking like this is called counterfactual due to the fact that people engage in speculating about the opposite of what actually occurred. Counterfactual thinking thus involve people thinking about alternatives that could have existed if only another choice was made (Bailey & Kinerson, 2005, p. 23-24; Kahneman & Miller, 1986, p. 136,142). The second assumption made in regret theory is due to the fact that people compare the actual and possible result of different choices, which will result in that people also will feel emotions (Loomes & Sugden, 1982, p. 807-808; Zeelenberg et al., 1996, p. 148-149). The foundation of regret theory is that individuals take the feeling of regret into account when they have made a decision of some kind (Zeelenberg, 1999, p. 96).
People’s choices in various situations will be influenced and affected by different factors. The person who is taking the decision is not in a social vacuum and therefore people making a decision will be influenced by various social factors. When an individual is supposed to make a decision that person can feel an obligation to consider other individuals of importance as its family members. Consequently the individual’s decision making will be influenced by the feeling of accountability towards others such as family (Payne, Bettman, & Johnson, 1993, p. 3). This consideration towards other people is confirmed by the findings that self-interest is not always a priority for individuals planning to make a decision (Kaiser, 2006, p. 71).

It is further emphasized that the feeling of regret arise when a decision under uncertainty has been made and when that decision afterwards is evaluated as poor or wrong using available information (Bailey & Kinerson, 2005, p. 23; Bell, 1982, p. 961). Bell names this decision regret which does not only incorporate the previously mentioned situation which gives rise to regret. Decision regret can also refer to when a good decision has been made and evaluated, which instead lead to positive feelings such as bliss and self-praise in the light of this good decision (Bell, 1982, p. 961-962). Bell also emphasize that regret is something that comes in relation to a decision, after this particular decision already have been made (Bell, 1982, p. 962).

Regret is not only suggested to be experienced after a decision is made, regret can also be experienced before an actual decision is made (Sandberg & Conner, 2008, p. 589; Zeelenberg, 1999, p. 94; Zeelenberg et al., 1996, p. 148). As a consequence this anticipated regret has been suggested to influence people’s future decisions and behaviors in various studies (Bell, 1982, p. 589; Loomes & Sugden, 1982; Sandberg & Conner, 2008, p. 589). The negative feeling of anticipated regret could actually bring a positive aspect to people’s decision-making process because this makes them think more thoroughly before finally deciding which choice they should make (Zeelenberg, 1999, p. 94).

Psychological aspects are suggested to contribute to the limited demand of reverse mortgage. For example Caplin argues that potential customers might avoid taking a reverse mortgage because they might be scared of being tricked into an unbeneﬁcial deal if they enter into a reverse mortgage (Caplin, 2000, p. 15). If the potential borrowers think that a reverse mortgage might be unbeneﬁcial for them they might anticipate that a choice to enter into a reverse mortgage consequently would lead to a feeling of regret for potential reverse mortgage borrowers. Since people tend to be regret averse (Zeelenberg et al., 1996, p. 156) this possible anticipation of regret that might be associated with taking a reverse mortgage would probably lead to an avoidance against reverse mortgage.

Research connecting psychology and reverse mortgage is close to nonexistent. This connection has only been explored in relation to each other in a very limited extent. Even though psychological aspects are suggested to have an important impact on the success of reverse mortgage (Caplin, 2000, p. 15) it has not been a focus on psychological factors in reverse mortgage research. The few reverse mortgage studies with a focus on psychology, which were found in this study’s literature review, will be discussed in detail in the following section.
4.3 Reverse mortgage and psychology

It is clear that reverse mortgage has not grown in popularity and market size in line with its great potential from a theoretical standpoint (Caplin, 2000, p. 1). This limited growth and spread in the reverse mortgage market is suggested by Bhuyan to have its derivation from the fact that customer of reverse mortgage only have accepted it to a limited extent yet (2011, p. 18). One suggested explanation from previous research that could provide an answer to the limited acceptance of reverse mortgage could be the attitude and wish that many elderly have to be able to leave a bequest (Leviton, 2001, p. 3). According to Caplin a strong motive for bequest could lead to avoidance of the reverse mortgage market (2000, p. 6). Many reverse mortgage borrowers need to repay their loan by putting their house up for sale (Leviton, 2001, p. 2). Considering this fact if reverse mortgage borrowers have the wish to let their heirs inherit the house, this wish could be very difficult to fulfill because as Leviton mentioned in her research many reverse mortgage borrowers need to sell their house to repay the loan (2001, p. 2). The amount that the heirs get from the sale of the house is what is left when the reverse mortgage loan is repaid and thus is a smaller amount compared to if a reverse mortgage would not have been issued in the first place. In this light a bequest can be hindered by taking a reverse mortgage. This aspect is also mentioned by Creighton et al. as one reason for why reverse mortgage has not grown so popular and states that it could be due to the difficulty of leaving a substantial bequest when a reverse mortgage is taken (2005, p. 428). Furthermore Mayer and Simons also suggest a reason for the unwillingness to use a reverse mortgage. This unwillingness could be explained by the fact that many elderly have a desire to leave a bequest relating to their wealth which is tied up in their homes (1994a, p. 23). On the other hand, those people who do not have a bequest motive might be more willing to consider taking a reverse mortgage (Merrill et al., 1994, p. 263).

Another reason that is mentioned in the literature concerning why reverse mortgage customers do not seem to have accepted this loan to the large extent that was predicted is that potential reverse mortgage borrowers might have an aversion to take on additional debt (Leviton, 2001, p. 3; Merrill et al., 1994, p. 263). This aversion to take on additional debt and not wanting to re-mortgage their homes is also emphasized by Creighton et al. as a reason for the slow growth experienced in the reverse mortgage market (2005, p. 428). The aversion to take on debt relating to their homes might come from the fact that these homeowners probably spent a big part of their life trying to pay off the initial house mortgage. Therefore homeowners might not be willing to take on further debt (in the form of a reverse mortgage) when they recently paid off their initial house mortgage (Caplin, 2000, p. 15).

Reverse mortgage has had a limited customer acceptance and a limited spread on the market (Bhuyan, 2011, p. 18). One reason to the low customer acceptance is that many potential borrowers are unfamiliar with reverse mortgage (Mayer & Simons, 1994b, p. 235). Because of this limited spread it is most likely that many households do not know any other person that have taken a reverse mortgage. Therefore they are unfamiliar with the loan and do not have any personal knowledge that could reduce worries about the loan (Caplin, 2000, p. 16). If they instead had knowledge about someone that successfully has used a reverse mortgage the likelihood of them also using a reverse mortgage would increase (Caplin, 2000, p. 16; Nakajima, 2012, p. 23). Homeowners
taking a reverse mortgage need to overcome their fears that can be associated with utilizing such an unfamiliar financial product (Leviton, 2001, p. 10).

Many elderly homeowners have a preference for staying in their home as long as they possibly can (Shan, 2011, p. 745). This preference was also shown by Leviton’s findings which emphasized that the participating elderly homeowners in her study wished to stay in their homes as long as possible (Leviton, 2001, p. 5). Furthermore every single homeowner had a strong attachment to their home (Leviton, 2001, p. 5). It is expected that people will develop a strong attachment to their homes if they have lived there for more than ten years. Due to this strong attachment a separation from the home, which they have lived in for ten years or more, will induce psychic agony (Merrill et al., 1994, p. 277). A reverse mortgage allow elderly to continue to live in their homes and also provide an extra income. Considering that many elderly have a strong psychological attachment to their homes and that reverse mortgage allow them to stay in the homes where they have a strong connection and affection this could improve their welfare (Shan, 2011, p. 745).

Considering that reverse mortgage is intended for cash poor elderly which own their homes (Shan, 2011, p. 743) it is implied that these groups of elderly do not have sufficient or very little income in the form of cash. Many of these elderly that have a very low income will constantly feel worried and uncertain if they actually will be able to pay all their expense every month. One reason for why reverse mortgage is used by the elderly homeowners is to make sure that they do not need to worry or feel uncertain anymore about their ability to pay their financial obligations. Consequently a reverse mortgage can secure elderly homeowners ability to meet their financial obligations which allow them to keep a good self-image (Leviton, 2001, p. 7-8; Reed, 2009b, p. 2). Also a feeling of independence and self-respect is preserved through a reverse mortgage because the elderly can keep providing for themselves (Kaur Brar, 2011, p. 54; Leviton, 2001, p. 9). Despite the mentioned positive psychological effects that seem to be associated with the use of a reverse mortgage Leviton also found an indication that using a reverse mortgage also can be associated with a feeling of shame (Leviton, 2001, p. 9-10).

4.4 Putting pieces together

The theories concerning psychology, behavior finance and reverse mortgage that have been discussed in this chapter will be used to analyze the empirical data gathered from the focus group. These theoretical areas and the chosen theories of relevance within these areas will be the foundation and help us create themes that are used when the empirical data is analyzed. After analyzing the empirical data with these theories it will help us to identify new perspectives compared to previous reverse mortgage research and finally make conclusions based on our empirical findings.

Because this study is focusing on potential reverse mortgage borrowers’ perception regarding the loan it is natural and necessary to use psychological and behavior finance theories in relation to previous findings in reverse mortgage research. An overview of these areas is shown in the figure below. These theoretical areas will be combined which is natural and necessary in order to identify, understand and interpret the potential reverse mortgage borrowers’ perceptions. By putting these areas together it will allow
us to get a deeper understanding of the potential borrowers’ perceptions of reverse mortgage through a psychological and financial behavior perspective.

Figure 5. Theoretical framework
5. Empirical findings and analysis

In this chapter will the empirical data derived from the focus group be presented and analyzed by different themes according to relevant theory that has been presented previously in the theoretical frame of reference chapter. The structure of this chapter is as follows. First will the empirical data gathered from the questionnaire be presented and analyzed. After this will the empirical data derived from the focus group discussion be presented and analyzed. In the end of each part, the questionnaire analysis and the focus group discussion analysis, is a short part with comments of findings from the analysis. The end of this chapter will include a section that combines and discuss the empirical findings from the questionnaire and the discussion in relation to each other. This chapter will furthermore be the foundation for the upcoming chapter and the final conclusions of this study.

5.1 Analyzing the answers to the questionnaire

5.1.1 General perceptions regarding reverse mortgage

In the questionnaire we asked how each participant expected their monthly income to change in the future. The answers to this question are shown in the pie chart below. The pie chart shows that a majority (four people out of seven) of the participants expects their monthly income to decrease in the future compared to their monthly income today. On the other hand two participants expect their monthly income to remain at the same level as it is today while only one of the participants expects its monthly income to actually increase in the future.

![Pie Chart Figure 6. Question seven in questionnaire](image)

As mentioned above, the pie chart shows that the majority of the participants in the focus group expect their monthly income to decrease and become lower in the future. Some people with a lower income are more prone to utilize a reverse mortgage. This fact can be concluded since low income is a common characteristic of the people that usually apply for a reverse mortgage (Merrill et al., 1994, p. 259, 262-265). So according to theory a low income will increase the likelihood that people would eventually apply for a reverse mortgage. Considering that the majority of the participants in the focus group expect their income to decrease this could be an
indication that they would need extra income in the future and thus could be potential borrowers.

All of the participants in the focus group owned their residence, which could be concluded due to the fact that all participants answered “yes” to the question if they own their own residence. This result is furthermore highlighted in the bar graph below.

![Bar graph showing yes/no responses to the question of owning residence](image)

**Figure 7. Question nine in questionnaire**

Reverse mortgage are meant to help elderly individuals that are cash poor but own their house (Shan, 2011, p. 743). Since all the participants in the focus group are house owners, shown in the graph above, they could potentially be reverse mortgage borrowers.

In the questionnaire we were also interested in finding out how many of the participants that felt an emotional attachment to their residences and we therefore asked the question “Do you feel an emotional attachment to your residence?” The answers to this question reveal that a majority (four out of seven) of the participants felt an emotional attachment to their residence, while two did not feel an emotional attachment to their residence. In the bar chart below, which is a summary of the answers regarding the question of emotional attachment, it is clear that we collected only six answers despite the fact that there were seven participants in the group. Consequently this means that one of the participants chose not to answer this question. Furthermore we asked the participants how long they have lived in their residence. To summarize their answers to this question all of the participants have lived in their residence for 20 years or more.
In the literature place attachment is described as the development of a negative or positive relationship that is connected to a certain place. Consequently place attachment is an individual’s emotional bond that is associated with a specific place. This emotional bond to a place is often the result of the fact that individuals have certain important experiences in this place (Tsung Hung, 2011, p. 898). People’s homes or even specific rooms in their homes can be a source of place attachment (Giuliani, 2003, p. 137). Older people often ascribe meaning to their homes and consequently establish a place attachment connected to their homes (Giuliani, 2003, p. 159; Shenk et al., 2004, p. 164). As shown above in the bar chart the majority of the participants did have an emotional attachment to their homes and consequently they can be seen as having a place attachment relating to their homes. This identified place attachment among the majority of the participants is probably influenced by the fact that they have lived in their homes for 20 years or more. Considering this they have been exposed to their homes frequently for a long time and have become familiar with their home environment which further could be seen as an explanation for the developed place attachment. These arguments are supported by research that suggests that place attachment indeed is increased over time and is also influenced by how frequently a person is exposed to the place or environment. If you are exposed to a place often you will get more familiar with it and therefore familiarity highly influences how strong the developed place attachment will be (Shenk et al., 2004, p. 159, 167).

Even though the majority of the participants answered that they have an emotional attachment to their residence we also had two of the participants that answered that they did not have an emotional attachment to their residence. These two participants might have possessions that are connected to specific memories and if these possessions are movable, as many possessions are, people’s emotional attachment might be directed more towards their movable possessions than the actual residence they live in. This means that they could move these precious possessions to a new residence and therefore this could be a potential explanation for the lack of emotional attachment these participants feel to their actual physical residence they live in (Shenk et al., 2004, p. 168).
One question that we asked the participants was “If you were not certain of your ability to pay your everyday expenses and bills each month would you then seek to reduce this uncertainty?” The majority of the participants (six out of seven) would seek to reduce this uncertainty, only one of the participants answered no and thus would not seek to reduce this uncertainty.

Figure 9. Question 24 in questionnaire

As shown above six participants certainly would strive to reduce uncertainty that concerned their ability to pay expenses and bills every month. Consequently they must view this ability as important to maintain since they would reduce uncertainty regarding it. This finding supports other research which concludes that people naturally will strive to reduce uncertainty if the aspect that is uncertain will be of sufficient importance to them (Hogg, 2000, p. 227). Only one participant answered that he/she would not try to reduce uncertainty that concerned his/her ability to meet financial obligations. Maybe this individual did not view his/her ability to pay expenses and bills each month as a sufficiently important aspect and thus would not try to reduce this uncertainty.

5.1.2 Willingness to take a reverse mortgage

Only one participant recognized and has heard of reverse mortgage before the presentation that we held for them as a session in the focus group. This participant had previously heard of reverse mortgage briefly through commercial, on tv and media. The remaining six participants in the focus group had never heard of reverse mortgage before the presentation. Therefore almost the entire group came in contact with reverse mortgage for the first time during our initial presentation of reverse mortgage in the focus group.
No one in the focus group knows or has heard of someone who has taken a reverse mortgage. Therefore they do not have any personal experience or reference of someone that actually has taken the loan, which is shown in the bar graph below.

We were also interested in finding out if the participants would consider taking a reverse mortgage to get an additional source of income. The majority of the participants (six out of seven) answered no and consequently they would initially not consider taking a reverse mortgage to generate extra income. Only one of the participants in the focus group answered yes, that he/she could consider taking a reverse mortgage. This result is shown in the bar graph below.
As mentioned above in the bar graph (Figure 12) there was only one single participant in the focus group that would consider taking a reverse mortgage and the remaining six participants answered that they would not consider taking the loan. Also, all participants except one seem to have an aversion against taking a reverse mortgage and would consequently not do it. This initial unwillingness to apply for a reverse mortgage could relate to the fact that only one participant previously had heard of reverse mortgage and therefore reverse mortgage was something totally new and unfamiliar for the rest of the participants in the group. However, even though one participant had heard about the loan before this particular participant could not consider applying for a reverse mortgage which is an interesting observation.

Mayer and Simons have concluded in one of their studies that the fact that many people are unfamiliar with reverse mortgage could be a reason for why reverse mortgage has not been accepted by the customers to a larger extent (Mayer & Simons, 1994b, p. 235). The probability to take a reverse mortgage would increase if potential borrowers had knowledge about someone else that has successfully taken the loan (Caplin, 2000, p. 16; Nakajima, 2012, p. 23). As mentioned before no one in the group had any personal knowledge or reference of someone else that have used this loan and this fact could also have influenced why a clear majority in this group would not take a reverse mortgage. Their willingness to take a reverse mortgage would probably increase if they knew someone that was satisfied with their decision to take a reverse mortgage in accordance with the findings in the research of both Caplin (2000) and Nakajima (2012). Because the majority of the participants did not have any knowledge or had heard about someone who have used the loan and because of this unfamiliarity the loan might not be a popular alternative in the group. This fact could show that launching and developing a new financial instrument takes time because familiarity among customers seems to be very important in order reach acceptance on the market.

Another question that was asked in the questionnaire was “which circumstance would most likely make you consider taking a reverse mortgage as an additional source of income?” This question had different answers that the participants could choose from.
The alternatives were to afford additional luxuries, in order to cover daily consumption, to afford to renovate your residence, to cover unforeseen financial emergencies, all of the previously mentioned options, other option and the last alternative was I cannot imagine taking a reverse mortgage. A majority (five participants) in the focus group answered the same alternative which was that they could not imagine taking a reverse mortgage. One participant answered that if taking a reverse mortgage it would be to be able to renovate the residence. The last participant answered the alternative other option because that participant stated that if he/she would consider taking a reverse mortgage this would depend on the costs associated with the loan.

As mentioned and shown above in the bar chart only one participant answered that he/she would consider a reverse mortgage to be able to afford to renovate the residence. This finding corresponds with what is mentioned in research where one purpose with taking a reverse mortgage is to be able to afford expensive home repairs (Kaur Brar, 2011, p. 56). On the other hand research also suggests that reverse mortgage often is used to cover financial emergencies (Caplin, 2000, p. 17; Kaur Brar, 2011, p. 56; Mayer & Simons, 1994a, p. 22) instead of being used to cover daily consumption (Caplin, 2000, p. 17). Considering that no one of the participants choose the alternative that they would take a reverse mortgage in order to cover financial emergencies our empirical data cannot provide any support for this. This could imply that reverse mortgage
borrowers do not plan to take the loan, instead they only take it when an emergency actually arise.

5.1.3 Feelings regarding taking a reverse mortgage

When we asked the question “Do you consider reverse mortgage to be…..” the participants could choose multiple alternatives and were free to fill in as many alternatives as they wished. Consequently we have more answers than participants because some participants chose to fill in multiple alternatives. Two participants considered reverse mortgage to be both modern and risky. One other participant though that reverse mortgage seemed to be a risky loan. Furthermore there were two participants that also considered reverse mortgage to be a modern financial product. Therefore the bar chart below shows that we have three answers in the risky category and four answers in the modern category. Finally the options weird and other opinion was answered one time each.

![Bar chart showing feelings regarding taking a reverse mortgage](image)

**Figure 14. Question 22 in questionnaire**

It is stated that reverse mortgage often is seen as a financial product that is complex (Rose, 2009, p. 69; Shan, 2011, p. 766). According to our participants answers we got the understanding that first of all they do not perceive reverse mortgage as a complex product as theory suggests. They considered reverse mortgage to be more modern and risky. However this does not exclude the fact that the participants might have perceived reverse mortgage as complex as well, but they still choose modern and risky in relation to the alternative that stated complex when answering the question. That potential reverse mortgage borrowers consider this financial instrument to be risky and modern provides a new perspective that previously has not been mentioned in the reverse mortgage research until now. Therefore this study has identified new aspects regarding how potential borrowers perceive reverse mortgage that was previously unknown in this research area.

When we asked the question if the participants would take a reverse mortgage because they need extra income, how would this make them feel? The intention with this question was not that the participants should choose more than one alternative, but some
participants choose multiple alternatives anyway. Consequently we have more answers than participants because some participants choose to fill in multiple alternatives. One participant answered that he/she would be ashamed if he/she needed to take a reverse mortgage, two filled in the answer that they would feel embarrassed and two also answered that taking a reverse mortgage would make them feel sad. One of the participants that answered embarrassed also answered that he/she would feel satisfied and happy. Another participant also answered happy and satisfied which adds up to a total of two answers each for the alternatives happy and satisfied. Finally one participant answered other feeling because he/she was unsure of the exact costs that would come with taking a reverse mortgage and therefore we also have one answer on the alternative other feeling in the bar graph below.

An additional comment that was left by one participant that answered this question was that the feeling that he/she would feel if taking a reverse mortgage would be influenced by what his/her children would think about this decision to take a reverse mortgage.

Figure 15. Question 25 in questionnaire

One participant revealed that he/she would feel ashamed if he/she had to take a reverse mortgage. This gives some support for Leviton’s finding that using reverse mortgage might be associated with a feeling of shame for some individuals (Leviton, 2001, p. 9-10). As mentioned before two participants also answered that they would feel embarrassed which could be related to a feeling of shame, which can indicate further support for that people might find it shameful to use a reverse mortgage (Leviton, 2001, p. 9-10). By taking a reverse mortgage borrowers are allowed to generate extra income when needed and consequently they do not need to feel worried about if they will be able to meet their financial obligations any more (Leviton, 2001, p. 7-8; Reed, 2009b, p. 2). This may provide an explanation for why two participants in our focus group answered satisfied and that two more participants answered happy. Some participants answered that they would feel happy or sad if they needed to take a reverse mortgage which provides a new perspective on feelings that might be associated with taking a reverse mortgage which has not been mentioned in previous reverse mortgage research.
Another interesting aspect that was highlighted by one participant was that what he/she would feel about the decision of taking a reverse mortgage would depend on what his/her children thought of the decision. This confirms that people often take other people into consideration that is important to them, such as family members, when making a decision (Payne et al., 1993, p. 3). For this participant it was his/her children and their thoughts about the decision that would affect how this individual felt about the decision which further highlights the fact that individuals do not make decisions in social vacuums (Payne et al., 1993, p. 3) and some people’s decisions will consequently be influenced by what others think.

When we asked the question “if you would take a reverse mortgage who would you feel comfortable telling about this decision?”. The intention with this question was not that the participants should choose more than one alternative, but some participants choose multiple alternatives anyway. Consequently we have more answers than participants because some participants choose to fill in multiple alternatives. Four participants would feel comfortable with telling the closest in the family if they decided to take a reverse mortgage. One of the participants that answered the closest in the family also answered neighbors and therefore we also have one answer in this category. One participant answered that he/she would feel comfortable with both telling relatives and friends if he/she were to take a reverse mortgage and therefore relatives and friends is chosen one time each. Finally the result shown in the bar graph below shows that two participants would feel comfortable with telling anyone about their decision to take a reverse mortgage. Consequently the majority of the answers show that most participants would be comfortable with telling someone close to them as their closest family and relatives (five answers put together).

![Figure 16. Question 26 in questionnaire](image)

Considering that the majority in the focus group would feel comfortable to tell the closest family this finding is in line with what Leviton found in her research since no one would tell anyone else apart from close family that they had taken a reverse
mortgage (Leviton, 2001, p. 9). On the other hand this focus group seems more open to tell other than just their closest family compared to previous findings. This is supported by the fact one participant that answered closest family also answered he/she would tell neighbors and another participant answered that he/she would tell both friends and relatives. But it is undeniable that the majority still only would tell their closest family and thus this is supported and confirmed in previous research as well. The reason behind why the majority only would tell their closest family could be explained by the fact that reverse mortgage might be associated with shame for some people (Leviton, 2001, p. 9-10). Furthermore two participants answered that they would feel comfortable with telling anyone that they took reverse mortgage which shows a new mindset of potential borrowers in relation to what is previously found in reverse mortgage research. This new mindset suggests that at least some potential borrowers in the focus group are more open and would consequently tell anyone about their decision to take a reverse mortgage and not only their closest family.

Another question that was asked in the questionnaire was the question: “How would you feel if you were uncertain of your ability to pay your expenses and bills every month?” This question was an open question with no predetermined alternatives which allowed the participants to freely write down there thoughts about how they would feel. One participant answered that he/she would feel very uncomfortable. Other answers that were collected showed that participants would not feel entirely satisfied, would feel difficult and troubled, it would feel very challenging and worried and fearful which probably would cause insomnia. However two participants chose not to answer this question.

Most people that experience uncertainty connect this with worry and discomfort (Dugas et al., 2012, p. 846; Hogg, 2000, p. 227). Relating to what our answering participants wrote about how they would feel if they were uncertain of their ability to pay for their expenses and bills every month it is clear that all of them would definitely associate this with discomfort of some kind. Therefore we can conclude that our participants also would connect uncertainty with discomfort and also worry and thus our findings support this previous theory. None of the answers were positive and did not indicate that any of the participants would feel good in an uncertain situation like this. The answers instead confirmed the opposite that they would feel bad if they were uncertain of their ability to pay their expenses and bills every month. This finding also confirms research suggesting that when people experience financial distress and consequently feel uncertainty that is associated with their economic situation it will affect people´s well-being negatively (Cummins, 2000, p. 134, 152). For example one of the participants answer even said that he/she would feel worried and fearful which probably would lead to insomnia which definitely is something that would have affected his/her well-being negatively.

Two participants answered that they would feel safe if reverse mortgage helped to secure their ability to pay their monthly expenses and bills. It was also two other participants that answered that this would make them feel independent and one participant said that he/she would feel dependent. The last participant that answered said that this would make him/her feel unsuccessful. Finally we received six answers to this question which is due to the fact that one participant choose not to answer this question. These answers are shown in the bar graph below.
Figure 17. Question 27 in questionnaire

As shown above in the bar graph two participants answered that they would feel independent when taking a reverse mortgage. One explanation for why people feel independent when taking a reverse mortgage is due to the fact that people can continue to provide for themselves through taking a reverse mortgage (Kaur Brar, 2011, p. 54; Leviton, 2001, p. 9). This explanation might also be a valid explanation for why the two participants in the focus group would feel independent. On the other hand, we also had another participant that answered that a reverse mortgage would instead make him/her feel dependent which provide an indication that it is also possible that people might feel dependent instead of independent when taking a reverse mortgage. This finding can be seen as an additional perspective that could complement previous research because previously only the feeling of independence has been related to reverse mortgage and not that reverse mortgage also might evoke the feeling of dependence for some borrowers. Furthermore, another new perspective that is derived from the findings in this study is the idea that taking a reverse mortgage might sometimes be associated with an unsuccessful feeling, which is something that never has been mentioned in reverse mortgage research before.

Also, two participants answered that they would feel safe when taking a reverse mortgage. This feeling is most likely associated with the fact that a reverse mortgage would allow the borrowers to get access to extra income (Leviton, 2001, p. 5; Shan, 2011, p. 743, 745; Wang et al., 2008, p. 351) that could be used to help pay their financial obligations (Leviton, 2001, p. 7-8; Reed, 2009b, p. 2) which might explain the safe feeling that is associated with taking a reverse mortgage.

The bar graph below shows the answers and consequently the result that was collected from the participants in the focus group when we asked if they were thinking about taking a reverse mortgage in the future, would they be afraid to be tricked into a bad deal? The results show that three participants would definitely be afraid of being tricked into a bad deal while three other participants cannot say if they were afraid of this. The three participants answering yes and the three participants answering cannot say adds up to six people which mean that one participant chose not to answer this question.
People considering to take a reverse mortgage might be afraid to be tricked into a deal that is bad for them which potentially could provide an explanation for why reverse mortgage might be avoided (Caplin, 2000, p. 15). Three participants answered that they would be afraid to be tricked into a bad deal if they took a reverse mortgage, this confirms Caplin’s previous findings (Caplin, 2000, p. 15). Considering that three participants were afraid to be fooled into a bad deal might have a negative influence on their willingness to consider a reverse mortgage. The other three participants answering that they cannot say if they were afraid to be tricked into a bad deal might be due to the fact that most participants was previously unfamiliar with reverse mortgage and consequently this was something new to the majority of the participants in the group.

All seven participants were unanimous in their opinion because everyone answered no when they were asked in the questionnaire: “would you be willing to take a reverse mortgage today even though you had a feeling that you might regret it in the future? The result from this question is shown in the bar graph below.
Most people can be seen as regret averse (Caplin & Leahy, 2001, p. 56; Zeelenberg et al., 1996, p. 156) and therefore an effort is usually made to avoid the feeling of regret (Sandberg & Conner, 2008, p. 590). Regret could consequently affect the decision process since regret can induce fear by evoking awareness among people that they might take the wrong decision (Pompian, 2011, p. 243-244). The result shows that all participants would avoid taking a reverse mortgage if they anticipated that they could regret that decision. This further indicates that the participants in the focus group seem to be regret averse, which is suggested to be a characteristic that is true for most people (Caplin & Leahy, 2001, p. 56; Zeelenberg et al., 1996, p. 156). That the feeling of potential regret could have an influence could be interpreted from the fact that even the one participant that answered that he/she would be willing to take a reverse mortgage in a previous question are no longer willing to take a reverse mortgage when the feeling of regret is associated with that decision. This also provide some support for the influence that regret has on the decision process of individuals (Pompian, 2011, p. 243-244). Therefore it seems like regret could influence the participants’ willingness to consider taking a reverse mortgage. Hence the power that the feeling of regret seems to have over the participant’s decision to take a reverse mortgage shed light on a new perspective since regret and reverse mortgage previously not have been studied in relation to each other before. Therefore it would be interesting to investigate this new perspective further in the reverse mortgage research.

The last question that was asked in the questionnaire was the question: “How do you think your self-esteem would be affected if you needed to take a reverse mortgage to be able to meet your financial obligations?”. This question was an open question with no predetermined alternatives which allowed the participants to freely write down there thoughts about how they think their self-esteem would be affected. Two participants chose not to answer this question and therefore we have five individual answers relating to this question. One participant said that everybody want to be able to take care of themselves and therefore this would be a disappointment. Another participant wrote that it was really difficult to answer how his/her self-esteem would be affected. The remaining participants that answered this question said that their self-esteem would be affected negatively, it would feel embarrassing/sad and finally one participant would feel embarrassed if he/she could not manage to get by on his/her salary.
Self-esteem can be described as the perception that a person has of themselves (Baumeister et al., 2003, p. 2). It is important to protect a person’s self-esteem because people with high self-esteem tend to be more happy and satisfied (Baumeister et al., 2003, p. 10, 16). Due to the fact that the participants answered that it would be disappointing to take a reverse mortgage, some participants also said that they would feel embarrassed to not be able to take care of themselves. One participant said that he/she would feel sad and another participant said that he/she expected his/her self-esteem to be negatively affected. Judging from the answers it can be concluded that taking a reverse mortgage does seem to have a negative effect on the participants’ perception of themselves which consequently might lead to a negative influence on their self-esteem. The finding that the focus group participants’ self-esteem most likely will be affected negatively if they would take a reverse mortgage is a new idea that has not been mentioned in previous research in the area. Therefore this provides a new viewpoint regarding how potential borrowers expect their self-esteem to be influenced by taking a reverse mortgage.

5.1.4 New perspectives derived from the questionnaire

New perspectives that could be derived from the questionnaire will be summarized and highlighted in this section. The questionnaire provided valuable and interesting insights about the participants’ initial perception of reverse mortgage which further lead to suggestions for new perspectives complementing previous reverse mortgage research. That reverse mortgage is perceived as risky and modern among the majority of the participants in the focus group provides new perspectives about these potential borrowers perception. Furthermore it is shown that for some potential borrowers the feeling of shame and embarrassment seems to be associated with taking a reverse mortgage. Consequently these perceived characteristics of the loan are new compared to previous findings in research. Another indication for a new perspective is found considering that some participants in the focus group would feel comfortable telling anyone about them taking a reverse mortgage. Consequently they would have no problem with telling anyone outside their closest family about a decision to take a
reverse mortgage. A new idea that also was found is that the feeling happy and sorry might also be associated with taking a reverse mortgage for some participants. Other interesting findings that we have never come across before in previous research is that certain participants in the focus group would feel either dependent or unsuccessful by taking a reverse mortgage. Furthermore, one finding gives an indication that regret might play an important role and influence the participants’ decision about taking a reverse mortgage. Therefore a new perspective is provided to the research area since reverse mortgage and regret has not been connected previously. Finally, another new perspective that was identified was that the participants’ perception of themselves was affected negatively when they were compelled to take the loan. This could have a negative effect on their self-esteem. Because self-esteem and reverse mortgage never have been studied in relation to each other before, this study provides new insights by connecting these two areas.

5.2 Analyzing the focus group discussion

5.2.1 General perceptions regarding reverse mortgage

When the presentation made by the authors of this study was finished and the participants started to discuss reverse mortgage and their general perceptions regarding the loan their first thoughts concerned their unwillingness to take on additional debt. The participants discussed the fact that they did not want to take on more debt, especially not if they already have paid off all their debt. Instead they want to save their money, and because of this they are questioning the alternative reverse mortgage. One of the participants said that he/she would overlook the household’s expenses and see if any saving could be made before considering taking the loan.

Another aspect that was brought up in the discussion was that reverse mortgage was something new and unfamiliar for the majority of the participants. Only one participant had heard about it before and seen a commercial regarding reverse mortgage, to the other ones reverse mortgage was something new. One participant that had never heard about the loan was wondering why no reverse mortgage lender did any commercials because he/she had never seen any.

The participants also discussed if they would listen to opinions regarding the loan from other people or from people who is not unfamiliar with the loan and thus have experience from taking the loan. One of the participants said, and the others agreed, that he/she would not take other persons or previous reverse mortgage borrowers’ opinions into considerations. Instead he/she would listen to the experiences that a person would have and especially regarding the costs associated with taking the loan. The other participants agreed with this because the costs that comes with the loan were one aspect that the participants mentioned as difficult to foresee and came back to multiple times. Because they thought that the high costs are an issue with the loan it could therefore be beneficial to listen to previous borrowers experiences from taking the loan and from the associated costs that comes with it.

Furthermore the participants started to discuss positive aspects and benefits they could see with a reverse mortgage and why people would take the loan. They said that people who want to keep living in their house or do not afford to stay in their house, a reverse mortgage is something positive. Furthermore they also discussed the fact that it must be
difficult to survive economically for people who are poor or are living alone with only one salary or one pension income. The participants thought that in these cases a reverse mortgage could be a possible option. One of the participants who is married and retired stated that his/hers expenditures has grown compared to before he/she retired. The reason for this is that he/she has more free time to spend money on and that two big expenditures that has increased are gasoline and gifts to his/hers grandchildren. Therefore the participant said that a reverse mortgage could be a possible solution to people in situations when a need of extra income exists which this person experienced is the case of retirement.

One of the aspects that also were mentioned as a possible situation when a reverse mortgage would be useful, and thus was a positive aspect with the loan, is when something unexpected would happen. An unexpected situation that the extra income would be beneficial and that was mentioned by one of the participants is when something unexpected would happen in the family which would make you need the extra money.

In the discussion the issue with the complexity of the loan was briefly mentioned. It was said that considering reverse mortgage it is many aspects that has to be taken into consideration before fully understanding all aspects surrounding the loan. We as authors of this study also could identify a small trend by those participants who had a higher educational background. These persons were more active in the discussion and asked more questions regarding the loan. What we also observed was that these persons might have understood the idea a little faster than the ones with a lower educational background.

During the discussion the reluctance to take on additional debt by applying for a reverse mortgage was mentioned. Because of this the participants questioned the loan and the main reasons for this were that they are debt aversive and do not want to take on more debt when they finally had paid off their old one. This perception corresponds to what has been mentioned as reasons for why reverse mortgage has not been accepted by the potential customers to any larger extent (Caplin, 2000, p. 15; Leviton, 2001, p. 3; Merrill et al., 1994, p. 263). Therefore one obstacle toward the loan that is mentioned in theory seems to correspond to the perceptions in the focus group as well.

Reverse mortgage was new and unfamiliar for the participants and the majority of them had never heard about the loan before and thus had no perceptions regarding the loan. According to theory the limited spread of reverse mortgage on the market could be due to unfamiliarity (Mayer & Simons, 1994b, p. 235). The unfamiliarity and the fact that the majority of the participants had never seen any commercials about the loan could be reasons to the limited spread on the Swedish market and consequently they do not have enough information or perceptions about reverse mortgage. In addition to this the participants’ unfamiliarity with the loan could be connected to the familiarity bias. This bias implies that the participants would prefer things which are familiar because they are afraid of unfamiliar things. A reason for why people are afraid of the unfamiliar is because they lack information about it (Agrawal, 2012, p. 11). This could be connected to the fact that the participants in the focus group lacked information about reverse mortgage initially.
Moreover the participants said that they would listen to someone with experience regarding reverse mortgage before consider taking the loan. This could be a means to decrease their worries regarding the loan (Caplin, 2000, p. 16) and especially maybe worries regarding the costs associated with it and thus increase their familiarity with the loan. People who are familiar and are of importance to a person will more likely affect the behavior of this person. If a person of importance has positive perceptions regarding an aspect (as the loan for example) it is more likely that it will affect the behavior of others which will behave accordingly (for example taking the loan). This aspect, listen to and behave according to others opinions, is describe in a study made by G. N. Martin et al. (2010, p. 668-669).

Even if the participants would listen to someone with experience before consider taking the loan it was also mentioned that opinions and perceptions from other persons would not matter to them. Because it was mentioned that they would not listen and consider other inexperienced people’s opinions or perceptions it is therefore a new finding in relation to what is said in theory and therefore a new perceptive is identified. The theory states that people listen to the persons who are of importance for them and include their opinions in the decision process (G. N. Martin et al., 2010, p. 668-669). However, in the study, the participants said the opposite. They said that they would not take these people’s opinions or perceptions in consideration. Instead they would only listen to people with experience which is a new fining in this area of research. Furthermore, turning to someone with experience and receive information from someone that has successfully used a reverse mortgage makes it more likely that people will use the loan (Caplin, 2000, p. 16; Nakajima, 2012, p. 23).

Regarding the costs that varies with a reverse mortgage (Mayer & Simons, 1994b, p. 235; Rose, 2009, p. 69-70) and the payment plan which is very flexible and can be customized depending on the borrowers requirements (Desai, 2010, p. 84), the participants perception of the costs associated with the loan was that they thought that the costs was difficult to fully understand. In addition to this they also perceived it difficult to foresee what the costs with a loan would be if they would take the loan. Because the costs is mentioned as an aspect that has to be taken into consideration before applying for the loan (Kaur Brar, 2011, p. 65) it is positive that the participants thought about this aspect during their discussion and after they have heard about it for the first time.

The positive aspects that were perceived by the participants and mentioned in the discussion concerns which people that would benefit from a reverse mortgage. These perceptions and positive aspects correspond to what has been identified in previous reverse mortgage studies. Therefore it gives additional support for these theories. Aspects that was mentioned in the discussion and corresponds to theory is that the loan helps people in need of extra money to afford staying in their houses (Leviton, 2001, p. 5; Merrill et al., 1994, p. 259, 262-265) and to people who are poor and are in need of extra income (Chou et al., 2006, p. 716; Merrill et al., 1994, p. 259, 262-265). One of the participants said that when he/she retired the expenditures increased in comparison to before the retirement. In addition to this the participant said that, in these situations, a reverse mortgage could be a possible option to get additional money to the pension income.
A situation when the participants thought they would consider taking the loan is if something unexpected would happen in the family. This finding is new in relation to previous findings in reverse mortgage research. The previous findings has instead concluded that people take a reverse mortgage when financial emergencies or some unforeseen problem would occur (Caplin, 2000, p. 17; Kaur Brar, 2011, p. 56; Mayer & Simons, 1994a, p. 22) instead of be able to pay for home repairs (Kaur Brar, 2011, p. 56; Leviton, 2001, p. 2; Merrill et al., 1994, p. 258), medical expenditures (Leviton, 2001, p. 7; Rose, 2009, p. 68) or to support the households’ daily consumption (Caplin, 2000, p. 17). None of these aspects was directly mentioned by the participants. Therefore is the finding made in the focus group, that they would consider taking the loan if something unexpected would happen in the family, a new perspective and a new reason to why people would apply for the loan.

The fact that the participant considered reverse mortgage to be complex is not unexpected because reverse mortgage is considered to be difficult to understand (Mayer & Simons, 1994a, p. 25; Rose, 2009, p. 69; Shan, 2011, p. 766), especially by elderly (Reed, 2009b, p. 1). Regarding the complexity of the loan we as authors of this study observed that the participants with a higher educational background were perceived to be more active and might also has understood the concept faster than the others. This aspect is discussed in a study by Chou et al. which states that understanding a complex financial product as reverse mortgage is easier for people with a higher educational background (2006, p. 724). Therefore our observation supports the theory.

5.2.2 Willingness to take a reverse mortgage

During the discussion the participants’ willingness to take a reverse mortgage emerged. The opinions regarding their willingness were in the beginning very negative and none of the participants could consider taking the loan as the situation is today. One reason to why they were reluctant to take the loan was because they did not feel a need of additional income due to their current monetary situation. It was said that due to that they are not in a difficult economic situation it felt like they had to come up with reasons to why they should borrow money through a reverse mortgage.

Another aspect that was mentioned during the discussion was the participants’ house value. Because none of the participants owns a really expensive house they will not be able to get any huge amount of money if they would take the loan. The fact that only a certain percentage of the house value can be converted was raised during the presentation and therefore the participants were aware of this. Therefore, this was another aspect that made them reluctant to the thought of taking a reverse mortgage.

The costs associated with the loan were also seen as an obstacle to deciding if they would consider applying for the loan or not. One of the participants also said that he/she would not consider a reverse mortgage because;

“I’m saving in funds, I have been doing it almost since I started working and it has gone really well”.

Because of this the participants said that he/she did not need to take a reverse mortgage to receive extra income and was therefore also negative to the thought of applying for the loan.
Even though the participants at first were very negative to the thought of taking a reverse mortgage they started to discuss situations when they could consider applying for the loan. By discussing the loan from this perspective they made additional comments on their willingness and need to take a reverse mortgage to receive additional income. The participants said that if things were different, and if they would not be in the monetary situation they are currently in, it exist some situations when they actually would consider taking the loan.

“I would maybe consider taking the loan if both I and my wife…wanted to keep living in Vindeln but would not be able due to economic circumstances”.

This citing describes what some of the participants explained would be a reason for taking the loan. They said that if their economic situation would change and thus would make them more in need of the extra income they would be more inclined to apply for a reverse mortgage.

Furthermore the participants also had another idea for which situation they would consider taking the loan. They discussed the reason to take a loan to make the ordinary life more joyful by being able to afford traveling, moving abroad and to afford additional luxuries in their daily life. In the end of the discussion regarding in which situations they could consider taking the loan one of the things that all participants did agree on were the possibility to indulge oneself thanks to the extra money derived from the loan. The possibility to indulge oneself was therefore a possible reason to why they would consider taking a reverse mortgage.

In relation to this discussion one participant mentioned a new idea regarding the loan. He/she said that:

“If one would take this loan you might be able to retire from your work earlier”.

This participant explained that he/she would consider taking the loan and at the same time applying for retirement at age 60 which is earlier than he/she had planned. The reason to this was, as the participants said, because of the extra money that a reverse mortgage would bring, the need of working to receive money would be reduced. Therefore, a reverse mortgage could be seen a possible option to this participant.

Regarding the participants’ willingness to take a reverse mortgage none of them said that they would consider taking the loan as the situation is today. The reason for this is that they do not have a bad economic situation and therefore they do not need the additional income derived from the loan. Because one of the major reasons why elderly applies for a reverse mortgage is because they are cash poor and thus need the extra income, the participants’ explanation to why they do not want the loan is understandable according to the theory (Chou et al., 2006, p. 716; Merrill et al., 1994, p. 259, 262-265). Despite this fact they could still be potential reverse mortgage borrowers in the future. One other reason why people have started to apply for the loan is, as mentioned previously, because the stock market has declined (Rose, 2009, p. 67-68) and because one of the participants has invested in funds which has not declined he/she said that he/she do not need to take the loan to get extra income. This therefore supports the
theory and could be an explanation why this person is negative to the thought of applying for the loan.

When the participants started to discuss situations when they could consider applying for a reverse mortgage, they had other comments and attitudes than they had expressed before. One participant said that if his/hers households monetary situation would be different the loan could be a possible option. Because this aspect is mentioned as a reason to why elderly are applying for the loan this corresponds to the theory (Chou et al., 2006, p. 716; Merrill et al., 1994, p. 259, 262-265). In addition to this aspect the participants also discussed another situation when they would consider applying for the loan which is a new perspective that has not been mentioned in reverse mortgage research before. This new perspective was that they could consider taking the loan to make their life more joyful by traveling, affording luxuries and by moving abroad. In previous reverse mortgage research it is often mentioned that people apply for the loan to pay financial emergencies and to solve unforeseen problems (Caplin, 2000, p. 17; Kaur Brar, 2011, p.56; Mayer & Simons, 1994a, p. 22). This theory therefore differs from our finding in the focus group. It differs because in the focus group they were more interested in using the extra income from the loan to do things they considered to be fun instead to use them for necessities. Therefore this is an additional perspective to the theory of when people would apply for the loan and furthermore this could be one aspect that could be used by the lenders when they target their potential borrowers. Another aspect that could be beneficial for the lenders is the idea that came up in the discussion. The new idea suggested that elderly could take out their retirement prematurely thanks to the money they receive by taking the loan. Furthermore, a new idea is identified which indicate a potential new reason for why people could take a reverse mortgage and this reason has not been mentioned in reverse mortgage research previously.

5.2.3 Feelings regarding taking a reverse mortgage

Regarding which feelings that the participants would feel if they would be taking a reverse mortgage differed between the participants. Besides this they said that their feelings would depend on the reason to why they would be taking a reverse mortgage.

If the reason for taking the loan was to indulge themselves or to have more money to afford additional luxuries and travels, then they would feel cheerful and happy. This was because they would be taking the loan to get an additional income in order to enjoy themselves. If they instead would be compelled to take the loan because they needed the additional income they would feel troublesome and sad and not cheerful and happy. Furthermore one participant said that if he/she would take the loan, even if he/she did not want to, the feeling of sadness would arise. In addition to this the participant also said that it would feel like he/she would be living up the house value prematurely.

Only one of the seven participants in the focus group does not have any children. Therefore this participant said that living up the house value is not something he/she considers to be an issue. The participant said that the reason behind this is because he/she has no children and thus have no one to save the house and the money tied in the house to. All the others in the focus group nodded and agreed to what was said.
After this the participants started to discuss the aspect of leaving the house as a bequest or not as well as leaving a bequest in general. The people having children said that they often were told by their children that they should not save money to them. Instead the children have been asking the participants (who are parents) why they should be saving money to them (the children) and that the parents instead should indulge themselves things. Furthermore the participants have been told by their children to start enjoy life instead of saving money to them.

This aspect is also something that one of the participants said he/she often says to his/her own parents. The participant said that he/she often tells them to start enjoy life and spend their money because he/she will manage any way.

One of the participants who has children said that when it is time to leave a bequest the assets have to be divided fairly to the last coin between the children. Therefore he/she said that because of this, it is better and easier if he/she and his/her partner would spend the money instead of thinking on which children that should get what in the will. However, in this discussion a comment on the willingness to leave a bequest was further emphasized by a participant. This participant said that even if the children might say that they should not save money to them, the participant was concerned that the children might think that he/she would be ungenerous if no bequest was given. In addition to this, the willingness to actually leave a bequest, the notion that the children actually could need the money in the future when they (the participants) die was mentioned. One participant said:

“However it could be the case that they (the children) are in a position in their lives where they actually need money, they [...] are having a house, having children and therefore they need money”.

This was an aspect that the participants thought could be a reason to why they should leave a bequest.

Furthermore material things were discussed and that it might not be an important aspect to the participants or the heirs. Instead things like memories and visits were mentioned and also the fact that they thought it is better to give while you are alive instead of giving in the form of a bequest when you are dead. The aspect of money and that it do not always bring happiness was also mentioned and also the fact that being surrounded by your loved ones is a very important thing.

In previous reverse mortgage research it has been different findings in different studies that present feelings that are associated with taking a reverse mortgage. It is suggested that by taking a reverse mortgage elderly can stop worrying about their ability to meet financial obligation which makes them feel less uncertain. By taking the loan the elderly can preserve their self-image (Leviton, 2001, p. 7-8; Reed, 2009b, p. 2), their self-respect and feel more independent (Kaur Brar, 2011, p. 54; Leviton, 2001, p. 9). In one previous reverse mortgage study an indication of the feeling of shame also could be connected to taking the loan (Leviton, 2001, p. 9-10). None of these feelings was mentioned during the discussion in the focus group. Instead they stated that the feeling they would be experiencing would depend on the reason why they were taking a reverse mortgage. This is a new finding because it has never been mentioned before in previous research that the feelings that would be experienced would depend on the reason for
why a person would take a reverse mortgage. Therefore, depending on if someone would take the loan because they wanted to indulge themselves, of because they were compelled to take the loan, it will affect the experienced feeling. What could be seen as support to the theory is that when the participants would take the loan because they needed to and not because they chose to they would feel troublesome and sad. These aspects are negative and could be connected to what has been presented in theory and the feeling of shame if a person would need to take a reverse mortgage.

During the discussion another new aspect was mentioned by one of the participants. The person said that that if he/she would take a reverse mortgage it would feel like he/she would be living up the house value prematurely. This aspect has not been mentioned in previous reverse mortgage research before and is thus a new finding. It could be seen as a new finding because it could be a new reason for why a person would not consider taking a reverse mortgage.

It is often mentioned in reverse mortgage research that one reason for why people are not applying for the loan is because they want to leave their house as a bequest to their heirs (Caplin, 2000, p. 17; Leviton, 2001). In the discussion one of the seven participants did not have any children and this person said that because of this he/she does not have anyone to leave the house to or the value that is tied up in the house. Because of this reason the person did not see any problems with spending the house value before the person would die. This aspect supports theory that has concluded that people who are more likely to apply for the loan are those without any children and those who do not plan to leave a bequest (Chou et al., 2006, p. 259, 262-265; Merrill et al., 1994, p. 263, 721; Shan, 2011, p. 745).

Furthermore the participants who have children expressed that their children have said to them as well as themselves have said to their own parents that they should not save money to them as heirs. Instead they should spend the money on themselves, indulge themselves things and start enjoy life instead of concerning about their heirs, which means that they should not focus on leaving a bequest. This aspect is a new finding in relation to what previously is found in reverse mortgage research. In the reverse mortgage research it is concluded that one major reason for why people would not take a reverse mortgage is because those who have children want to leave a bequest (Caplin, 2000, p. 6; Leviton, 2001, p. 3). Therefore the participants in the focus group have a different attitude regarding leaving a bequest than the theory states and therefore it is a new aspect which is identified in this study. This could further imply that the issue of people’s unwillingness to take a reverse mortgage because they want to leave a bequest could be less important today than previously suggested in the research. Therefore it could probably be other reasons why the loan still has a limited spread on the Swedish market as it has today. This aspect would not have been identified if this study was not conducted. The indication that bequest might not be fully as important as theory suggest as an explanation for why people would not consider taking a reverse mortgage would therefore not been found. In addition to this, because the children have expressed that the participants should spend money and enjoy life instead of saving to them, it could be interpreted that some of the children could be positive to them taking the loan because it would allow them to have more money to spend. According to theory this would therefore increase the likelihood that the participants would act according to this (G. N. Martin et al., 2010, p. 668-669) and thereby apply for the loan to receive extra income.
The participants also said during the discussion that they thought that material things are of less importance in comparison to memories or visits made by a person. This aspect could be viewed as a positive aspect to people’s willingness to consider taking a reverse mortgage and is a new perspective in the area of reverse mortgage. It could be seen as a positive aspect because if a person does not care about material things then they might be more open-minded to the thought of converting the house value to income in the form of cash. By this they would not leave the house as a bequest and thus no material bequest (in form of the house), instead the bequest would be the money which is left after repaying the loan (Creighton et al., 2005, p. 428). In the discussion it was also mentioned that the participants thought it to be more important to give things while you are alive instead of receiving a bequest when a person is dead. This could also be seen as a positive aspect regarding the loan because if people take the loan they will be able to give things while they are alive because of the extra income. Moreover this could be a reason for why people would take the loan and because this finding is new in reverse mortgage research it is an additional perspective which confirms the idea mentioned before by the participants. The perspective it confirms is what was mentioned in the group, that they thought people should spend money and enjoy life instead of saving to their heirs.

Even though the participants expressed that they did not consider leaving a bequest as something they felt to be important, one of the participants expressed a concern regarding this matter. The participants thought that in the future the children might actually need the bequest and therefore the participant was afraid that the children would consider the participant to be ungenerous if no bequest was given. This aspect could be viewed as the participant was concerned about feeling guilty if he/she would not leave a bequest and use the money his/herself by taking a reverse mortgage. To feel guilty will, according to theory, influence an intended action (Kaiser, 2006, p. 71) and therefore it could, in this situation, imply that no loan will be taken. However, despite this the participant said that people should spend and enjoy life instead of saving all their money to their heirs, and therefore the findings is an additional finding to the theory. Furthermore, the fact that the participant said that he/she was afraid that he/she would be looked at as being ungenerous is an opinion and worry that is new. This feeling and concern of what the persons children would think is an interesting finding and is a new discovery made as a result of the focus group.

5.2.4 Other comments made by participants regarding reverse mortgage

The participants also discussed some areas which are not directly related to their perceptions of reverse mortgage. One of these areas concerned which persons who have it worse, if it is those who live outside of the cities (as they are) or those living in the cities. They thought that it might be those outside the cities that have it better because of their less expensive living standards. This, in relation to the fact that the house values in the cities are higher than in Vindeln (a smaller community outside of Umea), is reasons to why the participants thought that city dwellers would benefit more from reverse mortgage than they who live outside the cities would.

Regarding the market and potential borrowers it was mentioned by one of the participants that he/she thought it does exist a market for the loan. What the person said is shown in the citing below.
“I think there exist a small percentage that could use it, however it is not a large percentage”

The participants could see a potential market for reverse mortgage even though they did not think that the market is of any larger size as it is today. However they thought that reverse mortgage could have an increase in demand because people in Sweden will most likely get poorer when the welfare becomes worse. One participant mentioned their living standard which they have got used to and that it will be difficult to keep the same level of living standard when circumstances as the welfare change. It was mentioned that people who are poor and that are in a difficult economic situation would not speak openly about their situation, instead they would keep it to themselves. The participants thought that for these people, a reverse mortgage could be a good option to get additional income.

In addition to this a real life story was told during the discussion which the participant thought was a good example of a person who would benefit from the loan. The person in the story was a woman who was living alone up in the north of Sweden with her children and grandchildren down in the south of Sweden in Skåne. This woman had phoned the local radio channel and told the radio speaker about her children and grandchildren in Skåne whom she wanted to visit but could not because of her poor economic situation. The participant who told this story during the focus group discussion heard this on the radio and because the participants and his/her partner would drive to Skåne the next week they contacted the radio station. By contacting the radio station they got in contact with the woman and asked her if she wanted to follow them in their car to Skåne for free. The woman thanked for the offering and said that she needed to think about it. After a while she called back and said that:

“she would love to come with us but she could not afford it. Then I told her that they would drive her for free, that she did not have to pay us anything. She responded that, yes, but I do not want to visit my grandchildren without bringing any gifts, and therefore she said no”.

After hearing this story the other participants expressed sadness, that they thought it was terrible that the woman was this poor and that she thought that presents were more important than herself visiting them in Skåne. The person telling the story continued by saying that this woman was a person that he/she thought would benefit from the loan.

During the discussion the participants said that because of the higher house values in the cities the city dwellers will benefit more by receiving a larger amount from a reverse mortgage than they would. The amount that borrowers receive from the loan depends on the house value (Caplin, 2000, p. 3; Godfrey & Malmgren, 2006, p. 36; Merrill et al., 1994, p. 268; Rose, 2009, p. 68) and thereby the participants could be right. Therefore it could be possible that people living in the cities could be a better target than the ones living outside of the cities according to what was said during the discussion. They could be a better target because they could receive a larger amount if they would take a reverse mortgage due to that city dwellers usually has a higher house value.

The participants also discussed the potential market in Sweden and considered it to be small but that it might increase in the future because of the change in welfare. They said that if the welfare would get worse in the future people will become poorer and will
thus need extra income. This extra income that would be needed could therefore come from a reverse mortgage (Chou et al., 2006, p. 716) and therefore could the reverse mortgage market in Sweden become bigger. Furthermore, by using reverse mortgage the elderly do not have to feel uncertain about their ability to pay their financial obligations (Leviton, 2001, p. 7-8) and their well-being will be improved as well (Mayer & Simons, 1994b, p. 246). In previously reverse mortgage research it is concluded by an author that the feeling of shame could be experienced by people taking the loan (Leviton, 2001, p. 9-10). The participants mentioned that persons who are poor would most likely not speak openly about their situation which could be seen as them feeling embarrassed over their situation. Even if a reverse mortgage could cause shame experienced by the borrowers it could still be a possible solution to improve the economic situation for the elderly. It might also decrease their feeling of shame regarding their economic situation because of the received extra income. All the above mentioned aspects speak for why people could consider taking a reverse mortgage to improve their economic standard.

Regarding the real life story about the woman that wanted to visit her children and grandchildren, it could be seen as a perfect example of a person who could be a potential borrower. It also gave an interesting example of how bad someone’s economic situation can be and how a person thinks when it comes to material things as gifts. The participant that told the story said that this story was a good example of a person who would benefit from the loan. We as authors of this study agree that this story was terrible but we also was glad that this participant has understood the concept of reverse mortgage and could make connections to the real life when he/she thought about the loan.

5.2.5 New perspectives derived from the discussion

During the discussion in the focus group the participants expressed and mentioned some aspects of certain interest. These aspects were of interest because they gave new perspectives on previous reverse mortgage research. They were also of interest because they gave perceptions and totally new ideas and insights to the concept of reverse mortgage. The new perspectives and new aspects regarding reverse mortgage that is found in this study in the focus group discussion is shortly summarized below.

A new finding in this study was that the participants mentioned a new reason for them to take the loan. This reason was to take the loan to be able to make their life more joyful because by receiving additional income they can afford such things as additional luxuries and afford to travel. Such a reason has never been mentioned before in reverse mortgage research. In addition to this a new idea; that a person could retire prematurely thanks to the loan was also mentioned as a reason for why someone would take the loan. Besides this, a reason that was mentioned by one of the participants to not take the loan was because he/she said it would feel like he/she would be living up the house value prematurely. This is a new finding because regarding the house value and people worrying about this has never been discussed before.

One aspect that was discussed in the focus group regarding which feelings the participants would experience if they would take the loan gave new insights. They said that the feelings that would be experienced would depend on the reason why the loan would be taken. Previously this idea has never been mentioned and therefore this study
found an additional perspective which we as author of this study thought to be of interest.

Another thing that was discussed in the focus group was the participants’ willingness to leave a bequest. The participants attitude to leave a bequest differs from previous findings in reverse mortgage research where the willingness to leave a bequest is one big reason to why people are reluctant to take the loan. In this study’s focus group discussion the participants instead were positive to the thought of spending on themselves instead on only saving money to leave a bequest. Therefore this is a new and changed perspective on the issue regarding reverse mortgage found in this study. In relation to this the participants expressed an opinion that they considered material things to be of less importance. This could furthermore also be seen in relation to what also was said during the discussion which was that people should give things while they are still alive. These two aspects, the low importance of material things and to give while people still are alive, are findings which never have been discussed in reverse mortgage research before.

Regarding the new target group that the lenders should focus on according to the participants is people living in the cities. The participants thought that those who are living in the cities have a house of higher market value and could therefore benefit more from a reverse mortgage. This finding is new and is especially important to lenders when they try to find new borrowers.

5.3 Discussion

Previously in this chapter the empirical data from this study’s questionnaire and focus group discussion are presented in detail and analyzed. This analysis enabled us to eventually come to highlight new aspects and perceptions that previously have not been mentioned in research. In this part of this chapter we will combine some empirical findings derived from both the questionnaire and the focus group discussion in relation to each other. The empirical findings that will be combined are chosen because throughout the analysis these findings stood out because they differed significantly. These findings differed significantly depending on in which situation the area was addressed. Therefore we consider these different and often incompatible findings to be worthy of further discussion. The findings that were especially interesting to discuss further are presented in the table below and concern the areas; willingness to take a reverse mortgage, situations when participants could consider take a reverse mortgage, general perceptions, benefits, drawbacks, feelings and others opinions. What is presented in the table below will be followed by a discussion of these areas.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Questionnaire</th>
<th>Focus group discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Willingness to take a reverse mortgage.</td>
<td>No.</td>
<td>Yes depending on the situation.</td>
</tr>
<tr>
<td>Situations when participants could consider take a reverse mortgage.</td>
<td>To renovate the residence, otherwise the group was unwilling to take the loan.</td>
<td>If something unexpected would happen in the family, to make life more joyful or to retire</td>
</tr>
</tbody>
</table>
Empirical data from both the questionnaire and the focus group discussion that were worthy of further discussion was the data concerning participants´ willingness to take a reverse mortgage. In both the questionnaire and the discussion in the focus group the participants were asked about their willingness to take a reverse mortgage. The questionnaire revealed that the individuals in the focus group over all were unanimous since basically the entire group replied that they would not consider taking a reverse mortgage. This was the initial perception that the group cohesively revealed in the questionnaire and consequently they were not willing to even consider taking a reverse mortgage. During the focus group discussion the participants were asked again about their willingness to take a reverse mortgage and were now asked to discuss and elaborate their perceptions regarding this matter. Surprisingly when discussing their willingness openly in the group another perception started to emerge, compared to the group´s evident unwillingness to apply for reverse mortgage that was shown in the questionnaire. Instead the group´s strong unwillingness expressed in the questionnaire started to shift towards that the general perception in the group started to become more willing to actually consider a reverse mortgage. After discussing the group seemed more willing to consider a reverse mortgage, since they actually discussed and agreed upon that there could potentially be certain situations (such as if times were difficult financially) that they might be willing to consider a reverse mortgage after all. This shows that the initial unwillingness to take a reverse mortgage slowly shifted to become more willing to consider reverse mortgage as an option. Therefore this can be seen as an evolution of the general perception in the group which shifted from totally unwilling, to consider a reverse mortgage, to more accepting and at least willing to consider it as an alternative in certain specific situations. However the discussion allowed each individual in the focus group to think about their initial unwillingness and gain new insights and perspectives from the discussion which they might not have thought of themselves.

Regarding the situations when the participants could consider taking a reverse mortgage the general perception of this went through an evolution as well. This can be illustrated when comparing the general answers collected from the questionnaire and the focus group discussion. Moreover, this is further an interesting fact to highlight since this perception seemed to change quite quickly. This assumption is made because in the questionnaire it is obvious that the majority in the focus group would not consider taking a reverse mortgage regardless of the situation. The exception to this general
perception is one participant which would consider using a reverse mortgage to be able to afford to repair the residence. Consequently the only situation in the questionnaire that was mentioned was that a reverse mortgage would be used as a means to afford to repair the residence. On the other hand during the group discussion the participants mentioned several situations where they would consider using a reverse mortgage such as if something unexpected would happen in the family, to be able to indulge or to afford to enjoy life more or to retire prematurely which was not at all indicated by the answers from the questionnaire.

Consequently the general attitude of the focus group can be concluded to at first, when judging from the overall answers from the questionnaire, be seen as mostly negative towards reverse mortgage. Besides this the group perceived reverse mortgage as risky and modern which also was answers collected from the questionnaire. This initial overall negative attitudes in the focus group evolved and changed during the group discussion to finally end up in a more generally positive attitude in the focus group towards reverse mortgage. The group also considered reverse mortgage to be a new and complex financial instrument.

Due to the fact that the group showed a more negative attitude towards reverse mortgage initially judging from the answers derived from the questionnaire they did not mention any direct benefits that they saw with reverse mortgage either. Therefore the area displaying benefits regarding reverse mortgage derived from the questionnaire in the table is empty. As can be seen in the table above the discussion provided us with several benefits instead, which complemented the questionnaire’s lack of benefits. One benefit mentioned in the discussion was that they though benefits with reverse mortgage was that this was a mean that helped people to gain extra income when needed. Another benefit with reverse mortgage mention by the focus group during the discussion was that reverse mortgage still allowed the borrower to stay in their residence.

The drawback that was mentioned in the questionnaire was different from the drawback mentioned in the group discussion. Therefore the questionnaire and discussion complemented each other and brought more insights in perceived drawback with reverse mortgage. The questionnaire revealed that some in the group were afraid to be tricked into a bad deal if they entered into a reverse mortgage, which could definitely be seen as a drawback for reverse mortgage and its credibility. Another drawback mentioned in the discussion was that the participants saw the costs associated with reverse mortgage as a huge issue and therefore mentioned this as a drawback several times under the discussion.

Furthermore an interesting perception that was mentioned during the discussion that was unanimous in the group was that they would not take in consideration what other thought about their decision to take a reverse mortgage. Instead they would definitely consider what other people with previous experience of using a reverse mortgage would say. In the questionnaire it was mentioned what one participant would feel about the decision to take a reverse mortgage and that it would depend on what the children would think. This imply that this participant would consider other opinions from important people to them and not just take into consideration what people with experience of using a reverse mortgage would say which was implied in the discussion. Therefore this provides a more nuanced view of which opinions of other
people that potential borrowers might consider when evaluating a decision to take a reverse mortgage.

Feelings that would be associated with taking a reverse mortgage that were revealed both in the questionnaire and discussion were the feelings happy and sad. These feelings seemed to persist during the entire focus group when comparing what was found empirically. In addition to this there were also feelings that were brought forward in either the questionnaire or the focus group discussion. For example ashamed and embarrassed was mentioned to be associated for some participants with taking a reverse mortgage in the questionnaire but these feelings was not raised when the participants were asked the same question during the discussion. We believe that this might be due to the fact that some participants were uncomfortable to express such intimate feelings as shame or embarrassment in a group. On the other hand, in the discussion taking a reverse mortgage was mentioned to be associated, for some participants, with a cheerful or troublesome feeling which was not mentioned in the questionnaire. This highlights the fact that the questionnaire and the discussion complemented each other and brought new insights and aspects regarding the perceptions of reverse mortgage. It can also be concluded that depending on how a question is asked whether it is in a questionnaire or during a discussion the answers to the same question can be different. This is an interesting finding and all nuances and different findings that were discovered would not have been discovered if this study had not used both the questionnaire and the focus group discussion. Moreover, perceptions of reverse mortgage do not always seem to be consistent. Therefore we argue that by combining these data collection methods, which complement each other, we are able to get a deeper understanding for potential reverse mortgage borrowers’ perception in our sample.

The observed evolution in the group’s general perception from a negative to a more positive attitude could depend on the fact that the participants got new insights and perspectives by discussing reverse mortgage. By allowing the group to freely discuss and express opinions they were exposed to new perspectives which enabled them to reconsider their own perception about reverse mortgage. This new input and perspectives that were created through the discussion most likely influenced the evolution of the general perception in the group. We suggest that there might be other reasons for this gradual change in perception that were observed in the focus group. One reason is that reverse mortgage is complex and therefore it could be difficult to immediately create an opinion and perception of reverse mortgage. Furthermore what also could be a reason to the change in perception could be explained by the concept heuristics which is cognitive short-cuts used when a decision about something complex has to be taken (Forgas, 1995, p. 47; G. N. Martin et al., 2010, p. 666-667; Spence & Townsend, 2008, p. 91; Tversky & Kahneman, 1974, p. 1124). The general and initial negative perception in the focus group might furthermore be explained by that the participants used cognitive short-cuts in order to make up their mind about reverse mortgage because of its complexity. Moreover, the evolution in perception regarding reverse mortgage in the focus group could be due to the fact that the participants initially used cognitive short-cuts when forming their initial perception. During the discussion they gathered more information which might have reduced the need for these short-cuts. Consequently they could make more well-grounded decisions about their perception of reverse mortgage which might have caused the change in perception.
Another reason could be that almost the entire group was previously unfamiliar with reverse mortgage. Therefore they quickly gathered new information and knowledge by discussing the subject which consequently made them reevaluate their perception which might have caused a change in their initial negative perception.
6. Conclusions

This last chapter of the study includes a part answering the research question presented in chapter one. In this chapter the new significant findings made in this study is presented. It will also include the motivation for the fulfillment of the purposes and the study’s contributions. The limitations and the quality criteria in this study are explained and the chapter ends with suggestions for future research.

6.1 Answering the research question

The major focus in this study has been to find an answer to this study’s research question:

*How is reverse mortgage perceived by potential borrowers in Sweden?*

In order to answer our research question we have conducted a focus group with potential reverse mortgage borrowers in Sweden. The significant findings in this study will enable us to answer the research question. These significant findings and furthermore the answer to the research question will be presented below. The knowledge gathered through this study is built on the evolution from presentation to questionnaire and to open discussion which was included in the focus group.

The focus group generally perceived reverse mortgage as negative at first to later become more positive regarding the loan which is an evolution of the focus group’s perception. Therefore one significant finding concluded in this study is that the general perception experienced by the focus group initially was negative. However, this initially negative perception changed to become more positive the longer the focus group went on. The initially negative perception could most likely be related to the fact that reverse mortgage was new and unfamiliar for the majority in the focus group. During the discussion about reverse mortgage the focus group became more familiar with the loan and gained other perspectives which affected the perceptions regarding the loan and the group had a more positive perception than initially. This gives an answer how this focus group of potential reverse mortgage borrowers perceived the loan. Furthermore, in relation to this it is also concluded in this study that the willingness to take a reverse mortgage depends on whether the focus group perceived the loan positively or negatively.

Another significant finding made in this study is that how the potential borrowers in the focus group perceive reverse mortgage is influenced by the reason why they would take the loan. The potential borrowers expressed that happiness would be associated with a reverse mortgage if the loan would be taken to make their life more joyful. On the other hand the potential borrowers would associate the feeling of sadness with the loan if they were forced to take a reverse mortgage in order to handle their basic expenditures. The potential borrowers in the focus group also presented new ideas regarding reasons to why they would take a reverse mortgage. One reason that they mentioned for taking a reverse mortgage was to enjoy life more through gaining additional income that could be spent on additional luxuries and to travel more. The other reason that was mentioned was to enable premature retirement by gaining access to additional income. These reasons are significant findings because they are new reasons that have not been mentioned in the literature before. Furthermore these reasons provide a better understanding of the potential borrowers’ perception of the loan.
Reverse mortgage is perceived by the potential borrowers in the focus group to be risky and modern which is another significant finding made in this study. This finding is significant because it creates an understanding for how this loan is perceived which previously has not been mentioned in research. In this study it is also shown that some potential reverse mortgage borrowers in the focus group would feel ashamed or embarrassed if they needed to take the loan. We conclude that these feelings of shame and embarrassment might be important factors that have to be taken into consideration, in order for reverse mortgage to reach its full potential on the market. Therefore this also is a significant finding relating to potential borrowers and their experienced feelings if they were to take a reverse mortgage.

The potential reverse mortgage borrowers in the focus group expressed an attitude which showed that they did not consider leaving their house as a bequest as their main priority. Instead they were positive to spend money instead of only focusing on saving to their heirs. This expressed attitude can affect the potential borrowers’ perception of reverse mortgage. Since a reverse mortgage usually is paid by selling the house this would consequently affect the borrowers’ ability to leave the house as a bequest, which could influence the perception of the loan. Considering that borrowers’ ability to leave the house as a bequest would be impaired by taking the loan, this would however not significantly affect their perception of reverse mortgage negatively since they do not prioritize leaving their house a bequest. Therefore, the identification of this new bequest attitude is a significant finding considering its possible impact on potential borrowers’ perception of reverse mortgage.

In accordance to previous findings in reverse mortgage research the potential borrowers in the focus group perceived the loan to be beneficial for people in need of extra income since it serve as a means to generate extra income when needed. Furthermore they also identified another benefit with reverse mortgage which was that it allows the borrower to remain in their residence longer. Concern was expressed of the possibility to be tricked into a bad deal if entering a reverse mortgage by some potential borrowers in the focus group. This aspect and the issue regarding the costs associated with taking the loan are something mentioned in the focus group to be perceived drawbacks with reverse mortgage.

The reverse mortgage market in Sweden is perceived by the potential borrowers in the focus group to exist, even though they do not expect it to be of any larger magnitude. This finding is significant because it provides an indication that potential borrowers see a potential on the Swedish market for reverse mortgage. Because this indication is expressed by potential borrowers it is of greater significance since this opinions come from the customers’ point of view.

6.2 Generating new knowledge

In order to emphasize this study’s inductive approach a summary of the new findings made in this study is shown in the table below.

Table 5. New knowledge generated

| New findings made in this study | 92 |
Initially negative perception changed to more positive after discussion (Evolution of perception).

<table>
<thead>
<tr>
<th>Reason to take the loan influence perception of the loan.</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Enjoy life – happy feeling</td>
</tr>
<tr>
<td>- Compelled – sad feeling</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New reasons for taking a reverse mortgage</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Retire prematurely</td>
</tr>
<tr>
<td>- Make life more joyful (travel, luxuries)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perceived reverse mortgage as risky and modern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reverse mortgage can also be associated with shame and embarrassment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New bequest attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasons against</td>
</tr>
<tr>
<td>- Fear of being tricked into a bad deal</td>
</tr>
<tr>
<td>- The costs associated with reverse mortgage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perception of a reverse mortgage market in Sweden</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Existing but small</td>
</tr>
<tr>
<td>- Could be a niche market</td>
</tr>
</tbody>
</table>

### 6.3 Contributions and fulfillment of the purpose

We have identified and described the most significant perceptions of potential reverse mortgage borrowers found in this study, which is presented above. Furthermore, we have also aimed to investigate the reasons behind the potential borrowers’ perception of reverse mortgage. This was done since the main purpose of this study was to provide a deeper understanding of reverse mortgage. Since we already presented our answer to this study’s research question above, this following section will start with the motivation of why the purpose of this study also is fulfilled. Finally we will present how this study provides both theoretical and practical contributions.

The main purpose of this study was to get a deeper understanding of the perceptions regarding reverse mortgage held by potential borrowers. In this study we conducted a focus group with the potential reverse mortgage borrowers which included a presentation, a questionnaire and a group discussion. The choice to include both a questionnaire and a group discussion in the focus group was to be able to generate a more detailed picture of the potential reverse mortgage borrowers’ perception of the loan. After collecting the empirical data through the focus group we were able to identify and describe perceptions held by potential reverse mortgage borrowers. Furthermore we analyzed the empirical data to get a deeper understanding and also to get an understanding for the underlying reasons for these perceptions. Considering the empirical findings and the analysis of borrowers´ perception this study allowed us to create a more comprehensive picture of the focus group’s perception of reverse mortgage and therefore a deeper understanding of the perceptions of potential reverse mortgage borrowers in Sweden has been obtained. Therefore we argue that the main purpose in this study is fulfilled.

This study contributes to a deeper understanding of the perceptions regarding reverse mortgage held by potential borrowers in Sweden. Since there is basically no previous research that investigate reverse mortgage in connection to a psychological perspective this study contributes to filling this identified knowledge gap. The knowledge gap that
is identified in this study also includes the fact that the majority of the studies within the research area of reverse mortgage are quantitative and done in an American context. Since this study is done in a Swedish context using a qualitative research strategy this study definitely reduce this part of the identified knowledge gap. So consequently we can conclude that this study have a strong theoretical contribution since it definitely contributes to reducing the identified knowledge gap in the literature review.

Furthermore this study has another theoretical contribution since through this study new empirical findings was disclose. These findings provides new interesting perspectives complementing the existing research within reverse mortgage in connection to a psychological perspective, therefore these empirical findings form a theoretical contribution. The new findings in this study are summarized in table 5 above.

This study’s practical contribution consists of two parts. The first practical contribution of this study relates to the fact that the potential reverse mortgage borrowers in this study gained an increasing awareness and knowledge of reverse mortgage and its specific features. We increased the potential borrowers awareness and knowledge since basically no one in the focus group were familiar and knew that reverse mortgage existed before participating in this study. Therefore the presentation that the authors held about reverse mortgage during the focus group and the group discussion that also was a part of the focus group contributed to the fulfillment of the practical contribution since this increased the awareness and knowledge of reverse mortgage among these potential borrowers. The second practical contribution focuses on providing valuable insights to the lenders of reverse mortgage. Since this study has made it clear that reverse mortgage is an instrument that needs extensive discussion because of its complexity. This is shown since we can conclude that the potential reverse mortgage borrowers’ perception of the loan evolved from first being negative to more positive in the end of the focus group. An understanding like this of potential reverse mortgage borrowers’ perception provides some important practical implications for the lenders. First of all this highlights the importance to the lenders to really make an effort to understand their potential reverse mortgage borrowers perception, since it does not seem to be straight forward. Second of all this understanding is very useful for the lenders since this highlights that when approaching their potential customer the lenders need to be aware of the fact the customers need time and therefore their approach needs to be sophisticated. This knowledge can be used by the lenders when deciding upon the most appropriate strategy to approach potential reverse mortgage borrowers. Practically this could imply that the most successful strategy to approach potential reverse mortgage borrowers might not be to be utilize a very aggressive strategy to reach new customers since their perceptions of reverse mortgage seems to evolve, from negative to more positive over time as shown in this study. When targeting potential reverse mortgage borrowers lenders can also utilize other findings in this study. This study also concluded that potential borrowers might take a reverse mortgage to be able to retire prematurely or to make life more joyful to afford additional luxuries or afford to travel. These findings are useful since it provides further understanding for the lenders which bring practical implications. This understanding helps the lenders to target their potential customers more efficiently through being aware of these new identified reasons to why borrowers would take a reverse mortgage.

6.4 Limitations of the study
Even though this study clearly has answered the research question and fulfilled the purpose we are still aware of the fact that this study has limitations that needs to be highlighted and explained.

One limitation of this study that is important to discuss is relating to the empirical data that has been collected since it can only be applied in relation to this specific focus group. Therefore we could not say anything about other potential reverse mortgage borrowers than the people participating in this focus group. This is due to the fact that the focus group only consists of seven individuals. Even though the reverse mortgage market in Sweden still is small the seven individuals in this focus group is not close to enough to be able to make any generalizable conclusions about the potential borrowers in the entire Swedish reverse mortgage market. Consequently we can only make comments that apply to this specific focus group. On the other hand the aim of this study was not to present findings that could be generalized to an entire population. Instead we strived to be able to present findings that gave a picture and understanding of this study’s participating individuals and this specific focus group’s perception of reverse mortgage. However, what we think could be transferred to a bigger perspective than just this focus group is the importance to develop an understanding regarding potential reverse mortgage borrowers’ perception of reverse mortgage. The importance to develop such an understanding definitely applies to other situations that concern reverse mortgage than to just this specific situation.

As mentioned above the findings in this study cannot be generalized to the entire population of potential reverse mortgage borrowers in Sweden. As this study is conducted in a Swedish context this creates another limitation in this study. This limitation is due to the fact that the findings might not be easily transferred to other countries and their context.

Furthermore because of the difficulty to gather and find people willing to participate this sample could be seen as somewhat biased considering that we needed to use personal contacts to find the first participants in the focus group. Therefore the sample selection could be seen as another limitation in this study. However, we had strict sampling selection criteria’s (see section 3.1.1 sampling selection) that all the participants in the focus group needed to fulfill in order to qualify as potential reverse mortgage borrowers in this study. Therefore we can assure that all the participants included in the focus group were most relevant and appropriate as a sample in relation to the purpose of this study.

Another constraint in this study has been the limited timeframe available. Due to this limitation we had no time left to conduct additional focus groups. Therefore we strictly made sure that the focus group that was conducted was of the highest quality as possible. If the timeframe allowed it would have been possible to conduct more focus groups and thus maybe be able to create a more general picture of potential reverse mortgage borrowers and their perceptions regarding the loan.

6.5 Quality of this study

The quality of a study needs to be discussed and evaluated according to certain quality criteria. This is important in order to provide the reader of the study with the possibility to reflect on the quality of the study and decide if the study meets these quality criteria.
In research the concepts validity and reliability is commonly used when reviewing a study’s quality (Bryman & Bell, 2005, p. 306). Moreover, because this study is using a qualitative research strategy the concepts validity and reliability is not fully implemented when reviewing the quality of this study. Instead of using the quality criteria validity and reliability as in quantitative research, the quality criteria trustworthiness and authenticity is more commonly used (Bryman & Bell, 2005, p. 306). The two quality criteria used in qualitative research has its foundation in validity and reliability. However, they differ because validity and reliability, which is commonly used in quantitative research, focus on the existence on only one reality and on data and measurements. The two quality criteria used in qualitative research is instead focusing on the existence of many different perceived realities of the world (Bryman & Bell, 2005, p. 304, 306-307). In addition to this, because we see the world as being socially constructed which make no reality for anyone exactly the same, this corresponds to this study.

The quality criteria trustworthiness is divided into four parts. These four parts is presented below and are credibility, transferability dependability and conformability (Shenton, 2004, p. 64). After they have been presented and explained related to this study is the second quality criteria authenticity and its parts presented and explained in relation to this study as well.

6.5.1 Trustworthiness

There exist different methods of how quality of a study is looked upon. One way is to investigate if the situation is studied with the help of an appropriate theoretical framework (Bryman & Bell, 2005, p. 306-307). We think that this aspect can be viewed by the fact that the theories used in this study to analyze the empirical findings would provide other people with the same results as we have. The reason for this is because when analyzing the findings we have strived to be as correct as possible when using the theories which would enable others to receive the same results as we have. By this the study could be considered to have a good credibility. Furthermore the credibility in this study can be highlighted by the fact that we used a semi-structured discussion which enabled the participants to express their thought and additional comments (Bryman & Bell, 2005, p. 307). This therefore contributed to a picture of their reality and moreover, because we did not ask leading question, it also contributed to an increased credibility in this study (Kvale, 1997, p. 146; Shenton, 2004, p. 64).

It is stated that it exists a difficulty with qualitative studies to generalize or transfer the results or the finding made in the study to the entire population or to other situations. The reason for this is because a qualitative study is focusing on a certain individual or situation and because of this it is associated with difficulties to generalize the finding to another situation (Bryman & Bell, 2005, p. 307; Shenton, 2004, p. 69). In this study we have not aimed at make any generalizable findings to the entire population, instead we wanted to make findings representative for the focus group. However, what we think could be transferred to a bigger perspective than just the focus group is the importance to develop an understanding regarding potential reverse mortgage borrowers’ perception of reverse mortgage. This is because we have found different aspects that could affect how they perceive the loan which is something that should be taken into consideration by people interested in the loan as lenders and researchers. Therefore this could be seen as something that could be generalized in some extent.
The third criteria concern the dependability of the study and relates to the transparency of the study and its detailed described process of how we as authors to this study have conducted it (Shenton, 2004, p. 71). By having a high transparency and thus a detailed description of the entire process and each step made, it enhances the trustworthiness of the study (Bryman & Bell, 2005, p. 307; Watt Bolsen, 2007, p. 188-189). We have strived to describe the entire procedure of this study in a very detailed way to enhance the transparency. One example of when we are detailed in our study’s process is when we transcribed the focus group discussion word-by-word. This was done in order to decrease the possibility of creating any misunderstandings. By having the focus of being detailed in mind during the whole process of writing, this study facilitates the possibility of someone else to repeat the study and receive the same result (Bryman & Bell, 2005; Shenton, 2004, p. 71).

Furthermore, by writing the theoretical methodological chapter in detail it enables the reader to understand reasoning and also to accept or reject the findings made in the study (Shenton, 2004, p. 72). Considering this we think that after reading the theoretical methodological chapter in this study the reader will understand and accept the findings we have made. One example to this could be the fact that this is a qualitative study and therefore no generalizations can be made. By reading the theoretical methodological chapter the reader should understand this and therefore be more willing to accept our discussion regarding this matter. Moreover, this aspect concerns the study’s conformability which is the last aspect that affects the trustworthiness of a study. In relation to the conformability criteria we have in this study strived to be as factual as possible without affecting the result of the study (Bryman & Bell, 2005, p. 307-308). However, because of this study’s research philosophies and choice of using a qualitative research strategy we consider that the fact that we cannot be fully value-free is motivated. This is due to the fact that we, for example, interpret our findings according to the hermeneutic approach (Brand, 2009, p. 433; Lejano & Leong, 2012, p. 795). In addition to this, we have kept in mind during the process of conducting this study to be as thorough as possible to separate the empirical data and the theory from our own opinions, thoughts and conclusions. By doing this we can more easily show that the findings and conclusions made in this study is based on the empirical data gathered in this study and not on our own opinions, thoughts and conclusions (Bryman & Bell, 2005, p. 307-308). We think that this increases the trustworthiness.

6.5.2 Authenticity

In order for a study to be perceived as having a high quality there exist different criterions relating to authenticity that have to be fulfilled (Bryman & Bell, 2005, p. 309). The criteria concern the results from the study and if it represents a correct viewpoint from the participants in the situation that was studied. It also concerns if the study has provided the participants with an understanding of the situation the study was conducted in (Bryman & Bell, 2005, p. 309). In this study the first of these two criteria can be seen as being fulfilled because the participants is chosen in accordance to the profile we created early in the process of this study. Therefore they are relevant and thus could provide us with representative and relevant answers in the focus group. We also think that this study has helped the participants to create an understanding for reverse mortgage which the majority had never heard about before and therefore the second criteria also is fulfilled.
In addition to the above two mentioned criteria there exists others as well that has to be fulfilled. These concerns if there is a possibility that the participants in the study had an opportunity to understand the other participants’ thoughts regarding the situation they were in. The last criteria concerns if the participants can affects their own situation thanks to the study and the other participants in it (Bryman & Bell, 2005, p. 309). Regarding if the participants had the opportunity to understand the others thoughts we think it is clear that this criteria is fulfilled. We think it is fulfilled because of the focus group method used in this study which enabled the participants to listen to each other instead of only having single interviews. The last criteria that we have chosen to mention in this study is the one mentioned above, that concerns the participants possibility to affect their situation after the study. This criterion is considered by us to be fulfilled as well. We think it is fulfilled because as a result of this study the focus groups’ participation in this study has increased the individuals’ knowledge about the existence of reverse mortgage. Moreover, knowing about the existence of the loan and increasing their knowledge about the loan could be useful if they decided to apply for the loan in the future. Because, if they had not participated in the focus group they would not have knowledge about the loan as they have today.

6.6 Future research

This study was conducted in Sweden which makes the findings derived from this study difficult to transfer to other geographical areas with accuracy. Considering this future research investigating potential reverse mortgage borrower’s perceptions of the loan should be done in other geographical areas than Sweden. We think that investigating other geographical areas in this manner is important since the geographical area and culture associated with a specific region could influence potential borrowers’ perceptions considerably. Another suggestion for future research is to identify and compare the perceptions of potential borrowers of reverse mortgage that come from different cultures. This would be especially interesting since it would make it possible to establish similarities and differences in perceptions of reverse mortgage between cultures.

Since this study connects reverse mortgage together with a psychological perspective it is a very rare study. Due to the fact that very few studies in reverse mortgage research connect to psychology there is a need in the future for studies in reverse mortgage research to also apply this perspective. Future studies needs to focus on further identification and investigation of perceptions of reverse mortgage held by potential or current borrowers, since this is an important and a vital area to understand in more detail if reverse mortgage are to be fully accepted on the market. Reverse mortgage research also needs to investigate other areas within the psychological field in connection to reverse mortgage since this could provide important findings that bring further understanding of the reverse mortgage borrowers. One example of studies that need to be conducted in the future is studies that provide a detailed understanding of the decision process when borrowers apply for the loan. In this case a psychological perspective needs to be applied in order to achieve an understanding for reverse mortgage borrowers’ decision process. These are just some of the areas that need to be studies further when applying a psychological perspective on reverse mortgage there are many more that are in need of more research but this was just to provide some examples.
Research that needs to be conducted is also to investigate why a weak demand for reverse mortgage seems to exist on the Swedish reverse mortgage market today. Studies like this could also give valuable insights and understandings about reverse mortgage and its acceptance among borrowers on the Swedish market. Future research should also focus on comparing different focus groups and their perceptions of reverse mortgage across Sweden. Such studies might provide important findings that would be able to clarify if there are different general perceptions among borrowers depending on were in Sweden the borrowers are situated.

In this study the potential reverse mortgage borrowers were potential borrowers without any previous professional reverse mortgage counseling. Therefore it would be interesting to investigate the perceptions of potential borrowers which had received such counseling and see if perceptions differed significantly from the group without any previous professional reverse mortgage counseling. A study like this could provide insights to the general effects of professional reverse mortgage counseling and explain how this counseling could influence perceptions of potential borrowers.

Finally we suggest that future reverse mortgage research should focus more on finding which effects this instrument had on the borrowers how already have used or are using a reverse mortgage. Does reverse mortgage really increase the well-being of the elderly? How did the decision to take a reverse mortgage influence the life of the borrower? Since the research area of reverse mortgage is unexplored there is still much that needs to be discovered and investigated in the future. It is necessary and important that reverse mortgage research keeps developing in the future. This is especially important considering that previous research suggests that reverse mortgage has a great potential to serve as a means to improve the economic situation for many cash-poor and house-rich elderly, and thus could be a financial instrument that can make the life of many elderly easier and more enjoyable.
7. References


Oktay, J. S. (2012). *Grounded theory Pocket guides to social work research methods* (pp. (xiv, 173 p.)).


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Appendix 1 Questionnaire

Enkät angående uppfattningar om seniorlån

Fråga 1: Förnamn?

________________________________________________________________________

Fråga 2: Kön?
☐ Man
☐ Kvinna

Fråga 3: Ålder?__________

Fråga 4: Civilstatus?
☐ Singel
☐ Särbo
☐ Sambo
☐ Gift
☐ Skild
☐ Änka/Änkeman

Fråga 5: Vad är din högsta utbildningsnivå?
________________________________________________________________________

Fråga 6: Vad har du för ungefärlig månatlig inkomst (netto)?
(frivilligt)________________________________________________________________________

Fråga 7: Hur tror du att din månatliga inkomst kommer att förändras i framtiden?
☐ Öka
☐ Minska
☐ Oförändrad

Fråga 8: Är du i dagslaget pensionär eller kommer du inom en snar framtid att gå i pension?
☐ Ja
☐ Nej

Fråga 9: Äger du/ni er bostad?
☐ Ja
☐ Nej

Fråga 10: Hur länge har du/ni bott i bostaden?
________________________________________________________________________
Fråga 11: Känner du en känslomässig anknytning till din/er bostad?
☐ Ja
☐ Nej

Fråga 12: Har du något/några barn?
☐ Ja
☐ Nej

Fråga 13: Har du tänkt lämna arv till någon efterlevande i form av ditt hus?
☐ Ja
☐ Nej

Fråga 14: Känner du en skyldighet att lämna huset som ett arv till efterlevande?
☐ Ja
☐ Nej

Fråga 15: Tror du att dina efterlevande är intresserade av att ärva ditt hus?
☐ Ja
☐ Nej

Övrig kommentar

_____________________________________________________

Allmän information om seniorlån
Seniorlån är ett lån riktat till personer över 58 år som är i behov av en extra inkomst och som äger sin egen bostad med liten eller ingen skuld kvar på sitt huslån. Genom att ta detta lån kan äldre personer omvandla en del av sitt husvärde till inkomst i form av pengar.

De personer som tar seniorlån kan bo kvar i sin bostad och återbetalningen av lånet sker inte förrän bostaden säljs, ägarna/ägaren flyttar från bostaden permanent eller avlider. När lånet ska återbetalas kommer lånetagarna aldrig bli skyldiga mer än bostadens marknadsvärde. Detta gör att det är vanligt att lånetagarna säljer sin bostad för att kunna betala tillbaka lånet.

Fråga 16: Hade du hört talas om seniorlån innan presentationen idag?
☐ Ja
☐ Nej

Om Ja, var hörde du först talas om seniorlån?
Fråga 17: Känner du eller har du hört talas om någon som använt seniorlån?
☐ Ja
☐ Nej

Om Ja, vet du om denna person är nöjd över valet att ta ett seniorlån?

Fråga 18: Kan du tänka dig att ta ett seniorlån för att dryga ut din inkomst?
☐ Ja
☐ Nej

Varför/Varför inte?

Fråga 19: Tror du att ett seniorlån skulle kunna vara ett fördelaktigt sätt för dig att skaffa extra inkomst vid behov?
☐ Ja
☐ Nej
☐ Vet ej

Fråga 20: I vilket syfte skulle du främst kunna tänka dig att ta ett seniorlån för att dryga ut din inkomst? (Välj ett eller flera svarsalternativ)
☐ Sätta en guldkant på vardagen
☐ För att täcka vardagliga kostnader
☐ Pengar till renovering av hus
☐ Pengar för att kunna betala oförutsedda större kostnader
☐ Alla alternativ ovan
☐ Inget av alternativen ovan
☐ Jag kan inte tänka mig att ta ett seniorlån

Fråga 21: Vad är din generella attityd gentemot seniorlån?
☐ Positiv
☐ Negativ
☐ Neutral

Varför?
Fråga 22: Tycker du att seniorlån är en produkt som verkar vara…? (Välj ett eller flera svarsalternativ)
☐ Komplex
☐ Riskfylld
☐ Modern
☐ Konstig
☐ Fördelaktig
☐ Användbar
☐ Annan åsikt

Fråga 23: Hur skulle du känna dig om du/ni inte var säkra på att ha tillräckligt med pengar för att kunna betala dina/era vardagliga utgifter och räkningar varje månad?

Fråga 24: Om du var osäker på att du/ni inte skulle kunna betala för dina/era vardagliga utgifter och räkningar varje månad skulle du då sträva efter att minska denna osäkerhet?
☐ Ja
☐ Nej

Fråga 25: Om du skulle behöva ta ett seniorlån för att du är i behov av en extra inkomst, hur skulle du då känna dig? (Välj ett eller flera svarsalternativ)
☐ Skamsen
☐ Nöjd
☐ Pinsam
☐ Glad
☐ Ledsen
☐ Annan känsla

Fråga 26: Om du/ni skulle ta ett seniorlån vem/vilka skulle du känna dig bekväm att berätta det för?
☐ De närmaste i familjen
Fråga 27: Om du skulle ta ett seniorlån som bidrog till att du med säkerhet skulle kunna betala vardagliga utgifter och räkningar varje månad, vilken känsla skulle detta få dig att känna?
- Självständig
- Misslyckad
- Trygg
- God självkänsla
- Osjälvständig
- Annan känsla

Fråga 28: Om du skulle fundera över att ta ett seniorlån i framtiden skulle du då känna en rädsla för att möjligt ingen gå i ett för dig ofördelaktigt låneavtal?
- Ja
- Nej
- Vet ej

Om ja eller nej; Varför/varför inte?

Fråga 29: Skulle du kunna tänka dig att ta ett seniorlån idag även om du skulle ha en känsla av att du skulle kunna ångra dig i framtiden?
- Ja
- Nej
- Vet ej

Fråga 30: Hur tror du att din självkänsla skulle påverkas om du skulle behöva ta ett seniorlån för att täcka dina utgifter?

Below is the English translated version of the questionnaire
Questionnaire regarding perception of reverse mortgage

Question 1: First name?

______________________________

Question 2: Sex?

☐ Male
☐ Female

Question 3: Age? ________

Question 4: Marital status?

☐ Single
☐ Cohabitant
☐ Married
☐ Divorced
☐ Widow/Widower

Question 5: What is your highest educational level?

______________________________

Fråga 6: Vad har du för ungefärlig månatlig inkomst (netto)?

(frivilligt)______________________________

Question 7: How do you expect your monthly income to change in the future?

☐ Increase
☐ Decrease
☐ Remain at the same level as today

Question 8: Are you retired or will be soon?

☐ Yes
☐ No

Question 9: Do you own your residence?

☐ Yes
☐ No

Question 10: How long have you lived in your residence?__________

Question 11: Do you feel an emotional attachment to your residence?

☐ Yes
☐ No

Question 12: Do you have any children?

☐ Yes
☐ No
Question 13: Do you intend to leave your residence as a bequest?
☐ Yes
☐ No

Question 14: Do you feel an obligation to leave your residence as a bequest?
☐ Yes
☐ No

Question 15: Do you think that your heirs would be interested to receive your residence as a bequest?
☐ Yes
☐ No

Other comment
____________________________________________________________________

General information regarding reverse mortgage

Reverse mortgage is a loan intended for cash poor elderly (over 58 years old) owning their homes with little or no house mortgage left to pay. This loan makes it possible to convert home equity to income in the form of cash. The elderly borrowers taking this loan can still live in their house and do not have to repay anything on the loan until they sell the house, leave the house permanently or die. Borrowers of reverse mortgage will never owe more, when the loan is due, than the market value of their house. Therefore it is common that borrowers repay this loan by selling their house.

Question 16: Have you ever heard of reverse mortgage before the presentation today?
☐ Yes
☐ No
If Yes, where did you hear about it before?
____________________________________________________________________

Question 17: Do you know or have heard of anyone who has taken a reverse mortgage?
☐ Yes
☐ No
If yes, do you know if this person is happy with their decision of taking a reverse mortgage?
____________________________________________________________________
Question 18: Would you consider taking a reverse mortgage to get an additional source of income?
☐ Yes
☐ No

Why/Why not?
______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

Question 19: Do you believe that a reverse mortgage could be a beneficial way for you to obtain additional income when needed?
☐ Yes
☐ No
☐ Cannot say

Question 20: Which circumstance would most likely make you consider taking a reverse mortgage as an additional source of income? (Choose one or multiple answers)
☐ To afford additional luxuries
☐ In order to cover daily consumption
☐ To afford to renovate your residence
☐ To be able to pay for unforeseen financial emergencies
☐ All of the options above
☐ None of the options above
☐ I cannot imagine taking a reverse mortgage
Other option
______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

Question 21: What is your general attitude towards reverse mortgage?
☐ Positive
☐ Negative
☐ Neutral

Why?
______________________________________________________________________
______________________________________________________________________
______________________________________________________________________

Question 22: Do you consider reverse mortgage to be..... (Choose one or multiple answers)
☐ Complex
☐ Risky
☐ Modern
☐ Weird
Beneficial
Useful
Other opinion

Question 23: How would you feel if you were uncertain of your ability to pay your expenses and bills every month?

Question 24: If you were not certain of your ability to pay your expenses and bills each month would you then seek to reduce this uncertainty?
  Yes
  No

Question 25: If you were to take a reverse mortgage because you need extra income, how would this make you feel? (Choose one or multiple answers)
  Ashamed
  Satisfied
  Embarrassed
  Happy
  Sorry
  Other feeling

Question 26: If you would take a reverse mortgage who would you feel comfortable telling about this decision?
  The closest in the family
  Relatives
  Friends
  Neighbors
  Anyone
  No one

Question 27: If you would take a reverse mortgage that helped secure your ability to pay your expenses and bills every month, how would this make you feel?
  Independent
  Unsuccessful
Question 28: If you are thinking about taking a reverse mortgage in the future, would you be afraid to be tricked into a bad deal?

☐ Yes
☐ No
☐ Cannot say

If yes or no; Why/Why not?

________________________________________________________________________

________________________________________________________________________

Question 29: Would you be willing to take a reverse mortgage today even though you had a feeling that you might regret it in the future?

☐ Yes
☐ No
☐ Cannot say

Question 30: How do you think your self-esteem would be affected if you needed to take a reverse mortgage to be able to meet your financial obligations?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Appendix 2 Themes included in the focus group

TEMA 1: Vad är dina allmänna uppfattningar om seniorlån? (vad tycker du om iden?)

Vid tystnad:
- Vad är dina attityder/känslor kring seniorlån?
- Tycker du att det verkar vara ett bra/alternativ för att dryga ut din inkomst?
- Verkar seniorlån svårt att förstå?(komplext?)
- Skulle din vilja att ta seniorlån påverkas av din vilja att lämna huset som arv?

TEMA 2: Skulle du kunna tänka dig att ta ett seniorlån i framtiden? Varför/varför inte?

- Skulle du ta hänsyn till andras åsikter vid ett eventuellt beslut att ta seniorlån?
- När kan du tänka dig att ta ett seniorlån? (av någon särskild anledning typ lyx till det i vardagen, oförutsedda större kostnader, vardagliga kostnader, renovera huset…)

Vid tystnad:
- Är det några för och nackdelar som är speciellt avgörande för ditt potentiella beslut?

TEMA 3: Om du skulle ta ett seniorlån (oavsett tidigare svar) vilka känslor skulle du känna om du skulle behöva ta ett seniorlån i framtiden för att dryga ut din inkomst? Och varför?

Vid tystnad:
- Skulle du till exempel känna dig lättad eller misslyckad? Jobbigt, pinsamt, självständig?

TEMA 4: Övriga kommentarer och åsikter gällande seniorlån?

Below is the English translated version of the themes

**THEME 1:** General perceptions regarding reverse mortgage (What do you think of the idea?)

“if quite”:
- What are your attitudes/feelings towards reverse mortgage?
- Do you think reverse mortgage seems to be a good alternative to get additional income?
- Do you consider reverse mortgage to be a difficult financial instrument to understand? (Complex?)
- Do you expect your willingness to take a reverse mortgage to be influenced by your willingness to leave your residence as a bequest?

**THEME 2:** Would you consider taking a reverse mortgage in the future? Why/Why not?
- Would you take other peoples opinion in consideration if you were to make a decision about taking a reverse mortgage?
- When/in what situation would you consider actually taking a reverse mortgage?

"if quite":
- Would any certain pros and cons be especially important to help determine to make up your mind if you were about taking a reverse mortgage?

**THEME 3:** If you were to take a reverse mortgage (regardless of your previous answer) because you need extra income, how would this make you feel? Why?

"If quite":
- Would this (taking a reverse mortgage) for example make you feel or unsuccessful?
  (or other feelings for example; embarrassed, unsuccessful, difficult)

**THEME 4:** Other comments and opinions regarding reverse mortgage?
Appendix 3 Consent form

Medgivandeformulär – Consent form


- Ditt deltagande är helt frivilligt och du får avbryta ditt deltagande när du vill.
- Deltagandet är helt anonymt och den information som insamlas under fokusgruppen kommer ej kopplas till dig eller användas i annat syfte än till denna studie.
- Du får själv bestämma att inte besvara frågor om det skulle ställas någon fråga i enkäten eller under gruppdiskussionen som du inte vill svara på.
- Gruppdiskussionen kommer att spelas in på film och kommer endast användas av oss som genomför studien och är endast i syfte för att kunna sammanställa all information som uppkom under diskussionen.
- Det som framkommer under fokusgruppen kommer inte att förvringas utan kommer sanningsenligt att presenteras och användas i vår studie.
- Resultatet kommer endast att användas i vår studie och det är gruppens gemensamma åsikter som kommer användas eller vissa särskilda kommenterar men dessa kommer inte gå att spåra till någon specifik person.
- Om ni har några frågor får ni ställa dem när som helst under fokusgruppen eller kontakta oss efteråt.

Genom att skriva under detta papper intygar du att du läst den ovanstående informationen och förstått dess innebörd och därmed godkänner du ditt deltagande i denna studie.

___________________________________________
Underskrift

Tack för du tar dig tid och ställer upp i denna fokusgrupp

Kerstin Chavez Andersson och Josefina Sandström