

An ageing and increasingly diverse Finland is spurring administration

Digihumaus report 2024



DIGITAL AND
POPULATION DATA
SERVICES AGENCY

Table of contents

Introduction	3
Many paths of ageing	5
Immigration and digitalisation	7
Regions become segregated, what about services?	9
Increasing diversity is spurring administration	11
Conclusions	12
References	17

Introduction

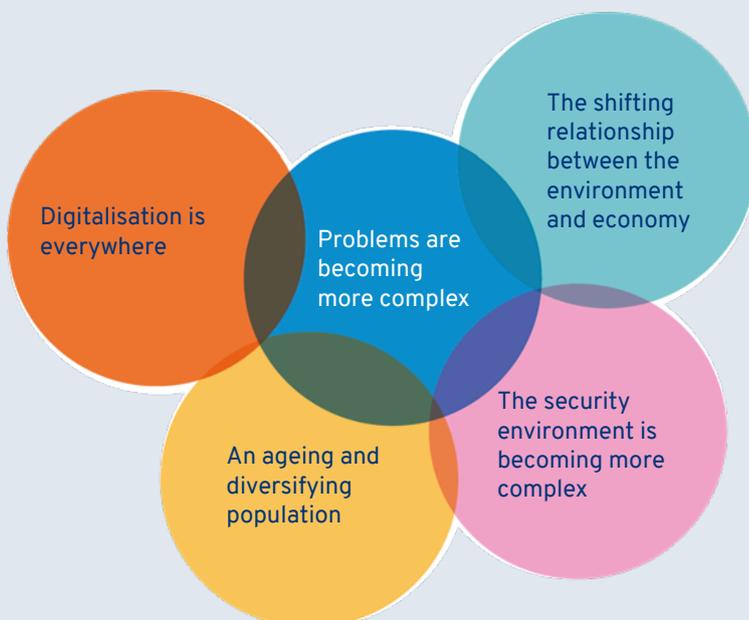
The 2024 Digihumaus report deals with demographic changes in Finland in the long term from four perspectives: population ageing, immigration, regional development and increasing diversity.

When planning future public administration and its services, it is important to consider different paths of development and answers to at least the following questions:

- *What will Finland's population be like?*
- *What will they believe in and what kind of trust will they have in the public sector?*
- *Where will they live?*
- *Which languages will they speak?*

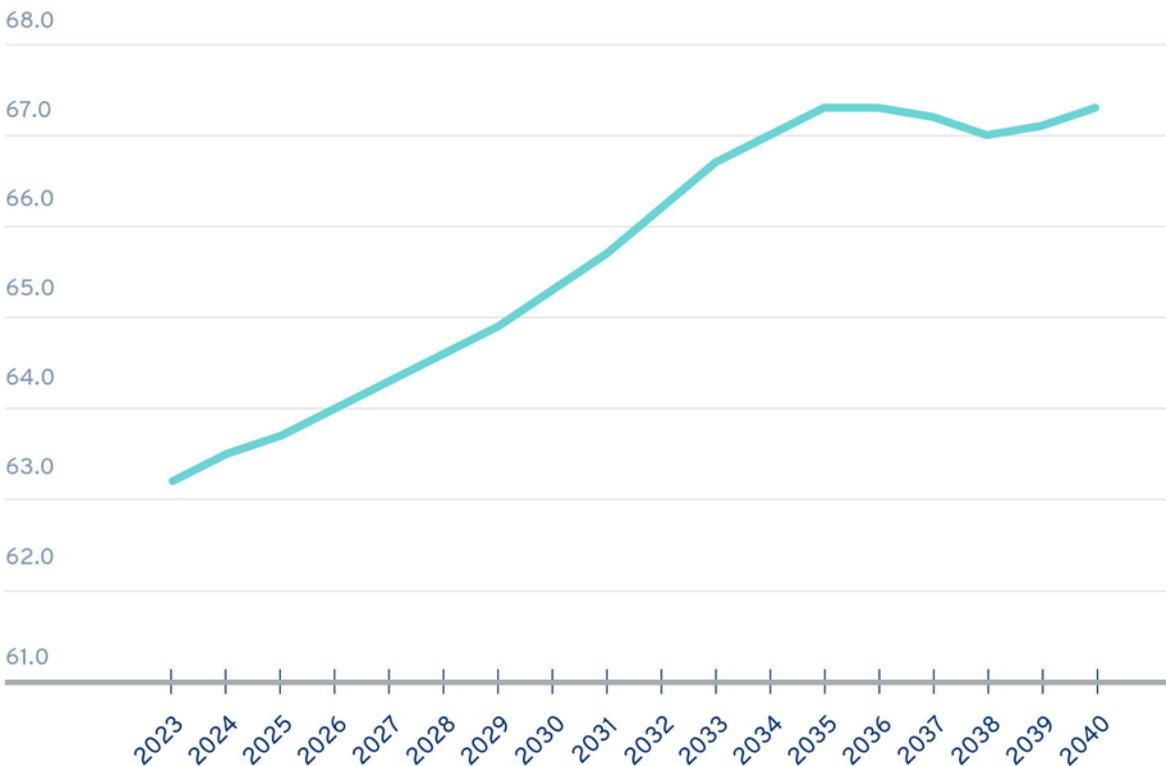
Meanwhile, the size of the working-age population in relation to other population groups determines the amount of leeway in general government finances in the next decades.

There are ongoing discussions in the media on the developments related to the ageing and diversification of the population. Indeed, many people are familiar with this snapshot. As a result, we have focused on both short- and long-term effects of these changes in this report.



Future change trends are closely intertwined and affect our future. The interrelationships between change trends change over time. As one trend is highlighted, another may fade into the background and become more prominent again after a while.

Demographic dependency ratio, 2024 forecast



Source: Statistics Finland

As the population ages, the number of people under 15 and over 64 will increase in relation to the working-age population. Back in 1990, the dependency ratio was still under 50 in Finland, but it is projected to rise to more than 67 in the 2030s.

Changes in ageing require shaking up entrenched thinking patterns across society.

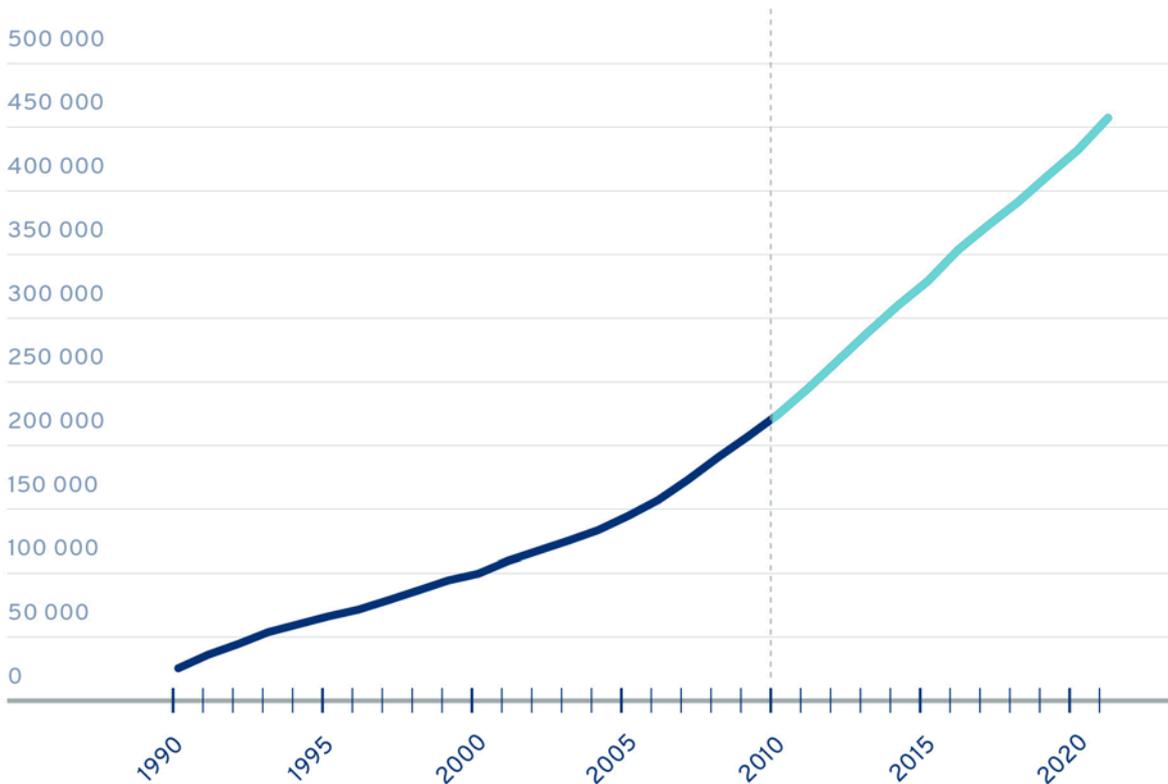
01

Many paths of ageing

Finland's population is ageing. However, ageing is in transition: on average, people have better functional capacity than before and a more secure subsistence when retiring. In fact, retired people may be differently but equally actively involved in society. Many newly retired people may continue to work part-time or participate more actively in volunteering. Changes in ageing require shaking up entrenched thinking patterns across society.

Digitalisation and automation can improve the efficiency of public services as the need for services increases and the number of proficient employees decreases. This makes it extremely important that renewal efforts are not technology-driven but that policies, legislation and standards are also re-examined with an open mind. It is equally important in this change to ensure the accessibility, quality, security and reliability of services.

Number of foreign-language speakers in Finland



Source: Statistics Finland

The number of foreign-language speakers in Finland has been growing significantly since the 1990s. The growth has particularly been accelerating since the 2010s.

Improving the smoothness and customer orientation of official processes are important factors in ensuring that people will put down roots in this country.

02

Immigration and digitalisation

At the end of 2023, immigration had increased in comparison to previous years, and as a result, Finland's population continues to grow. The coming years will show how well Finland will fare at attracting new experts to supplement the labour market. Investments in research, development and innovation as well as efforts made in education may also attract education-based immigration to Finland in addition to other competitiveness and innovation benefits.

Indeed, as a phenomenon, immigration permeates public administration as a whole. Naturally, it increases the pressure for multilingualism and the understanding of different cultures in service production. Rapid technological developments in artificial intelligence applications that produce natural language, voice control and visual interfaces provide new opportunities. In general, translation technology allows public services and society to become more accessible to foreign-language speakers. Improving the smoothness and customer orientation of official processes are also important factors in ensuring that people seeking work or education in Finland will put down roots in this country.



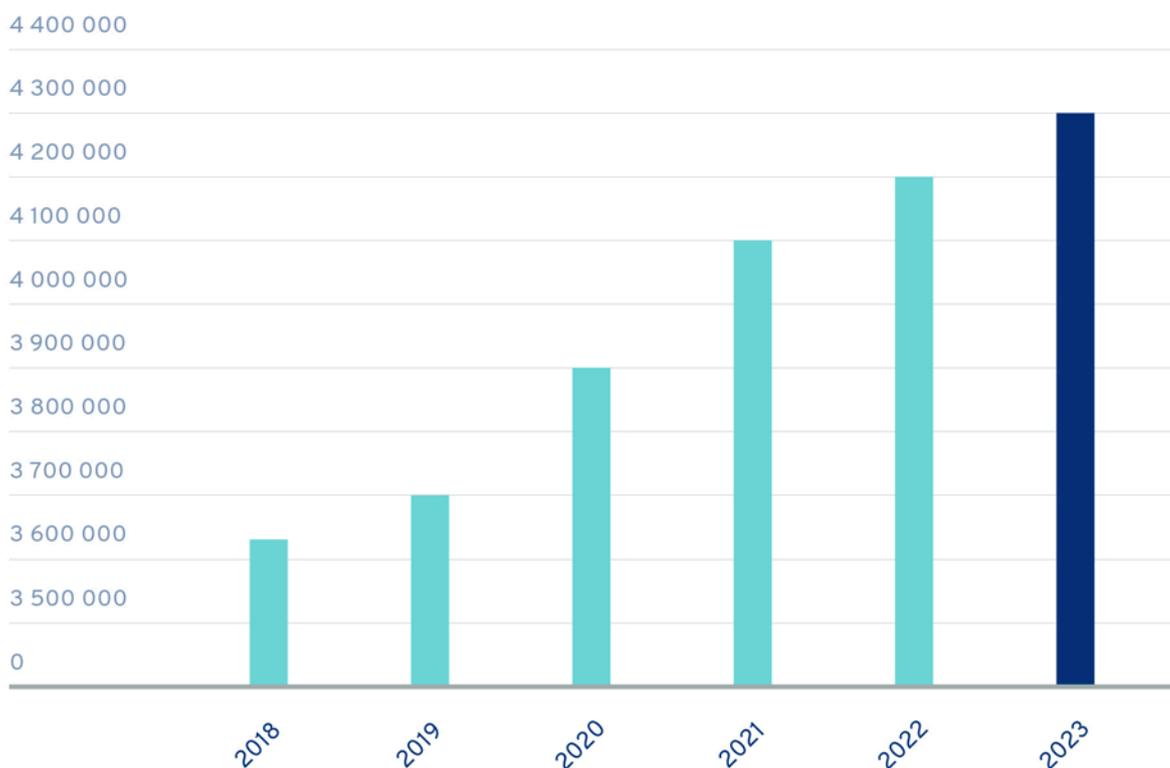
Cities and municipalities will be increasingly different and differently-sized users of public platform services in the future.

03

Regions become segregated, what about services?

Within Finland, migration continues to be directed to cities and population centres, while sparsely populated areas are ageing and their population rate is declining. For example, large cities may have distinctive districts that are the size of an average municipality and have their own challenges and resources. On the other hand, in many of the new wellbeing services counties, the ageing and declining population base sets a narrow frame for renewal efforts that utilise digitalisation. In fact, cities and municipalities will be increasingly different and differently-sized users of public platform services in the future. Shared digital infrastructure solutions can make operations more efficient, as not everything will have to be provided locally. Digital services enable the authorities to reach their clients even over long distances, and remote services are sure to have a lot to offer, for example, in the context of healthcare and social welfare services.

Development of the number of unique persons identified electronically at least once a year



Source: Digital and Population Data Services Agency

In 2023, up to 4.3 million persons identified themselves at least once a year in an electronic public e-service.

To which extent the transactions can be tailored and differentiated between various groups into different customer journeys?

04

Increasing diversity is spurring administration

The values, attitudes and life choices of Finns are in transition. Immigration also contributes to changing the idea of Finnish identity. Legislation may struggle to keep up with the changes in values and attitudes. Studies indicate that this change is less dramatic than one might think based on discussions on social media, for example: Finns still value family, work and livelihood as the basic building blocks of life.

On the other hand, the definitions of family and other social relationships are in transition. For instance, according to Statistics Finland, the number of reconstituted families and those living alone has increased.

In the future, the customer base of public administration will be diverse. People's expectations and habits also change and become more diverse. From the perspective of public services and equal treatment, it is essential to consider to which extent the transactions can be tailored and differentiated between various groups into different customer journeys. Social inclusion that pays attention to minorities and more disadvantaged groups right from the start of the development process helps ensure that the services are equal for all. It also strengthens trust in society as a whole. Social inclusion helps identify genuine needs based on which services can be digitalised and automated.



Knowledge-based management and segmentation enable us to identify the service needs of the increasingly diverse customer base.

Conclusions

Interoperability and data

The significance of quantitative and qualitative data and research in service development will increase in the future, as citizens' life spans from childhood to retirement age through adulthood are increasingly different.

Interoperability and the use of the basic elements of the digital infrastructure throughout public administration also play a key role. Identifying common and significant leverage points or node points that promote the digital transition both in technology and in culture requires sensitivity, also from public actors.

Some matter may seem small from the perspective of a single agency but it may prove to have societal influence through joint efforts. Examples of co-creation include life event-based Suomi.fi guides, which are prepared in cooperation between the private, public and third sectors. Customers in need of support and vulnerable groups, such as foreign-language speakers or those at risk of social exclusion, often need cross-administrative assistance.

At the same time, fundamental rights, data protection and privacy protection aspects related to personalising services must be taken into account.

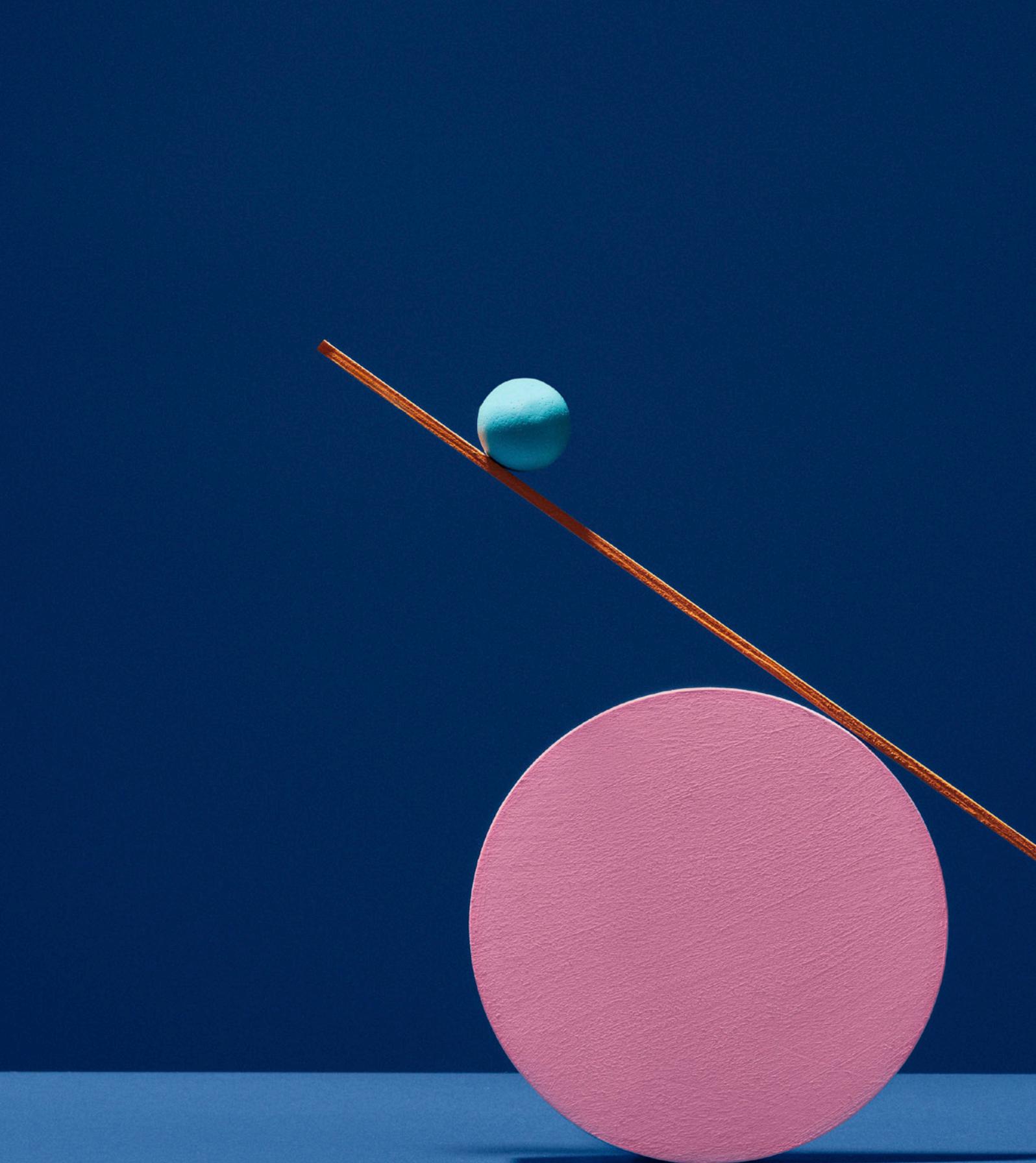
Tailored digital services

As the population becomes increasingly diverse, digital services can be better offered to different target groups through emerging technologies. This allows tailoring services to different target groups in a cost-effective manner: for example allowing users to access services in their mother tongue, paying more attention to accessibility or providing adaptive user interfaces. Knowledge-based management and segmentation enable us to identify the service needs of the increasingly diverse customer base. This way, public administration will be able to serve customers and guide digitally capable citizens more actively to the most efficient service channels, for example by using Suomi.fi Messages and other communications.

User interfaces play an important role. While the focus has shifted from text to visual features and voice control, natural language is used to return to a more inclusive, text-based approach. If the services have not been implemented well, it will be possible to create alternative ways of using the services, for example through artificial intelligence, third-party applications and open data. For instance, generative artificial intelligence instructions already enable interpretation or seeking for help.

A key asset for the future: trust

The exceptional trust in Finnish society in fellow citizens and institutions is a major resource on a global scale. Indeed, the OECD has recognised the “Finnish paradox” according to which Finland has a high level of trust, even though Finland’s citizens are the least involved in governance improvement of all the OECD countries. The OECD also points out that Finland needs to integrate dialogue and participatory methods into common practices and standards for public administration. To maintain this trust, it must be ensured that the involvement of citizens and other stakeholders in the planning and design of services will genuinely lead to changes. Dialogue and trust are necessary to ensure that we will have the smoothest public services in the world, also in the future.



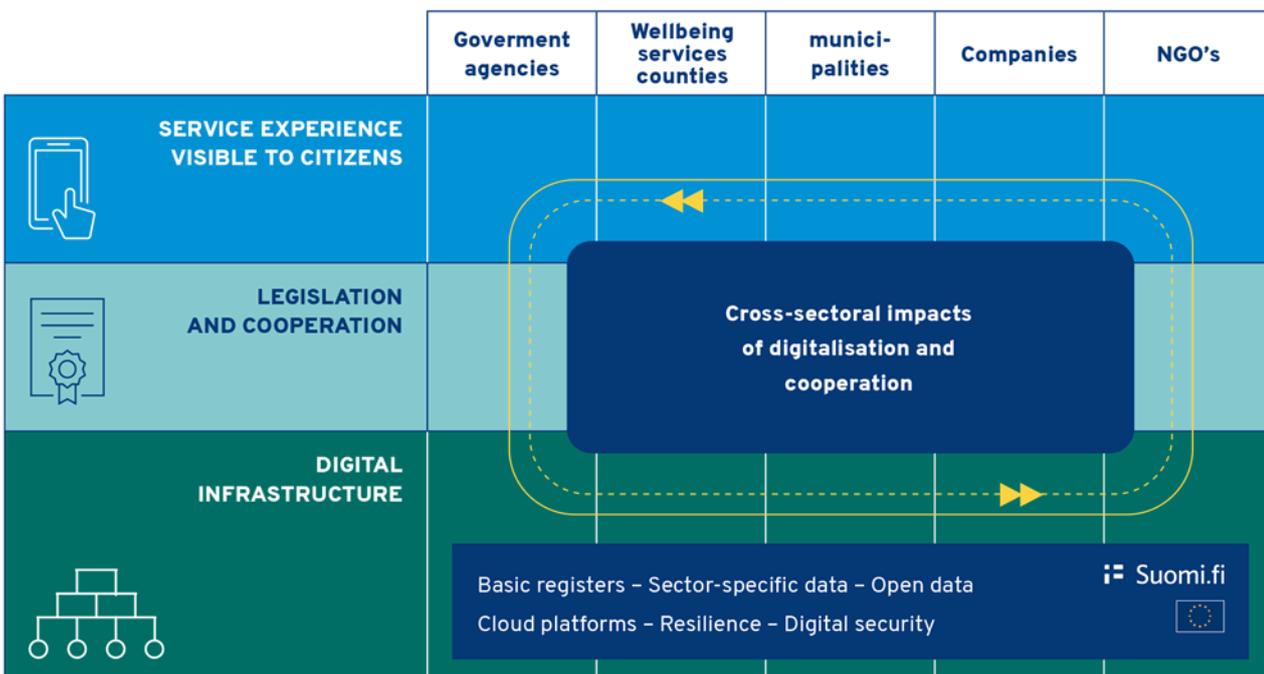
It will be possible to create alternative ways of using the services through artificial intelligence, third-party applications and open data.

The significance of quantitative and qualitative data and research in service development will increase in the future.



Digital infrastructure requires maintenance and development

Finland is a country pioneering digitalisation, where the importance of digital infrastructure in society has grown to be comparable with traditional physical infrastructure, such as road network, energy distribution, water supply and waste management. However, when the digital infrastructure is partly immaterial, it is not always very easy to detect its necessity as a prerequisite for the functions of society. Digital infrastructure also needs continuous maintenance and development so that it will not deteriorate. Our current digital infrastructure has already accumulated a maintenance backlog, which must be better taken into account in the economic investments. Our most expensive option is not to invest in the functionality, safety and usability of digital infrastructure.



References

See the sources used as the basis for the Digihumaus report at dvv.fi/digihumausreport2024.

An ageing and diversifying population

- *Finland is ageing and becoming increasingly diverse and multilingual.*
- *In the future, public administration will have a highly diverse customer base.*
- *When digitalisation is used to improve the efficiency of public administration activities, customer orientation and cross-sector administration must be taken into consideration in the renewal efforts.*
- *Any solutions must be based on interoperability, a well-functioning digital infrastructure and tailored services.*
- *Maintaining trust is an important value for the future.*

