



IEC Segment Research - Working Adults

December 2015

Prepared for the Investor Education Centre
by NuanceTree Ltd.

Research Objectives



To understand the financial attitudes and behaviour of the working adults in Hong Kong



To gauge the degree of financial stress experienced by the working adults and the impact on their work performance

Research Design

Target Respondents

- Individuals aged 18 to 64
- Employed on a full-time or part-time basis (excluding business owners and freelancers)

Methodology

- Face-to-face interviews via street intercepts were adopted. Interviewers were deployed at high traffic locations to intercept potential respondents.
- To ensure a representative sample, quotas were set on the following aspects prior to fieldwork execution with reference to the latest statistics on population distribution from the Census and Statistics Department of HKSAR Government:
 - Age and gender (interlocked)
 - Living district (3 key districts in Hong Kong)
 - Monthly household income
- A total of 403 interviews were completed.
- Fieldwork was executed during 5-25 October 2015.

Executive Summary



Executive Summary

- **Less than ideal money management habits** – less than half of working adults have set a personal budget and still less track their expenses. And just around half save money on a monthly basis. Even lower incidence among young working adults aged below 30.
- **Insufficient preparation for retirement** – even among those aged over 50, less than 70% reported saving for retirement.
- **High penetration of financial products** – 66% of working adults held some form of investment while 63% bought life insurance. Yet about 40% admitted they do not proactively take steps to seek information related to personal finance management.
- **Credit product usage** – over 80% held credit cards, and while incidence of using cash advance or cash-in installment plan is low at 2-3%, almost one in ten (8%) did not settle their card bills in full in the past 12 months. The even higher incidence (17%) of using partial/minimum payment among young working adults is especially alarming.
- **Widespread financial stress** – majority (65%) of working adults reported feeling stressful about their personal finance, more so among those with lower income level. The top concerns are mainly related to coping unexpected expenses in the event of losing incomes or worsened economy, as well as rising living costs brought about by inflation. On a related note, over half seldom/never talk about personal finance with their friends and families.
- **Financial stress affecting work performance** – 26% of working adults claimed worries about personal finance have negatively impacted their work performance, which is mostly about finding it difficult to focus at work while some experienced feeling unwell and have to be absent/late for work.
- **Financial education at the workplace is welcomed** – while many working adults lack motivation to proactively seek financial information, when asked to think about financial topics they are interested in learning at their workplace, three quarters are interested in at least one topic. By age, younger working adults below 30 are more interested in understanding investment products, and retirement planning appeals to older ones aged over 40.

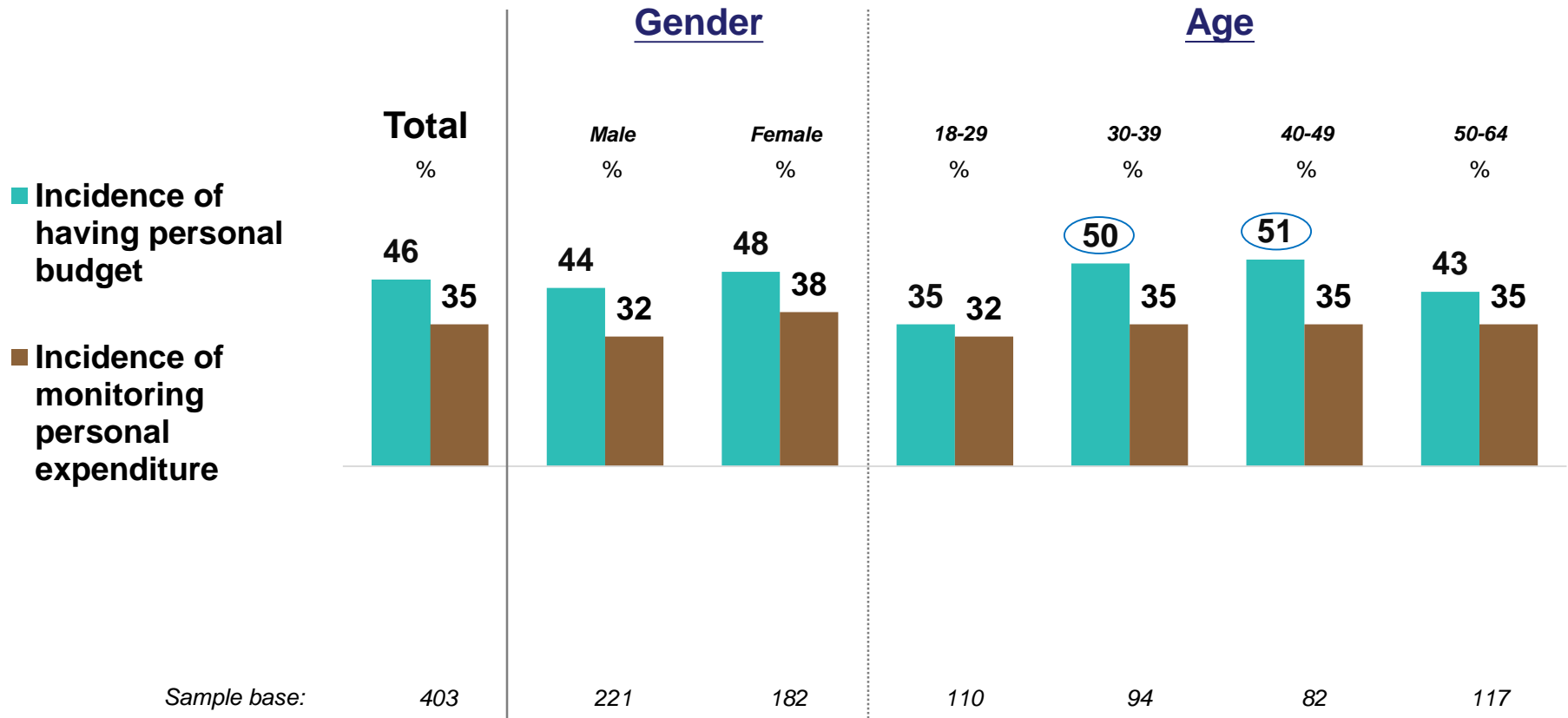


Detailed Findings



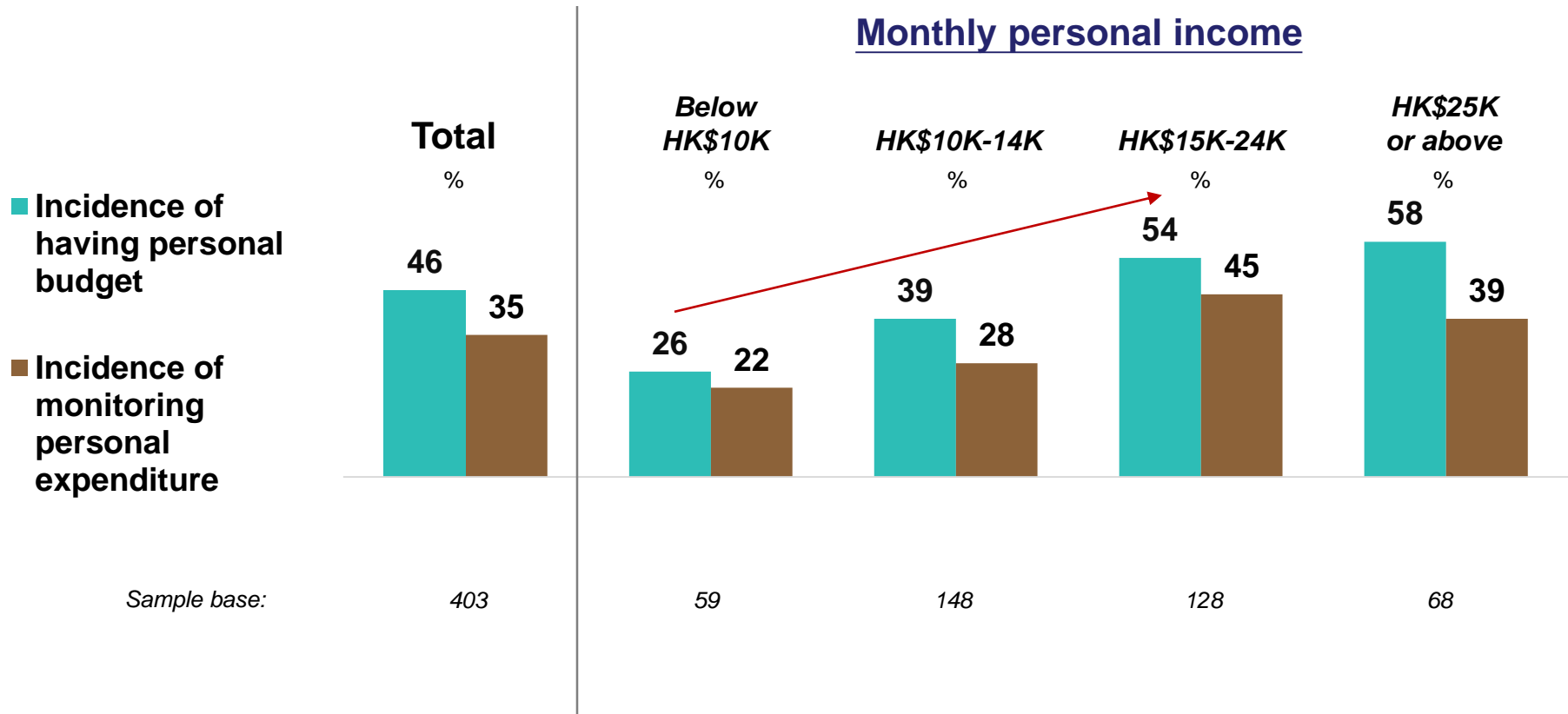
Personal budget & tracking expenses

- Slightly less than half of working adults have a personal budget. The incidence starts at 35% among the younger working adults and reaches 50% when they are in their 30s and 40s.
- Around one third of them would track their personal expenditure.



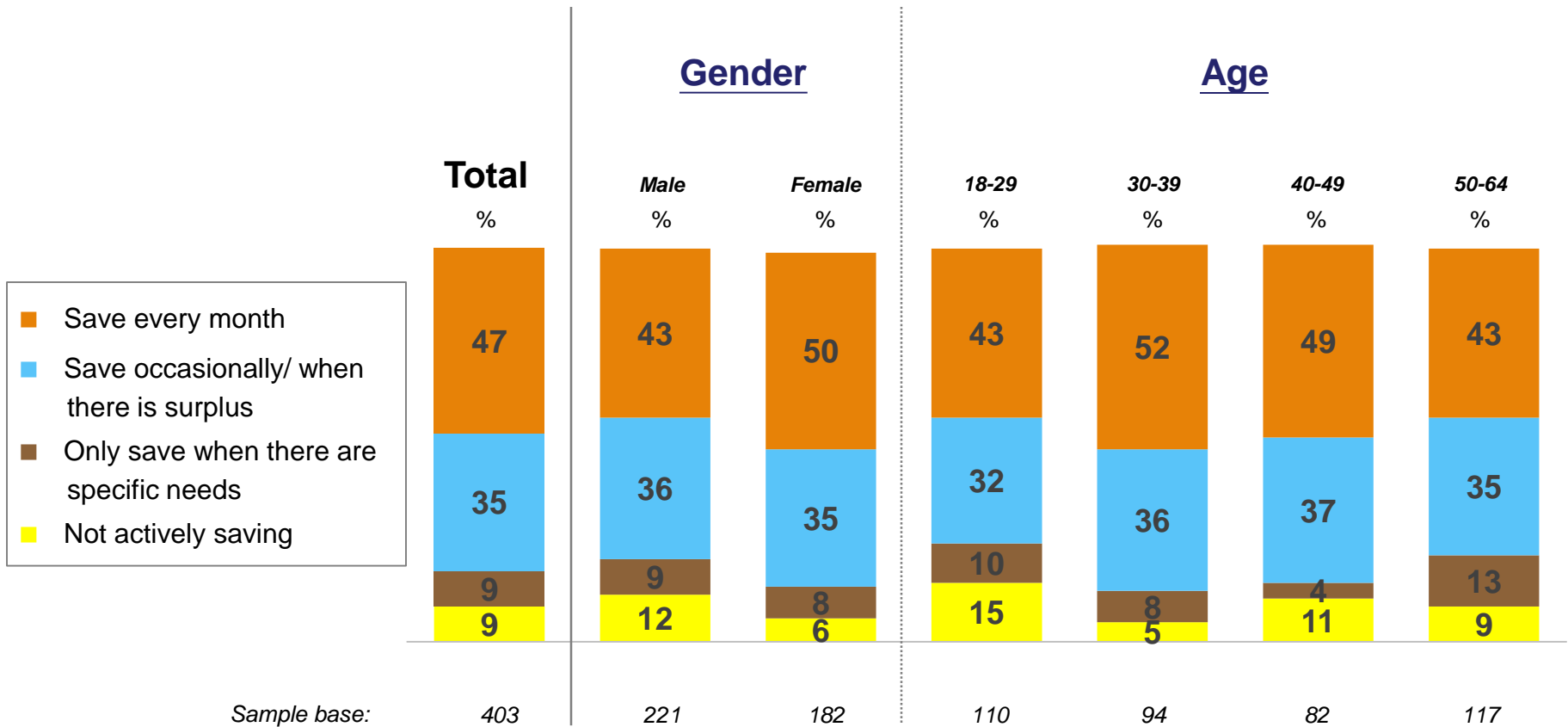
Personal budget & tracking expenses (cont'd)

- The incidence of having personal budget rises with personal income level – it starts at less than 30% among the working adults with personal income below \$10K to close to 60% with personal income \$25K or more.
- Working adults with higher personal income also tend to monitor their expenditure closer than those with lower personal income.



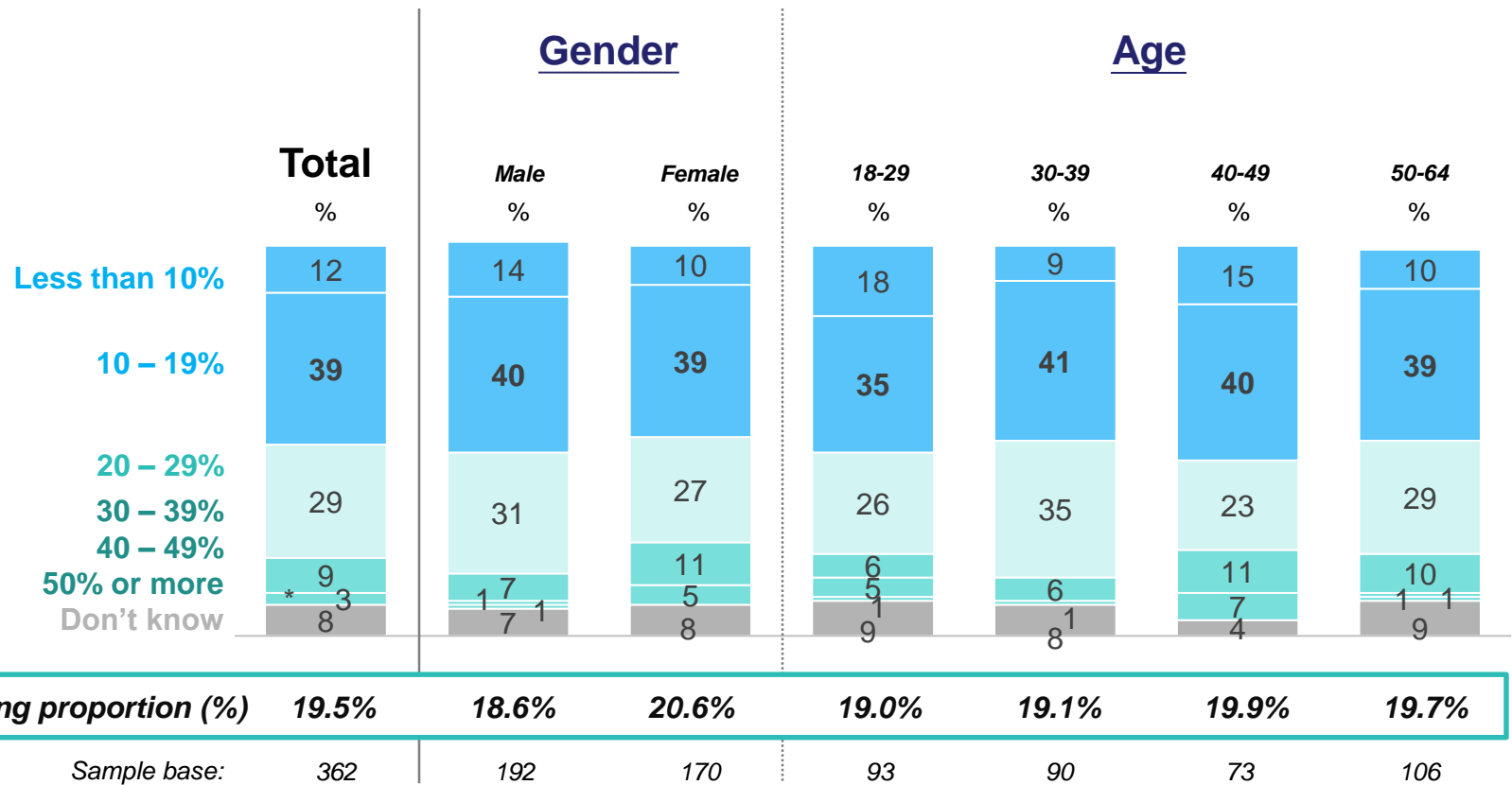
Saving habits

- Close to half of the working adults save money on a monthly basis while around 10% do not save at all.



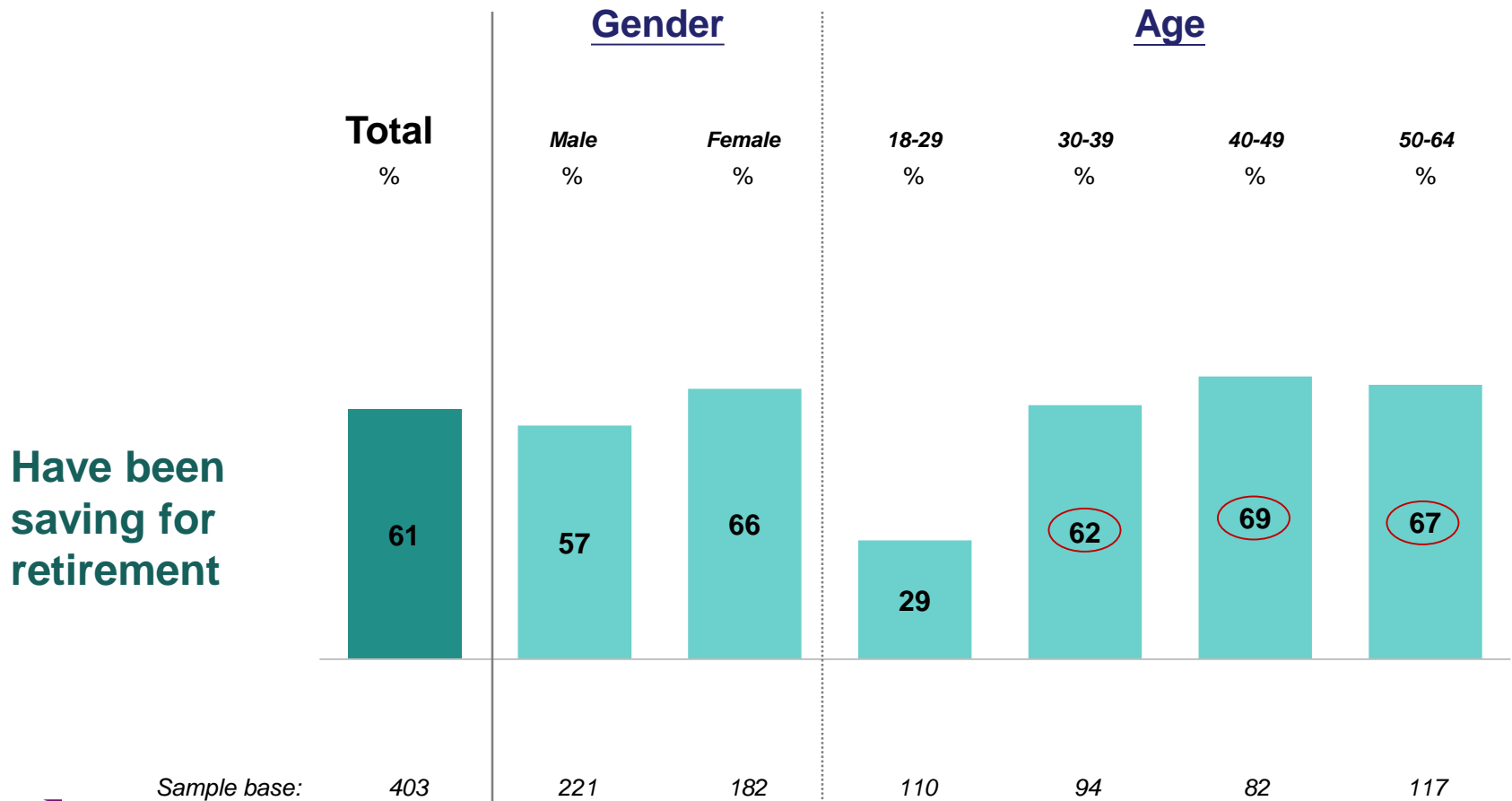
Saving proportion

- On average, working adults with some form of saving would save up around 20% of their monthly income, which is more or less consistent across different age segments.



Incidence of saving for retirement (excl. MPF)

- Overall 61% of working adults have retirement in mind for their savings (apart from making contributions to MPF), with a sharp rise in incidence once the 30 mark is crossed.



Base: All working adults

Financial products held in the past 12 months

- Working adults in their 30's & 40's hold more financial products, with particularly higher incidence of holding life insurance and private medical insurance. Close to three-quarters of working adults aged 40-49 invested in stocks.

	Total	Gender		Age			
		Male	Female	18-29	30-39	40-49	50-64
	%	%	%	%	%	%	%
Top 3 products							
Credit card	84	83	84	75	90	89	79
A loan secured on a property	6	8	4	1	6	11	3
Any insurance products	77	77	77	52	83	84	76
Life insurance, incl. those with savings elements	63	63	62	43	69	72	58
Private Medical insurance	59	59	59	30	64	66	60
Critical illness insurance	28	31	24	10	29	47	21
Investment-linked assurance	14	17	11	2	19	15	15
Any investment products	66	64	68	35	62	79	71
Stocks	57	57	56	24	54	73	59
Forex (incl. RMB)	18	18	19	5	19	22	21
Unit trust/ mutual fund (excluding MPF/ORSO retirement plan)	18	18	17	5	19	29	13
Bonds	8	8	9	5	10	11	7
Precious metals	7	7	8	4	8	10	6
None of above	8	8	8	17	6	4	10
Average number of products owned	3.8	3.8	3.7	2.5	4.2	4.7	3.8

Products with less than 2% mentions (incl. unsecured loans, other investment products) are not shown



Sample base:

403

221

182

110

94

82

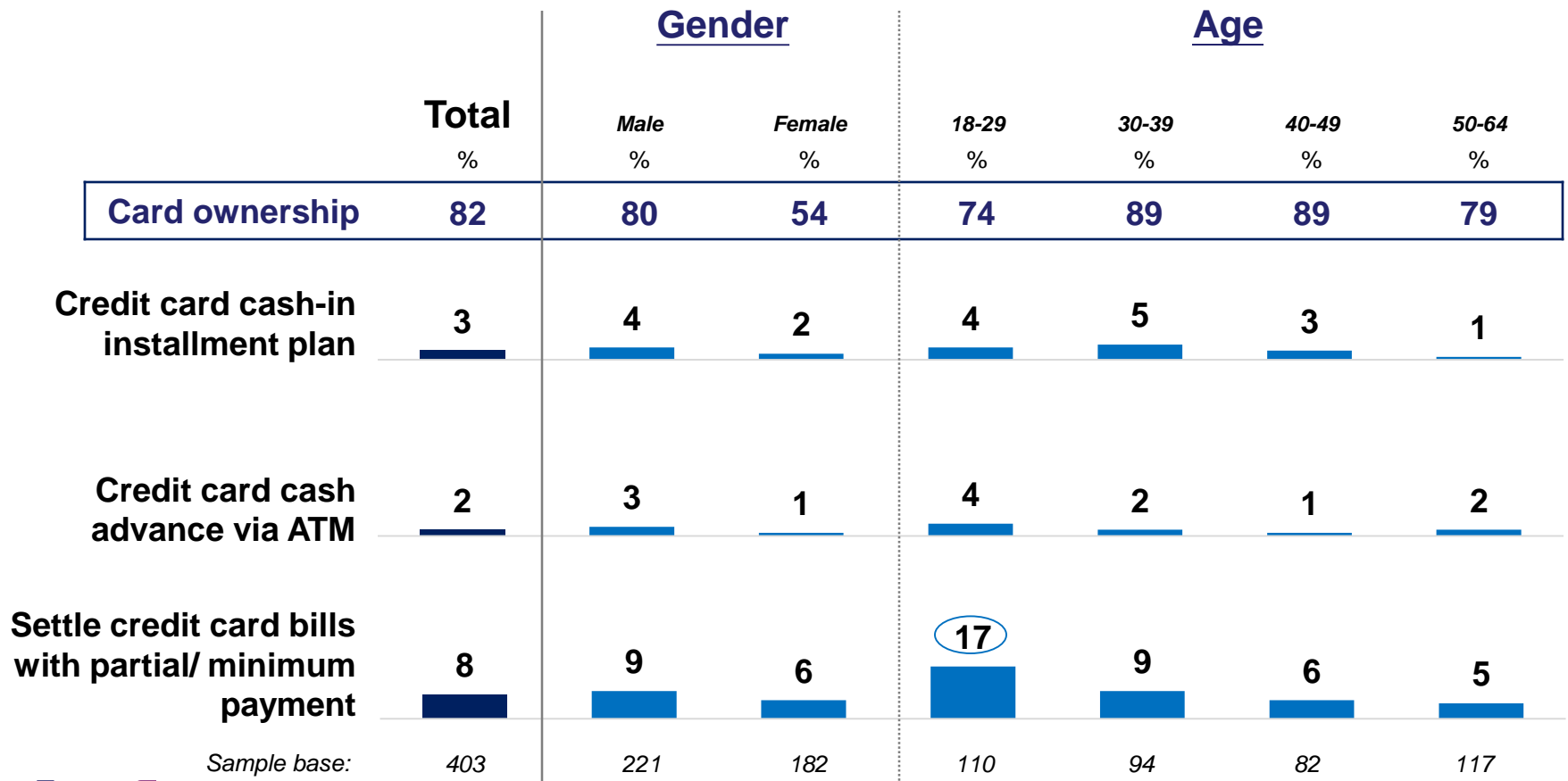
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Base: All working adults

Credit card usage

- Incidence of using different credit card's cash-in installment plan and cash advance is at a low level in general, but the higher usage among young working adults aged below 30 is alarming. In particular, as much as 17% of the young adults have not settled their card bills in full in the past year.

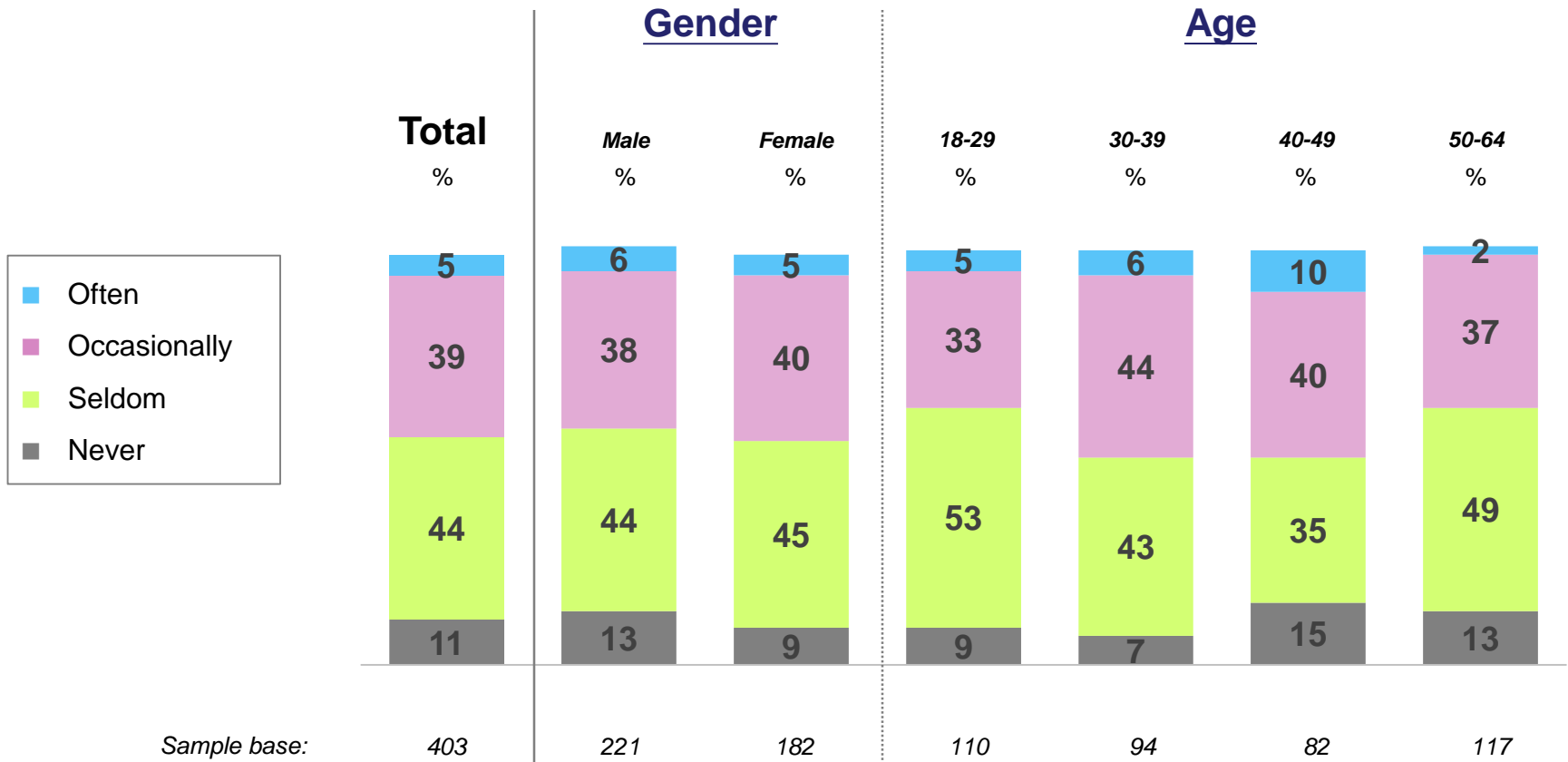
Incidence of using/ applying the following in the past 12 months:



Base: All working adults

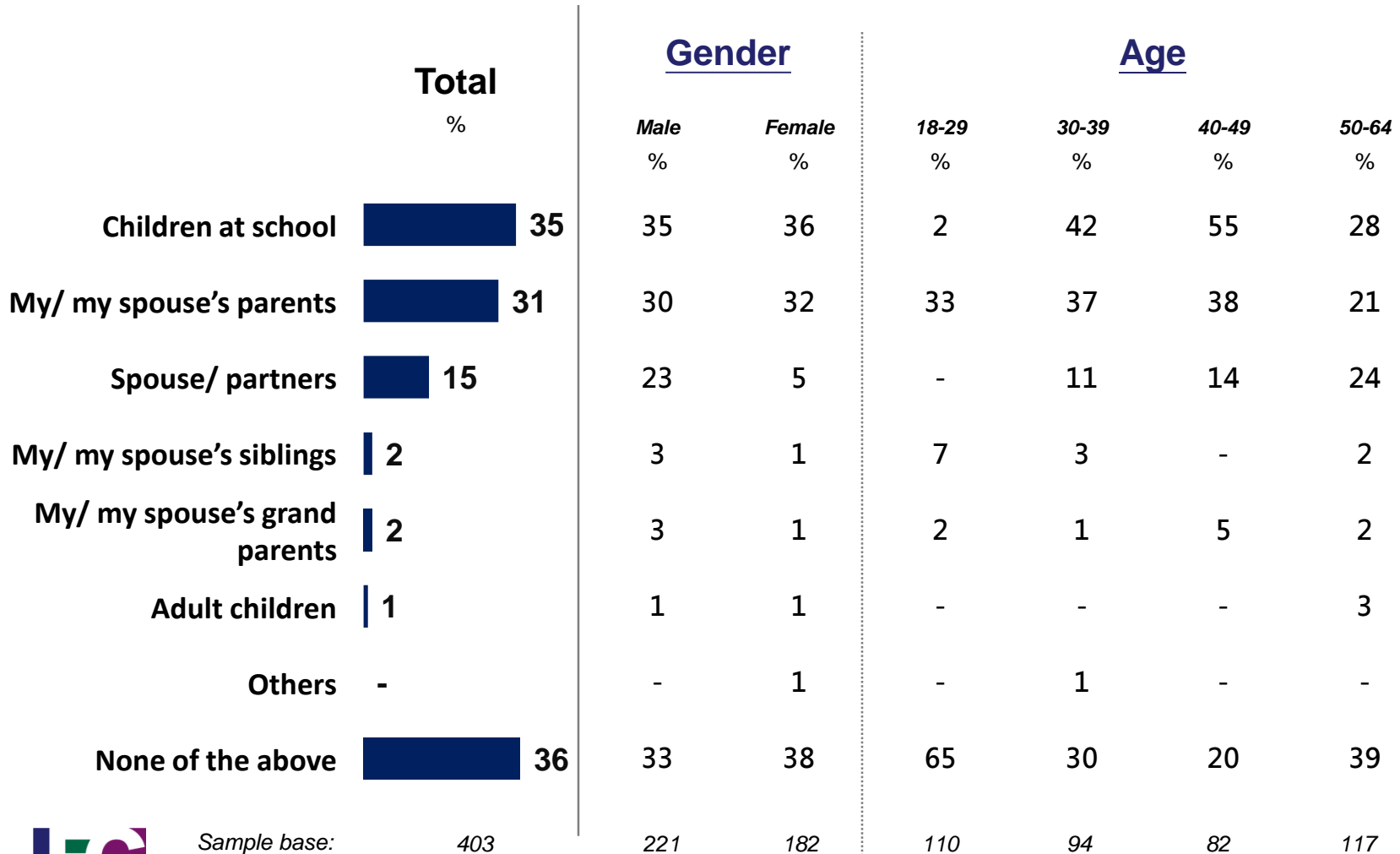
Frequency of talking about personal finance with friends/ family

- About 40% of working adults would talk about their personal finance with friends and families often or occasionally, with higher incidence among those aged 30-49.



Financial support provided to family members

- Majority (64%) of working adults are financially supporting their family members.



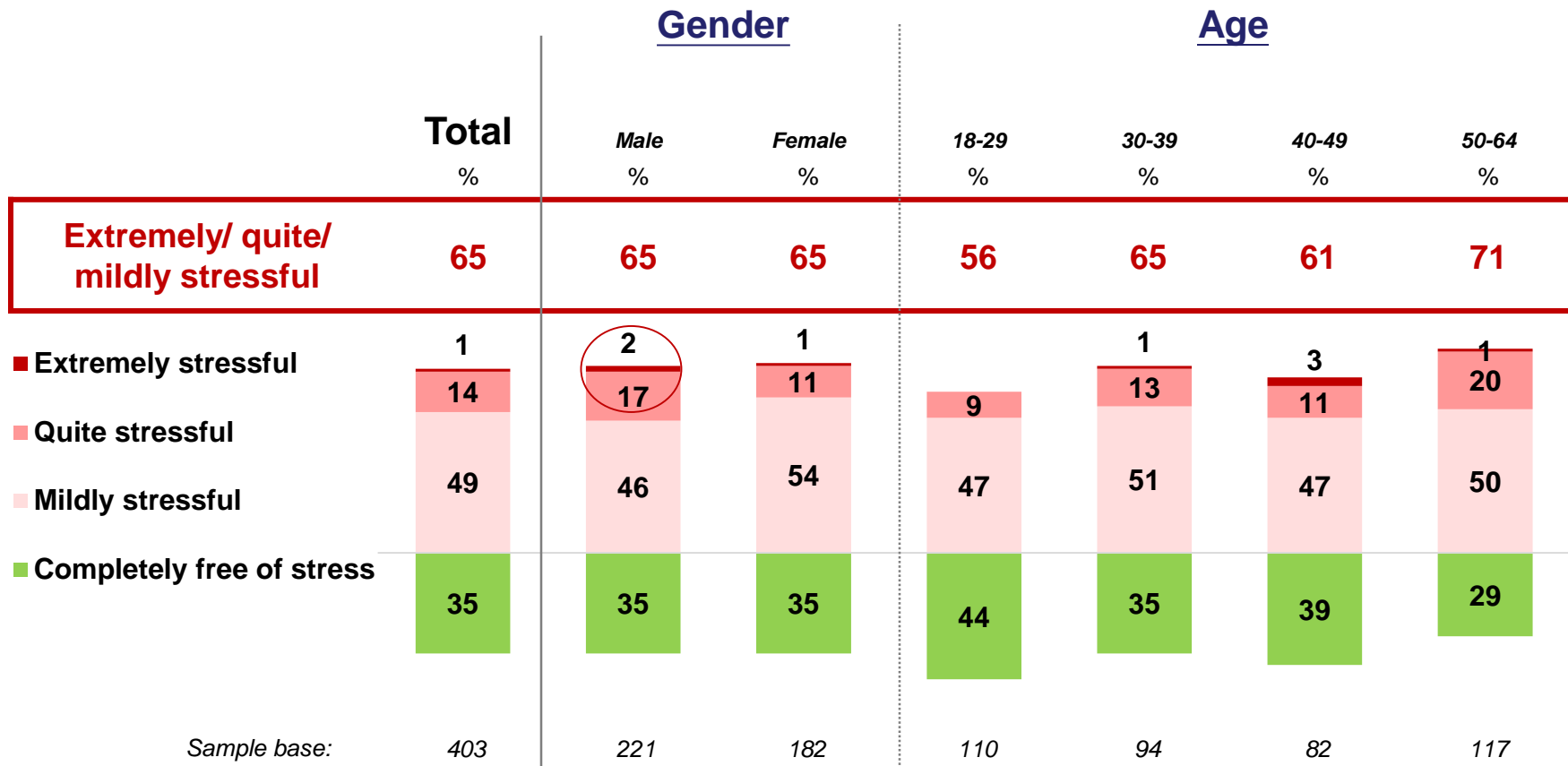
Sample base:

403

Base: All working adults

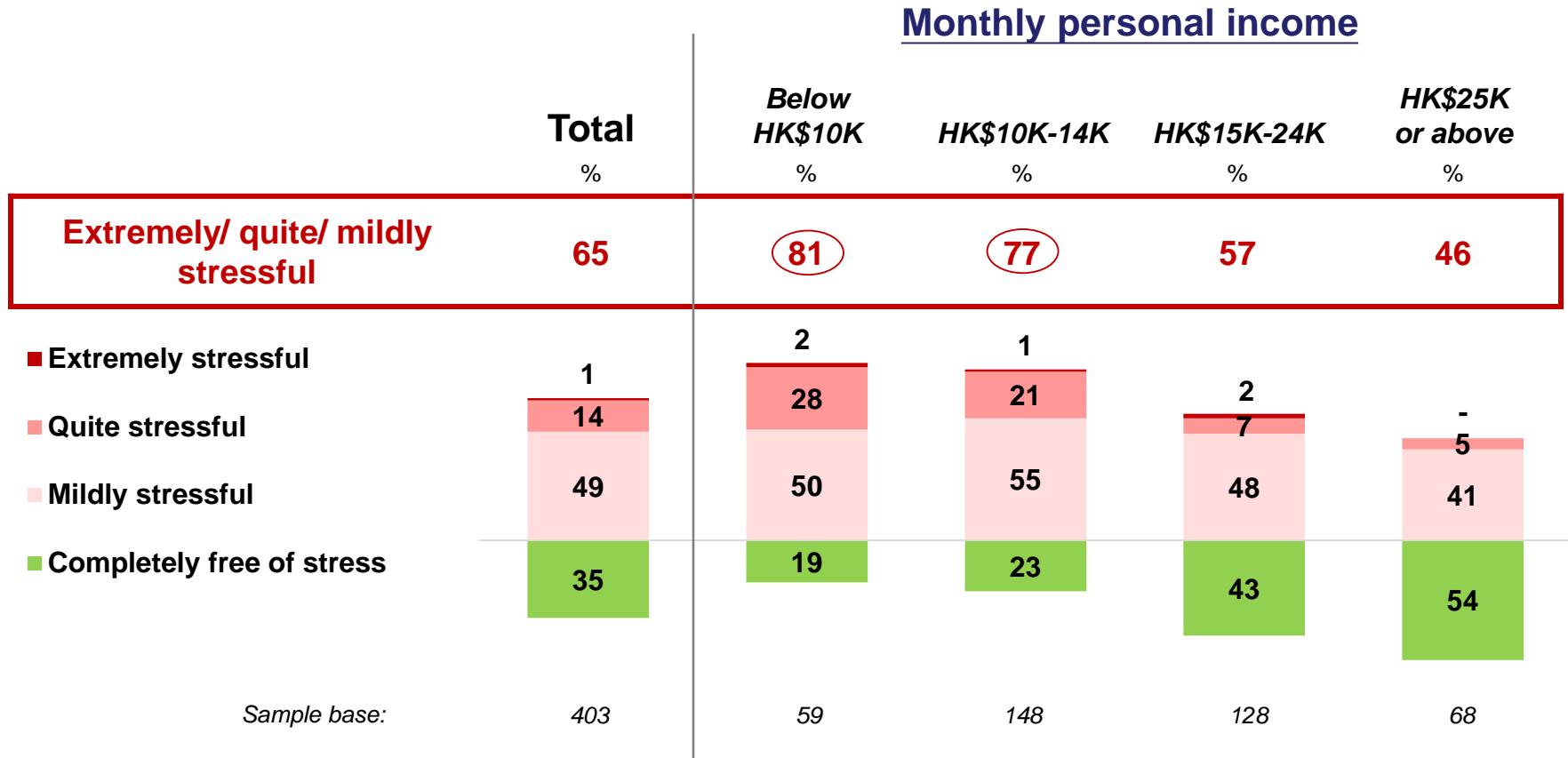
Self-rated level of stress on personal finance

- 65% of working adults are facing mild to high level of stress on their personal finance. Males tend to suffer from relatively higher level of stress with more feeling quite/ extremely stressful than females.



Self-rated level of stress on personal finance (cont'd)

- Working adults with lower monthly salary (below \$15K) are more stressful than those with monthly personal income \$15K or more.



Major financial concerns *(among those feeling stressful about personal finance)*

- In general working adults are more concerned about how to cope with inflation, the economy, not having enough savings for unexpected expenses and when self/family members lose their jobs.
- For younger working adults (aged 18-29), not able to make ends meet is their major financial concern. Paying for education for their children is more likely a burden for those aged 40 to 49.

Top 3 concerns	Total %	Gender		Age			
		Male %	Female %	18-29 %	30-39 %	40-49 %	50-64 %
Coping with inflation	48	54	40	40	42	40	58
Worries about the economy	46	46	45	24	57	50	41
Not having enough emergency savings for unexpected expenses	42	43	41	40	49	40	40
Self or family members losing jobs	42	42	42	43	41	38	45
Not able to make ends meet	36	37	36	55	34	34	34
Paying for education for my children	29	21	38	2	38	46	21
Potential losses on investment	19	17	20	3	23	26	16
Insufficient savings for retirement	14	12	16	6	2	20	21
Much increased mortgage payment due to increase in interest rate	9	8	10	6	13	10	6
Poor prospect of business	7	8	5	9	10	6	4
Other sources (each less than 2%)							
Sample base:	256	140	116	62	61	50	83



Base: Working adults who are feeling stressed about personal finance currently

small base
very small base

Financial stress - perceived impact on work performance

- Among those who feel stressful about their personal finance, a quarter reported that their worries over personal finance have affected their work performance in the past 3 years.

Gender

Age

	Total	Gender		Age			
	%	Male	Female	18-29	30-39	40-49	50-64
		%	%	%	%	%	%
Any affecting work performance	26	27	24	23	27	24	28
Finding it difficult to focus on work	15	15	15	14	14	12	18
Need to take leave/ be late for work	8	7	10	8	11	7	8
Feeling unwell	5	6	5	3	3	7	7
Making mistakes at work	4	4	5	3	7	5	3
Deal with personal financial matters during work time	3	4	1	4	3	1	3
Have financial stress but have not affected work performance	36	34	38	37	34	35	37
Do not have any financial stress	38	38	38	39	38	41	35
Sample base:	403	221	182	110	94	82	117



Base: All working adults

Key sources of information related to money management

- About 40% admitted they did not proactively seek information about personal finance.
- Females are more likely to seek friends'/ families' advice on financial matters, while males tend to source related information from newspapers/ magazines or online channels.

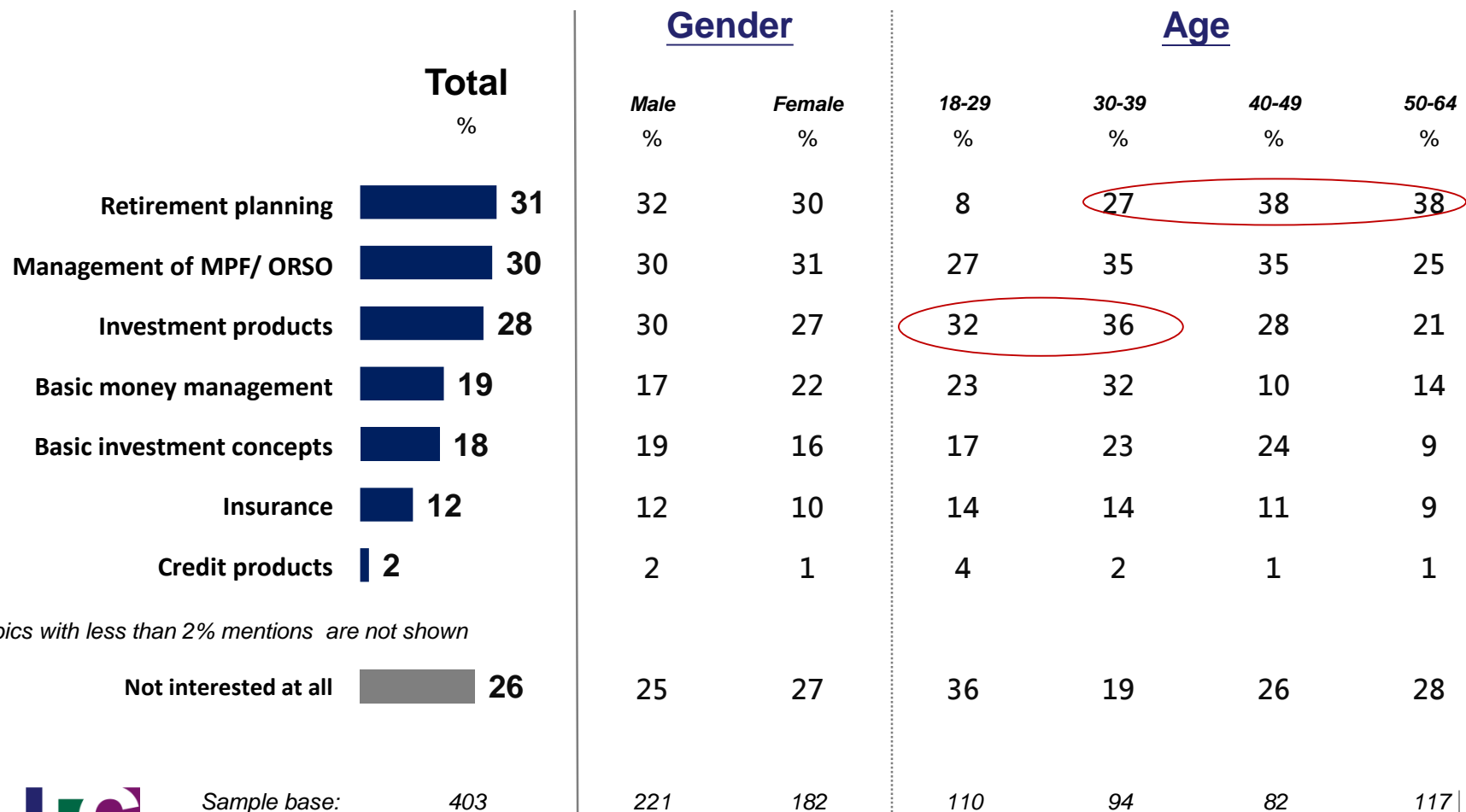
Top 3 sources	Total	Gender		Age			
		Male	Female	18-29	30-39	40-49	50-64
	%	%	%	%	%	%	%
Seek advice from others	50	50	49	33	53	65	44
Seek advice from friends/ families	37	34	40	26	41	39	36
Seek advice from bank staff	25	24	26	11	28	40	18
Seek advice from insurance agent or other financial advisor	21	20	21	13	26	31	13
TV/ newspaper/ magazine	44	47	41	21	49	54	43
Regularly watch finance programs on TV	34	35	33	15	40	40	32
Regularly read finance column/ newspapers/ magazines	32	37	25	16	37	41	28
Regularly listen to finance programs on radio	5	6	5	6	5	7	3
Online	32	35	28	21	36	44	24
Search for money management knowledge/ information on the Internet	30	35	25	19	36	42	22
Use online tools/ calculators to understand my financial status/ needs	8	9	7	6	11	11	5
Regularly browse finance page on social media, i.e., Facebook group, online forum, e-magazines and etc.	4	4	3	2	6	6	1
Other methods	9	11	7	3	11	15	6
Read financial related books	6	7	4	2	5	11	4
Attend financial related courses	4	5	3	1	6	6	3
Other sources (each less than 1%)							
Not proactively seeking any financial info	39	36	41	57	35	27	43
Sample base:	403	221	182	110	94	82	



Base: All working adults

Financial topics interested in

- When asked to think about financial topics they are interested in learning about at the workplace, three quarters are interested in at least one topic.
- By age, younger working adults are more interested in understanding investment products, while retirement planning appeals to older ones.



Base: All working adults

Thank You

