HSBC Hong Kong FinFit Study 2021

# Towards a FinFit Hong Kong:

## Building a healthy financial mindset for a stronger future

HSBC

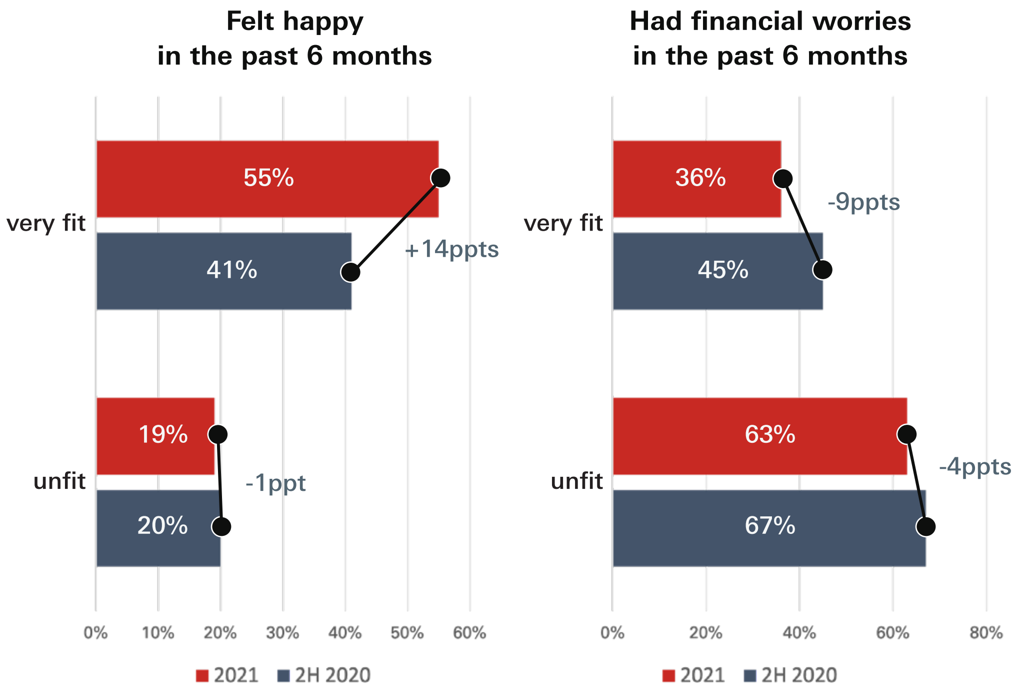
# Contents

# Preface

## Robust financial fitness is the resilience force in times of adversity

Have you ever felt overwhelmed by your financial situation? If so, you are not alone. Many people struggle to make their income cover their living expenses while trying to generate wealth through various investment options.

The HSBC FinFit Study 2021 showed that the financially "very fit" (scoring 80 or above) were more resilient than the "unfit" (scoring below 50) especially when facing an economic downturn and would be more likely to bounce back when things improve. 55% of the "very fit" group felt happier in the last six months, representing a 14–percentage points (ppts) increase. Meanwhile, only 36% of them had worries about their financial conditions, a 9ppts decrease against 2H 2020.



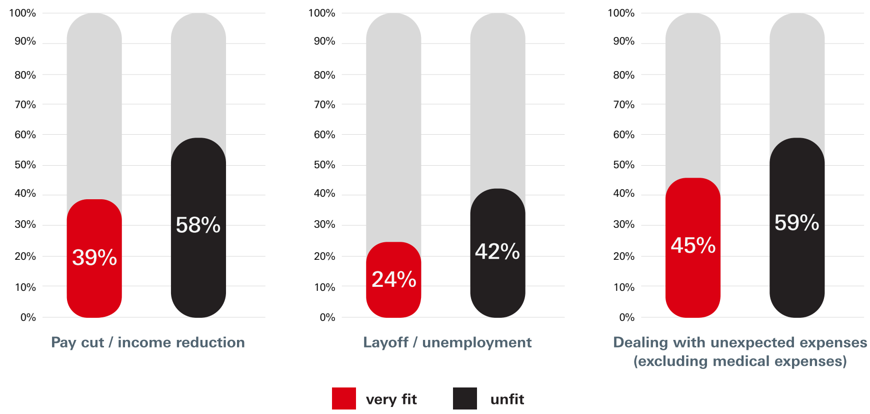

Being financially fit, or "FinFit", is not just having enough money to pay bills or deal with unexpected costs. It is the key to feeling confident and competent in making financial plans that are in line with one's life goals and financial goals. Understanding how to attain financial wellbeing is critical to protecting personal and household financial fitness in times of crisis or economic strain, and to helping achieve financial goals with less hassle and stress.

The "very fit" had greater financial resilience with better satisfaction of life amidst the adversity, even when faced with unexpected expenses.

## Financial concerns persist for all – but they impact the financially "unfit" even more

In 2021, as most Hong Kong people were still adapting to the new normal of the pandemic both socially and economically, their concerns over their financial situations also changed. The HSBC FinFit Study 2021 showed that unexpected expenses (excluding medical expenses), pay cuts, and layoffs / unemployment were some of the key financial concerns. However, the findings also revealed that the "very fit" generally had fewer worries over these matters than the "unfit". Taking pay cut / income reduction as an example, only 39% of the "very fit" had this concern while 58% for the "unfit", a 19ppts difference.

### Key financial concerns




To assess the Hong Kong banking population's financial wellbeing, the FinFit Index tracked four focus areas: Financial Habits, Financial Knowledge, Financial Planning, and Cyber Security & Safety. Having a comprehensive understanding of their financial situations according to these four indicators can empower people to make well-informed financial decisions, both now and in the future.

### 1. Financial Planning

Tracks efforts to provide a better future - for example, through health & financial coverage, making and keeping to a retirement plan.

### 2. Financial Habits

Looks at day-to-day money management. Good practices such as saving money for a rainy day, tracking expenses and paying bills on time help respondents score higher.

### 3. Financial Knowledge

Measures knowledge of how to make the most of one's money by understanding, using financial products and shopping around before committing.

### 4. Cyber Security & Safety

Gauges wise behaviour – for instance, keeping banking and personal information confidential and regularly checking statements for fraudulent transactions.

# Hong Kong FinFit Index

## FinFit Index 2021 remains steady at 65/100

Despite signs of economic recovery in the second half of 2021, the effects of the pandemic leaves behind a major source of uncertainty and economic strain due to reduced household income and rising unemployment rates. Against this background, the FinFit Index largely remained unchanged in 2021 with an overall rating of 65/100 compared to 66/100 in 2H 2020. It is interesting to note that Hong Kong people paid more attention to their financial planning and spent more effort tracking their progress towards retirement.

**65** /100 (-1)

Hong Kong population financial fitness score

() denotes changes vs 2H 2020

**62** /100 (+1)
Financial Planning

**68** /100 (-2)
Financial Habits

**59** /100 (-2)
Financial Knowledge

**74** /100 (-2)
Cyber Security and Safety

> Hong Kong people's FinFit level remained at a level similar to 2H 2020, with modest improvement in financial planning.

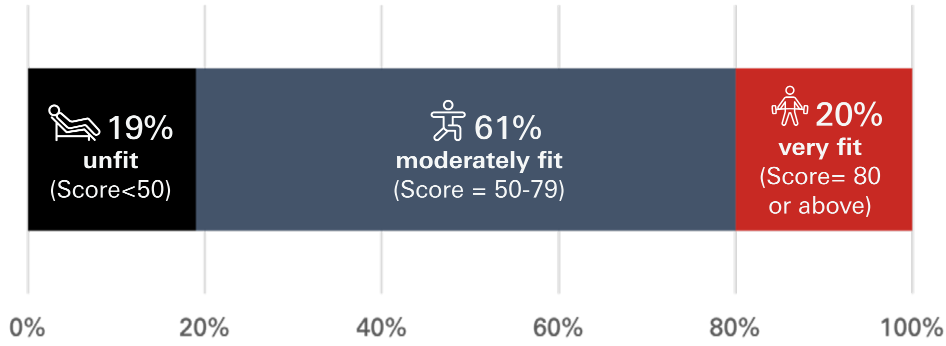
Getting financially fit does not happen without commitment and hard work. Just like building one's physical health, attaining financial fitness requires on-going efforts like creating good habits and sustaining positive financial behaviour over time.

Amongst the four FinFit pillars, Hong Kong people scored highest in maintaining Cyber Security & Safety (74/100), followed by Financial Habits (68/100) and Financial Planning (62/100). Their lowest score was in Financial Knowledge (59/100). Despite market adversity and the pandemic in 2021, Hong Kong's banking population managed to stay financially resilient by improving their Financial Planning through savings plans and monitoring of expenditures. However, they still need to gain more financial know-how and learn solid financial concepts such as portfolio diversification and capital protection to protect their futures.

## Distribution of the FinFit Index

When looking at Hong Kong's financial fitness in 2021, the majority belonged to the "moderately fit" category (with 61% scoring between 50 and 79). One in five (20%) respondents was "very fit" (scoring 80 or above) while 19% were "unfit" (scoring below 50). Despite similar numbers of respondents falling into the "very fit" and "unfit" categories, the performances of these two groups across various FinFit pillars revealed gaps that explain why the "very fit" had stronger financial resilience in times of adversity, primarily due to their financial mindsets and healthy behaviour in terms of planning, habits, knowledge and security.

**FinFit Index performance**




# Four pillars of FinFit

> The FinFit motto: "Expect the best, plan for the worst, prepare to be surprised".

## 1. Financial Planning

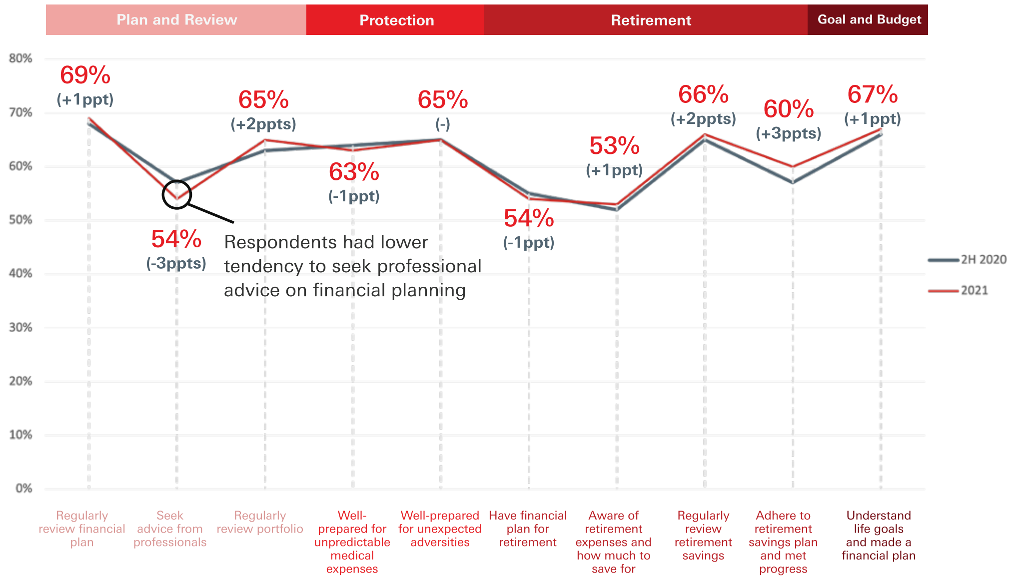
### Preparing for the known and unknown future

In 2021, respondents showed improvements in financial planning, with a greater awareness for retirement planning and regular reviews of their portfolios. However, there is room for improvement in terms of seeking professional advice – a simple and direct first step towards robust financial planning.

**Adversity and uncertainty fuel increase in demand for retirement planning**

Overall, respondents were more confident in the quality of their future retirements, with the number of people who believed their savings sufficiently increased by 3ppts to 39%. This was also reflected in improved retirement planning, as people paid more attention to long-term goals like retirement given the uncertainty of the current economic environment. 60% of respondents adhered to retirement savings plans, up 3ppts against 2H 2020, and 66% regularly reviewed their retirement savings, an increase of 2ppts against 2H 2020. Respondents' planned retirement age remained at 60.

## Financial Planning



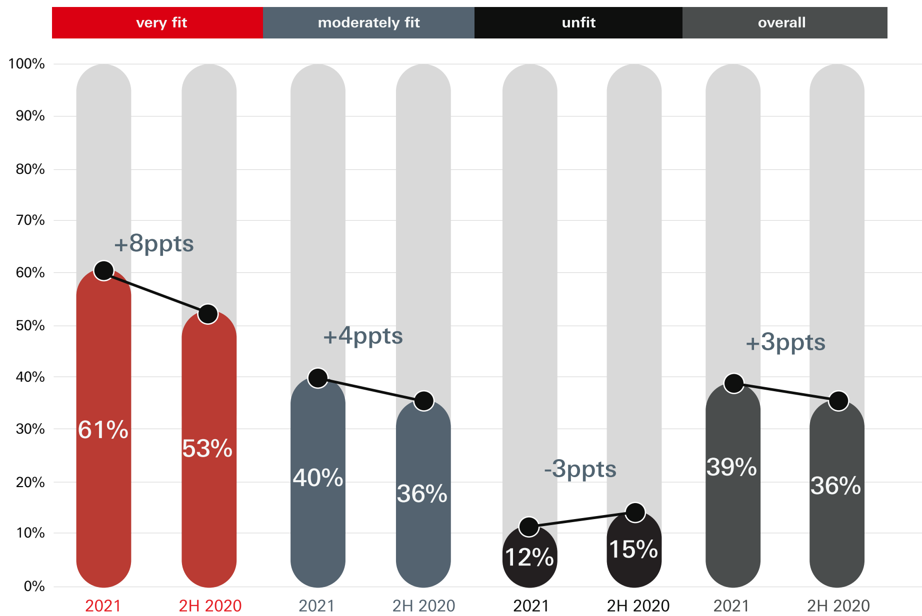

Q. These sentences describe different people's habits on financial planning. Are they applicable to you?
() denotes changes vs 2H 2020

> Only half of the respondents sought professional assistance at financial planning.

Despite improved awareness of and adherence to retirement planning, the HSBC FinFit Study showed that only 54% of Hong Kong people sought financial planning advice from professionals in 2021, a decrease of 3ppts compared to 2H 2020. This may be because social distancing practices were causing people to do fewer face-to-face meetings with their financial advisors and bank relationship managers.

Amidst the market adversity, Hong Kong people strived to show improvements across many attributes at financial planning, in particular retirement planning and savings. Respondents under "very fit" and "moderately fit" had improved confidence in retirement savings at 61% and 40% respectively.

## Improved confidence in retirement savings




Q: How confident are you that your retirement savings will last throughout your whole retirement life?

# 2. Financial Habits

## Disciplinary practices to cope with tough times

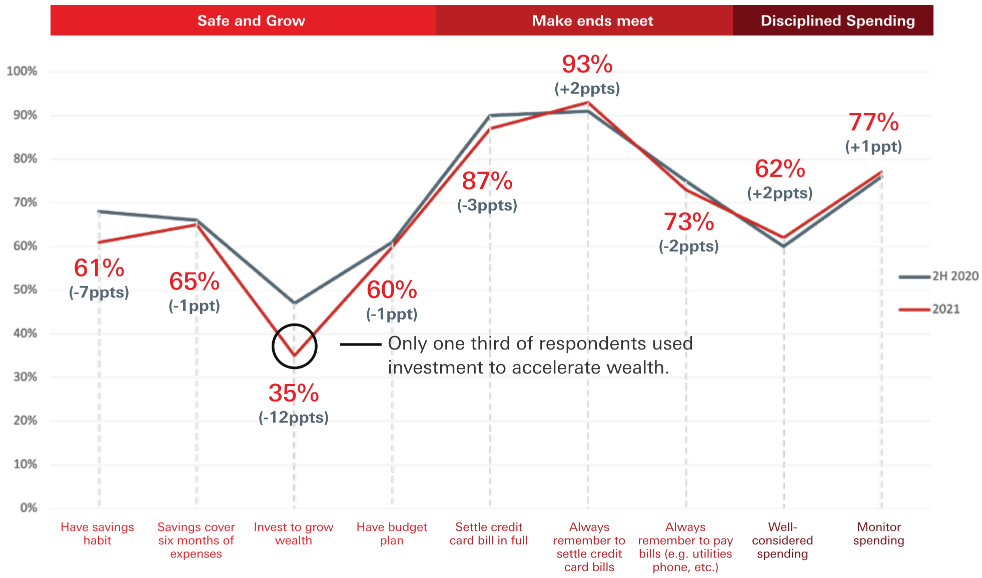
Financial stability stems from healthy financial habits that in turn come from routine practices, rules and disciplines. In 2021, the FinFit Index showed that the Financial Habits of respondents faltered as their overall score dropped from 70 to 68. In general, respondents have retained disciplined spending and repayment habits. However, the pandemic may have put a toll on their ability to generate and accumulate wealth.

People are more conscious on their expenditure than generating income from investments.

### Prudent in expenditures but a lower tendency to invest

Hong Kong has witnessed a general reduction in overall income and spending since the pandemic, undermining people's ability to save and invest for the future. Encouragingly, though, respondents remained vigilant about their spending habits, with 77% monitoring their spending (up 1ppt) and 93% settling their credit card bills on time (up 2ppts).

**Financial Habits**




Q. These sentences describe the financial situations and wealth management behaviour of different people. Are they applicable to you?
() denotes changes vs 2H 2020

Only one third (35%) of respondents accelerated their wealth with investments.

### Covid-induced economic woes hindering intent to save and invest

There were significant drops in investment planning and savings in 2021. Only a little more than a third of respondents (35%) invested to grow wealth (down 12ppts compared to 2H 2020) while 61% demonstrated sound savings habits (down 7ppts). It is alarming to note that respondents were less eager to invest for wealth generation and putting less effort into their savings. Although the pandemic may have taken a toll on their savings plans, people should not compromise on attaining wealth growth through investment, which is one of the most crucial aspects of a balanced financial plan to achieve long-term ambitions and protect against the unexpected.

## Financial Habits

**61%** (-7ppts)
Have saving habits

**35%** (-12ppts)
Invest to grow wealth

Even though Hong Kong is a vibrant international financial market, it is interesting to note that savings accounts remain the most popular destination for people's money. The study showed that savings deposits (30% HKD savings deposits; 10% HKD time deposits) and local stocks (25%) were the most common means to increase asset values in 2021.

## Top financial products used

**30%** HKD savings deposit

**25%** Local stocks

**10%** HKD time deposit

**6%** Overseas stocks

**6%** Funds

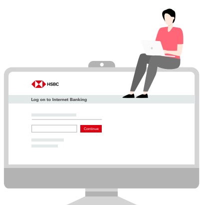
**6%** Voluntary MPF/ ORSO contributions (excluding mandatory contributions)

Q: Which of the following financial products do you mainly use to increase the value of your assets?

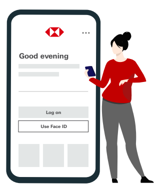
> There was an increase of around 40% in people using digital banking channels during the pandemic.

On a positive note, more Hong Kong people have been using digital channels for banking and wealth management services during the pandemic, with increases seen in online banking (a 43% rise) and mobile banking (up 37%). The paradigm shift towards multi-channels enables people to access and manage their banking services anytime, anywhere.

## Impact of pandemic on usage of banking channels



**43%**
Increase in usage of online banking



**37%**
Increase in usage of mobile banking

Q. Did the pandemic have any impact on your usage of the following banking channels?

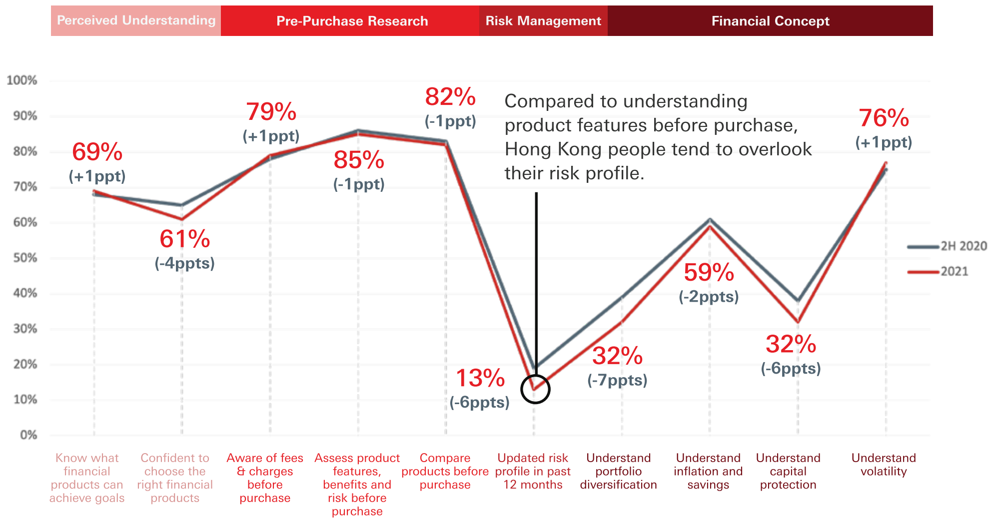
# 3. Financial Knowledge

## The foundation for making well-informed financial decisions

The drop in the Financial Knowledge score was mainly due to the lower awareness on risk profile assessment, portfolio diversification and capital protection.

Hong Kong is an exam-obsessed city. People place great importance on education, striving for scholastic achievement and pursuing degrees and qualifications from kindergarten through adulthood. However, unlike academic subjects that offer career advancement, money management is more of a life skill which people cannot learn at schools. According to the HSBC FinFit Study, there has been a slight regression in their knowledge of financial concepts and understanding of investment products. Financial Knowledge dropped to 59 from 61, with particularly declines in respondents' awareness of financial concepts such as portfolio diversification (32%; 2H 2020 39%) and capital protection (32%; 2H 2020 38%). Also, fewer individuals were assessing or managing their risk profiles. Only 13% of respondents said they had updated their risk profile in the previous 12 months, representing a 6ppts decrease.

**Financial Knowledge**




Q. These sentences describe different people's understanding of financial products and their habits on information search/ different people's understanding of financial concepts. Are they applicable to you?
() denoted changes vs 2H 2020

Millennials generally have weaker financial literacy, especially about the concept of portfolio diversification.

Weakened financial literacy levels were even more prominent amongst millennials^. Compared to the overall banking population, millennials were less familiar with the concepts of portfolio diversification (27% millennials vs 32% overall) and capital protection (31% vs 32%). Ultimately, too many millennials sat on the sidelines because they worry about the risk of suffering losses, or they do not know where to start. It is true that all investments come with risk. But letting money sit in cash savings presents a risk of its own, which is the possibility of losing purchasing power due to inflation in the long run. For millennials, the time-cost factor is their greatest advantage. Compound returns are the driving force that makes investing so powerful and motivating, and the earlier millennials start beefing up their financial knowledge and formulating plans, the higher the chance they will be able to achieve their life goals. In sum, there is an urgent need for millennials to acquire the relevant knowledge in order to recognise the appropriate financial actions to take.

^ Millennials are defined as those aged 18-34.

**Financial concepts amongst millennials**

**27%** (-5 ppts vs total)

are familiar with portfolio diversification

**31%** (-1 ppt vs total)

are familiar with capital protection

Q. These sentences describe different people's understanding of financial products and their habits on information search. Are they applicable to you?
Q. The following sentences are used to describe different people's understanding of financial concepts. Do you think the following saying is "true" or "false"? If you are not sure, please pick "don't know".

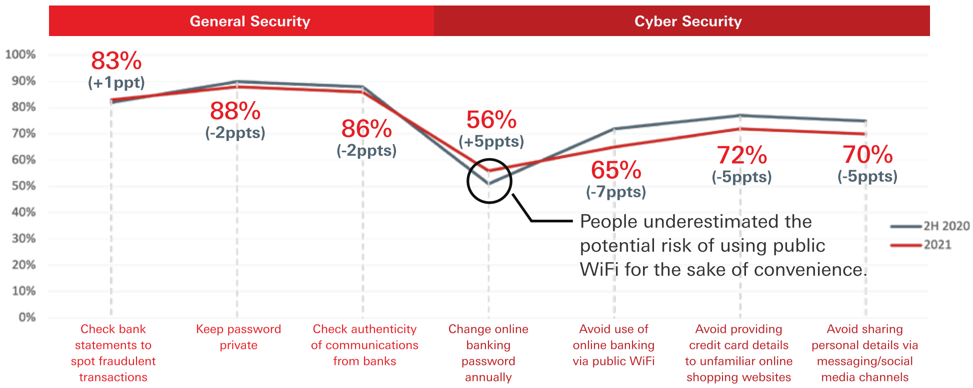
# 4. Cyber Security & Safety

## Guarding your wealth

Hong Kong people cared much about their password privacy, but overlooked the risks of unsecured sites and public WiFi.

As Hong Kong evolves into a more digitalised society – a transformation being accelerated by the pandemic – cyber security is a growing concern, and practising good cyber security is critical. However, according to the drop in its score for this FinFit pillar, the Hong Kong community has become less aware of cyber security matters. For example, although there was improvement in the percentage of individuals who regularly update their passwords for online financial accounts (up 5ppts to 56% in 2021 from 51% in 2H 2020), people were less aware of the dangers of using public WiFi to access their financial accounts (65% in 2021 vs 72% in 2H 2020). In addition, 28% (2H 2020: 23%) of respondents provided their credit card details or personal info via unsecured and/or unfamiliar sites, and 30% of respondents (2H 2020: 25%) shared their personal details via instant messaging or social media, exposing themselves to higher levels of cyber risk.

## Cyber Security & Safety

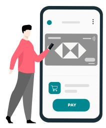



Q. These sentences describe the approaches of different people in handling cyber security. Are they applicable to you?
() denoted changes vs 2H 2020

In fact, even millennials, who are reputably more digitally savvy than their older counterparts, were less cautious of these types of risky online behaviour.

### Cyber Security & Safety amongst millennials

**61%** (-4ppts vs total)
Avoid use of online banking via public WiFi



**69%** (-3ppts vs total)
Avoid providing credit card details to unfamiliar online shopping websites

**66%** (-4ppts vs total)
Avoid sharing personal details via messaging/ social media channels

Q. The following sentences are used to describe the ways and approaches of different people in handling cyber security. Are they applicable to you?

> More than a quarter (27%) of people encountered cyber fraud in the last 12 months.

## Increased digitalisation comes with the need for higher awareness of cyber risks

Over a quarter of respondents encountered some kind of cyber fraud over the past 12 months. 5% to 7% of individuals even lost money and/or time fixing the issue and potentially exposed their families and friends to the risk. Bolstering awareness of cyber security precautions is necessary; otherwise, we may start seeing even more victims of cyber fraud.

**27%** Encountered cyber fraud in the past 12 months

- 7% lost time in trying to fix it
- 5% exposed family/friends to the risk
- 4% lost data from devices
- 5% lost money
- 4% had to replace computer/phone

Q. Have you ever faced any kind of cyber fraud in the past 12 months?
Q. In what ways were you impacted by such cyber fraud?

### Unfavourable market conditions should not hinder pursuit of goals

Generally speaking, sluggish market conditions during this difficult time seem to have encouraged disciplined spending habits and closer monitoring of outgoing expenses. At the same time, they have undermined people's ability to save and invest in the short term. Still, financial management should be a lifelong process. Regardless of the economic environment, it is important to stay on track with wealth generation and protection by having proper financial knowledge, habits and planning.

# Achieving financial goal (1): Property

## Property ownership remains one of the top goals of Hong Kong people

Amongst all Hong Kong people's financial goals, purchasing property ranked in second only after saving for retirement. It even ranked at the top of the list for millennials.

Property preferences have evolved during the pandemic as people placed a higher priority on healthier living spaces. In addition, more people were willing to sacrifice travel convenience in exchange for a lower price and bigger size.

**Impact of pandemic on property selection**

**68 %**

thought living environment (e.g. green space, sports facilities) has become more important

**Only 19 %**

indicated proximity to the CBD was still important given working remotely has become increasingly prevalent

Q. How much do you agree that "living environment (e.g. green space, sports facilities) becomes more important than before" after the pandemic?
Q. How much do you agree that "with the work-from-home arrangement, proximity to CBD locations becomes less important" after pandemic?

## The "very fit" saved enough for a down payment 9 years sooner than the "unfit"

Staying FinFit enables one to achieve their financial goals faster and easier.

On average, it took 13 years for the financially "very fit" to be able to afford a down payment on a property – nearly a decade less than the "unfit", who required as much as 22 years. Even after such an extended savings period, the comparatively weaker financial wellbeing and FinFit mindsets of the "unfit" also resulted in more limited property options.

**Savings plan for purchase of property**

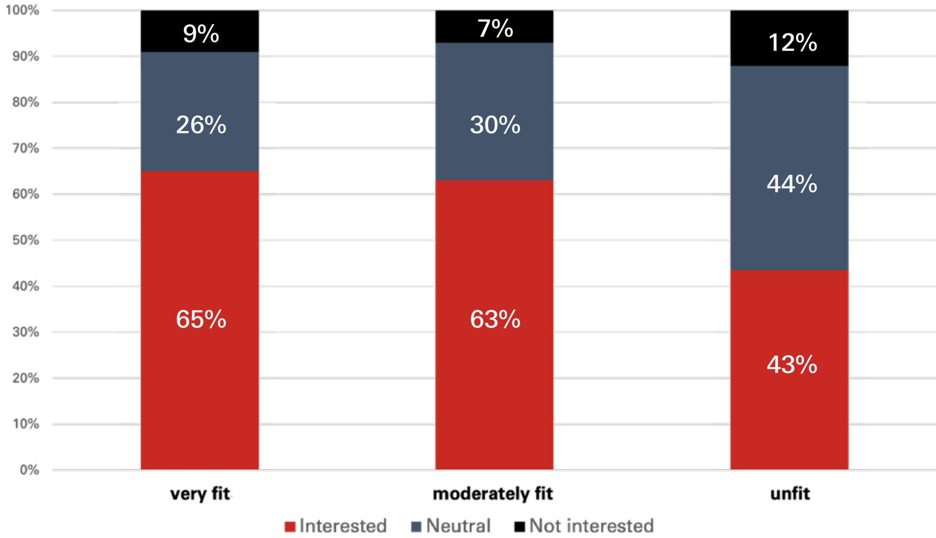
| | very fit | moderately fit | unfit |
|---|---|---|---|
| No. of years expected to save up for down payment | 13 years | 18 years | 22 years |
| Amount saved after expected no. of years based on their actual monthly savings and investment (HKD) ^ | $2.8m | $1.9m | $0.9m |
| Budget for property purchase by assuming 40% down payment (HKD) | $7m | $4.8m | $2.3m |
| Budget for property purchase by assuming 20% down payment (under mortgage insurance plan) (HKD) | $12m* | $9.5m | $4.5m |

* Starting from 23 February 2022, under a mortgage insurance plan, the maximum property value eligible for mortgage loans of to 80% loan-to-value (LTV) ratio is HKD12 million
^ By assuming 5% p.a. return on their investment and no interest on their savings throughout the period
Q. How many years do you think you need to save for property ownership?
Q. How much is your average monthly savings in the past 6 months?
Q. On average, how much do you set aside each month for investment (excluding insurance and mortgage repayment)?

Financially fit people (including "moderately fit" and "very fit") held a higher interest in a mortgage insurance plan.

Meanwhile, the majority of prospective property purchasers were interested in applying for a mortgage insurance plan to be able to afford a higher price property, especially among those who were relatively more financially fit.

**Interest in applying for mortgage insurance plan**




Q. Taking into consideration your family finances, how interested are you in applying for mortgage insurance plan where you can borrow up to 80%-90% of your property's price with premium pay for mortgage insurance cover?

Conversely, the "unfit" spend greater efforts and longer to achieve their goal of property ownership, and their property options (desirable sizes and options) were limited with their lower savings for down payment. On the contrary, the "very fit" had clearer savings goals and progress tracking, having saved HK$2.8m for a down payment over a period of 13 years in comparison with HK$0.9m over a period of 22 years for the unfit (as indicated in the table "Savings plan for purchase of property"), which enabled them more choices of properties with larger square feet.

**Size of property based on budget**

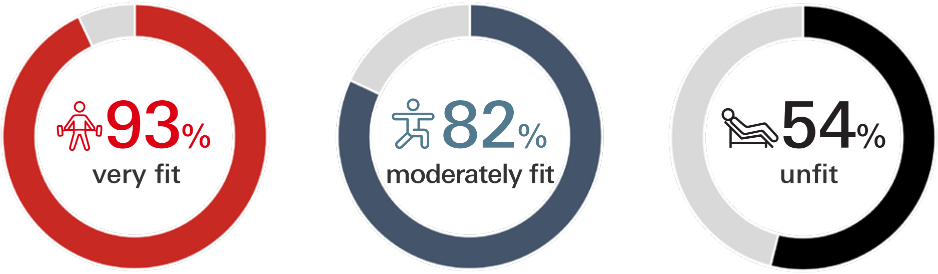
| | very fit | moderately fit | unfit |
|---|---|---|---|
| **Based on budget for property purchase by assuming 40% down payment^** | | | |
| Urban areas | 350-450 sq. ft | 250-300 sq. ft | Very limited private housing options for consideration |
| Suburban areas | 400-500 sq. ft | 300-350 sq. ft | |
| **Based on budget for property purchase by assuming 20% down payment ^ (under a mortgage insurance plan)** | | | |
| Urban areas | 500-700 sq. ft | 450-600 sq. ft | 250-300 sq. ft |
| Suburban areas | 550-750 sq. ft | 500-600 sq. ft | 300-350 sq. ft |

^ The above property sizes are based on the market value of a number of new builds and second-hand properties in early 2022

Having a savings plan in place is fundamentally essential to property purchase.

Nearly half of the "unfit" had not even started to save for purchasing a property, which could further delay their pursuit of this financial goal. This highlights how important it is to start early when making a savings plan specifically for buying property.

**Have a savings plan in place for future property purchase**




Q. When and whether you started saving up for a property purchase/down payment?

## Hong Kong people used various savings methods to pursue property ownership

This typically comes in the form of cutting expenses (for example, going out less, bringing packed lunches to work, etc.) and increasing earnings (e.g. being more active in investment, taking up a part-time job, etc.). Though some of these tactics come with a cost, starting a savings plan earlier can help individuals pursue property ownership more comfortably and confidently.

Cautious spending, savings and investment are the winning tips of property owners.

**Common ways to save up for property purchase**

41% Avoid splurging

39% More active in investment

36% Go out less to cut spending

34% Bring packed lunch to work

31% Take up part-time job

Q. Which methods would you take/have you already taken to save up for purchasing property?

As always, it is important to remain mindful of one's own financial situation and wellbeing in order to achieve long-term investment pursuits.

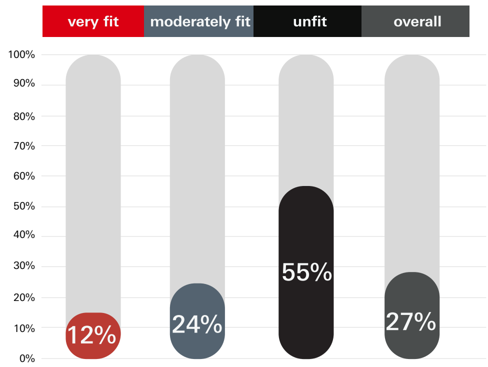
# Achieving financial goal (2): Sustaining Wealth Generation

Covid-19 has affected various segments of the Hong Kong banking population in different ways. The effects of the pandemic on the local and global economies – and the financial turmoil it has caused – have been unlike previous recessions, but data from the FinFit Study 2021 shows that the "very fit" group was less susceptible to such market volatility and uncertainty.

## The "very fit" are almost 5 times more likely to avoid investment losses than the "unfit"

Financial fitness positively impacts wealth generation. The "very fit" are almost 5 times more likely to avoid investment losses than the "unfit". Such a remarkable performance reinforces the importance of being financially healthy.

**No gain/suffered loss in investment in past 12 months**



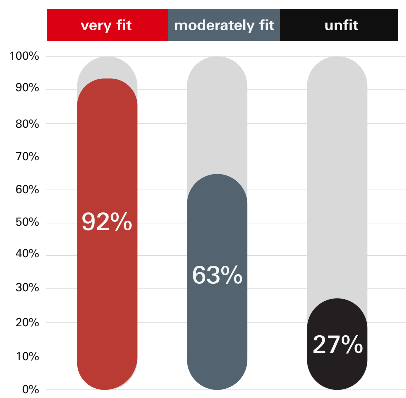

Q: Over the past year, what was the level of overall returns you actually received from your liquid assets, listed as a percentage of your liquid assets?

## The "very fit" were less vulnerable to unpredictable medical expenses and adversities

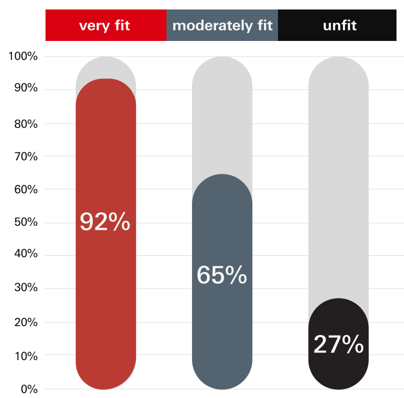
The "very fit" were almost 2.5 times more well-prepared than the "unfit" for unexpected medical expenses and adversities.

Dealing with unforeseen circumstances is another area where the "very fit" performed better. Especially in times of market adversity, being well-prepared for the unexpected is more important than ever. Owing to their comparatively healthier financial behaviour and planning, the "very fit" were much less susceptible to issues such as unexpected medical expenses and other adversities due to their more robust savings, insurance and other risk management solutions. Findings showed that 92% of the "very fit" were well-prepared for such contingencies, while only 27% of the "unfit", or 2.5 times fewer respondents were well-prepared.

**Well-prepared for unpredictable medical expenses**



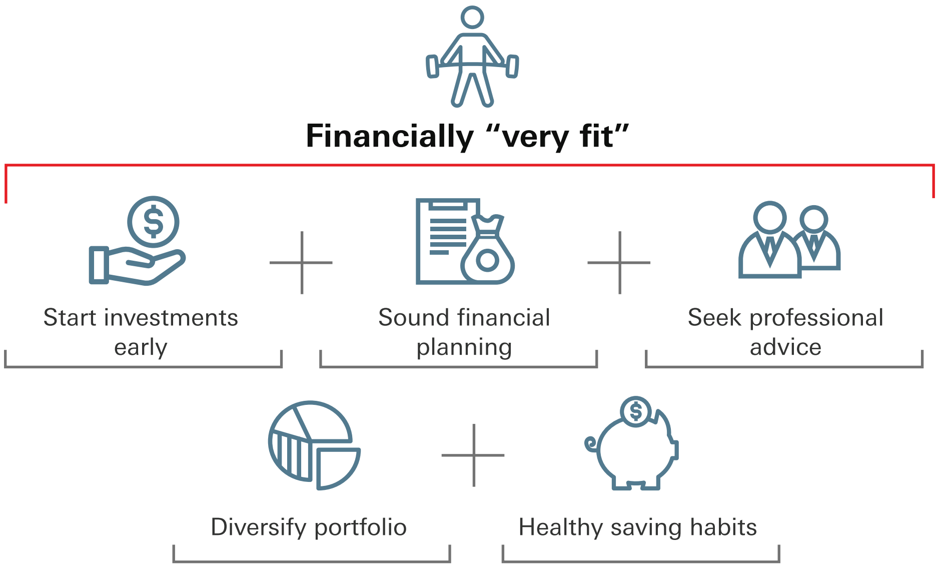

**Well-prepared for unexpected adversities**




Q: The following sentences are used to describe different people's habits on financial planning. Are they applicable to you?

## The winning formula for becoming “very fit”

With a healthier financial mindset and behaviour, the “very fit” were well-prepared and had a sound financial plan in place. They tracked their progress towards achieving their goals, diversified their investments, and sought professional advice to manage and monitor their portfolios. Staying financially fit is their secret formula for success.




Q: What are the financial products or services that you currently hold or use?
Q: At what age did you start investing?

The “very fit” enjoyed greater early bird advantages as they began investments early.

## The importance of an early start to investments

Another major contributor to achieving one’s financial goals is being an earlybird investor, which enables people to take advantage of compound returns. The FinFit Index showed that both the “very fit” (96%) and “moderately fit” (84%) groups started investing and building good habits earlier. On average, the “very fit” started investing as young as 27. In contrast, only 45% of the “unfit” had investments, and they generally didn’t start investing until age 30. A 3-year difference may not sound very significant at first, but the missed compounding effect could mean a huge opportunity loss. It is therefore crucial for millennials to take the first step in their wealth creation journey at a young age.

**Age of first investment**

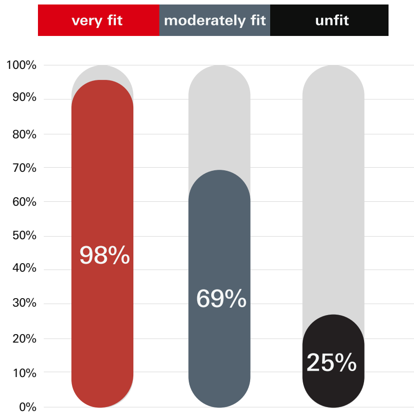
| very fit | moderately fit | unfit |
|---|---|---|
| 27 years old | 29 years old | 30 years old |

88% of the "very fit" used multi-channels services to gain timely access to banking services.

## Sound financial planning and habits make all the difference

The "very fit" paid more attention to their own financial behaviour. Not only did most of them (98%) have a financial plan in place, but they also regularly reviewed it at least once a year. Timely reviews are imperative to account for changes in the market and personal situation and ensure that the most optimal plan is in place.

**Regularly reviewed financial plan at least once a year**




Q: The following sentences are used to describe different peoples' habits on financial planning. Are they applicable to you?

The "very fit" also recognised when to use advisory and self-service banking in different situations to best suit their needs. The adoption of multi-channel services (online, mobile, ATM and branches) among the "very fit" (88%) and "moderately fit" (88%) is higher than the "unfit" (77%).

**Use of banking channels**

| | very fit | moderately fit | unfit |
|---|---|---|---|
| Online Banking | 99% | 97% | 91% |
| Mobile Banking | 97% | 96% | 90% |
| ATM | 98% | 97% | 97% |
| Branch | 94% | 92% | 87% |
| All 4 above channels (Including online & mobile banking, ATM and branch) | 88% | 88% | 77% |

Q: Do you use any of the above banking channels and did the pandemic have any impact on your usage of them?

## The "very fit" never put all their eggs in one basket

Diversified investment strategy and asset classes help mitigate risk from a specific market or sector.

The "very fit" owned a wider range of investment and insurance products on average, thus mitigating risk by not putting all their eggs in one basket. For example, the "very fit" looked for overseas investment opportunities in addition to local financial products like funds and stocks. Their willingness to invest in global stocks was four times of the "unfit", enabling them to better diversify their investments across different markets and reduce potential threats from specific markets.

**No. of investment / insurance products held**

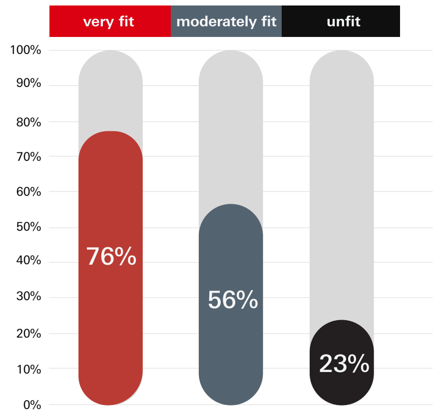
| | very fit | moderately fit | unfit |
|---|---|---|---|
| Average no. of investment products held in the past 6 months | 2.4 | 1.7 | 0.7 |
| Average no. of insurance products held in the past 6 months | 2.3 | 1.5 | 0.9 |
| **Investment products held in the past 6 months** | | | |
| Local stock | 81% | 58% | 27% |
| Fund | 42% | 25% | 11% |
| Oversea stock | 24% | 19% | 6% |
| Bond | 29% | 17% | 8% |
| Gold | 13% | 8% | 3% |

Q: In the past 6 months, which of the following financial products did you proceed?

## The "very fit" sought professional sources to empower their financial decision-making

No one is a master of everything. In financial matters, the "very fit" were keen to seek the advice of professionals (e.g. financial advisers, insurance brokers and bank staff), whereas the "unfit" had a lower tendency to do this.

**Asked financial advisers, insurance brokers and bank staff for professional advice**




Q: Do you agree that "you ask financial advisers, insurance brokers and bank staff for professional advice whenever necessary (including face-to-face, phone or online consultation)"?

The "unfit" individuals were more reliant on their social circles, including their families and friends, to learn about financial products and services. Meanwhile, those with better financial habits also leveraged digital platforms, bank websites and even specialised online forums. Additionally, given their habit of regularly reviewing their financial plans, the "very fit" often wanted on-the-go support to help them make informed and timely decisions. Therefore, many of them utilised digital channels to gain access to such services at their fingertips, a practice that could also benefit the "moderately fit" and "unfit" groups.

> Financially "very fit" got their financial products information from financial websites/apps and their bank's website.

**Top preferred channels to learn about financial products**

| | very fit | moderately fit | unfit |
|---|---|---|---|
| 1 | 26% Financial website/app | 16% Bank website | 24% Family members |
| 2 | 16% Bank website | 14% Family members | 15% Bank website |
| 3 | 11% Online/securities firms' forums | 13% Financial website/app | 12% Friends |

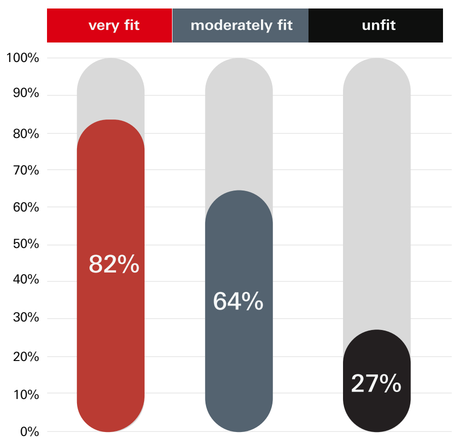
Q: Which of the channels do you prefer to learn about financial products the most?

## Holistic awareness of one's savings, expenses and investment responsibilities was crucial to becoming "very fit" financially

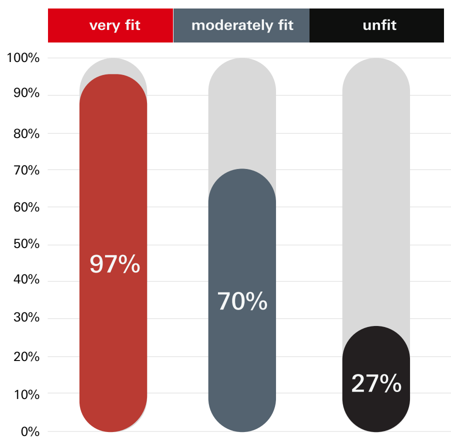
> Utilising a money management tool like a budgeting app helps one to monitor spending in order to take full control of one's money.

People who were financially "very fit" tend be conscious of their income and expenditures, which in turn led to more diligent savings behaviour. More banks are now adding budgeting functions to their mobile apps to provide a consolidated view of expenses for bank accounts and credit cards, enabling individuals to track their income versus expenses at a glance and make money management much easier.

**Had an income-and-expenditure budget in the past 6 months**




**Have a savings budget**




Q: The following sentences describe the financial situation and wealth management behavior of different people. Are they applicable to you?

In conclusion, maintaining and improving one's financial fitness is of utmost importance as it helps bolster overall wealth generation, safeguards people from potential adversity and helps them achieve their financial goals more confidently.

# Top ways to get "very fit" financially

## The eight-step plan for better financial fitness

By taking note of the behaviour of the "very fit" and following these eight recommendations, Hong Kong people can build for the future, realise their financial goals and protect themselves from unexpected challenges, all while improving their FinFit scores.

### 1. Start savings and investment early

Develop savings habits and start investing early to achieve your financial goals by leveraging investment returns long-term and making your money work for you.

### 2. Utilise budgeting apps

Develop healthy budgeting habits will help ensure disciplined spending by providing a consolidated view of expenses under bank accounts and credit cards, which enable individuals to track their budget versus expenses at one glance.

### 3. Cultivate financial literacy from reliable resources

Banks have abundant resources that share know-how and practical guidance on how to build healthy financial habits and enhance financial wellbeing. They even offer online investment courses designed to help people strengthen their financial knowledge and planning skills before making actual decisions.

### 4. Seek the advice from industry professionals

There is no substitute for advice from qualified banking, investment professionals and Relationship Managers. Get the best information on how to invest for the future and attain your financial goals by seeking advice from experts and building your own know-how in the process.

### 5. Regular financial review

Review your investments, market conditions and personal circumstances regularly, and take advantage of mobile banking and analytical tools. This will help you make necessary adjustments and keep your financial plan on track.

### 6. Leverage multiple banking channels to best suit your needs

A variety of convenient channels are available to help you make financial management a breeze. Whether it is day-to-day money matters or one-on-one financial advisory, do take advantage of digital and advisory channels to make the most of your banking needs.

### 7. Be aware of potential phishing links

The world is becoming increasingly digitalised, which makes cyber security more important than ever. Protect your savings by never clicking on questionable links, using and updating your security software, and reporting suspicious e-mails and messages.

### 8. Change your password regularly

One of the easiest and most effective ways to foil hackers is by changing your password on a regular basis. The short time it takes to change a password is more than worth the risk of losing valuable savings.

## The Research

The consumer research was conducted in November 2021 to assess the level of financial fitness among Hong Kong's general banking population. A FinFit Index was established from these survey results and HSBC internal customer data, creating a financial fitness benchmark for the local community that provides timely insights through a 360-degree review of behaviours and attitudes towards personal finance.

The findings are based on a survey of the general banking population aged 18–64 from a representative online sample in Hong Kong. The research was conducted by NuanceTree Ltd. Sample sizes were approximately 1,500 per wave. Figures have been rounded to the nearest whole number.

^ Millennials are defined as those aged 18-34.



HSBC

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