




OCBC FINANCIAL WELLNESS INDEX 2021



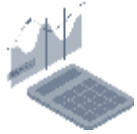







2 November 2021



In 2019, we launched the inaugural **OCBC Financial Wellness Index** to understand Singaporeans' financial wellness.

It was the first time such a comprehensive study – comprising 10 financial wellness pillars and expanded into 24 indicators to understand Singaporeans' state of financial health – was conducted.

The 10 pillars of financial wellness and the 24 indicators

SAVING HABITS	SPENDING BEYOND MEANS	MANAGEABLE DEBTS	PROTECTION FROM FINANCIAL EMERGENCIES	REGULAR REVIEWS	REGULAR INVESTING	RETIREMENT PLANNING	EXCESSIVE SPECULATION	BORROWING MONEY FROM LOVED ONES	GAMBLING HABIT
 1. Saving regularly	 2. Sticking closely to a budget 3. Being able to spend comfortably 4. Being able to meet family's financial needs 5. Spending beyond means to keep up with peers	 6. Managing unsecured debt well 7. Often paying the minimum sum on credit cards 8. Being able to pay off housing loan	 9. Having enough funds to overcome crisis 10. Being able to defray major medical expenses 11. Being able to sustain financially for 6 months if jobless 12. Having sufficient mortgage insurance 13. Ensuring dependents are financially taken care of for at least 12 months in the event of my death 14. Ensuring finances are taken care of in the event of death	 15. Reviewing financial plans annually 16. Being aware of tax relief schemes	 17. Investing 18. Seeking professional advice and doing my own research before investing 19. Having regular passive income	 20. Planning for retirement 21. Leading a healthy lifestyle so I can work for as long as I want	 22. Excessively speculating for quick gains	 23. Often borrowing money from friends/relatives	 24. Gambling more than I can afford to lose

In 2019, we found Singaporeans were good at saving, having insurance and sticking to a budget, but lagged in growing their wealth, and worried about their finances.

Women were more averse to investing than men, with a significant number saying they think investing is gambling.





In 2020, the financial strain from the Covid-19 pandemic was reflected in the Index's 2-point decline to 61 from 2019's 63.

Singaporeans' ability to pay off loans was affected, and 3 in 4 Singaporeans were not on track to their chosen retirement lifestyles, with 78% of them underestimating the amount needed by 32%.

Less desirable financial habits, including speculating excessively, borrowing money from friends and family and spending beyond their means, increased.

In August and September 2021, we conducted an online survey of



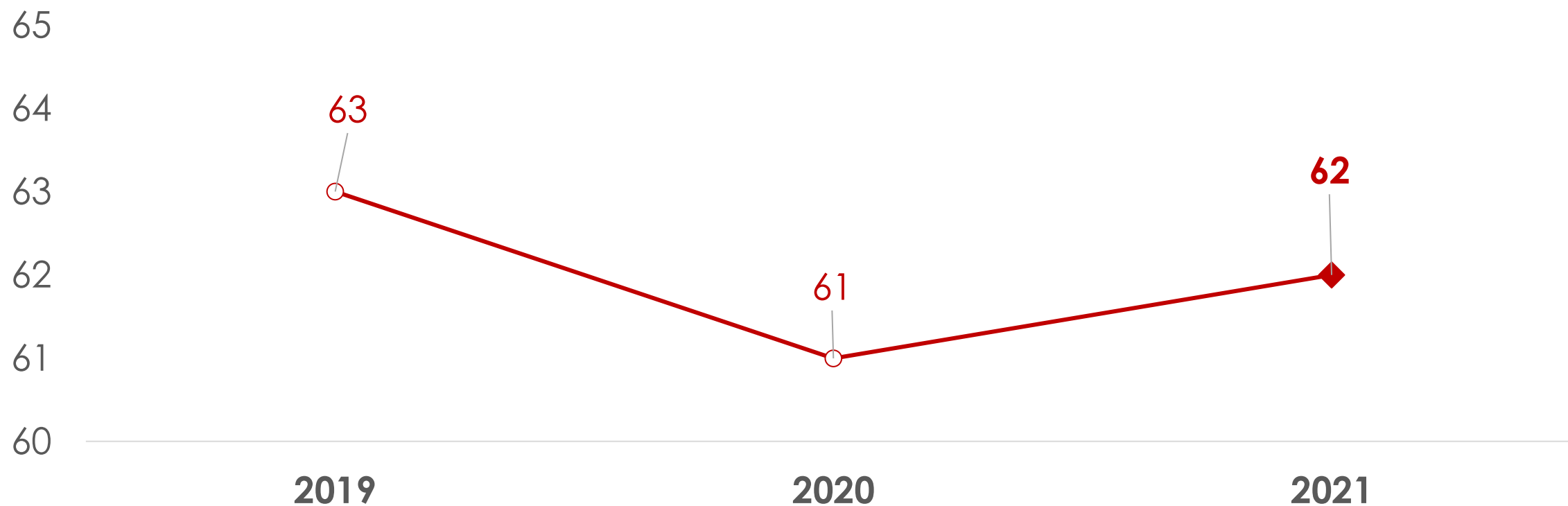
across the ages of 21 to 65 in Singapore.

What is Singapore's Financial Wellness Index Score in 2021?



In 2021, the OCBC Financial Wellness Index (FWI) for Singapore is 62.

OCBC Financial Wellness Index (2019-2021)



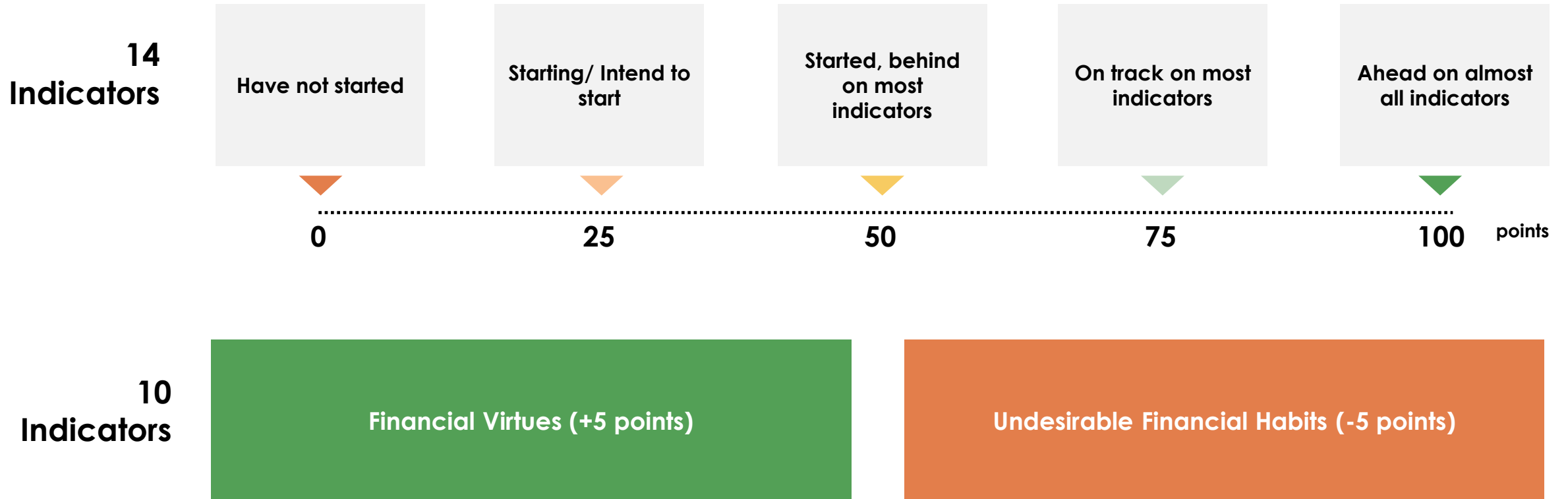


This year, we found the Covid-19 pandemic – and its resulting economic impact and uncertainties – has made Singaporeans adopt better financial habits.

Many are using digital financial tools to plan and invest, and they achieve better Index scores than those who do not.

More millennials and women are investing to grow their wealth. Singaporeans are also scoring better in retirement, and more are choosing simpler lifestyles for when they retire.

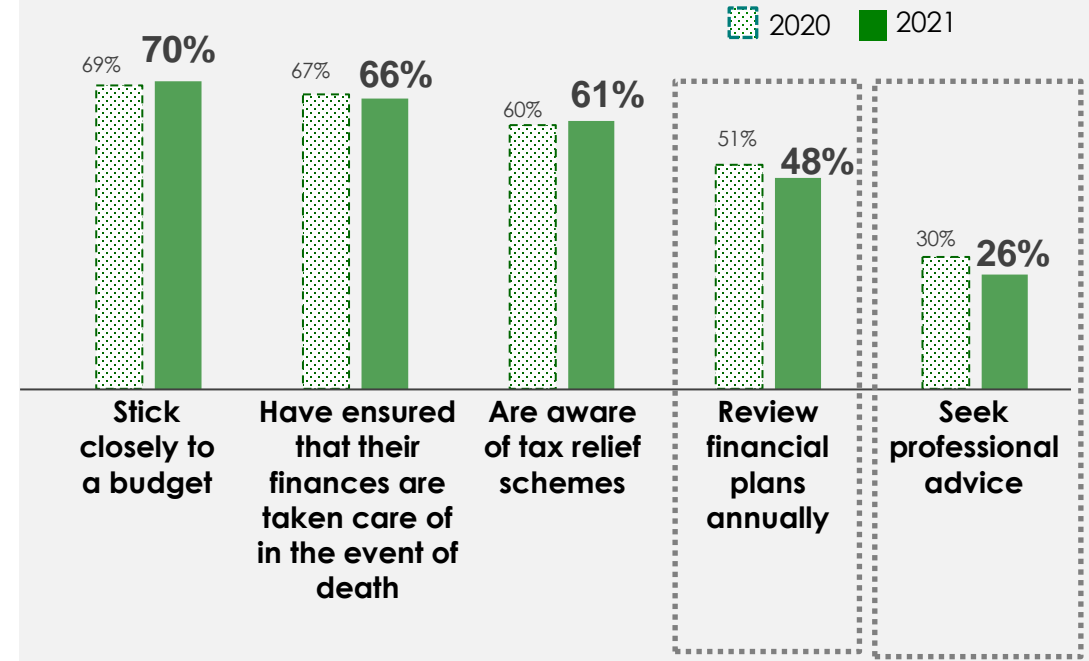
To have a consolidated assessment of Singaporeans' financial wellness, scores are allocated to responses accordingly



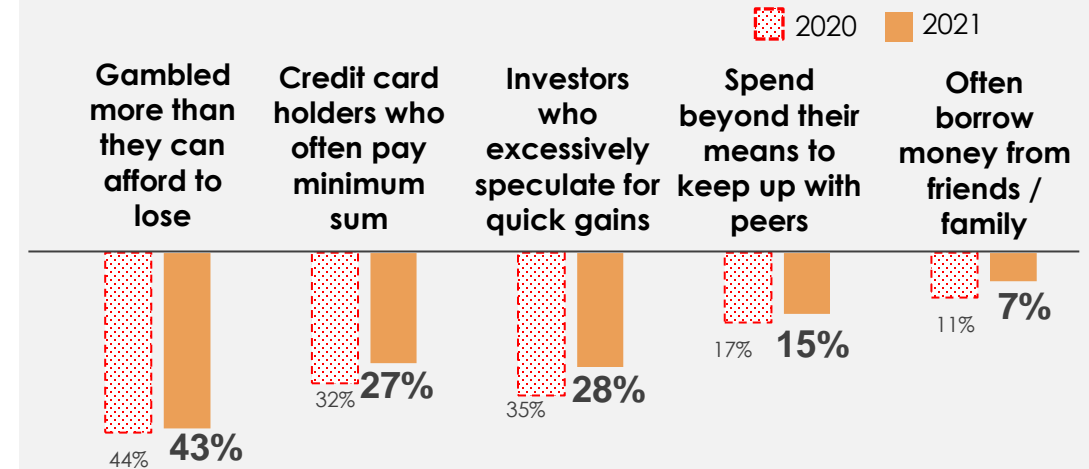
OCBC Financial Wellness Index 2021 Score of 62 is derived from these 24 indicators



Singaporeans continue to practise most financial virtues...



...at the same time reducing undesirable financial habits



*Calibrated results due to the financial environment

Financial Wellness Index 2021: Key Findings

1.

Economic uncertainties from Covid-19 pandemic has made Singaporeans adopt better financial habits

Singaporeans consistently saved to accumulate funds

Better management of debts and housing loans

Stronger confidence in the economy in the next 12 months

2.

Close to half of Singaporeans use digital financial tools and achieve better Index scores than those who do not

Those who used digital financial tools had a higher score than those who did not use any, but lower than those who coupled it with professional advice

Investors who use digital financial tools coupled with seeking professional advice feel more confident & knowledgeable and are more on track with their investments

3.

Younger millennials are investing a lot more than before, and in a wider range of investments

Millennials in their 20s are investing in higher volatility investments such as cryptocurrencies, foreign stocks and ETFs

Millennials in their 20s are not seeking professional financial advice, resulting in less of them achieving their investment target

Financial Wellness Index 2021: Key Findings

4.

More women are growing wealth for their own sake

More women are investing and more are prioritising their own financial needs

Women who are not investing find “investments too risky” and “do not know much about investing”

5.

Singaporeans are scoring better in retirement, and more are choosing simpler lifestyles when they retire

While retirement planning is back on Singaporeans' radar, it is still a neglected area

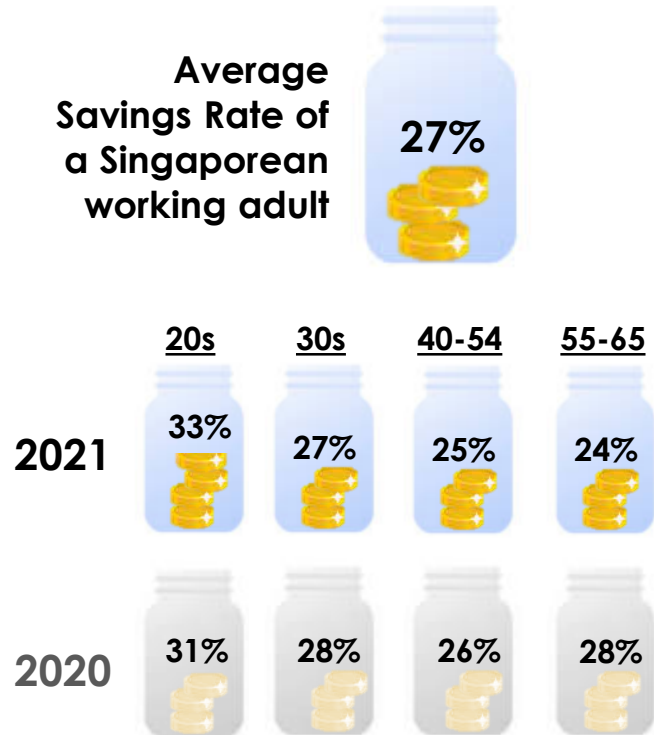
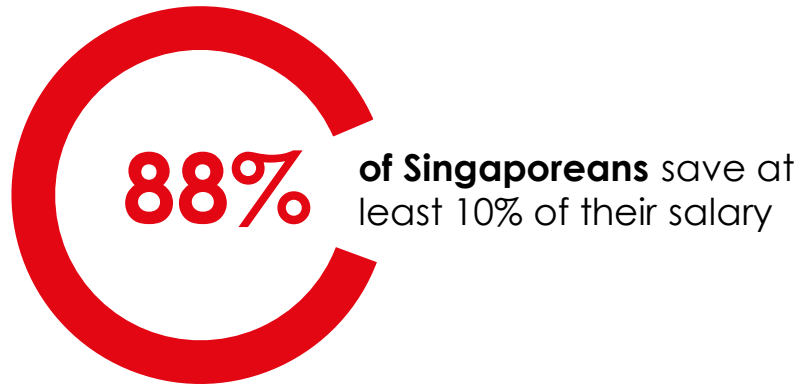
We continue to find that those who contribute regularly to their retirement plans are more on track in achieving their retirement goals

While more Singaporeans are choosing to retire with a lifestyle requiring ~\$2,300 per month, more are still underestimating the amount needed

The Covid-19 pandemic and its resulting economic uncertainties has spurred Singaporeans to pay more attention to financial matters



Singaporeans continue to be high savers; at the same time, fewer are committing undesirable financial habits



*Percentage of monthly income set aside as cash savings

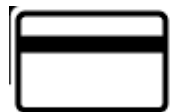
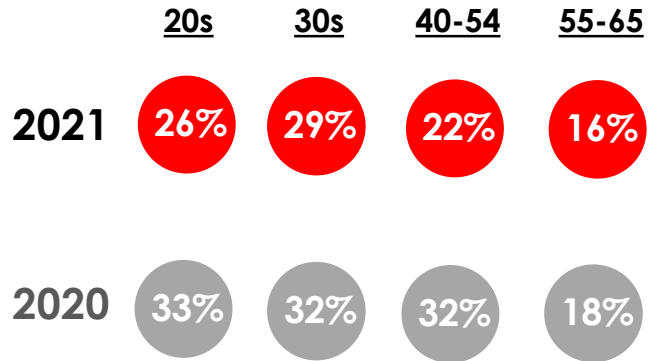
	<u>20s</u>	<u>30s</u>	<u>40-54</u>	<u>55-65</u>
<i>Stick to budget</i>				
	71% +2%	71% +2%	69% +2%	72% -2%
<i>Spend beyond means to keep up with peers</i>				
	12% -3%	20% +1%	13% -2%	10% -6%
<i>Borrow money from friends/family</i>				
	9% -3%	11% -5%	5% -4%	3% -4%
<i>Investors who excessively speculate</i>				
	35% -4%	31% -12%	25% -8%	17% -11%

Less have unsecured debt and more are better at debt management



24% -6%

of Singaporeans have unsecured debt*

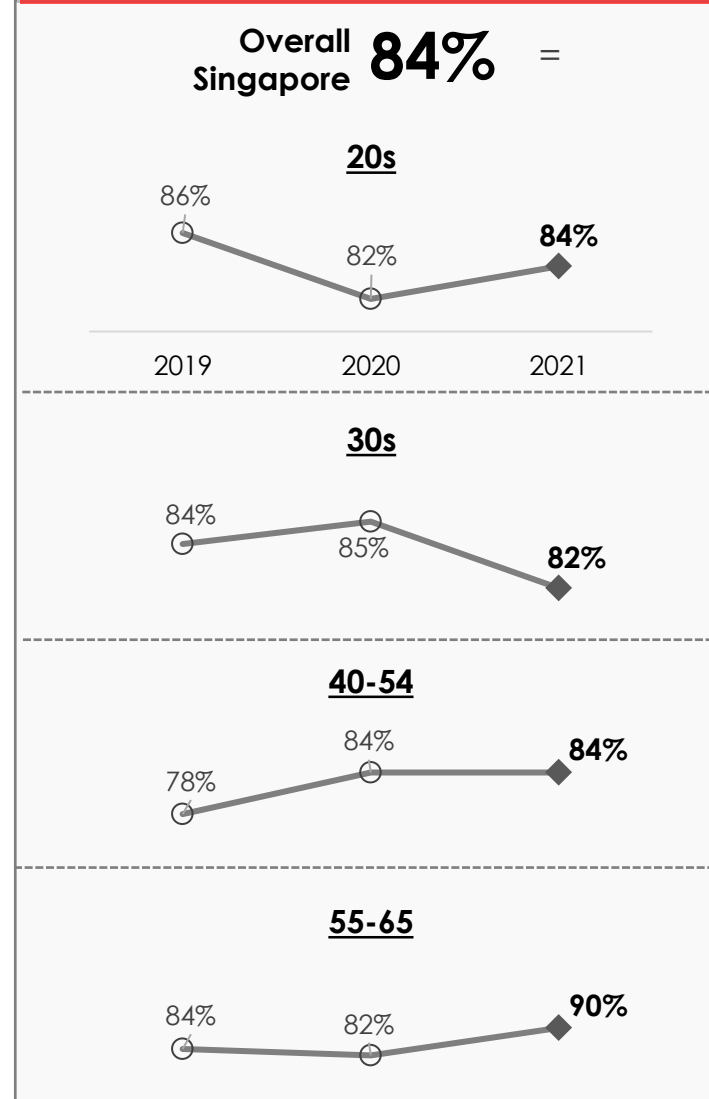


Credit Card Debts

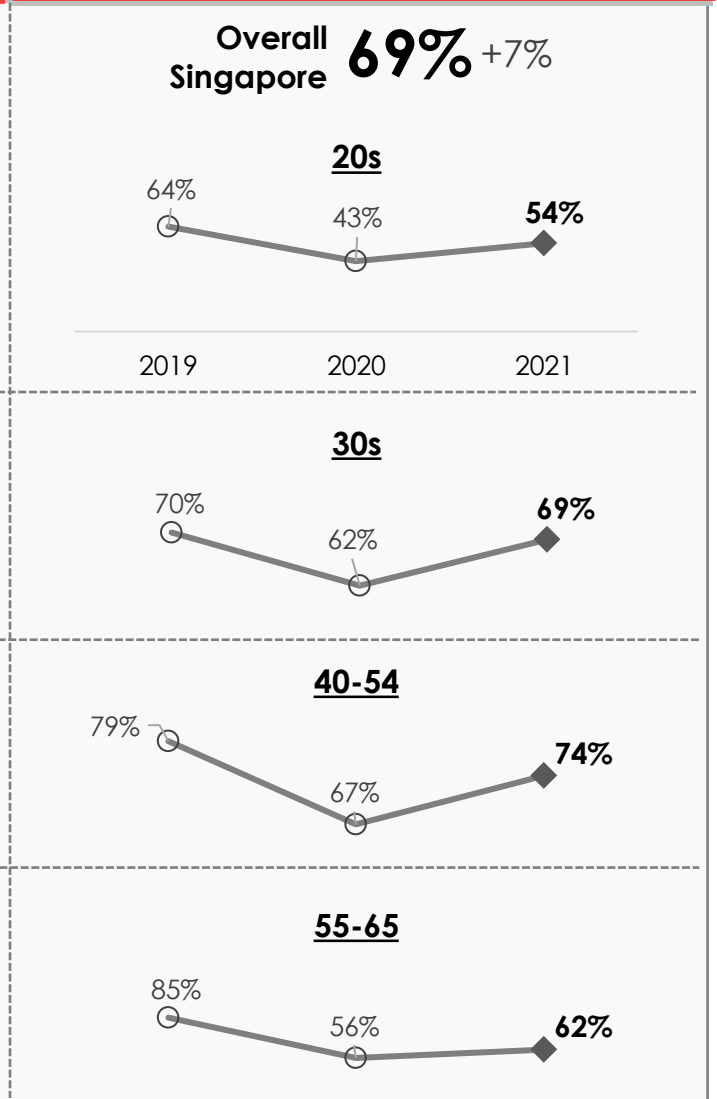
51% -2%

Often pay only the minimum sum required

Management of Unsecured Debt
"I am paying it off ahead of time + I am paying it off on time every time."



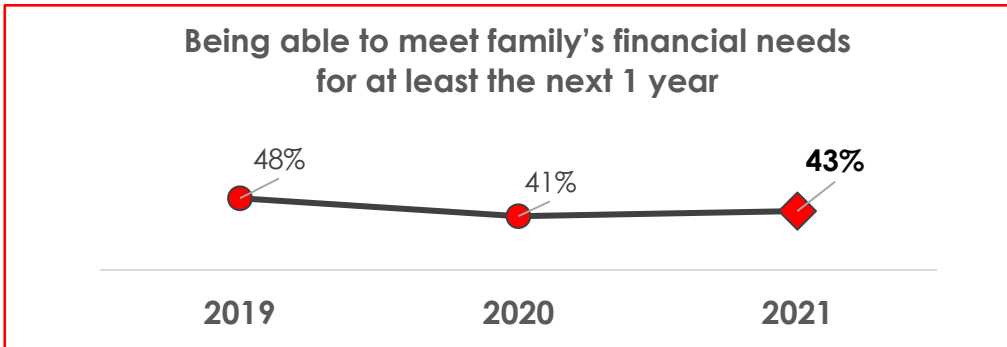
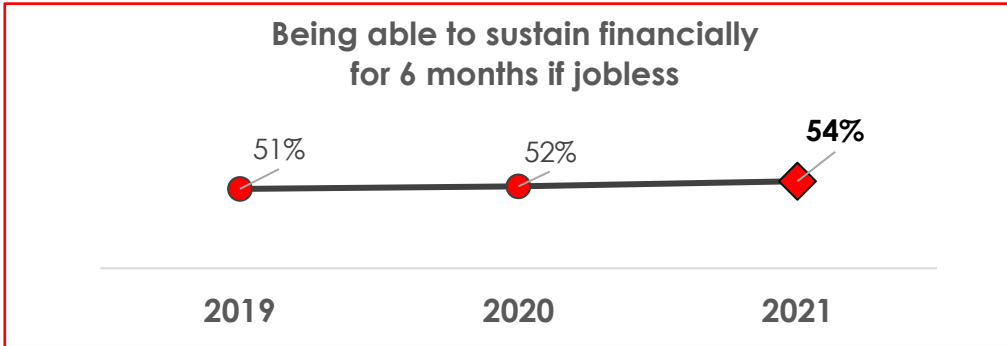
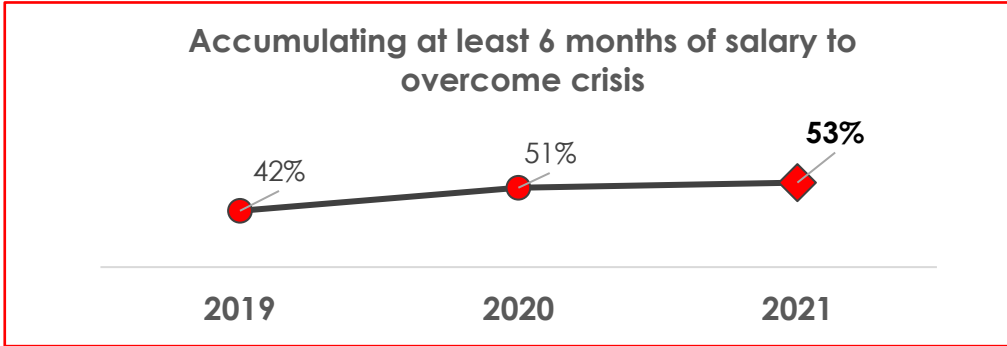
Ability to pay off housing loan
"I am able to pay my monthly instalments on target."



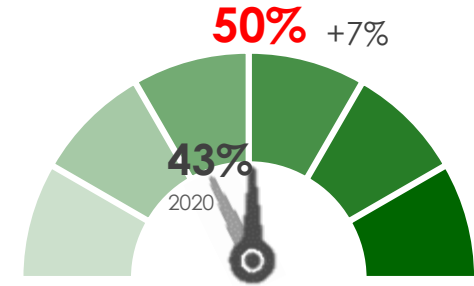
*Including credit card debt, personal line of credit, education loan, renovation loan (excludes housing loan)

More are better prepared for rainy days and there is a greater sense of optimism

Started and meeting target + Started and exceeding target



I am confident the economy will be better in the next 12 months



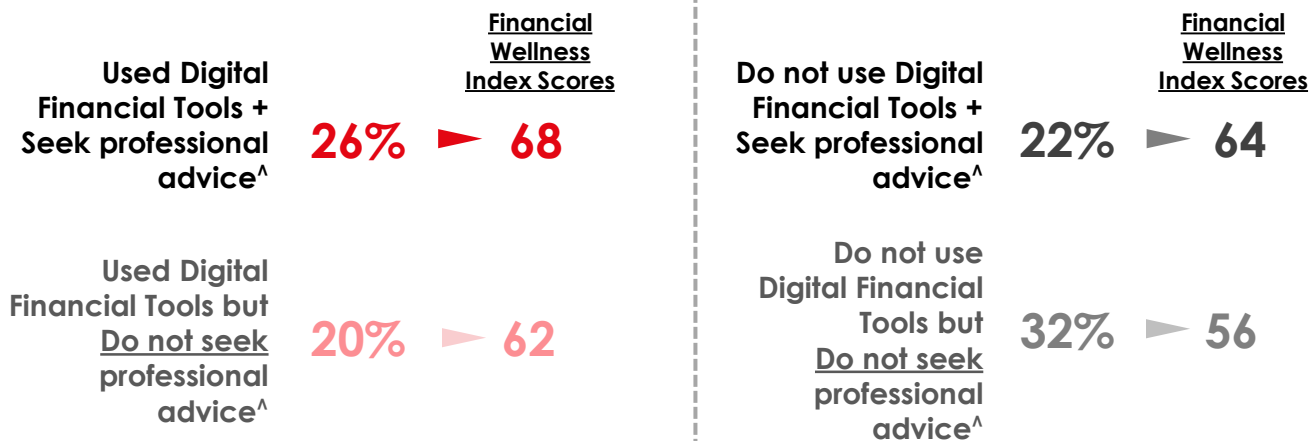
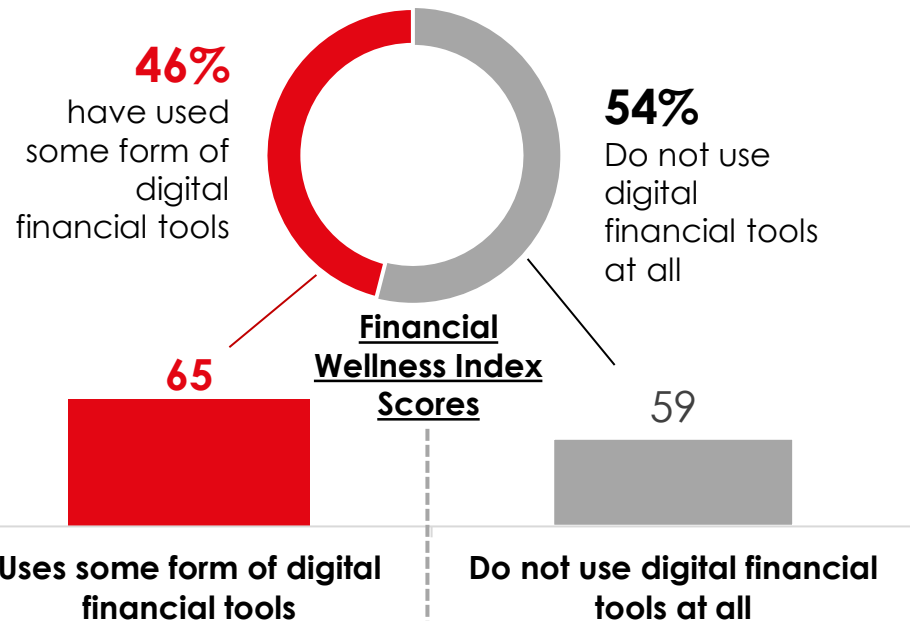
	<u>20s</u>	<u>30s</u>	<u>40-54</u>	<u>55-65</u>
Worried about money in the last 7 days				
	47%	43%	37%	22%
	-11%	-13%	-16%	-25%
Worried about not having enough money to take care of my loved ones				
	62%	60%	53%	45%
	-11%	-4%	-8%	-13%
Worried about not having enough money to take care of myself				
	60%	56%	52%	47%
	-4%	-8%	-9%	-11%

Close to half of Singaporeans use digital financial tools and achieve better Index scores than those who do not

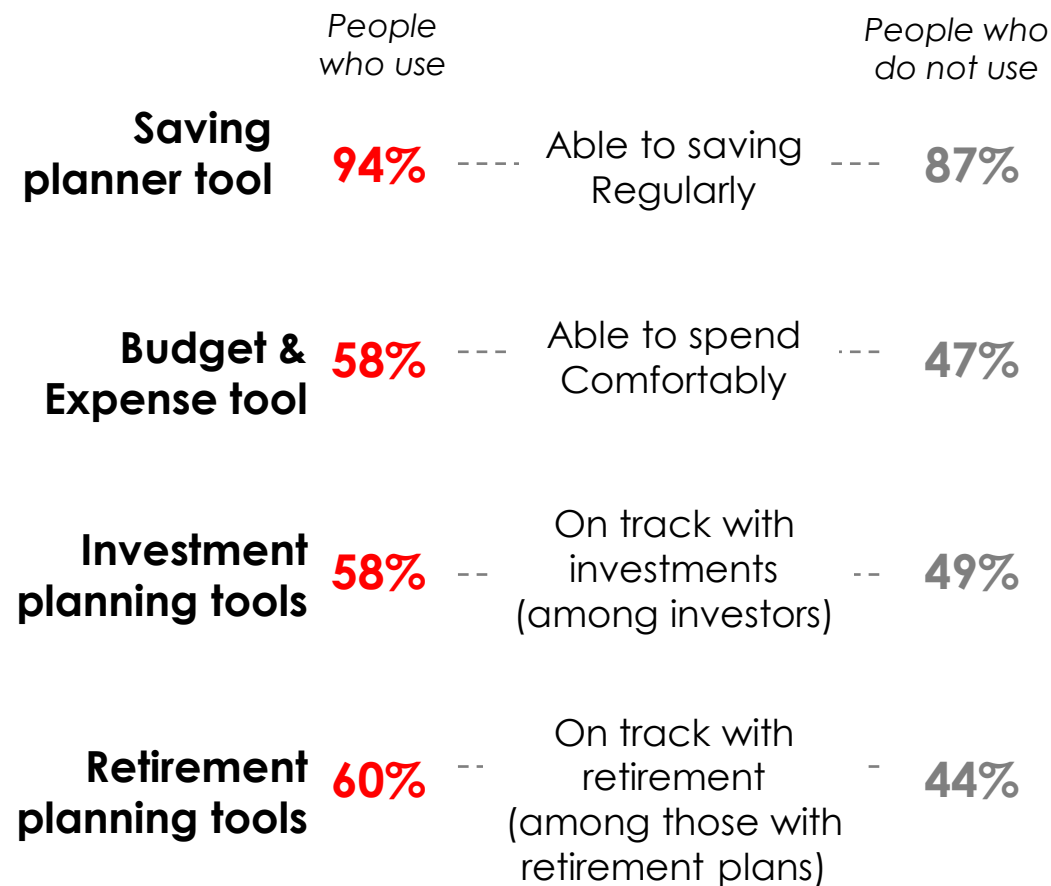


Those who used digital financial tools had a higher score than those who did not use any, but lower than those who coupled it with professional advice

Question: Have you used any digital financial tools* before?



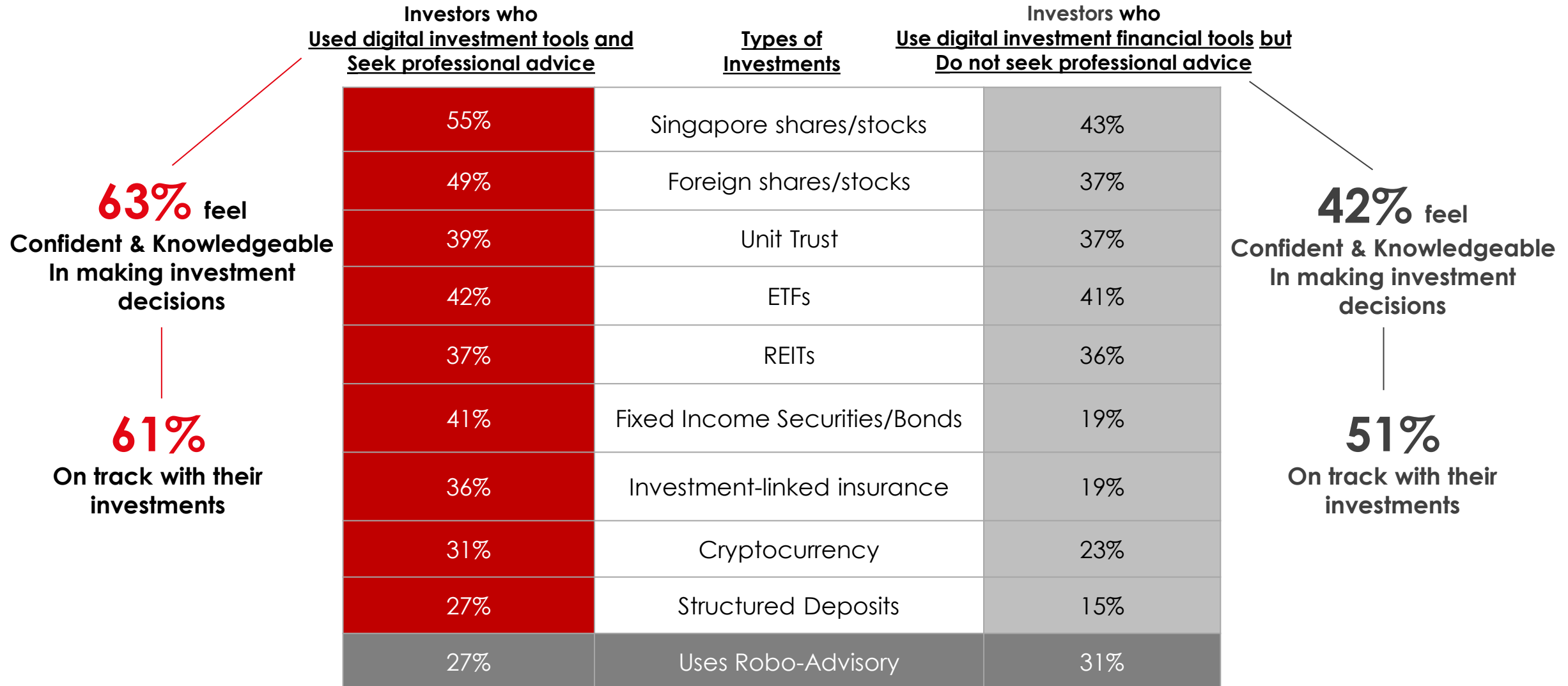
Usage of tools and its impact on the respective pillar



*Including any of Budget & expenses management tool, Debt management tool, Savings planner, Retirement amount calculator, Retirement goals planner & tracker, Children education calculator, Children education planner & tracker, Buying a new house calculator, Travel fund planner & tracker, Investment portfolio planner, Investment portfolio management tool

[^]Including seeking advice from any of Personal financial advisors, Bank analysts & advisors, Seminars held by financial institutions/private organisation

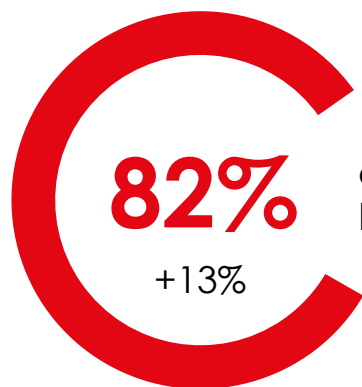
Investors who use digital investment tools coupled with seeking professional financial advice potentially feel more confident & knowledgeable and are more on track with their investments



Younger millennials are investing a lot more than before, and in a wider range of investments



Highest growth in investors among the 20s and they are investing in a wider range of investments



of Singaporeans
have investments

Top Priorities

% Chosen
as Top 3

Take care of my loved
ones financially

53%

Grow my own wealth

53% +2%

Plan for my retirement

51% +6%

	<u>20s</u>	<u>30s</u>	<u>40-54</u>	<u>55-65</u>
Have Investments	86% +22%	84% +16%	81% +12%	79% +6%
<u>Types of Investments</u>				
Singapore shares/stocks	35%	42%	53%	60%
Unit Trust	26%	30%	33%	38%
Foreign shares/stocks	35%	34%	25%	20%
Fixed Income Securities/Bonds	30%	27%	21%	25%
REITs	28%	29%	23%	18%
ETFs	35%	28%	21%	15%
Investment-linked insurance	17%	25%	26%	25%
Structured Deposits	12%	18%	18%	22%
Cryptocurrency	24%	21%	11%	6%
Avg. no. of investment types	3	3.4	2.8	2.6
Excessively speculate Among investors	35% +4%	31% -12%	25% -8%	17% -12%

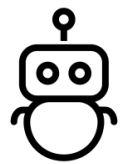
For Millennials in their 20s who seek professional financial advice and use digital financial tools – more of them are on track in meeting their investment target

20s 30s 40-54 55-65
Sources of Investment advice and information for investors

	Online articles /forums	61%
	Family/ Friends	52%
	YouTube	54%
	Financial Advisor	30%
	Seminars by FIs	18%
	Bank Analysts	19%

Among investors in the 20s, % who are on track with investments **51%**

58% on track with investments	
Do not use investment tools	Also use investment tools
53% On track with investments	64% On track with investments



Think AI can make better investment decision than me				
43% +1%	40% +1%	32% +1%	26% +1%	
Use Robo-Advisory				
22%	16%	8%	4%	

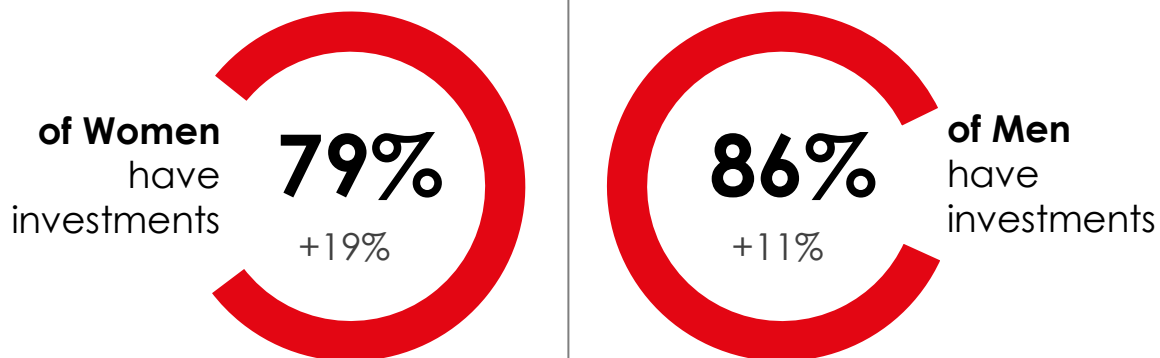
Use investment tools but **DO NOT** seek any professional advice

45%
On track with investments

More women are growing wealth for their own sake



More women are investing and more are prioritising their own financial needs



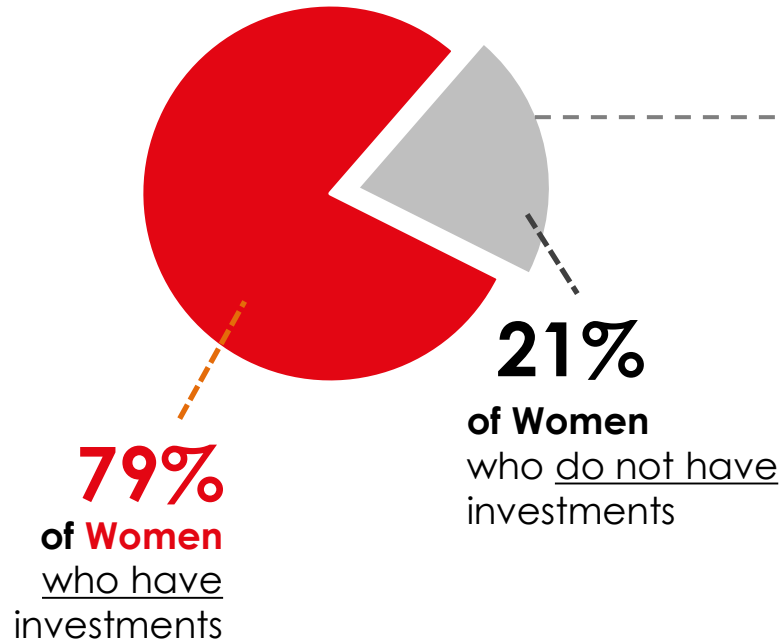
<u>Women</u> % Chosen as Top 3)	<u>Top Priorities</u>	<u>Men</u> % Chosen as Top 3)
47%	Take care of my loved ones financially	57%
+5% 56%	Grow my own wealth	50%
+5% 52%	Plan for my retirement	50% +7%

Women		Men
-2% 40%	Don't know the best way to grow their money	35% +3%
-3% 35%	Deem investing as gambling	33% +3%
2.8	Avg. no. of types of investment product own	3.2

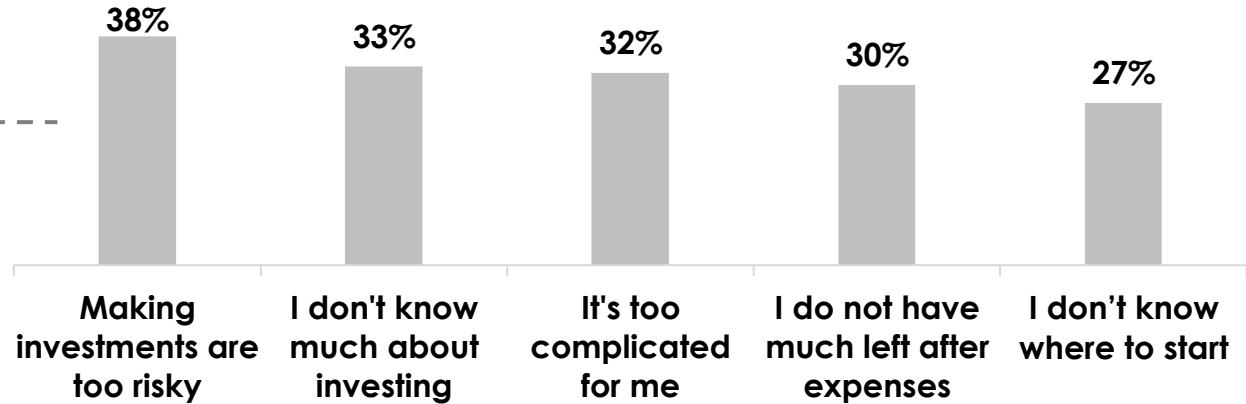
Sources of Investment advice and information for investors

54%		Online articles / forums	56%
56%		Family / Friends	41%
35%		YouTube	47%
30%		Financial Advisors	30%
24%		Seminars by FIs	27%
20%		Bank Analysts	22%

Women who don't invest find "investments too risky" and "do not know much about investing"

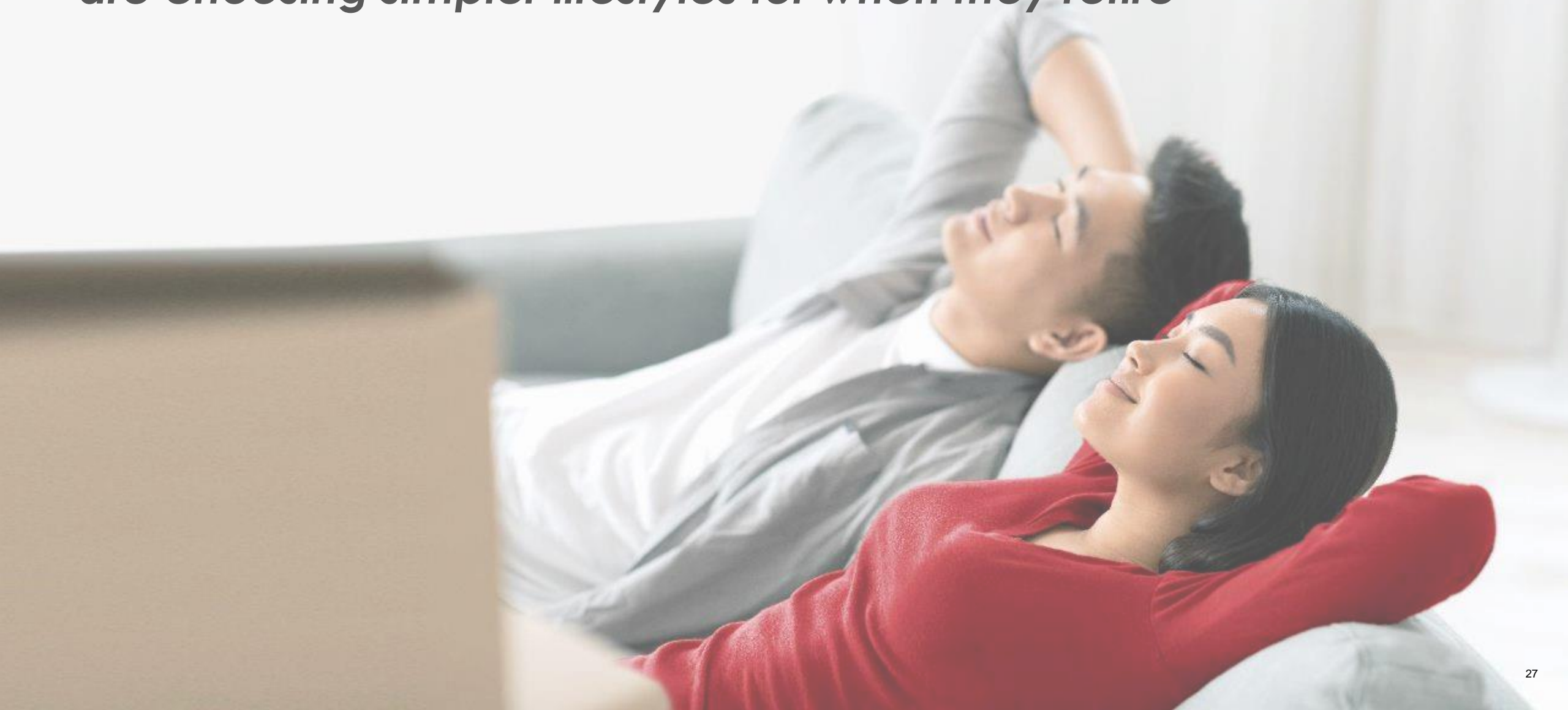


Top 5 reasons why women have not started investing



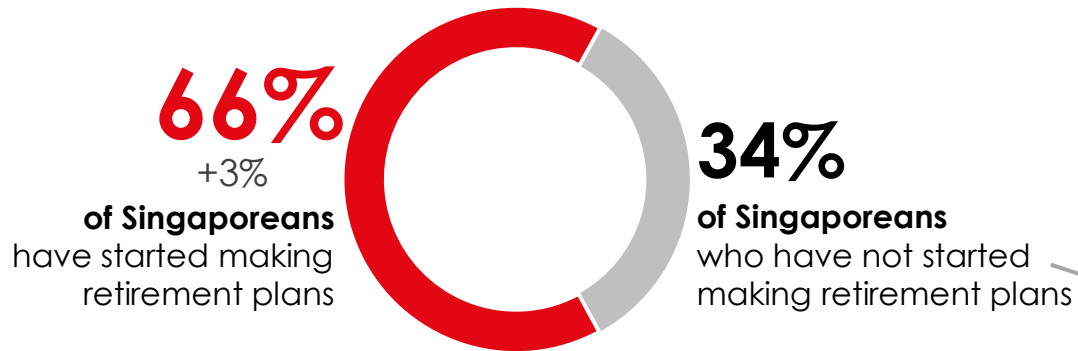
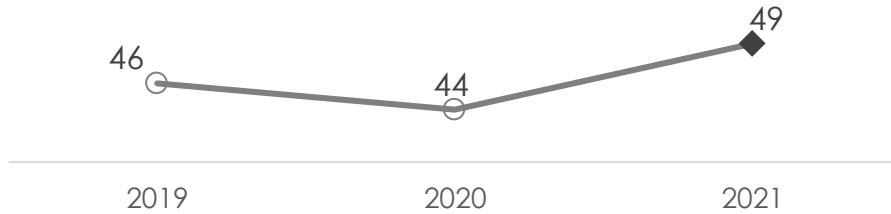
	<u>20s</u>	<u>30s</u>	<u>40-54</u>	<u>55-65</u>
<i>I don't know the best way to grow my money</i>				
Non-investors	59%	55%	57%	39%
Investors	42%	34%	37%	24%
<i>Worried about not having enough money to take care of myself</i>				
Non-investors	75%	69%	63%	57%
Investors	63%	59%	56%	43%

Singaporeans are scoring better in retirement, and more are choosing simpler lifestyles for when they retire



While retirement planning is back on Singaporeans' radar, it is still a neglected area

Index Score for Retirement (2019-2021)



	<u>20s</u>	<u>30s</u>	<u>40-54</u>	<u>55-65</u>
Have retirement plans				
	58% +7%	67% +7%	65% =	79% +4%
On track with retirement plans				
	33% +8%	41% +2%	57% +14%	62% +17%

Among those who have not started retirement planning, the average years before they will start planning are...

7 years **6 years** **5 years** **2 years**

Top Priorities

% Chosen as Top 3)

Take care of my loved ones financially	53%	
Grow my own wealth	53%	+2%
Plan for my retirement	51%	+6%

Why have you not started financial planning?

- 31%** I don't know where to start
- 30%** I'm living from hand to mouth I don't have excess for financial planning
- 29%** I have no time to do it

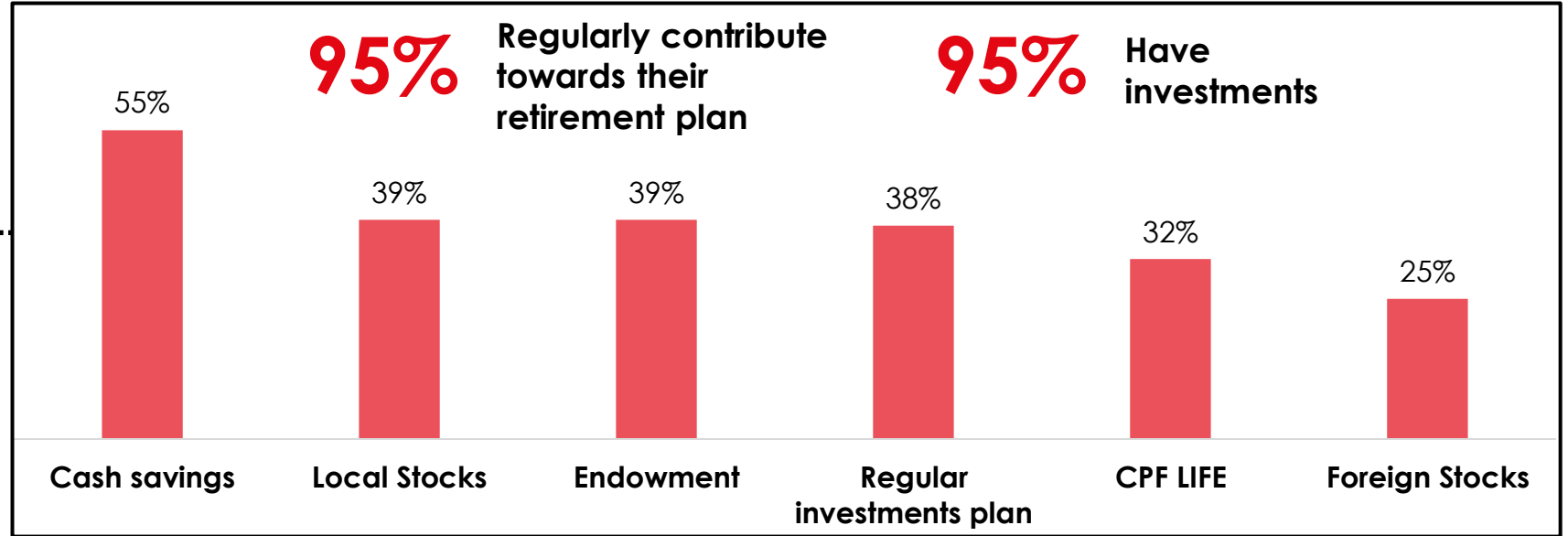
We continue to find that those who contribute regularly to their retirement plans are more on track in achieving their retirement goals

Singaporeans who have started making retirement plans

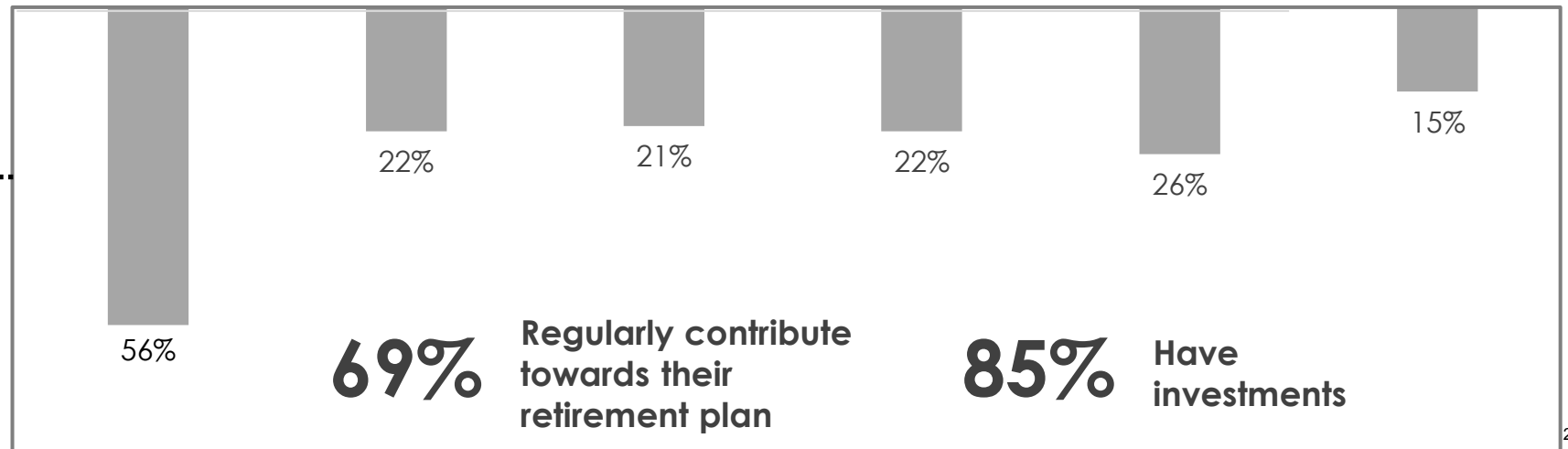
49%

are on track with their retirement plans

Ways of accumulating Retirement Funds



51%
are not on track with their retirement plans



We asked Singaporeans to choose their preferred retirement lifestyles

Retirement Lifestyle A
Eats at home, food courts & hawker centres
Owens & lives in a HDB property
Commutes via public mass transport
Medical consultation/ treatment at polyclinics and government hospitals
No domestic helper
Regional holidays 2 times a year e.g. Thailand, Hong Kong

\$2,355 

In today's value

Retirement Lifestyle B
Eats at food courts, hawker centres & mid-range restaurants
Owens & lives in a HDB property
Commutes via taxi or owns a mid-range car
Medical consultation/ treatment at General Practitioner and government hospitals
Employs part-time domestic helper
Regional holidays 3 times a year e.g. Thailand, Hong Kong, Korea

\$2,970 

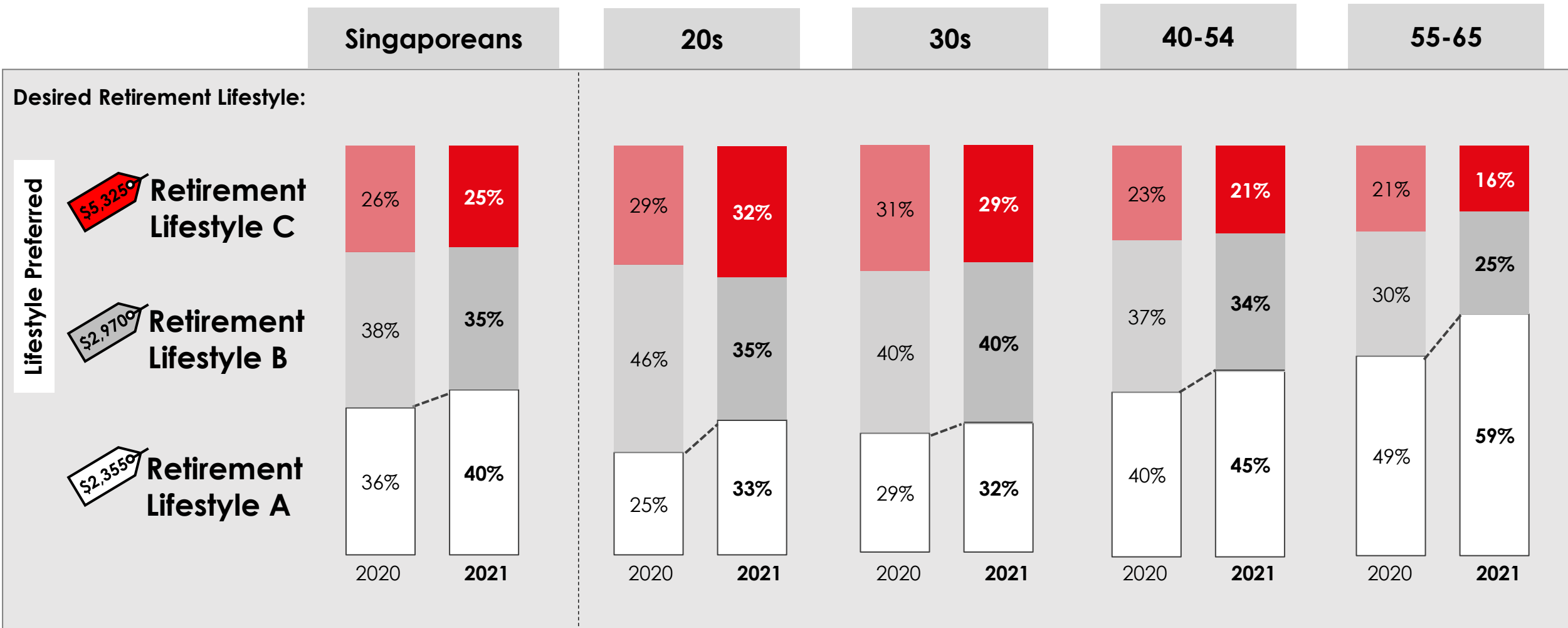
In today's value

Retirement Lifestyle C
Eats at mid-range & fine-dining restaurants
Owens and lives in private property
Owens a high-end car
Medical consultation / treatment at General Practitioners and private hospitals
Employs a full-time domestic helper
International holidays 2 times a year e.g. Europe, America
Enjoys lifestyle & wellness experiences

\$5,325 

In today's value

While slightly more Singaporeans are choosing a simpler retirement lifestyle...



...more are still underestimating the actual sum required for their ideal retirement lifestyles, but there are marginal signs of the gaps narrowing

Among Singaporeans	Proportion of Singaporeans who underestimated amount needed for their ideal retirement		On average, they underestimated by		<i>I am worried about not having enough for my retirement</i>	<i>I am worried about not having enough money to take care of myself</i>
	2020	2021	2020	2021		
	78%	81%	32%	31%	58% -8%	54% -8%
20s	83%	89%	52%	46%	65% -3%	60% -4%
30s	78%	83%	33%	32%	60% -5%	56% -8%
40-54	77%	78%	27%	27%	56% -11%	52% -9%
55-65	79%	78%	24%	23%	49% -14%	47% -11%