

25 January 2021

HSBC FINFIT INDEX: COVID-19 PROMPTS PEOPLE IN HONG KONG TO HOLD MORE CASH FOR EMERGENCY

** Economic fallout does not preclude the need to save HKD4.7 million for retirement*

** Nearly 30 per cent aspire to retire at the age of 55 or below*

In spite of confidence that their cash on hand can cover for the rainy days, the Hong Kong's banking population has increased their cash holding and become more reserved in investment as the COVID-19 pandemic is casting a pall on the global economy and job market, according to the latest HSBC FinFit Study.

Two out of three respondents said their cash holding is adequate to support their basic living expenses for six months even without any income. Amid the current tough time, however, Hongkongers are keeping 66 per cent of their liquid assets in cash or savings, up 3 percentage points from the previous survey in June 2020. Despite a willingness to invest about one-third of their available funds, only less than half of the respondents count on investment products to grow their net worth. Their most favourable financial instruments include local stocks (30 per cent of respondents), HKD saving deposit (26 per cent) and HKD time deposit (10 per cent).

To make it relevant, HSBC FinFit Study takes a deep dive into a specific financial well-being related topic in each edition. The latest issue, which shed lights on retirement planning of Hong Kong's banking population, found that the average expected retirement age of people in Hong Kong is 61, and nearly 30 per cent hope to retire at 55 or below.

Maggie Ng, Head of Wealth and Personal Banking, Hong Kong, HSBC, said: "Informed financial decision relies on a truthful understanding of where we stand today. HSBC FinFit Index seeks to understand where we are in terms of financial fitness and inspire Hong Kong population to develop a robust financial habit. Many people in Hong Kong have responded to the current economic fallout by focusing on cash savings, but they should not compromise on building a long-term wealth management plan that covers various aspects of their financial ambitions, including a comfortable retirement life."

According to the Study, respondents will need HKD16,300 each month to support their retirement life. With the world's highest life expectancy of 85 years in Hong Kong, this will translate into necessary retirement savings of HKD4.7 million.

Overall, the HSBC FinFit Index dropped to 66 from 67 half a year earlier. While it does not reflect a major deterioration in the overall financial well-being of people in Hong Kong, 59 per cent of the respondents experienced money worries in the past six months, up 4 percentage points. In particular, respondents were unnerved by pay cut or income reduction, lower investment return and unexpected expenses.

The Study also reveals that the top financial goal for the 50-64 age group is retirement, while the middle-aged (35-49 years) and younger (18-34 years) individuals aim to buy a domestic property and pursue further study respectively. However, about 40 per cent of them have yet to start saving for their financial goals.

Amid the current economic downturn, only 36 per cent of the respondents are confident in having enough saving for retirement, down 2 percentage points from previously. Unsurprisingly, the 50-64 age group are most unsettled about inadequate savings as retirement is around the corner.

Ng continued: “Financial ambitions evolve over different stages of life. To accommodate these ambitions, one should take a holistic approach for financial and retirement planning so that the overall assets can be deployed strategically to fulfil personal goals at different times. For instance, the property that you have purchased at a younger age can potentially be an important asset to finance your post-retirement expenditure.”

In constructing the FinFit Index, HSBC is the first bank in Hong Kong which adopts an algorithmic approach by combining external survey responses with internal customer data in a financial behaviour study. Conducted in September and October in 2020 to measure the financial fitness of Hong Kong people in four areas: financial habits, financial knowledge, financial planning, and financial security & safety, the Study covered a sample of 1,507 respondents aged between 18 and 64 years which is representative of Hong Kong’s population in terms of age and gender based on census data.

For more information about HSBC FinFit Index or to obtain a personal FinFit score, please visit www.hsbc.com.hk/finfit.

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Note to editors:

Photo caption



The Hong Kong’s banking population has increased their cash holding and become more reserved in investment as the COVID-19 pandemic is casting a pall on the global economy and job market, according to the latest HSBC FinFit Study. Maggie Ng, Head of Wealth and Personal Banking, Hong Kong, HSBC (pictured here) said the

focus on cash savings should not preclude building a long-term wealth management plan that covers various aspects of their financial ambitions.

The Hongkong and Shanghai Banking Corporation Limited

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