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HONG KONG PEOPLE REMAIN RESILIENT WITH A FINFIT SCORE OF 65/100 DESPITE COVID-19 PANDEMIC

*The “very fit” can save enough for home purchase nine years faster than the “unfit”
Homebuyers prioritise green space and sports facilities over travel convenience
The “very fit” make full use of multi-channels to support their financial needs
HSBC continues to invest in digital tools to empower money management*

Hong Kong people have generally remained financially fit, staying disciplined with their spending and loan repayments despite the prolonged Covid-19 pandemic, which has hit their household income and undermined their ability to save and invest, according to the latest HSBC FinFit Study. To achieve their financial goals, respondents have not let their wealth plans go astray, with property ownership among their top priorities.

Hong Kong people scored of 65 out of 100 in the study, largely unchanged from 66 in 2H 2020. The score was calculated by assessing the study group's four key performance indicators – financial habits, knowledge, planning, as well as cyber security and safety awareness. The majority (61 per cent) of respondents were identified as “moderately fit” (scored between 50 and 80), an increase from 54 per cent in the previous study, while those categorised as “very fit” dropped to 20 per cent from 27 per cent.

Although respondents have managed to control spending and settle bills and card payments on time, the pandemic has eroded their ability to accumulate wealth. The proportion of respondents with saving habits dropped 7 percentage points to 61 per cent; just around one-third of respondents have used financial products to grow their assets over the past six months, compared to 47 per cent in the last survey.

Sami Abouzahr, Head of Investments and Wealth Solutions, Wealth and Personal Banking, Hong Kong, HSBC, said: “Financial fitness is a crucial aspect of broader personal wellbeing, especially in times of adversity. The FinFit Study reveals that the pandemic is putting a toll on Hong Kong people's savings and investment habits, highlighting the importance of having a robust financial plan in place to deal with the unexpected and to achieve longer term ambitions. With the vision of becoming the leading wealth manager in Asia, HSBC is committed to providing tailored and comprehensive wealth solutions for customers across the wealth continuum at different stages of their life.”

With home purchase a common financial goal for Hong Kong people, the study analysed the financial health and habits of respondents who plan to

purchase or switch properties. In particular, it focused on how the pandemic has affected their money management, preferences and appetite.

The study highlighted that 41 per cent of respondents will avoid splurging / indulgent spending in order to save for a property, while 39 per cent will turn to more active investments with a view to speed up the process. Overall, respondents expected to take 17 years on average to save enough for a down payment; 52 per cent of them would count on financial support from their relatives.

The “very fit” homebuyers take nine years less than the “unfit” to save enough for a down payment

It takes less time for the “very fit” (scored 80 or above) to reach their down payment milestone: 13 years compared to 22 years for the “unfit” (scored below 50), reflecting the relative strength in the former’s financial awareness and discipline. On average, the “very fit” start to invest at the age of 27, versus 30 for the “unfit, in which the compound effect from the 3-year delay could mean a huge loss in opportunity. The “very fit” are also more mindful of personal spending and tend to regularly review their financial plan.

Homebuyers’ preferences on property types have also evolved amidst the pandemic. Up to two-thirds indicated that a healthier living environment with green space and sports facilities has become more important since the pandemic. Alongside the popularity of remote working, only 19 per cent of respondents agree that proximity to central business district is still important in home purchase.

Catherine Chui, Head of Mortgages, Wealth and Personal Banking, Hong Kong, HSBC, said: “Home purchase is one of the biggest investments in life; therefore, it should be adequately considered as part of anyone’s long term financial planning. As a leading mortgage service provider, HSBC provides comprehensive services to help customers understand their affordability and identify the right mortgage plan. The COVID-19 pandemic may have created financial uncertainty for some. We are offering the mortgage pre-approval service to give our customers peace of mind before making a property purchase decision.”

The study also took a deep dive into other common characteristics of the “very fit”, who usually stand a higher chance of realising their financial dream. The “very fit” tend to hold a more diversified portfolio with different asset classes, coupled with sufficient consideration for insurance protection. Over 90 per cent of them regularly review their financial plan and investment portfolio, while four in five seek advice from professionals on investments, much higher than the average.

Make full use of multi-channels to support their financial needs

Separately, the study showed Hong Kong people adopt a multi-channel approach for banking and wealth management services. The majority of the

“very fit” (88 per cent) use multi channels (both physical networks and digital banking) to gain timely access to banking services and seek assistance, compared to the 77 per cent among the “unfit”. A paradigm shift towards multi-channels is also observed during the pandemic. Around 40 per cent of respondents indicated an increase in usage of mobile and online banking, while 30 per cent indicated a decrease in branch visit.

Brian Hui, Head of Customer Propositions, International and Marketing, Wealth and Personal Banking, Hong Kong, HSBC, concluded: “HSBC has been a trusted steward to serve the banking needs of Hong Kong people, while helping them develop the ability and right attitude to manage personal finances. Recently, we have launched a Personal Financial Management (PFM) tool known as the “Budget” on HSBC HK App to help customers track daily expenses from all HSBC bank accounts and credit cards for up to 12 months. We will continue to make HSBC HK App a coach in the pocket of customers to help them save, invest and get smarter with money.”

Launched in 2020, HSBC FinFit Study was created as a pulse check of Hong Kong people’s financial health. HSBC recently received the Investor and Financial Education Award (IFEA) 2021 – Silver Award, presented by the Investor and Financial Education Council (IFEC). HSBC FinFit initiatives were recognised for improving the local population’s financial knowledge and helping them develop healthier financial habits.

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About HSBC FinFit study:

The study was conducted in November 2021 to measure the financial fitness of Hong Kong banking population, it covered a sample of 1,500 respondents aged between 18 and 64 years which is representative of the population of Hong Kong in terms of age and gender based on census data. The FinFit index adopts an algorithmic approach by combining external survey responses with internal customer data in a financial behaviour study.

The Hongkong and Shanghai Banking Corporation Limited

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