

13 September 2017

IN A JAM: ONE IN FOUR IS 'JUST ABOUT MANAGING' AND VULNERABLE TO FUTURE FINANCIAL SHOCKS

One in four people (25%) around the world is 'just about managing' financially and this group is particularly vulnerable to future shocks, reveals HSBC's latest The Power of Protection study, *Facing the future*.

The study looks at levels of financial security in 13 countries, and the importance of planning and preparation to secure a brighter financial future. It finds that Argentina (34%) and France (32%) are the countries with the highest proportion of those who say they are 'just about managing' on a day-to-day basis but can't do all the things they want to do.

The great divide

There is a gulf in optimism between the 'just about managings' (JAMs) and those who are managing well financially. Nearly a quarter (22%) of JAMs expect their financial situation to get worse in the next three years, compared to only 6% of those who are managing well.

JAMs are struggling with competing priorities. Only 43% say they are able to balance all the demands in their life, compared to 78% of those managing well. Fifty-four percent feel stressed about the future, compared to 38% of those managing well.

Additionally, 54% are giving regular financial support to parents or adult children, and 51% of these are postponing their own aspirations in order to do this. Over a quarter (26%) say it leaves them feeling financially drained, and 24% have had to withdraw from their savings or investments.

Becoming unemployed or experiencing a sharp increase in the cost of living are rated by JAMs as the greatest threats to their financial security (both 38%).

Financial health

Having enough money to look after their family's health is the number one priority for JAMs, with 43% identifying this as most important to their financial security.

More than three in ten (31%) JAMs say that if they developed a long-term illness or disability, their family would not manage at all financially – compared to only 15% among those who are managing well.

However, less than a quarter (22%) of JAMs have insurance that would pay out a lump sum if they contracted a serious illness such as cancer, compared to 39% among those who are managing well. Just over three in ten (31%) JAMs have private medical insurance and over one in four (27%) have life insurance in place (compared to 50% and 45% among those managing well.)

The power of a plan

More than one in three JAMs (34%) have never spoken to anyone about their long term financial security if something were to happen to them.

According to Bryce Johns, HSBC's Group Head of Insurance:

“Whatever their circumstances, everyone should have a financial plan. It can help you to balance competing priorities, achieve more of what you want to do in life and help your family become more financially secure in the future. Thinking about what’s good in your life that you want to protect, and seeking professional advice if you need help, are good first steps to putting a plan in place.”

Sabbir Ahmed, Head of Retail Banking and Wealth Management, HSBC Vietnam, emphasises how vital a financial plan is in the Vietnamese context:

“The Vietnamese are now stepping into an exciting stage where household income and consumer sentiment are on the rise thanks to favourable economic prospects. The Nielsen Research¹ reveals an overwhelming proportion (82%) of Vietnamese respondents said that their financial situation had been better, the highest rate in South East Asia.

“Despite this optimism, we should not underrate the importance of financial savvy that an individual understands his finances and manages them smartly for the long term benefits of himself and his families. The better income you are likely to earn, the more you are in urgent need of that savvy.”

Based on the research findings, HSBC has identified four actions which can help people better prepare their family to face the future:

1. Identify your priorities

Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don't neglect your own aspirations when planning for the future.

2. Assess your finances

¹ The Global Premiumisation Trend Report, Q4/2016, Nielsen

Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

3. Plan for the whole family

Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

4. Talk about the future

Make time to talk to your family about the future. Discuss what could happen to them if you were to experience a life-changing circumstance and what financial safeguards you have in place. If you need help, seek professional advice.

ends/more

Media enquiries:

Tran Ngoc Anh Thu

+84 8 3520 6592

thunatran@hsbc.com.hk

Notes to editors:

Media contacts:

The Power of Protection is an independent consumer research study into global protection needs and trends, commissioned by HSBC. It provides authoritative insights into people's concerns about the future and how they are protecting themselves financially, around the world. This report, Facing the future, is the third in the series and represents the views of 13,122 people in 13 countries and territories: Argentina, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, UAE, UK and USA.

The findings are based on a survey of those aged 25 and over from a nationally representative online sample in 12 countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS between March and May 2017.

Since The Power of Protection study began in 2016, more than 30,000 people have been surveyed worldwide.

HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 3,900 offices in 67 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,492bn at 30 June 2017, HSBC is one of the world's largest banking and financial services organisations.

HSBC Bank (Vietnam) Ltd.

HSBC has been in Vietnam for more than 140 years – the bank first opened an office in Saigon (now Ho Chi Minh City) in 1870. HSBC was the first foreign bank to launch its locally incorporated entity on 1 January 2009 as HSBC Bank (Vietnam) Ltd. The bank's current network includes two branches and five transaction offices in Ho Chi Minh City, one branch and four transaction offices in Hanoi, and three full-service branches in Binh Duong, Can Tho, and Da Nang. HSBC is one of the largest foreign banks in the country in terms of investment capital, network, product range, staff and customer base.

ends/all