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Executive Summary

The *Financial Literacy Monitor* is a regular survey conducted by the Investor and Financial Education Council (IFEC) to monitor the financial literacy levels of Hong Kong people. The first wave of the study was conducted in 2015 by adopting the survey tool developed by the OECD International Network on Financial Education (OECD/INFE), and the results were included in the 30-economy comparison study of financial literacy levels issued by the OECD/INFE¹. In 2019, the OECD/INFE coordinated another round of international survey and Hong Kong participated again with 25 other economies². In 2021, in view of the economic and societal impact brought about by the COVID-19 pandemic, the IFEC conducted a new wave of the study to gauge changes in Hongkongers' money management after living in the shadow of the pandemic for two years.

Survey methodology and fieldwork execution remained consistent with the first and second rounds of the study: a thousand face-to-face interviews were conducted with adults aged 18-79 via street-intercepts across 18 districts in Hong Kong in late 2021, with quota on key demographics following the latest population census to ensure the sample was representative of the Hong Kong adult population.

This report summarizes the survey's findings, with a focus on the core components of financial literacy according to the OECD/INFE framework. And where appropriate, comparison against past findings at the total level is provided to indicate key changes.

The key research findings are highlighted below:

Impact of the COVID-19 pandemic on people's financial lives: reduced income and more prudent spending

Remark: The last wave of the Financial Literacy Monitor was conducted in November 2019, on the eve of the COVID outbreak in early 2020. This wave of the Financial Literacy Monitor was conducted during late September to early November 2021, at a time when the pandemic was relatively eased-off.

- Slightly more than half (53%) of surveyed Hongkongers reported their household income was reduced or became unstable compared to pre-pandemic times, and two fifths said they saved less money. The setback is more apparent among young working adults (aged below 30) and pre-retirees (aged 50 or over).
- One in ten (11%) said they had to dig into their savings to cover basic living expenses while less than 4% reported having to borrow from friends/family or take out loans from financial institutions.
- Majority (83%) of Hongkongers reported adjusting their spending habits and becoming more prudent since the outbreak of COVID (69% cut back on spending, 37% compared prices more frequently, 34% stopped or delayed purchasing big-ticket items).

¹ OECD/INFE International Survey of Adult Financial Literacy Competencies
<http://www.oecd.org/finance/oecd-infe-survey-adult-financial-literacy-competencies.htm>

² OECD/INFE 2020 International Survey of Adult Financial Literacy
<https://www.oecd.org/financial/education/launchoftheoecdinfeqlobalfinancialliteracysurveyreport.htm>

- More prudent attitudes, together with reduced spending due to social distancing during the pandemic, seemingly strengthened people’s saving disciplines (only 8% said they did not save at all, compared with 16% in 2019), although the amount they were able to put aside shrank.
- More young adults (aged below 30) have turned to investing in stocks to accumulate wealth³ which is likely spurred on by more stay-at-home time during the pandemic and prevalence of digital trading apps. Over a quarter (28%) of the surveyed young working adults said they invested in stocks in the previous year, up from 15% in 2019; and some 18% of student respondents reported the same, compared with 2% in the previous study.

Financial literacy levels: improved financial knowledge but slacked commitment to long-term financial planning

- The overall financial literacy level in Hong Kong, indicated by a combination of scores on knowledge, attitude and behaviour, maintained at 14.8 out of a possible 21 (with a maximum of 7 for knowledge, 9 for behaviour and 5 for attitude) as in 2019.

	2019	2021
Financial knowledge	6.2	6.3
Financial attitudes	2.9	2.8
Financial behaviour	5.8	5.6
Total score	14.8	14.8

- Financial knowledge score further improves especially among the younger segments, indicating better understanding of basic financial concepts such as compounding effect and risk diversification.
- Meanwhile, behaviour score slips a bit mainly due to loosened commitment to setting long-term financial goals, with less than half (47%) reported having set long-term goals, down from 54% in 2019 (more so among mature adults aged over 30), which is also reflected in a mildly decreased attitude score measuring people’s long-term planning mindset.
- Overall, the slight drop in behaviour and attitude scores is offset by the improvement of financial knowledge score. And it is heartening to see the financial literacy score for both students and young working adults have improved compared to 2019 (Student: 14.3 vs. 13.3 in 2019, Young working adults: 14.7 vs. 14.1 in 2019), reducing their gap with the mature segments.

Financial well-being: dissatisfaction grows slightly but majority receptive to financial learning

- While a steady two fifths of Hongkongers are satisfied with their financial status, dissatisfaction grows to a quarter understandably due to reduced income during the pandemic. As with past studies, the younger segments tend to be less satisfied with their finances.

³ The OECD/INFE counts investing as a kind of saving.

- Retirement confidence also slips mildly with just 36% feeling confident they were financially well-planned for retirement (down from 39% in 2019). The decline in confidence is particularly pronounced among mature working adults aged 30-49 who are hard-pressed by responsibilities to take care of both parents and children (35% vs 46% in 2019).
- Majority (79%) of Hongkongers are receptive to learning how to better manage their finance, with about one third (35%) being active learners who proactively seek information about money management. Working adults active in their careers are particularly engaged.

Implications for financial education

Living in the shadow of the pandemic has seemingly made Hongkongers more focused on maintaining short-term financial security and may tend to lose sight of longer-term planning such as preparing financial reserves for retirement. On a positive note, Hongkongers have become more prudent with spending and open to financial learning.

Financial education initiatives could no doubt help improve financial well-being as Hongkongers seek a path out of the pandemic. More than ever, now is an excellent time to make financial education a prioritised focus:

- Financial educators can leverage the opportunity created by the pandemic – more stay-at-home time due to social distancing measures and good interest in financial learning which is likely to have been motivated by the economic uncertainties. Delivering financial education content that is pertinent to the challenges facing people during the pandemic as well as on digital platforms that people can easily access at home is key to success. While people often tend to focus on meeting short-term needs in turbulent times, it is imperative to help Hongkongers understand the importance of long-term financial planning that can enable them to weather the storms as well as thrive in good times.
- Students and young working adults continue to see lower financial literacy levels despite improvements, and they are also more discontent with their financial status. Further, the young have the most to gain from financial education, as the financial knowledge and skills they attain can be applied to the many consequential decisions they face as they go through different life stages. Targeted efforts and resources directed to the younger generations may help the youth start their journey in developing financial literacy and establish a healthy relationship with money at a young age. As championed by the OECD/INFE, financial education should start as early as possible – ideally in primary schools and even kindergartens. Further, research has shown that financial education in school is most effective when it is a required course with a rigorous curriculum and teachers who are trained to teach financial literacy⁴. Such requirements limit opportunity gaps, helping to level the playing field by ensuring that all students - not just the ones from highly resourced schools - receive essential knowledge and skills.
- Needless to say, financial education is not just for the young and should continue throughout an individual's life, and the workplace is an ideal place for continued financial learning. Employers can help improve employees' financial well-being by providing workplace financial wellness programmes, which have the power to establish a more satisfied, engaged, and productive workforce. As promoted by the Global Financial

⁴ Urban, C., Schmeiser, M., Collins, M., & Brown, A. (2015). State Financial Education Mandates: It's All in the Implementation. Finra Foundation. <https://www.finrafoundation.org/files/state-financial-educationmandates-its-all-implementation>

Literacy Excellence Center⁵, effective workplace financial wellness programs should take a holistic approach to financial health which includes adopting an integrative approach to cover different aspects of money management, as well as providing personalised coaching that takes into account employees' specific needs and financial circumstances.

- Amidst volatile markets brought by the pandemic and constant mushrooming of new investment products (such as cryptocurrencies, non-fungible tokens (NFTs), etc), investor education focusing on the basics of smart investing is more important than ever. In particular, in view of more young adults starting to invest in the financial markets, efforts in cultivating good investor disciplines among these novice investors should be stepped up.

The challenges brought by the pandemic has shown the importance of possessing the knowledge and skills to navigate an uncertain economic environment and of having the financial cushion to weather unexpected shocks. The Investor and Financial Education Council strongly believe that financial education should be part of the recovery path out of the pandemic.

⁵ Investing in Employee Financial Health
<https://gflec.org/wp-content/uploads/2019/11/Employee-Financial-Health-Nov2019.pdf?x91519>

Research Design

Background

The OECD International Network on Financial Education (OECD/INFE) has developed a “financial literacy and financial inclusion measurement toolkit”, which incorporated a core questionnaire and methodological guidance. It is designed to collect comparable information on the knowledge, attitudes and behaviour of the adult population that can be used to establish scores to indicate their levels of financial literacy. This study adopts the toolkit developed by the OECD/INFE, with adaptations to answer options taking into account local context as well as new questions customised for the Hong Kong market.

Research Objectives

- To gauge the latest financial literacy levels of Hong Kong people in terms of financial knowledge, attitudes and behaviour.
- To investigate impact of the Covid-19 pandemic on people’s money management by comparing findings against the last wave conducted in 2019.

Target Respondents

- Hong Kong residents aged 18 to 79
- Both Chinese and non-Chinese residents were included to collect a representative sample of the total population of Hong Kong

Sample Size

- In total 1,075 interviews were completed, include
 - 1,002 main samples
 - 73 booster samples of tertiary students
(Weighting was applied to all samples to adjust the final proportion of Students with reference to Student Enrolment Statistics 20/21)
- Quotas were implemented on multiple aspects to assimilate the population with reference to the latest statistics on population distribution as of 2021 Q2 from “2020 Mid-year Population data and Quarterly Report on General Household Survey” published by the Census and Statistics Department of HKSAR Government:
 - Age and gender (interlocked)
 - Ethnicity (Chinese vs. non-Chinese)
 - Working status (working vs. non-working)
 - Living district (3 key districts in Hong Kong)
 - Monthly household income

Methodology

- **Face-to-face interviews** via street intercept and **hybrid sampling** method was adopted:
 - 501 main samples using **Tertiary Planning Unit** (TPU) sampling to ensure all geographical areas are covered
 - 501 main samples using street intercepts at **high traffic locations** as a side-by-side comparison on the sampling method
 - N=73 booster samples using street intercepts to recruit tertiary students
- All interviews were conducted in Cantonese or English.

Fieldwork Period

- Fieldwork was executed from 24th September to 15th November 2021.

Key Segments for Analysis

Five key segments are defined based on respondents' age and lifestyle in subgroup analysis:

<u>Subgroup</u>	<u>Definition</u>
Students	Individuals aged 18 to 79 and claimed they are students
Young working adults	Individuals aged 18 to 29 and are currently working (employed) or looking for work (unemployed)
Mature working adults	Individuals aged 30 to 49 and are currently working (employed) or looking for work (unemployed)
Pre-retirees	Individuals aged 50 or above and are currently working (employed) or looking for work (unemployed)
Retirees	Individuals aged 18 to 79 and claimed they are retired

Overview of the Impact of COVID-19

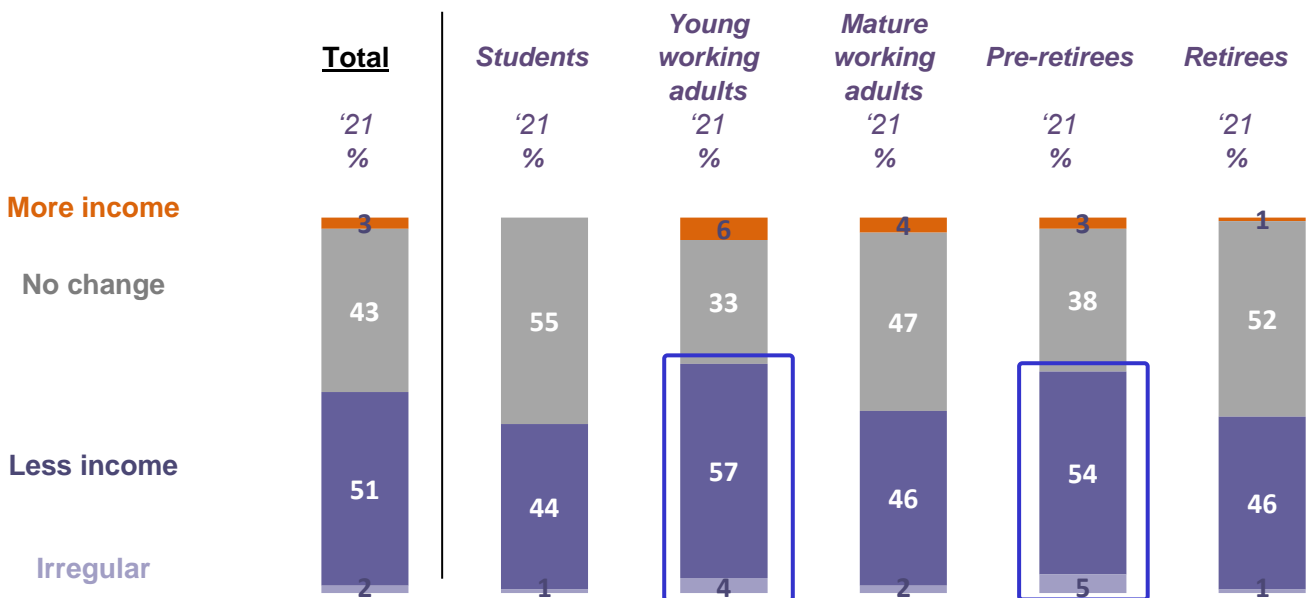
Income & Expenses

Targeted questions were included this wave to specifically investigate the impact of COVID-19 pandemic on personal finances and money management habits. Respondents were asked to answer the questions in comparison to pre-pandemic times (i.e. Year 2019).

Slightly more than half of the interviewed locals reported their household income has been cut back or become unstable compared to pre-pandemic times.

Young working adults and pre-retirees are more likely to report reduced income, perhaps reflecting reduction of their own personal income.

Figure 2.1 – Impact of COVID-19 on household income



Base: 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

Majority (83%) of Hongkongers reported adjusting their spending habits and becoming more prudent since the outbreak of COVID, which mainly involve cutting back on spending, more frequent price comparisons and postponing big purchases.

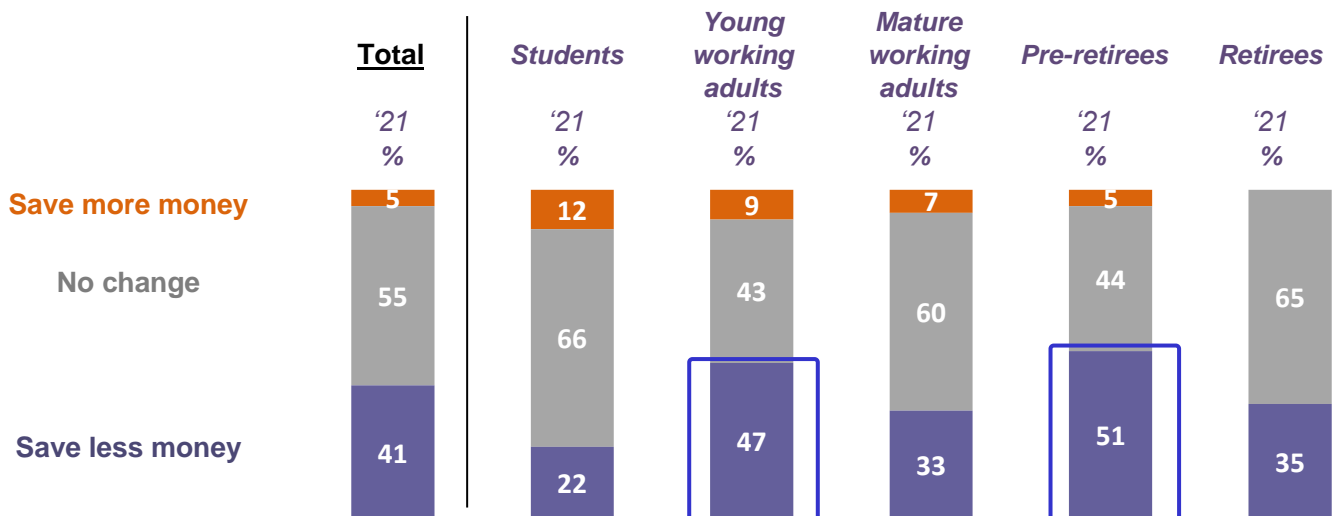
Figure 2.2 – Adjustment made due to pandemic

	Total	Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'21 %	'21 %	'21 %	'21 %	'21 %	'21 %
Cut back on spending	69	70	68	65	69	61
Compare prices more frequent than pre-COVID	37	16	37	39	28	35
Stop/ delay making big purchases	34	40	47	41	28	19
Draw money from savings to cover living expenses	11	4	9	10	11	12
Take up more jobs (e.g., part-time)	3	10	4	4	4	1
Borrow from family/ friends to cover living expenses	2	-	4	3	1	-
Use credit card for a cash advance	1	-	1	1	1	-
Take out loan from bank/ moneylender	*	-	1	1	1	-
None of the above	17	12	9	19	19	23

Base: 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

The reduced income situation poses challenge for Hongkongers to save like before, with 4 out of 10 say they save less money. Inevitably, the setback is also more apparent among the Young working adults and Pre-retirees.

Figure 2.3 – Impact of COVID-19 on saving habit



Base: 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

Financial Literacy Level

The OECD/INFE developed a financial literacy score to indicate the financial literacy level of a population under study. Composed of three components, individuals could score up to seven points in *financial knowledge*, five points in *financial attitudes*, and nine points in *financial behaviour*, with which an individual could obtain a maximum of 21 points in total.

Overall financial literacy score

Overall Financial Literacy Score from this wave is the same as 2019. The Financial Knowledge Score continues to show improvement over the years while the Financial Behaviour score weakens at the same time. Comparatively, the Financial Attitudes Score remains steady.

Younger segments see improved financial knowledge which helps to lift the overall knowledge score.

Mature segments in general still have a healthier attitude in terms of longer-term planning mindset yet pre-retirees show weaker score compared to two years ago. Mature working adults show weakened upholding of good financial behaviour.

Figure 3.1 – Average financial literacy score by key segment

	<u>Total</u>			Students '21 (13.3)	Young working adults '21 (14.1)	Mature working adults '21	Pre-retirees '19	Retirees '19
	'15	'19	'21					
Financial Literacy Score	14.4	14.8	14.8	14.3↑ (13.3)	14.7 (14.1)	15.4	15.4	13.6
Financial Knowledge Score	5.8	6.2	6.3↑	6.7↑ (6.3)	6.5↑ (6.1)	6.4	6.5	6.0
Financial Attitudes Score	2.7	2.9	2.8	2.6	2.6	2.9	2.9↓ (3.1)	2.9
Financial Behaviour Score	6.0	5.8	5.6↓	5.0	5.6	6.1↓ (6.5)	5.9	4.8

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Financial knowledge score (total of 7 points)

Seven knowledge check questions were asked to test individuals' understanding of basic financial concepts. One point is rewarded for every correct answer.

The answer option "Don't know" is included in all questions.

Financial Knowledge Score ranges from 0-7	
Inflation – Concept	<p>Imagine that five brothers are given a gift of \$1,000 in total, but they have to wait for one year to get this \$1,000 and inflation stays at 3.3 percent. In one year's time will they be able to buy:</p> <ul style="list-style-type: none"> - More with the money than they could today - The same amount - Less than they could buy today <p><i>* Score 1 point if answer "Less than they could buy today"</i></p>
Inflation – Impact	<p>High inflation means that the cost of living is increasing rapidly, True or false?</p> <p><i>* Score 1 point if answer "True"</i></p>
Interest on loan	<p>You lend \$25 to a friend one evening and he gives you \$25 back the next day. How much interest has he paid on this loan?</p> <p><i>* Score 1 point if answer "0"</i></p>
Simple interest	<p>Suppose you put \$100 into a <no fee, tax free> savings account with a guaranteed interest rate of 2% per year. You don't make any further payments into this account and you don't withdraw any money. How much would be in the account at the end of the first year, once the interest payment is made?</p> <p><i>* Score 1 point if answer "\$102"</i></p>
Compound interest	<p>And how much would be in the account at the end of five years? Would it be:</p> <ul style="list-style-type: none"> - More than \$110 - Exactly \$110 - Less than \$110 <p><i>* Score 1 point if answer "More than \$110"</i></p>
Risk and return	<p>An investment with a high return is likely to be high risk, True or false?</p> <p><i>* Score 1 point if answer "True"</i></p>
Risk diversification	<p>It is usually possible to reduce the risk of investing in the stock market by buying a wide range of stocks and shares, True or false?</p> <p><i>* Score 1 point if answer "True"</i></p>

The understanding on Inflation has improved across the board and has now become one of the more accessible financial concepts among the public, alongside with simple interest and interest on loans.

Students and Young working adults display an improved ability to grasp concepts for compound interests this time. It is also encouraging to see them to have developed knowledge on risk diversification, better if not at par with their counterparts. (Figure 3.2)

Figure 3.2 – Summary of Financial Knowledge Score

	<u>Total</u>			<i>Students</i>	<i>Young working adults</i>	<i>Mature working adults</i>	<i>Pre-retirees</i>	<i>Retirees</i>
	'15	'19	'21	'21	'21	'21	'19	'19
Average number of correct answers <i>(out of 7)</i>	5.8	6.2 ↑	6.3 ↑	6.7 ↑ (6.3)	6.5 ↑ (6.1)	6.4	6.5	6.0
<u>With correct answer on:</u>	%	%	%	%	%	%	%	%
Inflation – Concept	83	84	90 ↑	95	91 ↑ (83%)	93 ↑ (84%)	93 ↑ (86%)	83
Inflation – Impact	97	94	97 ↑	100 ↑ (94%)	98	98	97	96
Interest on loan	95	99	100 ↑	100	99	100	100	99
Simple interest	79	96	97	99	99 ↑ (92%)	97	97	93
Compound interest	58	71	74	90 ↑ (78%)	84 ↑ (71%)	78	79	61
Risk and return	96	93	93	100 ↑ (96%)	94	94	96	91
Risk diversification	74	79	81	88	87 ↑ (77%)	81	87	71

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

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Financial attitudes score (total of 5 points)

Three attitude statements are used to gauge people’s attitudes towards longer-term financial planning. Individuals report their agreement with these statements on a scale of 1-5, with 1 denoting strongly agree and 5 strongly disagree. The overall score is obtained by averaging an individual’s score of the three statements.

Financial Attitudes Score ranges from 1-5	
Average ratings of the 3 attitude statements	
<i>(Based on a scale from 1 – ‘completely agree’ to 5 – ‘completely disagree’ for the first 2 statements below, whilst on a scale from 1 – ‘completely’ to 5 – ‘not at all’ for the last statement)</i>	
Disagreement to the negative statements indicates ideal attitudes and is scored higher	
-	<i>I find it more satisfying to spend money than to save it for the long term</i>
-	<i>Money is there to be spent</i>
-	<i>I tend to live for today and let tomorrow take care of itself*</i>
* rating scale changed from “1-Completely agree, 5-Completely disagree” in 2015 to “1-Completely, 5-Not at all” in 2019	

In general, slightly more Hongkongers have adopted a “live for today and let tomorrow take care of itself” attitude and found it less gratifying to attend to long-term financial planning (i.e., saving money for the long term) compared to 2019.

Comparatively, mature segments display a healthier set of attitudes towards personal finance with their all-round higher scores. Pre-retirees shows a noticeable weakened resolve than before as more are tempted to think “money is there to be spent”.

Figure 3.3 – Agreement with statements on spending attitudes

	Total			Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'15 %	'19 %	'21 %	'21 %	'21 %	'21 %	'21 %	'21 %
Financial Attitudes Score (out of 5)	2.7	2.9	2.8	2.6	2.6	2.9	2.9↓ (3.1)	2.9
<i>I find it more satisfying to spend money than to save it for the long term*</i>	3.1	3.2	3.0↓ (3.2)	2.7	2.8	3.0	3.1	3.2
<i>Money is there to be spent*</i>	2.1	2.3	2.3	2.3↑ (2.0)	2.1	2.3	2.3 (2.5)	2.3
<i>I tend to live for today and let tomorrow take care of itself^</i>	2.9	3.3	3.2↓ (3.3)	2.8	3.0	3.3	3.3	3.2

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019

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* rating scale labeled as “1-Completely agree, 5-Completely disagree”

^ rating scale changed from “1-Completely agree, 5-Completely disagree” in 2015 to “1-Completely, 5-Not at all” in 2019 and onwards

Financial behaviour score (*total of 9 points*)

Measured on a scale of 0-9, where individuals were given points if they report ideal behaviour over different areas of day-to-day money management and financial planning, such as active saving, consider personal affordability before purchase, setting long-term financial goals, shopping around, etc.

Financial Behaviour Score ranges from 0-9	
Responsible and actively keeps track of money	1 point if personally or jointly responsible for money management AND actively keeping track of money
Actively saving	1 point for any type of active saving [^] and relevant options added at the national level
Considered purchase	1 point for respondents who always/ often “Before I buy something I carefully consider whether I can afford it”
Timely bill payment	1 point for respondents who always/ often “I pay my bills on time”
Keeping watch of financial affairs	1 point for respondents who completely agree/ agree with the statement “I keep a close personal watch on my financial affairs”
Long term financial goal setting	1 point for respondents who completely agree/ agree with the statement “I set long term financial goals and strive to achieve them”
Not borrowing to make ends meet	1 point for respondents who are making ends meet (if any) without borrowing
Choosing products wisely	2 points for respondents who use independent info while choosing the financial products 1 point for respondents who EITHER try to compare products across providers OR show some attempt to make informed decision

People's less driven attitude is also reflected in a looser habit of setting long term financial goals compared to two years ago. The deteriorated commitment is more evident among the mature segments - mature working adults who reported having set long-term financial goals slipped from 72% to 62% and Pre-retirees, 61% to 49%.

Yet it is encouraging to see students to have developed some good habits such as actively saving - looking into proactive saving means (dedicated saving accounts, investing in financial products, etc.) and not just a passive build-up of bank deposits. Paying bills on time also shows improvement.

While the score for choosing products is intended to gauge whether people are able to make informed decisions by shopping around or seek independent information when choosing financial products, the decreased score this year is largely resulted from fewer incidences of having to choose new financial products/services (likely due to social distancing measures which lead to reduced frequencies of visiting banks/meeting insurance brokers/agents, etc).

Figure 3.4 – Proportion of scored points for financial behaviours by key segments

Financial Behaviour Score (score out of 9)	Total			Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'15	'19	'21	'21	'21	'21	'21	'21
	6.0	5.8	5.6↓	5.0	5.6	6.1↓ (6.5)	5.9	4.8
Points gained in:	%	%	%	%	%	%	%	%
Responsible and actively keeps track of money (1 pt.)	55	64	63	33	47	72↓ (80%)	77	46
Actively saving (1 pt.)	73	84	92↑ (84%)	94↑ (75%)	93 (86%)	98↑ (91%)	95	77
Considered purchase (1 pt.)	90	63	63	72	56	61	60	71
Timely bill payment* (1 pt.)	89	84	86	79↑ (61%)	76	88	87	90
Keeping watch of financial affairs (1 pt.)	82	75	72	45	71	80	78	65
Long term financial goal setting (1 pt.)	58	54	47↓ (54%)	47	62	62↓ (72%)	49↓ (61%)	21
Not borrowing to make ends meet (1 pt.)	91	94	94	79	90	93	97	93
Choosing products (1 pt.)	21	18	17	18↓ (36%)	26	17	23	10
Choosing products (2 pt.)	17	21	13↓ (21%)	15	19	21↓ (30%)	14	4

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

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Financial Well-being

The OECD/INFE developed a financial well-being score in the 2020 international survey on financial literacy report to complement the financial literacy score which is at the core of the study.

Financial well-being score (*total of 20 points*)

A total of five statements are used in constructing the financial well-being score, which corresponds to the core elements of the OECD-proposed operational framework of financial well-being that include: financial control, day-to-day financial life, long-term financial planning. It is meant to imply having financial security and financial freedom of choice, in the present and in the future.

Financial Well-being Score ranges from 0-20

Average 'reversed' ratings of the 5 attitude statements

Based on a scale of 5 – 'completely' to 1 – 'not at all' and when scoring is being calculated, the ratings are reversed from 5 to 0, 4 to 1 ... and from 1 to 4 for the following statements below:

- ***Because of my money situation, I feel like I will never have the things I want in life***

- ***I am concerned that my money won't last***

- ***I am just getting by financially***

Based on a scale of 5 – 'completely' to 1 – 'not at all' and when scoring is being calculated, the ratings are reversed from 5 to 0, 4 to 1 ... and from 1 to 4 for the following statements below:

- ***My finances control my life***

- ***I have money left over at the end of the month***

Overall Financial Well-being score of Hong Kong people is on par with 2019 level. Financial Well-being is slightly better among the mature working segments understandably because of higher income and more accumulated wealth (they are more likely to report having adequate money leftovers/ savings at the end of month and are not just getting by financially).

On the other hand, the young segments, particularly students, are less content and tend to feel concerned with their finances.

Figure 3.5 – Average score for well-being statements (out of max. 4 points) by key segments

	Total		Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'19	'21					
Financial Well-being Score (score out of 20)	11.1	10.9	9.6	10.2	11.3	12.1	11.1
Average score by statement							
<i>I have money left over at the end of the month</i>	2.5	2.6↑	2.3	2.4	2.7	2.8	2.6
<i>I feel like I will have the things I want in life</i>	2.3	2.3	2.3	2.3	2.4	2.4	2.5↑ ^(2.2)
<i>I don't just get by financially</i>	2.3	2.2↓	1.8	2.0	2.3↓ ^(2.4)	2.6	2.0
<i>I am not worried that my money won't last</i>	2.1	2.1	1.6	1.9	2.2	2.4	2.3
<i>My finances do not control my life</i>	1.8	1.8	1.6	1.7	1.7	1.9	1.7

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Detailed Research Findings

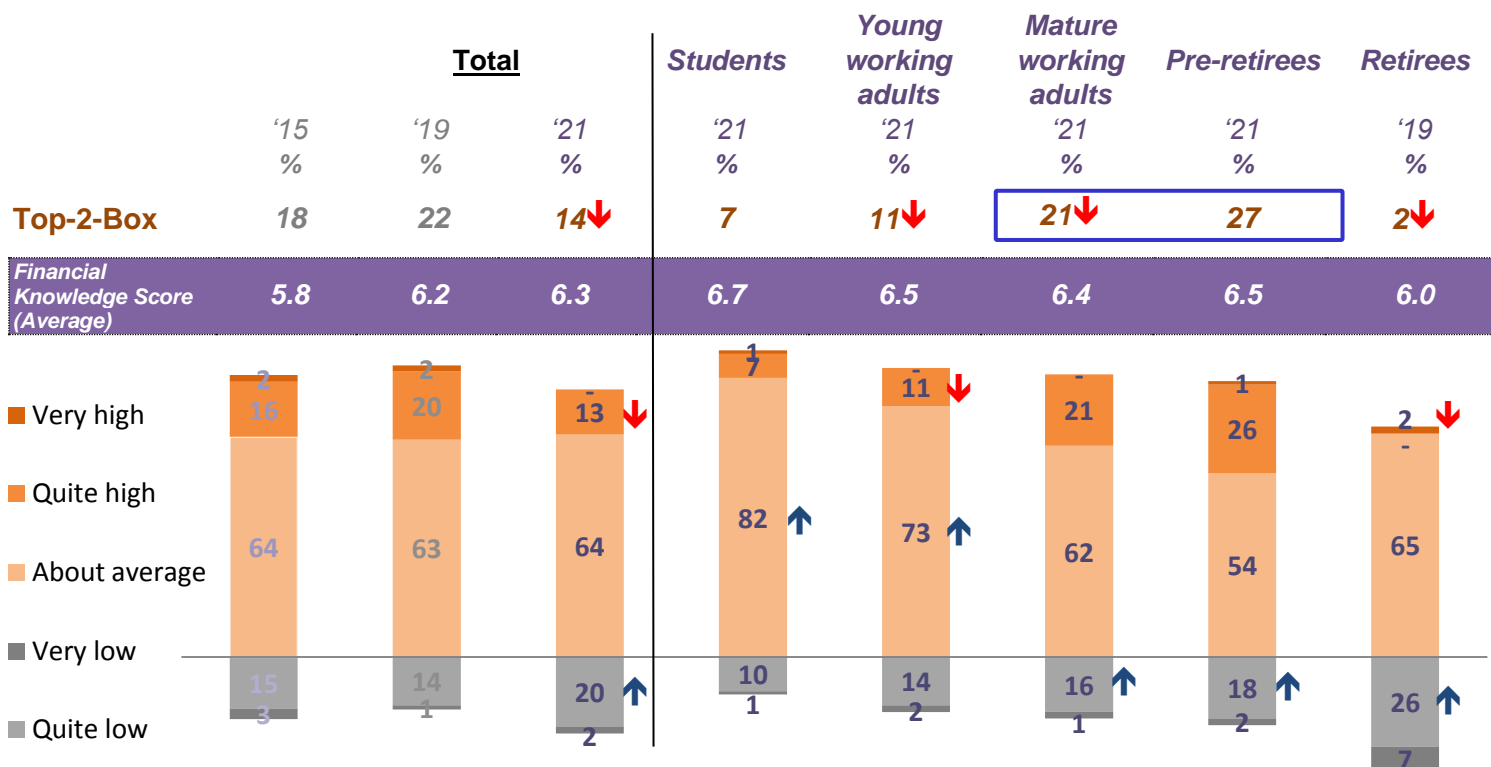
Financial Knowledge

Self-rated financial knowledge level vs financial knowledge score

While there is a slight step up in the financial knowledge score in 2021, self-rated financial knowledge level among Hong Kong people is lower this year - only 14% considered themselves with high financial knowledge level (top two boxes on a five-point scale) vs 22% in 2019. The modesty perhaps stems from recent development of new financial products such as non-fungible tokens (NFTs) which became widely known and yet most people are not familiar about.

Majority are modest about their financial knowledge and consider themselves 'about average'. Slightly more confidence among the Mature working adults and Pre-Retirees. Students and Retirees are the least confident.

Figure 4.1 – Individual's Self-rating on their Overall Knowledge about Financial Matters



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Those who considered themselves with just average knowledge, shows an actual all-round upgrade on the tested financial concepts. For those who see themselves lacking, there are indeed knowledge gaps with the rest on financial ideas such as the concepts of inflation and risk diversification and compound interest. (Figure 4.2)

Figure 4.2 – Financial scores by self-rated knowledge level

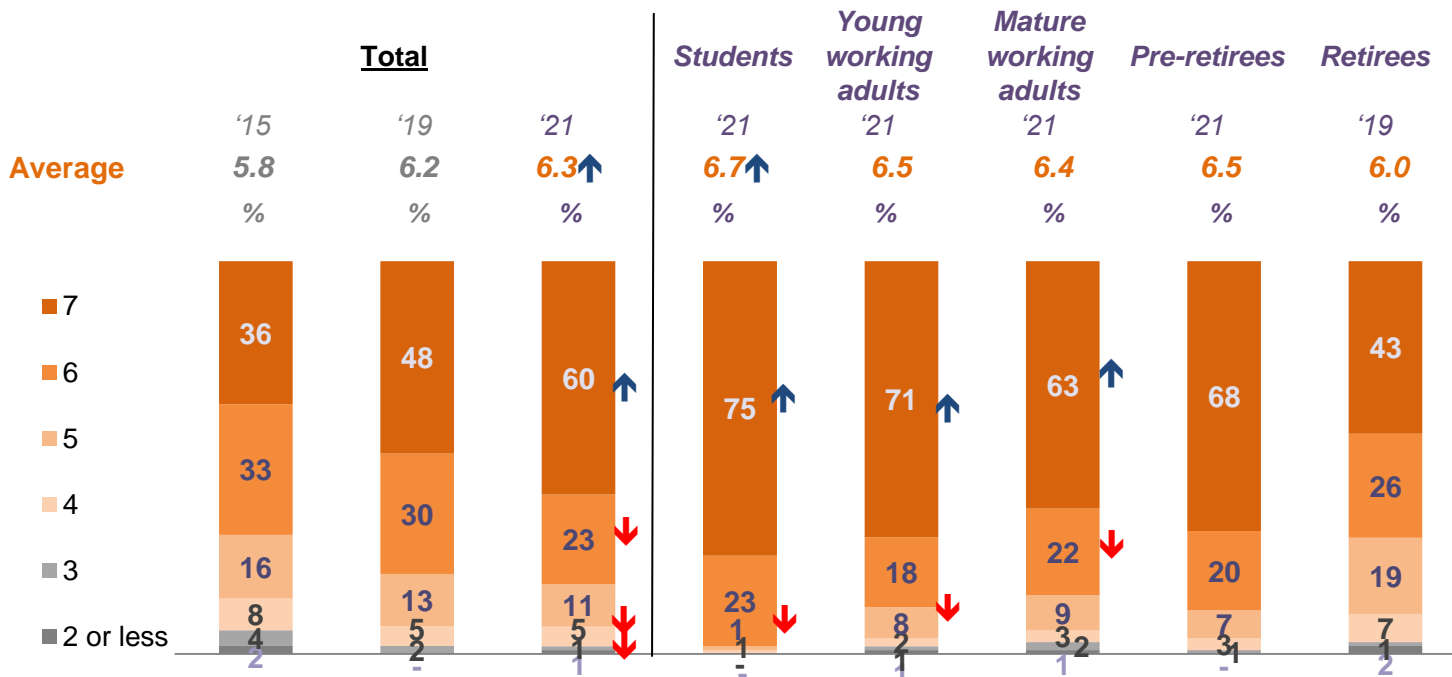
	Total			Self-rated knowledge		
	'15	'19	'21	High	Above average	Low
Average number of correct answers (out of 7)	5.8	6.2↑	6.3↑	6.6↑ (6.5)	6.5↑ (6.2)	6.4
With correct answer on:	%	%	%	%	%	%
Inflation – Concept	83	84	90↑	99↑ (88%)	93↑ (84%)	75
Inflation – Impact	97	94	97↑	99↑ (94%)	99↑ (94%)	91
Interest on loan	95	99	100↑	99	100↑ (99%)	100
Simple interest	79	96	97	99	99	91
Compound interest	58	71	74	93	80↑ (73%)	45↑ (33%)
Risk and return	96	93	93	97	94	88
Risk diversification	74	79	81	91	84↑ (80%)	65

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; High n=144; above average n=705; low n=225 () denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Overall Hongkongers' understanding of basic financial concepts is growing more solid - more can answer all seven questions correctly. It is encouraging to see the build-up of knowledge that begins at a young age, while Retirees remain to be the group with the weakest knowledge.

Figure 4.3 – Financial knowledge scores by key segments



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

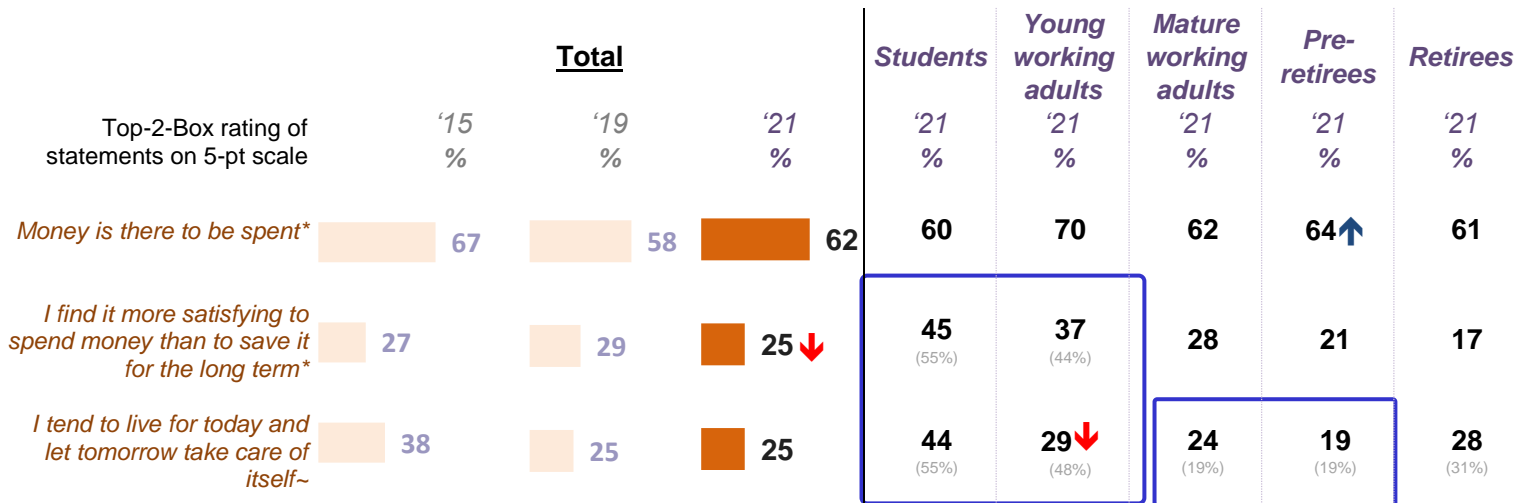
Financial Attitudes

Attitudes towards longer-term financial planning

While over half of Hongkongers agree “money is there to be spent” (as opposed to saving up or investing), only a quarter go as far as adopting a “live for today and let tomorrow take care of itself” attitude. Attitudes towards longer-term planning remain largely on par with two years ago.

Young segments, though remain less likely to have long-term planning mindset, have improved somewhat with less find splurging as gratifying as before and less agree to live only in the moment. On the other hand, more mature segments have relaxed with long-term financial planning when compared to 2019.

Figure 5.1 – Agreement with statements on longer-term planning



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

* rating scale labeled as “1-Completely agree, 5-Completely disagree”

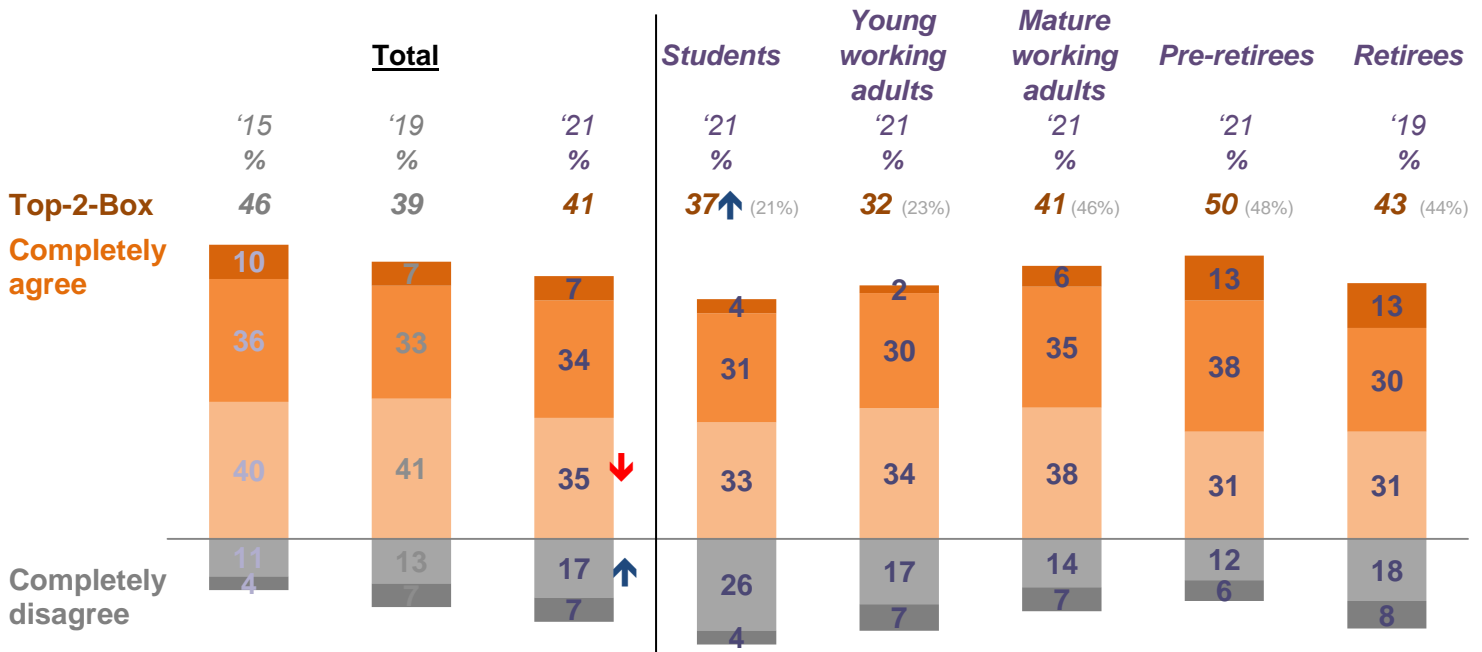
~ rating scale labeled as “1-Completely, 5-Not at all”

Satisfaction level with own financial status

While proportion of satisfied Hongkongers is marginally higher than in 2019 (41% vs 39%), dissatisfaction grows as well (24% vs 20%) (Figure 5.2).

Across different life stages, pre-retirees are more likely to be satisfied while students and young adults are less content. Nevertheless, the young segments see improved satisfaction compared to two years ago.

Figure 5.2 – Agreement with “I am satisfied with my present financial situation”



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

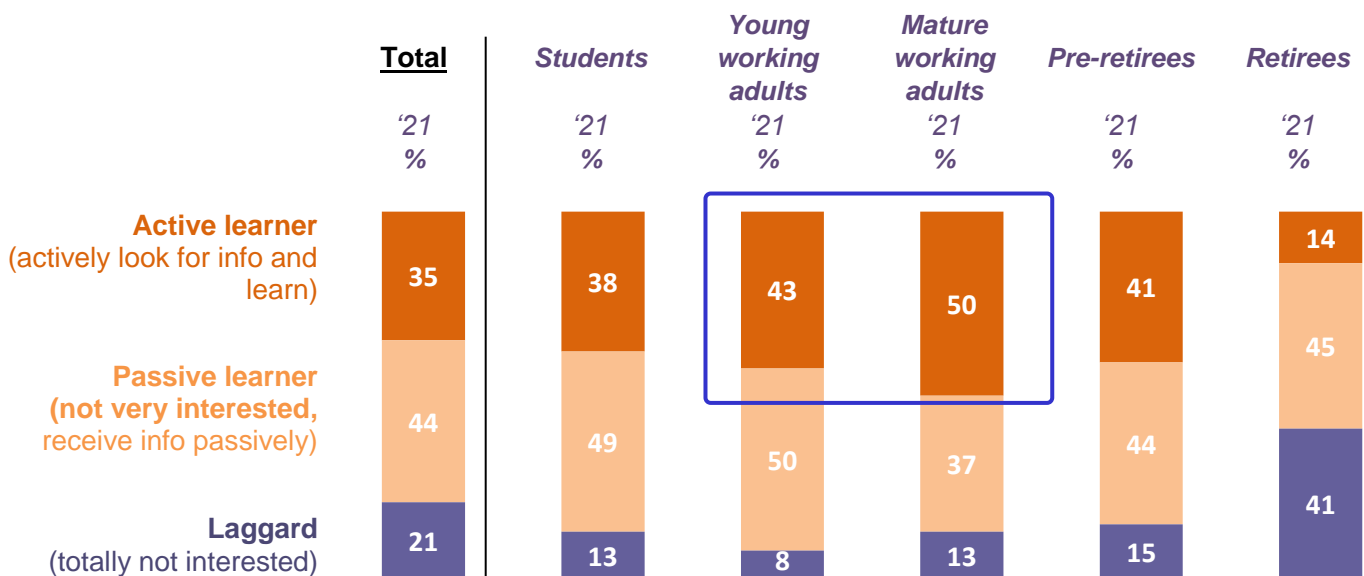
() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Attitude towards financial learning

Majority (79%) of Hongkongers are receptive to learning how to better manage their finance, with about one third being active learners. Working adults active in their careers are particularly engaged in looking for information and learn.

Figure 5.3 – Activeness of learning about money management



Base: 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

Financial Behaviour

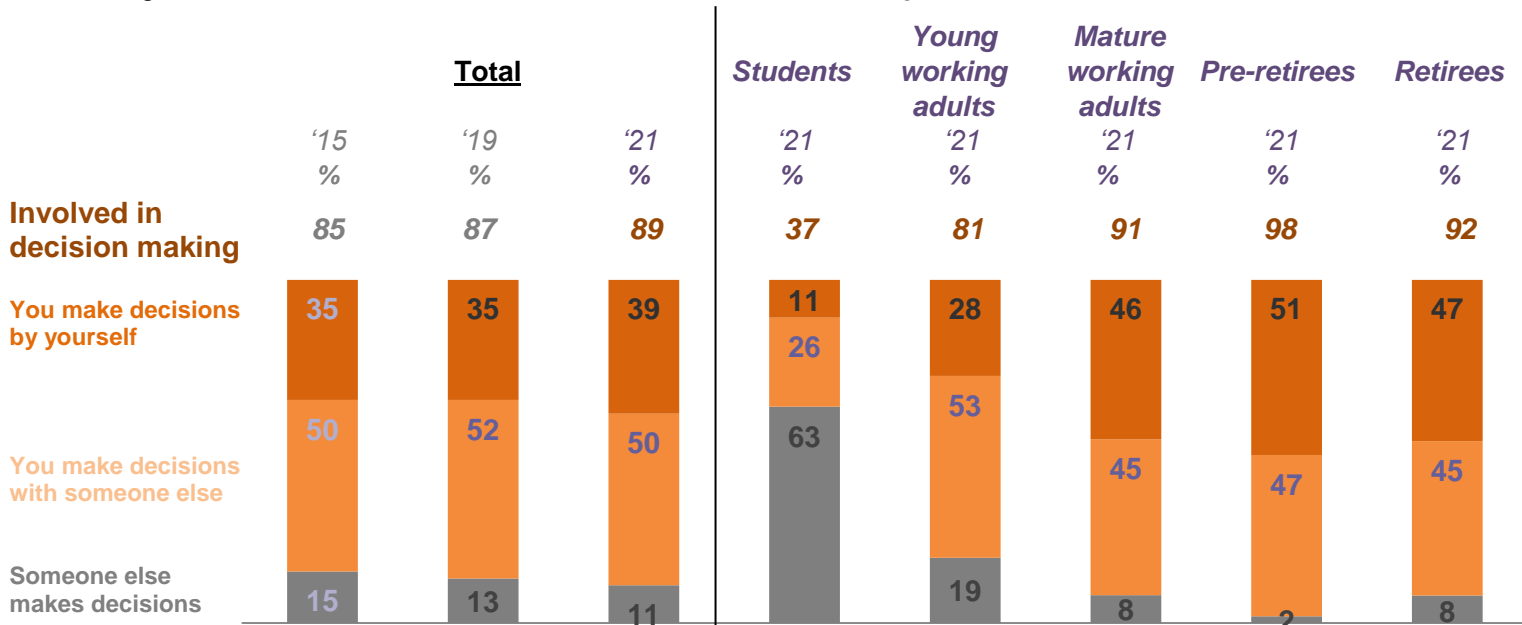
Financial behaviour was the third component of financial literacy in the OECD/INFE framework which covers various aspects of personal finance, from basic day-to-day money management to retirement planning.

Money Management

Household finances

Hongkongers show a high level of involvement in their household finances. Majority (89%) took part in the financial decision making for the family. Unsurprisingly, students were less involved compared to other segments.

Figure 5.1.1 – Involvement in household's financial decision making



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

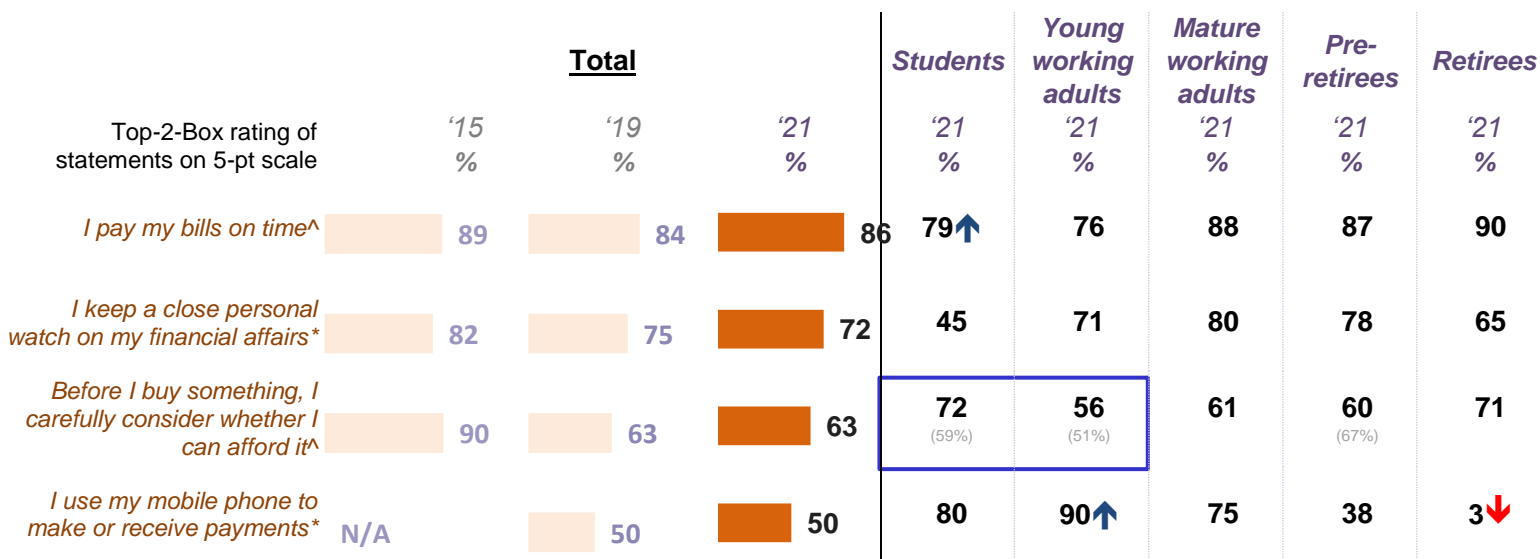
Day-to-day money management

Majority reported paying bills on time and students in particular showed good improvement. Keeping watch on personal finance is also well observed at 72% but there is certainly room for improvement, particularly among students.

More young adults adopted a prudent spending habit - carefully considering their affordability before making any purchases. Note the disparity compared to 2015 is largely due to a change in rating scale.

The use of mobile payment remains at 50% as in 2019, but is very commonly adopted among the young adults (up to 90%) and popular among mature adults aged below 50 a well.

Figure 5.1.2 – Agreement with statements on day-to-day management



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

↑/↓ denotes significantly higher/ lower total value in 2019 vs 2015 at 95% confidence interval

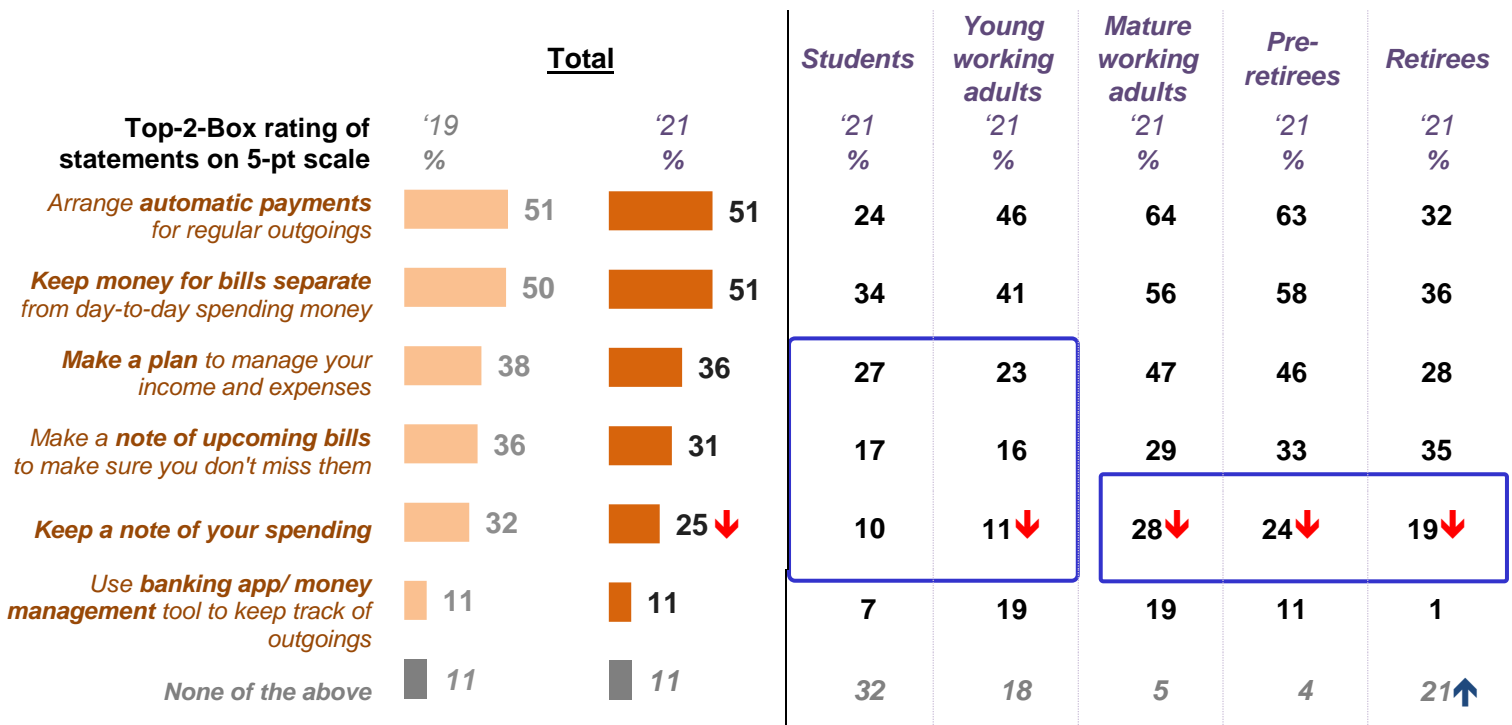
* rating scale labeled as "1-Completely agree, 5-Completely disagree"

~ rating scale labeled as "1-Completely, 5-Not at all"

Budgeting for household/ personal expenses

Bill payment and day-to-day money management habits remain much the same as in 2019. While about half arrange automatic payment keep separate reserve for regular bills, it is still uncommon to set a budget to manage income and expenses (just 36%). It is even less common for Hongkongers to keep track of their spending at just 25%, with a drop which might be partly attributable to reduced leisure spending during the pandemic. Young adults are particularly inadequate in budgeting or keeping record of their finances. Further, despite the wide use of mobile payment among young adults, they did not leverage mobile apps to help track their spending.

Figure 5.1.3 – Incidence of budgeting for personal/ household



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

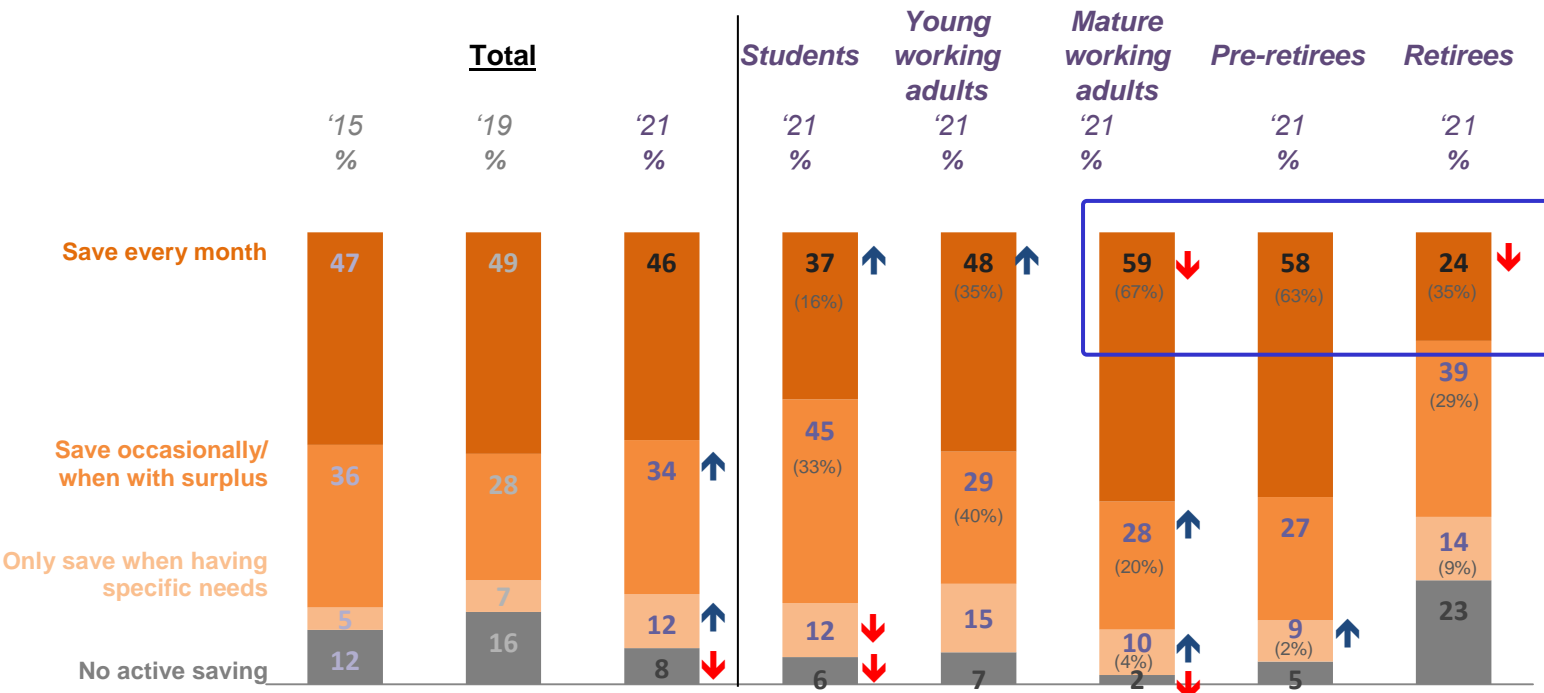
↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Saving habits

Economic uncertainties under the pandemic, along with reduced social activities, appears to have boosted people’s saving disciplines despite that the amount they are able to put aside reduced (see P9). The proportion of surveyed respondents who said they did not save at all dropped from 16% to 8%, with more turning into occasion savers.

In particular, more young individuals are becoming better savers; while the mature segments are found saving less diligently than before. Retirees who may see reduced pocket money/ financial subsidy from children hard hit by the pandemic have also become less likely to save regularly.

Figure 5.1.4 – Summary of Hong Kong People’s Saving Habits



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

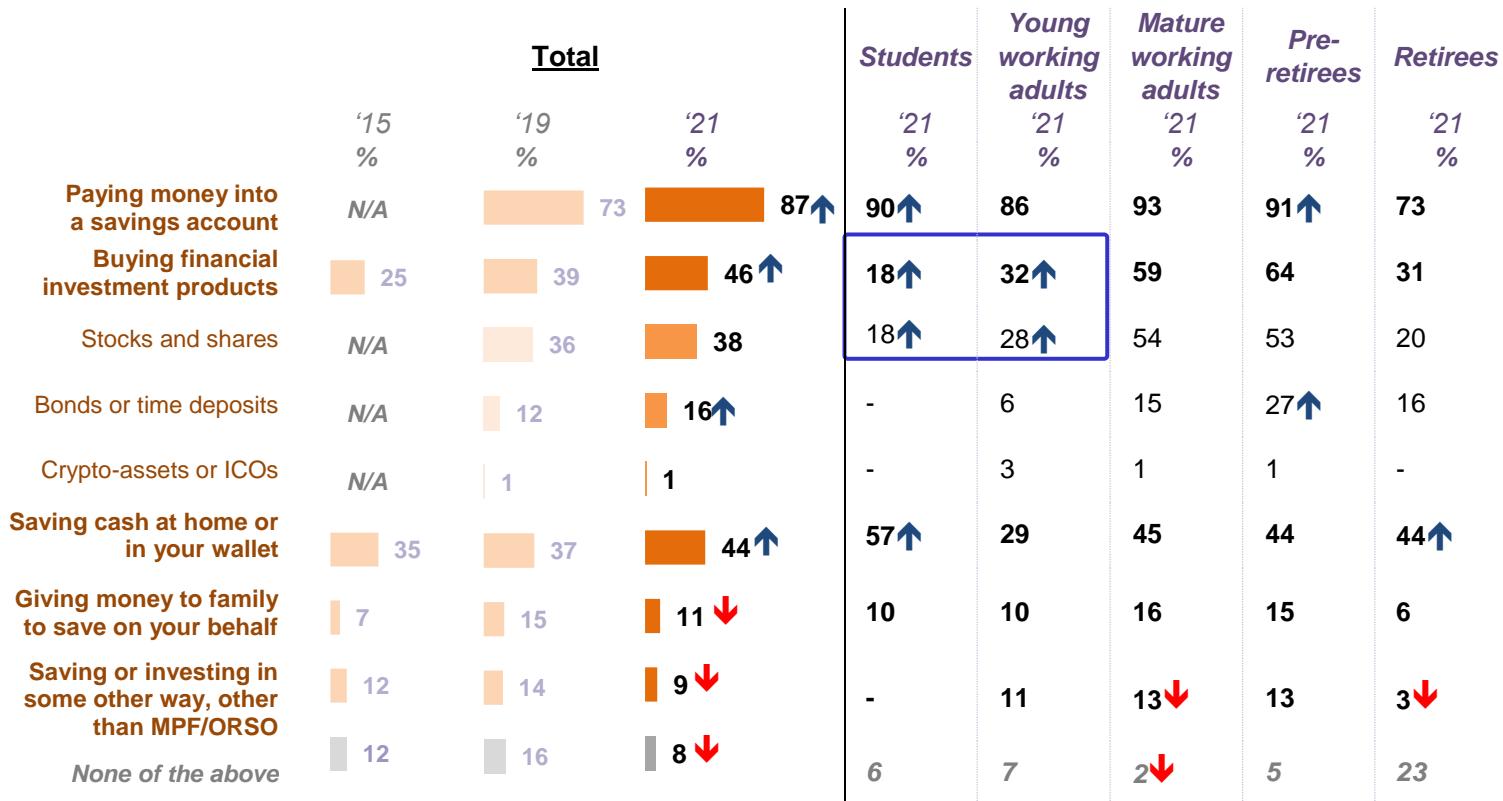
() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Means of saving money

While building up savings in bank accounts remained the mainstream mean of saving among Hong Kong people, an emerging trend of leveraging on investment was recorded. In 2021, many more young individuals invest in stocks to accumulate savings compared to two years ago (28% vs 15% among young working adults; 18% vs 2% among students) which may be attributable to more stay-at-home time due to reduced social activities, as well as the prevalence of stock trading apps with promotions on trading fees. (Figure 5.1.5)

Figure 5.1.5 – Means of Saving Money in the past 12 months



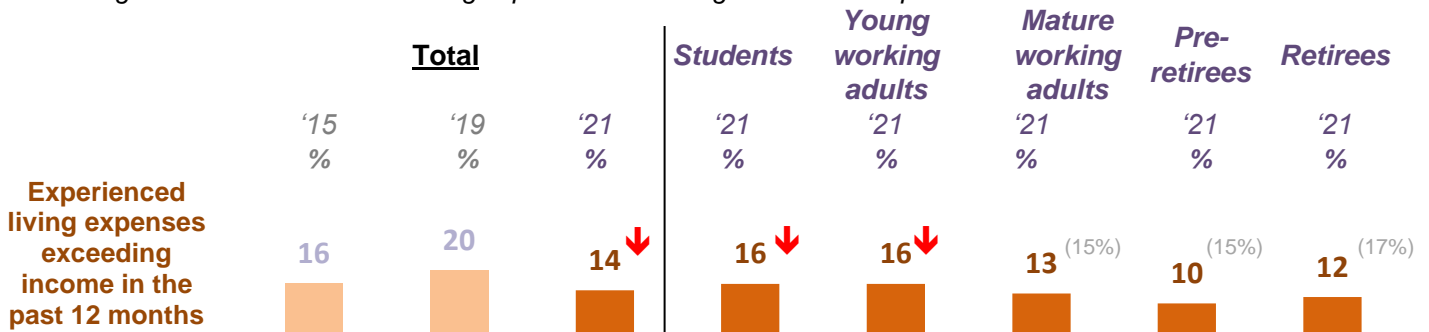
Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019
 ↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Making Ends Meet

Difficulty in covering living expenses

Fewer Hongkongers (14%) have experienced difficulties covering living expenses in the past 12 months than 2019, especially among students and young working adults which might be attributable to fewer social and entertainment activities under the pandemic.

Figure 5.2.1 – Incidence of living expenses exceeding income in the past 12 months

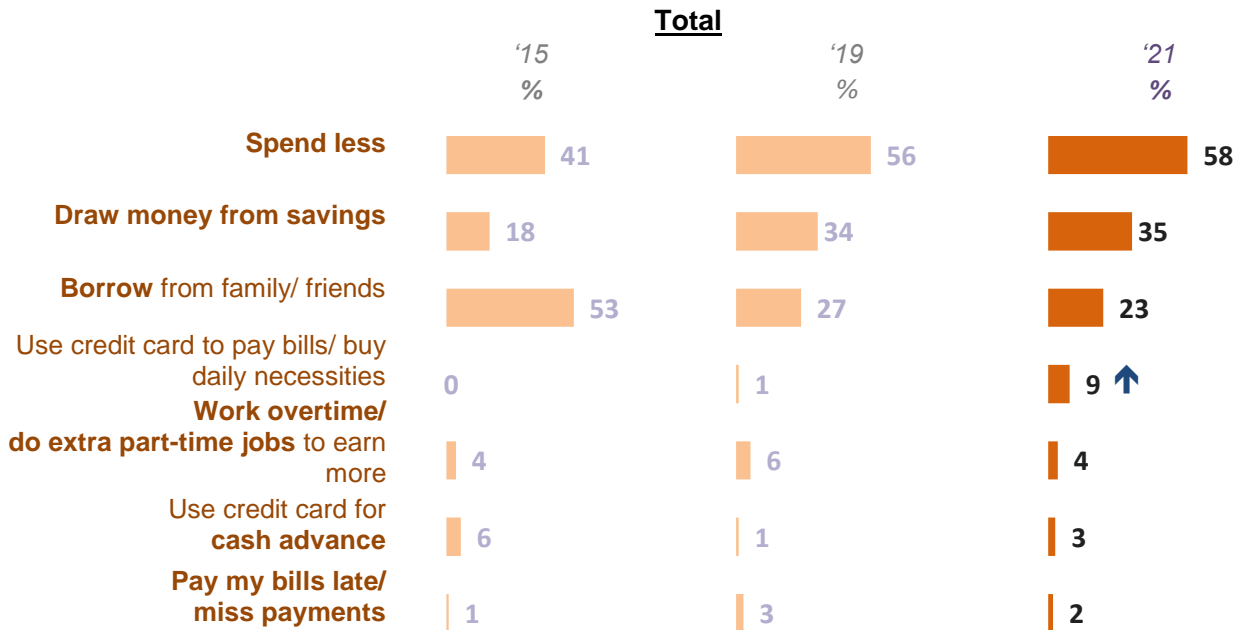


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019
 ↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval

Methods used to make ends meet

Those who did experience difficulties mostly chose to cut back on spending to make ends meet. Yet of note, significantly more respondents reported using their credit cards to pay what they need/ to settle bills compared to two years ago.

Figure 5.2.2 – Methods used to make ends meet (unaided)



Base: Those who have found income not able to cover their living costs in past 12 months, 2015 n=158; 2019 n=204, 2021 n=149

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

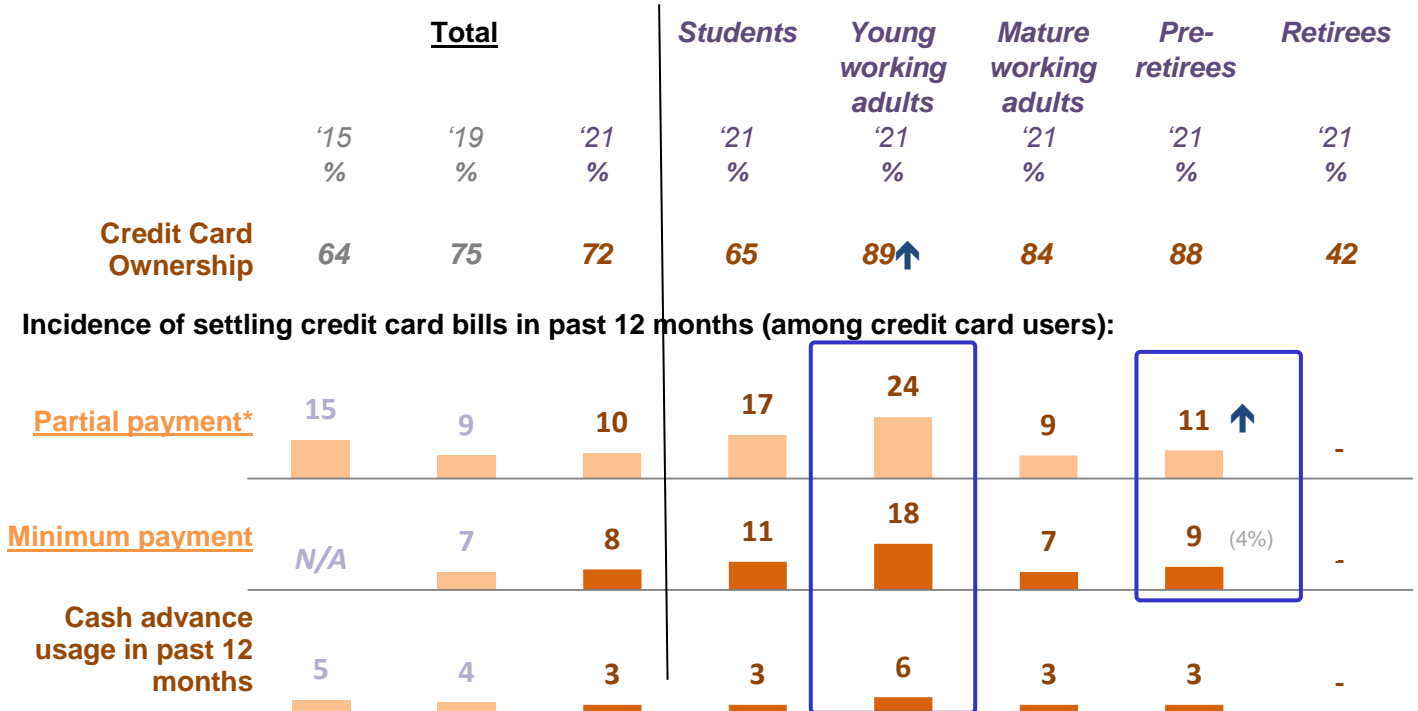
Debit balance & Cash advance

Credit card penetration has significantly increased among young working adults (89%) and the proportion of users not settling card bills in full remained alarming despite mild drop compared to two years ago (24% vs 27% in 2019). And most of those 24% using partial payment actually only settled minimum payment (18%). Credit card use is also prevalent among students (65%) and their habit in managing card bills is also worrying – 17% using partial payment and 3% using cash advance in the past 12 months. Further, compared to 2019, more Pre-retirees are not fully settling credit card bills (11%). (Figure 5.2.3)

Incidence of being in debt

Overall, taking into account credit card debts, borrowing from friends/family and taken out loans from financial institutions, one in ten Hongkongers were in debt which is about the same level as in 2019 (12%). Young working adults and students, largely due to not settling card bills in full, are more likely to be in debt. (Figure 5.2.4)

Figure 5.2.3 – Credit card ownership and settlement of credit card bills & Usage of cash advance



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

Base: 2015-credit card owners n=649; 2019- credit card owners n=769; ; 2019- credit card owners n=783; student n=65; young working adults n=126; mature working adults n=291; Pre-retirees n=131; Retirees n=59 () denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

*Partial payment includes minimum payment

Figure 5.2.4 – Incidence of being in debt

	<u>Total</u>		Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'19	'21	'21	'21	'21	'21	'21
	%	%	%	%	%	%	%
Currently in debt[^]	12	10	15	26	12	10	3
Partial credit card bill payment/ advanced cash in P12M	8	8	11	21	8	9	-
Borrowed from others/ taken out loans/ used OD lines	6	5	4↓ (17%)	9	7	2	3
Currently holding personal loans	1	1	-	2	1	2	-

[^] Being in debt includes (1) not fully settled credit card bills or advanced cash from credit card in past 12 months, OR (2) those who have borrowed from family/ friends/ employers or applied for loans or used OD lines/ credit card to make ends meet in past 12 months, OR (3) currently holding personal loans.

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Choosing Financial Products

Holding of financial products

The average number of financial products held per person in 2021 remained around 4.

Holding of investment products – namely stocks, grew among the young segments. The growth is particularly prominent among students (21% in 2021 vs 2% in 2019).

Young working adults also see higher adoption of insurance products compared to two years ago (66% vs 52%), with the growth largely driven by private medical insurance and critical illness insurance.

Figure 5.3.1 – Incidence of holding financial products

	Total			Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'15	'19	'21	'21	'21	'21	'21	'21
	%	%	%	%	%	%	%	%
Savings account	97	100	100	99	100	100	100	100
HK dollars savings account	97	100	100	99	99	99	99	100
Foreign currency savings account	31	25	29	5	18↑	34	35	31
Credit card	64	75	72	65	89↑	84	88	41
Insurance products	53	67	64	29	66↑	75	83	43↓
Life insurance	37	60	55	22	49	67	76	33↓
Private medical insurance	30	47	45	21↑	52↑	59↓	62	21↓
Critical illness insurance	20	32	32	4	30↑	45	44	13↓
^Annuities	N/A	3	4	-	-	1	10	6
Investment products	39	48	48	22↑(2%)	39↑	61	66	32
Stocks and shares	37	45	45	21↑(2%)	34↑	58	62	28
^^Funds (excluding MPF/ORSO)	5	12	11	2	8	17	20	3↓
Bonds	4	7	6	-	2	7	11	8
^Cryptocurrencies	N/A	*	2	1	4	3↑	1	-
Mortgage/ loan on property	12	11	12	-	3	26	15	-↓
Average no. products	3.5	4.2	4.1	2.4↑	3.9↑	5.0	5.2	2.8↓

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

^ refers to new items covered in 2019

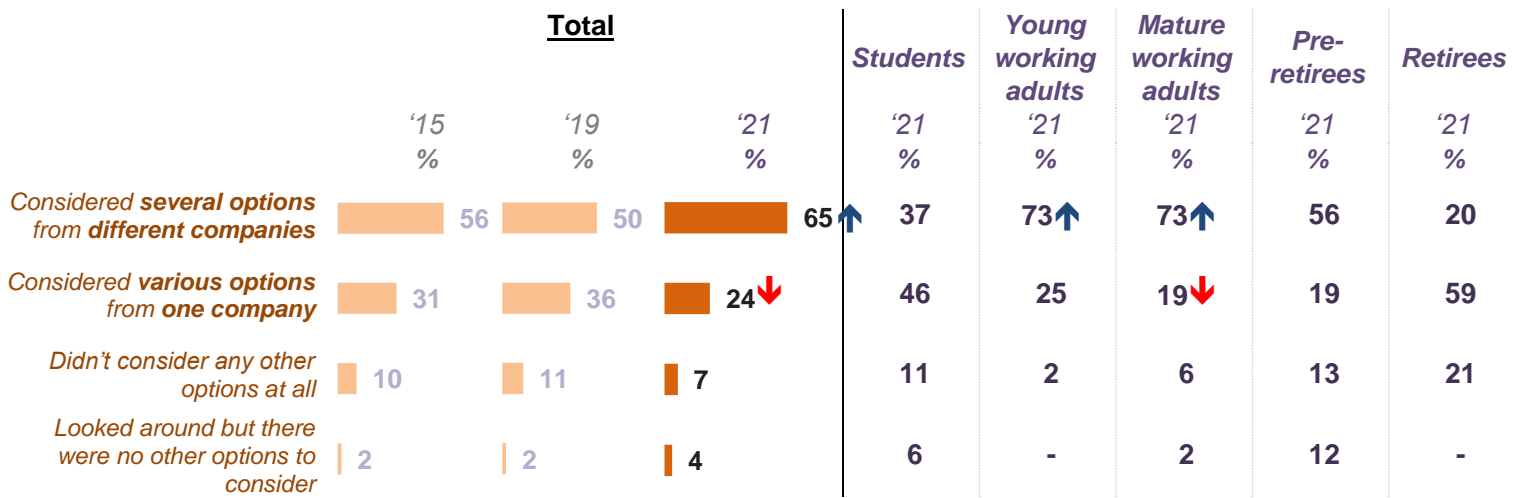
^^ "Funds (excluding MPF/ORSO)" was labelled "Unit trust/ mutual fund (excluding MPF/ORSO)" in 2015

Consideration of financial products

Incidence of having to choose financial products (in the past two years) reduces compared to two years ago, which may be due to reduced exposure to financial intermediaries (e.g. visiting banks) during the pandemic (15% in 2021 vs 23% in 2019).

For those who acquired new financial products recently, close to two thirds reported having considered several options from different companies.

Figure 5.3.2 – Incidence of shopping around with recent product



Base: Those who have chosen products in P2Y excluding those answered 'not applicable', 2015 n=397; 2019 n=235; 2021 n=160; student n=33##; young working adults n=44##; mature working adults n=51; Pre-retirees n=16##; Retirees n=5##)# small base; ## very small base
 ^ refers to new items covered in 2021

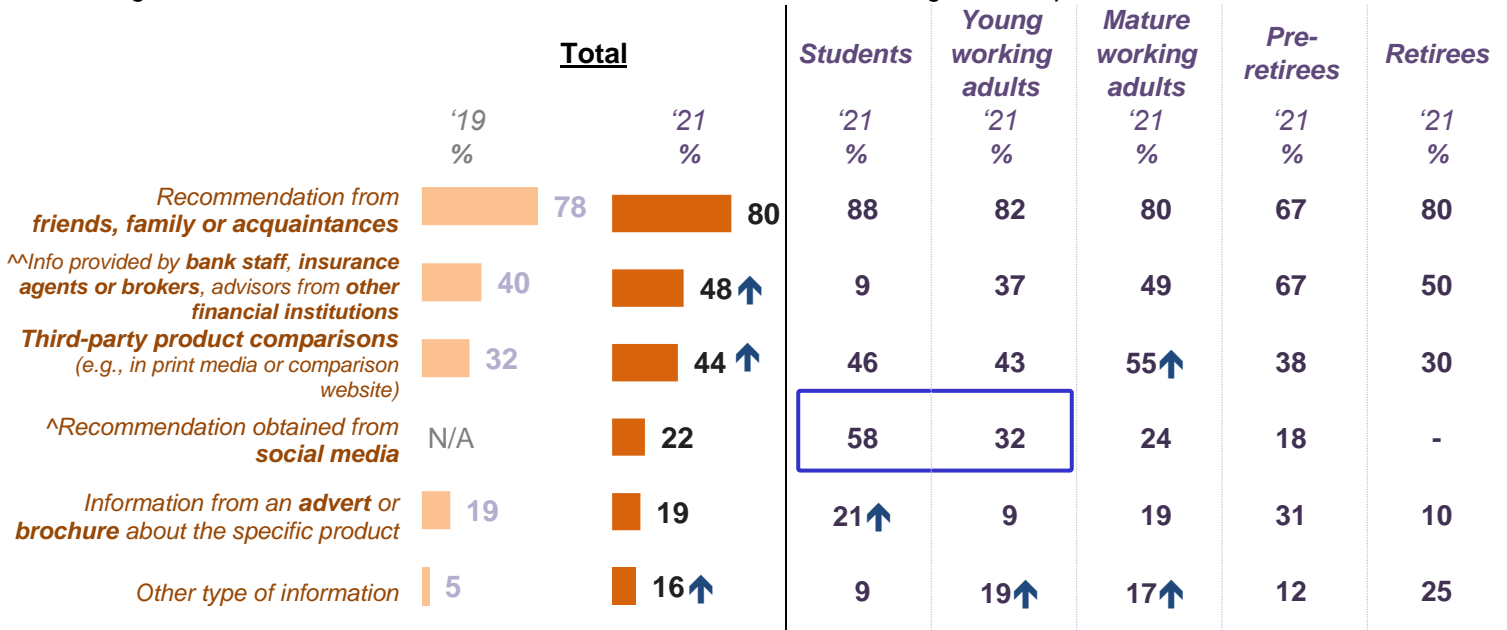
^^ "Label was updated to include insurance agents/ brokers, advisors from other financial institutions in 2021

Information sources influencing decision

Word-of-mouth from friends and family is still the single most influential information source (80%) when it comes to choosing financial products. Recommendation from financial intermediaries (48%) follow at the second, with significantly higher adoption among the mature adult segments.

Third-party product comparisons (such as in print media or product comparison websites) have gained popularity (44% vs 32% in 2019), particularly among mature working adults. Social media, while remaining a less influential source of information on an overall level, nevertheless exert great influence on the young segments, especially students. (Figure 5.3.3)

Figure 5.3.3 – Information sources that influenced decision in selecting financial products



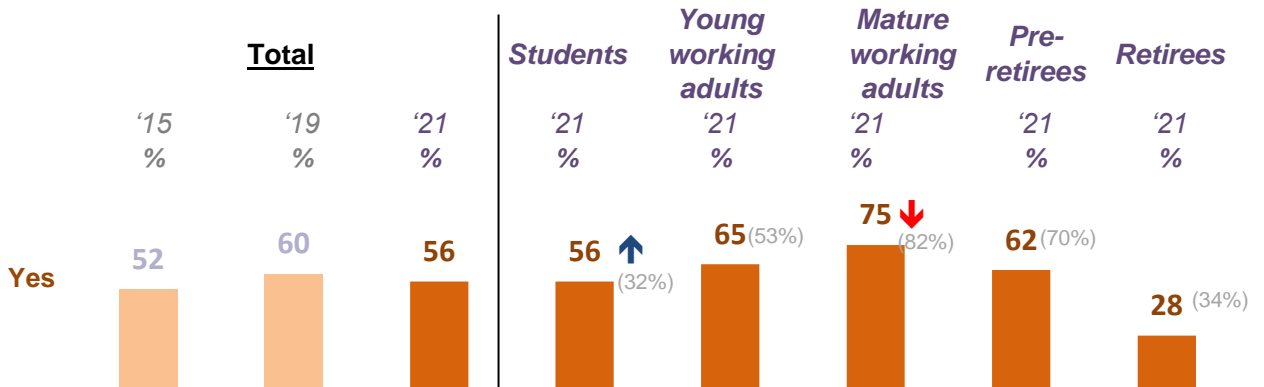
Base: Those who have chosen products in past two years, 2019 n=405; 2021 n=338; student n=33#; young working adults n=63; mature working adults n=132; Pre-retirees n=55; Retirees n=20##; ## very small base

Financial Planning

Financial goal-setting

As with previous years, slightly over half of Hongkongers reported having set financial goals for themselves. Goal-setting remains more common among mature working adults aged 30-49 despite a drop compared to two years ago. On the other hand, it is heartening to see more goal-setting among young adults particularly students.

Figure 5.4.1 – Incidence of having financial goals



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Primary financial goals

Financial goals set at different life-stages reflect different priorities. Students are the most likely to have their eyes set on short-term goals such as travelling plans despite the pandemic while buying homes are also on their radar. Young working adults are more focused on home-ownership, the determination of which is also shared by mature working adults. Among pre-retirees and retirees, preparation for retirement matters the most.

Notably, proportion of people setting goals for saving money for the next generation reduces significantly compared to two years ago.

Figure 5.4.2 – Type of primary financial goals

	Total			Students	Young working adults	Mature working adults	Pre-retirees	Retirees
	'15 %	'19 %	'21 %	'21 %	'21 %	'21 %	'21 %	'21 %
Prepare for retirement	27	26	32 ↑	-	-	16	73 ↑	60
Buying property	27	18	26 ↑	25	39	35 ↑	11	2
Saving money for children	20	25	12 ↓	-	2	21 ↓	2 ↓	- ↓
Saving money for travel/ Working Holiday	10	8	8	29	18	5	3	15
Saving money for getting married	2	3	5	- ↓	18	5	-	-
^ Prepare to emigrate	N/A	N/A	4	2	3	5	1	10
Buying a car	4	4	4	5	7	5	2	-

Base: Those who have financial goals, 2015 n=525; 2019 n=622; 2021 n=608; student n=56; young working adults n=91; mature working adults n=259; Pre-retirees n=93; Retirees n=40#); # small base

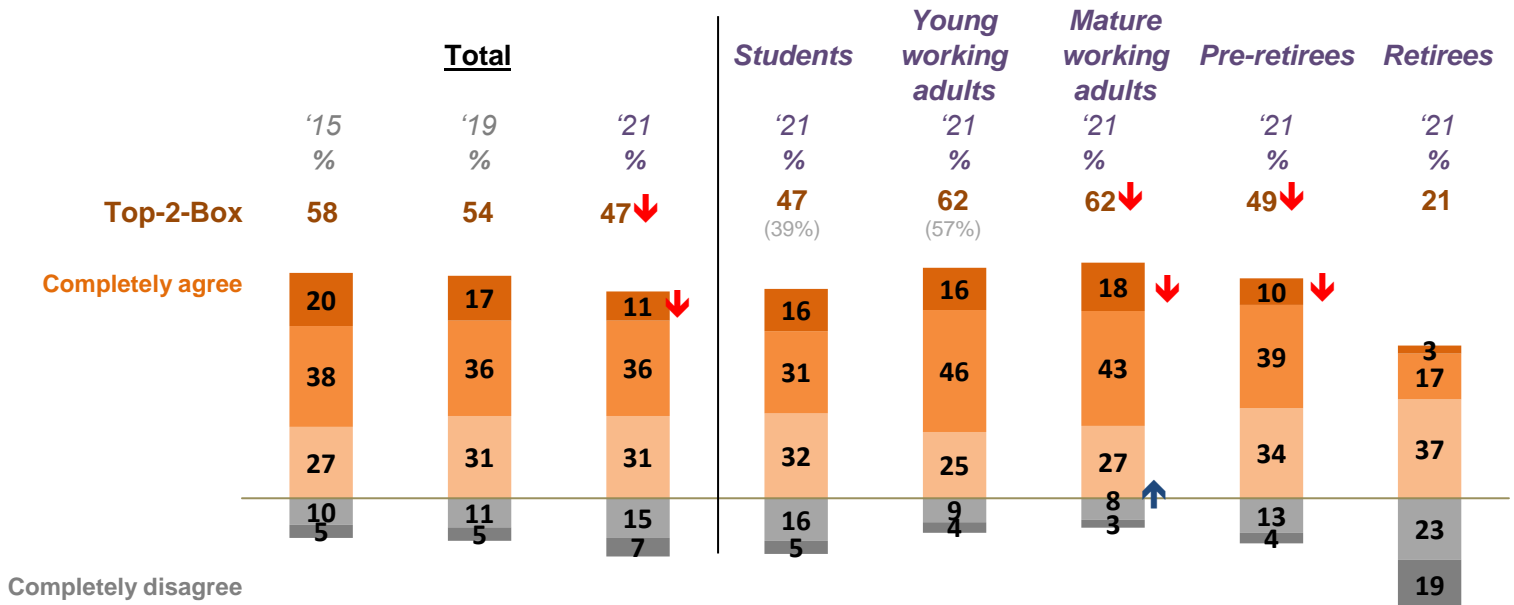
^ refers to new items covered in 2021

Commitment to achieving long-term financial goals

Echoing the drop in general goal-setting, the proportion of Hong Kong people reported having set long-term financial goals and striving to achieve them dropped to below half (47% vs 54% in 2019), with declined commitment more pronounced among mature working adults and pre-retirees. This may reflect a mindset more focused on meeting immediate needs amid economic uncertainties, especially in view of reduced income among half of households.

Nevertheless, students and young working adults who have lighter financial burdens show a stronger determination to achieve long-term goals. (Figure 5.4.3)

Figure 5.4.3 – Agreement to statement “I set long term financial goals and strive to achieve them”

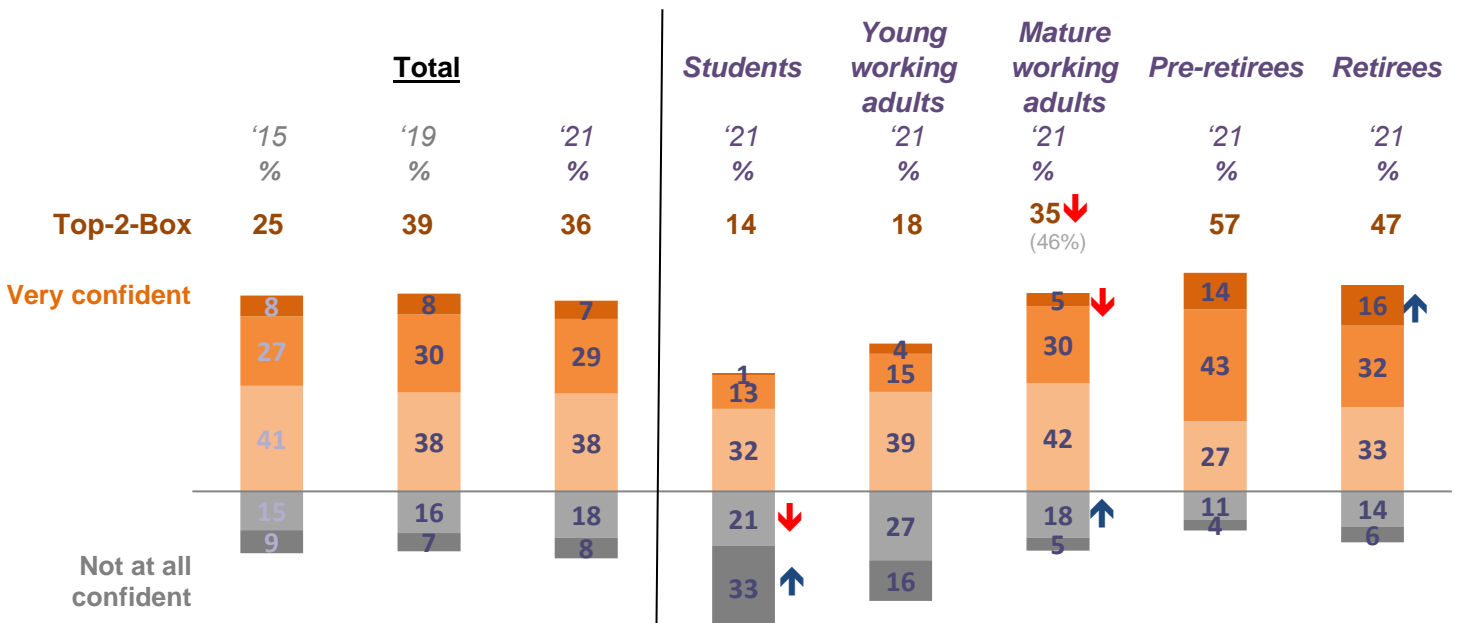


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019
 ↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Retirement confidence

Overall confidence level towards retirement remained similar / dropped mildly compared to 2019 – yet there is a noticeable drop among the mature working adults which echo their declined commitment of long-term goal-setting.

Figure 5.4.4 – Level of confidence in being financially well-planned for retirement

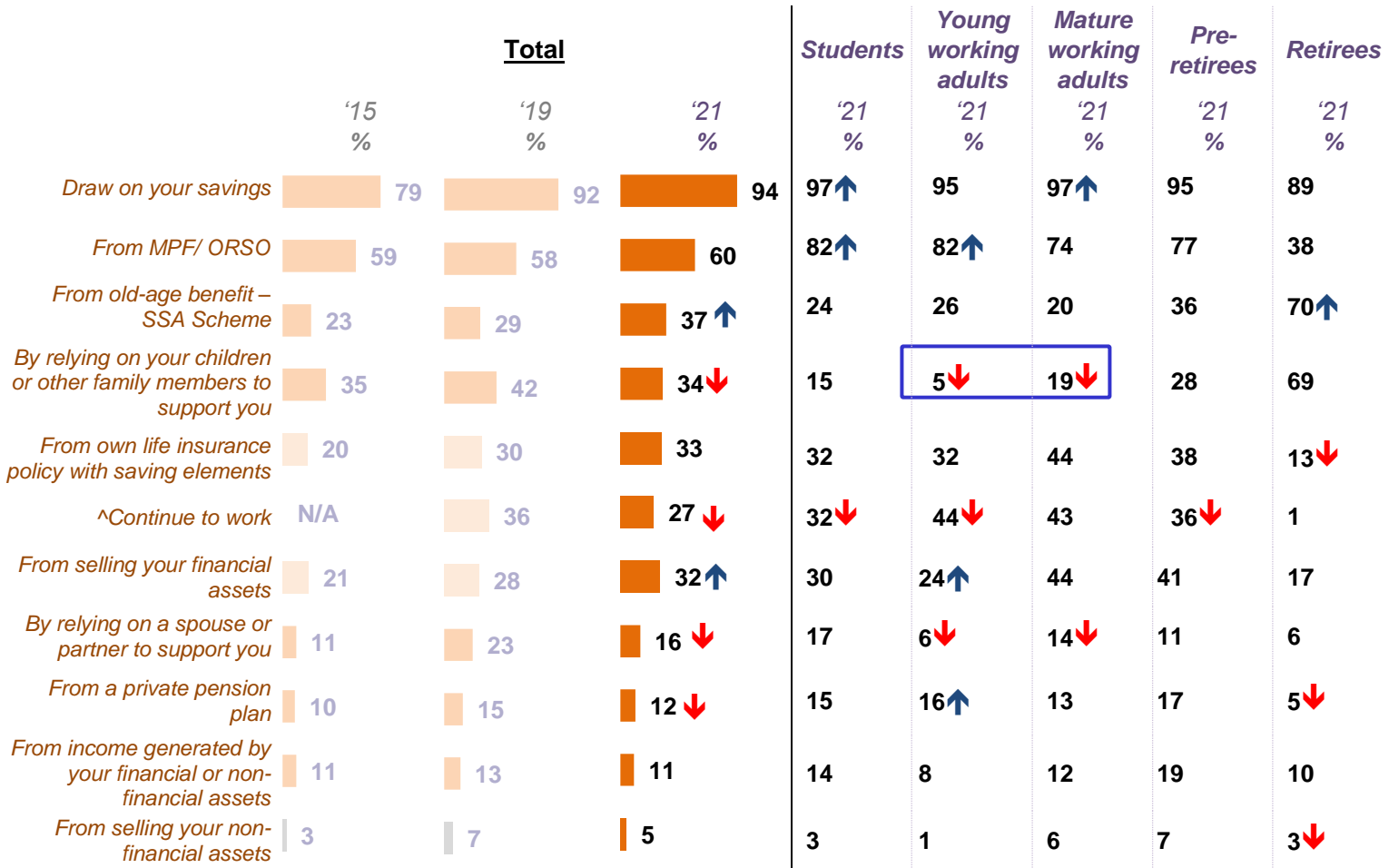


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145 () denotes figures in 2019
 ↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Source of Retirement Funding

Planned/actual (the latter for retirees) key source of retirement funds remain personal savings, followed by MPF/ORSO accrued benefits. More Retirees (70%) reported relying on HKSAR's old age benefits, while younger generations are increasingly less likely to count on children in their old age.

Figure 5.4.5 – Planned/ actual source of retirement funding



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Remarks: ^ refers to new item covered in 2019

Mentions less than 5% in 2021 are not shown

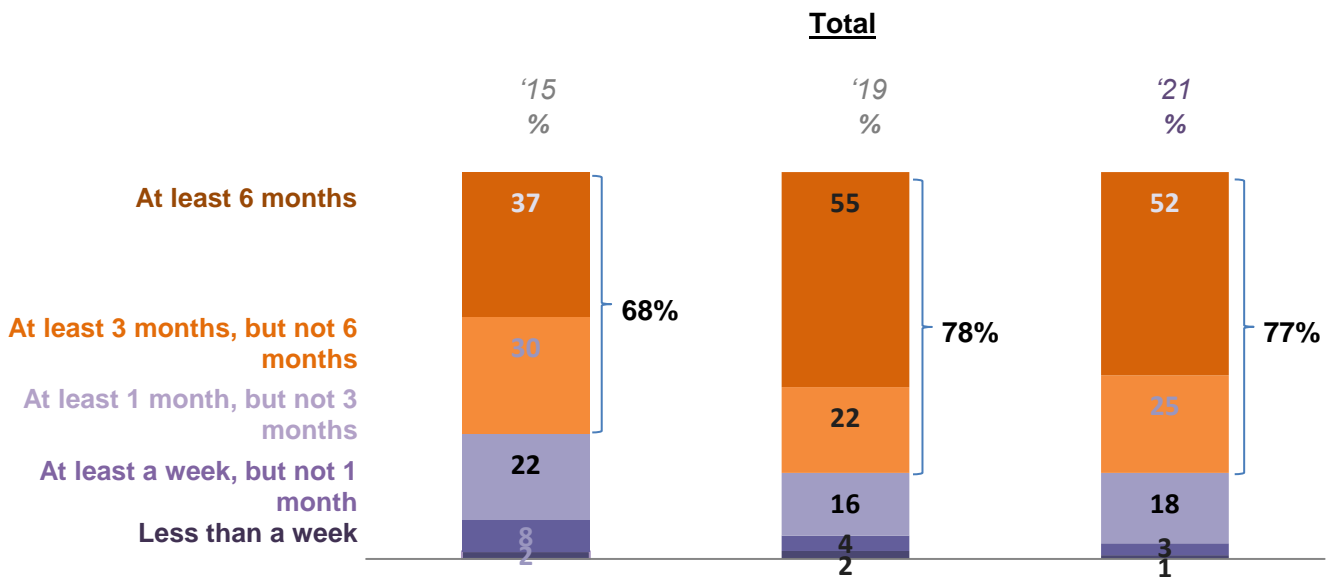
Financial Resilience & Well-being

Financial resilience and financial well-being are outcomes of improving financial literacy levels through financial education and demonstrate Hongkongers have the foundation and tenacity to thrive in their own financial situation.

Household emergency funds

While half of Hong Kong households have emergency funds to go on without borrowing for at least half a year (on par with 2019), one fifth (22%) do not have the reserve to endure three months or more if they lose their main source of household income.

Figure 6.1 – Duration household us able to cover expenses in case of losing the main source of household income

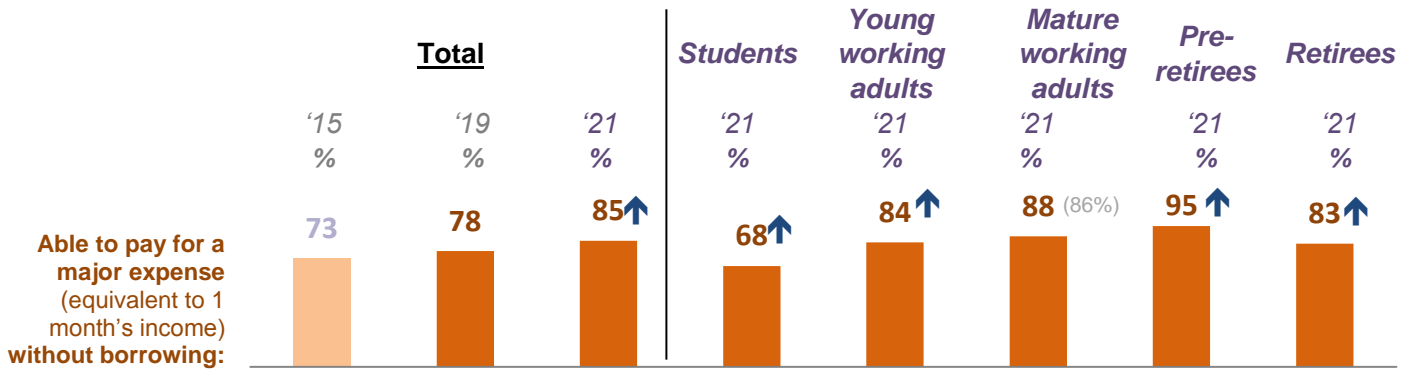


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075;
 ↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Expenditure shock

When asked whether they can cover a sudden expense equivalent to one month of personal income without borrowing, majority (85%) of Hongkongers reported having such a modest cushion in their budget which is an increased level compared to 2019. (Figure 6.2)

Figure 6.2 – Ability to pay for major personal expense without borrowing



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

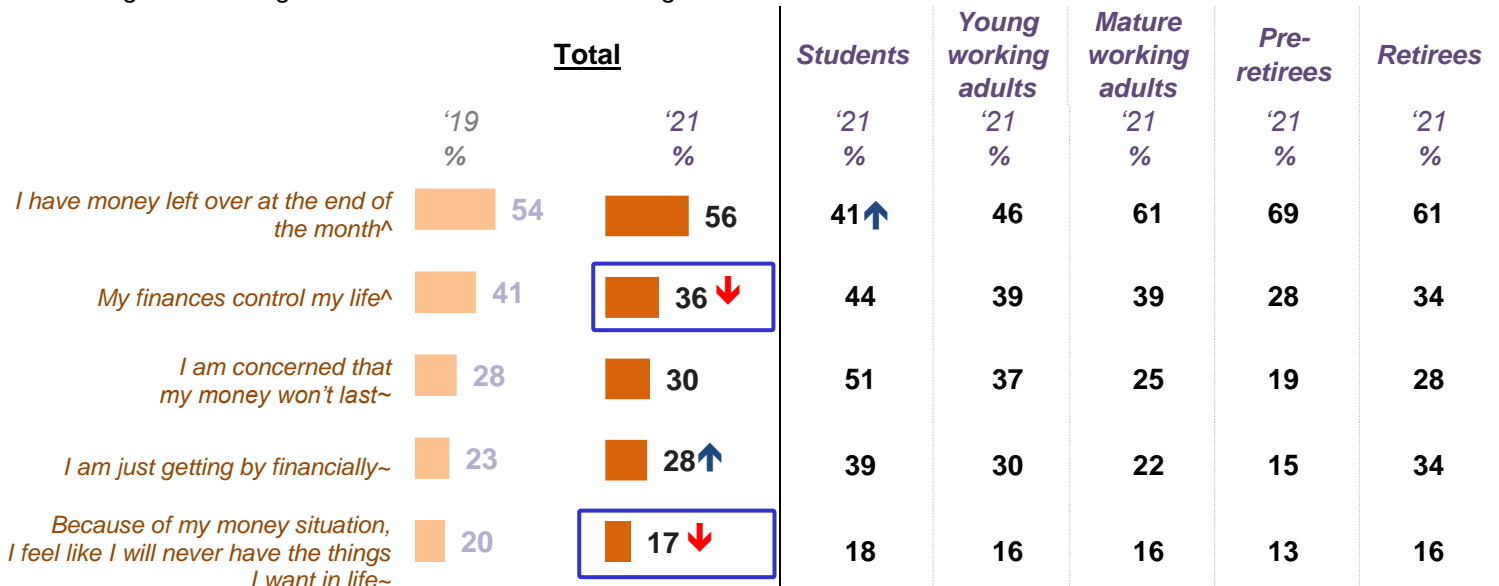
() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

Financial Well-being

Having surplus at the end of each month is the main contributor to Hongkongers' financial well-being. And perhaps for the very reason, less feel they are controlled or restricted in achieving things they desired by their own finances. Nevertheless, slightly over a quarter felt they are just getting by financially.

Figure 6.3 – Agreement with financial well-being statements



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

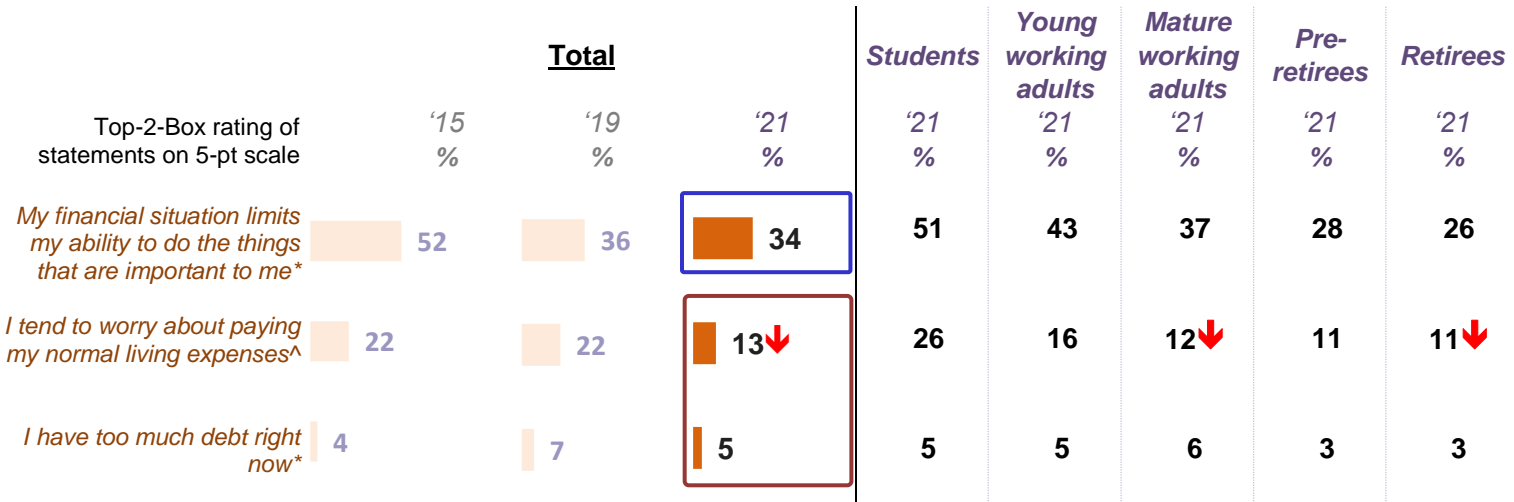
[^] rating scale labeled as "1-Always, 5-Never"

[~] rating scale labeled as "1-Completely, 5-Not at all"

Financial stress

Hongkongers appeared to be less stressed, with fewer reported to worry about paying normal living expenses compared to two years ago (13% vs 22%) which maybe counter-intuitive considering half of Hongkongers saw reduced household income. Yet, with reduced social activities and more stay-at-home time, it is likely that expenses also significantly reduced.

Figure 6.4– Agreement with statements on financial stress



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; student n=100; young working adults n=141; mature working adults n=346; Pre-retirees n=149; Retirees n=145

() denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

^ rating scale labeled as "1-Always, 5-Never" since 2019

* rating scale labeled as "1-Completely agree, 5-Completely disagree"

Appendix

Financial Literacy & Well-Being Scores by Gender

Financial Literacy Score

Improvement on knowledge compared to two years ago is evident among both sexes. However, males show slips on both behaviour and attitude scores.

Nevertheless, males display a slightly higher level of overall financial literacy which remains on par with 2019.

Figure 7.1 – Average financial literacy score by gender

	'15	<u>Total</u> '19	'21	<i>Male</i> '21	<i>Female</i> '21
Financial Literacy Score	14.4	14.8	14.8	14.9	14.7
Financial Knowledge Score	5.8	6.2	6.3↑	6.4↑	6.2↑
Financial Attitudes Score	2.7	2.9	2.8	2.8↓ L	2.9 H
Financial Behaviour Score	6.0	5.8	5.6↓	5.6↓	5.6

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; male n=488; female n=587
 () denotes figures in 2019

↑/↓ denotes significantly higher/ lower total value in 2021 vs 2019 at 95% confidence interval

H/ L denotes significantly higher/ lower total value at 95% confidence interval compared to the counterpart, i.e. male vs female

Financial Knowledge

Both males and females better understand the concept and impact of inflation compared to two years ago. Level of knowledge on various basic financial concepts are quite similar, yet males show better comprehension on compound interest (significantly higher than female) and risk diversification. (Figure 7.2)

Financial Attitudes

Males show weakened attitudes towards longer-term planning compared to 2019 and their attitude score is now lower than females'. The greatest discrepancy lies in males' higher likelihood to adopt "money is there to be spent" attitude. (Figure 7.3)

Figure 7.2 – Financial scores by gender

	<u>Total</u>			<u>Male</u>	<u>Female</u>
	'15	'19	'21	'21	'21
Average number of correct answers (out of 7)	5.8	6.2	6.3↑	6.4↑	6.2↑
<u>With correct answer on:</u>	%	%	%	%	%
Inflation – Concept	83	84	90↑	92↑	88↑
Inflation – Impact	97	94	97↑	97↑	98↑
Interest on loan	95	99	100↑	100	100↑
Simple interest	79	96	97	97	96
Compound interest	58	71	74	81 H	68 L
Risk and return	96	93	93	94	92
Risk diversification	74	79	81	83	79

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; male n=488; female n=587
 ↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval
 H/ L denotes significantly higher/ lower total value at 95% confidence interval compared to the counterpart, i.e. male vs female

Figure 7.3 – Agreement with statements on spending attitudes by gender

	<u>Total</u>			<u>Male</u>	<u>Female</u>
	'15	'19	'21	'21	'21
	%	%	%	%	%
Financial Attitudes Score (out of 5)	2.7	2.9	2.8	2.8 ↓ L	2.9 H
<i>I find it more satisfying to spend money than to save it for the long term*</i>	3.1	3.2	3.0 ↓	3.0	3.1 ↓
<i>Money is there to spent*</i>	2.1	2.3	2.3	2.2 ↓ L	2.4 H
<i>I tend to live for today and let tomorrow take care of itself^</i>	2.9	3.3	3.2 ↓	3.1	3.2

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; male n=488; female n=587
 ↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval
 H/ L denotes significantly higher/ lower total value at 95% confidence interval compared to the counterpart, i.e. male vs female
 * rating scale labeled as "1-Completely agree, 5-Completely disagree"
 ^ rating scale changed from "1-Completely agree, 5-Completely disagree" in 2015 to "1-Completely, 5-Not at all" in 2019 and onwards

Financial Behaviour

Both gender see the same overall behavior score. Females have shown improvement in active saving and timely bill payment compared to two years ago, but they are still behind males in setting long-term financial goals. (Fig 7.4)

Figure 7.4 – Proportion of scored points for financial behaviours by gender

Financial Behaviour Score (score out of 9)	<u>Total</u>			<u>Male</u>	<u>Female</u>
	'15	'21	'21	'21	'21
	6.0	5.8	5.6↓	5.6	5.6
Points gained in:	%	%	%	%	%
<i>Responsible and actively keeps track of money (1 pt.)</i>	55	64	63	60	66
<i>Actively saving (1 pt.)</i>	73	84	92↑	90	94↑
<i>Considered purchase (1 pt.)</i>	90	63	63	61	64
<i>Timely bill payment* (1 pt.)</i>	89	84	86	84	88↑
<i>Keeping watch of financial affairs (1 pt.)</i>	82	75	72	71	73
<i>Long term financial goal setting (1 pt.)</i>	58	54	47↓	51 H	44 L
<i>Not borrowing to make ends meet (1 pt.)</i>	91	94	94	92 L	95 H
<i>Choosing products wisely (1 pt.)</i>	21	18	17	19	16
<i>Choosing products wisely (2 pt.)</i>	17	21	13↓	18 ↓H	10 ↓L

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; male n=488; female n=587
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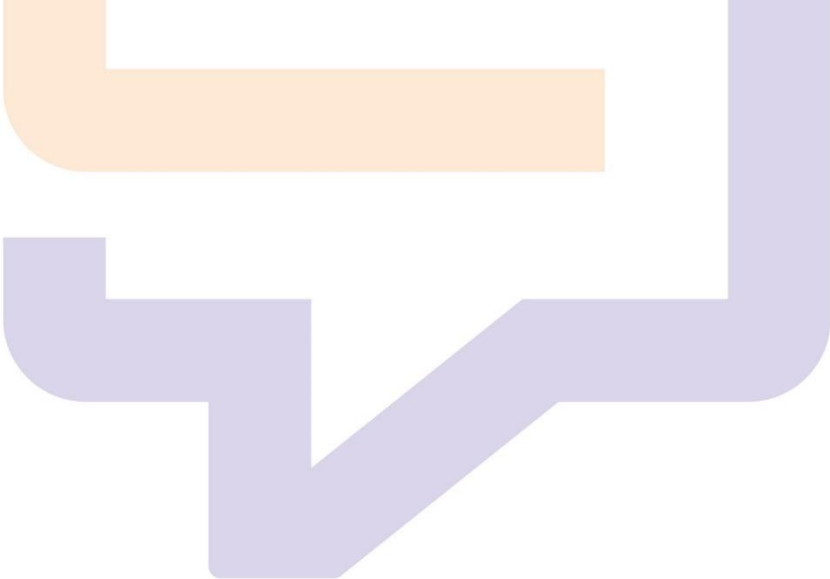
Financial Well-being

Financial well-being is slightly better among males. In particular, males are less likely to think they are just getting by financially.

Figure 7.5 – Average score for well-being statements (out of max. 4 points) by gender

Financial Well-being Score (score out of 20)	<u>Total</u>		<u>Male</u>	<u>Female</u>
	'19	'21	'21	'21
	11.1	10.9	11.0	10.8
Average score by statement				
<i>I have money left over at the end of the month</i>	2.5	2.6↑	2.5	2.6
<i>I feel like I will have the things I want in life</i>	2.3	2.3	2.4	2.3
<i>I don't just get by financially</i>	2.3	2.2↓	2.3 ↓H	2.1 ↓L
<i>I am not worried that my money won't last</i>	2.1	2.1	2.2	2.1 ↓
<i>My finances do not control my life</i>	1.8	1.8	1.8	1.7

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; male n=488; female n=587
 ↑/↓ denotes significantly higher/ lower total value at in 2021 vs 2019 at 95% confidence interval
 H/ L denotes significantly higher/ lower total value at 95% confidence interval compared to the counterpart, i.e. male vs female



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