



ETIQA INSURANCE SINGAPORE

**FINANCIAL FITNESS
SURVEY REPORT 2023**

eTiqa

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Navigating Singaporeans' Unique Challenges and Goals

Over the last 15 years, the world has witnessed significant economic shifts, from the Great Recession to a prolonged bull market, culminating in the recent global pandemic. For Gen Zs and Millennials in Singapore, these events have profoundly influenced their financial landscape, resulting in distinct challenges like surging living costs, inflation, and high interest rates.

As they navigate these hurdles, achieving both long-term and short-term financial goals becomes akin to running a race, requiring discipline, strategy, and training. It is through this lens that the concept of financial fitness comes into play, representing the state of one's financial health and the necessary knowledge and skills to successfully complete their life journey.

How financially fit are Singaporeans and what are their key financial concerns? Etiqa Insurance Singapore finds out more about Singaporeans' goals, attitudes and priorities when it comes to finances.



Financial Fitness

Financial fitness refers to the ability to manage our money to meet our current and long-term needs by having the necessary knowledge, skills, and habits to effectively manage our personal finances¹.

It encompasses various aspects such as budgeting, saving, investing, debt management, and financial planning.

Achieving financial fitness involves developing a strong foundation of financial literacy, making informed financial decisions, and adopting responsible financial habits.

Financially fit individuals set financial goals, create and stick to a budget, save for emergencies and future needs, manage debt, and make smart investments. Attaining financial fitness can help individuals achieve short-term and long-term financial goals for a secure future.



(1) Source : CFA Institute

Research Methodology

To gain deeper insights into Singaporeans' perspectives on financial matters, Etiqa Insurance Singapore conducted a survey in collaboration with Kantar, focusing on Singaporeans' financial habits and financial fitness.

1,024 individuals across Gen Zs (18 to 26 years old) and Millennials (27 to 42 years old) were surveyed in May 2023.



Singaporeans balance future planning with indulgences

Driven by a desire to achieve financial peace of mind, Singaporeans prioritise building assets and advancing careers without denying life’s indulgences.

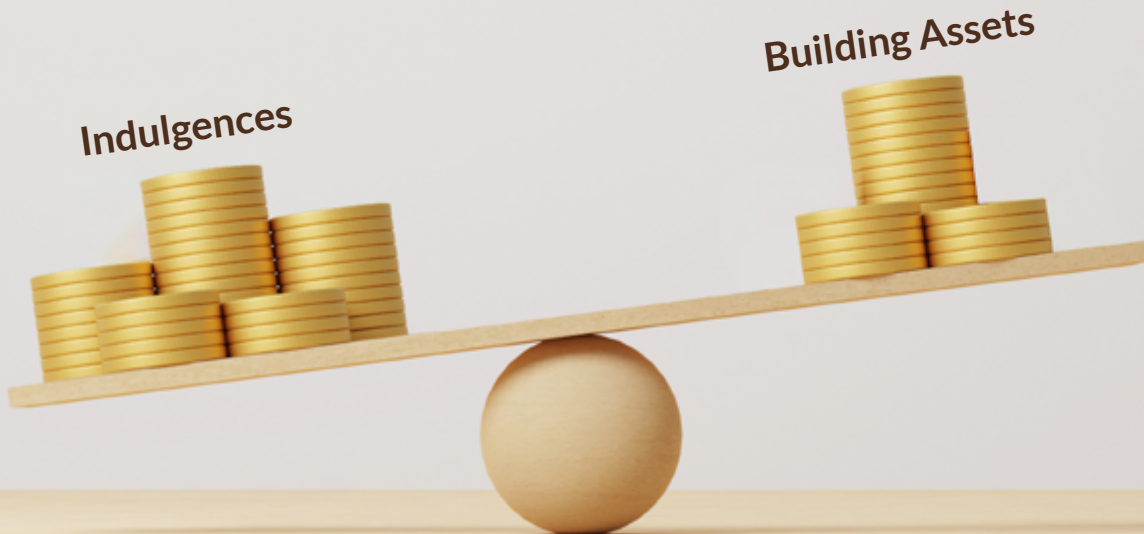
The ability to afford the things they want also means that they may put themselves under higher stress when pursuing numerous goals.

Building Assets

| | Short term (in next 12 months) | Mid term (up to 5 years) |
|---------------------------|-----------------------------------|-----------------------------|
| Start Investing | 49% | 41% |
| Buying Property | 26% | 39% |
| Pursuing Higher Education | 20% | 18% |
| Retirement | 12% | 17% |
| Owning a Car | 9% | 16% |

Indulgences

| | Short term (in next 12 months) | Mid term (up to 5 years) |
|----------------------------------|-----------------------------------|-----------------------------|
| Travelling | 52% | 43% |
| Personal Hobbies | 30% | 25% |
| Celebration of Events/Milestones | 19% | 13% |
| Luxury Items | 12% | 10% |



Short and Mid-term Savings Priorities

Hurdles in building financial muscle

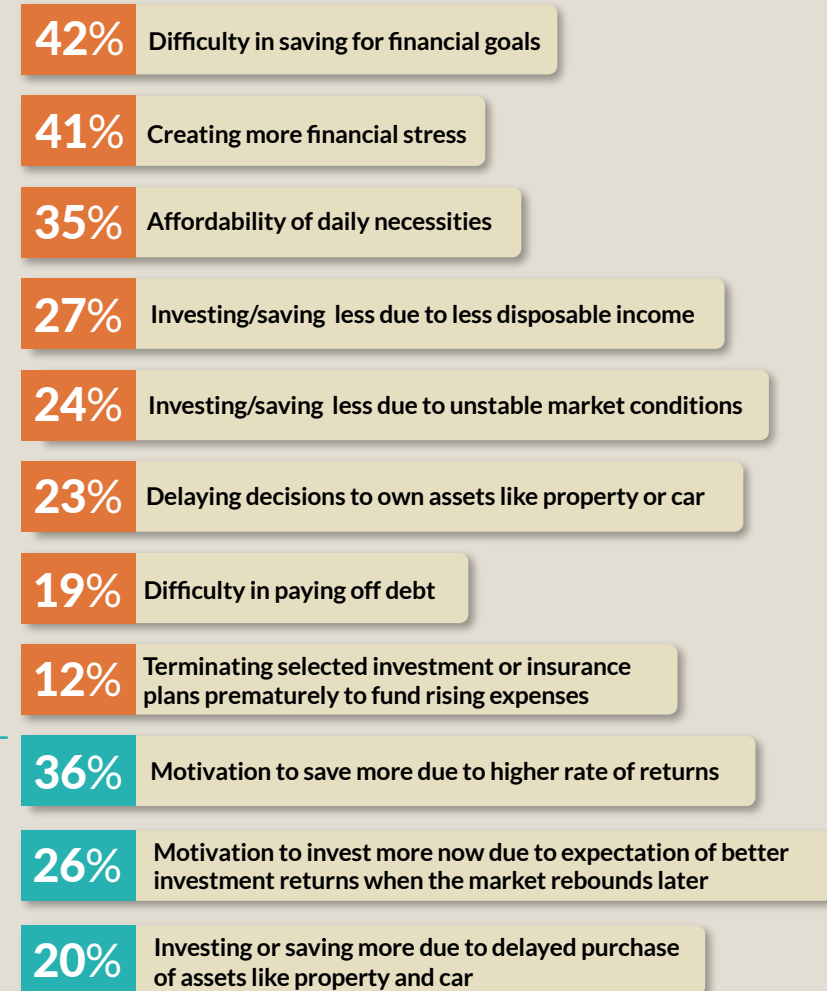
90% of Gen Zs and Millennials responded that the current economic environment has altered their savings and investment habits.

Among these, they experienced difficulties in saving, resulting in increased financial stress and concern about the affordability of daily necessities.

Given the current financial challenges, it is key for Gen Zs and Millennials to build financial resilience and muscle to safeguard their financial goals and overall well-being.

For some, they turned the negative impacts into positive outcomes

How the current market environment has changed money habits

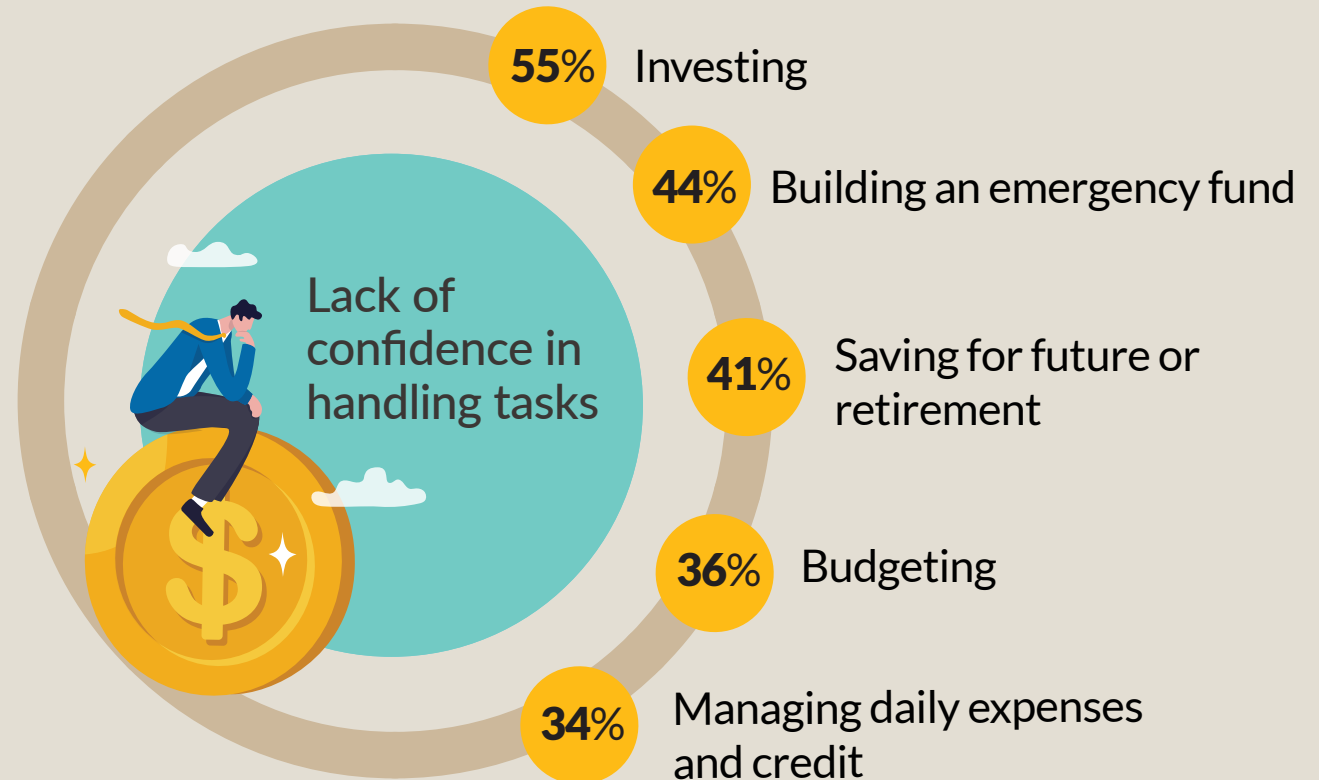


Financial literacy gaps may negatively impact financial fitness

1 in 3 respondents does not feel confident to make sound financial decisions in times of economic stress.

Furthermore, young Singaporeans were found to have relatively low confidence in two specific areas: investing (55%) and building emergency funds (44%).

Millennials demonstrated higher confidence levels compared to Gen Z individuals, which could be due to experience in navigating their financial challenges and higher median salaries (i.e. greater disposable income available for investment or emergency funds).



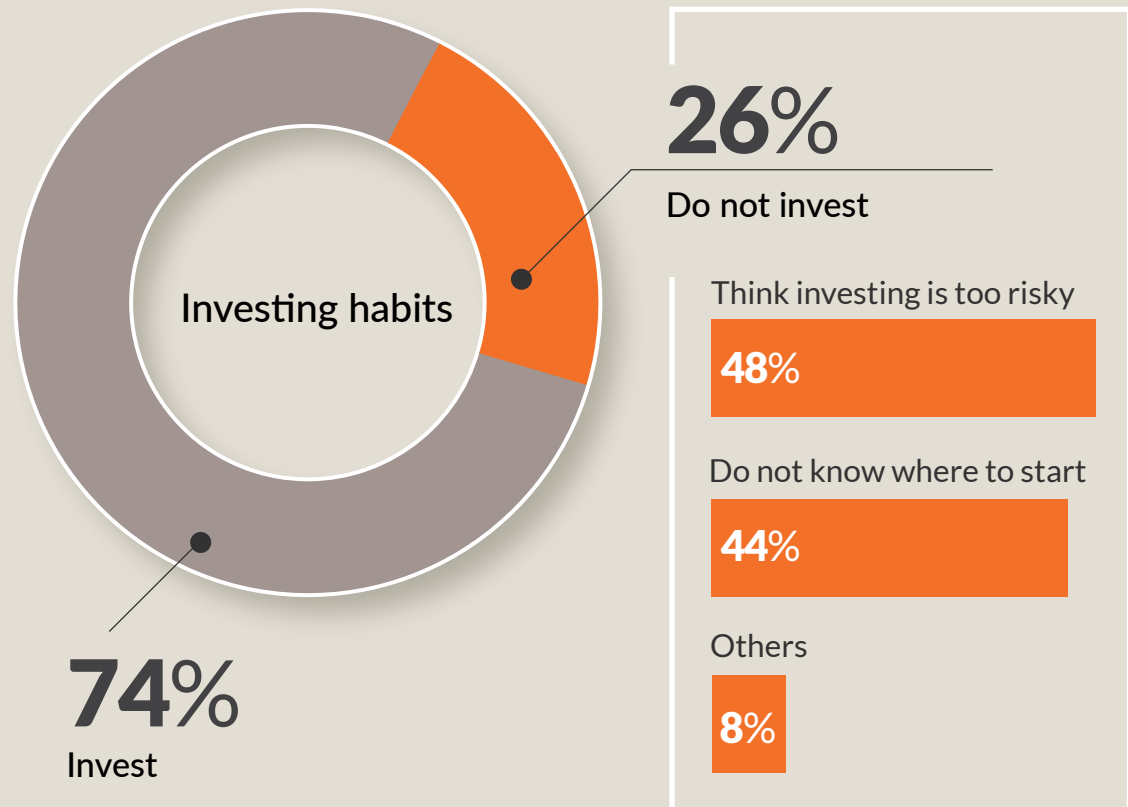
Enhancing knowledge in their investment marathon

1 in 4 (26%) of those surveyed does not invest, citing reasons such as not knowing where to start or feeling that investments are too risky.

Although respondents possess knowledge of financial fundamentals, they face challenges when it comes to more intricate topics such as investing and prefer low-risk investments such as fixed deposits instead.

A lack of financial literacy can have adverse effects on one's financial fitness by fostering undesirable money habits.

Conversely, having a solid grasp of financial knowledge can significantly enhance financial well-being and bring individuals closer to achieving their financial goals.



Bread and butter issues hinder financial fitness

Keeping up with rising costs and inflation, dealing with emergencies, and coping with sudden job losses are three top financial concerns for Gen Zs and Millennials in the next year.

These findings emphasise the need for financial fitness programmes and support systems to address the financial well-being of Gen Zs and Millennials, including promoting good saving habits.

Sources of Financial Fears



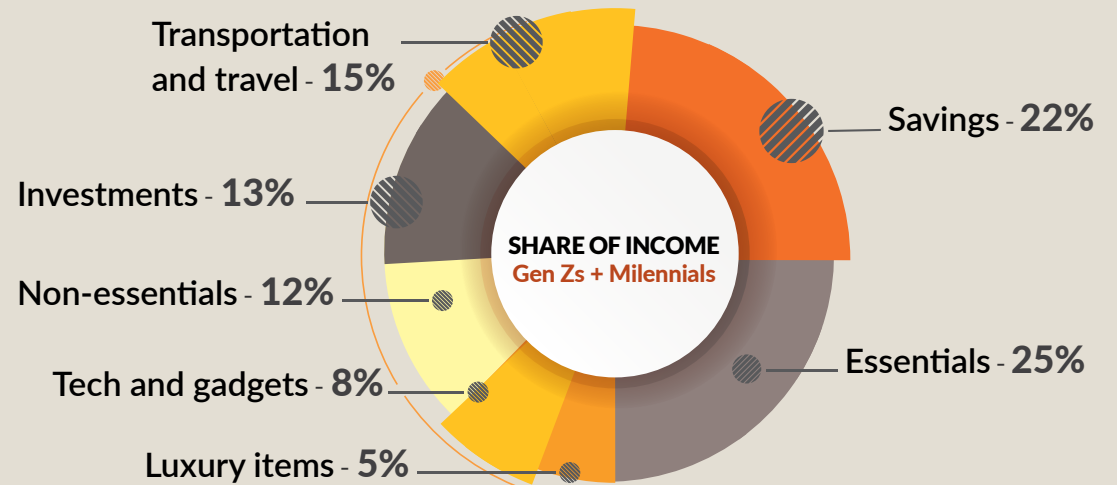
Sprinting towards financial goals through savings and investments

Savings and investing can help make financial aspirations and goals a reality.

Among Singapore’s Gen Zs and Millennials, 4 in 10 (41%) put aside savings monthly. Of those who save, they put aside 35% of their income towards savings (22%) and investments (13%).

Compared to Millennials, Gen Zs take less risk, putting more in savings than investments.

Results also show that both demographics allocate most of their income to savings, transportation and travel, underlining the barriers to keeping financially fit.



| SHARE OF INCOME BY GENERATION | Gen Zs | Millennials |
|-------------------------------|--------|-------------|
| Essentials | 25% | 26% |
| Savings | 24% | 21% |
| Transportation and travel | 15% | 14% |
| Investments | 11% | 15% |
| Non-essentials | 12% | 11% |
| Tech and gadgets | 8% | 8% |
| Luxury items | 5% | 5% |

Gen Zs + Millennials

Do you spend more than you earn?

59% No, I earn more than I spend

41% Yes, I spend more than I earn

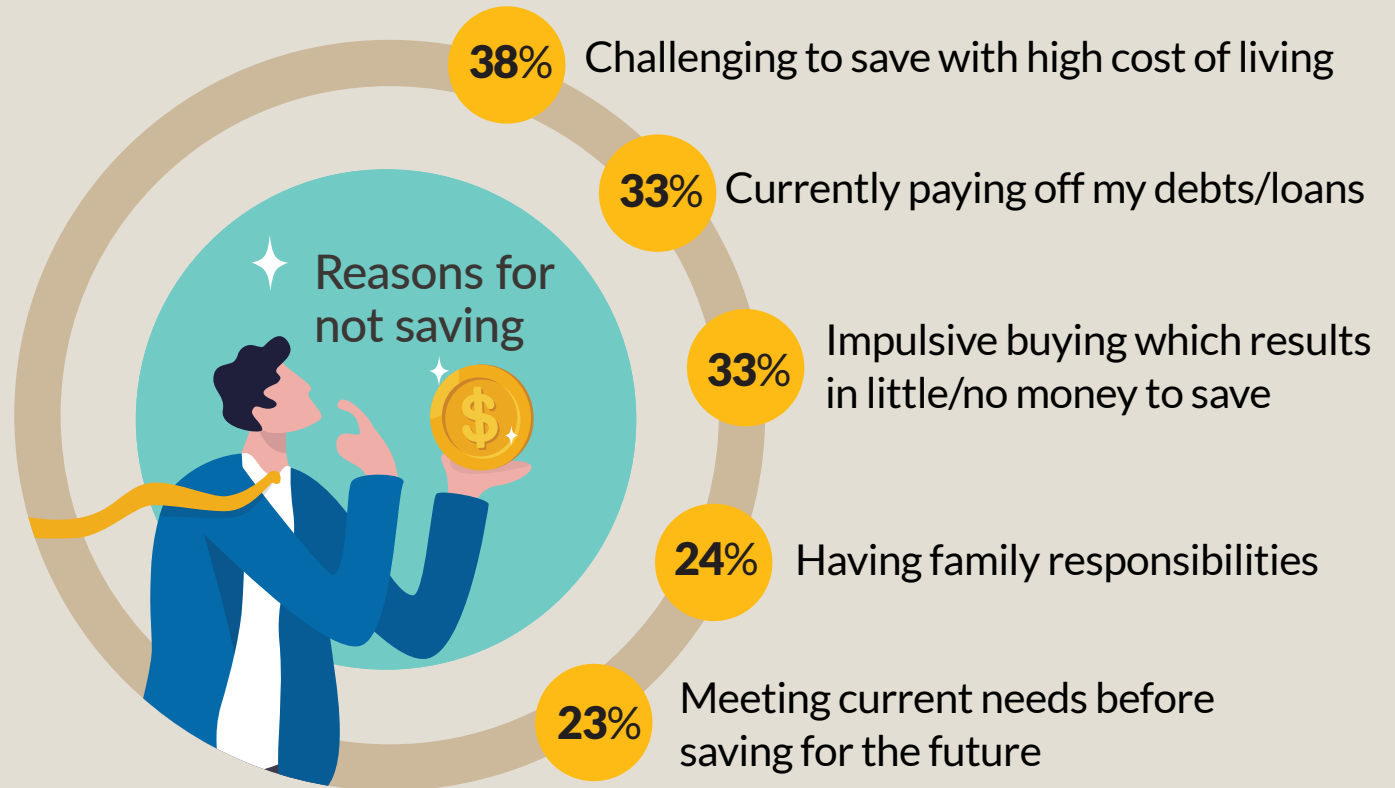
Hurdles to overcome on their savings sprint

When it comes to building their savings, Gen Zs and Millennials encounter distinct challenges that are specific to their age groups.

The most significant differences between the two demographics lie in debt repayment and fulfilling family obligations.

For 43% of Millennials, paying off debts serve as a primary reason for not being able to save, while 35% cited family responsibilities as an obstacle.

In contrast, Gen Zs face different hurdles in their savings journey. With fewer family responsibilities and lower debt burdens, their top struggles revolve around coping with rising living costs and grappling with spending habits.



Zero debt paving the way to a fit future

1 in 2 Gen Zs does not have any loans or debts, which provides them with a solid starting point to establish an emergency fund or put aside money for investments or for the purchase of their first home.

Being debt-averse may be a good thing, but Gen Zs will also need to start cultivating wise saving habits.



48%
of Gen Zs are debt free







Diversity of investments for financial resilience

Gen Zs and Millennials diversify investments over a range of assets and securities to help spread out risk and diversify returns.

Millennials invested most into Stocks/Equities/ETFs (56%), Insurance products (41%), Property/REITs (29%), and Investment-linked products, or ILPs (29%).

Similarly, stocks and equities were also a top choice for more than half (57%) of Gen Zs investors, followed by insurance products (28%) and bonds (24%).

Among the different instruments, Gen Zs' and Millennials' preferences varied the most in owning insurance products, mutual funds/unit trusts, property/REITs, and ILPs.

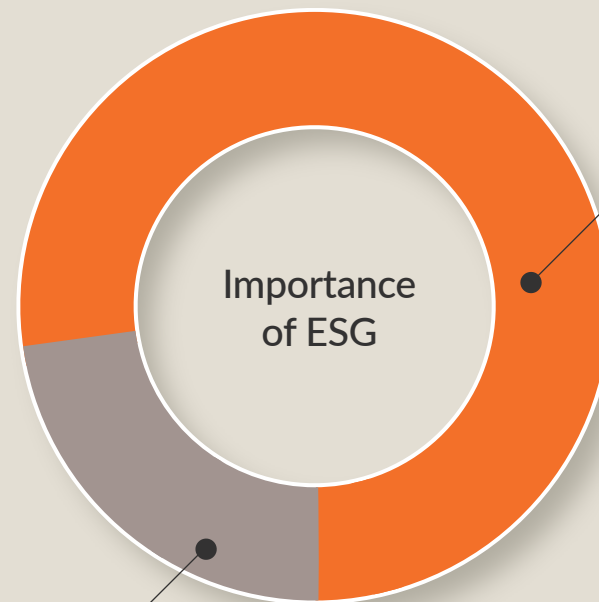
| WHAT THEY INVEST IN | | Gen Zs | Millennials |
|--------------------------------------------------------------------------------------|----------------------------|--------|-------------|
|  | Stocks/Equities/ETFs | 57% | 56% |
|  | Insurance Products | 28% | 41% |
|  | Mutual Funds / Unit Trusts | 19% | 29% |
|  | Bonds | 24% | 23% |
|  | Property/REITs | 18% | 29% |
|  | Investment-Linked Products | 18% | 29% |

Next generation will spur demand for ESG investments

Today's young Singaporeans tend to put their personal values at the forefront of decision-making and prioritise sustainable causes.

Almost 3 in 4 Gen Zs and Millennials consider ESG important. Of these, only 30% of them exclusively invest in ESG companies or funds.

As Gen Zs and Millennials continue to gain more economic power and companies provide more ESG products, we can expect to see a shift in demand in financial and investment products that align with their beliefs.



72%

Important

Sometimes invest in ESG companies/funds

70%

Exclusively invest in ESG companies/funds only

30%

28%

Not important

Achieving financial fitness starts today

Financial fitness is of utmost importance for Singaporeans, given the current economic climate and the impending financial challenges that young individuals are encountering. Although young Singaporeans are making efforts to enhance their overall financial well-being, there is still room for improvement in educating and empowering them to make prudent financial decisions and cultivate strong, healthy financial habits.

To achieve their financial fitness goals, individuals need to adeptly navigate the complexities of personal finance. With the right knowledge and guidance, they can pave the way towards a financially secure future.





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If you would like to talk to us about the insights in this research, we are keen to hear from you. Please contact us at marketing@etiqa.com.sg.

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