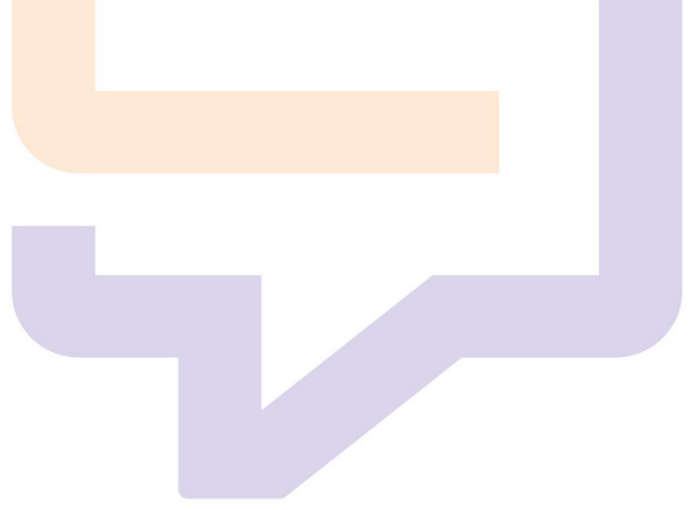




投資者及理財教育委員會
Investor and Financial
Education Council



Financial Literacy Monitor 2022

December 2023

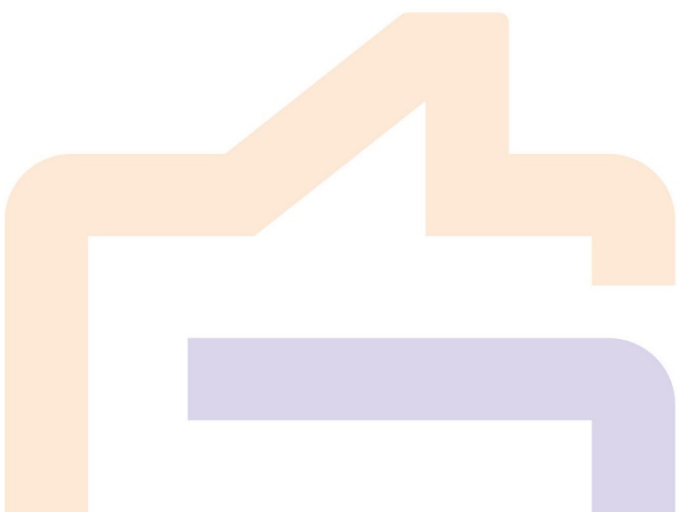


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Executive Summary

The Investor and Financial Education Council (IFEC) has been conducting the *Financial Literacy Monitor* regularly to keep track of the financial literacy levels of the people in Hong Kong. The study adopted the survey toolkit developed by the OECD International Network on Financial Education (OECD/INFE) and the first wave of the study took place in 2015 when 30 countries and economies participated in a global comparison study coordinated by the OECD/INFE¹ (please refer to the footnotes on P4). The cross-country comparison exercise was repeated in 2019². In 2021, IFEC conducted the survey again to gauge changes in financial literacy level compared to pre-pandemic times (no global exercise).

In 2022, IFEC participated in the latest round of international comparison of financial literacy levels to gauge Hong Kong's position compared to other economies, and also to continue to monitor the financial education needs of the people in Hong Kong (the global results were released in December 2023³).

Survey methodology and fieldwork execution remained consistent with previous rounds: about a thousand face-to-face interviews were conducted with adults aged 18-79 via street-intercepts across 18 districts in Hong Kong in August/September 2022, with quotas on key demographics following the latest population census to ensure the sample was representative of the Hong Kong adult population.

This year the OECD/INFE toolkit is also revised to update the methods to create measures of financial literacy and financial well-being, as well as to cover new areas such as usage of digital financial services and digital financial literacy which have become increasingly important in the world today.

With the updates on the survey toolkit in 2022, scores of the previous waves have been re-calibrated in the same way for an apple-to-apple comparison throughout this report:

#1 Update: The **re-calibrated financial literacy score** now totals 20 instead of 21. The three component scores were then further rescaled in OECD/INFE's cross-economy comparison report, so that the total financial literacy score ranges from 0 to 100.

| | <u>Coverage</u> | <u>Scoring</u> | <u>Rescaled</u> |
|------------------|--|----------------|-----------------|
| Knowledge | Basic financial concepts <i>e.g., inflation, simple interest, compound interest, risk diversification</i> Remained consistent across all four waves of study | 0-7 | 0-35 |
| Attitude | Attitude towards long-term planning Dropped 1 statement (out of 3) (i.e., 'Money is there to be spent') and scoring adjusted from 1-5 to 0-4 | 0-4 | 0-20 |
| Behaviour | Sound money management behavior <i>e.g., active saving, considered purchase, pay bills on time, long-term goal-setting, monitoring personal financial status, choosing financial products wisely</i> Changed the filter for one question (i.e., choosing products wisely for selected financial products) | 0-9 | 0-45 |
| Overall | With the new scoring calculations, the overall financial literacy score ranges from 0-100 instead of 0-21 | 0-20 | 0-100 |

#2 Update: Digital financial literacy score is newly introduced. The OECD/INFE defined digital financial literacy as a combination of knowledge, attitude, and behaviour necessary for individuals to be aware of and safely use digital financial services and digital technologies with a view to contributing to their financial well-being.

| | <u>Coverage</u> | <u>Scoring</u> | <u>Rescaled</u> |
|------------------|---|----------------|-----------------|
| Knowledge | Basic understanding of day-to-day digital finance/ footprint <i>(How personal data shared online maybe used, whether cryptocurrencies are legal tender, whether digital financial contracts need signature on paper)</i> | 0-3 | 0-30 |
| Attitude | Attitude towards cyber-security <i>(Reading T&C online, verifying website security, public Wi-Fi)</i> | 0-3 | 0-30 |
| Behaviour | Savvy digital behavior <i>(Not to share passwords, not to share personal financial information online, check if an online financial service provider is regulated, regularly change passwords)</i> | 0-4 | 0-40 |
| Overall | | 0-10 | 0-100 |

#3 Update: New calculations for the Financial Well-being score. The OECD/INFE refined the calculations for the Financial Well-being score, which now comprises of **two components**: **financial resilience** (four objective indicators on one's ability to cope with negative financial shocks) and **subjective financial well-being** (eight statements which gauge satisfaction with one's financial situation and feelings of stress about money matters).

The two components (i.e., financial resilience & subjective financial well-being) are added together to produce overall Financial Well-being Score that ranges from 0 to 100.

| | <u>Coverage</u> | <u>Scoring</u> | <u>Rescaled</u> |
|--|--|----------------|-----------------|
| Financial resilience | <ul style="list-style-type: none"> • Able to pay for a major expense (equivalent to 1 month's income) without borrowing • Did not experience living expenses exceeding income in the past 12 months • Able to cover living expenses for at least three months • I have money left over at the end of the month | 0-4 | 0-50 |
| Subjective financial well-being | <ul style="list-style-type: none"> • I am satisfied with my present financial situation • My financial situation limits my ability to do things that are important to me • I have too much debt right now • I tend to worry about paying my normal living expenses • My finances control my life • 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 | 0-8 | 0-50 |
| Overall[^] | | | 0-100 |

This report summarises the survey's findings, with a focus on the core components of financial literacy and digital financial literacy according to the OECD/INFE framework. And where appropriate, comparison against past findings at the total level is provided to show the trends.

Key research findings

Financial literacy level improved and was at its best across the four waves of study carried out since 2015.

- The financial literacy level in Hong Kong, indicated by a combination of scores on knowledge, attitude and behaviour, improved by 1.3 compared to 2021 which represents a statistically significant increment. The overall score in 2022 is 70.1 out of 100 (with a maximum of 35 for knowledge, 20 for attitude and 45 for behaviour).
- The increment is mainly driven by the improvement of the Financial Behaviour score. The Financial Knowledge score also rises slightly; while the Financial Attitude score remains at similar level as past waves.

| | 2015 | 2019 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|
| <i>Financial Knowledge score</i> | 29.1 | 30.8 | 31.6 | 31.9 |
| <i>Financial Attitude score</i> | 9.8 | 11.1 | 10.6 | 10.7 |
| <i>Financial Behaviour score</i> | 29.5 | 27.3 | 26.7 | 27.5↑ |
| Overall Financial Literacy Score | 68.3 | 69.1 | 68.8 | 70.1↑ |

Base: all respondents (2015: n=1,000, 2019: n=1,002, 2021: n=1,075, 2022: n=1,056)

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

- Financial Knowledge score steadily increases over the years which demonstrates better understanding of the basic financial concepts (especially among the younger segments).
- The Financial Attitude score has remained relatively stable in the past seven years. Meanwhile, consistent generational disparities are observed in terms of their attitude towards longer-term planning – where mature segments are more inclined to save and plan and young segments tend to opt for instant gratification.
- Significant improvement is recorded for the Financial Behaviour score this year (27.5 in 2022 vs 26.7 in 2021), mainly driven by the improvement in the score among mature working adults aged 30-49 (30.3 in 2022 vs 28.6 in 2021). After a drop in commitment to long-term goal setting observed in 2021, more of them got back to financial goal-setting and actively keeping track of their finances.

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/launchoftheoecdinfe-global-financial-literacy-survey-report.htm>

³ OECD/INFE 2023 International Survey of Adult Financial Literacy
<https://www.oecd.org/publications/oecd-infe-2023-international-survey-of-adult-financial-literacy-56003a32-en.htm>

The newly introduced Digital Financial Literacy Score is 67.3 (out of 100) among the people in Hong Kong which indicates room for improvement when it comes to awareness of safety precautions in the usage of digital financial services.

| | |
|--|-------------|
| <i>Digital Financial Knowledge score</i> | 22.4 |
| <i>Digital Financial Attitude score</i> | 19.4 |
| <i>Digital Financial Behaviour score</i> | 25.5 |
| <i>Overall Digital Financial Literacy Score</i> | 67.3 |

- The digital financial literacy score is a combination of scores on digital knowledge, attitude and behaviour with a maximum score of 100 (30 for knowledge, 30 for attitude and 40 for behaviour). Retirees see a significantly lower score (54.3) compared to other segments, which could stem from their weaker knowledge and experience of the Internet in general.
- People in Hong Kong again score better in the knowledge component (22.4 out of 30) than attitude (19.4 out of 30) and behaviour (25.5 out of 40). Most of the surveyed respondents showed good understanding on the tested topics but need to increase awareness of the validity of digital contracts as just 50% could point out smart contracts are already valid without signed paper contracts.
- In terms of attitude towards digital financial services, people in Hong Kong tend to overlook the significance of checking the security of websites before making transactions and the potential risk of using public Wi-Fi for transactions.
- When it comes to behaviour, more people need to get into a habit of regularly changing their online passwords (merely 22% did so) and check whether the digital financial service providers are regulated before purchasing financial products online.

Younger segments (students and young working adults aged below 30) experienced more financial strain in 2022 compared to a year ago, yet many were still not paying enough attention to managing their personal finance.

- More students and young working adults reported having experienced difficulties to cover their living expenses compared to 2021 (Students: 33% vs. 16% in 2021, Young working adults: 27% vs. 16% in 2021), rebounding to similar levels in 2019. Consequently, more respondents needed to borrow from others in order to make ends meet (Students: 22% vs. 4% in 2021, Young working adults: 15% vs. 9% in 2021).
- They also showed greater dissatisfaction and insecurities with their financial situation:
 - Declined satisfaction with their present financial situation (Students: 13% vs. 37% in 2021, Young working adults: 25% vs. 32% in 2021)
 - Concerned that their money will not last (Students: 39%, Young working adults 35% vs. Total 28%)
 - Worried that their current financial situation would hinder their pursuit of important things in life (Students: 53%, Young working adults 43% vs. Total 38%)

- Despite facing a financial strain, youngsters appear to remain rather inattentive to their money matters:
 - Inadequate monitoring of own finances such as keeping note of spending (Students: 12%, Young working adults: 20% vs Total 36%). Despite being a digital savvy generation, only few (11% of students; 16% of young working adults) make use of apps/digital tools available for keeping track of their daily outgoings.
 - Not enough effort on budgeting such as setting aside money for bills (Students: 36%, Young working adults: 46% vs Total 57%) and making plans/budgeting to manage their income and expenses (Students: 8%, Young working adults: 18% vs Total 35%)
 - Struggle to manage their credit card wisely as around a quarter of young credit card users have failed to settle their credit card bills in full at least once in the past 12 months (Students: 25%, Young working adults: 23% vs Total 8%)
- In fact, youngsters are seemingly more concerned with meeting their short-term desires than planning for their future – many find spending money more satisfying than saving it for the long-term (Students: 41%, Young working adults 46% vs. Total 24%); and they are less motivated in setting long-term financial goals than last year (Students: 42% vs. 47% in 2021, Young working adults: 52% vs. 62% in 2021)
- It is also worth noting that more young working adults are venturing into the financial markets – 39% of them traded stocks (c.f. 34% in 2021), and 8% dipped their toes into virtual assets (c.f. 4% in 2021).

Mature working adults (aged 30 to 49) and pre-retirees (aged 50 or more) demonstrated stronger commitment to good money management practices and are the driving force of the increased overall financial literacy level.

- They continue to display more discipline and better money management practices than other segments:
 - Setting aside money every month as savings (Mature working adults: 65%, Pre-retirees: 57% vs Total 47%)
 - Keeping track of their money proactively (Mature working adults: 82%, Pre-retirees: 87% vs Total 73%)
 - More got back to setting long-term financial goal (Mature working adults: 84% vs. 75% in 2021, Pre-retirees: 69% vs. 62% in 2021) and strive to achieve it (Mature working adults: 72% vs. 62% in 2021, Pre-retirees: 55% vs. 49% in 2021)
- Nevertheless, retirement confidence dropped among both mature working adults (30% vs 35% in 2021) and pre-retirees (47% vs 57% in 2021), and significantly more of them quoted old age benefits from the government as a source of funding to support their retirement.
- Mature working adults also scored highest in digital financial literacy. Further, compared to the other segments, more of them have had experience with digital financial services and virtual assets:
 - Ever requested a debit/ credit card completely online (Mature working adults: 17% vs Total 9%)
 - Ever opened a bank account completely online (Mature working adults: 13% vs Total 7%)
 - Ever subscribed to an insurance policy completely online (Mature working adults: 11% vs Total 5%)
 - Traded/held crypto-assets in the past year (Mature working adults: 9% vs Total 4%)

Retirees lacked retirement confidence and displayed passive money management habits

- Only one third (32%) of the surveyed retirees reported confidence of being financially well-planned for retirement (down from 47% in 2021), and a significant proportion of surveyed retirees felt they are only getting by financially (Retirees: 33% vs Total 25%). Apart from their own savings, majority rely heavily on old-age benefits - SSA Scheme (80%) and financial aids from their children (73%).
- Many showed inadequate planning for their current financial resources or the future expenses:
 - Just about half (49%) of retirees keep money for bills separate from day-to-day expense (vs Total 57%)
 - Only 16% reported making plans (budget) to manage income and expenses (vs Total 35%)
- High internet access (89%) but low usage of digital financial services is observed among the retirees - the main use of the Internet is communicating with others via instant messaging apps (65% of the Retirees with internet access), followed by looking up information online (37%) and browsing social media (32%). Only about a quarter (27%) ever used online banking.

Implications for financial education

It is heartening to see improved financial literacy levels in Hong Kong which is very encouraging for the community of financial educators. Nevertheless, at 70.1 out of a possible 100 score, there is still room for improvement. Faced with the challenges brought about by economic uncertainties, quality financial education to enhance prudent money management and long-term planning skills has become even more important than ever. To further raise financial literacy levels and strengthen financial well-being, the IFEC would continue with the below strategies:

- **Put youth, particularly tertiary students, as a priority segment for investor and financial education**, so that they establish a healthy relationship with money management at a young age and are equipped with the financial skills for the many important financial decisions as they go through different life stages. In particular, a strategic focus should be placed on tertiary students who are relatively easy to reach as a target segment via promotions or activities held on campuses. Tertiary students are also at a stage when they start to have greater responsibility of managing their own finance (e.g. having part-time income, summer jobs) and become eligible to apply for credit cards.
- On a related note and worthy of separate emphasis is the importance to **alert young people to the pitfalls of credit card usage**. As tertiary students or young people new to the workplace start to use credit card as a new payment method, they may not be aware of the loan product nature of credit cards and the high interest rate charged when they forget or fail to settle card bills in full. Clarifying the product nature and potential debt trap of credit cards to them will help young people manage similar payment products emerging in the market (such as Buy Now Pay Later).

- **Cultivate basic financial discipline of budgeting and expenses tracking using digital tools and gamification.** Spending within means is at the heart of sound money management, and digital tools can make budgeting easy for both the young and old. In particular, many retirees tend to overlook the need for planning and budgeting at this stage of life. It is important to help them get on their feet and not let any passiveness get in the way.
- The financial stress created by the Covid pandemic has no doubt interrupted many people's retirement planning efforts, which has resulted in a drop in retirement confidence across different segments. **Helping the people in Hong Kong to re-focus on retirement planning and preparing for a dignified retirement** amid rising longevity should be on the agenda of every financial educator.
- 2022 was a volatile year for both the stock and virtual assets markets. Despite the volatility, there was still high participation in the stock market and growing interest in virtual assets among the people in Hong Kong, particularly the young working adults. Needless to say, **educating the investors, no matter young or mature, in understanding the inherent risks of different investment products and evaluating their own risk appetite remains essential.**
- In view of the accelerated digital transformation of financial services since the pandemic broke out, digital financial literacy becomes paramount and calls for **more targeted education to fill knowledge gaps on digital finance and cybersecurity.** In particular, retirees, with their lower level of digital financial literacy, are more susceptible to online financial scams. Tailored efforts should be in place to help retirees spot the signs of online/ social media scams considering it is now very common for retirees to use instant messaging apps and social media for communications and entertainment.

Above all, the people in Hong Kong should recognise that financial literacy matters for everyone in the society. While not a cure-for-all, increased financial literacy can lead to improved financial practices that benefit even those with modest or limited resources. The IFEC will continue to dedicate our efforts to provide investor and financial education resources and tools to help improve the financial literacy level in a bid to cultivate good financial management behaviour among the people in Hong Kong.

Research Design

Background

The OECD International Network on Financial Education (OECD/INFE) has developed a “financial literacy and financial inclusion measurement toolkit”, which incorporates a core questionnaire and methodological guidance. It is designed to collect comparable information on the knowledge, attitude 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 monitor changes of the financial literacy level of the people in Hong Kong over time
- To understand the attitude and behaviour of the people in Hong Kong in relatively new areas such as virtual assets, sustainable finance, digital financial literacy, etc
- To participate in the financial literacy measurement study organised by OECD/INFE to gauge the position of Hong Kong in an international context

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 1,056 interviews were completed, including:
 - 1,002 main samples
 - 45 booster samples of tertiary students
 - 9 booster samples of young working adults aged 18-29
(Weighting was applied to all samples to adjust the final proportion of Students and Young working adults with reference to Student Enrolment Statistics 21/22 and 2021 Population Census respectively)
- Quotas were implemented on multiple aspects to assimilate the population with reference to the latest statistics on population distribution as of *2021 Population Census* 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 at high traffic locations across different districts of Hong Kong and timeslots
- All interviews were conducted in Cantonese or English.

Fieldwork Period

- Fieldwork was executed from 18th August 2022 to 2nd September 2022.

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 |

Detailed Findings

Financial Literacy Score

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 35 points in *financial knowledge*, 45 points in *financial behaviour*, and 20 points in *financial attitude* with which an individual could obtain a maximum of 100 points in total.

Financial literacy score

Overall Financial Literacy Score is improved over the past year. Financial knowledge remains the best out of the three components and shows continuous enhancement over the years. The score for Financial Attitude is moderate but stable and the Financial Behaviour score also improved compared to 2021.

Looking at the five key demographic segments, there is no significant changes in their overall financial literacy scores compared to a year ago, except for the mature working adults who enjoy good improvement in 2022. Students and retirees still see the lowest financial literacy levels (64.0 and 62.2 respectively out of the total score 100).

In general, young segments show good financial knowledge but slightly less mature financial attitude and behaviour, reflected in the lower scores in the said areas; while the retirees display a poorer grasp of the basic financial concepts.

Figure 1.1 – Average financial literacy score by key segment

| | <u>Total</u> | | | | <u>Students</u> | <u>Young working adults</u> | <u>Mature working adults</u> | <u>Pre-retirees</u> | <u>Retirees</u> |
|---------------------------------|--------------|-------------|-------------|---------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '15 | '19 | '21 | '22 | | | | | |
| Financial Literacy Score | 68.3 | 69.1 | 68.8 | 70.1 ↑ | 64.0 | 67.7 | 73.4 ↑ (71.3) | 73.4 | 62.2 |
| Financial Knowledge Score | 29.1 | 30.8 | 31.6 | 31.9 | 33.1 | 32.5 | 32.3 | 32.8 | 29.3 |
| Financial Attitude Score | 9.8 | 11.1 | 10.6 | 10.7 | 7.9 | 9.2 | 10.8 | 11.9 | 9.8 ↓ (11.0) |
| Financial Behaviour Score | 29.5 | 27.3 | 26.7 | 27.5 ↑ | 23.0 | 26.0 | 30.3 ↑ (28.6) | 28.8 | 23.1 |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Financial knowledge score (total of 35 points)

Seven knowledge check questions were asked to test individuals' understanding of basic financial concepts. One point is rewarded for every correct answer (0-7); total score was rescaled to 0-35.

| Financial Knowledge Score ranges from 0-7 and rescaled to 0-35 | |
|--|---|
| 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 answer option "Don't know" is included in all questions

Majority of the people in Hong Kong show good understanding of most of the tested financial concepts. Compared to few years ago, more understand 'Compound interest' and 'Risk diversification', which have been the lesser-known concepts among locals for a long time. Nevertheless, Retirees still struggle to grasp the fundamentals of 'Compound interest' with less than half of them (49%) gave the right answer.

Figure 1.2 – Summary of Financial Knowledge Score

| | <u>Total</u> | | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|--------------|-------------|-------------|-------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | '15 | '19 | '21 | '22 | | | | | |
| Average number of correct answers (out of 35) | 29.1 | 30.8 | 31.6 | 31.9 | 33.1 (33.6) | 32.5 (32.7) | 32.3 (32.0) | 32.8 (32.5) | 29.3 (29.7) |
| With correct answer on: | % | % | % | % | % | % | % | % | % |
| Inflation – Concept | 83 | 84 | 90 | 92 | 94 | 95 | 92 | 95 | 88 |
| Inflation – Impact | 97 | 94 | 97 | 98 | 98 | 97 | 97 | 99 | 99 |
| Interest on loan | 95 | 99 | 100 | 100 | 100 | 100 | 99 | 100 | 100 |
| Simple interest | 79 | 96 | 97 | 94↓ | 97 | 97 | 91↓ | 97 | 92 |
| Compound interest | 58 | 71 | 74 | 78↑ | 86 | 86 | 85↑ | 86 | 49↓ |
| Risk and return | 96 | 93 | 93 | 92 | 97 | 93 | 95 | 92 | 86 |
| Risk diversification | 74 | 79 | 81 | 83 | 88 | 81 | 86 | 87 | 72 |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Financial attitude score (total of 20 points)

Two attitude statements are used to gauge people’s attitude towards longer-term planning. Individuals reported their agreement with the statements on a 5-point scale and the overall score is obtained by averaging an individual’s score of the two statements and rescaling to a total score of 20.

| Financial Attitude Score ranges from 0-4 and rescaled to 0-20 | |
|---|--|
| Average ratings of the 2 attitude statements | |
| Disagreement to the negative statements indicates ideal attitude and is scored higher | |
| - | <i>I find it more satisfying to spend money than to save it for the long term</i> ¹ |
| - | <i>I tend to live for today and let tomorrow take care of itself</i> ² |
| | ¹ rating scale used for the statement is “0-Completely agree, 4-Not at all” |
| | ² rating scale used for the statement is “0-Completely, 4-Not at all” |

A moderate score in Financial Attitude (10.7 out of 20) shows room for improvement and the need to nurture a healthier attitude towards money matters among the people in Hong Kong. Particularly for the young who are oriented to instant gratification, they tend to put financial planning on the back burner (i.e., fewer agree to statements like ‘I find saving for long-term more satisfying’ and more admit that they ‘tend to live for today and let tomorrow take care of itself’).

On the other hand, mature working adults and pre-retirees show a more grounded and prudent attitude as they are more inclined to save and plan.

Retirees record a lower Financial Attitude score compared to 2021 (from 11.0 to 9.8 in 2022), as more choose to live for today, which could be induced by the uncertainties amid the pandemic.

Figure 1.3 – Agreement score with statements on spending attitude (ranges from 0-4)

| | <u>Total</u> | | | | <u>Students</u> | <u>Young working adults</u> | <u>Mature working adults</u> | <u>Pre-retirees</u> | <u>Retirees</u> |
|--|--------------|-------------|-------------|-------------|---------------------|-----------------------------|------------------------------|-----------------------|------------------------|
| | '15 | '19 | '21 | '22 | '22 | '22 | '22 | '22 | '22 |
| | % | % | % | % | % | % | % | % | % |
| Financial Attitude Score (out of 20) | 9.8 | 11.1 | 10.6 | 10.7 | 7.9 (8.6) | 9.2 (9.4) | 10.8 (10.7) | 11.9 (11.1) | 9.8 ↓ (11.0) |
| <i>I find it more satisfying to spend money than to save it for the long term*</i> | 2.1 | 2.2 | 2.0 | 2.1 | 1.6 | 1.7 | 2.0 | 2.3 ↑ | 2.0 |
| <i>I tend to live for today and let tomorrow take care of itself^</i> | 1.9 | 2.3 | 2.2 | 2.2 | 1.6 | 2.0 | 2.3 | 2.4 | 1.9 ↓ |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

^ 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 45 points)

Measured on nine statement and further rescaled to a maximum total of 45 points, 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 and rescaled to 0-45 | |
|--|---|
| 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 | 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 |

Financial Behaviour score of mature working adults, pre-retirees and retirees has either improved or maintained, while scores for young segments slightly slipped. The young segments tend to overlook the need to keep track of their money (i.e., fewer students are in the practice of doing so as a further decline compared to 2021 is observed), keeping watch of their financial affairs, and they also have a lower incidence of setting long-term financial goals.

Significantly fewer students (78%) are engaged in active saving compared to a year ago, which may be due to the financial strain they faced, as they also report difficulties in covering their living expense (figures are detailed in later sections). To make matters worse, only 58% of the interviewed students said they would carefully consider their affordability before making purchases.

Meanwhile, mature working adults keep up with their good money management habits and showed improvement at setting long term financial goals (i.e., 72% of them have a goal, significantly more than a year ago, and the highest among the key segments) and keeping track of their money in a proactive manner.

Figure 1.4 – Proportion of scored points for financial behaviour by key segments

| Financial Behaviour Score (score out of 45) | <u>Total</u> | | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|------|------|-------|----------------|----------------------|-----------------------|----------------|----------------|
| | '15 | '19 | '21 | '22 | '22 | '22 | '22 | '22 | '22 |
| | 29.5 | 27.3 | 26.7 | 27.5↑ | 23.0 (24.3) | 26.0 (26.7) | 30.3↑ (28.6) | 28.8 (27.8) | 23.1 (23.4) |
| Points gained in: | % | % | % | % | % | % | % | % | % |
| <i>Responsible and actively keeps track of money (1 pt.)</i> | 55 | 64 | 63 | 73↑ | 29 (33%) | 56 (47%) | 82 ↑ | 87 ↑ | 54 |
| <i>Actively saving (1 pt.)</i> | 73 | 84 | 92 | 92 | 78 ↓ | 95 | 97 | 97 | 79 |
| <i>Considered purchase (1 pt.)</i> | 90 | 63 | 63 | 60 | 58 ↓ | 47 | 64 | 59 | 63 |
| <i>Timely bill payment* (1 pt.)</i> | 89 | 84 | 86 | 86 | 70 | 71 | 89 | 90 | 89 |
| <i>Keeping watch of financial affairs (1 pt.)</i> | 82 | 75 | 72 | 71 | 63 ↑ | 66 | 77 | 75 | 59 |
| <i>Long term financial goal setting (1 pt.)</i> | 58 | 54 | 47 | 50 | 42 (47%) | 52 (62%) | 72 ↑ | 55 | 11 ↓ |
| <i>Borrowing to make ends meet (1 pt.)</i> | 91 | 94 | 94 | 93 | 78 | 85 | 95 | 98 | 98 |
| <i>Choosing products (1 pt.)</i> | 27 | 16 | 9 | 7 | 18 | 11 | 9 | 5 | 3 |
| <i>Choosing products (2 pt.)</i> | 11 | 6 | 4 | 8↑ | 12 | 19 | 11 ↑ | 5 | 2 |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Digital Financial Literacy

The OECD/INFE defines digital Financial Literacy as “a combination of knowledge, skills, attitude and behaviour necessary for individuals to be aware of and safely use digital financial services and digital technologies with a view to contributing to their financial well-being.”

In view of the growing importance of digital financial literacy amidst the accelerated digital transformation of financial services, the OECD/INFE added questions to measure digital financial literacy in the updated 2022 survey toolkit. The digital literacy score composes of three components - individuals could score up to 30 points in *digital financial knowledge*, 30 points in *digital financial attitude*, and 40 points in *digital financial behaviour* with which an individual could obtain a maximum of 100 points in total.

Digital Financial Literacy score (total of 100 points)

The overall Digital Financial Literacy score among Hong Kong residents is 67.3 (out of 100)¹.

All key segments (except the Retirees) have similar scores in Knowledge and Attitude; Yet mature working adults score higher on Behaviour (29.2 out 40), and hence see a better overall score.

The noticeable gap in digital financial literacy scores between Retirees and other key segments could stem from their weaker knowledge and experience of the Internet in general.

Figure 2.1 – Average digital financial literacy score by key segment

| | Total | <i>Students</i> | <i>Young working adults</i> | <i>Mature working adults</i> | <i>Pre-retirees</i> | <i>Retirees</i> |
|---|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| Digital Financial Literacy Score | 67.3 | 69.0 | 70.9 | 73.8 | 70.1 | 54.3 |
| Digital Financial Knowledge Score | 22.4 | 23.7 | 23.9 | 23.6 | 23.2 | 19.0 |
| Digital Financial Attitude Score | 19.4 | 19.5 | 20.3 | 21.1 | 20.6 | 16.0 |
| Digital Financial Behaviour Score | 25.5 | 25.8 | 26.7 | 29.2 | 26.3 | 19.3 |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

¹ The digital financial literacy score is calculated based on all surveyed respondents - the knowledge and attitude questions were directed at all respondents; while for some of the behaviour questions, answers were automatically coded as “Not relevant” for those who indicated not having Internet access. It is also possible to calculate the digital financial literacy score based on those with Internet access only, in which case the score becomes 69.5. The difference is small considering 96% of the surveyed sample has access to the Internet.

Digital Financial Knowledge score (total of 30 points)

Three knowledge check questions were asked to test individuals' understanding of day-to-day digital finance/ footprint. One point is rewarded for every correct answer.

| Digital Financial Knowledge Score ranges from 0-3 and rescaled to 0-30 | |
|--|---|
| Personal online data | <p>"The personal data that I share publicly online may be used to target me with personalised commercial or financial offers."</p> <p><i>* Score 1 point if answer "True"</i></p> |
| Crypto-currencies as legal tender | <p>"Crypto-currencies have the same legal tender as banknotes and coins."</p> <p><i>* Score 1 point if answer "True"</i></p> |
| Digital financial contract | <p>"A digital financial contract requires signature of a paper contract to be considered valid."</p> <p><i>* Score 1 point if answer "True"</i></p> |

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

The people in Hong Kong are generally aware of how their personal data could be used for marketing targeting themselves. Meanwhile, one eighth mistakenly thought cryptocurrencies have the same legal tender status as banknotes. Also, just half realised digital financial contracts are already considered valid without the signed paper contracts and retirees are particularly uninformed.

Figure 2.2 – Summary of Digital Financial Knowledge Score

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Digital Financial Knowledge Score (out of 30) | 22.4 | 23.7 | 23.9 | 23.6 | 23.2 | 19.0 |
| <i>Personal data shared publicly online may be used for personalised targeting</i> | 94 | 91 | 96 | 97 | 94 | 89 |
| <i>Crypto-currencies does not have the same legal tender as banknotes and coins</i> | 80 | 89 | 83 | 78 | 84 | 78 |
| <i>Digital financial contracts do not require signed paper contract to be considered valid</i> | 50 | 57 | 60 | 61 | 54 | 23 |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Figure 2.3– Detailed answers of the three Digital Financial Knowledge statements

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Target ad | | | | | | |
| The personal data that I share publicly online may be used to target me with personalised commercial or financial offers | | | | | | |
| True (correct) | 94 | 91 | 96 | 97 | 94 | 89 |
| False | 4 | 9 | 4 | 3 | 5 | 5 |
| Don't know | 2 | - | - | 1 | 1 | 6 |
| Crypto-currencies | | | | | | |
| Crypto-currencies have the same legal tender as banknotes and coins | | | | | | |
| True | 13 | 6 | 13 | 16 | 10 | 7 |
| False (correct) | 80 | 89 | 83 | 78 | 84 | 78 |
| Don't know | 7 | 5 | 5 | 6 | 6 | 14 |
| Digital contract | | | | | | |
| A digital financial contract requires signature of a paper contract to be considered valid | | | | | | |
| True | 42 | 34 | 36 | 35 | 39 | 56 |
| False (correct) | 50 | 57 | 60 | 61 | 54 | 23 |
| Don't know | 8 | 10 | 4 | 4 | 7 | 20 |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Digital Financial Attitude score (total of 30 points)

Three attitude statements are used to gauge people's attitude towards cyber security. Individuals reported their agreement with 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 using the specified measurements and further rescaled to a maximum total of 30 points.

| Digital Financial Attitude Score ranges from 0-3 and rescaled to 0-30 | |
|---|---|
| Importance of reading terms & conditions online | <p>"I think it is not important to read the terms and conditions when buying something online."</p> <p>* Score 1 point if answer Top-2-box scores on a 5-point scale, from 1 – 'Completely agree' to 5 – 'Completely disagree'.</p> |
| Importance of verifying website security before making a transaction | <p>"It is important to pay attention to the security of a website before making a transaction online (e.g., https sites, safety logo or certificate)."</p> <p>* Score 1 point if answer Bottom-2-box scores on a 5-point scale, from 1 – 'Completely agree' to 5 – 'Completely disagree'.</p> |
| Security of public Wi-Fi networks | <p>"I think that it is safe to shop online using public Wi-Fi networks (e.g., in cafes, airports, shopping malls)."</p> <p>* Score 1 point if answer Top-2-box scores on a 5-point scale, from 1 – 'Completely agree' to 5 – 'Completely disagree'.</p> |

76% of the respondents recognise the importance of reading the terms and conditions when shopping online but tend to overlook the importance of checking the security of a website before making online transactions (60%) and the cyber security of using public Wi-Fi for online shopping (58%). In particular, retirees seem to have a low sense of security when it comes to making online transactions.

Figure 2.4 – Agreement with statements on cyber security

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Digital financial attitude score (out of 30) | 19.4 | 19.5 | 20.3 | 21.1 | 20.6 | 16.0 |
| <i>Important to read the terms and conditions when buying something online</i> | 76 | 69 | 74 | 79 | 82 | 70 |
| <i>Important to pay attention to the security of a website before making a transaction online</i> | 60 | 66 | 62 | 73 | 63 | 33 |
| <i>Unsafe to shop online using public Wi-Fi networks</i> | 58 | 61 | 67 | 59 | 61 | 56 |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Digital Financial Behaviour score (total of 40 points)

Measured on a scale of 0-40, where those with internet access were given points if they reported the listed savvy digital behaviour.

| Digital Financial Behaviour Score ranges from 0-4 and rescaled to 0-40 | |
|---|---|
| Not sharing passwords/PINs of bank account to other people | "I share the passwords and PINs of my bank account with my close friends" <i>* Score 1 point if answer "Never" or "Rarely".</i> |
| Not sharing personal finances info publicly online | "I share information about my personal finances publicly online (e.g., on social media)." <i>* Score 1 point if answer "Never" or "Rarely".</i> |
| Check whether online financial product provider is regulated or not | "Before buying a financial product online I check if the provider is regulated in my country." <i>* Score 1 point if answer "Always" or "Often".</i> |
| Change password of websites used for shopping/ personal finances regularly | "I regularly change the password on websites that I use for online shopping and personal finances." <i>* Score 1 point if answer "Completely" or "Very well" in how well the statement describes respondent's situation.</i> |

Nearly all the respondents (93%) recognise they should not share their banking passwords/pin nor personal financial information with others, be it their close friends or online. However, more people need to get into the habit of regularly changing their online passwords as only 22% would do so. Furthermore, they should also get into the habit of doing due diligence before buying financial products online.

Retirees may have limited experience in online shopping, consequently a low awareness level of the good practices to shop safely online.

Figure 2.5 – Proportion of scored points for savvy digital financial behaviours by key segments

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Digital financial behaviour score (out of 40) | 25.5 | 25.8 | 26.7 | 29.2 | 26.3 | 19.3 |
| <i>Do not share the passwords and PINs of my bank account with my close friends</i> | 93 | 100 | 99 | 98 | 96 | 83 |
| <i>Do not share information about my personal finances publicly online (e.g., on social media)</i> | 92 | 92 | 92 | 95 | 95 | 87 |
| <i>Check if the provider is regulated in my country before buying a financial product online</i> | 48 | 46 | 48 | 63 | 52 | 21 |
| <i>Regularly change the password on websites used for online shopping and personal finances</i> | 22 | 20 | 29 | 35 | 20 | 1 |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Financial Well-being

Financial well-being score (total of 100 points)

The financial well-being score consists of two components: the objective measurement of one's financial resilience and the subjective self-evaluation of one's financial well-being. Four statements are used in constructing the financial resilience score, and eight statements for the subjective financial well-being score. Each of the two component is rescaled to 0-50 and the sum of the two gives the overall financial well-being score, with a maximum total of 100.

According to the OECD-proposed operational framework, financial well-being includes key element such as meeting current financial needs and commitments, financially resilient with negative financial shocks, feeling secure about their own financial future, and to have the financial freedom to make choices that allow them to enjoy life and to meet their future goals.

Sum of the 'Financial Resilience' and 'Subjective Financial Well-being' scores (0-100)

Financial resilience score (ranges from 0-4 and rescaled to 0-50)

- **Able to pay for a major expense (equivalent to 1 month's income) without borrowing**
* Score 1 point if answer 'Yes'
- **Did not experience living expenses exceeding income in the past 12 months**
* Score 1 point if answer 'No'
- **Able to cover living expenses for at least three months**
* Score 1 point if answer 4, 5 on the scale
- **I have money left over at the end of the month**
* Score 1 point if answer 1, 2 on the scale

Subjective financial well-being (ranges from 0-8 and rescaled to 0-50)

- **I am satisfied with my present financial situation**
* Score 1 point if answer 1, 2 on the scale
- **My financial situation limits my ability to do things that are important to me**
- **I have too much debt right now**
- **I tend to worry about paying my normal living expenses**
- **My finances control my life**
- **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**
* Score 1 point per statement if answer 4, 5 on the scale

Financial Well-being score of people in HK is 61.1 out of 100, where the majority show strong financial resilience (38.4 out of 50) but are less satisfied with own financial situation subjectively (22.7 out of 50).

Mature working individuals have higher financial well-being scores overall. On the other hand, youngsters have a noticeably lower financial resilience score (considered as an *objective* indicator to financial well-being) as well as *subjective* financial well-being score. Students, in particular, are more vulnerable to financial shocks as more of them face difficulty to cover living expenses or having surplus at the end of each month. Only 43% have a financial cushion size of 3-months income's worth.

Figure 3.1.1 – Average financial well-being score by key segment

| | Total | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|-----------------------------------|--------------|------|-------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '19 | '21 | '22 | '22 | '22 | '22 | '22 | '22 |
| Financial Well-being score | 55.8 | 59.1 | 61.1 | 38.9 (48.3) | 52.5 (53.1) | 63.7 (61.0) | 67.6 (67.7) | 61.0 (61.1) |
| Financial Resilience [^] | 35.8 | 38.0 | 38.4 | 22.6 | 34.1 | 40.3 | 42.1 | 37.0 |
| Subjective Financial Well-being | 20.1 | 21.1 | 22.7↑ | 16.3 | 18.4 | 23.4↑ | 25.5 | 24.0 |

[^] One of the questions used to calculate the Financial Resilience score was worded differently in 2021 & before hence the score and the Financial Well-being score between this year and the past waves are not comparable. Therefore, significance test is not conducted for 'Financial Well-being score' and 'Financial Resilience score' to avoid confusion.

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Figure 3.1.2 – Summary of Financial Resilience Score by key segments

| | Total | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|------|------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '19 | '21 | '22 | '22 | '22 | '22 | '22 | '22 |
| Financial Resilience Score (score out of 50) | 35.8 | 38.0 | 38.4 | 22.6 (32.7) | 34.1 (35.7) | 40.3 (39.7) | 42.1 (42.2) | 37.0 (37.8) |
| Points gained in: | % | % | % | % | % | % | % | % |
| Able to pay for a major expense (equivalent to 1 month's income) without borrowing | 78 | 85 | 91 | 57 | 87 | 93↑ | 96 | 87 |
| Income covers living expenses | 78 | 85 | 84 | 64 | 73 | 87 | 90 | 86 |
| Able to cover living expenses for at least 3 months without main source of income [^] | 78 | 77 | 81 | 43 | 68 | 83 | 91 | 83 |
| Have money left over at the end of the month | 54 | 56 | 50↓ | 17↓ | 44 | 59 | 59 | 40↓ |

[^] The question in 2022: Asked whether they are able to cover living expenses upon losing main source of personal income
The question in 2021 & before: Asked whether they are able to cover living expenses upon losing main source of household income

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Subjectively, majority tend to see their present and future financial situation in a less positive manner (reflected in the lower subjective financial well-being scores in general) despite not having too much debt. Pre-retirees is the only segment who has a subjective financial well-being score over 25 (out of 50).

Youngsters are even more pessimistic as they find themselves in greater financial stress, such as worrying about paying their normal living expenses, and feeling only getting by financially.

Figure 3.1.3 – Summary of Subjective Financial Well-being Score by key segments

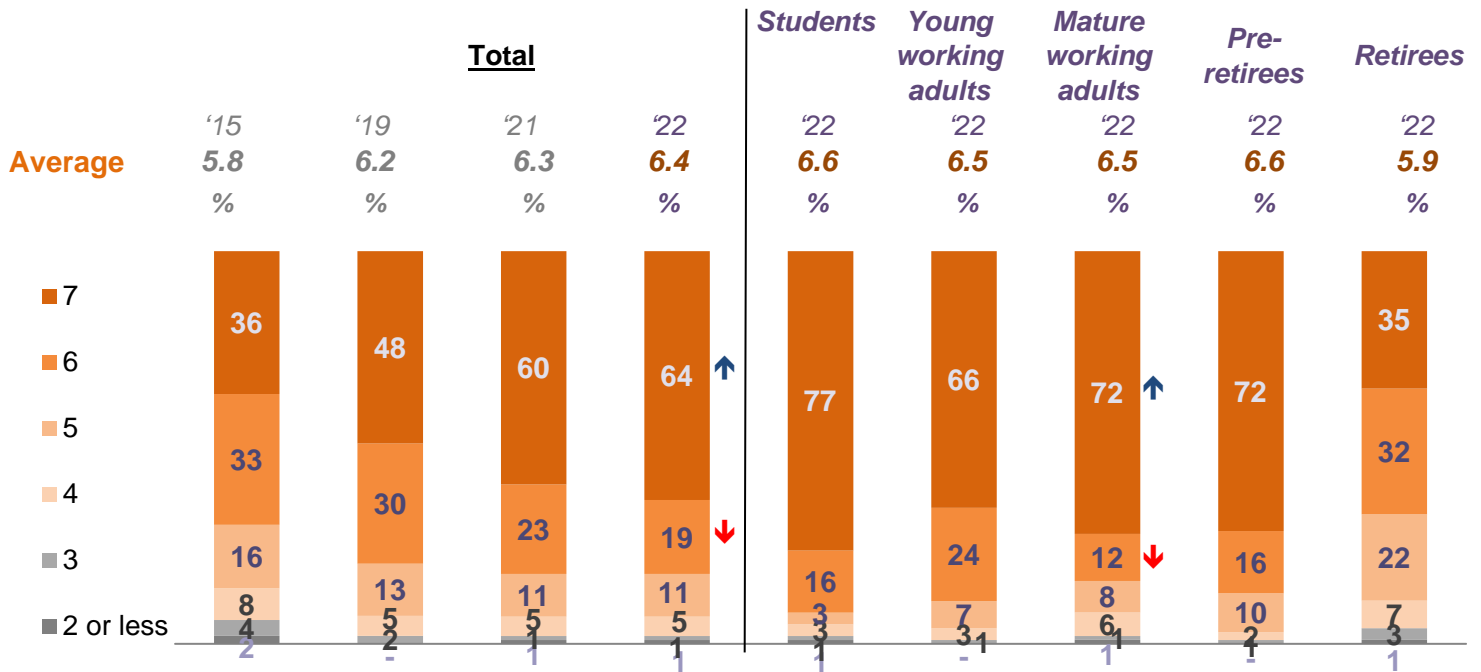
| | Total | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|--------------|-------------|--------------|-----------------------|-----------------------------|------------------------------|-----------------------|-----------------------|
| | '19 | '21 | '22 | '22 | '22 | '22 | '22 | '22 |
| Subjective Financial Well-being Score (score out of 50) | 20.1 | 21.1 | 22.7↑ | 16.3 (15.6) | 18.4 (17.5) | 23.4↑ (21.3) | 25.5 (25.5) | 24.0 (23.3) |
| Points gained in: | % | % | % | % | % | % | % | % |
| <i>Do not have too much debt</i> | 80 | 84 | 89↑ | 91 | 80 | 84 | 92 | 98 |
| <i>Not worry about paying my normal living expenses</i> | 44 | 52 | 56 | 42 | 45 | 60 | 65 | 56 |
| <i>Disagrees with 'because of money situation, I will never have the things I want'</i> | 37 | 42 | 52↑ | 46 | 41 | 53↑ | 56 | 59 |
| <i>Not getting by financially</i> | 41 | 41 | 48↑ | 21 | 44 | 54↑ | 56 | 38 |
| <i>Not concerned that my money won't last</i> | 35 | 38 | 38 | 20 | 24 | 39 | 41 | 45 |
| <i>Satisfied with my present financial situation</i> | 39 | 41 | 35↓ | 13↓ | 25 | 39 | 43 | 34 |
| <i>Disagrees with 'my finances control my life'</i> | 22 | 19 | 27↑ | 17↑ | 19 | 28↑ | 36 | 29↑ |
| <i>Disagree with 'My financial situation limits my ability to do the things that are important to me'</i> | 23 | 22 | 18↓ | 10 | 15 | 19 | 19↓ | 25 |

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Financial Knowledge

Overall, the understanding of basic financial concepts continues to improve collectively (i.e., as more can answer all 7 questions correctly). Apart from the Retirees, a significant portion of each key segment score full marks for Financial Knowledge.

Figure 4.1 – Financial knowledge scores by key segments

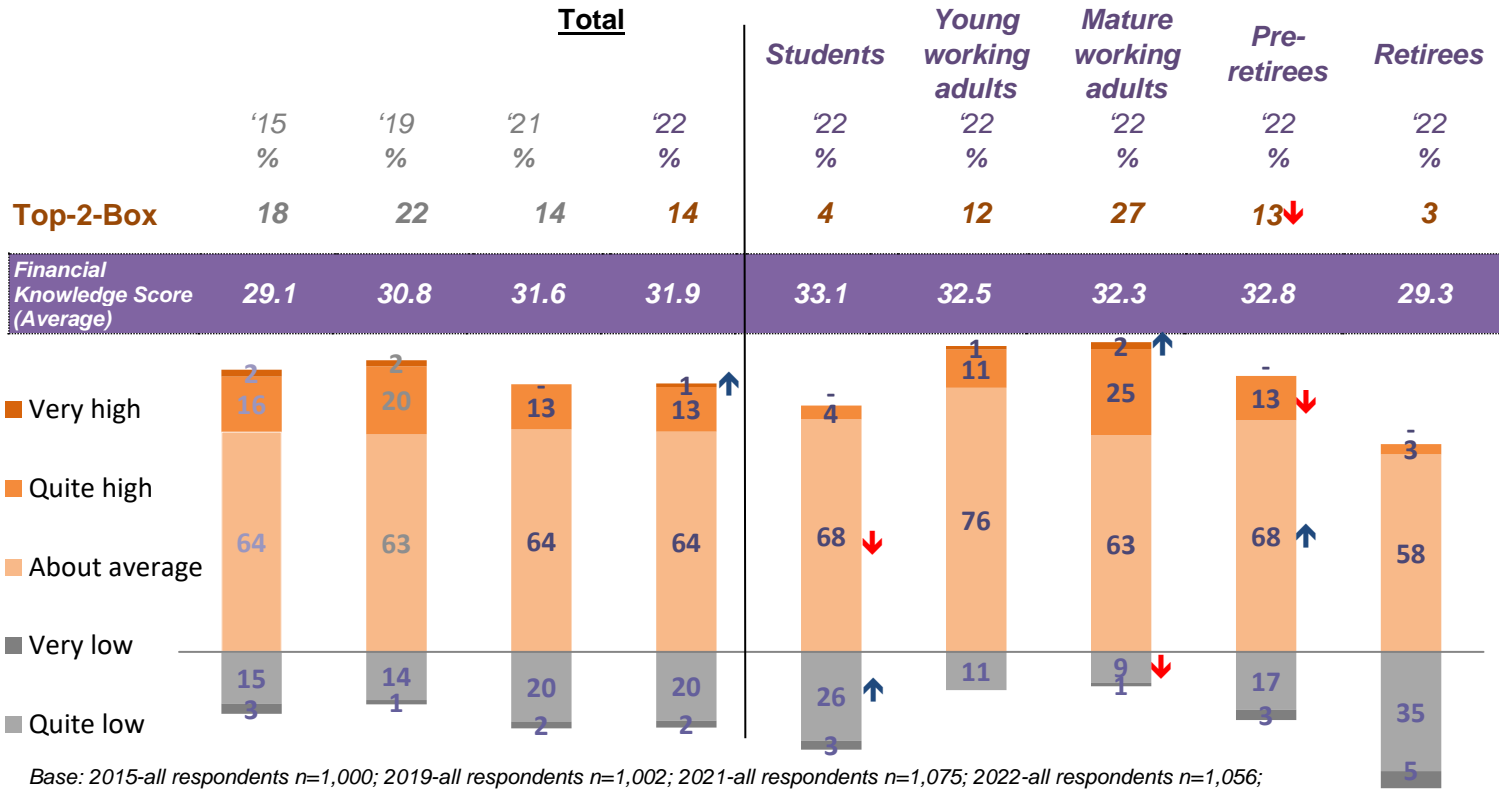


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149 () denotes figures in 2021
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Self-rated financial knowledge

While most respondents have a good grasp on basic financial concepts, they generally rate themselves as having average financial knowledge. Confidence is slightly higher among mature working adults, yet still only 27% of them consider their financial knowledge on the high side. Meanwhile, around 40% of the retirees perceive themselves inadequately equipped with financial knowledge.

Figure 4.2 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

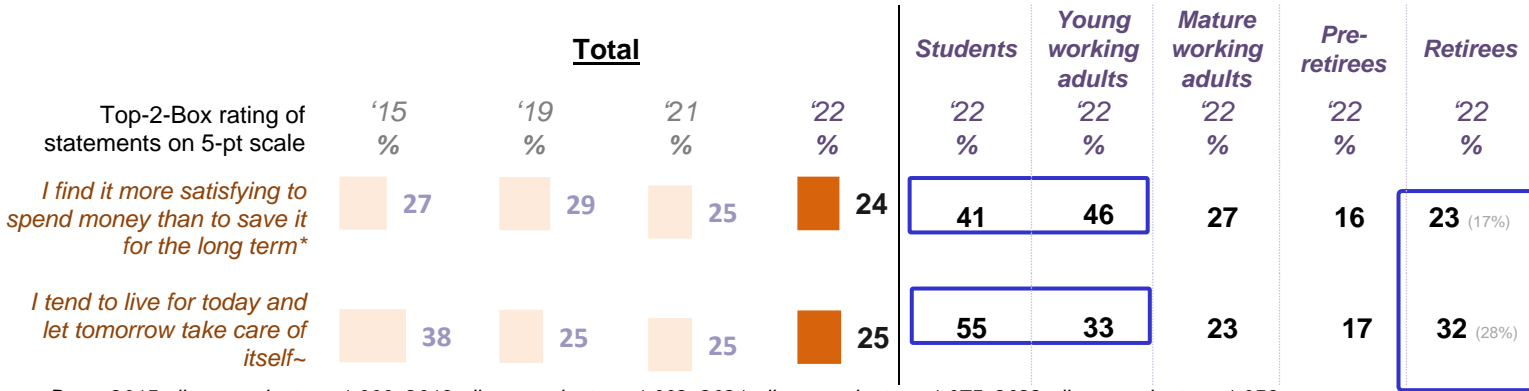
↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Financial Attitude

Attitude towards longer-term financial planning

Well over one-third of the younger segments tend to be more concerned with satisfying immediate desires than meeting needs in the future, visibly higher compared to their mature counterparts. Retirees are also showing a growing passive attitude towards financial planning for the future.

Figure 5.1 – Agreement with statements on longer-term planning

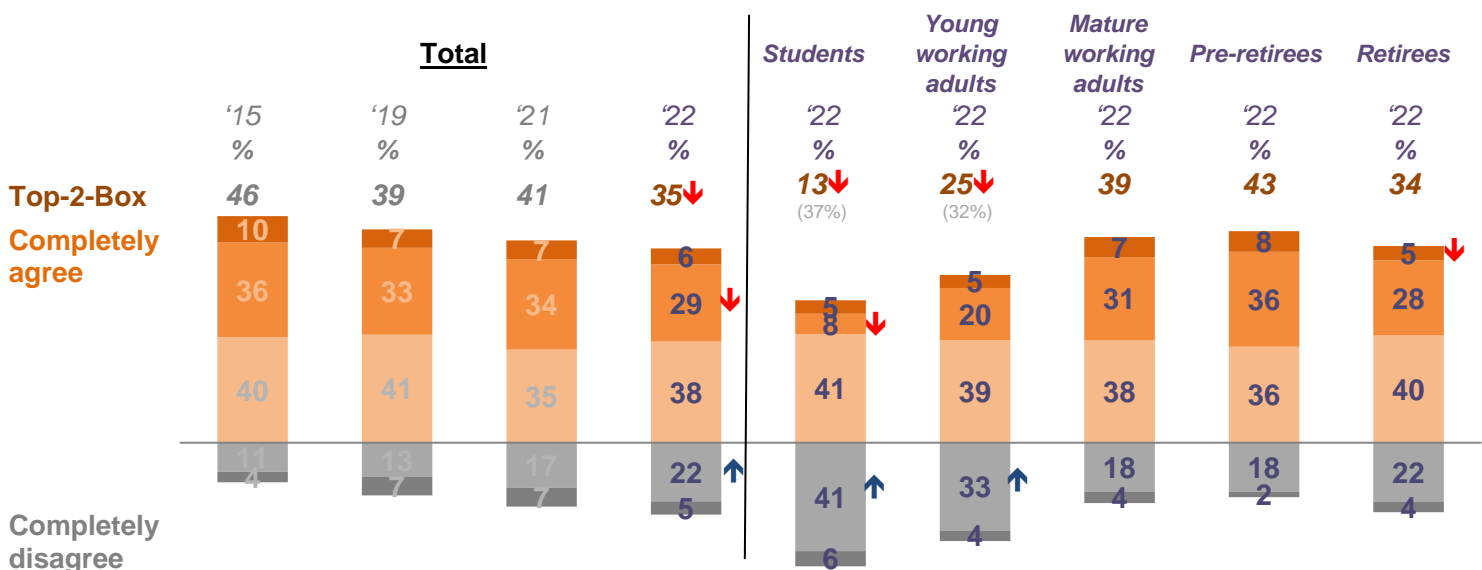


Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149 () denotes figures in 2021
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 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

Satisfaction with own financial situation dropped from 41% to 35% in 2022. Students and young working adults are found increasingly less satisfied with only 13% and 25% of them respectively reporting happy with their present financial situation, a significant drop compared to 2021.

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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149 () denotes figures in 2021
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Financial Behaviour

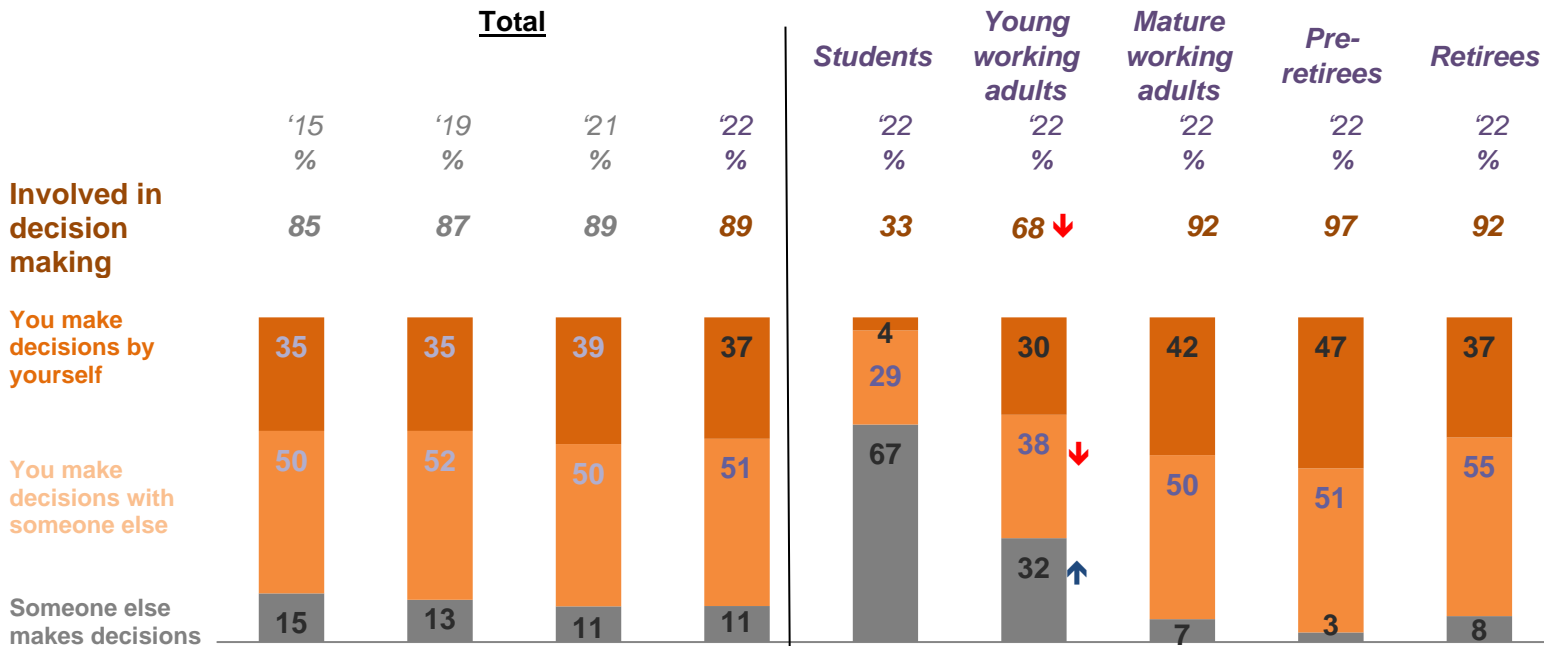
Financial behaviour was the third component of financial literacy score which covered different aspects, from basic day-to-day money management to retirement planning. In this section, research findings will be further divided into respective areas.

Day-to-day Money Management

Household finances

Except for students who have yet to be financially independent, practically everyone is making decisions about their own money. Majority (89%) are also involved in making household financial decisions (again except for students).

Figure 6.1.1 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

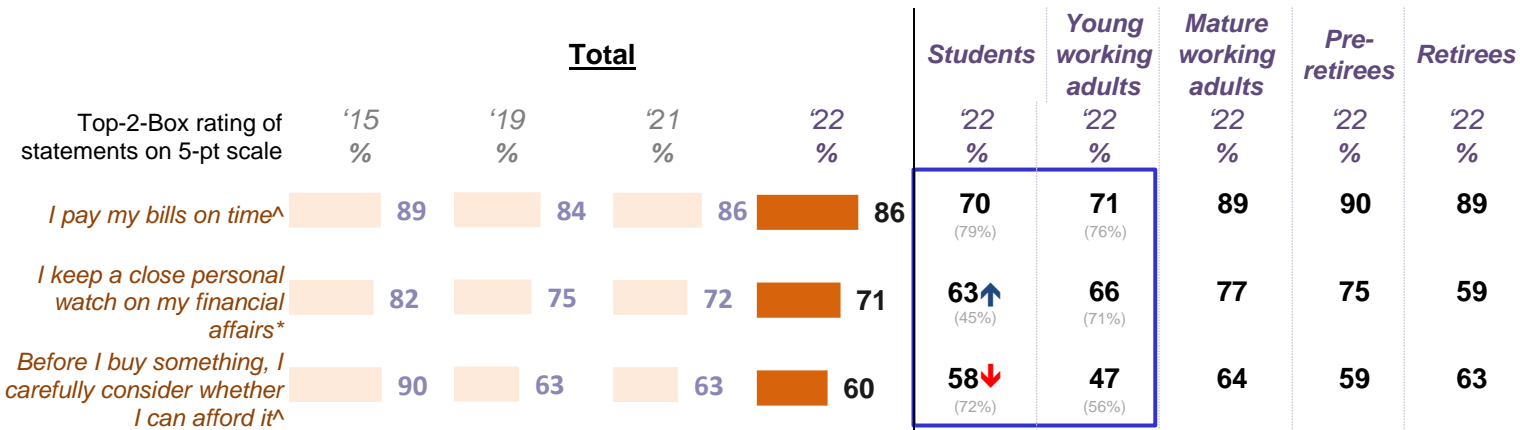
↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Managing expenses

Comparatively, young individuals display a more reckless spending habit compared to a year ago - fewer young people would carefully consider their affordability before buying things or pay their bills on time. They are also less disciplined in keeping a close watch on their financial affairs compared to the mature segments who are usually on top of their day-to-day finances.

Retirees are behind other segments in terms of monitoring their money related matters.

Figure 6.1.2 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

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

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

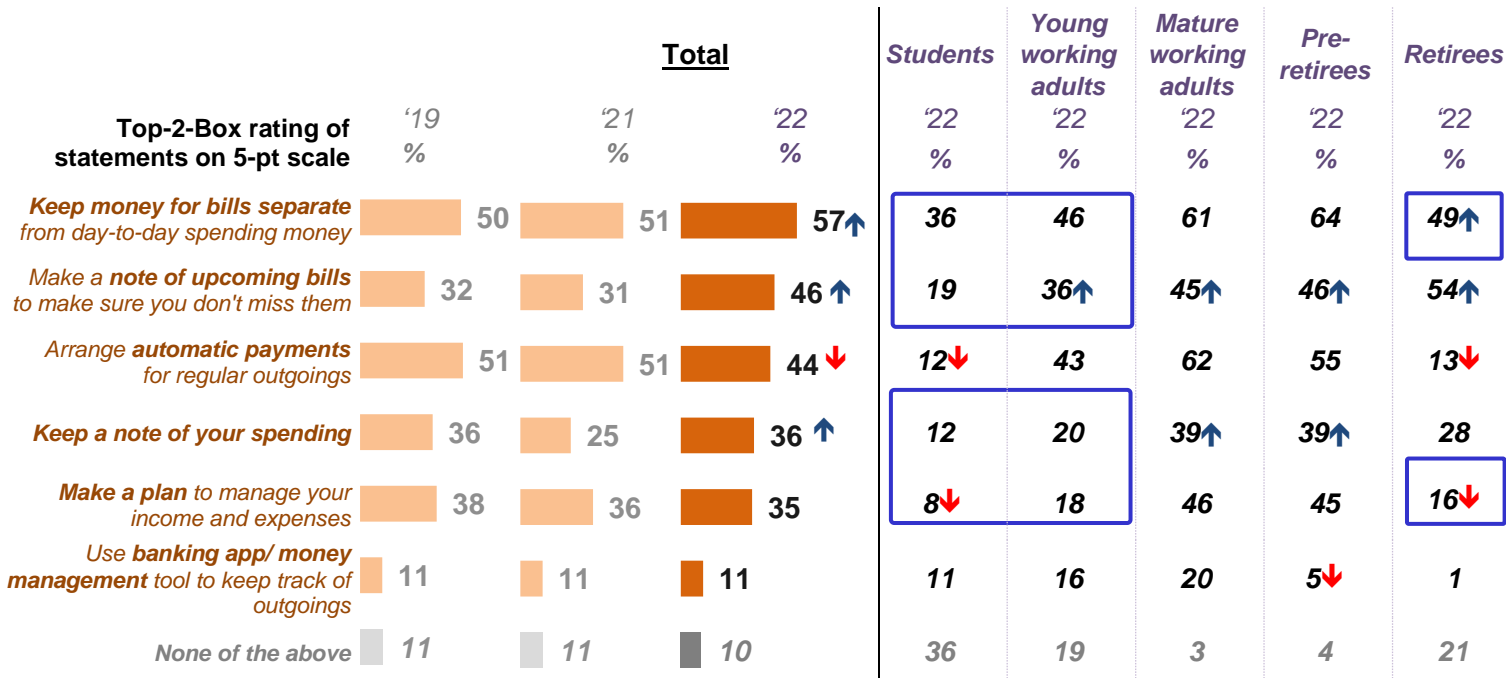
Budgeting for household/ personal expenses

The young segments are not as used to budgeting (such as keeping separate money for bills or planning their income/ expenses) or keeping track on their spending and bills as the mature groups. Despite being a digital savvy generation, not enough of them make use of the apps/ digital tools available for day-to-day money management.

The mature segments, on the other hand, do a better job in budgeting including keeping track of their bills/ spending and making plans to manage income.

Retirees are more passive and less likely to set aside money for bills or make plans/budget to manage their income and expenses. (Figure 6.1.3)

Figure 6.1.3 – Incidence of budgeting for personal/ household



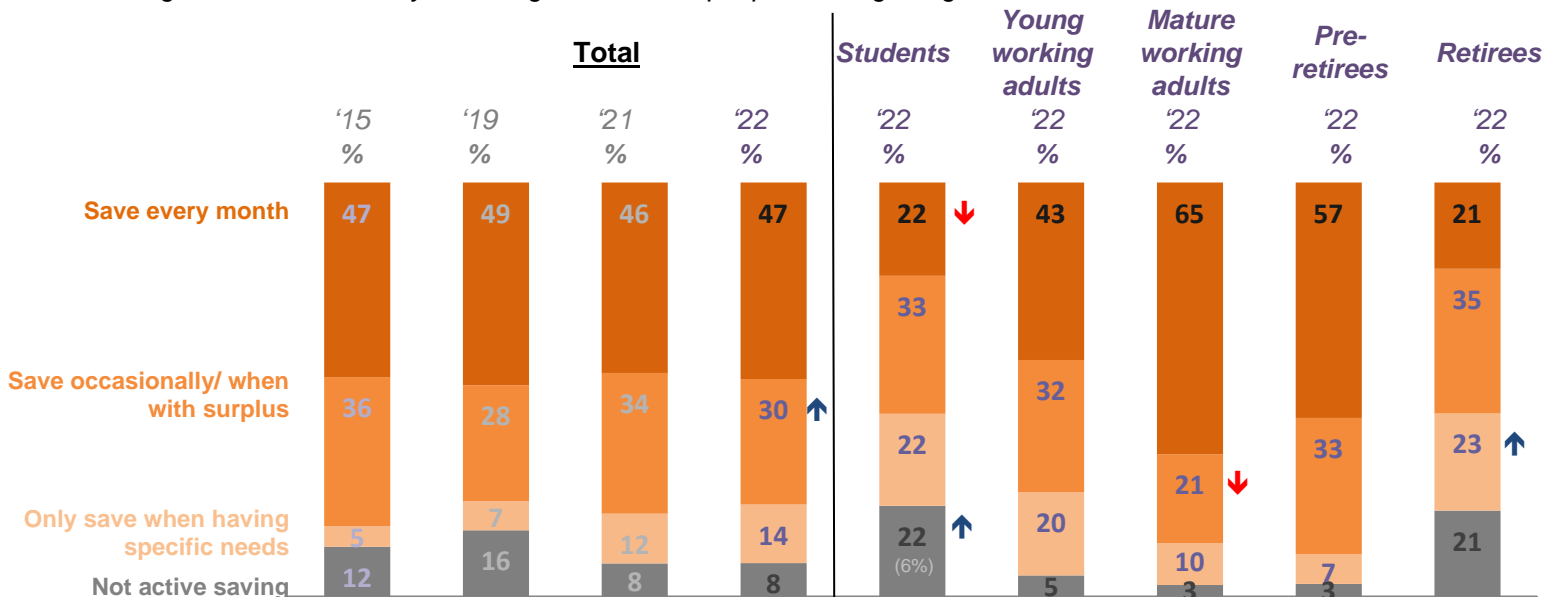
Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Saving habits

The overall saving habits of the people in Hong Kong in 2022 is similar to the previous year.

Majority of the youngsters do not save regularly - more choose to save only when there is surplus or a need; meanwhile, well over half of mature individuals save monthly. It is concerning to see significantly more students stop actively saving this year (22% vs 6% in 2021).

Figure 6.1.4 – Summary of Saving Habits of the people in Hong Kong



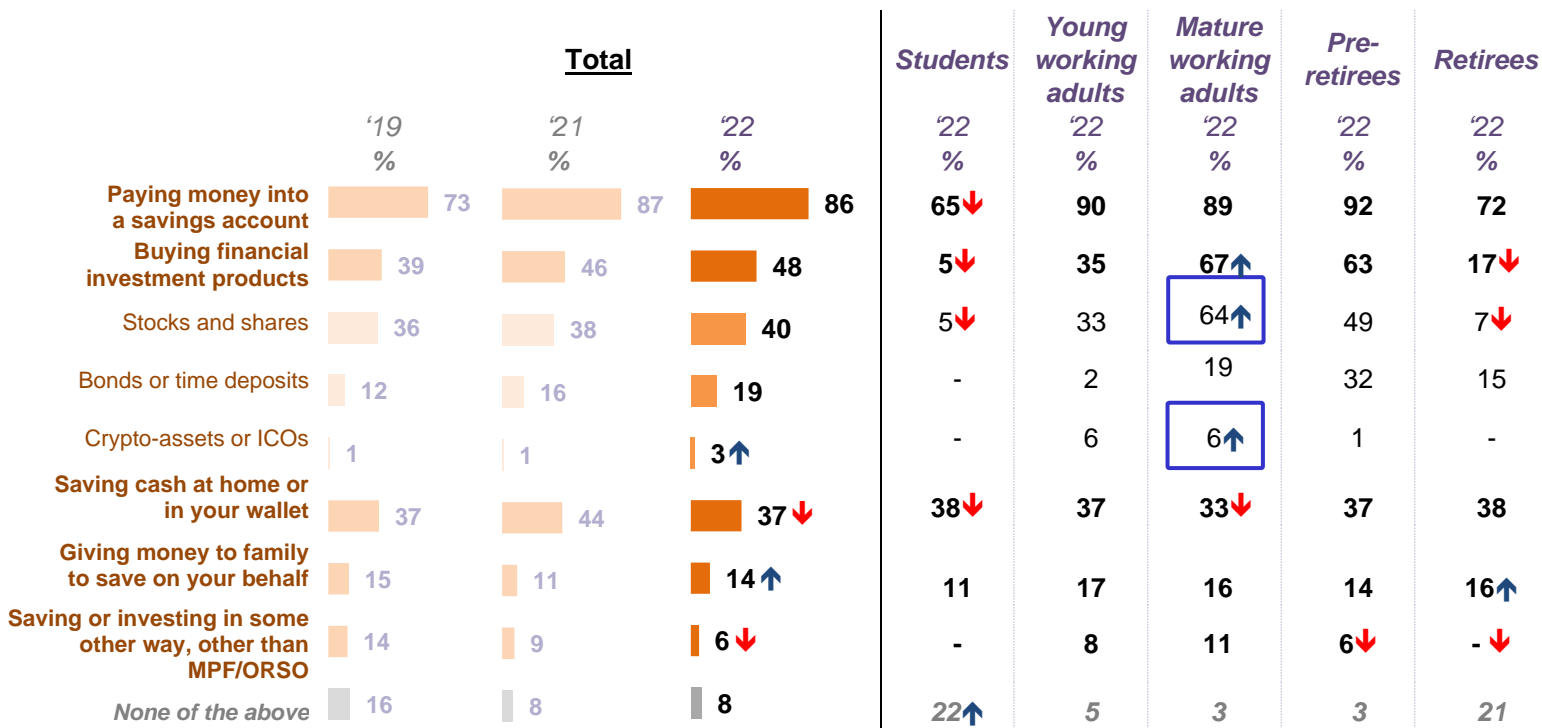
Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149 () denotes figures in 2021
 ↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Means of saving money

Compared to 2021, mature working adults are more eager to invest to accumulate savings (67%) instead of storing cash, despite the high volatility in investment markets. Stocks is still the most popular choice, and while crypto-assets still see limited appeal, more are venturing into the new sphere. Young working adults are also seen dipping their toes into crypto-investments.

Building up savings in bank accounts remains the mainstream mean of saving among the people of Hong Kong and is consistent across segments.

Figure 6.1.5 – Means of Saving Money in the past 12 months



Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

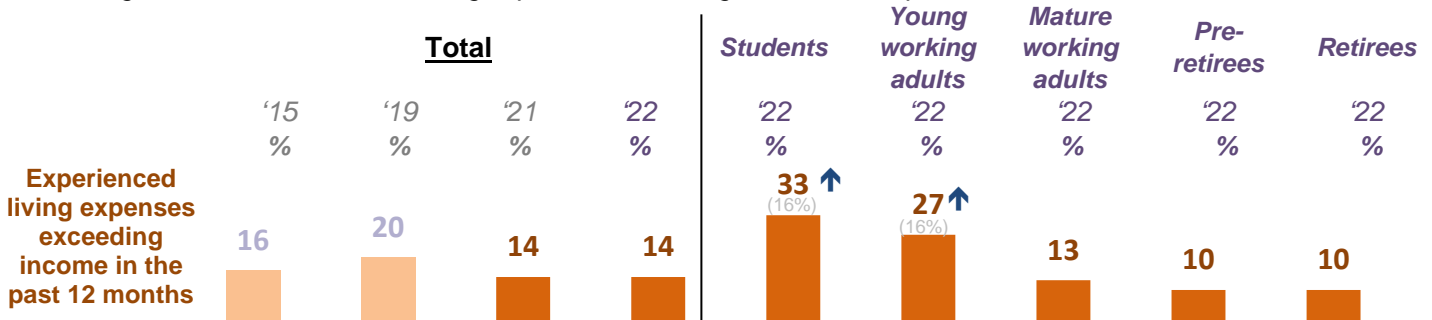
Remark: The answer options were slightly different in 2015 and the results were not strictly comparable.

Making Ends Meet

Difficulty in covering living expenses

Overall, the proportion of the people in Hong Kong (14%) who experienced difficulty in covering their living expenses in the past 12 months is the same as 2021, yet significantly more students (rose from 16% to 33% in 2022) and young working adults (rose from 16% to 27% in 2022) struggled to make ends meet in the year of 2022.

Figure 6.2.1 – Incidence of living expenses exceeding income in the past 12 months



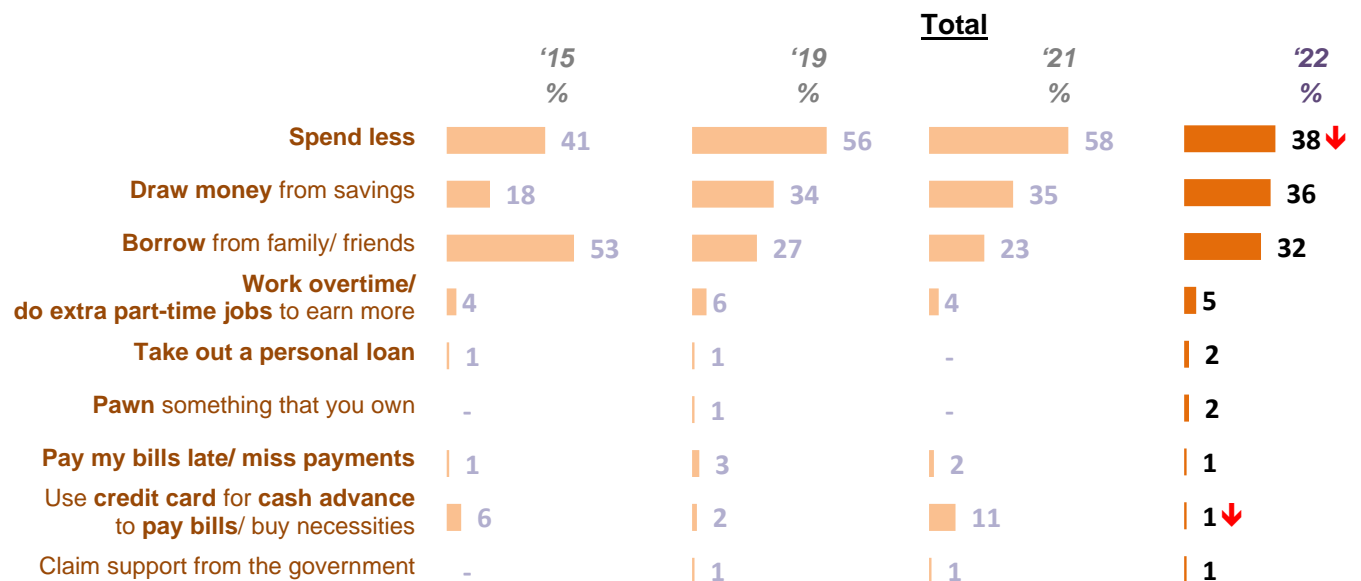
Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 () denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Methods used to make ends meet

And to make ends meet, people chose to spend less, drew from savings, or borrowed from family and friends.

Figure 6.2.2 – Methods used to make ends meet (unaided)



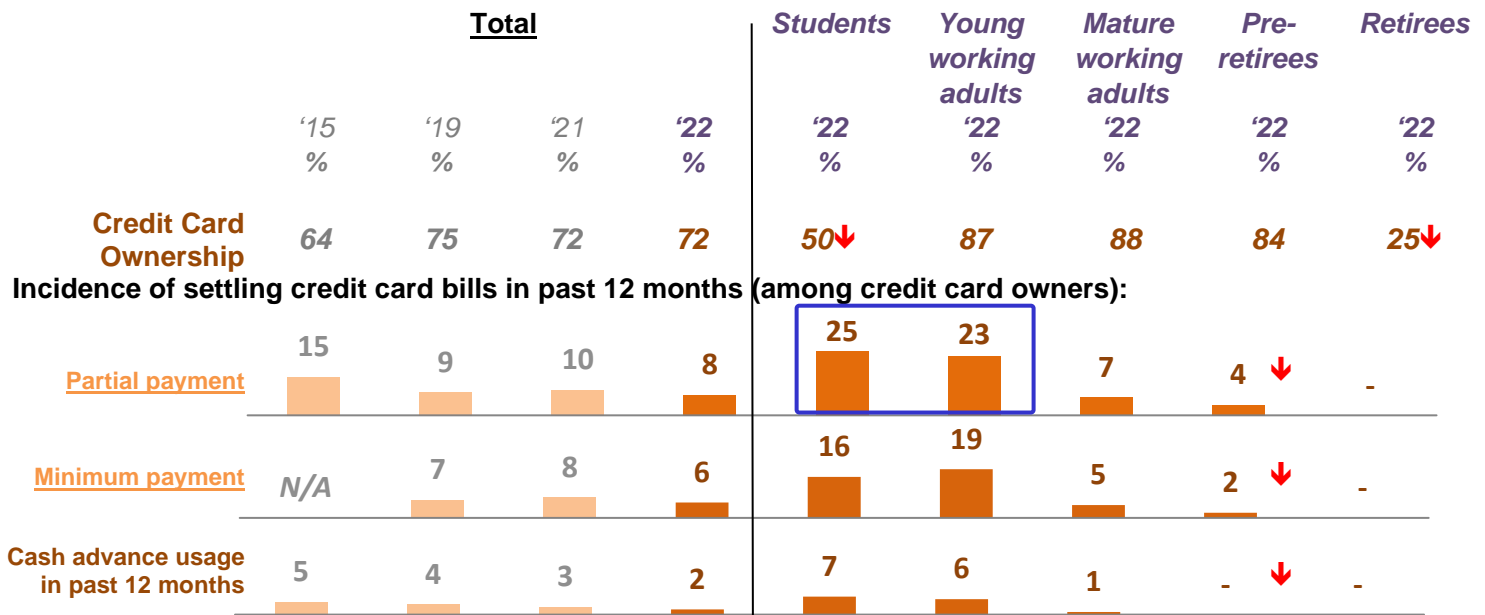
Base: Those who have found income not able to cover their living costs in past 12 months, 2015 n=158; 2019 n=204, 2021 n=149; 2022 n=157

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Debit balance & Cash advance

Overall credit card penetration in Hong Kong remains similar to 2021 (72%) but dropped among students and retirees. Youngsters struggle more with their credit management - around one fourth of the young credit card users had settled their credit card bills partially at least once in the past 12 months. They also have the highest incidence of using cash advance in the past 12 months.

Figure 6.2.3 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Base: 2015-credit card owners n=649; 2019- credit card owners n=769; 2021- credit card owners n=783; 2022- credit card owners n=752; student n=56; young working adults n=86; mature working adults n=315; Pre-retirees n=163; Retirees n=37#

small base (n<50)

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Being in debt

Compared to a year ago, more students and young working adults are in debt (increased from 15% to 29% and 26% to 31% in 2022 respectively) – not only do they partially settled their credit card bills or use cash advance, more borrowed from others/ explore loan products to make ends meet.

Figure 6.2.4 – Incidence of being in debt

| | <u>Total</u> | | | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|--------------|-----------|-----------|------------------------------|----------------------------|-----------------------|--------------|----------|
| | '19 % | '21 % | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Currently in debt[^] | 12 | 10 | 10 | 29 ↑ ^(15%) | 31 ^(26%) | 11 | 4 ↓ | 2 |
| Partial credit card bill payment/ advanced cast | 8 | 8 | 6 | 12 ^(11%) | 21 ^(21%) | 6 | 3↓ | - |
| Borrowing from others/ applied for loans/ used OD lines | 6 | 5 | 5 | 22↑ ^(4%) | 15 ^(9%) | 5 | 2 | 2 |
| Currently holding personal loans | 1 | 1 | <0.5% | - | 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 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Choosing Financial Products

Incidence of holding financial products

The awareness of different financial products is gauged in the survey, and it is found that awareness of relatively new financial products such as crypto assets (rose from 65% to 69% in 2022) and sustainable/ green/ ESG investment products (25%) are picking up among the general public.

The incidence of holding financial products remains somewhat similar to 2021, except the increased all-round adoption of investment products among young and mature working adults in 2022. High market volatility did not deter more young and mature working adults from entering the stock market. In fact, more young working adults are holding investment products than ever before.

Figure 6.3.1 – Incidence of holding financial products (currently)

| | <u>Total</u> | | | | <u>Students</u> | <u>Young working adults</u> | <u>Mature working adults</u> | <u>Pre-retirees</u> | <u>Retirees</u> |
|--|--------------|-----|-----|------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '15 | '19 | '21 | '22 | | | | | |
| | % | % | % | % | % | % | % | % | % |
| Savings account | 97 | 100 | 100 | 100 | 100 | 99 | 100 | 100 | 100 |
| Credit card | 64 | 75 | 72 | 72 | 50↓ | 87 | 88 | 84 | 25↓ |
| Insurance products | 53 | 67 | 64 | 64 | 20 | 59 | 81 | 74↓ | 40 |
| Life insurance | 37 | 60 | 55 | 54 | 10↓ | 52 | 72 | 63↓ | 33 |
| Private medical insurance | 30 | 47 | 45 | 45 | 14 | 45 | 60 | 53 | 17 |
| Critical illness insurance | 20 | 32 | 32 | 36 | 8 | 28 | 52 | 44 | 12 |
| Annuities | N/A | 3 | 4 | 3 | - | - | 4↑ | 6 | 3 |
| Investment products | 39 | 48 | 48 | 47 | 6↓ | 41 ^(39%) | 69↑ | 61 | 15↓ |
| Stocks and shares | 37 | 45 | 45 | 46 | 6↓ | 39 ^(34%) | 68↑ | 59 | 15↓ |
| [^] Funds (excluding MPF/ORSO) | 5 | 12 | 11 | 13 | - | 11 ^(8%) | 19↑ | 17 | 4 |
| ^{^^} Crypto assets | N/A | * | 2 | 4↑ | - | 8 ^(4%) | 9↑ | 1 | - |
| [^] Sustainable/ “ESG”/ “green” financial product | N/A | N/A | N/A | 1 | - | - | 1 | 1 | - |
| Mortgage/ loan on property | 12 | 11 | 12 | 14 | - | 2 | 30 | 14 | - |
| Average no. products | 3.5 | 4.2 | 4.1 | 3.9↓ | 1.9↓ | 3.7 | 5.0 | 4.4↓ | 2.1↓ |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

[^] refers to new items covered in 2012

^{^^} “Funds (excluding MPF/ORSO)” was formerly labelled as “Unit trust/ mutual fund (excluding MPF/ORSO)” in 2015

^{^^} “Crypto assets” was formerly labelled as “Cryptocurrencies” in 2021 and before.

Awareness and usage of virtual assets

Despite the high awareness of cryptocurrencies and NFT, the overall adoption is still low (4%) and holding is mostly limited to young and mature working adults. More young people and mature working adults show interests in holding/ trading virtual assets in the coming 12 months.

Figure 6.3.2 – Awareness, experience with virtual assets and future interest of owning/ trading

| | | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|---------------------------|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Awareness | Any virtual assets | 72 | 86 | 89 | 87 | 75 | 40 |
| | Cryptocurrencies | 72 | 86 | 89 | 87 | 75 | 40 |
| | Non-fungible tokens (NFT) | 45 | 66 | 75 | 69 | 38 | 4 |
| | Stablecoins | 14 | 11 | 28 | 22 | 13 | 1 |
| | Security tokens | 11 | 7 | 15 | 19 | 9 | 1 |
| Owned/ traded in past 12 months | Any virtual assets | 4 | - | 8 | 9 | 1 | - |
| | Cryptocurrencies | 4 | - | 8 | 9 | 1 | - |
| | Non-fungible tokens (NFT) | 1 | - | 4 | 1 | - | - |
| | Stablecoins | * | - | - | * | - | - |
| | Security tokens | - | - | - | - | - | - |
| Interest in owning/ trading in next 12 months | Any virtual assets | 7 | 7 | 18 | 13 | 1 | - |
| | Cryptocurrencies | 6 | 7 | 16 | 12 | 1 | - |
| | Non-fungible tokens (NFT) | 3 | 6 | 10 | 6 | - | - |
| | Stablecoins | * | 2 | - | 1 | - | - |
| | Security tokens | - | - | - | - | - | - |

Base: 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

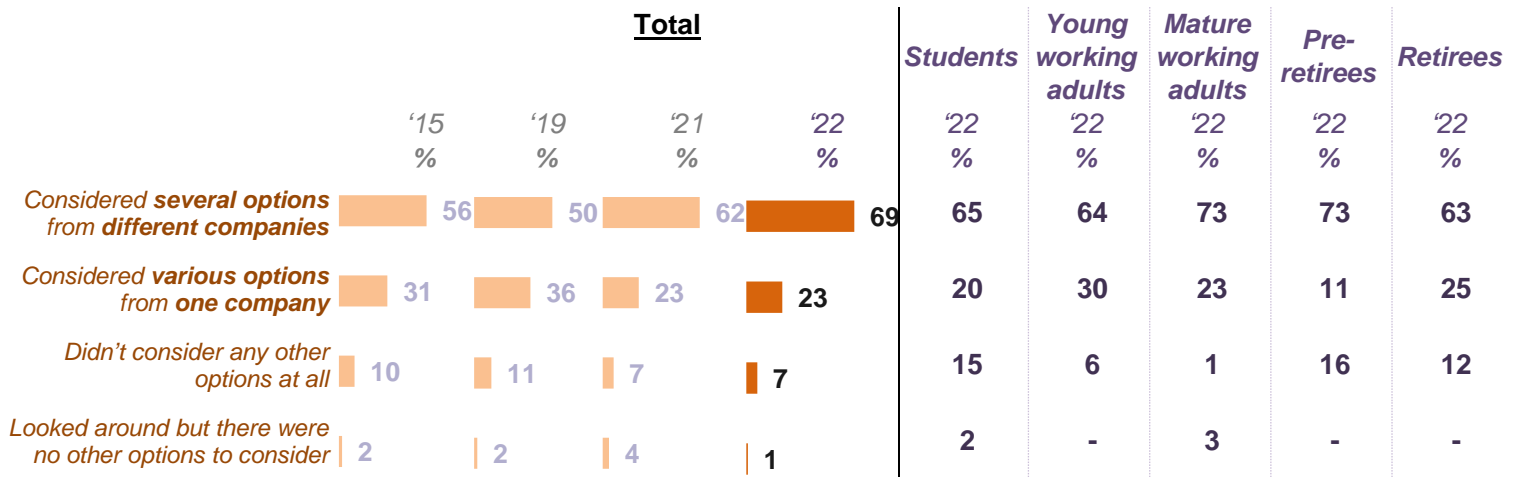
New questions in 2022

* Denotes figures <0.5%

Shopping around of financial products

Among consumers who needed to choose new financial products in the past two years, well over half (69%) reported shopping around and considering options from different companies before making the decision. The incidence of shopping around continues to improve over the years and is at its best across the four waves of study. (Figure 6.3.3)

Figure 6.3.3 – 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; 2022 n=162; student n=28#; young working adults n=30#; mature working adults n=70; Pre-retirees n=19###; Retirees n=8###
 # small base; ## very small base

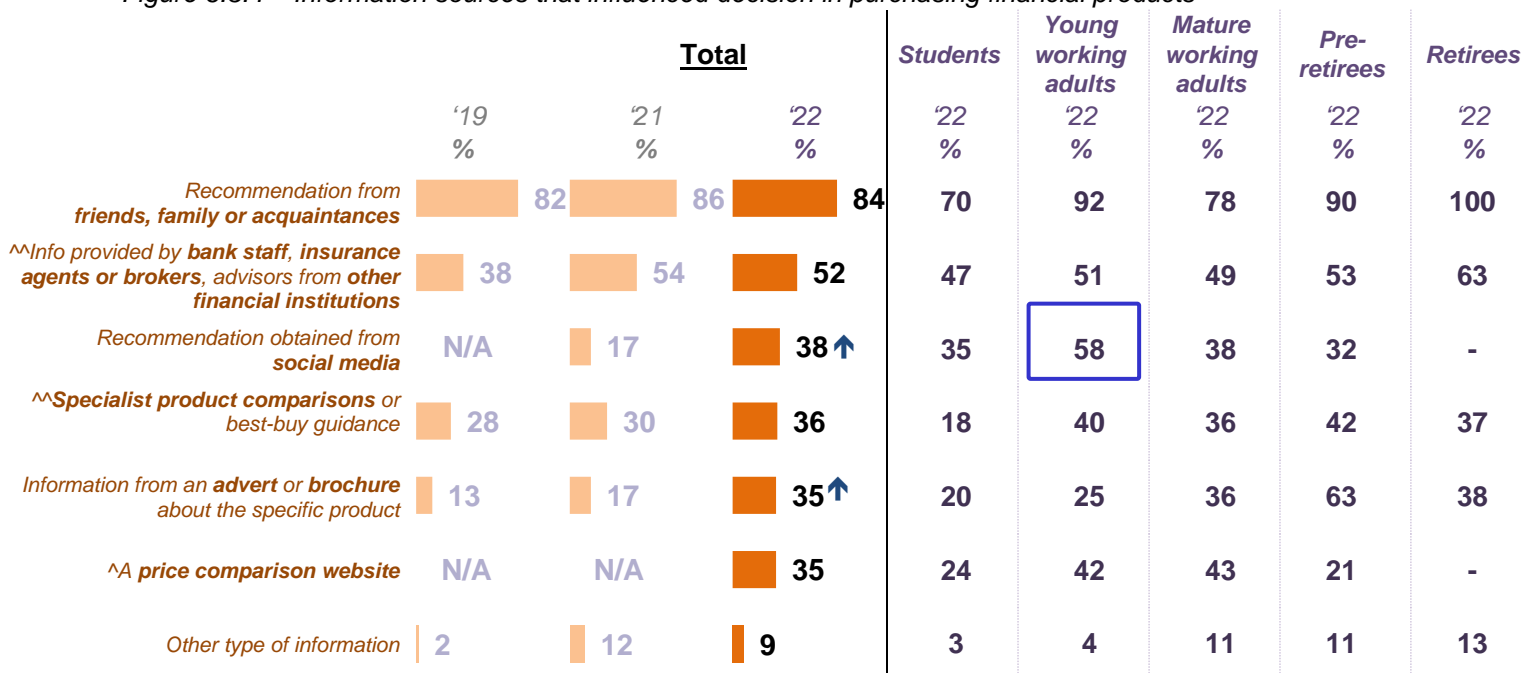
^ refers to new items covered in 2021

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

Information sources influencing decision

Word-of-mouth is the most influential information source that consumers consider when choosing financial products, followed by advice from staff of financial institutions. Notably, more are turning to social media for recommendations and advice from the internet carry considerable weight among young working adults (58%).

Figure 6.3.4 – Information sources that influenced decision in purchasing 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

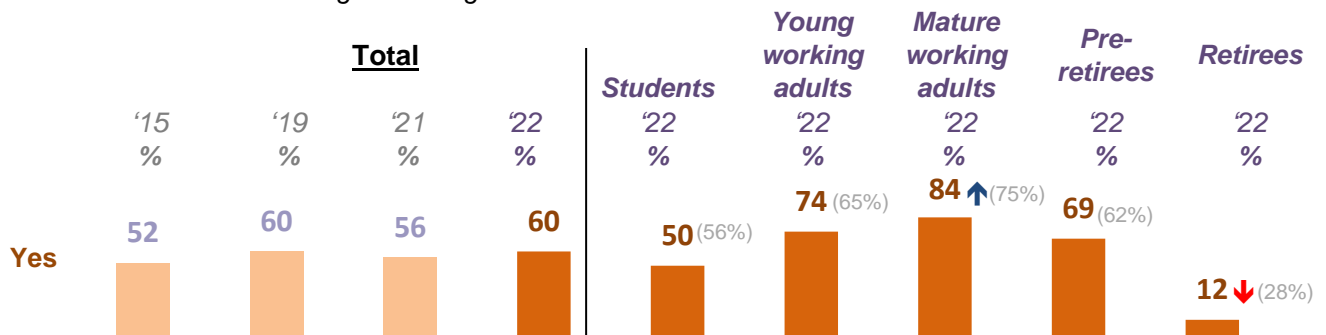
^ New standalone option for price comparison websites in 2022; ^^ Label was updated to exclude price comparison websites in 2022

Financial Planning

Financial goals

The incidence of setting financial goals improves after a dip in 2021, except for students and retirees. Financial goal setting is still the most common among mature working adults (84%), followed by young working adults (74%). Meanwhile, only 50% of students have financial goals and a rather low proportion of 12% among retirees.

Figure 6.4.1 – Incidence of having financial goals



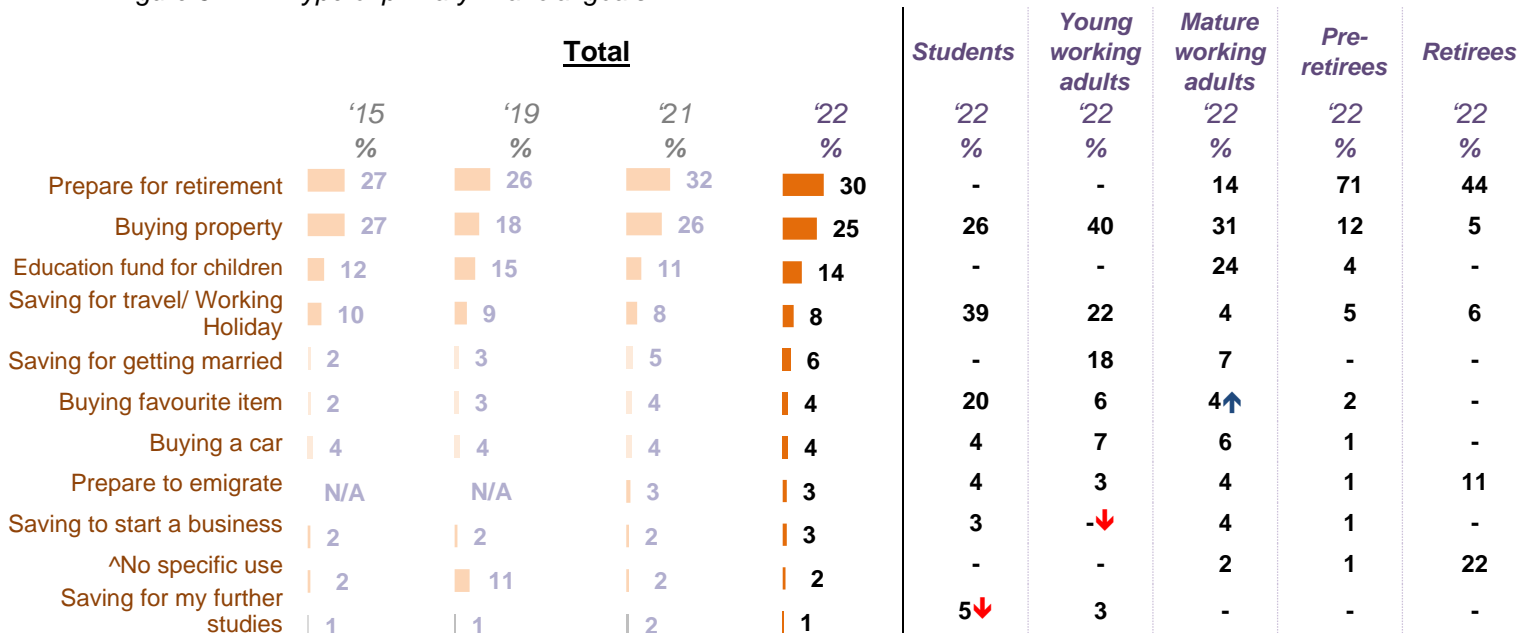
Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 () denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Primary financial goals

Financial goals vary by life stages – Students have their minds set on travelling/working holiday while young and mature working adults are saving up for buying apartments; Pre-retirees predominantly focus on accumulating funds for retirement, as are Retirees.

Figure 6.4.2 – Type of primary financial goals



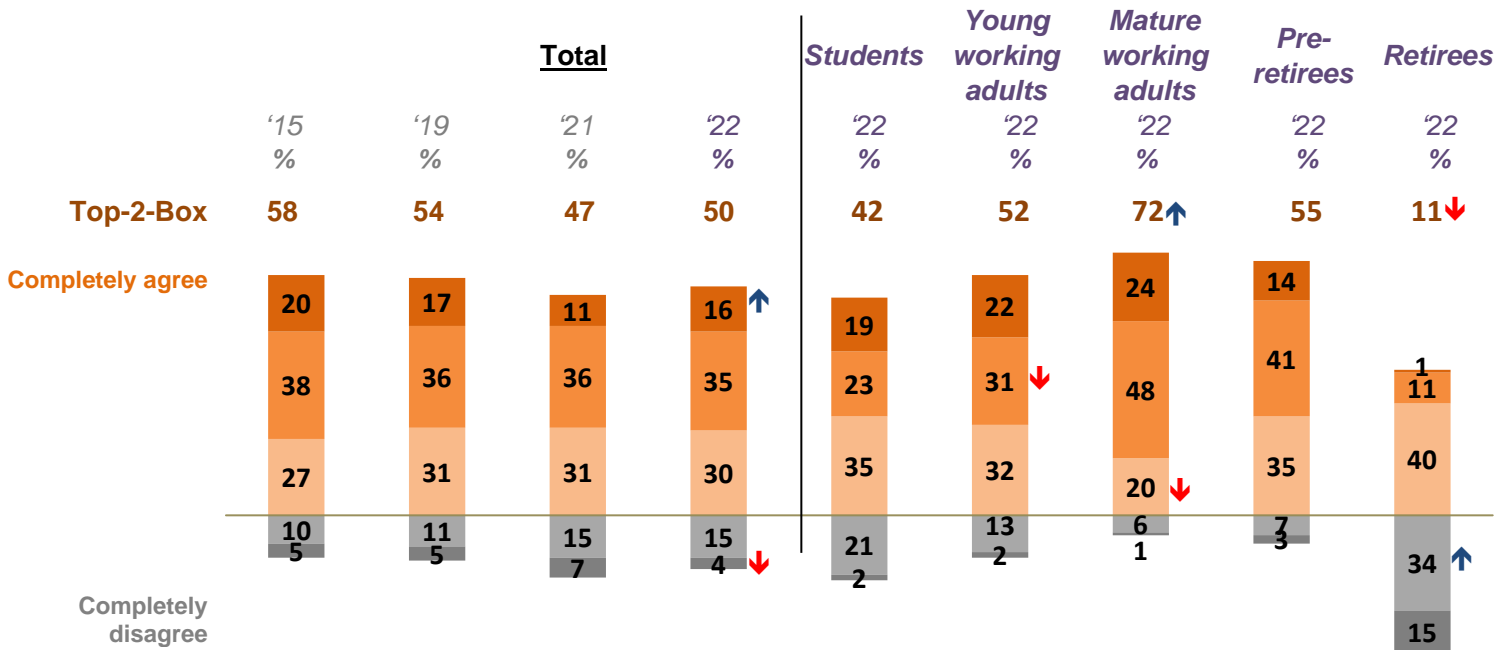
Base: Those who have financial goals, 2015 n=525; 2019 n=622; 2021 n=608; 2022 n=637; student n=50; young working adults n=74; mature working adults n=302; Pre-retirees n=134; Retirees n=18##

small base ^ Label updated from 'Saving for emergency' to 'Saving a sum of money (no specific use)' in 2022

Commitment to achieving long-term financial goals

Overall, half of the surveyed respondents said they are committed to achieving their long-term financial goals. Not only do more mature working adults set themselves financial goals, but they also show a stronger commitment to achieving their long-term goals this year.

Figure 6.4.3 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 () denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

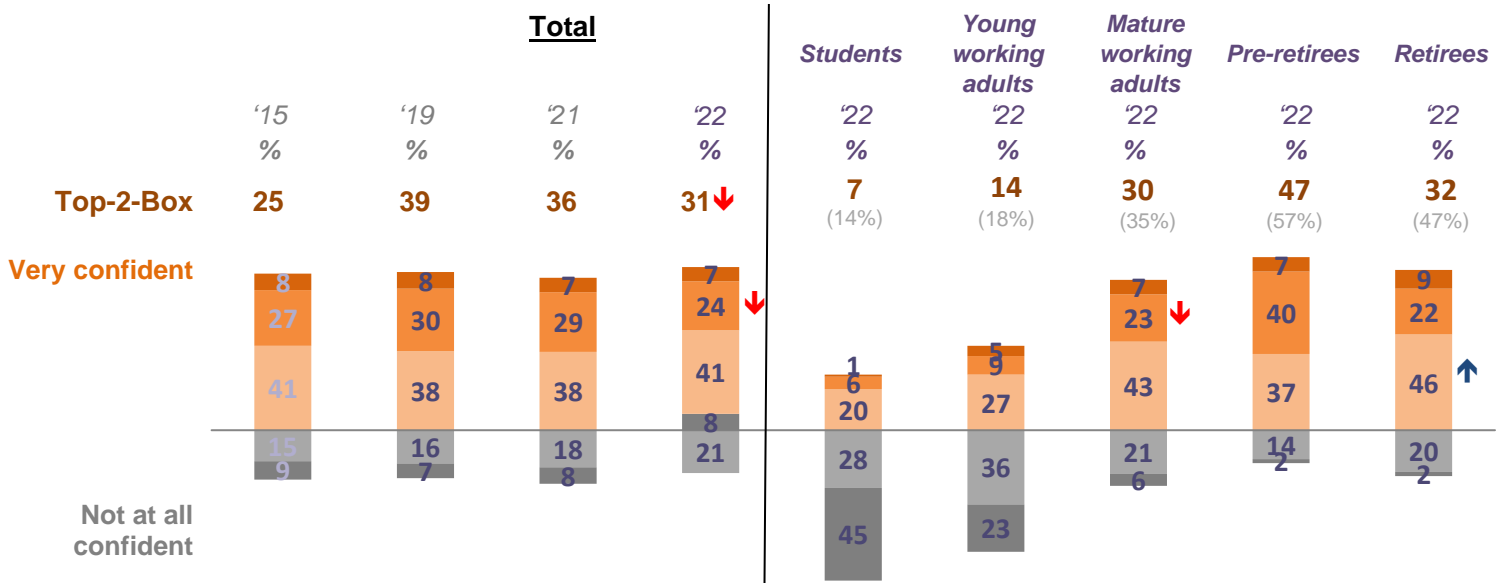
Retirement confidence

Confidence in being well-planned for retirement dropped compared to 2021 (dipped from 36% in 2021 to 31% in 2022). The decline in confidence is consistent across the board. In particular, students and young working adults are less sure that they are on the right track of having a financially well-planned retirement in the future. (Figure 6.4.4)

Source of Retirement Funding

Apart from using their personal savings for retirement (94%), majority except for the retirees would supplement their retirement fund with the MPF/ORSO accrued benefits (75% or more for the working adults) and government's old age benefits (43%). Of note, as much as 73% of those already retired reported getting financial subsidies from their children while just one-third of the pre-retirees planned to rely on their children, still less among the young generations. There are some other generational differences - mature working adults are more likely to see themselves selling their financial assets in the future to support their retirement whereas the younger segments tend to think about continuing to work after retirement. (Figure 6.4.5)

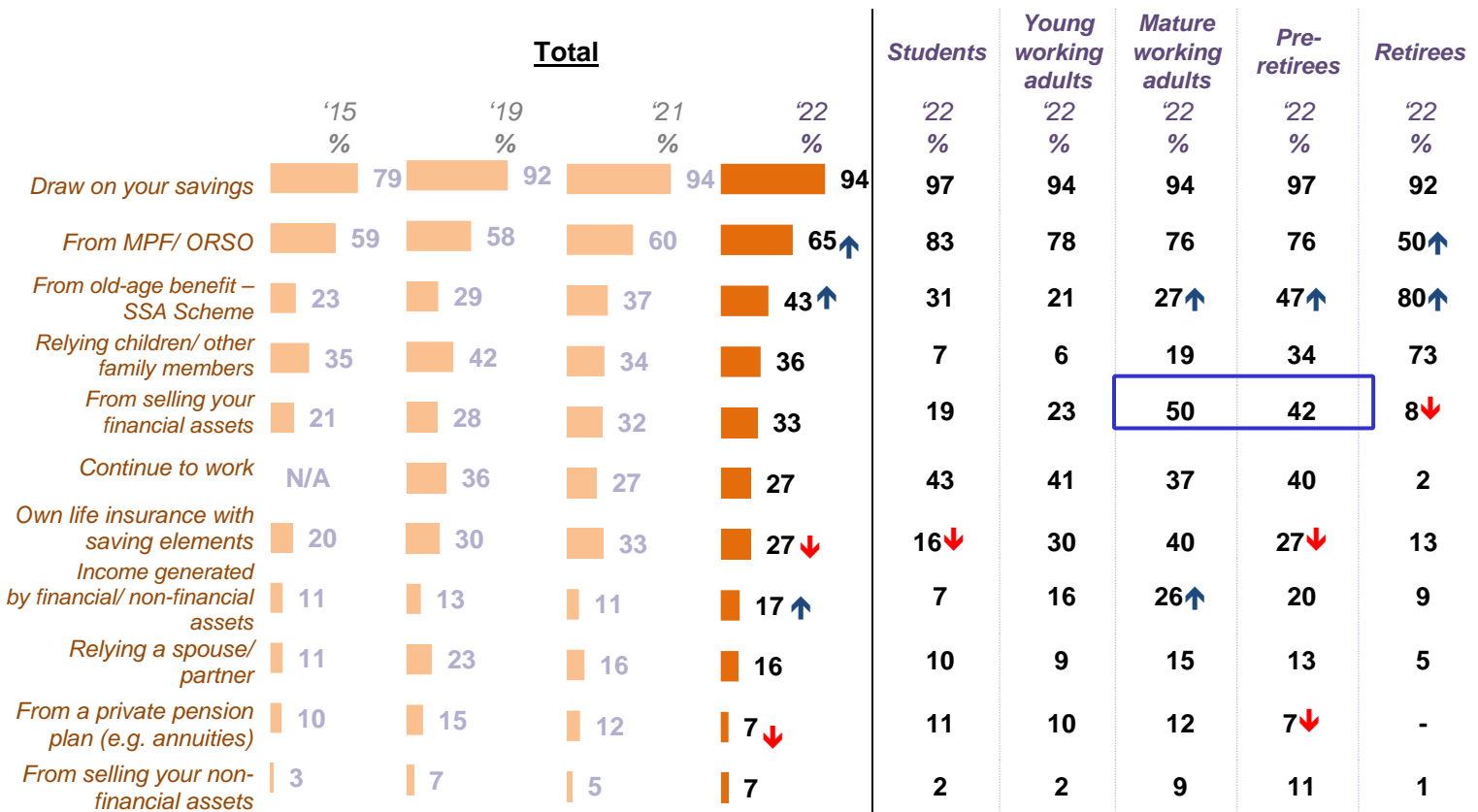
Figure 6.4.4 – Level of confidence in being financially well-planned for retirement



Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 () denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Figure 6.4.5 – Usage of 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149
 () denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Mentions less than 5% in 2022 are not shown

Usage of Digital Financial Services

Though not used in the calculation of the financial literacy and digital financial literacy scores, questions on the usage of the internet and digital financial tools and services are added this year to have a better understanding of the rapidly evolving landscape of digital finance and consumption trends.

Uses of the Internet

Internet penetration is high in Hong Kong, nearly everyone of different ages has internet access. The most frequently used applications of the internet are instant messaging, social media and looking up information. Online shopping is not as common and it is relatively more prevalent among the young and mature working adults.

Pre-Retirees and Retirees are relatively less sophisticated internet users and the primary use of the internet remains using instant messaging apps.

Figure 7.1 – Frequent uses of the Internet in the past 12 months

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Internet Access | 96 | 100 | 100 | 100 | 99 | 89 |
| <i>(Top-2-box rating of statements on 4-pt. scale – “Very often”/ “Often”)</i> | | | | | | |
| Used instant messaging applications | 91 | 97 | 99 | 97 | 94 | 65 |
| Participated in social networks online | 71 | 99 | 98 | 90 | 60 | 32 |
| Looked for information online | 71 | 92 | 94 | 84 | 70 | 37 |
| Made calls over the internet | 38 | 43 | 55 | 46 | 33 | 17 |
| Sent or received an email | 36 | 58 | 67 | 56 | 23 | 2 |
| Bought goods and services online | 26 | 36 | 43 | 43 | 12 | 1 |
| Write document on PC | 24 | 62 | 48 | 38 | 12 | 1 |

Base (internet access): 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

Base (uses of the internet): 2022-those with internet access n=1,020; student n=100; young working adults n=100; mature working adults n=358; Pre-retirees n=193; Retirees n=133

New questions in 2022

Online money management and usage of digital financial services

In Hong Kong, there is a wide access of digital financial services in terms of basic usage such as online banking (77% ever usage), though less than half of the surveyed respondents use it frequently. Majority of the retirees have never tried the digital tools to manage their money.

Figure 7.2 – Money management practices conducted online in the past 12 months

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|-----------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| (Top-2-box rating of statements on 4-pt. scale – “Very often”/ “Often”) | | | | | | |
| Checked the balance and transactions of my bank account online | 41 (77%) | 24 (84%) | 60 (93%) | 65 (93%) | 35 (77%) | 3 (27%) |
| Managed financial products and services online | 22 (62%) | 6 (48%) | 29 (81%) | 38 (82%) | 17 (63%) | 1 (15%) |
| Transferred money to others online | 17 (65%) | 13 (78%) | 27 (91%) | 30 (86%) | 12 (65%) | - (10%) |

() denotes ever usage (i.e., excluding “never use”)
 Base (uses of the internet): 2022-those with internet access n=1,020; student n=100; young working adults n=100; mature working adults n=358; Pre-retirees n=193; Retirees n=133
 New questions in 2022

At the same time, online subscription of digital financial services (such as credit card application, buying insurance online) is still uncommon in general, but is mildly higher among the young segments.

More mature working adult internet users have purchased insurance products completely online.

Figure 7.3 – Ever usage of digital financial services

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|--|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | '22 % | '22 % | '22 % | '22 % | '22 % | '22 % |
| Requested a debit card/credit card completely online | 9 | 13 | 21 | 17 | 2 | - |
| Opened a current account/ savings account completely online | 7 | 6 | 16 | 13 | 3 | - |
| Subscribed to an insurance policy completely online | 5 | - | 7 | 11 | 3 | 1 |
| Taken out credit completely online | 1 | - | 1 | 1 | - | 1 |
| None of the above | 82 | 84 | 63 | 68 | 94 | 99 |

Base (uses of the internet): 2022-those with internet access n=1,020; student n=100; young working adults n=100; mature working adults n=358; Pre-retirees n=193; Retirees n=133
 New questions in 2022

Attitude towards digital finance

About half of the young segments see themselves shopping more impulsively online than in person; they also have greater trust in online/virtual banks or fintechs compared to the older adults (though still less than half).

Close to half of the internet users (48%) agreed that they are more likely to read the small prints of the contract if on paper, particularly the case for pre-retirees and retirees.

Figure 7.4 – Agreement with statements on online services

| | Total | Students | Young working adults | Mature working adults | Pre-retirees | Retirees |
|---|--------------|-----------------|-----------------------------|------------------------------|---------------------|-----------------|
| | 22 % | 22 % | 22 % | 22 % | 22 % | 22 % |
| More likely to read the small print of a contract on paper than online | 48 | 31 | 37 | 44 | 54 | 60 |
| More likely to buy impulsively when I buy online than in person | 31 | 49 | 60 | 39 | 19 | 4 |
| I trust the financial services provided by online/virtual banks and Fintechs | 24 | 36 | 42 | 33 | 17 | 4 |
| Believe financial service providers should use a range of non-financial personal data, i.e., from social media, in decisions about granting credit | 10 | 10 | 9 | 16 | 6 | 8 |

Base (uses of the internet): 2022-those with internet access n=1,020; student n=100; young working adults n=100; mature working adults n=358; Pre-retirees n=193; Retirees n=133
 New questions in 2022

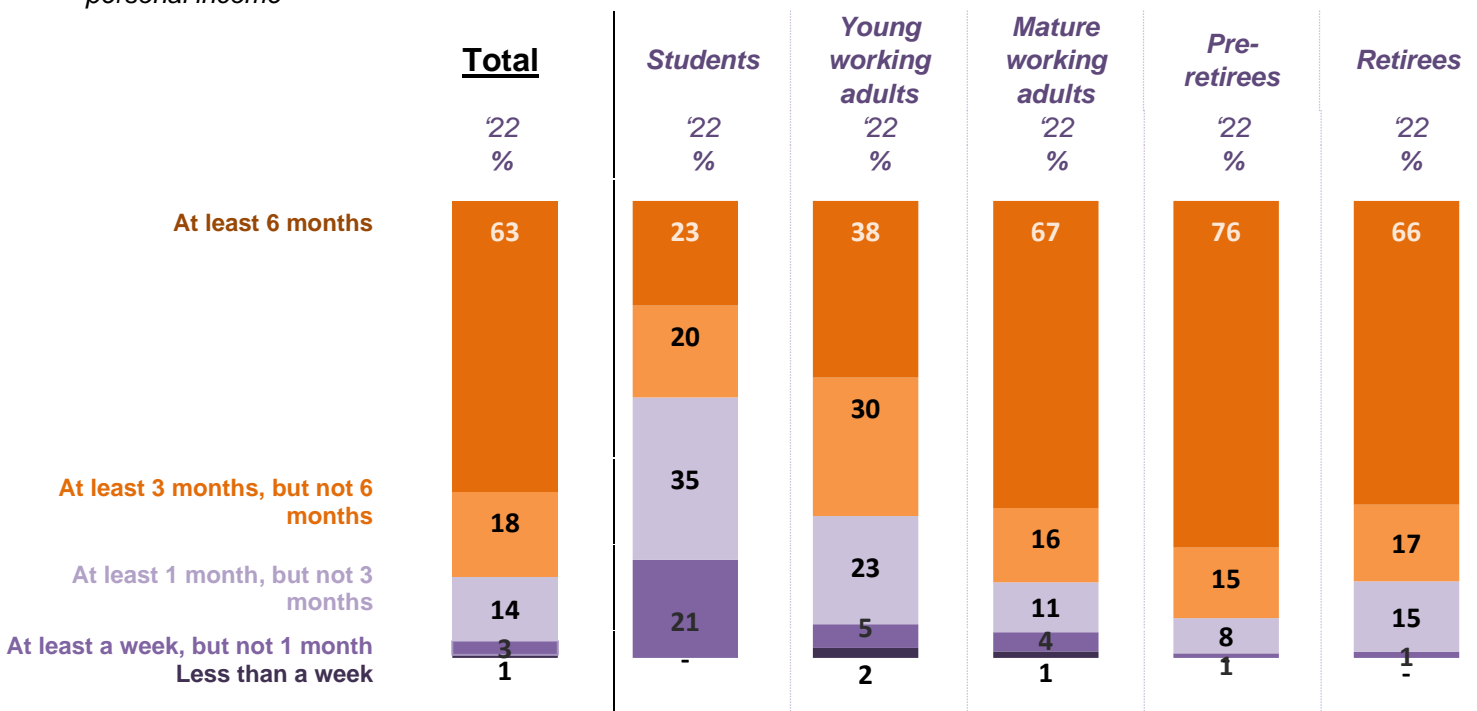
Financial Resilience & Well-being

Even if they are not components of the financial literacy score, financial resilience and well-being are important indicators to show whether the people in Hong Kong have the tenacity to thrive when faced with economic setbacks.

Personal emergency fund

On average, close to two-thirds (63%) of the people in Hong Kong have emergency fund of at least 6 months' worth of living expenses. The size of reserves is considerably smaller among students and young working adults.

Figure 8.1 – Duration individuals able to cover own living expenses in case of losing the main source of personal income

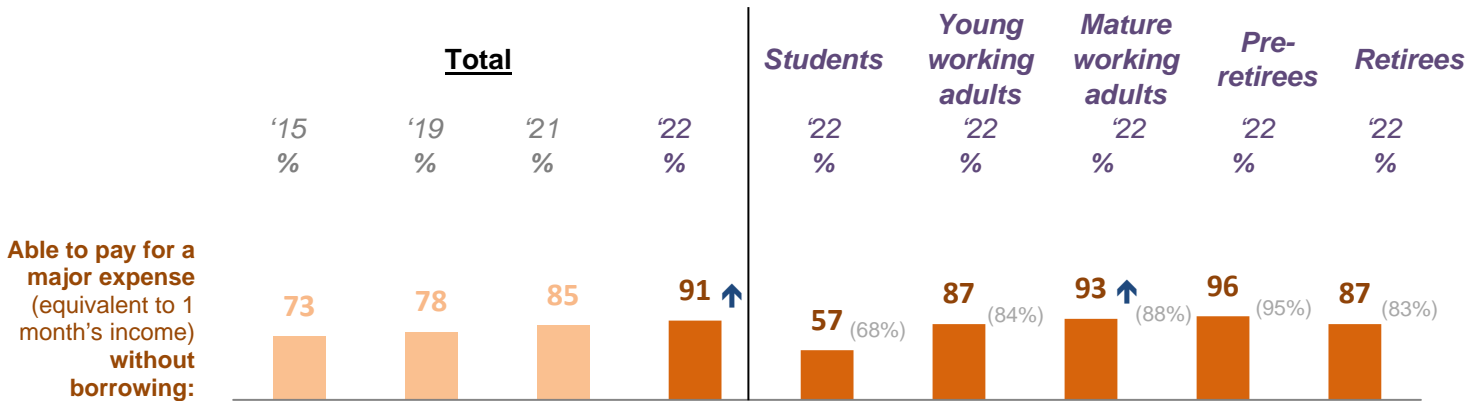


Base (uses of the internet): 2022-those with internet access n=1,020; student n=100; young working adults n=100; mature working adults n=358; Pre-retirees n=193; Retirees n=133
 New questions in 2022

Expenditure shock

In general, more people in Hong Kong reported having a financial cushion of one month's worth of personal income than 2021 – except for students, where only 57% are able cover major expenses without borrowing, a drop from 68% in 2021. (Figure 8.2)

Figure 8.2 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

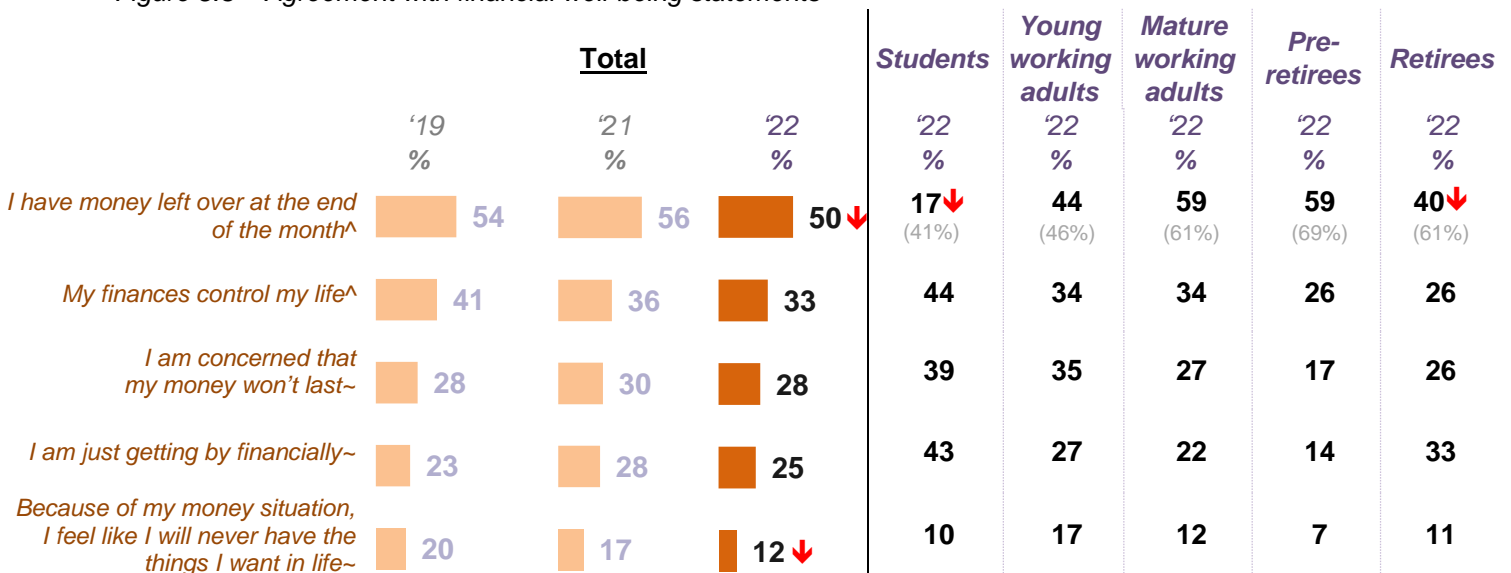
() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

Financial well-being

A drop in those reporting surplus at the end of the month is recorded this year across all key segments, but more severely among students and retirees (slipped from 41% to 17% and from 61% to 40% in 2022 respectively). Meanwhile, on a positive note, fewer felt negative with their financial situation, particularly the limitation on what they can enjoy in life in the future.

Figure 8.3 – 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

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

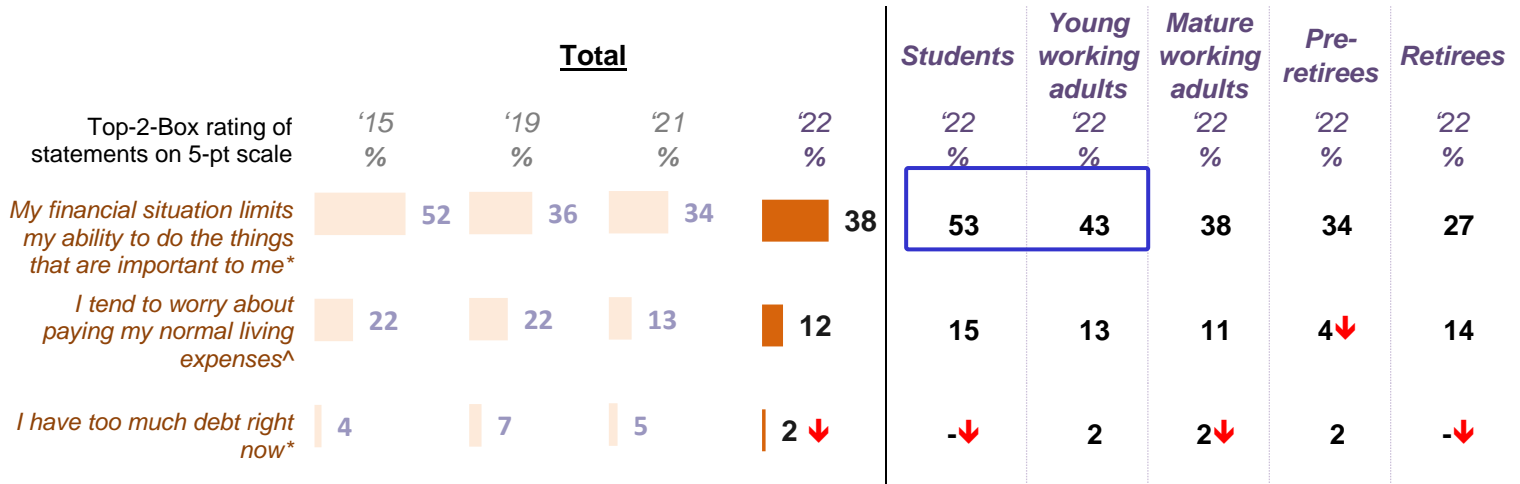
[~] rating scale labeled as "1-Completely, 5-Not at all"

Financial stress

Students and young working adults are comparatively more stressed over their current financial situation, thinking it imposes restrictions on their pursuit of things important to them.

On the other hand, the burden of making ends meet and over-indebtedness among the people in Hong Kong are seen shrinking over the years.

Figure 8.4– 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; 2022-all respondents n=1,056; student n=100; young working adults n=100; mature working adults n=359; Pre-retirees n=194; Retirees n=149

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 at 95% confidence interval

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

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

Additional Subgroup Analyses – Levels of Financial Literacy, Digital Financial Literacy and Financial Well-being

By Gender

Financial Literacy Scores

Overall financial literacy is improved among both sexes compared to 2021 and the growth is particularly prominent among males. The advancement in male’s financial literacy is mainly driven by the significant enhancement of financial knowledge which further widens the knowledge gap with females. Meanwhile, scores on Attitude and Behaviour between males and females are similar.

Figure 9.1 – Average financial literacy score by gender

| | '15 | '19 | <u>Total</u> | '21 | '22 | Male | Female |
|---------------------------------|-------------|-------------|--------------|---------------|------------------------|-----------------------|--------|
| | | | | | | '22 | '22 |
| Financial Literacy Score | 68.3 | 69.1 | 68.8 | 70.1 ↑ | 70.7 (69.0) | 69.6 (68.7) | |
| Financial Knowledge Score | 29.1 | 30.8 | 31.6 | 31.9 | 32.8 ↑ <i>H</i> | 31.1 <i>L</i> | |
| Financial Attitude Score | 9.8 | 11.1 | 10.6 | 10.7 | 10.5 | 10.9 | |
| Financial Behaviour Score | 29.5 | 27.3 | 26.7 | 27.5 ↑ | 27.4 | 27.6 | |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; male n=476; female n=580

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value in 2022 vs 2021 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

Digital Financial Literacy Scores

Similarly, males have a higher overall score for Digital Financial Literacy and have an edge over the females noticeably on digital financial knowledge and behaviour.

Figure 9.2 – Digital financial literacy scores by gender

| | Total | Male | Female |
|---|--------------|---------------|---------------|
| | '22 | '22 | '22 |
| Digital Financial Literacy Score | 67.3 | 69.3 H | 65.6 L |
| Digital Financial Knowledge Score | 22.4 | 23.5 H | 21.6 L |
| Digital Financial Attitude Score | 19.4 | 19.6 | 19.2 |
| Digital Financial Behaviour Score | 25.5 | 26.2 H | 24.9 L |

Base: 2022-all respondents n=1,056; male n=476; female n=580

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

Financial Well-being

Males also have higher financial well-being across the board. Compared to females, they are more financially resilient and significantly more optimistic about their financial situation.

Figure 9.3 – Average score for financial well-being score by gender

| | '19 | Total | '22 | Male | Female |
|-----------------------------------|-------------|--------------|-------------|-------------------------|-------------------------|
| | | '22 | '22 | '22 | '22 |
| Financial Well-being score | 55.8 | 59.1 | 61.1 | 62.7 H (59.9) | 59.8 L (58.4) |
| Financial Resilience [^] | 35.8 | 38.0 | 38.4 | 39.0 | 37.9 |
| Subjective Financial Well-being | 20.1 | 21.1 | 22.7↑ | 23.7↑ H | 21.9 L |

[^] One of the questions used to calculate the Financial Resilience score was worded differently in 2021 & before hence the score and the Financial Well-being score between this year and the past waves are not comparable. Therefore, significance test is not conducted for 'Financial Well-being score' and 'Financial Resilience score' to avoid confusion.

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; male n=476; female n=580

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

Vulnerable Groups

Financial Literacy Scores

The three segments Ethnic Minority residents (mainly constituting of foreign domestic workers), low-income group (defined as those with monthly household income less than HK\$20,000) and full-time homemakers have been identified to display lower financial literacy levels.

Among the three vulnerable groups, ethnic minority see the weakest financial literacy, which worsened compared to 2021 (dropped from 62.9 out of 100 to 58.7 in 2022) due to a significant drop in Knowledge score – the lowest out of all the vulnerable groups.

Meanwhile, full-time homemakers see noticeable improvement in their overall financial literacy level (rose from 67.0 out of 100 to 69.6 in 2022), driven by a significant higher score in Attitude and Behaviour. The financial literacy level of low-income group remains stable with 2021.

Figure 9.4 – Average financial literacy score of vulnerable groups

| | Total | | | | Ethnic minority | Low-income Group (i.e., MHI <HK\$20,000) | Full-time homemakers |
|----------------------------------|--------------|-------------|-------------|---------------|------------------------|--|-----------------------------|
| | '15 | '19 | '21 | '22 | '22 | '22 | '22 |
| Financial Literacy Score | 68.3 | 69.1 | 68.8 | 70.1 ↑ | 58.7↓ (62.9) | 62.8 (62.1) | 69.6↑ (67.0) |
| Financial Knowledge Score | 29.1 | 30.8 | 31.6 | 31.9 | 25.7↓ | 29.1 | 31.7↑ |
| Financial Attitude Score | 9.8 | 11.1 | 10.6 | 10.7 | 9.2 | 10.1 | 11.7↑ |
| Financial Behaviour Score | 29.5 | 27.3 | 26.7 | 27.5 ↑ | 23.7 | 23.7 | 26.2 |

Base: 2015-all respondents n=1,000; 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; non-Chinese residents n=90; Low-income group n=331; Full-time homemakers n=152

() denotes figures in 2021

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval

Digital Financial Literacy Scores

Digital financial literacy is comparatively weaker among the low-income and full-time homemakers as they both also see lower internet penetration compared to the total population (i.e., 90% and 87% internet access respectively, vs 96% at total level). Again, ethnic minority show the weakest knowledge score despite leading in the other two areas.

Figure 9.6 – Digital financial literacy scores of vulnerable groups

| | Total | Ethnic minority | Low-income Group (i.e., MHI <HK\$20,000) | Full-time homemakers |
|---|--------------------|------------------------|--|-----------------------------|
| Digital Financial Literacy Score | '22 67.3 | '22 60.8 | '22 56.3 | '22 59.4 |
| Digital Financial Knowledge Score | 22.4 | 17.3 | 19.0 | 21.1 |
| Digital Financial Attitude Score | 19.4 | 19.3 | 16.5 | 16.9 |
| Digital Financial Behaviour Score | 25.5 | 24.2 | 20.8 | 21.3 |

Base: 2022-all respondents n=1,056; non-Chinese residents n=90; Low-income group n=331; Full-time homemakers n=152

Financial Well-being

Ethnic Minority residents and low-income group have a noticeably lower overall financial well-being score than average, while full-time homemakers share a similar score with the rest of the population in Hong Kong (59.0 vs 61.1 Total).

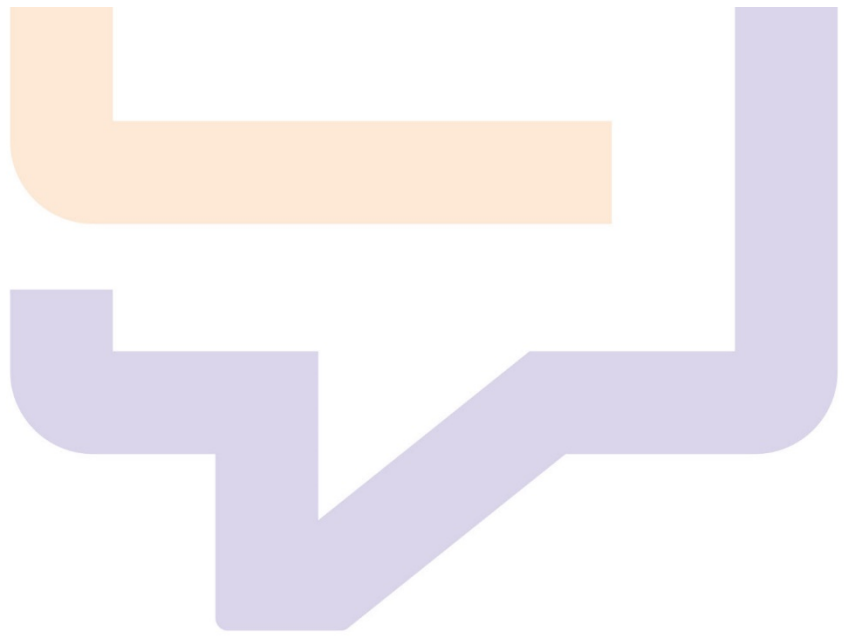
Figure 9.4– Average score for financial well-being score of vulnerable groups

| | Total | Ethnic minority | Low-income Group (i.e., MHI <HK\$20,000) | Full-time homemakers |
|-----------------------------------|--------------------|------------------------|--|------------------------------|
| Financial Well-being score | '19 55.8 | '22 61.1 | '22 47.0 (46.4) | '22 59.0 (53.6) |
| Financial Resilience [^] | 35.8 | 38.4 | 29.8 | 37.9 |
| Subjective Financial Well-being | 20.1 | 22.7 ↑ | 17.2 | 21.1 |

[^] One of the questions used to calculate the Financial Resilience score was worded differently in 2021 & before hence the score and the Financial Well-being score between this year and the past waves are not comparable. Therefore, significance test is not conducted for 'Financial Well-being score' and 'Financial Resilience score' to avoid confusion.

Base: 2019-all respondents n=1,002; 2021-all respondents n=1,075; 2022-all respondents n=1,056; non-Chinese residents n=90; Low-income group n=331; Full-time homemakers n=152

↑/↓ denotes significantly higher/ lower total value at in 2022 vs 2021 at 95% confidence interval



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