



The Power of Protection

Confidence in the future

Global Report

HSBC 



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Foreword

We have called this first Power of Protection report *Confidence in the future*, as financial protection can help us not only to safeguard what we have now but also to achieve our own and our family's future aspirations. Yet for many, protection is seen as a cost today rather than an investment in tomorrow.

This report reveals that the majority of us are optimistic, and that those with the strongest inclination to plan financially are the most confident about the future.

Our future health is revealed as our greatest concern, with far-reaching impacts on our lives and the lives of others. Those who are most active in taking care of their own health are among the most optimistic about the future.

A particular concern identified is that around half of us feel financially unprepared for the unexpected, while a similar proportion do not understand the financial protection they have in place or do not think it is enough. The upside to this is that those that have planned are significantly less worried about how they will provide for themselves in the future.

At HSBC, we've worked with clients over many years to help chart their life goals and provide the relevant protection needed to achieve security and peace of mind.

I hope that you will find this first report valuable and that its insights and practical steps will help you take action to safeguard what you have today and achieve your aspirations for tomorrow.

Charlie Nunn
Group Head of Wealth Management, HSBC



Key findings

57%

have high expectations for their future quality of life

71%

of those who actively plan for the future have high expectations for their future quality of life

51%

say an unexpected life event would have a greater emotional than financial impact on them

65%

say what they worry most about in life is their health

46%

could not manage well financially or don't have anything specific in place if something unforeseen were to happen

60%

of those with life cover do not know what the pay-out would be or do not think it is enough

53%

of those considering insurance say they have not taken it out because they expect or know it to be too expensive

38%

of those considering insurance say they have not taken it out as they don't know how to go about it or have concerns about the policy

60%

believe that someone else should be responsible for ensuring their family's financial stability if they are no longer able to earn

57%

think that someone else should be responsible for the cost of their personal healthcare



A positive outlook

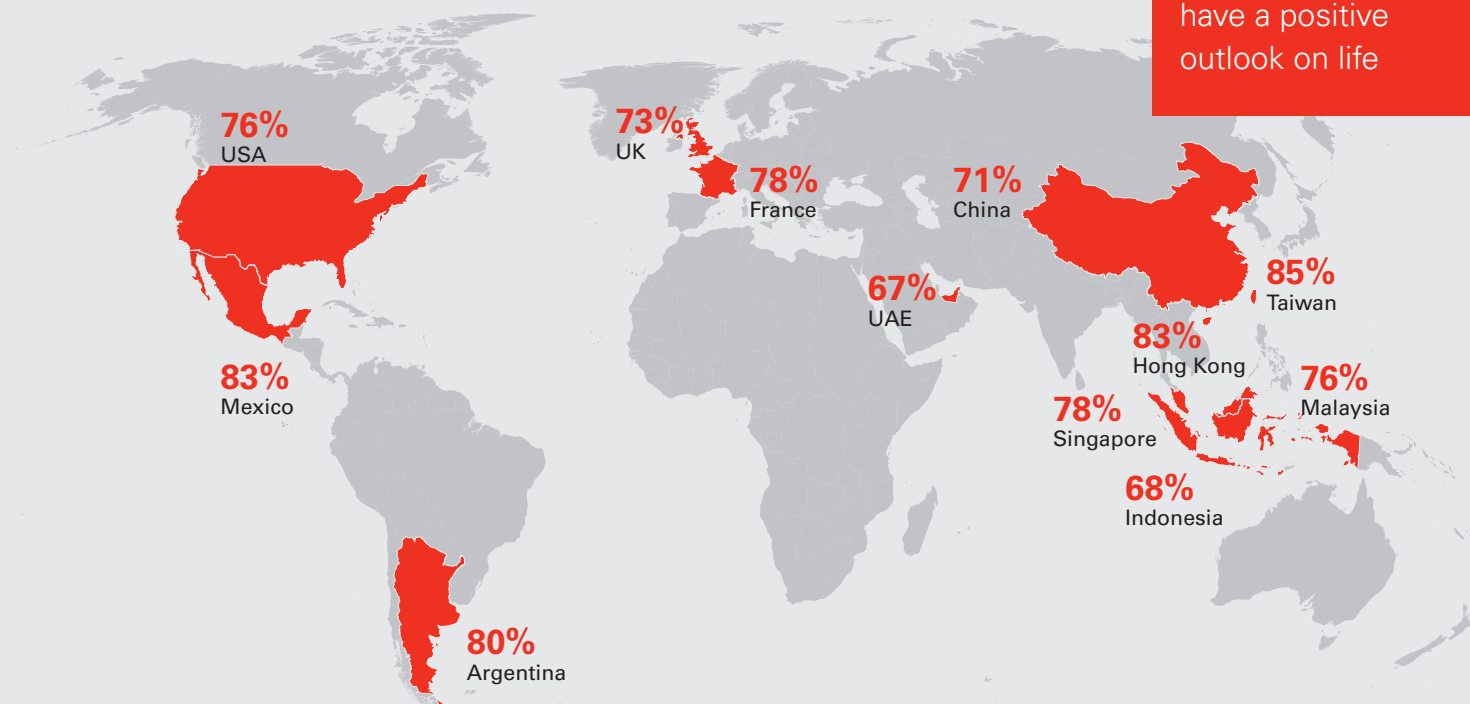
Most people have an optimistic outlook and have high expectations for their future quality of life. These expectations are highest among those who actively plan for their future, their finances and their

families, and among those who take greatest care of their health. Across all countries and territories surveyed, more than three quarters (77%) of respondents have a positive 'glass half full' outlook.

People are less optimistic in the UAE (67%) and Indonesia (68%), and most optimistic in Taiwan (85%) followed by Hong Kong and Mexico (both 83%).

More than three quarters of people have a positive outlook

77%
have a positive
outlook on life



Q. Is this glass half full or half empty? A. Half full (Base: All)

Future quality of life

More than half of people (57%) expect their quality of life in ten years' time to be very good or excellent, compared to 34% who rate their current quality of life similarly. Only around one in ten rate their current

or future quality of life (11% and 9% respectively) as not very good or not good at all.

People who are most positive about their quality of life are also more proactive about planning their lives and taking care of their

health. They are significantly more optimistic about both their current and future quality of life. Almost three quarters (71%) of those who actively plan believe that their future quality of life will be very good or excellent.

Most people expect their future quality of life will be better, especially those who plan most actively

Average



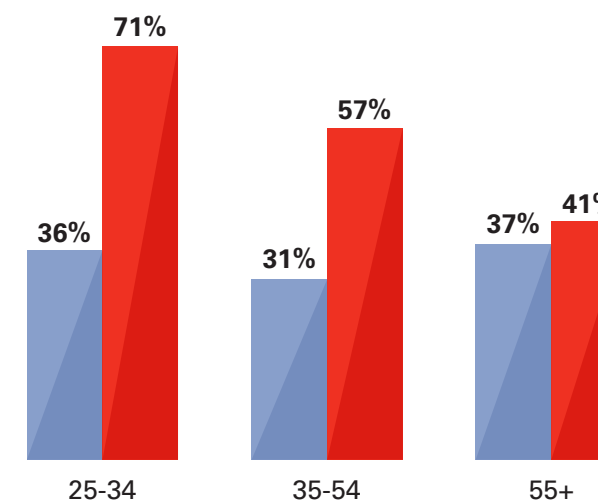
Those who plan most actively



■ Current quality of life ■ Future quality of life

Q. Considering your quality of life, would you say this is...? A. Very good/excellent (Base: All)
Q. How do you expect it will be in ten years' time? A. Very good/excellent (Base: All)

People's optimism for the future declines with age



■ Current quality of life ■ Future quality of life

Q. Considering your quality of life, would you say this is...? A. Very good/excellent (Base: All)
Q. How do you expect it will be in ten years' time? A. Very good/excellent (Base: All)

Almost twice the number of people aged 25 to 34 (71%) expect their quality of life in ten years' time to be very good or excellent, compared to their quality of life today (36%).

A similar proportion of those aged 55+ believe their future quality of life will be very good or excellent (41%), compared to now (37%).

Planning for the future






Different planning approaches

There are five approaches to how people plan and live their lives. These approaches are characterised by the attitudes and behaviours associated with their finances and their lives, their inclination to think short or long-term, their willingness to take risks and their level of optimism or pessimism.

People with two of the five planning approaches – *Future provision* and *Confident and in control*, accounting for just over one third (34%) of respondents – plan most actively and are the most confident and optimistic about the future.

At the other end of the spectrum, those who are *Living in the moment* and *Insecure and uncertain* – accounting for just under one third (32%) – are the least inclined to plan for the future, while those who are *Insecure and uncertain* (15%) are the most pessimistic.

The five planning approaches

Future provision	Confident and in control	Pre-determined lives	Living in the moment	Insecure and uncertain
				
17%	17%	34%	17%	15%
Outlook A clear eye on the future and take pride in planning for it	Confident about their ability to influence their future	Their life is mapped out, little that they can do to influence the future	Carefree and self-directed, living for the here and now	A strong need to feel secure, limited ability to influence the future
Planning 79% plan actively, likely to have made financial provision	78% plan actively, likely to have made financial provision	43% plan infrequently, not natural planners	42% plan infrequently, very occasional planners	47% plan infrequently, not natural planners but will do whatever they can to mitigate risks in their lives
Optimism 71% expect future quality of life to be very good/excellent	78% expect future quality of life to be very good/excellent	52% expect future quality of life to be very good/excellent	57% expect future quality of life to be very good/excellent	33% expect future quality of life to be very good/excellent

Q. What is your outlook on life? (Base: All)








Country differences

The biggest difference across countries is in the proportion of people with *Pre-determined lives*,

which is most prevalent across Asia and the Middle East. Those with the most optimistic outlook *Future provision* are at a similar level across the majority of countries.

People with the most pessimistic approach *Insecure and uncertain* are the least prevalent in most countries.

Planning approaches vary by country

Future provision	Confident and in control	Pre-determined lives	Living in the moment	Insecure and uncertain
				
Highest				
1 st Indonesia 49%	Taiwan 42%	Hong Kong 54%	France 29%	Singapore 22%
2 nd Argentina 20%	Mexico 33%	UAE 50%	Mexico 27%	Hong Kong 21%
3 rd Mexico 19%	USA 24%	China 45%	China 25%	UK 20%
Average				
17%	17%	34%	17%	15%
Lowest				
10 th China 13%	China 6%	Argentina 20%	Singapore 10%	UAE 9%
11 th Malaysia 12%	Indonesia 5%	USA 20%	Hong Kong 8%	Indonesia 4%
12 th Taiwan 5%	Hong Kong 4%	Mexico 19%	Taiwan 4%	Mexico 2%

Q. What is your outlook on life? (Base: All)



51%

say an unexpected life event would have a greater emotional than financial impact on them

Planning for the future

Major concerns

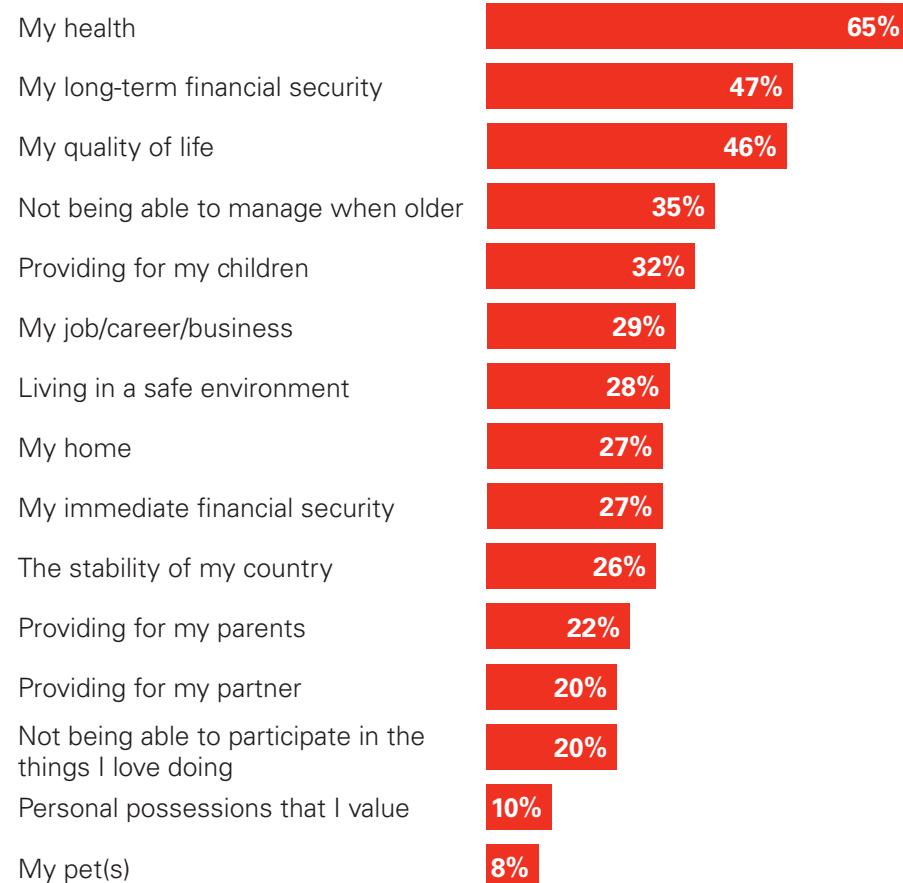
People share three main concerns for the future – their health, their long-term financial security and their quality of life.

When asked about the top five things they worry about in life, health is mentioned by nearly two-thirds (65%) of respondents and is the most common concern in every country.

Long-term financial security is a concern for almost half (47%), followed by quality of life (46%). Not being able to manage when older (35%) and providing for children (32%) were major concerns for around one in three people.

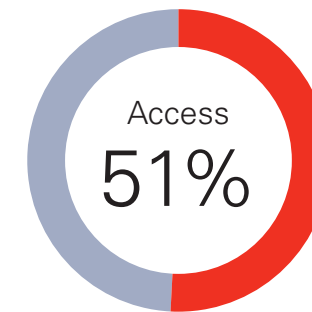
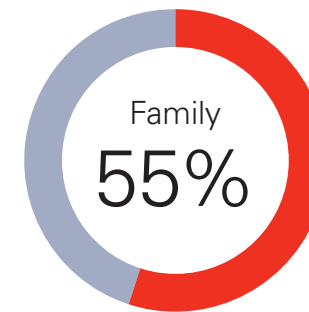
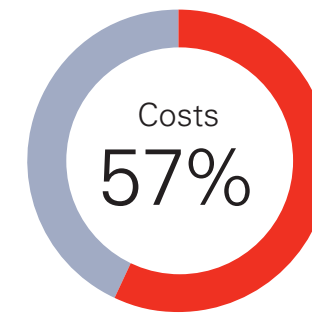
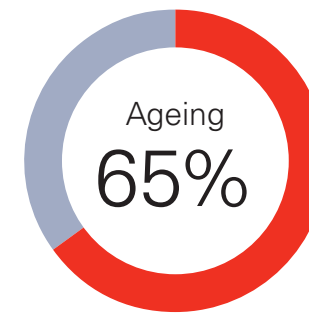
All major concerns have both a financial and emotional impact.

Health is the biggest worry



Q. We would like you to think about things that are most important to you in life... Select up to five things which you worry most about (Base: All)

Top health concerns



Health concerns and impacts

For more than half of people, there are four main health-related areas of concern: ageing, costs, family and access to healthcare.

Ageing, which covers long-term care and own and partner's quality of life, is a concern for just under two thirds (65%) and is greatest among people in the UK (74%), Taiwan (71%) and the UAE (70%).

Cost (57%) is the second biggest worry: the cost of healthcare treatment is a significant concern for people in eight countries. The cost of medication and drugs is a particular concern among those in Argentina (37%) and the USA (41%). There is a similar level of concern for the family (55%), including parents' and children's health, and for timely access to healthcare provision, professionals and treatments (51%).

Q. From this list, pick the top three that you are most concerned about (Base: All)

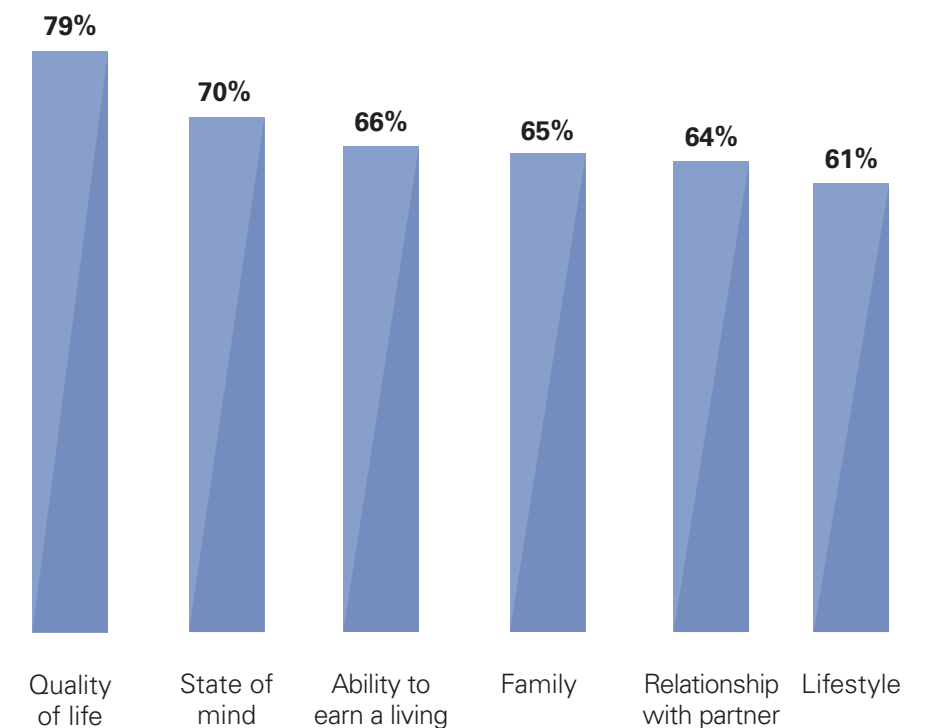
Long-term poor health touches almost every aspect of people's lives.

Over three quarters (79%) view quality of life as likely to be most impacted by long-term poor health.

These impacts extend beyond the immediate personal and physical.

People believe that long-term poor health would also impact overall state of mind (70%), the ability to earn a living (66%), the family (65%) and relationships with partners (64%).

Long-term poor health has many impacts



Q. From the list, which five aspects of life do you think would be most impacted by long-term poor health? (Base: All)

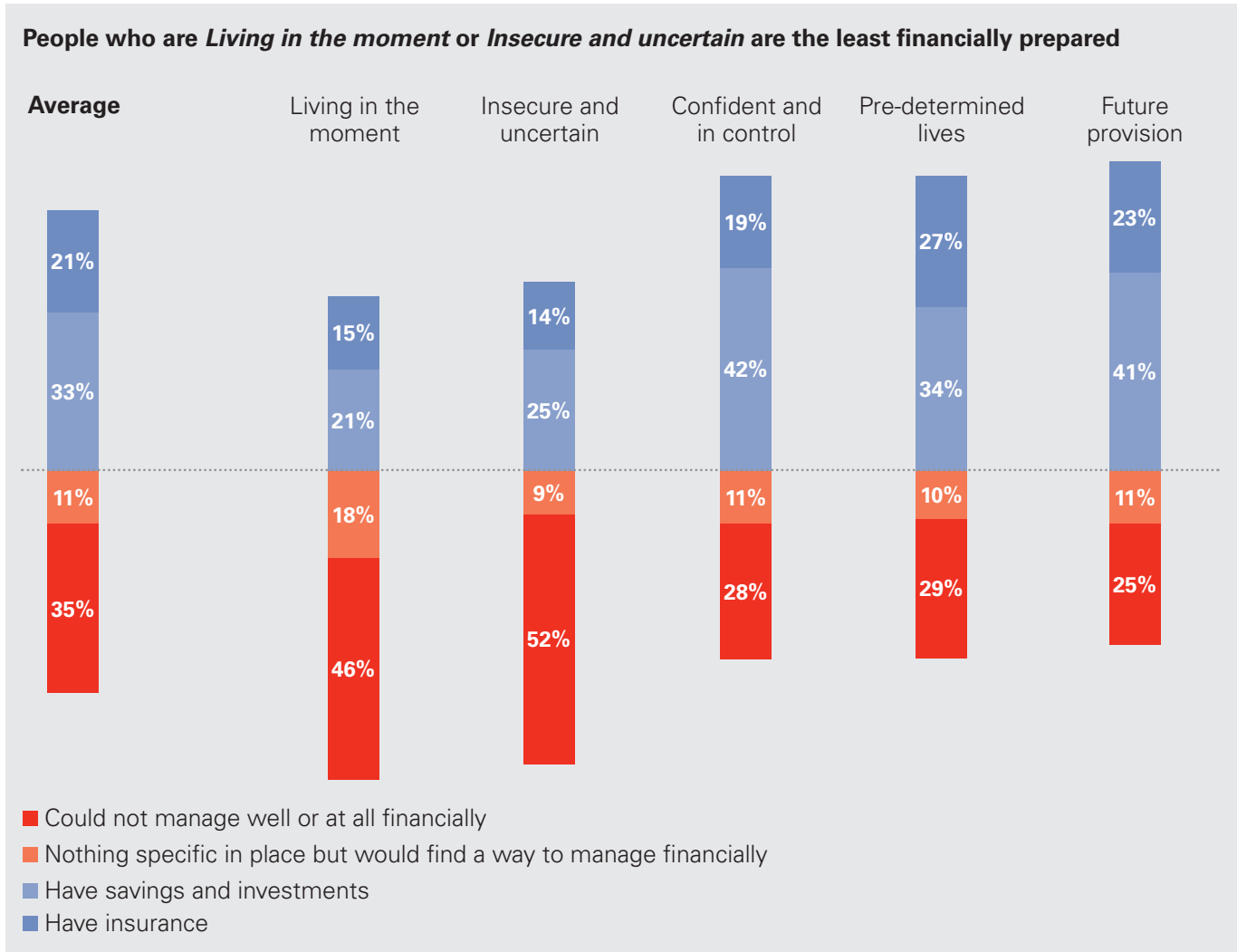
Sufficiently prepared?

Almost half (46%) of people say they could not manage well or at all financially or have nothing specific in place if something unforeseen were to happen. The remaining 54% claim to have either savings and investments or insurance in place to cover them.

People who have a *Living in the moment* or *Insecure and uncertain* approach to planning are more likely to say that they could not manage well or at all financially if something unforeseen were to happen, or have no specific financial cover in place.

This compares with people whose planning approach is *Confident and in control*, *Pre-determined lives* or *Future provision*, where around two thirds (61%, 61% and 64% respectively) say they have either savings and investments or insurance in place.

46% could not manage well financially or don't have anything specific in place if something unforeseen were to happen



Q. If something unforeseen were to happen, how well could you manage financially? (Base: All)
Q. What do you have that would help you manage financially if something unforeseen were to happen? (Base: Those who say they could manage well financially)



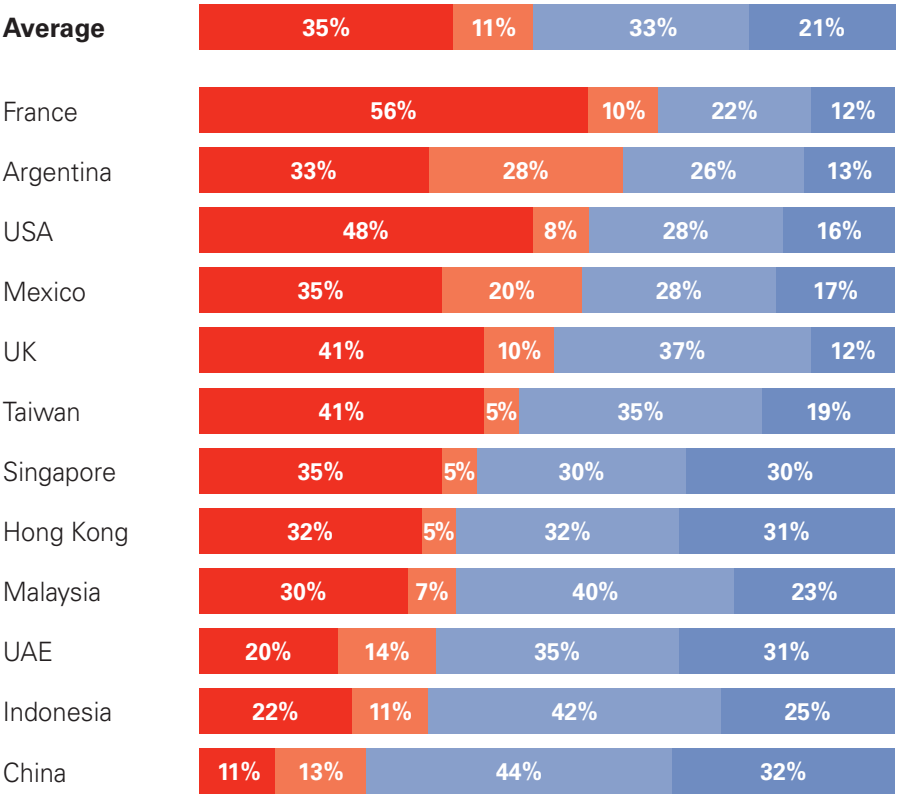
Country differences

Only a third of people in France (34%) and less than half in the USA (44%) and the UK (49%) say they have either savings and investments or insurance in place to help them cope with unforeseen events.

Argentina (28%) and Mexico (20%) have the highest numbers of people who say they have nothing specific in place but would find a way to manage if something unforeseen were to happen.

People in China are the most financially prepared. More than three quarters (76%) have savings and investments or insurance to help them cope with unforeseen events.

People in France are the least financially prepared



■ Could not manage well or at all financially
■ Nothing specific in place but would find a way to manage financially
■ Have savings and investments
■ Have insurance
Q. If something unforeseen were to happen, how well could you manage financially? (Base: All)
Q. What do you have that would help you manage financially if something unforeseen were to happen? (Base: Those who say they could manage well financially)

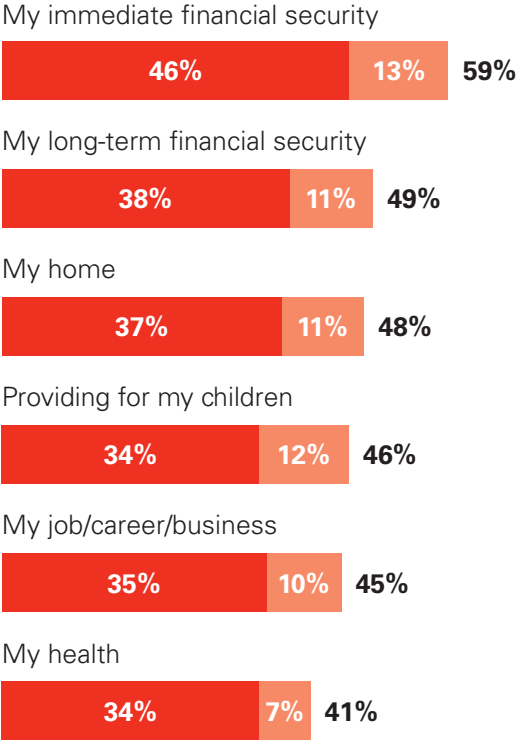
Levels of financial preparedness and understanding

Many people say they could not manage well financially or have nothing specific in place for their biggest concerns.

People are less likely to be well prepared for their immediate financial security than for their long-term financial security (59% compared to 49%).

Over two in five (41%) say they are financially unprepared to meet their health concerns, the most significant area of concern overall.

Many are financially unprepared for their biggest concerns



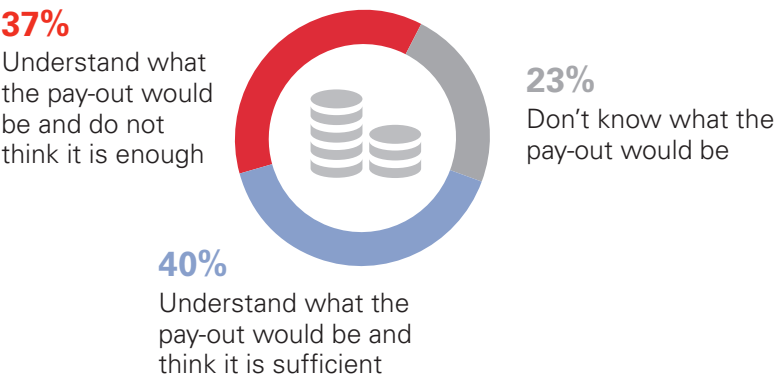
- Could not manage well or at all financially
- Nothing specific in place but would find a way to manage financially

Q. If something unforeseen were to happen to (your concern), how well could you manage financially? (Base: Those with that concern)
Q. What do you have that would help you manage financially? (Base: Those who say they could manage well financially)

Three in five (60%) people with life cover they have paid for themselves do not know what the pay-out from their policy would be or do not think it is enough.

Where the policy was taken out by an employer, this figure is higher (64%).

Most people with life insurance do not know what it will pay out or do not think that it is enough



Q. Thinking about the policy you have that would pay out a sum of money to your family/beneficiaries if you died, do you...? (Base: Those with a self-paid life policy)



Taking responsibility

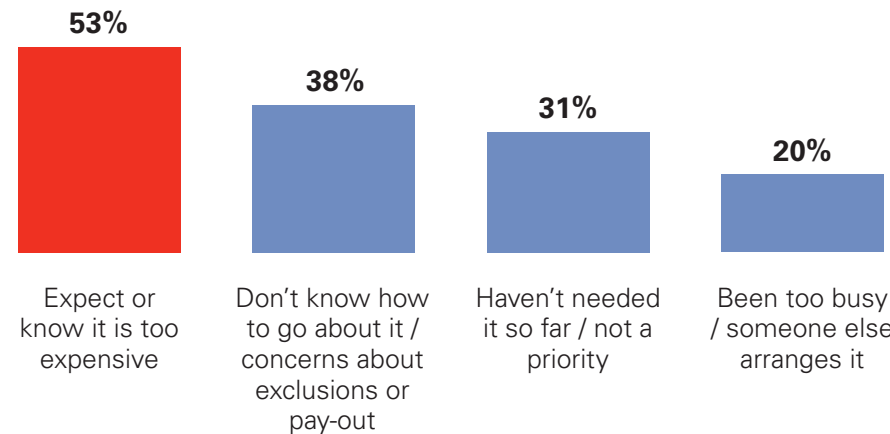
Two main factors influence people's decisions about whether or not to

put in place financial protection for the future. The first is cost-related.

The second is a belief that it is not their responsibility.

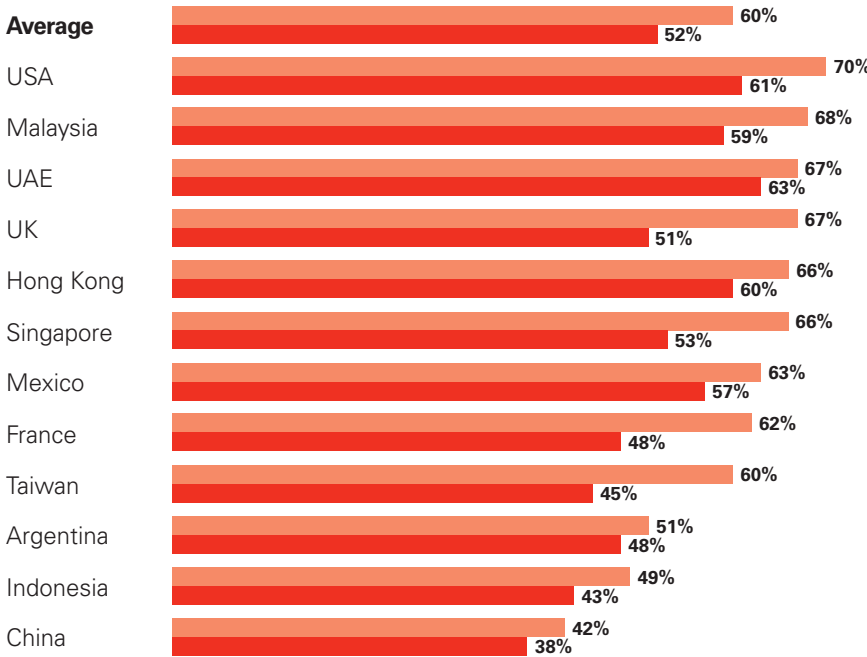
More than half (53%) of those currently considering taking out any type of insurance say that they have not yet taken out a policy because they expect or know it is too expensive. Over one third (38%) of people say it is because they either don't understand how to go about it, were concerned about what was excluded, or were not confident it would pay out. Just under a third (31%) say it is because it has not been a priority or they have not needed it yet, and one in five (20%) say it is because they have been too busy or leave it to someone else to arrange.

The main barrier to taking out insurance is cost-related



Q. What has stopped you taking out a policy so far? (Base: Those considering taking out a policy in the next two to three years)

Cost-related barriers to taking out insurance vary by country



Expecting or knowing that a policy is too expensive is more common for health insurance (60%) than for life insurance (52%).

Cost-related barriers to taking out health insurance are most significant in the USA (70%) and least significant in China (42%).

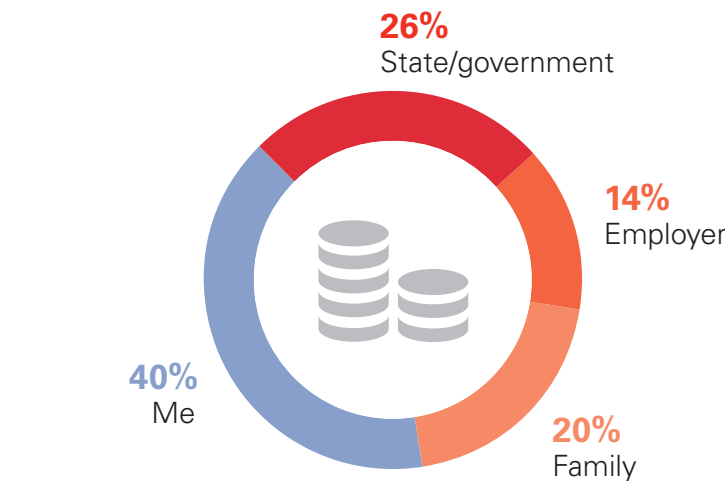
Health insurance
Life insurance

Q. What has stopped you taking out a policy so far? A. Expect or know it is too expensive (Base: Those considering taking out life/ health insurance in the next two to three years)

Responsibility for ensuring the family's financial stability

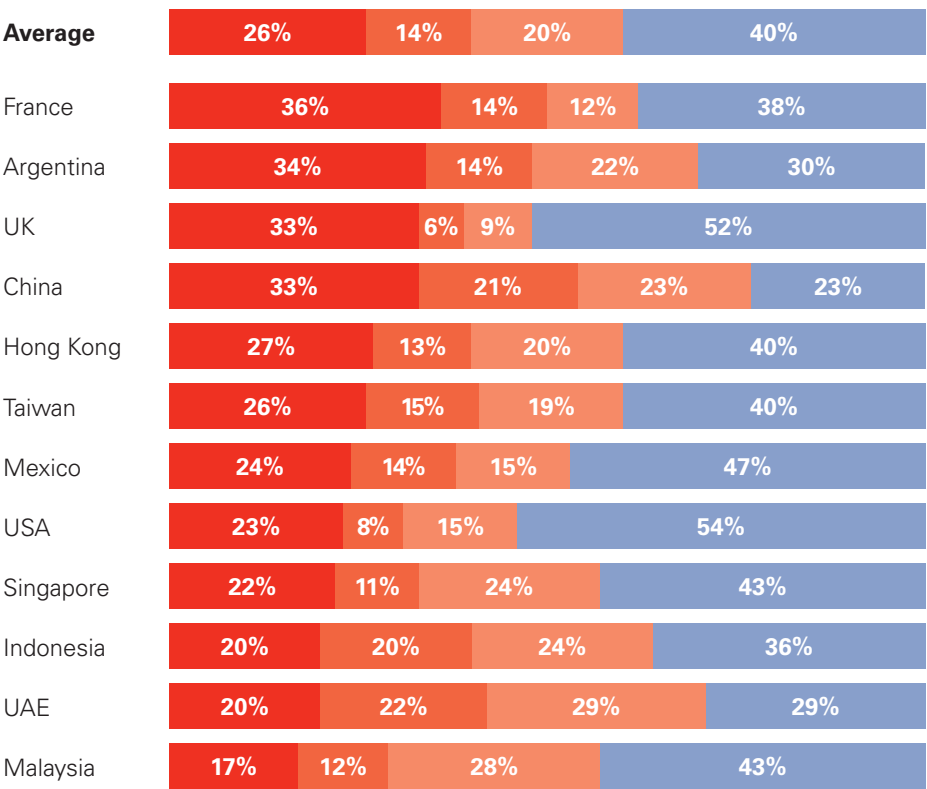
Three in five (60%) people believe that someone else should take responsibility for ensuring their family's financial stability should something happen and they are no longer able to earn. Over a quarter (26%) say that it should be the State, 14% believe it should be their employer, and a further 20% say that it should be their family. People aged 55 and over are the most polarised, with a higher percentage (46% compared to 40% overall) believing they should take responsibility themselves and just under one third (31%) saying that responsibility should lie with the State.

Many believe someone else should be responsible for ensuring their family's financial stability



Q. Who should take responsibility for ensuring you and your family are financially stable if something happens to you and you're no longer able to earn? (Base: All)

Expectations of financial responsibility vary by country



State/government Employer Family Me

Q. Who should take responsibility for ensuring you and your family are financially stable if something happens to you and you're no longer able to earn? (Base: All)

People's belief that the State should be responsible for ensuring their family's financial stability if they are no longer able to earn is highest in France (36%), Argentina (34%), the UK (33%) and China (33%). With the exception of China, expectations that the State should be responsible are lower across Asia (between 17% and 27%), the UAE (20%) and the USA (23%).

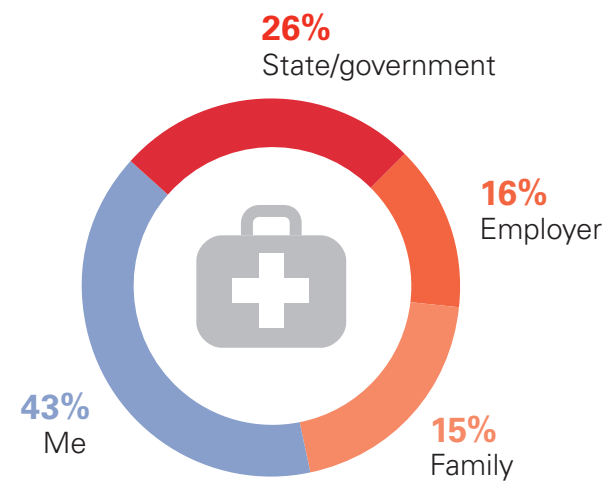
Expectations of employer responsibility are highest in the UAE (22%), China (21%) and Indonesia (20%). Expectations that the family should be responsible are highest in the UAE (29%) and China (23%), while the belief that the individual should take personal responsibility is highest in the USA (54%) and the UK (52%).

Responsibility for funding personal healthcare

Almost three in five people (57%) say that someone else should take responsibility for funding the cost of their personal healthcare.

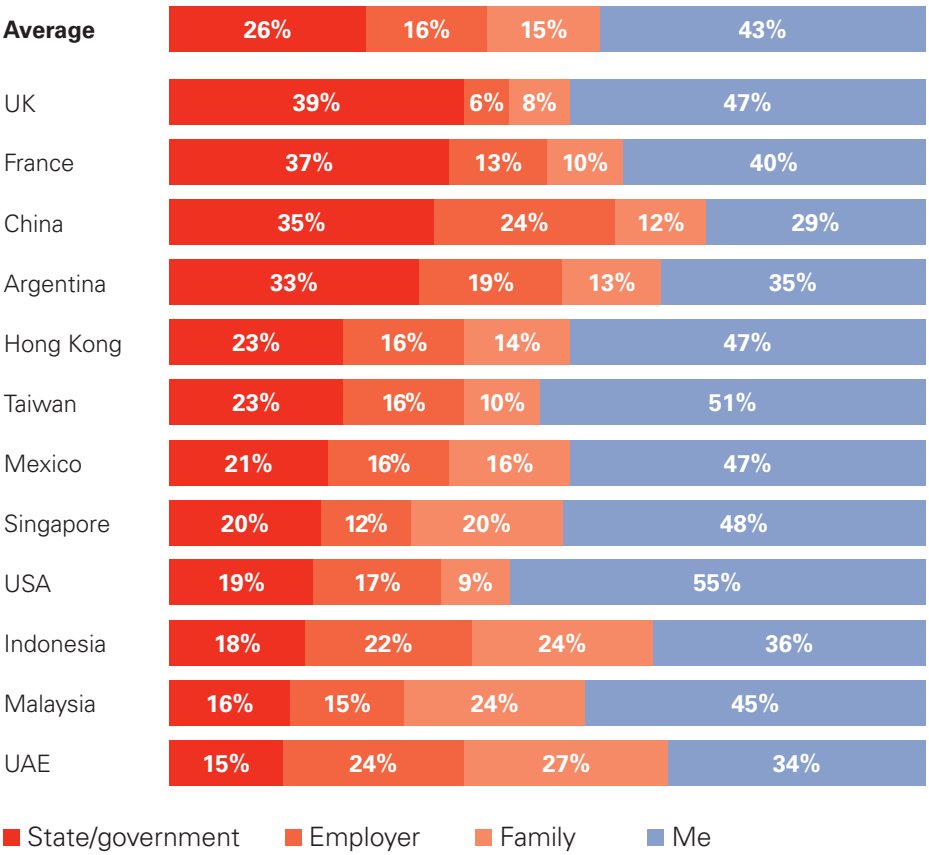
Over a quarter (26%) believe that the State should fund their healthcare, 16% feel that it should be the responsibility of their employer and 15% believe it should be their family's role. Fewer than half (43%) believe that they should fund the cost of their personal healthcare themselves.

Many expect others to fund their personal healthcare



Q. Thinking about the cost of your personal healthcare, how much financial responsibility do you think that each of the different people/organisations should have? (Base: All)

Expectations of healthcare funding sources vary by country



Q. Thinking about the cost of your personal healthcare, how much financial responsibility do you think that each of the different people/organisations should have? (Base: All)

More than a third of people in the UK (40%), France (37%), China (36%) and Argentina (33%) say that the State should be responsible for funding their personal healthcare.

In Singapore (20%), Indonesia (24%), Malaysia (25%) and the UAE (27%), around a quarter believe that their personal healthcare costs should be the responsibility of their employer.

In Taiwan (51%) and the USA (55%), more than half say that they should take responsibility themselves for the cost of their personal healthcare, the highest proportion in all the countries.



Practical steps for a better prepared future

Here are some important insights and practical actions drawn from the research findings, which may help people to better prepare for the future.

1

Identify your biggest concerns

People's three main worries in life are their health (65%), their long-term financial security (47%) and their quality of life (46%).

Review the financial protection you have in place today. See if it is enough to cover any concerns you have about providing for you and your family's lifestyle, home, health and future, if something unexpected should happen.

2

Know your future aspirations

71% of those who actively plan for the future have high expectations for their future quality of life.

Think about your aspirations for the future. Seeking professional advice could help you understand what protection you may need to put in place to achieve them.

3

Have an action plan

46% could not manage well financially or have nothing specific in place if something unforeseen were to happen.

Once you understand what protection you have and what you need, explore the options available and take action to bridge the gap.

4

Review it regularly

60% believe that someone else should be responsible for ensuring their family's financial stability if something happens and they are no longer able to earn.

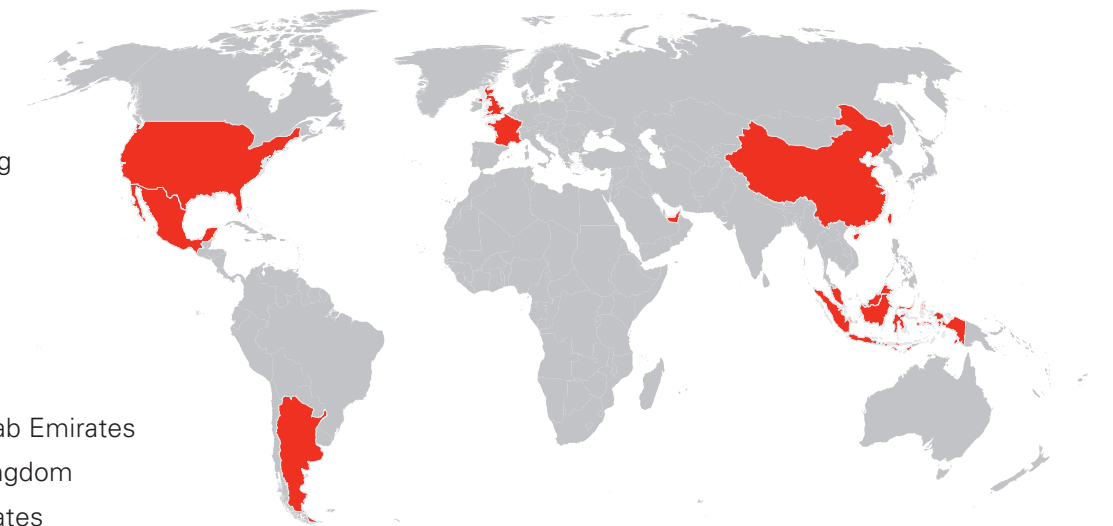
Employer and State provision may not be sufficient for all your needs, and your circumstances will change over time. Review your plan regularly so you can take corrective action early.

The research

The Power of Protection is an independent consumer research study into global protection needs and trends, commissioned by HSBC. It provides authoritative insights into people's concerns about the future and how they are protecting themselves financially, around the world.

This report, *Confidence in the future*, is the first in the series and represents the views of 11,496 people in 12 countries and territories:

- Argentina
- China
- France
- Hong Kong
- Indonesia
- Malaysia
- Mexico
- Singapore
- Taiwan
- United Arab Emirates
- United Kingdom
- United States



The findings are based on a nationally representative survey of around 1,000 people aged 25 and over in each country (432 in the UAE).

The research was conducted by TNS in October and November 2015, online in 11 countries and by face-to-face interviews in the UAE. Country reports are also available for the 12 countries surveyed.

Definitions

All average figures are an average of the 12 countries and territories surveyed.

Figures have been rounded to the nearest whole number.

Health insurance includes critical illness, hospital cash, long-term care, private medical and permanent health policies/plans.

Life insurance includes life, funeral and personal accident policies/plans.

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