

OCBC Financial Wellness Index 2020

How did Singapore fare?

23 November 2020




One year ago, we launched
**Singapore's 1st Financial
Wellness Index** to uncover the
gaps in Singaporean's financial
wellbeing.

 OCBC Bank

We found that Singaporeans are good at the basics, especially saving.

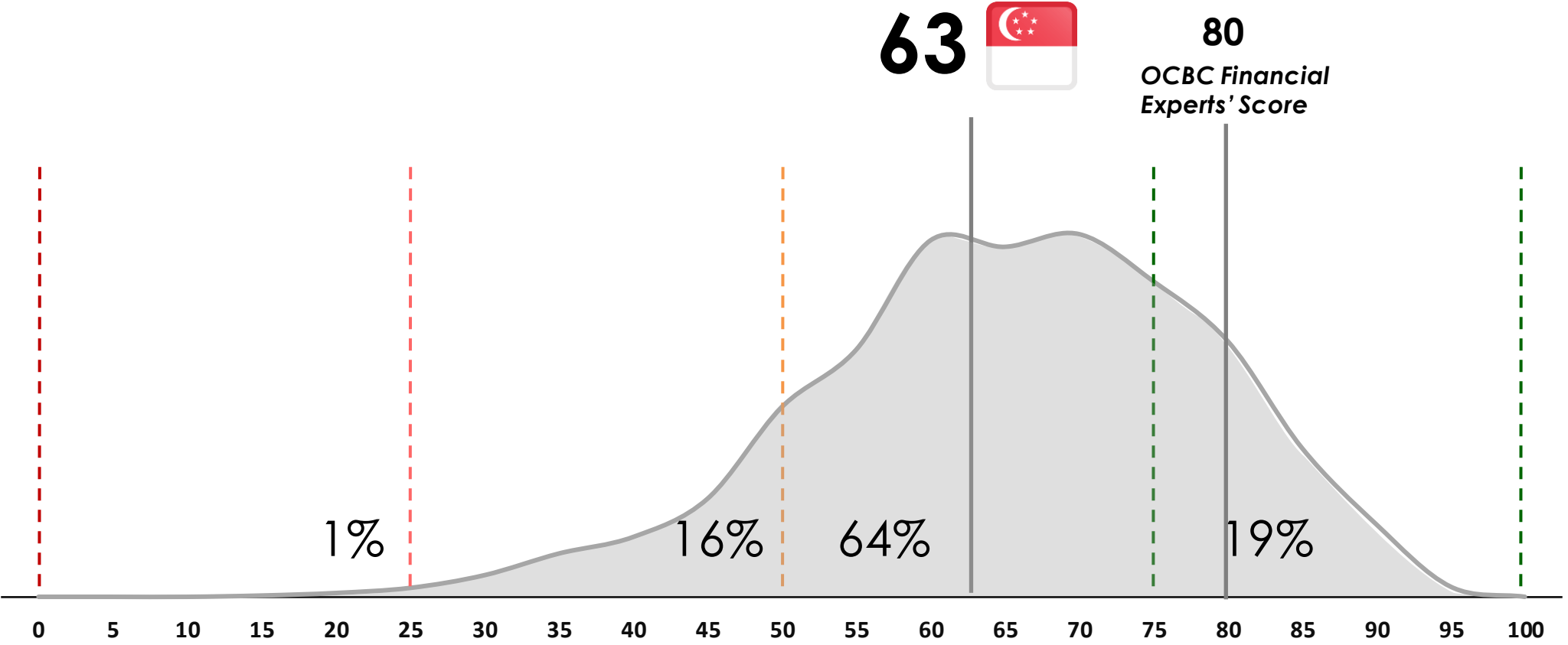
**But investing? Not so much.
Especially among women.**



An aerial photograph showing a person walking on a glass-enclosed walkway that spans over a dense, lush green forest. The walkway has a white metal frame with a triangular pattern. The person is wearing a blue shirt and dark pants. The forest below is thick with various shades of green foliage.

We also found that Singaporeans are **falling behind** in their retirement journeys.

In 2019, the OCBC Financial Wellness Index (FWI) for Singapore was **63**



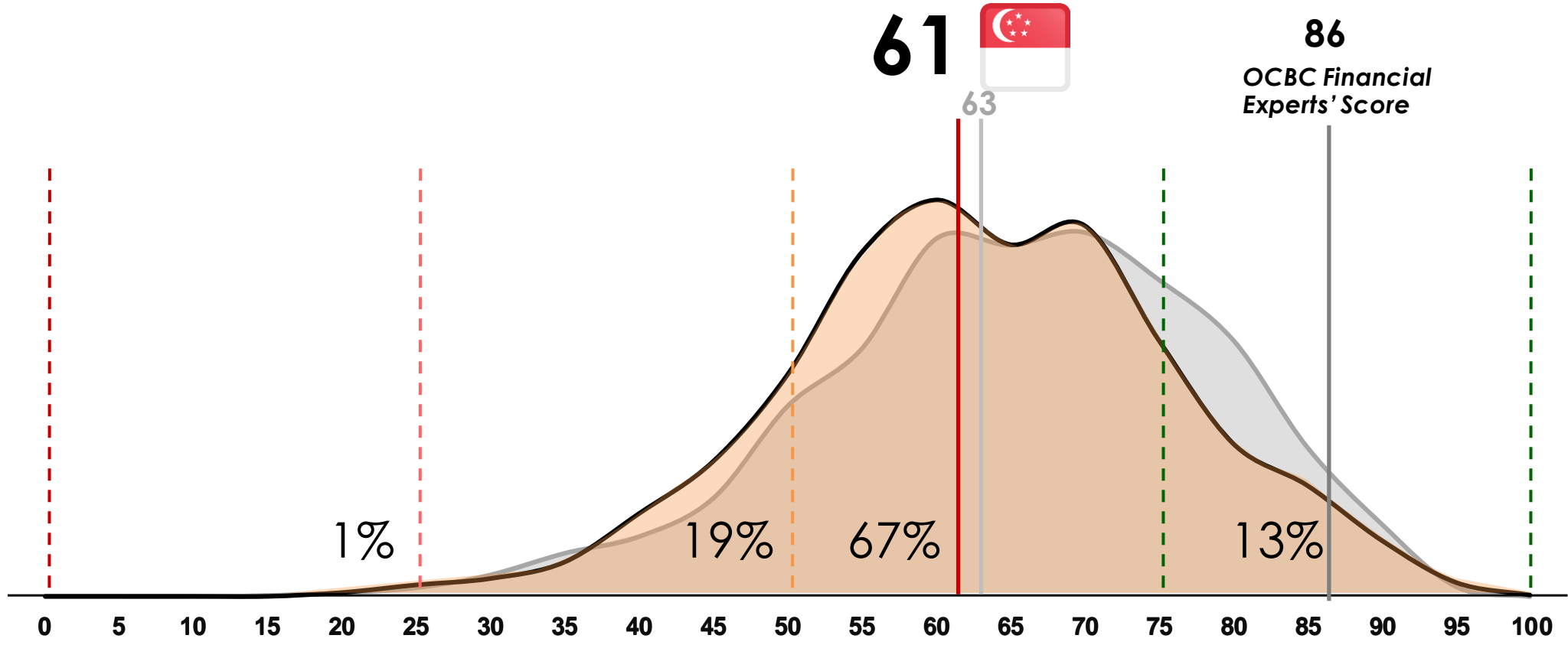
Percentages refer to proportion of 2019 respondents whose scores fall into each quartile

A man with dark hair, wearing a light grey suit jacket over a white shirt, is sitting on a brown leather sofa. He has his hands clasped in his lap and is looking towards the camera with a slight smile. The room is dimly lit, with a large lamp with a dark shade hanging from the ceiling on the left. In the background, there is a window with light-colored curtains. The overall atmosphere is calm and professional.

How did Singapore fare this year?

2019
2020

In 2020, the OCBC Financial Wellness Index (FWI) for Singapore is **61**

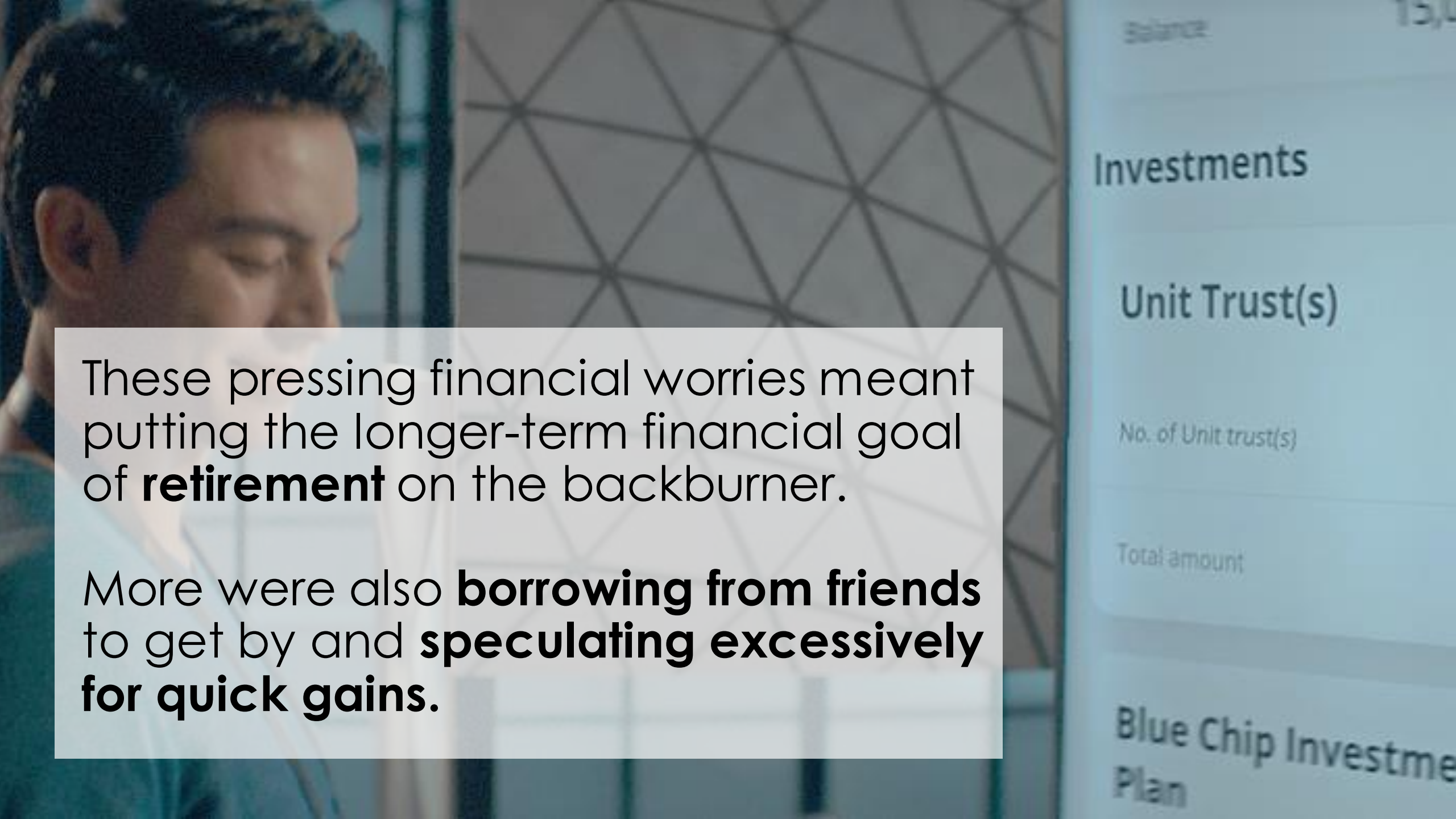


Percentages refer to proportion of 2020 respondents whose scores fall into each quartile

A young man with dark hair, wearing a teal denim jacket over a white shirt, is looking down at a document he is holding. He is in a retail environment, possibly a clothing store, with shelves of shoes and a red and white abstract artwork visible in the background.

Covid-19 weighed on the Index.

Lost jobs and lower salaries hit Singaporeans' ability to pay their **housing loans and credit card bills.** The weaker economy impacted **passive income**, and **less were able to spend comfortably.**

A man with dark hair is looking down at a smartphone. The phone screen shows a financial dashboard with a grid background. The text on the screen is partially visible and includes terms like 'Balance', 'Investments', 'Unit Trust(s)', 'No. of Unit trust(s)', 'Total amount', and 'Blue Chip Investment Plan'.

These pressing financial worries meant putting the longer-term financial goal of **retirement** on the backburner.


More were also **borrowing from friends** to get by and **speculating excessively for quick gains**.

A man with dark hair, wearing a light-colored suit jacket and a white shirt, is smiling broadly. He is holding a trophy in his left hand, which has a large, clear, faceted gemstone on top. A microphone is positioned in front of him, suggesting he is speaking at an event. The background is dark and out of focus.

Though things were tough,
more Singaporeans still felt
the need to **spend beyond
their means to keep up
with their peers.**

Younger Singaporeans have money on their minds too. **Millennials**, have started investing – although many do not know the best way to do so.



A woman with dark hair in a ponytail, wearing a grey tank top and red boxing gloves, is in a gym. She is looking towards a black punching bag on the left. The background shows large windows with a grid pattern.

But it wasn't all bad. In the face of uncertainty, there were improvements in **savings, emergency funds, and the ability to defray medical expenses.** These buoyed the Index from a harder fall.

Besides the Index questions, this year's survey explored two additional themes:

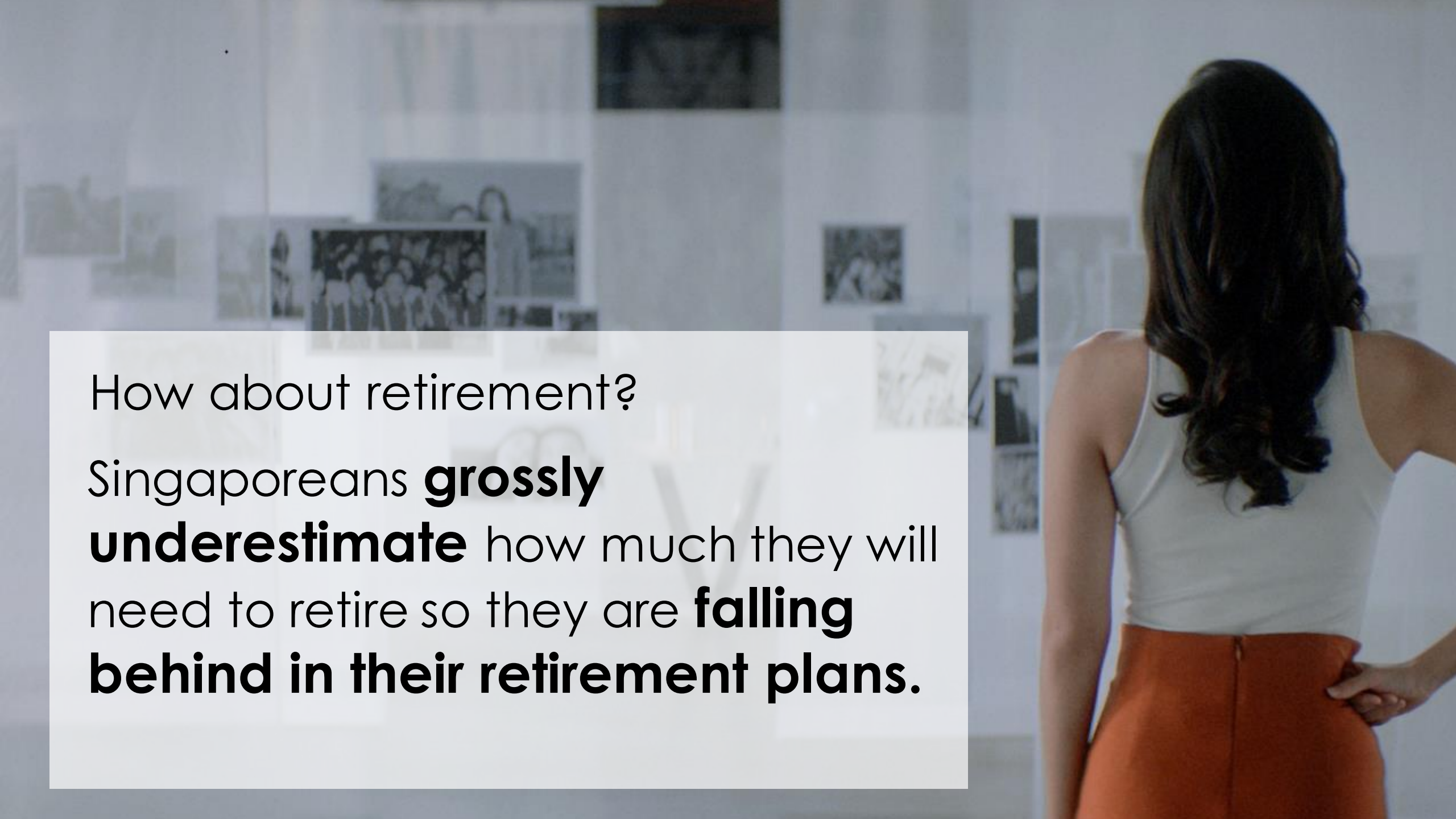
**women's financial habits
and retirement planning.**



We found that many women **see investing as gambling.**


But those with confidence and knowledge? **Their investments do better than men.**





How about retirement?

Singaporeans **grossly underestimate** how much they will need to retire so they are **falling behind in their retirement plans.**

A close-up photograph of a woman with dark hair, smiling warmly as she looks towards a young child. The child's face is partially visible on the left side of the frame. The background is softly blurred, suggesting an indoor setting with natural light.

A good retirement, sending our children to university – and we still want to enjoy life today.

To help Singaporeans do it all, we've launched an enhanced version of **OCBC Life Goals**.

The 10 pillars of financial wellness

**SAVING
HABITS**



**REGULAR
INVESTING**



**REGULAR
REVIEWS**



**EXCESSIVE
SPECULATION**



**SPENDING
BEYOND MEANS**



**PROTECTION
FROM FINANCIAL
EMERGENCIES**



**RETIREMENT
PLANNING**



**GAMBLING
HABIT**



**BORROWING
MONEY FROM
LOVED ONES**



**MANAGEABLE
DEBTS**



In 2020, our financial wellness is measured against 24 indicators

24 indicators

1. Saving regularly
2. Investing
3. Having sufficient mortgage insurance
4. Planning for retirement
5. Leading a healthy lifestyle so I can work for as long as I want
6. Managing unsecured debt well
7. Having regular passive income
8. Sticking closely to a budget
9. Seeking professional advice and doing my own research before investing
10. Reviewing financial plans annually
11. Being aware of tax relief schemes
12. Ensuring finances are taken care of in the event of death
13. Gambling more than I can afford to lose
14. Excessively speculating for quick gains
15. Often borrowing money from friends/relatives
16. Spending beyond means to keep up with peers
17. Often paying the minimum sum on credit cards
18. Having enough funds to overcome crisis
19. Being able to defray major medical expenses
20. Being able to sustain financially for 6 months if jobless
21. Being able to pay off housing loan
22. Being able to meet family's financial needs
23. Ensuring dependents are financially taken care of for at least 12 months in the event of my death
24. Being able to spend comfortably

Methodology: how we calculate the Financial Wellness Index



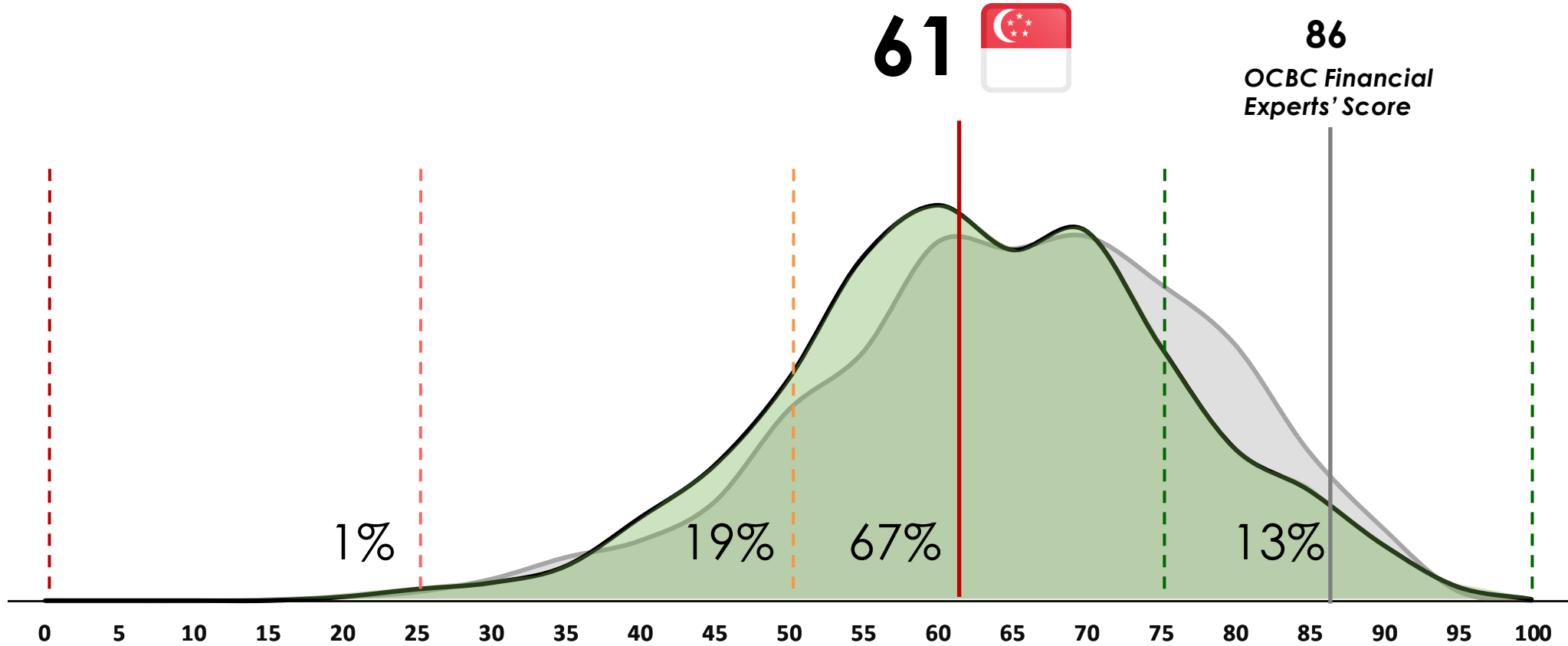
In Sep 2020, we conducted
an online survey of

2,000
working
adults

across the ages
of 21 to 65
in Singapore.

In 2020, the OCBC Financial Wellness Index (FWI) for Singapore is **61**

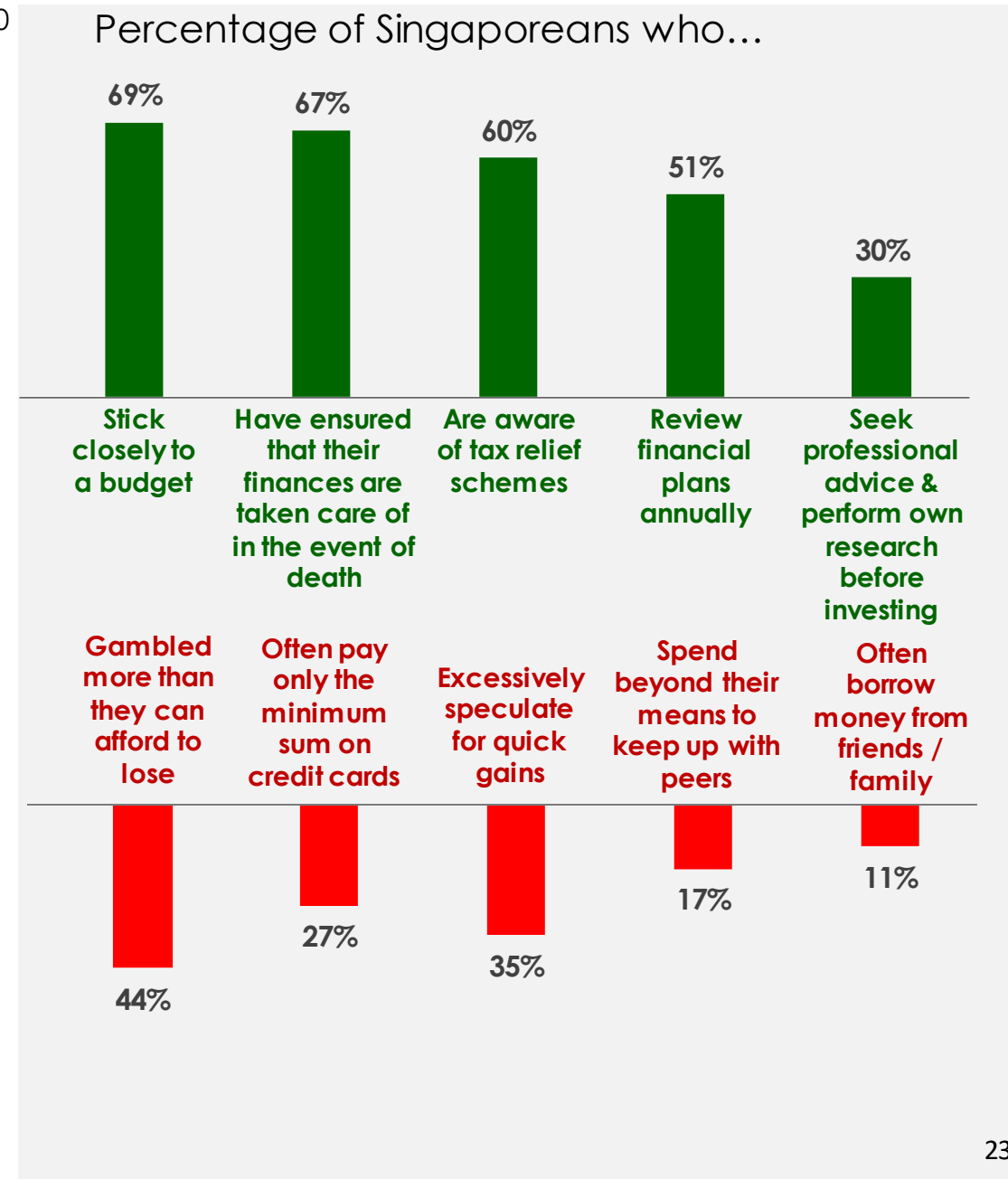
2019
2020



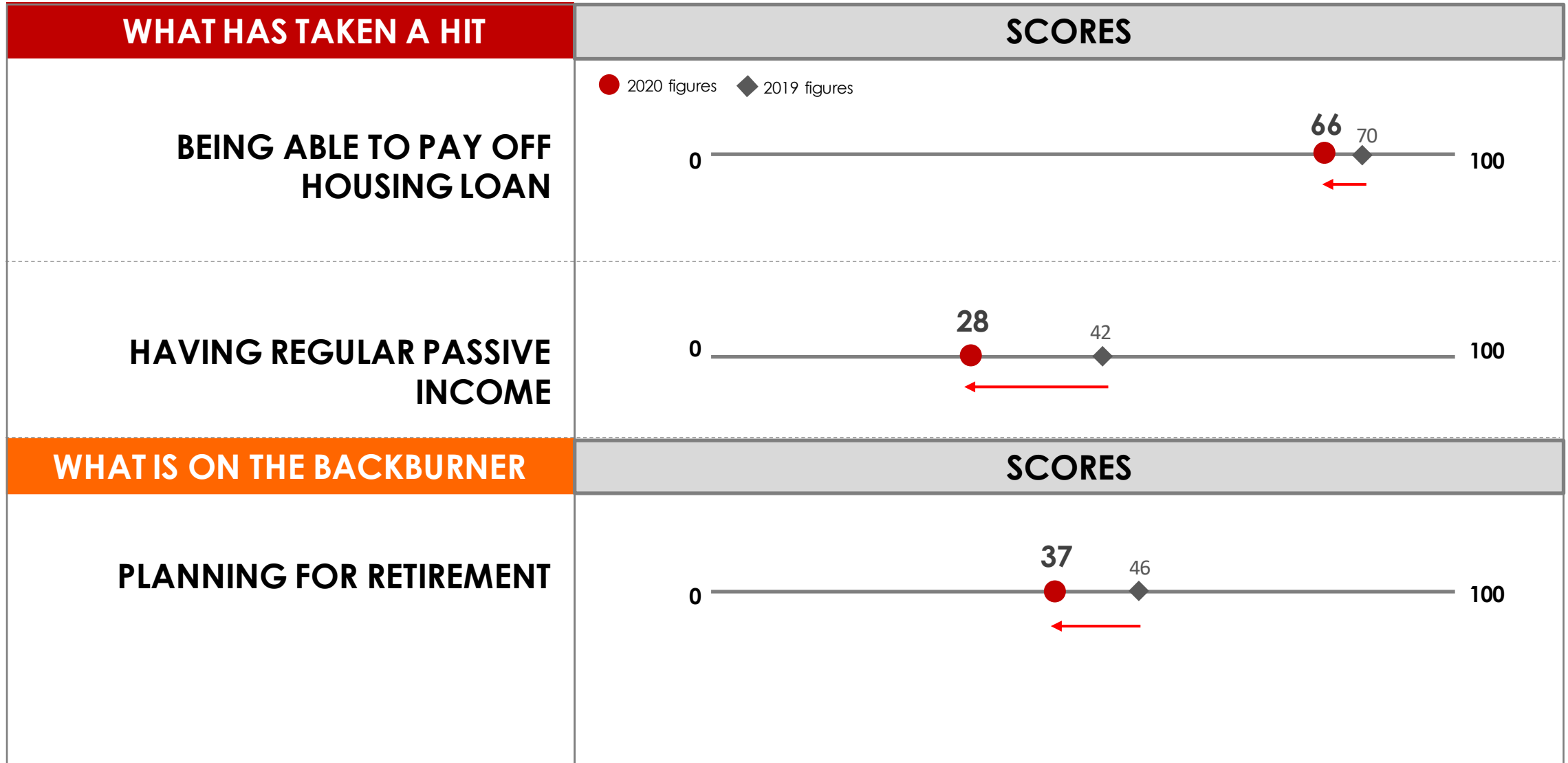
Percentages refer to proportion of 2020 respondents whose scores fall into each quartile

How did Singaporeans fare on each indicator?

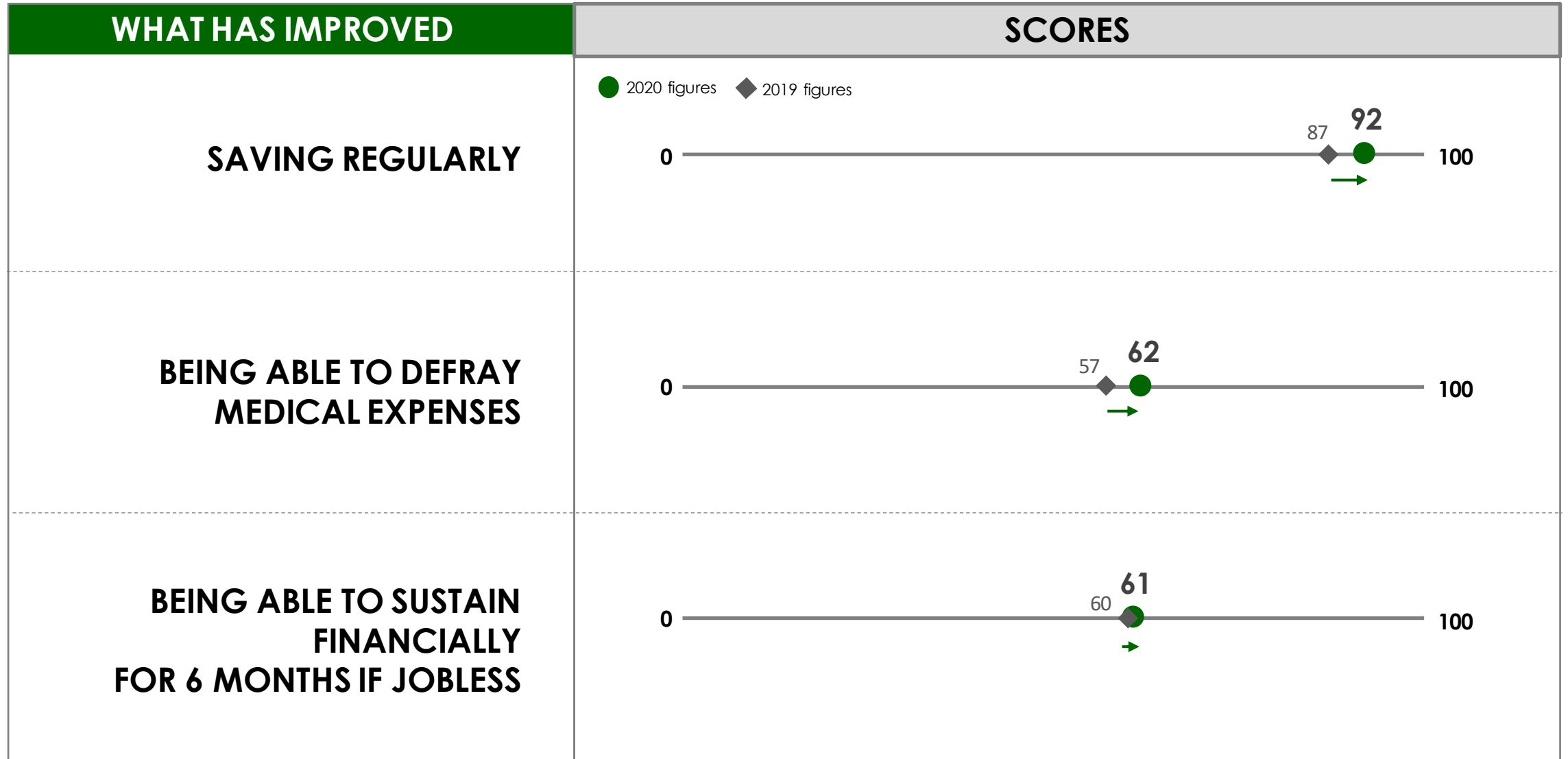
OCBC Financial Wellness Scorecard for Singapore 2020



The unprecedented Covid-19 pandemic and resulting global economic slump caused a drag on Singaporeans' financial wellness.



But Covid-19 has also emphasised the importance of saving and medical coverage



Management of housing loans has also been affected.

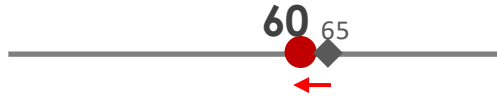
**WHAT HAS TAKEN A HIT:
ABILITY TO PAY OFF
HOUSING LOAN**

Score: Being able to pay off housing loan

● 2020 score ◆ 2019 score



Millennials
21-39 years old



Gen X
40-54 years old

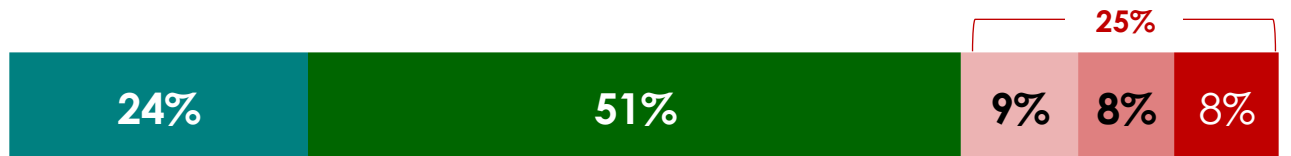
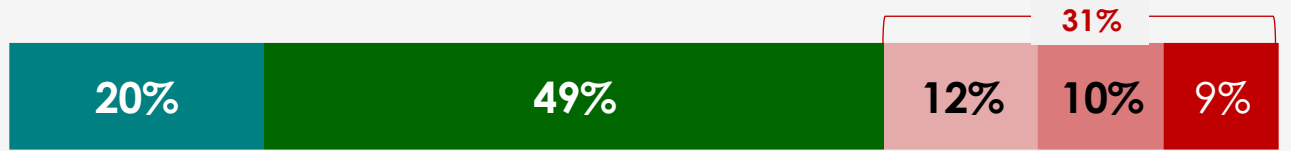


Baby Boomers
55 years old & above

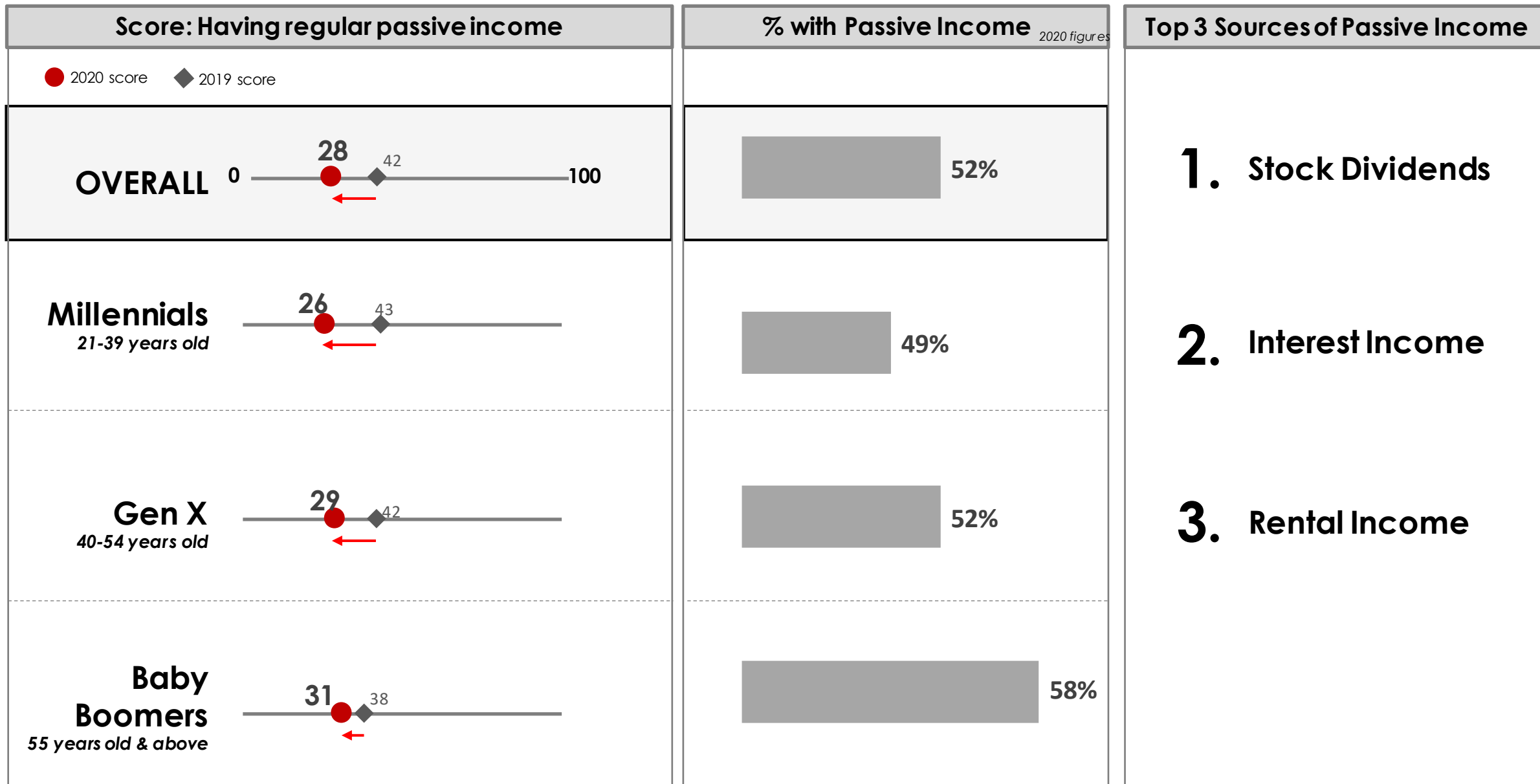


What is your progress in paying off your housing loan? 2020 figures

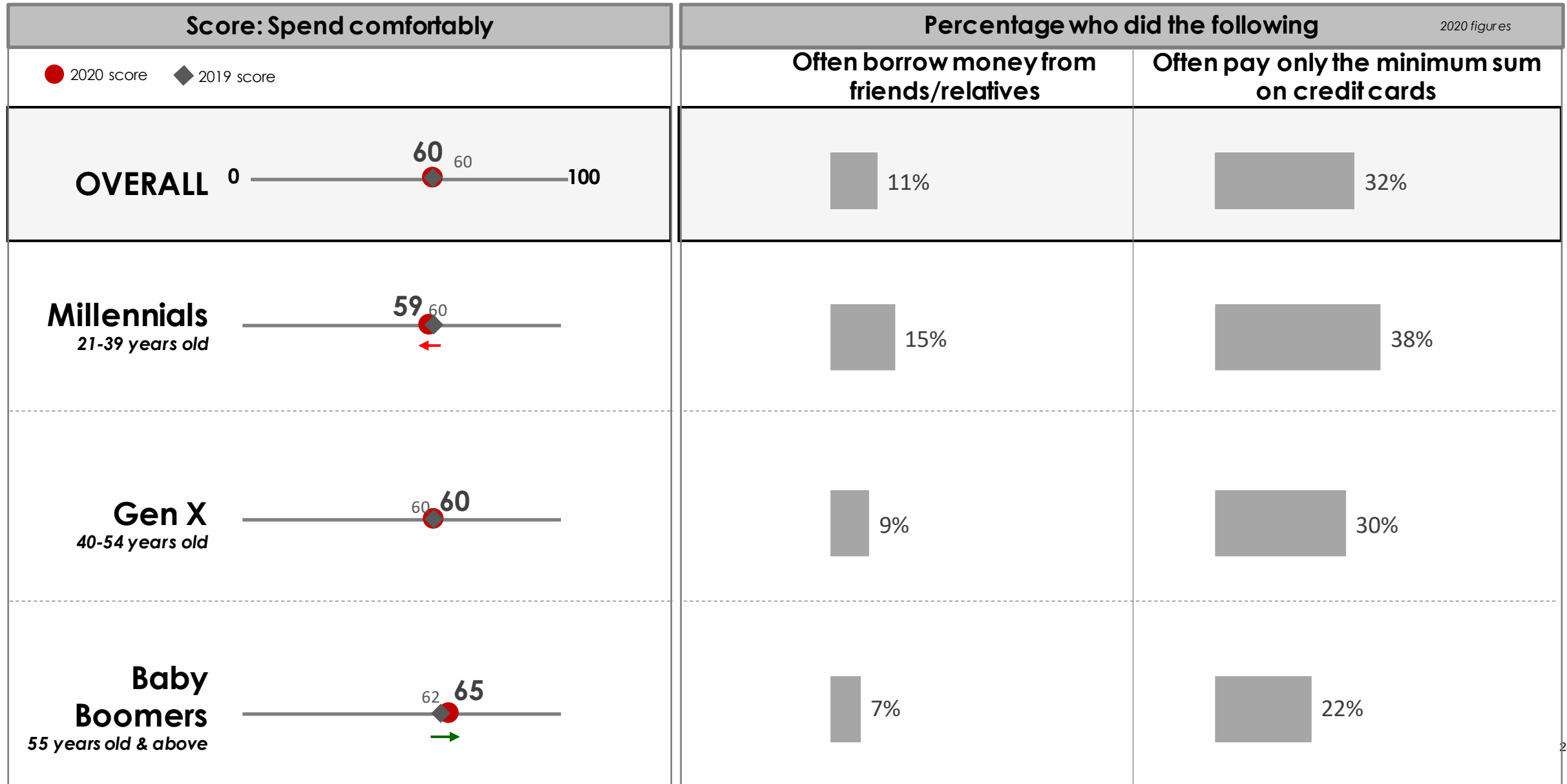
■ Fully paid off my loan
 ■ Able to pay on time, every time
 ■ Able to pay on time but with some problems
 ■ Sometimes miss paying on time, but catch up after
 ■ May be forced to sell off or downgrade



Passive Income has taken a hit mainly due to the poor performance of dividends, which is the main source of passive income for most.



However, poor financial habits are still prevalent; when looking at the ability to spend comfortably, Millennials are the worst hit.



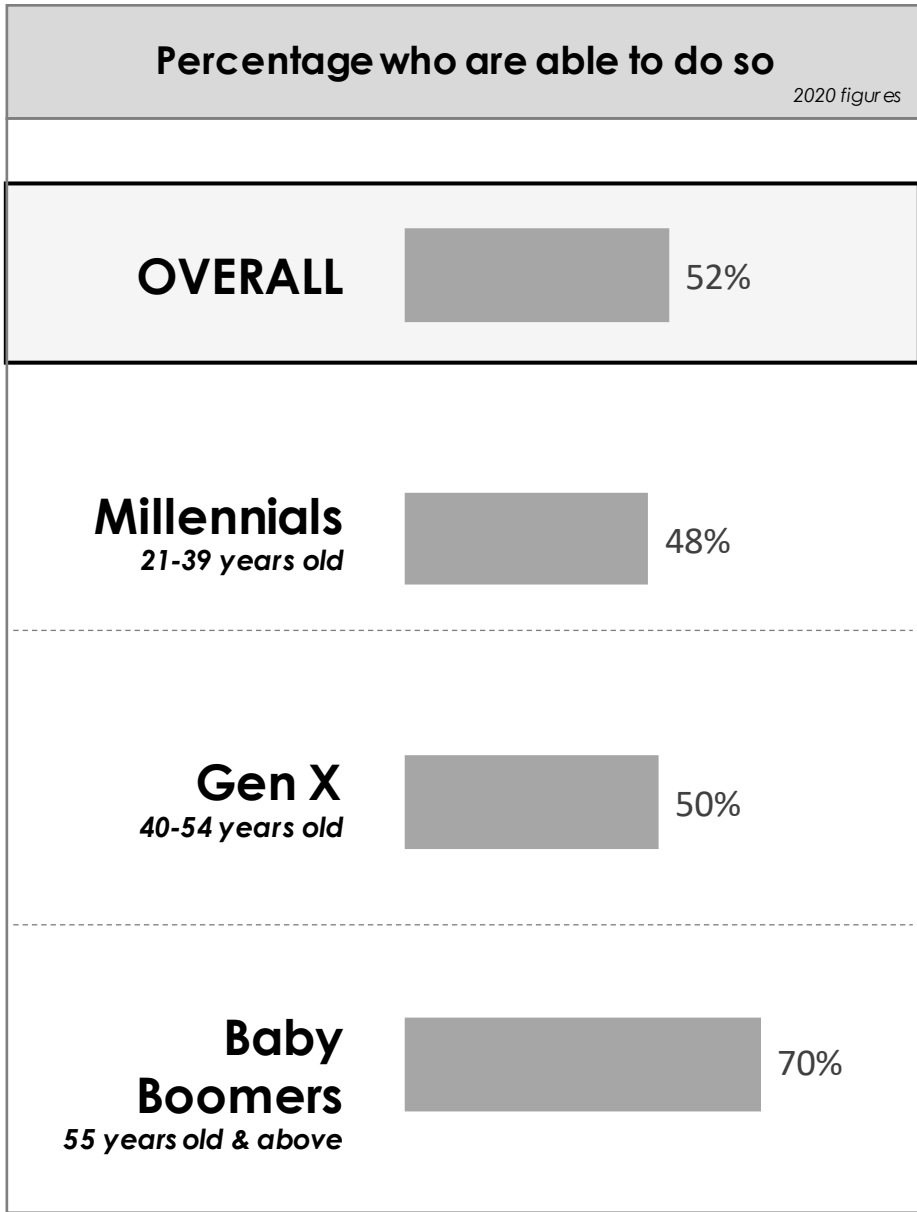
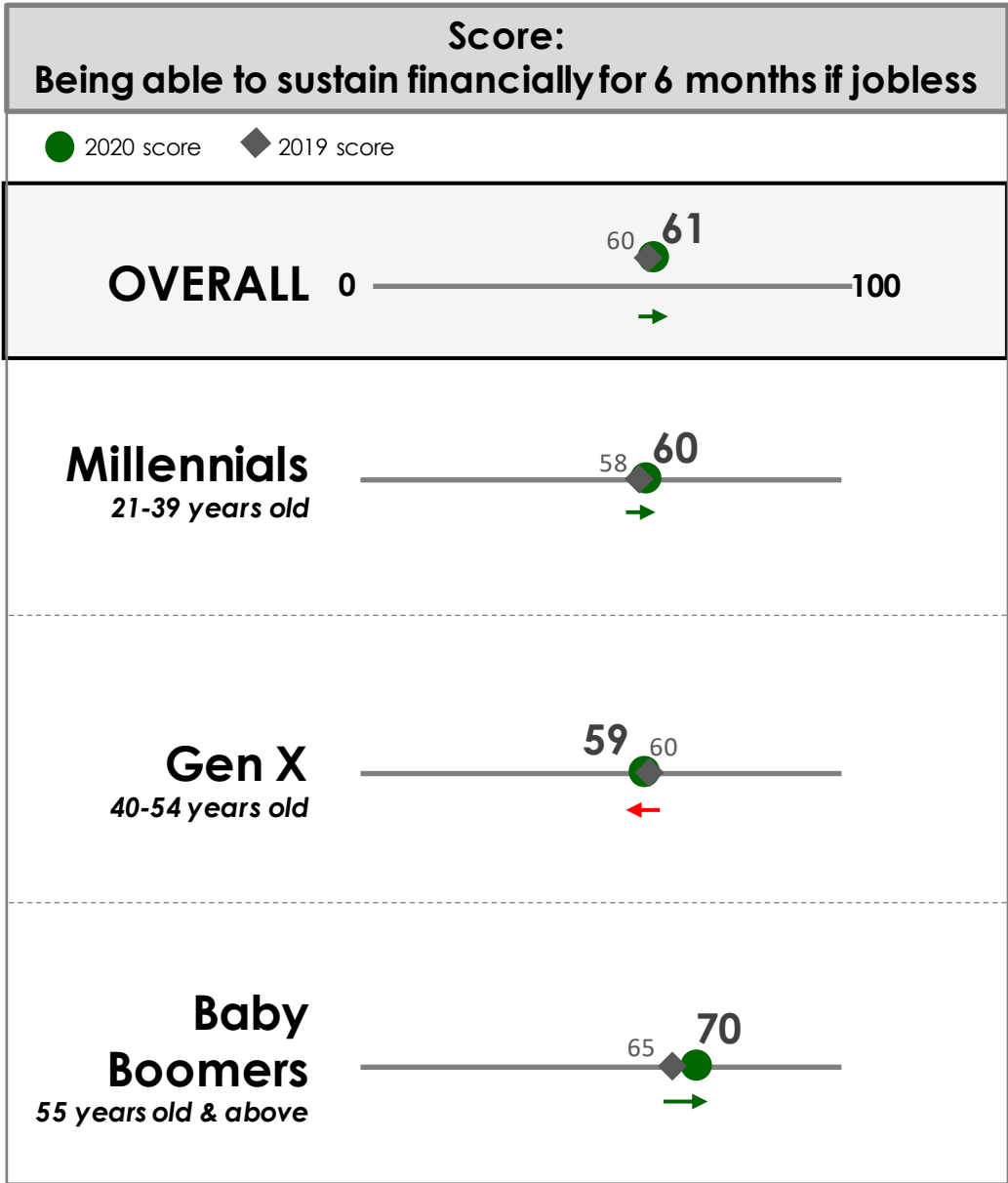
Given the economic downturn, Singaporeans are saving more to cope with potential contingencies.

**WHAT HAS IMPROVED:
SAVING REGULARLY**

Score: Saving Regularly (at least 10% of monthly income)	% of monthly income saved	What are they saving for?
<p>● 2020 score ◆ 2019 score</p> <p>OVERALL 0 ————— 100</p> <p>87 92</p> <p>→</p>	<p>28%</p>	<ol style="list-style-type: none"> 1. Contingency 2. Retirement funds 3. Travel / overseas holiday 4. Investments 5. Financial support for dependents
<p>Millennials 21-39 years old</p> <p>90 93</p> <p>→</p>	<p>29%</p>	<ol style="list-style-type: none"> 1. Contingency 2. Retirement funds 3. Travel / overseas holiday 4. Buying a new home 5. Investments
<p>Gen X 40-54 years old</p> <p>83 90</p> <p>→</p>	<p>26%</p>	<ol style="list-style-type: none"> 1. Contingency funds 2. Retirement funds 3. Children tertiary education 4. Travel / overseas holiday 5. Financial support for dependents
<p>Baby Boomers 55 years old & above</p> <p>85 91</p> <p>→</p>	<p>28%</p>	<ol style="list-style-type: none"> 1. Retirement funds 2. Contingency funds 3. Travel / overseas holiday 4. Investments 5. Financial support for dependents

This may help to weather any potential job loss.

**WHAT HAS IMPROVED:
BEING ABLE TO SUSTAIN
FINANCIALLY
FOR 6 MONTHS IF JOBLESS**



They are also better able to defray medical expenses, if needed.

**WHAT HAS IMPROVED:
ABILITY TO DEFRAY MEDICAL
EXPENSES IF NEEDED**

