**Gains amid Covid pains**

This is the last of a three-part series in partnership with OCBC Bank

More young S'poreans find digital preferable in planning, growing wealth

# They're cool with digital tools

Recent poll suggests pandemic, convenience and better financial outcomes are reasons for the switch

> *After understanding and using such tools, it gives me more courage to look into other investment options and explore creating a diverse investment portfolio to meet my financial goals.*
>
> — Mr Jerry Lim, 27

By AUDREY ANG

Mr Jerry Lim never expected that having to monitor the financial market and stay abreast of current affairs would be so time-consuming and tedious.

The 27-year-old marketing manager had tried investing in the stock market, but found it hard to juggle between working for money, and making his money work.

So when a friend recommended a robo-advisor platform, he signed up immediately. If he could grow his wealth without having to monitor the market too closely, he thought, why not?

"I use it to generate a return that will be higher than fixed deposits or long-term insurance," he says. "I don't have to do much but I am able to keep track of the results online or through the app."

### Digital tools in a digital world

Mr Lim is one of a growing number of Singaporeans who are relying on digital tools to manage their finances.

Like him, about 46 per cent of Singaporeans polled in the OCBC Financial Wellness Index 2021 have used at least one digital financial tool, whether it is for investing, tracking their budgets, or retirement planning.

Designed to assess the financial wellness of Singaporeans based on their money management habits, the third annual Index surveyed 2,051 working adults aged between 21 and 65 in Singapore from August to September.

This year's survey included questions on the use of digital tools to better understand why people use them. "The pandemic has accelerated digital adoption among many customers," notes Ms Tan Siew Lee, OCBC Bank's Head of Wealth Management Singapore.

"The drag on the economy has made many of us more aware of our financial situations and has possibly also made us review and take stock of our financial plans."

A recent study by Google, Temasek and Bain & Company revealed that the pandemic had added 500,000 new digital service users in Singapore, between March 2020 and the first half of 2021.

Not only are more using digital financial tools, they are also doing so effectively. The Index found that digital financial tool users scored an average of 65 out of 100 for overall financial wellness, compared to 59 for those who do not.

For example, 58 per cent of investors who use digital tools to plan their investments say they are on track with their investments. Among those who do not use such tools, only 49 per cent say they are on track with investments.

### Tapping on robots for advice

Like Mr Lim, Ms Tan Siew Kiang (above), 28, also started using a robo-advisor on a friend's recommendation. She wanted a way to grow her wealth at a faster rate than simply leaving it in a savings account.

"It is convenient as everything can be done on my phone," says the content creator who works in a media company.

Both Mr Lim and Ms Tan, like many young millennials, grew up in a time of rapid digital change. It's no surprise then that these young investors are the most receptive when it comes to financial tools like robo-advisors.

The Index revealed that 21 per cent of millennials use robo-advisors to invest — higher than the average of 15 per cent across all age groups.

Mr Lim believes that these tools are popular among his peers because they offer convenience, personalisation of funds according to risk appetite, and often do not have a minimum investment requirement.

"Such tools allow for investors of all financial backgrounds and literacy to try their hand at investing," he says.

### Investing in financial wellness

Robo-advisors could also help new investors to make better long-term financial decisions.

For Ms Tan, it has taught her how to be more disciplined with her money. She admits that she had no knowledge of investing — or even recognised its importance before using the app. Now, she allocates 45 per cent of her monthly salary to savings and investments.

Ms Tan appreciates the opportunities from her portfolio, which includes a mix of Reits (real estate investment trusts), equities and bonds. "By investing rather than just saving, I could grow my money faster and meet my financial goals earlier," she says.

Her financial goals include buying a house and saving for retirement.

Similarly, Mr Lim says he is more disciplined now, and saves regularly — at least 40 per cent of his monthly income — since he started using a robo-advisor in late-2019.

Besides the robo-advisor, Mr Lim is also actively investing via two brokerages. He hopes to get annual returns of 10 to 15 per cent from his portfolio, which includes ETFs (exchange-traded funds) and stocks in the real estate, finance, technology and medical sectors.

### Reaching retirement goals

Using apps and online platforms has certainly eased Mr Lim's and Ms Tan's financial management journeys.

Mr Lim says: "After understanding and using such tools, it gives me more courage to look into other investment options and explore creating a diverse investment portfolio to meet my financial goals.

"I hope to achieve financial independence at an earlier age with my desired standard of living, so that I can retire earlier if I want to."

But while Mr Lim and Ms Tan have retirement plans in place, the Index shows that most of their peers do not.

Only 58 per cent of millennials in their 20s have retirement plans; of this, only 33 per cent say they are on track with their retirement goals — the lowest across all age groups.

The top reason for Singaporeans of all ages who do not have a retirement plan is that they do not know where to start.

This is where digital tools could help. For instance, among Singaporeans who use OCBC Life Goals, a retirement planning tool on the OCBC Digital app, 58 per cent say they are on track with their plans, as opposed to 44 per cent who do not use retirement planning tools.

"Retirement planning is a long-term commitment," says OCBC's Ms Tan.

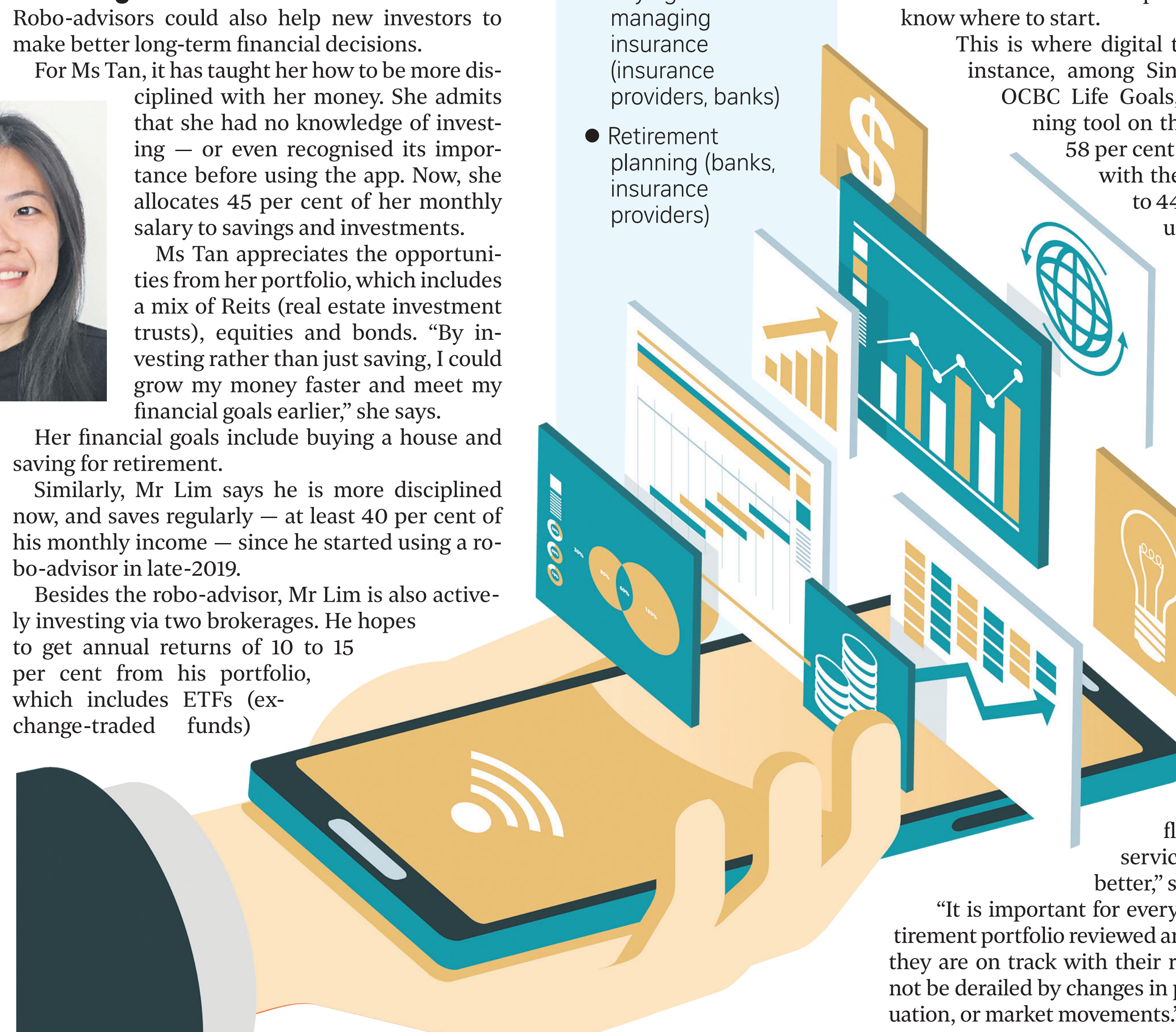
Besides digital tools, those who do not know how to start planning for their retirement should also seek professional advice. "Advisors will be able to provide you with the appropriate information — for example, the effects of inflation on goods and services — to help you plan better," she says.

"It is important for everyone to have their retirement portfolio reviewed annually to ensure that they are on track with their retirement plans, and not be derailed by changes in personal financial situation, or market movements."

### Digital tools 101

In this mobile-first age, there are a host of apps and online platforms for different financial purposes. They include tools for:

- Budgeting and managing expenses (banks, independent apps)
- Managing investments (robo-advisors, brokerages, banks, cryptocurrency apps)
- Buying and managing insurance (insurance providers, banks)
- Retirement planning (banks, insurance providers)



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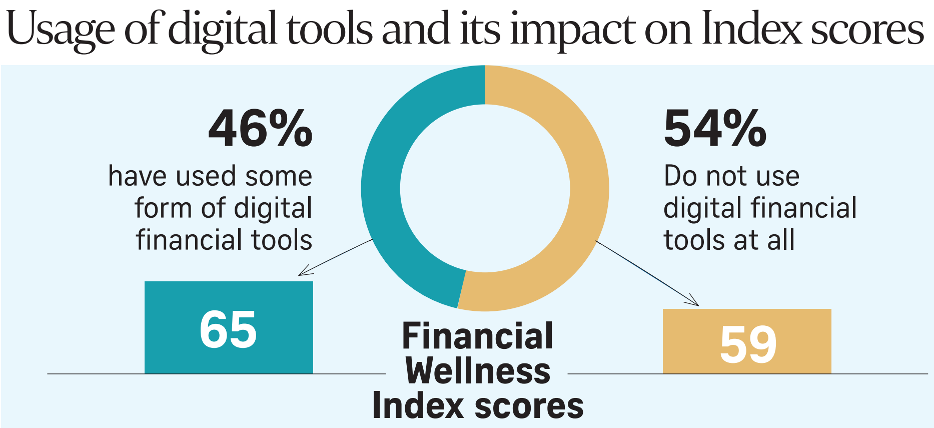
## Man vs machine

Singaporeans who use digital tools had a higher Index score of 65, compared to 59 for those who did not use any tools, suggests the OCBC Financial Wellness Index 2021.

| Outcome | Use digital tools | Do not use digital tools |
|---|---|---|
| Able to save regularly | 94% | 87% |
| Able to spend comfortably | 58% | 47% |
| On track with investment targets (among investors) | 58% | 49% |
| On track with retirement planning goals (among those with retirement plans) | 60% | 44% |

Scan the QR code for more insights from the OCBC Financial Wellness Index 2021.

## Usage of digital tools and its impact on Index scores




The Index is based on 10 pillars of financial wellness and 24 indicators. These are used to derive individual scores for respondents, with a maximum of 100. Those with scores between 50 and 74 are said to have started on their financial journey, but are behind on most indicators.