



HEALTHIER, LONGER,  
BETTER LIVES

# THE AIA SAVE SMARTER STUDY

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7,400 people

Eight markets across Asia

Pre- and post-COVID-19 findings

24 June 2021



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# ABOUT THE AIA SAVE SMARTER STUDY





# Why did we conduct this research?

## Understanding the impact of COVID-19

COVID-19 has had a profound impact on our lives, mentally and physically. But what impact has it had on our financial wellbeing? At AIA, we wanted to understand how the pandemic has affected the attitudes of Asian consumers towards savings and insurance products. How have their needs and decision-making processes changed? What are their key concerns and considerations?

## The power of insights

By understanding consumer behaviour, we can ensure that we are creating product propositions that people really want and need, so that we can help our customers achieve their savings goals and live Healthier, Longer, Better Lives.

As we continue to deepen our understanding of these behaviours, we can better position our business and our products to meet the long-term savings and insurance needs of our customers and build on our industry leadership.



## Respondent criteria and research methodology

In order to fully understand the economic impact of COVID-19 on family income and financial status, we sought to gain insights directly from consumers.

We commissioned a large-scale, independent research study, which involved a 20-minute self-completed online survey amongst 7,400 people across different ethnicities, aged 25 and over, in eight key Asian markets:

**Mainland China (n= 1,000)**

**Hong Kong SAR (n= 1,000)**

**Indonesia (n= 800)**

**Malaysia (n= 1,000)**

**Philippines (n= 800)**

**Singapore (n= 1,000)**

**Thailand (n= 1,000)**

**Vietnam (n= 800)**

Our objective was to understand changes in decision-making related to household savings and the purchase of life and health insurance policies. The survey was therefore targeted to key or joint decision-makers on financial matters, with a minimum monthly household income and who are therefore able to purchase insurance with savings features.



# Executive summary of key study results and insights

## The emotional and financial impact of COVID-19

COVID-19 has undoubtedly impacted many aspects of our lives. 70 per cent of those surveyed believe that COVID-19 has negatively disrupted their social life, 38 per cent believe it has adversely affected their health, and 39 per cent feel their mental health has suffered. And these impacts may not end any time soon, with 88 per cent believing COVID-19 will persist beyond June 2021 and 57 per cent expecting it will last until 2022 or beyond.

The financial impact has also been significant. Income reduction across the eight markets surveyed averages 27 per cent, with some markets such as Thailand seeing as much as a 33 per cent reduction. There is, however, a developing optimism with those who have either a very positive or positive perception of the economic outlook moving from just 18 per cent in 2020 to 40 per cent in 2021.

## Significant changes to savings behaviours

Our study revealed that uncertainties caused by COVID-19 are driving a major shift in consumer household savings trends and objectives, specifically highlighting an intention to increase allocation of funds to savings.

While 41 per cent of respondents said they had to reduce their savings in 2020, 71 per cent agreed that they plan to put more aside for savings driven by fear and insecurity arising from the pandemic. Of the 55% who confirmed to increase their savings in 2021, 10 per cent plan to increase their savings by more than 50 per cent.

Managing uncertainty has become the emerging saving goal with a greater focus on having access to emergency funds. Preparation for emergency spending (64 per cent), guaranteeing financial security (60 per cent) and coverage for medical expenses (54 per cent) top the list of savings objectives. A lower but nonetheless important priority remains saving for typical life goals such as education, getting married, buying a house (42 per cent) or retirement (52 per cent).

The study results also show that uncertainties driven by COVID-19 have led people to retain as much cash as they can. Almost a third of the respondents (31 per cent) simply save what money they have after expenses without a proactive savings plan. The survey also shows that the bank is by far the most popular place to save, with more than nine out of 10 preferring the liquidity of bank savings, and a quarter of the savers having no other form of savings at all.

## The emerging importance of insurance for savings and protection

Insurance has had an important role to play in supporting communities and customers during the pandemic. The study reveals positive perceptions of how the industry has reacted and that there is stronger interest in insurance, both for protection and savings.

73 per cent agreed that insurance has become more important than ever to provide better protection in case of unexpected incidents and 18 per cent said that they intend to increase their allocation of funds to insurance. Of those intending to raise their spending on insurance, 57 per cent say they intend to spend more on medical and health insurance, which is already the most popular category with 56 per cent currently owning a medical/health policy.



# IMPACT OF COVID-19





**We know that the COVID-19 pandemic has impacted our customers beyond the immediate health risk**

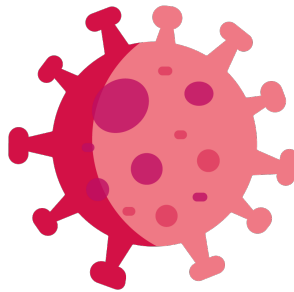
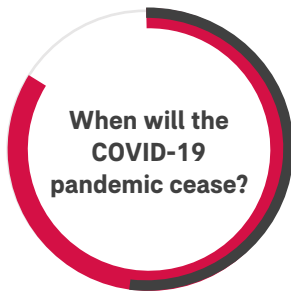
**It was important for us to understand this impact and how we could help**





To give context, we started asking for views on COVID-19 itself – its overall impact and the future outlook

## Most respondents believe the COVID-19 pandemic will not go away soon



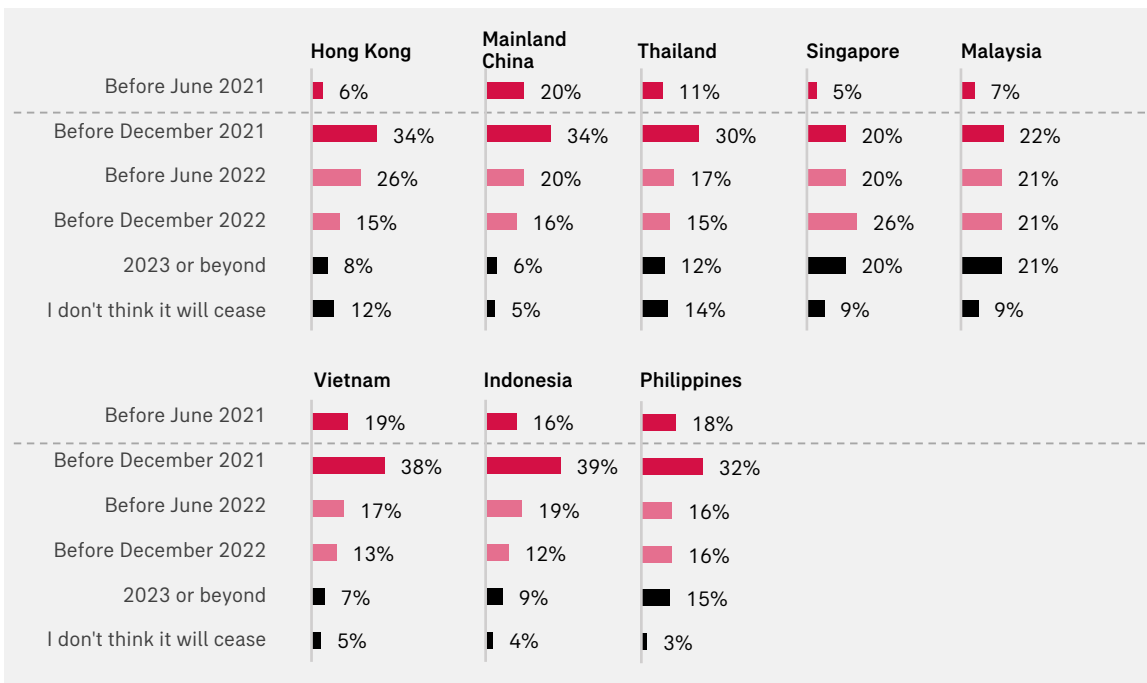
The overall sentiment around the longevity of the pandemic was pessimistic with almost nine out of 10 believing it will endure into the second half of 2021 and over half the respondents believing it will persist until 2022 and beyond. The most optimistic market is China where 54 per cent believe the pandemic will cease before the end of 2021.

At a regional level:

**88%** think the COVID-19 pandemic will last *after June 2021*

**57%** think it will last *until 2022 or beyond*

By market:



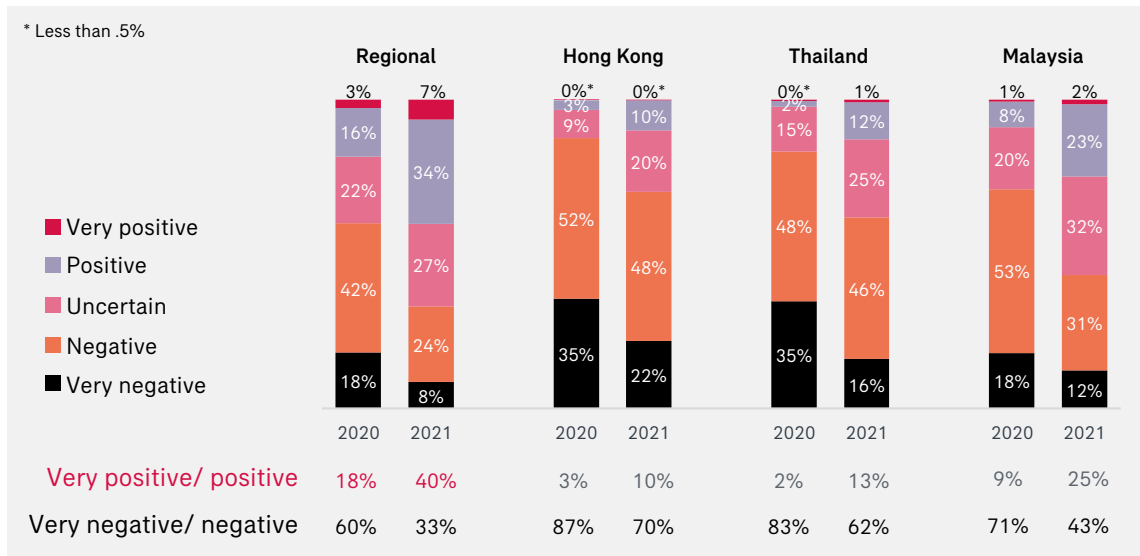


# Contrasting views on the impact of COVID-19 on Asian economies

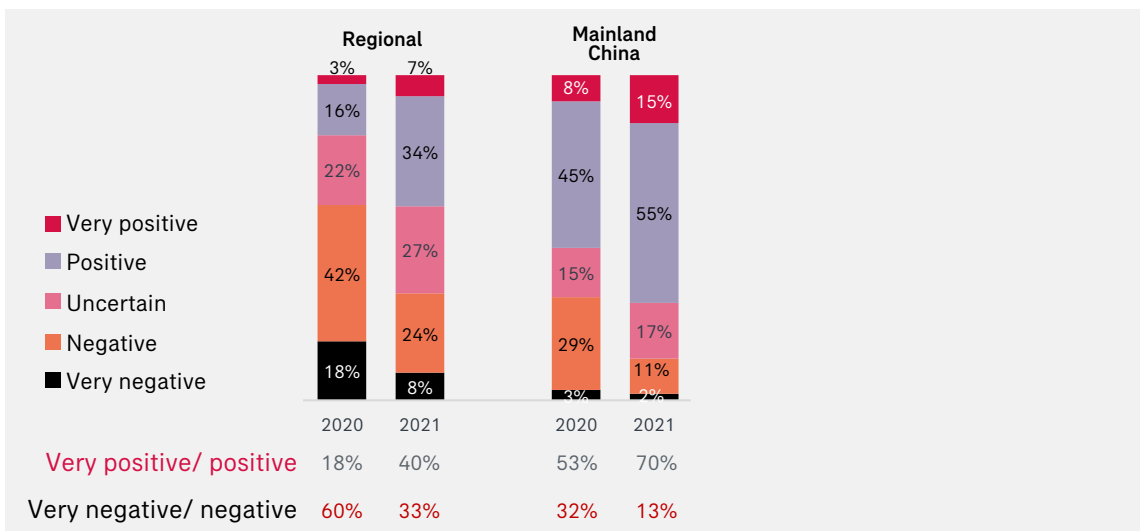
The study sought to understand how people viewed the impact of COVID-19 on their local economy in 2020 in comparison to their outlook for 2021. Across all markets a significant improvement in optimism saw those with a very positive or positive perception move from just 18 per cent in 2020 to 40 per cent in 2021, whereas those with a negative or very negative view declined from 60 per cent in 2020 to 33 per cent in 2021.

The economies of Thailand, Hong Kong and Malaysia are perceived to have experienced the greatest hit, with 87 per cent of Hong Kong people reporting a very negative or negative impact in 2020 and 70 per cent believing this will continue into 2021. However, each of these markets has also seen levels of political unease which may have had a double impact on perceptions of the state of the economy.

## Perceptions on economy (2020 review vs. 2021 outlook)



In contrast to these markets, Mainland China reports higher levels of positivity, not only in 2020 but also in their outlook for 2021 with 70 per cent of respondents feeling positive or very positive about the economic outlook.





# The pandemic is more than a disease, it's a disruption to many aspects of people's lives

We were keen to understand the impacts of COVID-19 beyond its obvious effect on people's health and physical well-being. It became clear that people felt the pandemic had negatively impacted many aspects of their lives in 2020 with 66 per cent saying it had adversely affected their personal/family income and as many as 70 per cent feeling their social lives had been compromised.

The impact of COVID-19 in 2020, on personal finances, career and social life, was greater than the perceived health impact itself, with only 38 per cent saying that it had a negative effect on their health. The expected negative impact of COVID-19 in 2021 was less severe across all aspects versus 2020, although it was still significant, (as high as 56 per cent for social life).

## Perceived impact of COVID-19 pandemic on consumers' personal lives



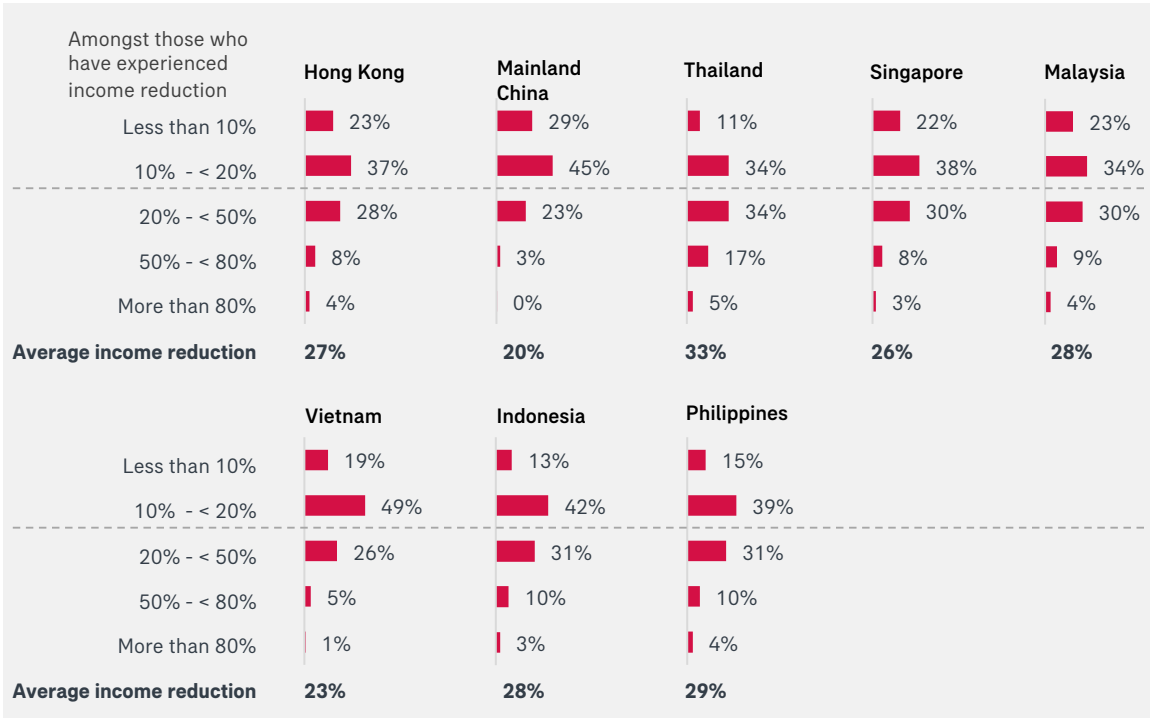
**70%**  
reported a negative impact on their social lives in 2020

**38%**  
reported a negative impact on their health in 2020



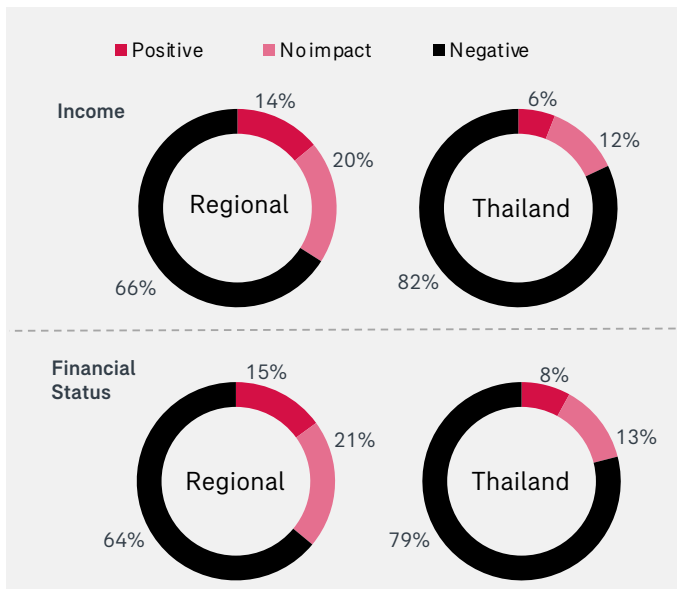
# The perceived financial impact is bigger than the actual reality

Across the region, two-thirds of those surveyed felt that they had experienced a negative impact on their personal/family income in 2020, even though 58 per cent of income reduction was less than 20 per cent. The least impacted market was China where 74 per cent experienced income reduction of less than 20 per cent versus Thailand which saw income reduction as high as 33 per cent. This compares to an average income reduction across all markets of 27 per cent.



## Impact on Thailand significant

Thailand experienced by far the most severe impact on personal finances with 82 per cent saying that their income had been negatively impacted, versus the regional average of 66 per cent. This also saw a higher impact on their financial status with 79 per cent seeing a negative impact against a regional average of 64 per cent.





## CONSUMER BEHAVIOUR CHANGES IN SAVINGS

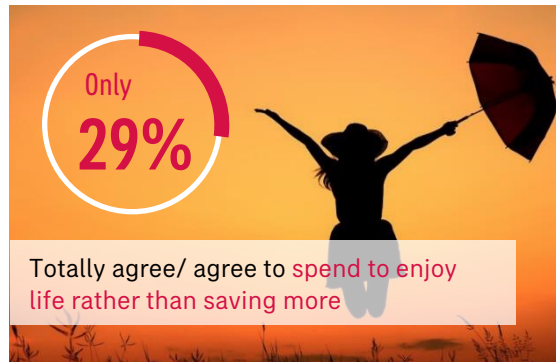




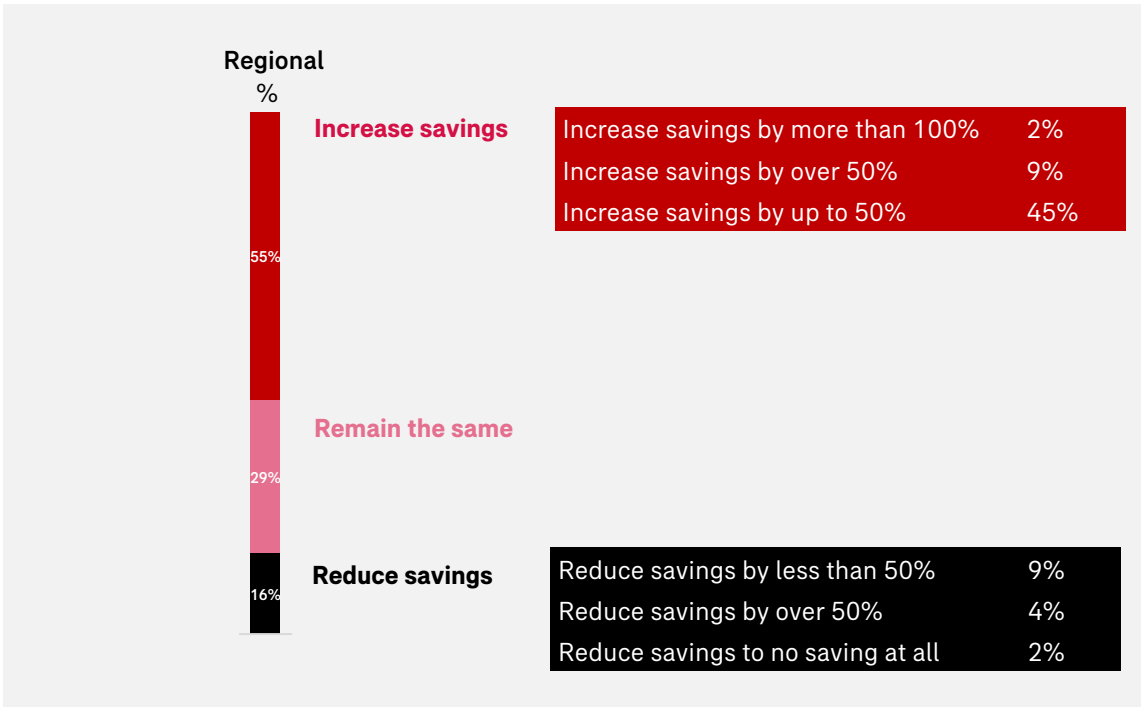
# Insecurities driven by the pandemic are compelling people to save more

Fears and insecurities caused by COVID-19 have driven a clear and significant intention to allocate more funds to savings.

While 41 per cent of people reported that they were forced to reduce their savings in 2020, as many as 71 per cent of those surveyed agreed that they plan to put more aside for savings driven by fear and insecurity arising from the pandemic. Of the 55 per cent who confirmed they plan to increase their savings in 2021, 10 per cent are planning an increase of more than 50 per cent.



## Expected changes in consumer saving in 2021

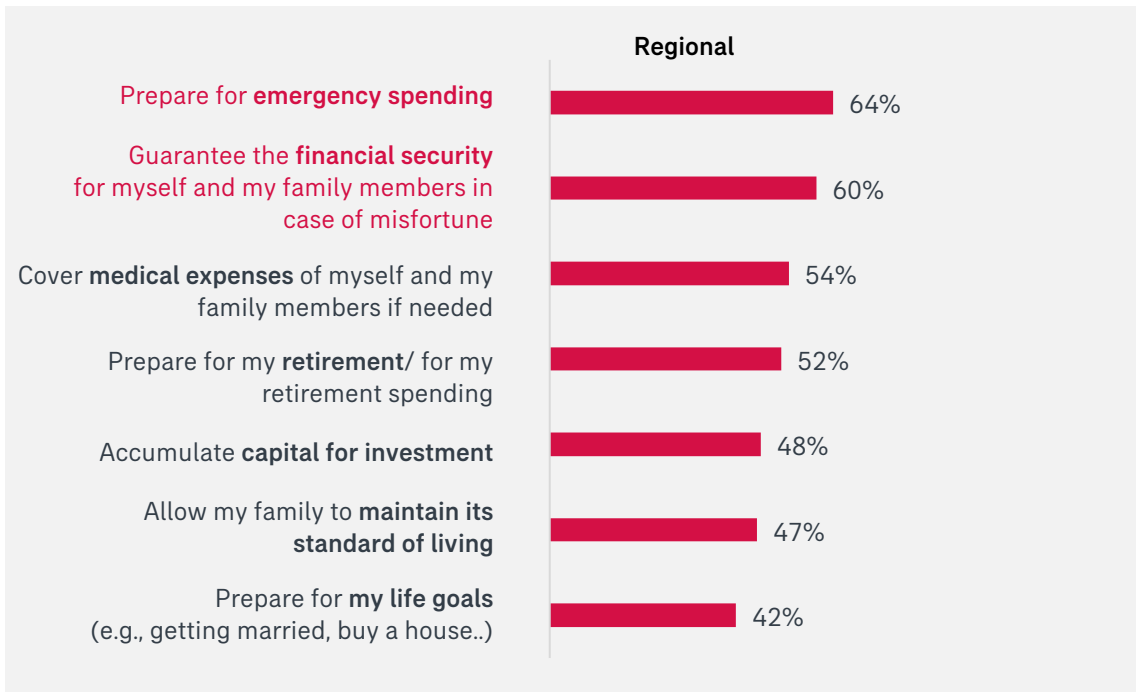




## Saving to manage uncertainty over typical life goals

An analysis of the top goals for saving shows a greater focus on saving for emergencies (64 per cent), financial security for the individual and one's family in the event of a misfortune (60 per cent), and to cover medical expenses (54 per cent). These were rated as the top three priorities over saving for typical life goals such as retirement, although this remains important at 52 per cent.

### Top goals for saving







# Even those who save still lack confidence in achieving savings goals

Across every reported aspect of saving, there is a consistent lack of confidence in achieving goals with between 40 per cent and 46 per cent only slightly confident or not confident at all. Amongst this group between 61 per cent and 73 per cent are putting in place additional plans to achieve their objectives.

## Confidence level in achieving current saving goals



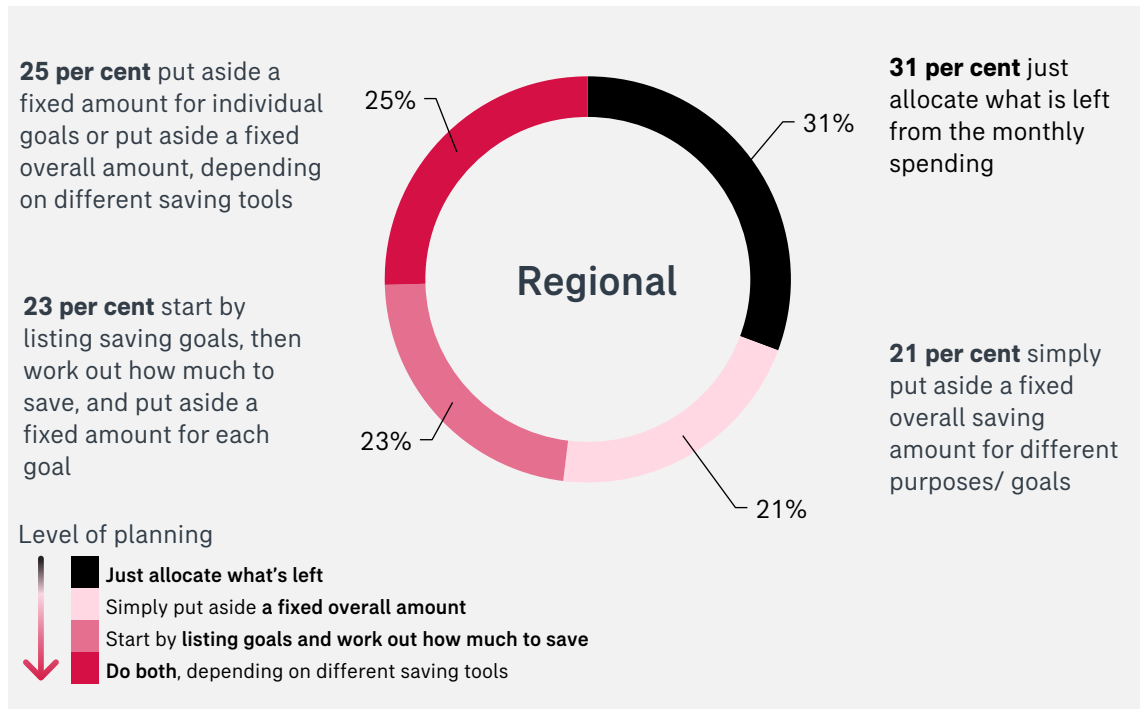




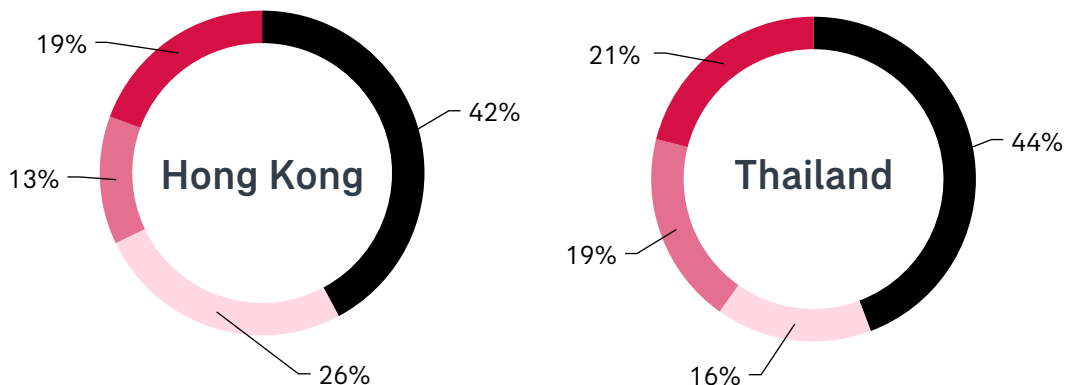
# Saving what's left over from monthly spending

During these times of uncertainty, it is completely understandable that people are keen to save as much money as they can. The survey findings indicate that more than half of the respondents (52 per cent) allocate what is left from their monthly spending to savings or put aside a fixed amount. 48 per cent of respondents will actually make a list of specific goals and put aside savings to meet their objectives.

## How do consumers save?



Despite the perception that Hong Kong people are preoccupied by their financial situation, surprisingly Hong Kongers seem to have weaker financial discipline than others around the region, with 68 per cent of respondents either just allocating whatever cash is left over or simply putting aside a fixed overall amount, while only 32 per cent list out their savings goals and put aside a fixed amount to meet them. In Thailand the data is similar with a 60/40 split.



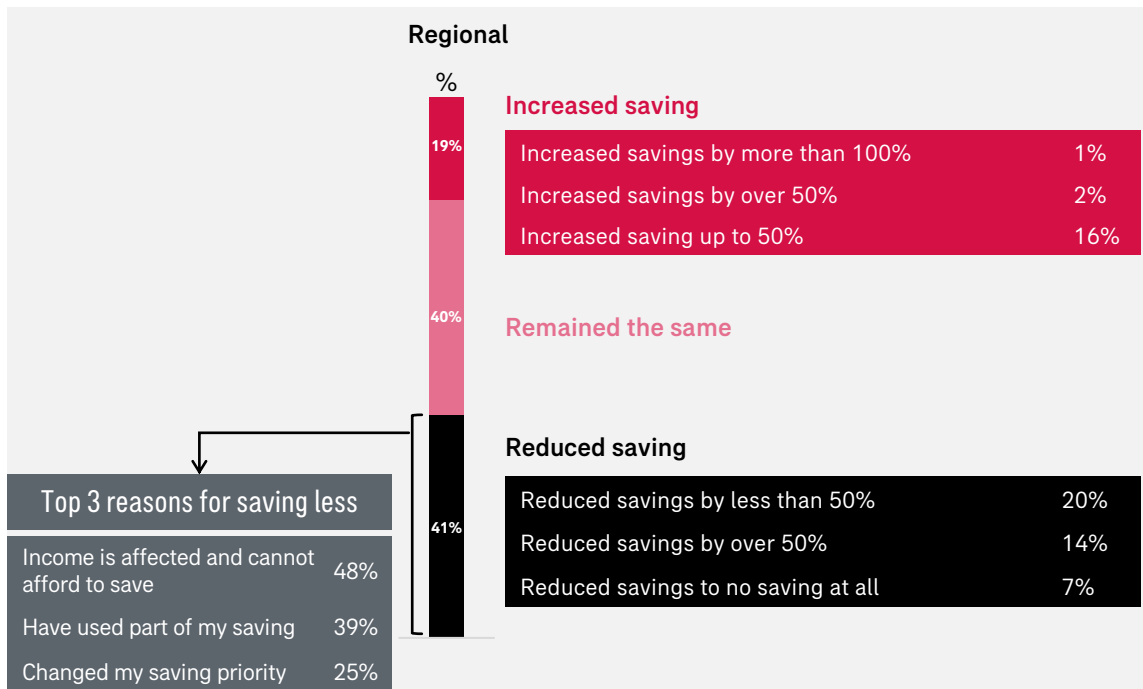


# Uncertainty driving demand for liquidity

## Savings reduced in 2020

Savings were negatively impacted by the pandemic in 2020 with 41 per cent of those surveyed saving less and 21 per cent reducing their savings by more than 50 per cent. This was mainly due to income being adversely affected (48 per cent) with a further 39 per cent saying that they had to dip into their savings during the year.

### Impacts on consumer savings in 2020 vs. pre-COVID-19

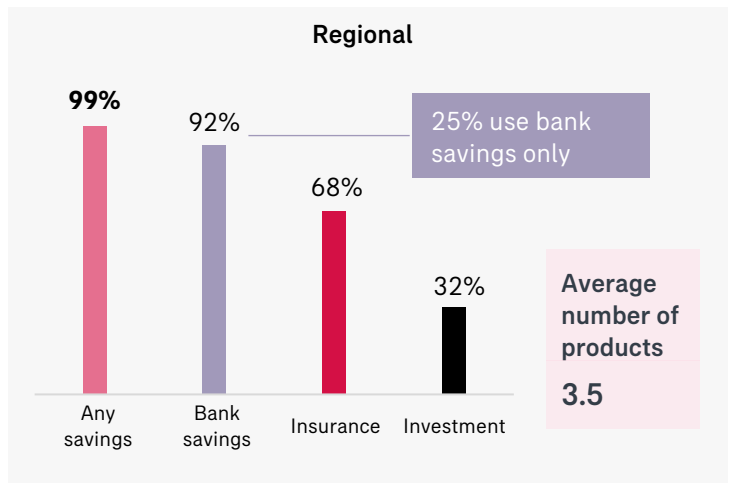


## Bank savings by far the most popular

The uncertainties caused by the pandemic are clearly driving people to want to retain immediate access to their funds, with nine out of 10 preferring the liquidity of bank savings (92 per cent) and a quarter (25 per cent) use bank savings only.

There is still strong interest in insurance products with 68 per cent using insurance as a saving tool.

### Financial products currently used and considered as saving tools

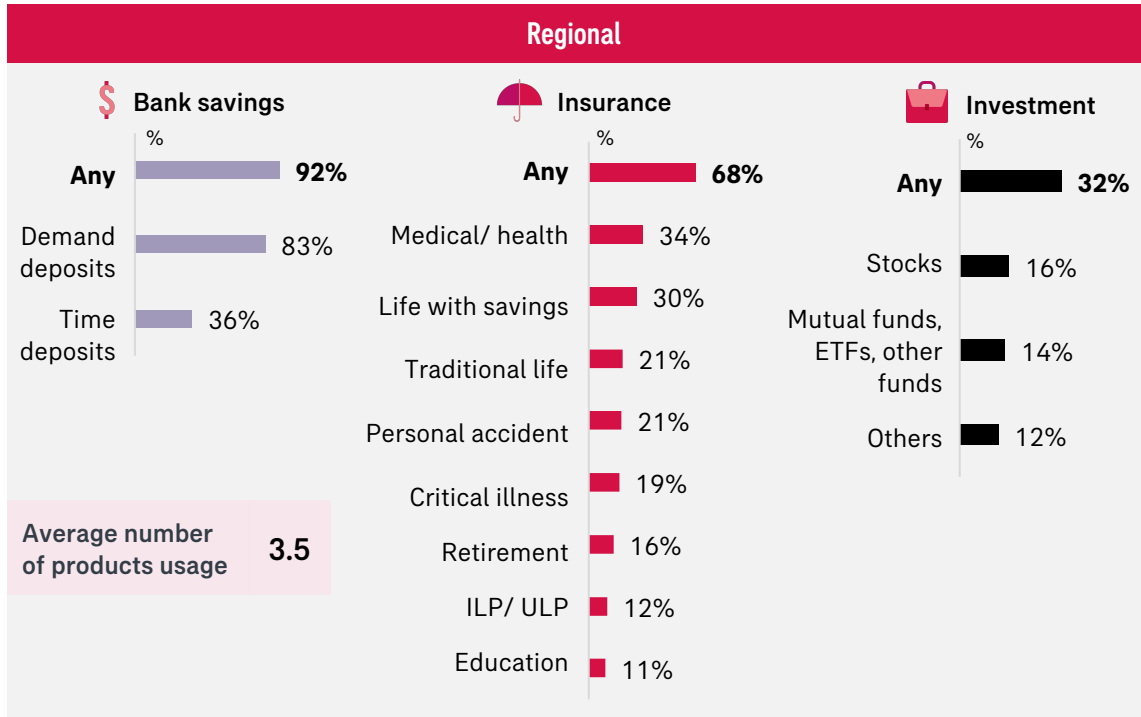




## Demand deposits most popular savings vehicle

By far the most popular bank savings vehicle is demand deposits with 83 per cent using this high liquidity, low interest product. In fact, 25 per cent of those surveyed reported that demand deposits were their only form of savings. Although medical and health is a popular insurance category at 34 per cent, life insurance with savings components at 30 per cent is also a popular insurance category.

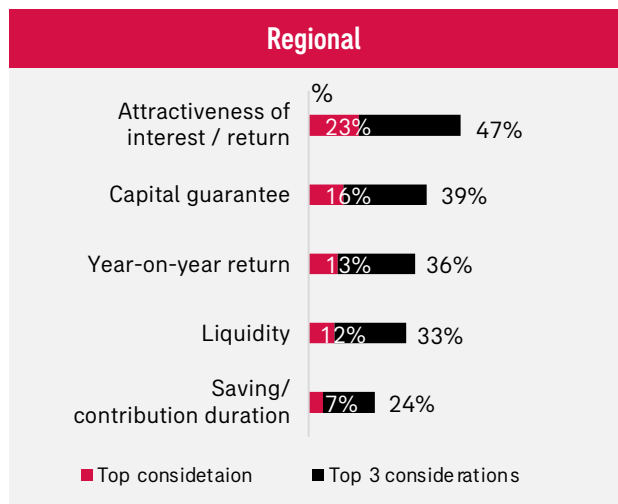
## Financial products currently used and considered as saving tools



## Despite savings preferences for liquidity, consumers still consider returns the highest priority

Despite a high proportion of bank savings, particularly demand deposits, indicating a preference for liquidity, consumers still say that their primary consideration when saving is the attractiveness of interest and the rate of return, with this being the single top consideration for 23 per cent and amongst the top three considerations for 47 per cent of the respondents.

## Considerations when choosing financial products





# Intention to save more but not saving smarter

## Growth in savings and changes in priorities but little change in portfolio planning

Despite survey results showing a significant increase in the intention to save more, there does not appear to be any significant impact on plans to change savings portfolios.

Banks are still rated by far the most popular intended savings vehicle at 93 per cent with the proportion planning to use demand deposits unchanged at 83 per cent, although there is a reduction in the use of bank deposits only as a savings vehicle, reducing from 25 per cent to 16 per cent.

There are marginal increases in the intention to use insurance (68 per cent to 71 per cent) and Investments (32 per cent to 35 per cent) as part of a savings portfolio.

### Current and intended savings portfolio

	Current	Intended
<b>Bank deposits</b>	<b>92%</b>	<b>93%</b>
Bank savings/demand deposits	83%	83%
Time deposits	36%	39%
<b>Insurance</b>	<b>68%</b>	<b>71%</b>
Medical/health	34%	36%
Life with savings	30%	33%
Traditional life	21%	23%
Personal accident	21%	22%
Critical illness	19%	21%
General (e.g. Auto/House)	17%	18%
Retirement	16%	17%
ILP/ ULP	12%	13%
Education	11%	12%
<b>Investment</b>	<b>32%</b>	<b>35%</b>
Stocks	16%	17%
Mutual funds, ETFs, other funds	14%	17%
Other investment products	12%	14%
<b>Use bank demand deposits ONLY</b>	<b>25%</b>	<b>16%</b>
Average number of products	3.5	3.7



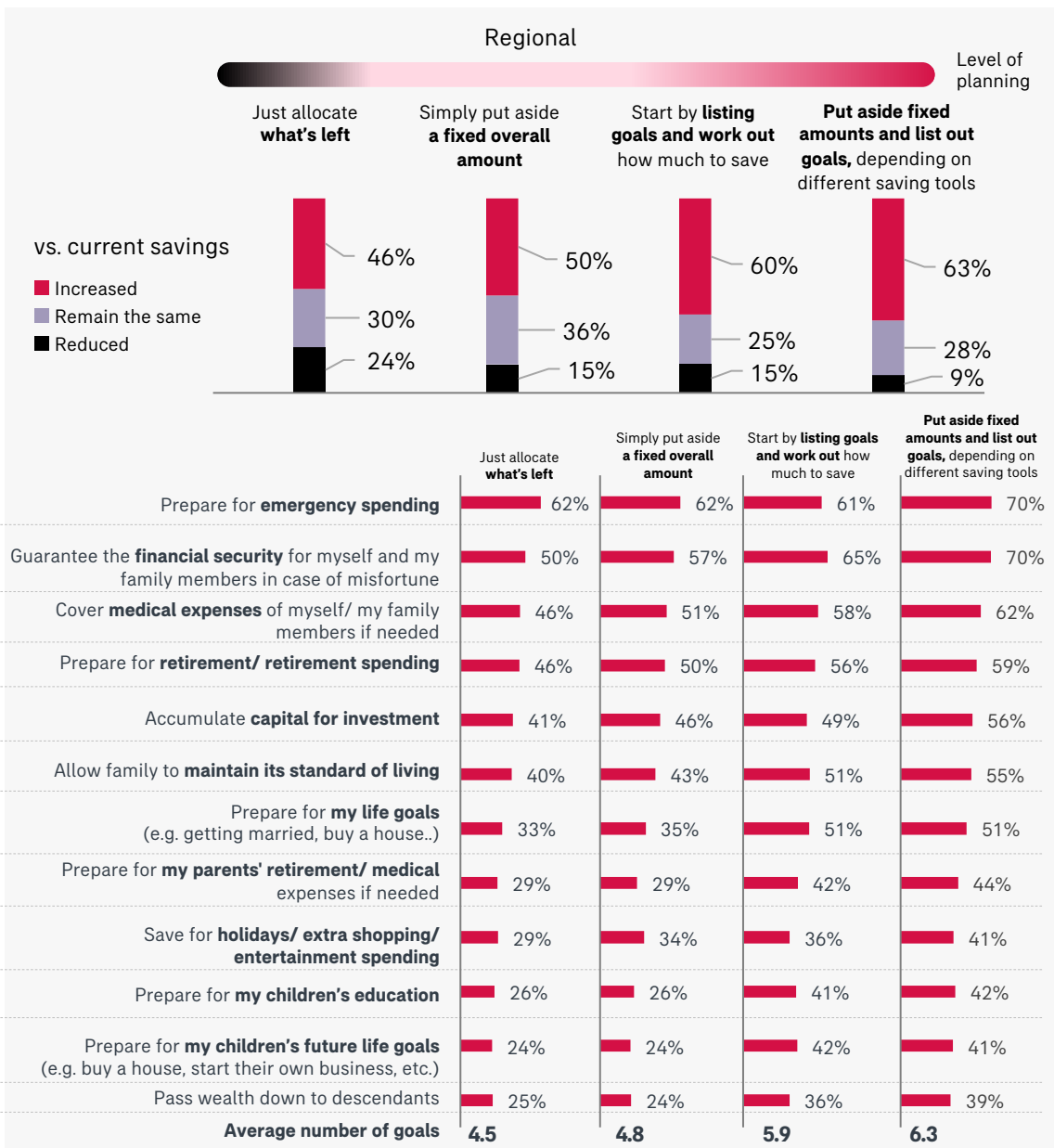
# Saving smarter means saving more

## Clear goals are the key to successful saving

The survey shows a higher level of saving in general and a higher number of goals, with the average number of goals rising from 4.5 to 6.3 amongst those who actively plan their savings goals and put aside fixed amounts to achieve those goals, in comparison to those who simply save what they have left.

Additionally, amongst those who undertake more planning, there is a higher proportion of respondents who intend to increase savings – 63 per cent versus only 46 per cent of those who just allocate what’s left.

### How consumers save affect their expected changes on savings





# INSURANCE FOR SAVINGS AND PROTECTION





**COVID-19 creates much stronger interest in protection, especially in medical and health insurance**

**Consumers also have a higher interest in insurance as a savings vehicle**



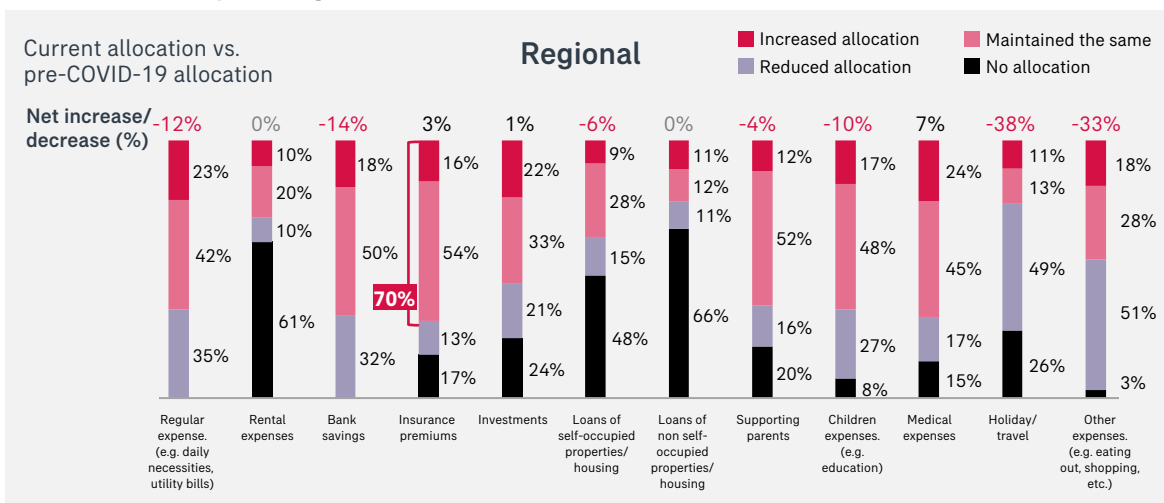
# Sustained spending on insurance likely to increase

## Spending on insurance maintained during pandemic

The role for insurance providers has become more important as consumers look towards insurance, not only to provide them with protection, but also as a vehicle for savings.

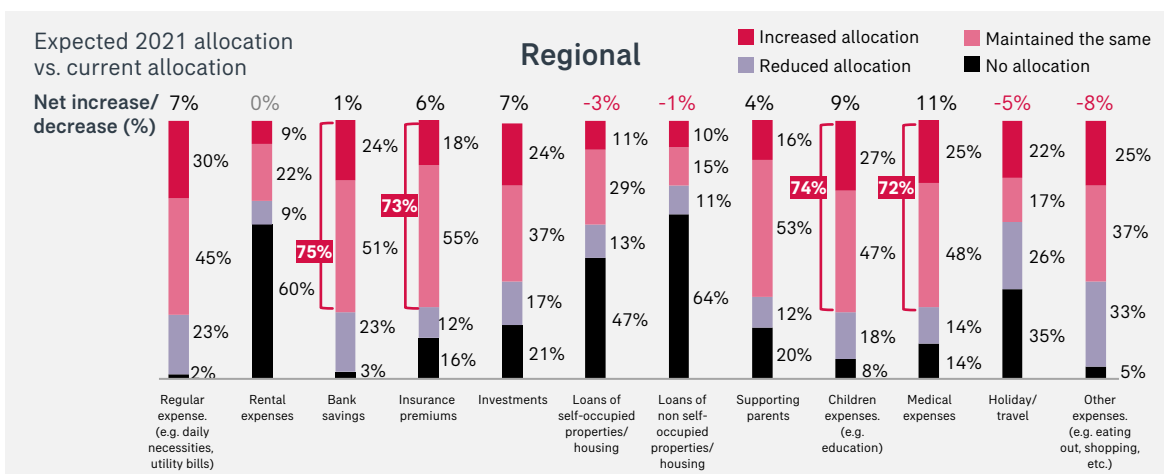
Insurance proved to be the category with the highest propensity to maintain or grow spending allocation during the pandemic with a total of 70 per cent of respondents maintaining or increasing their allocation of spend on insurance premiums. The corresponding data for maintained or increased allocation to medical expenses was 68 per cent and to children's expenses, such as education, 65 per cent.

### What is their spending allocation under COVID-19?



## High spending expected for insurance and medical through 2021

Spending on protection is due to remain high through 2021 with 73 per cent of respondents saying they intend to maintain or increase their spend on insurance and 72 per cent increasing spend on medical expenses. Only bank savings and children's education expenses are rated marginally higher at 75 per cent and 74 per cent respectively.





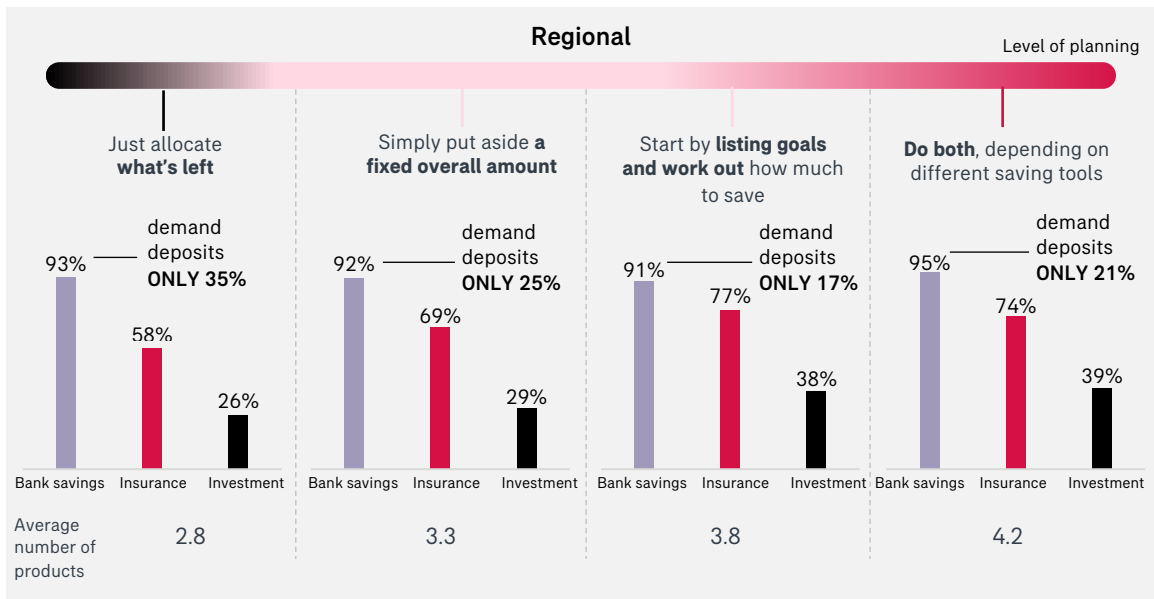


# Insurance valued more as a savings tool

## Savings planners see value in insurance

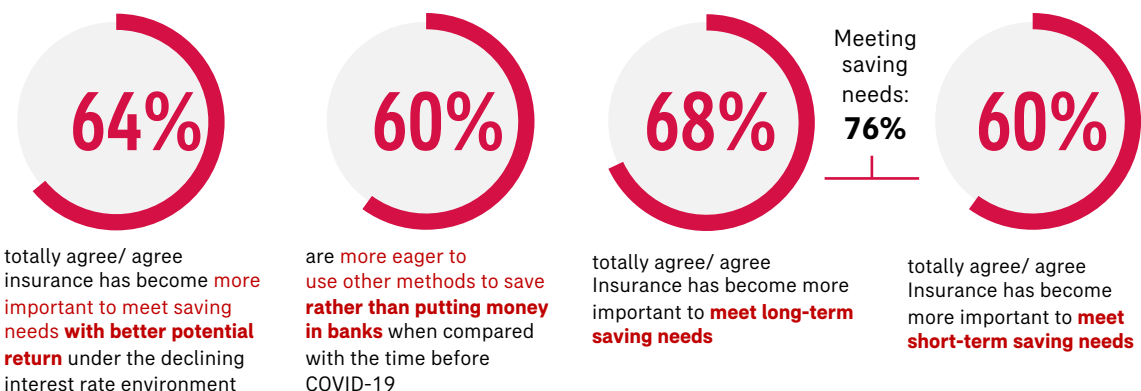
Amongst those who have a higher level of savings planning, insurance is seen as a more valuable vehicle. For example, of those who list out goals and work out how much to save, 77 per cent have insurance in their portfolio with an average of 3.8 financial products, compared to only 58 per cent with insurance and an average of 2.8 financial products amongst those who simply allocate what's left.

## How consumers save money as reflected in their saving portfolio



## Higher interest in insurance for savings

The survey results confirm consumer confidence in using insurance as a savings tool, with 64 per cent agreeing it is more important in meeting their savings needs with better potential return and 76 per cent agreeing it can meet either their short-term or long-term savings needs.





# Insurance becoming more important for protection and savings

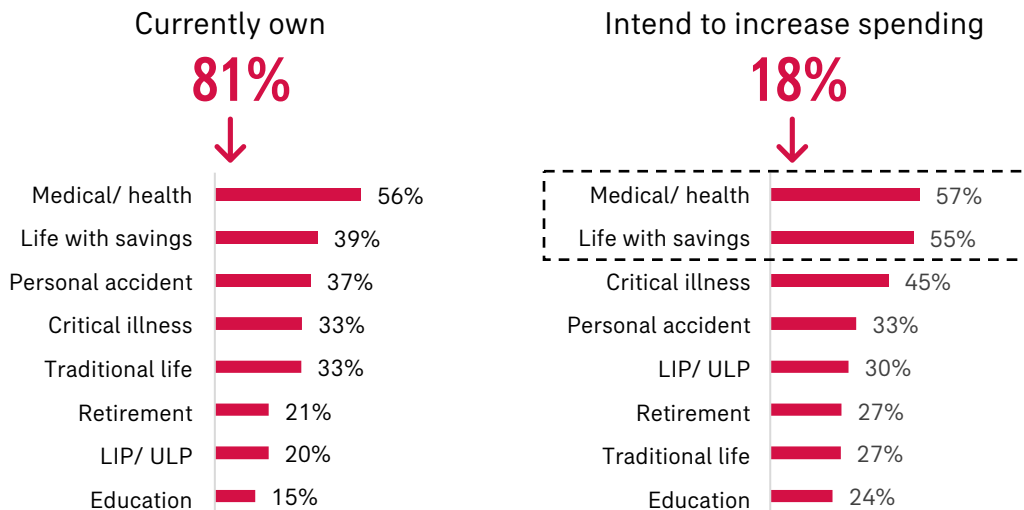


## Medical and health top of insurance categories

As well as a general agreement (73 per cent) that insurance has become more important in protecting against unexpected incidences, medical and health insurance is seen as the top insurance category, with 56 per cent currently owning medical and health protection and, of the 18 per cent of respondents who intend to increase their insurance spend, 57 per cent plan on that being on medical and health.

Equally significant is the fact that the second most popular insurance category is life with savings (39 per cent) and, of the 18 per cent intending to increase their insurance spending, 55 per cent of respondents intend to increase spend on life with savings.

## Current ownership and increasing spending on insurance



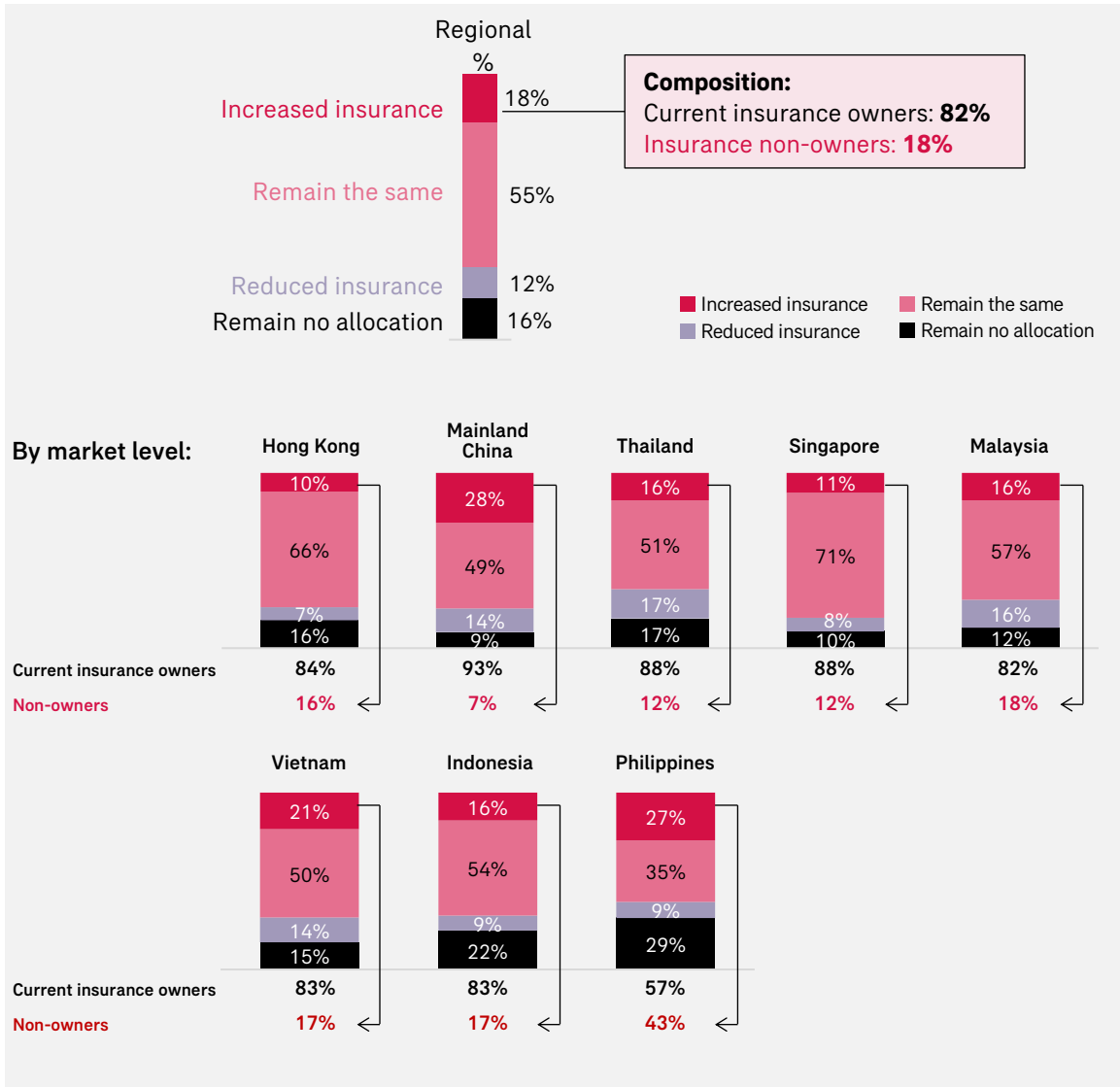


# Increasing awareness of insurance needs amongst the uninsured

## Expected rise in first time insurance purchasers, especially in low penetration markets

Amongst those in the survey who do not currently own insurance, there was an increase in awareness of its importance with an expected rise in first time buyers of insurance products. Of the group who intend to increase their spend on insurance, 18 per cent do not currently have any insurance policies. In the Philippines, a market with low penetration of insurance amongst the general population, this was as high as 43 per cent of those who intend to increase their insurance spend. In China, although as many as 28 per cent intend to increase allocation to insurance, only 7 per cent do not currently own an insurance policy.

## Expected change on allocation to insurance





# Insurers seen to react well to COVID-19

## Positive consumer perception of insurance industry

Given the rising importance and interest in insurance, it is significant to also note that perceptions towards the industry have been improving. 34 per cent feel that insurers responded well to the COVID-19 crisis while 28 per cent report an increased awareness of their personal insurance needs and protection gaps.

**Majority** of Asian consumers are more positive about insurance, driven by:



Insurers' response to COVID-19 crisis



Increased awareness of personal needs and protection gaps

Source: RGA 2020 survey on changing consumer perceptions in the COVID-19 Era  
<https://www.rgare.com/knowledge-center/media/COVID-19/COVID-19-brief-survey-shows-consumer-perceptions-of-insurers-improving-in-asia-during-pandemic->



# CONCLUSIONS





## People are saving more but could they be saving smarter?

Expectations are that COVID-19 will persist and uncertainties caused by the pandemic are driving higher spend on savings and insurance.

Savings objectives are focused on emergencies, financial security and medical expenses over saving for typical life goals, although these remain important.

A large proportion simply save what they have left every month with little planning against savings objectives.

A preference for liquidity means bank demand deposits are most common but low interest rate depreciation may threaten achieving savings objectives.

Despite an intention to save more there's little change to savings plans, although having clear savings goals shows greater success in meeting objectives.

Insurance is seen as increasingly important for both protection and savings, with medical and health insurance as the main priority.

**As the largest pan-Asia insurer, AIA has an important role to play in offering products that meet savings needs, supporting smarter savings planning and helping people live Healthier, Longer, Better Lives.**





## About AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. AIA has a presence in 18 markets – wholly-owned branches and subsidiaries in Mainland China, Hong Kong SAR<sup>(1)</sup>, Thailand, Singapore, Malaysia, Australia, Cambodia, Indonesia, Myanmar, the Philippines, South Korea, Sri Lanka, Taiwan (China), Vietnam, Brunei, Macau SAR<sup>(2)</sup> and New Zealand, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai more than a century ago in 1919. It is a market leader in Asia (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$326 billion as of 31 December 2020.

AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia, AIA serves the holders of more than 38 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

Notes:

<sup>1</sup> Hong Kong SAR refers to Hong Kong Special Administrative Region.

<sup>2</sup> Macau SAR refers to Macau Special Administrative Region.



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