

16 July, 2009

## **JAPANESE AFFLUENT ARE MORE CONSERVATIVE DURING FINANCIAL TURMOIL, SAYS NEW HSBC SURVEY**

*\*\*\*Over 50% of Japanese respondents have made no change to their investment portfolio over the past six months\*\*\**

The HSBC Affluent Asian Tracker was conducted among over 1,500 affluent individuals aged 30-55 in Japan and six other key markets – Australia, China, India, Malaysia, Singapore and Taiwan. The survey gauged the views of some of the region's most wealthy people in the top 10 per cent of the population by income or liquid assets.

The survey found that while the majority of affluent Asians hold a moderate appetite for investment risk, Japanese individuals showed the greatest tendency to prefer capital protection (28%). When asked about changes to their investment portfolio over the past six months, approximately half of Japanese and Australian respondents (51% and 50%, respectively) said they had undertaken no change.

A third of affluent respondents in China (37%), India (37%), Taiwan (33%) and Malaysia (32%) said they have been reading more about investment strategies. Forty-three per cent of Taiwanese respondents said they had liquidated some of their investments, while 36 per cent of Malaysian respondents said they had increased the level of their investments' over the past six months.

The financial turmoil is clearly having an impact across the region, with 44 per cent of Japanese affluent individuals experiencing declines in net worth. This compares with Singapore (56%), Taiwan (51%), Australia (49%) and India (44%). On the other hand, 46 per cent of Chinese respondents said that their wealth had grown in the past six months, followed by Malaysia (35%) and Taiwan (32%).

Francois Moreau, Managing Director, Head of Personal Financial Services in Japan, The Hongkong and Shanghai Banking Corporation Limited, said, "The recent financial downturn has significantly eroded the value of wealth held by many mass affluent individuals in Japan and the rest of Asia. However, there also appear to be groups of mass affluent individuals who have benefited from growth opportunities, especially from the recent market recovery in some markets such as mainland China.

*more*

## **Japanese affluent more conservative during financial turmoil, says HSBC survey/2**

“Compared with mass affluent individuals in other Asian markets, affluent Japanese appear to be more conservative in their investment approach and lean toward local currency savings and stocks. However, investment and diversified asset holdings play key roles among affluent Asians in their pursuit of wealth. Capital preservation remains a priority in the short-term for many of the respondents, but investment growth still remains a long-term goal.”

### **Luxury goods can wait**

Compared to six months ago, 87 per cent of Japanese said that the biggest change they have made to their spending habits during this period was to postpone purchasing luxury or “big-ticket” items. Many Japanese (83%) also claim they are eating out less today than they did six months ago.

### **Affluent aspirations**

In all markets surveyed, the top motivator for wealth growth is to provide a comfortable life for their family – except in Australia, where supporting retirement is the top goal.

The majority of affluent individuals in China (82%), Malaysia (75%) and India (70%) plan to send their children overseas to study, compared to half of the respondents in Taiwan (50%) and Singapore (46%). Only 17% of Japanese and 4% of Australians have such plans.

The survey also asked respondents how much retirement income they would need. Japanese respondents said that they need US\$355,000, compared with a high of US\$1.4 million for Australians and a low of US\$152,000 for Indians. Chinese respondents said they need an average retirement income of US\$256,000. This compared with US\$560,000 in Taiwan, US\$571,000 in Malaysia and US\$884,000 in Singapore.

Moreau said, “The aspirations of the affluent in Asia will shape their evolving lifestyles and dictate their wealth management strategies. As a group, they are becoming more international in mind-set and more mobile. They aspire to send their children abroad to be educated while at the same time planning for their own financial security in retirement. Achieving these goals requires early planning and preparation. HSBC Premier is targeted at these wealthy individuals to help them meet their financial goals.”

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## **Japanese affluent more conservative during financial turmoil, says HSBC survey/3**

### **Notes to editors:**

#### **More details of the survey**

Please see the attached report *HSBC Affluent Asian Tracker – July 2009* for more information. The survey was conducted from April to May 2009 in Australia, India, Japan, China, Malaysia, Singapore and Taiwan.

#### **1. HSBC Holdings plc**

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 9,500 offices in 86 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa. With assets of US\$2,527 billion at 31 December 2008, HSBC is one of the world's largest banking and financial services organisations. HSBC is marketed worldwide as 'the world's local bank'.

#### **2. The Hongkong and Shanghai Banking Corporation Limited in Japan**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. It established its first branch in Japan in Yokohama in 1866, making it the oldest bank operating in Japan today. It has branch offices in Tokyo and Osaka, providing commercial banking, private banking and personal wealth management services.

#### **3. HSBC Premier**

Launched in 2000 and with international services starting in May 2007, HSBC Premier is the first truly global personal wealth management service offering individually tailored financial solutions for the growing number of mass affluent individuals. Globally, HSBC Premier serves over 2.6 million customers through 300 international Premier Centres in 42 countries and territories. In Japan, HSBC Premier launched in January 2008 targeting individuals with liquid financial assets exceeding JPY10 million. HSBC Premier operates seven branches in the Tokyo Metropolitan (Akasaka, Ginza, Hiroo, Ikebukuro, Marunouchi, Yokohama) and Kansai (Kobe) areas.

*ends/all*



## HSBC Affluent Asian Tracker

July 2009

# HSBC Affluent Asian Tracker

- The first regional survey on mass affluent profile, lifestyle, aspiration and wealth management
- Conducted by Nielsen across over 1,500 individuals aged 30-55 in the top 10% of the population based on either monthly personal income or amount of liquid assets
- Gauges affluent aspirations, lifestyle and behaviour related to savings, investments and consumption
- Online survey conducted from 23 April to 4 May 2009

# Regional results

## Mass affluent segments definitions

Area	Personal monthly income	Total liquid assets	Sample
Australia	A\$5,200+ (US\$3,640+)	A\$200k+ (US\$140,000+)	206
India	SEC A1/A2 <sup>1</sup>	RS2.5m+ (US\$49,250+)	217
Japan	Y666,667+ (US\$6,925+)	Y10m+ (US\$103,870+)	262
Mainland China	RMB12,000+ (US\$1,800+)	RMB500k+ (US\$75,000+)	213
Malaysia	RM5,000+ (US\$1,380+)	RM200k+ (US\$55,200+)	213
Singapore	S\$6,000+ (US\$3,996)	S\$200k+ (US\$133,200+)	235
Taiwan	NT\$70,000+ (US\$2,100)	NT\$3m+ (US\$90,000+)	206

Notes:

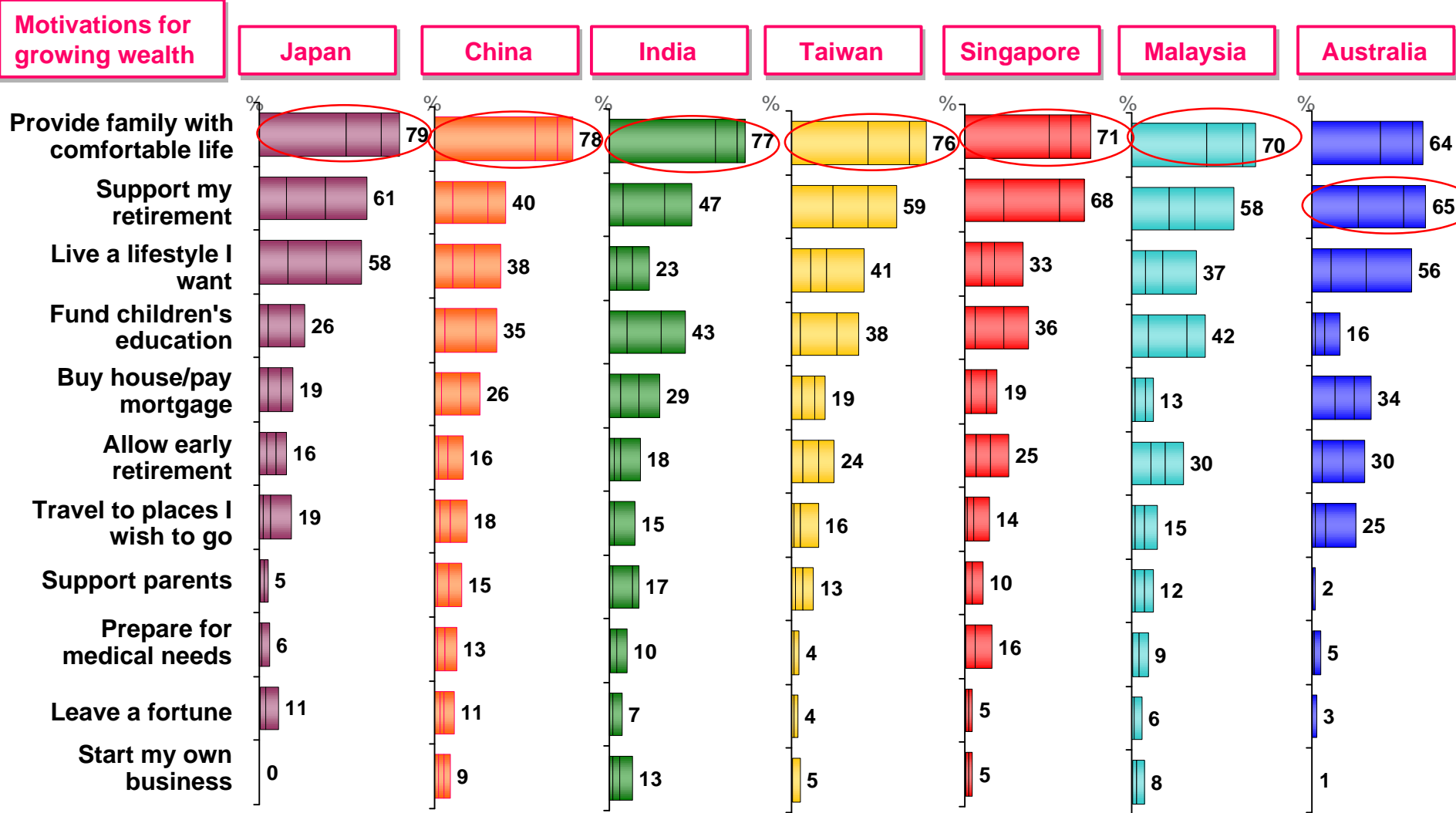
- (1) Refers to India's upper socio-economic class consisting predominantly of executives, officers, professionals and prominent businessmen. More than 90% of individuals in this sector are university graduates
- (2) US\$ equivalent for personal monthly income and total liquid assets in brackets

# Scope

- **Profile**
- **Investment behaviour**
  - Net worth
  - Asset allocation
  - Risk appetite
  - Changes in last 6 months
- **Consumption behaviour**
  - Changes in last 6 months
- **Aspirations**
  - Children's overseas education
  - Retirement
  - Overseas work or study

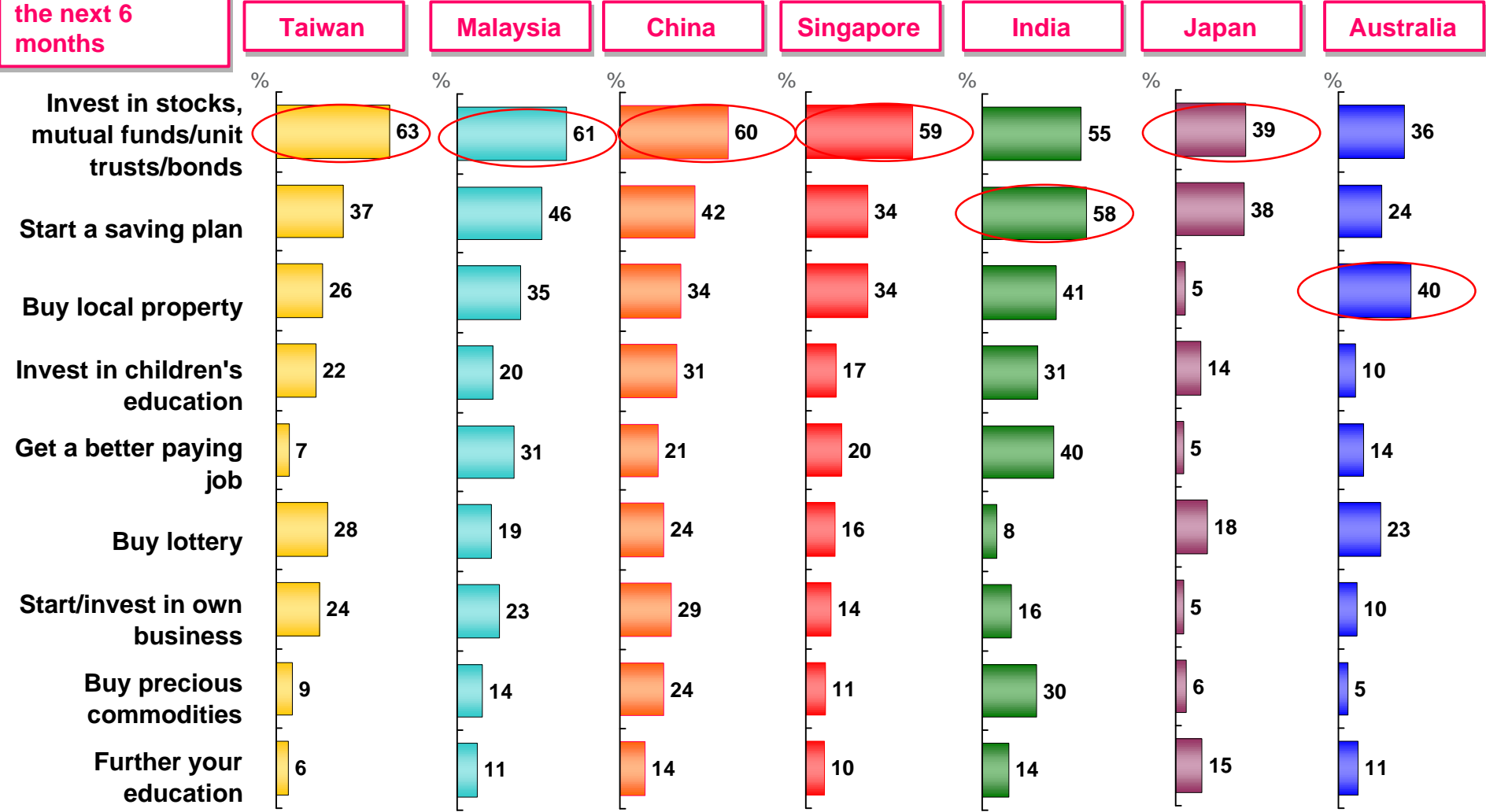
# Profile of Affluent Asians

# Family is key driver to growing wealth except in Australia

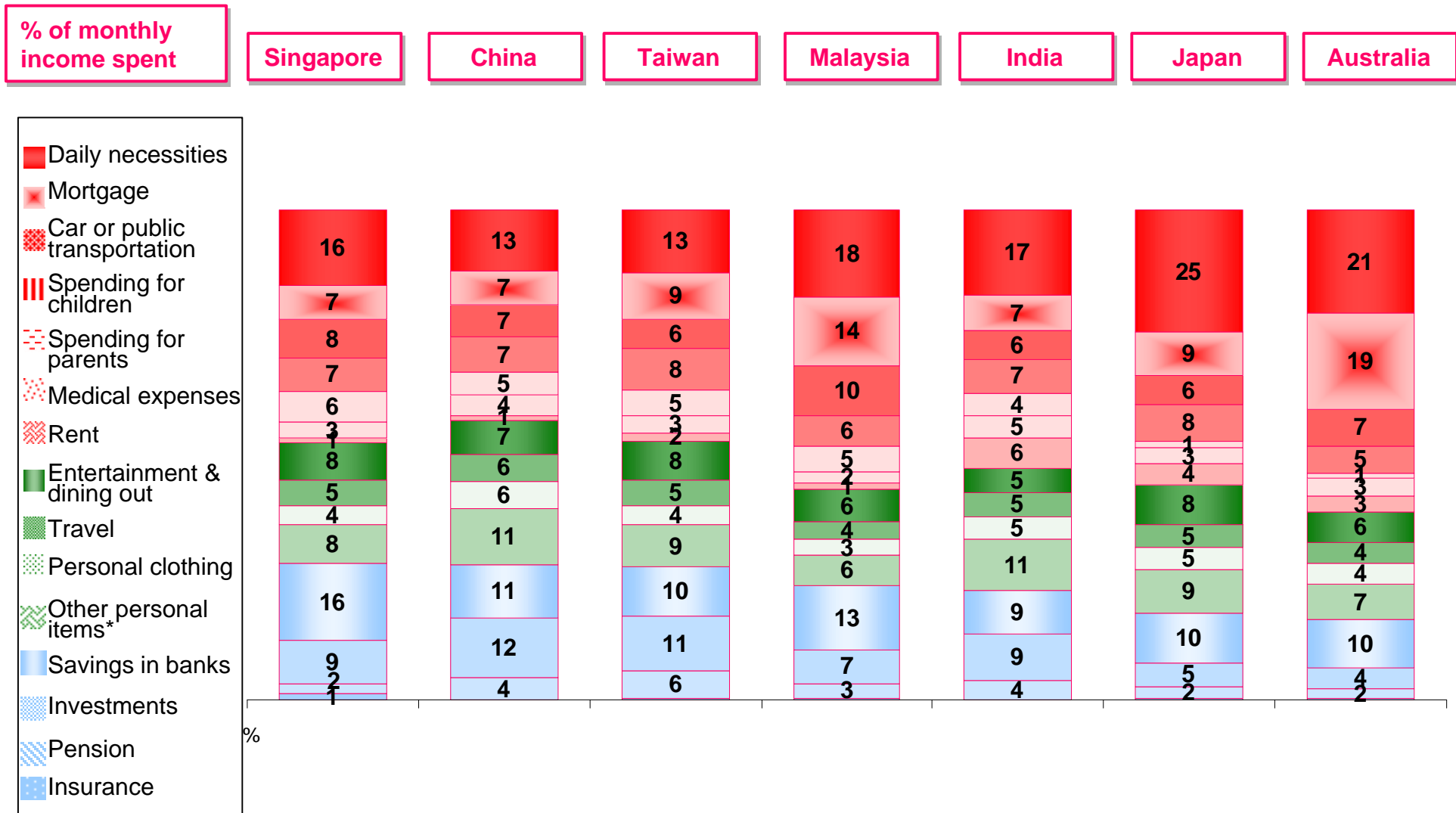


# Investment is the primary growth strategy for all except Australia and India

Strategies to grow wealth in the next 6 months



# Affluent Singaporeans save the most (28%); affluent Australians (16%) and affluent Japanese (17%) save the least



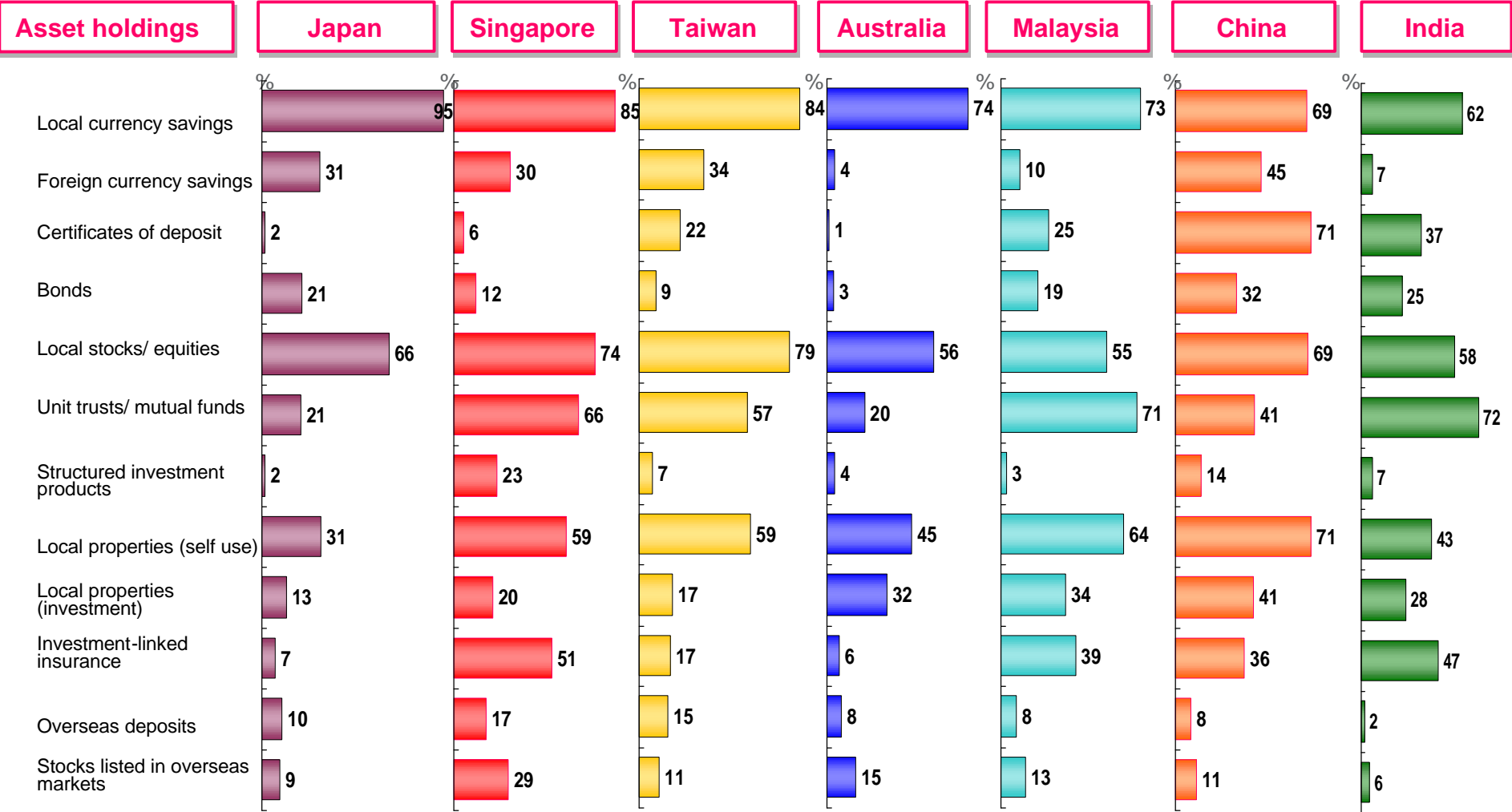
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\*Other personal items include cosmetics, health products, sports/gym/spa, electronics and jewelry

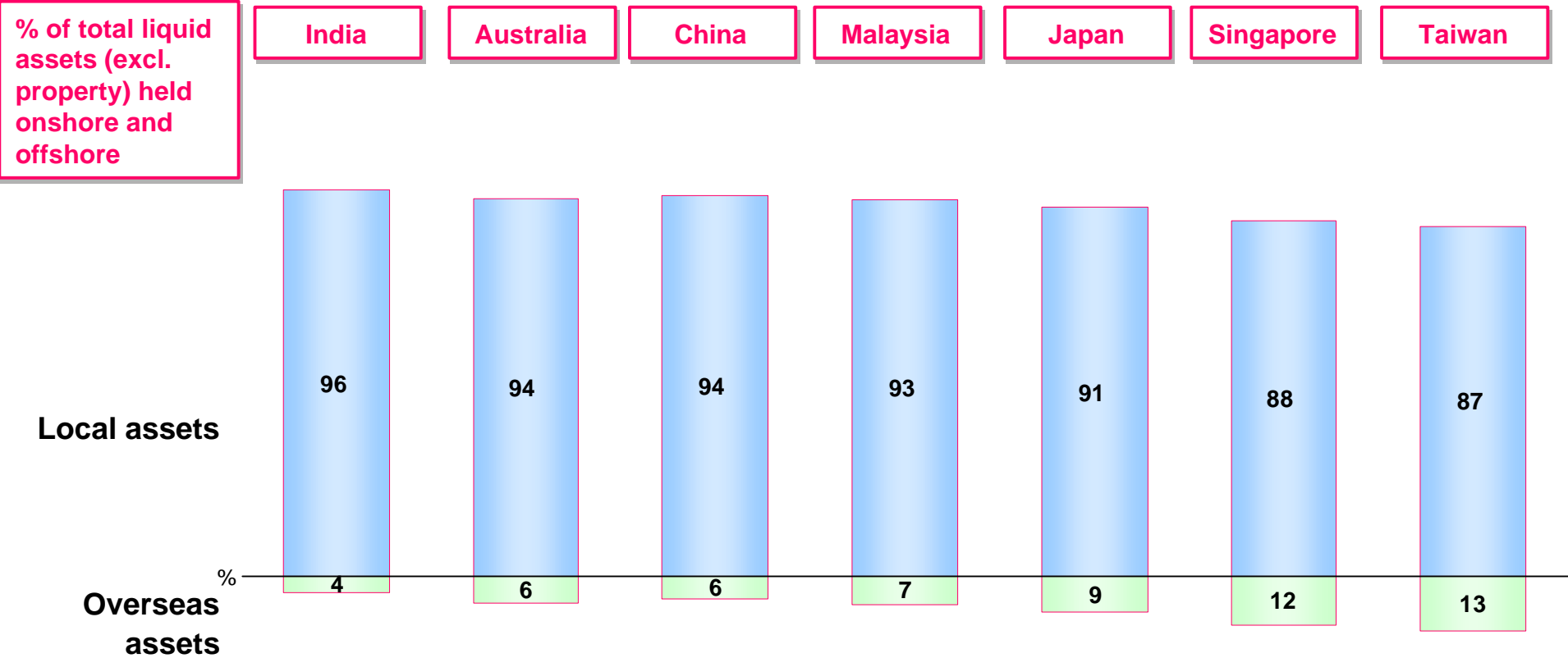
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# Cash, stocks and property are major asset holdings; affluent Japanese lean toward local currency savings and stocks

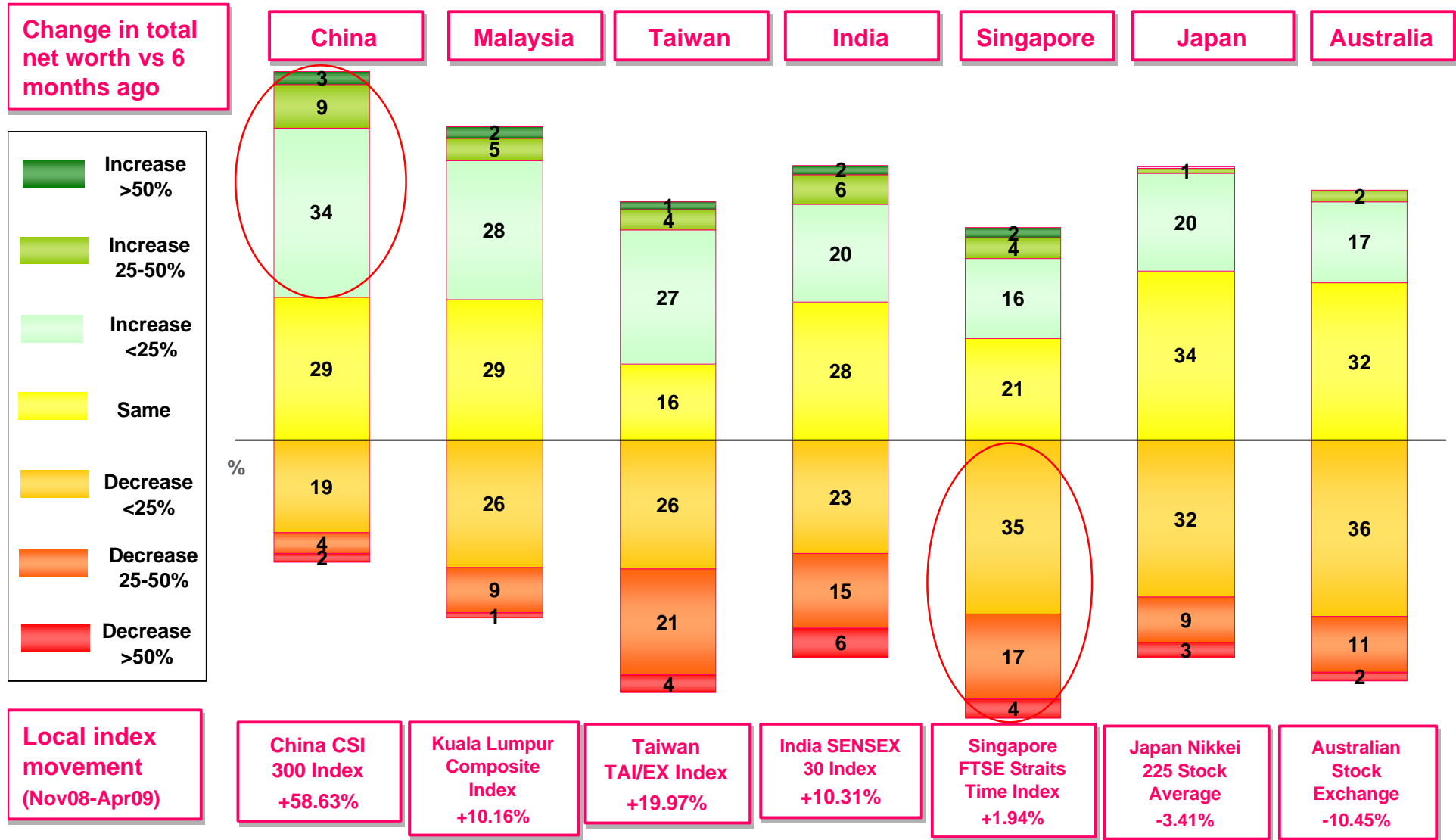


# Affluent Asians hold most of their assets onshore - over 10% of assets held by Singaporean and Taiwanese affluent are offshore



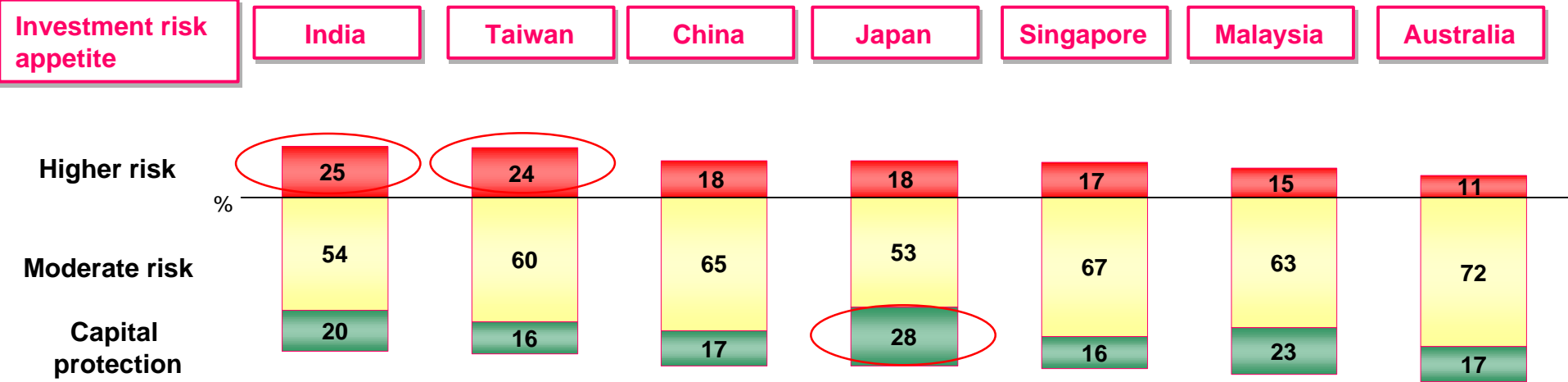
# The affluent Asian investor

## Close to half of affluent respondents in mainland China report an increase in net worth compared to 6 months ago; over half of affluent in Singapore saw a decrease

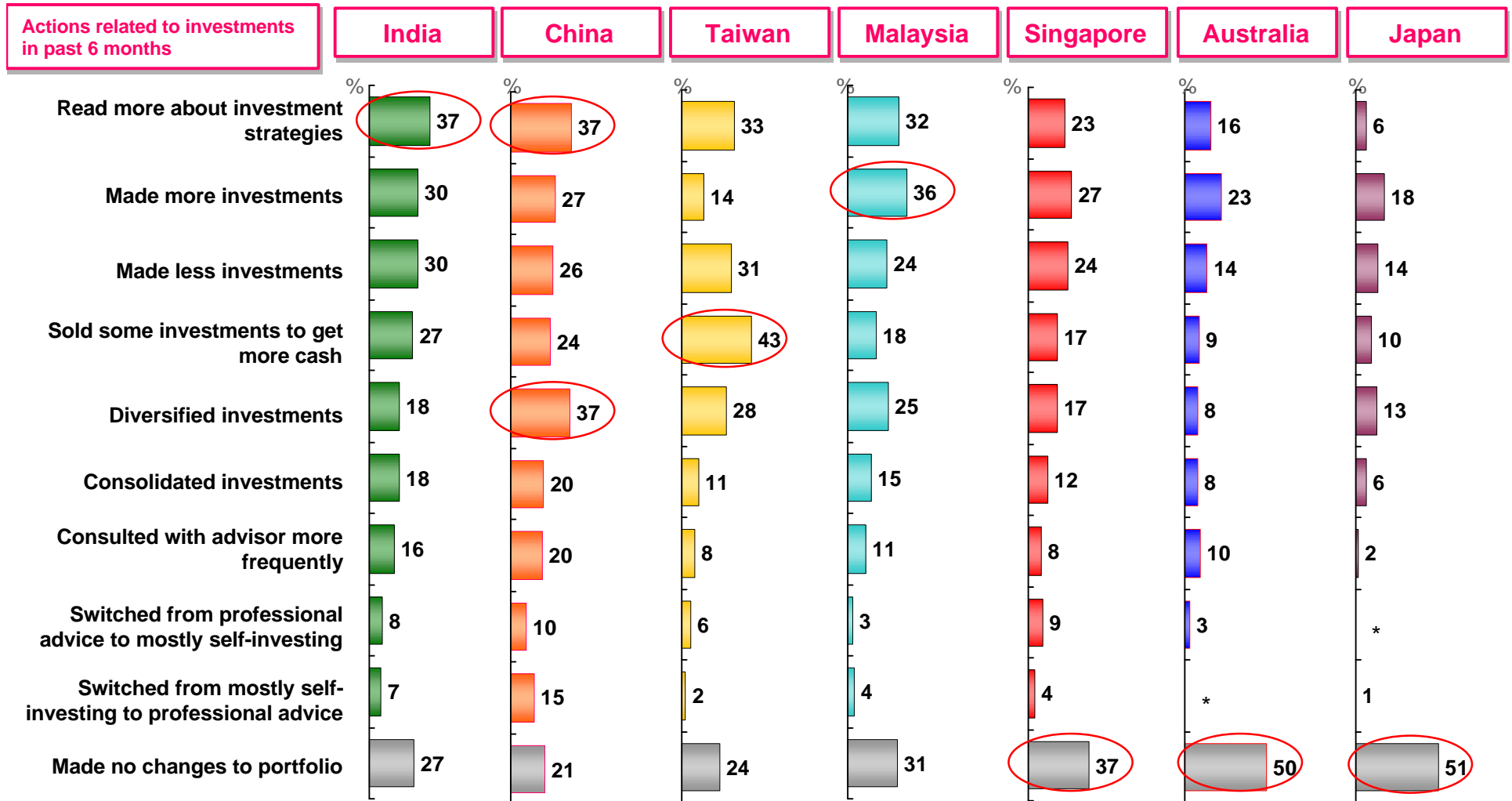


Note:  
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**Majority of affluent Asians have a moderate appetite for investment risk; affluent Japanese showed the greatest tendency to prefer capital protection**



# One-third of respondents in mainland China, Taiwan, India and Malaysia read more about investment strategies in the past 6 months; at least one-third in Singapore, Australia and Japan made no changes to investments

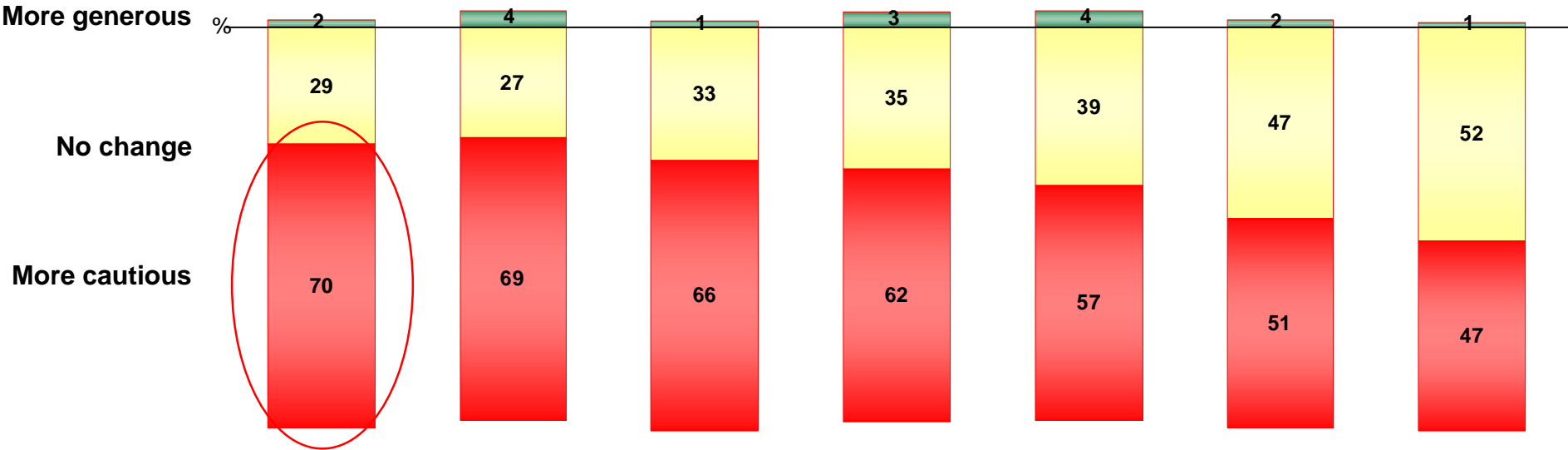


# The affluent Asian consumer

# Affluent Asians have become more cautious spenders, especially India; least so in Japan

Change in spending habits compared to 6 months ago

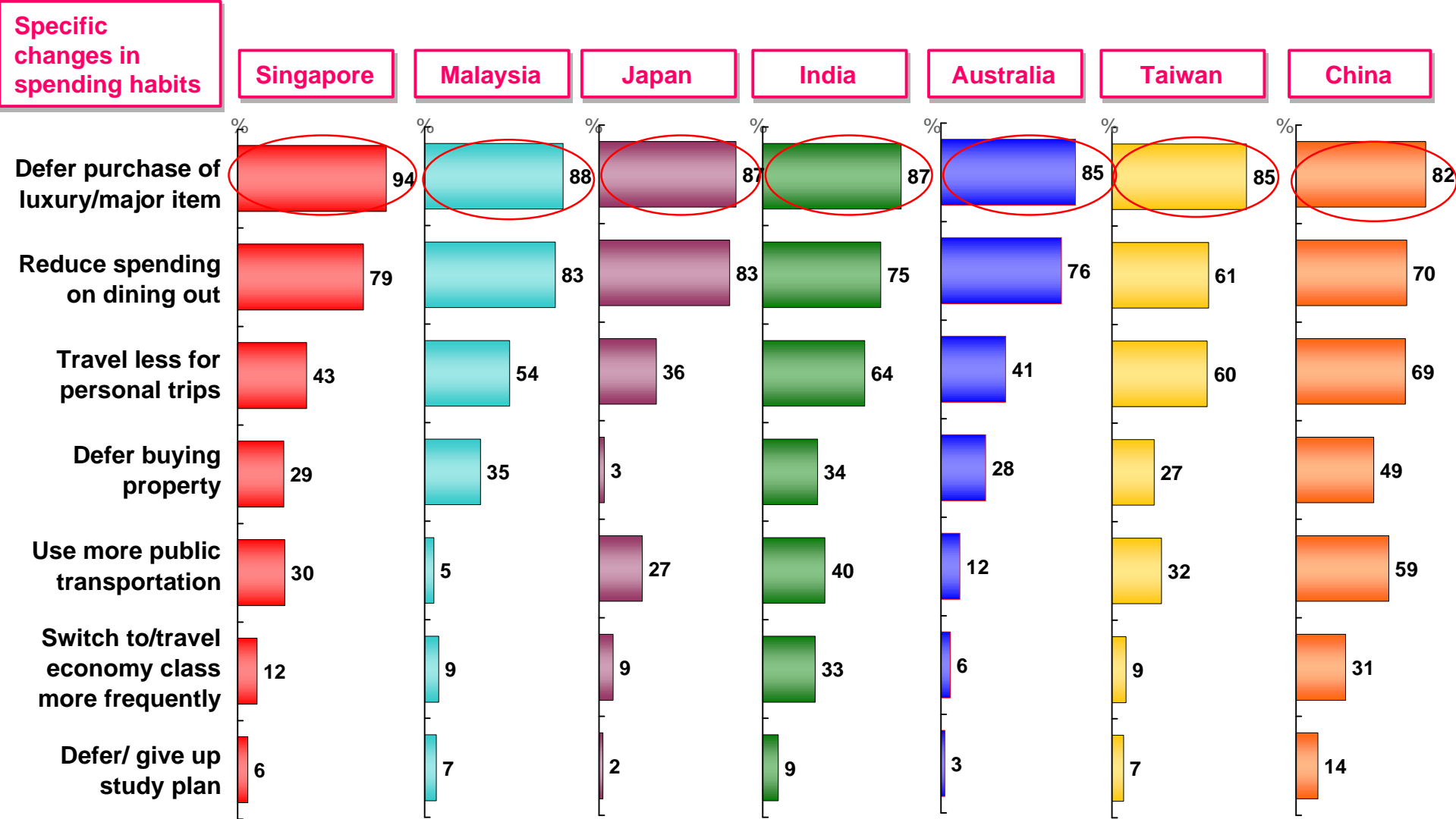
- India
- Malaysia
- Singapore
- Taiwan
- Australia
- China
- Japan



Note: Figures may not total 100% due to rounding

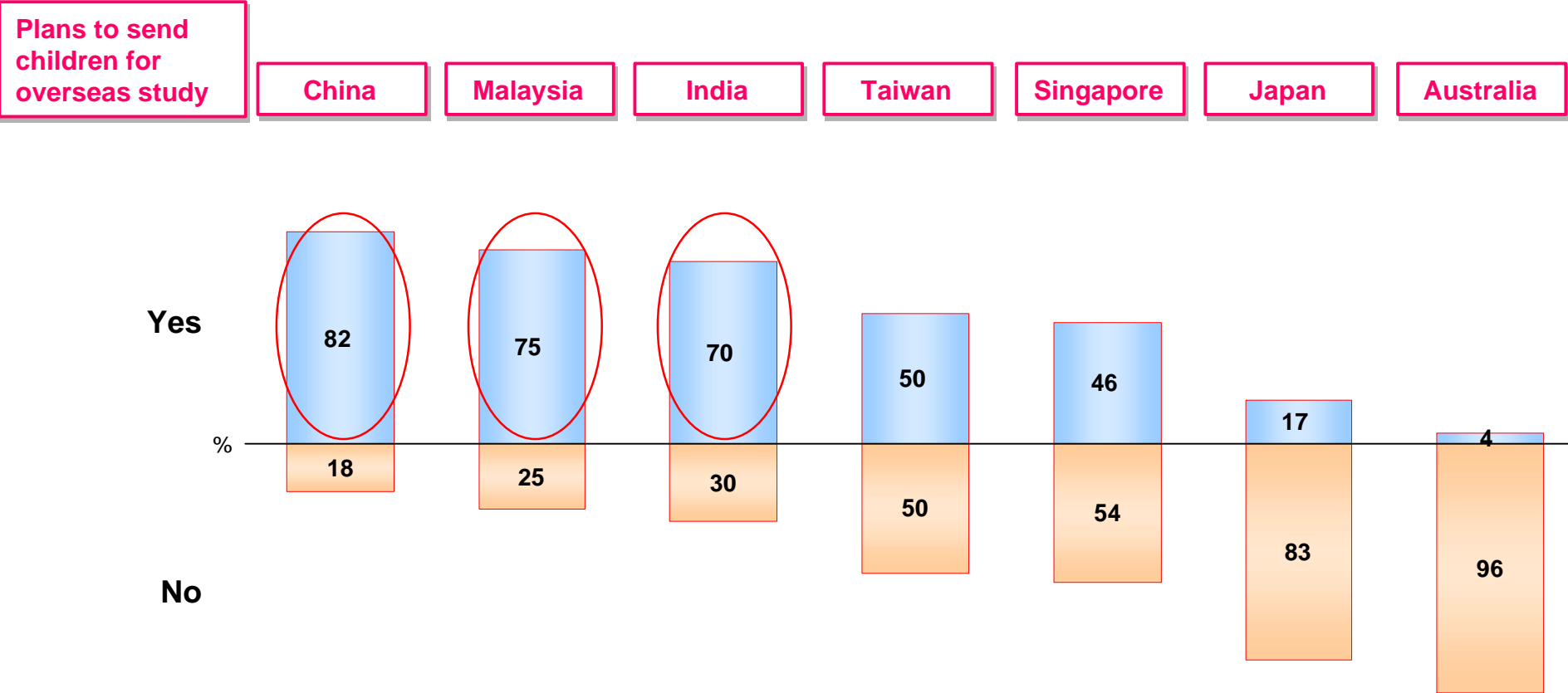


# Affluent Asians deferring luxury purchases, reducing dining and travel

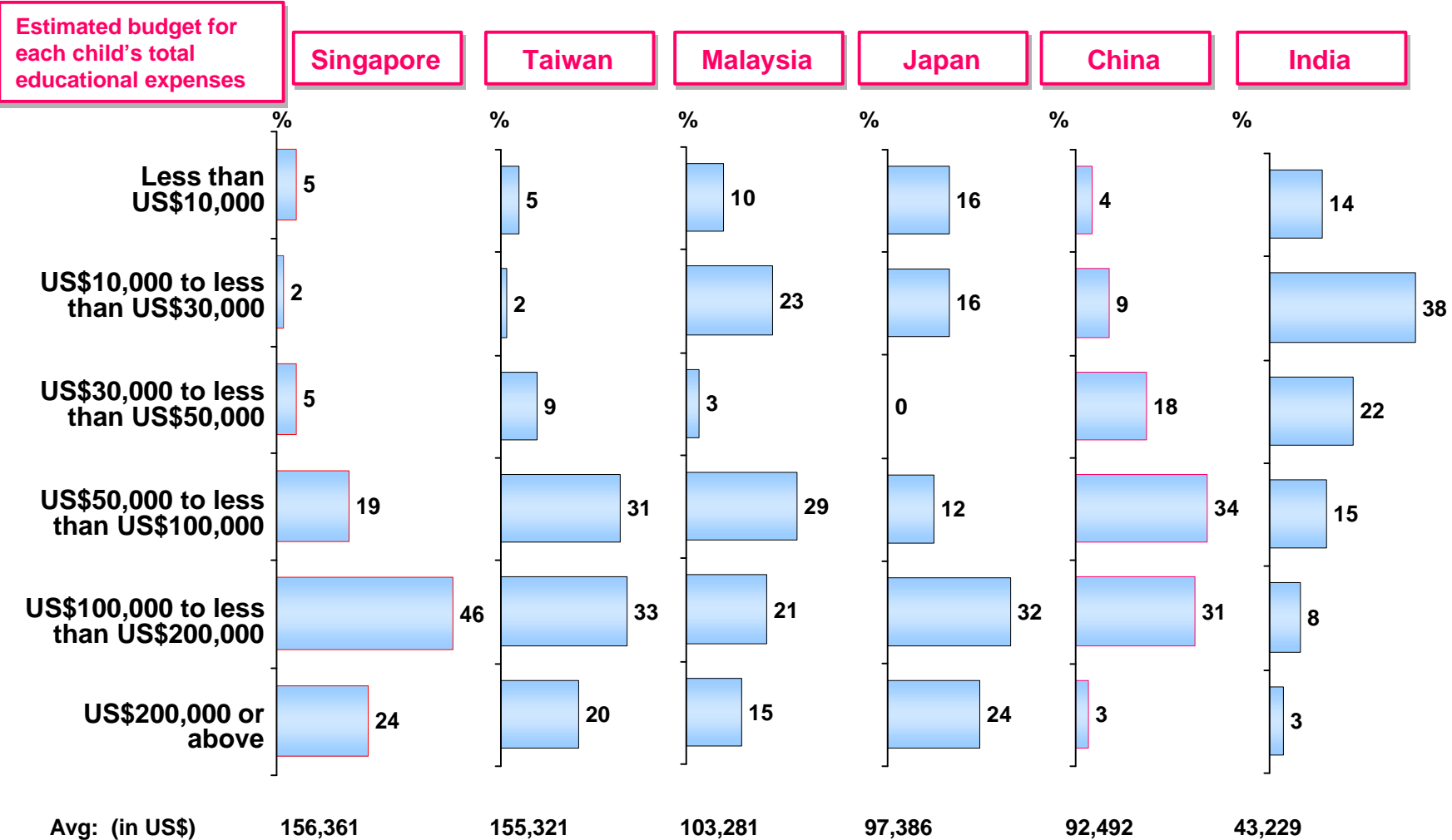


# Affluent Asian aspirations

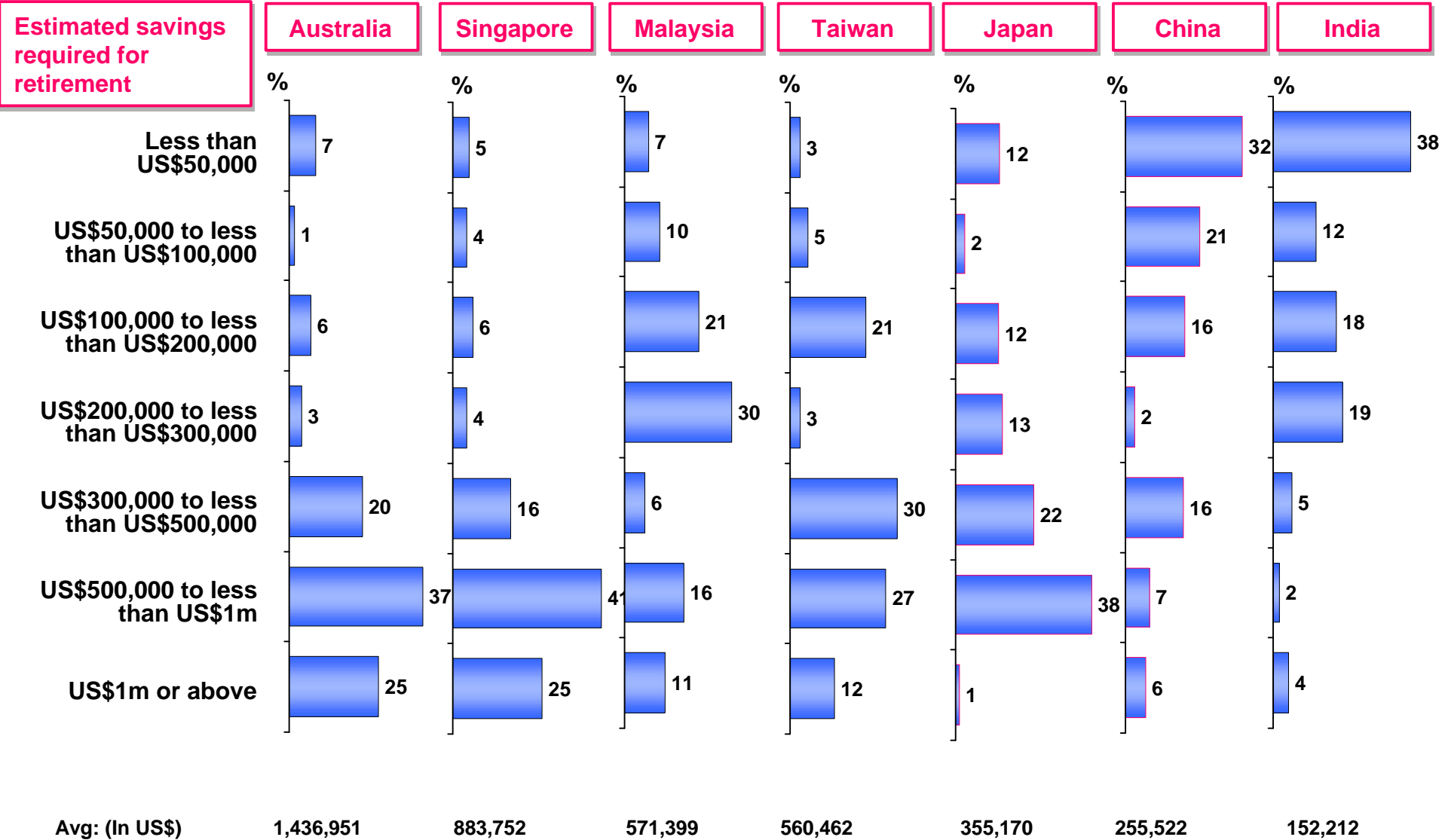
# Majority of affluent in Mainland China, Malaysia and India plan to send children overseas to study



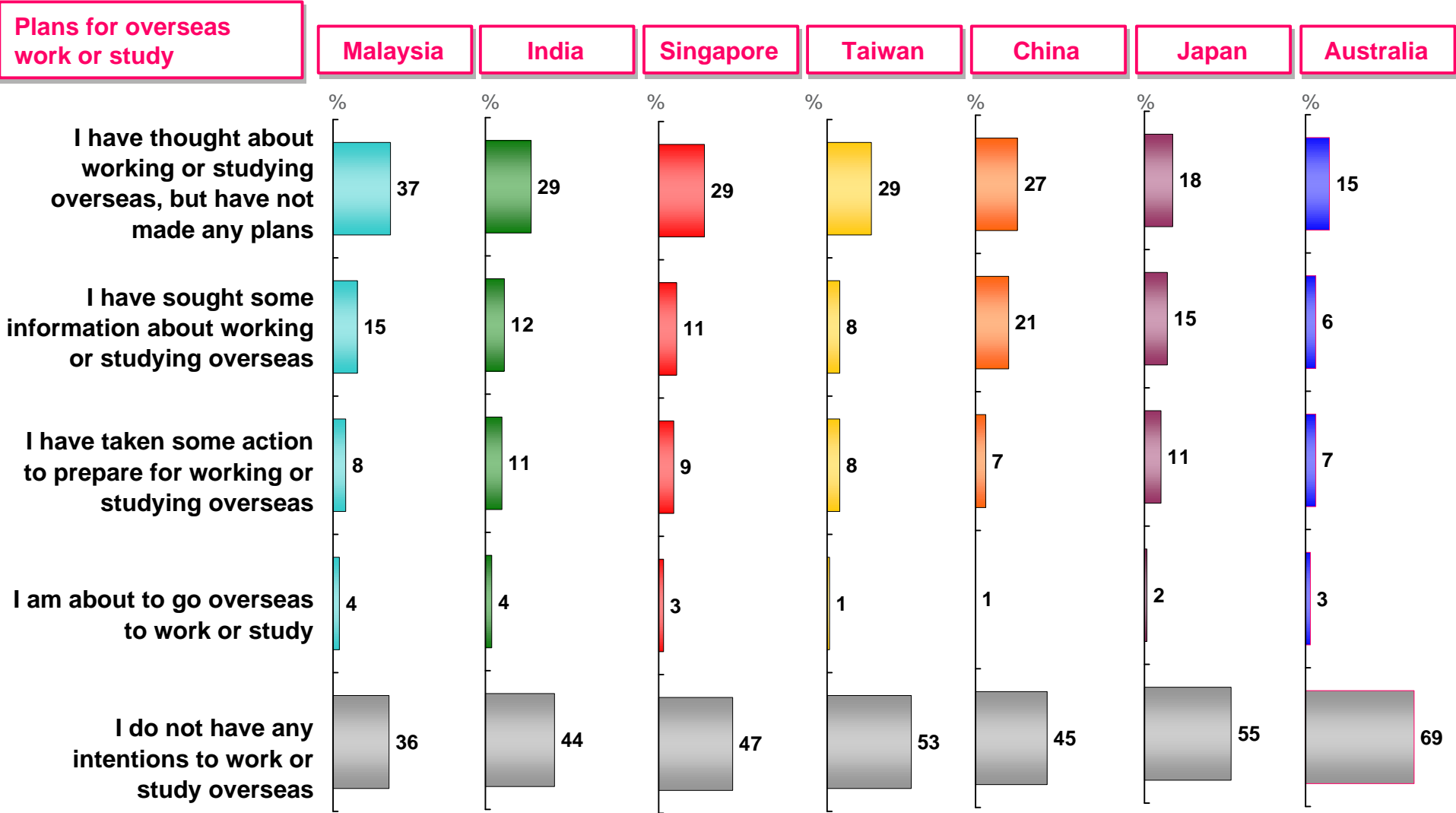
# Expected overseas education budget varies across markets, from an average of US\$43,000 in India to US\$156,000 in Singapore for each child



**For retirement, affluent Australians project they need an average of US\$1.4 million, affluent Indians would require an average of US\$152,000**



# At least half of affluent segment in Malaysia, India, Singapore and mainland China have considered working or studying overseas



Note: Figures may not total 100% due to rounding

