



# The Power of Protection

*Facing the future*

Malaysia Report

HSBC 

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# Foreword



## **Bryce Johns**

Group Head of  
Insurance, HSBC

We rarely take the time to reflect and realise what's good in our lives.

For most of us, it is our families – the main source of our happiness and our sense of belonging.

This report looks at how much family members support and depend on each other and how financially secure people are feeling.

While some people are managing well financially, others are just about managing. Many are supporting both their children and

their parents, often making sacrifices in time and money.

Despite these strong connections, many people have not had important family conversations about their long-term financial security if something life-changing were to happen to them. Even fewer have plans in place to help their family cope with the unexpected.

I hope that this report will encourage you to think and talk about what makes your life good today and what you can do to secure your family's future.

**“Many people have not had important family conversations about their long-term financial security.”**



# Key findings

73%

of people say their family's health and wellbeing is the most important thing to them for the future

57%

of people with grown-up children (over 18) are giving them regular financial support

72%

of people with living parents are giving them regular financial support

71%

of people with children would choose paying for their child's university/higher education over their own retirement fund

40%

of people supporting someone financially feel they themselves are just about managing or not managing at all well

79%

of people supporting someone financially say their family would not manage well if they had to significantly reduce their support to them

54%

of people supporting someone financially do not have insurance that would pay them a regular sum if they had a serious illness or accident which prevented them from working

19%

of people supporting someone financially have never had a conversation with anyone about long-term financial security if something were to happen to them





**Family matters**

# What's good?



## What's most important for the future?

My family's health and wellbeing

73%

Providing for my own or my family's future financial security

50%

Achieving my and my family's aspirations

34%

Family is a huge part of our lives and a source of great happiness.

Nearly three-quarters (73%) of people say that their family's health and wellbeing is the most important thing to them for the future.

Half (50%) say that providing for their own or their family's future financial security, and 34% achieving their own or providing for their family's aspirations, are the most important things.



*Q. What's most important to you for the future? (Base: All)*



# Family is for life

Putting family first often means providing regular financial support to them.

More than four in five (84%) people are giving regular financial support to someone in their family.

A similar proportion (83%) are supporting their children under 18 financially, while nearly three in five (57%) of those with grown-up children are supporting them financially.

Almost three-quarters (72%) of those with living parents are providing regular financial support to them.

## Providing regular financial support to the family

# 84%

to someone in their family

# 83%

to their children under 18

# 74%

to their children (any age)

# 57%

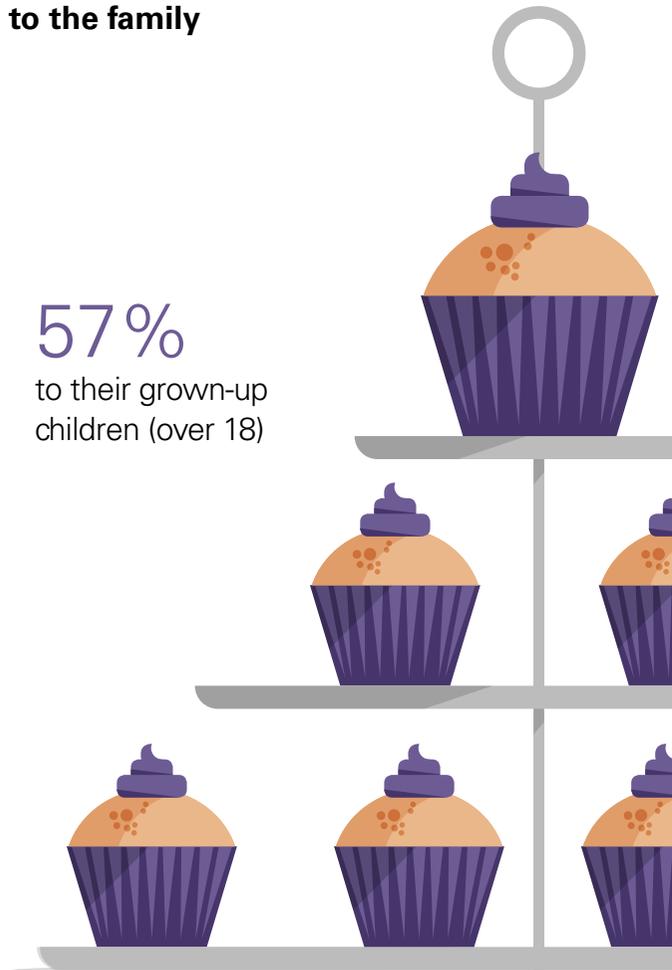
to their grown-up children (over 18)

# 72%

to their parents

# 58%

to their partner



*Q. Are you giving regular financial support to any of the following? A. Someone in their family (Base: All), A. Children any age (Base: All with children of any age), A. Parent or partner's parents (Base: All with parents), A. Partner (Base: All with a partner), Children under 18 (Base: All with children under 18), A. Children over 18 (Base: All with children over 18)*



# Family commitments

Providing this level of support for family members can take a toll on people's finances, lifestyle and emotional wellbeing.

People regularly supporting someone financially in their family are spending over half (54%) of their disposable income on others.

Among those with children under 18, two-fifths (40%) of their disposable income and non-working time is spent on their children.

Even people financially supporting grown-up children spend a third (33%) of their disposable income on them and 31% of their non-working time doing things for them.

People financially supporting parents are spending similar proportions of their disposable income (26%) and non-working time (25%) on them.



*Q. In a typical month, after you've paid your bills and necessary outgoings, what proportion of your remaining income do you spend on? Please exclude money that you may be saving or investing each month for you or others. Q. In a typical month (excluding work/employment), approx. what proportion of your time do you spend doing things with or for? (Base: All providing regular support to children under 18, all providing regular support to children over 18, all providing regular support to parents)*

# Appreciation and anxiety

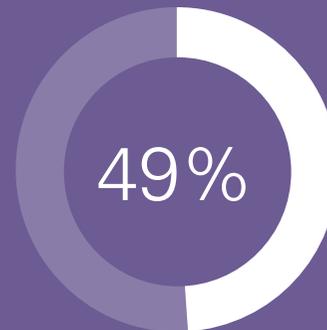


Supporting family members financially can be a strain as well as a source of satisfaction.

Almost half (49%) of people have put off their own aspirations to support others and feel guilty spending money on themselves instead of using it to help their family.

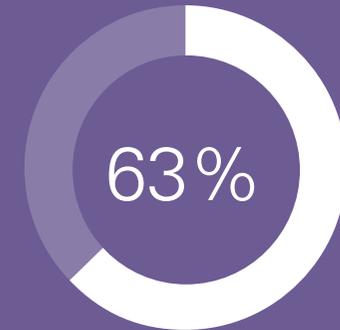
However, over three-fifths (63%) believe that they are a good provider for their family and feel appreciated for the support they give others (62%).

## Emotional strain

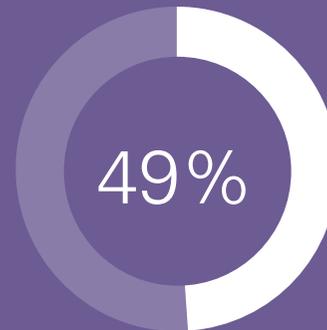


I've put off realising my own aspirations to support others

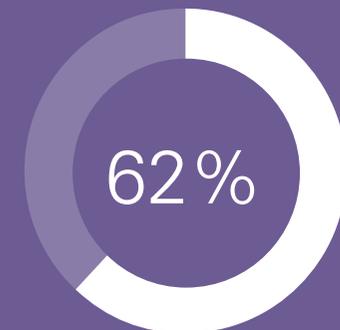
## Feel good factor



I feel like I'm a good provider for my family



I feel guilty spending money on myself when I should be using it to help my family



I feel appreciated for the support I give others

*Q. To what extent do you agree or disagree with the following statements? A. Agree somewhat or strongly (Base: All providing regular support to someone in their family)*



# Financial pressures

Supporting family members can come at a cost.

Nearly half (45%) of people financially supporting someone in their family say they have had to cut back on treats for themselves, while 36% have less money to do what they want.

Almost a third (30%) have had to withdraw money from their savings or investments to support their family.

Nearly a quarter (23%) of people feel financially drained.

## Financial impact of providing regular financial support to someone in the family

I've had to cut back on treats for myself



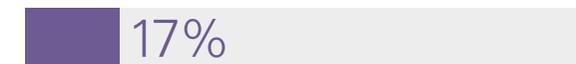
I feel financially drained



I've got less money to do what I want to do



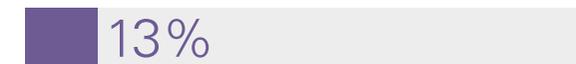
I've incurred more debt



I've had to withdraw from my savings/investments



I've had to increase my hours or take on a full-time job



*Q. What financial impact, if any, has providing this support had on you?  
(Base: All providing regular support to someone in their family)*



# Life support

Providing financial assistance to family members can mean covering costs in areas which may not have been anticipated.

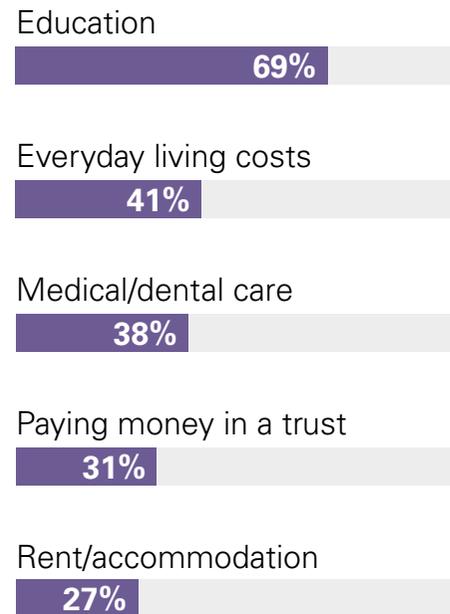
People are supporting their grown-up children with everything from education (69%) to everyday living costs (41%) and medical and dental care (38%). However, parents have different attitudes when it comes to supporting their

grown-up children. Nearly two-thirds (64%) of those supporting their grown-up children believe they should stand on their own two feet financially.

The most significant way that people financially support their parents (74%) is with everyday costs such as utility bills, buying groceries and home repairs.

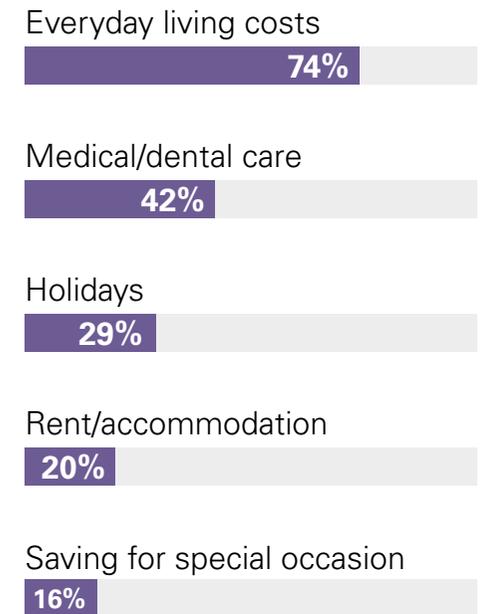
## 57%

of people with grown-up children are giving them regular financial support with...



## 72%

of people with parents are giving them regular financial support with...



*Q. Are you giving regular financial support to any of the following? A. Children over 18. (Base: All providing regular support to children over 18) A. Parent or partner's parents. (Base: All providing regular support to parents)*

*Q. Do you give any of the following types of financial support to... ? (Base: All providing regular support to children over 18, All providing regular support to parents)*

*Q. We'd now like you to imagine some situations and think about what you'd do. Which of the following do you most agree with? A. I think my adult children should stand on their own two feet financially. (Base: All providing regular support to children over 18)*



# Tough choices

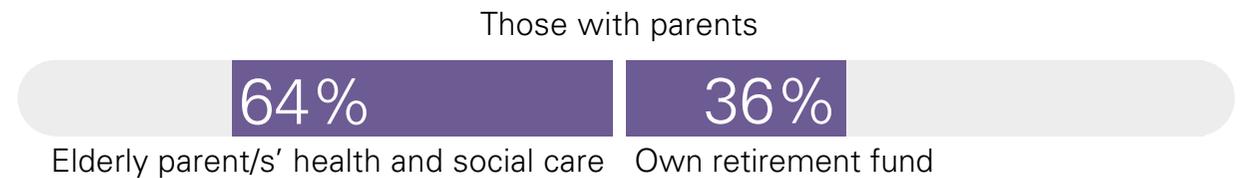
Supporting others in your family can mean having to make some hard financial choices.

If people had to choose between paying for their children's university/higher education over their own retirement fund, over seven in ten (71%) would choose to support their children.

Nearly two-thirds (64%) would prioritise paying for their elderly parents' health and social care over paying into their own retirement fund.

This choice is even harder for people with both children and parents.

## If they had to choose, people would prioritise their family over themselves



*Q. And, if you were in a situation where you could only pay for one of the following, what would you choose?  
(Base: All with children of any age, All with parents, All with children any age and parents)*



**Financial ups and downs**



# Managing today

There are varying degrees of financial security among people giving regular financial support to someone in their family.

## How financially secure do you feel today?



Managing well or very well

23%



Managing quite well

37%



Just about managing on a day-to-day basis

30%



Not managing at all well or just about managing with support from family or social benefits

10%



Q. How financially secure do you feel today? (Base: All providing regular support to someone in their family)

# Managing tomorrow?



The expectations of people at the two ends of the financial security spectrum suggest increasing polarisation.

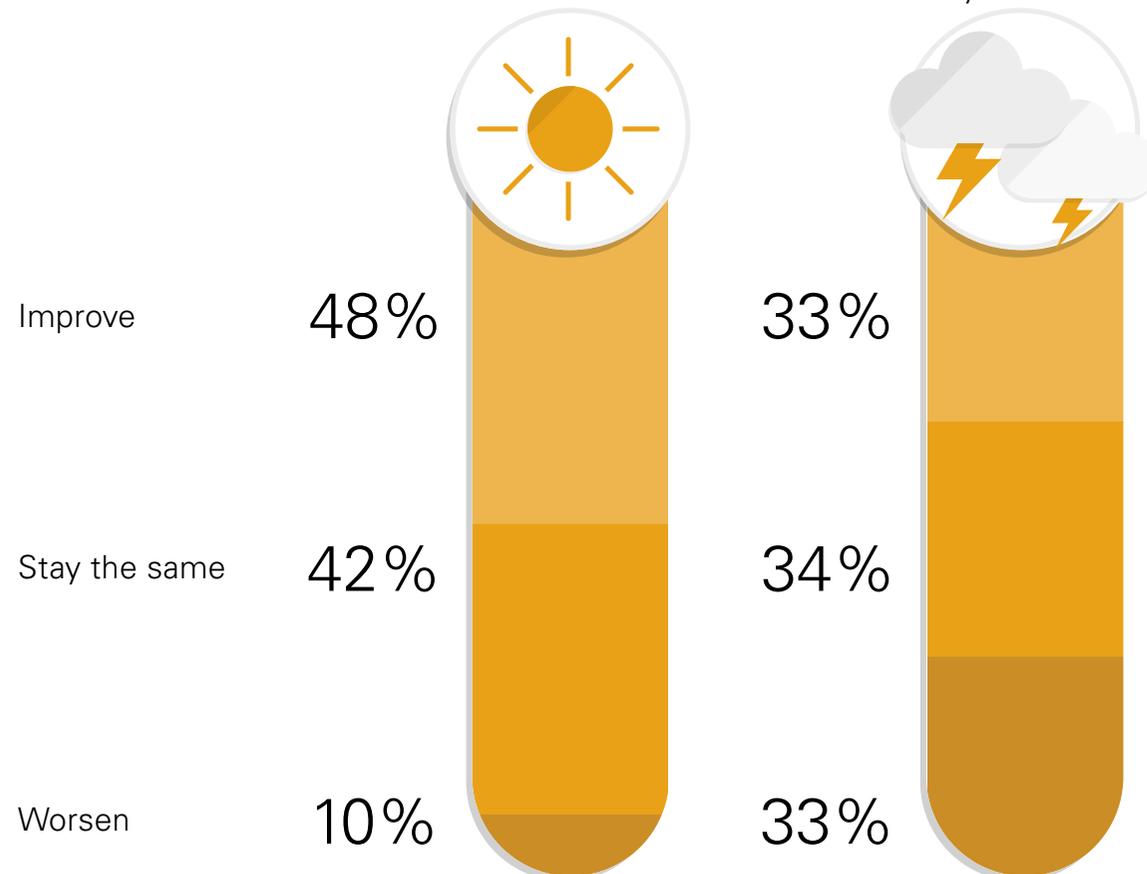
Almost half (48%) of people supporting someone in their family and managing well or very well expect their situation to improve in the next three years.

This compares to a third (33%) of those not managing at all or only managing with support from family or social benefits who think that their position will worsen.

## Financial outlook in the next three years

Managing well or very well

Not managing at all well or just about managing with support from family or social benefits



*Q. Do you think that your financial position in the next three years will...  
(Base: All providing regular financial support to someone in their family and managing well or very well. All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits)*



# Unforeseen risks

Life carries many risks which can put people's financial security under pressure, especially those supporting someone in their family.

The most impactful risks they see are a sharp increase in the cost of living (46%), an economic downturn in my country (38%) or becoming unemployed (35%).

Nearly three in ten (28%) say that they, or their partner or family member, developing a serious illness such as cancer would impact their financial security.

## Risks seen as most impactful to financial security

46%

Sharp increase in cost of living

38%

Economic downturn in country

35%

Becoming unemployed

28%

Developing a serious illness  
e.g. cancer

28%

Partner or family member becoming seriously ill



*Q. Which of the following do you think would most impact your financial security if they were to happen to you? A. Ranked 1st, 2nd or 3rd  
(Base: All providing regular financial support to someone in their family)*



# Knock-on effects

Unexpected life events can have knock-on financial consequences for the whole family.

Fewer than a quarter (22%) of people supporting someone in their family say their dependants would not manage at all financially if they developed a long-term illness or disability, or if they themselves were unable to work.

Just over one in five (21%) expect their dependants would manage well if they had to significantly reduce their level of financial support to them.



My family would manage well

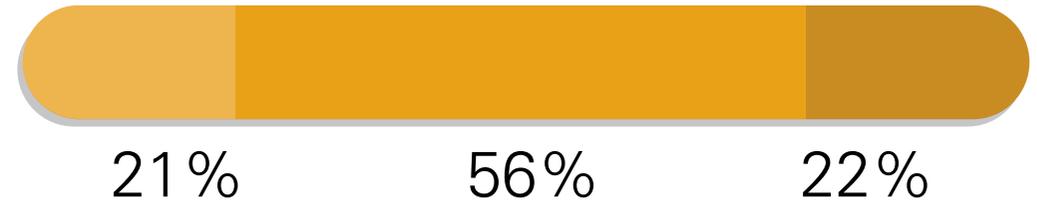


My family would just about manage

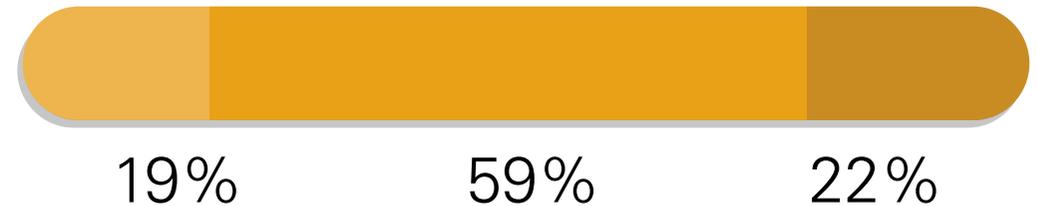


My family wouldn't manage at all

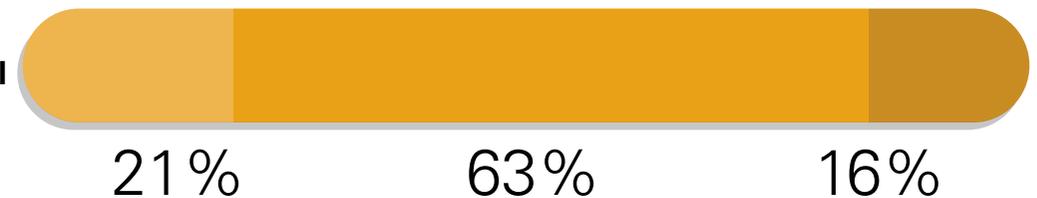
**If you developed a long-term illness or disability**



**If you were unable to work**



**If you had to significantly reduce your level of financial support to them**



*Q. How well would those who depend on you manage financially if any of the following were to happen to you?  
(Base: All providing regular financial support to someone in their family)*



# Planning for the unexpected

Many people supporting someone in the family do not have insurance in place if something unexpected were to happen to them.

More than half (54%) do not have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working.

Fifty-three per cent do not have a policy that would pay them a lump sum to take care of their family in the event of death.

A similar proportion (52%) do not have a policy that would pay them a lump sum if they contracted a serious illness such as cancer.

## Among people providing regular financial support to someone in the family...

54%

don't have a policy that would pay them a regular sum if they had a serious illness or accident which prevented them from working

53%

don't have a policy that would pay out a lump sum to take care of their family in the event of death

52%

don't have a policy that would pay them a lump sum if they contracted a serious illness such as cancer



*Q. Finally, which of these insurance products or benefits do you currently have or would consider in the future?  
(Base: All providing regular financial support to someone in their family)*



**Let's talk**



# Important conversations

Among people who are supporting someone in their family, those who are managing well financially are more likely to have had a conversation about long-term financial security should something happen to them, than those who are not managing well.

Just under one in five (19%) of those supporting someone financially have never had this conversation with anyone while just

under a third (32%) of parents have had a conversation about long-term financial security with their children.

Fewer than one in ten (8%) have spoken with a professional adviser.

Reluctance to talk about what might happen in the future may help to explain why most do not have insurance in place.

19%  
have never had a conversation with anyone about long-term financial security should something happen to them

## Among people providing support to someone in their family...



10%  
of those managing well financially have never had a conversation



24%  
of those not managing well financially have never had a conversation

*Q. Have you spoken with any of the following about long-term financial security if something were to happen to you? A. Your children (Base: All with children of any age). A. Never had this conversation, A professional adviser (Base: All providing regular financial support to someone in their family). A. Never had this conversation (Base: All providing regular financial support to someone in their family and managing well or very well; All providing regular financial support to someone in their family and not managing at all well or just about managing with support from family or social benefits)*



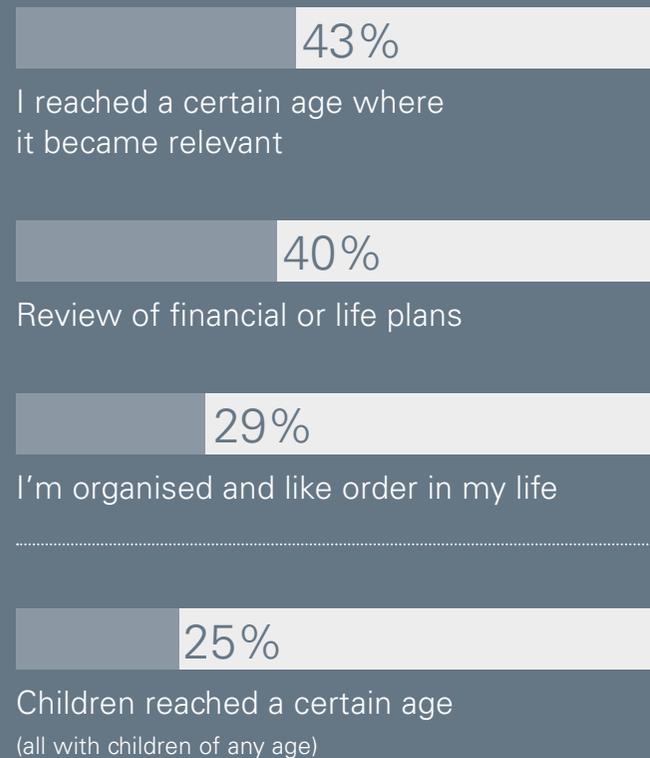
# Triggering the conversation

Among people financially supporting someone in their family there were different triggers for those who had a conversation about long-term financial security should something happen to them.

For just over two-fifths (43%) reaching a particular age when it became relevant was a key trigger for the conversation. For a quarter (25%) who are parents, their children reaching a certain age prompted them to have this conversation.

Discussing long-term financial security comes more naturally to some than others. Two in five (40%) initiated a conversation as a result of reviewing their financial or life plans and more than a quarter (29%) had the conversation because they are organised and like order in their life.

## Top triggers for an important conversation



*Q. And what led you to have this conversation [about long-term financial security if something were to happen to you]?*

*(Base: All providing regular support to someone in their family)*

*A. Children reached a certain age (Base: All with children of any age)*



# Futureproofing

When it comes to making specific provisions for the future, only just over a quarter (26%) have a will or testament should anything happen to them.

Even fewer have a power of attorney (22%) in place to make financial or legal decisions on

their behalf, and just over one in five (21%) have a legal guardian in place to look after any dependants.

Almost a quarter (24%) who are parents have money set aside to leave to their children to ensure their financial security.

## Among people providing regular financial support to someone in the family...

26%

have a will or testament

22%

have a power of attorney

21%

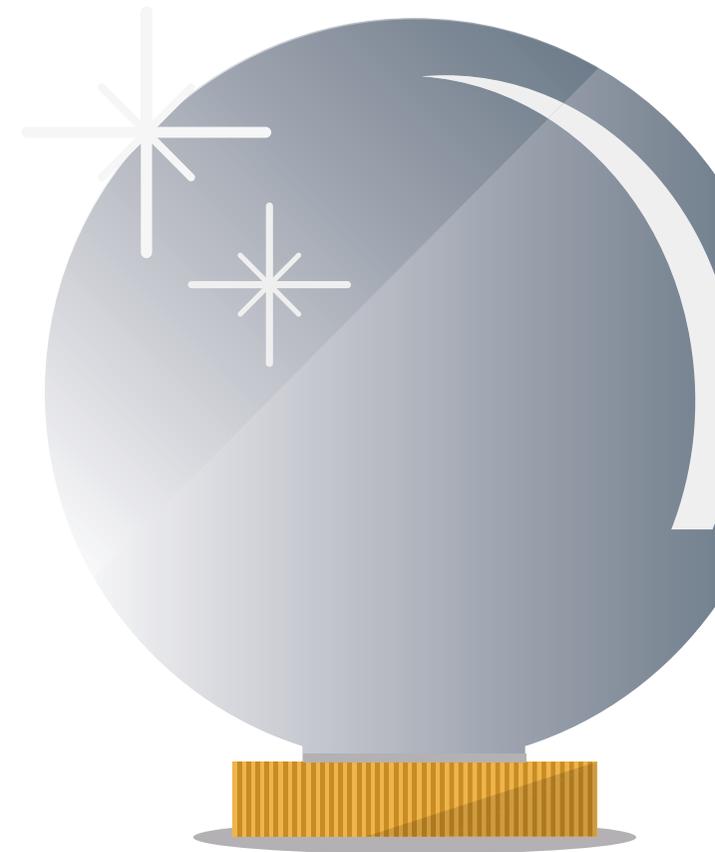
have a legal guardian in place

24%

have money to leave to their children to ensure their financial security

(all with children of any age)

*Q. Which of the following, if any, do you have in place now? (Base: All providing regular support to someone in their family)  
Q. And which of these apply to you? (Base: All with children of any age)*





# Practical steps

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

## 1

### **Identify your priorities**

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*73% of people say their family's health and wellbeing is the most important thing to them for the future.*

Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don't neglect your own aspirations when planning for the future.

## 2

### **Assess your finances**

---

*40% of people supporting someone financially feel they themselves are just about managing or not managing at all well.*

Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

## 3

### **Plan for the whole family**

---

*79% of people supporting someone financially say their family would not manage well, if they had to significantly reduce their support to them.*

Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

## 4

### **Talk about the future**

---

*90% of people who are supporting someone yet managing well financially have had a conversation about their long-term financial security.*

Make time to talk to your family about the future. Discuss what could happen to them if you experience a life-changing event and what financial safeguards you have in place. If you need help, seek professional advice.

# 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.

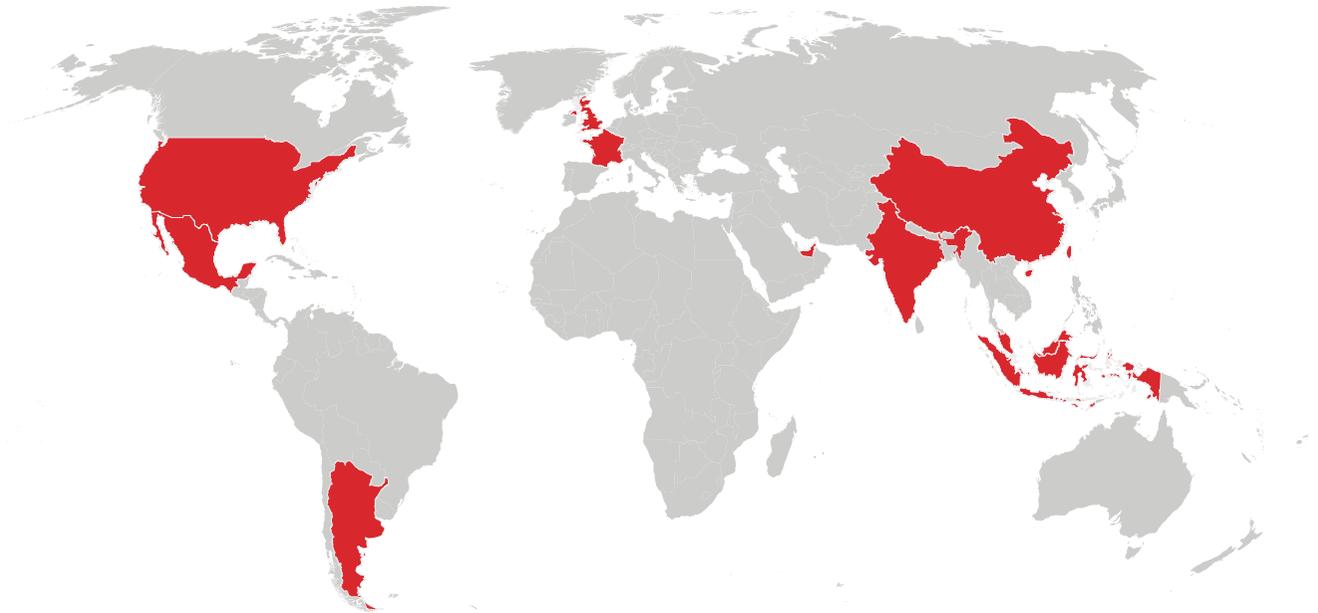
This report, *Facing the future*, is the third in the series and represents the views of 13,122 people in 13 countries.

Since The Power of Protection study began in 2016, more than 30,000 people have been surveyed worldwide.

## Survey

The findings in this report are based on a survey of 1,000 people in Malaysia aged 25 and over from a nationally representative online sample. The research was conducted by Kantar TNS between March and May 2017.

Figures have been rounded to the nearest whole number.



The 13 countries and territories are:

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



## About HSBC

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