

End of pandemic support and higher inflation driving increased financial strain across Asia, according to new Principal® survey

Research finds lower levels of savings, higher levels of debt hampering populations' ability to set and achieve long-term retirement goals across Singapore, Hong Kong and Malaysia

Hong Kong, June 20, 2023 – Against the backdrop of rising inflation and the end of pandemic-related financial support from governments and employers, 40% of people surveyed across Singapore, Hong Kong, and Malaysia are not confident they can manage their finances without additional financial assistance according to new research from Principal Financial Group®.

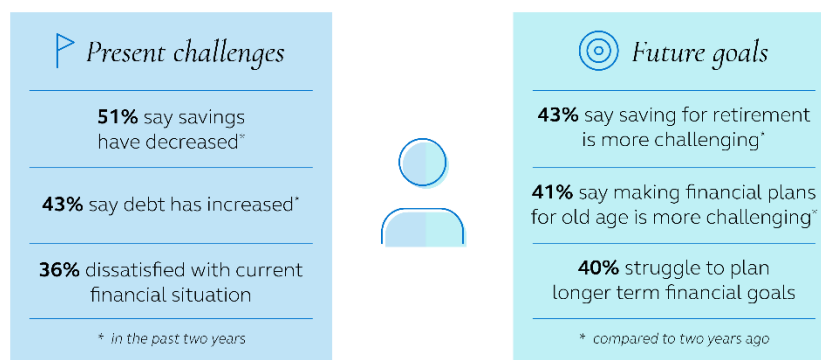
To assess populations' perceptions of financial inclusion, Principal fielded a survey of 1,500 respondents across Singapore, Hong Kong and Malaysia as a precursor to the second annual Global Financial Inclusion Index, which will be released this fall. The study found that macroeconomic headwinds have begun to impede people's ability to save for retirement and plan for their financial future.

"Across Hong Kong, Malaysia, and Singapore, people are increasingly challenged to balance today's needs against planning for the future," said Thomas Cheong, president of Asia for Principal. "Between high inflation and rising interest rates, macroeconomic and socioeconomic factors are having a greater impact on individuals' sense of financial stability than they did before the pandemic. Considering this, Principal is focused on how we can help clients and customers, not only through our products and services, but through our philanthropic partnerships as well."

Falling savings and rising debts put strain on day-to-day costs

Over the last two years, over half (51%) of people surveyed across all Asia markets said their savings had decreased and 43% said their debt levels had increased, making it harder to meet everyday expenses. Over a third (34%) of respondents say it is harder today to afford daily bills, such as mortgage, energy, insurance and fuel expenses, than it was two years ago. The same proportion (34%) are finding it harder to pay an unexpected expense without borrowing money or asking friends and family for help.

Balancing saving for the future with managing immediate needs



In the face of present-day financial challenges, a growing proportion are faced with the hard choices of balancing present-day financial pressures with planning for the future and rainy-day and retirement savings. Across all markets, 43% agree that saving for retirement is now more challenging and 40% are struggling to set financial plans for old age and plan longer term financial goals. Half of respondents (50%) also feel family members are more reliant on them financially than they were two years ago, therefore, difficulties in saving for the long term may also be explained by the increased financial demands of caring for elderly relatives and affording childcare costs.

What kind of support would help people feel more financially included?

Extending or making permanent pandemic-related financial support provided by the government.

32%

Increasing financial assistance to support with the cost of looking after elderly relatives.

29%

Higher contributions towards pensions from the government.

25%

Higher contributions towards pensions from employers.

20%

As crisis financial support ends, employers have a greater role to play

Around one in three (36%) respondents are dissatisfied with their current financial situation and many feel in a materially worse financial position today compared to before the pandemic and the subsequent global rise in the cost of living.

When asked what, if anything, would be the most useful in helping people feel more financially supported, 21% would like to see higher contributions towards their pension from their workplace. These findings suggest employers have a role to play. Changes to the future of work can also make a difference, offering people greater flexibility to care for their families with 21% saying extending or making permanent flexibility in work location and working hours would be beneficial.

“Looking to the future, we hope understanding the economic struggles and financial situations of those in Hong Kong, Malaysia, and Singapore will help governments, financial institutions, and employers ascertain how they can work together to drive positive change through effective policies and programs,” adds Cheong. “As a firm with global pension and retirement expertise, this study reinforces our commitment to help more people access financial security through advice and encouraging clients to start early and be disciplined in saving consistently.

More information on the survey findings is available here. The second annual [Global Financial Inclusion Index will be released this fall.](#)

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with 19,000 employees¹ passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we're helping more than 62 million customers¹ plan, protect, invest, and retire, while working to support the communities where we do business, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of America's 100 Most Sustainable Companies², a member of the Bloomberg Gender Equality Index, and a "Best Place to Work in Money Management³." Learn more about Principal and our commitment to building a better future at [principal.com](https://www.principal.com).

¹ As of March 31, 2023

² Ethisphere, 2023

³ Pensions & Investments, 2022

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The Global Financial Inclusion Index

Examining the foundational elements of financial security



The Global Financial Inclusion Index is sponsored by Principal Financial Group and created in partnership with the Center for Economics and Business Research.

The Asia consumer pulse is a snapshot of consumer sentiment in Singapore, Hong Kong, and Malaysia across three pillars of financial inclusion—government, financial system, and employer support—which represent the key stakeholders responsible for promoting financial inclusion across the population. The consumer pulse surveyed 1,500 respondents (500 in each market) across Singapore, Hong Kong, and Malaysia as a precursor to the second annual Global Financial Inclusion Index, which will be released in Q4 2023.

Hong Kong snapshot

Against the backdrop of rising inflation and the end of pandemic-related financial support from governments and employers, 39% of people across Hong Kong are not confident they can manage their finances without additional financial assistance.

Rising debts put a strain on managing day-to-day costs, impeding people's ability to save money.

How, if at all, has your financial situation changed over the past two years regarding the following factors?	Increased	Decreased	No change
Level of savings	37%	48%	14%
Expenses related to family care responsibilities	59%	20%	18%
Debt levels	37%	20%	29%
Level of disposable income for leisure/ non-essential activities	32%	50%	16%
Ability for my income to cover my living expenses	43%	38%	17%

To what extent do you agree or disagree with the below statements, regarding how the below factors are now, compared to two years ago?	Agree	Disagree	Neither
The cost of living has increased	81%	7%	12%
It is harder to access loans or lines of credit	46%	14%	38%
The job market is more competitive	63%	12%	25%
The economic outlook is more uncertain	67%	10%	22%
Family members (for example elderly relatives) are more financially reliant on me	51%	16%	32%
I am satisfied with my present financial situation	39%	30%	29%

Balancing saving for the future with immediate needs is increasingly difficult.

Do you find the following actions easier or more difficult today compared with two years ago?	Easier	Difficult	Neither
Affording daily bills (For example, mortgage costs, energy bills, insurance, fuel, etc.)	34%	35%	30%

Paying an unexpected expense without borrowing money or asking friends and family for help	28%	30%	31%
Starting a business	26%	40%	17%
Increasing personal savings	31%	48%	19%
Saving for retirement	28%	42%	23%
Affording care for elderly relatives	27%	39%	25%
Setting long term financial goals and striving to achieve them	29%	42%	26%
Making financial plans for your old age	29%	37%	27%

As pandemic-related financial support ends, employers have a greater role to play.

During times of economic stress (for example, during the COVID-19 pandemic or major spikes in inflation) how effective, if at all, do you think the following institutions are in ensuring people across all segments of society receive the necessary financial support?	Effective	Not effective
Government	67%	33%
Financial system	66%	34%
Employers	66%	34%

What, if anything, would be the most useful in helping people in Hong Kong feel more financially supported? Top three responses:

1. 30%: Extending or making permanent pandemic-related financial support provided by the government
2. 29%: Higher contributions towards pensions from the government
3. 28% Increasing financial assistance to support the cost of caring for elderly relatives

Find more information on the survey findings at our [website](#). The second annual Global Financial Inclusion Index will be released Q4 2023.

To read our research summary and learn more about the Global Financial Inclusion Index, visit principal.com/financial-inclusion

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