

10<sub>Years</sub> PeakRe >



# Emerging Asia's rising middle class

# About Peak Re

Peak Reinsurance Company Limited ("Peak Re" or "the Company") is a Hong Kong-based global reinsurance company. Since commencing its operations in 2012, the Company has grown steadily to rank 27th among global reinsurance groups in terms of net reinsurance premiums written<sup>(1)</sup>. In the year ending 31 December 2021, Peak Re reported gross and net written premiums of USD2,145 million and USD1,794 million, respectively. With total equity of USD1,470 million as of 31 December 2021, Peak Re enjoys an "A-" rating by AM Best.

Peak Re is authorised by the Insurance Authority of Hong Kong under the Insurance Ordinance (Cap. 41). The Company offers both Property & Casualty ("P&C") and Life & Health ("L&H") reinsurance. It strives to provide clients around the globe with innovative and tailored reinsurance, risk management and capital management solutions.

Fosun International Limited (00656.HK) and Prudential Financial, Inc. hold approximately 87% and 13% of Peak Re via Peak Reinsurance Holdings Limited, respectively.

PeakRe >

## What makes us special?

### 1 Culture

Our culture encourages entrepreneurial spirit and values open and curious mindsets that feed fresh thinking and innovation.

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# Foreword

With inflation firmly on a rising trajectory amid looming recession threats, with multiple heatwaves ravaging the world, and with geopolitical tensions remaining elevated, there is no denying that the enormity of these challenges can be a serious and tangible concern for governments as well as corporations. This is even more relevant for the insurance industry, which is intimately impacted by the shifting risk landscape. What inflation will mean for insurance claims, or how climate change is increasing the frequency of heatwaves, are key elements in managing sustainable insurance operations. An additional critical element is the understanding of the fundamentals of insurance demand.

Without a doubt, Asia, particularly emerging Asia, will remain a powerhouse of insurance growth and demand in the coming decades. Despite cyclical economic challenges, emerging Asia is expected to remain the fastest growing region in the world in the next decade. Alongside rising income and more people moving into the middle-class rank, we will see significant opportunities for insurers to offer risk mitigation and protection.

But how much do we know about the Emerging Asian middle-class? This is not a rhetorical question, but a pragmatic one, hinging on reliable and actionable information. With this in mind, Peak Re has embarked on a comprehensive survey to explore the attitude and behaviours of the

emerging Asia middle-class, covering 6,500 consumers from seven emerging markets in the region and three more mature markets as benchmarks. A wide selection of topics, including aspirations, healthcare, work life, children and education, mobility, technology, leisure and entertainment, were covered by the survey, in order to put together an up-to-date, broad, and intuitive picture of the middle-class in the region.

Given the region's diversity and the changing identity of the middle-class, more effort will be needed to better understand this segment of society. However, we hope this publication will provide you with some food for thought and generate a quality dialogue so we as an industry can collectively better serve this important segment. Ultimately, this market segment will need our support in the future to close its existing protection gaps.

I hope you will enjoy this data compilation, and please get in touch with your Peak Re contact, if you have any questions, feedback or suggestions.



**Franz Josef Hahn**

CEO, Peak Re



# Introduction

Emerging Asian markets accounted for less than 5% of global output in 1990, which has since risen to 26% in 2022. The outlook is sanguine, despite cyclical challenges. This, in turn, supports the rise of an ever-growing middle class in the region. According to a study by McKinsey & Company, Asia could drive half of the future global consumption growth to 2030, with a key contributor being the region's emerging middle-class.

Understanding the usage, behaviour and attitude of middle-class Asians is thus of paramount importance to the successful tapping of this vital market segment. These aspiring consumers direly need insurance protection as they begin to accumulate wealth and assets and make plans for their children's education and retirement.

In partnership with Intuit Research, Peak Re conducted a regional survey in March-April 2022 to gauge the unique features of the Emerging Asian middle-class (see Background & methodology section). The results are intended to facilitate a better understanding of this important segment's needs and preferences, and stimulate dialogues among stakeholders to serve these consumers better. The results are presented in a data compendium, as we believe open-mindedness is important to foster informed decisions. Wherever appropriate, we draw comparisons with the middle-class in Mature Asia to highlight key differences.

This yields many interesting observations. For example, there are clear signs of optimism for Emerging Asia middle-class regarding their financial well-being, social mobility and success of their children compared to their counterparts in Mature Asia. They are also more health conscious and more inclined to adopt healthy actions, yet they are acutely aware of the severe financial stress from medical events. Similarly, in personal finance, Emerging Asia middle-class are more confident about their financial literacy and are more disciplined in spending and saving. This optimism is reflected in more of them having the ambition to become an entrepreneur or expecting better work-life balance offers from employers.

To summarise the vast troves of information and insights in a few paragraphs is almost mission impossible. More importantly, the connection to business and informed decisions will primarily be firm-specific. To this end, Peak Re will follow up with a more granular digest of each of the thematic topics covered in this compendium.



# Background and methodology

# Background & methodology

## Background

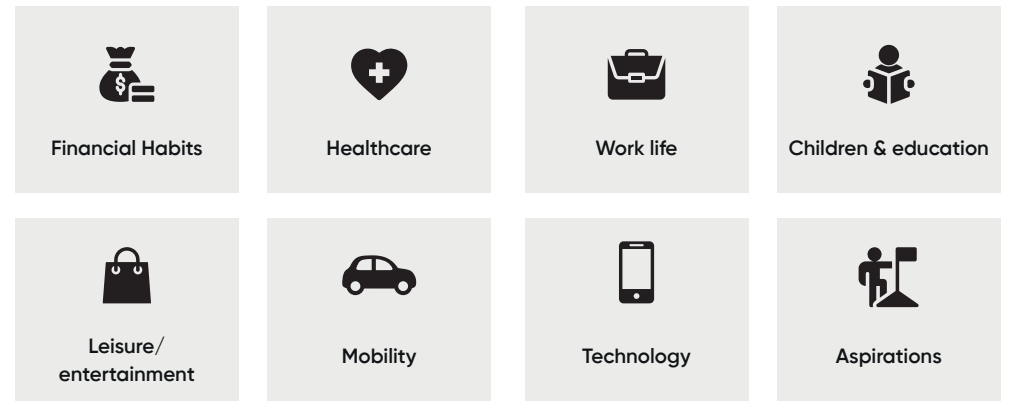
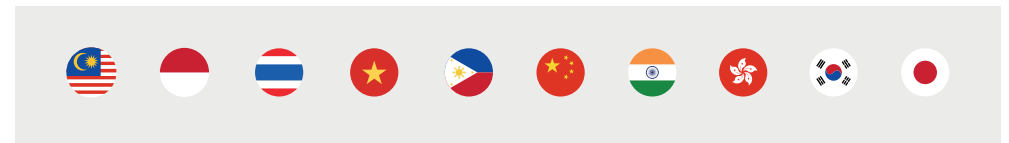
- ✓ Peak Re's mission is to support the needs of communities and emerging middle-class consumers in Asia and around the globe.
- ✓ To this aim, Peak Re decided to create original thought leadership focused on the emerging Asian middle-class. It invested in conducting an original, primary research study, interviewing thousands of consumers across emerging Asia.

## Research coverage

- ✓ Usage, behaviour and attitude of middle-class Asians towards financial habits, healthcare, work life, children & education, mobility, technology, leisure/entertainment and aspirations.

## Research design

- ✓ Sample size: Emerging Asia n=5,000, Mature Asia=1,500 (for comparative purposes)
- ✓ Emerging Asia: Malaysia, Indonesia, Thailand, Vietnam, Philippines, China, India; Mature Asia: Hong Kong, Japan, Korea
- ✓ Online surveys using consumer access panels
- ✓ Surveys conducted from 28 March to 22 April 2022



## Target group

- ✓ Middle-class consumers aged 25-50 year old
- ✓ The middle-class was defined for this study as any household with an income between 2/3 and 3x the local median household income\*

\*For India the upper limit was put at 4x median income and for China at 5x median income to avoid excluding too many consumers



01

# Aspirations and Social Mobility



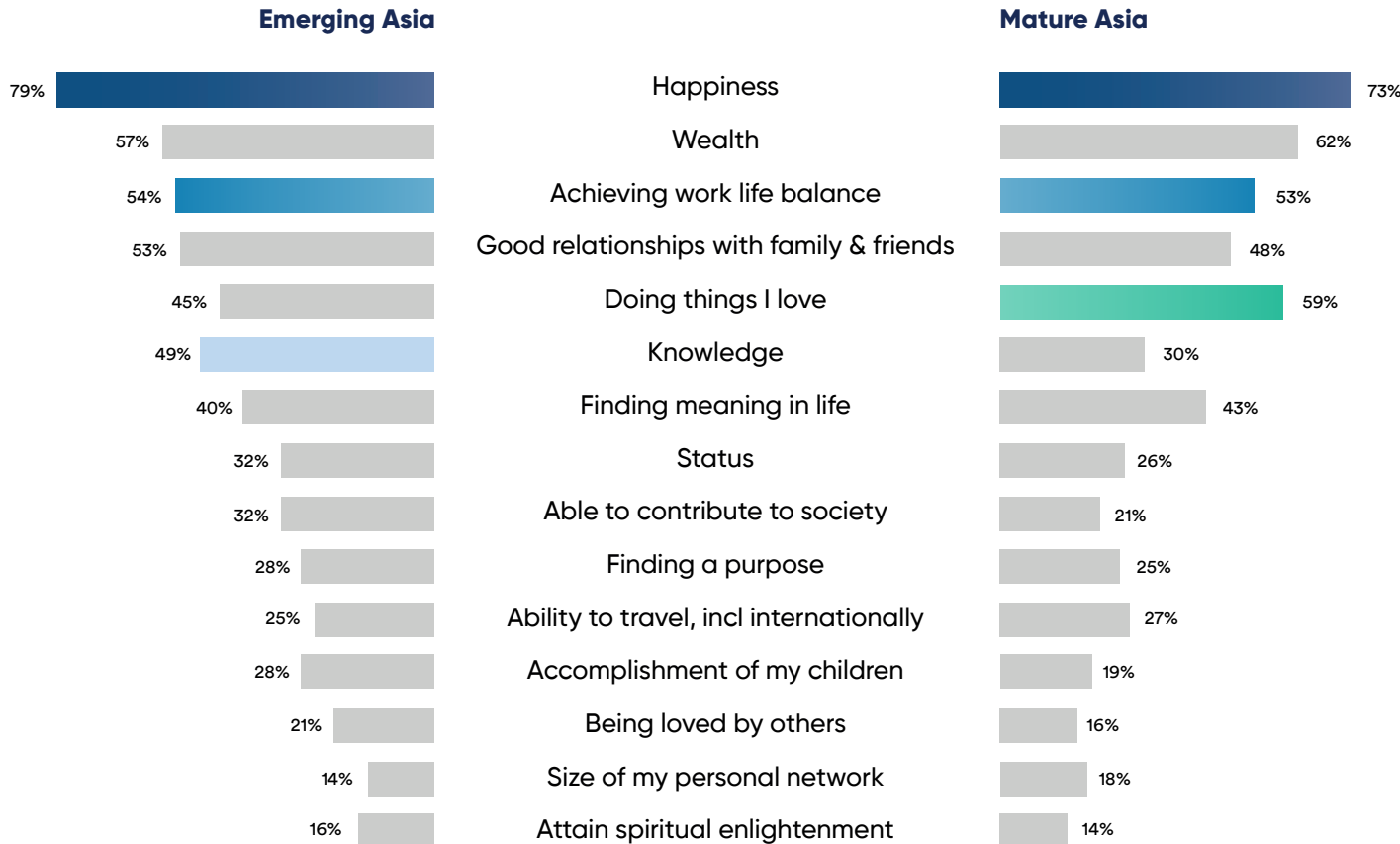


# Wealth and work life balance are key measures of success besides happiness

Achieving work life balance likely increased in importance due to the pandemic. Knowledge ranks higher among middle-class in Emerging Asian markets compared to Mature Asian markets.

## Definition of success


How would you define success? What are the measures of success in life? Please select all that apply and rank accordingly.




**Happiness is the most important factor in defining success in both Emerging and Mature Asian Markets**



**Achieving work life balance, a key factor in Emerging Asia and Mature Asia, may have been driven by the pandemic**



**Doing things I love is more important in Mature Asia than in Emerging Asia**



**Knowledge is a more important success factor in Emerging Asia than in Mature Asia**

# Success measures vary across Emerging Asian markets

Knowledge ranks high in Vietnam and India. Indonesians place greater importance on accomplishment of children and finding meaning in life. Wealth is not ranked very high in Indonesia and Vietnam. Doing things I love ranks relatively high in China.

## Top 5 definitions of success of middle-class Asian consumers

How would you define success? What are the measures of success in life? Please select all that apply and rank accordingly.

 Malaysia	 Indonesia	 Thailand	 Vietnam	 Philippines	 China	 India
 Happiness	 Happiness	 Happiness	 Happiness	 Happiness	 Happiness	 Happiness
 Wealth	 Achieving work life balance	 Wealth	 Achieving work life balance	 Good relationships with family & friends	 Wealth	 Wealth
 Good relationships with family & friends	 Good relationships with family & friends	 Achieving work life balance	 Knowledge	 Wealth	 Doing things I love	 Knowledge
 Achieving work life balance	 Accomplishment of my children	 Doing things I love	 Good relationships with family & friends	 Achieving work life balance	 Achieving work life balance	 Good relationships with family & friends
 Knowledge	 Finding meaning in life	 Good relationships with family & friends	 Wealth	 Doing things I love	 Knowledge	 Achieving work life balance

# Middle-class Emerging Asian families are optimistic on prospects of moving upwards to a higher socio-economic status

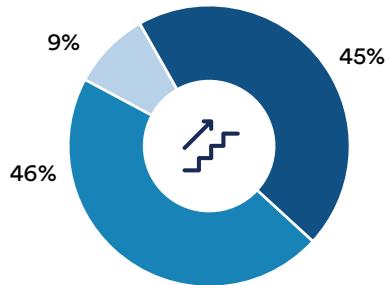
More than three times as many Emerging Asian middle-class consumers believe they'll move up the ladder compared to those in Mature Asian markets.

## Socio-economic mobility

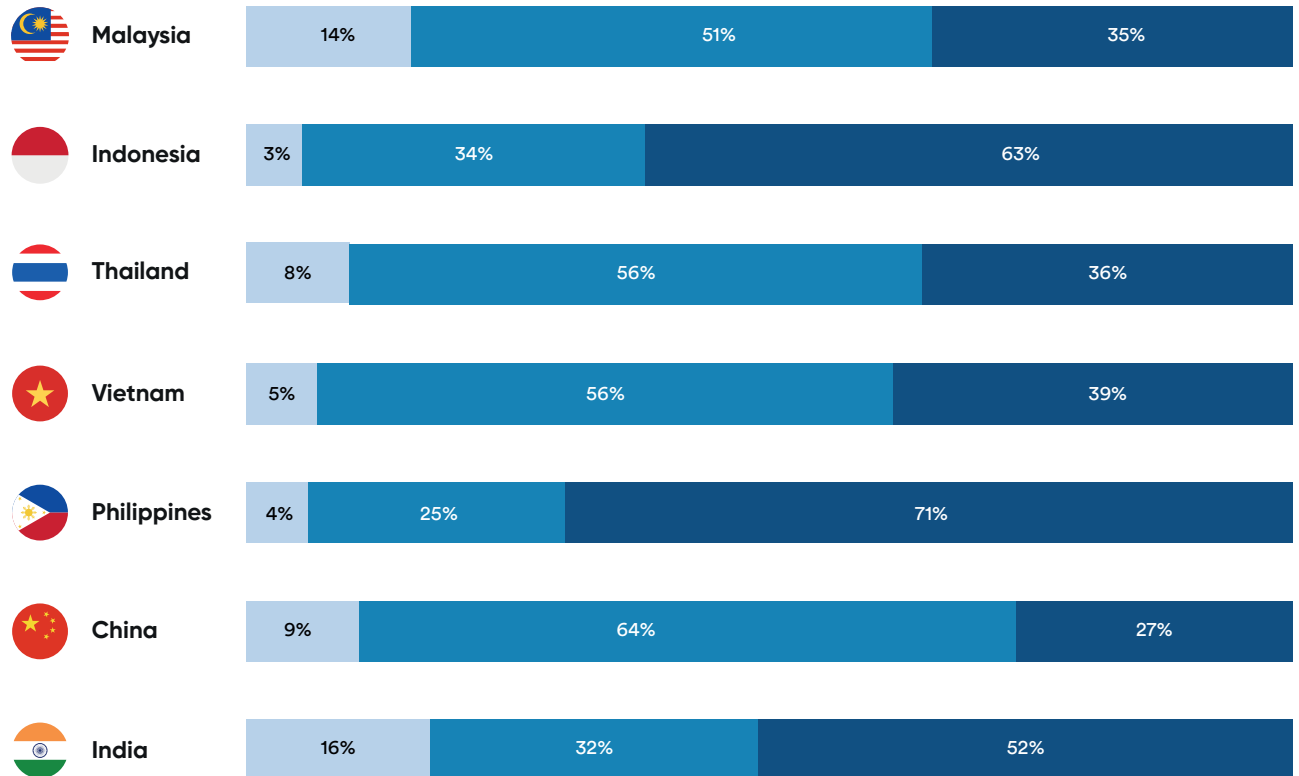
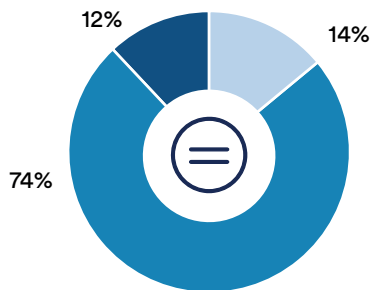
In the next 5 years, do you see yourself remaining in that same group or moving upwards/downwards within the socio-economic hierarchy?

■ Moving downwards
 ■ Remaining the same
 ■ Moving upwards

### Emerging Asia



### Mature Asia



Base: Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Emerging Asia n=5000, Mature Asia n=1500  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

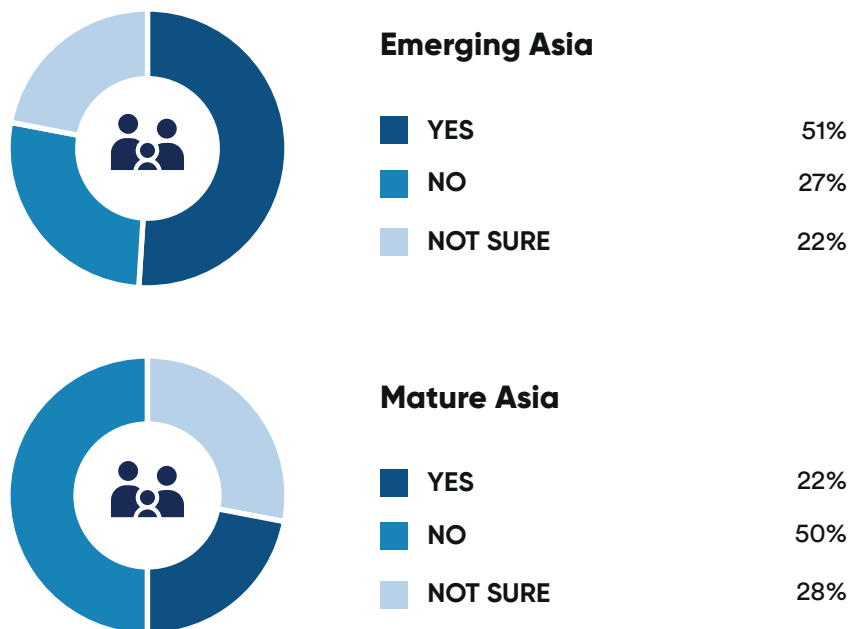
# About half of childless middle-class consumers in Emerging Asia plan to have children in future – more than twice as many as in Mature Asian markets

Children taking care of their parents in old age is still one of the reasons to have children, more so in Emerging Asian middle-class families than in Mature Asian markets.



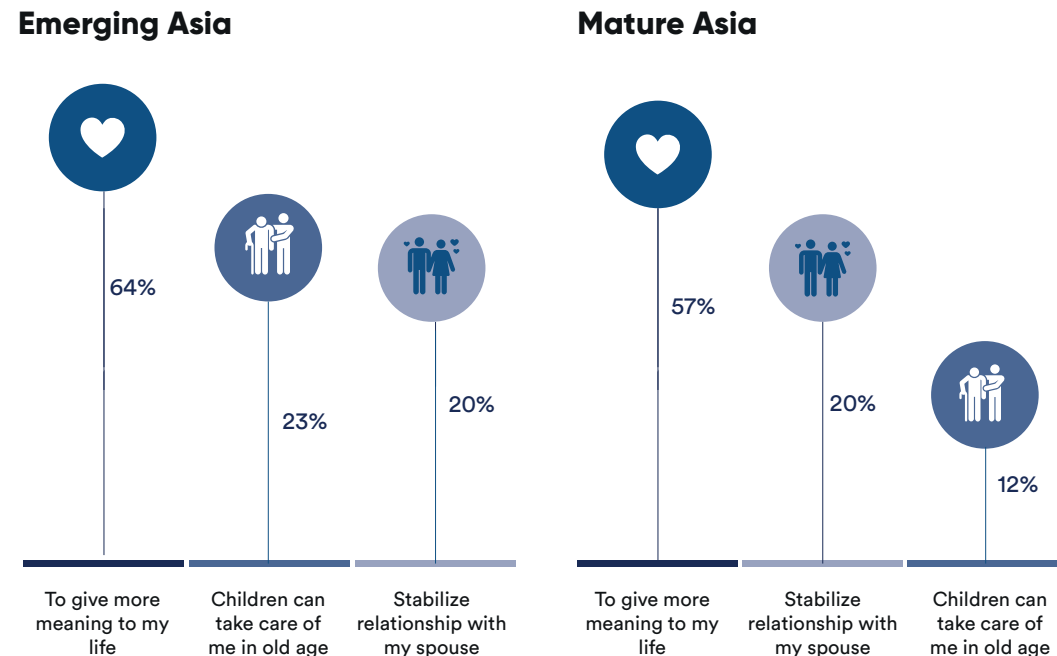
## Plan to have children

Do you plan to have children in the future?



## Reasons for having children

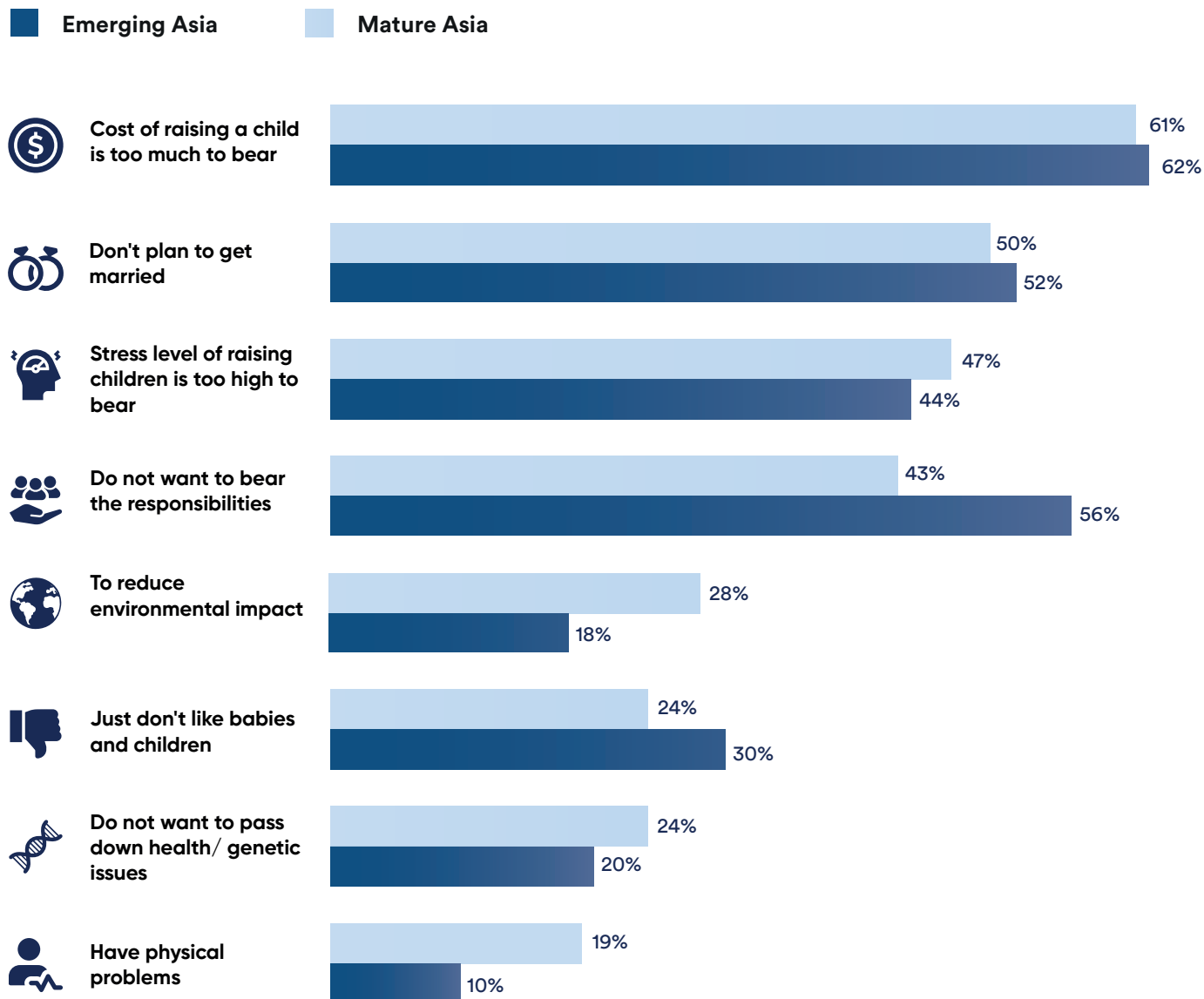
What are the reasons for having children? Please select the top 3 factors.





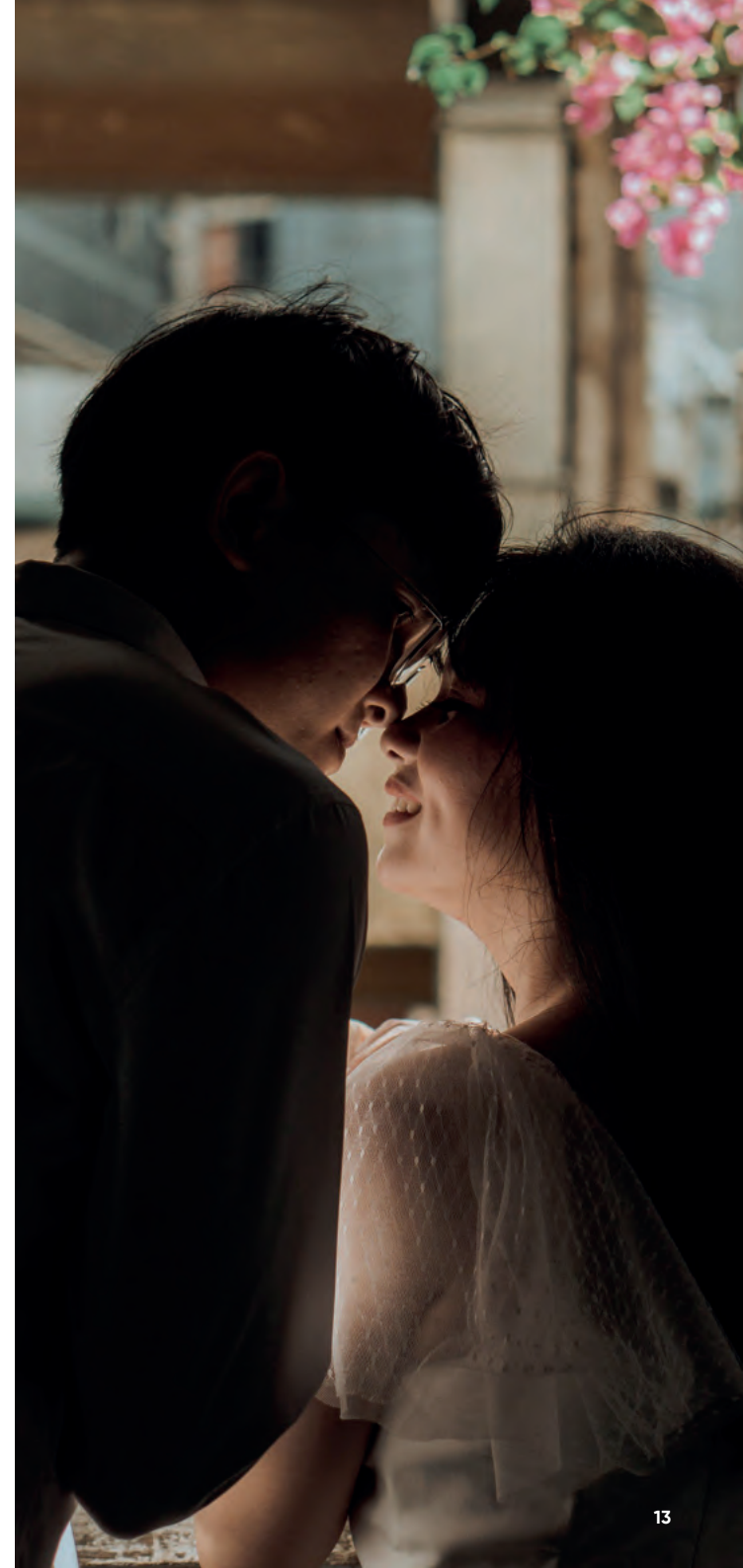
## Reasons for NOT having Children

What are the reasons for not having children? Please select the top 3 factors



Base: Those do not plan to have child in future: Emerging Asia n=242, Mature Asia n=299

Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

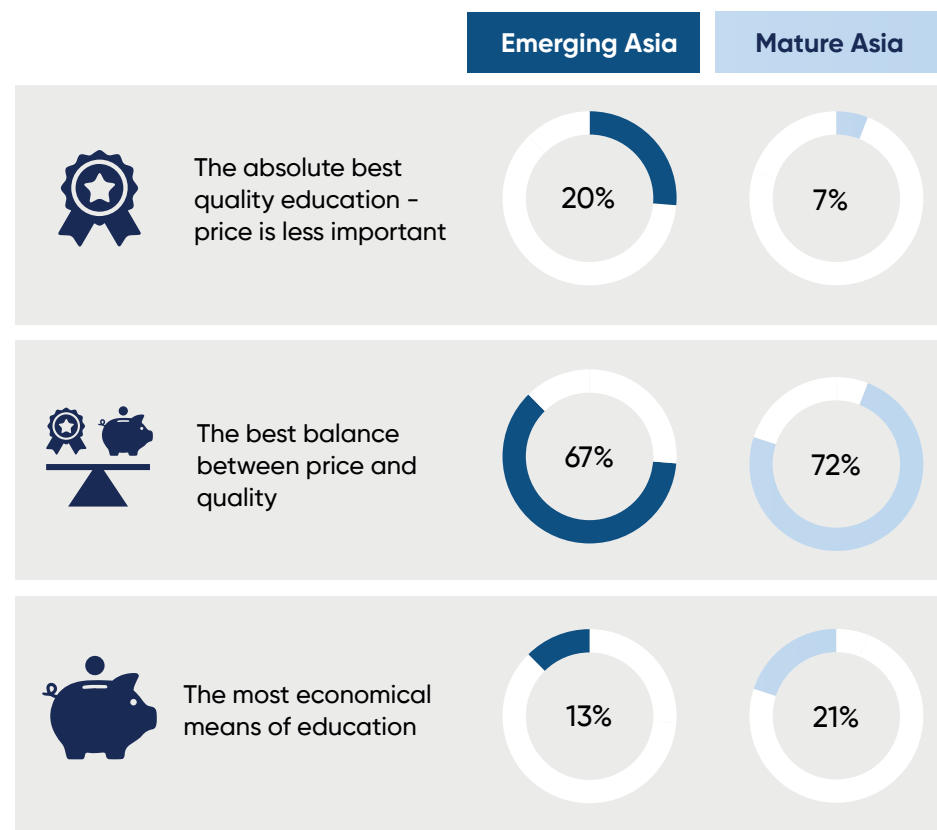


# The middle-class in Emerging Asia is more likely to invest in children's education

They are more likely to invest in extra tuition and more likely to pay for better quality of education. Middle-class parents in Emerging Asia are also more likely to believe that children in their country have equal opportunities.

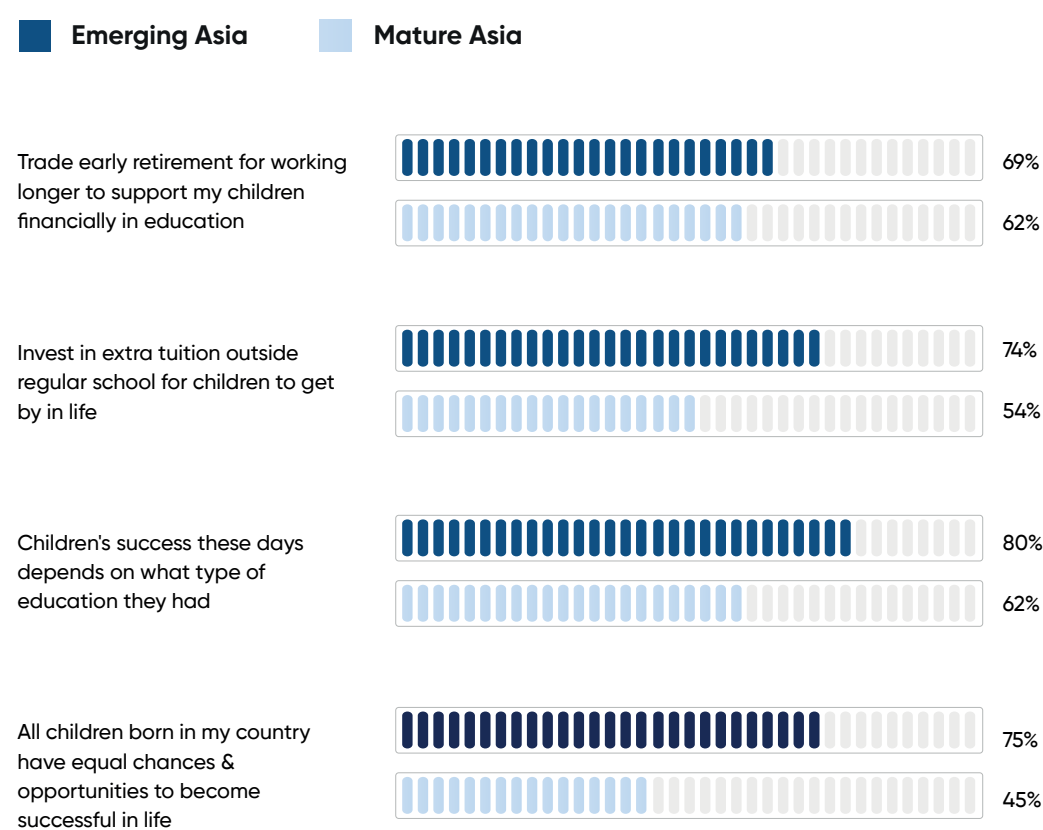
## Decision criteria for education options

Which of these best describes how you select education options for your children (or your future children)?



## Attitude towards children's education

For each of the below statements, please indicate whether you agree or disagree with the statement.















# Emerging Asia is more optimistic about their children's future success as well as their own when compared to Mature Asia

Indonesian consumers particularly appear more hopeful for both their children's and own achievements.


## Kids vs. self

Do you think your children will be more successful, less successful or as successful as you are? Here you can define success as what you define as success yourself.

			
	Less successful	As successful as I am	More successful
 Malaysia	8%	41%	51%
 Indonesia	1%	11%	88%
 Thailand	6%	31%	63%
 Vietnam	2%	18%	80%
 Philippines	2%	22%	76%
 China	4%	26%	70%
 India	5%	25%	70%
 Emerging Asia	4%	24%	72%
 Mature Asia	7%	39%	54%

## Self vs. parents

Do you think you are more successful, less successful or as successful as your parents were? Here you can define success as what you define as success yourself.

			
	Less successful	As successful as I am	More successful
	8%	47%	45%
	7%	27%	66%
	14%	46%	40%
	9%	25%	66%
	6%	39%	55%
	8%	40%	52%
	9%	38%	53%
	8%	37%	55%
	20%	50%	30%

Base: Have Children Emerging Asia n=3969, Mature Asia n=722, Malaysia n=405, Indonesia n=556, Thailand n=335, Vietnam n=512, Philippines n=490, China n=819, India n=852

Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Health, wellbeing and finances are the top priorities and purpose of life for both Emerging and Mature Asian middle-class consumers

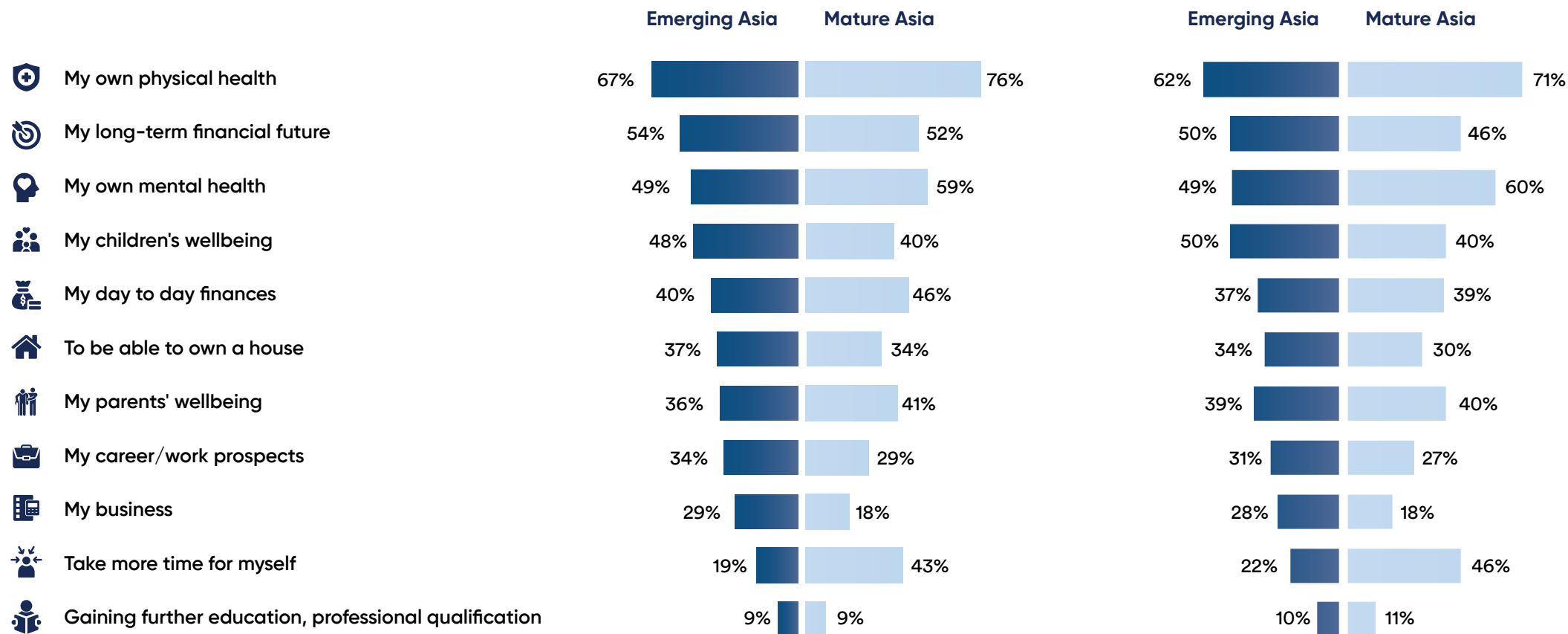
Additionally, taking more time for oneself is a much more important priority in Mature Markets which aligns well with their key measures of success.

## Priorities in life – Me reasons

Currently, what are your priorities in life? Please select the top 5 and rank accordingly

## Purpose of life – Me reasons

And from the same list, what gives you meaning in life? Please select the top 5 and rank accordingly.



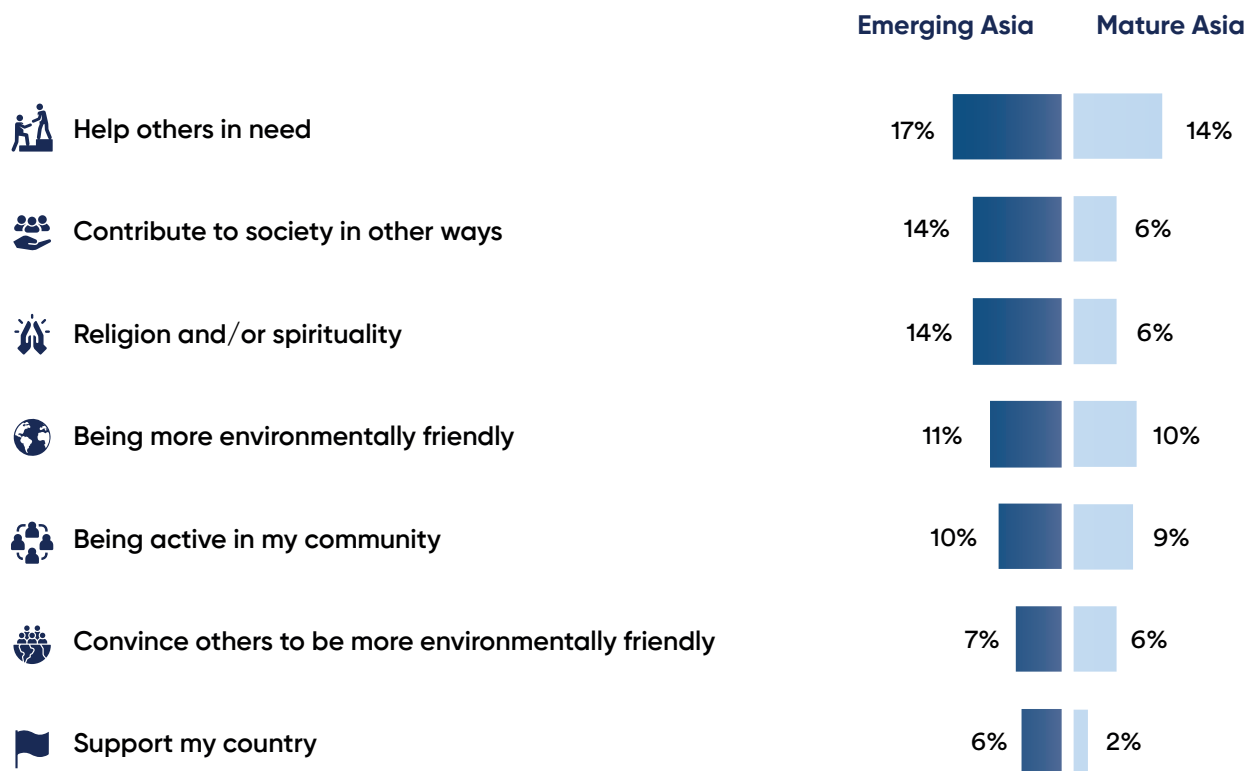


# Among other reasons, helping people in need is the main priority and purpose for middle-class Asians

When compared to Mature Markets, emerging Asians place a higher value on contributing to society, religion/spirituality, and supporting the country.

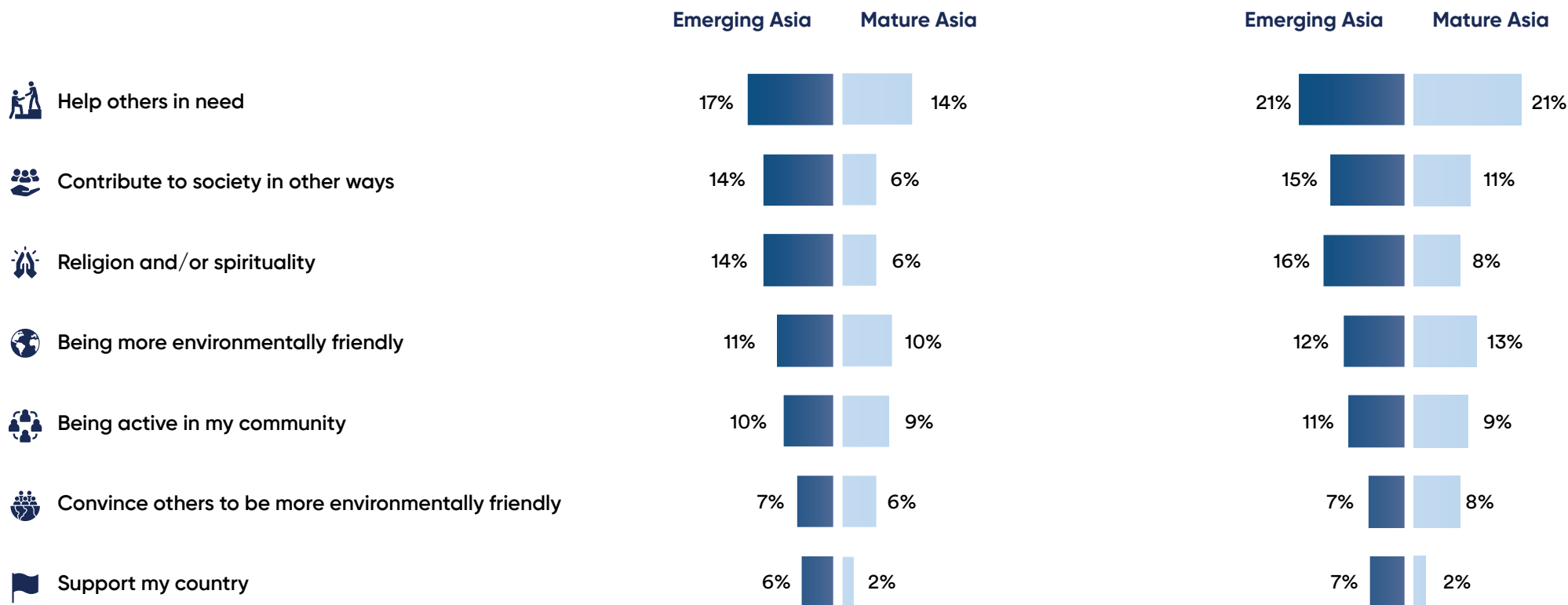
## Priorities in life – Other reasons

Currently, what are your priorities in life? Please select the top 5 and rank accordingly.



## Purpose of life – Other reasons

And from the same list, what gives you meaning in life? Please select the top 5 and rank accordingly.

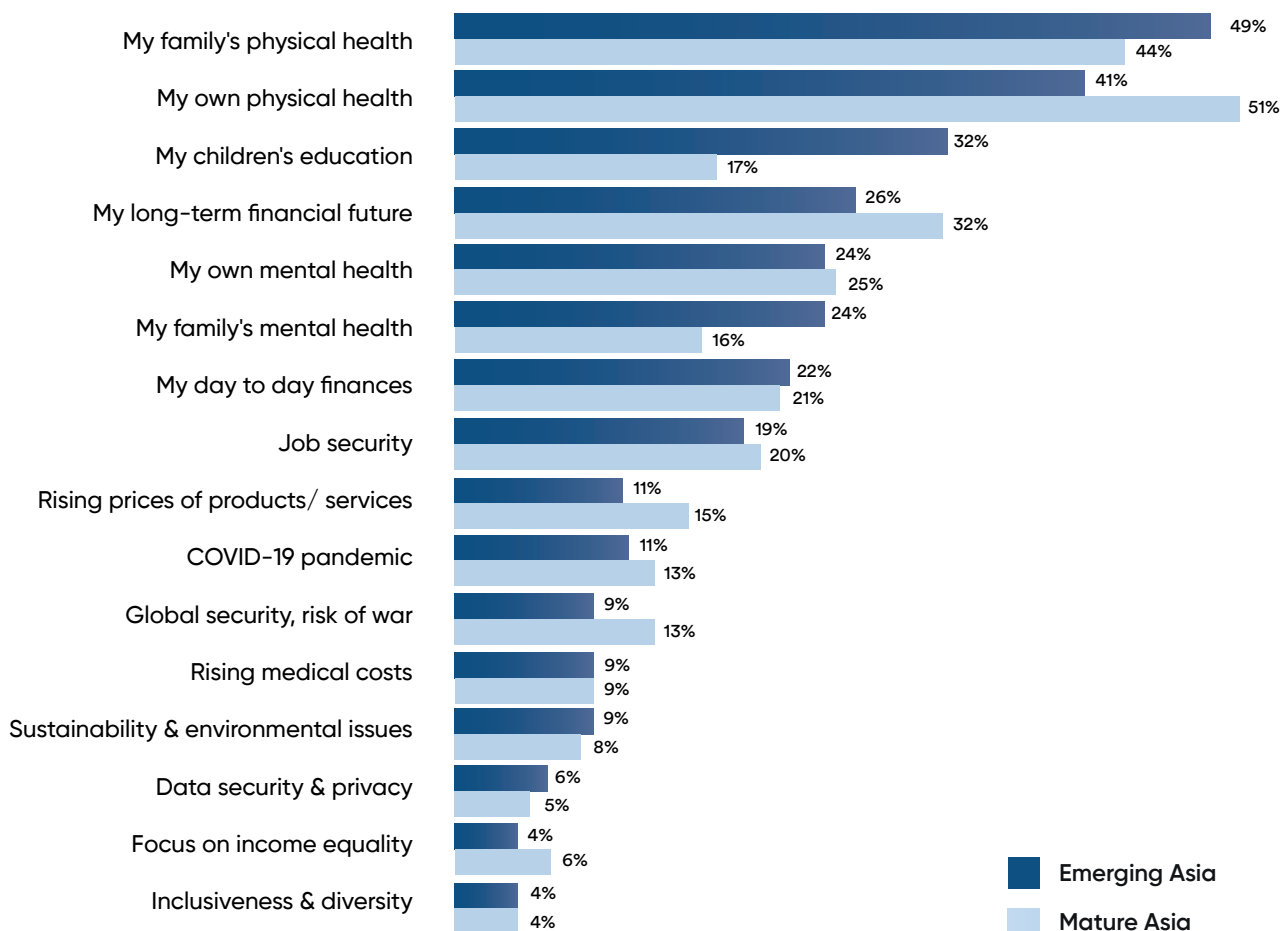


# Physical and mental health of self and family as well as finances are main concerns

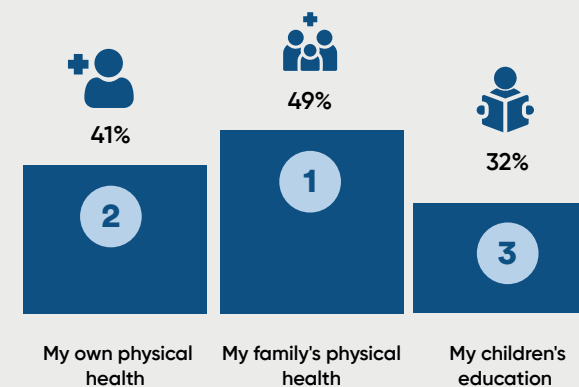
Compared to Mature Asian markets, children's education is a much more pressing issue in Emerging Asia. Non-personal social aspects such as COVID-19, sustainability and global security rank lower than all the individual-focused "me" reasons.

## Biggest concerns in life

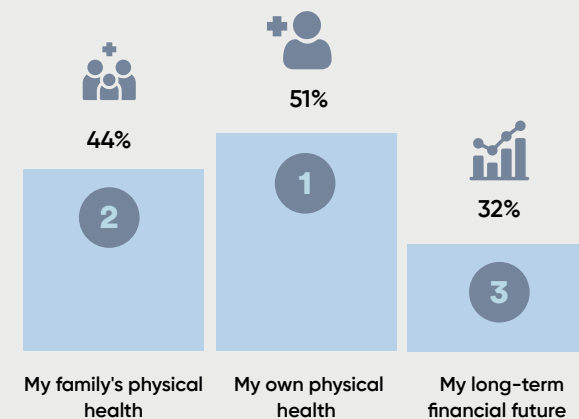
Currently, what are your biggest concerns in life? Please select the top 3 and rank accordingly.



## Top 3 concerns - Emerging Asia



## Top 3 concerns - Mature Asia



## Children's education & financial future



**Children's education is a key issue for married persons, while single persons focus more on financial future**

### My children's education



### My long-term financial future

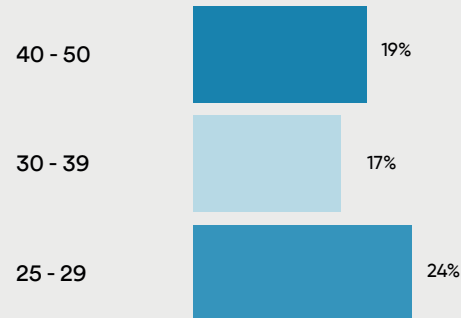


## Job security



**Younger consumers are more concerned about job security**

### Job security

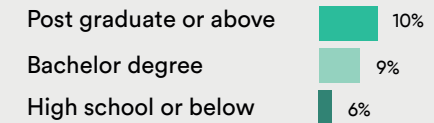


## Sustainability issues

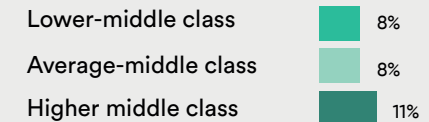


**Higher educated and higher income households are more concerned about sustainability and environmental issues**

### Sustainability issues - Education



### Sustainability issues - Income



# Testimonials

## Middle-class consumer case study

### Jeffrey

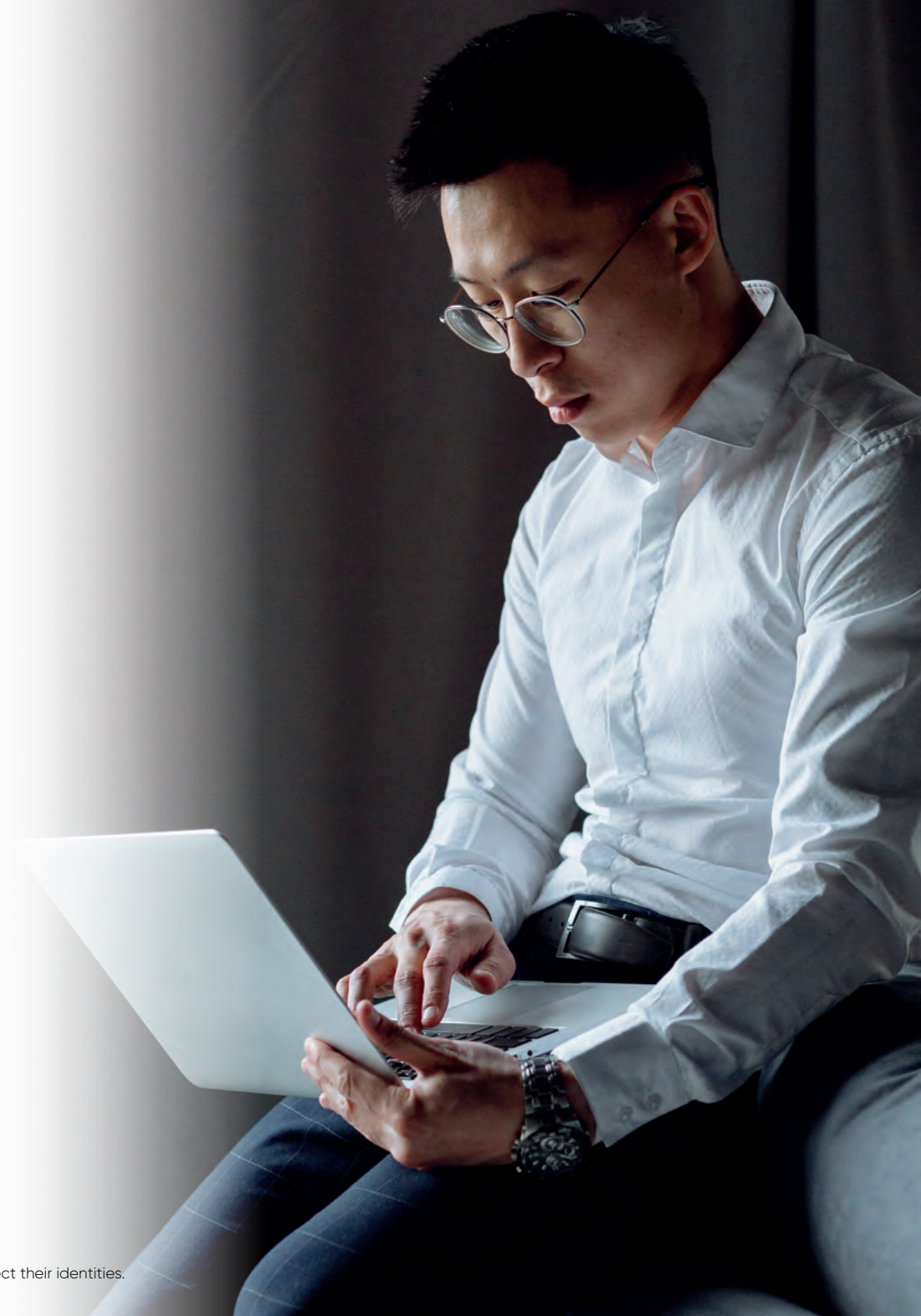
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China

Jeffrey from Shanghai, China, is an experienced 39-year-old software engineer with a BSc and PhD in Environmental Engineering. He had worked as a civil engineer at an engineering design institute for five years. But when the tedious and long working hours began affecting his health, he felt it was time for a change. Jeffrey likes a healthy work-life balance and believes that the right environment is essential for a family to thrive. So, he moved to a software development job which afforded him more time with his family. Jeffrey lives a middle-class life with his wife and 2 children, aged 9 and 5. His parents, also based in Shanghai, occasionally help care for their grandchildren.

***“Nothing could have prepared us for what it took to juggle parenting and work-from-home during the pandemic lockdown in Shanghai.”***



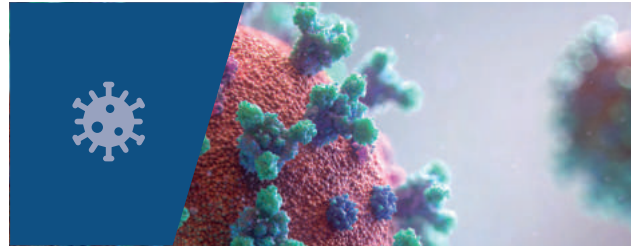




## Sparing no expense for the right educational environment

Jeffrey has experienced first-hand the highly-competitive 'gaokao', China's standardized college entrance examination. He also graduated from one of the most prestigious universities in Shanghai. He believes that competition is much fiercer today in his children's generation, so he plans to send them overseas for college. While Jeffrey considers himself an 'easy going' parent who won't pressure his children into doing things they aren't interested in, he is also determined to provide them with an environment teeming with opportunity. Thus, Jeffrey has moved several times to admit his kids into schools that he thinks are best suited to them.

**"We have visited many schools and changed our minds a few times. Finally, we bought our new apartment in this area, where our dream school is located. We feel that the school environment, the people, and the teachers here are the right fit for us. Even though the apartment is 30% more expensive, we think it is worth it."**



## The struggle of the pandemic

The pandemic hit Jeffrey's family hard. Being in Shanghai, they were caught in one of the world's strictest COVID lockdowns. Jeffrey's wife worked at a hospital and had to stay at a dormitory during the two-month lockdown, leaving Jeffrey alone to care for their children. While Jeffrey's job supported work-from-home, he had to simultaneously manage the household chores, his children's schoolwork, and his own work responsibilities.

Even after the lockdown, Jeffrey and other families like him are still facing a lot of uncertainties, worrying that a handful of cases in the city will trigger another lockdown to be imposed.

**"The lockdown is now over, but still I think the future is very uncertain. It won't surprise me that another lockdown will come if cases appear – which I'm certain that it will."**



## Reliance on return on property investments for retirement and future healthcare needs

Jeffrey's parents bought a few apartments in the 90s – before the real estate boom that came a decade later. As such, Jeffrey has been relatively complacent in planning for retirement and future healthcare, as he believes he can rely on rental income and state-supported medical insurance from China's social security system. However, as he has plans to send his children abroad, he admits that he will need to look into insurance or other types of investment products to better prepare his children financially as they go abroad.

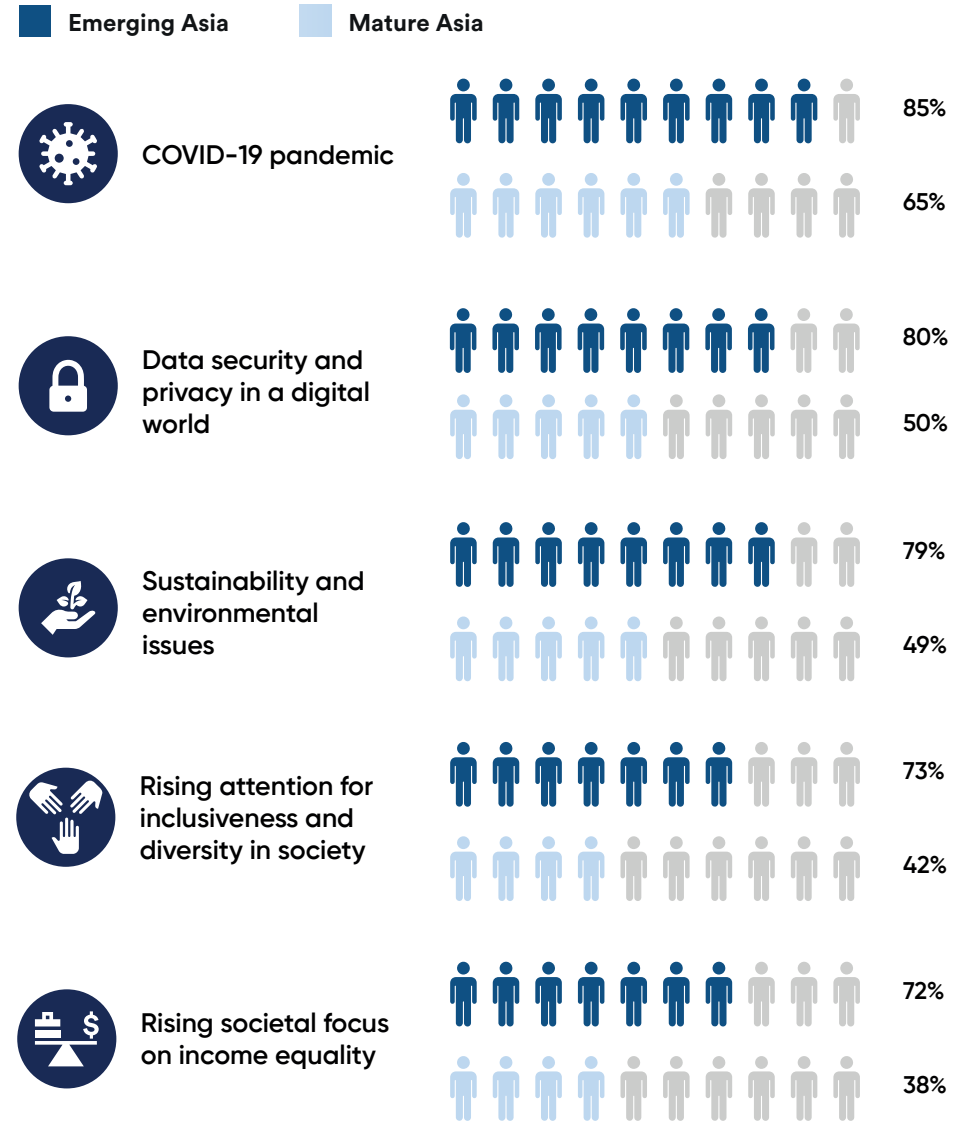
# Emerging Asian middle-class resonate more strongly with broad social topics

Understandably, the COVID-19 pandemic is the key issue which has a most impact among middle-class Asians.



## Proportion of cohort experiencing the impact of key social topics

How has your life been affected by the below broader social topics?



Base: Emerging Asia n=5000, Mature Asia n=1500

Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

02

Healthcare,  
health risks  
and mitigation



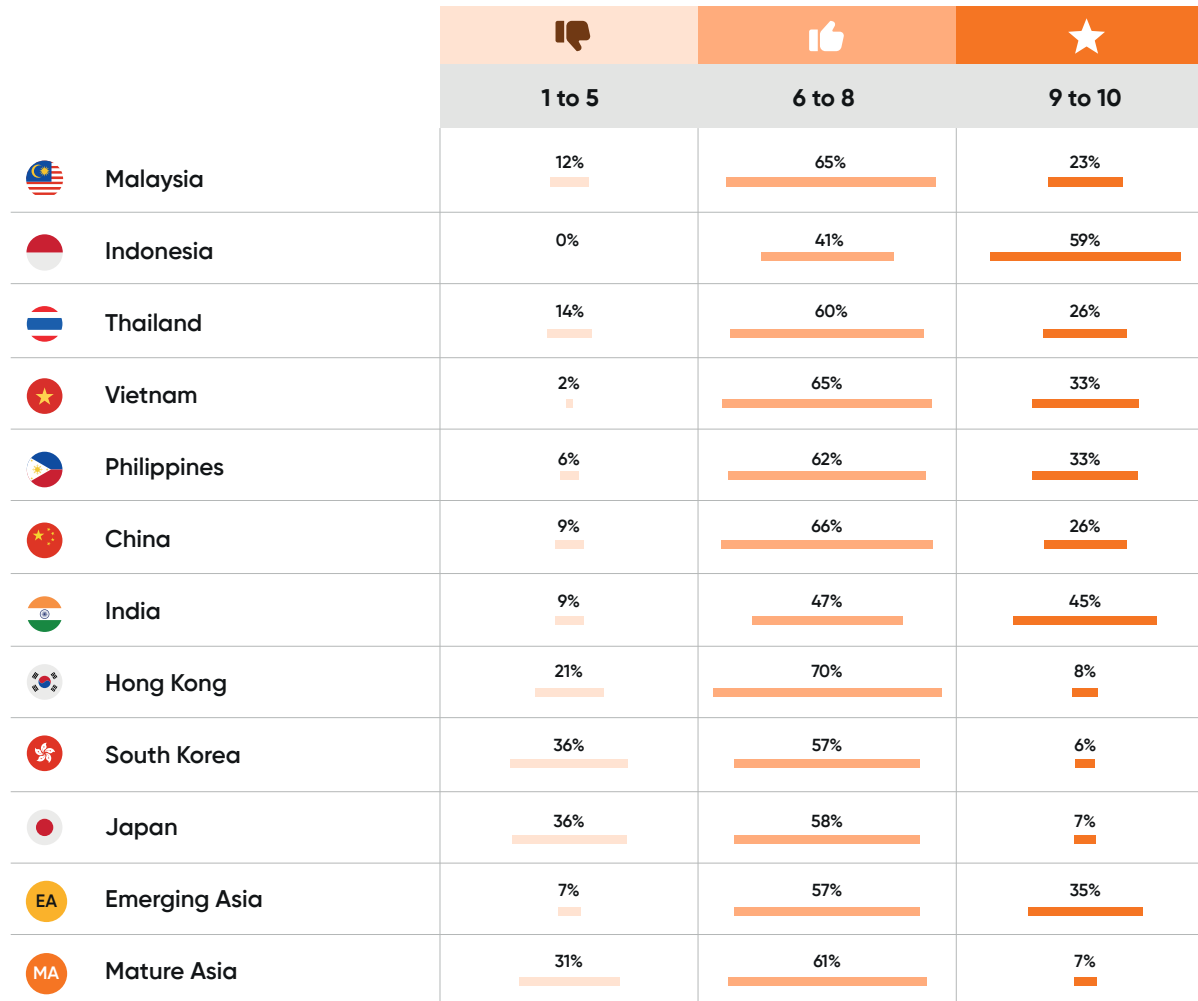


# Optimism seen in how Emerging Asian consumers rate their own health

In both physical and mental self-rated health, emerging Asian consumers rated themselves healthier than mature Asian consumers. Indonesia shows the highest health self-ratings across all markets.

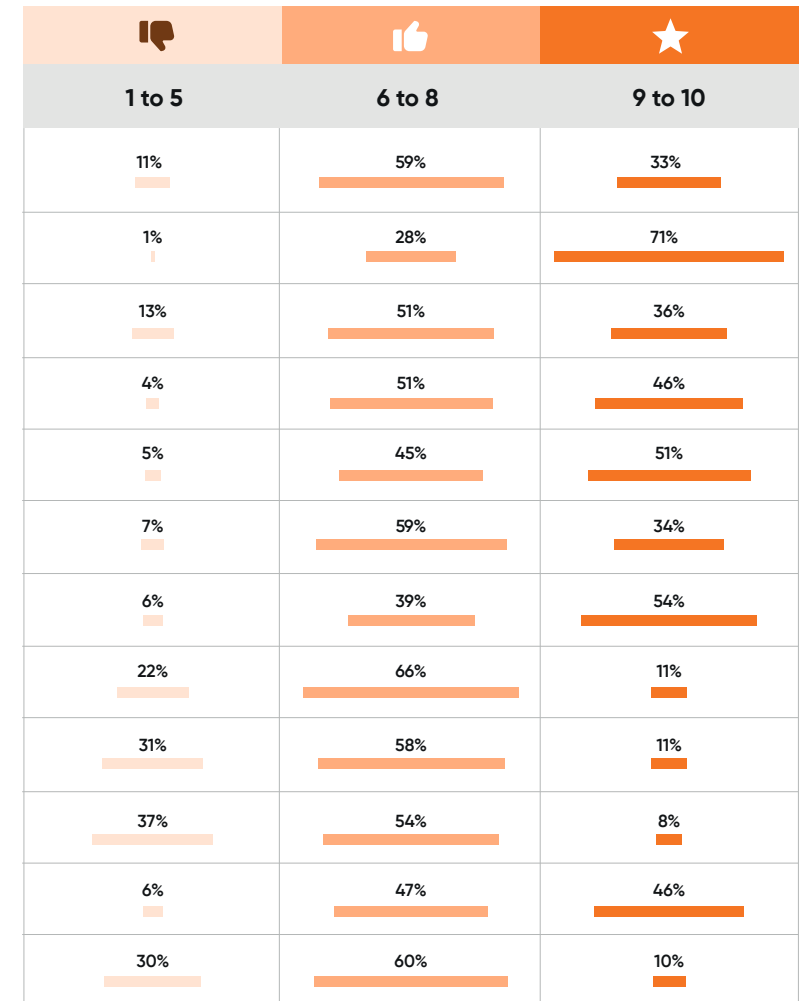
## Self rated physical health (1-10 point scale)

On a scale of 1-10, how physically healthy do you think you are currently?



## Self rated mental health (1-10 point scale)

On a scale of 1-10, how mentally healthy do you think you are currently?



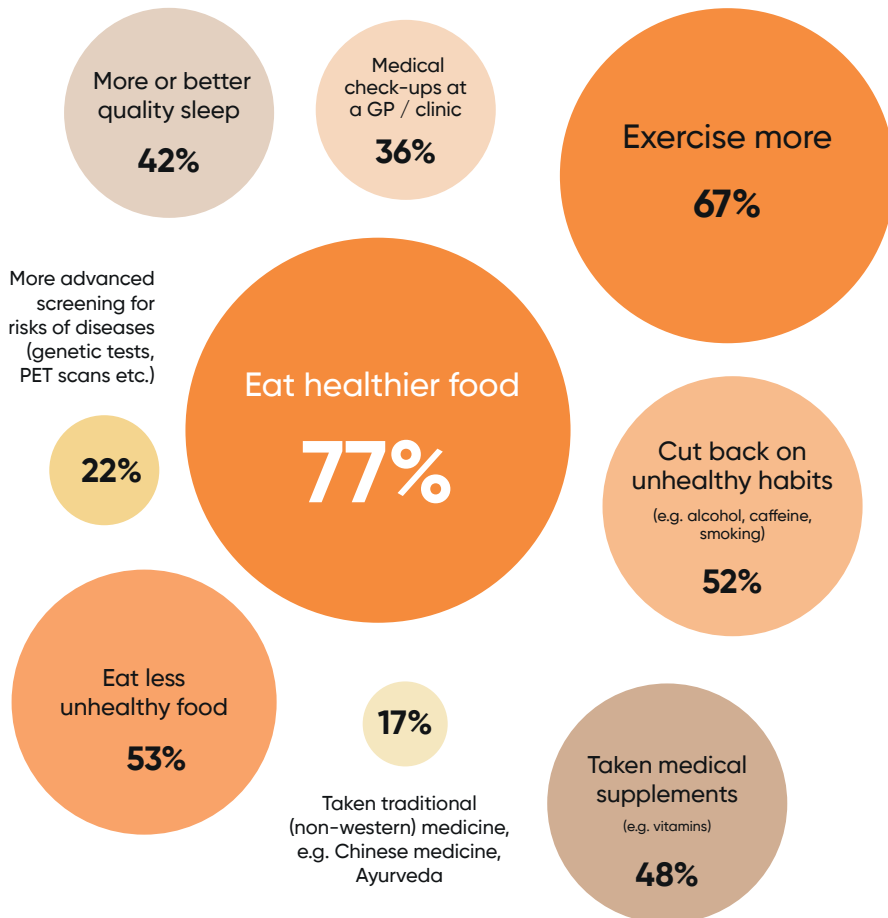
Base: Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500, Emerging Asia n=5000, Mature Asia n=1500  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Diet and exercise are key areas where middle-class Asians made changes

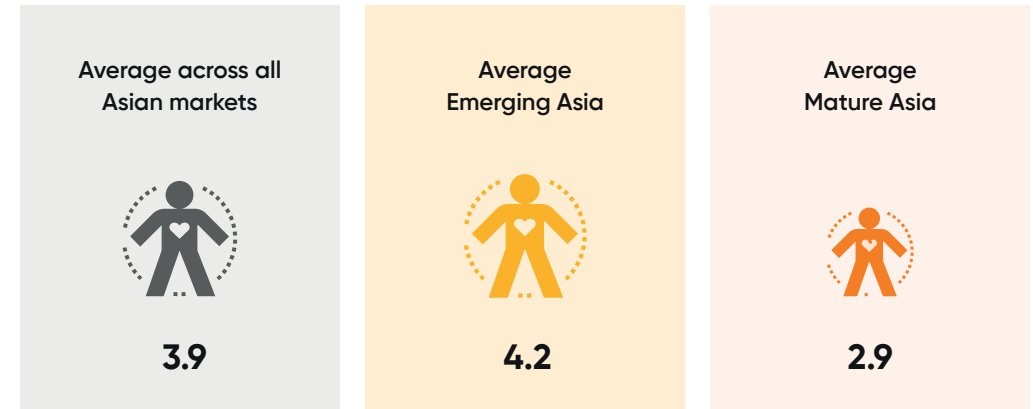
Indonesia leads in terms of number of healthy actions taken in the past 3 years, which can help explain Indonesian middle-class consumers rating themselves healthier than others.

## Actions done in the past 3 years to improve health

Over the past 3 years, which of the followings have you done to maintain or improve your own health?



## Average number of healthy actions selected



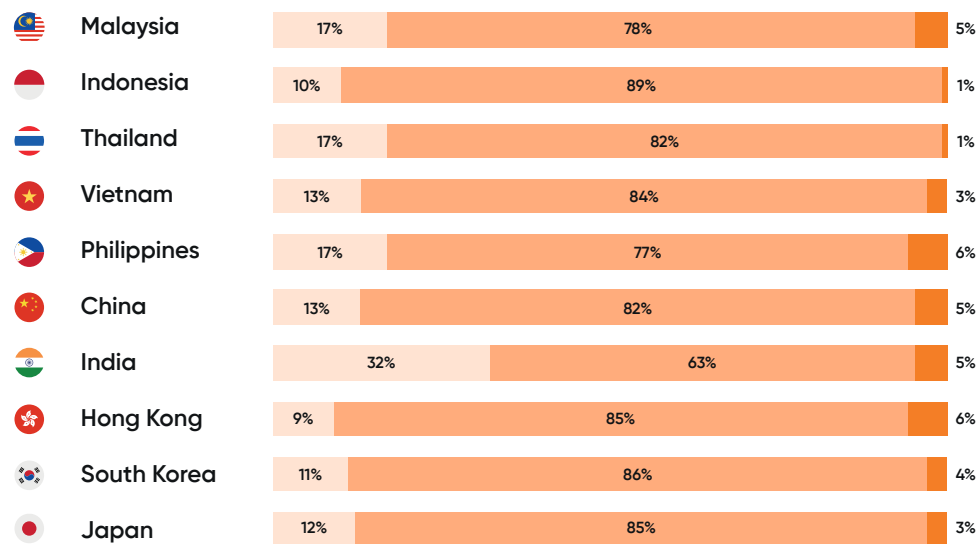
Base: Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500, Emerging Asia n=5000, Mature Asia n=1500  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Most middle-class Asians believe that both physical and mental health are important

Highest proportion of Indian consumer prioritize mental health, and they also face extreme stress. Indonesian consumers experience the least amount of stress. Work, personal finance and COVID-19 related worries are the main causes of stress.

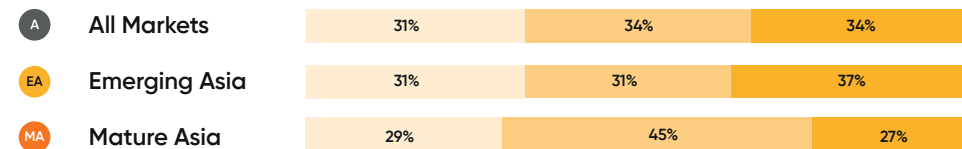
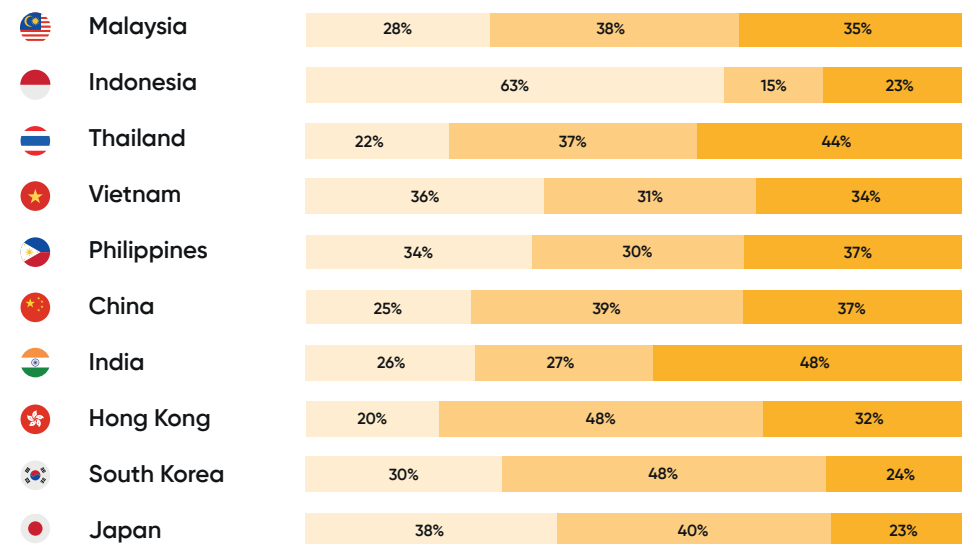
## Views towards importance of mental health

Which of the following best describes your view towards mental health?



## How stressful do you feel your life is?

In general, how stressful do you feel your life is? (On a scale of 1-10)



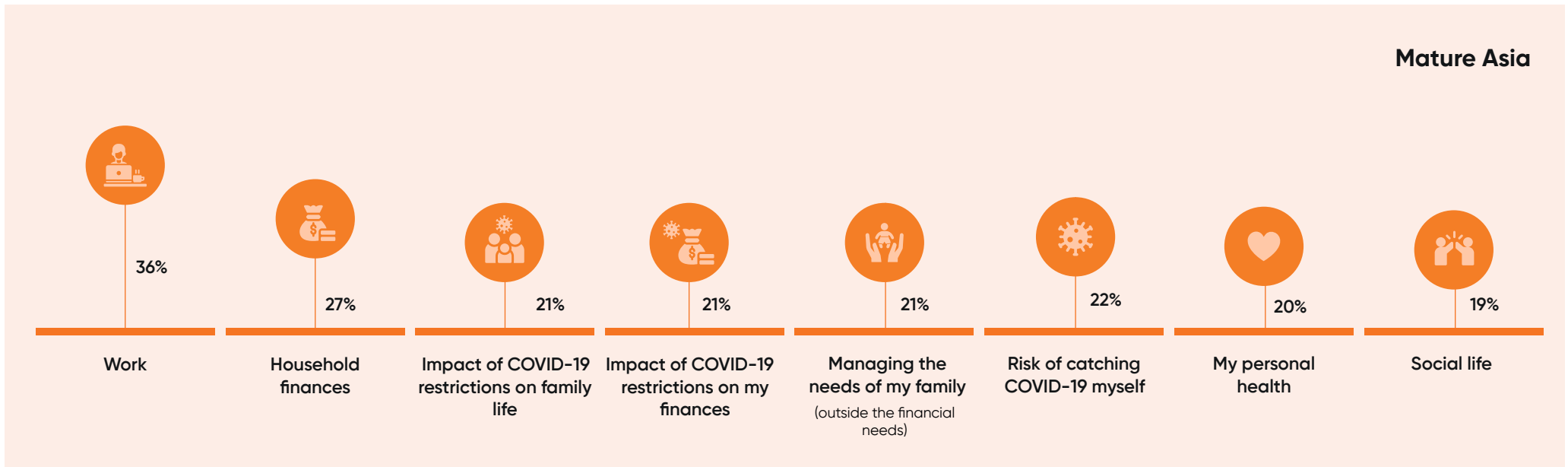
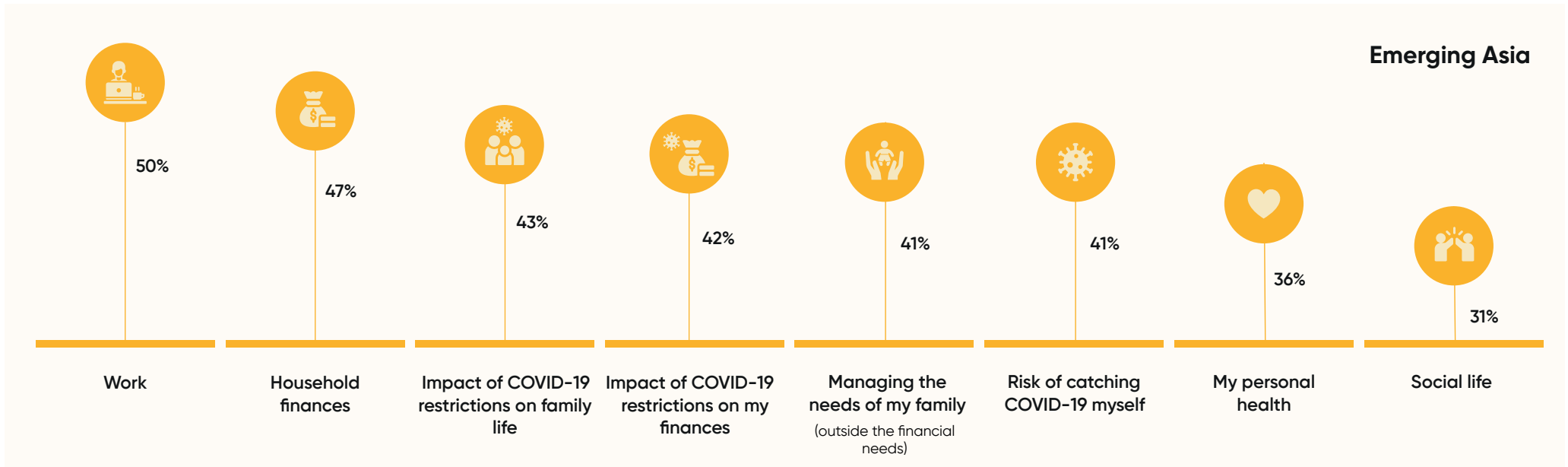
Mental health is more important
  Both are important
  Physical health is more important

1 to 5 (1) Not at all stressful
  6 to 7
  8 to 10 Extremely stressful (10)



## Main stress causes (those rated 8, 9, or 10)

How much do each of these aspects of life create stress for you?

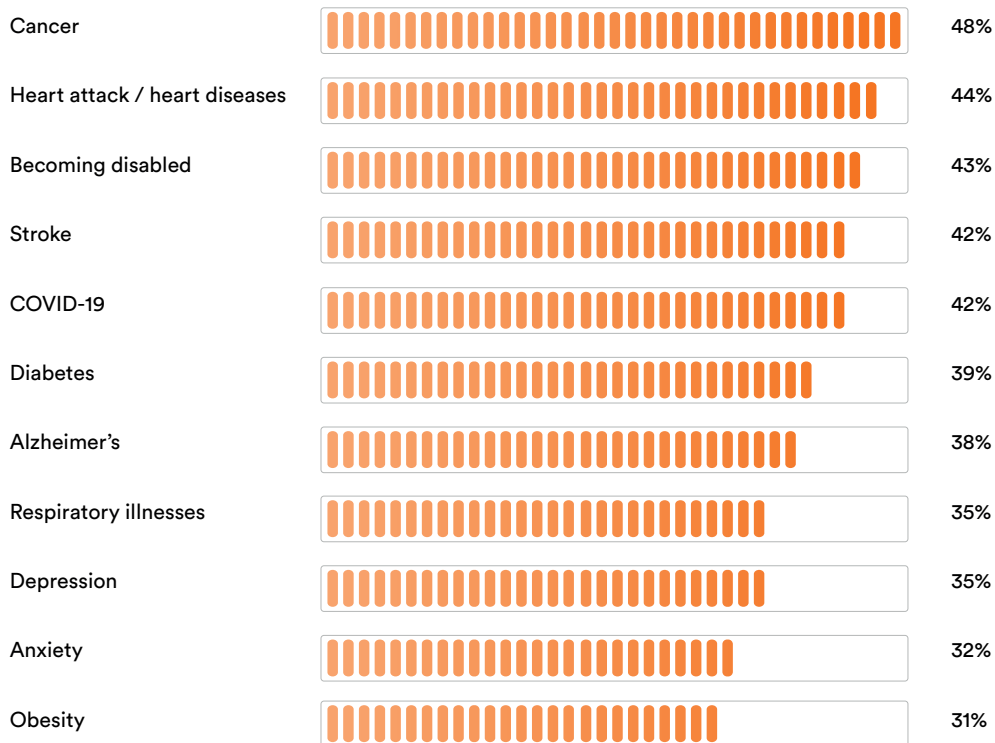


# Cancer and heart disease: the two most common health concerns for middle-class Asians

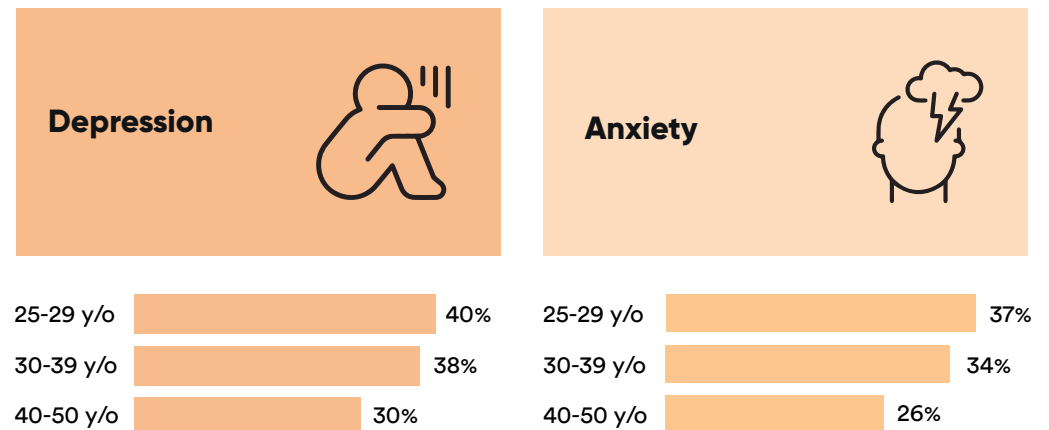
Depression and anxiety rank lower, but are of much higher concern for younger middle-class consumers.

## % of consumers concerned by each health condition

From a scale of 1-10, to what extent are you concerned about each of the health conditions in the list below? Displayed are % that rated each disease 9 or 10 on the scale.



## Younger consumers more concerned about mental health issues



## Top 5 diseases middle-class Asian consumers are most concerned about



Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR  
 Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000



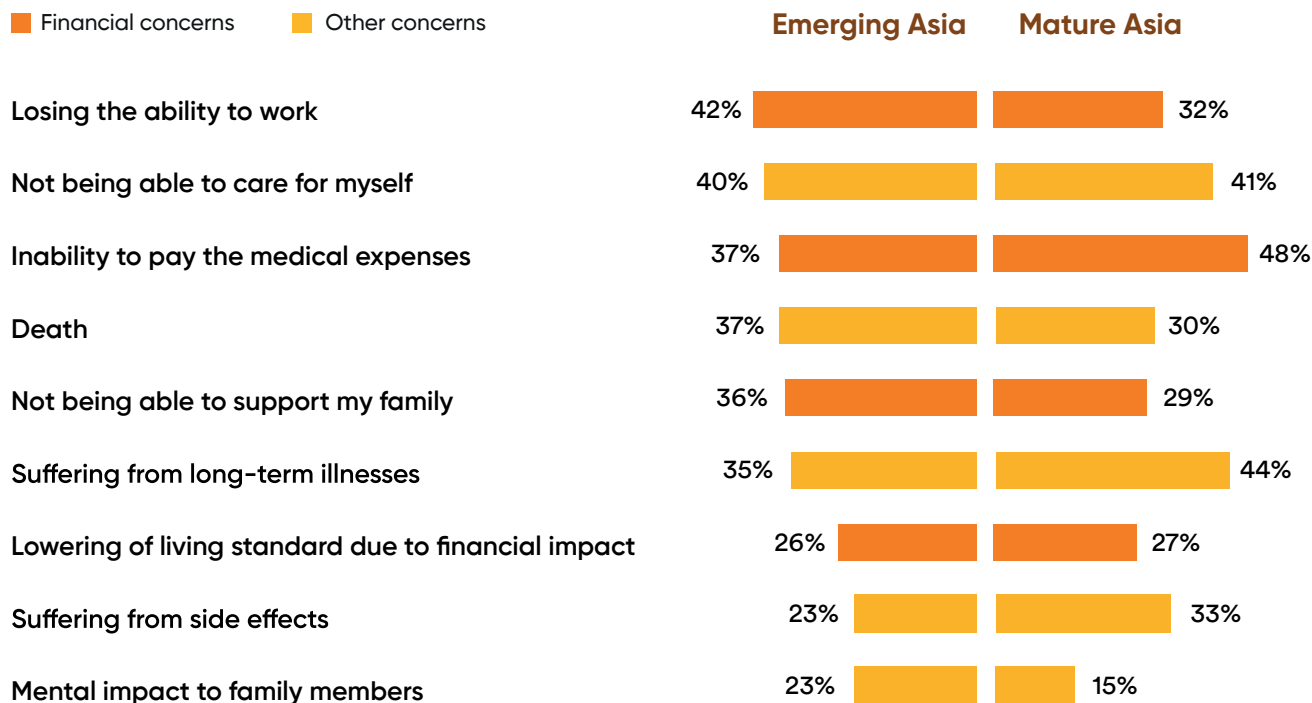
# Financial concerns are the key perceived risks of getting a serious disease

Mature Asia is more concerned about the sufferings from illness itself compared to Emerging Asia. Emerging Asian consumers are also more likely to have set aside savings in case of need.

## Risks and concerns about having a serious disease (cancer)

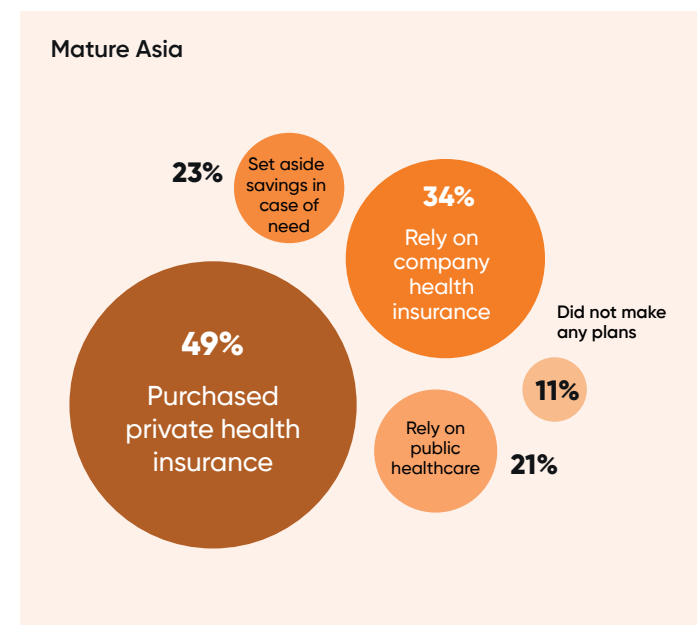
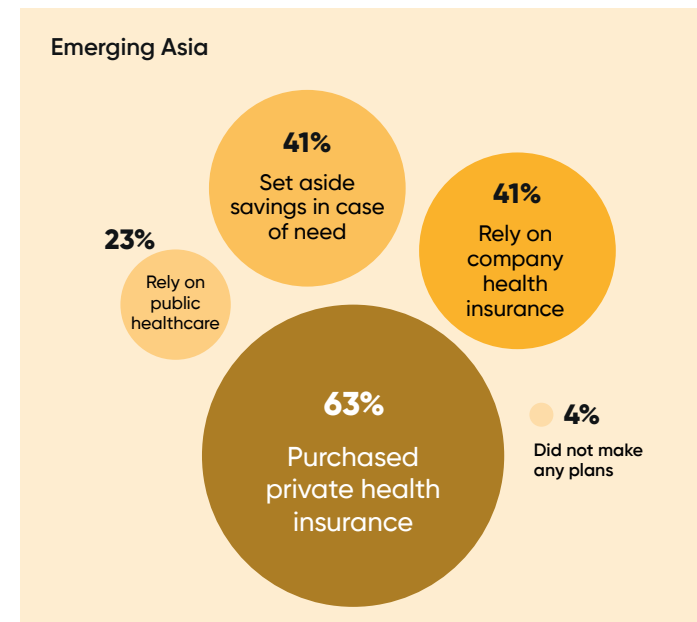
What are the main risks or worries about the below health conditions? Please select the top 3.

Financial concerns    Other concerns



## Ways of dealing with financial concerns

How do you usually plan for your personal medical expenses?

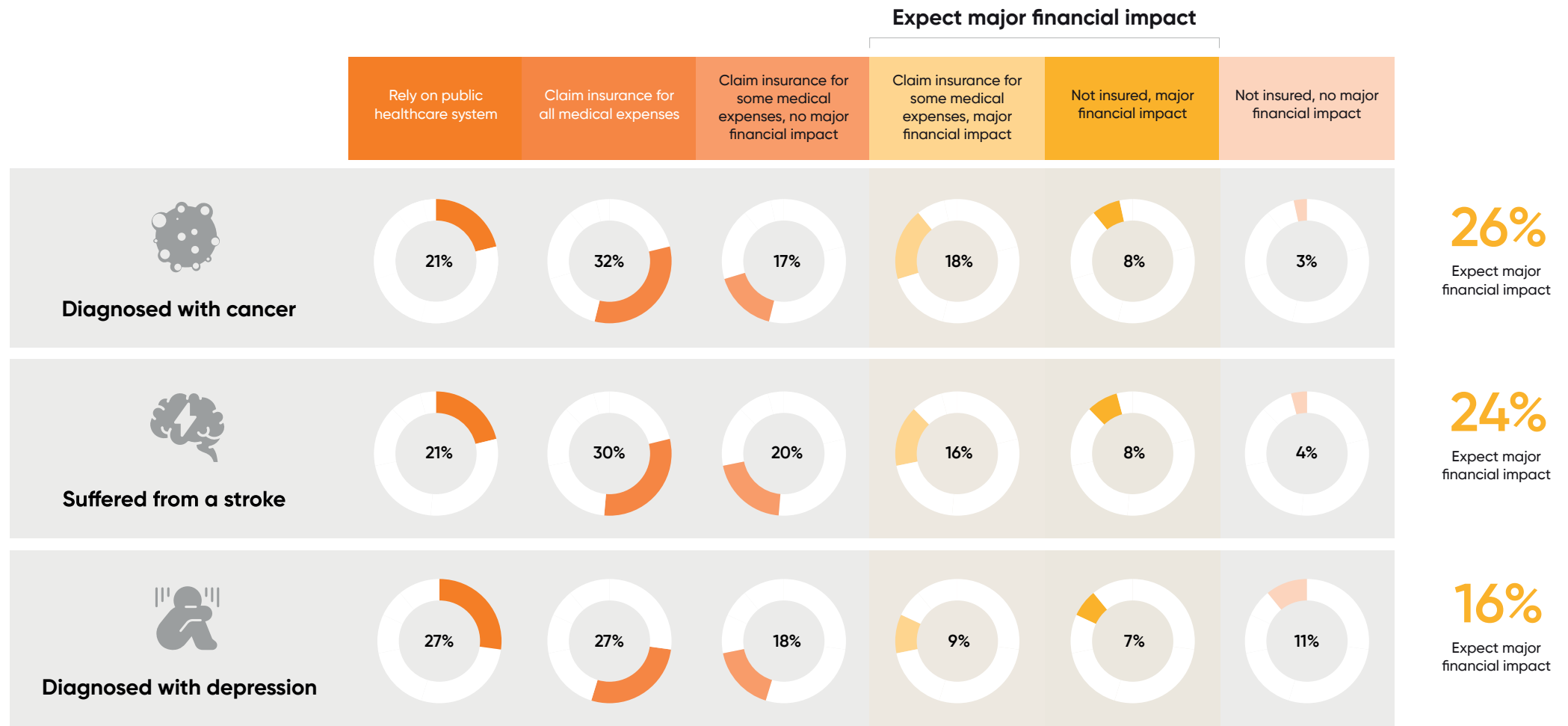


# While middle-class consumers feel they are well protected against financial risks of medical incidents, there is still a significant gap

About a quarter would expect major financial impact in the unfortunate case of cancer or stroke. For mental health issues, fewer consumers believe they can claim insurance, with more believing they can rely on public healthcare.

## Protection against financial risks of medical incidents (Emerging Asia)

Imagine the below incidents happened to your life. For each scenario, please indicate what would you do if you encounter them, taking into consideration your level of protection.





# Testimonials

## Middle-class consumer case study

### Asmara

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Asmara

Asmara is a 38-year-old woman who lives in Jakarta with her husband, son, and mother-in-law. She works as a freelance interior designer for her husband's construction company.

***"My husband and I know how overwhelming it is to be the 'sandwich generation' – caring for our son while supporting our parents – on a middle-class income."***







## Navigating the pandemic

Being from a middle-class family, Asmara's family suffered major setbacks during the pandemic. Construction projects were slowed down due to COVID, yet salaries had to be paid to employees. They dipped into their savings to tide over the tough times. Luckily, enterprising Asmara started a small culinary business selling Wedang Ronde, a traditional dessert made of glutinous rice balls, which brought in some revenue. She continues running this business today. Having dealt with the stress of the pandemic, Asmara finds work-life balance is crucial. So, she tries to distribute her time between family, work, and exercise.



## Securing the future with insurance and gold

Financial security is a top priority for this middle-class mother. She wants her son to access the best education as a means toward an independent and meaningful life. Asmara has planned for her son's education until his bachelor's degree through investments in gold. **"Gold will secure these assets from inflation,"** she remarks decisively.

Despite tending to aging parents, Asmara does not expect that her son ought to care for her or her husband when they grow old. Thus, she is working towards financial independence by investing in assets that will continue to generate long-term income even after she retires. **"My husband and I know how overwhelming it is to be the 'sandwich generation' – caring for our son while supporting our parents – on a middle-class income. It is burdensome to manage everything, but we are careful with money. We have to ensure we prepare for retirement."**

Asmara also has an eye on her family's health. Besides the mandatory government healthcare (BPJS), she has invested in private insurance instruments, which have already come in handy. She narrates, **"My father was diagnosed with heart disease and needed a bypass. He received treatment immediately, thanks to regular payment of BPJS premiums."**



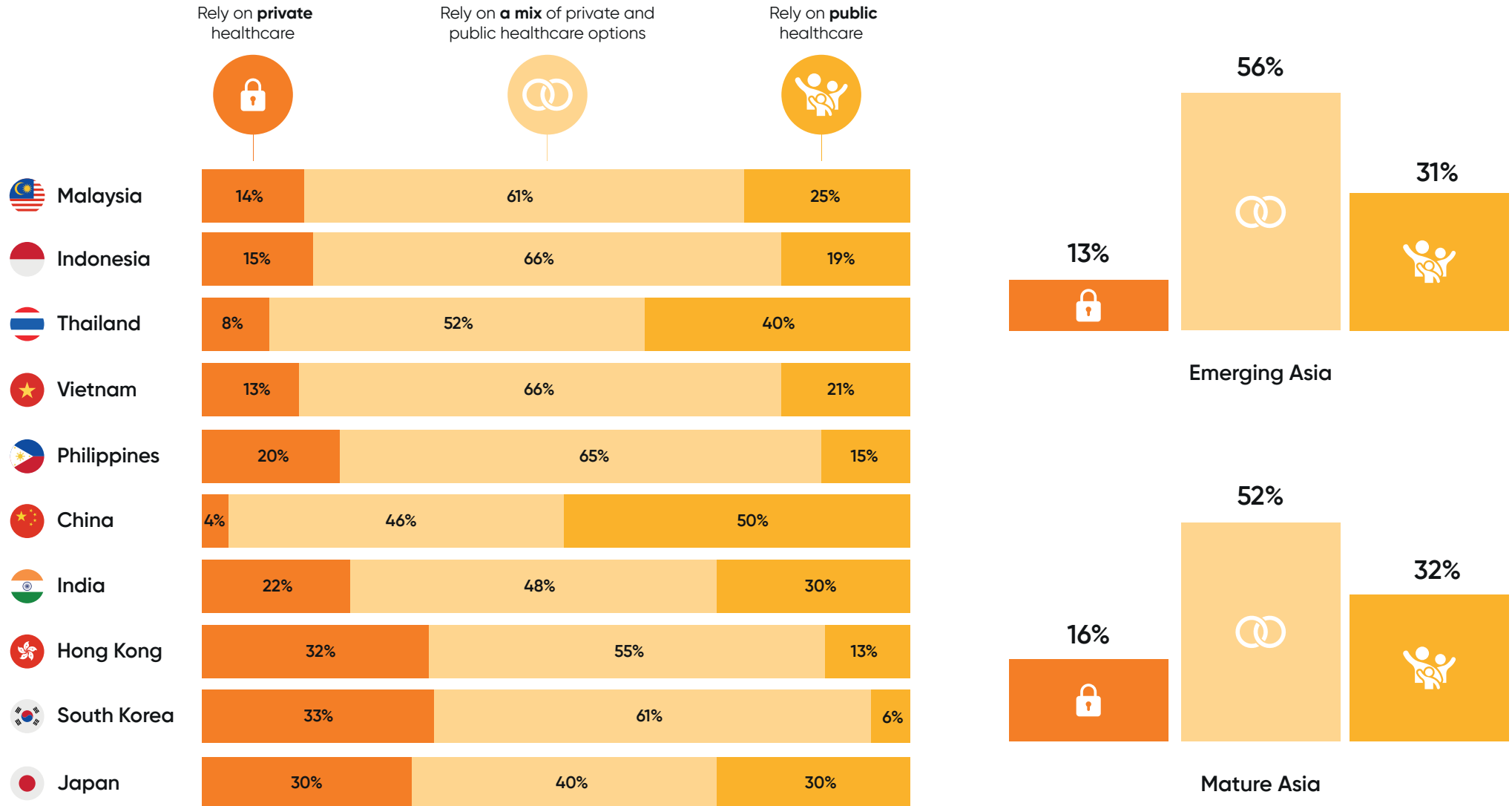
## Commercial fraud losses are a real problem

Asmara has been the victim of several frauds and scams that target the Indonesian middle class. Her husband's credit card was once stolen and used for a transaction of IDR45 million. In another instance, her LinkAja's (Indonesian e-wallet) balance was depleted as someone asked for her OTP (one-time password) through a phone call. She has also received fake payment proofs from customers in her culinary business. As a safeguard, Asmara now avoids answering calls from unknown numbers and practices strong password etiquette to prevent further account breaches.

# Most middle-class Asians use a mix of private and public healthcare

The group that relies on public healthcare only is higher in Thailand and in China.

Which of the below healthcare options do you personally usually rely on?



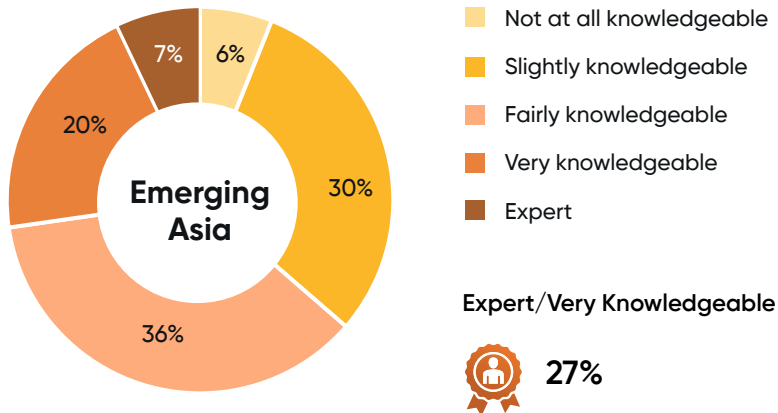
Base: Emerging Asia n=5000, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Mature Asia n=1500, Hong Kong n=500, South Korea n=500, Japan n=500  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Self-rated financial literacy: Emerging Asia rates itself better than Mature Asia

India and Indonesia lead in self-perceived financial literacy, as do younger people.

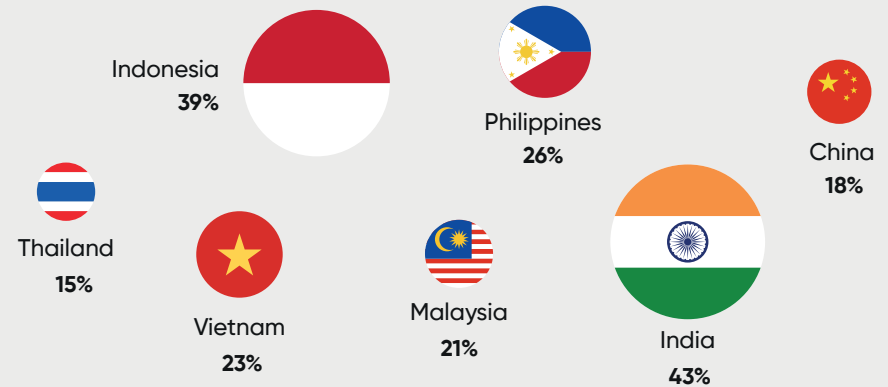
## Ratings on financial literacy

How would you rate yourself in terms of financial literacy?



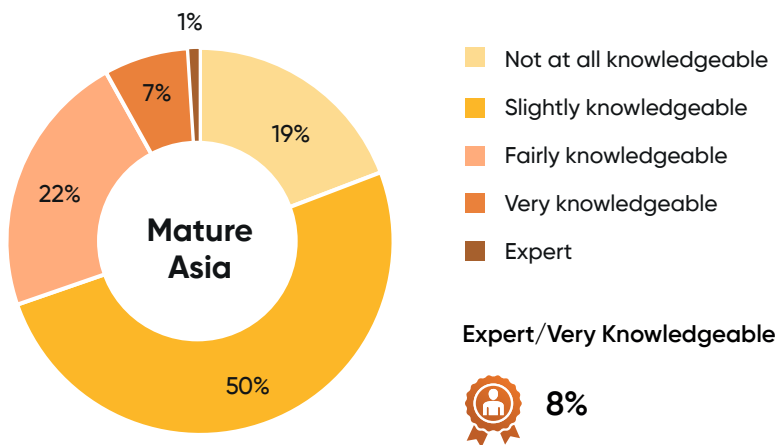
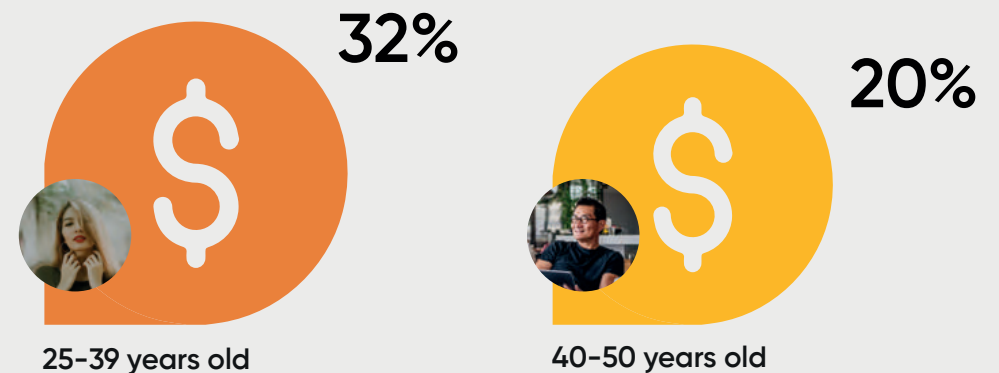
## Expert/knowledgeable in financial literacy

Emerging Asia



## Expert/knowledgeable in financial literacy

Emerging Asia



# Three key habits link with higher financial literacy

Budgeting, saving, and investing savings are habits all linked with higher self-rated financial literacy. These habits can play a role in mitigation of financial risks.

## Attitude towards financial habits by financial literacy level (Emerging Asia)

Please indicate how much you agree with each statement.

■ Completely agree

### Budget management

I am good in managing my budget, I only spend to get what I need, not to spend all my income

Expert/ very knowledgeable



72%

Not at all/ slightly knowledgeable



35%

### Saving discipline

I have had a good savings discipline from a younger age, I always saved what I didn't need

Expert/ very knowledgeable



62%

Not at all/ slightly knowledgeable



30%

### Invest savings

I have started investing my savings from a younger age

Expert/ very knowledgeable



63%

Not at all/ slightly knowledgeable



25%

# Financial literacy matters: the expected financial impact of medical incidents lowers as financial literacy levels increase

Higher protection levels are seen among financially literate consumers with over 80% having private health insurance. As a result, the proportion of consumers expecting major financial impact almost halve for the more financial literate.

## Ability to claim insurance by financial literacy

Imagine the below incidents happened to your life. For each scenario, please indicate what would you do if you encounter them, taking into consideration your level of protection.

### Diagnosed with cancer



69%



60%

Expert/ very knowledgeable

Not at all/ slightly knowledgeable

### Suffered from a stroke



69%



59%

Expert/ very knowledgeable

Not at all/ slightly knowledgeable

### Diagnosed with depression



62%



46%

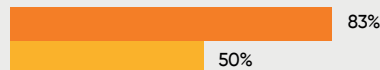
Expert/ very knowledgeable

Not at all/ slightly knowledgeable

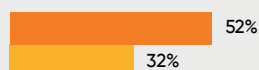
## Ways of dealing with medical expenses by financial literacy

How do you usually plan for your personal medical expenses?

### Private health insurance



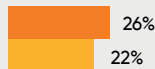
### Set aside savings



### Rely on company health insurance



### Rely on public healthcare



■ Expert/ very knowledgeable  
■ Not at all/ slightly knowledgeable

## Impact of medical incidents by financial literacy levels

Imagine the below incidents happened to your life. For each scenario, please indicate what would you do if you encounter them, taking into consideration your level of protection.

### Diagnosed with cancer



Expert/ very knowledgeable

Not at all/ slightly knowledgeable

### Suffered from a stroke



Expert/ very knowledgeable

Not at all/ slightly knowledgeable

### Diagnosed with depression



Expert/ very knowledgeable

Not at all/ slightly knowledgeable

■ Would not cost much/ no major Financial impact  
■ Expect a major financial impact



03

Work life,  
ambition and  
benefits





# In an ideal world, middle-class Asians would work 1.5 hours less per day – which is linked to how important they consider work life balance

Malaysia and India are the countries with the largest gap between actual vs. desired working time – they would like to work close to 2 hours less per day.

## Actual average working time

On average, how many hours a day do you work?

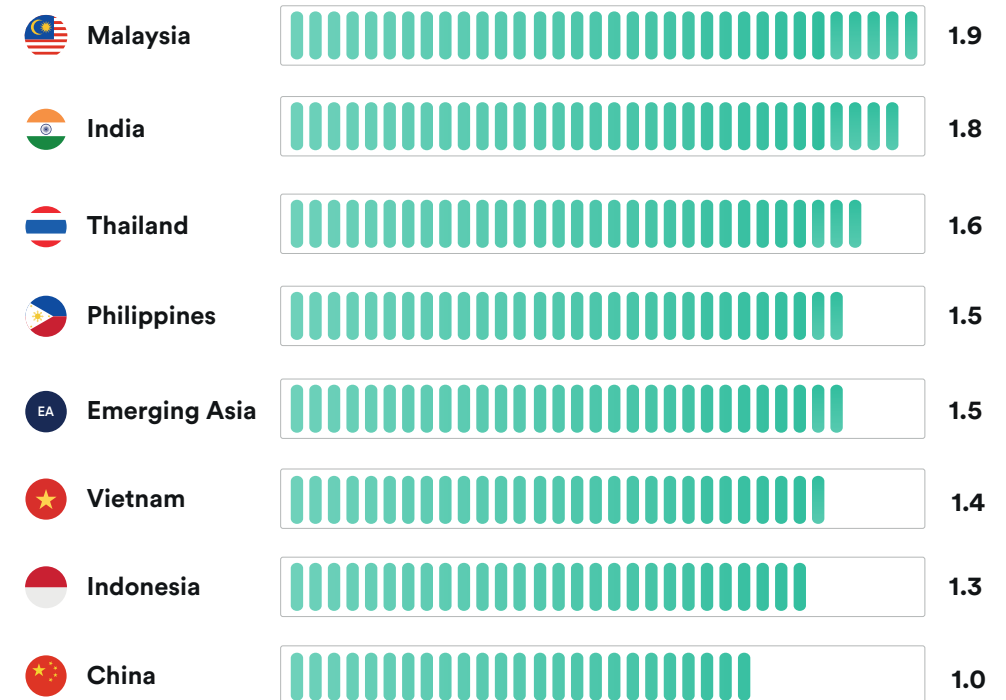


## Desired working time

Ideally, how many hours a day would you ideally want to work for a good work-life balance?



## Difference between actual vs. desired working time (hrs)



# Working from home is expected to stay – more so in Emerging than in Mature Asia













China has the smallest proportion of working from home middle-class consumers, while the Philippines has the highest.

## Working from home (%)

Are you able to do your work from your home? (Shown below are those selecting “Yes, fully” and “Yes, to an extent”)

Which of these best describes your working situation during the past 6 months?

How do you expect your working situation to be in the future, after things normalize after the COVID-19 pandemic?

	 Able to work from home	 Worked from home during COVID-19	 Expect to continue working from home in the future
 Malaysia	78%	53%	51%
 Indonesia	87%	55%	34%
 Thailand	85%	46%	47%
 Vietnam	86%	50%	41%
 Philippines	90%	72%	52%
 China	68%	22%	31%
 India	88%	52%	45%
 Emerging Asia	82%	48%	42%
 Mature Asia	55%	33%	22%

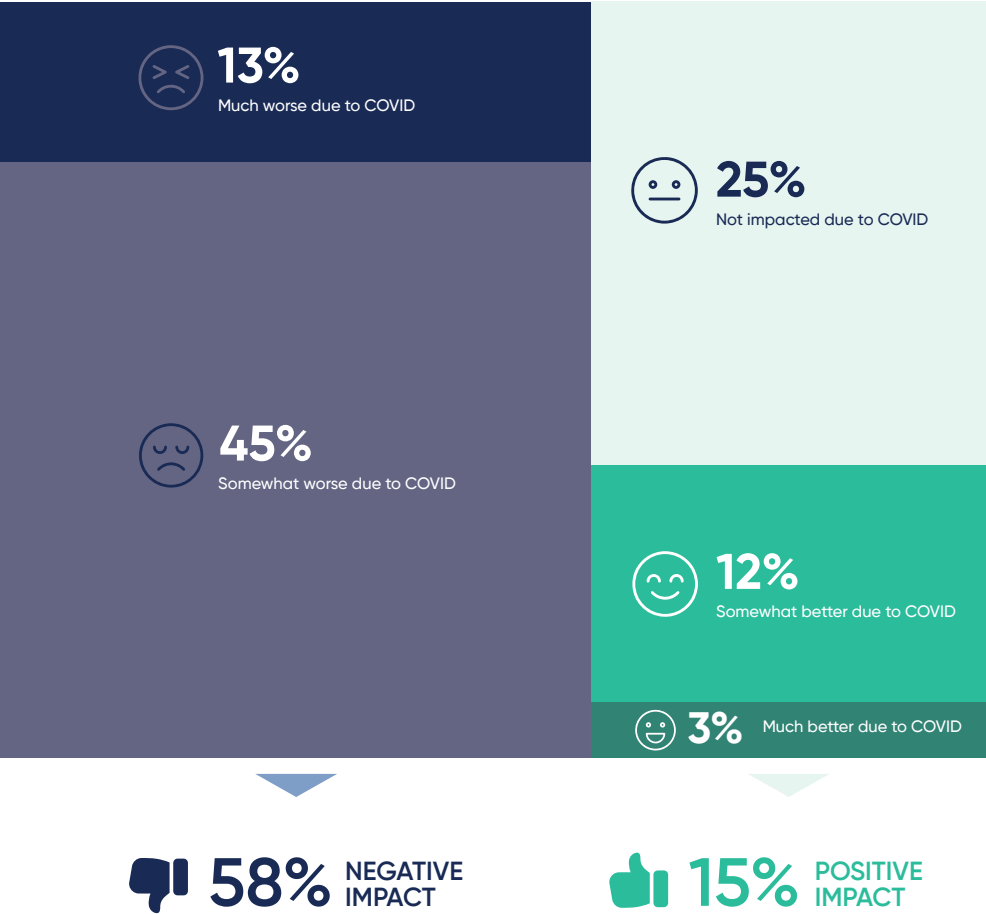


# However, COVID fall-out has negatively affected the work life balance and career prospects of middle-class Asians

Work-life balance has been affected more severely than career prospects in a 5-year span.

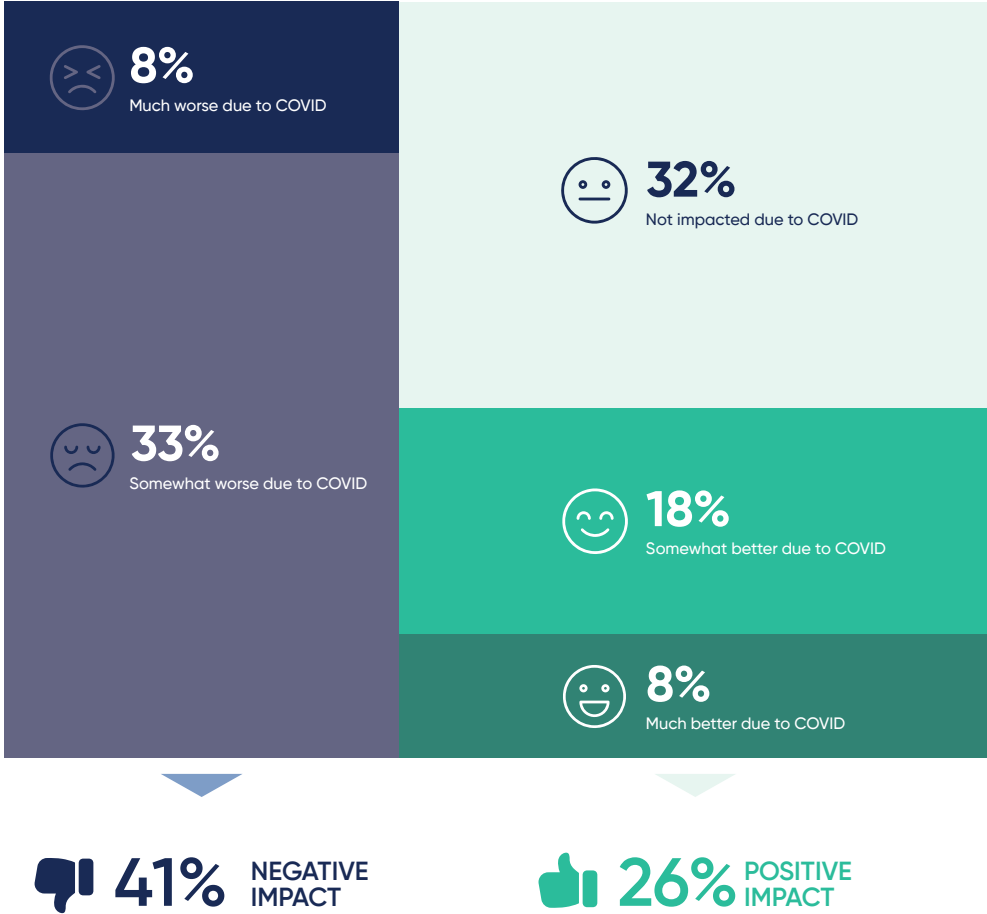
## Affect on work life balance

Has COVID affected your work life balance?



## Career prospects in the next 5 years

How has COVID affected your career prospects in the next 5 years?

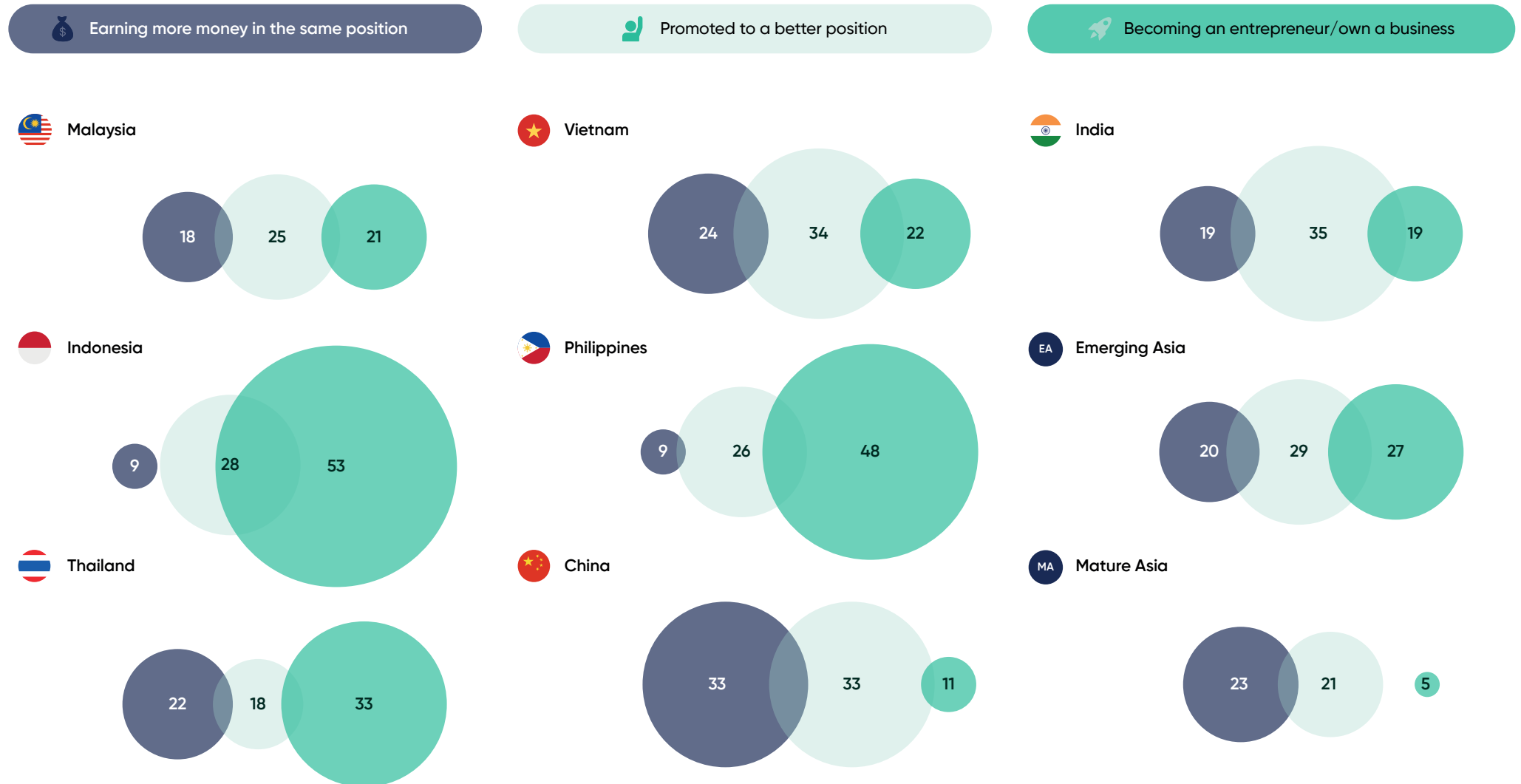


# Entrepreneurial roles are a key aspiration for many middle-class Asians

Especially in Indonesia and the Philippines, many consumers have the ambition to become an entrepreneur.

## 5 year career prospects (%)

In terms of your career/job, what do you realistically expect you would be doing in 5 years from now?

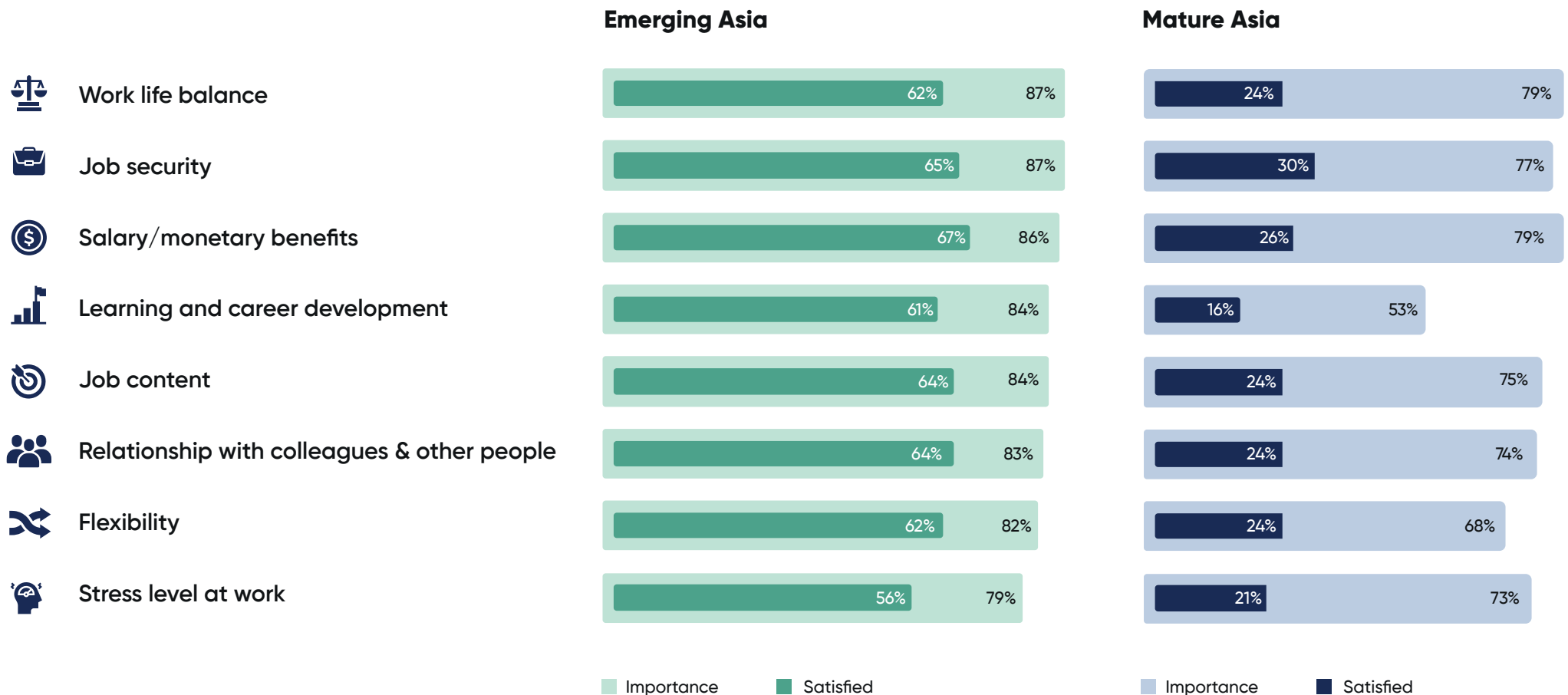


# Work life balance, job security and salary are key determinants of job satisfaction

Compared to Mature Asia, Emerging Asia has have much higher level of satisfaction across aspects. It is worth noting that importance of learning and career development is much lower among Mature Asians.

## Aspects of work: importance vs. satisfaction

How would you rank the importance of the below factors when it comes to evaluating how satisfied you are at work? How satisfied are you with the below aspects of your work?





# Work benefits: healthcare insurance, paid sick leave are key important benefits

Healthcare insurance is being offered across the board given its importance, though Thailand lags compared to other markets. Emerging Asia leads in providing benefits when compared to Mature Markets, including those related to insurance.

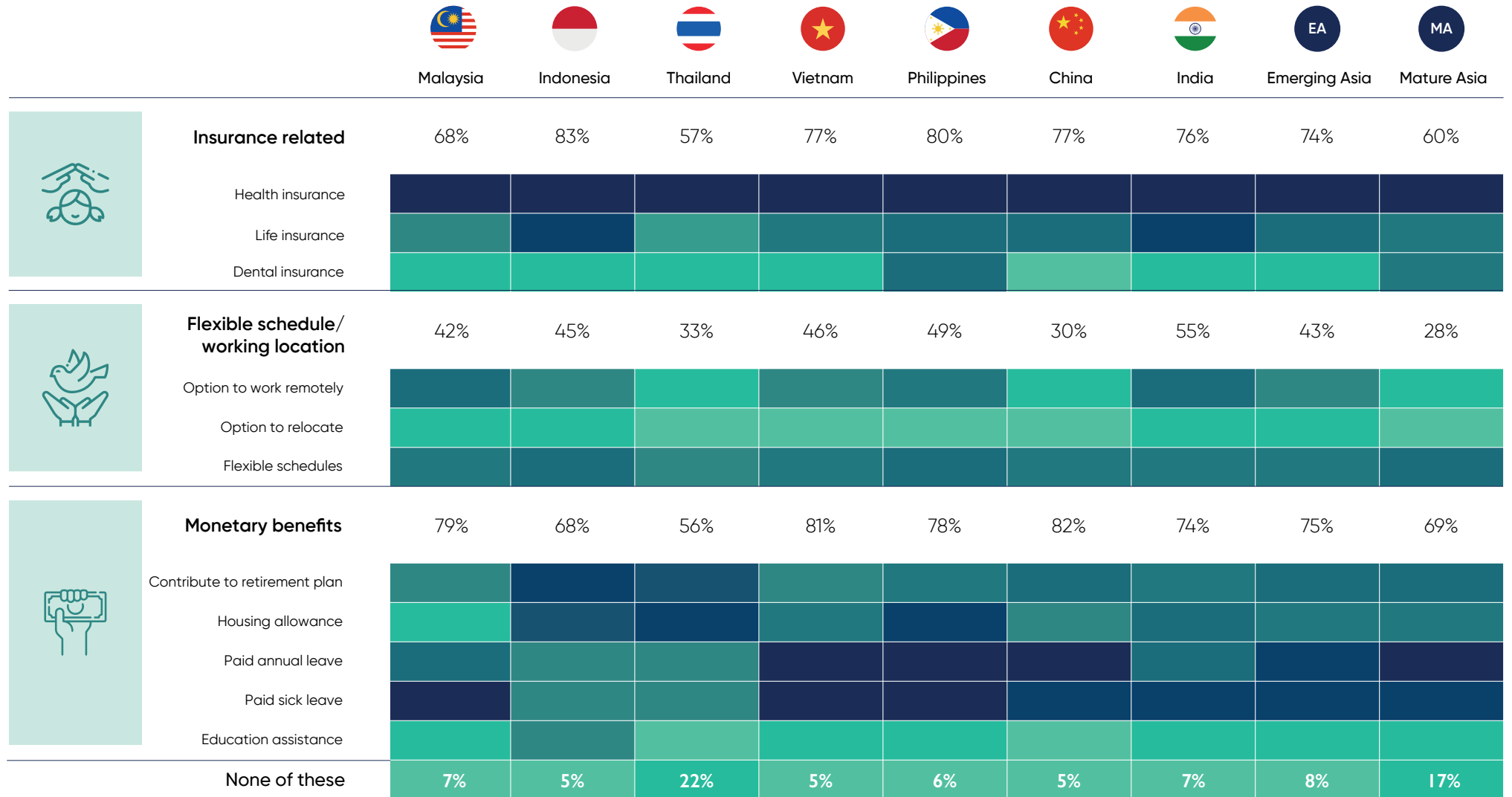
## Importance of benefits

How important are each of these benefits that your employer may or may not provide to you?



## Benefits provided by employer

Which of these benefits does your employer provide, apart from your salary and/or bonuses?



Benefits provided by few employers



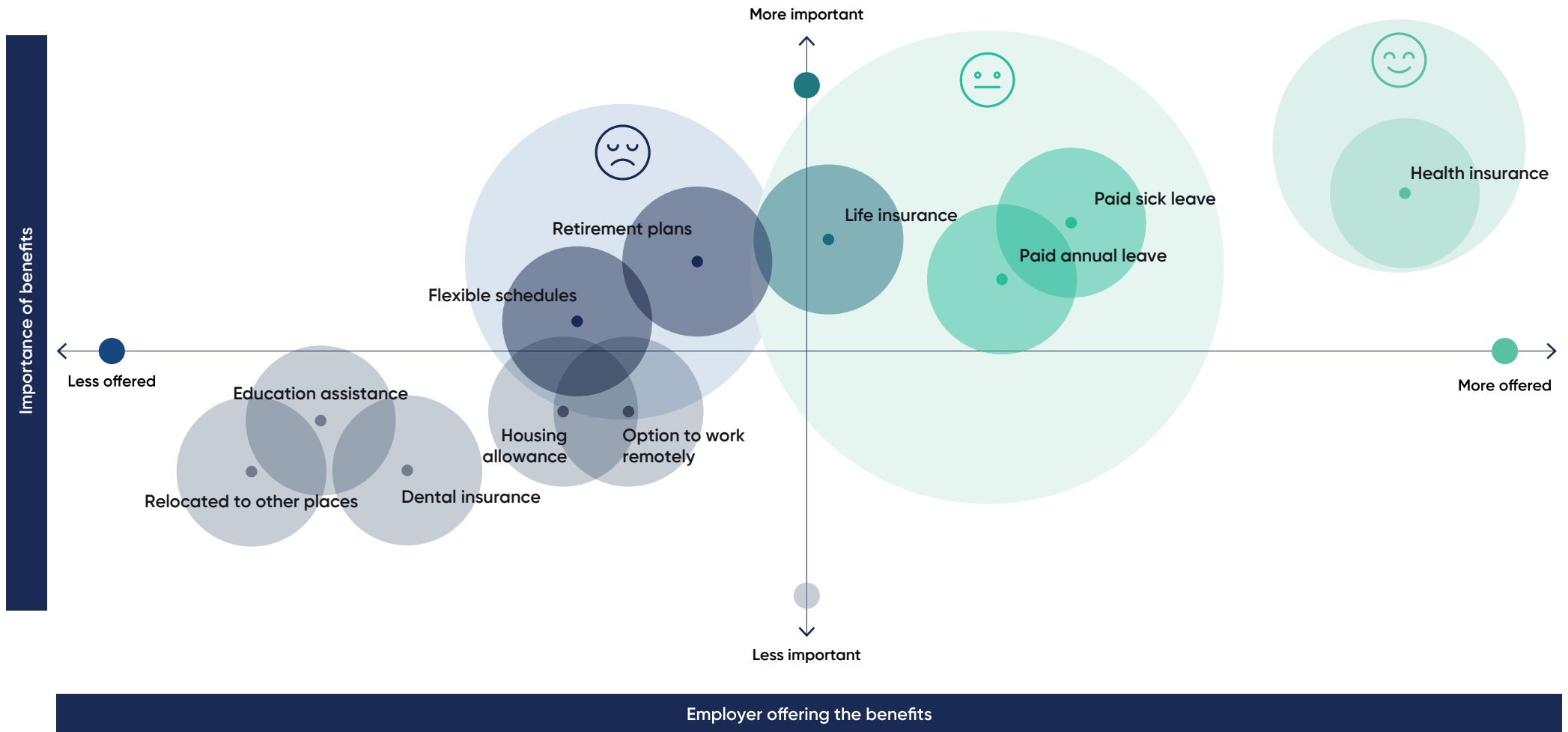
Benefits provided by most employers

# Retirement plans and flexible work schedules are valuable to middle-class but not widely offered

Life insurance holds high importance, though its coverage is not high. Benefit of paid sick leave offered is low in Indonesia while paid vacation is not extensively given in Malaysia, India and Thailand.

## Importance of benefits vs. employer providing the benefits (Emerging Markets)

Which of these benefits does your employer provide, apart from your salary and/or bonuses? How important are each of these benefits that your employer may or may not provide to you?

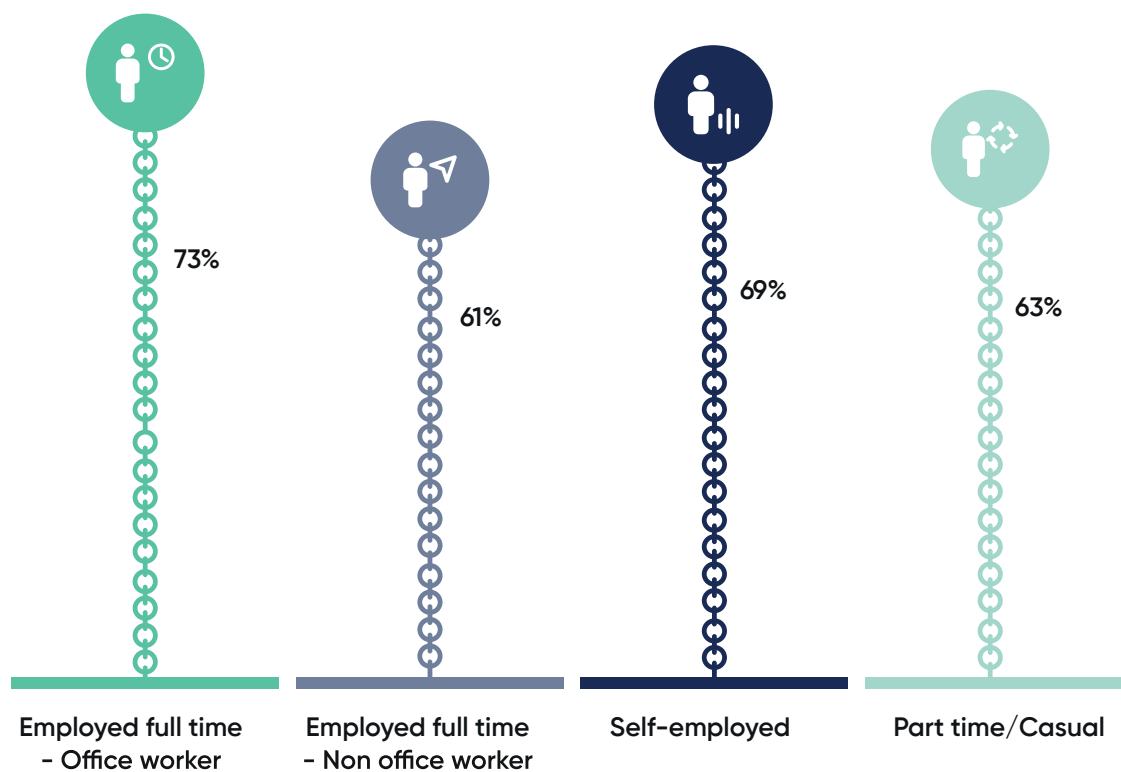


## About 70% of middle-class office workers and self-employed rely on tech for work, yet many face tech access barriers

Internet issues are the most common problem in accessing technology. In the Philippines this is found to be most prevalent, and least in China across Emerging Asian markets.

### Dependence on tech for work by employment status

How much do you rely on tech devices or apps?



Base: Employed full time - Office worker n=3560, Employed full time - Non-Office worker n=305, Self-employed n=833, Part time/Casual n=116  
Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR



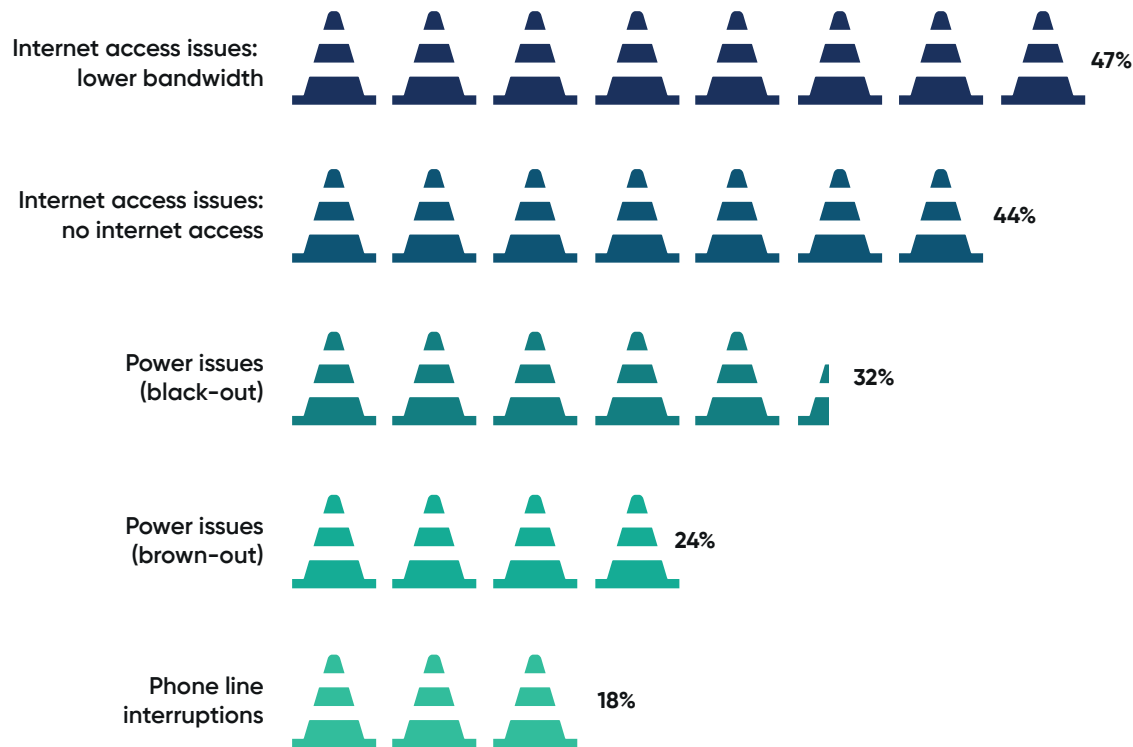
## Is access to technology a barrier in daily life?



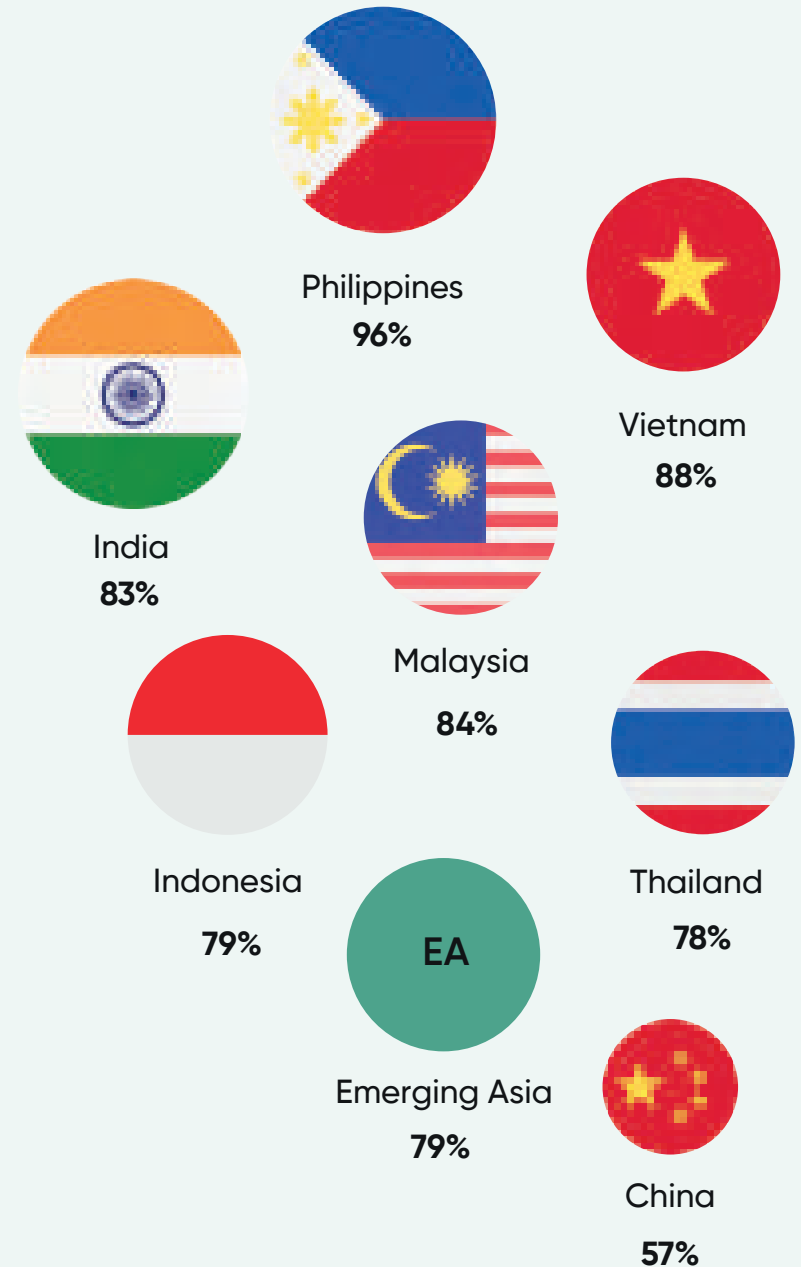
**34%**

Emerging Asians experienced hurdles in accessing technology

## Experience of infrastructure limitation in accessing technology



## Experienced at least one limitation





04

Mobility,  
car ownership  
and the sharing  
economy



# Car ownership is high among Emerging Asian middle-class families

Petrol/gas/diesel vehicle is the most popular type of car. Thailand and India have most non-petrol type cars.

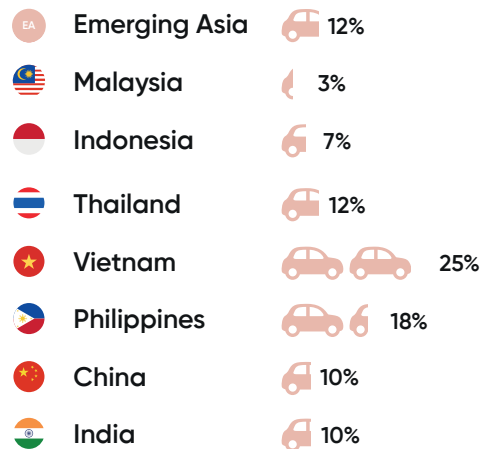
## Emerging middle-class car ownership

Do you own or plan to own a car(s)?

### Currently Own

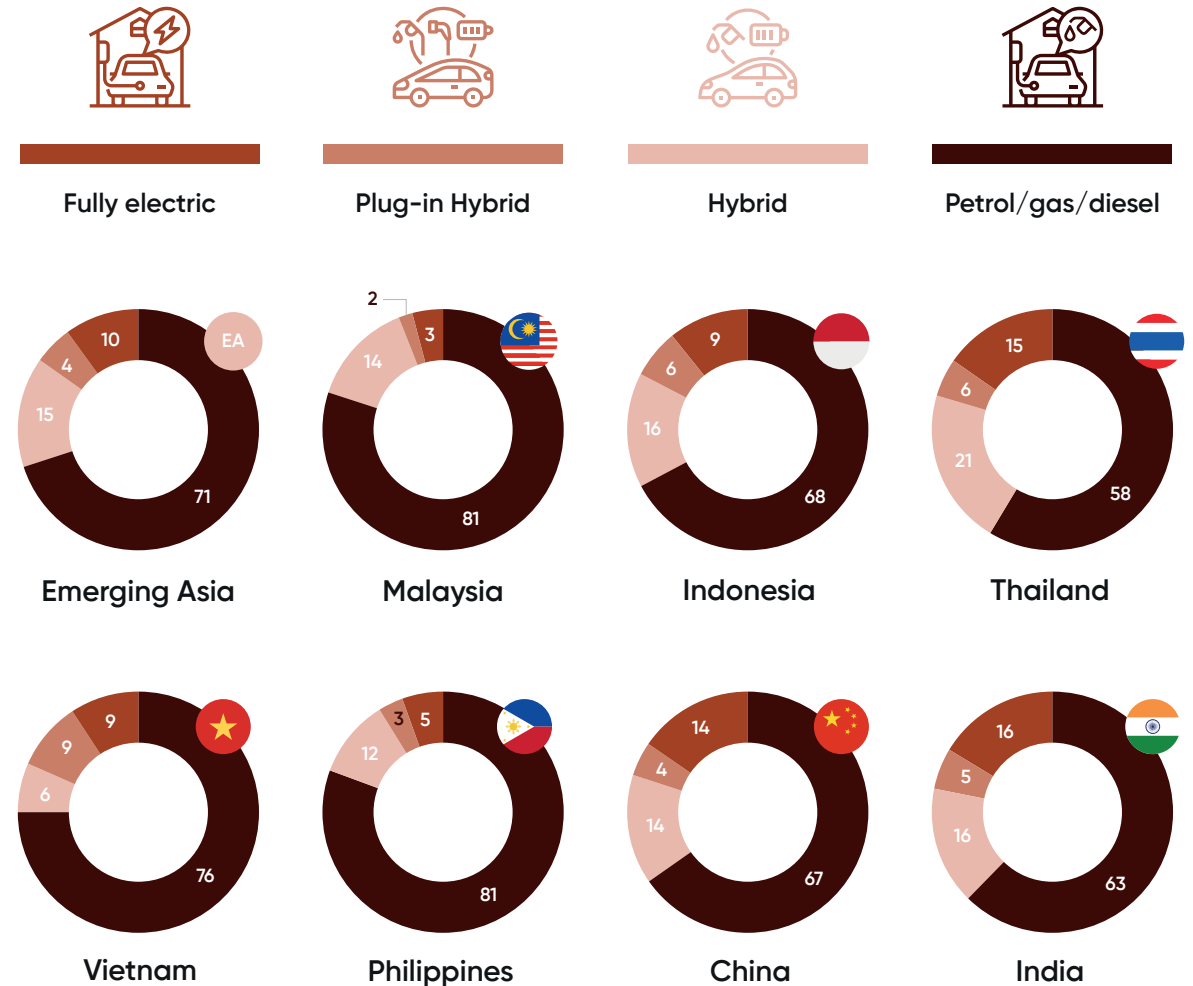


### Intend to Own



## Type of car owned (%)

If yes, what is the type of the most frequently used one?



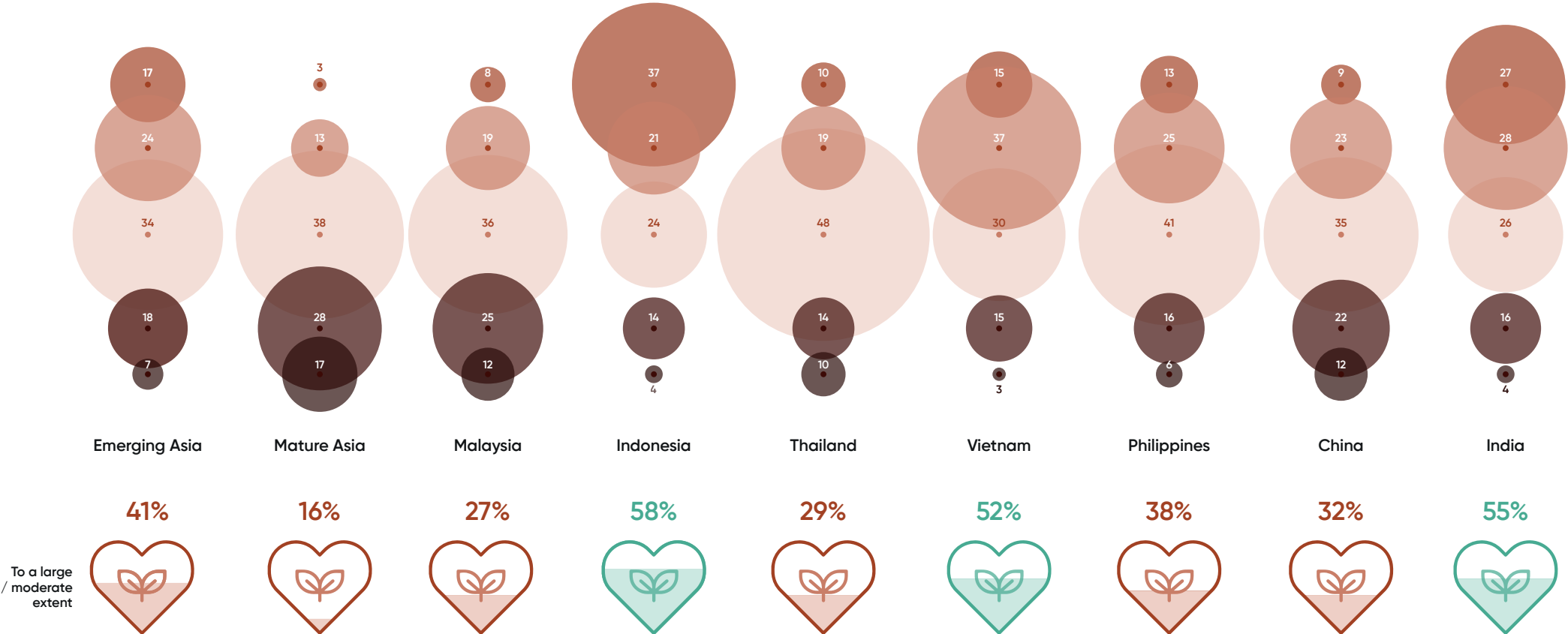
# Sustainability plays a bigger role in choice of transport for middle-class Asians in Emerging than in Mature Markets

Indonesia, Vietnam and India lead in this respect, and include sustainability more prominently in their transport decisions.

## Impact of sustainability on choice of transport (%)

To what extent do sustainability and reduction of carbon footprint have an impact on your choice of transport?

- To a large extent
- To a moderate extent
- To some extent
- To a small extent
- Not at all



Base: Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Emerging Asia n=5000, Mature Asia n=1500  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Testimonials

## Middle-class consumer case study

### Anand

---



India

Based in Madhya Pradesh, Anand is a 36-year-old engineer living with his wife, son, and parents. Thanks to his excellent academic record, Anand found a rewarding job as a government employee. Consequently, he believes that education is the key to the future. He believes that through education, children must be pushed out of their comfort zone and learn social behaviour, moral values, creativity, and problem-solving.

***"We must prepare our children so they can face the world and overcome life's challenges with flying colors."***







## Nurturing disciplined financial habits for long-term security

Anand's middle-class upbringing taught him the value of savings and investments. For the past 10 years, he has recorded all his expenditure using an expense tracking app and is thrifty when prices and inflation increase. **"During those times, I actively cut back on luxury purchases and spend only on what is necessary."**

His family strictly follows and staunchly advocates the practice of allocating extra funds towards life insurance, medical coverage, and investments, such as SIPs (Systematic Investment Plan, a facility offered by Indian mutual funds to invest regularly). Every investment decision is taken carefully after thorough research, and policies are bought directly from companies rather than agents. He affirms, **"I regularly invest in the stock market and mutual funds as part of my future planning, specifically for my children's education and my retirement."**

Transparency is also key. All his family members know each other's insurance policies and investments. Two of Anand's friends retain copies of his and his family's insurance and investment documents for safekeeping in case of an emergency.



## Sustainability and a green lifestyle go hand-in-hand with sharing economy

Wanting to be part of the solution, Anand prefers to rent self-driving cars rather than own a car. He also follows simple steps to reduce his daily carbon footprint. For example, walking or bike-sharing instead of driving, turning off the appliances when not in use, and minimizing the use of plastic. He strongly believes that electric vehicles and alternative fuel options are the way of the future, stating, **"My next vehicle will be an electric one because it is environment-friendly and certainly more affordable considering the rising petrol prices."**

The attitude of sustainability extends toward health and well-being too. Anand is careful about his and his family's diet and exercise. He chooses to spend on high-quality ingredients like naturally filtered oil and dedicate time to practice yoga or go for an hour-long swim daily. **"I follow a minimalistic lifestyle. I don't eat out or drink tea, coffee, or cold drinks. Good habits now will help us stay healthy even in old age."**



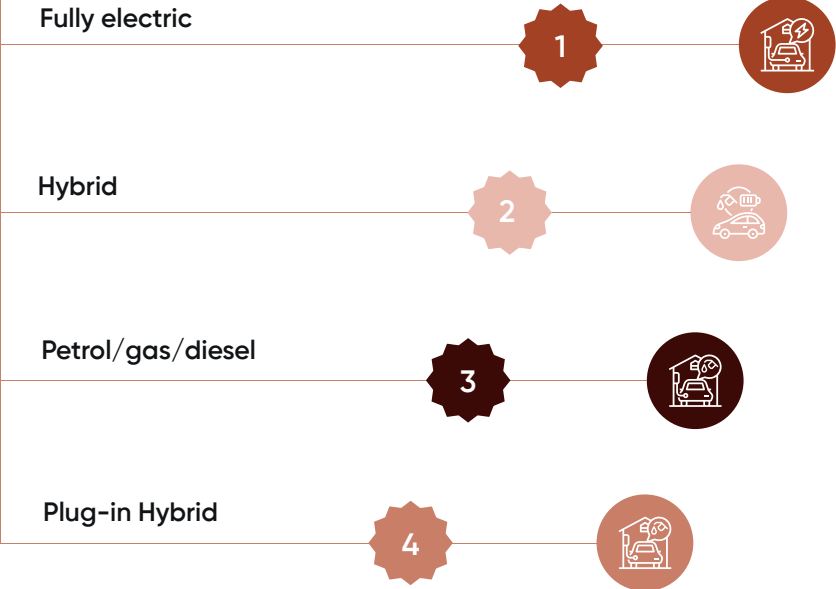
# Sustainability conscious middle-class Asians prioritise EV for future purchase

Petrol is the third most popular type for sustainability conscious Emerging Asians.

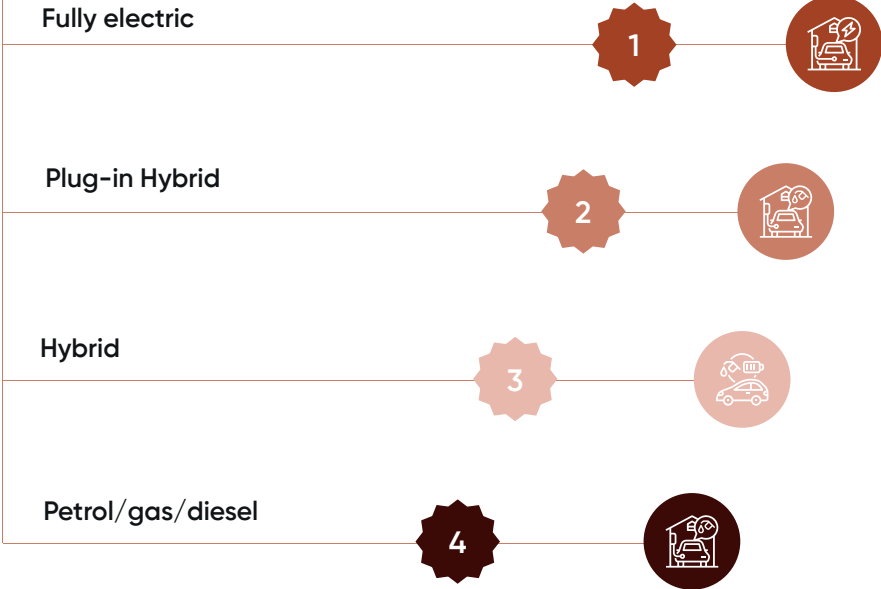
## Ranking of type of vehicle for next purchase among sustainability conscious

Assuming you'd buy a new car in the next 12 months, please indicate the likelihood of you buying each of these vehicle types.

### Emerging Asia



### Mature Asia



Base: Consumers that claim to take sustainability into consideration when making transport decisions (to a large/ moderate extent), Emerging Asia n=2022, Mature Asia n=210  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

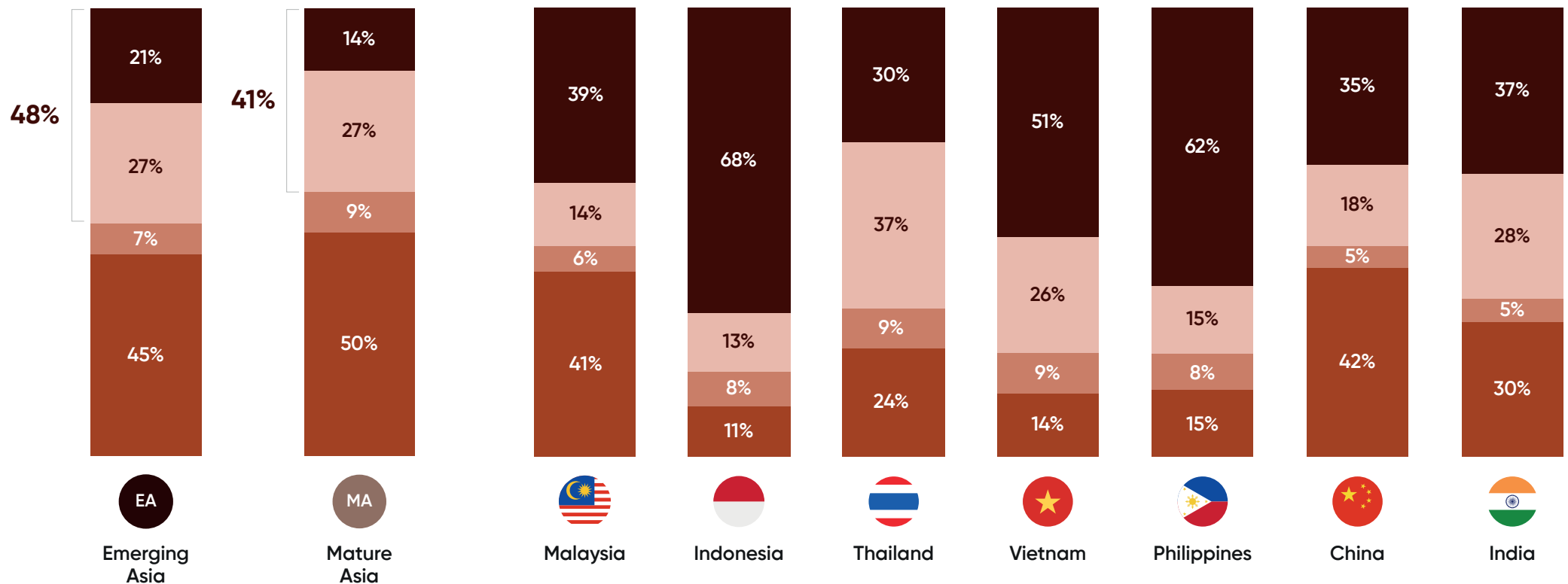
# Many middle-class Asians have a strong emotional bond with their car

Many car owners love driving or see car as symbol of success – more so in Emerging Asia than in Mature Asia where it’s a more utilitarian bond. Indonesia and the Philippines have the highest proportions of “car lovers by heart”.

## Attitude towards cars

Please select the statement that describes you best. Please select one.

- Car lovers by heart:** ● I owe a car because it’s a symbol of success ● I love driving and cannot live without my car
- Utilitarian – open to use less:** ● I am willing to give up my car and travel via public transport in the next decade ● I like driving but do not mind using public transport when possible to reduce pollution



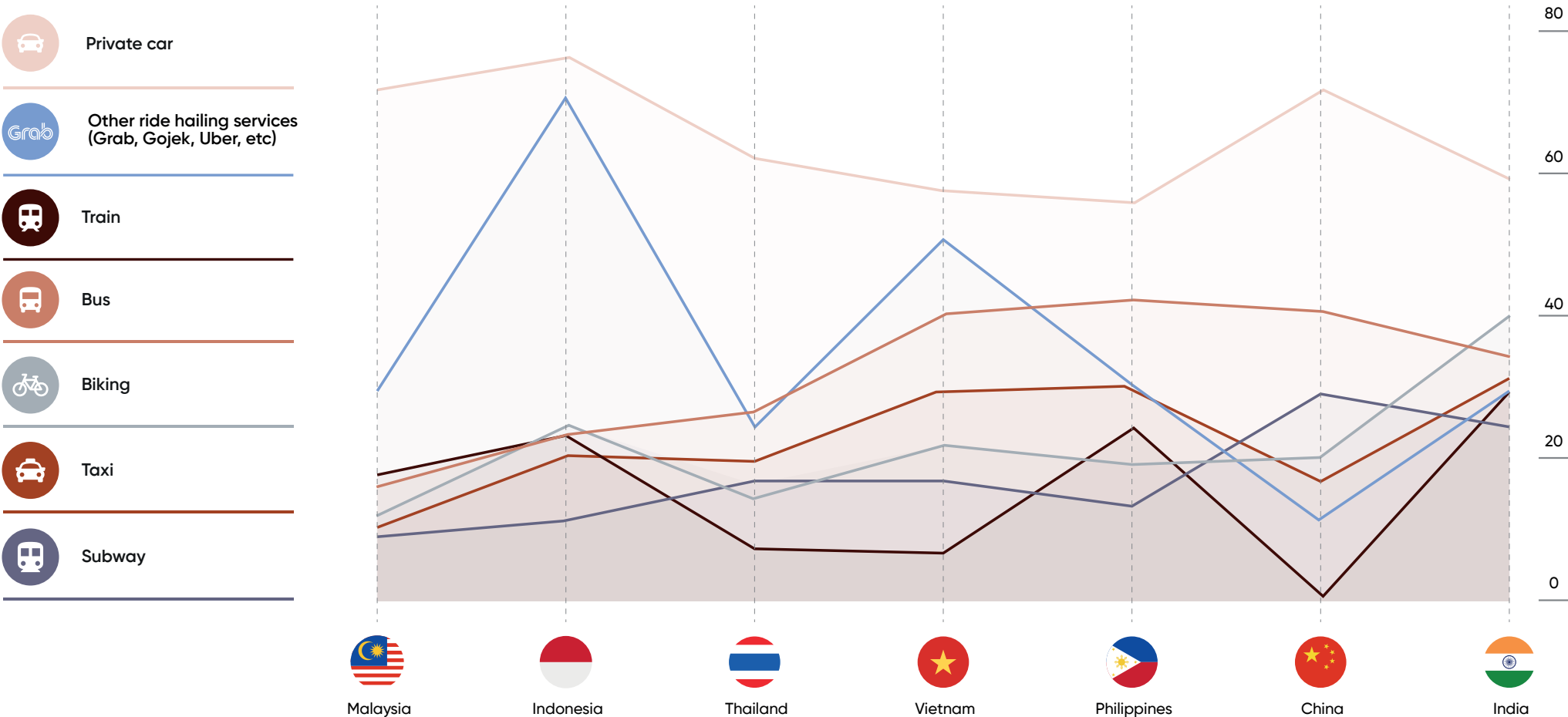
Base: Emerging Asia n=5000, Mature Asia n=1500, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000  
 Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# Growth of modern ride hailing services is witnessed in Indonesia and Vietnam, though private car is the main mode of transportation for the middle-class

Indians spent the most time commuting and are more likely to use train and taxi than other nationalities. China has the shortest average commute time.

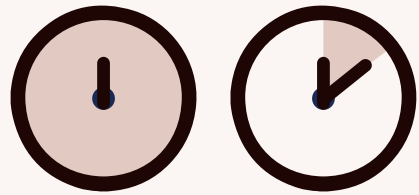
## Mode of transport for work

Which form/s of local transportation did you mostly use for your commute to/from work in the past 6 months?



## Time spent on commute

How long was your normal total daily commute in the past 6 months (count both ways, i.e. to and from work or school)?



On average

# 1 hr. 9 mins

is spent every day on commuting for work/school

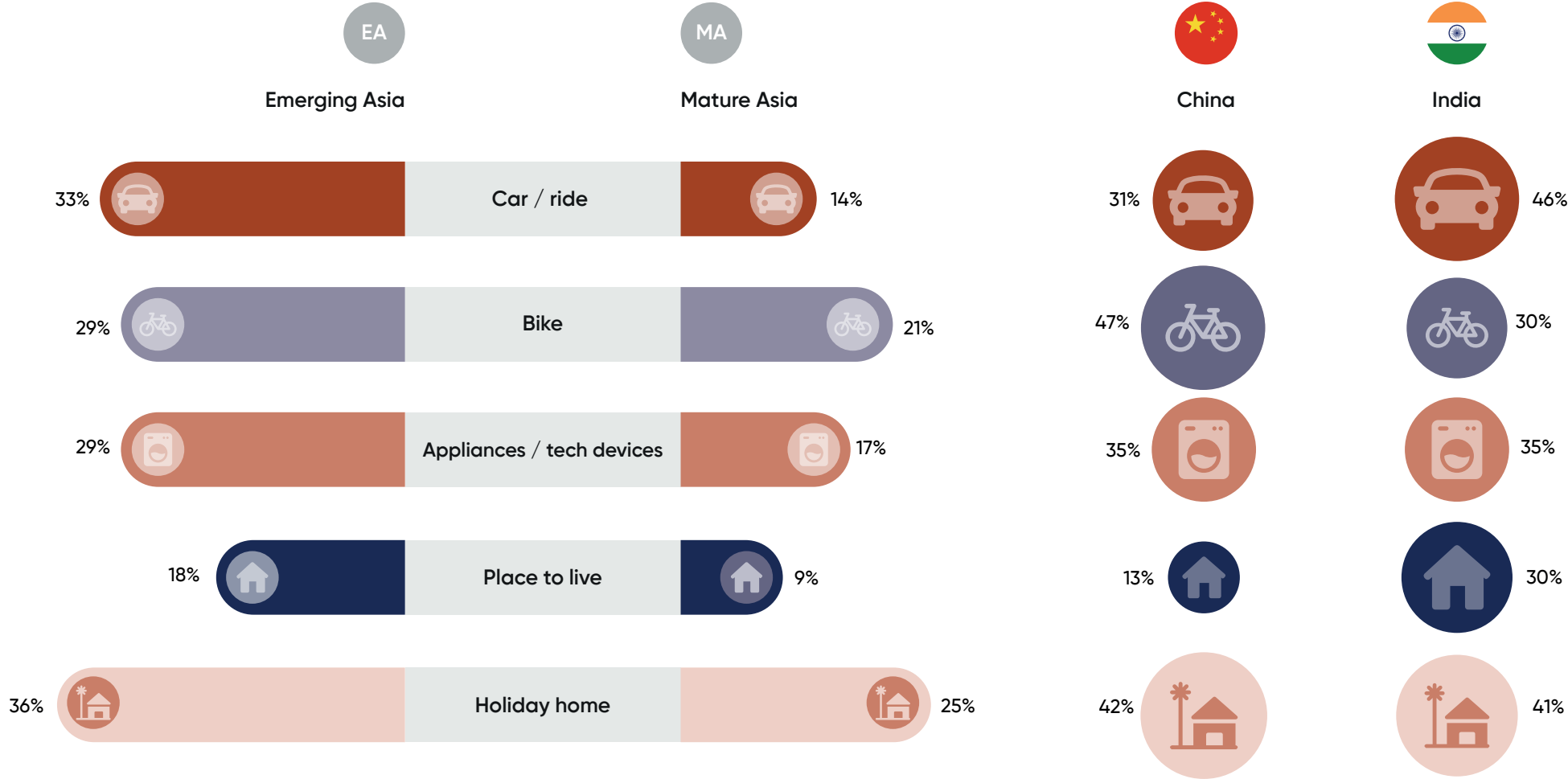


# More Emerging middle-class Asians are open to the "sharing economy" with about one third willing to share across most tested areas

China and India show highest readiness for the sharing economy among emerging Asian middle-class.

## Preference for sharing economy

How interested are you in the following subscription-based services compared to owning the relevant device yourself?





05

Leisure  
activities  
and pandemic  
impact

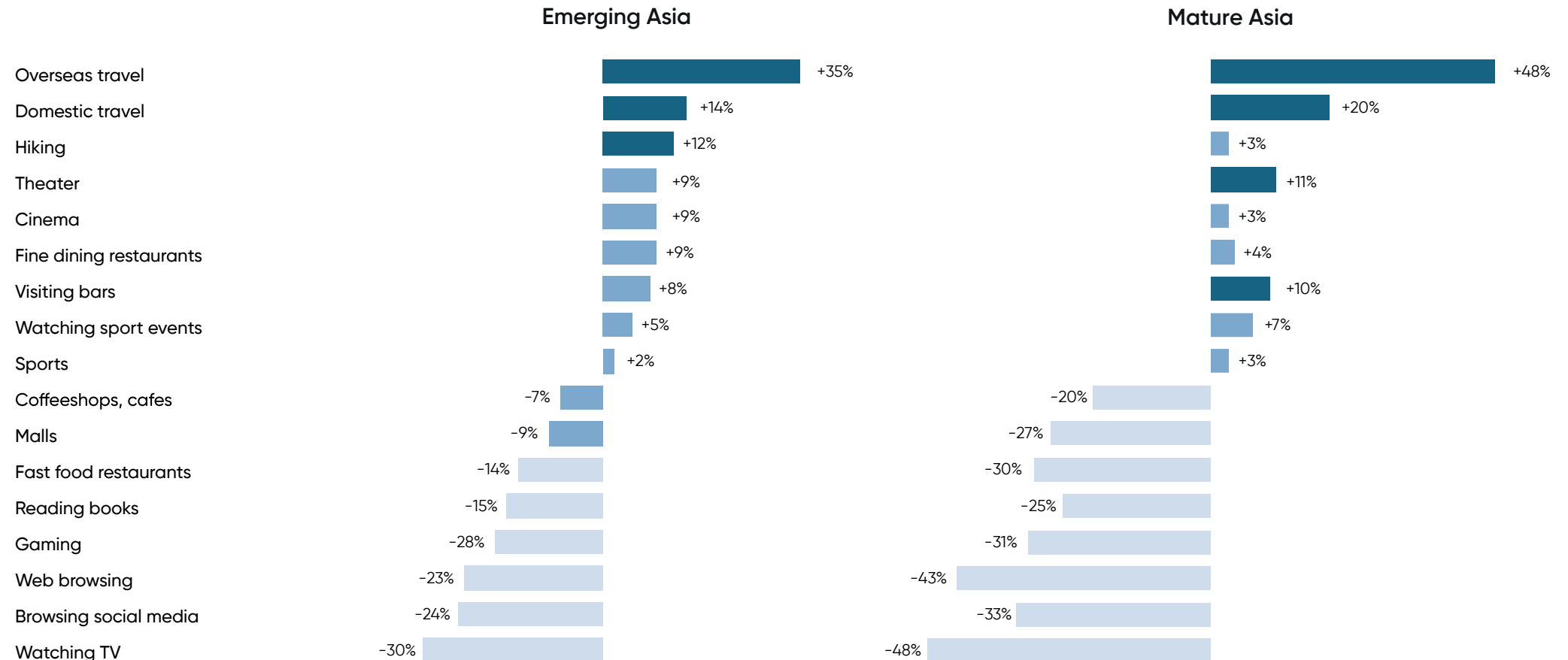


# Travel is expected to bounce back, pushing out most forms of digital entertainment

Consumers are also keen to do more outdoor activities such as visiting restaurants/bar/theater/cinema etc. There is the intention to reduce the time on indoor pursuits related to watching TV, web/social media browsing and gaming more so among mature Asians.

## Changes in leisure activities engaged in past 6 months (P6M) vs. post COVID-19

Which of the following social and leisure activities have you engaged in during the past 6 months? And which of the following social and leisure activities do you expect to do more of, after things normalize after the COVID-19 pandemic?



# Online shopping is here to stay

No real change is expected post COVID-19 in online shopping frequency; the behaviours picked up during COVID-19 are thus likely to stay. 45% of the Emerging Asian middle-class consumers are frequent online shoppers (every week) opposed to 24% of those in the Mature Markets.

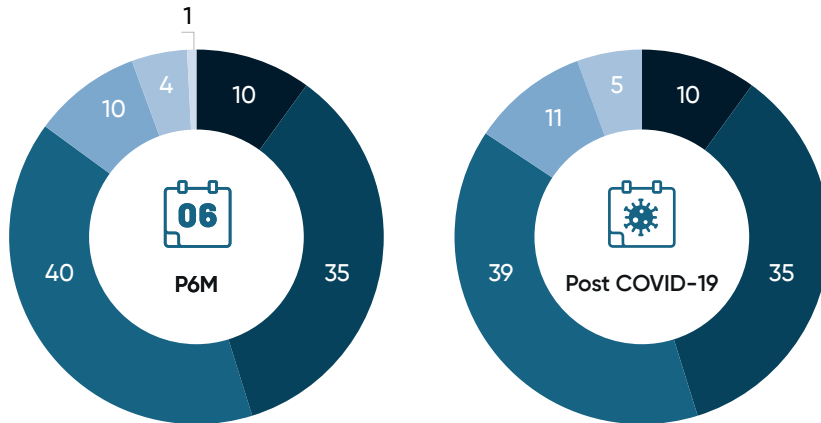
## Online shopping frequency past 6 months (P6M) vs. post COVID-19 (%)

How often did you do online shopping in the past 6 months?

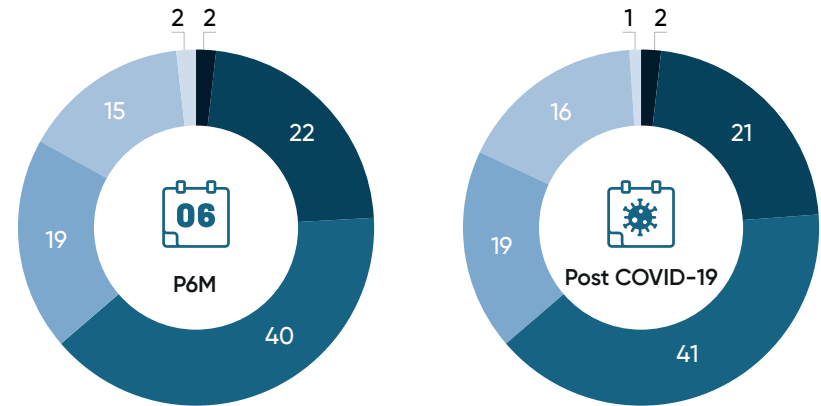
How often do you think you will do online shopping after things normalize after the COVID-19 pandemic?

- Every day
- Every week
- Several times per month
- Once per month
- Less than once per month
- Not done online shopping in the past 6 months

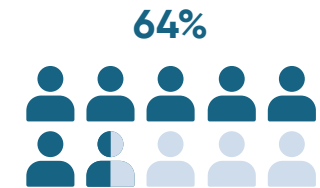
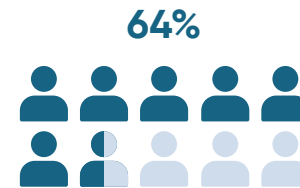
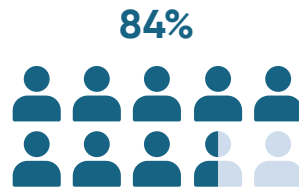
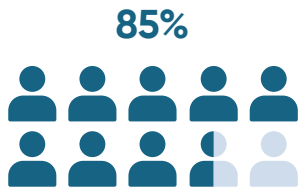
### Emerging Asia



### Mature Asia



Frequent Online Shoppers (%)



Average Number of times per month



# Convenience followed by better price and more options drives e-commerce among frequent online shoppers

Interestingly, consumers in Indonesia believe that online shopping is more hygienic when seen against other markets.

## Reasons of shopping online among frequent shoppers (%)

What are the reasons you would shop online rather than in a physical shop?



Base: Frequent online shopper Malaysia n=486, Indonesia n=548, Thailand n=452, Vietnam n=524, Philippines =481, China n=920, India n=810, Emerging Asia n=4221, Mature Asia n=966

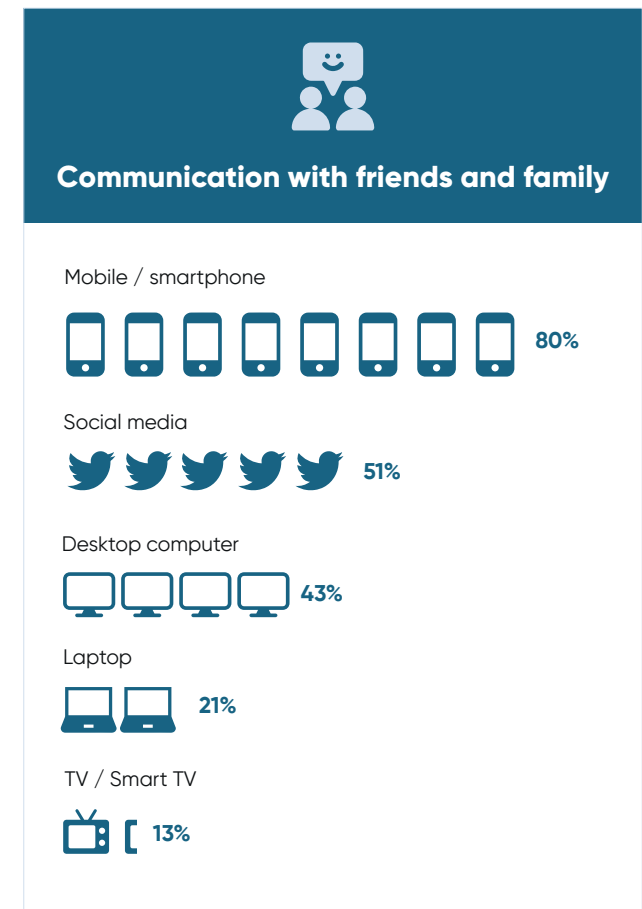
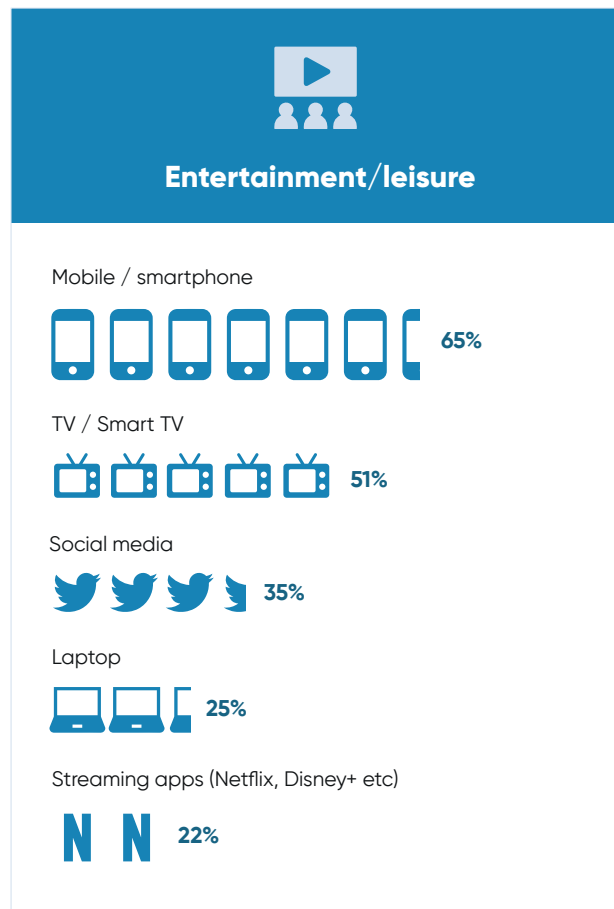
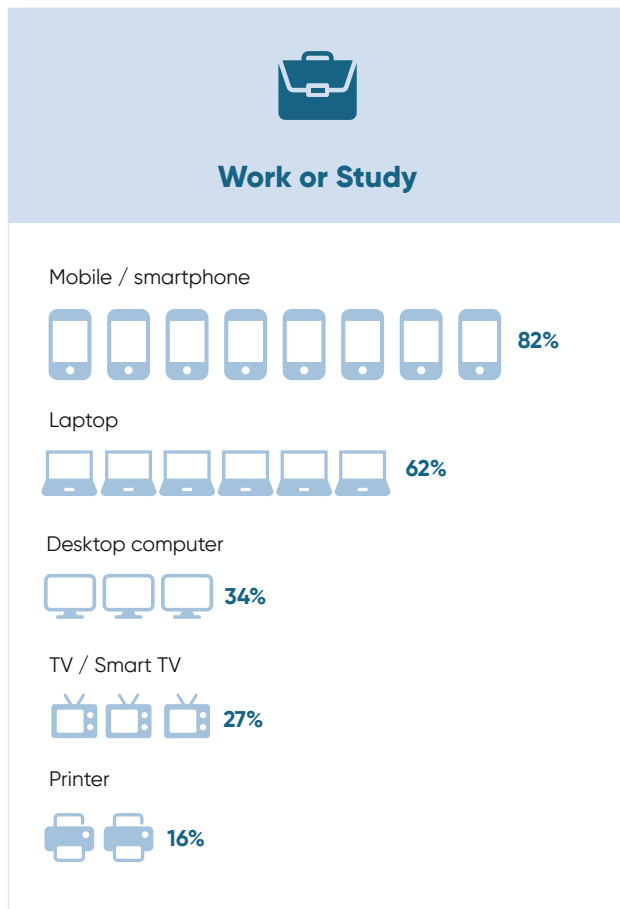
Note: Emerging Asia: MY, ID, TH, VN, PH, CN, IN, Mature Asia: HK, JP, KR

# For Emerging Asia's middle-class, the mobile/smartphone is their primary entertainment device

Laptops are the second most popular device for work/study. Social media is used for both communication as well as entertainment.

## Top 5 device/app usage (Emerging Asia)

Which of the following tech devices or apps are most important for you in each of the below types of activities? Please select up to 3 devices or apps for each type of activity.





06

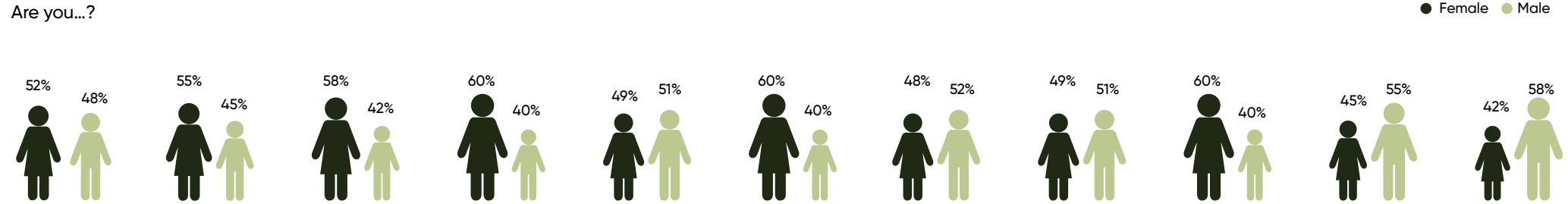
# Demographics



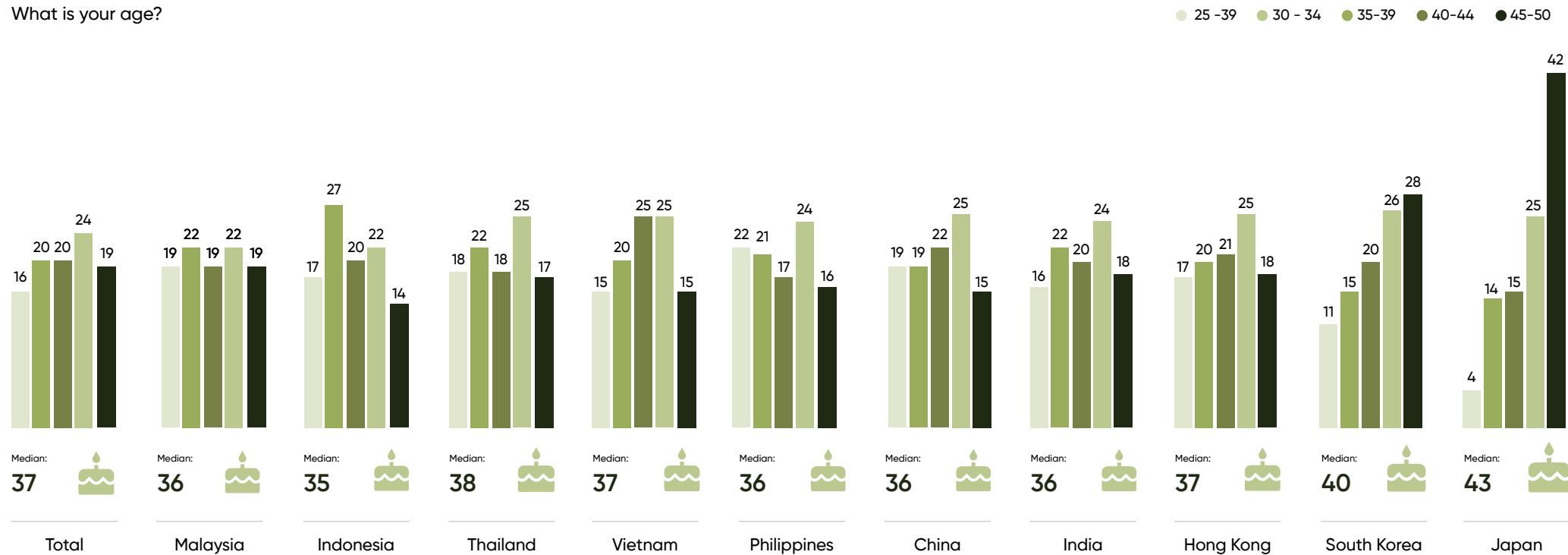
# Gender and Age

The median age of Japanese middle-class is older than rest of the markets, with the largest difference being 8 years, when compared to Indonesia.

## Gender (%)



## Age (%)



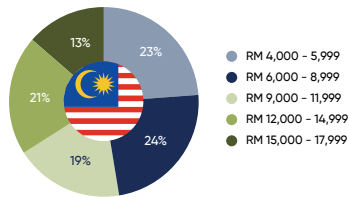
Base: All Respondent n=6500, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500

# Household income

## Household income

What is your current monthly/ [KR/JP annual] household income (before tax)? This includes income from employment and/or investment income for all household members. Your best estimate is fine.

Malaysia (MHI)

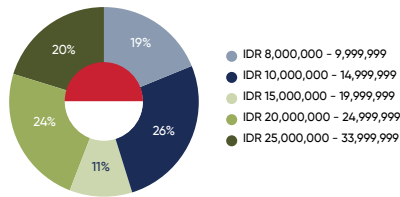


Median:

RM 7,862



Indonesia (MHI)

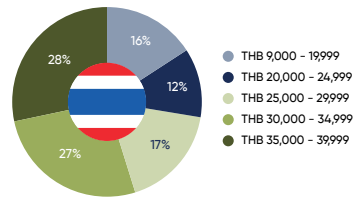


Median:

IDR 14,852,900



Thailand (MHI)

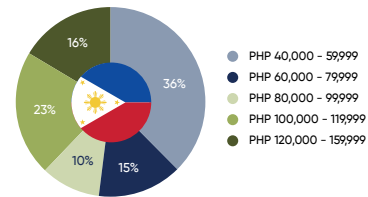


Median:

THB 28,506



Philippines (MHI)

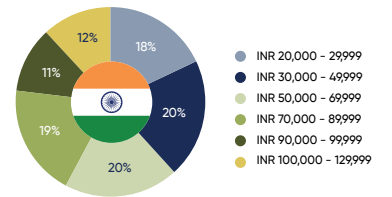


Median:

PHP 67,500



India (MHI)

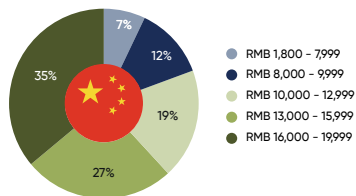


Median:

INR 57,679



China (MHI)

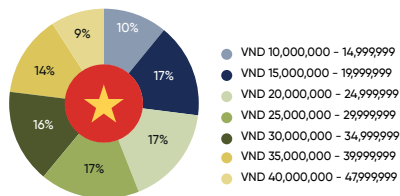


Median:

RMB 12,901



Vietnam (MHI)

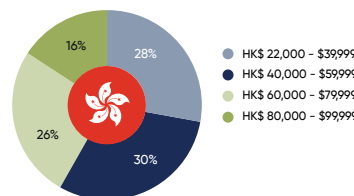


Median:

VND 24,181,820



Hong Kong (MHI)

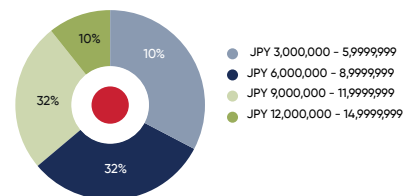


Median:

HK\$ 44,729



Japan (AHI)

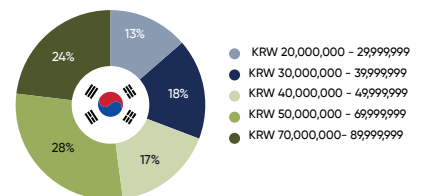


Median:

JPY 40,272,150



South Korea (AHI)



Median:

KRW 46,079,140

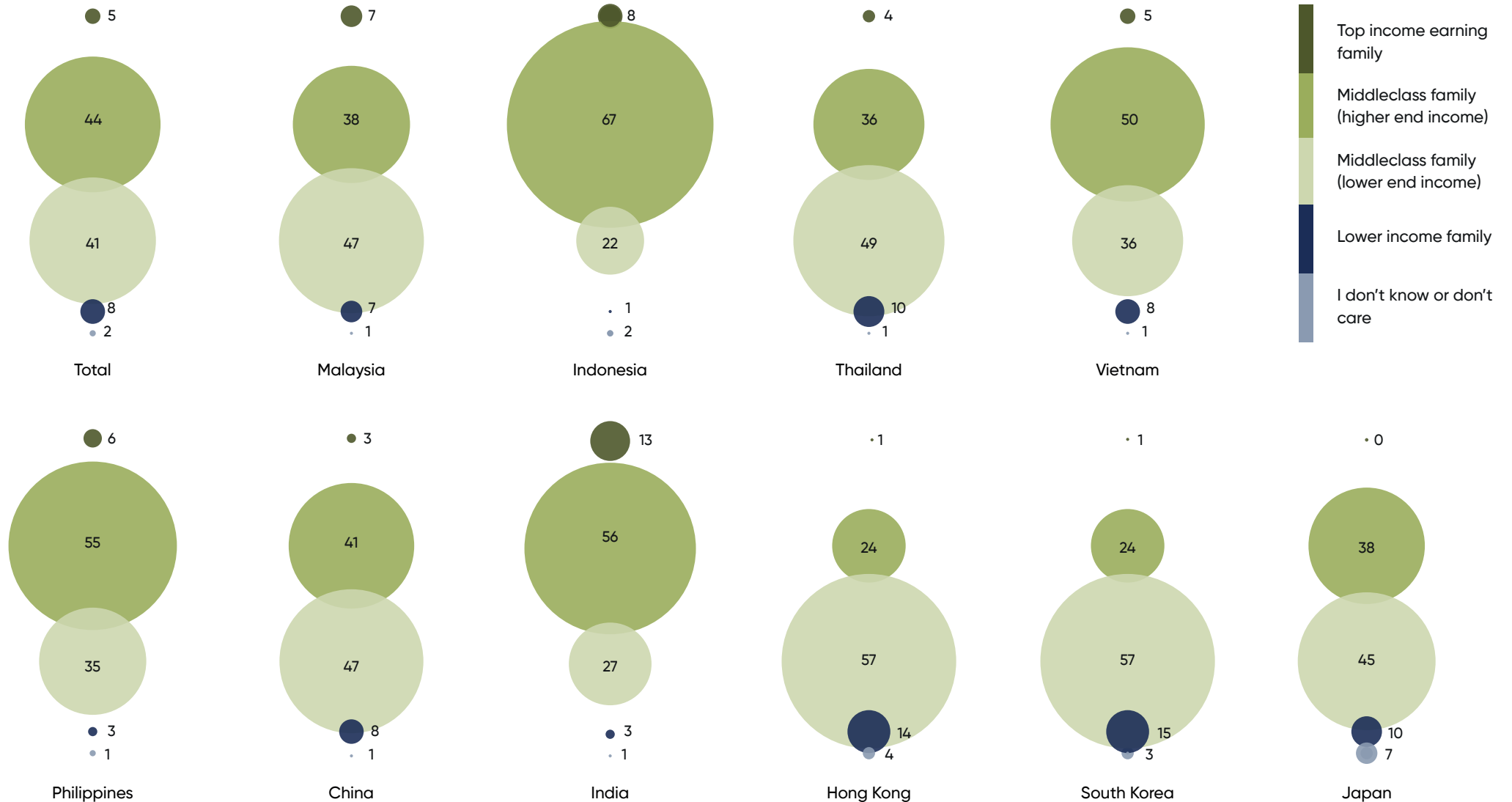


Base: All Respondent n=6500, Malaysia n=600, Indonesia n=600, Thailand n=600, Vietnam n=600, Philippines n=600, China n=1000, India n=1000, Hong Kong n=500, South Korea n=500, Japan n=500

# Self-assessment of income groups

## Self-assessment of income groups (%)

Where would you classify yourself across these four groups of income earners in your country?



# Marital status

## Marital Status (%)

Which of the following best describes your family status?

 Single
  Married
  Divorced/widowed/other

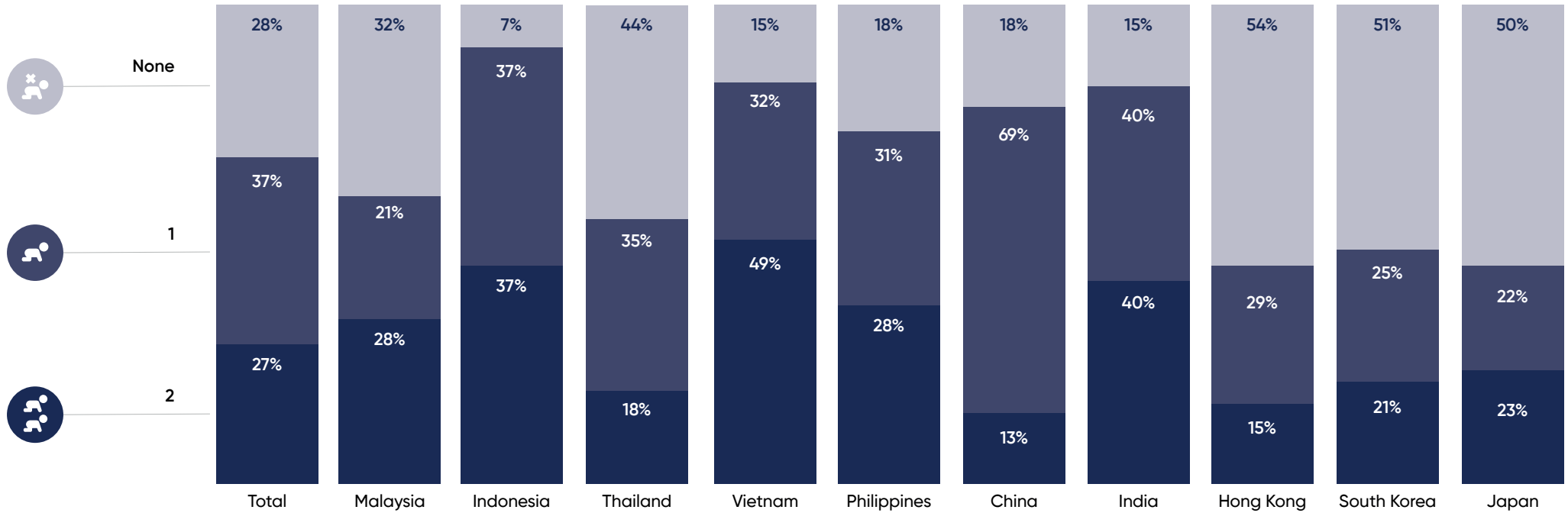




# Number of children and age of children

## # of kids (%)

How many child(ren) do you have? S9. How old are your children?/How old is your child?



## Age of Children (%)

How old are your children?

Age Group	Total	Malaysia	Indonesia	Thailand	Vietnam	Philippines	China	India	Hong Kong	South Korea	Japan
No children	28%	33%	7%	44%	15%	18%	18%	15%	54%	51%	50%
Below 12	54%	56%	78%	37%	71%	65%	56%	59%	39%	30%	32%
12-17	28%	27%	34%	23%	30%	31%	26%	39%	11%	23%	20%
18+	8%	6%	8%	8%	8%	16%	8%	9%	1%	6%	11%

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# Thank you

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