HSBC

News Release

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HSBC STUDY: HONGKONGERS SAY THEY NEED HKD5.9 MILLION TO BE IN THE MIDDLE CLASS

Holding at least HKD 5.9 million worth of liquid assets and owning a property are necessary to be in Hong Kong's middle class, according to the **HSBC Premier 2022 New Middle Class Study**. Early planning and strong financial discipline are considered key to reaching middle class status and sustaining it into retirement.

This first-of-its-kind report seeks to understand the financial needs and challenges of Hong Kong's middle class, highlighting key priorities and important life events, such as children's education, investment, retirement, and legacy planning.

Children's education is a key priority for the city's middle class

In the survey, one in three respondents (35 per cent) intended to send their children to study abroad. On average, respondents planned to spend HKD1.53 million on overseas education for each of their children. Some 40 per cent of the respondents selected the UK as the top destination for overseas studies, followed by Canada (17 per cent), Australia and New Zealand (16 per cent).

To help customers plan for their children's overseas education, HSBC offers comprehensive international education support, ranging from overseas account opening, education advisory, market-first Multi-currency Supplementary Debit Card, overseas study insurance, to bespoke offers and benefits. These services and offerings are supported by an extensive partnership network of international education consultants, international schools, and airlines.

Brian Hui, Head of Customer Propositions and Marketing, Wealth and Personal Banking, Hong Kong, HSBC, said: "The financial needs of Hong Kong's middle class have evolved in the past decade. The HSBC Premier 2022 New Middle Class Study helped to validate what matters most and why to this customer segment. We will use the insights to tailor our services and strengthen our support to this customer segment, as we refresh our Premier Proposition."

Hong Kong's middle class has turned cautious and less diversified with their investment, but property is still preferred to preserve wealth

Global financial market correction is undermining the risk appetite of the middle class. Forty-one per cent of the respondents described their outlook towards wealth investing as cautious or very cautious. Sixty per cent of respondents said they are having more cash in their portfolio because of income uncertainty during the pandemic. Yet, professional investors[1] have maintained a higher investment ratio and a diversified portfolio, comprising a relatively higher proportion in funds and bonds.

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Most of the respondents (76 per cent) considered property as an asset for wealth preservation. Nearly 40 per cent showed an interest in local property. When it comes to overseas property investment, one in four (28 per cent) respondents indicated an interest in buying in the next two to three years. Top locations include the UK (39 per cent of respondents) and Mainland China (38 per cent), followed by Canada (18 per cent), Australia (15 per cent) and the US (13 per cent).

Millennial respondents are strong "FIRE" (financially independent and retire early) advocates

More than half of the millennial respondents (54 per cent) were keen to retire early by 56 years old, two times the number of non-millennials (28 per cent). To achieve early retirement, 61 per cent of millennial respondents would cut their expenses, while 55 per cent would take on part-time jobs or set up their own business to increase income. While over half of the respondents acknowledged the importance of legacy planning, 23 per cent of them have not acted or said they lacked the know-how.

Sami Abouzahr, Head of Investments and Wealth Solutions, Wealth and Personal Banking, Hong Kong, HSBC said: "Middle-class customers have bold aspirations for their future and ambitious wealth goals, but they might not know what to do with their hard-earned money. By digitising the full value chain and maintaining the human touch and guidance through our relationship managers, we are able to help these customers achieve their short-, medium- and long-term goals every step of the way."

HSBC has recently launched an all-in-one platform called "Future Planner", which helps customers keep track of their short-term and long-term financial goals. In addition, customers can easily manage investment portfolios and evaluate potential risks using comprehensive simulation tools, such as the Wealth Portfolio Intelligence Service.

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Photo captions:

Photo 1: HSBC is launching the inaugural HSBC Premier 2022 New Middle Class Study to understand the financial needs and challenges of Hong Kong's middle class. According to the study, Holding at least HKD 5.9 million worth of liquid assets and owning a property are necessary to be in Hong Kong's middle class.

Photo 2: Brian Hui, Head of Customer Propositions and Marketing, Wealth and Personal Banking, Hong Kong, HSBC

Photo 3: Sami Abouzahr, Head of Investments and Wealth Solutions, Wealth and Personal Banking, Hong Kong, HSBC

Note to editors:

1. Investors with HKD7.8 million of investible asset or above.

About the HSBC Premier 2022 New Middle Class Study

The HSBC Premier 2022 New Middle Class Study is Hong Kong's first study on the financial needs and aspirations of the city's middle class. Conducted in May 2022, the survey covered a sample of 1,043 respondents aged between 24 to 64 years with liquid asset of HKD1 million or above. It also seeks to understand how these families cope with some prevailing social and economic challenges, including the ongoing COVID-19 pandemic and the rise in global inflation.

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 63 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of USD2,992bn at 30 September 2022, HSBC is one of the largest banking and financial services organisations in the world.

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