

Sentiment towards the Coronavirus Impact on Willingness to Invest

Taiwan October 2021 Update

The spread of COVID-19 has impacted many aspects of the Taiwanese' s lives, so in our October update, we investigated how Taiwanese plan their post-COVID investment and personal finance.

GMO RESEARCH

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Executive Summary

When it comes to income budgeting, Taiwanese mainly keep it in the savings rather than making investment. When asked about how they will support their retirement life, the majority say they will rely on the savings they keep before retiring. Compared with the survey results in the first half of 2021, the October report finds a slight increase in the percentage of purchasing insurance policies. Meanwhile, people feel that the comfortable retirement standard has been raised and more savings are required, therefore the estimated ideal savings amount for retirement has increased by 1.17 million as opposed to Jan- June 2021.

- The survey result indicates half of Taiwanese have more money in their savings than the investment portfolio, whereas 20% have more in investment than savings. The overall budgeting in October is similar to the first half of 2021.
- The most popular investment choices are Taiwan stocks, life/property insurance and endowment policies. Insurance products show a growing trend in the second half of the year as there is a 10% growth in life/property insurance and investment-linked policies.
- Banking apps have 75% of usage rate while web banking services have nearly 60%. As to frequency of use, banking apps have higher percentage. In addition, only 10% do not use Internet banking at all.
- The application rate of web-only bank accounts has risen from 5.4% to 13.2% within 6 months. However, there's a drop in interested applicants. The main reasons are "they don't have such demand" and "IT security concerns."
- On average, Taiwanese expect themselves to retire at the age of 62.1. More than half have already made financial/investment plans for their retirement life. As to how they will support themselves after retirement, the majority plans to rely on their savings, followed by investment/insurance policies/financial products and fixed assets.
- **Recommendations**
 - Although Taiwan stocks remain to be the most popular investment choice, the growing trend of insurance products in the second half of the year also depicts the diversification of people's investment choices and portfolio. Our reports finds increasing usage rate of Internet banking, but the enthusiasm for switching to web-only bank accounts are wearing off. The lowered demand/motivation of opening web-only bank accounts will be financial brands' next challenge.

Report Details





Outline



Data Collecting

1,014 samples were collected during 1 Oct – 4 Oct 2021 via our online panel on those aged 18-60 in Taiwan



Data Weighting

The collected data was processed and weighted to better represent the Taiwanese online population



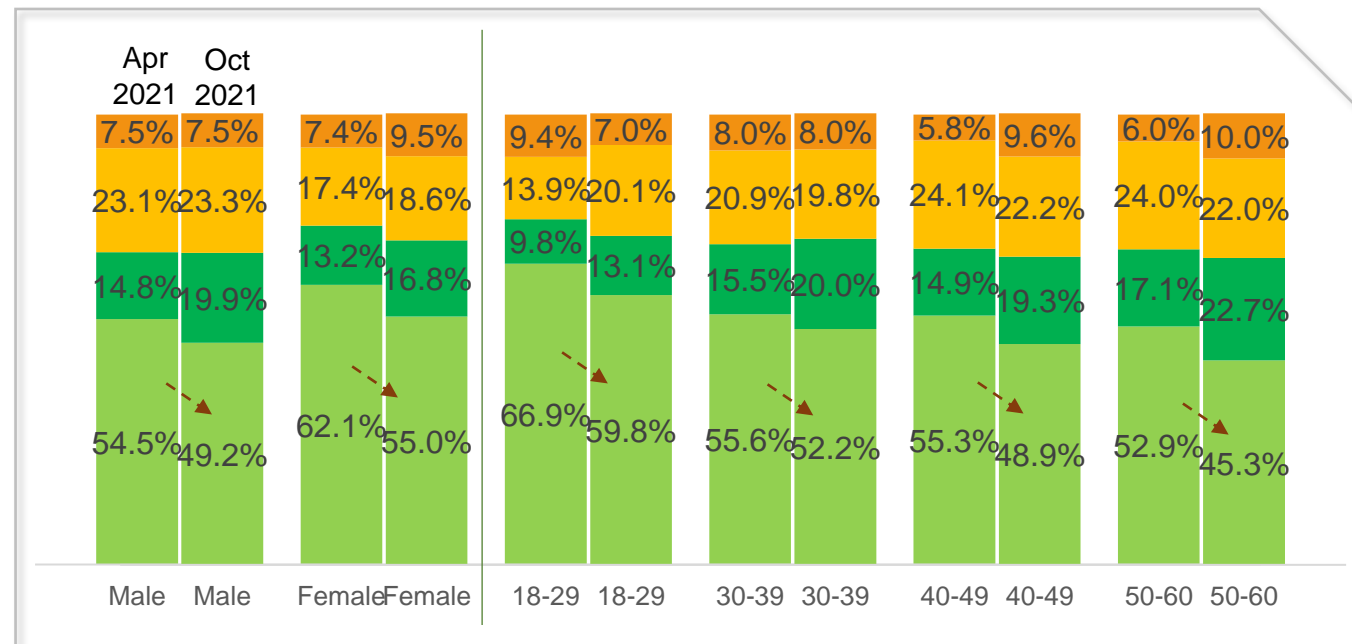
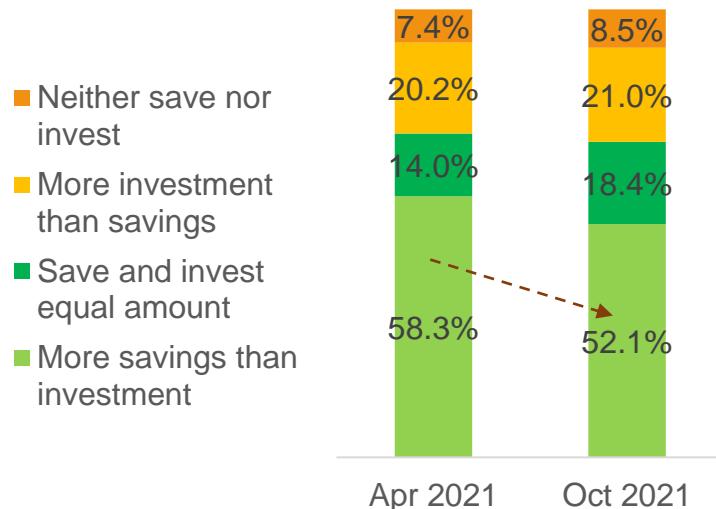
Insight Sharing

The results are now shared to help inform decision makers about Taiwanese people's sentiment towards the current situation

Monthly Income Budgeting: Savings & Investment

- When doing income budgeting after monthly expenses, the majority of Taiwanese decide to put them in savings. This month's report finds 52.1% choose saving over investment, while 21.0% allocate their money for investment more than saving. The overall trend is similar to the previous survey, but the percentage of people choosing saving over investment has decreased.
- However the result is analyzed, people who opt for saving over investment have the highest percentage among all profiles, but they have all dropped compared with past survey. For women, they tend to put their income in savings while men are more willing to invest. Willingness to invest is also proportional to age. The elder the age group, the more willing to invest. Nonetheless, the eldest group also has the highest percentage of people who do not have plans for investment or savings.

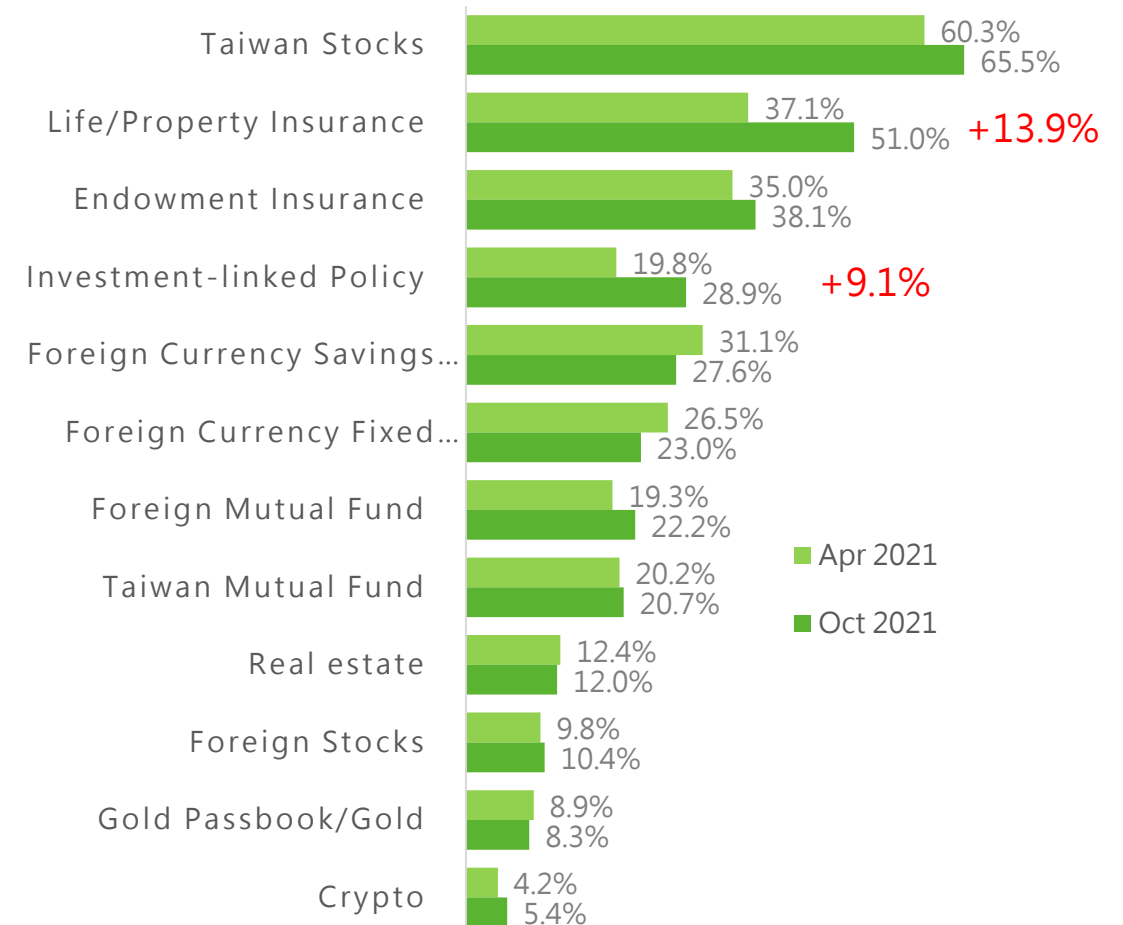
Monthly Income Budgeting:
Savings & Investment



Taiwanese People's Investments

- Same as previous survey, the most popular investment choice is Taiwan stocks (65.5%), followed by insurance/property insurance (51.0%) and endowment policies (38.1%). In addition, around 30% of people have chosen investment-linked policies and foreign currency savings accounts.
- Compared with our previous surveys, insurance products have become more popular in the second half of the year. Life/property insurance and investment-linked policies both have around 10% of growth.

CURRENT PORTFOLIO ITEMS

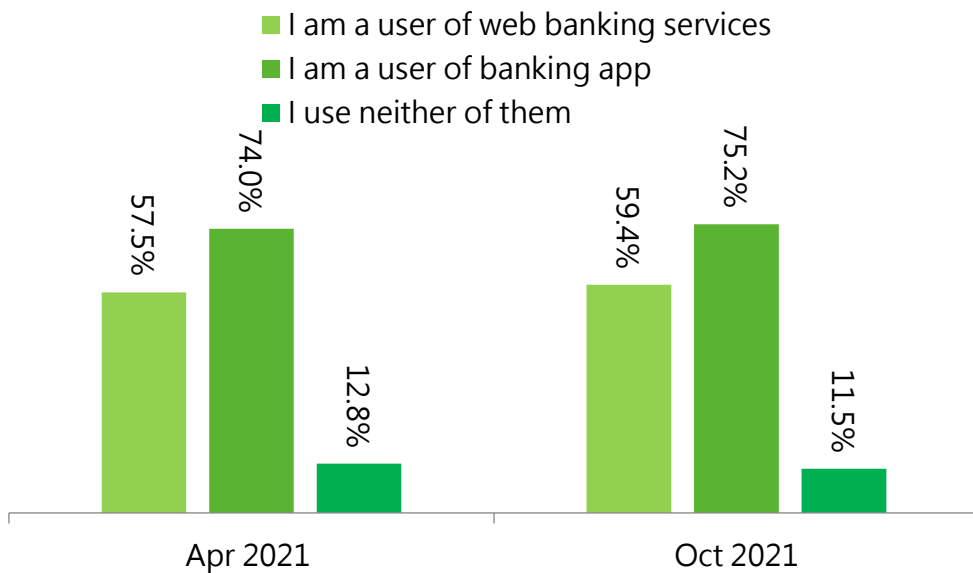




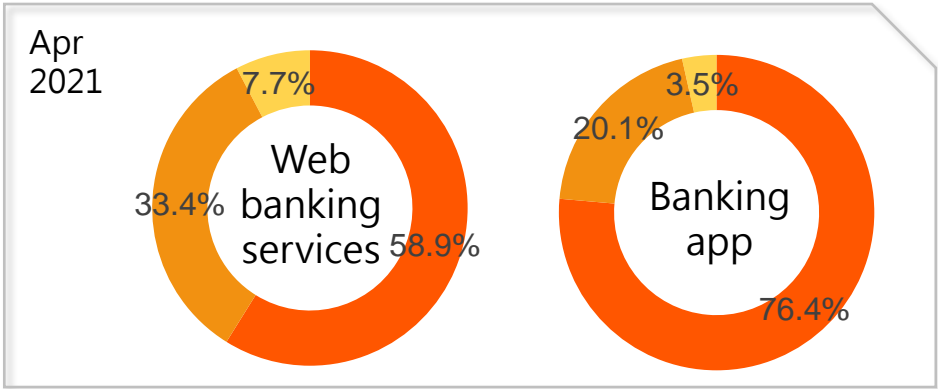
Frequency of Using Internet Banking Services

- Internet banking usage rate remains to be around 90%, so there's no remarkable difference found in the two surveys. Banking app still has higher usage rate than web banking services.
- By analyzing the frequency of use, people use banking app (79.0%) more often than web banking services (61.8%). The percentage of both have risen slightly higher than the previous survey.

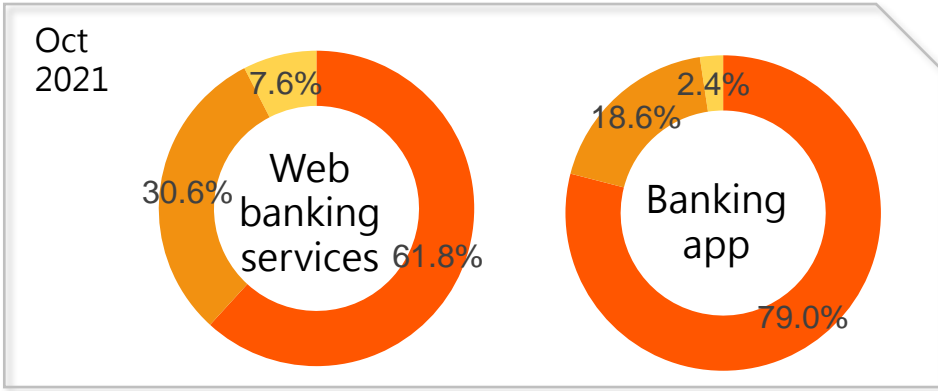
Frequency of using Internet banking services



Frequency of use



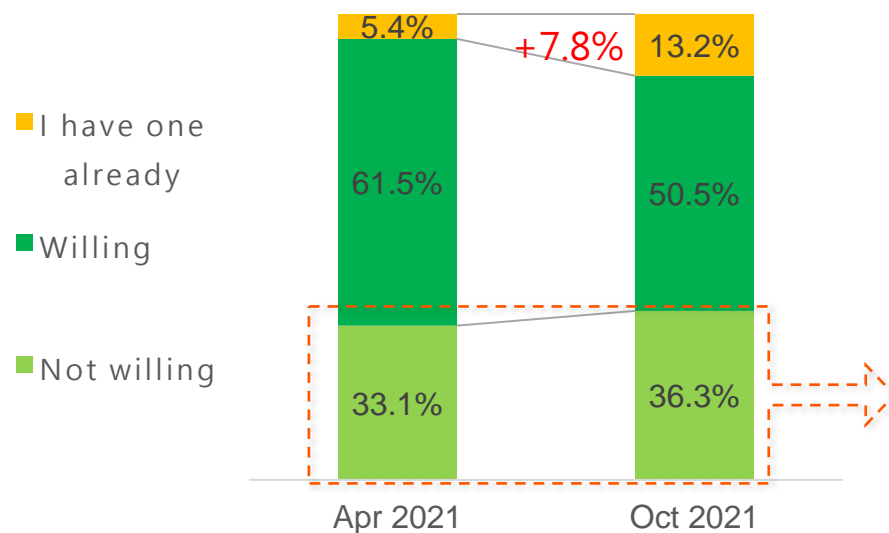
■ Weekly users
■ Monthly users
■ Rarely use



Willingness and Reasons to Open Web-only Bank Account

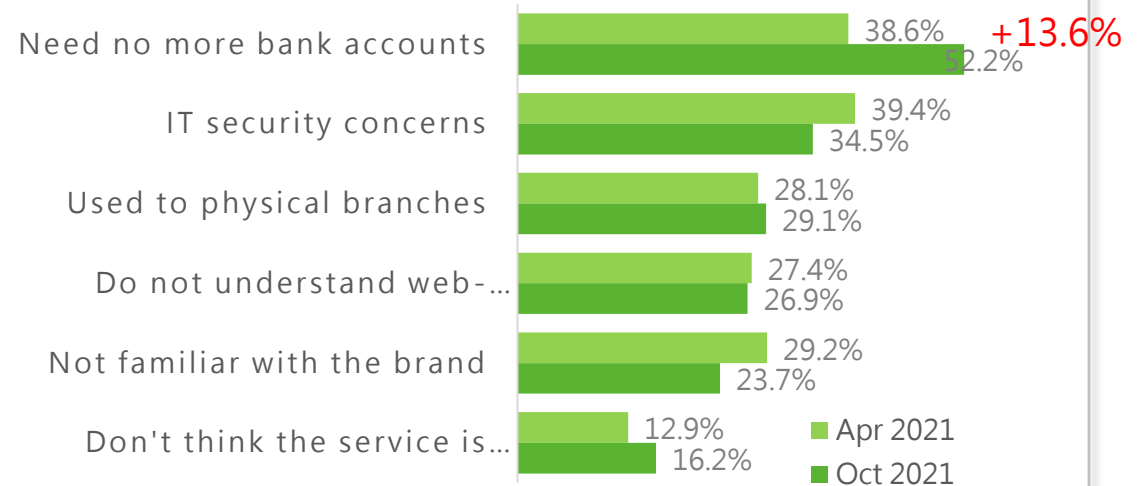
- Our April report only found 5.4% of web-only bank account applicants. Now that LINE BANK has officially rolled out their online banking services, the percentage has gone up to 13.2%. If we don't consider those who already have web-only bank accounts, the percentage of willing applicants shows a falling trend.
- When being asked why they have no interest in opening a web-only bank account (36.3% of the respondents), the reasons are "they don't need more bank accounts," "security concerns," and "they are used to physical banking services." Compared with the previous survey, "no demand" has become the main reason while the security concerns are lowered. Although a new brand has added fuel in the market, raised people's awareness about web-only banks and eased people's concern about IT security, it doesn't spark people's interest in opening an account.

Willingness to open a web-only bank account



Apr 2021 survey conducted from 2021/04/01-2021/04/06

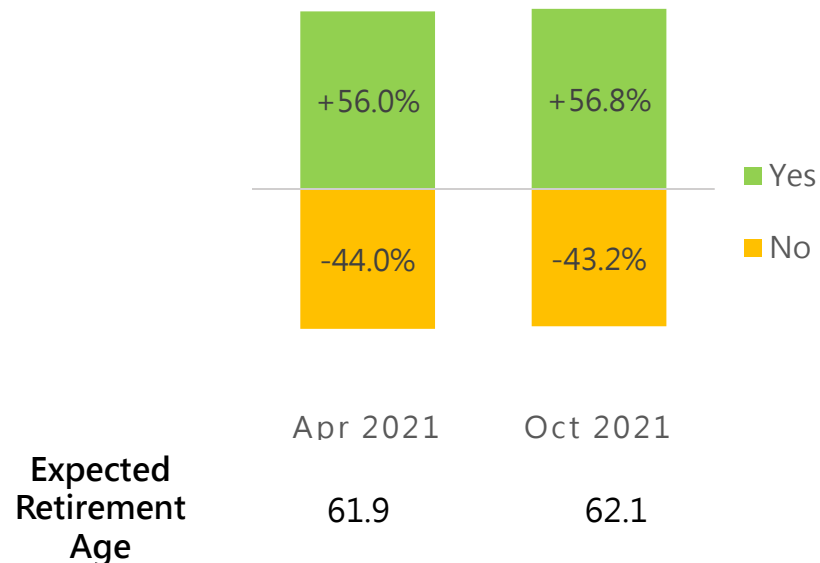
Reasons for not willing to open a web-only bank account



Retirement Financial Planning

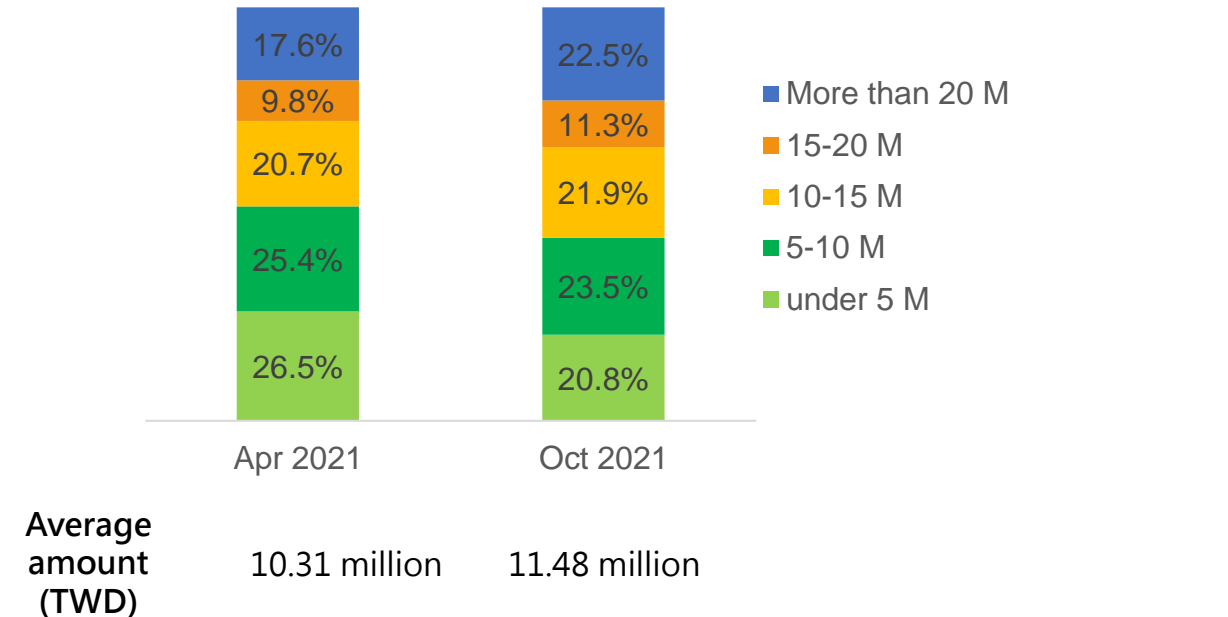
- 56.8% of Taiwanese have started to make financial/investment plans for their retirement. On average, they expect themselves to retire at the age of 62.1.
- 23.5% believe they need at least 5-10 million in savings to support retirement life, followed by 22.5% believing more than 20 million is enough for comfortable retirement. In our past survey; however, half of the respondents believe they can retire with less than 10 million. The contrast shows that people have raised their standard for comfortable retirement. The average expected savings amount has risen from 10.31 million to 11.48 million.

Do you have investment/financial plans for retirement?



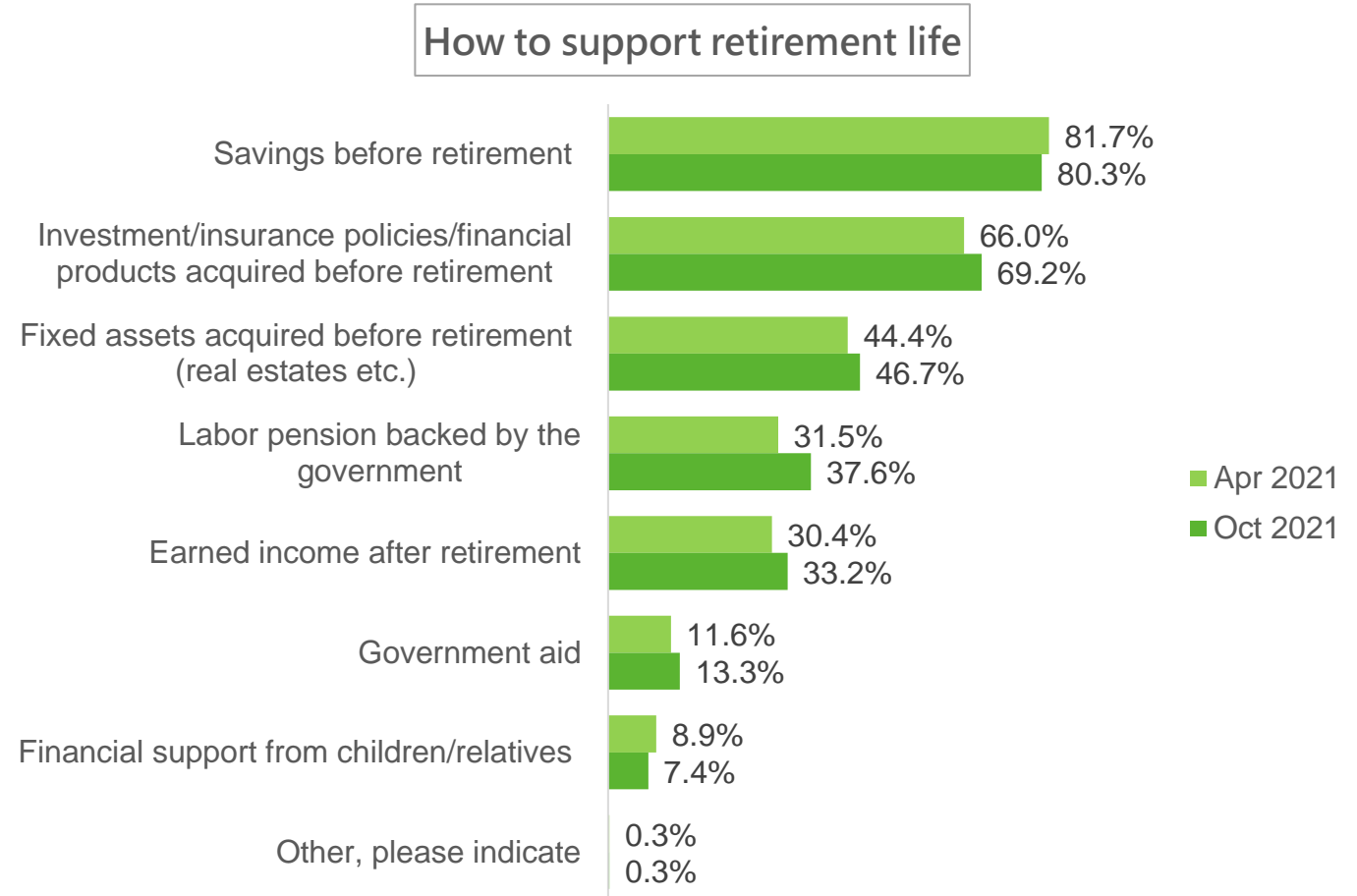
Apr 2021 survey conducted from 2021/04/01-2021/04/06

How much do you need to save to support you during retirement?



Supporting One's Retirement Life

- As to how people will support themselves after retirement, 80% believe they will rely on their pre-retirement savings while nearly 70% think they will live on the income from their investment/insurance policies/financial products. Moreover, less than 50% own fixed assets.
- People's choices of supporting themselves after retirement are in the same order as the survey findings in the first half of the year. Savings is still what people trust and rely on the most.



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tatt@ek2a.com

