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SAIF-Charles Schwab 2021 China Rising Affluent Financial Well-Being Index

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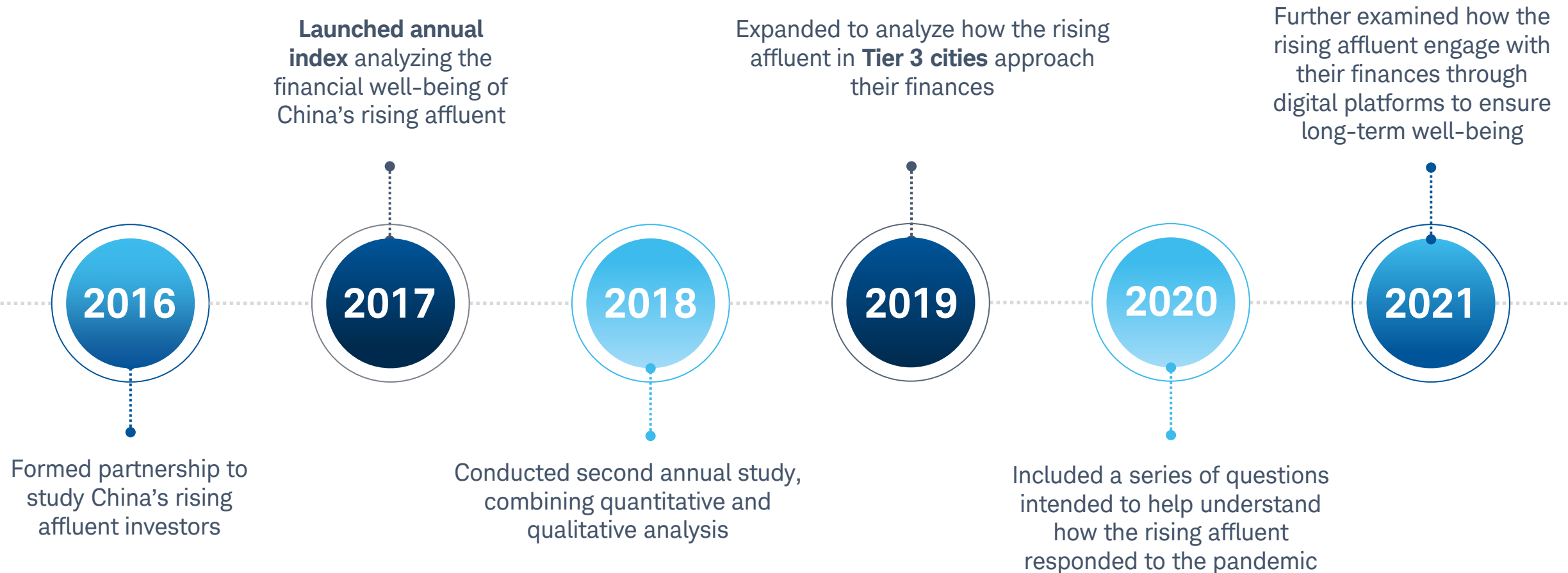
U.S. Securities Industry and Financial
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Our Story So Far

SAIF and Charles Schwab share a passion for understanding what drives mainstream modern investors.





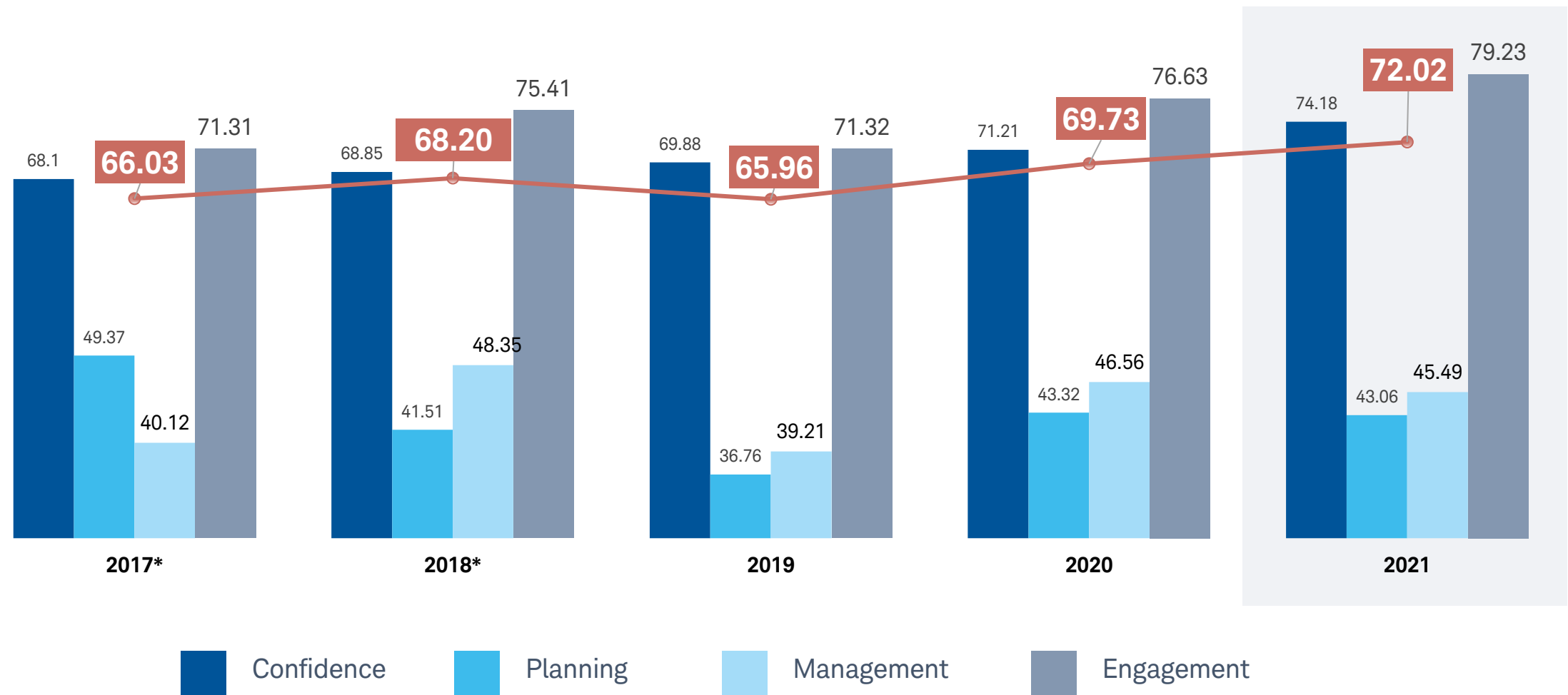
Why the rising affluent?

China's rising affluent—those earning CNY 125,000 to CNY 1 million but without over CNY 7 million in investible assets — are the engine of China's modern service-driven growth and the emerging powerhouse of the global economy.

Our index tracks the overall financial well-being of the rising affluent, as well as the factors driving their sentiments



The 2021 financial well-being index reveals increased engagement alongside a continued rise in confidence



*2017 and 2018 did not include data from Tier 3 cities.

Key insights from the study

1

Positive financial practices adopted post-COVID-19 can pave the way for enhanced financial preparedness.

2

Heightened understanding of wealth management could underpin industry efforts to improve financial planning.

3

The rising affluent are looking towards industry leaders for authoritative financial advice.

4


Digital advisory can function as a catalyst for adoption of professional financial advice.

5

Longer-term investing can facilitate better financial outcomes.

6

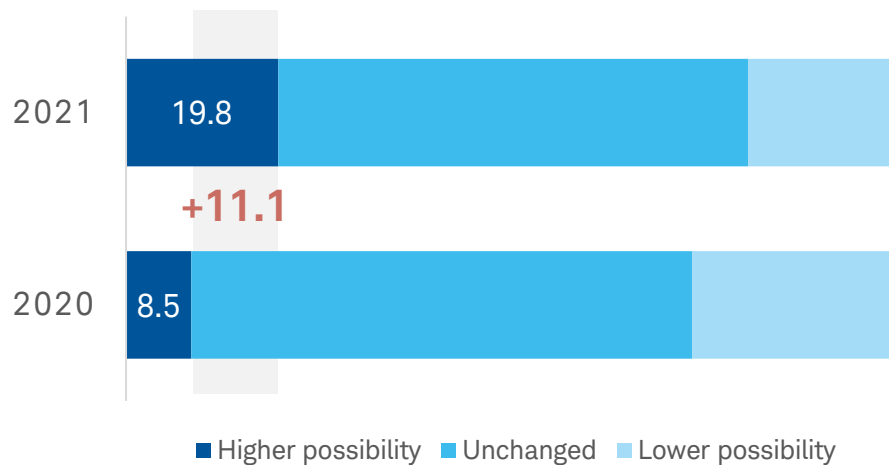
Children are a fundamental driver of active improvements to financial management.

A woman and a young girl are seated on an airplane, both wearing white face masks. The woman, with sunglasses on her head, is holding a smartphone and looking at the screen. The girl, with her hair in pigtails, is also looking at the phone. They are sitting next to an airplane window. The background is slightly blurred, showing the interior of the plane.

Positive financial practices adopted post-COVID-19 can pave the way for enhanced financial preparedness

COVID-19 increased the rising affluent's financial confidence.

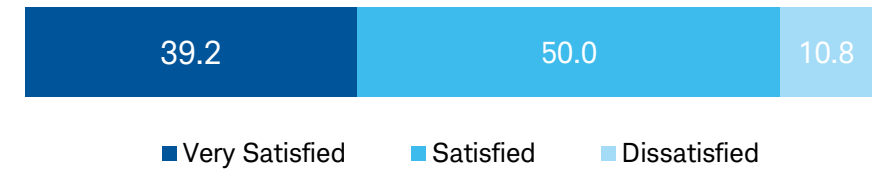
More respondents report a higher possibility of achieving financial goals post-pandemic



Possibility of achieving financial goals since COVID-19 (%)

This confidence is supported by a higher level of financial satisfaction and improved assessments of future financial prospects

Current satisfaction with financial status (%)

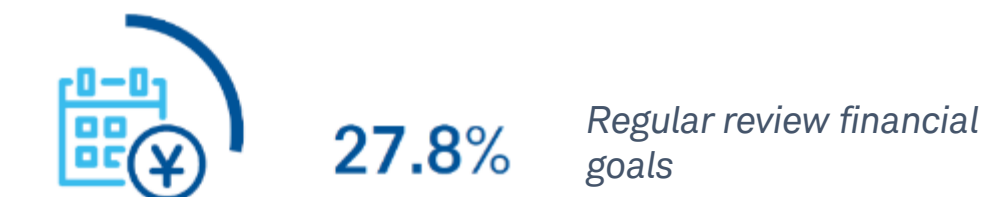


Predictions for financial well-being in five years(%)



This confidence is supported by the adoption of new financial practices, serving as a launchpad for improved overall financial practice

The most popular financial measures adopted since the pandemic include...



A significant portion of respondents reported a positive impact from these new financial measures.



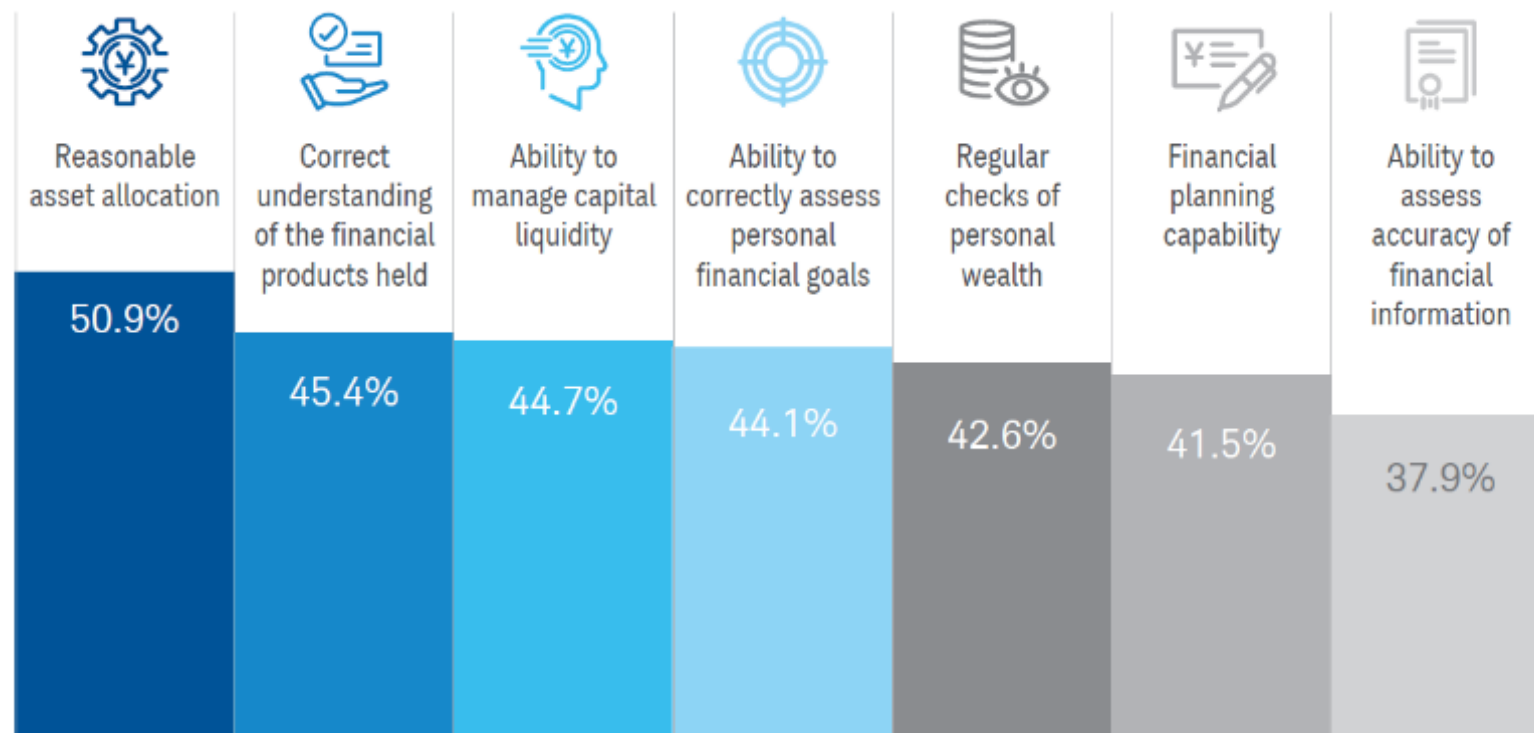
Impact of financial measures adopted since the pandemic

A man and a woman are looking at a computer screen in an office setting. The woman is leaning over the man's shoulder, pointing at the screen. They are both smiling. The man is wearing glasses and a plaid shirt. The woman is wearing a grey sweater. There are cardboard boxes on the desk and a computer monitor visible in the background.

Heightened understanding of wealth management could underpin industry efforts to improve financial planning

The rising affluent demonstrate improved understanding of holistic wealth management, with many recognizing financial planning as a key capability.

A significant proportion of rising affluent accurately assessed the key components of holistic wealth management.



Understanding of wealth management

However, this awareness has not yet transformed into practice.

Only 66.6% of respondents state that they have a financial plan, but **just 2.1% demonstrate an understanding of financial plans that meets industry standards.**

There are **misconceptions** about financial plans' purpose and use among the rising affluent.

Currently has financial plan



Understanding of financial plans



Top reasons for not having a financial plan

TOP 1

32.3%

Insufficient capital for financial plan to be useful

TOP 2

29.7%

Have stable investment income

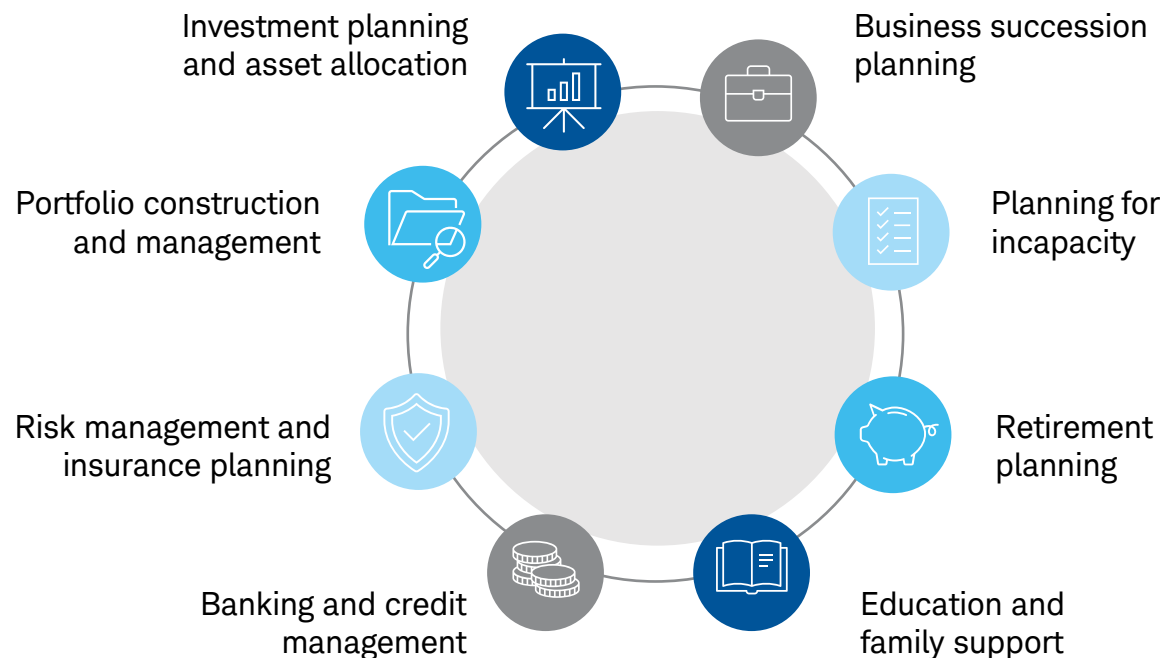
TOP 3

24.9%

Satisfied with current financial situation

Financial planning is the essential first step towards successful wealth management

Wealth management is **the most developed and comprehensive form of investment advisory service.**



Typical questions to ask when developing a financial plan

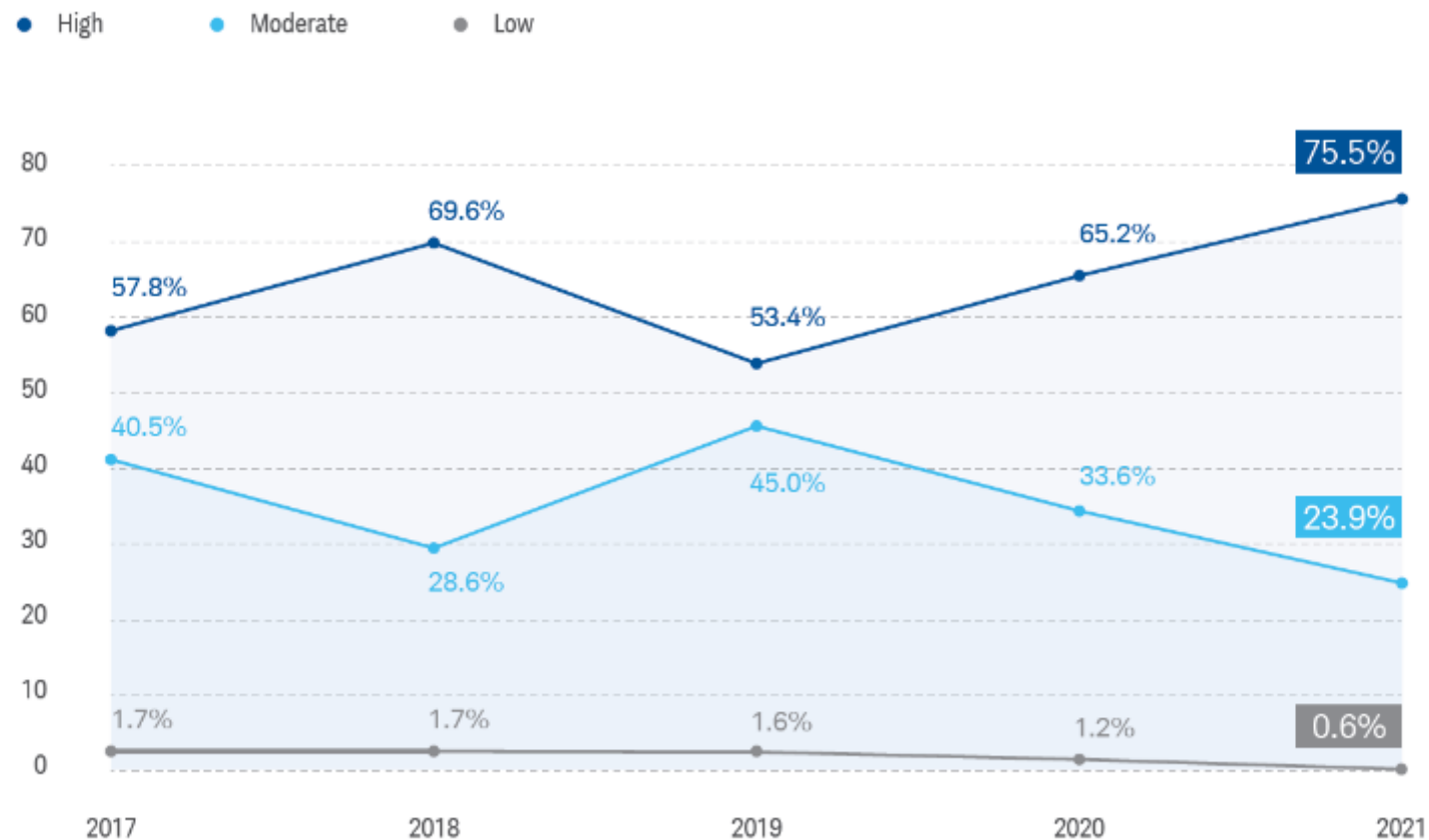
- 1 What is my net worth?
- 2 Is my investing strategy appropriate for my goals?
- 3 Can my money last as long as I do?
- 4 How could inflation affect my expenses?
- 5 Am I prepared for market volatility?
- 6 How can I prepare for future expenses (children, education, healthcare and retirement)?

A background image showing a group of business professionals in a meeting. A person in a white shirt is gesturing with their hand while speaking to others. In the foreground, a person's hand is holding a pen over a document that contains a bar chart. The scene is dimly lit, with a blue overlay on the left side where the text is located.

The rising affluent are looking towards industry leaders for authoritative financial advice

Trust in professional financial advisors and institutions has consistently increased over the last five years...

This year, **an overwhelming number of respondents** report high levels of trust in financial advisors and institutions.

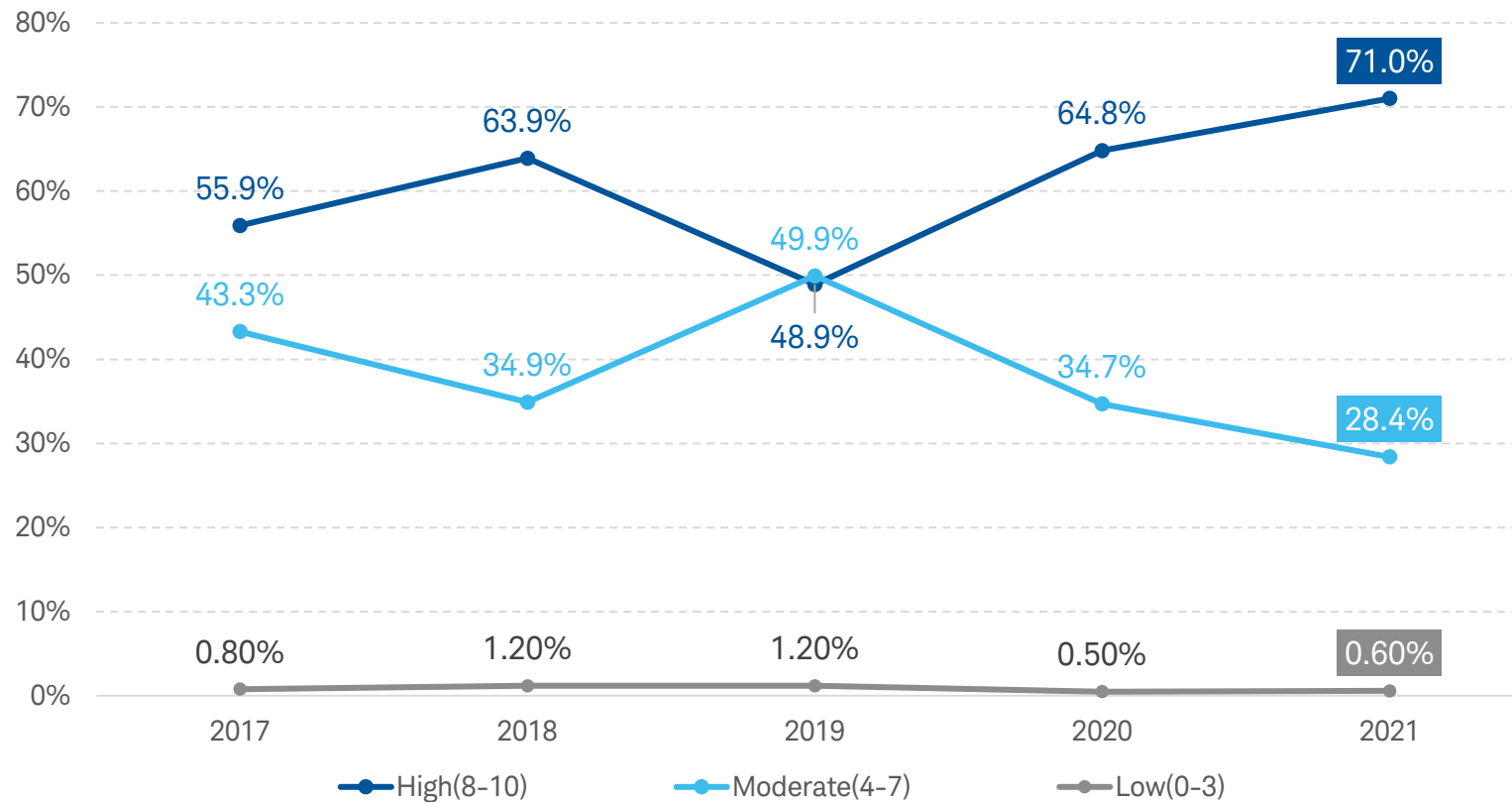


Level of trust in professional financial advisors and/or financial institutions

*2017 and 2018 did not include data from Tier 3 cities.

...and so has trust in digital financial platforms

Level of trust in digital financial platforms

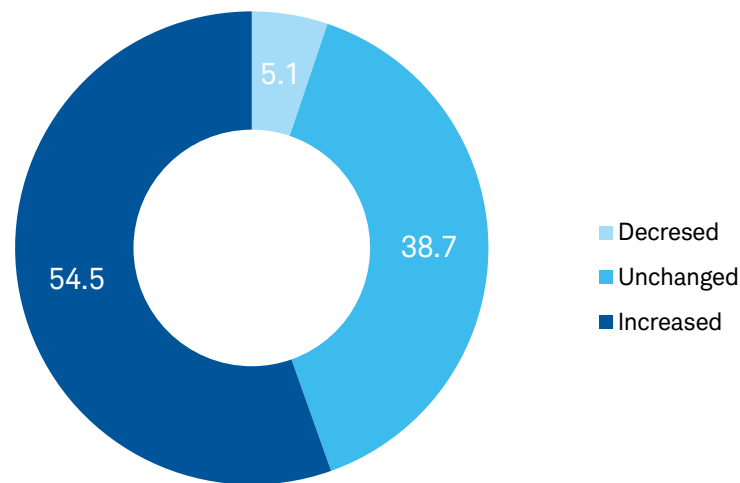


*2017 and 2018 did not include data from Tier 3 cities.

The rising affluent also **display high levels of trust** towards digital financial platforms.

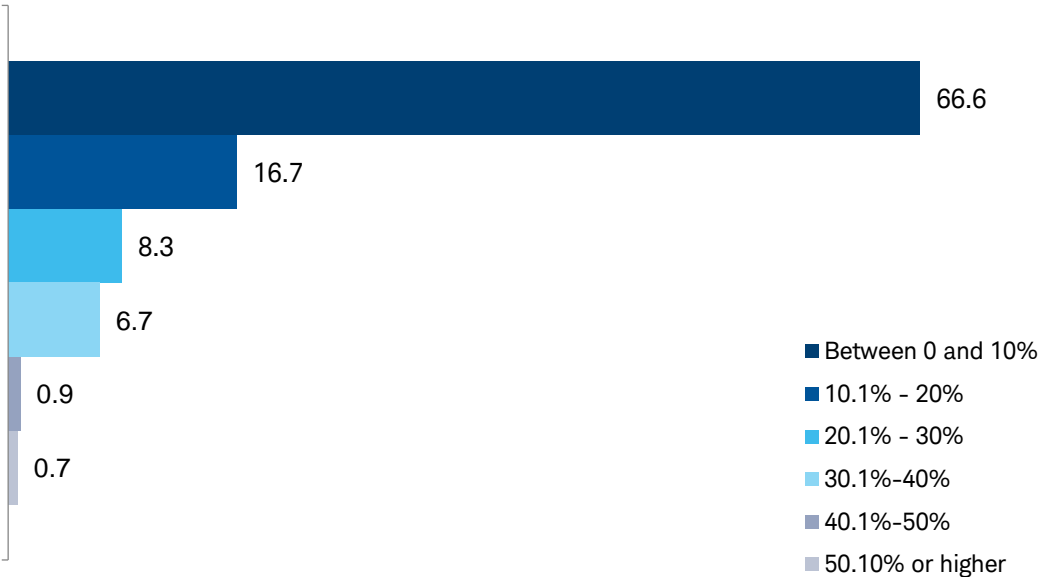
Rising affluent investors reported tangible benefits from consulting professional financial advisors

Over half of respondents who have engaged financial advisors stated that their ROI increased following consultation...



Rate of ROI after seeking advice from a professional advisor (%)

...with over 30% recording a ROI increase higher than 10%.



Percentage change in ROI after seeking advice from a professional advisor

Established financial institutions can transform this investor positivity into modern wealth management practices through strong advice and guidance

The rising affluent **actively seek information from authoritative financial institutions.**



77.7% of respondents indicate that they prefer consulting information published by authoritative financial institutions on social media

They lean towards **information that can improve their overall financial awareness.**



Preferences for financial information viewed on social media



Digital advisory can function as a catalyst for adoption of professional financial advice

The rising affluent have displayed **consistent ambivalence** towards professional financial advisory services.

Despite improved trust and perceptions of professional financial advisory services, **two thirds of this year's respondents have never consulted a financial advisor.**

Consulted with a financial advisor



Top reasons for not consulting a financial advisor

1

28.3%

“My investments are too small to warrant consulting an advisor.”

2

26.6%

“I do not know where to find a reliable advisor.”

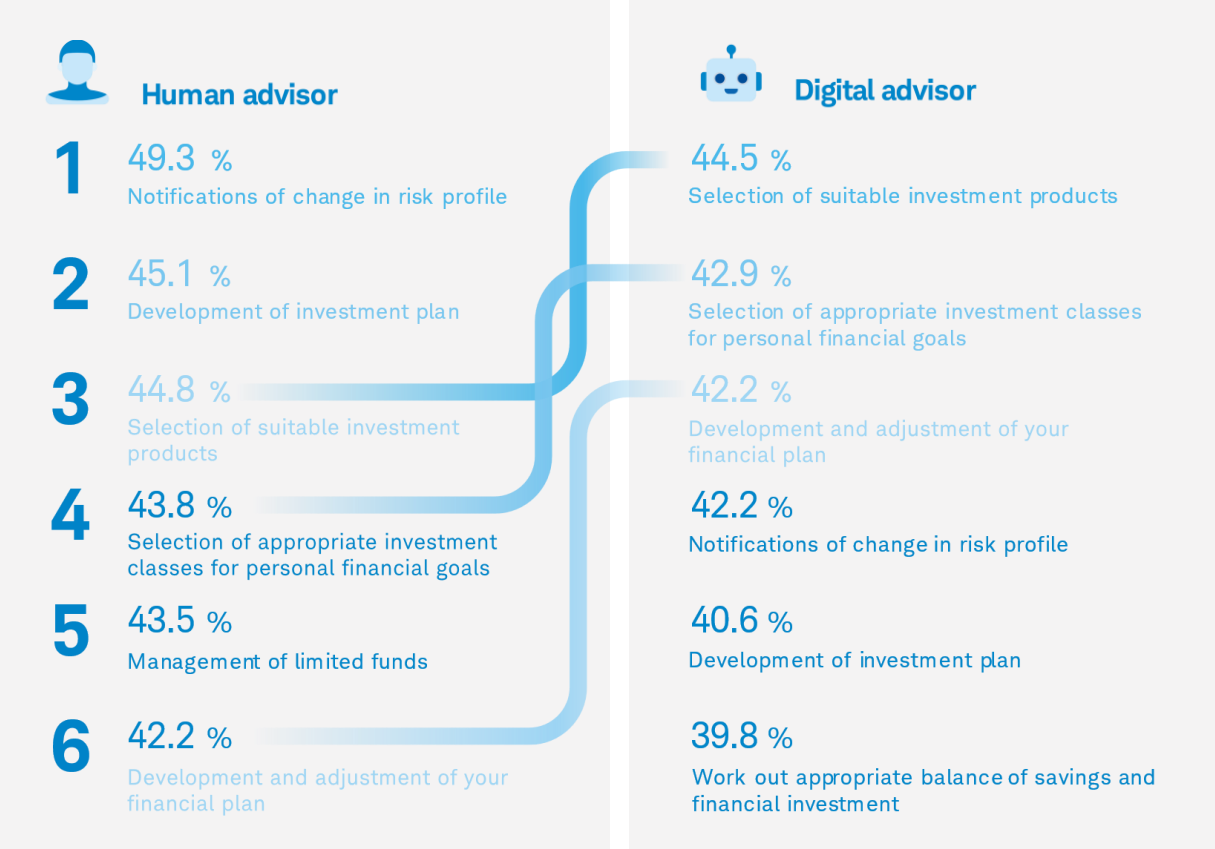
3

22.3%

“I do not meet the required financial threshold for consulting a financial advisor.”

Digital advisory can serve as an introductory path into professional financial advice.

The rising affluent possess different expectations for the services offered by human and digital advisors, **with digital advisors expected to provide more fundamental financial planning and management services.**



Expectations for human vs. robo-advisors

Top benefits of digital financial advisory



Low cost



Low barrier to entry



Readily accessible



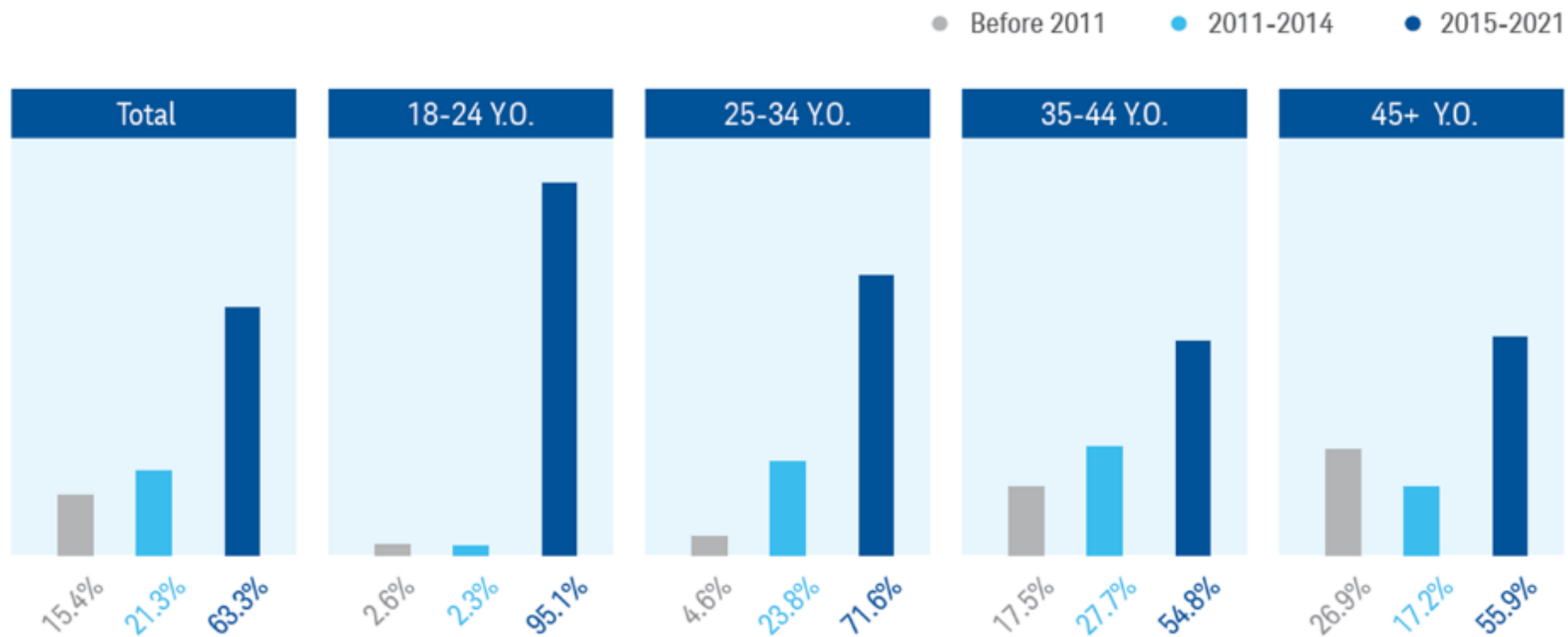
Disciplined management

**Longer-term investing can facilitate
better financial outcomes**



Individual investing is a new phenomenon in China.

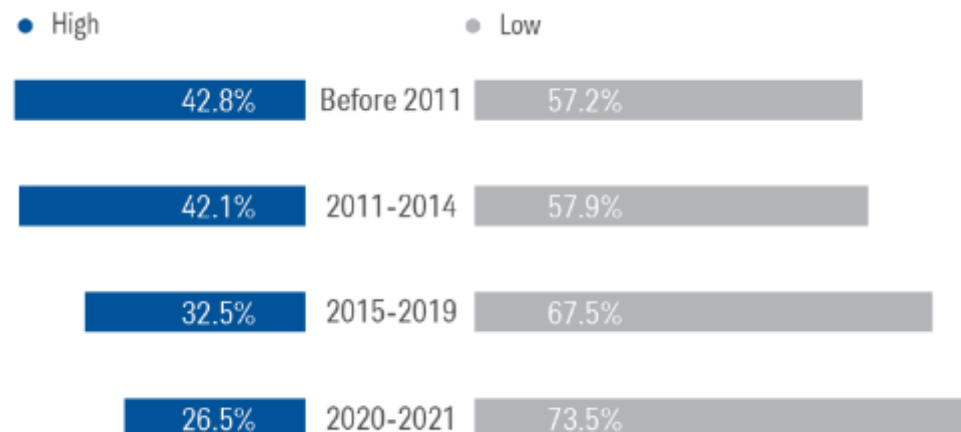
A majority of the rising affluent are new to investing. 63.3% of the rising affluent only began investing after 2015. **This is true even for older groups.**



Period when respondents began investing

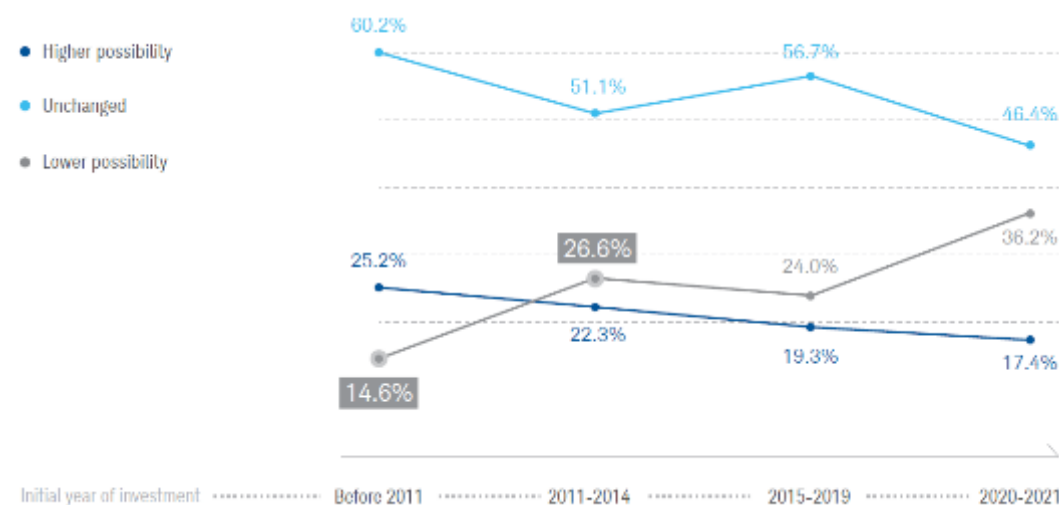
Rising affluent investors who began earlier demonstrate higher confidence.

Early investors **have higher confidence in achieving their overall goals.**



Confidence in achieving financial goals

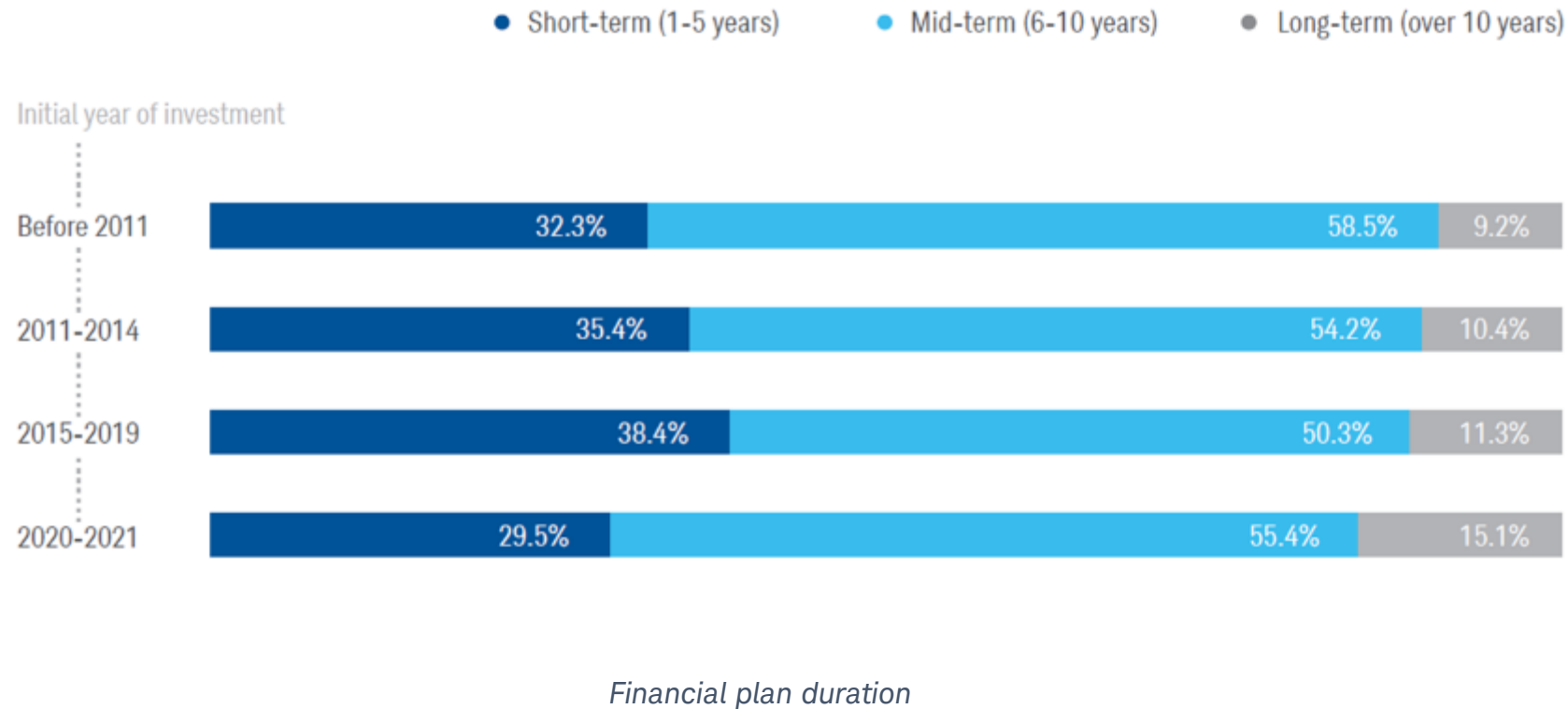
Similar differences are displayed when **comparing the possibility of achieving goals post-pandemic.**



Possibility of achieving financial goals post-pandemic

A long-term investment approach can enhance the rising affluent's ability to achieve their financial ambitions.

Investing requires a long-term approach and mindset to maximize its benefits. Currently, **few of the rising affluent look far ahead when investing.**






Children are a fundamental driver of active improvements to financial management



Children are at the center of the rising affluent's financial concerns.

Present and future financial concerns

	2017	2018	2019	2020	2021
 Stable household income	65.0%	75.1%	65.2%	68.7%	79.4%
 Sustainable economic growth	61.6%	66.6%	65.9%	73.1%	77.7%
 Work-life balance	59.8%	71.9%	61.6%	76.5%	77.8%
 Children's education	55.9%	66.0%	57.9%	54.4%	62.8%
 Future medical expenses	55.5%	66.9%	57.0%	68.7%	63.9%

Across the five years of our study, children's education **has consistently appeared as a top five current and future financial concern.**

It is often **the first concern regarding their families.**





Children motivate the rising affluent to adopt better financial practices...

...and exert a positive influence on their overall financial well-being.

45.1% of the respondents indicate **funding children’s education as a top source of pressure.**

Respondents with children **have higher confidence, planning and management subindex scores.**

TOP 1	Sufficient funding for emergencies	46.4%
TOP 2	Children’s education	45.1%
TOP 3	Short-term profit or increase in income	38.1%
TOP 4	Support for elderly parents	37.1%
TOP 5	Luxury spending	34.3%

	Single	Married with no child	Married with one child	Married with two or more children
 Confidence	71.49	70.56	75.23	73.35
 Planning	37.49	41.67	43.52	50.29
 Management	44.16	48.54	45.27	47.16
 Engagement	76.54	76.70	79.98	79.45

Top purposes for financial management among respondents with goals

Subindex scores for respondents with and without children

Implications



There is a disparity between rising affluent's heightened financial awareness and actual practice.



Consistent increases to trust in financial institutions, advisors and digital platforms indicate a potential path for the industry to tangibly improve their financial well-being.



Digital advisory and the promotion of long-term investment approaches can help the rising affluent maximize the benefits they derive from wealth management.

Thank you.

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