

# SAIF-Charles Schwab 2023 China Rising Affluent Financial Well-Being Index

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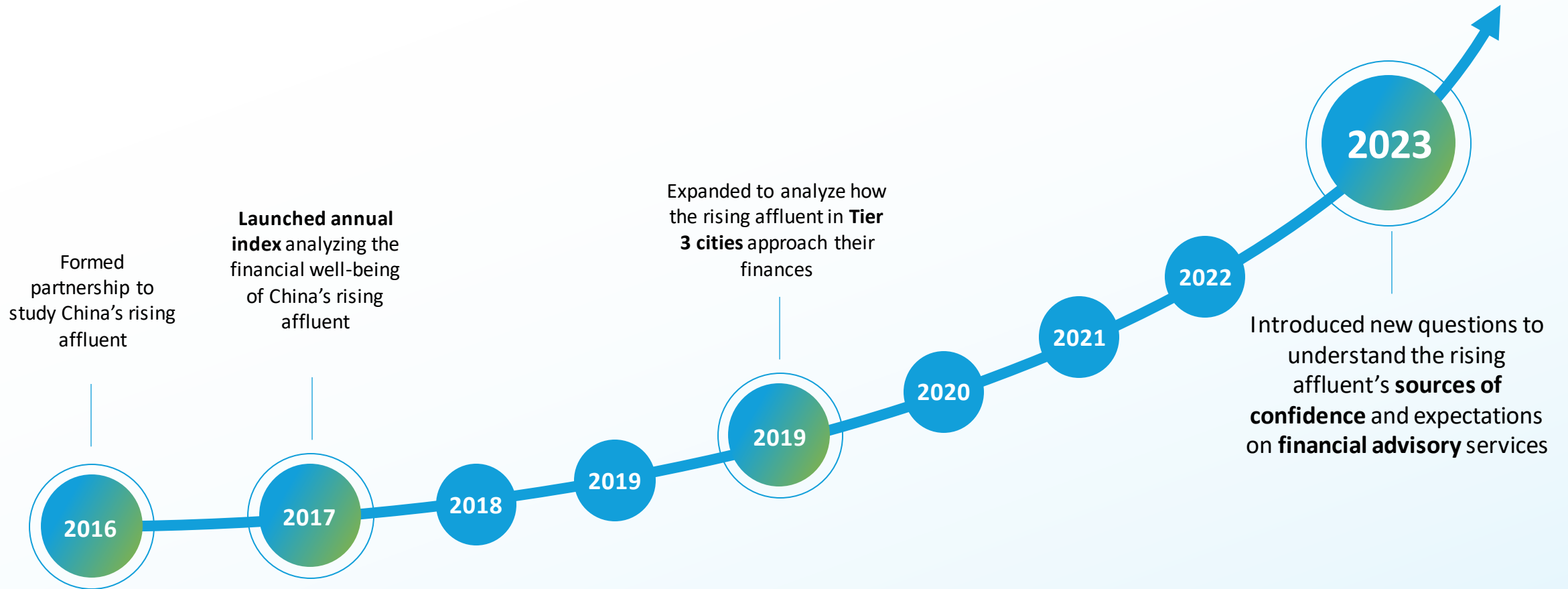
U.S. Securities Industry and Financial Markets  
Association

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# Our Story So Far

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





## Why the rising affluent?

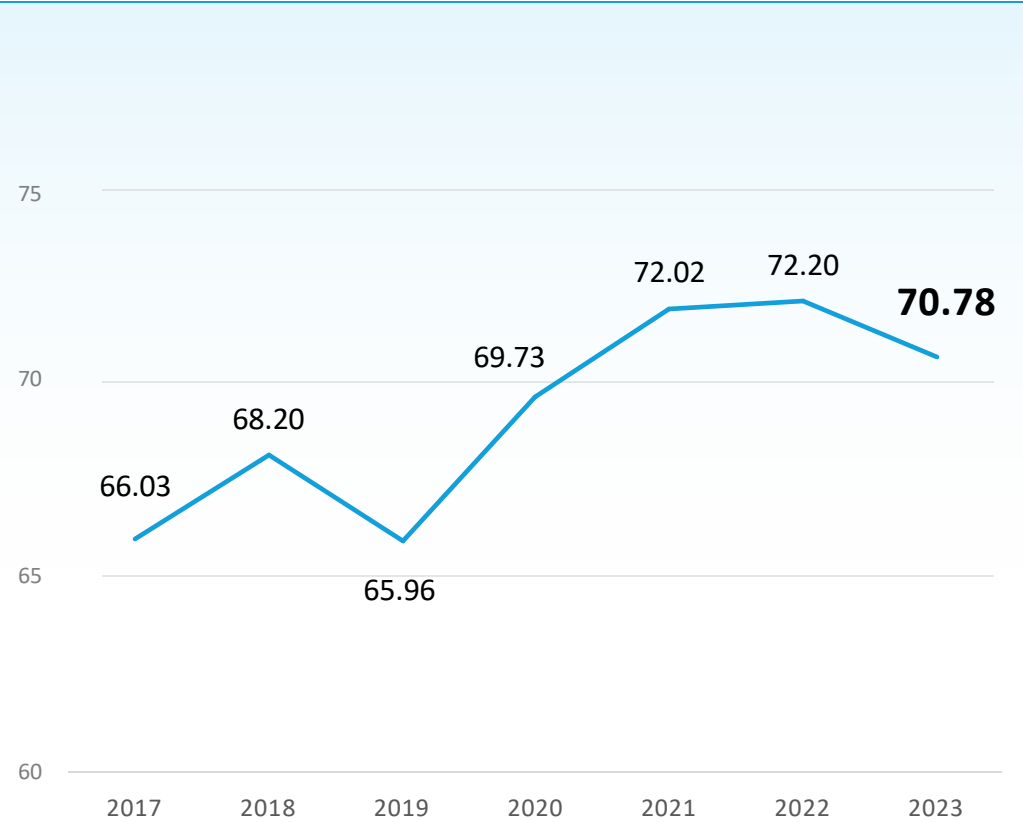
China's rising affluent – those earning CNY 125,000 to CNY 1 million but holding less than CNY 7 million in investible assets – are the engine of China's modern service-driven growth and the emerging powerhouse of the global economy.

While they have not yet achieved High Net Worth status, their striving towards greater prosperity will shape the future development of the market and financial advisory industry.

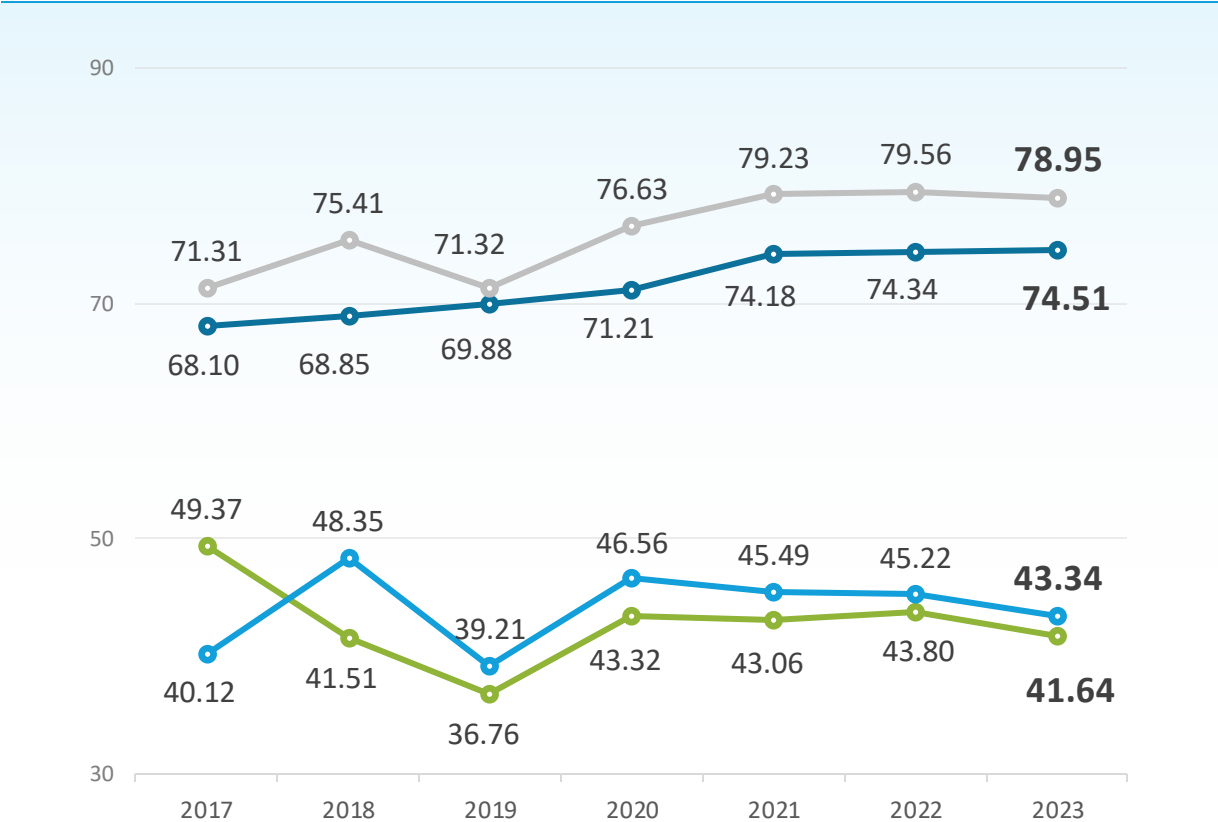


The 2023 Index continued a **seven-year trend of increased confidence**, while planning, management and engagement stagnated or declined.

Financial Well-Being Index



Engagement Confidence Planning Management



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

# Key observations from the study

1

China's rising affluent are increasingly confident in their financial abilities, despite modest levels of financial planning

2

Adjustments in expectations and practice show signs of adaptation to economic uncertainties

3

Rising affluent investors are increasingly conservative in their investment styles and portfolios

4

Inflated expectations for investment returns offer room for enhanced financial literacy

5

Insufficient planning could undermine the rising affluent's retirement

6

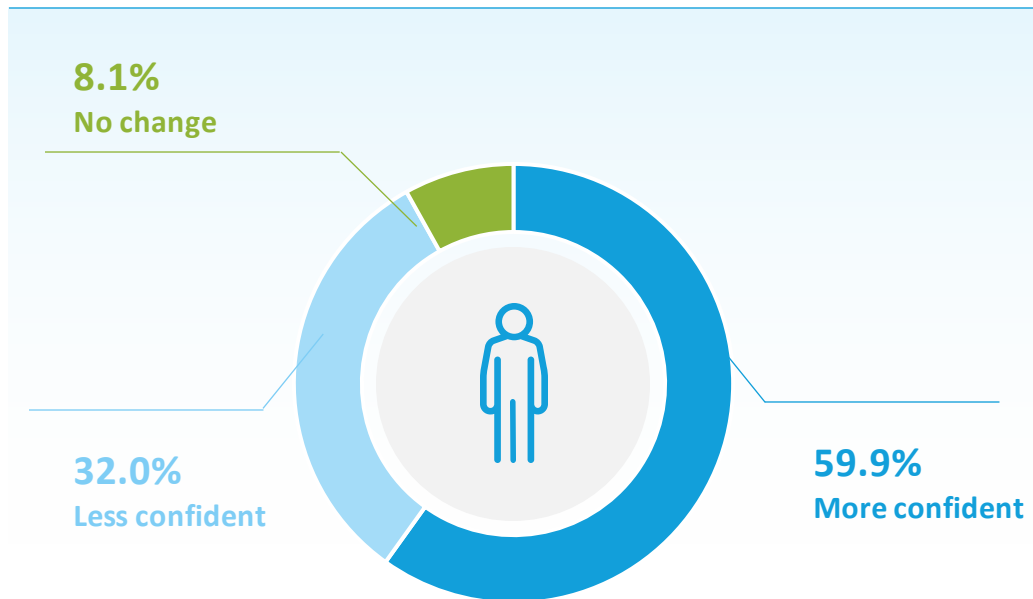
Increased positivity about financial advisory offers opportunity to address misperceptions and divergences

A young man and woman are sitting at a wooden table in a modern kitchen. The man, wearing a white t-shirt, is pointing at a laptop screen. The woman, wearing a green sweater, is smiling and looking at the laptop. On the table, there is a glass of orange juice and some papers. The background shows a kitchen sink and a white brick wall.

**China's rising affluent are increasingly confident in their financial abilities, despite modest levels of financial planning**

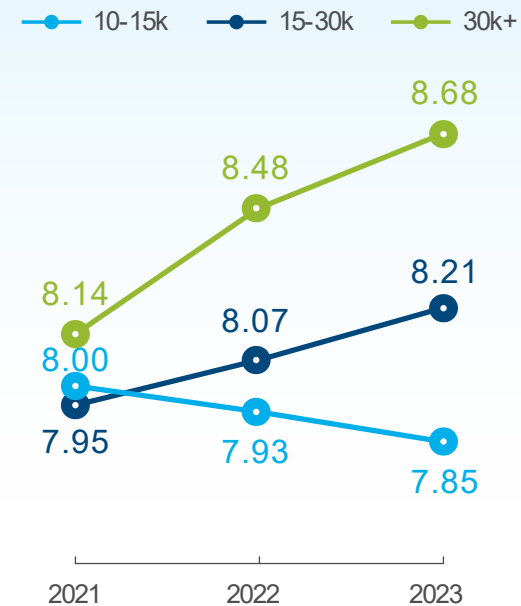
# High financial confidence is the index's **most consistent** finding

**Almost 60%** of respondents stated they have become more confident since 2022...

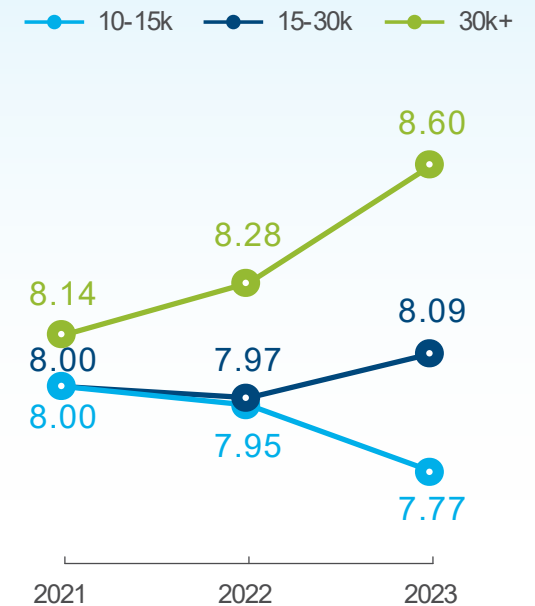


...with differences among separate income groups.

Satisfaction level - current status  
(by monthly income)



Confidence level - next five years  
(by monthly income)

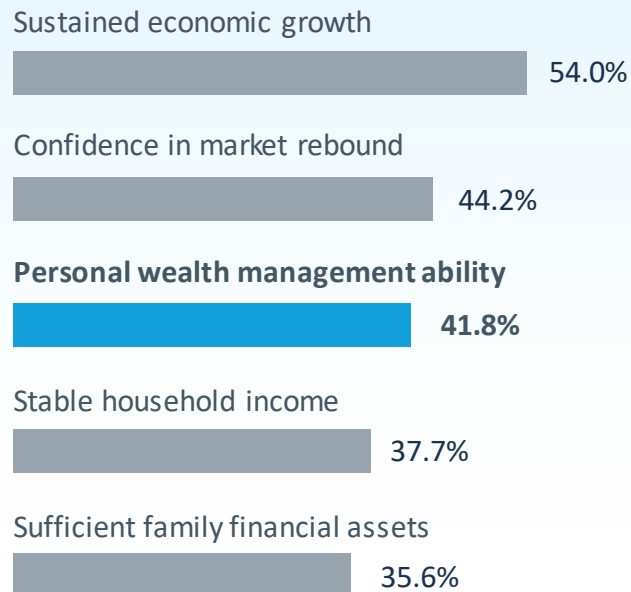


\* The maximum score is 10

# Rising Affluent confidence is sustained by both the macro-environment and belief in personal financial ability

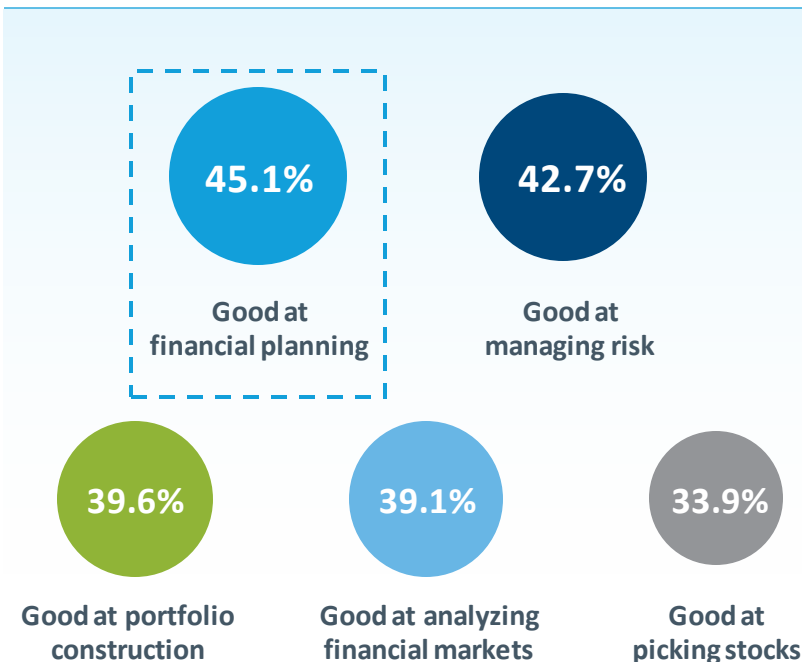
While **sustained economic growth** is the largest source of confidence, 41.8% of respondents also draw confidence from their **own wealth management abilities**.

## Sources of confidence



Good financial planning tops aspects of wealth management ability. But **98% of respondents do not have an industry-standard financial plan**.

## Self-perception of their wealth management ability



*Financial planning is more than just identifying methods to maximize returns.*



## What does a financial plan encompass?

- Financial goals
- A timeline for achieving goals
- Risk consideration
- Asset allocation strategies

## Why do we need a financial plan?

- To navigate and manage trade-offs in various financial needs
- To enhance financial security
- To pave the way for achieving an ideal financial life



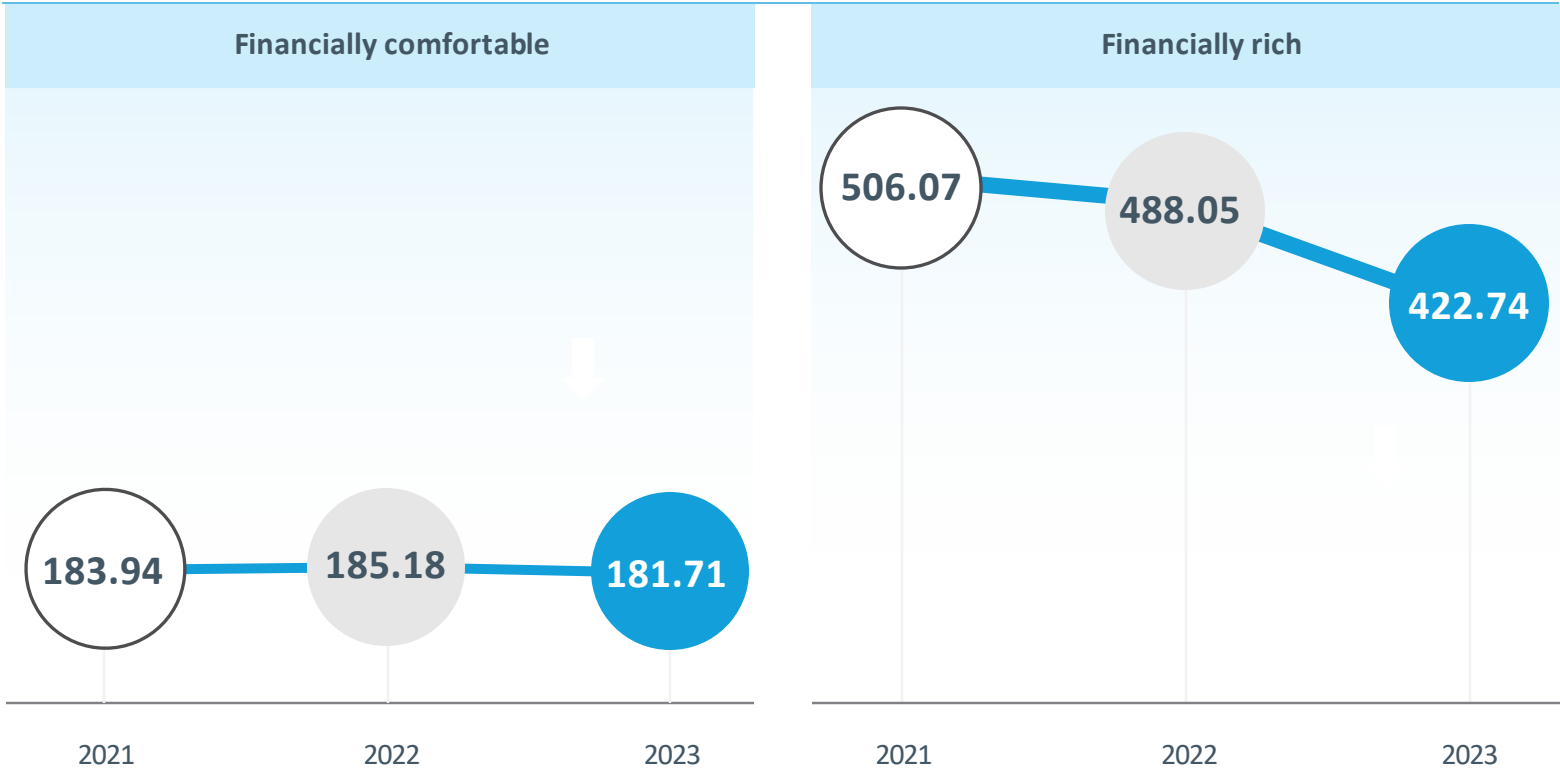
A young couple is sitting at a wooden table in a modern living room. The woman, wearing a black and white checkered shirt, is smiling and looking at a laptop screen. The man, wearing a dark blue t-shirt, is leaning over her shoulder, also smiling and looking at the screen. On the table, there are several papers, a green mug, a blue pen, and a small notepad. The background shows a contemporary interior with a wooden coffee table and a large window.

**Adjustments in expectations and practice  
show signs of adaptation to economic  
uncertainties**

# The rising affluent are trying to **enhance financial resilience** to adjust to a new reality

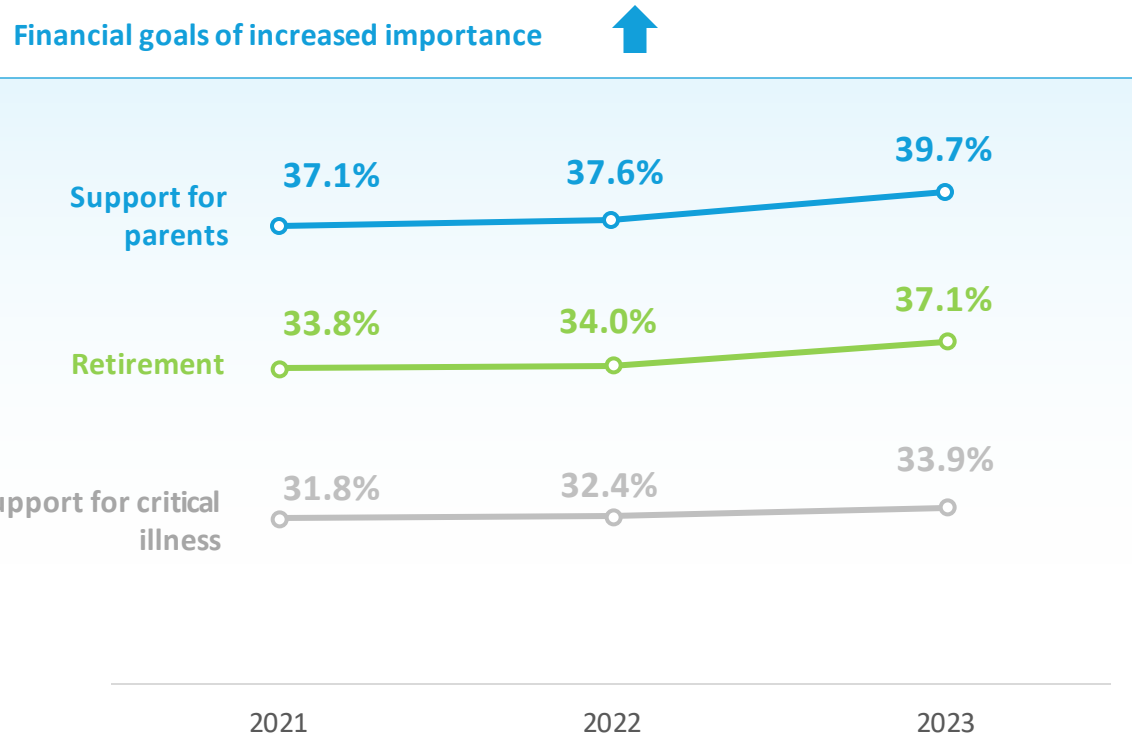
This year, the level of liquid assets the rising affluent believe they need to be financially comfortable and rich both declined.

Liquid asset needed to achieve certain lifestyle (in RMB 10k)

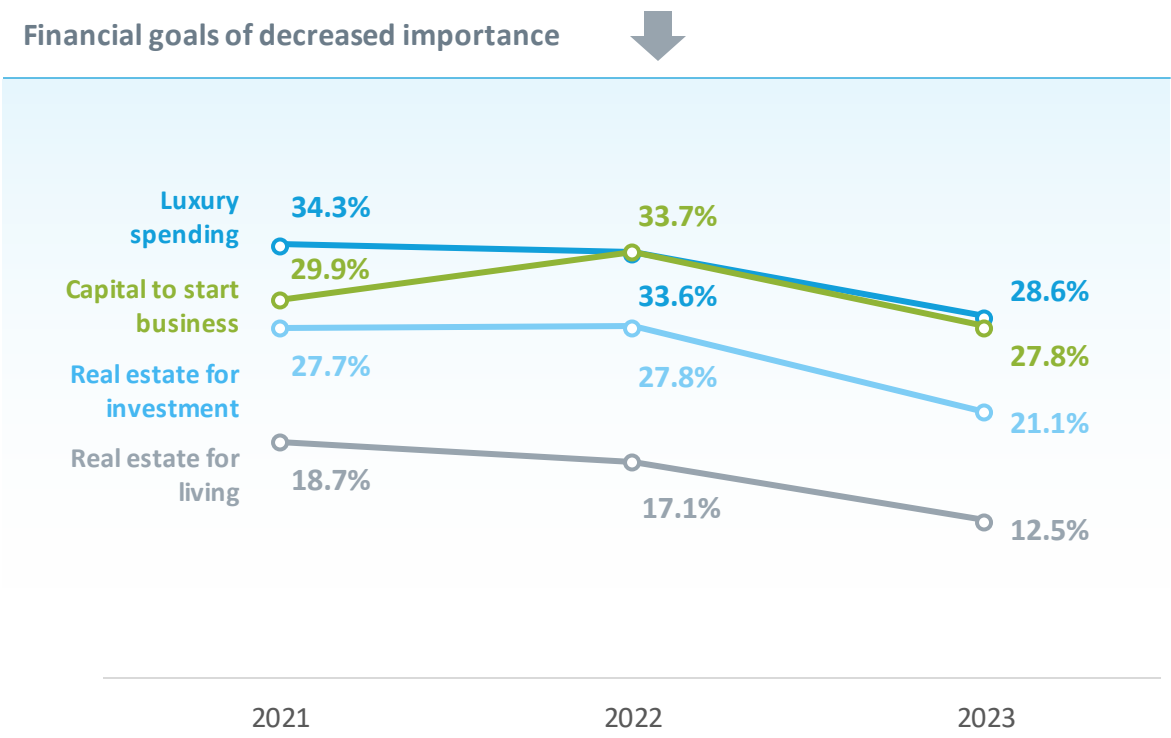


# Increased pragmatism is driving a shift in prioritization of financial management towards long-term goals

Parents, retirement and preparation for critical illness have gained higher status in financial goals...



...with luxury spending leading the goals that have been gradually de-prioritized in recent years.





A young couple is sitting on a couch, looking at a laptop and some papers on a wooden coffee table. The woman is pointing at the laptop screen, and the man is looking at the papers. They appear to be discussing something, possibly related to finance or investment. The background is a blurred living room with blue pillows.

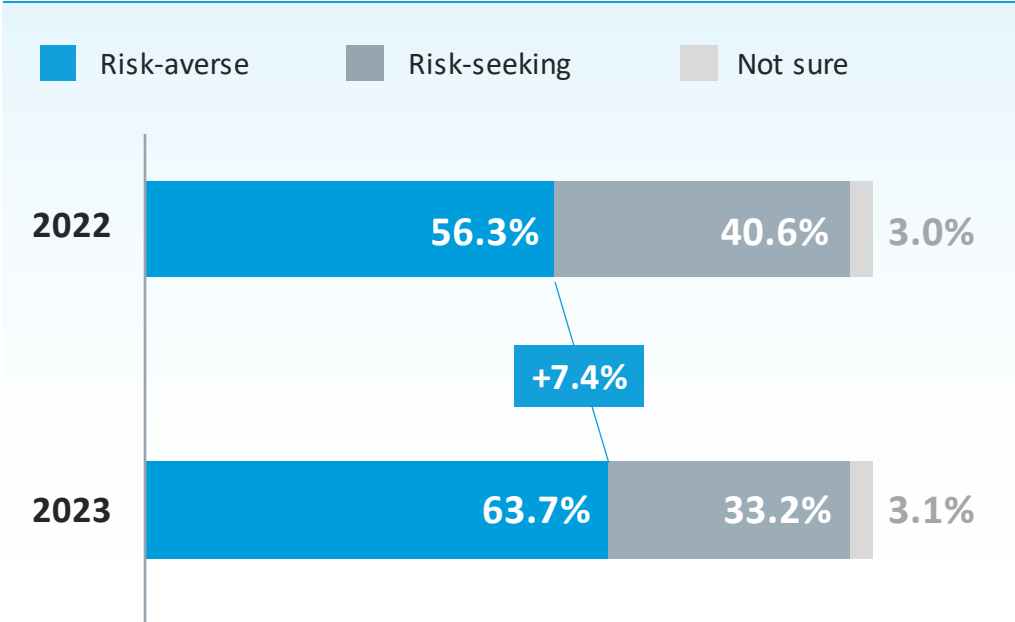
**Rising affluent investors are increasingly conservative in their investment styles and portfolios**



# The rising affluent show **growing risk aversion** and low tolerance for financial loss

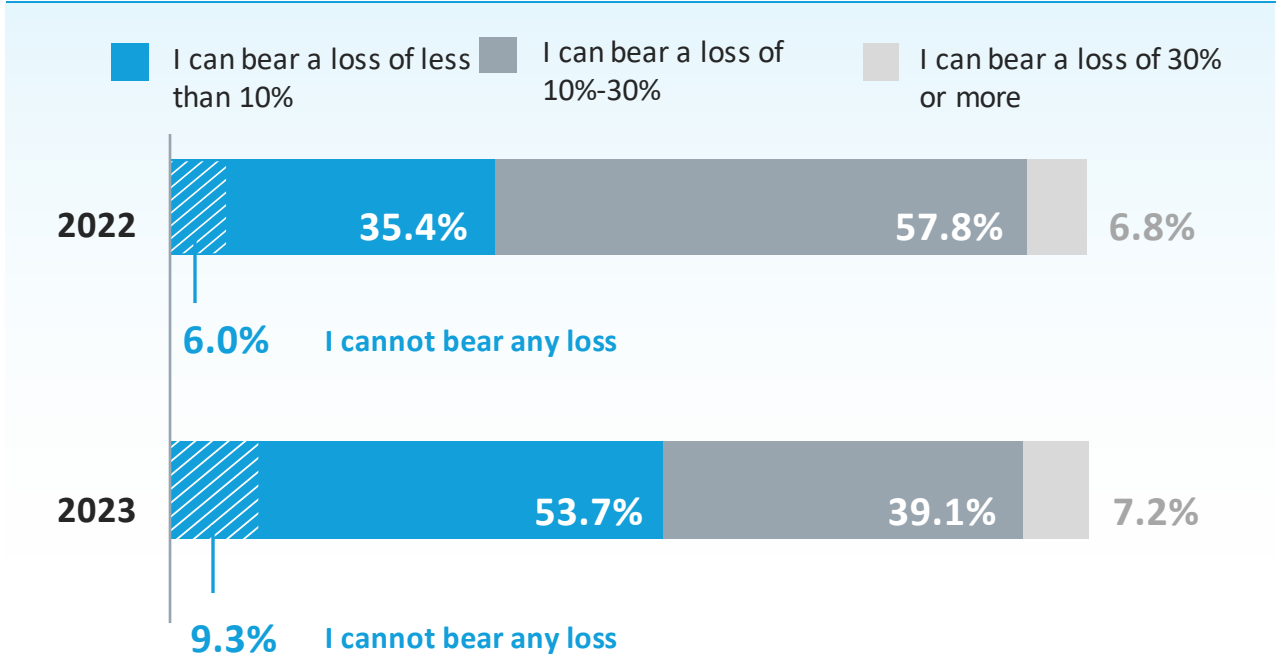
The proportion of the rising affluent adopting risk-averse investment styles climbed **7.4 percentage points** this year.

Personal investment styles



Over half of respondents can now **only bear a financial loss of 10%.**

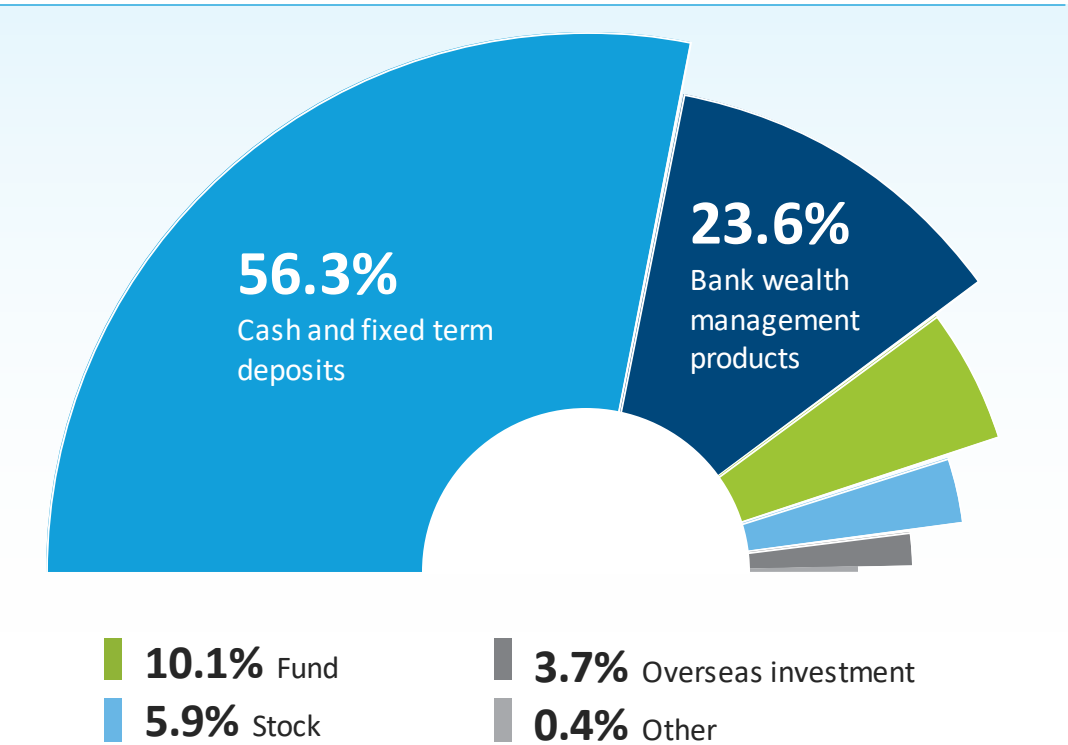
Tolerance for financial loss



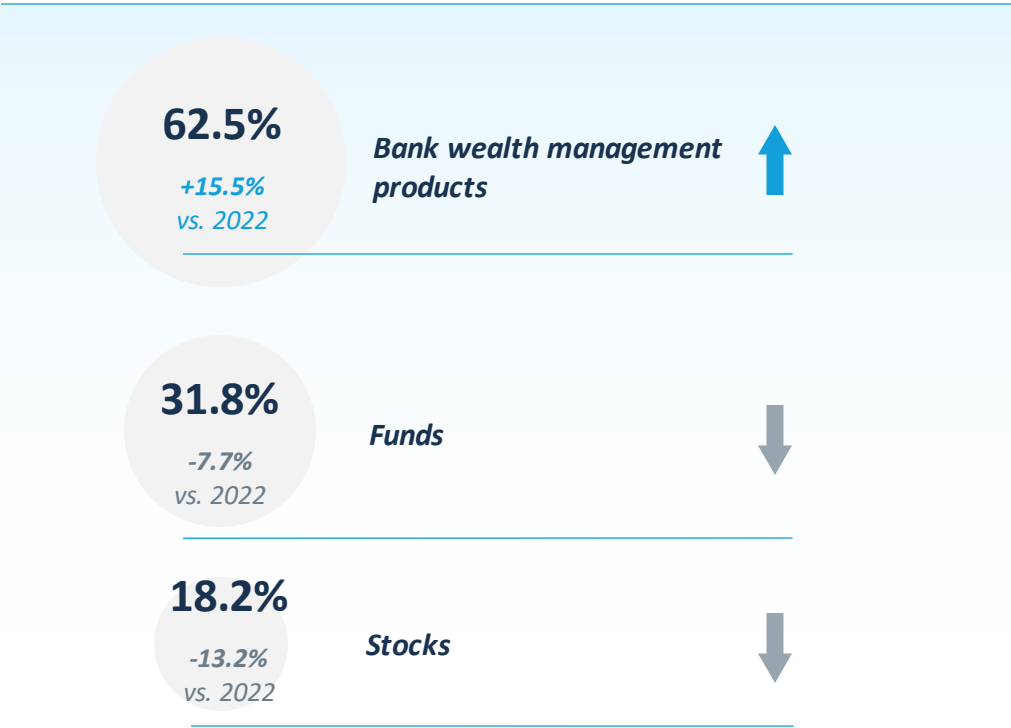
# But over allocation to assets viewed as stable risks **missing out on potential long-term returns**

Many respondents **withdrew from the stock market** and **invested in bank wealth management products**, meaning 80% of their average portfolio is now in nominally low-risk assets.

Average investment portfolio make up



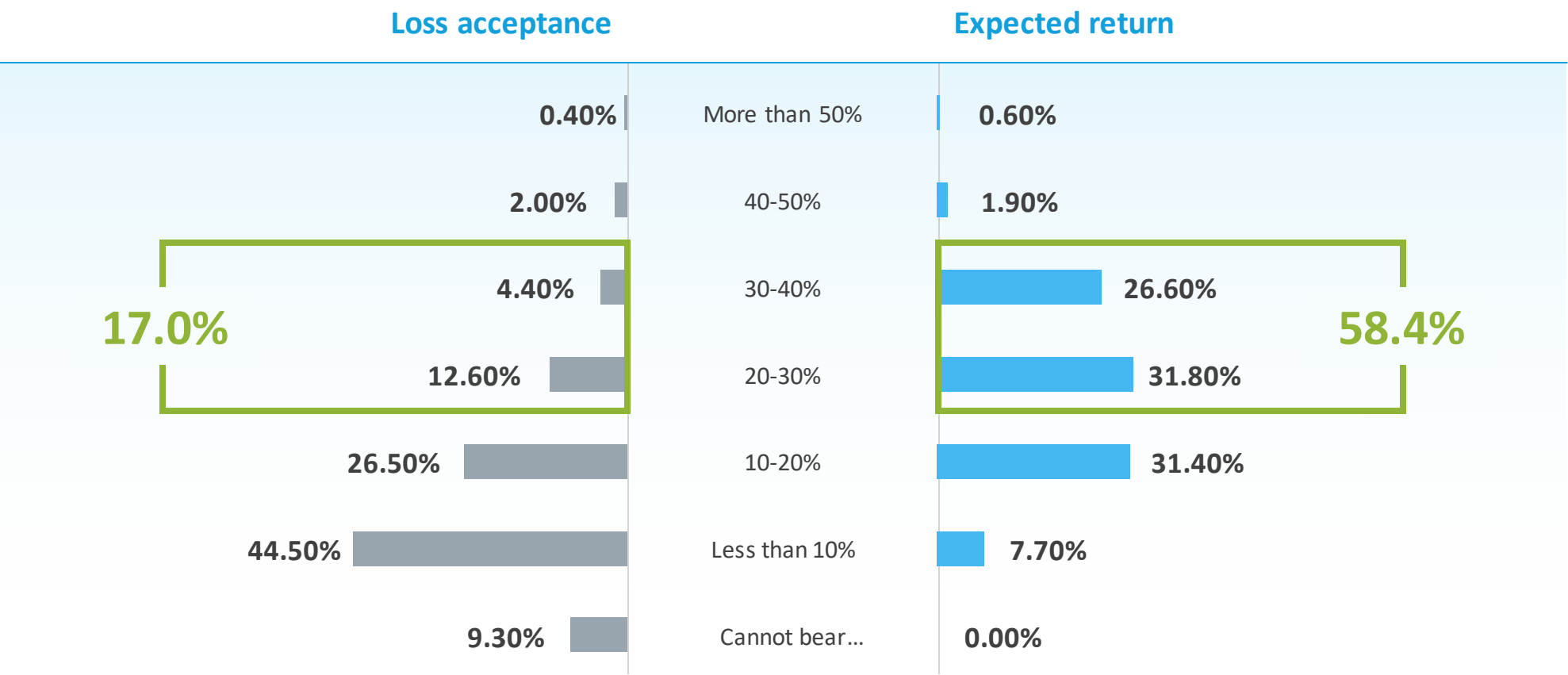
Ownership of different types of investment products



A young man and woman are sitting at a wooden desk in a bright, modern interior. The man, wearing an orange t-shirt, is typing on a silver laptop. The woman, with long brown hair and wearing a beige sweater, is leaning over his shoulder, looking at the screen. On the desk, there is a white mug with a floral pattern, a wooden vase, and some papers. The background shows a window with light-colored curtains and a view of greenery outside.

**Inflated expectations for returns of investment  
offer room for enhanced financial literacy**

# Respondents showed inflated expectations for financial returns despite low risk tolerance

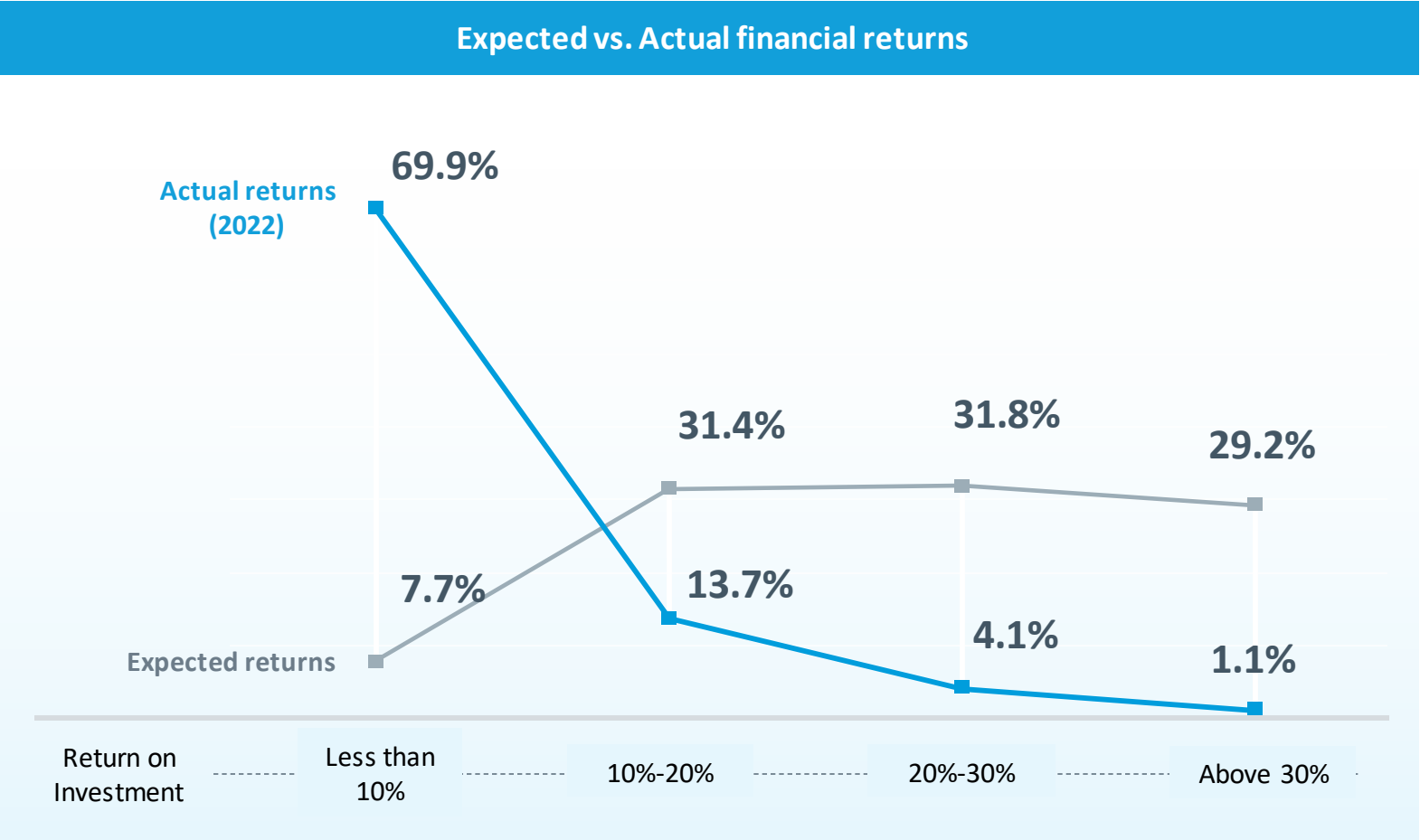




# Better advice and education is needed to bring expectations in line with market realities and their own investment preferences

The rising affluent display both conservative investment preferences and aggressive expectations for investment returns.

This mismatch indicates that their portfolios have not been designed with **a holistic view of what they are hoping to achieve financially.**



A middle-aged couple is sitting together in a bright, modern interior. The man, on the left, is wearing a dark blue button-down shirt and is smiling broadly while holding a smartphone. The woman, on the right, is wearing an orange top and glasses, and is also smiling as she looks at the phone. They are surrounded by numerous green plants, including a large hanging plant on the left and several potted plants on a wooden shelf in the background. The scene is warm and inviting, suggesting a comfortable and affluent lifestyle.

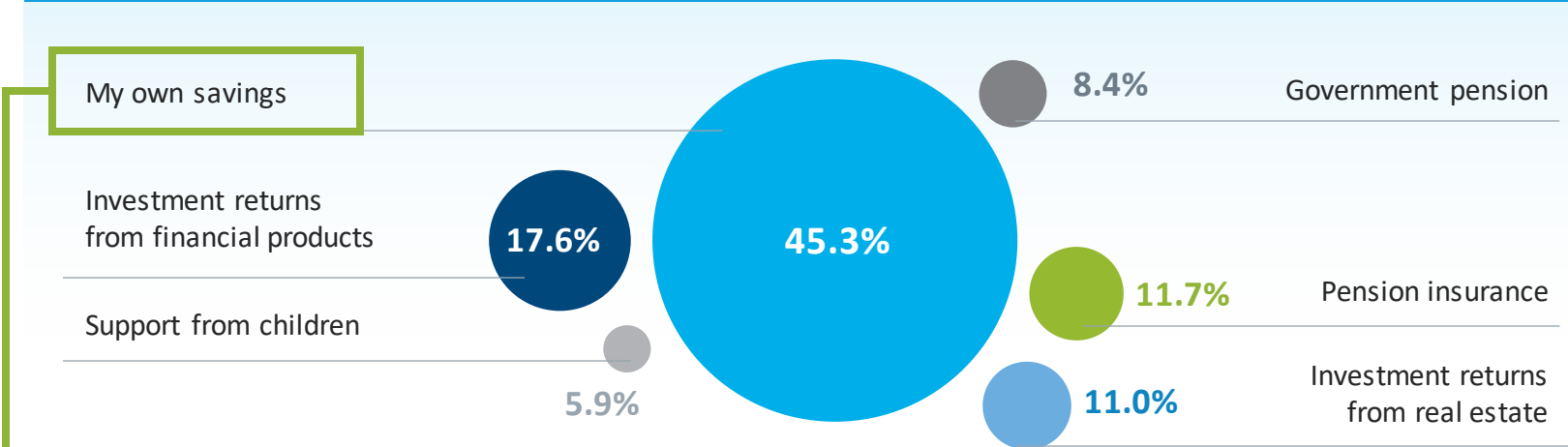
**Insufficient planning could undermine the rising affluent's retirement**

# Respondents are not sufficiently preparing for their retirement

59.0% of the rising affluent have done no retirement planning.

Even in the oldest age group (45+ years old), 54.4% have not begun preparation.

Sources of retirement income



Top 5 preparations already made for retirement

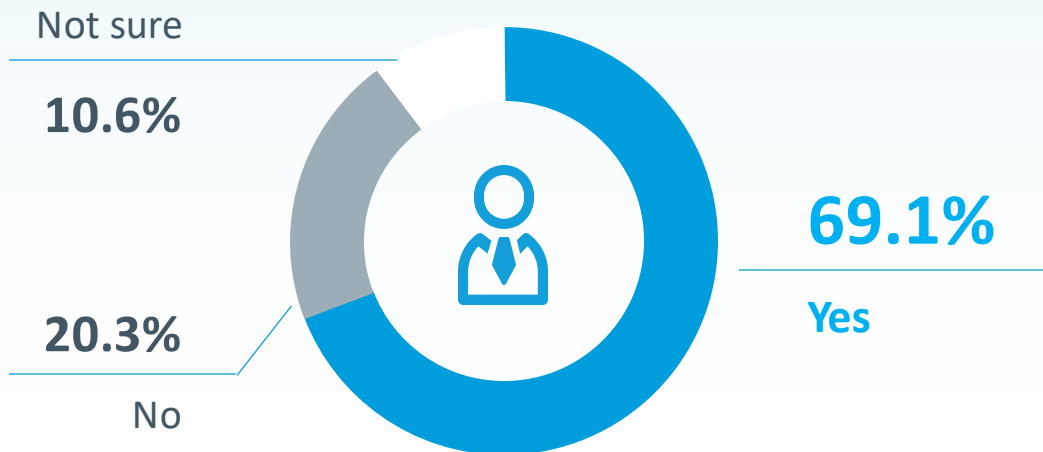
51.1%	46.5%	43.4%	34.9%	26.9%
Regular savings	Purchasing retirement insurance	Contributing to pension fund through social insurance payments	Utilizing a personal pension account	Choosing a professional financial advisor for retirement planning

# Financial advisory services have a clear opportunity to meet respondents' need for professional support in retirement planning

Nearly 70% of respondents with retirement plans believe they need professional support for their retirement.



Do you need help from a professional financial advisor to plan your retirement?



*Start planning for your retirement with a few questions:*



*How much will you need to spend?*



*How much of your future income needs to be saved?*



*What if my savings fall short?*

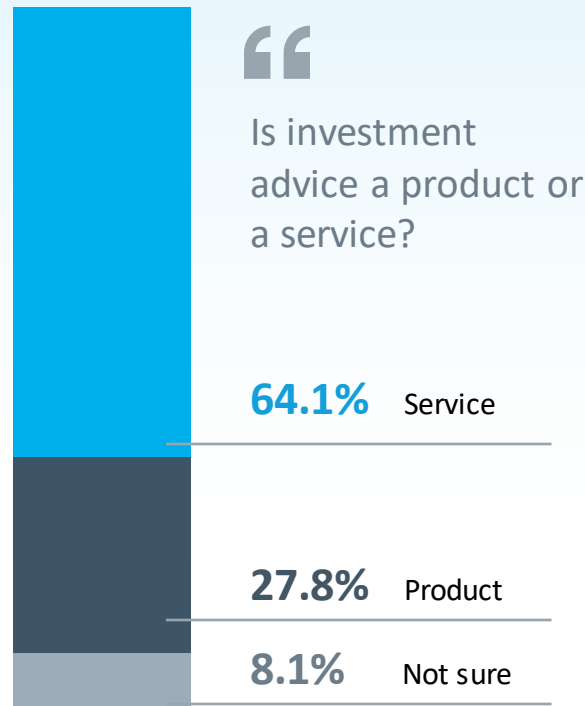




**Increasingly positive views of financial advisory services offer an opportunity to address misperceptions and divergences**

# More respondents this year have a better understanding of what financial advisory entails

Nearly **65%** of respondents now recognize investment advice as a service, rather than a product.

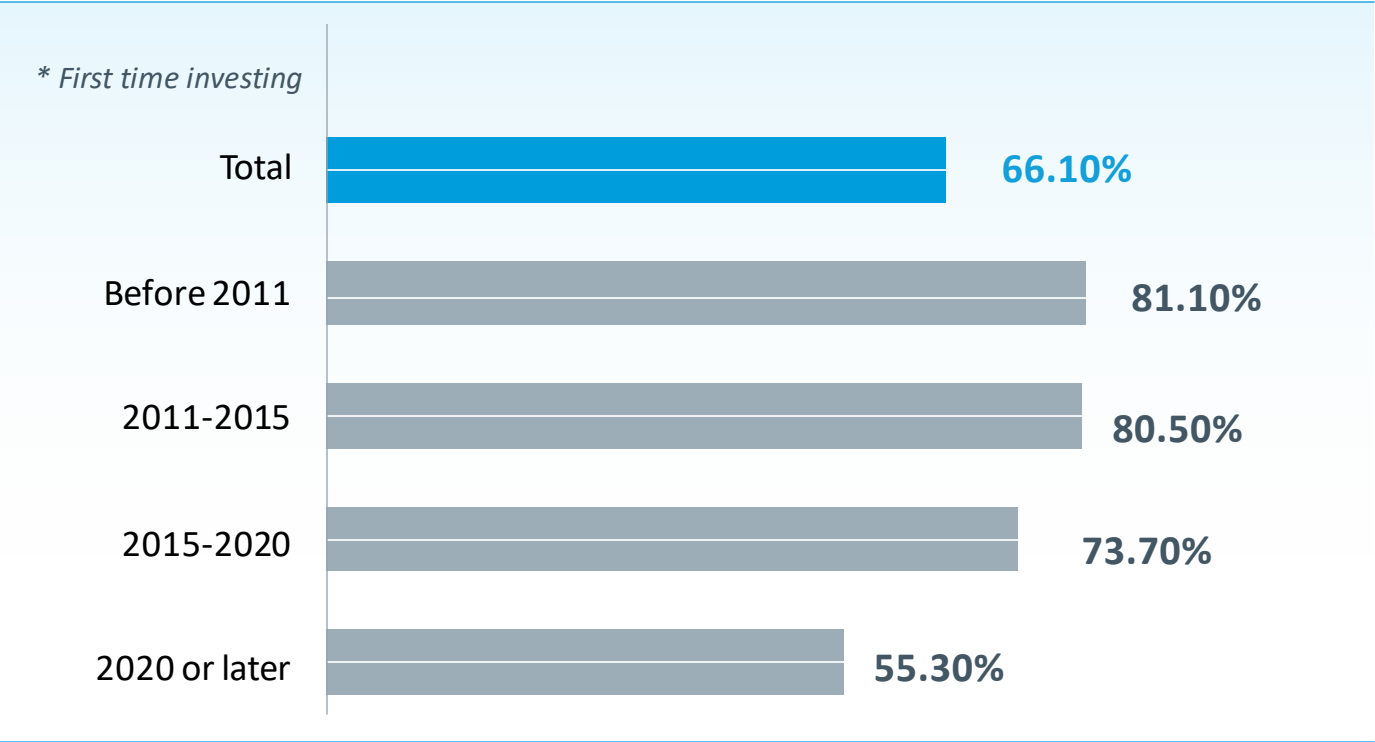


**Personalized advice, better plans for family wealth, and supporting achievement of long-term goals** are all among the top 5 advantages the rising affluent believe an advisor can offer.



# Financial advisory can empower the rising affluent to achieve their desired financial outcomes

Longer time investing in the market correlates with higher likelihood of having used advisory services



## Advancing client-centric financial advisory



This requires financial firms to provide a **comprehensive array of services** that meet the rising affluent’s diverse needs.



Goals based financial planning



Portfolio suggestion and management



Financial education



Regular communication and meetings

The end goal is to

- shape **healthy investment behaviors**
- enhance public engagement with **modern wealth management**
- ensure long-term financial well-being



# Implications

1

The rising affluent are actively responding to economic uncertainties by adjusting their management practice, financial goals, and consideration of how financial services can support their ambitions.

2

Adopting goals-based financial planning and aligning investment expectations with risk tolerance and market conditions is key to enhancing financial health and maximizing long-term financial outcomes.

3

The financial advisory industry has a crucial role to play through tailored services, advice, and education that addresses existing shortcomings in present practice to ensure higher levels of engagement are translated into improved financial literacy and stronger long-term financial well-being.



*charles*  
SCHWAB

嘉信理財

Thank you.

