United Overseas Bank Limited

Head Office
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334
uobgroup.com

Co. Reg. No. 193500026Z

News Release

UOB Study: Singapore consumers upbeat about economy and personal finances, but youths are unprepared financially

Singapore consumers are also more optimistic about local economy and personal finances compared to regional peers.

Singapore, 19 August 2024 – Singapore consumers are optimistic about their local economy and personal finances, but nagging inflation and gaps in financial preparedness among youth surfaced as pertinent issues in UOB's latest flagship ASEAN Consumer Sentiment Study (ACSS) 2024.

Almost seven in 10 Singapore respondents (68 per cent) said they felt positive about the current economic environment in Singapore, a 20-percentage-point surge from last year's level, UOB's ACSS 2024[1] found. Singapore was also 14 percentage points higher than the regional average.

Persistent inflation remained the foremost worry of ASEAN consumers this year, but there were marked drops in the levels of concern expressed by Singapore consumers for all financial issues raised in the 2024 study, probably a stamp of approval on the measures the government has taken to help the local economy weather the global economic volatility, such as the Assurance Package, CDC voucher and GST voucher schemes.

However, in a brand-new segment on financial literacy, ACSS 2024 found more than one in four youth aged 18 to 25 did not meet any of the rules of thumb identified by the Monetary Authority of Singapore (MAS) and financial industry's Basic Financial Planning Guide (the Guide), indicating that more concerted efforts may be needed to boost their financial preparedness.

"It's heartening to see improved sentiments of Singapore consumers this year, indicating that Singapore has done well to help us weather through the economic uncertainty in this region. Our youths in particular are the most optimistic about their financial futures, a sentiment any country would be proud to possess," said Ms Jacquelyn Tan, Head, Group Personal Financial Services, UOB.

[1] Details of UOB ACSS 2024's research methodology, including the generational categorisation of the respondents, can be found in the Annex.

"However, ACSS 2024 has highlighted a need for youths to shore up their financial preparedness. We believe that they are taking positive steps, for example by setting aside sufficient emergency funds and investing for their future, but they require more help in insurance coverage and legacy planning. It is eminently possible for youths to enjoy finer experiences in life while safeguarding against unforeseen circumstances, and we are here to help our young customers achieve their desired lifestyles while building sustainable financial buffers for life's uncertainties. "

Recession fears recede in Singapore, consumers expect finances to improve in near term

Singapore consumers' economic optimism compared to the region stems from its tight labour market, evinced by a high job vacancies-to-seekers ratio with retrenchment numbers still fairly contained. Furthermore, Singapore's growth momentum could strengthen in the second half of this year on improving external demand should key central banks in advanced economies begin or continue to lower their policy rates, lifting investment and consumption activity abroad.

The sentiment was also reflected in a 10-percentage-point improvement year-on-year in expectations of a major recession in the next year. The number of Singapore consumers expecting a major recession in the near term was also 12 percentage points lower than the regional average, with the latter remaining relatively unchanged from last year.

Singapore consumers were also more confident of their financial status, with 78 per cent expecting to fare as well or better financially in the next year, a rise of eight percentage points from last year. Generations Z and Y were the most upbeat, with 88 per cent and 81 per cent expressing optimism respectively. At 73 per cent, Generation X saw the biggest jump of 14 percentage points, while Baby Boomers were most subdued at 54 per cent.

Rising inflation was still the foremost concern of ASEAN consumers with 63 per cent of respondents indicating as such, followed by increased household expenses (58 per cent) and a decline in savings and wealth holdings (52 per cent). These levels were relatively unchanged from 2023's, a sign of the intractability of these issues. Against the same set of financial issues, Singapore consumers appeared less worried than their peers in the region. The proportion expressing concern over rising inflation fell 16 percentage points to 55 per cent, while those fretting over increased household expenses and declining savings or wealth holdings also dropped 12 percentage points to 52 per cent and 47 per cent respectively.

Head Office
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334
uobgroup.com

Support measures introduced in the Singapore Budget 2024, such as the additional tranches of CDC vouchers for households worth $600 and the 50 per cent personal income tax rebate for this year capped at $200, went a long way to alleviate Singaporeans' cost of living concerns. These come on top of pre-existing government support such as the Assurance Package and GST Voucher scheme to provide additional buffers for low to middle income households against rising costs. On a broader level, easing inflationary pressures from the highs of late-2022, coupled with the strong Singapore dollar which preserved the purchasing power of local consumers while keeping a lid on imported inflation, also gave Singapore an edge over its regional peers.

The top item Singapore consumers said they spent more on in the past year[2] was utility bills (25 per cent), with daily commuting and child education tied at second place (11 per cent), and household groceries coming in third (seven per cent). That said, there was a sharp drop in the number of consumers who increased spending for utility bills and household groceries, with the former falling six percentage points and the latter dropping seven. Singapore consumers were also outspending their regional peers on experiential categories such as travelling for vacations, fine dining, concerts, events and festivals, with 43 per cent saying they had increased expenditure on such items in the past year compared with the regional average of 35 per cent. Top experiences Singapore consumers were willing to pay more for were entertainment events such as concerts and festivals, travelling for vacations and fine dining in that order.

Inadequate levels of financial preparedness among youth

A significant majority of Singapore consumers were not taking adequate steps to secure their financial future, with Gen Zs most at risk. In the new financial literacy section, the study polled consumers' financial allocations based largely on rules of thumb outlined in the Guide[3], namely allocating three to six months worth of expenses as emergency funds, obtaining insurance protection for death, total permanent disability and critical illness, investing at least 10 per cent of take-home pay for retirement and other financial goals, and making wills and CPF nominations.

[2] Scores derived from the net difference between the percentage of respondents who declared they had spent more on a category now compared to the past six to 12 months versus those who said they had spent less.
[3] More details of MAS' Basic Financial Planning Guide can be found here.

United Overseas Bank Limited

Head Office
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334
uobgroup.com

News Release

Co. Reg. No. 193500026Z

The study showed that only 10 per cent of respondents met three or all of the four rules of thumb, and 37 per cent met two. Worryingly, 35 per cent of consumers only met one rule of thumb, while 18 per cent did not meet any. Gen Zs were of particular concern, with 26 per cent of them checking off none. While Gen Zs are relatively "new" into the workforce and may still be finding their financial footing, and many might be grappling with big-ticket expenses such as marriage and housing, their lack of adequate financial buffers against any life's unexpected is a cause for concern.

Singapore consumers are well equipped in terms of emergency funds, with 60 per cent having at least three months' worth of expenses as a buffer for unforeseen events. Gen X fared the lowest with only 54 per cent of them holding sufficient emergency funds, compared to Gen Y (62 per cent), Gen Z (59 per cent) and Boomers (77 per cent).

In terms of insurance, Singapore consumers, particularly the Gen Z, need to be better protected, especially in the areas of critical illness and death and total permanent disability. Only 37 per cent of respondents said they had critical illness coverage, with the proportion plunging to just 17 per cent for Gen Zs. For death and total permanent disability insurance, only 22 per cent of Singapore consumers were covered, and for Gen Zs, just 13 per cent. More alarming, more than one in 10 Gen Zs (12 per cent) said they did not possess any insurance at all.

On investments, 56 per cent of Singapore consumers set aside at least 10 per cent of their annual income for investments. Encouragingly, Gens Z and Y were the most diligent, with 55 per cent and 62 per cent respectively abiding by the rule of thumb on investing, a positive indication that the young are giving due attention to preparing their finances for retirement and other financial goals.

In terms of legacy planning, half of Singapore consumers have made a CPF nomination, with the number shrinking to one in five (19 per cent) when it came to making wills. Likely because of their youth, Gens Z and Y were less prepared than their older counterparts, with only 29 per cent and 43 per cent having made CPF nominations respectively, compared to Gen X (64 per cent) and Boomers (74 per cent). For will-writing, only one in 10 Gen Zs and 15 per cent of Gen Ys had done so. More worryingly, only one in four Gen X and 35 per cent of Boomers had prepared wills, whether due to taboo or lack of proper knowledge.

UOB is committed to supporting our customers at every stage of their lives. We urge our customers to take reference from the Guide, and to approach us should they require assistance in planning their finances. The archetypes show that saving, investing and insurance protection is possible at every life stage and income strata for working adults and retirees, and we are committed to helping our customers protect and maximise their monies in a safe and sustainable manner.

– Ends –

About UOB

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. Today, UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

For media queries, please contact:

Name: Philip Lim
Group Strategic Communications and Brand
Email: philip.lim@uobgroup.com
Tel: 9816 9395

United Overseas Bank Limited

Head Office
80 Raffles Place UOB Plaza
Singapore 048624
Tel (65) 6222 2121
Fax (65) 6534 2334
uobgroup.com

News Release

Co. Reg. No. 193500026Z

Annex

UOB's ACSS 2024 surveyed 5,000 participants aged 18 to 65 years old from Indonesia, Malaysia, Singapore, Thailand and Vietnam. The survey was conducted online from 14 May 2024 to 6 June 2024 in partnership with global management consulting firm Boston Consulting Group.

The survey broadly categorises respondents into four age groups, namely Generation Z (18 to 25 years old), Generation Y (26 to 41 years old), Generation X (42 to 57 years old) and Baby Boomers (58 to 65 years old).