

**QUANTITATIVE RESEARCH ON FINANCIAL
LITERACY LEVELS
IN SINGAPORE**

July 2005

- Prepared for -

The MoneySENSE Financial Education Steering Committee

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1. INTRODUCTION

The first National Financial Literacy Survey was conducted in March 2005. The survey revealed encouraging findings about how Singaporeans approach money matters. In general, Singaporeans have fairly healthy attitudes towards basic money management, financial planning and investment matters. A majority of Singaporeans save, monitor their spending and are generally responsible in the use of credit. Most Singaporeans also recognize the importance of financial planning and have done some basic financial planning. Those with investments considered the risks before investing and monitor their investments. However, many Singaporeans do not manage and plan their finances in a disciplined or structured fashion. Many do not have a clear idea of how much they need for their retirement nor have they set aside sufficient cash savings to meet emergency needs. A majority of Singaporeans are also not well-versed on the key features and mechanics of common financial products such as life insurance policies and unit trusts. The survey covered 2,023 Singaporeans between 18 and 60 years of age. This report presents the survey findings and makes recommendations to address some of the gaps identified.

1.1. Research Background

1.1.1 The MoneySENSE national financial education programme was launched in October 2003 to bring together industry and public sector initiatives in financial education for a long term, sustainable programme to enhance the basic financial literacy of Singaporeans. The MoneySENSE programme covers the following three tiers:

- **Tier I - Basic Money Management** - To equip Singaporeans with basic money management skills such as budgeting, understanding the time value of money, responsible use of credit and tips on how to save.
- **Tier II - Financial Planning** - To raise awareness among Singaporeans of the need to plan for their lifelong financial security, and equip them with the knowledge and skills to engage in financial and retirement planning.
- **Tier III - Investment Know-How** - To impart knowledge and skills about the different types of investment products, and how to invest wisely.

1.1.2 The Government recognised that there were compelling reasons in the social and economic environment for the public sector to do more and act as a catalyst to increase the focus of financial education in Singapore. The following were some of the driving forces that called for the public sector to take a more proactive stance on financial education:

- (a) With an ageing population, it is important that Singaporeans learn to be more proactive in managing their own finances. Financial education programmes can help equip Singaporeans with basic financial planning and investment know-how to plan early and provide for their retirement needs.

- (b) Second, CPF aims to help Singaporeans meet primary needs for shelter, food and health services in their old age. However, many Singaporeans have taken for granted that their CPF savings will be sufficient for their old age, when in effect, they may not be. We need to equip Singaporeans with the skills and knowledge to manage their day-to-day finances, make prudent investments and plan for their longer-term needs.
- (c) With greater innovation in the financial services industry and institutions offering more complex and varied products, Singaporeans need to acquire the knowledge and skills to choose appropriate financial products to suit their needs.

1.1.3 To better understand the overall financial literacy level of the Singapore population and how Singaporeans are managing their finances, the MoneySENSE Financial Education Steering Committee¹ (FESC) commissioned a national survey of 2,023 Singapore citizens and Permanent Residents (PR) to assess what actions they have taken to manage their finances and how much they know about common financial products and services. The survey aimed to:

- (a) Measure current levels of financial literacy among different segments of the Singapore population. The focus was to measure:
 - i. The actions taken by Singaporeans in dealing with financial matters
 - ii. Their financial knowledge and understanding of common financial products and services
- (b) Gauge the attitudes of Singaporeans towards financial matters;
- (c) Identify gaps in financial knowledge and actions;
- (d) Identify areas where more consumer education is needed and what the most effective channels for delivery of financial education are; and
- (e) Measure the level of awareness of the MoneySENSE national financial education programme.

¹ The MoneySENSE Financial Education Steering Committee was formed in February 2003 to provide strategic direction and oversight of financial education programmes in Singapore. It comprises representatives from the Monetary Authority of Singapore, Ministry of Community Development, Youth and Sports, Ministry of Education, Ministry of Manpower, Central Provident Fund Board, and People's Association.

1.2. Research Methodology

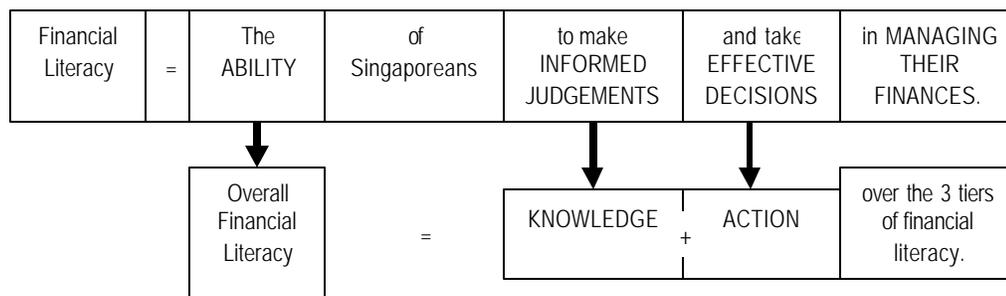
- 1.2.1 The FESC commissioned an external research consultant, Media Research Consultants Pte Ltd, to undertake the survey. Six focus group discussions were held in September and October 2004. The findings from the focus group discussions served to highlight key issues and factors for the design of the survey. Drawing from the inputs of industry partners from the MoneySENSE Industry Working Group² (MIWG), a survey questionnaire and a framework for scoring the responses to the survey questionnaire were developed. Actual fieldwork on a population of 2,023 Singaporeans aged 18 to 60 was conducted from March to April 2005. The survey was administered through face-to-face interviews at the respondents' place of residence.
- 1.2.2 The survey data was weighted to the Singapore population (18 – 60 years old) according to gender, age and race statistics from the Department of Statistics, Census 2003, so as to derive a result representative of the Singapore population. It should, however, be noted that the research covered only analysis of findings based on the responses of those surveyed. It does not include analysis of or comparison with findings of other research projects. The scope of the survey was also limited by the need to ensure that the survey questionnaire was kept to a manageable length. In addition, as the survey was done face-to-face and most Singaporeans regard their financial decisions as personal matters, the survey questions were kept broad-based.

1.3. Measurement of Financial Literacy

- 1.3.1 For the purposes of this first national financial literacy survey, we have defined “financial literacy” as **“the ability of individuals to make informed judgments and take effective decisions in managing their finances”**. In measuring financial literacy, we covered the following 3 areas:
- Tier I - Basic Money Management (budgeting, spending, saving, loans and credit facilities);
 - Tier II - Financial Planning/Retirement Planning; and
 - Tier III - Investment Know-How

² The MoneySENSE Industry Working Group (MIWG) comprises representatives from the following industry associations and organisations: Consumers Association of Singapore (CASE), The Association of Banks in Singapore (ABS), Association of Financial Advisers, Singapore (AFA), Financial Planning Association of Singapore (FPAS), General Insurance Association of Singapore (GIA), Insurance and Financial Practitioners Association of Singapore (IFPAS), Investment Management Association of Singapore (IMAS), Life Insurance Association, Singapore (LIA) and the Singapore Exchange Ltd (SGX). MIWG acts as a sounding board and works in close collaboration with the MoneySENSE Financial Education Steering Committee to develop financial education programmes for Singaporeans.

1.3.2 To this end, the survey measures the financial literacy of Singaporeans in 2 main dimensions:



- **Actions** – whether Singaporeans have been taking effective decisions in managing their finances in the areas of basic money management, financial planning and investments; and
- **Knowledge** – whether Singaporeans are knowledgeable about common financial products and services and are making informed judgements about their financial decisions across the three tiers.

1.3.3 The survey also assessed the attitudes of Singaporeans towards basic money management, financial planning and investments, as well as their level of awareness of the MoneySENSE programme and its activities. The latter will help us understand what more needs to be done to improve the programme and identify the right delivery channels to ensure a wider and more effective outreach.

1.3.4 The table below summarises the key attributes that were measured in the financial literacy survey.

FINANCIAL LITERACY	
ACTIONS	<ul style="list-style-type: none"> ○ What steps Singaporeans have taken to manage their money. ○ What active plans Singaporeans have made to provide for their future financial / retirement needs. ○ For Singaporeans who have invested, what steps they have taken to understand what they are investing in and to monitor the performance of their investments regularly.
KNOWLEDGE	<ul style="list-style-type: none"> ○ What level of understanding do Singaporeans have of the risks and implications of taking up common financial products such as: <ul style="list-style-type: none"> • Loans • Life insurance policies • Investment products

1.3.5 The survey also sought to understand the attitudes of Singaporeans towards basic money management, financial planning and investments, based on the following attitude questions.

ATTITUDES
• Whether Singaporeans rely on professional experts for financial advice or depend on advice from friends / relatives.
• Whether Singaporeans save first before spending the balance, or pay for their expenses first before saving the rest.
• Whether Singaporeans think it is okay to use an unsecured loan so long as they can repay it, or they will not use an unsecured loan as it means having to pay interest.
• Whether Singaporeans feel that financial planning is only for the rich or relevant for everyone.
• Whether Singaporeans regard general insurance as a means to protect their assets or they do not believe in general insurance.
• Whether Singaporeans think that investments are a form of long-term savings or a way to get rich quickly.
• Whether Singaporeans feel that investing is all about luck or about doing research and understanding the investment.

1.4. Development of Aggregate Financial Literacy Scores

1.4.1 While we acknowledge that any scoring system will have its limitations, we considered it useful to see whether it was possible to construct some form of aggregate Financial Literacy Score to provide a basis for benchmarking improvements in financial literacy levels over time.

1.4.2 In computing an aggregate Financial Literacy Score, we scored the questions in the survey assessing what actions Singaporeans have taken to manage their finances and how much they know about common financial products and services. A weighted score was allocated to each response, depending on how closely the response correlated to preferred outcomes. The scores for all the responses were then aggregated and normalized across a 0 – 100 scale, to derive a Financial Literacy Score for the Singapore population. Such an aggregated Financial Literacy Score serves as a yardstick measure of the overall financial literacy level (action + knowledge across the three tiers) of the Singapore population. While the responses to questions on attitudes were not included in the Financial Literacy Score, they serve as important indicators in aiding our understanding of the approach Singaporeans take to financial matters. More details of the scoring methodology can be found in the full survey report.

1.4.3 As this is the first time we are developing a Financial Literacy Score, it should be noted that the results are influenced by the number and type of questions asked on each dimension (action + knowledge at the three tiers), as well as the weighting schema used in assigning scores to the responses. While we tested the questions across a wide cross-section of the population, and sought the views of community bodies, industry associations, grassroots organizations and academia, the approach is still subjective, as judgments had to be made on what we deemed to be desirable responses. Nonetheless, we consider a general score to measure the financial literacy of Singaporeans to be of some interest as it will enable us to track improvements in the overall financial literacy level of the Singapore population over time and provide useful information on which to make further improvements to the MoneySENSE programme. We have therefore set out in this report the methodology and results of our findings of Singaporeans' financial literacy based on this aggregate score.

1.5. Overview of Aggregate Financial Literacy Scores

1.5.1 Overall, Singaporeans achieved a mean Financial Literacy Score (Action + Knowledge) of 67, with a higher score achieved for basic money management (74) and progressively lower scores for financial planning (62) and investment know-how (58). The overall Action and Knowledge scores as well as the scores across the three tiers will help us to track the progress of financial literacy among Singaporeans.

Table 1.1 An Overview of Mean Financial Literacy Scores

	Action	Knowledge	Financial Literacy Score = Action + Knowledge
Tier 1 (Basic Money Management)	72	76	74
Tier 2 (Financial Planning/ Retirement Planning)	64	61	62
Tier 3 (Investment Know- How)	67*	59	58
Total	70	65	67
Tier 3 (Invest)	67*	74*	72*

Base: Total respondents (n=2,023)

Note: * denotes n=662 who had investments

2. DEMOGRAPHIC PROFILE OF RESPONDENTS

Out of the 2,023 respondents who took part in this survey, 50% of them were female and 50% were male.

The respondents were 18-60 years of age. 42% of the respondents were in the age range of 30-44, with 33% above 45 years old, and 25% below 30 years of age.

Chinese constituted 78% of the total respondents. This is followed by Malays (13%), Indians (8%) and Others (1%).

58% of the respondents were married with children, followed by 32% who were singles. Another 8% and 2% were respondents who were married without children or divorced / separated / widowed respectively.

Respondents who stayed in HDB 4 or 5 rooms constituted 58% of the total respondents, while another 28% of them stayed in HDB 3 rooms. The remaining 14% stayed in either condominiums (7%) or landed properties (7%).

30% of the respondents were Professionals, Managers, Executives and Businessmen (PMEBs). 21% were blue-collar workers while white-collar workers (other than PMEBS) constituted 10% of the respondents. The non-working group, which formed 39% of total respondents, comprised of students, retirees, housewives, unemployed and NS men.

Respondents who had completed secondary education formed 36% of the total number surveyed. Another 35% had tertiary education (Diploma and above), while those who had completed their primary school education or had no formal education made up 19% of the total respondents. The remaining 10% were the "A"-level holders (8%) and ITE graduates (2%)

37% of the respondents had no income. This is followed by 19% and 16% who had a monthly personal income ranging from \$1,000 to \$1,999 and \$2,000 to \$2,999, respectively. The rest (28%) had monthly personal income of \$3,000 and above.

Low-income families (where monthly household income is \$1,000 or below) constituted 7% of those surveyed. 19% had a monthly household income between \$1,000 and \$1,999, while 18% had a monthly household income between \$2,000 and \$2,999. The rest (56%) had monthly household income of \$3,000 and above.

Classification by Segments

To understand the financial literacy level of different population groups in Singapore, 8 key segments have been identified as shown in the table below:

Table 2.1 **8 Key Segements**

8 segments were identified based on the following criteria:

Segments	Age Group	Marital Status	Occupation / Working Status	Percentage
<i>Students</i>	29 years old and below	Single	Students	8%
<i>Working Singles</i>	44 years old and below	Single	Working	17%
<i>Working Marrieds</i>	44 years old and below	Married without Children	Working	6%
<i>Working Parents</i>	44 years old and below	Married with Children	Working	21%
<i>Pre-retirees</i>	45 – 54 years old	N.A.	Working	16%
<i>Housewives</i>	54 years old and below	Married	Housewives	17%
<i>Unemployed</i>	54 years old and below	N.A.	Unemployed	5%
<i>Retirees</i>	55 years old and above	N.A.	N.A.	8%

Table 2.2 Demographic Profile of Respondents

Demographic Profile	%
<i>Gender</i>	
• Male	50
• Female	50
<i>Age Group</i>	
• 18 to 19 years old	4
• 20 to 24 years old	10
• 25 to 29 years old	12
• 30 to 34 years old	13
• 35 to 39 years old	14
• 40 to 44 years old	15
• 45 to 49 years old	13
• 50 to 54 years old	11
• 55 to 60 years old	8
<i>Ethnic Group</i>	
• Chinese	78
• Malay	13
• Indian	8
• Others	1
<i>Marital Status</i>	
• Single	32
• Married without children	8
• Married with children	58
• Divorced, Separated or Widowed	2
<i>Type of Housing</i>	
• HDB 1 – 2 rooms	4
• HDB 3 rooms	24
• HDB 4 rooms	31
• HDB 5 rooms / Executive	27
• Condominiums / Private apartments	7
• Landed Housing	7
	n=2,023

Demographic Profile	%
<i>Occupation</i>	
• Professional	12
• Manager	5
• Executive	8
• Businessperson / Self-employed	6
• Clerical / Administration	6
• Other White Collar	4
• Skilled Blue Collar	13
• Unskilled Blue Collar	8
• Civil Servant	2
• Student	8
• NSman	2
• Housewife	19
• Unemployed	5
• Retiree	2
<i>Educational Level</i>	
• No formal education	3
• Completed primary	15
• Completed secondary	36
• JC / Pre-U / A level	8
• Polytechnic / Diploma	16
• University degree / Postgraduate	20
• ITE	2
	n=2,023

Demographic Profile	%
<i>Monthly Personal Income</i>	
• No income	37
• Below \$1,000	8
• \$1,000 to \$1,999	19
• \$2,000 to \$2,999	16
• \$3,000 to \$3,999	9
• \$4,000 to \$4,999	4
• \$5,000 to \$5,999	2
• \$6,000 to \$9,999	3
• \$10,000 and above	1
• Not stated	1
<i>Monthly Household Income</i>	
• No income	1
• Below \$1,000	6
• \$1,000 to \$1,999	19
• \$2,000 to \$2,999	18
• \$3,000 to \$3,999	16
• \$4,000 to \$4,999	11
• \$5,000 to \$5,999	8
• \$6,000 to \$9,999	9
• \$10,000 and above	7
• Not stated	5
<i>Segment</i>	
• Students	8
• Working singles	17
• Working marrieds	6
• Working parents	21
• Pre-retirees	16
• Housewives	17
• Unemployed	5
• Retirees	8
• Others	2
	n=2,023

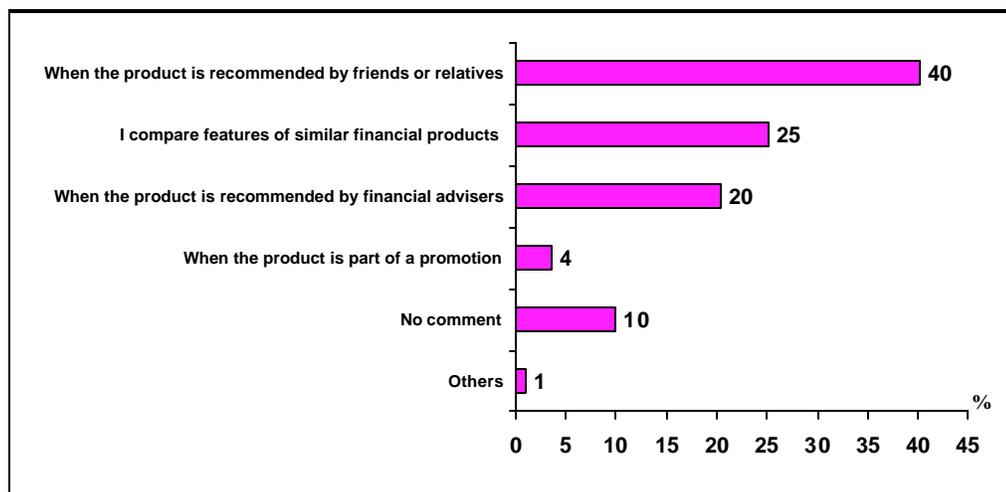
3. TIER 1 - BASIC MONEY MANAGEMENT

This section covers a number of aspects of basic money management including savings, spending, monitoring expenditure, and borrowings.

3.1. Purchase of Financial Products

When deciding on whether to purchase a financial product, 40% of respondents relied on the recommendations of their friends or relatives. 25% of them did their own comparisons among similar financial products while 20% depended on the advice of financial advisers.

Figure 3.1 Purchase of Financial Products



Base: Total Respondents (n=2,023)

The demographic profiles that distinguish certain purchase patterns from the others are summarized in the following table.

Table 3.1 Demographic Profile for Purchase of Financial Products

When the product is recommended by friends or relatives: 40%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>None</i>		-	•	-
I compare features of similar financial products before deciding on which is the most suitable for my needs: 25%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working singles • Working marrieds 	36 31	<ul style="list-style-type: none"> • Housewives • Retirees 	19 17
<i>Monthly Household Income</i>		-	• Low income	9
When the product is promoted / recommended by financial advisers: 20%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds 	31		-

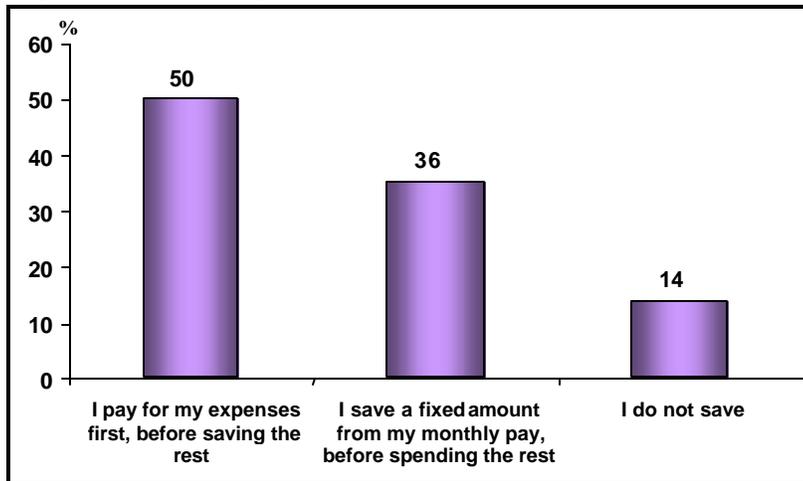
Base: Total respondents (n=2,023)

3.2. Savings Patterns

Almost all the respondents (96%) indicated that they had some form of savings in the bank, including either a savings or current account, with 4% indicating that they did not have any bank account. These tended to be the unemployed and retirees, or those with low household income. A quarter of the respondents (25%) held their money as fixed deposits.

A large proportion (86%) of respondents indicated that they saved. When asked specifically how they set aside money for their savings, half of the respondents (50%) indicated that they paid for their expenses first, before saving the rest. About a third (36%) had the practice of saving a fixed amount of money from their monthly salaries, before spending the balance. Those who saved a fixed amount of money from their monthly salaries tended to agree with the attitude statement “I should save first, before spending the balance”.

Figure 3.2 Savings Patterns



Base: Total Respondents (n=2,023)

The demographic profiles that distinguish certain savings patterns from the others are summarized in the following table.

Table 3.2 Demographic Profile for Savings Patterns

I pay for my expenses first, before saving the rest: 50%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>		-	<ul style="list-style-type: none"> Unemployed Retirees 	38 42
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	38
I save a fixed amount from my monthly pay, before spending the rest: 36%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds 	48 50	<ul style="list-style-type: none"> Students Unemployed Retirees 	28 27 28
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	20
I do not save: 14%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed Retirees 	35 29	<ul style="list-style-type: none"> Working singles Working marrieds Working parents 	5 3 8
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	41		-

Base: Total respondents (n=2023)

3.2.1. **Ideal State: Amount One Should Set Aside**

When asked what they thought would be sufficient cash savings to meet their emergency needs, 28% of those who saved responded that they should set aside cash savings equivalent to 3 to 6 times their monthly income. Another 28% felt that they should set aside cash savings of at least 7 times their monthly income. 32% of the respondents felt that it was sufficient to save up to 2 months of their monthly salary for emergencies.

3.2.2. **Real State: Current Amount of Savings**

In reality, among the respondents who saved, 22% have set aside cash savings equivalent to 3 to 6 times of their monthly income, 10% have set aside an emergency cash pool of at least 7 times their monthly income and 55% have equal to or less than 2 times of their monthly salary for emergencies.

13% are unsure how much cash savings they have. These tend to comprise of the unemployed and the low income.

While we note that Singaporeans have some savings to meet their emergency needs, they may not have put aside enough funds to meet such contingencies.

Table 3.3 Amount of Emergency Funds

Amount of Emergency Funds	Real State: Current Amount of Savings	Ideal State: Amount One Should Set Aside
	%	%
Less than 1 time of my monthly income.	28	11
1-2 times of my monthly income.	27	21
3-6 times of my monthly income.	22	28
More than or equal to 7 times of my monthly income.	10	28
Not sure how much cash savings I have.	13	12
	<i>Base: Respondents who saved excluding students and housewives (n=1,285)</i>	<i>Base: Respondents who saved (n=1,738)</i>

The demographic profiles of those who have emergency cash savings are summarized in the following table.

Table 3.4 Demographic Profile for Current Amount of Emergency Funds

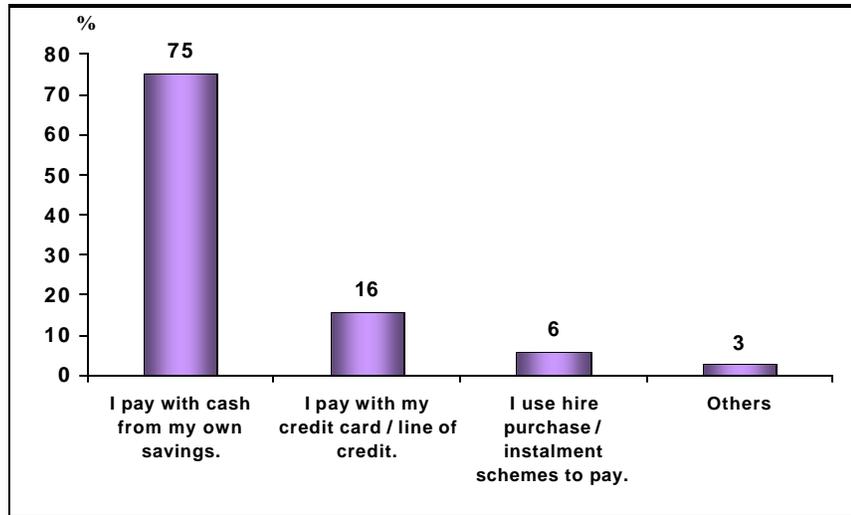
Less than or equal to 2 times of my monthly income: 55%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>		-	<ul style="list-style-type: none"> Working marrieds Retirees 	49 48
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	69		-
3-6 times of my monthly income: 22%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds 	30	<ul style="list-style-type: none"> Unemployed Retirees 	6 15
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	8
More than or equal to 7 times of my monthly income: 10 %				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Retirees (last drawn pay) 	18	<ul style="list-style-type: none"> Unemployed 	5
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	2
Not sure how much cash savings I have: 13%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed 	37		-
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	22		-

Base: Respondents who saved excluding students and housewives (n=1,285)

3.3. Spending Patterns

When asked how they paid for their last purchase of a durable item, a significant proportion (75%) of respondents indicated that they used cash and would not make a purchase if they could not afford the item. 16% used credit cards or some form of credit facility, while another 6% turned to instalment schemes.

Figure 3.3 Spending Patterns



Base: Total Respondents (n=2,023)

The demographic profiles that distinguish certain spending patterns from the others are summarized in the following table. For those who use hire purchase schemes, all segments are well represented.

Table 3.5 Demographic Profile for Spending Patterns

I pay with cash from my own savings / If I do not have enough cash, I will not buy: 75%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students 	83	<ul style="list-style-type: none"> Working marrieds Working parents 	63 68
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	81		-
I pay with my credit card / line of credit: 16%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Working parents 	31 24	<ul style="list-style-type: none"> Students Housewives Unemployed 	2 11 10
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	3

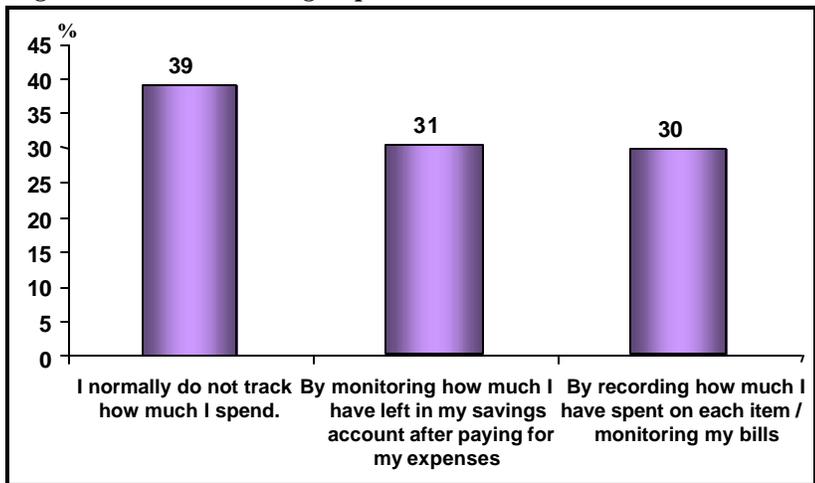
Base: Total Respondents (n=2,023)

3.4. Monitoring Expenditure

When asked how they monitored their spending, 61% of the respondents indicated that they keep track of how much they spend by monitoring the balance in their bank accounts or tracking their bills.

About a third of the respondents (39%) indicated that they do not keep track of their expenditure.

Figure 3.4 *Monitoring Expenditure*



Base: Total Respondents (n=2,023)

The demographic profiles that distinguish certain patterns of monitoring expenditure from the others are summarized in the following table.

Table 3.6 Demographic Profile for Patterns of Monitoring Expenditure

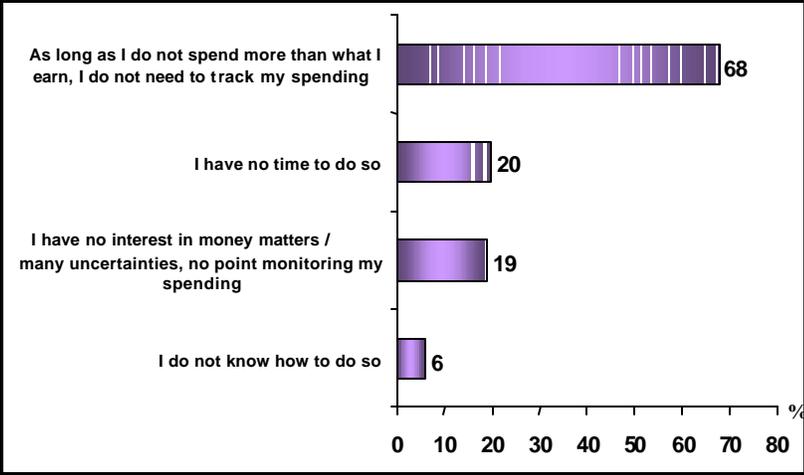
I normally do not track how much I spend: 39%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Pre-retirees • Unemployed • Retirees 	45 45 54 55	<ul style="list-style-type: none"> • Working singles • Working marrieds • Working parents 	33 24 31
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • Low income 	54		-
By monitoring how much I have left in my savings account after paying for my expenses: 31%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>		-	<ul style="list-style-type: none"> • Unemployed • Retirees 	22 24
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	22
By recording how much I have spent on each item / monitoring my bills: 30%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds 	47	<ul style="list-style-type: none"> • Students • Unemployed • Retirees 	24 24 19
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	25

Base: Total Respondents (n=2,023)

3.4.1. Reasons for Not Monitoring Expenditure

Among those who do not keep track of their spending, 68% felt that as long as their expenditure did not exceed their income, there was no need to track their spending. 20% cited lack of time as the reason for not monitoring their expenses while 19% said that they had no interest in money matters or that there were too many uncertainties and therefore there was no point monitoring their expenditure. The remaining 6% said that they did not know how to monitor their expenditure.

Figure 3.5 Reasons for Not Monitoring Expenditure



Base: Respondents who did not monitor (n=790)

3.5. Loans and Borrowings

About half of the respondents (51%) indicated that they had some form of loans or borrowings. The most common loans were housing loans (45%) and car loans (16%). 5% of the respondents had a bank overdraft or credit line, while 2% had a renovation loan.

About one-third (39%) of the respondents held a credit / charge card. Four in ten (40%) had either a credit card or a credit line or both, and they tended to be working marrieds or working parents.

Table 3.7 Demographic Profile for Those Who Had Credit Card / Credit Line

Owning credit card and / or credit line: 40%				
Profile	Above Average Representation	%	Below Average Representation	%
Segment	<ul style="list-style-type: none"> • Working marrieds • Working parents 	66 61	<ul style="list-style-type: none"> • Students • Housewives • Unemployed • Retirees 	4 26 24 33
Monthly Household Income		-	<ul style="list-style-type: none"> • Low income 	10

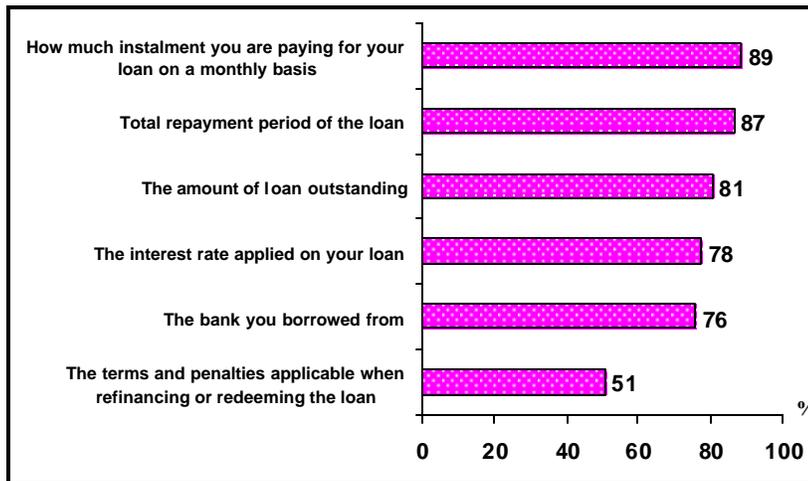
Base: Total Respondents (n=2,023)

3.5.1. Knowledge of Loans

The respondents who had any kind of loans (n=1,037) were asked a series of questions to ascertain how much they knew about their loans.

Most of the respondents appeared to be fairly well-informed about the main features of their loans. More than 76% knew the key features of their loans such as their monthly instalment, the repayment period of the loan, the amount outstanding, the interest rate on the loan and the bank they borrowed from. However, only 51% of the respondents were aware of the terms and penalties applicable when refinancing or redeeming their loan.

Figure 3.6 *Knowledge of Loans*

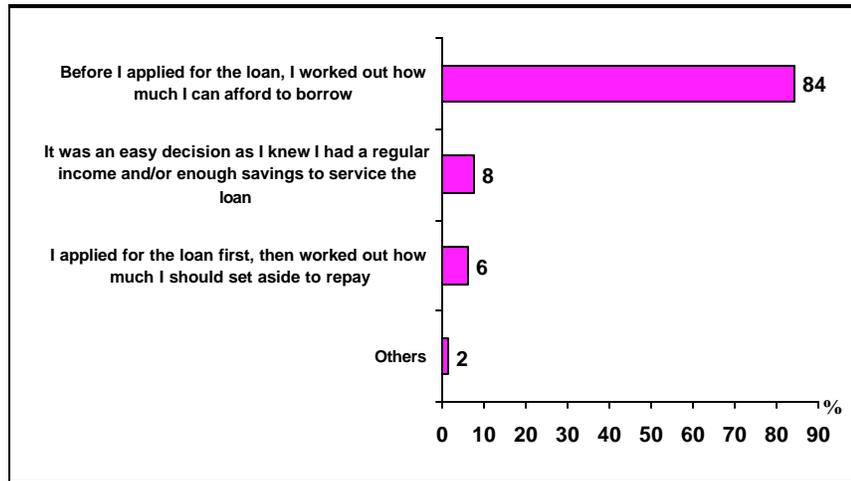


Base: Respondents who had loans (n=1,037)

3.5.2. Decision to Take Up Loans

84% of respondents who had a loan indicated that they worked out how much they can afford to borrow before applying for a loan. Only a small proportion (6%) took up a loan first, before they worked out how much they should set aside for repayment.

Figure 3.7 *Decision to Take Up Loans*



Base: Respondents who had loans (n=1,037)

The demographic profiles that distinguish certain loan decisions from the others are summarized in the following table.

Table 3.8 *Demographic Profile for Decision to Take Up Loans*

Before I applied for the loan, I worked out how much I can afford to borrow: 84%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed 	90	<ul style="list-style-type: none"> Students Working singles 	50 78
It was an easy decision as I knew I had a regular income and/or enough savings to service the loan: 8%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	0
I applied for the loan first, then worked out how much I should set aside to repay: 6%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students 	40		-
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	13		-

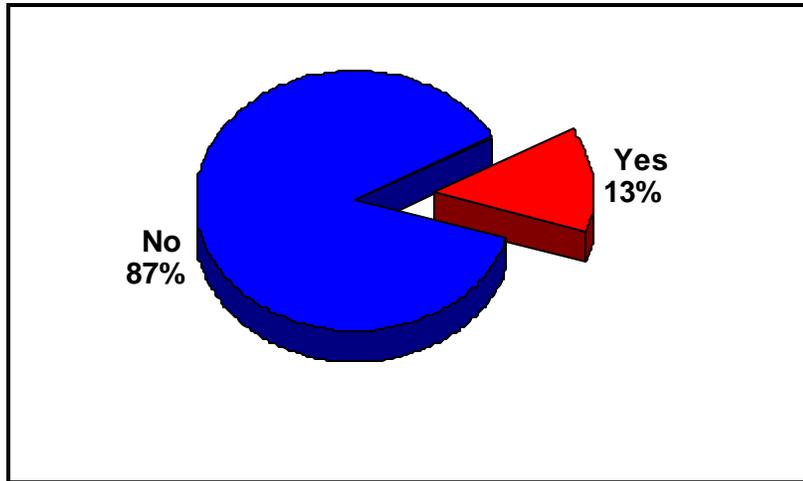
Base: Respondents who had loans (n=1,037)

3.6. Usage of Unsecured Loans

When asked how many actively tapped upon an unsecured loan, 13% responded that they used bank overdrafts, lines of credit or rolled over their outstanding credit card payments.

Those who tapped upon an unsecured loan tended to agree with the attitude statement 'It is okay to use an unsecured loan to pay for something, as long as I can repay it'.

Figure 3.8 *Usage of Unsecured Loans*



Base: Total Respondents (n=2,023)

The respondents who used unsecured loans tended to be working marrieds, working parents and pre-retirees.

Table 3.9 *Demographic Profile for the Usage of Unsecured Loans*

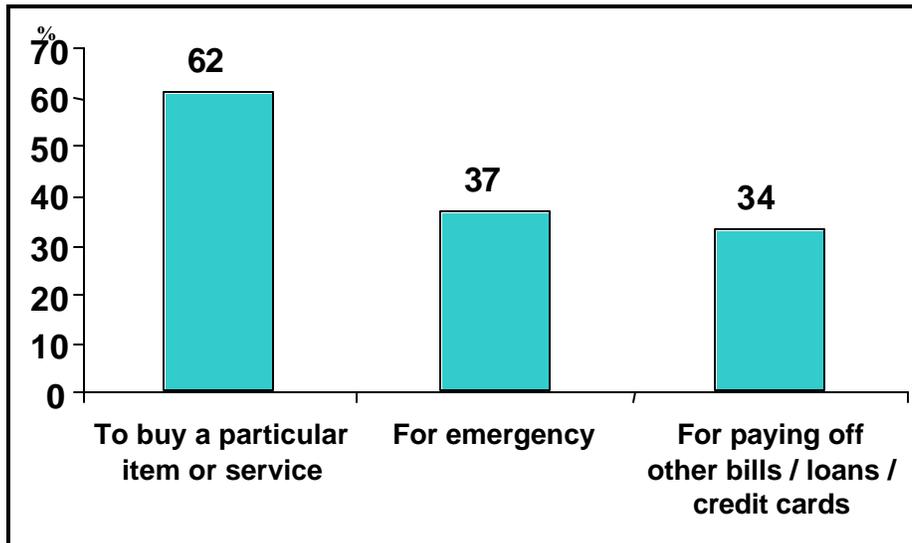
Usage of unsecured loans: 13%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Working parents Pre-retirees 	24 20 18	<ul style="list-style-type: none"> Students Housewives 	1 5
<i>Monthly Household Income</i>			<ul style="list-style-type: none"> Low income 	1

Base: Total Respondents (n=2,023)

3.6.1. Purpose for Using Unsecured Loans

When asked about the purpose for the use of unsecured loans, a majority (62%) indicated that they used it primarily to buy a particular item or service. 37% took up unsecured loans for emergencies while 34% used such loans to pay off other bills / loans / credit cards.

Figure 3.9 *Purpose for Using Unsecured Loans*

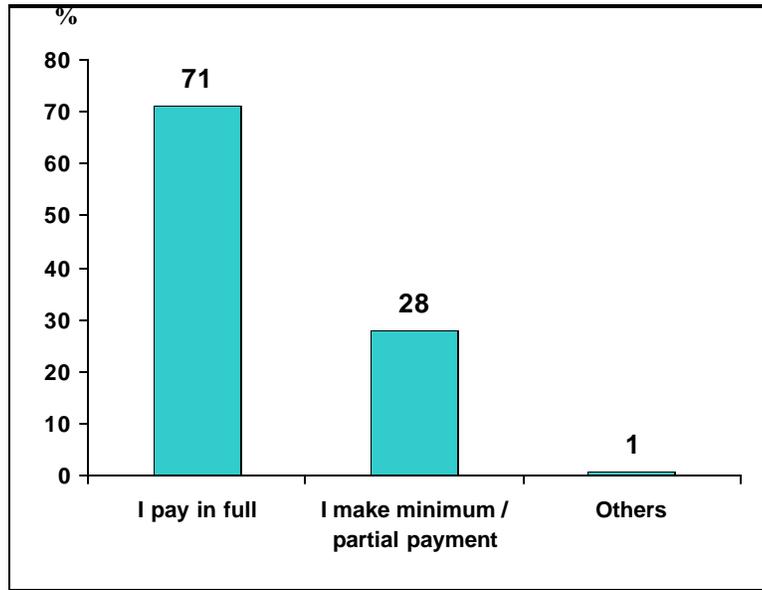


Base: Respondents who used unsecured loans (n=264)

3.6.2. Repayment of Unsecured Loans

When asked about their repayment habits, 71% indicated that they would repay their unsecured loan in full when it was due. 28% would repay partially or pay only the minimum sum, and roll-over the balance.

Figure 3.10 *Repayment of Unsecured Loans*



Base: Respondents who used unsecured loans (n=264)

For those who typically pay in full, all segments were well represented. Working singles, working parents and the unemployed were more likely to make minimum / partial payment for their unsecured loans.

Table 3.10 *Demographic Profile for Repayment of Unsecured Loans*

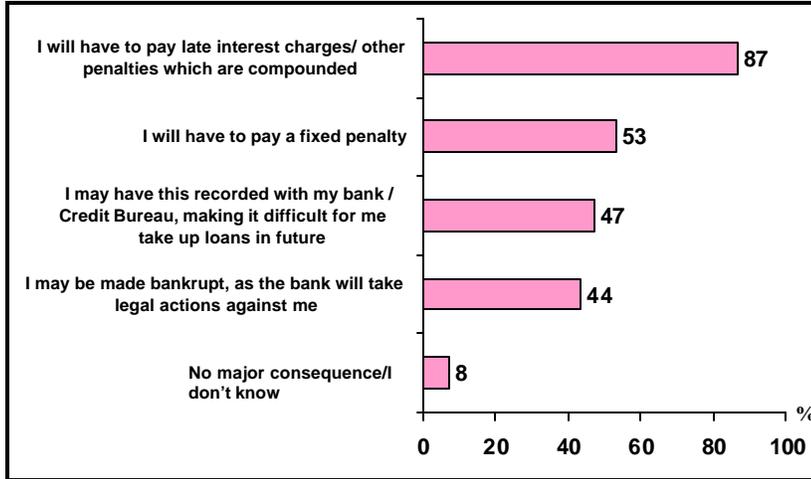
I make minimum / partial payment: 28%				
Profile	Above Average Representation	%	Below Average Representation	%
	• Working singles	34	• Working marrieds	22
	• Working parents	35	• Pre-retirees	21
	• Unemployed	40	• Retirees	11

Base: Respondents who used unsecured loans (n=264)

3.6.3. Consequence of Not Repaying Unsecured Loans

While the majority (87%) of those with an unsecured loan were aware that they had to pay interest on the outstanding balance and other compounded penalties if they rolled over their loans, 8% were not aware of the consequences of not repaying their unsecured loans. About half of the respondents understood that not repaying their loans in a timely manner could lead to a bad credit report with the Credit Bureau (47%) or that not repaying their unsecured loan could lead to legal actions being taken against them (44%).

Figure 3.11 Consequence of Not Repaying Unsecured Loans



Base: Respondents who used unsecured loans (n=264)

The unemployed and those with low income tended not to know of the consequences of not repaying an unsecured loan.

Table 3.11 Demographic Profile for Those Who Were Not Aware of Consequences of Not Repaying Unsecured Loans

No major consequence: 8%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	• Unemployed	23	• Working marrieds	3
<i>Monthly Household Income</i>	• Low income	56		-

Base: Respondents who used unsecured loans (n=264)

3.7. Knowledge Quiz Results

A total of 5 questions on basic money management were tested in the survey. The quiz questions and the results of the quiz are shown in the table below.

A majority of the respondents had a fairly good understanding of loans. The area where there was slightly lower level of understanding appeared to be in the use of unsecured loans such as credit cards.

Table 3.12 Knowledge Quiz Results

Question	Correct answer	% of respondents answering correctly
If one does not settle his debts (e.g. credit card or loan payments) promptly, he may face difficulty taking up a loan in future.	T	91
A secured loan gives the bank the rights to the assets pledged. If the borrower cannot repay the loan, the bank can sell the pledged assets.	T	86
In general, total loan repayments should be _____ than 50% of your take-home pay.	Less	76
Banks which grant unsecured loans (e.g. credit cards) do not have direct access to the borrower's assets. As such, the interest rates for such loans tend to be _____.	Higher	64
If a person pays the minimum sum of his outstanding credit card balance, he will not have to pay any interest charge.	F	63

Base: Total Respondents (n=2,023)

The demographic profiles for the knowledge quiz results are summarized in the following table. In general, working people tended to be more knowledgeable than non-working people (students, retirees, housewives) and those with low income.

Table 3.13 Demographic Profile for Knowledge Quiz Results

If one does not settle his debts promptly, he may face difficulty taking up a loan in future: 91%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles 	96	<ul style="list-style-type: none"> Retirees 	84
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	84
A secured loan gives the bank the rights to the assets pledged. If the borrower cannot repay the loan, the bank can sell the pledged assets: 86%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds 	93	<ul style="list-style-type: none"> Retirees 	79
In general, total loan repayments should be less than 50% of your take-home pay: 76%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Working parents 	93 84	<ul style="list-style-type: none"> Housewives Unemployed Retirees 	66 63 64
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	59
Banks which grant unsecured loans (e.g. credit cards) do not have direct access to the borrower's assets. As such, the interest rates for such loans tend to be higher: 64%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working parents Pre retirees 	70 72 70	<ul style="list-style-type: none"> Students Housewives Unemployed Retirees 	57 57 54 50
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	48

If a person pays the minimum sum of his outstanding credit card balance, he will not have to pay any interest charge: 63%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	• Working singles	68	• Students	55
	• Working marrieds	77	• Housewives	56
	• Working parents	72	• Retirees	48
<i>Monthly Household Income</i>		-	• Low income	41

Base: Total Respondents (n=2,023)

4. TIER 2 - FINANCIAL PLANNING

We explained to respondents that financial planning includes setting aside savings for their future, having a retirement plan in place, purchasing insurance policies to cover unexpected events, and / or investing to grow their wealth. This section investigates a wide range of issues, including starting time for planning, reasons for planning and not planning, seeking expert advice, and knowledge of life insurance. Certain issues about retirement and CPF funds are also discussed in this section.

4.1. Starting Time for Planning

83% of the respondents indicated that they had undertaken some basic financial planning to ensure that they could meet their future financial needs. About a third of the respondents (32%) began financial planning when they started work. Other significant milestones that triggered the financial planning process were after they had worked for a number of years (14%), after marriage (13%), during school days (9%), or when they had their first child (8%). Only a small proportion of respondents (2%) started thinking about financial planning just before retirement. This is an encouraging finding as it shows that Singaporeans, in general, have taken some steps to prepare for their family's future financial needs and their own retirement needs.

When asked when they should ideally start financial planning, almost all indicated that it was important to start early. A majority felt that they should develop a financial plan once they started working (54%) or after having worked a number of years (13%). 17% felt that a person should start developing a financial plan during their school days. However, the reality is that Singaporeans tended to start financial planning later than what they considered as ideal. For example, although 54% felt that they should develop a financial plan once they start working, only 32% actually did. Similarly, only 9% actually started financial planning during their school days compared to 17% who felt that this was a good time to start. We present the consolidated results in the table below.

Table 4.1 Starting Time for Planning

When to start planning

Starting Time	Real State: When did you START financial planning?	Ideal State: When SHOULD one start financial planning?
	%	%
During school days	9	17
When I started work	32	54
After I worked for few years	14	13
When I got married	13	7
When I had my first child	8	2
Just before retirement	2	1
After retirement	0.2	0.2
When I met with an unforeseen event which required large sums of money	1	0.1
Whenever I have spare cash / savings.	3	3
Not started yet / No need to start planning	17	1

17% have not started planning yet. They tended to be students, unemployed, retirees, or those with low income.

Table 4.2 Demographic Profile for Those Who Have Not Started Planning

Not started yet: 17%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Unemployed Retirees 	55 31 22	<ul style="list-style-type: none"> Working marrieds Working parents 	6 6
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	36		-

Base: Total Respondents (n=2,023)

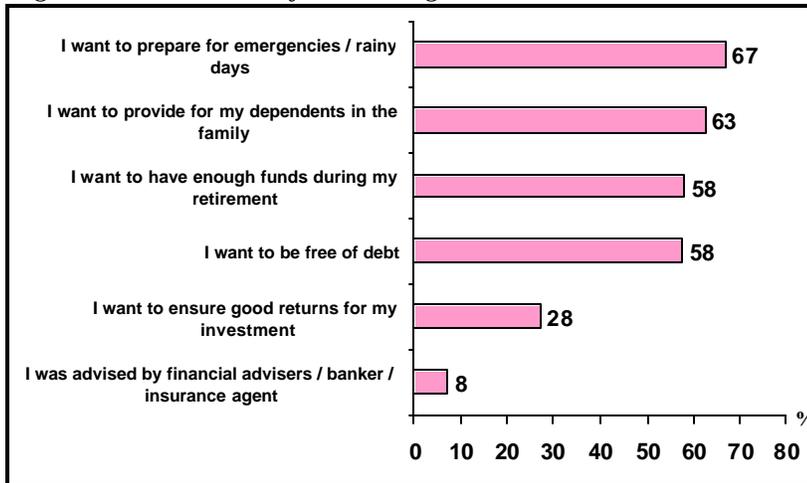
4.2. Reasons for Planning and Not Planning

All respondents were asked about the reasons that would prompt them to start planning while only those who mentioned that they had not started planning were asked about the reasons for not planning.

4.2.1. Reasons for Planning

For those who had started planning, a majority indicated that it was to prepare for emergencies or rainy days (67%) and to provide for dependents in the family (63%). Slightly more than half (58%) felt that it was important to undertake financial planning to ensure that they had sufficient retirement funds. 58% felt that it was important to plan for their finances in order to live a life free of debt.

Figure 4.1 *Reasons for Planning*



Base: Total Respondents (n=2,023)

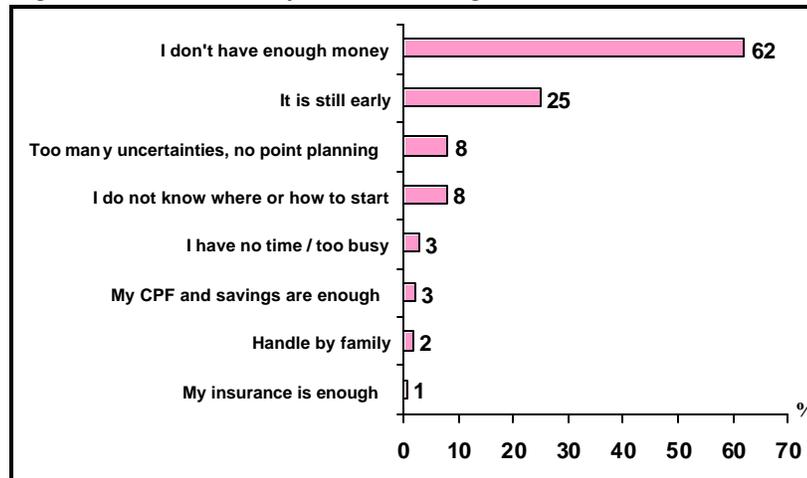
4.2.2. Reasons for Not Planning

For those who have yet to start financial planning, a majority cited that they did not have enough money (62%). This group of respondents generally had monthly household income of less than \$2,000.

25% did not see an urgent need to plan as they felt that it was still early. This group of respondents were generally aged 34 years and below.

8% did not undertake financial planning, as they felt that there was no point planning for the future which had too many uncertainties. A small proportion (3%) of the respondents who did not plan for their future felt that their CPF funds and personal savings were sufficient to meet their future financial needs.

Figure 4.2 *Reasons for Not Planning*



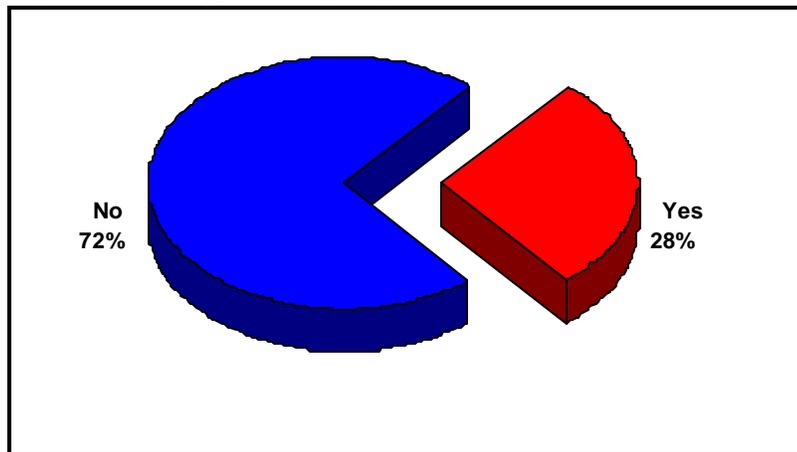
Base: Respondents who have not started planning yet (n=336)

4.3. Approaching Professional Advisers

When asked whether they had sought professional advice, 28% responded that they had approached professional advisers to help them manage their finances.

Those who had sought professional advice tended to agree with the attitude statement “Advice from a professional adviser is more reliable as they are experts” and also answer correctly the knowledge quiz, “A financial adviser must explain why the investment product he is recommending is suitable for his client”.

Figure 4.3 *Approaching Professional Advisers*



Base: Total Respondents (n=2,023)

Working people were more likely to seek professional advice, while non-working people (students, housewives, unemployed and retirees) or those with low income were less likely.

Table 4.3 *Demographic Profile for Approaching Professional Advisers*

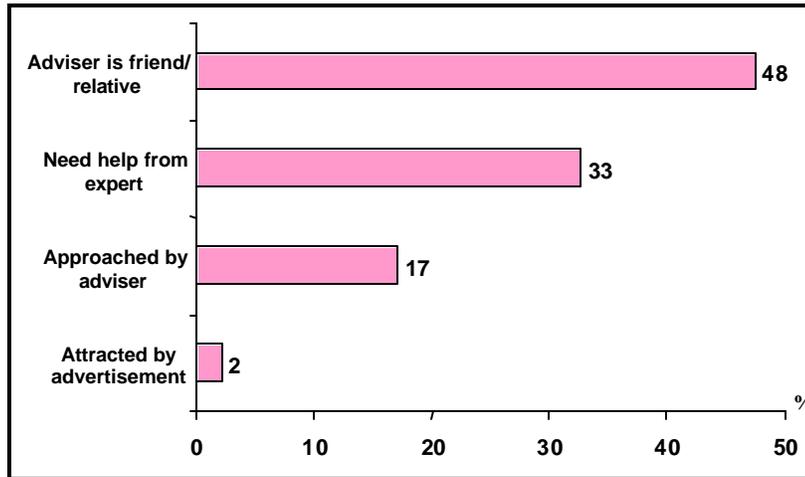
Approaching professional advisers: 28%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	• Working singles	40	• Students	10
	• Working marrieds	44	• Housewives	20
	• Working parents	33	• Unemployed	18
			• Retirees	22
<i>Monthly Household Income</i>		-	• Low income	13

Base: Total Respondents (n=2,023)

4.3.1. Reasons for Approaching Professional Advisers

About half of those (48%) who approached professional advisers did so because the adviser was a friend / relative, or that they had been approached (17%) by the adviser. 33% had sought professional advice because they felt that they would be getting advice from an expert.

Figure 4.4 *Reasons for Approaching Professional Advisers*



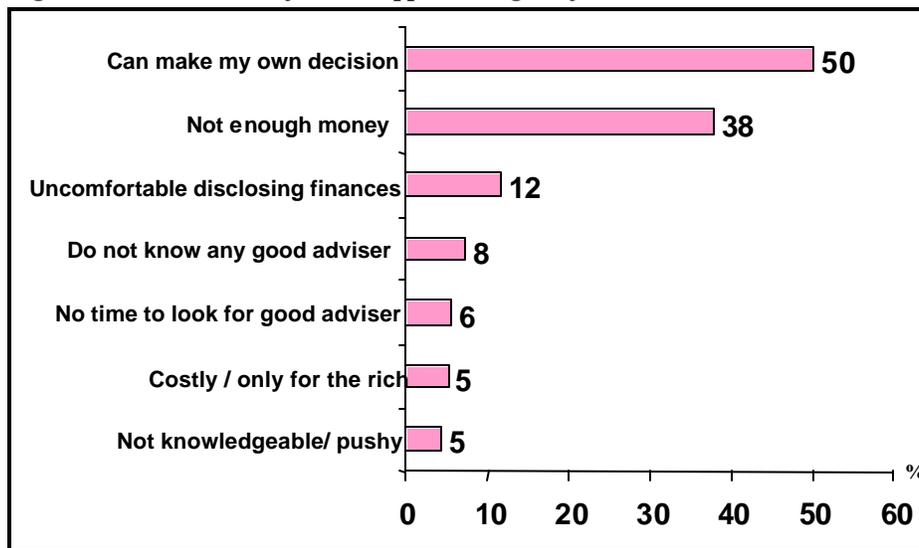
Base: Respondents who approached professional advisers (n=566)

4.3.2. Reasons for Not Approaching Professional Advisers

Of the 72% who did not seek advice from professionals, half were confident that they did not need help and could make financial decisions on their own.

38% felt that they did not have enough money to engage a financial adviser, while 12% were uncomfortable disclosing their finances to others. Other reasons cited for not approaching a financial adviser included not knowing any good adviser (8%), no time to look for a good adviser (6%), seeking professional advice could be costly or is meant only for the rich (5%), and financial advisers tend to be aggressive and only sell products based on their commissions rather than on the clients' financial needs (5%).

Figure 4.5 *Reasons for Not Approaching Professional Advisers*



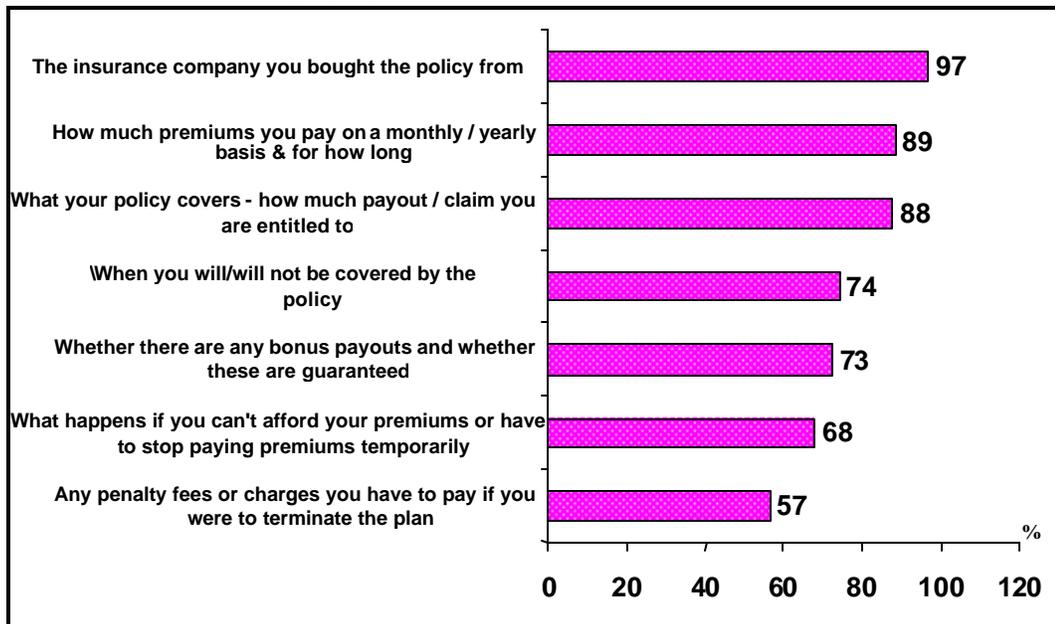
Base: Respondents who did not approach professional advisers (n=1,457)

4.4. Insurance Planning

65% of the respondents have some form of life insurance. About half (52%) have medical insurance, while 35% have some form of general insurance for their car or home. 20% of the respondents do not have any insurance product at all. They tended to be students, housewives, unemployed, and retirees, or those with low household income.

More than 73% knew the key features of their insurance policies such as the company they bought the policy from, the amount of premiums, what the policy covers, the amount of payout and whether the bonus payouts (if any) are guaranteed. However, only 68% of respondents were aware of what would happen if they could not afford their premiums or if they stopped paying their premiums temporarily. An even lesser proportion (57%) knew what the penalty fees and charges would be if they terminated their policies.

Figure 4.6 Knowledge of Life Insurance



Base: Respondents who had life insurance (n=1,322)

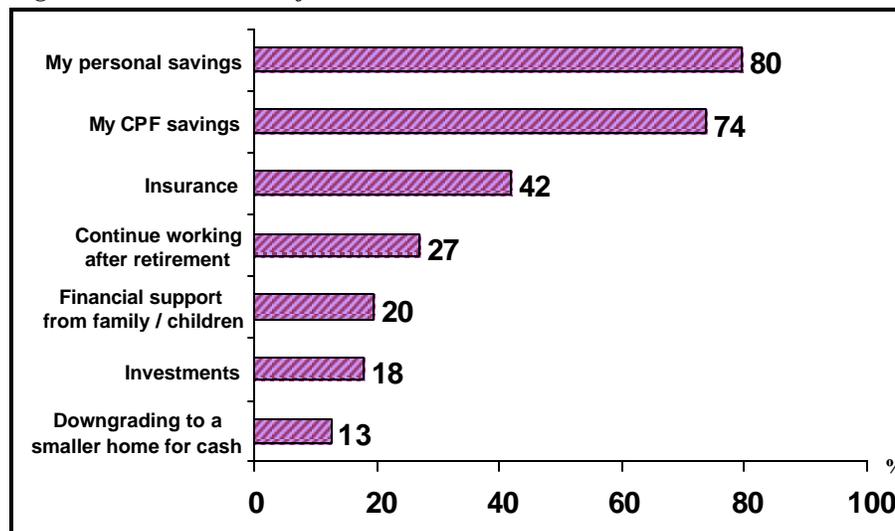
4.5. Retirement Funds

4.5.1. Sources of Retirement Funds

All respondents were asked to name their 3 most important sources of funds for their retirement. A majority of the respondents considered their personal savings (80%) and CPF savings (74%) to be their most important source of retirement funds. 42% will be depending on their insurance payouts to cover their retirement needs. Other sources of retirement funds include working after retirement (27%), relying on financial support from their family or children (20%), funds from investments (18%) or downgrading to a smaller home to obtain cash (13%).

A small minority (3%) had no plans for their retirement funds and will only decide what to do when they retire.

Figure 4.7 Sources of Retirement Funds



Base: Total Respondents (n=2,023)

The demographic profiles for those who considered personal savings / CPF / continuing to work / financial support from family or children as the main sources of funds for their retirement are summarized in the following table.

Table 4.4 Demographic Profile for Sources of Retirement Funds – Total Respondents

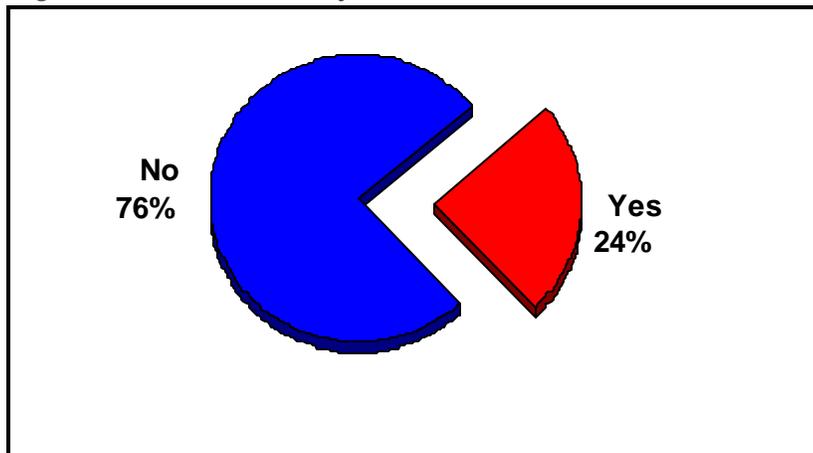
Personal Savings: 80%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds 	87 90 88	<ul style="list-style-type: none"> • Pre retirees • Unemployed • Retirees 	71 69 69
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	60
CPF Savings: 74%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds • Working parents 	80 83 82 82	<ul style="list-style-type: none"> • Housewives • Retirees 	55 61
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	69
Continue working after retirement: 27%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Pre-retirees • Unemployed • Retirees 	39 33 38	<ul style="list-style-type: none"> • Students • Housewives 	16 17
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • Low income 	41		-
Financial support from family / children: 20%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Housewives • Retirees 	44 39	<ul style="list-style-type: none"> • Working singles • Working marrieds • Working parents • Pre-retirees 	9 6 11 14
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • Low income 	25		-

Base: Total Respondents (n=2,023)

4.5.2. Amount of Retirement Funds Needed

Among all the respondents excluding students and housewives (n=1,468), only 24% indicated that they have attempted to calculate how much they would need when they retire. Working marrieds and retirees tended to calculate how much they would need when they retire, while working singles, unemployed and those with low income tended not to.

Figure 4.8 Calculation of Retirement Funds Needed



Base: Respondents excluding students and housewives (n=1,468)

Table 4.5 Demographic Profile for Calculation of Retirement Funds Needed

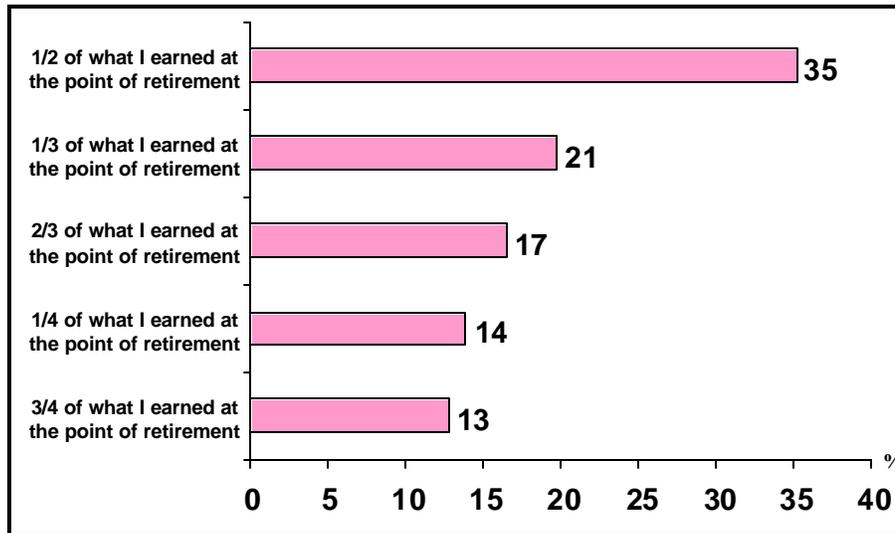
Calculation of retirement funds needed: 24%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	• Working marrieds	34	• Working singles	19
	• Retirees	34	• Unemployed	16
<i>Monthly Household Income</i>		-	• Low income	16

Base: Respondents excluding students and housewives (n=1,468)

Among those who said they had attempted to calculate how much they would need when they retire, 35% felt that they would need about half of what they were earning at the point of retirement. 30% thought that they needed at least 2/3 of what they were earning at the point of retirement while 35% felt that they needed 1/3 or less of what they were earning at the point of retirement.

Working singles, working parents and the unemployed tended to think that they needed at least two-thirds of what they earned at the point of retirement, while working marrieds and pre-retirees tended to think they needed less.

Figure 4.9 Amount of Retirement Funds Needed



Base: Respondents who calculated retirement funds (n=354)

Table 4.6 Demographic Profile for Amount of Retirement Funds Needed

2/3 of what I earned at the point of retirement or more: 30%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working parents Unemployed 	41 38 38	<ul style="list-style-type: none"> Working marrieds Pre retirees 	23 16

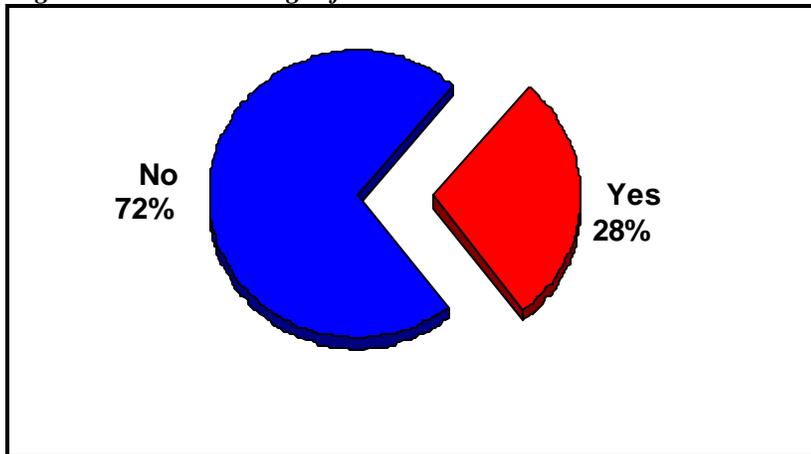
Base: Respondents who calculated retirement funds (n=354)

4.6. CPF Savings

4.6.1. Knowledge of CPF Balance At 55 Years Old

74% of Singaporeans mentioned CPF savings as one of the top 3 sources for their retirement funds. However, only 28% of respondents knew how much CPF funds they would have when they reached 55.

Figure 4.10 Knowledge of CPF Balance



Base: Respondents excluding students and housewives (n=1,468)

Pre-retirees, retirees, and those with low income were more likely to have an idea of how much CPF funds they would have when they reached 55 years old.

Table 4.7 Demographic Profile for Knowledge of CPF Balance

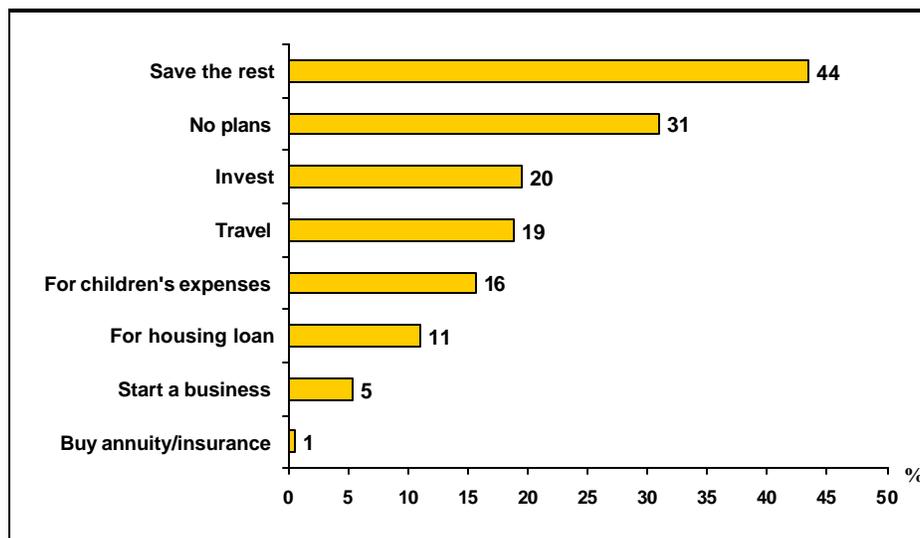
Knowledge of CPF balance: 28%				
Profile	Above Average Representation	%	Below Average Representation	%
Segment	<ul style="list-style-type: none"> Pre-retirees Retirees 	42 70	<ul style="list-style-type: none"> Working singles Working parents 	13 21
Monthly Household Income	<ul style="list-style-type: none"> Low income 	37		-

Base: Respondents excluding students and housewives (n=1,468)

4.6.2. Usage of CPF Savings Post-Retirement

When asked how they planned to use their CPF funds immediately after they retire, the respondents indicated that they intended to save their CPF withdrawals (44%), invest the funds (20%) or go traveling (19%). Other common plans were to pay for their children’s expenses (16%), repay any outstanding housing loan (11%), start a business (5%) or purchase an annuity (1%). 31% did not appear to have any specific plans for their CPF funds. These respondents tended to be working singles, working marrieds, working parents, pre-retirees or the unemployed.

Figure 4.11 Usage of CPF Savings Post-Retirement



Base: Respondents excluding students and housewives (n=1468)

Table 4.8 Demographic Profile for Usage of CPF Savings Post-Retirement

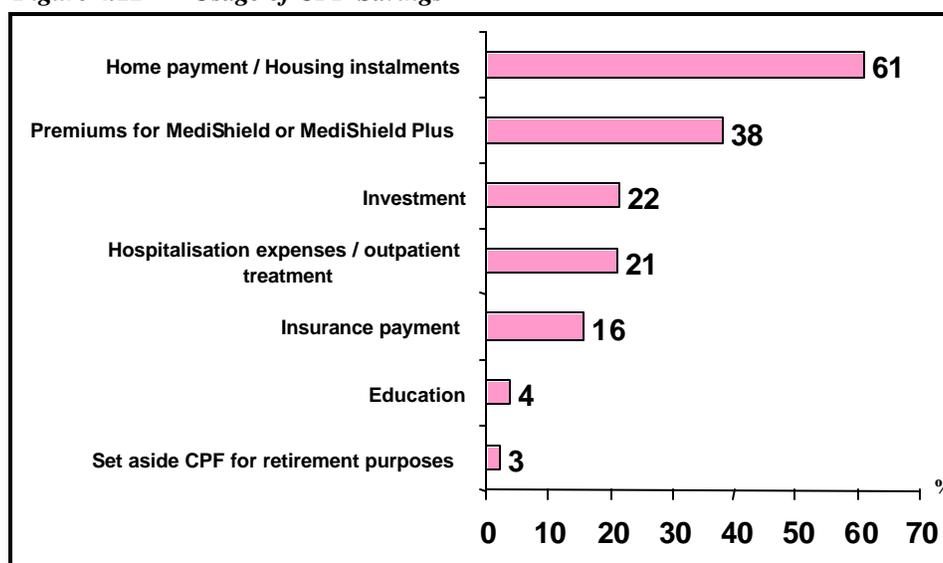
No plans: 31%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds Working parents Pre retirees Unemployed 	38 29 28 30 34	<ul style="list-style-type: none"> Retirees 	14

Base: Respondents excluding students and housewives (n=1,468)

4.6.3. Usage of CPF Savings

When asked how they have been using their CPF funds, a majority (61%) indicated that they used the funds to service their housing loan instalments. Other uses for CPF funds were to pay premiums for MediShield or MediShield Plus (38%), for investment (22%), to cover medical expenses (21%) and to make insurance payments (16%). A small proportion (7%) indicated that they set aside their CPF funds for education or retirement purposes.

Figure 4.12 Usage of CPF Savings



Base: Respondents who had CPF account (n=1,833)

The profiles of the respondents using CPF savings are summarized in the following table.

Table 4.9 Demographic Profile for Usage of CPF Savings

Never used CPF funds before: 18%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Working singles Unemployed 	44 34 28	<ul style="list-style-type: none"> Working marrieds Working parents Pre-retirees Retirees 	4 6 8 13

Base: Total Respondents (n=2,023)

4.7. Knowledge Quiz Results

A series of 7 questions on financial planning were tested in the survey. The list of questions and the results of the quiz are shown in the table below.

The findings generally show that consumers' knowledge of insurance and financial / retirement planning is lower as compared to basic money management. While a majority of the respondents understood what a financial adviser's responsibilities are and what financial planning represents (that it is not only about insurance planning), 42% did not have a clear idea of how much their CPF funds would provide them when they retire and more than half were not familiar with the features of insurance policies.

Table 4.10 Knowledge Quiz Results

Question	Correct answer	% of respondents answering correctly
A financial adviser must explain why the investment product he is recommending is suitable for his client.	T	92
If a person does not disclose an existing medical condition when he buys an insurance policy, he may not be able to claim on his policy.	T	81
Financial planning is only about buying enough insurance.	F	68
When a person retires, his CPF savings will provide him with funds equivalent to his last drawn salary.	F	58
If a consumer decides that the life insurance policy is not suitable for him within 14 calendar days from the day he receives his contract, he can ask for a refund of his premiums (less medical and other expenses paid by insurer).	T	52
All bonuses in insurance policies are guaranteed.	F	42
When a person takes up term life insurance, he will not get any money back from the policy when it ends.	T	30

Base: Total Respondents (n=2,023)

The demographic profiles for the knowledge quiz results are summarized in the following table. In general, working people tended to be more knowledgeable than non-working people and those with low income.

Table 4.11 Demographic Profile for Knowledge Quiz Results

A financial adviser must explain why the investment product he is recommending is suitable for his client: 92%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds 	97	<ul style="list-style-type: none"> Retirees 	78
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	78
If a person does not disclose an existing medical condition when he buys an insurance policy, he may not be able to claim on his policy: 81%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working parents 	87	<ul style="list-style-type: none"> Students Unemployed 	74 72
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	74
Financial planning is only about buying enough insurance: 68%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Working singles Working marrieds Working parents 	75 75 81 73	<ul style="list-style-type: none"> Housewives Retirees 	61 54
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	51
When a person retires, his CPF savings will provide him with funds equivalent to his last drawn salary: 58%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Pre-retirees 	71 66	<ul style="list-style-type: none"> Students Housewives Unemployed 	49 49 49
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	41

If a consumer decides that the life insurance policy is not suitable for him within 14 calendar days from the day he receives his contract, he can ask for a refund of his premiums: 52%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds • Working parents 	60 61	<ul style="list-style-type: none"> • Students • Housewives • Unemployed • Retirees 	44 45 44 46
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	44
All bonuses in insurance policies are guaranteed: 42%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working singles • Working marrieds • Working parents 	52 55 54	<ul style="list-style-type: none"> • Students • Housewives • Unemployed • Retirees 	34 30 33 35
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	25
When a person takes up term life insurance, he will not get any money back from the policy when it ends: 30%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working parents 	36	<ul style="list-style-type: none"> • Students • Unemployed • Retirees 	22 24 25
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	22

Base: Total Respondents (n=2,023)

5. TIER 3 - INVESTMENTS

This section examines the investment patterns of Singaporeans and what they know about investments.

Two-thirds of respondents (67%) indicated that they do not have any investments. Of those who had invested (33%), 21% had stocks / bonds, 19% had unit trusts, 4% had property investments (excluding the property they were currently living in), and 4% had structured deposits. Those who invested tended to be working marrieds, working parents, and pre-retirees.

Table 5.1 *Demographic Profile for Those Who had Investments*

Have at least one investment: 33%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds • Working parents • Pre-retirees 	47 48 41	<ul style="list-style-type: none"> • Students • Housewives • Unemployed 	4 19 25
<i>Monthly Household Income</i>			<ul style="list-style-type: none"> • Low income 	12

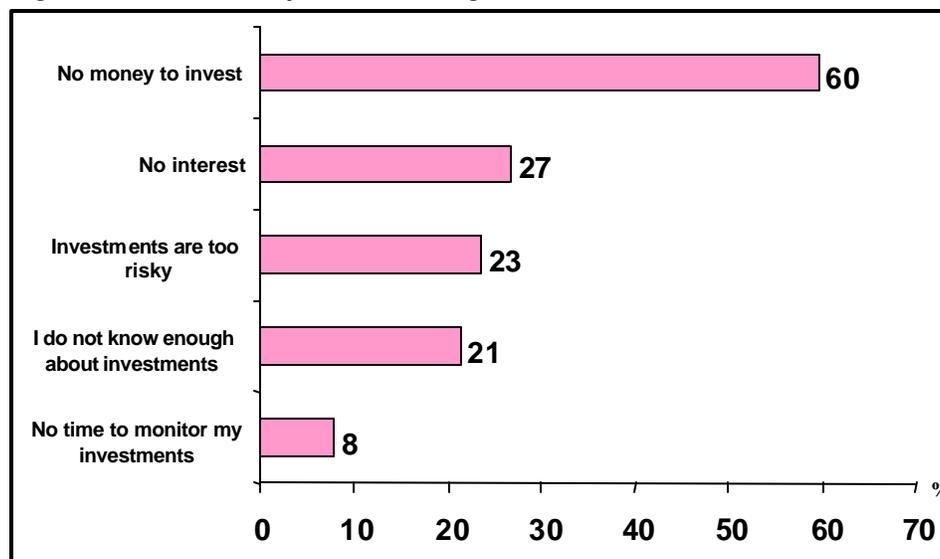
Base: Total Respondents (n=2,023)

5.1. Reasons for Not Investing

When asked why they did not invest, 60% responded that they had insufficient funds. 27% were not interested in investing while 23% thought that investments were too risky. Other reasons cited include not knowing enough about investments (21%) and no time to monitor their investments (8%).

The respondents who cited insufficient funds tended to be those whose household income were less than \$2,000 or whose emergency funds were less than 3 times of their monthly income. Those who felt that they did not know enough about investments scored lower in their knowledge of investments as compared to those who invested.

Figure 5.1 Reasons for Not Investing

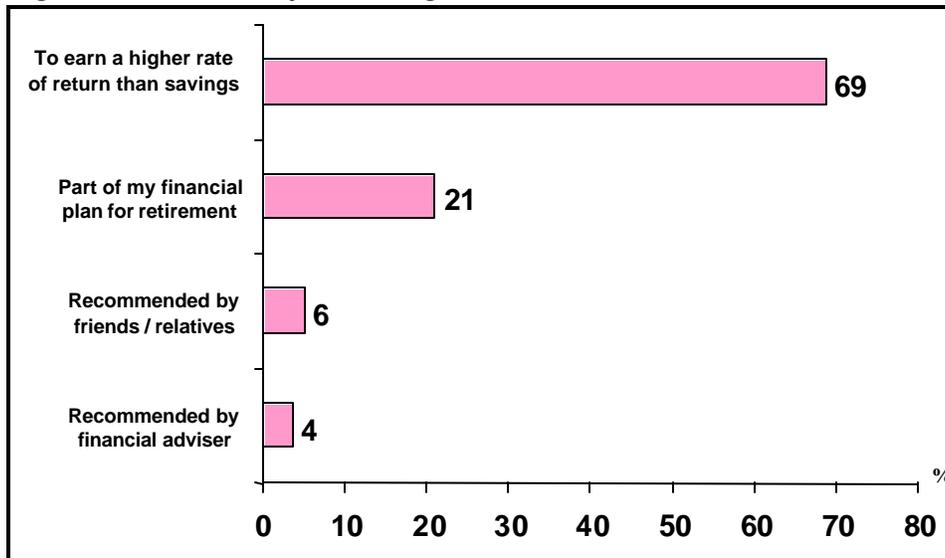


Base: Respondents who had no investments (n=1,360)

5.2. Reasons for Investing

Among those who invested, 69% did so in order to earn a higher rate of return for their spare cash or idle CPF funds. 21% took a more structured approach and did it as part of their retirement planning. Unlike financial planning where 48% approached a financial adviser because he was a friend or relative, only 6% invested due to recommendations by friends / families.

Figure 5.2 Reasons for Investing

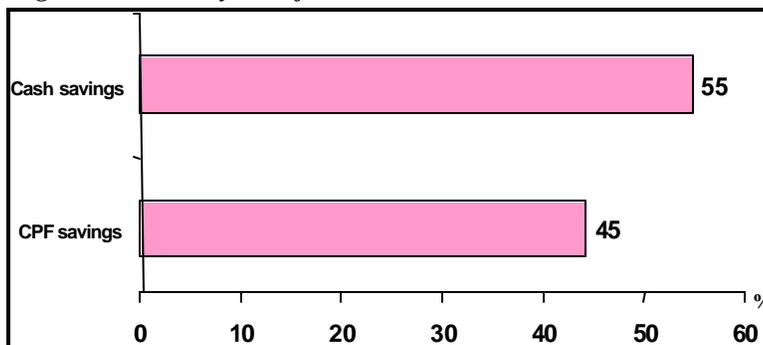


Base: Respondents who had investments (n=662)

5.3. Payment for Investments

55% invested using cash savings while 45% tapped upon their CPF funds to finance their investments.

Figure 5.3 *Payment for Investments*

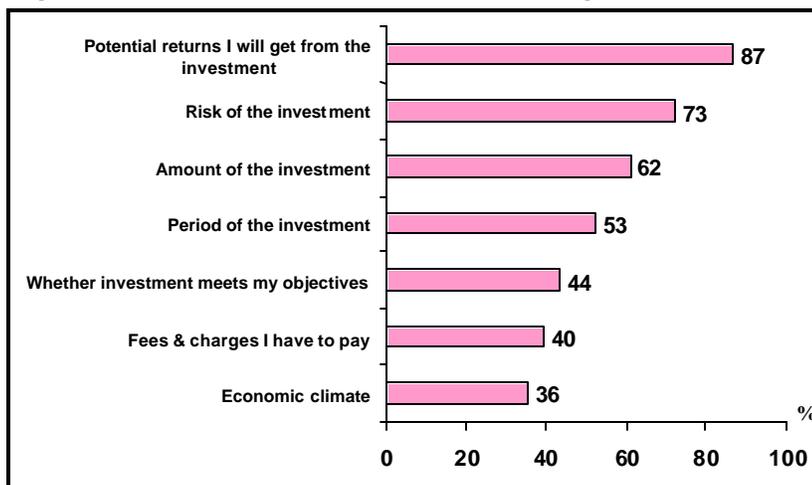


Base: Respondents who had investments (n=662)

5.4. Factors Considered When Investing

When asked what factors they considered when investing, most cited potential returns from the investment (87%), followed by risk of the investment (73%), amount of the investment (62%), and period of the investment (53%). Less than half (44%) considered whether the investment would meet their overall financial objectives, with 40% citing the fees and charges to be incurred and 36% mentioning the economic climate.

Figure 5.4 *Factors Considered When Investing*

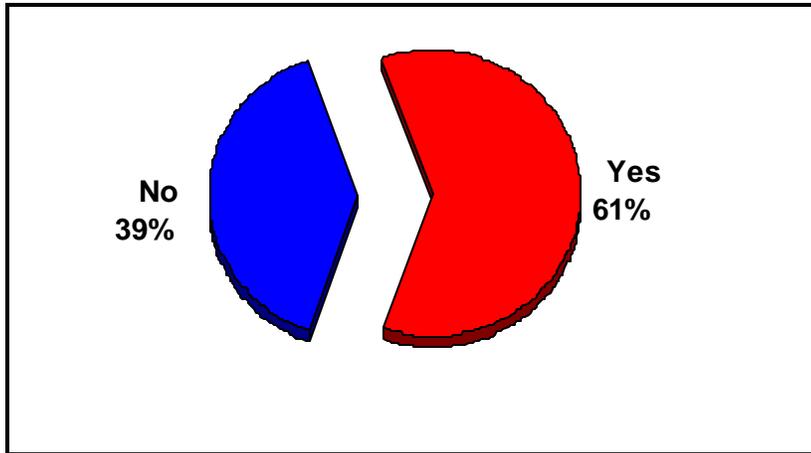


Base: Respondents who had investments (n=662)

5.5. Monitoring of Investment Performance

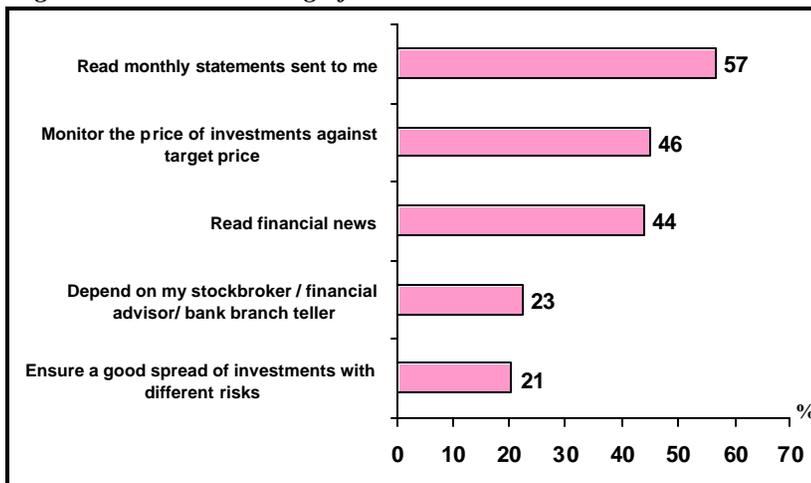
61% of those who invested regularly monitored their investments. They do this by reading the monthly statements sent to them (57%), monitoring the price of their investments (46%), or updating themselves by reading the financial news (44%). 23% of those who invested would depend on their stockbroker / financial adviser / bank branch teller while 21% actively ensured that they diversified their portfolios to have a good spread of investments with different risks.

Figure 5.5 *Monitoring of Investment Performance*



Base: Respondents who had investments (n=662)

Figure 5.6 *Monitoring of Investments*



Base: Respondents who monitored investments (n=402)

5.6. Knowledge Quiz Results

A total of 5 questions on investments were tested on all respondents, whether or not they had investments. The quiz questions and the results of the quiz are shown in the table below.

Those who invested have better knowledge of investments as compared to those who do not invest. The respondents also fared worse for Tier 3 quiz questions as compared to Tier 1.

Table 5.2 Knowledge Quiz Results

Question	Correct answer	% of respondents answering correctly	% of respondents answering correctly
Any investment that promises high returns usually carries lower risks.	F	75	87
A well-diversified portfolio is one that spreads risks over different investments and/or industry sectors.	T	66	86
If an investor withdraws his structured deposit before the maturity date, he will get the full amount of his deposit back.	F	57	73
The amount of money that an investor will get when he sells his unit trust will be affected by the amount of fees / charges payable.	T	56	69
After buying a new unit trust, an investor has 7 days to change his mind about the product.	T	34	39
		<i>Base: Total Respondents (n=2,023)</i>	<i>Base: Respondents who have investments (n=662)</i>

The demographic profiles for the knowledge quiz results are summarized in the following table. In general, working people tended to be more knowledgeable about investments than non-working people and those with low income.

Table 5.3 Demographic Profile for Knowledge Quiz Results

Any investment that promises high returns usually carries lower risks: 75%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds Working parents 	81 81 80	<ul style="list-style-type: none"> Housewives Retirees 	63 69
<i>Household Monthly Income</i>		-	<ul style="list-style-type: none"> Low income 	54
A well-diversified portfolio is one that spreads risks over different investments and/or industry sectors: 66%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds 	77 74	<ul style="list-style-type: none"> Housewives Retirees 	56 55
<i>Household Monthly Income</i>		-	<ul style="list-style-type: none"> Low income 	46
If an investor withdraws his structured deposit before the maturity date, he will get the full amount of his deposit back: 57%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Working parents 	72 64	<ul style="list-style-type: none"> Housewives Retirees 	52 44
<i>Household Monthly Income</i>		-	<ul style="list-style-type: none"> Low income 	43
The amount of money that an investor will get when he sells his unit trust will be affected by the amount of fees / charges payable: 56%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Pre-retirees Unemployed 	63 68	<ul style="list-style-type: none"> Housewives Retirees 	51 47
After buying a new unit trust, an investor has 7 days to change his mind about the product: 34%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Household Monthly Income</i>		-	<ul style="list-style-type: none"> Low income 	26

Base: Total Respondents (n=2,023)

6. ATTITUDES TOWARDS FINANCIAL MATTERS

This section presents the respondents' attitudes on a number of financial issues. Most of the respondents appeared to have fairly healthy attitudes towards basic money management, financial planning and investments.

Table 6.1 Attitudes Towards Financial Matters

Statement	1 (Strongly Agree)	2 (Agree)	1+2	Statement	3 (Agree)	4 (Strongly Agree)	3+4
	%	%	%		%	%	%
Advice from a professional adviser is more reliable as they are experts.	38	30	68	Advice from friends and relatives is more reliable as they know my needs better.	18	15	32
I should save first, before spending the balance.	45	16	61	I should save only after having paid for my expenses.	17	23	40
It is okay to use an unsecured loan to pay for something, as long as I can repay it.	11	16	27	As using an unsecured loan means having to pay interest, I will not use it.	24	50	74
Financial planning is only for the rich.	7	6	13	Financial planning is for everyone.	21	66	87
It is important to take up general insurance (e.g. fire, motor, travel insurance) as it will help to protect my assets in the event of an accident.	58	29	87	I do not believe in taking up general insurance (e.g. fire, motor, travel insurance) as the chances of an accident happening is low.	8	4	13
Investing is a form of long-term savings.	54	34	88	Investing is a way to get rich quickly.	8	4	12
Investing is all about luck.	7	12	19	Investing is all about doing research and understanding my investment.	32	49	81

Base: Total respondents (n=2,023)

Percentages may not total to 100% due to rounding errors.

The demographic profiles that distinguish the different attitude statements are summarized in the following tables.

Table 6.2 Demographic Profile for Attitude towards Financial Advice

Advice from a professional adviser is more reliable as they are experts: 68%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students 	74	<ul style="list-style-type: none"> Housewives Retirees 	62 60
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	57
Advice from friends and relatives is more reliable as they know my needs better: 33%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Housewives Retirees 	38 40	<ul style="list-style-type: none"> Students 	26
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	43		-

Base: Total respondents (n=2,023)

Table 6.3 Demographic Profile for Attitude towards Savings

I should save first, before spending the balance: 61%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	50
I should save only after having paid for my expenses: 40%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	50		-

Base: Total respondents (n=2,023)

Table 6.4 Demographic Profile for Attitude towards Usage of Unsecured Loans

It is okay to use an unsecured loan to pay for something, as long as I can repay it: 27%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds 	34 38	<ul style="list-style-type: none"> Students Housewives Retirees 	21 19 18
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	14
As using an unsecured loan means having to pay interest, I will not use it: 74%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Housewives Retirees 	80 81 82	<ul style="list-style-type: none"> Working singles Working marrieds 	66 62
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	86		-

Base: Total respondents (n=2,023)

Table 6.5 Demographic Profile for Attitude towards Financial Planning

Financial planning is only for the rich: 13%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed Retirees 	24 21	<ul style="list-style-type: none"> Students 	7
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	24		-
Financial planning is for everyone: 87%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students 	93	<ul style="list-style-type: none"> Unemployed Retirees 	76 79
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	76

Base: Total respondents (n=2,023)

Table 6.6 Demographic Profile for Attitude towards General Insurance

It is important to take up general insurance as it will help to protect my assets in the event of an accident: 87%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Household Monthly Income</i>		-	<ul style="list-style-type: none"> Low income 	81
I do not believe in taking up general insurance as the chances of an accident happening is low: 12%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Household Monthly Income</i>	<ul style="list-style-type: none"> Low income 	19		-

Base: Total respondents (n=2,023)

Table 6.7 Demographic Profile for Attitude towards Investing (I)

Investing is a form of long-term savings: 88%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>		-	<ul style="list-style-type: none"> Unemployed 	79
Investing is a way to get rich quickly: 12%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed 	21		-

Base: Total respondents (n=2,023)

Table 6.8 Demographic Profile for Attitude towards Investing (II)

Investing is all about luck: 19%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Unemployed Retirees 	30 26	<ul style="list-style-type: none"> Students Working marrieds 	9 11
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	29		-
Investing is all about doing research and understanding my investment: 81%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Working marrieds 	91 89	<ul style="list-style-type: none"> Unemployed Retirees 	70 74
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	71

Base: Total respondents (n=2,023)

7. FINANCIAL LITERACY SCORES AND QUINTILES

7.1. Overview of Aggregate Financial Literacy Scores

7.1.1. Overall, Singaporeans achieved a mean Financial Literacy Score (Action + Knowledge) of 67, with a higher score achieved for basic money management (74) and progressively lower scores for financial planning (62) and investment know-how (58). The overall Action and Knowledge scores as well as the scores across the three tiers will help us to track the progress of financial literacy amongst Singaporeans.

Table 7.1 An Overview of Mean Financial Literacy Scores

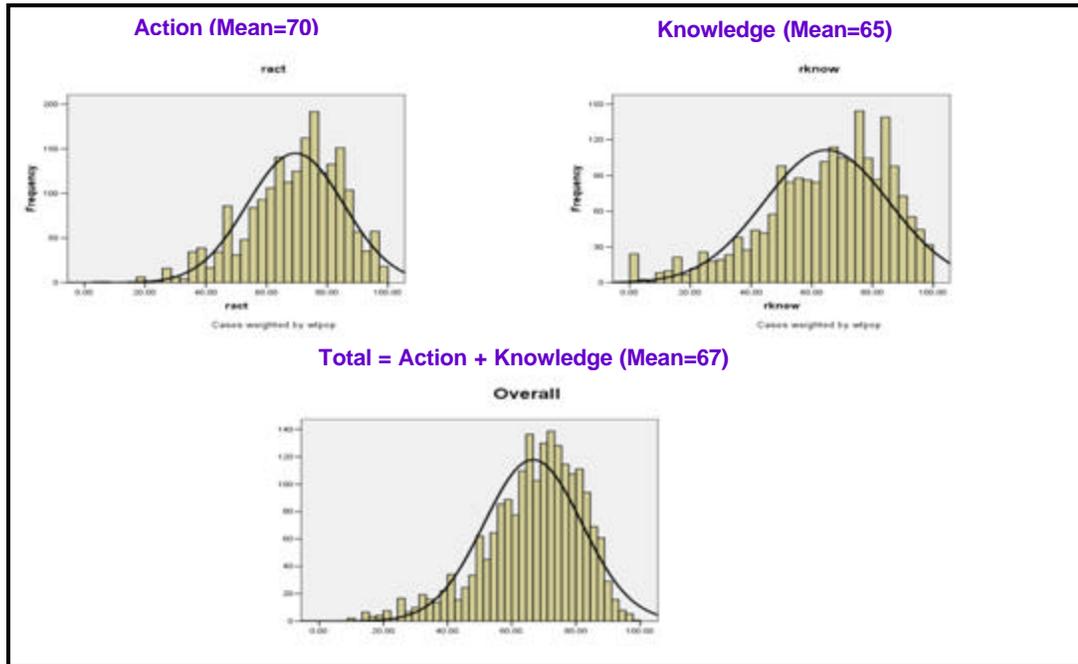
	Action	Knowledge	Financial Literacy Score = Action + Knowledge
Tier 1 (Basic Money Management)	72	76	74
Tier 2 (Financial Planning)	64	61	62
Tier 3 (Investment Know-how)	67*	59	58
Total	70	65	67
Tier 3 (Invest)	67*	74*	72*

Base: Total respondents (n=2,023)

Note: * denotes n=662 who had investments

The distributions of overall scores for action, knowledge, and the total score are shown below.

Figure 7.1 Distribution of Total Financial Literacy Scores



Base: Total respondents (n=2,023)

In general, the median scores were slightly higher than the mean scores for each tier. Although slightly higher, using the median will not make any difference to our conclusions.

Table 7.2 An Overview of Financial Literacy Scores by Median

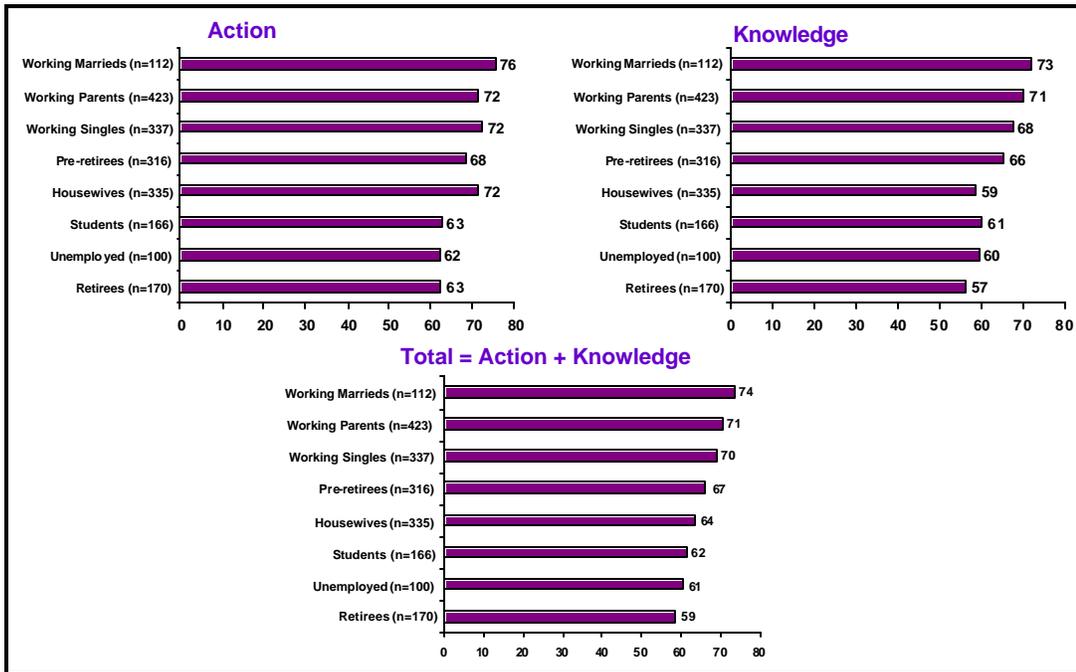
	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	75	83	77
Tier 2 (Financial Planning)	67	63	65
Tier 3 (Investment Know-how)	75*	60	60
Total	72	68	69
Tier 3 (Invest)	75*	83*	78*

Base: Total respondents (n=2,023)

Note: * denotes n=662 who had investments

Overall, working people generally obtained higher financial literacy scores than those who were not working.

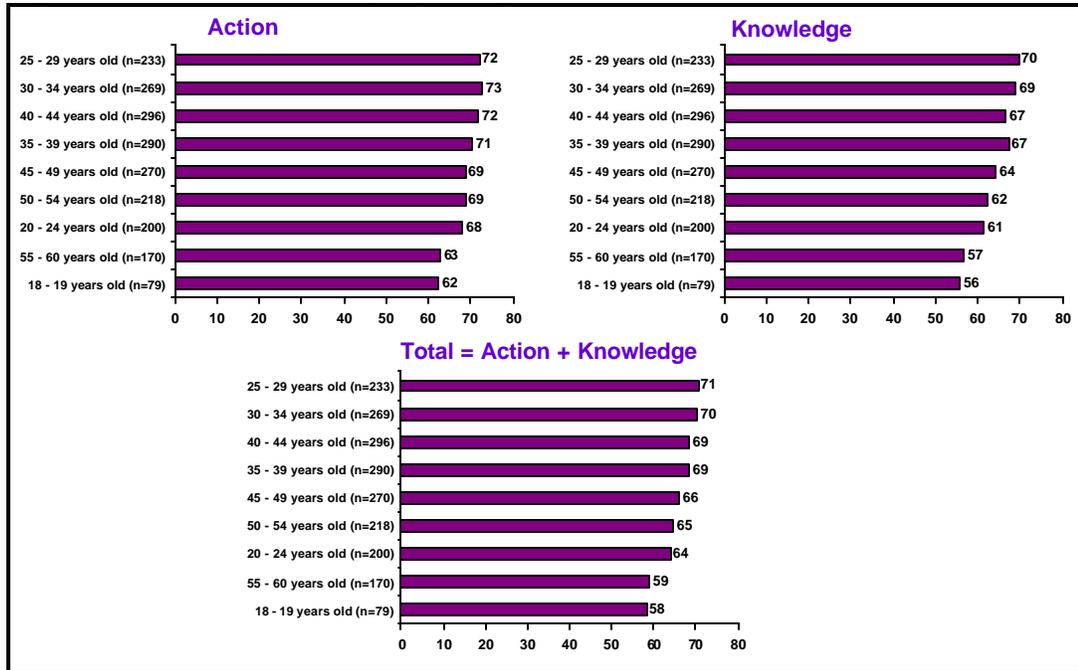
Figure 7.2 Overall Scores by Segment



Base: Total respondents (n=2,023)

Financial literacy levels also vary among the different age groups. Overall, those between 20-54 years old generally obtained higher financial literacy scores than those aged 55-60 and 18-19.

Figure 7.3 Overall Scores by Age Group



Base: Total respondents (n=2,023)

7.2. Summary of Findings By Segment

The following chart shows the overall financial literacy scores by segment. The tables that follow provide more details for each tier.

Financial Literacy Score by Segments (Total Financial Literacy Score)

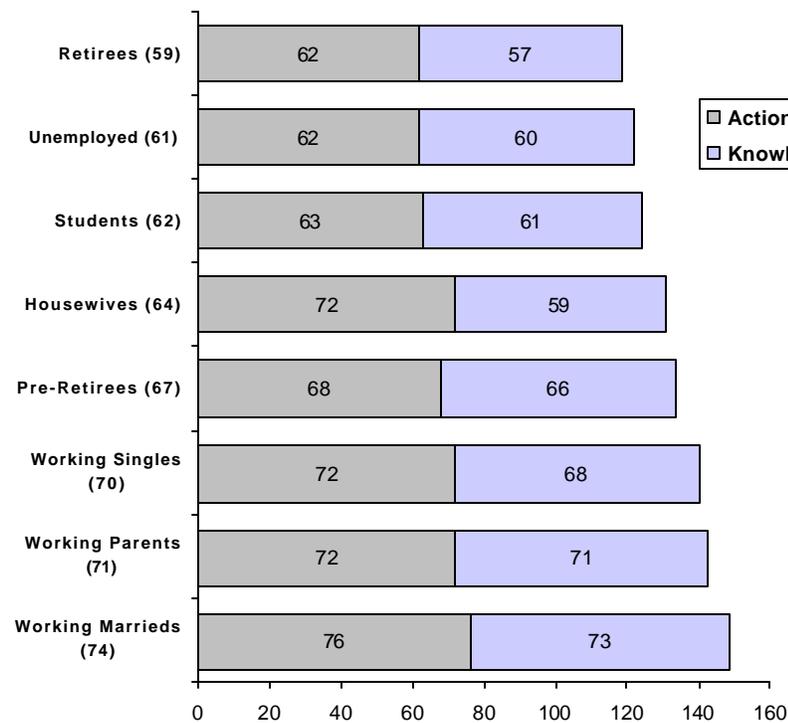


Table 7.3 Financial Literacy Scores for Students

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	71	72	71
Tier 2 (Financial Planning)	37	56	51
Tier 3 (Investment Know-how)	66*	57	57
Total	63	61	62
Tier 3 (Invest)	66*	77*	73*

Base: Students (n=166)

Note: * denotes n=6 who had investments

Table 7.4 Financial Literacy Scores for Working Singles

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	75	80	77
Tier 2 (Financial Planning)	67	63	64
Tier 3 (Investment Know- how)	69*	62	62
Total	72	68	70
Tier 3 (Invest)	69*	71*	71*

Base: Working Singles (n=337)

Note: * denotes n=114 who had investments

Table 7.5 Financial Literacy Scores for Working Marrieds

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	76	85	80
Tier 2 (Financial Planning)	75	69	71
Tier 3 (Investment Know- how)	76*	64	65
Total	76	73	74
Tier 3 (Invest)	76*	72*	74*

Base: Working Marrieds (n=112)

Note: * denotes n=53 who had investments

Table 7.6 Financial Literacy Scores for Working Parents

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	73	83	77
Tier 2 (Financial Planning)	71	66	68
Tier 3 (Investment Know- how)	65*	64	63
Total	72	71	71
Tier 3 (Invest)	65*	75*	73*

Base: Working Parents (n=423)

Note: * denotes n=203 who had investments

Table 7.7 Financial Literacy Scores for Pre-retirees

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	70	77	73
Tier 2 (Financial Planning)	64	62	63
Tier 3 (Investment Know- how)	67*	59	58
Total	68	66	67
Tier 3 (Invest)	67*	76*	73*

Base: Pre-retirees (n=316)

Note: * denotes n=128 who had investments

Table 7.8 Financial Literacy Scores for Housewives

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	73	70	72
Tier 2 (Financial Planning)	71	56	60
Tier 3 (Investment Know- how)	65*	51	51
Total	72	59	64
Tier 3 (Invest)	65*	72*	70*

Base: Housewives (n=335)

Note: * denotes n=64 who had investments

Table 7.9 Financial Literacy Scores for the Unemployed

	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	67	70	68
Tier 2 (Financial Planning)	49	54	53
Tier 3 (Investment Know- how)	72*	58	58
Total	62	60	61
Tier 3 (Invest)	72*	76*	75*

Base: The unemployed (n=100)

Note: * denotes n=25 who had investments

Table 7.10 Financial Literacy Scores for Retirees

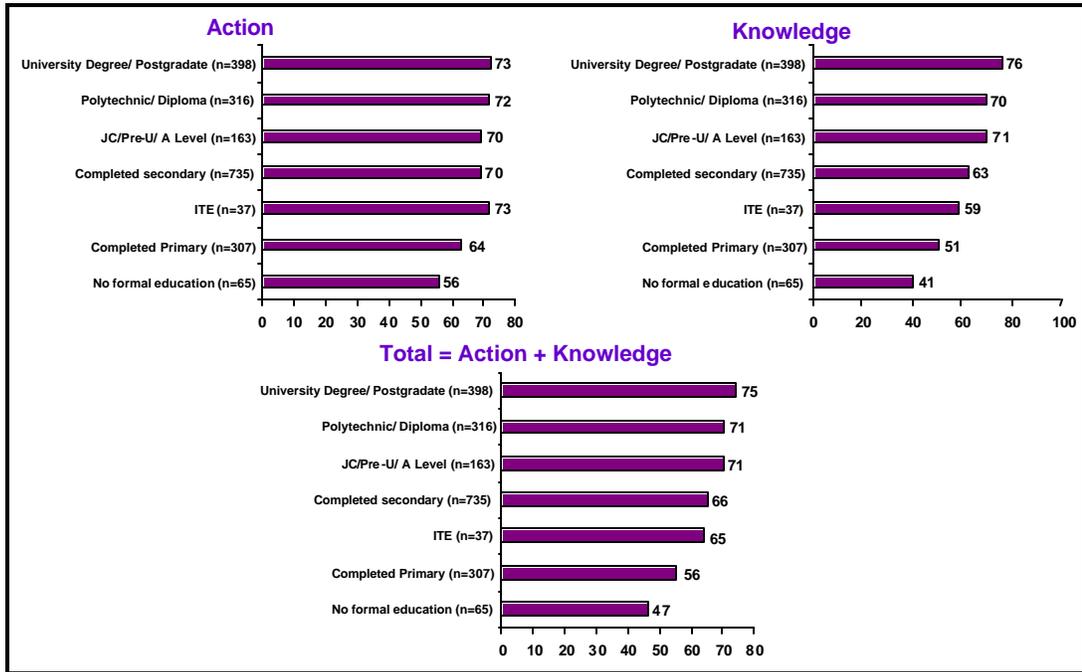
	Action	Knowledge	Total = Action + Knowledge
Tier 1 (Basic Money Management)	65	65	65
Tier 2 (Financial Planning)	56	55	55
Tier 3 (Investment Know- how)	67*	51	50
Total	63	57	59
Tier 3 (Invest)	67 *	70*	70*

Base: Retirees (n=170)

*Note: * denotes n=56 who had investments*

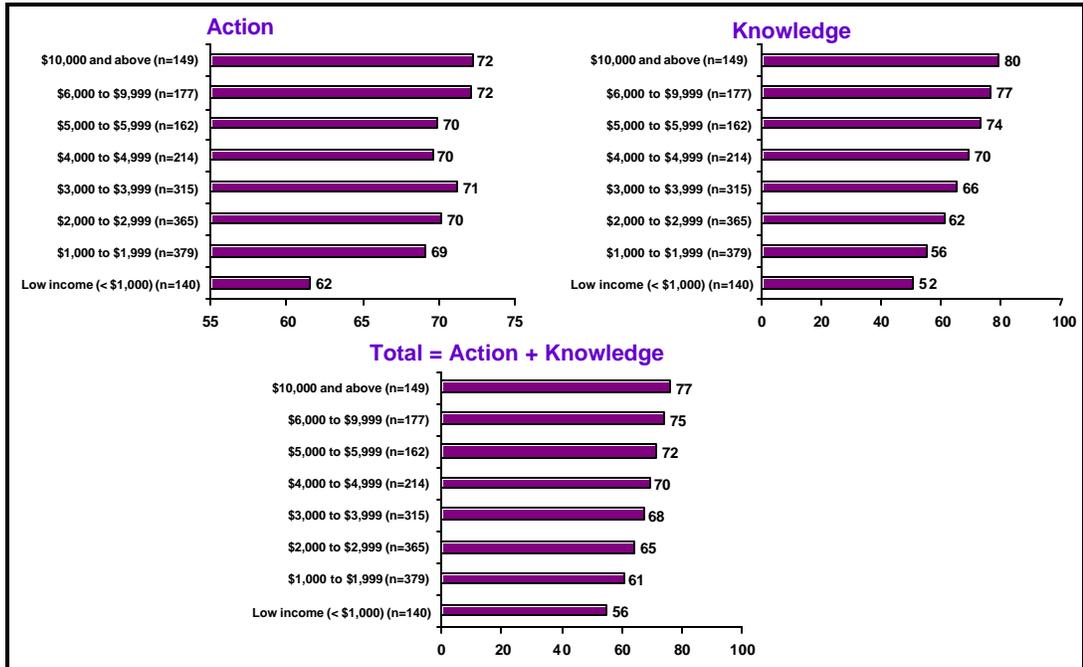
Better educated Singaporeans and those with higher monthly household income display more positive financial habits and had better financial knowledge.

Figure 7.4 Overall Scores by Educational Level



Base: Total respondents (n=2,023)

Figure 7.5 Overall Scores by Monthly Household Income

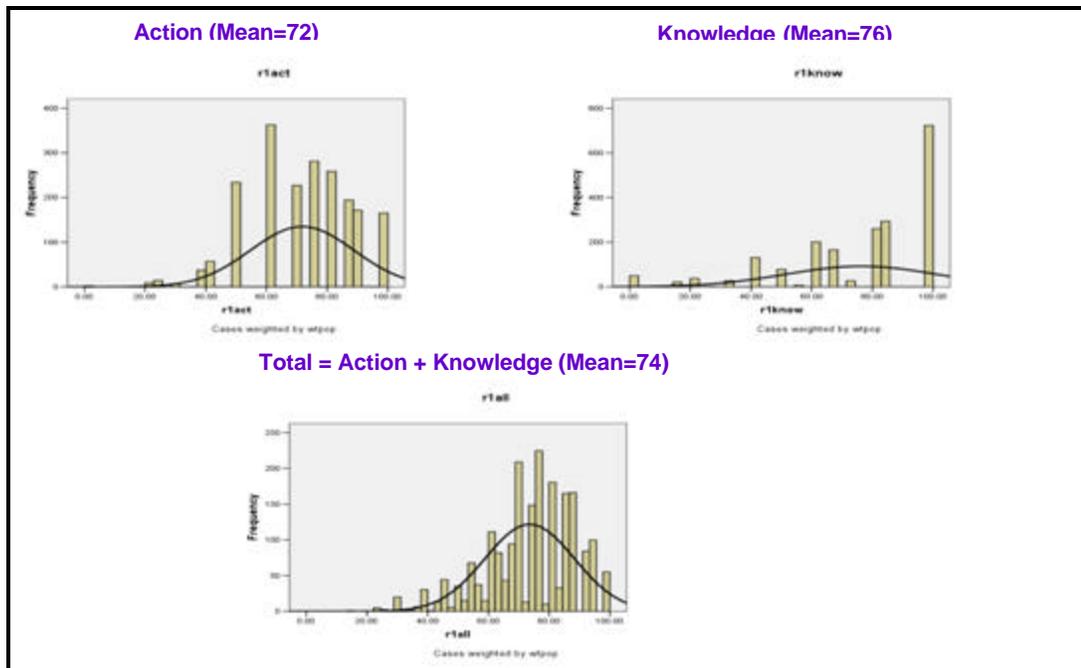


Base: Total respondents (n=2,023)

7.2.1. Financial Literacy Scores for Tier 1

Distributions of Tier 1 scores for action, knowledge, and total are shown below.

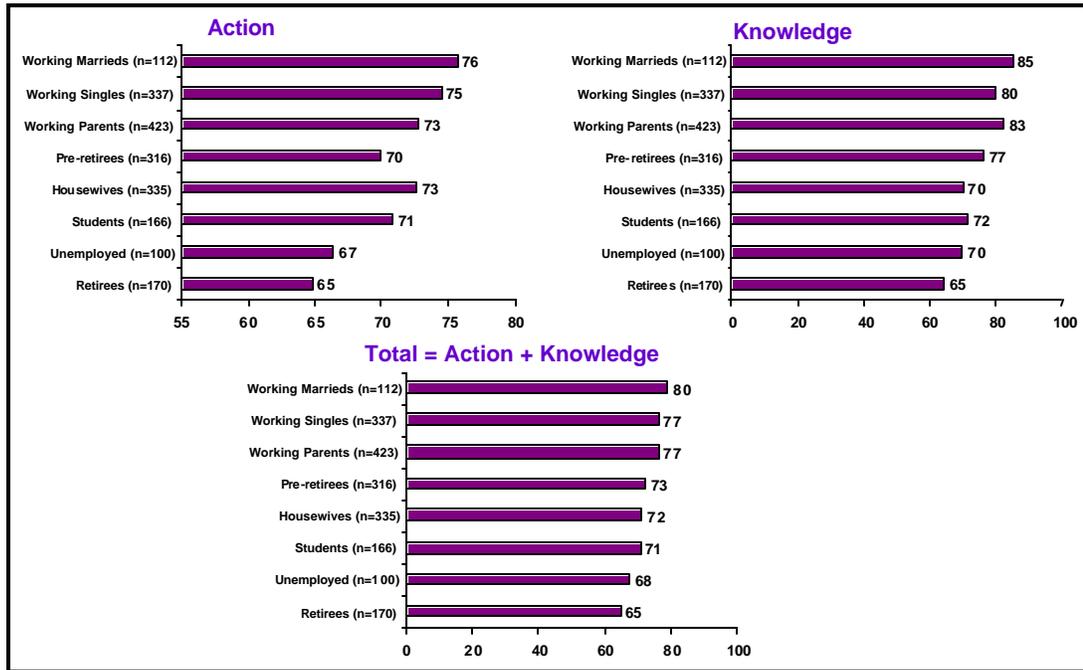
Figure 7.6 *Distribution of Tier 1 Scores*



Base: Total respondents (n=2,023)

Overall, the total score for Tier I (74) is higher than the overall mean score of 67.

Figure 7.7 Tier I Scores by Segment

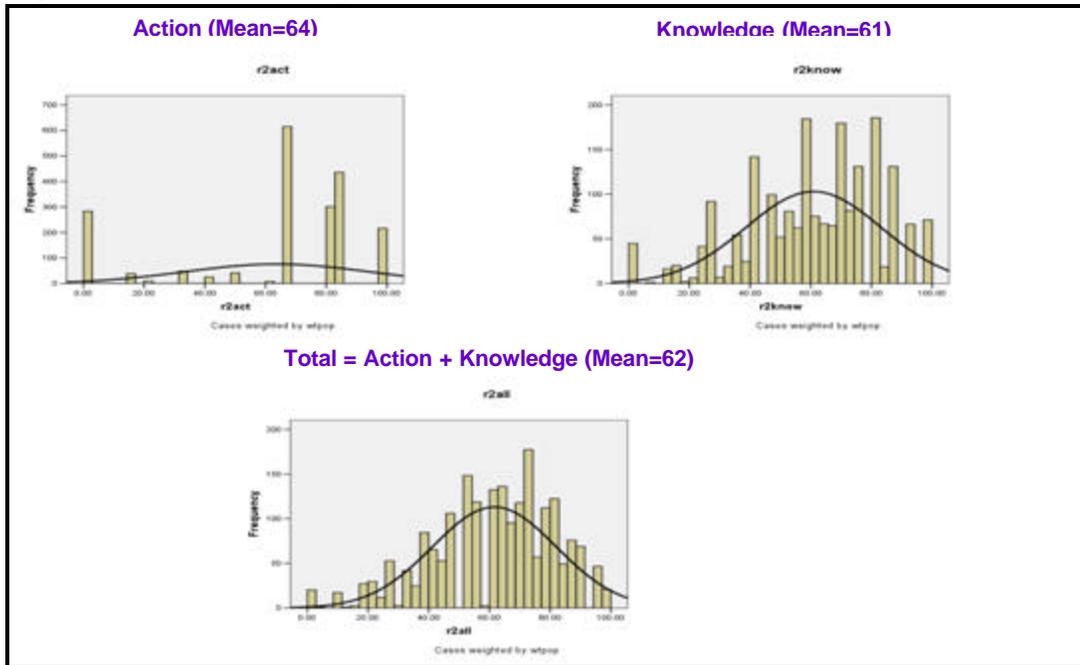


Base: Total respondents (n=2,023)

7.2.2. Financial Literacy Scores for Tier 2

Distributions of Tier 2 scores for action, knowledge, and total are shown below.

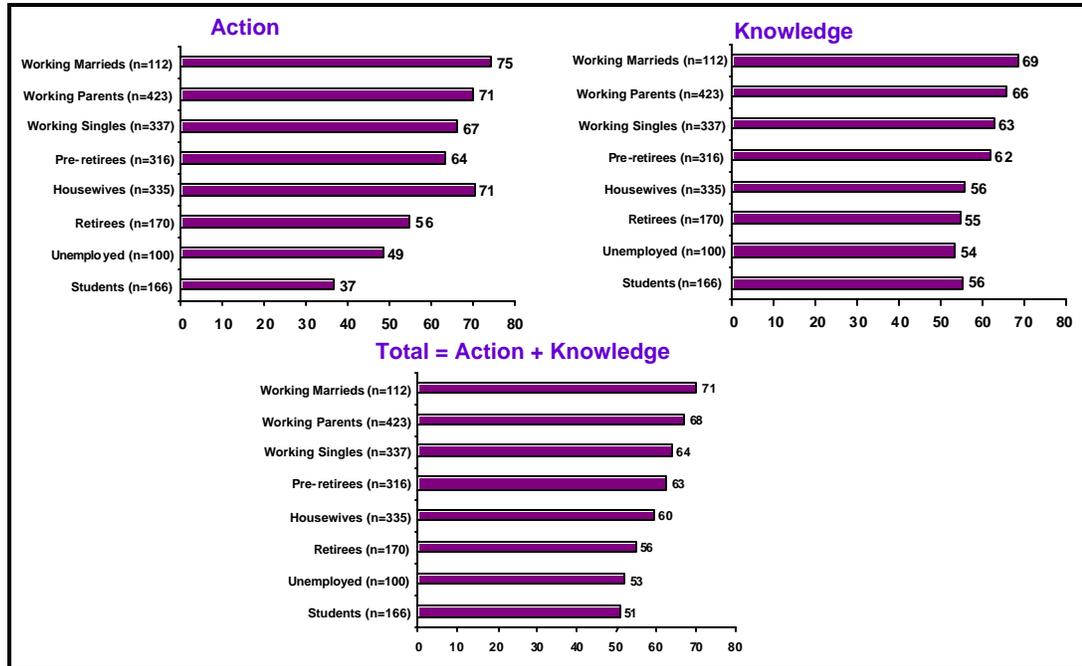
Figure 7.8 *Distribution of Tier 2 Scores*



Base: Total respondents (n=2,023)

The overall total score (62) for Tier 2 is lower than the overall mean score (67). Housewives, retirees, the unemployed and students generally fared worse than the working adults for Tier 2.

Figure 7.9 Tier 2 Scores by Segment

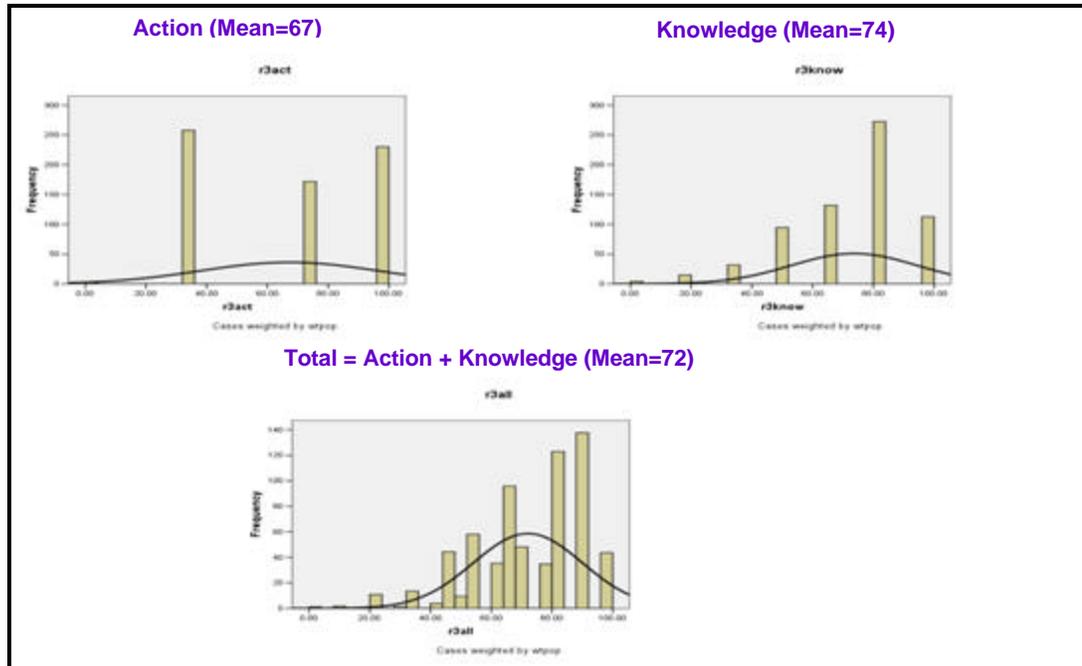


Base: Total respondents (n=2,023)

7.2.3. Financial Literacy Scores for Tier 3

Distributions of Tier 3 scores for action, knowledge, and total are shown below. Only those who had investments (n=662) were examined in this section.

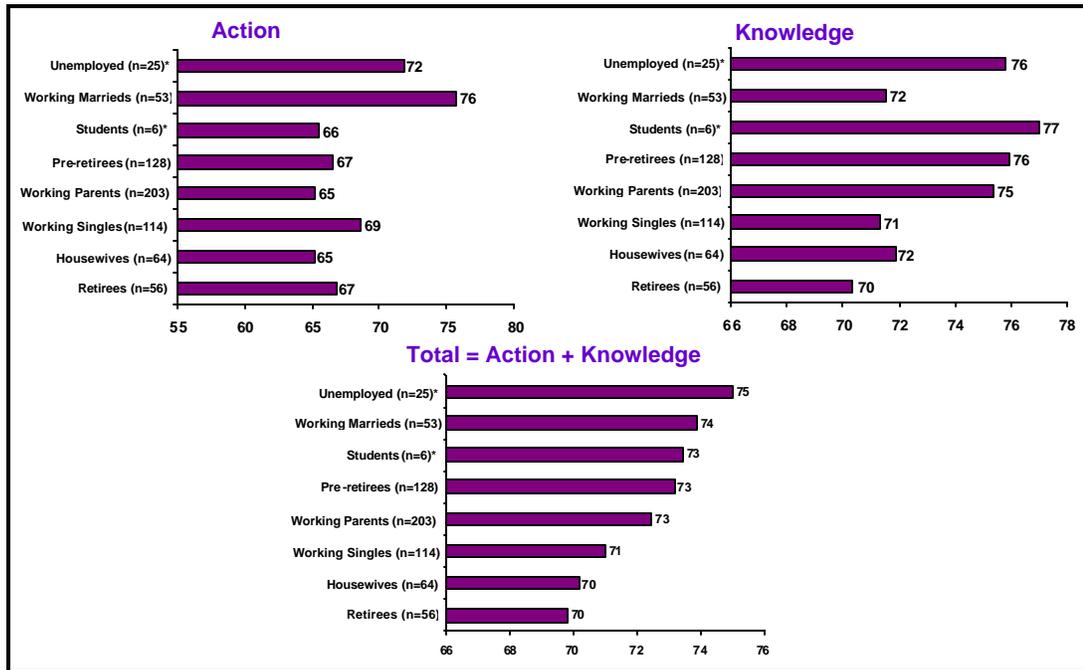
Figure 7.10 *Distribution of Tier 3 Scores*



Base: Respondents who had investments (n=662)

Those who had investments scored higher for knowledge (74) than the overall population (59). Action scores are only applicable to those with investments.

Figure 7.11 Tier 3 Scores by Segment



Base: Respondents who had investments (n=662)

* denotes small sample size (n<30)

7.3 Financial Literacy Quintile Analysis

Respondents were assigned to a financial literacy quintile (5 equal groups) according to their overall financial literacy scores, with the Level 1 quintile holding the 20% with the lowest average scores, through to the Level 5 quintile, holding the 20% with the highest average scores.

7.3.1 An Overview of Financial Literacy Quintiles

The Level 1 quintile, with scores below 55, had a total of 399 respondents. These respondents had the lowest scores.

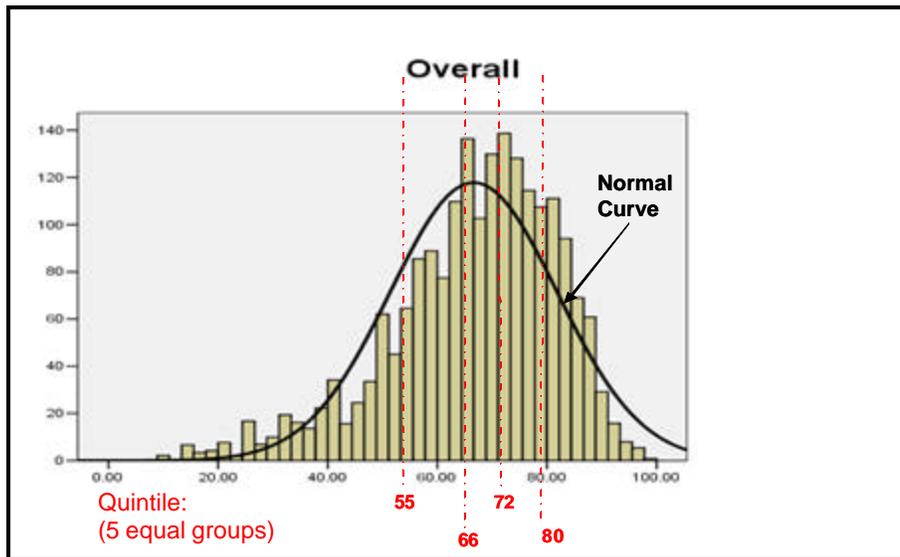
For the Level 2 quintile, there were altogether 402 respondents whose scores ranged from 56 to 65. Though they had higher scores than the respondents in the first quintile, their scores fall below the overall mean score of 67.

The Level 3 quintile consisted of 413 respondents. The scores ranged from 66 to 71 which is close to the overall mean score of 67.

The Level 4 quintile comprised 402 respondents. This group obtained scores ranging from 72 to 79, which is higher than the overall mean score.

The Level 5 quintile was made up of 407 respondents. These respondents obtained the highest scores ranging from 80 to 100.

Figure 7.12 *Distribution of Overall Financial Literacy Score*



Base: Total respondents (n=2,023)

Factors that clearly distinguish the financial literacy quintiles are as follows:

- Segments
- Age
- Educational Level
- Monthly Household Income

The table below shows the detailed breakdown of demographics between quintiles. For example, 27% of all students and 12% of all working singles fall into the Level 1 quintile.

Table 7.11 Demographic Profile for All Financial Literacy Quintiles

Demographic		Level 1 (Lowest literacy)	Level 2	Level 3	Level 4	Level 5 (Highest literacy)
<i>Segment</i>						
• Students	Count	45	41	42	20	19
	%	27	25	25	12	11
• Working Singles	Count	42	82	67	68	79
	%	12	24	20	20	23
• Working Marrieds	Count	5	22	18	29	38
	%	5	20	16	26	34
• Working Parents	Count	43	66	93	117	104
	%	10	16	22	28	25
• Pre-retirees	Count	64	65	68	48	71
	%	20	21	22	15	23
• Housewives	Count	85	67	69	65	49
	%	25	20	21	19	15
• Unemployed	Count	33	17	20	15	15
	%	33	17	20	15	15
• Retirees	Count	67	26	23	31	22
	%	40	15	14	18	13

Note: Percentages may not sum to 100% due to rounding.

Base: Total respondents (n=2,023)

Demographic		Level 1 (Lowest literacy)	Level 2	Level 3	Level 4	Level 5 (Highest literacy)
<i>Educational Level</i>						
• No formal education	Count	45	10	5	5	1
	%	68	15	8	8	2
• Completed primary	Count	126	86	52	25	19
	%	41	28	17	8	6
• Completed secondary	Count	144	170	159	150	112
	%	20	23	22	20	15
• JC / Pre-U / A level	Count	19	29	38	32	44
	%	12	18	24	20	27
• Polytechnic / Diploma	Count	33	54	70	77	81
	%	11	17	22	24	26
• University degree / Postgraduate	Count	20	47	80	107	144
	%	5	12	20	27	36
• ITE	Count	10	7	8	7	4
	%	28	19	22	19	11
<i>Monthly Household Income</i>						
• Low Income (Below \$1,000)	Count	57	39	16	14	14
	%	41	28	11	10	10
• \$1,000 to \$1,999	Count	120	93	77	60	29
	%	32	25	20	16	8
• \$2,000 to \$2,999	Count	74	81	92	68	51
	%	20	22	25	19	14
• \$3,000 to \$3,999	Count	43	75	58	74	64
	%	14	24	19	24	20
• \$4,000 to \$4,999	Count	30	39	48	43	54
	%	14	18	22	20	25
• \$5,000 to \$5,999	Count	18	24	31	39	50
	%	11	15	19	24	31
• \$6,000 to \$9,999	Count	11	20	35	50	60
	%	6	11	20	28	34
• \$10,000 and above	Count	9	8	30	36	67
	%	6	5	20	24	45
<i>Total</i>						
	Count	399	402	413	402	407
	%	20	20	20	20	20

Note: Percentages may not sum to 100% due to rounding.

Base: Total respondents (n=2,023)

The following sections detail key demographic differences between the quintiles. While all demographic variables have been analysed, only statistically significant differences are shown. Therefore, the tables will vary in content and length for each quintile.

7.3.2 Financial Literacy for Level 1 Quintile

Respondents in level 1 quintile had the lowest total mean score (43). Students, housewives, the unemployed and retirees were more likely to fall into this quintile as compared to other segments. In terms of educational and income levels, those who had no formal education, completed primary and ITE levels or those with low income (below \$1,000) and income between \$1,000 to \$1,999 were more likely to be represented in this quintile.

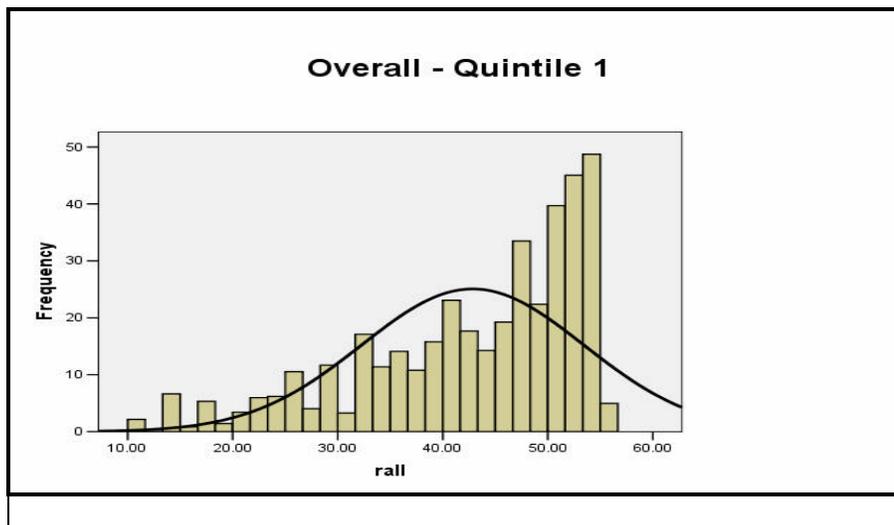
Table 7.12 Financial Literacy Scores for Level 1 Quintile

	Action	Knowledge	Total = Action + Knowledge
Tier 1	60	46	55
Tier 2	39	35	36
Tier 3	39*	24	25
Total	55	35	43
Tier 3 (Invest)	39*	37*	38*

Base: Respondents in quintile 1 (n=399)

Note: * denotes n=35 who invested in quintile 1

Figure 7.13 Distribution of Total Financial Literacy Score for Level 1 Quintile



Base: Respondents in quintile 1 (n=399)

The features that distinguish level 1 quintile from the other quintiles are summarized in the following table.

Table 7.13 Demographic Profile for Financial Literacy Level 1 Quintile

Financial Literacy Level 1 Quintile: 20%				
Demographic	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Housewives • Unemployed • Retirees 	27 25 33 40	<ul style="list-style-type: none"> • Working singles • Working marrieds • Working parents 	12 5 10
<i>Highest Educational Level</i>	<ul style="list-style-type: none"> • No Formal Education • Completed Primary • ITE 	68 41 28	<ul style="list-style-type: none"> • JC/ Pre-U/ A Level • Polytechnic/ Diploma • University Degree/ Postgraduate 	12 11 5
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • Low Income (below \$1,000) • \$1,000 to \$1,999 	41 32	<ul style="list-style-type: none"> • \$3,000 to \$3,999 • \$4,000 to \$4,999 • \$5,000 to \$5,999 • \$6,000 to \$9,999 • \$10,000 & above 	14 14 11 6 6

Base: Total respondents (n=2,023)

7.3.3 Financial Literacy for Level 2 Quintile

For level 2 quintile, the respondents had a total mean score of 60. The respondents were more likely to be those who had completed primary education or with low household income (below \$1,000). No particular segment had a greater likelihood of being represented in this quintile.

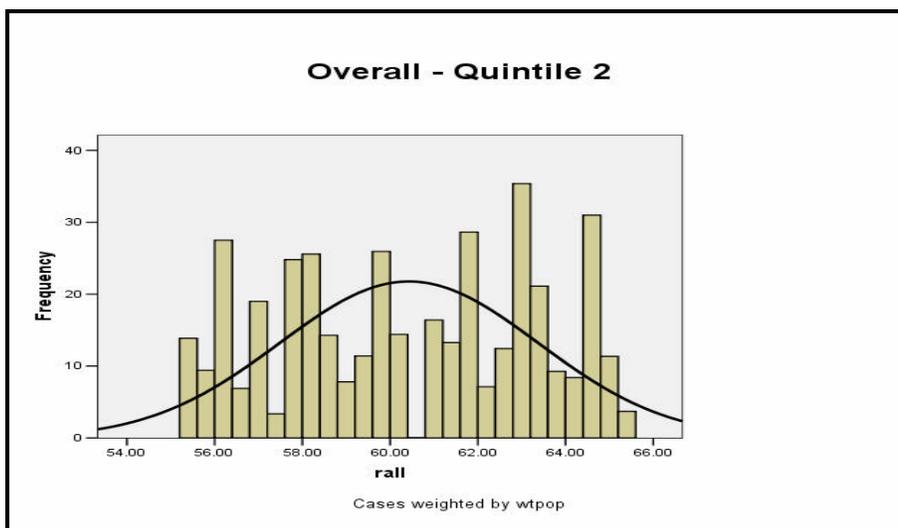
Table 7.14 Financial Literacy Scores for Quintile Level 2

	Action	Knowledge	Total = Action + Knowledge
Tier 1	69	71	70
Tier 2	56	54	54
Tier 3	53*	48	48
Total	66	57	60
Tier 3 (Invest)	53*	54*	54*

Base: Respondents in quintile 2 (n=402)

Note: * denotes n=70 who invested in quintile 2

Figure 7.14 Distribution of Total Financial Literacy Score for Level 2 Quintile



Base: Respondents in quintile 2 (n=402)

Table 7.15 Demographic Profile for Financial Literacy Level 2 Quintile

Financial Literacy Level 2 Quintile: 20%				
Demographic	Above Average Representation	%	Below Average Representation	%
Highest Educational Level	<ul style="list-style-type: none"> Completed Primary 	28	<ul style="list-style-type: none"> University Degree/ Postgraduate 	12
Monthly Household Income	<ul style="list-style-type: none"> Low Income (below \$1,000) 	28	<ul style="list-style-type: none"> \$5,000 to \$5,999 \$6,000 to \$9,999 \$10,000 and above 	15 11 5

Base: Total respondents (n=2,023)

7.3.4 Financial Literacy for Level 3 Quintile

The respondents in level 3 quintile obtained a total mean score of 69. They were more likely to be students. All educational and income groups were fairly represented in this quintile.

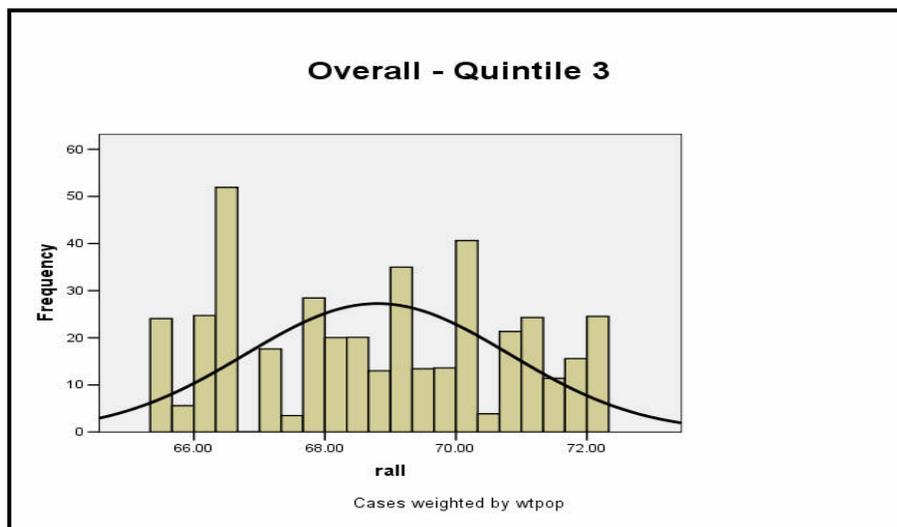
Table 7.16 *Financial Literacy Scores for Level 3 Quintile*

	Action	Knowledge	Total = Action + Knowledge
Tier 1	72	80	75
Tier 2	67	63	64
Tier 3	58*	63	62
Total	70	68	69
Tier 3 (Invest)	58*	69*	66*

Base: Respondents in quintile 3 (n=413)

Note: * denotes n=134 who invested in quintile 3

Figure 7.15 *Distribution of Total Financial Literacy Score for Level 3 Quintile*



Base: Respondents in quintile 3 (n=413)

Table 7.17 Demographic Profile for Financial Literacy Level 3 Quintile

Financial Literacy Quintile Level 3: 20%				
Demographic	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	• Students	25	• Retirees	14
<i>Highest Educational Level</i>		-	• No Formal Education	8
<i>Monthly Household Income</i>		-	• Low Income (below \$1,000)	11

Base: Total respondents (n=2,023)

7.3.5 Financial Literacy for Level 4 Quintile

The total mean score for this quintile (76) is higher than the overall mean score (67). The respondents in this quintile were more likely to be the working marrieds and working parents, with university education, or those with a monthly household income of between \$6,000 and \$9,999.

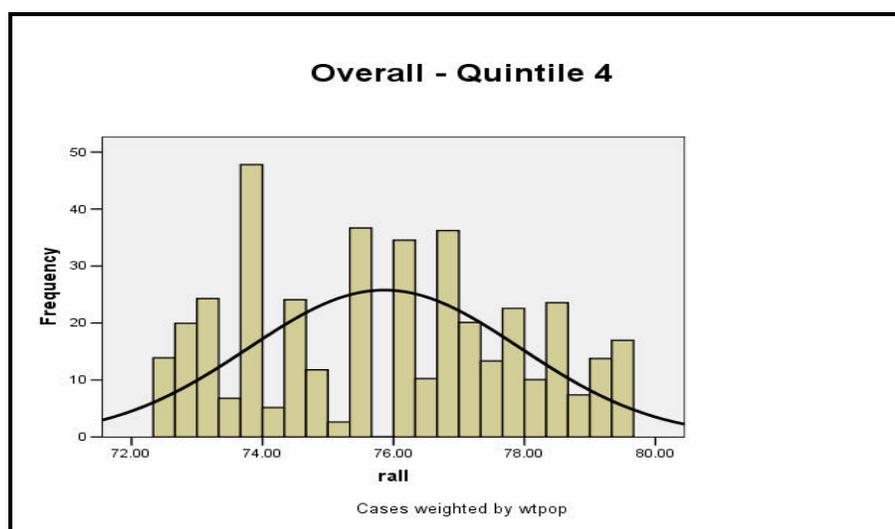
Table 7.18 Financial Literacy Scores for Level 4 Quintile

	Action	Knowledge	Total = Action + Knowledge
Tier 1	76	89	81
Tier 2	74	70	71
Tier 3	65*	73	71
Total	75	76	76
Tier 3 (Invest)	65*	76*	73*

Base: Respondents in quintile 4 (n=402)

Note: * denotes n=180 who invested in quintile 4

Figure 7.16 Distribution of Total Financial Literacy Score for Level 4 Quintile



Base: Respondents in quintile 4 (n=402)

Table 7.19 Demographic Profile for Financial Literacy Level 4 Quintile

Financial Literacy Level 4 Quintile: 20%				
Demographic	Above Average Representation	%	Below Average Representation	%
Segment	<ul style="list-style-type: none"> Working marrieds Working parents 	26 28	<ul style="list-style-type: none"> Students 	12
Highest Educational Level	<ul style="list-style-type: none"> University Degree/ Postgraduate 	27	<ul style="list-style-type: none"> No Formal Education Completed Primary 	8 8
Monthly Household Income	<ul style="list-style-type: none"> \$6,000 to \$9,999 	28	<ul style="list-style-type: none"> Low Income (below \$1,000) 	10

Base: Total respondents (n=2,023)

7.3.6 Financial Literacy for Level 5 Quintile

This quintile achieved a total mean score of 85. The respondents in this quintile were more likely to be working marrieds, with at least an A-level education, or with a monthly household income of \$4,000 and above.

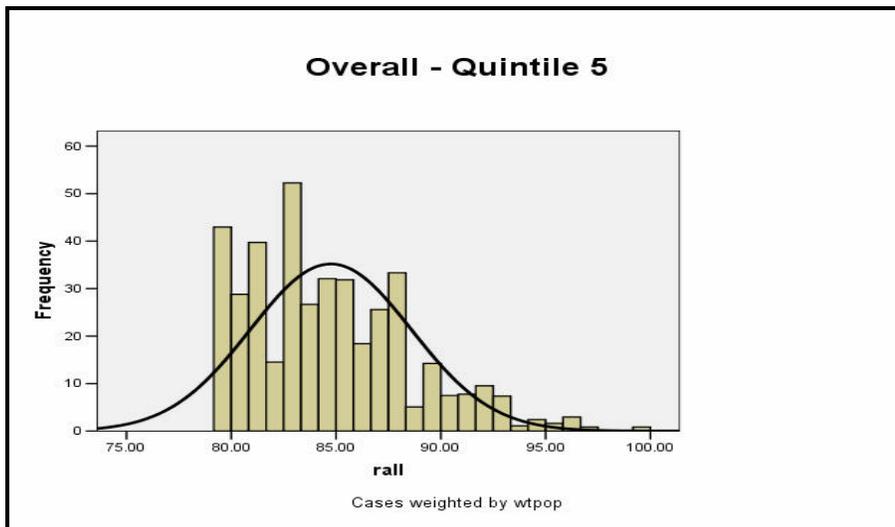
Table 7.20 *Financial Literacy Scores for Level 5 Quintile*

	Action	Knowledge	Total = Action + Knowledge
Tier 1	81	95	87
Tier 2	82	83	83
Tier 3	82*	84	84
Total	82	87	85
Tier 3 (Invest)	82*	85*	85*

Base: Respondents in quintile 5 (n=407)

Note: * denotes n=243 who invested in quintile 5

Figure 7.17 *Distribution of Total Financial Literacy Score for Level 5 Quintile*



Base: Respondents in quintile 5 (n=407)

Table 7.21 Demographic Profile for Financial Literacy Level 5 Quintile

Financial Literacy Level 5 Quintile: 20%				
Demographic	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds 	34	<ul style="list-style-type: none"> • Students • Housewives • Unemployed • Retirees 	11 15 15 13
<i>Highest Educational Level</i>	<ul style="list-style-type: none"> • JC/ Pre-U/ A Level • Polytechnic/ Diploma • University Degree/ Postgraduate 	27 26 36	<ul style="list-style-type: none"> • No Formal Education • Completed Primary • ITE 	2 6 11
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • \$4,000 to \$4,999 • \$5,000 to \$5,999 • \$6,000 to \$9,999 • \$10,000 and above 	25 31 34 45	<ul style="list-style-type: none"> • Low Income (below \$1,000) • \$1,000 to \$1,999 • \$2,000 to \$2,999 	10 8 14

Base: Total respondents (n=2,023)

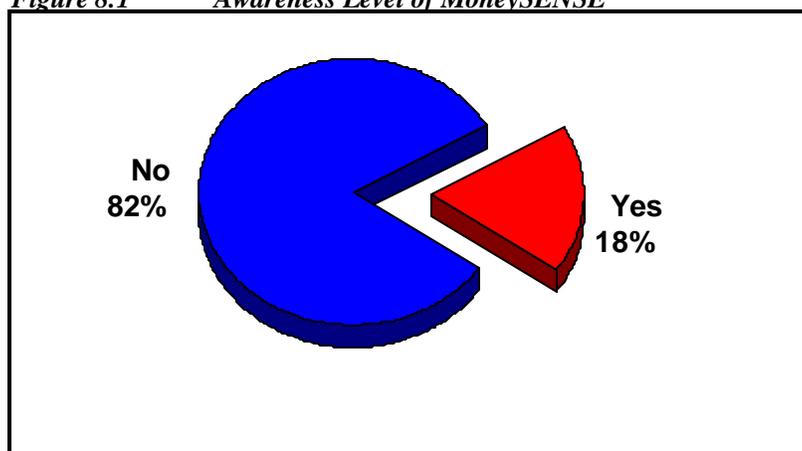
8 AWARENESS OF MONEYSENSE

This section examines the awareness level of the MoneySENSE programme and interest in financial education programmes and activities.

8.1 Awareness Level of MoneySENSE

Majority of Singaporeans (82%) have not heard, seen or read about the MoneySENSE national financial education programme. Working marrieds were more likely to know about MoneySENSE while students and the unemployed were less likely.

Figure 8.1 *Awareness Level of MoneySENSE*



Base: Total Respondents (n=2,023)

Table 8.1 *Demographic Profile for Awareness of MoneySENSE*

Have heard, seen or read anything about MoneySENSE: 18%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds 	24	<ul style="list-style-type: none"> Students Unemployed 	8 12

Base: Total respondents (n=2,023)

Those who knew about MoneySENSE achieved higher mean financial literacy scores.

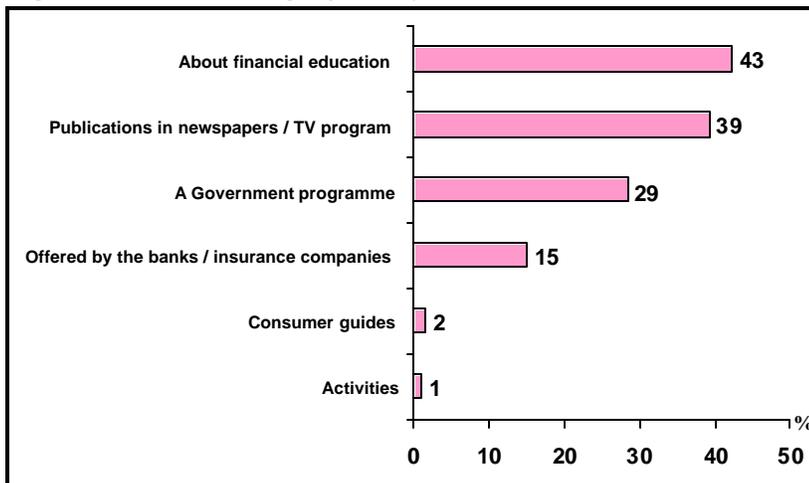
Table 8.2 *Financial Literacy Scores for Those who were Aware and Not Aware*

	Action	Knowledge	Total
<i>Aware (n=367)</i>	72	70	70
<i>Not Aware (n=1,656)</i>	69	64	66

8.1.1 Knowledge of MoneySENSE

Among those who were aware of MoneySENSE (18%), 43% were aware that it was a financial education programme and 29% correctly associated MoneySENSE as a government / national programme. 15% of those who said they knew about MoneySENSE mistook the programme as an initiative offered by financial institutions.

Figure 8.2 Knowledge of MoneySENSE



Base: Respondents who were aware of MoneySENSE (n=367)

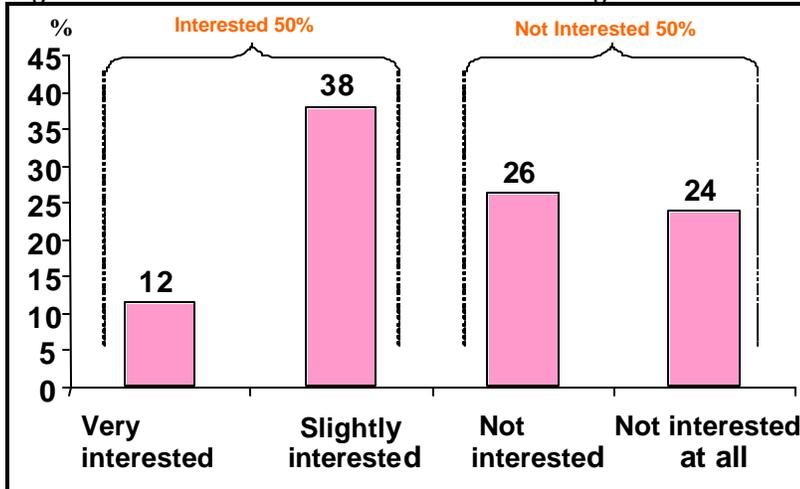
When asked to recall the MoneySENSE programmes they attended,

- 2 respondents (0.1%) indicated that they attended the “Talking Dollar and Sense” workshop offered in partnership with North East Community Development Council.
- 1 respondent (0.05%) cited that he had attended a retirement planning talk.
- 3 respondents (0.2%) had received MoneySENSE guides on personal investing and health insurance.
- 7% of respondents recalled having seen MoneySENSE publications in the newspapers or on television, with Straits Times, Lianhe Zaobao and Channel 8 being the medium with the highest recall.

8.2 Interest in Financial Education Programmes

Half of the respondents (50%) indicated that they were interested in learning more about how to better manage their money.

Figure 8.3 Interest in Financial Education Programmes



Base: Total Respondents (n=2,023)

Students, working marrieds and working parents were more likely to be interested in financial education programmes while pre-retirees, retirees and those with low income were less likely. Those who were interested in financial education achieved higher mean financial literacy scores.

Table 8.3 Demographic Profile for Interest in Financial Education Programmes

Interested in learning more about money management: 50%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Working marrieds Working parents 	55 63 57	<ul style="list-style-type: none"> Pre retirees Retirees 	40 30
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	41

Base: Total respondents (n=2,023)

Table 8.4 Financial Literacy Scores for Those Interested & Not Interested

	Action	Knowledge	Total
<i>Interested (n=1,006)</i>	73	69	70
<i>Not Interested (n=1,017)</i>	67	61	63

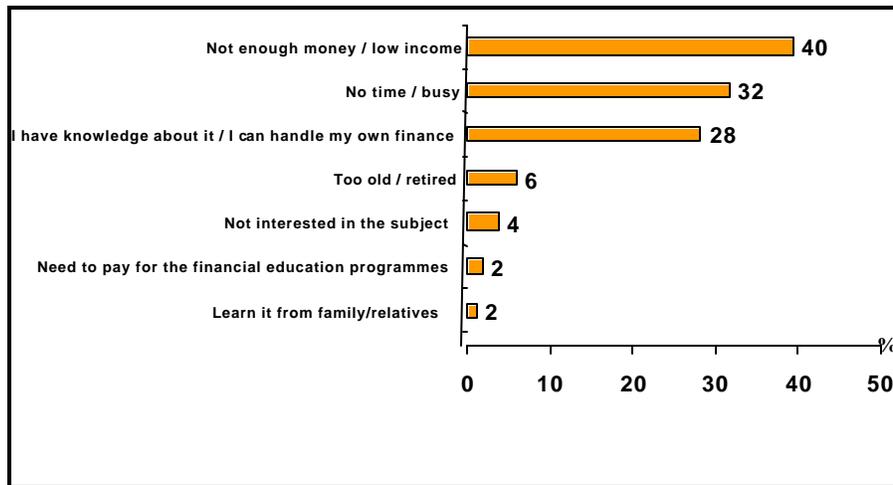
8.2.1 Reasons for Not Being Interested In Financial Education

Of the 50% who indicated that they were not interested in financial education, the main reasons cited were that they had insufficient money (40%); or that they did not view financial education as a priority and felt that they had no time to learn more (32%). 28% felt that they were sufficiently knowledgeable and could handle their own finances.

The respondents who cited insufficient money tended to be those whose monthly household income were less than \$3,000. Respondents who felt that they were sufficiently knowledgeable achieved higher mean scores for action and knowledge across all the 3 tiers.

6% of those not interested felt that they were too old to learn about financial education, while another 2% mentioned the need to pay for financial education programmes as a deterrent to learning.

Figure 8.4 *Reasons for Not Being Interested In Financial Education Programmes*

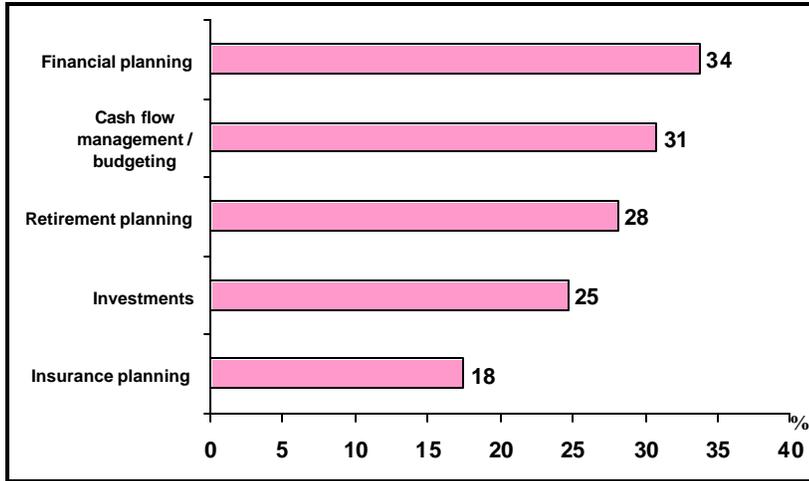


Base: Respondents who were not interested in financial education programmes (n=1,017)

8.3 Areas of Interest in Financial Education

The following chart shows the topics of interest indicated by the respondents:

Figure 8.5 *Areas of Interest in Financial Education*



Base: Total Respondents (n=2,023)

The demographic profiles for the areas of interest in financial education are summarized in the following table.

Table 8.5 Demographic Profile for Areas of Interest in Financial Education

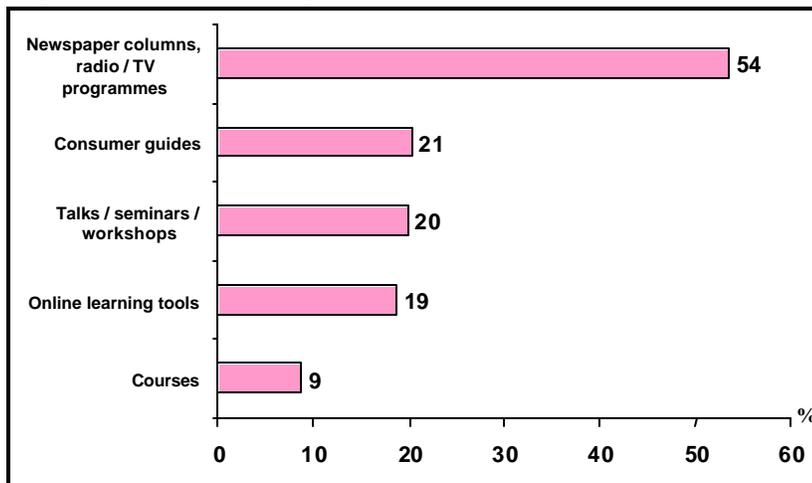
Financial planning: 34%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds 	48 44 41	<ul style="list-style-type: none"> • Pre retirees • Retirees 	23 15
Cash flow management / budgeting: 31%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds 	45 37 41	<ul style="list-style-type: none"> • Pre-retirees • Unemployed • Retirees 	21 22 12
Retirement planning: 28%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working marrieds • Working parents • Pre-retirees 	44 36 34	<ul style="list-style-type: none"> • Students • Unemployed 	8 17
Investments: 25%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds 	37 33 32	<ul style="list-style-type: none"> • Housewives • Unemployed • Retirees 	14 19 18
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> • Low income 	13
Insurance planning: 18%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Working parents 	23		-
Nothing (those who indicated none of the above): 34%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> • Pre-retirees • Unemployed • Retirees 	40 45 58	<ul style="list-style-type: none"> • Students • Working singles • Working marrieds • Working parents 	21 28 22 28
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> • Low income 	42		-

Base: Total respondents (n=2,023)

8.4 Activities of Interest

Among the different channels, the respondents indicated that they would be most interested in receiving financial education through newspaper columns or on radio / TV programmes (54%).

Figure 8.6 *Activities of Interest*



Base: Total Respondents (n=2,023)

The demographic profiles for the activities of interest are summarized in the following table.

Table 8.6 Demographic Profile for Activities of Interest

Newspaper columns, radio / TV programmes: 54%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Housewives 	60	<ul style="list-style-type: none"> Unemployed Retirees 	42 47
Consumer guides: 21%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working singles Working marrieds 	26 29	<ul style="list-style-type: none"> Unemployed Retirees 	9 13
Talks/ Seminars/ Workshops: 20%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Working marrieds Working parents 	29 25	<ul style="list-style-type: none"> Pre retirees Unemployed 	13 14
Online learning tools: 19%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Students Working singles Working marrieds 	35 27 36	<ul style="list-style-type: none"> Pre-retirees Housewives Unemployed Retirees 	11 10 14 4
<i>Monthly Household Income</i>		-	<ul style="list-style-type: none"> Low income 	9
Courses: 9%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>		-	<ul style="list-style-type: none"> Retirees 	2
Nothing (those who indicated none of the above): 25%				
Profile	Above Average Representation	%	Below Average Representation	%
<i>Segment</i>	<ul style="list-style-type: none"> Pre-retirees Unemployed Retirees 	30 37 43	<ul style="list-style-type: none"> Students Working singles Working marrieds 	12 20 13
<i>Monthly Household Income</i>	<ul style="list-style-type: none"> Low income 	33		-

Base: Total respondents (n=2,023)

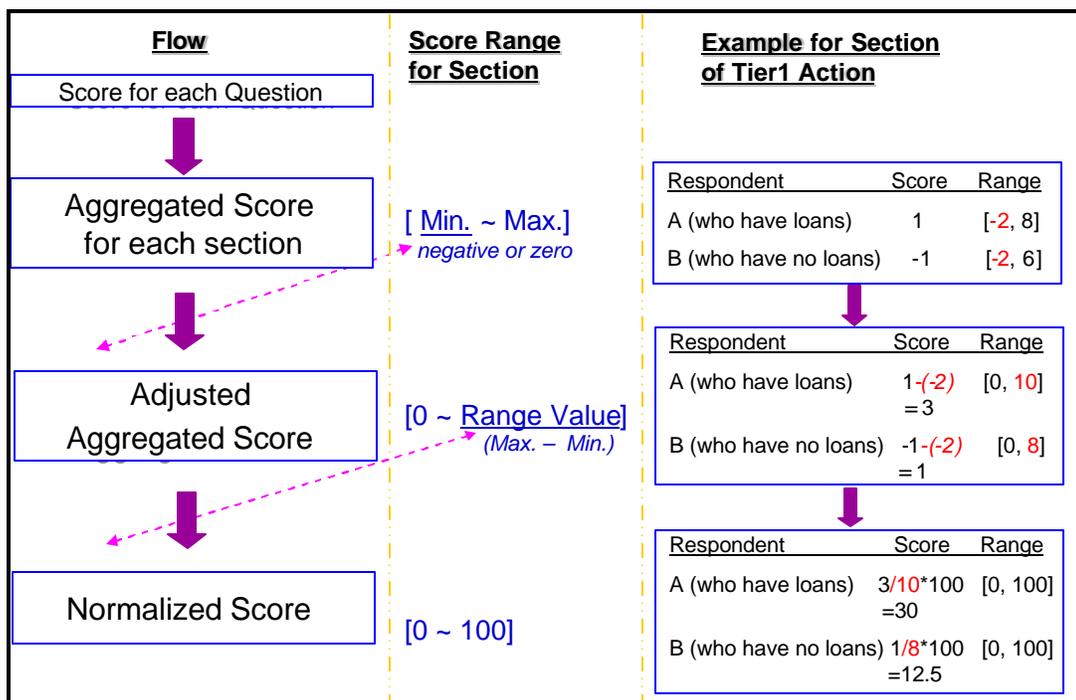
APPENDIX

Normalization of Financial Literacy Scores for Action & Knowledge for each tier

Whilst designing the overall financial literacy scoring framework, we included in the questionnaire questions testing Singaporeans' financial actions and knowledge. A weighted score was allocated to each response for these questions, depending on how the response deviated from preferred outcomes. To eliminate the problem where some respondents held a significantly larger range of financial products compared to others (implying that those with more products were asked more questions), the scores that were aggregated for all these questions were then normalized across a 0 – 100 score scale for each section according to the following steps:

- The aggregated score of Action and Knowledge for each Tier was calculated for each person. The aggregated score ranges from min. (may be negative) to max.
- The aggregated score was adjusted to positive by deducting the min. score. The adjusted aggregated score ranges from 0 to range value (max. – min.). The range value was different for respondents who held different range of financial products.
- The adjusted aggregated score was normalized by the score range value for Action and Knowledge for each Tier. The normalized score ranges from 0 to 100.

An illustration on how to derive the normalized score is shown in the diagram below:



Computation of Total Financial Literacy Score

The total score was also normalized to a 0 – 100 score scale to eliminate the problem where some respondents with more products were asked more questions. The total score was normalized by dividing the sum of adjusted aggregated score for the action and knowledge by the sum of score range value for the action and knowledge.

$$\text{Total score} = \frac{(\text{Adjusted aggregated score for Action} + \text{Adjusted aggregated score for Knowledge})}{(\text{Score range value for Action} + \text{Score range value for Knowledge})} * 100$$

Analysis Methodology

Significance Testing for “Above” and “Below” Average Description

Demographics are described as “above average” or “below average” in the tables and text throughout this report according to the following criteria:

- Demographic result was significantly different at 95% confidence level based on the results of **chi-square tests**, and
- If the sub-group proportion was at least 5% more or less than the proportion for the total group being analyzed.

Significance Testing for the Difference of Mean Financial Literacy Scores Amongst Sub-groups

T-test was used to determine whether there is a statistically significant difference of mean financial literacy scores at 95% confidence level among:

- Those who were aware of MoneySENSE and those who were not aware
- Those who were interested in financial education and those who were not interested
- Those who had investments and the total respondents.

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