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UK CONSUMERS FEAR THE PINCH BUT MANY ARE NOT PREPARING FOR THE FUTURE

- ***35% of UK consumers believe they will be financially worse off in the next three years according to research by HSBC***

HSBC's latest Power of Protection report, *Facing the Future*, reveals that consumers believe their finances will worsen over coming years, but families are not discussing their long term financial security and are unprepared for increases in living costs.

The study of 1,000 people in the UK looks at levels of financial security, and the importance of planning and preparation for a secure financial future. It found that more than one in four people in the UK (28%) already feel constrained by their finances, with over one third (35%) expecting to become financially worse off in the next three years.

Many families do not have conversations about managing their money for unexpected events, with 44% of families who are just about managing day-to-day never having had a conversation about their long term financial security. In contrast, the overwhelming majority of people (81%) who have had a conversation about their long-term financial security are managing well.

Four out of five respondents (84%) do not have an insurance policy which would cover regular costs if a family member has a serious illness or accident which would prevent them from working. Just under half (47%) said their dependants would not be able to manage financially if they were unable to work.

Three quarters of people surveyed (75%) have not considered putting a will or testament in place and 79% do not have a retirement plan.

The majority of those interviewed see their family's health and wellbeing (74%) as most important to their own future. Despite this, over three quarters (88%) feel they do not have enough money to look after their family's health. Worryingly, those who are regularly supporting someone financially already spend over half (54%) of their disposable income on that person.

Michelle Andrews, HSBC Head of UK Premier & Wealth Insights says:

“Long-term financial planning allows people to be in the strongest possible position to support their families and achieve their own aspirations.

“We would encourage everyone to think about the future and regularly assess their financial situation. It's important to understand both the positive and negative effects that expected and unexpected events can have, to ensure we can confidently plan for the future. Our staff are ready to speak with HSBC customers to help them understand the range of options available.”

The research also found one in three people (35%) put their own aspirational goals aside to support other family members. The study delves further into the choices which families make with over half (55%) choosing to pay for their child's university/higher education compared to 45% preferring to finance health and social care for their elderly parents.

Based on the research findings, HSBC has identified four actions which can help people better prepare their family to face the future:

1. Identify your priorities

Think about your priorities in life. Make sure you have a financial plan in place that addresses your needs as well as those of your family. Don't neglect your own aspirations when planning for the future.

2. Assess your finances

Consider how financially secure you feel. Think about whether any financial support you are giving to others is likely to increase or decrease in the future and if you need to update your financial plan.

3. Plan for the whole family

Unexpected life events can have knock-on effects for the whole family. Bear this in mind when reviewing if you have enough financial protection in place.

4. Talk about the future

Make time to talk to your family about the future. Discuss what could happen to them in the event of a life-changing circumstance and what financial safeguards you have in place. If you need help, seek professional advice.

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HSBC UK

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The Power of Protection

The Power of Protection is an independent consumer research study into global protection needs and trends, commissioned by HSBC. It provides authoritative insights into people's concerns about the future and how they are protecting themselves financially, around the world. This report, *Facing the future*, is the third in the series and represents the views of 13,122 people in 13 countries and territories: Argentina, China, France, Hong Kong, India, Indonesia, Malaysia, Mexico, Singapore, Taiwan, UAE, UK and USA.

The findings are based on a survey of those aged 25 and over from a nationally representative online sample in 12 countries and a nationally representative face-to-face sample in the UAE. The research was conducted by Kantar TNS between March and May 2017.

Since The Power of Protection study began in 2016, more than 30,000 people have been surveyed worldwide.

The HSBC Group

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