



MDRT

The Premier Association
of Financial Professionals®



2023 MDRT MULTI-COUNTRY SURVEY REPORT





Introduction

Financial advice is often presented as ironclad and universal in nature, especially in less regulated forums like social media. In practice, life is not that simple, and the picture gets even more complicated when comparing populations across national borders. Different countries have different regulatory systems in place to handle retirement savings, investments, insurance and healthcare. There are also cultural differences which change how individuals in different countries handle their personal finances.

As part of the Premier Association of Financial Professionals®, MDRT members in both North American and Asia-Pacific markets are well-equipped to help clients navigate these complications. To help members improve their client service abilities, MDRT coordinated a series of public opinion surveys to investigate consumer opinions on personal finance, trust in financial advisors and investment preferences. These surveys took place in the following regions: the United States, Japan, South Korea, Mainland China, Hong Kong and Taiwan.

Keep reading to discover the most important insights from these surveys, including crucial statistics on trust in advisors, consumer finance resiliency and views of key financial products like life insurance.



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VIEWS OF FINANCIAL ADVISORS

Human vs. Robo-Advisors

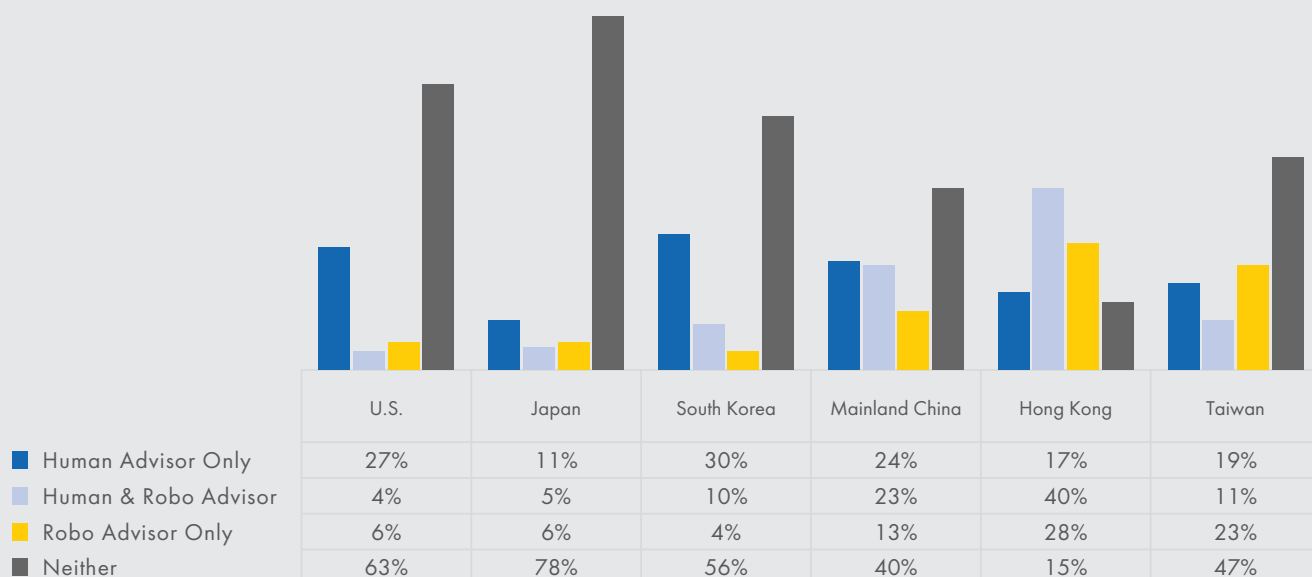
As the digitalization of financial services continues, robo-advisors have received increased attention in recent years. While some financial advisors have clients who use robo-advisors in tandem with human services, most discussions about robo-advisors have presented these programs as competitors of human advisors instead. In some cases, this is backed up by national regulations that restrict human advisors from selling many insurance products online. However, most countries do allow financial advisors and insurance agents to sell products across various mediums and the entire investment spectrum, though certification and corporate job requirements may still play a role.

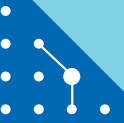
Our survey results present a challenge to the idea that robo-advisors should inherently be seen as competition for human advisors. In most of our surveyed regions,

a majority of robo-advisor users also solicited the services of a human financial advisor. This suggests that, rather than eliminating the role of human advisors, robo-advisors may instead be one more of the new digital tools human advisors have at their disposal to create long-lasting, trusting relationships with their clients.

There was, however, a split between regions in survey results. Human financial advisors remain more popular than robo-advisors overall in the United States, Mainland China, Japan and South Korea, but the opposite is true in Hong Kong and Taiwan. There are many possible reasons for this, ranging from a preference of financial advisors for high-income clients to greater accessibility for consumers to apps and digital programs.

HUMAN & ROBO-ADVISOR USAGE BY REGION





Trust in Human Financial Advisors

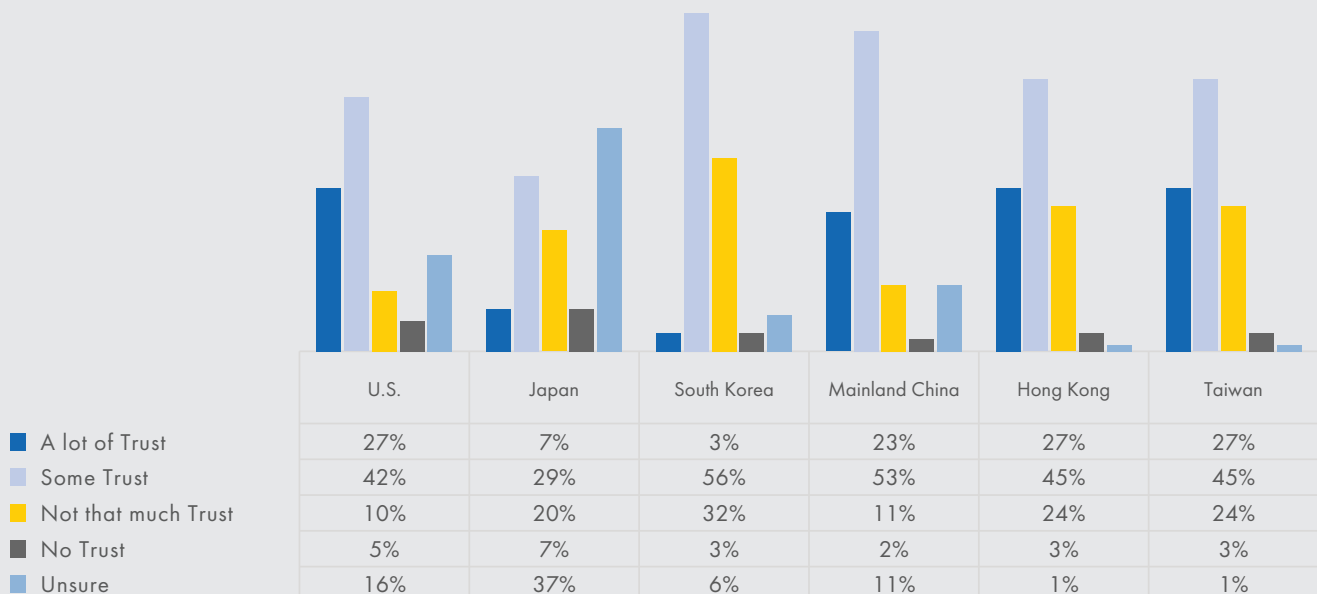
Across most surveyed regions, the majority of consumers indicated they place at least some trust in human financial advisors. Especially in a more digital, less face-to-face world, trust remains the bedrock of any advisor-client relationship and it's important that consumers not only trust their own advisors, but also the profession as a whole. MDRT is committed to helping advisors build and maintain client trust through strict ethical standards, helping members with professional growth and the MDRT Whole Person Concept.

Japan and South Korea stand out as having relatively lower consumer trust in financial advisors. In recent years, there have been several high-profile ethical scandals in both countries' financial services and insurance fields, denting consumer impressions of

advisors. This has also led to an age gap in trust in South Korea, where 62% of consumers in their 50s and 60s trust financial advisors compared with 52% of consumers in their 20s and 30s. In Japan, a small plurality of consumers indicate uncertainty about trusting advisors, the only surveyed region where this was the case. This may be due to Japanese consumers being the least likely across all surveyed regions to work with either a human advisor or a robo-advisor.

The U.S., Mainland China, Hong Kong and Taiwan publics all recorded higher levels of trust in human advisors. There were, however, gender gaps in both the U.S. and Taiwan, where men (74% U.S., 77% Taiwan) were more likely to trust financial advisors than women (66% U.S., 64% Taiwan).

TRUST IN HUMAN FINANCIAL ADVISORS BY REGION



PERSONAL FINANCES

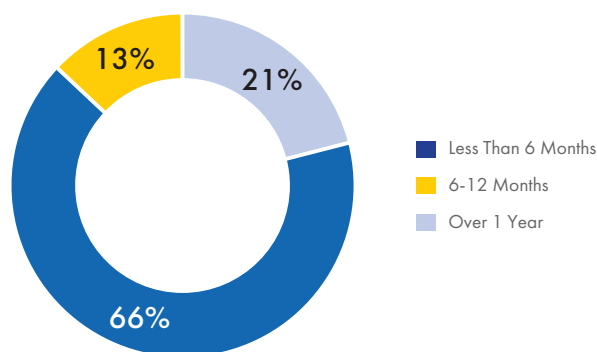
Emergency Savings

Emergency funds are a foundational piece of any strong financial plan, giving people a cushion in case they lose their job, become disabled, need intensive healthcare or have to replace an expensive possession, like a car. However, the question is always how much people should have in these funds. What constitutes a healthy financial cushion?

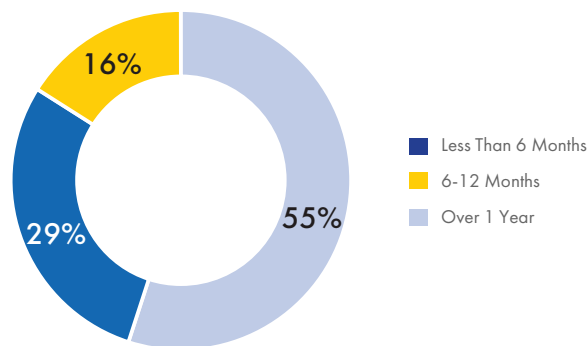
This is where culture comes into play. Respondents across our surveyed regions reported vastly different amounts of emergency savings. While some of these discrepancies can be traced back to differences in income distribution, cultural preferences around investments and mental-emotional security also play a substantial role. For instance, despite both the U.S. and Japan being wealthy, developed economies, 52% of Japanese consumers have enough emergency savings to last a year without income, compared to only 21% of U.S. consumers.

In all surveyed regions, older respondents generally had more emergency savings than younger respondents, reflecting their decades of saving for retirement and old age. However, there were regional differences when savings began seriously ramping up. Taiwanese consumers began saving the earliest, with the sharpest gap between consumers in their 20s and consumers in their 30s. Consumers in Mainland China, Hong Kong and South Korea generally seem to begin saving more in their 40s. In contrast, the sharpest age gap for Japanese and U.S. consumers was between consumers in their 50s and consumers in their 60s, indicating that consumers in these regions take longer to reach their savings goals.

EMERGENCY SAVINGS - U.S.

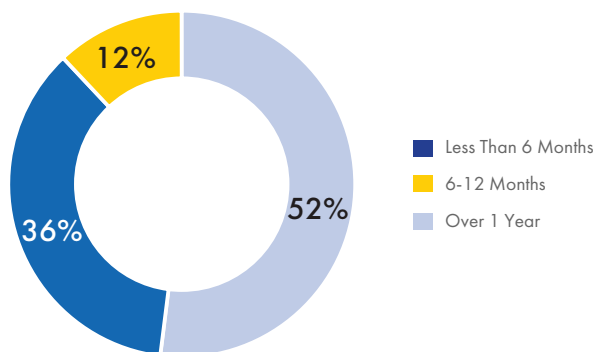


EMERGENCY SAVINGS - MAINLAND CHINA

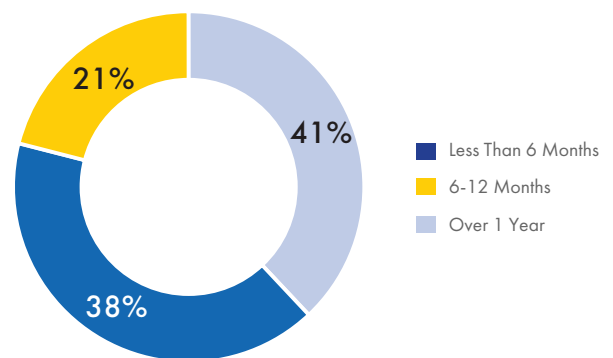




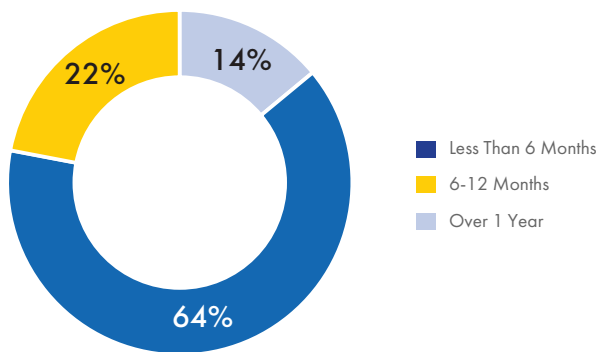
EMERGENCY SAVINGS - JAPAN



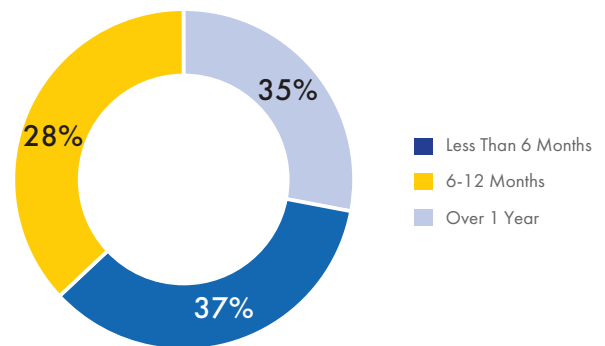
EMERGENCY SAVINGS - SOUTH KOREA



EMERGENCY SAVINGS - HONG KONG



EMERGENCY SAVINGS - TAIWAN



PERSONAL FINANCES (CONT.)

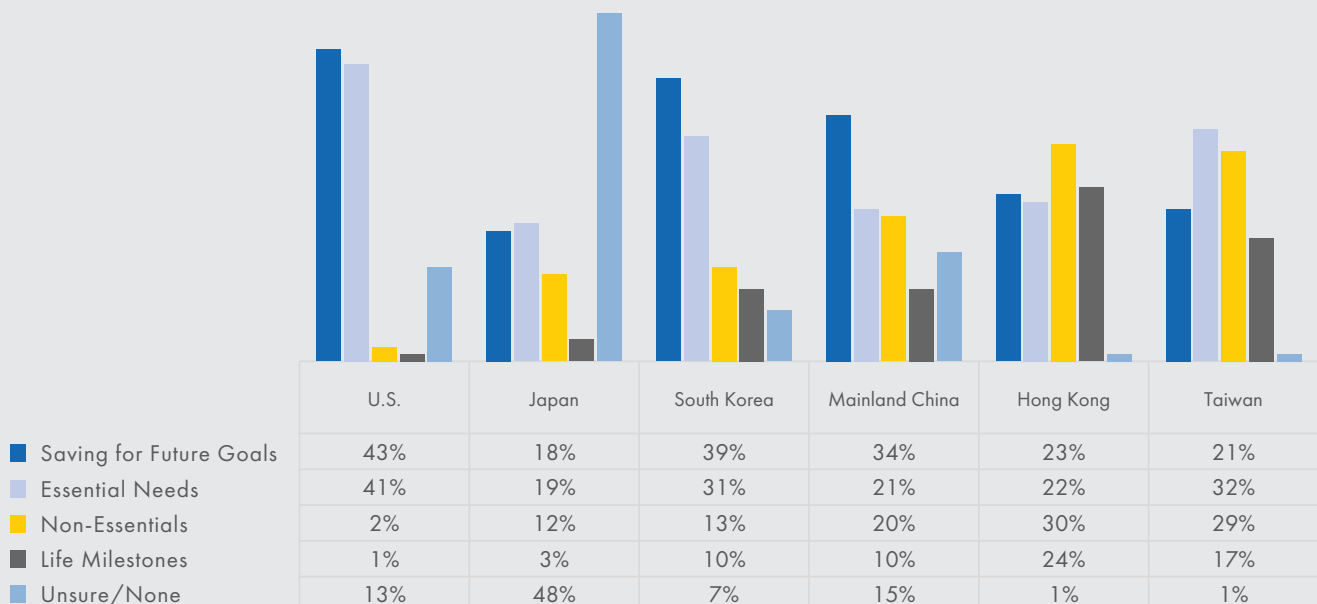


Financial Priorities

Cultural differences also came to the forefront when survey respondents were asked about their top financial priorities in 2023. U.S. consumers overwhelmingly focused on either saving for future goals or meeting essential needs. In contrast, respondents in South Korea, Mainland China, Hong Kong and Taiwan had a much more diverse set of goals, with substantial numbers also selecting experiences and non-essential goods and life milestones like marriage, homeownership or starting a business. Finally, a plurality of Japanese consumers indicated they had no specific financial plans for 2023 at all.

These differences matter greatly as MDRT members seek to learn from peers around the world. Just as the advice given by financial services professionals shapes the decisions of our clients, the priorities of our clients shape the topics financial advisors and insurance agents learn about. Clients who intend to save money for investing are in a different mindset than clients who intend to save money for weddings or vacations. Both are important, but advisors should be aware of the different landscapes in which their peers operate in different parts of the world.

2023 FINANCIAL PRIORITIES BY REGION



INVESTMENT PREFERENCES

Life Insurance

Life insurance remains a crucial part of most people's financial plans across the world, and it is also the foundation of most MDRT members' professional experience. Whether to provide security to loved ones and heirs in the case of early death, or to leave the next generation a nest egg, life insurance plays an irreplaceable role in personal finance recognized by all types of financial services professionals.

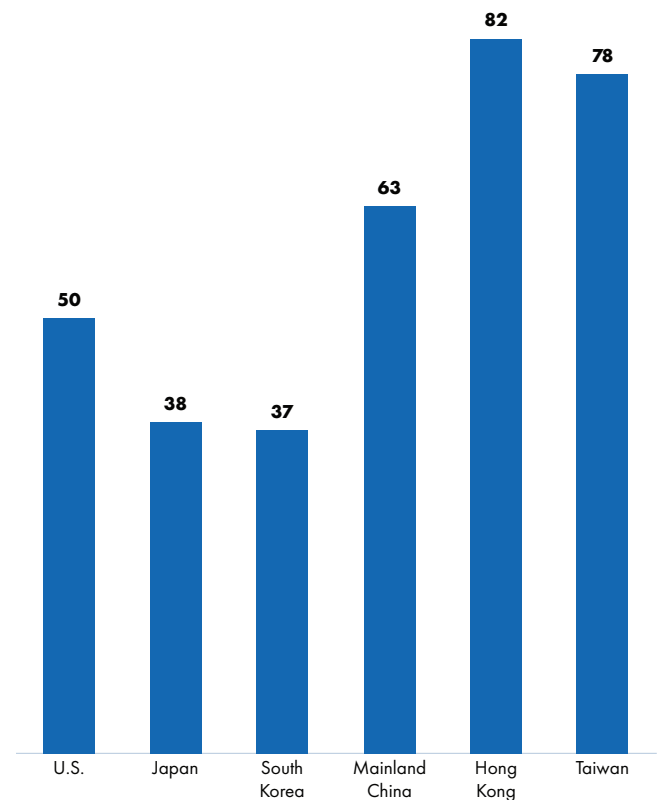
This belief is reflected in most of the regions surveyed by MDRT this year. Large majorities across age, racial and gender lines in the U.S., Mainland China, Hong Kong and Taiwan believe that life insurance is a worthwhile insurance product for those who can afford it. In all four regions, more than 7 in 10 consumers overall believed life insurance was worthwhile. There was also a small age gap in Mainland China, with 78% of 18-29-year-olds seeing life insurance as worthwhile compared to 65% of consumers over age 70. This age gap was reflected in nearly all questions about specific investments in the Mainland China survey.

In contrast, just 49% of South Korean and 32% of Japanese consumers believed life insurance was worthwhile. This is likely in part a reflection of lower trust in financial services due to ethical scandals and a reflection of higher savings rates in these regions. The Japan survey did find a small gender gap, with 34% of men and 29% of women believing life insurance to be worthwhile. The life insurance markets in both countries have seen declines since the COVID-19 pandemic began in 2020, as other investment options become more easily accessible to the public. It will be a mission

for the financial services profession in both countries to help consumers understand that life insurance still has a major role to play in diverse investment and insurance portfolios.

The MDRT surveys did not explicitly differentiate between term and permanent life insurance.

CONSUMERS WHO SEE LIFE INSURANCE AS WORTHWHILE BY REGION



INVESTMENT PREFERENCES (CONT.)

Stocks

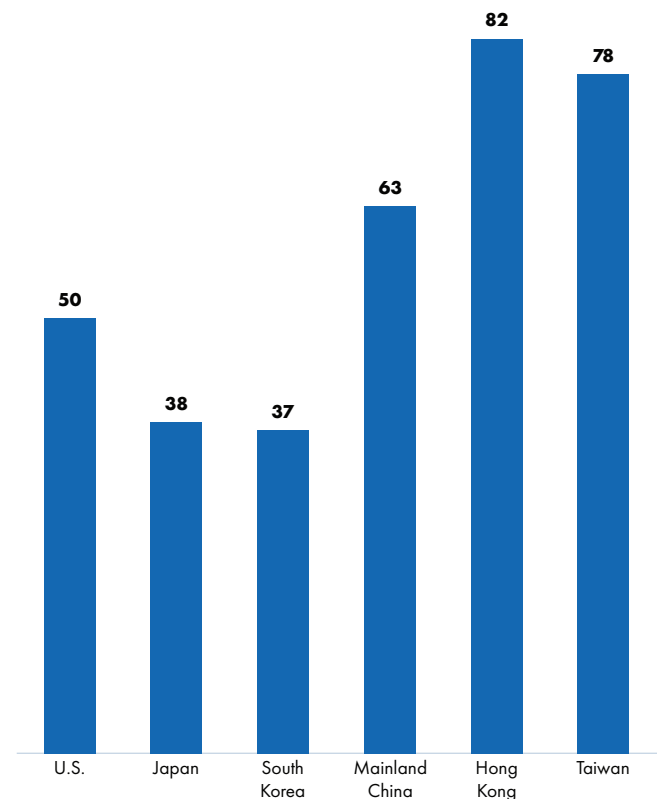
Across surveyed regions, stocks are the most popular investment product (separate from insurance products) among consumers but are less popular than life insurance. While stocks are easily accessible to members of the general public in all surveyed regions, the results show there is much work to be done by financial services professionals in convincing consumers that stocks are a key part of a long-term financial plan.

Stocks are most popular in Chinese-speaking regions, with 82% of Hong Kong, 78% of Taiwanese and 63% of Mainland Chinese consumers believing stocks are worthwhile for those who can afford them. As with other financial products, more 18-29-year-old Mainland Chinese consumers (72%) saw stocks as worthwhile than Mainland Chinese consumers over 70 (43%).

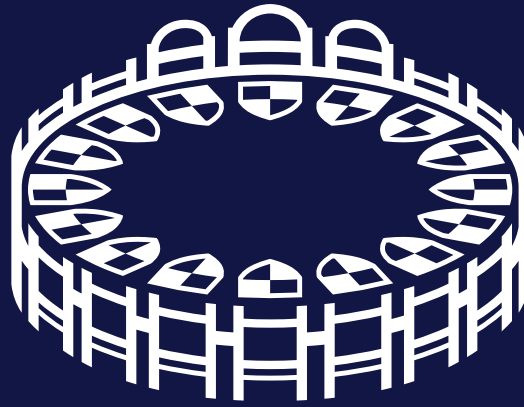
On the other end of the spectrum, just 38% of Japanese and 37% of South Korean consumers believe stocks are worthwhile for those who can afford them. Both countries have significant gender gaps, with men (45% for Japan, 42% for South Korea) more likely to believe stocks are worthwhile than women (31% for Japan, 30% for South Korea). In both regions, the idea of investing in financial markets to save for retirement is relatively new. As the Japanese and South Korean publics adjust to the idea, it will be important for financial advisors to be well-educated on the topic to assuage client concerns and answer questions.

U.S. consumers represent a middle ground, with 50% believing stocks are worthwhile for those who can afford them. However, there is a very large gender gap, with 59% of men believing stocks are worthwhile compared with only 41% of women.

CONSUMERS WHO SEE STOCKS AS WORTHWHILE BY REGION



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INTERESTED IN LEARNING MORE?

Additional data is available from MDRT upon request.
Please reach out to cwong@mdrt.org with questions and
we'll get back to you as soon as possible.

Notes:

1. The Mainland China survey respondents came from four major cities: Beijing, Shanghai, Guangzhou and Shenzhen.

2. Due to cultural differences, data breakouts by generation across surveyed regions are not available. Decade-based age groups were used instead (e.g., age 20-29, 30-39, etc.). The youngest survey respondents were 18 years old in the U.S., Mainland China, Hong Kong and Taiwan, 21 in Japan and 22 in South Korea. The oldest survey respondents in Japan were 79 years old.



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