

Understanding Millennials: Finance Matters

HOUSING IN AN ERA OF CHANGE: A NEW DIRECTION

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Wisma REHDA



Who are the Millennials/Gen Y?

- **Varying definitions:**

- Born in the early 1980s and mid-1990s
- 1981-1998
- 1977-1993
- Aged 18-30
- Aged 20-35
- Aged 18-38



- **Popularly known as:**

- Millennials
- Gen Y
- Internet Generation
- Nexters
- Echo Boomers
- The 'Me' Generation



Why Millennials/Gen Y are Important?

**50% of
Malaysian
workforce**

- 'The **next generation of leaders**'
- They will define the **future of economy**

**Largest
population of
consumers**

- High level of **spending power**
- Make **informed decisions** on their purchases

**'Gen Y will
define the future
of real estate'**

- **Key decision-makers**
- **Key customers**

- By 2030 Gen Y will make up over **50% of the ASEAN** total population.
- '**Largest generation in US history**'

GEN Y
FINANCIAL
STATE OF MIND



AIF Study



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Key Research Questions

- **Do the Gen Ys have the right financial attitude and discipline?**
- **Do the Gen Ys lack financial know-how and are not perturbed by it?**
- **Are the Gen Ys comfortably living on credit?**
- **Can the Gen Ys maintain a good Credit Score and convince FIs they are good paymasters?**

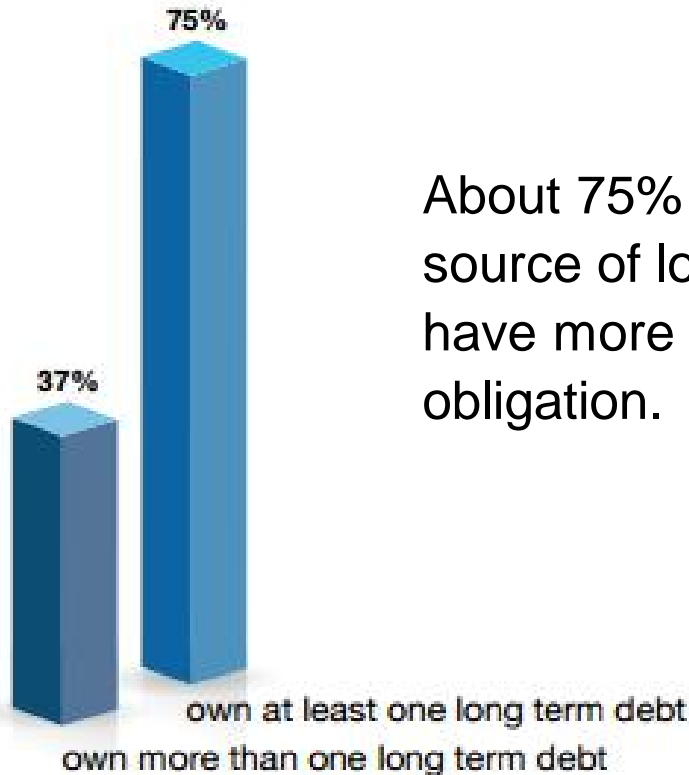
70%

of Gen Ys do not live within their means



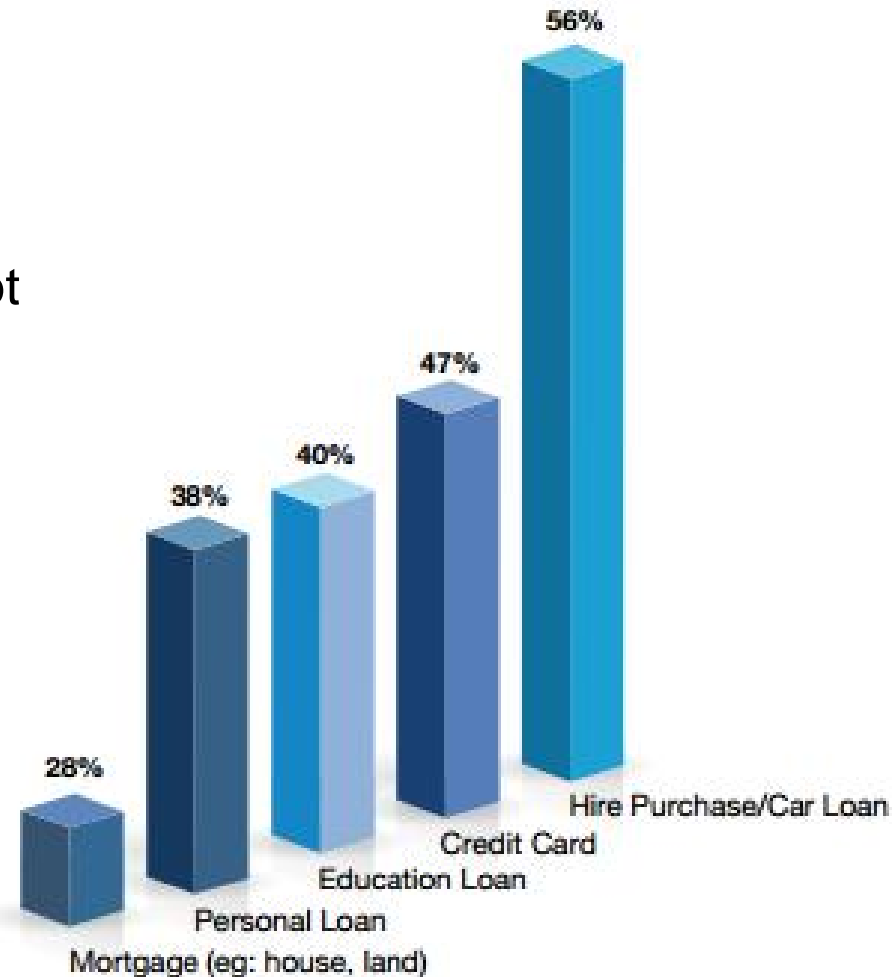
Gen Ys: Living on the Edge

Long-term Debt



About 75% have at least one source of long-term debt and 37% have more than one long-term debt obligation.

Sources of Debt



STUDY DETAILS: Key Research Areas



**Financial
Knowledge of
Gen Y**



**Gen Y
Spending
Behaviour**



**Appetite for
Savings &
Investments**



**Gen Y
Financial
Advice & Trust**



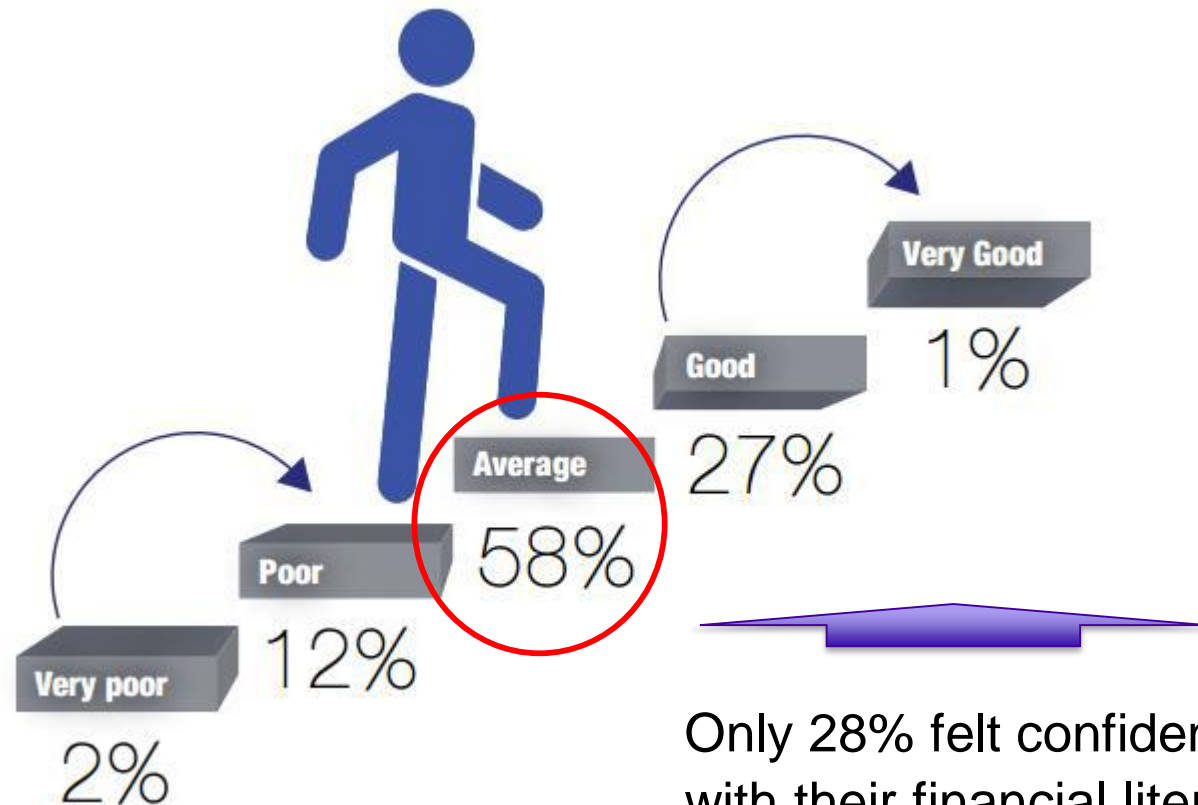
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Financial Knowledge of Gen Y

The majority of Gen Ys rated themselves as average with their financial literacy and ability to handle day-to-day financial matters.



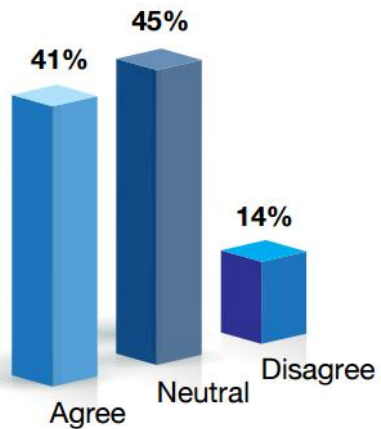
Only 28% felt confident with their financial literacy

How would you assess your overall financial knowledge?

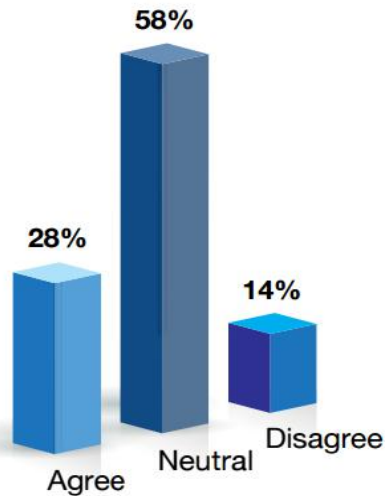


Financial Knowledge of Gen Y

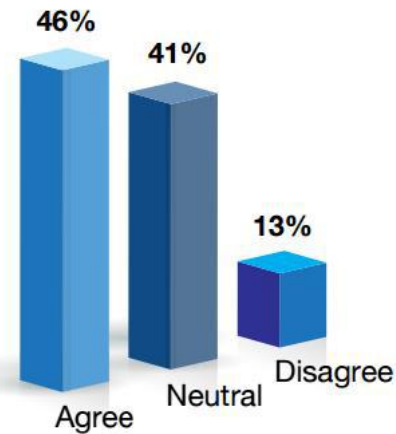
Formal Financial Education



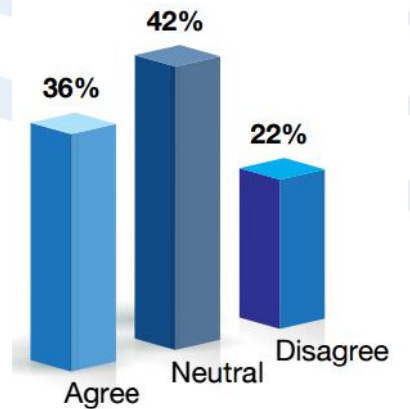
Aware of Financial Risk



Well-informed Financial decisions



Knowledge of Financial Products

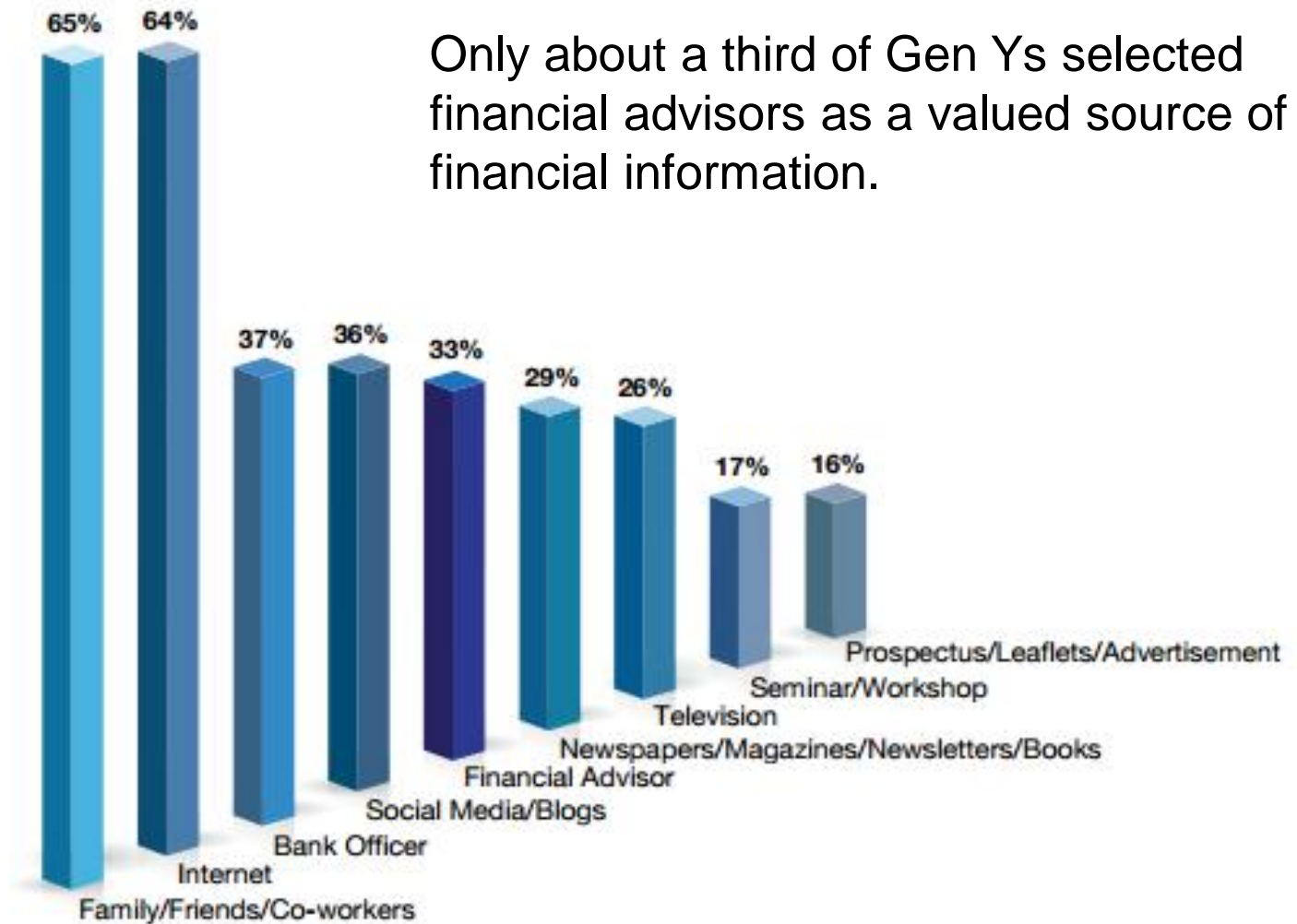


Only about a quarter of Gen Ys said they had knowledge of financial products offered in the market. While as many as 72% may lack an understanding of financial risks.



Financial Knowledge of Gen Y

Gen Ys look to personal network for advice on financial matters. The internet is the next most frequent source of financial information.

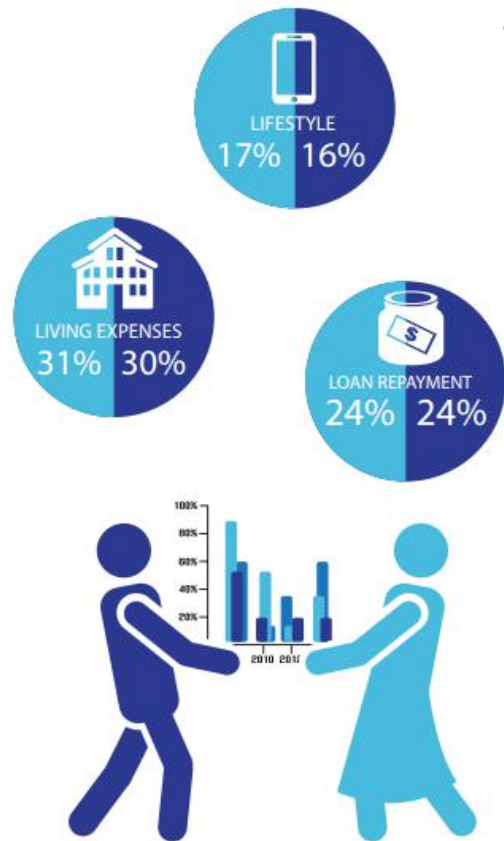


Only about a third of Gen Ys selected financial advisors as a valued source of financial information.

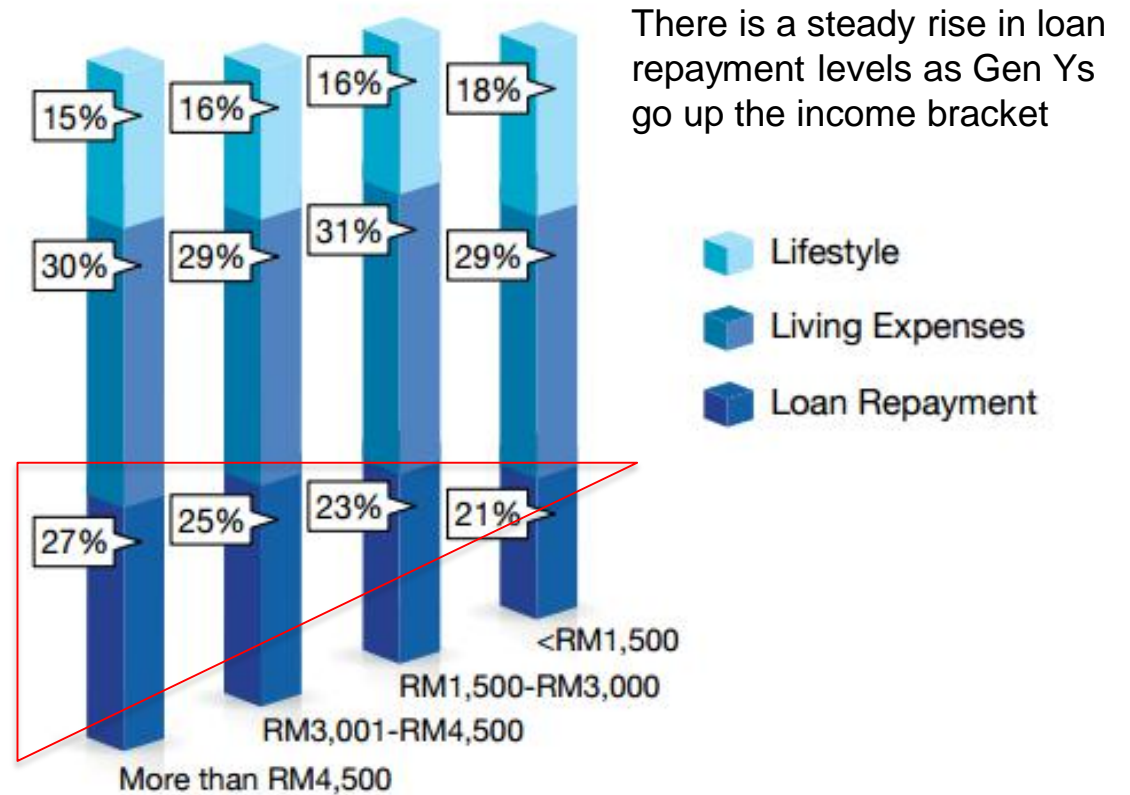


Gen Y Spending Behaviour

Spending Tendencies by Gender



Spending Tendencies by Income



Living expenses constitute the largest chunk of expenses, followed by loan repayments and spending on lifestyle items.



Gen Y Spending Behaviour

40%

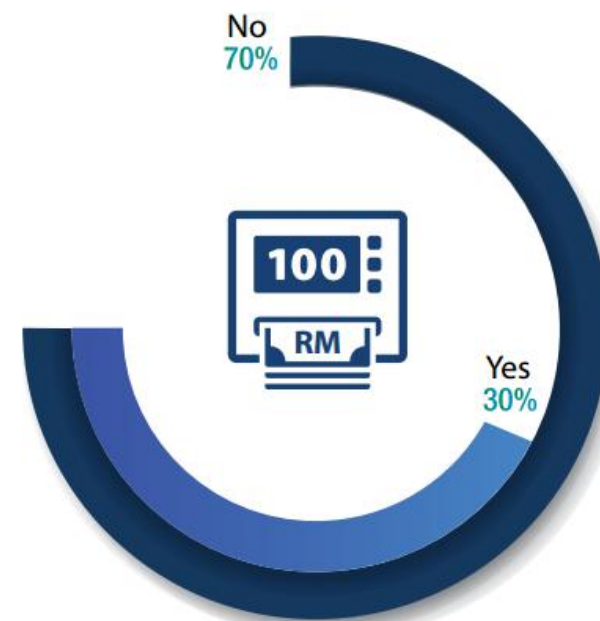
of Gen Ys said they spend more than they can afford



	Disagree (%)	Neutral (%)	Agree (%)
I spend more than I could afford	27	33	40
I pay my debt on time	9	36	55
I always pay the monthly minimum payment for my credit card	30	44	26

Only about a quarter of Gen Ys make sure to pay credit card monthly minimum regularly.

Do You Live Comfortably within Your Current Income?

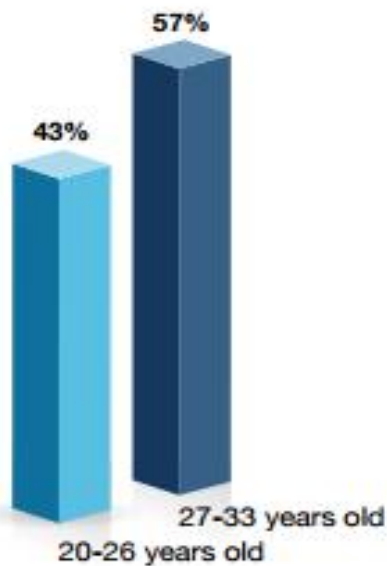


Only 30% of Gen Ys surveyed said they live comfortably within their current income, suggesting a generation that is experiencing financial stress.



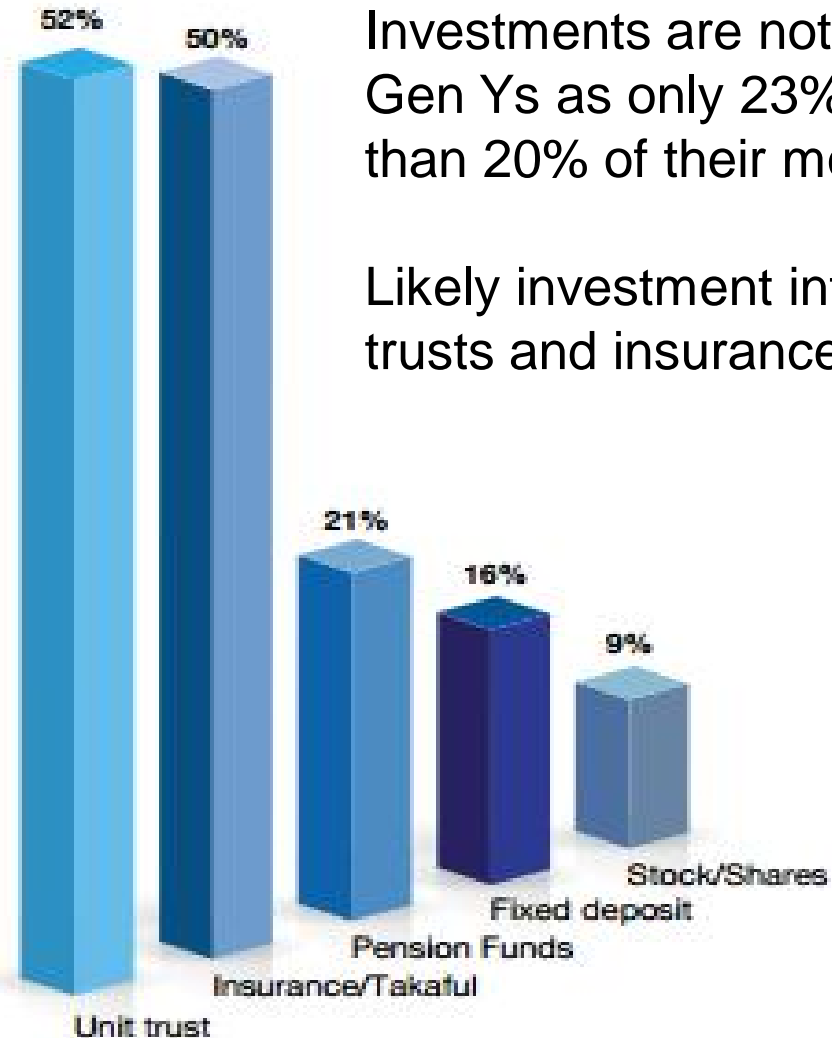
Appetite for Savings & Investments

Saving Tendencies by Age



About 64% of Gen Ys surveyed save a portion of their income every month. Gen Ys' appetite for savings grows with age.

Gen Y Investment Tendencies



Investments are not a priority for Gen Ys as only 23% invest more than 20% of their monthly income.

Likely investment interests are unit trusts and insurance products.

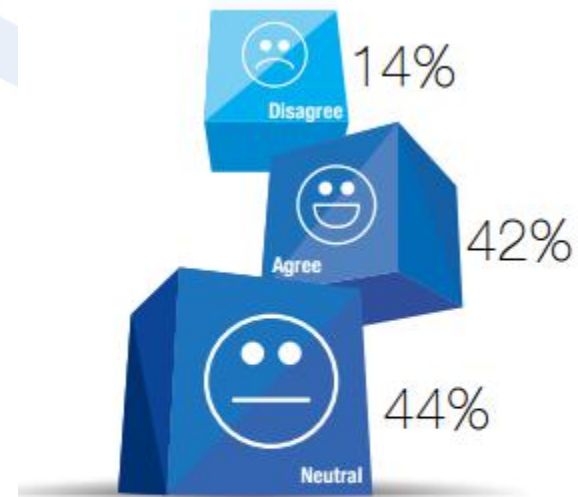


Appetite for Savings & Investments

Saving for Retirement

42%

of Gen Ys claimed to take into account retirement plans when making financial decisions



In making my financial decisions, I take into account my retirement plans

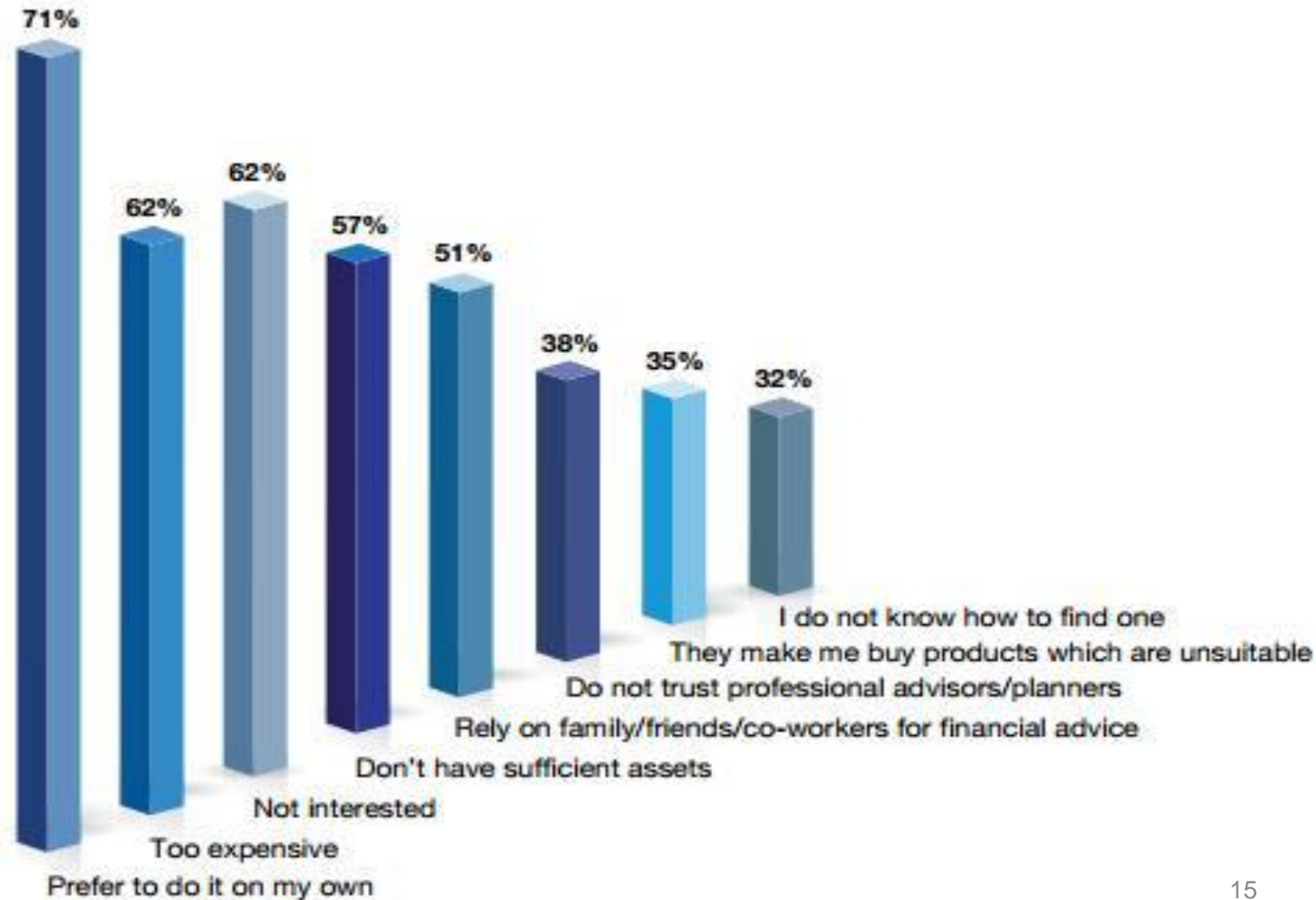
Data indicates limited financial knowledge of long-term investments for Gen Y. About 44% remained 'neutral' when it comes to any retirement plans.



Gen Y Financial Advice & Trust

Reasons for Not using Financial Advisor/Planner

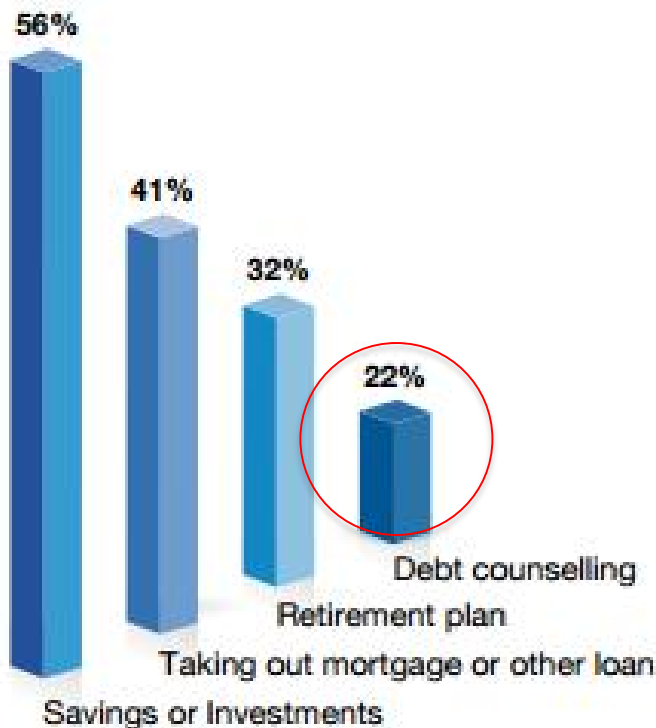
The majority (63%) of Gen Ys who did not opt to seek advice from financial advisors or planners cited 'prefer to do it on my own' 'not interested' and 'too expensive' as the top 3 reasons for not using the latter's services.





Gen Y Financial Advice & Trust

Advice sought from Financial Advisor/Planner



The top three specific areas where Gen Ys sought advice from professional advisors were savings and investments (56%), advice on mortgages or loans (41%) and retirement planning (32%).

This is an indication that there is a segment of Gen Ys, which is concerned about long term savings and investments.

Advice to Financial Services Industry

Collaborate with higher learning institutions and training institutes in educating Gen Ys on financial management.



Enhance levels of professionalism amongst financial advisors.



Offer online personal financial management platforms that are simple and also low-cost.

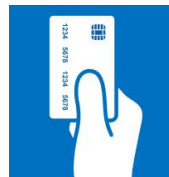


To engage with Gen Ys, financial advisors need to take a broader and more educational role.



Questions to Explore

- **Is home ownership a top priority for the Gen Ys?**
- **What is the Gen Y trade-off logic when it come to home buying?
What are their needs and expectations?**
- **Are the Gen Ys more sophisticated home buyers and in what ways?**
- **What is the Gen Y concept of investing?**
- **Can Gen Y maintain a good Credit Score and secure eligibility for financial access to home ownership?**





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