

DSP BLACKROCK

DSP BlackRock Investor Pulse study 2014 India findings

Cicero Research

14th January 2015



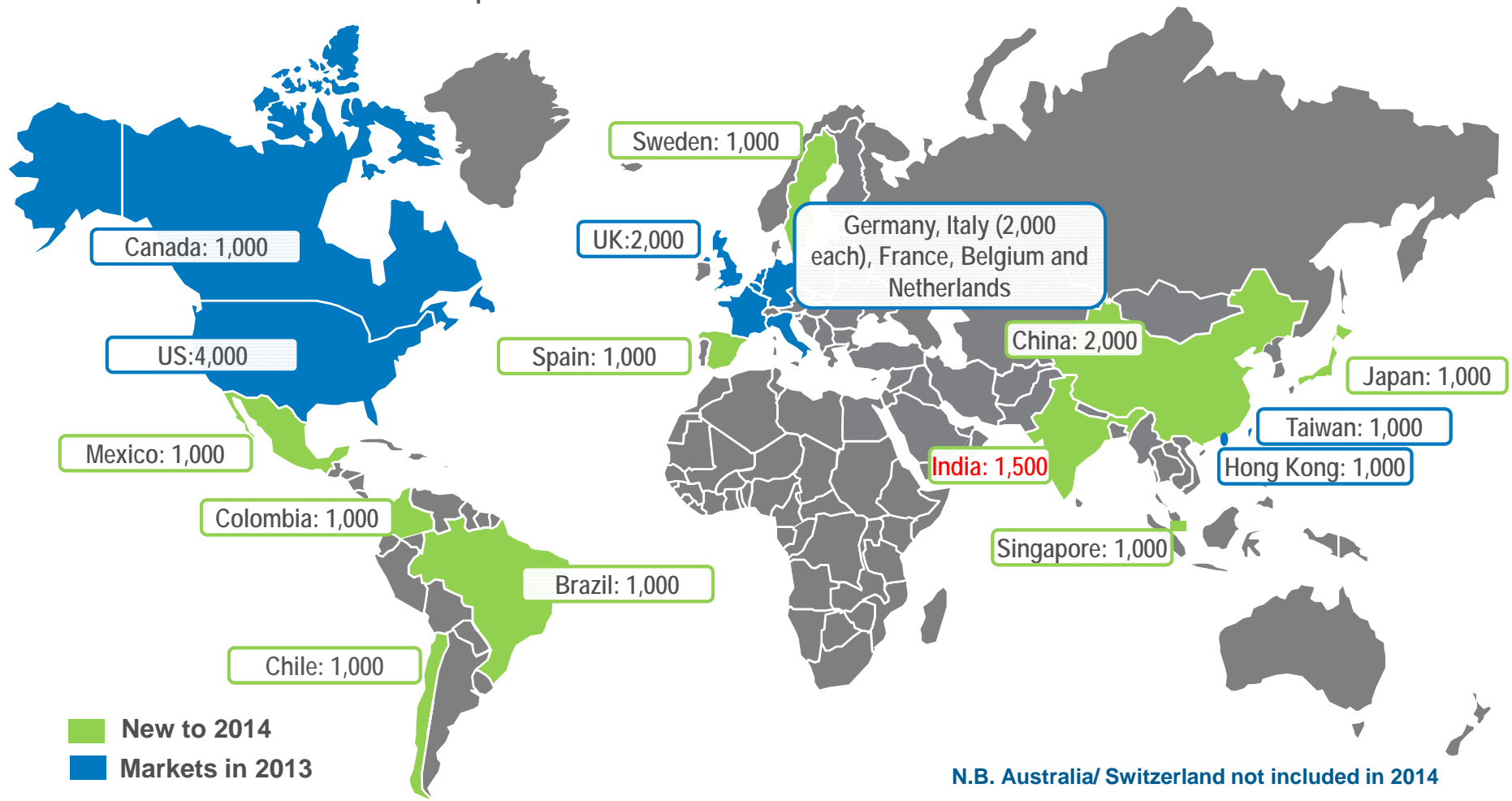
Media presentation

Global Overview and Methodology

Regions/ Markets: 20: US, Canada, Europe (UK, Germany, Italy, France, Belgium, Netherlands, Sweden), LAI (Spain, Mexico, Brazil, Colombia, Chile), Asia (Hong Kong, Taiwan, Singapore, China, Japan, India)

Number of completes: 'Nat rep'- 27,500, including 7,296 'Mass Affluent' respondents

Research Method: Online self-completion



Respondent Profile: India

The India sample is representative of the online population, which tends to be more urban and wealthier than average. As a result poorer people and those living in rural areas where online penetration may be lower are under-represented.

In addition, all interviewing was conducted in English.

All respondents are household financial decision makers age 25-74.

Mass Affluent group:

Defined in India as those satisfying at least one of the following criteria:

- ▶ Personal income of INR 25 Lakh
- ▶ Household income of INR 40 Lakh
- ▶ Investable assets of INR 40 Lakh

Mass Retail group:

Defined as all other respondents.

	Total sample (n=1,500)	%
Affluence level		
Mass Affluent	601	40%
Mass Retail	899	60%
Gender		
Men	767	51%
Women	733	49%
Age		
25-34	484	32%
35-44	415	28%
45-54	310	21%
55-64	207	14%
65-74	84	6%

Executive Summary: Key Indian Messages

1 Indians are positive about their financial future, feel in control of their finances and want to invest more

2 Indians are investing actively, but look for safe and consistent returns while investing

3 Preparing for life's big events is a key driver of savings and investment behaviour

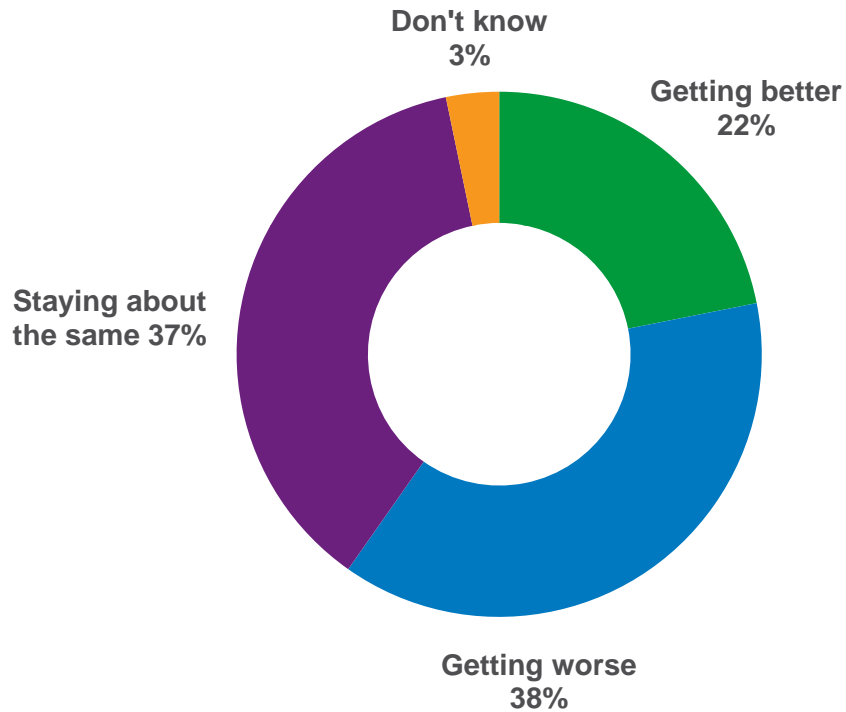
4 When it comes to financial advice, satisfaction and reliance levels are high, and the advised investor feels better prepared

Section 1 - Financial Sentiment, Optimism and Control

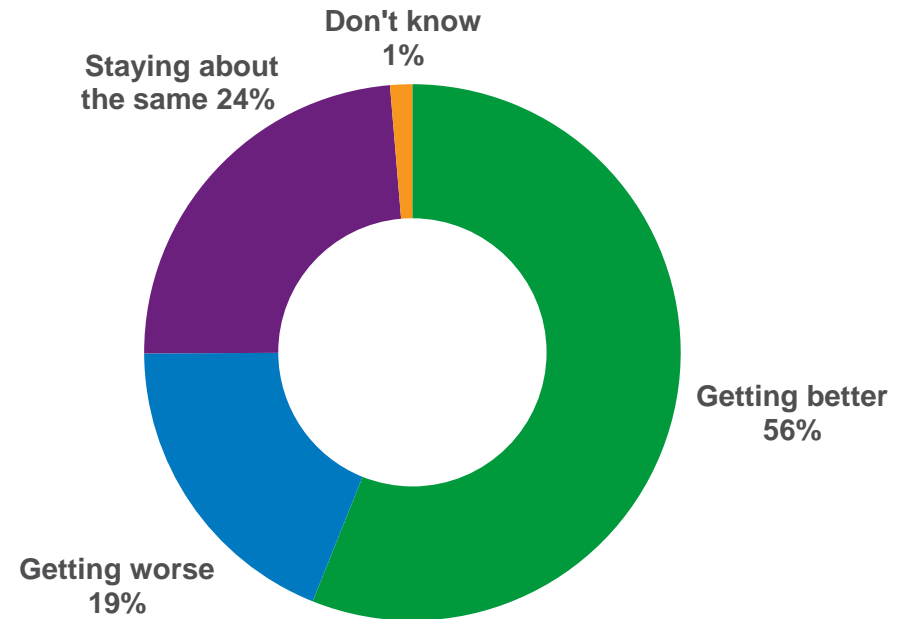
Indians are positive about their financial future, feel in control of their finances and want to invest more

Sentiment Towards Economy: Global vs India

Global

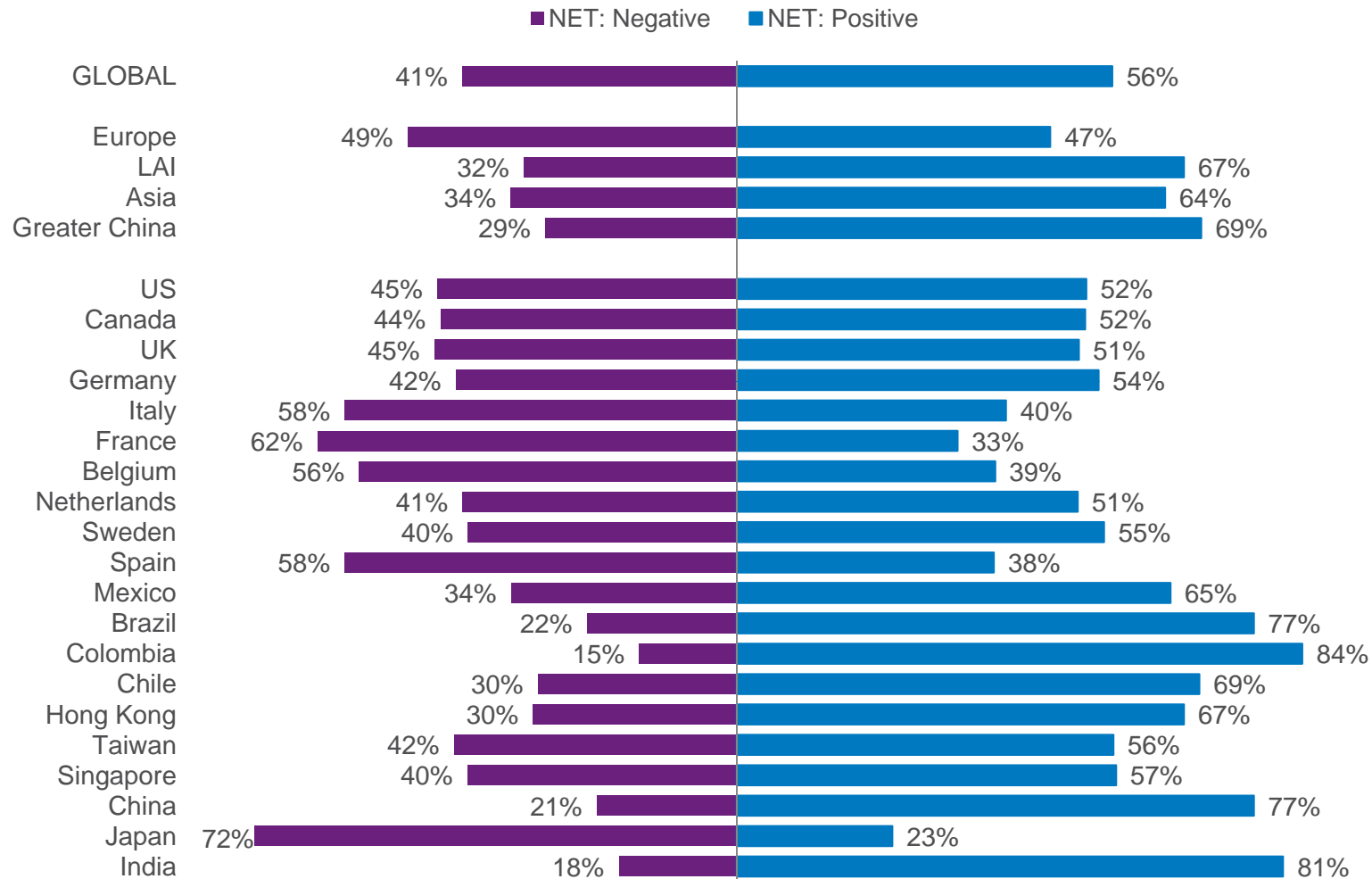


India



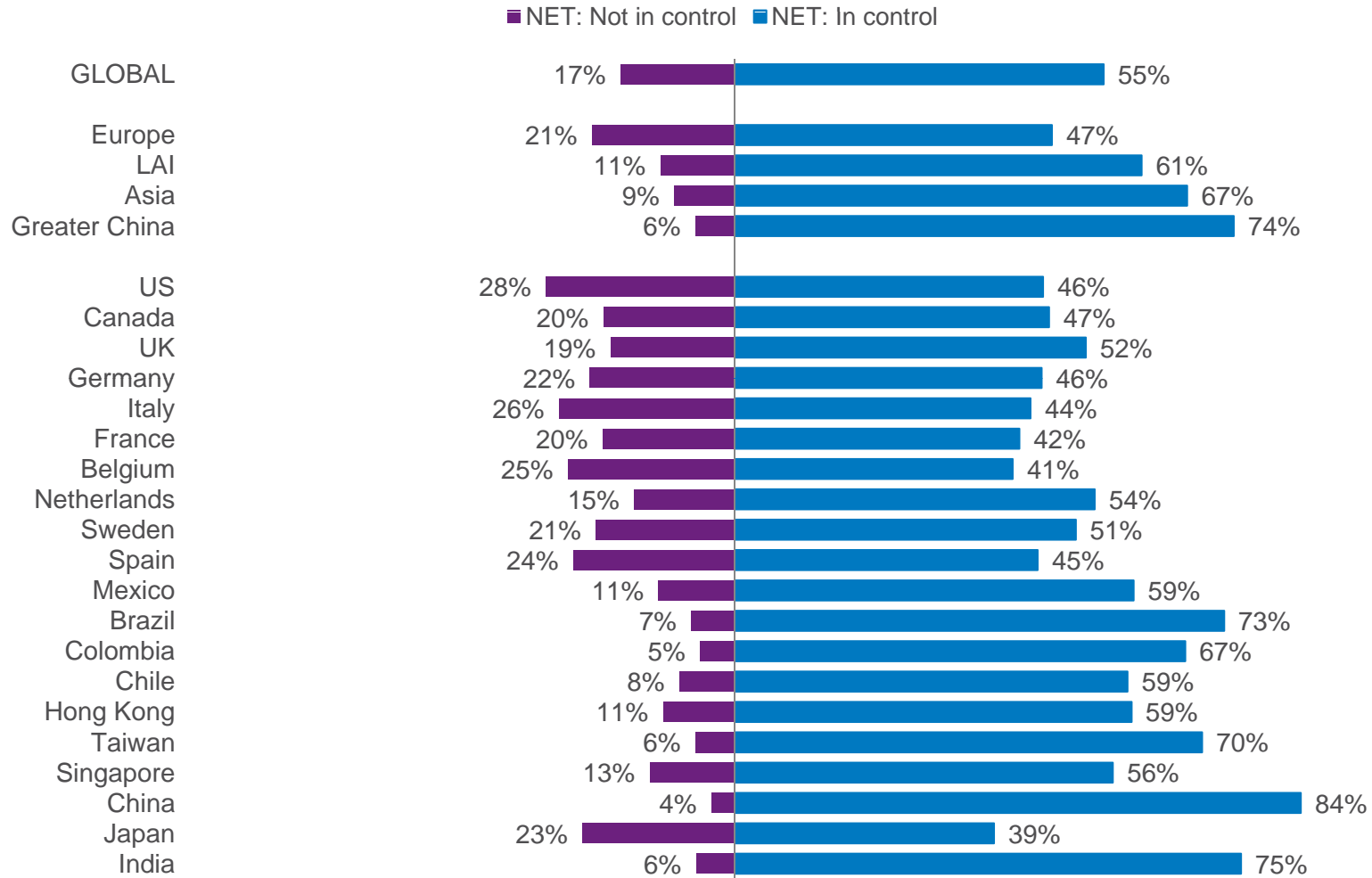
The majority of Indians - 56% - feel that the economy is getting better, significantly higher than the rest of the world

Positivity About Financial Future – Global vs India



Indians are very positive about their financial future – they have the highest feelings of positivity in Asia, and second highest globally

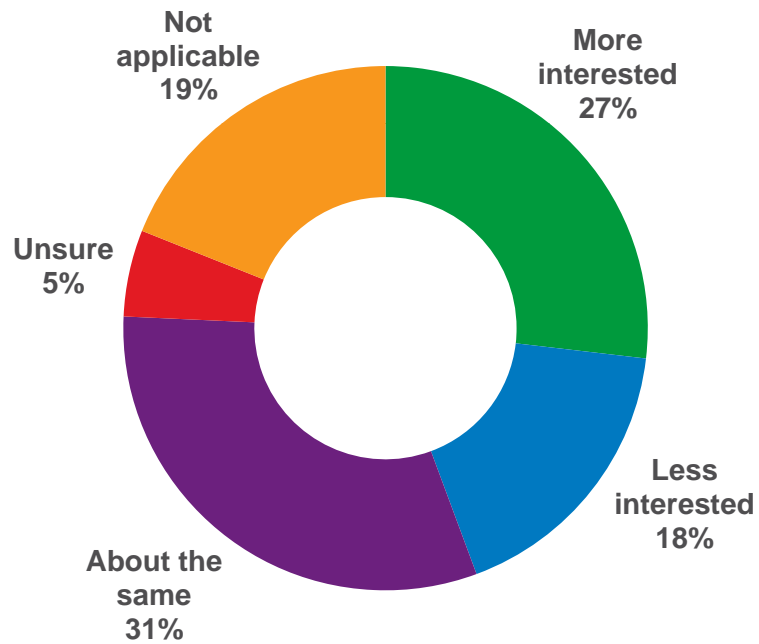
Control of Financial Future: Global vs India



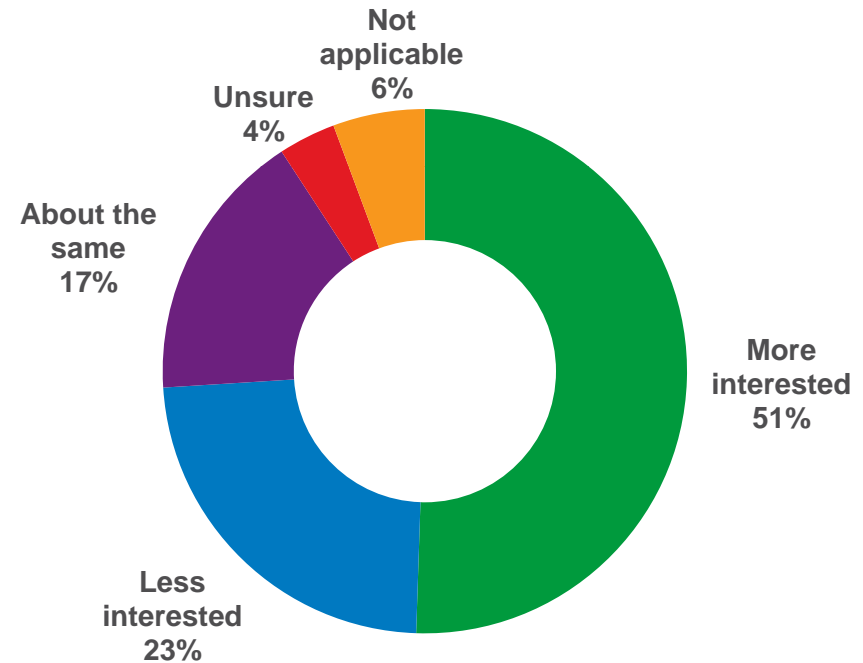
In line with their high levels of positivity, the majority of Indians feel in control of their financial future

Willingness to Invest in Stocks Compared to Five Years Ago

Global

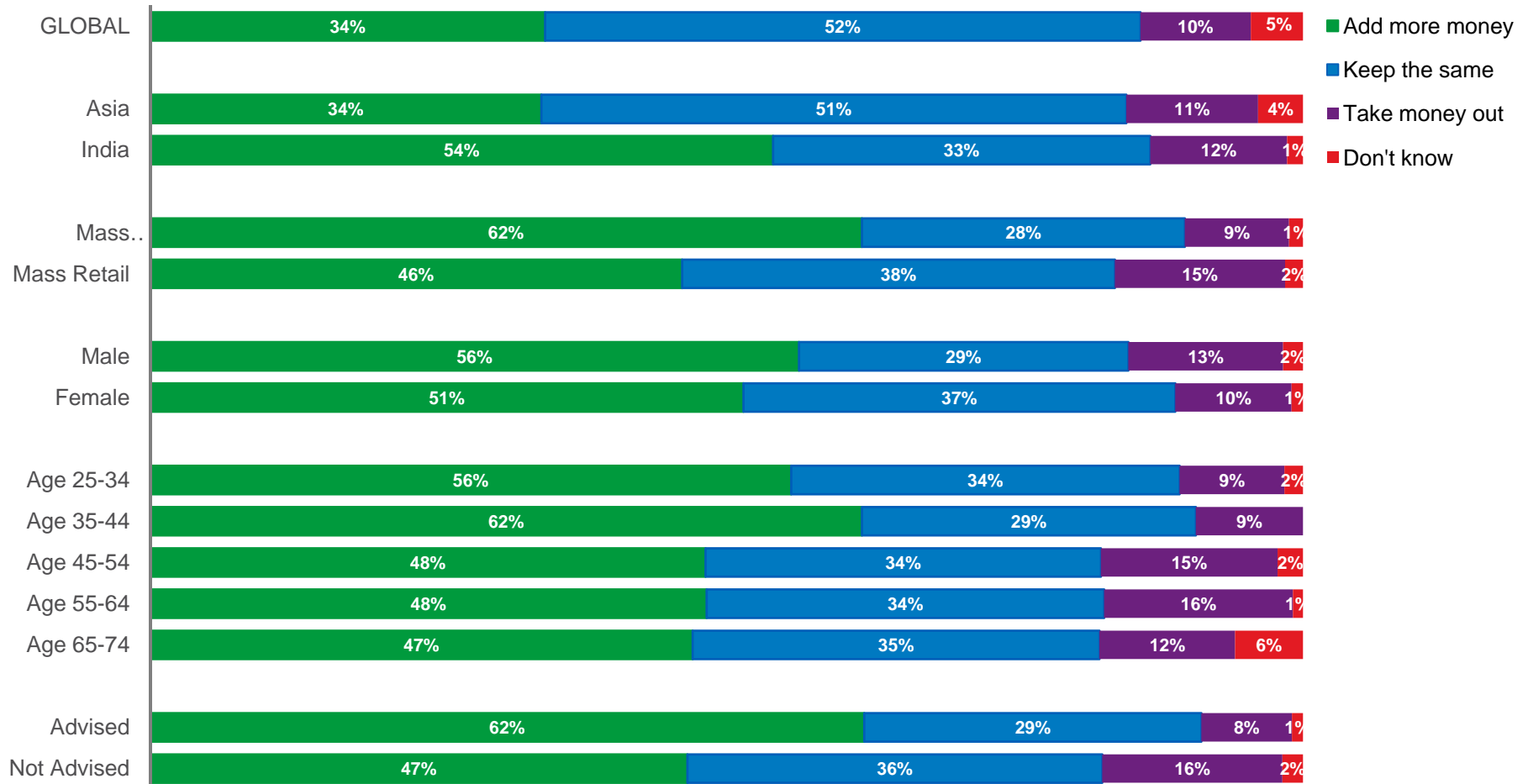


India



The majority of Indians - 51% - are more interested in investing in stocks compared to five years ago

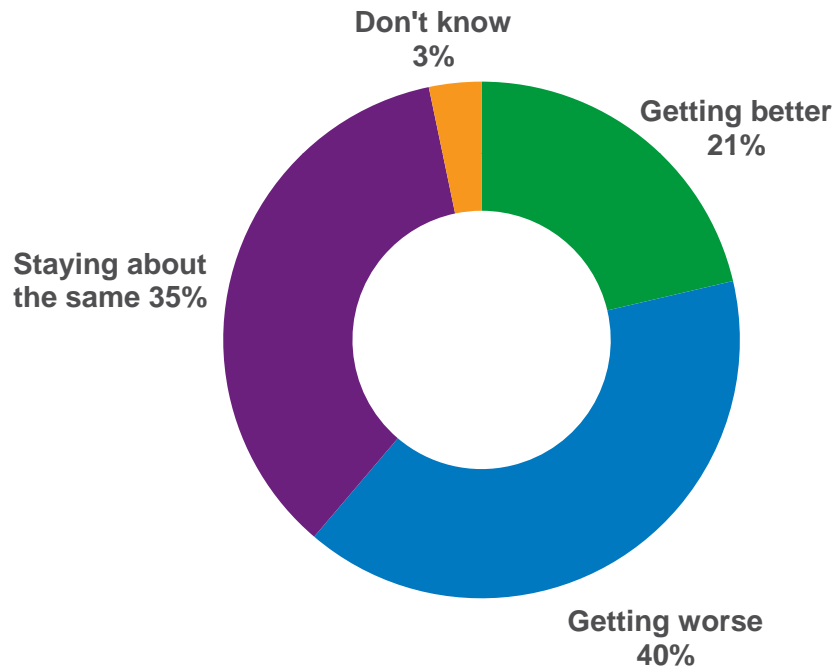
Willingness to invest in Equities Over the Next Twelve Months



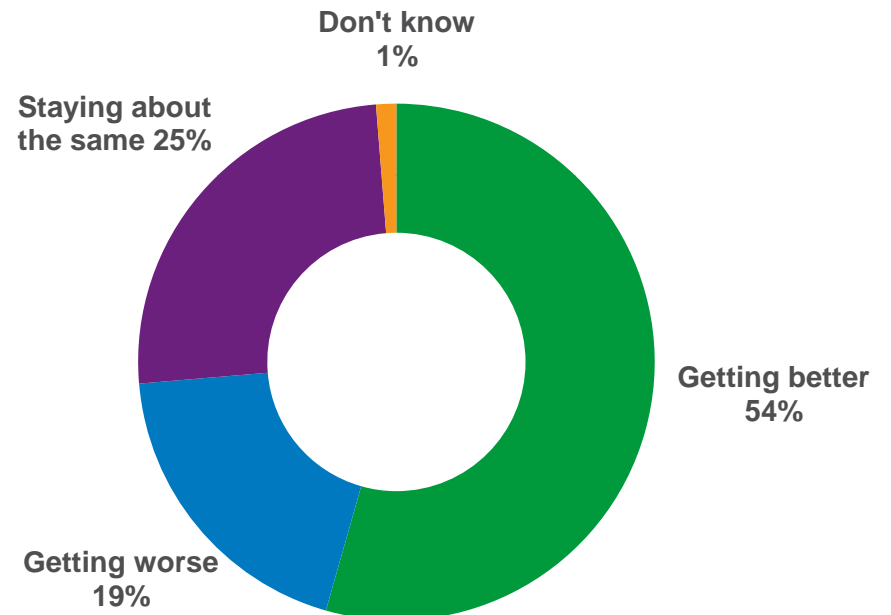
Indians are much more likely to increase their holdings of equities over the next twelve months than the rest of the world

Sentiment Towards the Job Market: Global vs India

Global

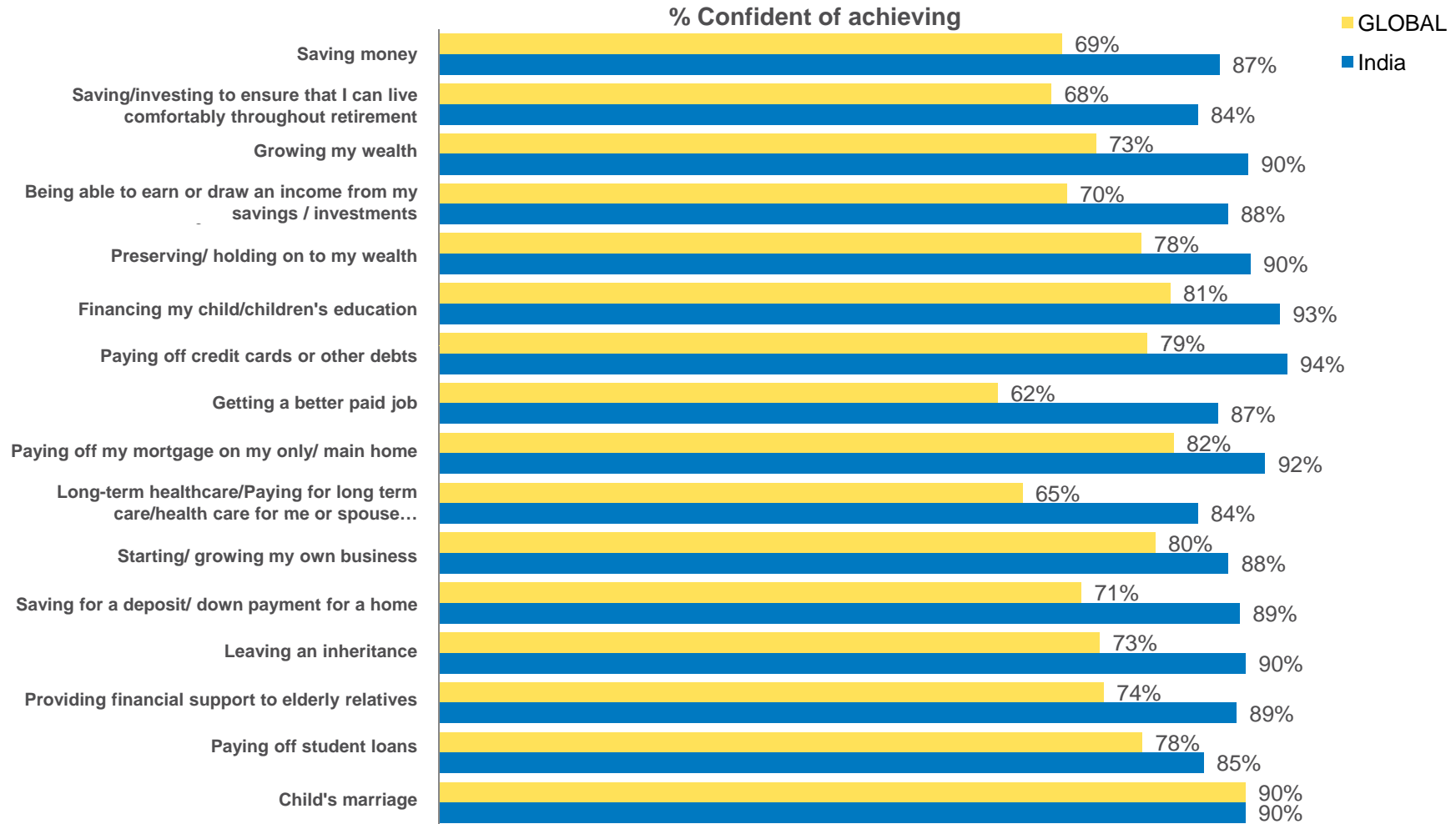


India



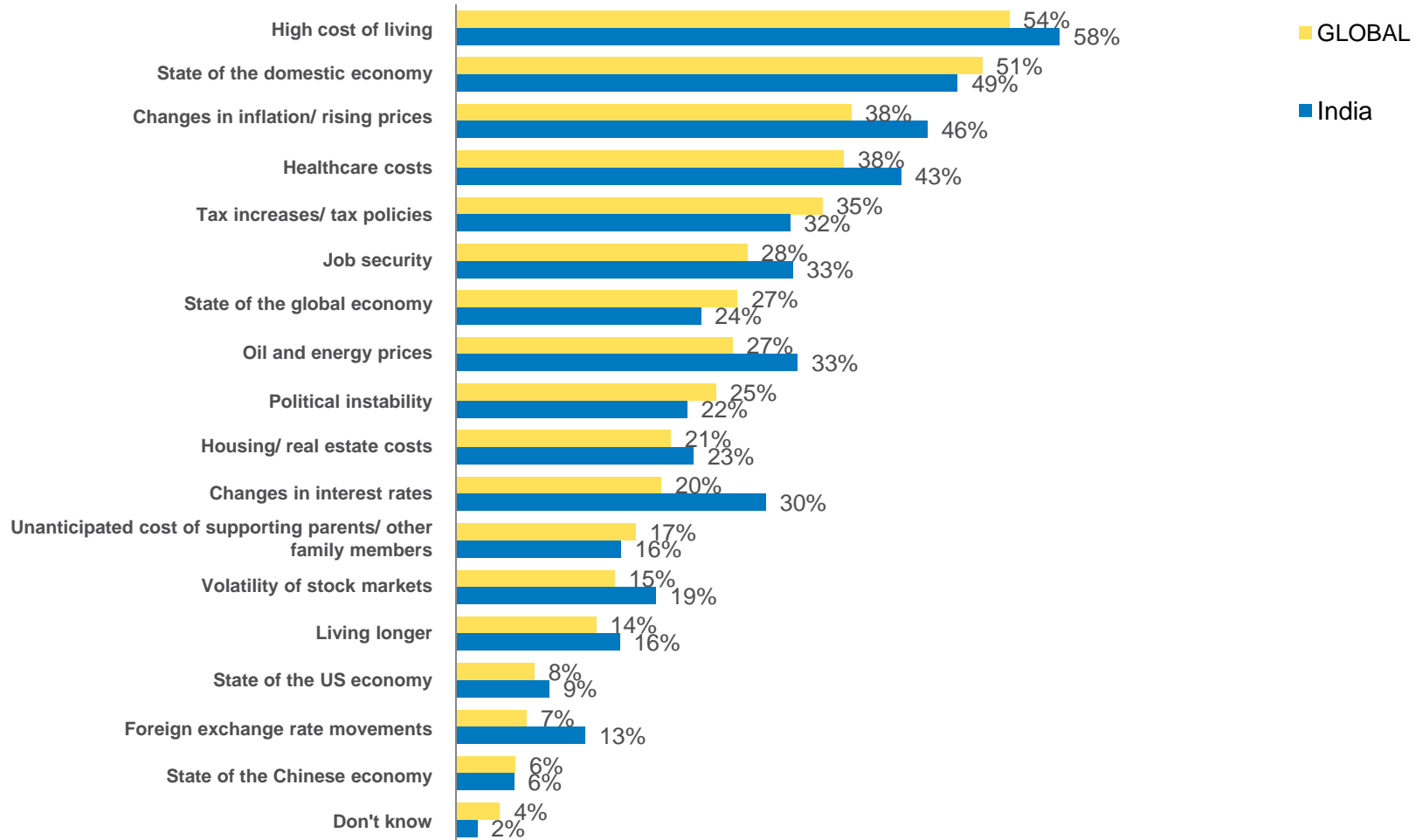
The majority of Indians - 54% - feel that the job market is getting better

Confidence in Achieving Financial Goals: Global vs India



Confidence in achieving financial goals is high. Indians are most confident about being able to pay off debts and mortgages, and financing their children's education

Concerns that Pose a Risk to Financial Future: Global vs India



Indians are most concerned about the high cost of living, the state of the domestic economy and inflation when it comes to potential risks to their financial future

Summary: Financial Sentiment, Optimism and Control

Indians are very positive about their financial future, feel in control of their finances and are confident in making saving and investment decisions

- ▶ 81% are positive about their financial future. The average for Asia is 64% and the global average is 56%.
- ▶ In line with their high levels of positivity, the majority of Indians feel in control of their financial future – 75%.
- ▶ Levels of confidence are also high, with 78% of feeling confident that they are making the right savings and investment decisions.

Indians are most confident about being able to pay off debts, finance their children's education, and pay off mortgages.

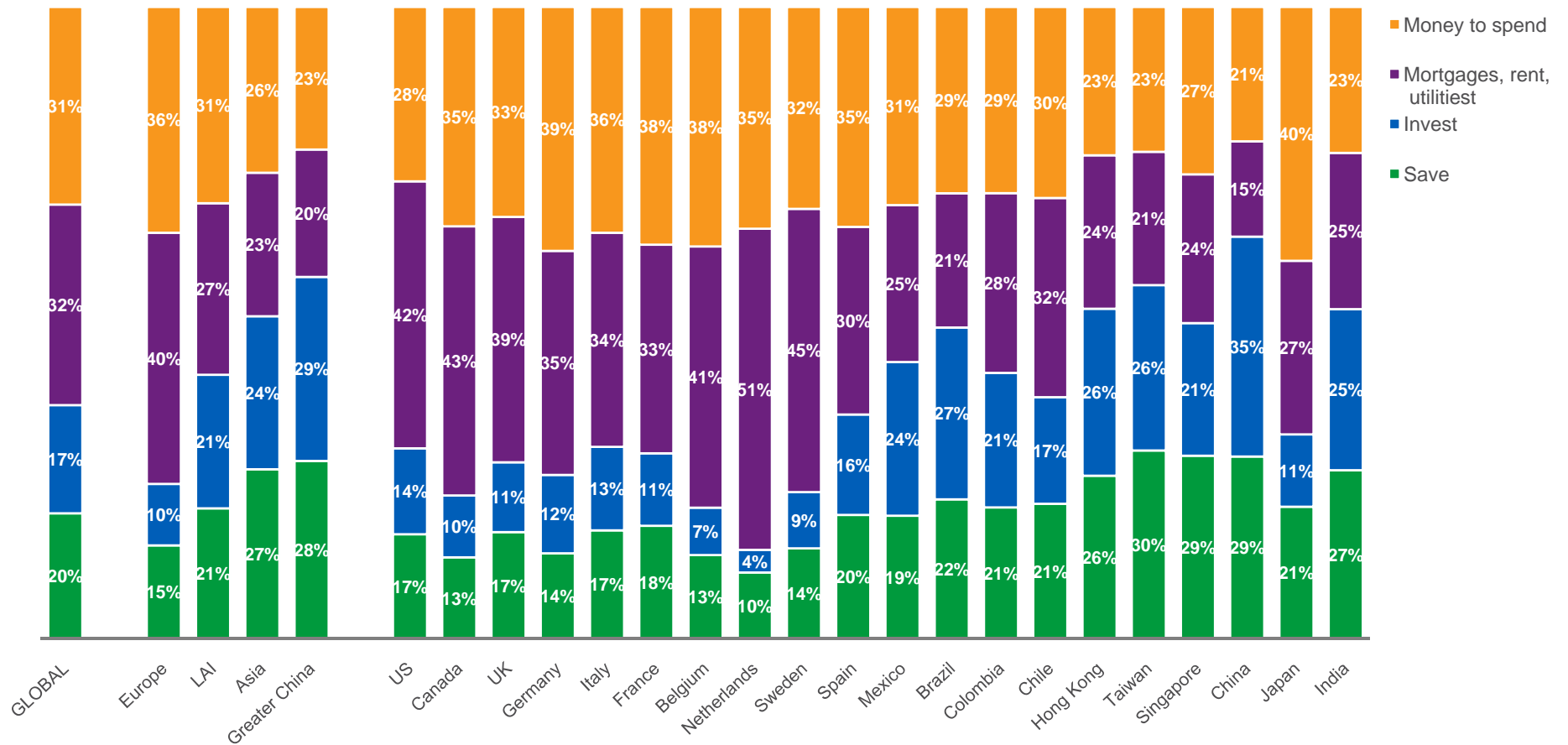
Indians are most concerned about the high cost of living, the state of the domestic economy and inflation when it comes to potential risks to their financial future.

- ▶ Despite these concerns, the majority of Indians - 56% - feel that the economy is getting better.
- ▶ Over half of Indians (51%) are more interested in investing in equities now than they were five years ago

Section 2 – Asset Allocation

Indians invest actively, but look for safe and consistent returns while investing

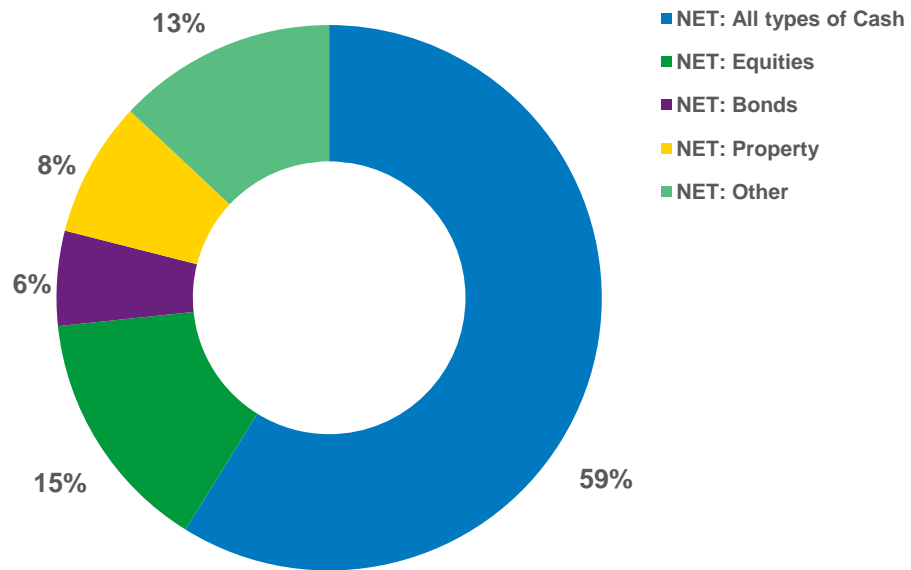
Saving and Investment Patterns: Global vs India



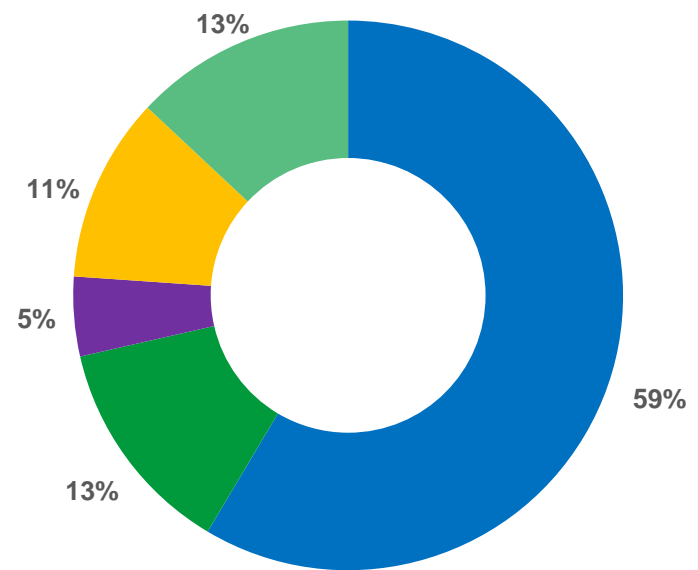
Indians save a lot – about 27% of take home pay is saved, and 25% is invested. This is higher than the global average, and much higher than Europe and the Americas

Cash as a Proportion of Savings and Investment Portfolios: Global vs India

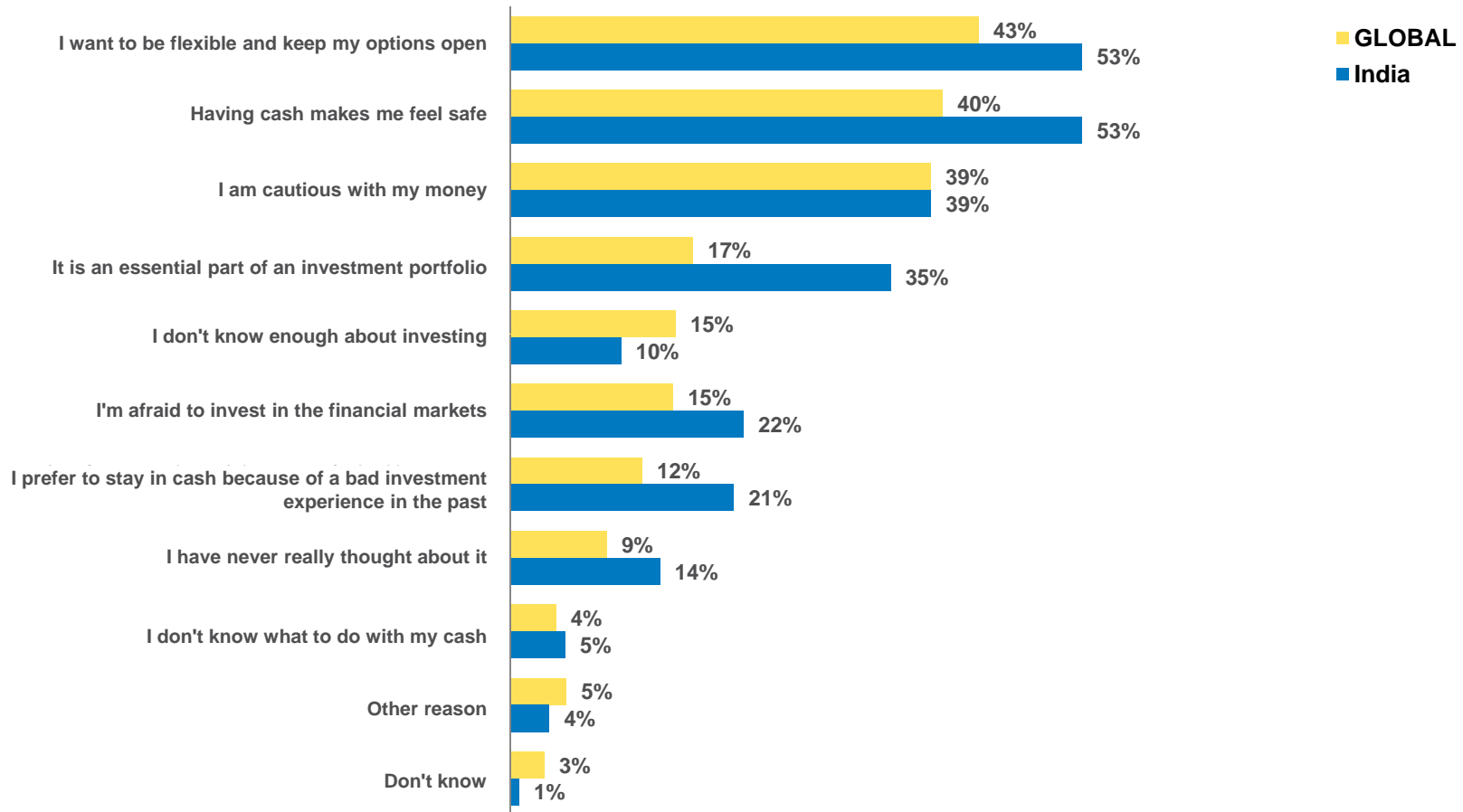
Global



India

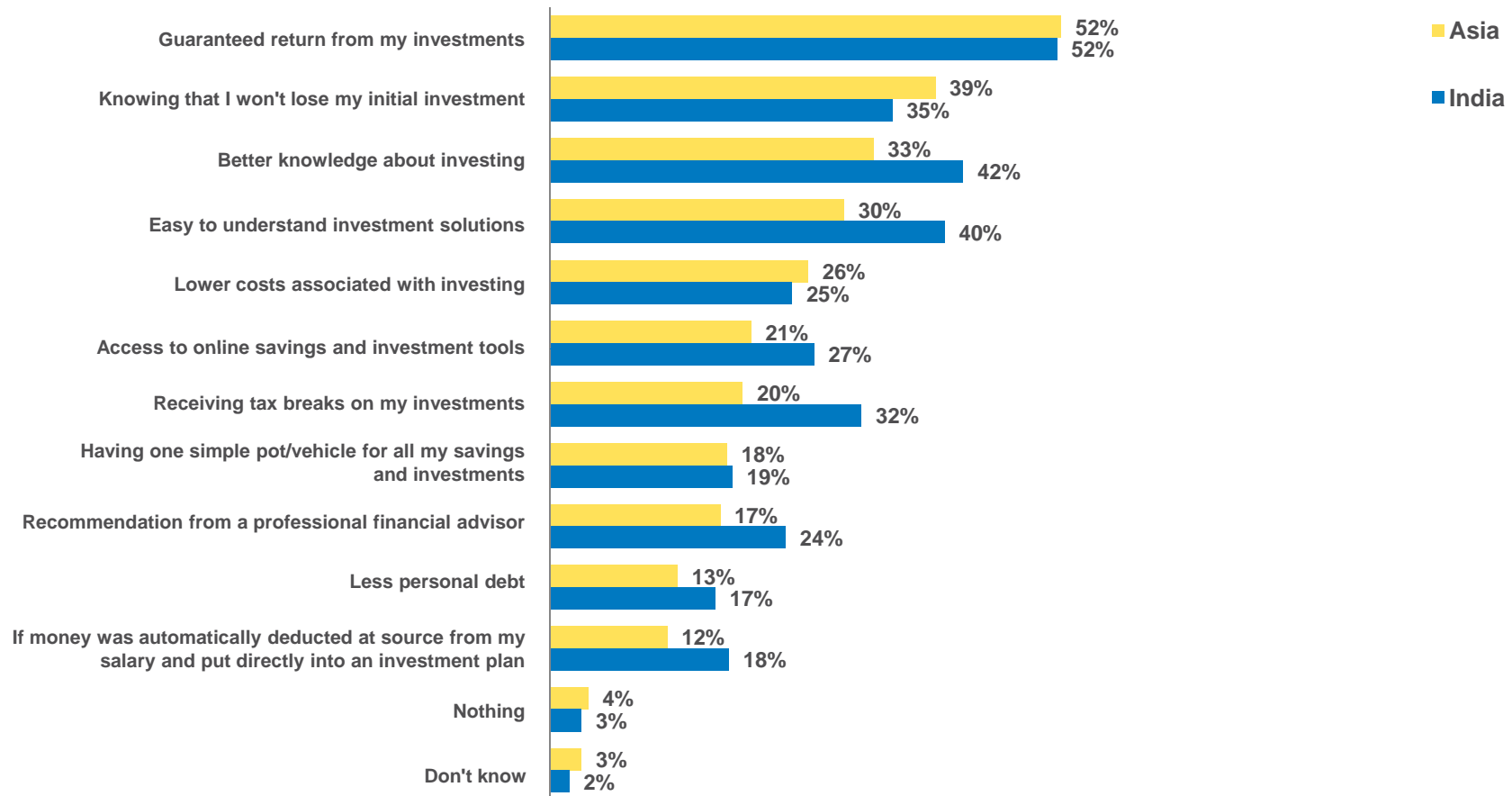


Reasons Cited for Holding Cash: Global vs India



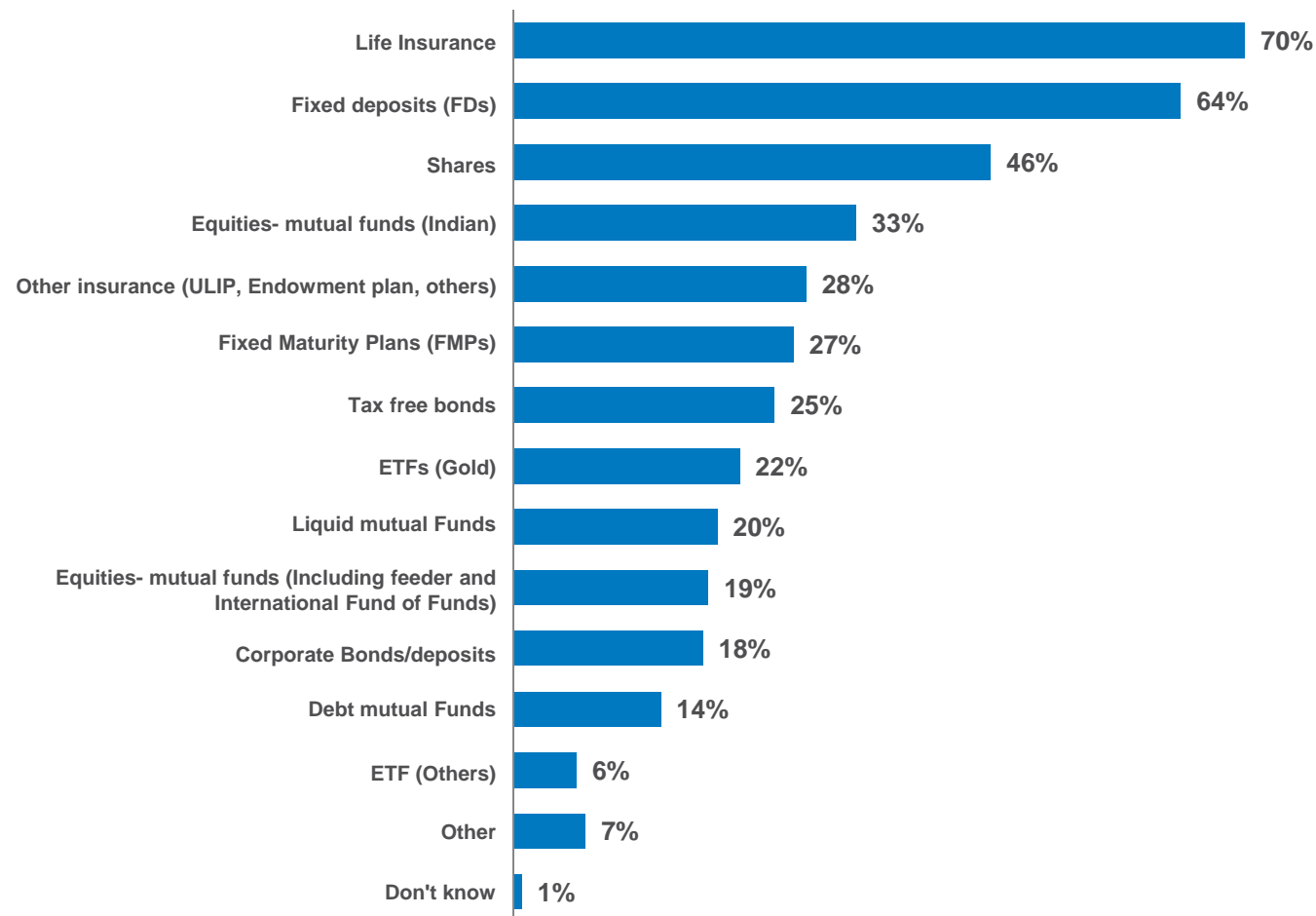
Flexibility, feelings of safety and being cautious are the main reasons cited for holding cash deposits. Twice as many Indians believe it is an essential part of a portfolio compared to globally

What Would Encourage Indians to Invest More of Their Cash Savings into Other Investments



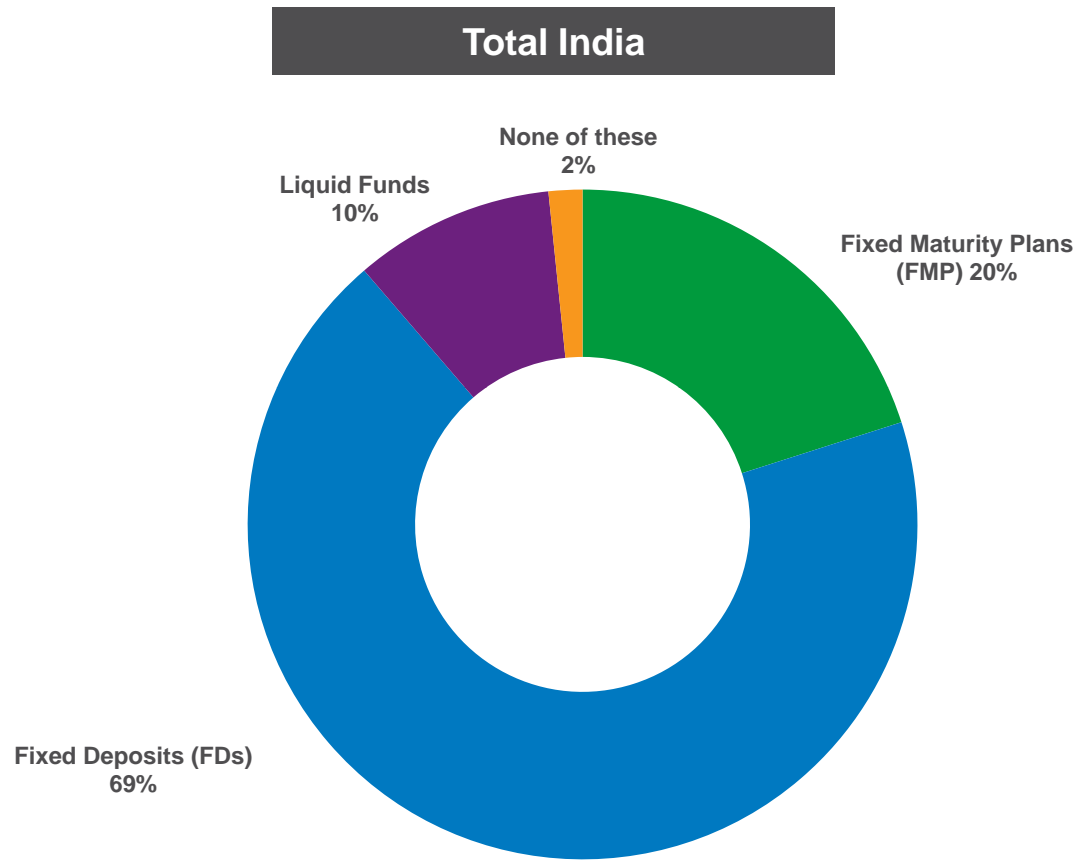
Guaranteed returns, better knowledge and easy to understand solutions are more likely to encourage Indians to invest more of their cash savings into other investments

Investments Other than Cash Held by Indians



Among those holding investments other than cash, 70% of Indians hold life insurance products, 64% FDs and 36% hold shares

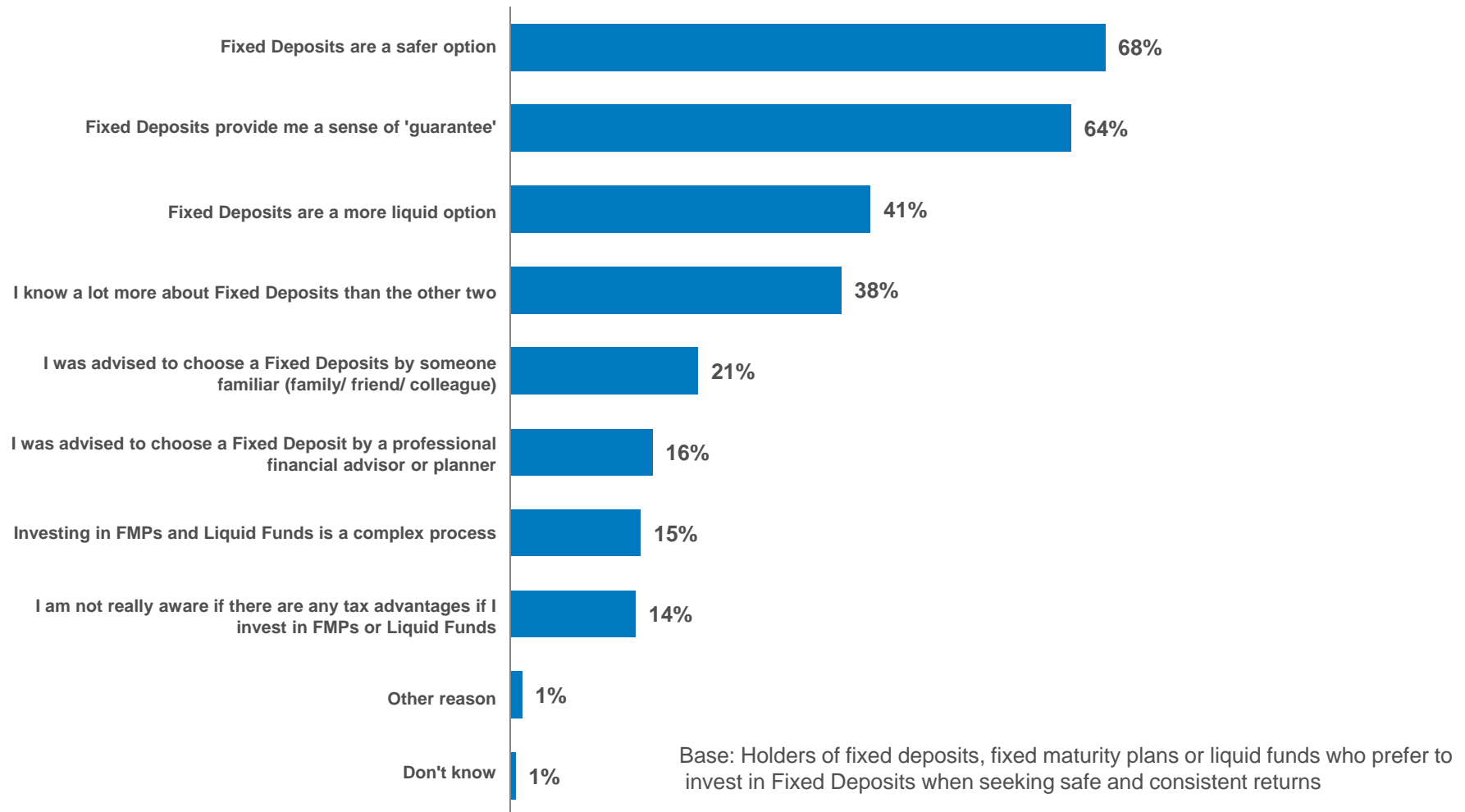
Preference Between Fixed Deposits/ Fixed Maturity Plans/ Liquid Funds



Base: Holders of fixed deposits, fixed maturity plans or liquid funds

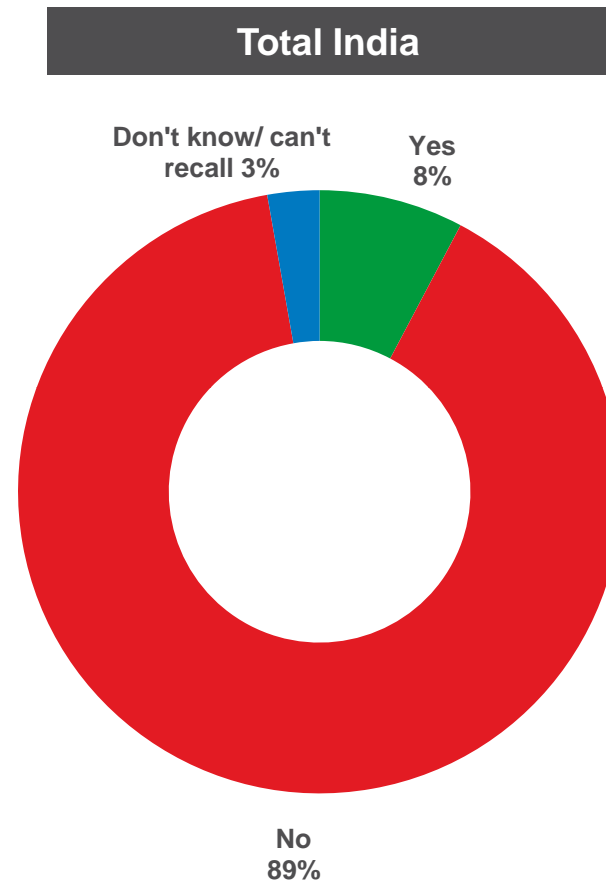
Indians are more likely to invest in Fixed Deposits when seeking both safe and consistent returns. Fixed Maturity Plans come second

Reasons for Preferring Investments in Fixed Deposits over Fixed Maturity Plans and Liquid Funds



Of those that prefer to invest in fixed deposits, the main reason is that they are seen as a safer option. They also offer a sense of guarantee

Are Indians Investing Outside India?



Only 8% of Indians are investing outside of India. Indians have a significant home bias

Summary: Asset Allocation

Indians have a high propensity to save and invest, with more than half of take home pay being allocated to savings and investments.

- ▶ Indians typically save 27% of their monthly income and invest 25%. This is much higher than the global averages of 20% and 17% respectively.
- ▶ Although cash is popular, of those who hold investments other than cash, 70% of Indians hold life insurance products, 64% FDs and 46% hold shares.
- ▶ Twice as many Indians believe cash is an essential part of a portfolio compared to globally.

Guaranteed returns, better knowledge and easy to understand solutions are more likely to encourage Indians to invest more of their cash savings into other investments.

There is a significant home market bias - only 8% of Indians are investing outside of India.

Section 3 – Preparing for Life Events

Preparing for life's big events is a key driver of savings and investment behaviour in India

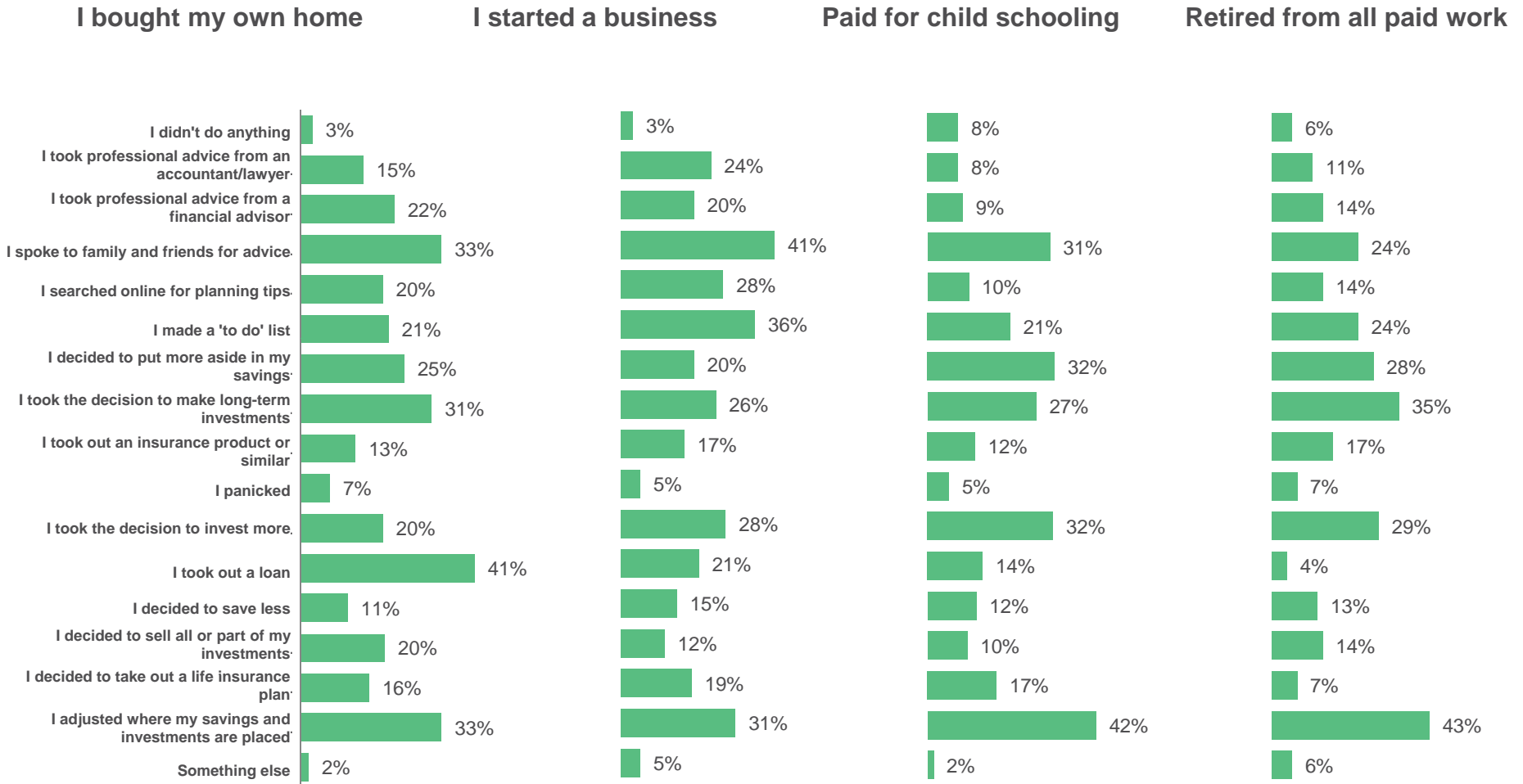
Most Commonly Experienced Events in the Last Ten Years: Global vs India

Events experienced in last 10 years



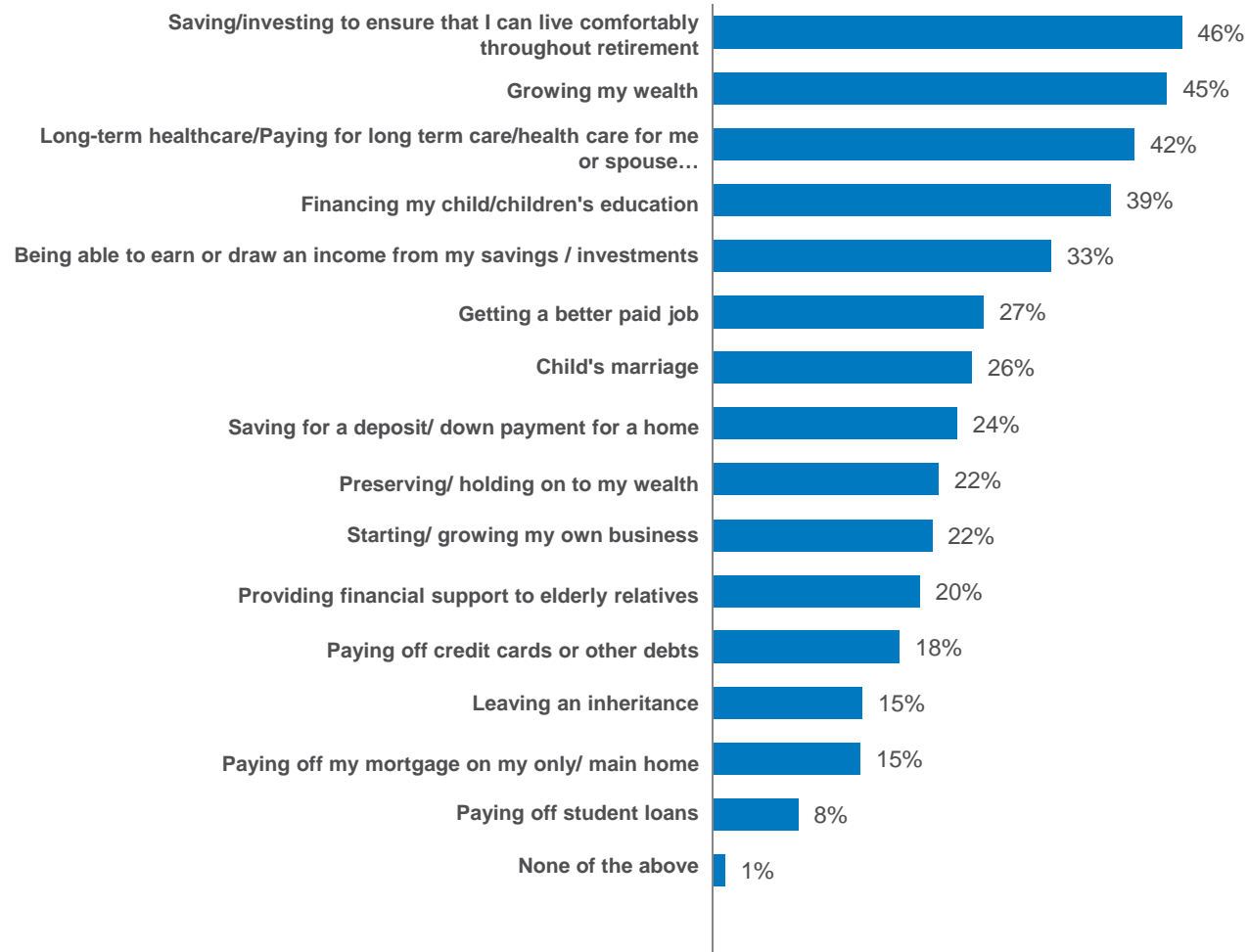
Indians have a wide range of life experiences; paying for a child to go to school and buying a home are the most commonly experienced events in the last ten years

Steps Taken to Prepare for the Financial Implications of Major Life Events



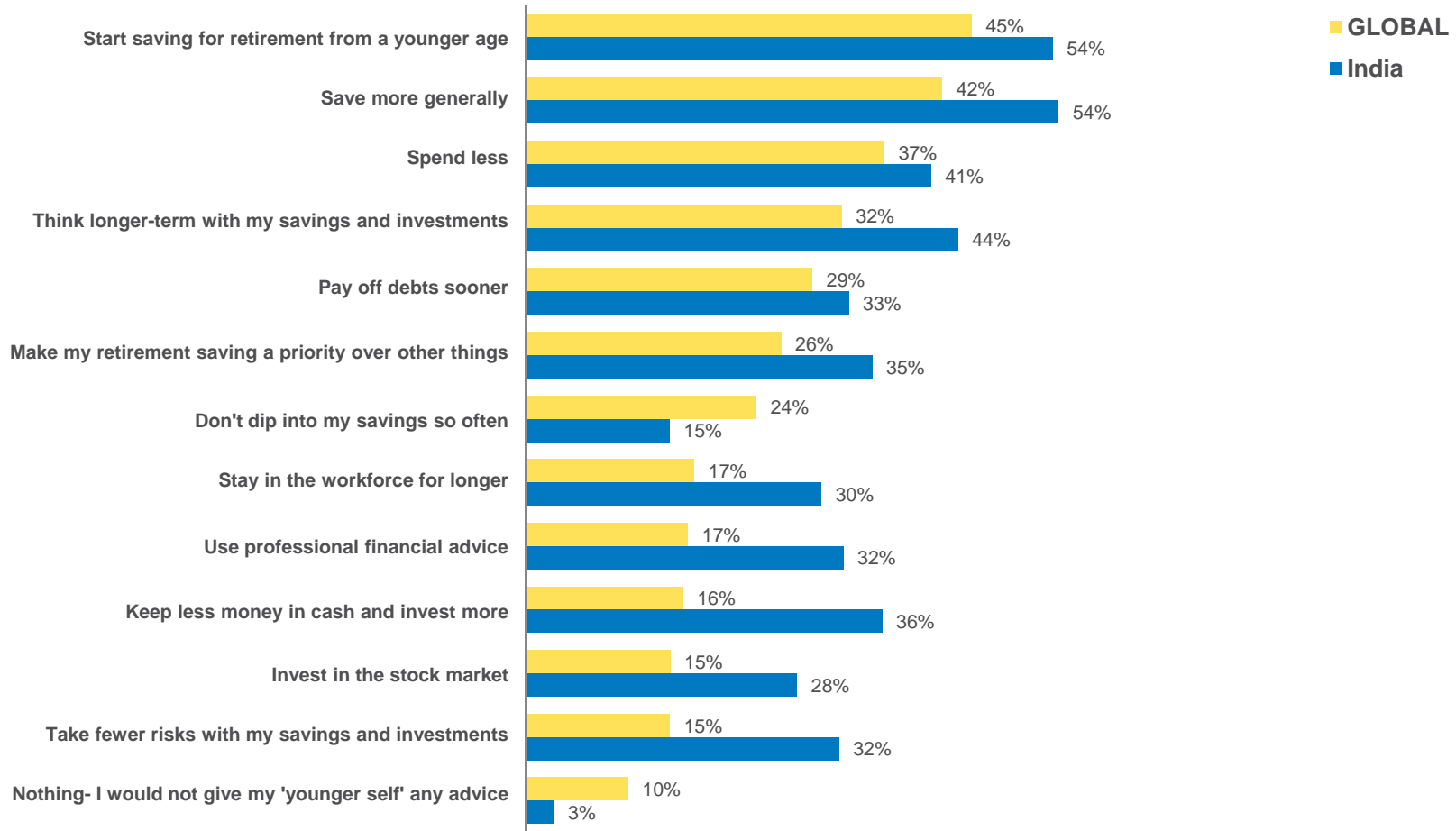
Indians on the whole undertake a wide range of steps to prepare for the financial implications of major life events

Top Financial Priorities for Indians



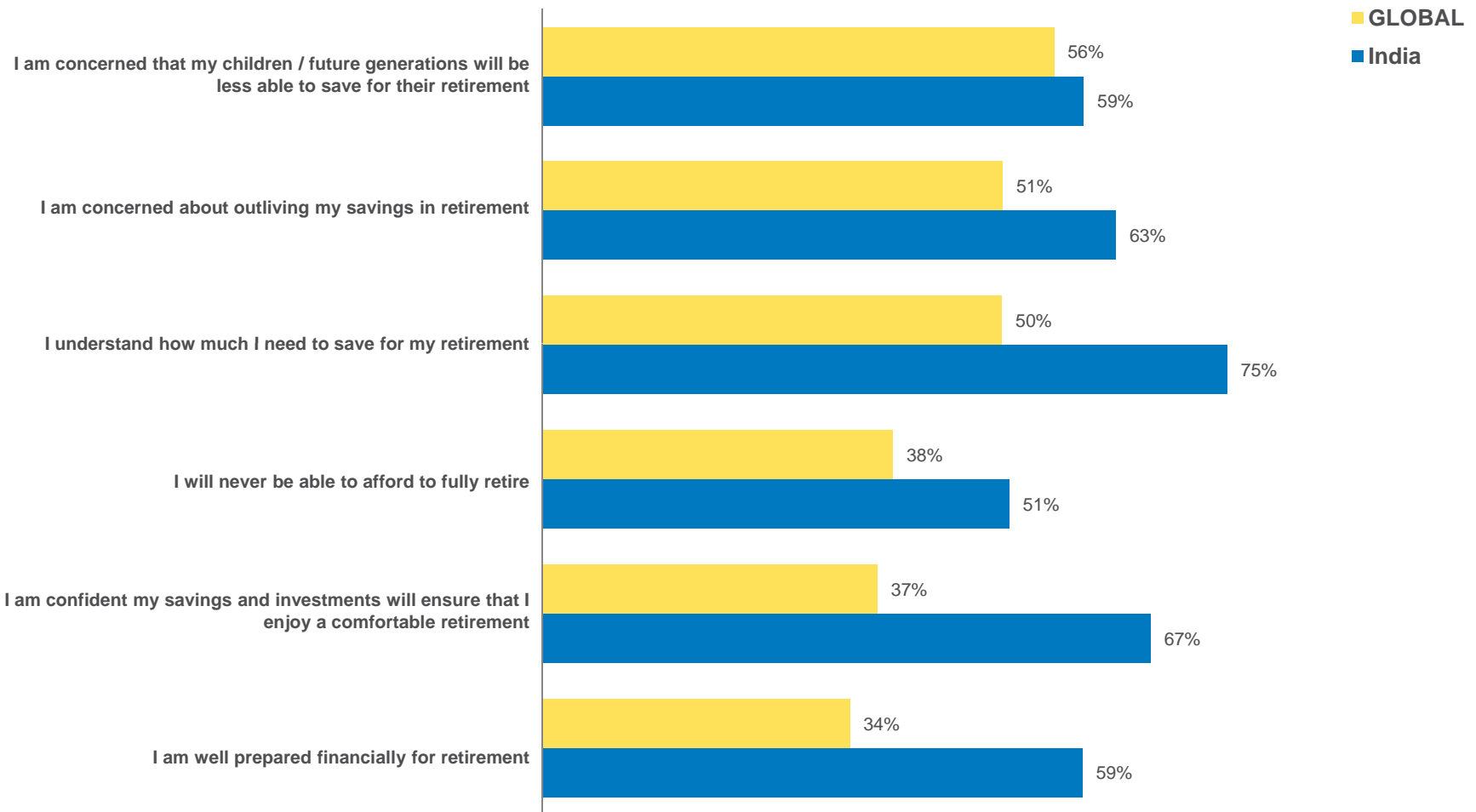
The top financial priorities for Indians are saving money, growing wealth, saving/investing enough for a comfortable retirement and paying for long term health care

What Advice Would Indians Give to Their Younger Self?



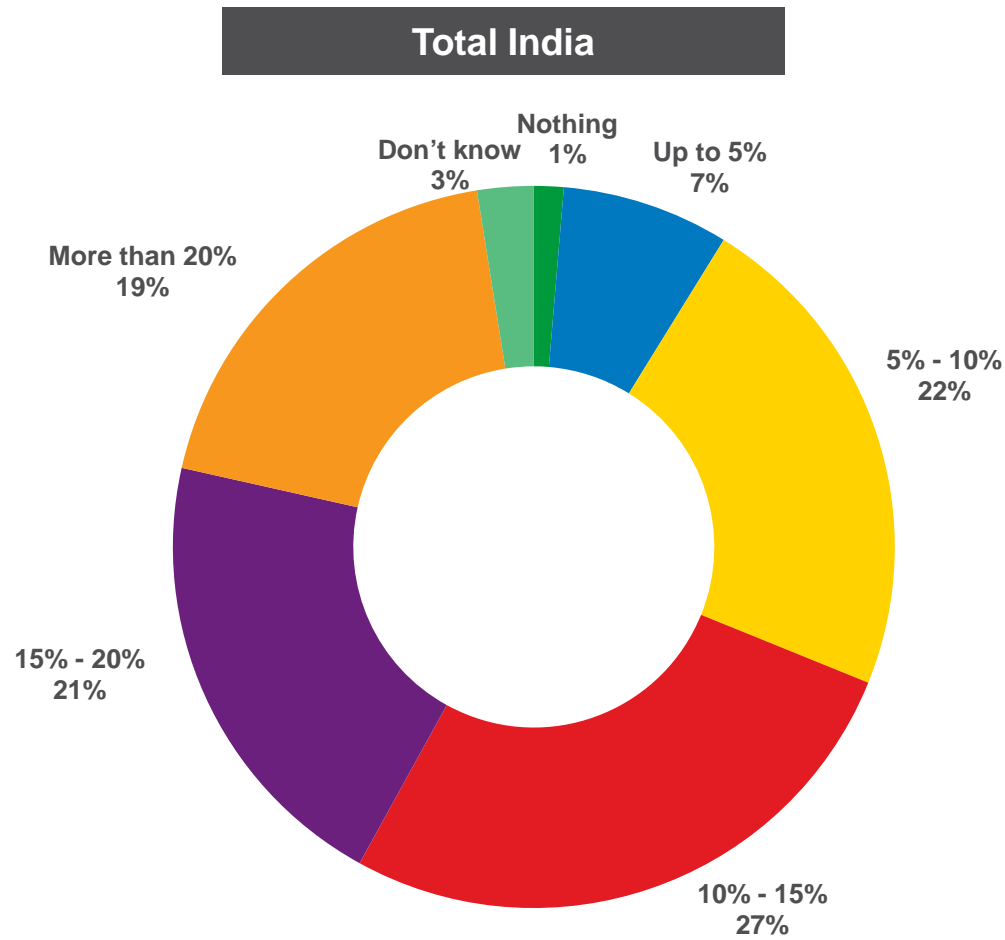
Start saving from a younger age, save more generally and think longer term are the top pieces of advice Indians would give to their younger self

Saving For Retirement: Global vs India



The majority of Indians (75%) agree that they understand how much they need to save for retirement. 67% are confident that their savings and investments will ensure they enjoy a comfortable retirement

Proportion of Salary Needed to Save in Order to Fund a Comfortable Retirement



Base: not fully retired

Two-thirds of Indians (66%) say that they need to save more than 10% of their salary in order to fund a comfortable retirement

Summary: Preparing for Life Events

The top financial priorities for Indians are saving money (60%), saving/investing enough to live comfortably throughout retirement (46%), and growing wealth (45%).

- ▶ Indians on the whole undertake a wide range of steps to prepare for the financial implications of major life events – speaking to family and friends plays a significant role.

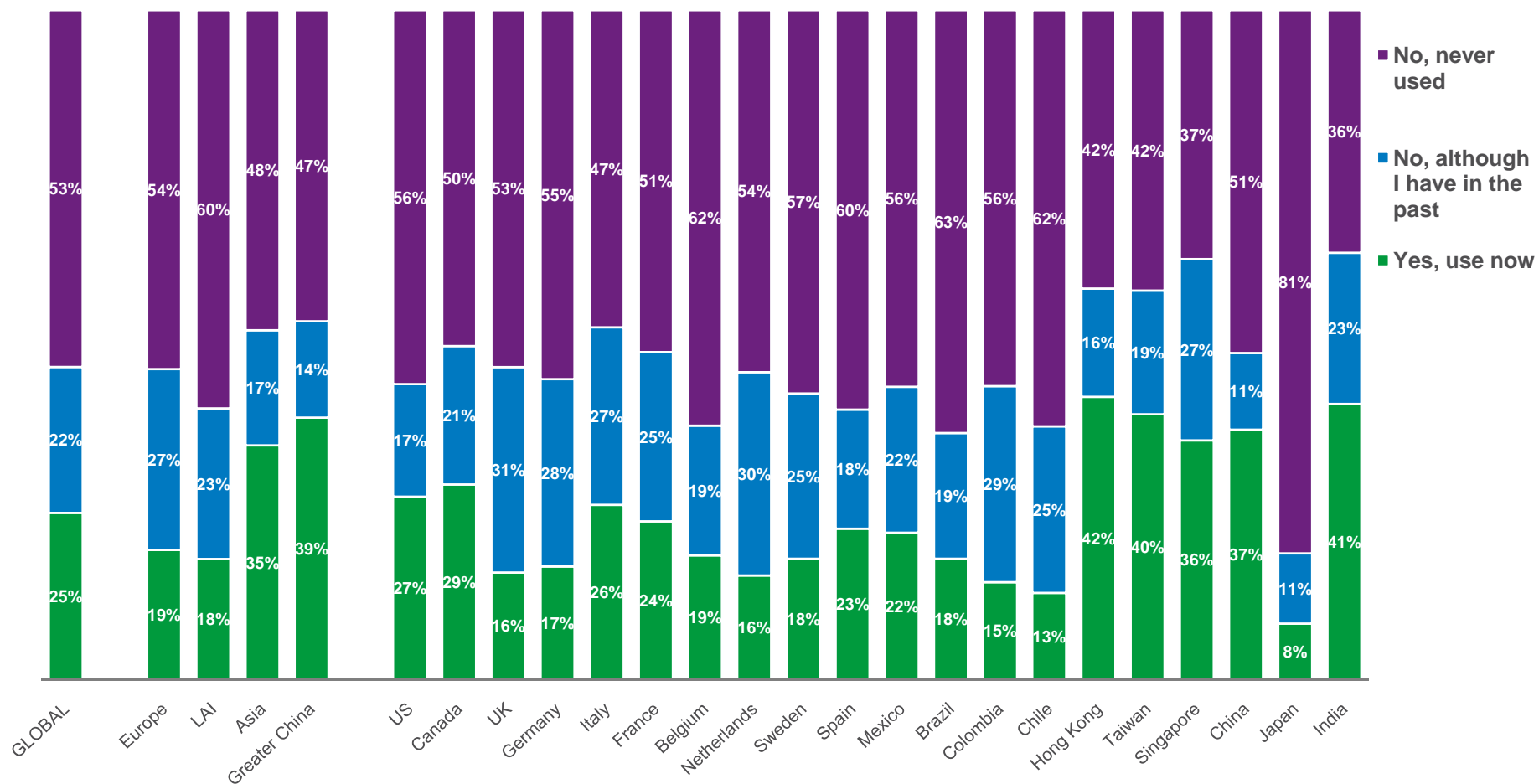
Two-thirds of Indians (66%) say that they need to save more than 10% of their salary in order to fund a comfortable retirement.

- ▶ 27% believe they should save between 10% and 15%. 21% believe they should save between 15% and 20% and 19% believe they should save more than 20% .
- ▶ Indians are also taking steps to prepare - the majority of Indians (75%) agree that they understand how much they need to save for retirement. 67% are confident that their savings and investments will ensure they enjoy a comfortable retirement.
- ▶ Start saving from a younger age, save more generally and think longer term are the top pieces of advice Indians would give to their younger self.

Section 4 – Use of Financial Advice

When it comes to financial advice, satisfaction and reliance levels are high, and the advised investor feels better prepared

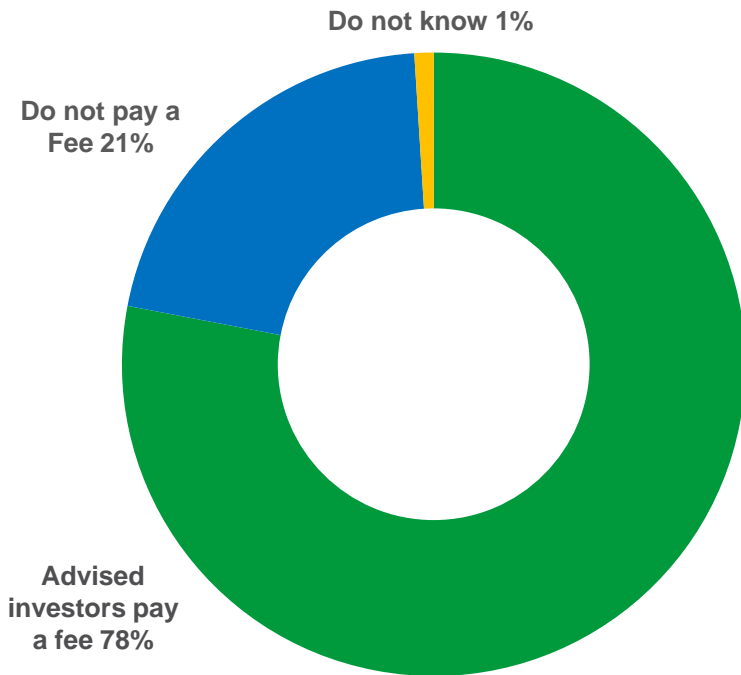
Use of Financial Intermediaries (for Advice/ Transactions)



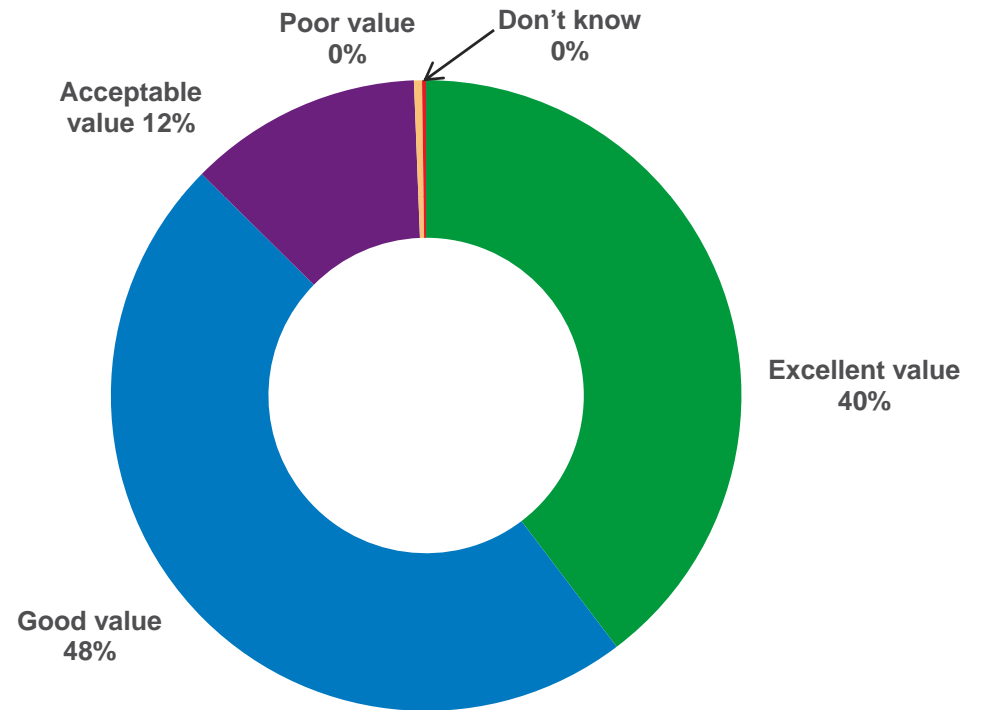
A large proportion of Indians are using financial intermediaries

Payment for Financial Advice / Value Provided by Advisors

Payment for Financial Advice



Value Provided by Advisors

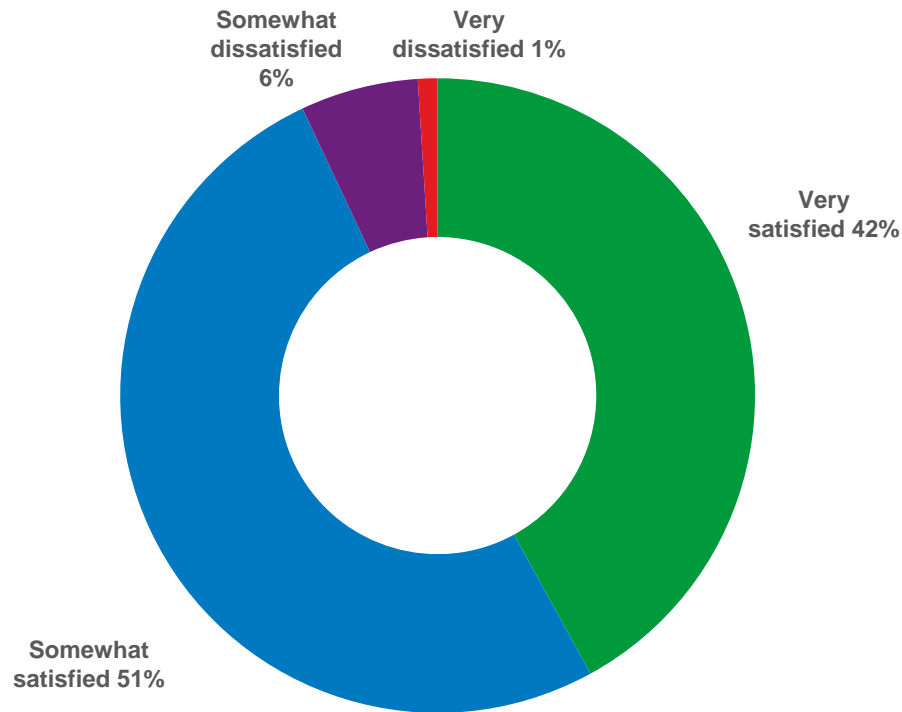


Base: advised investors who pay a fee for either advice or the transaction

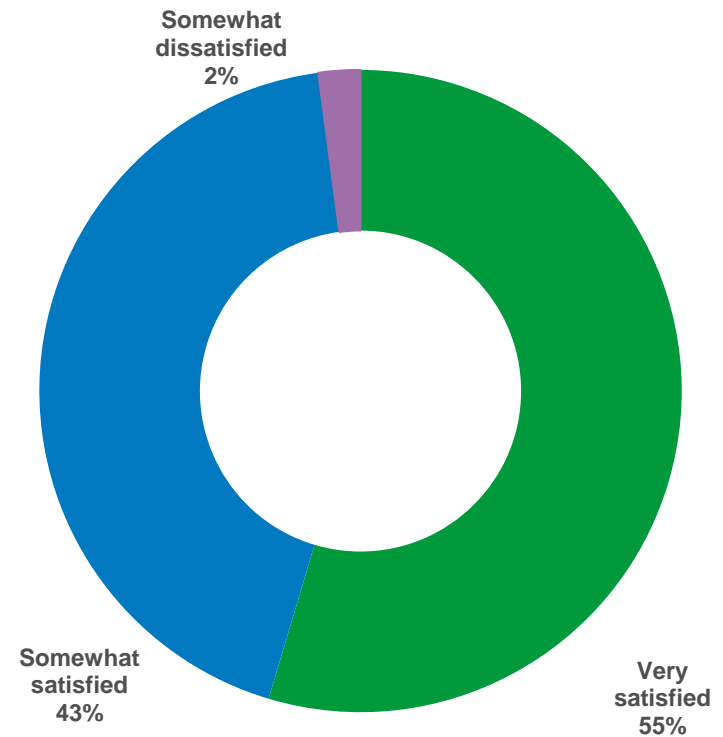
Of those in India that pay a service or transaction fee, 48% believe the advisor provides good value. 40% believe they provide excellent value

Satisfaction with Financial Advice Received: Global vs India

Global



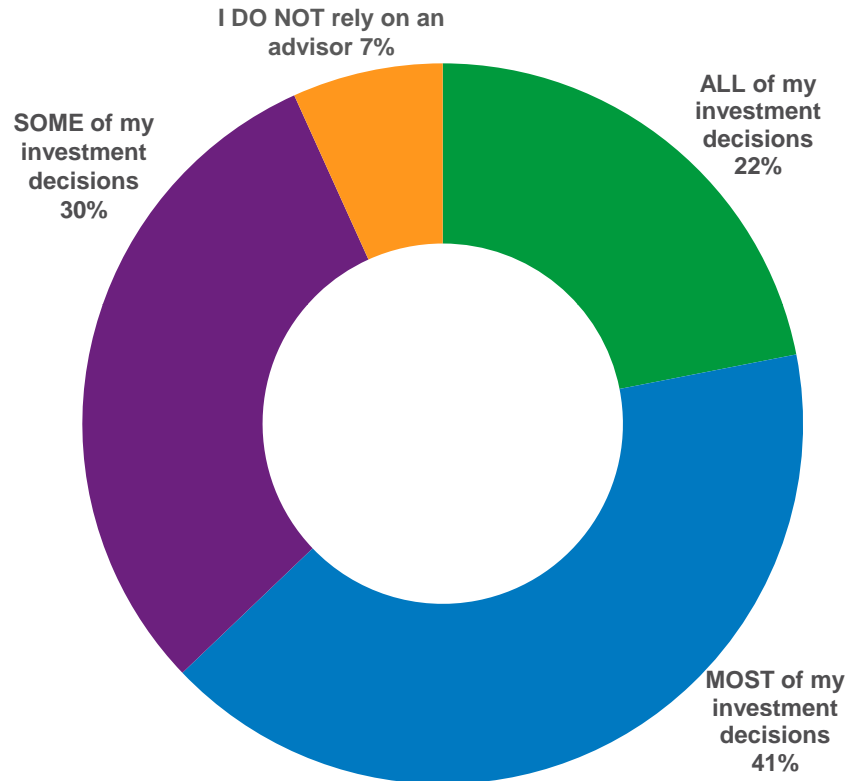
India



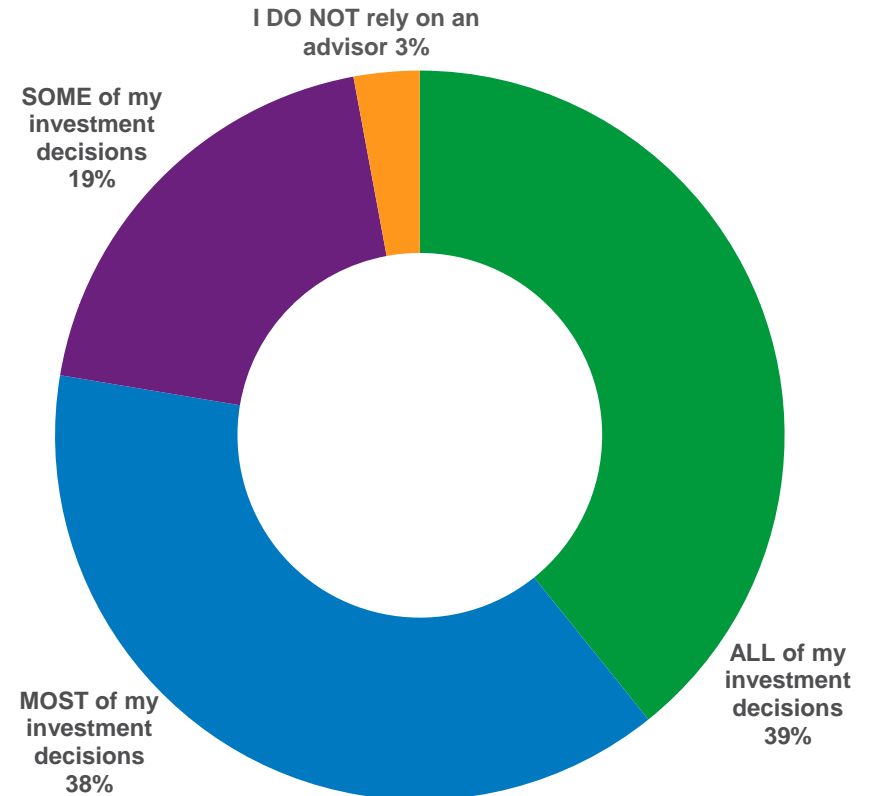
Satisfaction levels are higher than the global average, with 55% very satisfied with the service they receive from a professional financial advisor

Reliance on Financial Advisors For Investment Decisions: Global vs India

Global



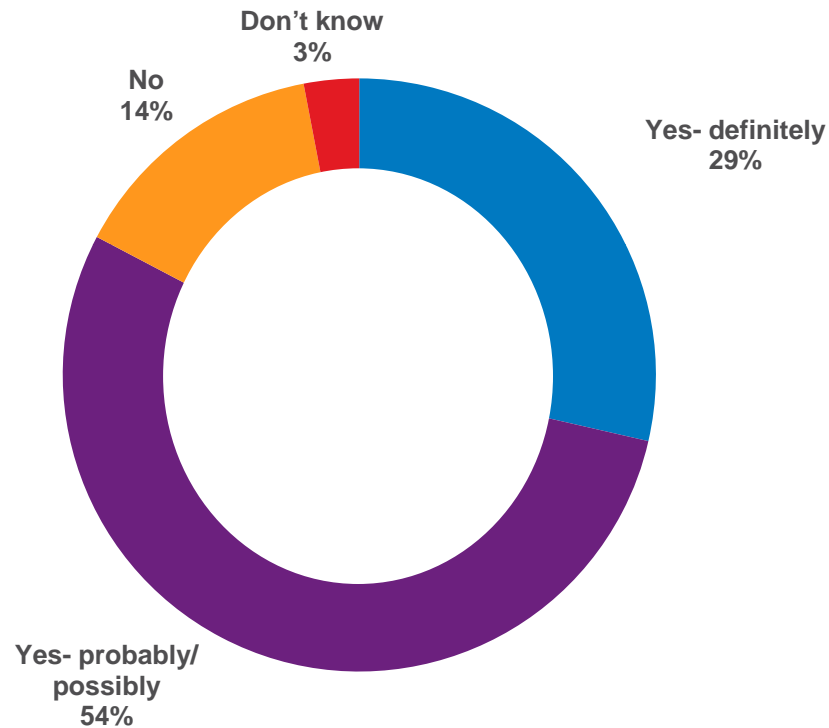
India



Reliance levels are also high, with 39% relying on financial advisors for all of their investment decisions

Probability of Using a Financial Advisor if they Charged a Nominal Fee

Total India



Among the advised who don't pay a fee, 45% would probably still use their financial advisor if they charged a nominal fee. 29% would definitely still use them

Main Topics for Discussion with Professional Financial Advisors



The main topics for discussion with professional financial advisors are seeking new investment ideas, minimising risk, and the better management of cash in investment portfolios

Summary: Use of Financial Advice

A large proportion of Indians are in touch with financial intermediaries – satisfaction and reliance levels are high.

- ▶ 41% are currently using an advisor, 23% aren't currently but have used one in the past, and 36% have never used one.
- ▶ Of those who use advisors, 55% are very satisfied and 43% somewhat satisfied. Only 2% are somewhat dissatisfied. Reliance levels are also high, with 39% relying on financial advisors for all of their investment decisions.
- ▶ The main topics for discussion with professional financial advisors are seeking new investment ideas, minimising risk, and the better management of cash in investment portfolios.
- ▶ Those who don't currently pay a fee for advice would likely still seek the services of an advisor even if a fee was introduced.

In Summary..

- ▶ Indians are very positive about their financial future, feel in control of their finances and are confident in making saving and investment decisions
- ▶ Over half of Indians are more interested in investing in equities now than they were five years ago
- ▶ Indians are also much more likely to increase their holdings of equities over the next 12 months than the rest of the world
- ▶ Indians have a high propensity to save and invest, with more than half of take home pay being allocated to savings and investments
- ▶ There is a significant home market bias - only 8% of Indians are investing outside of India
- ▶ Start saving from a younger age, save more generally and think longer term are the top pieces of advice Indians would give to their younger self
- ▶ Investors are seeking more financial advice. Satisfaction and reliance levels are high

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