

RESEARCH

## 2021: What are the Asian wealthy focusing on?

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*In these times of turmoil, the Asian wealthy are looking for stability and liquidity. Source: Agility Research & Strategy*

By [Amrita Banta](#)

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Despite weathering the COVID-19 recession financially better than society at large, high-net-worth-individuals (HNWI) are not unscathed. Their wealth is mostly unaffected, with stock markets quickly recovering to start of the year levels.

Most wealthy believe that the recession will only temporarily affect their overall wealth, which will start growing again after the situation stabilizes.

Yet our data clearly shows that the COVID-19 crisis has left a profound impression, changing their investment behavior and attitude to risk. We believe that this new mindset will have a long lasting effect on their vision of the future and on how they invest their wealth.

Here are five key insights from our latest study, "The Affluent Wealth Report 2020/21":

**Cash and stability are king**

In these times of turmoil, the wealthy look for stability and liquidity.

When we asked them where they invest their wealth post-COVID-19, we were surprised to see that a large share of their wealth is now in cash, with almost 40 percent in Hong Kong.

Steady capital growth and steady income flow are the two top financial goals for this segment, showing a decreased appetite for risky investments.

**Hungry for good advice**

When we asked them how financially savvy they are, roughly 60 percent told us that they would rather get professional advice when investing.

Three out of four, and up to 80 percent in Singapore, told us that they work with a financial advisor, which is another indication that they feel professional advice is essential to achieve their financial goals.

**Feeling of not saving enough to retire**

Nearly 80 percent have a retirement plan in place. Yet, we were surprised to hear that a large majority of respondents, 51 percent and 39 percent in Hong Kong and Singapore, respectively, say they are worried that their retirement plans are not enough to meet their financial needs when they retire.

In addition to financial worries, the COVID-19 pandemic has increased concerns about their own and their family health and about the long-term financial security of their children.

In some markets, for example Hong Kong, this is compounded with worries about the long-term future of the city. The overall picture is one of apprehension and uncertainty, driving them to be more conscious when investing their wealth.

#### Sustainable investment ranks high

More than 90 percent are familiar with the concept of "socially responsible investing," defined as an investment strategy which seeks to consider both financial return and social/environmental good to bring about social change regarded as positive by proponents.

The high percentage shows how Asian HNWIs are now very much conscious of the impact their investment and wealth have on the broad society and want to make a positive contribution when investing their wealth. As

a result, around 60 percent of our sample respondents investigate companies' corporate social responsibility (CSR) practices before investing in them.

#### Honesty, attentive service and understanding their need

A surprisingly high number of respondents indicated that they are looking for a new banking, wealth management and insurance relationship in the next six to 12 months.

When asked what are the most important criteria when evaluating a new financial service provider, honesty in promoting their financial products ranked top in all markets surveyed.

A perception that the provider understands their needs and an attentive and proactive service came in second and third.

*Amrita Banta is managing director of [Agility Research & Strategy](#), Singapore. Reach her at [amrita@agility-research.com](mailto:amrita@agility-research.com).*