

PRESS RELEASE

Canara HSBC Oriental Bank of Commerce Life Insurance Company Releases HSBC Study 'Future of Retirement: *Why Family Matters*'

- '*Why Family Matters*', is a part of 'The Future of Retirement' series released earlier this year
- Presence of children makes a difference to people's sense of well-being and impacts positively on people's outlook for the future; However in India, even though 79% of those with children expect to be better off in retirement than their parents' generation, 24% are less inclined to see retirement as a time of happiness but rather more a time of financial hardship
- Even in this age, where women have entered the world of paid employment, worldwide, men (65%) still take the lead with sole responsibility when it comes to planning for their family's long-term financial needs, leaving women (53%) at greater risk of financial hardship in later life; Bucking the global trend, slightly more men (30%) than women (27%) in India take sole charge of household budgeting in contrast to the picture globally, again leaving women less involved in financial matters
- Nearly half the world's families are putting themselves at risk by failing to take responsible steps to safeguard their future and a gender gap is again evident with 54% of men having a financial plan compared to just 44% of women; Out of 76% of Indian respondents surveyed who have a financial plan, 35% of planners in their fifties are not saving for retirement and 32% of parents don't have a life insurance policy in their financial plans

For immediate release

New Delhi, December 26, 2011: Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – a joint venture between two of India's largest public sector banks, Canara Bank and Oriental Bank of Commerce, and HSBC Insurance (Asia Pacific) Holdings Limited today released HSBC study 'Future of Retirement: *Why Family Matters*' in India. This is a supplementary report to the main 2011 report released earlier this year, '*The Power of Planning*', the sixth in 'The Future of Retirement' series.

The report looks at people's outlook on retirement, some important differences in how people plan for it and other financial needs within different types of households. In particular, it examines the gender gap between how men and women plan and how that gap might be influenced by the onset of children and differences in working patterns.

Looking broadly at the global findings, those without children are more likely to have negative associations with retirement. This picture contrasts sharply with the Middle East and Asia, where the family unit still plays a strong role in providing a safety net in later life. For example, India, has the highest number of respondents (32%) who wish to live with their children and other family members in retirement, more than twice the global average (14%) and 10 times higher than the USA and the UK and 85% respondent thought that the 'joint family system' will remain either very or quite important in Indian society. Here, even though 79% of those with children expect to be better off in retirement than their parents' generation, they are less inclined to see retirement as a time of happiness (37%). In fact parents in India associate retirement with financial hardship (24%) than those without children (19%).

According to Mr. John Holden, Chief Executive Officer, Canara HSBC Oriental Bank of Commerce Life Insurance Company, "From the example of India it emerges that while people in these countries might be generally quite positive about their retirement prospects, parenthood is not the source of this optimism because people are not taking the necessary steps to ensure financial security for their families, which is a

major cause of concern. It does not make people happier as living with extended family in retirement is possibly borne of financial dependence and necessity rather than choice.”

Another global trend that emerged from the study is that even in today’s time when women have entered the world of paid employment, worldwide, men (65%) still take the lead with sole responsibility when it comes to planning for their family’s long-term financial needs, leaving women (53%) at greater risk of financial hardship in later life. When it comes to retirement planning, globally men are much more proactive (39%), being twice as likely to take charge of this financial decision solely than women (25%); the trend is mirrored in India with men at 43% and women at 21% taking sole responsibility for retirement planning. Crucially, this means that globally women are much more focused on short-term financial matters and are more likely to be overlooking the importance of planning for retirement in their own right. Further, women are more likely to focus on managing the household budget, with 37% of women taking sole responsibility compared to 34% of men. This was the only area in financial planning where women said they were more likely to take sole responsibility. However, in India, slightly more men (30%) than women (27%) in India take sole charge of household budgeting in contrast to the picture globally, again leaving women less involved in financial matters.

Only 50% of respondents globally say they have a financial plan in place for their own or their family’s future and even here, significant gaps were evident. A gender gap also emerges with 54% of men having a financial plan compared to just 44% of women. From the 50% of people surveyed who stated they had a financial plan in place, nearly half (47%) of them are not saving for retirement, and this remains high even among those in the immediate pre-retirement age (37% of 50 to 59 year olds).

The study also highlighted the presence of a major protection gap evident in all 17 countries surveyed. Many parents seem not to understand the consequences of no insurance – which exposes them to risk of being unable to cope if there is a change in their circumstances, by way of ill health and consequent loss of an income. Less than half of parents had individual term insurance in 14 of the 17 countries surveyed. Only India, South Korea and Taiwan scored above 50% in terms of families having term life insurance with India topping the list with 59%. Surprisingly, there was virtually no difference in life insurance penetration in families with or without children - Only 55% of parents with financial plans have some sort of life insurance contained in it. This compares to 52% of those who did not have children.

Some of the key responses from the 76% of Indian respondents surveyed who have a financial plan in place highlighted some major gaps - for example, 35% of planners in their fifties are not saving for retirement and despite the fact that life insurance is widely available and all working parents have a need for this kind of protection, 32% of parents do not have a life insurance policy in their financial plans.

Households in the East are less risk-averse than their counterparts in the West, and are more likely to pursue long-term investing instead of security in the short term. There is a greater proportion of risk-averse households in developed markets such as France (51%), Canada (42%), the US (45%) and the UK (39%). One reason why households in Eastern markets – like (12%) China and India (21%) – have a higher risk tolerance is that they have to deal with higher levels of inflation (typically around 6-8% per annum), and therefore, need to seek out higher returns in order to protect the real value of their savings and investments.

Mr Holden said, “Many financial needs are driven by key life events – including getting married and having children – and as the family is central to these life events, it is an important consideration in building a picture of an individual’s long-term financial needs. What emerges from the study however is that people both globally and in India are putting their families at risk by failing to make a proper financial plan in accordance with their needs. At the same time, people who have financial plans in place, have evident gaps with large numbers of younger families without life insurance in place, while many still overlook the need to build retirement savings especially women across all age groups who continue to lag behind their male peers and

women are left exposed to financial hardship in later life. Regarding consumer attitudes to financial risk, it is evident that investment risks are not understood well and gender differences exist that may again disadvantage women. Many people still prefer to apply a do-it-yourself approach to financial planning. Whilst this is positive that people are taking greater personal responsibility for their finances, people shouldn't see this as a substitute for getting expert financial advice on how to make their money work as hard as possible."

Basis this fact and the findings, the research identifies four actions households can take to improve their future financial well-being:

1. Share your financial decision-making – retirement and protection needs should be discussed with the partner to ensure that both are better prepared for retirement and other life goals
2. Use life events to start and review your financial plan – understand the importance of life events and life stages (having children, saving for college, bereavement etc); it is important to consider the needs of the whole family
3. Review your financial plan with a professional adviser – sense-check financial decisions and plans with an expert to ensure that all eventualities are covered
4. Take a balanced approach to managing investment risk – balance the need to protect your investments in the short and medium term to generate an adequate retirement income in the long term

There is an urgent need to raise basic levels of financial literacy among people, a key to encourage and ensure financial planning within households. As the Internet is fuelling greater financial engagement especially among young consumers, financial service providers should develop sophisticated tools and online resources to create more interest and awareness among consumers and empower them by providing information. Further, as 43% respondents have not sought professional financial advice, there is an opportunity for financial service providers especially banks to ensure engagement through financial education and awareness campaigns especially for women so that they are less vulnerable to the risk of financial hardship in later life.

Mr Holden added, "Canara HSBC Oriental Bank of Commerce Life Insurance Company, which operates a bancassurance model, is at an advantageous position because of the bank partners' financial strength, expertise, distribution reach and most importantly, trust. Customer education and need-based advice has been our focus right from the beginning. We have taken proactive steps to educate customers on the need for protection, disciplined savings and retirement planning through around 990 customer meets where both the husband and wife are invited. Further, specific events have been organised for women customers of our partner banks as well as for women from the underserved communities through our partner NGOs as part of our corporate social responsibility."

Taking insights from the key findings of the study, the Company launched Life Insurance Simulator (LIS), an interactive online planning tool that takes the customers through a series of simple steps to assess whether their current savings and investments are adequate to fulfill their needs. LIS is available on www.canarahsbclife.com in English, Hindi, Punjabi and Kannada. This has been a big hit with our customers in creating awareness and interest in their own financial planning needs and solutions. "

To ensure that general optimism towards financial planning and retirement should not lead to complacency, Canara HSBC Oriental Bank of Commerce Life Insurance will continue to focus on promoting financial discipline and retirement planning through life insurance, guiding customers to prepare and plan to enjoy an extended period of later life.

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Notes to Editors

The Future of Retirement: *Why Family Matters*

This report, *Why Family Matters*, is a supplementary report to the main 2011 report, *The Power of Planning*, the sixth in 'The Future of Retirement' series. Both reports highlight findings from a survey of more than 17,000 people in 17 countries.

The report surveyed 17,849 'financial trendsetters' of working age (mostly between 30 and 60 years) in 17 countries - India, Argentina, Brazil, Canada, China, France, Hong Kong, Malaysia, Mexico, Poland, Saudi Arabia, Singapore, South Korea, Taiwan, UAE, UK, and the USA. Financial trendsetters tend to be more educated than average, live in urban areas and have greater access to the internet. Those in developing economies tend to share the same attitudes and behaviour of those in the developed world, including attitudes towards retirement planning.

The research was conducted online in December 2010 and some survey data was collected on both a household and individual basis.

The report refers to three distinct income groups: high income with gross annual household income over US\$100,000 (20% of sample); middle income with gross annual household income of US\$30,000 to US\$100,000 (30% of sample); and low income with gross annual household earnings below US\$30,000 (50% of sample).

***India Sample Size: 1028**

- 778 men surveyed and 250 women
 - Three age bands:
 - 30-39: 392 = 39%
 - 40-49: 368 = 37%
 - 50-70*: 240 = 24%
- (we had 1 respondent aged between 60-70)

The Future of Retirement 2011: *The Power of Planning*

The Power of Planning was the first report produced from the research which surveyed over 17,000 people from 17 countries in December 2010. It focused on the importance of planning for a happy retirement, and the steps people can take towards building an effective financial plan. Key findings included:

- Nearly 1-in-5 respondents (19%) did not know what their main source of retirement income would be
- Respondents in the West believe they will be worse off than their parents' generation, while in emerging markets, people believe they will be better off
- 50% of respondents worldwide did not have a financial plan in place
- On average, those with financial plans amassed nearly two-and-a-half times more in retirement savings compared to those without plans, a 'planning premium'

The Future of Retirement Programme

HSBC's The Future of Retirement programme is a world-leading independent study into global retirement trends. It provides authoritative insights into the key issues associated with ageing populations and increasing life expectancy around the world.

Since the Future of Retirement programme began in 2005, more than 110,000 people worldwide have been surveyed. The research findings help HSBC and its partners around the world to understand and meet the needs of its 89 million customers worldwide. The programme has helped advance retirement thought leadership, and raised awareness of HSBC as a leader in the growing retirement services market.

The supplementary report - **The Future of Retirement: *Why Family Matters*** and the **India Fact Sheet** can be downloaded from www.canarahsbclife.com

The main report - **The Future of Retirement: *The power of planning*** and the **India Report** can also be downloaded from www.canarahsbclife.com

For further information on the Future of Retirement Programme and previous reports, visit www.hsbc.com/retirement

**About Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited
(www.canarahsbclife.com)**

Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited was launched in June 2008 and is jointly owned by two of India's largest public sector banks – Canara Bank (holding 51%) and Oriental Bank of Commerce (23%) – and HSBC Insurance (Asia Pacific) Holdings Limited (26%), the Asian insurance arm of one of the world's largest banking and financial services groups – HSBC.

The Company has exclusive access to around 53 million customers and a pan-India network of over 4800 branches of Canara Bank, HSBC and Oriental Bank of Commerce. The formidable distribution strength and in-depth local market knowledge of Canara Bank and Oriental Bank of Commerce coupled with the considerable insurance experience, product range and proven bancassurance capabilities of HSBC make this an unparalleled union of financial strength, expertise and most importantly, trust.

To deliver affordable insurance solutions to address the needs of the rural population, the social sector and economically weaker sections of the society, especially those who have no or very little access to organised financial services, the Company tied up with three Rural Regional Banks (RRBs) – Pragathi Gramin Bank in Karnataka, Shreyas Gramin Bank in Uttar Pradesh and South Malabar Gramin Bank in Kerala that have a network of around 790 branches and reach out to more than 7 million customers.

Canara HSBC Oriental Bank of Commerce Life Insurance Company understands that today innovation is a key differentiator. Based on market demand and customer preferences, the Company currently offers 12 products – 4 unit-linked and 8 traditional; 7 out of these are individual and 5 are group products.

Canara HSBC Oriental Bank of Commerce Life Insurance Company is the fastest Indian life insurance company to cross Rs 500 crore, Rs 1000 crore, Rs 1500 crore and Rs 2000 crore in weighted premium income till date. Since launch on June 16, 2008 to November 30, 2011, the Company's business in terms of Gross Written Premium (GWP) stood at Rs 3,800.3 crore and the number of policies sold are 288,473. As on November 30, 2011, the Company's assets under management (AUM) stood at Rs 3467.16 crore.

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