

Skandia International Wealth Sentiment Monitor

Autumn 2012



A study into consumer confidence and sentiment towards wealth
across the Skandia International / Old Mutual Wealth territories

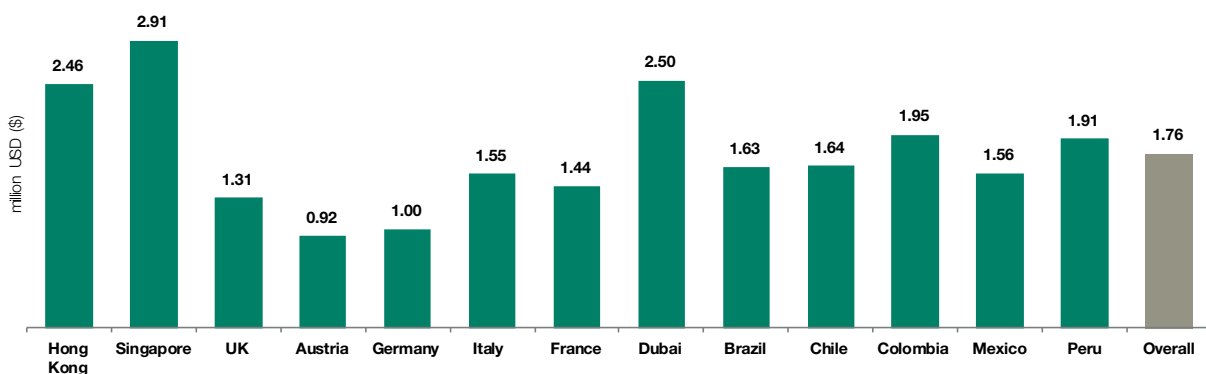
Contents

1.	Executive summary	3
2.	Wealth sentiment monitor	5
2.1	Perspectives on wealth	5
2.2	Financial security and confidence	7
2.3	Debt	11
2.4	Migration	12
2.5	Risk	15
2.6	Advice	16
2.7	Savings and investments	17
3.	Background and methodology	18

1. Executive summary

Wealth

- Globally, the average level of wealth in US dollars that people say somebody would need before being termed wealthy is \$1.8 million.



- Money does make the world go around it seems – as many as 80% of people believe money can bring them happiness.
- In Latin America this sentiment was even higher, with nearly 93% of Brazilians believing this to hold true, whilst Europeans feel a lower correlation between happiness and money, with Germany recording the lowest number of people (68%) who money would make happy.
- The highest levels of people ‘feeling wealthy’ were recorded in Brazil (25%), followed by Austria (24%), Dubai (22.9%) and Germany (22%).
- Three countries in the Latin America group – Chile, Peru and Colombia – comprise the lowest percentages of individuals who feel they are wealthy. Only around 3 in 100 people feel wealthy in these countries.
- In Europe, the UK, Italy and France have weaker sentiment when it comes to the notion of being wealthy. Only 14% of Britons, 13% of Italians, and less than a tenth of French people consider themselves wealthy.
- Three territories with some of the smallest population sizes think biggest when it comes to what constitutes wealth. Consumers in Singapore, Dubai and Hong Kong cite the highest levels of wealth a person would need to be viewed as wealthy.

Income

- Surprisingly, the global average income people think is required to be wealthy is an alarming US\$161k – 15 times the global average for an individual’s income of US\$10,700* (*Source: IMF, based on individual economic output adjusted for Purchasing Power Parity.)
- Individuals in Dubai, Singapore and Hong Kong require, on average, the highest levels of aspired income (US\$ 276K, US\$227K, US\$197K respectively) to feel really happy, whereas the most modest demands were confirmed by residents in Europe.
- Globally and despite the prevailing economic turmoil, more than half (53%) of individuals feel they have become financially more affluent since the global financial crisis of 2008.

Debt

- The average level of international personal debt, excluding mortgages, based on the selection of countries covered in the study, stands at US\$11,788.
- People are typically most begrudging of repaying credit card debt – perhaps because the joy at the point of transaction from receiving the goods of the purchase has long faded. More than a fifth (22%) of people are most unhappy about repaying this (adjusted for Purchasing Power Parity).

Migration

- More than half of people (54.3%) that took part in the study would consider living in a different country – a fact perhaps underpinned by the increasing move towards true globalisation and a worldwide community.
- The top three reasons for moving abroad included better employment opportunities (18.3%), a better standard of living (15.5%) and the rising cost of living in the current country of residence (12.7%).
- Of the 54.3% of people who have or would consider a move abroad, almost one in five would choose to emigrate to the US (17.9%), one in ten would consider moving to Canada, whilst Australia would lure a broadly similar proportion of individuals (9.9%).
- There appears to be an affinity with regards to migratory patterns within each continent. For example, North America looks more attractive to current residents of South America; Australia and North America look appealing to those living in Asia; Germany looks appealing to the Austrians and the Italians, whilst the Germans, the British and, to a lesser extent, the French, are attracted to the United States as an alternative country of residence.

Risk

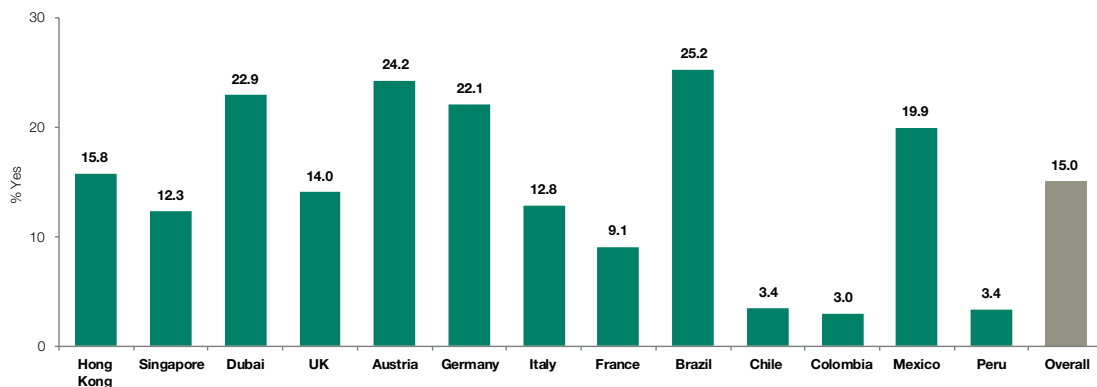
- Globally the appetite for risk is marginally tipped towards higher rather than lower levels.
- 33% of people state they have a high appetite for risk, compared to 28% of people who have a low appetite or no appetite at all.
- The strongest appetite for financial risk is in Austria and Germany, where 57% and 54% of people respectively say they have a high appetite for financial risk.
- Interestingly, these two countries also have the lowest debt levels among consumers.

2. Wealth sentiment monitor

2.1 Perspectives on wealth

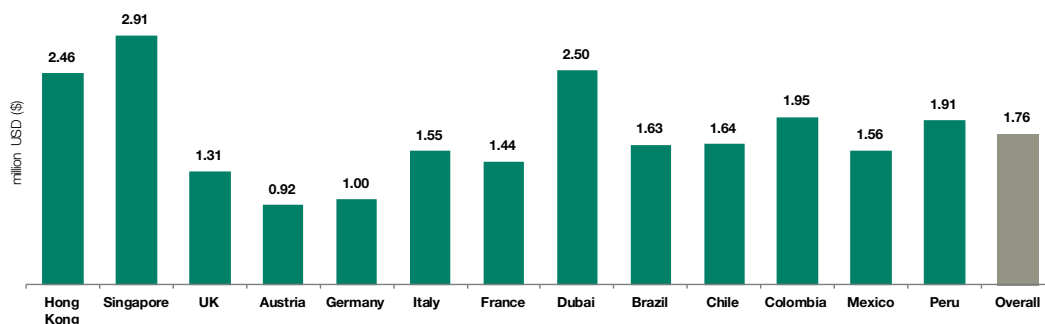
- The notion of wealth is arguably a subjective notion; it is not an exact science but more a state of mind. People with a fraction of the wealth of another may in fact feel wealthier than that person.
- The highest levels of people 'feeling wealthy' were recorded in Brazil (25%), followed by Austria (24%), Dubai (22.9%) and Germany (22%).
- Three countries in the Latin America group – Chile, Peru and Colombia – comprise the lowest percentages of individuals who feel they are wealthy. Only around 3 in 100 people feel wealthy in these countries.

Do you consider yourself to be wealthy?



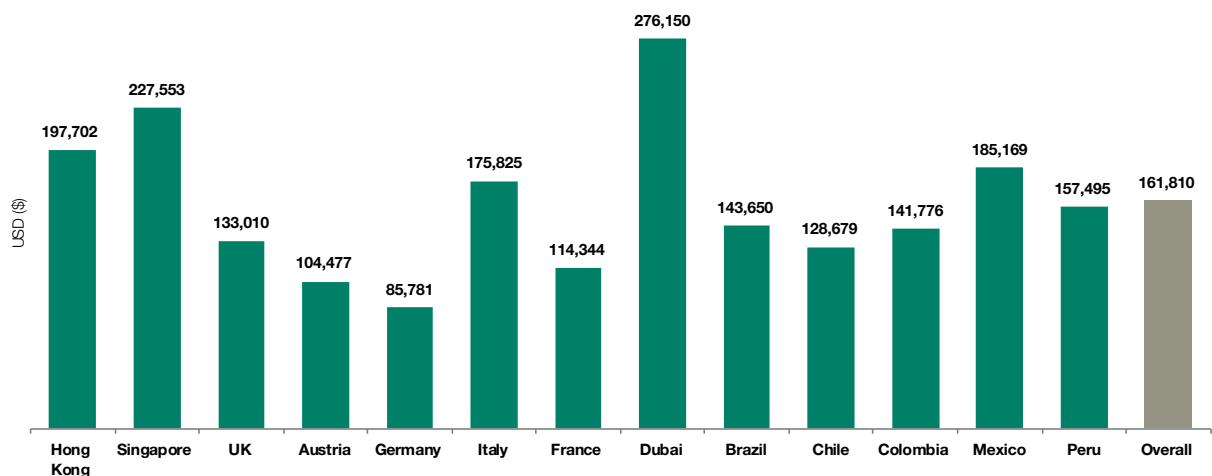
- In Europe, the UK, Italy and France have a weaker sentiment when it comes to the notion of being wealthy. Only 14% of Britons, 13% of Italians, and less than a tenth of French people consider themselves wealthy.
- Three territories with some of the smallest population sizes think biggest when it comes to what constitutes wealth. Consumers in Singapore, Dubai and Hong Kong cite the highest levels of wealth a person would need to be viewed as wealthy.

How much wealth does a person need for you to consider them to be wealthy?



- Globally, the average level of wealth in US dollars that people say somebody would need before being termed wealthy is \$1.8 million.
- Overall a higher proportion of men regard themselves as wealthy, 16.6%, compared to 13.1% of women; in Italy, Chile and Peru, however, more women than men consider themselves wealthy.
- Money does make the world go around it seems – as many as 80% of people believe money can bring them happiness. In Latin America this sentiment was even higher, with nearly 93% of Brazilians believing this to hold true. People in Europe, on the other hand, feel a lower correlation between happiness and money, with Germany recording the lowest number of people (68%) who think money would make them happy.
- Internationally, there are some distinct variances in the levels of annual net income people say they would need before they can feel really happy.
- Consumers in Dubai say they would need more than three times the amount consumers in Germany would need each year to be truly happy (US\$276k versus US\$85k).
- Surprisingly, the global average is an alarming US\$161k – 15 times the global average for an individual's income of US\$10,700* (*Source: IMF, based on individual economic output adjusted for Purchasing Power Parity.)
- Globally, the average ranges span from US\$28,000 to almost US\$300,000 perceived as necessary for some people to be really happy.
- Individuals in Dubai, Singapore and Hong Kong require, on average, the highest levels of aspired income (US\$ 276K, US\$227K, US\$197K respectively) to feel really happy, whereas the most modest demands were fed back by residents in Europe.

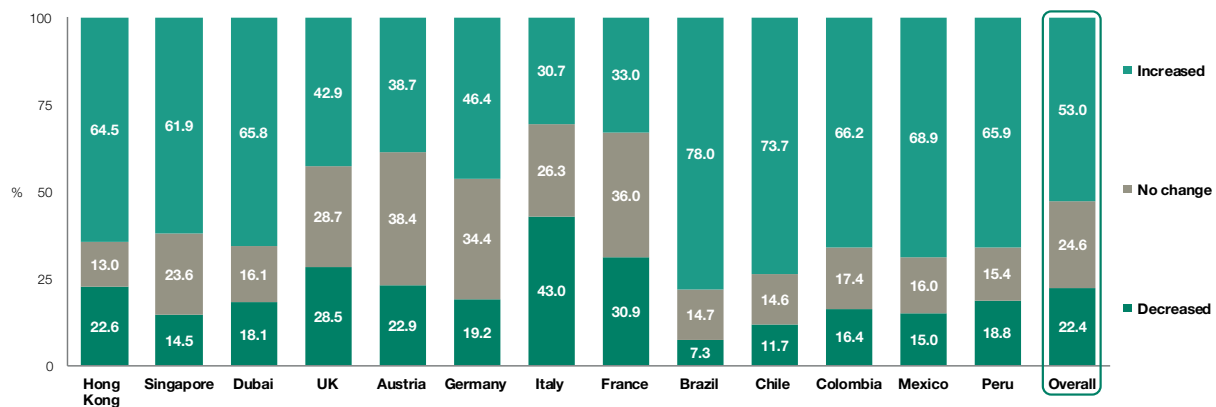
How much personal annual net income would you need to earn for you to be really happy?



2.2 Financial security and confidence

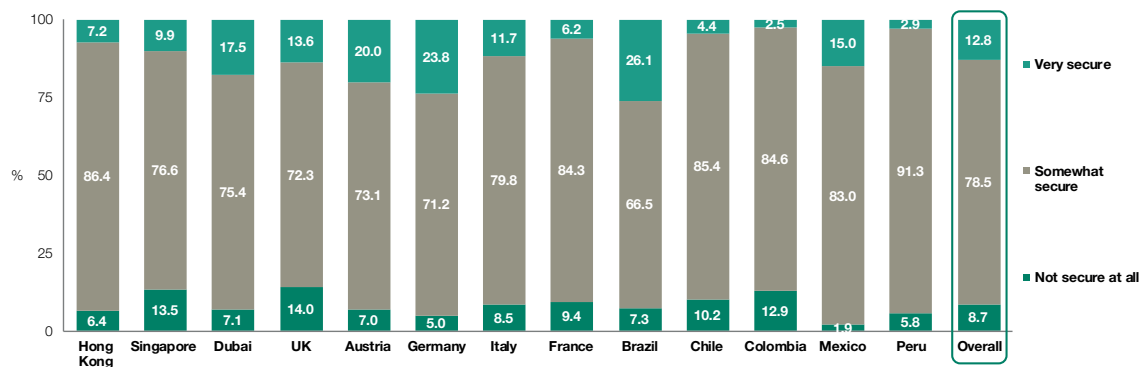
- Globally, despite the prevailing economic turmoil, more than half (53%) of individuals feel they have become financially more affluent since the global financial crisis of 2008.
- However, for an unfortunate near one in four (22.4%), wealth levels are yet to climb above 2008 levels.
- People in Latin America have seen the most relative upswing in their wealth, where percentages of those who have experienced an increase in their wealth range from more than 65% to almost 80%.
- Asia has also fared better over the past four years, with more than three out of five individuals in Hong Kong (64.5%), Singapore (61.9%) and Dubai (65.8%) reporting an increase in affluence.
- In Europe, the situation is less rosy, with less than half of each European nation experiencing an increase in wealth; Italy posted the greatest proportion of individuals who saw their wealth shrink since 2008 with as many as 43% stating this to be the case.

Has your wealth increased since the financial crisis in 2008?



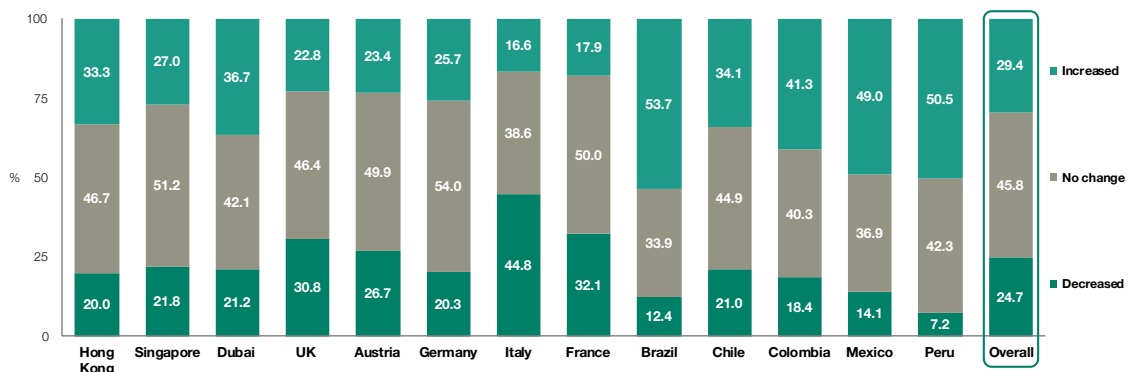
- Only a minority of people globally feel financially *very secure* (13%), most confirm feeling at least *somewhat financially secure* (79%) with a small percentage of individuals (8.7%) stating they are *not financially secure at all*.
- Brazil has the highest proportion of individuals feeling highly financially secure, with more than a quarter (26%) of consumers stating this to be the case.
- Germany and Austria follow Brazil in having the greatest percentage of very secure individuals, 23.8% and 20% respectively.
- Feeling the least secure are consumers in Chile (4%), Colombia (3%) and Peru (3%).
- Over in Europe, more people in the UK are financially insecure compared to their European peers as well as all other countries surveyed.
- In Asia, people living in Hong Kong (86.4%) feel financially more secure than those living in Singapore (76.6%) where the proportion of individuals considering themselves not at all secure is also higher (13.5%) than those who feel very secure (9.9%).

How financially secure do you feel?



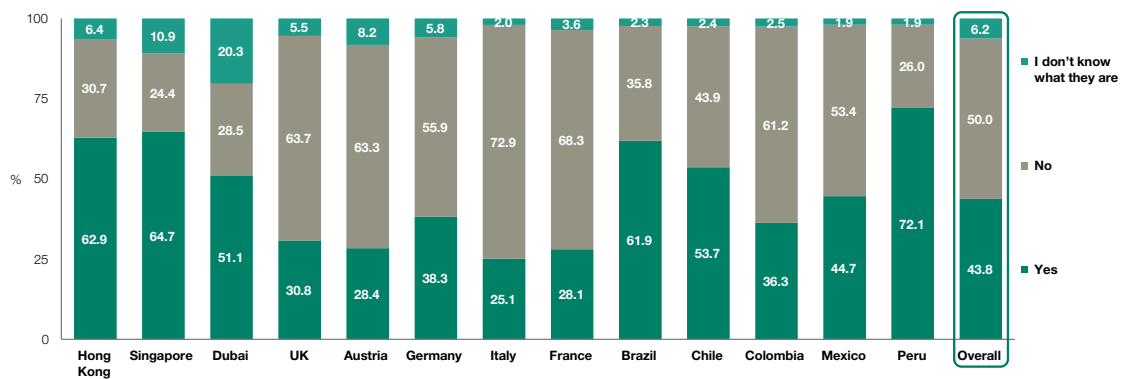
- In general, over the past 12 months, financial security has remained unchanged for the majority of individuals. The silver lining over the past 12 months is that those who have seen an increase in their financial security outweigh those who've experienced a decrease (29% versus 25%).
- The Latin American countries have seen the highest proportions of people experiencing a boost to their financial security, with more than half of those in Brazil (53.7%) and Peru (50.5%) feeling an increase in their financial stability. Interestingly, the proportion of personal debt (owed to credit cards, personal loans) is among the highest in Latin America compared to the other regions surveyed.
- More than a third of those in Dubai (36.7%) and Hong Kong (33.3%) have also had a boost in security within the last 12 months.
- Financial insecurity is high among European countries, especially Italy where 44.8% feel less financially secure than they did 12 months ago.
- Almost a third of individuals in France (32.1%) and the UK (30.8%) feel the same way.
- Germany, on the other hand, appears to be the most positive out of the European countries with a quarter of its population (25.7%) experiencing an increase in financial security over the past 12 months.

How has your financial security changed in the last 12 months?



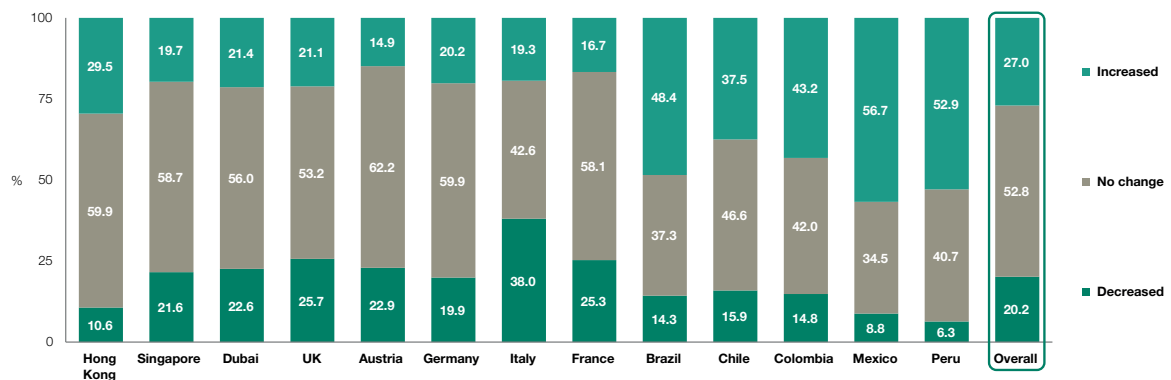
- The degree to which people trust their governments to navigate them safely out of the troubled economic times varies significantly. The majority of people in Europe, and to the greatest degree Italy (72.9%), don't have faith in their governments' economic management credentials.
- The opposite can be said for people living in Peru, Brazil, Singapore and Hong Kong, where over 60% of people polled feel confident about the economic policies they currently have in place.
- People in France (45.9%) followed by Britain (38.6%) and Mexico (37.6%) blame their respective government's policies for part or all of the reason behind their decreased levels of financial security.

Do you have confidence in the economic policies that currently exist in the country you are living in?



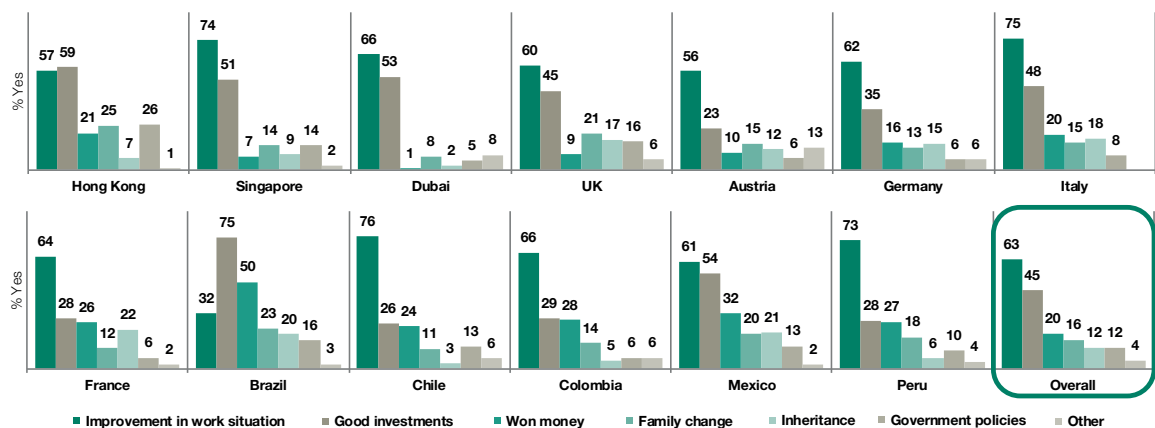
- Generally, an individual's working situation seems to be the backbone underpinning wealth creation and security globally.
- For almost three in ten (29.4%) people who have experienced a rise in financial security over the past year, almost two thirds (62%) of these explicitly cite an improvement in their working situation as a driver behind this boost. This equates to just under one in five (18.2%) consumers globally.

How has your confidence about the security of your employment changed in the last 12 months?



- For some people, financial security has been supplemented by returns from investments, with 42% of those with increased financial security levels stating this to be a factor in their rising levels of financial security. This equates to approximately one in eight (12.3%) of all consumers internationally.
- Meanwhile, one in five (20%) of those with higher levels of financial security attribute the fact to winning money. This equates to 5.9% of people globally.

Which major factor(s) contributed to the *increase* of your financial security?*

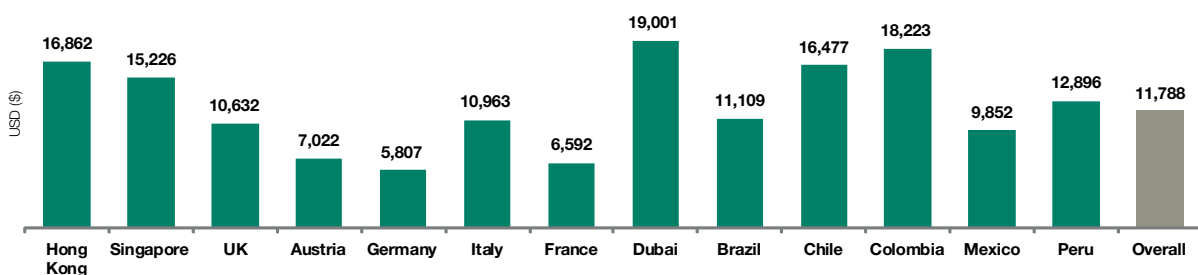


*Multiple answers allowed

2.3 Debt

- The average level of international personal debt, excluding mortgages, based on the selection of countries covered in the study, stands at US\$11,788 (adjusted for Purchasing Power Parity).
- In Dubai and perhaps surprisingly in Chile, Colombia and Hong Kong, personal debt levels are notably higher than elsewhere.
- In Europe, in countries such as Germany, Austria and France, debt levels are approximately a third lower than the average figure reported above.
- The lowest per capita debt levels are in Germany – approximately US\$5,800 – while the highest levels are in Dubai (US\$19,000).

Thinking about all the debts you have excluding your mortgage, approximately how much would you need to pay off all these debts?
(Using Purchasing Power Parity – PPP)

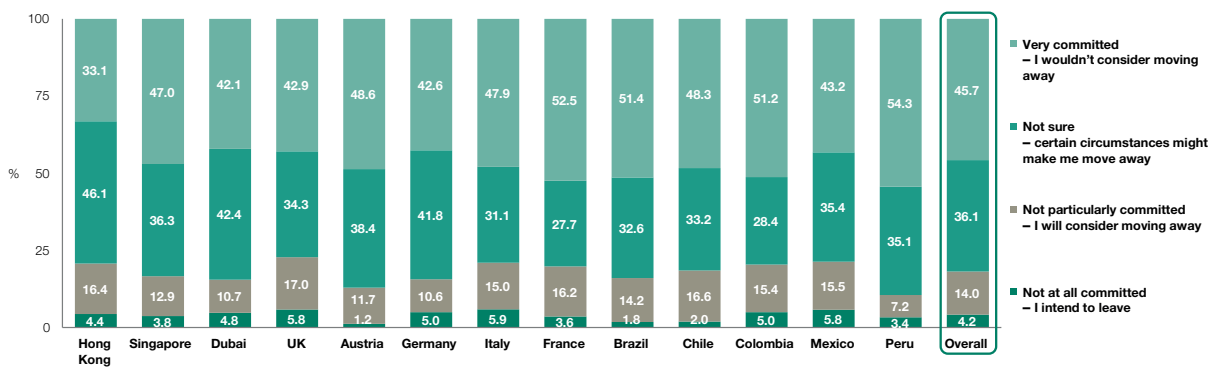


- People are typically most begrudging of repaying credit card debt – perhaps because the joy at the point of transaction from receiving the goods of the purchase has long faded. More than a fifth (22%) of people are most unhappy about repaying this.
- In Italy and Mexico people are most unhappy about mortgage repayments, with 29% in each country reporting this to be the case, whereas individuals in both Germany and Austria are most averse to repaying money owed to friends and family.

2.4 Migration

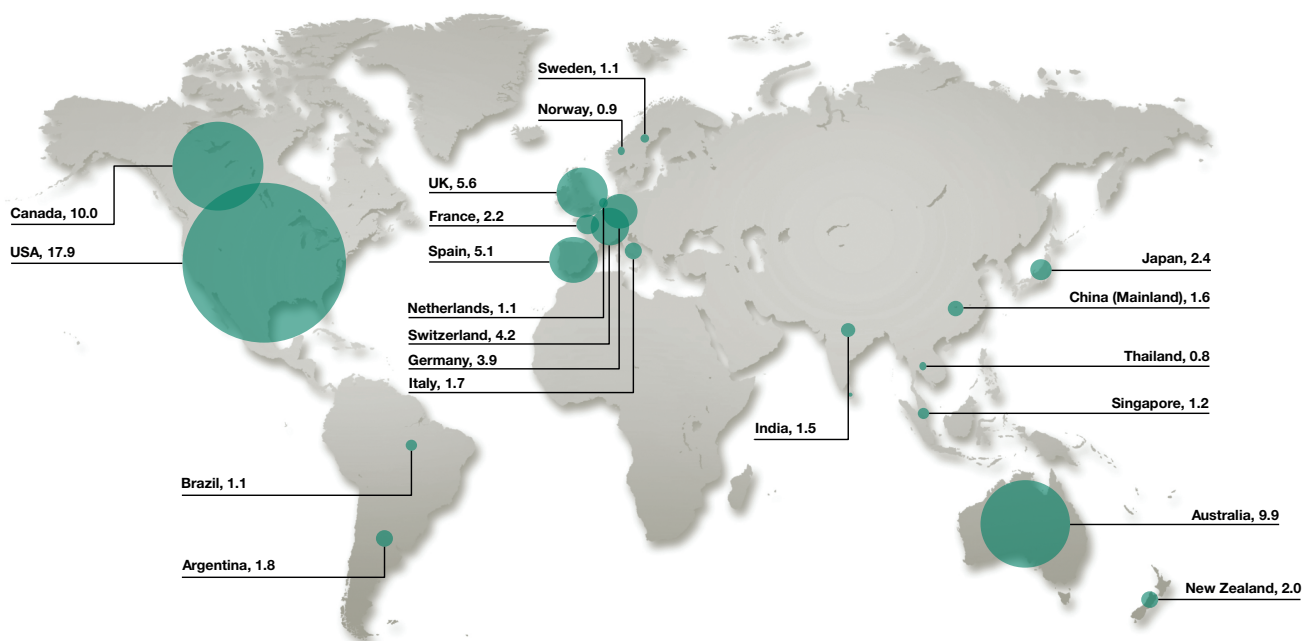
- More than half of people (54.3%) that took part in the study would consider living in a different country – a fact perhaps underpinned by the increasing move towards true globalisation and a worldwide community.
- Of these potential movers, 8% are already intent on leaving, a quarter (26%) will consider moving across borders whilst two thirds (67%) would only consider moving in certain circumstances.

How committed are you to living in the country you currently live?



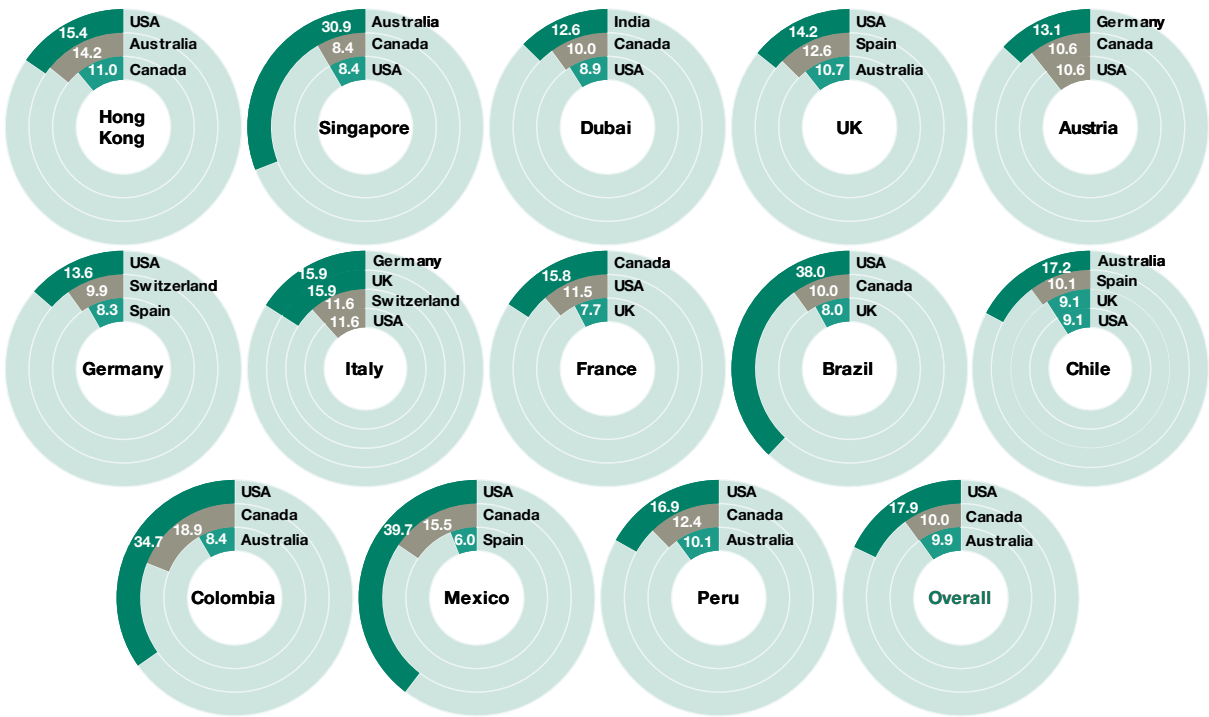
- The top three reasons for moving abroad included better employment opportunities (18.3%), a better standard of living (15.5%) and the rising cost of living in the current country of residence (12.7%).
- Of the 54.3% of people who have or would consider a move abroad, almost one in five would choose to emigrate to the US (17.9%), one in ten would consider moving to Canada, whilst Australia would lure a broadly similar proportion of individuals (9.9%).
- Generally, women are more likely to move abroad in pursuit of a better standard of living whilst the chance of better employment opportunities is the dominant reason why men would consider moving, with a few exceptions (France, Italy, UK, Chile and Colombia).

Where would you choose to live if you left?



- There appears to be an affinity with regards to migratory patterns within each continent. For example, North America looks more attractive to current residents of South America; people in Asia say Australia and North America would be their top choices; Germany looks appealing to Austrians and the Italians, whilst the Germans, the British and, to a lesser extent, the French, are attracted to the United States as an alternative country of residence.
- The British cite the weather as the fourth most important factor likely to influence their move abroad, although it seems to concern men more than it does women. Not surprisingly, Spain features as the third most popular choice for people living in the UK in terms of countries for moving abroad.

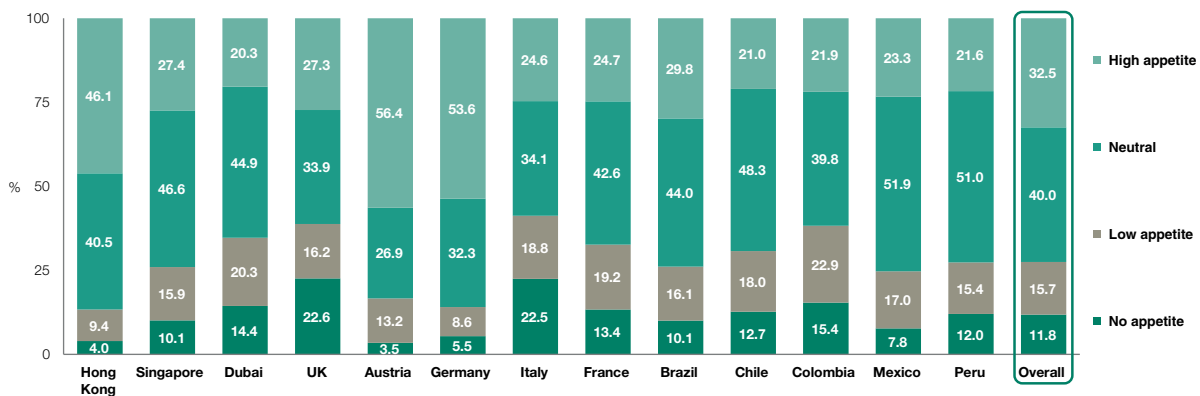
Where would you choose to live if you left?



2.5 Risk

- Globally the appetite for risk is marginally tipped towards higher rather than lower levels.
- 33% of people state they have a high appetite for risk, compared to 28% of people who have a low appetite or no appetite at all.
- A quarter of men (25.2%) state they have a low or no appetite for risk compared to nearly a third of women (29.9%) who express the same view. Surprisingly, there is little variance between men and women when it comes to taking higher risks, with 32.9% and 31.9% respectively stating they perceive themselves to be risk takers.
- Two in five people are neutral towards financial risk.
- The strongest appetite for financial risk is in Austria and Germany, where 57% and 54% of people say they have a high appetite for financial risk.
- Interestingly, these two countries also have the lowest debt levels among consumers.

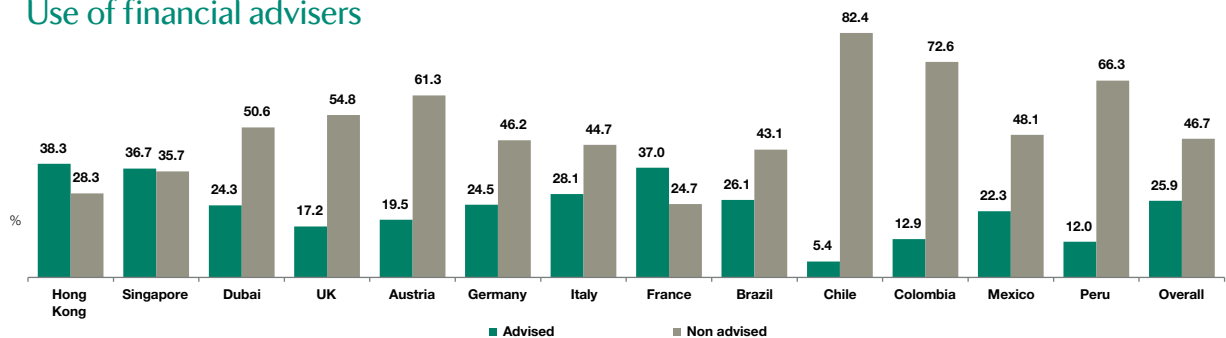
What sort of appetite for financial risk would you say you have?



2.6 Advice

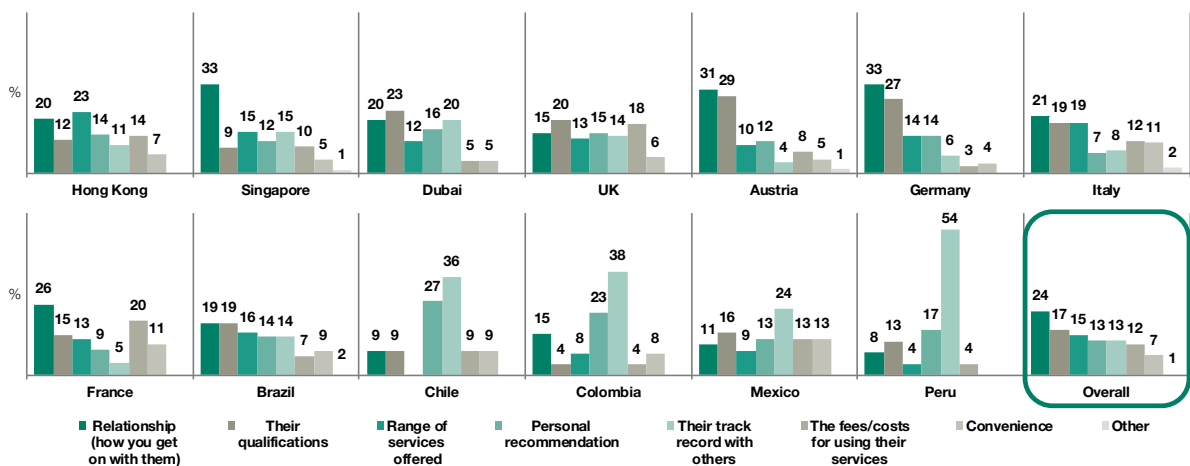
- One in four people, internationally, engage a financial adviser on an on-going basis.
- This is most evidently the case in Hong Kong (38.3%) followed by France (37%) and Singapore (37%). Interestingly, a higher proportion of people in Hong Kong (29.6%) also report to have profited from investment in funds, stocks and shares to a greater degree than in any other region.
- The lowest tendency for using advisers are Chilean consumers (5%) followed by Peruvian consumers (12%).

Use of financial advisers



- The study found that for most people, the most important consideration when dealing with an adviser is the way they interact with their clients, followed by the levels of qualifications they hold. In Dubai and in the UK this seems the key deciding factor, whereas in Chile, Colombia and Peru, the adviser's track record and personal recommendation are paramount.

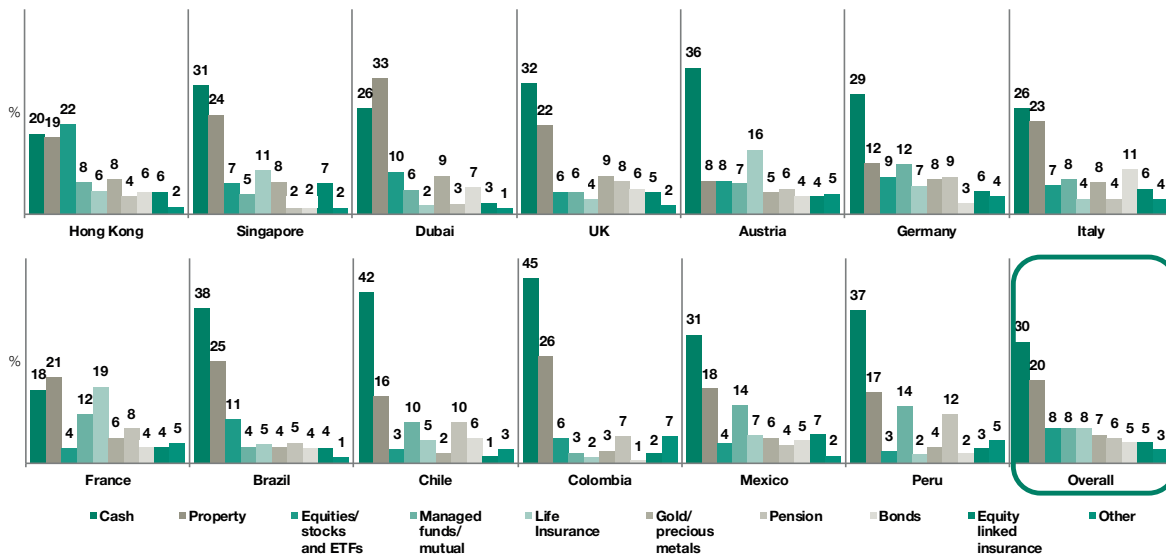
When seeking the services of a financial adviser, what are your most important considerations?



2.7 Savings and investments

- Cash and property have been the main contributors towards wealth preservation in the last ten years.
- Cash has particularly been profitable for individuals in Colombia (45%), Chile (37%), Brazil (37%), Peru (37%), and Austria (36%).
- Property has been lucrative for individuals living in Dubai (33%), Colombia (26%), Brazil (25%), Singapore (24%), Italy (23%), the UK (22%) and France (21%). In Dubai and France it has been the most profitable asset to hold/own.
- Cash, despite being the most profitable for almost all countries, ranks second overall in losing wealth for people.
- More than a fifth of those living in the UK (24%), Austria (21%) and Colombia (21%) have seen their wealth shrink due to cash over the past ten years, perhaps as a result of missing out on investment opportunities and due to lower interest rates.
- Property has been the main contributor for wealth creation in Dubai and France, whereas people in Hong Kong cite stocks and ETFs as the assets that have helped grow their wealth in the past ten years.

Which assets (through funds/insurance products) have created the most wealth for you in the past ten years?



3. Background and methodology

About Skandia International

Skandia International is the international business of Old Mutual Wealth. It specialises in long-term international savings and investment products and currently comprises: Royal Skandia, Skandia Life Ireland and Old Mutual International.

Old Mutual plc is a leading international savings and wealth management company with £260.7 billion of funds under management (30.06.2012). Originating in South Africa in 1845, the group has a portfolio of businesses offering asset management, life assurance, banking and general insurance services in over 40 countries in Europe, the Americas, Africa and Asia-Pacific.

About CoreData

CoreData Research UK is the London based arm of a broader specialist financial services and strategy consultancy that has operations in Australia, the UK, the USA, Brazil, China, South Africa and the Philippines.

Methodology

Skandia International commissioned CoreData Research to carry out a global study of wealth sentiment to gain a better insight into the issues that are impacting savings, investing and spending decisions of people across a range of geographic territories.

The research was carried out in Q3 2012 online, and involved more than 5,000 people (5,007) with net disposable incomes of £1000 (or equivalent) drawn from 13 countries across Asia, Europe, Latin America and the Middle East.

Countries represented were as follows:

UK	513
France	529
Italy	501
Germany	517
Austria	401
Singapore	504
Hong Kong	501
Dubai	501
Brazil	217
Peru	208
Mexico	206
Colombia	201
Chile	205

Skandia International, part of the wealth management business of Old Mutual plc, is the international group of companies which provides offshore and cross-border investment solutions.

www.skandiaiinternational.com

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Royal Skandia Life Assurance Limited is registered in the Isle of Man under number 24916C. Registered and Head Office: Skandia House, King Edward Road, Onchan, Isle of Man, IM99 1NU, British Isles. Phone: +44 (0)1624 655 555. Fax: +44 (0)1624 611 715.

Authorised and regulated by the Isle of Man Insurance & Pensions Authority.

Royal Skandia is a member of the Association of International Life Offices.

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Skandia Life Ireland Limited is regulated by the Central Bank of Ireland. Registered No 309649.

Administration Centre for correspondence: Skandia House, King Edward Road, Onchan, Isle of Man, IM99 1NU Tel: +353(0)1 479 3900. Fax: +353(0)1 475 1020.

Head Office Address: Iveagh Court, 6-8 Harcourt Road, Dublin 2, Ireland. VAT number for Skandia Life Ireland is 6329649S.

Registered Office: Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland.

Skandia International is registered in Ireland as a business name of Skandia Life Ireland Limited.

When printed by Skandia this item is produced on a mixed grade material, which uses a combination of recycled wood or paper fibre from controlled sources and virgin fibre sourced from well managed, sustainable forests.