

Saving and Expenditure in Asia/Pacific: Consumers' Priorities



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Saving and Expenditure in Asia/Pacific: Consumers' Priorities

*"Saving is a very fine thing.
Especially when your parents have
done it for you."*

—Sir Winston Churchill

Churchill's parents never saved for him. For much of his life, Churchill lived from hand to mouth. He wrote many books, articles and newspaper columns; and the royalties from his writing supported his lifestyle. No wonder one senses a tinge of envy in the quote above.

For the vast majority of consumers in Asia/Pacific, they too have to save for themselves. Few can count on their parents' savings. Thus, at any given time, how much they decide collectively to save determines what is left for discretionary spending. During times of uncertainty, consumers tend to save more—this is what economists call "precautionary" saving. And the global economic conditions today are noth-

ing else if not uncertain. Apart from rising uncertainty in the global economy, households in the region have also seen their level of indebtedness increase in the last eight years in most instances. Table 1 compares the levels of household indebtedness in some of the region's key markets between 2000 and 2007; bench-marked against the US. In 2007, the level of household indebtedness in Australia, New Zealand, Korea and Singapore are actually higher than that of the US; and India's level is similar to the US.

So consumers in Asia/Pacific have to cope with rising uncertainty, while managing, and paying down where possible, their debts. It is in this context that MasterCard Worldwide launched a new research project to understand better consumers' saving and spending behavior. This is the "Consumer Purchasing Priority Index," which is designed as an annual survey. This Insights report summarizes the findings of the research.²

Table 1. Household Liability as Percentage of Household Income¹

	2000	2007
Australia	96.0%	158.7%
China	67.5%	95.0%
Hong Kong	76.0%	78.7%
India	110.0%	130.0%
Indonesia	8.0%	18.6%
Japan	99.2%	91.5%
Korea	94.0%	158.0%
Malaysia	88.4%	103.9%
New Zealand	106.4%	161.3%
Singapore	157.3%	145.6%
Taiwan	75.3%	87.0%
US	97.0%	134.0%

Regional Overview

For the region as a whole (the 14 markets listed in Table 1), the vast majority of consumers, 87.4%, today see saving is very important or important. Saving is clearly of an even higher priority for those earning less than US\$10,000 a year (90.8%), compared with those earning above US\$30,000 a year (84.9%).

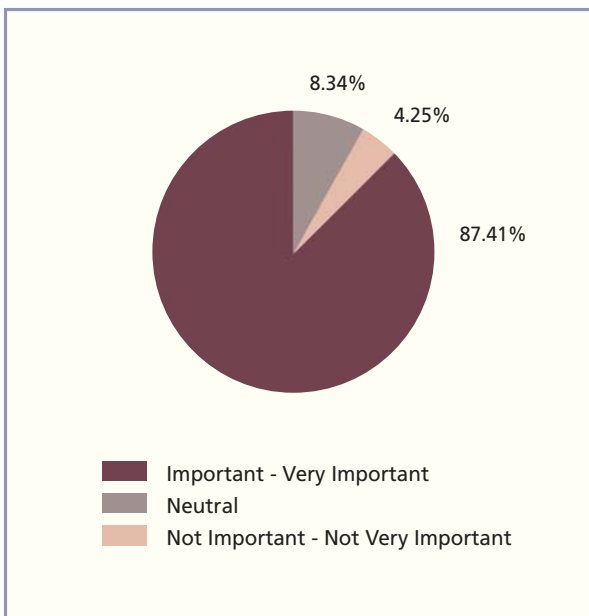
The precautionary motive for saving is by far the most important across the region, with 65.5% of consumers stating it as their main reason for saving, as shown in Chart 2. There is practically no difference in the response between consumers of different gender, age and income. Male consumers and younger consumers are only very slightly less concerned with precautionary saving than females and consumers over 30 years of age.

Apart from precautionary saving, the next three main reasons for saving are: (i) saving for retirement (44.7%), (ii) saving for investment (36.1%), and (iii) saving for buying property (31.2%). Not surprisingly, consumers who are over 30 are more keen to save

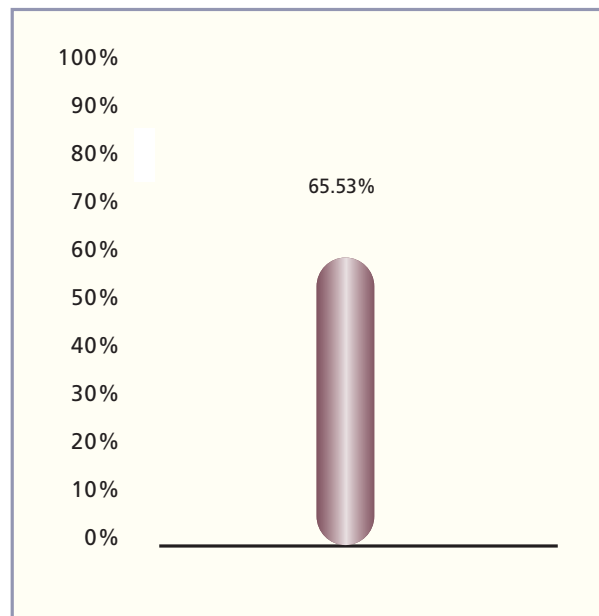
for retirement than consumers under 30 (52.5% versus 28.3%). Consumers earning more than US\$30,000 a year are also more concerned with saving for retirement than those earning less than US\$10,000 per year (58.8% versus 31.4%). The under 30 consumers, single, and divorced/widowed are among the most enthusiastic in saving for investment (40.4%, 41.2%, and 49.1% respectively). The under 30 consumers are also the most keen in saving to buy property (40.6%).

After saving, the top three priorities for discretionary spending in the next 12 months are (i) dining and entertaining, (ii) fashion and accessories; and (iii) children's education;³ as shown in Chart 4. Dining and entertaining are most important for consumers who are under 30, single, divorced/widowed, and those earning over US\$30,000 a year (62.5%, 64.9%, 65.4% and 60.9% respectively). Spending on fashion and accessories, on the other hand, is most important to consumers who are female, under 30 and single (52.4%, 55.4% and 53.9% respectively). Spending on children's education is most important to consumers who are over 30 and married (52.6% and 59.9% respectively).

**Chart 1. Region:
How Important is Saving to You?**



**Chart 2. Region:
Saving Priorities – Precautionary Purposes**



Surprisingly, it is also very important to consumers who earn less than US\$10,000 a year (55.6%); clear evidence that lower income households are far more concerned that their children succeed in school so that they can have a better future.

Close to one-third of consumers in Asia/Pacific plan to spend less than 10% of their income on discretionary purchases in the next 12 months. A slightly smaller number (28.7%) plans to spend between 10 and 20% of the income on discretionary purchases; followed by 14.6% planning to spend between 20 to 30%.

Among the big spenders (those spending 20 to 30% of their income), consumers who are single dominate (18.2%). This is higher than the 14.1% of consumers who earn over US\$30,000 a year who plan to have the same level of discretionary spending. This is a clear indication that lifestyle is a powerful driver of discretionary spending.

Chart 4. Region: Top 3 Purchasing Priorities in the Next 12 Months

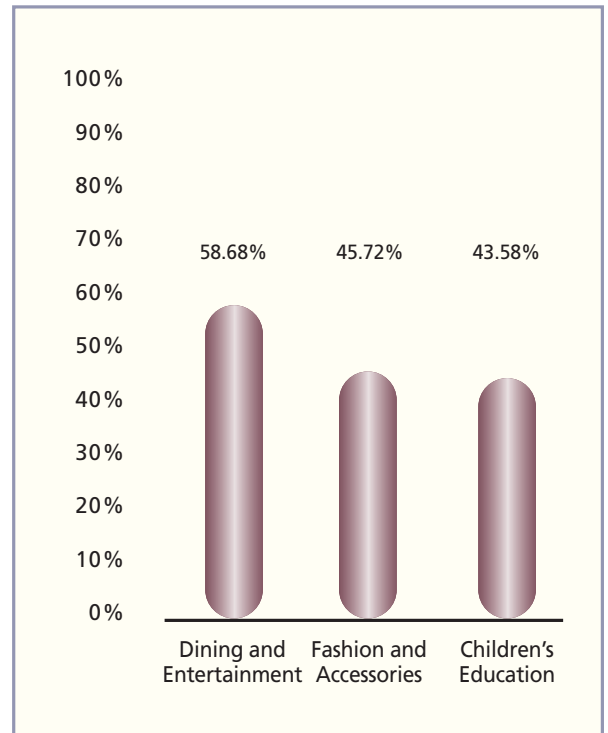


Chart 3. Region: Saving Priorities– Retirement, Investment or for Purchasing Property

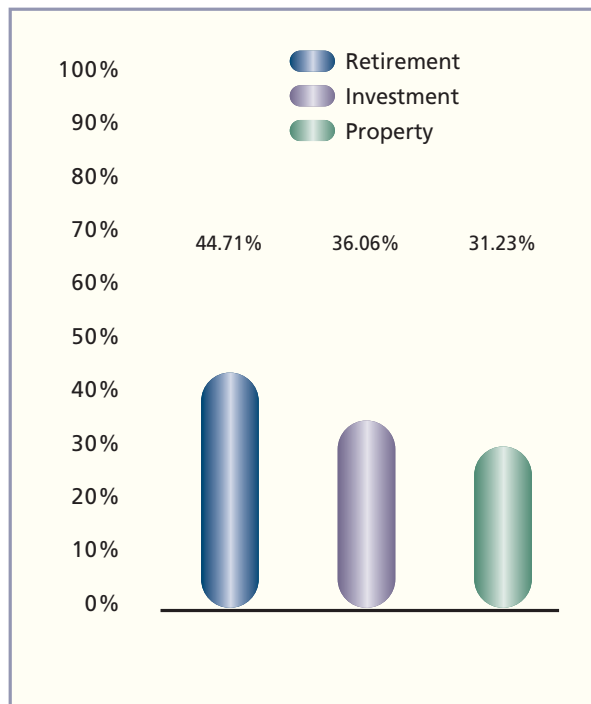
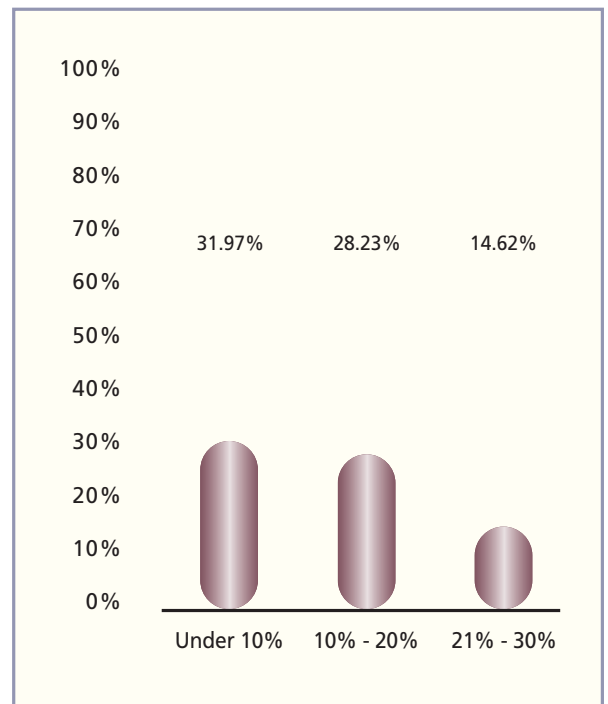


Chart 5. Region: What Percentage of Your Annual Personal Income Is Spent on Personal Discretionary Purchases? (Top 3 Deciles)



Regional Comparisons

Among the 14 markets covered in the survey, Indonesia has the highest percentage of consumers (96.8%) reporting that saving is either very important or important to them. China, on the other hand, has the lowest percentage (77.2%) as shown in Table 2.

Table 3 shows that Thai consumers are most concerned with saving for precautionary reasons (80.5%), compared with consumers in Vietnam who are least concerned (48.4%).

Chart 6 summarizes the top three spending priorities of the 14 markets surveyed in Asia/Pacific. Dining and entertaining is the most popular, being included in the top three priorities in 11 out of the 14 markets. Personal travel and fashion and accessories tie for the second place, with consumers from

Table 2. Importance of Saving

Regional Average	-	87.4%
Most Important	Indonesia	96.8%
Least Important	China	77.2%

Table 3. Precautionary Saving

Regional average	-	65.5%
Most Precautionary	Thailand	80.5%
Least Precautionary	Vietnam	48.4%

eight out of the 14 markets reporting them as among their top three spending priorities. Spending on children's education is in the third place with consumers from seven out of the 14 markets indicating that it is among their top three priorities.

Chart 6: Regional Comparison of Top 3 Spending Priorities

	Dining & Entertainment	Fitness and Wellness	Personal Travel	Fashion and Accessories	Children's Education	Buying and Upgrading Properties	Continuing Own Education
AU	60.3	-	59.0	53.5	-	-	-
CN	53.8	44.4	-	-	43.7	-	-
HK	81.0	-	55.1	74.6	-	-	-
IN	-	46.5	-	-	69.2	49.3	-
ID	74.4	-	-	71.9	59.5	-	-
JP	57.8	-	36.8	-	22.8	-	-
KR	-	-	-	33.0	43.8	-	19.8
MY	58.8	-	42.5	42.3	-	-	-
NZ	73.5	62.0	63.3	-	-	-	-
PH	-	-	-	46.3	68.8	48.0	-
SG	58.4	54.2	53.2	-	-	-	-
TW	69.5	-	52.8	43.3	-	-	-
TH	82.8	-	46.3	-	-	43.8	-
VN	75.8	-	-	61.0	57.0	-	-

Australia

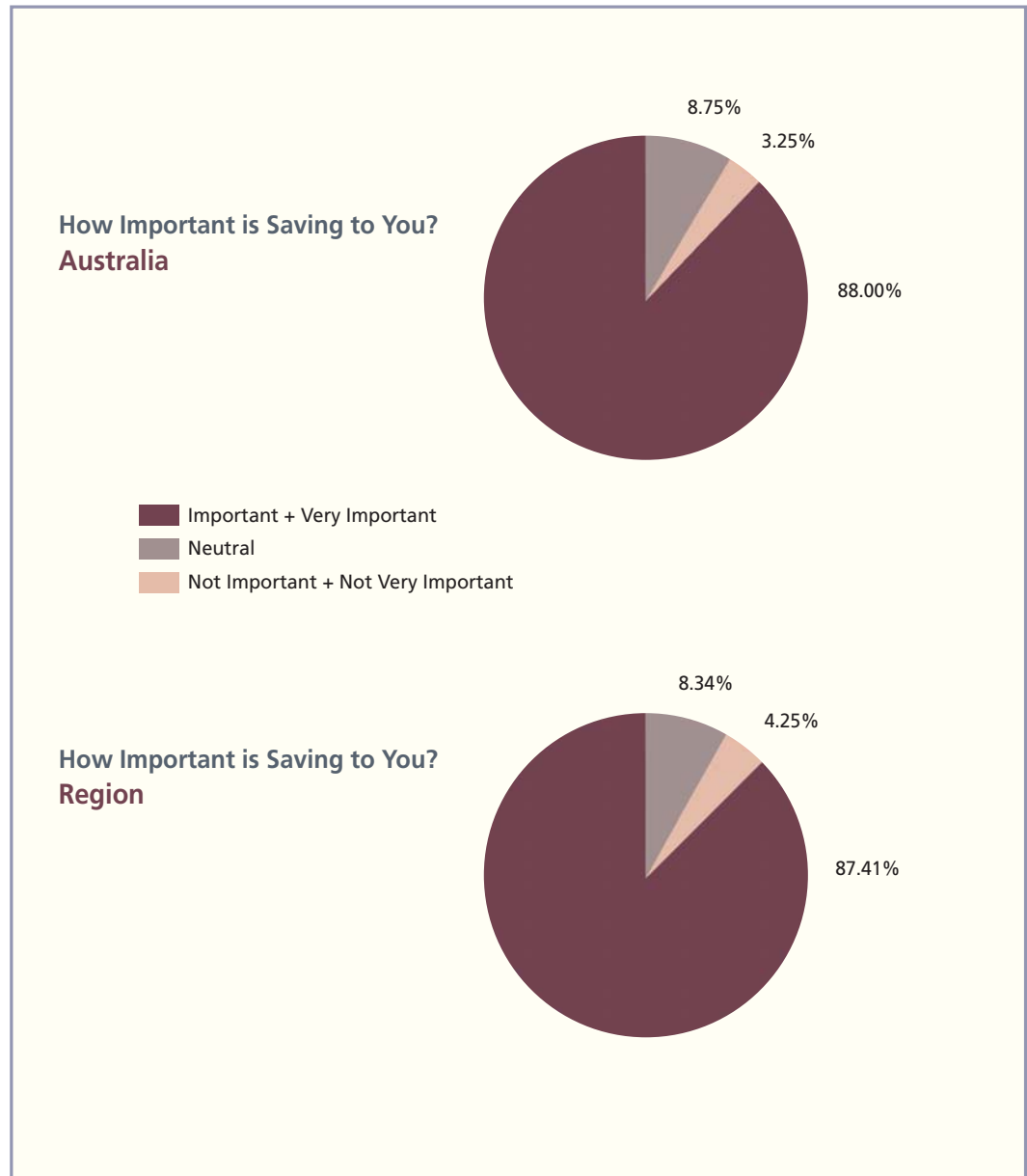
Australian consumers clearly believe that saving is important. Chart 7 shows that compared with the regional average, a slightly higher percentage of Australian consumers think that saving is very important. Female consumers, and consumers who are divorced or widowed, and those earning

over US\$30,000 a year appear really serious about saving (92.8%, 94.6% and 89.2% respectively).



Australia's under-30 single consumers and those that are divorced or widowed are the biggest spenders on fashion and accessories.

Chart 7. Australia: How Important is Saving to You?



The precautionary motive to save dominates. As Chart 8 shows, 63.9% of Australian consumers cited it as their primary reason for saving; only slightly lower than the regional average of 63.5%.

Chart 8: Australia Saving Priorities– Precautionary Purposes

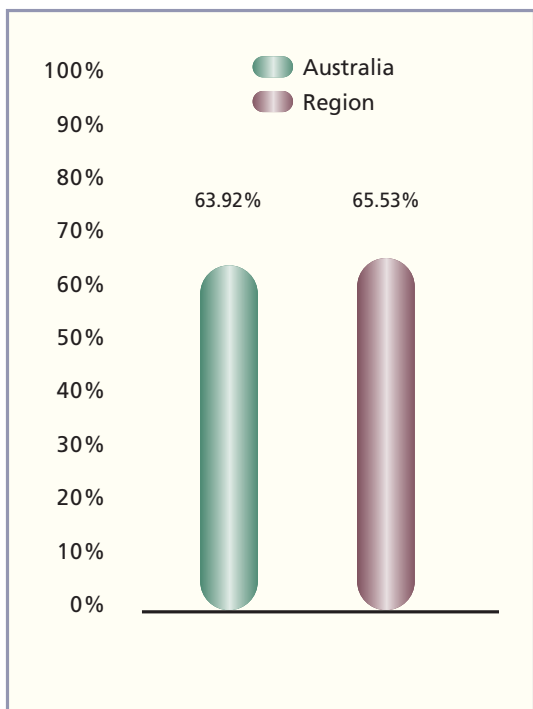


Table 4 highlights some of the key features of the saving and spending patterns of Australian consumers. Apart from the precautionary motive, the other three key reasons for saving are preparing for retirement, for investment, and for property purchase. In terms of amount to be saved, 40.5% plan to save between 1 to 10% of their income; a shocking 20.5% plan to save nothing at all; while another 8% plan to save between 21 to 30%. Many of those who plan to save nothing are also earning less than US\$30,000 a year; which means, given the cost of living in Australia, there is not much left to save after spending on

necessities. Their top three spending priorities are dining and entertaining, personal travel, and buying fashion and accessories.

Table 4. Saving and Spending Patterns in Australia

Top 3 Reasons for Saving	
Saving for Retirement	61.4%
Saving for Investment	44.3%
Saving to Buy Property	21.3%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	40.5%
Saving 0%	20.5%
Saving 21 - 30%	8.0%
Top 3 Spending Priorities	
Dining and Entertaining	60.3%
Personal Travel	59.0%
Fashion and Accessories	53.5%



Australians who are over 30, married, and earn over US\$30,000 are most strongly motivated toward precautionary saving.

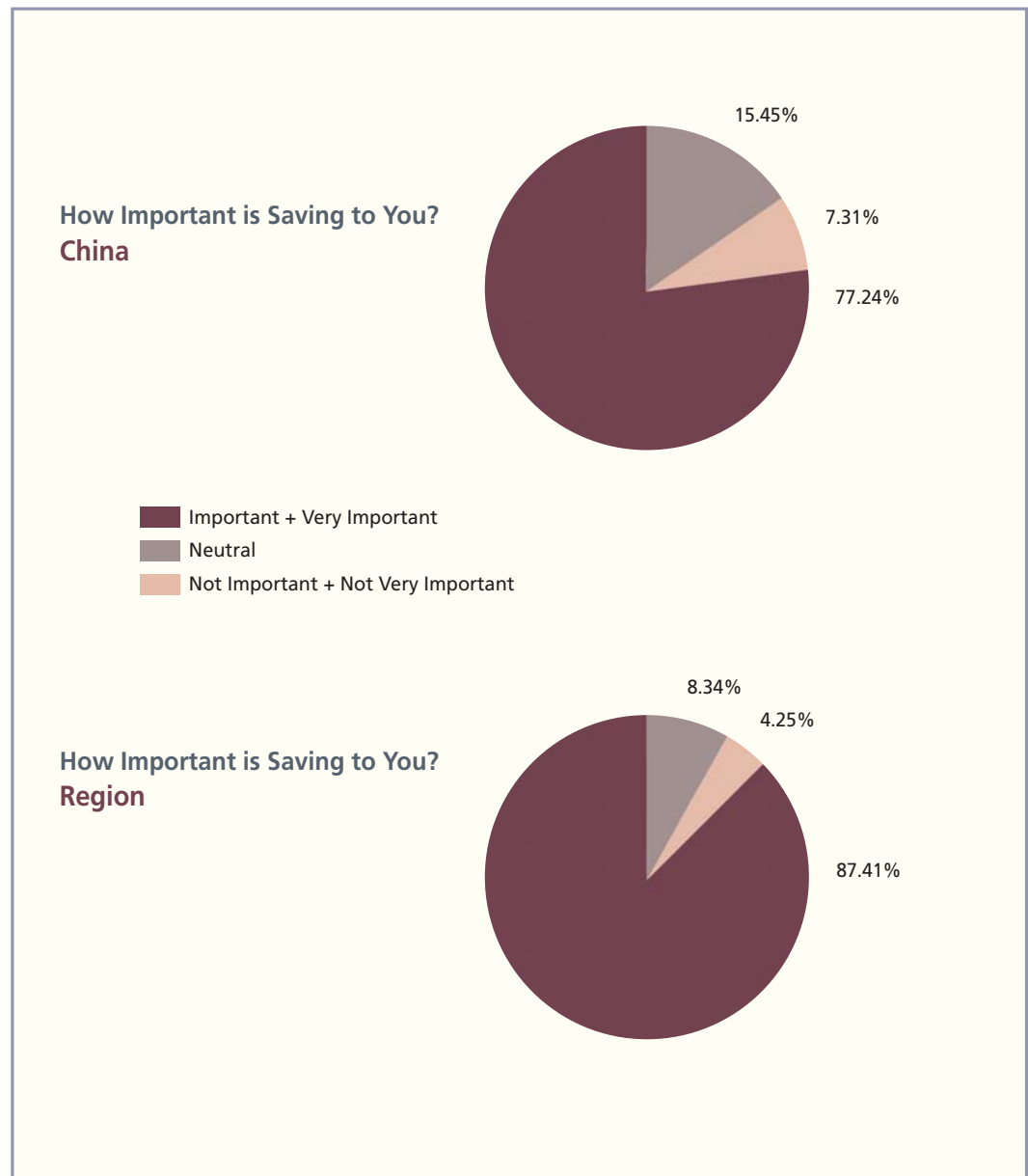
China

Chinese consumers are less concerned with saving compared with the regional average, as shown in Chart 9. Consumers who are over 30 and married are; not surprisingly, most concerned with saving.

58.5%, is also significantly lower than the regional average.

Chart 10 shows that the precautionary motive for saving for Chinese consumers, at

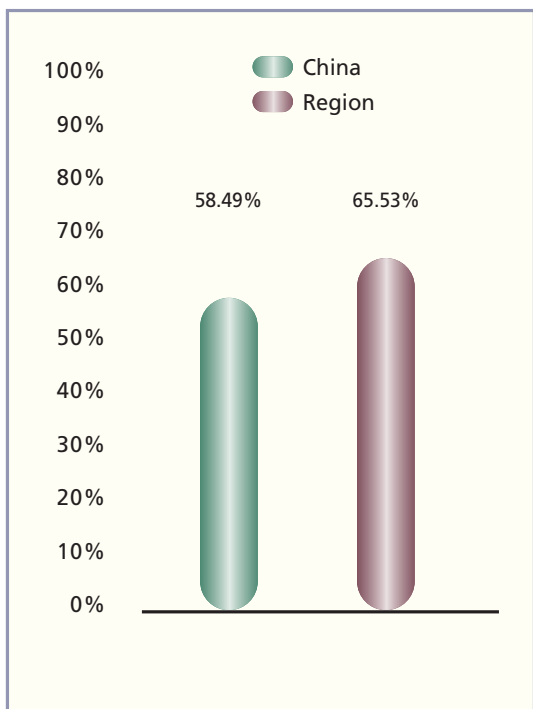
Chart 9. China: How Important is Saving to You?



Only 5% of China's under-30 consumers are concerned with saving for retirement. This is in sharp contrast to consumers who are divorced or widowed—where 100% are concerned with retirement savings.

Table 5 summarizes the other key saving and spending patterns of Chinese consumers. Saving for investment elicited the highest rate of response, followed by saving for buying property; then saving for retirement. The most

Chart 10: China Saving Priorities– Precautionary Purposes



common range of income saved is 11 to 20%; followed by 1 to 10%; then 21 to 30%. While dining and entertaining is the top priority in consumer spending; the second priority is spending on fitness and wellness; and the third is on children’s education.

Table 5. Saving and Spending Patterns in China

Top 3 Reasons for Saving	
Saving for Retirement	22.2%
Saving for Investment	36.1%
Saving to Buy Property	26.9%
% of Income Saved: Top 3 Deciles	
Saving 11 - 20%	28.9%
Saving 1 - 10%	21.9%
Saving 21 - 30%	17.3%
Top 3 Spending Priorities	
Dining and Entertaining	53.8%
Fitness and Wellness	44.4%
Children’s Education	43.7%



China’s under-30 consumers earning US\$ 30,000 and more are keen to invest. Under-30 singles earning US\$ 30,000 and more are saving to buy property.

Hong Kong

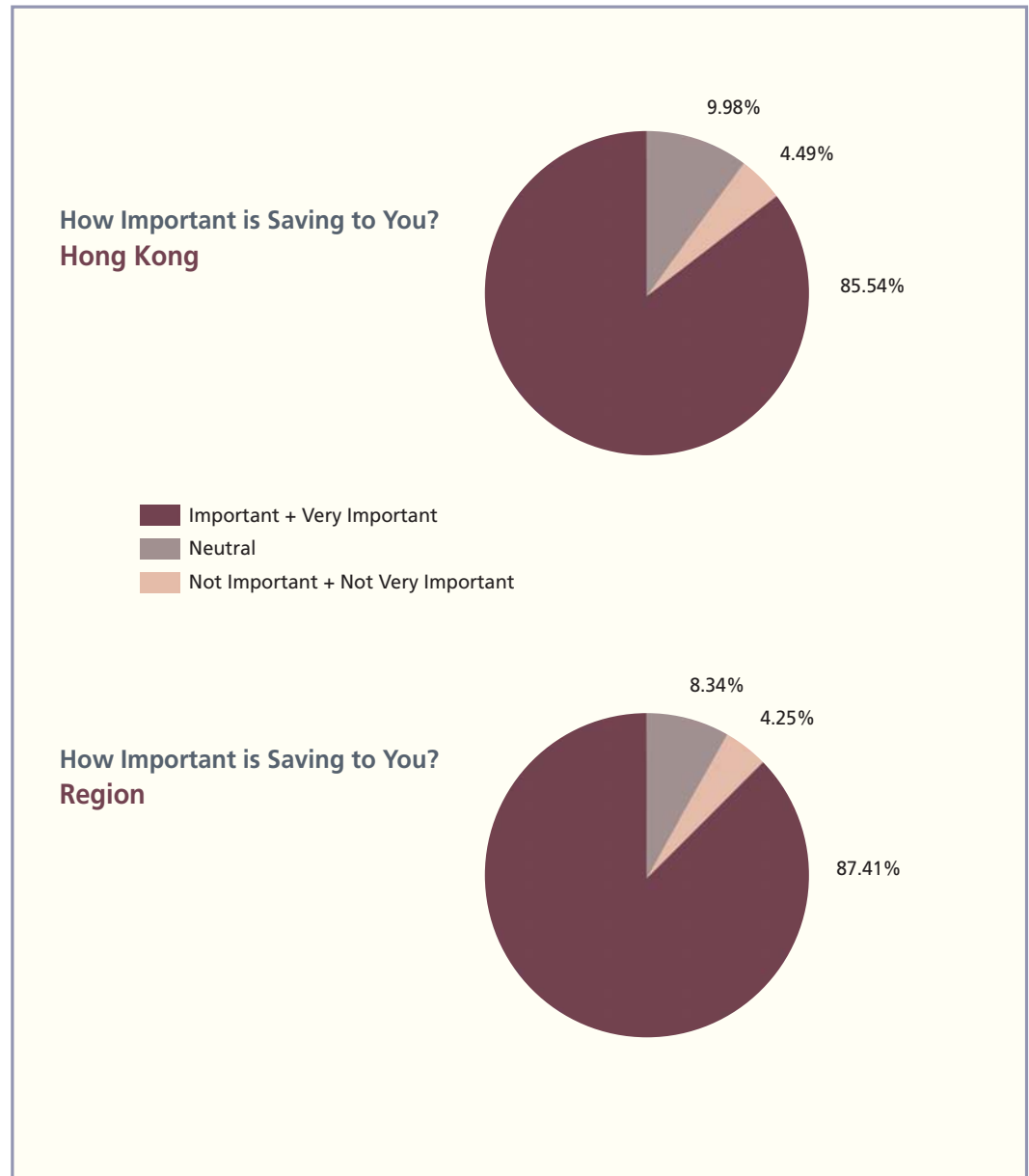
While Hong Kong consumers' perception of the importance of saving is similar to the regional average, as Chart 11 shows, the divorced/widowed consumer segment is the most seriously concerned with saving, with 100% responding that saving is either very important or important.

The precautionary motive for saving in Hong Kong is slightly lower than the regional average, as shown in Chart 12.



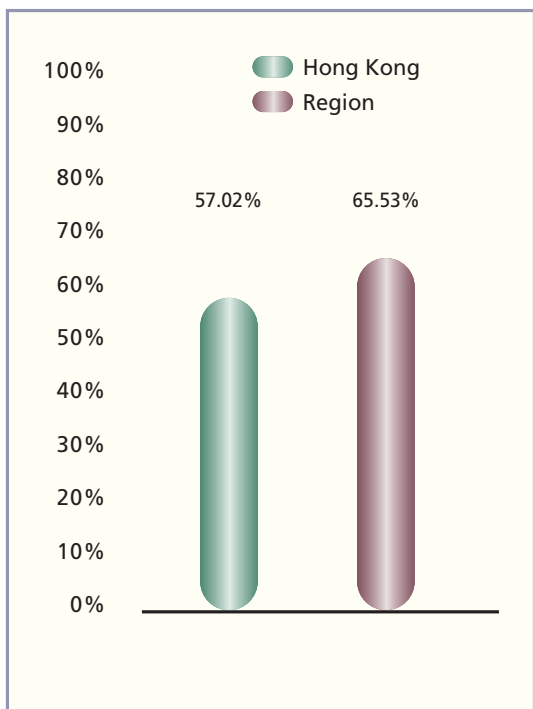
Hong Kong's females and single consumers do the most spending on fashions and accessories.

Chart 11. Hong Kong: How Important is Saving to You?



The key features of Hong Kong consumers' saving and spending pattern are summarized in Table 6. Apart from the precautionary motive to save, saving for retirement is the second most important reason, which is not

Chart 12: Hong Kong Saving Priorities– Precautionary Purposes



surprising given Hong Kong's aging population. Saving for investment ranks second, followed by saving for buying property. The most common range of income saved is 11 to 20%. Dining and entertaining is the top spending priority, followed by spending on fashion and accessories; and then personal travel.

Table 6. Saving and Spending Patterns in Hong Kong

Top 3 Reasons for Saving	
Saving for Retirement	44.0%
Saving for Investment	40.5%
Saving to Buy Property	36.4%
% of Income Saved:	
Top 3 Deciles	
Saving 11 - 20%	32.7%
Saving 1 - 10%	23.2%
Saving 21 - 30%	20.7%
Top 3 Spending Priorities	
Dining and Entertaining	81.1%
Fashion and Accessories	74.6%
Personal Travel	55.1%



Over-30 and married consumers in Hong Kong are most concerned with saving for retirement. Under-30s, singles and those divorced or widowed are more concerned with saving to buy property.

India

The percentage of Indian consumers that acknowledged saving is either very important or important to them, at 91.7%, far exceeding the regional average of 87.4% as shown in Chart 13.

India as compared with the regional average.

The precautionary motive for saving, as Chart 14 shows, is also slightly stronger in



India's consumers that earn between US\$ 10,000 and US\$30,000 are most concerned about saving for retirement.

However, those earning more than US\$ 30,000 are completely unconcerned.

Chart 13. India: How Important is Saving to You?

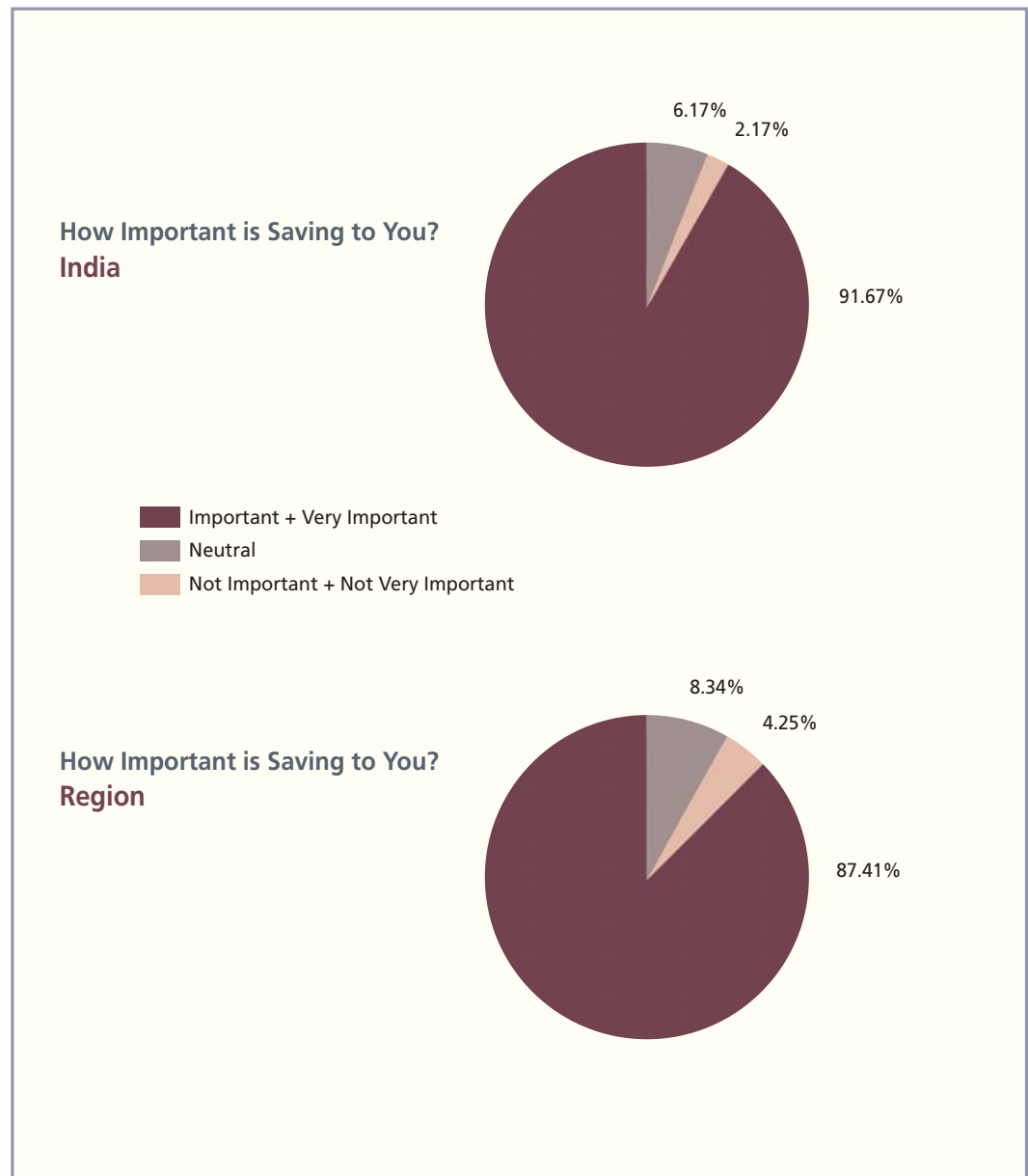
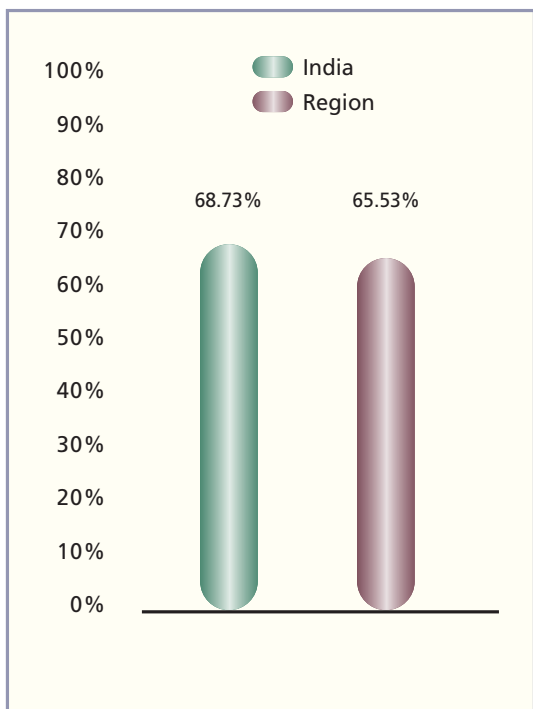


Table 7 shows the highlights of saving and spending patterns of Indian consumers. Saving for buying properties is the most important to Indian consumers, followed by saving for investment; and then saving for retirement.

Chart 14: India Saving Priorities– Precautionary Purposes



Retirement is seen as less of a priority because the Indian population is among the youngest in Asia. Indian consumers tend to save less than the regional average; with 34.3% of consumers reporting that they plan to save between 1 to 10% of their income. Spending on children’s education is their top priority; followed by spending on buying or upgrading their homes and properties; with spending on fitness and wellness ranking third.



India’s over-30 married consumers are spending to upgrade their properties. India’s under-30 males are big spenders on fitness and wellness.

Table 7. Saving and Spending Patterns in India

Top 3 Reasons for Saving	
Saving for Retirement	21.3%
Saving for Investment	35.1%
Saving to Buy Property	42.4%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	34.3%
Saving 11 - 20%	32.7%
Saving 21 - 30%	21.5%
Top 3 Spending Priorities	
Children’s Education	69.2%
Buying/Renovating Properties	49.3%
Fitness and Wellness	46.5%

Indonesia

Indonesian consumers are very concerned with saving, as shown in Chart 15, with 96.85% believing that saving is very important and important.

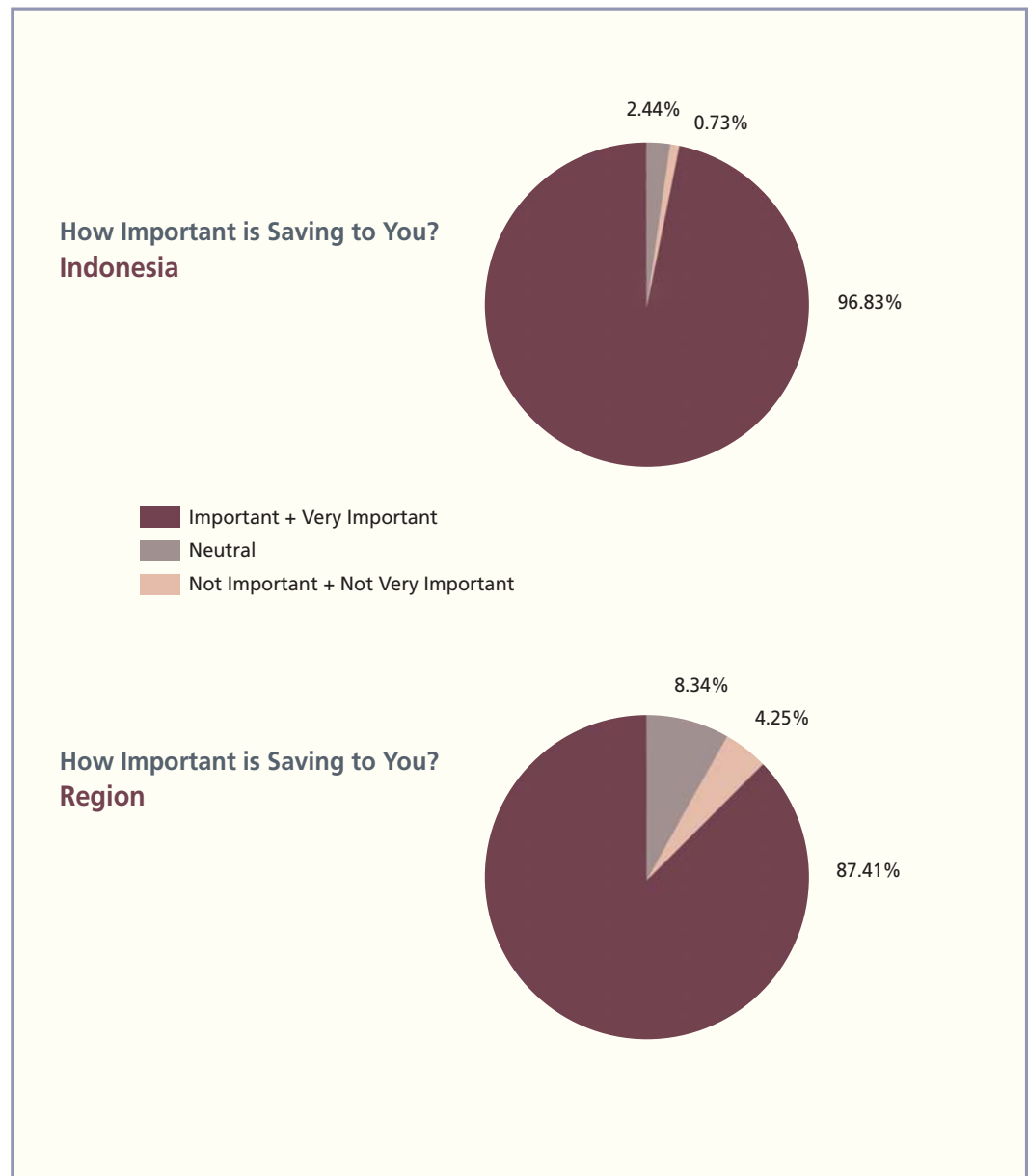
at 64.7% compared with the region's 65.5%.

But their precautionary motive for saving is slightly lower than the regional average,



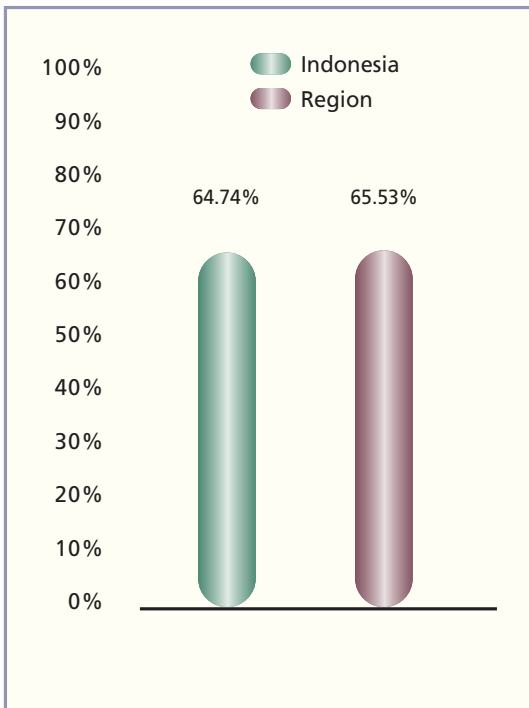
Indonesian consumers who are single and earn between US\$ 10,000 and US\$ 30,000 are the biggest spenders on dining and entertainment.

Chart 15. Indonesia: How Important is Saving to You?



It turns out that Indonesian consumers are saving for retirement and for investment, as shown in Table 8. Saving to buy property drops to a distant third. Most Indonesian consumers save between 1 to 10% of their income, fol-

Chart 16: Indonesia Saving Priorities– Precautionary Purposes



lowed closely by consumers saving between 11 to 20% of their income. The top spending priority is on dining and entertaining; followed by spending on fashion and accessories; and on children’s education.

Table 8. Saving and Spending Patterns in Indonesia

Top 3 Reasons for Saving	
Saving for Retirement	52.6%
Saving for Investment	46.9%
Saving to Buy Property	21.2%
% of Income Saved: Top 3 Deciles	
Saving 1 - 10%	34.2%
Saving 11 - 20%	32.2%
Saving 21 - 30%	19.0%
Top 3 Spending Priorities	
Dining and Entertaining	74.4%
Fashion and Accessories	71.9%
Children’s Education	59.5%



Male consumers in Indonesia, plus singles and those earning between US\$ 10,000 to US\$ 30,000 per year are saving to buy property.

Japan

Japanese consumers see the importance of saving at about the same level as the regional average as shown in Chart 17.

On the other hand, Chart 18 shows that the precautionary motive of saving in Japan is significantly higher when compared with the average of the region.



Japan's over-30 married consumers are spending to educate their children. Precautionary saving in Japan is strongest among males, married consumers, and those with yearly earnings of US\$30,000 and above.

Chart 17. Japan: How Important is Saving to You?

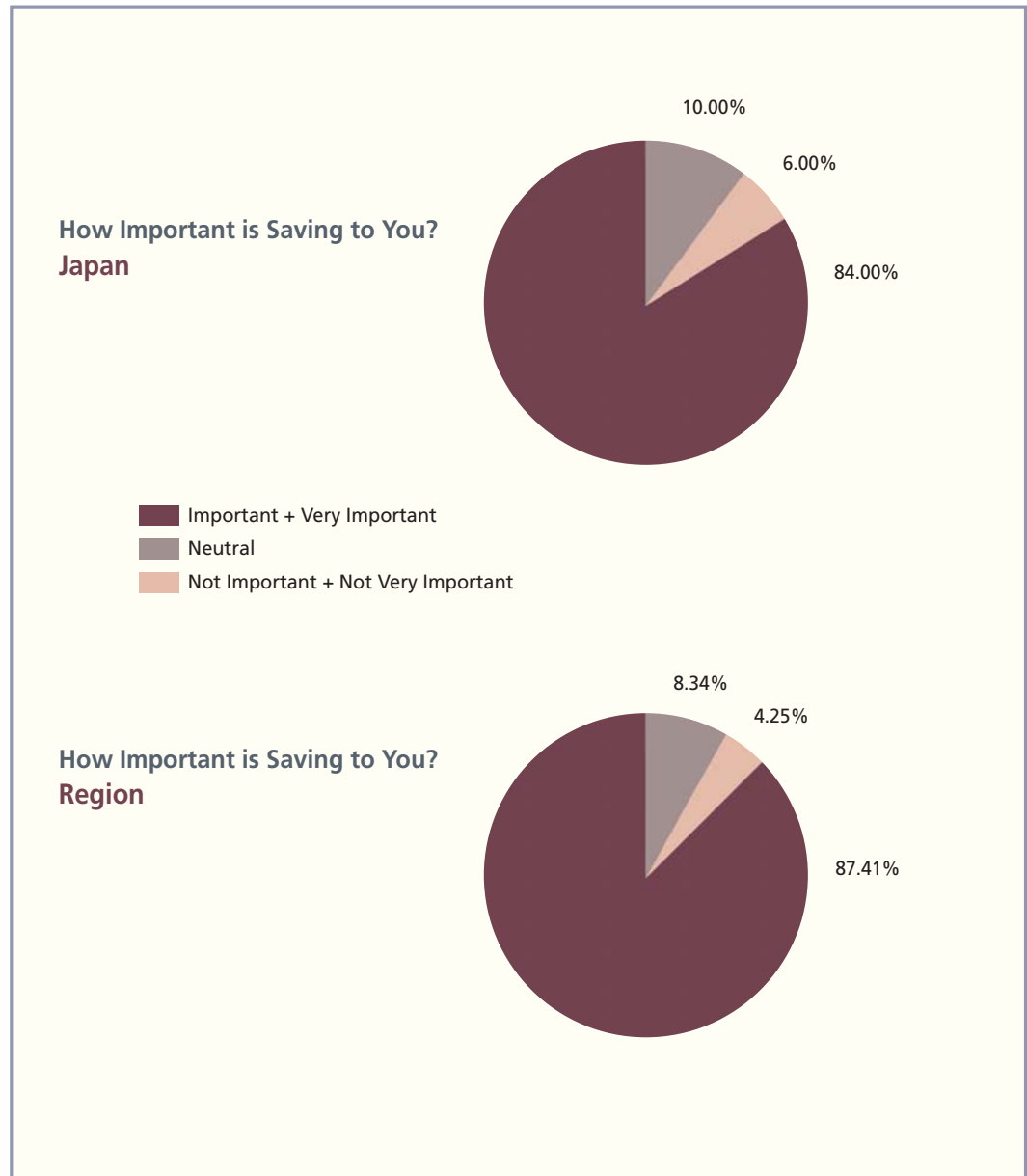
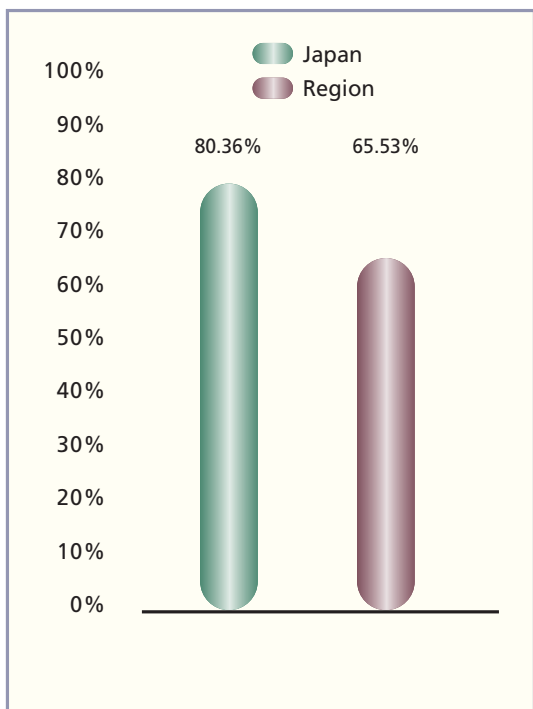


Table 9 shows that almost half of the Japanese consumers surveyed identified saving for retirement as the top priority, which is not surprising given the ageing trend in Japan. But interestingly Japanese consumers do not seem

Chart 18: Japan Saving Priorities– Precautionary Purposes



to save very much, given their strong precautionary motive for saving; and their perceived need of saving for retirement; 36.6% reported that they plan to save only between 1 to 10% of their income. There may be two reasons for this phenomenon; the first is that 10% of their average income is a lot more, in absolute terms, than 50% of the average income in Indonesia or China; and the second is that many Japanese can also count on pension support to an extent that is unmatched in many other markets in Asia. The second most common range of income saved is 11 to 20%, with 21.5% consumers reporting that they plan to

save in this range. Then, the third most common range of income saved is 0%. It turns out that virtually all Japanese earning less than US\$30,000 a year are in this category; they do not plan to save anything at all. This is understandable given the high cost of living in Japan; with an annual income of less than US\$30,000, there is not much left after spending on basic necessities such as food, clothing, shelter and transport. The top three spending priorities are dining and entertaining; followed by personal travel; and children’s education.

Table 9. Saving and Spending Patterns in Japan

Top 3 Reasons for Saving	
Saving for Retirement	47.9%
Saving for Investment	13.7%
Saving to Buy Property	15.2%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	36.6%
Saving 11 - 20%	21.5%
Saving 0%	12.3%
Top 3 Spending Priorities	
Dining and Entertaining	57.8%
Personal Travel	36.8%
Children’s Education	22.8%



Japan’s male consumers and those who earn between US\$10,000 and US\$30,000 like to save so that they can invest.

Korea

Korean consumers' perception of the importance of saving is slightly lower than the regional average as seen in Chart 19.

But, like Japan, they seem to have a much strong precautionary motive to save as shown in Chart 20.



In Korea, females, those under age 30, and single consumers are big spenders on fashion and accessories.

Uniquely in Korea, single and under-30 consumers are spending to further their own educations.

Chart 19. Korea: How Important is Saving to You?

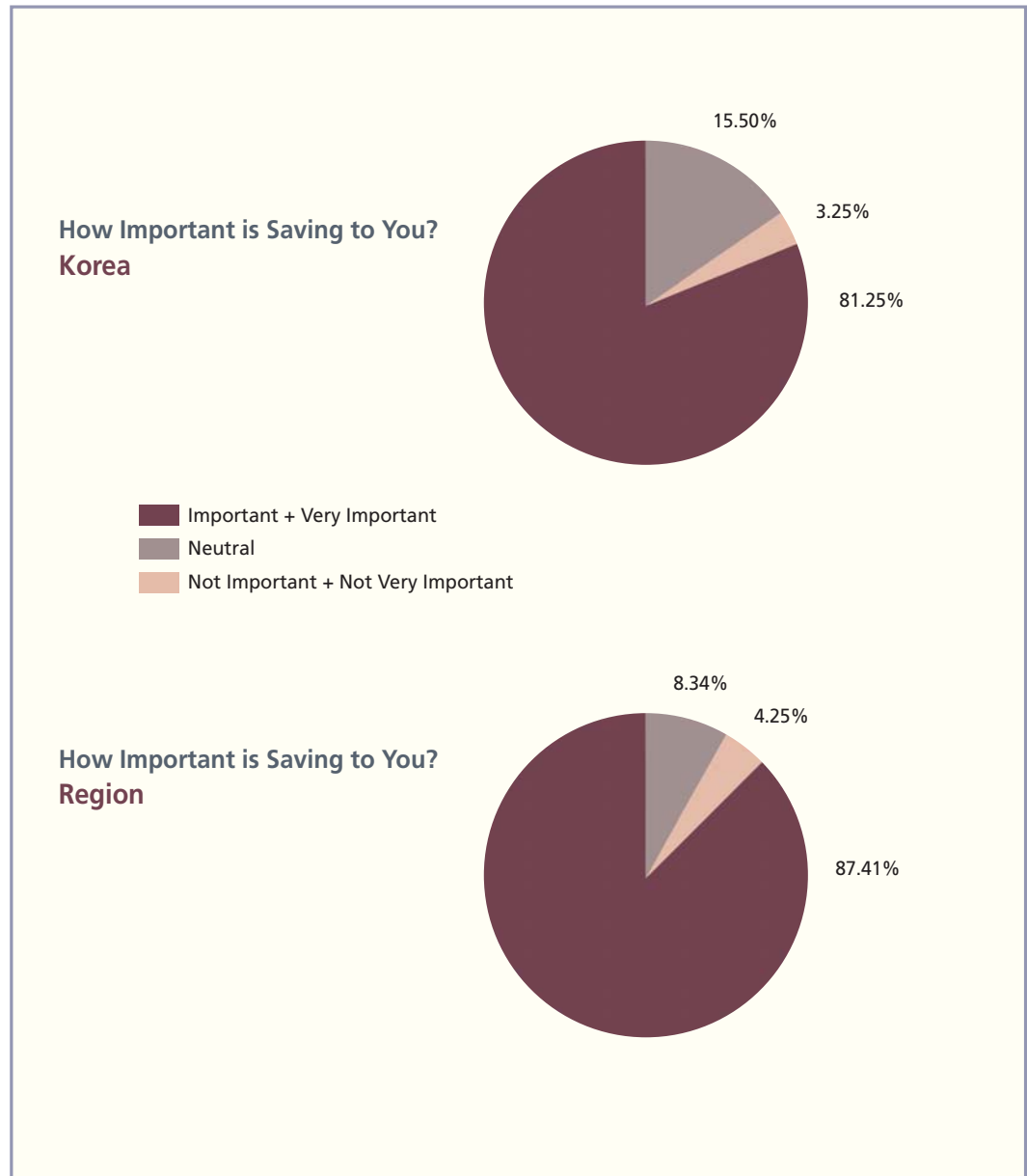


Table 10 summarizes their saving and spending patterns, which have a number of unusual features. An extraordinarily high 74.5% of Korean consumers reported that they are saving for retirement. This compares

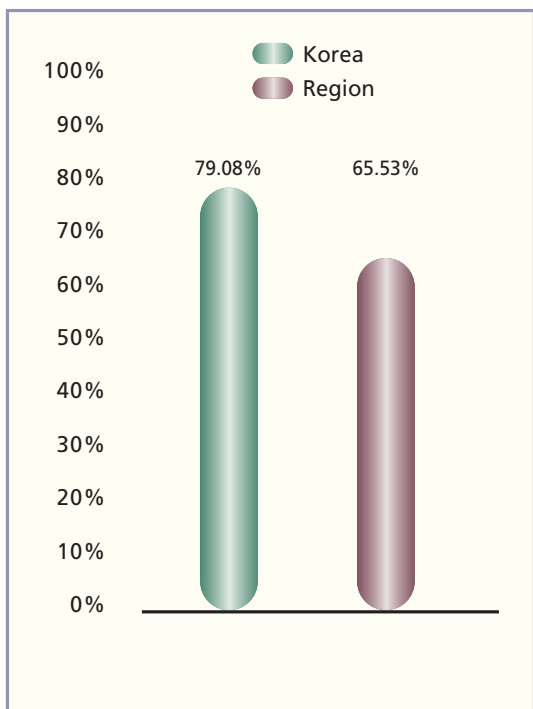
et. This is feature in Korea that is unique in all 14 markets surveyed.

In terms of spending priorities, spending on education is clearly a passion for Korean consumers with 43.8% reporting that they will be spending on their children's education. As another unique feature in all the markets surveyed in Asia, 19.8% of Korean consumers stated that they will be spending on their own continuing education.



Among Korea's consumers, the precautionary motive for saving is strongest among those who are male, married, and earn between US\$10,000 and US\$ 30,000.

Chart 20: Korea Saving Priorities– Precautionary Purposes



with 49.7% in Japan, even though Japan's population is older than the Korean population. While the most common range of income saved is between 21 to 30% of income; the second most common is 0% of income. It turns out that many of these consumers are those earning less than US\$10,000 a year; which, like their counterparts in Japan who earn less than US\$30,000 a year, there is not much left to save after spending on necessities. But then an astonishing 16.0% reported that they are saving over 50% of their income, which is the third most common saving brack-

Table 10. Saving and Spending Patterns in Korea

Top 3 Reasons for Saving	
Saving for Retirement	74.5%
Saving for Investment	16.6%
Saving to Buy Property	28.3%
% of Income Saved:	
Top 3 Deciles	
Saving 21 - 30%	20.3%
Saving 0%	18.8%
Saving over 50%	16.0%
Top 3 Spending Priorities	
Children's Education	43.8%
Fashion and Accessories	33.0%
Own Continuing Education	19.8%

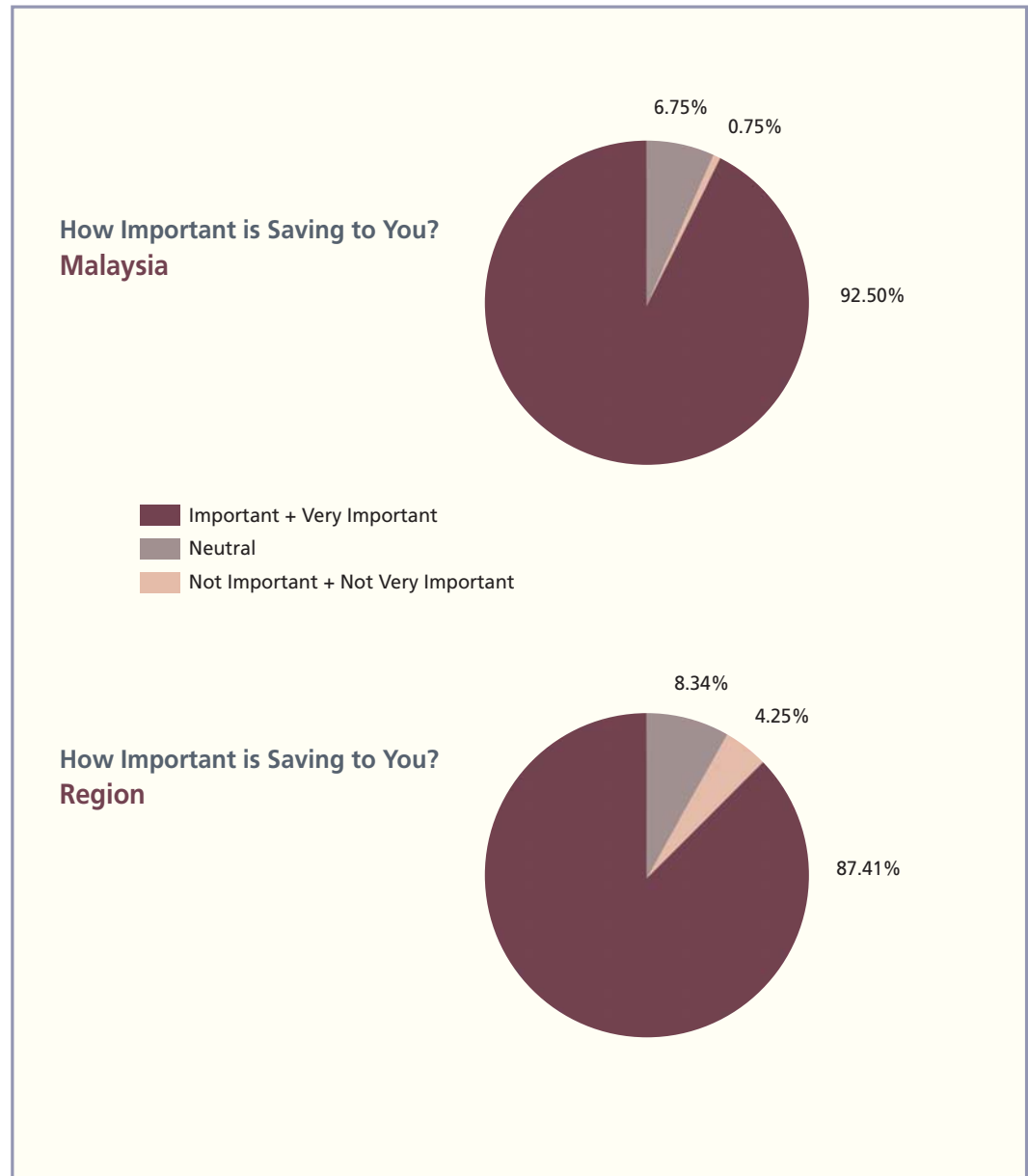
Malaysia

Malaysian consumers are clearly very concerned with saving; 92.5% of them reported that saving is either very important or important, compared with the regional average of 87.4% as seen in Chart 21.

22 shows that only 58.4% of them reported it as a reason for saving; compared with 65.5% of the regional average.

But Malaysian consumers are less driven by the precautionary motive to save. Chart

Chart 21. Malaysia: How Important is Saving to You?



Single Malaysian consumers earning over US\$ 30,000 are saving big to buy properties.

But Malaysian consumers are less driven by the precautionary motive to save. Chart 22 shows that only 58.4% of them reported it as a reason for saving; compared with 65.5% of the regional average.

Chart 22: Malaysia Saving Priorities– Precautionary Purposes

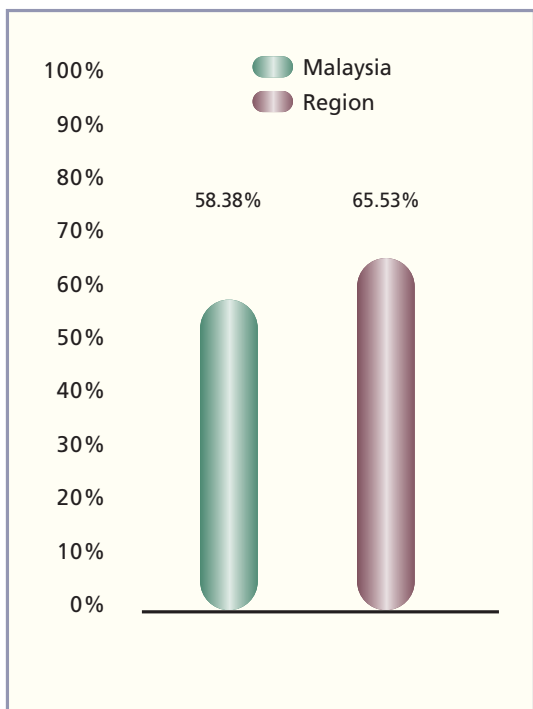


Table 11 highlights some of the key features of the saving and spending patterns of Malaysian consumers. For them, saving for retirement is the most important, apart from the precautionary motive to save. The income range saved between 1 to 10% is the most common, followed by 11 to 20%; and then 21 to 30%. Dining and entertaining is the top priority for spending, followed by spending on personal travel; then on fashion and accessories.

Table 11. Saving and Spending Patterns in Malaysia

Top 3 Reasons for Saving	
Saving for Retirement	41.1%
Saving for Investment	40.5%
Saving to Buy Property	36.8%
% of Income Saved: Top 3 Deciles	
Saving 1 - 10%	32.8%
Saving 11 - 20%	23.3%
Saving 21 - 30%	18.3%
Top 3 Spending Priorities	
Dining and Entertaining	58.8%
Personal Travel	42.5%
Fashion and Accessories	43.3%



Under-30, single Malaysian consumers earning over US\$ 30,000 spend the most on personal travel. Under-30 single females are big spenders on fashion and accessories.

New Zealand

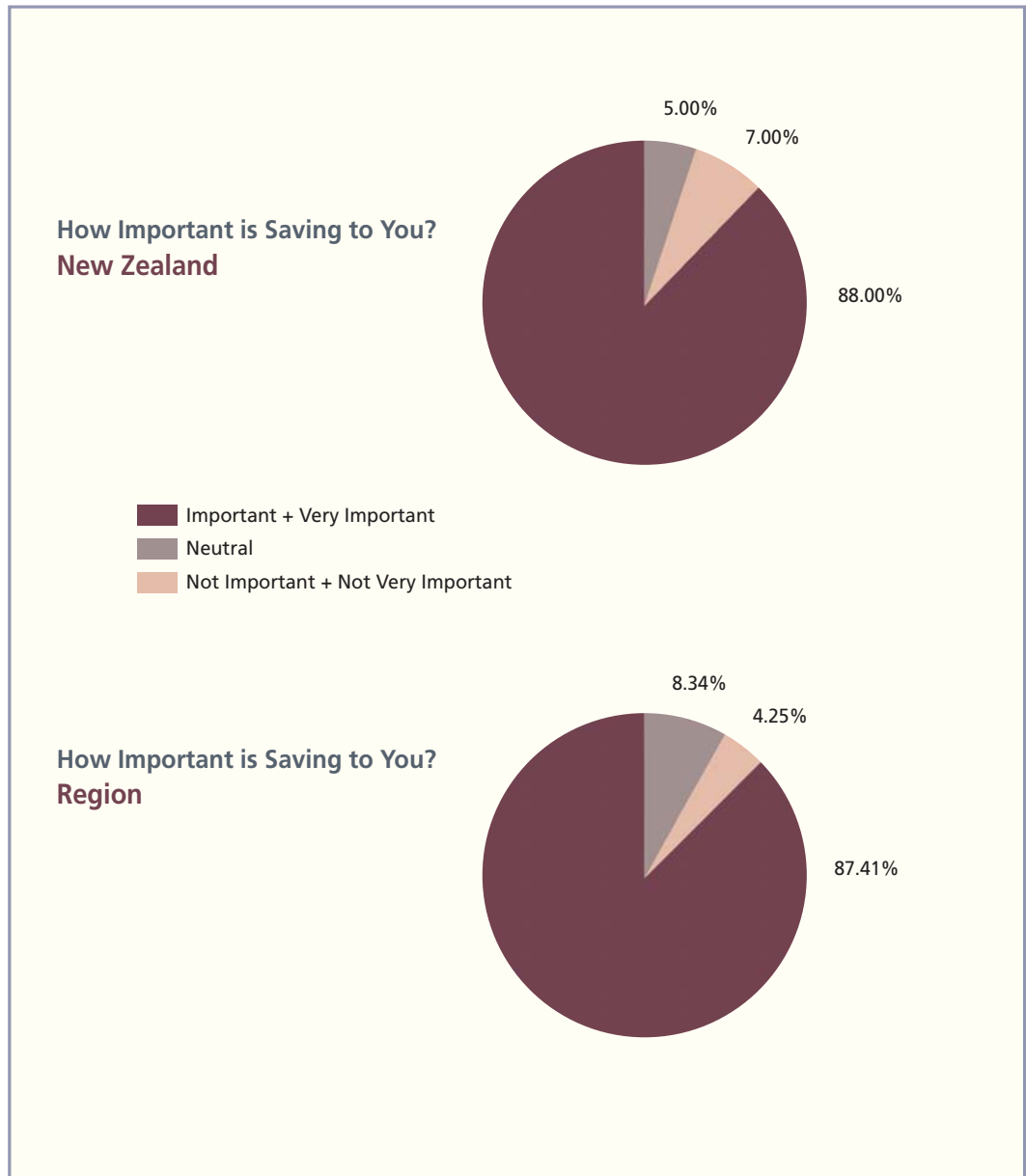
The level of which New Zealand consumers are concerned with saving is about the same as the regional average as seen in Chart 23.

They are, however, slightly less driven by the precautionary motive to save compared with the regional average.



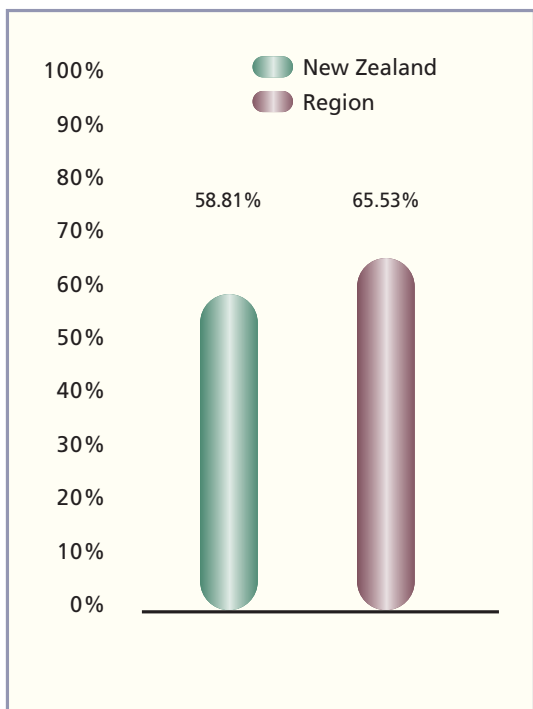
Saving is important to all New Zealand consumers, with female and under-30s the most motivated to precautionary saving.

Chart 23. New Zealand: How Important is Saving to You?



Key features of their saving and spending patterns are summarized in Table 12. A significantly high percentage of New Zealand consumers (72.2%) reported they are saving for retirement. With a similar demographic as

Chart 24: New Zealand Saving Priorities– Precautionary Purposes



Australia, more New Zealand consumers are saving for retirement than in Australia (61.4%). The most common range of income saved, however, is 0%; with 22.0% of New Zealand consumers reporting that they are not saving anything. Many of these consumers are earning less than US\$30,000 a year, however.

Dining and entertaining is their top spending priority; followed by personal travel; and then spending on fitness and wellness.

Table 12. Saving and Spending Patterns in New Zealand

Top 3 Reasons for Saving	
Saving for Retirement	72.2%
Saving for Investment	36.4%
Saving to Buy Property	33.8%
% of Income Saved:	
Top 3 Deciles	
Saving 0%	22.0%
Saving 1 - 10%	21.0%
Saving 11 - 20%	21.0%
Top 3 Spending Priorities	
Dining and Entertaining	73.5%
Personal Travel	63.3%
Fitness and Wellness	62.0%



New Zealand's male and over-30 consumers are saving most for retirement. Those who are divorced or widowed are keen on saving for the purpose of investing.

Philippines

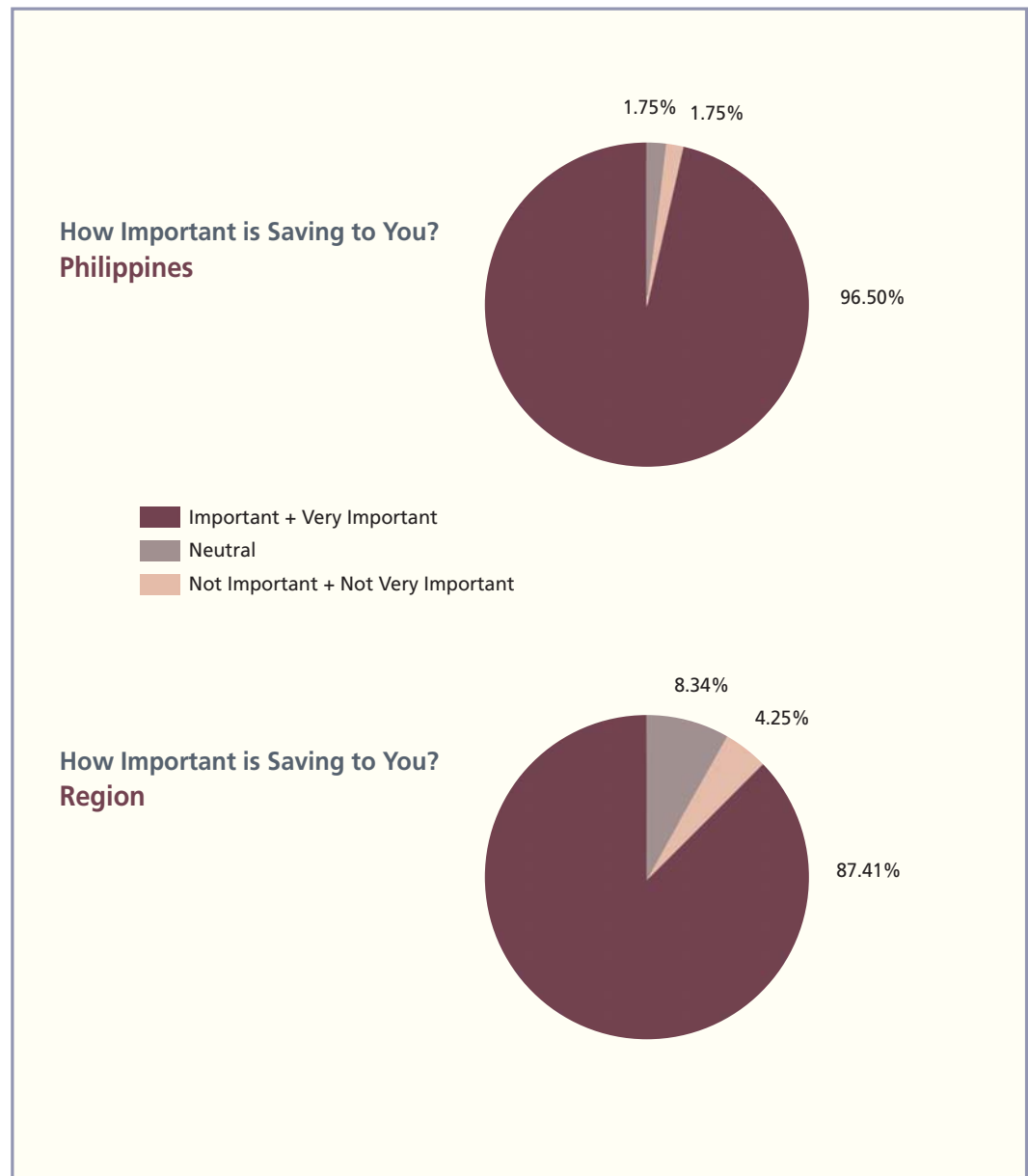
Saving is seen as extraordinarily important to Philippine consumers; with 96.5% reporting that it's very important or important; compared with the regional average of 87.4%.

The precautionary motive to save is approximately the same in the Philippines as the regional average as shown in Chart 26.



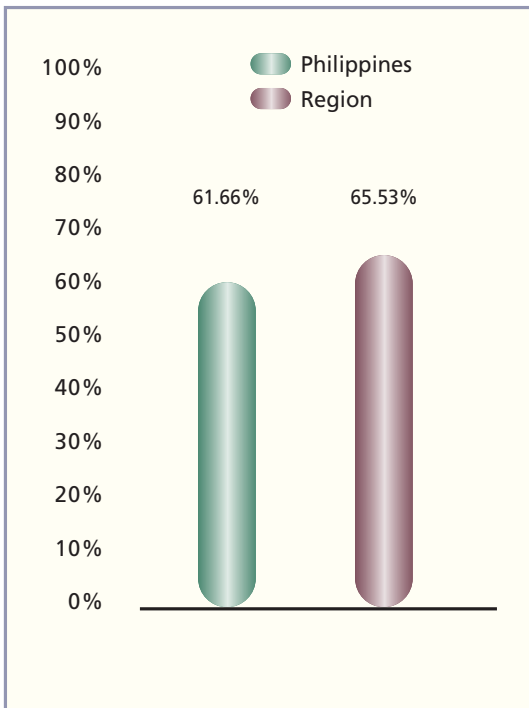
Saving is extremely important to all consumers in the Philippines—especially for those that are divorced or widowed.

Chart 25. Philippines: How Important is Saving to You?



Most Philippine consumers save to buy properties (49.2%), compared with saving for retirement (29.3%). This is not surprising as the Philippine population is among the youngest in the region. The most common

Chart 26: Philippines Saving Priorities– Precautionary Purposes



range of income saved is between 1 to 10% of income. But 16.0% of Philippine consumers do not save at all; and it turns out that many of them are divorced or widowed and seem to face serious financial hardship. Spending on children’s education is the top priority; followed by buying and upgrading homes and properties; then spending on fashion and accessories.



Married Philippine consumers over 30 spend the most on their children’s education.

Table 13. Saving and Spending Patterns in Philippines

Top 3 Reasons for Saving	
Saving for Retirement	29.3%
Saving for Investment	38.3%
Saving to Buy Property	49.2%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	38.0%
Saving 11 - 20%	16.0%
Saving 0%	16.0%
Top 3 Spending Priorities	
Dining and Entertaining	68.8%
Buying, upgrading, renovating home/property	48.0%
Fashion and Accessories	46.3%

Singapore

Singapore consumers are slightly less concerned with saving compared with the regional average as Chart 27 shows. Since the survey refers to “private saving, this is clearly because of the mandatory savings program in Singapore.

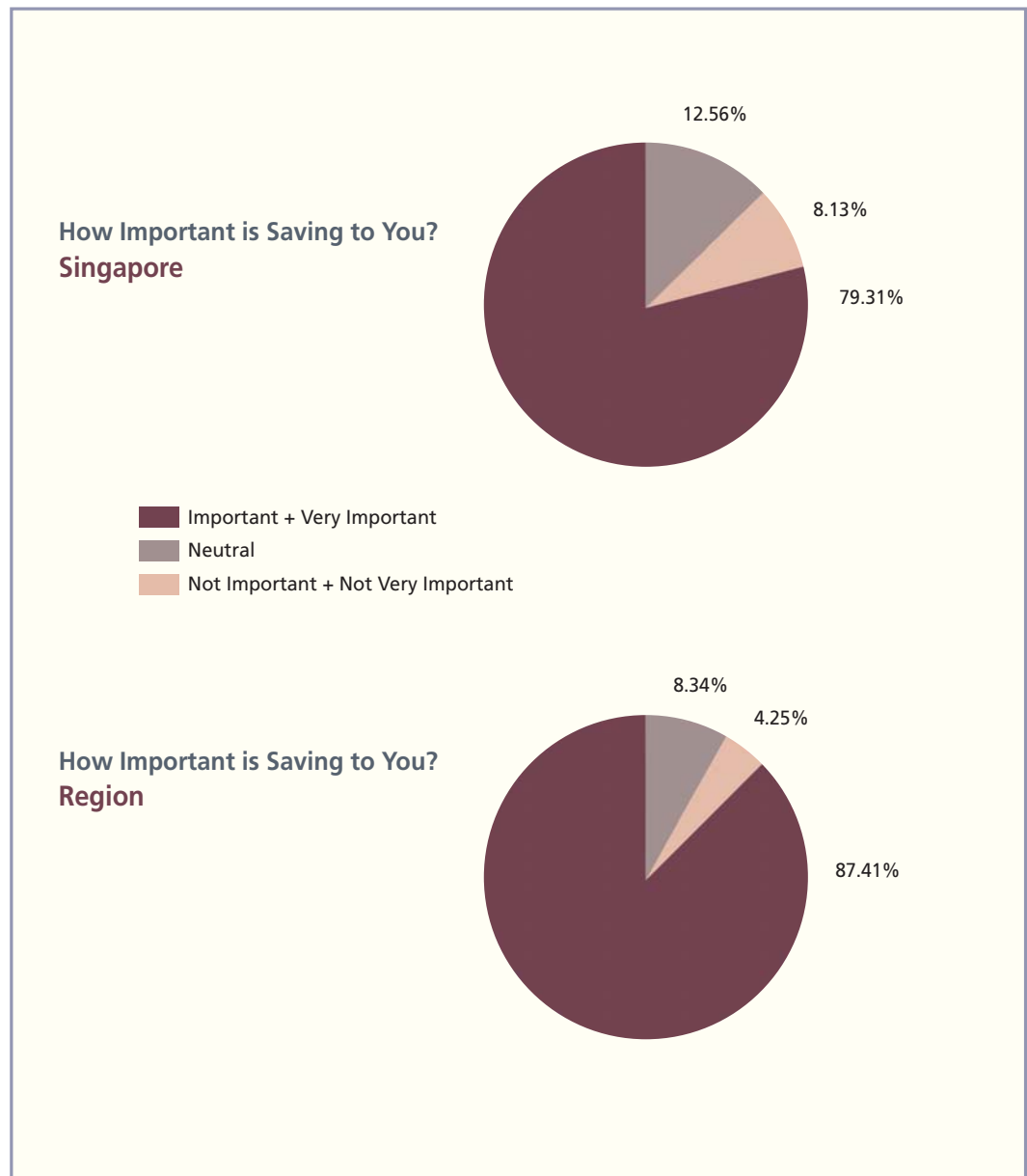
The precautionary motive to save, however, is significantly higher in Singapore than the regional average.



Saving is extremely important to all Singapore consumers.

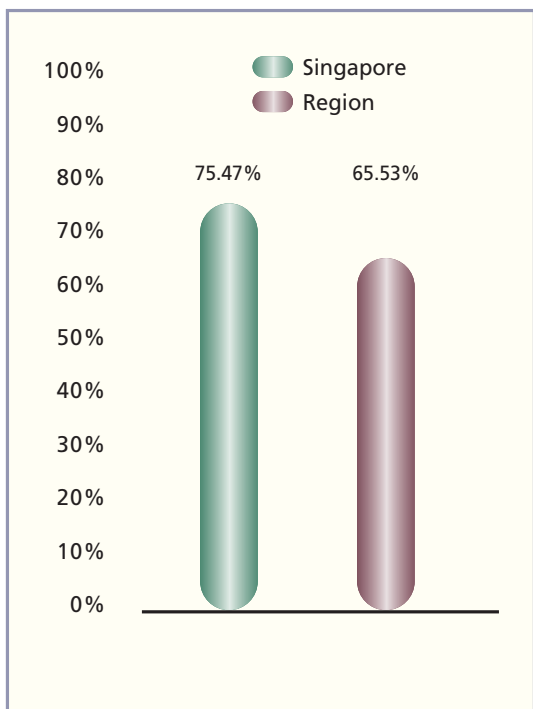
Under-30 Singaporeans are the keenest to purchase property.

Chart 27. Singapore: How Important is Saving to You?



Saving for retirement is a key concern for Singapore consumers (61.8%). Given the mandatory savings program, the Central Provident Fund (CPF), this may reflect a common concern that the CPF may not be enough

Chart 28: Singapore Saving Priorities– Precautionary Purposes



to support their retirement; hence more private saving is needed. The most common range of income saved is between 1 to 10%; then 11 to 20%; and 21 to 30%. Dining and entertaining is their top spending priority; followed by spending on fitness and wellness; and then on fashion and accessories.

Table 14. Saving and Spending Patterns in Singapore

Top 3 Reasons for Saving	
Saving for Retirement	61.8%
Saving for Investment	26.1%
Saving to Buy Property	34.2%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	26.4%
Saving 11 - 20%	24.4%
Saving 21 - 30%	16.5%
Top 3 Spending Priorities	
Dining and Entertaining	58.4%
Fitness and Wellness	54.2%
Fashion and Accessories	53.2%



All Singapore consumers are good spenders on dining and entertainment. Those who are female, and under 30 are also enthusiastic travellers.

Taiwan

The level of concern with saving in Taiwan is almost the same as the regional average as seen in Chart 29.

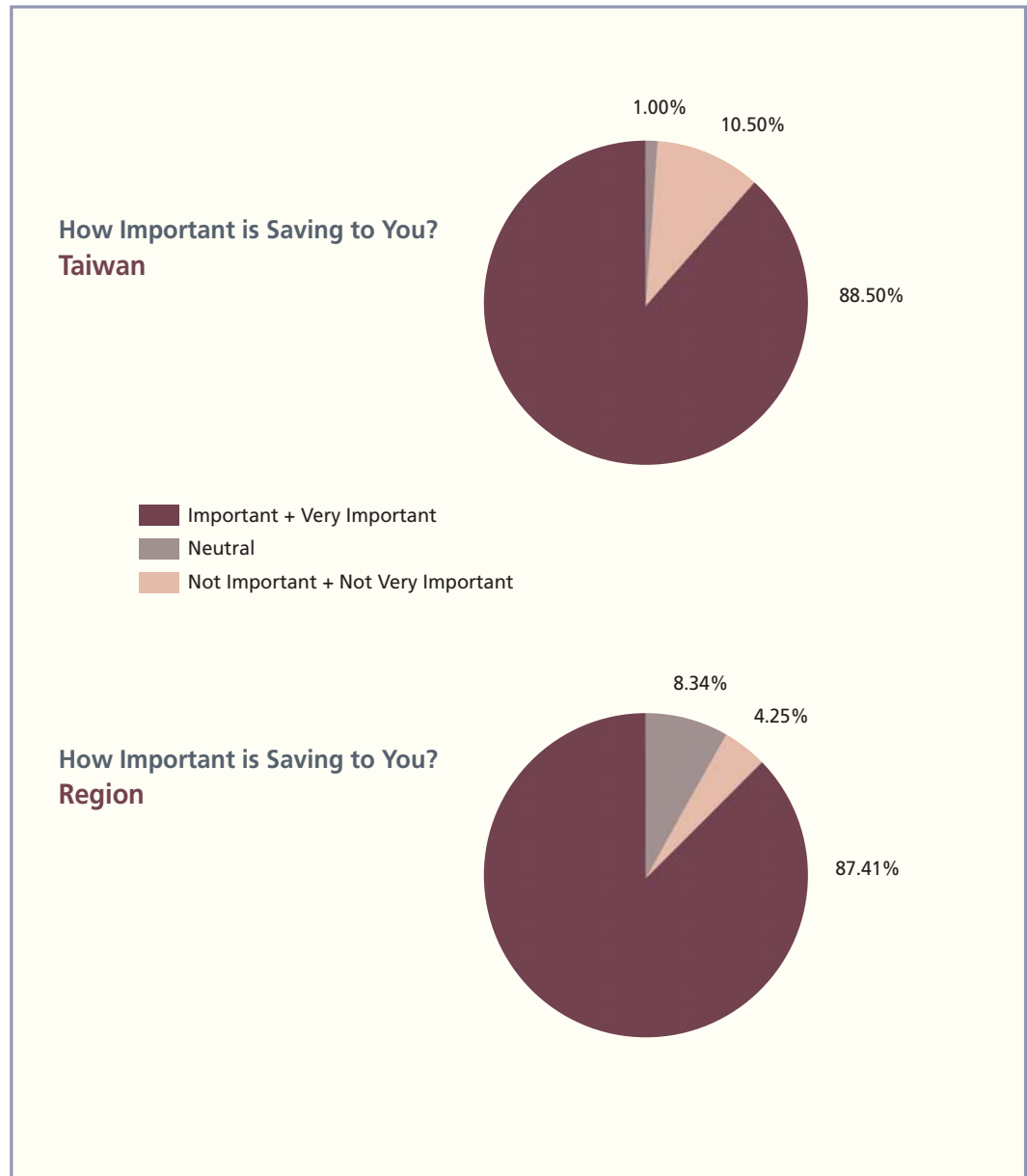
So is the precautionary motive of saving.



Taiwan's under-30 consumers are saving so they can invest.

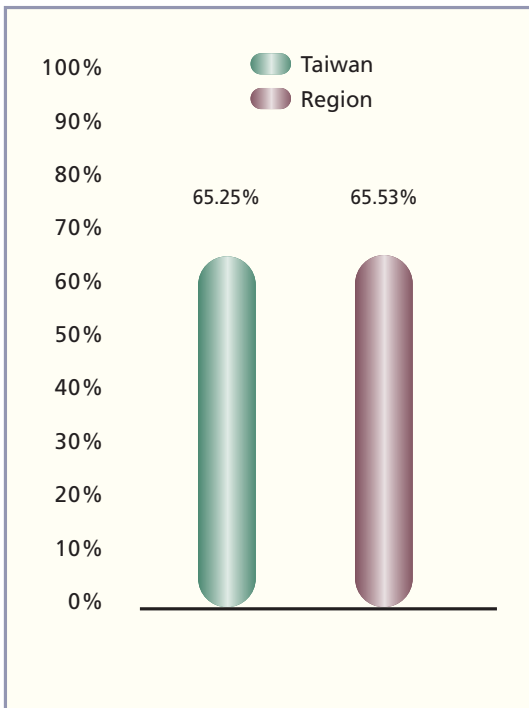
Those who are divorced or widowed save to buy property.

Chart 29. Taiwan: How Important is Saving to You?



Taiwanese consumers are, however, very concerned with saving for retirement as shown in Table 15. They also save a lot of their income. The most common range of income saved is between 21 and 30%. Their top

Chart 30: Taiwan Saving Priorities– Precautionary Purposes



spending priority is on dining and entertainment, followed by personal travel; then spending on fashion and accessories.

Table 15. Saving and Spending Patterns in Taiwan

Top 3 Reasons for Saving	
Saving for Retirement	65.0%
Saving for Investment	38.7%
Saving to Buy Property	29.9%
% of Income Saved:	
Top 3 Deciles	
Saving 21 - 30%	31.5%
Saving 11 - 20%	26.3%
Saving 1 - 10%	14.8%
Top 3 Spending Priorities	
Dining and Entertaining	69.5%
Personal Travel	52.8%
Fashion and Accessories	43.3%



Taiwan's under-30 female consumers are the big spenders on fashion and accessories.

Thailand

The importance of saving to Thailand consumers is almost identical to the regional average as shown in Chart 31.

a key reason for them to save, compared with 65.5% for the regional average, as seen in Chart 32.

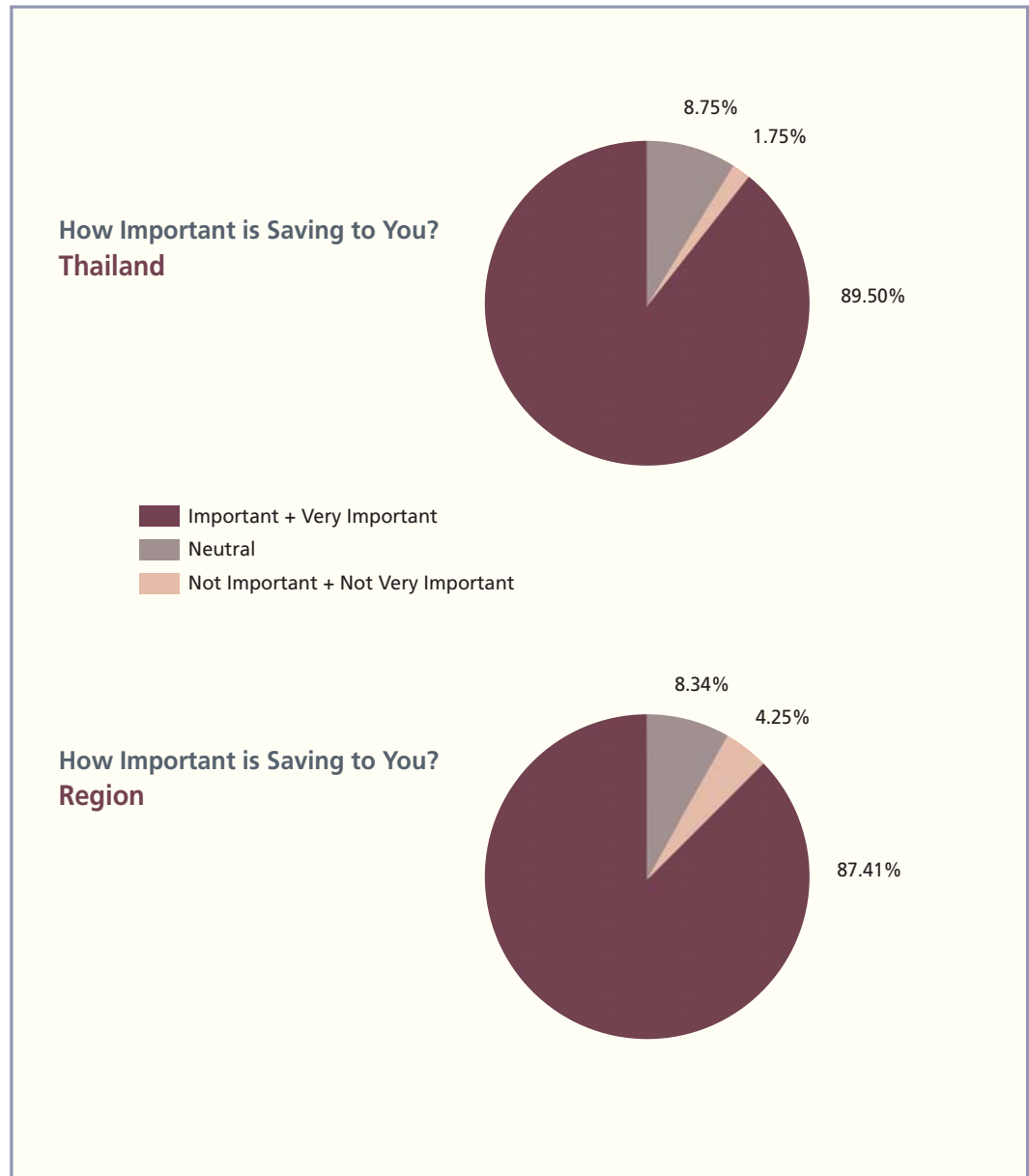
Thai consumers are, however, a lot more affected by the precautionary motive to save; with 80.5% of them reported that it is



In Thailand, the under-30 consumers are saving to buy property.

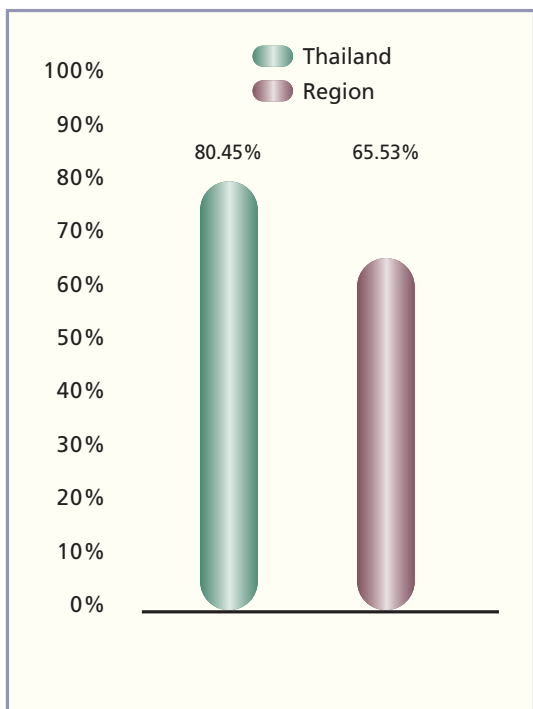
They also spend big to upgrade their homes and property.

Chart 31. Thailand: How Important is Saving to You?



Apart from the precautionary motive, the most common reason for the Thai consumers to save is for investment purposes; followed by saving for retirement; and then for buying property. Close to half of the Thai consumers

Chart 32: Thailand Saving Priorities– Precautionary Purposes



save between 1 to 10% of their income; which is the most common income range saved. This is followed by the income range of 11 to 20% saved; then 21 to 20% saved. Dining and entertaining is their top spending priority; followed by personal travel; then by spending on buying and upgrading home and property.

Table 16. Saving and Spending Patterns in Thailand

Top 3 Reasons for Saving	
Saving for Retirement	33.8%
Saving for Investment	44.1%
Saving to Buy Property	21.0%
% of Income Saved:	
Top 3 Deciles	
Saving 1 - 10%	49.3%
Saving 11 - 20%	22.3%
Saving 21 - 30%	16.5%
Top 3 Spending Priorities	
Dining and Entertaining	82.8%
Personal Travel	46.3%
Buying, upgrading, renovating home/property	43.8%



All consumer segments in Thailand listed saving as being extremely important. While the singles and under-30s are focused on saving for property and investments, Thailand’s married and over-30 populations are saving for retirement.

Vietnam

The importance of saving as perceived by consumers in Vietnam is virtually identical to the regional average as Chart 33 shows.

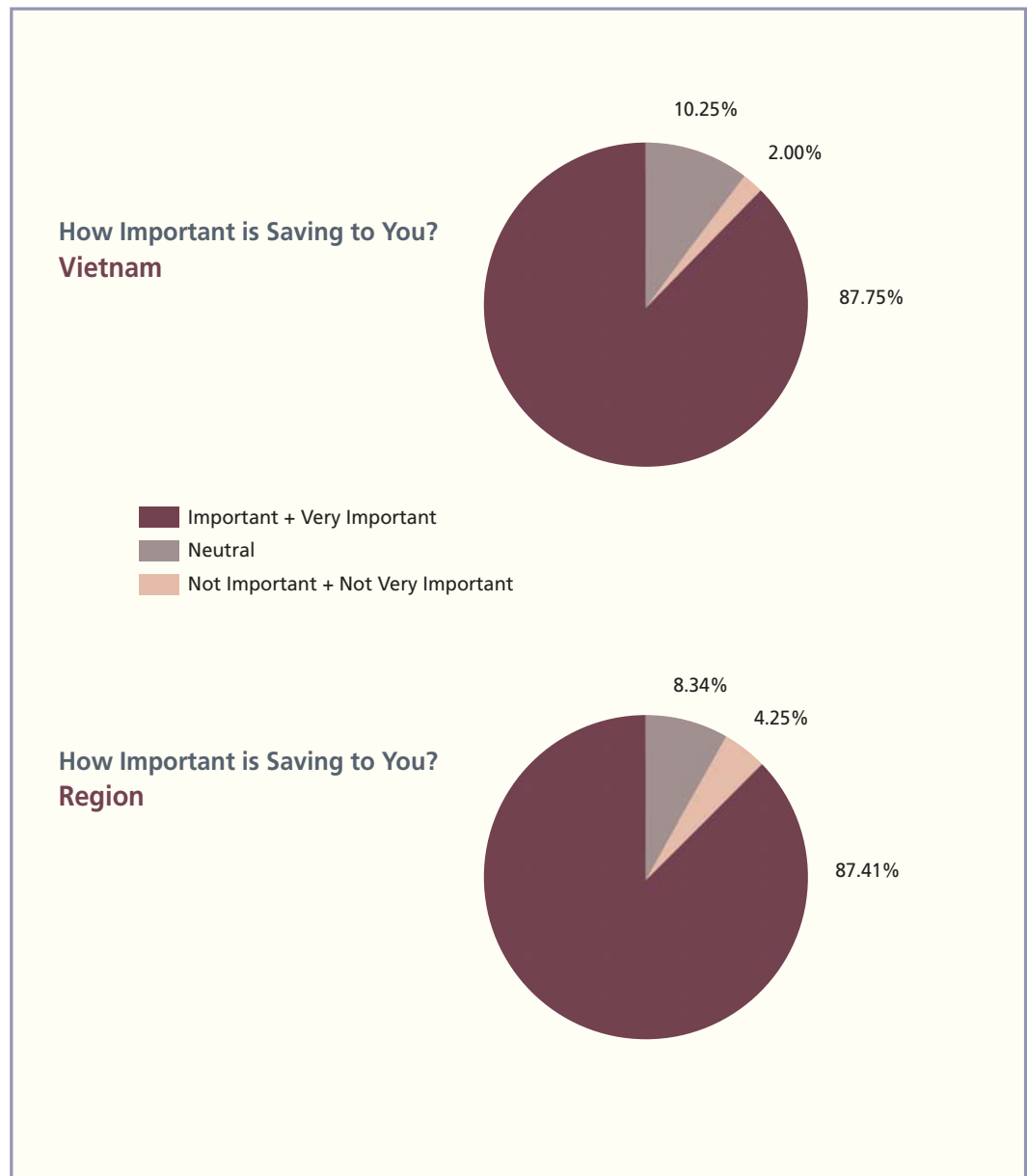
pared with 65.5% in the region.

But Vietnamese consumers are much less affected by the precautionary motive of saving. Only 48.4% of Vietnamese consumers reported it as a key reason for saving; com-



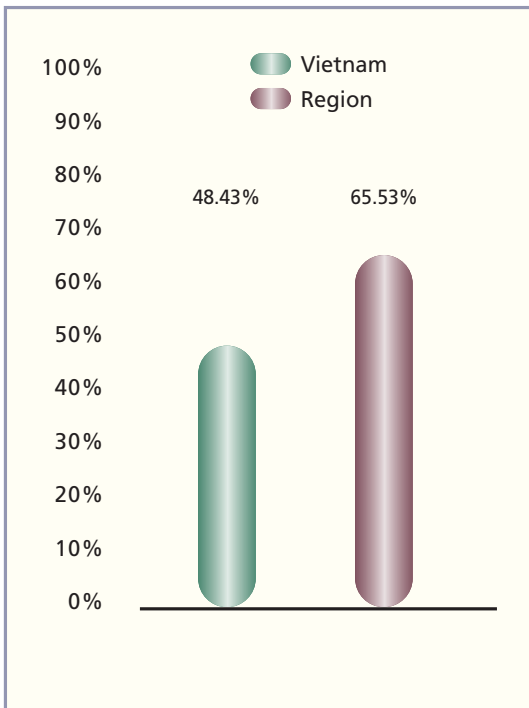
Vietnam's under-30 singles earning more than US\$ 30,000 are big spenders on dining and entertainment. They also spend the most on fashion and accessories.

Chart 33. Vietnam: How Important is Saving to You?



In Vietnam, the most common reason for saving, apart from the precautionary motive, is for investment. Saving for retirement is cited by only 18.8% of Vietnamese consumers. This reflects the fact that the Vietnamese popula-

Chart 34: Vietnam Saving Priorities– Precautionary Purposes



tion is very young; and that they are very confident about the future. They also tend to save a significant portion of the income; it is most common for them to save between 21 to 30% of their income; followed by 11 to 20%; then 1 to 10%. Dining and entertaining is their top priority in spending; followed by spending on fashion and accessories; then on their children’s education.

Table 4. Saving and Spending Patterns in Vietnam

Top 3 Reasons for Saving	
Saving for Retirement	18.8%
Saving for Investment	42.7%
Saving to Buy Property	37.8%
% of Income Saved: Top 3 Deciles	
Saving 21 - 30%	24.0%
Saving 11 - 20%	20.0%
Saving 1 - 10%	18.0%
Top 3 Spending Priorities	
Dining and Entertaining	75.8%
Fashion and Accessories	61.0%
Children’s Education	57.0%



While Vietnam’s over-30 consumers are most concerned with saving for retirement, those who are under 30 are not at all concerned.

1. There are no common definitions for household liability and income across the region. Unless otherwise stated, the data are drawn from CEIC data base. Malaysia: outstanding HH loan / national income minus portions accrued to government and corporate. Indonesia: outstanding commercial credit loans to individuals / national income minus portions accrued to governments and corporate. Japan: Japan Statistics Bureau. Taiwan: Central Bank data. Australia: RBA. New Zealand: RBNZ. Korea: Bank of Korea. US: Bureau of Economic Analysis.

2. Over 6,000 consumers were surveyed in the September/October 2008 period to gather the data for this research, covering 14 key markets.

3. This refers to spending on private tuition and extra curriculum activities apart from children's regular education expenses.

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