

Majority of Indian urban women financially disciplined, reveals HDFC Life ValueNotes Life Freedom Index

The survey indicates that 42% of Urban Women chalk out their financial plans with the help of their friends and relatives, while only 26% of Urban Women seek professional help from Financial Planners/Advisors

March 7, 2012, Mumbai: HDFC Life, one of India's leading life insurance companies, in association with ValueNotes, a leading provider of market intelligence and research, today launched its inaugural Life Freedom Index report. The Life Freedom Index score for Urban Women at 58.3 on a scale of 100 indicates that their financial freedom is low and needs significant improvement. The Indian Urban woman is not completely financially free and needs improvement on aspects such as financial planning, sufficiency and adequacy. Overall the Urban Woman's sense of financial planning, sufficiency and adequacy are not well founded due to her poor financial awareness.

On the positive side however, almost all Urban Women (except just 1 %) follow some level of financial discipline, with 17% of them being extremely disciplined in adhering to their financial plan and management.

While chalking out their financial plans, Indian urban woman give highest priority to inflation (30%) followed by government regulations (27%) and interest rates (26%). Urban Women consider accidents and illness (35%) as the most important unexpected event in the financial planning and management. In terms of expected events, for majority of Urban Women, child's education (56%) is the topmost on the list of priorities during financial planning, followed by health expenses (33%), family holidays (34%) and house rent/EMIs (33%). This reflects that Urban Women are also investing in refreshment and recreation through family holidays apart from making financial contributions through house rent, EMIs.

The Life Freedom Index is made up of five sub-indices:

- **Financial Awareness Index:** Captures the financial product knowledge and the awareness level of events (expected, unexpected, and external factors) that can have a significant impact on current and future financial needs of Indian urban women
- **Financial Planning Index:** Reflects the existence of a comprehensive financial plan, which is regularly reviewed and realigned to address evolving financial needs.
- **Financial Sufficiency Index:** Reflects the state of Indian urban women on the sufficiency of their financial plan to meet immediate financial needs.
- **Financial Adequacy Index:** Reflects the level of confidence of the Indian urban women's financial management practices being adequate to live life with dignity, independently and meet the desired standard of living throughout her lifetime.

- **Financial Liberty Index:** Reflects the psychological feeling of 'Financial Freedom' and 'Financial Security' of Indian consumers.

These five sub-indices together measure the state of financial freedom of urban women consumers (aged 25 to 40 years), which fall under the Socio Economic Classification (SEC) groups A and B:

“By releasing HDFC Life ValueNotes Life Freedom Index, we aim to offer key insights into the current state of financial planning among urban women consumer segment. Urban India is currently witnessing an increase in the number of double income households, where women contribute mostly as the second wage earner. Consequently, the Indian Urban Woman is becoming financially independent and has a higher sense of financial liberty. She is actively planning for her child’s education, health expenses and EMI payments, while her financial freedom also allows her the liberty to indulge in other luxuries like family holidays, vacations and durables. The working single Urban Woman is ready to face the financial challenges of her life independently. The findings of the survey would definitely guide this important and emerging customer segment in planning financially better,” said Mr. Sanjay Tripathy, Executive Vice President and Head, Marketing and Direct Channel, HDFC Life.

Mr. Arun Jethmalani, MD, ValueNotes, said, “The survey reaffirms that Indian urban women have realized the necessity of financial planning. They are already chalking out financial plans and are disciplined in adhering to them. However, on the flip side, these plans lack comprehensiveness and need to be realigned with their desired financial goals. It is interesting to note that while 42% of them rely on their social network of friends and relatives for financial planning advice, 26% seek professional help (Financial Planner/Advisor), and 22% do their financial planning independently.”

Key Findings of HDFC Life ValueNotes Life Freedom Index - Urban Woman

Not financially free: The Life Freedom Index score for Urban Women is 58.3 on a scale of 100 indicates that their financial freedom is low and needs significant improvement. The Indian Urban woman is not completely financially free and needs improvement on aspects such as financial planning, sufficiency and adequacy. Overall the Urban Woman's sense of financial planning, sufficiency and adequacy are not well founded due to her poor financial awareness

Gap between event and product awareness: The survey reveals that the Indian Urban Woman scores low in terms of financial awareness (44.4 on a scale of 0-100). She has poor awareness about the various future financial events/ risks, which need to be planned. On the other hand, she is relatively more aware about the various financial products available. However, the level of awareness about these products also needs improvement. The gap between product knowledge and event awareness is possibly causing misalignment in her financial plans. This implies that the products she invests are not according to her financial requirements.

Planning needs improvement: The Financial Planning Index score at 61.4 on a scale of 0-100 indicates that financial plans of Urban Woman are good, but would need improvement. Scores

for the underlying components reveal that Urban Women score better in terms of plan comprehensiveness, but do not actively review their plans or realign them with life's significant events. Only 22% of Urban Women believe that they have a comprehensive financial plan while 42% of them have only a basic plan, which covers only few short and long term goals. Only 13% of them realign financial plan with all the significant events in their life, while majority (68%) realign their plans according to most or only some significant events in their life such as marriage of a dependent, birth of a child, higher education, etc. When asked about the frequency of reviewing financial plans, only 19% Urban Women responded that they review their financial plan very frequently. However, 65% review their financial plans regularly or once in a while.

Most concerned about child's education: For majority of Urban Women, child's education (56%) is the topmost on the list of priorities during financial planning, followed by health expenses (33%), family holidays (34%) and house rent/EMIs (33%). This reflects that Urban Women are also investing in refreshment and recreation through family holidays apart from making financial contributions through house rent, EMIs.

Urban Woman senses insufficiency in her financial plan: The Financial Sufficiency Index of Indian Urban Woman at 62.7 on a scale of 0-100 reflect that it significant improvement to increase the sufficiency of their financial plans to meet their financial goals and responsibilities. Though the Urban Woman is disciplined in adhering to her financial plan, yet she has sensed insufficiency in meeting her financial goals. It is interesting to note that almost all Urban Women, (except just 1 %) follow some level of financial discipline, with 17% of them being extremely disciplined in adhering to their financial plan and management.

Appetite for financial planning prevalent: Indian urban women have realized the necessity of financial planning. They are already chalking out financial plans and are generally disciplined in adhering to them.

Sense of liberty inflated: The sense of financial liberty of Indian urban women appears inflated, given the inadequacy in their financial planning and awareness levels. The state of mind of Indian urban women represents two contrasting sentiments. On one hand, they have realized the incomprehensiveness and insufficiency of their financial plans and are not very confident about living life with dignity. However, on the other hand, their sense of financial liberty does not reflect a similar sentiment and score much higher. Thus, it clearly suggests that their sense of liberty is not in line with their financial planning, sufficiency, and adequacy.

Notes to the Editor

>Over 400 Urban Women were interviewed in a survey conducted in 2011 across 11 Indian cities; Ahmedabad, Bengaluru, Bhopal, Indore, Bhubaneswar, Chennai, Delhi, Kochi, Kolkata, Ludhiana and Mumbai. The findings from the survey were distilled into various specific measurement indices that collectively form an overall "Life Freedom Index."

About HDFC Life

HDFC Life, one of India's leading private life insurance companies, offers a range of individual and group insurance solutions. It is a joint venture between Housing Development Finance Corporation Limited (HDFC), India's leading housing finance institution and Standard Life plc, the leading provider of financial services in the United Kingdom.

HDFC Life's product portfolio comprises solutions, which meet various customer needs such as Protection, Pension, Savings, Investment and Health. Customers have the added advantage of customizing the plans, by adding optional benefits called riders, at a nominal price. The company currently has 28 retail and 9 group products in its portfolio, along with 10 optional riders catering to the savings, investment, protection and retirement needs of customers.

HDFC Life continues to have one of the widest reaches among new insurance companies with about 500 branches servicing customer needs in over 700 cities and towns. The company has a strong presence in its existing markets with a strong base of Financial Consultants. For more information, please visit www.hdfclife.com

About ValueNotes

ValueNotes is a leading provider of market intelligence and research, with expertise across industries. The firm provides a wide range of bespoke business research, financial research and competitive intelligence about markets, industries and companies. Their clients include global corporations, consulting firms, research and B2B publishers, PE and VC firms, and money managers. For more information, please visit www.valuenotes.co.in

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