


WORKING DRAFT

eastspring
investments

A member of Prudential plc (UK) 

#MoneyParenting

Do it right together

Insights into how parents in Asia are
teaching their children about money

ASIA EDITION 2020



About Eastspring Investments



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Eastspring Investments, part of Prudential plc, offers innovative investment solutions to meet the financial needs of clients. Over the last 25 years, we have built an unparalleled on-the-ground presence in 11 Asian markets as well as distribution offices in North America and Europe.

We are firmly invested in the future of our clients and the communities in which we operate. At the heart of **Eastspring** is our shared purpose and this guides everything we do.

Experts in Asia. Invested in Your Future.

Financial education and inclusion are key topics for us, so it came naturally that we wanted to know more about a key

concern of parents which is the financial education of their children. Parents want their children to value money, understand how it is earned, appreciate its uses, and be prepared for the future.

However, many parents are not sure that they are teaching their children correctly, and would like to understand what others are doing, and what are the best techniques and tools available. So, as a leading asset manager in Asia we looked much deeper into this topic...

This research was prepared in cooperation with **Dr Mansur Khamitov** (PhD, MBA), Professor of Marketing and Consumer Behaviour, Nanyang Business School Singapore and **Duxton Consulting Group**.



We are passionate about the financial education and empowerment of the next generation, so that our children understand the value of money and are able to make informed financial decisions to secure their future.

— Seck Wai-Kwong, CEO, Eastspring Investments

‘Money Parenting’ is the process of educating children on the financial and social responsibilities that come with money.

In this process, parents pass on their attitudes and beliefs about finances to children in the hope that this will have a positive effect on their financial behaviours and outcomes.

Eastspring wants to help parents become better role models, and provide them with the knowledge, skills, and tools to effectively teach their children about money and plan for their future.

As a first step we **conducted qualitative & quantitative research among 10,000 parents in 9 Asian markets through the Asia Money Parenting survey.**



95%
of parents in Asia agree that it is very important to teach their child how to use and manage money

What is Money Parenting?

But parents have so many questions:



What is the best age to start teaching my child?



What are the best techniques and tools?



What are other parents doing?



What should my goals be?



How will I know if I have been successful?



Part 1: The Problem

Most parents are unsure if they are teaching their children successfully

51%

of parents in Asia don't know if they have been successful teachers and role models for their child

There are no clear benchmarks or metrics that parents can use to calculate the effectiveness of their money parenting efforts.

Only a quarter of all parents are convinced that they have done a good job teaching their child about money management. Another quarter said they thought they had *probably* done a good job.

But half of all parents surveyed said they didn't know if they had been successful teachers and role models for their child.

Money Parenting Confidence Index

Eastspring applied the research data and combined different elements to develop a Money Parenting Confidence Index, to find out how confident parents are about the success of their money parenting efforts.

The Confidence Index ranges from 0.01 to 1.00; a score of 1.00 means the parent is completely confident.

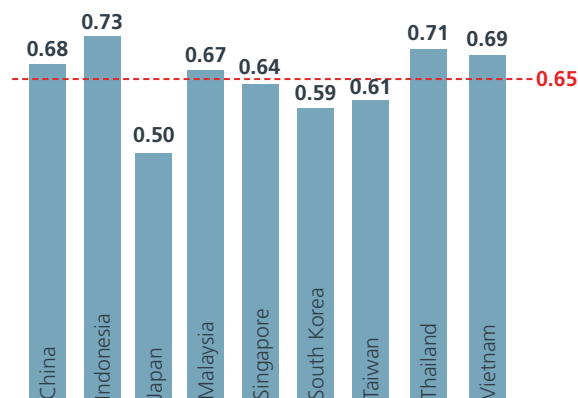
The average Confidence Index across Asia was

0.65



However, the Money Parenting Confidence Index varied by country.

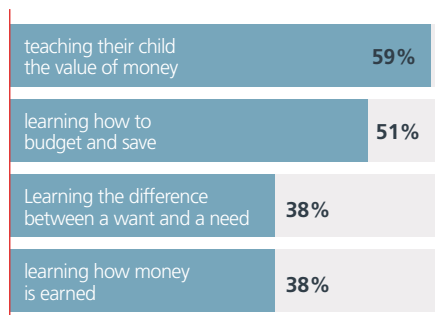
Fig. 1: Money Parenting Confidence Index by Country



Why are parents not sure of their Money Parenting success?

The perceived goals of money parenting are very diverse.

When asked about the goals of money parenting, surveyed parents across Asia listed 4 main ones: 'teaching their child the value of money', 'learning how to budget and save', 'learning the difference between a want and a need', and 'learning how money is earned'.



Parents perceive many different outcomes from successful money parenting.

Almost half of parents surveyed said an important outcome of money parenting is to 'teach their child how to successfully manage money'.

An equal number also said the best outcome is that 'the child is debt free and has some savings' when they enter adulthood.

Almost as many parents said that 'enabling their child to have a happy and secure family life' too, is a key outcome. Yet other parents believe that important outcomes are to 'teach their child how to grow money', or to 'plan ahead for retirement'.

With various desired goals and outcomes, parents are unsure about how to achieve successful Money Parenting.



43%

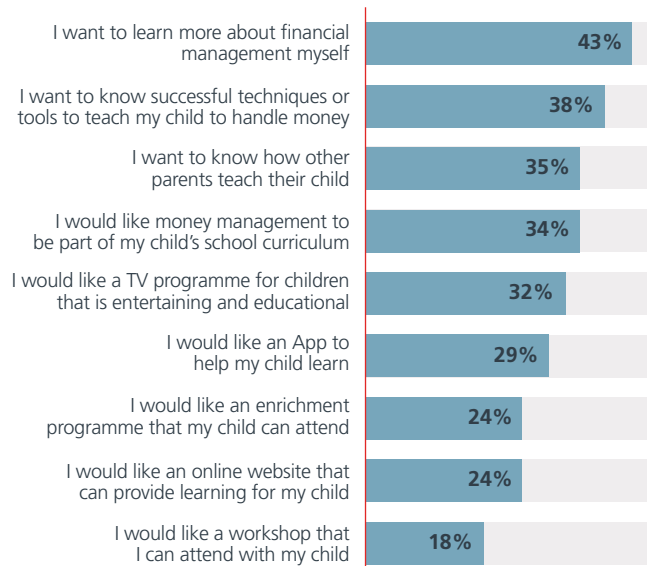
of parents want to learn more about financial management

When asked by Eastspring what help they want in order to teach their child how to use and manage money better, 43% of parents across Asia said "I want to learn more about financial management myself". Improving their own knowledge would enable them to be a better role model and teacher.

'Getting greater insight into successful techniques', and 'finding out what other parents are doing', were also seen as being helpful by a third of all parents.

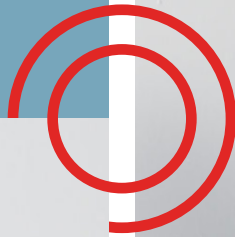
But many parents also wanted tools to help them teach their children: a TV programme, a mobile app, an informative website, and even workshops to attend.

Fig. 2: What can help parents teach their child to use & manage money better



43%

of parents would like a workshop that they can attend with their child, to help them teach their child to use and manage money better





Part 2: How Money Parenting is delivered



The majority of parents believe Money Parenting is a joint responsibility.



59%

of parents across Asia see the job of money parenting as being the responsibility of both the mother and the father

In some households however, and more prevalent in countries like Japan and Korea, individual parents take the teaching lead. In **25%** of households in Asia, the mother takes a lead role, and in just **12%** it is mainly the job of the father.

Very few households 'outsource' the job of money parenting to someone else.

When to start Money Parenting

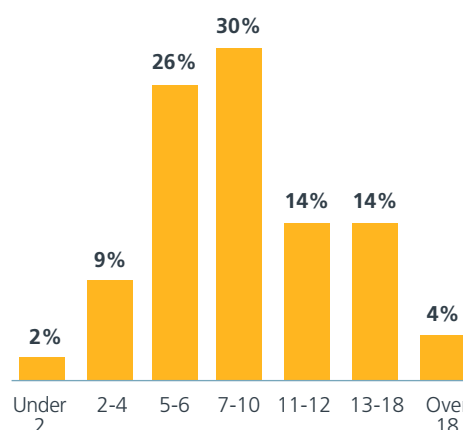
The majority of parents begin teaching basic money management techniques when their child is at a fairly young age — 10 years and under for **67%** of parents across the region. This is usually stimulated by the need to give children money when it becomes a 'necessity'.

Real money parenting therefore usually coincides with the early years of schooling when a child is between 5 and 10 years of age. An age where children have learnt to count, read, and can recognise different denominations of coins and notes. Equally, it is an age when the child can learn values and responsibility.

37% of parents believe children should start to learn how to use money when they are under 6 years of age.

Another **30%** believe a child should begin to manage money when they are between 7 and 10 years old.

Fig. 3: The age a child should start learning about how to use and manage money (years)





Source of money and use of money

Children in **72%** of households interviewed receive pocket money from their parents.

More than half of all children also make money from doing household tasks or have part-time jobs, learning the value of money through work done.

And most children also acquire money via gifts from family or friends.

When it comes to teaching the responsible use of money, most parents focus on providing guidance and advice to their children, and leave the rest of their education to be supplemented by real life experience.

Few parents exercise strict control over their child's spending, but at the other extreme, very few show no interest at all in what their child does with their money.

Money Parenting knowledge and tactics

Most parents acknowledge their own lack of financial knowledge. Some even admit to being embarrassed about it.

To set an example for their child, most parents demonstrate high self-control over their own finances and spend, plan, and budget carefully.

They also focus Money Parenting efforts on money management and financial security.

75% of parents surveyed have opened a savings account for the child, to help them develop financial discipline.

55% have a Life Insurance policy to protect the family.

And **36%** have purchased some sort of investment product for their child.

Getting help

Parents turn to a wide range of sources for help or advice with Money Parenting.

Half of all parents feel most comfortable seeking help from friends or family.

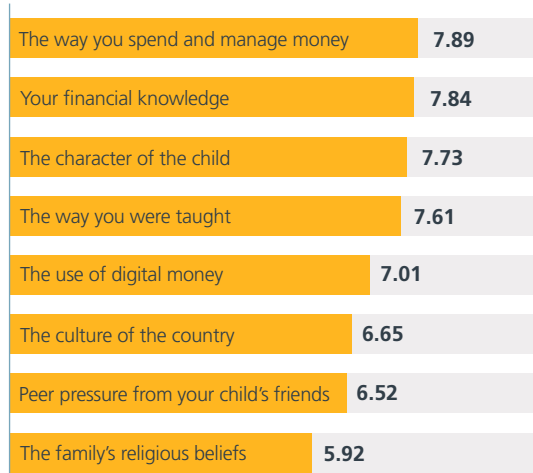
40% search for advice themselves online.

However, many turn to experts for more sophisticated or reliable assistance.

36% ask their financial advisor, **31%** get bank assistance, and **27%** turn to their Life Insurance agent.

Parents' teaching styles are mainly influenced by their own experiences and knowledge.

Fig. 4: Factors that influence the way a child learns to use and manage money
Scale: 0 (Not at all) -10 (Very much)







Part 3: Improving Money Parenting skills

The three main questions that parents want answered

1

What style of Money Parenting works best for me?

No single style of Money Parenting works for all. Every parent should understand their own parenting style and from there, build their teaching techniques.

The Asia Money Parenting survey identified **5** money parenting personas that we call:

The Freestylers, The Facilitators, The Nurturers, The Go-getters, The Balancers.

These profiles are based on:

- ▶ parents who want to be 'hands on' and actively teach their child, versus those who believe a child can best learn through their own experience;
- ▶ those who see Money Parenting as very important versus those who see it as less so;
- ▶ parents who believe they have sufficient financial knowledge to teach their child, versus those who do not;
- ▶ those who see themselves as successful teachers, versus those who do not.

The techniques a parent can use to best deliver Money Parenting depend a great deal on their individual persona. If you would like to find out what persona you are and the techniques that may work for you [click here](#).



2

What are other parents doing?

Parents want to know more about the experiences of other parents who are successful financial teachers of their children.

**What are they doing?
What techniques and tools have worked best for them?**

35%
of parents want to know what other parents are doing to teach their children

If you would like to find out what other parents are doing, or share your own ideas, Eastspring has set up **Social Media pages** where parents can discuss their experiences, techniques, and the tools they use.



3

How can I become a better teacher of money management?

The most important responsibility of a teacher is to know the subject being taught.

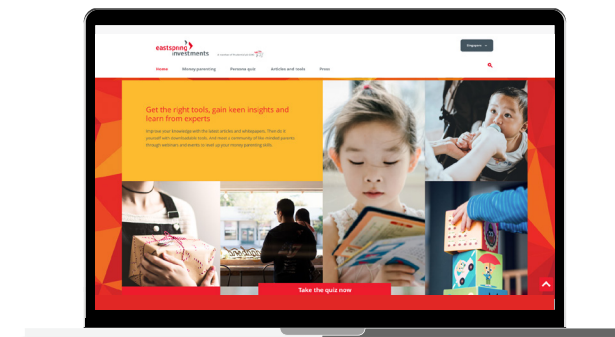
Parents recognise this and want to improve their own financial knowledge.

They want to be confident that the lessons and advice they give are correct, and can deliver the best outcome for their child.

43%
of parents want to learn more about money management themselves

Parents can improve their own financial knowledge and learn more about Money Parenting at the same time when they visit the **Eastspring Money Parenting microsite**.

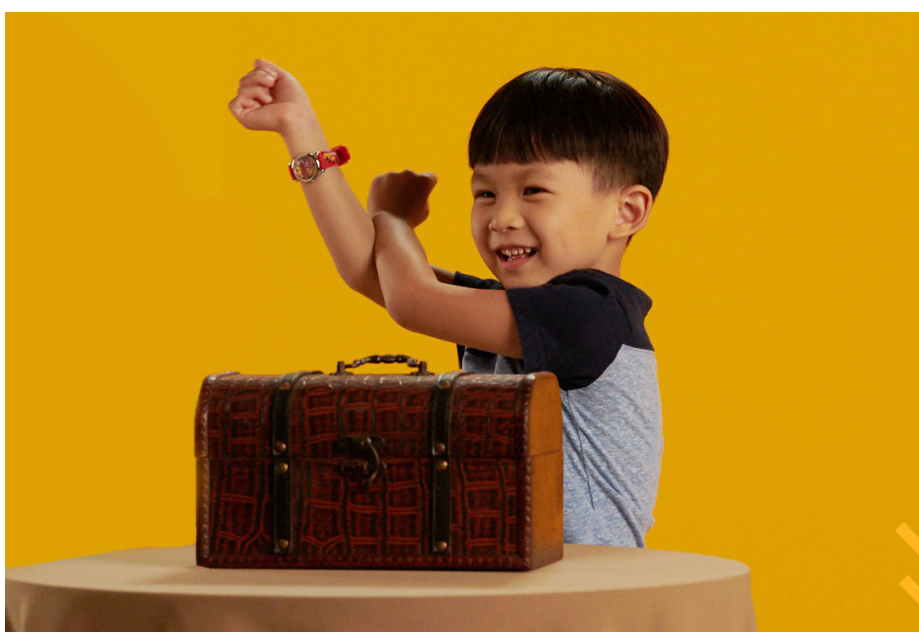
Begin your money parenting journey now.






The topic of financial parenting and financial socialisation is a crucial one from an individual, family and societal standpoint. As a researcher and educator studying parental financial involvement as well as a parent of two myself, I cannot emphasise enough the importance of developments in this area. To that end, teaming up with Eastspring has been a welcome and productive undertaking.

— Dr Mansur Khamitov (PhD, MBA), Professor of Marketing and Consumer Behaviour, Nanyang Business School Singapore (NTU) and a Vice-Chair of American Marketing Association's CBSIG





For more information about this research on how Eastspring is helping parents in their Money Parenting journey, please visit our website at www.moneyparenting.eastspring.com 

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