



Moomoo user third quarter 2023 personal finance survey

Introduction

- Despite calls by many economists a recession has yet to materialize. Employment remained strong in the third quarter while inflation came down from much higher levels reached earlier in the year.
- The US stock market had stellar gains to start the year, but September brought a dip in returns with the S&P 500 index falling **4.9%** and the Nasdaq 100 index dropping **5.1%**.
- Moomoo surveyed its users at the end of the third quarter to find out how they are feeling about their finances, how financially resilient they are and how they are working to meet their investing goals and to achieve financial freedom.
- Their answers painted a mixed picture about what worries them and how they are preparing for the future.



Four Key Takeaways

How do users feel about their finances?

- Users are worried about inflation and the economy. A little more income would make them less worried, and investing is seen as the number one way to get there.

How financially resilient are users?

- Most users have an emergency savings fund, with a little less than half able to pay for an unexpected expense with such funds.

How can users achieve financial freedom?

- Many users feel financial stability can be achieved with relatively moderate-income levels and see investing as the top path to financial security.

What are users investing styles and goals?

- YOLO style investing is not popular among users. Rather caution commands users' attention when it comes to money maxims.

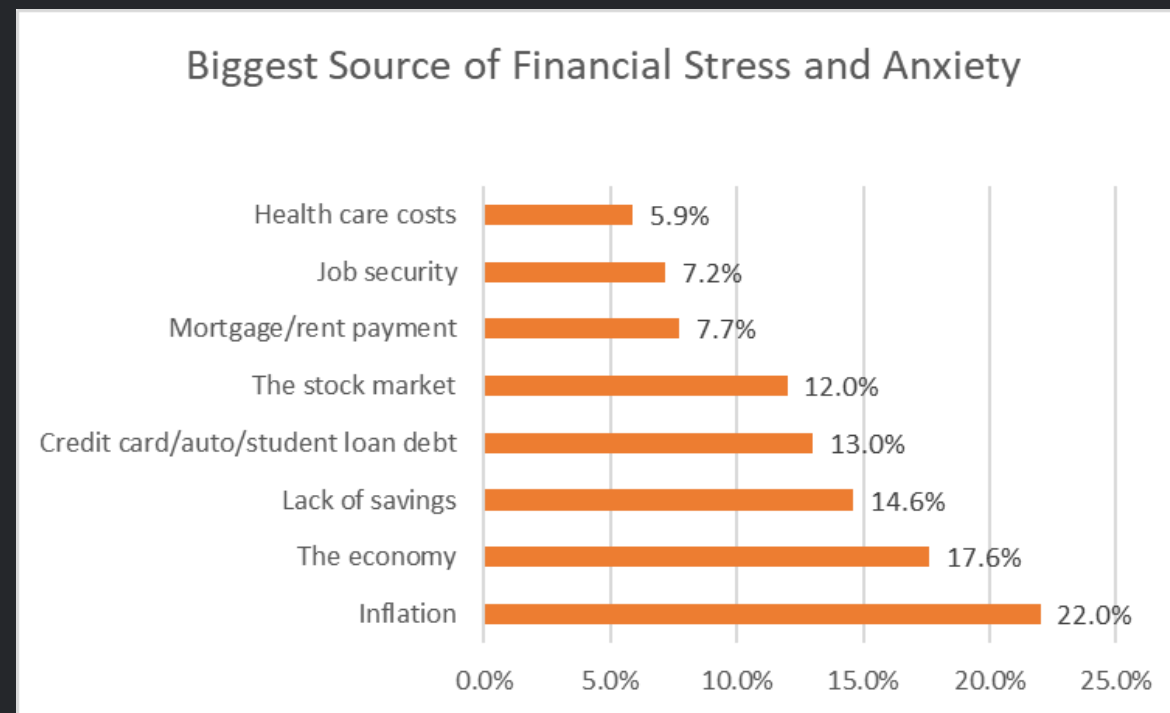


1. How do users feel about their finances?



Despite disinflation and stronger than expected economic data, inflation and the economy are users' biggest worries.

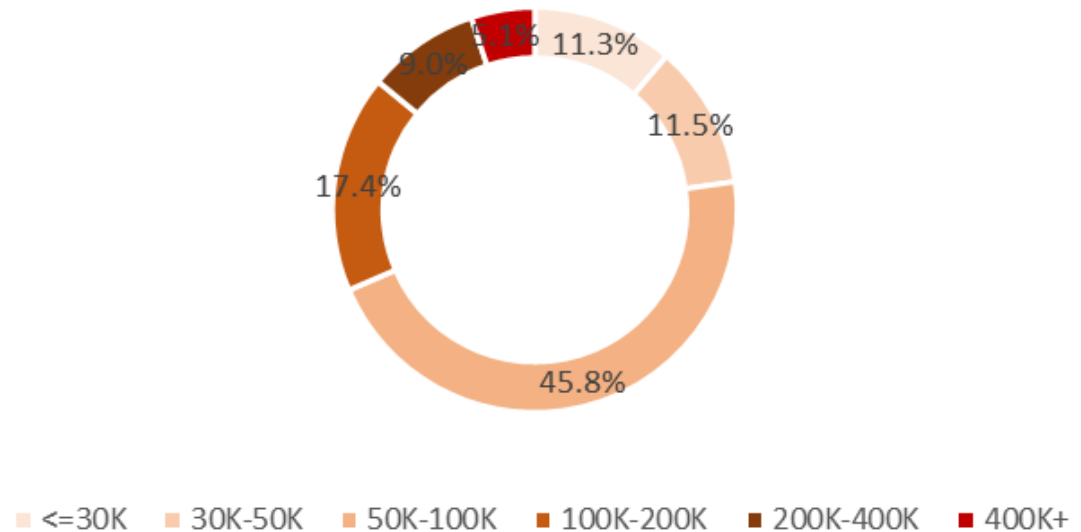
- CPI increased by **3.7%** in September a marked decrease from an 8.2% increase in September 2022.
 - The reading is higher than the 3.0% seen in June.
 - Stubbornly high rents and gas prices may be causing some users concern.
- The Federal Reserve Bank of Atlanta's GDPNow forecast was tracking at just under 5% at the end of the third quarter.
 - An actual reading above 2.7% would be the strongest since the fourth quarter of 2021.
 - Pandemic savings is beginning to run out for many Americans and debt delinquencies and defaults are starting to rise.
 - While the near-term may be fine, many users may be worried about the economic outlook for 2024.
- Users worries varied demographically
 - Users under 25 years old are more worried about their lack of savings (25% vs 14.6% for the average user) and less worried about inflation (11.4% vs 22% for the average user).
 - Lack of savings is the top worry for African Americans (23.3%), while credit card/auto/student loan debt is tops for Hispanics (19.6%).



A little more money would go a long way to help ease financial concerns for many users.

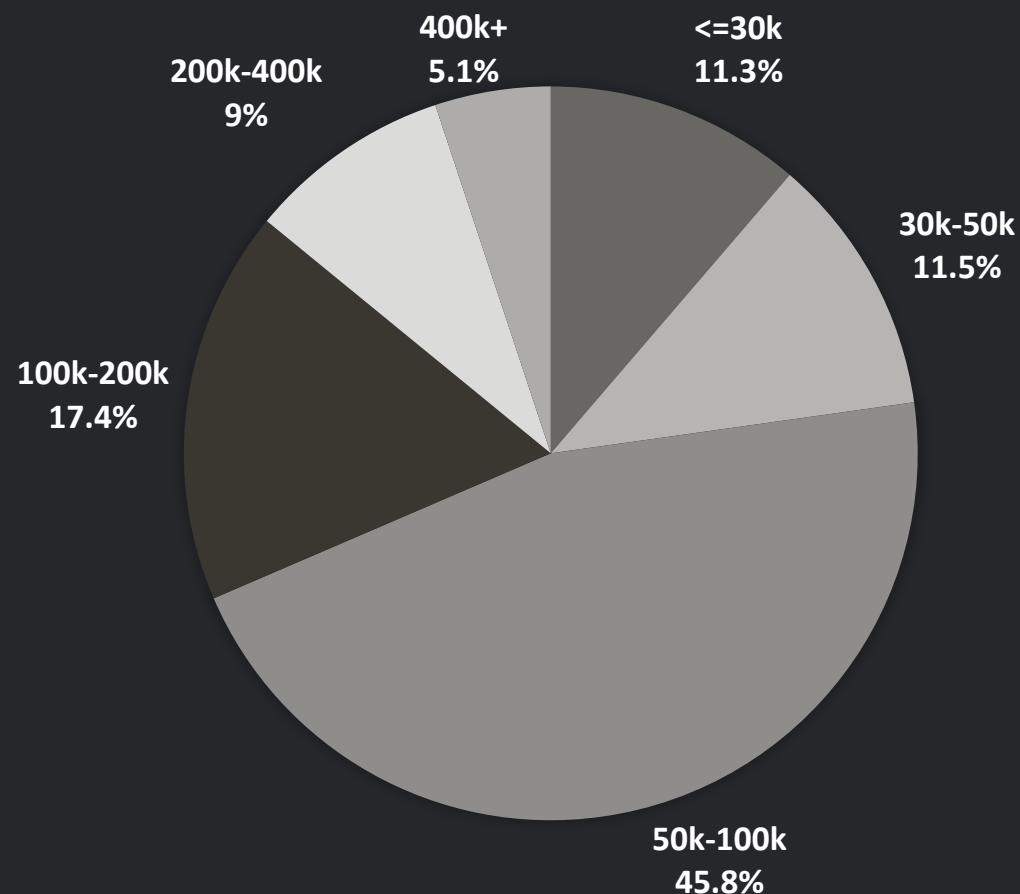
- The median household income in the US in 2022 was just under \$75,000.
- Almost half of moomoo's users would be less worried with an income range (\$50k to \$100k) on either side of that median.
- Users' feelings about their concerns were relative to their income levels
- 40.7% of users with income over \$130,000 thought they need more than \$200,000 to feel less worried.
- No users with income under \$35,000 thought they needed more than \$200,000 to feel less worried.

Minimum Amount Income That Would Make You Less Financially Worried



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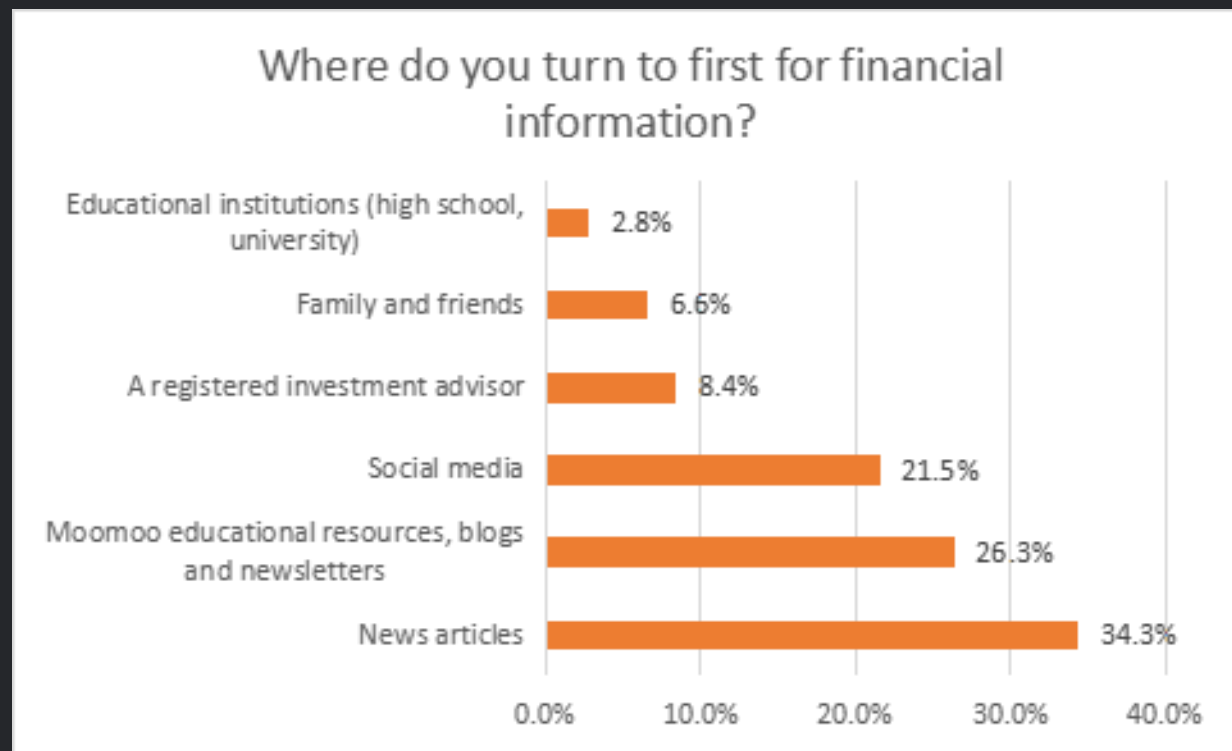
Minimum amount income
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How do users feel about their finances?



Users are more likely to look online for financial information than to more traditional offline resources.

- News articles (34.3%) and the moomoo app (26.3%) account for more than half of the sources to which users turn for their financial information.
- Users with advanced degrees rely more heavily on news articles (50.8% vs 34.3% for the average user).
- Users with some high school education rely more heavily on family and friends (23.8% vs. 6.6% for the average user).

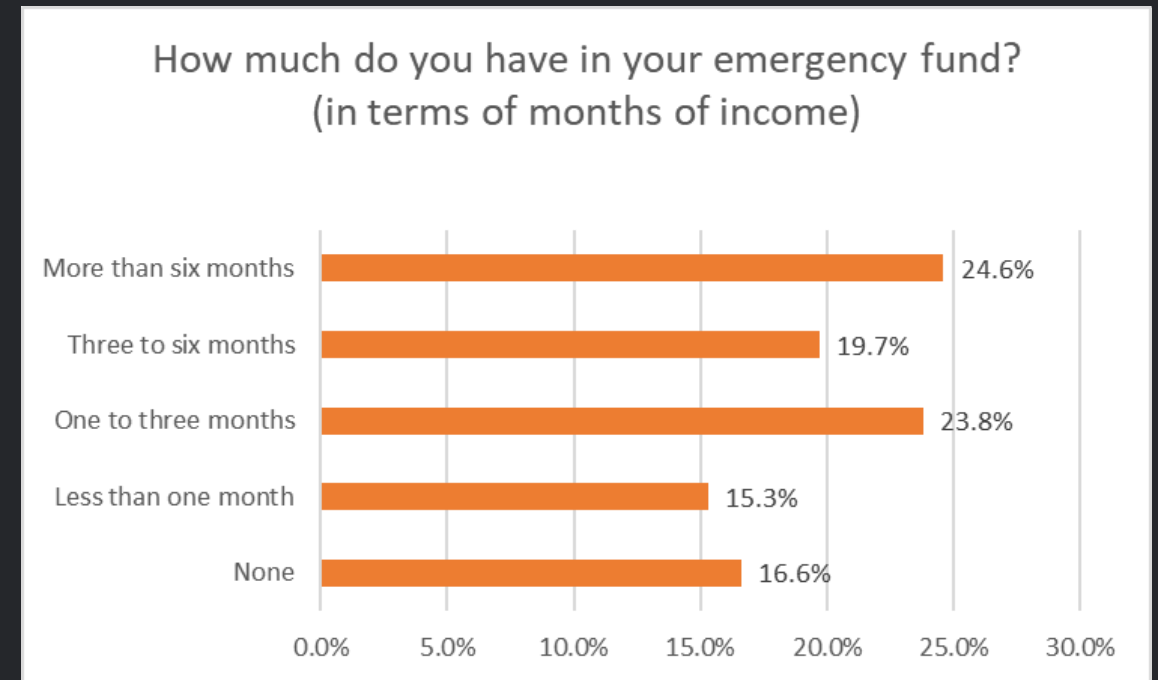


2. How financially resilient are users?



Users vary widely in the amount of money they have saved for an emergency.

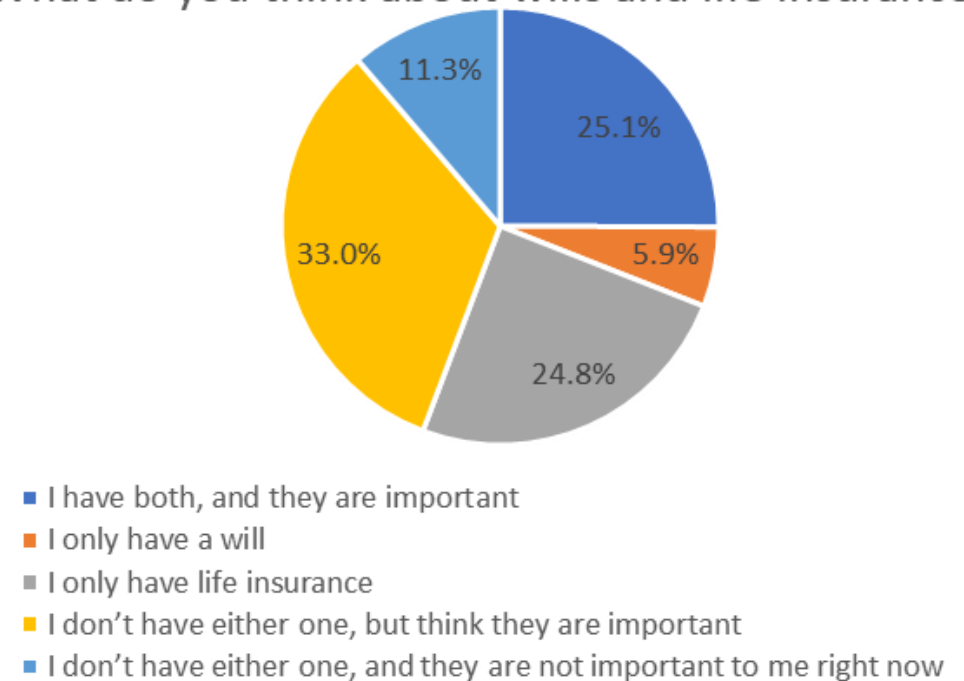
- A major financial surprise like a costly medical procedure, a major car repair, a loss of income or divorce can be a major source of financial stress for many households.
- Having a “rainy day fund”, money set aside to cover these unexpected expenses, is an important part of one’s overall financial strategy.
- The good news is most users are at least somewhat prepared for the unknown, **83.4%** have at least some money in their emergency fund.
- Savings rates vary significantly by age.
 - Only 4.5% of users under 25 have more than six months of income in emergency savings.
 - 54.5% of users over 65 have more than six months of income in emergency savings.



Taking care of loved ones after they pass on is important to most users whether or not they have a will and/or life insurance.

- Only **11.3%** of users don't have a will or life insurance and think neither are important to them at this moment.
- Just as many investors want to take an active approach to investing by picking the stocks they buy and sell, having a will allows them to direct who receive their assets and property.
- Life insurance can help protect your family's financial future by providing income, access to cash and health benefits.
- Having only life insurance (**24.8%**) is much more common than only having a will (5.9%). The large difference may be due to the prevalence of employer-provided life insurance plans.
- Older users are more likely to have both a will and life insurance, but that number doesn't vary much after age 45.
 - **32%** of users 45 to 54 years old have both compared to **31.8%** of users over the age of 65.

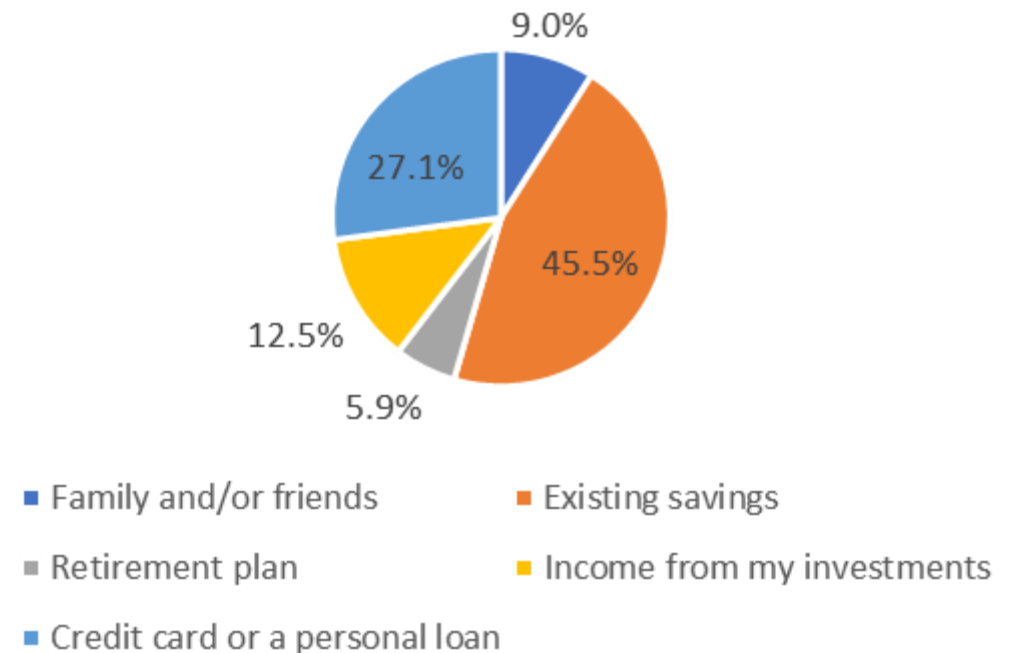
What do you think about wills and life insurance?



Almost half of users are prepared for a large, unexpected expense.

- 45.5% of users would be able to pay for a large, unexpected expense out of their current savings.
- Credit cards or a personal loan (27.1%) is the second most likely way users would pay. Credit card debt has been growing and recently topped \$1 trillion in aggregate in the US.

How would you pay for a large, unexpected expense?

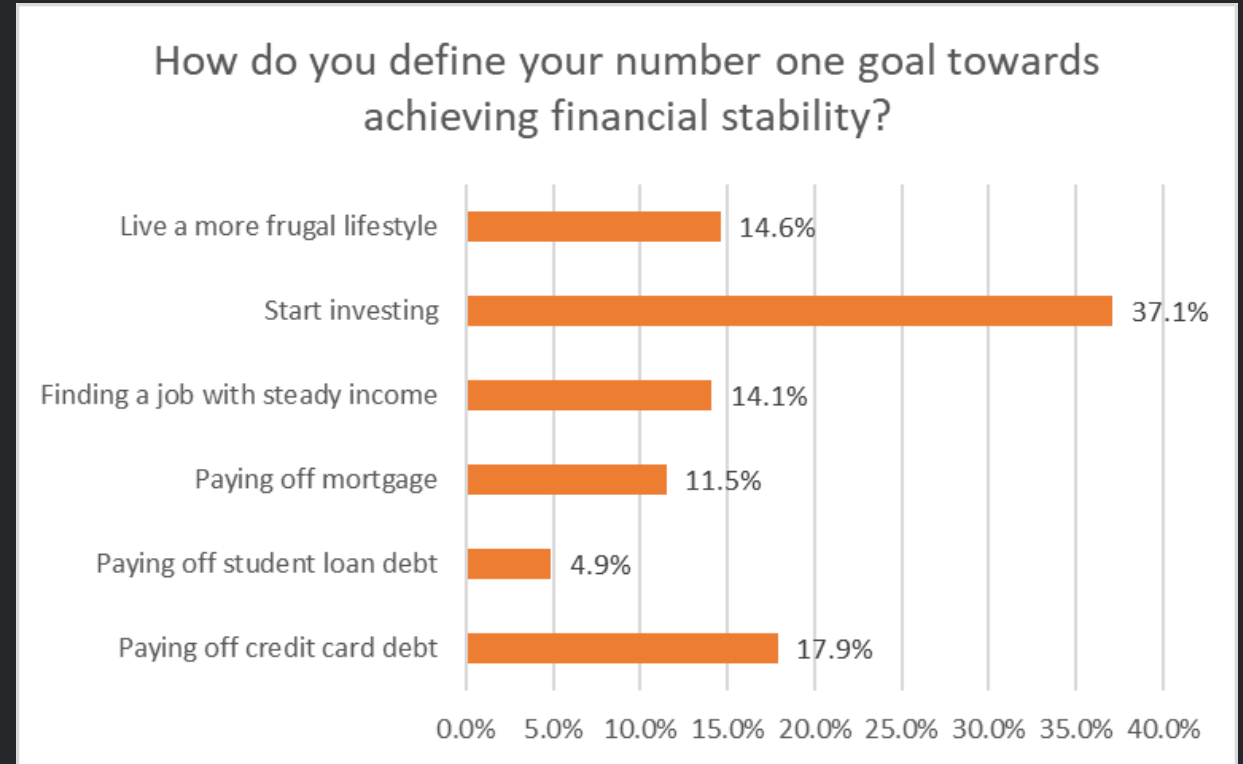


3. How can users achieve financial freedom?



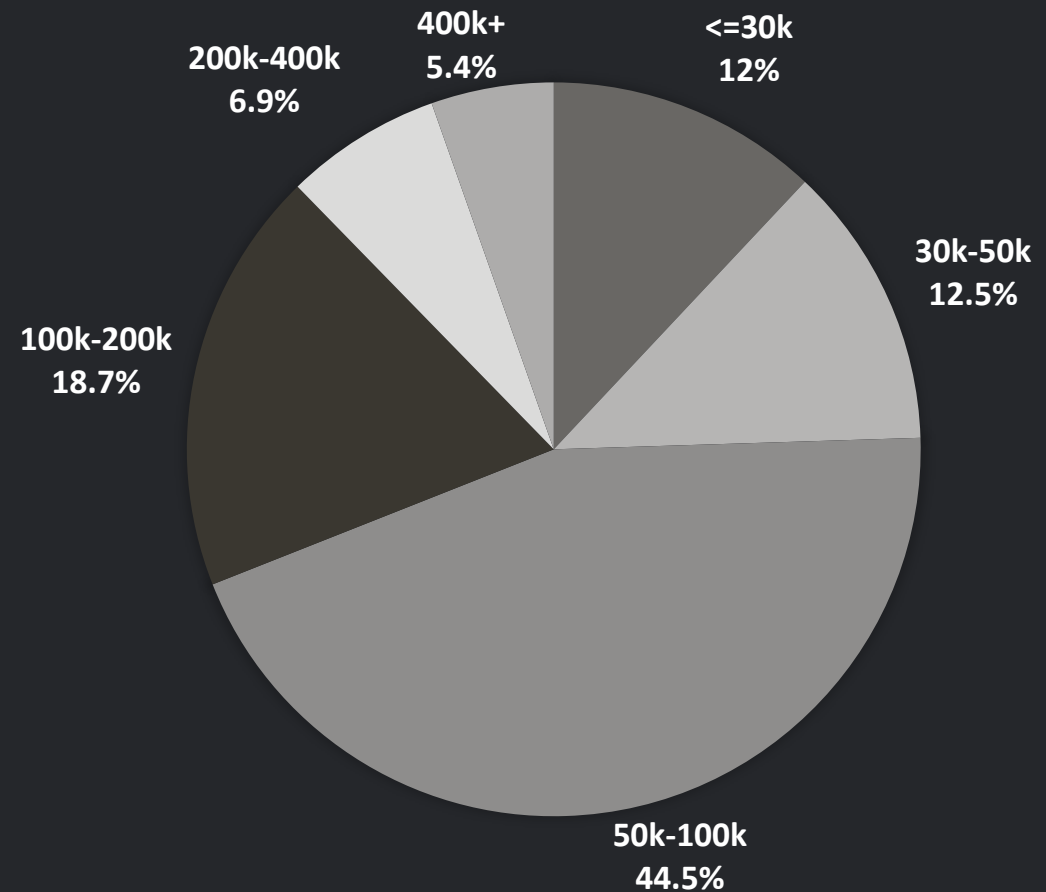
Investing is seen as the path to achieving financial stability by the most users.

- 37.1% of users said their number one goal towards achieving financial stability is to start investing.
- Despite the restart of payments and interest on student debt, paying it off is seen as the least likely path (4.9%) to stability.
- Low-income households with less than \$35,000 in annual income are more likely to see investing as the path to financial stability (45.7%) than the average user (37.1%)



Financial stability is achievable by many users with modest minimum amounts of income.

- 24.5% of users need less than \$50,000 in annual income to put them on firm financial footing. This could be the result of thoughtful budgeting, frugal spending and wise investing.
- Many high-income users would be stable earning less. 26.7% of those making more than \$130,000 would be comfortable financially making less than \$100,000.
- Only 12.3% of users feel they need more than \$200,000 in annual income to feel secure.



What is the minimum amount in annual income that would help you achieve financial stability.

How can users achieve financial freedom?

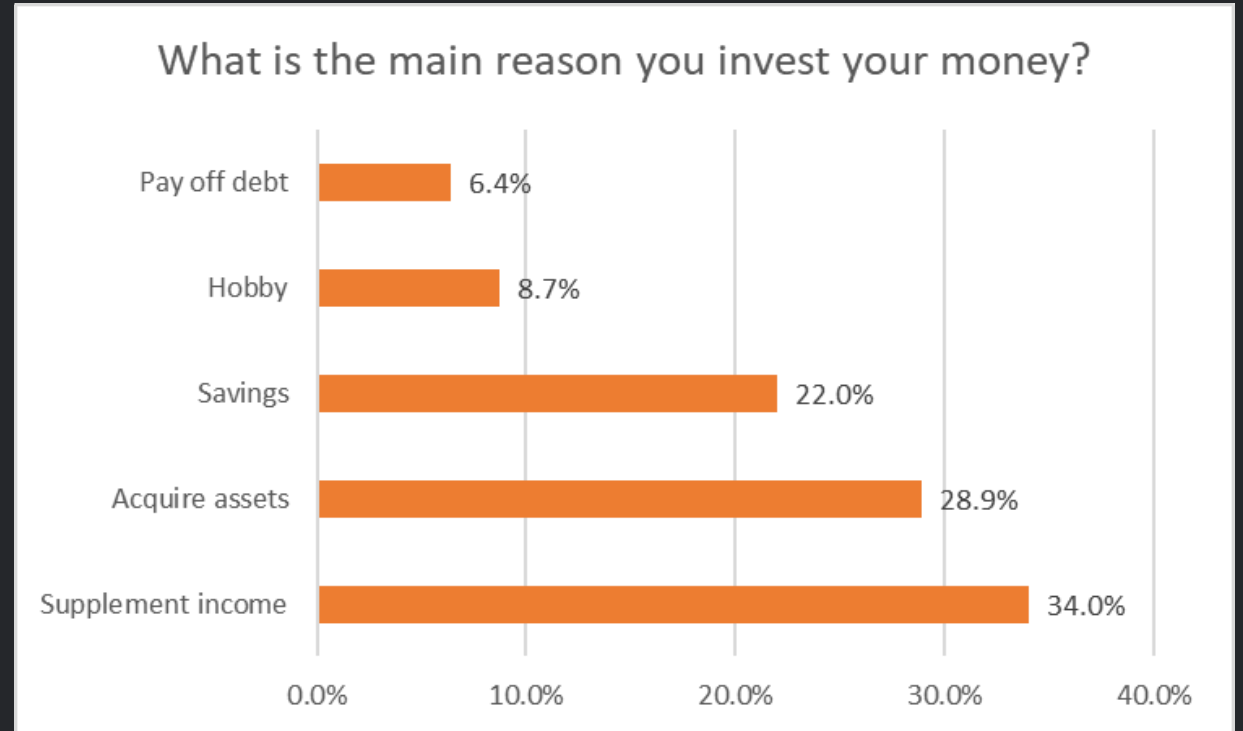


3. What are users investing styles and goals?



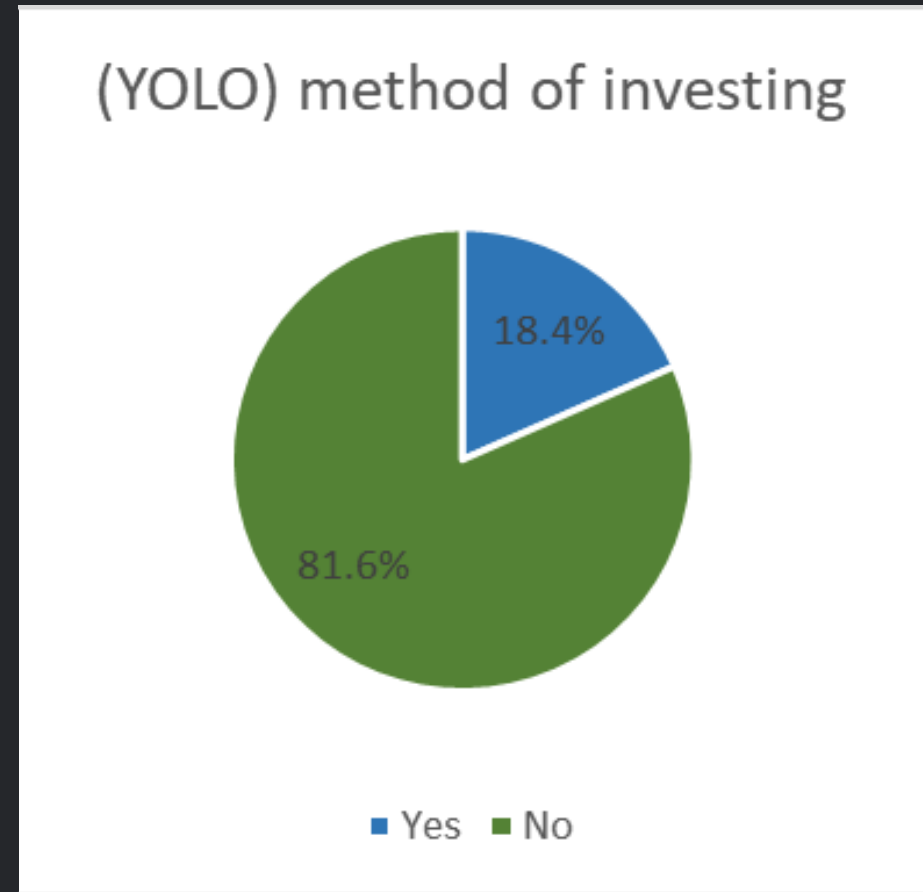
Wealth accumulation and income are the main reasons users invest.

- Income (34%) just beats out asset acquisition (28.9%) as the main reason users invest.
- Investing for growth and capital appreciation has been more popular in recent years than investing in income producing value stocks, but sentiment seems to be shifting with the rise in inflation.
- Caucasians (10.6%) are much more likely to consider investing a hobby than African Americans (2.3%).



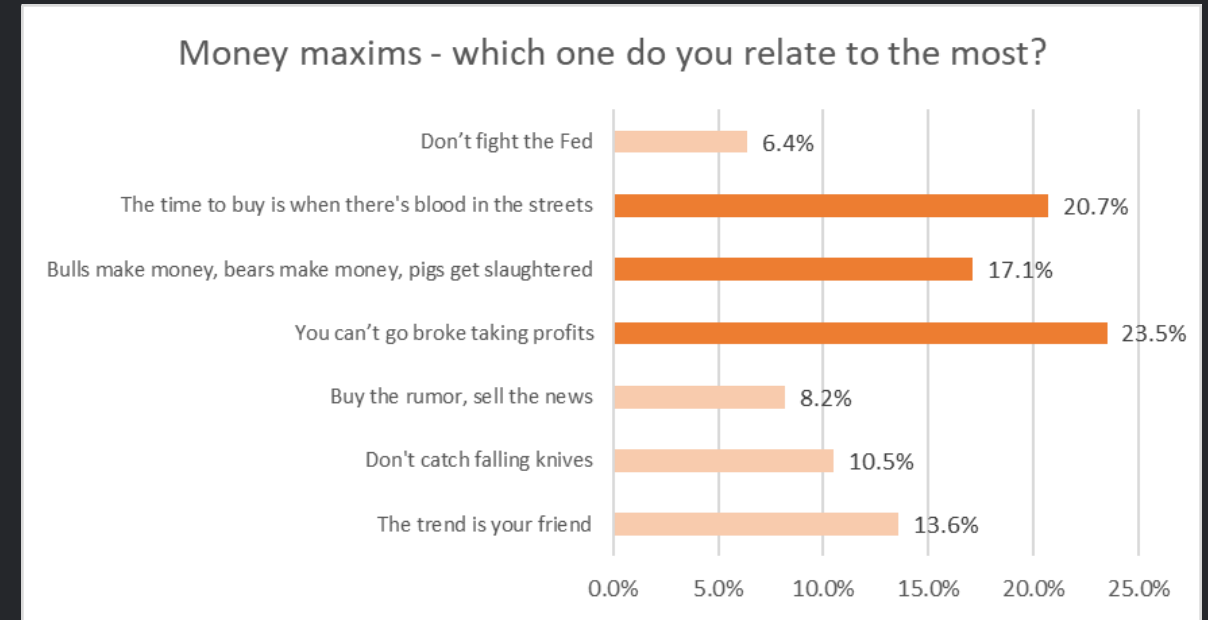
The “you only live once” (YOLO) strategy of investing in only one risky stock in hopes of hitting it big is not very popular among users.

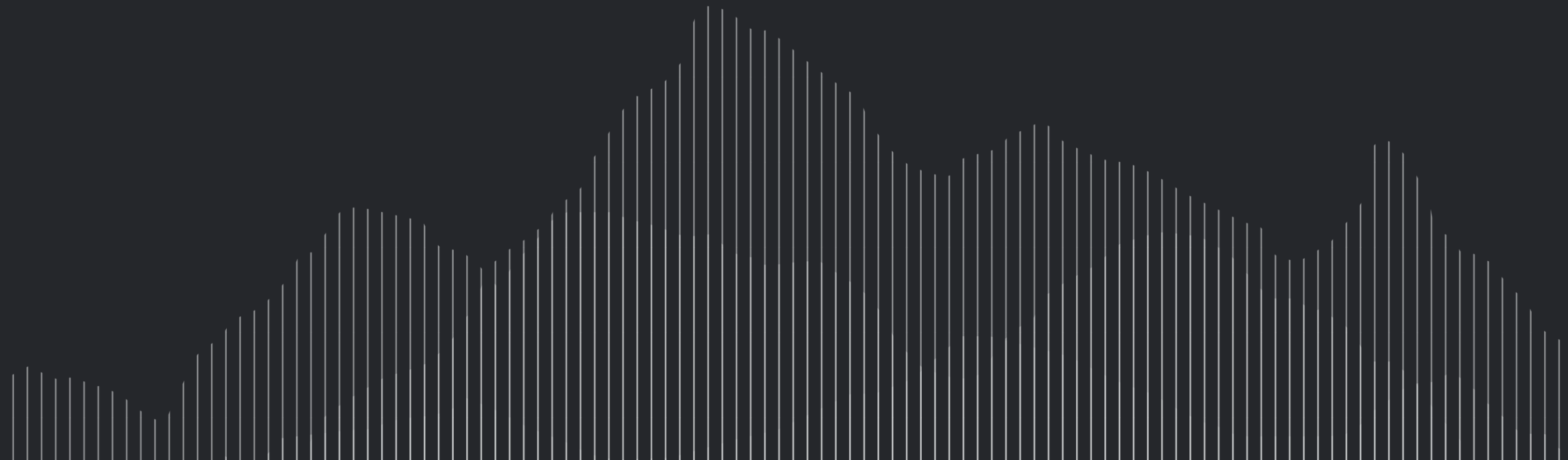
- The YOLO style of investing gained popularity during the Covid-19 pandemic, but that popularity has since waned as many of the so-called “meme” stocks crashed back down to earth, unable to support lofty valuations.
- 81.6% of users do not use the YOLO style of investing at all.
- The strategy is more popular among younger users who have more time to recoup any possible large losses.
- 22.7% of users under the age of 25 use the strategy, compared to only 18.4% of users on average.



Caution and opportunity dominate the themes of the money maxims users most relate to.

- “You can’t go broke taking profits,” (23.5%) was the maxim users most identified with.
 - Many traders struggle to take profits and instead hold their trades only to see a winner become a loser.
 - On the flip side, taking profits too early can limit upside gains.
- “The time to buy is when there’s blood in the streets,” (20.7%) was the second most popular maxim.
 - Panic selling by numerous investors can lead to stock prices trading below fundamental values.
 - Psychologically, it is difficult for many investors to buy into weakness when everyone else is selling and the overall mood is dour.
- “Don’t fight the Fed,” (6.4%) received the least number of votes from users.
 - The S&P 500 index is down a little less than 1% since just before the Fed started hiking rates in March 2022.
 - The lack of direction in markets either way may be contributing to the lower popularity of this maxim.



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