



# HR e-Journal

## INSIGHT



## Inspire, Educate and Equip: Building a culture of Financial Wellness

----- MERCER HONG KONG

**Financial wellness has become a top line issue for many employers, but what is the role of the HR function in promoting financial wellness in the work environment?**

**By providing financial wellness tips and resources that help employees to manage their finances more effectively, the HR function can help to reduce financial stress and improve overall employee wellbeing.**

Pointing out while HR practitioners are not financial experts, Adeline Tan, Wealth Business Leader for Mercer Hong Kong notes that in the same way HR practitioners promote physical and mental wellbeing awareness, the HR function is in a prime position to act as a conduit between financial specialists and employees. As the main intermediary between a company and its workforce, Tan says the HR function is in a strategic position to ensure that the benefits available to employees are competitive and aligned with their needs. She adds that benefits can be used as an expression of how a company values its employees. “The purchasing power a company can leverage when negotiating with benefits providers can be utilised as a force for good,” Tan says. For example, in the same way that companies seek to hire the best people, implement the best technologies and strive for operational efficiency, ensuring that employee benefits are competitive and fit for purpose makes commercial sense as well as being an important part of the employee value proposition.

According to the findings of recent Hong Kong HR leaders survey conducted by Mercer, which includes a specific focus on pension arrangements, in the near-term, 78% of respondents have plans in place to review their organisation’s pension provider or pension scheme design. As companies look beyond the

post-COVID-19 stage, Tan explains the survey findings are significant because it shows that pension-related topics are gaining more attention with the HR function. “With the COVID-19 pandemic now under control, the focus on benefits is shifting to the future,” Tan says. To help employees understand and value their benefits, there is encouraging evidence the HR function is looking for new ways to help employees expand their financial wellbeing awareness by connecting them to digital financial planning tools and arranging guidance from third-party employee benefits providers. With the advent of artificial intelligence (AI) and the widespread use of apps, Tan expects the dissemination of employee benefits and financial wellbeing information to become easier to access and more exciting for end users.

According to Mercer’s HR leader survey, 40% of respondents offer financial wellbeing awareness initiatives on a regular basis. However, only 62% of survey respondents follow up with employees to monitor the effectiveness of the programmes. For example, how employees prioritise financial wellbeing as part of their daily life. Taking into account the time and effort it takes to design and implement financial wellbeing awareness initiatives; Tan notes the HR function could be missing an opportunity to gain valuable insights into employee’s relationship with their benefits and the type of initiatives that improve their financial wellbeing.

### Taking the next step

To further raise the bar on financial

## Key Takeaways

- Alongside physical and mental wellbeing, financial wellbeing is a crucial element of overall employee wellbeing.
- Employees' financial wellness impacts their productivity, job satisfaction and overall wellbeing.
- No matter their background, age, job title or even salary, financial wellbeing is an issue that spans across all pay scales.
- With support from third party employee benefits providers and access to online financial planning tools more readily available than ever, promoting financial wellness in the workplace does not have to be costly investment.

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wellbeing awareness, Tan recommends the HR function could look for ways to incorporate financial wellbeing programmes into the broader scope of mental health and physical wellbeing initiatives. This could be as simple as adding a financial wellbeing session to a discussion about healthy eating or meditation, Tan suggests. A next-level initiative could also include encouraging employees to metaphorically weigh themselves on a financial wellbeing scale in the same way that people physically weigh themselves to check their physical wellbeing. “In a similar way people have an annual health check, people could be encouraged to conduct a quarterly financial wellbeing check,” Tan suggests. At the same time, she cautions the HR function should avoid being seen as playing the role of a financial advisor with employees making financial decisions based on advice they receive from the HR function.

**Satisfaction grows with Mandatory Provident Fund awareness**

When it comes to seeking advice relating to Mandatory Provident Fund (MPF) investments, personal connections such as family, friends and colleagues top the preferences at 38.3%, external websites including the Mandatory Provident Fund Authority, MPF providers and other financial websites ranked second at 35.3% followed by MPF agents’ individuals or financial institutions: 26.4% while 33.3% chose not to seek advice. The reliance on the HR function as a source of MPF information was 29%. However, going forward Tan expects this figure to change. As the HR function drives its own collateral, it may take a bit of time, but according to Tan, conversations around benefits and financial wellness are expected to become a bigger part of recruitment and on-boarding conversations.

Based on Mercer’s survey findings, Tan also expects Mandatory Provident Fund (MPF) scheme members to pay more attention to their MPF investments. In May 2023, according to Mercer’s monthly MPF Satisfaction Index (MPFSI) in addition to good performance and low fees, MPF members looked for comprehensive fund choices: 40.8%, loyalty discount: 32.8% and clear and easy to understand fund information: 29.9%. The MPFSI also revealed the more engaged MPF members are with their MPF arrangements the more satisfied they are with the overall performance. Similarly, members who have better knowledge of MPF objectives (52.8%), members who understand the risk and return rewards (52.3%) and members who seek advice on MPF (54.3%) and members who are closer to retirement (63.3%) feel more satisfied. The main reason cited by members for not reviewing their MPF arrangements was a lack of understanding of how to conduct a review, followed by the view that the whole exercise is too complicated or troublesome. To further elevate member engagement, Tan suggests the HR function could help to create a safe environment for members to seek advice and raise basic questions about their MPF arrangements. The HR function could also take

the lead in helping members to seek expert advice about Tax Deductible Contributions and increasing their MPF investments when they have received a bonus or a salary increase.

**Elevating financial wellness understanding, start with the basics**

Commenting on the use of pulse surveys to measure the status of employees financial wellbeing, Tan says other than demonstrating the topic is on the agenda of employers, the outcome is only likely to produce a few quick-win ideas and initiatives. “The evaluation of an individual’s financial situation is highly subjective,” Tan says. “It can look and feel very different to an individual based on age, economic status and numerous other factors,” she adds. Depending on individual circumstances there are also a variety of “stages” that an individual can be at in their financial journey. For instance, an individual can be financially secure, but at the same time financially “stressed” by the different financial issues they encounter. Acknowledging that some people find long-term investment schemes complex, to help build a culture of supporting employee financial wellbeing, Tan proposes the HR function could introduce a basic programme that focuses on how to budget, how to live within a budget and how to make smart decisions to stretch a budget. “In all things, being prepared helps anyone to face uncertainties and budgeting is something that everyone can do,” says Tan.

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