



HDFC Life
Life Freedom
Index (LFI) 2024

**5th edition of LFI report, a proprietary study
by HDFC Life with research partner NielsenIQ**

HDFC
Life

Sar utha ke jiyo!

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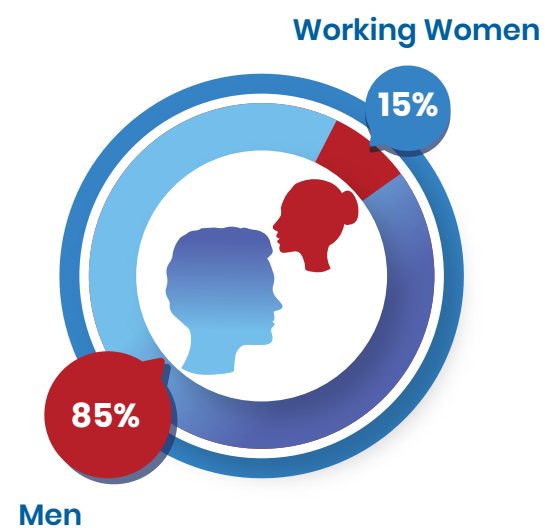
1 Introduction

The Life Freedom Index (LFI) is an exclusive study launched by HDFC Life in 2011, aimed to assess the perceived financial freedom of urban Indian consumers. This proprietary study evaluates key factors such as financial awareness, planning, sufficiency, and liberty.

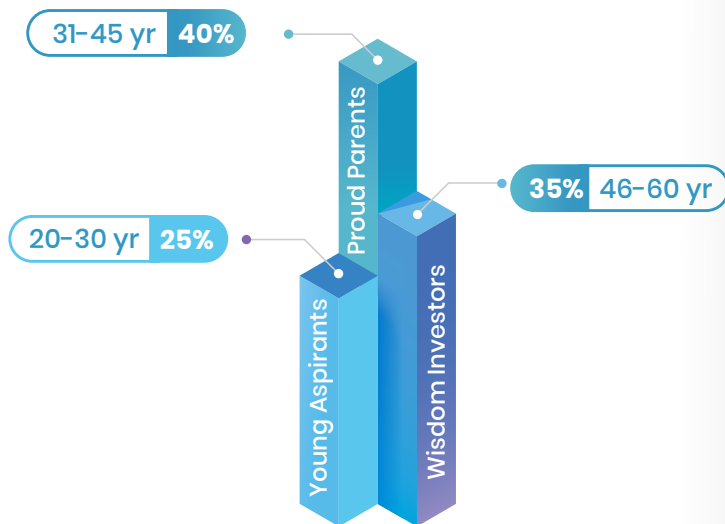
While the previous edition conducted in 2021 examined the impact of the COVID-19 pandemic on consumer finances, the current edition broadens the focus to explore financial practices across various cohorts, particularly in relation to geographic zones, town classes, and age segments.

Study Parameters & Profile Composition

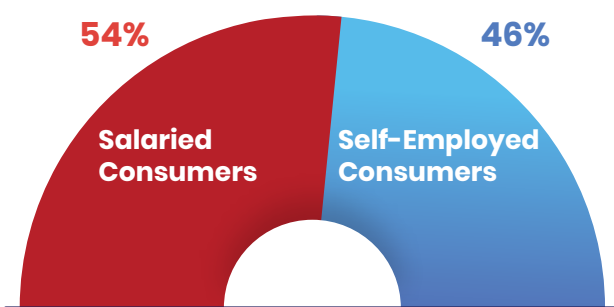
Total Sample Size: 2076



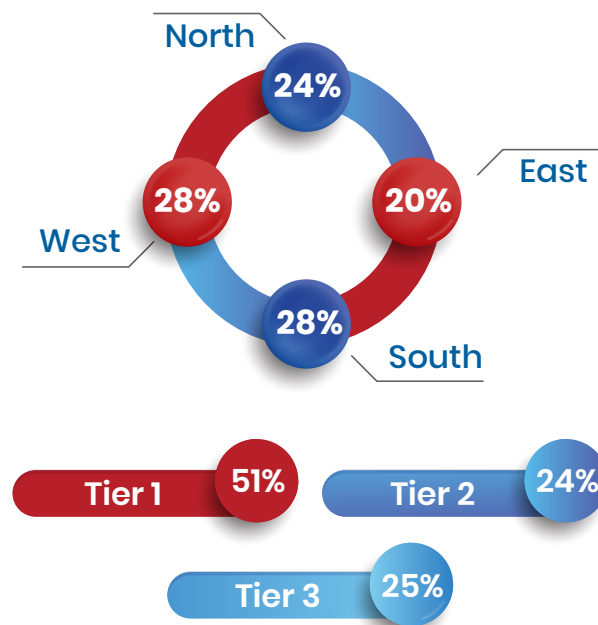
Respondents by Gender



Respondents by Age Segments



Respondents by Occupation



Respondents by Geographies

2 Life Freedom Index (LFI) 2024

Life Freedom Index (LFI) is composed of 4 key indices which contribute to the overall score. Compared to 2021, the index increased significantly which could be driven by the rapid adoption of digital financial services and indicates the increased consumer confidence in financial planning post-pandemic.

70.8

The 2024 Life Freedom Index (LFI) shows a notable improvement in consumers' financial outlook with a score of 70.8, up by 9 points from 2021.

60

The Financial Awareness & Familiarity Index
($\Delta+6.4$, Weight 25%)

Measures individual's knowledge of financial products and awareness level of key events affecting financial plans.

78

The Financial Planning Index
($\Delta+9.8$, Weight 20%)

Evaluates the comprehensiveness of individual's financial plan and the need to review and re-align thier planning basis events in life.

73

The Financial Sufficiency & Adequacy Index
($\Delta+10.2$, Weight 50%)

Reflects an individual's perception of their current and future financial plan.

77

The Financial Liberty Index
($\Delta+7$, Weight 5%)

Reflects the psychological sense of financial freedom and security.

Key Highlights

Zone-wise LFI Scores

Zone	Score	Change
North	69.7	$\Delta+6.7$
East	67.2	$\Delta+14.0$
West	74.2	$\Delta+9.1$
South	70.5	$\Delta+9.1$

- The LFI score is highest in the West Zone (74.2), followed by South Zone (70.5)
- East Zone shows the fastest growth with a 14-point increase

Segment-wise LFI Scores

Segment	Score	Change
Young Aspirants	70.8	$\Delta+8.7$
Proud Parents	70.7	$\Delta+8.5$
Wisdom Investors	71.3	$\Delta+9.6$
Working Women	69.7	$\Delta+10.2$

- Wisdom Investors achieved the highest LFI score (71.3), followed by Young Aspirants (70.8)
- Working Women segment displayed highest LFI growth with a 10.2-point increase

Salaried vs Self-Employed Consumers LFI Scores

Consumer Type	Score	Change
Salaried Consumers	73.3	$\Delta+9.5$
Self-Employed Consumers	69.8	$\Delta+7.9$

- Salaried consumers have higher LFI score and showed a higher growth

Tier-wise LFI Scores

Tier	Score	Change
Tier-1	71.4	$\Delta+8.8$
Tier-2	67.8	$\Delta+5.8$
Tier-3	72.2	$\Delta+13.4$


- Tier-3 cities lead among town classes with a score of 72.2, reflecting a growth of 13.4-point

Δ denotes difference in index points of 2024 compared to 2021

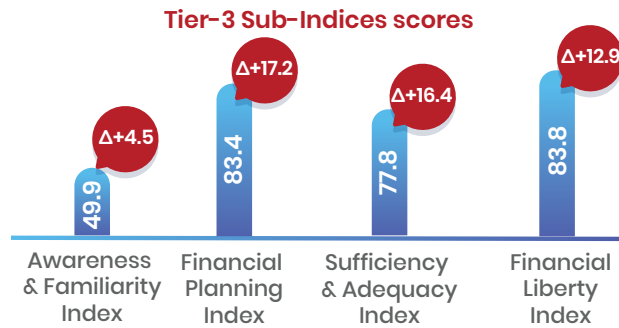

3 A Spotlight on Key Cohorts

LFI growth in Tier 3 Markets

Tier-3 consumers lead the Life Freedom Index with a 13.4-point increase, possibly driven by digital advancements and initiatives enhancing connectivity, entrepreneurship, and financial access. This has sparked growing interest in financial products, reflecting a shift toward proactive financial planning and preparedness in their daily lives.




Tier-3 LFI Scores
2021: 58.8
2024: 72.2


The Awareness & Familiarity Index, showed modest growth of 4.5-point in 2024, indicating need for building familiarity with financial products.



The growth of 17.2 points, indicates the growing cognizance of having a correct financial plan.



The Tier-3 segment has shown significant growth in the Financial Sufficiency & Adequacy Index, with a 16.4-point increase.



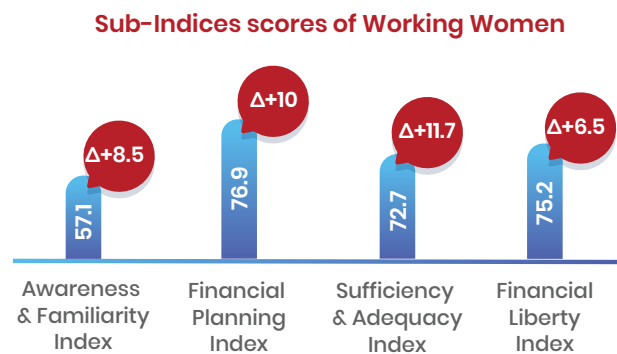

Tier-3 markets also experienced significant growth in the Financial Liberty Index with a 12.9-point increase, reflecting a rising sense of financial freedom.

Working Women's LFI Score witnessed significant growth


Working Women's LFI score increased by 10.2 points to 69.7. The probable reason for the increase could be targeted financial literacy programs and improved digital access; empowering stronger financial decision-making.




Working Women LFI Scores
2021: 59.5
2024: 69.7


The Awareness & Familiarity Index increased by 8.5-point, indicating improving familiarity with financial products.



The Financial Planning Index observed growth of 10 points indicating rising importance of financial planning.



Significant growth observed in the Financial Sufficiency & Adequacy Index, with a 11.7-point increase, denoting confidence in one's financial plans.



Financial Liberty Index grew by 6.5 points, reflecting a rising sense of independence from financial constraints.

Δ denotes difference in index points of 2024 compared to 2021

4 Top priorities of Customers



Financial security of children

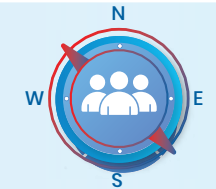


Staying physically and mentally fit



Improving standard of living

Expanding business is also one of the top priorities in the North, While the West focuses on financial security for the spouse and the south prioritises medical emergencies.



Financial security of parents and other family members is also amongst the top 3 priorities for Young Aspirants.

Tier-1 customers also prioritize security against medical emergencies and Tier-3 markets prioritise business expansion.



Reasons for investing in Life Insurance



Return on products

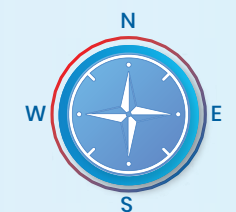


Financial security against uncertainties



Securing child's future

- In North and East, child's education is one of the top priorities.
- In South, maintaining one's current lifestyle, and in West, planning for early retirement emerge as key reasons for investing in life insurance.



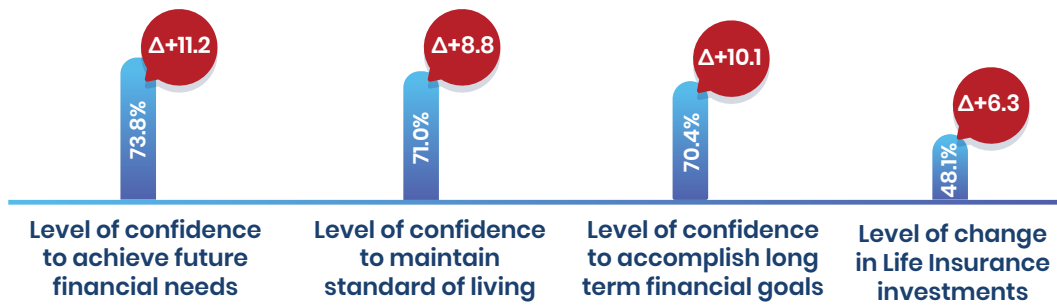
Tier-1 markets prioritize maintaining lifestyle and Tier-3 consumers focus on child's higher education.

5 Life Insurance Confidence Index

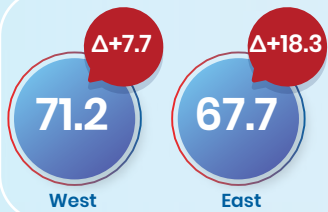
The Life Insurance Confidence Index measures the role of life insurance in helping consumers achieve their finance goals. This measure has increased by a notable 9.3-point since 2021, highlighting the rising recognition of life insurance as a vital component in their financial strategy.



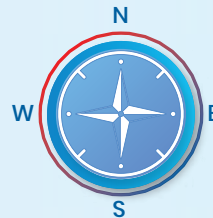
Drivers of Life Insurance Index



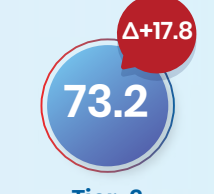
Amongst working women, the Life Insurance Confidence Index has increased by 11.8 points, highlighting their increased focus on financial security, with children's future as their top priority.



- West zone stands highest in the Life Insurance Confidence Index at 71.2 points.
- East zone showed highest growth with an increase of 18.3 points



For Tier-3 consumers, the Life Insurance Confidence Index increased by 17.8 points, reflecting strong confidence in life insurance to meet their financial goals



For Salaried consumers, the index increased by 9.0 points, realizing the need of Life Insurance.

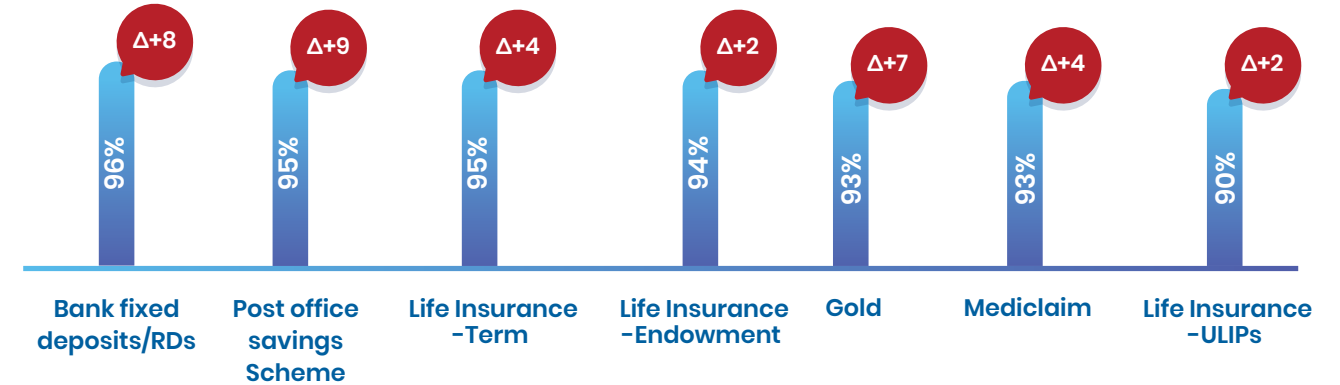
Δ denotes difference in index points of 2024 compared to 2021

6 Additional Details of Sub-Indices

Financial Awareness & Familiarity Index

In 2024, the Awareness & Familiarity Index reached 60, a 6.4-point increase since 2021.

Awareness and familiarity with full/fair knowledge of financial products



Notable growth across all life-stage segments was observed, especially in Wisdom Investors and Working Women, reflecting enhanced financial maturity



Awareness and familiarity with full knowledge of Life Insurance along with other financial products increased in 2024

Financial Planning Index

The Financial Planning Index for 2024 is 78, marking a 9.8-point increase since 2021.

Factors considered while financial planning:



Unexpected Factors
Accidents or Critical illness leading to disability



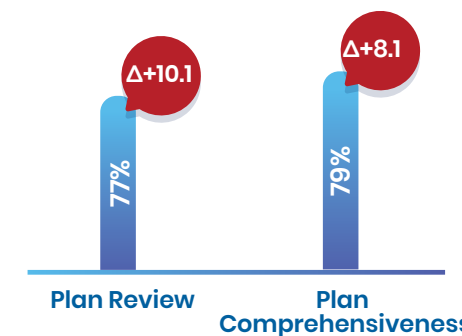
Expected Factors
Child's Education & Health Expenses



External Events
Inflation

The growth in financial planning parameters from 2021 to 2024 is largely attributed to the Plan Comprehensiveness and Plan Review sub-pillars of the Financial Planning Index.

Components of Financial Planning Index



Young Aspirants (+11.6) are more likely to review their plans, highlighting the increasing recognition of effective financial planning.



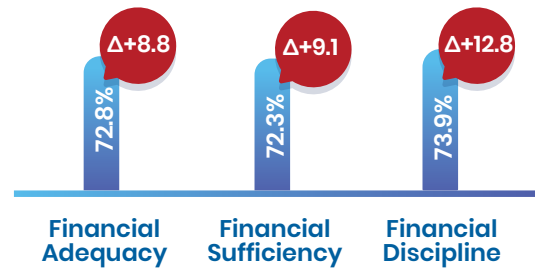
The rise among salaried individuals (+12.1) indicates a growing adaptability and proactivity in updating their financial strategies.

Δ denotes difference in index points of 2024 compared to 2021

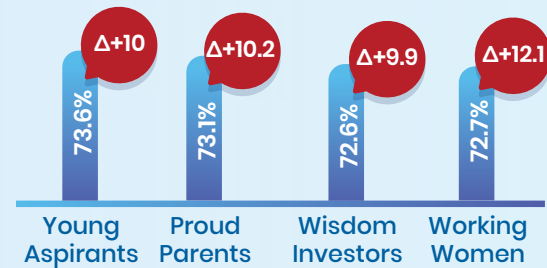
Financial Sufficiency & Adequacy Index

The 2024 Financial Sufficiency & Adequacy Index stands at 73, reflecting a 10.2-point increase since 2021. This improvement is driven by gains in all sub-pillars, with Financial Discipline making the most substantial impact, reflecting enhanced consumer financial planning post-COVID-19.

Components of Financial Sufficiency & Adequacy Index



Financial Sufficiency & Adequacy index show a positive growth across all customer segments.

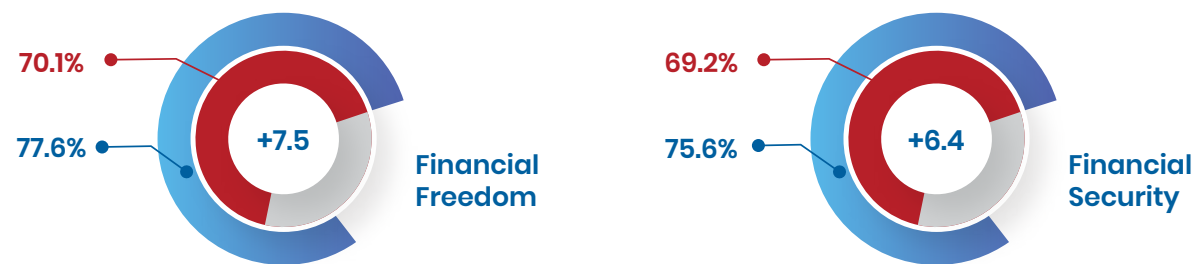


The West zone with 76.5 points continued to hold the highest index score and East zone with 69.9 points experienced a notable increase of 17.7 points.

Financial Liberty Index

In 2024, the Financial Liberty Index reached 77 points, driven by both drivers of Financial Freedom & Financial Security. The growth indicates that consumers feel a strong sense of independence from financial constraints.

Components of Financial Liberty Index



The Financial Liberty Index is highest in East zone and shows highest growth in the West, indicating a stronger sense of financial liberty in the region.

2024
2021

Δ denotes difference in index points of 2024 compared to 2021

Summary

The 2024 Life Freedom Index highlights a significant shift in India's financial landscape, driven by growing consumer confidence and preparedness.

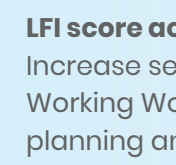
Notable increase in Life Freedom Index

Life Freedom Index grew by 9 points over 2021, on account of growth across all of its sub-pillars, particularly Financial Planning and Financial Sufficiency & Adequacy Indices



Increasing awareness and familiarity with financial products

Though low, the Financial Awareness & Familiarity Index has steadily grown, reflecting increasing customer familiarity with financial products



LFI score across cohorts

Increase seen across cohorts, especially among Tier-3 Consumers & Working Women segments, reflecting a positive shift in their financial planning and confidence



Key consumer priorities

Top priorities include Children's Financial Security, Being Physically & Mentally Fit, and Improving Standard of Living

Growing importance of Life Insurance

Life Insurance Confidence Index rose by 9.3 points, primarily driven by growth among Working Women, Salaried Individuals and Tier-3 markets, highlighting the growing importance of Life Insurance in financial planning



With continued emphasis on financial education and accessibility, India's financial freedom is expected to strengthen, fostering greater stability and security for all.



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