



# Asian Actuarial Conference 2025 Bangkok

The role of the actuary in financial literacy

13 Nov | 16:10-16:50



**Hassan Scott Odierno**

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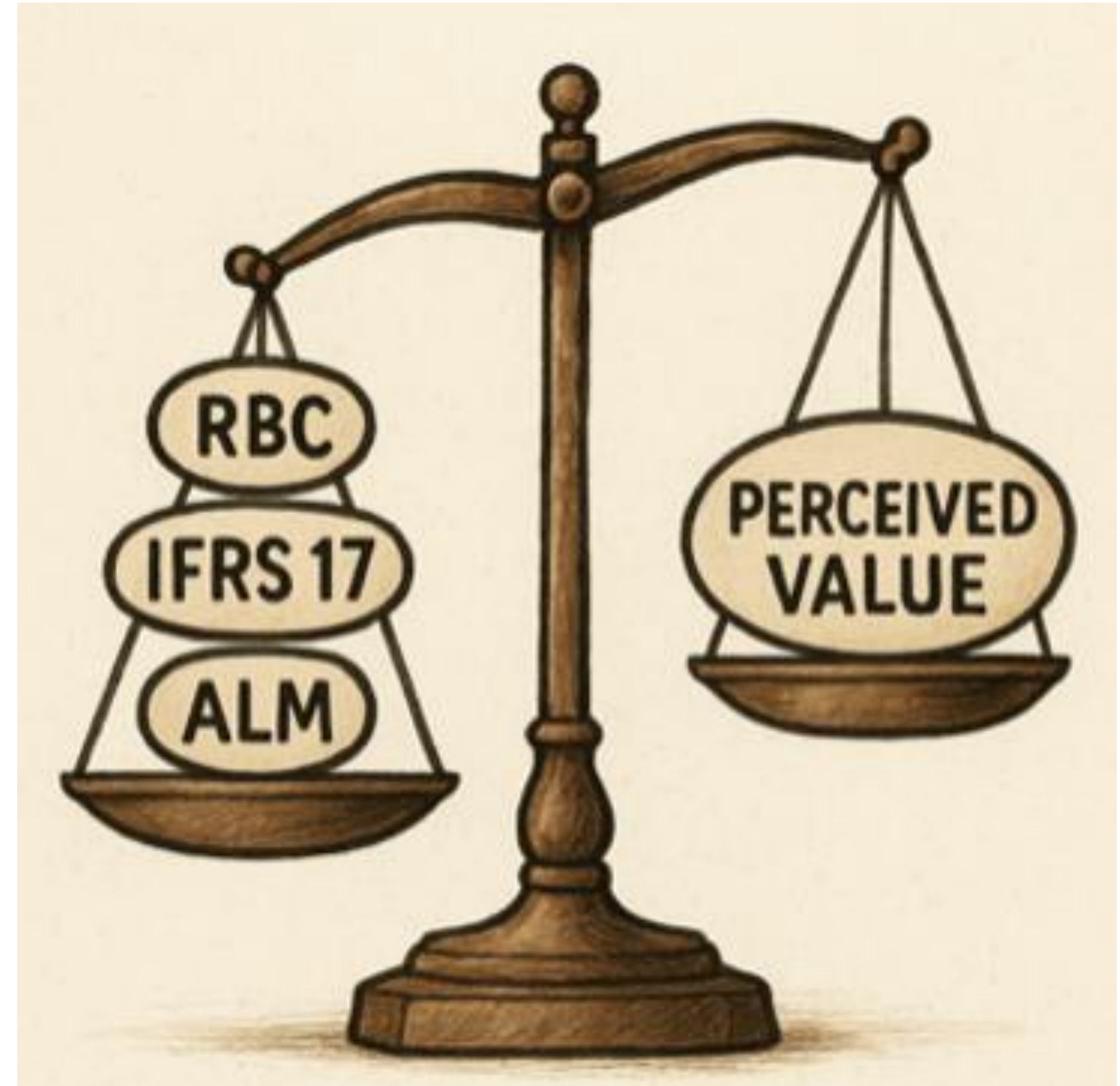
# Asian Actuarial Conference 2025

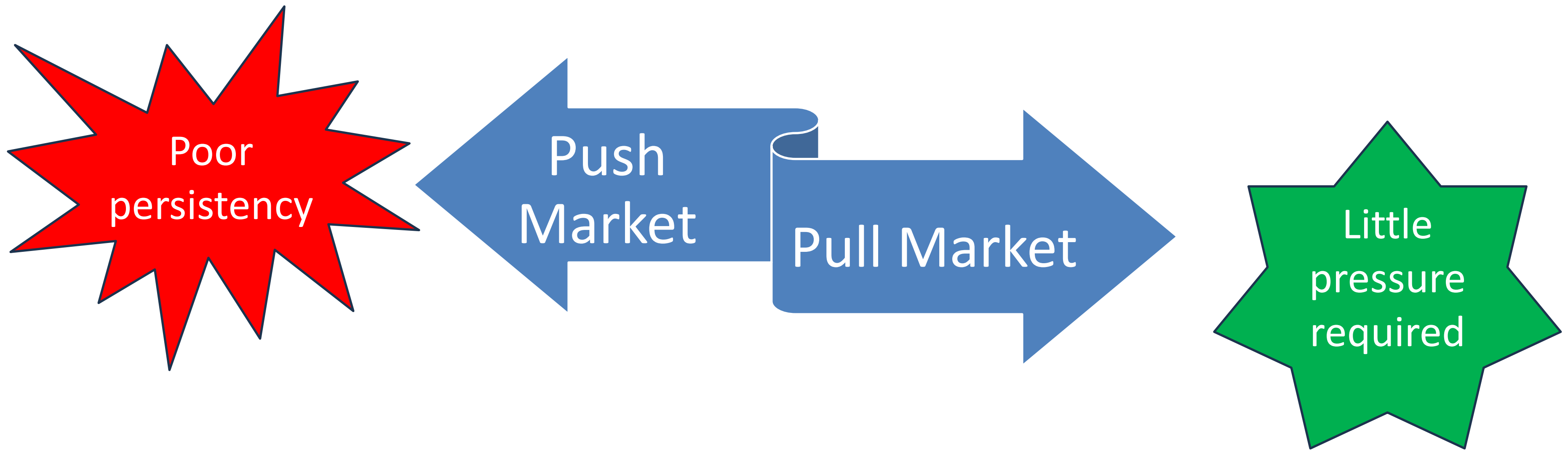
The role of the actuary in financial literacy

Hassan Odierno, FSA  
November 2025



What is the present value of a promise which is not understood?





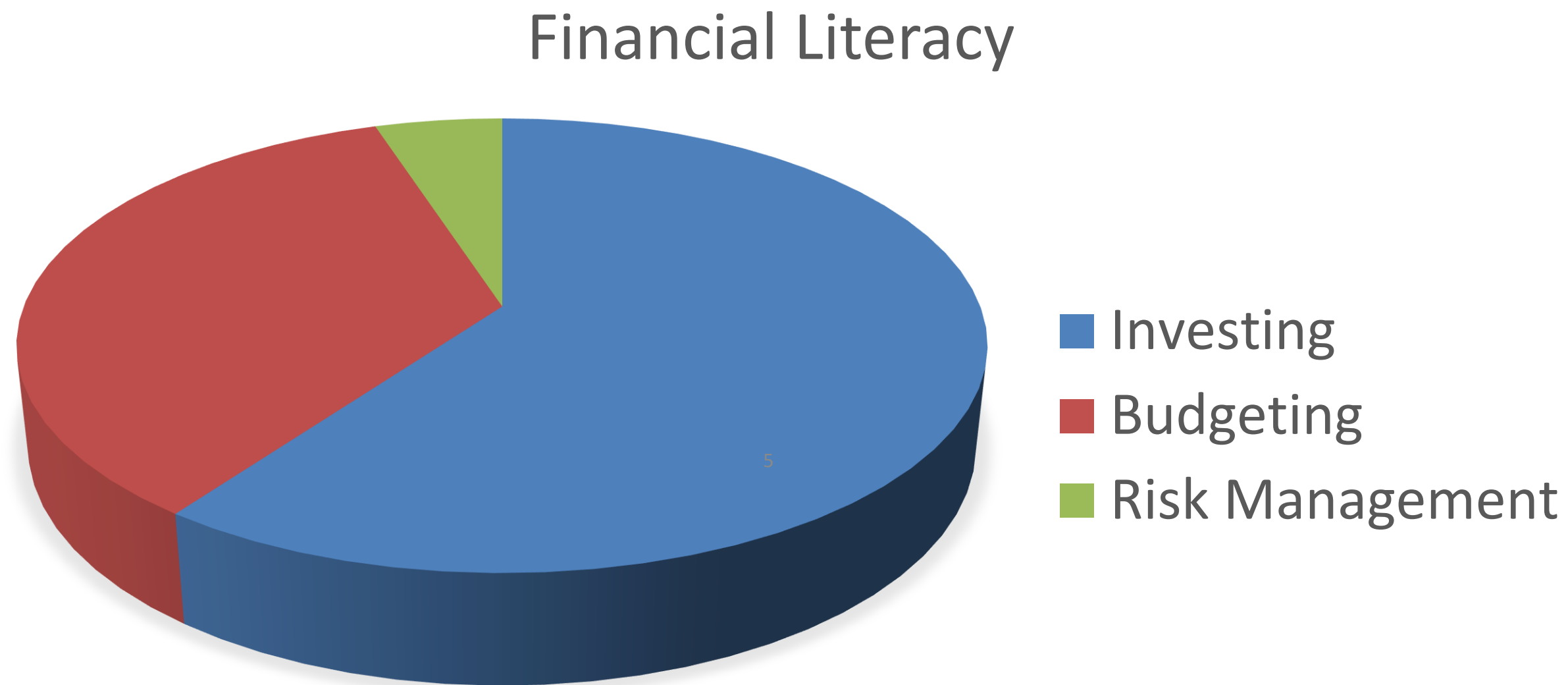
Imagine if instead of constantly segmenting the market to focus on places where people already understand the need for insurance, we expanded our market segments through improving awareness of the value of insurance in risk management.

$$\sum_t^{PT} \text{Commission Rate}(t) * \text{Ave GrossPremium} * \text{number of sales}$$

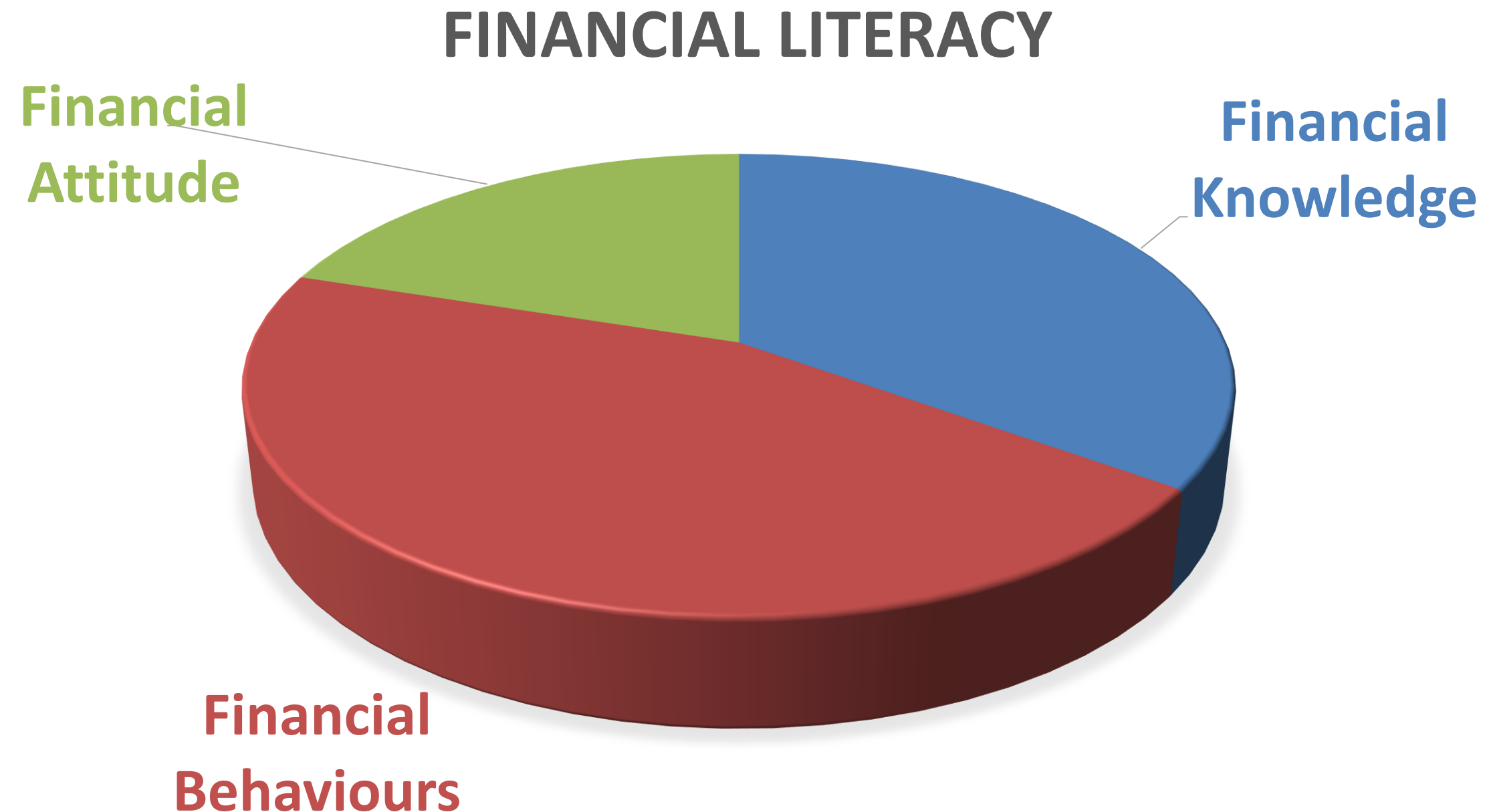
An agent's income must connect to the market segment they are targeting, and is directly related to financial literacy. Malaysian sample:

Months since becoming an agent	Monthly income (RM)
1	300
12	3,400
24	5,600
36	6,800
48	7,500

Risk management is the most overlooked aspect of financial literacy, the strength of the actuary

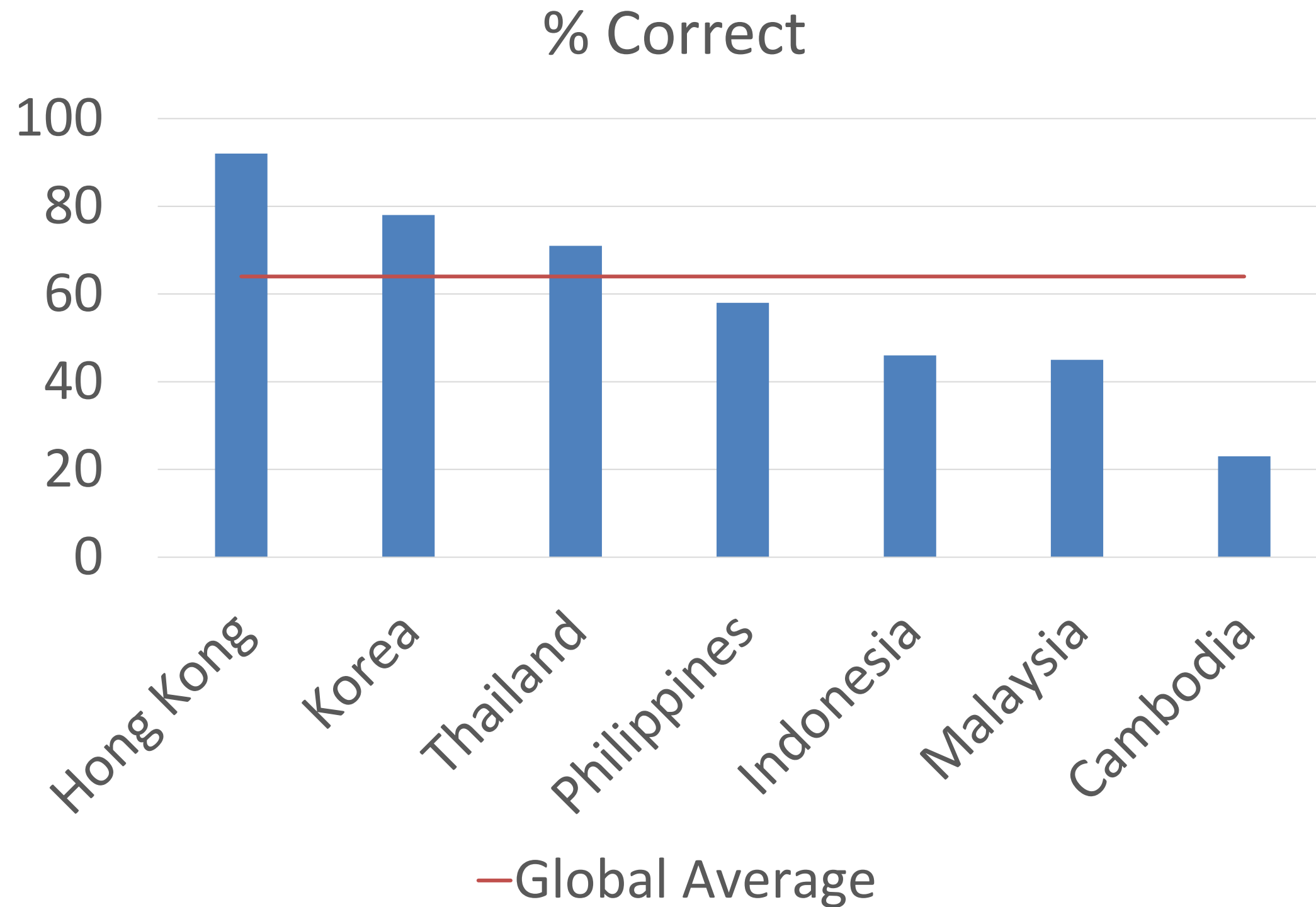


# OECD 2023 International Study of Adult Financial Literacy



We will highlight those aspects related to actuarial science and show the wide variation in results in Asia.

## Time value of money

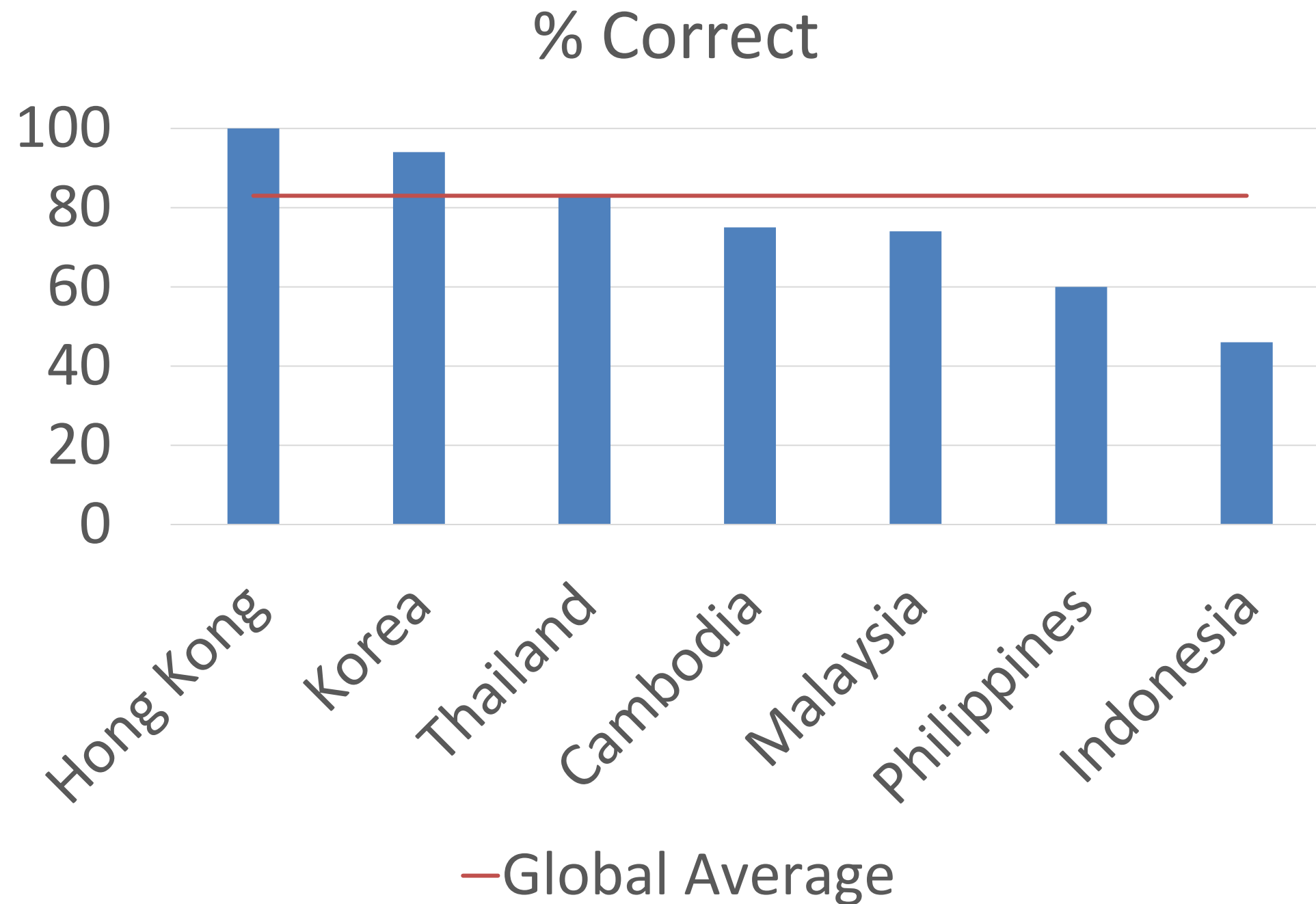


If people do not understand the time value of money, how will they understand how to manage the risks of not saving regularly?

OECD 2023 Study



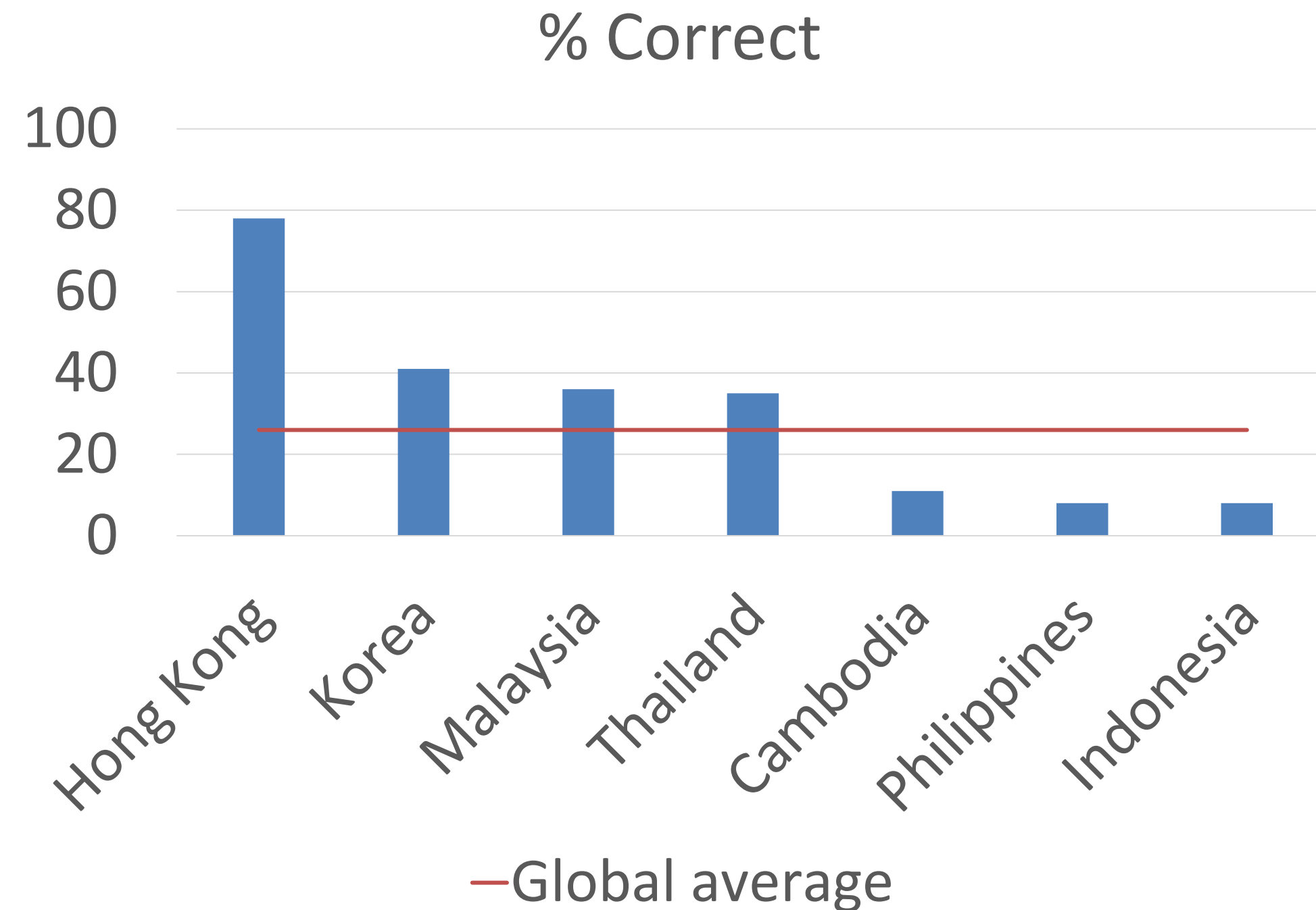
## Interest on a loan



Problems with buy now pay later is in the news now, but if people don't understand how interest on a loan work, this risk is a ticking time bomb!

OECD 2023 Study

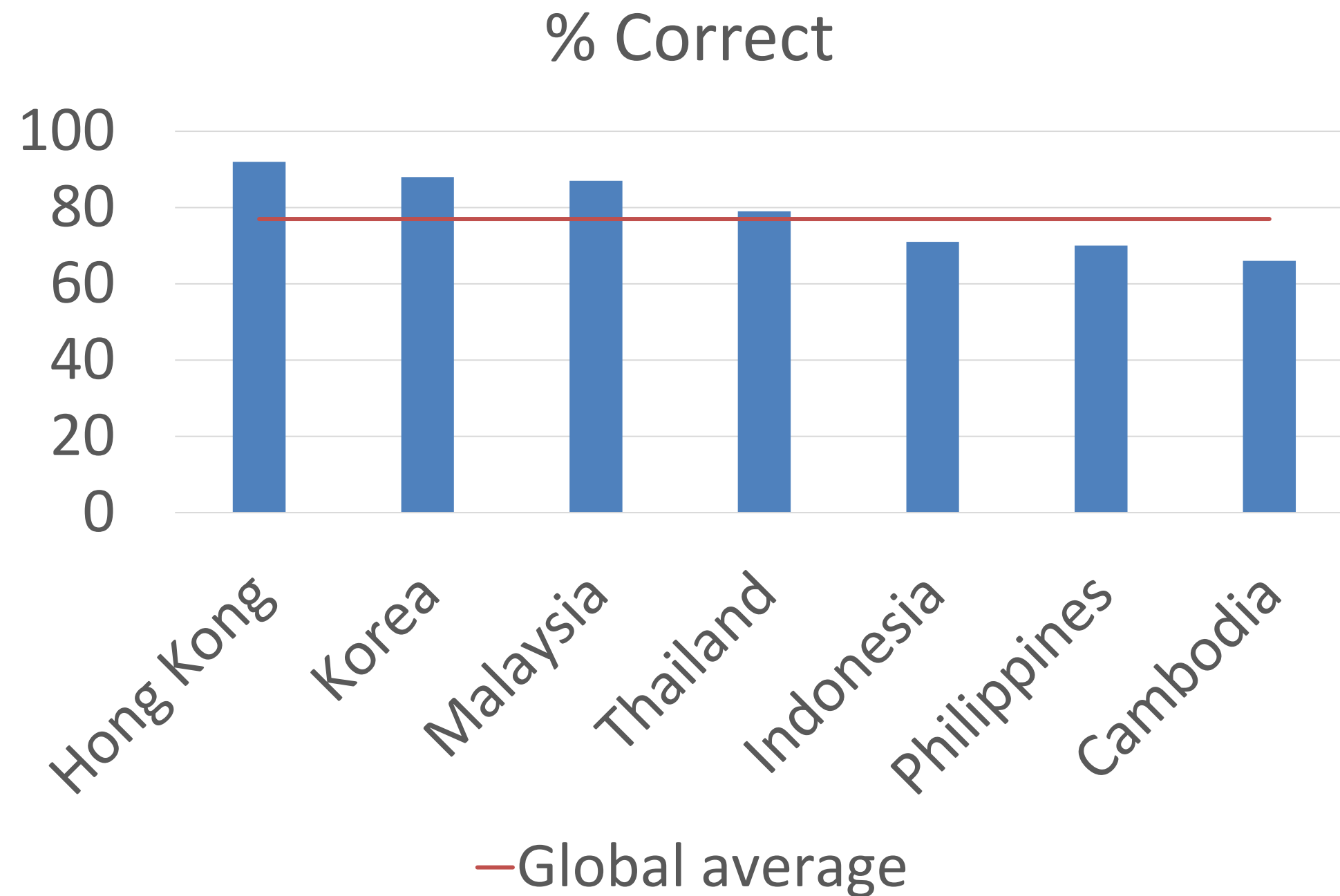
## Simple and Compound Interest



If people don't understand the value of interest earning interest, how can we expect them to value savings policies?

OECD 2023 Study

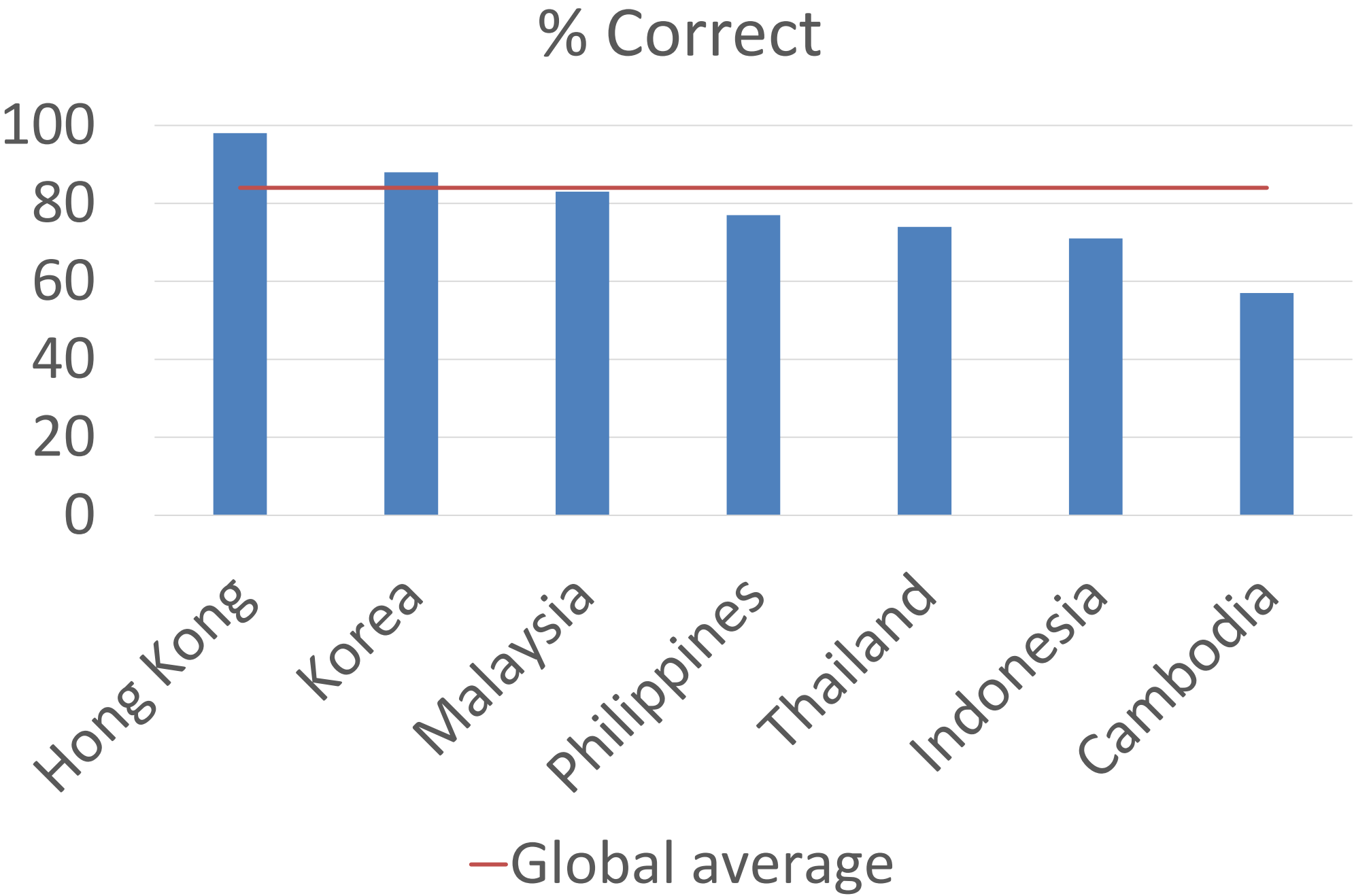
## Risk and Returns



People generally understood that in order to get more returns you need to take more risks.

OECD 2023 Study

# Inflation

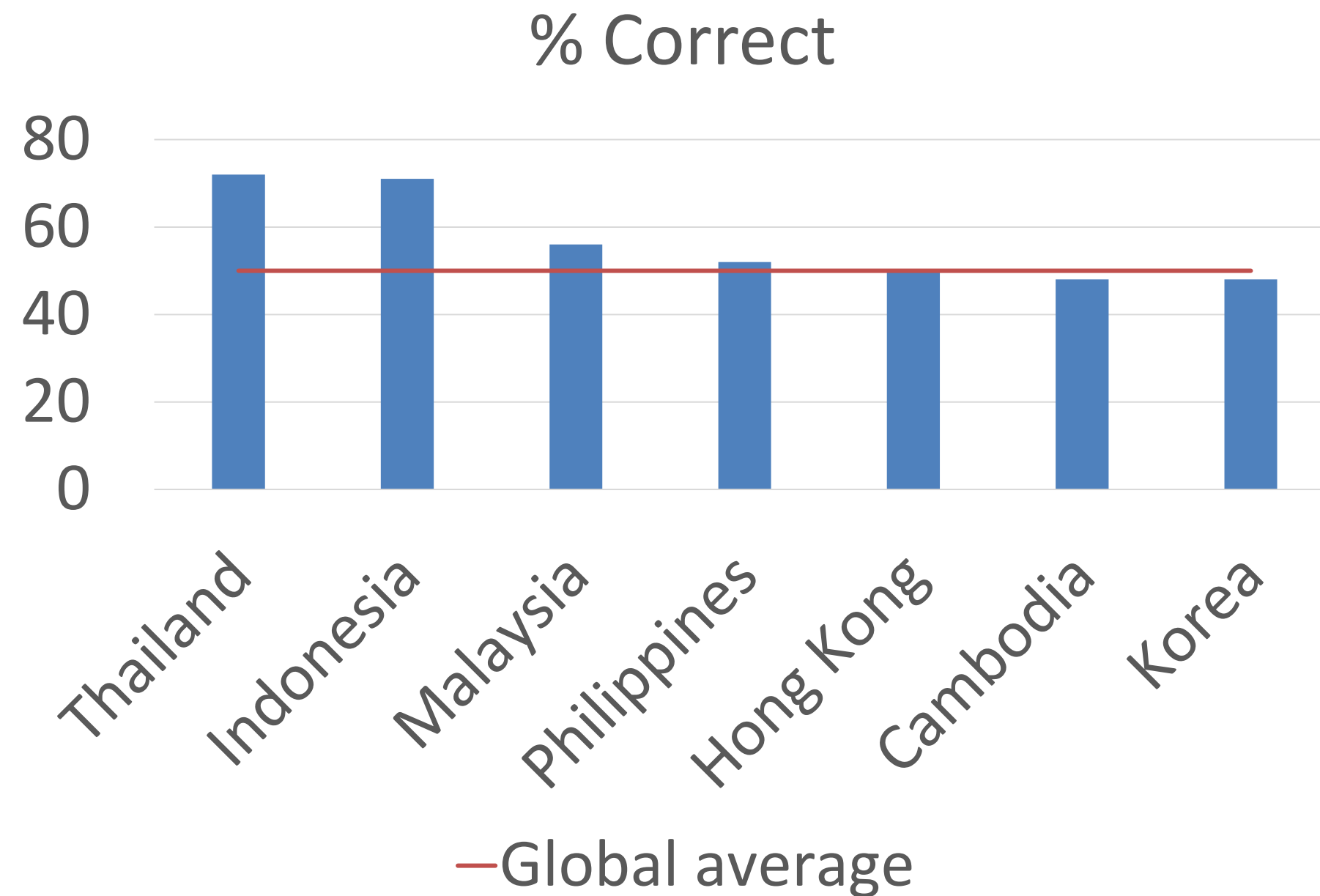


Inflation affects how much insurance we need today, and what our savings goals for the future should be.

OECD 2023 Study



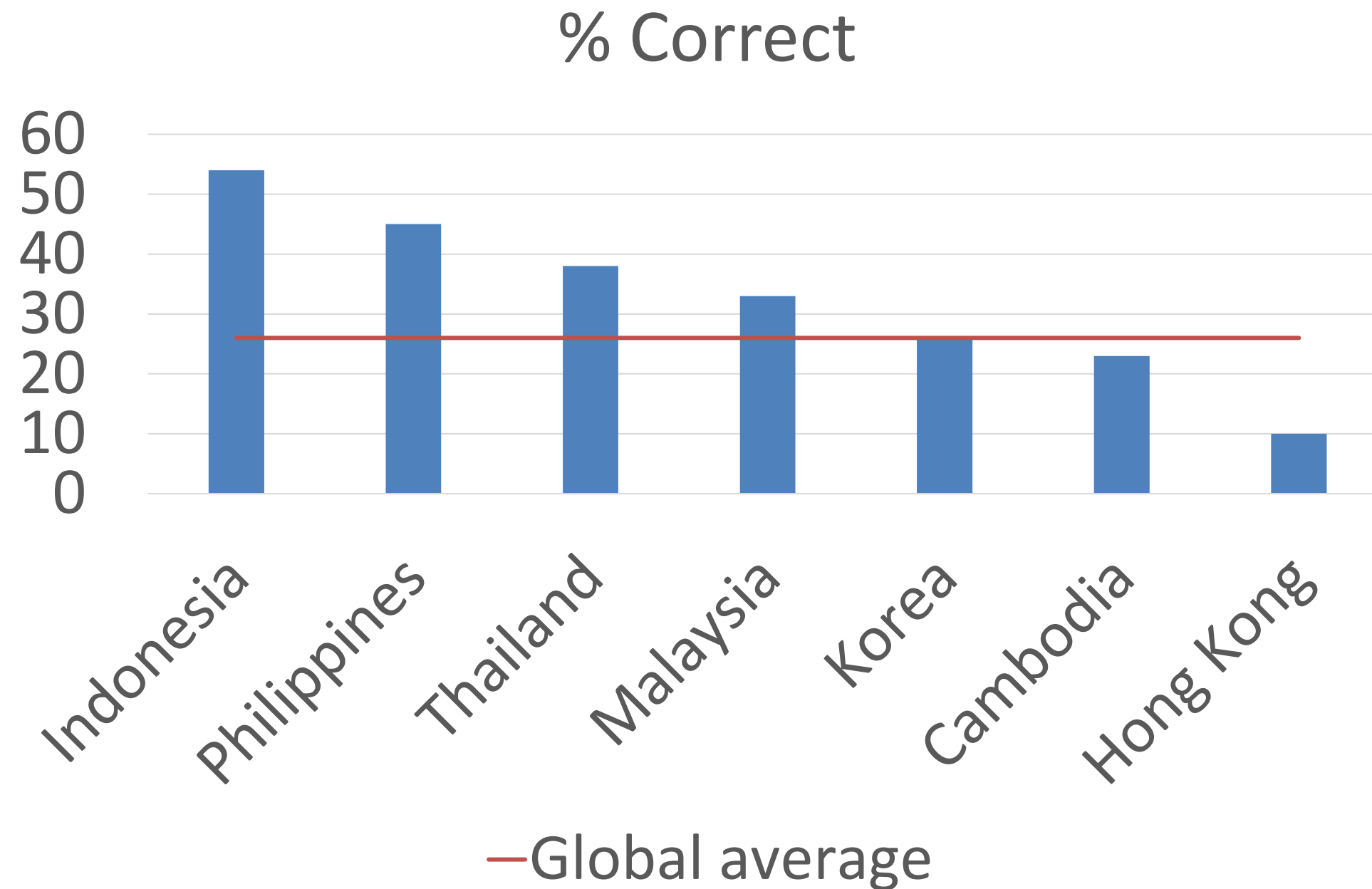
## Sets long term financial goals



Moving from knowledge to practice, people in even more developed Asian markets are not planning sufficiently.

OECD 2023 Study

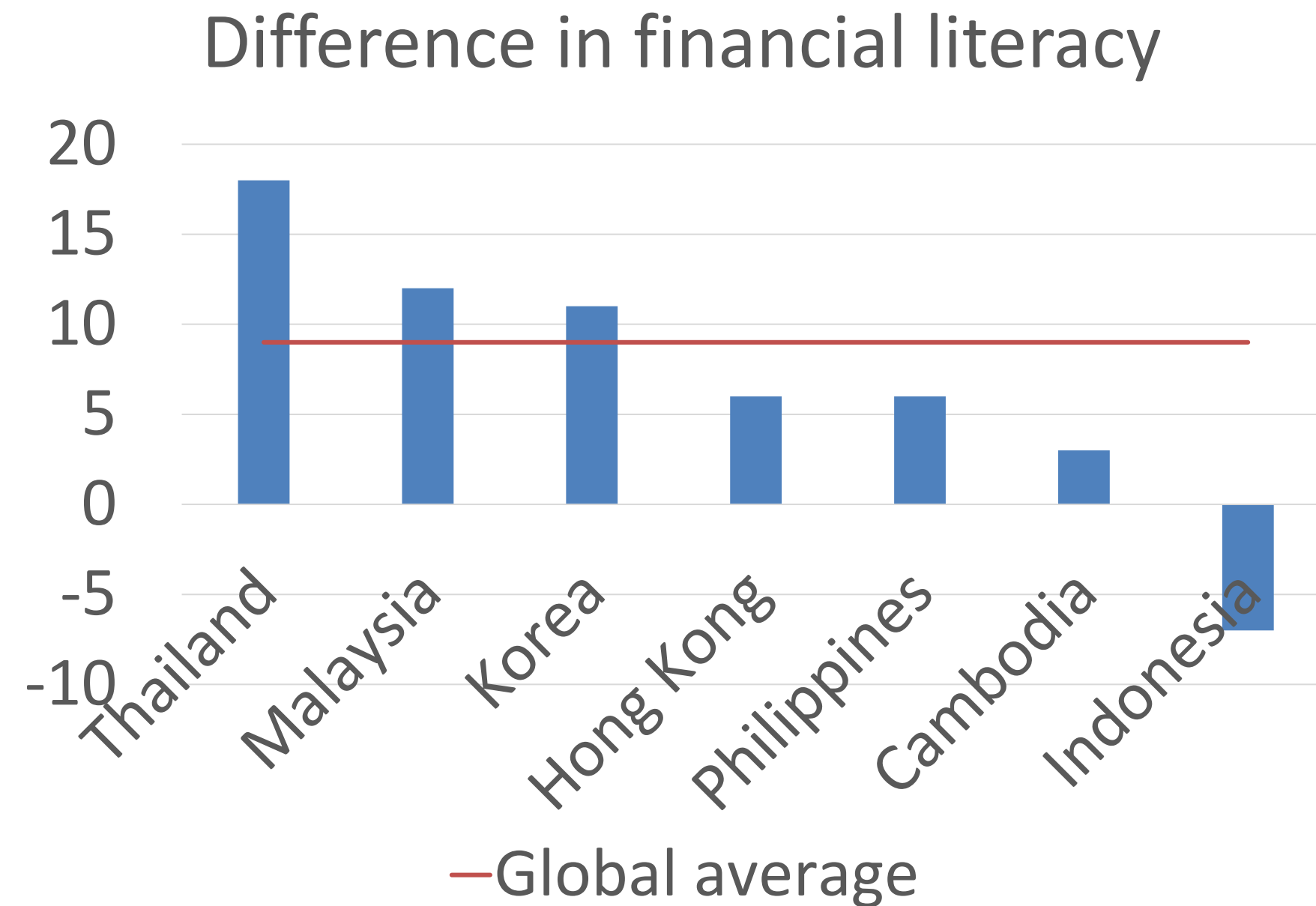
## Compared financial products among different providers



Comparing financial products is a good foundation for becoming a pull market.

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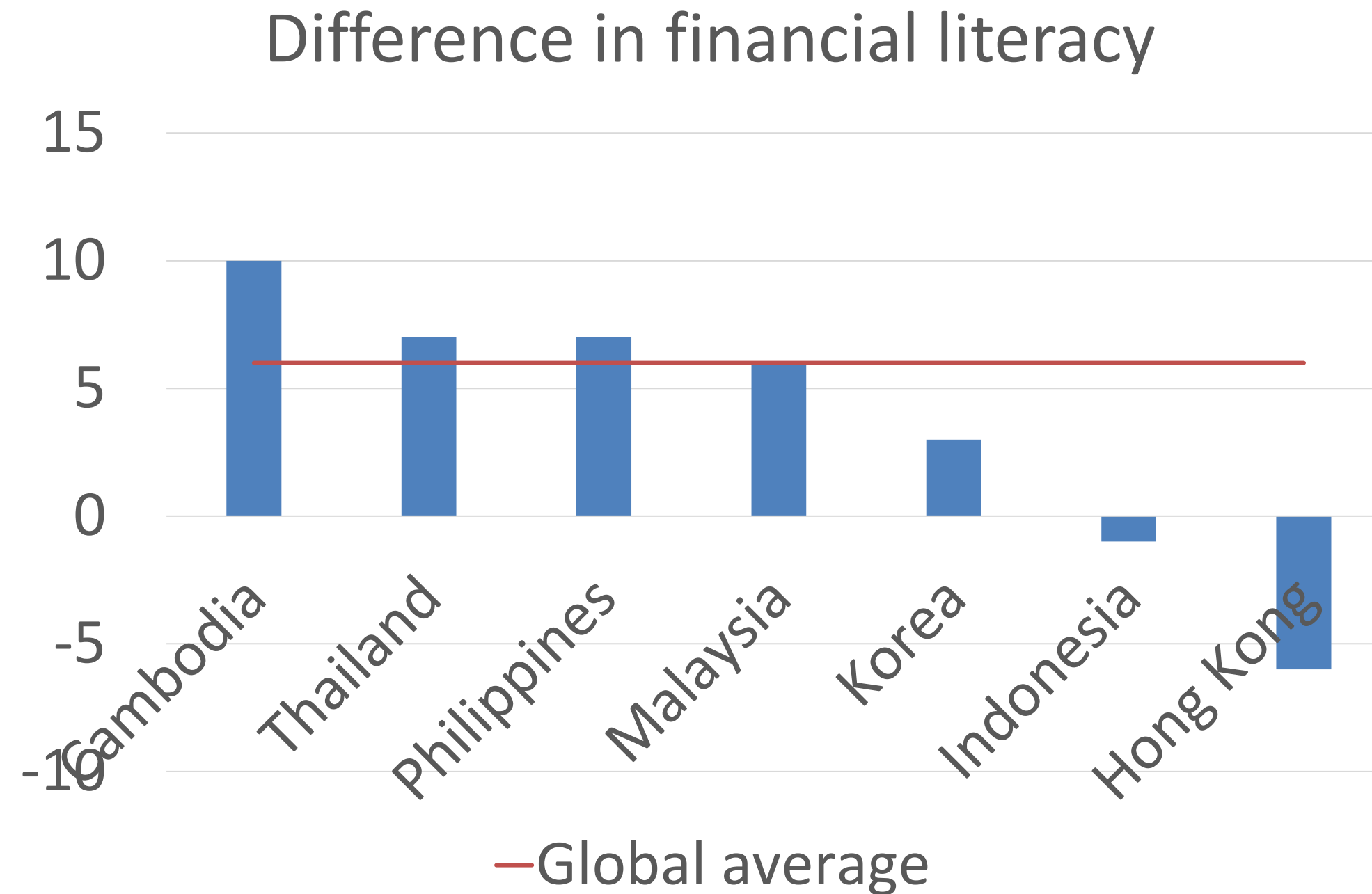
## Secondary education – less educated



- There is quite a diversity by country, implying that financial literacy efforts need to be focused by country.

OECD 2023 Study

## Tertiary – Secondary education



- There is quite a diversity by country, implying that financial literacy efforts need to be focused by country.

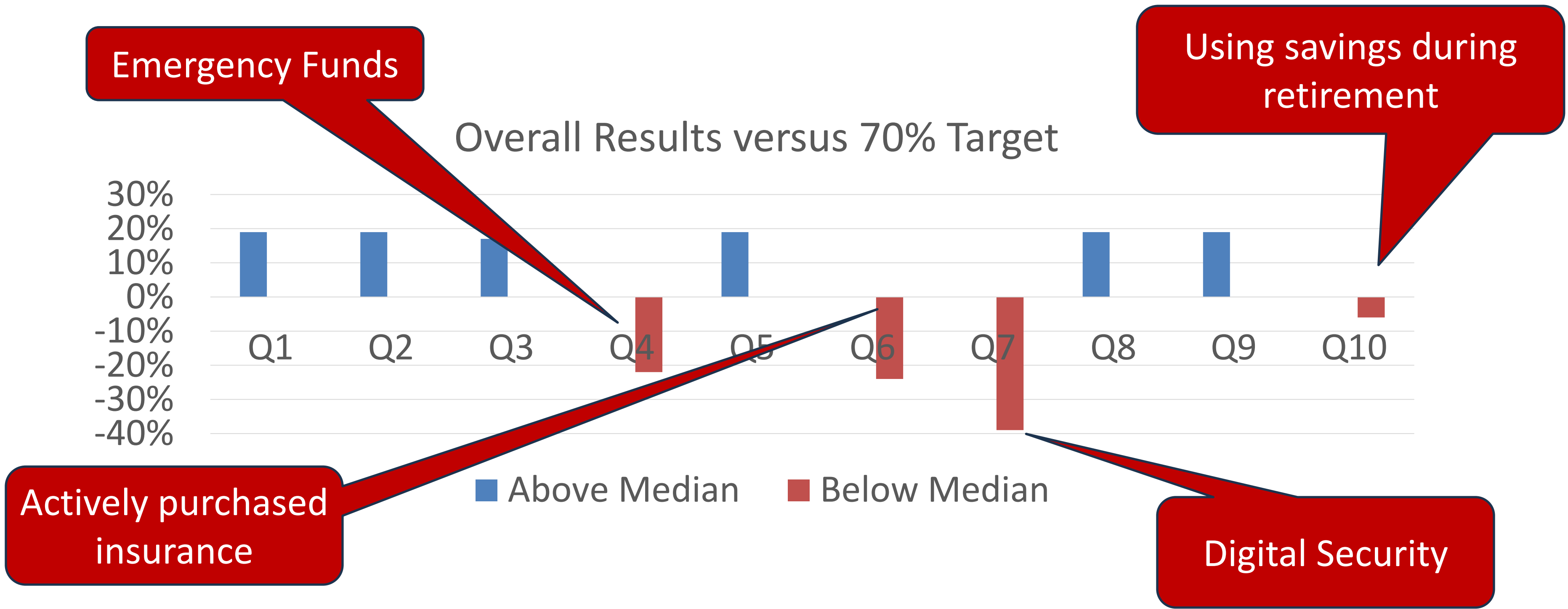
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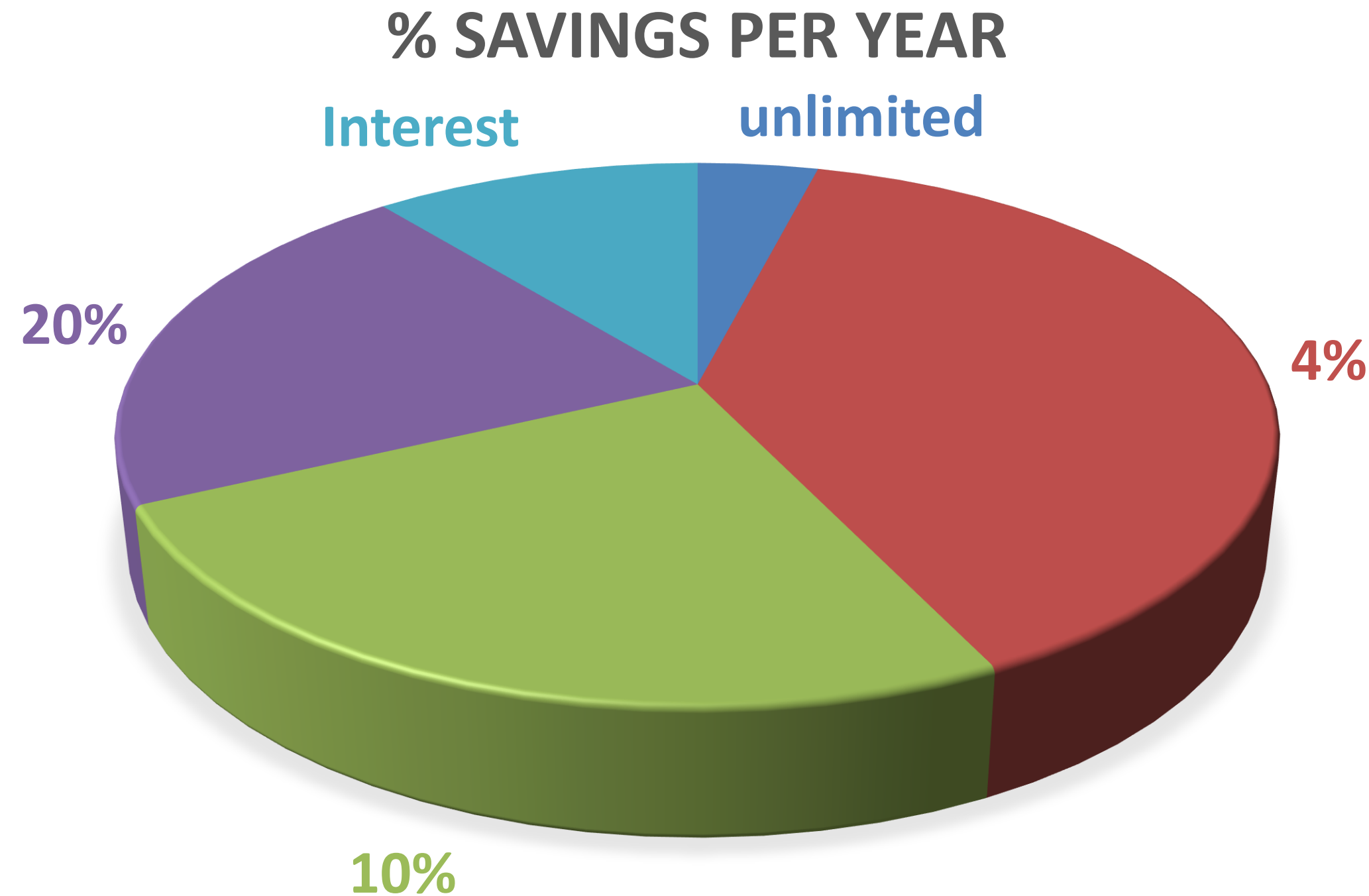
## Final thoughts on the survey

- Men had better financial literacy than women, but the difference was much lower in Cambodia, Indonesia, Thailand and Philippines.
- Globally people aged 30-59 had the highest financial literacy, but in Asia outside of Korea and Philippines younger people had better financial literacy.
- Older people had lower financial literacy, but in Thailand and Malaysia older people had significantly lower financial literacy.

# AP survey on financial literacy



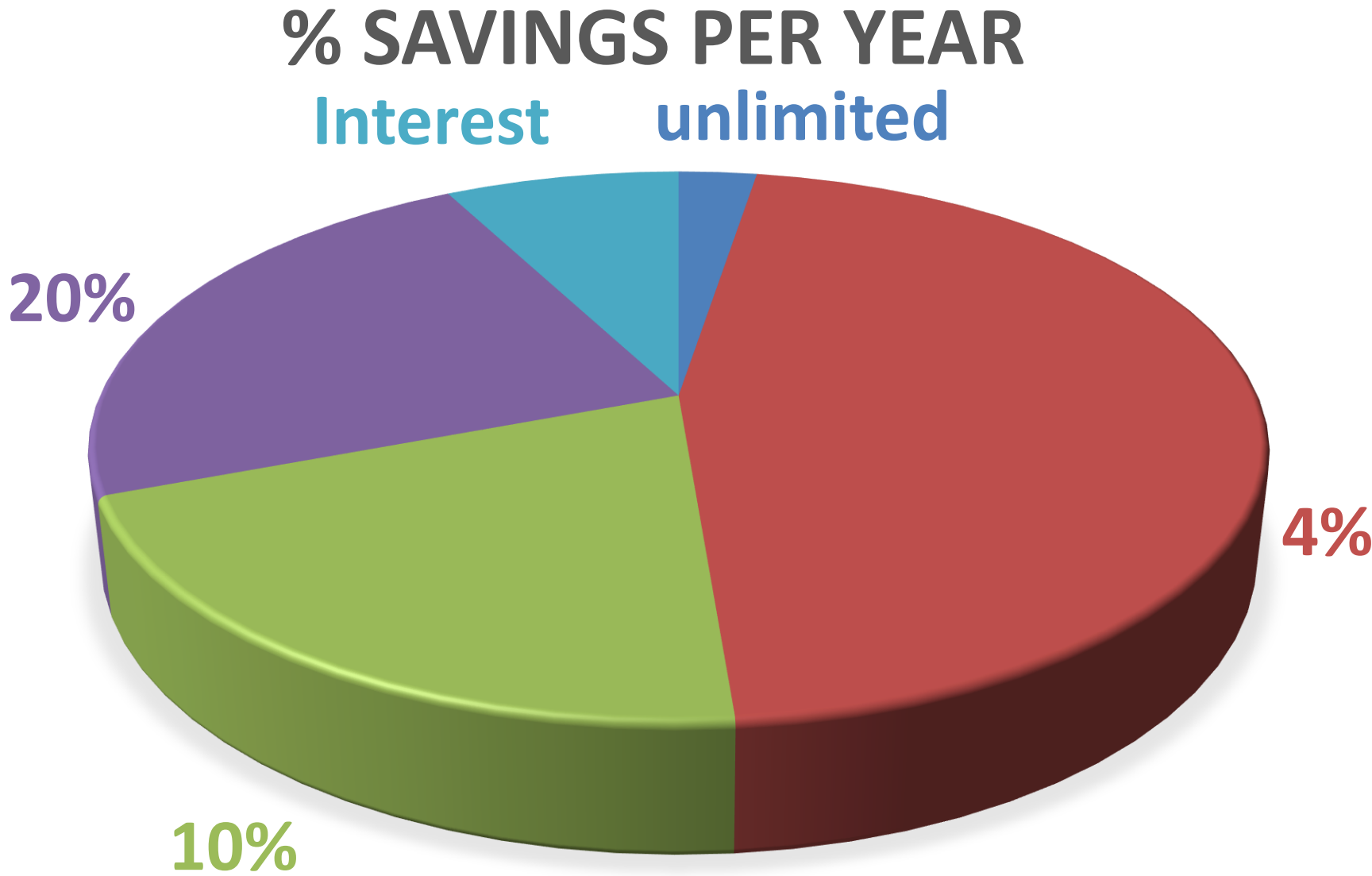
## Using savings during retirement (175 responses)



Not only do many people not plan for retirement, they use too much of their retirement savings in the early years.

AP Survey

# Using savings during retirement (39 actuarial responses)



Was expecting better to be honest!

AP Survey



## Actuaries are good at financial literacy, but ...

Category	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Malaysia					95%					
Thailand										
Other Asia	93%	80%	80%		80%	13%		60%	63%	
Africa			95%		68%					
Actuarial	86%	97%		80%	95%			95%		
Other Insurance	100%	97%	79%		94%	70%			94%	
Banking and Finance	83%	83%	94%		100%			83%	83%	
Accounting	100%	100%	100%			70%	60%			
Other Professions		80%								
Student	83%	85%			67%	19%		74%	81%	
Early Career	67%		95%	66%	95%				100%	
<u>Mid Career</u>		95%				62%			95%	
Late Career					95%			93%	84%	
Retired			80%					84%		
Overall	89%	89%	87%	48%	89%	46%	31%	89%	89%	64%

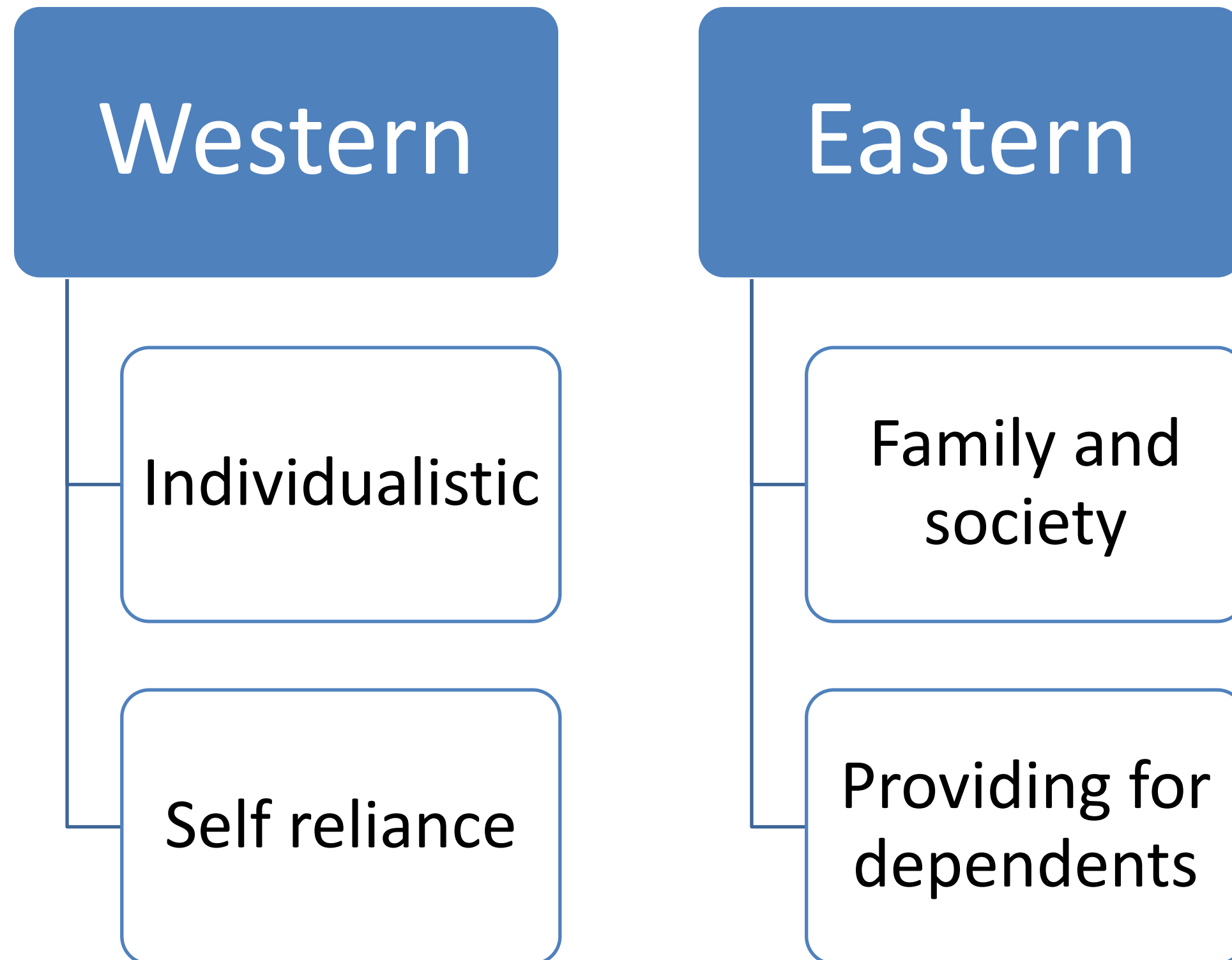
Red and green cells are more than 25% from the average.

AP Survey

## Suggestions from the survey participants

- Introduce financial literacy to secondary school content and let young people make financial decisions in the family.
- Social media campaign, public and private programs.
- Education via gamification with no buying pressure.
- Design an app to teach financial literacy.
- Consider each generation separately.
- Teach people to question more.

## Eastern versus western thinking



Case studies need to focus on managing risks to maintain harmony rather than for personal gain

## Getting Involved

As actuaries we can focus on risk management and segmenting the population to ensure our actuarial organizations can provide case studies which resonate with eastern thinking. Together we can increase the value of insurance to our communities, increasing insurance penetration and profit along the way.



# Questions?

We would be happy to discuss this in more detail with you, at [hassan.odierno@actuarialpartners.com](mailto:hassan.odierno@actuarialpartners.com)

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