

# HDFC Life's 'Life Freedom Index' (LFI) Shows a Bounce-back in Consumers' Financial Outlook Across Cohorts, Up 9 Points Post-COVID

Category: Business

written by | December 5, 2024



**HDFC Life**, one of India's leading life insurers, has released the latest edition of Life Freedom Index (LFI). The LFI is a study that was established by HDFC Life in 2011. This index measures the level of 'financial freedom' among Indian consumers, and has been instrumental in providing deep insights into the ever-evolving financial needs of consumers

across segments. It covers key adult life-stages, bucketed into three cohorts: Young Aspirants, Proud Parents, and Wisdom Investors.



**Vishal Subharwal – Group Head Strategy & Chief Marketing Officer, HDFC Life**

**The LFI comprises four sub-indices:**

- Financial Awareness & Familiarity Index
- Financial Planning Index
- Financial Sufficiency & Adequacy Index
- Financial Liberty Index

This edition (2024) of the study was conducted by NielsenIQ across 15 cities (good representation of 4 zones, and Tiers 1,

2, 3) with 2076 respondents.

The latest 2024 study reveals that the Life Freedom Index stands at 70.8, (up by 9 points as compared to 2021). This upward movement indicates a bounce-back in consumer sentiment after the pandemic, and an overall improvement in terms of confidence in consumers' financial outlook.

This upward movement is attributed to growth across all of LFI's sub-indices, particularly Financial Planning and Financial Sufficiency & Adequacy indices. However, the relatively lower growth in the Financial Awareness & Familiarity Index highlights the need for better knowledge of financial products.

Another aspect where LFI throws light is the list of top priorities for consumers. Children's financial security, fitness (both physical and mental) and improving one's standard of living feature on this list. An interesting development noticed is that [retirement planning](#) is gradually gaining importance as a financial responsibility, becoming more important with age. While planning for retirement, consumers are taking into account the expenses towards health, daily living, and supporting children.

In terms of ranking among consumer segments, as per the LFI, Wisdom Investors are at the top, displaying maximum growth, followed by Young Aspirants and Proud Parents.

One of the highlights of LFI's latest edition is that Tier 3 Consumers & Working women have displayed a notable increase in LFI, reflecting a positive shift in their financial planning and confidence.

The upward trend among Tier 3 consumers is likely to have been driven by improved financial access through digital advancements and greater connectivity.

The increase in the index for Working Women is attributed to easier access to financial education through digital advances and initiatives to empower women.

Since the last edition, HDFC Life has also been monitoring the [Life Insurance](#) Confidence Index, which measures the role of Life Insurance in the consumers' financial planning & goal achievement. There has been a growth of 9.3 points in this index, which indicates the rising recognition of life insurance as a vital component of the financial strategy for individuals. This gain rides on the increased consumer confidence that life insurance provides, to meet financial needs and long term financial goals.

West Zone displays the highest index score, while East exhibits the highest growth. There has also been notable improvement in Tier 3 markets which denotes that life insurance is gaining significance as an important financial product. Overall, life insurance offerings are witnessing improved familiarity and needs such as financial security, returns, child's future and maintaining lifestyle are the key triggers, driving life insurance purchase.

Click [here](#) for the full report.

Speaking on the launch of this study, **Vishal Subharwal – Group Head Strategy & Chief Marketing Officer, HDFC Life** said, “We created Life Freedom Index (LFI) to serve as an indicator of overall financial preparedness among Indian consumers. We have seen the Index evolve over the years, and with each new study, we mostly found the levels of consumer confidence in terms of financial preparedness, improving. This indicates development and a positive approach towards the future with a focus on financial security.

*This year's study has highlighted improved levels of financial freedom among Working Women and in Tier 3 markets. The Life Insurance Confidence Index has grown significantly,*

*reiterating the importance of life insurance in a well-rounded financial plan. We believe this will give further impetus to our efforts at HDFC Life and across the life insurance industry in our journey towards '**Insurance for All by 2047**'. "*

