

Comparative Analysis of Insurance and Investment Products in Hong Kong SAR and the Chinese Mainland

Nickolas Seah, Isaac Seah

Singapore International School (HK), Hong Kong SAR, China
Email: seahhongsiongnickolas@gmail.com

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Abstract

This study explores the increasing trend of Chinese Mainland residents purchasing insurance and investment products in Hong Kong SAR, driven by China's economic growth and evolving insurance market. Faced with regulatory constraints and limited flexibility in Chinese Mainland offerings, consumers are attracted to Hong Kong SAR's free-market economy and robust regulatory framework. The territory's insurance products offer greater flexibility, innovative features, and favorable investment returns. By analyzing these factors, the study provides insights into the preferences and strategies of Chinese consumers, with implications for insurance providers and policymakers. Understanding these drivers can help align and inform policy discussions on cross-border financial products.

Keywords

Chinese Mainland Residents, Insurance and Investment Products, Hong Kong SAR, Regulatory Constraints, Free-Market Economy, Robust Regulatory Framework, Product Flexibility, Consumer Attraction

1. Introduction

In recent years, the remarkable economic growth and rising audience of the Chinese populace have led to an increasing demand for insurance and investment products. As the Chinese Mainland's insurance market evolves, many Chinese Mainland residents are looking beyond domestic options, turning to Hong Kong SAR as a preferred destination for purchasing these financial instruments.

The Chinese Mainland's insurance market, while rapidly expanding, often faces challenges related to regulatory constraints and product limitations. Consumers

may encounter less flexibility and fewer innovative options compared to international options. This drives interest in Hong Kong SAR's market, where a free-market economy and versatile currency options provide distinct advantages. Hong Kong SAR's robust regulatory framework and well-established insurance industry offer stability and consumer protection, appealing to those seeking to diversify their financial portfolios.

Hong Kong SAR's insurance products frequently offer more flexibility and innovative features than those available in the Chinese Mainland. Factors such as product suitability, risk rules, and investment returns significantly influence Chinese consumers' decisions when choosing where to acquire these financial tools.

Understanding the drivers that prompt Chinese consumers to seek insurance and investment opportunities in Hong Kong SAR is crucial for both insurance providers and policymakers. By exploring these reasons, we gain valuable insights into the evolving preferences and investment strategies of Chinese consumers and the competitive landscape of the insurance industry across the Hong Kong SAR-Chinese Mainland border.

This study aims to compare the factors prompting Chinese Mainland residents to purchase insurance and investment products in Hong Kong SAR rather than in their domestic market. Through comprehensive data analysis, we aim to highlight the importance of factors such as currency options, product design, risk rules, and investment returns in shaping consumer preferences.

The findings will have significant implications for insurance providers and policymakers in both the Chinese Mainland and Hong Kong SAR. By understanding these key drivers, industry stakeholders can better align their offerings and marketing strategies to meet the needs of this rapidly growing customer base. Additionally, insights from this study can inform policy discussions and regulatory frameworks governing the cross-border provision of insurance and investment products.

2. Comparative Market Analysis of Chinese Mainland and Hong Kong SAR Insurance Markets

The insurance industry in the Chinese Mainland has developed more recently than in Western countries. Initially dominated by foreign companies during the late Qing Dynasty, it was nationalized in 1949 under the People's Insurance Company of the Chinese Mainland (PICC). Little growth occurred until the economic reforms of 1978, which liberalized the industry and allowed new domestic and foreign players (Chen & Xu, 2021). The modern era has seen significant growth, driven by economic expansion, increased consumer awareness, and regulatory improvements, although challenges like regulatory constraints and competition remain (Wang, 2023).

In contrast, Hong Kong SAR's insurance industry benefits from a longer history as a former British colony and global financial center. Established in the mid-19th century, it grew steadily with strong regulatory foundations based on British law (Lee & Wong, 2020). Post-1997, the industry continued to thrive under the "One

Country, Two Systems” framework, maintaining high standards of solvency and consumer protection (Xu & Li, 2019).

Hong Kong SAR’s mature and diversified market offers a wide range of products, including life, health, and investment-linked insurance (Lee & Wong, 2020). Its high penetration rate reflects the significant role of insurance in financial planning (Zhang, Liu, & Hou, 2021). The presence of international insurers enhances product variety, attracting Chinese Mainland residents seeking sophisticated solutions. Researchers emphasize the need for innovation and regulatory measures to maintain competitiveness (Chen, 2022).

The Chinese Mainland’s market is rapidly developing, driven by demand for financial services and demographic shifts like an aging population (Chen & Xu, 2021). However, it lacks the diversification of Hong Kong SAR. Regulatory improvements are ongoing, but transparency and consumer protection remain challenges (Wang, 2023).

Market dynamics differ between the regions. Hong Kong SAR’s market benefits from its status as an international hub and strong regulatory frameworks (Xu & Li, 2019). Innovation, especially in InsurTech, is expected to enhance its competitive edge (Sun, 2020). The Chinese Mainland’s large population and growing middle class offer vast expansion opportunities, with initiatives like the Belt and Road Initiative influencing the insurance landscape (Tang, 2023; Zhang, Liu, & Hou, 2021).

The gap between the markets presents a strategic opportunity for the Chinese Mainland to adopt best practices from Hong Kong SAR. Emphasizing regulatory frameworks, product innovation, and consumer protection can help bridge this gap. Encouraging international competition and leveraging technology are crucial for achieving a more mature and competitive insurance market.

2.1. Overview of Hong Kong SAR’s Insurance Market and Regulatory Environment

2.1.1. Market Overview

Hong Kong SAR boasts one of the most mature and diversified insurance markets in the world. As of the latest data, the insurance penetration rate in Hong Kong SAR, measured by total insurance premiums as a percentage of GDP, stands at 21.2%, one of the highest globally. The market is characterized by a wide array of insurance products, including life insurance, health insurance, and investment-linked policies, catering to different consumer needs and financial goals (Zhang, Liu, & Hou, 2021).

The presence of numerous international insurers contributes to the market’s sophistication and diversity. In 2022, the total gross premiums reached HK\$594.7 billion, with life insurance accounting for approximately 88% of the market (Wang, 2023). The high penetration rate underscores the importance of insurance in the financial planning of residents and the overall economic fabric of Hong Kong SAR.

2.1.2. Market Characteristics

Firstly, one of Hong Kong SAR's market characteristics would be its diversity of products. Hong Kong SAR's market offers a broad range of insurance products, including traditional life insurance, health insurance, critical illness insurance, and investment-linked policies. Moreover, Hong Kong SAR has a significant international presence as the market is home to many international insurers, adding to the variety and sophistication of available products.

Furthermore, Hong Kong SAR consumers favor comprehensive and customizable insurance solutions, often seeking products with savings and investment elements. Hong Kong SAR also has a robust regulatory framework overseen by the Insurance Authority (IA), ensuring market stability, consumer protection, and fostering innovation.

2.1.3. Regulatory Environment

The Insurance Authority (IA) of Hong Kong SAR is the primary regulator, ensuring a fair, transparent, and competitive market. Key regulatory measures include:

- **Solvency Requirements:** Insurers must maintain adequate solvency margins to ensure financial stability.
- **Consumer Protection:** Regulations emphasize protecting policyholders through transparent product disclosures and fair practices.
- **Market Innovation:** The IA supports InsurTech initiatives to enhance market efficiency and innovation.

2.2. Overview of the Chinese Mainland's Insurance Market and Regulatory Environment

2.2.1. Market Overview

The Chinese Mainland's insurance market is rapidly growing but still developing compared to Hong Kong SAR. The insurance penetration rate in the Chinese Mainland was approximately 4.3% in 2022, significantly lower than Hong Kong SAR's (Zhang, Liu, & Hou, 2021). Despite this, the market has seen substantial growth, driven by increasing demand for financial services, demographic shifts such as an aging population, and rising income levels.

In 2022, the total gross premiums in the Chinese Mainland reached RMB 4.5 trillion, with life insurance accounting for around 70% of the market (Wang, 2023). The market is dominated by domestic insurers, with limited international presence compared to Hong Kong SAR.

2.2.2. Market Characteristics

The Chinese Mainland's market primarily offers basic life and health insurance products, with limited diversification compared to Hong Kong SAR. It also focuses on Growth Drivers, for example, factors such as an aging population, urbanization, and economic growth drive market expansion. Consumers are increasingly seeking more comprehensive and sophisticated insurance solutions. The China Banking and Insurance Regulatory Commission (CBIRC) oversees the market, focusing on enhancing transparency, consumer protection, and

market stability.

2.2.3. Regulatory Environment

The CBIRC is the primary regulatory body, implementing measures to ensure market stability and protect consumers. Key regulatory measures include:

- Solvency and Capital Requirements: Insurers must adhere to strict solvency and capital requirements to ensure financial health.
- Consumer Protection: Regulations focus on improving transparency and fairness in the market.
- Market Development: The CBIRC encourages innovation and the development of new insurance products to meet changing consumer needs.

2.3. Comparative Analysis

2.3.1. Market Maturity

Hong Kong SAR's market maturity is reflected in its high insurance penetration rate and the diversity of available products. The presence of international insurers further enhances the market's sophistication. In contrast, the Chinese Mainland's market, while growing rapidly, is still developing and lacks the same level of product diversification and international presence.

2.3.2. Regulatory Framework

Both markets have robust regulatory frameworks, but there are differences in focus and implementation. Hong Kong SAR's IA emphasizes market stability, consumer protection, and innovation, while the Chinese Mainland's CBIRC focuses on enhancing transparency, consumer protection, and market development.

2.4. Key Points to Drive Across to China

- Adopt Best Practices: The Chinese Mainland can benefit from adopting regulatory best practices from Hong Kong SAR to enhance market transparency, product innovation, and consumer protection.
- Encourage International Participation: Attracting more international insurers could enhance product diversity and market sophistication.
- Promote Innovation: Leveraging technology and supporting InsurTech initiatives can drive market efficiency and innovation ([Table 1](#), [Table 2](#)).

Table 1. Insurance penetration rate (2022).

Region	Insurance Penetration Rate (%)
Hong Kong SAR	21.2
Chinese Mainland	4.3

Table 2. Total gross premiums and market composition (2022).

Region	Total Gross Premiums (in billion USD)
Hong Kong SAR	76.3
Chinese Mainland	671.2

Hong Kong SAR

- Life Insurance: 88%
- Health Insurance: 8%
- Property & Casualty: 4%

Chinese Mainland

- Life Insurance: 70%
- Health Insurance: 15%
- Property & Casualty: 15% (**Table 3**)

Table 3. Regulatory focus comparison.

Regulatory Aspect	Hong Kong SAR (IA)	Chinese Mainland (CBIRC)
Consumer Protection	Strong emphasis on transparency and fairness	Focus on improving transparency and fairness
Market Innovation	Supports InsurTech and market efficiency	Encourages product development and innovation
International Presence	Significant international insurer presence	Limited international insurer presence

2.5. Market Characteristics and Gaps

As shown in the tables above, several key points and gaps in the market characteristics of Hong Kong SAR and the Chinese Mainland can be identified:

Hong Kong SAR

1) Strengths:

- High insurance penetration rate
- Diverse and sophisticated product offerings
- Strong regulatory framework supporting innovation
- Significant international insurer presence

2) Gaps:

- Potential over-reliance on international insurers
- Need for continuous innovation to maintain competitive edge

Chinese Mainland

1) Strengths:

- Large and rapidly growing market
- Increasing demand for financial services
- Supportive government policies for market development

2) Gaps:

- Lower insurance penetration rate
- Limited product diversification
- Need for enhanced regulatory measures to match international standards
- Scarcity of international insurers

2.6. Timing for Relevance

As shown in the tables above, the timing for addressing these gaps is critical, given the rapid growth and evolving dynamics of the insurance markets in both regions. For the Chinese Mainland, immediate steps to enhance regulatory frameworks and attract international insurers could significantly bolster market development. Conversely, Hong Kong SAR must continue to innovate and adapt to maintain its leadership position in the face of increasing competition from other global financial hubs.

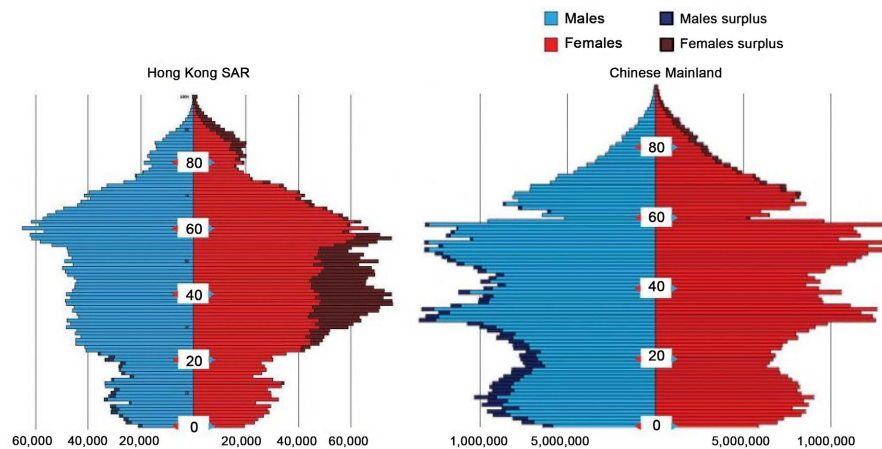


Figure 1. Demographics comparison between Hong Kong SAR and Chinese Mainland

Hong Kong SAR:

- Population: ~7.5 million
- Median Age: 44.8 years
- Life Expectancy: 85 years

Chinese Mainland:

- Population: ~1.4 billion
- Median Age: 38.4 years
- Life Expectancy: 77 years

As shown in **Figure 1**, the demographic differences between Hong Kong SAR and the Chinese Mainland also play a crucial role in shaping the insurance markets. Hong Kong SAR's older population may drive demand for health and life insurance products catering to aging individuals. In contrast, the Chinese Mainland's younger population and growing middle class present opportunities for a broader range of insurance products, including those targeting wealth accumulation and protection.

2.7. Expert Views and Popular Reports

Industry experts and popular reports indicate several trends and recommendations:

- Innovation and Technology: Both markets are encouraged to leverage Insur-Tech to enhance customer experience, streamline operations, and introduce

innovative products.

- **Regulatory Harmonization:** The Chinese Mainland can benefit from aligning its regulatory practices with international standards to attract more global insurers and investors.
- **Consumer Education:** Increasing awareness and understanding of insurance products can drive higher penetration rates and informed decision-making among consumers.

2.8. The Value of Quantitative Research

Quantitative research employs numerical data to uncover patterns, measure variables, and determine relationships among them. This approach is invaluable for research that requires objective data analysis and the ability to generalize findings to larger populations. By using statistical tools and techniques, quantitative research can provide robust and replicable results, making it a cornerstone for scientific studies in fields such as economics, psychology, and public health. Its ability to quantify behaviors, opinions, and other variables allows researchers to draw concrete conclusions and make informed decisions based on empirical evidence.

Why choose a quantitative survey?

In this study, I determined that a quantitative survey approach would be the most suitable method to investigate the factors influencing Chinese Mainland residents' preferences for insurance and investment products in Hong Kong SAR. This methodology aligns closely with the study's objectives, as it allows for the systematic measurement and quantification of key factors driving consumer decision-making in this context.

A quantitative survey enables the collection of data from a larger sample size, which is critical for ensuring that the findings can be generalized to the broader population of Chinese consumers. By gathering responses from a representative group, I aimed to establish statistically valid conclusions about the factors shaping consumer preferences. Moreover, this approach facilitates a comparative analysis of decision-making factors between Chinese consumers in Hong Kong SAR and the Chinese Mainland, which is a central focus of this research.

However, I acknowledge that a significant limitation of this study was the inability to achieve the intended sample size of 300 respondents, with the actual sample size being limited to 100 respondents. This discrepancy impacts the statistical power of the analysis and makes it more challenging to detect meaningful differences or relationships among the variables examined. It also limits the ability to generalize the findings to the wider population of Chinese Mainland residents.

To address this limitation, I have thoroughly discussed the sample size issue in the study's limitations section. I have provided a clear justification for the original target sample size of 300, explaining how this number was determined based on factors such as the expected effect size, desired statistical power, and the characteristics of the target population. This transparency ensures that readers can understand the rationale behind the sample size goal and the potential implications

of not fully achieving it.

For future research, I propose several strategies to address this limitation. These include extending the data collection period, collaborating with additional research sites or organizations, or employing more targeted sampling techniques to achieve the desired sample size. By adopting these approaches, future studies can overcome the challenges faced in this research and further strengthen the generalizability and reliability of the findings.

Additionally, I conducted sensitivity analyses to assess the robustness of the results and to explore the potential impact of the smaller sample size on the conclusions drawn from the data. This analysis provides valuable insights into the reliability of the findings, despite the sample size limitation.

By addressing the sample size issue comprehensively and transparently, I aim to enhance the credibility and impact of this study. I believe the insights gained into the factors influencing Chinese Mainland residents' preferences for insurance and investment products in Hong Kong SAR are both meaningful and valuable. These findings can contribute to informed discussions and decision-making among industry stakeholders and policymakers.

2.9. Existing Research on Chinese Consumers' Preferences for Overseas Insurance and Investment Products

2.9.1. Perceived Quality and Reliability

Previous studies have found that Chinese consumers often view insurance products from Hong Kong SAR as superior in quality and reliability compared to those available in the Chinese Mainland (Zhang, Liu, & Hou, 2021). This perception is largely due to Hong Kong SAR's stringent regulatory standards and the international reputation of its financial institutions. The rigorous regulatory environment in Hong Kong SAR ensures that insurance companies operate with high levels of transparency and accountability, fostering a sense of security and trust among consumers (Lee & Wong, 2020).

2.9.2. Diversification and Risk Management

Another significant motivator for Chinese Mainland residents purchasing insurance products in Hong Kong SAR is the desire to diversify their risk. Hong Kong SAR's insurance market products that are not readily available in the Chinese Mainland provide investors with opportunities to mitigate risks and achieve better long-term returns (Zhang, Liu, & Hou, 2021). Investment-linked insurance products, which combine protection with investment opportunities, are particularly attractive to Chinese consumers, as they allow policyholders to invest in a variety of asset classes, such as equities and bonds, providing potential for higher returns (Chen, 2022).

2.9.3. Currency Options and Flexibility

Hong Kong SAR's multi-currency options provide greater financial flexibility, which is particularly attractive to Chinese consumers facing currency convertibility restrictions in the Chinese Mainland. The ability to transact in various curren-

cies helps Chinese Mainland residents manage their investments more effectively and hedge against currency risks (Zhang, Liu, & Hou, 2021). This flexibility is particularly valuable for high-net-worth individuals who have exposure to multiple currencies through their global investments and business interests (Xu & Li, 2019).

3. Hypotheses Drawn from the Literature Cross-Border Preferences (Chinese Mainland vs. Hong Kong SAR)

Given the comparative advantages of Hong Kong SAR's insurance market, researchers have hypothesized that Chinese consumers, particularly those with higher wealth, are more inclined to purchase insurance and investment products from Hong Kong SAR-based providers rather than domestic Chinese insurers (Zhang, Liu, & Hou, 2021; Li & Huang, 2020).

3.1. Regulatory Impact

Researchers have also hypothesized that the stringent regulatory framework in Hong Kong SAR is a significant determinant of consumer trust and preference. The continuing stringent regulatory framework, with its emphasis on solvency, transparency, and consumer protection, likely drives Chinese consumers to perceive Hong Kong SAR insurance products as more reliable and trustworthy (Zhang, Liu, & Hou, 2021; Wang, 2023).

3.2. Comparative Analysis of Insurance Products

Hong Kong SAR's insurance market offers a greater diversity of products and higher levels of customization compared to the Chinese Mainland, allowing consumers to select products that better meet their individual needs and financial goals. Additionally, Hong Kong SAR's insurance products often provide better investment opportunities and higher returns, which is attributed to Hong Kong SAR's access to global financial markets and a more liberal investment environment (Zhang, Liu, & Hou, 2021; Chen & Xu, 2021; Sun, 2020).

3.3. Impact of Regulatory Differences on Consumer Choices

The stringent regulatory environment in Hong Kong SAR, which includes robust consumer protection mechanisms, fosters greater trust among consumers, who perceive Hong Kong SAR-based products as more reliable and secure compared to those regulated by less stringent frameworks (Zhang, Liu, & Hou, 2021; Lee & Wong, 2020; Xu & Li, 2019; Chen & Xu, 2021).

4. Conclusions

In conclusion, this study demonstrated the comparative analysis of insurance and investment products in Hong Kong SAR and Chinese Mainland. Our data indicates that more people prefer Hong Kong SAR insurance rather than the Chinese Mainland insurance, particularly among females.

Presentation of survey results

These results suggest that the Chinese Mainland can enhance its market sophistication and competitiveness. Hong Kong SAR, on the other hand, needs to continue innovating and adapting to maintain its leading position. Both markets have unique strengths and opportunities that, if effectively harnessed, can significantly contribute to their respective economic landscapes.

Survey Data Analysis

The study employed a survey as the primary data collection method, as it allowed for efficient gathering of responses from a sample population. While the initial target sample size was 250 participants, however we ultimately obtained only 121 responses, 99 of which were deemed valid and usable for the analysis. Some challenges were encountered, such as incomplete survey forms, but the research team was able to devise solutions to overcome these issues and deliver them in their research paper.

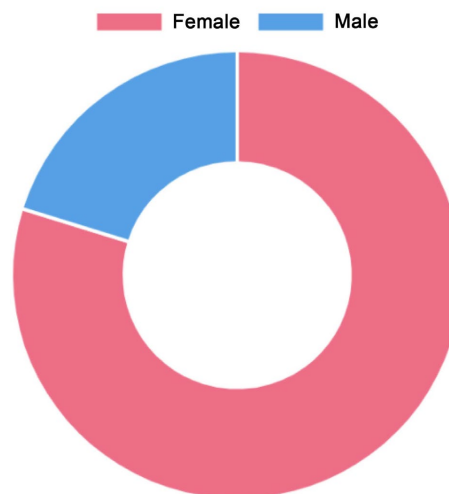


Figure 2. Gender distribution.

As shown in **Figure 2**, the Gender Distribution chart shows a significant skew towards female respondents, with 79% females and 20% males. This suggests that the primary demographic interested in insurance products within this sample is predominantly female.

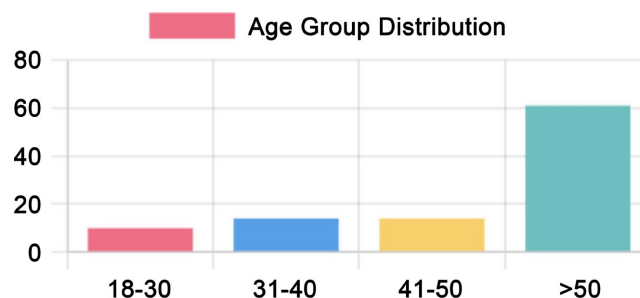


Figure 3. Age group distribution.

As shown in **Figure 3**, the Age Group Distribution chart indicates that the largest age group is those over 50 years old, comprising 61% of the respondents. This is followed by the 31 - 40 and 41 - 50 age groups, each at 14%. This data implies that older individuals are more engaged or interested in insurance products, potentially due to an increased focus on retirement planning and legacy.

As shown in **Figure 4**, the Income Group Distribution chart presents a broad spread of income levels with the highest concentration (47%) in the income bracket of less than 30,000. This suggests a diverse economic background among the respondents. Notably, there is also a significant portion (5%) of respondents with an income above 250,000, indicating that high-income individuals are also represented.

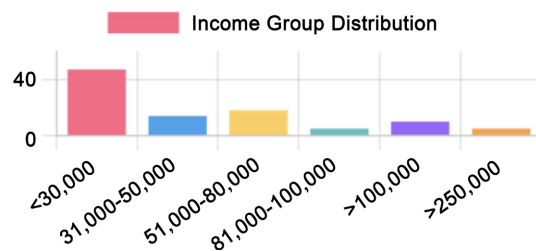


Figure 4. Income group distribution.

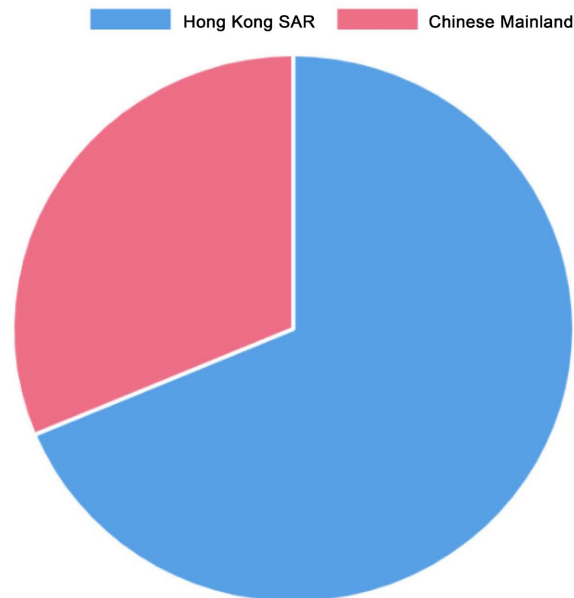


Figure 5. Preference for Hong Kong SAR vs. Chinese Mainland insurance products.

As shown in **Figure 5**, the Preference for Insurance Products chart reveals a clear preference for Hong Kong SAR insurance products, with 68% of respondents favoring them over Chinese products at 31%. This strong preference could be influenced by various factors such as perceptions of quality, regulatory environment, or specific product features.

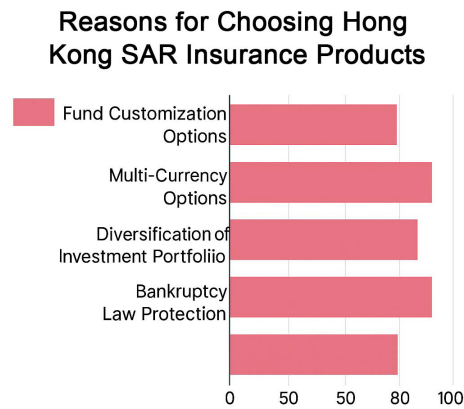


Figure 6. Reasons for choosing Hong Kong SAR insurance products.

As shown in **Figure 6**, the Reasons for Choosing Hong Kong SAR Insurance Products chart highlights several key factors:

Firstly, Stringent Regulatory Environment (93%). The overwhelming majority of respondents (93%) highlight the stringent regulatory environment as the primary reason for choosing Hong Kong SAR insurance products. This indicates a high level of trust in Hong Kong SAR's regulatory framework, suggesting that consumers feel more secure knowing that the products they purchase are closely monitored and regulated to ensure compliance and protection.

Next, Trust in Financial Institutions (89%). Trust in financial institutions is rated very highly, with 89% of respondents considering it a significant factor. This trust is likely due to the reputation and stability of Hong Kong SAR's financial institutions, which can reassure consumers about the reliability and safety of their investments.

Thirdly, Multi-Currency Options (87%). Multi-currency options are highly valued by 87% of respondents, indicating the importance of flexibility in currency choices. This flexibility allows consumers to manage their investments more effectively, particularly in a global market where currency fluctuations and international transactions play a significant role.

Furthermore, Better Product Features and Customization Options (64%). 64% of respondents value better product features and customization options. This suggests that while regulatory trust and financial institution trust are paramount, the quality of the product and the ability to tailor it to individual needs are also crucial factors in the decision-making process.

Finally, Higher Investment Returns (50%). Although higher investment returns are important, only 50% of respondents rate this as a key reason. This indicates that while financial performance is a consideration, it is less critical than the regulatory environment, trust in institutions, and product features. Consumers may prioritize safety, trust, and flexibility over purely financial returns.

As shown in **Figure 7**, the Decision Makers chart shows that 89% of the decisions are made by the individuals themselves, with minimal influence from par-

ents (2%) and others (3%). This indicates a high level of autonomy in financial decision-making among the respondents.

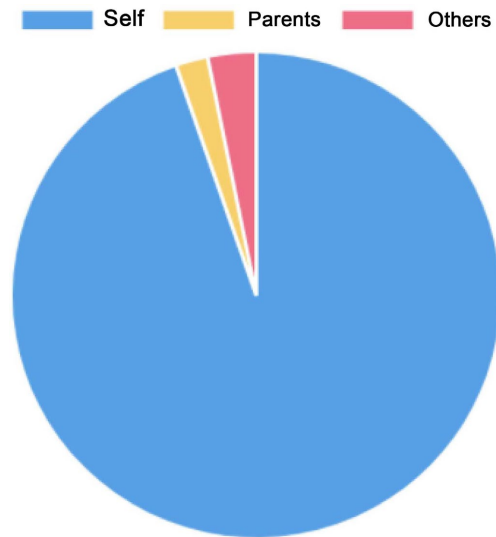


Figure 7. Decision makers.

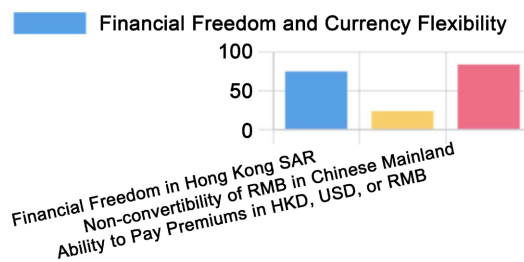


Figure 8. Financial freedom and currency flexibility.

As shown in Figure 8, the Financial Freedom and Currency Flexibility chart highlights significant factors:

- Ability to Pay Premiums in HKD, USD, or RMB (84%): This flexibility is crucial for respondents.
- Financial Freedom in Hong Kong SAR (75%): Financial freedom in Hong Kong SAR is a strong motivator.
- Non-convertibility of RMB in the Chinese Mainland (24%): This factor is less significant but still noteworthy.



Figure 9. Risk management.

As shown in **Figure 9**, the Risk Management chart shows that 75% of respondents believe Hong Kong SAR insurance products are better suited for managing financial risks. This reflects confidence in the risk management capabilities of these products.

Ranking of Key Factors

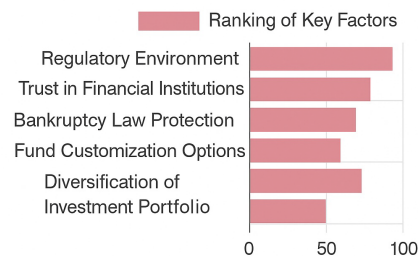


Figure 10. Ranking of key factors.

As shown in **Figure 10**, Regulatory Environment (93%). With 93% of respondents prioritizing the regulatory environment, it is clear that a robust and reliable regulatory framework is the most critical factor in selecting insurance products. This high rating underscores the importance of security and trust. Consumers feel confident when they know that rigorous regulations are in place to safeguard their interests.

Next, Trust in Financial Institutions (89%). Trust in financial institutions is highly rated, with 89% of respondents considering it a key factor. This reflects the critical role that the reputation and stability of financial institutions play in the decision-making process. Trust in the institutions offering insurance products is essential for consumer confidence.

Thirdly, Multi-Currency Options (87%). Multi-currency options are considered very important by 87% of respondents. Flexibility in managing investments across different currencies is a significant advantage, especially for consumers dealing with international transactions and global markets.

Furthermore, Diversification of Investment Portfolio (81%). 81% of respondents value the ability to diversify their investment portfolio. Diversification is a key strategy for risk management, allowing consumers to spread their investments and reduce potential risks associated with market volatility.

Moreover, Bankruptcy Law Protection (73%). It is Significant but Secondary as Bankruptcy law protection is important to 73% of respondents. Legal protections in the event of bankruptcy provide an additional layer of security for consumers, making this a significant consideration, albeit secondary to regulatory and trust factors.

Legacy Planning (76%). Legacy planning is important to 76% of respondents. The ability to plan for the future and ensure that assets are passed on according to

one's wishes is a crucial aspect of financial planning for many individuals.

Higher Life Expectancy (70%). Higher life expectancy is important to 70% of respondents. While not the top priority, considerations related to longer life expectancy influence the decision-making process, particularly in terms of planning for long-term financial security.

Better Product Features and Customization Options (64%). 64% of respondents value better product features and customization options. Quality and the ability to tailor insurance products to meet individual needs are important factors, highlighting the demand for personalized and high-quality insurance solutions.

Higher Investment Returns (50%). This is valued but not primary as higher investment returns are considered by 50% of respondents. While financial performance is a factor, it is not as critical as the elements of regulatory environment, trust, and flexibility. Consumers prioritize safety, trust, and customization over potential financial gains.

Literature Review Alignment and Gaps Analysis

Common Themes in Literature:

1) Trust in Regulatory Environment

Alignments

93% of respondents consider the regulatory environment in Hong Kong SAR to be more stringent and trustworthy compared to the Chinese Mainland. Multiple studies highlight the importance of a robust regulatory environment in building consumer trust and confidence in financial products, particularly in insurance and investment sectors.

Gaps

While the high level of trust in Hong Kong SAR's regulatory environment is clear, there is limited qualitative data on specific regulatory aspects that consumers find most compelling. Additional comparative studies between Hong Kong SAR and Chinese Mainland regulatory frameworks could provide deeper insights into why consumers perceive Hong Kong SAR's environment as superior.

2) Product Quality and Customization

Alignment

81% of respondents value the ability to customize and diversify their insurance policies. Research consistently shows that product quality and the ability to tailor financial products to individual needs are key drivers of consumer preference.

Gaps

There is a lack of detailed analysis on what specific features or customization options are most valued by consumers. More data is needed on how satisfaction with product customization in Hong Kong SAR compares to experiences with similar products in the Chinese Mainland.

3) Investment Returns

Alignment

50% of respondents believe that insurance products in Hong Kong SAR offer better investment returns compared to those in the Chinese Mainland. Investment

return potential is a well-documented factor in consumer decision-making for insurance and investment products.

Gaps

Comparative performance data on investment returns between Hong Kong and the Chinese Mainland's insurance products are sparse. Further research is needed to evaluate the risk-adjusted returns of these products to provide a more comprehensive understanding of their attractiveness.

4) Currency Flexibility

Alignment

87% of respondents are attracted to the multi-currency options available in Hong Kong SAR insurance products. The flexibility to manage investments in multiple currencies is frequently cited as an advantage in global financial products.

Gaps

Specific preferences for currencies (e.g., HKD, USD, RMB) and their impact on consumer choices are not well-documented. The role of exchange rate stability and its influence on consumer preferences requires further exploration.

5) Financial Autonomy

Alignment

70% of respondents believe that greater financial freedom in Hong Kong SAR influences their preference for its insurance and investment products. Financial autonomy and the ability to make independent financial decisions are often highlighted as reasons for choosing specific financial products.

Gaps

Detailed aspects of financial autonomy (e.g., fewer restrictions, ease of transactions) that appeal most to consumers are not thoroughly explored. Comparative studies on the levels of financial autonomy between Hong Kong SAR and the Chinese Mainland's could provide deeper insights.

6) Risk Management

Alignment

81% of respondents consider Hong Kong SAR's insurance products to be better suited for managing financial risks. Effective risk management is a critical factor for consumers when selecting insurance and investment products.

Gaps

Specific strategies and features of Hong Kong SAR insurance products that enhance risk management are not well-documented. More qualitative data on consumer experiences with risk management in Hong Kong SAR versus the Chinese Mainland would be beneficial.

7) Demographic Influences

Alignment

Demographic factors such as age, income, and gender influence preferences for Hong Kong SAR insurance products. Demographic influences are widely recognized as significant factors in financial decision-making.

Gaps

More granular data on how different demographic segments prioritize various factors could enhance understanding. The impact of cultural factors on insurance product preferences is not extensively covered in the survey data.

Conclusion

This analysis reveals a strong alignment between survey data and existing literature regarding the factors influencing Chinese Mainland residents' preference for insurance and investment products in Hong Kong SAR, particularly emphasizing regulatory stability and trust in financial institutions. While respondents prioritize these elements, they also express a significant interest in better product features and customization. However, there are important gaps that warrant further investigation, including specific regulatory aspects, detailed customization needs, comparative performance metrics, and cultural influences. Addressing these gaps will enhance the understanding of consumer preferences and inform the development of targeted financial products. Despite the study's limitations in sample size, the insights highlight the need for financial institutions to focus on trust, flexibility, and tailored offerings to meet the evolving demands of this demographic, paving the way for future research to support market growth.

Survey Data Analysis

1) Trust in Regulatory Environment

The highest-rated reason for choosing Hong Kong SAR insurance products is the more stringent regulatory environment (93%). This finding strongly aligns with the literature that emphasizes the importance of a robust regulatory framework in influencing consumer trust and preference for financial products.

2) Product Quality and Customization

64% of respondents cited better product features and customization options as a reason for choosing Hong Kong SAR insurance products. This moderately aligns with the literature, which suggests that product quality and customization are significant factors. However, the relatively lower percentage compared to regulatory trust indicates a potential gap.

3) Investment Returns

Higher investment returns were cited by 50% of respondents. This partially aligns with the literature, which often highlights investment returns as a critical factor. The lower percentage indicates that while important, it is less critical than regulatory trust and currency flexibility.

4) Currency Flexibility

84% appreciated the ability to pay premiums in HKD, USD, or RMB, and 87% valued multi-currency options. This finding strongly aligns with the literature, which emphasizes the importance of currency flexibility in financial products. It confirms that currency flexibility is a crucial factor for consumers.

5) Financial Autonomy

89% of respondents make their own financial decisions. This finding aligns well with the literature that suggests high financial autonomy among consumers. It

underscores the importance of targeting individual decision-makers in marketing strategies.

6) Risk Management

75% of respondents believe Hong Kong SAR insurance products are better suited for managing financial risks. This aligns with the literature that highlights the role of risk management in consumer decision-making. It confirms the importance of emphasizing risk management capabilities in product offerings.

7) Demographic Influences

Survey Data:

Gender: Predominantly female (79%).

Age: Majority over 50 years (61%).

Income: Diverse, with a significant portion earning less than 30,000 (47%).

Literature Review Alignment: The demographic data aligns with literature that points to older individuals being more engaged in financial planning and insurance products. The gender skew towards females and varied income distribution provide additional insights.

Identified Gaps

While recognized, this factor is less emphasized compared to the regulatory environment and currency flexibility. The literature might need to explore why customization is not as critical or how it can be better communicated to consumers. Lower emphasis on investment returns compared to expectations from the literature. Further research might be needed to understand if consumers prioritize stability and trust over potential returns. The literature should consider the significant skew towards older females with varied income levels. This demographic insight is crucial for tailoring marketing and product development strategies.

Conclusion (include initial thoughts when literature review, design survey, identify factors, gaps are aligned with other research; but then sample size is not enough to represent the cross-spectrum):

This research provides valuable insights into the factors influencing Chinese Mainland residents' preference for insurance and investment products in Hong Kong SAR. The findings highlight the critical role of a stringent regulatory environment, trust in financial institutions, and financial flexibility in shaping consumer preferences. Additionally, the study underscores the importance of product features and customization, rejecting the demand for personalized and high-quality financial solutions. While the research aligns with existing literature, it also identifies areas for further exploration, particularly regarding the cultural and socio-economic factors that drive these preferences. This understanding can inform financial institutions and policymakers in developing strategies that cater to the diverse needs of consumers both in Hong Kong SAR and the Chinese Mainland.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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