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PERSONAL FACTORS AFFECTING TO THE SAVING BEHAVIOR OF PEOPLE IN BANGKOK METROPOLITAN REGION, THAILAND

Abstract:

The objectives of this study were to investigate the personal factors which affect and have a relationship to the saving behavior of selected people. The study was a research survey that used questionnaires to collect data from 400 samples of people with income.   The descriptive statistics relate to the following: frequency, percentage, and inferential statistics – particularly use of the Chi-Square to analyze the data. In the study, the samples which responded to the questionnaire shared the following characteristics: There were females, age between 18-28 years old, single status, having the master degree of education; most of them are employees in private companies which have a lower or equal amount of 20,000 baht income, and have expenditures of 10,001-15,000 baht. In the matter of savings behavior, it was found that the majority of the samples in question have some type of savings in account with commercial banking (both saving and fixed accounts); they have proportionate savings and income per month, in a setting of available money remaining with a value of more than 5,000 baht. The main reason for saving was precaution, and the time of saving was 1-5 years wherein they have made the decision themselves.   From the hypothesis testing, the inferential statistics revealed that demographic factors in the case of career, education and income have significance in a relationship with the saving behavior in every dimension, excepting age, status and expenditure have no relationship with the saving behavior in the proportion of saving and saving decision-maker, also the gender has no relationship in every dimension except the amount of saving at level 0.05.

Keywords:

Personal Factors, Saving, Saving Behavior, Bangkok Metropolitan Region.

JEL Classification: M19

1.   Background of the Study

Saving money is so important for many reasons. Some of the reasons that saving money is so important have to do with security and safety. Inadequate savings negatively affects financial management. Individuals are increasingly in charge of their own financial security after retirement. Today, worker-debt is increasing faster than inflation. What with declining employment opportunities, income instability and the eroded purchasing power of Thai households, workers have to decide not only how much to save for retirement but also how to allocate their pension wealth. Saving is extensively regarded as a key factor for promoting long-run economic success.

A report of the Bank of Thailand revealed that Thai people are burdened with high household debt and save too little within past years. Relative to eighty percent of GDP it evaluated their saving rate as too low. The personal saving rate has declined over time, and consumers have expressed concerned about the adequacy of their savings. Complicating matters, it is clear that the Thai people have inadequate knowledge of financial literacy. Financial illiteracy and lack of information affect the ability to save and to secure a comfortable life. Financial literacy will enhance the ability to handle day to day financial matters and will reduce the negative consequences of poor financial decisions that otherwise might take years to overcome.

At the microeconomic level, individual savings benefits the entire nation. Savings have a positive impact on the economy as a whole because funds that are placed in financial assets are then channeled through financial intermediaries to fund investment by firms. Subsequently, investment by firms will ultimately benefit the nation through higher productivity and economic growth. Furthermore, high savings rates can also hedge countries against economic downturns and financial crisis.

Therefore, this research will investigate personal factors as it affects the saving behavior of Thai people in the Bangkok Metropolitan Region in order that the financial institutions and government will have the means for personal finance planning and management, encouraging effective saving behavior and providing guidance in selecting the means to promote sensible procedures.

2. Objectives of the Study

The purposes of this study are as follows:

1. To study the personal factors which affect the saving behavior of people in the Bangkok Metropolitan Region.

2. To study the personal factors which have a relationship to the saving behavior of people in the Bangkok Metropolitan Region.

3. Scope of the Study

The scope of study for this research paper are as follows:

1. Content: To study the personal factors which affect the saving behavior of people in the Bangkok Metropolitan Region by studying the personal factors such as gender, age, status, occupation, education, income, and expenditure. For the saving behavior includes : pattern of saving, proportion of saving, amount of saving, reason of saving, time of saving and decision-maker of saving.

2. Population: The population of this research is people who have income from Bangkok Metropolitan Region : Nakorn Prathom, Nonthaburi, Prathumtani and Samut prakarn. The comprehensive samples are to be provided in amount of 400 samples.

4. Hypothesis of the Study

This study attempts to examine the following research question :

-        Personal factors have a relationship to the saving behavior of people in the Bangkok Metropolitan Region.

5. Framework of the Study

The conceptual framework of this study was designed such that the independent variables and dependent variables as follows:

1.   Independent variables

- The demographic factors - the nature of the personal factors : gender, age, status, occupation, education, income and expenditure.

2.   Dependent variables: the saving behavior

- pattern of saving.

- proportion of saving.

- amount of saving.

- reason of saving.

- time of saving.

- decision-maker of saving.

Independent variables   **Dependent variables**

The personal factors :
- gender
- age
- status
- occupation
- education
- income
- expenditure

The saving behavior :
- pattern of saving
- proportion of saving
- amount of saving
- reason of saving
- time of saving
- decision-maker of saving
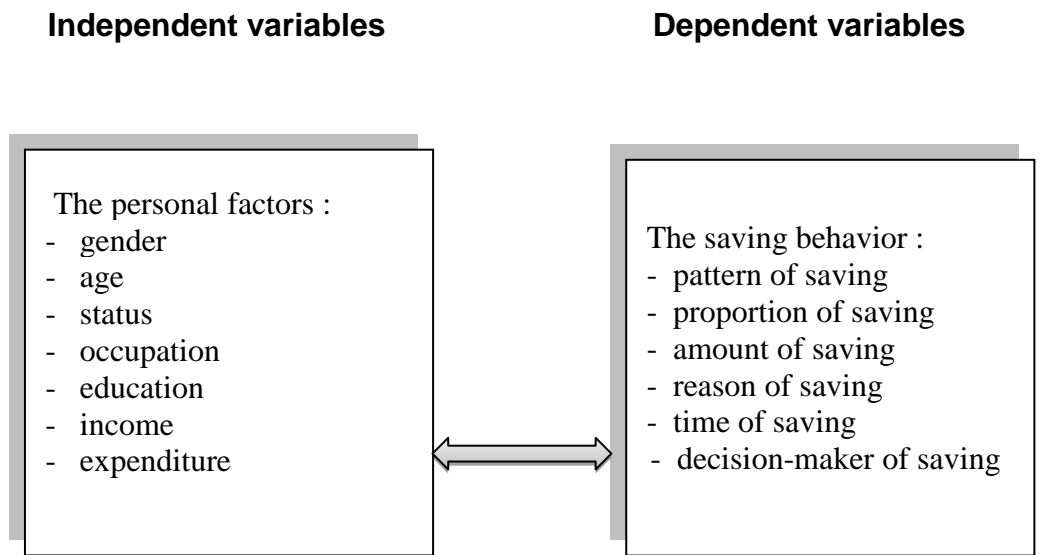
Picture 1. Framework of the Study

6. Materials and Method

The materials and research methodology used in this study are the following:

1. Types of Research

The research is a quantitative measurement effected by surveying and collecting data from a questionnaire. The statistics of this paper include frequency, percentage, and hypothesis testing by the Chi-Square which were applied to analyze the data.

2. Research Procedure

(1)   Population and Samples

The sample of this study is 400, being the people who have income in Bangkok Metropolitan Region : Bangkok, Nakorn Prathom, Nonthaburi, Prathumtani and Samutprakarn Province -- the researcher used these populations as a sample and collected 400 samples by proportion as follows :

Province	No. of Populations	Proportion (%)
Bangkok	5,673,560	54.27
Nakorn Prathom	882,184	8.42
Nonthaburi	1,141,673	10.89
Prathumtani	1,033,837	9.86
Samutprakarn	1,241,610	11.85
Samutsakorn	510,511	4.86
Total	**10,483,375**	**100.00**

Source : Department of Provincial Administration, 2014.

Table 1. Number of Populations and Proportion

The samples of this study have selected among the people who have income in Bangkok Region. But because of unknown data, therefore, the researcher had calculated from the unknown sample size by Cochran (1996 : 2) formula as follows :

In case of unknown population size p = 0.5

$$n = \frac{Z^2}{4e^2}$$

If confidence level = 95% or significance level = 0.05., the value of Z = 1.96

$$n = \frac{(1.96)^2}{4(0.05)^2}$$

$$n = 384.16 \approx 384 \text{ samples}$$

For convenience, the 400 samples were selected from the proportion of this following population :

Province	Proportion (%)	Samples
Bangkok	54.12	216
Nakorn Prathom	8.42	33
Nonthaburi	10.89	44
Prathumtani	9.86	40
Samutprakarn	11.85	47
	4.86	20
Total	**100.00**	**400**

Table 2. Number of Proportion and Samples

The sampling of this study is simple random sampling, according to the purpose of this research.

(2) Instrument

The questionnaire was employed as an instrument in this study. The questionnaire consists of two parts:

The first part concerns the questions about the personal background : gender, age, status, occupation, education, income and expenditure.

The second part concerns the saving behavior: pattern of saving, proportion of saving, amount of saving, reason of saving, time of saving and decision-maker of saving.

All these questions from first and second part are closed-end question in multiple choices.

(3) Testing

For testing the qualified questionnaire, it is conducted into validity - Content validity is the extent to which a concept, conclusion or measurement is well-founded and

corresponds accurately by approving from research specialist; it can help determine what types of tests to use and help to make sure that methods used methods are not only ethical, but also a method that truly measures the idea or construct in question.

(4) Data Collecting

The researcher distributed the questionnaire to 400 people who have income in Bangkok and Region Province. The samples have good co-operation to response the questionnaire. Therefore, the data collection number of this study is 400 selected people, which is 100% of total samples.

(5) Data Analysis

The collected data were analyzed to describe the personal factors affecting to the saving behavior of people in Bangkok Metropolitan Region. The descriptive statistics are these: frequency, percentage, and the inferential statistics are these: particularly the Chi-Square which were applied to analyze the data.

7. Result and Discussion

1. Result

The result of this study presents itself in three parts: general background of personal factors, the saving behavior and hypothesis testing.

(1) General background of personal factors

The samples which responded to the questionnaire shared the following characteristics: There were females, age between 18-28 years old, single status, having the master degree of education; most of them are employees in private companies which have a lower or equal amount of 20,000 baht income, and have expenditures of 10,001-15,000 baht.

(2) The saving behavior

The result of the saving behavior of people found that :

1) *Pattern of saving* – most of samples have the pattern of saving in 3 highest level : having the saving account with commercial banking (both saving and fixed account), saving oneself and life insurance (saving type).

2) *Proportion of saving* - most of samples have the proportion of average saving from income per month in 3 highest level : unfixed saving, 1-10% saving from income, and 21-30% saving from income

3) *Amount of saving* - most of samples have amount of average saving from income per month in 3 highest level : more than 3,000 baht, 1,001-2,000 bath and 2,001 – 3,000 bath.

4) *Reason of saving* - most of samples have main reason of saving in 3 highest level : for precaution (unexpected event), for healthcare and for travel.

5) *Time of saving* - most of samples have time of saving in 3 highest level : 1-5 years, more than 10 years and 6-10 years.

6) Decision-makers of saving -   most of samples have decision-maker of saving in 3 highest level : saving decision by oneself, parent or relative and friend.

(3) Hypothesis testing.

Hypothesis : Personal factors have a relationship to the saving behavior of people in the Bangkok Metropolitan Region

Personal Factor	Saving Behavior			
	Proportion of saving	Amount of saving	Time of Saving	Decision-maker of saving
Gender	X (.369)	√ (.004*)	X (.395)	X (.092)
Age	X (.133)	√ (.000*)	√ (.000*)	X (.123)
Status	X (.564)	√ (.026*)	√ (.000*)	X (.589)
Occupation	√ (.000*)	√ (.000*)	√ (.007*)	√ (.000*)
Education	√ (.005*)	√ (.000*)	√ (.000*)	√ (.000*)
Income	√ (.006*)	√ (.000*)	√ (.000*)	√ (.045)
Expenditure	X (.067)	√ (.000*)	√ (.000*)	√ (.000*)

Notice :   √   relationship

        X no relationship

         * P-Value ≤0.05

Table 3. Conclusion of Hypothesis

From the hypothesis testing, the inferential statistics showed that

1. Personal factor with gender have no relationship to the saving behavior in proportion of saving, time of saving and decision-maker of saving except amount of saving at the 0.05 level of significance.

2. Personal factor with age have no relationship to the saving behavior in proportion of saving, and decision-maker of saving except amount of saving and time of saving at the 0.05 level of significance.

3. Personal factor with status have no relationship to the saving behavior in proportion of saving, and decision-maker of saving except amount of saving and time of saving at the 0.05 level of significance.

4. Personal factor with occupation have relationship to the saving behavior in every dimension at the 0.05 level of significance.

5. Personal factor with education have relationship to the saving behavior in every dimension at the 0.05 level of significance.

6. Personal factor with income have relationship to the saving behavior in every dimension at the 0.05 level of significance.

7. Personal factor with expenditure have relationship to the saving behavior except proportion of saving at the 0.05 level of significance.

2. Discussion

From the result of this study, there are the following research discussions:

(1) The study of saving behavior of people in Bangkok Metropolitan Region found that most of saving pattern are saving account with commercial bank (both saving and fixed account), also the main reason of saving is for precaution in case of emergency and for healthcare ,this result is consistent with Piyarat Krisanmara and et.al.(2011) in that the major objective of saving is for precautionary motive and for retirement by saving with bank and buying life insurance. Moreover, National Statistic Office, Ministry of Information and Communication Technology (2002) indicated that most of people like to save the money 75.30% with financial institution because of convenience and safe of saver. The report also inform that 25.20% of household people save the money for the reason of getting sick and old.

(2) From the result of hypothesis showed that personal factor with occupation, education and income have a relation to the saving behavior in every dimension. This result is similar to Sudjai Nampud and et.al. (2014) conclude that the factor of saving comes from income, occupation and education which people have capacity to save money in different ways such as age, income, health, member of family, habit, career choice, life style and so on.

8. Conclusion

The purpose of this study was investigate the personal factors which affect the saving behavior of people in Bangkok Metropolitan Region. This study also aims to describe the personal factor which have a relationship to the saving behavior of 400 selected people. The instrument used for the data collection was a questionnaire that was composed of two parts: personal background, and the saving behavior. The descriptive statistics relate to frequency, percentage, and inferential statistics – particularly use of the Chi-Square to analyze the data.

The findings revealed that the samples which responded to the questionnaire shared the following characteristics: There were females, age between 18-28 years old, single status, having the master degree of education; most of them are employees in private companies which have a lower or equal amount of 20,000 baht income, and have expenditures of 10,001-15,000 baht.

From the saving behavior, it was indicated that the majority of the samples in question have some type of savings in account with commercial banking (both saving and fixed

accounts); they have proportionate savings and income per month, in a setting of available money remaining with a value of more than 5,000 baht. The main reason for saving was precaution, and the time of saving was 1-5 years wherein they have made the decision themselves.

The result of hypothesis testing, the inferential statistics showed that personal factor in the case of occupation, education and income have significance in a relationship with the saving behavior in every dimension, excepting age, status and expenditure have no relationship with the saving behavior in the proportion of saving and saving decision-maker, also the gender has no relationship in every dimension except the amount of saving at level 0.05.

9. Recommendations

In and according to this study, personal factors affecting the saving behavior of people in Bangkok Metropolitan Region, there are some ideas which are interesting and useful for evaluating the behavior and capacity of people who have income relative to the administration of saving, as follows:

1. One consideration is income tax deduction. Therefore, the financial institution or agency involved should offer knowledge about the benefit of tax deduction to people, such as buying life insurance policy, the new financial tools: long-term fund, retirement mutual fund so that the people will more know about this, before they will decide to invest the money in proper way, in spite of the maximum benefit to all people and society.

2. The conclusion of the study indicated that the pattern of saving which people are less interesting is government bond investment. Therefore, Ministry of Finance and Government Unit should suggest the people aware the investment benefit which are the financial instrument in long-term and low risk, including they should set guidelines or use measurement to promote the saver for investing the government bonds.

3. Financial institutions and the relevant agencies should have the incentive measures and convince the people to see benefit of saving by

- Giving the knowledge to the people about having family income-expense accounting so that they will view the financial status for their saving the money.

- Create the value of using the old material to produce the new one in case of reducing cost.

- Making extra income from routine work so that the people will make more money.

4. From the hypothesis testing concluded that personal factor with occupation, education and income have a relationship to saving behavior which shows that a group of people who have the medium – high income level will have high saving behavior. Therefore, the financial institutions and agencies involved will arrange the

various pattern of saving, and build the channel of investment choice for those group of people. As well as the government will seek the guidelines for promote the saver in comprehend and confidence towards the different types of investment so that it will indicate the benefit of investment in case of the worth of return rate from saving.

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