



**FinScope Thailand 2013**



# FinScope Consumer Survey Thailand 2013

August 6, 2013  
National Stakeholder Forum



# FinMark Trust and FinScope



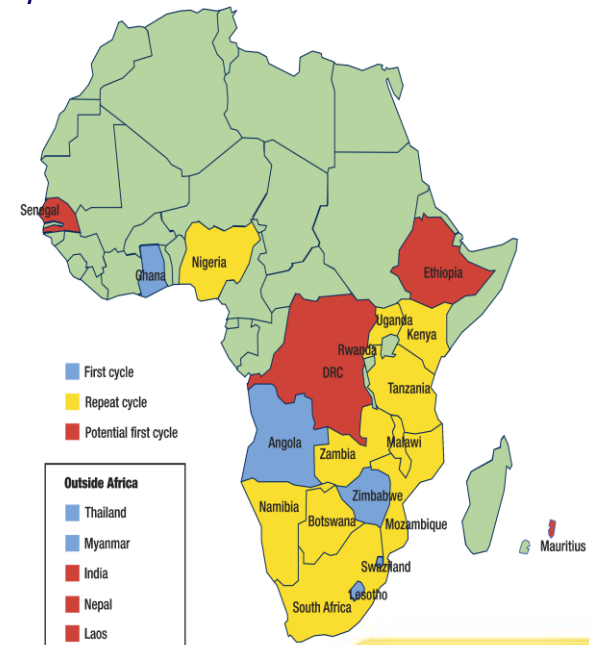
- FinMark Trust is an **independent trust** with the **purpose** of “Making financial markets work for the poor” across Africa in order to **increase access to financial services** for the unserved and underserved that ultimately lead to the development of inclusive financial systems that can **benefit all people**
- FinScope SA is an **annual representative study** of the demand for, usage of and access to financial services in South Africa. The FinScope SA survey is used to **better understand money matters** in South Africa, with an emphasis on the market needs and attitudes to **both informal and formal** financial offerings and usage. The FinScope SA survey further sheds light on consumers and behaviour by exploring individuals’ interactions with the financial sector as a whole

## Where:

16 African countries, including South Africa.

## Objective:

To measure and profile levels of access to and use of financial services by all adults in South Africa, across income ranges and other demographics, in order to inform stakeholders.



# Partnering for a common purpose



*Making Access Possible (MAP)* is a diagnostic and programmatic framework to support expanding access to financial services. The MAP methodology and process has been developed jointly by:



At country level, the core MAP partners, collaborate with other donors to ensure an inclusive, holistic process. MAP Thailand was a partnership with the following stakeholders and donors:



Japan  
Fund for  
Poverty  
Reduction



# Study methodology



# Sampling and Methodology

## Respondent profile

- Universe: **Adult population in Thailand**
- Thai residents **18 years and older**



## Coverage and methodology

- Fieldwork conducted from February 2013 to March 2013
- Questionnaire **translated** into Thai
- **5 990** interviews conducted by National Statistical Office



## Sample and fieldwork validation

- **Nationally & regionally representative sample**
- Covered municipal and non-municipal areas
- Sample drawn proportional to population size
- Survey data weighted to adult population



# Understanding people's lives

## *Context of financial inclusion in Thailand*

...

- financial sector stability is a priority in the context of the 97/98 Asian financial sector crisis;
- Slower GDP growth, higher inflation has an impact on household costs and uptake of financial services
- employment is driven from the informal sector
- agriculture and agricultural activity is an important component of economic activity



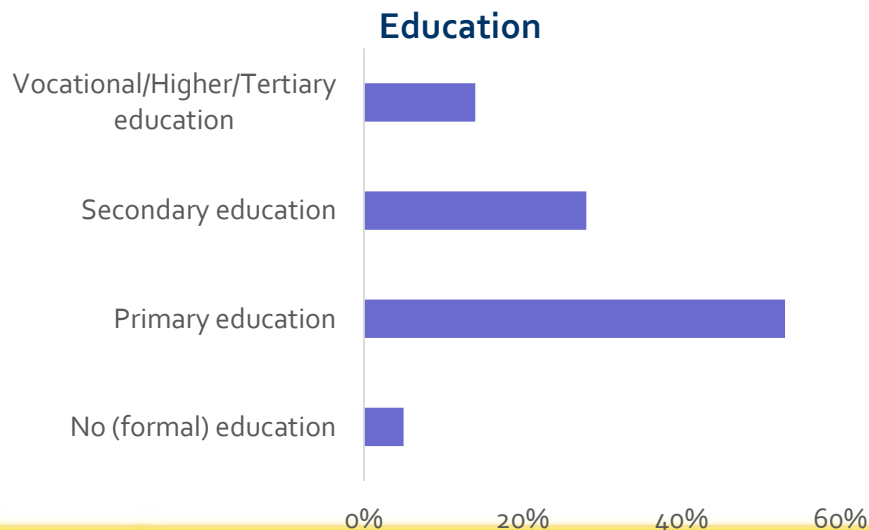
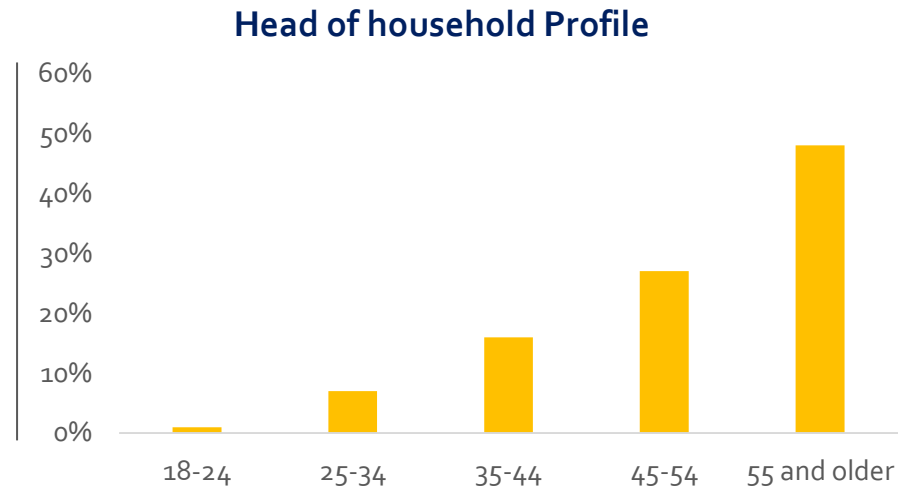
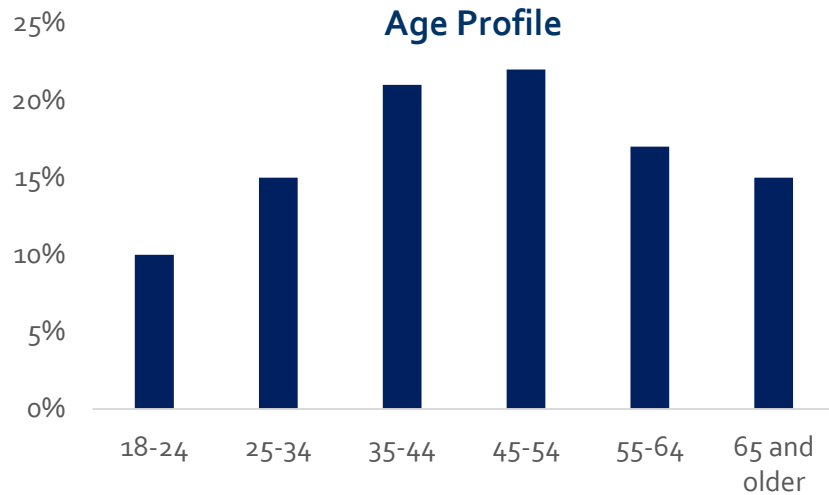
# Population, region and gender

| Region    | Adult Population | Percentage |
|-----------|------------------|------------|
| Bangkok   | 5 415 264        | 10.4       |
| Central   | 12 564 439       | 24.2       |
| North     | 9 627 091        | 18.6       |
| Northeast | 17 269 037       | 33.3       |
| South     | 6 981 881        | 13.5       |
| Total     | 51 857 712       | 100.0      |

- 33% of population in Northeast
- 65% rural population
- 57% female, 43% male
- North-East is 80% rural/non-municipal area

|       |            |       |
|-------|------------|-------|
| Urban | 18 054 628 | 34.8  |
| Rural | 33 803 084 | 65.2  |
| Total | 51 857 712 | 100.0 |

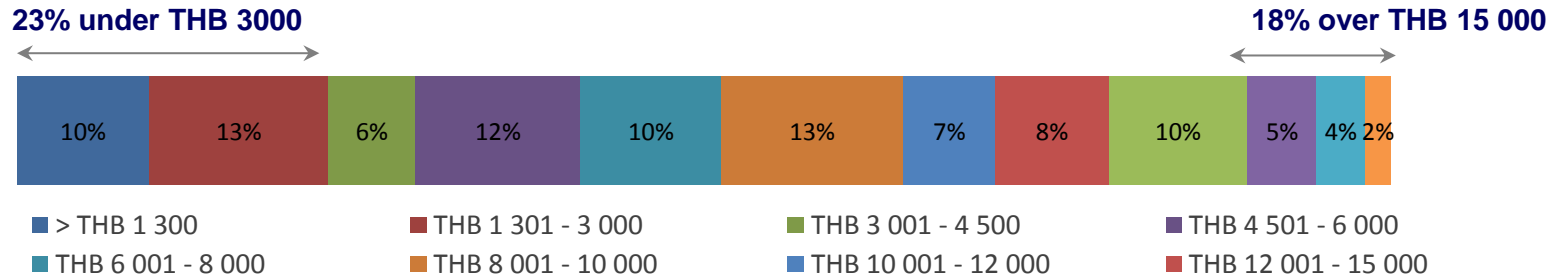
# Population profile



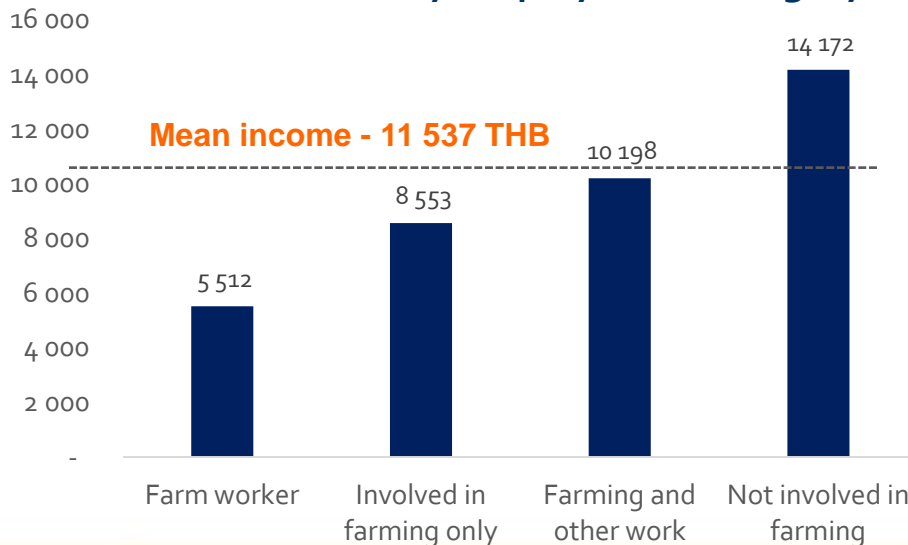
- Household head older than population average, 79% married, main income earner, 73% male
- Household financial decision-making

# Income and poverty

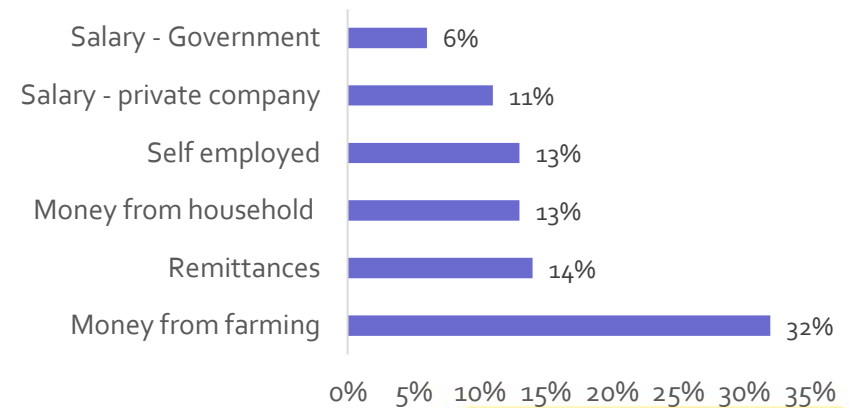
## Income structure



## Mean income by employment category



## Main source of income



# Access to infrastructure

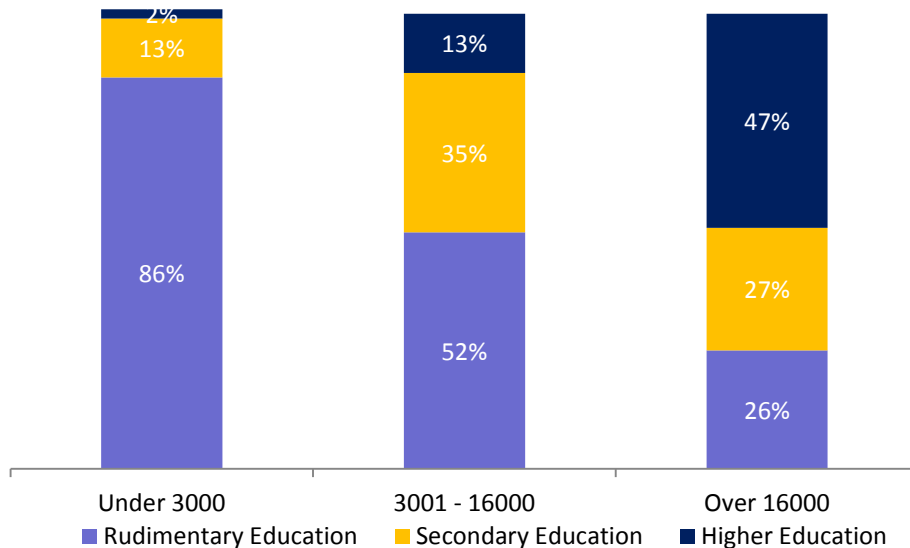
Average time in minutes

| Infrastructure Access   | National | Municipal | Non-Municipal |
|-------------------------|----------|-----------|---------------|
| Grocery store           | 7        | 7         | 8             |
| Access public transport | 24       | 16        | 29            |
| A market                | 26       | 20        | 29            |
| An ATM                  | 29       | 19        | 35            |
| Medical facility        | 30       | 27        | 32            |
| Bank branch             | 31       | 21        | 37            |
| Post Office             | 33       | 26        | 36            |

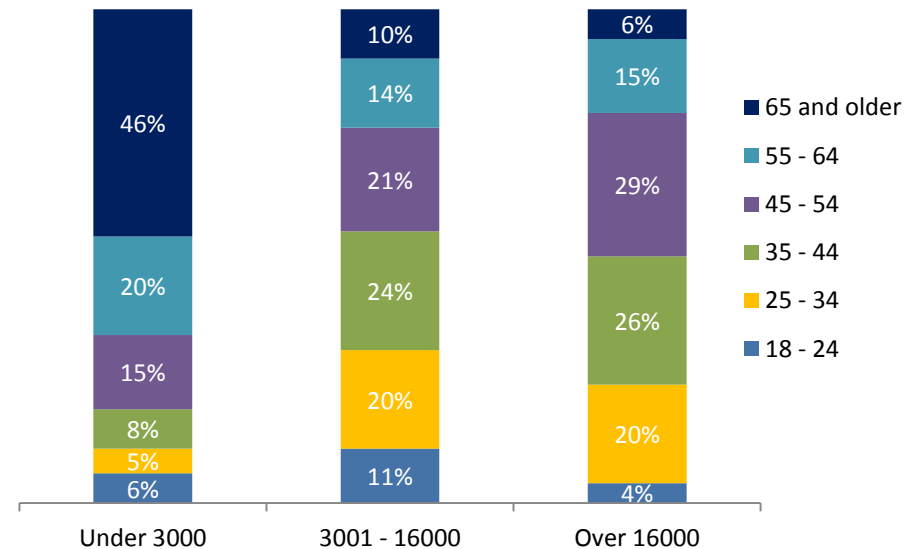
# Profile of key income segments

| Grouped income | Number     |
|----------------|------------|
| Under 3000     | 11 655 308 |
| 3001-16 000    | 29 035 839 |
| Over 16 000    | 9 296 933  |

Income and education



Income and Age



- 66% of those earning under 3000 THB are over 55 years
- 86% of those earning under 3000 THB have basic education

# Summary profile of adult population

## *Characteristics of urban population ...*

- Mostly live in Bangkok/Central
- Male, single aged 18-34 with higher levels of education
- Main income generating activity: salary/wages from private company
- Average income 15 425.66 THB

## *Characteristics of rural population ...*

- Mostly live in north east and north and south
- Female, married, 55 years and older with basic education
- Largely involved in farming
- Average income 9420.71 THB

- Strong, stable family and community structure, 76% of households own their dwelling with no outstanding payment, purchased by savings or inherited, communal household decision-making
- Good access to basic services like electricity and water, 77% use Government Hospital or Health Clinics for treatment
- Agriculture is an important source of income - 49% of households involved in farming, 64% of non-municipal households involved in farming only

# Access to financial services



# Analytical framework

**Total adult population**  
= Minimum age defined by the age at which individuals can enter into a legal financial transaction in their own capacity

**Financially included**  
= Adults who have/use financial products and/or services – formal and/or informal

**Financially excluded**  
= Adults who do not have/use any financial products and/or services – if borrowing, they rely only on friend/family; and if saving, they save at home

**Formally served**  
= Adults who have/use financial products and/or services provided by a financial institution (bank and/or non-bank)

**Informally served**  
= Adults who have/use financial products and/or services which are not regulated, e.g. cooperatives, farmer associations, saving clubs/groups, private money lenders

**Banked**  
= Adults who have/use financial products and/or services provided by a commercial bank regulated by the central bank

**Served by other formal financial institutions**  
= Adults who have/use financial products and/or services provided by regulated non-bank formal financial institutions, insurance companies, retail credit providers, remittance service providers

**Formal Inclusion**

# Access strand



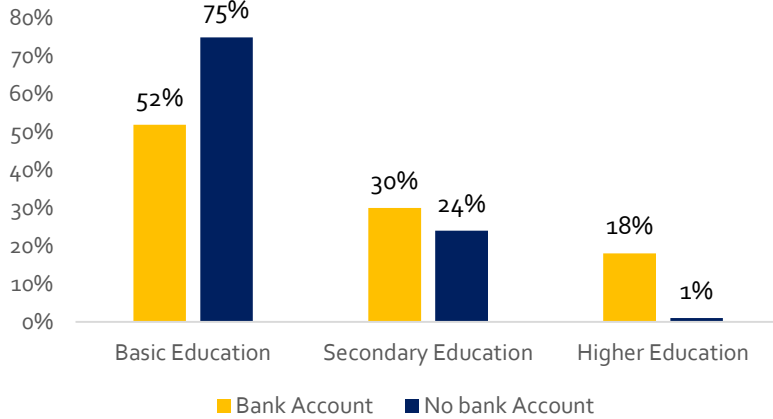
■ Banked  
 ■ Formal other  
 ■ Informal  
 ■ Excluded

|                          |            |      |
|--------------------------|------------|------|
| <b>Banked</b>            | 38 374 707 | 74%  |
| <b>Formal other</b>      | 11 927 274 | 23%  |
| <b>Informally served</b> | 1 037 154  | 2%   |
| <b>Excluded</b>          | 518 577    | 1%   |
| <b>Total</b>             | 51 857 712 | 100% |

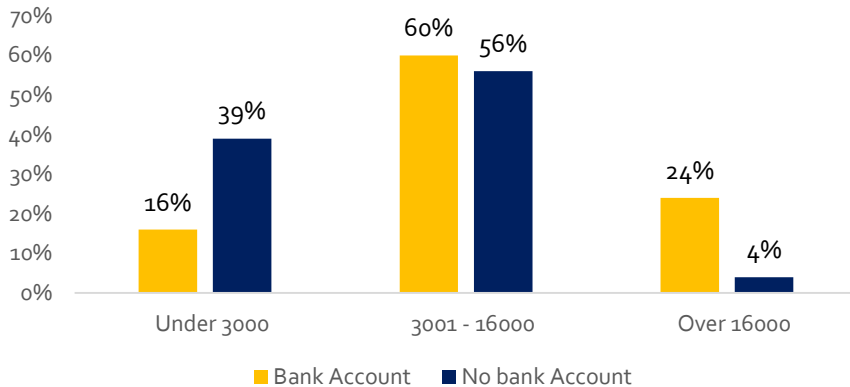
- Of those banked:
  - 61% have National Insurance, 55% vehicle insurance
  - 23% have credit life insurance
  - 16% borrow and 12% save with a Village Fund

# Understanding the banked

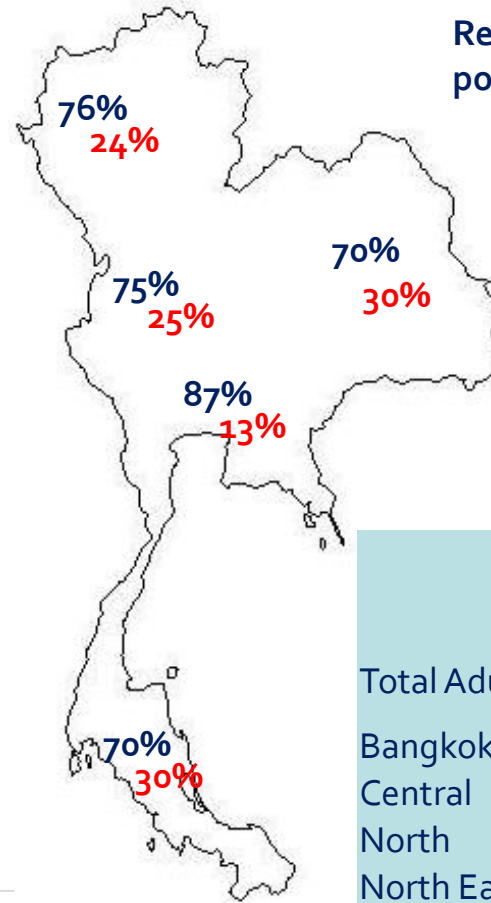
### Access to banking by Education



### Banking by income groups

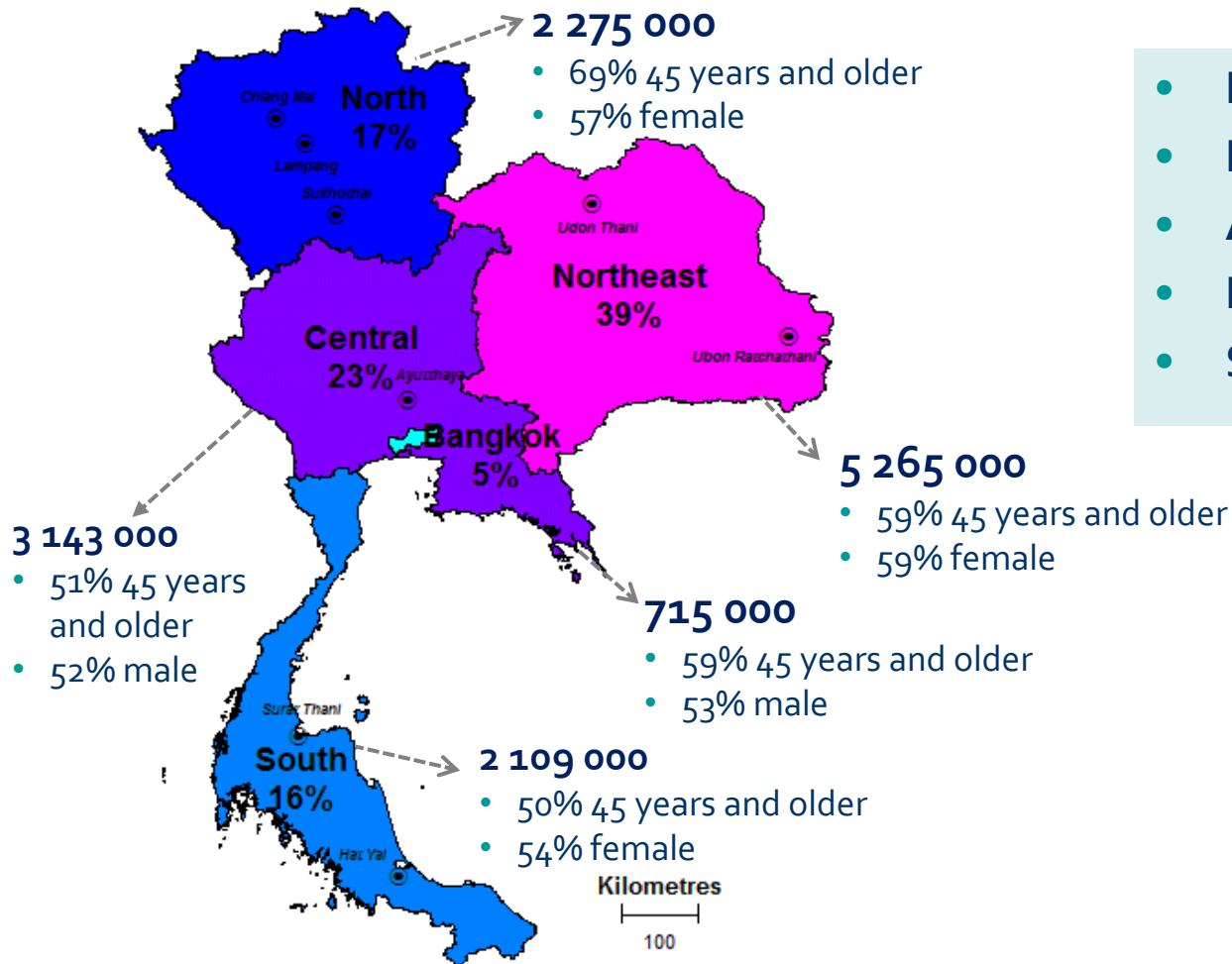


### Regional profile of banked population



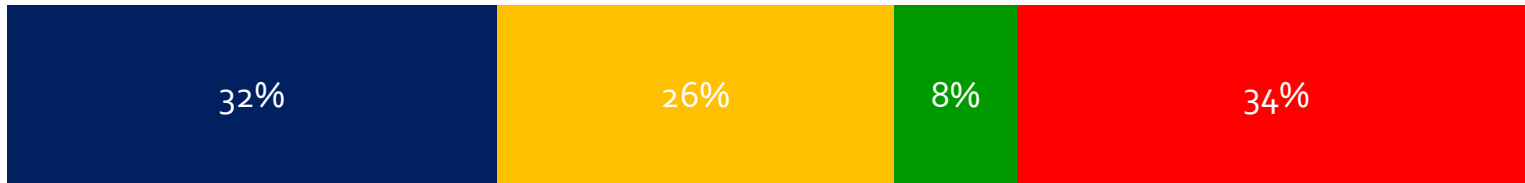
|              | Bank account | No bank account |
|--------------|--------------|-----------------|
| Total Adults | 74%          | 26%             |
| Bangkok      | 87%          | 13%             |
| Central      | 75%          | 25%             |
| North        | 76%          | 24%             |
| North East   | 70%          | 30%             |
| South        | 70%          | 30%             |

# Unpacking the 13m unbanked



- No formal education
- Living in rural areas
- Aged 18-24, 65 and older
- Based in North East
- Single and Female

# Saving strand



■ Banked ■ Formal other ■ Informal ■ Excluded

|                 |            |      |
|-----------------|------------|------|
| Banked          | 16 689 557 | 32%  |
| Formal non-bank | 13 335 494 | 26%  |
| Informal        | 4 056 925  | 8%   |
| Excluded        | 17 775 735 | 34%  |
| Total           | 51 857 711 | 100% |

- 53% save on a regular basis
- Those earning under 10,000 THB not saving:
  - No money after living expenses
  - All money into household pot

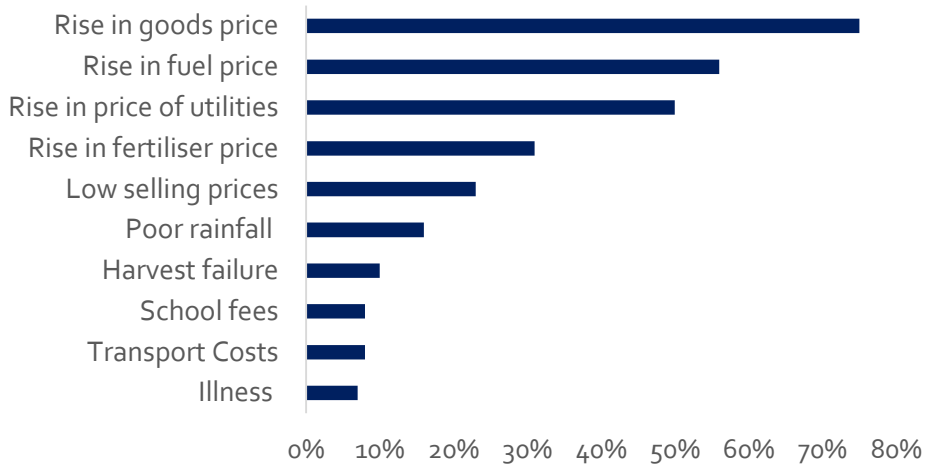
# Savings mechanism

| Institution            | # of people | Personal Monthly income | Mean savings |
|------------------------|-------------|-------------------------|--------------|
| Commercial banks       | 16,689,557  | THB 18,531              | THB 5,438    |
| SFI's                  | 15,262,221  | THB 13,182              | THB 4,106    |
| NBFI                   | 117,222     | THB 10,997              | THB 3,898    |
| Credit Union/<br>Co-op | 2,029,637   | THB 17,080              | THB 4,980    |
| Village Fund           | 5,287,301   | THB 10,043              | THB 1,763    |
| Savings group          | 7,549,652   | THB 11,933              | THB 2,522    |

Note: Income refers to reported mean monthly income, Savings refers to mean savings held at that point in time, regardless of institution

# Household risks and responses

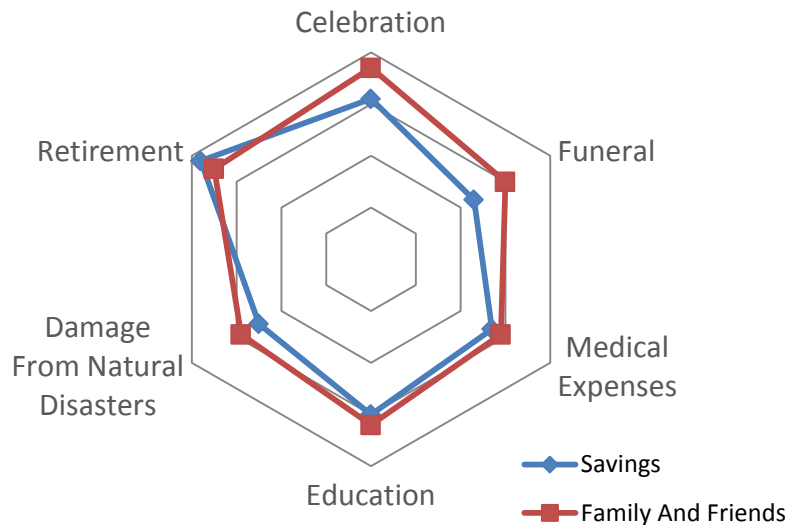
## Key risks in the past 12 months



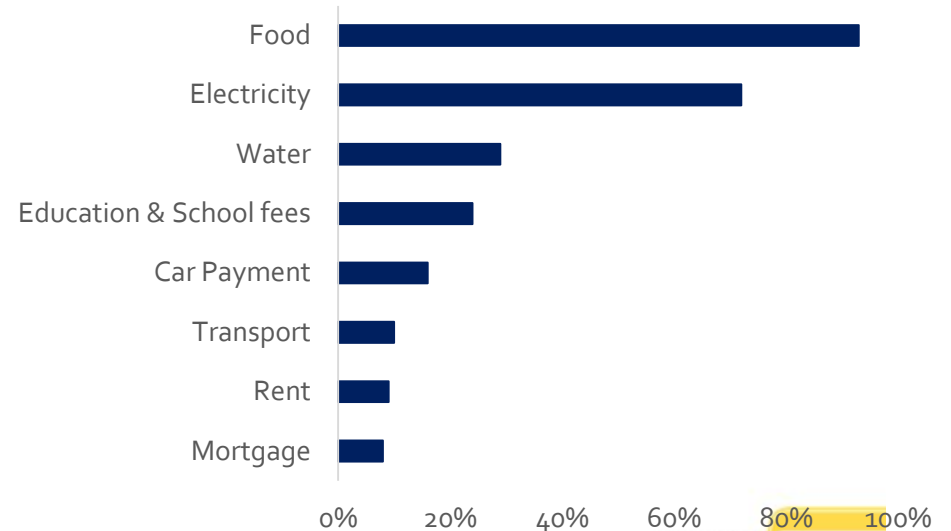
## Coping Strategies

|                             |     |
|-----------------------------|-----|
| Cut down on expenses        | 58% |
| Used savings                | 41% |
| Borrowed money              | 26% |
| Other                       | 10% |
| Sold something to get money | 6%  |
| Claimed insurance           | 3%  |

## Financing of major events



## Top Household Expenses





# Borrowing strand



|                 |            |      |
|-----------------|------------|------|
| Banked          | 2 088 926  | 4%   |
| Formal non-bank | 12 724 537 | 25%  |
| Informal        | 2 059 094  | 4%   |
| Excluded        | 34 985 155 | 67%  |
| Total           | 51 857 712 | 100% |

- Commercial banks and Village Fund account for the largest amount of borrowing
- Average income of Village fund borrower is 7,741 THB

# Borrowing patterns

| Institution     | # of people | Mean Monthly Income | Total debt  | Reasons  | Region                                  |
|-----------------|-------------|---------------------|-------------|--|---|
| Commercial bank | 2 088 926   | THB 27 217          | THB 176 034 | Means of transport<br>Buying/building dwelling | Bangkok 24%<br>Central 24%<br>South 24% |
| SFI             | 7 146 243   | THB 17 012          | THB 189 361 | Farming expenses<br>Living expenses            | North East 44%<br>North 29%             |
| NBFI under BoT  | 1 374 340   | THB 18 456          | THB 229 255 | Vehicle<br>Living expenses                     | Central 41%<br>Bangkok 21%              |
| Savings Group   | 1 566 990   | THB 14 148          | THB 237 038 | Farming expenses<br>Living expenses            | North East 41%<br>North 25%             |
| Village Fund    | 7 423 963   | THB 10 177          | THB 322 366 | Farming expenses<br>Living expenses            | North East 51%<br>North 32%             |
| Cooperative     | 1 043 897   | THB 24 322          | THB 222 506 | Farming expenses<br>Living expenses            | Central 33%<br>North 27%                |

Note: Income refers to reported mean monthly income, Total debt refers to total outstanding debt, regardless of institution

# Reasons for borrowing

## Village Fund

- Farming expenses eg seeds or fertiliser
- Living expenses
- Buying farming equipment
- Pay for water/ electricity/ telephone
- Paying off debt
- An emergency other than medical
- Buying livestock
- Education or school fees
- Funeral expenses, Monk ordination, wedding

**Average age: 42 years**

## SFI

- Farming expenses eg seeds or fertiliser
- Buying farming equipment
- Buying/building a house
- Buying land
- Paying off debt
- Buying livestock
- An emergency other than medical
- To take care of sick relative(s)

**Average age: 53 years**

## Commercial Bank

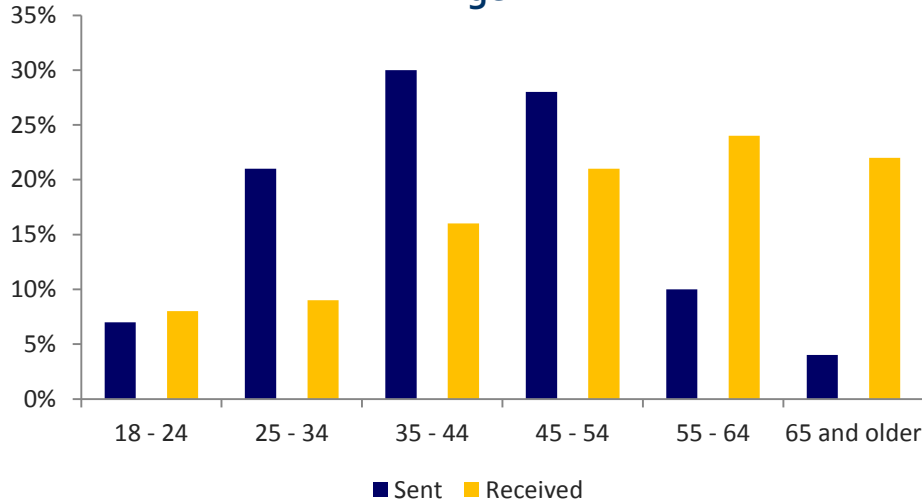
- Buying a motorcycle, car, truck
- Buying or building a dwelling to live in
- Starting or expanding my business
- Buying household appliances, goods or furniture
- Buying luxury items such as cell phones, smartphones,

**Average age: 41 years**

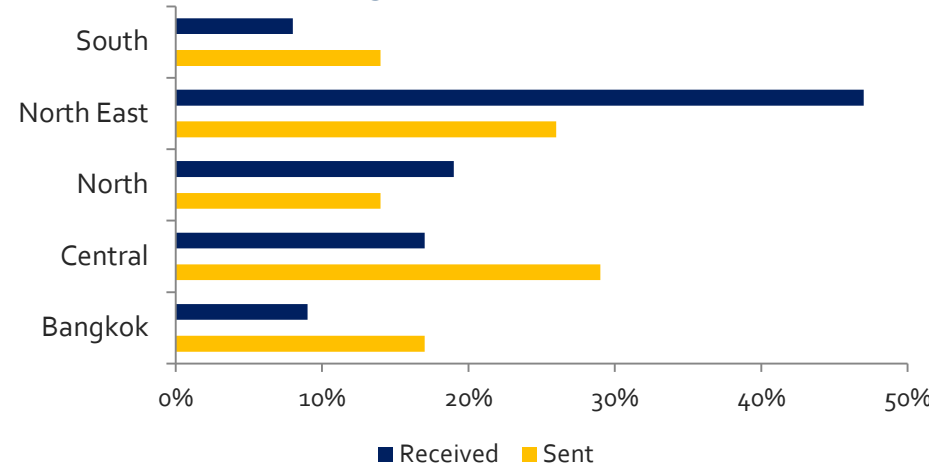
Note: Reasons presented in order of priority

# Main income remittances

Age



Regional Profile



Those that receive income via remittances:

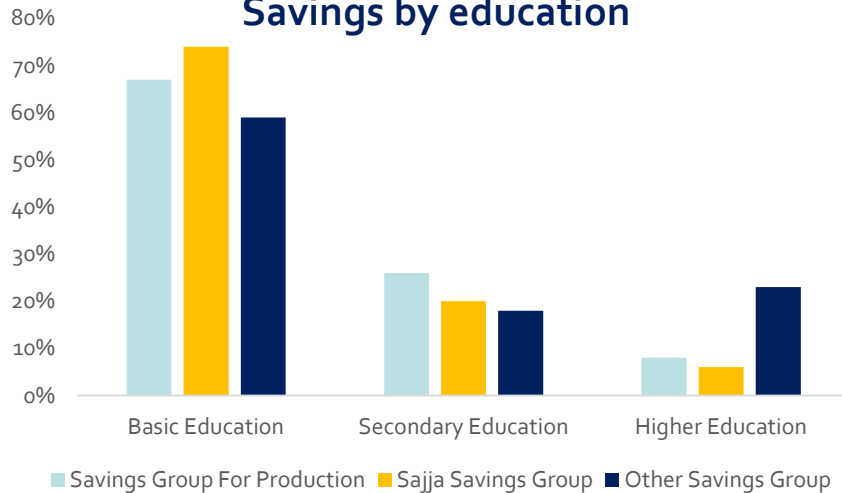
- 55 years and older (46%)
- Live in the North East (47%)
- Married (61%)
- With a primary education and lower (53%)
- Based in non municipal areas (78%)

|   |            |
|---|------------|
| Average amount sent (12 months)           | 93 400 THB |
| Average income of those who send money    | 18 500 THB |
| Average income of those who receive money | 9 900 THB  |

# Membership profile of Savings Groups



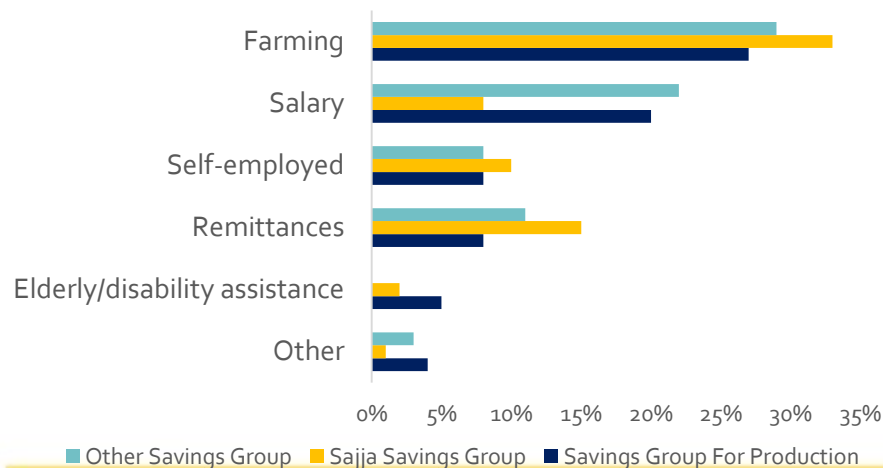
## Savings by education



## Savings by region

| Region  | Savings for Production | Sajja Savings | Other |
|---------|------------------------|---------------|-------|
| Bangkok | 3%                     | 34%           | 63%   |
| Central | 5%                     | 74%           | 22%   |
| North   | 1%                     | 85%           | 14%   |
| N.East  | 3%                     | 90%           | 7%    |
| South   | 6%                     | 64%           | 31%   |

## Savings by source of income

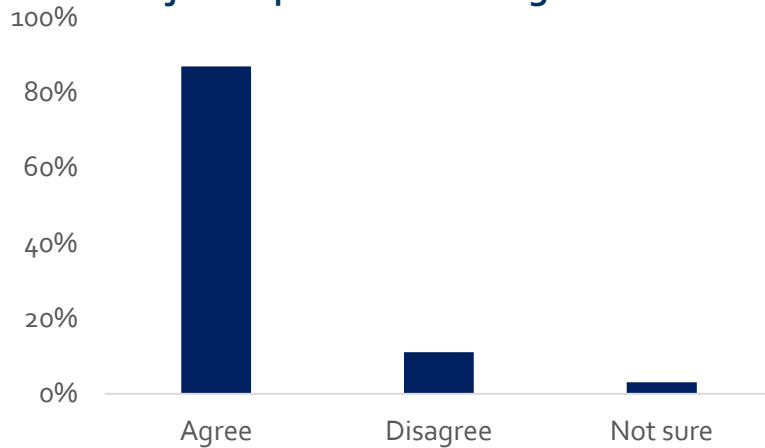


- 29% (15.3 m) belong to savings group
- Sajja savings (41%) used the saved amount to borrow further

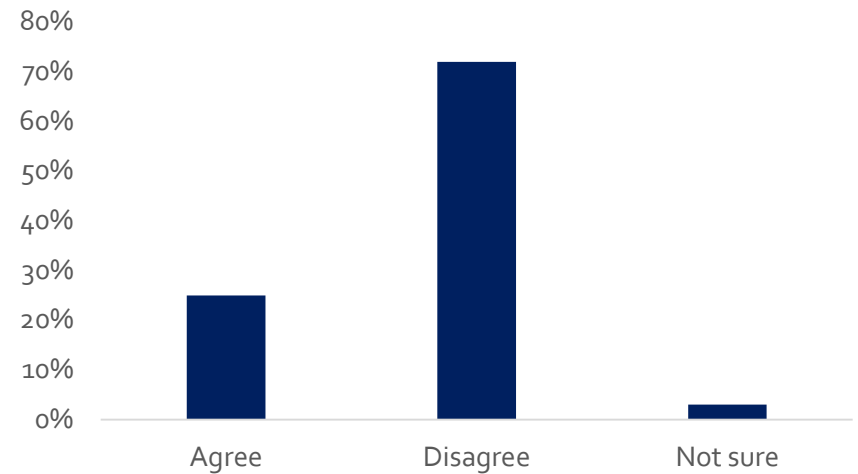
# Financial literacy

# Attitudes and action - Budgeting & Spending

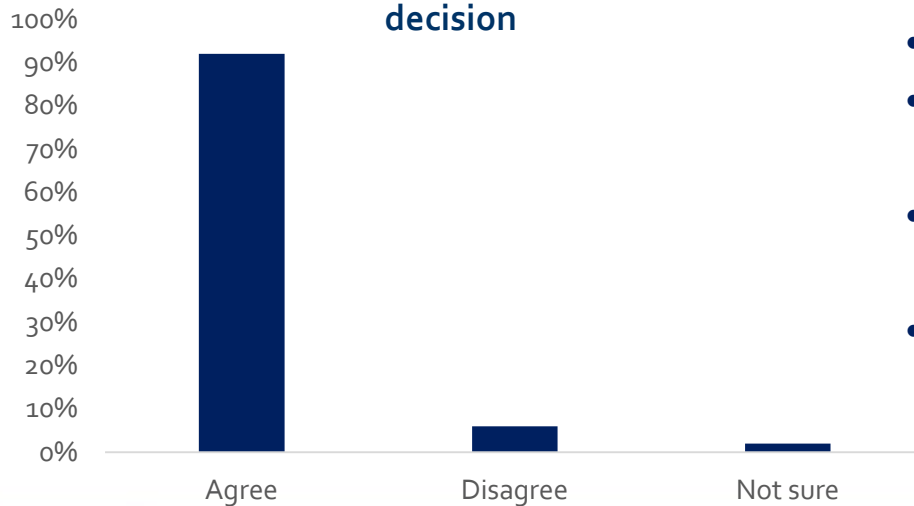
## Adjust expenses according to income



## Often spend more money than available



## Think carefully before making a spending decision

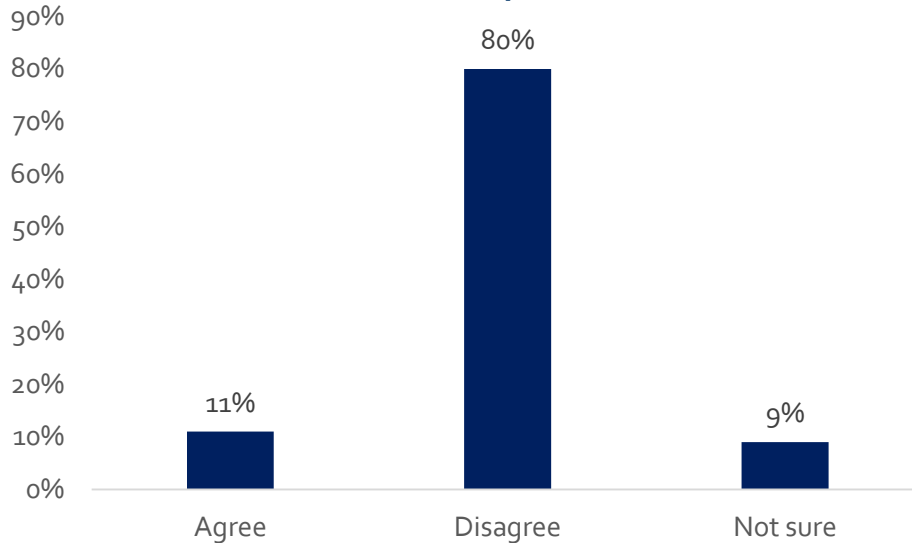


- 50% current financial situation not ideal
- Dealing with finances is a burden/stressful (60%)
- More than 80% knew their financial status on a daily basis, yet they do not track expenses
- 25% agreed that they spend more money than they have available

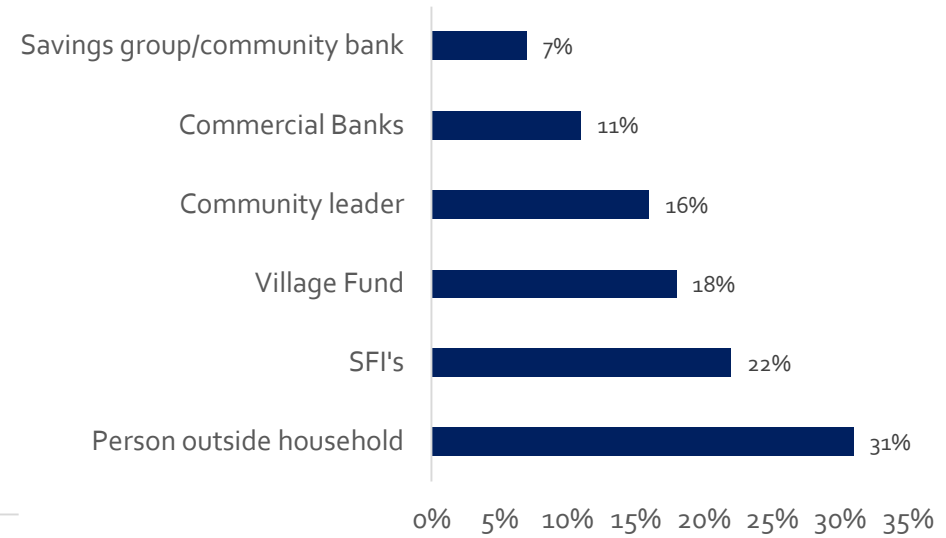


# Financial assistance and literacy

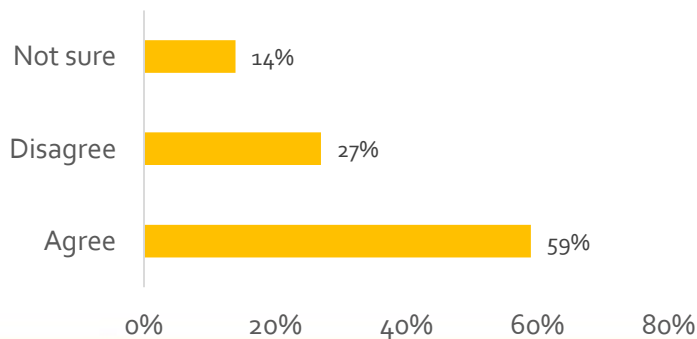
## Rather request help from stranger than your community



## Who do you go to for financial advice



## Someone in community to help when you need it



- Strong community structures to support financial decision-making
  - 80% seek help within community
  - 59% agree there is someone to help when needed

# Drivers and barriers of financial literacy



## *Those that have a bank account ...*

- Go to SFI or commercial bank for financial advice
- Make provision for the future
- Attended financial literacy programme with a Government bank/NBFI
- Plan money matters ahead
- Would invest a large sum of money in a bank
- Would pay off debt to improve your family's current situation
- Select a bank on image/status, quick access to loans
- Prefer to carry cards rather than cash

## *Those that do not have a bank account ...*

- Invest a large sum of money by giving it to someone for safe keeping
- Do not make provision for the future
- Have not attended any financial literacy training
- Don't try to plan ahead in terms of money matters
- Would spend a large sum of money on personal consumption or improve current dwelling
- Prefer to carry cash rather than cards
- Go to person outside of the household for financial advice

# Conclusions



## *Highest levels of uptake of Thailand's financial services is among those where ...*

- Education levels are higher particularly vocational to tertiary
- Personal income is over THB 16000
- Residence is in a municipal area, mainly Bangkok
- Aged 25 to 54, people who are married
- Household is not involved in farming

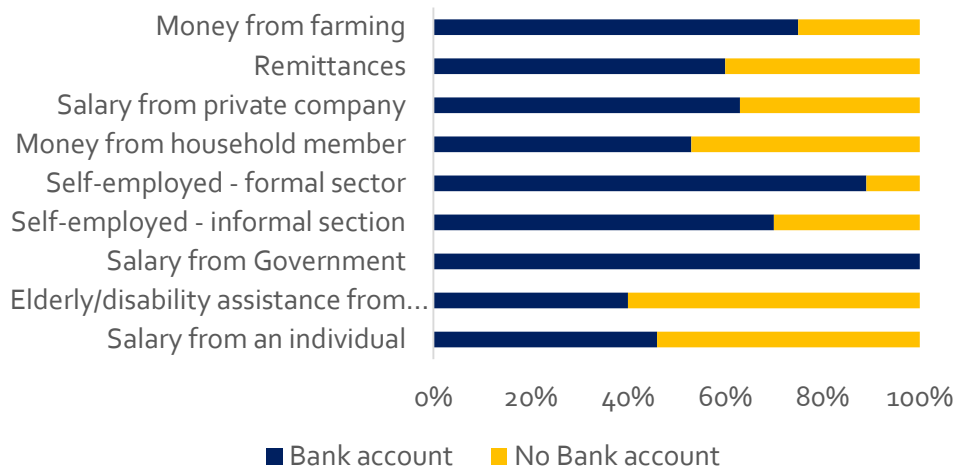
## *Financial inclusion has been driven by ...*

- Large state involvement in financial services, particularly SFI's, Village Fund and other state owned institutions
- Stable society with strong social capital –strong cultural values placed on cohesive households and supportive communities have generated a successful network of community-based financial institutions thus filling gaps in financial outreach to low income households.
- Large number of households dependent on remittances from other family members which require a bank account to send and receive cash

# Challenges to deepening financial inclusion



## Income regularity



- 58% of unbanked earn a regular monthly income under THB 3000
- Opportunity to increase banked for those currently receiving Government assistance

- Village Fund and SFI borrowers have more debt than commercial bank
  - Mechanisms in which credit is granted should be more stringent (41% of those that have borrowed from a Village Fund have also borrowed from SFI's)
  - Consumer protection and financial literacy mechanisms instituted that are relevant to Village Fund and SFI clients
  - Opportunities to develop more information on how to assist with smoothing income irregularity for those involved in farming and thus dependent on debt

# Thank you