



## Personal Factors Affecting to Financial Planning of Thai People.

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### Abstract

The objectives of this study were to investigate the personal factors which affect and influence the financial planning of selected Thai people. The study was a research survey that used a questionnaire to collect data from 400 samples of Thai people. The descriptive statistics are frequency, percentage, mean, and standard deviation, and the inferential statistics are the t-test and F-test which applied to analyze the data. From the study, the samples which responded to the questionnaire shared the following characteristics of the samples: They were females whose ages ranged from 29 - 39 years old, single, having a bachelor's degree in education, and most of them are employees in private companies which have an income of 25,001-30,000 baht. In the matter of financial planning, it was found that the levels of opinion are as follow: 1) The money earned - the samples rated at a medium level (mean = 3.2800) and the highest level was 'the people should set the goal to earn more money', 2) The money spent - the samples rated at a high level (mean = 3.6475) and the highest level was that 'the people should have the priority of spending limits', 3) The savings - the samples rated medium level (mean = 3.3395) and the highest level was that 'the people save the money by splitting the saving before spending money', and 4) The investing of money - the samples rated medium level (mean = 3.3140) and the highest level was that 'the people should consider the risk assessment and choose the most suitable investment'.

From the hypothesis testing, the inferential statistics revealed that personal factors in the case of gender and status have no significance with the financial planning, excepting the occupation has significance with the financial planning in every dimension at the 0.05 level of significance.

**Keywords:** *Personal factors, Financial planning, Financial literacy, Savings, Investing, Thai People.*

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### 1. Introduction

Financial Planning is so important for many reasons, some of them concern security and safety. Inadequate financial planning negatively affects financial management. Individuals are increasingly in charge of their own financial security after retirement. Today, worker-debt is increasing faster than inflation. 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. Financial planning has extensively considered as a key factor in 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 concern about the adequacy of their savings. Concern about the financial planning for retirement of households found that Thai people have only a 44 percent value at the start of the financial plan regarding the matter of a pension. (BOT, 2015). 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.

However, financial planning is an ongoing process to help the individual makes sensible decisions about money that can help them achieve their goals in life. It might involve putting appropriate wills in place to protect their family, thinking about how their family will manage without income should they fall ill or die prematurely, spending money differently, but it involves thinking about all of these things together and helps the individual determine their short and long-term financial goals and create a balanced plan to meet those goals. In a matter of financial concept that includes things like budgeting, earning and spending money, retirement planning, saving, investing, insurance, and getting out of debt. The people need to be



financial planners so that they will be secure in the matter of their financial well-being -- thus giving them peace of mind and helping them reach financial planning success.

For this study, the financial planning concerns the four factors: money earned, money spent, savings, and investing of money, based on the basic financial planning and financial literacy. Therefore, this research will investigate personal factors as it affects the financial planning of Thai people: a case of study in Bangkok Metropolitan Region in order that the financial institutions and government will have the means for financial planning and management, encouraging effective financial planning and providing guidance in selecting the means to promote sensible procedures.

## 2. Objectives

The purposes of this study are as follows:

1. To study the personal factors which affect the financial planning of Thai people.
2. To study the personal factors which have an influence on the financial planning of Thai people.

## 3. Materials and Methods

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

### 3.1 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 T-test, F-test which were applied to analyze the data.

### 3.2 Research Procedure

#### 1) Population and Samples

The samples of this study have selected among the Thai people who live in the Bangkok Metropolitan Region: Bangkok, Nakorn Prathom, Nonthaburi, Pathumthani, and Samutprakarn Province. However, because of unknown data, the researcher had calculated from the unknown sample size using the Cochran (1996) 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  $Z = 1.96$

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

$$n = 385 \text{ samples}$$

For convenience, the 400 samples were selected among the population. 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, and income. This part is a closed-end question in multiple choices.

The second part concerns the financial planning: money earned, money spent, savings, and investing of money. This part is the 5 rating scale questions, which the answerers have opinions about. The analysis of answer received for rating scale questions is quick and less time-consuming.

#### 3) Measurement

The criteria of measurement in a rating scale are 5 levels of opinion in the second part - the financial planning, which is presented into 5 intervals, and the interval scale is 0.8.

**Table 1** Criteria of Rating Scale in Five Levels

Mean	Opinion Level
4.21 - 5.00	very important
3.41 - 4.20	important
2.61 - 3.40	moderate important
1.81 - 2.60	less important
1.00 - 1.80	very less important

4) Testing

For testing the qualified questionnaire, it is conducted into the 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 to determine which types of tests to use and help to ensure that methods used are not only ethical but also truly measure the idea or construction in the question.

- Reliability is the extent to which a measurement gives consistent results. The researcher conducted the questionnaire by pre-testing 25 samples who were not the same sample group and then computer programming the method of Cronbach's Coefficient Alpha in the second part of the questionnaire (Cronbach, 1951 & 1970), the result is shown below.

**Table 2** Cronbach's Alpha of Questions

Questions	Cronbach's Alpha
Money earned	0.821
Money spent	0.852
Savings	0.704
Investing of money	0.845

*N of cases = 25*

The result exceeds 0.07 ( $\alpha \geq 0.9$  Excellent -High-Stakes testing) showing that the research instrument has more reliability and describes the overall consistency of a measure.

5) Data Collecting

The researcher distributed the questionnaire to 400 people who live in Bangkok and Region Province. The samples have good cooperation in responding to the questionnaire. Therefore, the data collection number of this study are 400 selected people, which are 100% of the total samples.

6) Data Analysis

The collected data were analyzed to describe the personal factors affecting the financial planning of people in Bangkok Metropolitan Region. The descriptive statistics are frequency and percentage, and the inferential statistics are the T-test and F-test which were applied to analyze the data.

## 4. Results and Discussion

### 4.1 Result

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

1) The general background of personal factors

The samples which responded to the questionnaire shared the following characteristics: There were females, age between 29-39 years old, single status, having the bachelor's degree of education; most of them are employees in private companies which have a lower or equal income of 20,000 baht and expenditures of 25,001-39,000 baht.

2) The financial planning

the result of the financial planning of Thai people found that:

- *Money earned* - the samples rated at a medium level (mean =3.2800, S.D.72354) and the very important was the people should set the goal to earn more money (mean =3.7550, S.D.86420).

- *Money spent* - the samples rated high level (mean =3.6475, S.D.66660) and the very important was the people should have the priority of spending limits (mean =3.8700, S.D.84947).



- *Savings* - the samples rated medium level (mean =3.3395, S.D.75662) and the very important was the people save the money by splitting the saving before spending money (mean =3.35800, S.D.1.04226).

- *Investing of money* - the samples rated medium level (mean =3.33140, S.D.86861) and the very important was the people have the risk assessment and choose the most suitable investment (mean =3.5075, S.D.96814)

### 3) Hypothesis testing.

Hypothesis: The difference in personal factors have significance in financial planning.

**Table 3** Conclusion of Hypothesis

Personal factors	Financial Planning			
	Money earned	Money spent	Savings	Investing of money
Gender	X (.275)	X (.836)	X (.120)	X (.527)
Age	X (.648)	X (.374)	X (.783)	√ (.035*)
Status	X (.078)	X (.437)	X (.271)	X (.244)
Education	X (.451)	√ (.042*)	X (.832)	X (.444)
Occupation	√ (.000*)	√ (.038*)	√ (.002*)	√ (.000*)
Income	√ (.000*)	X (.112)	X (.171)	X (.099)

**Notice:** √ significance

X no significance

From the hypothesis testing, the inferential statistics showed that

- The difference in personal factors with gender has no significance in financial planning at the 0.05 level of significance.

- The difference in personal factors with age has no significance in financial planning except investing of money at the 0.05 level of significance.

- The difference in personal factors with status has no significance in financial at the 0.05 level of significance.

- The difference in personal factors with education has no significance in financial planning except spending money at the 0.05 level of significance.

- The difference in personal factors with occupation has significance in financial planning at the 0.05 level of significance.

- The difference in personal factors with income has no significance in financial planning except money earned at the 0.05 level of significance.

## 4.2. Discussion

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

(1) The study of financial planning with saving of Thai people found that most of the people have savings account in Bank and deposit money with regularly, 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, the National Statistic Office, Ministry of Information and Communication Technology (2002) indicated that most of the people like to save the money 75.30% with the financial institution because of convenience and safety of the saver. The report also informs that 25.20% of household people save money for the reason of getting sick and old.

(2) In the result of financial planning with investing of Thai people, it was concluded that people have the risk assessment and choose the most suitable investment; this result is consistent with Adair et.al (1994) research on the topic "Investment Decision Making: A Behavioral Perspective". They found that the principles of advance investment in the UK. related to the benefits of the long-term gain and the low level of long-term risk, but the percentage of the financial institutions was low. The investment can utilize all of the capital with maximizing capital gain and income flows.

This result is also similar to Stock Exchange of Thailand (2016) which suggested that the investors know their investment selves when they put the money into the capital market, and they will put the



portfolio among different asset allocation and determine the investment returns. Investors use the risk-return tradeoff as one of the essential components of each investment decision, as well as to assess their portfolios as a whole. At the portfolio level, the risk-return tradeoff can include assessments of the concentration or the diversity of holdings and whether the mix presents too much risk or a lower-than-desired potential for returns.

(3) The result of hypothesis showed that personal factors with occupation have a significance in financial planning in every dimension. This result is similar to Sudjai Nampud and et.al. (2014) which conclude that the factor of financial planning comes from occupation or career in which people have the capacity to save money in different ways such as deposit money in Bank, invest in stock, bond, mutual fund, and so on. This was because of the level of career, the effect to level of work, income, and purchasing power. Therefore, the higher level of career, the higher financial planning.

## 5. Conclusion

The purpose of this study was to investigate the personal factors which affect and influence the financial planning of selected Thai people. The instrument used for the data collection was a questionnaire composed of two parts, namely personal background and the financial planning. The findings revealed that the samples which responded to the questionnaire shared the following characteristics: They were female whose ages ranged from 29 - 39 years old, single, having a bachelor's degree in education, and most of them are employees in private companies which have an income of 25,001– 30,000 baht. From the study, the result of the financial planning found that the levels of opinion are the money earned, savings and investing of money. The samples were rated at a medium level while the money spent is at a high level.

Therefore, according to this study, there are some interesting and useful ideas for evaluating the financial planning for the administrative and Financial institutions, as follow:

(1) There are opinions about financial planning in the matter of the earning money at the lowest level is - the people will loan the money if they do not have enough money. Therefore the financial institutions or agency involved should give knowledge about fundamental of financial literacy, they should suggest the people aware the necessity of financial planning and saving in order that if the people can make the proper financial planning in the long run, they will not consider the loaning money again. In addition, the financial institutions should seek the source of fund where the interests are cheap so that the people can borrow in the reasonable interest and long pay off debt.

Government and the relevant agencies should have the incentive measures and convince the people to see the 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.
- Creating 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.

(2) From the hypothesis testing concluded that personal factors with occupation have an effect on financial planning. Therefore, the relevant agencies should promote the financial literacy and financial planning by concentrating the career of people who have low-income to increase the knowledge of the essential finance, adjusting the financial behavior to make the income-expense account, comparing the information before buying decision, and not borrowing when having insufficient income. Because those behaviors will occur within the group of people who have illiteracy and low-income occupation.

For further study, the researcher should use another method such as depth interview or use other variables for the study so that he/she will acknowledge the real problems and make the study more complete.

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