BANK OF THAILAND

Financial Access Survey of Thai Household 2020

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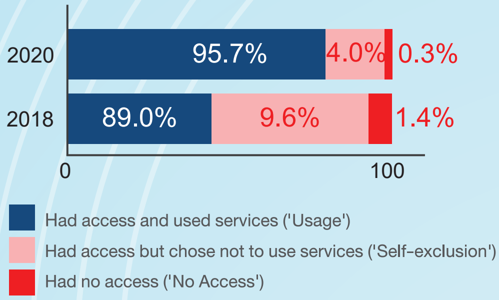
2020 FINANCIAL ACCESS of Thai Households

Access levels and usage of basic financial services



Over 99% of Thai households had access to basic financial services. No-access households were those with insufficient income and those who were unfamiliar with financial products.

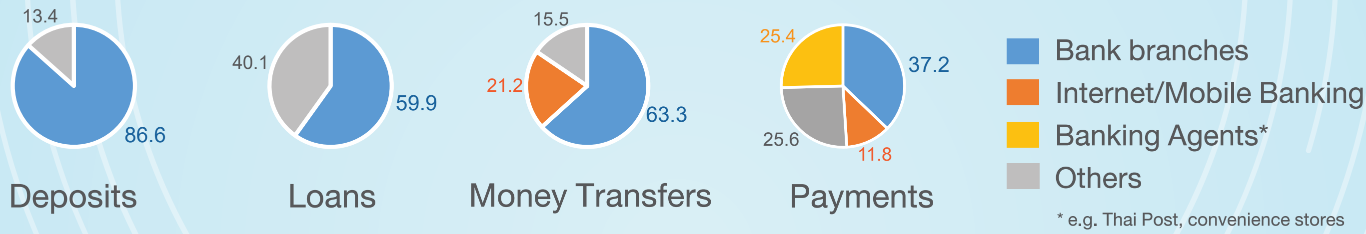
Deposits	88.4%
Loans*	45.5%
Money transfers	52.6%
Payments	80.4%

* excluding credit cards

Note: 11,889 households were surveyed In Q4 2020.

The survey is conducted biennially by the BOT and NSO.

Service channels



* e.g. Thai Post, convenience stores

Household debt & Informal debt

Household debt

Age group with high household debt

36-60

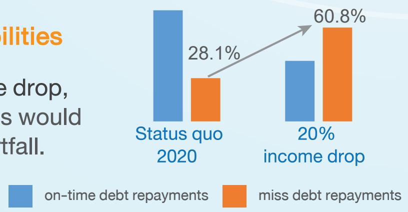
Occupations with high household debt

Agriculture

Civil servants

Financial vulnerabilities

Given a 20% income drop, 60.8% of households would face an income shortfall.



Informal debt

Age group with high informal debt

over 36

Occupations with high informal debt

Service

Trade

Civil servants

Acquired informal debt for consumption and business operations, owing to its quick processes and lack of collateral requirements

Behaviors of households with informal debt

- 12.0% of households with informal debt did not save before spending.
- 3.0% of households with insufficient income attempted to overcome their income shortfall using informal debt.

e-Payment

Age group with high e-Payment usage

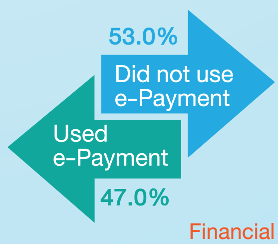
25-35

Occupations with high e-Payment usage

Service

Civil servants

Used e-Payment due to its ease, convenience, speed, and low fees



Did not use e-Payment due to being content with using cash, finding it unnecessary, and security concerns

Financial Access Survey of Thai Households 2020 (Full report)

Executive Summary

The Bank of Thailand (BOT), in collaboration with the National Statistical Office (NSO), has been conducting a biennial survey on households' financial access with the objective of assessing and monitoring the level of financial access, which serves as valuable inputs for the formulation of relevant financial inclusion policies. This 2020[1] Financial Access Survey covered 11,889 households from all regions across Thailand, with each respondent being either the head of the household or a household representative aged 15 years or older, and measured the level of access to 11 key financial services: (1) deposits/savings; (2) loans (excluding credit cards); (3) money transfers; (4) payments; (5) credit cards; (6) life insurance; (7) non-life insurance; (8) mutual funds; (9) government and central bank debt securities; (10) private securities; and (11) rotating savings groups.

According to the survey findings, Thai households had better access[2] to financial services in 2020, with the overall access level increasing to 99.7%, up from 98.7% in 2018. Likewise, the share of households that used financial services climbed to 96.1%, up from 89.8% in 2018. Considering only the households that used financial services, commercial banks and Specialized Financial Institutions (SFIs) remained as the main financial services providers. The share of households that could not access financial services fell to 0.3%, down from 1.3% in 2018. Among these no-access households, households with no income (such as students, the elderly, housewives, the unemployed) and households aged 15-22 years had the highest no-access rates. Looking across areas and regions, it was found that households residing in urban and non-urban areas had comparable access levels, indicating that financial service access channels were adequately distributed. The number of no-access households have declined in all regions, with the Southern region having the highest no-access rate. No access disparity between men and women (Gender Gap) was observed, given their similar levels of access to financial services.

Households ranked payments, deposits/savings, money transfers, and loans (excluding credit cards) as the most accessible and used financial services. Specifically, <u>deposits/savings services</u> had an access rate of 97.2%, up from 96.9% in 2018, while its usage rate also rose to 88.4%, up from 80.0% in 2018, with commercial banks and SFIs serving as the main service providers. On the contrary, the number of households that opted not to use, or had no access to deposits/savings services have declined. <u>Loan services (excluding credit cards)</u> had an access rate of 95.0%, a level close to that in 2018 (95.8%), although its usage rate climbed to 45.5%, up from 35.8% in 2018. An increase in the usage of loan services provided by formal sector financial institutions was seen, with SFIs as the main service provider. Meanwhile, usage of informal debt was at 1.7%,

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[1] The survey was conducted in the fourth quarter of 2020

[2] 'Access' refers to households who used at least one financial service ('Usage'), and those who have access to a financial service but choose not to use any financial service ('Self-exclusion').

a similar level to that in 2018 (1.6%). As for money transfer services, households had an access rate of 97.2%, which was similar to the rate in 2018 (97.8%). The usage rate grew to 52.6%, up from 44.5% in 2018, together with a higher share of formal sector services used. Payment services had an access rate of 99.2%, close to that in 2018 (99.3%), while the usage rate substantially increased to 80.4%, up from 67.9% in 2018, with commercial banks and banking agents (e.g. Thai Post and convenience stores) serving as the main service providers. Nonetheless, some households still opted to pay utility bills (e.g. electricity, water, and telephone) directly to their utility service providers instead of through financial service providers.

Regarding service access channels, it was found that commercial banks and SFIs remained as the main providers of basic financial services (i.e. deposits/savings, loans (excluding credit cards), money transfers, and payments). However, the share of households that used deposits/savings, money transfer, and payment services of commercial banks and SFIs have dropped, whereas usage through digital channels (mobile applications and internet banking) have increased, mostly owing to the rising usage among those aged between 15-35 years, and those residing in Bangkok.

In terms of service quality, it was found that households that used financial services encountered more problems with the services of their main financial service providers[3] in 2020 than in 2018. These problems mainly entailed dissatisfaction with the financial institutions' service quality (e.g. long waiting times, cross-selling of products, and impolite staff), long travel distances or sparse branch locations, and high fees. Meanwhile, households that did not have access to, or chose not to use, services from the main financial service providers cited reasons being their weak financial position or insufficient income, lack of understanding of the services, and high fees.

On the behavioral aspect of indebted households, it was found that households started incurring debt from the age of 15, with the majority being between the ages of 36 and 60, and that they remain indebted even after retirement. The majority of them were those who worked in agriculture and 'other' occupations (such as civil servants), at 67.2% and 71.5%, respectively. As for households with income-expenditure shortfalls, the majority were in the real estate and agriculture sectors, while those in the trade sector had the largest increase compared to 2018. In the event of a negative income shock, households would increasingly face liquidity difficulties and become more likely to fall behind on debt repayments. Looking at informal debt, it was observed that more households have incurred informal debt, likely due to a lack of savings, as well as an income-expenditure shortfall. Hence, households that could not access financial services have attempted to overcome

[3] Commercial banks and SFIs are the main service providers for deposits, loans (excluding credit cards), and money transfers, while commercial banks and banking agents (e.g. Thai Post and convenience stores) are the main service providers for payments.

these difficulties through using informal debt, owing to its simplicity, convenience, speed, and lack of collateral requirements.

Furthermore, households' usage of e-Payments have increased, most likely as a result of their participation in various government initiatives, such as the co-payment scheme ("Half-half") and the cash handout scheme ("No One Left Behind"). Most households opted to use e-Payment to pay for goods and services, pay utility bills, and transfer money to known persons, because of its ease of use, convenience, and speed. Conversely, other households chose not to use e-Payment as they are content with using cash, did not find e-Payment necessary, and for security concerns.

1. Introduction

1.1 Rationale and objective

The Bank of Thailand (BOT) recognizes the importance of access to financial services, and therefore designated the promotion of financial access for various population segments as one of the key policies in the Financial Sector Master Plan (FSMP) Phase I (2004-2008), Phase II (2010-2014), and Phase III (2016-2020). To that end, the BOT has continued to conduct a biennial Household Financial Access Survey, where its findings have been used to monitor the level of access to financial services, and in the formulation of relevant policies.

The fieldwork for this survey was completed in the fourth quarter of 2020, marking this as the seventh[4] Household Financial Access Survey. It was undertaken by the BOT, in collaboration with the National Statistical Office (NSO) to assess the level of access to 11 financial services. The study covers both formal and informal sector service providers, with the aim of assessing the level of access to financial services, service access channels, as well as barriers to accessing and using financial services.

1.2 Scope of survey

A total of 11,889 households were surveyed from all regions across Thailand, with each respondent being either the head of the household or a household representative aged 15 years and older. Respondents were interviewed on their need for, and usage of, financial services. The questionnaire comprised 2 parts: (1) the level of access to 11 financial services and (2) an in-depth survey focusing on 4 basic financial services. Details are as follows:

Part 1: Level of access to 11 financial services:

(1) Deposits/savings
(2) Loans (excluding credit cards)
(3) Money transfers
(4) Payments
(5) Credit cards
(6) Life insurance
(7) Non-life insurance
(8) Mutual funds
(9) Government and central bank debt securities
(10) Private securities
(11) Rotating savings groups

Part 2: An in-depth survey focusing on 4 basic financial services: (1) deposits/savings; (2) loans (excluding credit cards); (3) money transfers; and (4) payments, which examines the level of access to the basic financial services, problems and barriers in

[4] The first survey was conducted in 2003 as a joint project between the BOT and CSN and Associate Co, Ltd. It was launched under the name "Study on the need for financial services", with a sample size of 4,800 households.
The second survey was conducted in 2006 by the BOT and the NSO with a sample size of 11,162 households.
The third survey was conducted in 2010 by the BOT and the NSO with a sample size of 11,202 households.
The fourth survey was conducted in 2013 by the BOT and the NSO with a sample size of 10,613 households.
The fifth survey was conducted in 2016 by the BOT and the NSO with a sample size of 10,866 households.
The sixth survey was conducted in 2018 by the BOT and the NSO with a sample size of 11,121 households

accessing and using such services, financial vulnerabilities linked to household debt and informal debt, as well as behaviors in using e-Payments.

Adopting the World Bank's definitions, the BOT classifies **financial service providers** into 3 groups according to their legal status and the level of supervision[5] to which they are subjected, as follows.

(1) "Formal sector service providers" refers to financial institutions with clear legal status, who have obtained licenses granted under their applicable laws, or were established under specific law. They are supervised or examined by the Ministry of Finance (MOF) or their respective financial regulators (i.e. the BOT, the Securities and Exchange Commission (SEC), and the Office of Insurance Commission (OIC)), with supervisory regulations generally covering business operations, prudential measures, and/or consumer protection. Such formal sector service providers comprise:

- Deposit-taking service and other financial service providers, namely, Thai commercial banks, foreign commercial banks, Specialized Financial Institutions (SFIs), finance companies, and credit foncier companies.
- Loan service providers, namely, credit card companies, supervised personal loan (P-loan) service providers, supervised Nano-finance service providers, and online loan service providers (such as peer-to-peer (P2P) lending service providers)
- Payment service providers, namely, banking agents (such as Thai Post and convenience stores) and e-Money operators.
- Investment and insurance service providers, namely, securities companies, mutual fund management companies, and insurance companies.

(2) "Semi-formal sector service providers" refers to entities whose legal status are granted under specific laws, and are supervised or examined by government agencies (other than the regulators of the formal sector service providers); namely, hire purchase companies, leasing companies, savings cooperatives, cooperative federations, credit unions, People's Financial Institutions, and village/community funds.

(3) "Informal sector service providers" refers to service providers that are either natural or juristic persons who have no legal status under any specific law, and are not supervised by any government agency; namely, savings groups, community-based financial organizations, family members, private loan providers, other money lenders outside the household, and others (e.g. company benefits).

The BOT classifies **financial service users** into 3 groups: **(1) user of formal sector service providers**, **(2) user of semi-formal service sector providers** and **(3) user of informal sector service providers.** To avoid duplicative counting, a household's usage of financial services is counted based on the highest tier of financial services used. For example, if a respondent uses services from both a commercial bank (formal sector service provider) and a

[5] Source: Microfinance Handbook: An Institutional and Financial Perspective, and an academic article from a seminar on wealth and Thai household debt: Risk management and access to financial services, 2007.

savings cooperative (semi-formal sector service provider), the respondent will be counted only as a user of a commercial bank, which is a formal sector service provider.

2. Data Sources and Methodology

2.1 Data collection and sampling

The sample size totaled 11,889 households and can be classified by the following aspects.

(1) Gender

- Female: 5,002 respondents
- Male: 6,887 respondents

(2) Area of residence:

- Municipal areas (“urban” in this report): 5,183 respondents
- Non-municipal areas (“non-urban” in this report): 6,706 respondents

(3) Occupation, by the following 7 sectors

- Agriculture: 3,527 respondents
- Manufacturing: 967 respondents
- Real estate: 541 respondents
- Service: 1,832 respondents
- Trade: 1,341 respondents
- Other (e.g. civil servants, international organizations, domestic workers): 600 respondents
- No income (e.g. students, elderly, housewives, unemployed): 3,108 respondents

(4) Age, by the following 5 age groups:

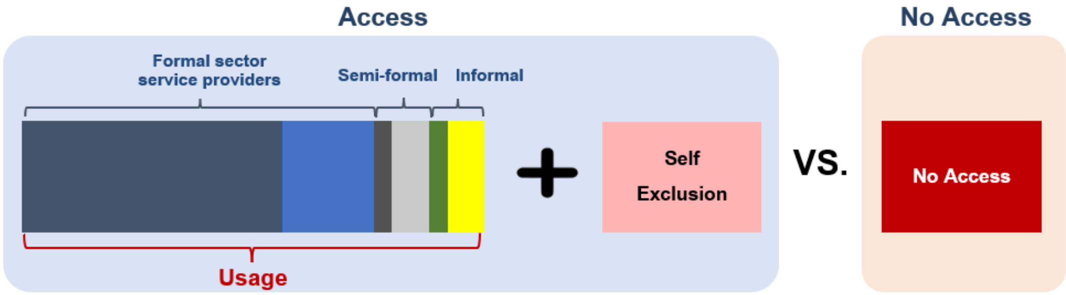
- 15-22 years: 176 respondents
- 23-35 years: 1,019 respondents
- 36-50 years: 3,000 respondents
- 51-60 years: 3,069 respondents
- 60 years and older: 4,625 respondents

(5) Region: Covered all 5 regions[6] of Thailand, using the NSO’s sampling method:

- Bangkok: 671 respondents
- Central region: 3,435 respondents
- Northern region: 3,155 respondents
- Northeastern region: 1,828 respondents
- Southern region: 2,800 respondents

[6] According to the Department of Provincial Administration (Ministry of Interior), the 4 regions of Thailand are the Central, Northern, Northeastern, and Southern regions. For statistical purposes, Bangkok is segregated from the Central region as it is the most populous city in Thailand.

2.2 Definition of financial access



Source: Finance for all? Policies and Pitfalls in Expanding Access, World Bank (2008)

(1) Access refers to households who use at least one financial service (Usage), and those who have access to a financial service but choose not to use any financial service (Self Exclusion).[7]

(2) No access refers to households who have demand for a financial service but are not able to use any financial service.

2.3 Data processing methods

This study analyzes the survey findings with descriptive statistics using the Tableau program. The first part of the analysis provides an overview of access to financial services, and the second part assesses the level of access to the 4 basic financial services: (1) deposits/savings (2) loans (excluding credit cards) (3) money transfers and (4) payments, and examines the problems and barriers to accessing and using financial services from the first two main financial service providers, service access channels, financial vulnerabilities linked to household debt and informal debt, as well as behaviors in using e-Payments.

[7] Those who choose not to, or do not wish to use financial services. For example, avoiding taking loans to avoid incurring debt.

3. Findings and analysis

3.1 Overview of financial access

According to the responses from 11,889 respondents regarding the need for, and usage of the 11 financial services, households had an overall level of access to financial services of 99.7%, up from 98.7% in 2018. These households comprise: (1) '**Usage**' households, who used at least one financial service (96.1%, up from 89.8% in 2018); (2) '**Self-exclusion**' households, who had access to financial services but chose not to use any financial service (3.6%, down from 8.9% in 2018); and the '**No access**' households, who had demand for financial services but could not access any financial service (0.3%, down from 1.3% in 2018).

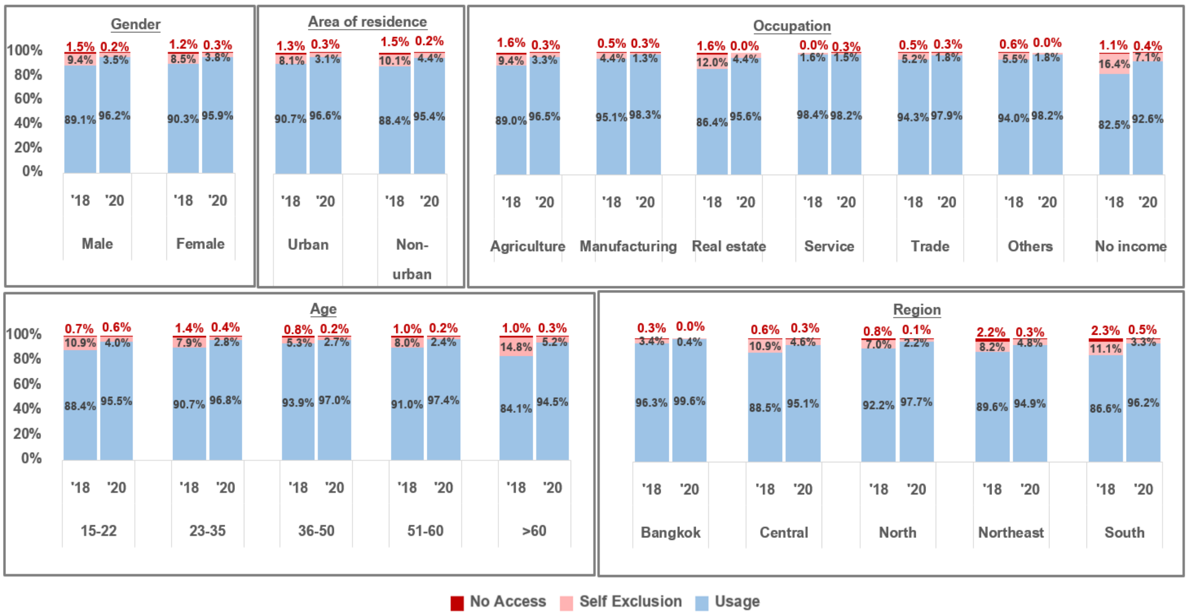
Commercial banks and SFIs remained the main service providers among the households that used financial services, with 61.5% using services of Thai and foreign commercial banks (up from 57.4% in 2018) and 27.2% using services of SFIs (up from 23.1% in 2018), and 3.8% using services of other financial institutions (down from 4.9% percent in 2018). (Figure 1)

Figure 1: Overview of financial access (11 financial services)

Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively

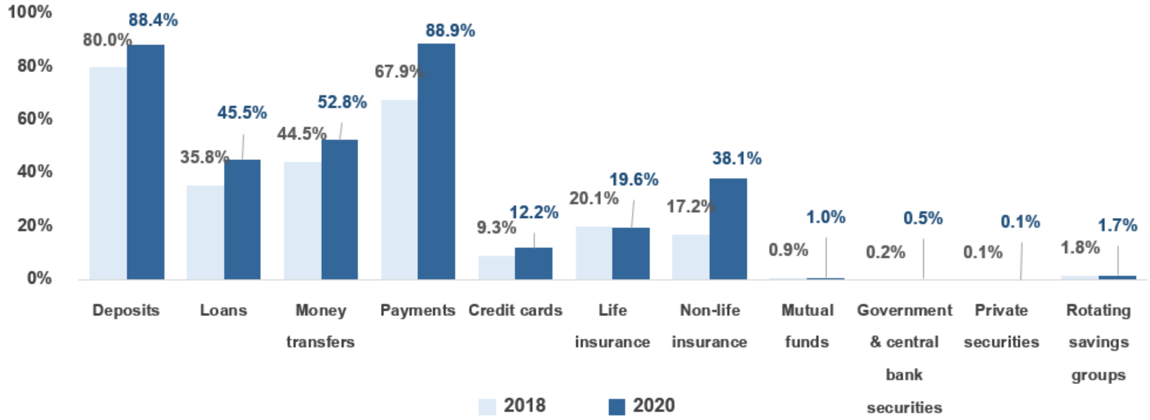
The number of no-access households declined in all dimensions (i.e. gender, area of residence, occupation, age, and region), with no-income households and households aged 15-22 years having the highest no-access rates. In terms of areas and regions, households in urban and non-urban areas had similar access rates, while the number of no-access households declined in all regions compared to 2018. Households in the Southern region had the highest no-access rate, at 0.5%. Looking at access levels across genders, men and women had similar access rates of 0.2% and 0.3%, respectively. (Figure 2)

Figure 2: Access to 11 financial services, by gender, area of residence, occupation, age, and region



The 4 financial services most used by households were (1) payments (88.9%), (2) deposits/savings (88.4%), (3) money transfers (52.8%), and (4) loans (excluding credit cards) (45.5%). Most other services saw a rise in usage rates, particularly non-life insurance and credit cards. (Figure 3)

Figure 3: Usage of financial service, in percentage share



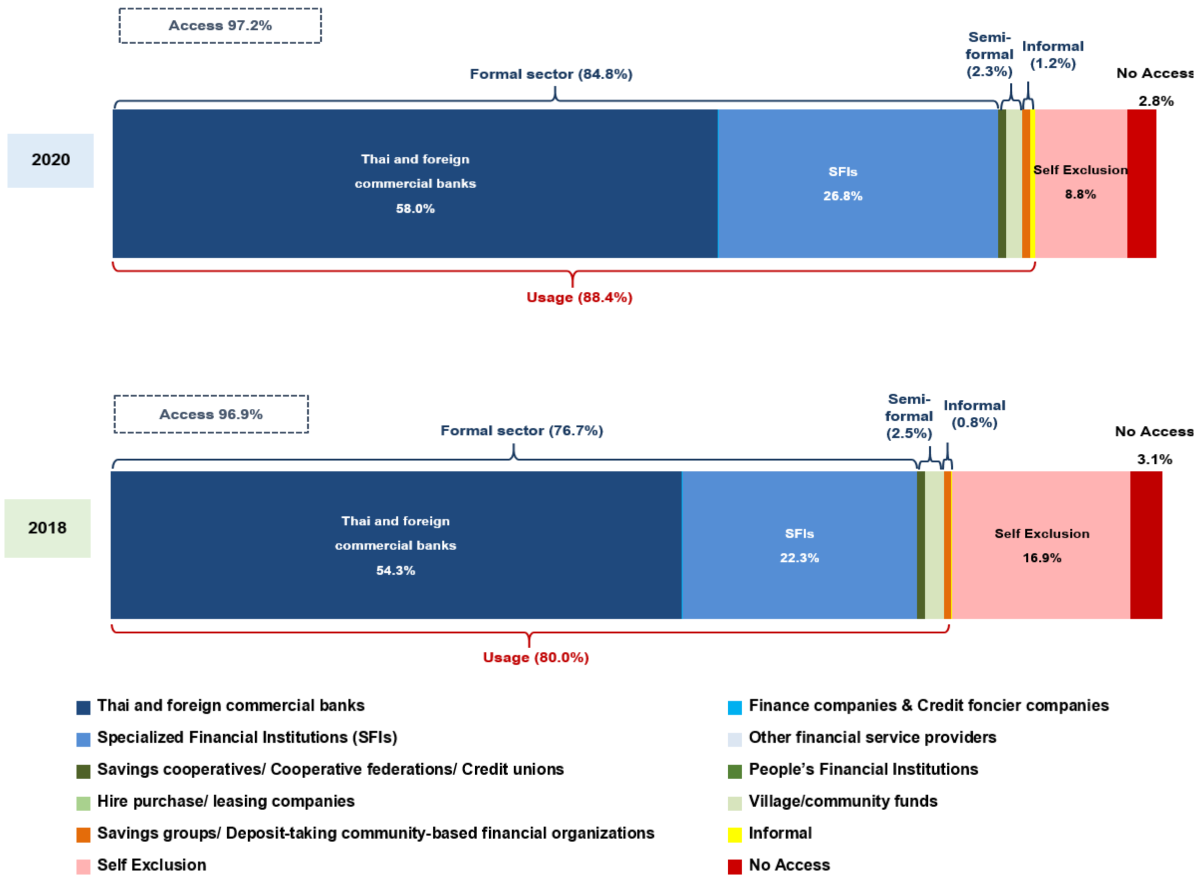
3.2 Access to 4 basic financial services

3.2.1 Deposits/savings service

Deposits/savings service: level of access

In 2020, 97.2% of households had access to deposits/savings service, up from 96.9% in 2018. The usage rate also rose to 88.4%, up from 80.0% in 2018. There was an increase in the usage of deposits/savings services provided by formal-sector service providers, reaching 84.8%, with the main service providers being commercial banks (58.0%) and SFIs (26.8%). On the other hand, the share of voluntarily self-excluded households and no-access households declined to 8.8% and 2.8%, respectively. (Figure 4)

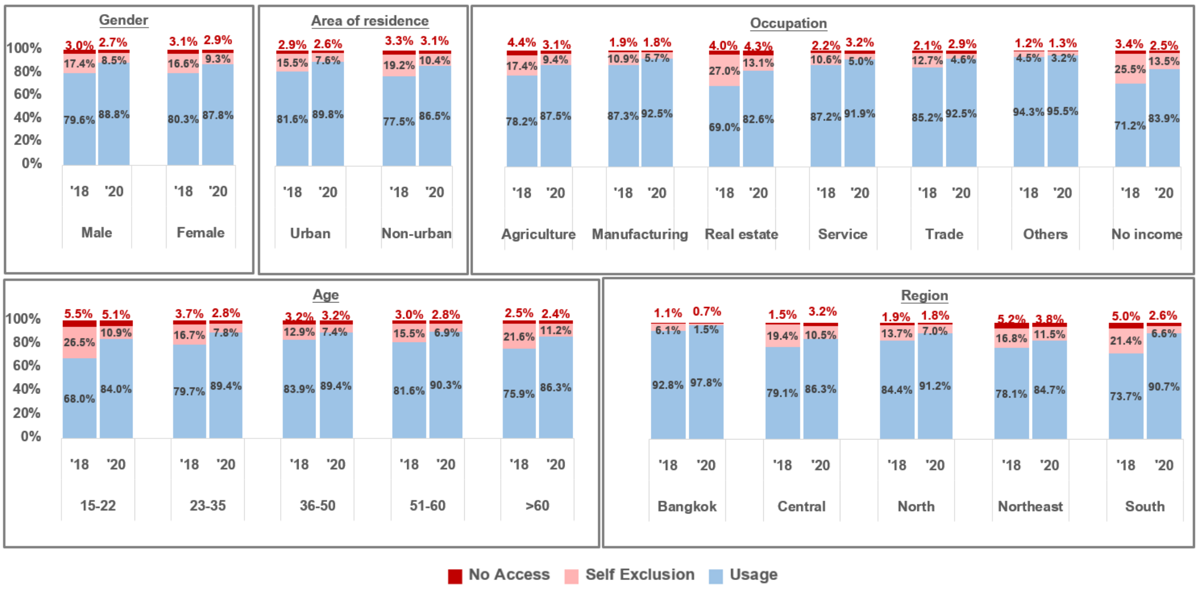
Figure 4: Access to deposits/savings service



Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively.

Households with no access to deposits/savings services were mostly households employed in the real estate sector, households aged 15-22 years, and households in the Northeastern region. Meanwhile, households residing in urban and non-urban areas had similar access rates; likewise, men and women also had similar no-access rates of 2.7% and 2.9%, respectively. (Figure 5)

Figure 5: Access to deposits/savings service by gender, area of residence, occupation, age, and region



Deposits/savings service: challenges in usage[8]

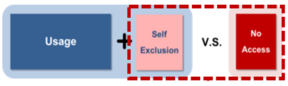
Out of all surveyed households who used deposits/savings service, 7.1% encountered problems, up from 3.8% in 2018. Most of the issues faced by commercial bank users entailed poor service quality e.g. long waiting times, product cross-selling, and impolite staff (51.5%), long travel distances or sparse branch locations (25.3%), and insufficient information provided by staff (8.4%). As for SFIs' services, the main problems were poor service quality (57.8%), long travel distances or sparse branch locations (23.8%), and complicated conditions and processes (6.5%).

Deposits/savings service: access barriers and reasons for self-exclusion

Responses from both voluntarily self-excluded households and households that did not have access to commercial banks and SFIs' deposits/savings services revealed that the most common reason for their inability to access the service was a weak financial position or insufficient income, whereas the most common reason for voluntarily self-excluded households was a weak financial position or insufficient income, as well as a lack of need for the service. (Figure 6)

[8] The analysis focuses on problems of services provided by the first two main service providers. For deposits/savings service, the main service providers were commercial banks and SFIs.

Figure 6: Access barriers to deposits/savings services and reasons for self-exclusion



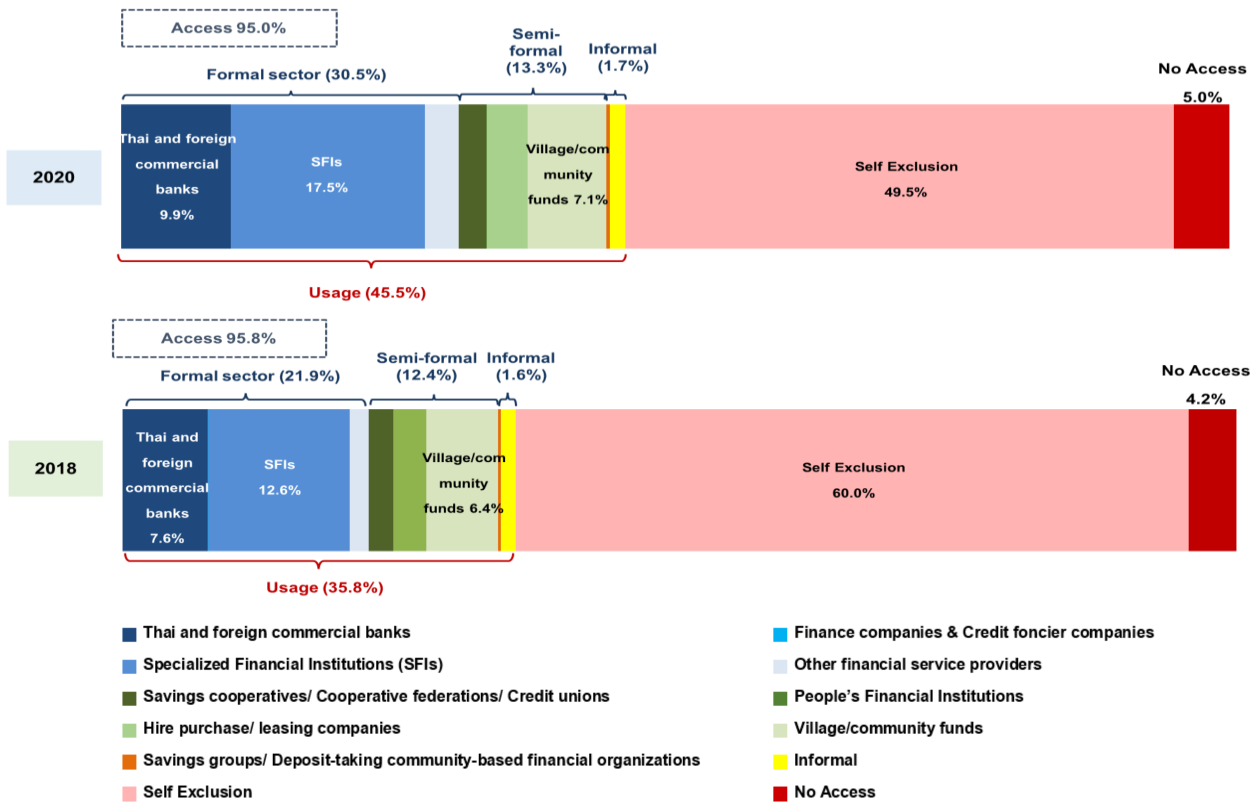
	Reasons for not using commercial banks' services		Reasons for not using SFIs' services	
No Access	1. Weak financial position/ insufficient income	84.2%	1. Weak financial position/ insufficient income	81.2%
	2. Lack awareness/understanding	4.9%	2. Lack awareness/understanding	4.1%
	3. Long travel distance/time	2.6%	3. Apprehension/fear of being rejected	3.5%
Self Exclusion	1. Weak financial position/ insufficient income	42.3%	1. Service unnecessary	43.1%
	2. Service unnecessary	40.6%	2. Weak financial position/ insufficient income	37.6%
	3. Lack awareness/understanding	8.8%	3. Lack awareness/understanding	10.5%

3.2.2 Loan service (excluding credit cards)

Loan service (excluding credit cards): level of access

95.0% of households had access to loan service (excluding credit cards), a similar level to that in 2018 (95.8%). However, the usage rate significantly increased to 45.5% (up from 35.8% in 2018), particularly usage of services provided formal-sector financial institutions, which increased to 30.5%, with SFIs serving as the main service provider. Usage of informal sector loans was at 1.7%, close to the level in 2018 (1.6%). (Figure 7)

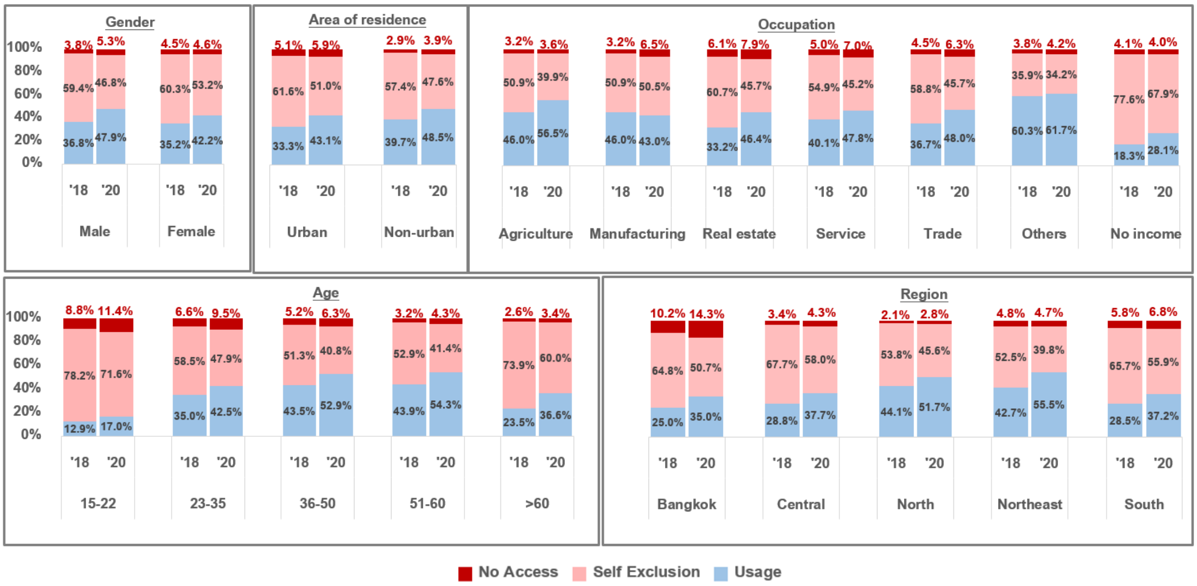
Figure 7: Access to loan service (excluding credit cards)



Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively.

Overall, 5.0% of households had no access to loan service (excluding credit cards), a slight increase from 4.2% in 2018. Among these no-access households, those residing in urban areas, employed in the real estate sector, and households in Bangkok faced more access barriers compared to other groups. No substantial gender disparity in accessing loan service was observed, with men and women having no-access rates of 5.3% and 4.6%, respectively. (Figure 8)

Figure 8: Access to loan service (excluding credit cards) by gender, area of residence, occupation, age, and region



Loan service (excluding credit cards): challenges in usage[9]

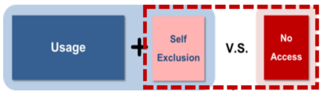
6.1% out of all households who used loan service encountered problems, up from 3.7% in 2018. However, when considering only the households that used commercial banks and SFIs' loan services, it was found that most problems were due to unsatisfactory service quality: long waiting times, product cross-selling, and impolite staff (28.8% for commercial banks and 38.0% for SFIs); long travel distances or sparse branch locations (25.8% for commercial banks and 30.1% for SFIs); and complicated conditions and processes (18.2% for commercial banks and 21.7% for SFIs).

[9] The analysis focuses on problems of services provided by the first two main service providers. For loan service, the main service providers were commercial banks and SFIs.

Loan service (excluding credit cards): access barriers and reasons for self-exclusion

For no-access households, the main barriers to accessing commercial bank loan services were their weak financial position or insufficient income, and fear of being rejected. As for households that could not access loans from SFIs, the main barriers were their weak financial position or insufficient income, complicated conditions or processes, and fear of being rejected. On the other hand, the most prevalent reasons for voluntary self-exclusion were a lack of need for the service, weak financial position or insufficient income, and lack of understanding of the product. (Figure 9)

Figure 9: Access barriers to loan services (excluding credit cards) and reasons for self-exclusion



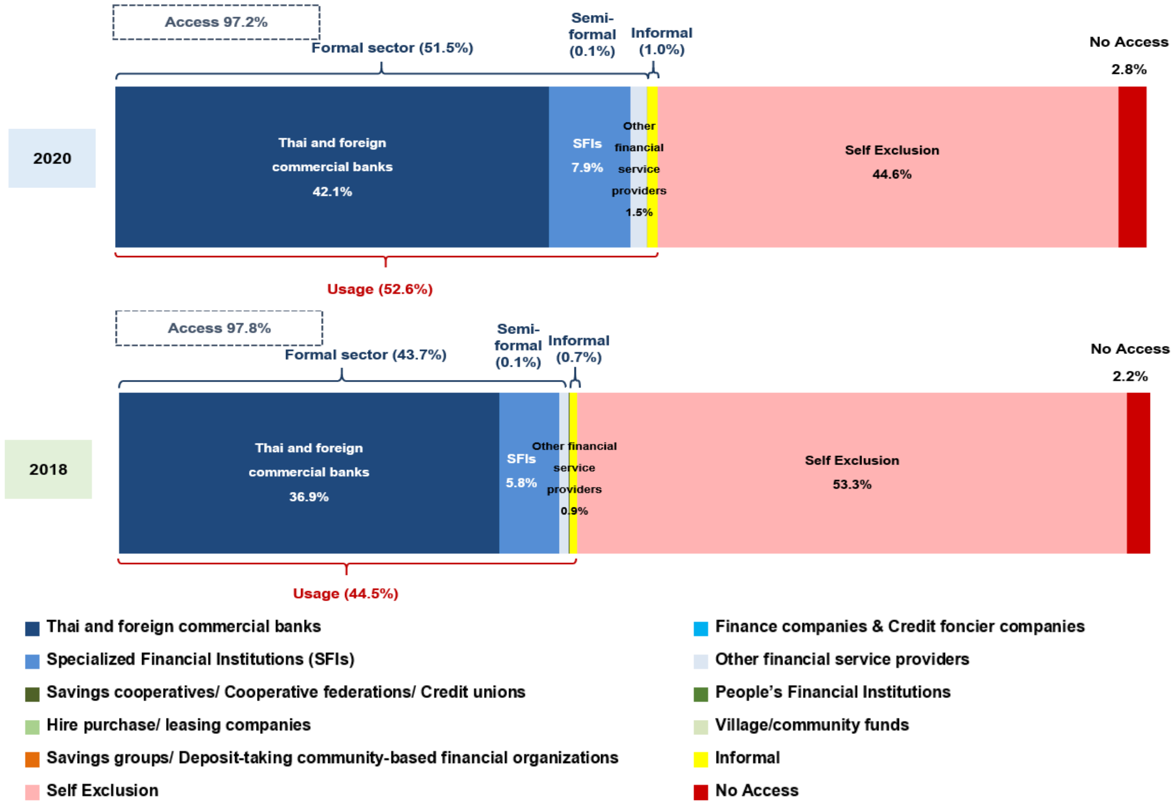
	Reasons for not using commercial banks' services		Reasons for not using SFIs' services	
No Access	1. Weak financial position/ insufficient income	35.6%	1. Weak financial position/ insufficient income	35.9%
	2. Lack awareness/ understanding	18.6%	2. Complicated conditions/ processes	17.5%
	3. Apprehension/ fear of being rejected	13.5%	3. Apprehension/ fear of being rejected	14.9%
Self Exclusion	1. Service unnecessary	64.5%	1. Service unnecessary	64.4%
	2. Weak financial position/ insufficient income	12.4%	2. Weak financial position/ insufficient income	12.2%
	3. Lack awareness/understanding	9.7%	3. Lack awareness/ understanding	9.6%

3.2.3 Money transfer service

Money transfer service: level of access

97.2% of households were able to access money transfer service, similar to the access level in 2018 (97.8%). However, the usage rate climbed to 52.6%, up from 44.5% in 2018, with more formal-sector service providers contributing to such growth, where commercial banks served as the main service provider. (Figure 10)

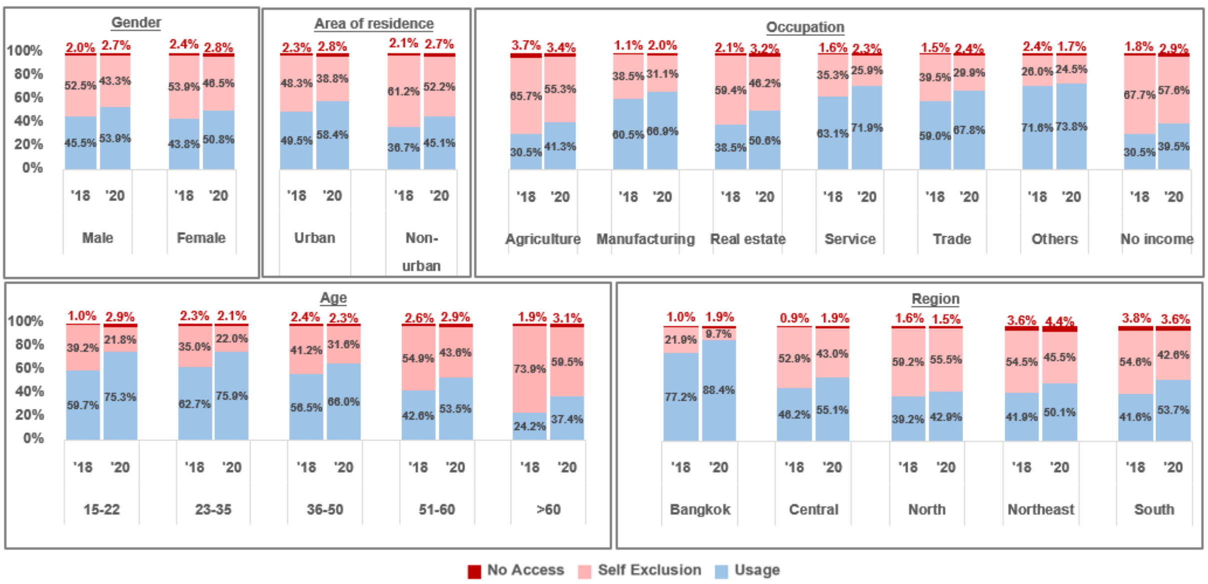
Figure 10: Access to money transfer service



Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively.

Overall, 2.8% of households had no access to money transfer service, a slight increase from 2.2% in 2018. No-access rates were highest among households employed in the agriculture sector, households aged over 60, and households in the Northeastern region. However, no access disparity was observed between urban and non-urban areas, or between men and women. (Figure 11)

Figure 11: Access to money transfer services, by gender, area of residence, occupation, age, and region



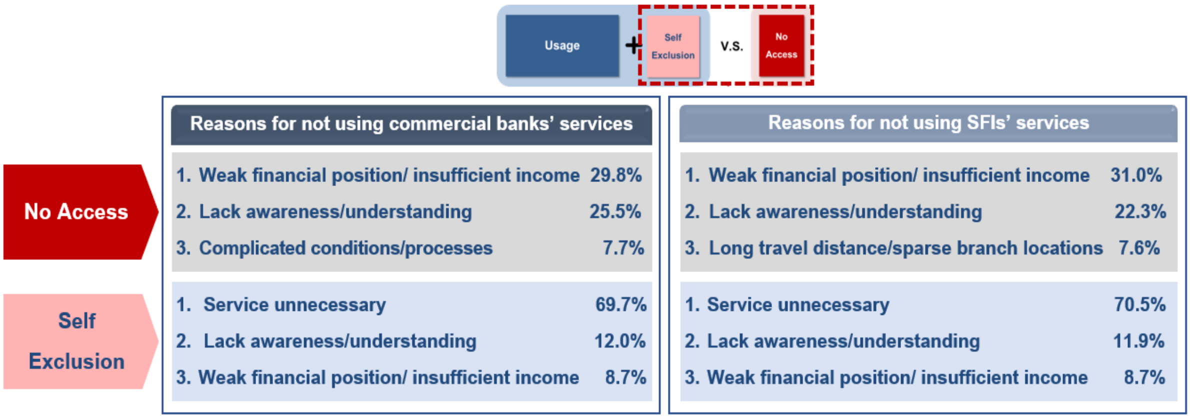
Money transfer service: challenges in usage[10]

6.0% of all households that used money transfer service faced problems in using the service, up from 3.6% in 2018. Most of the households that used services of commercial banks and SFIs indicated that the problems were due to unsatisfactory service, such as long waiting times, product cross-selling, and impolite staff (42.8% for commercial banks and 40.8% for SFIs), long travel distances or sparse branch locations (30.4% for commercial banks and 30.3% for SFIs, and fee-related problems (7.8% for commercial banks and 5.6% for SFIs).

Money transfer service: access barriers and reasons for self-exclusion

Households indicated they had no access to money transfer service due to their weak financial position, and lack of understanding of the product, whereas the majority of voluntarily self-excluded households did so due to a lack of need for service, lack of awareness and understanding, and weak financial position or insufficient income. (Figure 12)

Figure 12: Access barriers to money transfer service and reasons for self-exclusion



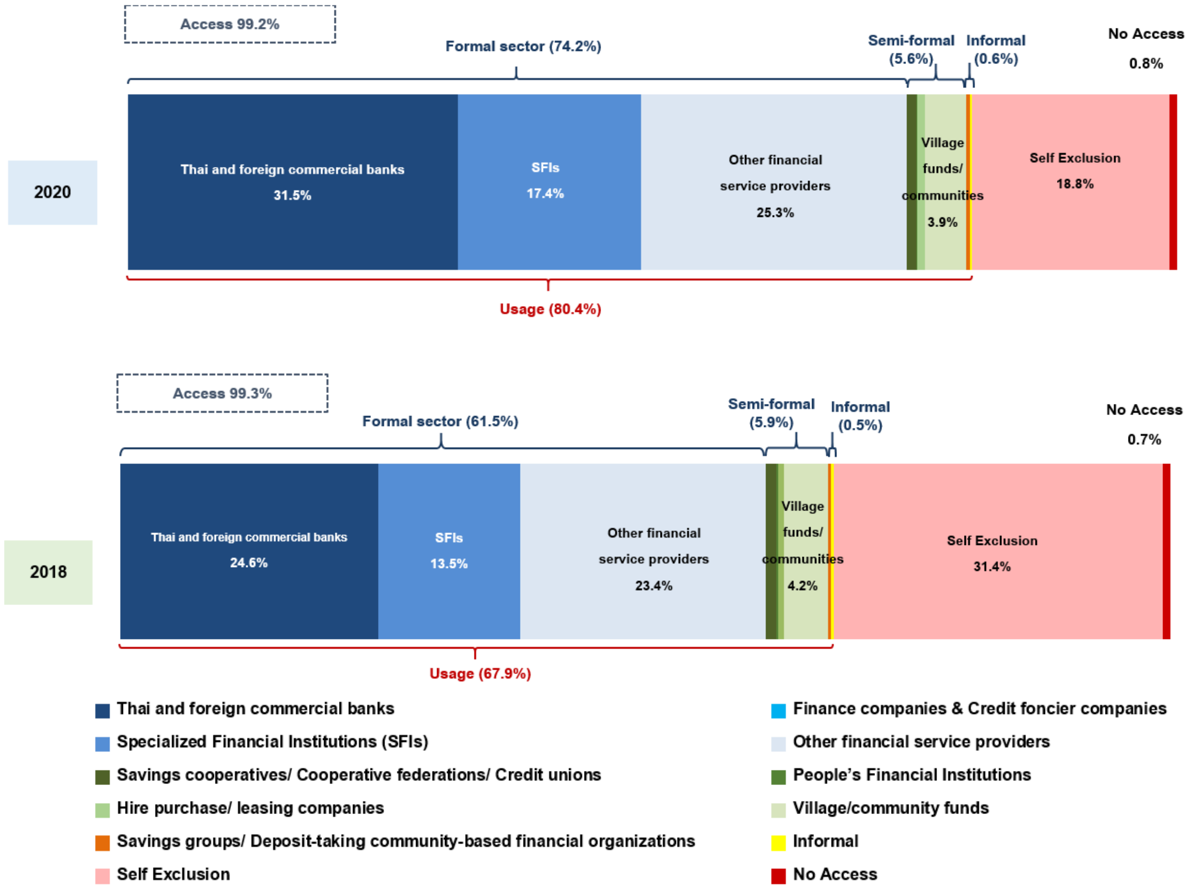
3.2.4 Payments

Payment service: overview of access level

99.2% of the surveyed households had access to payment service, a similar level to 2018 (99.3%), but the usage rate increased significantly to 80.4%, up from 67.9% in 2018, with commercial banks and banking agents (such as Thai Post and convenience stores) serving as the main service providers. Nonetheless, some households still opted to pay utility bills (e.g. electricity, water, and telephone) directly to their utility service providers. (Figure 13)

[10] The analysis focuses on problems of services provided by the first two main service providers. For money transfer service, the main service providers were commercial banks and SFIs.

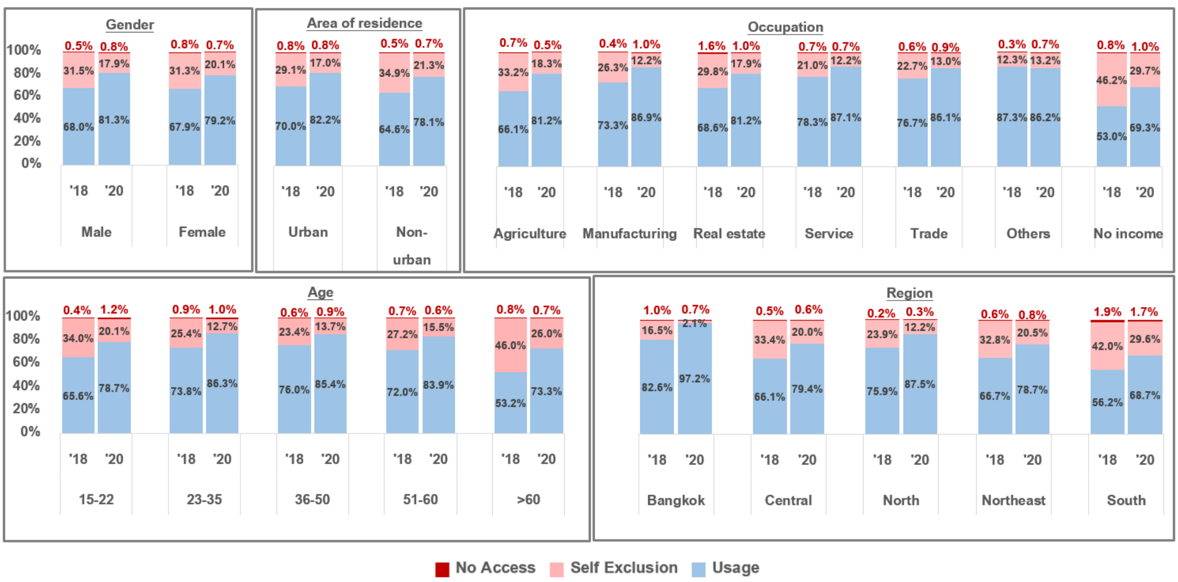
Figure 13: Access to payment service



Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively.

0.8% of households had no access to payment service, a similar level to that in 2018 (0.7%). Those with the lowest access level were households aged 15-22, and households in the Southern region. However, no disparity in access to payment service was found between households in urban and non-urban areas, between men and women, and between occupation groups. (Figure 14)

Figure 14: Access to payment service by gender, area of residence, occupation, age, and region



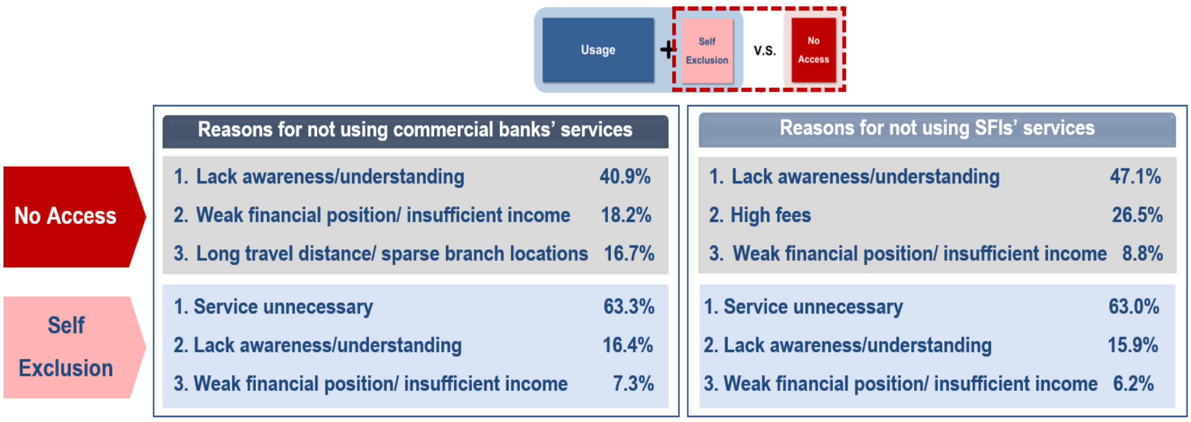
Payment service: challenges in usage[11]

5.6% of households that used payment services experienced problems, an increase form 3.9% in 2018. Most of the problems reported by households that used the services of commercial banks and SFIs were due to unsatisfactory service e.g. long waiting times, product cross-selling, and impolite staff (47.4% for commercial banks and 46.1% for SFIs); and long travel distances and sparse branch locations (30.4% for commercial banks and 37.1% for SFIs). As for the households that chose to use the services of banking agents (such as Thai Post and convenience stores), the most common problems were high fees (35.2%); unsatisfactory service e.g. long waiting times, product cross-selling, and impolite staff (24.7%); and inconvenience due to long travel distances or sparse branch locations (20.3%).

Payment service: access barriers and reasons for self-exclusion

Considering only the households that did not use the services provided by the main payment service providers (commercial banks and banking agents), it was found that households could not access payment service provided by commercial banks due to their lack of awareness and understanding, weak financial position or insufficient income, and inconvenience due to long travel distances or sparse branch locations. Meanwhile, some households had no access to payment services provided by banking agents due to their lack of awareness and understanding, high fees, weak financial position or insufficient income. As for the voluntarily self-excluded households, the main reason was due to a lack of need for service, as well as their lack of awareness and understanding. (Figure 15)

Figure 15: Access barriers to payment services and reasons for volunt0ary self-exclusion

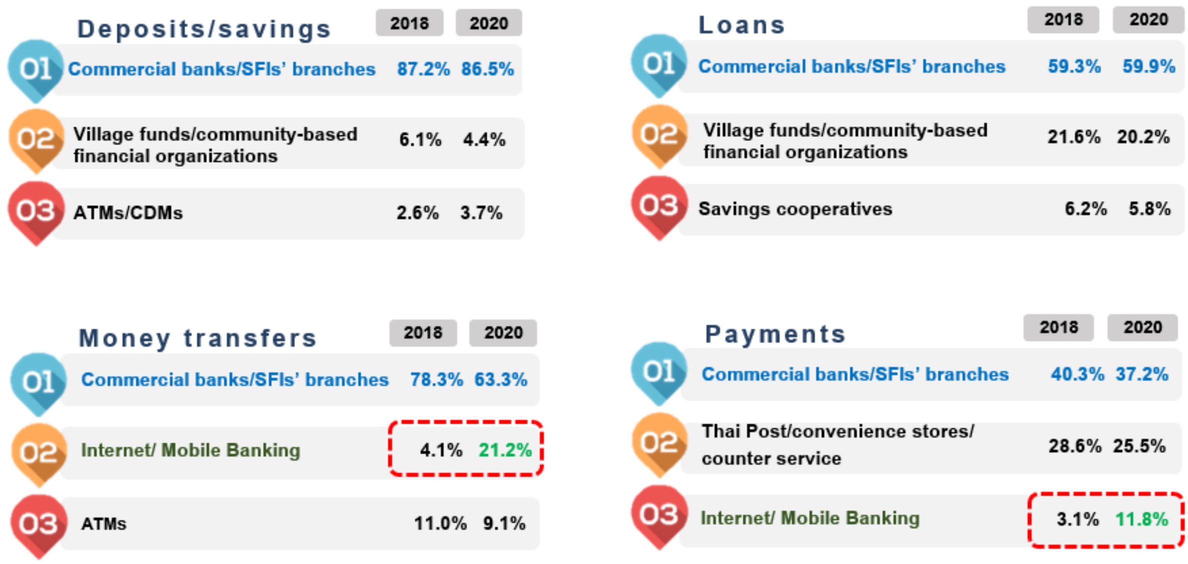


[11] The analysis focuses on problems of services provided by the first two main service providers. For payment services, the main service providers were commercial banks and banking agents (such as Thai Post and convenience stores).

3.3 Financial service access channels

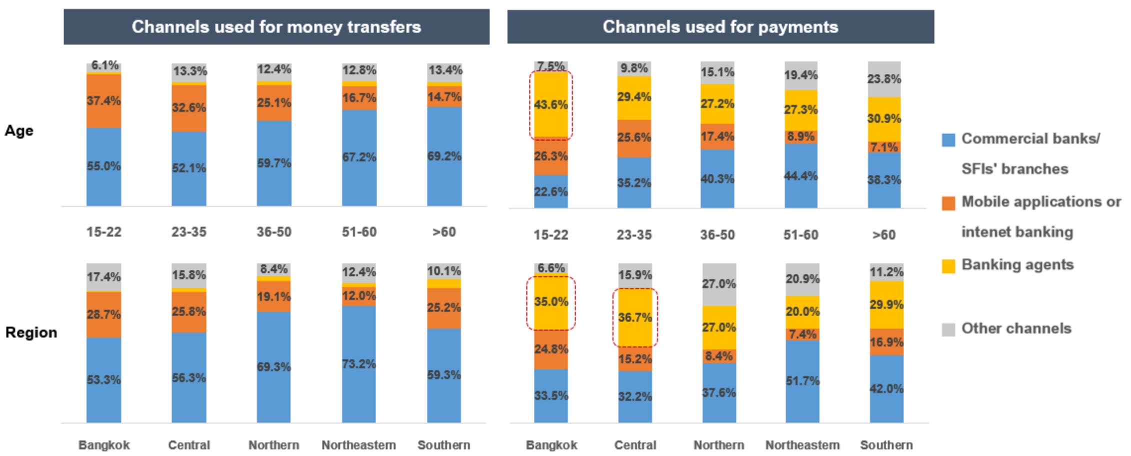
In 2020, although commercial banks and SFIs remained the main channels for providing the 4 basic financial services, the usage rates of deposits/savings, money transfer, and payment services provided by commercial banks and SFIs have declined. In contrast, the usage rates of money transfer and payment services through digital channels (mobile applications and the internet banking) have increased significantly. (Figure 16)

Figure 16: Main access channels for basic financial services



When considering the access in terms of age and region, it was found that households of almost all age groups and regions mainly used money transfer and payment services provided by commercial banks and SFIs, with the exception households aged 15-22 years, and households residing in Bangkok and the Central region, who mainly used payment service provided by banking agents (e.g. Thai Post and convenience stores). Meanwhile, households aged 15-35 years, and households residing in Bangkok had high usage rates of mobile applications or internet banking channels for money transfer and payment services. (Figure 17)

Figure 17: Main channels for money transfer and payment services, by age, and region



Note: Other channels include branches of savings cooperatives, village funds, automated machines, or other persons acting on the service user's behalf

Further details on the access channels of the 4 basic financial services are as follows.

3.3.1 Service access channels: deposits/savings

Findings from the surveyed 10,494 households[12] who used deposits/savings service showed that the top 3 channels for deposits/savings service were: (1) commercial banks and SFIs (including branches located in shopping malls) (86.5%); (2) village funds, savings groups, community-based financial organizations (4.4%); and (3) ATMs/CDMs (3.7%), which is similar to the findings reported in the 2018 survey. (Figure 18)

Figure 18: Channels for deposits/savings service

Unit: %

Channels used for deposits/savings services	2020 (10,494 households)	2018 (8,913 households)
Commercial banks and SFIs' branches (including branches located in shopping malls)	86.5	87.2
Village funds/Savings groups/Community-based financial organizations	4.4	6.1
ATMs/CDMs	3.7	2.6
Internet banking or mobile applications	1.8	0.2
Savings cooperatives/Cooperative federations/Credit unions	1.6	1.3
Others (e.g. convenience stores, service agents, automated machines, other persons acting on their behalf)	2.0	2.7

3.3.2 Service access channels: loans (excluding credit cards)

The channels most used by the 5,407 households[13] who used loan services (excluding credit cards) were: (1) commercial banks and SFIs' branches (including branches located in shopping malls (59.9%); (2) village funds, savings groups, community-based financial organizations (20.2%); and (3) savings cooperatives, cooperative federations, credit unions (5.8%) (Figure 19). Usage of loan services provided through commercial banks and SFIs' branches have increased, whereas those provided through village funds, savings groups, community-based financial organizations have declined. Considering only bank branches, comprising commercial bank and SFI branches, it was found that households used commercial bank branches and SFI branches for loan services at similar levels, with usage rates of 29.8% and 30.1%, respectively.

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[12] Each service-using household could choose only one service channel

[13] Each service-using household could choose only one service channel

Figure 19: Channels for loan services (excluding credit cards)

Unit: %

Channels used for loan services (excluding credit cards)	2020 (5,407 households)	2018 (3,975 households)
Commercial banks and SFIs' branches (including branches located in shopping malls)	59.9	59.3
Village funds/Savings groups/Community-based financial organizations	20.2	21.6
Savings cooperatives/Cooperative federations/Credit unions	5.8	6.2
Conveniece stores/ supermarkets (including purchases made using the stores' credit services)	3.6	3.5
Internet banking or mobile applications	2.9	0.3
Others (e.g. convenience stores, service agents, other persons acting on their behalf)	7.6	9.4

3.3.3 Service access channels: money transfers

The channels most used by the 6,230 households14 who used loan services (excluding credit cards) were: (1) commercial banks and SFIs' branches (including branches located in shopping malls) (63.3%); (2) internet banking or mobile applications (21.2%); and (3) ATMs/CDMs (9.1%). These 3 channels remained the most used channels for money transfer services, mirroring the pattern reported in the 2018 survey. However, in 2020, households had significantly increased their use of internet banking and mobile application channels, while the usage of ATMs/CDMs showed a declining trend. (Figure 20)

Figure 20: Channels for money transfer services

Unit: %

Channels used for money transfer services	2020 (6,230 households)	2018 (4,936 households)
Commercial banks and SFIs' branches (including branches located in shopping malls)	63.3	78.3
Internet banking or mobile applications (including PromptPay)	21.2	4.1
ATMs/CDMs	9.1	11.0
Thai Post/Convenience stores/Supermarkets	2.3	2.2
Others (e.g. village funds or agents, savings cooperatives, community-based financial orgasnizations, other persons acting on their behalf)	4.0	4.4

3.3.4 Service access channels: payments

The channels most used by the 9,945 households[15] who used payment services were: (1) commercial banks and SFIs' branches (including branches located in shopping

[14] Each service-using household could choose only one service channel

[15] Each service-using household could choose only one service channel.

malls) (37.2%); (2) Thai Post, convenience stores, supermarkets (25.4%); and (3) internet banking or mobile applications (11.8%), with the latter channel exhibiting a significant increase in usage, up from 3.1% in 2018. On the contrary, usage rates of payment services through other channels (such as commercial banks and SFIs' branches, convenience stores/ supermarkets, and village funds/savings group/community-based financial organizations) have declined. (Figure 21)

Figure 21: Channels for payment services

Unit: %

Channels used for payment services	2020 (9,945 households)	2018 (8,451 households)
Commercial banks and SFIs' branches (including branches located in shopping malls)	37.2	40.3
Thai Post/ Convenience stores/ Supermarkets	25.4	28.6
Internet banking or mobile applications (including PromptPay/QR Code)	11.8	3.1
Village funds/ savings groups/ community-based financial organizations	7.3	8.5
Other persons acting on their behalf	4.9	5.4
Payment service agents providing service at home/ user's workplace	4.8	5.2
Others (e.g. ATMs, automated machines, savings cooperatives)	8.7	8.8

3.4 Household debt and informal debt

3.4.1 Household debt

This report also examines household debt by comparing the share of households that used loan services, including credit cards, to the total surveyed households. It was found that households started incurring debt from the age of 15, with the majority being between the ages of 36 and 60, and that they remain indebted even after retirement. Furthermore, most indebted households worked in agriculture or 'other' occupations, such as civil servants. (Figures 22 and 23)

Figure 22: Share of indebted households out of total households, by age

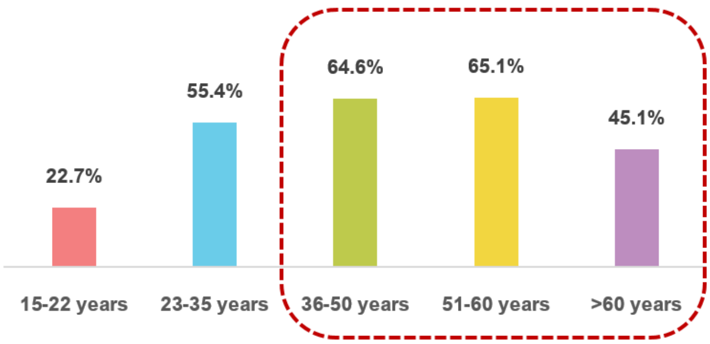
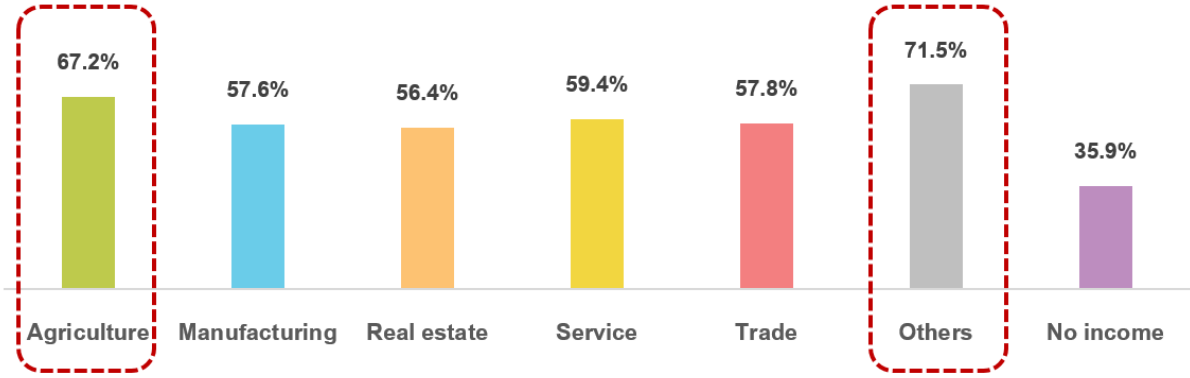


Figure 23: Share of indebted households out of total households, by occupation



Looking at the households' financial vulnerabilities, it was found that 61.1% of households had an income-expenditure shortfall, up from 50.0% in 2018. In 2020, this difficulty was most prevalent among those employed in the real estate and agriculture sectors, while those in the trade sector showed the highest percentage increase compared to 2018 (up from 27.1%). (Figure 24)

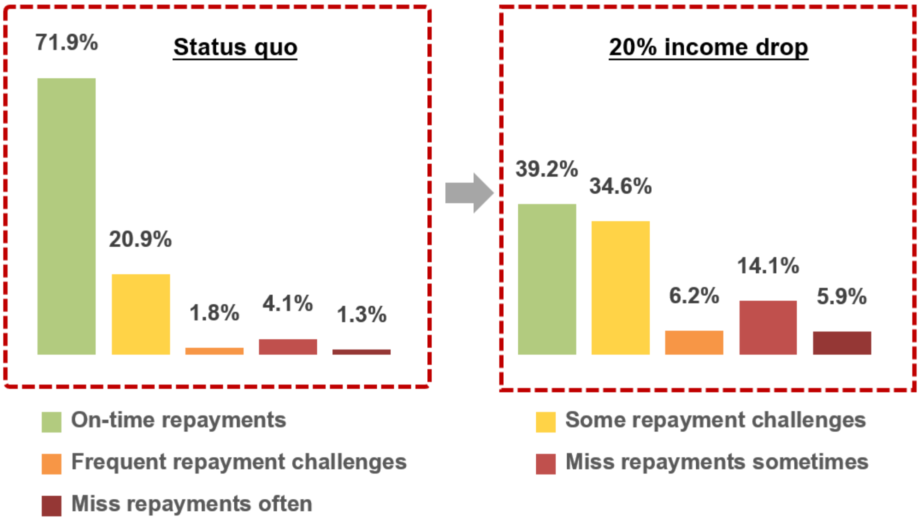
Figure 24: Share of households with an income-expenditure shortfall

Occupation (Sector)	2018	2020	% change
Agriculture	56.9%	67.0%	17.6%
Manufacturing	52.4%	61.7%	17.8%
Real estate	58.7%	69.9%	18.9%
Service	51.2%	62.4%	22.0%
Trade	47.0%	59.7%	27.1%
Others	49.2%	61.5%	24.9%
No income	41.5%	52.5%	26.3%

In terms of debt repayment ability, it was found that most households (71.9%) were able to repay their debt on time. However, given a hypothetical income shock scenario in which their income drops by 20%[16], they would increasingly face liquidity difficulties and more frequently miss debt repayments. In such scenario, the share of households able to repay their debt on time would fall to 39.2%, and the share of households that frequently miss repayments would rise to 5.9%. (Figure 25)

[16] A 20% decrease in income with the assumption that in the event of a negative income shock, the income reduction would initially apply to the income earned from overtime (OT) work, summing up to 20% of total income.

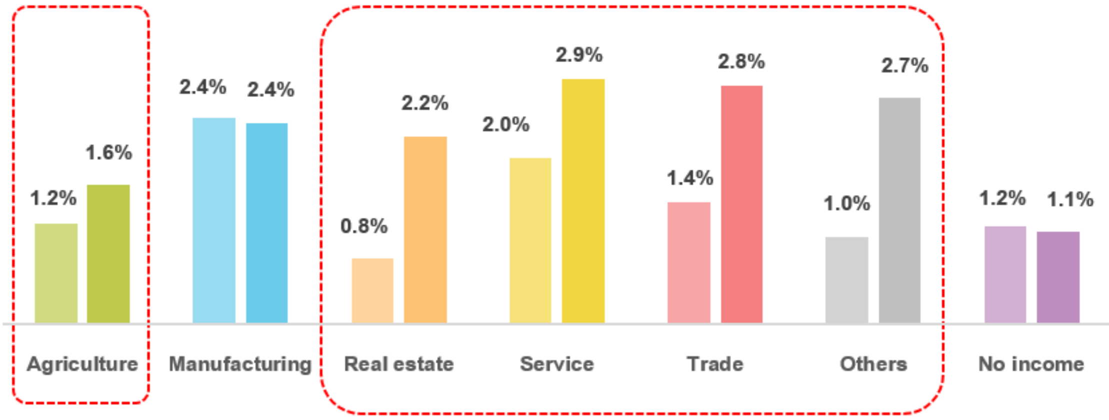
Figure 25: Debt repayment ability, when subjected to a 20% drop in income



3.4.2 Informal debt[17]

1.7% out of all surveyed households had informal debt, with the majority working in agriculture, real estate, services, trade, and 'other' (such as civil servants) occupations. In terms of age, it was found that households with informal debt were mostly in the over-36 age groups. (Figures 26 and 27)

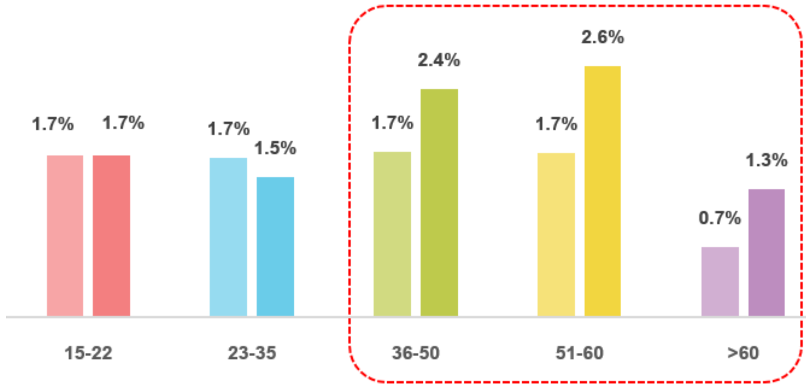
Figure 26: Share of households with informal debt, by occupation



Note: The left (light) and right (dark) bars represent the data of 2018 and 2020, respectively.

[17] Informal sector service providers refer to service providers that are either natural or juristic persons who have no legal status under any specific law, and are not supervised by any government agencies; namely, savings groups, community-based financial organizations, family members, private loan providers, other money lenders outside the household, and others (e.g. company benefits).

Figure 27: Share of households with informal debt, by age



Note: The left (light) and right (dark) bars represent the data of 2018 and 2020, respectively.

As for the uses of informal debt, the survey results showed that households used informal debt for the purposes of consumption (63.9%), business operations (21.0%), and repayment of other informal debt (6.4%). The main reasons for using informal debt were its quick processes, convenience, simplicity, lack of collateral requirements, or the household's inability to obtain formal loans. (Figure 28)

Figure 28: Uses of, and reasons for using, informal debt

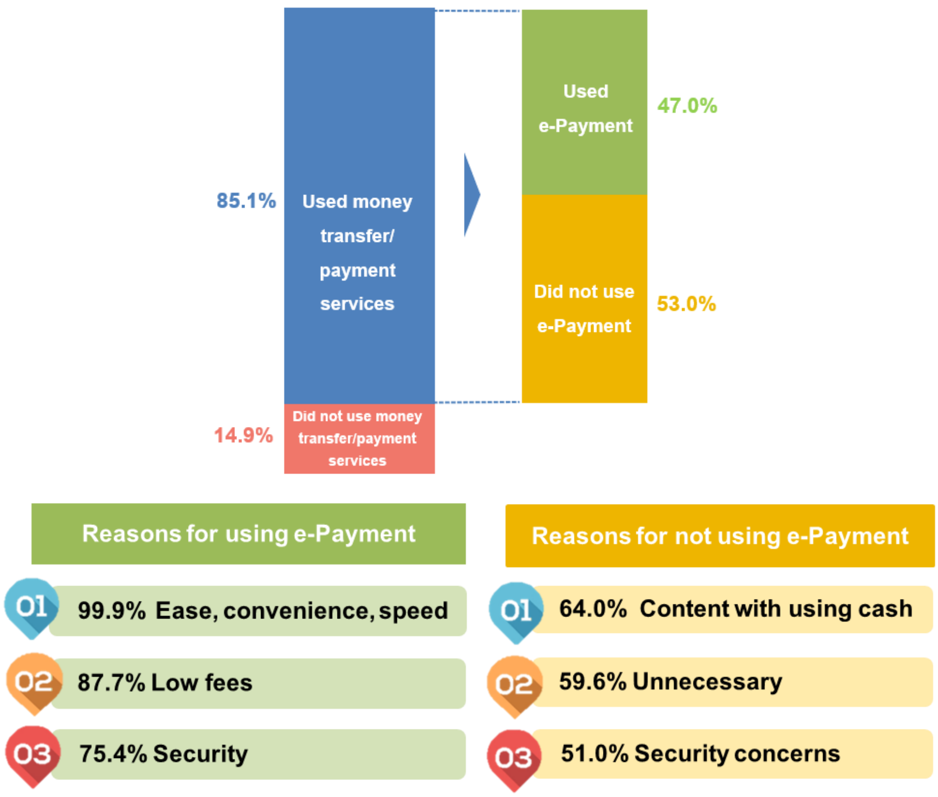
	Uses of informal debt		Reasons for using informal debt
01	63.9% Consumption	01	61.8% Easy and fast processes
02	21.0% Business operations	02	15.9% Lack of collateral requirements
03	6.4% Repaying other informal debt	03	9.4% Inability to obtain formal loans

On the behavioral aspect of households with informal debt, it was revealed that (1) 12% of households that used informal debt did not deduct their savings from their income before spending, and (2) 3.0% of households with an income-expenditure shortfall had the tendency of overcoming their difficulties by using informal debt. Also, when access to loan service is considered, 58.2% of households that did not have access to formal and semi-formal sector loans had attempted to overcome their income shortfall by using informal loans instead.

3.5 Usage of e-Payment services

85.1% of Thai households used money transfer or payment services, with 47.0% transfer or pay through e-Payment services, with the reasons as follows: ease of use, convenience, speed (99.9%); low fees (87.7%); and security (75.4%). The households that opted not to use e-Payment services indicated their reasons as follows: being content with using cash (64%); finding e-Payment unnecessary (59.6%); and security concerns (51.0%). (Figure 29)

Figure 29: Share of Thai households using e-Payment for money transfers/payments

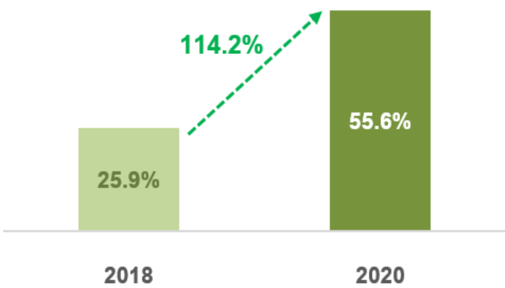


When questioned on the objective of e-Payment usage, respondents gave the reasons as follows: payments for goods and services (85.5%); money transfers to known persons (74.4%); and utility bill payments (67.6%). Households that used e-Payment as the main channel for money transfers or payments were mostly households residing in Bangkok, households between the ages of 15 and 35, and those employed in service or 'other' sectors (such as civil servants). (Figure 30)

Figure 30: Usage of e-Payments, by gender, area of residence, region, age, occupation

The increased use of e-Payment was likely attributable to the government's policies that provided financial assistance to the public and businesses through various initiatives. It is found that the number of households participating in these government initiatives rose significantly, from 25.9% in 2018 to 55.6% in 2020, marking a 114.2% increase. The initiatives that encouraged the use of e-Payment were: the State Welfare Card, through which the government transferred financial assistance to households to be used as e-Money cards; as well as other initiatives such as the co-payment scheme ("Half-half"), cash handout scheme ("No One Left Behind"), tourism stimulus scheme ("We Travel Together"), in which the government transferred money to households via e-wallets. (Figure 31)

Figure 31: Share of households receiving financial assistance or participating in government initiatives, out of all households



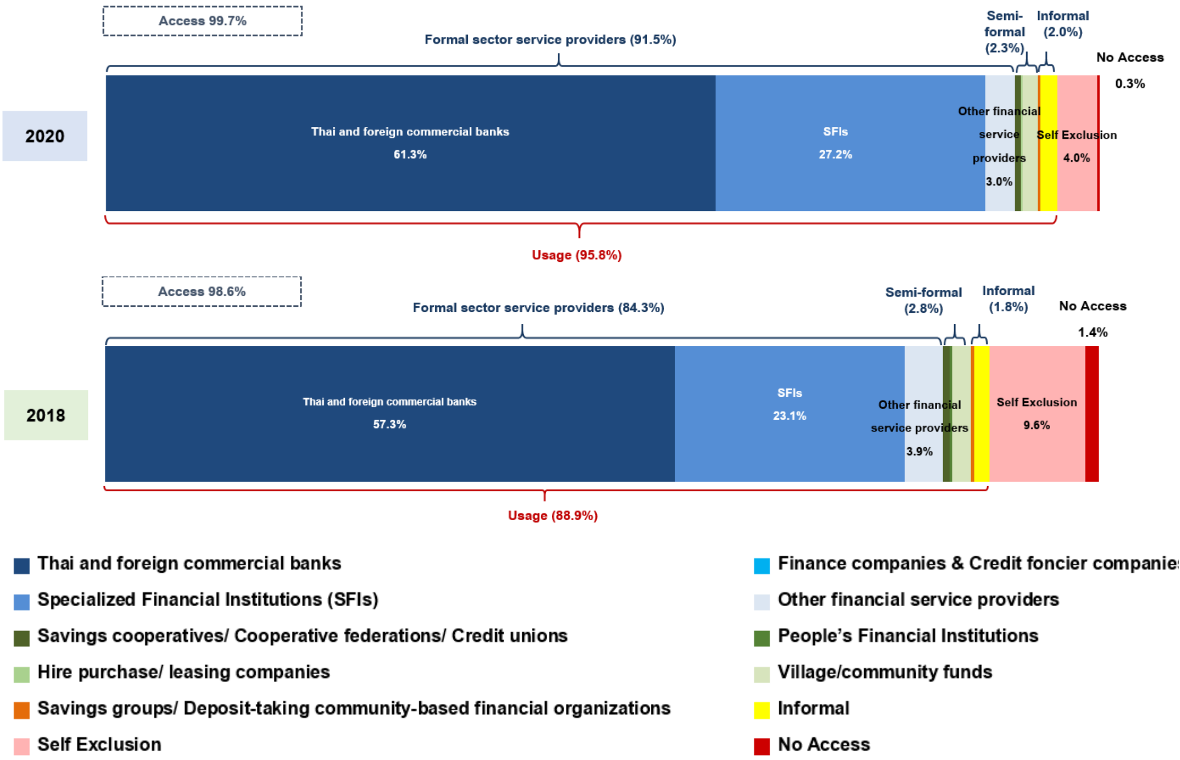
Note: This includes only government initiatives in which money was transferred to households via e-wallets e.g. State Welfare Card, co-payment scheme ("Half-half"), cash handout scheme ("No One Left Behind"), tourism stimulus scheme ("We Travel Together").

Appendix

Appendix 1: Overview of access to basic financial services

According to the survey findings on access to the 4 basic financial services (i.e. deposits/savings, loans (excluding credit cards), money transfers, and payments), 99.7% of households were able to access at least one of the four basic financial services, an increase from 98.6% in 2018. Among these households, 95.8% used these services whereas 4.0% chose not to use any service. Households mainly used basic financial services provided by commercial banks (61.3%) and SFIs (27.2%), showing a substantial increase in the usage of commercial bank services, compared to 2018 (57.3%). (Figure 1)

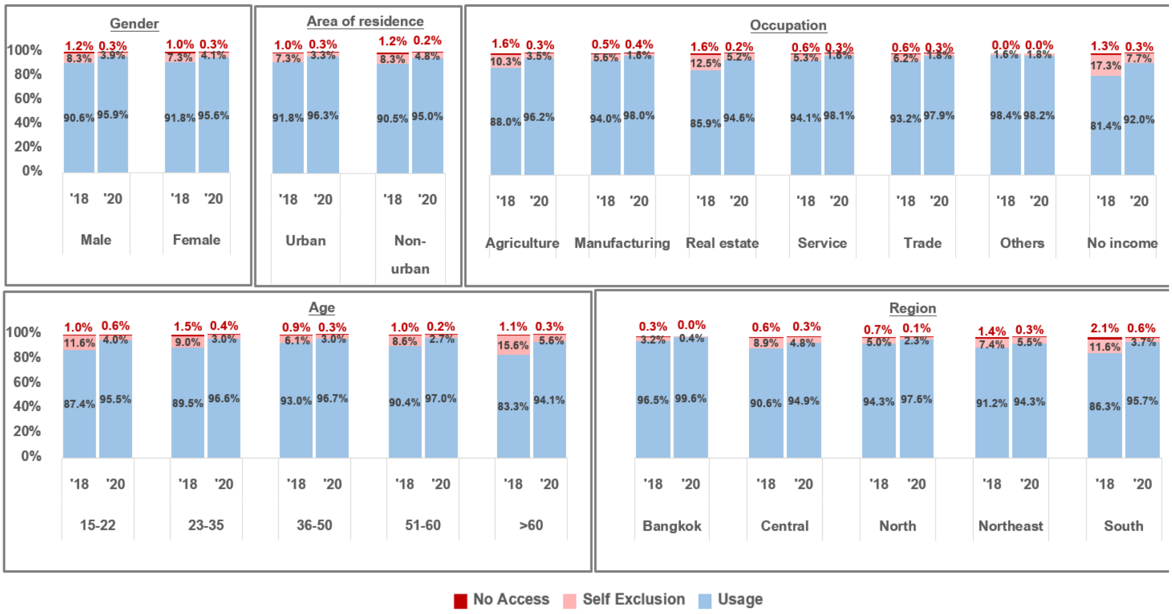
Figure 1: Access to 4 basic financial services



Note: Total sample sizes in 2018 and 2020 were 11,121 and 11,889 households, respectively.

The share of households who could not access the basic financial services fell from 1.4% in 2018 to 0.3% in 2020, with households working in manufacturing, households aged 15-22 years, and households in the Southern region having the highest no-access rates. However, no access disparity was found between those residing in urban and non-urban areas, or between men and women.

Figure 2: Access to 4 basic financial services, by gender, area of residence, occupation, age, and region



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