# DEMAND FOR MONEY AFFECTING THE SAVINGS OF GENERATION Y PEOPLE IN THE EPIDEMIC SITUATION: EVIDENCE FROM BANGKOK, THAILAND

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**ARTICLE HISTORY**
**Received:** 24 March 2023 **Revised:** 12 April 2023 **Published:** 24 April 2023

## ABSTRACT
The Financial Behavior of people has changed from covid-19 pandemic, especially Gen Y. This research aims to find the relationship between the demand for money that affects the saving of Gen Y people during the covid-19 pandemic, using the saving of people born between 1980-1999 during the Covid-19 pandemic in the Bangkok area as a case study. It investigates the relationship between the savings of Gen Y people and the demand for holding money during the pandemic using the confirmatory factor analysis method by collecting data from questionnaires with a sample of 400 people in Bangkok. The research results show that the relationship between savings and transaction demand for money is the number of dependents in the family, with a factor loading value of 0.79. Income determines the relationship between speculative demand for money and savings, with a factor loading value of 0.81. In contrast, the number of dependents in the family determines the relationship between savings and precautionary demand for money, with a factor loading value of 0.61.
**Keywords:** Behavior, Saving, Pandemic, Generation Y, Confirm Factor Analysis

**CITATION INFORMATION:** Inthurit, D. (2023). Demand for Money Affecting the Savings of Generation Y People in the Epidemic Situation: Evidence from Bangkok, Thailand. *Procedia of Multidisciplinary Research, 1*(4), 20.

## INTRODUCTION

The COVID-19 pandemic, or a new strain of coronavirus, is occurring worldwide. It broadly impacts the economy, society, and medical community globally. The outbreak of the COVID-19 virus Since February 28, 2020, the World Health Organization (World Health Organization) announced to rise in the alert level of the COVID-19 virus. From a high level to a very high level of spread and the risk of infection worldwide, many countries face difficulties in dealing with virus outbreaks. The COVID-19 pandemic, which started an explosion in Thailand in January 2020, has affected the lives of the Thai people at all levels in every dimension. In terms of economic size, Thai people have changed their spending behavior. Savings and investments have also increased. The survey revealed the spending of Thai people during the COVID-19 era. There has been an increase in spending, and it is increasingly evident that Thai people pay more attention to savings and accumulating wealth.

The COVID-19 pandemic has profoundly affected the global economy, and this has impacted Generation Y people in terms of their savings. For many, it has been necessary to dip into their savings to cover living costs and ensure that they have enough for their daily needs. This has strained their savings and made building up their financial reserves easier. The demands of the pandemic have also seen an increase in expenses for Generation Y people. In addition to paying for the basics, they may have had to purchase additional items such as face masks and hand sanitizer, as well as desktops and laptops to enable them to work from home. This has also impacted their savings, as they have had to spend more than they would normally. Job losses have compounded the situation, as many Generation Y people have seen their work hours reduced or laid off altogether. This has put further pressure on their finances, as their incomes have been reduced or have disappeared altogether. This has made it even harder for them to save and build up their financial reserves.

Moreover, research indicates that Gen Y members suggest a COVID-19 outbreak. Throughout the past, Gen Y strongly emphasized investing and gaining wealth in securities and digital assets. Investing in digital transactions, especially digital lending transactions that make it easy to access credit sources (National Credit Bureau, 2021), reflects changes in personal financial management behavior, including savings and investments of Gen Y people in an epidemic.

Therefore, the researcher is interested in studying the relationship between the demand for holding money and the savings of Gen Y people during the epidemic. The research objective was to find the relationship between the demand for money affects the savings of Gen Y people during the pandemic. The results of this study will be helpful to government agencies. The business sector related to savings in Thailand will understand the causal factors in saving money for Gen Y during the epidemic to adjust strategies to attract the funds of this population to the economy. In addition, government agencies, Thai financial institutions, and businesses related to savings will understand Gen Y's savings and investment trends during the pandemic to identify ways to prevent financial crises. Furthermore, in the future, there will be another epidemic, and government agencies, financial institutions, and the business sector related to savings in Thailand can consider the savings trend of Gen Y people to analyze ways to attract the money this population into the economy again if there is another epidemic in the future.

## LITERATURE REVIEW

Concept of savings-The complete income hypothesis explains the assumption that income and consumption have a positive relationship. It can be concluded that when income increases, consumption also increases. The increase is not equal to the rise in revenue, which is determined through the consumption function (Thaetiangtham, 2001, pp. 62-108).

The investment concept sets aside money to generate future cash flows, compensating the moneymaker for this cash inflow. Therefore, it is worth the inflation rate and uncertainty of future cash inflows (Amonthip Thaemthip, 2001, pp. 62-108).

Fiscal Policy fiscal policy consists of government expenditure policies, income policies, public debt policies, and budgetary policies. The expenditure policy relates to budgeting various government expenditures to generate financial results appropriately (Mingmaneenakin, 2003, pp. 115-120).

The concept of demand for money refers to dividing demand for money into three categories: the need for money for everyday expenses and the need to hold cash for costs when unexpected events occur. Moreover, the need to save money for profit from what Keynes believes people will have part of the money for profit (Wanrak Mingmaneenakin, 2003, pp. 59-63).

The researcher designed an analytical model from the literature reviewed to extract research variables as a confirmatory factor analysis model of the confirmatory factor in saving money for Gen Y people in an epidemic situation, as shown in Figure 1.

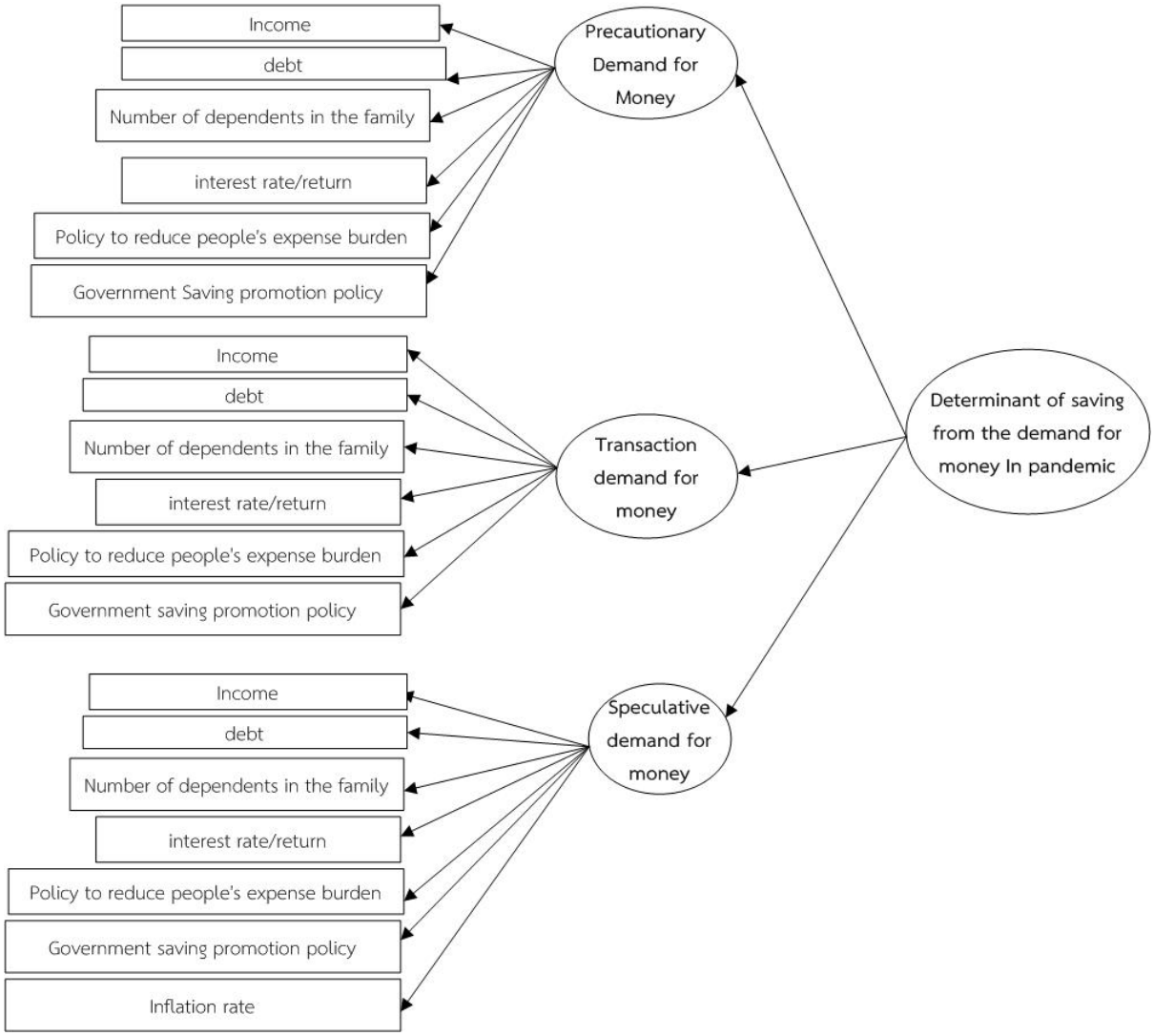


**Figure 1** Confirmatory Factors Analysis Model of Demand for money affecting the savings of Generation Y people

## RESEARCH METHOD

### Population and sample

The sample was purposive and then classified by random selection using the Yamane sampling formula. The study area is in 5 districts in Bangkok, Thailand: Bang Khen, Chatuchak, Bang

Kapi, Sai Mai, and Lat Krabang, where the Gen Y population lives the most (Thailand National Statistical Office, 2021)

The population used in this study was born between 1980 and 1997 or between the ages of 1,543,348 (National Statistical Office, 2020). Based on specified information, it is a purposive sampling of 400 Gen Y individuals who have either income or generate savings and investments from Yamane's calculations (Yamane, 1973) 5 percent.

**Data Collection Method**

Questionnaires were used for data collection. The questionnaire was divided into two parts: Part 1, saving behavior before and after the COVID- 19 outbreak; and Part 2, investment behavior before and after the COVID-19 outbreak. 19 The researcher tested the validity of the questionnaire through a pre- test with 40 consumers in Nonthaburi province using Cronbach's alpha internal consistency measurement method. Confidence from 0. 70 up to, which is considered reasonably reliable (Siljaru, 2012). From the test, the confidence value was 0.836, which was regarded as reliable. Therefore, a questionnaire was used to collect data.

**Data analysis**

The analysis in Part 1 is savings behavior before and after the outbreak of the COVID-19 virus, and Part 2 is investing behavior both before and after the COVID- 19 outbreak. Data analysis used the mean, percentage, and interpretation of results according to the stratum. Part 4 found factors affecting the savings and investments of Gen Y people during the pandemic when preliminary statistical data were collected from all three elements. The researcher will analyze the factors influencing the savings and investments of Gen Y people in an epidemic. Linear correlation paths between variables were analyzed using the AMOS computer program for confirmatory factor analysis. (Confirmatory Factor Analysis) by establishing a confirmatory factor analysis model of the confirmatory factor in savings of Gen Y people in the epidemic situation. Confirmatory factor Analysis Model of Confirmatory factors of Gen Y workers' Savings in Pandemic Situation.

# RESULTS

**Result of the relationship between the demand for holding money that affects the savings of Gen Y people during the pandemic.**

The result of the relationship between the demand for holding money and the savings of Gen Y people during the pandemic can be discussed on the following topics:

**Saving behavior of Gen Y people**

Research findings on the saving behavior of Gen Y people in the epidemic situation The results can be discussed in Table 1-2.

**Table 1** Levels of savings behavior before and after the COVID situation

| Factors | Score | Interpretation |
|---|---|---|
| saving behavior before the covid outbreak situation | 1.88 | Rarely level |
| Savings behavior after the covid outbreak | 3.58 | Often Level |

**Source:** from surveys and calculations

**Table 2 Factors** influencing savings

| Factors | Score | Result in savings at the level |
|---|---|---|
| Monthly debt burden | 4.36 | Always |
| Income | 4.31 | Always |
| Precautionary Demand for money in the COVID-19 pandemic | 3.68 | Often |
| Speculative Demand for money before the COVID-19 pandemic | 3.57 | Often |
| Fiscal Policy to reduce people's expenses | 3.51 | Often |
| Transaction Demand for money in the COVID-19 pandemic | 3.49 | Often |
| Number of dependents in the family | 3.47 | Often |
| Precautionary Demand for money before the COVID-19 pandemic | 3.45 | Often |
| Policies/products promoting savings from the private sector | 3.37 | Sometime |
| Policies/products promoting savings from the government | 3.22 | Sometime |
| The interest rate increase in the outbreak of COVID-19 | 3.21 | Sometime |
| Speculative Demand for money in the COVID-19 pandemic | 3.18 | Sometime |
| Transaction Demand for money before the COVID-19 pandemic | 3.10 | Sometime |
| Government Savings Promotion Fund In the situation of COVID-19 | 2.79 | Rarely |

**Source:** from surveys and calculations

Table 1-2 shows the factors influencing the savings of Generation Y employees before and during the pandemic. Before the pandemic, the cost of living rose faster than wages, leaving many Gen Y, struggling to make ends meet. In addition, student debt has been a significant financial burden for many of this generation, making it difficult for them to save money. Furthermore, Gen Y employees often have multiple jobs and side hustles, leaving them with little time to save. The pandemic has further complicated the financial situation for Generation Y. Many have lost their jobs or had their hours reduced, resulting in reduced income and limited savings. Furthermore, the economic uncertainty of the pandemic has made it harder for many to make long-term financial plans. The research found that the debt burden at the end of the month, with a score of 4.36, was the highest factor affecting savings. This was followed by wanting to hold money for emergency spending in the COVID-19 situation, with a score of 3.68. While the policy promotes savings from the government in COVID-19, it has a score of 2.79 as a factor affecting savings the least.

**Confirm Factors Analysis of Demand for money on Gen Y's Savings During a Pandemic**

Confirmatory factor studies were established to analyze the demand-to-money holdings and savings of Gen Y in a pandemic situation through confirmatory factor analysis) by identifying a single likelihood of the Model, specifying that the Model can be estimated as a single parameter. Subsequently, the parameter values from the Model were calculated by analyzing the data from the sample to find the parameter values using the Maximum Likelihood estimation method. The researcher then tested this Model. by examining the results of the

statistical test values that met the criteria for determining the harmonization of the affirmative elements. It presents threshold values through benchmarks, validation results, and interpretation. Model adjustments are made in cases where the Model is inconsistent with the empirical data. The Model must be revised to allow the parameter to be estimated. By relaxing the preliminary agreement, the discrepancy in the observed internal variables was correlated until the newly analyzed Model was consistent with the empirical data. The results of data analysis were interpreted (Schumacher, R. E., & Lomax, R. G. 2010) (Table 3).

**Table 3 Model Validation**

| Evaluation statistics | Standard criteria | Audit results | Refer to standard criteria |
|---|---|---|---|
| Chi-square Probability | ρ> .05 | 0.092 | Byrne (2005) |
| Chi-square Relative | < 3 | 1.479 | Hair et al. (2010) |
| Goodness of Fit Index: GFI | > 0.90 | 0.985 | Hair et al. (2010) |
| Comparative Fit Index: CFI | > 0.90 | 0.972 | Byrne (2005) |
| Root mean square residual: RMR | < 0.05 | 0.018 | Hair et al. (2010) |
| Root Mean Square Error of Approximation | < 0.08 | 0.035 | Hair et al. (2010) |

**Source:** from surveys and calculations

From Table 3, it can be observed that the inspection results pass the standard. indicated that the model was valid. Then, the researcher conducted a confirmatory factor analysis of the demand-to-money holdings to savings in the epidemic situation through the study, showing the weight of the component from the path analysis of the causal relationship between the variables. This study is illustrated in Figure 2.

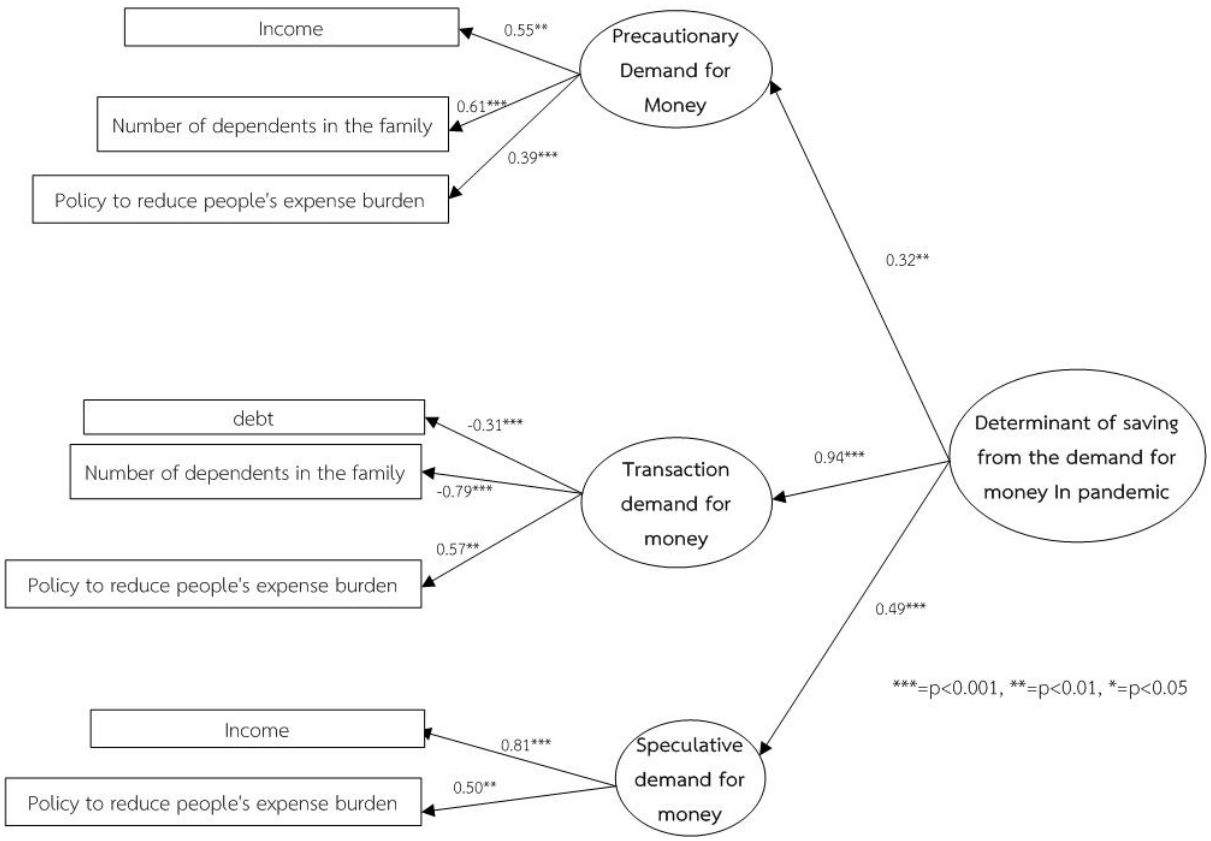


**Figure 2** Confirm Factors Analysis of Demand for money on Gen Y's Savings During a Pandemic.

Figure 2 can be analyzed to confirm the components of money holdings that affect the savings of Gen Y people in an epidemic situation by observing the factor loading of the causal relationship model. Factor loading was then considered for the coefficient of determination (R2), which indicates the degree of relationship between the confirmatory factors. This can be used to discuss the findings of the confirmatory factors of the demand for money holdings. It can display component weight values and forecast coefficients for the savings of Gen Y people in an epidemic situation, as shown in Table 4.

**Table 3** The factor loading and coefficient of determination

| **Factors** | **Factor loading** | **coefficient of determination ($R^2$)** |
|---|---|---|
| **Transaction demand for money** | **0.94** | 0.88 |
| Debt | -0.31 | 0.10 |
| Number of dependents in the family | -0.79 | 0.62 |
| Policy to reduce people's expense burden | 0.57 | 0.32 |
| **Speculative demand for money** | **0.49** | 0.24 |
| Income | 0.81 | 0.65 |
| Policy to reduce people's expense burden | 0.50 | 0.25 |
| **Precautionary Demand for Money** | **0.32** | 0.10 |
| Number of dependents in the family | 0.61 | 0.37 |
| Income | 0.55 | 0.30 |
| Policy to reduce people's expense burden | 0.39 | 0.15 |

**Source:** from surveys and calculations

Table 4 shows that the results of considering every factor loading value are all above 0.30, which means that every variable shows a good correlation effect. Therefore, when considering the results together with Figure 1, the results of the analysis of the confirmatory components of the demand for holding money on the savings of Gen Y workers in the epidemic situation can be discussed as follows:

1) Transaction demand for money had a coefficient of determination 0.88; the highest factor loading value of components was the number of dependents in the family to 0.79 in the opposite way, followed by Policy to reduce people's expense burden to 0.57 and dept to 0.31 in the opposite way. Therefore, the most crucial aspect of the relationship between savings and demand for carrying money for daily living is the number of family members. However, it is in the opposite direction, meaning that much money will be used for consumption rather than saving during the epidemic.

2) Speculative demand for money had a coefficient of determination of 0.49; the highest factor loading value of the components was an income of 0.81, and the policy to reduce people's expense burden to 0.50. Income is an essential determinant factor; it can differ in that income determines the relationship between demand for speculative money and the most significant savings. Conversely, more savings occur as income increases.

3) Precautionary Demand for Money had a coefficient of determination of 0.10; the highest factor loading value of components was a number of dependents in the family of 0.61, followed by the income of 0.55, and policy to reduce people's expense burden of 0.39. Therefore, the number of dependents in the family determines the relationship between savings and demand for holding money for emergency expenses. As the number of people dependent on family income is high, it will cause more protection, which can be seen a priori. Therefore, there are savings for emergencies and unexpected events.

## DISCUSSION

The current global epidemic has brought about a lot of uncertainty and disruption in the economy. This, in turn, has had a significant impact on the savings of Generation Y people. The pandemic has caused a surge in demand for money, as people are now turning to cash to pay for their basic needs. This has caused a decrease in savings, as people cannot save money when spending it all on essential items. The lack of job and income security has also contributed to the decrease in savings for Generation Y people. Many people have lost their jobs and cannot find new ones, decreasing their income. This has caused them to rely on their savings, decreasing the amount of money they can save. Furthermore, the uncertain economic conditions have caused people to be more cautious with their spending, with many opting to save more of their money to be prepared for any possible future economic shocks. This has further decreased the amount of money Generation Y people can save.

Generation Y, faces unique financial challenges amidst the COVID-19 outbreak in Bangkok. The economic downturn caused by the virus has hit the city hard, and young people are struggling to manage their finances accordingly. In response, many in this generation are turning to savings to weather the storm. The key to successful savings during this time is to create a budget and stick to it. This means accounting for all expenses, such as rent, utilities, and food, and setting realistic financial goals. The budget should also include an emergency fund, which can be used in case of an unforeseen financial emergency. Taking advantage of government assistance programs, such as unemployment benefits, is also essential to help make ends meet. In addition to budgeting, some Generation Y people in Bangkok are turning to investment options to help them save. Investing in stocks or mutual funds is one way to potentially increase one's savings over time, although it can also be risky. Another option is to put money into a savings account and benefit from interest or buy bonds or other fixed-income investments.

With the global economy at a standstill, many businesses have been forced to make redundancies, with Generation Y being the first to suffer. This has left them with limited access to disposable income, making it even more difficult for them to save. It has also had a knock-on effect on other aspects of their lives, such as their ability to purchase a home or invest in their retirement. However, despite these difficulties, many Generation Y people are still managing to save money. Due to their excellent financial habits, such as budgeting and actively monitoring their spending. This has allowed them to set aside money for savings, even during a pandemic. In addition, Generation Y people have also been leveraging digital banking services to manage their finances. It includes using savings apps to track their spending and set up automated savings plans, and has made it easier for them to save money.

1) When considering the model, it was found that the variable with the highest factor loading value was the number of people dependent on family income, and the number of dependents was the opposite. Therefore, the number of family members is the relationship between savings and demand for carrying money for daily living. However, it is in the opposite direction, meaning that much money will be used for consumption rather than saving during the pandemic, which is consistent with the research of Hongyun Si, who provided information in a way consistent with this research (Hongyun Si, 2021).

2) Transaction demand for money had the highest coefficient of determination; it can be argued that Cash Flow in a Pandemic Situation is a significant savings factor. This issue aligns with Emigdio Larios-Gómez's research stating that if an epidemic occurs, income and cash flow for daily use are essential factors that this population will consider before deciding to save. (Emigdio Larios-Gómez, 2021)

3) Considering the model, a policy to reduce people's expense burden was found to be influential in every component. Therefore, it can be inferred that fiscal policy to reduce people's expense burden is related to the demand for holding money, which affects the savings of Gen

Y people during the pandemic. This issue is consistent with Shachat's research, which states that fiscal policy is a vital stimulus that encourages people to save money and invest (Shachat, 2020)

**Recommendation**

The following recommendations were based on the research results:

Considering the confirmatory factor analysis, if there is an epidemic situation in the future, the government will be able to stimulate savings from this population by using measures or policies that reduce the cost burden of people because such factors have a significant effect on savings. Likewise, the private sector and financial institutions should create attractive savings products and offer various benefits to attract savings from this population.

Considering the confirmatory factor analysis, it was found that the demand for holding money for everyday use affects savings and total investment. If there is an epidemic in the future, the government and private sectors can stimulate savings and investments from this population. They must target groups of people with sufficient cash flow for daily living, which can be determined by considering personal and household debt.

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**Data Availability Statement:** The raw data supporting the conclusions of this article will be made available by the authors, without undue reservation.

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