

# Household Debt of Grassroots Thai Population

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## **Abstract**

This research study examines household debt among Thailand's grassroots population, focusing on its causes, socio-economic impacts, and potential management or reform strategies. The research employs a mixed-methods approach, integrating desk research and in-depth interviews with 24 purposively selected participants, including low-income earners, daily wage laborers, small business owners, farmers, young adults, and financial experts. Thematic analysis was used to interpret qualitative data, identifying recurring patterns and key themes related to debt experiences and coping strategies. The findings reveal that key drivers of debt include insufficient income, rising living costs, limited access to affordable credit, and low financial literacy. Debt burdens contribute to significant financial strain, mental health challenges, and constrained economic mobility, perpetuating poverty cycles. Solutions identified include debt restructuring, community-based lending models, and financial literacy programs. Policy implications emphasize the need for systemic reforms to enhance financial inclusion, regulate informal lending, and align credit systems with the needs of grassroots populations. While the study offers in-depth insights, limitations include the relatively small sample size and the focus on specific local contexts, which may limit the generalizability of findings. Nonetheless, the research provides actionable insights for policymakers and financial institutions aiming to address Thailand's household debt crisis effectively.

**Keywords:** Grassroots population, Household debt, Thailand



## I. INTRODUCTION

Household debt is a global socio-economic issue with serious consequences for economic stability and personal well-being. Among grassroots populations, debt often fills income gaps for essentials like housing, healthcare, and education. However, for low-income groups, reliance on debt can lead to long-term instability. Mian and Sufi (2014) argue that persistent debt deepens socio-economic disadvantages, while Sweet, Nandi, Adam, and McDade (2013) link high debt to financial stress, poor health, and reduced mobility.

In Thailand, household debt is especially concerning among low-income groups like laborers, vendors, and farmers. In early 2023, Thailand's household debt reached 90.6% of GDP, surpassing the World Bank's 77% danger threshold (The Nation, 2023; Bangkok Post, 2023). This is higher than in the USA (72.9%) and Japan (66.0%) (Manners, 2025). Around 93.7% of Thais earning under 15,000 baht monthly are in debt, with sources ranging from banks to high-interest lenders (Karn Pilantanadilok, 2020). COVID-19 worsened the issue, causing job losses and increased borrowing (Manop Udomkerdmongkol, 2020).

Global studies cite income inequality, low financial literacy, and economic shocks as key causes (Lusardi & Tufano, 2015; Atkinson & Messy, 2012). In Thailand, debt patterns vary by job: farmers borrow for production, while workers rely on credit for consumption (Weidt Nuchjalearn, 2022). Limited access to fair credit worsens the situation (Onerci, 2021). High debt levels also weaken national economic growth (Morgan, 2023) and harm long-term household stability (McKernan, Ratcliffe, Steuerle, & Zhang, 2014).

Yet, research gaps remain in identifying effective debt management strategies suited to grassroots populations, who may benefit from tailored solutions such as financial education programs and policy reforms promoting equitable access to credit (Collins & O'Rourke, 2010).

Existing studies largely focus on macroeconomic impacts of household debt, with limited exploration of community-specific debt reform strategies for grassroots populations.

To address these gaps, this study seeks to contribute to the literature by analyzing household debt among Thailand's grassroots population. Specifically, the study aims to: (1) identify key causes of household debt; (2) examine the resulting social and economic impacts; and (3) evaluate current and potential strategies for debt management and reform. The findings will inform more inclusive, community-based policy solutions tailored to the needs of low-income households.

## II. LITERATURE REVIEW

Household debt in Thailand is especially severe among grassroots populations due to low and unstable incomes, limited access to fair credit, and poor financial literacy. Many borrow not for investment, but to meet daily needs, which leads to long-term debt cycles (Sayamol Charoenratana, 2017). This review highlights three key themes: causes, impacts, and management of household debt.

### A. Major Causes of Household Debt

The main drivers of debt include income insufficiency, lack of affordable financial services, and the high cost of living. Studies show that grassroots individuals often borrow out of necessity, especially during crises like COVID-19, which caused widespread income loss and reliance on high-interest loans (Lusardi & Tufano, 2015; Manop Udomkerdmongkol, 2020). Formal financial institutions are often inaccessible, pushing many to informal lenders with harsh terms. Inflation and rising living costs further strain low-income households. Poor financial knowledge adds to the problem, as many are unaware of budgeting or lower-interest options (Onerci, 2021). Research also notes that grassroots economies lack stability and support systems (Prawet Wasi, 1999), making credit a survival tool rather than a growth

strategy. Scholars call for local economic development and targeted policies to support entrepreneurship and income security, aiming to reduce long-term reliance on debt (Kanchana Roadkaew et al., 2021).

### *B. Problems Arising from Household Debt*

Household debt negatively impacts grassroots populations on many levels. Financial strain often leads to mental health issues such as anxiety and depression, particularly where mental health resources are limited (Sweet et al., 2013). Debt also reduces the ability to invest in education, home ownership, or small businesses, limiting social mobility (Ratcliffe & McKernan, 2013). In Thailand, where household debt is about 90% of GDP, grassroots communities face severe pressure. Debt repayment consumes most of their income, leaving little for savings or daily needs. This stifles both local and national economic growth, as consumer spending drops (Rachata Tangnaratchakit, 2022). Young Thais, especially under 35, are heavily burdened by education and consumer debt. This limits their ability to save or invest, delaying life milestones like home ownership and family planning. Over time, this reduces their capacity to support older family members and increases dependence on government welfare (Veerathai Santiprabhob, 2021). Debt also affects family and community relationships. Financial stress contributes to conflict, domestic violence, and social withdrawal (Suriya Hanphichai, 2020). The emotional toll, paired with limited financial literacy, traps many in long-term debt cycles, harming both individual well-being and broader social stability (Prawet Wasi, 1999).

### *C. Debt Management and Reform Strategies*

To address grassroots debt, various strategies have been introduced. Debt consolidation and restructuring can reduce interest burdens, but these options mainly benefit borrowers with steady income and good credit,

making them less accessible to vulnerable groups (Collins & O'Rourke, 2010). In Thailand, many in the informal sector face obstacles in accessing such formal support (Bank of Thailand, 2020). Improving financial literacy is key. Community programs now educate people on budgeting and debt management, helping prevent further borrowing (Karn Pilantanadilok, 2020). Initiatives like household accounting and village savings groups have also proven helpful by encouraging financial discipline and offering alternatives to high-interest loans (Kamonwan Kittitudomrat, 2021; Suriya Hanphichai, 2020). Government campaigns, such as the 2022 "Year of Household Debt Resolution," promote debt relief through restructuring, lower interest, and financial counseling. However, deeper issues like income inequality and limited credit access still hinder long-term progress (Rachata Tangnaratchakit, 2022).

One promising initiative is the "Debt Clinic," which consolidates unsecured personal loans and tailors' repayment plans based on income (Bank of Thailand, 2021). For grassroots populations, combining education, community support, and accessible financial tools offers a path to sustainable debt recovery.

## III. RESEARCH METHODOLOGY

### *A. Methodological Implications for Desk Research and In-Depth Interviews*

The findings from past research indicate a need for a two-pronged research approach. Desk research will allow for a comprehensive review of existing data on household debt, providing a macroeconomic perspective on the causes, problems, and policy responses. This will include reviewing statistical reports from sources like the Office of the National Economic and Social Development Council (NESDC) and studies from Kasikorn Research Center. In addition to desk research, in-depth interviews with members of grassroots communities and financial experts will offer qualitative insights into



the lived experiences of debt and the perceived effectiveness of current debt management strategies. Through this mixed-methods approach, the research aims to create a holistic view of household debt among grassroots populations, providing valuable insights into the structural changes needed to mitigate debt burdens and support financial stability.

*B. Desk Research*

To ensure high reliability and validity, this study uses verified data from reputable sources like NESDC, the World Bank, and the Bank of Thailand. A structured method guides data collection and analysis on household debt’s causes, impacts, and solutions. Cross-referencing studies such as Lusardi and Tufano (2015); Weidt Nuchjalearn (2022) confirm consistent patterns. Through the integration of quantitative economic data and qualitative insights from academic literature and policy report, the paper achieves high levels of reliability and validity, offering a robust foundation for understanding the

complex dynamics of household debt among Thailand's grassroots populations.

*C. In-depth Interview*

To achieve in-depth and diverse insights on household debt among Thailand's grassroots population, the interview sample was selected using purposive sampling to ensure the inclusion of individuals who represent different debt causes, occupations, and financial challenges within this demographic. Table 1 presents the target population profiles for in-depth interviews with frequency. For qualitative studies like in-depth interviews, a sample size of 20–25 participants is generally suitable to achieve saturation of themes without overwhelming the research with too much data (Townsend, 2013). This size (24 informants) allows for diversity in experiences and perspectives, while enabling the researcher to draw meaningful, in-depth insights from each interview.

In-depth Interview by using Semi-Structured Interview Questions.

Table 1: Interviewee profile and frequency

Profile	Description	Frequency
Low-Income Earners and Daily Wage Workers	Individuals earning below the national average (15,000), relying on debt for basic needs. Daily wage laborers face unique economic instability and may offer insights into survival-based borrowing.	8
Small Business Owners/ Market Vendors	Entrepreneurs in grassroots sectors who may have debt from business investments and personal loans.	3
Farmers/Agricultural Workers	This group is often in debt due to agricultural investment costs and climate-related income instability.	4
Young Adults (Aged 25-35)	The younger demographic with significant credit card or personal loan debt, including a focus on credit use and financial management challenges.	3
Debt Counseling Experts/ Financial Advisors	Professionals who offer guidance and support for debt management, providing insights into effective strategies and common challenges for grassroots populations.	3
Policy Makers/ NGO Representatives	Individuals involved in developing or implementing debt management policies or supporting financial well-being for low-income households.	3

Table 2: Summary of semi-structure question to each group and sample of answer

Group	Semi-structured question	Example of answer
<p>Low-Income Earners &amp; Daily Wage Workers</p>	<ol style="list-style-type: none"> <li>1. What are your main sources of income, and what makes it hard to cover daily expenses?</li> <li>2. Why did you take on debt? (e.g., for basic needs, health, education)</li> <li>3. How do you decide when to borrow money and where do you borrow from? (e.g., family, informal lenders, banks)</li> <li>4. How has having debt affected your daily life and financial situation?</li> <li>5. What problems have you had with paying back debt?</li> <li>6. What do you do to manage your debt?</li> <li>7. Have you gotten help with managing your debt? What kind of help would be most useful to you?</li> </ol>	<ol style="list-style-type: none"> <li>1. I depend on daily wages, but the income is not regular, so it's hard to meet basic needs, especially during slow seasons.</li> <li>2. I borrowed money to pay for my children's education, hoping it will help them have a better future.</li> <li>3. I often borrow from informal lenders with high interest because they're the only ones who will lend to me when I don't have enough money.</li> <li>4. Debt causes me constant stress, and it's hard to save or plan for the future. Sometimes, the pressure of paying it back feels too much.</li> <li>5. Yes, with income that isn't steady, it's hard to pay back debt on time. Some months, I have to skip payments or borrow more just to keep up.</li> <li>6. I have to manage different loans, sometimes taking new loans to pay off old ones. It feels like I'm stuck in a never-ending cycle.</li> <li>7. No, I haven't gotten any help with managing debt. It would be good if someone could show me</li> </ol>
<p>Small Business Owners/Market Vendors</p>	<ol style="list-style-type: none"> <li>1. What are the main money needs of your business, and how do they affect your debt?</li> <li>2. Have you borrowed money for your business? Why? (e.g., for inventory, growth)</li> <li>3. Do you have trouble getting affordable credit for your business?</li> <li>4. How does business debt affect your personal finances? Can you keep them separate?</li> <li>5. How has debt stopped you from growing or keeping your business going?</li> <li>6. How do you pay back debt when your business income is low?</li> <li>7. Are there any financial services or policies that could help your financial situation?</li> </ol>	<ol style="list-style-type: none"> <li>1. I often need to borrow money to pay for things like inventory and supplies, which makes my debt worse, and sometimes I end up borrowing more just to keep going.</li> <li>2. Yes, I had to borrow money just to pay for daily costs, like buying inventory, because the money I make isn't enough to cover everything.</li> <li>3. It's hard to find affordable loans. Most loans have really high interest, which makes it tough to grow or even just break even.</li> <li>4. My personal money and business money get mixed up. Sometimes I use my own money to pay for business debts, which makes it hard to manage my household finances.</li> <li>5. Having so much debt stops me from buying new products or growing my business. I spend more time paying off debt than thinking about expanding, and it's frustrating.</li> <li>6. When I don't make enough money, it's hard to pay back my debts on time. Sometimes, I have to borrow more money just to pay off the old debts.</li> <li>7. It would help if there was more credit I could get with fair interest and easy ways to pay it back. The current loans are too hard to get and don't really fit what my business needs.</li> </ol>
<p>Farmers/ Agricultural Workers</p>	<ol style="list-style-type: none"> <li>1. How does having money go up and down through the seasons affect your finances and lead to debt?</li> <li>2. Why do you take on debt? (e.g., for equipment, seeds, fertilizer)</li> </ol>	<ol style="list-style-type: none"> <li>1. Seasonal income makes it hard to plan, so I often have to borrow money during the off-season.</li> <li>2. I borrow for seeds, fertilizer, and equipment repairs, but I keep borrowing more, and the cycle never ends.</li> <li>3. Financial services are far away, and the high interest makes it hard to get loans.</li> </ol>



Table 2: Summary of semi-structure question to each group and sample of answer (cont.)

Group	Semi-structured question	Example of answer
Farmers/ Agricultural Workers	3. Is it easy to access financial services for farmers in your area? 4. How has debt affected your farming and your household's money situation? 5. Have you had trouble paying back debt because farming income changes with the seasons? 6. What do you do to manage debt, especially when income is low? 7. Are there any programs or policies that could help manage debt better?	4. Debt is stressing both my work and home life. It's hard to keep up with payments. 5. Farming income is unpredictable, so I sometimes miss payments when the money is too low. 6. When income is low, I struggle to pay back debt and end up borrowing more, which makes it worse. 7. We need debt forgiveness or longer repayment times, especially for small farmers like us.
Young Adults (Aged 25-35)	1. What are your main money goals and challenges right now? 2. Why did you take on debt? (e.g., education, lifestyle, investments) 3. Is it easy or hard to get credit, and where do you borrow money from? 4. How does debt affect your financial situation and future plans? 5. Have you had problems managing or paying back your debt? 6. What do you do to manage your debt? 7. Are there any financial services or help that would make managing debt easier for you?	1. My goal is to be financially independent, but I'm always struggling with living costs, student loans, and other debts. 2. Most of my debt is from lifestyle choices and education loans. It's hard to manage, and I feel like I'm always in debt. 3. Credit is easy to get, but the loans have high interest, making it hard to manage. I rely on payday loans when money is tight. 4. Debt stops me from saving or investing. It's hard to think about the future when I'm just trying to get by. 5. Yes, it's overwhelming. I've missed payments and can't catch up with the high-interest debt. 6. I'm trying to consolidate credit card debt, but I still have too many loans. Sometimes, I don't know where to begin. 7. I wish there were more affordable debt counseling. It's hard to manage debt without clear help.
Debt Counseling Experts/ Financial Advisors	1. Why do poor people usually take on debt? 2. What money habits do you see in families with debt? 3. How does debt affect families and individuals in poor communities? 4. What long-term problems do you see from having too much debt? 5. What advice do you give to people struggling with debt? 6. What changes or services could help fix debt problems in poor communities?	1. People take on debt because they don't understand money and make bad choices. High-interest loans and lenders who take advantage of them make it worse. 2. Many borrow money without knowing about interest rates, repayment, or the risks. They often rely on informal lenders. 3. Debt causes stress and makes the poverty cycle worse. It affects family life and makes it hard to plan for the future. 4. High debt causes long-term problems. Families keep borrowing and sometimes lose their homes or go bankrupt. It stops financial growth. 5. Clients struggle to pay off big debts. I suggest consolidating debt or asking for lower interest rates, but it doesn't always help. 6. There needs to be more affordable credit, better protections for borrowers, and debt relief programs. Without these, poor communities will keep facing debt problems.

Table 2: Summary of semi-structure question to each group and sample of answer (cont.)

Group	Semi-structured question	Example of answer
Policy Makers/NGO Representatives	<ol style="list-style-type: none"> <li>1. What are the main reasons poor people get into debt?"</li> <li>2. How do financial services help or make debt worse for families?</li> <li>3. How does debt in poor communities affect the economy and local development?</li> <li>4. What social or economic problems do you see from high debt in these groups?</li> <li>5. What policies or programs are there to help with household debt?</li> <li>6. What changes would help manage debt and improve financial stability for poor communities?</li> </ol>	<ol style="list-style-type: none"> <li>1. The main reasons are poor understanding of money, no access to proper financial services, and relying on high-interest loans. People also don't have savings and worry about job security.</li> <li>2. Services like payday loans and credit make debt worse. There aren't affordable financial products for low-income people, leading to predatory lending.</li> <li>3. High debt stops local growth. People borrow just to survive, which lowers spending, reduces community investment, and weakens the economy.</li> <li>4. Debt causes stress and makes people less productive. It hurts family life and mental health, keeping people in poverty and stuck with few opportunities.</li> <li>5. Current programs don't help much. Debt relief and loans don't reach the most in need, and there's not enough support.</li> <li>6. There should be stricter rules on interest rates, more access to affordable credit, and better debt relief programs. Without these, debt problems will keep getting worse.</li> </ol>

*D. Semi-Structured Interview Questions*

A set of semi-structured interview questions is tailored to each target population profile and aim to elicit insights aligned with the research objectives on the causes of debt, its impacts, and possible management or reform approaches. Table 2 summarizes the questions and sample answer for each question to each group.

This study uses in-depth, semi-structured interviews to enhance reliability and validity by capturing personal experiences of household debt among grassroots populations. Common themes like income instability and borrowing for daily needs consistently emerged. One construction worker shared, "My income is unpredictable... I end up borrowing from friends," while a food vendor said, "The cost of ingredients has risen... I barely make enough to cover expenses." These insights confirm debt is often driven by daily survival. Participants also cited debt for essential needs like education and healthcare. One parent noted, "I take

on debt to pay for school fees." Another said, "When a health emergency hits, I have no other choice." These shared struggles validate the findings, showing debt is both a survival tool and a source of emotional strain. These responses reveal the lived realities behind the data, confirming both the reliability and validity of insights into the impacts of debt.

IV. RESULTS AND SYNTHESIZING THE RESULTS

*A. Results from Desk Research*

The findings from desk research reveal a complex interplay of economic, social, and policy-related factors that contribute to the household debt crisis among Thailand's grassroots population. Each research objective, identifying the causes, understanding the consequences, and examining potential solutions has been analyzed based on both statistical data and insights from existing studies, which have been drawn from a variety of credible sources to ensure high levels of reliability and validity.



1) *Major Causes of Household Debt:* Household debt in Thailand is driven by income stagnation, high living costs, and unstable employment. Over 30% of the workforce is in informal or seasonal jobs, which are low-paying and unstable, worsened by the COVID-19 downturn, leaving 1.2 million unemployed in 2021 (NESDC, 2022). High-interest credit products, like credit cards, have further increased debt levels, with 30% of credit card holders under 35, making younger populations particularly vulnerable (Kasikorn Research Center, 2020). Moreover, 18% of household debt is non-performing, indicating repayment difficulties (Weidt Nuchjalearn, 2022). Small businesses face challenges accessing affordable capital, with SME loans making up just 20% of bank portfolios, while 40% of rural households lack access to affordable financial services, relying on informal loans (World Bank Group, 2022; The Nation, 2023). Agricultural workers are also affected by weather-related income fluctuations, with extreme weather causing significant losses in rice production (Chitnucha Buddhaboorn, Yaowaluk Sankum, Srayut Tongnoy, & Attachai Jintrawat, 2022; Shrestha & Roachanakanan, 2021).

2) *Problems Arising from Household Debt:* Thailand's household debt is at alarming levels, projected to reach 91.4% of GDP (16.9 trillion baht) by the end of 2024 (Gupta & Desk, 2024). The average household debt has risen to 606,378 baht, with 30% from informal lenders like loan sharks (Languopin, 2024). Monthly debt repayments average 18,787 baht, contributing to a 71.6% delinquency rate and non-performing loans of 152 billion baht in 2023 (The World Bank, 2021). Rising debt, coupled with stagnant incomes and high living costs, leads to reduced spending, family stress, and domestic violence. Informal loans among households surged to 85 billion baht in 2021, reflecting heavy reliance on borrowing (Bank of Thailand, 2021; Economic Intelligence Center, 2022). High debt levels also limit business reinvestment, trapping individuals in debt cycles (Desk & Maung, 2024). While

debt restructuring and relief measures exist, broader financial inclusion reforms are necessary to address these issues, particularly for young adults facing credit card debt challenges (Kasikorn Research Center, 2020).

3) *Debt Management or Reform Approaches and Problem-Solving Strategies:* Thailand's debt management strategies face challenges. The "Year of Household Debt Resolution" campaign helped 2 million borrowers with debt restructuring and interest rate reductions but did not address root causes like income inequality, low wages, and financial literacy (Bank of Thailand, 2024). Household debt is projected to reach 16.9 trillion baht (91.4% of GDP) in 2024, contributing to economic stagnation as households prioritize debt repayments over consumption (Asia News Network, 2024). Non-performing loans (NPLs) peaked at 4.5 million during the pandemic, mostly from personal and agricultural loans (World Bank Group, 2024). Many low-income families struggle to access formal debt relief, relying on high-interest informal lending, which makes up 30% of household debt. Experts advocate for financial literacy and fair credit access to reduce debt reliance (The Online Citizen, 2024). Sustainable reforms, including financial education and responsible lending, are essential for improving debt management (Thailand Business News, 2023).

#### *B. Results from In-depth Interview*

1) *Major Causes of Household Debt:* Low-income earners and daily wage workers in Thailand often face financial instability and rising costs, leading to household debt. Their incomes from jobs like factory work or market vending are insufficient for basic needs. Borrowing is common for emergencies, education, business needs, or social obligations like weddings, with some using high-interest loans to pay off old debts. Informal lenders are quick but costly, while community savings groups offer lower rates. Despite budgeting efforts, emergencies force borrowing, trapping them in a debt cycle.

Small business owners and market vendors face similar challenges, borrowing for inventory, equipment, or expansion. However, cash flow issues and high-interest loans can worsen their financial strain. Access to affordable credit is limited, with barriers such as strict eligibility and high rates from informal lenders. Some entrepreneurs benefit from community microloan programs, underscoring the need for tailored financial products and supportive policies to help them manage debt and grow sustainably.

Farmers face household debt due to seasonal income variability, often relying on informal lenders. Financial planning can help, but limited access to formal financial services and barriers like distance to banks hinder progress. Microfinance and government programs offer some relief, but farmers need simpler, more inclusive financial services and education to break the debt cycle.

Young adults (25–35) struggle with managing student loans, saving for emergencies, and balancing debt repayment with future goals. Some rely on high-interest loans or family support. They seek better access to credit, lower rates, and financial planning tools.

Debt counseling experts highlight the impact of low income, poor financial literacy, and social pressures on debt accumulation. Informal lenders trap many in high-interest cycles. Addressing these challenges requires better financial education and improved access to low-interest credit. Policymakers and NGOs advocate for more inclusive financial services and expanded social safety nets to tackle debt issues.

2) *Problems Arising from Household Debt:* Low-income earners and daily wage workers in Thailand face significant financial challenges due to household debt. Many struggle with unstable incomes, high-interest loans, and unclear repayment terms, leading to stress and family strain. Some attempt to manage by budgeting and prioritizing needs, but others sacrifice essentials like

food or healthcare. To cope, many work longer hours or borrow from family, but this often worsens the pressure. Some use debt positively, starting businesses or joining savings groups, but debt limits their financial choices and keeps many feeling trapped.

Small business owners and market vendors also face complex debt challenges. Many blend personal and business finances, borrowing to cover cash flow gaps or expand operations. While some report improved financial discipline, others struggle with rising costs and high-interest loans that limit growth. Debt often reduces personal savings and hinders business development. There is a need for accessible financial management support and affordable credit tailored to these entrepreneurs' unique needs.

Farmers in Thailand experience debt due to seasonal income fluctuations, often borrowing for farming inputs or emergencies. While credit can improve yields, irregular income and unpredictable weather make repayment difficult, leading to debt accumulation. Flexible repayment options and improved seasonal loan structures are needed to support farmers.

Young adults (25-35) often rely on debt for education, cars, or emergencies but face challenges in managing repayments due to high-interest credit cards, irregular income, and consumer pressures. Despite efforts to budget and seek financial advice, many struggle to save or invest. The burden of student loans remains a significant obstacle.

Debt counseling experts emphasize the emotional toll of debt, including anxiety and strained relationships. Education on borrowing and access to counseling are essential to help individuals break the cycle. Policymakers and NGOs recognize the need for more inclusive financial services and improved social safety nets to support debt management and long-term economic stability.

3) *Debt Management or Reform Approaches and Problem-Solving Strategies:* Low-income earners and daily wage laborers manage by budgeting, minimizing



daily costs, and prioritizing high-interest repayments. Some take extra jobs despite exhaustion. Informal support from family, friends, and savings groups helps, while a few access workshops or learn from online tools. However, many still lack professional guidance and seek better access to financial counseling, literacy programs, and debt relief.

Small business owners and market vendors cut both personal and business expenses, borrow informally, or sell assets to meet obligations. Some reduce stock, limit working hours, or take on side work. They often negotiate with lenders or dip into business savings. Many calls for improved access to microloans, flexible repayment terms, government grants, tax relief, and digital tools. A more inclusive credit scoring system is also needed to reflect their true financial situations.

Farmers and agricultural workers rely on informal loans, asset sales, and seasonal credit. Some fall into debt cycles by borrowing to repay old loans. Cooperatives offer limited support. Farmers recommend reforms like lower interest rates, flexible repayments, crop support, debt restructuring, financial literacy, weather insurance, and grants.

Young adults (25–35) use budgeting apps, consolidate loans, and reduce non-essential spending. Some rely on family help or use structured repayment methods like the snowball strategy. They advocate for youth-specific loans, flexible payment options, and government programs to boost financial stability.

Debt counselors suggest practical methods like budgeting, prioritizing high-interest debts, building emergency funds, and early communication with creditors. They warn against borrowing to repay existing loans.

Policy makers and NGOs offer debt restructuring, literacy programs, and small business loans. Yet, access

is limited, especially in rural areas. More inclusive programs, stronger welfare, and income stability are needed to address root causes of debt dependency.

### *C. Data Analysis and Synthesis*

Data from desk research and semi-structured interviews were analyzed using thematic analysis. First, all interview transcripts and key documents were carefully reviewed. Initial codes were generated inductively based on recurring topics and keywords. These codes were then grouped into broader themes that reflected patterns across both data sources.

A comparative approach was employed to synthesize insights from desk research (e.g., existing policy documents, reports) with primary data from interviews. Themes identified from desk research were used as a framework to guide interpretation of interview data, allowing for triangulation and deeper contextual understanding. This process enhanced the validity and transparency of the analysis.

Thematic analysis followed Braun and Clarke (2006) six-phase framework. Table 3 summarized what this study have done and presented some examples of each phase.

Desk research findings were first used to identify macro-level patterns and existing policies, while interviews provided micro-level insights and validated or challenged these findings through real-life experiences. This comparative process allowed a triangulated synthesis that strengthened the validity of interpretations. The integration of these two data sources was guided by the conceptual framework (Figure 1), which outlines the interaction between structural factors, household behaviors, and policy interventions in shaping grassroots debt dynamics.

Table 3: Summary of thematic analysis

Phases	What to do	Examples
1. Familiarization with the data	Reading interview transcripts from low-income workers, small vendors, farmers, young adults, and experts — along with desk research documents (e.g., reports from Bank of Thailand, NESDC)	“Debt causes me constant stress... sometimes, the pressure of paying it back feels too much.” (Interview – Daily Wage Worker) “Thailand’s household debt is projected to reach 91.4% of GDP...” (Desk Research – Bank of Thailand 2024) Both information help identifying patterns like financial stress and high debt levels.
2. Generating initial codes	Highlighting keywords or ideas that repeatedly appeared, such as: “unstable income”, “seasonal income”, “low income”	Then codes into the following theme like “income instability”,
3. Searching for themes	Grouping similar themes into broader themes	Codes: “income instability,” →Theme: “Causes of debt”
4. Reviewing themes	Comparing themes across groups and sources to check for consistency and make sure each theme was supported by evidence	Both desk research (e.g., 91.4% debt-to-GDP, NPL levels) and interviews (e.g., “I have to borrow more to repay old loans”) confirmed the theme “debt cycle and repayment stress”. Another finding is that “Informal lending reliance” was common across farmers, young adults, and vendors, confirming its relevance
5. Defining and naming themes	Finalizing the names and scope of each theme to clearly reflect the patterns	1. Causes of Debt – e.g., insufficient income, rising costs of living, inadequate financial literacy, structural barriers 2. Impacts of Debt – e.g., financial strain and debt cycles, emotional and mental health impacts, broader economic and social implications, lack of structured support systems 3. Debt Management – e.g., debt restructuring and consolidation, financial literacy and education, community-based solutions, policy-level reforms
6. Writing the report	Writing the results by organizing them under the themes	

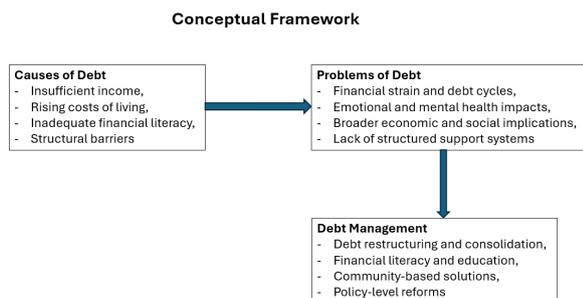


Figure 1: Conceptual Framework

### 1) Major Causes of Household Debt: A Synthesis

1.1) Insufficient Income and Economic Instability: Many low-income workers and daily wage laborers struggle with irregular incomes, often insufficient to cover essential needs, leading to frequent borrowing. This issue is compounded by the COVID-19 pandemic, job losses, and limited access to social protection. Farmers and



small business owners face additional challenges due to seasonal income variability and high operational costs.

1.2) Rising Costs of Living: Inflation and increased prices for food, housing, and healthcare further strain household budgets, forcing families to borrow for education, medical emergencies, or social obligations. These rising costs, coupled with stagnant incomes, push individuals into high-interest informal loans.

1.3) Limited Access to Affordable Credit: Many grassroots households cannot access formal loans due to lack of collateral or stable incomes, relying instead on informal lenders who charge high interest. This creates cycles of debt, especially for small business owners, farmers, and young adults who struggle with credit card debt and loans.

1.4) Inadequate Financial Literacy: Poor financial literacy prevents individuals from making informed borrowing decisions, exacerbating debt. Many participants expressed the need for financial education to improve budgeting and debt management skills.

1.5) Structural Barriers: Structural issues, such as income inequality and insufficient social safety nets, contribute to the problem. With 62% of Thai households lacking emergency savings, many remain vulnerable to financial shocks and predatory lending. These interconnected factors underscore the urgent need for better financial policies and support systems to alleviate debt pressures.

## *2) Problems Arising from Household Debt: A Synthesis*

2.1) Financial Strain and Debt Cycles: High-interest loans and repayment difficulties create cycles of debt, particularly for low-income earners, daily wage laborers, and small business owners. With 30% of household debt from informal lending, repayments often exceed family incomes, leaving little room for savings. Farmers face additional strain during off-seasons, and limited access to affordable loans forces reliance on informal lenders, worsening financial insecurity.

2.2) Emotional and Mental Health Impacts: Debt causes significant psychological stress, anxiety, and depression, exacerbated by limited mental health care in grassroots communities. This emotional strain leads to family conflicts and even domestic violence, undermining family stability. For young adults, debt delays important life milestones, such as homeownership or starting families, reducing social mobility and increasing reliance on government support.

2.3) Broader Economic and Social Implications: High household debt, projected to reach 91.4% of GDP by 2024, limits consumer spending and stifles economic growth. The intergenerational nature of debt creates cycles of poverty, with younger generations unable to build wealth or prepare for retirement, further entrenching financial insecurity.

2.4) Lack of Structured Support Systems: The absence of accessible repayment frameworks and the reliance on unregulated, predatory informal credit intensify financial distress, as many struggle to understand loan terms and repayment options.

## *3) Debt Management and Reform Approaches: A Synthesis*

3.1) Debt Restructuring and Consolidation: Debt restructuring, like the "Debt Clinic" program by the Bank of Thailand, helps consolidate debts into single payments at lower interest rates. However, these solutions are often inaccessible to vulnerable groups due to strict eligibility criteria. Government relief initiatives, such as the "Year of Household Debt Resolution" campaign, provide temporary relief but do not address deeper systemic issues like income inequality and job insecurity.

3.2) Financial Literacy and Education: Financial literacy programs are vital for preventing further debt accumulation. Many low-income earners lack the knowledge to manage debt effectively (Karn Piltanadilok, 2020). Initiatives by the Bank of Thailand and local institutions target

grassroots communities, especially in rural areas, teaching debt management and budgeting to reduce reliance on high-interest credit.

3.3) Community-Based Solutions: Savings groups and microfinance programs offer low-interest loans, reducing dependence on informal lenders. Cooperative banks and village savings groups help farmers manage income volatility, providing more stable credit access.

3.4) Policy-Level Reforms: Experts suggest expanding affordable credit access through government-backed programs and regulating informal lenders. Policymakers also advocate for vocational training to improve income stability and reduce borrowing dependency, aiming for long-term financial resilience.

## V. CONCLUSION AND DISCUSSION

The findings from desk research and in-depth interviews provide a comprehensive view of household debt among Thailand's grassroots populations, addressing the causes, impacts, and potential solutions.

### *A. Major Causes of Household Debt*

The primary causes include low, unstable income, limited access to affordable credit, and inadequate financial literacy. This aligns with previous studies (Weidt Nuchjalearn, 2022; NESDC, 2022), which highlight income instability in informal sectors like daily wage labor and agriculture. The reliance on high-interest informal loans, especially among young adults, exacerbates the issue, as noted by Kasikorn Research Center (2022). Structural economic issues, combined with easy credit access and low financial literacy, contribute to a cycle of debt dependency.

### *B. Problems Arising from Household Debt*

Debt leads to significant personal, social, and economic impacts. Mental health issues, including anxiety and depression, are linked to high debt (Sweet et al., 2013). Interviews confirm these effects, with respondents

reporting stress and strained family relationships. Economic consequences, such as reduced disposable income and hindered investment, are also confirmed by the World Bank (2021). Small business owners struggle to reinvest, limiting economic mobility (Rachata Tangnaratchakit, 2022).

### *C. Debt Management or Reform Approaches*

While government debt restructuring programs offer temporary relief, they fail to address root causes. Financial education programs, highlighted by Collins and O'Rourke (2010), are crucial for long-term solutions. Both desk research and interviews suggest that targeted programs for seasonal workers and low-income earners, such as flexible loan repayments, are needed for sustainable relief (Karn Piltanadilok, 2020).

## VI. MANAGERIAL IMPLICATION

This research offers actionable insights for policymakers, financial institutions, and community organizations to improve debt management and alleviate financial pressures on grassroots populations.

### *A. Tailored Financial Products*

To support communities with irregular incomes, such as farmers and daily wage earners, accessible, low-interest loans with flexible repayment terms should be developed. These should align with seasonal income fluctuations to prevent debt accumulation during lean periods.

### *B. Enhanced Financial Literacy Programs*

Community-based financial education initiatives focusing on debt management, budgeting, and the risks of high-interest loans are essential. These programs should involve local NGOs and leaders to ensure they effectively reach marginalized groups.



### C. Community-Based Lending Models

Promoting community-based lending models like savings groups and microfinance can reduce reliance on high-interest informal loans. These models encourage collective financial responsibility and mutual assistance.

### D. Policy and Regulation Enhancements

Strengthening regulations to prevent predatory lending and ensuring fair credit access is crucial. Government-backed debt consolidation schemes can simplify repayments and protect vulnerable populations from exploitative lending practices.

### E. Data-Driven Decision-Making

Financial institutions should use data analytics to assess repayment patterns and design risk-sensitive financial products. This approach can create personalized loans that align with borrowers' financial capabilities, reducing over-indebtedness.

By adopting these strategies, stakeholders can address the root causes of household debt, reduce financial strain, and foster long-term financial stability for grassroots populations.

## VII. LIMITATIONS OF THE STUDY

While this study offers valuable insights into the causes, consequences, and potential solutions for household debt among Thailand's grassroots population, several limitations should be acknowledged.

First, the qualitative component of the research relies on purposive sampling of 24 participants, which, while sufficient for thematic saturation, may not capture the full diversity of experiences across all regions and sub-groups within the grassroots population. Therefore, the findings are not statistically generalizable, though they provide rich, contextual understanding.

Second, the semi-structured interviews may be influenced by response bias, as participants might

underreport sensitive financial behaviors or overstate challenges due to social desirability. Although confidentiality was emphasized, these factors could have impacted the accuracy or completeness of responses.

Third, the study primarily focuses on individual-level and community-level perspectives, and while desk research included national data, policy-level insights were limited by the availability and transparency of government reports, particularly on the outcomes of specific debt relief programs.

Finally, the cross-sectional nature of both the desk research and interviews provides a snapshot of the situation but does not capture changes over time. Longitudinal studies could offer more comprehensive insights into how household debt evolves and how different strategies perform over time.

Despite these limitations, the mixed-methods approach and triangulation of data sources enhance the validity of the findings and provide a solid foundation for future research and policy dialogue.

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