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Population Ageing in Thailand

Lessons from One of the Most Aged ASEAN Member States

Volume 1



Population Ageing in Thailand:

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Lessons from One of the Most Aged ASEAN Member States

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Foreword

These research reports showcase the many ways in which we at Thammasat Business School support work related to ageing population issues in Thailand. Thailand is an ASEAN member state with the most aged population.

Thailand is currently ranked the third most rapidly ageing population in the world. The number of people aged 60 and over in Thailand now stands at about 13 million, accounting for 20% of the population. Population ageing is a relatively new occurrence for Thailand; it was just in 2001 that Thailand became an ageing population with more than 7% of the population over 65. By 2050, Thailand's aging population is expected to increase to 20 million, accounting for 35.8% of the population. This means that out of every three Thais, one will be a senior citizen. In practical terms, this demographic transition translates to challenges with care and support of older people¹.

Even though the Thai Government has enacted policies in line with the Second National Plan for Older Person (2002-2021) much more is needed to address the challenges. These research reports conducted by the Ageing Business and Care Development Centre (ABCD) at Thammasat Business School, with the financial support of the Economic Research Institute for ASEAN and East Asia (ERIA) based in Jakarta, Indonesia.

The research report consists of five studies on social and business approaches to population ageing in Thailand:

1. Long-term Care Model in Thailand: Review of Population Ageing Practices and Policies in Thailand
2. Informal Workers' Preparedness for Active Ageing: A Case Study of Motorcycle Taxi Drivers in Bangkok
3. Risk Preference of Ageing Consumers: Evidence from Financial Decisions
4. Business Start-up Survey for the Healthcare Industry in Thailand
5. Market for Products and Services Targeting Older People in Thailand

¹ <https://ageingasia.org/ageing-population-thailand/#:~:text=Situation%20of%20older%20people,-The%20number%20of&text=By%202050%2C%20Thailand's%20aging%20population,will%20be%20a%20senior%20citizen.&text=This%20lowers%20the%20ratio%20of,older%20people%20in%20their%20family>. (accessed May 19, 2021)

These studies showcase the main issues affecting Thailand's ageing population with specific policy recommendations that will need to be considered by the Thai Government in their forthcoming Third National Plan for Older Person.

This work would not have been completed without the intense collaborative team effort led by Professor Duangjai Lorthanavanich (PhD), the research team leader. We wish to acknowledge the efforts of all research team members in pursuing this national agenda.

Ruth Banomyong

Dean, Thammasat Business School

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We would like to thank the Economic Research Institute for ASEAN and East Asia (ERIA) for supporting the project. It is an important starting point and helped us build a network of researchers on ageing from various fields and promote cooperation amongst governmental organisations and the private sector from Japan to the Association of Southeast Asian Nations (ASEAN) Member States. We are especially grateful to the organisers of the G20 Health Ministers' Meeting Side Event: Asia Health and Wellbeing Initiative (AHWIN) Forum on Achieving Healthy Ageing in Asia: Envisioning Better Care for Older Adults, 17 October 2019, and the roundtable of the AHWIN-related ERIA Studies on Population Ageing and Long-term Care, 18 October 2019, for the opportunity to present our research findings. The study is an important starting point for government support for our new project, Moving Retirees Forward: Reskill & Upskill to Enhance Job Prospects in the New Economy, which aims to ensure income security and employment of older people so they can take care of themselves and lead an independent life.

We owe boundless gratitude to Mr. Yasuhiro Yamada for his thoughtful guidance and for being our first collaborator to initiate the Ageing Business and Care Development (ABCD) Project and other activities in 2018. We also warmly thank Dr. Osuke Komazawa, who meticulously and diligently pored over this report to bring forth the suggestions and lessons from Thailand to ASEAN Member States.

We also send heartfelt thanks to all the research assistants – Thannapas, Suhansa, Thanrada, Arocha, Supreeya, Thitiporn – who actively worked tirelessly to complete the study.

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Research Team Leader

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Study 1

Long-term Care Model in Thailand:

Review of Population Ageing Practices and Policies

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Population Ageing in Thailand: Informal Workers' Preparedness for Active Ageing

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Study 3

Risk Preference of Ageing Consumers: Evidence from Financial Decisions

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Study 4

Business Start-up Survey for the Healthcare Industry in Thailand

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Study 5

Market for Elderly-targeted Products and Services in Thailand

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Executive Summary

Thailand is one of the fastest-ageing countries in the world, with a low fertility rate, long life expectancy, and large baby boomer population. This study focuses on the ageing population in Thailand in 2010–2040. The proportion of the population aged 60 and over will increase from 13% in 2010 to 33% in 2040 (UNDESA, 2019).

The Ageing Business & Care Development Centre (ABCD Centre) of Thammasat University was established in 2019 to recommend policies and guidelines on population ageing to the government and private sector.

The ABCD Centre spearheaded this project. It consists of five studies on social and business approaches to population ageing:

1. Long-term Care Model in Thailand: Review of Population Ageing Practices and Policies in Thailand
2. Informal Workers' Preparedness for Active Ageing: A Case Study of Motorcycle Taxi Drivers in Bangkok
3. Risk Preference of Ageing Consumers: Evidence from Financial Decisions
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5. Market for Products and Services Targeting Older People in Thailand

Study 1. Long-term Care Model in Thailand: Review of Population Ageing Practices and Policies

The study asked two questions: (1) What are the long-term care models and best practices suited to the realities of Thailand? (2) What policies are needed to cope with population ageing in Thailand so that people can enjoy healthy, happy, active, and productive lives as long as possible?

This study employed the following methods:

1. reviewing the academic literature published during 2008–2018 related to population ageing in Thailand, including various dimensions from health, social, environmental, and economic perspectives, and creating the Database of Ageing research (<http://aging.omeka.net>) from the 1,424 results of subject and keywords searches;
2. analysing and integrating the results of the literature review to find trends in government policies, private sector strategies, and practice models of healthcare and long-term care for older people; and
3. conducting focus group discussions with experts to develop policy recommendations from their ideas and the analyses of the literature review results.

Study 1 was divided into three parts, corresponding with the kind of long-term care for older people: (1) self-care, (2) home- and community-based care, and (3) institution-based care.

1. Self-care and Health Promotion

Active ageing is defined by the World Health Organization (2002) as ‘the process of optimising opportunities for health, participation, and security in order to enhance quality of life as people age’. The approach is applicable to countries whose populations are ageing rapidly, including Thailand, for promoting self-care and independent lives.

The study found that several best-practice models help older people live independently: (1) programmes to make public urban parks age and disability friendly; (2) programmes to ensure older people’s income security, led by private companies as a part of their corporate social responsibility in collaboration with public services, educational institutions, and non-profit organisations; (3) re-education programmes; and (4) social enterprise projects that help older people become physically independent.

The government and all those with a stake in population-ageing issues are encouraged to strongly support projects that help older people lead independent lives, such as making public spaces age friendly, promoting life-long education, providing more jobs without a retirement age, amongst others. Cooperation across the public, private, and non-profit sectors is crucial to building societies that support active, healthy, and productive ageing. More model cases of self-care and health promotion should be collected and shared with stakeholders.

2. Home- and Community-based Care

Best-practice models of long-term care are categorised into four, according to the scale and target: household, community, local, and network.

Households have limitations; family members can care for older people who are still self-reliant but with some difficulty in mobility. Poor households, however, have limited capacity to provide long-term care because they cannot afford to employ full-time and skilled caregivers. The burden can be lightened by intensive community support.

Two types of community can contribute to long-term care: village and virtual. The main actors at the village level are (1) village health volunteers, (2) community organisations or funds, (3) community institutions, and (4) neighbours and/or relatives. Village health volunteers and community organisations or funds play key roles in the socio-cultural and spiritual aspects of long-term care. Some strong community organisations can provide financial support to older people. All the communities that performed well had strong internal networks and strong connections with organisations that collaborate with communities. Since 2000, virtual communities have expanded. Their members volunteer and are socially and spiritually linked through information and communication technology. Virtual

communities emphasise religious teachings, focusing on peaceful and dignified living to the last day of life. Most of these communities are in Bangkok.

Local long-term care is provided by government (1) subdistrict administration organisations, (2) subdistrict hospitals, (3) district hospitals, and (4) provincial hospitals. Such care can be provided most efficiently in cooperation with all stakeholders.

Lastly, we found several practice models of long-term care that bridge some levels so that they complement each other: (1) doctor-led local network, (2) local hospital network, and (3) health information network. We believe that high-quality long-term care can be realised only when stakeholders work together and optimise limited resources through a network.

The government is encouraged to allocate budget for monthly payment of family caregivers to recognise them as indispensable, and to develop policies for socio-economic development and improvement of older people's living environment. More studies on good practice of long-term care are required and more resources to facilitate and expand successful pilot projects should be mobilised.

3. Institution-based Care

Although filial piety is a central traditional value, socio-economic changes make it impossible for the family to be the sole provider of long-term care in the modern world. This trend is especially evident when family members have chronic illnesses that require complex and long-term care. Institution-based care can be the solution for many modern families.

Institution-based long-term care facilities in Thailand are grouped into (1) residential homes, (2) assisted living facilities, (3) long-term care hospitals, (4) nursing homes, and (5) hospices or palliative care facilities.

These facilities are mostly in big cities and the central region. Most are expensive and unsupervised because of the lack of clear regulations. The government is encouraged to organise a body to oversee the quality of services provided at long-term care facilities.

We recommend promoting the development of a long-term care system by involving local communities, local authorities, and hospitals. We believe it is the most effective long-term care model for Thailand. Local authorities are encouraged to take more responsibility and optimise their capacity and capability.

Study 2: Informal Workers' Preparedness for Active Ageing: A Case Study of Motorcycle Taxi Drivers in Bangkok

The study examines how prepared motorcycle taxi drivers are for old age and active ageing. They are vital, informal workers. In 2018, there were 91,582 registered motorcycle taxi drivers in 5,670 registered motorcycle taxi stands in all 50 districts of Bangkok. The numbers did not include the several illegal motorcycle taxi stands and motorcycle taxi drivers or motorcycle taxi drivers who provided service on digital platforms such as Grab.

It is estimated that, in the same year, motorcycle taxi drivers serviced about 6 million people a day through different types of terrain, generating THB65 million–THB130 million a day or THB23 billion–THB40 billion a year. Although motorcycle taxi drivers are governed by law to assure their own safety and that of their customers and the public, law enforcement is often not effective.

All motorcycle taxi drivers want to stay active and physically and mentally healthy to earn an income even as they age. They want to be respected by their families and communities as financially independent, with their own place to live.

The study found that motorcycle taxi drivers gave priority to their physical health and were careful about eating healthily, avoiding risky behaviour, getting enough rest, and managing stress. However, they did not prioritise health check-ups or regular exercise. They visited healthcare facilities only when they needed medical certificates to apply for and renew their motorcycle taxi licenses. All drivers wore helmets but they needed more protection against air pollution. Nevertheless, those who were ill did have access to healthcare.

The study revealed motorcycle taxi drivers' economic condition, e.g. income, savings, and debt. Their incomes were higher than their basic spending. They earned more than the minimum wage and more than other groups of informal workers. Their higher income resulted from their long working hours and higher occupational hazards.

All the motorcycle taxi drivers valued diligence and discipline and kept up with news and changes that might affect their career. They were not interested in changing their occupation.

They most valued relations with family, on whom they would rely as they aged. They valued relations with the community but significantly less.

For financial security, the motorcycle taxi drivers relied most on savings, followed by membership in the Funeral Fund and in the Social Security Fund, which provides that former employees insured under Section 33 would continue to be insured. Many drivers were members of a community fund even though it was much less secure than the Social Security Fund or National Savings Fund. Members of a community fund can borrow from it; most members do not have access to loans from other formal sources.

For housing security, most motorcycle taxi drivers had plans for future housing, as well as plans to build relations with their home community. The study indicated that every motorcycle taxi driver wanted to be respected by and be a part of their community, which is probably why they found it highly important to cultivate good relations with the community and keep up with news on housing.

As for family relationships, motorcycle taxi drivers saw that lending money and/or materials to family members was a means to prepare for active ageing. All wanted to age while living with their spouse or children.

The results suggest that the association of motorcycle taxi drivers did not play significant role in preparing for active ageing.

Based on the study's findings, the government is encouraged to reduce illegal motorcycle taxi stands, introduce a classification system of drivers in accordance with their service areas, and empower the association of motorcycle taxi drivers.

To improve the services of motorcycle taxi drivers and secure their economic status, we encourage raising their awareness of the code of conduct; introducing a more intensive examination system to check their knowledge of the law; promoting vocational training, including advanced digital technology; and developing a cooperative system to promote savings and/or secure access to loans.

To promote the health of motorcycle taxi drivers, we recommend that stakeholders introduce a system requiring drivers to undergo health examinations when they register and renew their taxi licenses. The service area of each taxi stand should have healthcare facilities.

Study 3: Risk Preference of Ageing Consumers: Evidence from Financial Decisions

1. Background and Objectives

The financial well-being of an ageing population is one of the biggest challenges facing governments around the world. Life expectancy has been increasing dramatically in the past decades, and retirees cannot survive on savings alone. The study analyses how older people consume financial products by investigating their risk tolerance.

2. Method

A conjoint choice experiment was conducted to obtain primary data from respondents throughout Thailand. Apart from data on their preferred choice, detailed socio-demographic data were also collected to better understand determinants of risk tolerance amongst consumers across segments. A series of discrete choice models were estimated to fit the collected data before their parameter estimates were interpreted.

3. Findings

The general population preferred moderate-risk investments as they provide higher returns, whilst the elderly preferred low-risk and -return products. Financial advisors positively influenced individuals' choices. Investment experience did not affect the level of risk tolerance.

4. Policy Recommendations

We recommend that governments encourage older people to participate in moderately risky investments by providing them with financial advisors or enforcing asset management companies to provide the service. Empirically, financial advisory services were found to increase investors' preference for moderate risk. The study confirmed that those with ample investment experience realised the importance of

financial advisory services more than those with limited investment experience. It is crucial that policymakers not only expend resources to provide the services but also build awareness and knowledge of them.

Study 4: Business Start-up Survey for the Healthcare Industry in Thailand

1. Objectives

The study captured market and innovation trends that will enhance the capacity of older people to remain active and continue contributing to the economy. The study aimed to (1) examine the market size of health tech start-ups in Thailand, particularly those targeting older people; (2) explore innovations and health tech start-ups that promote active and healthy ageing; (3) investigate the gap between the needs of older people and existing business start-ups; and (4) explore the rules, regulations, laws, and practice guidelines for health tech start-ups so they can efficiently respond to demand for active and healthy ageing.

2. Method

The study reviewed secondary data, such as company profiles from start-up databases, government policies, and in-depth interviews with chief executive officers and founders of health tech start-ups that mainly focus on the ageing population.

The study relied on a qualitative research instrument. Semi-structured interviews were administered to collect data from 15 health tech start-ups using a multiple case study approach. The questions asked were related to (1) market sizes, (2) trends in innovations and business start-ups, (3) the gap between the needs of older people and existing business start-ups, and (4) problems and recommendations related to health tech start-ups.

3. Findings

The findings from the interviews with the founders and executives of the 15 health tech start-ups can be summarised as follows:

- 1) Business models can be classified into business-to-business (B2B) and business-to-consumer (B2C), depending on target customers, market size, value proposition, and/or major source of income.
- 2) Various innovations and start-up trends will allow older people to remain valuable citizens who contribute to the economy.
- 3) Discrepancies exist between the needs of the ageing population and existing business start-ups that cater to older people.
- 4) Laws and regulations should be adjusted to support the growth of health tech start-ups providing services for older people.

The study found that the size of health tech start-ups can be measured by the size of the ageing population and the size of the corresponding industry. There is demand for both B2B and B2C, which affects how start-ups approach their target customers. The factors that will facilitate the growth of health tech start-ups for an ageing society are (1) the familiarity of older people with technology and advances in information technology and artificial intelligence, (2) integration of data, and (3) creation of new jobs and value amongst senior citizens. The factors that will help older people continue contributing to the economy are (1) the need of older people to participate in physical and social activities, (2) financial planning to prepare people to become senior citizens, (3) lower costs of technology, (4) measures to prevent health problems, and (5) the use of augmented reality and virtual reality in communications between providers and users.

Discrepancies between the needs of the ageing population and existing business start-ups are (1) lack of personnel and innovations to assist older people and patients, and (2) the need to design a society that allows older people to live independently. Close relatives or caregivers decide what healthcare technology products to buy for older people, who might not be familiar with them. The ageing population has the potential to grow as consumers of high-tech products and services, but older people must become familiar with technology and learn to use it for their own benefit.

4. Policy Recommendations

Laws and regulations should be adjusted to support the growth of health tech start-ups for older people. The government can then support start-ups in synchrony with the growth of the industry and the needs of all stakeholders, including older people, families, and tech start-ups. In this way, the industry will grow efficiently and bring well-being to all senior citizens in Thailand.

Study 5: Market for Products and Services Targeting Older People in Thailand

1. Objectives

The study explores the available products and services for older people in Thailand. The study was conducted from November 2018 to June 2019 with the following objectives: (1) provide recommendations for entrepreneurs on high-potential ageing-related markets in Thailand and abroad, and (2) improve the quality of life of older people by making products and services more widely available.

2. Method

We conducted desk research, carrying out market surveys on supermarkets, convenient stores, and online stores such as Lazada and Shopee. Keywords used included elderly, old people, golden age, 60+, retiree, the term 'products and services' in general, and the names of products and services such as skin care, toothpaste, medical equipment, nursing home, health insurance, amongst others.

3. Findings

The proportion of people in Thailand aged 60 or older will be more than 20% in 2025 and more than 30% in 2031. The population is ageing rapidly but not many products and services specifically target older people. Entrepreneurs ignore the older market because it has been small so far. Most entrepreneurs lack understanding of the behaviours of older consumers. They are highly educated, health-conscious, and internet-savvy but are mostly 'silent consumers' online. As a result, entrepreneurs are unaware of their needs. Kasikorn Research Center's study on the market for products and services for older people highlights behaviours amongst older people, classifying age groups as follows:

- 1) 'Young-old' (60–69 years old) tend to be health conscious and open to new things, lead modern lifestyles, increasingly use new technologies, and shop online.
- 2) 'Middle-old' (70–79 years old) tend to stay in and prefer to share activities with family members. Some may have underlying conditions that require care or precautions; some may have declining physical capabilities or face loneliness.
- 3) 'Oldest-old' (80 years old and over) tend to stay in and prefer to share activities with family members. They are more likely to have underlying conditions and become increasingly dependent. Some may become fully dependent and need care.

Products and services that target older people are categorised into (1) healthy food and beverages; (2) lifestyle products; (3) real estate; (4) public-space and home renovation with senior-friendly equipment or facilities; (5) medical and therapeutic equipment; (6) mobility products and services; (7) investment, life insurance, and health insurance; (8) care services; and (9) media and entertainment.

5. Recommendations

Entrepreneurs who intend to promote products and services for older people should target them according to age, characteristics, and social and economic status or income level, and offer products and services that fit the needs of particular segments.

The younger and higher-income segment should be targeted first. The 'young-old' are more financially independent than older segments, and businesses can serve them longer. The profit from the higher-income segment can subsidise lower-income segments.

Entrepreneurs are encouraged to approach non-Thai older people. The world is ageing and foreign older people may have more purchasing power. Entrepreneurs are encouraged to design products to serve the global market. For this purpose, they should consider having foreign partners to help them compete. Investigation of market size, level of competition, and major players for each product or service are also important.

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