

Lottery solution for old-age security



A man points to some lottery tickets for sale at Khok Wua intersection, Ratchadamnoen Avenue, in the capital. NUTTHAWAT WICHEANBUT

POLICY FOCUS

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When Thailand becomes a fully aged society next year, the majority of the older people in the country will be scraping by on little savings — or none at all.

That is not surprising. Thailand is one of the world's most unequal nations. Without savings and comprehensive welfare support, it is certain that most people will continue living hand to mouth in old age.

As Thailand rapidly ages, one of its challenges is how to encourage the poor to save for old-age security. The country's passion for the lottery may offer some answers.

Despite the poor's daily struggles, the government's survey on household spending shows the poor spend a higher proportion of their income on lottery tickets compared to those in higher-income groups instead of putting their hard-earned money to better use or keeping it for rainy days.

Why are the poor addicted to the lottery? How to convince them to shift their lottery money to long-term savings they can fall upon in old age when they can no longer work?

The love affair with the lottery among low-income groups is not exclusive to Thailand. It is a worldwide phenomenon. The lottery is more popular with the low-income than the better-off in every country.

Research also shows that, like other regressive taxes, the lottery hurts the poor more than people with money. Meanwhile, research by psychologists and economists conclude that the poor's seemingly irrational obsession with the lottery reflects their strong yearning to rise above their economic and social status as well as their feelings of inferiority.

Amid overwhelming inequalities in the country, they feel that the lottery is one of very few “games” that they have an equal chance to win as the rich.

Therefore, the poor’s passion for the lottery is not irrational or unreasonable. The prize money is not the only thing that lottery buyers receive or aim for. Winning or losing, the chance to win the lottery brings them happy excitement and hope for a chance to break the chain of poverty once and for all.

Therefore, if the lottery does not hurt their pockets, they can justify their purchase for its possible maximum benefits emotionally and financially. The problems occur when it becomes an addiction that hurts their well-being and their families.

Still, it pays to prevent a harmful lottery addiction and false hope. The government should cooperate with various agencies to equip the consumers with financial literacy, through informal talks and formal public relations through the mass media.

Apart from strengthening their money management skills, it pays to help them realise how the lottery works, correct their misunderstandings, and make them realistically aware of the probability of winning and losing as well as the consequences of a lottery addiction.

Since the lottery is the government’s venture, the government has the responsibility to instil self-control as part of the game so the buyers do not use the lottery as a form of gambling.

Most lottery fans are in the lower-income brackets. Without self-control, they will bypass information or rationality and succumb to impulsive buying — a habit difficult to break.

To increase self control, an effective tool is a commitment device, convincing the target group to set up a concrete goal with a vow to pay up if they fail to reach that goal.

For example, if they fail to limit their lottery spending to under 160 baht a month, they need to donate 50 baht to a temple of their choice. Such a vow would help one to think twice before buying lottery tickets.

But this commitment device works well only with people who are aware of their lottery addiction and want to fix it. It is then useful to encourage the target group to record their daily income and expenses. Apart from making them understand their financial situation, such daily accounting will make them see for themselves if they lose or gain money from the lottery, or if they are spending too much on the lottery.



The government’s survey on household spending shows the poor spend a higher proportion of their income on lottery tickets.

Another measure is to help the lottery buyers become aware of how they could spend the money more wisely. This can be done by asking the buyers to write on the lottery tickets that the money spent could have been used to buy two meals for their children, for example. This practice could help the lottery fans think more carefully before spending their hard-earned money.

Since disparity robs the poor of the opportunity to break the cycle of poverty, it is understandable that they see the lottery as their only option to get rich quickly and eradicate their social inferiority.

The disparity is a structural problem. To tackle it, the government needs to empower the poor by tackling inequalities systematically. For example, improving their access to quality education, increasing their job opportunities, raising their income, and providing job placement assistance. These empowerment schemes will equip the poor to break away from the poverty trap without having to rely on the lottery and false hope.

Despite state measures to deal with lottery addiction, a large percentage of the poor will still continue to spend their scarce income on the lottery. That is a fact. The challenge is how to turn obstacles into opportunities, how to turn the popularity of the lottery into a tool for long-term savings.

The hope lies in savings lotteries. At pre-

sent, there are many types of savings lotteries, but most of them are out of the poor's reach. The government then should make these savings lotteries more attractive and easily accessible to lower-income groups.

For example, the buyers should be able to select the numbers they want to buy. The government should also increase distribution channels to make it easy for them to save through savings lotteries.

If the government designs the savings lotteries to serve the poor's needs, there is a chance to turn their love for the lottery to create long-term savings that will eventually rescue them in old age.

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