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Personal Financial Planning Practices of the Middle Class in Bangladesh: Implications for Financial Inclusion

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Abstract

Goal-based financial management and planning for future financial needs is a critical element for individuals' wellbeing in the modern world. Lacking the ability to identify key financial needs may negatively affect one's standard of living and lead to adverse consequences. Like other aspects of individuals' lives, culture plays an important role in shaping attitudes and, consequently, financial planning practices. In this respect, the literature lacks studies from developing countries and south-east Asian cultures. This study aims to address this gap by undertaking an exploratory investigation of the personal financial practices of the emerging middle class in Bangladesh. Using surveys and interviews, we find that immediate financial needs and family financial wellbeing are central to the financial concerns of the middle class. We found previous financial hardship, along with perceived wealth, to drive savings and other financial planning practices. However, findings also suggest poor knowledge of and lack of trust in financial products and services which may jeopardize financial inclusion. Orchestrated efforts from professionals, advocacy groups, and regulators are needed to build trust in the financial system and facilitate financial inclusion—a key component for economic growth and societal advancement in a developing country such as Bangladesh.

Keywords: financial planning; developing economy; financial inclusion; middle class; Bangladesh

1. Introduction

In an increasingly commoditized world, control and access to money as a medium of exchange ensure one's desired living standards and overall personal wellbeing. The benefit of personal financial planning extends beyond the personal level to broader society, as it reduces economic burden (Brounen et al., 2016; Rickwood et al., 2017).

In developed economies, the industrial revolution led to a rise in public income and, accordingly, a rise in living standards, at the cost of weakening traditional social support systems. While leaning towards financial independence, economic development presents both opportunities and threats for individuals. Features and opportunities such as urban living, higher education, utilities, longevity, retirement, taxation, healthcare, credit, and financial products all pose unique challenges as they involve some level of financial literacy and sophisticated decision-making affecting individual outcomes.

The commoditization of financial services is directly connected with economic development, as increased wealth stimulates financial satisfaction and demand for professional financial planning (Robb et al., 2012; Sacks et al., 2010). While financial planning can

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increase financial performance (Hung & Yoong, 2013), its practice is largely impacted by cultural values. These cultural values can shape individual attitudes, intentions, and behavior (Ghadwan et al., 2022; Hershey et al., 2010), and some studies (Fletcher, 2006; Jain & Joy, 1997; Wagland & Taylor, 2015) have discussed the roles that cultural values play in consumption preferences, debt- and risk-taking attitudes, altruism, and planning horizons.

Personal financial planning encompasses areas such as income, social/welfare safety nets, taxation, retirement funding, health, mortality risk, economic uncertainty, and estate planning, but its practice varies across countries and cultures (Aaberge et al., 2017; Crossan et al., 2011; Guiso et al., 1992; Kemp et al., 2005; Le Blanc et al., 2016). Consequently, socio-cultural factors also influence the demand for professional financial advice and planning (Cull & Sloan, 2016; Neal & Morgan, 2000; Turner & Muir, 2013; Van Horn & Hamilton, 2010; Watts & Murphy, 2009; Zick & Mayer, 2013). Demographics, environmental factors (e.g., regulatory context), and psycho-cognitive variables (e.g., attitudes towards financial independence, future orientation, stress, risk tolerance, propensity to plan, financial literacy) can aid in understanding individuals' financial behaviors and financial planning practices (Ameriks et al., 2003; Hanna et al., 2011; Hershey et al., 2010; Lusardi & Mitchell, 2011; Schuchardt et al., 2007; Van Rooij et al., 2011).

Saving for the future can indicate one's propensity for financial planning and is typically the first step to using other financial services and products. While global savings between 2011 and 2021 increased, the gap between advanced economies and developing ones widened, with savings rates of 58% and 25%, respectively (World Bank, 2025). Financial products play a crucial role in the practice of financial planning, and the availability of suitable financial products is known to increase financial inclusion (Birkenmaier & Huang, 2024).

Notably, most personal financial planning-related studies are conducted in the context of developed countries such as the United States and the United Kingdom (Goyal et al., 2021), with only 0.8% originating in countries outside the United States, the United Kingdom, the Netherlands, Canada, Australia, Switzerland, and Germany (Fagan & Brayman, 2011). This exposes a gap in the financial planning literature worthy of attention, given that financial planning behavior varies across cultures and contexts. This study addresses this gap by focusing on a sample of the growing middle-class population from a developing country with a substantially different culture: Bangladesh.

The context of Bangladesh appeals to the curiosity of financial planning researchers, due to its unique socio-economic characteristics as it transitions from a traditional agrarian economy and family-oriented society to an emerging service-oriented economy and industrial society. The adoption of market-based polices has successfully fueled economic growth, leading to a growing middle class, salaried income, urbanization, increased female workforce participation, literacy and skills-based training, access to sophisticated financial products, professional services, increased life expectancy, healthcare, and lifestyle facilities. Despite this progress, many traditional features intertwining with religious, regulatory, and ancestral principles are still dominant, suggesting somewhat confusing practices, rights, and obligations.

Together with traditional societal practices in Bangladesh, religious principles have gender-biased (mainly binary) influences. Inheritance is unequally distributed, and family identity is tied to the matrimonial family, with the marriage registration contract designating the male as the breadwinner. Although religious principles prohibit interest-based savings and investments, Bangladesh has a functioning financial market comprising banks, insurance companies, and two stock exchanges. As a developing country, Bangladesh lacks adequate social safety nets both in terms of welfare benefits and healthcare, leading individuals to seek assistance from kin or to privately fund these expenses. Moreover, a vast majority of private sector employment lacks security and full financial benefits.

The main objective of this exploratory study is to understand the personal financial planning practices of the emerging middle class in Bangladesh and the related implications for financial inclusion in a developing economy. Thus, this paper addresses the following main research question:

RQ1: What are the personal financial planning practices of the emerging middle class in Bangladesh?

Through surveys and interviews, we find that previous financial hardship, along with perceived wealth, drives savings and other financial planning practices. We find that the financial goals of the middle class in Bangladesh are focused on the short-term, with little attention paid to having a fully written financial plan. The immediate financial wellbeing of family members is central to the financial concerns of middle-class Bangladeshis. In addition to cultural influences, the findings suggest that financial planning practices are influenced by poor knowledge of and a lack of trust in financial products and services. This may jeopardize financial inclusion—a key ingredient to economic growth and societal advancement in a developing economy. This study calls on regulators to take actions that will build confidence in the financial system and facilitate financial inclusion.

The remainder of this paper is structured as follows. The next section explains the data collection instruments and methodological approach used. This is followed by a presentation of the quantitative and qualitative results in Section 3, before discussing the results and implications in Section 4. The paper concludes with study limitations and suggestions for future research.

2. Materials and Methods

This study adopted a mixed-methods approach, using questionnaire surveys followed by in-person semi-structured interviews to understand the personal financial planning practices among individuals from the emerging middle class in Bangladesh. This study was approved by the Western Sydney University Human Research Ethics Committee, with approval number H12959.

2.1. Sampling and Data Collection

The sample selection of this study was limited to the emerging middle class of Bangladesh. The criteria for inclusion were as follows.

- Income: The individual received income beyond that required to meet basic necessities, which facilitates saving on a regular basis.
- Material resources: The individual held ownership of a motor vehicle or home.
- Education: The individual's completed post-secondary education.
- Occupation and employment status: The individual has an occupation or job with managerial or supervisory capacity and formal employment arrangements.

The survey questions were informed by both the literature and contextual documents published by the government and financial intermediaries (e.g., legislation, regulation, and policies). A five-point Likert scale was used in the survey questionnaire, with 5 indicating strong agreement and 1 indicating strong disagreement, unless specified otherwise. The final scale included 10 variables relating to personal risk management, financial goals, and financial management. Additional yes/no-type questions relating to financial goals and financial product use were also included, in order to obtain further insights on the Likert scale responses. Informed consent was obtained from all participants. A copy of the survey is available upon request from the corresponding author.

The semi-structured interviews provided rich contextual insights to aid us in understanding the complex social processes (Creswell et al., 2003; Curry et al., 2009) of financial

planning practice. The interviews collected demographic data and included open-ended questions about financial planning practices. Participants could freely elaborate on a topic without interruption. Snowball sampling assisted in obtaining respondents for the study.

The final sample comprised 90 completed surveys and 18 semi-structured interviews from middle-class individuals residing in Bangladesh. Respondents were self-selected, and all responses were screened so that only those identified as the main decision-maker of the household and who met our middle-class definition criteria (e.g., income, material resources, education, occupation/employment status) were retained. Table 1 shows that a typical respondent was male (85%), worked in the private sector (84%), had a bachelor's degree or higher (99%), had a joint household income arrangement (51%), and was married (73%).

Table 1. Descriptive analysis.

Variable	Grouping	Survey Frequency (n = 90)	Survey %	Interview Frequency (n = 18)	Interview %	Total	%
Gender	Male	75	83	17	94	92	85
	Female	14	16	1	6	15	14
	Prefer not to say	1	1	0	0	1	1
Monthly income (BDT)	Less than 50,000	16	18	0	0	16	15
	50,000–100,000	39	43	7	39	46	43
	100,000–200,000	20	22	7	39	27	25
	Over 200,000	15	17	4	22	19	18
	Total	90	100	18	100	108	100
Multi-income household	Yes	54	60	6	33	60	56
	No	36	40	12	67	48	44
Marital Status	Married	63	70	16	89	79	73
	Unmarried	27	30	2	11	29	27
Dependent children	Yes	43	48	16	89	59	55
	No	46	51	2	11	48	44
Number of financially dependent persons	None	11	12	0	0	11	10
	1–3	54	60	10	56	64	59
	4–6	23	26	8	44	31	29
	More than 6	0	0	0	0	0	0
	Missing	2	0	0	0	2	2
	Total	90	98	18	100	108	100
Education	Bachelor's degree or above	89	99	18	100	107	99
	Other	1	1	0	0	1	1
Occupational sector	Private	74	82	17	94	91	84
	Public (Government)	15	17	1	6	16	15
	Other	1	1	0	0	1	1
Financial role	Sole provider	29	32	12	67	41	38
	Joint contributor	49	54	6	33	55	51
	Non-contributor	10	11	0	0	10	9
	Other	2	11	0	0	2	2
	Total	90	109	18	100	108	100

Source: Author's calculations.

2.2. Data Analysis

Data analysis commenced with the compilation of descriptive statistics using IBM SPSS Statistics for Windows, Version 30.0 (IBM Corp., 2024) and included a comparative review of the questionnaire survey responses. To measure the practice of financial planning, items were measured using a 5-point Likert-scale (1 = strongly disagree, 5 = strongly agree).

A reliability analysis was conducted, and items with item-total correlations less than 0.30 were eliminated. The final scale included 10 items, yielding a Cronbach's alpha of 0.78, which suggests good internal consistency. Principal component analysis with varimax rotation was performed on the 10 variables. Three components with eigenvalues greater than one were extracted, accounting for just over 62% of the variance. The component loadings, communalities (h^2), and percentage of variances explained after varimax rotation with Kaiser normalization are shown in Table 2. Component loadings less than 0.30 were suppressed to aid interpretation.

Table 2. Varimax rotated component loadings for practice of financial planning.

Item Description	Component 1	2	3	h^2
I have adequate health insurance	0.888			0.790
I have life insurance to protect the standard of living of my family	0.868			0.769
I have adequate income protection insurance	0.757			0.655
I can pay for emergency needs	0.424	0.409		0.423
I manage my own succession matters		0.835		0.703
I actively manage my own tax affairs		0.703		0.546
I assess my overall financial situation on a regular basis against my goals		0.675	0.354	0.584
I make purpose-based savings			0.777	0.617
I have a written financial plan		0.304	0.684	0.560
I use financial products to achieve my financial goals	0.418		0.618	0.558
Percentage of variance	25.39	19.63	17.04	62.05
Label	Personal risk management	Financial management	Financial planning goals	

Source: Author's calculations. Note: Rotation converged in 5 iterations.

As shown in Table 2, variables loading on component 1 are related to personal risk management. Variables loading on component 2 were concerned with financial management, while those loading on component 3 were associated with financial planning goals. These three factors were thus labeled personal risk management, financial management, and financial planning goals, respectively.

To supplement the survey responses and aid in interpreting the findings, transcripts from the semi-structured interviews were thematically analyzed (Braun & Clarke, 2006). The thematic analysis was conducted using a systematic five-step process, involving familiarization, keyword/phrase selection, coding, theme grouping, and conceptualization. Methodological triangulation using both the quantitative surveys and qualitative interviews was performed in a sequential manner (Dressler, 1991) to study the financial planning practices. The use of multiple methods through triangulation allows us to obtain a more in-depth understanding of the phenomenon (Denzin, 2012).

3. Results

3.1. Financial Planning Goals

Four of the items on the financial planning practice survey were related to financial planning goals, as outlined in Table 3. While over 64% of respondents indicated that they make purpose-based goals, only 43.33% used financial products other than savings to achieve their goals. Just over one-third of respondents regularly assessed their current financial situation against their goals, indicating that this is not a priority for most respondents. This lack of financial planning is further evidenced by the small number of

respondents who had a written financial plan (7.78%), with only one respondent strongly agreeing with this item.

Table 3. Financial planning goal items.

Item Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Agree/ Strongly Agree (%)	Total (N)	Mean	Std. Dev.
I assess my overall financial situation on a regular basis against my goals	7	23	28	22	10	35.56%	90	3.06	1.125
I make purpose-based savings	2	16	14	44	14	64.44%	90	3.58	1.027
I have a written financial plan	22	41	20	6	1	7.78%	90	2.14	0.906
I use financial products to achieve my financial goals	3	23	25	32	7	43.33%	90	3.19	1.016

Source: Author's calculations.

Respondents were asked to indicate their relevant financial goals, and the results are presented in Table 4, ranked from highest to lowest. Almost 80% of respondents ranked emergency funding as a relevant financial goal for them personally, followed by home ownership (72.09%), medical expenses and retirement (70.93%), children's education (69.77%), and lastly vacations (67.44%). These results suggest that the financial goals of middle-class Bangladeshis are related to more immediate needs (e.g., emergency funding), reflecting a focus on short-term planning.

Table 4. Relevant financial goals.

Financial Goal	Yes	Yes (%)	No	No (%)	Total
Emergency funding	68	79.07%	18	20.93%	86
Home ownership	62	72.09%	24	27.91%	86
Medical expenditure	61	70.93%	25	29.07%	86
Retirement funding	61	70.93%	25	29.07%	86
Children's education	60	69.77%	26	30.23%	86
Vacation	58	67.44%	28	32.56%	86

Source: Author's calculations.

All 18 interview participants indicated that financial solvency (often interchangeably termed as self-sufficiency) is important to them. While most participants demonstrated a positive mindset around identifying future goals and saving towards them, they were also unlikely to undertake any long-term planning to achieve these goals. The priority given to immediate needs was evident, inhibiting longer-term planning; for example,

> *Basic needs come first. Other needs will come after securing me and my family needs. . .. That include keeping food on the table for my family and looking after the welfare of my parents, as well as education for my children. Apart from that I dream of owning a flat and renovate my parental home.* (Participant 4)

Similarly, a 30-year-old junior executive explained that their family and personal circumstances influence their long-term planning, as follows:

> *I can feel that I am unmarried, so I will need an amount of money for my marriage. My parents are getting older, anytime they may fall ill. I will need a large amount of money in that case.*
>
> *Yes, I am trying to save some money, but not much money left after paying for all the expenses. I do not have that kind of plan. Just pay as you go.* (Participant 17)

Even when participants had surplus funds available for investing, there was a lack of long-term planning for financial goals and a focus on cash available to fund needs in the short term (2–3 months):

> *I have surplus [money, after paying for expenses] at the end of the month. . . I do not have any plans about the future. . . I do not make such planning. I look at the cash balance end of the month, how much I can spend in the next two three months. . . I can[work] till my death. I might stop working at a stage. . .I have the option to come back later on if I want to.* (Participant 6)

The results indicate that family needs, perceived wealth, and social support influence goal selection and planning. This is part of the moral duty inherent in Bangladeshi culture to look after one's parents (Khatun, 2018):

> *My family, my parents. I want to do 100% and I want to maintain myself. I do not want extra luxury. I do not want a lifestyle, where I need to cutback contribution to my parents.* (Participant 15)

> *There is no social support in Bangladesh. I always had this idea about savings for future. People from the similar family background to me we have this from our birth.* (Participant 12)

Attitudinally, for middle-class Bangladeshis, their financial self is inseparable from their family. Ensuring the financial solvency of the family (e.g., children, spouse, and parents) was the utmost priority of the interviewed individuals. Fulfilling immediate needs—i.e., providing a financial safety net for family members—is a major concern. Planning for any other future needs is secondary and dependent on perceived wealth. Concerns for family financial safety, together with increased financial responsibilities, make saving for emergencies the primary financial goal.

3.2. Personal Risk Management

A five-point Likert scale measured the extent to which survey respondents considered various personal risk concerns, and the results show that respondents did not often consider personal risk, where the mean ranking of all personal risk items was less than 3 (1 = Very rarely; 2 = Rarely; 3 = Neutral; 4 = Often; 5 = Very often). A small proportion of survey respondents (22.22%) were concerned 'Often' or 'Very often' about personal risks. Short-term illness was considered more often (33.33%), followed by premature death (25.56%), accident (22.22%), prolonged diseases (15.56%) and loss of employment (14.44%). While premature death received the highest mean score (M = 2.90, SD = 1.102), it had a larger number of 'neutral' responses compared with all other personal risks. The survey results for personal risk are summarized in Table 5.

Table 5. Personal risk summary statistics.

Personal Risk	Very Rarely	Rarely	Neutral	Often	Very Often	Often/ Very Often (%)	Total (N)	Mean	Std. Dev.
Short-term sickness	17	28	15	26	4	33.33%	90	2.69	1.205
Prolonged diseases	23	18	35	8	6	15.56%	90	2.51	1.164
Loss of employment	38	13	26	8	5	14.44%	90	2.21	1.241
Accident	17	26	27	13	7	22.22%	90	2.63	1.175
Premature death	13	13	41	16	7	25.56%	90	2.90	1.102

Source: Author's calculations. Likert scale: 1 = Very rarely; 2 = Rarely; 3 = Neutral; 4 = Often; 5 = Very often.

As with financial goal setting, a higher proportion of participants report concern for short-term illness (33.33%), further supporting a focus on short-term planning. While poor

health is known to negatively impact individual and family finances (Parish & Cloud, 2006; Rijken & Groenewegen, 2008), it can place additional pressure on individuals or families that have a lower pool of resources to draw from. This financial pressure can be magnified when a lack of longer-term planning restricts funds available for other personal risk events, as there are fewer resources left over to deal with unexpected shocks.

The focus on short-term personal risks is also demonstrated by low insurance policy subscription, with less than a quarter of respondents taking out any form of insurance cover. The most popular type of insurance cover is health insurance (22.22% of respondents), supporting earlier observations around high concern for short-term illness. This is followed by life insurance (21.11%) and income protection insurance (15.56%). More than 58% of respondents can draw from emergency savings for short-term shocks. Table 6 shows the personal risk management strategies found.

Table 6. Personal risk management.

Insurance Type	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Agree/ Strongly Agree (%)	Total (N)	Mean	Std. Dev.
Health	16	33	21	16	4	22.22%	90	2.54	1.113
Income Protection	18	33	25	13	1	15.56%	90	2.40	1.003
Life	21	35	15	17	2	21.11%	90	2.38	1.107
Emergency savings	2	12	23	43	10	58.89%	90	3.52	0.939

Source: Author's calculations.

Interviews further supported the survey results and showed that, while only a small proportion of middle-class Bangladeshis were likely to have personal insurance cover, they adopted other personal risk management strategies, including accumulated savings, family support, and employment benefits (entitlements). This strategy involved relying on meeting any future needs from savings or support from the extended family or dual-household income, given an income shock. Where appropriate, participants who were employees (as opposed to entrepreneurs) often relied on their employer to cover healthcare costs and accumulated employment benefits should they die or become permanently injured.

Interview participants who revealed they do not use insurance products also reported a lack of confidence in the insurance products. In addition to reliability issues, participants reported a lack of suitable products, the length of the term, and issues surrounding the claim process. Examples of negative perceptions held by participants are as follows:

> *I do not have any belief or trust in them. I have doubts about how much benefits they say I will get will actually they will give me in the end.* (Participant 1)

> *I do not see many benefits in the available insurance policies in our country.* (Participant 4)

> *I feel the usual insurances that are available here except for the car insurance and a like, are more of a fake.* (Participant 7)

> *There are companies who will show you lucrative policies and, in actual practice they will not cover you for what they have promised to you at the beginning. There are many hidden things in their policies- at the end of the term, they will not pay you the amount that they have promised. You cannot trust most of them.* (Participant 8)

> *There is no structure in the insurance industry in this country.* (Participant 10)

The findings suggest that the low subscription to personal insurance can be attributable to the poor reputation of insurance providers and a lack of trust in the insurance industry more broadly. This supports an earlier study that found uncertainty about insurance payouts can result in a decrease in demand for insurance, driven by risk aversion and risk preferences (Kubitza et al., 2019).

While the survey results show health insurance to be the most popular personal insurance product, the interview findings suggest this is likely due to employer-provided health insurance; for example,

My office provides me with health insurance, so that is 70 percent of my need. (Participant 6)

3.3. Financial Management

Likert-scale results from survey respondents pertaining to statements about their financial management are presented in Table 7. The last column in the table shows the percentages of 'Agree' and 'Strongly agree' responses.

Table 7. Financial management results.

Item Description	N	Mean	Median	Mode	Std. Dev.	Min.	Max.	% Agree/ Strongly Agree
I have a written financial plan	90	2.14	2	2	0.906	1	5	7.80%
I can pay for emergency needs	90	3.52	4	4	0.939	1	5	58.90%
I assess my overall financial situation on a regular basis against my goals	90	3.06	3	3	1.125	1	5	35.50%
I actively manage my own taxation matters including yearly tax returns	90	2.94	3	2	1.155	1	5	36.70%
I manage my own succession matters	90	3.26	3	4	1.076	1	5	46.70%

Source: Author's calculations. Likert scale: 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly agree.

Overall, the survey results indicate poor financial management, with a low proportion (34.5%) of respondents reporting that they regularly assess their financial situation against goals (35.5%). Less than eight percent (7.8%) had a written financial plan, perhaps reflecting the earlier results regarding personal risk management and financial planning goals.

The taxation elements of financial planning were observed to have low participation (36.7%), and 46.7% of participants managed their own succession matters. This is comparable to the higher proportion of respondents who reported having funds available for an emergency (58.9%). This is possibly due to savings accounts being used as a main mode of savings and investment (87.8%). Respondents were asked to indicate their use and/or recognition of various financial products. Modes of investment, as summarized in Table 8, include deposit pension schemes (44.4%), employer-provided pension funds (36.7%), and, to a lesser extent, term deposits (28.9%). The participation rate for employer-provided funds may be impacted by compulsory membership in some cases. Among investment options, capital market products have the lowest participation rates: stocks (17.8%), mutual funds (3.3%), and bonds (4.4%). Alarmingly, a large percentage of respondents did not even recognize some investment products—this was highest for mutual funds (81.1%).

The results imply that financial planning among the middle class in Bangladesh is not ideal and falls short of best practice. On the positive side, middle-class Bangladeshis build goal-based savings and have sufficient funds available for emergency needs. However, they lack goal tracking and are unlikely to plan for taxation and succession issues. This is reflected in the large proportion of respondents who do not have a written financial plan (92.2%). The results also indicate heavy reliance on banking products for savings and investment needs.

The interviews provided valuable insights for explaining the survey results, particularly in relation to savings and investment vehicles. Many participants believed they lacked knowledge and skill, while others expressed a lack of trust in investment products, preferring instead to use banking products or bonds. The following participant comments are indicative of these sentiments:

I do not feel competent at all times. I know that I want to save my money, but where to invest to make wise decisions, I am not sure. (Participant 16)

There was a time when I lost money in the share market, I have no trust left at all. (Participant 7)

Banking products are mostly secured so return is confirmed. . . I will invest in savings certificate for long term investments. (Participant 13)

I normally look at the investment security. I bought some government bonds, I know that if I want my money back, they will be able to return my money anytime I want it back, if you go to the private sector there are lots of red tape involved. So, I prefer security of my investments over rate of return. (Participant 18)

Table 8. Use of financial products (savings and investment).

Financial Product Type	Uses Product	Recognizes Product	Does Not Use or Recognize Product	Total (N) (%)
Savings account	79	6	5	90
	87.80%	6.70%	5.60%	100%
Deposit pension scheme	40	38	12	90
	44.40%	42.20%	13.30%	100%
Term deposits	26	54	10	90
	28.90%	60.00%	11.10%	100%
Shares	16	63	11	90
	17.80%	70.00%	12.20%	100%
Mutual funds	3	73	14	90
	3.30%	81.10%	15.60%	100%
Bonds	4	70	16	90
	4.40%	77.80%	17.80%	100%
Employer-provided pension	33	46	11	90
	36.70%	51.10%	12.20%	100%

Source: Author's calculations.

Overall, there is a lack of trust in the Bangladesh stock market and insurance products. This is due to personal or social experience with losses, which have led to a heavy reliance on banks for the majority of their savings and investments. In choosing an investment, participants expressed cautious desires for a higher return. Risk perceptions appeared to be market-based. Notably, interview participants who were actively involved in planning were more willing to make certain risky investments, but not beyond a set amount; for example,

Return over time. To me, most important thing is time. I will prefer short term investments. . .maximum fifty percent of my available money. . .I will be able to get quick returns. (Participant 12)

4. Discussion and Implications

The survey results provide important insights regarding the financial planning practices of the middle class in Bangladesh, with in-depth interviews revealing the underlying influencing factors that influence these practices.

While long-term financial planning is considered, the planning realm for middle-class Bangladeshis is dominated by shorter-term goals and immediate risk events. Financial practice is observed to include an appetite for non-professional advice, particularly from family members. The findings also revealed that, for those with investments, these largely consisted of bank-based products as opposed to capital market products. While respondents in the sample were found to have goal-based savings and emergency funds, they had little

to no planning when it comes to risk management. This was the case particularly for insurance policy coverage, estates, and succession. This is likely due to social and cultural factors in Bangladesh, in addition to the economic context, which is known to influence insurance decisions (Sanjeewa & Hongbing, 2019). Another consideration influencing the low uptake of insurance is a lack of knowledge (Driver et al., 2025).

An individual's experience with financial matters, along with perceived wealth, greatly influences financial planning practice. Motivation to save is focused on family welfare (including extended family), informed by a culture where individual and family needs are synonymous. The family financial arrangement is an interesting one, involving the practice of reciprocal financial support. Regardless of the geographical location within Bangladesh, family ties are determined by roots, as are the financial responsibilities extending to spouses, children, and parents. In some cases, financial responsibilities extending to the family limit the ability to save for an individual's long-term needs. Importantly, regardless of wealth, individuals who have experienced financial hardships and are financially responsible for dependents are prone to saving more and subscribing to insurance policies. This supports findings from Anong and Fisher (2013), Brounen et al. (2016), Dow and Jin (2013), Kennickell et al. (1997), and Lee and Kim (2016), suggesting interactive relationships between circumstantial variables such as financial responsibilities, personal circumstances, and psycho-cognitive beliefs.

Trust in financial services providers and products, along with risk tolerance, are critical for investment decisions in this context. While experience influences the types of financial products used and advice sought, there is significant distrust in capital markets and insurance products. Further, a lack of knowledge about the nature and purpose of these products adds to the distrust.

Concern for more holistic financial planning practices that encompass the full range of financial planning considerations is low to non-existent, with the predominant belief that current levels of accumulated savings and family support will be sufficient to meet both short- and long-term needs. Thus, positive perceptions regarding planning for the future do not translate into holistic financial planning practice.

The theory of planned behavior (Ajzen, 1991) also aids in interpreting the results in this study. Accordingly, an individual's intention to perform a behavior can be determined by 'three conceptually independent determinants': attitude (evaluations), subjective norms (social pressure), and the degree of perceived behavioral control (perceived ease or difficulty and experience) (Ajzen, 1991). Further, situational and economic trust, along with subjective financial knowledge, predict financial risk tolerance, which, in turn, determines the intention to build savings (Magendans et al., 2017).

This exploratory study has implications for both policy and practice. For policy, regulatory changes are required to improve confidence in financial products and the financial system more broadly. This must include greater accountability of financial product providers and increased consumer protection. This may include increased surveillance, more severe penalties for wrongdoing, and more rigorous entry requirements. Further, reduced family sizes and a longer living population are likely to place additional strain on sources of support in old age; hence, there will be a need for regulators to consider a self-funded old-age support system.

From a practical perspective, financial products need to be more accessible, which could be achieved through the mobilization of digital offerings. Financial literacy education from an early age would also be beneficial in increasing awareness and confidence in financial products and risk management. In addition, educational providers could consider offering a greater range of courses in finance and financial planning to encourage the development of professionals who can offer trusted financial advice relevant to the cultural

and environmental settings in Bangladesh. Current professionals could also consider forming a professional body to oversee this advice and ensure standards are upheld.

5. Conclusion: Limitations and Future Research

This exploratory study suggests that the practice of financial planning by middle-class Bangladeshis extends across three core domains: personal risk management, financial management, and financial planning goals. The findings show that the respondents in this study are heavily reliant on accumulated savings, employment, and family support for their financial needs. This practice overlooks the effect of unexpected large expenditures, mortality, morbidity, and economic factors that can affect their source of financial security and, ultimately, their expected standard of living. We find that immediate financial needs and family financial well-being are central to the financial concerns of the middle class. Previous financial hardship, along with perceived wealth, were found to drive savings and other financial planning practices. However, we also found poor knowledge of and a lack of trust in financial products and services, which may jeopardize financial inclusion. As the country continues to develop, so will urbanization and increased usage of modern facilities (e.g., energy, mobile phones, private healthcare, apartment ownership, automobile ownership, and children's education). This will bring additional costs that require some form of financial goal-setting and planning. Our findings suggest that the short-term focus of the middle class of Bangladesh makes them more vulnerable to personal and economic shocks.

As this is an exploratory study, it is important to note its limitations. The study utilized a relatively small sample and the participants were self-selected, which potentially introduces self-selection bias. Moreover, the sample is heavily skewed toward males (85%) and highly educated individuals (99% held a bachelor's degree or above), although this is also partially characteristic of the emerging middle class in Bangladesh. Given these limitations, the generalizability of the findings is also limited. Nonetheless, this study contributes to understanding the financial planning practices of the middle class in a developing economy and highlights the focus on short-term planning at the expense of more holistic, longer-term planning. While this may be partly due to cultural factors and partly due to an apparent lack of trust in the financial markets, there are related implications for the financial inclusion of the middle class in Bangladesh. As such, future research that further explores the factors influencing financial planning practices in Bangladesh is warranted.

The government, professionals, and advocacy groups all have a role in restoring trust in financial markets and could offer training and awareness campaigns in Bangladesh to foster more inclusive financial practices. Future research can be extended to examining specific areas of financial planning practice in this context. Such research could consider an experimental approach to measure the effectiveness of such campaigns. Comparative studies on financial planning practices among different developing economies would also prove fruitful, as would cross-cultural studies.

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