

A COMPARISON OF HOUSEHOLD SAVING MOTIVES BETWEEN CHINESE AND AMERICANS

Feifei Wang

Dr. Robert O. Weagley, Thesis Supervisor

ABSTRACT

The main purpose of this study is to compare the household saving motives between Chinese and Americans. The two datasets used in this study are from the 2008 Survey of Chinese Consumer Finance and Investor Education and the 2007 Survey of Consumer Finances in the United States. The likelihood of reporting precautionary saving motive, education saving motive, and retirement saving motive was tested by logistic regression analysis. This study concluded that Chinese households were more likely to report the precautionary and education saving motives, when compared with American households. In terms of the retirement saving motive, only Chinese households placed in the first and second household income groups were more likely to perceive the retirement saving motive than their counterpart Americans. There was no difference in perceiving the retirement motive between Chinese and Americans for all the other household groups. The stronger motivation to save for Chinese than for Americans serves as a good explanation for the higher saving rates in China than in the United States. Policy makers and financial planners can use the findings to target particular population who are less motivated to save, and to help them realize the importance of saving and conduct necessary saving behaviors.