

Level of Financial Literacy of Microfinance Borrowers in Puerto Princesa City, Palawan, in Relation to Variables

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Abstract: *This research is a quantitative correlation. It describes the respondents' profile, the level of financial literacy, and financial constraints encountered. Additionally, it investigates the relationship and differences between the main variables of the study. This research used stratified random sampling to get the 308 respondents of seven (7) registered Microfinance Institutions in Puerto Princesa City. For statistical treatment, it employed frequency counts, percentage, rank, weighted mean, and correlation coefficient. The instrument was made to undergo validation through pilot testing. This study revealed that majority of the borrowers are females, 29 to 37 years old, married, had attended secondary level, businesswomen, with twenty thousand pesos (20,000) as gross monthly family income. The respondents' most availed products were general loans used for business capital of twenty thousand pesos (20,000) and below, paid on a weekly basis. They had one microfinance affiliation and had been members for 0 to 2 years. Most of the respondents are financially literate in terms of planning, budgeting, savings, and spending; therefore, the respondents encountered low levels of financial constraints. The null hypothesis of some variables is rejected, thus suggesting that the correlation and differences of respondents' profiles, financial literacy, and financial constraints are significant. This study recommends that future researchers investigate the findings and consider the recommendations made by the researcher.*

Keywords: Financial Literacy, Financial Constraints, Puerto Princesa City, Microfinance, Savings.

1. Introduction

Financial literacy encompasses a comprehensive understanding of basic financial concepts and strategies. According to Lusardi and Mitchell (2014), financial literacy refers to the knowledge, skills, and attitudes to inform an effective financial decision. Financial literacy involves understanding and managing personal finances effectively, covering fundamental concepts such as budgeting, saving, investing, and debt management. Financial literacy is a crucial aspect of effective personal finance management; however, many individuals and borrowers still struggle to understand basic financial concepts and make informed financial decisions (Xiao, 2020). As financial products and services become increasingly complex, and with the rise of financial scams and fraud, there is a growing need for individuals to build a strong foundation in financial literacy. Moreover, financial literacy can have serious consequences, such as falling into debt, being unable to save for emergencies or retirement, and making poor investment decisions. This challenge is particularly evident among vulnerable populations, such as low-income individuals and those with limited access to financial services. The issue is even more pronounced in developing countries, where many individuals and small businesses lack access to traditional banking services therefore

microfinance services are the only available option to solve the problems. Because they provide underprivileged populations with small loans, savings alternatives, and financial services, microfinance institutions (MFIs) have become important forces behind financial inclusion. However, the borrowers' level of financial literacy has a significant impact on how well these services work. A borrower is better able to prevent excessive debt and maximize the advantages of microloans for personal financial stability or business expansion if they are adequately informed on interest rates, loan terms, and repayment plans. Therefore, financial literacy has become increasingly important for borrowers, as it empowers financial decisions and avoid financial difficulties. This study aims to assess the current level of financial literacy among microfinance borrowers, explore the factors influencing their financial understanding, and evaluate the implications of financial literacy in terms of planning, budgeting, savings, spending, and addressing financial constraints encountered. Also, assess its correlations and differences to the main variables to address the outcome of development of financial utilization plan.

1.1 Objectives

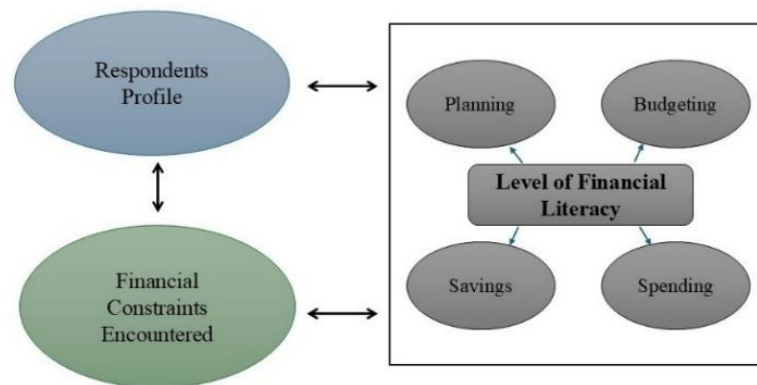
This study was conducted to determine the level of financial literacy of microfinance borrowers in terms of planning, budgeting, savings, and spending. Specifically, it sought to identify the profile of the microfinance borrowers; describe the financial constraints encountered; and scrutinize the significant correlation and variances between borrowers' profiles, level of financial literacy, and financial constraints encountered.

1.2 Theoretical Framework

This study finds a strong justification from the theories of Albert Bandura 1970 of Self-efficacy theory and Dr. Edwin A. Locke 1960 of Goal setting theory. According to Muizzuddin et al. (2017), the theories and concepts that underlie and predict financial literacy are the Self-efficacy theory and goal-setting theory of motivation. Bandura's theory of positive psychology incorporates four key factors as predictors of financial literacy —mastery experience, vicarious experience, verbal persuasion, and physical and emotional state—that influence individuals' perceptions of their self-efficacy. It is supported by Baril et. al. (2020), self-efficacy is also influenced by a variety of certain factors, such as mastery experience, modeling, verbal persuasion, and physiological and affective state of information. These factors highlight the connection between financial literacy and social and emotional dimensions. The Goal-Setting Theory is the most relevant paradigm for examining and understanding financial literacy, financial knowledge, and financial behavior (Muizzuddin et al., 2017). This theory emphasizes goal commitment, goal specificity, goal acceptability, and goal complexity in all performance activities of individuals. It also highlights the direction, amplitude (degree of effort), and duration (perseverance) involved in the pursuit of goals. The theory objective is to motivate individuals to become financially literate and knowledgeable to achieve financial goals and financial behavior.

1.3 Conceptual Framework

The conceptual framework that can be seen below (Figure 1) shows the relationship and differences between the respondent's profile, financial constraints encountered, and the level of financial literacy in terms of planning, budgeting, savings, and spending. Through this research, it is expected that the significant relationship and difference between these variables will either be proven or rejected.

Figure 01: Conceptual Framework

Source: Author's Compilation.

2. Literature Review

2.1 Financial Literacy

Financial literacy principles are applied in many countries around the world. European countries speaking English have the highest financial literacy around the world. However, Asian countries and the Middle East are at the worst and lowest level of financial literacy worldwide (Lusardi, 2019). As stated by Anzcham Philippines (2015) Philippines is ranked 68th globally in the Financial Literacy Index compared to other Asian countries (Hani, 2021). This statement is supported by Spotted PH. Team (2019) reported that 2% of Filipinos are financially literate. It pertains that most the Filipino are financially illiterate and lack financial education in terms of basic financial concepts and financial management. In contrast to the study by Malapo (2022), Filipinos demonstrate knowledge in certain financial concepts, including basic numeracy, inflation, and cybersecurity. Somehow, financial literacy remains limited in some areas in the Philippines, therefore, government continued implementing national financial programs to promoting financial education and financial literacy. Understanding financial literacy can be illustrated through several key elements: financial knowledge, financial skills, financial attitudes, and financial behavior. According to Swiecka (2019), financial literacy is "the ability to make informed judgments and take effective actions in managing and using money." To empower individuals to make financial decisions, they must possess the capability and skills to manage their finances effectively. Somehow, financial literacy involves not only understanding financial concepts but also applying mathematical skills (OECD, 2016). Additionally, financial literacy is often measured by three key factors: numeracy, understanding of inflation, and knowledge of risk diversification (Lusardi, 2019; Xiao, 2020). Financial literacy is about an individual's *'knowledge'* that can understand financial matters, and *'skill'* is the ability to apply knowledge. It is both the application of knowledge and the skills of individuals in managing finances to avoid financial problems and conflicts. Financial literacy is also a comprehensive combination of awareness, knowledge, skills, attitude, and behavior. And it serves as an essential financial tool to improve financial decisions. And it measures basic knowledge in terms of numbers, interest, inflation, and risk strategy. Supported by Yonga et al. (2018), financial literacy measures two dimensions: *understanding* and *use*. These dimensions illustrate the connection of financial literacy to understanding and the uses of finances. Financial literacy, as evidenced by many studies, has

beneficial effects on the skill, knowledge, attitudes, and behavior of individuals to instill financial management such as budgeting, savings, spending and planning. Financial literacy determines the factors and characteristics depending on demographics such as gender, education, income, age, cognitive skills, family background, wealth, time references, and financial activities of individuals (Muizzuddin et al., 2017). In addition, by Spotted PH Team (2019), the factor highlighted also includes financial dependency, lack of financial awareness, high indebtedness, lack of financial management, and lack of financial education. This factor emphasizes the significance of financial literacy in the financial activities of individuals. These factors also help to promote financial literacy programs to address the needs of enhancement and improvement of financial management in terms of planning, savings, credit, budgeting, and investment. Many individuals have insufficient knowledge of financial management because they have suboptimal decisions like more credit, paying high-interest rates, no savings and pension plans, and underinsured investments that lead to financial problems. Also, do not understand basic financial concepts, and ill-equipped financial decisions often result in increased financial stress and anxiety. Therefore, the most effective solution is to educate ourselves in terms of financial awareness, management, planning, and controlling.

2.2 Financial constraints

Financial constraints refer to the limitations or barriers that individuals, businesses, or organizations face when attempting to access or manage financial resources. These constraints can stem from various factors, such as insufficient income, poor credit, limited financial assets, debt, poor money management, excessive spending, improper allocation of resources, or ineffective budgeting. These issues can have a negative impact on an individual's overall financial management and become a source of stress and difficulties (Ginsberg, 2021). Moreover, the over-indebtedness, high-interest rate, payday loans, and lack of financial awareness are also major problems for individuals, especially borrowers (Parker, 2022). Likewise, Noris (2022), stated that unnecessary spending, overspending, failing to pay bills on time, and a lack of financial plan are key financial constraints encountered by borrowers. Additionally, the lack of collateral, a number of microfinance affiliations, a lack of savings, an insufficient credit line, payment schedules, and a lack of financial knowledge are the most significant financial problems that borrowers encountered (Raaji, 2016).

2.3 Synthesis of Review Literature

This synthesis of related literature and studies on financial literacy explores its definition, significance, and impact on both individuals and society. According to the Organization for Economic Cooperation and Development (OECD), financial literacy is defined as "the knowledge and skills to make informed and effective decisions regarding the management of money." This includes understanding fundamental financial concepts such as budgeting, saving, investing, and managing debt. Financial literacy is crucial for individuals to make well-informed decisions about their personal finances, which directly affects their overall financial well-being. For instance, individuals with higher levels of financial literacy are more likely to save for retirement, maintain better credit scores, and make more informed investment choices. In contrast, low levels of financial literacy can lead to higher debt levels, financial instability, and economic inequality. Numerous studies have shown the positive impact of financial literacy on both individuals and society. For example, a study by the Federal Reserve found that individuals with higher financial literacy are more likely to save for emergencies, experience better financial well-being, and make

sound financial decisions overall. Financial literacy has also been linked to better economic outcomes at both the community and national levels. A World Bank study found that countries with higher financial literacy levels tend to experience greater financial inclusion and economic growth. In conclusion, financial literacy is a vital skill for individuals and society alike. By promoting financial literacy, governments and organizations can support individuals and communities in achieving greater financial security and stability, ultimately contributing to improved economic outcomes at both the community and national levels.

3. Research Design and Methodology

This research employs a descriptive-correlational design to measure the respondents' profiles, level of financial literacy, and financial constraints encountered. Frequency, percentage, and ranking were used to analyze the collected data. To test the significant relationships and differences between the respondents' profiles, level of financial literacy, and financial constraints, the study utilized Spearman's Rho, the Mann-Whitney U test, and the Kruskal-Wallis test.

3.1 Research Instruments

The research instrument utilized a custom-designed questionnaire, accurately crafted based on comprehensive research from various sources. The instrument was distributed to ten pre-tested borrowers and test items were extensively scrutinized by the five professional validators. To ensure reliability and accuracy, the instrument underwent pilot testing with the result of a Cronbach alpha of 0.805. The questionnaire comprised three sections: the first part gathered information on the respondents' profiles; the second part assessed the level of financial literacy in terms of planning, budgeting, spending, and saving; and the third part examined the financial constraints encountered by the respondents. The levels of financial literacy and financial constraints encountered were measured using a five-point Likert scale.

3.2 Respondents

The respondents of the study consisted of borrowers who are active members of Microfinance Institutions in San Pedro, Puerto Princesa City. From the total population of 1,540 borrowers, 308 participated in the study. A stratified random sampling method was employed to determine the appropriate sample size. The seven (7) microfinance institutions operating within the study area and their sample: ASA Philippine Foundation (50), CARD (Center for Agriculture and Rural Development) (47), ECLOF Philippine Foundation (38), NWTF (Negros Women for Tomorrow Foundation Inc.) (68), Life Bank (36), ARDCI Microfinance, Incorporated (25), and CCT (Center for Community Transformation) (44).

3.3 Statistical Treatment

The following statistical tools were applied to analyze the data collected.

1. Frequency counts, percentages, means, and rankings were utilized to identify the respondents' profiles, levels of financial literacy, and financial constraints encountered.
2. A five-point Likert scale was used to measure the degree of financial literacy in terms of planning, budgeting, savings, and spending, and financial constraints encountered.
3. Spearman's Rho was employed to determine the significant relationships between the profile of the respondents, the level of financial literacy, and financial constraints encountered.

4. The Mann-Whitney U Test and Kruskal-Wallis Test were applied to identify significant differences between the profiles of the respondents, the level of financial literacy, and financial constraints encountered.
5. The null hypothesis was tested at a 0.05 level of significance.

4. Results and Discussion

The following information was taken from the interview with the respondents. Table 1 presents the demographic profile of the respondents. It shows that most respondents are female, accounting for 299 individuals at 97.1 percent, while only 9 respondents, at 2.9 percent, are male. The age distribution reveals that the largest group falls within the 29–37 years old bracket, comprising 33.77 percent of the respondents. This is followed by those aged 38–46 years old at 29.55 percent, 47–55 years old at 16.23 percent, and 20–28 years old at 13.96 percent. Additionally, 5.52 percent of the respondents are aged 56–64 years old, 0.65 percent are 65–73 years old, and 0.33 percent are 74–82 years old, the latter representing the smallest age group. As a result of civil status, 194 respondents are married, which have 62.987 percent, 89 are single, which have 28.896 percent, where 16 are separated, which have 5.195 percent, and 9 are widows, which have 2.922 percent. As the occupation results, 138 of the respondents are businessmen, which have 44.805 percent, 118 are self-employed which have 38.312 percent, 31 are fishermen which have 10.065 percent, 13 are housewives which have 4.221 percent, 7 are unemployed which have 2.272 percent and 1 is a teacher which has 0.325 percent. As the result of educational attainment of the respondents 135 are secondary undergraduate which have 43.831 percent, 61 are secondary graduate which have 19.805 percent, 49 are elementary undergraduate which have 15.909 percent, 42 are college undergraduate which have 13.63 percent, 13 are obtained vocational education which have 0.650 percent, 9 are college graduates and elementary graduates which have 2.922 percent and 1 of the respondents is master degree which have 0.325 percent. As a result of gross monthly income, 254 of the respondents have a gross monthly income of 20,000 pesos and below gross monthly income which have 82.467 percent, 53 have 20,000 pesos to 49,999 pesos gross monthly income which have 17.208 percent and 1 have 50,000 pesos and above gross monthly income which have 0.25 percent. As to the result of the financial products availed by the respondents, 283 availed general loans, which have 91.883 percent, 16 availed housing loans, which have 5.194 percent, 3 availed group loans, which have 0.973 percent, and 2 availed auto loans, educational loan, and individual loan, which have 0.650 percent. In terms of the purpose of the loan, 256 were used for business capital, which have 83.116 percent, 28 were used for fishing capital and maintenance, which have 9.091 percent, 22 were used for housing renovation, which have 7.142 percent and 2 were used for tuition fees, which have 0.650 percent. As a result of the amount borrowed 277 of the respondents borrowed 20,000 pesos and below, which have 73.701 percent, 68 borrowed 20,000 or 49,999 pesos, which have 22.078 percent, and 13 borrowed 50,000 pesos and above, which have 4.221 percent. As to the results of the payment schedule, 308 of the respondents paid their loan weekly, which is 100 percent. As to result of Microfinance institution (MFI) membership, 163 of the respondents are members for zero to 2 years which have 52.922 percent, 96 are 3 to 5 years which have 31.196 percent, 31 are members for 6 to 8 years which have 10.065 percent and 12 are members for 9 to 11 years which have 3.896 percent. As a result of the number of Microfinance Institutions (MFI) affiliations, 251 of the respondents had only 1 microfinance affiliation which was 81.493 percent, 40 had 3 microfinance affiliations which had 12.987 percent, 11 had 2 affiliations which have 3.571 percent, 4 had 4 affiliations which have 1.299 percent and 2 had 5 affiliations which have 0.650 percent.

Table 1: Profile of the Respondents

Selected profile	Frequency N=308	Percentage (%)
Sex		
Female	299	97.100
Male	9	2.900
Age		
74 – 82 years old	1	0.325
65 – 73 years old	2	0.650
56 – 64 years old	17	5.519
47 – 55 years old	50	16.234
38 – 46 years old	91	29.545
29 – 37 years old	104	33.766
20 – 28 years old	43	13.961
Mean	38.87	
Marital Status		
Single	89	28.896
Married	194	62.987
Widow/er	9	2.922
Separated	16	5.195
Occupation		
Teacher	1	0.325
Housewife	13	4.221
Unemployed	7	2.272
Business	138	44.805
Self-employed	118	38.312
Fisherman	31	10.065
Educational Attainment		
Material	1	0.325
Vocational	2	0.650
College graduate	9	2.922
College undergraduate	42	13.636
Secondary undergraduate	135	43.831
Secondary graduate	61	19.805
Elementary undergraduate	49	15.909
Elementary graduate	9	2.922
Gross Monthly Income		
50000 and above	1	0.325
20000 – 49999	53	17.208
20000 and below	254	82.467
Mean	14012.99	
Financial Products availed		
Auto loan	2	0.650
Educational loan	2	0.650
Group loan	3	0.973
Housing loan	16	5.194
Individual loan	2	0.650
General loan	283	91.883
Purpose of loan		

Fishing maintenance and capital	28	9.091
Housing renovation	22	7.143
Tuition fee	2	0.650
Business capital	256	83.116
Amount of loan		
50000 and above	13	4.221
20000 – 49999	68	22.078
20000 and below	227	73.701
Mean	16753.25	
Schedule of payment		
Weekly	308	100.000
Microfinance institution (MFI) membership		
12 – 13	6	1.948
9 – 11	12	3.896
6 – 8	31	10.065
3 – 5	96	31.169
0 – 2	163	52.922
Number of Microfinance institution (MFI) affiliations		
5	2	0.650
4	4	1.299
3	40	12.987
2	11	3.571
1	251	81.493

Source: Primary data

Table 2a, presenting the results of the degree of financial literacy in terms of planning, shows that statement number five, which reads 'have plan before borrowing money (*Nag-paplano bago manghiram ng pera*)' ranked one with descriptive rating of strongly agree and the statement number one two, three, four, six, seven and eight which read as follows in order 'prepare a financial plan before budgeting, saving, spending and investing money (*Naghahanda ng plano bago mag-budyet, mag ipon, gumastos at mag-invest ng pera*)', 'have regular plan in financial expenses (*May palagiang plano sa gastusing pinansyal*)', 'allocation plan for education and investment (*Nag-lalaan ng alokasyon pang pinansyal para sa edukasyon at investment*)', 'have plan for the future purposes like retirement and emergencies (*Nag-paplano para sa kinabukasan katulad ng pag-reretiro at biglaang kagipitan*)', 'have plan before spending money (*Nasa plano ang pag-gastos ng pera*)', 'know the importance of financial planning (*Alam ang kahalagahan ng pinansyal na pag-plano*)', 'knowledgeable enough in financial planning (*Sapat na kaalaman sa pag-paplano ng pinansyal*)' and 'follow financial plans in allocation of money (*Pag-sunod sa alokasyon ng pag-babahagi ng pera na nasa plano*)' has respectively received a descriptive rating of strongly agree. Overall, the descriptive rating for the degree of financial literacy in terms of planning is "Strongly Agree," with a mean score of 4.65. These findings are supported by Maison (2019), that individuals with high levels of financial literacy are generally proficient in financial planning and resource allocation. Moreover, such individuals tend to spend their money according to budgets and allocations that align with their financial plans. Similarly, Caldwell (2019) posited that financial plans are structured based on individuals' income and available resources, enabling them to achieve both short-term and long-term financial goals.

Table 2a: Level of Financial Literacy (Planning)

FINANCIAL INDICATORS	Mean Rating	Descriptive Interpretation	Rank
1. Prepare a financial plan before budgeting, savings, spending, and investing money. (<i>Naghahanda ng plano bago mag-budyet, mag-ipon, gumastos at mag-invest ng pera</i>)	4.71	Strongly agree	2
1. Have a regular plan for financial expenses. (<i>May palagiang plano sa gastusing pinansyal</i>)	4.70	Strongly agree	3
2. Follow financial plans in allocating money. (<i>Pag-sunod sa alokasyon ng pag-babahagi ng pera na nasa plano</i>)	4.54	Strongly agree	9
3. Have a plan before spending money. (<i>Nasa plano ang pag-gastos ng pera</i>)	4.64	Strongly agree	6
4. Have plan for the future purposes like retirement and emergencies. (<i>Nag-paplano para sa kinabukasan katulad ng pag-reretiro at biglaang kagipitan</i>)	4.66	Strongly agree	5
5. Have plan before borrowing money. (<i>Nag-paplano bago manghiram ng pera</i>)	4.73	Strongly agree	1
6. Knowledgeable enough in financial planning. (<i>Sapat na kaalaman sa pag-paplano ng pinansyal</i>)	4.60	Strongly agree	8
7. Know the importance of financial planning. (<i>Alam ang kahalagahan ng pinansyal na pag-plano</i>)	4.61	Strongly agree	7
8. Allocation plan for education and investment. (<i>Nag-lalaan ng alokasyon pang pinansyal para sa edukasyon at investment</i>)	4.68	Strongly agree	4
Mean	4.65	Strongly agree	

Source: Primary data

Table 2b, which presents the level of financial literacy in terms of budgeting, highlights statement number six, which reads, “budgeting plan for specific purposes such as education, medical, and retirement (*Nag-babadyet ng pera para sa edukasyon, medikal, at pagreretiro*)” ranked one with mean rating of strongly agree and the statements number one, two, three, four, five and seven which read as follows in order “create budgeting plan (*Gumagawa ng plano sa pag-badyet*)”, “know the priority in budgeting money (*Alam ang prayoridad sa pag-babadyet ng pera*)”, “Priority-based budget (*Nag-babadyet ayon sa prayoridad*)”, “allotted budget for emergency purposes (*Nag-babadyet para sa hindi inaasahang pangyayari*)”, “set goals for the next budgeting period (*Nag-tatakda ng layunin para sa susunod na pag-babadyet*)”, “Apply the 50/30/20 budgeting strategy (*Gumagamit ng 50/30/20 na paraan ng pag-badyet*)” has respectively received a descriptive rating of strongly agree. Overall, the descriptive rating for the level of financial literacy in terms of budgeting is "Strongly Agree," with a mean score of 4.45. Andarsari and Ningtyas (2019) support this observation, stating that financially literate individuals typically engage in budgeting, saving, controlling expenses, managing debt effectively, participating in the stock market, and practicing sound financial planning.

Table 2b: Level of Financial Literacy (Budgeting)

FINANCIAL INDICATORS	Mean	Descriptive Interpretation	Rank
1. Create a budgeting plan. (<i>Gumagawa ng plano sa pag-badyet</i>)	4.51	Strongly agree	2
2. Know the priority in budgeting money. (<i>Alam ang prayoridad sa pag-babadyet ng pera</i>)	4.51	Strongly agree	2
3. Apply the 50/30/20 budgeting strategy. (<i>Gumagamit ng 50/30/20 na paraan ng pag-badyet</i>)	4.17	Strongly agree	5
4. Allotted budget for emergency purposes. (<i>Nag-babadyet para sa hindi inaasahang pangyayari</i>)	4.45	Strongly agree	3
5. Priority based budget. (<i>Nag-babadyet ayon sa prayoridad</i>)	4.51	Strongly agree	2
6. Budgeting plan for specific purposes such as education, medical, and retirement. (<i>Nag-babadyet ng pera para sa edukasyon, medikal, at pagreretiro</i>)	4.60	Strongly agree	1
7. Set goals for the next budgeting period. (<i>Nag-tatakda ng layunin para sa susunod na pag-babadyet</i>)	4.38	Strongly agree	4
Mean	4.45	Strongly agree	

Source: Primary data

Table 2c, which presents the degree of financial literacy of the respondents in terms of savings, highlights statement number eight, which reads, “save money for emergency, education and retirement purposes (*Nag-iipon para sa Ilkagipitan, edukasyon, at pag-reretiro*)” ranked number one with the descriptive rating of strongly agree. The statement number two, three, four, five and six which reads as follows in order “save at least small amount of money (*Nag-iipon kahit sa maliit na halaga*)”, “buy product on sale/discount in order to save money (*Bumibili ng mga diskwento produkto upang makatipid*)”, “buy cheaper economical goods to save money (*Bumibili ng murang produkto para makatipid*)”, “contractual savings or savings based on predetermined period (*Nag-iipon ayon sa kontrata*)” and “discretionary savings or save money using savings account (*Nag-iipon gamit ang savings account*)” respectively with descriptive interpretation of strongly agree. Only the statement read as ‘residual savings or savings from remaining money (*Nag-iipon galing sa natirang pera*)’ received a descriptive rating of agree is ranked seventh, and the statement which reads ‘save money using wallet (*Nag-iipon gamit ang pitaka*)’ and ‘Save money in a piggy bank or savings container. (*Nag-iipon gamit ang alkansya*)’ has received a descriptive rating of neither agree nor disagree. Overall, the descriptive rating for the level of financial literacy in terms of savings is "Agree," with a numerical score of 4.09. Moreover, the results suggest that the respondents are financially literate and sufficiently knowledgeable in savings, particularly for emergencies, education, and retirement. According to Lusardi and Mitchell (2014), individuals with high levels of financial literacy tend to have higher savings management. The statement is supported by Liebowitz (2016), that financially literate individuals

are better equipped with financial decisions regarding credit, financial goals, savings, and investments. Furthermore, Andarsari and Ningtyas (2019) agreed that financially literate individuals are more likely to engage in budgeting, saving, controlling expenses, managing debt, and participating in the financial market. Additionally, Owusu (2016) implied that individuals with strong knowledge and discipline in savings are more financially secure and are less likely to engage in unnecessary borrowing.

Table 2c: Level of Financial Literacy (Savings)

FINANCIAL INDICATORS	Mean	Descriptive Interpretation	Rank
1. Save money using a wallet. (<i>Nag-iipon gamit ang pitaka</i>)	3.02	Neither agree or disagree	8
Save money in a piggy bank or savings container. (<i>Nag-iipon gamit ang alikansya</i>)	2.37	Neither agree or disagree	9
2. Residual savings or savings from remaining money. (<i>Nag-iipon galing sa natirang pera</i>)	4.18	Agree	7
3. Discretionary savings or saving money using a savings account. (<i>Nag-iipon gamit ang savings account</i>)	4.31	Strongly agree	6
4. Contractual savings or savings based on a predetermined period. (<i>Nag-iipon ayon sa kontrata</i>)	4.50	Strongly agree	5
5. Buy a product on sale/discount in order to save money. (<i>Bumibili ng mga diskwento produkto upang makatipid</i>)	4.55	Strongly agree	3
6. Buy cheaper economical goods to save money. (<i>Bumibili ng murang produkto para makatipid</i>)	4.51	Strongly agree	4
7. Save money for emergency, education and retirement purposes. (<i>Nag-iipon para sa kagipitan, edukasyon, at pag-reretiro</i>)	4.68	Strongly agree	1
8. Save at least small amount of money (<i>Nag-iipon kahit sa maliit na halaga</i>)	4.66	Strongly agree	2
Mean	4.09	Agree	

Source: Primary data

Table 2d, which presents the level of financial literacy in terms of spending, highlights statement number one, which reads, “spend based on the financial plans (*Pag-gastos ng naaayon sa pinansyal na plano*)” ranked number one, and statement numbers five and six, which read as follows “thrifty spending or careful in spending money (*Maingat sa pag-gastos ng pera*)” and “feel happy in spending money (*Masayang gumagastos ng pera*)” have received a descriptive rating strongly agree. Statement numbers two, three and seven which read as follows in rank “belt tightening or less spending in order to save. (*Pag-babawas ng gastos para maka-tipid*)”, “spend things now instead of savings. (*Pag-bili ng maaga kaysa sa mag-ipon*)” and “living beyond your

means. (*Gumagastos ng sobra sa kinikita*)'' have received a descriptive rating of agree, and the statement number four reads as ''spend like a one-day millionaire. (*Labis na pag-gastos sa loob ng isang araw*)'' have received a descriptive rating of neither agree nor disagree, which is rank number seven, and lastly, only statement number eight reads as 'spendthrift or reckless in spending money. (*Hindi maingat sa pag-gastos ng pera*)' have received a descriptive rating of disagree, which is rank number eight. Overall, the descriptive rating for the level of financial literacy in terms of spending is "Agree," with a numerical score of 3.82. Generally, the results suggest that the respondents are financially literate in terms of spending. Individuals with the highest level of financial knowledge exhibit the most desirable spending behaviors. And more likely to track their expenses and have better control of their spending habits. Therefore, spending strategies have a positive impact on budgeting, savings, and planning, ultimately leading to greater financial satisfaction (Aboagyea & Junga, 2018).

Table 2d: Level of Financial Literacy (Spending)

FINANCIAL INDICATORS	Mean	Descriptive Interpretation	Rank
1. Spend based on the financial plans. (<i>Pag-gastos ng naaayon sa pinansyal na plano</i>)	4.45	Strongly agree	1
2. Living beyond your means. (<i>Gumagastos ng sobra sa kinikita</i>)	3.57	Agree	6
3. Spend things now instead of saving. (<i>Pag-bili ng maaga kaysa sa mag-ipon</i>)	4.11	Agree	5
4. Spend like a one-day millionaire. (<i>Labis na pag-gastos sa loob ng isang araw</i>)	3.07	Neither agree or disagree	7
5. Feel happy spending money. (<i>Masayang gumagastos ng pera</i>)	4.22	Strongly agree	3
6. Thrifty spending or careful spending money. (<i>Maingat sa pag-gastos ng pera</i>)	4.42	Strongly agree	2
7. Belt-tightening or less spending in order to save. (<i>Pag-babawas ng gastos para maka-tipid</i>)	4.20	Agree	4
8. Spendthrift or reckless in spending money. (<i>Hindi maingat sa pag-gastos ng pera</i>)	2.52	Disagree	8
Mean	3.82	Agree	

Source: Primary data

Table 2e, which presents the overall summary of the mean distribution of the respondents' financial literacy levels, shows that "planning" ranks first, receiving a descriptive rating of "Strongly Agree." It is followed by "budgeting," which ranks second with the same descriptive rating of "Strongly Agree." Both "savings" and "spending" received a descriptive rating of "Agree," ranking third and fourth, respectively. The overall mean score for financial literacy is 4.25, which is categorized as "Strongly Agree." In general, most respondents demonstrate financial literacy in terms of planning, budgeting, savings, and spending. Generally, the results suggest that the respondents are financially literate in terms of planning, budgeting, savings and spending. The findings show that individuals with high financial literacy are efficient in planning, budgeting, savings, planning, purchasing decisions, managing investments, assets, debts, funds and credit.

Additionally, individuals with higher financial literacy tend to have greater unspent income and higher spending capacity. On contrary to the findings, individuals with low financial literacy tend to make inefficient financial choices, accumulate more debt, save less, and are more vulnerable to financial fraud (Andarsari & Ningtyas, 2019). According to Lusardi and Tufano (2015), those with low financial literacy encountered financial difficulties and are trapped in high-interest debt. Also, individuals with limited financial knowledge often make poor credit decisions, leading to financial trouble and over-indebtedness.

Table 2e: Overall Degree of Financial Literacy

Financial Literacy	Mean	Descriptive Interpretation	Rank
Planning	4.65	Strongly agree	1
Budgeting	4.45	Strongly agree	2
Savings	4.09	Agree	3
Spending	3.82	Agree	4
Over-all Mean	4.25	Strongly agree	

Source: Primary data

Table 3, on the level of financial constraints, encountered of the respondents shows that statement number two which reads “collateral (*Collateral*)” ranks number one with descriptive rating very low and follow the statement number one, three, four, five, six, seven and eight which reads as follows in order “active microfinance affiliation (*Microfinance na sinalihan*)”, “interest rates (*Tubo*)”, “paying bills on time (*Pagbayad sa tamang oras sa mga bayarin*)”, “the budgetary and financial plan (*Pag-babadyet at pinansyal na pag-paplano*)”, “Awareness (*Pinansyal na kamalayan*)”, “indebtedness (*Maraming utang*)” and the lastly “spending (*Pag-gastos ng pera*)” has received a descriptive rating of very low. Overall, the descriptive rating for the level of financial constraint encountered by the respondents is very low with the numerical value of 1.17. The results generally indicate that respondents experienced minimal financial constraints encountered. The result supported by Lusardi and Tufano (2015) highlighted that borrowers often struggle with high-interest rates and fees in borrowing from traditional financial institutions. These constraints greatly increase the repayment burden and difficult to manage their debts effectively.

Table 3: Level of Financial Constraints Encountered

FINANCIAL CONSTRAINTS	Mean	Descriptive Interpretation	Rank
1. Interest rates (<i>Tubo</i>)	1.31	Very Low	3.5
2. Collateral (<i>Collateral</i>)	1.68	Very Low	1
3. Awareness. (<i>Pinansyal na kamalayan</i>)	1.25	Very Low	6
4. Budgetary and financial plan. (<i>Pag-babadyet at pinansyal na pag-paplano</i>)	1.31	Very Low	5
5. Paying bills on time. (<i>Pag-babayad sa tamang oras sa mga bayarin</i>)	1.31	Very Low	3.5

6. Active Microfinance affiliation. (<i>Microfinance na sinasalihan</i>)	1.35	Very Low	2
7. Indebtedness. (<i>Maraming utang</i>)	1.24	Very Low	7
8. Spending. (<i>Pag-gastos ng pera</i>)	1.19	Very Low	8
Mean	1.17	Very Low	

Source: Primary data

As shown in Table 4a, which illustrates the correlation between the demographic profile and the level of financial literacy in terms of planning, the table reveals that the following profiles—civil status ($p = 0.015$), occupation ($p = 0.005$), educational attainment ($p = 0.001$), financial products availed ($p = 0.034$), and the number of Microfinance affiliations ($p = 0.008$)—are statistically significant and thus rejected at the 0.05 level of significance. Meanwhile, sex ($p = 0.374$), age ($p = 0.153$), gross monthly income ($p = 0.840$), purpose of loan ($p = 0.112$), loan amount ($p = 0.238$), and Microfinance membership ($p = 0.956$) are not statistically significant and are therefore accepted at the 0.05 level of significance." The findings indicate that the null hypothesis, which posits no significant relationship between the level of financial literacy in terms of planning and factors such as civil status, occupation, educational attainment, financial products availed, and the number of Microfinance affiliations, is rejected. However, the variables of sex, age, gross monthly income, purpose of loan, loan amount, and Microfinance membership do not show a significant correlation with financial literacy in terms of planning. The results align with the findings that educational attainment and marital status are positively correlated to financial literacy. Additionally, Mbarire and Ali (2014) found that financial literacy is influenced by factors such as gender, age, education, wealth, and sources of information and financial advice. However, occupation status, job type, and personal income were not found to significantly impact financial literacy. Additionally, Potrich et al. (2015) also noted that occupation, marital status, and age are not strongly associated with financial literacy.

Table 4a: Correlation between Demographic Profile and the Level of Financial Literacy (Planning)

Profile	Spearman Rho	P-value	Decision
Sex	-0.051	0.374	H ₀ : accept
Age	0.082	0.153	H ₀ : accept
Civil status	-0.136*	0.015	H ₀ : reject
Occupation	-0.160**	0.005	H ₀ : reject
Educational attainment	0.197**	0.001	H ₀ : reject
Gross monthly income	0.012	0.840	H ₀ : accept
Financial products availed	-0.129*	0.034	H ₀ : reject
Purpose of loan	-0.091	0.112	H ₀ : accept
Amount of loan	0.067	0.238	H ₀ : accept
MFI membership	0.003	0.956	H ₀ : accept
Number of Microfinance affiliations	-0.152**	0.008	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.01$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 4b, which shows the correlation between the demographic profile and the level of financial literacy in terms of budgeting, the analysis reveals that the following demographic factors—age ($p = 0.047$), civil status ($p = 0.000$), occupation ($p = 0.023$), educational attainment ($p = 0.000$), financial products availed ($p = 0.013$), amount of loan ($p = 0.000$), and MFI membership ($p = 0.037$)—are statistically significant at the 0.05 level, leading to the rejection of the null hypothesis. Conversely, the variables sex ($p = 0.086$), gross monthly income ($p = 0.070$), purpose of the loan ($p = 0.579$), and the number of Microfinance affiliations ($p = 0.090$) are not statistically significant at the 0.05 level, resulting in the acceptance of the null hypothesis. The findings reveal that the null hypothesis, which posits a significant relationship between the level of financial literacy in terms of budgeting and the variables age, civil status, occupation, educational attainment, financial products availed, amount of loan, and MFI membership, is rejected. This indicates that these demographic factors are indeed correlated with budgeting literacy. Conversely, sex, gross monthly income, the purpose of the loan, and the number of Microfinance affiliations are not significantly correlated with budgeting literacy. The results are aligned with the study of Palomo (2023), which found that age and gender significantly impact financial literacy and highlighted that as individuals grow older, their financial knowledge and responsibility tend to increase.

Table 4b: Correlation between Demographic Profile and the Level of Financial Literacy (Budgeting)

Profile	Spearman Rho	P-value	Decision
Sex	-0.098	0.086	H ₀ : accept
Age	0.113*	0.047	H ₀ : reject
Civil status	-0.214**	0.000	H ₀ : reject
Occupation	-0.129*	0.023	H ₀ : reject
Educational attainment	0.253**	0.000	H ₀ : reject
Gross monthly income	0.103	0.070	H ₀ : accept
Financial products availed	-0.142*	0.013	H ₀ : reject
Purpose of loan	-0.032	0.579	H ₀ : accept
Amount of loan	0.222**	0.000	H ₀ : reject
MFI membership	0.119*	0.037	H ₀ : reject
Number of Microfinance affiliation	-0.097	0.090	H ₀ : accept

**Statistically significant at the 0.01 level ($\alpha = 0.01$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 4c, which outlines the correlation between the demographic profile and the level of financial literacy in terms of savings, the results reveal that the following demographic factors—age ($p = 0.010$), educational attainment ($p = 0.000$), gross monthly income ($p = 0.003$), financial products availed ($p = 0.044$), amount of loan ($p = 0.045$), and the number of Microfinance

affiliations ($p = 0.008$)—are statistically significant at the 0.05 level, leading to the rejection of the null hypothesis. On the other hand, the variables sex ($p = 0.566$), civil status ($p = 0.707$), occupation ($p = 0.347$), purpose of the loan ($p = 0.090$), and MFI membership ($p = 0.334$) do not show a significant correlation with the level of financial literacy in terms of savings and are therefore accepted at the 0.05 level of significance.

Furthermore, the findings suggest that the null hypothesis, which posits a significant relationship between the level of financial literacy in terms of savings and the variables age, educational attainment, gross monthly income, financial products availed, amount of loan, and the number of Microfinance affiliations, is supported. In contrast, sex, civil status, occupation, the purpose of the loan, and MFI membership do not show a significant correlation with financial literacy in terms of savings. According to Piotrowska (2019), those aged 20 to 40 are more likely to save for education, housing, and leisure, while those aged 45 to 50 save for children's marriage, and individuals aged 59 and above focus mainly on retirement. According to Raaij (2016), savings are correlated with age and income, as higher income generally leads to increased savings. Conversely, individuals with higher perceived wealth may tend to spend more and save less. Lusardi (2019) and Maison (2019) agreed that the amount of savings is influenced by income levels and household assets. Additionally, saving decisions are primarily based on income level, type, pattern, and employment status, rather than expenditure habits. Lambsdorff (2013) also supported that income level is a factor when considering savings and investment. In contrast with McNair et al. (2016) statement that educational attainment, income, active coping, and internal locus of control were negatively correlated with both spending and borrowing.

Table 4c: Correlation between Demographic Profile and the Level of Financial Literacy (Savings)

Profile	Spearman Rho	P-value	Decision
Sex	0.033	0.566	H ₀ : accept
Age	0.147**	0.010	H ₀ : reject
Civil status	-0.021	0.707	H ₀ : accept
Occupation	-0.054	0.347	H ₀ : accept
Educational attainment	0.225**	0.000	H ₀ : reject
Gross monthly income	0.167**	0.003	H ₀ : reject
Financial products availed	-0.115*	0.044	H ₀ : reject
Purpose of loan	-0.097	0.090	H ₀ : accept
Amount of loan	0.114*	0.045	H ₀ : reject
MFI membership	0.054	0.344	H ₀ : accept
Number of Microfinance affiliations	-0.152**	0.008	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 4d, which illustrates the correlation between the demographic profile of the respondents and their level of financial literacy in terms of spending, the findings reveal that the following demographic variables—civil status ($p = 0.001$), occupation ($p = 0.000$), educational attainment ($p = 0.012$), gross monthly income ($p = 0.017$), financial products availed ($p = 0.000$), and the number of Microfinance affiliations ($p = 0.001$)—are statistically significant at the 0.05

level, leading to the rejection of the null hypothesis. On the other hand, the variables sex ($p = 0.169$), age ($p = 0.326$), purpose of the loan ($p = 0.056$), amount of loan ($p = 0.829$), and MFI membership ($p = 0.935$) did not demonstrate a significant correlation with the level of financial literacy in terms of spending and are therefore accepted at the 0.05 significance level. The table indicates that the null hypothesis, which states that there is a significant relationship between the level of financial literacy in terms of spending and the respondents' civil status, occupation, educational attainment, gross monthly income, financial products availed, and the number of Microfinance affiliations, is rejected. Conversely, the variables sex, age, purpose of the loan, amount of the loan, and MFI membership do not show any significant correlation with the level of financial literacy in terms of spending. The findings, supported by Flores and Vieira (2014), show that the income levels significantly influence spending behaviors. Individuals with higher incomes tend to have a stronger desire to spend, while those with lower incomes prioritize spending on essential needs and necessities.

Table 4d: Correlation between Demographic Profile and the Level of Financial Literacy (Spending)

Profile	Spearman Rho	P-value	Decision
Sex	-0.078	0.169	H ₀ : accept
Age	0.056	0.326	H ₀ : accept
Civil status	-0.184**	0.001	H ₀ : reject
Occupation	-0.213**	0.000	H ₀ : reject
Educational attainment	0.143*	0.012	H ₀ : reject
Gross monthly income	-0.135*	0.017	H ₀ : reject
Financial products availed	-0.233**	0.000	H ₀ : reject
Purpose of loan	-0.109	0.056	H ₀ : accept
Amount of loan	0.012	0.829	H ₀ : accept
MFI membership	-0.005	0.935	H ₀ : accept
Number of Microfinance affiliations	-0.191**	0.001	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 5, which illustrates the correlation between the demographic profile and the financial constraints encountered by the respondents, the data reveals that the demographic factors of civil status ($p = 0.000$), occupation ($p = 0.024$), and the number of Microfinance affiliations ($p = 0.000$) show a significant relationship and are therefore rejected at the 0.05 level of significance. Conversely, the variables sex ($p = 0.927$), age ($p = 0.319$), educational attainment ($p = 0.129$), gross monthly income ($p = 0.514$), financial products availed ($p = 0.310$), purpose of the loan ($p = 0.540$), amount of the loan ($p = 0.259$), and MFI membership ($p = 0.564$) do not exhibit significant correlations and are thus accepted at the 0.05 level of significance. Moreover, the table reveals that the null hypothesis, which states that there is a significant relationship between financial constraints encountered and civil status, occupation, and the number of Microfinance affiliations, is accepted. However, sex, age, educational attainment, gross monthly income, financial products availed, purpose of the loan, amount of the loan, and MFI membership are not significantly correlated with the financial constraints experienced by the respondents. The findings are in line with the study by Fanta and Makina (2019) that marital status, occupation, and having more

Microfinance affiliations are associated with the financial challenges encountered. In which married individuals increased financial responsibilities in allocating, budgeting, spending, and managing finances lead to higher financial difficulties.

Table 5: Correlation between Demographic Profile and Financial Constraint

Profile	Spearman Rho	P-value	Decision
Sex	0.005	0.927	H ₀ : accept
Age	0.057	0.319	H ₀ : accept
Civil status	0.204**	0.000	H ₀ : reject
Occupation	0.129*	0.024	H ₀ : reject
Educational attainment	-0.087	0.129	H ₀ : accept
Gross monthly income	-0.037	0.514	H ₀ : accept
Financial products availed	0.058	0.310	H ₀ : accept
Purpose of loan	0.035	0.540	H ₀ : accept
Amount of loan	-0.064	0.259	H ₀ : accept
MFI membership	0.033	0.564	H ₀ : accept
Number of Microfinance affiliations	0.234**	0.000	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As indicated in Table 6, which presents the correlation between the level of financial literacy and the financial constraints encountered by the respondents, the table reveals that the following areas of financial literacy—planning ($p = 0.000$), budgeting ($p = 0.000$), savings ($p = 0.000$), and spending ($p = 0.000$)—are significantly correlated at the 0.05 level of significance. Moreover, the findings reveal that the null hypothesis, which states that there is a significant correlation between financial literacy in terms of planning, budgeting, savings, and spending, and the financial constraints encountered by the respondents, can be rejected. Since most respondents are financially literate and knowledgeable about managing their finances, they tend to experience fewer financial problems. Raaij (2016) emphasized that a higher level of financial literacy helps individuals avoid and control financial problems. However, this finding contrasts with Fernando's (2023) statement that financial illiteracy can lead to significant pitfalls, such as accumulating unsustainable debt, poor spending habits, or lack of long-term planning, poor credit, bankruptcy, foreclosure, and other negative outcomes. Additionally, Yap et al. (2018) agreed that financial problems often stem from a lack of financial education and communication, unemployment, poor budgeting, loss of income, high expenses, impulsive spending, and poor decision-making.

Table 6: Correlation between Level of Financial Literacy and Financial Constraint

Financial Literacy	Spearman Rho	P-value	Decision
Planning	-0.392**	0.000	H ₀ : reject
Budgeting	-0.435**	0.000	H ₀ : reject
Savings	-0.282**	0.000	H ₀ : reject
Spending	-0.467**	0.000	H ₀ : reject

Statistically significant at the 0.01 level ($\alpha = 0.10$), *statistically significant at the 0.05 level ($\alpha = 0.05$), **Source: Results from data analysis

As indicated in Table 7a, which shows the significant variances in the level of financial literacy when grouped by sex, the results reveal the following levels of financial literacy: planning ($U = 1123.00$, $p = 0.373$), budgeting ($U = 901.00$, $p = 0.086$), savings ($U = 1195.00$, $p = 0.565$), and spending ($U = 1322.00$, $p = 0.169$). These values are not statistically significant at the 0.05 level. Moreover, the table results indicate that the null hypothesis, which posits that there are no significant variances in financial literacy regarding planning, budgeting, savings, and spending when grouped by sex, is supported. Chambers et al. (2019) agree that both men and women have comparable levels of financial literacy and knowledge in managing finances. Palomo et al. (2023) further emphasized that age and gender significantly influence the acquisition of financial knowledge and financial literacy.

Table 7a: Variances between the Level of Financial Literacy in terms of Sex

Variable		Mean Rank	Mann-Whitney U	P-value	Decision
Planning	Male	129.78	1123.00	0.373	H_0 : accept
	Female	155.24			
Budgeting	Male	105.11	901.00	0.086	H_0 : accept
	Female	155.99			
Savings	Male	171.22	1195.00	0.565	H_0 : accept
	Female	154.00			
Spending	Male	114.44	1322.00	0.169	H_0 : accept
	Female	155.71			

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Result from data analysis

As shown in Table 7b, which examines the variances between the demographic profile and the level of financial literacy in terms of planning, the results reveal that the following profiles are significant at the 0.05 level: age ($H = 62.282$, $p = 0.036$), civil status ($H = 8.581$, $p = 0.035$), occupation ($H = 20.560$, $p = 0.001$), and number of Microfinance affiliations ($H = 10.258$, $p = 0.036$). In contrast, educational attainment ($H = 13.904$, $p = 0.053$), financial products availed ($H = 7.441$, $p = 0.190$), purpose of loan ($H = 4.592$, $p = 0.204$), and MFI membership ($H = 18.119$, $p = 0.079$) are not significant at the 0.05 level. The table indicates that the null hypothesis, which posited a significant difference between the level of financial literacy in terms of planning and factors such as age, civil status, occupation, and number of Microfinance affiliations, is rejected. However, no significant difference was found between financial literacy in planning and factors like educational attainment, financial products availed, purpose of loan, and MFI membership. O'Neill (2018) affirmed that financial planning varies according to age milestones. Also, the marital status affects financial planning priorities. Married or partnered individuals tend to prioritize retirement plans, future savings, and education, while singles generally focus on managing everyday expenses.

Table 7b: Variances between Demographic Profile and Level of Financial Literacy (Planning)

Variable	Kruskal-Wallis	P-value	Decision
Age	62.282*	0.036	H_0 : reject
Civil status	8.581*	0.035	H_0 : reject
Occupation	20.560**	0.001	H_0 : reject

Educational attainment	13.904	0.053	H ₀ : accept
Financial products availed	7.441	0.190	H ₀ : accept
Purpose of loan	4.592	0.204	H ₀ : accept
MFI membership	18.119	0.079	H ₀ : accept
Number of Microfinance affiliations	10.258*	0.036	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As indicated in Table 7c, which shows the variances between the demographic profile and the level of financial literacy in terms of budgeting, the results reveal that the following profiles—civil status ($H = 29.502$, $p = 0.000$), occupation ($H = 16.156$, $p = 0.006$), educational attainment ($H = 27.165$, $p = 0.000$), and MFI membership ($H = 38.541$, $p = 0.000$)—are rejected at the 0.05 level of significance. However, age ($H = 54.822$, $p = 0.127$), financial products availed ($H = 7.511$, $p = 0.185$), purpose of loan ($H = 5.566$, $p = 0.125$), and the number of Microfinance affiliations ($H = 4.388$, $p = 0.356$) are accepted at the 0.05 level of significance. Moreover, the table reveals that the null hypothesis, which states that there are no variances between the level of financial literacy in terms of budgeting and factors such as civil status, occupation, educational attainment, and MFI membership, is rejected. However, age, financial products availed, purpose of loan, and the number of Microfinance affiliations of the respondents show no significant variances in relation to financial literacy in terms of budgeting. The single individuals tend to have unique budgeting strategies. They are financially independent, which means they are responsible for their expenses and payables. Unlike married couples who share financial goals and plan in prioritizing necessities, savings, and the future (Opdyke, n.d.). Gravier (2023) also mentioned that individuals across various age groups adopt different budgeting strategies.

Table 7c: Variances between Demographic Profile and Level of Financial Literacy in (Budgeting)

Variable	Kruskal-Wallis	P-value	Decision
Age	54.822	0.127	H ₀ : accept
Civil status	29.502**	0.000	H ₀ : reject
Occupation	16.156**	0.006	H ₀ : reject
Educational attainment	27.165**	0.000	H ₀ : reject
Financial products availed	7.511	0.185	H ₀ : accept
Purpose of loan	5.566	0.125	H ₀ : accept
MFI membership	38.541**	0.000	H ₀ : reject
Number of microfinance affiliations	4.388	0.356	H ₀ : accept

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As indicated in Table 7d, which presents the variances between the demographic profile and the level of financial literacy in terms of savings, the data reveal that certain demographic factors show significant differences. Specifically, age ($H = 60.696$, $p = 0.048$), civil status ($H = 14.858$, $p = 0.002$), educational attainment ($H = 18.014$, $p = 0.012$), and the number of Microfinance

affiliations ($H = 10.204$, $p = 0.038$) are all rejected at the 0.05 level of significance, indicating meaningful variances. On the other hand, occupation ($H = 5.940$, $p = 0.323$), financial products availed ($H = 7.447$, $p = 0.189$), purpose of the loan ($H = 4.365$, $p = 0.225$), and MFI membership ($H = 8.073$, $p = 0.707$) are accepted at the 0.05 level of significance, suggesting no significant differences in relation to financial literacy in terms of savings. Moreover, the table reveals that the null hypothesis, which states that there is a significant difference between the level of financial literacy in terms of savings and the variables of age, civil status, educational attainment, and the number of Microfinance affiliations, is supported by the findings. However, occupation, financial products availed, purpose of the loan, and MFI membership of the respondents show no significant variance concerning financial literacy in terms of savings.

Table 7d: Variances between Demographic Profile and Level of Financial Literacy (Savings)

Variable	Kruskal-Wallis	P-value	Decision
Age	60.696*	0.048	H ₀ : reject
Civil status	14.858**	0.002	H ₀ : reject
Occupation	5.940	0.323	H ₀ : accept
Educational attainment	18.014*	0.012	H ₀ : reject
Financial products availed	7.447	0.189	H ₀ : accept
Purpose of loan	4.365	0.225	H ₀ : accept
MFI membership	8.073	0.707	H ₀ : accept
Number of Microfinance affiliations	10.204*	0.038	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As indicated in Table 7e, which presents the variances between the demographic profile and the level of financial literacy in terms of spending, the results reveal that the following demographic factors—age ($H = 69.751$, $p = 0.008$), civil status ($H = 10.698$, $p = 0.013$), occupation ($H = 20.753$, $p = 0.001$), educational attainment ($H = 20.800$, $p = 0.004$), financial products availed ($H = 18.067$, $p = 0.003$), purpose of loan ($H = 9.756$, $p = 0.021$), and number of Microfinance affiliations ($H = 13.003$, $p = 0.009$)—are rejected at a 0.05 level of significance. This indicates that there are significant differences in the level of financial literacy in terms of spending when grouped according to these demographic factors. Conversely, MFI membership ($H = 18.335$, $p = 0.074$) is accepted at a 0.05 level of significance, suggesting that it does not exhibit significant variance regarding financial literacy in terms of spending.

Moreover, the table reveals that the null hypothesis, which states that there is a significant difference between the level of financial literacy in terms of spending and demographic factors such as age, civil status, occupation, educational attainment, financial products availed, purpose of the loan, and number of Microfinance affiliations, is supported. This indicates that these demographic factors significantly influence financial literacy in terms of spending. However, MFI membership shows no significant variance concerning financial literacy in terms of spending. Singh et. al. (2020) supported the findings of the study that gender and marital status influence spending habits and behaviors. Singles tend to allocate more of their budgets to shopping, travel, entertainment, lifestyle, and academic pursuits, whereas married individuals prioritize housing expenses, necessities, children's education, retirement funds, and emergency savings.

Table 7e: Variances between Demographic Profile and Level of Financial Literacy (Spending)

Variable	Kruskal-Wallis	P-value	Decision
Age	69.751**	0.008	H ₀ : reject
Civil status	10.698*	0.013	H ₀ : reject
Occupation	20.753**	0.001	H ₀ : reject
Educational attainment	20.800**	0.004	H ₀ : reject
Financial products availed	18.067**	0.003	H ₀ : reject
Purpose of loan	9.756*	0.021	H ₀ : reject
MFI membership	18.335	0.074	H ₀ : accept
Number of Microfinance affiliations	13.003**	0.009	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 8a, which outlines the variance in the level of financial constraints when grouped according to sex, the findings reveal that the variance is not statistically significant ($U=1322.00$, $p=0.927$) at a 0.05 level of significance. This indicates that the null hypothesis, which states that there is no significant variance in the financial constraints experienced by respondents when grouped by sex, is accepted.

Table 8a: Variances between the Level of Financial Constraint between Sex

Variable		Mean Rank	Mann-Whitney U	P-value	Decision
Financial constraints	Male	157.11	1322.00	0.927	H ₀ : accept
	Female	154.42			

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Source: Results from data analysis

As presented in Table 8b, which highlights the variances between the demographic profile and the financial constraints encountered by the respondents, the analysis reveals that certain demographic factors—specifically civil status ($H = 15.249$, $p = 0.002$), occupation ($H = 25.175$, $p = 0.000$), and the number of Microfinance affiliations ($H = 21.433$, $p = 0.000$)—are rejected at a 0.05 level of significance. This indicates a significant variance in financial constraints based on these profiles. In contrast, the variables of age ($H = 42.757$, $p = 0.525$), educational attainment ($H = 11.603$, $p = 0.114$), financial products availed ($H = 10.716$, $p = 0.057$), purpose of the loan ($H = 3.185$, $p = 0.364$), and MFI membership ($H = 17.709$, $p = 0.089$) are accepted at a 0.05 level of significance, demonstrating no significant variances in financial constraints based on these factors.

Moreover, the results indicate that the null hypothesis, which states there is a significant difference between financial constraints and the respondents' civil status, occupation, and the number of Microfinance affiliations, is supported. In contrast, age, educational attainment, financial products availed, purpose of the loan, and MFI membership show no significant variance in the financial constraints encountered by the respondents. As supported by Bank (n.d.), married individuals tend to face greater financial challenges than their single counterparts. They often struggle with high

debt levels, unregulated spending, lifestyle imbalances, and budgeting difficulties, while singles typically experience financial constraints due to limited income, higher living expenses, and the absence of shared financial support.

Table 8b: Variances between the Demographic Profile and the Level of Financial Constraints

Variable	Kruskal-Wallis	P-value	Decision
Age	42.757	0.525	H ₀ : accept
Civil status	15.249**	0.002	H ₀ : reject
Occupation	25.175**	0.000	H ₀ : reject
Educational attainment	11.603	0.114	H ₀ : accept
Financial products availed	10.716	0.057	H ₀ : accept
Purpose of loan	3.185	0.364	H ₀ : accept
MFI membership	17.709	0.089	H ₀ : accept
Number of Microfinance affiliations	21.433**	0.000	H ₀ : reject

**Statistically significant at the 0.01 level ($\alpha = 0.10$)

*Statistically significant at the 0.05 level ($\alpha = 0.05$)

Sources: Results from data analysis

5. Conclusion

The summary of the respondents' demographic profile indicates that the majority are female, aged 29 to 37, married, and possess an undergraduate level of education. Most are businesswomen earning a gross monthly income of 20,000 pesos or more. Additionally, general loans are the most availed financial product, primarily used for business capital. Most respondents borrow amounts of 20,000 pesos and above, which are typically repaid on a weekly basis. Furthermore, they have been members of financial institutions for zero to two years and generally maintain only one microfinance affiliation. The findings reveal that the respondents are financially literate in terms of planning, budgeting, saving, and spending, and experience low levels of financial constraints. Not all relationships between the demographic profile variables are correlated with financial literacy and financial constraints. The only significant relationship identified in this study was between financial literacy and financial constraints. Regarding the investigation of significant differences, not all demographic profile variables showed a significant difference concerning financial literacy and financial constraints. However, based on the results of the investigation, there is a clear need for the enhancement and improvement of knowledge in savings and spending. To address this, the researcher proposed a Financial Utilization Plan aimed at enhancing and improving financial literacy. This plan outlines strategies and actions for managing income and expenses, building savings, and developing effective spending strategies.

5.1 Recommendations

Based on the conclusion, the following recommendations are offered:

One of the limitations of this study is the locale of the survey. Due to the larger barangay of Puerto Princesa City, the data were collected only in the largest population barangay in the city. Apart from this, the expected outcomes in crafting a financial utilization plan are not met due to the high level of financial literacy. Moreover, the researcher would like to recommend that future researchers conduct a survey in other barangays of Puerto Princesa City or municipalities of

Palawan. Comparing the data collected from other locations is helpful to address the expected outcomes and conduct research focusing on the savings and spending management of the borrowers.

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