

Financial Literacy among Indigent Families: Baseline for Financial Literacy Initiatives

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Abstract

This sequential explanatory research delved on the financial literacy of 4Ps families in one of the municipalities of the Province of Pampanga, Philippines as a baseline for the development of financial literacy initiatives. A validated and reliability-tested survey questionnaire was used as the main data gathering tool supported by an interview guide. The descriptive and inferential statistics were used in treating the quantitative data, while thematic analysis was applied to the qualitative data. The results indicated that the indigent families have a monthly income of PHP. 1,000.00 to PHP. 8,000.00 (\bar{x} =PHP. 4,608.15) and have family members of 2 to 8 members (\bar{x} =5 members). They also have moderate financial literacy, primarily with high literacy in financial knowledge. The inferential data also disclosed a significant difference in the financial literacy of the indigent families when grouped according to their monthly income, and no significant difference in their number of family members. Meanwhile, the qualitative data indicated 10 themes encapsulating the financial management of the families: having worthy decisions amidst of financial problems, having financial plan, setting goals concerning financial matters, becoming marginal thinker, budgeting properly, prioritizing necessities, flexibility on social changes, becoming practical spenders, having personal savings, and lessening financial problems. The financial literacy coaching initiatives were crafted on the outset of the study to improve the financial literacy of indigent families.

Keywords: *Financial Literacy, Indigent Families, Financial Literacy Initiatives*

1. Introduction

The financially driven world today makes the quality of life depending too much on an individual's capacity to manage financial affairs. In that sense, the financial knowledge of a person to attain and preserve financial affairs makes life easy for financial decisions. And the level of knowledge a person attains and preserve related to financial affairs would definitely make life easy when making day to day financial decisions, enforcing further the need for financial literacy [1]. Indeed, the person's

ability to understand, manage, and utilize effectively finances or money is integral to success, either in person or in one's business.

Financial literacy is defined as a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound long-range financial planning, while mindful of life events and changing economic conditions [2]. More so, it is the knowledge and ability to overcome challenges and financial decisions in everyday life [3].

In a more complex manner, it describes the ability to make simple decisions regarding debt contracts, in particular how one applies basic knowledge about interest compounding, measured in the context of everyday financial choices [4]. It is a set of knowledge, skills and values and attitudes of citizens that are required to financially secure themselves and their families [5].

Among the families challenged by financial problems are the indigent ones. Having a higher level of financial literacy helps families to establish good financial management and saving behavior, derive at good financial decisions, and invest their money wisely. Thus, it can be said that financial literacy is an integral life skill for individuals and families. In this end, irrespective of social statuses and demographics, everyone needs to be financially educated.

In the Philippines, many Filipinos are still considered financially illiterate. In one report [6], the financial literacy level of average Filipino remains alarmingly low—a problem that begins with poor childhood education that persists until their adult years, according to the Bangko Sentral ng Pilipinas (BSP), the country's financial regulator.

Having said that, the Philippine financial literacy program is comprehensive; it covers all sectors from policymakers, regulators, microfinance providers down to the clients. It is a continuing activity for many government institutions [7].

The Pantawid Pamilyang Pilipino Program (4Ps) is one of the poverty alleviation and financial literacy programs of the government that aims to empower the Filipino families and to decrease economic inequalities. It is a human development measure of the national government that provides conditional cash grants to the poorest of the poor, to improve the health, nutrition, and the education of children aged 0-18. It is patterned after the conditional cash transfer (CCT) schemes in Latin American and African countries, which have lifted millions of people around the world from poverty [8].

The program helps in attaining the Philippines' commitment in addressing five of the Millennium Development Goals (MDGs) that include: eradicating extreme poverty; achieving universal primary education; promoting gender equality and empowering women; reducing child mortality; and improving maternal health.

As one report [9] attested, the impact of 4Ps in improving the educational and health outcomes can aid and support beneficiaries in attaining a better and quality living in the future. Like the lessons learned from other CCT programs, 4Ps is also intended to fill gaps in the educational and health outcomes amongst children, aside from providing them with immediate poverty relief. The program, like other CCTs, employed for varied but interrelated purposes today, has proven to have an impact in education, either directly, by means of the educational and health grants of the program, or indirectly, by uplifting the total human condition of its recipients.

The study was conducted to help the 4Ps family-recipients to validate their financial literacy and manage effectively the financial assistance given to them by the government. In this sense, the goal of making them financially independent families is nearing to reality. With financial literacy initiatives, it is hoped that the learners and their families can be led to more functional financial practice and behavior.

2. Method

2.1 Research Design

The study utilized the sequential explanatory design of mixed method research. The qualitative data were gathered using the research-made survey questionnaire, while the qualitative data were obtained thru the guide questions in the interview.

2.2 Respondents/Participants and Sampling Technique

The respondents included 184 4Ps parents for the survey questionnaire and 10 parents for the interview. They were purposively selected as they belonged to the indigent families in the municipality where the study was conducted.

2.3 Instrument

The first instrument of the study is a survey questionnaire that was validated and tested for reliability using Cronbach Alpha ($\alpha=0.8225$; good internal consistency). It consisted of 20 questions, 5 questions per sub-area.

2.4 Data Gathering Procedure and Ethical Considerations

The identified students whose member of the 4Ps were taken from the CV-F2 Form. From there, the list of parents was made feasible. They were also given informed consent as respondents/participants of the study. The survey questionnaire was distributed and the interview process was conducted on the convenient place and time of the respondents/participants.

2.5 Statistical Treatment and Data Analysis

In analyzing and explicating the quantitative data gathered from the survey of the financial literacy of the indigent families, descriptive statistics such as frequency, percentage, mean, and the standard deviation were used along with inferential statistics such as *t*-test. Meanwhile, on the qualitative data, thematic analysis was applied.

3. Results and Discussion

3.1 Financial Literacy of Indigent Families

Table 1: Financial literacy of indigent families

Areas	Mean	σ	Interpretation
Financial Knowledge	2.34	0.02	Highly Literate
Financial Skills	2.21	0.04	Moderately Literate
Financial Values	2.25	0.06	Moderately Literate
Financial Attitudes	2.28	0.05	Moderately Literate
Composite	2.27	0.02	Moderately Literate

The data indicate that the indigent families are moderately literate (2.27), particularly in terms of financial attitudes (2.28), financial values (2.25), and financial skills (2.21). Interestingly, families are highly literate in terms of financial knowledge. The data disclose further that the indigent families are able to manage their finances properly.

3.2 Significant Difference in the Financial Literacy of Indigent Families and Their Profiles

Table 2: Significant difference in the financial literacy of the indigent families when grouped according to their monthly income

Areas	Monthly Income Bracket	Mean	SD	t-stat	p-value	Remarks / Decision
Financial Knowledge	>PHP. 10,000.00	2.60	0.60	-4.35	0.01	Significant; Reject H ₀
	<PHP. 10,000.00	2.32	0.80			
Financial Attitude	>PHP. 10,000.00	2.42	0.63	-1.47	0.22	Insignificant; Accept H ₀
	<PHP. 10,000.00	2.27	0.76			
Financial Skills	>PHP. 10,000.00	2.38	0.56	-1.65	0.18	Insignificant; Accept H ₀
	<PHP. 10,000.00	2.19	0.80			
Financial Values	>PHP. 10,000.00	2.56	0.60	-3.20	0.03	Significant; Reject H ₀
	<PHP. 10,000.00	2.23	0.80			
Overall	>PHP. 10,000.00	2.49	0.03	-4.95	0.00	Significant; Reject H ₀
	<PHP. 10,000.00	2.25	0.02			

The data disclose that in general, there is a significant difference in the financial literacy of the indigent families when grouped according to their monthly income (t=-4.95; p=0.00). It further suggests that the financial literacy of the indigent families varies according to their monthly family income, especially in terms of financial knowledge and values. Hence, when taken singly, significant differences were accounted between the monthly income and the financial knowledge of the families (t=-4.35; p=0.01) and their financial values (t=-3.20; p=0.03). Evidently, families with higher monthly income have a higher level of financial knowledge and values. However, no significant differences were accounted between the monthly family income and the financial attitudes (t=-1.47; p=0.22) and financial skills (t=-1.65; p=0.18).

Table 3: Significant difference in the financial literacy of the indigent families when grouped according to their number of family members

Areas	Family Members	Mean	SD	t-stat	p-value	Remarks / Decision
Financial Knowledge	>10	2.47	0.69	-2.48	0.07	Insignificant; Accept H ₀
	<10	2.27	0.84			
Financial Attitude	>10	2.30	0.72	-0.65	0.55	Insignificant; Accept H ₀
	<10	2.26	0.77			
Financial Skills	>10	2.21	0.75	-0.14	0.90	Insignificant; Accept H ₀
	<10	2.20	0.81			
Financial Values	>10	2.25	0.80	-0.11	0.91	Insignificant; Accept H ₀
	<10	2.25	0.79			

Overall	>10	2.31	0.05	-1.67	0.11	Insignificant; Accept H ₀
	<10	2.25	0.03			

As a whole, there is no significant difference in the financial literacy of the indigent families when grouped according to their number of family member (t=-1.67; p=0.11). Likewise, individual results indicate no significant differences between the number of family members and their financial knowledge (t=-2.48; p=0.07), financial attitude (t=-0.65; p=0.55), financial skills (t=-0.14; p=0.90), and financial values (t=-0.11; p=0.91). Therefore, irrespective of their number of family members, the indigent families have relatively the same level of financial literacy.

3.4 Insights on the Indigent Families' Perspective about the Importance of Financial Literacy

Having Worthy Decisions Amidst of Financial Problems. The interview narratives disclose that the indigent families perceive the importance of financial knowledge in coming up with worthy decisions whenever they have financial problems. This helps them to derive the right decisions. This analysis is very evident in the following key points:

“Magandang desisyon kung paano masolusyonan ang aming problemang pinansiyal [Good decision when having financial problems]” – Pa1
 “Magdesisyon ng tama [Decide what is right]” – Pb4

Having a Financial Plan. As one area of financial knowledge, indigent families accorded that as a knowledgeable and financially literate family, they know how to make a financial plan to avoid misspending and promote wise spending. This can be seen in the following transcripts:

“Matuto kang mag-budget [Know how to budget]” – Pc1
 “Maging responsible ‘pag maggagawa ng budget [Be responsible in making budget]” – Pf3
 “Matututo ka na sundin kung ano ba yung nabuo mong plano para sa pera mo [Know how to follow your financial plan]” – Pd3

Setting Goals Concerning Financial Matters. The indigent families perceive the importance of having good financial knowledge by having enough knowledge of finances to set goals and be responsible for attaining the set target. It can be seen on this key point:

“Maabot natin ang ating mga goals [To reach our goals]” – IFb1

Becoming Marginal Thinker. The indigent families point out that they become marginal thinker as their financial knowledge develops by possessing enough knowledge on

financial matters. This claim is being fortified with the following key points:

“Natututo kang magkontrol ng sarili sa paggastos [You learned to control your spending behavior]” – Pb6

“Makakahanap ka ng iba pang pagkakakitaan

[Find another means of living]” – Pc3

“Natututo ka kung paano gumastos ng naaayon lamang sa estado ng iyong buhay

[Know how to spend according to your economic status]” – Pi2

Budgeting Properly. Financial attitude plays a vital role in the financial literacy of indigent families. The families highlight the importance of this area by budgeting their finances properly. The said concepts are very evident with these key points:

“Matututo kang humawak ng pera [You know how to handle finances]” – Pc2

“Nag-i-stick ka lang base sa budget mo [Stick to your budget]” – Pd4

“Makakapag-handle po kayo ng finances ng maayos [Handle your finances properly]” – Pe1

Prioritizing Necessities. Another concept worth citing for is that indigent families learn how to prioritize their necessities in life and cut down the unnecessary expenditures. The said concept can be gleaned from these key points:

“Huwag gumastos basta-basta [Do not spend carelessly]” – Pb2

“Huwag gumastos sa mga bagay na hindi naman nating kailangan

[Do not spend on unnecessary things]” – Pb8

“Alam mo kung ano yung dapat i-prioritize [You know what to prioritize]” – Pd2

Flexibility on Social Changes. The importance of financial skills on indigent families is that they become flexible on social changes, primarily on the changes in the prices of goods and services. These key points strengthen the following claims:

“Flexible tayo when it comes to finances [Flexible on one’s finances]” – Pa3

“Flexible sa changes ng socio-economic ng ating bansa

[Flexible on socio-economic changes in the country]” – Pd6

“Handa sa kahit anong pagbabago

[Ready for any unexpected changes]” – Pf4

Becoming Practical Spenders. The importance of financial skills can also be seen on the indigent families’ initiatives to become more practical spenders, which means they only

spend money on their needs and consuming goods and services with the lowest price but of quality.

“Nagdidikta na ito lang ang kailangan ko para makatipid

[Practically spend on what is needed]” – Pf2

“Bilhin nalang natin ang mas mura

[Buy cheaper things/goods]” – IFj3

“Makatipid tayo sa mga bilihin

[Save more when buying things]” – Pj4

Having a Personal Savings. The financial values of the indigent families teach them to have personal savings in case of emergencies. The following key points fortify the assertion:

“Matututo kang mag-save ng pera

[Know how to save money]” – Pc4

“Natututo pa po mag-ipon

[Learn to have personal savings]” – Pe5

Lessening Financial Problems. On having personal savings, the indigent families perceived the importance of having good financial values in lessening the impact of their financial problems. This can be seen in the following key points:

“Maiiwasan mo ang mga financial problems [Avoid possible financial problems]” – Pa4

“Maiwasan ang pagkakaroon ng parang problema sa pera

[Avoid possible financial problems]” – Pb3

4. Conclusions

1. The indigent families have a monthly income of PHP. 1,000.00 to PHP. 8,000.00 (\bar{x} =PHP. 4,608.15); and have family members of 2 to 8 members (\bar{x} =5 members).
2. The indigent families have moderate financial literacy, primarily with high literacy in financial knowledge.
3. There is a significant difference in the financial literacy of the indigent families when grouped according to their monthly income, while there is no significant difference in their number of family members.
4. The indigent families know how to have a worthy decision whenever they have financial problems (worthy decision making), to make a financial plan, to be flexible on social changes, to lessen their financial conflicts, to set goals concerning their financial matters, to prioritize necessities in life and to cut out the expenditures that are less worthy, to use their budget properly, to become marginal thinker, to have personal savings, and to become practical spenders.

- The financial literacy coaching initiatives are crafted on the outset of the study to improve the financial literacy of indigent families.

5. Recommendations

- Indigent families may expedite another source of living and practice effective family planning schemes to have balance number of family members and to avoid financial shortage when it comes to food and other finances. Extensive government assistance may be given for such purpose such as conducting seminars, proper monitoring on their financial literacy through conducting evaluation and lectures about financial literacy.
- The financial attitudes, financial skills, and financial values of the indigent families may further be enhanced through educational campaigns or seminars headed by the Department of Social Welfare and Development (DSWD) or Department of Education (DepEd) to help the families be financially literate and independent.
- Financial coaching intended for 4Ps families may be facilitated focusing on the areas of financial knowledge and skills to seal the gap the differences incurred in their financial values and attitudes when grouped to their monthly family income.
- Indigent families should be acquainted further with the importance of financial literacy because for them to exemplify the knowledge, attitudes, skills, and values and confidently take effective actions that best fulfill their financial goal in life through the initiatives of the school and Local Government Units (LGUs) such as lectures on schools and free consultation of indigent families on financial literacy on LGUs to provide assistance and become financially literate.
- The developed financial literacy coaching initiatives may be utilized and replicated with other localities to attest further their effectiveness in improving the financial literacy of the indigent families.
- Another study may be realized on the field of financial literacy with the implementation of financial literacy coaching initiatives proposed in the study to further expand this field of knowledge being investigated.

Appendix

Survey Questionnaire

Direction: This assessment intends to measure your financial literacy in terms of knowledge, attitudes, skills, and values by putting a check mark (/) on the

corresponding scale opposite each item. Please use the rating scale below.

Scale	Descriptive Equivalent	Interpretation
3	Always	Highly Literate
2	Sometimes	Moderately Literate
1	Never	Not Literate

A. Financial Knowledge	3	2	1
1. Keep records of income and expenditures in the family			
2. Use saved money for an emergency than spending it to something else			
3. Prioritize the needs and give up on buying items that are not necessities in making a budget			
4. Budget the monthly income beforehand to avoid cramming and misappropriation of budget			
5. Decide wisely on the scarce money that we have			
B. Financial Attitudes	3	2	1
1. Follow the financial plan/budgeting that we have for the family			
2. Work it out as a family and optimistic about the future when running out of enough money			
3. Make oneself responsible for budgeting the money that is allotted to the monthly budget			
4. Do not hesitate to seek advice from other people on how to manage our finances			
5. Cooperate with the government to help the families become financially stable			
C. Financial Skills	3	2	1
1. Cut down expenses and saved for other unexpected expenses			
2. Do not spend lavishly on or do not spend at all in events like the birthday of relatives, fiestas, etc. and lives only according to one's means			
3. Spend equal or less of the monthly allocation of income to sustain only needs and not wants			
4. Work and find another means of earning money when there is not enough money			
5. Try to find the best price when wants to buy something			
D. Financial Values	3	2	1
1. Use the money one's save according to the original intentions			
2. Maximize the value of every single peso in purchasing products			
3. Value the importance of having one goal of saving money so as not to be tempted in spending too much			
4. Recognize the need for every member of the family to be educated in handling the finances			
5. Have a monthly financial plan of expenses and makes savings as an effective tool to become financially stable			

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