Financial Inclusion and Personal Financial Management of Teaching Personnel in Laguna University

Grace Anne J. Eguaras[a,b], Leslie Ann D. Nido[a,b], Monnyboy O. Pellosis[a,b], Angel Marie T. Priela[a,b], Catherine B. Santayana[a,b]

Corresponding Author:
Dr. Norayda M. Dimaculangan[b]

[a]*Department of Accounting Information System*
[b]Laguna University, Santa Cruz, Laguna, Philippines

Abstract

This study examined the role of financial inclusion in the personal financial management of teaching personnel at Laguna University, focusing on their access to financial products such as savings accounts, loans, payment systems, and insurance. Utilizing a descriptive-correlational research design, the study sampled 73 respondents from a population of 139 teaching personnel. Findings revealed that respondents generally experienced a high level of financial inclusion, with significant positive correlations between financial inclusion and personal financial management practices, including savings behavior, debt management, budgeting, and retirement planning. Notably, age and educational attainment were significant factors influencing financial inclusion experiences. The study concluded that enhanced access to financial products positively impacted the financial management practices of teaching personnel, underscoring the importance of financial literacy and resources. Based on these findings, the study recommended implementing targeted financial education programs for teaching personnel to enhance their understanding of available financial products and improve their personal financial management skills. Furthermore, promoting accessible financial services could empower educators to make informed decisions regarding their financial futures. It was also suggested that future research explore the long-term effects of financial inclusion on financial management practices and consider a broader range of employees to provide a more comprehensive understanding of the issues at hand. Overall, this research contributed valuable insights into how financial inclusion could serve as a catalyst for better personal financial management among teaching personnel.

Keywords: Financial Inclusion, Personal Financial Management, Teaching Personnel, Financial Product, Financial Education

1. Introduction

Financial inclusion has become a critical policy objective globally. According to the World Bank, financial inclusion is the accessibility of affordable financial products and services such as savings accounts, credit, payments, and insurance. It empowers individuals to manage their finances effectively, build wealth, and withstand financial shocks.

Personal financial management, on the other hand, consist of the management of an individual's income, expenses, savings, and investments. Financial inclusion has the potential to positively impact personal financial management by providing individuals with the tools and resources they need to manage their money effectively.

Financial inclusion has become a global priority as it is recognized as a key driver of economic development and poverty reduction. Many countries have implemented various initiatives to promote financial inclusion, including expanding access to bank accounts, mobile banking, and financial literacy programs.

The Philippines has made significant progress in financial inclusion in recent years. The Bangko Sentral ng Pilipinas has implemented various reforms, such as the National Financial Inclusion Strategy to increase access to financial services for Filipinos.

Surveys conducted by the BSP highlight the growing adoption of financial products and services among Filipinos. The share of Filipinos with bank accounts reached 65% of the adult population in 2022, with a significant increase in mobile banking usage. However, disparities exist, with public sector employees potentially having better access to financial services compared to the general population.

While financial inclusion initiatives are on the rise, the specific impact on the personal financial management of employees, particularly selected teaching personnel at Laguna University, remains unclear. The potential benefits of increased access to financial products and services on financial management, such as improved financial habits, debt management and savings patterns may not be fully realized.

Investigating the link between financial inclusion and personal financial management of Laguna University teaching personnel is essential. The findings can inform policymakers and financial institutions in developing strategies that empower employees to make informed financial decisions, achieve financial security, and contribute to the overall financial well-being of the region. This led the researchers to conduct a study and assess the role of financial inclusion on personal financial management of selected teaching personnel at Laguna University.

2. Theoretical Background

The public good theory of financial inclusion is utilized in this study, which argues that the provision of formal financial services should be treated as a public good. The theory argues that formal financial services are a public good, and should be provided to everyone for the benefit of all. There should be unrestricted access to finance for everyone. As a public good, access to formal financial services to one individual does not reduce its availability to others. Under this theory, all members of the population are beneficiaries of financial inclusion and nobody is left out. Under the public good theory of financial inclusion, an individual or small business that opens a formal bank account can be offered free debit cards. The government can grant subsidies to financial institutions to help them cope with any resulting cost problems that arise from offering free formal financial services to citizens. Additionally, the vulnerable group theory of financial inclusion was utilized, which argues that financial inclusion programs in a country should be targeted to the vulnerable members of society who suffer the most from economic hardship and crises, such as poor people, young people, women, and elderly people. The theory argues that vulnerable people are often the most affected by financial crises and economic recession, therefore, it makes sense to bring these vulnerable people into the formal financial sector. One way to achieve this is through government-to-person (G2P) social cash transfers into the formal account of vulnerable people. Furthermore, the systems theory of financial inclusion was used, which states that financial inclusion outcomes are achieved through the existing sub-systems (such as the economic, social and financial systems) which financial inclusion relies on, and as a result, greater financial inclusion will have positive benefits for the subsystems it relies on. A significant change in a sub-system (one part of the system) can significantly affect the expected financial inclusion outcome. For instance, imposing regulation on financial sector agents (who are a part of the financial system) can align their interest with that of the users of basic financial services, and can compel financial sector agents to offer affordable and quality financial services to users within defined rules that protect users of formal financial services from exploitation and price discrimination.

3. Research Problems

It specifically aimed to answer the following: (a) teaching personnel's demographic profile, (b) teaching personnel's extent of experience in financial inclusion, (c) teaching personnel's manage their personal financial management, (d) significant relationship between the demographic profile and the level of financial inclusion of teaching personnel at Laguna University, and (e) significant relationship between financial inclusion and personal financial management of teaching personnel at Laguna University.

4. Data and Methods

This study utilized the Descriptive-Correlational method to describe and examine the Role of Financial Inclusion on Personal Financial Management Laguna University Teaching Personnel. Descriptive-Correlational method, as defined by Creswell & Creswell (2021), is a type of non-experimental research that describes and analyzes the relationship between two or more variables in a non-invasive manner that provides a holistic view of the variables without implying causation. The goal of Descriptive-Correlational method is to understand the relationships between variables and describe the characteristics of a population. By describing these variables and examining their relationships, the study can provide valuable insights on the role of financial inclusion on personal financial management. Seventy-three (73), respondents were chosen randomly to complete the questionnaire.

5. Tables

The results of this study demonstrated significant correlations between financial inclusion and personal financial management among the teaching personnel at Laguna University. Key findings are detailed below.

Table 1. Summary of the Experience in Financial Inclusion

INDICATORS	Mean	sd	Verbal Interpretations
Accessibility of formal financial accounts	4.42	0.86	High
Availability of loans	4.31	1.10	High
Utilization of payment systems	4.00	0.95	High
Availability of insurance	3.87	1.04	High
Overall	**4.15**	**0.99**	**High**

The experience in financial inclusion, based on key indicators, reveals generally positive access to financial services. Notably, the accessibility of formal financial accounts scored the highest (4.42), highlighting strong availability. Similarly, loans are widely accessible, with a mean score of 4.31, and payment systems are utilized to a significant extent, reflected in a mean score of 4.00. However, insurance availability scored the lowest (3.87), suggesting that insurance options may be less accessible or underutilized. Overall, the mean score of 4.15, with a standard deviation of 0.99, indicates a favourable experience with financial inclusion. Still, some variation exists, particularly in the availability of insurance, which points to areas where further improvement could be made. These results align with studies such as those by Banna and Alam (2021), who emphasized the role of digital payment systems in enhancing financial inclusion.

Accessibility to formal financial accounts positively correlated with savings behavior (r = 0.343, p = 0.003). Respondents with access to formal financial services were more likely to set aside monthly savings. This finding is consistent with Calderone et al. (2018), who found that financial literacy and access promote consistent saving practices.

The availability of loans exhibited a significant positive relationship with debt management practices (r = 0.470, p = 0.000). This indicates that individuals who accessed loans managed their financial obligations more effectively. Research by Hauff et al. (2020) supports this finding, emphasizing the role of structured financial instruments in improving debt literacy and management.

Significant correlations were noted between the utilization of payment systems and effective budgeting practices (r = 0.413, p = 0.000). Respondents reported regular expense tracking, with 62% using mobile applications for this purpose. This result is aligned with findings by Gelb et al. (2019), who highlighted how digital financial services enhance financial tracking and planning.

The availability of insurance showed the strongest correlation with financial planning (r = 0.647, p = 0.000). Respondents with insurance were better prepared for emergencies and long-term financial goals. Similar observations were made by Hasan et al. (2021), who stressed the importance of insurance in fostering comprehensive financial planning.

All tables should be numbered with Arabic numerals. Headings should be placed above tables, left justified. Leave one line space between the heading and the table. Only horizontal lines should be used within a table, to distinguish the column headings from the body of the table, and immediately above and below the table. Tables must be embedded into the text and not supplied separately. Below is an example which authors may find useful.

Table 2. Summary of the Personal Financial Management

INDICATORS	Mean	sd	Verbal Interpretations
Savings behavior	3.83	0.87	High
Debt management practices	3.69	0.91	High
Budget and expense tracking	3.81	0.90	High
Retirement or emergencies	4.16	0.94	High
Overall	**3.87**	**0.91**	**High**

The summary of personal financial management, based on the provided indicators, reveals several key findings. Savings behaviour scored 3.83, suggesting that respondents generally engage in moderate saving practices. In contrast, debt management practices received a slightly lower score of 3.69, indicating that there is room for improvement in effectively managing debt. Similarly, budget and expense tracking scored 3.81, reflecting a relatively consistent approach to budgeting and managing expenses. On the other hand, retirement or emergency preparedness scored the highest at 4.16, indicating that respondents are generally well-prepared for future financial challenges. The overall score of 3.87, with a standard deviation of 0.91, points to a generally positive approach to personal financial management, although some variability in responses is evident. These findings suggest that while individuals tend to be proactive in preparing for retirement or emergencies, there remains variability in their savings, debt management, and budgeting behaviors, highlighting areas for potential improvement.

The study highlighted significant demographic differences in financial inclusion. Younger respondents (23-31 years old) were more engaged with digital payment systems, while females demonstrated higher accessibility to formal financial accounts. Educational attainment also correlated positively with financial inclusion ($x^2 = 9.611$, $p = 0.048$). These findings are consistent with research by Brown and Garcia (2019), who reported that education enhances financial literacy and inclusion. Financial inclusion was significantly associated with better personal financial management. Accessibility to financial products such as accounts, loans, and insurance led to improved outcomes in savings, budgeting, and financial planning. This underscores the findings by Chakrabarty and Mukherjee (2022), who demonstrated how inclusion initiatives strengthen financial resilience.

These results indicate that financial inclusion not only encourages greater engagement with formal financial systems but also plays a crucial role in enhancing personal financial management. This supports and validates the theoretical frameworks previously discussed.

6. Conclusion

1. Majority of the respondents are female belonging to age bracket 23-31 years old, who are bachelor’s degree holder and full-time employees. They are full-time teaching personnel with 1-5 years of service, receiving a monthly income of Php20,000 to 30,000 on the average. Furthermore, a large percentage have a monthly expenditure of below Php20,000.
2. The diverse demographic profile of the respondents suggests that factors such as age, gender, and educational attainment significantly influence financial behaviors and access to financial services. This indicates that financial literacy programs should be tailored to address the unique needs of different demographic groups to enhance their engagement with formal financial systems.
3. The high level of financial inclusion reported by the respondents highlights the effectiveness of current financial services and products in meeting the needs of teaching personnel. It suggests that formal financial institutions are making strides in promoting accessibility and utilization of financial services, which is crucial for fostering economic stability and growth within the community.
4. The respondents demonstrated a proactive approach to personal financial management, as evidenced by their savings behavior and budgeting practices. However, the identified areas for improvement, particularly in debt management, indicate that there is a need for enhanced financial education to equip individuals with the skills necessary to make informed financial decisions.
5. The significant relationships between demographic factors and financial inclusion, as well as the correlations between financial inclusion and personal financial management, emphasize the interconnectedness of these variables. Improving financial inclusion can lead to better personal financial management outcomes, suggesting that policies aimed at increasing access to financial services can have a positive ripple effect on individuals’ financial behaviors and overall economic well-being.

6. Given the gaps identified in respondents' understanding of financial products and practices, there is a strong need for targeted financial literacy programs. These programs should focus on enhancing awareness and knowledge of financial services, particularly for those with less experience in financial management, to empower individuals to make better financial decisions and improve their overall financial health.

Reference

Bangko Sentral ng Pilipinas. (2020, December 18). National Financial Inclusion Strategy 2020 2023. https://www.bsp.gov.ph/SitePages/InclusiveFinance/InclusiveFinance.aspx

Banna, H., & Alam, M.R. (2021). Impact of digital financial inclusion on ASEAN banking stability: implications for the post-Covid-19 era. Studies in Economics and Finance, 38, 504–523.

Calderone, M., Sadhu, S., Fiala, N., Sarr, L., & Mulaj, F. (2018). Financial Education and Savings Behavior: Evidence from a Randomized Experiment among Low-Income Clients of Branchless Banking In India. Economic Development and Cultural Change, 66(4), 793–825.

Chakrabarty, M., & Mukherjee, S. (2022). Financial inclusion and household welfare: An entropy-based consumption diversification approach. The European Journal of Development Research, 34(3), 1486-1521.

Creswell, J. W., & Creswell, J. D. (2021). Research design: Qualitative, quantitative, and mixed methods approach (5th ed.). Sage Publications.

Gelb et al. (2019) Primary Education Stipends in Bangladesh: Do Mothers Prefer Digital Payments Over Cash. Washington DC: Center for Global Development, 2019. https://www.cgdev.org/sites/default/files/primary-educationstipends-bangladesh-do-mothers-prefer-digital-payments-over-cash.pdf

Hasan, M., Le, T., & Hoque, A. (2021). How does financial literacy impact on inclusive finance. Financial Innovation, 7, 40.

Hauff, J. C., Carlander, A., Gärling, T., & Nicolini, G. (2020). Retirement financial behaviour: How important is being financially literate? Journal of Consumer Policy, 43, 543–564. https://doi.org/10.1007/s10603-019-09444

World Bank Group. (2021). UFA2020 Overview: Universal Financial Access by 2020. In World Bank. https://www.worldbank.org/en/topic/financialinclusion/brief/achievinguniversalfinancial-access-by-2020

World Bank. (2018). Out-of-pocket expenditure (% of current health expenditure) - India. World Health Organization Global Health Expenditure database, The World Bank Group. Retrieved from [link](http://apps.who.int/nha/database)

World Bank. (n.d.) Financial Inclusion. ://www.worldbank.org/en/topic/financialinclusion\