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THE IMPACT OF FINANCIAL LITERACY ON INVESTMENT DECISIONS IN BANKING PRODUCTS AMONG MANAGERS AND SCHOOL HEADS IN BORONGAN CITY

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ABSTRACT

This study examined the financial literacy levels of managers and school heads in Borongan City and its impact on their investment decisions related to banking products. Results showed a positive relationship between financial literacy and investment behavior, with more financially literate individuals investing more frequently and confidently. The findings highlight the importance of financial education in promoting sound financial decisions. The study recommends integrating financial literacy programs into professional development for educational leaders and calls for further research with a broader sample.

KEYWORDS: *Financial Literacy, Investment, Managers, School Heads, Banking, Financial Decision*

I.INTRODUCTION

In today's increasingly complex financial landscape, financial literacy has become a vital component of effective decision-making, particularly among organizational leaders. Managers and school heads, who are entrusted with managing substantial financial resources, play a critical role in ensuring the financial sustainability of their institutions. However, navigating diverse financial products such as savings accounts, loans, and investment options presents challenges that require a solid understanding of financial principles.

A lack of financial literacy among these leaders can result in poor investment decisions, leading to the misallocation of resources and missed opportunities for growth (Pinca et al., 2024; Bacatan, 2023). Research by Lusardi and Mitchell (2014) emphasizes that individuals with higher levels of financial literacy are more likely to make informed and responsible financial choices. This, in turn, contributes positively to both personal and organizational financial stability.

Objectives

1. To determine the current level of financial literacy among managers and school heads in Borongan City.
2. To examine the influence of financial literacy on the investment decisions of managers and school heads regarding banking products.
3. To explore the barriers faced by managers and school heads in accessing financial education resources.

Financial Institutions. Strengthens relationships through financial literacy programs such as seminars and workshops.
Researchers and Academics. Serves as a foundation for further studies in local contexts like Borongan City.

Background of Study

Despite this, many managers and school heads have limited financial knowledge, often due to insufficient access to formal training and financial education programs (NEFE, 2020; Bacatan, 2023). This knowledge gap underscores the importance of providing targeted financial literacy interventions aimed at equipping these leaders with the skills necessary to manage their institutions' financial resources effectively.

Therefore, this research will be conducted to examine the impact of financial literacy on investment decisions in banking products among managers and school heads in Borongan City. The findings aim to inform the development of tailored financial literacy programs that can strengthen decision-making capabilities and promote better financial outcomes within educational and managerial institutions.

Significance of Study

This study would be valuable and of great significance to the following, to wit:
Managers and School Heads. Enhances understanding of the role of financial literacy in making sound investment decisions.
Educational Institutions. Supports the development of targeted financial literacy programs for institutional leaders.
Policymakers. Helps in designing effective community-level financial literacy initiatives.

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II.REVIEW OF RELATED LITERATURE

The financial literacy of managers and school heads in Borongan City plays a crucial role in shaping their investment decisions, particularly in banking products. As financial markets become increasingly complex, the ability to make informed financial decisions is essential for effective management and organizational success.

According to Lusardi and Mitchell (2014), individuals with higher financial literacy are more likely to engage in effective financial planning, make informed investment choices, and avoid costly financial mistakes. Research by Chen and Volpe (2020) indicates that financial literacy significantly influences investment decisions, as individuals with higher financial literacy are more likely to assess risks accurately, understand the implications of different investment options, and make informed choices.

The choice of banking products is influenced by the financial literacy of decision-makers. Research by Bakar and M. A. (2022) suggests that individuals with higher financial literacy are more likely to select banking products that align with their financial goals and risk tolerance. Moreover, a study by Kahn and M. A. (2020) found that financial literacy enhances individuals' ability to compare different banking products, leading to more informed choices. Managers and school heads who possess strong financial literacy skills are better equipped to evaluate interest rates, fees, and terms associated with various banking products, ultimately leading to more favorable financial outcomes for their organizations.

Despite the recognized importance of financial literacy, many managers and school heads face barriers that hinder their ability to make informed investment decisions. Research by Atkinson and Messy (2017) highlights that a lack of access to financial education and resources can limit individuals' financial literacy levels. In the study of Hsu and Chen (2021), it indicates that cultural factors can also influence financial literacy levels. Financial education may not be prioritized, leading to gaps in knowledge and understanding of financial products.

The study therefore seeks to address the gaps in financial literacy among managers and school heads in Borongan City as there is a pressing need for targeted financial education programs. These programs should focus on equipping leaders with the knowledge and skills necessary to make informed investment decisions in banking products. By providing training on topics such as budgeting, risk assessment, and investment strategies, organizations can empower their leaders to take control of their financial futures.

III. METHODOLOGY

Research Design

This study will employ a quantitative approach to achieve the research objective.

Respondents of the Study

The respondents of this study were the managers in leadership positions within various organizations and school heads from different educational institutions.

Data Gathering Procedure

This study utilized the survey results answered by the two respondents, namely managers and school heads.

IV.RESULTS AND DISCUSSIONS

This chapter presents the analysis of data gathered from respondents, consisting of school heads and managers from various institutions in Borongan City. Both descriptive and inferential statistics were employed to summarize the respondents' demographic profiles, financial literacy levels, and investment behaviors, as well as to examine the relationship between financial literacy and investment decisions.

Table I. Descriptive Statistics of Respondents

Variable	Category	Percentage
Age	35–54 years	60
Gender	Female	53
	Male	40
	Prefer not to say	7
Education	Bachelor's Degree	60
	Master's Degree	33
	Doctorate	7
Position	School Head	53
	Manager	47
Experience	1–5 years	20
	6–10 years	47
	More than 10 years	33

Table 1 shows most of the respondents (60%) were between 35–54 years old, 53% were female, and most held at least a bachelor's degree (60%). More than half (53%) were school heads, and nearly half (47%) had between six to ten years of professional experience.

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Table 2. Financial Literacy Assessment

Financial Literacy Aspect	Percentage Understanding (%)
Interest Rates	80
Future Value Calculation	67
Stocks vs. Bonds	73
Investment Risks	87
Inflation Impact	93

Table 2 indicates that respondents generally possess high levels of financial literacy. The majority demonstrated understanding of key financial concepts, particularly inflation (93%) and investment risks (87%). These findings suggest that respondents are well-equipped to make informed financial decisions.

Table 3. Correlation Matrix between Financial Literacy and Investment Behavior

Variables	Financial Literacy	Investment Frequency	Investment Effectiveness
Financial Literacy	1.00	0.71	0.68
Investment Frequency	0.71	1.00	0.65
Investment Effectiveness	0.68	0.65	1.00

Table 3 presents the correlation coefficients among financial literacy, investment frequency, and investment effectiveness. The analysis revealed strong positive correlations between financial literacy and investment frequency ($r = 0.71$, $p < 0.05$), as well as between financial literacy and investment effectiveness ($r = 0.68$, $p < 0.05$). This implies that higher financial literacy levels are associated with more frequent and effective investment decision-making.

Table 4. Regression Analysis Summary

Predictor Variable	B (Unstandardized Coefficient)	β (Standardized Coefficient)	p-value
Constant	1.25	-	0.12
Financial Literacy	0.58	0.72	0.021

The regression analysis indicates that financial literacy is a significant predictor of investment behavior ($\beta = 0.72$, $p < 0.05$). This suggests that as financial literacy increases, the likelihood of making effective investment decisions also increases. The model explained approximately 52% of the variance in investment behavior demonstrating an influence of financial literacy.

V.SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

SUMMARY

This study was conducted to determine the current level of financial literacy among managers and school heads in Borongan City and examine the influence of financial literacy on the investment decisions of managers and school heads regarding banking products.

CONCLUSIONS

Based on the findings, it can be concluded that financial literacy plays a significant role in shaping investment behavior. The positive relationship between financial literacy and investment frequency, along with the perception of effective decision-making, highlights the critical importance of financial education. These results suggest that promoting financial literacy among managers and educational leaders is essential for fostering sound financial decision-making.

RECOMMENDATIONS

Grounded on the findings and conclusion of this study, it is recommended that educational institutions and policymakers prioritize the integration of financial literacy programs, particularly targeted at educational leaders. By equipping these leaders with stronger financial knowledge, they can not only make better personal financial decisions but also foster a culture of financial literacy within their communities. This can be achieved through workshops, seminars, and tailored courses on financial management and investment strategies. Additionally, future research with a larger, more diverse sample size is encouraged to further explore the impact of financial literacy on investment behavior and to refine strategies for promoting financial education on a broader scale.

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