



FINANCIAL LITERACY OF THE YOUNG PROFESSIONALS IN BONIFACIO GLOBAL CITY

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ABSTRACT

The research study focused on Financial Literacy of Young Professionals in Bonifacio Global City, Taguig. There were 100 respondents and mostly female, aged 23-24, single with monthly salary of 20,000 and below. The researcher used the descriptive method as the survey technique. Questionnaire was prepared and approved by the research committee to be used for the research study.

The data was gathered, interpreted and analyzed by the researchers using the statistical tools. Based on the respondent's assessment of the effectiveness of young professionals in terms of personal financial management, the grand mean was 4.39 which was interpreted as "Effective". In the respondent's assessment of effectiveness of young professionals in terms of risk management it was resulted to the grand mean of 3.59 which was interpreted as "Effective".

The respondent's assessment of the effectiveness of young professionals in terms of educational planning it resulted to the grand mean of 3.19 which was interpreted as "Somehow Effective".

KEYWORDS - *Financial Literacy, Investment Decisions, Educational Planning, Finance Management, Financial Product*

I. INTRODUCTION

It is very essential that each person should have the ability to understand how money works; how to manage it to earn and to invest or how to donate it to help others (IEF, 2013). Financial literacy provides the necessary knowledge, skills and tools for individuals to make informed financial decisions with confidence, to manage personal wealth with efficiency and to increase financial competence to demand for better financial services (Ali, 2013). JumpStart (2009) noted and argued that students who took up financial literacy courses were not better off than those who did not.

The financial literacy level of the average Filipino remains alarmingly low, a problem that begins with poor childhood education that persists until their adult years. Complementary to such it has become a cultural meager mindset of Filipinos that upon receipt of salaries, spending comes in before

saving. What is left is saved. If there's none left, then there's nothing saved.

Financial literacy is vital in harnessing the wealth of the younger generation. Heavy borrowings and a lack of saving habit have been blamed for the financial problems the Filipinos are facing in the country and abroad. Heavy borrowings and lack of prudent saving habits are major problems that we are trying to address. Citing the results of a study by the World Bank, the BSP said only 2 percent of Filipino adults answered all questions about financial literacy correctly.

The study also showed that Filipinos lack specific knowledge to make informed financial decisions. Stressing that financial education was an "imperative," considering the country's low financial literacy levels. The same study indicated that money management habits formed in childhood stay into adulthood. Those who began saving as children display better attitudes to saving, and tend to



outperform their peers who did not develop the habit early in the areas of choosing financial products and services, monitoring expenses and planning for retirement.

The BSP believes that a financially learned citizenry can be more effective in productively contributing to Philippine economy. Government institutions like the BSP and private sector players like banks have mounted their respective efforts to improve the financial literacy of Filipinos, particularly students, young professionals, overseas Filipino workers (OFWs), and disadvantaged people like farmers. BSP runs “Economic and Financial Learning Program” (EFLP), its flagship initiative for financial education.

According to the central bank, this is in line with its drive to promote greater awareness and understanding of essential economic and financial issues that will help the Filipino public acquire the knowledge and develop the skills to make well-informed economic and financial decisions and choices. Based also on the Philippine Financial Literacy Advocacy 2013 Report, most of the Filipinos have good knowledge on financial concept of investments, but they lack in understanding the concept of healthy budget and inflation.

Financial literacy is now acknowledged globally as an important element for economic and financial stability and development. Trends support the rising global interest in financial literacy as a key to life skill. Existing empirical evidence shows that adults in both developed and emerging economies who have been exposed to financial education are subsequently more likely than others to save and plan for retirement. Those with higher financial literacy are better able to manage their money, participate in the stock market and more likely to invest. Moreover, those who have greater financial knowledge are more likely to accumulate higher amounts of wealth. Financially literate consumers can make more informed decisions and demand higher quality services which will encourage competition and innovation in the market.

BGC is the fastest growing city in Metro Manila and in the Philippines. Bonifacio Global City is a true child of the 21st century a modern wonder of contemporary living populated by great minds and passionate hearts. The researchers conducted this study to give the importance on the level of financial literacy to young professionals in BGC and how it affects the behaviors of the respondents and its outcome.

The point of this study is to examine the level of effectiveness among young professional in terms of their personal financial management, risk management, & educational planning. This research aims to assess the level of effectiveness of personal financial management practices of young professionals in BGC. Specifically, the study seeks to

answer the questions in terms of the demographic profile of the respondents and how the respondents assess the level of effectiveness of their Personal Financial Management practices. It is not enough that people work and get paid. It is also important where to put their money and let their money earn as well.

II. OBJECTIVES

As this study aims to assess the financial literacy of young professionals in BGC, the following are the objectives to meet:

1. To be able to examine the level of effectiveness of financial management practices of BGC’s young professionals in terms of personal financial planning, risk management, and educational planning;
2. To provide recommendations on financial management aspects that needs improvement;
3. To raise awareness to young professionals the significance of financial literacy;
4. To help provide financial institutions and curriculum developers a picture of the current status of young professional’s financial literacy;
5. And lastly, to help future researchers who may want to undertake research in the field of financial literacy.

III. METHODOLOGY

This researcher used the descriptive method as the survey technique. The method used was considered appropriately since the study assessed the level of effectiveness on personal financial management practice of young professionals in Bonifacio Global City.

Data gathered and treated were Respondent’s profile such as age, sex, civil status, average monthly net income, job position level. A total of one hundred (100) respondents were surveyed, 22 were male and 78 were female. The respondents of this were the young professionals working at Bonifacio Global City, Taguig, Philippines. These are individuals currently performing jobs at high standards.

The questionnaire was distributed personally. The researcher allotted much time to ensure that all of the questionnaires were collected and retrieved from the respondents.

The results were tallied and tabulated according to frequency of items checked by the participant. After data tabulation, results were interpreted using various statistical tools. The results of the technique used in the data gathering will help the researcher to arrive at the interpretation of data.

The data collected in this study will be organized and classified based on the research design and the problems formulated. The data will be coded,



tallied and tabulated to facilitate the presentation and interpretation of the results using the following:

1. Frequency & Percentage Distribution Method.

These are tools that were used in analyzing the demographic profile of the respondents. Where percentage (%) is equal to frequency of responses (f) over total number of respondents (N) multiplied by 100.

2. Weighted Mean (WM)

It is the sum of the product of the frequency and the unit weight ($\sum fw$) divided by the number of respondents (N). The average weighted mean (\bar{x}) is the sum of the weighted mean $\sum(WM)$ divided by the number of items (N). This measure the central tendency or point where most of the scores cluster.

3. T-test and Analysis of Variance (ANOVA)

According to statistics-help-for-students.com (2017), ANOVA stands for Analysis of Variance. With ANOVA, data are analyzed and compared the variability of scores in between conditions and within conditions. This helped the researcher find out if the independent variable (IV) had a significant effect on the dependent variable (DV). The research will also use One Way Anova test to compare three or more groups or conditions in an experiment. A One Way Anova will help the researcher find out if the means for each group/condition are significantly different from one another of if they are relatively the same. If the means are significantly different, the researcher can say that the variable being manipulated, your Independent Variable (IV), had an effect on the variable being measured, the Dependent Variable (DV).

4. Likert Scale

This method was used in conjunction with the weighted mean. This research uses the verbal interpretation and arbitrary scale for the Likert Scale.

5. Ranking

In statistics, "ranking" refers to the data transformation in which numerical or ordinal values are replaced by their rank when the data are sorted.

IV. SAMPLING DESIGN

The respondents of this study were the young professionals working at Bonifacio Global City, Taguig, Philippines. There are 100 respondents selected to answer the questionnaires. The researchers used the

cluster sampling method, where the respondents are strategically selected from 4 different locations in Bonifacio Global City that have high populations of young professionals. To have a definitive result, researchers chose 25 respondents from the estimated population of each locations. They were assessed in terms of age, sex, civil status, average monthly net income and job position level. These are individuals currently performing jobs at high standards.

V. STATISTICAL DESIGN

The statistical design used was by experiment type whose principles are formulation of questions, randomization of sample population, and application of basic statistics.

1. Formulation of Question -

The researcher designed the questionnaire in proper form to accommodate sufficient and relevant information required from the respondents. The questionnaire was divided into two parts. The first part was about the profile of respondents. The second part focused on the level of personal financial management literacy of the respondents.

2. Randomization of Sample Population -

The population of this study comprised of young professionals working in Bonifacio Global City, Taguig, Philippines. A total of 100 respondents from different in location in BGC were randomly selected to answer the survey questionnaires.

3. Application of Basic Statistics -

The results gathered from the collected data were interpreted using Frequency & Percentage, Distribution Method, Weighted Mean, Test and Analysis of Variance, Likert Scale, and Ranking.

VI. GEOGRAPHICAL AREA

The survey was conducted in Bonifacio Global City, Taguig, Philippines. It is a financial and lifestyle district in Metro Manila. Local and Foreign companies have main offices and country office branches serving the central business district. This area is also considered home to many young professionals. The vicinity not only offers a premier business address but also is among the most liveable cities in the metro. The respondents selected were from the following strategic locations Bonifacio High Street, North Bonifacio, Forbes Town Center, Uptown Bonifacio.



VII. RESULTS

This chapter presents the findings, analysis and interpretation of data obtained from the primary instrument used in this study. It discusses the financial management practices of the young professionals as to personal financial management, risk management, and educational planning.

The profile of the respondents in terms of age, sex, civil status, average monthly net income, job position level was gathered and showed the following results. Young professionals' age ranged 23 to 24 were the most number of respondents in this study and mostly female with 78% respondents. As to civil status majority were single comprised of 90% of population. The average monthly income was Php 20,000-below which were classified as rank and file.

Based on the respondent's assessment of the effectiveness of young professionals in terms of personal financial management, the grand mean was 4.39 which was interpreted as "Effective". It means young professional working in Bonifacio Global City were "Effective" in terms of personal management practices which includes the payment of utility bills on time. Avoid availing loans to pay off loans. Pay short-term and long-term obligation, budget money on a monthly basis, living one's life within one's means. Set aside 10% of monthly income as savings. Allot money for any emergencies/contingencies.

In the respondent's assessment of the effectiveness of young professionals in terms of risk management it was resulted to the grand mean of 3.59 which was interpreted as "Effective".

Among the young professionals financial management practices in terms of risk management the "protecting loved ones by buying life/health insurance ranked as the first which obtained a WM = 3.88 which was interpreted as "Effective". Updating the premium payments ranked as second with a WM = 3.69 which verbally interpreted as "Effective". Protecting oneself by purchasing property insurance got the lowest weighted mean of 3.19 and verbally interpreted as "Somehow Effective".

The respondent's assessment of the effectiveness of young professionals in terms of educational planning it resulted to the grand mean of 3.19 which was interpreted as "Somehow Effective". Study includes allotting money for dependent's education, allotting money for personal education or advancement - MBA or other advanced studies.

DISCUSSIONS

This chapter presents the findings based on the obtained results, the conclusions formulated based on the findings, and the recommendations suggested based on the conclusions of the study.

Findings

This study aimed to assess the level of effectiveness of personal financial management practices of young professional in the Bonifacio Global City, Taguig.

Specifically, the researcher aimed to determine the following: (1) the demographic profile of the respondents in terms of age, sex, civil status, average monthly net income, job position level; (2) the level of effectiveness in their personal financial management practices in terms of personal financial planning, risk management, educational planning, and retirement planning.

This study utilized the descriptive survey method of research. The respondents of the study were one-hundred (100) young professional in BGC regardless of their residence.

The questionnaire was the main instrument used to gather data. The statistical tools were frequency, percentage of distribution, ranking, t-test, and ANOVA.

Based on the gathered data, the followings finding were drawn.

1. Profile of the Respondents

The results were revealed that out of one-hundred (100) respondents, 21% were between 21 to 22 years old, 47% were between 23 to 24, 23% were between 25 to 26, 5% were between 27 to 28, and four (4) or 4% were 29 to 30 years old. In terms of sex, twenty-two (22) or 22% were male and seventy-eight (78) or 78% were female. As to civil status, ninety (90) or 90% were single young professionals and ten (10) or 10% were got married. In terms of average monthly net income, fifty-three (53) or 53% were in the monthly net income range of Php 20,000 – below, Forty-seven (47) or 47% were in the monthly net income range of 20,001-50,000, and none of the respondents got Php 50,000 – above monthly net income range. In terms of job position level, ninety-one (91) or 91% were rank and file, two (2) or 2% were top management, three (3) or 3% were middle management and four (4) or 4% were supervisory.

2. Respondents' Assessment on the Effectiveness of their Personal Financial Management Practices in Terms of Personal Financial Planning, Risk Management, Educational Planning, and Retirement Planning.

In terms of Personal Financial Management, payment of utility bills on time was perceived to be the first management practices of young professionals in BGC which obtained WM = 4.76 rated as "Very Effective". Avoidance of availing loans to pay off loans and payment for short-term and long-term payable on time were ranked 2.5 which got a WM = 4.66 both rated as "Very Effective". Allotting money for any emergencies and contingencies was the lowest



in terms of young professional's personal financial management practices which obtained WM = 4.06 rated as "Effective".

3. Respondents' Assessment on the Effectiveness of their Personal Financial Management Practices in Terms of Risk Management.

In terms of Risk Management, the two highest sub variable who received a weighted mean of 3.88 (Effective) and 3.69 (Effective) were "protecting loved ones by buying life/health insurance and updating the premium payments. On the other hand, protecting oneself by purchasing property insurance got the lowest weighted mean of 3.19 and verbally interpreted as "Somehow Effective".

4. Respondents' Assessment on the Effectiveness of their Personal Financial Management Practices in Terms of Educational Planning.

In terms of educational planning, Allotting money for dependent's education was the highest sub variable obtained a WM = 3.23 which was interpreted as "Somehow Effective". While "allotting money for personal education or advancement - MBA or other advanced studies" got a WM = 3.15 which verbally interpreted as "Somehow Effective".

VIII. SUGGESTIONS

Based on the findings and conclusions, the following recommendations were drawn.

1. In terms of personal financial management, young professionals in BGC should give importance on proper budgeting. Though the overall result was effective, young professional should have known the goal of budgeting is not to over spend your income. If that happens, it would result to financial crisis.
2. In terms of risk management, as part of the financial planning, one of the important thing to remember is protect our income from any uncertainties that might happened in the future. By that, Life insurance companies VUL product is one thing to consider by young employees nowadays. Many people do not take the necessary precautions to insure themselves, and it could end up costing them a

substantial amount of money. You need several different types of insurance if you want to live a comfortable financial existence.

3. In terms of educational planning, young professionals should also invest in getting a post-graduate degree as this would help them land a good career and bigger opportunities.

4. Young professionals should learn to manage their finances. Proper budgeting is necessary in Philippine setting. Budgeting allows you to create a spending plan for your money, it ensures that you will always have enough money for the things you need and the things that are important to you. Following a budget or spending plan will also keep you out of debt or help you work your way out of debt if you are currently in debt.

IX. CONCLUSIONS

Based on the findings of the study the researcher derived on the following conclusions.

1. Most of the young professionals in Bonifacio Global City, Taguig were aged 23-24 years old, mostly female, single, rank and file employees with monthly average net income of 20,000 and below.
2. The respondents assessed in their personal financial management practices in terms of personal financial planning & risk management, were "Effective" while educational planning was "Somehow Effective"

Therefore, young professionals in BGC were proficient of financial principles and concepts such as financial planning, risk management and educational planning. They understood that being financial literate helps they become self-sufficient so that they can achieve financial stability. While financial illiteracy causes many people to become victims of predatory lending, subprime mortgages, fraud and high interest rates, potentially resulting in bad credit, bankruptcy or foreclosure.

X. FIGURES, TABLES & REFERENCES

Table 1
Respondent's Assessment on the Level of Effectiveness
of the Financial Management Practices in Terms
of Personal Financial Management

PERSONAL FINANCIAL MANAGEMENT	Weighted Mean	Verbal Interpretation	Ranking
a. Pay utility bills on time.	4.76	Very Effective	1
b. Avoid availing loans to pay off loans.	4.66	Very Effective	2.5
c. Pay short term and Long-term payables on time.	4.66	Very Effective	2.5
d. Budget money on a monthly basis.	4.28	Effective	4
e. Living one's life within one's means.	4.17	Effective	5
f. Set aside 10% of monthly income as savings.	4.15	Effective	6
g. Allot money for any emergencies/contingencies.	4.06	Effective	7
Grand Mean	4.39	Effective	

Table 2
Respondent's Assessment on the Level of Effectiveness
of the Financial Management Practices
in Terms of Risk Management

RISK MANAGMENT	Weighted Mean	Verbal Interpretation	Ranking
a. Protect loved ones by buying life/health insurance.	3.88	Effective	1
b. Updated in premium payments of insurance coverage.	3.69	Effective	2
c. Protect oneself by purchasing property insurance i.e car insurance, house, business and others.	3.19	Somehow Effective	3
Grand Mean	3.59	Effective	



Table 3
Respondent's Assessment on the Level of Effectiveness
of the Financial Management Practices in Terms
of Educational Planning

EDUCATIONAL PLANNING	Weighted Mean	Verbal Interpretation	Ranking
a. Allot money for your dependent's education (if any).	3.23	Somehow Effective	1
b. Allot money for personal education or advancement-MBA or other advanced studies.	3.15	Somehow Effective	2
Grand Mean	3.19	Somehow Effective	

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