



Think Ahead

Personal Financial Management of Tertiary Students in Mindanao, Philippines

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ACCOUNTING TEACHERS CONFERENCE

Introduction

According to Referra and Kolech, 2015

“**Personal financial management** refers to an individual's efficient and effective management of money; it utilizes financial economic concepts in the management of one's financial resources and daily use of money.”

According to Gutter, Copur and Garrison, 2016

“Many young adults begin their careers without having been solely responsible for their own personal finances and college students do not possess a high degree of personal financial knowledge.”

Personal financial management is a topic often underemphasized in today's curriculum.

Statement of the Problem

This study determined the extent of personal financial management of nine hundred forty six **(946)** randomly sampled **tertiary students** among eight **(8)** higher education institutions in **Mindanao, Philippines**.

It specifically, looked into their **financial education opportunities, financial disposition and financial behavior**.

Significance of the Study

Colleges and universities have a tremendous responsibility and opportunity to influence the economic lives and future of students.

That is why over the last several years attention has been placed on financial behaviors of young adults that begin their careers without having been solely responsible for their own personal finances (Gutter, Copur and Garrison, 2016).

Research Framework

- **Personal financial management** is a component of the **broader spectrum** of financial management.
- Defined as the proper handling of financial situation to achieve financial independence; reducing debts, poverty and improving standard of living, increasing savings and hopefully investments.

The study of Gutter in 2009 about the financial management practices of college students in the United States that focuses on the rigors of financial education policies on financial knowledge, disposition and behavior prompted the researchers to look into personal financial management of college students in the Philippines.

Review of Related Literature

➤ **Financial education opportunities** - extent where students learned personal financial management from parents, from formal education and from the community.

• **Financial Disposition** - *how the students used their money*

- ✓ Materialism
- ✓ Compulsive Buying
- ✓ Future Orientation

Financial behaviour - *how an individual make financial decisions*

- ✓ Savings
- ✓ Budgeting

Lyons, 2003, 2004; Varcoe, Peterson, Garrett, Martin, Rene, & Costello, 2001) **“Those who were taught about personal finances at a younger age tend to do better financially than those who were not.”**

(Danes, Huddleston-Casas, and Boyce, 1999)

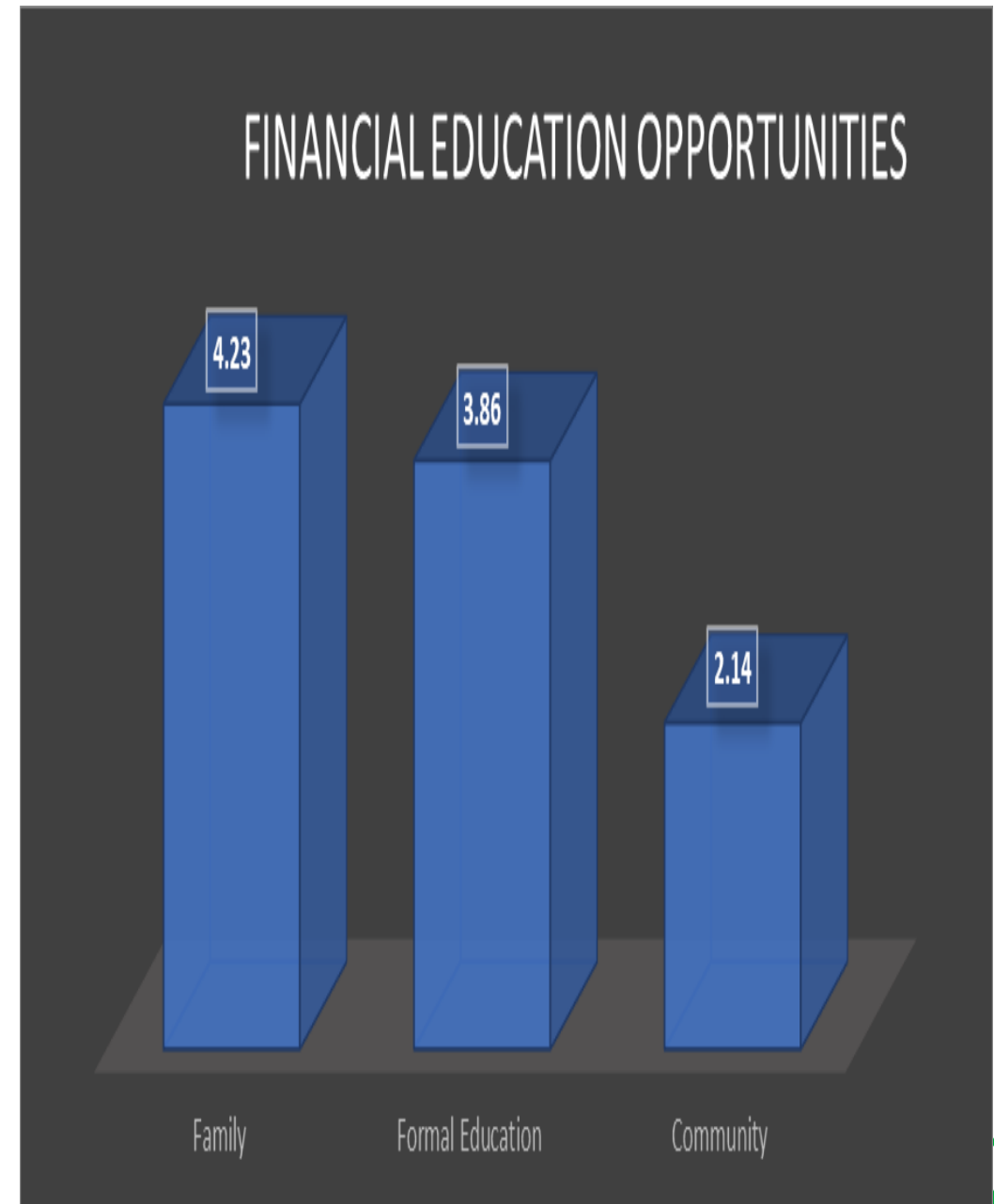
“Mandated personal finance education has a positive effect on students financial behaviors.”

Research Method

- Descriptive survey
- Respondents: 946 3rd and 4th year Tertiary Students
- 8 universities and colleges in Cagayan de Oro, Oroquieta and Ozamis Cities in Region 10 Mindanao, Philippines
- Adapted five survey instruments to measure the indicators using a 5-point Likert scale
- Cronbach's Alpha of 0.70
- Quantitative results were augmented by interviews

Results and Discussion

- Financial education opportunities is moderate (mean = 3.41)
- *“Parents were the common means of acquiring financial management skills...”*
 - Allen and Kinchen (2009), Cude (2006) and Lyons (2003)



Results and Discussion

Financial Disposition

- Materialism = moderate
- Compulsive behavior = COMPULSIVE BUYERS (overall score of -3.68)
- Future orientation = neutral
- “ One means of reducing compulsive buying would be to increase college students **ability to make informed judgments and effective decisions** regarding the current and future use of financial resources.”

(Brougham et al, 2011).

“I’d be happier if I could afford to buy more things”

“buying gives me a lot of pleasure and it bothers me that I can’t quite afford all the things I like”

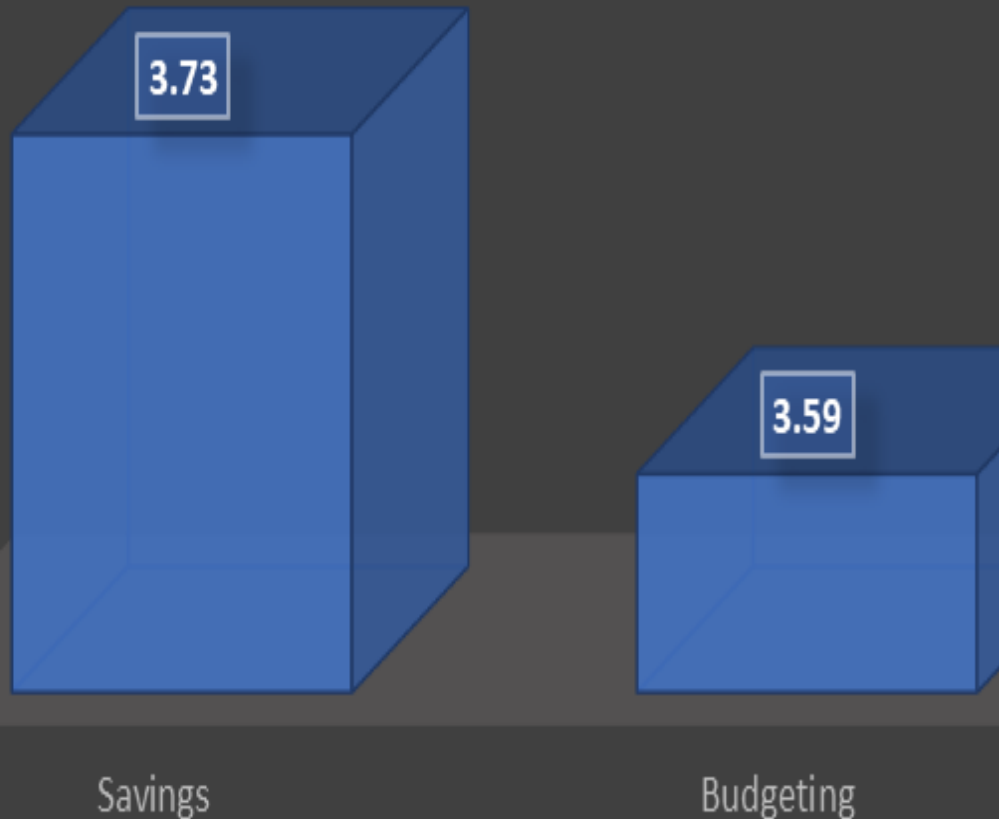
“bought things even though I couldn’t afford them”

“bought myself something in order to make myself better”

Among those surveyed in this research, there is no clear understanding of the short or long effects of their behavior.

Results and Discussion

FINANCIAL BEHAVIOR



FEO significant relationship with the variables **compulsive buying behavior** and **future orientation**.

However, it has a **negative correlation** with **financial behavior on savings**.

As possible agents of individual development and change, schools are highly encouraged to look into areas or avenues where it can incorporate personal financial management and seriously consider educational efforts vis-a-vis desired impact on the individual.

Conclusions

Personal financial management

- vital to every individual as part of successful living
- improve standard of living
- reduces financial stress
- *“This subject often undervalued and informally approached”*
- ✓ Schools revisit or review their current offerings and programs
- ✓ HEI’s need to continuously reinvent, expediting **personal financial educational opportunities** that hopefully will positively impact **financial disposition and behavior.**

Recommendations

- First, since family is the highest financial educational avenue for the young, it suggested to have projects or avenues for parents to have the appropriate means and tools in communicating effectively personal financial management to their children. (Hanson and Olson, 2018).

Second, as higher educational institutions form a big role in the development of young adults, it is essential for HEIs to continuously reinvent itself, thereby, expediting personal financial educational opportunities that will positively impact financial disposition and behavior of the students.

On a macro level, it is proposed that the government will have strong provision in upholding the efforts to improve personal financial management of its people in different sectors of society.



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