The Level of Financial Literacy and Its Effect on Personal Finances of Metrobank Employees in General Santos City

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ABSTRACT

This action research project aims to examine the level of financial literacy among Metrobank employees in General Santos City and its effect on their personal finances. The study utilizes a mixed-methods approach, combining quantitative data from a survey questionnaire and qualitative insights from interviews and focus group discussions. The research seeks to assess the current level of financial literacy among Metrobank employees, identify the factors influencing their financial literacy, explore the relationship between financial literacy and personal financial management practices, and identify the challenges faced by employees in managing their personal finances. The findings of this research will provide valuable insights into the financial literacy of Metrobank employees and its impact on their personal finances. The results will inform the development of targeted interventions and recommendations to enhance financial literacy and improve the financial well-being of Metrobank employees. Ultimately, this research aims to contribute to the overall financial wellness of individuals and promote a financially literate society. The outcomes of this research will contribute to enhancing the financial literacy of Metrobank employees, enabling them to make informed financial decisions, improve their personal financial management skills, and ultimately enhance their financial well-being. By addressing any gaps in financial knowledge and skills, Metrobank can empower its employees to achieve financial security and success.

Keywords: *Financial Literacy, Employees, Metrobank, Finances, Bank*

INTRODUCTION

In this modern time, financial system has been growing with speed, sophistication and becoming more complex worldwide. The economic and social environment in which people take financial positions has changed - and this change is set with the dynamic and ever-changing technology. Financial products and services have multiplied along with technological and other means of marketing them (Greenspan, 2005).

According to Ontario Ministry of Education (2018) financial literacy means having the knowledge and skills to make responsible economic and financial decision with confidence. Financial literacy is the education and understanding of various financial areas including topics related to managing personal finance, money and investing (Investopedia, 2018). Financial literacy in a nutshell means understanding how money works. By having a good understanding how money flows, affects people and things, and it begets money, you can use these pieces of information to your advantage (eCompareMo, 2015). Improving financial literacy and broadening access to financial institutions like banks and insurance companies, especially in the rural areas, is the key to achieving financial inclusion in the country (Mindanaodailynews, 2018).

A definition that properly covers this idea is proposed by OECD, where financial literacy is regard as a combination of awareness, knowledge, skill, attitude, and ultimately achieve individual financial well-being (OECD, 2013). Thus, the OECD addresses financial literacy in three dimensions: financial knowledge, financial behavior, and financial attitude.

The fair level of financial wellness and the moderate level of financial literacy discovered among the employees indicate the need to include financial education as an administrative initiative to improve the employee's ability to manage their financial resources (Robert parcia, emeliza Estimo).

LITERATURE REVIEW

Financial Literacy. Having knowledge of personal financial management and the marketplace is indicative of a greater utility to manage the family's financial resources (Godwin, 1994). Moreover, financial literacy defined as knowing the facts and vocabulary necessary to manage one's personal finances successfully (Garman, et.al.,2000)

According to Lucas (2018) the financial literacy of Filipinos is alarmingly low- a problem that begins with poor childhood education that persists until their adult years, according to the country's financial regulator. In a statement, the Bangko Sentral ng Pilipinas (BSP) said Filipino adults could correctly answer only three out of seven financial literacy- related questions covering basic numeracy, computing compounding interest, fundamentals of inflation and investment diversification

According to Ayers (2017) financial literacy can be loosely defined as the basic understanding of how a business makes money and turns a profit. Rather than just performing a job function, a financially literate urgent care staffer understands how what they do everyday ties into company profits. You don't need to be an accountant, or understand every line item on the balance sheet, but financial literacy does require staff to be familiar with the numbers that most closely impact their job function or department. Thus, when the veil is lifted and staff begin to see a direct correlation between their work and the bottom line, both engagement in the numbers began to rise.

Personal Finances. The rapid growth of Financial Literacy programs has attracted interest in the effects of education on the personal financial decision of employees. Result from recent studies have supported the value of financial education (Taylor-Carter,Cook and Weinberg, 1997).

According to Dr. G Surendar (2018) his study has been conducted to know the critical factors using factors analysis in enhancing the Financial Literacy Levels and study their impact on select variables of Financial Planning among teacher of higher education. Dr. G Surendar studies the "Financial Literacy and Financial Planning among Teachers of Higher Education." Is similar to our study because Surendar's study deal with the financial literacy, on the contrary they are different in terms of respondents because the former's respondents are teachers in higher education while the latter's respondents are Metrobank employees.

According to the study of Jenina Mae Sayao (2018) her study is to identify the factors that influence the financial literacy of the BSBA-FM students in Cor Jesu College of Digos. Sayao study is similar to our study because they both deal with the financial literacy, on the other hand they differ because the latter's range of study includes the personal finances and work outcomes of the employees.

According to Kutlu Ergun (2017) the purpose of his study was to determine the level of financial literacy among university students and to find out the relationship between financial knowledge and demographic characteristics of students. Their study is similar to ours because both discuss financial literacy, on the contrary they are different because the former discusses about the financial literacy of university students while the latter discusses about the financial literacy and its effect to personal finances and work outcomes of employees.

According to Anna Maria Lusardi, et.al. (2010) the result of their study showed that financial literacy is low; less than one-third of young adults possess basic knowledge of interest rates, inflation and diversification. Their study is similar to our study because it talks about financial literacy, on the other hand it is different because the former focuses on the financial literacy among young while the latter talks about the financial literacy and its effect to personal finances and work outcomes of employees.

According to Mahdzan and Tabiana (2013) their study examines the influence of financial literacy on individual saving in the context of an emerging market, Malaysia. And their objective is to examine the relationship between financial literacy and individual saving. Mahdzan and Tabiana study the "The impact of Financial Literacy on Individual Saving" is similar to our study because it deals with the financial literacy on the other hand, they are different because the former discusses about individual savings while the later discusses about the personal finances and work outcomes.

Conceptual Framework

Independent Variable   *Dependent Variable*

Level of financial literacy
> Financial Education
> Financial Knowledge

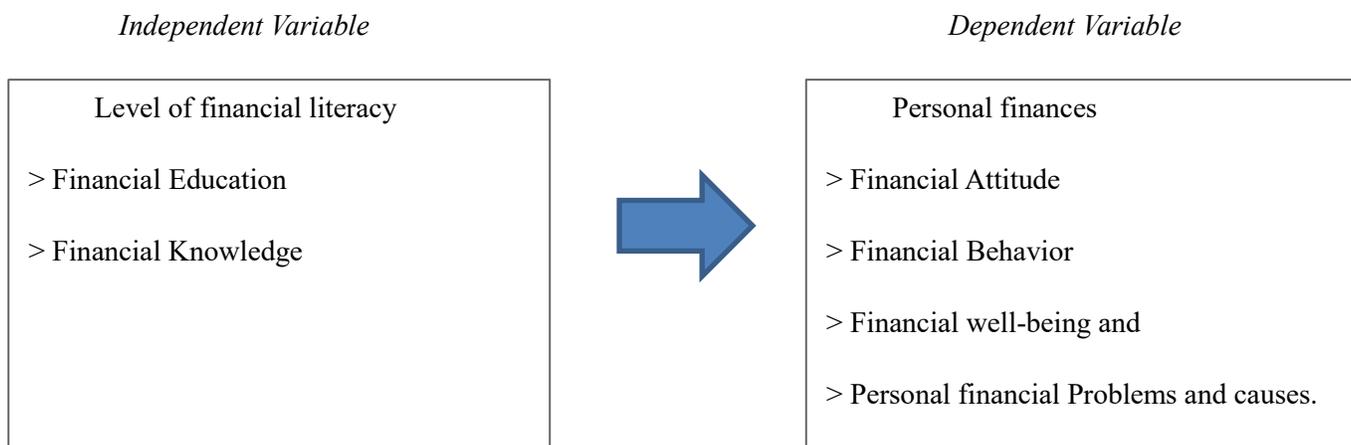| Personal finances |
| --- |
| > Financial Attitude |
| > Financial Behavior |
| > Financial well-being and |
| > Personal financial Problems and causes. |

Figure1. *Conceptual Framework*

This diagram shows the independent and dependent variables. It also shows the relationship between the two variables. The independent variable is the financial literacy in relation of dependent variable the personal finances.

Objectives

This study aims to determine the level of financial literacy and its effect on personal finances of Metrobank employees.

Specifically, this seeks answers to the following questions:

1. What is the level of financial literacy of the banks employees
2. What is the effect of the financial literacy of the banks employees.

Significance of the Study

This study will be important to the following:

To the Management of Metrobank General Santos City. This study will help them to determine the level of financial literacy and its effects to the personal finances of Metrobank employees in General Santos City.

To the Employees. This study will help the employees become aware to the level of financial literacy and its effects to their personal finances.

To the Researchers. This study will provide information that will be a great help that they can use for themselves.

To the Future Researchers. This study will help them gather more information regarding the study and this will serve as their basis upon conducting future research.

Scope and Limitation

This study uses survey method to cover the level financial literacy and its effects to personal of Metrobank employees in General Santos City. It also utilizes the quantitative-descriptive method. The respondents are a total of 17 employees. The researchers use cellphones, laptop and books as a research instrument. This study covers between the periods of May 2023 till December 2023. This study is limited only to the financial literacy and its effect to personal finances and Metrobank employees in General Santos City.

Definition of Terms

The following terms are defined conceptually for the understanding of the readers:

Financial Education- Conceptually defined as a process where the user of financial services/investors improved their understanding for financial products, notions and risks and on the bases of information, instructions and objective advice develop the skills; and confidence in strengthening information about financial risks and occasions, make decisions on the bases of good information, are acquainted with the fact where to find help and take other effective measures for improving their wealth (OECD, 2005).

Financial literacy- Conceptually defined as knowing the facts and vocabulary to manage one's personal finances successfully (Garman & Forgue, 2000).

Financial knowledge- Conceptually defined as the capability to manage the money in different usage, including the monitoring of day to day financial matters in the market and make the right choices for "financial literate" people's need (IGI Global, 2018).

Financial attitude- Conceptually defined as the general attitude toward financial management. It is the employee's personal assessment of his finances which include financial control and achieving financial goals and making a sound decision to personal finances like taking risks in investments and making an investment (Encycl.co.uk, 2018).

Financial behavior- Conceptually defined as the process people used in managing their financial resources to achieve financial success in the area of retirement plans, provident fund, diversification of investment, insurance, employee benefits, savings, budgeting, credit and money management, and consumer rights (Encycl.co.uk, 2018).

Job satisfaction- Conceptually defined as the role of the employee in the workplace and the affective orientations on the part of individuals towards work roles which they are presently occupying (Vroom, 1964).

Metrobank- Operationally defined as the research locale of this study which is located at Pioneer Avenue, General Santos City. That offers various financial services from regular banking to insurance.

METHODS

This study utilizes the quantitative-descriptive research method.

Table 1 shows the demographic profile of the respondents in terms of their age, gender, marital status, household supports by the income and monthly income. It shows that highest number of percentage is the respondent's age ranging from 31-40 with 8 respondents or 47.06% of the respondents. Data also shows that 17 of the respondents, 6 of them are males and 11 of them are females concluding that there are more female respondents than male respondents having 64.70% of the total population. The data also shows that there are 6 single respondents in the study. It also shows that majority of the respondents have 1-5 members and below dependents of household's income. And lastly, data shows that 41.17% of the total population have 20,000 and above salary.

Selection of respondents

The respondents of this study are 17 employees representing the total population of Metrobank employees, General Santos City: Pioneer Branch. This study uses non-probability convenience sampling technique wherein the respondents are convenient to the researchers.

Research Instruments

This study uses purposive adapted questionnaire in order to determine the level of financial literacy and its effect on personal finances of Metrobank employees in General Santos City. This study will also use mobile phone and laptop for research and typing purposes. The adapted questionnaire is divided into four (4) parts: the first part is the profile of the respondents, the second part is the level of financial literacy, and the last part is the level of employee's personal finances.

Data gathering procedure

The researchers asked a permission from the Manager to conduct study that was given to the organization of Metrobank to be able to conduct a research survey. The questionnaire is from the financial literacy survey questionnaire. The survey questionnaire was distributed personally to 17 respondents of Metrobank.

Research locale

The Metropolitan Bank and Trust Company known better as Metrobank, is the second largest financial institution in the Philippines and was established in 1962. It was founded by tycoon George Dy. One of the establishments of Metrobank is located at the Pioneer Avenue, General Santos City wherein, the research locale of this study. The researchers choose this locale because they have the willingness to entertain and allow the researchers to conduct study.

Data Analysis

To answer statement of the problem number 1, the researchers uses *frequency and percentage distribution* method to determine the profile of the respondents in terms of age, gender, marital status, and monthly allowance.

The formula is written below:

SOP#1 $P = f/n \times 100$

Where:

P= percentage

f= frequency

n= total number of population

100= constant number to get the percentage

To answer statement of the problem number 2 and 3 the researchers use *Frequency and Weighted Mean* to determine the level of financial literacy and its effect on personal finances and work outcomes of Metrobank in General Santos City in terms of financial education, financial knowledge, personal financing management, financial well-being, personal financial problems

The formula is written below:

$$X = \sum wx/n$$

Where X= mean

W=Points (5,4,3,2,1)

X= numbers of respondents per weight

N= Total numbers of respondents

RESULTS

After conducting the survey questionnaire to the respondents, the researchers are able to acquire the needed data for the study. The data gathered are presented, analyzed and discussed. Specifically, this chapter answers the following question:

Age	Frequency	Percentage
21-30 yrs. old	5	29.41%
31-40 yrs. old	8	47.06%
41-50 yrs. old	4	23.53%
51-60 yrs. old	0	0%
61 & above yrs. old	0	0%
Total	17	100%

1. What is the demographic profile of the respondents?

1.1 Age;
1.2 Sex;
1.3 Marital Status;
1.4 Household supports by the income and;
1.5 Monthly Income?

2. What is the level of financial literacy of the banks employees

3. What is the effect of the financial literacy of the bank's employees.

Table 1: *Profile of the Respondents According to Age*

Table 3.1 shows the demographic profile of the respondents according to age. It shows that ages that has the highest number of percentage was the respondent's age ranging from 31-40 years old with the 8 respondents or 47.06% of the respondents. It was then followed by 21-30 yrs. Old that has 5 respondents or 29.41% and ages 41-50 that has 4 respondents or 23.53% of the total population. Data reveal that most of the young adults want to work in banks.

Table 2: *Profile of the Respondents according to Gender*

Gender	Frequency	Percentage
Male	6	35.29%
Female	11	64.71%
Total	**17**	**100%**

Table 2 shows demographic profile of the respondents according to sex. It shows that out of 17 respondents 6 are males or 35.30% and 11 are females or 64.70%. It indicates that majority of the Respondents are female who wants to work in banks.

Table 3: *Profile of the Respondents According to Marital Status*

Civil status	Frequency	Percentage
Single	6	35.29%
Married	11	64.71%
Widowed	0	0%
Legally separated l	0	0%
Total	**17**	**100%**

Table 3 shows demographic profile of the respondents according Marital Status. It shows that 11 or 64.71% are married and only 6 or 35.29% are single. It proves that majority of the respondents prioritize in providing the needs of the family member.

Table 4**: *Profile of the Respondents According to Household's Income Dependents***

Household's income Dependent	Frequency	Percentage
None	6	35.29%
1-5	10	58.83%
6-10	1	5.88%
11-15	0	0%
16-20	0	0%
Total	**17**	100%

Table 4 it shows demographic profile of the respondents according to household income dependents. It shows that 10 or 58.83% of the respondents have 1-5 members and below dependents, 6 or 35.29% of the respondents are none dependents and 1 or 5.88% of the respondents have 6-10 dependents. It denotes that majority of the respondents have small family size.

Table 5: *Profile of the Respondents According to Household Monthly income*

Household monthly income	Frequency	Percentage
P 10,000-15,000	5	29.41%
P 15,001-20,000	7	41.17%
P 20,001-25,000	3	17.65%
P 25,001-30,000	2	11.77%
P35,001-above	0	0%
Total	17	100%

Table 5 it shows demographic profile of the respondents according household monthly income. It shows that 7 or 41.17% of the respondents have 15,001-20,000 salary, 5 or 29.41% of the respondents have 10,000-15,000 salary, 3 or 17.65% of the respondents have 20,001-25,000 salary and 2 or 11.76% of the respondents have 25,001-30,000 salaries. It indicates that the highest paid employees are the majority of the respondents.

Table 6: *What is the level of financial literacy of the bank's employees*

INDICATORS	MEAN	DESCRIPTION
1. How often during the last year you had any money unspent from previous earnings before the next moment for revenues arrived wages, pension, scholarship, benefits?	3.46	High
2. If you have any money left right before the next revenue arrives, what would you usually do with it?	2.76	Moderate
3. What do you usually do when you run out of money before the next income arrives?	2.76	Moderate
4. Did you experience an unexpected significant reduction of your income over the last three years, and if so, then what was the reason?	2.42	Low
5. How did you manage to make the ends meet when your income suddenly dropped?	1.73	Very low
6. How often during the last year you had to borrow to pay back your other debts?	3.11	Moderate
7. Would you please say whether you have any debts now?	3.80	High
8. What financial services from given below do you personally use?	2.76	Moderate
9. People save or invest for different reasons. What are your personal reasons to have made savings or investments?	2.07	Low
10. Do you consider yourself a financially literate person?	3.11	Moderate

Legend: Scale   Descriptive Interpretation
                    4.21-5.00   E (Very high)
                    3.41-4.20   D (High)
                    2.61-3.40   C (Moderate)
                    1.81-2.60   B (Low)
                    1.00-1.80   A (Very low)

Table 6 shows the Financial Literacy of the banks Employees. It shows that the Metrobank offers a series of tests to highlight key benefit and risks, banks offers workshop about financial education focused on changing employees' financial habit and behavior, banks offers seminars on planning for Financial Security and banks offers tests on how to spend earnings on risk management with the highest mean of 3.80 which is high by the respondents and with the lowest mean of 1.73 which is banks support life events like how did you manage to make ends meet your income suddenly dropped . This indicates that metrobank provides financial tests to their employees.

Table 7*: What is the effect of financial Literacy of the banks Employees*

INDICATORS	MEAN	DESCRIPTION
1. It is important to set goals for the future.	4.84	Strongly agree
2. I do not worry about the future, I live only in the present.	3.46	Agree
3. Saving is impossible for our family.	2.08	Disagree
4. After making a decision about money, I tend to worry too much about my decision.	4.15	Agree
5. I like to buy things, because it makes me feel good.	4.49	Strongly agree
6. I am willing to spend money on things that are important to me.	2.76	Neutral
7. I believe the way I manage my money will affect my future.	2.76	Neutral
8. I think it is more satisfying to spend money than save it for the future.	1.73	Strongly disagree
9. Money is made to be spent.	2.76	Neutral
10. I make notes and control my personal spending.	3.46	Agree

Legend: Scale   Descriptive Interpretation
                    4.21-5.00   5 (Strongly agree)
                    3.41-4.20   4 (Agree)
                    2.61-3.40   3 (Neutral)
                    1.81-2.60   2 (Disagree)
                    1.00-1.80   1 (Strongly disagree)

Table 3.7 Effect of The Financial Literacy of banks employees. It shows that the Highest mean is (It is important to set goals for the future) having a 4.84 mean and the lowest is the (I think it is more satisfying to spend money than save it for the future) having 1.73 mean. It indicates that the employees don't have problem in terms of financial and personal.

DISCUSSION

This study aims to determine the levels of financial literacy and its effect on personal finances of Metrobank employees in General Santos City during the year of 2023. To know the result, the researchers conducted a checklist and questionnaire form on study.

Weighted arithmetic mean and frequency and percentage distribution were the statistical tools used for tabulation and interpretation of the study.

Justification of result

The justification of the results obtained from this action research on the level of financial literacy and its effect on the personal finances of Metrobank employees in General Santos City is essential for several reasons:

1. Informing Decision-Making the results of the research will provide valuable insights into the current level of financial literacy among Metrobank employees. This information can guide decision-makers within Metrobank in developing targeted financial education programs and initiatives to address any identified gaps or areas for improvement.

2. Identifying Areas for Improvement by assessing the level of financial literacy among Metrobank employees, the research will help identify specific areas where employees may require additional support or training. This information can be used to design tailored financial literacy programs that address the specific needs of the employees, ultimately leading to improved financial knowledge and skills.

3. Enhancing Financial Well-Being the research findings will shed light on the impact of financial literacy on the personal finances of Metrobank employees. Understanding how financial literacy influences financial behaviors and outcomes can help in designing interventions that promote positive financial habits, such as budgeting, saving, and investing. Ultimately, this can lead to improved financial well-being and stability for the employees.

4. Contributing to Knowledge Bas the results of this research can contribute to the existing body of knowledge on financial literacy and its effects on personal finances, particularly within the context of Metrobank employees in General Santos City. This can be beneficial for future studies and initiatives focusing on financial literacy in similar organizational settings.

Overall, the justification of the research results is crucial in ensuring that the findings are used effectively to bring about positive changes in the financial literacy levels and personal finances of Metrobank employees. It serves as a basis for evidence-based decision-making and the development of targeted interventions that can lead to improved financial well-being for the employees.

Implication of findings

1. Table 6 shows that the respondents of the study are agree with the high mean of (3.80) the level of financial literacy of banks employees. It also shows that the respondents are agree to have enough knowledge about financial literacy by providing them financial tests.

2. Table 7 shows the effect of financial literacy to the banks employees. in terms of financial literacy most of the respondents are strongly agree with the highest mean of (4.84) which means that the effect of financial literacy is effective. And it also shows that majority of the respondents don't have financial problems for they strongly disagree with the mean of (1.73)

CONCLUSION

In conclusion, the level of financial literacy of the bank's employees, the respondents are agreeing to have enough knowledge about financial literacy by providing them financial Knowledge and financial literacy tests, and also the effect of financial literacy to the bank's employees, most of the respondents are strongly agree that the effect financial literacy of the banks is very effective to the employees.

RECOMMENDATIONS

1. The researchers recommend to the company that they should continue to provide financial Knowledge and financial literacy test on (How did you manage to make the ends meet when your income suddenly dropped?).

2. The researchers recommend to have proper money management or accounting all expenses so that employees can prioritize the needs before fulfilling wants on how (I think it is more satisfying to spend money than save it for the future).

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