

## Correlation of Financial Literacy to the Financial Management Practices of Working Students of Open University System: The Moderating Role of Profile Variables

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### Abstract

Globally, organizations like the Organization for Economic Cooperation and Development (OECD), and the Bangko Sentral ng Pilipinas (BSP) in the Philippines are prioritizing financial literacy to boost economic progress. This study examines the connection between financial literacy and financial management practices among working business students at the Polytechnic University of the Philippines (PUP) Open University System (OUS). The research aims to understand how financial knowledge affects this unique demographic, who balance work, school, and finances. It also explores how personal factors like age, sex, marital status, academic program, years of work experience, and average monthly income might influence this relationship. This study used a descriptive survey to analyze data from 385 working students in business programs at PUP OUS, a sample size determined by Cochran's formula and selected via convenience sampling. Data was collected using online questionnaires and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM). The measurement model showed strong reliability and validity as confirmed by high Cronbach's Alpha, Composite Reliability, and acceptable factor loadings and Average Variance Extracted (AVE) scores. The study found a strong, positive correlation between financial literacy and financial management practices ( $\beta=0.687$ ,  $p<0.001$ ), indicating that higher financial literacy leads to better financial management. Among the variables tested, only marital status significantly moderated this relationship ( $p=0.039$ ,  $t=2.062$ ). Other factors, including age, sex, program, years of experience, and average family monthly income, had no significant impact. In conclusion, financial literacy is a key factor for good financial management. This study shows that marital status influences how people apply their financial knowledge, emphasizing the different financial responsibilities that come with marriage. The findings highlight the importance of including financial literacy in college education. This will help students develop the skills needed for financial well-being. The study also offers practical recommendations for creating financial education programs tailored to people's specific needs based on their marital status. This can help build a more financially resilient society.

**Keywords:** Financial Literacy, Financial Management Practices, Working Students, Profile Variables, Marital Status, Open University System (OUS)



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## INTRODUCTION

Financial literacy has become a global and national imperative, with the OECD and the Philippines' Bangko Sentral ng Pilipinas (BSP) championing its promotion and integration into formal schooling to bolster economic growth and financial inclusion (Delfin et al., 2024). This emphasis is crucial because robust financial education significantly improves an individual's financial proficiency and ability to manage complex decisions like retirement planning, with college-level instruction proving superior to high school in boosting investment

knowledge (Chung & Park, 2014). Conversely, inadequate financial awareness and Personal Financial Management (PFM) skills are major causes of financial distress, debt, and stress, which necessitates PFM as a core skill, particularly for future leaders such as business students (Bosire et al., 2019). Integrating financial literacy, especially at the college level, is a proactive step toward building a more financially resilient society by preparing young adults to navigate the financial landscape.

The need for targeted financial education is particularly evident among the numerous

working students in the Philippines, a population driven by economic necessity to balance employment with academics (National Center of Education Statistics, 2022). Despite their dedication, many of these students, who constitute about 8% of tertiary education enrollees, struggle with saving and managing finances, as their salaries are quickly consumed by essential expenses and loans. The Polytechnic University of the Philippines (PUP) Open University System (OUS) highlights this challenge, with 80% of its business program students being working individuals who face difficulties balancing work, studies, and financial obligations (Chavez et. al, 2023). Understanding the specific financial management practices of this significant demographic is vital. Providing focused support in financial literacy will empower these diligent working students to secure their personal financial futures and, in turn, contribute to the stable economic backbone of the nation.

This research investigates the relationship between financial literacy (covering budgeting, savings, investing, and credit) and financial management practices (including financial planning, controlling and monitoring, and risk management) among working students in an open university setting. The study utilizes a research paradigm—represented in Figure 1—to explore this correlation and also considers the potential moderating role of the students' profile variables.

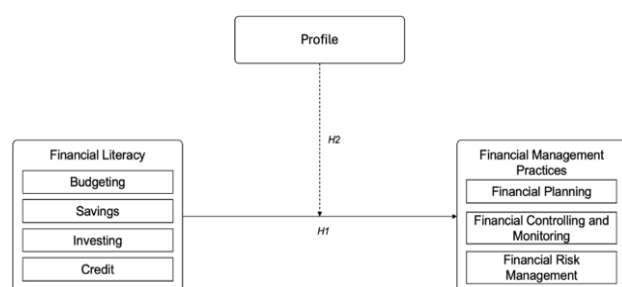


Figure 1  
Research Paradigm

The study establishes two null hypotheses: first, that financial literacy does not positively affect the financial management practices of these students; and second, that the students' profile variables do not significantly alter the

relationship between their financial literacy levels and their financial management behaviors. The core aim is to determine the extent of the correlation between financial literacy and financial management and whether individual characteristics strengthen or weaken this connection.

## LITERATURES

This part presents reviews literature and studies authored by both local and international researchers that are pertinent to the current study. It highlights the relevance of these sources, illustrating their contribution to understanding the broader context and significance of the research.

**Financial Literacy.** It is essential for achieving financial security, enhancing overall well-being, and avoiding severe issues like debt, bankruptcy, and scams (Fernando, 2024; Lusardi & Mitchell, 2014; OECD, 2018). Global organizations like the OECD and FINRA have prioritized promoting financial literacy to increase public access to resources and information. In the Philippines, there is an urgent need to boost financial knowledge, as the country ranked in the bottom 30 out of 144 nations in a global financial literacy study cited by the Bangko Sentral ng Pilipinas (Martinez, 2024).

While the 2021 Financial Inclusion Survey showed that 69% of Filipinos could correctly answer at least half of the fundamental financial literacy questions, only 2% answered all of them correctly (Martinez, 2024). Consequently, there are active legislative efforts to integrate financial literacy instruction—covering topics like taxation, investing, and budgeting—into the curriculum at all educational levels, and financial institutions are also conducting customer education programs to help Filipinos achieve financial stability (Martinez, 2024).

**Financial Management.** For organizations, FM is integral to total management, guiding decisions on resource acquisition and application to maximize owners' wealth and is concerned with

making financial decisions across investment, financing, and dividends (Brealey et al., 2011; Cabrera, 2015; Pandey, 2007). According to Brealey et al. (2011), FM fundamentally involves three interconnected decisions: investment (capital budgeting and working capital), financing (debt/equity mix), and dividend (payout vs. retained earnings). Furthermore, its core components include financial planning, control, and decision-making, which are necessary to forecast cash flow, assess performance against goals, and manage risk (as cited in Krah et al., 2014; Meredith, 2006).

The necessity of FM is universal, applying to corporate, public, and personal finance, as well as non-profit organizations (Mathenge & Muturi, 2017). Successful FM requires a continuous balancing act between liquidity and long-term growth, as poor financial practices can quickly derail operations, regardless of the quality of investment decisions (Brealey et al., 2011). Scholars emphasize that effective FM involves a strategic assessment of financial situations and a focus on the risk-return trade-off to maximize a firm's market value (Cabrera, 2015; Mazzarol, 2014). However, despite the acknowledged importance of FM principles by experts, studies in some corporate sectors, such as Pakistan's, show a gap between recognizing the value of these practices and their actual implementation, highlighting the need for a stronger financial management culture and specialized training (Ahmed et al., 2010; Butt et al., 2010).

The literature and studies reviewed provided a strong foundation for the research, serving as the rationale for the investigation. The insights from various authors demonstrated that there is existing research related to the topic, indicating that it is a relevant and worthwhile area of inquiry. These findings offered the researcher a clear understanding of how to explore the research topic further, guiding the development of a comprehensive questionnaire that would effectively address the objectives.

To summarize the cited literature and studies, the different authors gave various theories and concepts on financial literacy and financial

management practices, various aspects that affect the management of finances, implications, and effects on one's finances. The nature and description of the aspects of financial management practices were also discussed to further illustrate that personal finances are relative in achieving effective financial management practices.

Several studies were presented to underscore the significance of financial literacy and its influence on financial management practices. Both local and international surveys highlighted the consequences of inadequate financial knowledge, emphasizing that possessing sufficient financial literacy and applying it effectively can lead to more profitable and successful personal financial management. These studies provided compelling evidence supporting the importance of financial education and its potential benefits to the stakeholders.

## METHODS

The study used a descriptive survey approach to thoroughly evaluate respondents' financial literacy and financial management practices. This technique is a systematic process of gathering, evaluating, categorizing, and tabulating data on many elements of financial management, such as present circumstances, practices, beliefs, procedures, trends, and cause-and-effect correlations. According to Castro (2019), adopting this systematic procedure allows researchers to deliver a precise and correct evaluation of acquired data.

The survey did not only look at financial literacy, but also covered its impact on financial management practices and collected demographic information from the respondents. This extensive data collection is critical because it provides a comprehensive picture of financial literacy factors impacting financial management practices within the respondent group.

Furthermore, the use of a quantitative, causal relationship approach allows for a more in-depth investigation of how various factors

interact in financial management. By investigating the links between various variables, such as the impact of certain financial literacy and financial management practices of business students or the influence of demographic characteristics on financial decision-making, the research can uncover patterns and correlations that can be used to develop effective solutions.

**Description of the Respondents.** This study employed working students who are enrolled in the business programs of the Polytechnic University of the Philippines (PUP) Open University System (OUS) as respondents. For the second semester of Academic Year 2024–2025, the total population of students in these business programs was 8,002, distributed across BSBA Human Resource Management (2,558), BSBA Marketing Management (2,213), Bachelor of Science in Office Administration (2,008), and Bachelor of Science in Entrepreneurship (1,223). The required sample size for the study was 385 based on Cochran's formula with a maximum conservative proportion ( $p=0.5$ ) to ensure adequate precision. Since the exact population of working students within the OUS business programs is unknown, the researcher opted for convenience sampling—a non-probability technique where participants are selected based on their easy accessibility to the researcher, such as through online platforms or social networks (Etikan et al., 2016).

**Research Instrument.** The researcher developed the study's questionnaire by drafting items based on a review of relevant academic literature (journals, books, and published/unpublished research). To ensure the instrument's rigor, it underwent a crucial process of content validity through expert judgment, involving consultation with three experts in the fields of research and financial management (Escobar-Pérez & Cuervo-Martínez, 2020). This expert review aimed to refine the instrument by assessing the clarity, appropriateness, and relevance of each item, thereby enhancing the face validity and overall credibility of the data collection (Editage Insights, 2021). The final questionnaire is

structured into three parts: Part I collects demographic profile data (age, sex, marital status, years working, program, and average monthly income); Part II measures the respondents' financial literacy across four dimensions (budgeting, savings, investing, and credit); and Part III assesses their financial management practices in terms of planning, controlling, monitoring, and risk management.

**Data Gathering Procedure.** The data gathering process was carefully planned, emphasizing ethical considerations and data quality. The initial and crucial step involved obtaining a University Research Ethics Clearance from the Polytechnic University of the Philippines (PUP) Research Management Office (RMO), which is an institutional requirement to protect human participants' rights and welfare (PUP OUS Center for Research and Extension, n.d.). Following this, approvals were secured from the Executive Director of the Open University System and the Director of the Institute of Open and Distance Education to ensure adherence to internal protocols. With all necessary institutional and ethical permissions in place, data collection was conducted using online Google Forms, distributed efficiently via email and messenger (Qualtrics, n.d.). A core ethical practice during this phase was providing respondents with full information regarding the study's purpose, their rights, confidentiality, and voluntary participation to ensure informed consent (SmartSurvey, 2024). Finally, the researcher actively monitored the online response rate and systematically consolidated and encoded the collected data into a spreadsheet upon completion.

**Statistical Treatment of Data.** The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) – a quantitative method particularly effective for analyzing models involving constructs and relationships, which is in line with investigating how different factors impact. It has become a key approach for validating conceptual models across many disciplines in general. (Al-Emran, 2019).

The researcher can effectively examine the impact of financial literacy on the financial

management practices of the respondents using PLS-SEM. This technique allows for the testing of both the measurement model and the structural model. PLS-SEM allows for testing multiple hypothesized relationships simultaneously, which is necessary when examining the impact of financial literacy on financial management practices. In addition, PLS-SEM is effective for predictive modeling and theory development, making it suitable for understanding the impact of financial literacy on financial management practices. (Ahamed & Limbu, 2018)

## RESULTS

**Correlation of Financial Literacy to the Financial Management Practices of the Respondent.** The relationship between financial literacy and financial behavior is a heavily researched area within academic literature, consistently demonstrating a strong positive correlation. This means that as an individual's financial knowledge and understanding increase, so too does their likelihood of engaging in sound financial practices. For instance, studies by Xiao et al. (2020) explicitly illustrate that individuals with higher levels of financial knowledge are significantly more prone to exhibiting responsible behaviors such as diligent savings, making prudent investment decisions, and undertaking effective debt management. They understand not just what these actions are, but why they are beneficial for their long-term financial health.

Table 1 shows the correlation of financial literacy to the financial management practices of the respondents. It displays the results of the hypothesis testing, indicating a significant correlation of Financial Literacy (FL) to the Financial Management Practices (FMP) ( $\beta = 0.687$ ,  $p < 0.001$ ). The highly significant p-value ( $p = 0.000$ ) and the substantial t-statistic ( $t = 9.816$ ) lead to the rejection of the null hypothesis ( $H_0$ ), which posited no direct effect of financial literacy on financial management practices. The positive beta coefficient ( $\beta = 0.687$ ) suggests a strong positive correlation, implying that higher levels of financial literacy are associated with better financial management practices.

Table 1

*Correlation of Financial Literacy to the Financial Management Practices of the Respondent*

	$\beta$	P values	T statistics	Decision
Financial Literacy → Financial Management Practices	0.687	0.000	9.816	Reject $H_0$

At its core, financial literacy encompasses an understanding of fundamental financial concepts such as budgeting, saving, credit, and investing (Lusardi & Mitchell, 2014). This foundational knowledge directly shapes how individuals approach their financial lives. For instance, a person with high financial literacy is more likely to engage in proactive behaviors like creating and adhering to a budget, consistently saving a portion of their income, and seeking out additional revenue streams (Kim et al., 2017). They understand the long-term benefits of these practices, such as building wealth and achieving financial security.

**Test of Significance on the Correlation between Financial Literacy and Financial Management Practices as Moderated by Profile Variables.** Table 2 provides insights into the indirect influence of several demographic factors on Financial Management Practices (FMP) as mediated by Financial Literacy (FL).

Table 2

*Test of Significance on the Correlation between Financial Literacy and Financial Management Practices as Moderated by Profile Variables*

	$\beta$	P values	T statistics	Decision
<i>Indirect effects</i>				
Age x FL → FMP	-0.030	0.736	0.338	Failed to Reject $H_0$
Sex x FL → FMP	0.078	0.262	1.122	Failed to Reject $H_0$
Marital Status x FL → FMP	0.140	0.039	2.062	Reject $H_0$
Program x FL → FMP	-0.014	0.870	0.164	Failed to Reject $H_0$
YOE x FL → FMP	0.005	0.946	0.068	Failed to Reject $H_0$
AFMI x FL → 2FMP	-0.148	0.245	1.162	Failed to Reject $H_0$

Specifically, the analysis, likely employing a mediation analysis framework (Baron & Kenny, 1986), reveals a statistically significant indirect effect only for Marital Status ( $\beta = 0.140$ ,  $p < 0.05$ ). Conversely, the indirect effects of Age ( $\beta = -0.030$ ,  $p > 0.05$ ), Sex ( $\beta = 0.078$ ,  $p > 0.05$ ), Program ( $\beta = -0.014$ ,  $p > 0.05$ ), Years of Experience (YOE) ( $\beta = 0.005$ ,  $p > 0.05$ ), and Average Family Monthly Income (AFMI) ( $\beta = -0.148$ ,  $p > 0.05$ ) on FMP via FL were found to be statistically insignificant ( $p > 0.05$ ).



The results indicate that the tested profile variables, namely Age, Sex, Program, Years of Experience (YOE), and Annual Family Monthly Income (AFMI), failed to reject the null hypothesis. Age, Sex, academic Program, Years of Experience (YOE), and Annual Family Monthly Income (AFMI) did not significantly moderate the correlation between financial literacy and financial management practices suggests that, for this particular group of respondents, the practical application of financial knowledge is relatively consistent across these demographic and socioeconomic distinctions.

While age, sex, program, years of working experience, and average family income can influence access to financial education, exposure to financial products, or financial opportunities, this study's results suggest that once individuals attain a certain level of financial literacy, their inherent drive to implement sound financial practices is not significantly shaped by these particular factors. The emphasis shifts from who they are to what they know and how they choose to apply it.

However, a significant finding emerged with Marital Status, which rejected the null hypothesis. This indicates that marital status does significantly moderate the relationship between financial literacy and financial management practices. This means that the effect of financial literacy on an individual's financial management behaviors differs depending on whether they are single, married, widowed, or divorced. This could be attributed to the unique financial dynamics and responsibilities associated with different marital statuses.

Shared financial life is a hallmark of marriage, introducing a distinct layer of complexity to financial literacy that's absent for single individuals. Married couples typically engage in joint financial planning, budgeting, and investment decisions, intertwining their finances even when maintaining separate accounts due to shared expenses, long-term goals like homeownership or retirement, and potential shared debts (Investopedia, n.d.). Therefore, financial acumen in marriage

demands not only personal knowledge but also the ability to communicate effectively about money, negotiate priorities, and align behaviors with a partner (Boulay Financial Advisors, 2023). This shared context necessitates the use of different budgeting or risk management strategies to account for a partner's income, expenses, and risk tolerance.

Beyond the practicalities of shared finance, different marital statuses fundamentally alter financial obligations and legal landscapes. Married couples often gain access to tax advantages, insurance benefits, and inheritance rights unavailable to single individuals (LawDepot, n.d.). Conversely, life transitions such as divorce or widowhood can trigger significant financial upheaval, including the division of assets, potential support obligations, and loss of spousal income or benefits (Kiplinger, 2023). These changes demand a drastic re-evaluation of financial practices, even for financially literate individuals, as they adapt to new circumstances and potentially sole responsibility for all financial decisions. Psychological and behavioral aspects also differ; married individuals often prioritize long-term planning, while single individuals might focus on short-term needs (SOA, 2019).

**Measurement Model for Higher-Order Construct (Reflective-Formative).** In Table 3, all three lower-order reflective indicators of the higher-order formative construct Financial FMP significantly contribute to its formation.

Financial Planning (FP) has a substantial outer weight of 0.587 ( $p < 0.001$ ), Financial Cash Management (FCM) shows an outer weight of 0.298 ( $p < 0.001$ ), and Financial Risk Management (FRM) has an outer weight of 0.216 ( $p < 0.01$ ). The high and significant outer loadings for FP (0.963,  $p < 0.001$ ), FCM (0.874,  $p < 0.001$ ), and FRM (0.808,  $p < 0.001$ ) further confirm their strong reflective relationships with FMP, all exceeding the 0.707 benchmark. The VIF values for FP (2.949), FCM (2.411), and FRM (2.019) are well below 5, indicating no multicollinearity concerns.

These results strongly support the conceptualization of FMP as a formative

construct influenced by its highly reflective financial management sub-practices.

**Table 3**  
*Measurement Model for Higher-Order Construct (Reflective-Formative)*

Formative Construct (Higher Order)	Indicator (Lower Order)	Outer Weight	P values	Outer Loadings	P values	VIF
FL	BUD	0.482	0.000	0.879	0.000	2.123
	SAV	0.315	0.001	0.891	0.000	2.664
	INV	0.398	0.000	0.787	0.000	1.749
	CRE	-0.051	0.366	0.328	0.000	1.214
FMP	FP	0.587	0.000	0.963	0.000	2.949
	FCM	0.298	0.000	0.874	0.000	2.411
	FRM	0.216	0.007	0.808	0.000	2.019

*VIF=variance inflation factor; FL = Financial Literacy; FMP = Financial Management Practices; BUD = Budgeting; SAV = Savings; INV = Investing; CRE = Crediting; FP = Financial Planning; FCM = Financial Controlling and Monitoring; FRM = Financial Risk Management*

The measurement model largely supports the specified reflective-formative nature of Financial Literacy and Financial Management Practices. The strong outer weights and loadings, coupled with acceptable VIF values, confirm the significant contribution of lower-order constructs to their respective higher-order constructs. The non-significant formative contribution of Creativity to Financial Literacy, however, suggests a need for re-evaluation or theoretical refinement in future studies.

**Discriminant Validity Using Heterotrait-Monotrait (HTMT) Criterion.** The discriminant validity of the financial behavior constructs, as shown in Table 4, was further assessed using the Heterotrait-Monotrait (HTMT) criterion, a more robust method compared to the traditional Fornell-Larcker criterion (Ab Hamid et al., 2017). The HTMT values, presented in table 6, generally indicate adequate discriminant validity based on established thresholds. Following the criterion suggested by Henseler et al. (2015), where HTMT values should be below 0.85, most of the inter-construct correlations fall within acceptable limits.

**Table 4**  
*Discriminant Validity Using Heterotrait-Monotrait (HTMT) Criterion*

	BUD	SAV	INV	CRE	FP	FCM	FRM
BUD							
SAV	0.826						
INV	0.506	0.692					
CRE	0.239	0.294	0.452				
FP	0.732	0.746	0.631	0.219			
FCM	0.681	0.653	0.543	0.192	0.832		
FRM	0.549	0.611	0.644	0.293	0.810	0.689	

*BUD = Budgeting; SAV = Savings; INV = Investing; CRE = Crediting; FP = Financial Planning; FCM = Financial Controlling and Monitoring; FRM = Financial Risk Management*

Specifically, the HTMT ratios between Budgeting and Savings (0.826), Budgeting and Financial Planning (0.732), Savings and Financial Planning (0.746), and Financial Planning and Financial Controlling and Monitoring (0.832) approach but remain below this stricter threshold. When considering the slightly more lenient threshold of 0.90 (Gold et al., 2001; Teo et al., 2008), all HTMT values comfortably fall below this level. These results suggest that while there are some notable correlations between conceptually related constructs like Budgeting and Savings, and Financial Planning with both Budgeting and Savings, the HTMT analysis largely supports the discriminant validity of the financial behavior constructs, indicating that they are sufficiently distinct from one another. This provides further confidence in the unique contribution of each construct to the overall research framework.

**Discriminant Validity Using Fornell-Larcker Criterion.** The assessment of discriminant validity using the Fornell-Larcker criterion reveals a generally satisfactory pattern for the financial behavior constructs. Following the guidelines proposed by Fornell and Larcker (1981) and further elaborated by Ab Hamid et al. (2017) and Kock (2017), discriminant validity is supported when the square root of the Average Variance Extracted (AVE) for each construct (presented in the table in diagonal) is greater than its correlations with other constructs (the off-diagonal elements in the corresponding row).

Table 5  
*Discriminant Validity Using Fornell-Larker Criterion*

	BUD	SAV	INV	CRE	FP	FCM	FRM
BUD	0.716						
SAV	0.726	0.819					
INV	0.455	0.608	0.751				
CRE	0.251	0.298	0.413	0.770			
FP	0.649	0.658	0.557	0.209	0.809		
FCM	0.605	0.589	0.497	0.222	0.756	0.870	
FRM	0.488	0.530	0.567	0.278	0.699	0.612	0.782

BUD = Budgeting; SAV = Savings; INV = Investing; CRE = Crediting; FP = Financial Planning; FCM = Financial Controlling and Monitoring; FRM = Financial Risk Management

As shown in Table 5, the diagonal values, representing the square root of the AVE for Budgeting (0.716), Savings (0.819), Investing (0.751), Crediting (0.770), Financial Planning (0.809), Financial Controlling and Monitoring (0.870), and Financial Risk Management (0.782), are largely greater than their respective inter-construct correlations.

Overall, the Fornell-Larcker criterion provides reasonable support for the discriminant validity of the financial behavior constructs, with a minor exception between Budgeting and Savings.

**Construct Convergent Validity.** The evaluation of convergent validity through the Average Variance Extracted (AVE) values provides robust support for the integrity of the measurement model concerning the financial behavior constructs.

Table 6  
*Construct Convergent Validity*

	AVE
BUD	0.513
SAV	0.671
INV	0.564
CRE	0.593
FP	0.655
FCM	0.757
FRM	0.611

AVE = Average Variance Extracted; BUD = Budgeting; SAV = Savings; INV = Investing; CRE = Crediting; FP = Financial Planning; FCM = Financial Controlling and Monitoring; FRM = Financial Risk Management

Based on the data in Table 6, all the examined constructs—Budgeting (0.513), Savings (0.671), Investing (0.564), Crediting (0.593), Financial

Planning (0.655), Financial Controlling and Monitoring (0.757), and Financial Risk Management (0.611)—exhibit AVE scores at or above the commonly accepted threshold of 0.50 (Fornell & Larcker, 1981). This criterion suggests that, for each construct, the variance explained by the latent construct in relation to the variance due to measurement error is greater than 50%, signifying adequate convergent validity (Hair et al., 2017). The AVE scores for Savings, Financial Planning, and Financial Controlling and Monitoring, which notably exceed 0.65, further underscore a strong degree of convergence among their respective indicator variables. These findings are consistent with the principles of construct validity, indicating that multiple indicators intended to measure the same underlying construct demonstrate a high degree of covariation and effectively converge on the same concept (Bagozzi et al., 1991).

Consequently, the satisfactory AVE values across all financial behavior constructs reinforce the confidence in the measurement model's ability to accurately represent the intended theoretical constructs for subsequent structural analyses.

**Construct Reliability Analysis (Cronbach Alpha and Composite Reliability).** Table 7 presents the construct reliability analysis that provides compelling evidence for the robust internal consistency and reliability of the measurement scales employed for each of the financial behavior constructs under investigation of this study.

Table 7  
*Construct Reliability Analysis (Cronbach Alpha and Composite Reliability)*

	CA	CR
BUD	0.810	0.862
SAV	0.876	0.910
INV	0.888	0.911
CRE	0.851	0.878
FP	0.868	0.904
FCM	0.919	0.940
FRM	0.841	0.887

CA = Cronbach Alpha; CR = Composite Reliability; BUD = Budgeting; SAV = Savings; INV = Investing; CRE = Crediting; FP = Financial Planning; FCM = Financial Controlling and Monitoring; FRM = Financial Risk Management



Both Cronbach's Alpha (CA) and Composite Reliability (CR) coefficients, key indicators of internal consistency, demonstrate values well above the generally recommended threshold of 0.70 for all constructs: Budgeting, Savings, Investing, Crediting, Financial Planning, Financial Controlling and Monitoring, and Financial Risk Management (Fornell & Larcker, 1981; Nunnally & Bernstein, 1994). Specifically, the CA values range from 0.810 for Budgeting to 0.919 for Financial Controlling and Monitoring, while the CR values span from 0.862 for Budgeting to 0.940 for Financial Controlling and Monitoring. These consistently high values across both measures signify a strong degree of interrelatedness among the items designed to measure each specific financial behavior.

According to established psychometric principles, such levels of internal consistency indicate that the items within each construct are effectively measuring the same underlying latent variable, thereby bolstering confidence in the reliability and stability of these measures for subsequent analyses (Hair et al., 2017). Consequently, the strong reliability demonstrated by these constructs supports their suitability for further examination of their relationships with other variables within the broader research framework.

## DISCUSSION

The research investigated the financial literacy and financial management practices of its respondents and the relationship between the two, using a sample heavily weighted towards female (78.44%) and single (67.27%) individuals, primarily between 25-34 years old (52.73%). A significant portion of respondents fell into the P12,030.01-P24,060 family monthly income bracket (43.89%).

Overall, respondents demonstrated a high level of financial literacy concerning their monthly income and expenditure awareness (highest mean of 4.55 - Strongly Agree/Very High Literacy), and most reported saving a portion of their income regularly (mean of 3.94 - Agree/High Literacy). However, a significant area of weakness was their preparedness for

financial emergencies, as indicated by the lowest mean score (3.42 - Somewhat Agree/Moderate Literacy) for certainty in accessing three months' worth of household income. They also showed moderate literacy in risky areas like investing in shares or stocks and bonds (lowest mean of 2.68 - Somewhat Agree/Moderate Literacy) and knowing what to do in financial trouble (mean of 3.30 - Somewhat Agree/Moderate Literacy).

In terms of financial management practices, respondents generally reported practicing key behaviors, such as having and following a daily/weekly/monthly budget (highest mean of 3.99) and minimizing costs (mean of 3.97). They also practiced financial risk management by having reserves against unforeseen circumstances and gradually reducing debt. The least practiced item was having a funeral/memorial plan (mean of 3.24 - Somewhat Practiced).

The study found a significant positive correlation between the respondents' financial literacy and their financial management practices ( $p$ -value=0.000), suggesting that higher financial knowledge is associated with better financial behaviors.

Furthermore, when testing the influence of profile variables on this relationship, only marital status was found to be a significant moderator ( $p$ -value=0.039). This indicates that the strength of the relationship between financial literacy and financial management practices is different for single individuals compared to married individuals. Other profile variables, including age, sex, program, years of employment, and average family monthly income, were not found to significantly moderate this correlation.

**Conclusions.** The research concluded that the typical respondent was a female, single working student, aged 25-34, enrolled in the BS Office Administration program, with five or fewer years of work experience, and belonging to a family with an average monthly income between P12,030.01-P24,060. The study determined that respondents exhibited a strong

level of financial literacy concerning budgeting and savings ("agree" level). However, their literacy was only moderate ("somewhat agree" level) in the areas of investing and credit.

Despite moderate literacy in some areas, the respondents reported actively practicing effective financial management across all measured dimensions: financial planning, controlling and monitoring, and financial risk management.

Crucially, the research confirmed a correlation between the four aspects of financial literacy (budgeting, savings, investing, and credit) and effective financial management practices. This suggests that financial knowledge generally translates into better real-world financial behavior.

Finally, among all demographic variables tested, only Marital Status was found to significantly moderate the relationship between financial literacy and financial management practices. This indicates that a person's marital status influences how their financial knowledge translates into their actual financial behavior.

**Recommendations.** The research offers several practical recommendations to enhance financial behavior. To improve Budgeting, individuals should regularly track spending using simple tools, while Savings should be boosted by establishing consistent, predetermined allocations from each paycheck to build an emergency fund equal to at least one month's income. For Investing, the advice is to first learn the fundamentals through free resources and consult a reputable financial advisor before making decisions. In terms of Credit, individuals should utilize free bank/government resources to learn about debt and fraud and maintain a list of key contacts for emergencies. Regarding overall Financial Management Practices, respondents are encouraged to maintain a simple budget (even a notepad will suffice), actively seek simple ways to minimize unnecessary costs, and prioritize setting aside reserves for unforeseen circumstances and planning for gradual debt reduction. Finally, to capitalize on the finding

that higher financial literacy leads to better practices, the recommendation is to provide or seek out easy-to-follow, practical training emphasizing budgeting, goal-setting, and continuous learning. Due to the significant moderating effect of marital status, the research recommends developing specialized financial literacy programs tailored to the distinct needs of both single and married individuals and calls for future qualitative research to explore the specific reasons behind this moderating effect.

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