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Empowering Communities Through Financial Education: A Model for Wesleyan University Philippines' Partner Barangays

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Abstract

This research presents a comprehensive financial literacy model tailored for Wesleyan University Philippines' affiliated barangays, aiming to empower communities through hands-on money management. Utilizing a literature review design, the study integrates results from more than 30 studies worldwide and within the country, pinpointing financial literacy as an important skill for successful living to make informed decisions in saving, spending, borrowing, and investing. The literature highlights the three-dimensional character of financial literacy, including knowledge, attitudes, and behavior, with socio-demographic variables affecting outcomes. International and Philippine evidence identify some of the problems as low levels of financial literacy, gender inequalities, and shortcomings in long-term financial planning, especially among teachers and microenterprise owners. The model moots four main areas: money foundation knowledge, functional money skills, developing healthy financial habits, and reinforcing basic numeracy skills, all imparted through contextual local anecdotes, group sessions, and savings clubs. The participatory nature of the model elicits active learning and peer-to-peer support, encouraging improved use of banking services, higher savings rates, less use of informal credit sources, and improved financial resilience. The model highlights that financial literacy is not just knowing but also includes attitudes and behaviors and serves as a basis for individual and community well-being. Through this model, Wesleyan University Philippines hopes to assist partner barangays in developing healthier financial capabilities towards better sustainable economic security and enriched quality of life within the barangays in the 2024–2025 academic year.

Keywords: Empowering Communities, Financial Literacy, Literacy Model, Partner Barangays, Wesleyan University Philippines

1. Introduction

Financial literacy is understanding how to handle money effectively, such as budgeting, saving, borrowing, and investing (FINANZEVERSE, 2023) [11]. Most nations across the globe have tried to enhance people's financial knowledge because it helps them make informed decisions and stay clear of debt. In the United States and Australia, for example, school and community-based financial education has been effective. People with higher financial literacy are more likely to save money, avoid risky loans (Blattner, Farinha & Rebelo, 2021) [7], and plan for their future.

Studies worldwide show that financial literacy is affected by factors like age, level of education, income, and access to banks or financial institutions (Hopt, 2021; Ozili, 2021) [17, 27]. Richer countries typically have strong programs with the endorsement of schools and governments. In poorer areas, people receive information about money through non-formal channels, for example, word of mouth or mobile phones. Technology is increasingly becoming a powerful way of imparting financial literacy (Stenholm *et al*., 2021) [30], especially where extensive formal education is not available.

There are numerous individuals in the Philippines with poor financial literacy (Gonzalvo & Avila, 2019) [14]. Research has indicated that most Filipinos do not fully comprehend interest, how to save, or how to get away from high-interest loans. Households that are based in rural barangays tend to make use of informal lending groups and lack access to financial services.

Some positive initiatives, such as initiatives by Bangko Sentral ng Pilipinas and universities, have been undertaken to expose individuals to elementary financial literacy (Noh & Lim, 2015; Arifin & Bachtiar, 2023) [26, 4].

This research aims to examine various research across the globe and in the Philippines to develop a suitable financial literacy model for partner barangays of Wesleyan University Philippines. Learning from successful projects elsewhere and combining these with local culture and day-to-day financial realities, the model would be easy to use and uncomplicated. It will employ community-based models, hence making the lessons useful and applicable to the masses.

The major aim is to create a straightforward and effective system for transferring financial literacy to the partner barangays (Bajaj & Kaur, 2022; Kumar Tiwari *et al*., 2020) [6, 21]. It will allow the residents to make good use of their money, minimize their financial issues, and save for their futures (Lep, Zupančič & Poredoš, 2022; Marisa & Rowena, 2020) [22, 24]. With the support of Wesleyan University Philippines, the program is able to create more financially literate and stable communities.

2. Methodology

A literature review research design was used in the study. A literature review is a qualitative research strategy that involves collecting, analyzing, summarizing, and synthesizing existing research on a specific topic. It informs future directions for research and policy recommendations by helping researchers recognize patterns, trends, contradictions, and gaps in the existing body of knowledge. Snyder (2019) [32] asserts that in both academic and applied domains, literature reviews are essential for developing theoretical frameworks and bolstering evidence-based decision-making. The authors of this study examine more than 30 previous research papers from various nations, including 10 from the Philippines, in order to pinpoint financial literacy problems and potential models that could assist the partner barangays in better investing and safeguarding their funds. The academic year 2024–2025 is covered by this study.

3. Results and Discussion

Financial Literacy in the World

Financial literacy is recognized as a key life skill globally. Financial literacy means more than understanding financial vocabulary. It involves being able to make sound savings, spending, borrowing, and investing decisions. Governments in many countries are establishing initiatives to assist individuals in making the most out of money, particularly as global financial systems become increasingly sophisticated. As per Lone and Bhat (2024) [23], financial literacy encompasses know-how, self-efficacy, and the capability to utilize financial skills in practice. This expansive perspective assists in the construction of effective financial education programs.

In most international studies, financial literacy is described in terms of three components: financial knowledge, financial attitude, and financial behavior. Garg and Singh (2018) [13] clarify that awareness of money is insufficient. Individuals should also have a good attitude to manage money and appropriate habits to employ their knowledge. The U.S., Australia, and Japan incorporated financial education into schools and community activities. International agencies such as the OECD also favor initiatives to enhance financial literacy, demonstrating that it's an international priority.

Research in various nations indicates that financial literacy benefits individuals in numerous aspects. In Indonesia, Gunawan *et al*. (2023) [15] established that financial knowledge assists business owners in enhancing performance. In Japan, Sekita *et al*. (2022) [29] ascertained that knowledge of saving, borrowing, and risk creates more wealth in the long term. Such instances indicate that financial literacy matters everywhere, benefiting individuals and aiding economic development in societies.

Issues on Financial Literacy

Operating the complexities of modern financial systems necessitates financial literacy. Individuals need sufficient financial knowledge to make informed decisions and avoid fraud in the wake of extensive use of sophisticated financial products and recurring waves of Ponzi schemes. Better financial literacy is highly associated with good financial behaviors such as saving, budgeting, and prudent debt management, according to recent studies carried out in Ghana. This serves to emphasize the importance of early and effective financial education (Mireku, Appiah, & Agana, 2023) [25]. The need for targeted literacy programs is also emphasized by the theory of family resource management, which holds that knowledge is key in affecting behavior.

Another pertinent problem is the connection between financial literacy and risk tolerance. While higher risk tolerance has been associated both with financial interest and financial literacy, the latter exerts a greater effect, particularly on medium-to-high levels of risk acceptance (Hermansson & Jonsson, 2021) [16]. This distinction implies that financial education courses need to be designed to create interest and engagement as well as cognitive information because this may make people more willing to invest and take advantage of economic opportunities. Creating extensive financial education courses involves understanding the role of noncognitive factors in money matters decision-making.

Socio-demographic setting and family environment also play a very significant role in financial literacy outcomes. Clear evidence in diverse settings finds wide differences based on education, gender, age, and parental background. In Poland, for instance, secondary school students presented overall competent financial awareness, with boys outperforming girls and gender differences arising in financial behavior, not knowledge (Swiecka *et al*., 2020) [31]. In Mozambique, long-term low levels of financial literacy have been linked to adverse financial decisions and lower well-being, calling for the implementation of inclusive public policies on behalf of disadvantaged populations (Cossa, Madaleno, & Mota, 2022) [8].

Financial literacy is also crucial to achieving financial well-being and resilience. Research on women in India and Punjab micro-enterprises points to the high correlation of financial knowledge, attitude, and behaviors with financial well-being (Rai, Dua, & Yadav, 2019; Anshika, Singla, & Mallik, 2021) [28, 2]. Furthermore, for micro, small, and medium enterprises (MSMEs), both financial and digital literacy are established to be instrumental in financial inclusion, decision-making, and survival amid the ever-evolving digital economy (Ariana *et al*., 2024) [3]. The findings above necessitate continued adapting literacy programs to both technological advancements and the diverse needs of the targeted communities.

Improved financial literacy involves a holistic strategy incorporating family discussions, policy interventions, and formal education. Researchers have stressed the need for ongoing innovation in educational interventions, along with developing research on financial literacy (Ingale & Paluri, 2022) [18]. To bridge gaps, resist financial stress, and allow individuals to achieve sustainable prosperity, the government, schools, and households should cooperate (Zaimovic *et al*., 2023; Zhang & Chatterjee, 2023) [33, 34]. Financial literacy, therefore, is crucial for economic development and social welfare as well as for individuals.

Financial Literacy in the Philippines

Financial literacy in the Philippines is a significant but still evolving concern. Only roughly one-quarter of adults in the country are financially literate, and therefore, most struggle to make good financial decisions. Enhancing financial literacy enables individuals to access formal financial institutions and aids the Philippines' target of financial inclusion, which is thought to be the passport to sustainable development. Research indicates that improving financial literacy enhances the likelihood of having banking accounts and financial service utilization (Desello & Agner, 2023) [10].

Teachers in the Philippines generally have moderate financial knowledge and good financial habits, but their behavior affects their financial well-being more than their knowledge alone. Many teachers use basic financial tools like savings accounts, and keeping financial records helps reduce impulse buying, encouraging better spending habits (Galapon & Bool, 2022; Jabar & Delayco, 2021) [12, 20]. However, many teachers still face financial challenges and would benefit from programs focused on improving financial habits and behavior (Casingal & Ancho, 2022).

Small business owners, especially micro and small enterprises (MSMEs), also face financial literacy challenges. Although many MSME owners know about managing debt and savings, they need more skills in long-term financial planning and managing risks. Additionally, digital and financial literacy together help MSME owners improve their financial habits, showing that access to technology alone isn't enough (Bancoro, 2023; Angeles, 2022) [5, 1].

Financial literacy varies across regions and groups in the Philippines. People in urban areas tend to have higher financial knowledge than those in rural areas. Gender gaps are getting smaller, but many still face barriers like poverty and limited access to education. Programs such as the Department of Education's integration of financial education into the curriculum and partnerships with private companies aim to provide financial skills from an early age (Inquiro, 2025; DepEd, 2022) [19, 9].

In summary, financial literacy in the Philippines needs continued improvement. While progress has been made, many Filipinos still lack key financial skills. Government efforts, private sector programs, and educational initiatives are essential to help Filipinos better manage money, use financial services wisely, and build a more stable financial future.

Simplified Financial Literacy Model for WUP Partner Barangays

Goal:

Help community members learn to manage their money more effectively by focusing on easy-to-understand lessons and practical activities.

Four Key Areas:

A. Basic Money Knowledge. Learn about budgeting, saving, borrowing, and how interest works.

B. Money Skills. Practice keeping track of money, making simple budgets, and using banks or savings groups.

C. Positive Money Habits. Encourage saving, planning for the future, and careful spending.

D. Basic Math Skills. Improve simple calculations related to money, like adding incomes and expenses.

How It Works:

- Teach with local examples and storytelling.
- Use group workshops and fun activities.
- Encourage saving groups where people can practice what they learned.
- Check progress with short surveys.

Benefits:

- Increased bank usage and safe financial services.
- Families save more and borrow less from high-risk lenders.
- Good money habits equal better communities.

Process:

- Developing starts with grasping core money concepts.
- Then, experiential skills like budgeting and recording.
- Then, forming healthy money habits like saving weekly.
- Underpinned by math skills to work with numbers confidently.

All this leads to enhanced financial welfare for individuals and society.

4. Conclusion

The WUP researchers designed a financial literacy program model that will teach individuals in partner barangays basic money skills straightforwardly and practically. The program begins with fundamental concepts such as saving and budgeting, followed by skills that include money management and bank usage. It also promotes good money habits such as smart saving and spending, through simple mathematics.

Using local examples and enjoyable group activities, the program ensures that learning is fun and interactive. It is not just knowledge that it aims for but also developing the correct habits and mindset. Research from the Philippines and other nations indicates that both knowledge and action are important to economic health.

Group savings and workshops enable individuals to support and learn from one another, particularly where there are few banking facilities or formal training. With this approach, Wesleyan University Philippines empowers communities to be more confident and competent in managing finances. When individuals save more and reduce high-interest loans, it helps not only themselves but the entire community. This program sets the ground for a better and safer future for all.

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