**THE ROLE OF FINANCIAL LITERACY IN PREVENTING INVESTMENT SCAMS: AWARENESS AND VULNERABILITY AMONG TEACHERS IN NORTHERN PHILIPPINES**

**ABSTRACT**

This study explores the role of financial literacy in protecting teachers from investment scams employing the descriptive research design. Quantitative data were gathered through an online survey of thirty (30) participants, including in-service teachers from the schools division of Ilocos Norte and Social Studies teachers who are enrolled under the Master of Arts in Education program. Findings reveal that while the majority of teachers are familiar with basic financial concepts and aware of investment scams, a significant number have still encountered or fallen victim to fraudulent schemes. All respondents agreed that financial knowledge plays a key role in scam prevention. Respondents identified financial education and training as the most effective strategies, followed by awareness campaigns and personal vigilance. The study highlights the urgent need for strengthened financial literacy programs and institutional support to better equip teachers in identifying and avoiding investment scams.

Keywords: *financial literacy, investment scam, teacher vulnerability on investment scams, awareness of investment scams, case study*

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**INTRODUCTION**

Investment scams are becoming more common and harder to spot, leading many people to lose their money. Even teachers who are well-educated can still fall for these scams. One of the best ways to avoid being scammed is through financial literacy—knowing how to manage money and make smart financial choices (Lusardi & Mitchell, 2014). As Huston (2010) explains, financial literacy is a critical skill that can reduce vulnerability to financial fraud and help individuals navigate the challenges of personal finance.

This study looks at how financial literacy can help protect teachers from investment scams. It focuses on how much teachers know about scams, whether they have experienced one, and how well they understand basic financial ideas. The goal is to find out where teachers may need more financial education and to suggest helpful ways to protect them from future scams.

In today’s world, investment scams are becoming more common and more creative. They often promise quick profits with little or no risk, which can fool even smart and careful people. Teachers are a good group to study because they are trusted by the community and help guide others—especially young people. But even with their important role, many teachers may not have enough knowledge to protect themselves from scams.

Financial literacy, which means knowing how to handle money wisely, is an important tool to avoid being tricked. This study focuses on teachers because if they are financially informed, they can protect themselves and also help teach these skills to others. By finding out what teachers know about money and scams, this study hopes to find the areas where they need support.

The results of this research can help schools, the government, and financial groups create better programs to teach financial literacy. Since scams are always changing, it is important that teachers stay informed and prepared.

The study aims to answer the following questions:

1. What is the level of financial literacy among teachers?

2. What is the level of awareness of teachers in terms of investment scams?

3. How does having financial literacy lessen the vulnerability to scams?

4. What preventive measures do teachers find effective against scams?

**METHODOLOGY**

This study employed the descriptive research design using survey as an approach to understand how financial literacy helps teachers avoid investment scams. The goal is to find out what teachers know about finances, how aware they are of scams, and if they have been affected by scams. The study involved thirty (30) participants, primarily in-service teachers from the schools division of Ilocos Norte, and some teachers enrolled under the MAEd Social Studies program. Participants were chosen through convenience sampling based on their availability and willingness to join the online survey. The data in this study were collected through an online survey consisting of 11 questions. Most of the questions were close-ended, using multiple-choice or yes/no response. These questions covered topics such as age, teaching experience, familiarity with financial concepts, investment status, experience with scams, awareness of scam warning signs, and opinions on how to avoid scams. One open-ended question was included to allow teachers to share their suggestions on how to better protect themselves from investment scams. The responses to the objective questions were analyzed using basic statistical methods, mainly frequencies and percentages. This helped show general trends in teachers’ financial literacy and their awareness of investment scams. The open-ended responses were grouped into common themes to identify shared ideas and suggestions on how to avoid such fraud.

Overall, the analysis provides a clear picture of how financially informed teachers are and how prepared they feel to avoid scams. These results can help in designing better financial education and protection strategies for teachers.

**RESULTS AND DISCUSSION**

The results of this study are based on the responses of 30 teachers who completed a structured online survey and who gave their share of experience during the interview. As such, table 1 shows the results for items 1 to 10. These responses were analyzed using frequency counts and percentages. The questions covered demographic information, familiarity with financial concepts, investment behavior, and awareness of scams.

Table 2 on the other hand presents the findings from item 11, an open-ended question where participants shared their suggestions on how teachers can better protect themselves from investment scams. The responses were categorized and ranked by frequency to highlight the most common recommendations.

Table 1. Frequency and Percentage of Responses for Questions 1 to 10

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Response Options | Frequency | Percentage |
| 1. Age | ☐ 20–29  ☐ 30–39  ☐ 60 and above | 23  6  1 | 75.90  20.70  3.40 |
| 2. How many years have you been  teaching? | ☐ 0–5 years  ☐ 6–10 years  ☐ 11–15 years | 21  8  1 | 69.00  27.00  3.40 |
| 3. How familiar are you with basic  financial concepts like saving and  investing? | ☐ Somewhat familiar  ☐ Very familiar | 21  9 | 69.00  31.00 |
| 4. Do you have any investments (e.g.,  savings, stocks, bonds)? | ☐ Yes  ☐ No | 17  13 | 55.20  44.80 |
| 5. Have you ever experienced being  scammed in any form (money,  commodity, etc.)? If yes, how many  times? | ☐ once  ☐ more than once | 22  8 | 75.00  25.00 |
| 6. Have you heard of investment scams? | ☐ Yes  ☐ No | 29  1 | 96.60  3.40 |
| 7. Can you recognize common signs of  a scam? | ☐ Yes  ☐ No | 29  1 | 96.60  3.40 |
| 8. Have you ever been approached by a  suspicious investment offer? | ☐ Yes  ☐ No | 22  8 | 72.40  27.60 |
| 9. Do you think financial knowledge  can help prevent falling for scams? | ☐ Yes | 30 | 100.00 |
| 10. What would help you avoid  investment scams? | ☐ Financial education  ☐ Awareness ads  ☐ Government laws | 21  5  4 | 69.00  17.20  13.80 |

The survey involved 30 teachers primarily aged 20–29 years (75.9%), with most having 0–5 years of teaching experience (69%). Regarding financial knowledge, 69% reported being somewhat familiar with basic financial concepts such as saving and investing, while 31% considered themselves very familiar. More than half of the respondents (55.2%) have some form of investment, yet 75% have experienced being scammed at least once, indicating vulnerability despite some financial knowledge. Almost all participants (96.6%) have heard of investment scams and feel confident in recognizing common scam signs. Additionally, 72.4% have been approached by suspicious investment offers, highlighting the widespread nature of these scams.

This study provides valuable insights into teachers' financial literacy and their susceptibility to investment scams. Most respondents were relatively young and had limited teaching experience, which may explain their lower confidence in managing finances and identifying scams. Research by Lusardi and Mitchell (2014) indicates that younger individuals often have less experience with financial matters.

Financial education and financial literacy suggests that they have positive effects on financial decision making. Lusardi and Mitchell ([2014](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR22)) reviewed studies that showed higher financial literacy was linked to better financial behavior. However, some researchers (Willis [2011](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR27); Hastings et al. [2013](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR12)) challenged this relationship. Kaiser and Menkhoff ([2017](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR17)) and Kaiser and Menkhoff ([2020](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR16)) conducted meta-analyses of financial literacy studies and found evidence that financial education improved financial literacy and behavior. Despite some conflicting results, the general consensus is that more education and literacy enhance financial decision making. Therefore, it is reasonable to expect that greater financial understanding would also reduce the vulnerability to financial fraud.

All respondents (100%) agreed that financial knowledge plays a crucial role in preventing scams. When asked what could help avoid investment scams, the majority (69%) identified financial education as the most effective measure, followed by awareness campaigns (17.2%) and government regulations/laws (13.8%).

Despite claiming basic knowledge of saving and investing, many teachers reported having been scammed at least once. This suggests that awareness alone is insufficient to prevent victimization. Huston (2010) emphasizes that financial knowledge must be accompanied by caution and an understanding of how scammers operate. While most teachers had heard of investment scams and believed they could recognize warning signs, many had still been approached with suspicious offers. This underscores the persistence of scammers in targeting individuals, even those aware of the risks.

There are few academic papers on financial fraud, but some non-peer reviewed papers have been produced by organizations such as the Pension Research Council (e.g., Kieffer and Mottola [2016](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR18)), which explored how individual characteristics influenced the likelihood of being defrauded. Knutson and Samanez-Larkin ([2014](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR19)) examined how personality traits affected skepticism and found that investors with lower impulse control were more prone to financial fraud, while cognitive ability and risk attitude did not matter. Anderson ([2016](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR3)) and Anderson ([2013](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR2)) found that consumer literacy and numeracy were associated with the ability to identify and avoid fraudulent advertising and schemes, respectively. Recently, some peer-reviewed papers have emerged on this topic. Andreou and Philip ([2018](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR5)), Engels et al. ([2020](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR9)), and Wei et al. ([2021](https://link.springer.com/article/10.1007/s12197-024-09672-z#ref-CR26)) all found that higher financial literacy helped individuals detect fraud in their financial transactions.

Accordingly, deception and fraud are extraordinarily difficult to detect under most circumstances. Only those who are triggered to scrutinize have a real chance to detect fraud, and even then, only if enough inconsistencies can be identified.

These findings suggest that while teachers are generally aware of scams and recognize their signs, many have still been targeted or victimized. Strengthening financial education and promoting trusted sources of financial advice could better equip teachers to avoid scams.

Table 2. Frequency and percentage of responses to item 11

|  |  |  |
| --- | --- | --- |
| Theme | Frequency  (No. of Mentions) | Percentage of Total Mentions |
| Financial Education and Training | 22 | 42.30 |
| Awareness Campaigns | 9 | 17.30 |
| Personal Vigilance | 7 | 13.50 |
| Verification and Trusted Sources | 6 | 11.50 |
| Policy and Institutional Support | 5 | 9.60 |
| Stricter Regulations | 3 | 5.80 |

Note: The total frequency may exceed the number of respondents (30) because participants could mention more than one idea.

The majority of respondents (42.3%) identified financial education and training as the most effective measure to prevent investment scams. This was followed by awareness campaigns (17.3%) and personal vigilance (13.5%). Verification through trusted sources (11.5%), institutional policies (9.6%), and stricter regulatory enforcement (5.8%) were also noted as important but less frequently mentioned preventive strategies.

With the development of the Internet and other digital media, people have developed their digital life and are enjoying a more convenient access to various services, while also being exposed to a wider variety of fraud. Fraudulent activities are faster to implement, have a broader coverage, are more diversified, and are therefore also more difficult to identify, causing considerable damage to household welfare and to economic interests worldwide (Wei, Peng & Wu, 2021).

Fraud is committed by predatory strangers and involves an act of deception using a false promise or a threat (DeLiema, 2018). In relation to the findings of this study, researchers have demonstrated that several characteristics make people more susceptible to becoming victims of fraud, such as financial illiteracy (Engels, Kumar, & Philip, 2020), older age (James et al., 2014), overconfidence (Anderson, 2016), and social isolation (Judges, Gallant, Yang, & Lee, 2017). DeLiema (2020) document that older adults with poor financial capabilities are more likely to be defrauded by financial predators, as they are at or past the peak of their wealth accumulation. Anderson (2016) enumerates several consumer risk factors, such as low consumer literacy, skepticism, overconfidence, willingness to take risks, and taking a longer time to think about the answer to a question rather than accepting an immediate but incorrect answer.

Individuals with a higher financial literacy are more likely to avoid fraud-related losses, as financially knowledgeable individuals have a higher propensity to choose suitable financial products (Agarwal et al., 2015, Gathergood & Weber, 2017), are less likely to be overdue or to opt to default (Gerardi, Goette, & Meier, 2010), and less prone to making financial mistakes (Calvet, Campbell, & Sodini, 2009). More specifically, they are more capable of detecting frauds (Engels, Kumar, & Philip, 2020). Rich financial knowledge enables families to have a deeper understanding of the financial market and of economic laws. When encountering relevant information, they may more accurately assess its credibility and the returns and risks of products. Therefore, it is important to investigate whether financial literacy can help with fraud detection and the ways in which it can have a positive impact.

**CONCLUSIONS**

Teachers identified financial education as the most effective way to protect themselves. This aligns with findings by Lusardi (2019), who found that regular training and information help individuals make smarter choices and avoid fraud. Teachers also emphasized the importance of awareness campaigns and stronger government regulations, indicating that combating scams requires a multi-faceted approach.

In addition to education, teachers highlighted the need to stay vigilant, verify information with trusted sources, and receive support from their schools or organizations. This suggests that while financial knowledge is crucial, individuals also need to be cautious and have access to support networks.

Although this study involved a small sample of 30 teachers, the findings offer valuable insights. The participants were actively teaching, making their responses relevant. The survey was well-structured, enhancing the reliability of the data. Moreover, the results corroborate with other research, strengthening the study's credibility. While caution is needed when generalizing these results to all teachers, the study provides a solid foundation for future research undertakings and improvements in financial education.

**RECOMMENDATIONS**

This study highlights the importance of financial education for teachers to avoid investment scams. It is therefore recommended that there must be a collaboration among schools, government and non-government institutions together with financial experts since it is essential to equip teachers with the knowledge and tools needed to protect themselves and assist others in managing their finances safely.

**COMPETING INTERESTS DISCLAIMER:**

Authors have declared that they have no known competing financial interests OR non-financial interests OR personal relationships that could have appeared to influence the work reported in this paper.

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