Financial literacy and loan repayment behaviour: empirical evidence from rural borrowers in philippines

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ABSTRACT

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| **Background:** The empirical knowledge of the relationship between loan performance and financial literacy in understudied rural context is greatly advanced by this publication. It provides policymakers with concrete insights by quantitatively validating that the knowledge, skills, behavior, and awareness components of financial literacy work together to promote repayment discipline and lower loan defaults.  **Aims:** This study aimedto contribute to the body of knowledge by quantitatively assessing the correlates between financial literacy and loan performance, with a focus on loan defaults and NPLs in local contexts.  **Place and Duration of Study:** This study used a descriptive correlational design, conducted in Boston, Davao Oriental, Philippines, as it is conveniently close to the researcher’s location, which provided easier and sufficient access to information for local loan takers. Additionally, the intervention or the gathering of data from the respondents was completed from March and April 2025.  **Methodology:** The respondents of this study were 260 individuals from different financial institutions. This study utilized the snowball sampling technique as it allows the identification and recruitment of participants with specific characteristics, such as individuals involved in loan-taking, through referrals from initial respondents, which is particularly useful when the population is difficult to access (Parker et. al, 2019). A structured questionnaire adapted from Plaza (2023) was used to measure the level of financial literacy among borrowers. The second part of the survey will focus on collecting information about the respondents’ loan performance. Responses were measured using 5-point Likert scale. Descriptive statistics and correlational analysis were used to determine the strength and direction of the association between these variables.  **Results:** the composite variable of overall financial literacy shows a strong relationship with both loan repayment status (r = 0.71) and overall loan performance (r = 0.78), and a moderate relationship with fines and penalties (r = 0.65), all highly significant at p = 0.00. Idris et al. (2018) found that clients who underwent financial education programs before borrowing exhibited higher loan repayment rates and better loan utilisation. Their findings closely reflect the significant relationship shown between overall financial literacy and loan performance, suggesting that interventions aimed at enhancing literacy can lead to measurable improvements in financial behaviour.  **Conclusion:** The study confirmed a significant positive relationship between financial literacy and loan performance among borrowers. All four components, financial knowledge, skills, behavior, and awareness, contributed moderately to loan outcomes, with overall financial literacy showing a strong correlation with repayment status and overall loan performance. The findings emphasize that enhancing financial literacy is essential for reducing loan defaults and improving financial stability, especially in rural areas like Boston and Davao Oriental, where formal financial education may be limited. Strategic and targeted financial education programs are necessary to empower borrowers to make informed and sustainable financial decisions. |

*Keywords: financial literacy, loan performance, repayment behavior, financial behavior, financial education, rural borrowers, Boston Davao Oriental.*

1. INTRODUCTION

The financial sector has been recognised as a crucial sector in any economy, as it enhances both economic growth and development, especially through job creation and poverty alleviation. Additionally, financial institutions contribute to sustainable development by providing credit to individuals and businesses for their investment purposes, while engaging in Corporate Social Responsibility (CSR) initiatives (Deyshappriya et al., 2024). Financial literacy, defined as the ability to effectively understand and apply financial knowledge to make informed decisions regarding financial resources, plays a crucial role in managing personal finances (Lusardi, 2019). This understanding significantly impacts decisions such as borrowing money, managing debts, and maintaining financial well-being (De Witte et. al, 2020). Globally, the correlation between financial literacy and loan management has drawn attention due to its critical implications for individuals and financial institutions (Goyal & Kumar, 2020). For instance, insufficient financial knowledge often leads to loan defaults and an increase in non-performing loans (NPLs), undermining financial system stability (Arnone et. al, 2024). Loan repayment performance refers to the borrower’s behavior in repaying the loan to the Bank by the period and other provisions stated in the credit contract. Loan repayment performance is the backbone of the banking sector. Borrowers who do not pay their loans on time continuously will have the potential for default. Accurate credit loan judgments are challenging for banks to make lack sufficient information and understanding about other parties involved in lending transactions. When sufficient financial information is unavailable or scarce, debt providers are unable to evaluate risk appropriately (Abagissa, 2021).

The failure to understand basic financial concepts often leads to poor loan performance. Loan defaults, which occur when borrowers fail to repay their loans, are a significant issue in personal and business finances (Lusardi & Mitchell, 2020). Non-performing loans (NPLs) are another primary concern for financial institutions globally. It affects the liquidity and profitability of banks and can destabilize the banking sector if not adequately managed. According to the International Monetary Fund (2019), NPLs can escalate in environments where borrowers lack sufficient financial knowledge to manage their debts effectively, leading to greater default rates.

In various countries, especially in emerging markets, the level of financial knowledge among people is quite inadequate. This situation worsens issues related to excessive borrowing and non-performing loans. A recent research study carried out by Lea (SEG 2021) revealed that many developing nations face a concerning lack of financial literacy. This often prompts individuals to take on more debt than they can realistically handle. The insufficient grasp of loan terms, interest rates, and repayment schedules frequently leads to defaults on loans and an inability to fulfil financial commitments, ultimately fueling a cycle of financial hardship. Over-indebtedness, which occurs when an individual's total debt surpasses their capacity to repay it, is a common problem in countries where access to financial education is limited.

In regions like Southeast Asia, especially at the local level, there is a significant disparity in financial literacy. According to the Philippine Institute for Development Studies (2017), the Philippines has highlighted how inadequate financial knowledge among borrowers can negatively impact their ability to repay loans. This issue is particularly challenging in rural areas where there is limited access to financial education and services. In rural Filipino households, over-indebtedness is often exacerbated by limited financial literacy. Many individuals take out loans without fully understanding the financial implications, leading to higher default rates and excessive debt burdens (Apat et al., 2021).

Furthermore, while previous studies have generally examined the link between financial literacy and financial behavior, few have explored how low financial literacy directly contributes to poor loan performance across different demographic and socio-economic groups. The gap in existing research highlights the need for a more nuanced approach to understanding how specific aspects of financial literacy influence an individual's ability to manage debt and avoid financial crises. The empirical knowledge of the relationship between loan performance and financial literacy in understudied rural contexts (such as Boston, Davao Oriental, Philippines) is greatly advanced by this publication. It provides policymakers with concrete insights by quantitatively validating that the knowledge, skills, behavior, and awareness components of financial literacy work together to promote repayment discipline and lower loan defaults. The results contribute to worldwide efforts to promote financial inclusion and economic resilience by supporting targeted financial education in emerging nations, where financial instability and excessive debt are common.

When borrowers fail to repay their loans, it creates significant challenges for both individuals and financial institutions, often stemming from a lack of financial literacy. Limited understanding of loan terms can result in poor financial decisions, such as mismanaging money or failing to make repayments, leading to non-performing loans (NPLs) that weaken banks and destabilize the economy. In regions with limited access to financial education, especially in rural areas, individuals may take on unmanageable debt without fully grasping costs like interest rates or repayment terms. This highlights the crucial role of financial education in empowering people to make informed borrowing decisions, manage debt effectively, and reduce defaults.

The findings of this study are intended to contribute to the design of effective financial literacy initiatives that could improve loan repayment rates and reduce the risks of over-indebtedness. By identifying the factors that link financial literacy with loan performance, the research aims to provide actionable insights for improving financial stability among borrowers.

1. material and methods

## **2.1 Research Design**

This study used a descriptive correlational design, which is used to examine the relationship between two or more variables without attempting to manipulate them. According to Creswell (2014), this design is well-suited for studies where the goal is to identify the presence, strength, and direction of relationships between variables. In this study, the focus will be on examining the relationship between financial literacy and loan performance, specifically in terms of variables like repayment rates and probability of default. The study aims to assess whether individuals with higher levels of financial literacy are more likely to demonstrate better loan repayment behavior or a reduced risk of default.

**2.2 Research Instrument**

This study employed a survey questionnaire; it is the most precise tool in conducting a descriptive research design. The questionnaire consists of two (2) parts.

The first part of the questionnaire is the independent variable; the questionnaire for the independent variable, financial literacy, was adapted from the study of Plaza (2023). Financial literacy has sub-indicators, namely: financial behavior, financial knowledge, financial awareness, and financial skills. For each statement, respondent would rate their answer using a 5-point Likert scale, where they can choose from the following options: strongly agree, agree, neutral, disagree, strongly disagree. This rating scale helps measure the respondent’s level of knowledge and understanding of financial concepts being assessed.

The second part of the survey is the dependent variable; the part of the survey will focus on collecting information about the respondents’ loan performance. Expert validation was conducted to evaluate the relevance and clarity of the adapted questionnaire in relation to the study’s objectives. Based on the feedback provided, necessary modifications were made to improve the instrument's suitability for the borrower’s context. Subsequently, the questionnaire underwent construct validity testing, including the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity. The KMO value of 0.647 indicated an adequate sample size for factor analysis, supporting the appropriateness of the data for the planned statistical procedures. Bartlett’s Test of Sphericity produced a highly significant result (Approx. Chi-Square = 535.635, df = 231, Sig. = 0.000), confirming that the correlations between items were appropriate for further analysis. The instrument's reliability was then evaluated using Cronbach’s Alpha, which yielded a coefficient of 0.817, signifying a high degree of internal consistency and confirming that the questionnaire is reliable and effective in measuring loan performance.

The instruments were adapted and embedded in a face-to-face survey for the respondents.

**2.3 Respondents of the Study**

The respondents of this study were 260 individuals from different financial institutions.

This study utilised the snowball sampling technique as it allows the identification and recruitment of participants with specific characteristics, such as individuals involved in loan-taking, through referrals from initial respondents, which is particularly useful when the population is difficult to access (Parker et. al, 2019).

**2.4 Data Gathering**

Secure Ethical Clearance. The ethical clearance was secured by the University Research Ethics Board to ensure that the study adheres to ethical standards when conducting research. This process involves guaranteeing that informed consent was obtained from all participants, ensuring that participants' anonymity and confidentiality are maintained, and securing the data against potential breaches or unauthorized access. These steps are crucial in protecting the rights and well-being of the respondents.

Seeking Permission to Conduct the Study. Once ethical clearance is secured, the researcher sends a formal letter of request to the concerned financial institutions' managers to obtain permission to conduct the study. This letter detailed the purpose of the study, the methods used, and how the data were collected and used. Upon receiving approval, the researcher proceeds with data gathering.

Administration and Distribution of the Questionnaire. After obtaining all necessary approvals, respondents were asked to participate in the study by completing a survey questionnaire. The questionnaires were distributed to the borrowers of different financial institutions in Boston, Davao Oriental. The data collection took place between October and November 2024. During this phase, participants were asked to sign an informed consent form, which ensures that they are fully informed about the study and voluntarily agree to participate.

Retrieval of the Questionnaires. Once the respondents have completed the questionnaires, the researcher retrieved the responses in an organized and timely manner to ensure that no data is lost or overlooked. The data collected was handled with care to maintain confidentiality and data security during this process.

Data Encoding. Following the retrieval of the questionnaires, the data were encoded and tallied using Microsoft Excel. This step ensures that the data is accurately recorded, organized, and prepared for analysis. Excel provides an efficient way to handle large datasets, ensuring the information is correctly processed and stored for future analysis.

1. results and discussion

# 3.1 Level of Financial Literacy Among Borrowers

Table 1 shows that respondents exhibit a generally high level of financial knowledge, with an overall mean of 4.15 and a standard deviation of 0.44, indicating consistent financial behaviors across various aspects. These results suggest that participants possess solid financial knowledge and responsible money management habits, which are essential components that may positively correlate with better loan performance (Grohmann, 2018). Similarly, Ocran and Caesar (2022) emphasised that financial knowledge significantly influences behavioral outcomes such as debt repayment, credit use, and emergency fund savings.

**Table 1. Level of Financial Literacy in terms of Financial Knowledge**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | Mean | Std. Deviation | Interpretation |
| Keep records of income and expenditures in the family. | 3.92 | 0.66 | High |
| Use saved money for an emergency rather than spending it on something else. | 4.17 | 0.72 | High |
| Prioritize the needs and give up on buying items that are not necessities in making a budget. | 4.33 | 0.76 | High |
| Budget the monthly income beforehand to avoid cramming and misappropriation of budget. | 4.15 | 0.71 | High |
| Decide wisely on the scarce money that we have. | 4.17 | 0.70 | High |
| Average | 4.15 | 0.44 | High |

The highest mean score of 4.33 was recorded for the statement, "Prioritize the needs and give up on buying items that are not necessities when making a budget," reflecting strong financial discipline. This finding aligns with the notion that financially literate individuals often demonstrate stronger budgeting behaviors by prioritising necessities and avoiding discretionary expenses to maintain financial stability (De Witte et al., 2022). The statements "Use saved money for an emergency rather than spending it on something else" and "Decide wisely on the scarce money that we have" both scored 4.17, highlighting respondents' cautious and deliberate decision-making in handling limited financial resources (Widener, 2017).

"Budget the monthly income beforehand to avoid cramming and misappropriation of the budget" also received a high mean of 4.15, emphasizing proactive financial planning. This aligns with the study of Ardyansyah and Indrawati (2024), which found that individuals who regularly plan their income and expenses are more likely to avoid financial distress and manage their resources effectively. The study concluded that financial literacy and habitual budgeting are positively correlated with reduced financial anxiety and improved financial well-being.

Meanwhile, the lowest mean of 3.92 was recorded for the statement, "Keep records of income and expenditures in the family," suggesting that this area may be less practiced. This result aligns with the study of Nitani et al. (2020), which found that many households do not consistently record their income and expenses, hindering effective financial planning and accountability.

In summary, the high financial literacy levels found among borrowers in this study strengthen the idea that better financial understanding equips individuals to manage loans more responsibly and avoid defaults, ultimately benefiting both borrowers and lending institutions.

The data presented in Table 2 illustrate that respondents possess a generally good level of financial skills, as indicated by an overall mean of 4.00 and a standard deviation of 0.43, reflecting consistent responses across the group. This finding suggests that respondents are relatively confident in managing personal finances, including budgeting, saving, and spending wisely. Financial skills are essential for making informed and effective decisions about money use, which is critical for ensuring financial stability and avoiding debt (Lusardi & Tufano, 2015). According to Lusardi and Mitchell (2020), individuals who demonstrate strong financial skills tend to have better control over their economic activities and are more likely to achieve their financial goals.

**Table 2. Level of Financial Literacy in terms of Financial Skills**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Statements | Mean | | Std. Deviation | Interpretation |
| Cut down expenses and save for other unexpected expenses. | 3.95 | | 0.67 | High |
| Try to find the best price when wanting to buy something. | | 4.24 | 0.73 | Very High |
| Work and find another means of earning money when there is not enough money. | | 4.11 | 0.69 | High |
| Do not spend lavishly on or do not spend at all on events like the birthday of relatives, fiestas, etc., and live only according to one's means. | | 3.68 | 0.75 | High |
| Average | | 4.00 | 0.43 | High |

The highest-rated behavior was "Try to find the best price when wanting to buy something," with a mean of 4.24, reflecting the respondents' conscious effort to make cost-effective purchasing decisions, indicating that they are value-oriented consumers. This aligns with the findings of Kudhur and Saeed (2021), who emphasised that consumers, particularly those in low- to middle-income households, often engage in comparative shopping and price-checking as strategies to maximise limited financial resources.

The next highest-rated behavior was "Work and find another means of earning money when there is not enough money" (M = 4.11), demonstrating initiative and resourcefulness in financial management. This supports the study by Greenberg and Hershfield (2018), which highlighted that individuals who actively seek income-generating opportunities exhibit stronger financial decision-making skills. These individuals are more likely to build savings, invest in skill-building, and create financial buffers that protect them from unexpected financial challenges.

"Cut down expenses and save for other unexpected expenses" also scored relatively high (M = 3.95), indicating a proactive approach to financial preparedness. This aligns with the study of Lusardi and Mitchell (2023), which found that individuals who prioritise saving and reduce unnecessary spending are more likely to be financially secure and resilient in the face of economic challenges. Their study emphasises that even modest savings can provide a buffer against economic shocks such as job loss, illness, or inflation. According to Apat et al. (2021), finding alternative income is not only a sign of financial resourcefulness but also a survival mechanism in regions with limited employment opportunities.

However, the lowest mean of 3.68 was recorded for the statement regarding avoiding lavish spending on events, suggesting that cultural influences or challenges in managing discretionary expenses may still exist. This aligns with the study of Kawamura et al. (2021), which noted that while respondents demonstrate strong financial skills in budgeting, earning, and saving, there may still be difficulties in limiting spending on social or traditional events. This could affect their overall financial well-being and loan repayment capacity.

Table 3 presents the respondents’ financial behavior, with an overall mean of 4.24 and a standard deviation of 0.46, indicating a strong and consistent practice of responsible financial habits. This result aligns with the findings of (Kaiser et al, 2022), who noted that individuals with higher financial awareness tend to exhibit consistent financial behaviors such as budgeting, saving, and controlled spending. Similarly, Henager & Cude (2019) emphasised that a high average score in financial behavior is often associated with disciplined money management and proactive decision-making, especially among employed adults and financially literate youth.

**Table 3. Level of Financial Literacy in terms of Financial Behavior**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | Mean | Std. Deviation | Interpretation |
| Follow the financial plan/budgeting that we have for the family. | 4.28 | 0.56 | Very High |
| Compare prices before buying. | 4.39 | 0.71 | Very High |
| Set long-term financial goals and strive to achieve them. | 4.08 | 0.77 | High |
| Before buying a product, think carefully about whether I can afford it or not. | 4.42 | 0.69 | Very High |
| Pay bills on time. | 4.05 | 0.73 | High |
| Average | 4.24 | 0.46 | Very High |

The highest-rated item was “Before buying a product, think carefully if I can afford it or not” (M = 4.42), This behavior reflects financial prudence, which is commonly observed among individuals who are aware of the consequences of overspending and strive to live within their means Fornero & Lo Prete (2023). This is closely followed by “Compare prices before buying” (M = 4.39) and “Follow the financial plan/budgeting that we have for the family” (M = 4.28), suggesting that respondents make informed purchasing decisions and adhere to a family-based financial plan, this aligns to the study of Trochymiak (2020) price comparison behavior reflects rational decision-making and consumer mindfulness, which are both associated with better financial outcomes. Their findings highlight that individuals who compare prices before purchasing can reduce overspending and improve long-term savings. Setting long-term financial goals (M = 4.08) and paying bills on time (M = 4.05) according to Investopedia (2024), timely bill payment is one of the most practised financial habits among working adults, as it is often associated with a sense of financial responsibility, avoidance of penalties, and the maintenance of service continuity.

Table 4 illustrates the respondents’ level of financial awareness, showing an overall mean of 4.00 with a standard deviation of 0.42, indicating a generally good and consistent awareness of sound financial practices. This aligns with the findings of Goyal and Kumar (2020), who emphasized that individuals with moderate to high financial awareness are more likely to understand basic financial concepts such as budgeting, saving, and debt management, which contributes to more responsible financial decision-making.

**Table 4. Level of Financial Literacy in terms of Financial Awareness**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | Mean | Std. Deviation | Interpretation |
| Make a list when buying. | 4.04 | 0.72 | High |
| Spend less than our income. | 3.58 | 0.78 | High |
| Discuss with my spouse on financial issues. | 4.19 | 0.77 | High |
| Use the money one’s save according to the original intentions. | 4.15 | 0.69 | High |
| Recognize the need for every member of the family to be educated in handling the finances. | 4.03 | 0.63 | High |
| Average | 4.00 | 0.42 | High |

The highest-rated statement, “Discuss with my spouse on financial issues” (M = 4.19), reflects a strong emphasis on financial communication within the household. This aligns with the study of Grežo (2020), which highlighted that discussing financial issues with spouses is crucial for collaborative decision-making, a factor essential for financial harmony and goal attainment within families.

Closely following this is the statement, “Use the money one saves according to the original intentions” (M = 4.15), suggesting that respondents are disciplined in using savings for their intended purposes. This is supported by Lusardi and Mitchell (2020), who emphasized that financial discipline involves not only saving but also sticking to the intended use of those savings. Their research links goal-specific saving behavior to improved long-term financial outcomes, such as retirement preparedness and avoidance of high-interest debt. Maintaining the purpose of savings demonstrates foresight and financial control.

The statements “Making a list when buying” (M = 4.04) and “Recognising the need for every family member to be educated in financial handling” (M = 4.03) also received favorable ratings, reflecting attention to planning and financial literacy (Kudhur & Saeed, 2024). However, the lowest mean was observed in the statement, “Spend less than our income” (M = 3.58), which may indicate challenges in living within one’s means. This aligns with the study of Lusardi and Tufano (2015), which found that financial fragility is often linked to the inability to live within one's means. Their research revealed that a significant portion of adults in both developed and developing countries cannot cover even modest unexpected expenses without borrowing, often due to habitual overspending or poor income management.

Overall, the data suggest that while respondents exhibit strong financial awareness in communication, planning, and saving, there may be a need for improvement in controlling spending relative to income (Lusardi & Mitchell, 2023).

Table 5 provides a summary of the respondents' overall financial literacy across four key dimensions, showing an overall mean score of 4.10 and a standard deviation of 0.34, indicating a strong and consistent level of financial literacy among the participants. This finding aligns with the study of Kudhur and Saeed (2024), who emphasised that financial literacy, when assessed in terms of budgeting, saving, debt management, and investment knowledge, strongly correlates with responsible financial behavior and financial stability. Additionally, Griffiths (2022) in their assessment of financial literacy among college students, reported that students with high scores in financial literacy assessments were consistent in applying sound money management practices. The researchers concluded that consistent literacy across budgeting, saving, and credit management reflects the success of targeted financial education programs. Similarly, Fornero and Prete (2023) highlighted that individuals with high financial literacy scores tend to make informed financial decisions, are more likely to engage in proactive money management, and are less prone to financial distress, particularly in low- to middle-income communities.

**Table 5. Overall Summary the Level of factors of financial literacy**

|  |  |  |  |
| --- | --- | --- | --- |
| Factors of Financial Literacy | Mean | Std. Deviation | Interpretation |
| A. Financial Behavior | 4.24 | 0.46 | Very High |
| B. Financial Knowledge | 4.15 | 0.44 | High |
| C. Financial Awareness | 4.00 | 0.42 | High |
| D. Financial Skills | 4.00 | 0.43 | High |
| Overall Financial Literacy | 4.10 | 0.34 | High |

Financial Behavior ranked the highest with a mean of 4.24, indicating that respondents actively apply responsible financial practices in their daily lives aligns to the study of Lusardi and Mitchell (2020), revealed that individuals with strong financial behavior such as tracking expenses, paying bills on time, and allocating savings are less likely to experience financial stress or become over-indebted. Their findings affirm that good financial behavior serves as a protective factor, particularly among working-class individuals who face income constraints. Financial Knowledge followed with a mean of 4.15, reflecting a solid understanding of financial concepts. This aligns with the study of Idris et al. (2018), which found that individuals with a strong understanding of financial principles were more cautious in their borrowing decisions and less prone to fall into predatory lending traps. This knowledge serves as a buffer against financial mismanagement and over-indebtedness, particularly in low- to middle-income communities.

Both Financial Awareness and Financial Skills had equal mean scores of 4.00, indicating that respondents are moderately aware of financial responsibilities and are capable of applying practical financial techniques, this aligns to the study of (Mawad et al., 2022) found that individuals who possessed both awareness and skills had better control over their personal finances, showing fewer instances of missed payments and reliance on credit. Their findings emphasise that financial capability hinges not only on understanding money but on knowing how to manage it competently. The relatively low standard deviations across all factors imply minimal variability in responses, showing a uniform level of financial literacy within the group. These results suggest that the respondents are generally financially literate, demonstrating sound behavior, knowledge, skills, and awareness factors that can significantly contribute to improved financial decision-making and loan performance (Lusardi & Mitchell, 2023).

## **3.2 Level of Loan Performance among Borrowers**

Table 6 reflects the respondents' attitudes and behaviors toward loan repayment, with an overall mean of 4.04, indicating a generally responsible and positive approach to managing debt obligations. This result is in line with the findings of Ocran and Caesar (2022), who noted that borrowers with strong financial values tend to prioritise timely loan repayments as a way to maintain credibility and avoid financial penalties.

**Table 6. Level of Loan Performance in terms of Loan Repayment Status**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | Mean | Std. Deviation | Interpretation |
| Consistently make loan payments by the due date. | 4.13 | 0.63 | Highly Satisfactory |
| Have a clear understanding of the repayment schedule for each loan hold. | 4.31 | 0.71 | Excellent |
| Prioritize making loan payments over other financial obligations | 3.72 | 0.74 | Highly Satisfactory |
| Confident in ability to make loan payments in the upcoming months. | 4.00 | 0.67 | Highly Satisfactory |
| Income level allows to comfortably meet loan repayment obligations. | 3.73 | 0.73 | Highly Satisfactory |
| Frequently check loan balance and repayment progress. | 4.13 | 0.66 | Highly Satisfactory |
| Have a plan to repay loan fully within the agreed-upon term. | 4.38 | 0.69 | Excellent |
| When facing financial difficulty, proactively reach out to a lender to discuss repayment options. | 4.24 | 0.76 | Excellent |
| Review monthly expenses to ensure you have enough funds for loan repayment. | 4.19 | 0.69 | Highly Satisfactory |
| Rarely feel financially strained by loan repayments. | 3.23 | 0.77 | Moderate |
| Aware of the impact that timely loan repayment has on credit score and financial standing. | 4.25 | 0.63 | Excellent |
| Take steps to ensure repayment behavior positively affects loan performance. | 4.12 | 0.68 | Highly Satisfactory |
| Average | 4.04 | 0.33 | Highly Satisfactory |

Likewise, Supriyandi et al. (2024) emphasised that positive loan repayment behavior is closely linked to a borrower’s financial discipline, income stability, and understanding of loan terms, which contributes to lower default rates and better financial outcomes. The highest-rated statement, “Have a plan to repay the loan fully within the agreed-upon term” (M = 4.38), shows that most respondents value fulfilling their loan obligations and set clear goals to do so. This aligns with the findings of Robb et al. (2019), who emphasised that borrowers who create structured repayment plans are more likely to fulfill their loan obligations on time, reduce the risk of default, and maintain good financial standing.

The statement, “Have a clear understanding of the repayment schedule for each loan held” (M = 4.31), implies that respondents are well-informed about the terms and timelines of their financial obligations, as noted by Challoumis (2024). Another highly-rated statement, “Aware of the impact that timely loan repayment has on credit score or financial standing” (M = 4.25), shows that respondents recognise the broader implications of their financial behavior. “When facing financial difficulty, proactively reach out to a lender to discuss repayment options” (M = 4.24) reflects financial maturity and a willingness to maintain good communication to avoid default. Similarly, the statements “Review monthly expenses to ensure you have enough funds for loan repayment” (M = 4.19) and “Take steps to ensure repayment behavior positively affects loan performance” (M = 4.12) indicate that most borrowers are making conscious efforts to manage their loans effectively (Goel & Rastogi, 2023).

However, lower means on the statements “Prioritise making loan payments over other financial obligations” (M = 3.72) and “Income level allows one to comfortably meet loan repayment obligations” (M = 3.73) suggest that some borrowers still struggle with financial balancing, possibly due to limited income or competing expenses. The lowest-rated statement, “Rarely feel financially strained by loan repayments” (M = 3.23), indicates that many borrowers experience financial stress. This is supported by the findings of Flamiano (2024), who observed that many low- to middle-income borrowers often face financial pressure due to high repayment burdens relative to their income.

Table 7 presents the respondents' perceptions regarding fines and penalties associated with loan repayment, revealing key insights into their financial behavior and awareness. The overall average mean score of 4.07 with a standard deviation of 0.36 indicates a general agreement among the respondents that fines and penalties play a significant role in influencing loan performance. This aligns with the findings of Azmi and Indriyani (2024), who emphasized that the fear of incurring additional charges, such as fines and late payment fees, motivates borrowers to comply with repayment schedules.

**Table 7. Level of Loan Performance in terms of Fines and Penalties**

|  |  |  |  |
| --- | --- | --- | --- |
| Statements | Mean | Std. Deviation | Interpretation |
| Fully aware of the penalties for missing a loan payment. | 4.47 | 0.68 | Excellent |
| Make every effort to avoid fines or late fees associated with the loan. | 4.17 | 0.68 | Highly Satisfactory |
| Believe that fines and penalties are fair consequences for missed payments. | 4.39 | 0.77 | Excellent |
| Find it easy to recover financially after incurring a fine or penalty on my loan. | 3.20 | 0.73 | Moderate |
| Have incurred fines or penalties due to missed or late payments in the past year. | 3.62 | 0.72 | Highly Satisfactory |
| Ability to repay the loan is negatively impacted if incur a penalty. | 3.80 | 0.63 | Highly Satisfactory |
| Find it difficult to manage my other expenses if I have to pay fines or penalties. | 3.93 | 0.75 | Highly Satisfactory |
| Willing to take steps, like reducing other expenses, to avoid loan-related penalties. | 4.13 | 0.65 | Highly Satisfactory |
| Motivated to make timely payments to avoid extra charges or penalties. | 4.31 | 0.62 | Excellent |
| Believe fines and penalties are a useful reminder of the importance of timely loan repayment. | 4.64 | 0.65 | Excellent |
| Average | 4.07 | 0.36 | Highly Satisfactory |

Similarly, Goel and Rastogi (2023) found that awareness of financial penalties reinforces responsible borrowing behavior, especially in community-based lending programs, where financial discipline is often cultivated through structured repayment rules.

The highest-rated item was “Believe fines and penalties are a useful reminder of the importance of timely loan repayment” (M = 4.64), suggesting that respondents see such financial consequences as an effective behavioural tool, aligns with Lea (2021), indicating that structured financial consequences such as late fees can effectively influence borrower behavior. Specifically, late payment penalties serve not only as a deterrent but also as a salient reminder that reinforces timely repayment and reduces the likelihood of future delinquencies. This is supported by similarly high ratings on “Fully aware of the penalties for missing a loan payment” (M = 4.47) and “Believe that fines and penalties are fair consequences for missed payments” (M = 4.39), reflecting a mature and informed view of financial obligations. These results align with the study of Maina and Njeru (2023), which found that effective communication from lenders, past experiences, or education initiatives that highlight the importance of adhering to repayment terms.

Moreover, the respondents demonstrated strong motivation to avoid additional costs, as seen in their responses to “Motivated to make timely payments to avoid extra charges or penalties” (M = 4.31) the result aligns to the study of Lusardi and Tufano (2015), individuals who are financially literate tend to avoid unnecessary costs such as late fees and interest charges. Their study revealed that most respondents with high financial literacy exhibited a clear intent to pay bills on time and manage credit responsibly in order to avoid penalties, and the statement “Make every effort to avoid fines or late fees associated with loan” (M = 4.17). These responses suggest that individuals are not only aware of the penalties but also take active steps to prevent them. Many also expressed a willingness to adjust their personal budgets, as shown in “Willing to take steps, like reducing other expenses, to avoid loan-related penalties” (M = 4.13), underscoring their commitment to financial responsibility.

However, not all responses reflected ease in managing these obligations. For instance, “Find it difficult to manage my other expenses if I have to pay fines or penalties” (M = 3.93) and “Ability to repay the loan is negatively impacted if incur a penalty” (M = 3.80) revealed that while penalties are acknowledged as necessary, they still impose a financial burden. The statement “Have incurred fines or penalties due to missed or late payments in the past year” (M = 3.62) suggests that a notable portion of respondents experienced repayment issues, potentially due to unexpected expenses or irregular income.

The lowest-rated item, “Find it easy to recover financially after incurring a fine or penalty on my loan” (M = 3.20), indicates that while borrowers aim to avoid penalties, recovering from them can be difficult. (Idris et al. 2018) reported that fines and fees often exacerbate financial instability, especially among low-income households, making recovery difficult and perpetuating cycles of hardship.

These results highlight the importance of strengthening financial literacy programs, particularly in areas related to financial resilience and budgeting (Lusardi, 2019). While awareness and motivation to comply with loan terms are high, the ability to recover from financial setbacks remains a challenge for some borrowers (Supriyadi et al., 2024). Hence, enhancing financial literacy could further improve loan performance by helping borrowers better anticipate, avoid, and manage penalties (Lusardi & Mitchell, 2023).

Table 8 provides a summary of the key factors influencing loan performance, specifically Loan Repayment Status and Fines and Penalties.

**Table 8. Overall Summary the Level of factors of loan performance**

|  |  |  |  |
| --- | --- | --- | --- |
| Factors of Loan Performance | Mean | Std. Deviation | Interpretation |
| A. Loan Repayment Status | 4.04 | 0.33 | Highly Satisfactory |
| B. Fines and Penalties | 4.07 | 0.36 | Highly Satisfactory |
| Overall Loan Performance | 4.05 | 0.30 | Highly Satisfactory |

The results revealed relatively high mean scores for both factors, with Loan Repayment Status rated at 4.04 (SD = 0.33) and Fines and Penalties slightly higher at 4.07 (SD = 0.36), leading to an overall loan performance mean of 4.05 (SD = 0.30), indicating that respondents generally demonstrate responsible borrowing behavior. A study by Supriyadi et al. (2024) found that late fee penalties are significantly and inversely related to loan repayment performance, suggesting that borrowers with higher fines are more likely to struggle in meeting repayment obligations. In a study of Maina and Njeru (2023), it was observed that credit collection practices, which include the implementation of fines and penalties, were significantly associated with improved loan repayment performance, demonstrating their role in ensuring repayments.

The slightly higher score for Fines and Penalties implies that borrowers perceive such consequences as effective reminders to stay financially disciplined, highlighting the behavioral impact of financial literacy on timely repayments. This aligns with studies by Grohmann (2018), who found that financially literate individuals are more likely to avoid unnecessary borrowing costs and penalties through informed decision making, and reported a strong correlation between financial knowledge and improved debt management. These findings show that financial literacy, especially in areas related to debt awareness and budgeting, contributes positively to maintaining good loan performance.

**3.3 Relationship between the level of financial literacy and the loan performance of borrowers**

Table 9 shows the relationship between financial literacy, broken down into financial behavior, awareness, knowledge, and skills, and loan performance, which includes loan repayment status, fines and penalties, and overall loan performance. Financial literacy significantly influences loan performance, with individuals demonstrating higher financial knowledge more likely to manage debts effectively and avoid delinquencies Chen et al. (2018).

**Table 9. Relationship between the level of financial literacy and the loan performance of borrowers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Independent Variables | | Dependent Variables | | |
| Loan Repayment Status | Fines and Penalties | Overall Loan Performance |
| Financial Behavior | Pearson Correlation | 0.56 | 0.50 | 0.60 |
| Sig. (2-tailed) | 0.00 | 0.00 | 0.00 |
| Interpretation | Moderate relationship | Moderate relationship | Moderate relationship |
| Financial Awareness | Pearson Correlation | 0.53 | 0.44 | 0.56 |
| Sig. (2-tailed) | 0.00 | 0.00 | 0.00 |
| Interpretation | Moderate relationship | Moderate relationship | Moderate relationship |
| Financial Knowledge | Pearson Correlation | 0.56 | 0.54 | 0.62 |
| Sig. (2-tailed) | 0.00 | 0.00 | 0.00 |
| Interpretation | Moderate relationship | Moderate relationship | Moderate relationship |
| Financial Skills | Pearson Correlation | 0.56 | 0.53 | 0.62 |
| Sig. (2-tailed) | 0.00 | 0.00 | 0.00 |
| Interpretation | Moderate relationship | Moderate relationship | Moderate relationship |
| Overall Financial Literacy | Pearson Correlation | 0.71 | 0.65 | 0.78 |
| Sig. (2-tailed) | 0.00 | 0.00 | 0.00 |
| Interpretation | Strong Relationship | Moderate relationship | Strong Relationship |

The data revealed that financial behavior has a moderate positive correlation with all loan performance indicators, showing correlation values of 0.56 with loan repayment status, 0.50 with fines and penalties, and 0.60 with overall loan performance. All correlations were statistically significant at p = 0.00, indicating that responsible financial behaviors are linked to better loan outcomes. These results align with the study of Mawad et al. (2022), which conducted a meta-analysis on financial education interventions and found that improved financial behaviors, such as budgeting, debt repayment discipline, and savings practices, significantly enhanced loan repayment performance.

Similarly, Grohmann (2018) highlighted that financial behavior, particularly practices like saving regularly, paying bills on time, and comparison shopping, has a strong influence on financial outcomes, including credit management and debt repayment. The study found that better financial behavior correlated significantly with improved loan performance, particularly in terms of minimizing delinquency and enhancing repayment consistency.

Likewise, financial awareness shows moderate but slightly weaker correlations of 0.53 with repayment status, 0.44 with fines and penalties, and 0.56 with overall performance, all statistically significant at p = 0.00. This suggests that awareness contributes to improved loan management but may be less impactful on its own. This aligns with the study of Lusardi and Mitchell (2023), who emphasised that awareness and knowledge about financial concepts (e.g., interest rates, inflation, loan terms) are necessary but not always sufficient for effective financial decision-making. Additionally, Kaiser et al. (2022) highlight the need to convert awareness into action through education and practice. They advocate for integrated financial literacy programs that combine awareness with simulations, budgeting exercises, and behavioral nudges to bridge the gap between knowing and doing, an approach that strengthens loan repayment and financial responsibility.

The findings also show that financial knowledge correlates moderately with loan repayment status (r = 0.56), fines and penalties (r = 0.54), and overall performance (r = 0.62), all statistically significant. This highlights that understanding financial concepts contributes meaningfully to better borrowing practices. This aligns with the study of Kudhur and Saeed (2024), which found that financial knowledge equips borrowers with a deeper understanding of loan terms, interest rates, and long-term consequences, significantly contributing to reduced penalties and improved loan management, reflected in the moderate correlations between financial knowledge and both repayment and fines.

Similarly, financial skills are moderately correlated with loan performance metrics: 0.56 with repayment, 0.53 with penalties, and 0.62 with overall performance, implying that practical money management skills are essential for positive loan outcomes. The study by Grohmann (2018) highlighted that the development of practical financial skills, such as managing expenses and planning for emergencies, correlates with better credit behavior and fewer delinquencies. This further affirms this study's findings that financial skills play a key role in supporting loan performance.

Most notably, the composite variable of overall financial literacy shows a strong relationship with both loan repayment status (r = 0.71) and overall loan performance (r = 0.78), and a moderate relationship with fines and penalties (r = 0.65), all highly significant at p = 0.00. Idris et al. (2018) found that clients who underwent financial education programs before borrowing exhibited higher loan repayment rates and better loan utilization. Their findings closely reflect the significant relationship shown between overall financial literacy and loan performance, suggesting that interventions aimed at enhancing literacy can lead to measurable improvements in financial behavior. Notably, Lusardi (2019) emphasized that a higher level of financial literacy strongly contributes to a borrower’s ability to repay loans and maintain good loan performance overall, affirming the critical role of financial education in fostering borrower success.

4. Conclusion

The study confirmed a significant positive relationship between financial literacy and loan performance among borrowers. All four components, financial knowledge, skills, behavior, and awareness, contributed moderately to loan outcomes, with overall financial literacy showing a strong correlation with repayment status (r = 0.71) and overall loan performance (r = 0.78).

Borrowers with higher financial literacy were more likely to make timely payments, avoid penalties, and manage their debts responsibly. Among the components, financial behavior ranked highest, indicating that good financial habits strongly support repayment discipline.

The findings emphasize that enhancing financial literacy is essential for reducing loan defaults and improving financial stability, especially in rural areas like Boston and Davao Oriental, where formal financial education may be limited. Strategic and targeted financial education programs are necessary to empower borrowers to make informed and sustainable financial decisions.

Ethical Approval:

As per international standards or university standards written ethical approval has been collected and preserved by the author(s).

Consent

As per international standards or university standards, Participants’ written consent has been collected and preserved by the author(s).

**DISCLAIMER (ARTIFICIAL INTELLIGENCE)**

Author(s) hereby declare that generative AI technologies such as Large Language

Models, etc. have been used during writing or editing of this manuscript. This explanation will include the name, version, model, and source of the generative AI technology and as well as all input prompts provided to the generative AI technology.

Details of the AI usage are given below:

1.ChatGPT (OpenAI GPT-4 version)

2.Prompts included: “Rephrase the following paragraph in a formal academic tone.”

3.No AI was used to generate original data or conclusions

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APPENDIX

**Appendix A**

**Financial Literacy**

"Please answer each question honestly and thoughtfully by encircling the option that best reflects your opinion or experience."(*Palihug tubaga ang matag pangutana nga matinud-anon ug mahunahunaon pinaagi sa paglingin sa kapilian nga labing nagpakita sa imong opinyon o kasinatian*)

For each question, respondents will select from the following options: 1 – Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly Agree

**Financial Behavior-** refers to the actions and practices of individuals in managing their finances, including spending, saving, and budgeting habits.( *Nagpasabut kini sa mga aksyon ug mga gawi sa mga indibidwal sa pagdumala sa ilang mga panalapi, lakip ang paggasto, pagtipig, ug mga batasan sa pagbadyet.*)

**Financial Awareness-** involves the recognition and understanding of financial concepts, products, and services that influence informed financial decision-making.( *Naglakip kini sa pag-ila ug pagsabot sa pinansyal nga mga konsepto, mga produkto, ug mga serbisyo nga nag-impluwensya sa kahibalo sa pinansyal nga paghimog desisyon*)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I follow the financial plan/budgeting that we have for the family. ( *Gisunod nako ang pinansyal nga plano/budget nga naa namo para sa pamilya* .) | 5 | 4 | 3 | 2 | 1 |
| 1. I compare prices before buying. (*Mag tandi-tandi anay sa mga presyo adiser mopalit.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I set long-term financial goals and strive to achieve them. ( *Naghimo ako og mga long-term nga pinansyal nga mga tumong ug naningkamot nga makab-ot kini.* ) | 5 | 4 | 3 | 2 | 1 |
| 1. Before I buy a product, I think carefully if I can afford it or not.(*Sa dili pa ko mopalit ug produkto, maghunahuna ko pag-ayo kon kaya ba nako mapalit kini o dili.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I pay bills on time.   (*Nagbayad ko sa mga bayronon sa hustong oras.*) | 5 | 4 | 3 | 2 | 1 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I make a list when buying. (*Naghimo sako ug lista kung mamalit.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I spend less than our income. (*Mas mubo ra ang akong gasto kaysa sa among kinitaan.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I discuss with my spouse on financial issues. (*Naghisgot ko sa akong kapikas bahin sa pinansyal nga mga isyu*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I use the money one’s save according to the original intentions. (*Gigamit nako ang kuwarta nga gitipigan sa usa sumala sa orihinal nga katuyoan.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I recognize the need for every member of the family to be educated in handling the finances. (*Akong giila ang panginahanglan sa matag sakop sa pamilya nga maedukar sa pagdumala sa panalapi.)* | 5 | 4 | 3 | 2 | 1 |

**Financial Knowledge-** refers to the extent of familiarity with financial principles, terms, and tools required to make sound financial decisions.( *Nagtumong kini sa gidak-on sa pagkapamilyar sa pinansyal nga mga prinsipyo, termino, ug mga himan nga gikinahanglan sa paghimo og maayong pinansyal nga mga desisyon*)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I keep records of income and expenditures in the family.   ( *Nagtipig ko og mga record/lista sa kita ug mga galastuhan sa pamilya*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I use saved money for an emergency than spending it to something else. (*Gigamit nako ang tinigom nga kwarta para sa usa ka emerhensya kay sa paggasto niini sa laing butang.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I prioritize the needs and give up on buying items that are not necessities in making a budget. (*Giuna nako ang mga panginahanglan ug gihunong ang pagpalit sa mga butang nga dili kinahanglanon sa paghimo og budget.* ) | 5 | 4 | 3 | 2 | 1 |
| 1. I budget the monthly income beforehand to avoid cramming and misappropriation of budget. ( *Gi-budget nako daan ang binuwan nga kita aron malikayan ang pag-karakara ug sayop nga paggamit sa budget.* ) | 5 | 4 | 3 | 2 | 1 |
| 1. I decide wisely on the scarce money that we have. (*Nagdesisyon ako nga maalamon sa nihit nga kwarta nga naa kanamo*.) | 5 | 4 | 3 | 2 | 1 |

**Financial Skills-** encompasses the ability to effectively apply financial knowledge in tasks such as budgeting, investing, and managing debts. ( *Naglangkob sa abilidad sa epektibong paggamit sa pinansyal nga kahibalo sa mga buluhaton sama sa pagbadyet, pagpamuhunan, ug pagdumala sa mga utang*)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I cut down expenses and save for other unexpected expenses. (*Akong ginakaltasan ang mga galastohan ug nagtigom alang sa ubang wala damhang gastohonon.)* | 5 | 4 | 3 | 2 | 1 |
| 1. I try to find the best price when wanting to buy something. (*Akong pangitaon ang mas maayo nga presyo kung ako mamalit ug mga butang.)* | 5 | 4 | 3 | 2 | 1 |
| 1. I work and find another means of earning money when there is not enough money.( *Nagtrabaho ko ug nangitag laing paagi sa pagpangitag kuwarta kon ako walay igong kuwarta*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I do not spend lavishly on or do not spend at all on events like the birthday of relatives, fiestas, etc., and live only according to one's means.( *Dili ko mogasto og bug-at o dili gyud mogasto sa mga panghitabo sama sa adlaw nga natawhan sa mga paryente, fiesta, ug uban pa, ug nagpuyo lang sumala sa kinitaan.*) | 5 | 4 | 3 | 2 | 1 |

**Appendix B**

**Loan Performance Questionnaire**

"Please answer each question honestly and thoughtfully by encircling the option that best reflects your opinion or experience." (*Palihug tubaga ang matag pangutana nga matinud-anon ug mahunahunaon pinaagi sa paglingin sa kapilian nga labing nagpakita sa imong opinyon o kasinatian.*)

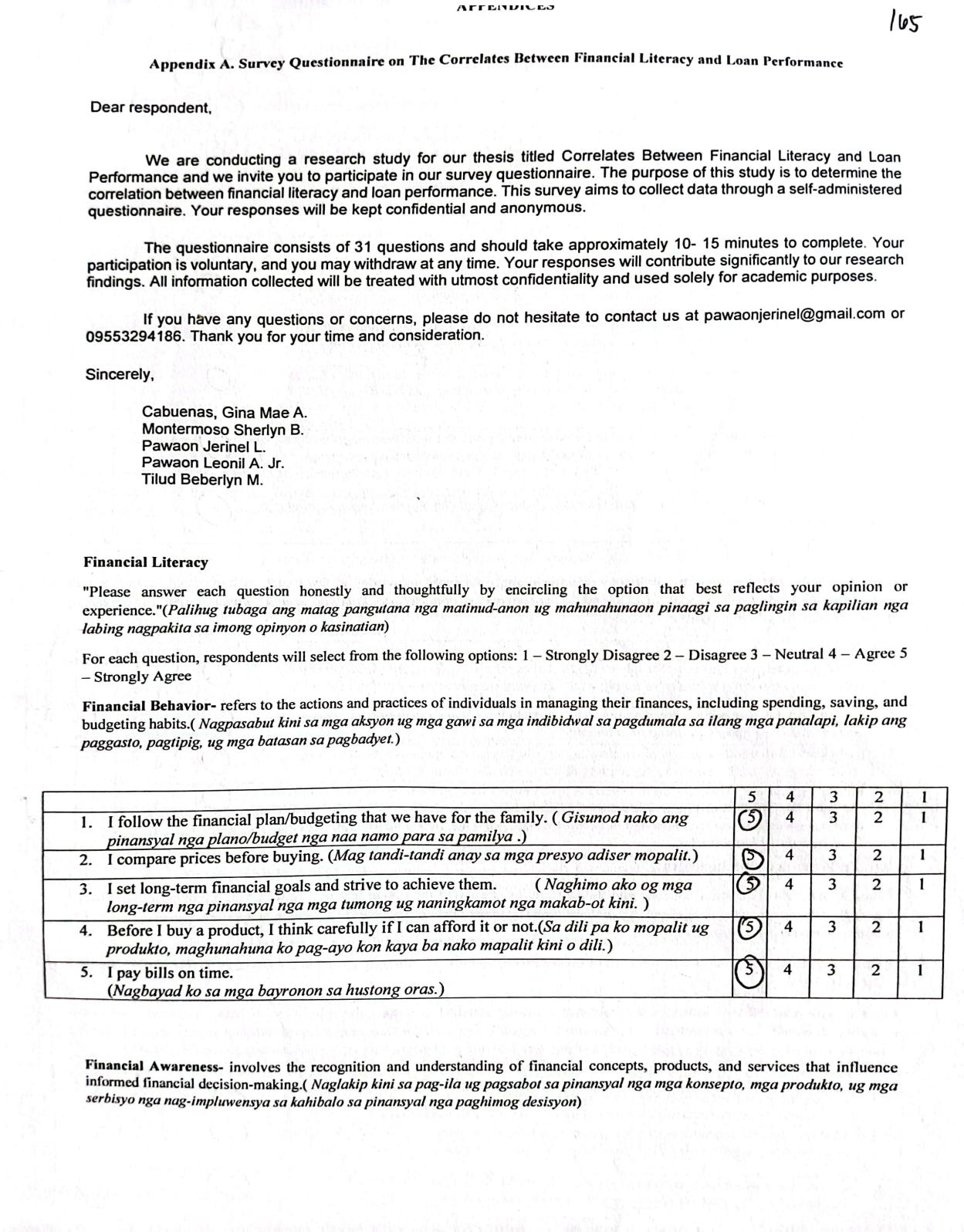
For each question, respondents will select from the following options: 1 – Strongly Disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly Agree

**Loan Repayment Status-** indicates the borrower’s current standing regarding the fulfillment of loan repayment obligations, including timeliness and completeness of payments.( *Nagpakita kini sa kasamtangan nga baroganan sa nanghulam mahitungod sa katumanan sa mga obligasyon sa pagbayad sa utang, lakip na ang pagka-panahon ug pagkakompleto sa mga pagbayad*.)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I consistently make my loan payments by the due date. ( *Kanunay kong mobayad sa akong loan sa saktong petsa sa tingbayad*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I have a clear understanding of my repayment schedule for each loan I hold.( *Ako adunay klaro nga pagsabot sa akong eskedyul sa pagbayad sa matag loan nga akong gikuptan*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I prioritize making loan payments over other financial obligations.( *Giuna nako ang pagbayad sa utang kay sa ubang mga obligasyon sa panalapi*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I am confident in my ability to make my loan payments in the upcoming months. ( *Masaligon ako sa akong abilidad sa pagbayad sa akong utang sa umaabot nga mga bulan*.) | 5 | 4 | 3 | 2 | 1 |
| 1. My income level allows me to comfortably meet my loan repayment obligations. (*Ang kadak-on sa akong kinitaan nagtugot kanako nga mahimong komportable sa pagtuman sa akong mga obligasyon sa pagbayad sa utang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I frequently check my loan balance and repayment progress. (*Kanunay nakong susihon ang nabilin nga akong utang ug progreso sa pagbayad*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I have a plan to repay my loan fully within the agreed-upon term. (*Ako adunay plano sa pagbayad sa akong utang sa hingpit sulod sa gikasabutan nga termino*.) | 5 | 4 | 3 | 2 | 1 |
| 1. When facing financial difficulty, I proactively reach out to my lender to discuss my repayment options.( *Kung nag-atubang og kalisud sa panalapi, aktibo kong mokontak sa akong nagpahulam aron hisgutan ang akong mga kapilian sa pagbayad.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I review my monthly expenses to ensure I have enough funds for loan repayment. ( *Akong ginasusi ang akong binuwan nga galastohan aron maseguro nga duna koy igong pundo alang sa pagbayad sa utang.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I rarely feel financially strained by my loan repayments. (*Panagsa ra ko mobati sa pinansyal nga kalisud sa pagbayad nako sa utang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I am aware of the impact that timely loan repayment has on my credit score or financial standing. (*Nakahibalo ako sa epekto sa tukmang panahon nga pagbayad sa utang sa akong credit score o pinansyal nga kahimtang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I take steps to ensure my repayment behavior positively affects my loan performance. (*Naghimo ako mga lakang aron masiguro nga ang akong pamatasan sa pagbayad positibo nga makaapekto sa akong pagpangutang*.) | 5 | 4 | 3 | 2 | 1 |

**Fines and Penalties-** refers to additional charges incurred due to late payments or violations of loan agreements, reflecting compliance with loan terms.( *Nagtumong kini sa dugang nga mga bayronon nga nahiaguman tungod sa ulahi nga pagbayad o mga paglapas sa mga kasabutan sa pautang, nga nagpakita sa pagsunod sa mga termino sa pautang.*)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 5 | 4 | 3 | 2 | 1 |
| 1. I am fully aware of the penalties for missing a loan payment. (*Ako hingpit nga nahibalo sa mga silot sa dili pagbayad sa utang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I make every effort to avoid fines or late fees associated with my loan. (*Gibuhat nako ang tanan nga paningkamot aron malikayan ang mga multa o ulahi nga bayad nga adunay kalabotan sa akong utang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I believe that fines and penalties are fair consequences for missed payments. (*Nagtuo ko nga ang mga multa ug mga silot kay patas nga sangputanan alang sa wala pagbayad*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I find it easy to recover financially after incurring a fine or penalty on my loan. (*Nakaplagan nako nga sayon ​​ang pagbawi sa pinansyal human makaangkon og multa o silot sa akong loan.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I have incurred fines or penalties due to missed or late payments in the past year. (*Nakabaton kog mga multa o mga silot tungod sa wala o ulahi nga pagbayad sa miaging tuig*.) | 5 | 4 | 3 | 2 | 1 |
| 1. My ability to repay the loan is negatively impacted if I incur a penalty. (*Ang akong abilidad sa pagbayad sa utang negatibo nga naapektuhan kung ako adunay silot*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I find it difficult to manage my other expenses if I have to pay fines or penalties. (*Nalisdan ko sa pagdumala sa uban nakong mga galastohan kong kinahanglan ko mobayad sa mga multa o mga silot.*) | 5 | 4 | 3 | 2 | 1 |
| 1. I am willing to take steps, like reducing other expenses, to avoid loan-related penalties.( *Andam ko nga mohimo og mga lakang, sama sa pagpakunhod sa ubang mga galastuhan, aron malikayan ang mga silot nga may kalabotan sa pautang*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I am motivated to make timely payments to avoid extra charges or penalties. (*Madasigon ko sa pagbayad sa tukma nga panahon aron malikayan ang dugang nga mga bayranan o mga silot*.) | 5 | 4 | 3 | 2 | 1 |
| 1. I believe fines and penalties are a useful reminder of the importance of timely loan repayment. (*Nagtuo ako nga ang mga multa ug mga silot usa ka mapuslanon nga pahinumdom sa kamahinungdanon sa tukma sa panahon nga pagbayad sa utang.*) | 5 | 4 | 3 | 2 | 1 |

**APPENDIX C. Sample Filled** **Out Survey Questionnaire**

