

Financial Attitudes, Knowledge and Practices of Kud Pasangen School of Living Tradition Association Members

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Abstract— *Financial literacy is increasingly recognized as a key competency for individuals and communities, particularly in rural and marginalized areas where access to formal financial services remains limited. This study assessed the financial knowledge, attitudes, and behaviors of members of the Kud Pasangen School of Living Tradition, a community-based tourism (CBT) association in Barangay Binuangan, Isabela City, Basilan. Using a descriptive quantitative design, data were gathered from 30 association members through a contextualized version of the OECD/INFE Toolkit for Measuring Financial Literacy. Results revealed an uneven financial literacy profile among the respondents. While financial attitudes scored high, reflecting strong beliefs in the importance of saving, planning, and responsibility, financial knowledge and behaviors were notably weaker. Respondents showed limited understanding of technical concepts such as interest rates, inflation, and risk diversification. In terms of financial behavior, irregular savings, limited emergency preparedness, and weak financial discipline were evident. Trust in financial institutions was also low, with members showing preference for informal financial mechanisms. These findings highlight a gap between positive financial attitudes and their translation into practice, suggesting that motivation alone is insufficient without adequate technical knowledge and consistent behavioral reinforcement. The study concludes that targeted financial literacy programs are needed to strengthen both cognitive and behavioral aspects of financial management. Community-based and cooperative-led initiatives, youth involvement, and trust-building with financial institutions are recommended to enhance financial resilience and ensure the sustainability of CBT enterprises in Basilan.*

Keywords— *financial literacy, financial knowledge, financial behavior, financial attitudes, community-based tourism, Basilan.*

I. INTRODUCTION

Financial literacy has become an increasingly important dimension of human development, as it directly influences individuals' ability to make sound decisions regarding the use and management of financial resources. Defined as the knowledge and understanding of financial concepts and risks, as well as the skills, motivation, and confidence to apply such knowledge to make effective financial decisions (OECD, 2020), financial literacy is now recognized as a critical life skill. A growing body of research has emphasized that financially literate individuals are better able to plan for the future, cope with financial shocks, and contribute to sustainable economic development (Lusardi & Mitchell, 2014;

Remund, 2010). Despite this, evidence suggests that financial literacy remains low in many developing countries, including the Philippines. The Bangko Sentral ng Pilipinas (BSP, 2019) reported that only 25% of Filipino adults are considered financially literate, with many struggling to understand fundamental concepts such as interest, inflation, and risk diversification. This gap is even more pronounced in marginalized communities and rural areas where access to formal financial services is limited (World Bank, 2018). In such contexts, financial exclusion often results in dependence on informal lending systems, low savings rates, and vulnerability to economic instability (Allen et al., 2016). Community-Based Tourism (CBT) associations play a vital role in both economic and cultural development in provinces like Basilan. These organizations, often composed of grassroots members, serve as vehicles for livelihood generation, cultural preservation, and collective empowerment (Goodwin & Santilli, 2009). However, the effectiveness and sustainability of CBT initiatives are highly dependent on the financial management capacities of their members. Without adequate financial literacy, community members may face challenges in handling income from tourism-related activities, allocating resources efficiently, and planning for long-term community projects (Xiao & O'Neill, 2016).

In the case of Kud Pasangen School of Living Tradition in Barangay Binuangan, Isabela City, Basilan, financial literacy is especially crucial. Members of this CBT association and its partner youth organization play an active role in preserving local culture through weaving and other traditional practices while simultaneously engaging in tourism-related enterprises. Yet, like many community-based groups in the Philippines, they may lack the necessary financial knowledge and habits to support organizational growth and personal economic resilience. As Lusardi and Tufano (2015) argue, weak financial literacy can translate into poor borrowing decisions, insufficient savings, and difficulty in managing cash flow — all of which can hinder community development. Given these realities, a needs analysis on financial literacy becomes imperative. Identifying the levels of financial knowledge, behavior, and attitudes among CBT members can provide empirical evidence for targeted interventions. Such an analysis not only highlights existing strengths and gaps but also informs policy recommendations, capacity-building activities,

and community-based training programs tailored to the needs of grassroots organizations (Atkinson & Messy, 2012).

This study, therefore, aims to assess the financial literacy of Kud Pasangen CBT Association members in Basilan using the OECD/INFE Toolkit for Measuring Financial Literacy. Specifically, it evaluates their financial knowledge, financial behaviors, and financial attitudes, identifying strengths, weaknesses, and areas for improvement. By doing so, the study contributes to ongoing conversations on inclusive financial education in rural communities and offers practical implications for community-based enterprises, local governments, and development stakeholders in the Philippines.

II. METHODS

This study utilized a descriptive quantitative research design to determine the level of financial literacy among members of the Kud Pasangen School of Living Tradition in Barangay Binuangan, Isabela City, Basilan. The design was appropriate since the objective of the research was to describe and analyze the existing conditions of the respondents with respect to their financial knowledge, financial behavior, and financial attitudes without manipulating variables. The respondents of the study consisted of 30 members drawn from the Kud Pasangen Neighborhood Association and the Community Youth Leaders' Association – Binuangan. They were purposively selected because of their direct involvement in community-based tourism initiatives and cultural preservation efforts, where financial literacy plays an essential role in ensuring the sustainability of their activities.

Data were collected using an adapted version of the OECD/INFE Toolkit for Measuring Financial Literacy and Financial Inclusion, an internationally recognized instrument that measures the three domains of financial literacy. The tool was contextualized to suit the cultural and educational backgrounds of the participants, with simplified wording and examples that ensured clarity and comprehension. Responses were recorded using a five-point Likert scale ranging from "Strongly Disagree" (1) to "Strongly Agree" (5). This allowed the study to quantify the levels of literacy across the three domains. The survey was conducted in partnership with the College of Public Administration and Management and the Political Science Department of Basilan State College. Before administration, the purpose of the study was explained to the participants, and informed consent was obtained. The respondents were assured that their participation was voluntary and that their responses would remain confidential. Surveys were administered in person, and the researchers provided clarification for any items that required further explanation. Each session took approximately 25 minutes per respondent.

III. RESULTS AND DISCUSSIONS

The study assessed the financial literacy of members of the Kud Pasangen School of Living Tradition in Barangay Binuangan, Isabela City, Basilan. Findings are presented across three domains: financial knowledge, financial behavior,

and financial attitudes, followed by an overall summary of domain performance and identification of key gaps.

TABLE 1. *Financial Knowledge of Respondents*

Statement	Mean
I understand how to create and manage a personal or household budget.	3.00
I know the difference between saving and investing.	3.00
I am aware of how interest works when saving or borrowing money.	1.50
I know what inflation is and how it affects the value of money.	2.00
I know that diversifying savings or investments can help reduce financial risks.	1.00
I can calculate simple interest or understand loan repayment terms.	1.00
I understand the risks and benefits of borrowing money.	3.50
I know how to use basic financial services (e.g., bank, e-wallet, remittance center).	2.50
Average Mean	2.31

Table 1 shows that respondents had a low level of financial knowledge (M = 2.31). While participants demonstrated awareness of basic financial concepts such as budgeting (M = 3.00) and borrowing risks (M = 3.50), they struggled with more technical aspects like interest calculation (M = 1.00), diversification (M = 1.00), and inflation (M = 2.00). These results mirror findings of Lusardi and Mitchell (2011), who noted that computational financial literacy is often weakest among grassroots communities. The lack of technical knowledge can limit informed financial decision-making and increase vulnerability to unfavorable financial practices.

TABLE 2. *Financial Behavior of Respondents*

Statement	Mean
I believe it is important to plan for long-term financial needs.	4.00
I feel confident in making financial decisions on my own.	2.50
I believe in saving regularly even if the amount is small.	4.00
I think it is better to save for the future than to spend money right away.	4.00
I feel that talking about money and finances is important in the family/community.	4.00
I believe borrowing money without a clear plan to repay is risky and should be avoided.	4.00
I am willing to learn more about managing my personal finances.	4.00
I trust financial institutions (e.g., banks, cooperatives) to keep my money safe.	2.00
Average Mean	3.56

The results in Table 2 indicate that respondents' financial behavior was at a low-to-moderate level (M = 2.44). Positive practices were observed in expense monitoring (M = 3.00) and price comparison (M = 3.50). However, critical gaps emerged in emergency savings (M = 1.50), regular saving (M = 2.00), and paying bills on time (M = 2.00). This finding is consistent with the BSP (2019) report that many Filipinos, while aware of the importance of saving, rarely practice it consistently. The inconsistency suggests that behavioral change lags behind awareness, likely influenced by limited income or reliance on informal credit systems (Allen et al., 2016).

As shown in Table 3, respondents exhibited high financial attitudes (M = 3.56). Strong beliefs were expressed in long-term financial planning, saving regularly, and willingness to learn (M = 4.00 across several items). However, confidence in personal decision-making (M = 2.50) and trust in financial institutions (M = 2.00) were low. This suggests that while

participants recognize the value of financial responsibility, they remain cautious about applying it, especially when engaging with formal financial systems. According to Atkinson and Messy (2012), strong attitudes form a foundation for financial literacy interventions, but without technical knowledge and behavior change, they may not translate into improved financial outcomes.

TABLE 3. Financial Attitudes of Respondents

Category	Indicator	M	Interpretation
Highest	I believe it is important to plan for long-term financial needs.	4.00	Strongly Agree
	I believe in saving regularly even if the amount is small.	4.00	Strongly Agree
	I think it is better to save for the future than to spend money right away.	4.00	Strongly Agree
	I feel that talking about money and finances is important in the family/community.	4.00	Strongly Agree
	I am willing to learn more about managing my personal finances.	4.00	Strongly Agree
Lowest	I can calculate simple interest or understand loan repayment terms.	1.00	Strongly Disagree
	I know that diversifying savings or investments can help reduce financial risks.	1.00	Strongly Disagree
	I set aside money for emergencies or unexpected events.	1.50	Disagree
	I am aware of how interest works when saving or borrowing money.	1.50	Disagree

TABLE 4. Highest and Lowest Rated Indicators of Financial Literacy

Domain	Indicators	Average Mean	Interpretation
Financial Attitudes	Planning long-term finances, saving regularly, importance of money talks, willingness to learn, borrowing risks.	3.56	High
Financial Behavior	Monitoring income/expenses, budgeting before purchases, saving for emergencies, comparing prices, paying bills.	2.44	Low-Moderate
Financial Knowledge	Budgeting, difference between saving & investing, interest & inflation, diversification, loan terms.	2.31	Low

Table 4 highlights the disparity across domains. Respondents scored highest in attitudes (M = 3.56), followed by behavior (M = 2.44) and knowledge (M = 2.31). The results show that while participants are positively inclined toward financial management, their practices and knowledge are underdeveloped. This finding aligns with Xiao and O'Neill (2016), who argued that strong financial attitudes can serve as entry points for financial literacy interventions but must be complemented by skill-based training to yield behavioral improvements.

Table 5 consolidates the critical gaps in financial literacy. The weakest areas were technical knowledge and financial discipline, where mean scores ranged from 1.80 to 2.40. Respondents also reported low trust in financial institutions, suggesting a reliance on informal systems. Interestingly, while they recognized borrowing as risky (M = 3.10), they lacked

the technical capacity to compute loan terms, underscoring a mismatch between awareness and application. This echoes findings by Lusardi and Tufano (2015), who argued that limited numeracy prevents individuals from making informed credit-related decisions. Addressing these gaps requires targeted financial education focusing on practical computations, saving mechanisms, and institutional trust-building.

TABLE 5. Summary of Key Gaps and Related Indicators

Gap Area	Weak Indicators	Description
Technical Knowledge	Calculating simple interest/loan terms (M = 1.80)	Respondents lack mastery of financial concepts that require computation and deeper analysis.
	Diversifying savings/investments (M = 1.90)	
Financial Discipline	Understanding inflation (M = 2.10)	Habits of saving, timely payments, and controlled borrowing are not consistently practiced.
	Awareness of interest in savings/borrowing (M = 2.20)	
	Setting aside money for emergencies (M = 2.10)	
Trust in Institutions	Paying bills/obligations on time (M = 2.30)	Respondents show hesitation toward banks and cooperatives, likely preferring informal financial systems.
	Avoiding borrowing unless necessary (M = 2.40)	
Application of Knowledge	Confidence in financial institutions (banks/cooperatives) (M = 2.30)	Respondents recognize risks conceptually but cannot fully apply technical computations in real situations.

IV. CONCLUSIONS AND RECOMMENDATIONS

The results of this inquiry revealed that the members of the Kud Pasangen School of Living Tradition in Barangay Binuangan, Isabela City, Basilan, exhibit an uneven and fragmented profile of financial literacy. While their financial attitudes registered at a high level, reflecting deeply held convictions regarding the importance of saving, forward planning, and financial responsibility, their knowledge and behavioral scores remained at low and low-to-moderate levels, respectively. This divergence suggests a disjunction between belief and practice: participants possess the appropriate mindset and express a willingness to learn, yet they lack the technical capacity and disciplined habits necessary to transform these attitudes into consistent financial practices. The study further highlighted distinct weaknesses in technical financial knowledge. Respondents demonstrated difficulty in understanding fundamental concepts such as interest rates, inflation, and diversification, all of which are indispensable for informed decision-making. Equally concerning were the gaps in financial discipline, most notably the irregularity of saving practices, insufficient preparation for emergencies, and inconsistent fulfillment of financial obligations. Moreover, respondents expressed a notable lack of trust in formal financial institutions, with many exhibiting hesitations to engage with banks and cooperatives, suggesting a reliance on informal financial mechanisms that may expose them to

greater risks. These findings resonate with broader national and international studies which underscore that while communities often recognize the value of prudent financial management, this recognition seldom translates into tangible behaviors, thereby undermining long-term financial resilience.

In light of these findings, there emerges an imperative for targeted interventions that address both technical and behavioral dimensions of financial literacy. Structured capacity-building programs must be designed to strengthen participants' understanding of core financial principles such as budgeting, interest computation, and risk diversification. Beyond knowledge, there is a pressing need to reinforce habits of regular saving, timely payment of obligations, and disciplined expenditure. Such habits may be nurtured through the establishment of community-based savings schemes or cooperative-led financial programs, where collective accountability reinforces individual discipline. Equally vital is the restoration of trust in formal financial institutions. This can be achieved through carefully designed financial inclusion campaigns, community exposure activities, and partnerships with local banks and cooperatives that showcase the security, accessibility, and long-term benefits of formal financial services. Integrating financial literacy into the operational framework of community-based tourism associations offers another strategic pathway. Embedding financial education in their cultural and economic initiatives, associations can ensure that revenues from tourism are managed wisely and reinvested in sustainable projects that support both the community's economic and cultural vitality. The involvement of youth in financial literacy initiatives should also be prioritized. Engaging younger generations in the community can cultivate intergenerational responsibility and resilience, laying the groundwork for sustainable practices that endure beyond the present. Finally, local government units, non-government organizations, and academic institutions are encouraged to integrate financial literacy into their broader development strategies. Future research may complement this work by exploring the socio-cultural dimensions of financial behavior and institutional trust in rural contexts, providing richer insights into the dynamics that shape financial decision-

making. Hence, this study affirms that while respondents possess the right mindset toward financial management, they require strengthened technical knowledge and the cultivation of consistent habits to achieve genuine financial stability. Through behavioral reinforcement, and institutional trust-building, the community can be empowered to convert positive attitudes into sustainable practices. In so doing, they may secure both personal well-being and collective progress, ensuring that financial literacy becomes not merely an individual competency but a shared foundation for inclusive and resilient community development.

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