

Financial Literacy and Borrowing Practices of School-based Multi-purpose Cooperative Members in Bacolod City

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Introduction. Financial literacy is the possession of knowledge and a basic understanding of personal financial matters in terms of borrowing, saving, and investment effectively for a lifetime financial security. Its concept plays an essential role, especially to those who engage in borrowings. This study aimed to assess the level of financial literacy and borrowing practices of school-based multi-purpose cooperative members in terms of employment designation, amount of capital stock, and the number of dependents. Specifically, it determined if there is a significant difference in the level of financial literacy and borrowing practices of multi-purpose cooperative members when grouped according to the variables.

Methods. A descriptive-comparative research design was used to assess the level of financial literacy and borrowing practices of school-based-multipurpose cooperative members. A total of 155 cooperative members participated in the study. A validated and reliability-tested researcher-made survey questionnaire was used to collect the data. Mean, Standard Deviation frequency count, percentage distribution, t-test, Analysis of Variance (ANOVA), and Chi-square test were used to analyze the data.

Results. The findings on the level of financial literacy revealed that school-based multi-purpose cooperative members have a neutral level of financial knowledge and skills in personal financial matters in terms of borrowing, saving, and investment. Moreover, no significant difference was found when the level of financial literacy was viewed according to employment designation. Meanwhile, there was a significant difference in the level of financial literacy when it was viewed according to the amount of capital shares and the number of dependents. Furthermore, the assessed borrowing practices of the members revealed that there is a significant difference when it is viewed according to demographics, and respondents portrayed many adverse borrowing attributes. With their average level of financial knowledge, it appears that respondents are actively engaged in borrowings of money and fund assistance from the school-based multi-purpose cooperative. Moreover, their loan availment from the cooperative organization is supported by different purposes for borrowing. It was also found that some members lack discipline in managing their loans, for they engage in habitual borrowing practice wherein most of the availed loans are offered with easy credit requirements and guided by facile credit policies. Moreover, members are also actively obtaining loan restructuring, which provides them with a temporary loan relief but exposes them to new default risks in the future. With the application of the negative borrowing practices, some members have faced the consequences by earning a net salary below or within P5000 and by being not fully confident and comfortable about having loans. Despite the negative borrowing practices, members still illustrated an appreciable borrowing practice by being mindful of their current financial situation in which curiosity about their financial status will help inculcate positive financial attributes.

Conclusion. Based on the findings of the study, there is a need for enhancement in the members' financial skills and capabilities. It is believed that financial literacy plays a vital role in shaping the right financial behavior. This means that high financial literacy may result in better saving skills, improved investment decision making, and responsible borrowing. Meanwhile, a low literacy level may have an adverse consequence, such as a member resulting in over-indebtedness, health and mental problems, decreased workplace productivity, and others. To achieve the desired financial output from the current situation, school-based multi-purpose cooperative members may effectively utilize their

financial resources. Therefore, the ability to manage their loans and improve their financial being may be acquired through financial literacy and responsible borrowing practices.

Practical Value of the Paper. The findings of the study provided baseline information in designing a financial literacy program for the members of the school-based multi-purpose cooperative. This program aims to enhance the level of financial literacy and guide the school-based multi-purpose cooperative members to apply responsible borrowing practices.

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