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A Study on Financial Literacy and Financial Behavior of Young Professionals in Metro Manila

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***Abstract*: Understanding the determinants of financial behavior and financial literacy affects people in many different aspects and the understanding of them may help in leading towards better lives. Due to this, a study was conducted on young professionals residing within the Metro Manila area in order to assess their financial literacy and financial behavior through the utilization of a survey-questionnaire developed by the researchers. This study aims to determine the direction and the strength of the relationship that exists between financial literacy and financial behavior amongst the sample population. The regression concludes that financial literacy has a significant influence on financial development and financial well-being. Moreover, capability and utilization of money are two determinants that influence financial literacy of young professionals. There is no significant influence of utilization of money found on financial literacy.**

***Keywords*: Financial literacy, young professionals, financial behavior, financial development, financial satisfaction, financial well-being.**

1. Introduction

In 2016, Standard & Poor's (S&P) Ratings Services conducted a financial literacy survey and the results showed that only 25% of Filipinos are financially literate. Moreover, in a global aspect, only thirty-one percent (31%) of the adults showed an understanding of basic financial concepts. Many economic decisions require basic knowledge regarding financial concepts as better financial literacy equates to better financial decision-making. Nevertheless, research on financial literacy has increased during the past decade but scientists say that there is further need to explore the subject as appropriate training programs can be designed as a result of diagnosing individuals' financial deficiencies (Swiecka, Yeşildağ, Özen, & Grima, 2020).

An individual possessing good financial literacy will be smarter in managing finances to achieve prosperity, and to achieve this, changes in behavior are highly recommended so that individuals can have skills and confidence in using knowledge in identifying financial products and services (Dwiastanti, 2015). Nowadays, having knowledge about finance is necessary, especially in occasions where progressively complex financial products are easily accessible to a wide scope of the population (Kappler, Lusardi & Oudheusden, 2016). It has been given that there has been a large change in the nature of the financial market throughout the years and that people should also be able to adapt to the changes. According to Lusardi and Scheresberg (2013), financial literacy has high quantitative importance, as it accounts for a 20 percent reduction in borrowing money with compounding interest. And financial illiteracy comes at a high cost, as consumers who fail to understand the idea of the high cost of borrowing run up bigger debts and incur higher interest rates on loans (Lusardi and Tufano, 2015). Unfortunately, only 1-in-3 adults have an understanding of financial concepts and it shows higher results among the wealthy, well educated, and those who access financial services, however, billions of people are still unprepared with the rapid changes in the financial landscape (Kappler, Lusardi & Oudheusden, 2016).

Huston (2010) stated that financial literacy is a human capital component that can be used in financial activities to maximize lifetime utility from consumption. This means a financially literate person must possess the knowledge and the ability to apply the knowledge appropriately. Moreover, financial education can positively affect financial behavior and enhance well-being.

This study aims to determine the direction and the strength of the relationship that exists between financial literacy and financial behavior among the young professionals in Metro Manila. It focuses on promoting essential skills and concepts due to their significance and positive outcomes. The researchers try to bridge the gap between financially illiterate individuals to financially literate ones and know the effectiveness of their financial behavior. The researchers want to explore the relationship of financial literacy, capability, education, skills, utilization of money, and financial well-being with regards to an individual's financial behavior.

2. Literature

A. *Financial Literacy*

Literacy is referring to the ability of an individual that can read and write (Li, 2020). Financial literacy is the awareness,

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knowledge, skill, attitude, and behavior to make financial decisions in their interests, short and long term at its best (Garcia & Vila, 2020; Razen, Huber, Hueber, Kirchler & Stefan, 2020; Sohn, Joo, Grable, Lee & Kim, 2012). It is understood that this combination is necessary to sound financial decision-making and later on achieve individual financial well-being (Frączek & Klimontowicz, 2015). Several variables have been found to be linked to a persons' financial literacy and these factors include socio-demographic variables (Potrich, Vieira, & Kirch, 2018; Grohmann, Kouwenberg & Menkhoff, 2015). This includes the understanding of basic economic and financial concepts. Therefore, applying mathematical ability, financial instruments, and financial theory to manage resources effectively for the individuals' wellbeing (Garcia & Vila, 2020; Li, 2020). Having taken more math-related classes and academic performance in general is also related to higher knowledge of a person's financial situation. Although this is only limited to individuals who did not go to college (Grohmann, Kouwenberg & Menkhoff, 2015). Financial literacy is important to ensure that there will be sustainable development of individuals and the society (Swiecka, Yeşildağ, Özen, Grima, 2020; Hanson & Olson, 2018). Understanding financial literacy among young people is important for policymakers because it can aid those who wish to devise effective financial education programs targeted at young people (Sjam, 2015; Cameron, Calderwood, Cox, Lim & Yamaoka, 2014). Also, studies show that better education of parents leads to higher risk tolerance as parents actively influence their children to make better decisions and learn about finance by trying to instill good behaviors in them (Grohmann, Kouwenberg & Menkhoff, 2015). Financially literate individuals have a better understanding of the returns and risks of financial products and would most likely spend less. This helps individuals to make better investment decisions (Li, Li, & Wei, 2020). Kawamura et al. (2020) stated that individuals with low financial literacy are less likely to invest in stocks. Farida, Soesatyo, & Aji (2021) study opposed this claim by stating that financial literacy does not affect financial behavior, but financial technology affects both financial literacy and behavior of an individual.

Financial literacy is an important component of sound financial decision-making, and many young people wish they had more financial knowledge (Skagerlund, Lind, Strömbäck, Tinghög, & Västfjäll, 2018; Sjam, 2015). Also, money attitude reflects the individual's financial management level and financial well-being (Qamar, Nadeem Khemta, & Jamil, 2016). More importantly, financially literate individuals make fewer mistakes and are in better financial condition than those who are illiterate (Meier & Sprenger, 2013). Also, it must be noted that possessing knowledge does not always translate into proper financial behavior, besides financial knowledge, a significant role should be assigned to the environment in which the youth was brought up. (Swiecka, Yeşildağ, Özen & Grima, 2020).

B. Financial Behavior

Financial behavior is related to how people manage, treat, and utilize available financial resources. Individuals tend to be effective in money management such as budgeting, saving, spending, and investing (Dwiastanti, 2015; French & McKillop, 2014). Financial behavior may be underpinned into four dimensions, such as making ends meet, planning the future, choosing the right financial products, and keeping informed about relevant changes in the financial environment (Webley & Nyhus, 2013). People build a certain attitude regarding money with the help of experience they encounter, these experiences may come from adolescent experience, education, economic and societal status (Qamar, Nadeem Khemta & Jamil, 2016). Financial Education is significantly conducive to financial decision making (Katarachia & Konstantinidis, 2014). Young adults still in the process of developing their locus of control tend to be more impatient and exhibit marked present biases (Frisancho, 2019). Young individuals start to deal with monetary challenges during college and their financial behaviors will affect their future decisions when they start to handle their own finances. Also, it is evident that age and experience have a positive impact on an individual's financial behavior (Akben-Selcuk, 2015).

The development of financial skills is closely tied to economic concepts that percolate individuals' choices beyond those purely financial, such as getting a loan or choosing an optimal savings product (Frisancho, 2019). One major factor of having huge debts or bankruptcy is reckless spending or compulsive buying and having the pressure to live a luxurious lifestyle. Malaysians tend to place great importance on leisure time and spending their money as they wish (Ong, Lau & Zainudin, 2021; Lusardi & Tufano, 2015). Credit scores are used to determine the issuance of credit and credit interest rates, credit reports may be used by employers, landlords, and insurance companies in their decision making (Meier & Sprenger, 2013; Jappelli & Padula, 2013). The increasing trend of credit card usage and online shopping leads young adults to have higher spendings, heavier debt, and impulsive purchasing. This further encourages buying activities and since most online purchases are undertaken using credit cards, the debt level due to credit card transactions will increase, as well (Jamal, Ramlan, Karim, Mohidin & Osman 2015). This can be observed in fast-changing clothing consumption among young adults. Compulsive buying usually starts in late adolescence or early adulthood (Ong, Lau & Zainudin, 2021; Altman, 2012). High dependence on credit cards without deep planning leads to higher debt and how poor money management skills will put down young adults in terms of their financial situations (Arif, Juen, Rahim, Sabri, Mastura & Othman, 2013). The debt problem among young Malaysian adults is arguably caused by the lack of financial knowledge, overspending on unnecessary items or due to impulsive buying (Jamal, Ramlan, Karim, Mohidin & Osman 2015). While it is hard to put a monetary value on the value of financial sophistication there are numerous signs that financially sophisticated individuals make better saving choices, have lower default rates on financial products, and get better terms on credit contracts (Meier, & Sprenger, 2013). While examining financial literacy, it is necessary to discuss financial capability. That kind of capability is the result of the development of individuals' financial knowledge and skills (Frączek & Klimontowicz, 2015). Furthermore, financial literacy and financial behavior are also rooted in personal or societal circumstances and are not easily influenced by short-term training (Grohmann, Kouwenberg, & Menkhoff, 2015). On the other hand, Qamar et al. (2016) stated that money attitude has a significant positive effect on personal financial behavior and Bhushan and Puneet (2014) claimed that individuals who believed in the process of financial planning also reflect positive financial behavior as it is evident that individuals with higher financial knowledge believed in the process of financial planning.

According to Webley et al. (2013), financial capabilities vary by gender, age, education, and income level. These socio-demographics have a significant impact on the financial behaviors of an individual (Qamar, Nadeem Khemta, & Jamil, 2016). Also, according to Hsu et al. (2020), gender can be a factor towards attitudes and preferences in risk-taking. The study suggests that men are more likely to take risks than women. Furthermore, men have higher levels of financial literacy than women (Bottazzi & Lusardi, 2020; Agnew & Harrison, 2015; Kappler, Lusardi & Oudheusden, 2015). This gender gap is evident in adults (OECD, 2013; Atkinson & Messy, 2012; Lusardi, 2011) which are mentioned in the study of (Chambers, Asarta, Farley-Ripple, 2019). However, it seems that young women tend to have more conversations with their parents about money compared to young men, and therefore their financial attitude and behavior are more likely to be influenced by their parents. (Shim, Serido, Tang, & Card, 2015). It was proven that a student's financial literacy is correlated with all parental characteristics (Chambers, Asarta, Farley-Ripple, 2019). Although based on Akben-Selcuk (2015) claims, gender did not have a statistical significance over paying bills on time and saving for the future, female students with higher income and with positive attitudes toward credit were more likely to display risky credit card behaviors as male students are less likely to have a budget in place to control their finances. However, the financial behavior of an individual does not always depend on their financial knowledge (Kharchenko, 2011); it can also come from other factors such as psychological, emotional, and others (Dwiastanti, 2015). According to Grohmann (2015), the cause for people's poor literacy skills is the lack of understanding of financial concepts. Financial quantitative literacy can also explain an individual's financial behavior (Nye & Hillyard, 2013). The reasons for this might be from an individual's poor mathematical skills, family background, or poor education. People establish their attitude regarding their finances from childhood, people begin perceiving the attitudes initially by observing the people around them such as their parents and peers (Qamar, Nadeem Khemta, & Jamil, 2016). In addition to this, financial education from parents during childhood was proved to be positively associated with financial behavior in emerging adulthood (LeBaron, Holmes, Jorgensen, & Bean, 2020). According to Meier et al. (2013), financial information acquisition is positively correlated with time preference and it helps explain why some individuals remain financially illiterate despite the benefits of being financially literate. The study illustrates that individuals chose a huge amount of reward but will only receive it for a short period while the ones who joined chose a smaller amount of money but will receive it for a longer period which means that they'll earn more in the long run. In other words, financially patient individuals took the long-term investment while the latter only chose a short-term investment. Also, more exposure to formal financial or economic education positively affects the student's attitude towards finance (Shim, Serido, Tang, & Card, 2015; Calcagno & Monticone, 2013).

C. Young Professionals

Young professional is defined as someone who is within two years of graduation from a full-time Bachelors, Masters, or PhD program, may be employed full-time, and is under the age of 35 (IAEE, 2021). According to Webley et al. (2013), It is evident that saving is difficult for many children and young adults in particular. More financial risk is transferred to households so that they become more responsible for financial decisions as this pushes the youth to become more financially sophisticated in preparation for the challenges they will face as consumers. Youth is a very specific target group as they are in transition from financial dependence to financial independence (Frączek & Klimontowicz, 2015). Young people should be aware that financial matters are of varying complexity and require special attention and consideration when making financial decisions (Swiecka, Yeşildağ, Özen, & Grima, 2020). Young people often find themselves carrying large amounts of loans or credit card debt, and such early entanglement can hinder their ability to accumulate wealth (Sjam, 2015). Shim et al. (2015), States that achieving self-sufficiency is a critical developmental task during a period known as emerging adulthood (18-24). College students are emerging adults and that they are at a point in their lives where they start to manage their own money without parental supervision (Akben-Selcuk, 2015). Financial independence is a key characteristic in a successful transition to adulthood. Childhood experiences may at least explain why it is difficult to train and improve adults' financial literacy in specialized courses, financial literacy and financial behavior may be rooted in a persons' personality (Grohmann, Kouwenberg, & Menkhoff, 2015). In order for young people to become financially literate materials should not be limited to printed materials but also a more structural approach must be used when teaching it (Jamal, Ramlan, Karim, Mohidin & Osman, 2015). Nevertheless, young people are important because they are future parents, decision-makers, entrepreneurs, and leaders of the future (Ong, Lau & Zainudin, 2021). The earlier that financial literacy is acquired then the greater benefit they will acquire for their development (Swiecka, Yeşildağ, & ÖzenGrima, 2020). According to Zsótér and Németh (2017), there are three stereotypes of individuals. First, the conservatives who have the lowest average income among the three and have a more dismissive attitude when it comes to loans to avoid debt. They also keep their savings at home or use short-term solutions. Second, the rebels who are carefree students who live in the moment rather than focusing on the future. Rebels are mostly dependent on their parents but unlike the conservatives, they are less anxious about their finances which means they are more open-minded and more willing to take risks. Third, the experienced who have the highest average age and income.

Although financial behavior may be influenced by a variety of demographics, many studies show that financial literacy and financial behavior are correlated. Financial literacy is understood as a combination of awareness, knowledge, skill, attitude, and behavior, necessary to sound financial decision-making and later on achieve individual financial well-being (Frączek & Klimontowicz, 2015). Financial behavior is related to how people manage, treat, and utilize available financial resources (Dwiastanti, 2015; French & McKillop, 2014). These recent studies provide data discussing why financial literacy is important and how it affects the attitude of young adults regarding their finances. Also, it must be noted that possessing knowledge does not always translate into proper financial behavior, besides financial knowledge, a significant role should be assigned to the environment in which the youth is brought up (Swiecka, Yeşildağ, Özen & Grima, 2020).

D. *Financial Development*

Financial development, through monetary channels, positively affects well-being (Pham, Talavera, & Zhang, 2018). Personal financial management helps us to manage the finance of our home which includes budgeting, saving, investing, debt management and other aspects related to personal money whereby an individual can achieve personal goals. Financial development is related to financial planning as it is an evolving plan that changes as we grow in our career path and move on in our life stages. Financial management helps us to create a comfortable life with an assurance of a secured future and freedom to spend money to keep us happy. (Munohsamy, 2015). Better financial development eases external financial constraints facing firms, which illuminates one mechanism through which financial development influences economic growth (Sharma & Keshob, 2016). Taking charge of planning and managing our finances and putting it into implementation is very important for every individual. We must know how to take control of our money (Munohsamy, 2015). Private credit is the most relied variable to represent financial intermediary development. Many people are concerned that the upper income group and the privileged class can significantly benefit from financial development (Zhang & Ruixin, 2014).

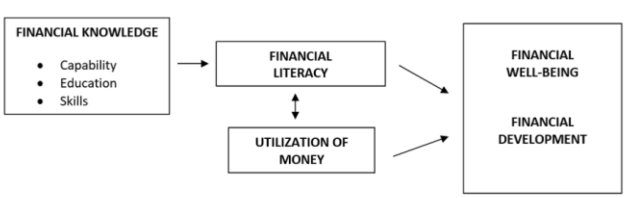


Fig. 1. Conceptual framework

3. Research Method

A. *Study Design*

The study utilized a correlational research design. Correlational study is a quantitative method of research which involves two or more quantitative variables that came from the same group of participants and the researchers are to determine the presence or absence of the relationship (Waters, 2017). The variables in this study were financial behavior and financial literacy among young professionals in Metro-Manila.

B. *Subjects*

Purposive sampling was utilized among young professionals in Metro-Manila. Crossman (2020) stated that a purposive sampling method is a non-probability sample that is chosen according to the characteristics of a population and the objectives of the study. A non-probability sampling is based on judgment where elements have an unequal chance of being chosen. A total of 230 young professionals, employed full-time, are below age 35, and reside in Metro-manila, were selected as they are suitable for obtaining the objective of the study.

C. *Study Site*

Metro-manila include sixteen administrative cities which is Manila, Marikina, Pasig, Quezon, San Juan, Mandaluyong, Muntinlupa, Navotas, Paranaque, Pasay, Pateros, Taguig, and Valenzuela city. The choice of location was influenced by the significant demographics in this region. Also, it includes a population of 11.5 million and a growth rate of 2.25 percent. This population growth comes from the influx of large numbers of domestic migrants in search of employment and better income opportunities. (Roderos, 2013). Furthermore, the urban region contributes a disproportionate amount of 33 percent to the national economy (Roderos, 2013).

D. *Research Instrument*

The researchers developed a survey questionnaire that measures the awareness in financial literacy, capability, education, skills, financial well-being, and financial development with regards to financial behavior of the young professionals. Participants were asked to answer 53-item questions that are related to general financial concepts. All questions are answerable by a likert scale ranges 1 (strongly disagree) to 6 (strongly agree). The survey was divided into six parts. Financial literacy consists of twenty-five-point Likert scale questions aim to assess respondents' awareness on different financial concepts. Capability consists of seven five-point Likert scale questions about respondents' financial activities. Financial development consists of seven five-point Likert scale questions covering respondents' financial spending. Financial well-being consists of five five-point Likert scale questions about their financial satisfaction. Skills consist of seven five-point Likert scale questions about their saving and spending activities. And utilization of money consists of eleven five-point Likert scale questions about respondents' investment of financial resources.

E. *Data Collection Procedure*

A total of 230 questionnaires were disseminated online to sixteen cities; questionnaires for each city will be based on the city's population count. The target respondents are all below age 35. Respondents will be randomly selected, based on the requirement for the study, from each city. The researchers disseminated the survey through google survey. Each respondent was assured that their personal data will remain confidential and will be used exclusively for the development of the study. The data that were gathered were tallied to perform the statistics needed for the computation of the study.

F. Data Analysis

The data were analyzed using Microsoft Excel and Gretl software, latest version. This equation will determine the relationship of Financial literacy, Capability, Financial development, Financial well-being, Skills, and Utilization of money. The equation will show which variables are correlated with financial literacy.

Equation 1 will determine the relationship of Capabilities and Skills on financial literacy. Equation 2 will determine the relationship of Utilization of money on Financial literacy. Equation 3 will determine the relationship of Financial literacy on Utilization of money. Equation 4 will determine the relationship of Financial literacy on Financial well-being. Equation 5 will determine the relationship of Financial literacy on Financial development. Equation 6 will determine the relationship of Utilization of money on Financial well-being. And equation 7 will determine the relationship of Utilization of money on Financial development.

$$Financial\ Literacy = \beta_0 + \beta_1 Capabilities\ \beta_2 Skills + e \quad \text{(eq. 1)}$$

$$Financial\ Literacy = \beta_0 + \beta_1 Utilization\ of\ money + e \quad \text{(eq. 2)}$$

$$Utilization\ of\ money = \beta_0 + \beta_1 Financial\ Literacy + e \quad \text{(eq. 3)}$$

$$Financial\ well - being = \beta_0 + \beta_1 Financial\ Literacy + e \quad \text{(eq. 4)}$$

$$Financial\ Development = \beta_0 + \beta_1 Financial\ Literacy + e \quad \text{(eq. 5)}$$

$$Financial\ well - being = \beta_0 + \beta_1 Utilization\ of\ money + e \quad \text{(eq. 6)}$$

$$Financial\ Development = \beta_0 + \beta_1 Utilization\ of\ money + e \quad \text{(eq. 7)}$$

4. Result and Discussion

A. Reliability Test

The Cronbach's Alpha at a score of 0.903 (ideal is 0.6 to 0.9) indicates that based on fifty-three items on the survey questionnaire, there is a poor level of consistency for the set of questions used for this study's survey. The researchers also conclude that removal of any of the questions from the questionnaire does not result in the survey to be unreliable.

Table 1
Reliability statistics

Cronbach's Alpha	Number of items
0.903	53

B. Correlation Analysis

This section is about the presentation of the gathered data as well as the analysis and interpretation. The data gathered were utilized to address the statement of the problem.

Among the 240 young professional's respondents in Metro Manila, it was determined that 46.7 percent of the sample was male and the other 53.3 percent was female. Majority of the respondents were 21-year-old with 14.6 percent followed by 23 and 27-year old with 10.8 percent while 35-year old was the least with 0.4 percent. As for the marital status of the respondents, it was shown that the majority was single with 87.5 percent and the remaining 12.5 percent was married. Furthermore, most respondents have 0 dependents with 47.5 percent while 8 dependents were the least with 0.4 percent.

The coefficient of capability and skills are statistically significant at the 0.05 significance level. This is consistent with the conclusion of the study of Potrich, Vieira, & Kirch (2018) that socio-demographics of an individual plays an important role in their financial literacy.

Table 2

	Age	**Capability**	**Financial Literacy**	**Financial Development**	**Financial Well Being**	**Skills**	**Utilization of Money**
Mean	25.43460	5.004167	4.754167	4.942763	5.120833	4.791071	2.813258
Median	25.00000	5.142857	4.875	5.000000	5.000000	2.857143	2.545455
Maximum	42.00000	6.000000	6.000000	6.000000	6.000000	6.000000	6.000000
Minimum	19.00000	2.714286	1.000000	3.000000	2.600000	1.428571	1.000000
Std. Dev	4.121171	0.738837	1.069491	0.644163	0.800773	0.930129	1.103551
Skewness	1.086866	-0.440278	-0.64805	-0.50185	-0.800758	-0.771237	0.754043
Kurtosis	4.365699	2.525419	2.890963	2.861914	3.040632	3.683716	2.855706
Jarque-Bera	65.07866	10.006040	16.91759	10.26481	25.66507	28.46696	22.95144
Probability	0.000000	0.006718	0.000212	0.005902	0.000003	0.000001	0.000010
Sum	6028.00000	1201.000	1141.000	1186.263	1229.000	1149.857	675.1818
Sum Sq. Dev.	4008.23600	130.465200	273.3708	99.1722	153.2558	206.7686	291.0603
Observation	237	240	240	240	240	240	240

Table 3

Dependent Variable:	**Financial Literacy**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	2.730316	0.252892	10.79637	0.0000
CAPABILITY	0.241858	0.058797	4.113433	0.0001
SKILLS	0.20917	0.046705	4.478553	0.0000
R-squared	0.262311	Durbin-Watson stat	1.965634	
Adjusted R-squared	0.256086			
F-statistics	42.13681			
Prob(F-statistic)	0.000000			

Series: Residuals
Sample 1 240
Observations 240

Mean	-5.92
Median	0.02
Maximum	1.52
Minimum	-1.63
Std. Dev.	0.55
Skewness	-0.22
Kurtosis	3.13
Jarque-Bera	2.16

The coefficient of Utilization of money is significant at the 0.05 significance level with the dependent variable Financial Literacy. Significant level with 0.000 which is below 0.05 (0.000<0.05) this would suggest that the hypothesis (H2) is accepted. Utilization of money have a positive influence on financial literacy.

Series: Residuals
Sample 1 240
Observations 240

Mean	1.32
Median	0.12
Maximum	1.34
Minimum	-1.99
Std. Dev.	0.58
Skewness	-0.62
Kurtosis	3.59
Jarque-Bera	19.38

The coefficient of Financial Literacy is significant at the 0.05 significance level with dependent variable Utilization of Money. Significant level of Financial Literacy with 0.1498 which is above 0.05 (0.1498>0.05) this would suggest that the hypothesis (H3) is rejected. Financial literacy has no positive influence on money utilization.

Table 4

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	0.071305		Prob. F (1,236)	0.7897
Obs*R-Squared	0.072491		Prob. Chi-Square (1)	0.7877
Heteroskedasticity Test: ARCH				
F-Statistic	0.909312		Prob. F (1,237)	0.3413
Obs*R-Squared	0.913481		Prob. Chi-Square (1)	0.3392

Table 5

Dependent Variable:	**Financial Literacy**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	4.256284	0.103842	40.98793	0.0000
Utilization of Money	0.244016	0.034372	7.099227	0.0000
R-squared	0.174755	Durbin-Watson stat	1.752846	
Adjusted R-squared	0.171287			
F-statistics	50.39903			
Prob (F-statistic)	0.000000			

Table 6

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	3.676018		Prob. F (1,236)	0.0564
Obs*R-Squared	3.665693		Prob. Chi-Square (1)	0.0555
Heteroskedasticity Test: ARCH				
F-Statistic	1.805656		Prob. F (1,237)	0.1803
Obs*R-Squared	1.807125		Prob. Chi-Square (1)	0.1789

Table 7

Dependent Variable:	**Utilization of Money**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	-0.726557	0.502819	-1.444968	0.1498
Financial Literacy	0.716161	0.100879	7.099227	0.0000
R-squared	0.174755	Durbin-Watson stat	1.911190	
Adjusted R-squared	0.171287			
F-statistics	50.39903			
Prob (F-statistic)	0.000000			

Series: Residuals
Sample 1 240
Observations 240

Mean	-3.79
Median	-0.19
Maximum	2.80
Minimum	-2.00
Std. Dev.	1.00
Skewness	0.53
Kurtosis	2.64
Jarque-Bera	12.5

The linear regression that was used for this study shows that correlation coefficient is at 4.26 percent with coefficient determination (R-squared) of 17.5 percent and Adjusted R-squared at 17.1 percent. This indicates that utilization of money is weak in predicting the financial literacy variable. The Durbin-Watson test for auto-correlation results that the value of the model is at 1.75 (in between the values of 1.5 and 2.5) which indicates that first order linear auto-correlation was not found. Since the coefficient of utilization of money is statistically significant at the 0.05 significance level. It is evident to conclude that utilization of money is not enough to predict one's financial literacy (Swiecka, Yeşildağ, Özen & Grima, 2020). Financial literacy on the other hand, does not influence one's financial utilization. The correlation coefficient is at -7.27 percent with coefficient determination (r-squared) of 17.4 percent, this indicates that financial literacy is weak in predicting one's money utilization.

The coefficient of Financial Literacy is significant at the 0.05 significance level with the dependent variable of Financial Well Being. Significant level of Utilization of Money with 0.000 which is below 0.05 (0.000<0.05) this would suggest that the hypothesis (H4) is accepted. Utilization of money has a positive influence on financial well-being.

Series: Residuals
Sample 1 240
Observations 240

Mean	-4.63
Median	0.17
Maximum	1.57
Minimum	-2.39
Std. Dev.	0.69
Skewness	-0.66
Kurtosis	3.18
Jarque-Bera	18.2

Table 8

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	0.440113		Prob. F (1,236)	0.5077
Obs*R-Squared	0.444858		Prob. Chi-Square (1)	0.5048
Heteroskedasticity Test: ARCH				
F-Statistic	0.182655		Prob. F (1,237)	0.6695
Obs*R-Squared	0.184044		Prob. Chi-Square (1)	0.6679

Table 9

Dependent Variable:	**Financial Well Being**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	2.00782	0.346278	5.798298	0.0000
Financial Literacy	0.629812	0.069472	9.065645	0.0000
R-squared	0.174755	Durbin-Watson stat	1.911190	
Adjusted R-squared	0.171287			
F-statistics	50.39903			
Prob (F-statistic)	0.000000			

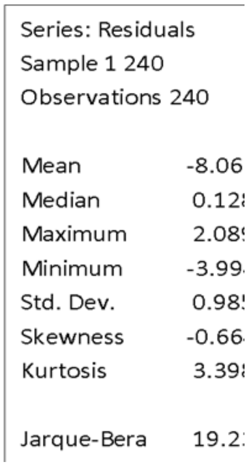
Table 10

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	0.229956		Prob. F (1,236)	0.632
Obs*R-Squared	0.23641		Prob. Chi-Square (1)	0.6296
Heteroskedasticity Test: ARCH				
F-Statistic	0.22929		Prob. F (1,237)	0.6325
Obs*R-Squared	0.232641		Prob. Chi-Square (1)	0.6308

Table 11

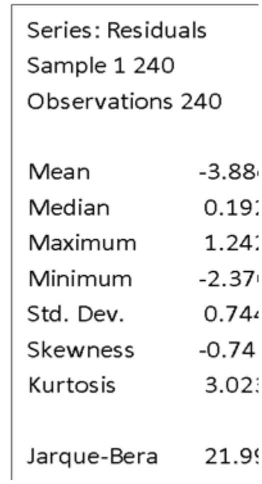
Dependent Variable:	**Financial Development**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	1.574656	0.494521	3.184203	0.0016
Financial Literacy	0.643266	0.099214	6.483615	0.0000
R-squared	0.150113	Durbin-Watson stat	1.687180	
Adjusted R-squared	0.146542			
F-statistics	42.03727			
Prob (F-statistic)	0.000000			

The coefficient of financial development is statistically significant at the 0.05 significance level. This is consistent with the claims of (H5) that financial literacy has a positive influence with financial development.


Series: Residuals
Sample 1 240
Observations 240

Mean	-8.06
Median	0.12
Maximum	2.08
Minimum	-3.99
Std. Dev.	0.98
Skewness	-0.66
Kurtosis	3.39
Jarque-Bera	19.2

The coefficient of Utilization of money is significant at the 0.05 significance level with the dependent variable of Financial Well Being. Significant level of Utilization of Money with 0.000 which is below 0.05 (0.000<0.05) this would suggest that the hypothesis (H6) is accepted. Utilization of money has a positive influence on financial well-being.


Series: Residuals
Sample 1 240
Observations 240

Mean	-3.88
Median	0.19
Maximum	1.24
Minimum	-2.37
Std. Dev.	0.74
Skewness	-0.74
Kurtosis	3.02
Jarque-Bera	21.9

The coefficient of Utilization of money is significant at the 0.05 significance level with the dependent variable of Financial development. Significant level of Utilization of Money with 0.000 which is below 0.05 (0.000<0.05) this would suggest that the hypothesis (H7) is accepted. Utilization of money has positive influence on financial development.

Table 12

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	5.790714		Prob. F (1,236)	0.0169
Obs*R-Squared	5.724154		Prob. Chi-Square (1)	0.0167
Heteroskedasticity Test: ARCH				
F-Statistic	0.403076		Prob. F (1,237)	0.5261
Obs*R-Squared	0.405788		Prob. Chi-Square (1)	0.5241

Table 13

Dependent Variable:	**Financial Well Being**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	4.367649	0.132075	33.06942	0.0000
Utilization of Money	0.267727	0.043717	6.124049	0.0000
R-squared	0.136129	Durbin-Watson stat	1.808018	
Adjusted R-squared	0.132499			
F-statistics	37.50397			
Prob (F-statistic)	0.000000			

Table 14

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	2.108847		Prob. F (1,236)	0.1478
Obs*R-Squared	2.116707		Prob. Chi-Square (1)	0.1457
Heteroskedasticity Test: ARCH				
F-Statistic	1.167278		Prob. F (1,237)	0.2811
Obs*R-Squared	1.171359		Prob. Chi-Square (1)	0.2791

Table 15

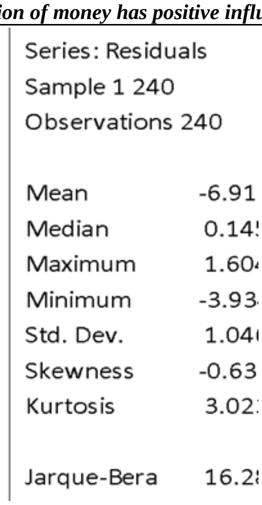
Dependent Variable:	**Financial Development**			
Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	4.197691	0.185791	22.59364	0.0000
Utilization of Money	0.197805	0.061497	3.216477	0.0015
R-squared	0.041659	Prob(F-statistic)	0.001478	
Adjusted R-squared	0.037632	Durbin-Watson stat	1.667146	
F-statistics	10.34572			

Table 16

Breusch-Godfrey Serial Correlation LM TEST				
Null hypothesis: No real correlation at up to 1 lag				
F-statistic	6.665179		Prob. F (1,236)	0.0104
Obs*R-Squared	6.564922		Prob. Chi-Square (1)	0.0104
Heteroskedasticity Test: ARCH				
F-Statistic	0.220458		Prob. F (1,237)	0.6391
Obs*R-Squared	0.222111		Prob. Chi-Square (1)	0.6374

Table 17

HYPOTHESIS	SIGNIFICANCE LEVEL (< 0.05)	DECISION
H1*: *Capability, education, and skills have positive influence on financial literacy	0.0000	**Accept**
H2*: *Utilization of money has positive influence on financial literacy	0.0000	**Accept**
H3: Financial literacy has positive influence on money utilization	0.1498	Reject
H4: Financial literacy has positive influence on financial well-being	0.0000	**Accept**
H5: Financial literacy has positive influence on financial development	0.0016	**Accept**
H6: Utilization of money has positive influence on financial well-being	0.0000	**Accept**
H7: Utilization of money has positive influence on financial development	0.0000	**Accept**



Series: Residuals
Sample 1 240
Observations 240

Mean	-6.91
Median	0.14
Maximum	1.60
Minimum	-3.93
Std. Dev.	1.04
Skewness	-0.63
Kurtosis	3.02
Jarque-Bera	16.2

C. Regression Analysis

Hypothesis with significance score (p) less than or equal to 0.05 will be accepted in this study, as it shows a significant impact on the dependent variable. Hence, it is evident to conclude that hypothesis on utilization of money (H2, H6, & H7), financial literacy (H3 & H5) has positive impact on financial literacy, development, financial well-being, and financial development. All independent variables indicate a positive impact on their dependent variable and show acceptable confidence level.

5. Conclusion

A quantitative correlational study was conducted in order to determine the existence of a significant relationship between financial literacy and financial behavior of 240 young professionals residing in the Metromanila area. It utilized a survey-questionnaire with six parts namely financial literacy, capability, financial development, financial well-being, skills, and utilization of money.

This paper investigates the correlation of many variables that test if there is a positive relationship between two variables of each hypothesis. Due to the rise of young professionals working in Metro Manila, many of them are capable of earning money. The researchers tested seven different hypotheses. Only one out of seven got rejected because of the significance level of Financial Literacy with its dependent variable of Money Utilization with a significance score above 0.05. This pertains to the third hypothesis that Financial Literacy has a positive influence on money utilization. This concludes that hypothesis three is rejected. The rest of the hypotheses have a positive relationship between variables. This shows that young professionals in Metro Manila are financial literate, but cannot utilize their earnings well enough.

Ensuring that young professionals acquire the basics of finance management skills is absolutely critical to making smarter financial decisions. The government must embed financial concepts in education programs to help people understand the basic financial principles. Financial programs should not be limited to the people at the upper class as we must promote equal opportunities to everyone. Learning the basics of financial management will be the building block of a person's good financial behavior as financial literacy will reflect young professionals to financial behavior and emotional ability on making sound financial decisions effectively and efficiently. The financial development of the individuals in the country is a factor for economic growth for developing countries.

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