

# Financial Behavior Relative to Financial Literacy and Financial Capability of Business Graduate Students

Joseph Elmer G. Noval<sup>1</sup>, Ma. Preciosa B. Cedeño<sup>1</sup>, Noime Marie M. Cañete<sup>2</sup>, Bryan L. Catulong<sup>2</sup>,  
Ritchlie May P. Cona<sup>2</sup>, Jessa E. Horcerada<sup>2</sup>, Ameril B. Maluag<sup>2</sup>, Rhianar Nicole E. Ubando<sup>2</sup>

Faculty, College of Accounting and Business Education, University of the Immaculate Conception

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## ABSTRACT

Many individuals are unable to get optimal use of available funds and find it difficult to deal with economic situation due to inability to manage financial behavior. This study was conducted to determine whether financial literacy and financial capability influences financial behavior of business graduate students. A descriptive-correlational research design was used, and the survey covered 100 students enrolled in school-year 2022-2023 in the higher education institution who were chosen using purposive sampling. A descriptive-correlational research design was used in this study with 100 respondents from the business graduate students enrolled in school-year 2022-2023 in the higher education institution who were chosen using purposive sampling. Mean, Standard Deviation, Pearson r, and Regression analysis were used to analyze the data. Results revealed that both financial literacy and financial capability are evident while financial behavior is favorable. The result also showed that there is significant relationship between financial literacy and financial behavior. Also, the result revealed that there is a significant relationship between financial capability and financial behavior among the business graduate students. Financial literacy and financial capability significantly influence in its independent capacity to financial behavior. Moreover, 53.7% of the variation in financial behavior could be attributed to the combined influence of financial literacy and financial capability.

**Keywords:** Financial Management, financial borrowing, money management, business graduate students, regression analysis, Davao City, Philippines

## INTRODUCTION

Macroeconomic factors, such as unemployment, as well as the accessibility of credit and loans, have an impact on how individuals behave when facing economic strain (French and Vigne 2019; Hira 2012). Poor financial decisions and increased financial distress among households globally because of poor financial behavior were significant causes of the financial crisis (McCarthy, 2012). In addition, Wilson, (2021) pointed out that age-related differences in financial behavior are a function of income. While Chinen & Endo (2012) cited that young adults on the edge of becoming financially independent are forced to decrease spending due to low purchasing power, particularly in times of financial hardship. The authors further emphasized that unfortunately today's young adults, especially university students, are less capable of handling their finances.

It is alarming that most people have limited or no knowledge of financial behavior and decision-making (Sundindra, 2018). Some of them may find that they are in trouble making ends meet and sometimes or often are short of money (Schors, 2016). Business Report (2017) also finds that young adults are often in debt because of the variety of accounts they own, such as clothing accounts, personal loans, and credit cards. Consequently, students in South Africa owed universities more than R2 billion in 2016 (Matsolo et al 2016), and student study loans are becoming a concern in South Africa (Michael, 2017). Presence (2016) also identifies that student debt is a crisis in South Africa and continues to affect the financial situation as they struggle to repay debts after graduating from university and to fund their lifestyles.

Financial behavior is essential as it plays a vital part in how people's well-being, including that of their homes, societies, countries, and the entire world, is affected (Khawar and Sarwar 2021). On the other hand, Rahman et al. (2021) stated that financial behavior is the most critical antecedent in predicting financial well-being, followed by financial stress and financial knowledge. In like manner, the author expounded that maintaining a balance between income and expenses, controlling financial stress, and raising financial literacy would be required to ensure the financial security of those in lower-income groups. Individuals who practice responsible money management, such as creating a budget, conserving money, regulating their spending, investing, and meeting their financial responsibilities on time, tend to be effective with their use of money (Dwiastanti, 2015). Furthermore, Sundindra (2018) emphasized in his study that causality may be different because an increase in financial literacy leads to better or effective financial behavior, financial decision-making, or even vice versa.

In order to have proper financial behavior, an individual must be adequate financial knowledge, as it is also necessary to read and understand related financial issues so that individuals can analyze the situation before making financial decisions to achieve welfare (Dwiastanti, 2015). According to Scheresberg (n.d.), his study shows that young adults with higher financial literacy or higher confidence in their math or personal finance knowledge have better financial behavior. In their research, Bhargava et al. (2022) discovered all financial literacy factors, including financial capability, financial attitude, and financial knowledge, had a significant impact on financial behavior. Vlaev and Elliott (2017) asserted that financial behavior is crucial in improving financial capability and governing the effects of financial attitude and knowledge toward financial capability. In addition, Potocki et al. (2019) and Xiao et al. (2014) agree with other studies which indicate that financial capability is an essential factor in determining a person's financial behavior.

A considerable number of studies dealt with financial behavior from various kinds of research, such as the studies of Friedline & West (2015) that focused on examining whether behaviors were associated with higher or lower levels of access in the U.S. population of banked and unbanked people. Another research centered on financial attitudes influencing financial behavior among students who are pioneers of business (Suryanto 2017). Moreover, research from Herawati et al. (2018) pointed out the effect of financial self-efficacy on financial behavior in adolescents. Despite the various studies and prior attempts to understand financial behavior, it is still a fertile area to investigate more due to the lack of a proper framework in a specific study setting. For instance, previous literature deems that financial behavior could differ based on what is valued most. As such, the value that may remain inside individuals could be affected by behavioral factors external to the individual. To address this gap, we accounted for variables such as financial literacy and capability, which may, directly and indirectly, manifest financial behavior, particularly of the business graduate students in Davao City.

This study is essential to educators, businesses, government agencies, and policymakers. The increasing economic complexity has increased interest in financial behavior on various financial concerns. The findings of this study are intended to be disseminated in corporate forums to elicit more knowledge. Further, The researchers aspire to publish the findings of this study in peer-reviewed publications so that other professionals in the same area may examine them.

## METHODS

**Research Design.** This study employed a descriptive-correlational research design. Descriptive research design is a method that investigates one or more variables without manipulating any of the variables, merely observing and measuring them (McCombes, 2022). Conversely, correlational research design examines correlations between variables that show the strength and direction of the relationship between two or more variables (Bhandari, 2021). A descriptive research design was used to describe the level of financial literacy, financial capability, and financial behavior. At the same time, a correlational research design was used to measure the relationships between financial literacy, and financial capability on financial behavior.

**Research Locale.** This research was conducted in the higher education institution in Davao City, specifically the graduate school. The institution was chosen as the research locale since it is dedicated to profiling financial

concerns and management specifically the business graduate students who are mainly in their respective courses. As a sectarian school, it is included in the curriculum on frugality and financial capability among its constituents.

**Research Respondents.** The research respondents of this study were one hundred business graduate students at the Higher Education Institution (HEI). These respondents in the Business Administration program were enrolled in the school year 2022-2023 in either master's or doctoral degrees. Further, business graduate students at the graduate school have been chosen as the study's respondents since their interests meet within the topic's scope. This quantitative study utilized a purposive sampling method based on the criteria set and quota sampling regardless of distribution of the graduate and post graduate students of the HEI.

**Research Instruments.** The research instruments in this study have three parts and were adapted from published journals. Financial literacy questionnaire was used from Ana Lea (n.d.) in their research "Level of Financial Literacy Among Family Households in Selected Families in Barangay Ipil," composed of three indicators and three to five items per domain for financial literacy with a Cronbach alpha result of 0.81. On the other hand, the financial capability instrument will be utilized by Albassami and Alyousif (2019) in their study "Measuring Financial Capability: The Context of Saudi Arabia" with a Cronbach's alpha result of 0.70, composed of five indicators and three to five items per domain in financial capability. And a unidimensional financial behavior questionnaire was adapted from Johan (2017) in the study "Financial Capability among University Students in Indonesia" with a Cronbach's alpha result of 0.618. Also, the adapted survey questionnaires were subjected to contextualization based on the intended study and validity tests from the experts. The range of means was used based on the 5 Point Likert scale design with descriptive levels, and corresponding interpretations.

**Data Collection.** The researchers gathered information for the study by collecting data from respondents using proper approaches. After receiving permission to conduct the survey and a certificate of compliance from the Research Ethics Committee (REC) of the university, the researchers started administering the online survey. Ethical considerations was observed during the conduct of the study. The researchers conducted an online survey since most of the respondents were on an online learning in the university's graduate school. Using the university Google accounts, provided an easy access finding the respondents' email addresses and messenger accounts. Respondents were requested their participation by answering the Google form which took 5-10 minutes of their time. In that case, data collection took place for a total of two weeks and one month considering that most of the respondents were either pre-occupied with their respective tasks or experienced intermittent internet. The Google form that was used for the survey contained informed consent and assurance of the confidentiality of the data gathered in compliance with RA 10173 or the Data Privacy Act (DPA) of 2012.

## RESULTS AND DISCUSSION

### Level of Financial Literacy

Presented in Table 1 are the ratings of the respondents on the level of financial literacy in terms of budgeting, borrowing, and investment. The level of financial literacy has an overall mean rating of 3.90 which is described as high. This implies that the financial literacy of the business graduate students is evident. It shows that the respondents are fully aware of where and when to spend and save their money but have a moderate knowledge in where and how borrowing of money works. The evidence for financial literacy supports Manyika (2019) findings that there is a need to educate historically marginalized demographic groups on how to acquire and use loans while avoiding exploitation, particularly in credit. Moreover (2015) study stated that households continue to rely on informal loans from family and friends due to limited access to conventional bank credit.

#### Table 1 Level of Financial Literacy

In terms of budgeting, item 3, considering the necessary expenses before buying something obtained the highest mean score of 4.27 with a descriptive rating of very high (highly evident). This implies that the respondents are good in considering necessary expenses before buying. The result supports the findings of Bona (2018) which emphasizes that necessary expenses before buying something in a way that respondents take some time to improve financial habits, to create concrete measures to make it easier for them to monitor their spending.

Table 1 Level of Financial Literacy

Domain/Statements	Mean	SD	Descriptions
<b>1.1 Budgeting</b>			
1. Planning monthly bills, expenses and needs.	4.23	0.84	Very High
2. Being fully aware of where to spend the money.	4.20	0.84	Very High
3. Considering the necessary expenses before buying something.	4.27	0.89	Very High
4. Distinguishing carefully between necessary and unnecessary expenses.	4.25	0.93	Very High
5. Ensuring sufficient savings to cover any sudden expenses before making a major purchase.	4.06	0.89	High
<b>Category Mean</b>	4.20	0.88	Very High
<b>1.2 Borrowing</b>			
6. Preferring borrowing from family, friends or from other relatives.	3.22	1.40	Moderate
7. Preferring having a loan to a bank.	2.50	1.23	Low
8. Setting limits in financial borrowing.	3.94	1.23	High
<b>Category Mean</b>	3.22	1.29	Moderate
<b>1.3 Investment</b>			
9. Considering investments as necessary.	4.16	0.91	High
10. Considering insurance an important investment.	4.13	0.85	High
11. Spending money on investments.	3.45	1.02	High
12. Considering the interest before investing.	4.06	0.87	High
13. Believing that successful trade comes with a good decision.	4.26	0.84	Very High
<b>Category Mean</b>	4.01	0.90	High
<b>Overall Mean</b>	3.90	0.98	High

However, item 5, ensuring sufficient savings to cover any sudden expenses before making a major purchase, got the lowest mean score of 4.06 with a descriptive rating also of high (evident), connotes that respondents are cautious in providing enough provisions for future costs. This result supports the claim of Jamieleigh (2022), that saving should be part of the budget and it is more important to put aside some money for savings to cover all expenses and to feel good knowing that you have money saved up for the future.

Borrowing as the second indicator has a category mean of 3.22, described as moderate (fairly evident). It means that the respondents set limits when it comes to borrowing money in the bank and seldom borrow from relatives. This result confirms the study of Finney et al (2019), households frequently experience a decrease in their income, which makes them more likely to use credit, particularly higher-cost borrowing from lending companies.

With regards to borrowing, it is highlighted in item 8, setting limits in financial borrowing yielded the highest mean score of 3.94, described as high (evident). This signifies that the respondents are conservative and disciplined in borrowing funds. This result corroborates the findings of Manyika et al. (2016), stated that those with higher level of financial literacy are also less likely to engage in excessive borrowing and more likely to demonstrate more informed usage of credit. The authors indicated that borrowing money may surpass daily financial problems and their lifestyle improved, not minding the negative consequences like decreased net pay, generated more debt, experienced difficulty in coping with monthly loan payments, and financial instability. Furthermore, the authors suggested that everyone must manage their finances well in order for them to not have such burden in the long run and consider only their necessities to avoid unnecessary borrowings.

Moreover, item 7, preferring having a loan to a bank, obtained the lowest mean score of 2.50, described as low (not evident at all). It shows that the respondents restrict themselves in securing loans from financial institutions, especially banks. This result is aligned with the discovery of Okello et al., (2017), which shows that the most vulnerable groups may be less likely to benefit from financial product offer, especially when it comes to the use of formal bank loans, because they lack support from social, peer, familial, and community networks who will help them decide specifically when it comes to borrowing money.

As regards to investment, the category mean is 4.01, described as high (evident). This means that the respondents are good and take investment as necessary things to consider for future purposes. The high results support the findings of Nurdian et al. (2017), who discovered that having a better level of investment knowledge is an essential aspect. They meticulously prepared financial actions that would result in expected future benefits and can help avoid scams.

It is noticeable that item 13, believing that successful trade comes with a good decision, garnered the highest mean score with 4.26, described as very high (highly evident). This interprets that the respondents believe that making a wise judgment is crucial for a successful trade. This result supports the findings of Chu et al. (2017) emphasizes that financial literacy influences whether a household chooses to invest in stocks or mutual funds; it shows that households with better financial literacy tend to invest in mutual funds and assign at least a portion of their portfolio to experts, however, some families had a tendency to invest on their own and were more likely to have solely stocks in their portfolios. Additionally, it also points out that households with more financial literacy had a better likelihood of seeing a return on their investments, which may imply that having more financial literacy will lead to better financial outcomes.

While item 11, spending money on investments, got the lowest mean score of 3.45, described as high (evident). This clarifies the result of the respondents that they are interested in having investments considering its interest, and that a successful trading comes with a wise choice. This study supports Ramesh's, (2021) conclusions that working people choose sources of financial product investments, with the vast majority of them being good savers. However, in terms of investing, they will grasp and ensure how to choose a wise approach before making a decision in order to obtain accurate advice from a reliable source, as they are cautious in avoiding investment fraud.

### **Status of Financial Capability**

The data in Table 2 present the status of Financial Capability of the graduates' school students. These are determined by its five indicators: making ends meet, keeping track, planning ahead, choosing a product, and staying informed. The status of financial capability is high, as shown by an overall mean of 3.74. This suggests that the business graduate students' financial capability is evident. It means that respondents understand that financial capability is essential in being able to manage, supervise, to know and forecast financial matters and be meticulous on purchasing market trends as this will make them achieve less financial problems in the future. This result confirms the findings of Xiao (2015) that the consumer's financial capability has been noted to use

appropriate financial knowledge and perform desirable financial behaviors, including earning, spending, borrowing, saving, and protecting, to improve economic well-being. In addition, the result is also aligned with the discovery of Sabri and Zakaria (2013) that states individuals understand how to handle their financial situations and can determine the need for security in terms of insurance and protection. The standard deviation ranges from 0.69 to 1.22, indicating that there are items which resulted heterogeneity of responses.

Table 2 Status of Financial Capability

Domain/Statements	Mean	SD	Descriptions
<b>3.1 Making Ends Meet</b>			
1. Being a saver than a spender.	3.64	0.94	High
2. Being very organized when it comes to managing my money day to day.	3.54	0.81	High
3. Preferring to buy things on credit rather than wait and save up.	2.52	1.13	Low
4. Preferring to cut back than put everyday spending on a credit card I couldn't repay.	3.56	1.16	High
<b>Category Mean</b>	3.34	1.01	Moderate
<b>3.2 Keeping Track</b>			
5. Knowing precisely how much to spend on a daily basis.	3.71	0.86	High
6. Determining the exact amount of money in the bank's current account..	3.93	0.89	High
7. Checking regularly how much money in the bank account.	3.80	0.92	High
8. Reviewing monthly credit card statements.	3.35	1.14	Moderate
<b>Category Mean</b>	3.70	0.95	High
<b>3.3 Planning Ahead</b>			
9. Making sure that there is money saved for a rainy day.	3.94	0.85	High
10. Saving well in advance for a big event (Christmas,Eid, etc).	3.94	0.93	High
11.Considering pension funds the best way to save for retirement.	3.90	0.89	High
12. Preferring to live for today rather than plan for tomorrow.	2.77	1.09	Moderate
13. Preferring knowing the importance of having some money saved in case my life changes dramatically.	4.26	0.80	Very High

	14. Being able to know the importance of planning how to pay care at retirement age..	4.07	0.82	High
<b>Category Mean</b>		3.81	0.90	High
<b>3.4 Choosing a Product</b>				
	15. Comparing prices before deciding whether to buy.	4.40	0.78	Very High
	16. Reading carefully the agreement/ contract before signing it	4.54	0.72	Very High
	17. Searching for information before deciding to buy.	4.55	0.69	Very High
	18. Subscribing in a mutual fund.	3.31	1.22	Moderate
	19. Investing long term in individual equity stocks for some of the best performing companies in the capital market.	3.23	1.19	Moderate
<b>Category Mean</b>		4.01	0.92	High
<b>3.5 Staying Informed</b>				
	20. Reading official outlets for economic and financial market updates.	3.55	0.91	High
	21. Seeking financial advice from trustworthy family members and friends.	3.97	0.90	High
	22. Following-up frequently on developments related to my investments and financial products.	3.72	0.92	High
<b>Category Mean</b>		3.75	0.91	High
<b>Overall Mean</b>		3.74	0.93	High

The domain with the highest mean score among the five indicators is choosing a product. It has an overall mean score of 4.01 with the descriptive rating of high (evident) and it indicates that respondents are very meticulous when selecting products, such as comparing prices and researching information before purchasing or investing. The result confirms the study of Annamalah et al (2019), that socio-economic factors strongly influence investors' decisions in the capital market, resulting in diverse outcomes for various groups. Affluent individuals with ample financial resources are more likely to take on higher risks, while those from lower socio-economic backgrounds tend to approach investments cautiously due to limited resources.

Finding shows that item 17, searching for information before deciding to buy, generated the highest mean score of 4.55 which is very high and interpreted as very evident. The very high result connotes that the business graduate students search for the credibility of the product or services before attempting to buy or avail the product or service. This very high result confirmed with the study of Haridasn, et al (2021), consumers engage more in-depth research before purchasing a product, and they tend to seek information from a range of external sources (both online and offline) in order to mitigate financial or performance risk. Business graduate students also tend to leverage perceived price discrepancies by searching for promotional offers between organizations before making a purchasing decision.

Conversely, item 19, investing long term in individual equity stocks for some of the best performing companies in the capital market, has the lowest mean score of 3.23 (fairly evident) with the descriptive rating of moderate. This moderate result means that the respondents rarely invest in companies in the capital market as they do not involve themselves in investing in long term investments. This result conforms with Weedmark (2018) stand stating that customers have various references when selecting a product, which might alter depending on a variety of variables, including societal pressure in which respondents' views on investing in long-term equity equities of the top performing corporations in the capital market may differ.

The second highest indicator is planning ahead with an overall category mean of 3.81, described as high and interpreted as highly evident. It connotes that the business graduate students are always save funds for future purposes. The high result is aligned with the findings of Manju (2016), which implies that planning ahead or keeping tight controls of cash outflows and having a limitation on how much to spend on specific things will have a financial success as it also will be crucial in overcoming future events.

It is indicated in the results that item 13, preference of knowing the importance of having some money saved in case life changes dramatically, got the highest mean score with 4.26, described as very high and interpreted as very evident. This implies that the respondents adhered that saving funds is essential in case of possible problems that might affect in the future. The high result on preferences of saving money supports the findings of Robb and Woodyard (2012) citing that saving or investing is the best practice of financial planning as planning ahead is important to make sure to have a fund in case of certain circumstances

While item 12, preferring to live for today rather than plan for tomorrow yielded the lowest mean score of 2.77 (fairly evident) described as moderate. This moderate result means that the business graduate students do not prefer to have impulsive decisions rather want an organized plan for the future. The result affirmed with the findings of Huijser et al. (2012) that preparing for future purposes is a necessary activity with a person's daily life as it requires a lengthy of time for preparation and it would be a complicated task that requires skills, concepts, and facts to be successful in planning ahead.

In addition, staying informed is the third highest indicator with a mean score of 3.75 (evident), described as high. It means that the respondents are good in seeking financial information, asking updates in their investments, and keeping themselves updated in economic and financial market updates. The result aligns with the findings of Ranta (2022) demonstrating that financial capability includes both the knowledge and abilities that young adults need to manage their money in daily life, such as remaining informed and searching out financial information as this will have a big impact on their confidence in being independent to themselves.

In item 21, seeking financial advice from trustworthy family members and friends, considered the highest mean score with 3.97 which is described as high (evident). This means that the respondents tend to ask for advice to closest relatives and friends as they believe that they are more trustworthy. The result supports Moreland, (2021) claim, that emphasizes the significance of seeking financial advice from personal connections, such as family and friends as these individuals were identified as the primary sources for guidance on savings and investment decisions, as individuals consider trust to play pivotal roles in financial decision-making processes.

Whereas item 20, reading official outlets for economic and financial market updates, obtained the lowest mean score among the three items with 3.55 (evident), described as high. This implies that the business graduate students occasionally go to official outlets to seek for financial updates or advice with regards to their financial resources. The result corroborates with the findings of Saad (2020), which indicates that advancements in technology have made financial market updates more accessible, but this has led to both positive and negative effects (Wang, 2022). Although investors can now access financial information from various sources, the abundance of inaccurate or irrelevant data can make decision-making difficult. As a result, decision-making efforts may not only rely on online resources but they also seek assistance from financial professionals to ensure the reliability of the information, Payne et al. (2020).

The indicator keeping track is having a category mean of 3.70 with a descriptive rating of high (evident) and it suggests that the respondents are clearly adept at daily financial management and tracking. The results affirm

the study's finding of Gupta's et. al. (2020) claimed that students maintain a log of their outgoing money because a successful budget involves savings, and they would not overlook allocating money for miscellaneous expenses.

While item 6, determining the exact amount of money in the bank's current account., got the highest mean score of 3.93 among other items described and interpreted as high (evident) and it signifies that the respondents are attentive to the finances invested in their bank accounts. The result for this item supports Johan (2017), explaining that those who had learned more about personal finance hold a better understanding of the concept of managing money, keeping track of their financial affairs and a better financial understanding.

In contrast, item 8, reviewing the monthly credit card statements regularly, has the lowest mean score of 3.35, described as moderate (fairly evident) and it indicates that the respondents reasonably monitor their credit card statement in its periodic term. This result corroborates with the findings of Klein (2014), stating that the significance of keeping track of our spending is summed up by the saying, the fastest way to become bankrupt is by not paying attention to your expenses.

The indicator making ends meet obtained a category mean of 3.34 with a descriptive rating of moderate (fairly evident) and this implies that some respondents may be having difficulty managing their finances in order to make ends meet. The result affirms the findings of Badri et al. (2022), that individual being as well as households with fewer income capabilities are less expected to make ends meet. Moreover, the result also supports the report of the Consumer Financial Protection Bureau (2020) that consumers under older age, with lower incomes, were more likely to report having difficulty in making ends meet.

It was revealed that item 1, being a saver than a spender, yielded a high mean score of 3.64 (evident) which indicates that the respondents tend to save more finances than they spend. The result aligned with the findings in the Making Ends Meet (n.d.) is aligned with the item number one as the respondents are more of a saver than a spender in a way that the business graduate students are making sure that their income is sufficient to meet their financial obligations. Further, the result also supports the findings of Bonfatti, et al, (2023), money management should be put more emphasis on as it is also one of the measures in the indicator making ends meet.

Meanwhile, item 3, preferring to buy things on credit rather than wait and save up., obtained a mean score of 2.52 described as low (less evident), and it implies that while some respondents rarely utilized credit to purchase things, the vast majority chose to wait and save. The result is connected with the study of Angrisani (2016) cited that making ends meet is a critical component of financial capability which means that the respondent would feel in a crisis if they were to buy things on credit.

Exhibited in Table 3 are the results of the level of Financial Behavior. These are determined by its ten items which discuss the behavior of each individual mainly in saving, spending, and seeking information or updates. The level of financial behavior manifested an overall category mean of 3.57 which entails that the respondents have a favorable financial capability. This indicates that the business graduate students' attention to saving, budgeting, and knowledge is beneficial to understand and manifested a good practice of a positive financial behavior for upcoming emergency situations, events, and a higher financial satisfaction. This outcome supports the study findings of Kholilah & Iramani (2013), that the goal of financial behavior is to understand and predict the systematic implications of the financial market from the psychological point of view. The standard deviation ranges from 0.80 to 1.07, which shows that there are responses by the respondents which are inconsistent.

It is revealed that item 7, collecting information about different products/services in more than one company, in order to compare them before I decide to buy, gathered the highest mean score of 4.12, described as high (favorable). The result means that the business graduate students gather sufficient information about their desired products or services with more than one brand in order to compare and contrast on what is better before buying or consuming the product or services. The results confirmed the study of Dwiastanti (2015) stated that in order to have proper financial behavior, someone must be based on adequate financial knowledge as it is also needed to read and understand the issues related to financial issues, so that individuals can make analysis before making financial decisions to achieve welfare.

Table 3 Level of Financial Behavior

Domain/Statements	Mean	SD	Descriptions
1. Preferring to buy things even when budget can't afford them.	2.07	1.07	Low
2. Saving well in advance for big event such as Christmas, Eid, etc	3.74	0.94	High
3. Avoiding spending more money than acquired	3.90	1.06	Moderate
4. Having a little or no difficulty managing finances.	3.31	0.97	Moderate
5. Saving money for a rainy day.	3.65	0.96	High
6. Setting aside regularly money each month for savings	3.86	0.84	High
7. Collecting information about different products/services in more than one company, in order to compare them before deciding to buy	4.12	0.88	High
8. Complaining if the product bought that was clearly an unsuitable need.	3.33	0.95	Moderate
9. Having a weekly (or monthly) budget to follow.	3.77	0.83	High
10. Reading financial related books to increase my financial knowledge.	3.96	0.80	High
<b>Overall Mean</b>	3.57	0.93	High

On the other hand, item 1, preferring to buy things even when budget cannot afford them, obtained the lowest mean score of 2.07 which is described as low (unfavorable). It means that the respondents do not really buy or consume products or services which are above their budget. This finding is congruent with that of Sorooshian and Teck (2014), who discovered that Asian university students prioritize needs above wants when making purchases and carefully examine whether the products or services are essential. They prioritize long-term benefits and reasonable spending to help them avoid regretting impulsive buying decision. The author further stated that in order to secure the financial stability of persons in lower income categories, it would therefore be necessary to maintain a balance between income and expenses, manage financial stress, and increase financial literacy. Those who manage their finances responsibly—by making a budget, saving money, controlling their spending, investing, and fulfilling their financial obligations on time—tend to be efficient with their resources.

Presented in Table 4 is the outcome on the correlation of the variables. The results revealed that both Financial Literacy and Financial Capability have a substantial association to the respondents' Financial Behavior. This is true for both variables, which are: financial literacy ( $r=.47, p<.05$ ) and financial capability ( $r=.73, p<.05$ ). These data show that as financial literacy and financial capability improve, it enhances financial behavior.

Table 4 Significance of the Relationship between Variables

Variables Paired with Financial Behavior	r	p-value	Remarks
Financial literacy	.47*	.000	Significant
Financial capability	.73*	.000	Significant

\*Significant at .00.

This significant relationship between financial literacy and financial behavior supports the study of Khawar and Sarwar (2021) which found that financial education had a key positive relationship with financial behavior. Thao (2015) cited that people with higher levels of financial literacy are more likely to budget effectively, save regularly, manage debt responsibly, and invest wisely, which leads to improved financial well-being.

Furthermore, Walzack (2018) also stated that individuals with lower educational backgrounds often demonstrate less favorable financial behaviors due to several interrelated factor such as limited access to quality education can result in a lack of understanding of essential financial concepts, such as budgeting, saving, and investing.

Additionally, Grable et al. (2015) found a statistically significant association between financial capability and financial behavior. This was further supported by Asa et al. (2022), who emphasized that financial capability plays crucial role in various aspects of financial behavior, including earning, spending, borrowing, saving, and protecting assets, all of which contribute to enhancing economic well-being. Moreover, research by Sabri et al. (2017) indicates that financial literacy and money attitudes positively influence individuals' financial capability. Collectively, these findings emphasize the importance of financial capability in fostering responsible financial behaviors, ultimately leading to improved financial stability and prosperity.

### Significant Influencers of Financial Behavior

Presented in Table 5 are the results of the regression analysis. The data demonstrates that both financial literacy and financial capability could significantly influence the financial behavior of graduating school students ( $p < .05$ ). This finding suggests that there are additional variables, in addition to those already mentioned, that might have an impact on financial behavior. With the beta coefficients of .11 and .64, an increase in financial behavior would rise by .11 and .64 respectively for every unit increase in financial literacy and financial capability.

Table 5 Significant Influencers of Financial Behavior

Variables Paired with Financial Behavior	B	p-value	t	Remarks
Financial literacy	.11	.05	1.95	Significant
Financial capability	.64	.00	8.39	Significant
$r^2 = .537$ $F = 58.37$ $p = .00$				

The  $r^2$  of .537 connotes that 53.7 percent of the variation of financial behavior could be affiliated with the combined influence of the independent variables-- financial literacy and financial capability. The results means that the other factors comprising 46.3 percent that could significantly influence financial behavior were not covered in this study

With financial literacy and financial capability connected to financial behaviors, this corroborates the finding of Grable et al. (2015), where financial capability and financial behavior are very significantly statistically correlated and that there is proof indicating that when people assess and engage in financial behavior, financial capability may also act as a mediating factor. The results also confirmed with the study of Cera et al. (2020) declaring that there is large direct impact of financial knowledge and attitude in financial capability, it underscores the idea that havg the right knowledge and a positive attitude toward finances can significantly impact one's ability to effectively manage their financial behavior. Moreover, Arifin (2018) connoted in this study that financial literacy, financial behavior, and financial capability have existing positive relationships that could influence the financial satisfaction of the consumer.

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## CONCLUSIONS

This study covered the 100 graduate students in the business management program genuinely enrolled in the Higher Education Institution in Davao City.

In general, business graduate students have a high level of financial literacy. This implies that the indicators budgeting and investment are evident, with the exception of borrowing which has a descriptive rating of moderate, which indicates that students have the tendency to borrow money to make ends meet, but they avoid loans due to its high cost and the anticipated risks in repayment, which would lead to increased debt problems for them. This conclusion shows that respondents require higher financial literacy when it comes to borrowing.

Moreover, the status of Financial Capability of the business graduate students are also regarded high. Although among the five domains presented, there is one domain that lies in the neutral level of moderate which is making ends meet. This implies that, with the exception of making ends meet, the respondents are quite knowledgeable. It means that it is only fairly evident as some respondents rarely utilized credit to buy things, but the majority of respondents preferred to wait and save up. The respondents' financial capabilities are consequently clearly evident.

For the level of financial behavior, the results showed that the majority of domains have high ratings, which include saving regularly in advance for rainy days, reading books to increase financial knowledge, and comparing prices before making purchase decisions. Such results signify that the respondents' financial behavior is indeed favorable. However, there are four items which have a descriptive rating of moderate and low such as preferring to buy affordable items, avoiding spending beyond their means, having no difficulty managing finances, and complaining if purchased products do not meet their needs are demonstrating moderate to low levels of financial behavior or impulsivity which means that respondents are generally fairly favorable with how they manage and spend their money.

Financial literacy and financial capability are significantly correlated with financial behavior. It explicitly shows a connection between the variables as it is seen in the results of the independent variables; financial literacy with the domains namely budgeting, borrowing and investment and financial capability with five domains namely, making ends meet, keeping track, planning ahead, choosing a product and staying informed with the dependent variable financial behavior.

Both financial literacy and financial capability are significant influencers of financial behavior among the business graduate students in its singular capacity. This indicates that their financial behavior would develop when the corresponding units if both variables will increase. Additionally, the influence of the independent factors' combined effects on financial capacity and financial literacy would be attributed to 53.7% of the variation in financial behavior. The remaining 47.3% suggests that there are additional variables that might affect financial behavior but are not included in the study.

The research findings corroborate the idea of Taylor et al. (2011) by demonstrating the interdependence of financial behavior, literacy, and competence. It illustrates how literacy influences sound financial practices that increase financial capacity. Encouraging sound financial habits and education to raise literacy and enable well-informed decision-making is emphasized, underscoring the connection between behavior and knowledge for sound financial management and overall well-being.

## RECOMMENDATIONS

Since business graduate students are financially literate, the school might support its frugality advocacy by introducing a long-term financial literacy program to improve their ability to save and create a budget. Furthermore, an annual seminar with a financial adviser might enhance their economic well-being and reduce stress levels by providing students with the tools to develop thorough financial plans, lessen their dependency on expensive borrowing, and handle unforeseen costs.

Moreover, preparing them for financial issues will be better, ensuring they not only grasp the significance of considering interests before investing but can confidently address investment-related challenges. Since business graduate students maintain a high level of attention to financial details, it is advisable that they may continue to monitor their monthly cash flows to identify any discrepancies or irregularities in their money management by providing them with the appropriate financial techniques that financial experts will impart.

However, while it is essential to live for today, it is more effective to encourage them to practice greater wisdom by increasing their focus on future financial planning, and this becomes effective if reflected in their financial courses, this becomes effective. As such, this might aid them in appreciating financial trends and investing long-term in individual equity stocks for some of the best-performing companies in the capital market, ensuring discourse of long-term financial well-being as part of academic exercises like case studies, interactions, and financial company field visits.

The findings suggest that the selected independent variables account for 53.7% of the financial behavior of graduate students in business, with the remaining 46.3% being impacted by other factors that have not been investigated. Future researchers have the opportunity to delve into these unexplored variables. They may also consider utilizing diverse research methodologies, including qualitative and other possible quantitative research methods like quasi-experimental research, to further explore the likely outcome of this study.

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