Financial Literacy Among Adult Gen Z In Olongapo City: An Assessment of Knowledge, Attitudes, And Behaviors

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Abstract

Financial literacy has become an essential life skill in an increasingly complex financial environment, particularly among young adults transitioning toward financial independence. This study assessed the level of financial literacy among adult members of Generation Z in Olongapo City, focusing on three core dimensions: financial knowledge, financial attitudes, and financial behaviors. It also examined the relationship between these dimensions and selected financial activities, namely savings, discretionary income, discretionary spending, investments, and borrowing. Using a descriptive-correlational research design, data were collected from 30 Generation Z respondents aged 18 to 27 years old through a structured survey questionnaire. Descriptive statistics and Pearson correlation analysis were employed to analyze the data. Findings revealed that respondents generally possessed an average level of financial knowledge but demonstrated positive financial attitudes and good financial behaviors. Most respondents reported low levels of savings and minimal investment participation, although debt levels remained generally low. Correlation analysis indicated that financial knowledge, attitudes, and behaviors were positively associated with savings, investments, spending, and borrowing practices, while no significant relationship was observed with discretionary income. The findings suggest that although Generation Z respondents exhibit responsible financial attitudes and behaviors, there remains a need to strengthen financial knowledge and long-term financial planning practices. The study highlights the importance of targeted financial education programs that can improve financial decision-making and promote sustainable financial behavior among young adults.

Keywords: financial literacy; Generation Z; financial behavior; financial knowledge; financial attitudes; Olongapo City

1. Introduction

Financial literacy has become increasingly important in modern society as individuals face more complex financial systems, digital financial platforms, and evolving economic conditions. The ability to make informed financial decisions influences not only individual financial well-being but also long-term economic stability.

Financial literacy generally encompasses financial knowledge, financial attitudes, and financial behaviors that collectively shape how individuals manage money, savings, investments, and debt.

According to the Organization for Economic Co-operation and Development (OECD, 2014), financial literacy refers to the knowledge and understanding of financial concepts and risks, together with the skills and confidence necessary to make effective financial decisions. Lusardi and Mitchell (2014) emphasized that financially literate individuals are more likely to demonstrate responsible financial behaviors such as budgeting, saving, and long-term financial planning.

Among younger generations, financial literacy has become particularly significant. Generation Z, composed of individuals born between 1997 and 2012, grew up in a digital environment characterized by rapid access to financial information, online banking, electronic payments, and financial technology platforms. While digital accessibility offers greater convenience and exposure to financial tools, it also increases the risks associated with impulsive spending, excessive borrowing, and poor financial management.

In the Philippines, financial literacy remains a continuing concern. The Standard & Poor's Global Financial Literacy Survey (2015) reported that only a small percentage of Filipino adults were considered financially literate. Despite initiatives implemented by the Bangko Sentral ng Pilipinas (BSP) and the Department of Education to improve financial education, many young adults still struggle with practical financial management and long-term financial planning.

Several studies have examined financial literacy among young adults and students in the Philippines and abroad. Existing literature suggests that financial knowledge positively influences financial behavior, although attitudes, social influences, and environmental factors also shape financial practices. However, there remains limited localized research focusing specifically on adult members of Generation Z at the city level, particularly in Olongapo City. economic resilience.

This study aimed to assess the level of financial literacy among adult Generation Z individuals in Olongapo City in terms of financial knowledge, financial attitudes, and financial behaviors. It also examined how these dimensions relate to selected financial activities, including savings, discretionary income, discretionary spending, investments, and borrowing. By identifying strengths and gaps in financial literacy among young adults, the study seeks to contribute to the development of targeted financial education programs and interventions that may improve financial capability and economic resilience.

2. Review of Related Literature

Financial literacy has consistently been recognized as an important determinant of responsible financial behavior. According to Lusardi and Mitchell (2014), individuals with higher levels of financial literacy are more likely to engage in positive financial practices such as saving, budgeting, and investing, while financially illiterate individuals are more vulnerable to poor financial decisions and debt mismanagement.

The Knowledge–Attitude–Behavior (KAB) framework explains that financial behavior is influenced not only by financial knowledge but also by personal attitudes toward money and financial management. Financial knowledge serves as the cognitive foundation for decision-making, while financial attitudes shape how individuals apply that knowledge in actual financial situations.

Among Generation Z, financial literacy plays a significant role in shaping spending and saving behaviors. Rodriguez et al. (2024) found that financial literacy significantly influences spending behavior among Filipino Gen Z individuals, suggesting that financially literate young adults tend to make more deliberate and responsible financial decisions. Similarly, Wuisang et al. (2023) reported that financially literate students demonstrate stronger financial management skills and greater ability to prioritize essential expenses.

However, several studies emphasize that financial knowledge alone does not guarantee responsible financial behavior. Xiao and O'Neill (2018) argued that financial behavior is also affected by psychological and behavioral factors such as self-control, financial stress, and motivation. Liu et al. (2023) further observed that despite widespread access to financial information through digital platforms, many Generation Z individuals still experience difficulties in applying financial knowledge effectively in real-life situations.

Financial technology has also significantly transformed financial practices among young adults. Digital platforms such as e-wallets, mobile banking applications, and online investment tools provide greater accessibility and convenience in financial transactions. Hemayanti and Nurabiah (2025) found that financial technology positively influences financial behavior by improving efficiency in managing financial activities. Nevertheless, the OECD (2020) noted that digital financial systems may also contribute to impulsive spending and poor financial discipline if not supported by adequate financial education.

Comparative studies across generations indicate that Generation Z demonstrates different financial characteristics compared to older generations. Catacutan and Moleño (2024) observed that although Generation Z generally exhibits positive financial attitudes, many young adults still lack confidence in long-term financial planning and investment decisions. Similarly, the Sun Life Financial Resilience Index (2024) found that Generation Z tends to prioritize financial security and cautious spending but remains limited in long-term investment participation.

Overall, existing literature highlights the multidimensional nature of financial literacy and its influence on financial behavior. Previous studies support the assumption that financial knowledge, attitudes, and behaviors collectively affect financial activities such as saving, spending, investing, and borrowing. However, localized research focusing specifically on adult Generation Z individuals in Olongapo City remains limited, thereby justifying the need for the present study.

3. Methodology

3.1. Research Design

This study utilized a descriptive-correlational research design to assess the financial literacy of adult Generation Z individuals in Olongapo City and determine the relationship between financial literacy dimensions and selected financial activities. The descriptive method was used to describe the respondents' financial knowledge, financial attitudes, financial behaviors, and financial activities, while the correlational approach was employed to examine the relationships among variables.

3.2. Respondents and Sampling

The respondents of the study consisted of 30 Generation Z individuals aged 18 to 27 years old residing or working in Olongapo City. Participants were selected using convenience sampling due to accessibility and time constraints. Respondents were recruited through both online and face-to-face distribution of survey questionnaires.

3.3. Research Instrument

Data were collected using a structured survey questionnaire adapted from existing financial literacy studies. The questionnaire consisted of five sections: demographic profile, financial knowledge, financial attitudes, financial behaviors, and financial activities.

Financial knowledge was measured using multiple-choice questions related to budgeting, savings, investments, interest rates, and debt management. Financial attitudes and financial behaviors were measured using a five-point Likert scale. Financial activities assessed respondents' savings, discretionary income, discretionary spending, investments, and borrowing practices.

To ensure content validity, the questionnaire was evaluated by experts in finance and research methodology. A pilot test was conducted to assess reliability, and the instrument yielded an acceptable Cronbach's alpha coefficient, indicating satisfactory internal consistency.

3.4. Data Gathering Procedure

The researcher distributed the finalized questionnaires through online platforms and face-to-face administration. Participation was voluntary, and respondents were informed about the purpose of the study and the confidentiality of their responses. Completed questionnaires were compiled, checked for completeness, and encoded for statistical analysis

3.5. Statistical Treatment

Descriptive statistics such as frequency, percentage, and mean were used to summarize the demographic profile and levels of financial literacy and financial activities. Pearson's r correlation coefficient was employed to determine the relationship between financial literacy dimensions and financial activities. Statistical analyses were conducted using a 0.05 level of significance.

4. Results and Discussion

4.1. Demographic Profile of Respondents

Most respondents belonged to the older segment of Generation Z, with 43.33% aged 25 to 27 years old. Respondents were equally distributed by gender, with 50% male and 50% female participants. In terms of educational attainment, the majority were college undergraduates and college graduates, indicating relatively high educational exposure among participants.

Most respondents were either employed or currently studying, while nearly half reported monthly income or allowance below ₱10,000. These findings suggest that many respondents were either in the early stages of employment or still transitioning toward financial independence.

4.2. Financial Knowledge

The findings revealed that most respondents demonstrated an average level of financial knowledge. Nearly half of the respondents were classified under the average category, while only a smaller proportion exhibited very high financial knowledge.

These results suggest that respondents possess a basic understanding of financial concepts such as budgeting, saving, and debt management but may still lack deeper knowledge regarding investments, long-term financial planning, and advanced financial decision-making. Similar findings were reported by the OECD (2020), which observed that many young adults possess basic financial awareness but remain limited in more advanced financial competencies.

4.3. Financial Attitudes

The majority of respondents demonstrated positive financial attitudes, while none exhibited negative financial attitudes. Respondents generally agreed on the importance of saving money, setting financial goals, and managing finances responsibly.

The findings indicate that adult Generation Z respondents in Olongapo City value responsible money management and demonstrate awareness of the importance of

financial planning. These findings support the argument of Vidovićová (2019) that positive financial attitudes are often associated with stronger financial capability and more responsible financial behavior.

4.4. Financial Behaviors

Results further showed that most respondents exhibited good financial behavior. Many respondents reported practicing budgeting, saving money regularly, controlling unnecessary expenses, and prioritizing essential needs over wants.

The generally positive financial behavior among respondents may reflect the growing influence of digital budgeting tools, online financial information, and increased awareness of financial responsibility among younger generations. Nevertheless, a smaller portion of respondents still demonstrated inconsistent financial practices, suggesting opportunities for further financial education interventions.

4.5. Financial Activities

4.5.1. Savings

A majority of respondents reported having little or very low savings. Only a small portion demonstrated high levels of savings.

These findings suggest that despite positive financial attitudes and behaviors, many respondents still face challenges in building substantial savings. Limited income and early career status may contribute to difficulties in consistently allocating funds for savings.

4.5.2. Discretionary Income and Spending

Most respondents reported low to moderate discretionary income after essential expenses. At the same time, respondents generally demonstrated cautious spending behavior, with the majority reporting low discretionary spending.

This indicates that many respondents prioritize essential needs and attempt to practice financial restraint despite limited financial flexibility.

4.5.3. Investments

The study revealed very low participation in investment activities among respondents. Most participants reported having no or insignificant investments.

The low investment participation may be attributed to limited financial knowledge regarding investment instruments, fear of financial risk, and insufficient disposable income. These findings are consistent with prior studies indicating that Generation Z individuals often prioritize short-term financial security over long-term wealth accumulation.

4.5.4. Borrowing

Most respondents reported low levels of debt and borrowing. The majority indicated being debt-free or having minimal debt obligations.

This finding reflects generally responsible borrowing behavior among respondents and suggests cautious use of credit and financial liabilities.

4.6. Correlation Analysis

Correlation analysis revealed that financial knowledge was positively associated with savings, investments, discretionary spending, and borrowing practices. Strong positive relationships were observed between financial knowledge and savings as well as investment activities, indicating that financially knowledgeable individuals are more likely to engage in long-term financial planning and wealth-building practices.

Financial attitudes also demonstrated positive relationships with financial activities, particularly borrowing behavior. Respondents with more positive financial attitudes tended to demonstrate more responsible debt management and saving practices.

Similarly, financial behavior exhibited strong positive relationships with savings, discretionary income management, and investments. These findings support the Knowledge–Attitude–Behavior framework, which suggests that financial literacy dimensions collectively influence financial decision-making and financial outcomes.

However, no significant relationship was found between financial knowledge and discretionary income. This suggests that income levels may depend more heavily on employment status, economic conditions, and external opportunities rather than financial literacy alone.

Overall, the findings suggest that while Generation Z respondents in Olongapo City generally exhibit responsible financial attitudes and behaviors, there remains a need to improve deeper financial knowledge and encourage long-term financial planning practices such as saving and investing.

5. Conclusion

This study assessed the financial literacy of adult Generation Z individuals in Olongapo City by examining financial knowledge, financial attitudes, financial behaviors, and selected financial activities. Findings revealed that respondents generally possessed average financial knowledge but demonstrated positive financial attitudes and good financial behaviors.

Although respondents generally practiced cautious spending and responsible borrowing, many still exhibited low levels of savings and limited participation in investment activities.

Correlation analysis further indicated that financial knowledge, attitudes, and behaviors positively influence several financial activities, particularly savings and investments.

The study concludes that while adult Generation Z individuals in Olongapo City demonstrate promising financial responsibility, there remains a need to strengthen financial knowledge and long-term financial planning capabilities. Targeted financial education initiatives focusing on investments, savings, and financial decision-making may help improve the overall financial well-being of young adults.

Given the relatively small sample size and localized scope of the study, future research may consider larger and more diverse populations to provide broader insights into the financial literacy of Generation Z in the Philippines.

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