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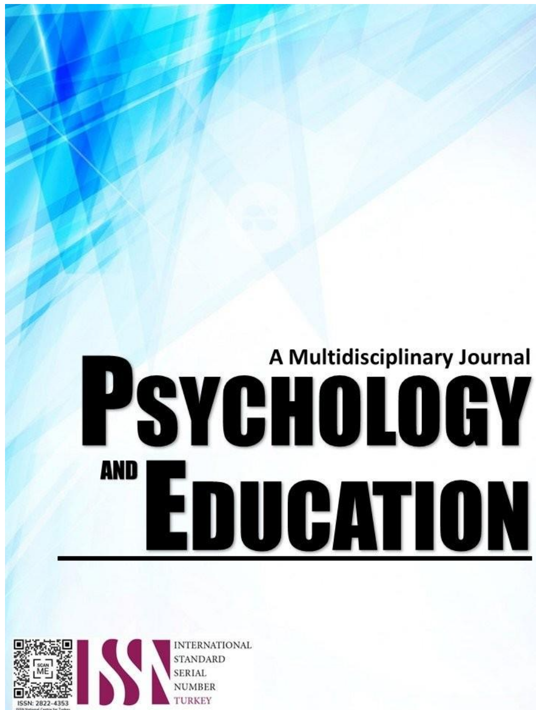

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Research Article

The Influence of Financial Literacy on the Budgeting Practices among College Students in a Private Catholic School: Input for Student Literacy Program

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Abstract

This study investigates the influence of financial literacy on the budgeting practices of college students at a private Catholic school in Davao City, Philippines. Employing a quantitative descriptive-correlational design, data were collected from 225 randomly selected students using a validated survey instrument measuring five dimensions of financial literacy—financial awareness, attitudes towards finance, financial risk management, financial culture, and financial knowledge and skills—and four aspects of budgeting practices, including goal setting, financial control, decision-making, and financial behavior. Results indicate that students possess a generally high level of financial literacy, particularly in positive attitudes toward money and financial awareness, though managing financial risk remains an area for improvement. Similarly, budgeting practices were rated high, with decision-making identified as the strongest dimension. Correlational and regression analyses reveal a strong, statistically significant positive relationship between financial literacy and budgeting practices ($r = 0.85$, $p < 0.001$), with financial literacy accounting for approximately 75% of the variance in budgeting behavior. These findings affirm the Financial Literacy Theory and the Theory of Planned Behavior, underscoring that students with higher financial literacy are more likely to exhibit responsible budgeting behaviors. The study highlights the need to bridge the gap between financial knowledge and practical application, recommending targeted educational interventions such as workshops, simulations, and peer learning to enhance budgeting skills and financial resilience. These results provide valuable insights for developing student financial literacy programs aimed at promoting effective money management, reducing financial stress, and fostering long-term financial well-being among college students.

Keywords: *financial literacy, budgeting practices, college students, descriptive correlational study, regression*

Introduction

Budgeting is an essential life skill that all people need to acquire, and it is essential in personal finance management and the attainment of financial stability. Budgeting is crucial for college students since they have financial responsibilities that influence their studies, emotional health, and way of life. One of the most important factors affecting students' budgeting habits is financial literacy— the set of knowledge and skills necessary to make sound and practical financial choices. Knowing how financial literacy affects students' budgeting habits is essential for designing interventions and programs that impart students with real-world financial management capabilities. This is especially so in private Catholic schools, where some students are frequently exposed to unique socioeconomic challenges.

Financial literacy encompasses a wide array of fundamental themes, for instance, budgeting, investing, and saving, that subsequently help people manage their finances effectively. Numerous research suggests that financially literate students are more capable of managing their expenditures and making sound financial decisions. Marinov (2023) observed that financially literate students demonstrate higher levels of budgetary control and lower levels of spending due to impulse purchases. On the other hand, many students still struggle to budget because they lack an understanding of finances. Lusardi and Mitchell (2020) talked about how basic budgeting tasks can prove to be sophisticated to those who do not have the requisite financial skills, while Aydin and Akben-Selcuk (2021) put forward the claim that proper financial education enhances students' abilities to monitor spending and devise financial strategies, thereby enabling them to control and improve the skill of budgeting.

In the global context, many college students struggle with budgeting and financial literacy. Zapp (2019) found that a big chunk of college students in the US do not keep or use a budget, which can lead to overspending and money troubles. But financial literacy is not just about learning; it gives people the power to make wise choices. Fernando (2024) described financial literacy as knowing about different money ideas. He said this knowledge helps people invest and budget, making them feel secure and in control of their finances. , Sanjeev (2023) pointed out that teaching students about budgeting helps them handle money problems, reach their goals, and give back to society in meaningful ways.

In the Philippines, people are paying more attention to financial literacy. Pascual (2024) found that people in Central Luzon who knew more about money tended to budget better, which led to improved money management. However, the study also showed that understanding finance does not always mean you will budget well. Some participants, particularly teachers in public schools, spent too much even though they grasped budgeting concepts. A report from the Asian Development Bank (ADB) by Yoshino et al. (2015) pointed out that the Philippines lacked a comprehensive plan to educate people about finance at that time. This gap prompted the

Bangko Sentral ng Pilipinas (BSP) to introduce the National Strategy for Financial Inclusion in 2016. This policy emphasized the need to make financial services accessible and stressed the importance of boosting financial literacy to shape how people handle their money.

At the local level, Dela Peña et al. (2024) did a study with college students in the Davao Region. They found that better spending and saving habits had a direct link to higher financial literacy levels. Students who could budget well felt less financial stress. This shows that financial literacy not only helps manage money better but also boosts academic results. In the same way, at St. Peter's College of Toril, a trend emerged. Most students had poor budgeting methods and could not handle their limited funds. Informal chats revealed that students joked about whether budgeting was needed. This hinted at a deeper issue in students' grasp of finance.

In spite of the growing amount of research on budgeting and financial literacy, there are not many that investigate the views of large universities or city students and far fewer that investigate smaller institutions with socioeconomic contexts. Such a lacuna is particularly relevant to private Catholic schools like the research site, whose students have financial issues that shape their methods of budgeting. Findings suggest that while most of the students experience financial difficulties, their lack of budgeting skills makes their situation worse. This calls for an examination of how the ability to budget is influenced by financial literacy in this socioeconomic and academic context.

This study attempts to examine the financial literacy and budgeting tendencies of students from a private Catholic university and their relationship with one another. From the examination of the influence that financial literacy exerts on student budgeting habits, the research aims to find out where gaps in financial competence and ability require enhancement. The results of this study will serve as valuable inputs to develop a Student Literacy Program aimed at enhancing financial literacy and inculcating sound budgeting habits among students. In the long run, the study aims to establish the foundation for developing targeted financial literacy programs that will help students manage their finances effectively, reduce financial stress, and enhance financial well-being.

Research Questions

This study aims to explore students' financial literacy and budgeting practices and to determine the relationship between financial literacy and budgeting practices among SPCT college students. Specifically, it sought to answer the following questions:

1. What is the respondents' level of financial literacy in terms of:
   1.1 Financial Awareness;
   1.2 Attitudes Towards Finance and Money;
   1.3 Managing Financial Risk; and
   1.4 Financial Culture?
2. What is the respondents' level of budgeting practices in terms of:
   2.1 Goal Setting;
   2.2 Financial Control;
   2.3 Decision Making; and
   2.4 Financial Behavior?
3. Is there a significant relationship between financial literacy and budgeting practices among college students of a Private Catholic School in Davao City?

Literature Review

Financial Literacy

Financial literacy is a critical skill in managing personal finances, especially in today’s increasingly digital financial landscape. As individuals face more complex financial decisions, understanding financial concepts and effectively managing personal resources have become essential for economic well-being. While definitions of financial literacy vary, the Organization for Economic Co-operation and Development (OECD, 2022) provides a comprehensive view, describing it as the knowledge of financial concepts and risks paired with the skills and attitudes necessary to apply that knowledge for informed decision-making, improving financial well-being, and participating meaningfully in economic life. Similarly, the Financial Literacy and Education Commission (2020) underscores the personal capabilities involved, defining financial literacy as the comprehensive understanding of financial concepts and the ability to utilize the necessary skills, knowledge, and tools for sound financial decisions aligned with personal goals. Over time, financial literacy has evolved from essential money management toward integrating financial concepts into daily life— a shift highlighted by Lusardi and Mitchell (2020), who reported persistent gaps in financial knowledge across demographics in the US, including among high school seniors. These knowledge gaps, as Kaiser and Lusardi (2024) affirm, continue to prevail across age, gender, and education levels, reinforcing the global need to strengthen financial education.

In the Philippine context, financial literacy has garnered increasing attention from government agencies and private sectors alike. A recent global survey ranked the Philippines in the lower third of 144 countries in financial literacy, indicating a pressing need for improvement (Global et al., 2023). The Bangko Sentral ng Pilipinas (BSP, 2021) further revealed that only 2% of Filipinos answered all key financial literacy questions correctly, despite their engagement in financial activities such as deposits, loans, and remittances. This disconnects between financial participation and knowledge exposes individuals to potential financial missteps, particularly in managing risks and long-term financial planning. Studies affirm that financial literacy—encompassing knowledge, motivation, and confidence—is crucial for financial stability and wealth accumulation. Angrisani et al. (2023) stress that early financial education equips individuals to handle emergency expenses, plan for retirement, and navigate income fluctuations, while Lusardi and Mitchell (2019) highlight the vulnerability of women and younger populations globally due to persistent knowledge gaps. Chabaefe and Qutieshat (2024) further elaborate that financial literacy extends beyond knowledge, integrating behavior and attitudes to develop comprehensive financial competence.

Grounded in this literature, the present study measures financial literacy using five core indicators: financial awareness, financial knowledge and skills, attitudes toward finance and money, risk management, and financial culture. This holistic framework not only captures the multidimensional nature of financial literacy but also serves as a lens for understanding its influence on college students' budgeting practices in a private Catholic school. The findings from previous studies imply that without adequate financial literacy, students may struggle with practical budgeting— leading to poor financial decisions, limited savings, or vulnerability to debt. Given that budgeting is a foundational financial skill, this study anticipates that higher levels of financial literacy among students will correlate with more responsible and strategic budgeting behaviors. The research thus contributes to the broader discourse by examining how enhancing financial literacy within educational institutions can empower students to make informed financial choices, ultimately fostering financial independence and stability in their adult lives.

Financial Awareness

In today’s interconnected economy, financial awareness has become an essential skill for ensuring financial stability and achieving long-term personal goals. Financial literacy—encompassing knowledge, attitudes, and behaviors—significantly influences individuals’ financial decision-making processes. Lone and Bhat (2024) highlighted the critical role of financial self-efficacy as a mediator between financial literacy and financial well-being, revealing that self-efficacy accounted for 68% of the variance in financial outcomes. This finding underscores that beyond imparting financial knowledge, educational interventions must also build confidence in applying financial concepts. Similarly, Sconti (2024) emphasized how financial literacy strengthens household financial management, particularly in female-led households, by improving financial planning, budgeting, and savings practices—factors vital for long-term financial security.

Further reinforcing these findings, Kaiser et al. (2021) conducted a meta-analysis of 76 randomized experiments involving over 160,000 participants, confirming the significant impact of financial education programs on enhancing financial knowledge and behavior. Notably, the effects were three times larger than those recorded in earlier studies, illustrating the growing efficacy of financial literacy initiatives. Complementing this, Philippas and Avdoulas (2020) examined the relationship between financial literacy and resilience among university students. They found that students with greater financial awareness were better prepared to navigate financial challenges, such as managing limited resources and coping with unexpected expenses—skills crucial for budgeting and financial independence. This illustrates that financial literacy not only develops knowledge but also practical competencies essential for daily money management.

The expanding body of literature advocates integrating financial literacy into formal education systems as a proactive approach to fostering financial resilience and well-being. Lone and Bhat (2024) suggested that embedding financial education into school curricula promotes positive long-term financial behaviors, while Sconti (2024) called for tailored programs addressing the unique needs of diverse demographic groups. These insights directly inform the present study, which seeks to examine how financial literacy influences the budgeting practices of college students in a private Catholic school. Given that budgeting is a fundamental application of financial literacy, these studies imply that students equipped with higher financial knowledge and self-efficacy are more likely to engage in sound budgeting behaviors. By exploring this relationship, the study aims to contribute to the growing discourse on financial literacy’s role in shaping responsible financial practices, offering valuable insights that can inform the design of targeted educational programs within higher education institutions.

Attitudes Towards Finance and Money

Financial attitude, encompassing an individual’s beliefs, values, and perceptions about money, plays a pivotal role in shaping financial behavior. It influences critical decision-making processes such as self-control, patience, long-term planning, and problem-solving. A positive financial attitude promotes self-discipline, encouraging individuals to prioritize saving, create financial plans, and develop resilience in the face of financial challenges (Von Stumm et al., 2021). Central to this attitude is an individual’s risk tolerance and perception of risk versus return, both of which directly impact financial decision-making. As Sabri et al. (2020) suggest, individuals with higher financial literacy tend to engage in more proactive financial behaviors, adopting a forward-looking view of money as a means to achieve long-term goals rather than succumbing to impulsive spending.

The relationship between financial literacy and responsible financial behavior becomes even more pronounced when examining debt management and risk-taking tendencies. Stolper and Walter (2021) emphasize that financially literate individuals are not only better equipped to handle financial risks but are also less prone to accumulating high levels of debt compared to their less literate peers. This finding highlight how financial knowledge empowers individuals to make informed decisions, fostering a sense of control and confidence over their financial well-being. In contemporary settings, especially among the youth, this financial prudence is increasingly evident. Young individuals demonstrate a growing preference for reducing debt and saving for the future, a trend amplified by the accessibility of digital learning platforms designed to enhance financial knowledge (Lusardi & Mitchell, 2020).

However, despite these positive trends, persistent gaps in financial literacy—often influenced by gender and income disparities—pose significant challenges. These inequalities underscore the urgent need for integrating financial education early in life to build a foundation of sound financial attitudes and habits (Sabri et al., 2020). The literature suggests that students with more potent financial literacy are more likely to practice effective budgeting, exercise discipline in managing expenses, and plan for long-term financial stability. This connection highlights the potential impact of targeted financial literacy programs within educational institutions, which can empower students to develop healthy budgeting practices and mitigate future financial risks, ultimately supporting their overall financial well-being.

Managing Financial Risk

Understanding and managing risk is a fundamental component of financial literacy, enabling individuals to recognize potential challenges and adopt strategies to minimize risks in personal financial decisions. Financially literate individuals, including students, are better equipped with the knowledge and resources necessary to assess risks associated with borrowing, investing, and preparing for unforeseen financial setbacks (Klapper & Lusardi, 2020). Angrisani et al. (2023) emphasize that students with substantial financial literacy skills are more capable of navigating financial uncertainties, allowing them to make informed choices regarding loans, savings, and insurance—critical areas where poor decisions can lead to long-term financial strain.

Equally important is the ability to grasp complex financial concepts that underpin effective risk management. Research by Lusardi and Mitchell (2020) suggests that young learners who participate in financial education programs with a focus on risk management demonstrate significantly improved money management skills and are less likely to encounter financial difficulties. These programs often address essential topics such as investment diversification, retirement planning, and debt management, equipping students with the practical knowledge needed to build a strong financial foundation (Brüggen et al., 2020). Such knowledge not only enhances their decision-making abilities but also strengthens their capacity to mitigate potential financial risks that may arise throughout life.

Incorporating education on risk management into financial literacy initiatives is therefore vital, as it empowers individuals to make prudent financial choices and promotes overall financial well-being. The reviewed literature underscores that effective risk management provides personal financial security while contributing to broader societal financial stability. For students, developing these competencies is expected to improve budgeting practices, increase financial resilience, and reduce vulnerability to debt and financial mismanagement. These insights reinforce the value of integrating risk management education within financial literacy programs to foster responsible financial behavior and support long-term financial health.

Financial Culture

Financial culture reflects the shared beliefs, values, and practices surrounding money management within a community, profoundly influencing individuals' financial behaviors. A positive financial culture fosters responsible attitudes toward saving, investing, and spending, empowering individuals to work toward their financial goals (Klapper & Lusardi, 2020). Communities that emphasize budgeting and responsible debt management tend to cultivate individuals who are more financially disciplined and future-oriented (Brüggen et al., 2020). These cultural norms shape how people approach their finances, reinforcing the importance of planning and self-control as core aspects of financial literacy.

Research further suggests that when financial knowledge is embedded in a society's culture, individuals are more likely to engage in sound financial practices such as saving emergencies, investing wisely, and minimizing unnecessary debt (Sogunro, 2021). Exposure to cultural norms that prioritize financial preparation and risk management equips individuals with the skills needed to navigate financial uncertainties effectively (Barrett & Ahsan, 2023). This relationship between culture and financial literacy highlights how environmental influences and collective attitudes can strengthen personal financial competencies, shaping how individuals assess risks and make critical decisions about saving, investing, and borrowing.

The integration of financial literacy as a cultural value not only benefits individual financial well-being but also contributes to societal stability and resilience. Osman et al. (2022) emphasizes that in communities where financial culture thrives, there is a heightened focus on financial education, leading to a population better prepared to manage risks and make informed financial choices. Similarly, Angrisani et al. (2023) assert that promoting responsible money management habits within cultural norms enhances both personal and collective financial health. These insights suggest that fostering a strong financial culture within educational institutions and communities can significantly influence students' budgeting practices, preparing them for sound financial decision-making and long-term stability.

Budgeting Practices

Budgeting practices are fundamental to effective money management, enabling both individuals and organizations to achieve financial goals and maintain stability. Musk and Winter (2018) explain that budgeting encompasses creating financial statements, monitoring income and expenses, and planning for essential financial aspects such as taxes, insurance, investments, and retirement. However, many students face challenges in developing these skills, often due to limited exposure to financial management courses. Chen and

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Volpe, as cited by Musk and Winter, found that while more than half of students had access to such courses, few chose to participate, highlighting a gap in financial literacy education. Effective budgeting starts with setting financial objectives, which differ between businesses prioritizing growth and profitability and individuals focusing on savings and debt reduction. Both must regularly track their expenses against their budgets—through tools like dashboards for organizations and apps or spreadsheets for individuals—to ensure alignment with their goals and make necessary adjustments.

Regular assessment of progress is equally vital in both personal and organizational contexts to measure success and refine strategies. Companies analyze performance against targets, while individuals monitor their spending patterns to stay on track financially. Advances in budgeting methods and technologies continue to optimize these processes across industries, such as hospitality, improving financial control and decision-making (Fortuna et al., 2021). For students, budgeting becomes particularly critical given their tendency toward impulsive spending habits and the financial pressures associated with higher education. In many Western countries, students are expected to contribute to their educational expenses, leading them to seek financial aid, scholarships, or support from family and friends. Yet, even with this support, effective budgeting is crucial to avoid debt. Mandell (2008), as cited by Shevalkin et al. (2020), underscores that while students may display general financial literacy, only a tiny percentage graduate with the budgeting and decision-making skills necessary to manage their finances responsibly.

Historically, budgeting has been closely tied to management accounting research (Covaleski et al., 2003; Kenno, 2023), but a comprehensive theoretical framework remains underdeveloped (Gibran & Sekwat, 2009; Kenno, 2023). Despite concerns over its continued relevance, budgeting persists as a vital management tool across diverse sectors, including education, healthcare, government, and non-government organizations (Libby & Lindsay, 2010; Kenno, 2023). However, existing literature often overlooks the impact of emerging technologies such as artificial intelligence and machine learning on budgeting accuracy and efficiency. This gap presents an opportunity for future research to explore how these technologies could refine budgeting practices and improve financial decision-making. For college students, integrating financial literacy education with practical budgeting skills is critical to fostering responsible financial behaviors and long-term financial stability. Understanding these dynamics underscores the importance of embedding budgeting competencies within financial literacy programs to equip students with the necessary skills to manage their finances effectively.

Goal Setting

Goal setting is a crucial component of financial management, particularly for students navigating the complexities of budgeting and personal finance. Establishing clear financial goals not only promotes financial stability but also enhances overall financial behavior. Lusardi and Mitchell (2020) emphasize that goal setting serves as a powerful tool that empowers individuals to make informed and responsible financial decisions. Similarly, Kelly (2024) highlights that well-defined financial goals provide motivation, offering individuals a framework to monitor their progress toward financial security. The process becomes even more effective when significant financial goals are broken down into smaller, manageable steps, making them more attainable and less overwhelming (Kelly, 2024).

For students, goal setting plays a pivotal role in fostering effective budgeting practices. By defining specific financial objectives, students are encouraged to prioritize essential needs and allocate their limited resources efficiently. Studies reveal that students who actively set financial goals exhibit stronger money management skills and greater financial discipline (Cucinelli et al., 2023). The positive correlation between goal setting and financial success is well-documented. Bozkurt et al. (2023) found that students with clear financial goals are more likely to practice disciplined budgeting and saving behaviors, which significantly contribute to long-term financial stability. Beyond financial outcomes, goal setting also influences academic performance. Dobrony et al. (2021) observed that students who engage in goal-oriented planning demonstrate heightened responsibility and a stronger sense of direction, positively affecting both their academic and financial success.

Ultimately, goal setting extends beyond the achievement of short-term objectives. It fosters a mindset of discipline, responsibility, and foresight—habits essential for sustaining financial success and security in the long run (Lusardi & Mitchell, 2020). For students, cultivating these habits early not only enhances their current financial management skills but also equips them with lifelong competencies critical for navigating future financial challenges.

Financial Control

Financial control plays a crucial role in ensuring the effective and secure management of an organization’s financial resources. It encompasses the systems, policies, and procedures designed to safeguard assets, maintain accurate records, prevent fraud, and ensure compliance with legal and regulatory standards (Xeinadin, 2023). According to Xeinadin, clearly defining staff roles and enforcing strict transaction approval protocols minimize financial misuse and errors, enabling better decision-making. Theseus.fi (2023) reinforces the significance of robust financial control systems in promoting organizational stability, recommending tools such as return on investment (ROI) analysis and internal audits to monitor performance, detect issues early, and align financial activities with strategic objectives. Collectively, these perspectives underscore that strong financial controls are fundamental in operating within budget constraints and managing financial risks effectively—a principle that extends beyond organizations and is equally relevant in personal financial management.

Closely linked to the concept of financial control is financial literacy, which equips individuals with the knowledge and skills needed to navigate financial systems and make sound decisions. Lusardi (2019) argues that individuals with higher financial literacy are better positioned to manage their finances, especially when resources are limited. This connection is vital for students who are often tasked with balancing academic expenses, daily allowances, and personal savings. Behringer (2023) expands the understanding of financial control by framing it as an ongoing process involving goal setting, performance monitoring, and continuous evaluation. Regular financial oversight helps detect inefficiencies and discrepancies, leading to better resource allocation and improved financial performance (Wall Street Oasis, 2023; FounderJar, 2023). Moreover, financial control ensures compliance with accounting principles and regulatory standards, fostering transparency and accountability—both critical in cultivating trust among stakeholders (Behringer, 2023; Wall Street Oasis, 2023)

The integration of financial literacy with effective financial control practices has significant implications for the study of the influence of financial literacy on college students' budgeting practices. Access to accurate and timely financial information enables sound decision-making, enhances risk management, and promotes resource optimization—principles that students can adopt to improve their budgeting behavior (Wall Street Oasis, 2023; FounderJar, 2023). As Behringer (2023) highlights, financial control is a multifaceted process that not only secures financial stability but also strengthens decision-making capabilities. For college students, particularly in a private Catholic school setting, understanding and applying these principles can lead to better financial management, reduced financial stress, and increased accountability in handling their limited resources. Thus, reviewing these frameworks supports the study's exploration of how financial literacy influences students' budgeting practices, offering a solid theoretical foundation and reinforcing the importance of financial knowledge and control in fostering responsible financial behavior.

Decision Making

Decision-making is a fundamental human activity that involves selecting a course of action from various available options to achieve desired outcomes. The National Endowment for Financial Education (NEFE, 2019) defines decision-making as "the process of identifying and choosing among alternative courses of action to achieve a desired outcome," emphasizing its goal-oriented nature. In the context of financial management, budgeting is a critical area where decision-making plays a central role, particularly for college students. The National Association of College and University Business Officers (2021) reports that many students face difficulties in managing their finances, highlighting the importance of practical decision-making skills in budgeting. Moreover, the Financial Industry Regulatory Authority (FINRA, 2019) asserts that strong decision-making abilities enhance problem-solving skills, time management, resilience, and overall financial stability, while the Jump$tart Coalition for Personal Financial Literacy (2023) adds that financially literate individuals make more informed financial choices.

However, the transition to adulthood presents unique challenges for college students as they navigate academic demands, new responsibilities, and future-oriented decisions. A FINRA (2022) study found that a significant number of young adults aged 18 to 29 lack confidence in their financial knowledge, revealing a gap in financial literacy that can lead to poor financial choices and long-term instability. Decision-making skills have become essential for students to manage their academic, financial, and personal goals successfully. Research from the University of Pennsylvania suggests that students who develop these skills are more likely to excel academically, manage their finances responsibly, and maintain healthy relationships (Mandel & Johnson, 2018). Conversely, weak decision-making skills correlate with academic challenges, financial mismanagement, and strained social interactions (University of California, Los Angeles, 2021), reinforcing the need to strengthen these competencies during college years.

The relationship between decision-making skills and financial behavior has significant implications for the present study on financial literacy and budgeting practices among college students in a private Catholic school. Budgeting decisions—such as spending, saving, and managing debt—are directly influenced by a student's capacity to make sound financial choices. As the Center for Financial Literacy at Champlain College found, students with strong decision-making skills are more likely to create and stick to a budget, save for future goals, and avoid excessive debt (Mandel & Johnson, 2018). Integrating financial literacy education that enhances decision-making competencies can empower students to develop better budgeting habits, reduce financial stress, and promote financial independence. This highlights the critical role of decision-making in shaping students' budgeting behavior, making it a vital focus in understanding the influence of financial literacy on their financial practices.

Financial Behavior

Financial behavior encompasses how individuals manage their financial resources, including their habits in spending, saving, investing, and borrowing (Baker, Filbeck, & Ricciardi, 2024). A range of factors, such as personal values, attitudes, beliefs, psychological biases, and past experiences, shape this behavior. Arifin (2023) defines financial behavior as the allocation of income toward both short-term consumption and long-term financial goals. It involves various financial activities such as income generation, expenditure, savings, investments, and debt management (De-Valentim, Tezel, et al., 2024). Lusardi and Mitchell (2020) further explain that psychological tendencies, social norms, and individual life circumstances heavily influence financial behavior, making it a complex yet critical component of personal financial management.

Positive financial behavior is reflected in consistent budgeting, regular saving, responsible debt management, and prudent investment decisions (Baker, Filbeck, & Ricciardi, 2024). Such behaviors enable individuals to take control of their financial situation, make informed decisions, and plan for both short-term needs and long-term goals (Yeske & Buie, 2020). Additionally, external factors like access to financial services and government support significantly shape financial behaviors. Hastings and Shapiro (2022) demonstrate that the availability of government assistance can directly influence individual financial decisions. Furthermore, studies affirm that positive financial behavior contributes not only to financial security but also to overall well-being, reduced financial stress, and increased independence, whereas poor financial habits may lead to reliance on external support such as government aid (Lee et al., 2023).

In the context of the present study, understanding financial behavior is essential to examine how financial literacy influences the budgeting practices of college students in a private Catholic school. Effective budgeting, a core aspect of financial behavior, involves tracking expenses, setting savings goals, and regularly adjusting spending to align with financial objectives (Baker, Filbeck, & Ricciardi, 2024). Students who demonstrate positive financial behavior are more likely to allocate funds for future needs such as emergencies, education, or significant life events, thus fostering long-term financial stability (Yeske & Buie, 2020). These insights imply that enhancing students' financial literacy can cultivate responsible financial behavior, empowering them to develop sound budgeting habits, reduce financial stress, and achieve financial independence—outcomes that are critical for their holistic growth and well-being as young adults in a faith-based educational environment.

Methodology

Research Design

This study employed a quantitative research design, which, according to Creswell (2018), involved the collection and analysis of numerical data to identify patterns and test theories through statistical procedures. Specifically, a descriptive correlational design and linear regression analysis were utilized to address the research objectives. As defined by Dudovskiy (2017), descriptive research provides a snapshot of existing conditions without manipulating variables. It aimed to identify, describe, and clarify prevailing issues by gathering data that enhanced understanding. In this study, it described the students' levels of financial literacy and budgeting practices. Furthermore, as Carlson (2017) explained, correlational analysis examines the relationship between two variables. The study aimed to determine whether a significant relationship existed between financial literacy (independent variable) and budgeting practices (dependent variable), exploring how these variables interacted. Additionally, regression analysis, as noted by Frost (2019), predicted the value of the dependent variable based on the independent variable. It quantified the relationship and assessed how variations in financial literacy influenced budgeting practices, thereby determining the extent and significance of this relationship.

Participants

This study was conducted at a private Catholic school in Davao City, established in the late 1940s. The school offers programs from primary to higher education, with courses in Business Administration, Education, Information Technology, and Education, reflecting its commitment to quality education. Guided by its mission to foster academic excellence and character formation, the institution continuously expands its programs to meet the region's growing demand for specialized education. Focusing on students enrolled in these programs, this study analyzed their financial literacy and budgeting practices, with the school's diverse academic environment providing an ideal setting for research.

This study was conducted among 516 students enrolled at research locale for the academic year 2024-2025 across various programs. To ensure valid results, the researcher determined a minimum target sample of 225 respondents. Simple Random Sampling was employed to select individual participants, giving each student an equal chance of being chosen and ensuring an unbiased, representative sample. Methods such as random number generator or drawing lots were used to minimize researcher bias during selection, allowing the findings to be generalized to the broader student population.

Instrument

In this study, the researcher used a Researcher-Constructed survey questionnaire designed to evaluate how financial literacy impacts budgeting practices among college students. The instrument consists of three parts: Part 1 explains the study's purpose and the survey, Part 2 determines the respondents' profile, and Part 3 contains categorized statements assessing financial literacy—including financial awareness, knowledge and skills, attitudes toward finance and money, managing financial risk, and financial control—and budgeting practices, including goal setting, financial control, decision-making, financial planning, and financial behavior. After completion, the questionnaire underwent face validation by a panel of institutional experts, followed by pilot testing and internal reliability testing using Cronbach's alpha. The results showed excellent reliability for financial literacy indicators: Financial Awareness (.979), Financial Knowledge and Skills (.991), Attitude Towards Finance and Skills (.959), Managing Financial Risk (.978), and Financial Culture (.982), with an overall reliability of .996. For budgeting practices, results were Goal Setting (.979), Financial Control (.982), Decision-Making (.971), Financial Planning (.972), and Financial Behavior (.980), also yielding an overall reliability of .996. The entire instrument achieved an alpha value of .998, indicating excellent reliability.

Procedure

Data for this study was collected through an online survey using Google Forms to assess financial literacy and budgeting practices among students in a private Catholic school, with respondents selected through simple random sampling for unbiased representation.

Students were oriented via Messenger group chats, and the survey was scheduled based on their availability to avoid academic disruption. Formal permission from the school president and coordination with the Dean's office ensured smooth implementation and proper representation across programs. After data collection, responses were analyzed using descriptive statistics and Pearson's R correlation to determine the relationship between financial literacy and budgeting practices. Findings will guide recommendations to strengthen financial literacy education and improve students' budgeting skills in the institution.

Data Analysis

In this study, data analysis involved descriptive statistics, correlation, and regression analyses to examine the relationship between financial literacy and budgeting practices among college students in a private Catholic school. Descriptive statistics, including mean and standard deviation, were used to identify trends and variations in financial literacy indicators—such as financial awareness, knowledge, attitudes toward money, financial risk management—and budgeting practices like goal setting, financial control, and decision-making. Pearson's R correlation assessed the strength and significance of the relationship between financial literacy and budgeting practices, while linear regression determined the influence of financial literacy on budgeting behavior and identified specific indicators associated with effective budgeting for targeted interventions.

Ethical Considerations

This study aims to assess financial literacy and budgeting practices among college students in a private Catholic school to help improve financial education programs and serve as a reflection tool for students. Informed consent will be obtained via email, where students will reply with their full name in all caps to confirm participation, with the consent form attached to the survey reminding them of their rights, including the freedom to withdraw anytime without consequences. The researcher will prioritize the respondents' safety and well-being, with minimal risks, as the survey is conducted online; internet access issues will be considered, and support will be provided if needed. Confidentiality and data protection will be ensured through secure Google Forms collection, limited data access, password protection, and compliance with the Data Privacy Act of 2012, with all data permanently deleted after analysis. Simple random sampling will ensure fairness and unbiased selection, treating all respondents with dignity, respect, and transparency. The researcher will maintain professionalism, disclose conflicts of interest, follow ethical guidelines, and share the final study with the school community.

Results and Discussion

This section presents the results and discussions based on the data gathered after the conduct of this study. This includes the interpretation of the data and the implication of the findings of the study. The deliberations presented in this section are aligned with the statement of the problem cited in the previous chapters of this study.

Level of Financial Literacy of College Students

The table below presents the level of financial literacy of college students measured across indicators of the study.

Table 1. *Overall Level of Financial Literacy of College Students*

Indicator	*Mean*	*SD*	*Descriptive*
Financial Awareness	4.00	0.89	High
Attitudes Towards Finance and Money	4.03	0.82	High
Managing Financial Risk	3.82	0.85	High
Financial Culture	3.97	0.83	High
Over-all Variable Mean	3.95	0.82	High

As the results show, students at St. Peter's College of Toril, Inc. possess a high level of financial literacy (Mean = 3.95, SD = 0.82), especially in their positive attitudes toward money and financial responsibility (Mean = 4.03, SD = 0.82). This suggests that most students value responsible income allocation, saving, and spending—critical skills that impact their real-life ability to manage limited financial resources, especially as they juggle academic expenses, allowances, and personal wants. Sanjeev (2023) emphasizes that budgeting, a fundamental aspect of financial literacy, requires individuals to plan and allocate their income toward necessities, savings, and discretionary spending—practices essential for students preparing to become financially independent adults.

Further, students demonstrated high financial awareness (Mean = 4.00, SD = 0.89), showing familiarity with managing expenses, savings, and debts. However, the variability reflected in the standard deviation points to inconsistent financial understanding among some students, potentially influenced by differences in family financial backgrounds and experiences.

Similarly, while students showed competence in managing financial risks (Mean = 3.82, SD = 0.85), knowledge gaps remain in long-term financial planning such as investment literacy and understanding of insurance. Huston (2010) highlights that both comprehension and application of financial knowledge are necessary to develop effective budgeting habits. In real-life situations, these gaps could limit students' ability to build emergency funds, evaluate financial products, or plan for future financial obligations, increasing their vulnerability to financial stress and poor money management after college.

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Despite demonstrating strong knowledge and attitudes, students struggled with the consistent application of budgeting skills, particularly in tracking income and expenses—a finding consistent with Xiao and Porto (2017), who argue that financial knowledge does not always translate to behavior. Students favored immediate financial needs over long-term planning, as reflected in the lower score for considering the long-term consequences of spending, echoing Shim et al. (2009). Through the lens of Ajzen's (1991) Theory of Planned Behavior (TPB), this behavior is influenced by attitudes, subjective norms, and perceived behavioral control. In real life, students' intention to manage their finances is shaped not only by what they know but also by family and peer influences and their confidence in controlling financial outcomes. Shen et al. (2016) supports this, noting that higher financial knowledge reduces financial difficulties, allowing individuals to avoid debt and improve overall financial well-being.

These findings carry significant implications in real life. While students are equipped with foundational knowledge, without proper practice and application, they risk mismanaging their finances when faced with real-world challenges such as tuition payments, emergencies, or job instability. As Lusardi (2019) stresses, enhancing technical skills in savings, investment, and risk management is critical. Schools can incorporate practical financial literacy programs, simulations, and workshops to help students translate knowledge into action. Additionally, recognizing the strong influence of cultural and family financial norms (Gudmunson & Danes, 2011), integrating discussions on financial habits at home could strengthen responsible budgeting practices. By bridging the gap between knowledge and behavior, students will be better prepared to manage their finances independently, build financial resilience, and make sound decisions that ensure long-term financial security.

Level of Budgeting Practices of College Students

The following table presents the level of budgeting skills of college students measured across various indicators. The results are as follows:

Table 2. *Overall Level of Budgeting Practices of College Students*

Indicator	*Mean*	*SD*	*Descriptive*
Goal Setting	3.99	0.89	High
Financial Control	3.77	0.87	High
Decision Making	4.03	0.82	High
Financial Behavior	3.97	0.83	High
Over-all Variable Mean	3.91	0.82	High

The study reveals that college students at St. Peter's College of Toril demonstrate strong budgeting practices, with an overall mean score of 3.91 (SD = 0.82). This suggests that students generally possess essential skills for setting financial goals, exercising control, and making informed decisions, all crucial for managing personal resources effectively. Among the key budgeting indicators, decision-making recorded the highest mean score of 4.03 (SD = 0.82), reflecting students' ability to prioritize expenses, balance needs, and wants, and consider long-term financial implications. This aligns with existing literature that identifies decision-making as a core component of effective budgeting (Sullivan & Strode, 2010).

Additionally, goal setting scored highly (M = 3.99, SD = 0.89), demonstrating students' capacity to establish financial objectives, though the higher standard deviation indicates variability, suggesting that some students may need additional support. Financial behavior also scored well (M = 3.97, SD = 0.83), reflecting responsible habits such as expense tracking, saving, and adhering to budget practices signaling financial maturity.

The findings of this study are anchored in the Financial Literacy Theory by Lusardi and Mitchell (2011), which posits that financial literacy is the ability to understand and apply financial knowledge, particularly in managing personal finances like budgeting. Students with higher financial literacy are more likely to make informed decisions regarding income allocation, spending, and saving. This theoretical framework is reinforced by Sanjeev (2023), who highlights budgeting as a fundamental aspect of financial literacy, emphasizing the need for individuals to plan and allocate their income effectively. Huston (2010) further notes that financial literacy involves both understanding financial concepts and applying them, skills essential for developing effective budgeting habits. The study's findings indicate that students who demonstrate higher financial literacy tend to excel in goal setting, decision-making, and financial behavior, aligning with the theory that financial knowledge significantly influences budgeting practices. However, the challenge of consistently regulating spending, as indicated by the lower score in financial control (M = 3.77, SD = 0.87), reflects the difficulty many students face despite their general financial literacy.

The study also draws on Ajzen's Theory of Planned Behavior (TPB) (1991), which explains that behavior is influenced by intentions shaped by attitudes, subjective norms, and perceived behavioral control. In the context of budgeting, students' intentions to manage their finances effectively are influenced by their financial literacy (attitudes) and social influences from peers or family (subjective norms). The study's findings support this theory, as students who exhibit higher financial literacy show a greater sense of control over their finances, reflected in their goal-setting and decision-making behaviors. This aligns with Shen et al. (2016), who found that individuals with more excellent financial knowledge face fewer challenges in managing their finances, leading to better decision-making, savings, and financial well-being. The integration of these theories underscores the importance of financial literacy in shaping budgeting behaviors, particularly among college students, by emphasizing how financial knowledge, attitudes, and perceived control influence their ability to make informed financial decisions and establish responsible money management habits.

Despite strong budgeting practices, students still face challenges, particularly in adhering strictly to budgets and managing unpredictable expenses. This issue aligns with the observations of Lusardi and Mitchell (2014), who noted that unpredictable expenses often undermine students' ability to stick to a budget. While students are generally adept at goal setting and decision-making, they struggle to integrate these skills into their daily spending behavior, often due to impulsive purchases or external pressures (Kahneman, 2011). Furthermore, although students demonstrated diligence in tracking expenses and saving regularly, lower scores in active expense tracking indicate a need for improvement in maintaining consistent financial discipline. As Huston (2010) emphasized, consistent tracking is essential to sound financial behavior, enabling better resource management and the achievement of long-term financial goals. These findings suggest the need for enhanced financial education programs that focus not only on financial knowledge but also on practical application and digital tools to improve students' ability to manage their finances effectively.

To end, students at St. Peter’s College of Toril demonstrate solid budgeting practices aligned with financial literacy principles (Musk & Winter, 2018), yet challenges remain in areas like expense tracking and consistent budgeting. Addressing these gaps through workshops, financial literacy programs, and digital tools could further strengthen students' ability to make informed financial decisions. By aligning financial goals with everyday behaviors and providing continuous support in applying financial knowledge, students can develop adaptive budgeting strategies that will help them achieve financial stability and long-term success. This approach, grounded in the Financial Literacy Theory and Theory of Planned Behavior, highlights the intrinsic relationship between financial knowledge, behavior, and control, ultimately contributing to students' financial resilience.

Correlation Analysis Between Variables of Interest

Table 3. *Correlation Analysis Between Financial Literacy and Budgeting Skills*

		Level of Financial Literacy	*Level of Budgeting Skills*
Level of Financial Literacy	Pearsons Correlation	1	0.850
	Sig. (2 tailed)		0.000
	N		
Level of Budgeting Skills	Pearsons Correlation	.850	1
	Sig. (2 tailed)	0.000	
	N	225	225

The results presented in Table 3 show a strong positive correlation of 0.867 between financial literacy and budgeting skills, with a p-value of 0.000, indicating a statistically significant relationship. This finding aligns with the Financial Literacy Theory by Lusardi and Mitchell (2011), which defines financial literacy as the ability to understand and effectively use financial knowledge in decision-making, particularly in managing personal finances like budgeting.

According to this theory, individuals with higher financial literacy are more likely to make informed decisions about income allocation, spending, saving, and investing. Sanjeev (2023) emphasizes that budgeting is a fundamental aspect of financial literacy, requiring individuals to plan and allocate their income toward necessities, savings, and discretionary spending, which directly connects financial literacy to effective budgeting practices. The practical implication of this finding is that enhancing students' financial literacy can equip them with the tools needed to manage their finances better, leading to improved financial well-being in both their academic and post-graduate lives.

Furthermore, the study’s findings support the work of Vieira et al. (2020), Angrisani et al. (2023), and Lusardi and Mitchell (2020), all of whom stress that financial literacy is essential for managing financial challenges, including budgeting. Huston (2010) identifies that budgeting involves not only understanding financial concepts but also the ability to apply them, which are crucial for developing responsible financial habits. A higher level of financial literacy enables individuals to assess their financial situation, set realistic goals, and track expenses, thus improving budgeting practices. In practical terms, this means that students who are more financially literate are better positioned to avoid financial stress, manage unexpected expenses, and build savings—skills that are essential in both personal and professional spheres. These capabilities will have long-lasting effects, empowering students to navigate real-world financial decisions with confidence and foresight.

Additionally, this study draws on Ajzen's (1991) Theory of Planned Behavior (TPB), which suggests that behavior is shaped by intentions influenced by attitudes, subjective norms, and perceived behavioral control. In the context of budgeting, students' intentions to manage their finances effectively are influenced by their financial literacy (attitudes), social influences from peers or family (subjective norms), and a sense of control over their financial decisions (perceived behavioral control). Shen et al. (2016) further support this by finding that individuals with more significant financial knowledge experience fewer difficulties in managing their finances, leading to better decision-making, savings, and overall financial well-being. From a practical standpoint, students with higher financial literacy are more likely to make intentional decisions that promote financial stability, such as saving for future goals, avoiding debt, and investing wisely. These behaviors can ultimately lead to greater financial independence and security in their adult lives.

The strong correlation observed between financial literacy and budgeting skills in this study reinforces the importance of financial education in shaping effective budgeting practices. By integrating Lusardi and Mitchell’s (2011) Financial Literacy Theory and Ajzen’s

(1991) Theory of Planned Behavior, this study highlights the critical role that financial knowledge, attitudes, and perceived control play in students' ability to make sound financial decisions. In practical terms, promoting financial literacy within the context of a private Catholic school can significantly enhance students' budgeting skills, empowering them to make informed financial decisions, avoid financial pitfalls, and build a strong foundation for their financial future. By preparing students for real-life financial challenges, schools can contribute to developing financially responsible individuals capable of navigating the complexities of personal finance with confidence and competence.

Regression Analysis Between Variables of Interest

The table below presents the regression analysis of financial literacy and budgeting practices of college students.

Table 4. *Regression Analysis Between Financial Literacy and Budgeting Practices*

Variable	*Standardized Coefficients Beta*	*B*	*Standard Error*	*T-value*	*P-value*	*Alpha Value*	*Interpretation*	*Decision*
Level of Financial Literacy	0.896	0.850	0.0371	24.12	0.000	0.05	Significant	Reject HO
Constant		0.366	0.1486	2.46				
Multiple R	0.850	Strong Positive Correlations						
R2 =	0.723							
Adjusted R2	0.722							

Dependent Variable: Level_of_Budgeting_Skills

The study highlights the crucial role of financial literacy in shaping the budgeting practices of college students at St. Peter's College of Toril, Inc. A strong positive correlation (Multiple R = 0.867) between financial literacy and budgeting practices indicates that as students' financial literacy improves, their ability to manage finances effectively also increases. This finding is consistent with global research, including Lusardi and Mitchell (2020), who emphasize the importance of financial education in promoting sound financial behaviors. Furthermore, the coefficient of determination ($R^2 = 0.751$) reveals that financial literacy accounts for 75.1% of the variance in budgeting practices, underscoring the importance of financial knowledge in financial decision-making. The Beta value of 0.921 and unstandardized coefficient (B = 0.868) further demonstrate that improvements in financial literacy significantly enhance budgeting behavior, a conclusion supported by Vieira et al. (2020).

The statistical significance of this relationship (T-value = 25.941, P-value = 0.000) solidifies the practical implication that financial literacy is not just a theoretical concept but has real-world effects on students' financial behaviors. Studies by Angrisani et al. (2023) emphasize the benefits of financial education in improving financial risk management, savings, investments, and debt management. Even without financial literacy, students demonstrate a baseline level of budgeting behavior, which can be significantly enhanced through targeted educational programs. This suggests that educational institutions must prioritize financial literacy programs, as Anderson and Card (2015) found that such programs help students improve financial awareness and decision-making skills.

These results underscore the need for educational institutions to incorporate financial literacy into their curricula. By doing so, they can equip students with the knowledge necessary to navigate financial challenges and promote long-term financial stability. This is especially pertinent in the context of the Bangko Sentral ng Pilipinas (BSP, 2021) report, which identifies a gap in financial knowledge among Filipinos. Integrating financial education early can help bridge this gap and prepare students for real-world financial decision-making. Moreover, the findings align with Priyadharsini (2017) and Khan (2015), who argue that financial awareness directly influences financial choices and budgeting.

In addition to fostering financial literacy, promoting positive financial attitudes such as self-discipline, long-term planning, and savings is essential. Potrich et al. (2021) argue that individuals with higher financial literacy tend to exhibit better financial behaviors, such as avoiding debt and saving. The study suggests that improving financial literacy not only enhances budgeting practices but also instills responsible financial behaviors, which is crucial for achieving financial stability. The ability to manage financial risk is also a vital component of financial literacy, as emphasized by Klapper and Lussardi (2020), and its enhancement through education prepares students for effective financial decision-making.

Finally, the study supports the Financial Literacy Theory by Lusardi and Mitchell (2011), which posits that financial knowledge equips individuals to make informed decisions about spending, saving, and investing. By integrating financial education into academic curricula, educational institutions can foster a culture of financial responsibility. This will help students manage their finances more effectively and prepare them to face the financial challenges of the future. The results suggest that a positive financial culture, as outlined by Barrett and Ahsan (2023), can further enhance financial behaviors, making students better equipped to handle financial risks and make informed decisions. This has practical implications for both educational policy and student development, ultimately contributing to the financial well-being of future generations.

Conclusions

The results indicate that the respondents, college students at SPCT, possess a high level of financial literacy, particularly in their attitudes toward finance, financial awareness, and financial culture, although managing financial risk was identified as the area requiring more attention. This demonstrates a firm grasp of financial concepts, with students able to apply this knowledge in various financial contexts. Similarly, respondents exhibited effective budgeting practices, especially in decision-making, goal-setting, and financial control, though financial behavior was slightly lower. This suggests that SPCT students actively manage their finances by setting clear goals, exercising discipline, and making informed decisions. Furthermore, a positive relationship was found between financial literacy and budgeting practices, highlighting the critical role of financial literacy in enhancing budgeting behaviors. As students' financial literacy improves, their ability to set goals, maintain financial control, and make sound financial decisions also significantly improves. However, the study's limitations include the self-reported nature of the data, which may introduce biases in respondents' assessments of their financial literacy and budgeting practices. Additionally, the study does not account for external factors such as socioeconomic background or exposure to financial education outside the classroom, which could also influence financial literacy and budgeting practices. Future research could explore a more extensive and diverse sample and incorporate objective financial assessments for a more comprehensive understanding of financial literacy's impact on budgeting practices.

To enhance the financial literacy of college students, it may be beneficial to bridge the gap between theoretical knowledge and real-life application, particularly in budgeting and long-term financial planning. It is recommended that the program incorporate practical workshops and simulations, allowing students to apply financial concepts through hands-on experiences. These activities may include tracking income, setting budgets, and making financial decisions in realistic scenarios. Additionally, focusing on long-term financial strategies such as building an emergency fund, understanding investment options, and evaluating insurance needs may empower students to plan for their future financial security. Integrating these elements into the curriculum may help students make more informed decisions and better prepare them for financial independence after graduation.

Furthermore, promoting peer-to-peer learning and family-oriented financial education may strengthen students' financial behaviors by incorporating cultural and familial influences. It is recommended to organize peer-led financial support groups and family-centered financial events to foster a community-driven approach to budgeting. Digital tools and apps for tracking expenses and managing budgets may also reinforce practical financial skills. Workshops on managing unpredictable expenses, such as emergency costs or occasional splurges, may teach students how to create flexible budgets while maintaining financial discipline. Integrating financial literacy modules into the curriculum and extracurricular activities, such as budgeting competitions or student-led campaigns, may ensure that students develop responsible financial attitudes and better budgeting practices for both their academic and personal lives.

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