

**THE RELATIONSHIP BETWEEN SAVING PRACTICES, FINANCIAL LITERACY,  
PARENTAL SUPPORT, AND PEER INFLUENCE****\*Dr. Metonia M. Gonzales**

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Received 18<sup>th</sup> May 2024; Accepted 24<sup>th</sup> June 2024; Published online 30<sup>th</sup> July 2024

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**Abstract**

Savings has an essential role to every student to help them avoid financial burden in the future. The success of saving practices includes saving regularly, budgeting, monitor expenses, goal setting, and securing bank deposit. This study determined the relationship between saving practices and financial literacy, parental support, and peer influence, conducted in a Higher Education Institution at Cagayan de Oro City, specifically to the students under the College of Management and Accountancy (CMA) department. The survey utilized to use the descriptive survey method. The questionnaires distributed to three hundred thirty-two students using Cochran formula. Statistical techniques such as mean, standard deviation, and Pearson correlation were applied to examine the relationship between the indicators and saving practices. After the data analysis, the findings of the study concluded that among the three factors parental support has the highest mean 4.13, followed by financial literacy and peer influence and that all factors have a positive influence towards saving practices. Pearson correlations showed that the factors: financial literacy, parental support, and peer influence have a significant relationship on the saving practices of the students. The findings of the study concluded that the students in the CMA department agree that the factors have affected the saving practices and that they often practiced such saving practices.

**Keywords:** Students, Financial literacy, Parental support, Peer influence, Saving practices.

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**INTRODUCTION**

The growing and developing world economy is continuously developed became sophisticated in which savings play a significant role in development. Philippines endeavor to remain pace with this development process for gaining a benefit in the world of survival. In the chain of this economic development, savings may progress more to get advancement. In the present, it is difficult to predict the increasing price of goods and services. The knowledge of personal finance is important to face the trend that occurs in a growing country like the Philippines. According [9] the ability to save depends on the growth of the economy because a high savings rate will result in the rate of investment towards economic growth. However, Philippines savings rate has declined in recent year. As per CEIC Data, gross domestic saving (% of GDP) of Philippines has been oscillating 36.5% from March 1981 but falls drastically to 15.1% in December 2018 and declines to 10.8% in December 2022. Saving in an economic term is the excess of income over the expenditure, where the expenditures are also mentioned as consumption, and the saving practice is the activity of keeping the money after they use it for their wealth [4] Researcher showed that students have some reasons for doing the practice of saving and one of that is to achieve their goal of being financially affluent, Moreover, to finance their other actions taken. Financial literacy is defined as “the understanding and knowledge of financial concepts” [6]. Thus, financial literacy can also be defined as “knowledge and skills related to money management and can include the ability to control credit card, practice budgeting, settle loan, and involved to insurance” [3]. According to [8], financial literacy is knowledge of facts, concepts, principles, and technological tools that is fundamental to being smart about money.

Research on financial literacy among college students indicates that students are being burdened by the lack of financial information as to financial [13]. However, for people that lack financial experience, such as those tertiary students, financial literacy has been identified as an important determinant to improve saving practices and for promoting personal financial safety of students. Socialization has been defined as the process where individuals attain the knowledge, skills, and value nature that enable them to contribute as members of groups and society [14]. Social influence involves the exercise of social power by a person or group to change the attitude or practice of others in a particular direction [7]. According to [11] studied that many societies belief saving money as thrift, a virtue which is high worth and is vital to the economic growth of a nation. [15] probe that peers can be an additional source of financial socialization after parents that became a primary role and direct source of financial practices and followed by the mass media and advertising that provide information about consumption and the value of material goods. Peer like a friend who has good saving practices may influence students saving practices and give motivation to them to make saving activity while peer whose have unhelpful saving practices may also influence their peer like students to have a bad saving practices activity like buying something that unnecessary thing such phone and others. Another factor towards the saving practice of students that are being viewed by the researcher is parental support. Most of the practices among children occur through the unconscious communication of norms and hopes, look-out or imitation of practices, and subtle cues from parents (Khatun, 2018). So the background of parents, culture, influencing power, and outlook about spending and savings has a strong cause on the practices of their children. Furthermore, student life is the start of using money with the less supervision of parents [5]. In this stage of life, they learn to have their spending budget, appropriate use of money, and meet financial

stress. It is an independent learning that helps students makes a better financial decision in the future. It was believed that combined learning in financial aspects has a huge effect on personal finance [5]. With regards to savings practice, since students are diverse given that they have a different way of thinking, culture, social environment, economic environment, and knowledge [1] and that gives effect on the savings practice of students. That is the importance of determining the factors and their effect on savings practices. Thus the researcher tried to find out whether there is a relationship between savings practices of students and financial literacy, parental support, and peer influence.

### Conceptual Framework

The study was to support the Theory of Planned Behavior (TPB), which is proposed by [2]. According to the theory has factored in determining, that is the attitude, social norm, control, and intention. Figure 1 was adapted from the framework developed by [12] and serve as the foundation of this study. The framework is formulated to explicate the relationship between saving practices and financial literacy, parental support, and peer influence.

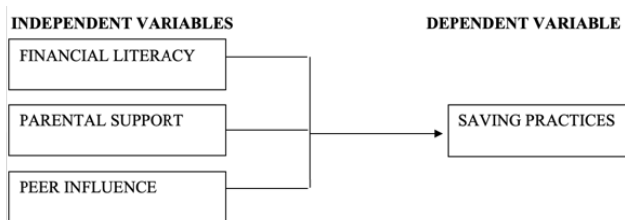


Figure 1. The schematic presentation showing the independent and dependent variables

### Statement of the Problem

The main objective of this research was to determine the relationship of the factors that affect saving practices of students in CMA Department.

Specifically, it aims to answer the following:

1. To discover the level of saving practices of CMA students in terms of the following:
  - Financial literacy
  - Parental support
  - Peer influence
2. To determine the saving practices of CMA students
3. To conclude the relationship between saving practices and financial literacy, parental support, and peer influence

### Hypothesis

H0: There is no significant difference between saving practices and the financial literacy, parental support, and peer influence

### METHODOLOGY

This chapter discusses the research setting, design, instruments, protocol, and specific methods employed by the researcher in the data gathering and analysis.

### Research Setting

The study was conducted at the College of Management and Accountancy (CMA) Department in a Higher Education Institution located at Cagayan de oro City.

### Research Design

The researcher used the descriptive study as a research design where the researcher distributed the questionnaire. *The descriptive studies play a huge part in the growth and development of instruments in measuring many things.* The researcher conducted research based on existing theories and researches to examine the relationship between saving practices and the factors affecting saving practices.

### Participants and Sampling Procedure

The participants of this study were the undergraduate students from CMA Department. The participants were enrolled in the courses: BSHM, BSTM, BSA, BSAT, BSBA- FM, and BSBA-MM. In this study, the researcher distributed the questionnaire to 332 respondents, this sample was derived from Cochran formula out of 2,422 populations, and each was then distributed proportionately among courses of CMA to achieve reliable results. The questionnaires were then distributed to CMA students randomly to the number equal to the sample size. In this study, the researcher distributed the questionnaire to 332 respondents, this sample was derived from Cochran formula out of 2,422 populations, and each was then distributed proportionately among courses of CMA to achieve reliable results. The target respondents were students enrolled in College of Management and Accountancy and courses which are enrolled HTM, Accountancy and BSBA. Since they varies in personality and views, a more accurate and generalize results can be obtained. The researcher adopts convenience sampling method to obtain data. This is the easiest non-probability sampling technique as the sample is selected randomly until the required sample size has been met. Therefore, the questionnaires were distributed to CMA students haphazardly to the number equal to the sample size.

### Population and sample distribution of college and management and accountancy

Courses	Population	Sample	%
BS HRM	332	47	14.0
BS Tourism	79	10	3.0
BSACT	72	10	3.0
BSA	269	36	11.0
BSBA-MM	798	109	33.0
BSBA-FM	882	121	36.0
Total	2422	332	100.0

### Research Instrumentation

The study adapted the questionnaire from various past studies related to this topic and mainly uses Likert scale measurement for all the variables constructed in the proposed theoretical framework. The survey questionnaires had four variables. The questionnaires for the independent variables under have provided choices for the answer as Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. For the Saving practices, the choices for the questions are always practiced, often practiced, sometimes practiced, rarely practiced, and

never practiced. For each variable, there are five questions. The table below shows the scoring guide for the scale provides with the verbal description.

#### Scoring Scale for Financial Literacy, Parental Support and Peer Influence

Scale	Range	Verbal Description	Interpretation
5	4.50 – 5.00	Strongly Agree	Factor has very positive influence
4	3.50 – 4.49	Agree	Factors has positive influence
3	2.50 – 3.49	Neutral	Factors has somewhat influence
2	1.50 – 2.49	Disagree	Factors has negative influence
1	1.00 – 1.49	Strongly Disagree	Factors has very negative influence

#### Scoring Scale for Saving Practices

Scale	Range	Verbal Description	Interpretation
5	4.50 – 5.00	Always practiced	Saving is practiced all the time
4	3.50 – 4.49	Often practiced	Saving is practiced most of the time
3	2.50 – 3.49	Sometimes practiced	Saving is practiced sometimes
2	1.50 – 2.49	Rarely practiced	Saving is practiced rarely
1	1.00 – 1.49	Never practiced	Saving is never practiced at all

**Research Protocol:** The research title was approved by the adviser, and after further assessment, the researcher obtained consent from the Dean of the Graduate Studies to conduct a study on the relationship between saving practices and financial literacy, parental support and peer influence of the College of Management and Accountancy students. The researcher, through a letter, sought approval from the Dean of CMA department to conduct a survey. The respondents were ensured that their responses will be kept confidential.

#### Data Gathering Procedure

After the Dean of CMA Department approves, the distribution of questionnaires was done which includes the information and consent form. The respondents were given 5 minutes to answer the survey questions. After which questionnaires who's retrieved then after.

#### Methods of Data Analysis

The gathered data was analyzed in Minitab 13 by data analyst of the school. The objectives of data analysis include measuring central tendency and variability, testing reliability, and the hypotheses developed for the study (Sekaran, 2003). It is essential to prevent an error that may invalidate the conclusions.

#### Validity and Reliability of the Instruments

The study used Cronbach Alpha Coefficiency to test the instrument in which showed a result of 0.868 and found reliable.

#### Statistical Techniques

For the objectives one and two the descriptive statistics, such as the mean and standard deviation, were being used to find out the participants' saving practices and the factors affecting the saving practices. For objective 3, Pearson product-moment correlation was used to examine the relationship between the factors affecting the saving practices.

## RESULTS AND DISCUSSION

Table 1 presents the participants' level of Saving Practices according to financial literacy. The indicator with the lowest mean of 3.700 is the student's way of managing money. While the highest mean in the indicator of financial literacy is 4.22, which means that students prepare a budget and that they have enough knowledge of investing their money. The CMA student's has a total mean of 4.00 for the Financial Literacy with a verbal description of agree, which means that financial literacy has a strong influence on the saving practices of the students.

Table 2 presents the level of Saving Practices According to Parental Support and that the lowest mean among the indicator under the parental support is 3.81, which means that their parents talk about money management with them. Moreover, the highest mean among the indicator is 4.41, were they strongly agree that their parents advise what to do with their money. The overall mean for parental support is 4.13, where it means that parental influence has a strong influence as to the saving practices of the students.

Table 3 shows the level of Saving Practices according to the peer influence of CMA students per Indicator. The indicator with the lowest mean is 3.53 which means that they agree that they involved money-spending activities with friends and they compare the amount of spending and saving, and the highest mean is 3.80 were friends always discuss on money management issue. The overall mean is 3.65, where the description is that they agree that the peer influence has a positive influence on saving practices of students. Parental support has the highest mean, which are 4.13. It indicates that parental support has the strongest positive influence on saving practices among CMA students. Moreover, financial literacy has a second higher, which is 4.00. It indicates that financial literacy has a strong positive toward saving practices CMA students of the Institution. Lastly, peer influence had an overall mean of 3.65, which means that the factor has a positive influence on saving practices.

Table 4 shows the saving practices of CMA students with the overall mean of 4.23 with a standard deviation of 0.847 CMA students, which means that the saving practices are often practice. Among the saving practices, setting a budget has the highest mean of 4.37 and a standard deviation of 0.0792. While deposits in a bank were also often practiced with the lowest mean of 4.03 and a standard deviation of 1.043. Thus, the saving practices: save regularly, make a budget, record expenses, setting goals, deposit in the bank is often practiced by the CMA students.

Table 5 shows the hypothesis for Financial Literacy, Parental Support, and Peer Influence (independent variables) of this study are accepted as the P-values are less than 0.05. The results show that the P-Value of 0.000 implies that factors of the CMA students can be a source of significant opinion on their saving practices. Therefore, there is a significant relationship between the factors and the saving practices of the students. Thus, the null hypothesis was rejected. On the other hand, all hypothesis for Financial Literacy, Parental Socialization, and Peer Influence (independent variables) of this study are accepted as the p-values are less than 0.05 (Malhorta,2010).

**Table 1. Level of saving practices according to financial literacy**

Financial Literacy	Mean	Sd	Verbal Description	Interpretation
1. I have better knowledge of how to invest my money	4.22	0.738	Agree	Factors has positive influence
2. I have better understanding of financial instruments (eg: bonds, stock, T-bill, future contract, option and etc)	3.90	0.769	Agree	Factors has positive influence
3. I have prepare my own monthly budget	4.22	0.817	Agree	Factors has positive influence
4. I have the ability to maintain financial records for my income and expenditure	3.95	0.862	Agree	Factors has positive influence
5. I have managed my money very well	3.70	0.944	Agree	Factors has positive influence
Overall Mean	4.00	0.826	Agree	Factors has positive influence

**Table 2. Level of saving practices according to parental support**

Parental Support	Mean	Sd	Verbal Description	Interpretation
1. My parents are good example for me when it comes to money management	4.30	0.898	Agree	Factors has positive influence
2. My parents always talk about money management with me	3.81	0.974	Agree	Factors has positive influence
3. My parents pay for things I need rather than things I like	4.13	0.884	Agree	Factors has positive influence
4. My parents wanted me to save when I was little.	3.99	0.913	Agree	Factors has positive influence
5. My parents give me advice about what to do with my money	4.41	0.706	Agree	Factors has positive influence
Overall Mean	4.13	0.875	Agree	Factors has positive influence

**Table 3. Level of saving practices according to peer influence**

Peer Influence	Mean	Sd	Verbal Description	Interpretation
1. My friends regularly do save with a saving account.	3.78	0.916	Agree	Factors has positive influence
2. My friends always discuss about money management issue (saving).	3.80	0.893	Agree	Factors has positive influence
3. My friends always compare the amount of saving and spending.	3.53	1.149	Agree	Factors has positive influence
4. My friends spend leisure time with me always.	3.60	1.068	Agree	Factors has positive influence
5. My friends always have me involve in money spending activities.	3.53	1.128	Agree	Factors has positive influence
Overall Mean	3.65	1.030	Agree	Factors has positive influence

**Table 4. Saving practices of CMA students**

Saving Practices	Mean	Sd	Verbal Description	Interpretation
1. I save money regularly	4.10	0.839	Often practiced	Saving is practiced most of the time
2. In order to save money, I set a budget in my allowance	4.37	0.792	Often practiced	Saving is practiced most of the time
3. In order to save, I often record my expenses	4.30	0.822	Often practiced	Saving is practiced most of the time
4. I save to achieve certain goal	4.36	0.741	Often practiced	Saving is practiced most of the time
5. I deposit my savings in a bank	4.03	1.043	Often practiced	Saving is practiced most of the time
Overall Mean	4.23	0.847	Often practiced	Saving is practiced most of the time

**Table 5. Relationship between saving practices and the factors affecting the practice**

Variables	Pearson Correlation	P-Value	Interpretation
Financial Literacy	0.505	0.000**	Significant
Parental Support	0.596	0.000**	Significant
Peer Influence	0.350	0.000**	Significant

\*p<.05; \*\*p<.01

The results show that the P-Value of 0.000 that factors of the CMA students can be a source of significant opinion on their saving practices. Therefore, there is a significant relationship between the factors and the saving practices of the students. Thus, the null hypothesis was rejected.

## Conclusion

In conclusion, parental support has the highest mean, which is 4.13. It indicates that parental support has the strongest influence on saving practices among CMA students of the Higher Education Institution in Cagayan de Oro City. Moreover, financial literacy has a second higher, which is 4.00. It indicates that financial literacy influences on saving practices CMA students. Lastly, peer influence has a mean, which is 3.65. It indicates that financial literacy has a strong influence on saving behavior among influence has a mean, which is 3.65. It indicates that financial literacy has a strong influence on saving behavior among CMA students. It indicates that all three factors have a positive influence on saving practices among CMA students.

The findings of the study concluded that the students in the college of management and accountancy department in the Higher Education Institution in Cagayan de Oro City agree that the factors have affected the saving practices and that they often practiced such saving practices. The factor that has the strongest influence is parental support, followed by financial literacy and peer influence. A student that has enough knowledge and parental support leads to success in having saving practices

## Recommendation

Based on the findings of the study, the following recommendations are offered for considerations:

1. Parents should guide their children not just on emotional and physical growth but also in the financial growth of their children.
2. Curriculum planning of institutions: review the curriculum & syllabus if financial literacy is integrated.
3. The future researcher may conduct further studies on the other factors affecting the saving practices.

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