Personal Finance Practices of Microfinance Borrowers in Sta. Elena, Camarines Norte

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Abstract

This study explores the personal finance practices of 280 microfinance borrowers in Sta. Elena, Camarines Norte, a third-class municipality, where microfinance programs are widely accessed. Using a descriptive-correlational method. Data were gathered via surveys and analyzed through statistical tools including Somers' Delta. The majority of respondents were female, aged 31–40, high school graduates, business owners, and regular loan borrowers with loan amounts ranging from ₱21,000–₱50,000.

The findings revealed that borrowers generally agreed with positive spending, saving, and investing behaviors, although investing had the lowest engagement. No significant correlation was found between personal finance practices and demographic variables like age, sex, and education—except for monthly income, which significantly influenced financial behaviors, especially in saving and investing.

Given the lack of existing studies in Sta. Elena, this research contributes valuable insights into borrowers' capabilities and knowledge in personal finance. The findings are expected to inform future financial literacy programs and policy interventions to improve borrowers' financial outcomes. Recommendations included financial education programs, regular borrower assessments, and improved borrower-institution engagement to foster smarter borrowing and investment practices.

Keywords: Financial literacy, personal finance, savings, spending, investing, availing insurance, budgeting, investment decision – making

INTRODUCTION

The Philippine government prioritizes reducing poverty. It is clearly stated that the first goal of the Millennium Development Goals is to remove severe hunger and poverty. To achieve this objective, the government is putting several approaches to reducing poverty, including the microfinance program intended to facilitate low-income households' access to microcredit. Availability of capital from public and commercial sectors was directed toward cooperatives due to their substantial influence at the local level.

According to the article The Ten Benefits of Microfinance Programs in the Philippines published by the Ramon Aboitiz Foundation Inc. (2022), microfinance initiatives help developing nations become more resilient. In essence, these buffers enable people to better support their families or their own families. Thus, microloans are among the most effective and promising weapons in the battle against poverty.

Consequently, engaging in lending activity needs financial literacy. Individuals who will handle their finances are less likely to be reliant on their parents or the authority to provide financial support. However, individuals who buy everything that draws their attention, usually disregard the freedom to buy or engage in activities that are most important to them. Even those with modest incomes, nevertheless, may afford to engage in many of the things that others only dream about if they possess strong money management skills.

According to BSP (n.d.), individuals can enhance financial literacy by budgeting, saving for emergencies and future goals, managing debt effectively, investing in low-risk and diversified assets, and continually educating themselves through workshops, seminars, and online resources.

It is important to know how the individual will be able to manage financials. Money is necessary to distinguish between good and bad debt. Basic knowledge of personal credit and readiness to accept personal accountability, which is related to financial knowledge. Through financial literacy, everyone will be encouraged to save money and to work hard for the foundation of dreams, complete with long and fulfilling work retirement. To be financially literate, individuals should know how to manage their money properly. Through this, an individual will learn how to pay bills, how to borrow or save money responsibly, how and why to invest, and plan for the future as well as retirement.

According to the National Financial Educators Council (2018), financial literacy is defined as possessing skills and knowledge on financial matters to confidently take effective actions that best fulfill an individual's personal, family, and global community goals. It pertains to the ability of individual on how they will be able to manage financial resources effectively using their knowledge and skills. Financial literacy has widely diverse areas to be learned. Everyone can learn financial literacy in savings, borrowing, loans or lending, and budgeting. In this study, the researcher focused on one area of financial literacy under personal finance.

In the article written by Agcaoili (2019) in Philippine Star, microfinance loans jumped by more than 32 percent to P22.61 billion last year from P17.11 billion in 2017 as the number of microfinance-oriented banks almost doubled, as stated by the Bangko Sentral ng Pilipinas (BSP) in their latest report on regional economic developments in the Philippines. In the same report, the Bicol Region was recorded to have total microfinance loans of P340.15 million.

The same situation was observed in Sta. Elena, Camarines Norte. Microfinance loans and borrowing became a large industry where people from diverse backgrounds tend to depend on their finances. Many microfinance banks offer their programs in different barangays of Sta. Elena even in far-flung areas. Microfinance services in Sta. Elena as a third-class municipality in the province of Camarines Norte, provided low-income individuals or groups access to financial services.

The availability of microfinance banks that offer different programs also suffers challenges when it comes to the borrowers. Many borrowers do not have financial management skills that would them on how to properly spend their loans. Borrowers tend also to have low repayment of their loans because of

the bad planning on their finances that should be used for business and then somehow used for personal matters.

Thus, the researcher opted to conduct a study to help in analyzing the practices of microfinance borrowers in Sta. Elena, Camarines Norte since there is no study undergone yet in the same locale to reveal their ability and knowledge on personal finance. This study sought to know the levels of practices of personal finance of microfinance borrowers. The researcher would like to know the abilities and knowledge of different microfinance borrowers specifically in the municipality of Sta. Elena. Because of its economic background, many microfinance companies have appeared and continue to strive on their run.

This was a good research locale to find the different personal finance practices of microfinance borrowers as the location was far from the central business district of the province. Looking at the strong needs of this matter, it is hoped that the researcher could come up with a good description of substantial output in giving information about the respondents.

This research investigates the personal finance practices of microfinance borrowers in Sta. Elena, exploring their demographic profiles, financial habits, and the challenges they face in borrowing. It also aims to determine if there is a significant relationship between their personal finance practices and their profile.

METHODOLOGY

This part presents the research method employed in the study.

Method of Research

The study used descriptive-correlational method. Descriptive method was used to determine the profile of the microfinance borrowers in terms of age, sex, occupation, educational attainment and loan availment; practices of the microfinance borrowers in personal finances in terms of spending, saving and investing; and the problems encountered in the microfinance borrowing by the respondents. It used correlational method to test the significant relationship between the practices of microfinance borrowers and their profile.

Population, Sample Size and Sampling Technique

The target population of the study were the microfinance borrowers in Sta. Elena, Camarines Norte. There were total of 280 respondents composing of different borrowers in the town of Sta. Elena. Purposive sampling technique is employed in the choice of microfinance borrowers in terms of population which involves examining the entire population that have a particular set of characteristics.

Description of the Respondents

This research study focused on the personal finance practices of microfinance borrowers in the municipality of Sta. Elena, Camarines Norte in 2019. The respondents are officially registered borrowers of various microfinance institutions in Sta. Elena and have active small loans that they use to support their small businesses. These borrowers were primarily small business owners and vendors who acquired additional capital to grow their businesses. Also, the respondents of this study are those of age from 21 to 60 years old, either male or female with different educational attainment.

Research Instrument

To determine the level of practices in personal finance of microfinance borrowers in Sta. Elena, the researcher used a survey questionnaire duly checked by experts in the field particularly comprising of the thesis advisory committee. The survey questionnaire was made of three salient parts. The first part

determined the socio-economic status of the microfinance borrowers in terms of; age, sex, occupation, educational attainment and type of loan availment. The second part identified the level of practices of the microfinance borrowers in personal finances along: spending, saving, and investing. Third part presented the problems encountered in the microfinance borrowing by the respondents. Thesis Advisory Committee checked the accuracy and reliability of the survey questionnaire. It undergone reliability testing through dry run to microfinance borrowers outside of Sta. Elena, Camarines Norte who are not respondents of the study. Most of the respondents answered the survey questionnaire in accordance with their choice of answer and base on their personal experiences and practices as it applies to their everyday lives.

Statistical Treatment of Data

To better facilitate the processes of interpreting and analyzing gathered data, frequency count, percentage, weighted mean and spearman rho correlation was utilized. A frequency count is a table that shows how frequently different outcomers occur. Its table provides an overview of the values' distribution within the sample. This was employed to ascertain the respondents' profile. Distribution of percentages is a frequency distribution when each frequency is represented as a proportion of the entire frequency range. Using a distribution technique akin to frequency count to classify the respondents based on their profile. To determine the practices of microfinance borrowers in personal finances along spending, saving, and investing, the study used Spearman rho.

RESULTS AND DISCUSSIONS

This part presents the results of the data analysis in response to the problems covered by this study.

Profile of the Microfinance Borrowers

Age. Table 1 shows the age profile of the respondents. Majority of the respondents belong to the age bracket of 31 t0 40 years old with 239 respondents or 85.4 percent, followed by age bracket that lies between 41 to 50 years old with 21 respondents or 7.5 percent, preceded by 51 to 60 years old with 14 respondents or 5 percent, while the lowest result belongs to the age bracket 21 to 30 years old with six respondents or 2.1 percent.

Table 1
Age Profile of the Microfinance Borrowers

Age	Frequency	Percentage (%)
21-30	6	2.1
31-40	239	85.4
41-50	21	7.5
51-60	14	5.0
Total	280	100.0

The table revealed that majority of the microfinance borrowers are ages 31 to 40 years old. It implies that microfinance borrowers at these age range give importance and focus on their own families and helps augment standards of living by being involved in business. They have their own families to take care of and provide for their needs to survive and earn a living.

Sex. The respondent's sex profiles are shown in Table 2. It is observable the bulk of responders – 237, or 84.6 percent are female, whereas the 43 responders, or 15.5 percent of the total, are male.

Table 2
Sex Profile of the Microfinance Borrowers

Sex	Frequency	Percentage (%)
Male	43	15.4
Female	237	84.6
Total	280	100.0

The table shows that majority of the microfinance borrowers are women which also implies that they are the primary target of the microfinance institution due to their histories of availing loans for investment or other purposes. This result also means that women borrowers avail microfinance loans or services being offered at the municipality of Sta. Elena, Camarines Norte as such, they are also the one responsible on dealing with important things like filing for membership loan and deciding to where to allocate the amount borrowed. Women are known to handle budget and manage finances not only of their own families but also with their involvement in the community so they basically know how to handle the situation and what is best for in terms of borrowing.

Occupation. Table 3 shows the microfinance borrowers of the municipality of Sta. Elena in terms of occupation. Majority of the respondents are business owners which is represented by 136 or 48.6 percent and the least are sellers with 16 or 5.7 percent.

Table 3
Profile of the Microfinance Borrowers as to Occupation

Occupation	Frequency	Percentage (%)
Business Owners	280	100.0
Total	280	100.0

Considering the occupation trend in the municipality, it revealed that owning business particularly a small one is dominant. Likewise, the existence of vendors is relatively apparent while sellers are least likely. It means that borrowers that are engaged in running small businesses and vending avails the services more often than seeking for another option like entering for another investment or just looking for a job and they also seize the benefits of the renewal/continual membership on the microfinance industry through microfinance loan availments. Since microfinance industry was dominated by women as presented in Table 2, this also implies that borrowings among women are more robust and vibrant and this is because they use money as seed capital for running a small business or investments.

Educational Attainment. Table 4 shows the microfinance borrowers in terms of educational attainment. Majority of the respondents are high school level/graduate which is 186 or 66.4 percent of the total respondents. It was then followed by tertiary level/graduate which is 48 or 17.2 percent of the total respondents while there are 27 or 9.6 percent of the respondents are a vocational level/graduate. The least number of respondents when it comes to educational attainment are the elementary level/graduate wherein it consists of only 19 or 6.8 percent of the total respondents.

Table 4
Profile of the Microfinance Borrowers as to Educational Attainment

Educational Attainment	Frequency	Percentage (%)
Elementary Level/Graduate	19	6.8
High School Level/Graduate	186	66.4
Vocational Level/Graduate	27	9.6
Tertiary Level/Graduate	48	17.2

Total	280	100.0

From the above data, it clearly shows that those who attained lower level of educational attainment which is high school level/graduate are engaging in microfinance borrowing. It only implies that due to their educational status, the tendency when no other better job offers, as the theory of economic management is being connected, they tend to look for opportunities to earn income and the easiest way is to have their own business to run. Also, in some other cases that due to lack of job opportunities within the municipality, instead of seeking a job within the metro, they chose to stay since they do not want to be apart from their family. As a result, they look for alternative way and that is to invest own small business as what data in Table 3 presented where the capital is coming from borrowing in a microfinance company.

Type of Loan Availment. The figures and percentages in Table 5 shows the type of loan that the borrowers of microfinance availed. As can be seen from this table, 100 percent or all of the 280 respondents indicated that they borrowed or lend money from microfinance as their regular loan. No one or even a single one avail loan as either multipurpose, housing, educational, health, mobile/gadget, SME or salary loan.

Table 5
Profile of the Microfinance Borrowers as to Type of Loan Availment

Type of Loan	Frequency	Percentage (%)
Multipurpose Loan	0	0
Regular Loan	280	100.0
Housing Loan	0	0
Educational Loan	0	0
Calamity Loan	0	0
Health Loan	0	0
Mobile/Gadget Loan	0	0
SME Loan	0	0
Salary Loan	0	0
Total	280	100.0

The most availed type of loan amount borrowers is the regular loan, primarily due to its accessibility, fewer requirements, and flexible filing schedule. This aligns with findings showing the most borrowers are business owners, who prefer regular loans for their larger amounts, predictable payments, potential to build credit, and a simpler application process, making it suitable for business needs.

Amount Borrowed. Table 6 shows that 117 or 41.8 percent out of 280 respondents borrowing money from microfinance amounting to P21,000 to P50,000 pesos. It was followed by 98 or 35 percent of the total respondents borrowing money at the range of P11,000 to P20,000 pesos while those who are just new members of the microfinance, which are the 52 or 18.6 percent of the respondents borrowing money ranging from P5,000 to P10,000 pesos only. Lastly, there are 13 or 4.6 percent respondents who are borrowing money from microfinance ranging from P51,000 to P99,000 pesos.

Table 6
Profile of the Microfinance Borrowers as to Amount Borrowed

Amount of Loan	Frequency	Percentage (%)

5,000-10,000	52	18.6
11,000-20,000	98	35.0
21,000-50,000	117	41.8
51,000-99,000	13	4.6
Total	280	100.0

The data shows that most microfinance borrowers in Sta. Elena borrow amounts ranging from ₱21,000 to ₱50,000, typically those who have been members for over five years. Long-term membership grants borrowers access to higher loan amounts due to the trust built with the institution. Regular and timely repayment within the standard 6-month loan cycle further facilitates easier and quicker approval for future loans.

Practices of the Microfinance Borrowers
in Personal Finances

Results in Tables 7 to 9 present the practices of the microfinance borrowers in personal finances in terms of spending, saving, and investing.

Spending. Table 7 shows that of the ten indicators that the microfinance borrowers practicing in terms of spending, indicator 1 or (planning purchases before actual buying) and indicator 2 or creating a budget list before spending are the practices that all of the respondents with a weighted mean of 5.00 interpreted as always practicing. It was then followed by indicator 3 or spending a large amount of money on basic needs such as foods and clothing with a weighted mean of 4.70 interpreted as always practicing. It was followed by indicator 4 (prioritizing important things and necessities at home) interpreted as always practicing.

Table 7
Practices of the Microfinance Borrowers in Personal Practices
Along Spending

Indicators	WM	Interpretation
1. Planning my purchases before actual buying	5.00	A
2. Creating a budget list before spending	5.00	A
3. Spending a large amount of money on basic needs such as food and clothing	4.70	A
4. Prioritizing the important things and necessities in the home	4.50	A
5. Avoiding spending triggers such as going to malls, online shopping, travel and picnics	4.50	A
6. Purchasing products on online shopping applications/ sites	1.80	N
7. Spending on personal needs and leisure after taking some loans	1.30	N
8. Thinking of financial capacity before spending	4.40	A
9. Using credit cards every time purchase will be done	1.00	N
10. Tracking down expenses and keeping records of transactions	4.10	So
Overall Weighted Mean	3.60	So

Legend:

Always (A)	4.21-5.00
Sometimes (So)	3.41-4.20
Often (O)	2.61-3.40
Seldom (Se)	1.81-2.60
Never (N)	1.00-1.80

The result clearly depicts that microfinance borrowers in Sta. Elena are aware on to which or where it should need to spend the money they borrowed. It is also common practice that borrowed money is used well based on the guidelines provided by the microfinance institution. This implies that no matter how the size of the amount of money they borrowed; they are able to manage it well specially in terms of spending. With this, they can avoid being in debt repeatedly and they can pay the required payment of their loans on time while still meeting the basic and other needs of their family and achieving financial stability.

Saving. Table 8 shows the practices of the microfinance borrowers in terms with savings. Majority of the respondents saving money for future use such as insurance, health, education and emergency cases which got a 4.9 weighted mean followed by joining cooperative or other saving institutions (4.8 weighted mean) and cutting back on expenses by cancelling subscriptions or memberships I do not use, eat out less often, and buy generic brands instead of named brands which got a 4.7 weighted mean. Likewise, paying off costly credit card debt and bills on time followed by saving a portion of income to the bank is the least practice of the respondents in terms of saving money.

Table 8
Practices of the Microfinance Borrowers in Personal Practices
Along Saving

Indicators	WM	Interpretation
1. Saving a portion of income on the bank	2.90	O
2. Opening a bank account with a higher maintaining balance up to Php 5,000.00 or more	3.00	O
3. Cutting back on expenses. I cancel subscriptions or memberships I do not use, eat out less often, and buy generic brands instead of named brands	4.70	A
4. Saving money for the future use such insurance, health, education and emergency cases	4.90	A
5. Joining cooperatives or other saving institutions to save money	4.80	A
6. Setting a saving goal and prioritize reaching that amount as savings	4.20	So
7. Paying debts and bills on time to avoid interest and penalty fees to allocate or use this as additional savings	4.50	A
8. Allocating personal savings at home	4.30	A
9. Selling items, you no longer need or use so you can make some extra cash and saved it	4.00	So
10. Paying off costly credit card debt and bills on time	1.00	N
Overall Weighted Mean	3.80	So

Legend:

Always (A) 4.21-5.00
Sometimes (So) 3.41-4.20
Often (O) 2.61-3.40
Seldom (Se) 1.81-2.60
Never (N) 1.00-1.80

Majority of the respondents saving money for future use such as insurance, health, education and emergency cases which got a 4.9 weighted mean followed by joining cooperative or other saving institutions (4.8 weighted mean) and cutting back on expenses by cancelling subscriptions or memberships I do not use, eat out less often, and buy generic brands instead of named brands which got a

4.7 weighted mean. Likewise, paying off costly credit card debt and bills on time followed by saving a portion of income to the bank is the least practice of the respondents in terms of saving money. This implies that most borrowers within the municipality are also wise spenders as for they plan their purchases before actual buying and creating a budget list before spending relative to the result of Table 7 on highest spending practices in order to save.

Investing. Table 9 shows the practices of the microfinance borrowers in terms of investing. It shows that indicators 7 (purchasing corporate bonds like convertible bond, callable bonds and investment grade bond for potential higher return) and 6 (getting time deposit accounts with fixed and higher interest rate) are the most practiced by the respondents having a 4.4 and 4.3 weighted mean respectively. On the other hand, indicators 10 (investing the borrowed amount in microfinance in digital currencies or cryptocurrencies like Shiba Inu (SHIBA), Tron (TRX) etc.) and 3 (investing money in foreign exchange markets as long term investment) are the least practices of the respondents in terms of investing which got a weighted mean of 1.0 and 1.5 respectively.

Table 9
Practices of the Microfinance Borrowers in Personal Practices
Along Investing

Legend:

Indicators	WM	Interpretation
Allocating a bigger portion of the amount borrowed in microfinance towards purchasing real estate properties as a reliable stream of rental income, as well as the potential for appreciation in value over time.	2.90	O
Buying, holding, and selling commodities such as rice, vegetables etc. in a bigger price	3.60	So
Investing money in foreign exchange markets as long term investment	1.50	N
Allocating extra funds for local businesses Sari-sari Stores, family-owned restaurant or café, small manufacturing or craft business etc.	3.30	O
Getting low-risk investments such as life insurance and mutual funds to ensure return and protection on invested money	2.40	Se
Getting time deposit accounts with fixed and higher interest rate	4.30	A
Purchasing corporate bonds like convertible bonds, callable bonds and investment grade bonds for potential higher return	4.40	A
Getting high-yield savings accounts like banks offering high interest rates	4.00	So
Allocating a bigger portion of the amount borrowed in microfinance in peer-to-peer lending for earn returns that range roughly between 5% and 9%	2.20	Se
Investing the borrowed amount in microfinance in digital currencies or cryptocurrencies like Shiba Inu (SHIB), Tron (TRX) etc	1.00	N
Overall Weighted Mean	2.96	O
Always (A)	4.21-5.00	

Sometimes (So)	3.41-4.20
Often (O)	2.61-3.40
Seldom (Se)	1.81-2.60
Never (N)	1.00-1.80

Table 9 reveals that the most favored investment among microfinance borrowers in Sta. Elena is purchasing corporate bonds, indicating a higher awareness and preference for income- generating, low-risk financial instruments. This is likely influenced by financial literacy efforts from institutions like the Bureau of Treasury. Conversely, the least favored investment is in digital currencies or cryptocurrencies, due to limited familiarity, unreliable internet connectivity, and the lack of access to necessary digital tools in the area.

Significant Relationship Between the Profile
of the Respondents and Practices on
Personal Finances

The test for significant relationship between the profile of the microfinance borrowers and their practices on personal finances along spending, saving and investing were computed using the Somers' Delta Correlation Coefficient (d) and the Contingency Coefficient (C). Table 10 shows that the practices on personal finances along spending obtained significant relationship along occupation (C= .153, p-value<.05), educational attainment (d=-.152, p-value<0.05) and amount borrowed (d= -.182, p-value<.05). The rest of the profile such as age and sex did not obtain any significant relationship as against spending since the p-values are greater than 0.05 significant level (p-values>.05).

Table 10
Test for Significant Relationship Between the Profile of the Respondents
and their Practices on Personal Finances

Profile	Spending		Saving		Investing	
	Test Statistics	p-value	Test Statistics	p-value	Test Statistics	p-value
Age	-.056	.373	.038	.357	.058	.168
Sex	.068	.255	.104	.386	.060	.607
Occupation	.153*	.036	.112	.738	.078	.786
Educational Attainment	-.152*	.048	-.022	.698	.012	.860
Type of Availment	-	-	-	-	-	-
Amount Borrowed	-.182*	.021	-.008	.886	-.015	.828

*Significant @ 0.05 level

Although the profile on occupation, educational attainment and amount borrowed obtained significant relationship, those values can be interpreted as weak relationship based on correlation table. Thus, the practices of the microfinance borrowers along spending may not be associated along occupation, educational attainment and amount borrowed. It implies that the profile does not play a crucial role in determining how borrowers practiced their personal finances along spending because this link to the idea of being rational. Borrowers have their own way of thinking regardless of what their status in life are.

Likewise, it is shown on the table that other practices on personal finances such as saving and investing did not attain any significant relationship since the computed values have corresponding p-values greater than 0.05 (p-values>.05) significant level. Hence, the profile of the microfinance borrowers cannot be considered as predictors on practices along saving and spending. It also suggests that the

borrowers' profile along age, sex, occupation, educational attainment and amount borrowed did not affect their practices on personal finances with regard to saving and investing. Thus, the null hypothesis of the study will not be rejected.

Problems Encountered in the Microfinance
Borrowing of the Respondents

The borrowers also encountered problems while they are connected with some microfinance companies. Table 11 below shows the different problems encountered in the microfinance companies of many borrowers of money. Among the different problems encountered in the microfinance companies of many borrowers resulted to these three highest results: never ending payments such as bills and necessities; unplanned spending and purchasing of products; and chasing investment trends and letting emotions get in the way. While the lowest results are low interest rates of savings accounts; and becoming a victim of investment scams.

Table 11
Problems Encountered in the Microfinance Borrowing of the Respondents

Problems Encountered	Frequency	Rank
1. Excessive and frivolous spending	120	5
2. Never-ending payments such as bills and necessities	280	2
3. Unplanned spending and purchasing of products	280	2
4. Did not budget/allocate the money	120	5
5. High interest rates of debts	120	5
6. Low interest rates of savings accounts	0	14.5
7. Lack of financial literacy	96	8.5
8. Lives from paycheck to paycheck	48	12
9. Paying off debts from savings	48	12
10. The cost of living is very high, but the amount of money you earn is very low	48	12
Chasing investment trends and letting emotions get in the way	280	2
Became a victim of investment scams	0	14.5
Lack of knowledge about investing	96	8.5
Not having clear investment goals	96	8.5
Working with a wrong investment adviser	96	8.5

As shown in the Table 11, it determines the problems encountered by the borrowers while they are connected to microfinance company, there are three problems who got the same frequency and result, they are the following: ceaseless expenses such as bills and necessities; unplanned spending and purchasing of products and; chasing investment trends and letting emotions get in the way. These implies that the borrowers should be knowledgeable or cognizant about the circumstances that it may have considering the three highest problems encountered as stipulated in the Table 11. So, this means that a borrower should minimize if not eradicated at least eliminate impulsive buying and unnecessary payments in relation to financial literacy.

**Proposed Intervention Plan to Improve the
Personal Management of Microfinance
Borrowers**

As for the improvement of the personal management of microfinance borrowers and microfinance institutions within the municipality of Sta. Elena, Camarines Norte, below is the proposed intervention plan by the researcher.

The proposed intervention plan to improve the personal finance practices of microfinance borrowers, highlighted one of the objectives focusing on the area of saving and that is to create a saving plan for the borrowers by implementing a simple three-way step in opening a saving account through the help of the microfinance officers and the institution itself. This will be guided by the institution conducting seminars and demonstration for the convenience of every borrower. The three-way steps in opening a saving account will also be in form flyers and other printed documents so that the borrowers can read it more often.

The proposed intervention plan to improve the personal finance practices of microfinance borrowers give focus on other areas such spending: by using of credit cards in purchasing, especially wholesale items or expensive items, and; investing: that focus on the microfinance borrowers to attend seminars or trainings wherein the resource speaker is someone who has well-known business established, and; technological know-how that the borrowers must consider on registering membership and participating in an online platform which includes the different microfinance companies within the locality of Sta. Elena to have a smooth and easier communication every time they have concerns instead of doing it in a face to face set-up which is a bit hassle for it requires much time, effort and finances for their travel expenses.

Also, as it was indicated in the study, the three most problem encountered by the microfinance borrowers are: interminable payments such as bills and necessities, unplanned spending and purchasing of products, and chasing investment trends and letting emotions get in the way. With this, borrowers must be having a self-awareness, learn about money tendencies, and know what the money spending on, so that they will not suffer any burden at the end. Controlling oneself about purchasing unnecessary stuffs will lessen the burden and started to feel a debt-free environment.

CONCLUSIONS

In light of the findings of the study, the following conclusions of the study were drawn:

1. Most of the respondents of this study were ages 31 to 40 years old, female, business owners, high school level/graduate, and avail only a regular type of loan amounting to Php21,000 to Php50,000.
2. The practices of the microfinance borrowers along with spending and savings show that the most practiced are planning purchases before actually buying and creating a budget list before spending, saving money for future use such as insurance, health, education, and emergency cases, and purchasing corporate bonds.
3. There is a weak relationship between occupation, educational attainment, and amount borrowed along with spending but there is no significant relationship between borrowers' profile along saving and investing practices.
4. The major problems encountered in the microfinance borrowing of the respondents are never-ending payments such as bills and necessities, unplanned spending and purchasing of products, chasing investment trends, and letting emotions get in the way.
5. The proposed intervention plan was designed to improve the personal management of microfinance borrowers and institutions.

RECOMMENDATIONS

After a thorough analysis of the data gathered in the study, the following recommendations are highly proposed:

1. The microfinance borrowers may seek guidance through the microfinance institution to gain more knowledge and be able to become wise borrowers. This can be done by asking for proper presentation and orientation from the institution in the process of loan application and inquiry.
2. Microfinance institutions may conduct financial literacy seminars and training to make sure that their borrowers have enough knowledge and learnings on how they can improve good practices on their spending, savings, and investing habits. Teach their clients the importance of investment in creating a business not just investing in money.

3. Borrowers may be able to learn and earn awareness on the use of credit cards not just for alternative modes of payments but for emergency purposes, and microfinance employees may strengthen good relationships and good service to their borrowers or clients to maintain loyalty and customer satisfaction.

4. The microfinance institutions may conduct a regular assessment activity to monitor the progress of their borrowers.
5. The microfinance borrowers may use the proposed intervention plan to improve their knowledge and at the same time focus on their financial management improvement.
6. Future researchers may study another research locale to be able to identify possible gaps and opportunities in personal finance practices.

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