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Buy Now, Think Later: Financial Literacy and Impulse Buying Behavior among College Students in City of Malolos

Allen Grace M. Sarmiento

Bulacan State University, City of Malolos, Bulacan, Philippines;

ABSTRACT: In today's generation, where purchasing is one click away, young Filipino adults seem to set aside the value of proper handling of money in order to possess products that catch their attention. Most of them buy luxuries rather than saving for the future and live in the "you only live once" philosophy. On the other hand, one way to develop wise spending behavior among young adults is to make them financially literate. Unfortunately, being financially literate is slightly seen among Filipino youths today. The main objective of this research was to examine the relationship between financial literacy and impulse buying behavior among college students at Bulacan State University. The study was anchored in Prospect Theory based on an individual's perceived gains and utility. Spearman correlation was employed to determine and analyze the results of 280 college students at Bulacan State University. The results revealed that the financial literacy of college students has a positive and significant relationship with impulse buying behavior. This implies that as their financial literacy increases, their impulse buying behavior increases. In conclusion, Bulacan State University college students value present choices and benefits more than the future.

KEYWORDS: College Students, Financial Literacy, Buying Behavior, Impulse, Savings

I. INTRODUCTION

In the past decade, most studies have focused on the benefits stores and businesses can get by studying consumers' buying behavior. Also, studies about financial literacy were focused only on the importance people can get from it. In today's generation, where purchasing is one click away, young Filipino adults seem to set aside the value of proper handling of money to possess products that catch their attention. Students nowadays are experiencing the most significant transition of their lives, where limited changes become limitless. As a result, young adults today show great potential in purchasing products, implying their great spending power as consumers. With influences coming from internal and external factors and having a high disposable income that makes money always available for consumption, the buying behavior of young adults tends to differ neither impulsively nor rationally. According to Sheridan (2016), only 35% of millennials are saving, while the remaining 65% are buying impulsively, which gets in the way of personal savings. In relation, Ibrahim, Harun, and Isa (2009) stated that "many students are unable to manage their income properly because once they hold abundant money, they simply spend it out and treat purchases as a necessary expense" (p. 9).

Meanwhile, one of the ways to develop wise buying behavior among young adults is to make them financially literate. According to Watson (2016), "financial literacy is a key component in preparing students for their adult life" (para. 1). If students have control over their money and can budget for actual life situations, they are more likely to lead a happier and successful life. Unfortunately, being financially literate is slightly seen among Filipino youths today. In the recent study conducted by Bangko Sentral ng Pilipinas in 2021, only 69% of Filipino adults correctly answered half of the six (6) financial literacy questions, implying that only a few Filipinos are knowledgeable about the basics of financial management. Similarly, a financial literacy survey by the International Network on Financial Education (as cited by Wafula, 2022) discovered that only 1 out of 3 adults is financially literate. Adults expected to be financially literate due to their experiences and financial freedom showed financial illiteracy. One of the reasons for this was the luxurious lifestyle they were in. This is primarily because of catching up with the latest gadgets, clothes, shoes, communication, and bags. Another factor seen was their engagement with debt, thinking that the next monthly salary would suddenly come and compensate for the debt. Moreover, Kacen and Lee (as cited by Chaudhuri et al., 2021) found that young adults tend to buy more impulsively than older adults. Proving that with little financial freedom and capacity, young adults or teenagers tend to make impulse purchases. Seeing such a problem proves that the country needs to focus more on financial education, making it easier for Filipinos to be financially stable as well.

Financial readiness is a must among young Filipino adults today. This thought gives the researchers a closer look at future Filipino financial managers' poor savings and buying behavior. College students are the nearest possible participants to undertake this research, for they are emerging to step into the world wherein financial preparedness is necessary. According to Chen and Volpe

(2002), the financial life cycle of an individual starts between 18 and 24, and most young adults at this age show financial illiteracy due to unsound consumption rather than saving and investing. Therefore, an individual must practice proper financial management at a young age. Furthermore, college students today are the future breadwinners of the household. This study can strengthen the significance of financial literacy in their lives.

Financial illiteracy can be viewed as an underlying cause of irrational purchases by college students. As impulse buying is slowly becoming a habit for millennials, this behavior must be changed before they hold their income. Such impulsiveness in buying tends to lead to a problem because the importance of saving and the capacity to be financially literate are being devalued. As the buying behavior of college students differs, they must be wise and rational in making purchases at a young age to train them to be future consumers. Furthermore, most studies focus on income earners or shoppers instead of college students as participants in pursuing such studies. Also, these studies regarding the buying behavior of individuals are for the sake of stores and businesses. With this, the main objective of this research was to examine the relationship between financial literacy and impulse buying behavior among college students at Bulacan State University. The general problem of this study is: How does financial literacy relate to the impulse buying behavior of college students at Bulacan State University (BulSU)? Specifically, the study sought answers to the following questions: First, how may the level of financial literacy of college students be measured in terms of financial attitude, financial management practice, financial influences, and financial knowledge? Second, how may the impulse buying behavior of college students be described? Third, is there a significant relationship between financial literacy and impulse buying behavior?

The study was anchored in Prospect Theory by Amos Tversky and Daniel Kahneman in 1979. The theory was presented in their study "Prospect Theory: An Analysis of Decision under Risk." The principle states that individuals make decisions based on perceived gains instead of perceived losses but often have unclear outcomes (Harley, 2016). Moreover, Prospect Theory denotes that an individual settles on choices from a current reference point and assesses a gain or loss (Kahneman & Tversky, 1979, p.274). To date, Prospect Theory is considered the primary behavioral model for decision-making. It is significant in comprehending the foundations of how to measure decision-making under risk.

Up to this moment, studies remain unaware of the effect of impulse buying behavior on students' financial literacy. Most studies focus on the marketing side of the buying behavior of students, but they view it as a positive indication since they need to market products. These studies also focus on income earners because they are valuable customers. On the other hand, some studies pertain to the implications of financial literacy rather than not directly about impulse buying behavior. This study fills this gap where impulse buying behavior is viewed as a growing problem of students nowadays, and financial literacy might be the solution to this problem.

II. METHODOLOGY

A. Population and Sample

The study's respondents were Bulacan State University (Main Campus) college students. BulSU was the only state university in Bulacan, with a total population of 27,919 students as of January 2022. There were thirteen (13) colleges on the BulSU Main Campus, excluding the College of Law, Laboratory High School, and Graduate School. One percent (1%) of the total population from each college became the study's respondents. This has a total of two hundred eighty (280) students. All thirteen colleges were part of the study to ensure that respondents were equally distributed and represented.

B. Research Instruments

The adopted survey questionnaire was utilized in this study. Questions regarding financial literacy and its measures, such as financial attitude, financial management practice, financial influences, and financial knowledge, were used in a study entitled "Financial Literacy Among High School Students" by Armstrong Opoku in 2015. On the other hand, to determine impulse buying behavior, the present study also adopted a questionnaire from the study entitled "Impulse Buying Behavior amongst Working Women" by Rajeshwari Jain in 2016. Furthermore, the researchers utilized Cronbach's Alpha Reliability Coefficient Test to guarantee the reliability and consistency of each question in the survey questionnaire. The reliability for the financial attitude section (questions 1-7) was 0.723, for the financial management section (questions 8-15) was 0.778, for the financial influenced section (questions 16-23) was 0.755, for the financial knowledge section (questions 24-30) was 0.766, and for the reliability of buying behavior section (part III, questions 1-17) was 0.899. These were all acceptable levels of Cronbach's Alpha Reliability Coefficient Test, showing the survey questionnaire's reliability.

C. Statistical Treatment

The data gathered were analyzed using the Statistical Program for Social Sciences (SPSS), and the study utilized frequency, percentage, mean, grand mean, and Spearman correlation analysis to present the results. Moreover, the collected answers from the interview were used to explain and analyze the findings on the relationship between financial literacy and impulse buying behavior.

III.RESULTS

A. Financial Literacy

Table I presents the mean scores of each question on the level of financial literacy in terms of financial attitude. Attitude towards financial management was an essential component in measuring financial literacy. As shown in Table 1, respondents considered maintaining financial records and being confident about where their money was spent extremely important. These two factors obtained a mean of 4.21 and 4.22, respectively. Meanwhile, college students gave moderate importance to credit cards. This means that college students know the risks of credit card acquisition. Moreover, the respondents value saving, maintaining financial records, and using future income to achieve goals. Based on the computed grand mean of 3.66, it shows that college students had already established a positive attitude towards basic activities in handling money. According to Adiputra (2021), individuals with positive attitudes towards personal finances would follow a better financial management practice. This would yield a positive, more excellent outcome for college students.

Table I. Level of Financial Literacy in Terms of Financial Attitude

Financial Attitude	*Mean*	*Interpretation*
It’s important to maintain financial records.	4.21	Extremely Important
Spending less than my monthly allowance.	3.84	Very Important
Planning and implementing a regular saving program is important.	4.18	Very Important
Being capable of using my future income to achieve my financial goals.	4.13	Very Important
Being certain about where my money is spent is important.	4.22	Extremely Important
It’s important to have credit cards.	2.71	Moderately Important
Being capable of handling my financial future.	3.80	Very Important
Grand Mean	**3.66**	**Very Important**

Table II presents the respondent's feedback on their financial management practice. Most respondents revealed that they were following a weekly or monthly budget, saving, and creating plans for financial goals. From there, the result depicted by the grand mean of 3.27 shows that the respondents were somewhat financially literate. According to Brausch (2018), students who managed their finances were more likely to have good financial progress in the future. Practicing financial management in early life enables students to experience financial freedom and avoid financial consequences in the future. Meanwhile, the results also show that college students do not use banking accounts that can pay them interest. One of the primary ways to save money is to keep it in a banking account that gains interest in the long run. If students had their banking accounts, this could enhance their knowledge of finances by using them in economics lessons like money management and decision-making.

Table II. Level of Financial Literacy in Terms of Financial Management Practice

Financial Management Practice	*Mean*	*Interpretation*
I follow a weekly or monthly budget.	3.68	True of Me
I use banking account that pays me interest.	2.12	Somewhat Untrue of Me
I write down where and how my money is spent.	2.77	Somewhat True of Me
I regularly set aside money for lager expected expenses.	3.76	True of Me
I regularly set money aside for possible unexpected expenses.	3.70	True of Me
I create financial goals.	3.70	True of Me
I make plans on how to reach my financial goals.	3.70	True of Me
I regularly discuss financial goals with my family.	2.76	Somewhat True of Me
Grand Mean	**3.27**	**Somewhat True of Me**

Table III shows the respondents' perceptions regarding what influenced them to be financially literate. Most college students revealed that they were significantly influenced by their life experiences, with the highest mean of 4.20. Also, they were slightly influenced by their friends, media, and seminar/class and somewhat influenced by parents, school, and family, with a grand mean of 3.24. These influences were considered essential for one's life, especially those who know nothing about finance basics or those with financial troubles. It is barely essential that influences must be good to motivate an individual to be good in any aspect.

Table III. Level of Financial Literacy in Terms of Financial Influences

Financial Influences	*Mean*	*Interpretation*
My knowledge about managing money was influenced by my parents.	3.90	Influential
My knowledge about managing money was influenced by my friends.	2.84	Moderately Influential
My knowledge about managing money was influenced by my school.	3.02	Moderately Influential
My knowledge about managing money was influenced by books.	2.67	Moderately Influential
My knowledge about managing money was influenced by media.	2.71	Moderately Influential
My knowledge about managing money was influenced by life experiences.	4.20	Very Influential
My knowledge about managing money was influenced by public seminars/class	2.64	Moderately Influential
My knowledge about managing money was influenced by my family.	3.92	Influential
Grand Mean	**3.24**	**Moderately Influential**

Table IV presents the respondent's feedback regarding their financial knowledge. Based on the computed means, most college students were financially knowledgeable and agreed on most of the statements that determined their financial knowledge. However, results also showed they needed to be more financially knowledgeable about private lenders, established banks' interest rates, and the importance of bill-paying records and income in approving loans. However, with the grand mean of 3.58, college students were still considered financially knowledgeable. In addition, more excellent financial knowledge may improve student's intentions toward more responsible behavior (Amagir et al., 2022). Knowledge is power. A person's knowledge about finances can improve how he/she handles finances.

Table IV. Level of Financial Literacy in Terms of Financial Knowledge

Financial Knowledge	*Mean*	*Interpretation*
Personal finance literacy can help you learn the right approach to invest for your future needs.	4.37	Strongly Agree
Personal financial planning involves preparing plans for the future financial needs and goals.	4.33	Strongly Agree
A personal budget will help you prioritize your spending.	4.42	Strongly Agree
If you are the guarantor of your friend's loan, then you become responsible for the loan payments if your friend fails to pay the loan.	3.17	Moderately Agree
Borrowing from an established bank charges a higher interest than private money lender.	2.87	Moderately Agree
Bill-paying record and income are NOT important when a lender/bank decide whether to approve a loan.	2.42	Less Agree
Net worth is the difference between liabilities and assets.	3.45	Agree
Grand Mean	**3.58**	**Agree**

B. Impulse Buying Behavior

Table V presents the perception of the college students at Bulacan State University regarding their impulse buying behavior. Based on the computed means, the respondents are somewhat impulse buyers, with a grand mean of 3.10. However, respondents were also rational buyers because schemes, campaigns, and displays did not carry them away. However, college students are easily persuaded to buy when it comes to products with discounts like buy one take one, and if any item catches their attention, they tend to buy it. In addition, college students might not have most of the money, but they can still purchase products and services, specifically those in trend, such as the latest gadgets, clothes, and entertainment. Moreover, if these trends are partnered with an affordable price or with discounts, college students would lead in purchasing impulsively.

Table V. Impulse Buying Behavior

Impulse Buying Behavior	*Mean*	*Interpretation*
I tend to buy a product if I really like it.	3.82	Impulse buyers
I buy only what is on my shopping list.	3.46	Impulse buyers
I shop only to perk my mood.	2.92	Somewhat impulse buyers
I tend to get carried away by schemes, discounts and campaigns.	2.98	Somewhat impulse buyers
Sale placard attract me to the shop.	3.00	Somewhat impulse buyers
One free with another product leads to impulse buying.	3.10	Somewhat impulse buyers
If I see discount price, I tend to buy impulse.	3.12	Somewhat impulse buyers
I only visit shops because the window display is beautiful.	2.89	Somewhat impulse buyers
I am interested in shopping at well designed window shops.	3.11	Somewhat impulse buyers
If any item catches my attention, I tend to buy it.	3.04	Somewhat impulse buyers
The more time I spend in a shop, greater are my chances of buying.	3.04	Somewhat impulse buyers
I like to try new and innovative products.	3.26	Somewhat impulse buyers
I generally want to be the first person to own anything new in the market.	2.51	Rational buyers
The eager and courteous salesperson leads me to buying on impulse.	2.68	Somewhat impulse buyers
The popularity of the product appeals to me.	3.28	Somewhat impulse buyers
I tend to buy something that my friends/relatives praise about.	3.15	Somewhat impulse buyers
I tend to buy more when there is a festive season or sale.	3.41	Somewhat impulse buyers
Grand Mean	**3.10**	**Somewhat impulse buyers**

C. Spearman Correlation Results

Table VI exhibits the relationship between the level of financial literacy in terms of financial attitude and the impulse buying behavior of college students. With a rho of 0.15, the relationship between financial attitude and buying behavior is positively correlated. In addition, the null hypothesis of no significant relationship between financial literacy regarding financial attitude and impulse buying behavior was not accepted due to the p-value of 0.04, which makes the relationship significant.

Table VI. Correlation between the Level of Financial Literacy in terms of Financial Attitude and Impulse Buying Behavior

Variables	*r*	*p-value*
Financial Attitude and Impulse Buying Behavior	0.15	0.04

Table VII discusses the relationship between the level of financial literacy in terms of financial management practice and the impulse buying behavior of college students. Based on the results, financial management practice was positively correlated with buying behavior, with a rho of 0.21. Moreover, it was concluded that the null hypothesis of no significant relationship between the level of financial literacy in financial management practice and impulse buying behavior was not accepted due to the p-value of 0.0007. It was clear that the relationship between financial management practice and impulse buying behavior was significant.

Table VII. Correlation between the Level of Financial Literacy in terms of Financial Management Practice and Impulse Buying Behavior

Variables	*rho*	*p-value*
Financial Management Practice and Impulse Buying Behavior	0.21	0.0007

Table VIII exhibits the correlation between financial influences under financial literacy and the impulse buying behavior of college students. The result shows that financial influences were positively correlated with impulse buying behavior, with a rho of 0.23. Furthermore, having a p-value of 0.0000023 proved that the relationship was significant, and the null hypothesis of no significant relationship between financial influences in terms of their level of financial literacy and impulse buying behavior was not accepted.

Table VIII. Correlation between the Level of Financial Literacy in terms of Financial Influences and Impulse Buying Behavior

Variables	*rho*	*p-value*
Financial Influences and Impulse Buying Behavior	0.23	0.00000233

Table IX presents the results of the correlation between financial knowledge and impulse buying behavior of college students. With a rho of 0.42, the result shows a positive relationship between financial knowledge and impulse buying behavior. Furthermore, with a p-value of 0.0000102, the relationship between the two variables is significant. Thus, the null hypothesis of no significant correlation between financial literacy in terms of financial knowledge and impulse buying behavior is rejected.

Table IX. Correlation between the Level of Financial Literacy in terms of Financial Knowledge and Impulse Buying Behavior

Variables	*rho*	*p-value*
Financial Knowledge and Impulse Buying Behavior	0.42	0.0000102

Table X displays the correlation between financial literacy in terms of financial attitude, financial management practice, financial influences, financial knowledge, and the impulse buying behavior of college students. Having a rho of 0.63, the variables were positively correlated and significant with a p-value of 0.00000396. Based on the results, the study accepted the alternative hypothesis that there is a significant relationship between financial literacy and impulse buying behavior among college students at Bulacan State University.

Table X. Correlation between the Level of Financial Literacy in terms of Financial Literacy and Impulse Buying Behavior

Variables	*rho*	*p-value*
Financial Literacy and Impulse Buying Behavior	0.63	0.00000396

IV. DISCUSSION

The results above show a positive significant relationship between financial literacy and the impulse buying behavior of college students. This implies that when college students' financial literacy levels increase, their impulse buying behavior increases. From the results of impulse buying behavior in Table 5, it is seen that college students are moderately impulse buyers. On the other hand, as can be seen in Tables 1, 2, 3, and 4, the financial literacy of college students is at a moderate level. This explains the positive and direct relationship between the two variables.

Moreover, with the respondent's answers to the interview questions, the researchers came up with the analysis that first, college students are increasing their experiences and socialization. As they increase their experiences, they become fonder of making purchases, thinking that it is valuable but not. According to Rodrigues, Lopes, and Varela (2021), individuals are only impulse buyers once they become image-concerned and status-conscious. At this moment, they impulse buy products that will make them look good and more social in the eyes of others. As a result, they also develop bad or poor spending habits. Second, due to self-confidence, an individual may believe that saving money for something would make them financially literate and may not listen to any lessons on financial management. This self-perception would not stop their craving to buy what they desire. This is known as planned impulse buying behavior. Such behavior would stop buyers from purchasing at the moment, but they would still purchase after. According to Nagvadia (2021), consumer spending depends on their knowledge and information. Most respondents answered that they believe they can spend more money on buying what they want whenever they save more.

Thus, an increase in their financial literacy, or an increase in their intellect on how money works, would increase the chance of impulse buying. Third, it was seen that college students gave more of their emotional side than their intellectual side when making decisions and purchasing things. In connection with Jabar and Delayco (2021), impulse buying behavior is strongly related to emotions, specifically when wanting to reward oneself. Fourth, the results found that the financial literacy of college students needed to be applied more effectively. According to DeMarco (2022), people overspend because they believe they can save big money and compensate for all expenses. Thus, behind their limited financial freedom and financial literacy, there is still a chance for college students to be impulse buyers. With this, the moderate or limited understanding of college students' money management combined with their impulse buying behavior promotes habits that may lead to costly financial mistakes today and in the future.

The study of O'Creevy and Furnham (2022) agrees with the present study, which revealed that more financially literate consumers were more forward-looking in making impulsive consumption. This is because consumers want to acknowledge present choices first over future choices. Likewise, the results of the present study are similar to the study of Wahab, Sabri, and Ramli (2016), which asserted that the level of understanding of students regarding money is at a moderate level, similar to that there were already impulse purchases and in some worst cases, ends up with debt.

V. CONCLUSIONS

Overall, the level of financial literacy of Bulacan State University college students in terms of their financial attitude, financial management practice, financial influences, and financial knowledge had a positive and significant relationship with their impulse buying behavior. The results indicate that as college students' financial literacy level increases, their impulse buying behavior also increases. It was encouraging to see that the respondents of this study were financially literate, but having a direct relationship with impulse buying behavior was the kind of results unexpected by the researchers. However, related literature and studies proved that such a relationship could happen.

Moreover, the study focused on college students as the main subject, wherein their financial freedom is limited. With this, researchers recommend that future researchers target other groups as their respondents, such as income earners. Also, researchers recommend exploring financial literacy implications on other possible variables, such as studying financial systems, to give a different view and knowledge about finances.

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