

Financial knowledge and financial preparedness of senior high school students

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Abstract

Managing money is an essential life skill, especially for students beginning to experience financial independence. This study aimed to determine the relationship between financial knowledge and financial preparedness of Senior High School ABM and BAE students in Divine Word College of San Jose. The respondents included all 86 students, with 41 from BAE 11 and 45 from ABM 12. A descriptive-correlational research design was used, and data were collected using adopted questionnaires measuring financial knowledge and financial preparedness, which were validated and found to be reliable. Descriptive statistics, specifically weighted mean, and Pearson's r correlation were used to analyze the data. The findings revealed that the respondents demonstrated high levels of financial knowledge and financial preparedness, with composite means of 4.12 and 3.94, respectively. Furthermore, there was a strong, highly significant positive relationship between financial knowledge and financial preparedness, indicating that students with greater financial knowledge are better able to manage expenses, plan for the future, and handle financial challenges effectively. Based on these results, it is recommended that the school provide more classroom activities to develop responsible money habits, teachers and counselors may conduct workshops and goal-setting exercises to strengthen students' financial confidence, school organizations and administrators may implement activities related to practical money management, and future researchers may explore additional factors that influence students' financial knowledge and preparedness.

Keywords: financial knowledge, financial preparedness, financial literacy, financial decision-making, money management

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1. Introduction

Managing money is one of the most fundamental life skills people need, especially in today's rapidly changing world (Forson, 2023). However, according to Cacnio and Romarate (2024), recent data from the Bangko Sentral ng Pilipinas (BSP) indicate that only about 25% of Filipino adults are financially literate. This life skill is now particularly suitable for students who are beginning to experience financial independence and responsibility. These abilities must be instilled in them at an early stage in life so that they will grow up to be responsible and wise adults (Sulistiyowati et al., 2024). Financial knowledge refers to the capacity to effectively understand how saving, borrowing, spending, critical thinking, and planning help individuals in making responsible and well-informed decisions (Katnic et al., 2024). In many countries, including the Philippines, schools and institutions are increasingly recognizing the value of financial education, especially among youth. This is supported by national policies such as Republic Act No. 10922, which promotes the development of national consciousness on economic and financial literacy and established Economic and Financial Literacy Week in the Philippines. However, despite growing awareness, many young people still face financial struggles due to rising prices of daily necessities, emergency expenses, and the temptation to make easy digital purchases through apps like GCash and Maya (Cariaga et al., 2023). Without proper knowledge, it is easy to overspend or develop unhealthy financial habits. Many Filipinos continue to face difficulties in managing their finances effectively because they often lack the skills to budget, save, or plan.

Financial preparedness refers to a person's ability to handle unexpected expenses, emergencies, or other financial challenges with confidence and readiness. It is the ability to control living expenses to maintain the standard of living and provide support when a person is not working (Zunaedi & Shakil, 2025). It involves more than simply knowing about money; it also includes taking practical actions, such as creating a budget, exercising sound money management, and avoiding unnecessary debt. This kind of preparedness is especially important for students, who are already managing school-related expenses and may soon face larger financial responsibilities, such as college tuition or living costs. Improving financial preparedness at an early stage helps students develop habits that can protect them from poor financial outcomes in the future (Ekasasmita et al., 2024).

Senior High School students in the Accountancy, Business, and Management (ABM) strand and Business and Entrepreneurship (BAE) cluster are taught financial concepts as part of their curriculum. Although it is now called Business and Entrepreneurship to reflect changes in industry demands and educational priorities as part of the newly implemented MATATAG Curriculum, the Department of Education (DepEd, 2023) stated that it is still generally referred to as ABM in most schools and by students, indicating a gradual transition in terminology. As future business leaders, entrepreneurs, and professionals, they are expected to have higher levels of financial understanding (Balid et al., 2024).

Divine Word College of San Jose (DWCSJ), one of the academic institutions offering the ABM strand and the Business and Entrepreneurship cluster in Occidental Mindoro, provides finance-related subjects to give students both practical and theoretical knowledge. The ABM strand in DWCSJ continues to grow, with 86 students enrolled as of School Year 2025-2026, according to the official class list of Accountancy, Business, and Management (ABM) students in Grades 11 and 12, as provided by the Academic Coordinator. It offers subjects to help students build a strong foundation for business-related careers, such as Business Mathematics, Organization and Management, and Fundamentals of Accountancy. However, the actual financial preparedness of these students has not been clearly measured.

The researchers aimed to analyze the relationship between financial knowledge and financial preparedness among Senior High School ABM students of Divine Word College of San Jose. It sought to determine whether

students with higher financial knowledge are more prepared to manage unexpected financial challenges. The findings may help improve the school's financial education program and serve as a guide for developing better money habits among students.

Statement of the Problem - This study aimed to determine the relationship between financial knowledge and financial preparedness of senior high school students in Divine Word College of San Jose. Specifically, it sought to answer the following questions: (1) What is the level of financial knowledge among senior high school students in Divine Word College of San Jose? (2) What is the level of financial preparedness among senior high school students in Divine Word College of San Jose? (3) Is there a significant relationship between financial knowledge and financial preparedness of senior high school students in Divine Word College of San Jose?

Significance of the Study - This research is conducted to provide crucial information on students' financial knowledge and preparedness. SHS students, particularly ABM and BAE students, are the main focus of this research. The study can help them understand their level of financial knowledge and financial preparedness, which can guide them in improving their financial habits and gaining additional knowledge. Additionally, the results can support teachers, particularly those teaching business, accounting, and finance-related subjects, by serving as a guide and reference on the topic. This research can raise awareness of the importance of teaching their children financial skills and supporting them in applying them in real life. This may also provide senior high school coordinators with a guide to assess the effectiveness of the current SHS curriculum, particularly the ABM and BAE curriculum, to offer more finance-related seminars. This study can help inform administrators' evaluation of the effectiveness of current curriculum subjects related to financial knowledge and may help develop or revise programs that support students' financial readiness. The findings can contribute to DWCSJ's ongoing efforts to improve student development, particularly in life skills such as financial management. It can also serve as supporting data when planning academic improvements or collaborations with institutions specializing in financial education. Lastly, this will serve as a helpful reference for future researchers interested in exploring financial knowledge and preparedness among students.

Scope and Delimitation of the Study - This research focuses on the financial knowledge and financial preparedness of SHS students in Divine Word College of San Jose for the academic year 2025-2026. The study covers ABM and BAE students who are enrolled as of June 2025, when the research officially started. It aims to measure their knowledge of basic financial concepts and their readiness to manage personal finances effectively in real-life situations. The selection of respondents is limited only to 86 ABM and BAE students and does not include any other grade levels or strands. It explores only financial knowledge and financial preparedness and does not cover any other topics beyond these two variables. The findings were based solely on survey responses.

2. Methodology

Research Design - This study utilized a descriptive-correlational research design. The descriptive-correlational research design is used to describe situations or characteristics clearly and to examine relationships between variables as they naturally occur, without manipulating them (Polit & Beck, 2021). A descriptive design was used to assess the levels of financial knowledge and financial preparedness among ABM students at Divine Word College of San Jose. Moreover, a correlational design was used to examine the relationship between financial knowledge and financial preparedness among ABM students at Divine Word College of San Jose.

Respondents of the Study - This study included the Accountancy, Business and Management (ABM), and Business and Entrepreneurship (BAE) students of Divine Word College of San Jose. According to the official records from the academic coordinator, there are 86 ABM students currently enrolled. This study used complete enumeration because the population of SHS students, specifically the ABM and BAE Students, at Divine Word College of San Jose is relatively small. This approach ensured that all students were included as respondents, eliminating the possibility of bias in the selection process. By covering the entire population, the study produced accurate, reliable data that fully represent ABM students, making the findings more valid and applicable.

Research Instrument - The study used adopted questionnaires from Cardenas and Fonte (2021) to describe the financial knowledge of ABM students in Divine Word College of San Jose. Additionally, the financial preparedness of the respondents was assessed using the Financial Well-Being Scale developed by the Consumer Financial Protection Bureau (CFPB, 2015) as cited in Zhang and Chatterjee (2023). The questionnaire consists of two main parts. The first part evaluates the financial knowledge through a series of statements where respondents indicate how often they practice a certain behavior on a 5-point Likert scale, ranging from “Never,” “Rarely,” “Sometimes,” “Often,” to “Always.” To validate the adopted questionnaires, the researchers used expert validity; the three experts were from the Senior High School department, holding research and business subjects. They were asked to carefully review the questionnaire to identify any ambiguities, potential issues, or areas for improvement. This process helped ensure that the instrument effectively measures the intended variables and produces accurate, consistent results for the study.

Table 1

Reliability Results of the Adapted Questionnaires

Variable	Number of Items	Cronbach's Alpha Coefficient	Interpretation
Financial Knowledge	6	0.74	Acceptable
Financial Preparedness	6	0.89	High Reliability

*Cronbach's Alpha based on standardized items

Based on the adopted reliability results, the instruments used in this study were originally reported to have high internal consistency.

Data Gathering Procedure - In this study, the researchers had first prepared a formal letter of request that was given to the Academic Coordinator of Divine Word College of San Jose to obtain permission to conduct the study and to request access to the official list and total number of Grade 11 Business and Entrepreneurship and Grade 12 ABM students enrolled during the Academic Year 2025–2026. The adopted questionnaires were then personally distributed by the researchers to the selected ABM students in Divine Word College of San Jose. The survey was distributed during their free time or after class hours to avoid interrupting academic activities, and it ran from December 15-17, 2025. The entire data-gathering process lasted 3 days to allow sufficient time for participants to complete the survey and for the researchers to collect and review the responses.

Statistical Treatment of the Data - This study employed descriptive statistics, such as the weighted mean, to describe the financial knowledge and financial preparedness of SHS students at Divine Word College of San Jose. Moreover, to determine whether there is a significant relationship between financial knowledge and financial preparedness among SHS students, Pearson's r moment correlation was used.

Ethical Considerations - In conducting this study, the researchers ensured that all ethical principles were observed throughout the entire research process. Respect for the participants was prioritized by obtaining their informed consent before participating in the survey. Each participant was fully informed of the purpose of the study, how the data would be used, and their right to refuse or withdraw at any time without consequences. Confidentiality and privacy were strictly upheld. All responses were treated with the highest level of confidentiality, and no names or identifying information were included in any part of the research report. The study was conducted honestly to ensure that the information collected and presented is true and accurate. No data were changed or hidden to fit a certain result. Proper credit was also given to authors and sources used in this study to ensure respect for the work of others and to avoid plagiarism. Additionally, the researchers ensured transparency in data collection and handling, and all collected data were used solely for academic purposes. By maintaining these ethical standards, the study aims to protect the dignity, rights, and welfare of all participants involved.

3. Results and Discussions

Table 2 shows the mean level of financial knowledge of the respondents. The table shows a composite mean

of 4.12, classified as High Level, indicating that the senior high school respondents, particularly ABM and BAE students, generally demonstrate good financial knowledge and responsible financial behavior. This implies that the students can make good financial decisions and manage their money wisely. It also shows that learning financial subjects in school helps students build responsible financial habits. This result supports the idea that financial knowledge helps individuals make responsible decisions and improve their financial well-being (Selvia et al., 2021). Financial knowledge is not only an understanding of financial concepts but also the ability, confidence, and motivation to apply them to manage resources effectively for long-term security (Pascual & Santos-Recto, 2024; Morris et al., 2022).

Table 2
Mean Level of Financial Knowledge

Indicators (Spending Decisions)	Weighted Mean	Verbal Description
1. I carefully think before buying something.	4.40	Very High Level
2. I am responsible for my money.	3.90	High Level
3. I prefer saving money for the future.	3.99	High Level
4. I enjoy planning before spending.	4.06	High Level
5. I believe money should be used wisely.	4.56	Very High Level
6. I set long-term goals and try to save or plan for them.	3.99	High Level
7. I make sure to settle my bills on time.	4.23	Very High Level
8. I always check on my accounts and manage them carefully.	4.05	High Level
9. I cover my expenses without needing to borrow money.	3.99	High Level
10. I choose products after checking the prices.	4.08	High Level
Composite Mean	4.12	High Level

Legend: 3.26 – 4.00 Very Likely, 2.51 – 3.25 Likely, 1.76 – 2.50 Unlikely, 1.00 – 1.75 Very Unlikely

Among the indicators, the highest mean score is for the statement that respondents believe money should be used wisely, with a mean of 4.56, interpreted as a very high level, suggesting that students strongly value proper money management and responsible spending. This may be because ABM and BAE students are trained to understand the importance of budgeting, saving, and financial planning through their specialized subjects and real-life applications. On the other hand, the lowest mean score is reflected in the statement that respondents consider themselves responsible with their money, which obtained a mean of 3.90 and is interpreted as a high level. However, it still falls under a high level. This may indicate that, while students understand financial concepts, they are still developing consistency in applying responsible financial practices in their daily lives, which is common among adolescents who are still learning to manage limited allowances and navigate financial independence. This can be explained by the Theory of Planned Behavior (TPB) by Icek Ajzen (1991), which suggests that although students may have positive attitudes toward wise money use, their actual financial behavior depends on their intentions and their ability to act on those intentions consistently. Overall, the findings imply that ABM and BAE students possess strong financial knowledge, likely influenced by both school-based financial education and other sources such as family and media, which together help shape financially responsible youth.

Table 3
Mean Level of Spending Financial Preparedness

Indicators (Personal Needs)	Weighted Mean	Verbal Description
1. I am confident that I could handle a big, unexpected expense if it happens.	3.84	High Level
2. I am preparing and planning for my financial future.	3.92	High Level
3. I trust that the money I save will be enough for my future.	3.52	High Level
4. I can still enjoy life with the way I manage my money.	4.12	High Level
5. I usually have some money left over after covering my needs.	4.03	High Level
6. I stay on track in managing my allowance and expenses.	4.15	High Level
7. I feel in control of my financial situation.	3.81	High Level
8. I can give gifts on special occasions without straining my budget.	4.00	High Level
9. I believe that my financial situation allows me to work toward the things I want in life.	4.07	High Level
10. I know that I can manage my finances well.	3.95	High Level
Composite Mean	3.94	High Level

Legend: 4.20-5.00 Very High Level; 3.40 -4.19 High Level; 2.60-3.39 Moderate Level; 1.80-2.59 Low Level; 1.00-1.79 Very Low Level

Table 3 presents the mean level of financial preparedness of the respondents. The computed composite mean of 3.94, described as High Level, indicates that the senior high school respondents, particularly those in the ABM and BAE strands, are generally capable of managing their current finances and preparing for possible financial needs. This implies that the students are not only knowledgeable about financial concepts but are also able to apply them in managing their money and preparing for future financial responsibilities. It also suggests that their exposure to finance-related subjects strengthens their confidence and readiness to handle financial challenges. Financial preparedness refers to a person's readiness to face financial challenges and continue daily activities despite unexpected expenses, which involves both financial resources and confidence in managing money (Lone & Bhat, 2022).

The statement with the highest mean concerns staying on track with managing allowance and expenses, with a mean of 4.15, interpreted as a high level. This implies that many students can monitor their spending and manage their day-to-day finances, possibly due to regular budgeting practices and the application of financial concepts learned in school. Meanwhile, the lowest mean score is for the statement about trusting that their savings will be enough for the future, with a mean of 3.52, which is also interpreted as a high level. This suggests that although students try to save and manage their money, they may still feel uncertain about their long-term financial stability because they rely mainly on allowances and have limited earning opportunities. These findings can also be understood through the Consumer Socialization Theory (Ward, 1974), as cited in Anggraeni et al. (2025), which emphasizes that individuals, especially adolescents, develop financial knowledge, attitudes, and behaviors through learning experiences from family, school, peers, and media. Overall, the results show that ABM and BAE students have a solid level of financial preparedness. However, their long-term financial confidence may continue to improve as they gain more financial experience.

Table 4
Correlation Coefficients and p-values for Hypothesis Testing (H_0)

Variables	Correlation Coefficient	Effect Size	Critical value	t-value	P-value	Interpretation
Financial Knowledge → Financial Preparedness	0.709	0.503	1.990	9.225	<0.001	Highly Significant

Legend: p-value < 0.001 Highly Significant

p-value < 0.05 Significant

Table 4 summarizes the correlation between respondents' financial knowledge and financial preparedness. The results show a correlation coefficient of 0.709 and a p-value < 0.001, indicating a highly significant, strong positive relationship between financial knowledge and financial preparedness among ABM and BAE senior high school students. The computed effect size of 0.503 further suggests that financial knowledge has a substantial influence on students' level of preparedness. This means that students with higher financial knowledge are more likely to demonstrate greater readiness to handle financial responsibilities, plan for the future, and manage potential financial challenges. This finding is supported by Lone & Bhat (2022), who suggest that financial preparedness is closely connected to an individual's level of financial knowledge and ability to apply it in real-life situations. In addition, financial preparedness involves not only understanding financial concepts but also applying that understanding to plan, budget, and respond effectively to unexpected financial situations. Since the respondents are ABM and BAE students exposed to financial and business-related subjects, their academic background likely strengthens both their financial knowledge and preparedness. Overall, the results suggest that improving students' financial knowledge can significantly enhance their financial preparedness, underscoring the importance of continuous financial education for senior high school learners.

4. Conclusions

Based on the findings collected, the researchers have drawn the following conclusions. The respondents, particularly ABM and BAE senior high school students, demonstrate a high level of financial knowledge. They are generally able to understand financial concepts, make responsible financial decisions, and apply money management skills. The respondents exhibit a high level of financial preparedness. They are capable of managing daily expenses, monitoring allowances, and applying budgeting practices, which reflects their readiness to handle

financial responsibilities and unexpected financial challenges. Exposure to finance and business-related subjects further strengthens their confidence and practical skills in financial management. There is a strong and highly significant positive relationship between financial knowledge and financial preparedness among the respondents. Students with higher financial knowledge are more likely to demonstrate greater financial readiness, plan for the future, and manage potential financial challenges effectively. This underscores the importance of developing financial knowledge to enhance financial preparedness and emphasizes the role of continuous financial education for senior high school students.

Recommendations - Based on the conclusions, the following recommendation was drawn: The institution may provide students, particularly ABM and BAE senior high school students, with more classroom activities and exercises that encourage responsible money management, helping them consistently apply financial knowledge in daily life. Teachers and guidance counselors may conduct additional short workshops, seminars, or simple goal-setting exercises to help students plan for long-term savings and build confidence in their financial stability, addressing areas where students feel uncertain about future financial sufficiency. School organizations and administrators may implement activities focused on money management and planning that allow students to apply their financial knowledge and improve their preparedness for current and future financial responsibilities. Future researchers may explore other factors influencing students' financial knowledge and preparedness, such as parental guidance, peer influence, part-time work, or access to digital financial tools, to investigate areas not fully examined in this study.

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