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Research Article

The Relationship and Influence Between 4p's Subsidy and Financial Literacy Through Universal Basic Income Among the Beneficiaries of Selected Barangays in Iligan City

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ABSTRACT

The research aimed to explore the potential of Conditional Cash Transfer (CCT) systems in delivering financial education and influencing knowledge and behavior among beneficiaries residing in selected barangays within Iligan City. Cash transfer initiatives have gained significant traction in regions worldwide characterized by deep-seated poverty and inequality coupled with relatively unstable social protection systems. They are often hailed as a viable tool for bolstering social protection, endorsed by international organizations and aid agencies. Conditional cash transfers (CCTs) are being considered as a strategic approach to alleviating poverty while simultaneously making investments in human capital. Evaluations of CCT programs have demonstrated their potential in promoting greater utilization of healthcare and educational services. This study delves into the extent to which CCTs can enhance financial capability. One notable example is the Pantawid Pamilyang Pilipino (4Ps) program in the Philippines, a cash distribution initiative that channels resources into health and education with the aim of mitigating extreme poverty.

Keywords: Financial Literacy, Universal Basic Income

Introduction

The Pantawid Pamilya Pilipino Program, commonly known as 4P's, constitutes a cash transfer initiative initiated by the Department of Social Welfare and Development (DSWD) to address the pressing issue of extreme poverty.

Since its inception in 2007, the program has been administered by the DSWD in collaboration with various government agencies, including the Departments of Education (DepEd), Health (DOH), Interior and Local Government (DILG), among others. In the Philippines, there

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is a growing interest in implementing a Universal Basic Income (UBI) with the goal of providing a basic income to all citizens, thereby reducing the stigma associated with welfare payments. Existing literature suggests that financial literacy plays a pivotal role in poverty alleviation by influencing an individual's capacity to effectively manage their financial resources and make informed financial decisions, particularly in areas crucial for the economic well-being of the impoverished. However, there needs to be more empirical research examining the relationship between financial literacy and poverty. This study aims to bridge this research gap. The Philippines has a longstanding history of providing various forms of cash assistance, including the conditional cash grant of approximately P1,400 per month under the Pantawid Pamilya (4P's) program, as well as the Social Pension for Indigent Senior Citizens, amounting to P300 per month. Enhancing financial literacy can lead to improved investment behaviors, increased savings and investment income, and, ultimately, higher overall income and consumption.

Moreover, as financial services become more accessible, individuals with greater financial literacy are better equipped to comprehend the importance and benefits of financial markets, potentially leading to increased utilization of these services, particularly credit markets, which, in turn, can boost consumption. Financial literacy also influences the sources from which individuals obtain loans, with financially literate individuals being less reliant on informal borrowing sources that often come with higher fees and interest rates. Additionally, a lack of financial literacy can render individuals vulnerable to fraud and financial abuse and may be associated with default, delinquency, and other borrower behaviors that increase financial vulnerability (Campbell, 2006; Disney & Gathergood, 2013; Duca & Kumar, 2014; Gerardi et al., 2010). The conditional cash transfer (CCT) program, also referred to as the Pantawid Pamilya Pilipino Initiative or 4Ps, is a government-sponsored program in the Philippines designed to provide conditional cash transfers to the most impoverished segments of the population. The

program's primary objective is to disrupt the cycle of poverty by ensuring the health and education of children aged 0 to 18, thereby paving the way for a brighter future. The 4Ps program is currently ranked as the fourth-largest CCT program in the world in terms of population coverage. It complements the government's other development initiatives, including job creation and income generation for marginalized individuals. The overarching goal is to break the intergenerational cycle of poverty and explore the relationship between Universal Basic Income and the beneficiaries of the 4P's program.

Methodology

The descriptive correlation approach described the then-current state of events, with the researcher not influencing the variable. The correlation research method was used for the study to correlate two variables: (1) the profile of the respondents and (2) the evaluation of financial literacy. The study was conducted outside the school premises, and three barangays, namely Hinaplanon, Pala-o, and Abuno, were chosen. The researchers focused on individuals who were members of the 4Ps and conducted data-gathering activities to measure and provide information on the said barangays in Iligan City. The researchers employed a simple random sampling approach to select participants from various barangays. The chosen families were then asked to respond to a survey regarding the subject of Financial Literacy within the context of the 4Ps program. In total, 75 individuals were recruited to contribute data to this study. Questionnaires were administered in the selected barangay utilizing an adapted and customized questionnaire inspired by Simllano's (2014) work. This questionnaire underwent assessments for both face and content validity. The questionnaire utilized in the research comprised two main sections. The initial section focused on gathering socio-demographic information about the participants, including their age, gender, and the number of dependents they had. The study utilized a four-point Likert scale for scoring, which is a commonly used method in academic research to gather

respondents' perspectives and opinions. Statistical analyses involved calculating the average

mean, standard deviation, and Pearson correlation as the essential analytical tools.

Result and Discussion

Table 1. Respondents' evaluation of their 4P's grants in terms of subsidy earned and their economic situation of it

	Mean	Standard Deviation	Description
Subsidy Earned	3.00	0.52	<i>Agree</i>
Economic Situation of the Grantee	3.21	0.61	<i>Agree</i>
Weighted Average Mean	3.11	0.57	<i>Agree</i>

The table displays the evaluations provided by the respondents regarding the 4P's grant. The findings indicated that the respondents' responses were categorized as "agree," with a total weighted mean of 3.11, as per the established scaling. This outcome suggests that the respondents consider the economic status of the grantee and the amount of the subsidy they receive as crucial factors in assessing the 4P's grant. The primary indicator underscores the benefits of the monetary assistance program, but it also suggests that the government should consider increasing the amount of financial support provided to recipients. According to Brul (2009), this program is beneficial for impoverished individuals, many of whom reside in informal settlements and struggle to meet their basic needs. The Department of Social Welfare and Development (DSWD) is the key government agency responsible for adminis-

tering the 4P's program. Poverty remains a significant and persistent challenge in the Philippines. As reported by Jose Ramon G. Albert, the Secretary-General of the National Statistical Coordination Board, the poverty rate among the population was estimated to be 27.9% in the first half of 2012 (NSCB 2012). The Pantawid Pamilyang Pilipino Program (4Ps) has proven beneficial for students; however, in some instances, students may opt to drop out of school, deeming it a more practical choice. For students who have made this decision due to family circumstances and a lower quality of life, there may be other options than continuing their education. Even with financial assistance, challenges related to family living conditions and overall quality of life remain significant factors contributing to students' decisions to discontinue their education, with poverty serving as an underlying determinant.

Table 2. Respondents evaluation of their financial literacy in terms of budgeting, debt management, and investment

	Mean	Standard Deviation	Description
Budgeting	3.30	0.54	<i>Strongly Agree</i>
Debt Management	3.12	0.59	<i>Agree</i>
Investment	2.81	0.64	<i>Agree</i>
Weighted Average Mean	3.08	0.59	<i>Agree</i>

The presented table illustrates the evaluation of the respondents' financial literacy. The findings indicate that respondents' responses were categorized as "agree," resulting in a total weighted mean of 3.08 according to the established scaling. It suggests that respondents acknowledge their level of financial literacy. Key indicators demonstrate that the funds from the grant contribute significantly to the ability of respondents' families to purchase essential

items, maintain financial stability, and manage their debts effectively. Moreover, the financial support they receive is seen as sufficient in alleviating the financial burdens faced by their families. According to Hanbing and Zhaozhe (2011), financial literacy may play a crucial role in influencing young adults' capacity to make sound financial decisions throughout their lives (Shipp & Kikwasi, 2016). Poverty remains a pervasive issue for many Filipinos, leading to

families lacking necessities and compelling their children to forgo formal education to assist with household livelihoods (Dela-Torre, 2016). Previous evaluations of program impact have suggested that the absence of program

effects on various outcomes, such as total per capita spending and the prevalence of child labor, may be attributed to several factors, as mentioned in the Department of Social Welfare and Development's (DSWD) 2014 report.

Table 3. Testing the significant Relationship between the demographic and financial literacy evaluation of respondents.

	<i>Financial Literacy Evaluation</i>		
	Correlation Coefficient	p-value	Interpretation
Age	-0.091	0.438	<i>Not Significant</i>
Gender	0.099	0.399	<i>Not Significant</i>
Number of Dependents	-0.161	0.167	<i>Not Significant</i>

The table presents the association between the demographic characteristics of the respondents and their assessment of financial literacy. Pearson Product Moment Correlation was employed to ascertain the connection between these variables. The findings indicate that the p-values exceed the 0.05 level of significance, leading to the conclusion that the null

hypothesis is not disproved. Consequently, there is no substantial correlation between the demographic profile of the respondents (including age, gender, and number of dependents) and their evaluation of financial literacy. The financial literacy of 4P's beneficiaries is not influenced by their demographic characteristics.

Table 4. Relationship between the Respondents 4P's Grant Evaluation and their Financial Literacy Evaluation

	<i>Financial Literacy Evaluation</i>		
	Correlation Coefficient	p-value	Interpretation
4P's Grant Evaluation	0.671	0.000	<i>Significant</i>

The Relationship between the respondent's financial literacy and 4P's grant evaluation is seen in Table 6. To determine the relationship between the variables, Pearson Product Moment Correlation was utilized. Results revealed that the p-value is less than the 0.05 level of significance; thus, the null hypothesis is rejected. Hence, there is a significant relationship between the respondent's financial literacy and 4P's grant evaluation. It suggests that the respondent's evaluation of the 4P program is based on their financial literacy. There was adequate evidence of the improvement in preventive health care among pregnant women and younger children, according to the findings of a study conducted by Frufonga (2015) on the evaluation of the Pantawid Pamilyang Pilipino Program (4Ps) in Iloilo, Philippines. There was an increase in the number of malnourished children.

Furthermore, the number of students enrolled in public schools has increased. Children's attendance has also increased. As a result, the prevalence of child labor among children has decreased. The dropout rate among school students has nearly halved, indicating progress. It is necessary and significant to make a positive contribution to financial literacy and financial satisfaction (Ali et al., 2015). Financial literacy has emphasized that beneficiaries of this program are expected to use the assistance solely for educational and health purposes; Pantawid has become a top-rated program (Braganza et al., 2018). A 2015 Social Weather Station (SWS) survey found that four out of every five Filipinos (beneficiaries and non-beneficiaries) now support the Pantawid program.

Conclusion

Amidst the ongoing and escalating global crises, conditional cash transfers continue to stand as one of the fundamental strategies governments employ for poverty alleviation, widely endorsed by international financial institutions. Poverty remains a grave and persistent issue in the Philippines, posing a substantial burden on society. The majority of challenges and hardships faced by Filipinos can be traced back to the issue of poverty. Many families find themselves lacking necessities, compelling their children to forgo formal education and instead assist in sustaining the family's livelihood. The Pantawid Pamilyang Pilipino Program also recognized as Conditional Cash Transfers (CCT), serves as a lifeline for the impoverished population, particularly those residing in informal settlements and struggling to meet their fundamental needs. As part of the Philippine Government's response to the Millennium Development Goals, this initiative aims to combat poverty by providing cash assistance to Filipino households living below the poverty line. This financial support serves as a swift response to the immediate needs of the population, particularly in the realms of healthcare and education. In summary, families receiving the 4Ps grant believe that the funds they receive play a pivotal role in helping them acquire essential goods, maintain financial stability, and effectively manage their debts. Moreover, the financial assistance they receive is deemed adequate in alleviating the economic strain faced by their families.

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