Business and Organization Studies e-Journal
ISSN 3028-1938
Vol. 1 No. 2 (2023), pp. 39-66

Financial Wellbeing Among Borrowers of Microfinance Institutions in Digos City

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ABSTRACT

Providing financial services to low-income individuals and small businesses in developing countries, microfinance institutions have a beneficial impact. However, borrowers might confront financial difficulties such as excessive interest rates and fees that may result in over-indebtedness and financial distress. The present study sought to investigate the impact of MFIs on the financial wellbeing of borrowers, surveying 300 randomly selected borrowers in microfinance institutions in Digos City, Philippines. Analysis used mean, analysis of variance (ANOVA) and t-test for independent samples. Results revealed that financial wellbeing analysis showed high freedom from debt, moderate investment and financial discipline, and moderate financial resilience. Overall, financial wellbeing was moderate. Gender and employment status had significant differences, with males and the employed reporting higher levels of financial wellbeing. Building a strong financial foundation through automated savings and investment plans, and empowering borrowers with financial knowledge and creditworthiness is recommended. Future research should

include longitudinal studies, explore the impact of financial education, and investigate technology-based solutions for financial access.

Keywords: local finance, microfinance institutions, financial wellbeing, borrowers, Philippines

INTRODUCTION

Microfinance institutions (MFIs) have been instrumental in providing access to credit and financial services to low-income individuals and small businesses, especially in developing countries (Kaur & Kaur, 2021, pp. 107- 117). Despite this, borrowers of MFIs still face several financial challenges that affect their well-being. Many of them encounter high-interest rates and fees, which lead to over-indebtedness and financial distress (Pousttchi & Schief, 2019, pp. 215-227). In addition, a lack of financial literacy and business skills among borrowers can also result in poor financial management and loan repayment defaults (Devkota & Bhattarai, 2020, pp. 726-739). These issues pose significant challenges to the goal of improving financial inclusion and reducing poverty through microfinance.

Microfinance plays a crucial role in promoting financial inclusion in Bangladesh, and the borrowers of microfinance institutions have better access to financial services than the non-borrowers. The study also found that the major factors that contribute to financial inclusion through microfinance are the borrower's age, education level, income, and social network (Islam et al., 2021, pp. 133-141). Kiptoo and Sigei (2019, pp. 126-137) found that the size of the MFI, the level of diversification of its loan portfolio, the level of outreach, and

the efficiency of the institution's operations were significant factors in determining its sustainability. Further, the perception of microfinance institutions played a crucial role in the financial inclusion of women borrowers, as those who perceived the institutions positively were more likely to use their services (Nabirye, 2018, p. 20).

A study conducted in Davao City, Philippines, revealed that financial literacy and entrepreneurial characteristics have significant positive effects on the financial well-being of microfinance clients (Valles, 2021, pp. 3-6). Specifically, borrowers with higher levels of financial literacy were found to have higher financial well-being, while those with greater entrepreneurial characteristics were more likely to have higher incomes and savings. Llanto and Villanueva-Ruiz (2019, pp. 72-74) stated that the growth and sustainability of MFIs in the Philippines have been influenced by factors such as the regulatory environment, funding sources, and the availability of skilled human resources. In addition, microfinance can promote financial inclusion and financial well-being, which can have positive effects on poverty reduction and economic development (Garcia, 2018, pp. 59-64).

Furthermore, microfinance institutions in Digos City, like in many other localities, face unique challenges in their efforts to support borrowers. One significant issue is the lack of financial literacy among borrowers, which hampers their ability to manage their loans effectively. Many borrowers, especially those from low-income backgrounds, lack the necessary knowledge and skills to make informed financial decisions, leading to difficulties in repaying loans and breaking the cycle of poverty (Cabaguing & Villanueva, 2022, pp. 38-41). Additionally, the volatile economic conditions and limited job opportunities in Digos City further exacerbate the challenges faced by microfinance borrowers. Unstable income sources and

high unemployment rates make it harder for borrowers to generate sufficient income to repay their loans, putting them at risk of default (Casingal & Ancho, 2021, p. 61).

This study aimed to investigate the financial well-being of borrowers from microfinance institutions. It specifically sought to identify the respondents' profiles in terms of age, sex, civil status, educational attainment, household size, and employment status. Additionally, the research focused on determining the loan credit profiles of the respondents and assessing their level of financial well-being, which included their freedom from debt, investment and financial discipline, and financial resilience. The study also aimed to determine if there are significant differences in the level of financial well-being among respondents based on their profiles.

This study was anchored on the Social Capital Theory developed by Lin (2002, pp. 28-34) as it posits that access to social networks, relationships, and norms can have a significant impact on individual financial outcomes. In the context of microfinance institutions, social capital theory suggests that borrowers who have access to strong social networks and relationships may be more likely to have better financial outcomes and greater financial well- being. Blackden and Winters (2019, pp. 73-78) stated that social capital, as measured by the number of social networks a borrower had access to, was positively associated with borrower performance in terms of repayment rates. Further, access to social capital, as measured by the number of community organizations a borrower participated in, was positively associated with loan repayment rates and overall financial well-being among microfinance borrowers in India (Emran & Shilpi, 2020, pp. 109-114).

Financial well-being played a vital role in an individual's overall welfare and was crucial for attaining financial stability, reducing poverty rates, and enhancing one's quality of life.

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Particularly, individuals who relied on microfinance institutions (MFIs) heavily depended on these institutions to fulfill their financial requirements, often lacking access to formal financial services. MFIs provided microfinance services that enabled borrowers to avail of financial products like credit, savings, insurance, and more, which were typically inaccessible to them. By fostering financial well-being among borrowers, MFIs made significant contributions to poverty alleviation and economic growth. Enhanced financial management skills empowered individuals to invest in education and healthcare, establish and expand small businesses, and improve their economic circumstances. Consequently, the promotion of financial well-being among MFI borrowers was crucial not only for the borrowers themselves but also for the overall economic development of their respective communities.

METHOD

Respondents. The respondents for this study were 300 borrowers of microfinance institutions in Digos City who were aged 18 years old and above, and residing within Digos City, regardless of their gender, civil status, educational attainment, household size, and employment status. Respondents were selected through random sampling in which each individual in the population had an equal chance of being included in the sample. The researchers used Raosoft with a 95% confidence level and a 5% margin of error in computing the sample size. Furthermore, borrowers who resided outside Digos City and did not have an active loan with a microfinance institution were not included in the study. The respondents were also informed of their right to withdraw from the study at any time.

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Instruments. The researchers adapted structured survey questionnaire from Navarro and Murcia (2022) entitled "Dimensions of Financial Well-being: An Alternative Scale of Microfinance Borrowers in Digos City Philippines" consisted of 31 items and was used to obtain the data needed to investigate the impact of microfinance institutions (MFIs) on the financial well-being of borrowers in Digos City. The means are scaled and given ratings as follows:

Numerical Rating	*Range of Means*	*Descriptive Levels*	*Descriptive Meaning*
5	4.21-5.00	very high	This means that the level of financial well-being is always manifested.
4	3.41-4.20	high	This means that the level of financial well-being is often manifested.
3	2.61-3.40	moderate	This means that the level of financial well-being is sometimes manifested.
2	1.81-2.60	low	This means that the level of financial well-being is seldom manifested.
1	1.00-1.80	very low	This means that the level of financial well-being is never manifested.

Design and Procedure. This study used a descriptive-quantitative research design to examine and measure the financial well-being of borrowers. This approach involved collecting numerical data on various indicators, such as freedom from debt, investment and financial discipline, and financial resilience. By employing this research design, the study aimed to provide a comprehensive and objective understanding of the financial well-being levels among borrowers in Digos City. This design allowed the researchers to summarize and analyze the data using statistical measures, offering insights into the average scores and standard deviations for each indicator. The importance of employing a descriptive-quantitative research design lay in its ability to provide a clear and structured representation of the data, enabling researchers to quantify and compare different aspects of financial well-being. This design facilitated the identification of patterns, trends, and areas for improvement, which could inform policy decisions, interventions, and strategies aimed at enhancing the financial well-being of microfinance borrowers in the specific context of Digos City.

The researchers obtained approval in writing in the conduct of survey outside the institution from the Dean. The research instrument was validated by citing references to the research panels. In addition, the respondents were given permission to take part in the study and guaranteed confidentiality of their responses. Based from the survey, majority of the respondents were between 31 to 35 years old (49.3%), male (58.3%), and single (67.3%). In terms of educational attainment, almost half of the respondents were high school level (47%), while 29.3% were elementary level. Most of the respondents came from households with 3 to 6 members (52%), and about a third were employed (34%) and not employed (34%).

In the analysis of the data, mean was used to determine the level of financial well-being for each indicator. Moreover, standard deviation (SD) was used to measure the variability or dispersion of the data around the mean. Lastly, t-test for independent samples was used to compare the level of financial well-being when analyzed by sex while one-way analysis of variance (ANOVA) was used compare the level of financial well-being when analyzed by demographic variables with three or more groups (age, civil status, educational attainment, household size, and employment status).

Ethical Consideration. In their study, the researchers upheld ethical standards by implementing several key practices to ensure the integrity and ethical handling of participant interactions and data management. Participation was voluntary and anonymous, safeguarding the privacy and confidentiality of respondents, who were fully informed about the study's purpose and potential benefits through a clear informed consent process. Additionally, the researchers utilized plagiarism-checking tools like Grammarly and Turnitin to prevent plagiarism and ensure proper citation of sources. No conflict of interest was present, and care was taken to avoid deceit or falsification of data. All findings were presented authentically without manipulation to uphold the validity of the research.

RESULTS AND DISCUSSION

Level of Financial Well-Being among Borrowers in Digos City

Table 1 presents the level of financial well-being based on three indicators: *freedom from debt*, *investment and financial discipline*, and *financial resilience*. Interpreting the table, it was

found that the mean value of *freedom from debt* is 4.18 (SD = 0.48). This suggests a relatively high level of financial well-being in terms of being free from debt.

Table 1. Level of financial wellbeing among borrowers in Digos City

Indicators	$\bar{x}$	SD
freedom from debt	4.18	0.48
investment and financial discipline	3.45	0.57
financial resilience	3.75	0.60
Overall	**3.79**	**0.47**

The indicator *investment and financial discipline* has an average score of 3.45 (SD = 0.57), indicating a moderate level of financial well-being in this aspect. *Financial resilience*, with an average score of 3.75 (SD = 0.60), also shows a moderate level of financial wellbeing. Overall, the table reveals that the average level of financial well-being across all three indicators is 3.79 (SD = 0.47). This suggests a moderate level of financial well-being overall. Based on the interpretation table provided, this means that the level of financial well-being in terms of freedom from debt, investment and financial discipline, and financial resilience is sometimes manifested. These findings were supported by several studies. Gordon and Katz (2019, pp. 39-49) indicated that having a favorable credit history contributes significantly to overall financial well-being by enabling access to credit and financial resources. Gudmunson and Danes (2020, pp. 107-119) argued that having a higher level of financial knowledge, confidence, and positive financial behaviors is associated with greater financial well-being, which includes freedom from debt, investment and financial

discipline, and financial resilience. Further, financial well-being includes not only the absence of financial distress but also the presence of financial freedom and security, which is manifested in investment and financial discipline and financial resilience (Lee et al., 2019, pp. 855-861).

The findings presented in Table 1 reveal that the level of financial well- being, specifically in relation to being free from debt, demonstrates a relatively high mean score of 4.18 (SD = 0.48). These results support the earlier study conducted by Ziegler et al. (2019, pp. 57-65), which emphasized the significance of reducing debt burden to enhance overall financial well- being. This alignment further supports the elevated average score observed for freedom from debt in our current investigation. However, O'Brien and Zimmerman (2020, pp. 86-91) reported contradictory findings, suggesting that debt levels have minimal influence on financial well-being. Additionally, Voss et al. (2021, pp. 120-124) documented a lower average score for freedom from debt, indicating a lower level of financial well-being in this particular aspect. These inconsistencies underscore the necessity for additional research and interventions to address the differing perspectives regarding the association between debt and financial well-being.

In addition, the findings presented in Table 1 suggest a moderate level of financial well-being in terms of investment and financial discipline, with an average score of 3.45 (SD = 0.57). This indicates that individuals possess a certain degree of financial well-being in this aspect, but there is room for improvement to achieve a consistently higher level. These results are in line with Zeller and Braun (2019, pp. 182-196) who examined the relationship between investment behavior and financial well-being and found that individuals with better financial discipline tended to have higher levels of financial

well-being. Similarly, Olsson and Thao (2022) investigated the impact of investment strategies on financial discipline and revealed a positive association between the two factors, suggesting that individuals who exercise greater financial discipline are more likely to make informed investment decisions. Lopez and Vargas (2021, pp. 68) conducted a longitudinal study and found that individuals who demonstrated consistent financial discipline over time were more likely to achieve better financial outcomes, such as increased savings and reduced debt.

Furthermore, the findings presented in Table 2 suggest a moderate level of financial well-being in terms of financial resilience, with an average score of 3.75 (SD = 0.60). Rutherford (2019, pp. 126-130) supports the results by highlighting the significance of financial resilience in achieving overall financial well-being, emphasizing the need to enhance this aspect. Contrarily, Chang (2021, pp. 67-70) contradicts these findings, suggesting that financial resilience has a limited impact on overall financial well-being and that other indicators play a more substantial role. Additionally, Xu (2022, pp. 91-95) aligns with the moderate level of financial well-being found in this research, emphasizing the importance of improving investment and financial discipline. These studies highlight the complex nature of financial well-being and indicate the need for further research to explore the interplay between these indicators and their impact on overall financial well-being.

On the contrary, the findings presented in Table 2 contradict several prior studies on financial well-being. Stevens (2019, pp. 125-135) argued that a high level of financial well-being is closely associated with freedom from debt. In addition, Thompson and Lawson (2021, p. 85) found that a moderate level of financial well-being is indicative of strong investment and financial discipline. However, the results in Table 2 show a

different picture, with moderate levels observed across all three indicators. These conflicting findings highlight the need for further research to better understand the complexities of financial well-being and its different dimensions (Harris & Turner, 2022, pp. 92-98).

Test of Mean Differences of Financial Well-Being When Analyzed in Terms of Demographic Variables

Table 2 shows the results of an analysis of financial well-being levels by age group. According to the data, the "between groups" analysis can be interpreted that there is no significant difference in financial well-being across different age groups, with a p-value of 0.378. However, it is important to note that the "Within Groups" analysis suggests a relatively high sum of squares (SS = 33.111), indicating some level of variability within the age groups themselves. Overall, these findings suggest that other factors or variables not considered in this analysis may have a more substantial impact on financial well-being than age alone.

Table 2. *Level of financial well-being when analyzed according to age*

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
between groups	.540	4	.135	1.057	.378
within groups	33.111	295	.112		
Total	33.651	299			

As can be gleaned in the same table, there is no significant difference in financial well-being among the age

groups considered (F (4,295) = 1.057, p = 0.378). This finding is corroborated by Duru and Gökmen (2020, pp. 233-245) stated that financial literacy was negatively related to financial well-being for all age groups, but the strength of the relationship varied across age groups. Similarly, Coe and Zamarro (2021, pp. 80-88) found that there were no significant differences in financial well-being levels between different age groups, suggesting that financial well-being does not decline uniformly with age. Further, financial well-being is a multidimensional construct that involves various aspects of an individual's financial situation, and policies aimed at improving financial well-being among older people should take into account these multiple dimensions of financial well-being (Di Gessa et al., 2020, pp. 197-208).

On the other hand, Chang et al. (2021, pp. 76) stated that the effect of financial socialization on financial well-being was stronger for younger adults than for middle-aged and older adults. Older adults aged 65 and above reported higher levels of financial well-being compared to younger age groups (Han & Sherraden, 2020, pp. 331-342). Further, Drentea and Lavrakas (2019, pp. 399-405) revealed that there were significant differences in financial well- being levels across different age groups, with older Americans reporting higher levels of financial well-being than their younger counterparts.

Table 3 displays the findings from an analysis conducted to assess the level of financial well-being by gender. Based on the data, the mean value for males is 3.34 (SD = 0.31), while females are slightly lower at 3.24 (SD = 0.36). Moreover, this difference is statistically significant with a p-value of 0.003.

The findings from the data supported the findings of Kim and Garman (2021, pp. 109-122) that males exhibited higher scores in financial behaviors, financial attitudes, and financial knowledge, leading to their superior overall financial

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Table 3. *Level of financial well-being when analyzed according to sex*

Grouping Variable	$\bar{x}$	*SD*	*t*	*df*	*Sig.*
male	3.34	0.31	3.034	298	.003
female	3.24	0.36			

well-being scores. Additionally, Joo and Grable (2020, pp. 229-234) uncovered that unmarried women experienced lower levels of income, financial literacy, and financial behaviors, which consequently impacted their financial well-being. The gender disparity in financial well-being following a separation can be attributed to various factors, including disparities in employment opportunities, income levels, caregiving responsibilities, and the associated expenses (Kunze et al., 2019).

Contrary to previous studies, Randolph et al. (2019, pp. 38-47) found that unmarried women generally exhibit higher financial well-being due to superior financial behaviors, attitudes, knowledge, and income levels, while men tend to experience lower financial well-being due to lower income, financial literacy, and financial behaviors, particularly after separation (Fuentes, Sanchez & Ibanez, 2021). However, our research demonstrates a lack of significant gender differences in financial well-being suggesting that factors other than gender may play a more significant role in determining an individual's financial well-being (Iqbal et al., 2022).

Meanwhile, Table 4 presents an analysis of the level of financial well-being based on different levels of educational attainment. It shows no statistically significant difference in financial well-being levels among educational attainment (F (4,295) = 2.298, p = 0.059). The results of the study uphold the

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Table 4. *Level of financial well-being when analyzed according to educational attainment*

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
between groups	.683	4	.171	2.298	.059
within groups	32.968	295	.112		
Total	33.651	299			

findings of Chauhan and Jalan (2021, p. 581) as they revealed that although education can have a positive effect on income and consumption, it has no significant relationship with financial well-being. Financial well-being was measured by factors such as financial stress, financial satisfaction, and financial hardship. Zhang and Yao (2021, pp. 18-28) concluded that there is no evidence to suggest that higher levels of education lead to higher levels of household income in China. Additionally, while education may provide individuals with some advantages in terms of income and wealth, it is not a significant predictor of financial well- being (Li & Zhang, 2020, pp. 181-200).

Contrary to the findings of the present study, prior research has shown that individuals who have achieved higher levels of education tend to display greater levels of financial well-being in contrast to those with lower educational attainment (Brown & Taylor, 2021, pp. 77-89). Furthermore, it has been observed that individuals with higher educational levels are more likely to experience a stronger positive connection between financial well-being and subjective well-being when compared to those with lower levels of education (Kim & Hanna, 2020, pp. 933-939). Bernhardt and Shin (2019, p. 1251) additionally suggested that this correlation can be

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partially explained by the fact that individuals with higher education levels tend to have higher income levels, thereby contributing to an enhanced sense of financial well-being.

Table 5 presents the results of an analysis of financial well-being levels based on household size. It was found that there is no statistically significant difference in financial well-being levels among different household sizes (F (3.296) = 0.939, p = .422). The analysis suggests that household size does not play a significant role in determining financial well-being, as the variation between groups (Between Groups) is not significantly different from the variation within groups (Within Groups).

Table 5. *Level of financial well-being when analyzed according to household size*

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
between groups	.360	3	.120	0.939	.422
within groups	33.921	296	.112		
Total	33.651	299			

The findings are consistent with the study conducted by Gathers and Warren (2020, pp. 312-326) as they found that differences in financial well- being between households of different family structures were relatively small and not statistically significant. Household structure alone is not a major determinant of financial well-being, and other factors such as income, education, and race/ethnicity play a more significant role (Sherraden et al., 2019, p. 512). Furthermore, household size and structure may not be as important for financial well-being as other factors such as education, occupation, and access to credit (Rabbani & Bokhari, 2019).

On the other hand, Mishra and Smyth (2021, p. 105) found that household size and composition have a significant effect on financial well- being, with smaller households having higher levels of financial well-being than larger households. Larger households tend to experience lower levels of financial well-being compared to smaller households (Lee & Kim, 2020, pp. 428-434). Further, Martin and Smock (2019, pp. 472-486) found that there is a significant difference in financial well-being across household sizes, with single-person households having the lowest level of financial well-being, followed by two-person households, and three or more person households having the highest level of financial well-being.

Table 6 presents an analysis of the level of financial well-being based on different employment statuses. Results shows that there is a significant difference in financial well-being levels among different employment status ($F(3,296) = 2.950$, $p = 0.033$). Consequently, the findings imply that at least one employment status group demonstrates a significantly different level of financial well-being compared to the other groups, indicating a noteworthy disparity in financial well-being across different employment statuses.

Table 6. *Level of financial well-being when analyzed according to employment status*

	Sum of Squares	*df*	*Mean Square*	*F*	*Sig.*
between groups	1.002	3	.334	2.950	.033
within groups	32.649	296	.110		
Total	33.651	299			

The findings were supported by Xu et al. (2021, pp. 39-47) who stated that employed respondents had the highest financial well-being scores, followed by those who were retired, other employment status, and unemployed, who had the lowest financial well-being scores. Households with formal employment had significantly higher levels of financial well-being compared to those with informal or no employment (Despard et al., 2019, pp. 269-279). Moreover, financial well-being mediated the relationship between employment status and psychological distress, suggesting that employment status impacts psychological well-being through its effect on financial well- being (Phillips & Kim, 2019, pp. 417-425).

However, individuals who were employed full-time, part-time, or self- employed had similar levels of financial well-being (Wang & Hanna, 2022, pp. 72-83). Hurd and Rohwedder (2021, pp. 19-25) stated that employment status may not be a significant predictor of financial well-being among older adults in the United States. Further, individuals who were employed full-time, part-time, self-employed, or temporarily laid off due to the pandemic had similar levels of financial well-being (Hung & Parker, 2020, pp. 348-355).

Furthermore, when financial well-being was analyzed according to Employment Status, results show a statistically significant difference, $F(3,296) = 2.950$, $p = .033$. As gleaned from Table 7, the Tukey post-hoc test of multiple comparison shows that there is a significant difference in financial well-being between regular and not working employment statuses ($p = 0.047$), indicating that regular employees may have a more stable income and financial security compared to those who are not working, leading to a higher level of financial well-being.

The results of the present study on Financial Well-being agree with and relate to several other related studies. Rutherford et al. (2019, pp. 62-68) examined the impact of

Table 7. *Multiple comparison using Tukey on the level of financial well-being according to employment status.*

		Mean Difference	SE	T	p_{tukey}
regular	contractual	0.084	0.075	1.117	0.680
	on-call	-0.035	0.091	-0.390	0.980
	not working	0.169	0.065	2.605	0.047
contractual	on-call	-0.119	0.098	-1.212	0.619
	not working	0.085	0.075	1.137	0.667
on-call	not working	0.205	0.091	2.252	0.112

employment status on financial well-being and found that individuals in regular employment reported higher levels of financial security and stability compared to those who were not working. Similarly, Fernandez (2021, pp. 98-102) explored the relationship between employment status and financial well-being, and the findings supported the notion that regular employment was associated with better financial outcomes. Additionally, Iqbal and Quintero (2020, pp. 118-125) investigated the differences in financial well-being among various employment statuses and revealed that individuals employed regularly exhibited higher levels of financial well-being compared to their counterparts who were not working.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study examined the level of the financial well-being of borrowers of microfinance institutions in Digos City based on different indicators and demographic factors. The

average level of freedom from debt indicates a relatively high level of financial well-being. The indicators of investment and financial discipline, as well as financial resilience, show a moderate level of financial well-being. Overall, the average level of financial well-being across all three indicators suggests a moderate level of financial well-being.

Additionally, the study findings indicate that there is a moderate level of financial well-being among the respondents. While there are no significant differences in financial well-being levels based on age, household size, or educational attainment, there is a significant difference between males and females, with males reporting a higher level of financial well-being. Additionally, employment status plays a crucial role, with regular employment associated with a higher level of financial well-being compared to not working. These results suggest that addressing gender disparities and promoting stable employment may contribute to improving overall financial well-being.

Recommendations

To enhance investment and financial discipline among borrowers in Digos City, it is essential to prioritize building a strong financial foundation through automated savings and investment plans. By setting up an automatic transfer of a fixed amount from their paycheck to a separate savings account or investment platform, borrowers can cultivate the habit of saving and investing regularly. Start by allocating a portion of their income toward an emergency fund to ensure financial resilience, aiming for at least three to six months' worth of living expenses. Once they have established an emergency fund, consider exploring low-risk investment options such as mutual funds or index funds that align with their financial goals. By automating their savings and investments, they can develop

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discipline, minimize the temptation to overspend, and grow their wealth steadily over time.

To address the very low loan credit profile among borrowers in Digos City, it is crucial for individuals to actively engage in financial literacy and credit building initiatives. First and foremost, borrowers should seek guidance from local financial institutions or organizations that offer educational programs on personal finance management, budgeting, and responsible borrowing. By gaining a deeper understanding of financial concepts and practices, borrowers can make informed decisions and develop healthier financial habits. Additionally, borrowers should aim to establish a positive credit history by consistently paying bills and debts on time. Building creditworthiness requires patience and discipline, but it can significantly improve loan credit profiles over time. Ultimately, by empowering themselves with financial knowledge and actively working toward improving their creditworthiness, borrowers in Digos City can enhance their loan credit profiles and gain access to better loan opportunities in the future.

Future research on financial well-being among borrowers of MFIs in Digos City can include a longitudinal study that assesses changes in the financial well-being of borrowers over time. Additionally, future studies can explore the impact of financial education and counseling programs on the financial well-being of borrowers. Further research can also investigate the potential for technology-based solutions to improve financial access and inclusion for borrowers of MFIs. Furthermore, some potential limitations of this study could include the limited generalizability of the findings due to the specific context of Digos City. The study may also face challenges in recruiting participants, especially those who may not have access to digital technology. Additionally, the self-reported nature of the survey responses may introduce social

desirability bias, which may affect the accuracy of the data. Finally, the study may face limitations in terms of the availability of data on the financial operations and performance of the MFIs.

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