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Understanding the Financial Literacy and Practices of Indigenous Communities in Panaytayan, Mansalay, Oriental Mindoro

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ABSTRACT

Financial literacy is one of the important life skills that indigenous communities in remote areas need. The study aims to understand the financial literacy and practices of the Panaytayan Indigenous Peoples (IP) community in Mansalay, Oriental Mindoro. The result of the study could be helpful to understand the effective and sustainable approach to community development programs such as the AWATI TI KAPE community development program. This study used qualitative methods which incorporate interviews and focus group discussions with locals of the community, and the field observations during immersions to the four selected sitios in Barangay Panaytayan. The study found positive basic financial practices done by the household communities such as budget priority on food and education, and setting limits on non-essentials. Basic numeracy skills were also manifested by their day-to-day money-related transactions. They are also aware of experiencing inflation.

On the other hand, various financial literacy gaps and practices need interventions. They encounter constraints to savings regularly, limited knowledge of compounding interest and retirement. They also manifested avoidance of borrowing money to financial institutions. The study also determines that they are not aware of most financial products such as retirement and pension funds and the access to basic financial services like microfinancing are not merely known to them. Social security is low, adding to anxieties about maintaining retirement contributions despite their desire to plan for the future. With this, any existing community development and extension programs and community-based initiatives shall incorporate financial literacy programs that fit to community's culture and resources.

INTRODUCTION

Indigenous peoples are often among the poorest and most marginalized groups around the world (Kari *et al.*, 2016). In the MIMAROPA Region, the Municipality of Mansalay ranks 7th with poverty incidence of 33.45% which includes the households from the Panaytayan indigenous communities (Bolasa & Jarabejo, 2022). Several studies have identified various factors contributing to the poverty experienced by indigenous communities, including inequalities in access to basic services (Reyes *et al.*, 2017), health disparities (Onsay, 2022), limited access to education (Eduardo & Gabriel, 2021; Decierdo *et al.*,2024), inadequate transportation infrastructure (Carillo *et al.*, 2023), and income disparities (Dizon *et al.*, 2021).

This situation underscores the urgent need for sustainable livelihood solutions to address these persistent issues. Bansal *et al.* (2024) argue that future studies should focus on gathering knowledge that emphasizes the sustainable practices of indigenous communities. When considering sustainable livelihood development, the financial aspect including financial behavior and practices, as well as the financial assets available to the community plays a crucial role (Natarajan *et al.*, 2022). Financial behavior and practices are fundamental to a community's development (Lahiri & Biswas, 2022). Ahmed (2021) highlights those behavioral factors such as planning for future security, savings and investments, and financial consciousness significantly affect individuals' financial well-being.

Indigenous peoples in remote highland areas have unique financial behaviors and practices shaped by their culture and geographical conditions. However, research on the financial behavior and practices of the indigenous communities in Oriental Mindoro remains limited. Thus, this study explores the financial literacy and practices of the Panaytayan indigenous community in Mansalay, Oriental Mindoro to provide insights for developing strategies in community development programs, especially concerning livelihood sustainability. This study forms part of the initial community needs assessments of AWATI TI KAPE Development Program in Mansalay collaborative program of the local government of Mansalay, Oriental Mindoro and the Mindoro State University.

LITERATURE REVIEW

The financial management practices of Indigenous communities are deeply rooted in their cultural identity and communal obligations (Rosario, E.P, 2025). Their financial behaviors are often influenced by social and cultural factors like traditional customs and values, access to resources, education and income gaps, among others (Kremer & Mah, 2021; Godinho, 2016; Malhotra, 2024). Promoting financial autonomy, rather than imposing external regulations, can lead to better financial outcomes in indigenous communities (Blue & O'Faircheallaigh,

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2018). This highlights the importance of culturally sensitive approaches when addressing financial practices within these communities.

Cultural identity significantly impacts how Indigenous peoples manage money. Some Indigenous communities prioritize communal support and the sharing of resources, which shapes how financial resources are allocated and managed (Wilson, 2019; Ahmad & Islam, 2024). This underlines the need to consider cultural nuances when developing community-based financial literacy programs. In addition indigenous financial practices in Africa, rooted in the Ubuntu philosophy, historically included sophisticated systems of trade, finance, credit, and investment management. These practices were not only functional but also integrated with communal values.

Research from Indonesia by Lailiyah *et al.* (2023) demonstrates the success of community service programs in improving financial literacy and family financial planning. A similar approach could benefit the Panaytayan community by addressing gaps in financial knowledge while respecting cultural practices. Such interventions could provide practical tools, such as keeping financial records and understanding family financial health, which are crucial for livelihood sustainability.

In the Philippines, Indigenous and rural communities face numerous challenges related to financial behavior. Indigenous peoples (IPs) often have limited financial resources and low literacy levels. However, despite these challenges, they have adopted mobile phones as a means of communication and connection to mainstream society (Portus, 2007). In rural areas, financial literacy remains low due to limited education and exposure to financial management programs (Centeno & Vargas, 2021). IP parents, though economically marginalized, are actively involved in their children's education, but financial support remains an area for improvement. Among rural teachers, financial management practices are generally poor, with less than half demonstrating consistently good financial behaviors (Acedillo, 2018). Hernandez *et al.* (2024) similarly noted that Mangyan communities in Panaytayan, Mansalay, require educational interventions, particularly in areas like numeracy and business transactions. These efforts are essential to empower the community in managing their financial resources effectively. These findings underscore the urgent need for targeted financial education and support programs for Indigenous and rural communities in the Philippines.

MATERIALS AND METHODS

This study employed an ethnographic approach within a qualitative framework. The data collection was conducted throughout the two community immersions in September 2023 and January 2024. The researcher conducted interviews, focus group discussions, and community observations. Semi-structured interviews were conducted with readily available household members, primarily mothers and elders, within the four sitios of Calibang, Tanawan, Ether, and Sinugbuhan. There were total of 12 adult respondents for personal interview and 3 groups composing of 4 to 6 adults for the focused group discussions. This approach allowed for flexibility and probing into emergent themes while gathering rich data. The FGD explored the shared experiences and perspectives among community members wherein discussions were likely led by mothers and elders. The researcher also conducted extensive observations during both immersions, taking detailed field notes on the social interactions, environments, and activities within the four sitios. The data collection process emphasized a conversational and informal approach to create a comfortable and open atmosphere for participants. This approach aimed to encourage rich and detailed responses during interviews and focus groups, and to gain a more holistic understanding of the community. The study was conducted in coordination with the LGU of Mansalay, with informed consent secured from community leaders and all respondents prior to data collection.

RESULTS AND DISCUSSION

Financial Literacy and Practices

The majority of adult community members have a basic understanding of financial literacy concepts, particularly in areas such as budgeting, savings, and managing financial risks related to borrowing. Some members even demonstrated awareness of inflation, a crucial aspect of financial comprehension. This foundational knowledge extends to recognizing business opportunities, which are vital to the community's livelihood. Their awareness of financial literacy, while fundamental, shows potential for further development in more advanced financial topics, indicating room for educational interventions. The following are the specific financial practices found:

Budgeting Practices: The community's budgeting practices prioritize essential needs, with food and children's education taking precedence over other expenses. Nearly all interviewed household members confirmed that they allocate the bulk of their limited financial resources to these two areas, underscoring the critical importance of both sustenance and education within the community.

Most responses indicate spending on staple foods such as rice, fish, canned goods, and noodles. Spending on vegetables and root crops is reduced due to their availability from their kaingin (crop cultivation). In terms of children's schooling, limitations in monetary allowance are evident. Some respondents stated that whenever they have no money to give their children for school, they only send them with food or opt for their children to be absent in the meantime. Many students, particularly at the high school level, choose to work and live with other people willing to sponsor their education, and some are able to give their parents spare money from their allowance. Through these strategies, families are able to overcome budget limitations.

Another important budgeting practice in the community is the rarity of spending on non-essential items, such as new clothes. Clothing needs are often met through external assistance, usually from visitors from lowland areas. Additionally, the absence of mandatory school uniforms reduces financial strain, allowing families to allocate funds more efficiently to other necessities such as food and school allowances.

The community's budgeting practices demonstrate a flexible and adaptive approach to managing finances. Families adjust their allowances and spending habits based on available funds, showcasing their ability to navigate financial uncertainties. This pragmatic approach reflects the community's resilience in managing limited resources and highlights potential areas where targeted financial literacy programs could further strengthen their budgeting practices and enhance overall financial resilience.

Borrowing and Handling Financial Emergencies: There is a noticeable reluctance among community members to borrow from formal institutions like banks or microfinance entities. The fear of being unable to repay loans, along with perceived barriers such as meeting formal requirements, deters many from seeking formal credit. This apprehension suggests both a lack of confidence in navigating formal financial systems and a preference for minimizing financial risks.

When borrowing does occur, it is typically informal, involving small amounts borrowed from relatives, friends, or neighbors. These loans, often not exceeding 2,000 pesos, are primarily used to cover medical emergencies, indicating a lack of emergency funds. This informal borrowing system allows community members to manage short-term financial crises without incurring the burdensome interest rates associated with formal loans. Additionally, some households practice borrowing goods from local shops, with an understanding to repay within a week, further exemplifying the community's reliance on informal financial networks.

Awareness and Interest in Retirement Pension Fund: There is limited awareness of formal retirement pension funds, such as the Social Security System (SSS), within the community. While some members express interest in the concept of a retirement fund, they are uncertain about their ability to maintain regular contributions due to unstable income streams. This suggests a willingness to plan for the future but highlights the challenges posed by financial constraints, making it difficult for community members to commit to long-term financial security.

Income Generation Behavior and Practices: The community's primary sources of income come from kaingin (vegetable and root crop cultivation) and selling local products such as kaong (palm sugar fruit), tambo (broom grass), irok (broom made from leaf sticks of Arenga pinnata), coffee, cacao and handicrafts- buri bags and wallets. These income-generating activities reflect traditional livelihoods rooted in agriculture and cottage industries. However, the community's dependence on these sources makes them vulnerable to market fluctuations, which can significantly impact their income stability.

Saving Practices: Despite recognizing the importance of saving, the community faces significant challenges in establishing consistent saving habits. The irregularity of cash flow, coupled with the need to prioritize immediate necessities, makes it difficult to set aside money for long-term financial goals. Savings are often used to cover short-term needs, such as food or school expenses, which demonstrates the hand-to-mouth nature of their financial situation. This pattern reveals the urgent need for savings programs tailored to the community's unique financial realities.

Gender Roles in Money Management: In terms of money management, financial responsibilities vary depending on the couple's arrangement. In some households, the wife manages the finances, while in others, the husband handles the money. The decision-making process regarding purchases and financial priorities is often collaborative, with both partners agreeing on the best course of action to meet their family's needs.

Women play a significant role in income generation, particularly through activities like harvesting and processing kaong, making brooms from tambo, and drying copra. These efforts are essential in supplementing the household's income and supporting the family's financial well-being.

Other Financial Challenges: The rising cost of essential goods, especially rice, is a major concern for the community. Many members noted that rice prices are significantly higher in their locality compared to the lowland areas, putting additional strain on their limited resources.

Some families also struggle to finance their children's education, relying on external financial assistance from lowland residents. This dependence on outside help underscores the community's financial vulnerability, particularly in regard to educational support.

August is identified as the most challenging month for income generation, with sales of local products like tambo significantly declining during this period. Limited access to markets also poses challenges, as community members often make infrequent trips to lowland markets due to financial constraints.

CONCLUSION

The financial literacy, behavior, and practices of the Panaytayan Indigenous Peoples (IP) community in Mansalay, Oriental Mindoro, reflect a complex interplay of cultural values, economic constraints, and adaptive strategies. The community prioritizes essential needs such as food and education, displaying a flexible approach to budgeting and a pragmatic view towards savings and borrowing. Their reluctance to engage with formal financial institutions underscores a broader anxiety about financial security and sustainability. Despite the challenges, there is a discernible interest in planning for the future, though this is hindered by irregular income and immediate financial pressures.With the findings of the study, it is recommended to develop a tailored financial literacy program that focuses on budgeting, savings, and the benefits of formal financial services, while also incorporating entrepreneurial concepts into livelihood interventions to encourage sustainability. Additionally, conducting awareness campaigns about social security and pension schemes, along with providing enrollment assistance, will be essential in promoting long-term financial security. Regular evaluations of the effectiveness of livelihood interventions should also be conducted to ensure improvements in income stability and financial well-being within the community.

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