

FINANCIAL INCLUSION AND FINANCIAL WELL-BEING OF AMBULANT VENDORS IN KAPALONG, DAVAO DEL NORTE

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ABSTRACT

The study explores the level of financial inclusion and financial well-being of ambulant vendors in Kapalong, Davao del Norte. This study utilized the descriptive-correlation design utilizing the adaptive questionnaire, which was validated by the panel of experts in both independent and dependent variables. Statistical tools used in the study were mean and Pearson-r for the treatment of the data collected and gathered. Eighty-eight respondents from 14 barangays in Kapalong were selected using random sampling. The results revealed that the five indicators of financial inclusion: financial literacy, accessibility, availability, affordability, and usage were rated high. It also revealed that the mean of the indicators from financial well-being got a high descriptive level, which includes financial preparedness, beliefs of credit limits, and risky indebtedness behavior. The result showed that there is a significant relationship between financial inclusion and the financial well-being of ambulant vendors in Kapalong, Davao del Norte. This concludes that all measures of financial inclusion used in this study have a high relationship with financial well-being. Therefore, the two variables were highly significant to each other.

Keywords: financial inclusion, financial well-being, descriptive-correlation design, ambulant vendors, Kapalong, Davao del Norte

INTRODUCTION

Financial inclusion is a pressing concern with profound implications for the livelihoods of ambulant vendors, and its impact extends beyond individual well-being to shape the broader economic fabric of communities. The readiness of people to navigate their daily lives hinges on their financial preparedness. Achieving financial well-being involves the ability to promptly meet both current and future financial obligations.

Engaging in financial inclusion initiatives holds the potential to bring about significant positive changes in the socioeconomic landscape. Research by Bhatia and Singh (2019) underscores

The far-reaching effects, emphasizing improvements in future financial stability, enhanced access to quality education for their children, heightened earning and spending capacity, elevated living standards, and improved health outcomes. As such, fostering financial inclusion not only empowers hardworking individuals but also contributes to the community's overall prosperity, creating a ripple effect that strengthens economic resilience and social well-being.

In North East India, particularly in Mizoram, a segment of the population faces unemployment and poverty. Unfortunately, many individuals in this group lack the necessary skills and education to secure formal employment opportunities. As a

result, they turn to alternative means of earning a living, such as becoming street vendors or hawkers. Engaging in these informal economic activities poses significant challenges for these individuals. Accessing affordable working capital becomes difficult due to expensive loans from informal sources. Remittance services are unreliable, and awareness about risk mitigation and pension options is lacking. Another pressing issue is the high-interest rates charged by moneylenders and wholesalers, making informal credit a burdensome problem (Lalenkawli, 2020).

In the Philippines, particularly in Baclaran district of Metro Manila, most ambulant vendors borrowed money from loan sharks and other informal lenders. The exorbitant interest rates and the requirement of daily payments further contribute to their financial hardships. Without pro-poor formal micro-credit institutions, they engage in risky credits and cling to illegal lending to satisfy their personal and business necessities. It shows how they lack financial planning and struggle to balance their income to achieve financial stability (Recio, 2019).

Finally, this study addressed a gap in previous research by examining the impact of financial inclusion on the financial well-being of ambulant vendors, specifically in Kapalong, Davao del Norte. Previous studies conducted by Irakunda and van Bergeijk (2019) focused on the availability of financial institutions in the vendors' hometowns, providing valuable insights for policymakers to enhance financial inclusion and its effect on vendors' financial well-being. Similarly, Nandru and Rentala (2019) explored the factors of financial inclusion and its impact on the socioeconomic status of primitive tribal groups, highlighting the importance of easy access and usage factors as significant determinants. However, none of these studies encompassed all the abovementioned variables in the specific context of Kapalong, Davao del Norte. Thus, the current study aims to fill this gap by examining the relationship between financial inclusion and the financial well-being of ambulant vendors in this particular area.

This study is drawn upon Sen's Capability Approach, as Sen (1993) outlined. The Capability Approach provides a theoretical foundation for

examining financial well-being by considering how individuals manage their finances and the relationship between financial management and their well-being objectives.

OBJECTIVES OF THE STUDY

This study determines the significant relationship between financial inclusion and the financial well-being of ambulant vendors in Kapalong, Davao del Norte.

1. To describe the level of financial inclusion of ambulant vendors in Kapalong, Davao del Norte, in terms of:
 - 1.1 financial literacy;
 - 1.2 accessibility;
 - 1.3 availability;
 - 1.4 affordability; and
 - 1.5 usage.
2. To describe the level of financial well-being of the ambulant vendors in the Kapalong, Davao del Norte, in terms of:
 - 2.1. financial preparedness;
 - 2.2. beliefs of credit limits and
 - 2.3. risky indebtedness behavior.
3. To determine the significant relationship between financial inclusion and financial well-being of ambulant vendors in Kapalong, Davao del Norte.

METHODOLOGY

This study employed a quantitative research design, specifically a descriptive-correlational technique, to assess ambulant vendors' financial inclusion and well-being in completing the questionnaires; the researchers collected their survey form, comprising 14 barangays.

A total of 88 ambulant vendors from these barangays were randomly selected as respondents. Permission was obtained from the Municipal Mayor's Office and business proprietors through a formal letter. The research adhered to safety protocols under new normal conditions.



A questionnaire, validated by a panel of experts, was distributed to participants after modifications. The researcher personally collected completed questionnaires. Data were then checked, recorded, and evaluated by a statistician. Mean was utilized to determine financial inclusion and well-being levels, examining their significant relationship among ambulant vendors in Kapalong, Davao del Norte.

RESULTS AND DISCUSSION

1. Level of Financial Inclusion among Ambulant Vendors

Table 1

Summary on the Level of Financial Inclusion of Ambulant Vendors in Kapalong, Davao Del Norte

Indicators	Mean	Description
Financial Literacy	3.76	High
Accessibility	3.82	High
Availability	3.82	High
Affordability	3.75	High
Usage	3.75	High
Overall	3.78	High

Presented in Table 1 is the overall level of Financial Inclusion of Ambulant Vendors in the Municipality of Kapalong, Davao del Norte in terms of financial literacy, accessibility, availability, affordability, and usage. The data revealed that the level of financial inclusion of ambulant vendors has a total mean of 3.78 with a descriptive equivalent of high.

The calculated data showed that the highest mean was found in accessibility and availability, scoring a mean of 3.82, which descriptively translates to a "high" level. This suggests that ambulant vendors frequently exhibit high financial inclusion regarding accessibility.

Furthermore, affordability and usage obtained a mean of 3.75, the lowest mean still described as "high." This suggests that the

financial inclusion of ambulant vendors in terms of affordability and usage is occasionally evident.

Additionally, financial literacy achieved a mean of 3.76, signifying a "high" level. This implies that the financial inclusion of ambulant vendors concerning financial literacy was frequently observable.

2. Level of Financial Well-Being among Ambulant Vendors

Table 2

Summary on the Level of Financial Well-being of Ambulant Vendors in Kapalong, Davao del Norte

Indicators	Mean	Description
Financial Preparedness	3.83	High
Beliefs of Credit Limits	3.70	High
Risky Indebtedness Behavior	2.78	Moderate
Overall	3.44	High

Table 2 displays the comprehensive assessment of the financial well-being of ambulant vendors in Kapalong, Davao del Norte, concerning their financial preparedness, credit limit beliefs, and risky indebtedness behavior. The data indicates that the overall mean for the financial well-being of these vendors is 3.44, categorically described as "high."

Furthermore, the data revealed that financial preparedness had the highest mean, scoring 3.83, and was described as "high." This suggests that the financial well-being of ambulant vendors, particularly regarding financial preparedness, is frequently evident.

Conversely, risky indebtedness behavior received a mean of 2.78, which is characterized as "moderate." This implies that the financial well-being of ambulant vendors, particularly concerning



risky indebtedness behavior, is occasionally observable.

Lastly, beliefs of credit limits have a mean of 3.70 with a descriptive equivalent of high. This indicates that the ambulant vendors' level of financial well-being in terms of beliefs of credit limits was oftentimes manifested.

3. Significant Relationship between Financial Inclusion and Financial Well-Being

Table 3
Significant Relationship Between Financial Inclusion and Financial Well-Being of Ambulant Vendors in Kapalong, Davao Del Norte

Variable	Mean	R-Value	P-Value	Decision @=0.05
Financial Inclusion	3.78	.61***	<.001	H ₀ Rejected
Financial Well-Being	3.44			

Exhibited in Table 3 is the result of the significant relationship between financial inclusion, with a mean of 3.78 and a descriptive mean of high, which means that it is oftentimes manifested, and financial well-being, a mean of 3.44 and a descriptive mean of high, which means that it is oftentimes manifested among ambulant vendors in Kapalong.

Through conducting an in-depth analysis of the table, the total mean of 3.78 in financial inclusion and 3.44 in financial well-being revealed that there is a high positive correlation between variables with a total of 0.61 R-value which means that there is 61% in the variation of financial inclusion that affects the financial well-being of the ambulant vendors. Moreover, the result revealed that the P-value of both variables is 0.001, which is less than 0.05 level of significance, which means a significant relationship exists between financial inclusion and financial well-being. Thus, this leads to rejecting the null hypothesis tested at 0.05 alpha level. To which the statement that there is no significant relationship between financial inclusion

and the financial well-being of ambulant vendors in Kapalong was denied.

CONCLUSIONS

The study's findings support the preceding chapter, revealing a high level of financial inclusion among ambulant vendors in Kapalong, Davao del Norte. This indicates frequent manifestations of financial literacy, accessibility, availability, affordability, and usage. The results suggest that the vendors have access to suitable financial products and services, enabling diverse choices. They exhibit financial literacy, actively engage with banks, and are willing to fulfill obligations and borrow if needed.

Regarding financial well-being, the results indicate a high level among ambulant vendors, reflecting frequent manifestations of financial preparedness, credit limit beliefs, and awareness of risky indebtedness behavior. Vendors save money for future needs, considering debt as an alternative source while being aware of its potential impact on their plans and future financial security.

The overall correlation between the two variables, financial inclusion and financial well-being, is significant. All measures of financial inclusion used in the study exhibit a high relationship with financial well-being, indicating a strong and meaningful connection between the two variables. The study concludes that financial inclusion significantly contributes to the financial well-being of ambulant vendors in Kapalong, Davao del Norte.

RECOMMENDATIONS

The study reveals a significant relationship between financial inclusion and the financial well-being of ambulant vendors in Kapalong. It is recommended that this connection be acknowledged, and measures be taken to enhance financial literacy and access to financial services.

Suggestions for the government include empowering vendors through programs on basic bookkeeping and financial decision-making. Debt counseling services can guide vendors in managing finances and making informed choices. Ambulant vendors are advised to embrace financial services with an emphasis on addressing voluntary exclusion. To build trust, financial institutions should implement effective policies, including consumer education and protection.

Further recommendations focus on addressing long-term credit issues, guiding vendors in financial planning, and ensuring responsible fund expenditure. Ambulant vendors are urged to prioritize cost-effective financial management practices for their well-being. Financial inclusion is seen as a crucial factor in improving the quality of life for vendors, provided they actively use financial services and enhance their financial knowledge. Lastly, financial institutions can contribute by creating tools that promote financial responsibility and well-being.

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AUTHORS' PROFILE



Dyna Mae L. Claro, born on July 11, 2000. She graduated in Kapalong College of Agriculture Sciences and Technology. She graduated as Cum Laude and received 2 leadership awards. She also finished her high school and elementary years as a consistent honor student. She participated in various research congress since high school. In college, she won the research quiz bee competition in the 1st Campus Research congress and received Best in Oral Research Presenter Award hosted by ICEPD- Thailand. She is planning to take her master's degree for academic growth and success.



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