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EMPOWERING YOUNG ADULTS THROUGH FINANCIAL MANAGEMENT: IMPLICATIONS FOR ACHIEVING THE SDGS AMONG INDONESIAN STUDENTS IN THE PHILIPPINES

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Abstract
This study explores the critical factors influencing personal financial management among Indonesian students studying in the Philippines. Effective personal financial management not only ensures individual financial stability but also contributes to broader economic sustainability, aligning with Sustainable Development Goals (SDGs) such as poverty reduction (SDG 1) and responsible consumption (SDG 12). Using a qualitative descriptive approach through surveys and interviews, the study reveals that students prioritize financial management for long-term savings, utilize technology for budgeting and investments, and face challenges like uncontrolled spending and peer pressure. These findings highlight the importance of fostering financial literacy and discipline among young adults, which can lead to more sustainable financial behaviors. By promoting responsible financial practices, this research underscores the potential of personal financial management to contribute to both individual well-being and the achievement of global sustainability targets.

Keywords: Financial Management, Sustainable Development Goals (SDGs), Young Adults
JEL Code: D14, G40, I31

INTRODUCTION

Financial literacy is essential for making wise choices about someone's economic future. People with good financial literacy are more equipped to manage living costs, retirement preparation and capital investments. They may be well-informed in areas such as interest rates, inflation, and risks of financial products, which leads to sub-optimal choices and excessive indebtedness or low savings (Lusardi & Mitchell, 2020). Furthermore, financial literacy is a significant contributor to debt management, allowing for the appropriate handling of student debt and credit cards while promoting proper savings and investment behaviors, which in turn influence wealth growth across a lifetime (Xiao et al., 2021). In other words, financial literacy is an integral part of prosperity. Financial literacy includes everything from how to read a budget to where to invest, how to manage debt, and what type of savings are needed. Financial literacy not only helps attain the Sustainable Development Goals (SDGs) by alleviating poverty and fostering economic equality (SDG 1: No Poverty and SDG 12: Responsible Consumption); it also enhances economic stability and decreases the need for social safety nets (Atkinson & Messy, 2018). As financial innovations like digital banking and cryptocurrencies develop, financial literacy is increasingly important in making safe decisions in the complex landscape.

Financial literacy has recently emerged as another personal factor influencing individuals' savings behaviour, investment decisions, and overall financial management, particularly among young adults (Grohmann et al., 2018). This particularly applies to university students, who may now have more to think about financially abroad than ever. Currency exchange rates of tuition fees, living expenses, and banking access raise unique financial challenges for Indonesian students in the Philippines. The Philippine Commission on Higher Education stated that approximately 7,000 Indonesian students will study in several institutions in 2021, which requires them to have strategic financial management skills (Philippine Commission on Higher Education, 2021). Most of these students are subject to the unpredictability of exchange rates, which puts pressure on their purchasing power. These could develop into financial stress that affects their academic work and is likely to improve once they fully grasp budgeting and saving. The financial behavior of Indonesian university students in the Philippines captures the intersection of sociocultural and economic contexts that shape their financial management practices. The need for an understanding of these experiences will assist in the creation of personalised financial literacy programs targeted at international students, improving financial well-being and academic success.

Technology-driven solutions compare the latest recommendations to formulate innovative trends in personal financial management. They often have mobile apps and digital platforms for budgeting and investing. According to Zhang and Posso (2019), financial technology can play an essential role in making young adults better financial decision-makers. The trouble is that those tools' utility relies entirely on users' financial literacy and restraint when sticking to budget or savings targets. Despite these, social pressures, such as peer influence, are other factors contributing to the loss of self-control in spending, which may later negate the effort to save well because of technological advances (Leitner et al., 2019). This pressure can worsen for Indonesian college students who have just moved to a new social environment for college, which could lead to poor financial management and stress.

This study aims to discover some important elements of the financial practices of Indonesian university students in the Philippines. It explores students' challenges when ordering and categorizing their expenses against an alien economic system when the exchange rate is under pressure. It also examines how technology supports their financial practices and pinpoints major challenges they experience, such as peer pressure and lack of financial literacy. Examining their financial management practices, analyzing the influence of financial technology, and investigating social influences on decision-making, this study adds to the discussion of personal financial management across an international landscape. This study also aims to enhance students' financial literacy and financial discipline. The burden on students can be reduced, and they can contribute to Sustainable Development Goals (SDG 1: No Poverty and SDG 12: Responsible Consumption).

LITERATURE REVIEW

Theory of Planned Behavior

In 1991, Icek Ajzen depicted the Theory of Planned Behavior (TPB) which lays one of the important foundations for understanding how people make decisions in personal financial management. According to TPB, attitudes, subjective norms, and perceived behavioral control determine a person's behaviour. Attitudes are the evaluation of the behavior in question, for example, the positive or negative consumer benefits of saving or investing. Perceived social pressure (Subjective Norms) to perform or not to perform the behaviour, applies here in the context of financial decisions as international students are more exposed to peer pressure and family pressure regarding money issues. Perceived behavioral control deals with confidence in his/her financial capability, such as budgeting and knowing the costs of financial products.

To shed light on the financial challenges faced by Indonesian students in the Philippines, we can apply the SDGs. They were forced to adjust to a foreign financial system with social pressure to spend. SDGs deserve our attention as their financial literacy interventions can lead to better well-being by exploring their attitudes and perceived control over financial decisions. In addition, the SDGs are connected to the Sustainable Development Goals (SDGs) —in particular, SDG 1 (No Poverty) and SDG 12 (Responsible Consumption)— point out how financial literacy supports responsible financial behavior, and contributes to economic stability.

Behavioral Finance Theory

Behavioral finance theory is an addition to the knowledge of financial decision-making of the younger generation. Contrary to the notion of rationality underpinning traditional finance, Behavioral Finance acknowledges the role of psychological factors and cognitive biases affecting investors. For instance, youth may need more proper confidence in their financial literacy or fall into biases like anchoring, which causes poor financial investment (Hirshleifer & Teoh, 2018; Barberis & Thaler, 2013). Emotional aspects such as fear and peer pressure also play a significant role in financial management, such as international students entering new surroundings for the first time (Feng & Seasholes, 2017). It is "critical" to understand how these influences shape and differ from the broader social context so that appropriate financial literacy initiatives can be developed for the Indonesian student experience.

Behavioral finance teaches us how social influences and peer dynamics can play a big role in our financial behaviors. Peer group norms influence many of the financial decisions of young people (Brown et al., 2016). By understanding these social dynamics, we can design better financial literacy programs to promote much better financial behaviors. This study provides a holistic view of the interplay between cognitive biases, emotional influences, and social factors in financial decision-making by infusing Behavioural Finance Theory into it. However, this model calls for financial education that addresses psychological and contextual barriers.

The Social Cognitive Theory

The Social Cognitive Theory (SCT) by Albert Bandura is another influential framework that explains the development of behaviour from the reciprocal relationship of personal, behavioural, and environmental factors. Observational learning is at the heart of SCT, which occurs when people observe others in their social environment demonstrating new behaviors. This is especially important for Indonesian university students, which is a new culture and economic habitat.

One of the key concepts of SCT is self-efficacy, or people's beliefs about their capabilities to exercise control over their financial processes, which has been recognized as a significant predictor of positive financial behavior. Here, previous studies have found that with a high financial self-efficacy arm, people tend to budget, save and invest effectively (Briñol et al., 2019). The purpose of this research is to investigate towards the availability of self-efficacy through education then replicate bad behaviour undertaken by Indonesian students abroad that is educated to make appropriate financial behaviour, financial literacy, and financial journal records For Indonesian students who have difficulty using education to be able to reproduce self-efficacy to make good behaviours or attitudes in spending money to improve their economic stability.

SCT also highlights the impact of social and environmental factors on financial behavior. A lot of how a person manages their finances is dependent on the types of friends surrounding them and the cultural lens that they have grown up in. Miller and Rassuli (2017) prove this. Leveraging positive peer influence and culturally relevant financial education, programs can promote responsible financial practices. SCT can be useful in designing appropriate financial literacy interventions for students in the Philippines who are from Indonesia. SDGs, including SDG 1 (No Poverty) and SDG 12 (Responsible Consumption), can be addressed by providing a conducive environment that enhances self-efficacy and responsible financial behaviour by educators and policymakers.

RESEARCH METHODOLOGY

This research employs a qualitative descriptive method to identify the hidden factors that affect personal financial management among Indonesian students studying in the Philippines. Qualitative methods are particularly effective for studying complex social phenomena because they can elicit rich descriptions of participants' experiences and perspectives (Denzin & Lincoln, 2018). The research methods enable a holistic view of participants' personal finance experiences and support an investigation of the drivers of financial behavior while being situated in participant perspectives.

This study's sample consisted of Indonesian Students enrolled in universities in the Philippines. The Participants were purposefully sampled, with a diversity of age, gender, and academic background. To focus the discussion on those who can provide insights into financial management in a foreign context, the participants must be Indonesian citizens who are still studying (Etikan et al., 2016).

Data collection was performed via surveys and semistructured interviews. This was an online survey distributed among participants using a structured questionnaire, including closed- and open-ended questions. This survey was designed as a quantitative study to examine aspects of college student financial management, including processes students utilized to set financial goals, budgeting practices, and technology usage. Qualitative responses to open-ended questions provided context surrounding the attitudes and experiences participants had with managing their money.

Depth semistructured interviews were completed with select participants from the survey to explore their experiences in more depth. The interviews were semi-structured to stimulate discussion where informants delineated their personal philosophies regarding the difficulties they are facing in money management, existing notions of financial literacy, and professional or personal engagement in technology use in their finances (Motsohi et al., 2021; Creswell & Poth, 2018). The interviews were approached as conversations creating a natural environment for participants to discuss their own financial matters.

Thematic analysis was used to analyse the data gathered from the survey, and interviews. The establishment part involved transcribing the audio recordings of the interviews, enabling verbatim tracking of the authentic voices of participants. We systematically coded the transcribed data into themes that reflect patterns of financial management practices. Initial codes were developed from participant statements and searches of key phrases, concepts and themes. The subsequent codes were also pooled to form broader categories that captured the main topics discussed by participants, including financial management priorities, use of technology, and barriers faced. A thematic analysis was conducted to gain an in-depth understanding of individual factors that could influence personal financial management among Indonesian university students (Braun & Clarke, 2016).

The research ensured strong and reliable findings by using several methods. First, it combined data from surveys and interviews (triangulation) to get a clearer picture of the results. Participants could review how their interview responses were interpreted to make sure their experiences were accurately represented (member checking). Additionally, the researcher kept a reflective journal to stay aware of personal biases and improve objectivity in analyzing the data.

RESULT AND DISCUSSION

A diverse group of respondents was comprised mainly of young adults since there is substantial interest in financial management among Indonesian students studying in the Philippines. 88% of respondents were aged 18 to 24, which suggests that most participants were in the early adulthood life stage. Of the respondents, 65% were females, and 35% were males, showing a slightly skewed gender distribution. Concerning education, two respondents have just finished their bachelor's degree or are equal; this shows that the education is high school by general standards. Such a background may reflect on their approach to financial planning and management.

Financial planning is gaining recognition; based on the data, 96% of informants have heard of financial planning. In the survey, 85% said financial planning is "very important." Also, the majority (92%) have long-term financial aspirations, including saving (31.6%), investing (22.8%), and furthering education (19.3%). However, only 26.9% stick to their budget, which shows a difference between financial intelligence and implementation. In terms of saving habits, 46.2% of respondents save 10% of their monthly income. While 42.3% have tried investing, a larger group, 61.5%, have not yet invested more, indicating there are clear barriers to investing. Uncontrolled spending (29.8%) and peer influence (23.4%) were the top responses to challenges that impact overall financial planning. Regardless, most (84%) stated that they felt sufficiently supported in being able to manage their finances. Also, 53.8% of people manage their finances using some digital tool or app, showing a wider trend towards managing money through technology-assisted planning.

Financial Management as a Priority

This study showed that Indonesian students in the Philippines have already realized the role of financial management to achieve personal and economic sustainability. This shows they know the value of discipline when it comes to financial planning because 92% stated their financial goals were long-term in nature, namely savings (31.6%), investment (22.8%) and further studies (19.3%). The TPB also notes that level of prioritization reflects intent (Ajzen, 2019) and the strong planning behaviors indicate that they had positive attitudes towards financial stability.

This indicates that the gap between financial literacy and practice is a visible one. Though 73.1% of students said they budgeted during the month, only 26.9% actually followed the plans. The difference between the ideal and the estimated suggests that while there is positive attitude and social pressure towards managing personal finances appropriately, the perceived behavior control might be weak. Budgeting virtually could also lead to challenges in maintaining a balanced budget due to factors including the effects of immediate costs or negative interactions with social media, in conjunction with limited financial education (Bosnjak, Ajzen, & Schmidt, 2020).

The third aspect is what is known as Behavioral Finance Theory. It underscores the potential of such cognitive biases as overconfidence and present bias to cause students to squander savings or consume now and forego future benefits (Thaler & Sunstein, 2021). As an example, although students may plan to save, peer influences and the temptations of social activities may lead to impulsivity, indicating that interventions designed to enhance self-control are required.

Part of that might be the familiarity with Social Cognitive Theory (SCT) that describes how social environments and self-efficacy influence behavior. Peer pressure was identified as a major factor in the study where students felt compelled to spend what their friends are spending which takes away from their financial goals. For instance, incorporating specific interventions aimed at improving self-efficacy, such as peer-led financial literacy workshops or mentorship programs, may help bolster students in their financial management skills (Bandura, 2018). Also using technology for financial management may enhance their perceived control as long as they are well-trained to utilize these digital tools to reap the benefits of such tools.

Use of Technology

This study reveals that many Indonesian students in the Philippines (63.9%), manage finance with digital tools, namely using the application to manage finance (budgeting, investment, etc.). While so many utilize them so, only 23.1% rate these tools "very effective," which means too many students are having trouble taking full advantage of these resources.

Using the Theory of Planned Behavior (TPB) to analyze this, we can find that students' positive attitudes and technology-positive social pressures drive their intentions to use digital tools. On the other hand, the low perception of effectiveness indicates the inadequacies of the perceived behavioral control. Improving digital financial literacy may bolster the confidence and actual usage of these tools by students (Ajzen, 2019). Behavioral Finance Theory may also explain potential cognitive biases, such as optimism bias, as students may believe that merely owning financial apps will produce positive results rather than using the apps' features to enhance their financial literacy. Targeted education to remedy these biases may help ensure meaningful technology use (Thaler & Sunstein, 2021). SCT focuses on the impact of observing and learning from fellow peers. We are exposed to some students who might go ahead and make financial apps but because there is no track record of previous successful projects, the motivation to do it might dwindle. The provision of demonstration and peer-led workshops may be beneficial to self-efficacy and promote better utilisation of technology for finance management skills (Bandura 2018).

Challenges Faced

While the key highlighted results in financial management practices are positive, they mask greater challenges. Uncontrolled spending (29.8%) and peer influence (23.4%) remain major barriers, suggesting the effectiveness of social aspects on financial decision-making. Peer pressure could lead to impulse purchasing behavior, which works against any long-term financial goals. Aside from that, 14.9% of respondents cited lower earnings as an additional difficulty that makes it more challenging to make ends meet. With the reported absence of financial knowledge (12.8%), students need basic skills provided by financial literacy programs. There is a high degree of awareness; however, bridging the gap between awareness and effective practice will always be challenging.

CONCLUSION

Financial literacy is crucial for empowering young adults, enabling them to make informed financial decisions, manage debt, and achieve long-term goals. This study highlights how Indonesian students in the Philippines face unique financial challenges due to currency fluctuations, social influences, and gaps between financial knowledge and practical application. By incorporating frameworks like the Theory of Planned Behavior, Behavioral Finance Theory, and Social Cognitive Theory, tailored interventions can enhance financial literacy, promote effective technology use, and strengthen self-efficacy. Such efforts not only improve students' financial well-being but also contribute to achieving SDG targets like poverty alleviation and responsible consumption.

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