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Debt Literacy and Debt Behavior of Teachers in Iloilo City, Philippines

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ABSTRACT

The growing indebtedness among Filipino teachers warrants an examination of whether they possess a clear understanding of debt concepts and how they make borrowing decisions. To date, little is known about the debt literacy and debt behavior of teachers. The study aimed to address this gap by using a descriptive-correlational research design and analyzing survey data from 480 public school teachers in Iloilo City. Results have shown that teachers have low debt literacy, averaging 1.66 out of 5 questions. They understood the concepts of simple interest and loan duration, but struggled with more complex topics, including compound interest, credit card repayment, and time value of money. Significant differences in debt literacy emerged across age and income groups. As to debt behavior, teachers tend to avoid expensive borrowing and show openness to seeking financial advice. The correlation analysis further revealed that teachers who are more debt literate are less likely to engage in high-cost borrowing and are more inclined to seek financial advice. These findings contribute to the scant literature on debt literacy and highlight the need to integrate debt management training into teachers' continuous professional development. Collaborative efforts between the Department of Education, government agencies, and financial institutions should focus on sustainable financial education programs and prioritize support for vulnerable cohorts, such as retiring teachers and those from low-income households. Beyond education, policy support is needed to strengthen consumer protection, boost financial inclusion, and evaluate the adequacy of teachers' salaries.

Keywords: debt literacy, debt behavior, teachers, borrowings, financial literacy

Making financial decisions is part of everyday life. Whether entering adulthood or nearing retirement, individuals use the income they have earned or resort to borrowing to pay for their needs and wants. With the increasing reliance on borrowing and rising debt burdens, financial literacy—specifically, knowledge related to debt—has become essential. Debt literacy is a key component of financial literacy that focuses on one's ability to make informed borrowing decisions, applying knowledge of interest rates, payment terms, and the risks associated with accumulating debt (Lusardi & Tufano, 2009). Empirical evidence suggests that individuals with low financial and debt literacy exhibit potentially risky debt behaviors, such as borrowing at high costs, becoming overindebted, and failing to seek financial advice (Disney & Gathergood, 2011; Galariotis & Monne, 2023; Lusardi & Tufano, 2009).

While financial literacy has been extensively studied, debt literacy remains an under-researched topic. The few studies that explored both financial and debt literacy have emphasized the greater importance of debt literacy. Schicks (2014) found that while financial literacy alone did not effectively mitigate excessive borrowing, higher levels of debt literacy significantly reduced the extent of overindebtedness. Similarly, Kurowski (2021) noted that in times of crisis, households with higher debt literacy are more prepared to manage their credit liabilities, an advantage not equally observed with general financial literacy.

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Debt literacy is crucial in the Philippine teaching profession, where debt-related challenges are widespread. In 2019, the Department of Education (DepEd) reported that public school teachers owed PHP157 billion to the Government Service Insurance System (GSIS) and PHP162 billion to accredited private lenders (Reysio-Cruz, 2019). Existing research has attributed the financial difficulties of teachers to a lack of financial education, low salaries, and the burden of health and educational expenses (Casingal & Quimson, 2023; Ferrer, 2017; Jordan, 2022; Mencias-Tabernilla, 2023). Teachers borrow money to meet daily needs and pay for housing, tuition fees, and medical bills. While debt can help teachers provide for their families, it also carries the risk of financial difficulties when used excessively or taken at high costs.

DepEd has recognized the severity of teachers' overindebtedness and the importance of improving their financial competencies. In 2021, DepEd launched a Financial Education Policy to enhance the financial literacy and financial capability of learners and educators by integrating financial education into the K to 12 Basic Education Curriculum (Department of Education, 2021). DepEd has also collaborated with lawyer groups to provide teachers with free consultations on loan contracts, helping them avoid debts and unfair lenders (Chi, 2023).

The financial plights and debt burdens of Filipino teachers raise the question of whether they have the necessary knowledge and skills to secure loans on favorable terms and assess the impact of debt on their lives. Despite its importance, little research has been done on the debt literacy and debt behavior of teachers. To bridge this gap, the study aims to answer the following questions:

1. What is the level of debt literacy of teachers in Iloilo City?

   a. What is their average score in the five-item test covering the debt concepts of simple interest, interest charge and duration, compound interest, credit card repayment, and time value of money?

   b. Which among the debt concepts do teachers widely understand, and which debt concepts do they struggle with?

2. What is the debt behavior of teachers in terms of the propensity to borrow expensively and the propensity to seek advice?

3. Do debt literacy and debt behavior vary across socio-demographic groups?

4. Is there a significant relationship between teachers' debt literacy and their debt behavior in terms of propensity to borrow expensively and propensity to seek advice?

This study makes an important contribution to the notably scarce literature on debt literacy, which has emerged only recently as a distinct field from financial literacy. Research to date has focused on the debt literacy of general populations (Cwynar et al., 2019; Disney & Gathergood, 2011; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016), with limited attention given to specific groups. In the Philippines, many studies explored teachers' financial literacy, financial well-being, and debt experiences (Magante et al., 2023; Manalo et al., 2024; Mencias-Tabernilla, 2023), but none have examined their debt literacy and debt behavior in detail. This research not only addresses a gap in the literature but also lays the groundwork for future studies.

Apart from its contribution to the literature, this study's findings have the potential to assist in the development or revision of policies tailored to teachers' needs. The results can be utilized by DepEd, government agencies, and financial institutions in designing and implementing financial education and training programs to strengthen the financial capability of educators not only in Iloilo City but also across the country. Being debt-literate will enable teachers to make sound borrowing decisions, manage their finances more effectively, and promote financial education within their classrooms and communities.

REVIEW OF RELATED LITERATURE

Defining and Measuring Debt Literacy

In their pivotal study on debt literacy and overindebtedness among Americans, Lusardi and Tufano (2009) defined debt literacy as the ability to make informed borrowing decisions, having both the knowledge of compound interest and the skills necessary to apply this knowledge in decision-making. Several authors (Cwynar et al., 2019a; Disney & Gathergood, 2011; Loke & Hageman, 2013) have built upon this definition, emphasizing that debt literacy encompasses the elements of knowledge and application. Lee and Mueller (2014), in their study involving college students, offered a related perspective, defining debt literacy as the ability to understand loan options and practices for responsible debt management.

Lusardi and Tufano (2009) introduced the now widely used instrument to measure debt literacy. The instrument consists of three objective, multiple-choice questions designed to evaluate understanding of key debt concepts: compound interest, credit card repayment, and the time value of money. It also included a question on self-assessed financial knowledge (financial confidence). The instrument was adopted or used in its entirety by other studies (Cwynar et al., 2019b; Cwynar et al., 2020; Disney & Gathergood, 2011; Gathergood, 2012; Gaurav & Singh, 2012; Kurowski, 2021; Loke & Hageman, 2013; van Ooijen & van Rooij, 2016), with minor modifications to suit the local context. For example, Disney and Gathergood (2011) included a question on simple interest, Cwynar et al. (2019b) added a question about the timing of payments, and Kurowski (2021) introduced a country-specific question on financial institutions. On the other hand, van Ooijen and van Rooij (2016) rephrased the questions, applying them to personal loans from banks instead of credit card debt.

Other researchers have taken different approaches to measuring debt literacy. For instance, Lee and Mueller (2014) used Porter's Debt Management Survey, which focused on perceptions of debt management knowledge and practices. Meanwhile, Cwynar et al. (2019a) developed an instrument that evaluated respondents' knowledge about credits and loans in terms of technical and legal issues. Białowolski et al. (2020) and Cwynar et al. (2019b) measured debt literacy in two dimensions: debt knowledge and debt skills. Debt knowledge was gauged using true-or-false/yes-or-no questions, while debt skills were measured with multiple-choice questions on debt numeracy, patterned after Lusardi and Tufano's (2009) instrument. A more recent study by Galariotis and Monne (2023) introduced "basic debt literacy". To capture the core of debt literacy, their study asked respondents two basic questions that involved simple interest computation and the relationship between interest charge and duration.

Table 1. Debt Concepts

Concept	Authors/Proponents
Compound interest	Cwynar et al. (2019b); Cwynar et al. (2020); Białowolski et al. (2020); Disney & Gathergood (2011); Gathergood (2012); Gaurav & Singh (2012); Kurowski (2021); Loke (2011); Loke & Hageman (2013); Lusardi & Tufano (2009); Schicks (2014); van Ooijen & van Rooij (2016)
Credit card repayment	Cwynar et al. (2019b); Cwynar et al. (2020); Disney & Gathergood (2011); Gathergood (2012); Gaurav & Singh (2012); Kurowski (2021); Loke (2011); Loke & Hageman (2013); Lusardi & Tufano (2009); Schicks (2014); van Ooijen & van Rooij (2016)
Time value of money	Cwynar et al. (2019b); Cwynar et al. (2020); Gaurav & Singh (2012); Kurowski (2021); Loke (2011); Loke & Hageman (2013); Lusardi & Tufano (2009); Schicks (2014); van Ooijen & van Rooij (2016)
Simple interest	Białowolski et al. (2020); Disney & Gathergood (2011); Galariotis & Monne (2023); Gathergood (2012)

***Table 1** continued (Debt Concepts)*

Concept	Authors/Proponents
Interest charge and duration	Galariotis & Monne (2023)
Percent vs. percentage point	Cwynar et al. (2019a)
Usury	Cwynar et al. (2019a)
Favor/Mercy period	Cwynar et al. (2019a)
Timing of payments	Cwynar et al. (2019a)
Financial institutions	Kurowski (2021)
Self-assessed debt literacy	Cwynar et al. (2019a); Cwynar et al. (2019b); Cwynar et al. (2020); Lusardi & Tufano (2009)

Table 1 summarizes the debt concepts included in debt literacy assessments from various research. It is evident that Lusardi and Tufano's framework (2009) serves as a foundational reference for subsequent studies on debt literacy. However, some studies (Cwynar et al., 2019b; van Ooijen & van Rooij, 2016) reported that the three-question instrument proved to be very difficult for the participants, resulting in low average performance. To address this, the study supplemented Lusardi and Tufano's (2009) three items with the two basic questions proposed by Galariotis and Monne (2023), creating a five-item instrument. Debt literacy in this study is thus measured through five debt concepts: (1) simple interest, (2) interest charge and duration, (3) compound interest, (4) credit card repayments, and (5) the time value of money. Their conceptual and operational definitions are presented in Table 2, with the operational definitions drawn from the works of Lusardi and Tufano (2009) and Galariotis and Monne (2023).

The five debt concepts were selected because of their popularity in existing literature and their documented relationship with debt behavior (Cwynar et al., 2019b; Cwynar et al., 2020; Galariotis & Monne, 2023; van Ooijen & van Rooij, 2016). They map to the common pitfalls in borrowing, such as opting for longer repayment terms, misjudging the power of compound interest, making only minimum payments, and misunderstanding the time value of money (Lusardi & Tufano, 2009). In addition, using the five debt concepts enables the measurement of both basic and complex aspects of debt literacy. Focusing on these concepts captures the decision-relevant knowledge with a brief, validated instrument suitable for teachers. The instrument's brevity minimizes respondent burden and aligns closely with the credit products Filipino teachers use, including short-term loans, installment loans, and credit cards (Ferrer, 2017; Mencias-Tabernilla, 2023).

Table 2. Definitions of Debt Literacy Items

Item	Conceptual Definition	Operational Definition	Question Type
Simple interest	The cost of borrowing money, calculated by multiplying the loan principal by the interest rate and by the term of the loan. (Picardo, 2025)	The ability to compute the total repayment amount of a loan after one year, including the principal plus annual interest.	Computation / multiple-choice
Interest charge and duration	The relationship between duration (repayment period) and interest charges: the longer the duration of a loan, the higher the interest charged. (Galariotis & Monne, 2023)	The ability to recognize that a shorter loan duration (3 years vs 5 years) results in lower interest.	Multiple-choice

***Table 2** continued (Definitions of Debt Literacy Items)*

Item	Conceptual Definition	Operational Definition	Question Type
Compound interest	The cost of borrowing money, calculated on the principal amount and the accumulated interest of previous periods; referred to as "interest on interest". (Picardo, 2025)	The ability to determine how long it takes for debt to double in value when interest is compounded, considering the exponential growth of debt.	Computation / multiple-choice
Credit card repayment	The process of settling credit card debts. Payments can be made for minimum amounts or the full balance, including principal and any accrued interest and fees. (D'Angelo, 2024; Twin, 2023)	The ability to recognize that paying only the interest on credit card debt will never eliminate debt.	Computation / multiple-choice
Time value of money	The concept that money today is worth more than the same amount in the future due to its earning potential. (Fernando, 2025)	The ability to compare two payment options and select the less costly one by applying the time value of money concept to future versus present payments.	Computation / multiple-choice

The other debt concepts used by Cwynar et al. (2019a, 2019b) and Kurowski (2021) were excluded from the study due to their overlap with the chosen concepts and variability across institutional contexts. The present study also focused on objective measures of debt literacy, rather than perceived or self-assessed knowledge. Future research may revisit these topics and incorporate the perceived measure of debt literacy to complement the objective approach.

Defining and Measuring Debt Behavior

Debt behavior pertains to how individuals transact in debt markets and how they borrow. It includes how individuals manage their debts, the purposes for which they borrow, and their borrowing and repayment patterns (Cwynar et al., 2019b). Psychological factors, such as impulsive behavior, present bias, lack of self-control, and financial literacy, can influence debt behavior. Multiple aspects of debt behavior contribute to an individual's decision-making process, including their behavior on loan application, loan selection, loan repayment, financial literacy and awareness, and perceptions of risk (Mwirigi et al., 2024).

Prior studies on debt behavior have varying approaches in their measurement. The study of Bahovec et al. (2015) characterized debt behavior by the level of indebtedness, measured by the number of loans respondents had taken out. Abdullah et al. (2022) analyzed debt behavior through the lenses of self-control and overconfidence. Self-control questions assessed whether the participants prioritized immediate gratification over long-term financial security, while overconfidence questions determined their tendency to overestimate their financial abilities.

On the other hand, Cwynar et al. (2019b) measured debt behavior using four questions: (1) Do individuals compare the pros and cons of available loan products? (2) Do they borrow money to repay existing debts? (3) Do they borrow from multiple sources simultaneously? and (4) Do they fall behind on bills or loan repayments? Another study by Cwynar et al. (2020) explored the relationship between debt literacy and debt behavior, specifically on debt advice-seeking behavior. This behavior was measured using four constructs: propensity to seek advice on credit choices, debt counseling, legal aspects of credit agreements, and exchanging existing credit for a new one. Research by Galariotis and Monne (2023), closely related to the studies by Cwynar et al. (2019b, 2020), also measured debt behavior in terms of the propensity to borrow expensively, as well as the propensity to seek financial advice and attend financial education training. Expensive borrowing

was characterized by the number of credit products used, the tendency to use loans, and the preference for low periodic payments.

Adopting the studies of Cwynar et al. (2019b, 2020) and Galariotis and Monne (2023), the current study focused on the propensity to borrow expensively and the propensity to seek advice, which were assessed by rating several statements using a five-point Likert scale.

Results of Studies on Debt Literacy and Debt Behavior

Existing research shows that debt literacy levels are generally low worldwide: Lusardi and Tufano (2009) in the United States, Disney and Gathergood (2011) in the United Kingdom, van Ooijen and van Rooij (2016) in the Netherlands, and Cwynar et al. (2019a) in Poland. Across these studies, respondents were found to have a limited understanding of compound interest and tend to overestimate their knowledge of borrowing. Lusardi and Tufano (2009) emphasized that individuals with low debt literacy tend to engage in high-cost transactions, have excessive debts, and are unable to evaluate their debt positions. Further studies provided additional evidence of the link between a lack of debt literacy and the likelihood of becoming overindebted and using expensive credit sources (Disney & Gathergood, 2011; Galariotis & Monne, 2023; Kurowski, 2021).

For basic debt literacy, Galariotis and Monne (2023) found that 63% of respondents correctly solved a simple-interest problem and 66% recognized that a shorter loan duration results in lower interest. Prior studies that incorporated simple interest in their assessment also reported high correct response rates of 85% (Białowolski et al., 2020; Disney & Gathergood, 2011; Gathergood, 2012), indicating that the concept of simple interest is widely understood. In contrast, studies show much lower proficiency on more complex debt concepts—compound interest, credit card repayment, and time value of money—with correct response rates often falling below 50% (Disney & Gathergood, 2011; Gathergood, 2012; Kurowski, 2021; Loke, 2011; Loke & Hageman, 2013; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016).

Several studies have shown that debt literacy levels vary across different socio-demographic groups, including aggregation by age, sex, educational attainment, and income. Much of the current literature suggests that older individuals display a lesser understanding of debt concepts compared to other age groups (Cwynar et al., 2019a; Kurowski, 2021; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). Sex-based differences were also observed, with males having higher debt literacy scores than females (Cwynar et al., 2019a; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). Lusardi and Tufano (2009) further noted that women are more likely to admit to a lack of knowledge when answering questions on debt literacy. Among other socio-demographic traits, educational attainment and income were closely and positively related to debt literacy. Higher debt literacy was observed among individuals with higher education and income levels (Cwynar et al., 2019a; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). Given these findings, the study hypothesizes the following:

> *H_1: There is a significant difference in debt literacy when teachers are grouped according to age, sex, educational attainment, and household income.*

Debt behavior also varies across socio-demographic groups. An extensive literature review by Davies et al. (2019) reported that young people are more vulnerable to poor borrowing decisions, while Sun and Xiao (2007) found that middle-aged individuals are more susceptible to late payment behaviors. Some studies have noted that women are more likely to use high-cost credit than men (Callegari et al., 2020; Davies et al., 2019); however, Lin et al. (2019) found that men are more favorable to debt and owe more on their credit cards. Women were also observed to exhibit more prudent borrowing behavior than men (Meyll & Pauls, 2019; Rahman et al., 2020), as well as a higher tendency to seek professional help when in financial strain (Callegari et al., 2020; Goode, 2012). Individuals with lower educational levels are more likely to fall into debt traps (Gathergood, 2012; Lusardi & Tufano, 2009). On the other hand, households with low incomes are more likely to resort to borrowing (Silaban et al., 2024), use high-cost credit (Davies et al., 2019), and miss scheduled payments (Sun & Xiao, 2007). These findings provide the basis for the following hypothesis:

> *H_2: There is a significant difference in debt behavior when teachers are grouped according to age, sex, educational attainment, and household income.*

Previous studies have observed that high levels of financial literacy are associated with responsible financial behavior, whereas low literacy levels are related to heavier indebtedness (Bahovec et al., 2015; Galapon & Bool, 2022; Lusardi & Mitchell, 2014; OECD, 2023; Ubiña, 2025). Research by Carvajal et al. (2025) involving college faculty members in the Philippines revealed that teachers with higher financial literacy have better debt management practices, which include prioritizing high-interest debts and avoiding unnecessary loans. Consistent with these findings, debt literacy has also been shown to influence debt behavior. Lusardi and Tufano (2009, 2015) emphasized the strong relationship between debt literacy and debt behavior: individuals with higher debt literacy are more likely to pay their credit cards in full, whereas those with lower debt literacy tend to rely on high-cost borrowing and frequently incur additional fees. In the same vein, Cwynar et al. (2019b) reported that objective debt knowledge and debt skills translate positively into healthy debt behaviors, such as avoiding multiple loans and refraining from borrowing money to settle previous debts. More recent studies confirm that debt literacy reduces the risk of overindebtedness (Krisnawati & Sam, 2024) and that incorrect answers to debt literacy questions predict a greater propensity to borrow money and use it expensively (Galariotis & Monne, 2023). These findings support the formulation of the following hypothesis:

> *H_3: Debt literacy is negatively related to debt behavior in terms of propensity to borrow expensively.*

The existing literature indicates that financial advice complements or substitutes for financial literacy. Most studies support the notion that individuals with higher financial literacy are more inclined to seek financial advice on investments, insurance, and tax planning, but not on debt-related matters (Collins, 2012; Robb et al., 2012). Disney et al. (2015) likewise found that those who are more financially knowledgeable are less likely to use credit counseling. However, Porto and Xiao (2019) suggested a complementary relationship, arguing that more knowledgeable individuals are more open to seeking professional guidance when facing debt issues. Similar inconsistencies appeared in debt literacy studies. Galariotis and Monne (2023) found that individuals with low debt literacy levels are less inclined to pursue financial education training or seek financial advice from professionals. In addition, van Ooijen and van Rooij (2016) reported that homeowners with lower debt literacy are more likely to hold riskier mortgages, but do not consult with mortgage brokers more often. These findings contrast with the study by Cwynar et al. (2020), which found no support that the least literate individuals refrain from asking for advice more often than others. Instead, they noted that the likelihood of obtaining debt advice increases with repayment problems and worsening financial situations. To address the different views of prior research, the study hypothesizes the following:

> *H_4: Debt literacy is positively related to debt behavior in terms of propensity to seek advice.*

Overindebtedness and Financial Literacy of Filipino Teachers

Overindebtedness remains a prevalent issue among Filipino teachers. Former DepEd Secretary Leonor Briones cited findings from the Philippine Institute for Developmental Studies (PIDS) that public school teachers are 50% more likely to borrow money than other government employees (Fausto, 2019). Existing research suggests that teachers' struggles with debt stem from their meager salaries, which are often insufficient to cover their day-to-day expenses and their children's education (Casingal & Quimson, 2023; Ferrer, 2017; Mencias-Tabernilla, 2023). An in-depth study by Jardinico et al. (2024) revealed that teachers borrow money to pay off existing loans, with some payments only applying to interest and not to the principal owed.

Another noted reason for teachers' excessive debt is the ready access to various credit sources, with GSIS and financial institutions offering special loans for teachers (Ordoñez, 2023). Teachers can apply for loans shortly after receiving their first salary, and new teachers are often encouraged by their colleagues to apply for loans, perpetuating a cycle of borrowing (Casingal & Ancho, 2022). Apart from loans that are automatically deducted from monthly salaries, teachers also carry debts from unaccredited lenders that charge excessive interest rates (Ferrer, 2017; Mencias-Tabernilla, 2023). Doroy (2024) noted that teachers wanted intervention in reducing interest rates on their loans, monitoring loan agencies, and raising their salaries.

The lack of financial literacy was also cited as a factor contributing to teachers' overindebtedness

(Casingal & Ancho, 2022; Ferrer, 2017). A growing body of literature has assessed the financial literacy of teachers, typically through multiple-choice questions on the fundamentals of finance such as inflation, interest rates, risk and diversification, bond prices, and mortgage terms. In the study of Ferrer (2018), public school teachers achieved an average score of 1.7 on the five-item financial literacy quiz. Another study by Panaguiton (2022) showed a mean score of 4.04 out of seven items. A nationwide study by Magante et al. (2023) in collaboration with the Bangko Sentral ng Pilipinas (BSP) showed more optimistic results, with teachers attaining an average score of 71% on a five-item test. Other studies that employed Likert scales indicated that Filipino teachers have high levels of self-rated financial literacy (Carvajal et al., 2025; Manalo et al., 2023; Paneda & Albay, 2025; Prades, 2025; Tilan & Cabal, 2021; Ubiña, 2025).

Although some studies on financial literacy have incorporated the debt concepts of simple interest and compound interest (Magante et al., 2023; Panaguiton, 2022), research focusing on the debt literacy of Filipino teachers remains limited. The overindebtedness of teachers, contradictory results on their financial literacy, and the literature gap on their debt literacy highlight the need for this study.

METHODOLOGY

Research Design

The study employed a quantitative research design, utilizing a survey instrument to ensure efficient and standardized data collection. Both descriptive and correlational research designs were adopted. Descriptive statistics were used to describe the level of teachers' debt literacy and debt behavior, and inferential statistics were employed to identify significant differences among socio-demographic groups and the relationship between debt literacy and debt behavior.

Sampling Design

The population for this study consisted of public elementary and high school teachers from the seven districts of Iloilo City: City Proper, La Paz, Lapuz, Jaro, Mandurriao, Molo, and Arevalo. The list of schools, along with the number of teachers per school in each district, was obtained from the DepEd Office of the Schools Division Superintendent. The list served as the sampling frame. The population size was 2,956, comprised of 1,711 elementary teachers and 1,245 high school teachers. Slovin's formula was used to calculate the sample size of 352 respondents to achieve a 95% confidence level. The study used a combination of stratified sampling and simple random sampling. The respondents were divided into two strata based on the level of students they teach (elementary and high school) and further divided into seven strata representing the school districts. Simple random sampling was then used to select respondents at the school level. The study collected a total of 480 responses.

Research Instrument

The study utilized a survey questionnaire, which is divided into three parts: (1) Socio-demographic Profile, (2) Debt Literacy, and (3) Debt Behavior. The first part collected information on the respondents' profiles, including age, sex, educational attainment, and income level. The debt literacy section included five multiple-choice questions covering both basic and complex measures of debt literacy: simple interest, interest charge and duration, compound interest, credit card repayments, and the time value of money. The first two basic questions were developed by Galariotis and Monne (2023), and the following three complex items are taken from Lusardi and Tufano's (2009, 2015) instrument. The currency and amounts were modified to fit the local context. For debt behavior, the respondents were asked to rate several statements using a five-point Likert Scale, where one (1) means "strongly disagree" and five (5) means "strongly agree." There were 11 items for the propensity to borrow expensively and five items for the propensity to seek advice. The statements were adopted from the studies of Cwynar et al. (2019b, 2020) and Galariotis and Monne (2023).

The instrument underwent content validation by three experts chosen based on their academic and practical knowledge in fields closely related to the study: accounting and business finance, research, and education. The panel consisted of a high school principal and faculty members from private and public higher education institutions (HEIs), all of whom have master's degrees in their respective fields. Their feedback was relevant and considered to improve the research instrument.

After validation, the instrument was subjected to reliability testing by conducting a pilot test with 30 respondents. The participants included primary and

secondary school teachers from outside Iloilo City as well as college teachers, selected to represent the teaching profession while avoiding overlap with the study's target population of public school teachers in Iloilo City. Internal consistency was assessed and yielded Cronbach's alphas of 0.860 for items related to the propensity to borrow expensively and 0.887 for items related to the propensity to seek advice, indicating that the instrument is highly reliable.

Data Collection

The survey was conducted online using KoboToolbox. Approval from the DepEd Schools Division Superintendent was obtained prior to conducting the study. The school principals served as the focal persons in disseminating the survey link to teachers via email and other online platforms. The online survey, which took about 15 minutes to complete, gathered responses from August to October 2024. After the responses were collected, the data were encoded, organized, and analyzed using the Statistical Package for Social Sciences (SPSS) application version 26.

A provision for Informed Consent was included in the online survey, where respondents expressed their voluntary participation. They were also informed that the data gathered would be handled with utmost confidentiality. Moreover, ethical aspects were considered throughout the conduct of the study, taking into account the rights and welfare of the respondents.

Data Analysis

The collected responses were examined using both descriptive and inferential statistical methods, employing Microsoft Excel and the SPSS application. For descriptive statistics, frequencies and percentages were used to determine the profile of the respondents, and mean and standard deviation measures were used to assess the level of debt literacy and debt behavior. For inferential statistics, the responses were first tested for normality using the Shapiro-Wilk test, which indicated that the data were not normally distributed. Hence, non-parametric tests were employed. The study used the Kruskal-Wallis H test to determine whether significant differences exist within the socio-demographic groups and Spearman's rho correlation to establish the significant relationship between debt literacy and debt behavior.

RESULTS AND DISCUSSION

Socio-demographic Profile of Teachers

Table 3 summarizes the socio-demographic profile of the 480 teachers who participated in the survey. More than half (52%) of the respondents are millennials. 91% were females, reflecting the predominantly female teaching profession. About 55% of the respondents have earned graduate school units, and 21% hold a master's or doctoral degree. Income groups follow the monthly family income categories established by PIDS (Ta-asan, 2022); most teachers belong to the lower middle class (32%) and the low-income group (30%).

Table 3. Profile of Respondents (n=480)

Characteristics	Frequency	Percentage
Age		
27 years old and younger (Gen Z)	44	9.2%
28-43 years old (Millennials)	248	51.7%
44-59 years old (Gen X)	180	37.5%
60 years old and above (Baby Boomers)	8	1.7%
Sex		
Male	44	9.2%
Female	436	90.8%
Highest Educational Attainment		
Bachelor's degree	115	24.0%
Bachelor's degree with MA/MS units	265	55.2%
Master's degree or higher	100	20.8%

***Table 3** continued (Profile of Respondents* (n=480)*)*

Characteristics	Frequency	Percentage
Monthly Household Income		
Less than P10,957 (Poor)	78	16.3%
P10,957 to P21,193 (Low income)	146	30.4%
P21,194 to P43,827 (Lower middle class)	153	31.9%
P43,828 to P76,668 (Middle class)	66	13.8%
P76,669 to P131,483 (Upper middle income)	25	5.2%
P131,484 and above (High income and rich)	12	2.5%

Debt Literacy of Teachers

Overall Results

Teachers' debt literacy was assessed using five questions designed to measure their knowledge of debt concepts, particularly (1) simple interest, (2) interest charge and duration, (3) compound interest, (4) credit card repayments, and (5) the time value of money. Table 4 shows the distribution of correct responses. The results revealed that many teachers struggle with debt concepts, with 15% failing to answer any item correctly and 28% correctly answering only one item. The majority of teachers (38%) answered two questions correctly. About 14% provided correct answers to three items, and 5% demonstrated a more advanced understanding by answering four questions correctly. Only one respondent achieved a perfect score, highlighting the overall difficulty of the assessment for teachers.

As shown in Table 5, the overall debt literacy score is 1.66, corresponding to a 33% correct response rate. This score reflects a low level of debt literacy: while some teachers understand debt concepts, most lack comprehensive knowledge of debt. The mean score for basic debt literacy, measured by the first two questions, is 1.24. The 62% correct response rate suggests a high level of understanding of simple interest and the relationship between interest charge and duration. The results are at par with the findings of Galariotis and Monne (2023), where respondents achieved an average correct response rate of 64%. However, performance sharply declined on more complex debt concepts. The mean score for the next three items was only 0.42 (14%), pointing to a very low level of complex debt literacy. Furthermore, the 14% accuracy rate is lower than the results of previous research. Lusardi and Tufano (2009) reported a 26% accuracy rate for similar questions, van Ooijen and van Rooij (2016) found a substantially higher correct response rate of 42%, with other studies (Kurowski, 2021; Loke, 2011; Loke & Hageman, 2013) falling within this range.

Table 4. Frequency Distribution of Correct Responses

Correct responses	Frequency	Percentage
0	71	14.8%
1	136	28.3%
2	181	37.7%
3	68	14.2%
4	23	4.8%
5	1	0.2%
Total	480	100.0%

Table 5. Overall, Basic, and Complex Debt Literacy

	No. of items	Mean score	Percentage	Interpretation
Overall debt literacy	5	1.66	33.3%	Low
Basic debt literacy	2	1.24	62.2%	High
Complex debt literacy	3	0.42	14.0%	Very Low

Scale: 0%-20% Very Low; 21%-40% Low; 41%-60% Moderate; 61%-80% High; 81%-100% Very High

Per-Item Analysis

The results of the per-item analysis in Table 6 revealed that most teachers are familiar with the concept of simple interest, as 57% of respondents correctly calculated the total payment (principal plus one-year interest) in the first question. Simple interest is a fundamental concept that teachers need to understand, especially when it comes to straightforward and short-term loans. The rate is lower than the findings of previous studies (Białowolski et al., 2020; Disney & Gathergood, 2011; Galariotis & Monne, 2023; Gathergood, 2012), which reported correct response rates of 63% to 85%.

The highest accuracy rate was observed in the second question, which involved the relationship between interest charges and duration. About 67% recognized that a shorter repayment period results in lower interest. This finding aligns closely with the 66% accuracy rate reported by Galariotis and Monne (2023). However, despite the relative ease of the first two questions, it is concerning that 12% to 13% of respondents selected "I don't know" as their response. This level of uncertainty on fundamental debt concepts shows that some teachers lack confidence in their financial knowledge.

Table 6. Percentage of Responses per Item

Topics/Questions and Choices	Percentage of responses		
	Correct	Incorrect	"I don't know"
1. Simple interest *Imagine that you borrow P10,000 from the bank at an interest rate of 15%. Without any other fees and without payments in the meantime, how much will you have to pay to repay this loan after one year? (i) Less than P11,500,* ***(ii) Exactly P11,500 [correct]****, (iii) More than P11,500, or (iv) I do not know*	57%	30%	13%
2. Interest charge and duration *Between two loans of the same amount and the same interest rate (identical fees), indicate for which monthly payment period will you pay the lowest interest?* ***(i) 3 years [correct]****, (ii) 5 years, (iii) Payment period does not influence interest, or (iv) I do not know*	67%	21%	12%
3. Compound interest *Suppose you owe P10,000 on your credit card and the interest rate you are charged is 20% per year compounded annually. If you did not pay anything off, how many years would it take for the amount you owe to double? (i) 2 years,* ***(ii) Less than 5 years [correct]****, (iii) 5-10 years, (iv) More than 10 years, or (v) I do not know*	19%	59%	23%

Table 6 *continued (Percentage of Responses per Item)*

Topics/Questions and Choices	Percentage of responses		
	Correct	**Incorrect**	**"I don't know"**
4. Credit card repayment *You owe P30,000 on your credit card. You pay a minimum payment of P300 each month. At an Annual Percentage Rate of 12% (or 1% per month), how many years would it take to eliminate your credit card debt if you made no additional new charges? (i) Less than 5 years, (ii) 5-10 years, (iii) 10-15 years,* ***(iv) Never, you will continue to be in debt [correct],*** *(v)I do not know*	13%	60%	27%
5. Time value of money *You purchase an appliance which costs P10,000. To pay for this appliance, you are given two options: (a) pay 12 monthly installments of P1,000 each; (b) borrow at a 20% annual interest rate and pay back P12,000 a year from now. Which is the more advantageous offer, in other words, which one will cost less? (i) Option (a),* ***(ii) Option (b) [correct],*** *(iii) They are the same, or (iv) I do not know*	10%	69%	21%

Knowledge gaps emerged when the questions involved complex debt concepts. Only 19% of teachers correctly answered the third question on compound interest, a crucial concept for managing debt. This rate is significantly lower than the results of other studies, which reported correct response rates ranging from 36% to 67% (Disney & Gathergood, 2011; Gathergood, 2012; Kurowski, 2021; Loke, 2011; Loke & Hageman, 2013; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). Many respondents (31%) mistakenly believed that the amount would double in two years, while 24% estimated that it would double in 5-10 years, suggesting that they applied only simple interest calculations. Unlike simple interest, where interest is calculated solely on the principal amount, compound interest considers both the principal amount and any interest previously incurred. Borrowing money without a solid grasp of compound interest can quickly escalate debts due to the exponential growth of interest over time.

The fourth question, which focused on credit card repayment, had a lower correct response rate of just 13%. This result is considerably below the 21% to 48% accuracy reported in prior research (Disney & Gathergood, 2011; Gathergood, 2012; Kurowski, 2021; Loke, 2011; Loke & Hageman, 2013; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). The low performance suggests that many teachers do not fully understand how minimum payments affect the time it takes to pay off credit card debt. Paying only the minimum amounts leads to prolonged repayment periods, where only the interest is paid, and the principal amount remains largely untouched.

The final question revealed an even more alarming result: only 1 out of 10 teachers understood how the time value of money works. This concept explains how future payments are worth less than payments made today due to the effects of interest rates and inflation. Option A was selected by many respondents (38%) over Option B, even though it is more expensive. Nearly 31% thought that the two options were the same. This misconception can lead teachers to overpay for products or choose more expensive financing options. Nonetheless, the results align with previous studies, which found that only 4% to 15% of respondents answered correctly (Kurowski, 2021; Loke, 2011; Loke & Hageman, 2013; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016).

The per-item analysis of debt literacy reveals that while teachers demonstrate some competence in basic debt concepts (i.e., simple interest, interest and loan duration), there are substantial gaps in their understanding of more complex concepts, specifically compound interest, credit card repayment, and the time value of money. The overall low performance

and discrepancies compared to previous studies highlight the gap in debt literacy among teachers and the need for targeted interventions to enhance debt-related knowledge.

Debt Behavior of Teachers

The analysis of debt behavior focused on the teachers' propensity to borrow expensively and their propensity to seek financial advice. Respondents rated a series of statements on a five-point Likert scale, where 1 indicated "strongly disagree" and 5 indicated "strongly agree." As presented in Table 7, the propensity to borrow expensively yielded a mean rating of 2.46, suggesting that teachers have a low tendency to engage in expensive borrowing practices. Teachers exercise financial caution, as indicated by their disagreement on statements such as borrowing from unaccredited lenders with high interest rates (1.91), inability to control the use of credit cards and loans (1.96), borrowing without evaluating the pros and cons of available options (2.07), and borrowing impulsively (2.29). These findings are consistent with the studies of Carvajal et al. (2025) and Ubiña (2025), which found that Filipino teachers take a disciplined and cautious approach to borrowing.

Debt behavior in terms of propensity to seek advice is high, with a mean rating of 3.45. Teachers displayed a strong inclination to seek advice on loan or mortgage choices (3.50) but only a moderate openness to seek advice on the legal aspects of debt contracts (3.39) and debt counseling in case of repayment problems (3.29). Teachers also expressed a high willingness to participate in financial and debt literacy training (3.54) and to seek professional help from bankers and financial advisors (3.52) if offered at a reasonable price.

Debt Literacy and Debt Behavior of Various Socio-demographic Groups

Table 8 summarizes the debt literacy scores across socio-demographic groups. As to age, millennials have the highest debt literacy (1.79), while baby boomers have the lowest (1.00). There is a minimal difference between the debt literacy scores of males (1.68) and females (1.66). When grouped by educational attainment, scores exhibited a hump-shaped pattern: teachers with a bachelor's degree scored 1.59, those with graduate school units scored 1.70, and those with a master's or doctoral degree scored 1.66. Household income shows a more evident

Table 7. Debt Behavior of Teachers

Debt Behavior	Mean Rating	Std. Dev.	Interpretation
Propensity to borrow expensively			
1. I borrow money if it gets me what I want.	2.29	1.24	Low
2. I cannot control my use of credit cards and/ or available loans.	1.96	1.19	Low
3. I borrow money without thorough examination of all pros and cons as well as careful consideration of all available options.	2.07	1.18	Low
4. I borrow money to pay off maturing debts.	2.52	1.23	Low
5. I borrow money simultaneously from more than one source (e.g., banks, personal loans, installment purchases, pawnshops, family, etc.)	2.47	1.24	Low
6. I get behind on bills payment or/and debt repayment.	2.41	1.15	Low
7. I borrow money because my salary is not sufficient to cover our expenses.	3.19	1.34	Moderate
8. I borrow money because there are various credit sources available to teachers.	2.43	1.19	Low

***Table 7** continued (Debt Behavior of Teachers)*

Debt Behavior	Mean Rating	Std. Dev.	Interpretation
9. I prefer to borrow from unaccredited lenders (i.e., 5/6, loan sharks, paluwagan) because of their minimum requirements, even though they charge high interest rates.	1.91	1.10	Low
10. For the repayment of loan, I prefer the option with highest monthly payments which require a greater sacrifice but allow me to repay the debt quickly.	2.98	1.24	Moderate
11. For the repayment of loan, I prefer the option with the highest monthly payments to avoid paying too much interest	3.16	1.26	Moderate
Mean	2.46	0.69	Low
Propensity to seek advice			
1. I seek advice on a loan or a mortgage choice before borrowing.	3.50	1.07	High
2. I seek advice on the legal aspects of debt contracts before borrowing.	3.39	1.05	Moderate
3. I seek advice on debt counselling if I have repayment problems.	3.29	1.00	Moderate
4. If it were offered to me at a reasonable price, I am willing to take a training course to improve my financial and debt literacy.	3.54	1.00	High
5. If it were offered to me at a reasonable price, I am willing to seek professional help (e.g., bankers, financial advisors) to improve my finances and debt management.	3.52	1.02	High
Mean	3.45	0.85	High

Scale: 1.00-1.80 Very Low; 1.81-2.60 Low; 2.61-3.40 Moderate; 3.41-4.20 High; 4.21-5.00 Very High

upward trend, with the poorest group scoring the lowest (1.33) and the upper-middle-income earners achieving the highest score (2.32).

The analysis of p-values in Table 9 reveals that debt literacy varies significantly when teachers are grouped by age (p=.034) and income (p=.002). Teachers who are millennials and come from wealthier households have significantly higher debt literacy than older teachers and those from poor households. Thus, H_1 is accepted with respect to age and income.

Table 8. Debt Literacy Scores of each Socio-Demographic Group

Characteristics	Mean Score	Percentage	Std. Dev.
Age			
27 years old and younger (Gen Z)	1.52	30.5%	1.29
28-43 years old (Millennials)	1.79	35.8%	1.04
44-59 years old (Gen X)	1.56	31.1%	1.00
60 years old and above (Baby Boomers)	1.00	20.0%	0.93
Sex			
Male	1.68	33.6%	1.10
Female	1.66	33.2%	1.05

Table 8 *continued (Debt Literacy Scores of each Socio-Demographic Group)*

Characteristics	Mean Score	Percentage	Std. Dev.
Highest Educational Attainment			
Bachelor's degree	1.59	31.8%	1.18
Bachelor's degree with MA/MS units	1.70	34.0%	0.99
Master's degree or higher	1.66	33.2%	1.09
Monthly Household Income			
Less than P10,957 (Poor)	1.33	26.7%	0.99
P10,957 to P21,193 (Low income)	1.68	33.7%	1.00
P21,194 to P43,827 (Lower middle class)	1.63	32.5%	1.04
P43,828 to P76,668 (Middle class)	1.88	37.6%	1.14
P76,669 to P131,483 (Upper middle income)	2.32	46.4%	1.11
P131,484 and above (High income and rich)	1.50	30.0%	1.00

Mean score: Out of five debt literacy items

The higher debt literacy among millennials may be attributed to their greater exposure to financial education, digital banking tools, and credit experiences. The results align with those of previous studies (Cwynar et al., 2019a; Kurowski, 2021; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016), which found that younger individuals are more debt-literate and that debt illiteracy tends to be more prevalent among the elderly. The findings likewise mirror the pattern observed in financial literacy, where financial knowledge increases with age as individuals acquire knowledge and experience, but drops among older respondents (Brown & Graf, 2013; OECD, 2023). The lower scores among older teachers reflect age-related cognitive decline, which may offset the benefits of accumulated financial experience, as noted by Finke et al. (2017) and Korniotis and Kumar (2011).

The study found that teachers' debt literacy levels significantly differ across income groups. Post hoc tests revealed that teachers from the middle and upper middle income classes possess better debt-related knowledge compared to those from poor households. These findings are consistent with prior research, which found that individuals with higher incomes are more debt-literate than their lower-income peers (Cwynar et al., 2019a; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016). High-income households likely benefit from greater access to financial education and more frequent exposure to diverse financial and credit products, which may enhance their debt literacy.

Table 9. Difference in Debt Literacy and Debt Behavior of Socio-demographic Groups

Socio-demographic factors	Debt Literacy	Propensity to Borrow Expensively	Propensity to Seek Advice
Age	0.034*	0.150	0.998
Sex	0.987	0.074	0.453
Educational attainment	0.448	0.420	0.283
Household income	0.002**	<.001**	0.232

** and ** indicate significance at p<0.05 and p<0.01 respectively*

In examining debt behavior, teachers' propensity to borrow expensively varies significantly only by income aggregation (p<0.001). Post hoc tests showed that teachers from poor households are more likely to use high-cost borrowing compared to those from the lower middle class, middle class, and upper middle income. In addition, teachers from the low-income class exhibit a greater propensity to borrow expensively than upper middle income teachers. The findings corroborate the results of existing research, which indicate that low-income households are

more likely to use high-cost credit and exhibit risky borrowing behaviors (Davies et al., 2019; Sun & Xiao, 2007). Teachers from poor households often turn to credit—sometimes at high interest rates—to cover daily expenses, highlighting the dual burden of limited income and poor financial knowledge.

Results showed that Gen X teachers, males, and those with lower educational attainment are more prone to borrowing at high costs. Baby boomers, females, and those with higher education and income are more likely to seek financial advice. However, the differences within these socio-demographic groups are not statistically significant. Therefore, H_2 is not supported except for the income-based difference in propensity to borrow expensively.

While previous studies noted differences in debt literacy based on sex, with males outperforming females (Cwynar et al., 2019a; Lusardi & Tufano, 2009; van Ooijen & van Rooij, 2016), the current study found no significant difference in the debt literacy of male and female teachers. There was also no significant difference in their debt behavior, which conflicts with existing research (Callegari et al., 2020; Davies et al., 2019; Lin et al., 2019; Rahman et al., 2019). Differences in population and cultural context may explain the discrepancy in findings. In prior research, females comprised about half of the sample (52% in Cwynar et al., 2019a; 50% in Lusardi & Tufano, 2009; 46% in van Ooijen & van Rooij, 2016), whereas the study included 91% female respondents. This ratio aligns with recent World Bank data (2024a, 2024b), which indicate that females make up 72% and 88% of primary and secondary teachers in the Philippines. Much of the earlier evidence reflects the Western context, where males are usually in charge of household finances and gain better financial knowledge in the process (Hsu, 2016). In contrast, Filipino women are empowered: they actively participate in household decision-making (Philippine Statistics Authority (PSA) and ICF, 2023) and are generally more financially included than men (National Tax Research Center, 2022). Moreover, Fonseca et al. (2012) and Klesment and Bavel (2022) argue that financial responsibilities tend to be shared when partners have similar levels of education and earnings. Because Filipino teachers hold comparable qualifications and receive standardized salaries, females have equal opportunities in decision-making as males, thereby reducing sex-based gaps. The results also mirror local research on teachers' financial literacy, which have reported no significant sex differences in financial knowledge (Panaguiton, 2022; Tilan & Cabal, 2021; Variacion et al., 2024).

Another point of interest is the lack of significant difference in debt literacy and debt behavior across educational attainment levels. This result contrasts with the findings in earlier studies (Lusardi & Tufano, 2009; Cwynar et al., 2019a; van Ooijen & van Rooij, 2016), where higher formal education generally leads to improved debt literacy. One likely explanation is that the respondents in this study belong to the same profession where at least a college degree is a standard requirement, unlike previous research involving general populations with more diverse educational backgrounds. Moreover, graduate programs for teachers, such as the University of the Philippines' Master of Arts in Education and Doctor of Philosophy in Education (n.d.) and Cebu Normal University's Master of Arts in Education and Doctor of Education (n.d.), do not include finance or accounting courses in their program of studies. Thus, higher education does not necessarily expose teachers to financial concepts, particularly in specialized areas like debt management. The present findings are consistent with the observations of Tilan and Cabal (2021) and Variacion et al. (2024), who noted that pursuing higher degrees does not always translate to better financial knowledge among Filipino teachers.

Correlation of Debt Literacy and Debt Behavior

Table 10 presents the results of the correlation test, showing that debt literacy is significantly correlated, albeit weakly, with debt behavior. Higher debt literacy is associated with a lower tendency to borrow at high costs and a greater likelihood to seek advice.

The negative correlation between debt literacy and propensity to borrow expensively ($r=-.135$, $p<.001$) confirms H_3, indicating that teachers with higher debt literacy are less likely to borrow at high costs. This finding mirrors Galariotis and Monne's (2023) study, which demonstrated that higher debt literacy is associated with reduced engagement in expensive borrowing. It also corroborates the works of Lusardi and Tufano (2009, 2015) and Cwynar et al. (2019b), providing further evidence that individuals with lower debt literacy are more prone to risky debt behaviors such as missing periodic payments, borrowing money to pay off maturing debts, and opting for low monthly installments that result in extended payment periods and higher fees.

Table 10. Correlation Analysis of Debt Literacy and Debt Behavior

Variables	Spearman rho	p-value
Debt literacy to Propensity to borrow expensively	-0.135	<0.001**
Debt literacy to Propensity to seek advice	0.108	0.002**

*** indicate significance at p<0.01*

The results also support H_4, showing a positive correlation between debt literacy and propensity to seek advice (r=.108, p=0.002). Teachers with high debt literacy show greater interest in seeking advice on managing debts and participating in training programs to enhance their financial knowledge. These findings echo the conclusions of Galariotis and Monne (2023) and van Ooijen and van Rooij (2016) that less debt-literate individuals are less likely to pursue financial consultations to improve their decision-making.

Overall, the findings suggest that debt literacy translates into positive debt behaviors—a conclusion further supported by previous studies on financial literacy (Lusardi & Mitchell, 2014; OECD, 2023), which links improved financial knowledge to more responsible financial decision-making.

CONCLUSION AND RECOMMENDATIONS

Knowledge is power when it comes to finances, enabling individuals to make informed decisions and achieve financial well-being. The importance of financial literacy has been recognized worldwide, prompting many countries to implement national strategies for financial education initiatives. Various organizations, government agencies, and financial institutions have also intensified their efforts to promote financial literacy. However, with the increasing availability and complexity of credit products, there is a need to shift the focus from the broader financial literacy to the more specific debt literacy.

The study contributes to the scarce literature on debt literacy by examining debt-related knowledge and debt behavior among Filipino teachers, a group that has a persistent battle against overindebtedness. The results revealed that teachers have low debt literacy. Many teachers understand the concepts of simple interest and loan duration, but noticeable gaps exist in the more complex topics of compound interest, credit card repayment, and the time value of money. Debt literacy varied significantly by age and income, with millennials and high-income teachers scoring higher than older teachers and those from poor households. No significant differences were noted based on sex and educational attainment.

Despite their limited knowledge of debt concepts, teachers show promising debt behaviors. They have a low propensity to borrow at high costs, and they are open to seeking financial advice. Across socio-demographic groups, low-income teachers were found to be more likely to borrow at high costs. Furthermore, the correlation analysis confirmed a statistically significant relationship between debt literacy and debt behavior. Teachers who are more debt-literate are less likely to engage in high-cost borrowing practices and are more inclined to seek financial guidance. The results corroborate the findings of earlier research that debt literacy has a positive influence on responsible borrowing behavior.

Policy Recommendations

The study provides educational administrators and policymakers with practical insights for designing effective financial education policies and programs. Enhancing teachers' financial literacy is essential, but training programs must go beyond the basics and place emphasis on debt management. Educators should be provided with practical, easy-to-understand content that focuses on debt concepts where weaknesses were noted, such as compound interest and the time value of money.

DepEd plays a central role in this effort by integrating debt literacy into teachers' continuous professional development, particularly the In-Service Training (INSET) for teachers. Training programs should be developed in collaboration with other government agencies and financial institutions that can provide expertise on the subject matter, such as professionals from the BSP, GSIS, and HEIs. These

professionals may serve as trainers to facilitate the workshops sessions, while also providing support and customized peer mentoring. Accredited private institutions such as cooperatives, lending institutions, and commercial banks may also be invited to ensure the relevance of the topics and cover emerging issues related to debt and financial sustainability.

As noted by Magante et al. (2023), DepEd already has initiatives in place to offer financial literacy to basic education teachers (i.e., Financial Education Policy), but the impact of these efforts has yet to be observed. DepEd should implement financial education programs with sufficient funding, clear monitoring, and evaluation systems. Teachers may be asked for their feedback and opinions to refine materials over time. The Commission on Higher Education (CHED) may also incorporate personal finance courses into the Bachelor of Science in Education curriculum. By institutionalizing these measures, financial education becomes a sustained and systemic component of teacher training, rather than a one-time intervention.

When grouped according to socio-demographic factors, teachers who are millennials and come from wealthier households have significantly higher debt literacy than older teachers and those from poor households. Hence, training in debt literacy should prioritize more vulnerable groups, including retiring teachers and those with lower incomes. Improving teachers' debt literacy, along with continued education and awareness, can reinforce the observed positive debt behaviors. Making professional advice accessible and providing resources on debt concepts, repayment strategies, and evaluating loan and financing offers could empower teachers to make more informed decisions and avoid debt traps.

Policy support must also extend to regulating the lending environment. BSP and other agencies should strengthen oversight of lending institutions, which includes enforcing transparency in loan terms, prohibiting excessive borrowing rates, and stricter accreditation of automatic-payroll-deduction lending partners. Finally, financial education initiatives will be less effective if structural income pressures remain unaddressed. There is a need to review the adequacy of teachers' salaries to reduce their reliance on high-cost borrowing.

Recommendations for Further Studies

The present study has some limitations that suggest directions for future research. The survey is limited to public school basic education teachers in only one city. Future research should consider expanding its scope to improve the generalizability of the results and allow for comparisons. Subsequent studies may explore the debt literacy and debt behavior of teachers from private schools, at the tertiary level, and teachers outside Iloilo City. Comparative studies with other professions may also yield valuable insights.

Further studies may explore the relationship or effect of socio-demographic variables on debt literacy and debt behavior. An in-depth investigation into the factors that contribute to or hinder teachers' debt literacy is warranted. Focus group discussions and interviews may help identify other factors, including financial experiences and household dynamics, that influence debt literacy and debt behavior. Other researchers may also look into the relationships between financial literacy, debt literacy, and self-assessed knowledge.

Improving the debt literacy of Filipino teachers will not only help them resolve their debt problems and manage their finances but also strengthen the Philippine education sector. When teachers are financially secure, they can focus on what they do best: teaching and nurturing young minds, including the basics of saving, budgeting, and spending wisely.

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ETHICAL DECLARATION

This manuscript is original and has not been published or under consideration elsewhere. All procedures were performed in accordance with ethical standards in research, and informed consent was obtained from all participants.

CONFLICT OF INTEREST STATEMENT

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