

Analyzing the Family Income and Expenditure of the Philippines

Chloe Bogarin, Reuel Cordova, and Gabby Limjoco

Rationale

The Philippines' education system contains many gaps—with one of them being in financial literacy. According to a global study conducted by Standard & Poor, the Philippines had ranked in the bottom 30 out of 144 countries surveyed regarding financial literacy (Marquez, 2023). In their study, they stated that Filipinos had only scored 25% in terms of financial literacy, while other Southeast Asian countries such as Singapore and Malaysia managed to score within the 59th and 36th percentiles (Marquez, 2023). With this analysis, we would be able to get a better grasp of Filipino households' spending habits and draw conclusions regarding their allocation of funds and financial priorities—allowing us to formulate action points regarding financial policies and education.

According to the latest Philippine Statistics Authority Family Income and Expenditure Survey, 58.4% of Filipinos belong to the low-income class. With this, it becomes important to look into how these households' finances are being managed in order to help improve the various sectors involved. To provide a better understanding, we will look into their financial priorities and see whether these could be improved or if there are possible policies that would help reduce these financial burdens.

Action Points

Given this data and analysis, several points of action have been determined. The first action point involves investing more of the national budget into education programs in order to improve the public education system. In bar chart 4.1, it is seen that individuals that are able to complete a higher education were able to earn a higher income. From this, one aspect of reducing poverty can be done through investing in education programs and improving the existing public education system. The Philippines should improve access to tertiary education by providing financial assistance for individuals who are not able to afford tuition fees. Likewise, to mitigate the issues right now, the government should also implement financial literacy programs for households that were not able to finish college. In the long run, this would help reduce poverty by providing Filipinos with the opportunities to develop the necessary skills to make sound career and financial decisions.

Low income households up to upper class households have farming and crop expenses as their third highest expenditure (see pie charts 2.1 - 2.6). Another course of action the government can undertake is to improve their current programs that subsidize farming expenses to mitigate the expenses of the different households. They can prioritize the lower income households so that they have more income to spend on other necessities.

Additionally, ARMM, SoCCSKSARGEN, and the Zamboanga Peninsula, are regions with the lowest total income due to the lack of economic development in these areas (see bar chart 1.2). Targeting underdeveloped regions will help uplift the economic conditions of these areas. By investing in infrastructure development, establishing industries, and providing financial incentives for businesses to

operate in these regions, job opportunities can be created, leading to higher income levels for the local population, who may not have the same opportunities as those in urban areas. As mentioned earlier, it is also important to establish more educational institutions in these areas as this will give them more access to better opportunities and enable them to actively participate in the economic development of their communities.

NCR, CALABARZON, and Central Luzon incur the highest transportation expenses as these are also the regions that possess the most automobiles in the country (see bar chart 2.1 and bar chart 2.2). Although Central Luzon has the highest total number of automobiles in the country, their total transportation expenditure is lower than NCR. As seen in the chart, it illustrates that the majority of Central Luzon's automobiles come from motorcycles and tricycles. In comparison, NCR has the highest transportation expenditure and highest total number of cars/ jeeps/ vans. In order to address the region's high transportation expenditure, the government can invest in infrastructure development such as the development of public transportation systems. Specifically, enhancing the efficiency and affordability of public transportation can reduce commuting expenses for the poor. Implementing advanced ticketing systems, such as smart cards, for buses, MRT (Metro Rail Transit), and LRT (Light Rail Transit), can reduce time for fare collection and simplify the process. Furthermore, investing in road infrastructure projects and expanding public transportation networks can improve accessibility and reduce transportation costs which ultimately decreases traffic or road congestion in NCR wherein they have the largest number of cars, jeeps, and buses on the road.

In bar chart 2.2, it is observed that women tend to have higher expenses on health and medical care. One potential cause of this is due to women having to incur additional costs for childbirth delivery, prenatal medications, and other medical expenses associated with pregnancy. Therefore, in order to reduce healthcare expenditures for women, better access to family planning and establishing sexual education in educational institutions is essential to educate women on maternal and child health in order to ensure a safe and healthy delivery process. Family planning assists women in spacing out their pregnancies in order to reduce complications and health risks of women who potentially are not healthy enough to deliver a baby. Through reducing the number of unwanted pregnancies, women are able to lower the rates of unsafe abortions and HIV transmissions to their babies. This can also significantly give women more opportunities in their careers and actively engage in society (World Health Organization, 2019). Simultaneously, unintended pregnancies and family planning will enable women to achieve a higher education level. Majority of women household heads have a lower educational attainment, with most consisting of preschool, grade school, or high school graduates (see bar chart 3.1). Through this, women can empower themselves, improve their health, and attain a higher educational status that allows them to actively participate in society and their careers.

According to bar chart 3.3, the graph shows that male household heads have a higher vice expenditure compared to the female heads. With this, the Government can implement educational programs for males so that they can learn the dangers of the vices and with that lessen their household expenditure. Similarly, vice expenditures are also significantly higher for household heads who only graduated either preschool, grade school, or highschool. To counteract this, the government can increase their public awareness campaigns on the dangers of vices and how these vices can not only affect their finances but their overall wellbeing.

References

Marquez, M. (2023). Filipinos' financial literacy: What numbers say and why it matters.

[https://www.signedmarco.com/filipinos-financial-literacy-philippines/#:~:text=In%20a%20Stand,ard%20%26%20Poor's%20\(S%26P,percent%20and%2036%20percent%2C%20respectively.](https://www.signedmarco.com/filipinos-financial-literacy-philippines/#:~:text=In%20a%20Stand,ard%20%26%20Poor's%20(S%26P,percent%20and%2036%20percent%2C%20respectively.)

Medalla, F. (2022). Strengthening financial health through financial literacy.

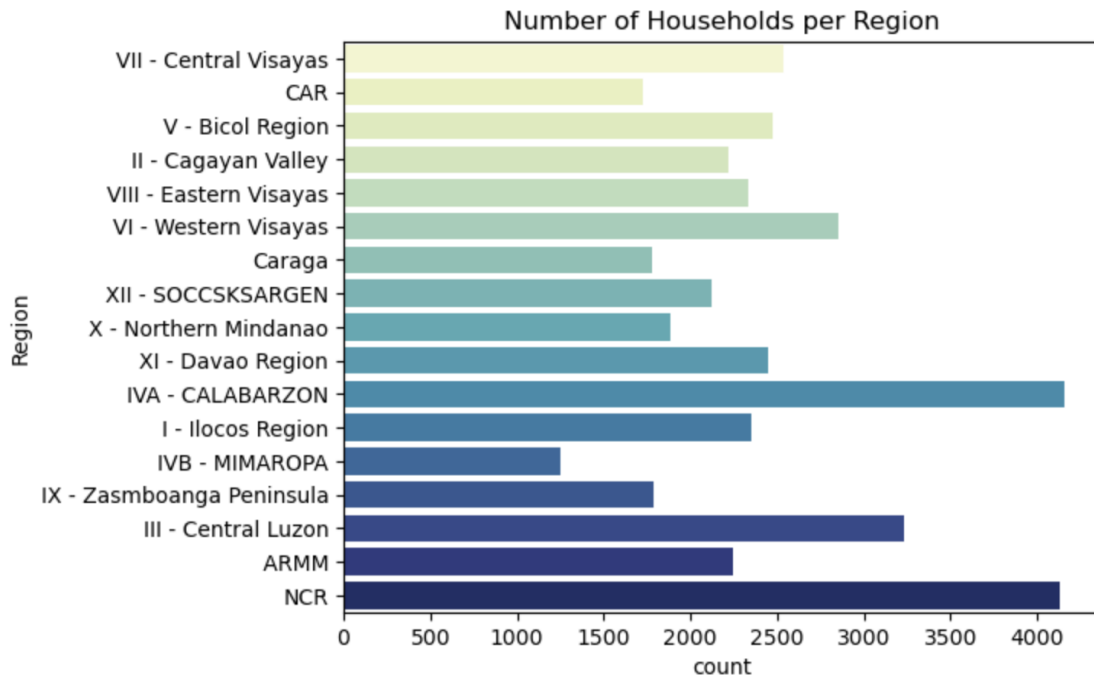
<https://www.bsp.gov.ph/SitePages/MediaAndResearch/SpeechesDisp.aspx?ItemId=993>

World Health Organization. (2019). Contraception. World Health Organization.

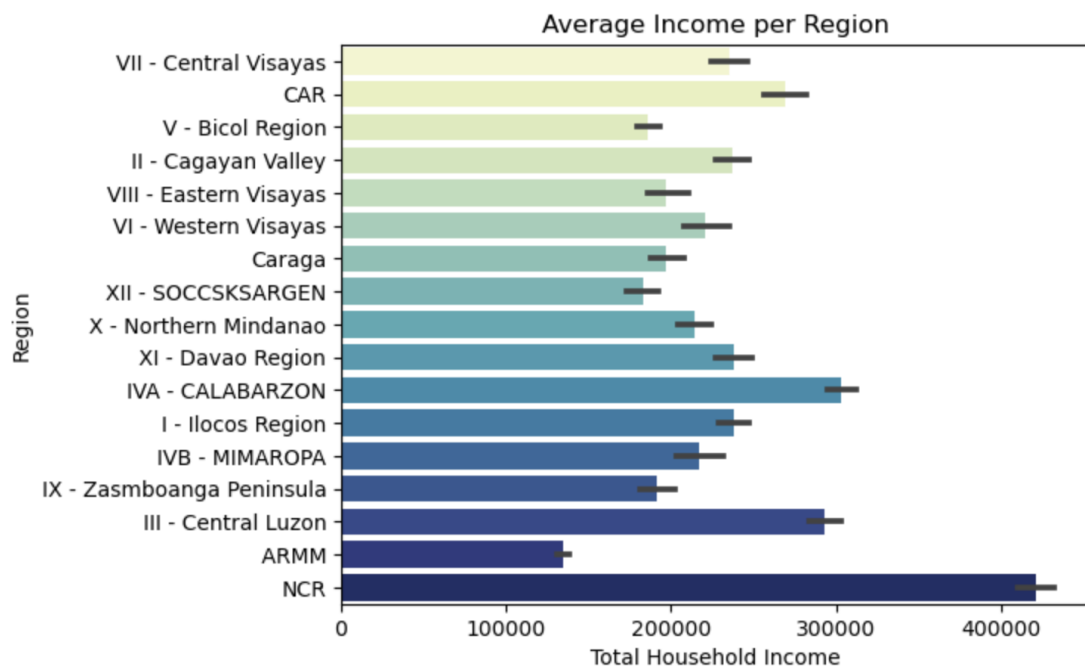
https://www.who.int/health-topics/contraception#tab=tab_1

Appendix A

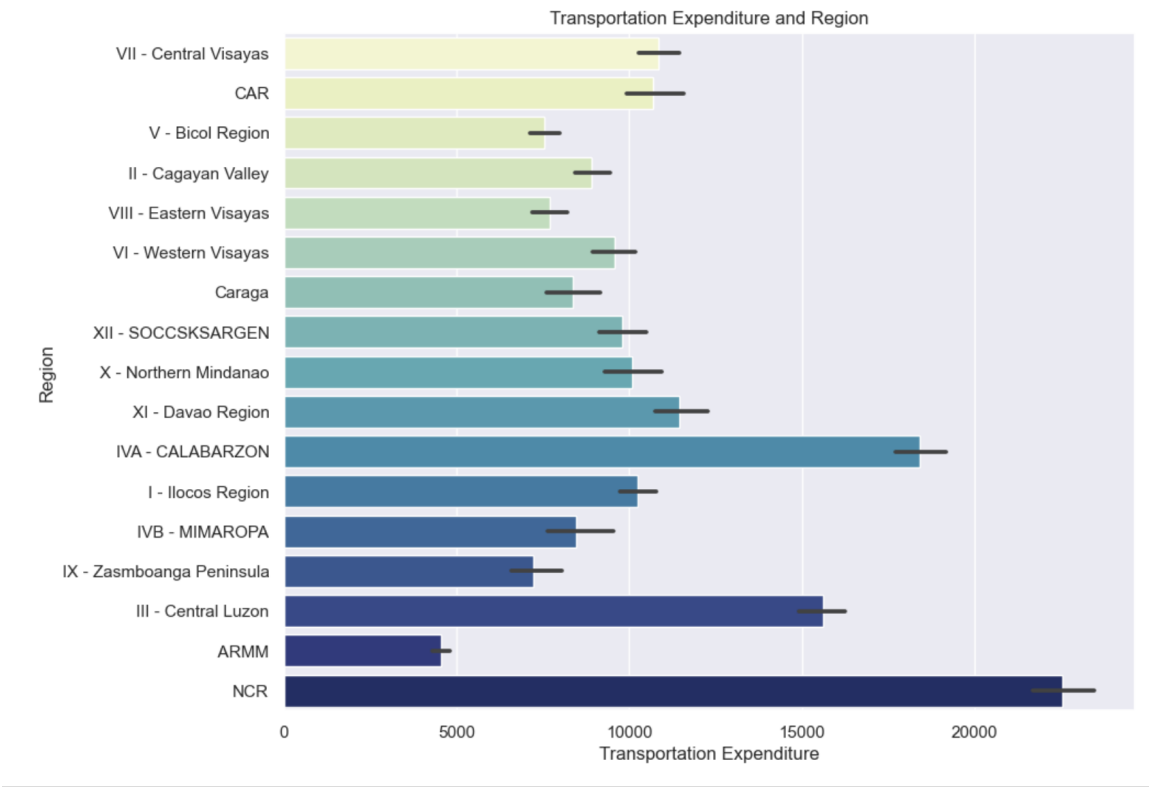
Bar Chart 1.1: Number of Households per Region



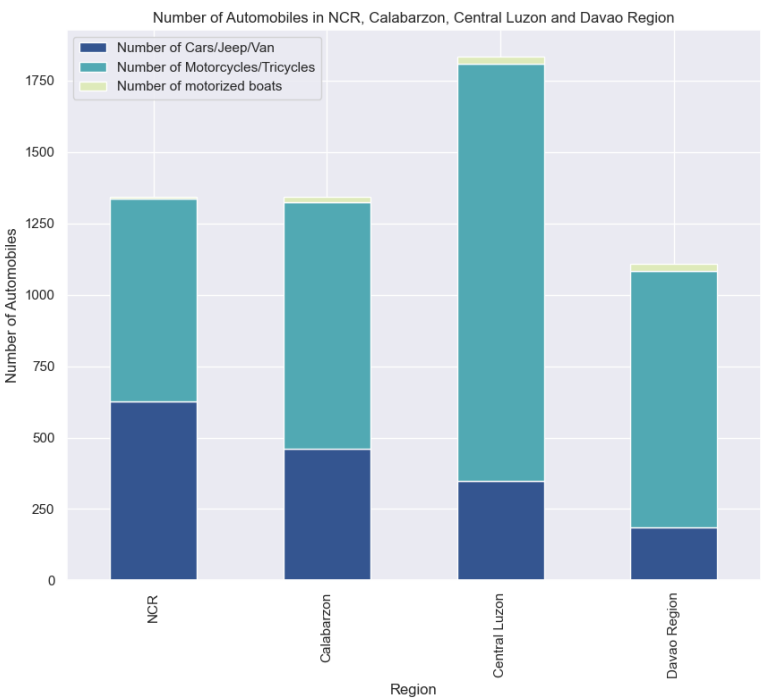
Bar Chart 1.2: Average Income per Region



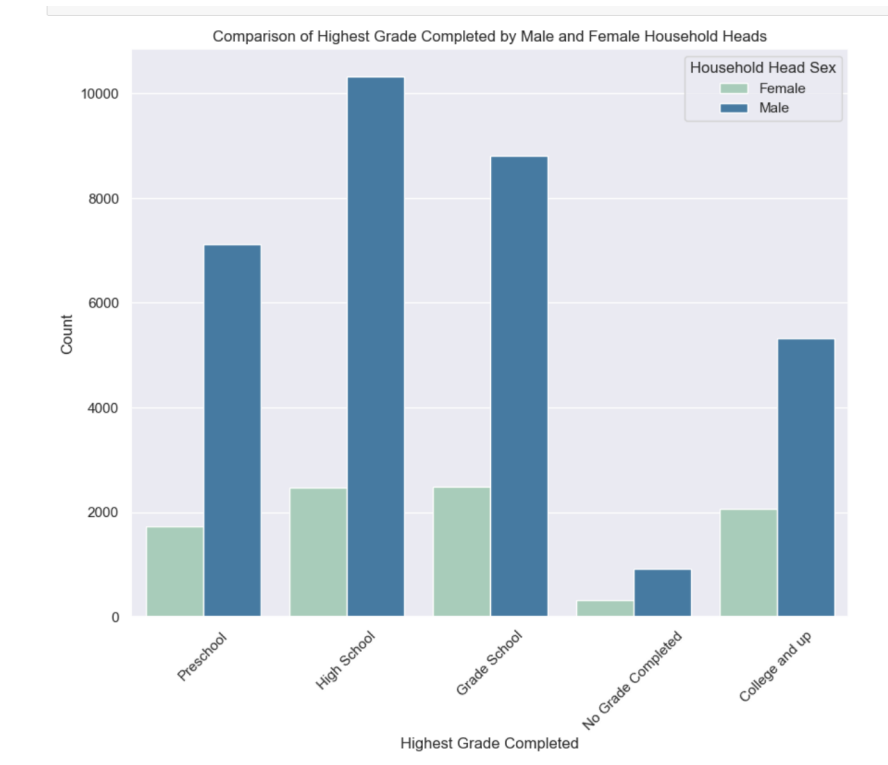
Bar Chart 2.1: Transportation Expenditure and Region



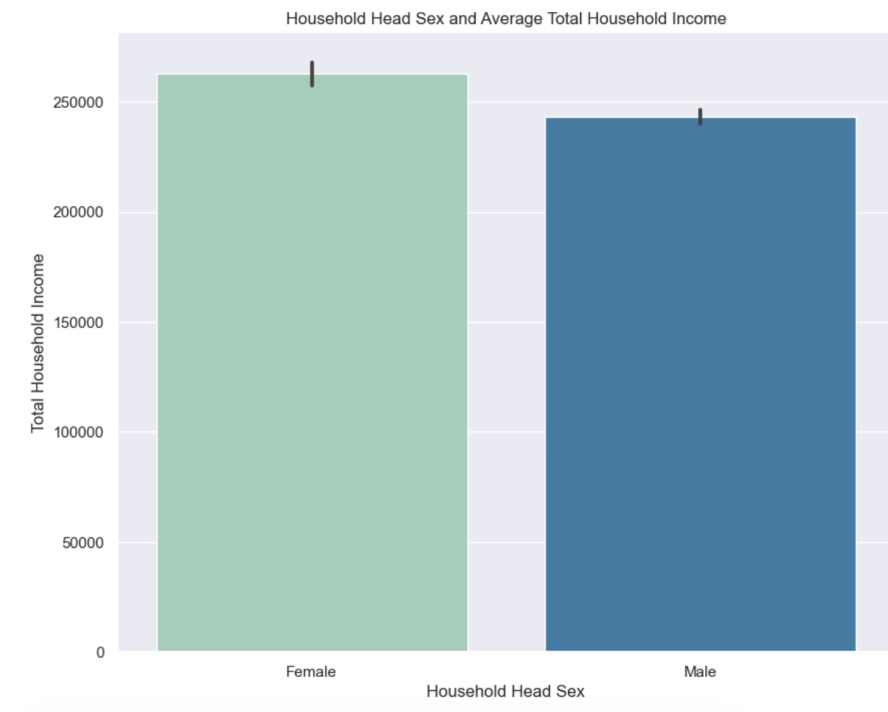
Bar Chart 2.2: Number of Automobiles in NCR, Calabarzon, Central Luzon, and Davao Region



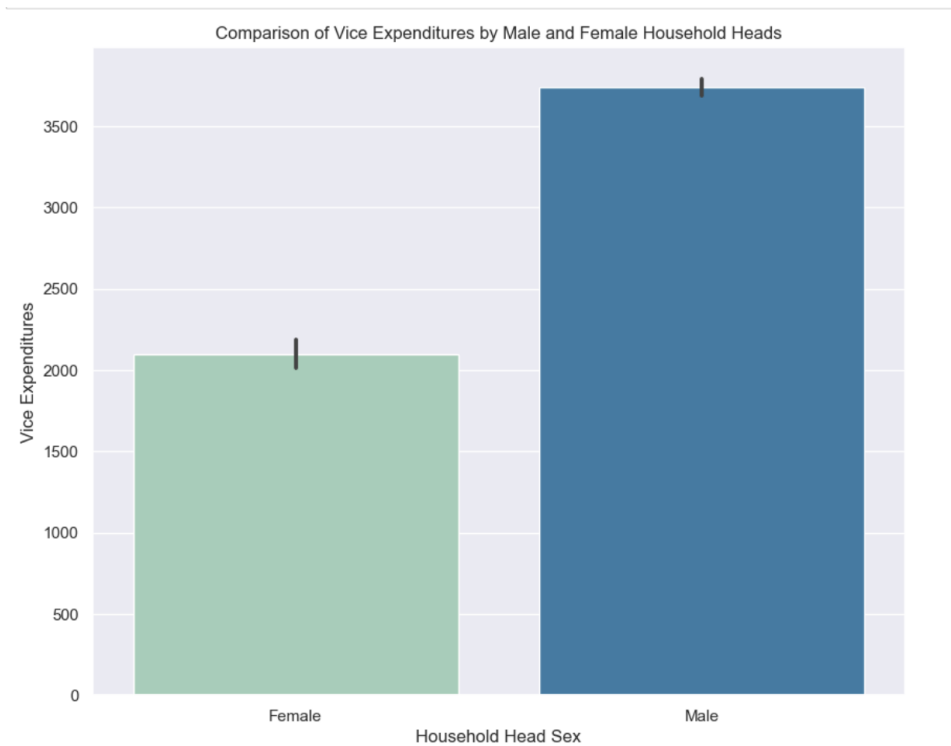
Bar Chart 3.1: Comparison of Highest Grade Completed by Male and Female Households



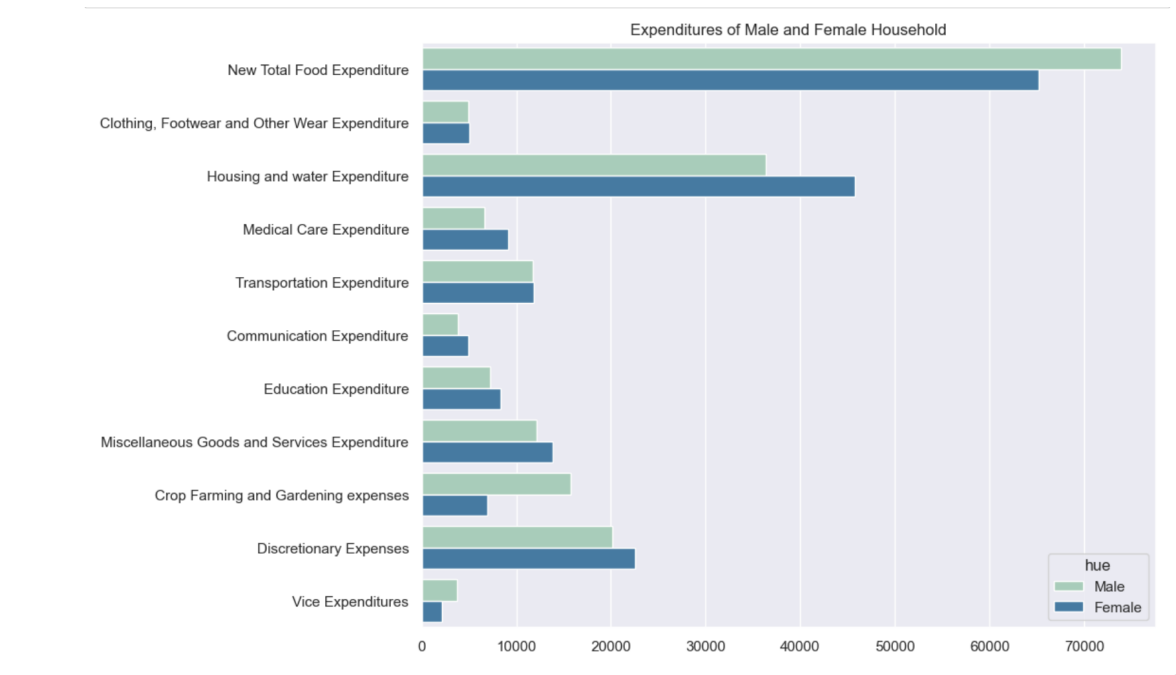
Bar Chart 3.2: Household Head Sex and Average Total Household Income



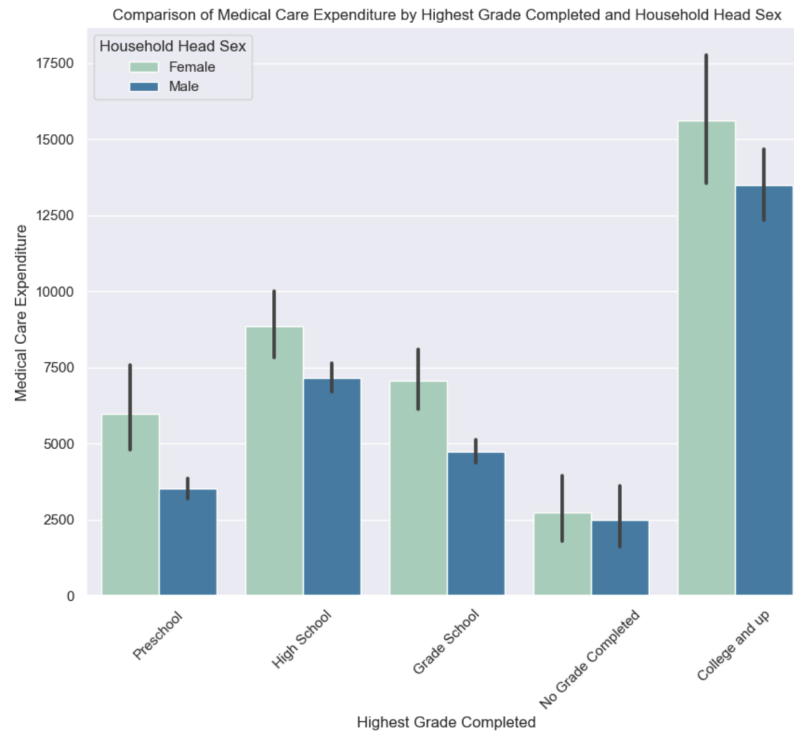
Bar Chart 3.3: Comparison of Vice Expenditures by Male and Female Household Heads



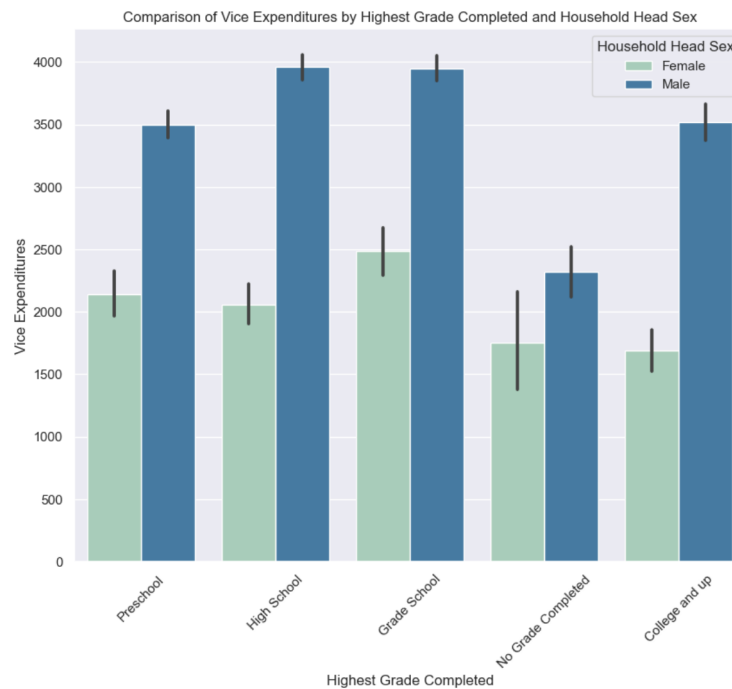
Bar Chart 3.4: Expenditures of Male and Female Household



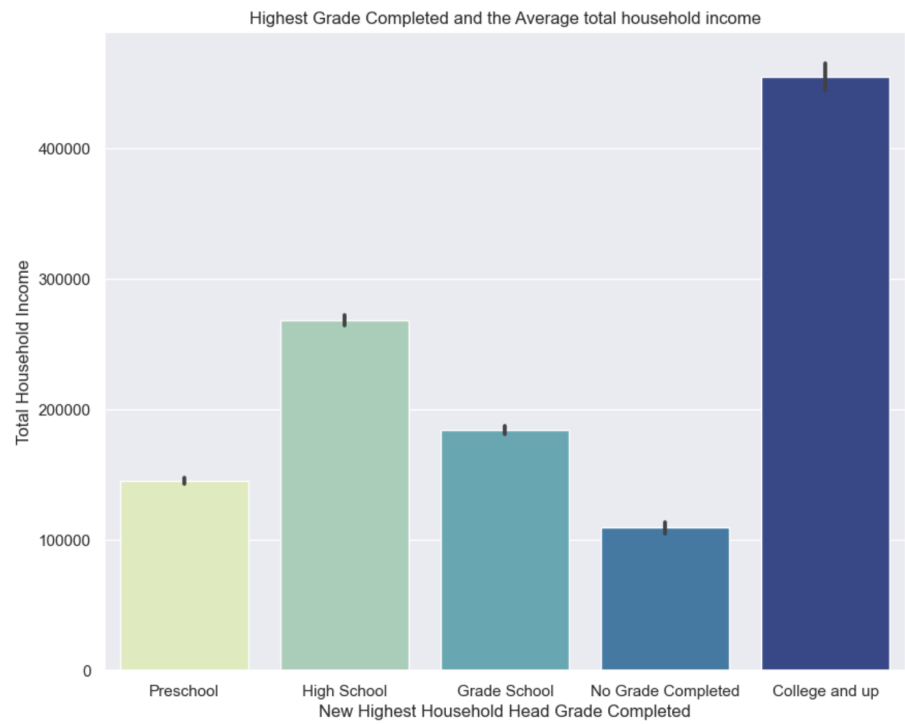
Bar Chart 3.5: Comparison of Medical Care Expenditure by Highest Grade Completed and Household Head Sex



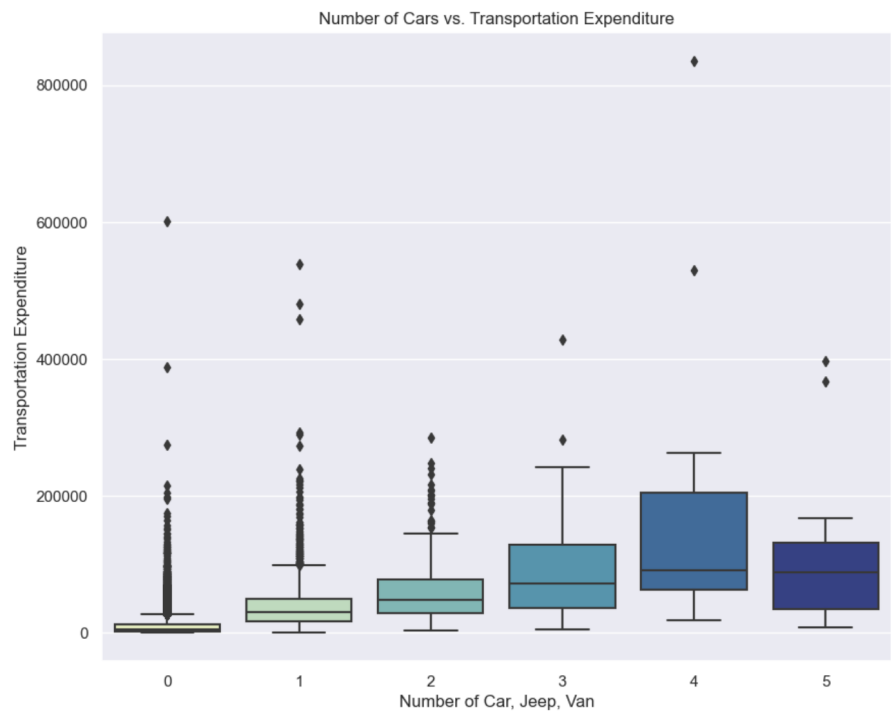
Bar Chart 3.6: Comparison of Vice Expenditures by Highest Grade Completed and Household Sex



Bar Chart 4.1: Highest Grade Completed and the Average Total Household Income

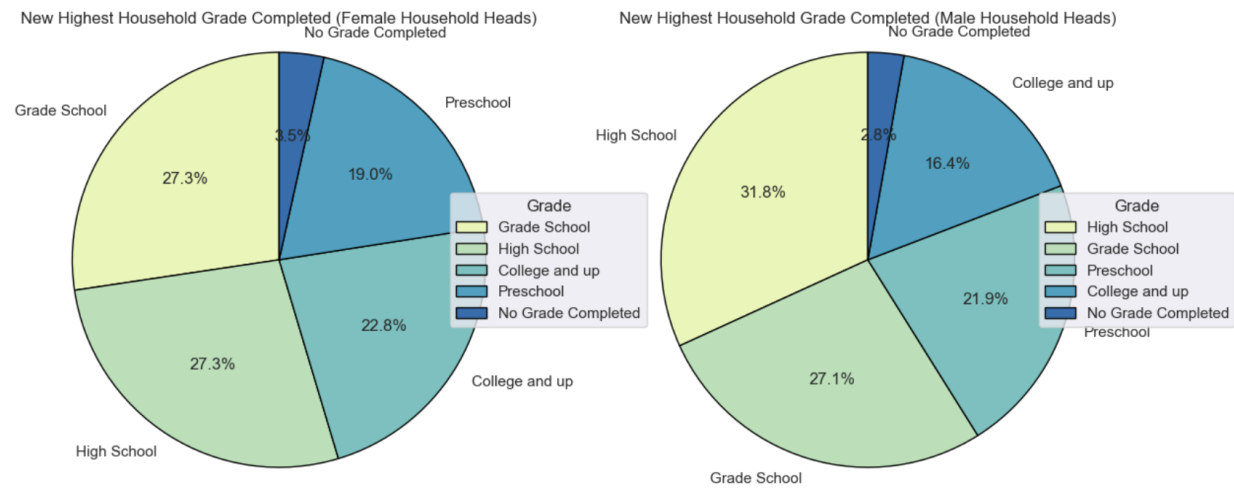


Box Plot 1.1: Number of Cars vs. Transportation Expenditure



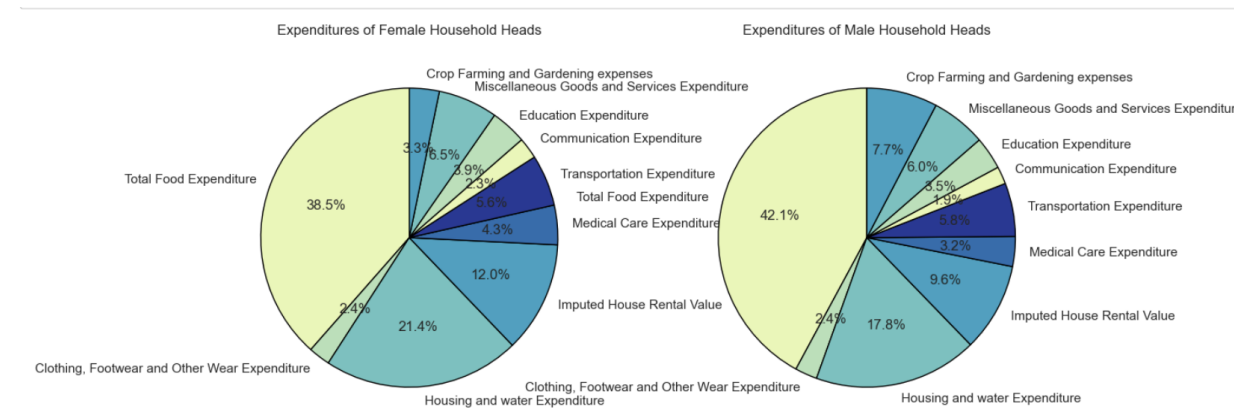
Pie Chart 1.1: New Highest Household Grade Completed (Female Household Heads)

Pie Chart 1.2: New Highest Household Grade Completed (Male Household Heads)

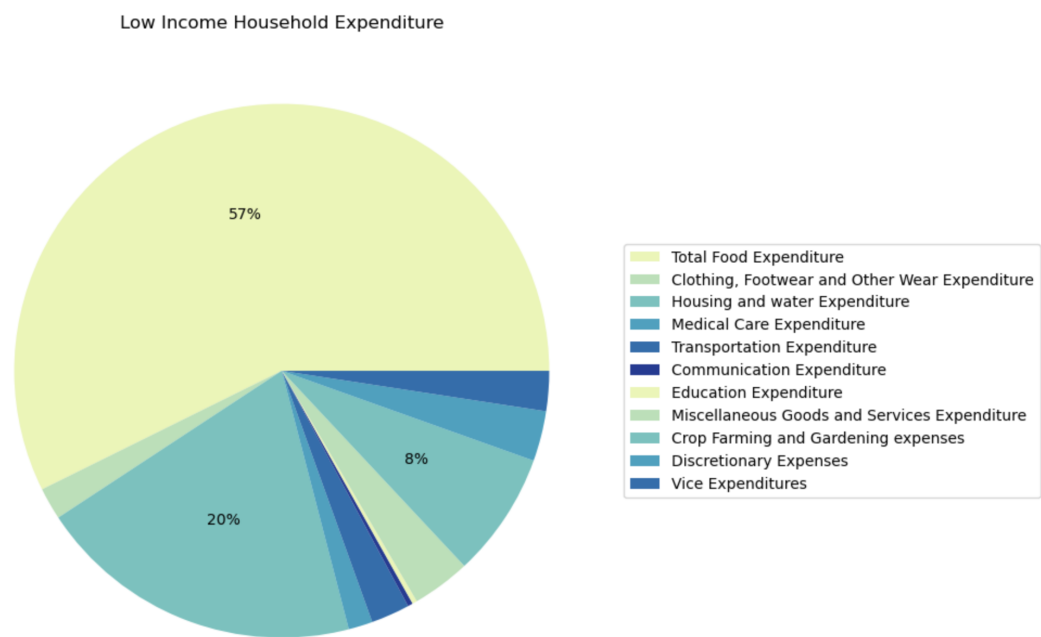


Pie Chart 1.3: Expenditures of Female Household Heads

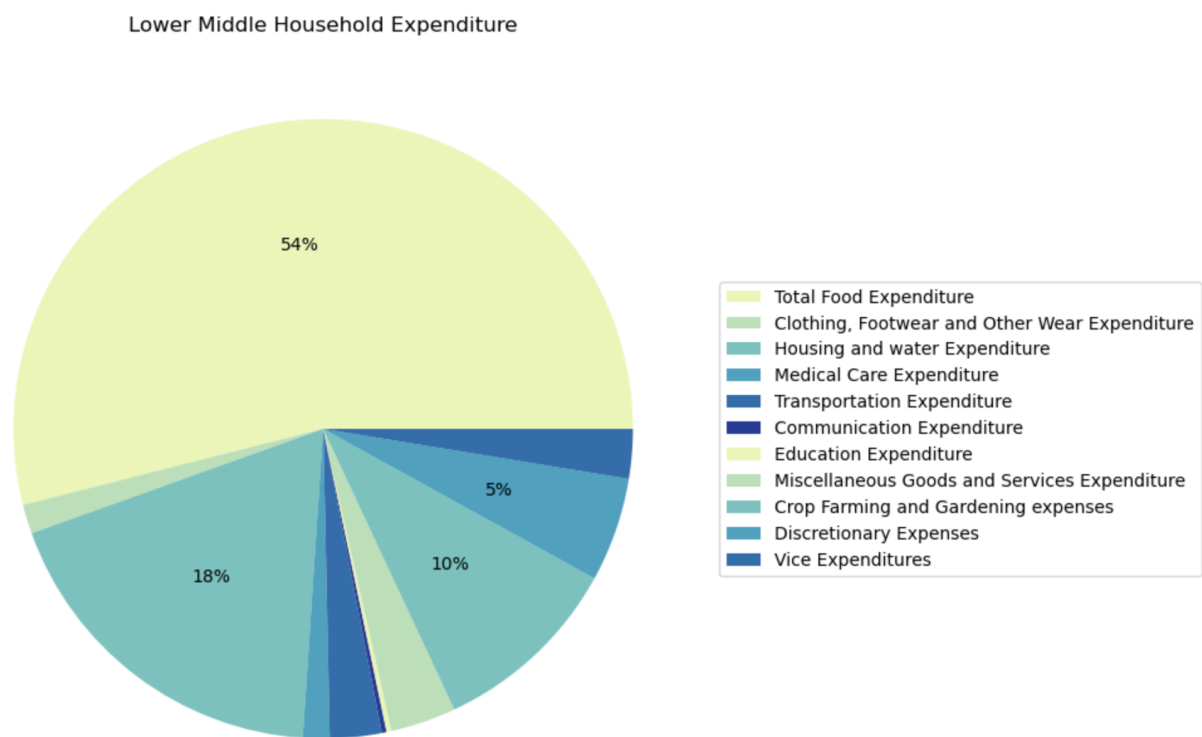
Pie Chart 1.4: Expenditures of Male Household Heads



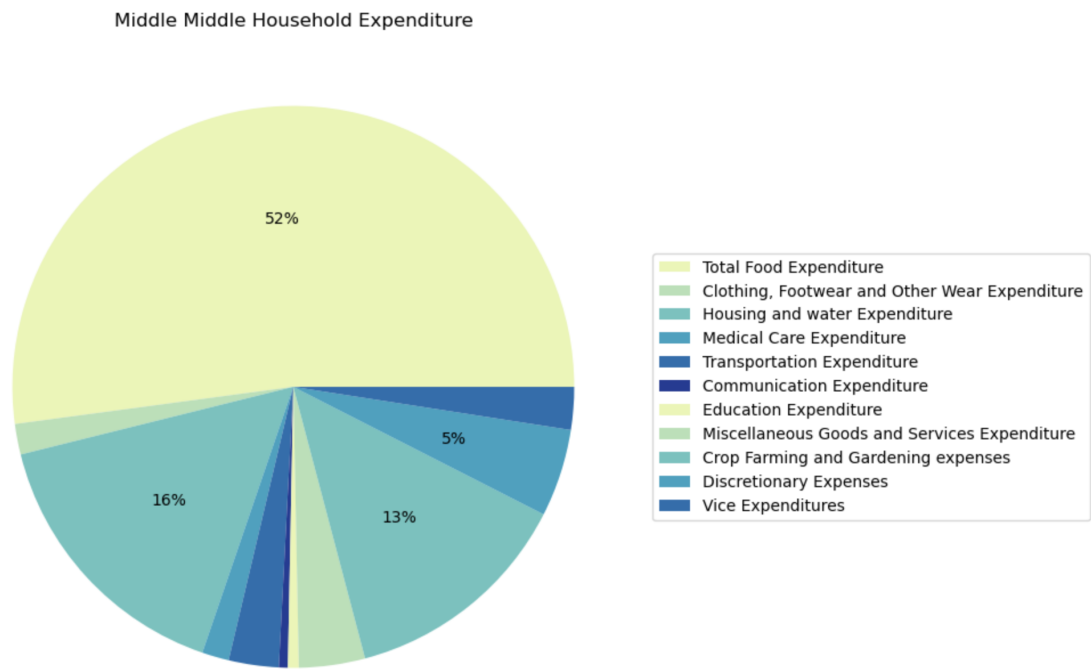
Pie Chart 2.1: Low Income Household Expenditure



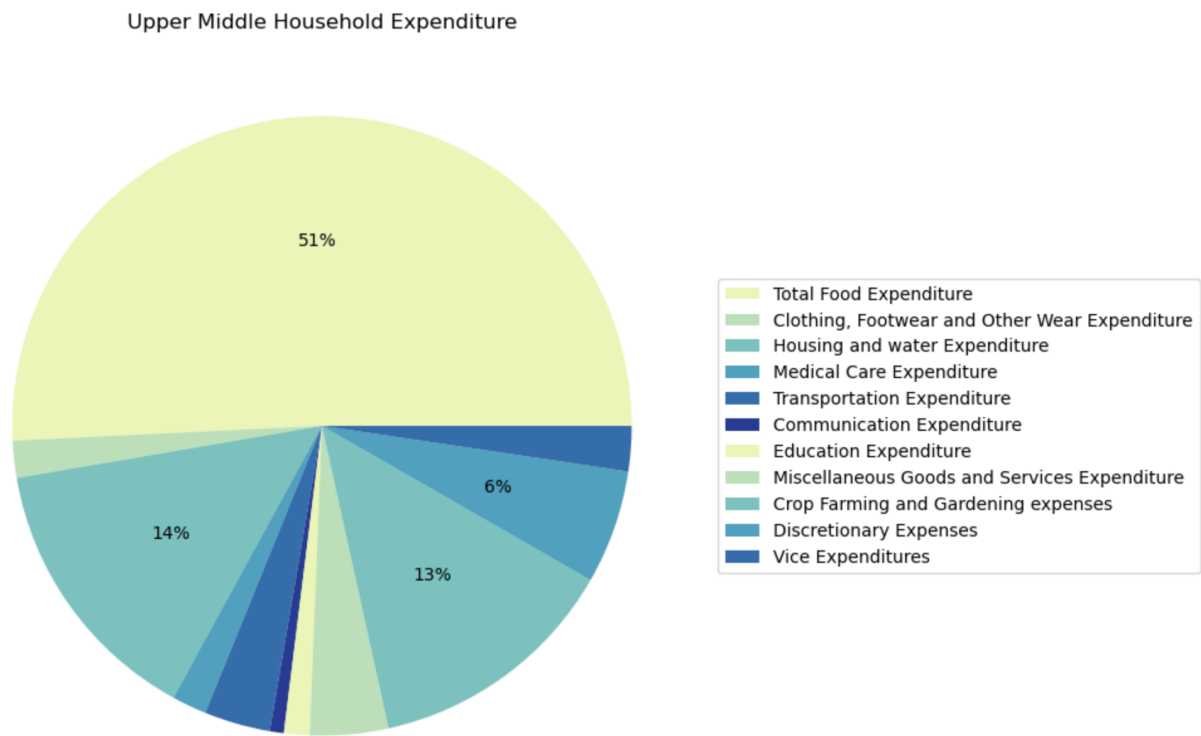
Pie Chart 2.2: Lower Middle Household Expenditure



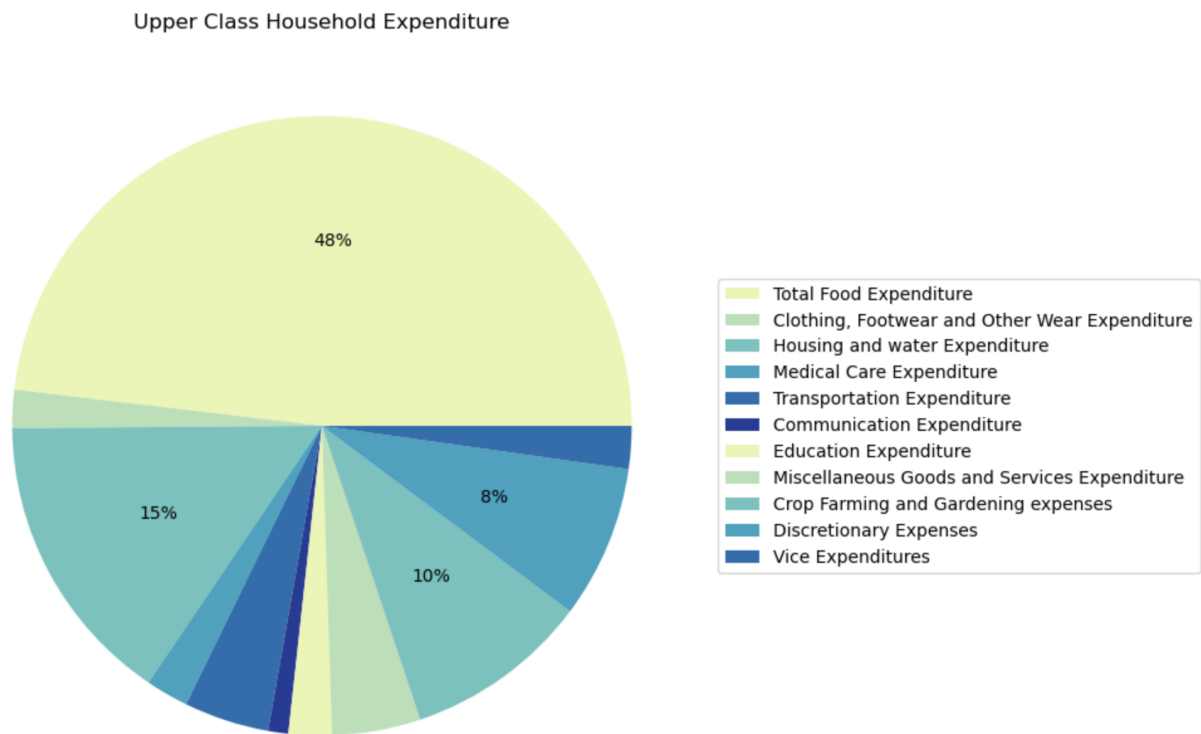
Pie Chart 2.3: Middle Middle Household Expenditure



Pie Chart 2.4: Upper Middle Household Expenditure



Pie Chart 2.5: Upper Class Household Expenditure



Pie Chart 2.6: Rich Household Expenditure

