Financial Literacy and Insurance Uptake Intention among Rural Area Families

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ABSTRACT

Financial literacy plays a crucial role in decisions inclined to financial security. However, in rural areas, low financial literacy levels contribute to limited insurance adoption, leaving families vulnerable to unforeseen financial risks. This study examined the relationship between financial literacy indicators and insurance uptake intention among 10 identified barangays of rural families in Digos City. Using a quantitative correlational research design, data were gathered from 100 respondents through surveys and analyzed using descriptive statistics, Pearson correlation, and multiple regression analysis. Findings indicated that rural families exhibit a moderate level of financial literacy, with financial goals ranking highest and financial experience lowest among its indicators. Insurance uptake intention is also found to be at a moderate level, suggesting awareness but hesitancy in acquiring policies. Furthermore, insurance uptake intention is moderate, indicating awareness of its benefits but hesitation in acquiring policies. Moreover, statistical analysis revealed a significant positive relationship between financial literacy and insurance uptake intention, with financial skills and decision-making behavior emerging as significant predictors of insurance adoption. The results emphasize the need for targeted financial education programs and community-based interventions to enhance financial literacy and promote informed insurance decisions among rural households. Strengthening these aspects can help bridge the gap between financial awareness and action, fostering financial resilience in rural communities.

Keywords: Financial Literacy, Insurance Uptake Intention, Rural Area Families, Philippines

INTRODUCTION

Insurance exists for the purpose of compensating losses with financial support according to predictions and equivalent forecasted economic value for recovery, thereby advocating for the uptake of policies. Contrary to the highly perceived value of investing in insurance for security, a lack of insured individuals, especially in rural areas, remains prevalent. Considering the adoption of insurance policies falling under financial decisions, the lack of insurance uptake among individuals may be associated with the rates of the broader category of financial literacy, outlined by financial awareness and subjective financial knowledge, financial experience, financial skills and capability, financial goals, and financial decisions and behavior as its key indicators. To ensure quality living, financial literacy and insurance policies are crucial, yet low rates of the variables undermine overall security, especially in the present context. This study examined the relationship between financial literacy and insurance uptake intention by analyzing the correlation between these variables. Focusing on specific indicators of financial literacy, it aimed to identify key factors that directly influence the intention to acquire insurance. The findings provide quantitative insights into enhancing rural financial security by addressing its underlying indicators.

The dilemma concerning low insurance uptake intention as a possible result of certain financial literacy levels is further supported by global-based literature. According to the Swiss Re Institute (2019), as cited by Fang and Xu (2023), in 2018, the insurance density in advanced markets was USD 3,737, with an insurance

penetration of 7.8%.

According to data from the National Financial Regulatory Administration (NFRA), China's insurance density in 2021 was just CNY 3,360 (about USD 470), with an insurance penetration rate of around 3.9%. This indicates that there is a lack of insurance uptake in the international context compared to other aspects where investments can be made. As such, Egon and Klinton (2024) stated that financial literacy and life insurance purchase intentions are positively correlated, the saving motive further amplifies this association, especially among persons with moderate financial knowledge, which is in line with earlier research that indicates financially literate people are more likely to make informed decisions about financial products, including life insurance. Specifically, Nkouaga (2024) stated that there is a consistent and significant positive association between subjective financial literacy and life insurance ownership, whereas the likelihood of choosing any type of life insurance is positively correlated with perceived financial awareness. In addition, confidence in one's own financial knowledge tends to be more powerful than real understanding when making insurance decisions. This is also seen in countries such as Botswana, where around 88% of respondents linked poverty, income, and financial illiteracy to low insurance rates (Malambo, 2022). However, contradictory to the previous claim, despite efforts to raise awareness in Sub-Saharan African countries such as Zambia, low insurance uptake persists (Hamukwanza, 2021), indicating that awareness may not be a direct factor in insurance uptake. These studies indicate that while financial literacy is a broad concept, certain components, such as subjective financial knowledge and awareness, may have varying impacts on insurance policy adoption.

Across ASEAN countries, a significant percentage of financially illiterate individuals and low insurance uptake rates remain. This can result in several problems, including an increased likelihood of either bad spending choices or a lack of long-term planning (Fernando, 2024). Cambodia, out of 30 nations, has the lowest overall financial literacy score of only 11.5% (Harrison, 2024), while in Singapore, Sconti and Fernandez (2023) stated that approximately 40% of Singaporeans are financially literate. On the other hand, insurance uptake is also low, and only a small percentage of individuals in Southeast Asia have it. In Malaysia, only 45% of the population has insurance (Yunus, 2024). Muhlis (2022) suggested that financial education is one of the leading factors for insurance uptake in Indonesia, alongside socioeconomic and demographic determinants. In addition, a study by Gade and Sarma (2018) showed that both urban and rural citizens in India are financially literate. However, those in urban areas have slightly more knowledge in terms of financial planning, while rural households have less knowledge, which results in low financial goals. In relation to Muhlis (2022), this discrepancy is further observed as the 45% of the rural population that makes up Indonesia is shown to be less certain about acquiring national health insurance. These findings indicate the role of financial goals as a result influenced by financial knowledge and formal financial education in the insurance uptake prospect.

In the national context, rural residents have been found to have lower financial literacy levels than those living in urban areas. According to Carvalho (2022), individuals may achieve their financial literacy through formal schooling, while others are influenced by the people and resources they are exposed to. In terms of insurance, Araullo (2023) relayed that uptake in the Philippines is still at 1.75%, meaning a significantly low portion of the population has acquired insurance policies. Jocson and Sy (2024) stated that the lack of financial literacy in the Philippines causes relatively low rates of insured individuals. Similarly, Derasin et al. (2024) stated that financial literacy is crucial for dialysis patients as it enables them to comprehend insurance coverage. Lehrer and West (2019) also suggested that a percentage of the population in rural areas has income sufficient only to cover day-to-day operations and possibly modestly supplement the family income. In addition, those who are from the Visayas region are more likely to uptake insurance. However, North and Central Luzon and the Mindanao region show positive but insignificant correlations between financial literacy to insurance uptake (Desello & Agner, 2023).

In terms of nationwide dilemmas, related discussions were considered. Desello and Agner (2023) revealed that those who are considered the main financial decision-maker in the household avail of at least one insurance. Additionally, the respondents‘ awareness of BSP‘s financial programs has a positive and significant effect on insurance uptake. Capricho et al.(2021) stated that having a lack of knowledge and proper education about the importance of life insurance results in low insurance uptake, and knowing its advantages raises the possibility of buying life insurance. Given these challenges, low financial literacy and lack of insurance

penetration in rural areas compared to urban living suggest it is insufficient to connect any unspecified individual to any form of banking or insurance offering. Despite the Philippine insurance industry's growth in total assets in the first quarter of 2023, insurance density remains low at average individual spending of 872.56 pesos and penetration rate of just 1.75%, as similarly stated previously, a reflection of the country's persistent financial literacy gap, defined with the specifications of financial skills, including personal financial management, budgeting, and investing (American International Assurance, 2023). As implied in the aforementioned references, refining financial education is essential to improve insurance penetration, providing more protection for Filipinos against financial uncertainties.

Locally, the growing issue of financial literacy relating to low insurance uptake in rural areas underlined the gaps observed in the scope of Digos City and neighboring municipalities in Davao del Sur. In rural areas of the province, Davao Del Sur has a financial literacy rate of 91.2% for males and 94.9% for females, a difference of 6.8% from the National Capital Region's financial literacy rate of 96.5% for males and 96.4% for females (Philippine Statistics Authority [PSA], 2019). In the field of insurance uptake intention, there is a lack of data concerning local rates. However, during the pilot testing phase conducted in Digos City, the researchers identified crucial statistical data from the responses of individuals in rural areas. The survey results revealed that 60% of respondents were without insurance policies, while the remaining 40% reported positive in terms of insurance uptake among a sample size of 30 respondents. In addition, one of the questionnaire items highlighted respondents' willingness to buy insurance; the majority percentage of 46.7% responded undecided or neutral to the matter. These rates in the local context affect general education and decision-making habits, affecting allocated necessities as top priorities.

Although many previous studies have inquired about financial literacy in influencing financial decisions like insurance uptake, this study took a more focused approach, highlighting the escalating crisis of low financial literacy and insurance uptake intention in rural areas. It aimed to provide a targeted analysis of specific financial literacy indicators that rural families, government agencies, and stakeholders should address to develop effective, applied solutions rather than relying on the broad term 'financial literacy.' By dissecting these indicators, this study would contribute to stakeholders searching for solutions addressing each indicator.

This study can be understood through the lenses of three theories that offer valuable perspectives in the context of the study: Institutional Theory by Meyer and Rowan (1977), the Theory of Planned Behavior by Ajzen (1991), and the Financial Literacy Theory of Financial Inclusion by Chen and Volpe (1998). Through the synthesis of these theories, the study aimed to provide a comprehensive understanding of how institutional environments and behavioral factors interact to influence insurance adoption.

The first theory is Meyer and Rowan's Institutional Theory (1977). It suggested that individuals' behaviors and choices are strongly shaped by the norms, rules, and structures established by institutions. In the case of rural families, institutional barriers such as the lack of accessible insurance providers, inadequate outreach programs, and insufficient government support may prevent them from understanding and adopting insurance products. The institutional environment, including formal and informal financial systems, plays a crucial role in facilitating or hindering insurance adoption. For instance, the lack of accessible insurance providers not only restricts access to insurance options but also limits opportunities for rural families to seek financial experience and gain personalized advice. This lack of resources has a direct effect on rural families' capacity to learn money management techniques and make wise choices,

Second is the Theory of Planned Behavior by Ajzen (1991). This theory suggested the role of attitudes, subjective norms, and perceived behavioral control in shaping intentions and behaviors. In the context of rural families, their attitudes toward insurance may be influenced by traditional beliefs, the opinions of trusted community members, or skepticism about the insurance system. Additionally, their perceived behavioral control—whether they believe they can afford and access insurance—affects their intention to purchase insurance products. Despite being aware of insurance benefits, some rural families may refrain from purchasing insurance due to traditional beliefs and community influence. Insurance uptake may remain low if the community views insurance as an unnecessary expense and if there have been bad encounters with financial institutions in the past. Additionally, rural families may adopt a more positive outlook on insurance and feel more in charge of their financial choices if financial literacy is raised, insured people's success stories are

shared, and affordability issues are resolved.

Lastly, the Financial Literacy Theory of Financial Inclusion by Chen and Volpe (1998) was employed in this study. It is defined as the theory that supports the idea of financial literacy being represented as the intellectual capacity to employ finance management and decision-making. In this study, it acts as an anchor that aligns with rural area families' financial literacy as a factor of uptaking insurance as a financial decision. Financially literate individuals are more likely to understand the value of insurance as a tool for financial security. Financial literacy in rural areas may often be low because of not being able to understand insurance benefits, which leads to hesitation to purchase. Increasing the accessibility of financial ideas and improving financial education programs can enable rural families to make well-informed insurance decisions, which will ultimately increase their intention to enroll.

Statement of the Problem

The study aimed to evaluate the different financial literacy indicators and their relationship to insurance policy uptake intention among families in rural areas in Digos City. Specifically, it sought to answer the following research questions:

1. What is the extent of financial literacy among families in rural areas in terms of:

   1.1 financial awareness and subjective financial knowledge;

   1.2 financial experience;

   1.3 financial skills and capability;

   1.4 financial goals; and

   1.5 financial decisions and behavior?

2. What is the level of intention of families in rural areas to uptake insurance policies?

3. Is there a significant relationship between financial literacy and insurance policy uptake intention among rural area families in Digos City?

4. Is there a significant impact between financial literacy and insurance policy uptake intention among rural area families in Digos City?

Hypothesis

To objectively address the issues outlined for this study, the following null hypothesis was formulated:

H_0: There is no significant relationship between financial literacy and insurance policy uptake intention among rural area families in Digos City.

H_0: There is no significant impact between financial literacy and insurance policy uptake intention among rural area families in Digos City.

Significance of the Study

This study will contribute to the following:

Insurance Commission of the Philippines Officials. This study will provide valuable insights for the Insurance Commission in assessing the effectiveness of current regulations in promoting insurance adoption among rural communities. The findings can help refine policies and introduce regulatory measures that encourage greater financial protection and accessibility for underserved populations.

Department of Social Welfare and Development (DSWD) Officials. By identifying gaps in financial literacy, this study can guide the DSWD in incorporating insurance education into its social protection and financial assistance programs. Enhancing financial literacy at the most basic level will empower rural families to make informed financial decisions and secure their future through insurance.

Local Government Unit Officials. The study's findings will aid local government officials in developing targeted policies and community-based programs that promote financial literacy and insurance uptake. Strengthening financial awareness at the local level will contribute to more resilient communities and improved economic security for rural families.

Financial Institution Owners. Banks, cooperatives, and other financial institutions can use this study to recognize the significance of financial literacy in expanding access to formal financial services. By integrating educational initiatives and tailored financial products, they can foster trust and encourage responsible financial behaviors among rural populations.

Insurance Providers. This study will help insurance providers design more effective financial literacy programs and develop accessible insurance products that cater to the specific needs of rural families. Addressing financial knowledge barriers will enable providers to bridge the gap between insurance awareness and adoption, ultimately improving financial security in these communities.

Non-Governmental Organizations (NGOs). This will be beneficial to NGOs dedicated to financial literacy, rural development, and economic empowerment by guiding them in creating targeted programs to tackle financial illiteracy and encourage insurance adoption. The study's findings can strengthen intervention strategies, resulting in more effective outreach and long-term impact in underserved communities.

Rural Families. Rural families will benefit directly from this study by gaining a better understanding of how financial literacy influences their ability to make informed insurance decisions. By fostering financial awareness, the study promotes greater financial resilience, reducing vulnerability to unexpected financial hardships**.**

Future Researchers. This will be beneficial to future researchers by providing insights into financial illiteracy and insurance adoption in rural areas. It highlights the need to explore other influencing factors, such as socioeconomic status and cultural beliefs. Future studies can build on this by incorporating qualitative research, refining key concepts, and ensuring clarity in financial terminology.

Scope and Limitations

This study examined the relationship between financial literacy indicators and insurance uptake intention, focusing on rural families in Digos City. The Philippine Statistics Authority (PSA, 2024) noted that areas with a population of less than 5,000 are recognized as rural areas. The PSA identified ten rural barangays in Digos City, which include Balabag, Binaton, Colorado, Dulangan, Goma, Lungag, Mahayahay, Ruparan, San Roque, and Soong, providing a focused context for this research. Moreover, the study was done by administering survey questionnaires within a timeframe of a whole academic year. This study considered various types of insurance, including life, educational, vehicle and accident, and property insurance, relevant to rural families and their financial security.

In addition, this study recognized the limitations that may have affected the conclusions and interpretations drawn from the results. Concerning the survey respondents to be assessed, this study excluded insurance policies mandated by law such as PhilHealth, PAG-IBIG, SSS, GSIS, Compulsory Third-Party Liability Insurance (CTPL), and OFW insurance, according to this study's definitions. Also, the sample size during the data-gathering process included 100 respondents in rural areas, which may not be as effective in representing the whole population. In addition, the study is quantitative correlational, meaning qualitative information is not prioritized. The study also employed the quota sampling technique. Given its non-probability sampling characteristic, this technique may hinder the generalization of respondent representation, have the tendency to promote sampling bias, and overlook respondent subgroups. These limitations were considered to ensure

transparency in the study's findings, acknowledge potential biases, and guide future research in refining methodologies for a more comprehensive understanding of financial literacy and insurance uptake in rural areas.

Definition of Terms

The following terms were used in this study to develop a better understanding of its basic concepts.

Financial Literacy. Financial literacy is both knowledge and behavior, enabling informed financial decisions that improve individual and societal well-being (Lusardi, 2019). In this study, financial literacy was defined according to a respondent's questionnaire results, targeting the five indicators of financial literacy.

Insurance. This refers to a risk management system where the insurer compensates the insured for losses in exchange for a predetermined payment (Greene, 2025). This study includes non-mandatory insurance policies such as mortuary, fire, marine, motor, home, factory, shop, travel, and liability insurance.

Insurance Uptake Intention. This is defined as the willingness to accept and engage with insurance products or interventions based on perceived benefits and financial considerations (Malambo, 2022). In this study, this is the measured results according to survey questionnaire responses.

Mandatory Insurance Policies. These are insurance policies mandated by the law. This study identifies PhilHealth, PAG-IBIG, SSS, GSIS, Compulsory Third-Party Liability Insurance (CTPL), and OFW insurance as the mandatory policies stipulated by the Philippine government.

Rural Areas. This refers to areas with lower population densities in comparison to urbanized areas (Vasile, 2019). This study identified 10 rural barangays, specifically Balabag, Binaton, Colorado, Dulangan, Goma, Lungag, Mahayahay, Ruparan, San Roque, and Soong, located in Digos City.

Rural Families. This refers to households situated within the scope of rural areas, which are defined as areas with a population density of below 150 inhabitants per square kilometer (Sanders & Cromartie, 2025). In this study, these households are represented by one qualifying respondent from the family from rural areas in Digos City.

METHODS

This chapter encompasses the methods employed in pursuing the study. It covers aspects including the research design, respondents, sampling technique, data gathering procedures, measures, analysis, and interpretation, as well as ethical considerations.

Research Design

This study used a quantitative correlational design to determine the connection between variables, financial literacy, and insurance uptake intention. According to Cherry (2023), a correlational study is a research design examining the relationships between two or more variables. Correlational studies are non-experimental, meaning the experimenter does not manipulate or control variables. Regression, which was also employed in the study, is a statistical method used to explore relationships between variables, where independent variables influence a dependent variable, serving purposes such as describing relationships, estimating values, predicting outcomes, and controlling the effects of certain variables while analyzing others (Ali & Younas, 2021).

The main goal is to determine if there is a relationship between the two factors, financial literacy and insurance uptake intention and how changes in one might relate to changes in the other. Furthermore, data was collected numerically, thereby making the study quantitative. This study aimed not to prove cause and effect but to identify if a connection exists between financial literacy and insurance uptake intention. In addition, regression analysis was used to examine how the variables relate to each other. This straightforward design helped the researchers understand the connection between financial literacy and insurance uptake intention clearly and simply.

Respondents

The respondents of this study are the rural families from the identified ten rural barangays of Digos City by PSA (2024), which are Balabag, Binaton, Colorado, Dulangan, Goma, Lungag, Mahayahay, Ruparan, San Roque, and Soong. Furthermore, included in this study are rural families without insurance coverage, assuming the acquisition of insurance is derived from existing intentions. However, individuals who have availed of mandatory insurance policies according to the Philippine law were considered non-insurance policyholders, meaning they are eligible respondents. Respondents are also required to be at least 18 years old.

This study accounted for exclusions in determining the respondents. Excluded as the respondents of the study are individuals who have already acquired any non-mandatory insurance policies such as mortuary, fire, marine, motor, health insurance, home, factory, shop, travel, and liability insurance, wherein mandatory policies are according to this study's definitions and the law. Individuals residing outside the identified 10 rural barangays are also excluded from the study, as well as those who are 17 years of age and below.

Sampling Technique

This study utilized quota sampling, a non-probability sampling method that relies on the non-random selection of a predetermined number or proportion of units called quota. To ensure an equal probability of selection of each element of the general population, the researchers divided the population into mutually exclusive subgroups and then recruited sample units until the researchers reached their quota (Nikolopoulou, 2023). This study focuses on financial literacy on insurance uptake intention among rural area families.

In this study, the researchers included samples per barangay until the respondents reached the quota of 100, which aligns with the study of Oclarit et al. (2024), who considered 100 maximum respondents to ensure a balanced representation of a population. This study referenced this quota size in rural barangays in Digos City, reflecting the diversity of rural families while maintaining a manageable sample size. This approach allowed for the inclusion of individuals with varying levels of financial literacy, enabling a comprehensive analysis of how it impacts their insurance uptake intention.

Data Gathering Procedures

The data-gathering procedure helped the researchers to gather information. It also considered guaranteeing the confidentiality of the respondents' responses. A print-based survey questionnaire and a digital survey through Google Forms were used in this study as not all rural barangays have internet connections, and it was translated into the local language. The following steps in the careful data collection procedure was implemented:

1. The researchers sought permission from the school principal and gave a validation letter together with the endorsement of the research teacher. The survey questionnaire was then validated and revised according to the validators' suggestions.

2. Upon approval from the school principal, the validators, and the research teacher, a pilot test was conducted involving 30 respondents from the identified 10 rural barangays in Digos City to rule out the quantitative reliability of the questionnaire.

3. An informed letter was given to the respondents. The consent form described the purpose of the study, how the survey was conducted, the risks associated with the conduct of the study, the issue of confidentiality and anonymity, the opportunity to ask questions, and the freedom to withdraw at any point if the participants felt discomfort. This precaution was offered to both pilot testing and final survey respondents.

4. Following the pilot test, printed survey questionnaires were distributed to respondents, and Google Forms with the same questionnaire was opened to the public.

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5. Respondents using Google Forms were instructed to answer the questionnaire within 10 minutes to ensure the validity of their responses. Printed questionnaire responses were assisted and supervised by the researchers to arrive at valid answers.

6. The verified and confirmed information from the written and digital responses was used to form a data set to conclude.

7. After gathering the data, the researchers underwent data cleaning and identified whether the respondents fit the inclusion criteria or crossed the exclusion criteria. If the responses claimed the acquisition of non-mandatory insurance policies or were of ages 17 years and below, corresponding respondents were excluded from the data subject to analysis.

8. Lastly, the researchers analyzed, interpreted, and concluded the data with the assistance of a statistician.

Measures

This study utilizes the primary source of data through a survey questionnaire adapted and modified from the study of Dewi et al. (2020) to evaluate the financial literacy variable and to assess the insurance uptake intention variable, a questionnaire was also adapted and modified from the study of Deksisa et al. (2020) to be more straightforward and understandable. Data was collected using Google Forms and printed questionnaires that allowed researchers to assess financial awareness, financial behavior, financial experience, financial skills, subjective financial knowledge, financial capability, financial goals, and financial decisions concerning the insurance uptake intention of families in rural areas. The questionnaire has two (2) parts where the first part is for financial literacy, where the researchers have five (5) sets of questions for the different indicators, and the second is for the insurance uptake intention, where the researchers have one (1) set of questions. Specifically, the researchers have thirty-seven (37) items for financial literacy and seven (7) items for insurance uptake intention. In total of forty-one (41) items encompassed the questionnaires. As the media of communication, it followed the English language in addition to the local language. Also, the researchers utilized the Likert Scale for the questionnaire, which involves a series of statements that respondents may choose from to rate their responses to evaluate questions that have five categories: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). An interpretation table was then used to examine the responses and give an accurate representation of the data.

To ensure the validity of the survey questionnaire, a pilot test involving 30 respondents scheduled in December 2024 was conducted before distributing the survey questionnaire to the target population. The reliability score and number of items derived from the pilot testing are presented in Table 1, where based on the results and interpretation are considered reliable.

Table 1. Results and Interpretation of Reliability Test

Variables	Cronbach's Alpha	Number (N) of Items	Interpretation
Financial Literacy	0.904	34	Reliable
Insurance Uptake Intention	0.868	7	Reliable

As presented in Tables 2 to 6, to evaluate respondents' financial literacy, the interpretation table is adapted from Dewi et al. (2024). The scale and its interpretation were utilized to determine the respondents' levels of financial awareness, financial behavior, financial experience, financial skills, subjective financial knowledge, financial capability, financial goals, and financial decisions. Using the responses gathered, the data was analyzed based on the following interpretations.

Table 2. Table of Interpretation to Determine the Level of Financial Awareness and Subjective Financial Knowledge

Range	Descriptive Rating	Interpretation
4.21 - 5.00	Strongly Agree	The respondents have a very highly confident understanding of financial matters.
3.41 - 4.20	Agree	The respondents have a high understanding of financial matters.
2.61 - 3.40	Neutral	The respondents have a moderate understanding of financial matters.
1.81 - 2.60	Disagree	The respondents have a limited understanding of financial matters.
1.00 – 1.80	Strongly Disagree	The respondents have little to no understanding of financial matters.

Table 3. Table of Interpretation to Determine the Level of Financial Experience

Range	Descriptive Rating	Interpretation
4.21 - 5.00	Strongly Agree	The respondents perceived their financial experience as very high.
3.41 - 4.20	Agree	The respondents perceived their financial experience as high.
2.61 - 3.40	Neutral	The respondents perceived their financial experience as moderate.
1.81 - 2.60	Disagree	The respondents perceived their financial experience as limited.
1.00 – 1.80	Strongly Disagree	The respondents perceived themselves as financially inexperienced.

Table 4. Table of Interpretation to Determine the Level of Financial Goals

Range	Descriptive Rating	Interpretation
4.21 - 5.00	Strongly Agree	The respondents assess themselves as having very highly strategic financial goals.
3.41 - 4.20	Agree	The respondents assess themselves as having well-defined financial goals.
2.61 - 3.40	Neutral	The respondents assess themselves as having basic financial goals.
1.81 - 2.60	Disagree	The respondents assess themselves as having unclear financial goals.
1.00 – 1.80	Strongly Disagree	The respondents assess themselves as having little to no financial goals.

Table 5. Table of Interpretation to Determine the Level of Financial Skills and Financial Capability

Range	Descriptive Rating	Interpretation
4.21 - 5.00	Strongly Agree	The respondents rate their financial skills and capability as very high.
3.41 - 4.20	Agree	The respondents rate their financial skills and capability as high.

2.61 - 3.40	Neutral	The respondents rate their financial skills and capability as moderate.
1.81 - 2.60	Disagree	The respondents rate their financial skills and capability as low.
1.00 – 1.80	Strongly Disagree	The respondents rate their financial skills and capability as very low.

Table 6. Table of Interpretation to Determine the Level of Financial Decisions and Financial Behavior

Range	**Descriptive Rating**	**Interpretation**
4.21 - 5.00	Strongly Agree	The respondents appraise their level of financial decision-making as excellent.
3.41 - 4.20	Agree	The respondents appraise their level of financial decision-making as good.
2.61 - 3.40	Neutral	The respondents appraise their level of financial decision-making as moderate.
1.81 - 2.60	Disagree	The respondents appraise their level of financial decision-making as poor.
1.00 – 1.80	Strongly Disagree	The respondents appraise their level of financial decision-making as very poor.

The overall interpretation of the combined factors of financial literacy is indicated in Table 7.

Table 7. Table of Interpretation to Determine the Level of Financial Literacy

Range	**Descriptive Rating**	**Interpretation**
4.21 - 5.00	Strongly Agree	The respondents have a very high level of financial literacy.
3.41 - 4.20	Agree	The respondents have a high level of financial literacy.
2.61 - 3.40	Neutral	The respondents have a moderate level of financial literacy.
1.81 - 2.60	Disagree	The respondents have a low level of financial literacy.
1.00 – 1.80	Strongly Disagree	The respondents have a very low level of financial literacy.

In addition, as presented in Table 8, the data gathered through the responses was analyzed using the following interpretations. The interpretation table was adapted and modified from Deksisa et al. (2020) to evaluate the respondents' level of intention to uptake insurance.

Table 8. Table of Interpretation to Determine the Level of Insurance Uptake Intention

Range	**Descriptive Rating**	**Interpretation**
4.21 - 5.00	Strongly Agree	The respondents have a very strong intention to uptake insurance.
3.41 - 4.20	Agree	The respondents have a strong intention to uptake insurance.
2.61 - 3.40	Neutral	The respondents have a moderate intention to uptake insurance.
1.81 - 2.60	Disagree	The respondents have a low intention to uptake insurance.
1.00 – 1.80	Strongly Disagree	The respondents have a very low intention to uptake insurance.

Analysis and Interpretation

The following statistical methods was applied to analyze the collected data and answer the research questions of the study.

Mean. The mean, or average, is calculated by adding up all the values in a sample and then dividing the total by the number of values in the sample (Hurley & Tenny, 2023). n this study on financial literacy and insurance uptake intention, the mean, or average, was used to determine the central tendency of respondents' financial literacy levels and their intention to adopt insurance. By summing all collected values and dividing by the total number of respondents, the mean provided a clear measure of the overall trends in financial literacy and insurance uptake intention within the sample.

Standard Deviation. The standard deviation (SD) quantifies how spread out the values in a dataset are relative to the mean, with its calculation varying depending on whether the data represents the entire population or just a sample (Omda & Sergent, 2024). In this study on financial literacy and insurance uptake intention, the standard deviation (SD) was used to measure the variability in respondents' financial literacy levels and insurance uptake intentions relative to the mean. A higher SD indicated greater differences among respondents, while a lower SD suggested more consistency in their responses.

Pearson R. Pearson r was used to determine if financial literacy and insurance uptake intention among rural families are significantly correlated. The relationship between literacy and insurance intention is investigated by looking at the ranks of participants' scores. The direction and strength of a linear relationship are indicated by Pearson's correlation coefficient (r), which ranges from -1 to +1. A value of 0 denotes no association, while a value of -1 or +1 denotes a perfect relationship. If the relationship is found, it would imply that greater insurance adoption is an effect of improved financial literacy (Cave, 2021; Stewart, 2024). The findings will guide the development of targeted interventions, such as financial education programs, or, in the absence of a correlation, identify alternative relevant factors. They helped determine whether financial literacy should be a focus to promote insurance uptake.

Multiple Linear Regression. Multiple linear regression was used to explore how financial literacy, in terms of the indicators, affects insurance uptake intention. By looking at gathered data from both variables and corresponding indicators, this method helped the researchers understand how strongly financial literacy is related to insurance decisions and what trends might arise in the future. The results of the regression help facilitate the understanding of variable correlation (Beers, 2024). As such, the researchers understood the connection between financial literacy and insurance intentions, revealing key factors that could encourage or prevent rural families from getting insurance.

Ethical Consideration

This study placed significant importance on ethical considerations to protect the rights of respondents of the study.

Informed Consent. Before deciding whether or not to participate, participants are informed about the study's goals, advantages, risks, and funding Bhandari (2024). In this study, the researcher's ensure that the participants fully understand the study's purpose, risks, and benefits before agreeing to take part.

Privacy and Confidentiality. Privacy is a person's wish to limit who else can access them while confidentiality refers to the agreement between the participant and the researcher about the handling, management, and dissemination of the participant's identifiable private information, including what will occur following the conclusion of the study and the presentation of the results (Luna-Lucero, 2023). In this study, the researchers protect participants' personal data through secure storage, anonymization, and restricted access.

Voluntary Participation. This means that any participant may choose to remain in the study or withdraw at any time Bhandari (2024). In this study, the researcher's ensured that participation must be entirely free of coercion or pressure, allowing individuals to decline or withdraw at any time without consequences

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RESULTS AND DISCUSSION

This section presents the findings, analysis, and interpretation of the results of the data collected. It contains the summary, conclusion, and recommendations proposed by the researchers based on the findings of the study.

Level of Financial Literacy of Rural Area Families in Digos City

The results from Table 9 shows the level of financial literacy of the respondents in Digos City in terms of financial awareness and subjective financial knowledge, financial experience, financial skills and capability, financial goals, and financial decisions and behavior. Based on these factors, the respondents rated a high level of literacy in financial goals and financial skills and capability, with average ratings of 3.75 and 3.59 and standard deviations of 0.98 and 0.87, respectively. In terms of these indicators, the respondents revealed moderate levels of financial literacy. This suggested that the respondents assess themselves as having well-defined financial goals and rate their financial skills and capability as high.

Meanwhile, the factors of financial awareness and subjective financial knowledge, financial decisions and behavior, and financial experience received average ratings of 3.28, 2.94, and 2.78, with standard deviations of 0.84, 0.73, and 0.97, respectively. These average ratings indicate moderate levels of financial literacy. This suggested that the respondents have a fair understanding of financial matters under the factors of financial awareness and subjective financial knowledge. In addition, they appraise their level of financial decision-making and financial experience as moderate.

When categorized, the indicator with the highest mean score of 3.75 is garnered by financial goals, which indicates that rural families in Digos City possess well-established goals concerning financial matters. However, financial experience, which recorded the lowest mean score of 2.78, suggests that rural families in Digos City recognize the need for greater exposure to financial management aspects, such as savings and investments. This is reflected in their moderate level of financial experience.

The overall average rating of the level of perceived financial literacy among the respondents is around 3.23. This means that families in rural areas in Digos City have a moderate level of financial literacy. The overall standard deviation of 0.66 indicates a negligible variation in the variable as perceived by the respondents. This implies that most of the respondents share similar financial knowledge, skills, and experiences. A moderate level of financial literacy indicates that while these families possess a basic understanding of financial principles, there is still a significant need for enhanced financial education programs to improve their ability to make well-informed financial decisions.

Table 9. Level of Financial Literacy of Rural Area Families in Digos City

	Mean	SD	Description
Financial Awareness and Subjective Financial Knowledge			
1. I evaluate my spending regularly.	3.49	1.36	Agree
2. I make a list before shopping.	3.38	1.49	Neutral
3. I compare some financial products before making a decision.	3.81	1.20	Agree
4. I document bills.	3.48	1.45	Agree
5. I gather information related to financial issues.	2.89	1.36	Neutral
6. I am willing to discuss financial issues.	3.18	1.42	Neutral
7. I write down where money is spent.	3.42	1.39	Agree

8. I have the knowledge of risk and return.	2.87	1.40	Neutral
9. I discuss economic and financial issues.	3.00	1.26	Neutral
Category Mean	3.28	0.84	Neutral
Financial Experience			
1. I hold emergency savings.	3.18	1.59	Neutral
2. I make financial records.	2.78	1.43	Neutral
3. I have experience in managing personal assets.	2.96	1.36	Neutral
4. I have investing experience in the stock market.	2.15	1.17	Disagree
5. I have savings experience in non-bank financial institutions.	2.85	1.45	Neutral
Category Mean	2.78	0.97	Neutral
Financial Skills and Capability			
1. I keep bills and receipts where they are easy to find.	3.82	3.30	Agree
2. I evaluate savings financial statements on a regular basis.	3.21	1.27	Neutral
3. I manage risks by purchasing insurance.	2.47	1.27	Disagree
4. I evaluate debt on a regular basis.	3.66	1.32	Agree
5. I pay the bills.	4.04	1.34	Agree
6. I have money in cash.	3.65	1.27	Agree
7. I buy things when they need to be bought.	4.18	1.24	Agree
8. I gather information before deciding to buy.	3.67	1.46	Agree
Category Mean	3.59	0.87	Agree
Financial Goals			
1. I make plans on how to use my money.	4.06	1.23	Agree
2. I plan for long-term goals such as retirement.	3.20	1.41	Neutral
3. I save money to buy items with cash rather than credit.	3.98	1.19	Agree
Category Mean	3.75	0.98	Agree
Financial Decisions and Behavior			
1. I make decisions without planning.	2.84	1.38	Neutral
2. I feel sorry for buying something after being easily persuaded.	2.89	1.39	Neutral
3. I feel sorry for buying something without consideration.	2.84	1.32	Neutral
4. I buy on impulse.	2.73	1.38	Neutral
5. I buy something after pressure from others.	2.22	1.28	Disagree

6. I pay bills on time.	3.55	1.24	Agree
7. I have charitable behavior.	3.58	1.34	Agree
8. I promote investment diversification.	2.71	1.36	Neutral
9. I consider retirement investment.	3.08	1.52	Neutral
Category Mean	2.94	0.73	Neutral
Overall Mean	**3.23**	**0.66**	**Neutral**

Breaking down the dimensions, financial awareness and subjective financial knowledge, which scored 3.28, highlights that respondents are somewhat aware of financial concepts but may not have in-depth knowledge of financial risks, investment opportunities, and market fluctuations. This is supported by a study by Rehman and Mia (2024) that stated that while financial awareness is essential in making informed financial choices, limited comprehension of complex financial products and services can lead to suboptimal financial decision-making. Meanwhile, financial experience, which scored the lowest at 2.78, underscores the need for increased financial literacy initiatives focusing on practical financial exposure. According to Apriyanti et al. (2024), many families may lack direct experience in terms of banking, investments, or long-term financial planning, which can hinder their ability to build financial resilience.

Additionally, financial skills and capability, which received a moderate rating of 3.59, implied that rural families are confident in their financial management abilities, particularly in tracking their expenses, saving money, and making informed purchasing decisions. This mean score is also anchored to a study by De Leon (2022), which suggests people have a general grasp of the rational requirements regarding financial planning but lack further awareness in controlling impulsive behavior, indicating financial skills exist but only to an extent.

This is also supported by the Theory of Planned Behavior by Ajzen (1991). The theory suggested the role of attitudes, subjective norms, and perceived behavioral control in shaping intentions and behaviors. In the context of rural families, their perceived behavioral control on whether they believe they can afford and access insurance, affects their intention to purchase insurance products.

Along with that, financial goals, the highest-rated category at 3.75, signifies that respondents understand the importance of planning for the future, which is a positive indicator of financial preparedness. This is supported by a study by Ratcliffe et al. (2020) indicating that proactive financial goal-setting and saving habits are positive indicators of financial preparedness. However, the moderate rating in Financial Decisions and Behavior (2.94) suggested that while families may have financial plans, they are not always consistent in making sound financial choices. In fact, in a study by Sun et al. (2023) and Rodrigues et al. (2021) some decisions may still be influenced by external pressures or impulsive tendencies.

The findings from the analysis of financial literacy among rural families in Digos City shed light on the current state of financial knowledge, behaviors, and decision-making patterns within the community. With mean scores indicating moderate financial literacy across various dimensions, it became evident that targeted interventions can further enhance their financial management capabilities. This observation aligns with the existing study of Birkenmaier et al. (2022), emphasizing the importance of financial literacy in fostering sound financial decision-making, increased savings, and economic resilience.

The highest mean score in the analysis pertains to financial goals (3.75), indicating that rural families in Digos City prioritize financial planning and long-term financial stability. In line with the study of Ang (2024), this finding suggested that many respondents recognize the importance of setting financial objectives and working towards achieving them. However, the discrepancy between financial goals and other dimensions, particularly financial experience (2.78), highlighted a potential gap between financial aspirations and actual engagement in financial activities such as investments and asset management. This is underscored by a study conducted by Bai (2023), which found that while individuals may possess financial knowledge, their actual financial well-

being is significantly influenced by their investment decision-making behavior. This underscores the importance of comprehensive financial education initiatives that not only promote financial awareness but also provide opportunities for practical application and skill development in financial decision-making.

The lowest mean score is associated with financial experience (2.78), emphasizing the need for increased exposure to financial management activities, including investments, savings beyond traditional methods, and asset diversification. This is supported by Meyer and Rowan's Institutional Theory (1977), suggesting that individuals' behaviors and choices are strongly shaped by the norms, rules, and structures established by institutions. In the case of rural families, institutional barriers such as the lack of accessible insurance providers, inadequate outreach programs, and insufficient government support may prevent them from understanding and adopting insurance products. The institutional environment, including formal and informal financial systems, played a crucial role in facilitating or hindering insurance adoption. This finding underscores the necessity of targeted financial literacy programs aimed at equipping rural families with the knowledge and skills needed to make informed financial choices, improve financial security, and foster economic sustainability in the long run.

Level of Insurance Uptake Intention among Rural Area Families in Digos City

Another aspect that the researcher wanted to look into is the level of insurance uptake intention among rural area families in Digos City, as reflected in their willingness to engage with insurance providers, consider insurance options, and make future purchases.

Table 10 shows the level of insurance uptake intention among rural area families. The results indicate that the overall mean score for insurance uptake intention is 3.20, which falls under the moderate category. This suggested that while rural families in Digos City recognized the importance of insurance, their commitment to purchasing policies remains neutral. The varied responses, as evidenced by a standard deviation of 1.04, highlight differences in perception and readiness to adopt insurance services within the community.

Table 10. Level of Insurance Uptake Intention among Rural Area Families in Digos City

	Mean	**SD**	**Description**
1. I am willing to visit insurance companies to purchase insurance in the future.	3.13	1.46	Neutral
2. I am willing to use insurance companies to share information in the future.	3.23	1.37	Neutral
3. I am willing to select insurance companies as channels for buying insurance in the future.	3.38	1.31	Neutral
4. I will buy insurance if I view a company's website in the near future.	2.96	1.33	Neutral
5. I will visit when I want to buy certain insurance in the near future.	3.47	1.39	Agree
6. My willingness to buy insurance is very high.	3.16	1.33	Neutral
7. I will definitely buy from insurance companies in the near future.	3.10	1.40	Neutral
Overall Mean	**3.20**	**1.04**	**Neutral**

Among the indicators, the highest mean score of 3.47 was recorded for the willingness to visit an insurance provider when interested in buying a particular type of insurance. As supported by the study of Tian et al. (2022), this behavior suggested that while there is an openness to insurance, proactive engagement is often driven by necessity rather than a well-established habit of financial planning. This implied that rural families

are most inclined to seek information or explore insurance options when a specific need arises.

Conversely, the lowest mean score of 2.96 pertains to the willingness to buy insurance based on viewing a company's website. This suggested that digital engagement alone is not a significant driver for insurance uptake among rural families. This relates to the study of Okaka (2024), which implied that private health insurance awareness strategies relying solely on underdeveloped social media-based outreach mechanisms are not entirely an effective means of achieving universal health coverage. The findings indicate that traditional, in-person interactions with insurance agents or financial advisors may be more effective in influencing purchasing decisions than digital marketing alone.

The overall moderate level of insurance uptake intention suggested that while there is awareness of the benefits of insurance, certain barriers still hinder active participation. Possible factors contributing to this hesitancy include limited disposable income, lack of financial literacy regarding insurance products, and perceived complexities in policy selection. As suggested by the study of Malambo and Qutieshat (2020), poverty and lack of income are one of the primary challenges to life insurance coverage. Addressing these issues through targeted financial education and community engagement programs could encourage greater adoption of insurance among rural families.

Furthermore, the variation in responses suggested that insurance providers should consider offering tailored policies that align with the specific needs and financial capabilities of rural households. Strategies such as flexible payment schemes, microinsurance options, and community-based awareness programs could help bridge the gap between intention and action in insurance uptake.

Relationship between Financial Literacy and Insurance Uptake Intention among Rural Area Families in Digos City

Table 11 shows the result of the correlation analysis between financial literacy by rural area families and their insurance uptake intention. It can be noted that the Pearson correlation coefficient is 0.685, denoting a moderate positive correlation between the variables. Additionally, the p-value is 0.000, which is lesser than the level of significance set at 0.05, which means that the correlations between the variables are significant. This suggested that rural area families with higher financial literacy are more likely to acquire insurance, and conversely, those with lower financial literacy may be less inclined to do so. Thus, the study rejects the null hypothesis as the results show a positive correlation between the variables.

Table 11. Significance of the Relationship between Financial Literacy and Insurance Uptake Intention among Rural Area Families in Digos City

Variables Reviewed	p-value	Pearson's r value	Decision	Interpretation
Financial Literacy and Insurance Uptake Intention	0.000	0.685	Reject *H*0	Strong Positive Correlation (Significant)

As indicated in Table 11, the level of financial literacy among rural area families in Digos City has a highly influential role in the same demographic's insurance uptake intention. This finding directly aligns with Egon and Klinton (2024), stating financial literacy and insurance uptake intention are positively correlated, whereas people who have strong financial literacy and well-defined financial objectives are more likely to intend to purchase insurance. In addition, the study of Dankwah et al. (2022) directly supports this result as they revealed a significant positive relationship between financial literacy and insurance uptake, driven by the resulting fact that lower levels of financial literacy directly translate to lower insurance patronage. Furthermore, Lahiri and Biswas (2022) suggested that high levels of financial literacy improve financial behavior, which the study represents with insurance uptake.

In addition, the significance of the relationship between financial literacy and insurance uptake intention is also anchored by The Financial Literacy Theory of Financial Inclusion, introduced by Chen and Volpe (1998), which suggested that greater financial knowledge enhances individuals' willingness to

participate in formal financial systems. This theory underscores the crucial role of education in developing financial literacy, arguing that well-informed individuals are more inclined to seek out and engage with financial services, including insurance. However, certain literature contradicts this conclusion due to the results of separate studies. For instance, Hailu (2024) stated that even if financial literacy appeared as a significant mediator with life insurance knowledge benefits, it does not have a large direct impact on purchase intention. Also, despite efforts to raise awareness in Sub-Saharan African countries such as Zambia, low insurance uptake persists (Hamukwanza, 2021), indicating that awareness may not be a direct factor in insurance uptake.

Overall, while this study reinforces the positive correlation between financial literacy and insurance uptake intention, few contrasting literature exists and thus highlights the complexity of this relationship between variables but ultimately favors positive association.

Significance of the Impact of Financial Literacy on the Insurance Uptake Intention of Rural Area Families in Digos City

A multiple regression analysis was conducted to examine whether financial literacy, specifically financial awareness and subjective financial knowledge, financial experience, financial skills and capability, financial goals, and financial decisions and behavior predicted an impact on the insurance uptake intention of 100 individuals representing families in rural areas. Table 12 presents the model summary for the multiple regression analysis. The R^2 value of 0.483 indicates that financial literacy collectively explains 48.3% of the variance in insurance uptake intention. The adjusted R^2 of 0.455 accounts for the number of predictors in the model and adjusts for any potential overfitting.

Table 12. Model Summary for Multiple Regression Analysis Predicting Insurance Uptake Intention

Model	R	R^2	Adjusted R^2	Std. Error of the Estimate
1	0.695	0.483	0.455	0.76816

Using analysis of variance (ANOVA), Table 13 demonstrates that the model is statistically significant, $F(5, 94) = 17.533$, $p < 0.05$. This suggests that at least one of the predictors is significantly associated with the insurance uptake intention of rural area families in Digos City.

Table 13. ANOVA for Multiple Regression Analysis Predicting Insurance Uptake Intention

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	51.728	5	10.346	17.533	0.000
Residual	55.467	94	0.590		
Total	107.194	99			

The coefficients for each predictor are presented in Table 14. The results indicate that financial skills and capability ($\beta = 0.290$, $p < 0.05$) and financial decisions and behavior ($\beta = 0.288$, $p < 0.05$) were significant predictors of insurance uptake intention. However, financial awareness and subjective financial knowledge ($\beta = 0.216$, $p = 0.053$), financial experience ($\beta = 0.099$, $p = 0.258$), and financial goals ($\beta = -0.142$, $p = 0.888$) were not significant predictors. Thus, in terms of financial awareness and subjective financial knowledge, financial experience, and financial goals, the study fails to reject the null hypothesis. However, with the positive significant impact of financial capability and financial behavior, the study successfully rejects the null hypothesis.

Table 14. Coefficients for Multiple Regression Analysis Predicting Insurance Uptake Intention

Predictor	**B**	**SE B**	**β**	**t**	**p**
(Constant)	-0.361	0.394		-0.915	0.362
Financial Awareness and Subjective Financial Knowledge	0.266	0.136	0.216	1.962	0.053
Financial Experience	0.106	0.093	0.099	1.137	0.258
Financial Skills and Capability	0.349	0.134	0.290	2.604	0.011
Financial Goals	-0.017	0.118	-0.016	-0.142	0.888
Financial Decisions and Behavior	0.411	0.122	0.288	3.381	0.001

The results of the multiple regression analysis indicate that financial skills and capability play a significant role in shaping the insurance uptake intention of rural families in Digos City. The positive and statistically significant coefficient at $\beta = 0.290$ and $p < 0.05$ which suggests that individuals with stronger financial skills and capability are more likely to engage in insurance uptake. This finding aligns with Mukari (2019), emphasizing that individuals who possess practical financial skills, such as budgeting, investment management, and risk assessment, are better equipped to recognize the benefits of insurance as a financial security tool. The ability to effectively manage and allocate resources appears to enhance the willingness and ability of individuals to invest in insurance policies.

Similarly, financial decisions and behavior emerged as significant predictors of insurance uptake intention at $\beta = 0.288$ and $p < 0.05$. This finding implies that individuals who exhibit responsible financial decision-making and prudent financial behaviors, such as regular saving, planning for future financial needs, and avoiding unnecessary debt, are more likely to consider purchasing insurance. The positive association suggests that sound financial behavior fosters a sense of financial responsibility and preparedness (Bapat, 2020), which translates into a higher likelihood of financial intentions, such as viewing insurance as a valuable financial tool to mitigate future risks.

On the other hand, financial awareness and subjective financial knowledge did not reach statistical significance at $\beta = 0.216$ and $p = 0.053$, though it was close to the threshold. This suggests that while awareness and general financial knowledge may contribute to some extent to insurance uptake, they alone may not be sufficient in motivating individuals to act. This result agrees with the study of Hailu (2024), who also stated awareness does not have a direct influence on one's purchase intention. Conversely, Antony (2020) stated that objective financial knowledge significantly influences subjective financial knowledge, meaning that individuals with higher factual financial understanding tend to perceive themselves as more knowledgeable. However, this increased perception does not necessarily translate into proactive financial behaviors like obtaining insurance. Simply knowing about financial concepts or insurance benefits may not necessarily lead to the behavioral changes needed for insurance adoption.

Practical application of financial knowledge, rather than theoretical understanding, might be more influential in encouraging insurance uptake among rural families.

Financial experience, which pertains to individuals' past exposure to financial products and transactions, was also found to be an insignificant predictor at $\beta = 0.099$ and $p = 0.258$. This suggests that merely having prior interactions with financial instruments, such as banking or credit facilities, does not directly translate into an increased likelihood of acquiring insurance. One possible explanation is that experience alone does not equate to informed decision-making or the ability to assess the necessity of insurance (Jalali et al., 2019). External factors such as trust in financial institutions, accessibility to insurance services, and perceived affordability may play a more substantial role in influencing insurance uptake.

Lastly, financial goals were found to have no significant impact on insurance uptake intention at $\beta = -0.142$ and $p = 0.888$, which may indicate that long-term financial aspirations do not necessarily align with the immediate decision to purchase insurance. Having similarities with the study of Kasoma (2019), this result suggests that while individuals may have financial goals, they may prioritize other financial commitments over insurance coverage, particularly in a rural setting where economic constraints often dictate spending behavior. This finding highlights the need for targeted financial education programs that not only emphasize goal setting but also integrate the importance of insurance as a fundamental component of financial planning.

Finally, the results of the study are also supported by the theoretical framework anchored in this study, which is the Theory of Planned Behavior by Ajzen (1991) the theory specifies three key factors that influence one's behavior, which is the attitude toward the behavior, subjective norms, and perceived behavioral control. When contextualized, it shows that financial capability and responsible financial behavior shape attitudes toward insurance adoption, while external expectations may influence behavior through subjective norms. Additionally, the significant link between financial literacy and insurance uptake reflects perceived behavioral control, as financially literate individuals feel more confident in managing financial risks and making informed decisions.

Overall, the study shows the importance of financial capability and responsible financial behavior in driving insurance uptake intention. While financial knowledge, experience, and goal setting may contribute to financial decision-making in general, they do not appear to be strong determinants of insurance adoption intention.

These insights can inform policymakers and financial educators in designing interventions that enhance financial skills and decision-making abilities to promote higher insurance penetration among rural households. As supported by Kaiser et al. (2022), financial education programs effectively result in higher levels of financial literacy. However, (Lyons et al., 2019) say formal financial education, such as in terms of financial literacy programs, does not reach rural communities as much as urban ones as a result of residence-driven inaccessibility. This correlation highlights the possible factors that provide reasoning behind the interpretations of this study's statistical results, which revealed moderate mean scores. As a result of inadequate financial literacy programs, it may be evident that rural area families often respond with moderate answers, indicating that their financial literacy and insurance uptake intention levels exist but only to a certain, limited point.

Summary

This study explored the relationship between financial literacy and insurance uptake intention among rural families in Digos City. Using a quantitative correlational research design, this study assessed financial literacy levels in terms of financial awareness, financial experience, financial skills and capabilities, financial goals, and financial decisions and behavior. It also analyzed insurance uptake intention based on the willingness to engage with insurance providers, consider insurance options, and make future purchases. The study sought to identify if financial literacy has a significant influence on insurance uptake and to identify which aspects of financial literacy contribute most to the intention to purchase insurance.

The study found that rural families have a moderate level of financial literacy. Among the different indicators, financial goals were the strongest, while financial experience was the weakest. Insurance uptake intention was also moderate, meaning people are aware of insurance but are unsure about getting one. The results showed a significant connection between financial literacy and the willingness to purchase insurance. Financial skills and decision-making have the biggest influence on insurance adoption, while financial awareness, experience, and goals did not have a significant effect. These findings show the need for better financial education programs to help families who live in rural areas in order to make more informed decisions and feel more confident about buying or getting insurance.

CONCLUSION

After a thorough investigation of the variables involved in this study, the following conclusions are drawn:

1. Rural area families have a moderate level of financial literacy. They have adequate contributing factors

to being financially literate, but only to an extent.

2. Rural area families in Digos City have a moderate level of intention to purchase insurance policies. They have an adequate willingness to uptake insurance policies, but only to an extent.

3. The correlations between financial literacy and insurance uptake intention among rural area families in Digos City are significant.

4. Financial literacy among rural families has a significant impact on their intention to adopt insurance policies. Specifically, financial skills and capability and financial decisions and behavior are the indicators of financial literacy that indicate a significant correlation with insurance uptake intention. However, financial awareness and subjective financial knowledge, financial experience, and financial goals are tagged as insignificant predictors.

RECOMMENDATIONS

Given the study's findings regarding the influence of financial literacy levels among rural area families at Digos City and their insurance uptake intention, the following recommendations are proposed:

1. The Insurance Commission of the Philippines should enhance its efforts to promote financial literacy and insurance awareness, particularly among rural communities. This can be achieved by mandating financial education initiatives as part of licensing requirements for insurance providers, ensuring they actively educate potential clients. Additionally, the commission should collaborate with local government units (LGUs) and community leaders to develop customized outreach programs that address common misconceptions about insurance. Stricter transparency regulations should also be introduced, requiring insurance companies to present policy details in a simplified, culturally relevant manner to make them more accessible to individuals with lower financial literacy. Furthermore, the commission should encourage the development of microinsurance and flexible payment options that cater specifically to rural families, addressing affordability and accessibility barriers.

2. The Department of Social Welfare and Development (DSWD) should integrate financial literacy and insurance education into its existing programs, particularly those targeting marginalized and low-income families, especially in rural areas. The agency can incorporate financial education into conditional cash transfer programs such as the Pantawid Pamilyang Pilipino Program (4Ps), ensuring that beneficiaries are equipped with knowledge on financial planning, savings, and insurance benefits. DSWD can also collaborate with insurance providers to develop affordable microinsurance products that specifically cater to the needs of low-income households. Moreover, the agency should conduct community-based training and workshops that emphasize the role of insurance in financial security, helping rural families make informed decisions about risk management and future planning. Expanding livelihood programs to include financial management training will further empower beneficiaries to manage their resources effectively and consider insurance as a financial safeguard.

3. Local Government Unit (LGU) officials should play a crucial role in promoting financial literacy and encouraging insurance adoption in rural communities. LGUs should establish community-based financial literacy workshops, particularly in barangays with low insurance uptake. These sessions should cover fundamental financial concepts, the importance of insurance, and practical budgeting techniques. Collaborating with banks, cooperatives, and insurance providers can also help facilitate community enrollment in microinsurance programs. Additionally, providing incentives for businesses and financial institutions that invest in financial education programs or offer special insurance products tailored to low-income families can increase participation. Policies should also be implemented requiring newly registered businesses and cooperatives in rural areas to conduct financial education sessions for employees and community members.

4. Financial institutions (Banks and Cooperatives) should play a more significant role in improving financial literacy and increasing insurance penetration in rural areas. Banks should offer financial education programs as part of their corporate social responsibility initiatives, focusing on topics such as

savings, budgeting, and risk management through insurance. Cooperatives, which are already deeply embedded in rural communities, can introduce group insurance plans and savings-based insurance schemes that provide members with financial security at affordable rates. Financial institutions should also develop accessible loan and insurance bundling programs, where insurance coverage is integrated into loan packages, ensuring that rural families are protected against financial shocks. Furthermore, partnerships between banks, cooperatives, and insurance providers should be strengthened to facilitate easier enrollment and provide rural families with a one-stop solution for their financial needs.

5. Insurance providers must take a more proactive approach to making their products and services more accessible to increase insurance uptake among rural families. Insurance companies should simplify policy terms using clear and easy-to-understand language, avoiding technical jargon that may discourage potential policyholders. Regular financial literacy campaigns should be conducted in rural communities through on-the-ground agents, local government partnerships, and social media platforms. Offering flexible insurance payment plans, such as weekly or monthly contributions, instead of large lump-sum premiums can help make insurance more affordable for rural families. Additionally, microinsurance products should be developed to provide coverage for essential needs such as health, accident, and property insurance at low premiums. Setting up mobile insurance enrollment units that visit barangays can improve accessibility for individuals who may lack transportation. Encouraging referrals and group enrollments by providing incentives for community groups that enroll together can also increase trust and participation.

6. Non-governmental organizations (NGOs) are essential in promoting financial literacy and sustainable insurance adoption in rural areas. To ensure long-term impact, they should collaborate with government agencies to integrate financial education into national policies and school curricula, fostering institutionalized learning. Training local educators and leaders as financial literacy advocates will enhance knowledge dissemination and engagement. NGOs should also partner with insurance providers and cooperatives to develop affordable, flexible microinsurance products suited to rural households. Embedding insurance literacy into savings and credit programs will reinforce financial decision-making and responsible planning. Establishing cooperative savings groups will provide families with a financial safety net and collective risk management. Strengthening partnerships with financial institutions and policymakers will enhance resource allocation, policy support, and public awareness. By prioritizing education, accessibility, and collaboration, NGOs can drive lasting improvements in financial security and insurance adoption within rural communities.

7. Rural families themselves should take an active role in improving their financial literacy and making informed decisions about insurance coverage. They are encouraged to attend financial literacy and insurance awareness workshops hosted by local governments, cooperatives, or insurance providers. Exploring different insurance options and seeking advice from reputable agents before purchasing a policy will help ensure that they fully understand the terms, coverage, and benefits. Participating in community savings groups or cooperatives that collectively invest in insurance policies can also reduce financial strain. Additionally, families should make small but consistent contributions toward financial security by starting with low-cost insurance plans that provide essential coverage. Teaching younger family members the value of financial planning and encouraging them to participate in financial education programs will also help improve financial literacy across generations.

8. Future researchers should continue exploring the relationship between financial literacy and insurance uptake, focusing on long-term trends and emerging barriers. Conducting longitudinal studies to measure the impact of financial literacy interventions on insurance adoption rates in rural areas will provide valuable insights. Investigating psychological and cultural factors that prevent rural families from engaging with financial institutions and insurance providers will help tailor future educational programs. Researchers should also analyze the effectiveness of microinsurance programs and determine which features make them more attractive to low-income families. Exploring gender differences in financial literacy and insurance uptake intention could provide a deeper understanding of financial challenges specific to rural women. Additionally, examining the role of digital financial platforms and whether mobile-based insurance enrollment options can improve accessibility in rural communities will be crucial in the digital age.

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