



PERSONAL FINANCIAL MANAGEMENT

Practical tips to take control of your finances



BANGKO SENTRAL NG PILIPINAS

WHAT IS PERSONAL FINANCIAL MANAGEMENT?



Assessment



Decision-making



Goal-setting



Strategic Planning



WHY DOES FINANCIAL MANAGEMENT MATTER?

What's in it for you?

01 Improves your Life

Better mental, emotional, and physical health

02 Leads to Better Financial Health

No more debt; Emergency savings

03 Allows You to Achieve Life Goals

Save for education, buy a home, prepare for retirement



WHAT IS FINANCIAL HEALTH?

the extent to which a person/family can smoothly manage their current financial obligations and have confidence in their financial future.

KEY ELEMENTS



Short-Term Finances

Can we cover our daily expenses?

Every day



Resilience to Financial Shocks

Do we have savings for unexpected costs?

Rainy day



Ability to Set and Reach Goals

Can we achieve our financial dreams?

One day



Confidence in Managing Finances

Are we convinced we can manage our money well?



WHY DOES FINANCIAL MANAGEMENT MATTER?

What's in it for us?

01 Contributes to Economic Stability

Financially responsible citizens create a more stable economy.

02 Increases National Savings and Investments

More savings = More investments = A stronger economy.

03 Stimulates Economic Growth

Wise spending and saving drive business activity and job creation.

04 Reduces Government Spending

Less financial support needed for those in crisis when individuals are financially healthy.

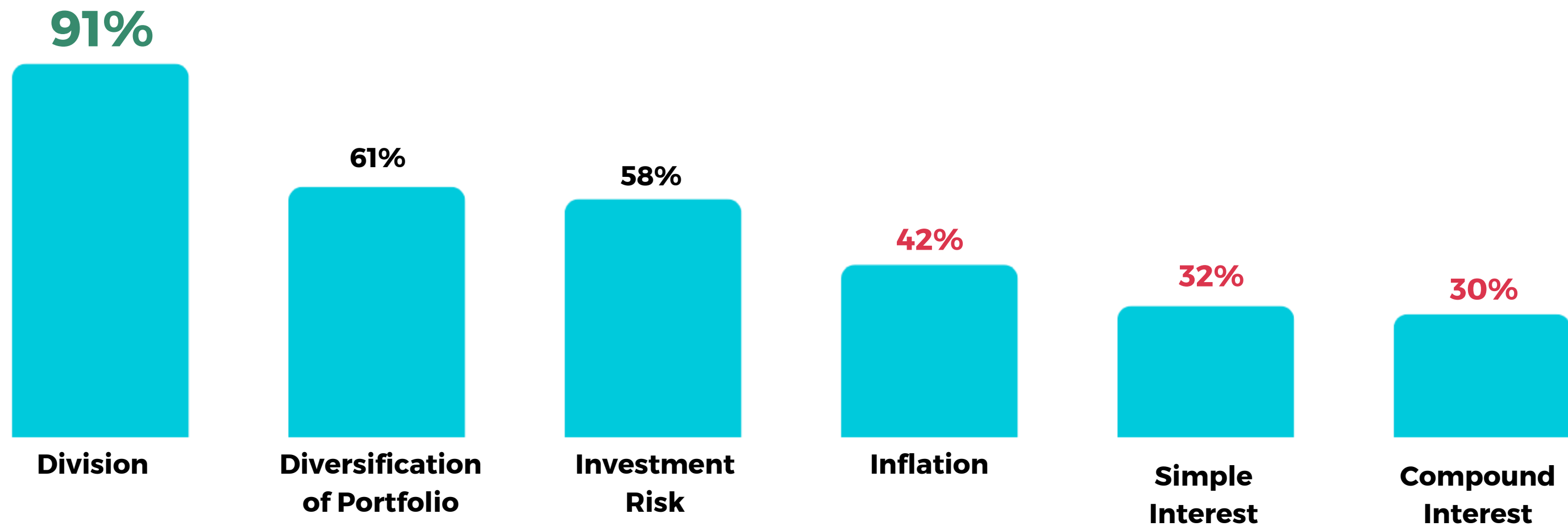
05 Builds Financial Resilience

We become better prepared to handle personal or national financial shocks.



SURVEY SAYS

Source: BSP's 2021 Financial Inclusion Survey



Only 2% of surveyed individuals were able to correctly answer all 6 items on financial literacy
Only 7% attended a financial literacy session/program



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

CONCEPTS IN PERSONAL FINANCIAL MANAGEMENT



What should we know?

01

Planning and Budgeting



02

Saving



03

Managing Debt



04

Investing



05

Protecting your money



a

Personal (digital financial literacy)

b

Institutional (financial consumer protection)



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

EFFECTIVE FINANCIAL PLANNING

1

Identify Your Goals

Short-term
1-3 years
(e.g., emergency fund, new gadget)

Medium-term
3-5 years
(e.g., down payment for a house, car)

Long-term
Over 5 years
(e.g., retirement, children's education)

2

Set SMART Goals

S

Specific

M

Measurable

A

Attainable

R

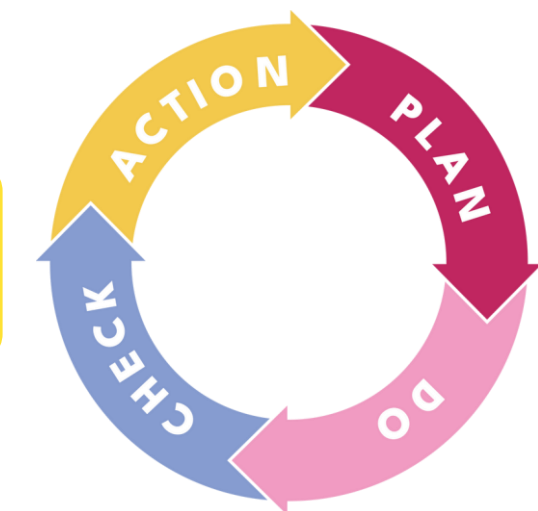
Relevant

T

Time-bound

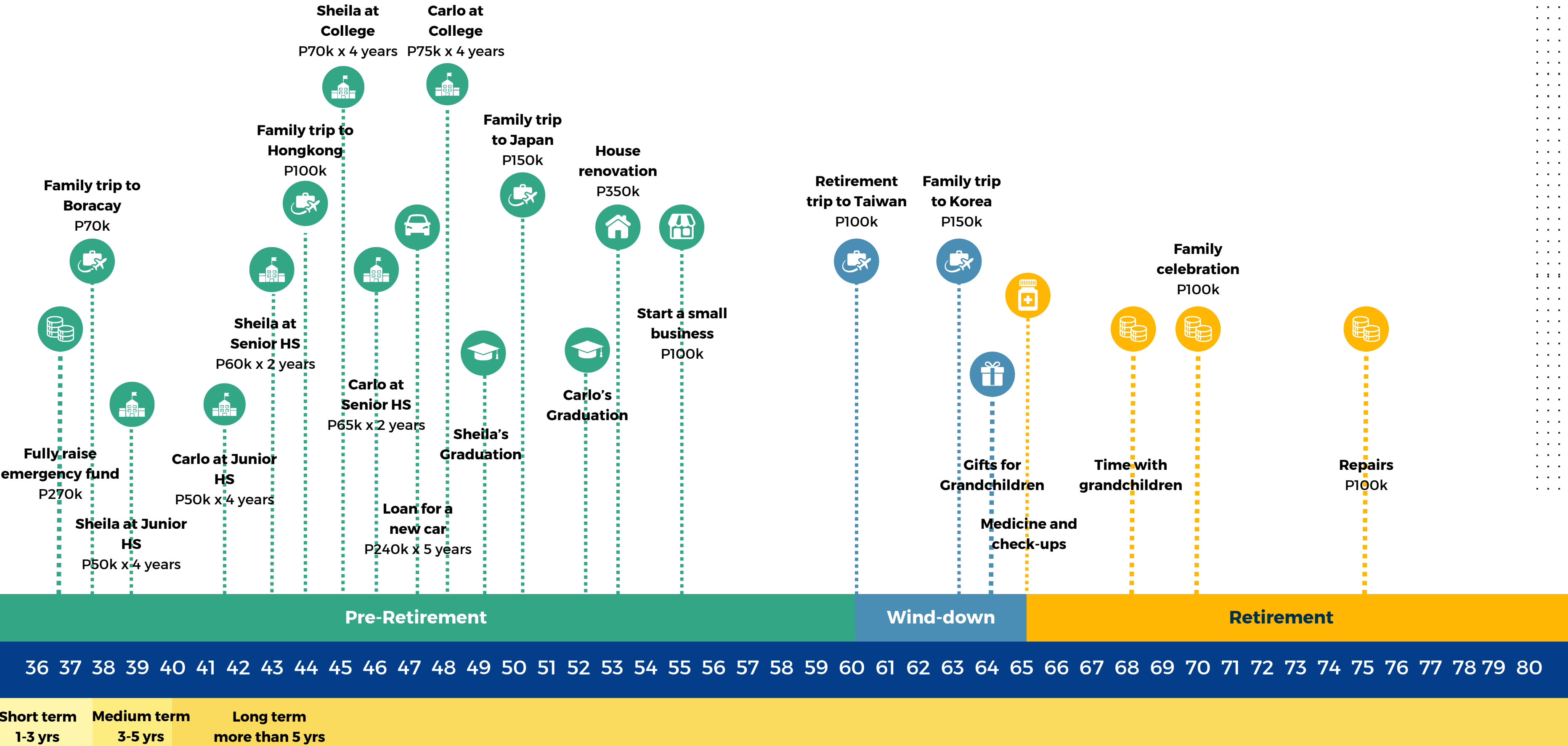
3

Regularly Review and Adjust Your Goals



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

KNOW YOUR GOALS, TIMELINE, AND BUDGET



WHY MAKE A FINANCIAL PLAN?



“A good plan is like a road map: it shows the final destination and usually the best way to get there.” — H. Stanley Judd”

BUDGETING

Knowing and Managing Your Income & Expenses

- Understanding how much you earn and how much you spend
- Allocating your money wisely to meet your needs and goals



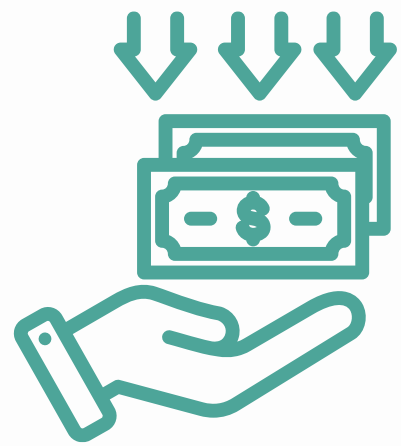
Controlling Your Finances

"Tell your money where to go instead of wondering where it went."

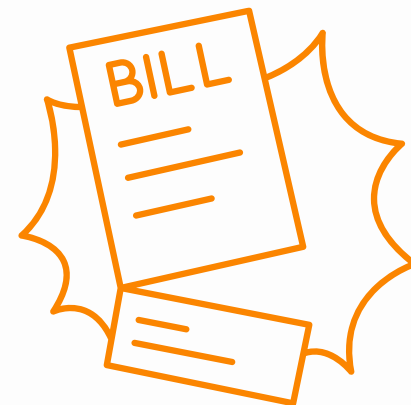
— Dave Ramsey



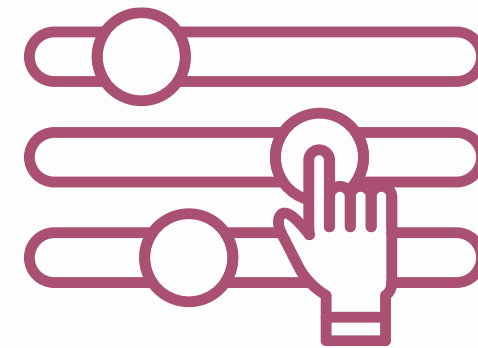
HOW DO WE BUDGET?



Identify & List
Income/Revenue
Streams



Identify & List
Expenses



Make
Adjustments

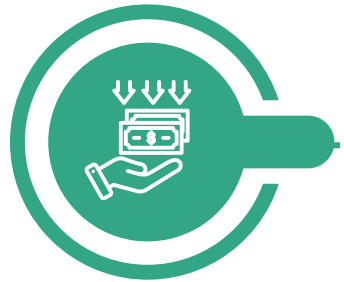


Track Your
Expenses



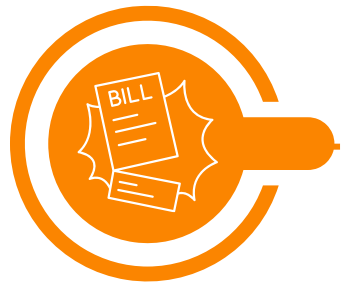
HOW DO WE BUDGET?

01



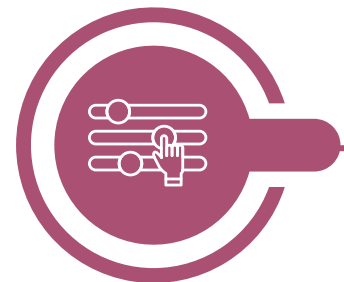
Identify & List
Income/Revenue
Streams

02



Identify & List
Expenses

03



Make
Adjustments

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
SOURCES OF INCOME (NET)												
Rose Salary	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Ruel Salary	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00	35,000.00
Small business	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
part-time teaching	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
TOTAL	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00	70,000.00
EXPENSES												
Loan Amortization	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Life insurance	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
Health insurance	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
School tuition fees	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00	9,200.00
Kids' (2 kids) school money baon	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Groceries	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00	18,000.00
Electricity	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
Water	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00	300.00
LPG	850.00			850.00			850.00			850.00		
Phone bill	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Internet bill	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Medicines and vitamins	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00	7,000.00
Gas and Oil	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Car Registration			4,500.00									
Entertainment/dine-out	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00	3,500.00
Miscellaneous	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00
TOTAL	72,350.00	71,500.00	76,000.00	72,350.00	71,500.00	71,500.00	72,350.00	71,500.00	71,500.00	72,350.00	71,500.00	71,500.00

SURPLUS/DEFICIT	- 2,350.00	- 1,500.00	- 6,000.00	- 2,350.00	- 1,500.00	- 1,500.00	- 2,350.00	- 1,500.00	- 1,500.00	- 2,350.00	- 1,500.00	- 1,500.00
------------------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------	------------

04



Track Your
Expenses

WHY DO WE NEED TO BUDGET?



Focus on
Important
Financial Goals



Spot Potential
Financial Trouble



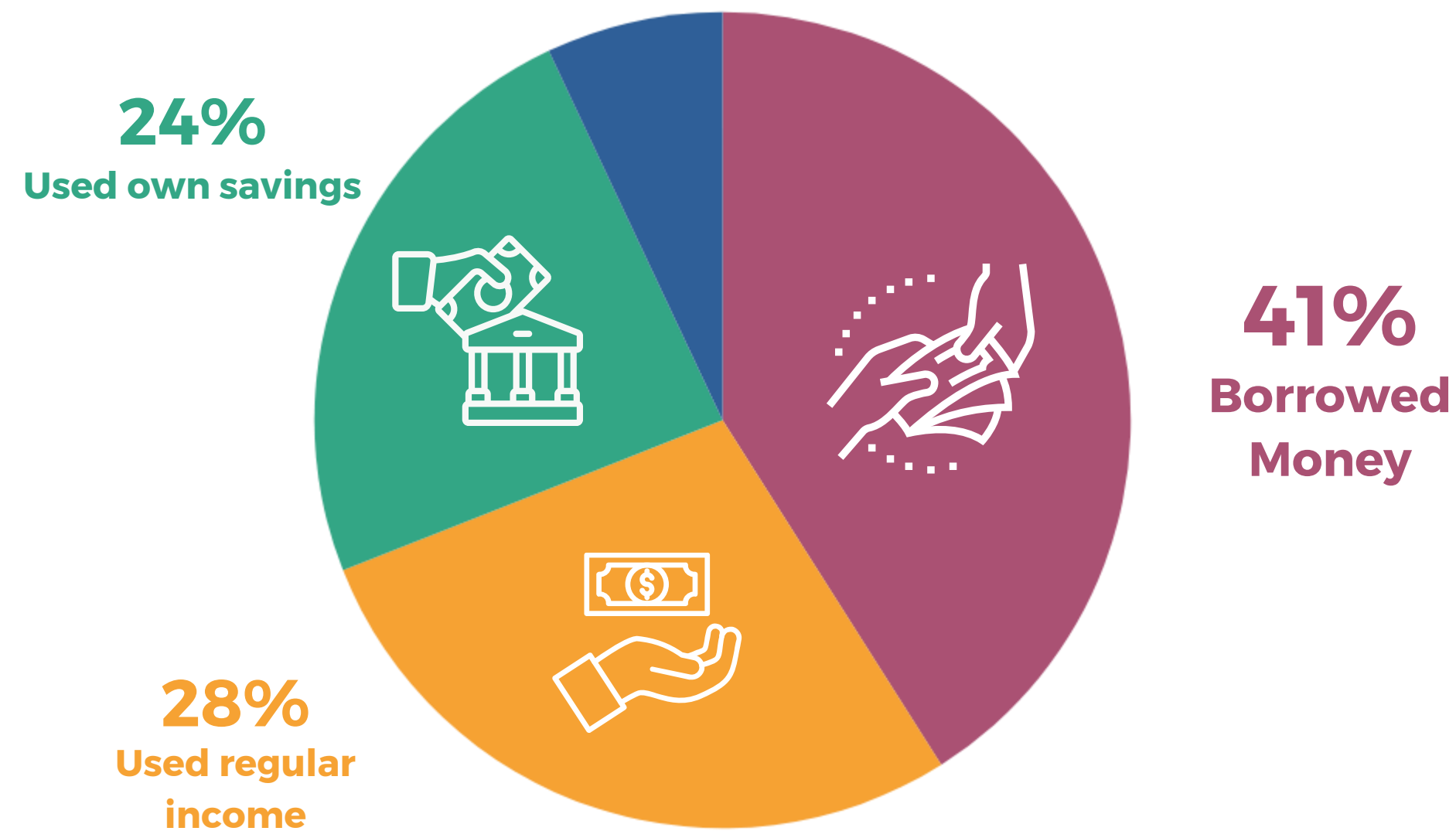
Prepare &
Mitigate
Financial Risks



SURVEY SAYS

Source: BSP Financial Inclusion in the Philippines Dashboard as of 3rd Quarter 2023

How Filipinos Meet Regular Spending Needs



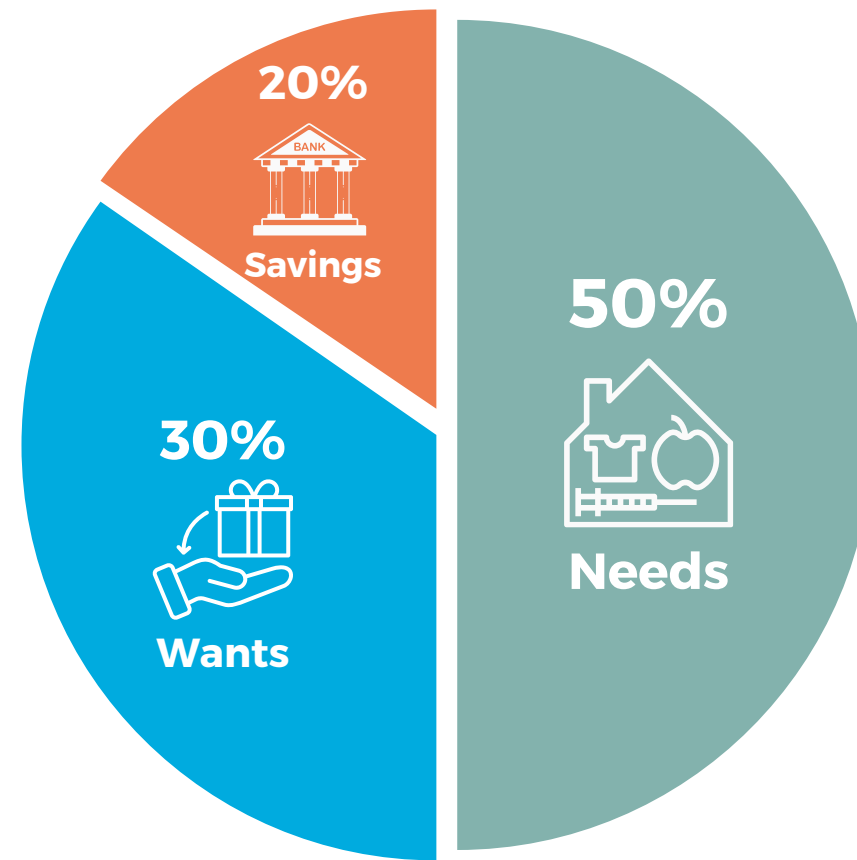
CHOOSE A **BUDGETING TECHNIQUE** THAT WORKS FOR YOU

Reverse Budgeting



Set aside at least 10% (or more) for savings first. What remains is what we budget for our expenses.

Balanced Budgeting



50% for needs, 20% for savings, and 30% for wants. You can adjust the slice sizes depending on your savings goals, priorities, and family needs.

Envelope Budgeting



Allocate cash into different envelopes, one for each expense category (rent, groceries, utilities), to control spending.

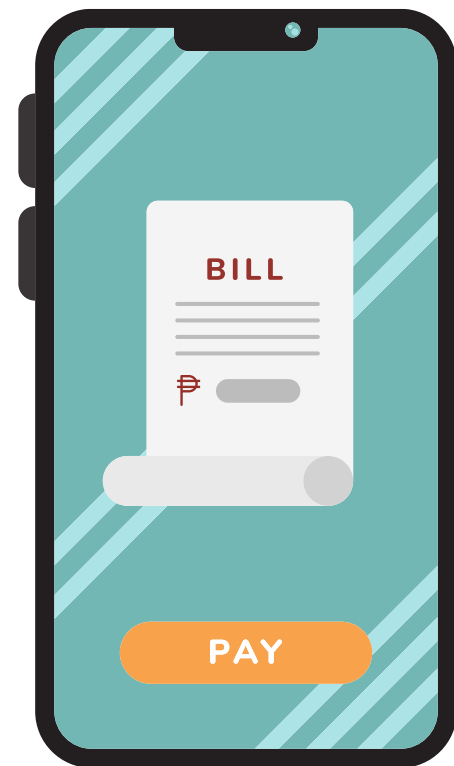
DIGITAL TOOLS YOU CAN USE

Auto Debit Arrangement



Automatically transfer a portion of your income to savings or pay regular bills without needing to remember every month.

Electronic Bills Payment



Pay your utility bills, rent, and other expenses online, saving time and effort while reducing the risk of late payments.

Electronic Fund Transfer (EFT)



Easily transfer money between accounts or to other people, even across banks, without needing to withdraw cash.





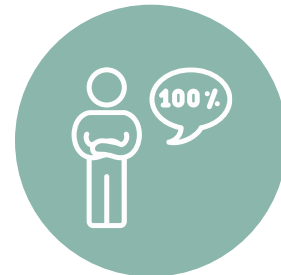
Remember



AVOID WORRIES by following a budget plan.



BALANCE is key.



COMMIT to your budget.



DISCIPLINE is essential.



KEY ELEMENTS OF FINANCIAL HEALTH



Short-Term Finances

Can we cover our daily expenses?



Resilience to Financial Shocks

Do we have savings for unexpected costs?



Ability to Set and Reach Goals

Can we achieve our financial dreams?



Confidence in Managing Finances

Are we convinced we can manage our money well?

Every day

Budgeting

Rainy day

One day

Saving then Investing



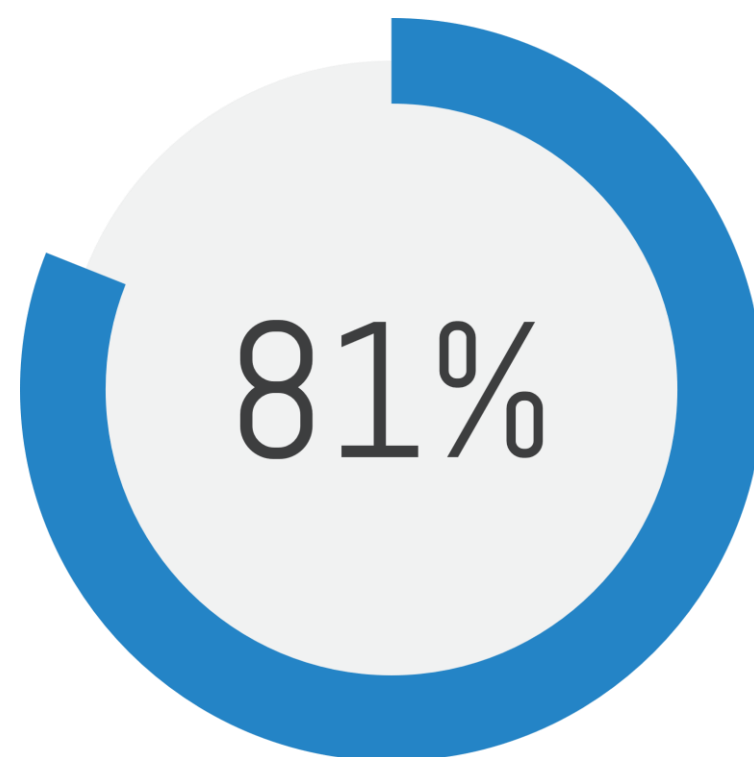
**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

SURVEY SAYS

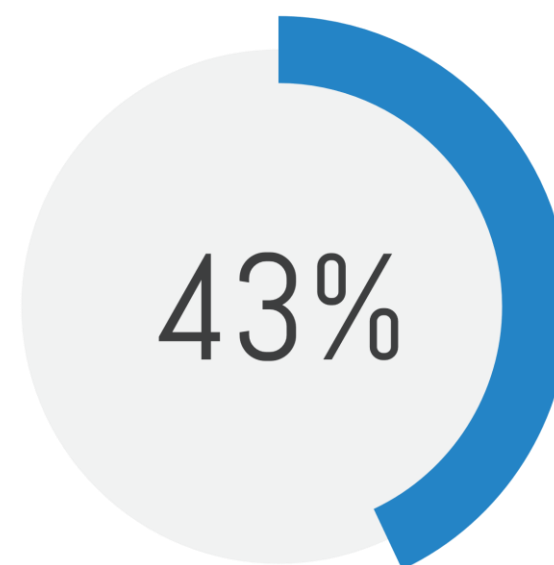
Source: BSP's 2021 Financial Inclusion Survey

Why Do Filipinos Save?

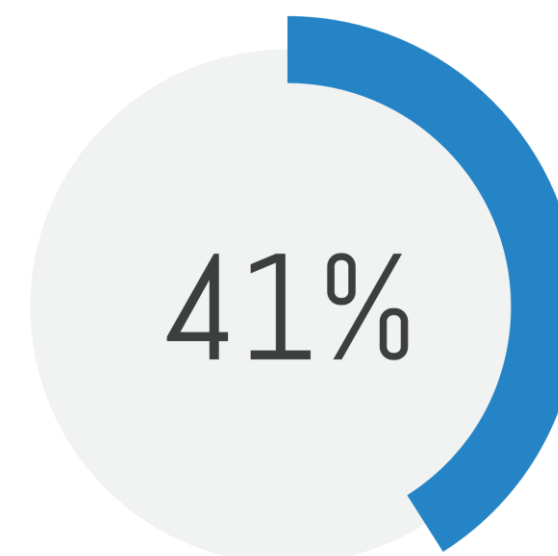
Emergencies



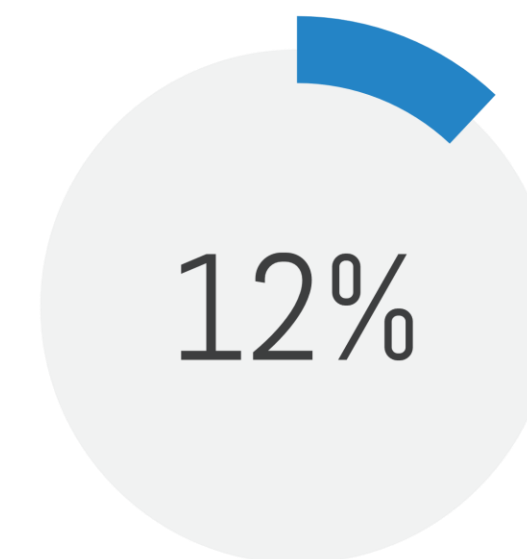
Life Goals



Daily Expenses



Retirement



Note: Respondents could select more than one reason. Data is based on the 37% of Filipino adults who save.



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

EMERGENCY FUND

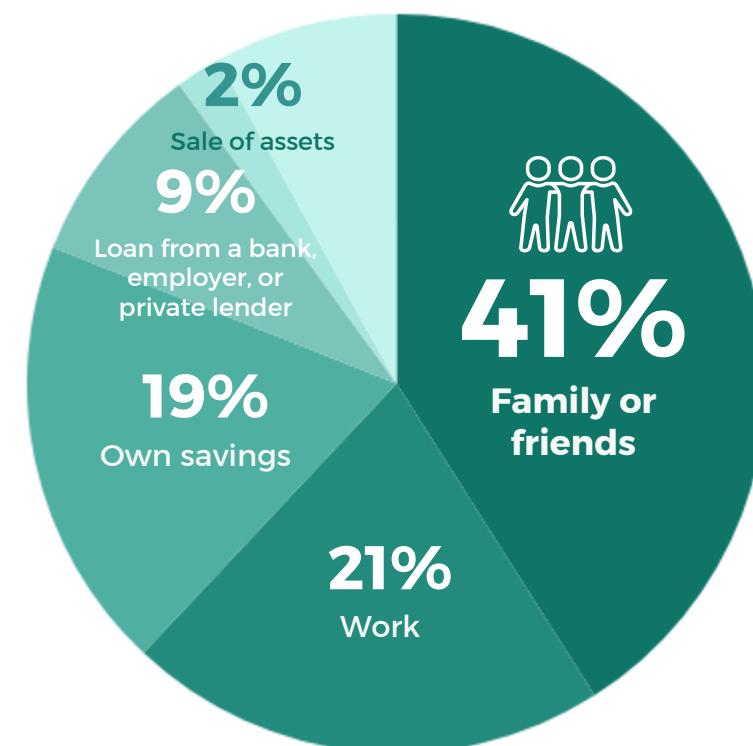


SURVEY SAYS

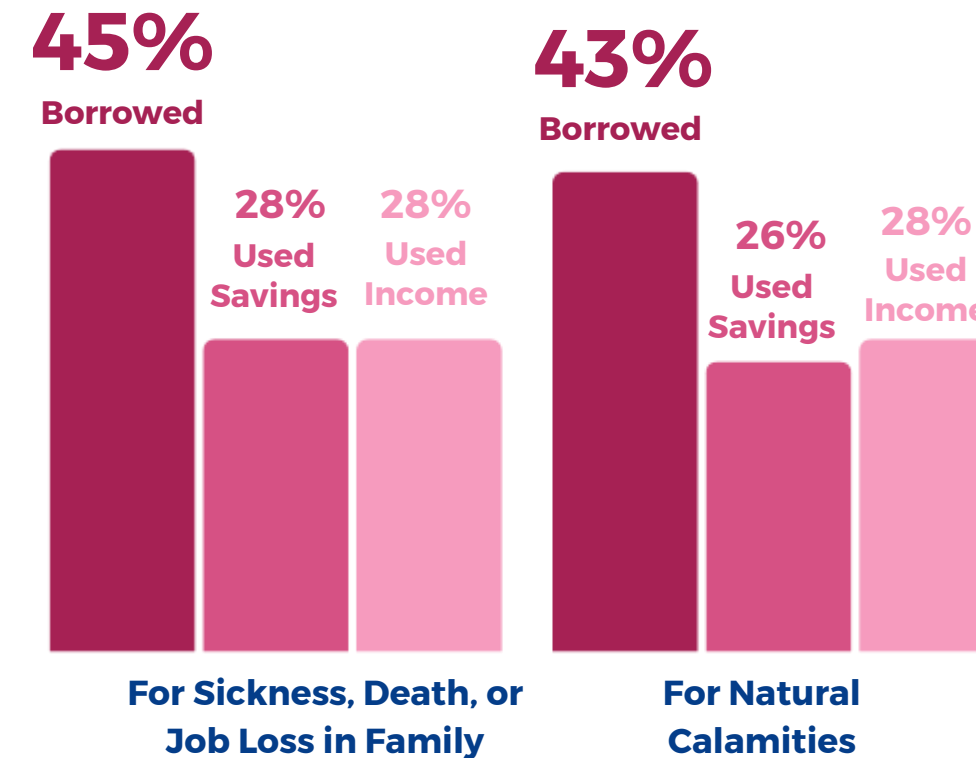
Source: BSP Financial Inclusion in the Philippines Dashboard as of 3rd Quarter 2023

Financial Resilience (2021 World Bank Findex)

Main Sources of Emergency Funds (in 7 days and 30 days)



Resilience During Financial Shocks



RETIREMENT FUND

Why should we seriously consider it?

01 Life Expectancy

As of 2022, the life expectancy in the Philippines is 72 years



source: World Bank



02 Need for Retirement Planning

Only a small number of Filipino adults have pension plans and savings, and most are part of mandatory retirement schemes for public and private employees.

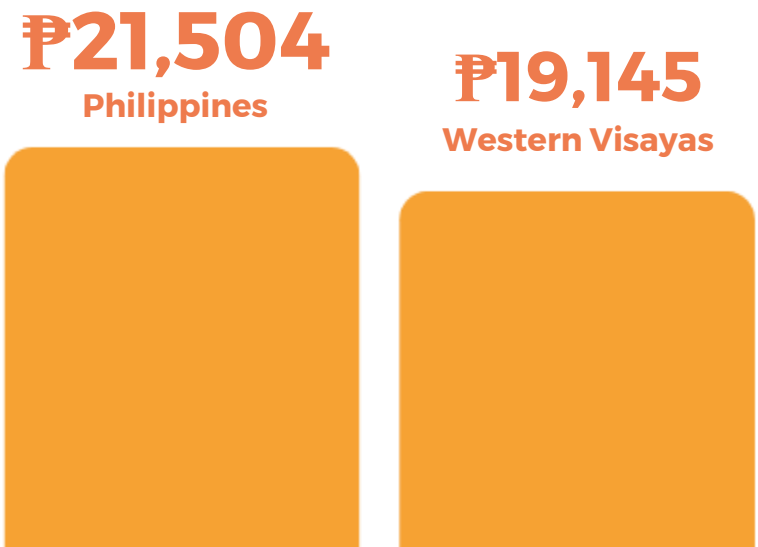
03 Aging Population

With the Philippines shifting towards an aging demographic, there is a growing need to strengthen financial literacy programs focused on retirement planning and saving (Cacnio & Lomibao, 2024).



SOME **FACTS** ABOUT RETIREMENT

2023 Average
Monthly Family Expenditure
(Preliminary Data)



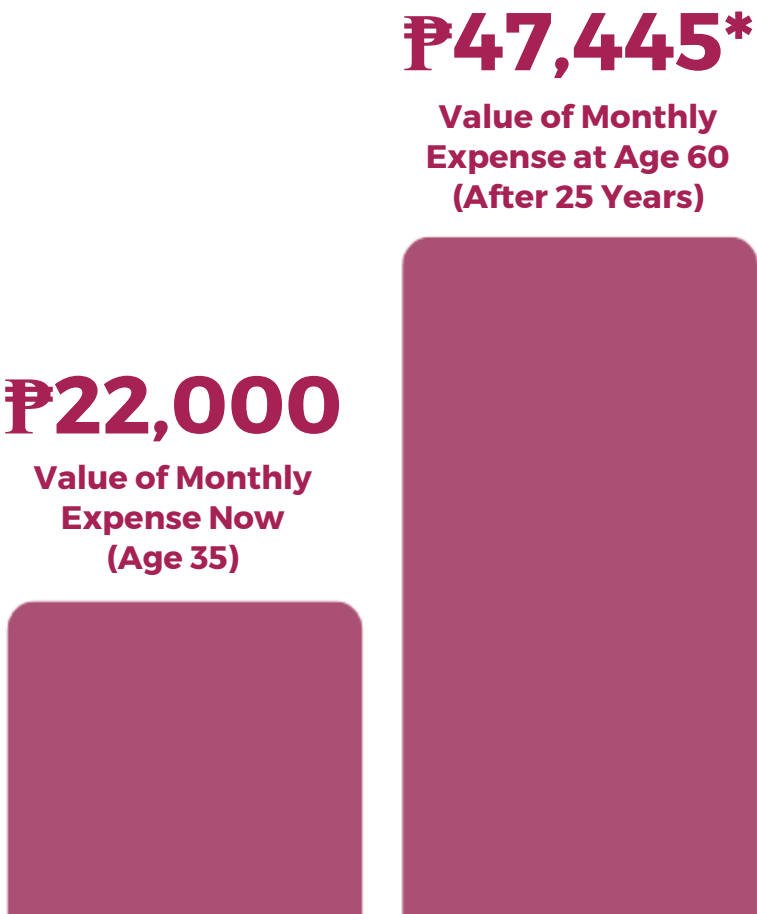
Source: Average Annual Family Expenditure, by Region, Family Income and Expenditure Survey, Philippine Statistics Authority, released 15 August 2024

Average Monthly Pension
as of 2018



Source: Decent Work Statistics (DeWS), Philippine Statistics Authority, 2019

Retirement Projections



*Assuming 3% annual inflation

Retirement Nest Egg Needed: ₱11.387 million (At a 5% yield upon retirement)





HOW TO SAVE?



Prioritize Saving

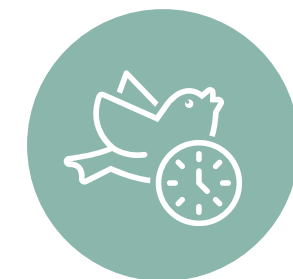
$\text{Income} - \text{Savings} = \text{Expenses}$



Keep Your Expenses Low



Increase Your Income Stream

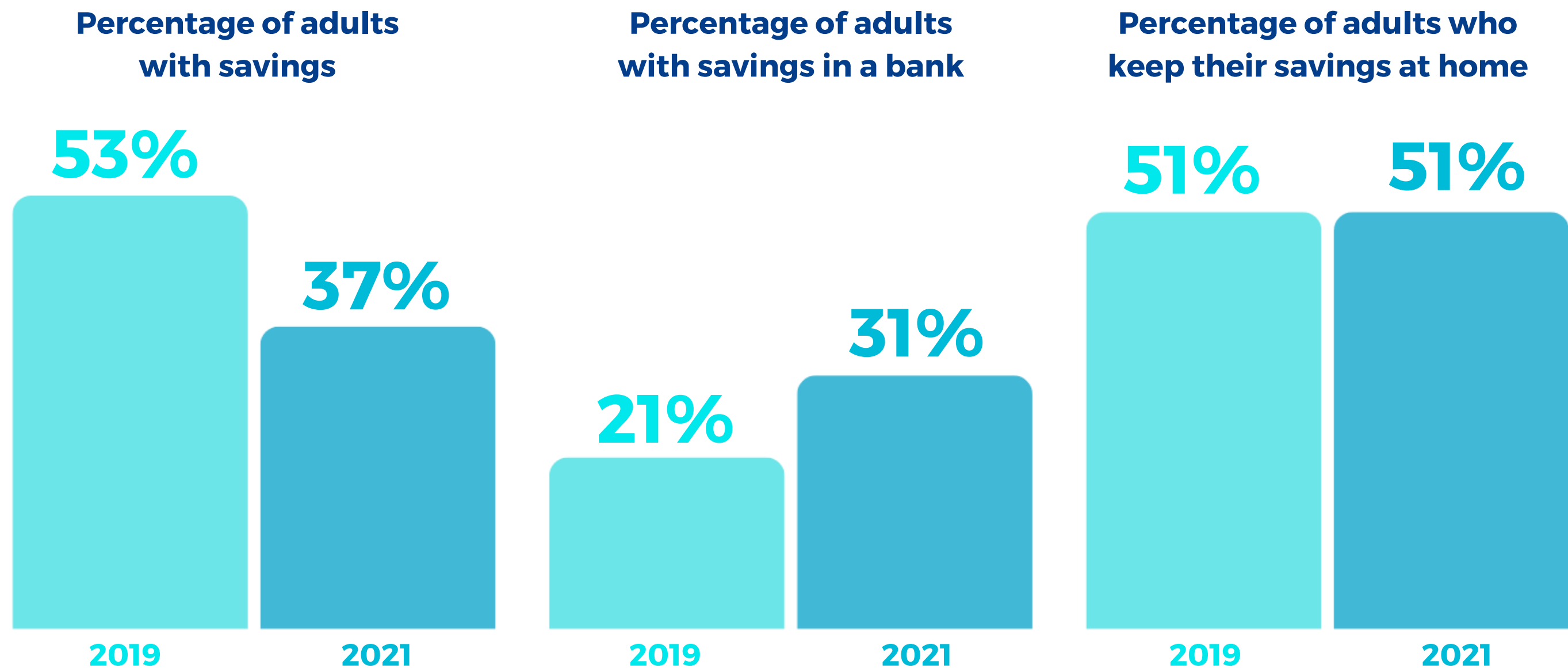


Start Early



SURVEY SAYS

Source: BSP Financial Inclusion in the Philippines Dashboard as of 3rd Quarter 2023

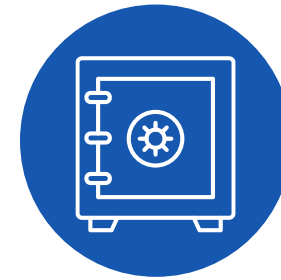


Why Save in Banks?

Money kept in banks is safe, secure, earns interest, and can be easily converted into cash



Liquidity



Safety



Security

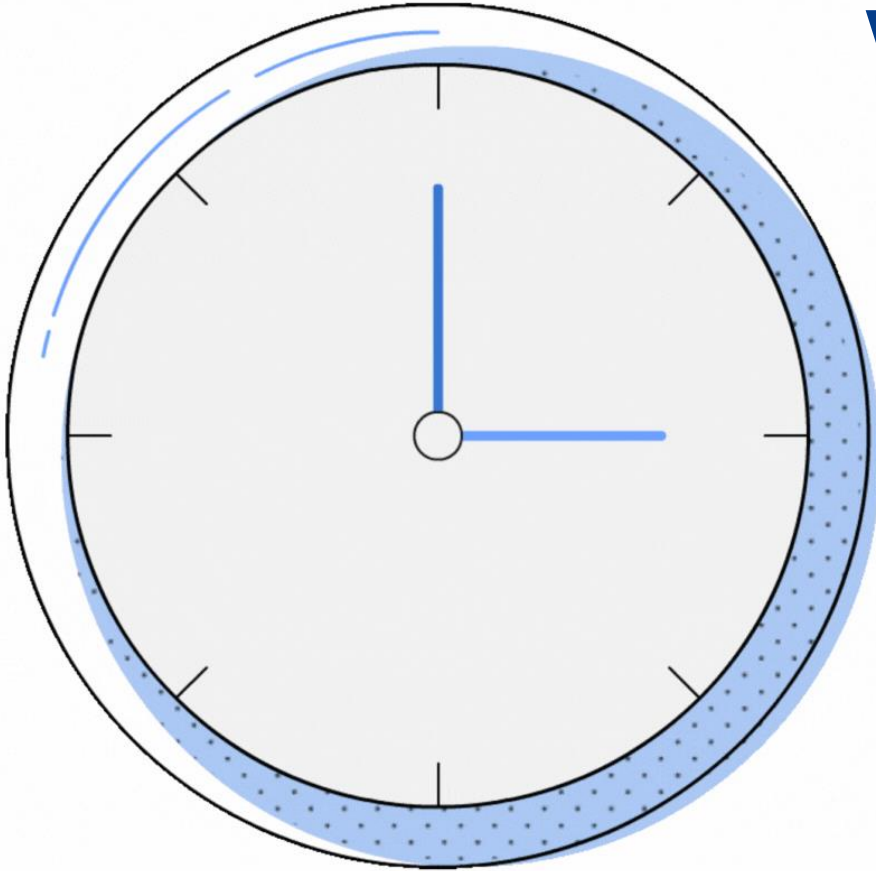


Interest



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**

WHEN TO SAVE AND BUDGET?

N  **W**

Start. Motivate. Persevere



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**



MANAGING DEBT

WHY DO WE **BORROW**?



Emergencies



Hospitalization



Business



**Special
Purchases**



**Building a Good
Credit Score**



Questions to ask before borrowing

- ✓ **Do I really need this?**
- ✓ **Must I have it today?**
- ✓ **How much do I need?**
- ✓ **Can I afford the loan amortization?**
- ✓ **Can I manage my debt?**



STRATEGIES IN PAYING OFF DEBTS

01 DEBT SNOWBALL

easier & slower

prioritize payment of debt with smallest amount

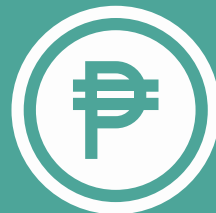
Start here



SMALL DEBT



MEDIUM DEBT



LARGE DEBT



02 DEBT STACKING/AVALANCHE

harder & quicker

prioritize payment of debt with highest interest rate



Start here

03 LOAN RESTRUCTURING

propose a more affordable amount and realistic payment schedule

Before



After



ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024

REMEMBER

1

Borrow for
productive
activities

2

Borrow only
what you can
afford to pay

3

Pay **on time**
and **in full**





INVESTING

SAVING VS. INVESTING



Liquidity



Earn returns



Meet Goals



Build wealth

Important Reminder:

Saving is a prerequisite to investing.

Before you start investing, make sure you have set aside an emergency fund of 3-6 months worth of expenses.



WHY INVEST?



Inflation affects our savings as prices rise over time, reducing the value of money.



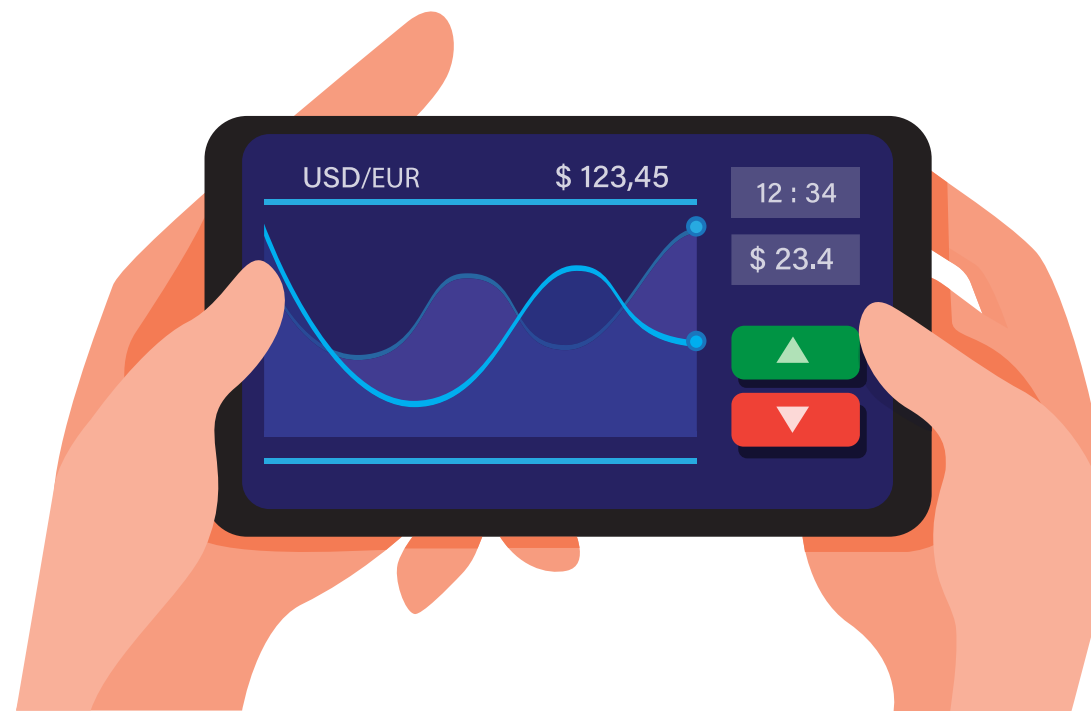
INVESTMENT OPTIONS

Business



Setting up or investing in a business can be a great way to generate income and build wealth over time.

Financial Instruments



These include stocks, bonds, mutual funds, and other financial assets. Financial instruments allow you to earn returns through dividends, interest, and capital gains.

Non-Financial Assets

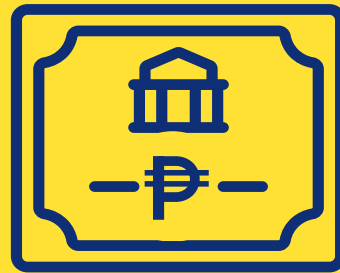


Real estate, precious metals, and collectibles are examples of non-financial assets that can appreciate in value and provide diversification to your investments



FINANCIAL INSTRUMENTS

Government Securities



Treasury Bills (T-Bills)

Treasury Bonds
(T-Bonds)

Pooled Funds



Unit Investment Trust
Funds (UITFs)

Mutual Funds

Equity and Debt Securities



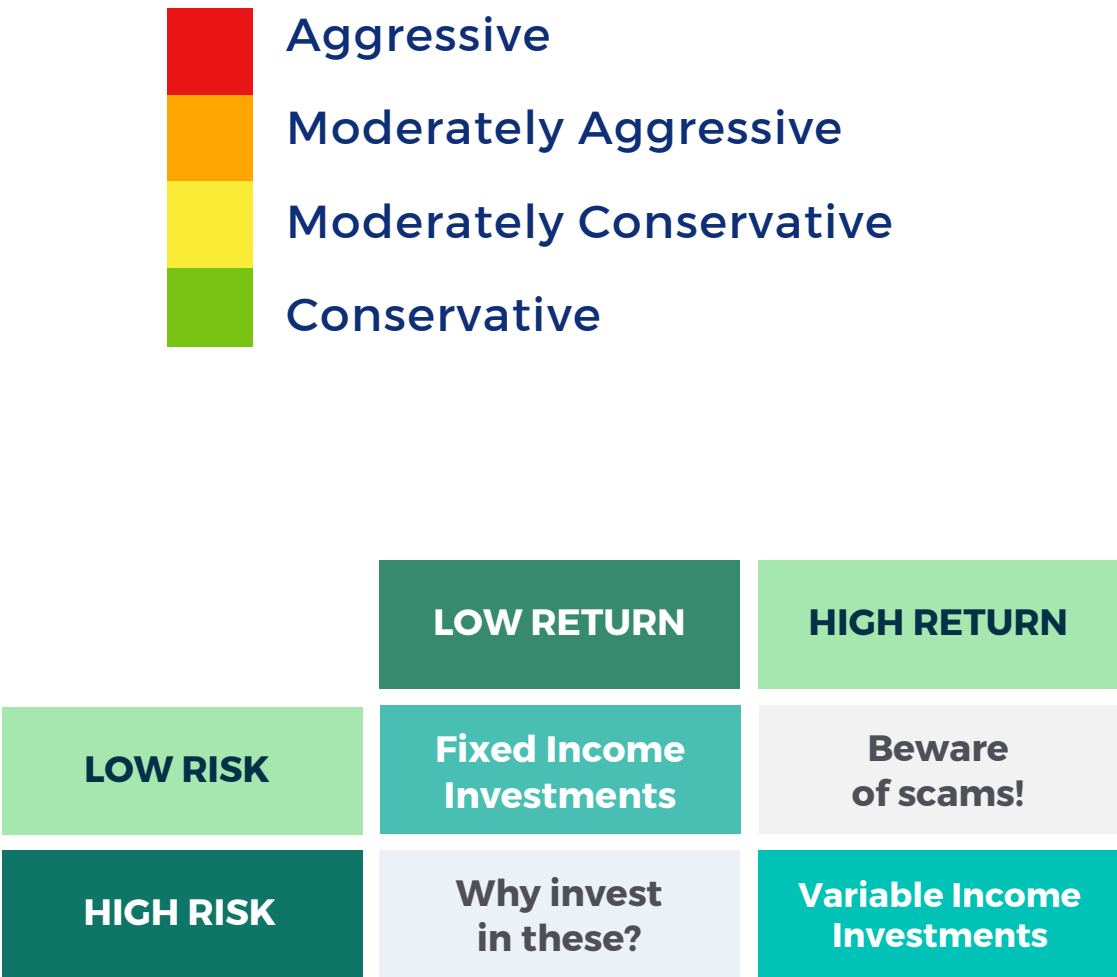
Stocks

Corporate Bonds

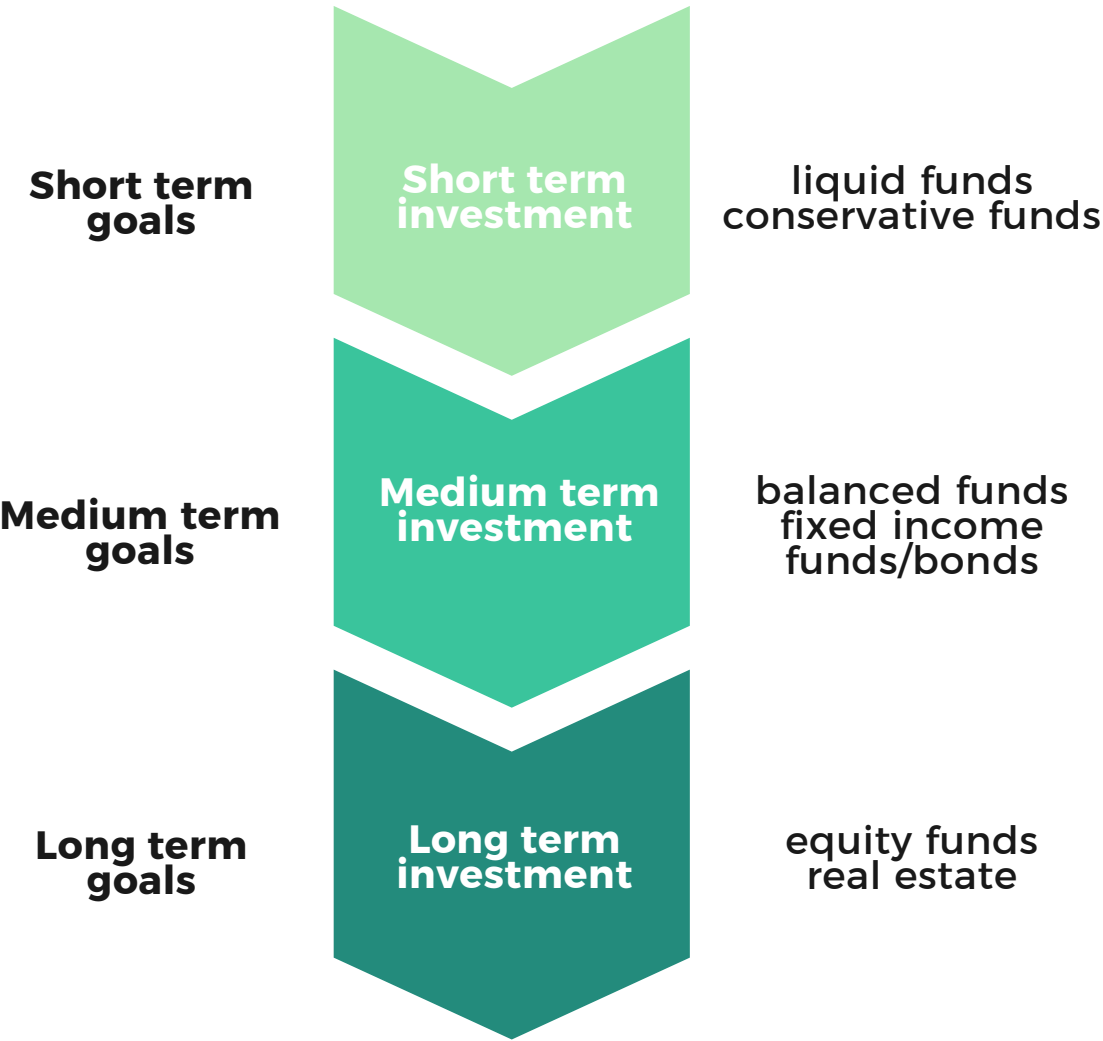


KNOW YOUR

Risk Appetite/ Investment Personality



Goals and Time Horizon



REMEMBER



Investigate Before You Invest

Only invest in what you fully understand. Keep learning.



Invest Only What You Can Afford to Lose

Returns are not guaranteed, and you should still "sleep well" when you invest.



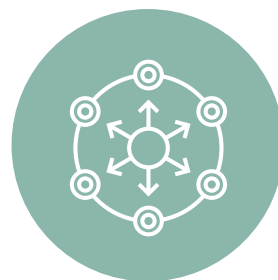
Risk-Return Principle

Choose investments based on your risk appetite (conservative, balanced, aggressive).



Invest Over the Medium to Long Term

Understand the "time value of money."



Diversify Your Investments

Invest in different instruments with varying risk-return profiles.

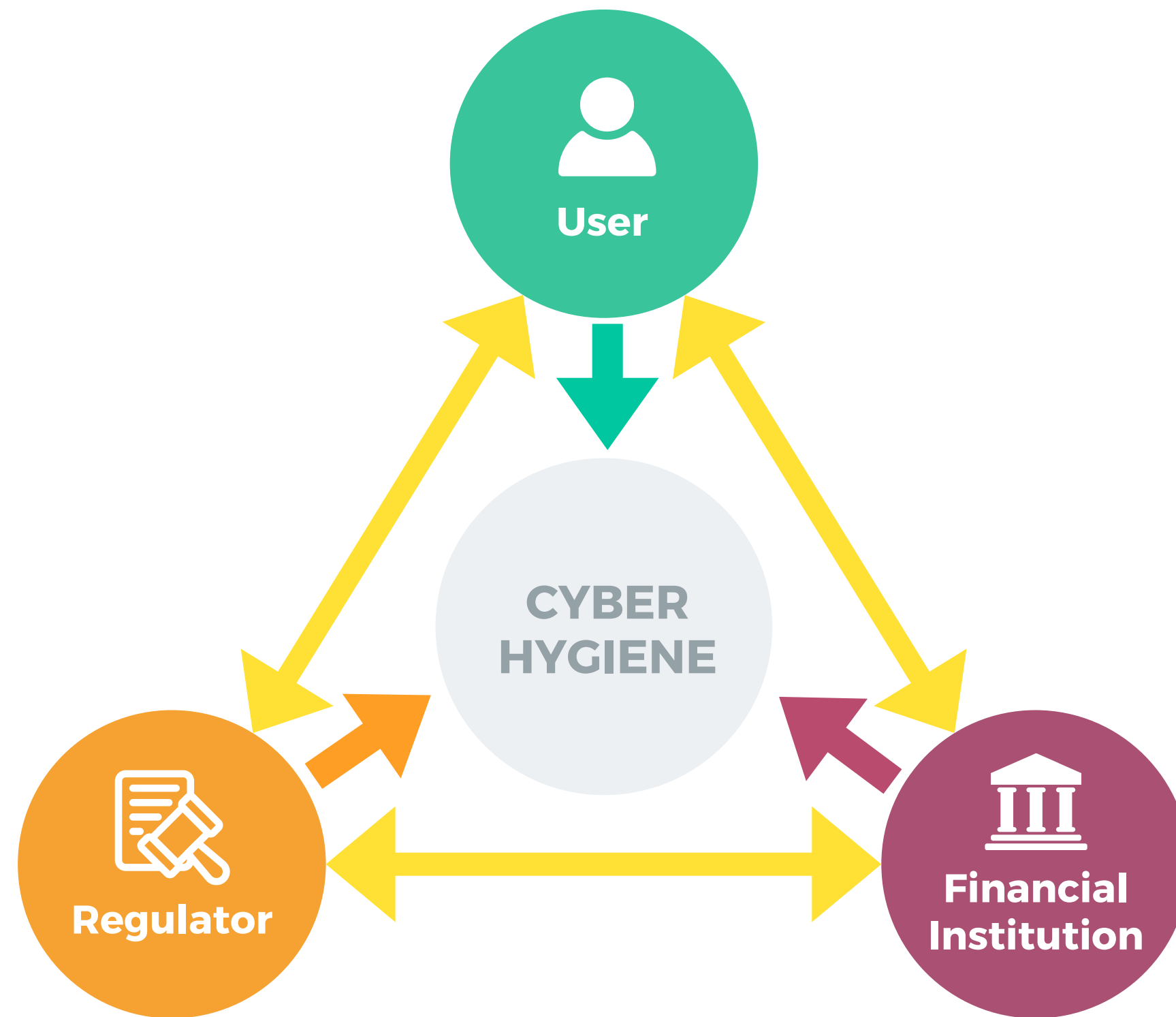




DIGITAL FINANCIAL LITERACY

Protecting Your Money From an Individual Level

RESPONSIBLE USE OF DIGITAL FINANCIAL SERVICES



WHAT TO KNOW ABOUT YOUR **DIGITAL FOOTPRINT**?



TIPS TO SECURE YOUR ONLINE TRANSACTIONS



Do not share your account information, card details, and passwords to anyone.



Create and use strong passwords.



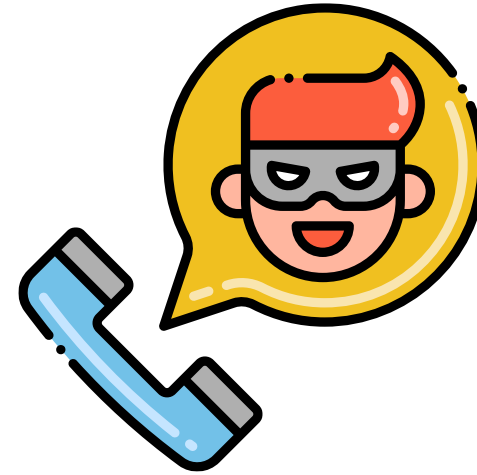
Activate 2-step verification process.



COMMON MODES OF **IDENTITY THEFT**



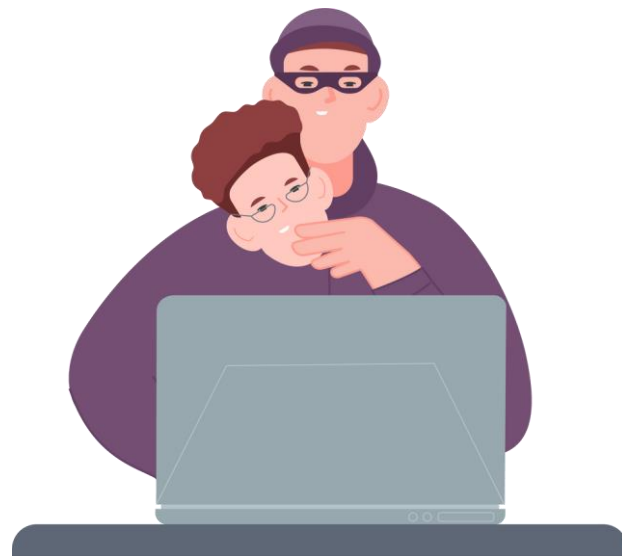
Phishing



Vishing



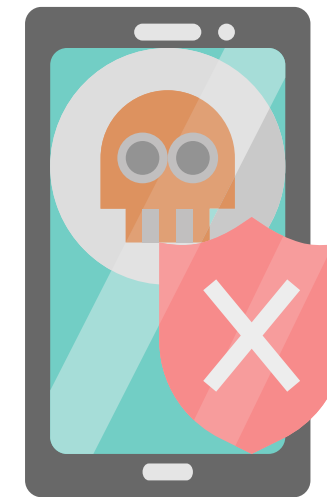
SMiShing



**Shoulder
Surfing**



**Dumpster
Diving**



Spoofing



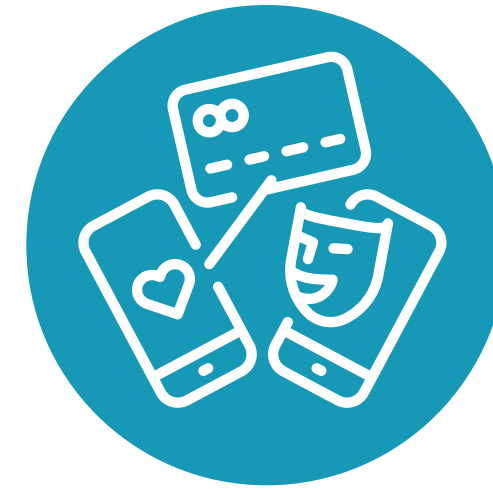
COMMON MODES OF **SCAMS**



Text Scams



Unexpected Money Scam



Romance Scam



Threat, Extortion Scam



**Donation/
Charity Scam**



Travel Troubles Scam



Job Offer Scam



Unexpected Prize Scam





PROTECT YOURSELF FROM PHISHING AND SPOOFING!



Be wary of emails, calls, or text messages that...



Ask for your personal information



Have a generic greeting, misspelling or bad grammar



Are unexpected or not typically received



Link you to another website



Does not give you full contact details of the sender



ALWAYS REMEMBER...

- ✓ **Protect your personal and account information.**
- ✓ **Report suspicious account transactions to your Financial Institution immediately.**
- ✓ **Offers that are too good to be true, are usually not true.**
- ✓ **Report suspicious investment schemes to SEC and/or NBI.**



A wooden gavel with a light-colored head and a dark handle lies diagonally across the upper right portion of the image. In the lower left, a large, light-colored wooden dollar sign is partially visible, resting on a dark, textured wooden surface. The background is a dark, vertically-grained wood.

FINANCIAL CONSUMER PROTECTION

Protecting Your Money From an Institutional Level

Hi!
I'm BOB

Your BSP Online Buddy!

**I'm here to assist with
your financial
consumer concerns.**



If you are not satisfied with their response and action, a complaint can be submitted to the BSP Online Buddy (BOB) through one of these channels:

1

Click the **BOB robot icon** on the BSP website:
www.bsp.gov.ph

2

Click the Message button on the **official Facebook page of BSP**:
<https://www.facebook.com/BangkoSentralngPilipinas/>

3

Text your “Complaint” to 21582277
(For Globe subscribers only)



BSP-SUPERVISED INSTITUTIONS



FINANCIAL INSTITUTIONS Covered by **Other Regulators**



**Savings and Credit
Cooperatives**



**Manufacturers of
Consumer Goods**



- **Insurance Companies**
- **Pre-Need Companies**
- **Mutual Benefit Associations**
- **Cooperative Insurance Societies**



- **Lending Companies**
- **Finance Companies**
- **Investment Houses**
- **Securities Brokers**
- **Corporations**
- **NGOs, Foundations**





**CONSUMER
PROTECTION IS A
SHARED
RESPONSIBILITY.**



**ECONOMIC
AND FINANCIAL
LEARNING
PROGRAM 2024**



**Thank you
and keep safe!**

Website: <http://www.bsp.gov.ph>
Email: BSPEFLO@bsp.gov.ph

Like and follow us on



@PisoLit





PERSONAL FINANCIAL MANAGEMENT

Practical tips to take control of your finances



BANGKO SENTRAL NG PILIPINAS