

## **The Influence of Financial Literacy and Saving Capacity to the Saving Behavior of Employees in the Municipal Government of Hermosa, Bataan**

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### **Abstract**

The paradigm shifts in the financial sector, driven by technological innovations, pose a challenge for both management and consumers in understanding new financial landscapes. In this context, financial literacy becomes crucial for making informed personal finance decisions, suggesting that individuals with greater financial knowledge are better equipped to make sound financial choices. Additionally, the ability to save is vital for protection against future needs and unexpected financial challenges. Despite recurrent examination of various financial aspects, the connections between saving capacity and saving behavior, as well as between financial literacy and saving behavior, remain under-explored in local contexts. This study, grounded in the Theory of Planned Behavior (TPB) and employing a correlational research design, aims to investigate these relationships among public employees in the municipal government of Hermosa, Bataan. Utilizing purposive sampling, 195 participants aged between 23 to 61 were recruited. Data was collected through a self-administered questionnaire distributed via pen and paper. The results indicate that financial literacy moderately influences saving behavior while saving capacity has a significant and positive impact. This highlights that individuals with higher saving capacities tend to demonstrate better-saving behaviors. It also reveals that while financial literacy moderately affects saving behavior among the participants, saving capacity plays a more crucial role, emphasizing the importance of enhancing financial knowledge and saving abilities in fostering positive financial behaviors.

*Keywords: Finance, Saving Behavior; Saving Capacity; Financial Literacy; Correlation*