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Christina Y. Pacubas

College of Management and Entrepreneurship, Cebu Technological University

DPA., DBA, Director, Extension and Production

BARRIERS TO INVESTMENTS THAT AFFECT FINANCIAL GROWTH

***Abstract**: Investing implies directing resources in the hope of receiving future returns. While numerous investment opportunities exist, different hurdles can prevent individuals or institutions from participating in this financial activity. These impediments, whether linked to financial literacy, capacity to invest, access to investment products, risk aversion, or external economic circumstances, limit investors' willingness and ability to participate in financial markets. Understanding and removing these barriers is critical to developing an inclusive and accessible investment landscape that allows individuals to make informed financial decisions, promotes financial growth, and supports wealth generation. This study assessed the barriers to investing among the workforce in academe, for it can acquire insights into the obstacles experienced by investors and take proactive actions to solve them by analyzing the barriers to investing in the Philippines. This can help the financial sector flourish, enable capital formation, and create an environment that promotes long-term economic development and financial well-being for individuals and the nation as a whole.*

***Key words**: Barriers to Investments, financial literacy, financial growth, Philippines.*

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Introduction

Investment has become a cornerstone for individuals seeking financial progress and stability in today's continuously changing economic world. However, several impediments frequently stand in the way of Filipinos realizing their investment potential completely. A number of studies conducted regarding the hindrances why Filipinos are not keen on investing. The World Bank's Philippines Economic Update, published in October 2020, identified several barriers to investment in the country, including limited access to finance, inadequate infrastructure, and a challenging regulatory environment. A 2019 survey conducted by the Bangko Sentral ng Pilipinas (BSP) found that the top barriers to investing in financial products among Filipinos were lack of knowledge (44%), high cost (22%), and lack of trust in financial institutions (17%). A study by the Philippine Institute for Development Studies (PIDS) in 2019 identified several barriers to investments in agriculture, including inadequate infrastructure, limited access to finance, and market uncertainties. The Philippines Investment Climate Survey 2019, conducted by the International Finance Corporation (IFC), identified several barriers to private sector investment in the country, including corruption, inadequate infrastructure, and limited access to finance.

Individuals in any community, including Filipinos, want to guarantee their financial futures through investing initiatives. However, numerous major roadblocks specific to the Philippine setting limit their advancement. This research aims to uncover the underlying reasons contributing to these hurdles and investigate potential remedies to promote a more equitable investment landscape. One key impediment is the low level of financial literacy among many Filipinos. Making informed judgments requires a thorough understanding of financial concepts, products, and strategies. However, a lack of thorough financial knowledge frequently makes people unclear and anxious about investing. This study aims to give actionable insights to overcome the knowledge gap by investigating the impact of financial literacy on investment behavior.

Another significant barrier to investment among Filipinos is the difficulty provided by income restrictions and insufficient savings. Investing in long-term assets becomes a distant dream for many people who are struggling to meet their daily needs. This research aims to identify potential areas for improvement in the interaction between income levels, savings culture, and investment involvement. Furthermore, risk aversion is a key deterrent to Filipinos making investments. Individuals are sometimes discouraged from taking reasonable risks due to the fear of losing hard-earned money and the unpredictability of market changes. This study tries to explore the complexities underlying risk aversion and its impact on investment behavior by examining risk perception and researching risk management measures.

Another key hurdle for Filipinos is access to investment opportunities. Limited investment channel availability, high capital needs, and regulatory constraints limit their capacity to diversify their portfolios and explore other investment options. The purpose of this research is to discover the ramifications of restricted access and to provide solutions to improve inclusivity and extend investment options for Filipinos.

Finally, trust and confidence in the investment environment are important factors in shaping investment decisions. Concerns about frauds, fraudulent schemes, and unethical practices undermine trust in financial institutions, making people hesitant to invest. This study looks into the relationship between trust and investment participation in order to discover solutions for restoring trust in the investment landscape.

This research intends to help to the creation of effective strategies and policies by dissecting these barriers and giving a detailed understanding of the challenges experienced by the workforce in the academe in their investing journey. Finally, the goal is to empower Filipinos so that they may overcome these hurdles and realize their full investing potential, resulting in increased financial growth and prosperity for individuals and the nation as a whole. This dives into the complexities of the issue of "Investment Barriers for Filipinos," with the goal of shedding light on the obstacles that impede investment activity within this group. Specifically on the Barriers affecting the investment decisions among the workforce in academe.

Methods

This study utilized a descriptive survey method in determining the barriers to investment affecting financial growth and understanding among the workforce in the academe. Descriptive research is used to categorize data into trends that emerge during an investigation. It usually uses graphical tools to aid the reader. Descriptive analysis can be performed to look at the relationships among multiple variables. The process includes gathering data, reporting occurrences, organizing, tabulating, presenting, and explaining the data. (McNabb, 2007).

Descriptive statistics are a branch of statistics that involves summarizing and describing data in a meaningful way. It provides numerical and graphical measures that help to simplify and present complex data sets. The main goal of descriptive statistics is to provide a concise summary of the data, allowing researchers or analysts to gain insights and understand the key characteristics of the dataset.

Descriptive statistics can be used to describe various aspects of the data, including central tendency, dispersion, shape of the distribution, and relationships between variables. This study utilized

Measures of central tendency: These measures, such as the mean, median, and mode, provide information about the typical or central value of the data.

By utilizing descriptive statistics, researchers can better understand the data's characteristics, identify patterns or trends, and make informed decisions based on the summarized information. Descriptive statistics serve as a foundation for further statistical analyses and provide a concise and interpretable summary of the data at hand.

Results and Discussion

This portion tries to shed light on the top five hurdles to personal investment that the workforce in the academe encounter. By thoroughly investigating these barriers, we can obtain insight into the difficulties that individuals have when it comes to investing their hard-earned money.

Table 1 .

INVESTMENT BARRIER	FREQUENCY
Lack of Financial Literacy	95
Limited Income/Money to invest	86
Lack of Awareness of Where to Invest	64
Lack of Awareness of How to Invest	63
Presence of Online and Investment scammers	53

Lack of Financial Literacy

According to the frequency distribution, “Lack of Financial Literacy” has a frequency of 95, indicating that it is a considerable investment barrier among the population analyzed. This research shows the necessity of addressing financial literacy gaps and the

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potential repercussions of insufficient financial understanding.

Influence on Decision-Making:

Individuals' capacity to make educated and smart financial decisions might be hampered by a lack of financial literacy. Individuals may struggle to manage their finances efficiently and make optimal investment decisions if they do not have a firm understanding of basic financial concepts such as budgeting, saving, and investing. In the study conducted by Lusardi and Mitchell (2014), Financial literacy is an important factor that determines people's financial behaviors and outcomes. It recognized a lack of financial literacy as a significant impediment to investing and emphasized the importance of comprehensive financial education activities to overcome these impediments and promote improved financial decision-making.

To offset the harmful effects of a lack of financial literacy, it is critical to prioritize financial education and raise public awareness. Implement comprehensive financial literacy programs at all educational levels, from elementary through adult education. Budgeting, saving, investing, and debt management are all important financial principles to learn.

Limited Income/Money to invest

When individuals have limited income or money to invest, it significantly affects their ability to engage in investment activities and can have various implications for their financial well-being. One such study conducted by Gennaioli, Shleifer, and Vishny (2012) titled "Neglected Risks, Financial Innovation, and Financial Fragility" analyzed the impact of limited income on investment decisions and financial fragility. The study found that individuals with limited income tend to engage in riskier investment strategies to compensate for their financial constraints, which increases their vulnerability to financial shocks and decreases their overall financial stability.

Individuals can examine many solutions to address the problems given by restricted income and investment funds:

a. Budgeting and Prioritization: Implementing a detailed budgeting plan will assist individuals in more effectively allocating finances and prioritizing investment contributions.

b. Investing in Low-Cost choices: Investing in low-cost choices, such as index funds or exchange-traded funds (ETFs), can help reduce the effects of limited income.

c. Individuals can adopt a strategy of making regular, smaller investments rather than waiting to collect a huge chunk of money.

Lack of Awareness of Where to Invest

For Filipinos, access to investment goods might be a barrier. Some investment choices may have high minimum investment requirements or complex processes that make them inaccessible to people with little financial resources or experience. Personal investment can also be hampered by a lack of investment solutions targeted to the demands of retail investors.

Diversification and Risk Management: Educating individuals on the benefits of diversification and risk management measures can assist in overcoming risk aversion and encouraging a more balanced approach to personal investing.

Lack of Awareness of How to Invest

Filipinos are generally conservative investors, favoring low-risk options or traditional savings vehicles such as bank accounts. Risk aversion can hinder them from diversifying their financial portfolios and limit their exposure to potentially higher-yielding investment possibilities.

Making investment products more accessible, such as lowering minimum commitment requirements and streamlining processes, will encourage more Filipinos to join in personal investments.

De Guzman et al. (2014) conducted a study titled "Retail Investors' Perceptions and Barriers to Investment in Mutual Funds: The Philippine Experience" to examine the hurdles experienced by Filipino retail investors while investing in mutual funds. One of the key impediments identified by the survey was a lack of access to investment products. Individuals were discouraged from participating in mutual funds due to a lack of understanding about available investment options, high minimum investment requirements, and cumbersome processes, according to the study.

Presence of Online and Investment scammers

The prevalence of investment scams and fraudulent schemes in the Philippines has resulted in a lack of trust among Filipinos when it comes to personal investing. Numerous incidents of Ponzi schemes and unlawful investment schemes have resulted in significant financial losses for individuals, leading to suspicion and unwillingness to join in legitimate investment possibilities.

Improving investor protection and enforcing stronger rules can help reduce the danger of scams and fraudulent investment schemes. This can boost Filipinos' trust and confidence in personal investing options.

Loo and Lam (2017) conducted a study named "Consumer Vulnerability to Scams: A Cross-Cultural Analysis" to examine the impact of investment scams on consumers in several nations, including the Philippines. The study looked at the elements that make consumers vulnerable to scams and found similar characteristics and strategies utilized by scammers. The findings emphasized the negative consequences of scams on people's trust, financial well-being, and willingness to participate in legal investment opportunities.

Conclusion

The study's key findings lead to the conclusion that financial literacy is the knowledge, skills, and behavior required to make informed and effective financial decisions, such as personal finance management, budgeting, investing, and understanding financial instruments. Investing involves taking risks and making decisions that could significantly impact one's financial well-being. Therefore, individuals must develop financial literacy and acquire the necessary knowledge, skills, and behavior to make informed investment decisions. By doing so, they can avoid costly mistakes and achieve better financial outcomes over the long term.

The study's findings support Bandura's Self-Efficacy Theory; this theory pertains to how people control their capacity to comprehend financial items and services and to be well-informed about a range of financial products and services that are constantly dynamic and fluctuating. The agreement among the CTU workforce that financial behavior is essential is a positive sign. It indicates a willingness to take responsibility for their financial lives and make changes where necessary. Providing additional education and resources may be necessary to help them develop and maintain good financial behaviors. With good financial habits and behaviors, they can make more informed decisions and improve their financial growth and well-being over the long term.

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