



# Financial Knowledge and Practices of Online Freelance Professionals: A Gap Analysis

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## ABSTRACT

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The main goal of this paper is to analyze the gap between the financial knowledge and the financial management practices of online freelance professionals in the province of Negros Oriental. It utilized the descriptive-correlational research design. A self-made questionnaire validated by experts was used as the main tool to gather the data using a snowballing technique administered to 50 respondents. Data was analyzed using Spearman's correlation test. Results show that most freelancers have a moderate level of financial knowledge, excelling in budgeting while lacking awareness of financial risk management. Their financial practices

reveal responsible budgeting and debt repayment, though some rely on borrowing to sustain the needs of the family. We find that educational attainment and years of freelancing moderately influence financial knowledge, while financial literacy positively correlates with financial management behavior. Furthermore, age does not significantly affect the financial knowledge or practices of the freelancers. In



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conclusion, financial knowledge significantly influences the financial decisions freelancers make, which in turn affects their financial practices and can lead to either financial wellness or financial stress. Given the rising gig economy, structured financial education and support programs are recommended to equip freelancers with essential financial management skills, fostering long-term financial well-being and resilience.

## INTRODUCTION

The gig economy has experienced significant growth over the years, not only locally but also globally. This has redefined the modern workforce and have introduced some challenges especially to the traditional employment models (Psico-Smart Editorial Team, 2024). In 2019, the Philippines ranked sixth globally for the number of its freelancers. Survey reveals that Filipino freelancers grew by 35 percent from the year before which means that at least two percent of the Philippines' population is said to be freelancers. Furthermore, the population of the freelancers are supported by government initiatives such as the DigitalJobsPH Technical Training, which helps people find work as digital entrepreneurs and freelancers in the Information Communications Technology (ICT) field .

The gig economy has significantly contributed to the growth of some industries yet these jobs are often low-paying and offer little to no benefits. This can often lead to financial instability for individuals (Faster Capital, 2024). Freelancers, who often lack access to employer-sponsored benefits and financial education, are particularly vulnerable. A report by the International Labour Organization (ILO, 2021) indicates that self-employed and freelance workers exhibit lower participation in formal financial systems and less preparedness for financial shocks.

Mardiana and Rochmawati (2020) defined financial literacy as the capacity to make informed decisions and make effective choices on the utilization of money. Furthermore, Radityas and Pustikaningsih (2019) confirmed that it is a basic need. Knowledge in personal finance ensures one has enough funds to support life goals such as education, housing, and retirement, while also managing debt and avoiding financial trouble.

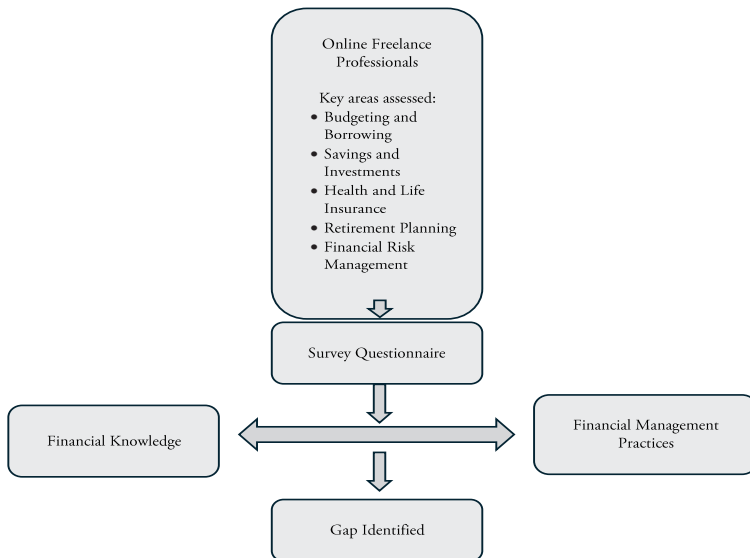
In the Philippines, numerous studies concluded that financial knowledge could influence financial behavior among certain individuals. A study by Dela Cruz (2022) found that while freelancers contribute significantly to their household income, they mostly lack structured financial practices such as regular saving, insurance coverage, or retirement planning. This gap between financial

knowledge and actual financial behavior raises concerns about the long-term economic security of this workforce.

Furthermore, research conducted by García and Vila (2020) shows that financial literacy and being aware of the economic implications of retirement are not sufficient to improve financial behavior, particularly in saving. However, Lusardi (2019) finds that the level of financial literacy is an essential factor of someone's ability to make financial decisions.

This study seeks to conduct a gap analysis of the financial knowledge and actual financial practices of online freelance professionals. By identifying discrepancies between what freelancers know and how they manage their finances, the research aims to highlight areas for targeted financial education, policy support, and digital tool development. Such analysis is crucial to empower freelancers not only as contributors to the gig economy but also as financially secure individuals.

## FRAMEWORK



## OBJECTIVES OF THE STUDY

This study aims to analyze the gap between the financial knowledge and financial management practices of online freelance professionals in Negros Oriental. Specifically, it intends to achieve the following: (1) to fill in the gap between the financial knowledge and practices of the respondents by providing financial literacy training and seminars and (2) to find out whether age, educational attainment and years in freelancing have moderating effects on the respondents' financial knowledge and practices.

## METHODOLOGY

### Research Design

This study utilized the descriptive-correlational research method whereby the data were gathered using a modified questionnaire as the main tool used. The descriptive method describes the data and design to find out the 'what is' of the research and the correlation between variables (Knupfer & McLellan, 1996).

Descriptive in a way that it aims to identify and explain the characteristics of the participants, in this case, their demographic profile, level of financial knowledge and financial management practices. It is correlational as it explores the relationship between the demographic factors and variables such as financial behavior and financial management practices.

Data were collected using a self-made questionnaire, serving as the primary research tool. This approach is appropriate for identifying trends and relationships without affecting the variables. However, the use of non-probability sampling and the absence of operational definitions for key variables may affect the clarity of the findings.

### Research Site

This study was conducted in the province of Negros Oriental, located in the Central Visayas region of the Philippines. The province comprises 19 municipalities and 6 cities. While traditionally dependent on agriculture, the area is emerging as a growing hub for technology and digital work, with a rise in business process outsourcing (BPO) industries. This post-pandemic economic shift has contributed to the increasing number of online freelance professionals, especially in urban areas of the province such as Dumaguete City, Bais City, Sibulan, Valencia, and Bayawan City. The higher rates of internet usage and concentration of freelance workers in these areas, made them suitable sites for exploring financial behavior and financial management practices in the gig

economy.

## **Respondents**

The main respondents of the study were online freelance professionals in Negros Oriental regardless of their age who are operating under the following fields: virtual assistance, customer service, data entry, web design and development, lead generation or research, marketing, online tutorial, accounting, and bookkeeping, search engine optimization, ecommerce, and project management. Due to the unknown population of these professionals, there were a total of 50 respondents who represented the online freelance professionals in the province drawn out through snowballing. Moreover, these respondents have attained a minimum of college level to fit in the criteria and have been freelancing for at least one year. Responses were gathered out of their own free will and were not forced to participate in the study.

While the sampling approach enabled access to a niche population, the use of non-probability sampling limits the generalizability of the findings.

## **Instrumentation**

The researcher used a survey questionnaire as a primary tool for the study. The survey Questionnaire was divided into four (4) parts, namely Profile of the respondents, extent of financial knowledge, other factors that affect financial literacy among the respondents, and financial management practices. To ensure the instrument's reliability, pilot testing was conducted among 10 BPO employees in the province, as they share common characteristics with online freelance professionals. Cronbach's alpha was used to calculate the reliability by checking on the consistency of responses, and the overall variance based on the results of the test, the score was 0.90, which falls under the category of best. This suggests that the questionnaire was a highly acceptable and consistent tool for measuring the intended variables. However, no mention of validity testing or source reference of the instrument was provided, which may limit further assessment of its overall rigor.

## **Data Gathering**

The administration of the questionnaire was conducted online using Google Form, which were sent to participants via email and Messenger. Each questionnaire included an informed consent, which stated the purpose of the study and assured the respondents that utmost confidentiality of the data gathered will be observed. Ethical consideration was adhered to during the study. While some questionnaires were not retrieved due to participants' limited availability,

the number of collected responses were considered sufficient for analysis. The data were organized, tabulated, and analyzed based on the research problems to generate appropriate conclusions and recommendations. However, the study did not specify the statistical techniques used for data analysis, and the impact of non-responses was not further examined.

## RESULTS AND DISCUSSION

### *Characterizing respondents' socio-demographic characteristics*

Table 1 presents the demographic profile of the respondents. Results revealed that the mean age is 36.7 years, which falls under the category of middle adulthood. Hoff and Zinkula (2022) found that younger generations are increasingly drawn to freelancing due to the desire for autonomy and flexibility, particularly to avoid the hassle of working from 9 to 5. In terms of gender, 76% of the respondents are male, while 24% are female. This result is in contrary to the findings from the Asian-Pacific Economic Cooperation [APEC] (2024) study, where the majority of freelancers were female (60%), and only 40% were male. Despite this difference, both studies share a similarity in terms of age distribution. In the APEC (2024) data, the majority of freelancers were aged 36–45, closely aligning with this study's age bracket of 36–40, which accounts for 48% of the sample.

When it comes to marital status, exactly 50% of the respondents are single, while the remaining 50% are married. This is slightly different from the findings of King-Dejardin (2021), whose survey indicated that 60% of freelancers were married. Dejardin also mentioned that, aside from competitive pay, the primary motivation for married individuals, particularly women, to engage in freelance work is the flexibility it offers, allowing them to balance professional responsibilities with taking care of their family.

In terms of educational attainment, the majority of respondents which is 66% finished college. Another 26 earned units in college but was not able to complete their degrees, while only 8 have obtained a postgraduate degree. These findings resonate with the Payoneer 2020 Freelancer Income Report, as cited in Deokuliaar (2021), which states that while 57% of freelancers globally hold a bachelor's degree, 19% have completed only high school. The findings emphasizes that advanced degree does not always translate to higher earnings or improved reputation in the freelancing market.

Lastly, with regard to freelancing experience, 54% of respondents (n=27) have been in the profession for five years or less. An additional 28% (n=14) reported having six to ten years of experience, while 18% (n=9) have been freelancing for

11 to 15 years. Only one respondent (2%) reported freelancing for more than 16 years. This distribution suggests that freelancing remains a relatively new and growing career path, with many individuals still in the early to mid-stages of their freelancing careers.

**Table 1.**  
*Socio-demographic profile of the respondents*

Socio-demographic attributes	Frequency (n=50)	Percentage
<b>Age</b>		
25-30	8	16
31-35	9	18
36-40	24	48
41-45	7	14
46-50	2	4
<b>Sex</b>		
Male	38	76
Female	12	24
<b>Civil status</b>		
Single	24	48
Married	25	50
Separated	1	2
<b>Educational attainment</b>		
College level	13	26
Bachelor's degree	33	66
Post-graduate degree	4	8
<b>Years in freelancing</b>		
1-5	26	54
6-10	14	28
11-15	9	18
16-20	1	2

*Extent of financial knowledge of the online freelance professionals*

Table 2 presents the respondents' level of knowledge on key financial topics, including budgeting and borrowing, savings and investments, health and

life insurance, retirement planning, and financial risk management. The findings indicate that while freelance professionals are not highly knowledgeable across all areas, they possess sufficient practical knowledge, particularly in budgeting and loan repayment, which allows them to manage their finances reasonably well. Inconsistent income of freelancing poses challenges in creating a stable budget. Unlike traditional employees, freelancers earn through non-traditional means, making financial planning more difficult due to income volatility and job uncertainty.

Among all topics mentioned, freelancers demonstrated the highest level of knowledge in savings and investments, especially in areas like personal savings, basic investing, and exchange rates. This can be attributed to the fact that most freelancers are paid in foreign currencies (e.g., US dollars) and are familiar with currency conversion to Philippine pesos. Despite this, their understanding of complex investment instruments, such as stocks, bonds, mutual funds, and dividends, remains limited.

When it comes to knowledge about insurance, respondents generally know about the basic health and life insurance concepts. However, many are not very knowledgeable that modern insurance policies often function as hybrid products, offering both protection and investment components. Similarly, freelancers displayed moderate knowledge of financial risk management, but struggled with advanced concepts such as risk appetite, risk tolerance, and diversification strategies.

Furthermore, retirement planning is another area where freelancers showed only a basic understanding. While some are familiar with the concept of pension plans, a few understands their long-term benefits, such as passive income during retirement. This limited knowledge is because retirement planning is not mandated for freelancers, unlike traditional employees. Additionally, given that most respondents are in their 30s, many have not yet prioritized retirement, contributing to their lack of knowledge on retirement-related topics.

These finding is consistent with national trends on financial literacy. According to a World Bank Group (2022) report, although over 20 million Filipino adults reported saving money, only half held bank accounts. Common barriers included a lack of funds for initial deposits, insufficient documentation, high transaction costs, and distrust in financial institutions. Similarly, BusinessMirror (2022) revealed that only 25% of Filipinos are financially literate, particularly in investment-related areas such as interest rates, inflation, and risk diversification.

Moreover, a study by Fernandez (2022) found that freelance professionals often lack deep knowledge on certain investment products, which makes them more vulnerable to fraudulent investment schemes, such as high-yield pyramid



scams that lack solid financial foundations. Supporting this, an article by Kwik. Insure (2020) which stated that although 25% of Filipinos belong to the upper middle class, only 8% invest in financial products such as insurance, largely due to a lack of awareness and understanding of how these instruments function.

**Table 2.**

*Descriptive statistics on the extent of financial knowledge of online freelance professionals*

Topics	Mean	SD	Description
Budgeting and Borrowing			
Emergency funds	4.14	1.14	Knowledgeable
Budget plan	4.16	1.04	Knowledgeable
Credit card and loans	3.94	1.22	Knowledgeable
Inflation	3.74	1.10	Knowledgeable
Interest payments	3.84	1.02	Knowledgeable
Factor average	3.96	1.10	Knowledgeable
Savings and Investments			
Savings and investments	4.10	0.94	Knowledgeable
Return on investments	3.70	1.14	Knowledgeable
Stocks, bonds, and mutual funds	2.90	1.16	Moderately knowledgeable
Dividends	2.90	1.31	Moderately knowledgeable
Exchange rates	4.10	0.90	Knowledgeable
Factor average	3.55	1.09	Knowledgeable
Health and Life Insurance			
Health insurance	3.80	1.04	Knowledgeable
Life insurance	3.80	1.12	Knowledgeable
Term life insurance	3.40	1.20	Knowledgeable
Factor average	3.69	1.07	Knowledgeable
Retirement Planning			
Pension plan	3.60	1.12	Knowledgeable
Life expectancy	3.76	1.13	Knowledgeable
Passive income	3.88	1.06	Knowledgeable
Factor average	3.75	1.12	Knowledgeable

Financial Risk Management			
Risk assessment	3.20	1.14	Moderately knowledgeable
Financial risks	3.50	1.16	Knowledgeable
Risk appetite	2.90	1.14	Moderately knowledgeable
Risk tolerance	2.90	1.13	Moderately knowledgeable
Diversification	2.90	1.21	Moderately knowledgeable
Factor average	3.09	1.16	Moderately knowledgeable
Note: 1.00 -1.79-Not knowledgeable; 1.80-2.59-Slightly knowledgeable; 2.60-3.39-Moderately knowledgeable; 3.40-4.19-Knowledgeable; 4.20-5.00-Highly knowledgeable			

### *Financial management practices of online freelance professionals*

Table 3 presents the financial management practices of freelancers in terms of budgeting and borrowing, savings and investments, health and life insurance, retirement planning, and financial risk management. Results show that freelancers can manage their income and expenses well. They pay their dues on time, but some of them have to resort to borrowing to keep up with their expenses. Due to the limited access to loans among these professionals, one of their sources of credit is credit cards, bank loans, or borrowing from family and friends.

When it comes to budgeting, freelancers' overall response is "practiced." This may be related to the study by Llona (2022), which indicated that respondents spend mostly on necessities rather than leisure. However, respondents encountered problems with their spending practices, which led to the absence of a budget plan. Employees should always keep track of their expenses to ensure proper spending. As a result, they will become more aware of their finances, which will make it easier for them to alter their spending habits by being able to track where their money is going.

When it comes to savings and investments, though freelancers find both very important, freelancers do not always practice setting aside money for savings, and especially investments. In the study conducted by Tinguha and Ybañez (2023), savings were the most preferred form of investment, and these are deposited in either banks or cooperatives. This is reflected in the fact that freelancers' results on the perception of savings and investment are highly practiced.

In terms of diversification of investments, only a few of them do so. The table also shows that freelancers are neutral when it comes to getting health and life insurance for themselves and their families. Either because they cannot afford it due to their unstable income, or they can afford it but are unsure of the benefits of being insured. They could also prioritize other things, such as their kids' education, their parents' health, or their mortgage. When it comes to

retirement plans, freelancers are neutral. The biggest obstacle to preparing for retirement as a freelancer is that they must take the initiative. Unlike traditional employees in private firms, where the law mandates all employers to contribute to the SSS, self-employed people are not. The freelancers decide on the type of retirement vehicles they will use. Freelancers are independent and will have to plan and save for their retirement themselves. Oftentimes, the lack of discipline prevents typical Filipinos from preparing for their retirement. For financial risk management, results reveal that respondents are risk-neutral individuals and prefer to secure their money before deciding where to invest.

During the 5th Financial Education Stakeholders Expo, Bangko Sentral ng Pilipinas conducted a presentation. According to speaker Medalla (2022), while the number of Filipinos with financial accounts and investments has increased, fewer are saving and taking out insurance plans. More have reported outstanding debts. The most financially vulnerable are those who were economically underserved.

Considering IT as one of the professions in freelancing, Shaik et al. (2022) found that a significant portion of IT professionals have low savings levels but are more likely to hold bank deposits and insurance policies. One factor that influences their investment decision is the economic scenario. Most of the respondents also prefer moderate to low-risk investments. Adrian (2020) also discussed Private Health Insurance as insurance plans that offer a lot more than HMOs. These are voluntary, and premiums can be fully paid by the insured. It can extend up to family members, but at an additional cost. Some well-known private health insurance companies in the country are Sun Life, PruLife, and Manulife. Health insurance is another factor in assessing financial literacy and behavior. These are for medical expenses while one is still alive, while the life insurance helps the family financially in case of an untimely demise. Metrobank (2022) further defined health insurance as something that will protect one from financial burden caused by medical expenses in case one gets ill. Tripathi (2024) stated some reasons why freelancers should get health insurance. The fact that freelancers are not protected by traditional employment makes them vulnerable to market fluctuations. This exposes them to more risks. Health insurance is important for freelancers to feel financially secure, alongside providing peace of mind. Out-of-pocket health care costs are getting more expensive in the country, so with insurance, access to preventative care and essential health services will be provided to the freelance professionals.

According to Gimeno (2022), Filipinos are mostly afraid of taking risks for various reasons. Risk aversion refers to the behavior of individuals who prefer a situation with a more predictable return, even if it means accepting a lower

expected value. Generally, Filipinos have this “segurista” mentality where they want guaranteed outcomes. This is further supported by Cordero (2020) who stated that 75% of Filipinos do not have investments and perceive investing as something costly. They do not view this as an additional source of income. Moreover, an article posted by Tiongson (2018) stated that one of the reasons why many Filipinos don't invest is that they think they don't have enough knowledge and skills to do well as an investor. Moreover, they are afraid of losing their hard-earned money.

The study by Casallhay et al. (2025) stated how some freelancers manage their finances, including savings and budgeting practices by using careful strategies on expense consciousness, structured income allocation, and manual tracking using tools like Google Sheets and budgeting apps. Freelancers prioritize essential expenses and often set aside a portion of their income for savings, reflecting a need to balance unpredictable earnings. In addition to budgeting, freelancers adopt saving practices to ensure financial security, with a focus on building emergency funds and utilizing automated savings systems. Many also rely on surplus-based saving, setting aside money during months of higher income from large projects.

**Table 3.**

*Descriptive statistics of the financial management practices of online freelance professionals*

Indicators	Mean	Std. deviation	Description
<b>Budgeting and borrowing</b>	4.56	0.64	Highly Practiced
Awareness of monthly income and expenditures			
Spending plan and recordkeeping system	3.72	1.05	Practiced
Ability to afford the necessities of the household	4.42	0.73	Highly Practiced
Payment of bills and debts on time.	4.62	0.64	Highly Practiced
Having no financial trouble to resort to any debt.	3.68	1.08	Practiced
Factor average	4.20	0.92	Practiced
<b>Savings and Investments</b>			
Perception of the importance of savings and investments.	4.50	0.74	Highly Practiced
Saving out of monthly paycheck.	3.86	1.20	Practiced
Having savings for long-term goals.	3.64	1.19	Practiced

Having money invested.	3.08	1.47	Moderately Practiced
Having a diversified portfolio of investments.	2.66	1.26	Moderately Practiced
<b>Factor average</b>	3.55	1.17	Practiced
Health and Life Insurance	3.24	1.48	Moderately Practiced
Spending part of income on health insurance.			
Spending part of the income on life insurance.	3.14	1.59	Moderately Practiced
Spending insurance premiums from a reputable and reliable insurance company.	3.08	1.61	Moderately Practiced
Spending money on temporary insurance.	2.20	1.29	Slightly Practiced
Spending money on the family's insurance.	2.66	1.36	Moderately Practiced
Factor average	2.86	1.47	Moderately Practiced
<b>Retirement Planning</b>			
Having a pension fund.	2.92	1.55	Moderately Practiced
Readiness to retire anytime.	2.12	1.30	Moderately Practiced
Setting aside money for retirement monthly.	2.68	1.48	Moderately Practiced
Having a retirement home ready.	2.70	1.54	Moderately Practiced
Having no need to rely on anyone on their retirement.	3.14	1.34	Moderately Practiced
Factor average	2.71	1.44	Moderately Practiced
Financial Risk Management			
Consideration on the interest of the earnings before investing.	3.74	1.05	Practiced
Consulting with experts before investing.	3.36	1.19	Moderately Practiced
Preference over low earning but promising investments with long term appreciation.	3.52	0.95	Practiced

Preference over protecting their money rather than investing them in high risks investment opportunities.	3.20	1.11	Moderately Practiced
Diversification of investments (not putting all eggs in one basket).	3.68	1.17	Practiced
Factor average	3.50	1.09	Practiced

Note: 1.00 -1.79-Not practiced; 1.80-2.59-Slightly practiced; 2.60-3.39-Moderately practiced; 3.40-4.19-Practiced; 4.20-5.00-Highly practiced

### *Association between the respondents' socio-demographic attributes and their financial knowledge and management practices*

Table 4 displays the correlation statistics among key variables, namely age, educational attainment, and years of freelancing experience, in relation to the extent of financial knowledge of online freelancers.

The data showed a negative association between age and financial knowledge, stating that as freelancers grow older, their level of financial knowledge tends to decrease. This finding aligns with Wilson (2021), who noted that financial literacy is generally lower among older adults, partly due to age-related cognitive decline. Although financial knowledge can be acquired at any age level, retention and application may diminish over time, especially among individuals not continuously exposed to evolving financial concepts. This trend is further supported by Komamura and Okamoto and Komamura (2021), who observed that financial literacy tends to increase until an individual's early 60s, after which it declines. Interestingly, they also found that confidence in one's financial literacy grows even as actual knowledge diminishes, particularly among men, creating a gap between perception and reality.

Educational attainment, on the other hand, shows a moderate positive association with financial knowledge. This implies that individuals with higher levels of formal education are more likely to demonstrate more financial awareness and greater understanding of the financial concepts. This supports the findings of Al-Bahrani et al. (2021), who found the importance of formal financial education in improving financial literacy outcomes. Their study reported that financial education introduced at the high school level increased financial literacy scores by approximately 6.6%, while education at the college level contributed an additional 4.5%. These results suggest that educational interventions, particularly when introduced early, can help bridge literacy gaps and create lasting impacts, even outside of finance-specific academic tracks.

Furthermore, the number of years in the freelancing profession show a moderate positive correlation with financial knowledge. This implies that longer

exposure to the freelance economy contributes to increased knowledge on some key financial concepts. Freelancers with greater tenure are more likely to have encountered various financial planning challenges, such as budgeting during low-income periods, managing irregular payments, and securing alternative financial tools like insurance or investments. This supports the findings of Widyastuti et al. (2020), who found that work experience is positively correlated with financial literacy, as it provides real-life exposure to money management. The same study also noted that work experience alone does not always result in sound financial decision-making. While tenured freelancers may know the basic financial concepts, this is not an assurance of their consistent practice of healthy financial behaviors, such as budgeting, saving regularly, or investing wisely.

**Table 4.**

*Association between Socio-demographic profile and Financial Knowledge*

	<i>W</i>	<i>p</i>				
<b>Age</b>	0.925	0.004				
<b>Extent of Financial Knowledge</b>	0.939	0.012				
	Sum of Squares	df	Mean Square	F	p	X <sup>2</sup>
Educational Attainment	3.52	5	0.705	1.04	0.409	0.105
Residuals	29.95	44	0.681			
Number of years in the profession	3.88	3	1.294	2.01	0.126	0.116
Residuals	29.59	46	0.643			

*Note.* \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$

The association between the socio-demographic profile and the financial management practices is presented in Table 5. Results show that the P value for age is 0.004, which is below 0.05, indicating a violation of the assumption of normality of the data. The P value for the financial management practices data is 0.695, which is above 0.05, suggesting that the assumption of normality is

not violated. Since the data set is non-parametric, it will be treated as such, and the Spearman rank correlation test will be utilized. Since the P value of 0.991 is greater than the alpha of 0.05, this indicates that age is not statistically significant and has no direct impact on the financial management practices of freelancers. In terms of educational attainment, the Eta squared coefficient  $\eta^2$  value is equal to 0.064, which falls between 0.06 and 0.13. This indicates that educational attainment has a moderate impact on the financial management practices of freelancers.

A study by Silinskas et al. (2021) examined the factors that affect an individual's financial behavior under economic strain. It presented socioeconomic and demographic factors such as age. A study revealed that those aged 18 – 25 borrow less, but those aged 66 – 75 scored the lowest in cutting expenses. Boomers are less likely to control their spending due to the lifestyle they are used to and the lack of consumer education. In the context of educational attainment, Baihaqqy and Sari (2020) found that individuals with higher educational levels tend to make more informed investment decisions, which is linked to their higher financial literacy, thereby influencing their financial decisions. Moreover, Kaiser and Menkhoff (2020) discuss the correlation between educational attainment and financial literacy, highlighting its impact on investment decisions. The study revealed a significant relationship between education level and understanding of financial literacy, which can influence how individuals make financial decisions.

Results further show that the Eta squared coefficient  $\eta^2$  value is 0.093 and is within the range 0.06 – 0.13, interpreted as having a medium effect. This means that years of exposure in the freelance profession have a moderate impact on the financial management practices of freelancers.



**Table 5.**  
*Association between Socio-demographic profile and Extent of Financial Management Practices*

			W	p		
Age			0.925	0.004		
Financial Management Practices			0.983	0.695		
	Sum of Squares	df	Mean Square	F	p	$\eta^2$
Educational Attainment	1.72	5	0.345	0.602	0.699	0.064
Residuals	25.19	44	0.573			
Number of Years in the Profession	2.51	3	0.836	1.58	0.208	0.093
Residuals	24.41	46	0.531			

Table 6 presents the correlation between the extent of financial knowledge and the financial management practices of the respondents. Results show that the P value is equal to 0.002, which is less than the alpha of 0.05. This implies that there is a correlation between the two variables. Freelancers equipped with higher financial knowledge are expected to have good financial practices.

A study by Aristei and Gallo (2021) shows that objective financial knowledge has a positive impact on financial market participation. Moreover, the study provides evidence about the role of confidence biases in individual financial behaviors. For example, individuals with higher confidence in their financial knowledge display a higher probability of making financial investments, but experiencing losses due to investment fraud, and being over-indebted. On the other hand, under confident individuals show suboptimal investment choices but are less likely to engage in risky financial behaviors. Furthermore, a correlation between financial knowledge and financial retirement preparedness was also confirmed by the study of Mndzebele and Kwenda (2020). Findings revealed that there was a statistically significant effect of knowing financial instruments on the process of preparing for retirement. Furthermore, knowing investment products such as bonds, stocks, shares, and pension plans has an impact on the financial decisions of the respondents. When freelancers understand how these investments work and the potential gains and losses, they are more likely to invest in similar opportunities.

**Table 6.**

*Significant Correlation Matrix between the Extent of Financial Knowledge and the Financial Management Practices*

		Extent of financial knowledge		Financial Management Practices
Extent of financial knowledge	Spearman's rho	—		
	p-value	—		
	N	—		
Financial Management Practices	Spearman's rho	0.433	**	—
	p-value	0.002		—
	N	50		—

Note. \*  $p < .05$ , \*\*  $p < .01$ , \*\*\*  $p < .001$

## Discussion and Implications

The study was conducted to determine the gap between financial knowledge and the financial management practices of online freelance professionals. Drawing from the findings of the study, we find that freelancers have a moderate level of financial expertise in terms of budgeting and borrowing, savings and investments, health and life insurance, retirement preparedness, and financial risk management. Among the five categories, they are mostly knowledgeable about budgeting and borrowing, and have the least knowledge in financial risk management. When it comes to their financial management Practices, freelancers generally have good financial practices. Among the five categories, they have the best practices in terms of budgeting and borrowing. They mostly put the least priority towards preparing for retirement and setting aside a portion of their income for insurance.

Age shows no association with the extent of financial knowledge, in contrast to educational attainment and the number of years in the freelance profession, which show a moderate association with the financial knowledge of the respondents. This means that financial knowledge can be acquired at any age level. A degree and tenure of work can help one become a financial expert over time.

Furthermore, age has no direct impact on the financial management practices of the respondents. Educational attainment, as well as the number of years in the

freelance profession, on the other hand, show a moderate impact on the financial management practices of the respondents.

Results also reveal that there is a correlation between the extent of financial knowledge and financial management practices among the respondents. Freelancers equipped with higher financial knowledge are expected to have good financial practices.

## CONCLUSION

Given that freelancers are predominantly female, middle-aged, and married, financial worries are highest at this stage of life. This is because freelancers are typically occupied with expenses like mortgages, rents, and tuition for their children, leaving them little time to set aside a portion of their income for insurance policies. Although they primarily have small families, they are also concerned about the inconsistency of receiving projects and payments, which makes them hesitant to commit to monthly premiums for insurance policies and retirement plans. This is due to the fear that these policies will lapse because of the inability to make consistent payments. Freelancers generally do not have in-depth knowledge of most of the topics included in this paper. Some of the things they know were learned from real-life experiences, rather than financial literacy training or vlogs on social media. Their knowledge about credit cards comes from their personal experience with them and understanding the consequences of taking their payments for granted. Although they are not well-versed in risk management, they learn from their mistakes, such as losing money to investment scams. Despite having a good financial position, most freelancers are not ready for retirement and have little or no investments. They don't even get insurance plans because they don't believe in them. They would rather save the money themselves, so when it comes to saving, they have good financial practice. Getting retirement plans is not mandatory for these professionals, which is one reason why most of them do not prioritize setting aside part of their income for these things.

Age is not a significant factor in financial literacy, but educational attainment is. So, providing financial education should not be limited to certain age groups. It should be made available to all. Financial literacy is also something that should be taught not only to college students but as early as Junior high school. Financial management practices are not influenced by age. Being more mature does not mean being better at budgeting or saving. Being older does not equate to making better choices of investments or being motivated to get insurance policies. There is indeed an association between having financial knowledge and being wise at financial management. Though expertise alone may not be sufficient, it can

help one be aware of how to properly behave financially. Moreover, the study by Dwiastanti (2015) concluded that individuals with good financial literacy are more likely to manage their finances effectively and achieve prosperity. To accomplish the individual condition, individuals must have a good level of literacy (well literate). This requires changes in behavior, enabling them to develop the skills and confidence to use their knowledge effectively and identify financial products and services.

## TRANSLATIONAL RESEARCH

The results of this study can be interpreted as informing programs and policies that can serve as a basis for decision makers and responsible bodies to become aware of the financial knowledge and practices of our freelancers. Institutions whether government or private may find ways or create programs and policies to assist the workers of the gig economy (freelancers) enhanced their respective financial knowledge and literacy, so that they can apply these in their decision making and practices in managing their respective finances, whether savings, investments, or daily budget plan.

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