
RESEARCH ARTICLE

Consumption in the Philippines: In the Course of Unemployment and Loan Acquisition

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ABSTRACT

Unemployment is one of the problems of Filipinos, which affects their consumption of goods and services since they have no income, worsened by the increasing prices in the market. Here, they tend to acquire consumer loans to support their means in obtaining their needs and wants, but due to the acquisition of previous loans and obligations to pay, they tend to adjust their consumption. Embedded from the Life-Cycle Hypothesis, Permanent Income Hypothesis and Keynesian Consumption Theory, the main objective of the research was to identify the relationship of unemployment, consumer loans per capita, real gross domestic product per capita, and inflation rate with the real household final consumption expenditure per capita in the Philippines using Ordinary Least Squares (OLS) in multiple regression analysis, and diagnostic tests in Eviews software using empirical time-series quarterly data from 2009 to 2019. This research found that unemployment and consumer loans per capita have an indirect relationship with the consumption of Filipinos. On the other hand, the gross domestic product per capita has a direct relationship. This claimed that all variables are significantly related to consumption except the inflation rate, although it showed an indirect trend. The findings exposed that Filipinos adjust their consumption to cope with no income due to unemployment, acquisition of consumer loans, and inflation rate to attain their needs and wants while having income increases their consumption. This research recommended that the Philippine government support the unemployed Filipinos by providing insurance or benefits, lessening the lending interest rate of loans, and overseeing the market prices to aid their consumption.

KEYWORDS

Consumption, consumer loans, credit, debt, unemployment, gross domestic product per capita, inflation, multiple regression analysis

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1. Introduction

Households consume goods and services to attain and satisfy needs and wants. In an economy, people need money to purchase these, which Lumen (2021) explained as the most accepted payment for goods and services and debt repayment. This money mostly comes from income, inheritance, rewards, loans, or other means. With this, a person must have a source of income and other resources, primarily from jobs. Hence, when there is unemployment, it can be pondered where households get the means for their consumption.

Consumption is the expenditure and the use of goods and services made by the consumers, which are the resident households that also include the products abroad, making it one of the determinants of Gross Domestic Product or GDP (Carroll, 2021). In the Philippines, it is known as the Household Final Consumption Expenditure or the HFCE. This includes goods and services used directly to satisfy human needs and wants, specifically food, beverages, housing, health, transportation, communication, education, and other miscellaneous goods and services.

In computing the household final consumption expenditure, both individual and institutional households, including the Non-Profit Institutions Serving Households (NPISH), are covered. In the 2008 System of National Accounts or NSA recommendation, the HFCE approximates the classification of the Individual Consumption According to Purpose (COICOP) in accounting for the household's various expenditures. Moreover, the data from relevant production sectors, including the Family Income and Expenditures Surveys

or FIES, are also used to approximate HFCE. According to Philippine Statistics Authority or PSA, in the fourth quarter of 2020, HFCE contracted by 7.2%, which improved by the last quarter's decline of 9.2%.

With the status quo of millions of Filipinos being unemployed, it is a question of where they get their source of income and means in consuming goods and services to sustain the unending needs and wants. It can be pondered whether they adjust their expenditure by consuming less, consuming more, or just the same according to the money or means they have. In these scenarios of having no work, it is possible to say that their funds would not be enough. Thus, this leads them to find potential sources, including borrowing from financial institutions like banks and private sectors. This is common since the concept of borrowing or "*utang*" in the local language is part of the country's culture which is a means of surviving through some financial problems, according to Vidalia Lending Corporation (2019). Still, people consider the credit risks or their assurance whether they can pay it in the future or are they qualified. Hence, it can be argued that Filipinos do not merely find this as a solution. Moreover, Filipinos may be thrifter whenever they face financial issues by consuming less. On the other hand, also, it can be claimed that people not only borrow when they don't have money or means to due to unemployment but also acquire loans since they know that they can pay the borrowed money in the future. They simply want to buy a particular commodity or avail themselves of service, thus increasing their consumption.

Additionally, in these happenings, income or the gross domestic product has also a relationship since it is their means of consuming goods and services in the market. With this, people respond to consumption based on their income (Ren, 2018). In addition, the inflation rate influences the consumption of Filipinos. Whenever there is a high inflation rate, there is a reduction in consumption because people save or lessen their expenses due to the high prices of commodities (D' Acunto et al., 2017). Yet, because some goods are indeed necessary to consume, it can also be contended that it does not significantly affect the consumption of households.

The gap of this research is that there are not enough related materials in the Philippines about household final consumption expenditure, the unemployment rate, consumer loans, gross domestic product, and inflation rate. Also, in the records of Bangko Sentral ng Pilipinas, only the data on consumer and household indebtedness on credit cards, real estate, and auto loans extended by banks are provided. The other studies, especially in other countries, have disposable income data, yet the Philippines did not have. Thus, the researchers utilize the gross domestic product as an income substitute. Moreover, the researchers used variables, household final consumption expenditure, consumer loans, and gross domestic product in per capita to check its significance per person in the country.

With this, the research reasonably filled the gap to have research like this in the country that might be a basis for policies in consumer lending. Also, this could pave the way for the government to consider if it is good to provide unemployment insurance, especially the country has none. In this way, there will be consumption smoothing among households rather than borrowing money from lending institutions. Moreover, inflation was explained how it affects Filipinos' consumption, thus giving more ideas on improving the country's economy. In addition, the researchers chose to use per capita among the variables of household final consumption expenditure, consumer loans, and gross domestic product to distinguish and analyze the state per Filipino, hence making it more distinctive among other researches.

The significance of this research focused on the welfare of unemployed Filipinos and those who usually acquire loans to sustain their needs and services. Their scenarios were exposed by which they tend to adjust their expenditures or, worse, not consume some goods and services to survive. Also, this gave a glimpse to borrowers of whether it is good to acquire loans depending on their situation. This research is relevant because the increasing number of unemployed Filipinos has worsened since the Covid-19 pandemic in 2020. With this, the researchers aimed to become an avenue for further research on this matter, especially in the pandemic. Indeed, this is pertinent to the country's economic growth since consumption is a contributing factor to the gross domestic product. The government must contemplate the aspects that are related to consumption.

Therefore, this research aims to measure the relationship of the unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate as the independent variables on real household final consumption per capita as the dependent variable in the Philippines. Specifically, it aims to answer the following questions:

1. Is there a significant relationship between real household final consumption expenditure per capita and the unemployment rate?
2. Is there a significant relationship between real household final consumption expenditure per capita and consumer loans per capita?
3. Is there a significant relationship between real household final consumption expenditure per capita and real gross domestic product per capita?

4. Is there a significant relationship between real household final consumption expenditure per capita and inflation rate?
5. Is there a relationship between real household final consumption expenditure per capita to the unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate?

To answer the above research questions, part two, literature review, supported claims and statements from different previous researches. In part three, methodology, the researchers stated the processes and statistical tools utilized in the research. Then, in part four, results and discussion were provided to prove the research questions. Lastly, the conclusion stated the overall analysis and justified the research questions for the entire study entitled, "Consumption in the Philippines: In the course of Unemployment and Loan Acquisition."

2. Literature Review

Consumption plays a vital role in contributing to a large percentage of a country's economic output wherein it analyzes the economic growth as explained in OECD data (2020, as cited in Kachhara (2019)). With this, people need means or money to buy goods and services in a market economy (Gunner, 2020). This mostly comes from one's income in occupation or source of possible money such as loans. In addition, inflation rate and gross domestic product as income have relevance with consumption. Here, the researchers discussed the factors that had a relationship with the household final consumption expenditure.

A. Household final consumption expenditure and the unemployment rate

In the Philippines, unemployment has remained high, which has almost twice the level of its neighboring countries even though its economy is developing (Brooks, 2002). In the 4th quarter of 2020, the unemployment rate surged to 8.7% amid the economic downturn due to the Covid-19 pandemic crisis. This issue in society indeed becomes more acute, especially during depression or when a country faces wars or pandemics.

As explained by Hayes (2022), unemployment may be defined as the involuntary idleness of the laborers who can and are willing to work but cannot find work. Amadeo (2020) stated that there are three main types of it: structural, frictional, and cyclical. Structural unemployment happens when shifts in the economy create a mismatch in workers' skills and the skills that employers need. Next, friction happens when workers abandon their old jobs and have not found new ones. Then, cyclical unemployment is caused by the contraction in the business cycle, which usually occurs during the recession. In the mentioned types of unemployment, cyclical could be worse since this takes place when the demand for goods and services decreases dramatically. As a result, many businesses tend to cut costs, affecting the employees wherein some lose their jobs. Here, losing a job is a problem that concerns every laborer, especially if there were no savings on which to depend when this case happened. Henceforth, the effects of unemployment are heavy on the shoulders of the workers. It may bring out many undesirable physical and social impacts on the laborers. With this, many families are forced to live in poor and unwholesome surroundings and cannot provide enough necessities such as food and clothing.

Antelo, Magdalena, and Robredo (2017) said that economic crisis and unemployment affect the household expenditure of citizens in Spain is extensively seen. They used propensity score matching in reducing treatment biases in estimating causal treatment effect using observational data to identify the connection of variables. They also used the DiD or Difference-in-Difference approach to account for the impact of the economic crisis on unemployment effect on expenditure for Spanish households. Their findings pointed out a significant difference in consumption by the employed and unemployed in times of economic upturns and downturns. Hence, they found out that unemployment had a negative effect on household food consumption in Spain, both in the boom and crisis times. Specifically, in periods of economic crisis, this negative effect was further intensified in socioeconomically disadvantaged households where the consumption level was lower. This means that when citizens face unemployment, they lessen their consumption expenditures. Another study by Been et al. (2020) explained that consumption responds to unemployment shocks. They employed the life-cycle model of consumption and saving theory and used multiple regression analysis. The authors define how an individual consumer reacts to changes in income with the assumption of a one-good model with quadratic utility, an infinitely lived household, and a constant interest rate abstract from labor supply decisions. Still, they assumed that future income was the only source of uncertainty in the model. In doing so, changes in income had the strongest contemporaneous effect on consumption. According to their findings, disaggregating total consumption spending to 12 household consumption spending categories, namely: food, cleaning, holidays, debt, alimony, childcare, insurance, transport, utilities, rent, mortgage, and others; gives no evidence for any substantial increases in leisure spending apart from cutting some commuting expenses on the U.S. This means that people spend less on leisure activities due to unemployment because it is not a need, unlike those goods and services for home production that still increases even though there is a job loss. In these, they discovered that households were substituting to home-produced alternatives, especially regarding food and cleaning expenses, to reduce their consumption spending. However, it is highly unlikely for households to be insured against unemployment shocks by alternative home production due to different consumption categories.

Moreover, Schneider, Tufano, and Lusardi (2020) studied the household financial fragility during Covid-19 and the rising inequality and unemployment insurance benefit reduction in the United States. They used high-frequency survey data collected from repeated cross-sections of the United States population. The survey was fielded between June to October of 2020. Their focus was on the four measurements of household financial fragility. They measured the degree of the respondent's report if their spending exceeds income by which are they unable to pay their bills on time, if they have enough savings to cover their short-term needs and if they are postponing a major purchase due to the cost in the past month. To no one surprise, the study found no visible recovery at the household level in terms of the financial fragility of households throughout the pandemic. Here, in the country, they have unemployment compensation, particularly during the pandemic called the CARES Act Pandemic unemployment compensation provision. In its expiration, it further revealed the fragility of the households in the U.S. This was because most unemployed recipients relied on the compensation since they had no income to smoothen their consumption. Another, there was also a certain program by the government, namely even before, which was unemployment insurance. This also kept most of their constituents afloat during the onslaught of the Covid-19 pandemic. In addition, it was further studied by Carroll et al. (2020) the effect of the 2020 CARES Act on consumption. The authors used two models that account for the two novel features of the Covid-19 crisis in terms of lockdown. Many types of spending are undesirable if jobs that disappear during lockdown will not reappear (e.g., the cruise and airline industries). The assumption was each household correctly acknowledged their new current circumstances whether they were 'deeply unemployed.' Here, it was said that due to some job losses in some industries, those affected employees had a hard time spending on goods and services since there was no income. Here, it was mentioned that the strong consumption recovery would only occur if the social-distancing requirements begin to subside. Likewise, Graham and Ozbilgin (2021) centered around the case of New Zealand, which to no surprise, found the effect of pandemic lockdown on a large decline in service sector productivity. This increased young workers' likelihood of being employed since they were driven to work due to the crisis where money is an issue. Yet, on the other side, the lower productivity rate of young workers, in general, leads to employers shedding young workers quickly compared to older workers. Thus, these young workers face unemployment. With young workers having less time to accumulate savings, consumption is more volatile for young households during the pandemic than the older ones. Here, in addition, the wage subsidies offered by the government in New Zealand prevented a large decrease in tenure during the lockdown. Finally, they found that young workers are more advantageous under a policy that raises unemployment benefits. The higher insurance value in the midst of unemployment for those most likely to have a job loss during the lockdown is more important than the increased probability of retaining a job under a wage subsidy policy. This was reaffirmed by Cylus and Avendano (2017) that receiving unemployment benefits may have positive effects on the health of the unemployed as he found evidence that is receiving unemployment benefits have a positive effect on terms of the health of unemployed people using linear probability models. In connection, it was claimed that employment is necessary since having enough wages could lead to purchase and add to their consumption expenditures the health-related goods and services. Hence, when they lose jobs and lack benefits, they might feel distressed and unable to pay for food or other goods and services that promote a healthy lifestyle. Furthermore, Raifman, Bor, and Venkataramani (2020) discussed the association between unemployment and consumption, particularly with food among the people who lost their employment during the Covid-19 pandemic in the United States. In their national cohort study in the U.S. using DiD or difference-in-differences analysis and linear regression, they found out that 37% of individuals who lost their work during the pandemic and are earning a living of less than \$75 000 annually reported that they lessen their food consumption and 39% reported eating less due to financial constraint. Then, for those living with less than \$20,000 annually, 58% reported lessening their food consumption, and 56% reported eating less. With this, it was suggested that expanding the duration and amount of unemployment benefits or insurances could effectively reduce food insecurity. Lastly, Dahliah and Nur (2021) also claimed that unemployment has a significant effect, especially at the poverty level. They are more likely to spend less due to income constraints, which was done by using the GMM estimation technique and multiple regression analysis. These studies show that households tend to reduce their consumption in response to unemployment.

B. Household final consumption expenditure and consumer loans

As explained in Britannica (2022), a consumer loan is a short and intermediate-term loan that is used to fund the purchase of goods and services for personal consumption or to refinance the debts incurred for such purposes. This falls into two main categories: closed-end or installments and open-end or revolving. According to Enright (2021), a closed-end is a form of credit used for a specific purpose in a particular amount and a particular period. Payments are usually of equal amounts. Examples of this are mortgage and automobile loans. Here, an agreement or contract with the repayment terms includes a number of payments, payment amount, and credit cost. On the other hand, an open-end or revolving credit is a loan made continuously once a person purchases an item and then builds periodically to make a partial payment. This includes using a credit card issued by a store or a bank card like VISA or MasterCard and overdraft protection. With this kind of borrowing, there is a maximum amount of credit that one can use called the line of credit. Unless one pays off the debt in full each month, one will often pay an interest of high-rate or other kinds of finance charges for the use of credit.

Furthermore, there are two primary types of debt, secured and unsecured. The loan is secured when one puts up security or collateral to guarantee it. Herewith, the lender can sell the collateral if one fails to repay. Conversely, lenders have higher interest

rates and stricter conditions on unsecured loans because they have a bigger risk. If one cannot repay an unsecured debt in this loan, the lender can sue and obtain a legal judgment against the borrower. This depends on the state or country's policies. Thus, the lender can force the debtor to sell his or her assets to pay the judgment, or if employed, wages will be deducted to pay the debt. With this, if one faces unemployment, there is a greater risk that the debt will be hard to pay.

In the Philippines, the most common credit forms are credit card loans, auto loans, and housing loans, according to Tan (2019). He added that credit card loans are the emerging source of household loans in the Philippines provided by the banking industry. In the Central Bank of the Philippines or *Bangko Sentral ng Pilipinas* (2020) report, 1 out of 3 households availed of a loan in the last months of the year. Regarding the income group, the highest percentage of households that get a loan in the previous 12 months are from the low-income group at 42.4 percent. This was followed by the middle- and high-income groups at 31.1% and 26.6% in numbers. Further, it was mentioned that real estate loans account for the biggest share. With this, at the end of each year 2018 and 2019, in the fourth quarter specifically, to compare, it was mentioned that one-third of the respondents, he or she, his or her spouse, said they have an outstanding debt. In 2020, a cash loan was the most preferred type of loan, followed by a loan in kind, particularly food items and salary loans. Yet, people also relied on the "Sangla ATM," one of the most common collaterals. Other collaterals used were for harvest, real property, and land.

In these matters, consumer spending on access to consumers' credit through various lending institutions is an important determinant. This includes banks, credit, employee associations, social security agencies, cooperatives, and other non-banks or informal institutions. Yet, the *Bangko Sentral ng Pilipinas* (BSP) only reports data on consumer and household indebtedness on credit cards, real estate, and auto loans extended by banks. Other means of borrowing are not available, considering it might be informal or simply a usual borrowing from friends, relatives, and others.

With the things mentioned, according to Cohen (2007), purchased goods and services from consumer debt is now the driving economic force in most advanced countries and no longer personal savings, primarily through the use of credit cards. This was confirmed by Braswell and Chernow (2020) in the United States of America Federal Trade Commission, stating that consumer credit, primarily in the United States, is an essential aspect of the economy. This allows a well-managed economy to function more productively since consumers will have means for consumption. This is better with an efficient and robust system of legal protections and government support, both for the creditors and the consumers.

Moreover, in Asia, like Liu (2020) said, consumer credit has a significant impact on household consumption level as based on Chinese Household Finance Survey data in 2013. Yet, the results are different among the modes of consumer loans. A credit card or a formal credit loan positively impacts the consumption level, while an informal credit loan negatively affects it. Different methods of consumer loans also affect the consumption structure at various levels. There is a negative coefficient in clothing and food consumption as a dependent variable, while education and entertainment consumption are positive. This is because food consumption can be reduced either by substitution or adjusting the budget by eating less. This goes with clothing that people can still refuse to buy clothes since it can be used again and passed on to generations. Then, Wickramasinghe and Fernando (2017) discussed how the use of credit affects the consumption patterns of low-income people. It was said that loans help consumption smoothing, especially in lower-middle-income countries. People also identified it as an instant source of money or means. Hence, this explained why microcredit is a popular platform for people to smooth their income or means and consumption. Furthermore, in the study of Phan (2020), using multiple regression analysis, borrowing appears to promote household consumption, especially in food, since this is the paramount need of the people. Here, microcredit also helps rural households to improve their economic standards by having enough funds to generate businesses, thus, contributing to the economic development in rural areas of Vietnam. However, it was argued that households that have loans before tend to negatively affect their consumption because repayment is a burden. In this case, food consumption was the main element affected, wherein people also tend to lessen their food expenses.

C. Household final consumption expenditure and gross domestic product

Gross Domestic Product or GDP is the sum or total of a country's production in an economy. This is the total income of the households in a country and the total expenditures of a country, which is how GDP can be measured, according to Nash (2021). This can be measured in the income and expenditure approach. According to Manapat and Pedrosa (2018), the income approach is mainly wages, rent, interest, and profits, while the expenditure approach includes consumption, investment, government expenditures, and net exports. Studies claimed that gross domestic product has relevance with consumption, especially as income.

Bakirtas and Akpolat (2018) used Dumitrescu-Hurlin panel data with trivariate analysis in Granger Causality Tests. They stated that economic growth is crucial in determining consumption in new emerging economies such as Columbia, India, Indonesia, Kenya, Malaysia, and Mexico. In addition, it was claimed that income contributes to energy consumption and urbanization, thus contributing to the economic growth of emerging market countries. Next, Dahliah and Nur (2021) used multiple regression analysis and GMM estimation techniques to claim that increased productivity output or gross domestic product will increase people's

consumption spending, especially in Indonesia's healthy and well-educated society. This is because they are aware of their spending, and most educated or rational people consume goods and services for production and generate new businesses in the market. Third, Sugiarto et al. (2018) said that the gross domestic product and consumption were significantly positively related in Indonesia in the long run at lag interval 10. In contrast, in lags 1 and 5, it is not credited. Yet, in the short-term, with lags 1, 5, 10, and 15, it was claimed that there was a causal relationship. This was done by using the ADRL method, cointegration, and causality granger analysis. Fourth, Koyuncu and Ünal (2020) focused on finding the link between GDP and household consumption expenditure in the long run in Turkey using ARDL Analysis (Augmented Dickey-Fuller unit root tests) to conduct a test. They concluded that there is no causality between the GDP per capita and the household consumption expenditures in Turkey between 1960 and 2018. However, there is a stable relationship between them in the long run. A long-run increase in the GDP per capita stimulates household consumption expenditures in Turkey. Likewise, Alp and Seven (2019) suggested that consumption is positively associated with income, credits, and house prices using ADRL analysis and FMOLS models to analyze its long-term relationship and variance decomposition and impulse response analysis to identify the effects of shocks. Here, in addition, it was mentioned that GDP has the highest impact on consumption and equity market index; on the contrary, it has the lowest. Moreover, Bonsu and Muzindutsi (2017) studied the macroeconomic determinants of household consumption in Ghana using the multivariate cointegration approach through vector autoregressive model, Johansen cointegration, and Granger causality. They concluded that household changes in household spending patterns relate not only to economic growth or income but also to the Ghanaian currency market. Thus, it was emphasized that consumption is one of the significant components of determining the economic welfare of citizens at the international level since this dictates that they were capable of having enough income.

D. Household final consumption expenditure and inflation rate

Consumers' economic cost of living is influenced by the prices of goods and services and each member's share in a household budget (Oner, 2022). They depend on their consumption expenditure based on the increase in prices in the market, which is called inflation, as Amadeo (2021) explained.

As stated by Li, Wei, and Xu (2020), households have different inflation experiences based on their overall spending patterns called inflation inequality. Using China's economic data set, the authors summarized differences in asset allocation and consumption of China. The survey data includes household asset allocation and consumption variables, which allowed them to calculate the ratios of assets allocated to the risky sector and consumption. These assets include gross assets and debt for activities that include agriculture, industry, commerce, deposits, trading amounts of derivatives, cash, stock, bonds, household consumption expenditure, and credit card consumption rates. Their findings state that inflation experiences of the low-income and high-income groups from the revenue gap leave no room for the low-income group but to take a hard stand in the risky sector and demand more financing. They also found that if households measured inflation on a quarter-to-quarter basis, it would result in fewer asset allocations to the risky sector but more consumption. Then, households with inflation experiences in the consumption sector allocate more risky assets and consume more. They rely more on future markets to hedge inflation risk. Another research by Ben-David et al. (2018), using correlation and OLS linear regression, claimed that people with low income or education living in precarious finance and living in countries with high unemployment are more uncertain in their expectations. They are careful with their expenditures regarding the growth in their income, inflation, and changes in national home prices. Hence, with more uncertain expectations, they exhibit precaution in consumption, credit, and investment behaviors even in accounting for their socioeconomic characteristics. In simpler terms, the authors concluded that people with higher uncertainty in their economic forecasts showed a more cautious behavior in their consumption. This means that there are assumptions that people tend to be more cautious in spending during high inflation rates.

To supplement, Duca, Kenny, and Reuter (2018) studied the relationship between consumer inflation expectations, consumer readiness to spend, and actual private consumption using survey questionnaires. Second, using macro-level information, they employed a simple VAR framework in translating the estimated impact of inflation expectations on current spending readiness into an effect on actual private consumption expenditure in the Euro Area. Their findings suggest that when Euro area consumers expect higher inflation in the future, all other factors held constant tend to adjust their intention to spend at the current moment positively. The authors also revealed a positive relationship between consumer inflation expectations and the propensity to spend. Then, consumers become more aware and sensitive to changes when confronted with inflation expectations augment spending behavior. Moreover, there is a strong relationship between the spending response at a national level and the strength of savings orientation. This could be linked to the accumulation of asset holdings, facilitating the consumption changes with the response to changes also of intertemporal prices. In contrast, those nations with relatively weaker responses to low average savings orientation are point to the possible role of liquidity constraints with the declining intertemporal substitution.

Moreover, Premik and Stanisławska (2017) explored the relationship between inflation expectation and the spending and saving behavior of consumers of Poland. They used microdata from a consumer opinion survey claiming a negative relationship between inflation expectations and consumers' saving attitude who expect inflation to rise significantly in the next 12 months. To no one's surprise, the effect of inflation expectation on saving attitude is twice as strong for those who have the best financial situation than

those who struggle to make ends meet. Indeed, there is evidence of the stronger influence of inflation expectation on saving attitude, especially in the greatest consumers' uncertainty periods. Lastly, Bonsu and Muzindutsi (2017) used a VAR model, Johansen cointegration, and Granger causality to claim that inflation has a long-run effect on household spending in Ghana. Short-run findings showed household spending in Ghana was mostly driven by changes in the price level.

2.1. Synthesis

Household Final Consumption Expenditure plays a vital role in economic growth. Yet, with the unending unemployment problem, people tend to have issues wherein their money or funds are not enough for their needs and wants. Some households tend to adjust their consumption, but some tend to borrow. Thus, consumer loans are one of the ways some households consider providing consumption smoothing, although it might be a burden in the long run since there is a need for repayment. Still, these two are not only the factors that people consider consuming. They also think of the gross domestic product as income and inflation rate wherein the prices of goods and services were being considered since this will affect their spending in consideration of their income. Most increase their spending when their income rises, yet due to price changes, they were also cautious and tended to adjust their consumption.

Following the related literature, the researchers hypothesized in consideration of the research questions.

2.2. Hypothesis

This research aimed to determine and prove the hypotheses:

2.2.1. Real household final consumption expenditure per capita and the unemployment rate

H_a : There is an indirect relationship between real final household consumption expenditure per capita and the unemployment rate.

2.2.2. Real household final consumption expenditure per capita and consumer loans per capita

H_a : There is an indirect relationship between real final household consumption expenditure per capita and consumer loans per capita.

2.2.3. Real household final consumption expenditure per capita and real gross domestic product per capita

H_a : There is a direct relationship between final household consumption expenditure per capita and real gross domestic product per capita.

2.2.4. Real household final consumption expenditure per capita and inflation rate

H_a : There is an indirect relationship between real final household consumption expenditure per capita and inflation rate.

2.2.5. Real household final consumption expenditure per capita among unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate

H_a : There is a significant relationship between real final household consumption expenditure per capita among unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate.

3. Methodology

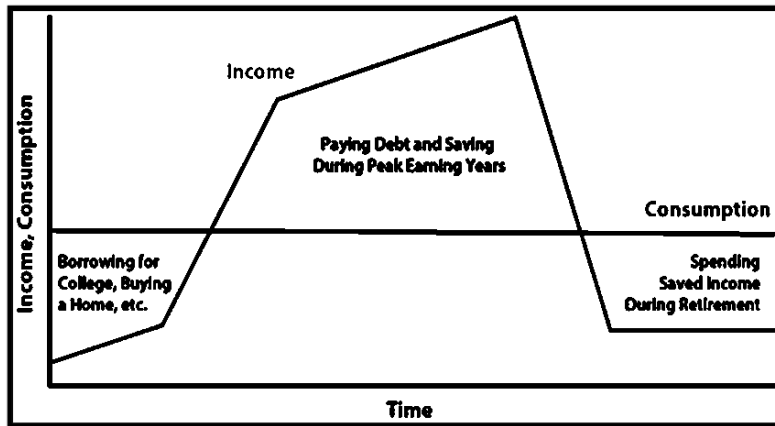
3.1. Research Design

The study employed descriptive quantitative research design by gathering time-series data wherein statistical, mathematical, or computational techniques were performed. This was the chosen research design since numerical data or statistics are promising to give accurate outcomes given that there is proof that something exists and is represented by figures (Creswell, 2013). The researchers would also have a definite interpretation of the results through numerical data. Hence, the researchers chose a topic that fitted their interest and was relevant to the country's status quo wherein there is a continuous increase in the unemployment rate, and people tend to acquire loans as a source of means, thus affecting the Filipinos' consumption. In the research, the time-series data underwent regression diagnostic tests and multiple regression analysis using Least Ordinary Squares in Eviews software to know if there is a significant relationship among the chosen dependent variable, which is the real final household consumption expenditure per capita, and the independent variables which are the unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate. These variables were chosen in connection with the Life Cycle Hypothesis, Permanent Income Hypothesis, and Keynesian consumption function.

3.2. Theoretical Framework

The research was primarily anchored on the three concepts: the Life-Cycle Hypothesis, Permanent Income Hypothesis, and Keynesian Consumption function.

First, the Life Cycle Hypothesis features the consumption and income in the figure below to answer the research questions.

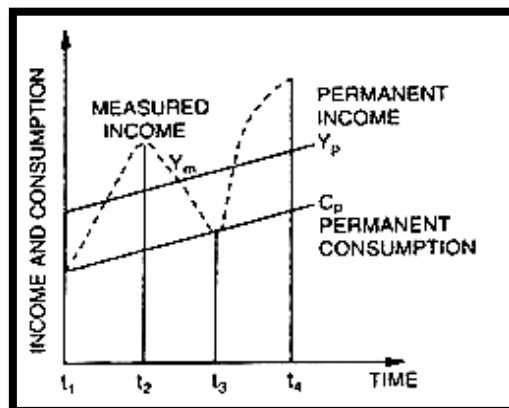


Source: Stlouisfed (2022). A Model of Saving and Spending: The Life Cycle Theory of Consumption and Saving. *Stlouisfed.org*. https://files.stlouisfed.org/files/htdocs/publications/images/uploads/2017/consumption-smoothing-NEW_20170303084423.jpg

Figure 1
Life Cycle Hypothesis Framework

Here, people often borrow money to access their necessities in life when their income is below their capacity to consume. This promotes smooth consumption. Here, households consume over their lifetime, wherein their current income and future income drive their consumption. Hence, this is one of the ways to survive in times of not having enough income sources, which mostly happens in the midst of unemployment. This is because most Filipinos' source of income is their jobs. They can only pay their debts when their income increases over their consumption. In these matters, the government must prioritize the issue of unemployment in the country.

Another is the Permanent Income Hypothesis by Milton Friedman, which suggests that the income and consumption of consumers are permanent and transitory. Below is the graph showing the hypothesis.



Source: Economicsdiscussion.net. (2022). Permanent Income Hypothesis. Economicsdiscussion.net. <https://www.economicsdiscussion.net/wp-content/uploads/2015/07/image62.png>

Figure 2
Permanent Income Hypothesis

The permanent income is the earnings of households in the long term, such as wages, while the transitory income is from an inheritance, prizes, and overtime pay. Here, it also explained that the income of individuals for the following years are the determinants in consumption changes. In connection to the study, when Filipinos have no income source, it can affect their consumption patterns since there could be no resources further in the future. Here, when households decide to borrow money, it can also affect their consumption since they have resources. It can either increase since they can avail more already or lessen it more since they are obliged to pay the debt in the future.

Third, the Keynesian Consumption Function indicates that disposable income is related to current consumption. Below is the consumption function and its graph.

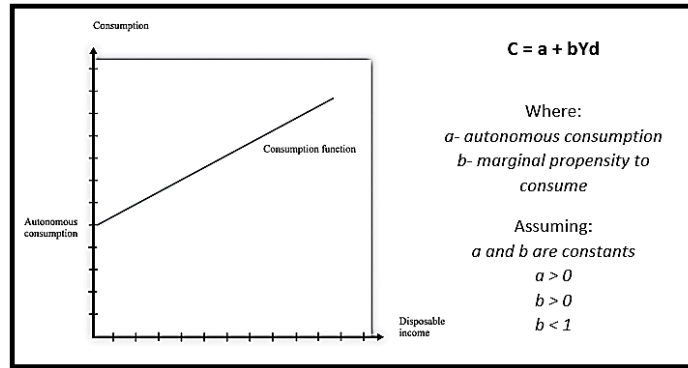


Figure 3: Consumption Function and Graph

This implies that households divide their income between consumption and savings. In terms of autonomous consumption, households consume even their income is zero, which mostly happens during unemployment. Then, the marginal propensity to consume dictates how the current income influences the current consumption of the households. With this, when a person is unemployed, they may lessen consumption.

3.3. Conceptual Framework

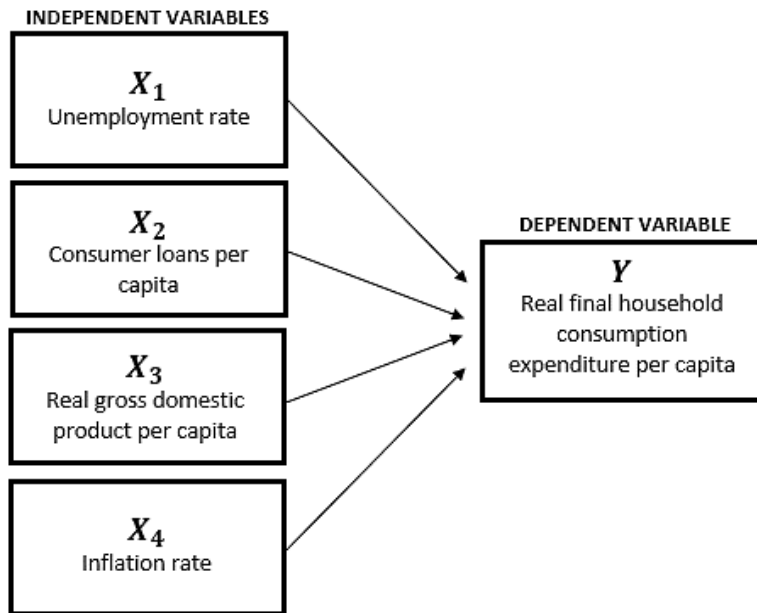


Figure 4: Conceptual framework showing the consumption in the Philippines in the course of unemployment and loan acquisition

The first four boxes were the independent variables, unemployment rate, consumer loans per capita, real gross domestic product per capita, and the inflation rate, which shows how these were related with the dependent variable, real household final consumption expenditure per capita. These data underwent multiple regression analysis using Ordinary Least Squares in Eviews software using the F-test statistic and coefficient of determination or R^2 in answering research question five and T-test statistics for the research questions one to four. The results provided analysis and conclusions for the entire study entitled, "Consumption in the Philippines: in the course of Unemployment and Loan Acquisition."

3.4. Sources of Data

The researchers gathered secondary time-series empirical data rather than primary data for convenience since there is an outbreak of the Covid-19 pandemic, and this is the best way to prevent the disease.

The researchers used data from the year 2009 to 2019 quarterly, with 44 observations to execute their study. The dependent variable, real final household consumption expenditure per capita, the independent variables, unemployment rate, and real gross domestic product per capita, are from the Philippine Statistics Authority or PSA, which is the central statistical authority of the Philippine government with primary data. Moreover, the other independent variables, consumer loans per capita and inflation rate data, are from the Bangko Sentral ng Pilipinas, the country's central monetary authority.

Here, Household Final Consumption Expenditure or the HFCE includes goods and services which are used directly in satisfying human needs and wants, specifically food and non-alcoholic beverages, alcoholic beverages, tobacco; clothing and footwear; housing, water, electricity, gas, and other fuels; furnishings, household equipment, and routine household maintenance; health, transport; communication; recreation and culture; education; restaurants and hotels; and miscellaneous goods and services. This variable was converted to per capita to determine the consumption per person and logged by the researchers. Second, the unemployment rate was computed by the total number of unemployed Filipinos over the total number of Filipinos in the labor force multiplied by 100. Unemployed persons include those who are 15 years and over as of their last birthday, and as reported as first, those without work and currently available for work and looking for work. Second, those without work and who are currently available for work yet not looking for work due to the following reasons, (1) tired or believed no work available, (2) awaiting results of previous job application, (3) temporary illness or disability, (4) bad weather, and (5) waiting for rehiring or job recall. Third, consumer loans include motor vehicle loans, credit card receivables, salary-based general purpose consumption loans, residential real estate loans, and other consumer loans. This variable was also converted to per capita to determine the measurement per person and was logged. Third, real Gross Domestic Product per capita is measured by dividing the population of Filipinos from the country's quarterly GDP. This variable was also changed to per capita to determine the income per person and logged. Lastly, the inflation rate is computed by subtracting the past date of the Consumer Price Index or CPI from the current CPI and divided by the past date CPI, then multiplied to 100.

3.5. Procedures

The research was conducted through systematic procedures. Through the entire study, researchers gathered and cited related studies and theories from different authors and private institutions from books and electronic sources to have prior knowledge for the research. These gave depth and exhibited the reliability and significance of the study in the status quo of the Philippines. Afterward, with this, they formulated research questions which were if the real final household consumption expenditure per capita has a significant relationship to the independent variables, unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate. Here, the hypotheses were tested by having 44 empirical time-series quarterly data through OLS multiple regression analysis in Eviews software. Results were presented in tables and graphs with analysis and interpretations. At last, the researchers gave discussions, summaries, conclusions, and recommendations that helped the spectators to easily grasp the results of the study according to its purpose and gave sufficient contribution in the field of research. With this, other researchers could have further studies related to the study.

3.6. Data Analysis

The researchers used a quantitative approach in the study. They evaluated consumption in the Philippines in the course of unemployment and loan acquisition.

The data underwent into an econometric model shown below with \ln real final household consumption expenditure per capita as the dependent variable, then unemployment rate, \ln consumer loans per capita, \ln real gross domestic product per capita, and inflation rate as the independent variables.

$$\ln HFCE = \beta_0 + \beta_1 UR + \beta_2 \ln CL + \beta_3 \ln GDP + \beta_4 IR + \mu$$

where:

β_0 – is the Y-intercept

β_1 – is the slope of the unemployment rate

β_2 – is the slope of \ln consumer loans per capita

β_3 – is the slope of real gross domestic product per capita

β_4 – is the slope of the inflation rate

μ – is the error term

HFCE- Real final household consumption expenditure per capita

UR- Unemployment rate

CL- Consumer loans per capita

GDP- Real gross domestic product per capita

IR- Inflation rate

The researchers underwent the data into a series of diagnostic tests in regression analysis such as the Augmented Dicky-Fuller Info unit root test, Johansen System cointegration, multicollinearity through Variance Inflation Factors, Ramsey RESET test for specification of errors, Breusch-Godfrey serial correlation L.M. test, and White heteroscedasticity test.

To answer research questions one to four to determine each independent variable significant relationship's between the real household final consumption per capita to the unemployment rate, real household final consumption to a consumer loan per capita, real household final consumption per capita to the real gross domestic product per capita, and real household final consumption per capita to the inflation rate, t-test statistic results will be interpreted.

To answer research question five to determine all the independent variables' significant relationship between real household final consumption expenditure per capita to the unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate, the results of coefficient of determination or R^2 and f-test statistics will be interpreted.

4. Results and Discussion

The researchers acquired the following results in the research entitled, "Consumption in the Philippines: In the course of Unemployment and Loan Acquisition," having real household final consumption expenditure per capita as the dependent variable, and unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate as the independent variables.

4.1. Results

Here, the econometric model with values was expressed below as:

$$\ln HFCE = 2.70453 - 0.046228 (UR) - 0.08044 (\ln CL) + 0.755894 (\ln GDP) + 0.000728 (IR) + \mu$$

where:

- HFCE- Real final household consumption expenditure per capita
- UR- Unemployment rate
- CL- Consumer loans per capita
- GDP- Real gross domestic product per capita
- IR- Inflation rate
- μ – is the error term

The above showed the econometric model wherein it presented the relationship of variables. With real household final consumption expenditure per capita (HFCE) as the dependent variable, it was shown that the β_0 or the Y-intercept is 2.70453. Next, with β_1 or the slope of the unemployment rate (U.R.), an increase in U.R. means that HFCE decreases by PHP 0.0462 million per capita, thus implying a negative relationship. Third, β_2 or the slope of the consumer loans per capita (CL) means that HFCE was decreasing by PHP 0.0804 million per capita when there was a one-unit increase in CL, implying a negative relationship. Then, β_3 or the slope of the real gross domestic product per capita (GDP) means that HFCE was increasing by PHP 0.7559 million per capita when there was a one-unit increase in GDP, implying a positive relationship. Lastly, β_4 or the slope of inflation rate (I.R.) means that HFCE was decreasing by PHP 0.0007 million per capita, implying a negative relationship.

Table 1: **Significance of Variables**

Variables	T-statistic	P-value
C	3.671651	0.0007
Unemployment rate	-4.055035	0.0002
Consumer loans per capita	-2.368167	0.0229
Real gross domestic product per capita	11.7745	0
Inflation rate	-0.24538	0.8074

Source: Authors' estimation or calculation

Table 1 shows the p-value of the t-statistic test in identifying whether each independent variable has a significant relationship with the dependent variable. The t-test result confirmed that they were significantly related when the probability was less than the α of 0.05. In unemployment rate and real household final consumption expenditure per capita, the t-test p-value means they are significantly related. Consumer loans per capita were also significantly related to the real household final consumption expenditure per capita. Third, real gross domestic product per capita and real household final consumption expenditure per capita were significantly related. However, in inflation rate and real household final consumption expenditure per capita, it was shown in the t-test p-value that the researchers failed to reject the null hypothesis implying they have no significant relationship.

Table 2: **Multiple regression analysis | Coefficient of Determination**

R-squared	Adjusted R-squared	F-statistic	P-value (F-statistic)
0.968807	0.965607	302.8172	0

Source: Authors' estimation or calculation

Table 2 showed that the R-squared and the adjusted R-squared implied a high result for the goodness of fit. The f-statistic p-value claimed a significant relationship among real household final consumption expenditure per capita, as the dependent variable and unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate, as the independent variables.

In proving the reliability of the results, the regression diagnostic test results were below:

Table 3.1: **Augmented Dicky-Fuller Info unit root test- Schwarz Info Criterion**

Variables	1st Difference	
	C	C & T
HFCE	0	0
UR	0.0002	0
CL	0.0228	0
GDP	0.0101	0
IR	0.1435	0.0018

Source: Authors' estimation or calculation

Table 3.1 showed no unit root in the trend and intercept (C & T) in the first difference since it is below the α of 0.05, up to lag 2.

Table 3.2: **Johansen cointegration test**

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	P-value
None *	0.94245	250.8565	79.34145	0
At most 1	0.78945	142.3628	55.24578	0
At most 2	0.74218	83.15765	35.0109	0
At most 3	0.520912	31.64895	18.39771	0.0004
At most 4 *	0.092441	3.685869	3.841465	0.0549

Source: Authors' estimation or calculation

Table 3.2 showed cointegration in the long run, up to at most 4 since the p-value is below the α of 0.05, with up to lag 1 to 5.

Table 3.3: **Variance Inflation Factors**

Variables	Centered VIF
C	NA
Unemployment rate	6.051711
Consumer loans per capita	1.968829
Real gross domestic product per capita	5.51488
Inflation rate	1.087245

Source: Authors' estimation or calculation

Table 3.3 showed no multicollinearity since the centered VIFs were less than 10.

Table 3.4: **Ramsey RESET test**

	Value	df	P-value
F-statistic	0.857805	(1, 38)	0.3602

Source: Authors' estimation or calculation

Table 3.4 showed no misspecification of errors since the p-value was greater than α of 0.05.

Table 3.5: **Breusch-Godfrey Serial Correlation LM Test**

Obs R-squared	0.000844	P-value Chi-Square (1)	0.9768
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Source: Authors' estimation or calculation

Table 3.5 showed no serial correlation since the p-value was greater than α of 0.05, up to lag 1.

Table 3.6: **White Heteroskedascity test**

Obs R-squared	16.66693	P-value Chi-Square (1)	0.215
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Source: Authors' estimation or calculation

Table 3.6 showed no heteroskedasticity since the p-value was greater than α of 0.05, up to lag 1.

4.2. Discussions

This research aimed to identify the relationship of the dependent variable, real household final consumption expenditure per capita, and the independent variables, unemployment rate, consumer loans per capita, gross domestic product per capita, and inflation rate.

The first research question was whether there is a significant relationship between real household final consumption expenditure per capita and the unemployment rate. The results indicated that there was a significant and indirect relationship between the two variables. It explained that the Filipinos were more likely to consume less when they were unemployed. This was due to the reason that most Filipinos' source of income was their jobs alone. This was the same with Spain, where the expenditure of citizens decreased both in upturns and downturns in the economy (Antelo, Magdalena, and Robredo, 2017). This was mainly common to those disadvantaged households, wherein in the Philippines, those in the poverty line were the ones who usually and greatly suffered. This was because it was also challenging for them to find jobs. Moreover, U.S. citizens also experienced that having no income due to unemployment led them to cut expenses mainly on leisure activities, as Been et al. (2020) explained. They primarily substituted their food and cleaning expenses to reduce consumption. Still, some chose to eat less and not buy new commodities like clothes. These scenes worsened due to the Covid-19 pandemic. Yet, due to unemployment insurance and aids, unemployed people were still able to cope, unlike in the Philippines, where there is no such insurance (Tufano & Lusardi, 2020).

Second, the question, is there a significant relationship between real household final consumption expenditure per capita and the consumer loans per capita was confirmed that they had an indirect relationship. This was contrary to some previous research in some countries that loans were used as means to promote consumption smoothing or purchase goods and services. This happened mainly in the United States and most advanced countries using credit cards. It was said that consumer loans were already the driving force of the economy rather than personal savings (Cohen, 2007). It allowed the economy to function more effectively since citizens have means for consumption. In Asia, the Philippines was also contrary to its fellow lower-middle-income countries wherein people identified loans, particularly microcredit, as a well-liked platform to be an instant source to help them have funds (Wickramasinghe and Fernando, 2017). This is the same with China, although this was primarily evident only in formal credit loans and the use of credit cards, as claimed by Liu (2020). Still, the results in the Philippines were the same in China in terms that it was indirectly related to informal credit loans only. In addition, according to Phan (2020), Vietnam also saw that microcredit helped most especially rural households improve their economic standards. It was because they used loans to generate businesses. However, it was mentioned that those with existing previous loans tend to indirectly affect their consumption, the same in the Philippines since repayment was a burden. Here, the results affirmed that most Filipinos, when they acquired loans, tended to decrease their consumption. It was because they rather adjust to survive the demands of living, such as their needs and wants in the long run.

Third, the question, is there a significant relationship between real household final consumption expenditure per capita and the real gross domestic product per capita was met by having a result that they were directly related. The real gross domestic product per capita as income per capita was related to the consumption of Filipinos. This was because income was the means to avail goods and services in the market. It also revealed that once an economy had higher outputs, people tended to consume more since there was enough supply. The evidence was the same with the emerging economies of Columbia, Indonesia, Kenya, Malaysia, and Mexico (Bakirtas & Akpolat, 2018). It was claimed that GDP is a crucial factor in determining the consumption of its citizens, which promoted urbanization since income was used to be spent in developing countries. In addition, Indonesia was also similar. It was revealed that increased production output increased people's consumption primarily in a healthy and well-educated society, as Dahliah and Nur (2021) said. This was because consumers were knowledgeable about where they were supposed to spend their income. Most of them created businesses and invested in income-generated activities. However, there was no long-run causality between consumption and GDP in Turkey, yet they have a stable relationship (Koyuncu & Ünal, 2020). Hence, this implied that Filipinos also depend on their income increase whether they will buy more considering that they have more capacity to consume.

Fourth, in the question that if there is a significant relationship between real household final consumption expenditure per capita and inflation rate, the researchers found out that there was no significance between the two variables. Yet, it was discovered that they had a negative trend in the long run. Filipinos tend to adjust their consumption when prices increase, yet this was not always the case because inflation rates and consumption were not related in the Philippine setting. This might be because of the same situation in China where citizens, when they expect a higher price of commodities, in the long run, tend to invest in assets in the risky sector. Yet, this was only applicable to high-income households, relying on future markets to hedge the inflation risk. Those in low-income households rather consume fewer asset allocations but consume more. This simply revealed that people tend to determine their consumption in consideration of market prices based on their economic status (Li, Wei, and Xu, 2020). Hence, this had proven that in the Philippines, it might be the case making it not significantly related. Also, Filipinos tend to consume goods still, especially when needed. However, they tend to be careful with their consumption. This was because it was mentioned in the previous research that people with low income or education also tend to be uncertain with their expectations in consumption, credit, and investment activities. In addition, this has the same case in European Union or E.U. countries. When people expect higher inflation in the next following months, they tend to adjust already their consumption currently positively, as said by Duca, Kenny, and Reuter (2018). Therefore, they already consume a lot to prevent buying those goods and services that increase the price. Then, in Poland, citizens also lesser their spending habits but more save, especially in times of uncertainty (Premik and Stanisławska, 2017). Indeed, in Ghana, household spending was also influenced mainly by the price level changes, according to Bonsu and Muzindutsi (2017). Still, since there are different behaviors among the citizens, it is more likely to have no significant relationship between the consumption and inflation rate among the Filipinos, yet most of them lessen or adjust their expenses.

The analysis contradicted the Life-Cycle Hypothesis in the Philippine setting wherein people who acquired loans tend to lessen their consumption instead of increasing it. Still, as the theory suggested, people tend to borrow means for their consumption when people have lesser income. Most people tend to decrease their consumption in the Philippines in getting loans because their source of income was not enough to sustain the repayment burden. Further, as connected to the theory, people need to have higher income over their consumption expenditures to have a budget to pay the loan's interest. It is challenging since most are unemployed, and their income primarily will not be enough or none. Second, the Permanent Income Hypothesis was supported by the results that Filipinos' consumption was based on their income in the following years. They adjust their expenditures based on their capability to spend from their income in jobs. Hence, when there is no employment, there is no income, making them spend nothing or less. This was also connected to the Keynesian consumption function, wherein people were driven to consume based on their income over the years.

5. Conclusions

The researchers found results in their study by using multiple linear regression analysis under ordinary least squares or OLS in EViews using time-series data from 2009 to 2019. They detected that the real household final consumption expenditure as the dependent variable is significantly related to the independent variables: unemployment rate, consumer loans per capita, and real gross domestic product per capita, except the inflation rate. Specifically, the unemployment rate, consumer loans per capita, and inflation rate were negatively related to the real household final consumption expenditure per capita. In contrast, real gross domestic product per capita was positively related. In all, the dependent variable, real household final household consumption expenditure, is significantly related and had high goodness of fit with the independent variables, unemployment rate, consumer loans per capita, real gross domestic product per capita, and inflation rate.

The results implied that in the Philippines, Filipinos tend to consume less when they are unemployed and when they acquire loans. This was linked to Filipinos' primary source of means was their income from jobs. When they are unemployed, they tend to have no source to consume goods and services. Next, Filipinos acquiring loans means lessening their consumption since they have debts and obligations to pay. This was included within their budget from their source of income. This means that instead of using the resources to consume more, they tend to minimize consumption and use whatever's left for payment. With the real gross domestic product per capita, it implies that as the economy of the Philippines is growing, the Filipinos tend to consume more since the country's income per capita also benefits them. This also suggests that as the country's output increases, Filipinos consume more since there is an increasing availability of goods and services in the economy. Lastly, researchers discovered that consumption had no significant relationship with the inflation rate, yet indirect. The real household final consumption expenditure per capita of the Filipinos implied that people lessen their consumption as prices increase, although not in all cases. This was because Filipinos tend to have the capability to enter into ways to earn money, not only from their jobs. Moreover, this was possible since people still consume goods and services which are mostly their needs. It was different since it can be pondered that people were not simply relying on the prices of commodities but the utility. Thus, when it is essential, people still consume food, being it the most significant contributing factor in consumption, which is a need.

Here, the researchers want to recommend that the Philippine government take concern about the unemployment scenario of the country since it is a factor that could affect the consumption of the Filipinos. It is better to prioritize creating jobs among the citizens. Here, it can be understood that people, when they face unemployment, tend to reduce and adjust their expenditures to withstand the scenario. With this, the government may consider if unemployment insurance could help the unemployed ease their consumption or provide their immediate needs rather than acquiring debts just like in other countries, mainly the United States. Also, they must help the people instead to not default from debts, particularly those who are unemployed. Second, with the consumer loans, the researchers claimed that these could not ease consumption too much since they could reduce accommodation goods and services due to repayments. With this, the researchers suggested that the government must continue looking over lending institutions' interest rates, providing that the lender and borrower will be benefited well and be protected. In connection, the government must also conduct financial literacy among Filipinos, especially those who are not well-informed about the credit risks and rating. In terms of the gross domestic product, the researchers suggested that the country continue developing its economy to increase its output. Lastly, in the inflation rate, it is recommended that the Philippine government always look after the effect of the inflation rate on the welfare of Filipinos.

With this, the researchers were looking forward to future researchers researching the risks of acquiring loans since some Filipinos tend to replace their income with these, yet they tend to consume less and, worse, may default. Indeed, the study could be an avenue for future researchers to study credit scoring since it was observed that many Filipinos are into acquiring loans or is the Philippines is a place where one could quickly get credits without analyzing the risks. Lastly, the researchers want to emphasize that the inflation rate does not significantly influence Filipinos' consumption. It is mainly because some Filipinos are eager to find other means to meet their necessities, yet they also suggest for future research to identify further the factors contributing to the increase of prices in the market and its relevance to the Filipino.

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