Sibatik Journal
Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan
E-ISSN: 2809-8544

THE CONSUMERS' MORTGAGE PLAN: BASIS IN DEVELOPING A STRATEGIC FINANCIAL PROGRAM

Dale-Lorenz D. Magtulis[1]*, Leonora T. Malibiran[2], Jay A. Sario[3]
AMA University, Philippines
***Email Correspondence:** dlmagtulis@gmail.com

Abstract

The objective of this study is to delve into the intricacies of consumers' mortgage plans and their pivotal role in the formulation of a strategic financial program. Given that homeownership stands as a significant milestone for individuals, a profound understanding of the dynamics of mortgage plans is indispensable for financial planners and policymakers alike. This research endeavors to unravel the key elements contributing to the development of an effective and strategic financial program centered around mortgage planning. The primary research questions guiding this study encompass the demographic profile of the respondents, an exploration of the factors influencing the extent of consumers' engagement, an assessment of the perceived effectiveness in developing a strategic financial program, and the proposition of a model for the development of such a program. Additionally, the study aims to discern patterns in consumers' decision-making regarding mortgages and to what extent these decisions align with the effectiveness of the strategic financial program. Through a comprehensive analysis of mortgage plans and consumer behavior, the study has revealed several key findings. It underscores the critical role played by dimensions such as Education on the Mortgage Planning Process, Credit Score Management, Mortgage Selection, Budget Determination, Risk Management, and Varying Economic Conditions on Mortgage Selection in shaping mortgage affordability. The research highlights the necessity for tailored financial strategic programs that align with individual preferences and long-term financial objectives. Furthermore, it underscores the importance of financial literacy and awareness in empowering consumers to make informed decisions about their mortgage plans. In conclusion, this study emerges as a valuable resource for financial professionals, policymakers, and individuals navigating the complex landscape of mortgage planning. By comprehending the nuances of consumers' mortgage choices, stakeholders can formulate targeted strategies to enhance financial well-being and promote sustainable homeownership.

Keywords: strategic financial program, mortgage planning, mortgage, sustainable homeownership, financial literacy, financial well-being, mortgage consumers.

INTRODUCTION

Acquiring a home stand is the most substantial investment for the majority of individuals throughout their lives. The scrutiny of a consumer's mortgage plan necessitates a thorough examination of their financial landscape to ascertain the viability and endurance of acquiring and sustaining a mortgage. This entails a comprehensive evaluation of factors such as income, credit score, expenses, down payment amount, debt-to-income ratio, and mortgage terms to determine the utmost affordable amount for the individual. Such analysis serves as a crucial tool in guiding consumers towards judicious decisions in mortgage selection, safeguarding them from potential financial strain and ensuring fiscal prudence.

In the dynamic and diverse landscape of Australia's real estate market, scrutinizing consumers' mortgage plans carries substantial implications for both individual financial well-being and the broader economic ecosystem. Homeownership stands as a cornerstone within the realm of mortgage planning, and gaining insight into the intricacies of mortgage

plans specific to the Australian context is paramount for formulating effective and tailored financial strategies. This study aims to conduct a thorough analysis of consumers' mortgage plans in Australia, serving as a foundational step towards the development of strategic financial programs.

Australia's real estate market is characterized by a distinctive array of challenges and opportunities shaped by factors including interest rates, economic trends, and regulatory policies. Within the intricate landscape of mortgage financing, the terms and conditions of home loans wield significant influence over consumers' financial portfolios. Acknowledging this, our research endeavors to explore the intricacies of consumers' mortgage plans within the Australian context, specifically focusing on factors pertinent to this unique market.

The outcomes of this research aim to function as a valuable resource for individuals, financial institutions, and policymakers alike. Through gaining insights into the drivers and patterns of consumers' mortgage plans in Australia, our aspiration is to contribute to the formulation of strategic financial programs that resonate with the distinctive characteristics of the local market.

The study conducted by Alcock et al. (2020) presents evidence of the resilience of the financial position of Australian households over the past decade, despite a notable increase in mortgage debt in the country. However, potential threats to consumers' financial stability in the future include factors such as possible interest rate hikes, elevated levels of household debt, and the prospect of declining property prices. The research identifies financial vulnerability as a key factor positively associated with mortgage stress among Australian consumers. This vulnerability encompasses elements such as low education, low income, and limited financial literacy. Such conditions lead to delayed mortgage payments, mental health issues, and reduced spending on essential goods (Nguyen & Boyle, 2021). Notably, mortgage stress has been on the rise over time, particularly among younger households, those in lower income quintiles, and households with children, indicating a need for policy interventions. Suggested interventions include income increases and reductions in housing costs (Ong & Scutella, 2019).

Policy interventions are crucial not only to address mortgage stress but also to enhance the housing market's resilience and reduce vulnerability to macroeconomic shocks. The housing market is deemed sensitive to both global and domestic economic shifts, with spillover effects on various industries (Hsieh & Wong, 2020). Additionally, Xiao and Tao's (2020) study underscores the limitations of existing research on consumers' mortgage planning, emphasizing the need for more diverse research methods and data sources. The current study aims to fill this research gap by exploring aspects of consumers' financial status and changes in financial position, contributing to a more comprehensive understanding of consumers' wealth-building endeavors.

Consumers' mortgage plans play a crucial role in overall financial planning, particularly in the context of monthly budgeting. Given that mortgage payments constitute one of the largest expenses, integrating this plan into consumers' budgets allows for adequate funds for discretionary spending, groceries, and bill payments. The mortgage plan serves as a strategic tool to achieve various financial goals, including acquiring a home that

appreciates over time, consolidating high-interest debt, freeing up cash flow, and reducing overall debt burden (Gao et al., 2021). Additionally, a well-crafted mortgage plan can impact retirement planning. As highlighted by Berger et al. (2020), paying off a mortgage faster can alleviate the overall debt burden, freeing up more funds for retirement account investments and aiding in the attainment of long-term financial goals. Furthermore, the influence of mortgage plans extends to credit scores. Long-term debts, such as mortgages, significantly affect credit scores. A robust mortgage plan facilitates on-time payments and helps consumers avoid loan defaults, contributing to credit score improvement and maintenance. This, in turn, simplifies the process of securing other types of loans (Yung et al., 2020).

Conceptual Framework of the Study:

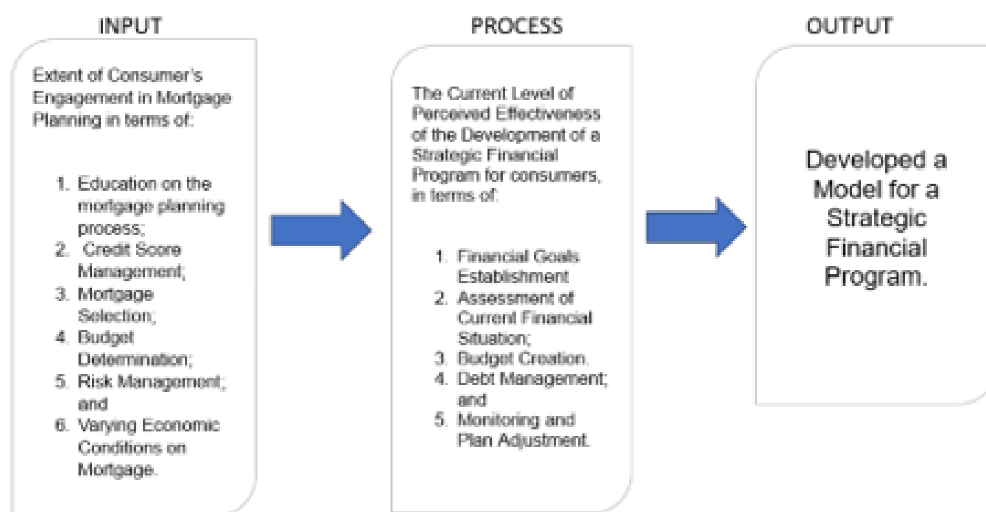

Figure 1. Research Paradigm

The study introduces a model to outline a simplified framework encompassing the concepts and variables utilized in the research, their interrelationships, and the direction of influence. As depicted in the figure, consumers actively engage in mortgage planning across various dimensions, including education on the mortgage planning process, credit score management, mortgage selection, budget determination, risk management, and the impact of varying economic conditions on the mortgage. These aspects are considered independent variables within the study.

The model evaluates the effectiveness of developing a strategic financial program for consumers with regard to specific aspects, such as the determination of financial goals, assessment of the current financial situation, budget creation, debt management, and the monitoring and adjustment of the plan. These factors are identified as dependent variables in the study. The model serves as a visual representation to elucidate the relationships and dynamics involved in the study's conceptual framework.

DOI: https://doi.org/10.54443/sibatik.v3i6.2002

Statement of the Problem

The study aims to examine consumers' mortgage plans, providing a foundation for the development of a strategic financial program. Specifically, the research will address the following questions:

1. What is the demographic profile of the respondents, including:
   1.1 Gender;
   1.2 Age;
   1.3 Educational Attainment;
   1.4 Civil Status;
   1.5 Occupation;
   1.6 Monthly Income;
   1.7 Number of Dependents?
2. To what extent are consumers engaged in mortgage planning, considering:
   2.1 Education on Mortgage Planning Process;
   2.2 Credit Score Management;
   2.3 Mortgage Selection;
   2.4 Budget Determination;
   2.5 Risk Management;
   2.6 Impact of Varying Economic Conditions on Mortgage Selection?
3. How do respondents perceive the effectiveness of the development of a strategic financial program for consumers, focusing on:
   3.1 Establishment of Financial Goals;
   3.2 Assessment of Current Financial Situation;
   3.3 Budget Creation;
   3.4 Debt Management;
   3.5 Monitoring and Adjustment of the Plan?
4. Based on the study findings, what model can be proposed for the development of a strategic financial program?

LITERATURE REVIEW

The study conducted by Moulton et al. (2021) explored the impact of mortgage counseling on consumers' mortgage selections and subsequent performance. The findings revealed that borrowers who underwent counseling tended to choose mortgages that were well-suited to their financial situations, leading to enhanced mortgage performance. These borrowers demonstrated a higher likelihood of making timely payments, a reduced likelihood of mortgage default, and a decreased likelihood of having delinquent mortgages. The study highlighted the role of mortgage counseling in providing financial literacy to consumers, enabling them to make informed decisions about their mortgages and consequently avoiding financial distress.

Mortgage planning, as defined by VandenBranden (2020), is the strategic assessment and choice of a mortgage loan that aligns most effectively with the financial goals of the

borrower. This involves careful consideration of factors such as interest rates, tax implications, and loan terms.

The Mortgage Planning Process

Engaging in thoughtful planning and understanding various options can transform the process of acquiring a property loan into a positive and seam-less experience, as emphasized by Commerce Home Mortgage (2020). This involves acquiring a fundamental grasp of the essentials and learning strategies to secure the most suitable mortgage package tailored to meet the specific needs of consumers. Seeking guidance from experienced and licensed mortgage professionals becomes crucial, as they possess the expertise to educate consumers about the intricacies of the mortgage process, identify optimal mortgage solutions, accurately assess current financial situations, and ensure a smooth, fast, and successful transaction.

Access to adequate housing options is contingent upon a household's financial resources, as posited by Doling et al. (2013). Utilizing a mortgage for the acquisition of a home necessitates meticulous planning to enhance comprehension of the property mortgage process. Homeownership demands significant financial accessibility, given that purchasing property is a substantial investment and potentially the most substantial asset households can attain. The majority of housing acquisitions are financed, reflecting the higher cost of housing compared to family income.

Financing plays a pivotal role in supporting the substantial costs associated with home construction, making it a crucial factor in the housing market. While some consumers may not have the capacity to borrow money for home purchase, a mortgage emerges as a viable option, albeit often limited to those with a stable and high income., and the mortgage itself can be substantial relative to income.

Consumer Mortgage Planning in Australia

Mortgage planning, a critical component in developing a strategic financial program, encompasses the assessment of options to secure a mortgage, analyzing the financial implications of interest rates and mortgage terms, and ensuring alignment with consumers' budgets and financial goals (Alcock et al., 2020). This process takes into account specific consumer goals and circumstances, including risk tolerance and current financial situations.

Stewart & Chan's (2019) study on factors contributing to mortgage default in Australia sheds light on key determinants such as the loan-to-value ratio, the number of household dependents, and the borrower's credit score. The research emphasizes the broader economic consequences of mortgage defaults, including a reduction in liquidity and an increased risk of contagion within the financial system. The study underscores the negative impact of mortgage default on household consumption and employment, emphasizing the need for effective borrower financial programs and stricter lending standards.

Residential mortgage lending practices in Australia involve the careful management of risks associated with credit, interest rates, and overall risk management strategies (Croucher, 2019).

Mortgage Selection in Mortgage Planning

In both home purchases and refinancing transactions, comprehensive appraisals are deemed necessary, providing an estimate of the property's value (FreddieMac, 2016). Lenders utilize appraisals to ensure that the property's purchase price aligns with market expectations. Typically, an independent appraisal company is hired to conduct the appraisal, and associated fees may be collected prior to the appraisal process.

An essential role of an appraisal is to provide an independent estimate of the home's value, serving as collateral for the mortgage loan (Calem et al., 2017). The valuation of collateral at the minimum sales price and appraised value has significant implications for the loan-to-value ratio (LTV). The LTV ratio is a crucial indicator of mortgage credit risk, influencing the lender's terms and interest rate. A lower valuation of the home compared to the contract price or an appraisal below the contract price can lead to transaction cancellation, especially if the seller is unwilling to pay the mortgage insurance premium.

Assessment of the Current Financial Situation of Mortgage Consumers

Xiao & Ponto's (2022) study delved into the development of financial capability among consumers, emphasizing the integral components of financial skills, knowledge, and behavior. The research highlighted that achieving financial well-being, particularly for vulnerable consumers with lower incomes, is closely tied to engaging in desirable financial behaviors and receiving proper financial education programs. The study conducted a national survey on consumer wellbeing, using financial skill, financial knowledge, and financial behavior as essential components contributing to the attainment of financial well-being.

Kim and Xiao's (2021) study explored racial and ethnic disparities in consumers' financial status, focusing on the impact of financial education. The research findings suggest that individuals of Caucasian descent demonstrate greater financial capability in comparison to other racial minority groups, a phenomenon attributed to their heightened engagement in financial education programs. The study highlights the pivotal role of financial education in elucidating disparities in financial standing between African American and Caucasian individuals.

Rhyne's (2020) study centered on consumers' financial health or status, emphasizing the ability to maintain a balance between income and spending, meet financial obligations promptly and in full, possess sufficient savings, access resources, engage in financial planning, and feel in control of financial activities. The study revealed that financial success hinges on achieving both financial well-being and financial health. Income and its volatility demonstrated a strong correlation with financial health.

As outlined in the study by Cera et al. (2020), financial capability empowers consumers to establish sustainability in their financial structure, fostering the ability to attain financial well-being. The study specifically focused on consumers' adept handling of finances for online purchases, highlighting the impact of financial capability on decisions in online purchasing behavior. The dimensions of financial capability related to technology

use, such as financial attitude, financial advice, digital banking utilization, payment risk, financial risk, and risk tolerance, were identified.

Achieving good financial health is crucial for consumers to secure a comfortable lifestyle and reduce vulnerability, as discussed in the study by Arellano et al. (2019). The findings underscore the significant influence of financial health on vulnerability, considering various factors such as financial literacy and human capital. Income and the consumer's environment were identified as key contributors to financial vulnerability. The study revealed that consumers experience decreased vulnerability when they can fulfill financial obligations, increase savings, own property, or have insurance.

The study conducted by Khan et al. (2022) delves into financial capability, emphasizing the amalgamation of financial decisions, skills, knowledge, attitudes, and confidence that empower consumers to effectively manage financial matters in alignment with their life circumstances. The research identified that financial behaviors encompassing financial planning, savings, and spending restraint contribute to enhancing the financial well-being of consumers, irrespective of age, income, or background. The study further applied a two-step hierarchical multiple regression to examine the effects of financial knowledge, financial attitude, financial advice, financial behavior, and financial satisfaction on financial capability.

Tahir et al. (2021) explored the relationship between financial well-being and financial literacy, highlighting the moderating role of financial capability. The study revealed that future-oriented consumer behavior mediates the connection between financial literacy and financial capability, as well as the associations between financial capability and financial well-being. Consumers exhibiting high non-impulsive behavior were found to have positive associations with financial literacy, financial capability, and financial well-being.

Kutin's (2019) research focused on the financial capability of women in Victoria, emphasizing the importance of possessing essential capabilities for applying appropriate financial knowledge and engaging in desirable financial behaviors to achieve financial well-being and goals. The findings emphasized the necessity for consumers to manage short-term and long-term financial needs, such as retirement, through appropriate financial decisions and behaviors.

The study conducted by Kempson & Poppe (2018) delves into consumers' financial well-being, emphasizing the responsibility consumers take for their current and future financial health. Findings indicated that consumers exhibit moderate financial well-being levels with low financial resilience for retirement. While the overall financial well-being in the country was reported to be better than that of New Zealand and Australia but lower than Norway, the study suggested the need for promoting higher levels of savings for consumers in the short term. The research utilized a meta-analysis of financial education studies, incorporating qualitative interviews as a valuable tool.

Fulford et al.'s (2021) study highlights the improvement in the average consumer's financial status from 2019 to 2020, despite volatile economic conditions. Three measures, including the ability to pay bills, credit scores, and subjective financial well-being, were used to examine changes in consumer financial status. The study revealed that fewer consumers

faced difficulty paying bills, credit scores increased, and subjective financial well-being improved compared to 2019. The survey method was employed to gather data on the changes in consumers' financial positions during the pandemic crisis, using percentage and frequency as measures to evaluate financial well-being.

The study by Xiao and Tao (2020) focused on how consumers manage their savings, loans, investments, and money, which determine their financial positions that result in the building of financial wealth. The study's findings show that managing consumer savings and consumer borrowings is crucial in im-proving consumers' financial well-being and quality of life. The study utilized a critical review of the literature to gather data for managing consumers' finances.

The study conducted by Birkenmaier et al. (2022) focused on measuring consumers' financial capability, exploring various understandings of the concept, including its indicators. The research aimed to develop evidence-based interventions and policies to enhance consumers' financial well-being and reduce economic inequality. Findings suggested that financial capability and position are operationalized by the combination of financial knowledge and access, contributing to consumers' financial well-being.

Lucic et al.'s (2022) study delved into the multidisciplinary theoretical context of consumers' financial capability, providing relevant theoretical frameworks to define financial capability for more effective financial management. Findings indicated that financial capability is achieved as consumers engage in comprehensive financial activities, fostering financial literacy and effective financial decision-making. The study constructed a comprehensive theoretical model by examining different financial capability models to identify the antecedents of consumers' financial capability.

METHOD

The research utilized descriptive and quantitative methods to analyze consumers' mortgage plans and their role in developing strategic financial programs. A Likert Scale Self-made Questionnaire. In this study, the respondents consisted of households in Melbourne CBD, Victoria, Australia, selected through a Random Sampling Design based on specific criteria set by the researcher, considering their availability and willingness to participate. Data collection focused on 207 mortgage consumer respondents in Melbourne CBD households through random sampling.

With a margin of error set at 5%, the study obtained a total sample of 207 households from a population of 429 households (www.abs.gov.au/census/). The participants willingly agreed to participate in the study.

RESULTS AND DISCUSSION

What is the demographic profile of the respondents?

The study involved 123 female respondents, constituting 59.4%, while 84 respondents, accounting for 40.6%, were male. This distribution suggests a noteworthy gender influence on consumer engagement in mortgage planning. The higher female participation indicates a strong interest among women in mortgage planning, contributing to the development of a

strategic financial program. This gender disparity may be attributed to various factors, including caregiving responsibilities and societal perceptions of financial confidence. Addressing gender-specific challenges and preferences can lead to more inclusive and effective financial strategies. The survey revealed that 45.6% of respondents engaged in mortgage planning were aged 26 to 30, with 39.6% aged 31 to 35, 12.1% aged 41 and above, and 3.4% aged 20 to 25. This distribution suggests heightened interest in mortgage planning among those aged 26 to 30. Different life stages prompt varying financial needs and goals, highlighting the importance of tailoring mortgage strategies to meet diverse age-specific needs.

Regarding educational attainment, 77.3% of respondents hold college degrees, followed by postgraduates (10.6%), college undergraduates (7.7%), and vocational graduates (4.3%). Higher educational qualifications correlate with a greater engagement in mortgage planning, as these individuals have a heightened awareness of financial management. Financial education enhances consumers' literacy and informed decision-making in mortgage planning. In terms of civil status, 49.3% of respondents were single, 44% married, and 6.8% identified as De Facto/Partner. Both single and married individuals exhibit significant interest in mortgage planning, with marital status influencing financial responsibilities and household income. Understanding these dynamics is crucial for tailoring mortgage strategies to individual and family needs.

The survey indicates that 97.1% of respondents are employed, with 2.9% self-employed. Employed consumers, particularly those in industry jobs, likely have stable financial resources supporting their mortgage planning endeavors. Effective management of these resources is essential for achieving housing and financial goals. Lastly, the majority of respondents (68.6%) have high monthly incomes ($5,600 and above), while 31.4% earn between $4,600 and $5,500. These high-income levels enable consumers to pursue mortgage-related goals effectively. Understanding income levels is crucial for aligning mortgage strategies with financial capacities and goals.

To what extent are consumers engaged in mortgage planning in following:

1. The Extent of Consumers' Engagement in Mortgage Planning: Education on Mortgage Planning Process

Table 1

No.	Education on Mortgage Planning Process	N	Mean	Std. Deviation	Description
1	Conducts a review of financial information to determine past repayment habits and the ability to handle financial responsibility for a mortgage of property in the future.	207	4.48	0.743	High Extent
2	Gathers reliable information from experts that enables making the right choices throughout the mortgage process.	207	4.29	0.706	High Extent
3	Seeks information on the loan estimate when approved for a mortgage loan and used in evaluating the loan offer prior to acceptance.	207	3.85	0.802	High Extent
4	Develops backup plans in financial difficulty to protect from unexpected financial problems.	207	3.94	0.708	High Extent
5	Creates spending and savings plans for unexpected emergencies.	207	4.29	0.925	High Extent
Arithmetic Mean		**207**	**4.17**	**0.777**	**High Extent**

The findings indicate a "High Extent" of consumers' engagement in the mortgage planning process, with active involvement in reviewing financial information to assess repayment habits and future responsibilities, as shown by the highest mean score of 4.48. Consumers seek reliable information from experts (mean of 4.29) to make informed choices. They gather loan estimates and evaluate offers before acceptance (mean of 3.85), develop backup plans for financial difficulties (mean of 3.85), and create spending and savings plans for emergencies (mean of 4.29). The overall engagement in mortgage planning education is high, with a grand mean of 4.17. The average standard deviation of 0.777 highlights the consistency in consumers' proactive efforts to understand and learn about obtaining a mortgage. This engagement emphasizes the importance of financial literacy in mortgage planning, enhancing informed decision-making.

2. The Extent of Consumers' Engagement in Mortgage Planning: Credit Score Management

Table 2

No.	Credit Score Management	N	Mean	Std. Deviation	Description
1	Makes a review of credit report for any problems or opportunities for improvement of credit score before application of mortgage.	207	4.23	0.859	High Extent
2	Conducts a review of own credit score, which lenders use in determining the creditworthiness of the borrower.	207	4.09	1.019	High Extent
3	Examines credit reports of historical and current borrowing and repaying, information on public records and late payments.	207	4.53	0.736	Very High Extent
4	Examines debt-to-income ratio to determine the maximum amount the consumer is eligible for.	207	4.42	0.898	High Extent
5	Examines payment history of previous loans if made on time to identify current credit score and creditworthiness.	207	3.89	0.766	High Extent
Arithmetic Mean		**207**	**4.24**	**0.856**	**High Extent**

Consumers demonstrate a "Very High Extent" of engagement in credit score management, focusing on examining credit reports for borrowing and repayment history, public records, and late payments, reflected by the highest mean score of 4.53. They actively manage their credit scores to a "High Extent" by reviewing reports for potential issues before applying for a mortgage (mean of 4.23) and conducting thorough reviews of scores used by lenders (mean of 4.09). Additionally, they examine debt-to-income ratios to determine eligibility (mean of 4.42) and review past loan payment histories (mean of 3.89). The grand mean of 4.24 indicates an overall high level of engagement in credit score management, with respondent responses showing consistency, as evidenced by an average standard deviation of 0.856.

3. The Extent of Consumers' Engagement in Mortgage Planning: Mortgage Selection

Table 3

No.	Mortgage Selection	N	Mean	Std. Deviation	Description
1	Consumers pay attention to the loan offerings that fit their needs as borrowers.	207	4.31	0.987	High Extent
2	Consumers put a lot of effort and time into evaluating the lending policies of financial institutions on mortgage loans offered for comparison.	207	4.12	0.908	High Extent
3	Consumers examine promotional tools creditors use to improve their awareness of varied loan options for property mortgage.	207	3.94	0.711	High Extent
4	Consumers are influenced by advertising practices that persuade them to avail of loan products.	207	3.78	0.969	High Extent
5	Consumers consider the brand image of the lending institution in selecting mortgage products, which improves the firm's competitiveness in the financial industry.	207	4.02	0.759	High Extent
Arithmetic Mean			**4.03**	**0.841**	**High Extent**

The findings reveal a "High Extent" of consumers' engagement in mortgage selection, with a particular focus on aligning loan offerings with their needs, reflected by the highest mean of 4.31. Consumers invest considerable effort in evaluating financial institutions' lending policies, comparing mortgage loans, and examining promotional tools, with mean values of 4.12 and 3.94, respectively. Advertising practices and brand image also influence their mortgage product choices, enhancing firms' competitiveness, with mean values of 3.78 and 4.02, respectively. The grand mean of 4.03 indicates a consistent high level of engagement, supported by an average standard deviation of 0.841.

5. The Extent of Consumers' Engagement in Mortgage Planning: Budget Determination

Table 4

No.	Budget Determination	N	Mean	Std. Deviation	Description
1	Conducts analysis on budget, considering a realistic estimate of the monthly mortgage payment.	207	3.76	0.723	High Extent
2	Considers reasonable amount of money for emergencies, savings, other expenses, and investments.	207	3.92	0.692	High Extent
3	Considers choosing a mortgage loan which the consumer can reasonably afford based on realistic expectations that ensure responsible lending.	207	4.07	0.788	High Extent
4	Determines maximum property buying power using mortgage interest rates.	207	4.52	0.854	Very High Extent
5	Consumers assesses financial resources for each month, determine expenses and how money was spent through review of personal financial records.	207	4.72	0.556	Very High Extent
Arithmetic Mean		**207**	**4.19**	**0.743**	**High Extent**

It is evident that consumers engage in budget determination to a remarkable extent, assessing financial resources for each month and reviewing personal financial records to understand expenses and expenditure patterns, reflected in the highest mean of 4.72. Moreover, consumers exhibit a "Very High Extent" of engagement in determining their maximum property buying power using mortgage interest rates, with a substantial mean of

4.52. Additionally, consumers analyze their budget to consider a realistic estimate of the monthly mortgage payment, allocate funds for emergencies, savings, other expenses, and investments, and choose a mortgage loan within reasonable affordability, demonstrating a "High Extent" of engagement, with mean values of 3.76, 3.92, and 4.07, respectively.

The grand mean of 4.19 underscores the overall "High Extent" of consumer engagement in budget determination, supported by the homogeneity of respondents' responses, as indicated by the average standard deviation of 0.743.

5. The Extent of Consumers' Engagement in Mortgage Planning: Risk Management

Table 5

No.	Risk Management	N	Mean	Std. Deviation	Description
1	Mortgage planning of consumers allows the development of their ability to manage financial risks involving medical expenses and unexpected job loss.	207	4.28	0.929	High Extent
2	Engagement in mortgage planning enables consumers to develop a contingency plan that ensures the mitigation of mortgage risks.	207	4.09	0.948	High Extent
3	Mortgage planning enables consumers to minimize risks and provides them the ability to make timely payments on the loan.	207	4.19	0.681	High Extent
4	Consumers develop the ability to choose a mortgage that is aligned with the borrower's financial goals.	207	4.13	1.069	High Extent
5	The plan allows consumers to build an emergency fund for unexpected expenses that helps in mitigation of financial risk, providing safety net during times of financial stress.	207	4.10	1.081	High Extent
Arithmetic Mean		**207**	**4.16**	**0.907**	**High Extent**

The findings indicate a "High Extent" of consumer engagement in risk management, with the highest mean of 4.28. Consumers demonstrate the ability to manage financial risks related to medical expenses and unexpected job loss. They develop contingency plans to mitigate mortgage risks, minimize payment delays, choose mortgages aligned with financial goals, and build emergency funds for unexpected expenses, all to a "High Extent," with mean values of 4.09, 4.19, 4.13, and 4.10, respectively. The grand mean of 4.16 underscores the overall "High Extent" of consumer engagement in risk management, supported by consistent responses, as indicated by the average standard deviation of 0.907.

6. The Extent of Consumers' Engagement in Mortgage Planning: Risk Management

Table 6

No.	Varying Conditions on Mortgage Selection	N	Mean	Std. Deviation	Description
1	Consumer engagement in mortgage planning allows consumers to choose adjustable-rate mortgages that have lower rates for initial interest but higher potential rate increases of interest in the future during periods of low interest rates.	207	3.99	0.980	High Extent
2	Plan engagement enables consumers to become more conservative and cautious in mortgage selection during periods of instability and low interest rates, allowing consumers to choose fixed-rate mortgages with higher initial interest rates but more predictable and stable monthly payments over the loan's life.	207	3.36	0.859	Moderate Extent
3	Mortgage planning helps consumers in ensuring that the plan is appropriately tailored to the present economic environment that meets the preferences and needs of the consumer.	207	3.40	0.892	Moderate Extent
4	Consumers become effective in mortgage selection by giving consideration to varying economic conditions of the rates of inflation, interest, and unemployment which can affect the affordability and availability of mortgages.	207	4.18	0.791	High Extent
5	Mortgage planning enables consumers to suit their income levels to an appropriate mortgage rate through financial literacy, that helps them in making better selection decisions during economic uncertainty periods.	207	3.99	0.918	High Extent
Arithmetic Mean		**207**	**3.79**	**0.918**	**High Extent**

Consumers demonstrate a "High Extent" of engagement in considering economic conditions when selecting mortgages, reflected in the highest mean of 4.18. They effectively factor in inflation, interest rates, and unemployment rates, recognizing their significant influence on mortgage affordability and availability.

Consumers are empowered to choose adjustable-rate mortgages during low-interest rate periods, showing a "High Extent" of engagement with a mean value of 3.99. Additionally, they exhibit a "Moderate Extent" of engagement by opting for fixed-rate mortgages during periods of instability and low-interest rates, as indicated by mean values of 3.38 and 3.40, respectively. The grand mean of 3.79 underscores the overall "High Extent" of consumer engagement in considering economic conditions when selecting mortgages, supported by consistent responses, with an average standard deviation of 0.918.

Perceptions on the Effectiveness of the Development of Strategic Financial Program for Consumers:

1. Effectiveness of the Development of Strategic Financial Program: Financial Goals Establishment

Table 7

No.	Financial Goals' Establishment	N	Mean	Std. Deviation	Description
1	The program enables consumers to establish clear long-term financial goals.	207	4.11	1.039	Effective
2	Consumers can establish financial goals that are measurable, specific, achievable, and have a timeframe attached to the goals.	207	3.74	0.818	Effective
3	The program provides a comprehensive approach to the management of consumers' finances that achieve the goals set.	207	3.87	1.043	Effective
4	The program enables consumers to develop a plan aligned with future aspirations.	207	4.09	0.953	Effective
5	The program enables consumers to identify how the mortgage fits into their financial goals.	207	4.19	0.669	Effective
Arithmetic Mean		**207**	**3.99**	**0.911**	Effective

The strategic financial program's effectiveness in establishing financial goals is evident, with the highest mean of 4.19. It helps consumers understand how mortgages fit into their overall financial objectives, empowering them to set clear long-term financial goals. The program adopts a comprehensive approach to financial management, enabling consumers to align their plans with future aspirations, demonstrated by mean values of 4.11, 3.74, 3.87, and 4.09. The grand mean of 3.99 indicates the overall effectiveness of developing a strategic financial program, supported by consistent responses, with an average standard deviation of 0.911.

2. Effectiveness of the Development of Strategic Financial Program: Assessment of Current Financial Situation.

Table 8

No.	Assessment of Current Financial Situation	N	Mean	Std. Deviation	Description
1	The program enables consumers to assess their assets, expenses, income, liabilities, and credit scores.	207	4.03	0.923	Effective
2	Consumers develop the ability to determine their capacity for borrowing, investment options, and risk tolerance.	207	4.35	1.036	Effective
3	The program enables consumers to assess their current financial situation.	207	4.45	0.604	Effective
4	The program allows the creation of a mortgage plan which is aligned with consumers' current financial situation.	207	3.39	1.188	Effective
5	The program helps consumers in determining their borrowing capacity, options for investment, and risk tolerance.	207	3.87	0.964	Effective
Arithmetic Mean		**207**	**4.02**	**0.943**	**Effective**

The grand mean of 4.02 reveals the overall effectiveness of conducting assessments for the current financial situation, supported by the homogeneity of respondents' responses, as indicated by the average standard deviation of 0.943.

3. Effectiveness of the Development of Strategic Financial Program: Budget Creation

Table 9

No.	Budget Creation	N	Mean	Std. Deviation	Description
1	Consumers are able to create a budget that outlines the goals for expenses, income, and savings.	207	3.66	0.986	Effective
2	The program enables consumers to identify areas where money can be saved, and expenses can be reduced.	207	3.94	0.636	Effective
3	The program enables consumers to establish a sustainable and realistic budget for mortgage payment and the costs associated with maintenance expenses, insurance, and property taxes.	207	3.73	0.693	Effective
4	Consumers are able to analyze their expenses and income and other factors that influence mortgage affordability.	207	4.26	0.923	Effective
5	The program allows consumers to establish a realistic budget that make them develop informed decisions on size and mortgage type which they can afford.	207	4.27	0.707	Effective
Arithmetic Mean		**207**	**3.97**	**0.788**	**Effective**

The effectiveness of the strategic financial program in engaging consumers in budget creation is evident, with the highest mean of 4.27. This program enables consumers to establish a realistic budget, informing decisions on mortgage affordability. Consumers can create budgets outlining goals for expenses, income, and savings, identifying areas for potential savings, and addressing costs related to mortgage payments, maintenance, insurance, and property taxes, with mean values of 3.88, 3.94, 3.73, and 4.26, respectively. The grand mean of 3.97 indicates the overall effectiveness of budget creation in strategic financial program development, supported by consistent responses, with an average standard deviation of 0.788.

4. Effectiveness of the Development of Strategic Financial Program: Debt Management

Table 10

No.	Debt Management	N	Mean	Std. Deviation	Description
1	The program enables consumers to prioritize high-interest debt for repayment in a responsible and timely manner.	207	4.05	0.939	Effective
2	Consumers are able to negotiate lower rates of interest for the mortgage.	207	4.11	1.069	Effective
3	The program enables consumers to reduce debt levels, thus, improves their financial well-being and maintain financial stability.	207	4.36	0.829	Effective
4	The program enables consumers to refinance a mortgage that provides consolidation of debt into mortgage loan, to reduce debt's overall cost.	207	4.10	0.937	Effective
5	Consumers are able to take holistic approach to their personal finances and make strategic decisions supporting long-term financial goals.	207	3.99	1.428	Effective
Arithmetic Mean		**207**	**4.12**	**1.040**	**Effective**

The effectiveness of debt management in consumers' financial programs is evident, with the highest mean of 4.36. This effectiveness enables consumers to reduce debt levels, enhancing financial well-being and stability. The financial program facilitates prioritizing

high-interest debt for timely repayment, negotiating lower mortgage interest rates, refinancing for debt consolidation, and making strategic decisions aligned with long-term financial goals, with mean values of 4.05, 4.11, 4.10, and 3.99, respectively. The grand mean of 4.12 underscores the overall effectiveness of debt management in strategic financial program development, supported by consistent responses, with an average standard deviation of 1.040.

5. Effectiveness of the Development of Strategic Financial Program: Monitoring and Plan Adjustment.

Table 11

No.	Monitoring and Plan Adjustment	N	Mean	Std. Deviation	Description
1	The program allows consumers to monitor and adjust as circumstances change.	207	3.96	0.762	Effective
2	Consumers can revisit financial goals and adjust the plan as necessary, ensuring that they stay on track to achieve financial objectives.	207	4.09	0.956	Effective
3	The program enables consumers to adjust their mortgage plan accordingly.	207	3.89	1.112	Effective
4	Monitoring in the program ensures that consumers remain aligned with their financial goals.	207	3.89	1.218	Effective
5	Monitoring process allows consumers to make adjustments to their mortgage plan in cases of changes in financial situation of borrower, change in interest rates, which can prevent foreclosure & default.	207	3.95	1.21	Effective
Arithmetic Mean		**207**	**3.96**	**0.982**	**Effective**

The development of a strategic financial program is perceived as "Effective," enabling consumers to revisit and adjust financial goals to achieve objectives, with a mean of 4.09. Consumers can monitor and adjust their plans as needed, ensuring alignment with goals and preventing foreclosure, with means of 3.96, 3.89, 3.89, and 3.95, respectively. The overall effectiveness of monitoring and plan adjustment is indicated by a grand mean of 3.96, supported by consistent responses, with an average standard deviation of 0.982.

Significant Influence of the Extent of Consumers' Engagement in Mortgage Planning on the Effectiveness of the Development of a Strategic Financial Program for Consumers.

Table 12

Consumers Engagement in Mortgage Planning Variables	N	Mean	Standard Deviation	Pearson Correlation	Sig. (2-tailed)	Description	Interpretation
Education on the Mortgage Planning Process	207	4.17	0.478	.839**	.000	High Positive Correlation	High Positive Significant Influence
Credit Score Management	207	4.23	0.699	.786**	.000	High Positive Correlation	High Positive Significant Influence
Mortgage Selection	207	4.03	0.681	.727**	.000	High Positive Correlation	High Positive Significant Influence
Budget Determination	207	4.19	0.585	.864**	.000	High Positive Correlation	High Positive Significant Influence
Risk Management	207	4.16	0.669	.847**	.000	High Positive Correlation	High Positive Significant Influence
Varying Conditions in Mortgage Selection	207	3.79	0.473	.747**	.000	High Positive Correlation	High Positive Significant Influence

** Correlation is significant at the .01 level (2-tailed).

Table 12 illustrates the significant influence of consumers' engagement in mortgage planning on the effectiveness of developing strategic financial programs. "Education on the Mortgage Planning Process" shows a highly positive correlation, with a Correlation Coefficient of .839**, significant at a 1% level, indicating a robust influence on program development. Similarly, "Credit Score Management," "Mortgage Selection," "Budget Determination," "Risk Management," and "Varying Economic Conditions in Mortgage Selection" all exhibit strong positive correlations, with coefficients ranging from .727 to .864** and significant ρ values at the 1% level. Rejection of the null hypothesis for each factor suggests a robust and significant influence on strategic financial program development for consumers.

Overall Significant Influence of Consumers' Engagement in Mortgage Planning on the Effectiveness of the Development of Strategic Financial Program for Consumers:

Table 13

Consumers Engagement in Mortgage Planning Variables	N	Mean	Standard Deviation	Pearson Correlation	Sig. (2-tailed)	Description	Interpretation
Consumers' Engagement in Mortgage Planning	207	4.09	0.533	.898**	0.000	High Positive Correlation	High Positive Significant Influence

**. Correlation is significant at the 0.01 level (2-tailed).

Table 13 illustrates that the "Consumers' engagement in mortgage planning" has a high positive correlation with the development of strategic financial programs for consumers. The Correlation Coefficient of .898**, at ρ value of .000, is significant at a 1%

significance level. The null hypothesis is rejected; there is a strong positive significant influence of the consumers' engagement in mortgage planning on the development of strategic financial programs for consumers.

Mortgage Planning Dimensions that Significantly Contribute to the Effectiveness of the Development of Strategic Financial Program for Consumers:

Table 14

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.947	0.696	0.893	0.160	0.896	286.9	6	200	0.000	2.27

a. Predictors: (Constant), Education on Mortgage Planning, Credit Score Management, Mortgage Selection, Budget Determination, Risk Management, Varying Economic Conditions.in Mortgage Selection.
b. Dependent Variable: Effectiveness of the Development of Strategic Financial Program

Table 6 of the Regression Model Summary provides insights into the effectiveness of consumers' development of strategic financial programs. The R-value, indicating the correlation between independent and dependent variables, stands at an exemplary 0.947, suggesting a strong fit of the regression model. The Coefficient of Determination (R^2) at 0.696 signifies that 69.6% of the variance in the dependent variable is explained by chosen independent variables, demonstrating a substantial influence of cost optimization strategies. The Adjusted R Square value of 0.893 indicates that mortgage planning variables account for 89.3% of the variance in the strategic financial program. A low Standard Error of Estimate of 0.160 reflects precise predictions. A significant p-value of .000 suggests that including mortgage planning enhances the model's effectiveness. The Durbin-Watson test statistic of 2.27 indicates no first-order autocorrelation in the dataset, supporting the model's reliability.

Statistical Significance of the Regression Model: Analysis of Variance

Table 15

ANALYSIS OF VARIANCE (ANOVA)						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44.08	6	7.348	286.9	.000[b]
	Residual	5.121	200	0.026		
	Total	49.21	206			

a. Dependent Variable: Strategic Financial Program
b. Predictors: (Constant), Education on Mortgage Planning Process, Credit Score Management, Mortgage Selection, Budget Determination, Risk Management, Varying Conditions in Mortgage Selection.

Table 15, the Analysis of Variance, confirms the regression model's significance in explaining variations in mortgage planning variables and their influence on the strategic financial program. The F-test results, F(6, 200) = 286.9, with a p-value (ρ) of 0.000, demonstrate statistical significance, indicating a robust fit of the model to the data. This

acceptance of the model rejects the null hypothesis and supports the existence of a linear relationship between mortgage planning variables and the strategic financial program. The high significance level and nonzero R^2 provide confidence in the model's ability to predict the strategic financial program at a 95% confidence level.

Regression Coefficients for Consumers' Engagement in Mortgage Planning Process

Table 16

Regression Coefficients for Mortgage Planning									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.048	.158		-.305	.760		
	Education on Mortgage Planning Process	.412	.055	.403	7.45	0.000	.177	5.63
	Credit Score Management	.229	.028	.327	8.11	0.000	.321	3.12
	Mortgage Selection	.262	.039	-.365	-6.68	0.000	.174	5.74
	Budget Determination	.316	.041	.378	7.69	0.000	.216	4.64
	Risk Management	.076	.047	.104	1.61	0.009	.126	7.96
	Varying Conditions in Mortgage Selection	.210	.074	.203	2.84	0.005	.102	9.84

a. Dependent Variable: ROI

Table 16 displays the Regression Coefficients for consumers' engagement in mortgage planning variables, indicating the strength of each variable's influence on achieving effectiveness in strategic financial program development. Non-zero coefficients and corresponding ρ values reject null hypotheses, affirming the predictive power of these variables. With ρ values of 0.000 for most variables, including education on the mortgage planning process, credit score management, mortgage selection, budget determination, risk management, and varying conditions in mortgage selection, their significance in predicting strategic financial program effectiveness is evident. These variables play a crucial role in enhancing financial stability and aligning long-term goals. Their influence prompts forward-thinking financial strategies, fostering resilience and success. Low ρ values indicate strong evidence against null hypotheses, suggesting significant impacts on program effectiveness. Collinearity diagnostics confirm the absence of multicollinearity, validating the independence and significance of mortgage planning variables in the regression model.

CLOSING

Conclusion

The conclusions drawn from the findings of this study are as follows:

1. **Demographic Profile of the Respondents:**
   1.1. **Gender of Consumers:** The majority are female, indicating strong female engagement in mortgage planning. This may be influenced by caregiving roles and perceived differences in financial confidence between genders.

DOI: https://doi.org/10.54443/sibatik.v3i6.2002

1.2. **Age of Consumers:** Most participants are aged 26-35, with significant interest from those 41 and older. Interest in mortgage planning increases with age, reflecting varying financial needs and goals at different life stages.
1.3. **Educational Attainment of Consumers:** Most respondents are college graduates, suggesting higher education correlates with an understanding of financial tools and effective money management, aiding in achieving financial goals.
1.4. **Civil Status of Consumers:** Single and married individuals show interest in mortgage planning, with civil status influencing financial resources and household income. Married couples may benefit from combined incomes.
1.5. **Occupation of Consumers:** The majority are employed, indicating stable incomes which support mortgage planning. Employment status impacts financial stability and resource management for mortgage activities.
1.6. **Monthly Income of Consumers:** High-income earners (above $5,600 monthly) dominate the study, showing that financial stability enables active mortgage planning and participation in financial programs.
1.7. **Number of Dependents of Consumers:** Most have 1 or 2 dependents, suggesting fewer financial burdens and greater flexibility in mortgage planning. Fewer dependents allow for better financial management and resource allocation toward mortgage goals.

2. **Extent of Consumers' Engagement in Mortgage Planning**

2.1. **Education on Mortgage Planning Process:** Consumers show a high level of engagement in educating themselves about the mortgage planning process. They actively seek information on interest rates, mortgages, credit scores, and down payments, highlighting their commitment to making informed decisions and understanding crucial financial concepts for homeownership.
2.2. **Credit Score Management:** Consumers are highly engaged in managing their credit scores, recognizing its importance in securing favorable mortgage interest rates. This engagement enhances their borrowing capacity and affordability of home loans, thereby supporting their homeownership goals.
2.3. **Mortgage Selection:** Consumers demonstrate significant engagement in selecting suitable mortgage products. They invest time in comparing various mortgage options, considering loan terms, interest rates, and associated fees. This careful assessment aligns their choices with their financial situation and goals, ensuring well-informed decisions.
2.4. **Budget Determination:** Consumers show strong engagement in budget determination, assessing their financial situation to create detailed budgets that outline savings, expenses, and income. They prioritize financial goals based on urgency and importance, strategically planning to achieve long-term and short-term objectives.
2.5. **Risk Management:** Consumers are proactive in risk management, identifying and mitigating potential risks to their financial stability. They actively build and maintain

emergency funds and handle debt responsibly, demonstrating a commitment to financial resilience and stability.

2.6. Adapting to Varying Economic Conditions: Consumers exhibit a high level of engagement in adapting their mortgage choices to changing economic conditions. They assess affordability based on factors like inflation, interest rates, and housing market trends, ensuring informed decisions that align with their financial goals and maintain stability amidst economic fluctuations.

3. Perceptions on the Effectiveness of the Development of Strategic Financial Program for Consumers

3.1. Financial Goals Establishment: Setting specific financial goals is crucial for motivation, direction, and progress measurement, providing a clear framework for consumers' financial efforts and decisions.

3.2. Assessment of Current Financial Situation: Evaluating the current financial situation is essential for understanding financial health, identifying areas for improvement, and making informed decisions aligned with financial goals.

3.3. Budget Creation: Engaging in budget creation is vital for managing expenses, income, and savings, offering a structured approach that aligns spending with financial objectives and supports long-term stability.

3.4. Debt Management: Effective debt management is critical for achieving financial goals and maintaining stability, involving responsible handling and reduction of debt to enhance overall financial well-being.

3.5. Monitoring and Plan Adjustment: Continuous monitoring and adjustment of financial plans ensure alignment with goals and adaptability to changing conditions, contributing to long-term financial success and resilience.

4. Mortgage Planning Dimensions that Significantly Contribute to the Effective Development of Strategic Financial Program for Consumers.

The dimensions of mortgage planning, including education on the mortgage planning process, credit score management, mortgage selection, budget determination, risk management, and varying conditions in mortgage selection, serve as predictors for the high level of effectiveness in the development of a strategic financial program. These variables play a crucial role in achieving an effective strategic financial program for consumers. The active involvement of consumers in mortgage planning ensures they are well-prepared for property ownership, promoting broader financial stability and success. This engagement aligns with their long-term financial goals, representing a critical step in creating a successful and comprehensive financial strategy and program. The high extent of consumer engagement in these predictor variables is associated with a high level of effectiveness in the development of a strategic financial program.

Recommendations

1. Demographic Profile of Respondents

1.1. Gender of Consumers: Recognizing the diversity of mortgage consumers and using gender-neutral language fosters an inclusive environment. Providing equal

opportunities, loan terms, and interest rates for all genders enhances fairness and customer satisfaction in the mortgage industry.

1.2. Age of Consumers: Tailoring financial advice to different age groups is crucial. For seniors, focus on retirement income and estate planning; for young adults, emphasize basic financial education. Understanding age-specific financial goals, such as preferring adjustable or fixed rates, and ensuring digital accessibility for younger clients, improves service quality.

1.3. Educational Attainment of Consumers: Empowering clients, especially those with lower educational attainment, through customized communication and financial literacy resources is essential. Offering online mortgage services and referring clients to financial counseling supports informed decision-making and protects against predatory practices.

1.4. Civil Status of Consumers: For married clients, discuss the implications of joint property ownership, including joint mortgages, prenuptial agreements, and the impact on financial responsibilities and credit histories. Provide tailored financial advice based on their combined income and debts, respecting confidentiality.

1.5. Occupation of Consumers: Gather comprehensive occupational information and verify income to assess mortgage eligibility and financial stability. Emphasize the benefits of stable employment and plan for variable income. Tailor mortgage recommendations to align with clients' financial situations and occupational circumstances.

1.6. Monthly Income of Consumers: Inquire about various income sources and verify this information for a comprehensive financial assessment. Encourage maintaining an emergency fund, understand borrowing qualifications, and provide tax-related homeownership information to ensure a realistic and tailored mortgage plan.

1.7. Number of Dependents of Consumers: Evaluate clients' monthly expenses related to dependents and develop accurate budgets. Assess income adequacy for mortgage payments and dependent responsibilities, estimate debt-to-income ratios, and consider family size for home needs. Discuss mortgage protection options to enhance financial stability.

2. Extent of Consumers' Engagement in Mortgage Planning

2.1. Education on Mortgage Planning Process: Prioritize early mortgage planning education to empower clients before they buy a home, fostering financial literacy. Tailor resources to individual needs, covering fundamental concepts, application processes, and budgeting skills. Educate clients on risk assessment and necessary documentation for mortgage applications, enhancing their preparedness and confidence.

2.2. Credit Score Management: Encourage regular credit score monitoring, timely bill payments, and responsible credit card use to maintain healthy credit scores. Guide clients in creating structured budgets and adopting a long-term perspective on credit management, supporting financial stability and resilience.

2.3. Mortgage Selection: Conduct thorough financial assessments to determine homeownership affordability. Help clients establish realistic budgets, choose appropriate down payments, loan terms, and interest rates, and review mortgage agreements meticulously for transparency and understanding.
2.4. Budget Determination: Categorize expenses, set measurable financial goals, and allocate funds for emergencies and savings.
2.5. Risk Management of Consumers: Identify and mitigate potential financial risks through insurance coverage, emergency funds, and legal protection strategies.
2.6. Varying Conditions in Mortgage Selection: Stay informed about interest rate trends for informed mortgage decisions. Assess affordability under varying economic conditions, align down payments with goals, and maintain emergency funds for financial stability during economic fluctuations. Develop flexible budgets to adapt to changing economic circumstances.

3. Perceptions on the Effectiveness of the Development of Strategic Financial Program for Consumers

3.1. Financial Goals' Establishment: Establish measurable and specific financial goals, prioritizing them based on urgency and importance. Quantify goals with monetary amounts and set timeframes for achievement. Align goals with personal values to increase motivation and commitment. Create detailed action plans for each goal and allocate resources accordingly in a prioritized budget. Maintain a long-term perspective to ensure goals contribute to overall financial well-being and align with future vision.
3.2. Assessment of Current Financial Situation: Gather relevant financial documents to assess the current financial situation comprehensively. Review income and expenses to identify areas for improvement and allocate more to savings and debt repayment. Calculate the debt-to-income ratio and assess savings, emergency funds, and investments. Create a personal balance sheet and develop a financial roadmap based on the assessment. Commit to ongoing financial discipline and make adjustments to stay on track.
3.3. Budget Creation: Align the budget with financial goals, allocating income to savings and investments while setting spending limits for discretionary categories. Establish provisions for building and maintaining an emergency fund and prioritize financial goals based on importance. Ensure the budget supports both short-term and long-term objectives.
3.4. Debt Management: Manage debt by creating a debt inventory and focusing on high-interest debts. Allocate extra payments to reduce interest costs and develop a clear debt repayment plan with specific goals. Consider increasing income to accelerate debt repayment and regularly review and adjust the plan based on changes in financial goals and situations.
3.5. Monitoring and Plan Adjustment: Establish a schedule for reviewing the financial plan, scrutinizing the budget, debt repayment progress, and investment performance. Make adjustments as needed to ensure the plan remains on track and responsive to

DOI: https://doi.org/10.54443/sibatik.v3i6.2002

changing circumstances. Keep organized important documents and financial records for simplified processes and tax preparation. Regular reviews and adjustments support financial stability and goal achievement.

4. Based on the study findings, what model can be proposed for the development of a strategic financial program?

REFERENCES

Alcock, G., Burke, T., & Krywulycz, W. (2020). Mortgages, household debt and financial stability in Australia. Economic Papers: A Journal of Applied Economics and Policy, 39(4), 353-368.

Arellano, A., Camara, N., & Meja, D. (2019). Disentangling vulnerability through consumer behavior: The role of financial health. BBVA Research, 19(11), 1-34, https://www.bbvaresearch.com/wp-

content/uploads/2019/08/WP_Financial_Health_Vulnerability_0812.pdf.https://www.bankofthewest.com/~/media/Project/BOTW/DotCom/

Berger, A., Herring, R., & Szego, G. (2020). The role of mortgage debt in retirement planning. Journal of Pension Economics and Finance, 19(3), 329-349.

Birkenmaier, J., Rothwell, P., & Agar, M. (2022). How is consumer financial capability measured? Journal of Family and Economic Issues, 43, 654-666. http://doi.org/10.1007/s10834-022-09825-4,

Calem, P., & Nakamura, L. (2017). Appraising home purchase appraisals. Working Paper, 17(23).

Çera, G., Phan, Q., Androniceanu, A., & Çera, E. (2020). Financial capability and technology implications for online shopping. Economics and management, 23(2), 156–172, https://doi.org/10.15240/tul/001/2020-2-011.Commerce Home Mortgage (2020). Mortgage planning guide, https://assets.website-files.com.

Croucher, J. (2019). Australian residential mortgage lending practices: An overview. Journal of Banking and Finance Law and Practice, 30(3), 176-188.

Doling, J., Vandenberg, P., & Ronald, R. (2013). Housing and Housing Finance: A Review of the Links to Economic Development and Poverty Reduction. Asian Development Bank.

Freddie Mac. (2016). Collateral valuation and appraisal resources. Freddie Mac Single-Family. Retrieved from https://sf.freddiemac.com/resources.

Fulford, S., Rush, M., & Wilson, E. (2021). Changes in consumer financial status during the early months of the pandemic, Consumer Financial Protection Bureau, 1-47,https://files.consumerfinance.gov/f/documents/cfpb_making-ends-meet-wave-2_report_2021-04.pdf.

Gao, J., Huang, Z., & Sherris, M. (2021). Life cycle financial planning with mortgage debt. Journal of Risk and Insurance, 88(1), 69-99.

Hsieh, E., & Wong, M. (2020). Housing market and the transmission of macroeconomic shocks: Evidence from Australia. Journal of Real Estate Research, 42(3), 365-396.

Khan, K. A., Çera, G., & Alves, S. R. P. (2022). Financial capability as a function of financial literacy, financial advice, and financial satisfaction. E&M Economics and Management, 25(1), 143–160.https://doi.org/10.15240/tul/001/2022-1-009.

Kempson, E., & Poppe, C. (2018). Assessing the levels of financial capability and financial well-being in Ireland: A report to the Competition and Consumer Protection Commission, Consumption Research Norway, Competition and Consumer Protection Commission (CCPC), Ireland, http://www.ccpc.ie/business.

Kim, K. T., & Xiao, J. J. (2021). Racial/ethnic differences in consumer financial capability: The role of financial education. International Journal of Consumer Studies. https://doi.org/10.1111/ijcs.12628

Kutin, J. (2019). Improving the financial capability and financial confidence of women in Victoria: A review of the effectiveness of financial capability programs for women from culturally diverse background, women living with disabilities and women. Victorian Office of Prevention and Women's Equality.

Lucic, A., Barbic, D., & Uzelac, M. (2022, February). Theoretical underpinnings of consumers' financial capability research. International Journal of consumer Studies, 47 (15). https://doi.org/10.1111.ijcs.12778.

Moulton, S., Loibl, C., & Haurin, D. (2021). The effects of mortgage counseling on borrowers' mortgage selections and subsequent performance. Journal of Consumer Affairs, 55(1), 198-230.

Nguyen, H., & Boyle, R. (2021). Consumer financial vulnerability and mortgage stress: Evidence from Australia. Journal of financial Counseling and Planning, 32(1), 40-54.

Ong, R., & Scutella, R. (2019). Household mortgage stress in Australia: Evidence from the HILDA survey. Journal of /economic and Social Policy, 21(2), Article 3.

Rhyne, E. (2020). Measuring financial health: What policy makers need to know. Insight 2 Impact, 1-45.

Stewart, C., & Chan, I. (2019). Mortgage default in Australia: Determinants and implications. Australian Economic Review, 52(1), 51-64.

Tahir, M., Ahmed, A. D., & Richards, D. W. (2021, July). Financial literacy and financial well-being of Australian consumers: A moderated mediation model of impulsivity and financial capability. International Journal of Bank Marketing. Advance online publication. https://doi.org/10.1108/IJBM-09-2020-0490.

VanDenBranden, T. (2020). Mortgage planning: the new frontier for financial planners. Journal of Financial Planning, 33(6), 28-33.

Xiao, J., & Ponto, N. (2022). Financial capability and wellbeing of vulnerable consumers. The Journal of Consumers Affairs, 56(2), 1004-1018.

Xiao, J. J., & Tao, C. (2020). Consumer finance/household finance: The definition and scope. China Finance Review International, 10(2), 234-249. https://doi.org/10.1108/CFRI-04-2020-0032.

Yung, K., Li, X., & Li, E. (2020). The role of mortgage in household financial planning: A Hong Kong case study. Journal of Financial Counseling and Planning, 31(1), 98-110.