

Financial Assets and Income Mobility

Marco Paderanga



HDN Discussion Paper Series

PHDR ISSUE 2020/ 2021

NO. 4

HDN Discussion Papers are commissioned by HDN for the purpose of producing the Philippine Human Development Reports. This research is funded by the United Nations Development Programme. Papers under the Discussion Paper Series are unedited and unreviewed.

The views and opinions expressed are those of the author(s) and do not necessarily reflect those of the Network. Not for quotation without permission from the author(s) and the Network.

For comments, suggestions and further inquiries, please contact:
Room 347, School of Economics, University of the Philippines, Diliman, Quezon City
+632-927-8009 +632-927-9686 loc.334 <http://www.hdn.org.ph>

Financial Assets and Income Mobility

Marco Noel C. Paderanga

Introduction

It is clear that the Philippines has enjoyed much economic growth in the past several years. Just by taking a trip through the cities, one can see that there have been many changes in infrastructure and development and more investors have been drawn to the country, providing more opportunities for the people. Filipinos are clearly enjoying the many business options and job opportunities that arisen through the years.

But despite growth and increased opportunities, income inequality persists and seems to continue to be a problem. It has often been complained that some citizens have risen in terms of economic status while some may have stayed the same or, worse, have gone down in economic status. It has been stated in the news that those who are "off" may have climbed up in economic status but this is still accompanied by the fact that those who are of lower status continue to struggle in their poverty,

The increasing income inequality of the Filipino citizens is certainly concerning. However, since the growth of the country is fairly recent, this income inequality may be accompanied by certain levels of income mobility. Income mobility refers to the ability of the individual to move to a higher economic class. This means that the persisting income inequality and poverty may be overstated if there are high levels of income mobility. As was stated, some of the Filipinos have climbed up in terms of economic class while some continue to struggle; it is evident that some experience high income mobility while some may experience otherwise. This makes it interesting and more so important to take a look at what factors are involved in the changes in the income and welfare of the people.

Many factors are most likely involved in the income mobility of the Filipino (some of these will be discussed shortly). However, this study specifically aims to find out if financial assets — one of the main factors which include assets such as savings accounts, insurance, stocks, and even retirement funds — have an effect on so-called income mobility of a household.

Review of Related Literature

Mobility and its Definitions

Economic mobility has been analyzed alongside income inequality. There are a number of definitions, but income mobility may be defined simply as one individual's ability or chances to move to a higher (or even lower) income bracket (Ewing, 2016). It may also be a measure of how much an individual's income changes over time (Butler, 2008). Such a concept is also not limited to an individual's income; income mobility may also be analyzed in terms of GDP per capita, entrepreneurial opportunities, as well as other factors in life and well-being. In a paper by Fox and Mille (1965), it was studied in terms of occupational shift from manual to automated or non-manual

and vice versa (Mitra, 2016). Another paper by Riphahn and Schnitzlein (2016) examined wage mobility of workers in East and West Germany by checking wages from employer-employee data.

There would also be a difference in how one analyzes an individual's income - there is a difference between absolute mobility, or changes in the level of income of a person compared with his own at another point in time, versus relative mobility, or how an individual's income changes in relation to others (Butter; 2008).

As with other studies, this study will look at relative mobility. Another way to categorize mobility is by the timeframe of the changes. If the change happened over the course of one's lifetime, it is called intragenerational mobility. If it happened over the course of two generations, which means that the next generation in the family was the one who experienced the change in income, then it would be called intergenerational mobility.

Factors that affect Mobility

Butler, Beach, and Winfree (2008) presented indicators which describe factors that may affect the chances of an individual to move up or down the economic ladder in the US. According to them, an indicator not only coincides with economic mobility, but research suggests that these indicators may have a causal relationship or effect on economic mobility. The indicators were separated into three main groups, namely, social capital, human capital, and what we are most concerned with, financial capital.

Social capital represents resources of an individual which are nonfinancial and may be abstract and intangible. These are available to an individual through other people and institutions including family and include other social influences that may affect one's mobility. This category includes family structure, parenting skills and education, parental similarity, school-based relationships, community influences, and work-related networks.

Human capital describes the factors that pertain to the individual himself. This category includes attributes such as one's education and health or the skills and personal characteristics that one possesses that seem to help one take advantage of opportunities that may come. Several factors were included here however those that are important are the educational attainment of both the parent and the child, health insurance, obesity, race, ethnicity and health.

The last category is financial capital, and it is the focus of this study since the aim is to discover a relation between the financial assets of one individual and his mobility. The most common form of this indicator would be personal savings and investments as well as gifts from parents or relatives or inheritance. Listed under this category by Butler (2008) are wealth transfers, homeownership, retirement savings, and entrepreneurship.

According to Butler's study (2008), saving and creating wealth that can be used during one's work life to climb up the income ladder or even be given to one's next of kin is a key to economic

mobility. Since their study focuses more on intergenerational mobility, they say a strong connection exists between the wealth of parents and their children. There is evidence that suggests that individuals whose wealth is 50 percent above average in their own generation have children whose wealth will be between 17 percent and 25 percent above the average of their generation. They also note that it is important that the children tend to make similar investment decisions as their parents. Parents may also help their children through gifts of cash and even assets and these fall under wealth transfers; in the study they show a tendency for wealth transfers to go up as income of the parents goes up. Retirement savings also affects the chances of the children since the US has certain plans that increase their savings. They did also note that low-income workers, even if they would be greatly helped by such retirement plans, are least likely to participate in them. This limits low-income workers to contribute to their mobility and thus affects the mobility of their children as well. Many who are children of wealth savers also receive wealth transfers.

The last of the indicators for financial capital, namely entrepreneurship, often promotes for income mobility. However, Butler et al. (2008) mentioned that it is usually for those whose businesses can survive the first five years of business, since those who do not tend to experience even less upward mobility than wage and salary workers. In fact a part of the reason why low-income entrepreneurs has high upward mobility is because they have a tendency to save a lot more than others with similar incomes.

Bob Baulch described these same factors mentioned in his book, "Why Poverty Persists: Poverty Dynamics in Asia and Africa" (2011). This book analyses poverty dynamics by studying long periods of panel data from different countries and in it Baulch described his key findings. He mentioned that there are things called maintainers of chronic poverty which are institutions and processes which make poverty persistent keeps people in that state for extended durations. These maintainers can generally be grouped into two: low levels of endowments, and the inability to accumulate assets because of low returns to these endowments. These endowments that Baulch mentioned are what are similar the factors that Butler et al described in their study.

According to Baulch endowments consist of all the assets that a household may possess. Aside from labor (which is the most abundant asset of the poor), it includes five types of capital: physical capital, which are productive assets and housing; natural capital, which is usually land; human capital such as knowledge, skills, and health; social capital, which is described in the book as networks and informal institutions that facilitate coordination and cooperation; and lastly financial capital, which include cash, bank deposits: and other stores of wealth, in Baulch's study, the lack of such assets is identified as a crucial maintainer of the chronic poverty of the household.

Aside from factors that are more or less tied directly to the individual or the individual's family, the area where the individual lives may also play a part in income mobility. According to the study of Ewing (2016), areas with high upward mobility tend to have the following characteristics: less residential segregation; better primary schools; greater social capital; greater family stability. It can be seen that these are greatly related to the factors just mentioned above.

When looking at income mobility there can be five basic approaches to it. The first is time dependence, where one looks at the extent of change in one's current position based on the past position. Next is positional movement, which gauges an individual's position in the income distribution. Third is share movement, which looks at the change in the share of income. Fourth is symmetric income movement; it identifies the magnitude but not the direction of the movements of the individual. Last is directional movement and this weighs the fraction of upward and downward movements and the change in the average amounts of those who gain and those who lose (Mitra 2016), The first two are similar to, if not the same as, absolute mobility and relative mobility respectively.

It is important to note that income inequality is often studied alongside income mobility. Mobility and Inequality, though closely related, are still distinct concepts, Inequality measures the dispersion of personal earnings or family income of the people in any year (or other measure of time). Mobility on the other hand has a different definition and was discussed above (Gottschalk, 1997),

For some analysts, inequality that is high and continues to rise would not be as great a concern if it were accompanied by increased income mobility. What happens is that the high inequality of yearly income for families or individuals may overstate the low-income problem if people do not remain in the same place in the income distribution in successive years. It may be that even if they have low income; they may rise over the next few years. The low income may be offset by the higher income in another year, and so the inequality based on family income that is averaged over several years will be lower than inequality of annual income (Gottschalk, 1997). This gives us an important reason to look at the income mobility of the Philippines and also see what factors may affect it greatly.

Methodology

The methodology done in this study is patterned mostly after the paper done by Mitra, Arup, and Tusjita. In their paper they used a probit model that would estimate and give an idea of what the effect some certain factors may have on the chances a household has in rising in income class. They had a binary variable that would equal 1 if the household experienced an upward movement and 0 if the household stayed in the same income bracket or went even lower. For the factors affecting mobility, they set up several variables and dummy variables that represented different characteristics such as gender, age, caste (since the study was in India), and education. When a regression is run using a probit model, the coefficients of the independent variables will indicate what kind of effect the factors have but the value of the coefficient will not indicate the exact magnitude of the variable or factor (due to the nature of the probit model). The signs of the coefficients however will tell you if the variable or factor contributes to the probability of success (for example in this case, upward mobility) or not: a positive value would contribute while a negative value would hinder.

The data used in this study is from the Family Income and Expenditure Survey since it includes a lot of characteristics and factors of households that are necessary such as age* level of education, marital status, where in the Philippines the household is located, and the number of young in the family. It also includes data on whether the household receives income from interest payments, pensions, or dividends; these are the main factors considered to be financial assets in this study (since these are what are available from the FIES),

A simple probit model was applied at first however this did not yield clear results; most of the variables included for control showed coefficients that seemed to be counterintuitive and did not follow what is stated in the literature about income mobility. Some factors that supposedly have positive contributions to upward movement were shown to have negative coefficients which say the opposite. A possible explanation for this is because of the way the dependent variable was defined; it was first defined in the same way as the study of Mitra, wherein 1 would indicate an upward movement and 0 would be otherwise. It was a binary dependent variable created by finding the difference of the economic class of the household in one period subtracted by the economic class of the previous period (this was made possible by denoting each class with a number, with 6 indicating the top economic class and 1 indicating the lowest) and then assigning the variable a value of 1 if the difference is positive (upward movement) and 0 if it is 0 or negative (a stay or a downward movement),

The problem with defining the dependent variable this way is that it doesn't capture most of the details of the movements of the households that are equally important. For example, this binary dependent variable would not be able to capture the differences between households who move farther up the economic classes than most; one may move upward two classes while another may move only one class and the dependent variable will treat it as the same and assign a value of 1*. Also, the starting point of each household is not taken into account which may actually have a great effect on the chances of the household; movement of a very poor family would be treated the same as a middle class family that moves only one class up, however we know there are significant differences between the characteristics and factors of those two families. In effect the variation is eliminated and the model will fail to find the desired effects of the factors.

In order to avoid eliminating the variation of the movement, an ordered probit model was used instead of a probit model. In an ordered probit model the dependent variable is a variable that will return one from a set of ordinal outcomes. The coefficients of the independent variables then indicate in the same way if the factors contribute or not but this time it would be a contribution to the probability of achieving the best outcome (the one with the highest value in terms of ordering). Also, defining the dependent variable as a difference between the economic classes of two time periods was no longer done because as stated, it does not take into account the starting point of the households,

With the previously stated problems taken into account, the dependent variable was then defined to be the economic class of the household in the following period, called EconomicClassNextYear, regressed in an ordered probit model with factors of the current period. For example, the economic class of the household in the year 2006 would be regressed on the characteristics and factors of the household in the year 2003. The resulting coefficients of the factors will now tell us which factors or characteristics would contribute to the family attaining (or maybe staying in) the highest economic class possible. Even if the variable no longer measures the jump or change in the economic class of the household, the results of the ordered probit will still tell us how the factors affect or change the chances of the households. The different variables for the different factors and characteristics and the results of the ordered probit are shown in the next section.

Results and Discussion

Table 1 below shows the results on the ordered probit model done on the many factors and characteristics of the households.

Table 1: Results of the Ordered Probit model on Upward Income Movement

| Random effects u_i ~ Gaussian Integration method: mvaghermite Log pseudolikelihood = -10876.747 | | Obs per group: min = 1 avg = 1.7 max = 2 Integration points = 12 | | Wald chi2(39) = 2888.93 Prob > chi2 = 0.0000 | | |
|--|-------|---|--------|--|----------------------|-------|
| Label | Coef | Robust std error | z | P > z | [95% Conf. Interval] | |
| Sex | -0.01 | 0.07 | -0.10 | 0.92 | -0.15 | 0.13 |
| Age | 0.01 | 0.00 | 4.55 | 0.00 | 0.00 | 0.01 |
| Married (Base: Single) | 0.03 | 0.12 | 0.25 | 0.80 | -0.21 | 0.27 |
| Widowed/Separated/Others | 0.01 | 0.13 | 0.12 | 0.91 | -0.24 | 0.27 |
| Highschool | 0.84 | 0.04 | 19.61 | 0.00 | 0.76 | 0.92 |
| College | 2.10 | 0.09 | 23.72 | 0.00 | 1.93 | 2.28 |
| Luzon (Base: NCR) | -0.87 | 0.08 | -11.47 | 0.00 | -1.01 | -0.72 |
| Visayas | -1.44 | 0.09 | -16.29 | 0.00 | -1.61 | -1.27 |
| Mindanao | -1.56 | 0.09 | -18.21 | 0.00 | -1.72 | -1.39 |
| Extended family | 0.24 | 0.04 | 5.84 | 0.00 | 0.16 | 0.32 |
| Two or more nonrelated persons members | 0.91 | 0.35 | 2.58 | 0.01 | 0.22 | 1.60 |

| | | | | | | |
|---|-------|-----------|------------|------|-------|-------|
| No. of young household members | -0.34 | 0.02 | - 18.75 | 0.00 | -0.38 | -0.31 |
| Family Size | -0.05 | 0.01 | -3.66 | 0.00 | -0.08 | -0.02 |
| Agricultural wage/salary (Base:Entrepreneurial activities and other sources) | -0.01 | 0.07 | -0.10 | 0.92 | -0.15 | 0.13 |
| Non-agricultural wage/salary | 0.17 | 0.05 | 3.65 | 0.00 | 0.08 | 0.26 |
| Agricultural Household | -0.52 | 0.05 | - 10.07 | 0.00 | -0.62 | -0.42 |
| No. of persons employed | 0.04 | 0.02 | 1.68 | 0.09 | -0.01 | 0.08 |
| Head is employed | -0.32 | 0.18 | -1.77 | 0.08 | -0.68 | 0.03 |
| Head is in Agriculture (Base: Head is not employed) | -0.07 | 0.07 | -1.06 | 0.29 | -0.21 | 0.06 |
| Head is in Manufacturing | -0.03 | 0.06 | -0.49 | 0.62 | -0.16 | 0.09 |
| Head is in Services | 0.00 | (omitted) | | | | |
| Special Occupations (Base: Head is not employed) | 0.17 | 0.22 | 0.77 | 0.44 | -0.27 | 0.61 |
| Officials of Government and Special-Interest Organizations, | 0.77 | 0.08 | 9.06 | 0.00 | 0.60 | 0.94 |
| Professionals | 0.73 | 0.17 | 4.36 | 0.00 | 0.40 | 1.06 |
| Technicians and Associate Professionals | 0.58 | 0.14 | 4.08 | 0.00 | 0.30 | 0.85 |
| Clerks | 0.44 | 0.17 | 2.59 | 0.01 | 0.11 | 0.77 |
| Service Workers and Shop and Market Sales Workers | 0.22 | 0.11 | 2.08 | 0.04 | 0.01 | 0.43 |
| Farmers, Forestry Workers and Fishermen | 0.08 | 0.07 | 1.14 | 0.25 | -0.06 | 0.22 |
| Trades and Related Workers | 0.12 | 0.07 | 1.67 | 0.10 | -0.02 | 0.27 |
| Plant and Machine Operators and Assemblers | 0.36 | 0.08 | 4.55 | 0.00 | 0.20 | 0.51 |
| Laborers and Unskilled Workers | 0.00 | (omitted) | | | | |
| Employer (Base: Head is not employed) | 0.12 | 0.19 | 0.64 | 0.52 | -0.26 | 0.50 |
| Employee | -0.13 | 0.17 | -0.73 | 0.46 | -0.46 | 0.21 |
| Employee in Private Household or Family Business | -0.15 | 0.23 | -0.67 | 0.51 | -0.61 | 0.30 |
| Own-account | -0.17 | 0.17 | -0.98 | 0.33 | -0.51 | 0.17 |
| Unpaid family worker | 0.00 | (omitted) | | | | |
| Formal (Base: Head is not employed) | 0.03 | 0.07 | 0.45 | 0.66 | -0.10 | 0.16 |
| Informal | 0.00 | (omitted) | | | | |
| Own House & Lot | 0.00 | (omitted) | | | | |
| Interest Income | 0.43 | 0.10 | 4.50 | 0.00 | 0.24 | 0.62 |
| Pension | 0.38 | 0.06 | 5.96 | 0.00 | 0.26 | 0.51 |
| Dividends | 0.39 | 0.15 | 2.54 | 0.01 | 0.09 | 0.69 |
| OFW | 0.49 | 0.04 | 11.70 | 0.00 | 0.41 | 0.57 |
| Spouse is employed | 0.12 | 0.04 | 3.16 | 0.00 | 0.05 | 0.20 |

| | | | | | | |
|-----------|-------|------|-------|------|-------|-------|
| /cut1 | -3.73 | 0.18 | - | 0.00 | -4.09 | -3.37 |
| /cut2 | -1.95 | 0.18 | 20.35 | 0.00 | -2.30 | -1.61 |
| /cut3 | -0.26 | 0.17 | 11.11 | 0.13 | -0.60 | 0.08 |
| /cut4 | 2.20 | 0.18 | -1.51 | 0.00 | 1.85 | 2.56 |
| /cut5 | 4.78 | 0.22 | 12.26 | 0.00 | 4.35 | 5.20 |
| /sigma2_u | 1.08 | 0.07 | 22.09 | 1.23 | | |

Source of basic data: Family Income and Expenditure Survey (various years).

Most of the factors of the households that were included in the regression for control show results that are in line with the literature about mobility. The variable sex which represents the sex of the head of the household is negative for males but is not statistically significant which may at least imply that there is no gender bias for mobility. Age is significant and positive, which may be true since senior employees have a greater chance of promotion and therefore higher pay. Some variables were omitted as when to be chosen as the base characteristic for comparison. The two marital status dummy variables each have a positive coefficient that implies a stronger economic status for those who get married, however it is not statistically significant enough to make this claim. The variables for attaining high school education and college education are both significant and both also have positive coefficients. However, it can be seen that having a college degree has a much greater effect in comparison to having just a high school diploma.

In terms of geography, results show that those who live outside of NCR are at a disadvantage in moving up economic classes. Having a family that lives in a household with extended family members and having a family that lives with other inhabitants who are not related or not family. It makes sense that these two variables are positive because more inhabitants in the house may mean that more people in the house can work. As for households with inhabitants who are not family members, other inhabitants in those kinds of households may be boarders or household help (maids, drivers, etc.) which indicate a higher economic class. The variable nyoung stands for the number of members of the household who are young and unable to work, and it is fitting that this has a negative effect.

As expected, agricultural wages would have a negative effect even if statistically insignificant. The positive coefficient of the third dummy variable however indicates that it may be better to have a job with wage or salary rather than having your own business. It must be pointed out though that this claim may not be as solid because the data is from the years 2003 to 2009, and the business outlook is already very different as compared to recent years. The table also shows that agricultural households are disadvantaged.

The the number of employed individuals in the household has a positive coefficient. The next few variables denote what sector the head of the household belongs to:, in the agricultural

sector, the manufacturing sector, or the services sector respectively. This causes a collinearity problem with the previous variable which simply just tells if the head is employed or not (which may explain the negative sign of the coefficient). The reason the fourth sector variable was omitted is because it was used as the base variable. This in turn tells us that being in services grants the biggest advantage while agricultural has the biggest disadvantage.

There are several following dummy variables that describe the occupation of the head of the household and so only the few significant ones will be discussed. It is important to note that the two dummy variables that refer to the occupations entitled "Officials of Government and Special-Interest Organizations, Corporate Executives, Managers, Managing Proprietors and Supervisors" and "Professionals" contribute the greatest. This is expected since positions such as the CEO of a company or senior managers earn a greater salary. The disadvantaged occupations are the "Laborers and Unskilled Workers" and "Plant and Machine Operators and Assemblers". It is fortunate though to say that all the occupation variables show positive coefficients and thus contribute to mobility, confirming that being employed helps. The variables that indicate the employment status of the head, however none of the variables are significant.

Having formal employment may contribute to mobility, but it is not statistically significant enough to make a statement. Having a household has a member who is overseas and whether the spouse of the head is employed are important to note since there are a number of Filipino families who have this certain family characteristic; it is fortunate for those families that these factors will help in climbing the economic class brackets.

The last three variables to be discussed are the most important variables to look at in this study correspond to the family receiving income from interest deposits, pensions, and dividends. These are the three items from the FIES that was considered to be part of the category of financial assets. Fortunately, it can be seen that all these variables are statistically significant, and that all these variables contribute to the household achieving a higher economic class in the next time period. In fact, even if the coefficients don't give exact effects, they are somewhat greater in comparison to most of the other factors seen in the results (Table 2). This shows and confirms that financial assets do give a substantial boost in moving upwards in terms of economic mobility. This is definitely fortunate news for Filipinos who are financially literate enough and have access to such financial assets. However, if we look at the summary of the data on how many Filipino households have these assets, we see something that may be alarming.

Table 2: Proportion of households with other sources of income

| Other sources of income | Percentage |
|-------------------------|------------|
| Interest from deposits | 2.61 |
| Dividend | 0.55 |
| Pension | 9.11 |

Source of basic data: Family Income and Expenditure Survey (various years).

The table basically shows that in 2009, out of the 6519 households that answered the FIES, only 170 receive income from interest of savings deposits. That is roughly only 2.61% of the sample. The other variables tell almost the same story.

We may also have a more specific look at the households that have these certain financial assets. The table 3 below basically shows a simple breakdown of those that earn from financial assets by class.

Table 3: Percentage distribution of households with other sources of income

| Class | Other sources of income | | |
|---------------------|-------------------------|----------|---------|
| | Interests from deposits | Dividend | Pension |
| Extremely poor | 0.59 | 0 | 1.18 |
| Poor | 7.06 | 5.56 | 6.23 |
| Vulnerable | 14.12 | 25 | 22.39 |
| Economically secure | 51.18 | 50 | 49.33 |
| Middle class | 25.29 | 16.67 | 19.36 |
| Top | 1.76 | 2.78 | 1.52 |

Source of basic data: Family Income and Expenditure Survey (various years).

This table tells that of the households with income from interest deposits, more than 75% are of the economic class Economically Secure and above while 25% are from the Vulnerable class and below. The Economically Secure and the Middle Class have the highest number of households earning from interest deposits. The distribution of dividends and pensions show a similar situation.

When it comes to the households that have dividends, majority are in the class "Economically Secure" and above. None of the households in the class Extreme Poverty even earn from dividends. The economic class with the most number of households that have earnings from dividends is the Economically Secure class. As for those who earn pensions, the distribution is similar to that of dividends. It seems from the data that those who have these financial assets are most likely those that belong to the upper classes while financial assets are not as common among the lower class.

Lastly, it is also interesting to take a look at how many of the households experienced either upward mobility, downward mobility, or remained the same over the period (Table 4).

Table 4 Mobility Track of households

| Mobility track | Freq | Percentage |
|----------------|-------|------------|
| -1 | 1,176 | 18.04 |
| 0 | 3,270 | 50.16 |
| 1 | 2,073 | 31.8 |

Source of basic data: Family Income and Expenditure Survey (various years).

The table shows the variable MobilityTrack, which has a value of -1 if the household went down in terms of economic class over the period of 2003 to 2009, 0 if it remained the same, or 1 if it climbed up in terms of economic class. Of the 6519 households, 2073 or 31.8% experienced upward mobility, 3270 or 50.16% remained the same, and 1176 or 18.04% experienced a fall in economic class.

Conclusions

Coming from the results of the first table, it can be said that financial assets do have a positive effect on income mobility. The three dummy variables representing income from dividends, and pensions show that financial assets contribute to the probability of being in a higher economic class in the future. This is what the study aimed to find out and it is also in line with what most literature says in that those households with access to financial assets have a higher chance in improving economic status.

When looking at how many households actually have the financial assets discussed, it is evident that a significantly low number actually own these. In 2009 out of the whole sample of 6519 only 170 earn from interest, only 36 earn from dividends, and only 594 from pensions. These numbers are a very small percentage of the households surveyed. Also, when checking the households that have these financial assets, most are in the upper class and not in the lower class. It may indicate that the lower classes may not have as much access to financial assets as those in the upper classes, and they may not also be able to save as much due to low income.

Since only a small percentage of the households actually own financial assets, there is a missed opportunity in terms of saving and also investment for the economy. If more households have access to financial assets, they may be able to increase their saving and potentially investment. Also, it was already discovered that owning financial assets does contribute to income mobility however most of the Filipinos are not able to capitalize on this.

Given the situation 31.8% of the households still experienced upward mobility while only 18.04% experienced downward mobility. This certainly implies that there are still other factors that are involved with income mobility. There is a possibility though that if more Filipinos had access

to financial assets a larger portion of the population may be able to enjoy the growth the country has experienced.

Sources

Baulch, Bob. *Why Poverty Persists: Poverty Dynamics in Asia and Africa*. Northampton, Massachusetts: Edward Elgar, 2011. Print.

Butler, Stuart M., William W. Beach, and Paul L. Winfree. "Pathways to Economic Mobility: Key

Indicators!" *Economic Mobility Project: An Initiative of the Pew Charitable Trust* (2008): 2-47. Web,

Ewing, Reid, Shima Hamidi, James B. Grace, and Yehua Dennis Wei. "Does Urban Sprawl Hold down Upward Mobility?" *Landscape and Urban Planning* 148 (2016): 80-88. Science Direct Web.

Gottschalk, Peter, and Sheldon Danziger. "Family Income Mobility How Much is There and Has It Changed?" *Boston College Working Papers in Economics* (1997). EScholarship@8C Web.

Mitra, Arup, and Yuko Tsujita. "Issues in Upward Mobility: Study Based on Longitudinal Data from Delhi Slums." *Habitat International* 53 (2016): 320-30. Science Direct Web.

Riphahn, Regina T. , and Daniel D. Schnitzjein. "Wage Mobility in East AndWest Germany." *Labour Economics* 39 (2016): 11-34. Science Direct.. Web.