

## FINANCIAL LITERACY: WHY IS IT IMPORTANT AND HOW TO DEVELOP IT

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**Abstract:** The article examines the current problem of financial literacy in modern society and its impact on the financial well-being of the individual and society as a whole. The authors analyze the importance of financial literacy, highlighting key components such as budgeting, financial decision-making, and understanding the basics of investing. The article also provides recommendations for developing financial literacy as a means of increasing economic stability and social responsibility.

**Key words:** Financial literacy, budgeting, financial decisions, investments, economic stability, social responsibility, financial literacy education, personal finance, financial wellness, public health, economic education.

**Аннотация:** Статья рассматривает актуальную проблему финансовой грамотности в современном обществе и ее влияние на финансовое благополучие индивида и общества в целом. Авторы анализируют значение финансовой грамотности, выделяя ключевые компоненты, такие как бюджетирование, умение принимать финансовые решения, и понимание основ инвестиций. В статье также предоставляются рекомендации по развитию финансовой грамотности как средства повышения экономической стабильности и социальной ответственности.

**Ключевые слова:** Финансовая грамотность, бюджетирование, финансовые решения, инвестиции, экономическая стабильность, социальная ответственность, образование по финансовой грамотности, личные финансы, финансовое благополучие, общественное здоровье, экономическое образование.

### Introduction.

In the modern world, against the backdrop of a constantly changing economic environment, the issue of financial literacy is becoming key to achieving personal financial well-being and the sustainable development of society as a whole. Financial literacy, understood as a set of knowledge and skills in the field of finance, plays an integral role in the formation of a responsible approach to personal finance management.

Financial literacy has a direct impact on the quality of life of the individual and society as a whole. The ability to budget effectively, make sound financial decisions, and understand investment fundamentals becomes critical to successfully overcoming financial challenges and achieving financial goals.

The article will attempt to explore methods and strategies for developing financial literacy, paying attention to the role of education, digital technologies and financial instruments in this process. The emphasis will be on practical methods to facilitate the absorption of knowledge and its successful application in everyday life.

The purpose of this article is not only to highlight the importance of financial literacy, but also to offer specific strategies and recommendations for its development, thereby helping to increase the financial stability of individuals and society as a whole.

### **Main part.**

Financial literacy plays a key role in shaping personal financial well-being. An individual with effective budgeting skills is able to better control their expenses, avoid debt traps, and achieve financial goals.

At the societal level, financial literacy is a fundamental element of economic stability. The more people are aware of the principles of financial management, the less likely there are financial crises and social tensions.

One of the key mechanisms for developing financial literacy is systematic education. The introduction of financial literacy programs into school and university courses makes it possible to develop the necessary knowledge and skills at the early stages of education.

Using digital technology and financial management apps can make learning much easier and more accessible. Mobile budgeting apps, online courses and financial platforms create convenient tools for developing financial literacy.

Organizing simulations and real-life financial experiences, such as participating in stock market games or business projects, can greatly improve understanding of financial principles and provide hands-on experience.

Financial literacy serves as a tool to reduce social inequality by empowering people to make informed financial decisions and effectively manage their resources.

Socially responsible and financially literate citizens contribute to the sustainability and growth of the economy, as they are more likely to participate in investment and consumption processes.

Financial literacy is not only a means of achieving personal well-being, but also a fundamental element of sustainable socio-economic development. Developing this skill requires a combination of education, technology, and practical experience to provide our society with literate, responsible, and economically stable citizens.

### **Conclusion and suggestions.**

In conclusion, it can be emphasized that financial literacy is a key element for achieving both personal and social well-being. Understanding the basics of finance, the ability to effectively manage resources, and make informed financial decisions - all these skills have a significant impact on the quality of life and the level of economic stability of society.

Offers:

- 1. Integration into educational programs:** A proposal to introduce financial literacy programs into school and university courses, starting from the early stages of education.
- 2. Digital educational platforms:** Development and active use of digital applications and online platforms for teaching financial literacy, thereby ensuring accessibility and ease of learning.
- 3. Practical Experience:** Organize simulations and real financial projects for students and trainees to provide them with practical experience in making financial decisions.
- 4. Partnerships with the business community:** Facilitate the creation of partnerships between educational institutions and businesses to provide students with real-world financial challenges and experiences.
- 5. Social Campaigns:** Conduct social campaigns and events to raise awareness about the importance of financial literacy in society.
- 6. Research and Evaluation:** Conduct research and evaluation of the effectiveness of financial literacy programs to continuously improve their content and methodology.

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