

THE IMPORTANCE OF FINANCIAL LITERACY AND INCREASING IT

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ABSTRACT

Economic literacy refers to the ability of a person to analyze, evaluate and make decisions from an economic point of view, to freely choose his / her way of life, to imagine the consequences of choice. information about the required experiments will be provided. The development of a modern market economy requires the participation of the population in the pension savings, insurance and mortgage systems. Because the participation of the population in these systems will help to address issues such as pension savings, social and health insurance, housing and improving the quality of education.

KEYWORDS: *Modernization, Financial Literacy, Income, Pension Savings, Labor Migration, Insurance.*

INTRODUCTION

After Uzbekistan gained independence, the deepening of reforms aimed at building a market economy and the need to modernize the economy have played an important role in shaping and increasing the financial literacy of the population.

First of all, we need to know the essence of the concept of literacy. Literacy is the level of literacy in the native language. Derived from

Therefore, we focus on the concept of economic literacy. Economic literacy refers to the analysis of economic events, their assessment and decision-making, the free choice of one's lifestyle, the consequences of choice. It is understood that

The importance of financial literacy Imagine a small trader selling vegetables borrowing 900,000 rupees from someone every day. He uses the money to buy vegetables from the wholesale market and sells them at a retail price in another market during the day and returns the money to the owner in the evening for 1,000,000 rupees.

What he doesn't realize is that the annual interest he pays is 4,000%. To get out of this trap, he only has to save 50,000 soums in his favor in 18 days. Then it will have its own capital of 900,000 soums. Someone has to explain it to him.

The strata affected by such processes are mainly low-income people. This is mainly due to insufficient financial literacy.

Human worldview and economic literacy are interdependent and interdependent. Economic literacy contributes to the development of a person's worldview, while an independent worldview contributes to the formation of economic literacy.

Financial literacy is the set of knowledge and skills that a citizen needs to take an active position in the market of financial products and services, to improve the financial well-being of himself and his family members in society.

The urgency of increasing the level of financial literacy of the population is determined by the following reasons:

1. Changes in the composition of the population's sources of income. An increase in the share of income from small business, family and individual entrepreneurship in the structure of the population's income will lead to a sharp increase in the need for effective management of savings and investments and proper cost planning.
2. The emergence of a large number of private entrepreneurs. Such entrepreneurs solve various management issues in their daily activities: management of financial flows and tangible assets, financial accounting, income and expense planning, formation of insurance funds, optimization of material resources acquisition, use of banking services, investment of funds, obtaining loans, such as debt management.
3. A sharp increase in the population's need for long-term savings and loans. In a market economy, the population must independently perform the following functions of savings: the implementation of additional pension funds, savings to pay for medical and educational services. All of the above require long-term planning of the family budget, assessment and management of risks through financial support (insurance, pension funds, bank deposits and securities investments). Thus, the formation of long-term savings and training in credit skills is an important function of public literacy.
4. Expanding opportunities to invest personal funds and manage tangible assets. In a market economy, there are many alternative ways to save money and invest. In order to effectively use the services provided by banks and other financial institutions, the population must be financially literate in order to manage loans, make investments, and make effective decisions.
5. Expansion of labor migration. In order to reduce the impact of risks such as dismissal, fraud, poor social conditions, ill-treatment of migrant workers abroad, it is necessary to increase the literacy of migrants about remittances, banking services abroad, the insurance system.
6. Some features of the traditions of the population in the field of consumer culture. The need to reduce the large expenditures of Aho Lee on some traditional holidays and increase the amount of investment that can be made to direct human capital to the goal of investment requires increased financial literacy.
7. Due to the relatively low consumption of a number of financial services, their consumption is limited.
8. Vendors have the opportunity to sell low-quality products due to the fact that all financial services are not subject to private inspection at the time of purchase.
9. Excessive costs of verifying the high obligations of the parties.

Low levels of financial literacy for consumers of financial services have the following negative consequences:

- Decreased confidence in financial institutions due to inefficient decisions;
- Inability to take advantage of financial markets;
- High level of indebtedness of the person;

Ommaviy mass bankruptcy of individuals;

- Teach the younger generation a negative financial experience;
- Financial service vendors are prone to defamation risk, bad behavior;
- low level of savings for vital products;
- Formation of pension funds and inefficiency of their management.

Low levels of public literacy for the state, the existence of barriers to the development of solvency limit the access of financial markets and reduce the effectiveness of regulation, limit consumer rights, prevent the transition to a funded pension system based on personal participation. From an economic point of view, the lack of knowledge about financial services means that the general population is less involved in their consumption, and limits the level and quality of savings, investments that determine the potential for economic growth. The development of a modern market economy requires the participation of the population in the pension savings, insurance and mortgage systems. Because the participation of the population in these systems will help to address issues such as pension savings, social and health insurance, housing and improving the quality of education. The expansion and effective use of middle-class savings will ensure the country's socio-economic stability, achieving macroeconomic balance and strengthening the financial system.

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