

IMPORTANCE OF ECONOMIC LITERACY IN DIGITAL ECONOMY

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Annotation

This article observes importance of economic literacy and how it influences to countries well-being during digital economy. The basis of financial education should be started from the earliest step of education and this process have continuing tendency. Changes in educational system of the country should include financial education as inseparable part of educational process.

Key words: Literacy, economic literacy, financial education, practice knowledge, economic problem, developed countries, technology, digital economy, technological literate.

Introduction:

Development of digital technology made possible to change every aspect of modern life to digital format from online education to financial operation without borders. So, our country has also made a huge step towards digital economy. Therefore, it requires basis of economic knowledge from all member of society. Like environmental literacy, juridical literacy, and technological literacy economic or as used in many foreign countries financial literacy should be taught to all humans. There are several reasons for teaching basis of economics to people in all ages. In this article importance, reasons are discussed and some relevant recommendations are given.

First of all, it should be clarified “what does word literacy” mean. According to definition of UNESCO: “Literacy is the ability to identify, understand, interpret, create, communicate and compute, using printed and written materials associated with varying contexts”. Developed digital technology made possible numerous conveniences and hack attacks in equal level in every human life. Being technological literally become inseparable part of daily life. However, it cannot be said about economic literacy. Taking into account this issue, the meaning of economic literacy should be explained to teachers at first.

Learning materials like A Joint Publication by Russia’s G20 Presidency and the OECD, articles, this definition can be offered for explaining the meaning of economic literacy.

Economic literacy is an ability to understand economics and use it practically in the life. As above mentioned in the definition of literacy given by UNESCO, if literate person is taught economics with its practical use he or she will be able to make his life better in economic terms. He continues his life in abundance. In many countries education system prepares literate people but not all of them understand economics, finance and they face in

some extent with economic problems. Here it is important to differ teaching economics to students, who study in economic field and non-economic field.

Mostly, in kindergartens no any special programs for kids, which explain the basis of economics suitable to their age. At school level, subject related to economics with different name is taught to pupils. At university level, subjects like Economics, Principles of economics, Theory of economics are taught among all over the world. Themes, categories, laws are common in these subjects. However, results are different. According to this opinion, it can be concluded, it is not important to teach themes in definite sequence or learn by heart laws, it is important how to teach these themes and laws. In order to make people economically literate financial education should be organized properly.

Organizing financial education is not new for the world. After financial crises many developed countries adopted their national strategies about financial education. The good example of this can be that, G20 Leaders have highlighted the importance of financial education and literacy and committed themselves to take action to further advance effective policies. In particular, they endorsed in June 2012 the High-level Principles on National Strategies for Financial Education developed by the OECD and its International Network for Financial Education (INFE). These Principles support the development of nationally coordinated and tailored approaches to financial education.

In 2018 Standard & Poor's global survey of financial literacy, 150 000 adults in 140 countries are asked four standard questions on compound interest, inflation, risk diversification and numeracy. Those that answered at least three of these four questions correctly are classified as financially literate. Globally, Standard & Poor's has found only one in three adults to be financially literate. So organizing after university financial education courses also important.

The EU, US and non-EU advanced countries score on average higher than the rest of the world for financial literacy. Almost every second person is financially literate in Uruguay, Botswana, Turkmenistan and Bhutan, but financial literacy rate is below 20% in Haiti, Somalia, Tajikistan and Nepal.

Table 1.

№	Country /region	Number of countries	Literacy score
1	EU	28	50
2	Non-EU advanced(excl.US)	8	58
3	US	1	57
4	China	1	28
5	Asia (excluded China)	12	32
6	Africa	35	33
7	Commonwealth of Independent States(CIS)	12	30
8	Latin America & Caribbean	19	29

Source: Based on Standard & Poor's global survey of financial literacy survey

Here it can be seen that CIS have the third least literacy score. It means further steps should be stronger in order rise literacy score. Countries with higher GDP per capita have a high financial literacy rate. Expenditure for financial education plays a key role here. People have to be able answer to some common questions like: What is inflation? How much of salary is sufficient for one person, for one family in different region? Why people need banks? How banks make a profit? and etc. And answer for these question have not to be like in the books. People should be able explain it with independent examples and find positive result in this situation for themselves.

Another trait of literacy which I found very important and education process should make an accent is that literacy cannot be obtained in one level of education, (only at school, only at college or etc.) it is continuing process. So, despite of age humankind wants to get knowledge from different types of resources and from different educational establishments (governmental, private). Government and non-government educational organizations have to prepare these resources, create these organizations.

After university courses should include advanced and updated knowledge in the economic field. Because of fact that some knowledge become useless thanks to the development and emerges new knowledge also thanks to technology.

By observing progress in developed countries and adopted laws, strategies these recommendations are relevant in our country during digital economy.

1. As obtaining economic literacy has a continuing character, appropriate educational levels and courses should be available. In each educational level: kindergartens, schools, college, universities and after university independent courses have to include financial education.
2. As people start using money, buying and selling from early age, in kindergartens and schools financial education can have similar content but different level of difficulty according to the age.
3. Starting from school each economic situation, (scarcity, supply and demand, competition and etc.) should be explained with real examples. And its practical side should be obvious for learner. Because the aim of financial education is not to prepare bank managers, brokers, its aim is to prepare people to handle with different economic problems.
4. In the universities all students despite the field of study have to study basis of economics. In the future these students will be directors, managers, teachers, doctors. Of course they will face with different economic situation. Paying bills, taxes, credit relations, opening account, savings and so on. Being economic literally they will do these operations faster, with high quality and on time.

5. Non-governmental educational establishment should include courses of financial education. Time to time they have to change their context and teaching methods. Practical use of knowledge should be inseparable part of this education process.

All of these recommendation related to include financial education in the education system of the country. Further, it will be possible to identify advantages and disadvantages on base of changes in the educational system. Without practice clear meaning of these changes cannot be observed.