

INCREASING FINANCIAL LITERACY IN RURAL AREAS

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Abstract

To understand the main principles of the economic life of society, the role of money in the family and society, the causes and consequences of changes in family income and expenses, to understand the role of the state in the family economy. Of course, to understand these things, everyone should have financial literacy. In particular, low financial literacy in rural areas is one of the urgent problems. This article provides the necessary information on increasing financial literacy among the population living in rural areas.

Key words: Market economy, financial literacy, consumer, financial services, bankruptcy.

In the years of independence in Uzbekistan, the deepening of reforms aimed at the formation of a social market economy and the requirements for the modernization of the economy prove the need to form and increase the financial literacy of the population. According to the world practice, the population is sufficient in terms of proper use of their funds, planning of their expenses and savings, determination of investment priorities, and the accumulation of funds necessary for emergency situations. because they do not have enough knowledge and skills, they make ineffective decisions and cannot fully use their potential and opportunities to improve their material well-being. It is necessary to introduce a system of financial literacy of the population in order to increase the effectiveness of financial decisions made by people.

For the state, the low level of literacy of the population, the presence of obstacles to the development of solvency reduce the possibility of financial markets and the efficiency of regulation, limit the rights of consumers, and prevent the transition to the accumulated pension system based on personal participation. From an economic point of view, the insufficient level of knowledge about financial services means a low level of involvement in consumption of large segments of the population, including the middle class, and limits the level and quality of savings, investments, which determine the potential for sustainable economic growth.

High propensity of the population to save, wide use of savings and insurance levers implies a high level of financial literacy of the population. Such literacy gives the population the opportunity to cooperate closely with financial institutions, to use the services of the banking and insurance sectors, and the pension insurance system on a large scale and efficiently. By increasing their financial literacy, middle-class households effectively use their personal budgets,

make personal financial decisions based on their long-term goals, avoid excessive personal debt levels, differentiate between the services and products offered by financial institutions, and reduce excess risk. - risks are avoided. This reflects the importance of financial literacy in the country's long-term socio-economic development. In the last decade, the expansion of the consumer sector in the financial market, the increase in the types and complexity of financial products, the growth of the population's income and gross savings reflect the increased personal responsibility in the financial decisions made by the population. This situation also shows the urgency of the problem of increasing the financial literacy of the population. According to world practice, a financially literate person has the following advantages: ability to make correct decisions about money and prices; to have the ability to rationally manage one's family budget; to acquire the skills of effective management of financial assets and expenses; fulfill their financial obligations within the specified period; an increase in the number of levers used in the implementation of personal savings and investments based on the wide use of financial services; flexible approach to changes in living standards.

At a time when financial services are difficult to define and describe, consumers are beginning to have problems that need to be solved, and the consumer does not always have enough knowledge and skills to solve these problems. doesn't. In most cases, this process is related to the lack of financial knowledge of the population, especially the rural population, insufficient information on family budget planning, and inability to fully and effectively use financial services.

World practice shows that many people are not enough in terms of being able to use their money properly, planning their expenses and savings, determining investment priorities, and saving money for emergency situations. because they do not have enough knowledge and skills, they make ineffective decisions and cannot fully use the potential to increase their material well-being. It is necessary to introduce a system of financial literacy of the population in order to increase the efficiency of financial decisions made by people. The relevance of increasing the level of financial literacy of the population is determined by the following reasons:

1. Changes in the structure of income sources of the population. The increasing share of income from small business, family and individual entrepreneurship in the structure of population income leads to a sharp increase in the need for effective management of savings and investments and proper planning of expenses.

2. The emergence of a large number of private entrepreneurs. Such entrepreneurs solve various management issues in their daily work: managing financial flows and material assets, financial accounting, planning income and expenses, forming insurance funds, optimizing the purchase of material resources, using banking services, investing savings, obtaining loans, such as debt management.

3. Sharp increase in long-term savings and loans. In the conditions of the market economy, the population should independently implement the following functions of savings: implementation of additional pension funds, savings to pay for medical and educational services. The above situations require long-term planning of the family budget, assessment and management of risks through financial tools (insurance, pension funds, bank deposits and securities investments). Thus, formation of long-term savings and training in the skills of obtaining credit is an important function of financial literacy of the population.

4. Expansion of opportunities to invest personal savings and manage material assets. In the conditions of the market economy, there are various alternative methods of realization of population savings and investments. In order to effectively use the services provided by banks

and other financial institutions, the population should be financially literate in order to manage loans, make investments, and make effective decisions.

5. Expansion of population labor migration. In order to reduce the impact of risks such as dismissal, fraud, bad social conditions, and bad treatment of migrant workers working abroad, it is necessary to increase the literacy of migrants about money transfers, banking services in foreign countries, and the insurance system. .

6. Some features of the traditions of the population in the field of consumer culture. The need to reduce the large expenses of the population on some traditional holidays and to increase the investments to direct the investment of human capital requires increasing financial literacy.

7. Due to the relatively low consumption of a number of financial services, the composition of their consumption is limited.

8. Due to the fact that the quality of all financial services has not been independently checked during the purchase period, there are opportunities for sellers to sell low-quality products.

9. The high costs of checking the high obligations undertaken by the parties. A low level of financial literacy for consumers of financial services has the following negative consequences:

- decrease in confidence in financial institutions due to inefficient decision-making;
- lack of access to financial market advantages;
- high level of debt obligations of the person;
- public bankruptcy of individuals;
- teaching the growing generation negative financial experience;
- propensity of financial service sellers to the risk of corruption, bad behavior;
- low level of savings for vital products;
- formation of pension funds and ineffectiveness of their management. For the state, the

low level of literacy of the population, the presence of an obstacle to the development of the ability to choose, limits the possibility of financial markets and reduces the efficiency of regulation, restricts the rights of consumers, and does not allow access to the accumulated pension system based on personal participation. Inadequate level of knowledge about financial services from an economic point of view means that large segments of the population are not attracted to their consumption and limits the level and quality of savings, investments, which determine the potential of economic growth.

Conclusion: The development of the modern market economy requires the population to participate in pension savings, insurance and mortgage systems. Because the population's participation in these systems helps to solve issues such as pension accumulation, social and medical insurance, providing accommodation and improving the quality of education. The expansion of the savings characteristic of the middle class and its effective use ensures the socio-economic stability of the country, and was not the basis for achieving macroeconomic balance and strengthening the financial system.

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