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ABSTRACT

This article explores various types and methods of assessing financial literacy as studied by different scholars and international organizations. It highlights evaluation based on separate indices such as "Knowledge," "Skills," and "Attitude," and provides recommendations for assessing financial literacy in Uzbekistan based on international experience.

KEYWORDS: financial literacy, assessment of financial literacy, attitude, knowledge, skill, index.

INTRODUCTION

Raising the financial literacy level of the population, including women, is a key priority in the policy of many countries today. Unfortunately, some segments of the population still lack basic knowledge about financial institutions and instruments. This knowledge gap hinders personal financial stability, especially in times of macroeconomic instability, potentially resulting in financial losses and increased reliance on government assistance.

The COVID-19 pandemic highlighted this issue globally and in Uzbekistan. To mitigate its impact, the state implemented measures worth 82 trillion UZS. This included the establishment of an Anti-Crisis Fund, with over 16 trillion UZS allocated from the budget for combating the virus and supporting people and businesses. Additionally, more than 66 trillion UZS in tax incentives, loan deferrals, and financial support was provided to state enterprises, over 500,000 businesses, and nearly 8 million citizens. As part of the national "Generosity and Support" movement, over 800,000 low-income families received more than 1 trillion UZS in material aid [1].

Therefore, low financial literacy levels result in individuals being unable to manage income, expenses, and savings effectively under high-risk or unstable conditions. This has negative consequences not only for consumers of financial services but also for the state, private sector, and society at large. In Uzbekistan, the rise in loan defaults and fraud cases highlights the urgency of improving financial literacy. Accordingly, many developed countries, including the US and EU members, have prioritized financial literacy as a matter of national policy.

Uzbekistan has also undertaken substantial initiatives in this direction. According to Presidential Decree PF-60 dated January 28, 2022, under the Development Strategy of New Uzbekistan for 2022–2026, 2024 measures included enhancing the capital market infrastructure and improving the financial literacy and competence of capital market participants [2]. Thus, financial literacy improvement has become a component of national socio-economic development programs. Implementing a comprehensive strategy requires systematic assessment of financial literacy.

LITERATURE REVIEW

The challenges of financial literacy and its assessment have been thoroughly researched by organizations such as the World Bank, USAID, and the OECD [3]. Prominent contributors include Sudakova A.E., Kuzina O., Ivanova T.B., Abyshva A.V., Korchemkina E.S., Chaplinska A.,

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Artemyeva N., Lusardi A., Mitchell O.S., Orton L., Way W.L., Holden K., Fernandes D., Lynch J.G., Hung N., Parker A.M., Yoong J.K., Mandell L., and Klein L.

However, links between financial education and literacy, methods for identifying and measuring financial literacy, especially among women, and strategies tailored to Uzbekistan, remain underexplored.

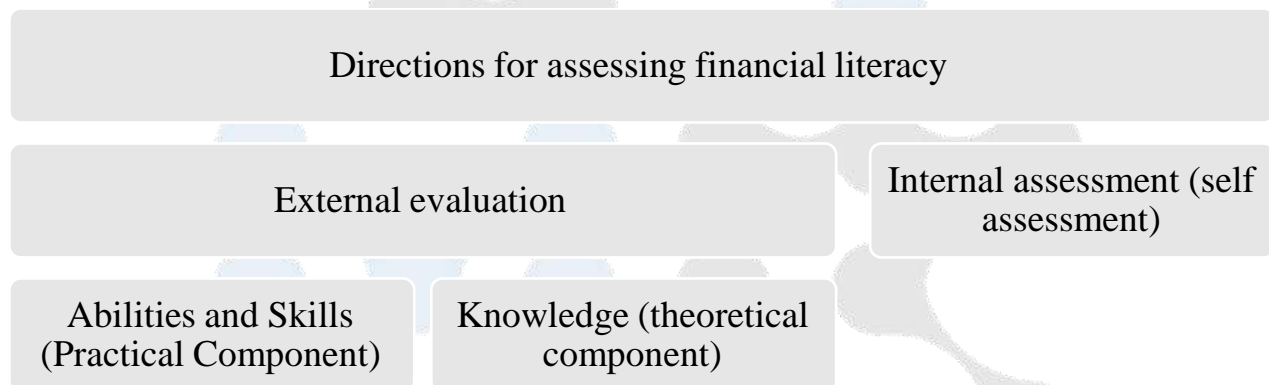
RESEARCH METHODOLOGY.

This article is based on economic literature and scientific research on improving financial literacy, including international studies and expert opinions. A systematic and comparative approach was used to analyze financial events and processes.

ANALYSIS AND RESULTS.

Financial literacy assessment in practice can be divided into several types. Let's look at a few of them.

Figure 1 . Internal (self-assessment) and external type of financial literacy assessment [4].



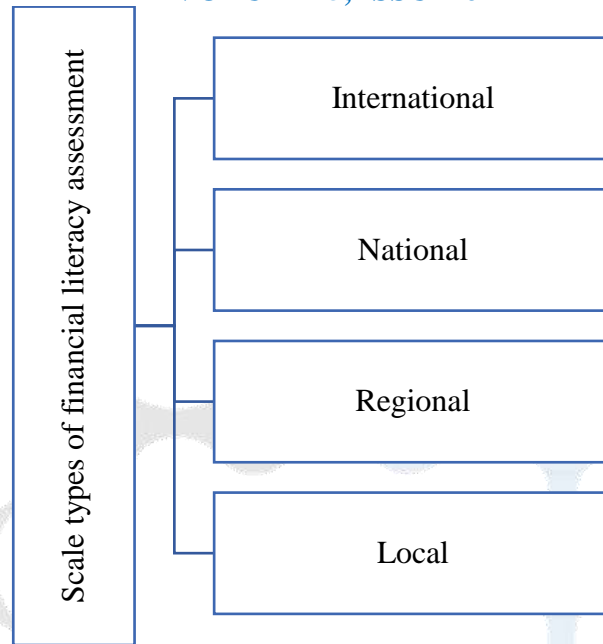
In self-assessment, citizens evaluate their experience and skills in managing their financial resources. This assessment is subjective, but it is of great importance for the purposes of public administration. A low level of education can be a motivation for further education and an incentive to change the model of financial behavior.

In external evaluation, the level of financial literacy is evaluated by researchers, research institutes and consulting companies.

Drawing 2 . Scoring financial literacy.

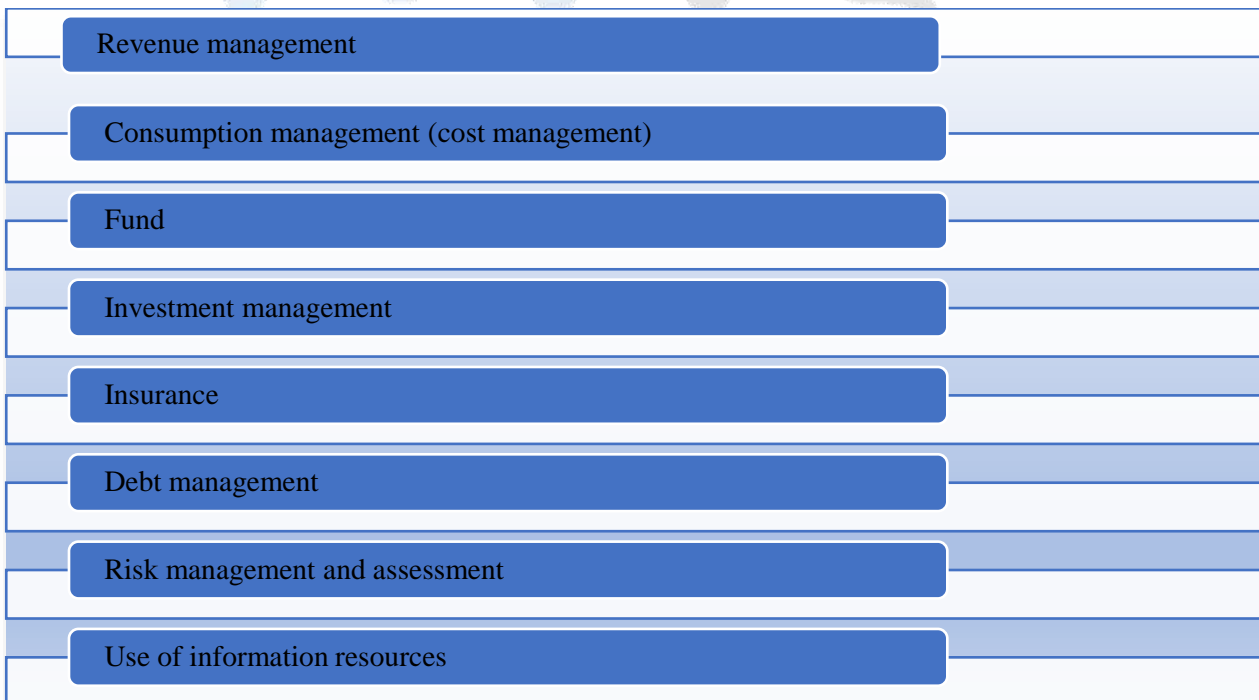
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The international method allows for the assessment of financial literacy in different countries of the world based on a single approach. Based on the results of the assessment, cross-country comparisons can be made. Such large-scale studies are carried out by the Organization for Economic Cooperation and Development (OECD), the Global Financial Literacy Study Center (GFLEC), the World Bank, and other international organizations.

Figure 3. Components of financial literacy.



Beyond the international scale, each country can develop its own national approach to assessing financial literacy.

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A comparison of the characteristics of indicators of international and national methods shows that when assessing financial literacy, each country should take into account its own characteristics. In addition to international and national methods, regional programs for assessing financial literacy are also being developed. Finally, the fourth group of methods has a local character. As a rule, these methods are proposed by researchers and are implemented on the basis of a separate educational institution, mahalla.

Having distinguished the types and levels of financial literacy assessment, we will consider what methods can be used to conduct research. The most common methods include the following:

- Test method;
- Social survey method;
- Infrastructure assessment method;
- Method of calculation of financial literacy indices.

Among the above, social surveys and tests are the most common methods. In the test method, participants select one correct answer from several proposed answers. The peculiarity of the test is that it simultaneously performs the function of assessing knowledge and logical thinking. The advantages of this method are that it can be conducted in a more convenient online mode, as well as the ability to form a database based on the answers received, while the disadvantages include the fact that the questions usually do not change over time, the level of questions does not take into account age and social status. When developing a test methodology, it is necessary to take into account that the questions formulated should not be too complex and the answers received should be as informative as possible. The second group of methods is based on social surveys. In this case, conclusions are drawn based on questionnaires administered to groups of population groups.

The third method differs significantly from the previous two in terms of the object of study. While tests and social surveys require direct work with the population, this method assesses infrastructure indicators by assessing infrastructure.

All of the above methods are based on the calculation of several indicators. However, for interstate, regional comparisons, and for studying general dynamics, it is convenient to use a single indicator - an index. The index reflects a person's ability to rationally manage his personal finances. The index measurement methodology was developed by the Organization for Economic Cooperation and Development [5]. Currently, in accordance with this methodology, the level of financial literacy of the population of more than 30 countries of the world is systematically measured, including some CIS countries. In this index, the level of financial literacy is calculated based on a combination of three main indices.

Figure 4. A combination of indices in assessing the level of financial literacy.



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The knowledge index reflects a person's basic knowledge of financial products, as well as the relationships between inflation, risk, and income. The skill index reflects a person's ability to make rational financial decisions in everyday life situations. The attitude index reflects a person's actions aimed at achieving long-term goals.

If we look at the practical analysis, the most recent survey was conducted by the Organization for Economic Cooperation and Development (OECD) in 2020 among a total of 125,787 people aged 18 and older in 26 countries. Financial literacy was assessed on a scale of 1 to 21 based on the three indices above. Here :

1. "Knowledge" index (from 0 to 7)
2. "Skills" index (from 0 to 9)
3. "Attitude" index (from 0 to 5)

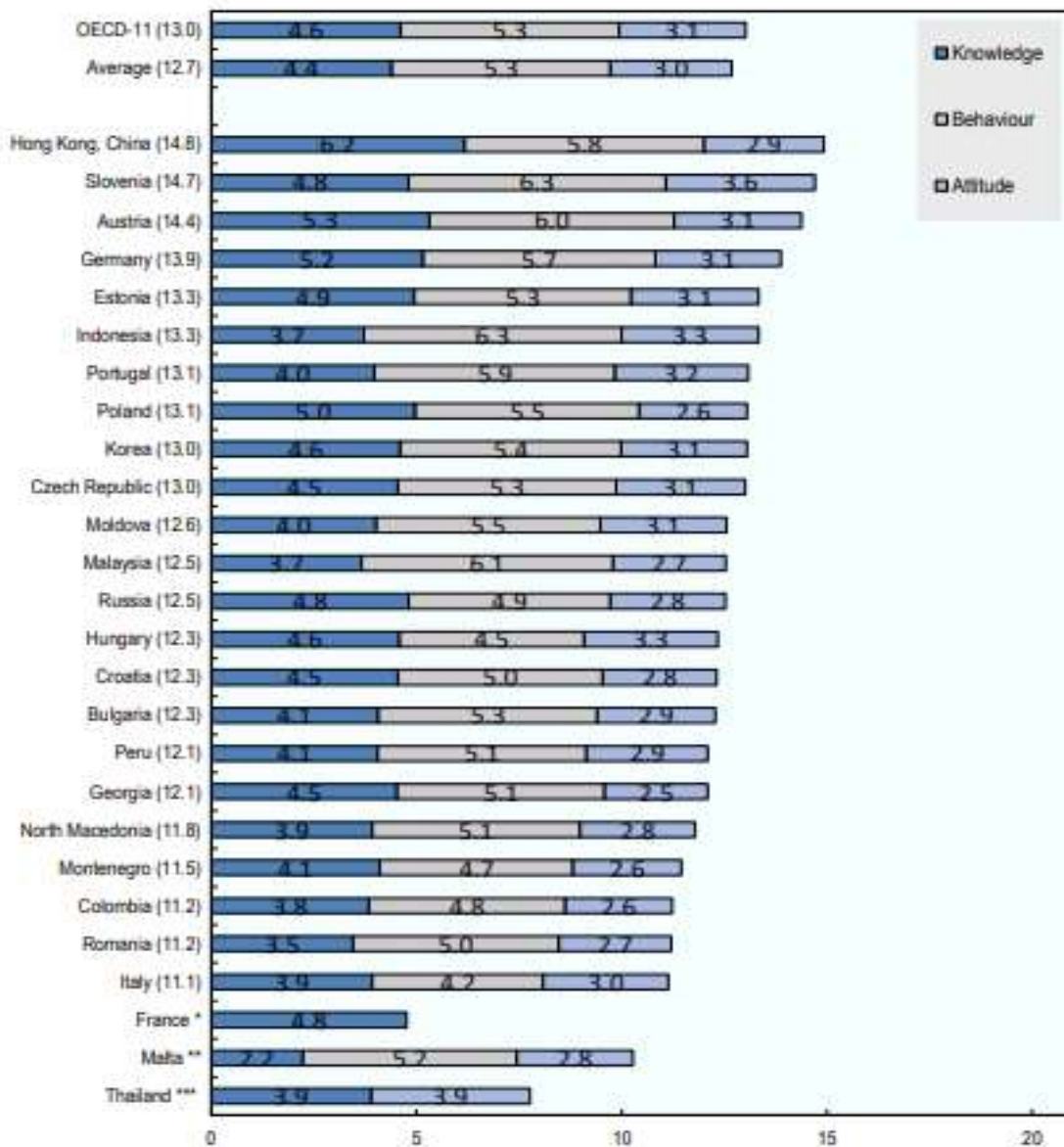
Scores for each index are calculated based on responses to a series of questions designed to determine literacy. The table below shows the list of countries, the number of respondents from each country, and their level of financial literacy according to three different indices.

Table 1. Financial literacy scores of 26 countries (in alphabetical order) [6]

	Number of participants	Financial Literacy Score	Knowledge	Behaviour	Attitude
Austria	1418	14.4	5.3	6.0	3.1
Bulgaria	1047	12.3	4.1	5.3	2.9
Colombia	1200	11.2	3.8	4.8	2.6
Croatia	1079	12.3	4.5	5.0	2.8
Czech Republic	1003	13.0	4.5	5.3	3.1
Estonia	1005	13.3	4.9	5.3	3.1
Georgia	1056	12.1	4.5	5.1	2.5
Germany	1003	13.9	5.2	5.7	3.1
Hong Kong, China	1002	14.8	6.2	5.8	2.9
Hungary	1001	12.3	4.6	4.5	3.3
Indonesia	1000	13.3	3.7	6.3	3.3
Italy	2036	11.1	3.9	4.2	3.0
Korea	2400	13.0	4.6	5.4	3.1
Malaysia	2818	12.5	3.7	6.1	2.7
Moldova	1074	12.6	4.0	5.5	3.1
Montenegro	1030	11.5	4.1	4.7	2.6
Peru	1205	12.1	4.1	5.1	2.9
Poland	1000	13.1	5.0	5.5	2.6
Portugal	1480	13.1	4.0	5.9	3.2
North Macedonia	1076	11.8	3.9	5.1	2.8
Romania	1060	11.2	3.5	5.0	2.7
Russia	83478	12.5	4.8	4.9	2.8
Slovenia	1019	14.7	4.8	6.3	3.6
France *	2155		4.8		
Malta **	1013	10.3	2.2	5.2	2.8
Thailand ***	11129		3.9		3.9
Average ^		12.7	4.4	5.3	3.0
Average (OECD-12) ^^		13.0	4.6	5.3	3.1

The average financial literacy score across all participating countries was 12.7 out of 21. This is 60.5% overall. The table shows disparities in financial literacy levels across countries. The highest scores are recorded in Hong Kong, China (14.8), Slovenia (14.7) and Austria (14.4), while the lowest scores are recorded in Italy (11.1), Romania (11.2) and Colombia (11.2).

5-Drawing. Scores of 26 countries on financial literacy (by outcome) [6]



When comparing the level of financial literacy in countries separately according to the three indices above, Russia and Austria have an advantage in the "Knowledge" indices, while Slovenia and Indonesia have an advantage in the "Skills" and "Attitude" indices. Thus, although the population in some countries has knowledge of basic financial concepts, it was observed that they have a relatively low level of developing everyday skills based on this knowledge. In other countries, the situation is the opposite. For example, although the population of Indonesia and Malaysia has well-developed everyday skills, it was observed that they have difficulty understanding basic financial principles. Therefore, it is necessary to develop measures aimed at helping them fully understand the content of the financial decisions they make and become more active money managers.

CONCLUSION

Based on the above, the following conclusion can be drawn. A high level of financial literacy of the population contributes to social and economic stability in the entire country. Therefore, the

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development and implementation of a strategy to increase the level of financial literacy requires a systematic assessment of financial literacy.

While the level of literacy is constantly being assessed, it can be concluded that many methods have been developed to measure the level of financial literacy today. Their common features include:

- assessment of financial literacy in several areas (personal budget management, expenses, savings, financial risk assessment, etc.);
- possibility of dynamic comparison by age groups, income levels and social strata;
- the need to collect and analyze large amounts of data.

The most appropriate option is to calculate a cumulative indicator based on indices. We believe that it would be appropriate to conduct research and assess our country based on the indices developed by the Organization for Economic Cooperation and Development (OECD). Acting on a strategy determined based on the results will allow us to achieve the desired result.

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