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Financial Literacy as a Component of Functional Literacy: Approaches to the Development of Learning Assignments

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Abstract: The article presents the experience of defining and implementing approaches to the development of educational tasks aimed at developing the financial literacy of students. These approaches are based on the conceptual ideas of the organizers of the international PISA study, their definition of the area of assessment of financial literacy in this study, as well as the content of the System (framework) of financial competence developed in our country for schoolchildren.

Key words: financial literacy, PISA, educational outcomes, functional literacy, connection of educational material with the life of particular individual, typical life situations, competent financial behavior.

INTRODUCTION

Modern schoolchildren live and grow up in an increasingly complex world, where the responsibility for their own financial well-being lies with the person himself. Making reasonable financial decisions, among which a significant number is associated with the choice of behavior when solving typical problems in everyday life situations, is precisely what constitutes the essence of financial literacy as a personal skill of a person, a manifestation of his functional literacy.

There is an increasing variety of financial products and services available to young people, making it difficult for them to choose. In addition, economic and technological integration trends are bringing constant changes to social interactions, consumer behavior and financial transactions¹.

¹Gorodetskaya N. I., Rutkovskaya E. L. Formation of financial literacy of primary school students in modern conditions // Teaching history and social science at school. 2019. No. 3. P. 71–80.

Situations that require financial literacy include, for example, planning personal spending, calculating savings on purchases, searching for favorable employment conditions, etc. Financial literacy also includes risk management (creating savings in case of unforeseen circumstances, ensuring - raising one's old age and medical care, protecting one's own funds from financial fraudsters, etc.).

The tasks we are talking about are designed to play not a verification (control) function, but a function of teaching, developing, shaping conscious, reasonable behavior in the field of finance. Without them, it is impossible to develop the components of financial literacy.

PURPOSE OF THE ARTICLE

The development of a set of tasks in the direction of "financial literacy" is focused on helping to solve motivating and educational tasks in the field of functional literacy, in particular, on helping students develop understanding of situations that require a financial solution, mastering models of reasonable financial behavior and the ability to apply them. in situations of one's own choice. The system of tasks being developed, on the one hand (on the one hand, which is so familiar when it comes to tasks in general), makes it possible to obtain initial information about the level and quality of financial literacy of students.

The purpose of this article is to present general approaches to the development of these tasks, methodological foundations for the selection of social situations on which the tasks are built, systems for differentiating issues focused on the formation of financial literacy of students.

METHODOLOGY AND RESEARCH METHODS

Financial literacy is understood by the author as the ability of a person to make reasonable, expedient decisions related to finances in various situations of their own life. This understanding is based on the interpretation of this concept in the PISA study and the experience of studying the level of financial literacy arising from it, as well as the existing international and domestic practice of improving financial literacy. Separately, we note that the understanding of financial literacy includes the idea that a reasonable financial behavior of a person contributes to an increase in his own well-being.

As a result, financial literacy is seen as a constant expansion of the set of knowledge, skills and action strategies that people build throughout their lives in accordance with the financial requirements of modern society and constantly updated financial products, and not as some kind of fixed education that can be imagined. Antipode of financial illiteracy.

An analysis of the conceptual foundations of the PISA study makes it possible to emphasize an important aspect: financial literacy is generally understood as personal financial literacy. This means that it does not refer to theoretical economic concepts (the theory of supply and demand, the theory of market structures, etc.), but is related to understanding, managing and planning one's own personal and family financial affairs².

PISA emphasizes the importance of good understanding, management and planning on the part of individuals and notes that this has the effect of some collective impact on society as a whole, contributing to national and even global stability, productivity and development.

Let us dwell in more detail on the components of financial literacy. First of all, financial literacy includes certain knowledge of the basic elements of the financial world. At the same time, the emphasis is not on the knowledge itself as such, but on the ability to update knowledge and understanding. This is expressed

²Zelentsova A. V., Bliskavka E. A., Demidov D. N. Improving the financial literacy of the population: international experience and Russian practice. M.: TsIPSiR, KNORUS, 2012. 112 p.

in assessing the ability of young people to transfer and apply what they have learned about personal finance and effective solutions in this area. Term

“Effective decision” in the context of the research materials refers to balanced and responsible decisions in real life situations. They concern both the current experience of students and their immediate future. Students can now make relatively simple decisions, such as spending their pocket money. They will soon be making bigger decisions, in particular those related to education and work, and these decisions will have long-term financial implications.

Along with this, the authors of the PISA study include financial literacy and mental skills related to recognizing financial information, analyzing it, identifying and solving financial problems.

And another important component of financial literacy is highlighted in the PISA study. This is the motivation to seek information for effective participation in financial activities. Motivation is considered both as a component and as an important factor in the formation of financial literacy.

Let us further present the grounds for developing a set of tasks focused on the development of financial literacy.

In designing financial literacy-oriented items, the findings from the study of the three-dimensional assessment model used in the PISA study are applied. Its three components are: a) content (thematic), b) cognitive processes (skills and habits), c) contexts (life situations).

The content is a wide range of personally significant financial topics, grouped into four thematic areas: money and money transactions, financial planning and management, risks and rewards, financial environment (selected issues from the field of finance)³.

The first of these areas is Money and money transactions. It covers everyday purchases of goods, payments, expenses, bank cards, currencies. The second area, Financial Planning and Management, includes assignments related to the family budget, planned expenses and various types of income (for example, benefits, wages, etc.). The content area Risks and Rewards (in PISA it is a key area of financial literacy) focuses on financial management taking into account two types of risks: the first represents financial losses caused by unforeseen circumstances (for example, a catastrophic disaster), the second is the risk inherent in financial products (for example, loan agreements with a variable interest rate or investment products)⁴.

It assumes, for example, an understanding that some ways of saving money or investing it are associated with less risk than others. Content area financial environment (Selected issues from the field of finance) includes knowledge (understanding) of the legal status (rights and obligations) of consumers of financial products, issues of legal regulation of relations in the financial market, the consequences of changes in economic conditions and government policy. For example, the consequences of changes in interest rates, inflation, taxation, the introduction or abolition of certain social benefits.

Recognition of financial information is carried out when working with sources of financial information (in particular, they include descriptions of various life situations referring to certain financial tasks of a person). The analysis of information in the financial context is also carried out on the basis of the presented texts (including texts entered in illustrations, presented in the format of tables, advertising calls, etc.) and includes comparison, contrast, synthesis and extrapolation (dissemination of conclusions obtained from observation on one part of the phenomenon, on another part of it, or on the entire

³Kovaleva G. S. Financial literacy as a component of functional literacy: an international context // Domestic and foreign pedagogy. 2017. Vol. 1, No. 2 (37). pp. 31–43.

⁴ PISA 2012 Financial Literacy Assessment Framework [Electronic resource]. URL: <http://www.oecd.org/pisa/pisaproducts/46962580.pdf> (accessed 18.06.2019).

phenomenon as a whole). The evaluation of financial problems is focused on building financial justifications, explanations, value judgments, generalizations based on knowledge and understanding.

The application of financial knowledge focuses on effective actions in financial situations by using existing financial knowledge and understanding the behaviors that are appropriate for solving certain problems in certain conditions.

Contexts are groups of situations that are addressed by tasks from the field of financial literacy. The PISA study presents four contexts: educational and professional (education and work), home and family (home and family), personal (personal spending, leisure and recreation), and public (community and community citizen).

The educational and professional context includes financial materials and situations related to employment and future professional activities. For example, part-time employment, preparation for further work and career through school education and training, further education. The home and family context includes financial problems and issues related to household expenses. Tasks in this context may relate to the purchase of household items, groceries, cost accounting, planning joint activities, budgeting decisions, and prioritization of expenditures. The personal context includes issues related to consumer goods and retail, leisure and entertainment, insurance (life, health, and property) and other situations in which goods or services are purchased for personal use. Decisions that fit into this context include choosing products and services such as clothing, toiletries, electronic or sports equipment, seasonal tickets, gym memberships, and opening a bank account and obtaining a loan. The social context reflects the connection between personal financial well-being and the rest of the community in the modern world. This context includes issues related to awareness of consumer rights and obligations, taxes and benefits, fees and services, fair trade, the consequences of consumer choice, donations to non-profit organizations, charitable foundations, etc.

The use of the PISA research model and the provisions of the System (framework) of financial competence for school-age students in the development of tasks differed in a number of features.

The primary focus was on creating the financial challenges faced by the student and his family.

The choice of the topics of tasks and the content of the skills necessary for their implementation was determined by the age characteristics of students of a certain class: the level of existing knowledge and skills, emerging psychological and cognitive needs. In particular, with regard to fifth-graders, we are talking about the selectivity of perception, the ability to memorize and reproduce semantic connections, the developing ability for abstract thinking, an increase in the period of attention retention, the intellectualization of memory, and others.

In addition, the choice of subjects for assignments and the content of the skills necessary for their performance were determined by the nature and content of the students' social experience. The practical tasks differentiated by age groups took into account real life situations faced by a child of a certain age.

When developing tasks, it was also taken into account that schoolchildren are gradually forming an image of the world, in which the number of significant characters increases. In particular, in addition to "significant adults" (parents, family members, teachers), the number of "accidental adults" (neighbors, acquaintances of parents, strangers in transport, shops, clinics, etc.) with whom students enter into relationships, including financial ones. The circle of "generalized adults" (characters of films, TV shows, books) is also expanding. Along with this, as they grow older, the formation of the "image of oneself" continues, in particular, various social roles are more deeply realized, both present in one's own experience and those that will have to be performed in the future.

CONCLUSION

The content of the developed complexes assumes that knowledge and understanding of certain financial terms, concepts, categories, functions of financial institutions, processes occurring in the financial sector will be applied to those specific situations and life practices that are mastered or mastered by students of a certain age.

The tasks are aimed not so much at checking the content of knowledge and ideas of a financially literate person of a certain age, but rather at developing financial literacy. They are oriented, first of all, to the formation of a number of skills and strategies of behavior, on which success depends in the implementation of cognitive and practical activities aimed at solving problems that arise in the financial life of an individual.

The proposed tasks are built on specific situations of real social life, representing contexts that are relevant for students. The description of the situation precedes several tasks based on it.

A variety of topics, contexts, cognitive processes that are of personal importance for students of a certain age, contributes to their motivation to master the knowledge and skills necessary to find solutions to the tasks presented in the tasks.

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