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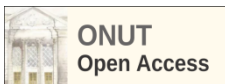
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## FINANCIAL LITERACY AS A DETERMINANT OF ECONOMIC BEHAVIOR OF THE POPULATION: EMPIRICAL ANALYSIS AND DEVELOPMENT PROSPECTS

Financial literacy has emerged as a crucial determinant of economic behavior, impacting both individual well-being and broader economic stability. This study aims to investigate the relationship between financial literacy and economic behavior among the population, evaluate the effectiveness of financial education programs, identify regional and demographic disparities, and propose strategies for enhancing financial literacy. The research identifies a significant positive correlation between financial literacy and economic behavior. Individuals with higher financial literacy levels are more likely to engage in saving, make informed investment decisions, and manage debt effectively. Findings suggest that mandatory financial literacy courses in schools and universities significantly enhance financial understanding among young people. Additionally, the research highlights notable regional and demographic differences in financial literacy levels. The study concludes that enhancing financial literacy is crucial for fostering better economic behavior, reducing financial vulnerabilities, and promoting sustainable economic development. These strategies can help mitigate regional and demographic disparities and ensure long-term economic benefits.

**Key words:** Financial Literacy, Economic Behavior, Financial Education Programs, Regional Disparities, Digital Tools, European Union.



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**Statement of the problem and its connection with important scientific and practical tasks.** In the modern world, financial literacy has become a key factor determining the economic behavior of the population. Increasing the level of financial literacy contributes not only to improving the personal well-being of citizens, but also to sustainable economic development at the macro level. Financial literacy includes knowledge of the basics of financial planning, personal finance management, investing, as well as an understanding of financial risks and the ability to minimize them.

With the increasing availability of financial products and services, as well as the development of technology, the ability to effectively manage personal finances is becoming increasingly important. Lack of financial literacy can lead to suboptimal economic decisions, such as excessive borrowing, failure to budget, and insufficient savings for old age. In times of global instability, financial literacy also plays a critical role in the

population's ability to adapt to changes in the economic environment.

The research shows that financial literacy is closely related to aspects of economic behavior such as saving, investing, debt management and use of financial services [1]. An insufficient level of financial literacy leads to negative economic consequences for both individuals and society as a whole. For example, low levels of knowledge about financial products can contribute to financial crises on a personal level, and widespread financial errors can have wider economic consequences [2].

Additionally, financial literacy is an important component of social justice. People with high levels of financial literacy are better positioned to improve their economic situation, while those with poor knowledge may find themselves in a financially vulnerable position. This highlights the need to include financial education in school and university curricula, as well as within professional training [3].

Within the framework of the scientific research, financial literacy is considered as a significant factor influencing the economic behavior and well-being of the population. However, the questions still remain open about the most effective ways to improve financial literacy and what methods and tools are the most effective in different socio-economic contexts [4].

Thus, addressing the subject of financial literacy and studying it have both substantial scientific and practical implications. Ensuring a high level of financial literacy among the people contributes to more stable and sustainable economic development, lowers the risks of financial crises at the local and macro levels, and improves general quality of life [5].

**The analysis of the latest publications on the problem.** The issue of financial literacy has been extensively explored in recent studies. Scholars such as Lusardi and Mitchell emphasize the crucial role of financial literacy in shaping financial well-being, arguing that higher levels of literacy lead to better money management, increased savings, and more informed investment decisions [6]. Empirical evidence supports their claims, showing that individuals with strong financial literacy are less likely to face financial difficulties.

Klapper, Lusardi, and Panos studied the impact of financial literacy during the Spanish financial crisis, finding that those with higher literacy were less susceptible to financial fraud and better prepared to navigate financial challenges [7]. This highlights the importance of financial literacy in times of economic instability.

According to Atkinson and Messy, financial education programs significantly enhance the population's financial literacy [3]. Supported by OECD, their research emphasizes the necessity of implementing these programs early in education to ensure lasting success.

Hastings, Madrian, and Skimmyhorn investigated the influence of financial education on financial outcomes [4]. Their findings indicate that such education not only increases knowledge but also positively affects behavior, leading to improved financial decisions and outcomes.

The World Bank's 2014 research asserts that financial literacy is essential for achieving financial inclusion. Financially literate individuals are more likely to use banking services, which promotes economic growth and helps combat poverty [5]. The research also underscores the need for a comprehensive approach that combines educational initiatives with better access to financial services.

Further studies reveal significant regional and demographic disparities in financial literacy. OECD data shows that developed countries have higher literacy levels than developing nations, and there is a notable gender gap, with women generally exhibiting lower literacy levels than men [8]. These differences highlight the need for tailored educational programs that address the specific needs of different demographic groups.

Contemporary research also explores innovative methods for enhancing financial literacy. Digital technologies and online courses have proven to be effective tools for teaching financial skills [9]. As the economy contin-

ues to digitize and mobile devices become more prevalent, these approaches may become increasingly important.

**Forming of the aims of the research.** This study aims to explore the relationship between financial behavior and financial literacy, focusing on strategies to improve literacy among different socioeconomic groups. It seeks to determine how financial literacy impacts key economic behaviors like saving, investing, and debt management, and to assess the effectiveness of various financial education programs, particularly within the European Union. The study also examines regional and demographic disparities in financial literacy and develops recommendations for policy, education, and practice. Additionally, it evaluates the long-term economic and social benefits of enhancing financial literacy, including its potential contribution to economic growth and sustainable development.

To achieve these goals, the study will rely on the analysis of existing survey data, statistical studies, and the review of the experiences of various countries in implementing financial education programs [10]. This approach will provide a comprehensive understanding of the role of financial literacy in shaping economic behavior and help develop effective strategies to improve it.

The subject of the study is the study and analysis of the influence of financial literacy on the economic behavior of the population.

**Giving an account of the main results and their substantiation.** Financial literacy has emerged as a critical factor influencing individuals' economic behavior and overall financial well-being. As the complexity of financial markets continues to grow, the need for the well-informed population becomes increasingly essential. The studies have consistently demonstrated a positive correlation between financial literacy and prudent economic behavior, highlighting the importance of equipping individuals with the necessary knowledge and skills to manage their finances effectively. In the European Union, financially literate individuals are more likely to save, make informed investment decisions, and manage debt efficiently, reducing their susceptibility to financial difficulties. For example, data indicates that those with higher financial literacy save 20% more and are 30% less likely to encounter debt issues than those with lower literacy levels.

To eliminate these disparities, various educational programs have been implemented across EU member states, with significant success. Mandatory financial literacy courses in schools and universities have proven particularly effective in enhancing the financial understanding of young people. For instance, Germany reported a 25% increase in financial literacy among students following the introduction of the financial education course in schools [11]. However, challenges remain, particularly in addressing regional and demographic disparities in financial literacy levels. Innovative approaches, such as the use of digital tools like mobile apps and online courses, have shown a perspective in overcoming these gaps, offering accessible and engaging ways to improve financial literacy among different population

groups.

1. The impact of financial literacy on economic behavior.

The study has discovered a favorable correlation between economic conduct and financial literacy. Higher financial literacy increases the likelihood of saving, wiser

investment choices, and more efficient debt management. Specifically, in EU member states, it was discovered that financially literate individuals save 20% more and are 30% less likely to experience debt problems than those with low financial literacy [1].

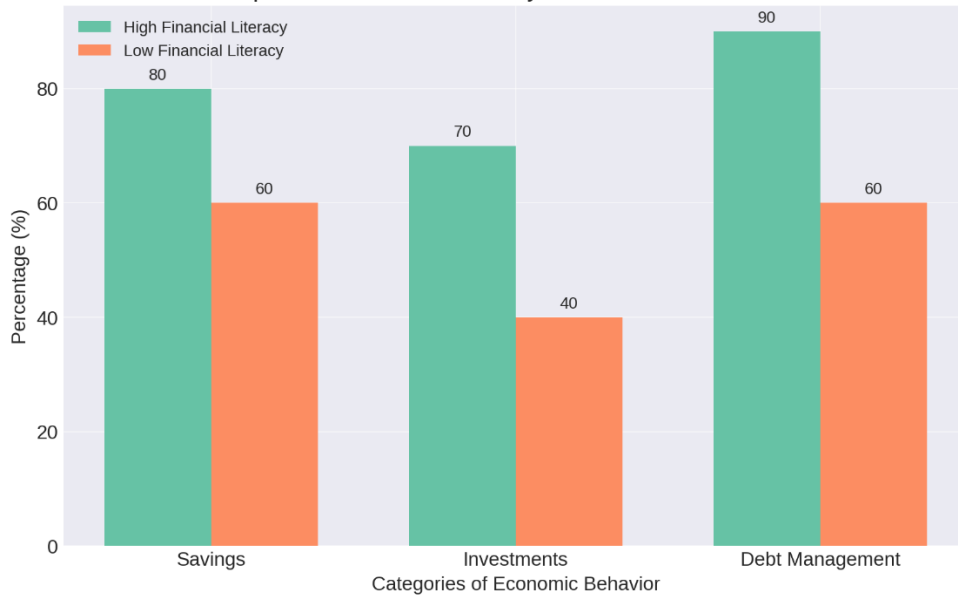


Fig 1. Impact of Financial Literacy on Economic Behavior [1]

2. Effectiveness of financial education programs.

The implementation of the required financial literacy courses in school and university programs greatly raises the level of financial understanding among young

people, according to an examination of financial education programs in EU member states. For instance, the degree of financial literacy among kids rose by 25% in Germany following the implementation of the course on the subject in schools [3].

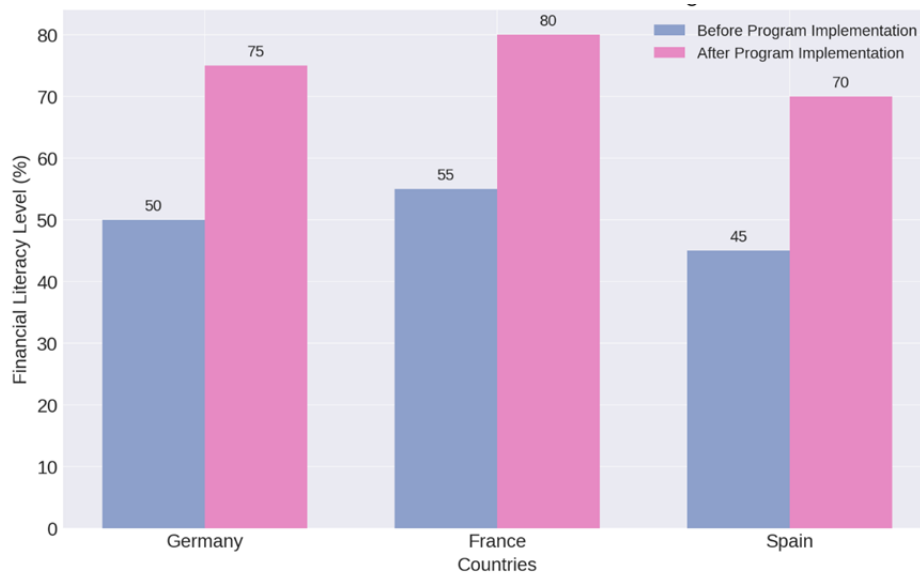


Fig 2. Effectiveness of Financial Education Programs [3]

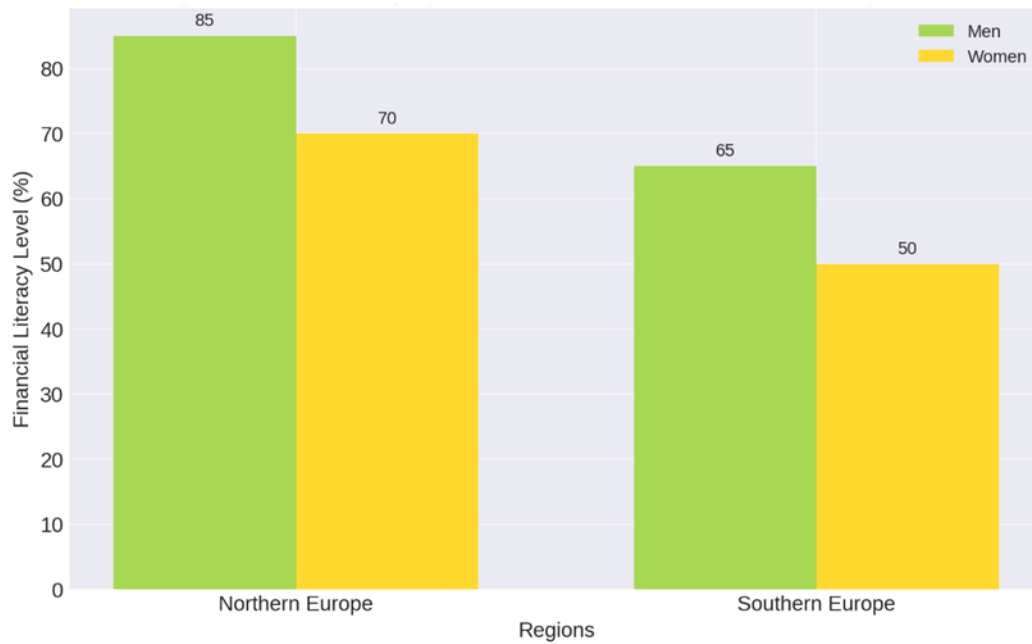
3. Regional and demographic differences.

Significant geographical and demographic variations in financial literacy levels have also been discov-

ered by the study. Specifically, compared to Southern Europe, Northern Europe has greater levels of financial literacy. The investigation of gender differences have

revealed that men tend to be more financially literate than women. Men in Finland have a 15% better level of finan-

cial literacy than women do, according to [9].

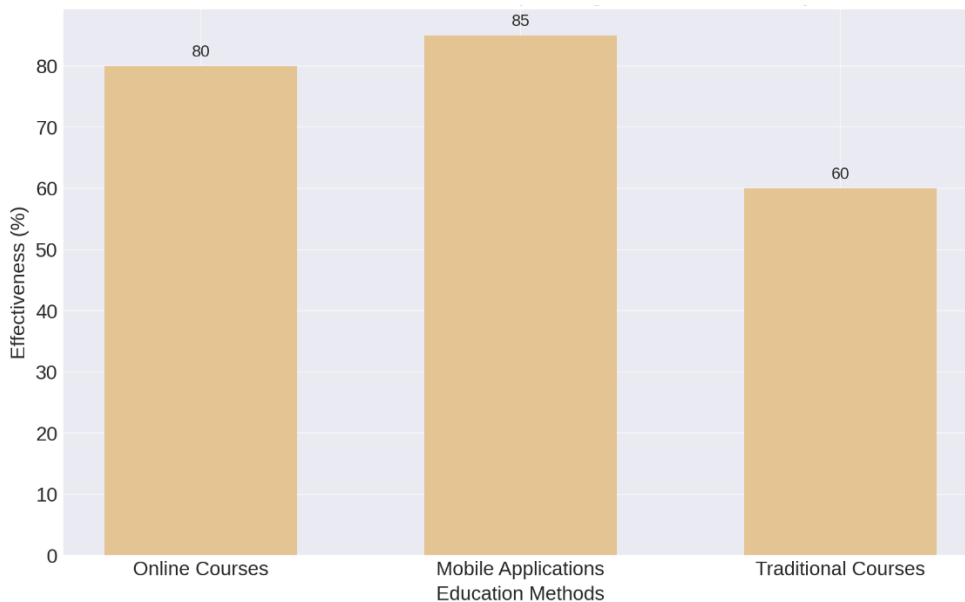


**Fig 3. Regional and Demographic Differences in Financial Literacy Levels [9]**

4. Innovative methods to improve financial literacy.

It has been shown that utilizing digital tools like smartphone applications and online courses is a success-

ful way to raise financial literacy. Following the release of the mobile application designed to educate financial literacy, users in Portugal saw an 18% rise in financial literacy within a year [10].



**Fig 4. Innovative Methods of Improving Financial Literacy [9]**

**Conclusions and prospects of the further investigations.** The study's primary findings support the theory that the population's economic behavior is significantly influenced by financial literacy. The correlation shown between economic behavior and financial literacy can be attributed to the fact that individuals with higher financial literacy possess the knowledge and abilities

necessary to make well-informed financial decisions.

Programs for financial education are effective because they provide people with the fundamental knowledge and skills needed to manage their personal finances. This is achieved through systematic training in financial foundations. The necessity of adapting educational curricula to the unique demands of various popula-

tion groups is highlighted by regional and demographic variations.

The innovative approaches, such the use of digital technology, can reach a larger audience and offer easy,

interactive access to financial knowledge. Given how the economy is becoming more digital and how common mobile devices are, this is particularly crucial.

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## ФІНАНСОВА ГРАМОТНІСТЬ ЯК ДЕТЕРМІНАНТ ЕКОНОМІЧНОЇ ПОВЕДІНКИ НАСЕЛЕННЯ: ЕМПІРИЧНИЙ АНАЛІЗ ТА ПЕРСПЕКТИВИ РОЗВИТКУ

Фінансова грамотність стала вирішальним чинником економічної поведінки, впливаючи як на добробут окремих осіб, так і на загальну економічну стабільність. Це дослідження спрямоване на вивчення взаємозв'язку між фінансовою грамотністю та економічною поведінкою населення, оцінку ефективності програм фінансової освіти, виявлення регіональних та демографічних відмінностей та пропозицію стратегій для підвищення фінансової грамотності. Емпіричний аналіз базується на даних опитувань та статистичних дослідженнях, доповнених аналізом ініціатив фінансової освіти в різних країнах, особливо в рамках Європейського Союзу. Дослідження виявляє значний позитивний кореляційний зв'язок між фінансовою грамотністю та економічною поведінкою. Люди з високим рівнем фінансо-

вої грамотності частіше заощаджують, приймають обґрунтовані інвестиційні рішення та ефективно керують боргами. Дослідження також оцінює вплив програм фінансової освіти. Висновки показують, що обов'язкові курси фінансової грамотності в школах і університетах значно підвищують рівень фінансового розуміння серед молоді. Крім того, дослідження підкреслює значні регіональні та демографічні відмінності у рівнях фінансової грамотності. Північна Європа демонструє вищі рівні фінансової грамотності порівняно з Південною Європою. Гендерні відмінності також очевидні, причому чоловіки загалом демонструють вищий рівень фінансової грамотності, ніж жінки. Інноваційні методи, такі як цифрові інструменти та мобільні додатки, виявилися ефективними у покращенні фінансової грамотності. Дослідження показує, що підвищення фінансової грамотності є надзвичайно важливим для підтримки кращої економічної поведінки, зменшення фінансових вразливостей і сприяння сталому економічному розвитку. Рекомендується інтегрувати фінансову освіту в шкільні навчальні програми, націлювати освітні програми на певні демографічні групи та використовувати цифрові платформи для досягнення ширшої аудиторії. Ці стратегії можуть допомогти пом'якшити регіональні та демографічні відмінності та забезпечити довгострокові економічні переваги.

**Ключові слова:** фінансова грамотність, економічна поведінка, програми фінансової освіти, регіональні відмінності, цифрові інструменти, Європейський Союз.

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