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STRATEGIC APPROACH TO IMPROVE STUDENT FINANCIAL LITERACY COMPETENCE

Namangan State University, independent researcher, **Asqarov Abrorjon Khayitmirzayevich**,
Abrorjonasqarov86@gmail.com
Foziljonova Niholakhon Fayoz qizi
niholakhon06@gmail.com
Nasrullayev Omonullokhon Nodirjon og`li
omonulloxon0408@gmail.com
2nd year students of the Faculty of Economics, Financial Management

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Abstract:

Increasing financial literacy through the financial education of the younger generation makes it possible to make balanced decisions, taking into account the level of risk necessary to ensure financial security. First of all, if I dwell on such issues as the management and distribution of personal finance, then the fact that the human factor makes only one wrong decision at the time of shaping personal finance causes it to suffer financial losses, expenses to exceed its income and problems such as not achieving its financial goal in time and not being able to improve material well-being. The misperception of financial decisions in humans is primarily the fact that personal finance is not fully formed. Taking this into account, in this study, with the participation of 101 respondents from students of higher educational institutions, a study was carried out by observing, comparing, measuring and experimenting with their financial knowledge using empirical research methods.

Keywords: Financial cushion, Debt avoidance, Financial independence, Financial security, Investment strategy, Investment diversification, Financial literacy, Financial culture, Financial discipline

INTRODUCTION. Lack of basic knowledge and skills in financial literacy can significantly increase the risks associated with uncontrolled debt burden, financial fraud, investment losses, and ultimately bankruptcy and personal problems. Financial education also helps to obtain the basic knowledge necessary for private entrepreneurship, investment, personal financial planning, and retirement provision. For example, a student's personal financial security is the ability to meet his material and spiritual needs, both individually and within society, to have financial independence, as well as the socio-economic opportunity to maintain and further increase this independence in the future.

This includes the state's legal and economic protection of students, their vital interests, constitutional rights, as well as ensuring a quality level of education regardless of threats to financial security. At the same time, a student's financial security depends not only on the state fulfilling its obligations, but also on the decisions made by students.

The scientific researchers who conducted research on this topic are " Повышение финансовой грамотности студентов: особенности и возможности региональных вузов" by S.D. Reznik, M.V.Chernikovskaya, " Экономическое мышление у студентов в учебных заведениях высшего профессионального образования" by A.A. Laskin, S.V. Brovchak, M.A. Selivanova, Ye.N. Sochneva, O.V. Firsanova, V.G. And the Shubayevas "Вопросы повышения финансовой грамотности студентов высших учебных заведений финансово-экономической направленности" financial literacy of university students was studied in the scientific articles.

METHODS. In this study, students of higher education, their skills in managing their finances, concepts of wealth and poverty, their qualifications to achieve financial well-being were studied through "Google Forms", a structured survey of 101 students of Namangan State University on 15 financial knowledge.

In our study, 3 of the questions in the survey were mainly based on students ' answers to questions about the rapid disappearance of money, what a person should pay attention to in order to become rich, and what are the reasons why a person is facing financial problems. In our scientific study, using the methods of empirical research, it was achieved to make their conclusions, detailing the answers of 101 respondents to 2 financial surveys.

RESULTS. Finance is not just numbers in the account, finance is an important tool that helps us achieve goals, make a person feel confident and build the future. In this study, we will look at how to manage a student's personal finances and bring him to a stable level through a simple and effective model that helps him control his financial situation.

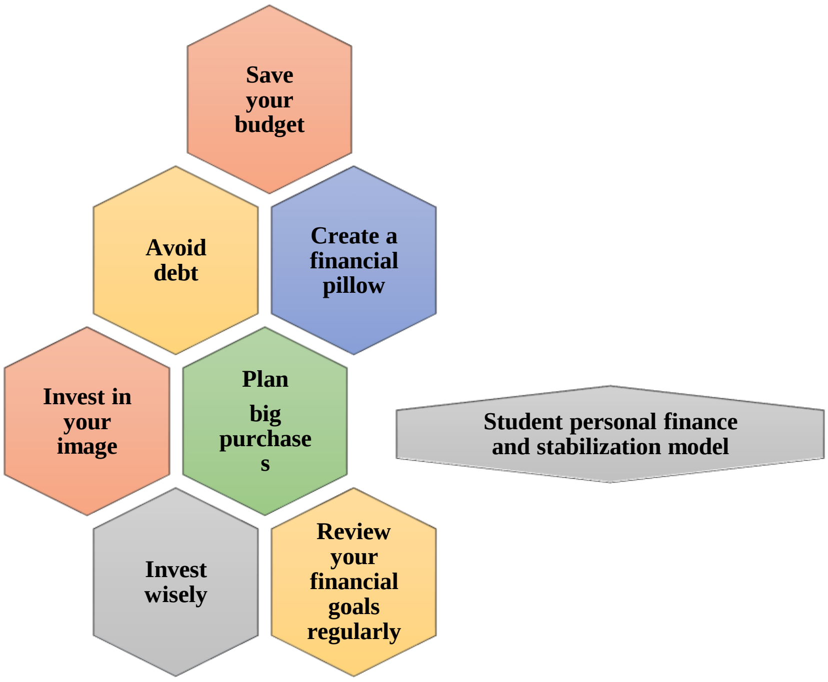

Figure 1. Model for managing and stabilizing student personal finances

Let's examine the advantages of this model in detail. Through the model of managing and stabilizing the student's personal finances, the student will achieve the result of making the right decisions in the implementation of personal financial processes, easily solving financial problems, and effectively managing his budget. The student will achieve this by following each of the quadrants of the model. In particular,

1.The student should create his own budget. The first step to achieving financial stability is to understand where his money goes. To do this, he should write down all his income and expenses on a daily, monthly, and annual basis.

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✓ Salary
✓ Business income
✓ Scholarship
✓ Dividend and investment income
✓ Additional income (rent, interest income, etc.) are among these.

After calculating a student's income, he or she will need to categorize his or her expenses. These are divided into 2 types.

❖ Mandatory expenses - these are permanent and necessary expenses:
✓ Housing rent
✓ Utilities (gas, electricity, water)
✓ Food
✓ Transportation expenses
✓ Mobile phone and internet expenses
✓ Education and knowledge expenses

❖ Discretionary expenses (variable) - these are expenses that depend on various circumstances:
✓ Visiting restaurants and cafes
✓ Various items and accessories
✓ Leisure and travel
✓ Entertainment expenses (cinema, theater, etc.)

Always keeping a realistic record of your expenses by the student will help him control excessive spending.

2. A student should create a financial cushion. This is essentially a savings account to ensure financial stability in the event of unexpected expenses or loss of income. The main purpose of a financial cushion is to:

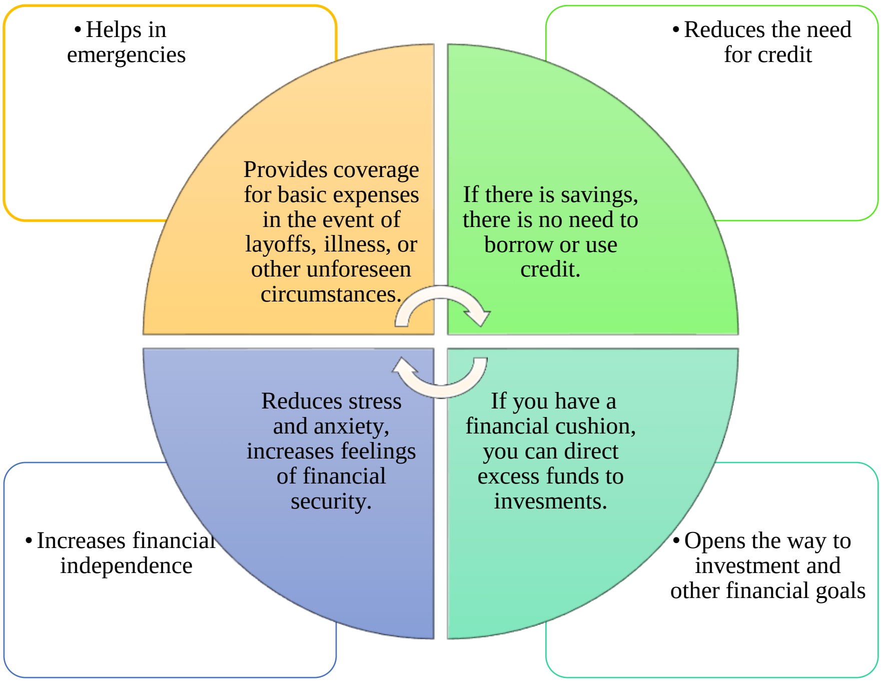


Figure 2. Matrix of the main goals of a student's financial cushion

3. Students should be taught to avoid borrowing. Because debt often limits a person's financial freedom and increases stress. Avoiding debt and managing finances properly is important for achieving financial stability. The following are effective ways to avoid debt and achieve financial independence. In particular,

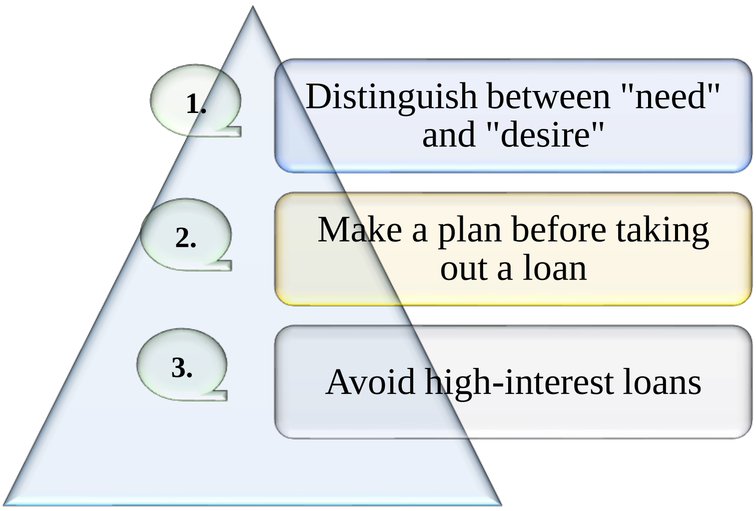


Figure 3. An effective pyramid for students to avoid debt and achieve financial independence

This pyramid can be explained to students as follows. That is,

1. **Avoid high-interest loans** – Credit cards or microloans come with high interest rates and add to financial pressure.
2. **Distinguish between "needs" and "desire"** – Understanding the difference between essential needs and personal wants can help you avoid debt.
3. **Make a plan before taking out a loan** – If you are forced to take out a loan, it is advisable to plan in advance how and when you will repay it.

4.It is necessary to teach the student to invest in himself. This is a very important factor. Because the student must understand that investing is one of the best ways to achieve financial stability and increase your income in the future. If we teach the student to improve his skills, it will be easier for him to learn new areas that will bring additional income. In my opinion, the more a student knows about investing and can do it, the more opportunities he will have to make money. As a result, this will bring the student not only financial benefits, but also help him develop personally, gain new opportunities and improve the quality of life. For example,

Figure 4. Results of the effectiveness of investment in education and knowledge

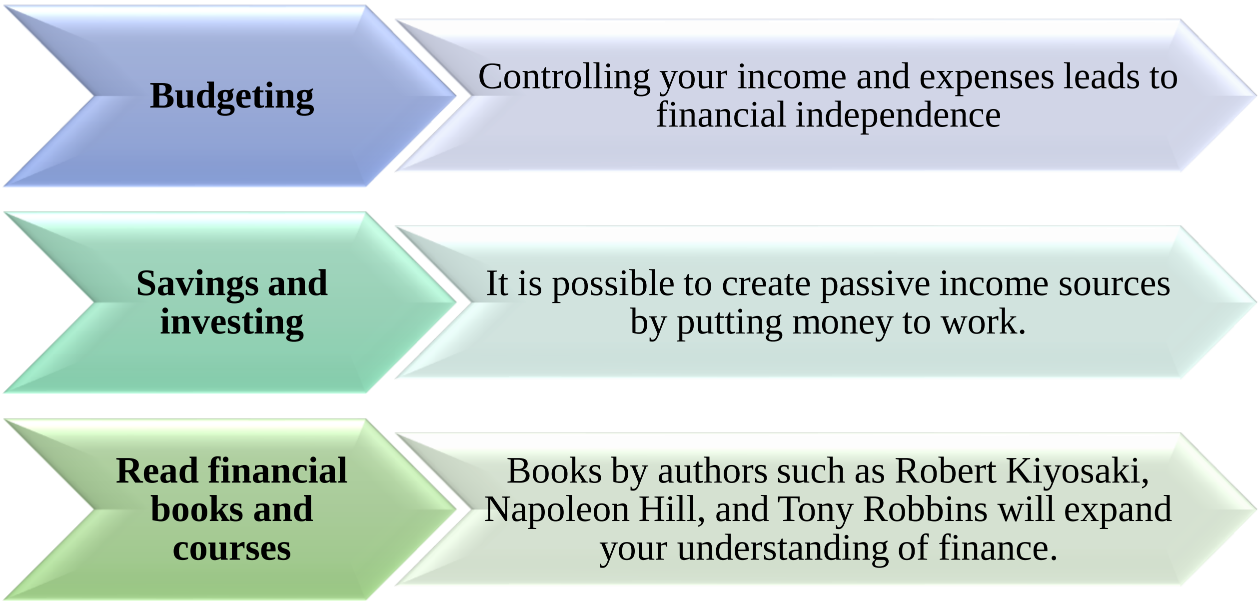


Figure 5. Results of the effectiveness of investing in financial literacy

5.Students should be taught to plan for major purchases. Major purchases include a car, a house, appliances, or expensive items needed for education or business. If students make these purchases without planning, they are more likely to experience financial stress or debt. Therefore, it is important to teach them the importance of planning for major purchases in advance. To do this, students should first assess the need for the purchase. For example, students should be taught to always remember to answer the following questions before making a major purchase.

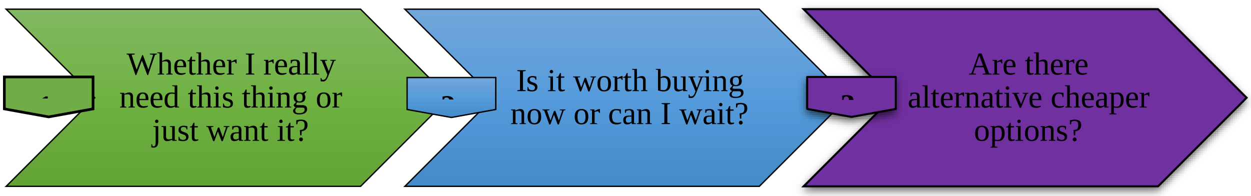


Figure 6. Stages of planning large purchases

6.The student should be taught to develop the competence of rational investment. In order for the student to understand the need to ensure financial security in the process of rational investment in personal finance, it is necessary to teach the student how to choose investment strategies, diversify and constantly monitor investments during the investment process. For example,

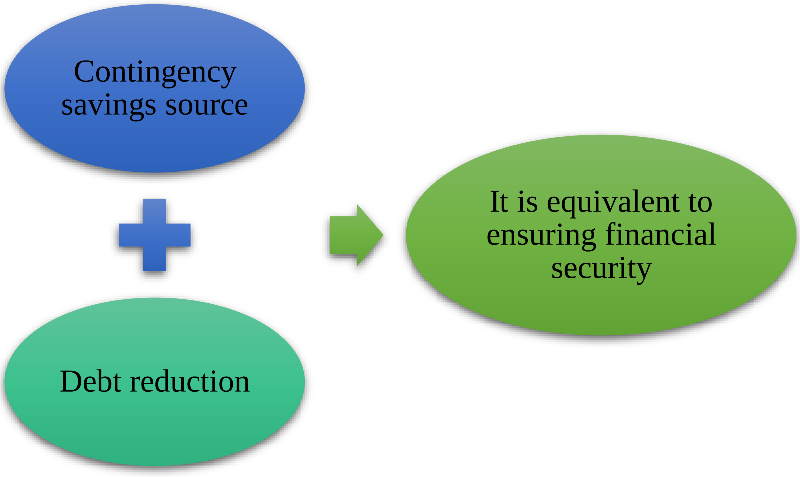


Figure 7. Student financial security measures

✓ It is important to teach students the importance of building an emergency fund, and to explain that this fund should be enough to cover at least 3-6 months of expenses. Because an emergency fund is a fund set aside for students to cover unexpected expenses and helps ensure financial stability. This fund prevents students from going into debt or having to sell their investments.
✓ Students should reduce their debt. We should teach students to avoid investing in high-interest loans. Reducing debt will speed up the student's path to financial stability and independence.

In addition, the student should develop knowledge about investment strategies. In particular,

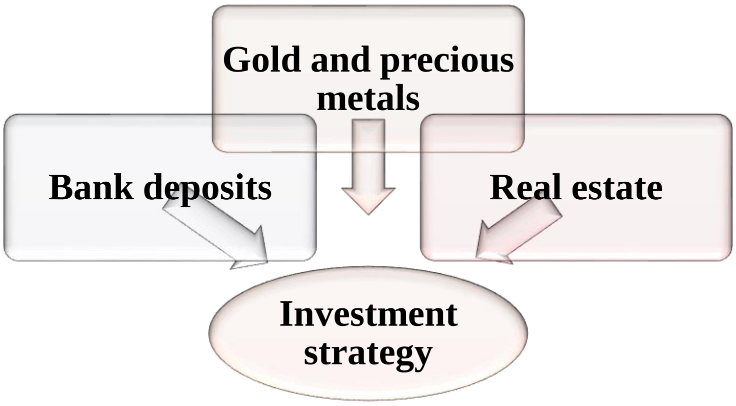


Figure 8. Stages of investment strategies

1. **Bank deposits** are a safe way for a student to deposit their funds in a bank, but there is a risk that the amount of profit will be lower due to inflation.
2. **Gold and precious metals** are a way to protect the student from inflation by investing their funds in this investment process.
3. **Real estate** is an investment that allows the student to receive passive income through rental or use it as a long-term investment. It is important to provide detailed information about whether the student can receive passive income through rental or long-term investment.

In addition, students should be taught to always follow the motto "Don't put all your apples in one basket" when building their knowledge about investment diversification (risk reduction). In particular,

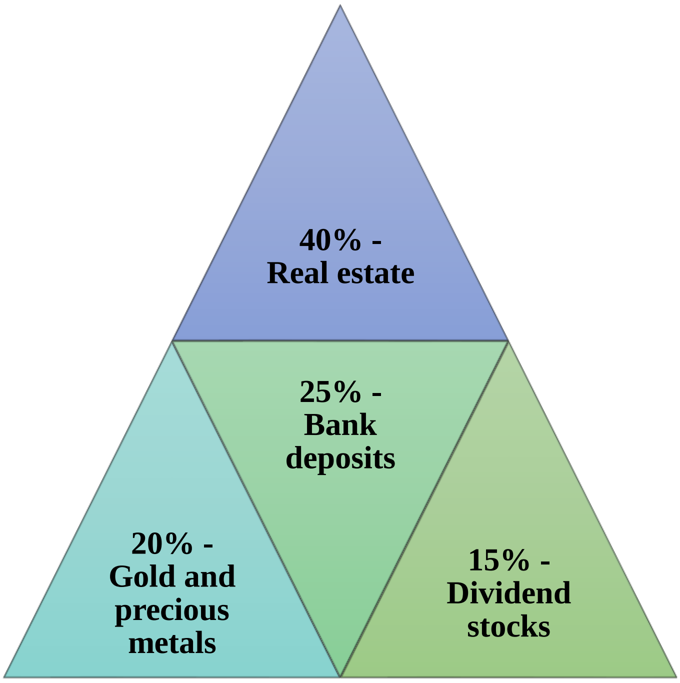


Figure 9. Student's investment diversification pyramid

7.It is necessary to form the adaptation of the student to regularly review financial goals. It is necessary to develop creative abilities in the understanding that it is very important to regularly review and adjust goals in order to achieve financial stability and success, and that circumstances and life needs can change, therefore, it is necessary to adapt the strategy as a rational approach. This requires the development of the following action strategy. In particular,

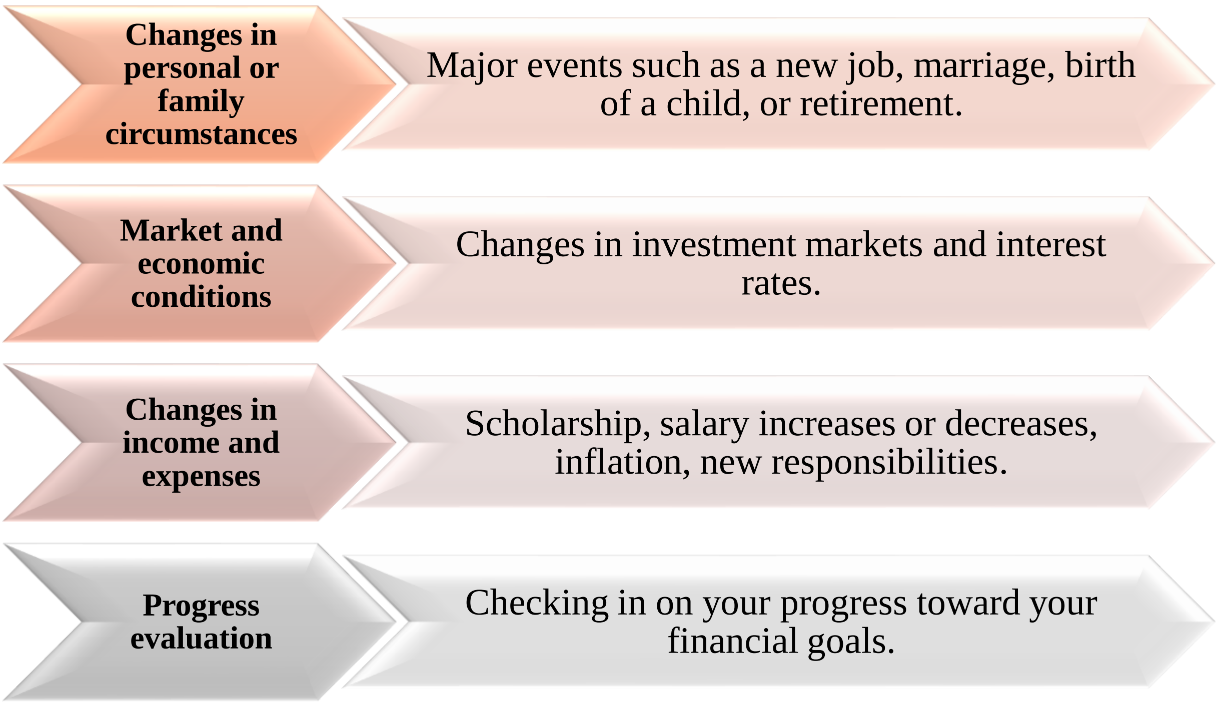


Figure 10. Strategy for developing a student's adaptation to regularly reviewing financial goals

Based on the above, in my opinion, insufficient financial literacy negatively affects not only the personal well-being of the student, but also the economy as a whole.

Thus, low financial literacy also affects the willingness and propensity of people to use financial services, which slows down the development of the retail financial segment, and the actions of unprepared customers can undermine the stability of the financial sector. According to Van Horne J., financial decisions related to the well-being of an individual are related to various management decisions. In my opinion, they are characterized by the following features:

-Goal-orientation is the orientation towards achieving a goal or system of goals,

-Reality is characterized by the availability of information about the state of the situation or the object (subject) about which a decision must be made,

-Alternativeness means the presence of solution options,

-Goal-this is attention to the object or subject;

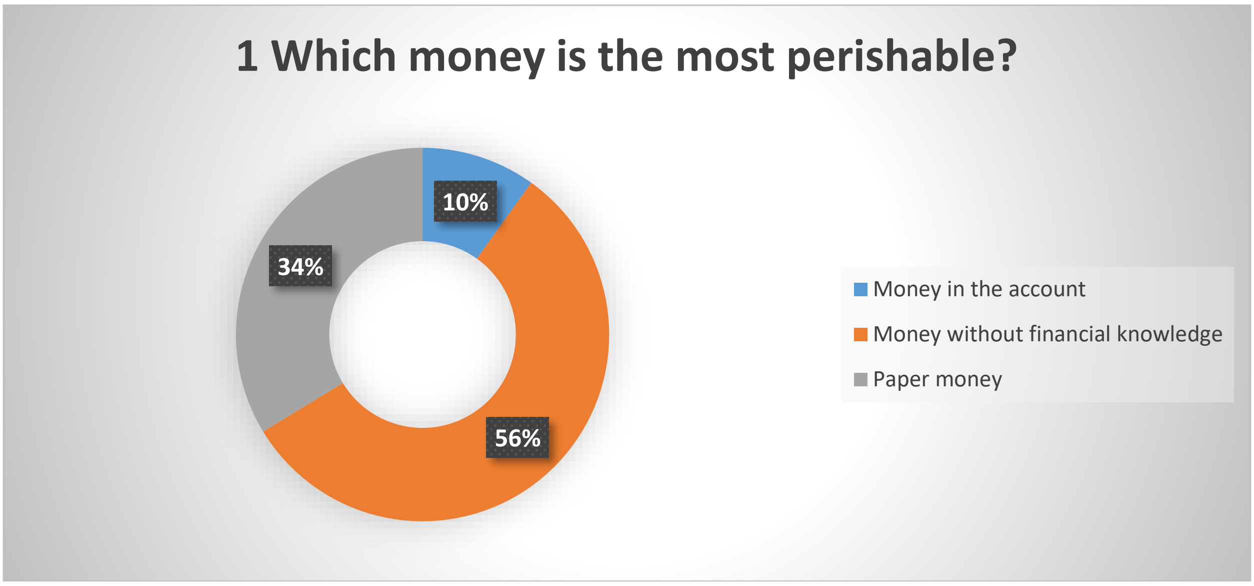
-Consistency- this means that all new decisions should be related to previously made (related) decisions;

-Authority- this is understood as compliance with the rules, norms and powers provided for in a particular situation;

-Timeliness, that is, making decisions in a timely manner, both before a certain time and without delay.

The concept of financial solution is usually interpreted as a deliberate intention, the need for actions based on the understanding and determination of a financial goal, and ways to achieve it when a certain problem arises in the field of income and spending.

We study our research using empirical analysis methods of surveys conducted with respondents. Analysis of the answers to the questions asked to the respondents shows that out of 101 respondents, 53 (52.5 percent) were women, 48 (47.5 percent) were men. When asked which money is considered to be quickly disappearing, 57 (56.4 percent) respondents answered that it is money without financial knowledge, 34 (33.7 percent) respondents said that it is paper money, and 9 (9.9 percent) respondents said that it is money in accounts.



When the respondents were asked the next question, namely what they needed to do to become rich, 70 (69.3 percent) respondents said they needed to improve their financial knowledge, 16 (15.8 percent) respondents said they needed to engage in entrepreneurship, and 15 (14.9 percent) respondents said they needed to find a high-paying job.

Our research shows that respondents gave different answers to the two financial questions.
When we compare these with each other, we can see through our analysis below.

№	Questions	Number of correct answers	Incorrect answers	
			Number	Percentage (%)
1.	Which money is the most perishable?	57	44	43,6
2.	What to do to become rich?	70	31	30,7

You can see from the indicators of students' knowledge about money and getting rich that they have low knowledge about money. It can be concluded that this situation may weaken the student's competence in communicating with money in the future.

CONCLUSION. As a result, the student will have a very big change in the technology of making financial decisions in the future. For example, we believe that it would be appropriate for the student to always use these technologies when making financial decisions.

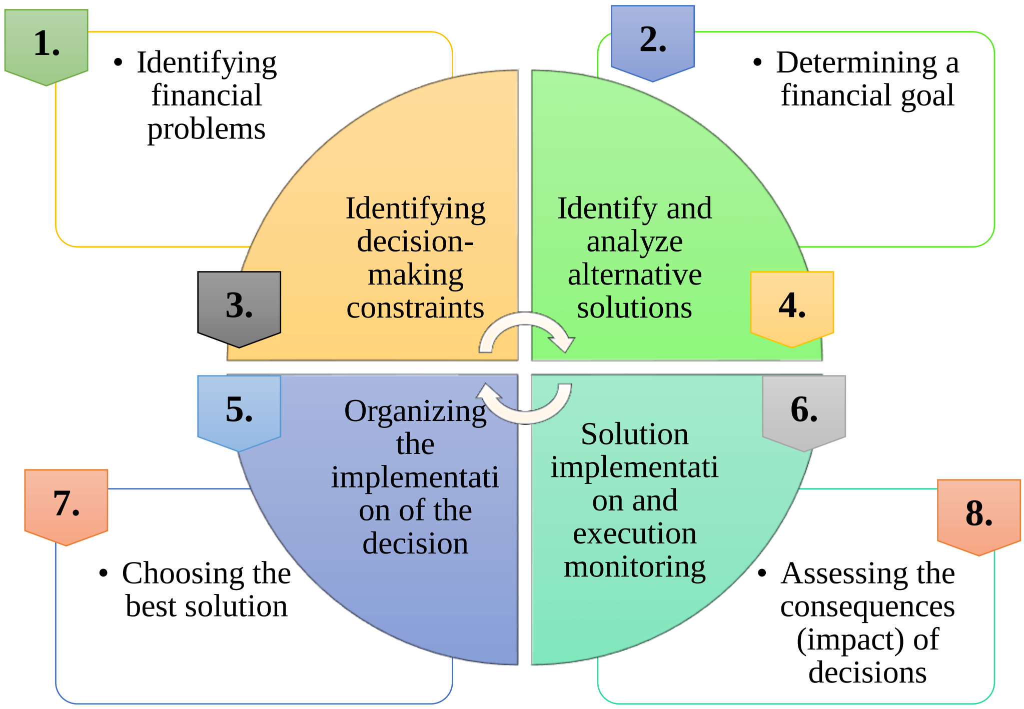


Figure 11. Financial decision-making technology.
(Developed by the author)

For him, increasing their financial literacy levels through these technologies gives effective results.

Thus, interactive educational technologies for students are of particular importance in that they have the ability to increase the learning and cognitive activity of students in financial literacy, to encourage them to boldly and freely express their views on the topic and problem through small group and team work.

To achieve this, the effective use of interactive methods such as the "Case Study" method, the "Pinboard Method", the "Brainstorming" method, the "I Know, I Want to Know, I Got It" (BBB) method, the "Bliss-Survey" method, the "Venn Diagram" method, the "SWOT" analysis method, the "General Brainstorming" method, the "Video Quiz" method, the "Resume" method, etc., through experimental work creates the basis for the improvement of financial knowledge, skills, qualifications and education. We will strive to apply these technologies practically in our future research.

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