

## Application in Developing the National Program for Increasing Financial Literacy in Uzbekistan

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### ABSTRACT

**Objective:** This article explores the scientific and practical backgrounds for creating a national financial literacy program in Uzbekistan. **Method:** The research employs comparative and systemic analysis of the world financial literacy programs, their relevance to socio-economic conditions in Uzbekistan. **Result:** The results show that financial literacy significantly contributes to strengthening the stability of financial markets and increasing investment activity as well as improving welfare for households. **Novelty:** The findings emphasize that sustainable economic development is achievable through the systematic enhancement of the financial competence of the population and the embedding of personal finance education into both formal and informal learning systems.

## INTRODUCTION

Over the last twenty years and especially since the world financial and economic crisis of 2008, financial literacy is high on the agenda in economic policy worldwide. With the rising sophistication of financial services, widespread distribution of digital financial instruments, and increasing personal responsibility for financial markets within society as a whole, among other factors, economic literacy has become essential [1].

In contemporary economies, people are called upon to make complex choices about savings, credit, pensions, insurance and investments. But a lack of understanding can lead to poor financial practices, high levels of debt, low savings and susceptibility to financial crime. Hence, the importance of financial literacy is being recognized as a critical player in developing stable financial markets and ensuring sustainable development [2].

Financial literacy is the need of the time to maintain high household financial well-being and economic stability (in accordance with ongoing economic reforms, liberalization of financial markets, expansion of entrepreneurship in Uzbekistan) which has put forward as a state task creating a comprehensive national program for improving population's financial culture. While initiatives abound, compared to the degree of information available it is underdone from a systematic, institutionally coordinated approach [3].

This study aims to analyze the international experience aimed at developing national financial literacy programs and, based on this analysis, develop conceptual foundations for an effective national strategy in Uzbekistan [4].

Over the past 10-15 years, and especially after the global financial and economic crisis that began in 2008, the issue of increasing the financial literacy of the population has become a pressing matter for many governments. On the one hand, modern financial services offer consumers the opportunity to improve their quality of life. For example, life insurance compensates for income lost due to illness or deteriorating health, and non-state pension funds provide additional income upon retirement. However, consumers are often unable to use financial instruments effectively due to a lack of sufficient knowledge. For instance, the experience of developed countries that have transitioned to a funded pension system shows that people generally save too little, which leads to meagre pensions and an inability to meet loan repayments [5]. An unqualified investor cannot properly analyse projects, an irresponsible borrower does not strive to make payments on time, and an illiterate client fails to understand financial market information; all of this contributes to increased speculation in the financial market. Increasing the financial literacy of the population is considered one of the priority areas of state economic policy in the USA, Great Britain, and Australia. Today, programmes to improve financial literacy are operational in the USA, European Union countries, Australia, India, Indonesia, Malaysia, Russia, the Czech Republic, and other nations. In these countries, the financial literacy of the population is gaining particular importance in the context of supply and demand. While changes in financial market parameters influence the supply of services to the population, the demand for financial services is significantly affected by socio-economic and demographic factors [6].

## RESEARCH METHOD

This study is analytical, comparative, and policy-oriented. The study of financial literacy is complex and fills a gap for improvements in household behavior, financial market stability, and macroeconomic development. The research methodology is predicated on a synthesis of theory and comparative institutional analysis [7].

The research uses some interrelated methods. Start off with a comparative analysis of national financial literacy strategies across developed and transition economies. The countries chosen for comparison include the United States, members of the European Union (EU), Australia and a number of emerging economies. This provided an opportunity to identify structural similarities and differences in terms of overall program design, institutional coordination mechanisms, and implementation tools [8].

Second, this paper applies an institutional analysis to review regulatory frameworks that address financial education. Review of official policy documents, decrees and strategic development programs allowed us to assess the degree of government involvement and coordination between public authorities and financial institutions [9].

Third, the methods of logical synthesis and abstraction were used to systematize theoretical approaches to financial literacy and classify national models by scope, objectives, and target groups. Financial literacy resources were segmented into nation-state, civil society, private-sector, and international organizations.

The study's empirical basis is made up of academic publications, international reports, national legislative acts and analytical materials on financial market development. A systemic approach allowed to consider financial literacy not only as an educational problem, but also as a strategic factor of economic development. This methodological design allows for valid conclusions, a basis for recommendations which can be practically applied to Uzbekistan [10];

Changes in the supply of financial services are manifested in the following:

1. A sharp increase in the types and complexity of financial services;
2. An increase in the number of organisations providing financial services;
3. The increasing complexity of the procedures for providing financial services;
4. An expansion of the target groups of financial service consumers.

The demand for financial services is influenced by the following factors: increasing demographic dependency.

This principle is leading to a shift from the pay-as-you-go pension system, common in developed countries, to a defined-contribution pension system, thereby increasing the responsibility of economic agents for their own pension savings:

1. Growth in the level of personal income of the population;
2. Increasing stratification (differentiation) of the population [11].

Globally, countries can be divided into the following groups based on their understanding, approach to solving, and the scale of problems related to developing financial education and increasing financial literacy:

Countries where the issues of financial education and increasing financial literacy have been studied for a long time and are being resolved with considerable success (USA, Canada, Australia, Great Britain, Germany, France, Singapore, and New Zealand);

Countries where the problems of financial education and literacy levels have been placed on the agenda and measures are being implemented to address them (Italy, the Netherlands, Austria, Poland, the Czech Republic, India, Russia);

Countries where studying the problem of financial education and increasing the level of financial literacy is planned to be placed on the agenda, and some individual activities are being carried out in this regard (other countries) [12].

The goal of the national strategies and programmes implemented in these countries to increase population literacy is to form an understanding of the essence of money and the skills to use it effectively in daily life.

The programmes implemented abroad to improve the financial literacy of the population can be grouped as follows:

1. National-wide – national strategies, state programmes;
2. Social – programmes of non-profit organisations, which can be universal in nature, targeted at a specific audience, or focused on a particular area of financial knowledge;
3. Private sector programmes – programmes developed by commercial structures aimed at working with their potential clients;
4. International programmes – projects that are international in character and extend beyond the country's borders [13].

## RESULTS AND DISCUSSION

### *Results*

A comparative analysis of world experience in the development of national financial literacy programs allowed us to distinguish some systematic patterns and structural characteristics.

First, in countries with developed financial markets, extensive and long-term national strategies are usually established going through legislative models as well as coordination actions undertaken at the level of government. Such strategies often embed financial education in formal school curricula, higher education programs, workplace-training systems and public-awareness campaigns. Interagency committees or specialized governmental bodies overseeing implementation and evaluation typically ensure institutional coordination. Finally, the engagement of central banks, ministries of finance, educational authorities and non-governmental organizations enhances policy coherence and sustainability [14].

Second, financial literacy initiatives are organized across different institutional levels. Governments set out strategic goals on a national level, with regulatory approaches. At the social level, there are non-profit organizations that target educational programs in various population groups (youth and teenagers, women, rural residents, retirees). On the private sector side, financial institutions have their own customer education programs aimed at increasing responsible borrowing and saving behavior. Collaboration with international organizations at the global level offers access to best practices and technical assistance.

Third, the analysis shows strong long-term improvements in financial behavior as a result of the early financial education. The integration of financial literacy into the primary and secondary education systems is associated with improved savings behavior, increased awareness of financial risks, and higher levels of financial inclusion in countries where it has been implemented.

Fourth, measures of financial literacy correlate positively with macroeconomic stability indicators. Improved financial aptitude leads to higher household savings levels, greater credit discipline, more effective investment decisions, and enhances resilience of financial institutions. In transition economies, financial literacy supports pension reforms, entrepreneurship development and capital market growth.

The results thus show that a delimited and well-coordinated national financial literacy program in Uzbekistan should be multi-leveltable, regulated by the objectives of defined levels and mechanisms for their multidisciplinary monitoring [15].

It is necessary to adhere to the principles of objectivity and independence when developing and implementing national programmes for increasing the financial literacy of the population. In 2002, the US Department of the Treasury established the Office of Financial Education to implement a financial education programme. The Office is engaged in forming and expanding the knowledge of American citizens to help them manage their personal finances, particularly in planning savings, credits, household budgets, and pensions, and making the right choices in all areas of financial activity. In

2004-2005, the Australian government established a special Treasury fund to provide education aimed at increasing the population's ability to manage money effectively. In the European Union countries, a policy in the field of financial services was adopted for the years 2005-2010.

In accordance with this document, measures are envisaged to encourage and improve the quality of financial literacy among the EU population, and member state governments are recommended to introduce the subject of financial literacy into the school curriculum.

The 10 million programme to introduce financial literacy in Great Britain will last for 5 years.

The program is intended to develop information dissemination and literacy broadens understandings of the financial services market so that citizens can make informed decisions.

This programme includes the following:

1. Teaching money management in schools;
2. In the further education system - for instance, integration of personal finance education into curricula;
3. In the higher education system - handing consultants working with students websites of topics on money management;
4. Running special trainings for young NEET (not in education, employment or training);
5. The site would provide parents with info on managing their money;
6. For employees - forwarding training and seminars to manage their well-being, and educational materials with details.

The development level of financial markets is an important indicator that significantly impacts the pace and quality of a country's socio-economic development. Increasing the financial literacy of the population is primarily important for unlocking the potential of the country's financial market and enhancing its investment activity.

In countries with transition economies, increasing the financial literacy of the population is a crucial condition for forming competitive and stable financial markets, which are predominantly dependent on the national real sector.

Furthermore, the participation of many small investors in the financial market allows for increased market stability and a reduction in speculative operations.

Under conditions of open information sources and the existence of two-way communication, financial literacy programmes serve to improve current legislation.

### ***Discussion***

These results confirm that financial literacy has a relationship beyond an educational idea but rather acts as a strategic factor in economic sustainability and resilience of the financial system. This asymmetry between the explosion of financial services and a commensurate increase in financial competence means having much greater systemic vulnerability, and magnification of household level as well as macro-level financial risk.

International experience shows fragmented and poorly coordinated initiatives generate poor results. It successfully utilizes centralized management and cross-sector cooperation, intertwining it with socio-economic development strategies across a broader spectrum, rather than confining literacy to a narrow construct. Through coordination among institutional actors, including government agencies, financial institutions, and universities, systemic cohesion is established to align policies in different domains and minimize redundancy.

The strategic initiatives implemented in Uzbekistan to liberalize the financial sector, digitalization of banking services and expansion of entrepreneurship are also a necessity that will lead to increased demand for citizens with business competence [entrepreneurs]. Lack of financial knowledge can lead to misunderstanding terms of credit, underestimating the long-term cost obligations or lacking diversification on each risk transfer. This behavior can have detrimental effects for both wellbeing and financial markets stability.

Economic empowerment through financial literacy also promotes social stability by minimizing economic vulnerability and enhancing long-term planning capacity. Better financial skills are known to increase household resilience towards income shocks, support rational consumption behavior and promote savings culture.

But international models cannot simply be applied to national circumstances. When designing a national program, demographic structure, income levels, regional differences, institutional capacity and cultural characteristics must all be taken into account. Given this, Uzbekistan's financial literacy strategy must be based on objectivity, availability and accessibility, interagency coordination, inclusiveness, and a continuous evaluation process.

Financial literacy creates the conditions for effectively reforming pension provision and healthcare services. This is because financial literacy leads to an increase in private savings, which in turn reduces the likelihood of future increases in government expenditure.

Therefore, the foundation of any programme aimed at increasing financial literacy is enhancing thrift and developing investment activity. An indirect impact of a population's financial literacy programme on the economy includes the growth of the population's purchasing power. Abroad, financial literacy programmes are mainly devoted to issues of mortgage lending, criteria for choosing the optimal option, creating and adhering to payment schedules, and the obligations and rights of citizens in financial relations.

Thus, an increase in the financial culture of the population stimulates the country's economic development through the following factors:

1. Growth in Gross Domestic Product due to increased labour productivity;
2. Development of the financial market, channelling population income into investments, improving the quality of goods and services, and enhancing current legislation;

3. Development of small business and the labour market due to the increased financial culture of entrepreneurs and workers;
4. Appropriate and rational use of resources, including budget resources;
5. Acceleration of scientific and technological progress due to the rapid adoption of financial innovations by the population;
6. Increased competitiveness of the national economy, strengthened control over inflation, grounding in the real economy, and ensuring sustainable development through increasing the financial literacy of the population.

## CONCLUSION

**Fundamental Finding** : This study explored the theoretical and practical foundations of a national program on financial literacy promotion in Uzbekistan and confirms that financial literacy is a fundamental factor in improving financial market development, stimulating investment activity, and maintaining macroeconomic stability.

**Implication** : Effective financial literacy strategies should be comprehensive, state-coordinated, integrated across educational institutions and public awareness systems, embedded early in formal education, supported by lifelong adult learning, aligned with broader economic reforms and financial sector modernization, and focused on strengthening financial competence, responsible financial behavior, savings culture, capital investment, and public trust in financial institutions. **Limitation** : The study is limited to conceptual and programmatic analysis within the context of Uzbekistan without empirical measurement of program outcomes or comparative quantitative evaluation across jurisdictions. **Future Research** : Future research should empirically assess the impact of a national financial literacy strategy on living standards, financial market stability, and national economic competitiveness within the framework of ongoing economic reforms.

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