

## **THE IMPORTANCE OF FINANCIAL LITERACY FOR YOUNG PEOPLE: EVIDENCE FROM OECD STUDIES**

In the modern world, financial literacy is an essential skill, especially for young people who are entering adulthood and starting to manage their own finances. It refers to the ability to understand and effectively use various financial skills, including budgeting, saving, investing, and managing debt. In today's rapidly changing economic environment, financial literacy plays a crucial role in ensuring personal financial stability and long-term well-being.

Financial literacy entails having the knowledge and comprehension of financial concepts and risks, along with the skills and attitudes needed to apply this understanding to make effective decisions across a range of financial contexts. Its aim is to improve the financial well-being of individuals and society, enabling active participation in economic life [1].

First of all, financial literacy helps young people make informed financial decisions. Many students lack basic financial knowledge and are not able to apply it in real-life situations, which creates significant risks. Without understanding financial concepts such as interest rates or credit systems, young individuals may fall into debt or misuse financial products.

Equipping people with financial knowledge and skills to help them make informed and sound decisions about their finances is key to supporting their financial well-being. Recent developments, including increasing digitalisation and the expansion of financial tools, underline the importance of improving financial literacy in modern society [2].

Moreover, financial literacy is closely linked to responsible financial behavior. Young people who understand financial principles are more likely to control their spending, avoid unnecessary expenses, and plan their budgets effectively. This helps them build a stable financial future and avoid financial difficulties.

PISA 2022 results show that about 50% of students reported that they enjoy talking about money matters, and about 80% of students feel confident about their ability to manage their money. Students who reported that they enjoy talking about money matters, and those who know how to manage their money, scored higher in financial literacy assessments [1].

Another important aspect is the growing involvement of young people in financial activities. Today, teenagers actively use банківські картки, online banking, and mobile applications, which makes financial literacy even more important in everyday life.

Young people are increasingly using digital financial services such as online shopping and mobile payments, but their financial literacy skills remain low. The OECD Director for Financial and Enterprise Affairs, Carmine Di Noia, highlights the need for governments to address this gap by promoting safe, age-appropriate financial experiences and ensuring equal access to financial education for all students [3].

In addition, financial literacy contributes to long-term financial well-being. People with strong financial knowledge are better prepared for unexpected situations, such as

economic crises or personal financial difficulties. They are also more likely to save money and invest in their future.

More than two-thirds of students regularly use financial products and services, but levels of financial literacy remain too low to ensure they can all avoid financial risks while benefiting from available opportunities. Improving financial literacy will not only bring short-term improvements to students' money management but will also help them take smarter financial decisions as they grow older [4].

It is also important to ensure equal access to financial education. Schools and universities should play a key role in developing financial skills among students by integrating financial topics into their educational programs.

Furthermore, financial literacy is becoming increasingly important due to the rapid development of digital technologies. Modern financial tools require not only technical skills but also critical thinking and responsibility. Without proper knowledge, young people may make risky financial decisions that can negatively affect their future.

Finally, improving financial literacy among young people benefits not only individuals but also society as a whole. Financially educated individuals contribute to economic stability and sustainable development.

In conclusion, financial literacy is a vital skill for young people in the modern world. It enables them to make informed decisions, develop responsible financial behavior, and achieve long-term financial stability. Given the increasing complexity of financial systems, promoting financial education should be a priority.

#### REFERENCES

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