

# BRIDGING THE GAP: ECONOMIC LITERACY FOR EVERYDAY FINANCIAL DECISIONS

Oliver Bougette, Ghent University, Belgium

## ABSTRACT

*Economic literacy is essential for empowering individuals to make informed financial decisions that affect their daily lives and long-term wellbeing. This article explores the importance of economic education in bridging the knowledge gap, enhancing financial decision-making, and promoting economic stability. It examines common challenges faced by individuals with limited economic understanding, the role of education systems, and practical strategies to improve economic literacy across diverse populations. The article also highlights the benefits of economic literacy for personal finance management, consumer behavior, and broader economic outcomes.*

**Keywords:** Economic Literacy, Financial Decisions, Personal Finance, Economic Education, Consumer Behavior, Financial Stability, Economic Empowerment.

## INTRODUCTION

In today's complex economic environment, individuals are regularly faced with financial decisions—ranging from budgeting and saving to investing and borrowing. Economic literacy, or the understanding of basic economic principles and financial concepts, plays a crucial role in enabling people to navigate these decisions wisely. However, a significant gap exists between the economic knowledge needed and what many individuals actually possess (Abdulrahman & Kasztelnik, 2023).

Economic literacy equips people with the tools to comprehend how markets work, the implications of interest rates, inflation, and the impact of fiscal policies on personal finances. With this knowledge, individuals can better manage their resources, avoid debt traps, and plan effectively for the future. Without it, financial mistakes and vulnerability to scams and predatory lending increase (Altaf & Batool, 2025).

Many people struggle with fundamental economic concepts such as compound interest, risk diversification, or budgeting. This lack of understanding can lead to poor financial choices, including overspending, inadequate savings, or uninformed investment decisions. Low economic literacy disproportionately affects vulnerable groups, contributing to economic inequality (Altman, 2012).

Integrating economic education into school curricula is essential to equip young people with foundational financial skills. Early exposure helps students develop critical thinking about money management and economic decision-making. Unfortunately, economic education is often limited or absent in many educational systems, leaving students unprepared for real-world financial challenges (Blaschke, 2022).

Beyond schools, adult education programs play a vital role in improving economic literacy. Community workshops, online courses, and workplace seminars can provide accessible opportunities for people of all ages to learn about budgeting, credit management, and investment. Tailoring these programs to diverse audiences enhances their effectiveness (Czech et al., 2024).

Digital tools and apps have emerged as valuable resources for improving economic literacy. Budgeting apps, investment platforms, and financial calculators help users apply economic principles practically. However, digital literacy must accompany economic education to ensure effective use of these technologies (Matthews, 2019).

Economic literacy also involves understanding behavioral economics—the ways emotions and cognitive biases affect financial decisions. Recognizing these influences can help individuals avoid impulsive spending and adopt better saving habits, thereby improving their financial wellbeing (Nivrutti, 2024).

Economically literate consumers tend to make more informed choices, comparing prices, understanding contracts, and recognizing fair credit terms. This behavior not only benefits individuals but also promotes competitive markets and economic efficiency (Remmele & Seeber, 2012).

At a macro level, widespread economic literacy contributes to economic stability. Informed consumers are less likely to engage in risky financial behavior that can trigger economic crises. Moreover, they are better prepared to adapt to changing economic conditions, supporting overall economic resilience (Sawatzki, 2017).

Governments and institutions should prioritize economic literacy through comprehensive education policies, public awareness campaigns, and partnerships with financial institutions. Encouraging transparency in financial products and simplifying economic information can also help bridge the gap (Wolf, 2018).

## CONCLUSION

Bridging the gap in economic literacy is critical for empowering individuals to make sound financial decisions that enhance their quality of life and contribute to a stable economy. Through education, technology, and supportive policies, society can foster a culture of economic understanding and financial responsibility for all.

## REFERENCES

- Abdulrahman, A., & Kasztelnik, K. (2023). Effective strategies utilizing street-smart wealth to bridge the educational poverty gap in accounting education in the United States. *Journal of Accounting and Finance*, 23(6), 71.
- Altaf, S., & Batool, S. A. (2025). Bridging the gap: The sustainable transformative power of financial literacy to women's economic empowerment in Punjab, Pakistan. *Journal of Political Stability Archive*, 3(1), 937-960.
- Altman, M. (2012). Implications of behavioural economics for financial literacy and public policy. *The Journal of socio-economics*, 41(5), 677-690.
- Blaschke, J. (2022). Gender differences in financial literacy among teenagers-Can confidence bridge the gap?. *Cogent Economics & Finance*, 10(1), 2144328.
- Czech, K., Ochnio, L., Wielechowski, M., & Zabolotnyy, S. (2024). Financial literacy: Identification of the challenges, needs, and difficulties among adults living in rural areas. *Agriculture*, 14(10), 1705.
- Matthews, B. H. (2019). Hidden constraints to digital financial inclusion: The oral-literate divide. *Development in Practice*, 29(8), 1014-1028.
- Nivrutti, K. N. (2024). Financial literacy in education: Building a foundation of economic empowerment. *Multidisciplinary Aspects of Education*.
- Remmele, B., & Seeber, G. (2012). Integrative economic education to combine citizenship education and financial literacy. *Citizenship, Social and Economics Education*, 11(3), 189-201.
- Sawatzki, C. (2017). Lessons in financial literacy task design: Authentic, imaginable, useful. *Mathematics Education Research Journal*, 29(1), 25-43.
- Wolf, M. (2018). Ain't misbehaving: Behavioral economics and the making of financial literacy. *Economic sociology\_the european electronic newsletter*, 19(2), 10-18.

**Received:** 01-May-2025, Manuscript No. jeeer-25-15948; **Editor assigned:** 05-May-2025, PreQC No. jeeer-25-15948(PQ); **Reviewed:** 17-May-2025, QC No. jeeer-25-15948; **Revised:** 24-May-2025, Manuscript No. jeeer-25-15948(R); **Published:** 31-May-2025