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The Journey of Unemployed Adults from Financial Literacy to Entrepreneurship

Financial Literacy Curriculum Content

2021-1-TR01-KA220-ADU-000033446

MODULE 1: Finance For All

Lesson 1: Financial Literacy

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Lesson 1: Financial Literacy

Financial literacy can be defined as the ability to understand how money is used and the ability to manage financial affairs.

Financial literacy is an essential skill for material well-being. It can be defined as individuals who are capable of managing their finances efficiently, saving money, building wealth, and making wise investment decisions.

According to the OECD's definition, financial literacy is the process of improving the financial well-being of consumers of financial products by ensuring that they are knowledgeable about financial products and concepts or are conscious that they have a choice between financial risks and alternatives.

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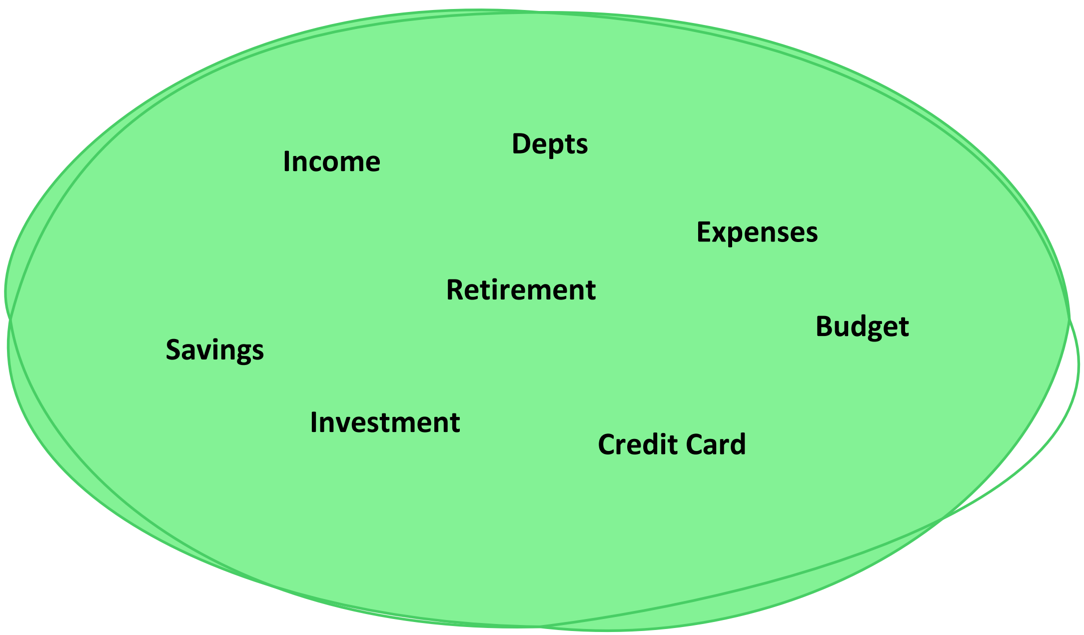
Lesson 1: Financial Literacy

In addition to increasing the well-being levels of individuals in the long term, **financial literacy helps national economies grow more effectively by encouraging saving**.

What can you do to become a financially literate individual?

You don't need advanced financial knowledge to become a financially literate individual. Knowing basic concepts such as “budget”, “accumulation” and “saving” and using them in daily life is the most important step to becoming a financially literate individual.



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Simple Steps

a. Make a Budget

Make a simple and realistic budget. Keep a close eye on your income and expenses and try to minimize waste. Saving starts with cutting waste. Make a regular budget and stick to the budget you have made. Never give up discipline.

Watch this video to get more ideas about how you can save effectively over time:
https://www.youtube.com/watch?v=4k2ruGYYwzc

https://www.ramseysolutions.com/budgeting/how-to-make-a-budget

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Simple Steps

b. Make a financial plan

A realistic financial plan, even if it is simple, that includes your goals for the future will motivate you to save and accumulate and clarify your investment goals.

c. Try to close your debts

If you have debts, try to pay them off before you start accumulating.

(https://www.investopedia.com/terms/d/debt.asp)

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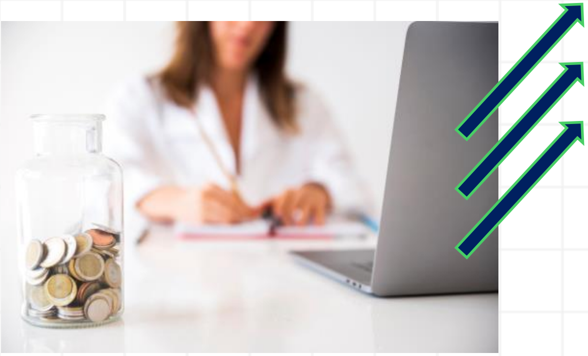
Simple Steps

d. Set up a savings account with an estimated budget goal

1. set aside the amount you intend to save, and then alter your expenses to account for the balance.
2. Do not undervalue any savings, save as much as possible, and take advantage of the opportunity to invest these funds in financial instruments.
3. Start investing early in life. Regardless of your age, you should not believe that you are late. The sooner you begin saving and investing, the more secure your future will be.



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Simple Steps

e. Be prepared for fluctuations

Asset values (stocks, gold, foreign currency, etc.) are influenced by many macroeconomic developments, sectoral trends and company-specific factors, and they fluctuate constantly.

f. Spread out your investment risks

Market fluctuations over time will undoubtedly make you anxious. Occasionally, some of your investments will perform unfavorably, while others will perform well. Decouple your savings between deposits, foreign exchange, mutual funds, equities, fixed income securities, and funds indexed to the yield of commodities such as gold, silver, so as to avoid concentrating your investments on specific instruments.

g. Never pay attention to short-term forecasts, rumors

Never invest according to anyone's short-term market forecasts, whether they are experts or not. No one can accurately predict what kind of developments will happen in the markets. Most of the short-term forecasts that are accurate occasionally are coincidental.

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Simple Steps

h. Make your investments within the framework of a simple plan

Regardless of market conditions, convert the specified amount into an investment on a specified date each month. Never deviate from this plan; do not change your investment strategy based on rumors, recommendations, or gossip.

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Simple Steps

i. Avoid selecting shares

It is the responsibility of professional fund managers, who can speak directly with companies and have access to numerous research reports on sectors and companies, to select shares that will provide superior returns relative to the market (although they don’t always make the right decisions). Rather than selecting individual stocks, invest in professional portfolio managers, low-cost index mutual funds, or share-weighted mutual funds. There is virtually no long-term investor who consistently obtains higher returns from the market. It will be sufficient for you to match the index return in order to achieve investment success.

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Simple Steps

j. Never take risks excessively

Do not rely on complicated and excessively risky transactions, such as purchasing equities on credit or leveraging foreign exchange transactions. Your objective should not be to generate short-term profits with someone else's money, but rather to evaluate your own savings over the long term. If you invest with credit, it is probable that you will lose your savings.

k. If you don't understand how an investment tool works, don't invest in it.

In the future, you may be offered investment recommendations on occasion. Never invest in a product that you are unfamiliar with and that seems convoluted, regardless of how high the profit potential may be. Be receptive to learning. Maintain current knowledge of the instruments in which you invest.

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Simple Steps

I. Constantly monitor your investments

Regularly review your investments. If you believe you have made a mistake in any investment, consult the subject's authorities for their opinion. Observe the performance of the professional portfolio manager in command of the fund in which you have invested. Undoubtedly, you will incur losses on some of your investments. The deciding factor is that profitable investments outnumber unsuccessful ones over time. Critical is the early identification and elimination of erroneous investments that result in losses. However, not every investment that generates a loss is a bad one. A negative short-term return on an investment may turn positive in the long run. Because of this, care must also be taken when terminating investments.

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Understanding the fundamental concepts of financial education

Understanding the fundamental concepts of financial education enables you to analyze your choices before making decisions that have an impact on your financial life. The sooner the concept of financial literacy is acquired, the more positive its impact on your life will be. Someone who is capable of performing four transactions might find it simple to pick up the financial literacy courses.

A budget, sometimes also called a "spending plan," is an outline of expected income and expenses that individuals can use to track cash flow and set spending goals. Preparing a budget provides you with an important financial tool that can help you manage your income and expenses. One of the primary targets of being a financially literate individual is to make people more aware of the importance of conserving money and to make sure that their investments are used more effectively and for the benefit of the national economy.
You are able to prioritize your various expenses when you have financial literacy. On the other hand, you are more likely to make wrong financial decisions if you lack financial literacy.

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S & P Financial Literacy Survey

No	Country	Literacy Rate (%)
1	Norway	71,3
2	Denmark	71,2
3	Sweden	71,2
4	Israel	68,3
8	Germany	66,6
14	USA	57,4
26	**Spain**	**49,0**
30	**Greece**	**45,0**
40	Poland	42,3
52	**Lithuania**	**39,0**
55	Russia	38,1
97	Chinese	28,1
120	**Türkiye**	**23,6**
144	Yemen	13,2

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