

THEORETICAL AND PRACTICAL FOUNDATIONS OF FINANCIAL LITERACY, PROTECTION OF ELECTRONIC MONEY, AND COMBATING DIGITAL FRAUD

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Annotation: *This scientific article examines the theoretical foundations of financial literacy, its significance in the context of the digital economy, the risks arising from the use of electronic money, and mechanisms for combating digital fraud. The rapid development of digital technologies has led to the emergence of new forms of financial relations, making personal financial security a pressing issue. The article highlights methods for protecting electronic money, principles of cybersecurity, and the scientific and practical importance of enhancing financial literacy.*

Abstract: *This scientific article analyzes the theoretical foundations of financial literacy, its importance in the context of the digital economy, the risks associated with the use of electronic money, and mechanisms for combating digital fraud. The development of digital technologies has introduced new forms of financial relations, making personal financial security an urgent concern. The article emphasizes methods for protecting electronic money, principles of cybersecurity, and the scientific and practical significance of improving financial literacy.*

Keywords: *financial literacy, electronic money, digital economy, cybersecurity, financial security, digital fraud*

INTRODUCTION

The rapid development of globalization and digital technologies has significantly influenced the system of economic relations. In particular, the transition of financial operations to electronic formats has created not only new economic opportunities but also emerging financial risks. While electronic money, online banking services, and digital payment systems are increasingly used in everyday life, a low level of financial literacy contributes to the growing incidence of digital fraud. Therefore, an in-depth scientific study of this issue is of considerable importance.

Financial literacy refers to an individual's ability to make informed financial decisions based on acquired financial knowledge, skills, and competencies. From the perspective of economic theory, financial literacy is a key factor in ensuring efficient resource allocation and maintaining financial stability.

Societies with a high level of financial literacy demonstrate stronger financial resilience and greater resistance to economic risks. Financially literate individuals are more capable of managing income and expenses, assessing financial risks, and avoiding fraudulent financial schemes.

Electronic money refers to monetary funds stored in bank accounts or electronic wallets that circulate within a digital environment. These funds facilitate fast payments, simplify transactions, and enhance overall economic efficiency.

However, the use of electronic money is associated with several risks, including:

- theft of personal financial data;
- unauthorized financial transactions;
- cyberattacks targeting bank accounts and digital wallets.

To ensure the security of electronic money, it is essential to implement cybersecurity-based protection mechanisms and to improve users' financial and technological literacy.

Digital fraud is a set of illegal activities carried out through information and communication technologies with the aim of obtaining financial benefits. Academic literature classifies digital fraud into several types, including phishing, fraudulent investment schemes, and social engineering.

Effective countermeasures against digital fraud include:

- improving the legal and regulatory framework;
- strengthening security systems within financial institutions;
- increasing public awareness and enhancing financial and digital literacy.

CONCLUSION

The findings of the study indicate that financial literacy is one of the key factors in ensuring the safe use of electronic money and effectively combating digital fraud. In the context of the digital economy, financial knowledge contributes not only to economic well-being but also to personal financial security. Therefore, enhancing financial literacy should be regarded as a priority direction of state policy and the education system.

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