

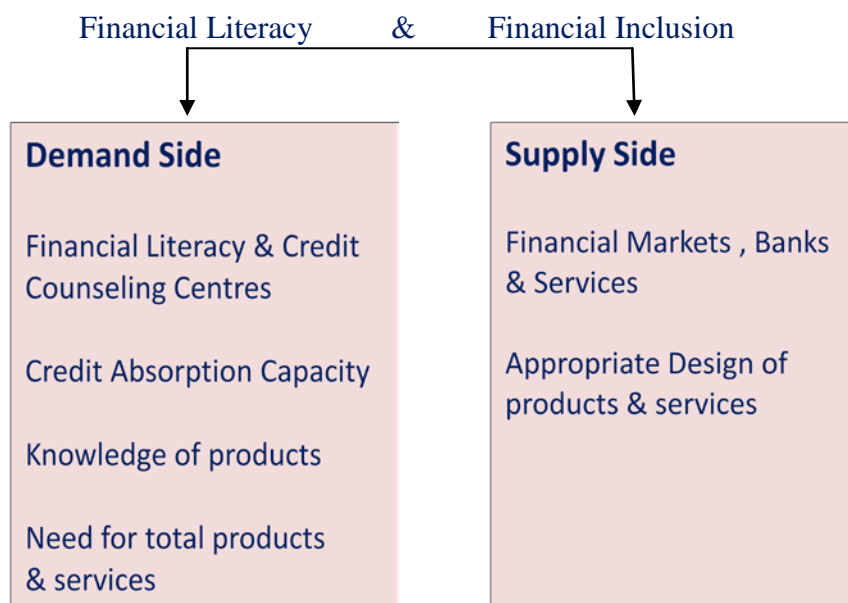
## CHAPTER-2

### Financial Literacy

#### Definition:

Financial Literacy is the ability to understand how money works in our day today functions and how someone manages it, how he/she invest it and how a person offers it to others. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions with all of their financial resources.

Financial Inclusion and Financial Literacy are twin pillars. While Financial Inclusion acts from supply side providing the **financial market/services what people demand**, financial Literacy stimulates the demand side- **making people aware of what they can demand**.



#### Objectives of Financial Literacy:

As per RBI guidelines, the Bank has set up Financial Literacy Centres (FLCs) with the following objectives:

- To facilitate financial inclusion through provision of two essentials i.e Literacy and easy access.

- To disseminate information regarding the central bank and general banking concepts to various target groups, including schools and college students, women, rural and urban poor, defence person and senior citizens.
- For effective use of financial services by common man.

**Financial Literacy Material:**

Financial Literacy creates demand for Financial Products and services, thereby accelerating the pace of Financial Inclusion as it enables the common man to understand the needs and benefits of the products and services offered by us.

Towards this objective, RBI has issued revised guidelines on Financial Literacy Centres (FLC) and comprehensive Financial Literacy Guide containing guidance note for trainers, operational guidelines for conduct of Financial Literacy Camps and Financial Literacy material as also a Financial Diary and a set of 16 Posters. These 16 posters, Operational Guidelines and other Financial Literacy Materials have been given in the following links in vernacular languages also

<http://www.rbi.org.in/financialeducation/Home.aspx>

<http://www.rbi.org.in/financialeducation/FinancialLiteracyGuide.aspx>

<http://www.rbi.org.in/financialeducation/FinancialDiary.aspx>

<http://www.rbi.org.in/financialeducation/FinancialLiteracyPosters.aspx>