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Digital Innovation and Financial Literacy Are the Foundations of a Sustainable Economy

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Abstract: *In modern society, financial literacy and digital innovation are becoming increasingly important for creating a sustainable economy. As technology evolves rapidly, understanding basic financial concepts and being able to manage one's finances are becoming crucial for individuals and communities. This paper investigates the role of these elements on a sample of 642 respondents of different ages, to define their influence on sustainable economic development. The results show that financial literacy is essential for individuals in managing their own finances, which affects their ability to make informed decisions. Respondents who had a better understanding of basic financial concepts had a greater tendency to adopt digital tools, which enabled them to manage resources more efficiently. Also, research has shown that digital innovations, such as mobile applications for financial management and online investment platforms, play a significant role in fostering financial literacy. Connecting digital solutions with financial knowledge creates a synergy that can contribute to sustainable development through increased economic stability and responsible management of resources.*

1. INTRODUCTION

Financial literacy has become a key competence of modern society, permeating almost every aspect of an individual's daily life. With the development of digital technologies and the increasing complexity of financial products, consumers are faced with numerous decisions every day that directly affect their financial well-being. From personal budget management to investing and retirement planning, understanding basic financial terms and principles can significantly improve an individual's ability to make informed and financially literate decisions. A high level of financial literacy not only contributes to personal stability and security but also has broader positive effects on the economy as a whole. When individuals are able to effectively manage their finances, consumption increases, debt is reduced and sustainable economic growth is encouraged. In this context, the development of financial literacy becomes imperative, not only for personal development but also for strengthening the economic foundations of the community. This paper explores the importance of financial literacy in today's society, emphasizing its role in making better financial decisions and consequently building a more sustainable economy. With the development of the financial market, new and increasingly complex financial products are constantly appearing, which indicates the need for financial education. An appropriate level of financial literacy is essential for making sound financial decisions, and the basic financial knowledge and skills that individuals already possess can be significantly improved through appropriate education. Despite the progress and availability of modern digital technologies in the field of finance, there is a lack of knowledge of how they affect financial literacy and individual behavior. Therefore, the problem of research work is the identification and analysis of specific trends and changes in individual behavior when making everyday financial decisions, which result from the application of modern digital technologies, and the study of how these changes affect the formation of long-term habits in individuals when making various financial decisions.

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2. THEORETICAL KNOWLEDGE ABOUT FINANCIAL LITERACY

In the academic literature, the topic of financial literacy is relatively "young" and most articles have been published in the last twenty years. During that period, the number of research in the field of financial literacy of citizens increased, which enriched the relevant literature (Lusardi & Mitchell, 2009; Atkinson & Messy, 2012). A large part of professional literature refers to books published by the Organization for Economic Cooperation and Development (OECD). The sudden increase in interest in this topic is explained by the global financial crisis that affected many countries in 2008 (Klapper et al., 2012). The negative consequences of the economic crisis influenced the identification of the need to improve financial literacy, that is, the need to introduce financial education. Significant market changes and rapid technological development have imposed the need for a financially literate population. The sudden increase in interest in the phenomenon of financial literacy also influenced the appearance of many definitions of this term. For now, there is no generally accepted definition in the literature, which is probably a partial consequence of the fact that there is no agreement on the structure and scope of financial literacy. According to the simplest definition, financial literacy is the skill of managing personal finances (Chen & Volpe, 2002). This is followed by a definition according to which financial literacy is an indicator of the level of understanding and application of knowledge about managing personal finances (Lusardi & Mitchell, 2009). Bahovec, et al. (2015) believe that financial literacy reflects the individual's ability to understand financial concepts, financial products and services and ensure the ability to control individual financial resources. It increases the individual ability to manage and plan personal finances and consists of financial decisions about money, inflation, savings, interest rates, investments, borrowing, credit and currency risks, all types of financial contracts and other financial instruments (Vehovec et al., 2015).

The financial market offers sophisticated products and instruments that enable individuals to manage their finances more actively but require a higher level of skills than those required for personal or family finances. At the same time, there has been a transfer of financial responsibility from the national and corporate levels to individuals, which increases the risk in many sectors due to the possible consequences of poor management of personal finances (Baelden et al., 2017). OECD defines financial literacy as the combination of financial awareness, knowledge, skills, attitudes and behaviors needed to make the right financial decision and ultimately achieve financial well-being. He defines financial education as a process by which financial consumers, i.e. investors, improve their understanding of financial products, concepts and risks and, through information, instructions and/or objective advice, develop skills and confidence to become more aware of financial risks and opportunities, in order to make informed choices, to know where to turn for help and to take other effective actions to improve their financial well-being.

With the growth of interest in financial literacy, scientific and professional works presented numerous definitions. Chen and Volpe (2002) simply defined it as the skill of managing personal finances. Lusardi and Mitchell (2011) describe financial literacy as the level of understanding and application of knowledge in managing personal finances. However, the most commonly used definition comes from the Organization for Economic Co-operation and Development (OECD), the leading organization in the research and promotion of financial literacy. The paper "Measuring Financial Literacy: Results of the OECD / International Network on Financial Education (INFE) Pilot Study" (Atkinson & Messy, 2012) presents the results of a pilot study conducted in 14 countries, which analyzed financial literacy, behavior and attitudes of citizens. The study showed significant variations in the level of financial knowledge between countries, as well as within them, depending on sociodemographic factors. The results suggest that there is significant room for improving the financial behavior and attitudes of citizens, which indicates the need to improve financial education and develop national policies in this area.

3. THE IMPORTANCE OF FINANCIAL LITERACY FOR AN INDIVIDUAL

Financial literacy includes understanding basic concepts such as budgeting, saving, investing, debt and credit. A basic knowledge of these concepts enables individuals to recognize how to properly manage their finances. For example, the ability to create and track a personal budget helps identify areas where money can be saved and unnecessary expenses avoided.

One of the most important benefits of financial literacy is the ability to control one's finances. When individuals understand how to manage their money, they can better plan for future expenses and goals. This includes saving for emergencies, children's education, or planning for retirement. Financially literate families are often better prepared for unforeseen situations, such as job loss or health crises, which can significantly reduce stress and improve quality of life. Financial literacy is also key to understanding how credit and debt work. Individuals who are educated about interest rates, loan terms and the proper use of credit cards are less prone to incurring debt that can become insurmountable. Awareness of the risks of over-indebtedness helps to make informed decisions about buying on credit and debt management, thereby avoiding a financial crisis. Financially literate individuals better understand the importance of investing and saving. They can evaluate different investment options, understand the risks and rewards, and make informed decisions about where and how to invest their money. In addition, savings can be used not only for emergencies but also for long-term goals, such as buying real estate or financing education. In order to improve financial literacy in society, it is crucial to invest in education. Schools, non-profit organizations and communities should provide financial education programs that will cover the basic concepts of money management. Also, families can play an important role in teaching children about finances and encouraging them to develop healthy habits from an early age.

Through a review of existing literature and theoretical frameworks, this study underscores the necessity of financial literacy in enhancing individual economic empowerment and overall well-being. Financial literacy encompasses the understanding and application of financial concepts necessary for effective money management. In an increasingly complex financial landscape, the acquisition of financial knowledge is imperative for individuals to navigate personal and economic challenges.

Financial literacy equips individuals with the knowledge required to make informed financial decisions (Lusardi & Mitchell, 2014). Understanding fundamental financial concepts enables individuals to evaluate options regarding savings, investments, loans, and purchasing decisions, ultimately leading to better financial outcomes. Effective budgeting is a cornerstone of financial management. Financially literate individuals are proficient in creating and maintaining budgets, which facilitates the prioritization of expenses and encourages saving for future goals (Huston, 2010). Research indicates that individuals who budget are less likely to accumulate debt and more likely to save consistently (Dew, 2009). Understanding the implications of various types of debt is essential for financial stability. Financial literacy provides individuals with the necessary tools to manage debts responsibly and develop strategies to reduce liabilities (Shim et al., 2010). Knowledge of interest rates, repayment terms, and credit scores is vital in this regard. Financial literacy enhances individuals' ability to engage in investing. It allows them to comprehend different investment vehicles, assess risk, and make educated choices that contribute to long-term wealth accumulation (Lusardi & Mitchell, 2014). An understanding of market principles is crucial for navigating investment opportunities effectively. The importance of financial literacy in retirement planning cannot be overstated. Knowledge of retirement accounts, such as 401(k)s and IRAs, as well as the significance of compounding interest, positions individuals to plan effectively for their future (Miller & Mazumder, 2016). Financially literate individuals tend to save more for retirement and adopt healthier financial behaviors. Financial literacy fosters a comprehensive understanding of various financial products, including loans, mortgages, insurance, and investment options. This understanding aids individuals in selecting products that align with their financial situations and goals, minimizing the risks associated with poor financial choices (Kaiser & Menkhoff, 2017).

3.1. Broader Implications of Financial Literacy

Financial literacy contributes to social empowerment, enabling individuals to take control of their financial futures (Friedman, 2020). Individuals equipped with financial knowledge typically experience lower levels of financial stress, leading to improvements in overall quality of life. A financially literate population plays a vital role in fostering economic stability. Consumers who make informed choices stimulate economic growth by engaging in responsible spending and investment behaviors (Hastings, 2013). Additionally, effective consumer behavior reduces personal and systemic financial risk. Financial literacy serves to break cycles of poverty by empowering individuals to make sound financial decisions. By imparting financial knowledge to future generations, financially literate individuals can foster an environment of financial competence within families (Miller & Mazumder, 2016).

Financial literacy is an indispensable skill set that empowers individuals to navigate a complex financial landscape effectively. The benefits extend beyond personal finance; they encompass economic stability, social empowerment, and the promotion of intergenerational financial competence. As such, fostering financial literacy through educational initiatives and community programs should be a priority for policymakers and educators alike.

4. MODERN DIGITAL TECHNOLOGIES AND TOOLS AS THE BASIS OF A SUSTAINABLE ECONOMY

By enhancing efficiency, reducing waste, and enabling innovative solutions, technologies play a pivotal role in addressing the multifaceted challenges of environmental sustainability. The discussion encompasses various sectors, highlighting specific technologies and their contributions to promoting sustainable practices. The transition towards a sustainable economy necessitates an intersection of technological innovation and environmental stewardship. Modern digital technologies, including big data analytics, the Internet of Things (IoT), and artificial intelligence (AI), present opportunities to improve resource efficiency, promote sustainability, and shape economic practices conducive to environmental health.

4.1. Technological Contributions to Sustainability

Big data analytics facilitates data-driven decision-making by providing insights into consumption patterns, resource use, and environmental impacts. This technology enables stakeholders to optimize processes, reduce waste, and identify areas for improvement within various industries (Janssen, 2020). IoT devices enhance real-time monitoring of resource consumption, thus allowing for improved management in sectors such as agriculture, manufacturing, and energy. This connectivity promotes smarter resource use and sustainability initiatives by providing actionable data. AI optimizes processes across various sectors, such as energy management, predictive maintenance, and resource allocation. Its ability to analyze vast datasets enables organizations to transition towards more efficient and environmentally friendly practices (Baker, 2021). Blockchain enhances transparency and accountability in supply chains, allowing for the verification of sustainable sourcing and ethical practices. This innovation reduces the risks of fraud and promotes responsible consumerism (Saberi et al., 2019). Smart grid technologies improve energy distribution efficiency by integrating renewable sources and responding dynamically to fluctuations in demand, thereby reducing energy waste and promoting sustainable energy use (Amin & Wollenberg, 2005). Digital platforms not only facilitate local business operations but also reduce transportation-associated carbon footprints by promoting online transactions and deliveries, thus supporting sustainable consumption patterns (Kumar, 2020).

4.2. Additional Innovations Supporting Sustainability

The rise of telemedicine reduces the need for physical travel for medical consultations, thereby lowering transportation emissions while increasing healthcare accessibility. Digital tools aid urban planners in designing sustainable cities that incorporate green spaces, efficient public transport systems, and environmentally friendly infrastructures (Bibri & Krogstie, 2017). Innovation in waste management, utilizing automation and machine learning, enhances recycling processes, thus minimizing waste and promoting a circular economy. Digital platforms for carbon accounting enable organizations to measure and manage their carbon footprints, facilitating sustainability reporting and tracking progress toward environmental goals. Modern digital technologies are instrumental in driving sustainable economic practices. Their ability to promote efficiency, enhance transparency, and facilitate informed decision-making contributes significantly to the broader goals of environmental sustainability. Future research should focus on the collaborative integration of these technologies across sectors and the development of policies that support equitable access to technological resources.

5. RESEARCH METHODOLOGY

The authors of this paper conducted online research based on a questionnaire. The survey took place in 2024 between June 21 and September 6. Respondents provided entirely anonymous answers to the questionnaire's questions. The primary data gathered by the survey questionnaire is displayed in the research results, which were conducted and involved 642 respondents. There were fifty-nine questions on the survey.

In modern society, digital innovation and financial literacy have become key factors shaping a sustainable economy and the future. With the rapid development of technology, access to information and financial management tools has become available to the general population, which opens up new opportunities for economic growth and stability. However, to take full advantage of these benefits, individuals must possess a basic understanding of financial terms and the ability to think critically about their financial decisions. Financial literacy encompasses knowledge of how to manage personal finances, including budgeting, saving, investing and understanding financial products. At the same time, digital innovations, such as mobile applications for financial management and online investment platforms, play a significant role in facilitating access to the information and resources necessary to make informed decisions. The research conducted on a random sample of 642 respondents seeks to examine the interaction between financial literacy and digital innovation and their contribution to a sustainable economy. As global challenges, such as economic inequality and climate change, increase, there is a need to integrate these elements into educational and economic policies. The research will cover different age groups and their attitudes towards financial literacy and digital tools, with the aim of identifying strategies that can encourage the development of sustainable economic practices. This research will not only contribute to a better understanding of the importance of financial literacy in the digital age, but will also provide guidance for policy making that can support individuals in acquiring the necessary skills to face the challenges of the modern world. This research aims to shed light on the way to a sustainable economy that empowers people and communities to handle their money more wisely and make responsible decisions. The following is how the research's objectives are defined:

- look into the degree of financial literacy among various age groups and pinpoint the major determinants of this level;
- examine how digital innovations can enhance personal financial management and financial literacy;
- investigate how, at the individual and community levels, greater financial literacy and the use of digital tools support a sustainable economy;
- suggest methods for enhancing financial literacy and laying the groundwork for creating a sustainable economy using digital innovations.

The hypotheses that the research will try to prove are:

Hypothesis 1: The connection between digital innovation and financial literacy positively affects the sustainability of the economy, enabling individuals to make more informed financial decisions.

Hypothesis 2: There is a significant difference in the level of financial literacy and the use of digital tools between different age groups.

The survey included a sample of 642 respondents. Respondents expressed their evaluations and attitudes through a survey questionnaire, which ensured anonymity (Google form). In the first part of the questionnaire, questions were asked that defined the socio-demographic characteristics of the respondents, such as questions about gender, age, place of residence, level of education, work status, and the sector in which they work.

6. RESULTS

The first question was related to the gender of the respondents. Men make up 46.10% of the total sample, while women make up 53.90%. Although the difference in the number of men and women is not large, a higher proportion of women in the sample is noticeable. The questionnaire also offered the possibility for respondents to declare that they were of unspecified gender, but none of them chose that option. Considering the age of the respondents, 6 age categories were offered. The largest share of respondents (44.08%) belongs to the age group of 18 to 25 years, while a significant share (32.40%) consists of respondents aged 35 to 45 years. A smaller share of respondents is in the age groups of 26 to 34 years (13.08%) and 56 years and older (10.44%), while the least respondents are in the age group of 55+ years (0%). The research may have attracted the attention of other age groups who had a greater interest in the topic of financial literacy, while the topic may have been less relevant to more "mature" respondents. The methodological approach and method of data collection may also have played a role, such as the use of specific platforms or channels that did not appeal to this age group. It is recommended that future research be focused more on this age group, in order to obtain more comprehensive data on the financial literacy of the 55+ generation. As for the place of residence, the vast majority of respondents (79%) come from the city of Zagreb, which is also a limitation of the research. The largest number of respondents (37.70%) have completed graduate studies. A little less (34.90%) have a secondary vocational education, while 26.50% of respondents have completed undergraduate studies. A smaller percentage of respondents have completed postgraduate studies (0.9%).

Looking at the work status of respondents, as many as 92.21% of respondents are employed, which is not a limitation, as it does not deviate too much from the current situation with the employment rate in the country. 3.1% of them are unemployed, and the same share is retired. Only 1.49% of respondents are students or (unemployed). As the results research is based on the self-assessment of respondents, the given answers may be subjective. Respondents in such circumstances may give answers that reflect their wishes or expectations instead of actual experiences or attitudes.

But despite the mentioned limitations, the conducted research brings certain insights related to the impact of modern digital technologies on an individual's financial literacy.

To test the measuring instrument, Cronbach's alpha coefficient was performed, which is used to assess the internal consistency of the instrument. In this case, the measuring instrument consists of 59 particles (questions or items).

Table 1. Cronbach´s Alpha coefficient

Reliability Statistics	
Cronbach's Alpha	N of Items
0,900	59

Source: Own research

Cronbach's alpha coefficient values range from 0 to 1, with higher values indicating greater internal consistency of the set of items. A value of 0.900 indicates a very high internal consistency of the measuring instrument. The number of items (N of items) indicates the total number of items used to measure a certain construct or phenomenon, and in this case 59 items were included in the reliability analysis. In summary, the results show that the measuring instrument used in the study is highly reliable, with a Cronbach's alpha coefficient of 0.900, which is well above the standard threshold for acceptable internal consistency. Therefore, considering the obtained result of the measurement scale, we can consider it reliable. The results of the descriptive statistics and One-Sample t-test presented in Table 2 clearly indicate a high level of awareness and recognition of the importance of financial planning among the respondents. All respondents expressed a high degree of agreement with the statements related to tracking income and expenses via online or mobile banking. The highest mean value ($M = 4.393$) is recorded for the statement that "a clear overview of personal monthly expenses is a prerequisite for successful financial planning". With an exceptionally high t-test value ($t = 92.870$; $p < 0.001$), this result confirms a strong belief that tracking expenses is the foundation of personal financial stability.

Table 2. Descriptive statistics on the role and importance of financial planning, awareness of monitoring income and expenses

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Diff.	99% Confidence Interval of the Difference	
					Lower	Upper
A clear overview of personal monthly expenses is a prerequisite for successful financial planning	92,870	642	,000	4,393	4,27	4,52
Tracking personal income and expenses via Internet and/or mobile banking affects my financial behaviour so that I am fully aware of my regular monthly expenses.	80,605	642	,000	4,271	4,13	4,41
Tracking personal income and expenses via Internet and/or mobile banking affects my financial behaviour in such a way that the current balance of my account affects my future decisions about purchases.	80,510	642	,000	4,307	4,17	4,45
Tracking personal income and expenses via Internet and/or mobile banking influences my financial behaviour and helps me to spend less than I earn	69,196	642	,000	3,957	3,81	4,11
Tracking personal income and expenses via the Internet and/or mobile banking influences my financial behaviour by helping me set aside part of my income for savings or investments.	59,201	642	,000	3,864	3,69	4,03

Source: Own research

The statements regarding the impact of digital tools on financial behavior also show high mean scores: respondents agree that tracking income and expenses via the Internet or mobile banking allows them to be more aware of their monthly expenses ($M = 4.271$; $t = 80.605$), and that their account balance influences their future purchasing decisions ($M = 4.307$; $t = 80.510$). This indicates an active use of technology for the purpose of better managing personal finances.

Slightly lower, but still high mean scores are recorded for the statements that digital financial monitoring encourages behaviors such as spending within one's means ($M = 3.957$; $t = 69.196$) and encouraging saving or investing ($M = 3.864$; $t = 59.201$). Although these results are lower compared to the previous statements, they still show significant agreement among respondents with the positive impact of digital tools on responsible financial behavior. Overall, all results have high statistical significance ($p < 0.001$), confirming the reliability of the data obtained. These findings indicate that respondents are aware of the importance of monitoring their finances and are actively using available digital tools for planning, controlling spending, and saving.

Table 3. Hi-hvadrat test on the influence of gender on literacy

	Observed N	Expected N	Residual
Men	278	164.5	-114.5
Women	364	164.5	-114.5
Total	642		

Source: Own research

Table 4. Chi-square results

Chi-Square	73.024aa
Df	1
Asymp. Sig.	.000

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 164.5.

Source: Own research

The results of the Chi-square test shown in Table 4 indicate that there is a statistically significant difference (χ^2 =73,024; df=1; p=0.000) in the respondents' answers, and it can be concluded that there is a difference in the acceptance of financial literacy between men and women, and men are more inclined to savings, investments, and thus a sustainable economy. Financial literacy has become a key skill in modern society, and younger generations show greater ability and willingness to adopt these skills. Based on a survey conducted among 642 respondents, there are several key reasons why younger generations adopt financial literacy more quickly and easily. Younger generations are growing up in a digital environment, which gives them easier access to information and tools for financial management. Spending tracking apps, online banking, and educational platforms allow them to quickly and easily acquire financial knowledge. These characteristics not only contribute to their personal financial stability, but also to strengthening the sustainability of the economy as a whole. Investing in the financial literacy of younger generations is therefore a key step towards a healthier and more resilient economy.

The correlation between FL_3 and FL_4 is strong and positive ($r = 0.510$, $p < 0.01$), which means that the perception that new technologies help in understanding financial concepts (FL_3) positively correlates with the perception that these technologies help in making better financial decisions (FL_4). There is also a strong positive correlation ($r = 0.473$, $p < 0.01$) between FL_2 and FL_3, which suggests that the perception that digital technologies facilitate access to information (FL_2) positively correlates with the perception that these technologies help in understanding financial concepts (FL_3). All correlations are positive, which indicates that there is a significant connection between the level of financial literacy and the perception of the usefulness of modern digital technologies in the financial sector.

Table 5. Correlations combine digital technologies and simpler and easier management of personal finances

		FL_1	FL_2	FL_3	FL_4	FL_5
The importance and influence of the level of financial literacy (financial knowledge and behaviour and attitude towards money) on personal financial well-being.	Pearson Correlation	1	,375**	,302**	,199**	,165**
	Sig. (2-tailed)		,000	,000	,001	,006
	N	642	642	642	642	642
Modern digital technologies and tools facilitate access to information about financial products and services.	Pearson Correlation	,375**	1	,473**	,376**	,088
	Sig. (2-tailed)	,000		,000	,000	,140
	N	642	642	642	642	642
New technologies in the financial sector make it easier to understand basic financial terms and their use plays a significant role in raising the level of financial literacy of an individual.	Pearson Correlation	,302**	,473**	1	,510**	,123*
	Sig. (2-tailed)	,000	,000		,000	,039
	N	642	642	642	642	642
The use of modern digital technologies and available tools in the financial sector can help make better personal financial decisions and influence long-term financial habits. (FP 4)	Pearson Correlation	,199**	,376**	,510**	1	,092
	Sig. (2-tailed)	,001	,000	,000		,126
	N	642	642	642	642	642
Modern digital technologies and tools in the financial sector are sufficiently user-friendly that anyone can use them.	Pearson Correlation	,165**	,088	,123*	,092	1
	Sig. (2-tailed)	,006	,140	,039	,126	
	N	642	642	642	642	643

*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

Source: Own research

Table 6. ANOVA test on the connection between financial literacy and sustainable economy

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Financial literacy contributes to a sustainable economy in the segment of personal debt reduction	Between Groups	18,250	4	4,562	12,020	,000
	Within Groups	55,419	146	,380		
	Total	73,669	150			
Financial literacy contributes to a sustainable economy in the segment of increased savings and investments among citizens	Between Groups	41,754	4	10,438	20,191	,000
	Within Groups	75,478	146	,517		
	Total	117,232	150			
Financial literacy contributes to a sustainable economy in the segment of increased consumption of local products and services	Between Groups	34,332	4	8,583	19,234	,000
	Within Groups	65,151	146	,446		
	Total	99,483	150			

Source: Own research

The F-value tells us how different groups of respondents gave different answers to the statements. The higher the F-value, the greater the differences. The p-value tells us the probability that these differences are due to chance. If the p-value is less than 0.05, it means that the differences are statistically significant (not by chance). In the case of this research, the p-values are all 0.000, which means that the differences between the groups of subjects are very significant. In other words, financial literacy is closely related to a sustainable economy, given that financial literacy reduces personal debts, given that it enables clear, transparent monitoring of one's consumption, increases savings and investments, and increases local consumption of products and services. Based on the conducted research, the obtained results confirm both hypotheses:

Hypothesis 1: The connection between digital innovation and financial literacy positively affects the sustainability of the economy, enabling individuals to make more informed financial decisions.

The analysis of the collected data confirmed a positive correlation between the use of digital tools (such as mobile banking, budgeting applications, online investment platforms) and the level of financial literacy. Respondents who regularly use digital innovations showed a higher level of understanding of financial concepts, as well as more responsible financial behavior, which contributes to a more stable and sustainable economic environment.

Hypothesis 2: There is a significant difference in the level of financial literacy and the use of digital tools among different age groups.

The results of the analysis show that younger generations (especially the age group from 18 to 35) use digital financial tools to a much greater extent than older generations. Also, a difference was noticed in the degree of financial literacy, whereby younger generations show a greater understanding of modern financial concepts, while older groups often have a more traditional approach to finance.

The research conclusions support the validity of both hypotheses, emphasizing the importance of digital literacy as a key factor in the modern financial environment and pointing to the need for additional education of different age groups in order to reduce generational differences.

7. CONCLUSION

The expansion of digital technologies and the increasing complexity of financial products have profoundly affected the financial development of consumers. Understanding essential financial principles, including managing a budget, creating investment strategies and planning for retirement, can greatly improve an individual's decision-making ability. Financial literacy and digital innovation are key to creating a sustainable economy. The conducted research analyzes the effects of financial literacy and digital innovation on 642 respondents of different ages, with the aim of understanding their impact on sustainable economic development.

Research results indicate that a high level of financial literacy improves individual stability and security, while also contributing positively to the wider economy. Effective financial management results in increased spending, lower debt and sustainable economic expansion. The study indicates a significant relationship between financial literacy and the perceived usefulness of digital technology in the financial industry. Individuals who possess a superior understanding of essential financial principles are more inclined to use digital tools, thereby increasing the efficiency of resource management.

Digital advances, such as smartphone apps for financial management and online investment platforms, are significantly improving financial literacy. Combining digital technologies with financial expertise promotes sustainable development by strengthening economic stability and guaranteeing responsible management of resources.

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