

# Financial Literacy In the UAE

## Reshaping the Future of Finance

The objective of this report is to explore the current status of financial debt among Emirati youth in the UAE. It is anticipated to serve as a platform to promote financial education, identify and develop good practices and efficient tools for a financial literacy, and advocate for a market that supports accountable lending policies that protect youth.

The Research & Advocacy Department

Updated September, 2012

## Table of Contents

Why Financial Literacy?

Defining Financial Literacy

Literature Review

Bank Support

Existing Financial Literacy Programmes in the UAE

Financial Literacy Curricula and implementation methods

Appendix I – Spending Preferences for Arab Youth

Appendix II – EFYD Q2 Business Breakfast on Financial Literacy -  
Outcomes & Recommendations

Appendix III – Financial Literacy BB Workshop Follow up – Outcomes &  
Recommendations

Appendix IV - EFYD participation in a Workshop organized by Social  
Support Centers Department of Abu Dhabi Police and Abu Dhabi Council  
for Economic Development

Appendix V - Visa – Financial Times Financial Literacy Forum Series

Appendix VI – Facts Sheet

## Why Financial Literacy?

Arab and Western youth have come to an understanding that the solitary major challenge facing the world today involves money. Both put the economy and cost of living in their top three.

Based on the significance of financial literacy, governments and entities around the world have incorporated programs to educate the public on financial matters. As the UAE's economies aim to continually grow and prosper, it is important to ensure that people are well informed on personal financing and investment issues. The need to strengthen, expand and enhance education in economics and personal financing has never been more apparent. The formative experiences youth would develop as a result can be accountable for changing their perceptions on the future and its possibilities. It is crucial that youth understand money and the market that affects them more and more as they become consumers, workers and producers. Financial literacy is anticipated to pave the way for a well-informed and financially healthy Emirati culture.

Research among residents of the UAE showed that there is a gap between the **financial knowledge** and **sound financial behavior**. It is evident that youth are financially and economically ignorant. They have great temptations and more debt options.

Financial literacy is a core life skill for participating in modern society. Children are growing up in an increasingly complex world where they will eventually need to take charge of their own financial future

## What is Financial Literacy?

Financial literacy is the ability to understand finance. Being financially literate implies having the necessary knowledge, skills, and confidence to make informed and effective decisions for life time financial security <sup>[1]</sup>. It describes the individuals' level of understanding in managing personal finances and awareness of different investment options, as well as their ability to assess risks and recognize opportunities to improve their financial status. <sup>[2]</sup>

Financial Literacy empowers individuals to:

- a. Understand saving, spending and budgeting
- b. Manage day to day finances, debt and credits
- c. Become smart consumers, capable of making huge purchases ( e.g., house/car)
- d. Build sound investment plans

---

[1] <http://www.getsmarteraboutmoney.ca/managing-your-money/planning/investing-basics/Pages/what-is-financial-literacy.aspx> what is financial literacy?

[2] <http://www.dirhami.ae/AboutDirhami/WhatisFinancialLiteracy.aspx> what is financial literacy

## Literature Review

National surveys show that young adults have amongst the lowest levels of financial literacy. This is reflected by their general inability to choose the right financial products and often a lack of interest in undertaking sound financial planning. Even from an early age, children need to develop the skills to help choose between different career and education options and manage any discretionary funds they may have, whether from allowances or part time jobs. These funds may entail the use of savings accounts or bank cards.

In reference to the ASDA'A Burson – Marsteller Arab Youth Survey 2010, the increase in the cost of living is the greatest concern for Arab youth, followed by the shortage of affordable housing and unemployment. The impact of the downturn of the financial crisis varied among Arab countries. Youth in Egypt, Saudi Arabia, Jordan and Bahrain felt more acute impact than those in UAE, Lebanon, Kuwait, Oman and Qatar.

Face-to-face interviews with 2,000 Arab youths (18 to 24 years old) in 9 countries concluded the following:

- a. [Clothing, mobile phone calls and dining out are top three spending preferences for Arab youth](#): Clothing and mobile phone calls were cited as a major outgoing by a majority of male and female respondents (52 % of males and 54 % of females in each instance). Almost 4 in 5 youth own a mobile, and 1 in 4 owns a web-enabled one. <sup>[3]</sup>
- b. [Many young people are in debt due to their spending habits](#): 26 % of young Arabs had some form of personal debt, rising to 52 % in Saudi Arabia. The culture of credits cards shoulders much of the blame.
- c. [In the UAE](#): 23 % admitted to personal debt. Bank loans accounted for 38 % of the debts, credit cards (32 %) and student loans (15 %). <sup>[4]</sup>

---

[3] See Appendix #1

[4] Arab Youth Survey, 2010

In January, 2011, MasterCard's Index of Consumer Confidence Survey found that consumers in the UAE are approaching the next six months with renewed optimism. The latest survey was conducted in November 2009 and involved 2,400 consumers from six markets in the Middle East and Levant regions.

- a. Consumer Confidence in the UAE has significantly increased and consumers appear optimistic about the future.
- b. Regarding purchasing priorities in the UAE, dining and entertainment, buying property and fashion and accessories, emerged as among the top spending categories for consumers. <sup>[5]</sup>

The Director of Consumer Protection Department in the Ministry of Economy, Dr. Hashim Al Nuaimi, said that "The disposition of the monthly income of the families, whether expatriates or locals is usually either through consumption or savings, but the current economic boom produced patterns of dysfunctional behavior consumption. Some families ignore the priorities of the consumption through the acquisition of luxury items without fulfilling the necessary needs." <sup>[6]</sup>

By April, 2012, 70% of young Emiratis are in debt as they lack sound financial planning and have a desire to acquire luxuries .One example, of a young Emirati not beginning financially wise was documented in an newspaper article - Commercial Bank of Dubai relationship manager "...clients mostly in their twenties", "... asked for personal loans to buy a Dh500,000 luxury car when their salary was no more than Dh14,000 a month,"<sup>[7]</sup>

---

<sup>[5]</sup> MasterCard's Index of Consumer Confidence Survey, 2011

<sup>[6]</sup> Emirates 24/7, March 6, 2012 Housing grants to Emiratis will not reduce their debt

<sup>[7]</sup> (Commercial Bank of Dubai - The National, April 1, 2012)

In 2011, A study compiled by Dr. Abdul Aziz al-Hammadi, head of the domestic cases division in Dubai courts and family counselor with the UAE's Marriage Fund, conducted on 100 Emirati nationals of various backgrounds reported that:

- a. 70% of participants have no prior financial planning.
- b. Most young UAE nationals are indebted to banks, according to the statistics of the Central Bank of the United Arab Emirates.
- c. 70 to 80% of debts were spent on acquiring luxuries rather than basic items.
- d. Youth debt crisis threatens the security of UAE society as a whole, given its danger to family cohesion and compliance with state laws.<sup>[8]</sup>

The "Nielsen Next: Understanding youth in the UAE" study , conducted by the Nielsen Company, included 600 interviews with youths aged 15 to 29 from various socio-economic backgrounds from Abu Dhabi, Dubai and Sharjah. This study does not position the country's youth spending habits on a global scale. However, spending and debt accumulation amongst the UAE's young is becoming a growing concern:

- a. 70% of young Emiratis are in debt because they lack sound financial planning and have a desire to acquire luxuries.
- b. Youth in UAE spend most of their income on fashion, with Emirati youth spending 3X more than their expatriate Arab and Asian counterparts.
- c. Out of every Dh100 spent by the average UAE youth, almost Dh40 goes on clothing and nearly Dh35 on mobile phones.
- d. Dubai is the country's biggest young spenders followed by Abu Dhabi.
- e. Emirati males lead youth spending with expenditures totaling just over Dh2, 000 monthly. Emirati females follow closely with just over Dh1, 600 in comparison to Dh1, 152 for Arab female expatriates and Dh606 for their Asian counterparts.
- f. Emirati youth have a monthly household income of Dh13, 500. This is almost double that of their expatriate peers
- g. Credit cards are not popular amongst UAE youth but one out of every three youths in Abu Dhabi owns one.<sup>[9]</sup>

---

[\[8\] Al-Shorfa.com, December 2011](#)

[\[9\] Emirat al-Youm reported Tuesday \(December 13<sup>th</sup>, 2011\).](#)

Financial literacy of UAE investors is far from the needed level. The financial literacy level is found to be affected by income level, education level, and workplace activity.

- a. High-income respondents hold high educational degrees, and those who work in the field of finance/banking or investment had as expected a higher financial literacy level than others.
- b. Financial illiteracy exists regardless of the age of the respondents.
- c. A significant difference in the level of financial literacy was found as well between the respondents according to their gender. Specifically, women have a lower level of financial literacy than men.
- d. The results indicate that there is a significant relationship between financial literacy and investment decisions <sup>[10]</sup>

The clamor for providing financial literacy courses in UAE schools is on the rise, and educators believe that basic financial skills are necessary for young people. The poll, conducted by electronic payment provider Visa Inc, showed that 95 % of education professionals want basic money skills and money management taught to students.

More than 100 educators from across the UAE were polled as part of the recently concluded Gulf Educational Supplies and Solutions, or GESS, event in Dubai — the region’s premier education show — on the current provisions for teaching money management to pupils. 73 % of the teachers polled admitted that schools are currently not teaching basic financial courses in their curriculum.

Asked if financial understanding was important for young people to be learned, 92 per cent responded positively, who also believe that this should be made compulsory in schools and educational institutions. <sup>[11]</sup>

Despite the differences in the statistical data, they all show a large number of youth with debt. The Emirates Foundation’s

---

[\[10\] Financial Literacy and Investment Decisions of UAE Investors, Journal of Risk -Finance, Vol.10, No. 5, 2009](#)

[\[11\] Al Khaleej Times, March 2010](#)



Finance ministers at the 2012 Asian-Pacific Economic Corporation (APEC) Ministerial Meeting adopted a policy statement recognizing the importance of financial education in schools and encouraging APEC members to make use of the:

OECD/INFE High-level Principles on National Strategies for Financial Education  
OECD/INFE Guidelines for Financial Education in Schools. The statement also encourages APEC economies to consider the participation in the Financial Literacy Measurement Programme for International Students Assessments (PISA) in 2015<sup>[12]</sup>

In reference to the latest MasterCard Index on Financial Literacy - UAE

- UAE consumers ranked 3rd in the Middle East with a score of 61 index points in the MasterCard Index of Financial Literacy.
- Consumers in the Emirates scored well on the Index's financial planning component (65%), and were particularly well prepared when it came to saving regularly and early financial planning.
- The financial planning scores were followed by basic money management (60%) and investment (57%). The UAE consumers' score for investment know-how was the highest in the Middle East, and their score for financial planning (65%) was higher than the Middle East average (64%).
- Consumers in the UAE showed good understanding of their financial statements and the suitability of financial products for their needs.<sup>[13]</sup>

---

[\[12\] 2012 APEC Finance Ministerial Meeting - Joint Ministerial Statement](#)

[\[13\] See appendix I](#)

## Bank support

In the UAE, encouraging money wisdom in children is a growth area. Many local and international banks offer savings accounts for those under 18, held jointly with a parent.

Abu Dhabi Islamic Bank	<ul style="list-style-type: none"> <li>• In April, Abu Dhabi Islamic Bank (ADIB) launched its financial literacy campaign as part of a long-term strategy to educate customers on the basics of money management, planning and making responsible financial decisions</li> <li>• Increased awareness about its financial education campaign through shopping malls, educational and social institutions, and the bank's branches</li> <li>• Financial Health Check programme, an easy-to-use financial assessment that is aimed at helping users to change their financial habits.</li> <li>• Customers can take the test at any of the six ADIB stands in major shopping malls in the UAE. It is also accessible online through the bank's website and through its Facebook site.</li> <li>• The financial health check is free and can also be done via iPads, other touch-screen computers as well as PC's or Macs. Anyone can know their financial health irrespective of whether they are a customer of the bank or not.</li> <li>• The bank released "Smart money", a financial booklet that covers topics such as how to budget, manage debt and investments, understand risks and help to create personal wealth.</li> </ul>
Mashreq Bank	<ul style="list-style-type: none"> <li>• Student banking proposition - Part of Mashreq's student banking solutions.</li> <li>• Provides financial tips to help students understand banking better.</li> <li>• The student banking package includes a student account with a structured savings plan, accessible to online and mobile banking service</li> </ul>

Citi Bank	<ul style="list-style-type: none"> <li>• Committed to a 10-year \$200 million commitment to financial education.</li> <li>• The commitment will include the 100 countries that Citigroup operates in around the world, including the UAE.</li> <li>• In the UAE market, Citigroup supports financial education by \$100,000/year, and support the Islamic banking Diploma, being delivered by the Emirates Institute for Banking and Financial Studies (EIBFS), at \$ 50,000/year for a 2-year period.</li> <li>• Integral to Citigroup's commitment is the formation of an Office of Financial Education. Dara Duguay, formerly the Executive Director of the non-profit Jump\$tart Coalition for Personal Financial Literacy in Washington DC, has joined Citigroup and has been named head of Citigroup's new Office of Financial Education, the financial services company.</li> <li>• Citigroup's increased commitment to financial education will come primarily in the form of grants from the Citigroup Foundation, supplemented by grants and programs from Citigroup's various businesses</li> <li>• Through its new Office of Financial Education, Citigroup will help identify new programs to promote Financial Education and drive the strategy and implementation of Citigroup's financial education efforts. The new Office of Financial Education will teach people the basics of financial education and mobilize the strength of Citigroup's global workforce.</li> <li>• Citigroup has created a new website that features information on its Financial Education Program, upcoming activities, and resources, including Citigroup's Financial Education Curriculum. The site can be found at <a href="http://financialeducation.citigroup.com">financialeducation.citigroup.com</a>.</li> </ul>
-----------	--

## Existing Financial Literacy Programmes in the UAE

<p><b>Dirhami (2009)</b> – Personalized Financial Literacy Programme by ADCED that increases financial awareness among citizens and residents.</p>	<p>7 workshops on Financial Literacy at 7 universities in Abu Dhabi Emirate aimed at educating students on how to raise financial knowledge through providing them with information, advice, and guidance regarding financial matters</p> <p>Targets all age groups</p>	<p>Restricted only to Abu Dhabi Emirate</p>
<p><b>Cashy – Me</b> First dedicated personal finance social media platform in the Arab world</p>	<p>Helps individuals make the most of their money – and life.</p> <p>Activities throughout all UAE, including seminars, participation in exhibitions,</p>	<p>Common in Dubai and northern Emirates</p>
<p><b>Campus Cashy – Sister Website</b> - A community built around learning how to earn, spend, invest, and live life without having to dread the monthly bank statements.</p>	<p>Aims for youth to come together to discover and discuss how they can be on a budget and still accomplish everything they find important in life</p> <p>One stop shop for all YOUTH financial needs</p>	<p>Common in Dubai and northern Emirates</p>
<p><b>Injaz UAE</b> member of Junior Achievement Worldwide, the world’s largest non-profit business education organization</p>	<p>Supported by Citi Foundation, implement Personal Economics program (see table #)</p> <p>A Job Shadow Day</p>	

## Financial Literacy Curricula and implementation methods

Including financial education as part of the school curriculum is a fair and efficient policy tool. Financial education is a long term process. Building it into curriculums from an early age allows children to acquire the knowledge and skills to build responsible financial behavior throughout each stage of their education. This is especially important as parents may be ill-equipped to teach their children about money.

### 1. Curricula in schools (age 15 to 18)

<b>Practical Money skills – Visa</b>	
Availability	Curriculum Evaluation
Free online	22 free, standards-aligned lessons that can be used in sequence or on an individual basis, targeting skills required to meet a lifetime of financial challenges.

<b>JA Personal Finance program - Junior Achievement</b>		
Availability	Curriculum Evaluation	Delivery Methods
JA can deliver the program	Rich content / can be easily customized. The program demonstrates importance of planning, goal setting, and thoughtful decision-making within the context of personal financial decisions.	Five required, volunteer-led sessions. Twenty-four additional teacher-led sessions available.

<b>JA Banks in Action - Junior Achievement + Citi</b>		
Availability	Curriculum Evaluation	Delivery Methods
JA / Citi can deliver the program	Hands on / interactive sessions on principles of the banking industry - not only educate young people around the world about the banking industry, but encourage them to become better citizens and smarter consumers.	through an interactive computer simulation

<b>Personal Economics program – Citi</b>		
Availability	Curriculum Evaluation	Delivery Methods
Citi can deliver	Aims to reach 900 students to equip early teens with a practical understanding of financial and economic skills	Taught in schools / Piloted Public & private schools in the UAE

<b>Financial Literacy for Teens - Dar El Ilm – Dubai</b>		
Availability	Curriculum Evaluation	Delivery Methods
Can be purchased	Raise awareness of the value of money, evaluating opportunities and risks, budgeting, setting financial goals, debt, spending, saving, and investing entrepreneurship.	Paid course at Dar Al Ilm – Dubai Trade Center

<b>Camp Millionaire – Creative Wealth International</b>		
Availability	Curriculum Evaluation	Delivery Methods
Can be purchased	16-20 hour curriculum designed to teach all of the financial management and wealth creation principles and mechanics necessary in order for teens to be financially responsible.	Modular in nature. Can be taught over a semester, several weeks or 1 session /day for several days in row.  Provide accelerated training / train the trainer

<b>Financial Literacy Solutions Delivered - National Financial Educators Council (NFEC)</b>		
Availability	Curriculum Evaluation	Delivery Methods
Can be purchased / options for Basic, standard, and advanced packages	Rich supplementary content: Real Money Experience (Classroom Version) / video & multimedia training / financial literacy software	Lesson plans include instructors' guides, student guides, turnkey presentations, Provide coaching / programme consultation, workshops / speakers support material, and educator training.
Free – online	Core 12 one hour crash class on goals , budgeting, saving and investing	Instructional guide / Power point slides / Students' guide / Tips to hosting a / financial literacy event

### The One and Only Common Sense/Cents Series

Availability	Curriculum Evaluation	Delivery Methods
Can be purchased	Sets for upper grades contains:  Student books (30) / Learning master books (reproducible) / Teacher guides / An assortment of resource materials specific to each grade / Simulated money for children to count	Supplemental curriculum available to teachers in grades pre K - 8 and after-school programs who are interested in introducing financial literacy materials

### Personal Finance Education Group

Availability	Curriculum Evaluation	Delivery Methods
Free – Downloadable	Case studies published online - saving/budgeting/insurance/ credit card...	Free advice / Volunteers / very rich website with shared expertise



## 2. Outreach Programmes aimed at 18 to 24

### Youth Savings Initiative - Silatech

- The project allows young people aged 16-30 to build their financial assets through the opening of youth-specific micro-savings accounts.
- Silatech, a Qatar-based social initiative, is offering financial and technical assistance in cooperation with GIZ, while Sanabel is serving as the knowledge dissemination and policy partner.
- In addition to new youth savings accounts offered through a network of partner financial institutions, the initiative will provide training on "financial literacy" for young people, as well as an outreach campaign, in partnership with its partner financial institutions, to raise the awareness amongst young people of the importance of saving money.
- The two-year program is expected to facilitate access to micro-savings accounts and financial literacy training for at least 50,000 disadvantaged young people in its three countries of operation—Egypt, Morocco and Yemen.
- It is expected that an estimated 150,000 youth will be influenced through outreach campaigns linked to micro-savings and financial literacy training offered by partner financial institutions and other youth serving organizations

### NAPFA Money Tour Bus

- Promotes the needs of American's to start saving, while addressing other financial issues.
- Includes personal financial guidance / symposiums and workshops.
- Stared back in October 2008, and is sponsored by The National Association of Personal Financial Advisors (NAPFA), consumer education foundation, TD Ameritrade, and Kiplinger's Personal Finance Magazine.

- The Money Bus roams around universities, talking to students who might need help planning their financial future.
- Run by local volunteers' financial planners.
- Provide a financial tool kit to take home.
- Allow target audience to write action plans.
- Scarlet & Grey Financial – a financial planning firm - shadow sessions to show students what it would be like to go out in the field

### **Operation HOPE Opportunity Bus Tour**

- The HOPE Opportunity Bus Tour demonstrates how financial dignity and literacy are realized with the collaboration of partners in every sector, including business, entertainment, government and many more. The project empowers people with financial education and tools to underserved communities. Through its four core portfolios, the organization has provided youth and adult financial literacy, economic preparedness, digital empowerment, promoted home ownership, and assisted with foreclosure prevention to more than 2 million individuals, families, and small business owners.
- Banking on Our Future - is a free, interactive online financial literacy program for kids and adults of all ages. You'll find fun and engaging lessons and assessments on all five Banking on Our Future education modules, including:
  1. Basics of banking and financial services.
  2. Checking and savings accounts.
  3. The power of credit.
  4. Basic investments.
  5. Finance and human dignity.

## Appendix I - Spending Preferences for Arab Youth

	Arab World	Males	Females
<b>Clothes / Footwear</b>	53%	52%	54%
<b>Mobile Phone Calls</b>	52%	52%	54%
<b>Dinning Out</b>	50%	50%	51%
<b>Fashion / Accessories</b>	45%	39%	54%
<b>Going to Cinema</b>	30%	31%	30%
<b>Music / Videos</b>	28%	31%	22%
<b>Books / Magazines</b>	23%	24%	22%
<b>Purchasing Automobiles</b>	15%	17%	11%
<b>SAVE IT FOR MYSELF</b>	20%	19%	21%

Ranking	Scores			
	Overall Financial Literacy Index	Components of Financial Literacy Index		
		Basic Money Management	Financial Planning	Investment
<b>Middle East</b>	61	62	64	54
<b>1</b> Egypt	69	75	70	54
<b>2</b> Saudi Arabia	62	65	64	54
<b>3</b> UAE	61	60	65	57
<b>4</b> Lebanon	61	61	66	55
<b>5</b> Oman	59	59	65	51
<b>6</b> Kuwait	58	57	63	51
<b>7.</b> Qatar	56	55	57	55

## Appendix II

### EFYD BUSINESS BREAKFAST FOLLOW UP MEETING WITH RSA

AIM: BRAINSTORM WITH RSA ON THE WAY TO MOVE FORWARD WITH EFYD FL PROGRAMME DESIGN

EXPECTED OUTCOME: POTENTIAL SOCIAL, CULTURAL AND EDUCATIONAL INVESTMENTS

#### Parental Guidance

- Invite parents to become financially responsible
- Develop a training programme for parents to better manage debt

#### Peer / External Pressure

- Steer it to become a positive rather than a negative influence
- Advertising ...

#### Involve Banks

- Products to help people save money (e.g. credit scores)
- Identify gaps and cater for people's needs
- Scale up existing initiative (smart money/savings week)

#### Behavioral Changes

- Change youth Mindsets
- Redefine generosity
- Use behavioral insights to encourage savings

#### Involve Leaders & Academia

- Use influential Emirati leaders / role models to provide guidance for youth
- Introduce financial literacy into school curricula
- Workshops in schools / universities

## Appendix III

### FINANCIAL LITERACY BB FOLLOW UP WORKSHOP

**AIM:** TO BRING TOGETHER KEY FINANCIAL LITERACY STAKEHOLDERS TO GET A BETTER SENSE OF INITIATIVES THAT ALREADY EXIST IN THE UAE MARKET THAT ARE MEANT TO RESPOND TO EXCESSIVE DEBT ISSUES TARGETED AT YOUTH:

**EXPECTED OUTCOME:** EF INTENDS TO DEVELOP A SUSTAINABLE, NATIONAL FL PROGRAM THAT WILL ENGAGE, AND ULTIMATELY, EMPOWER YOUTH TO GET OUT OF EXCESSIVE DEBT

#### Discussion elements:

- Involving Media as part of the solution since it promotes consumerism; (e.g., Abu Dhabi Media Company)
- Discussing debt in parallel with critical discussions on saving
- Teaching People about healthy cash flows
- Identifying Causal behavioral issues: peer pressure, etc.
- Addressing psychological issues as a result of debt: depression, anxiety, divorce, etc.
- Building on traditions related to Arab generosity

#### Initiatives to be implemented/ scaled up:

○ Mandatory Curriculum	○ Savings holidays	○ Banks products and services
○ School events	○ Champions	○ Seasonal themes
○ Media Campaign	○ Games / Simulations	○ Tech applications

### **Cashy.Me-Nima Abu Wardeh, CEO Founder**

- Cashy.Me was founded 3 years ago; UK based with UAE initiatives
- Serves as a financial literacy platform that focuses on:
  - Behavior change (money habits)
  - Engagement (how do I get out of debt?)
  - Community involvement
- Provide tools and education to financial empowerment – ‘self-help environment’
- Also support youth through mentorship/buddy system; behavior specialists, bankers’ insights, and incentive programs
- Last week of September (23rd-29th), launching UAE Savings Week
  - Trying to building culture of savings
  - Facilitating Educational Programs
  - Promoting youth to take “Savings Pledge,” e.g., for weddings, etc.
  - Considering daily themes- like ‘Savings Sunday’ or ‘PYOL Monday’
- Tangible goal to have 100,000 youth saving regularly by March 2014 (against concrete personal goals)
- Call for EF working group to join in UAE savings week- either through sponsorship or expertise

### **Baizat- Salah Al Halyan, Managing Director**

- Dubai based firm that provides financial services’ advisory expertise on personal finances to people of all ages across MENA
- Goal is to empower individuals through financial understanding
- Financial knowledge spread using a practical engagement approach though

- Training
- On-line platform
- Workshops and seminars ; 'finance clinics'
- Critical lessons learned:
  - Gap in market for personal financial risks' insight and get-out-of debt tools
  - Services/programs provided (such as aforementioned) need to be consistent and long-term
  - People need one-on-one time in workshops, seminars, etc.
  - Need to apply hands-on approach that engage individuals in own rescue
  - Effective measures must involve stakeholders with resources/insights from government, banks, etc.
  - Need to understand people's mentality and behaviors to provide appropriate tools to them to resolve debt issues

### **Abu Council for Economic Development (ADCED), Afra Al Mehairi, Asst Officer- Corporate Affairs**

- ADCED launched Dirhami, a FL educational program, in December 2010 with aim to enhance public awareness in Abu Dhabi on:
  - Budgeting
  - Savings
  - Spending
  - Investment opportunities
  - Improving public mindset/behavior on spending
  - Working with universities and schools to reinforce personal financial education

- 2009 launched branding and website
- 2011- initially focused FL education initiatives targeted at women, families, and newlyweds (partnered with FDF, WRDC, Women's Union, marriage Fund, UAEU and Zayed University) by hosting series of workshops
- Overall conducted 7 workshops successfully; reaching nearly 600 participants in 3 month period at end of 2011/beginning 2012
- Also, currently have financial literacy course with Zayed University
  - Long-term target groups:
    - Retirees
    - Investors
    - Young adults
    - Children
- 2012/2013- intend to host FL conference in December
- Critical lessons learned:
  - Workshop timings should not exceed 1 hour
  - FL programs should be advertised well
  - Workshops on investing and savings
  - Need interactive and engaging trainings

### **First Gulf Bank-Huda Abdulla, Head of Branches & Noora Al Mansoori, Senior PR manager**

- Recently started a 'Savings Promotion' program focus on Emiratis
- Incentivized savings program with Shariah Compliant options; not a profitable product for bank
- Savings target child's education savings, etc.



- Instituted personal budget app on iPhone
- Started long-term internships
- Tried FL academies but enrollment not sustainable because of taboo surrounding discussing/acknowledging excessive debt

### **Abu Dhabi Commercial Bank- Fiona Walker, Head of Sponsorships and CSR & Majdi El Muhdi, Head of Corporate Affairs**

- ADCB is in early stages of FL initiatives targeted UAE residents in general, expats as well
- Potentially considering savings schema similar to US models, Citibank, where you save while you spend (when you don't use whole AED amount [1.50])

### **Crown Prince's Court- Andrew Archer, Project Manager- Strategic Affairs Office**

- In order to achieve long-term impact and change; need to understand behavioral patterns
- Raising awareness is important, but alone will not work
  - Use of role models is key
    - Senior leadership
    - Popular sports players
- Need to move away from over 'consumption mentality'

### **National Bank of Abu Dhabi- Fatema Al Saba, Manager – strategic projects, business, planning and strategy; Bader Al Sumaiti, Business Development Manager; Oriana Lourenco**

- Strong internal financial literacy program for NBAD employees
- Promote 'Borrow Wisely'
- Externally: educate customer

- Strong loan documentation
- Explain terms and conditions thoroughly

### Discussions:

- Media critical to this effort because promote consumerism; should be part of solution
- Abu Dhabi Media Company have initiative on financial literacy
- Issue there is no national credit bureau (check with Central bank; they have consumer protection agency)
- In parallel, discussion on debt should take place along critical discussion on saving
- Teach people about healthy cash flows
- Tackle 'Taboo' issue
- Identify causal behavioral issues: peer pressure, etc.
- Address psychological issues as a result of debt: depression, anxiety, divorce, etc.
- Build on traditions- Arabs still generous and true to culture even if save

### Action Point:

- Good resources and stakeholders to invite to EF working group- Central Bank, Ministry of Finance, Department of Planning , Ministry of Economy, and Department of Economic Development (DED)
- Research credit bureau in Dubai
- Ministry of Economy recently did a survey on UAE consumption- obtain results
- Check Central bank & DED websites for statistics

## Appendix IV

### EFYD PARTICIPATION IN A WORKSHOP ORGANIZED BY SOCIAL SUPPORT CENTERS DEPARTMENT OF ABU DHABI POLICE AND ABU DHABI COUNCIL FOR ECONOMIC DEVELOPMENT

**AIM:** TO IDENTIFY SOLUTIONS TO SOME OF THE PROBLEMS WITHIN SOCIETY, SUCH AS CONSUMERISM AND DEBT & TO PROPOSE RECOMMENDATIONS TO THE RELEVANT AUTHORITIES IN AD

- Importance to elevate awareness between Parents & Children
- Add Financial Management course to schools & universities curriculum
- Emphasis on Media role in focusing on the social responsibility of the parents
- Strict rules to control obtaining loans from banks
- Parents to limit the spending of children based on age & circumstances
- Establish a centralized government entity that records the person's income/ loans to be a reference for other entities (banks, real estate,..) when requesting a loan
- Fresh graduates enrolling in a new job to be given guidance on financial affairs in dealing with banks
- Parents to teach children how to save & be socially responsible
- Government restriction on the banks of not accepting any loans request without the presence of the parents or partners

### **Entities to get involved in providing help & education to change behavior:**

- Central Bank has a role in loans awareness
- Sheikh Khalifa Fund for Financial Management & Aid
- Media in management & recommendations
- Ministry of Finance- Credit Office on debt behavior
- Individuals and families

## Appendix V

### Visa – Financial Times Financial Literacy Forum Series

#### AIM:

The volatile economic environment and its impact on the most vulnerable communities have underlined the increasingly important role of financial literacy as key skill that can help assure personal financial security, wealth-building, and financial inclusion for those still outside the banking system. Financial education can be the difference between surviving and thriving.

Visa – FT are exploring the challenge of financial EDUCATION, and discussing ways to optimize the provision of financial education across emerging economies – the basic foundations that have to be in place and the regional characteristics that need to be addressed both in terms of:

1. Programme development
2. channels to maximize reach and impact

The first forum was held in Mumbai, the second in Nairobi, and the third in Dubai.

#### TARGET AUDIENCE

Policy makers / educators / financial services providers / experts and thought leaders

#### DISCUSSION ELEMENTS

- Internationally, 35 countries have developed a financial strategy
  - o Financial literacy is the path to achieving financial stability
  - o Consumers can contribute effectively to the economy
- In UAE, the narrow range and infrequency in delivering financial literacy is a concern due to
  - o Absence of assessment policies nor measures in place
  - o Poor collaboration between private and public sector - banks are still reluctant to join. They feel it's a space of commercial competitiveness. Banks should actively contribute to financial literacy initiatives by focusing

on educating people on availability of various deposit, credit and remittance products so as to create demand for the same, with the aim of attaining Financial Inclusion

- Awareness starts from parents
  - 70% of parents in the UAE support the importance of talking to children at an early stage about money management
  - Parents should be teaching their children by setting a good examples - being role models – and conveying messages to them intelligently.
  - There is an undeniable technological gap between parents and children. Parents need to be equipped with relevant tools to influence their children.
  
- Visa's considers financial literacy as an important adjunct for promoting financial inclusion, consumer protection and ultimately, financial stability. Financial Inclusion and Financial Literacy need to go hand in hand to enable the common man to understand the needs and benefits of the products and services offered by formal financial institutions.

Visa is bringing global initiatives into local use through:

- Marvel - free comics – money management for kids
  - Financial literacy curriculum to be embedded in UAE schools by 2013
  - Free content @mymoneyskills.ae
- 
- Figures & statistics
    - 25% of Emiratis admit to not being able to financially support themselves to survive in a crisis situation for more than 1 month
    - 50% of UAE residents admit to not being able to financially support themselves to survive in a crisis situation for more than 2 months
    - Most in - debt individuals in UAE are under the age of 30
    - The biggest sources of stress in the UAE is financial stress
    - Arabs and Emiratis are known as the worst savers - every 3 out of 10 are unable to save

- There is a crucial need for a national financial literacy framework to educate youth on financial literacy
  - It is well recognized that to be effective, financial literacy initiatives should ideally commence at school level although, even at a later stage adult education would provide substantial benefits.
  - Financial education at the school level would involve teaching the basics concepts for laying a strong foundation. The groundwork for this sort of conceptual understanding might be best laid in a formal educational setting.
  - The reason why it is important to teach financial education in schools is also due to its multiplier effect on the society as they would be in the best position to act as ambassadors for the spread of financial education in their surrounding environment
  - Current initiatives in the UAE are many / scattered / fragmented with minimal impact (Junior Entrepreneur held annually in DUBAI mall / Shop in Schools / Virtual Money Learning / Charity projects.)
  
- A market view :
  - Financial literacy is a key element to achieve a sustainable economy
  - Half a million traders have access to the Dubai financial market
  - National bonds are a great investment tool
  - There are 72,000 SME's in Dubai alone. 95% of the employment is in the SME's sector – Banks need to support SME's. Promoting SME's financial inclusion through "Banking Young Banks"
  
- Innovate ways in which youth can include financial literacy in their everyday life – deliver financial education in manageable bit-size daily routines

## Appendix VI

### FACTS SHEET

#### Emiratis in Debt

- 70% of young Emiratis are reported in debt because they lack sound financial planning and have a desire to acquire luxuries.
- Personal loans accounted for 23% of the debts
- Bank loans accounted for 38 % of the debts
- Credit cards accounted for 32 % of the debts
- Student loans accounted 15 % of the debts
- Youth in UAE spend most of their income on fashion, with Emirati youth spending 3X more than their expatriate Arab and Asian counterparts.
- Out of every Dh100 spent by the average UAE youth, almost Dh40 goes on clothing and nearly Dh35 on mobile phones.
- Dubai is the country's biggest young spenders followed by Abu Dhabi.
- Emirati males lead youth spending with expenditures totaling just over Dh2, 000 monthly. Emirati females follow closely with just over Dh1, 600 in comparison to Dh1, 152 for Arab female expatriates and Dh606 for their Asian counterparts.
- Emirati youth have a monthly household income of Dh13, 500. This is almost double that of their expatriate peers
- Credit cards are not popular amongst UAE youth but one out of every three youths in Abu Dhabi owns one

#### References:

The ASDA'A Burson-Marsteller Arab Youth Survey, 2010-2011

The "Nielsen Next: Understanding youth in the UAE" study , 2011

## Emiratis Perception in the Emirate of Abu Dhabi

### Financially literacy confidence levels reported by Abu Dhabi residents

- 35 % are confident about managing financial affairs
- 35% agree to the importance to have a financial plan
- 30% are aware of their total borrowing and debt

Financially literacy Confidence levels of Abu Dhabi residents when benchmarked with Other Countries

	Other countries	Abu Dhabi
Highly confident about managing financial affairs	75%	52%
Track Expenditures	42%	17%
Commit to saving before spending	36%	17%
Lack of knowledge on compact interest rate	33%	80%
Awareness of how much is needed for retirement	26%	16%

Reference:

Financial Literacy Survey, ADCED 2009



## Spending Habits in the Arab World

	Arab World	Males	Females
Clothes / Footwear	53%	52%	54%
Mobile Phone Calls	52%	52%	54%
Dinning Out	50%	50%	51%
Fashion / Accessories	45%	39%	54%
Going to Cinema	30%	31%	30%
Music / Videos	28%	31%	22%
Books / Magazines	23%	24%	22%
Purchasing Automobiles	15%	17%	11%
SAVE IT FOR MYSELF	20%	19%	21%

- 70 to 80% of debts among UAE national were spent on acquiring luxuries rather than basic items.
- Regarding purchasing priorities in the UAE, dining and entertainment, buying property and fashion and accessories, emerged as among the top spending categories for consumers
- Only 25% of UAE residents save money on regular bases

Reference:

The ASDA'A Burson-Marsteller Arab Youth Survey, 2010-2011

MasterCard's Index of Consumer Confidence Survey, 2011

National Bonds PJSC

---

Studies conducted on Emirati national with various backgrounds in relation to Financial Literacy and Investment Decisions of UAE Investors, and National security

There is a significant relationship between financial literacy and investment decisions. The financial literacy level is found to be affected by income level, education level, and workplace activity.

- High-income respondents hold high educational degrees, and those who work in the field of finance/banking or investment had a higher financial literacy level
- The UAE investors were more knowledgeable about the benefits of Diversification while they were least knowledgeable about the type of UAE financial markets indices.
- Financial illiteracy exists regardless of the age of the respondents.
- A significant difference in the level of financial literacy according to gender. Specifically, women have a lower level of financial literacy than men.
- Youth debt crisis threatens the security of UAE society as a whole, given its danger to family cohesion and compliance with state laws.

Reference:

A study compiled by Dr. Abdul Aziz al-Hammadi, head of the domestic cases division in Dubai courts and family counselor with the UAE's Marriage Fund, 2011

Financial Literacy and Investment Decisions of UAE Investors, Journal of Risk - Finance, Vol.10, No. 5, 2009

---

The need for financial literacy education in schools

---

- 95 % of education professionals want basic money skills and money management taught to students
- 73 % of the teachers admitted that schools are currently not teaching basic financial courses in their curriculum.

Reference:

A study conducted by electronic payment provider Visa Inc, 2010

A study concluded by Gulf Educational Supplies and Solutions, 2010

---

### Latest MasterCard Index on Financial Literacy - UAE

- UAE consumers ranked 3rd in the Middle East with a score of 61 index points in the MasterCard Index of Financial Literacy.
- Consumers in the Emirates scored well on the Index's financial planning component (65%), and were particularly well prepared when it came to saving regularly and early financial planning.
- The financial planning scores were followed by basic money management (60%) and investment (57%). The UAE consumers' score for investment know-how was the highest in the Middle East, and their score for financial planning (65%) was higher than the Middle East average (64%).
- Consumers in the UAE showed good understanding of their financial statements and the suitability of financial products for their needs.

### Latest MasterCard Index on Financial Literacy - Middle East

Ranking		Scores			
		Overall Financial Literacy Index	Components of Financial Literacy Index		
			Basic Money Management	Financial Planning	Investment
Middle East		61	62	64	54
1	Egypt	69	75	70	54
2	Saudi Arabia	62	65	64	54
3	UAE	61	60	65	57
4	Lebanon	61	61	66	55
5	Oman	59	59	65	51
6	Kuwait	58	57	63	51
7	Qatar	56	55	57	55

Reference:

MasterCard Worldwide Index of Financial Literacy, 2012