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Awareness of Financial Literacy among Young Saudis: Establishing a Healthy Relationship with Money

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Abstract

Financial literacy is the ability to understand various financial concepts, including those related to personal financial management, such as budgeting, saving, managing expenses and debt, tracking personal spending, investing, and planning for retirement. At a deeper level it also includes a comprehension of asset classes, and financial/debt instruments. Significantly, financial literacy signifies the ability to make financial decisions based on informed reasoning while being aware of one's own cognitive biases. In sum, an individual who is financially literate has the foundation of a healthy relationship with money, one based on a journey of practical experience dealing with different financial endeavors such as achieving financial security and mitigating financial risk.

Our central research question considers who or what is shaping Saudi youth behavior when it comes to saving and spending. Additional research questions include to what degree does awareness of financial literacy exist as a concept; are young Saudis introduced to the idea of financial literacy, and if so, where, by whom, and to what extent? Finally, what can be recommended, to steer young nationals' financial behaviors to align with the aims and aspirations of Saudi Vision 2030 and a rapidly developing Saudi financial sector. In truth, as greater numbers of young Saudis, of both genders, enter the labor market, many having higher disposable incomes in locations such as Riyadh, we need to ask to what extent they are 'financially literate'.

Building on previous research, such as the 2018 King Khalid Foundation (KKF) report "Financial Inclusion in Saudi Arabia: Reaching the Financially Excluded" our paper considers the extent that Saudi youth are aware of the importance of financial literacy, and whether they have been equipped with the required knowledge to adopt effective financial literacy practices. The report also documents the contemporary financial habits of young Saudis to ascertain the extent that young nationals have a healthy relationship with money. In sum, this report delves into the tapestry of young Saudis' financial understanding, weaving together statistics, cultural nuances, and individual experiences to explore to what extent awareness of financial literacy exists among younger generations of Saudis.

1. Introduction

Rationale

Saudi Arabia’s predominantly young population has been blessed with economic opportunities that have unfolded since the launch of Saudi Vision 2030 in April 2016.⁽¹⁾ Saudi youth have been empowered by rising disposable incomes in the major urban centers, in particular the capital Riyadh, and exposed to a plethora of financial information and products that can simultaneously be both helpful and misleading. However, young Saudis relationship with financial literacy, and thereby with money, is complex. Therefore, this report considers the extent that Saudi youth are aware of the importance of financial literacy, and whether they have been equipped with the required knowledge to adopt effective financial literacy practices, i.e., to what extent are they ‘financially literate’, and to what extent does awareness of this concept exist?

Financial literacy is the ability to understand various financial concepts, including those related to personal financial management, such as budgeting, saving, and investing as well as sometimes a comprehension of asset classes, and financial/debt instruments. Key aspects of financial literacy include knowing how to budget, manage expenses and debt, track personal spending, and plan for retirement.⁽²⁾ At a deeper level, this also encompasses understanding income and liability, as well as creating and diversifying asset classes.⁽³⁾ Furthermore, financial literacy also signifies the ability to make financial decisions based on informed reasoning while being aware of one’s own cognitive biases. In sum, an individual who is financially literate has the foundation of a healthy relationship with money, based on a journey of practical experience dealing with different financial endeavors such as achieving financial security and mitigating financial risk.⁽⁴⁾

(1) See: www.vision2030.gov.sa/media/rc0b5oy1/saudi_vision203.pdf.

(2) See, for example: Jason Fernando, “Financial Literacy: What It Is, and Why It Is So Important to Teach to Teens”, *Investopedia*, June 29, 2024:
www.investopedia.com/terms/f/financial-literacy.asp#:~:text=Financial%20literacy%20is%20the%20ability,a%20smart%20relationship%20with%20money.

(3) See, for example: Will Kenton, “Financial Instruments Explained: Types and Asset Classes”, *Investopedia*, 28 June 2024,
www.investopedia.com/terms/f/financialinstrument.asp#:~:text=Understanding%20Financial%20Instruments,-Financial%20instruments%20can&text=Equity%2Dbased%20financial%20instruments%20represent,unique%20type%20of%20financial%20instrument.

(4) See, for example: True Tamplin, “Why Financial Literacy Is Important and How You Can Improve Yours”, *Forbes*, 21 September 2023,
www.forbes.com/sites/truetamplin/2023/09/21/financial-literacy--meaning-components-benefits--strategies/

This report delves into the tapestry of young Saudis' financial understanding, weaving together statistics, cultural nuances, and individual experiences to explore to what extent financial literacy exists among younger generations. Hence, our central research question considers who or what is shaping Saudi youth behavior when it comes to saving and spending, for example, how much of their monthly salaries they spend vis-à-vis how much they save. Other research questions include to what degree does awareness of financial literacy exist as a concept, and are young Saudis introduced to the idea of financial literacy, and if so, where and by whom? How does the historical background of economic and social drivers affect the financial literacy levels and behaviors of the Saudi youth today? Furthermore, what could be done, or recommended, to steer the status quo towards (or aligned with) the aims and aspirations of a rapidly developing financial sector?⁽⁵⁾ Supporting research questions include (but are not limited to): What role does consumerism, easy access to credit, and peer pressure play in the lives of young Saudis? Can the perceived rise of individualism and financial interdependence with families coexist? In what ways does social media shape the financial decisions of Saudi youth, including the proliferation of 'Buy Now, Pay Later' schemes, and online influencers?

In truth, as greater numbers of young Saudis, of both genders, enter the labor market, many having higher disposable incomes in locations such as Riyadh,⁽⁶⁾ we need to ask to what extent they are financially literate? Additionally, young people including secondary or tertiary education students and early stage employees can be more vulnerable to accumulating excessive debt because of their often limited financial knowledge and experience.⁽⁷⁾ Building on previous research, such as the 2018 King Khalid Foundation report (KKF) "Financial Inclusion in Saudi Arabia: Reaching the Financially Excluded",⁽⁸⁾ this paper considers the extent that young Saudis are aware of the importance of financial literacy, and whether they have been equipped with the required knowledge to adopt effective financial literacy practices.

(5) For example, in September 2024, Saudi Arabia hosted its first FinTech conference in Riyadh. See: <https://24fintech.com/24-fintech-2024>

(6) See, for example: Mark C. Thompson & Neil Quilliam, "Saudi Vision 2030: Repurposing Ministries and Creating New Institutions" in John Sfakianakis (ed.) *The Economy of Saudi Arabia in the 21st Century: Realities and Prospects*, Oxford University Press, 2024, pp. 335-36.

(7) Robert Powell, Ahn Do, Denise Gengatharen, Jaime Yong, & Rasiah Gengatharen, "The relationship between responsible financial behaviours and financial wellbeing: The case of buy-now-pay-later", *Accounting & Finance*, 63, 2023, pp. 4431–4451. Available from: <https://doi.org/10.1111/acfi.13100>, p. 4431.

(8) See: "Financial Inclusion in Saudi Arabia: Reaching the Financially Excluded", *King Khalid Foundation*, 2018, <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>

Methodology

We applied a mixed method approach to answer our key research questions. Firstly, we ran an online Arabic survey via social media platforms and the authors' networks, garnering approximately 510 responses.⁽⁹⁾ Survey responses were analyzed through the lens of the OECD's definition of financial literacy, that is "the combination of awareness, knowledge, skills, and attitudes that enable individuals to make informed and effective decisions with all of their monetary resources".⁽¹⁰⁾ This online survey explores four main sections of awareness of financial literacy among young Saudis. Firstly, understanding how family background plays a role in shaping an individual's financial behavior and outlook. Secondly, the extent of comprehension of assets and financial planning. Thirdly, the financial behavior of individuals, and lastly, it explores product advertisements and promotions to try to understand who or what is controlling the financial narrative when it comes to saving and/or spending money among young nationals.⁽¹¹⁾

The survey was supported by in-person and online interviews with both individuals and institutions that either operate in the Saudi financial sector, such as the Capital Market Authority (CMA) and/or have a vested interest in awareness of financial literacy in the Kingdom. We also conducted a literature review that informed our online survey as well as interview questions. The review covered the general literature of financial literacy as well as the more limited literature on financial literacy in Saudi Arabia. A major part of the literature review focuses on three significant reports: 2017 Financial Sector Development Program Report,⁽¹²⁾ 2018 King Khalid Foundation Report,⁽¹³⁾ and 2019 Saudi Arabian Monetary Authority (SAMA) Working Paper: Measuring Financial Capability.⁽¹⁴⁾ We provide dedicated sections for these three reports later in this report.

While acknowledging that this data gathered from surveys and interviews, is not fully representative, it nonetheless provides a framework for comprehending viewpoints and attitudes about awareness of financial literacy as well as financial behavior among young Saudis.

(9) Authors' Financial Literacy Awareness Survey, available at: <https://docs.google.com/forms/d/1gXVZzqt3SSprlr6DoLun-QMWZa5zOfSo99kJC-FBI6s/edit?pli=1>

(10) See: www.oecd.org/en/topics/sub-issues/financial-education.html

(11) Authors' Financial Literacy Awareness Survey

(12) www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf. This incorporates the National Savings and Financial Literacy Strategy.

(13) See: <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>.

(14) See: www.sama.gov.sa/en-US/EconomicResearch/WorkingPapers/Measuring%20Financial%20Capability%20%20The%20context%20of%20Saudi%20Arabia.pdf

Moreover, this framework allows us to pinpoint shared connections and identify common trends across the surveys, interviews, and limited literature as related to the Saudi context. This, in turn, makes it feasible to consider future scenarios. As previously mentioned, and supported by our Saudi interviewees, the literature on financial literacy tends to be western and/or individualistic, with a relatively limited number of papers and reports specific to Saudi contexts.⁽¹⁵⁾ A search on Google Scholar, for example, located approximately 15 papers that were either relevant, or somewhat relevant to this report.⁽¹⁶⁾ Furthermore, there is very little contemporary research and/or information regarding this important topic as it relates to the perspectives of young Saudis, although in the Kingdom, there is the growing influence of more informal forms of information related to financial literacy such as podcasts, which this report also references.⁽¹⁷⁾ In sum, this report aims to provide a nuanced picture of who or what is shaping Saudi youth attitudes as related to financial behavior. Our research also illuminates several narratives about this important topic as well as suggesting pointers for future study.

The Saudi Context

As previously stated, financial literacy signifies the ability to understand various financial concepts in order to develop the ability to make financial decisions based on informed reasoning while being aware of individual cognitive biases.⁽¹⁸⁾ In sum, an individual who is ‘financially literate’ has the foundation of a healthy relationship with money, based on a journey of practical experience dealing with different financial endeavors such as achieving financial security and mitigating financial risk. Hence, this report documents the financial habits of young Saudis, who or what is shaping financial behavior among Saudi youth when it comes to saving and spending. It is this issue of establishing a healthy relationship with money among young Saudis that this report aims to address.

Awareness of financial literacy among young Saudis is particularly significant given the contemporary demographics of the Kingdom. The 2022 census revealed the average age of

(15) Authors’ interviews 2023-24.

(16) See: https://scholar.google.com/scholar?start=0&q=financial+literacy+saudi+arabia&hl=en&as_sdt=0,5

(17) Authors’ interview, September 2024.

See, for example: www.youtube.com/watch?v=4kxqvBaNmMY&t=768s&pp=ygUV2LXZhNin2K0g2K7Yp9i02YLYrNmK

(18) See, for example: www.oecd.org/en/topics/sub-issues/financial-education.html. The OECD Recommendation on Financial Literacy is the leading global instrument on financial literacy, designed to assist governments, public authorities, and relevant stakeholders in their efforts to design, implement and evaluate financial literacy policies.

Saudis and expatriates living in the Kingdom at 29, and excluding expatriates, the average age is 25, with Saudis under the age of 30 amounted to 51.1%.⁽¹⁹⁾ The census also documents another important statistic: 68% of the population is urban, residing in Riyadh, Jeddah/Makkah, and the Dammam-Khobar-Dhahran conurbation in the Eastern Province.⁽²⁰⁾ In addition, the COVID-19 period had an indirect impact on financial behavior (with implications for literacy awareness), as spending was forced to move online. Post-pandemic, online spending has increased, and according to an expert in social investment, young Saudis, even poor or unemployed ones, are eager to purchase everything online, because it is “easier and cheaper”.⁽²¹⁾ This is supported by data revealing that the number of regular e-commerce shoppers in Saudi Arabia grew by 180% from 2020 to 2024 with a 90% increase in the number of individuals making online purchases at least once a day since 2020.⁽²²⁾ Coupled with the increase in online spending options, post-COVID-19, the Kingdom has witnessed the emergence of a plethora of new entertainment opportunities that in turn, affect how young people are spending their money.⁽²³⁾ Indeed, from the 1970s, up until a few years after the launch of Saudi Vision 2030 in April 2016, there were very few entertainment venues or options in contrast to those currently organized by the General Entertainment Authority.⁽²⁴⁾

As Alshebami and Aldhyani observe, “financial literacy is clearly a significant topic, especially given the paucity of literature on financial literacy and saving behavior among young people worldwide and particularly in Saudi Arabia”,⁽²⁵⁾ and there is a significant lack of contemporary literature as related to the Kingdom’s predominantly youthful population. Another important issue is a lack of understanding financial literacy as linked to educational and career backgrounds. According to Hung et al⁽²⁶⁾ considerable debate continues about the role of financial literacy,

(19) See: “An Impactful Vision: The National Transformation Program’s Achievements” *Annual Report 2023*, www.vision2030.gov.sa/media/xqjbmpwg/english-ntp-annual-report-2023.pdf, p. 43.

(20) See, for example: Shujaa Albogmi “Saudi Arabia’s state-of-the-art census reveals a young population”, *Al Majalla*, 11 July 2023, <https://en.majalla.com/node/295336/business-economy/saudi-arabia%E2%80%99s-state-art-census-reveals-young-population>

(21) Authors’ interview, Riyadh, 2024.

(22) See: “Majority of Saudi consumers set to ramp up online spending in next 12 months”, *Global Business Outlook*, 15 May 2024, <https://globalbusinessoutlook.com/economy/majority-saudi-consumers-set-ramp-up-online-spending-next-months/>

(23) Authors’ interview, Riyadh, 2024.

(24) See: www.gea.gov.sa/en/

(25) Ali Saleh Alshebami and Theyazn H. H. Aldhyani, “The interplay of social influence, financial literacy, and saving behaviour among Saudi youth and the moderating effect of self-control”, *Sustainability* 2022, 14, 8780, <https://doi.org/10.3390/su14148780>, p. 3.

(26) Angela A. Hung, Andrew M. Parker, Joanne Yoong, “Defining and Measuring Financial Literacy”, *Rand Corporation Working Paper Series* WR-708 September 2009, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1498674

the extent of the problem it represents, and the best way to address it. In the opinion of Hung et al this debate arises for several reasons: firstly, real knowledge gaps persist about fundamental relationships between literacy, education and behavior, partly because researchers lack the appropriate data. Moreover, a large part of the debate may be linked to the fact that a great deal of variation continues to exist in how researchers define and measure financial literacy itself. For instance, the poor, the less educated, and minority households can be excluded.⁽²⁷⁾ This occurs in Saudi Arabia when, according to an interviewee, poor people do not think they can be successful, they feel trapped, and therefore, often make “bad financial decisions”. The problem is exacerbated because there are few ‘poor friendly’ financial tools even in the banking system although the same interviewee contends that the “next financial innovations will be in this area”.⁽²⁸⁾ In contrast, better educated and more well-off individuals, with more financial knowledge are more likely to engage in a wide range of recommended financial practices.⁽²⁹⁾ In consequence, individuals with high levels of financial literacy tended to be wealthier than those with low levels.⁽³⁰⁾

Another issue is that young Saudis might not always understand the vocabulary of financial issues, that is the specialist terminology (the ‘big words’) because they are not ‘insiders’, that is they do not work in the financial sector.⁽³¹⁾ Yet, if an individual is outside the financial sector, but needs to understand its terminology, how can this person gain access to this necessary information?⁽³²⁾ This is an important question, but there have been some positive developments in this area. For instance, in March 2023 the Ministry of Education (MoE) announced via the Curriculum Development Center,⁽³³⁾ a plan to translate an English version of a financial literacy book and provide the Arabic version to students as part of a financial awareness course on its

(27) Ibid, pp 1-2.

(28) Authors’ interview, Riyadh September 2024. It is important to differentiate between financial tools and financial literacy, i.e., diverse financial tools can help improve financial literacy.
See, for example: www.causelabs.com/post/10-tools-and-resources-for-improving-financial-literacy/

(29) Ibid, pp.1-2.

(30) Abdullatef Saber, “The Impact of Financial Literacy on Household Wealth in the Kingdom of Saudi Arabia”, unpublished PhD thesis, *Victoria University*, Australia, 2020, <https://vuir.vu.edu.au/42152/>, p. 108

(31) See, for example (English): www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/glossary/ See, for example (Arabic): https://uasa.ae/en/galimg/06022019030254UASA%20Glossary_Final_03_10_2019.pdf

(32) Authors’ interview November 2023.

(33) See, for example: “Saudi Arabia launches National Curriculum Center”, *Saudi Gazette Report*, February 29, 2024, <https://saudigazette.com.sa/article/640821#:~:text=The%20center%20would%20undertake%20a,framework%20in%20coordination%20with%20the>

Madrasati platform.⁽³⁴⁾ Subsequently, beginning in the autumn of 2023, the MoE mandated the inclusion of a “Financial Knowledge” course in school curricula to enhance students’ comprehension and awareness of financial literacy and its mechanisms, marking a significant step towards integrating financial education into the national education system. Students are introduced to the concepts of the labor market, where they learn about the important sources of income and the basic ideas of money management.⁽³⁵⁾

According to the 2020 report “Saudi Youth in Numbers: A Report for International Youth Day 2020”,⁽³⁶⁾ at the time of its publication 63% of young working Saudis had income that met their financial obligations, however, 55.3% did not save from their monthly income.⁽³⁷⁾ In early 2024, this issue was re-emphasized by a Saudi participant at a King Faisal Center for Research & Islamic Studies (KFCRIS) closed workshop in Riyadh who remarked that “everyone is moving to Riyadh (from other parts of the Kingdom), but no one saves”.⁽³⁸⁾ Furthermore, in 2023 an official at the Capital Market Authority (CMA) in Riyadh commented that “everyone wants to get rich today”, but at the same time tend to disregard the Saudi proverb “اصرف ما في الجيب يأتيك”, “أصرف ما في الغيب”, which can be understood in the same way as the English language proverbs “Look after the pennies and the dollars (or pounds) will look after themselves” and “A penny saved is a penny earned”.⁽³⁹⁾ In other words, many young Saudis want to ‘get rich quick’ in the short-term, but are not saving and/or investing sufficiently to achieve this in the long-term. Certainly, as documented later in the report, there are those who save, but the popular stereotypes are that young Saudi men save for marriage and housing, whilst young Saudi women save for investment and luxuries.⁽⁴⁰⁾ Whilst there is a degree of truth in these statements, they are over-generalizations as our research documents (this is discussed in greater depth in the subsequent Financial Behavior amongst Saudi Youth section of this report).⁽⁴¹⁾

(34) See: <https://MoE.gov.sa/en/mediacenter/MoEnews/pages/financial-knowledge.aspx>

(35) See: Mohammed Al Rumaih and Wael Al Hazzani “Financial Literacy in Saudi Arabia: Evolution and Impact”, *World Federation of Exchanges*, October 2024, <https://focus.world-exchanges.org/articles/financial-literacy-saudi>

(36) “Saudi Youth in Numbers, A Report for International Youth Day”, *General Authority for Statistics*, 2020, www.stats.gov.sa/sites/default/files/saudi_youth_in_numbers_report_2020en_0.pdf, p.

(37) Ibid, pp. 28-9.

(38) Anonymous workshop participant, Riyadh, February 2024.

(39) Author’s interview with Capital Market Authority official, Riyadh, September 2023.

(40) Authors’ observations.

(41) See: Authors’ Financial Literacy Awareness Survey.

A further issue relates to greater numbers of young Saudis, of both genders, entering the labor market, and many enjoying higher disposable incomes than in previous years. This is mainly the case in the principle urban centers, especially Riyadh, where, in recent years, many young Saudis have sought public sector positions due to perceived higher salaries than in the private sector.⁽⁴²⁾ Nevertheless, the rising cost of living in the capital, especially rents, which in many cases increased by 25% to 50% between 2023 and 2024, have made it problematic for many young nationals to live alone, thereby necessitating sharing with friends.⁽⁴³⁾ Hitherto the bottom line is that many of these individuals are only ‘making ends meet’ especially in an increasingly expensive Riyadh.⁽⁴⁴⁾

A final contributing factor to consider when assessing the state of financial literacy in Saudi Arabia, and the wider Arab world, is the absence of income tax.⁽⁴⁵⁾ There is no personal income tax rate applicable in Saudi Arabia (for the time being) although a corporate income tax rate is imposed on companies, calculated based on their net income generated during a typical business year while carrying out their operations; the corporate tax rate in Saudi Arabia stands at 20 percent.⁽⁴⁶⁾ According to one interviewee, the lack of income tax in the Kingdom helps explain the “absence of financial advisors”, which, in his opinion, are “non-existent”. Yet, the interviewee maintains that whilst Saudi Arabia does not need to introduce income tax, the creation of a cohort of dependable financial advisors is necessary, but for this to transpire government accreditation would be required.⁽⁴⁷⁾

(42) See, for example: Mark C. Thompson & Neil Quilliam, “Saudi Vision 2030: Repurposing Ministries and Creating New Institutions” pp. 335-36.

(43) The rent on one of the author’s apartments increased by 30% between November 2023 and 2024. A colleague also said that in September 2024 “my boss went crazy when he suddenly received a text from his landlord telling him his annual rent increased by SAR 10,000”.

(44) See, for example: Rahaf Jambi, “Riyadh rent hike drives demand for home ownership”, *Arab News*, 23 July 2024, www.arabnews.com/node/2555126/saudi-arabia

(45) Authors’ interview, October 2023.

(46) See, for example: <https://blog.wego.com/income-tax-saudi/>

(47) Authors’ interview, October 2023.

2. Background: What is Financial Literacy

OECD concepts

Drawing upon the multifaceted perspective outlined by the Organization for Economic Cooperation and Development (OECD),⁽⁴⁸⁾ this report defines financial literacy as the combination of awareness, knowledge, skills, and attitudes enabling individuals to navigate the financial landscape and make informed decisions regarding their monetary resources. This conceptualization emphasizes the interdependence of these elements, highlighting that financial literacy goes beyond mere knowledge acquisition and incorporates wider societal aspects. The initial stage of awareness involves a basic understanding of core financial concepts, encompassing the value of money, the distinction between needs and wants, and the role financial institutions play. This foundational awareness paves the way for the development of knowledge, where individuals delve deeper into specific topics such as interest rates, investment options, and risk management.⁽⁴⁹⁾

However, as the OECD definition emphasizes, knowledge alone is insufficient for navigating financial issues effectively. Skills such as budgeting, managing debt, planning for the future, and making informed financial product choices are crucial for translating knowledge into concrete action. Significantly, cultivating a sense of responsibility, setting realistic goals, and demonstrating discipline in spending and saving habits are essential components of achieving financial well-being.⁽⁵⁰⁾

Assessing Financial Literacy in Young People: The PISA Framework

The Programme for International Student Assessment (PISA) offers valuable insights into the financial literacy levels of young people globally. It also presents a ‘snapshot’ of how countries, especially those seeking to be at the forefront of progress and development, are assessing their educational curricula and reevaluating these not only in relation to outcomes tied to local contexts, but also the effectiveness of these curricula as measured to global standards and averages.

(48) See: www.oecd.org/en/topics/sub-issues/financial-education.html

(49) Ibid.

(50) Ibid.

Conducted triennially by the OECD, PISA 2022 Results, Volume IV “How Financially Smart Are Students?”⁽⁵¹⁾ assessed approximately 700,000 15-year-old students from 81 OECD member and partner economies, representing 29 million young people across the world.⁽⁵²⁾ In addition, nearly 100,000 students from 20 OECD member and partner economies, including Saudi Arabia, were part of the optional financial literacy assessment.⁽⁵³⁾ PISA 2022 was the first large-scale study to collect data on student performance, evaluating their financial knowledge, skills, and attitudes.⁽⁵⁴⁾ Furthermore, echoing part of the rationale for this report, PISA stresses that:

Many 15-year-olds face financial decisions and are already consumers of financial services. They are likely to face growing complexity and risks in the financial marketplace as they move into adulthood. Since better knowledge and understanding of financial concepts and risks could help improve financial decision-making amongst adults and young people, financial literacy is now globally recognized as an essential life skill.⁽⁵⁵⁾

Indeed, the relevance of PISA’s viewpoint for Saudi Arabia regarding young people being “already consumers of financial services” was highly evident at the 24FinTech exhibition convened in Riyadh in September 2024.⁽⁵⁶⁾ The average age of this large and extremely well-attended event appeared to comprise mainly those in their late teens or early twenties, all of whom were highly engaged with the event’s activities and evidently cognizant of the topic.⁽⁵⁷⁾

(51) See: www.oecd-ilibrary.org/education/pisa-2022-results-volume-iv_5a849c2a-en

(52) The report uses “15-year-olds” as shorthand for the PISA target population. PISA covers students who are aged between 15 years 3 months and 16 years 2 months at the time of assessment and who are enrolled in school and have completed at least 6 years of formal schooling, regardless of the type of institution in which they are enrolled, and whether they are in full-time or part-time education, whether they attend academic or vocational programmes, and whether they attend public or private schools or foreign schools within the country. Ibid, p. 17.

(53) 14 OECD countries and economies (Austria, the Flemish community of Belgium, eight Canadian provinces (Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario and Prince Edward Island), Costa Rica, Czechia, Denmark, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Spain and the United States), and 6 partner countries (Brazil, Bulgaria, Malaysia, Peru, Saudi Arabia and the United Arab Emirates): Ibid, p. 20.

(54) Ibid, p.3

(55) Ibid, p.20.

(56) See: <https://24fintech.com/24-fintech-2024>

(57) Authors’ observation.

PISA's approach extends beyond simply testing memorization of financial concepts. It emphasizes applied financial literacy, assessing students' abilities to:

- First, navigate real-world scenarios: PISA goes beyond rote learning, requiring students to demonstrate understanding by applying knowledge to solve problems and make informed decisions in simulated situations. This might involve analyzing budgets, calculating loan costs, or identifying fraudulent practices.⁽⁵⁸⁾
- Second, grasp complex financial concepts: PISA acknowledges that financial literacy encompasses more than just calculations and basic knowledge. It assesses students' understanding of broader financial concepts such as the role of financial institutions, the impact of economic decisions, and the potential risks associated with various financial products and services.⁽⁵⁹⁾
- Third, make responsible financial choices: Ultimately, the goal of financial literacy is to empower individuals to make informed and responsible financial decisions. PISA assesses student ability to critically analyze financial information, identify potential pitfalls, and make sound choices based on their understanding of financial consequences.⁽⁶⁰⁾

PISA findings reveal the need for a multifaceted approach to addressing financial literacy in the following critical areas:⁽⁶¹⁾

- Socioeconomic disparities: Data highlights a crucial link between socioeconomic background and financial literacy levels (as pointed out earlier in this report). This necessitates targeted interventions to bridge the gap and ensure equitable access to financial education, particularly for students from disadvantaged backgrounds.⁽⁶²⁾
- Parental involvement: PISA findings indicate that parental conversations about money and savings significantly impact young people's financial understanding. This underscores the

(58) PISA 2022 Results (Volume IV), p. 32

(59) Ibid, p. 52

(60) Ibid, p. 52

(61) Ibid, p. 157

(62) Ibid, p. 160

importance of engaging parents in financial literacy initiatives and equipping them with the tools to have effective conversations about money with their children.⁽⁶³⁾

- Financial products and services: While access to financial services can provide valuable learning opportunities, it also introduces new challenges. PISA emphasizes the need for safe and regulated financial products targeted at young people, alongside educational efforts to equip them with the knowledge and skills to navigate the financial landscape responsibly.⁽⁶⁴⁾

The PISA framework defines 5 levels of proficiency in financial literacy:

- Proficiency Level 1: Students display basic financial literacy skills and can identify common financial products and terms and interpret information related to basic financial concepts, such as recognizing the purpose of an invoice or an insurance contract. They can recognize the difference between needs and wants, and they can make simple decisions on everyday spending and are able to apply basic single numerical operations such as additions, subtractions, or multiplications.⁽⁶⁵⁾
- Proficiency Level 2: Students recognize the value of a simple budget and can undertake a simple assessment of value-for-money such as choosing between buying fruit or vegetables by the kilogram or by the box.⁽⁶⁶⁾
- Proficiency Level 3: Students begin to consider the consequences of financial decisions, and they make simple financial plans in common contexts, such as comparing the financial benefits of borrowing money with different interest rates and repayments schedules, or planning a budget based on the amount of use and the costs incurred.⁽⁶⁷⁾
- Proficiency Level 4: Students apply their knowledge of less common financial concepts and terms to contexts that will be relevant to them as they move into adulthood such as

(63) Ibid, p.162

(64) Ibid, p.163

(65) Ibid, p. 55

(66) Ibid.

(67) Ibid, p. 56

bank account management, compound interest and deciding between two loan offers with different terms and conditions.⁽⁶⁸⁾

- Proficiency Level 5: Students can successfully complete the most difficult items in this domain and analyze complex financial products and consider features of financial documents that are significant, but unstated or not, immediately evident such as transaction costs. They can describe the potential outcomes of financial decisions, showing an understanding of the wider financial landscape such as income tax.⁽⁶⁹⁾

In the 2022 PISA report, Saudi students are mainly placed in Level 1 and Level 2 proficiency levels, with 22% located in Level 3 proficiency,⁽⁷⁰⁾ fewer than 10% in Level 4 proficiency, and less than 1% Level 5 proficiency.⁽⁷¹⁾ Saudi student performance shows that more than 45% performed below Level 1.⁽⁷²⁾ Only 0.6% of Saudi students were in the top performers of Level 5 compared to leading countries such as the Netherlands (18.5%), the Flemish community of Belgium (16.5%) Canadian provinces (14.8%) and the United States (13.5%).⁽⁷³⁾ In sum, the overall mean performance of Saudi students in the 2022 PISA report is statistically below the OECD average and compares to countries with economies such as Costa Rica, Bulgaria, and Peru.⁽⁷⁴⁾

However, in terms of socioeconomic disparity performance, that is, the difference between advantaged and disadvantaged students, Saudi Arabia has one of the lowest socioeconomic disparities of 7.7%, close to Brazil's leading percentage of 9.4%. Furthermore, the gender difference in performance should be noted, as Saudi girls have a mean score of 416 while boys have 409.⁽⁷⁵⁾ This 6-score difference⁽⁷⁶⁾ between genders is relatively low in absolute value and close to the previously mentioned top-performing countries mentioned such as the Netherlands (-4 score difference) Flemish community of Belgium (5 score difference), Canadian provinces

(68) Ibid.

(69) Ibid, p. 57

(70) Ibid, p. 56

(71) Ibid, p. 57

(72) Ibid, p.20

(73) Ibid.

(74) Ibid, p. 49

(75) Ibid.

(76) Ibid, positive score differences correspond to girls' mean score being higher than that of boys. While negative score differences mean that the mean score of boys was higher than that of girls.

(-4 score difference), and the United States (-8 score difference)⁽⁷⁷⁾ Countries with the highest differences between girls and boys were Italy (-20 score difference), Malaysia (19 score difference), and Hungary (-16 score difference).⁽⁷⁸⁾

Regarding behaviors associated with financial literacy, 85% of Saudi students reported that they had saved money at least once in the previous months compared to 93% of students across OECD countries.⁽⁷⁹⁾ When asked about comparing prices in different shops before buying items, 60% of Saudi students said they do this before deciding to make a purchase, in comparison to 74% of students in OECD countries.⁽⁸⁰⁾ In addition, the PISA report highlights student interactions with their parents about financial matters. Saudi Arabia's results document that 52% of students reported talking to their parents weekly or monthly about their own spending behavior and decisions. This figure is close to the OECD countries average of 64%.⁽⁸¹⁾

(77) Ibid.

(78) Ibid.

(79) Ibid.

(80) Ibid.

(81) Ibid.

3. Financial Literacy in Saudi Arabia

This section discusses the 2017 Financial Sector Development Program (FSDP) as well as three important reports related to financial literacy in Saudi Arabia: the 2017 FSDP Report,⁽⁸²⁾ the 2018 King Khalid Foundation (KKF) Report: Financial Inclusion in Saudi Arabia,⁽⁸³⁾ and the 2019 Saudi Arabian Monetary Authority (SAMA) Working Paper: Measuring Financial Capability.⁽⁸⁴⁾ It also considers several relevant examples of educational initiatives.

Before discussing the Financial Sector Development Program (FSDP), established in 2017,⁽⁸⁵⁾ it is necessary to highlight some of the limitations that impacted the Saudi financial landscape pre-FSDP.⁽⁸⁶⁾ One of the most crucial challenges was limited access to financial services. An important example: a 2014 World Bank Global Financial Development Report on Financial Inclusion documented that estimated that 46.4% of adults (age 15+) in Saudi Arabia lacked access to a formal bank account, i.e., they were ‘unbanked’.⁽⁸⁷⁾ By 2017, this dropped to 28% of the population,⁽⁸⁸⁾ and in 2018, the percentage of adults who possessed a bank account reached 71%.⁽⁸⁹⁾ According to the World Bank, in 2021 (latest figure available at the time of writing) the figure had reached approximately 79%,⁽⁹⁰⁾ although according to anecdotal information the 2024 percentage is much higher.⁽⁹¹⁾ In truth, being ‘unbanked’ can result in financial exclusion, thereby posing a significant barrier to an individual’s ability to save, invest, and manage personal finances effectively, perpetuating economic vulnerability and hindering their participation in the broader financial system.⁽⁹²⁾ As noted previously, the situation is exacerbated by low levels of financial literacy, which presents another critical challenge, because a significant gap in financial knowledge and skills hampers an individual’s ability to make informed choices, potentially leading to overspending, reliance on debt, and vulnerability to financial scams.⁽⁹³⁾

(82) www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf,

(83) <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>.

(84) www.sama.gov.sa/en-US/EconomicResearch/WorkingPapers/Measuring%20Financial%20Capability%20%20The%20context%20of%20Saudi%20Arabia.pdf

(85) See: www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.8

(86) Still, it should also be noted that pre-FSDP there were opportunities for targeted interventions and reforms such as ensuring the formation of an advanced capital market.

(87) See: <https://documents1.worldbank.org/curated/en/225251468330270218/pdf/Global-financial-development-report-2014-financial-inclusion.pdf>

(88) See: <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>

(89) See: www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p. 21

(90) See: <https://data.worldbank.org/indicator/FX.OWN.TOTL.60.ZS?end=2021&locations=SA&start=2021&view=bar>

(91) Authors’ interview, December 2024.

(92) See: http://www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.12

(93) This issue will be addressed in greater depth the “Financial Habits among Young Saudis: Challenges” section.

Adding to pre-FSDP challenges was the predominantly complex and bureaucratic Saudi regulatory environment. This environment was perceived as restrictive, potentially discouraged new entrants, and hindered the development and adoption of innovative financial technologies (FinTech) within the sector.⁽⁹⁴⁾ This limited competition stifled the sector's ability to adapt and cater to the evolving needs of the economy and individuals.⁽⁹⁵⁾ Still, by acknowledging aspects of pre-existing limitations and their quantitative impact, we can better address the potential transformations envisioned by the FSDP and its ongoing efforts to shape a more vibrant and inclusive financial future for Saudi Arabia.⁽⁹⁶⁾

2017 Financial Sector Development Program

One of the most significant programs in the contemporary history of Saudi Arabia in terms of depth, cohesiveness, and inclusion of various aspects to finance, is Saudi Vision 2030's Financial Sector Development Program (FSDP) launched in April 2017 by the Council of Economic and Development Affairs (CEDA). An important component of this program is the National Savings and Financial Literacy Strategy.⁽⁹⁷⁾ The program aims to address the limitations cited previously by fostering greater diversity, promoting financial inclusion in products and services, streamlining regulations, encouraging the adoption of innovative technologies, and significantly enhancing financial literacy through various channels such as social programs and corporate social responsibility. According to the FSDP document, there is an urgent need to improve and raise the level of financial literacy in Saudi Arabia, in particular among young nationals between the ages of 19 and 29, because negative financial behaviors including low levels of planning, impact these young nationals' ability to make sound financial decisions.⁽⁹⁸⁾ Hence, the establishment of the Financial Literacy Entity (FLE) under the FSDP was a critical step in Vision 2030's pursuit of significantly raising the financial literacy rate among adults. The FLE seeks to unify and scale existing financial literacy efforts, aiming to increase the level of adult financial literacy and ensure that citizens are equipped with essential financial knowledge.⁽⁹⁹⁾

(94) Fintech is a combination of the words 'financial' and 'technology'. It refers to any app, software, or technology that allows people or businesses to digitally access, manage, or gain insights into their finances or make financial transactions.

(95) www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.36.

(96) Ibid.

(97) Ibid.

(98) Ibid, p. 24.

(99) See: Mohammed Al Rumaih and Wael Al Hazzani "Financial Literacy in Saudi Arabia: Evolution and Impact", *World Federation of Exchanges*, October 2024, <https://focus.world-exchanges.org/articles/financial-literacy-saudi>

FSDP aims to transform the Kingdom's financial landscape, aligning with the broader objectives of economic diversification and growth outlined in Saudi Vision 2030. The program prioritizes four key strategic objectives each contributing to a robust and future-oriented financial sector: a) enable financial institutions to support private sector growth; b) ensure the formation of an advanced capital market, c) promote and enable financial planning, and d) FinTech Strategy.⁽¹⁰⁰⁾ By 2030, the program envisions a significantly larger financial landscape. The banking sector is projected to nearly double in size, with total assets reaching Saudi Arabian Riyals (SAR) 4.553 billion, a substantial increase from SAR 2.631 billion recorded in 2019.⁽¹⁰¹⁾ The program also emphasizes diversification within the financial sector.⁽¹⁰²⁾ The stock market is expected to play a more prominent role, with its value as a percentage of GDP climbing from 66.5% (excluding the Aramco IPO) in 2019 to 88% by 2030. With the aim of positioning Saudi Arabia as one of the leading countries in the field of FinTech, the strategy aspires to increase the number of FinTech companies operating in the Kingdom to 525 by 2030, which will create approximately 18 thousand jobs in the FinTech sector, increase the sector's GDP contribution to SAR 13 bn, and increase the volume of venture capital investments into the sector to SAR 12 bn, further enriching the financial ecosystem.⁽¹⁰³⁾ Financial inclusion is another key objective of the FSDP.⁽¹⁰⁴⁾ The program seeks to increase the number of adults with bank accounts and promote financing for productive ventures, such as small and medium-sized enterprises (SMEs). It also aims to significantly increase the share of SME loans from banks to 20% by 2030, a substantial leap from just 5.7% in 2019. The program also envisions a future with a near-cashless society.⁽¹⁰⁵⁾ It aims to achieve this by increasing cashless transactions to 80% by 2030. In 2019 the figure was 36%, which then rose to approximately 57% in August 2021.⁽¹⁰⁶⁾ In 2023, e-payments share reached 70% of total payments. It is envisaged that this digital transformation will not only enhance customer experience, but also improve operational efficiency within the financial sector.⁽¹⁰⁷⁾

(100) See: www.vision2030.gov.sa/media/swzfog2h/2021-2025-financial-sector-development-program-delivery-plan-en.pdf, p.34.

(101) Ibid.

(102) Ibid

(103) See: <https://www.vision2030.gov.sa/media/swzfog2h/2021-2025-financial-sector-development-program-delivery-plan-en.pdf>, p.63.

(104) See: https://www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.31

(105) The 2021 Saudi Arabia National Fintech Adoption Survey found that the majority of the population still use cash once a week, but overall cash usage is declining.

See: https://fintechsaudi.com/wp-content/uploads/2021/08/Fintech_Adoption_Survey_English.pdf

(106) See: www.sama.gov.sa/en-US/Documents/National_Payments_Usage_Study_en.pdf, p.5; www.spa.gov.sa/en/N2077392

(107) See: www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.12.

The FSDP's third and most relevant strategic objective “promote and enable financial planning,” sets the scene by providing a baseline analysis from a survey by the OECD conducted in 2017 that documents Saudi Arabia as having the lowest financial literacy score within the G20 countries (at that time) of 9.6 out a 21-point scale, 12.7 being the average score.⁽¹⁰⁸⁾ The strategic objective is then subdivided into four sub-objectives with two of these being most relevant to this report: improve and strengthen the savings ecosystem and enhance financial literacy.⁽¹⁰⁹⁾

A feature of Saudi Vision 2030 and its associated Vision Realization Programs (VRPs),⁽¹¹⁰⁾ including the FSDP, is the publication of comprehensive periodic reports either quarterly, half-yearly, or annually. These reports facilitate transparency and accountability, enabling progress assessments, the identification of areas for improvement, and the alignment of strategies with the evolving needs of the Saudi population. In one of the early FSDP reports, namely, the 2021 FSDP Program Charter, a designated section on financial literacy provided a baseline assessment of the status of financial literacy in Saudi Arabia.⁽¹¹¹⁾ The report references the OECD 2017 survey that scores the level of adult financial literacy in the Kingdom as 9.6 out of 21, highlighting that this is low compared to similar countries, as well as the lowest of the G20 states. However, the report does not provide an exact financial literacy rate for Saudi Arabia that documents the percentage of the Saudi population (or youth as a subset) who are considered financially literate. Moreover, subsequent reports such as the Annual Report for the Financial Sector Development Program⁽¹¹²⁾ that include specific sections regarding the status of financial literacy among Saudis, highlight endeavors such as FSDP participation in a working group to prepare the general vision for including financial literacy concepts in public education under the umbrella of the MoE, including the previously mentioned financial literacy course to high school students. In addition, the 2023 Annual Report mentions “proposed initiatives

(108) See: www.oecd-ilibrary.org/finance-and-investment/g20-oecd-infe-report-on-adult-financial-literacy-in-g20-countries_04fb6571-en.

(109) The G20 9.6 score does not appear to have been updated since 2017, with papers and reports published post-pandemic still referencing this score. See for example, Ray et al, “Digital Financial Inclusion and Literacy from a G20 Perspective”, *ADB Institute*, November 2022, www.adb.org/sites/default/files/publication/843526/adbi-digital-financial-inclusion-and-literacy-g20-perspective.pdf

(110) The VRPs are some of the most effective entities that work with all other related institutions to cascade mandates, mobilize initiatives, and track progress towards targets.

(111) See: www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.24

(112) See: www.vision2030.gov.sa/media/xofhvrav/financial-sector-development-program-2023-annual-report.pdf

and projects” that aim to develop students’ abilities at an early age to become more aware of potential financial risks and opportunities, as well as developing the ability make more informed and considered financial decisions.⁽¹¹³⁾

In sum, the FSDP’s impact on the lives of Saudi individuals is multifaceted and unfolds through its long-term effects on the financial ecosystem. Ultimately, the success of the FSDP will be measured by its ability to achieve its ambitious objectives and contribute to a more prosperous and financially secure future for the Kingdom and its citizens.⁽¹¹⁴⁾

2018 King Khalid Foundation Report

A valuable resource for this report is the 2018 KKF Report “Financial Inclusion in Saudi Arabia: Reaching the Financially Excluded” that focusses on less fortunate segments of society who cannot fully benefit from financial services and/or banking products. The report documents that there are members of Saudi society who cannot open bank accounts (the unbanked as previously noted) as well as enterprises that cannot obtain basic financial services, such as access to credit or ATM cards.⁽¹¹⁵⁾ However, our report differs from the KKF report in several ways. Firstly, the KKF report was researched and published before the 2020 COVID-19 pandemic, and secondly, the KKF report focusses exclusively on financial inclusion/exclusion.⁽¹¹⁶⁾ This report also discusses financial inclusion/exclusion, but rather as a contributing factor linked to awareness of financial literacy, or lack of.

When it comes to financial inclusion, one way to look at levels of inclusion is through percentages of ‘fully banked’ people, in relation to those who are ‘unbanked’ or ‘underbanked’. According to Investopedia being unbanked refers to adults who do not utilize or have access to traditional financial services such as savings accounts, credit cards, or personal loans. On the other hand, being underbanked means having a bank account but still relying on alternative financial services such as money orders, check-cashing services, or ‘payday

(113) Ibid, p. 41.

(114) See: www.vision2030.gov.sa/media/ud5micju/fsdp_eng.pdf, p.74.

(115) See: <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>. The report highlights that in addition to opening bank accounts or investment accounts, the financially excluded cannot apply for loans, be issued credit cards, transfer money, and obtain insurance.

(116) Whilst there has been no specific update of this report since 2018, the issue has been addressed indirectly in other KKF reports, see, for example: Reaching the Future Journey of Youth between Employment, Education and Training”, <https://kkf.org.sa/en/insights/>. Authors’ interview. September 2024.

loans’ such as Riyadh Bank’s Tas’heel Program.⁽¹¹⁷⁾ Being unbanked or underbanked is a financial reality for an estimated 1.4 billion adults worldwide.⁽¹¹⁸⁾ This lack of access or limited engagement with mainstream financial institutions often results from a variety of factors, including low income, lack of trust in banks, privacy concerns, or inconvenient branch locations. While the unbanked and underbanked populations are often concentrated in developing countries or poorer regions, this phenomenon is also prevalent in developed nations.⁽¹¹⁹⁾ The consequences of being unbanked or underbanked can be significant. Individuals may face challenges in managing finances, building credit, accessing affordable loans, or even receiving government benefits.

The KKF report highlights six main categories of unbanked constituencies, five of which are relevant to this report:⁽¹²⁰⁾

1. **Stateless People:** These are individuals who lack legal identification documents, preventing them from opening bank accounts. This group includes migrant tribes, certain tribes in the south, and some communities in the southeastern and western regions.
2. **Women:** The report highlights a significant gender gap in financial inclusion, at the time of publication, 60% of unbanked adults in Saudi Arabia were women. This is attributed to cultural barriers, limited financial literacy, and traditional gender roles.
3. **People Outside the Labor Force:** Individuals not participating in the workforce are less likely to have bank accounts. This is partly due to the requirement for employed individuals to have bank accounts to receive salaries.
4. **Defaulting and Limited-Income Groups:** Limited-income individuals are more susceptible to financial exclusion due to unfamiliarity with financial services and low incomes.

(117) See: www.investopedia.com/terms/u/unbanked.asp#:~:text=Unbanked%20is%20an%20informal%20term,banking%20institutions%20in%20any%20capacity; www.riyadbank.com/personal-banking/personal-finance/tasheel

(118) See: www.worldbank.org/en/news/feature/2022/07/21/covid-19-boosted-the-adoption-of-digital-financial-services

(119) See: <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>, p. 4

(120) As previously documented, the KKF 2018 report states that 28% of the Saudi population was unbanked in 2017, Ibid p. 5. The sixth category focuses on Non-profit organizations: Addressing the consequences of the increasingly strict implementation of regulations that control transactions between financial institutions and non-profit organizations, with the aim of combatting money laundering and the financing of terrorism is considered an important issue that pertains to the financial inclusion of the non-profit sector.

Additionally, individuals who have defaulted on loans face challenges in accessing financial services due to legal restrictions and social stigma.

5. Less Educated Individuals: The report finds a correlation between education level and financial inclusion, with less educated individuals having lower rates of bank account ownership and savings.⁽¹²¹⁾

Other reasons specified in the report include “not having enough money” or “another family member having a bank account”, “financial services are too expensive”, and “not possessing identification documents”.⁽¹²²⁾ Additionally, registered national addresses in Saudi Arabia are a relatively new concept, with some residential units especially outside the main urban areas remaining unregistered,⁽¹²³⁾ and therefore, the financial status of their residents undocumented.⁽¹²⁴⁾

In terms of financial inclusion, especially after referencing the low percentages of Saudi women with bank accounts in 2018, in truth, the financial landscape for Saudi women has evolved rapidly as part of Vision 2030 and its programs.⁽¹²⁵⁾ While concrete Saudi data/figures regarding bank account ownership are not always available, a 2024 estimate suggests that around 63.5% of Saudi women have an account with a financial institution.⁽¹²⁶⁾ The remarkable surge in female labor force participation from around 17-18% when the Vision was launched in 2016 to 34% at the end of 2023 provides a strong indicator.⁽¹²⁷⁾ As more women join the workforce, the necessity for formal banking channels to receive salaries and conduct financial transactions becomes a necessity as these women are unlikely to be compensated in cash. This shift away from cash-based transactions, driven by increased female employment, indicates a significant rise in the percentage of Saudi women who, out of necessity, are banked.

(121) As discussed earlier in this paper.

(122) <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>.

(123) See, for example: <https://saudihelplinegroup.com/national-address-registration-and-update/>

(124) <https://kkf.org.sa/media/ipuh5olx/2-financial-inclusion-in-saudi-arabia-2018.pdf>.

(125) A 2008 study about money and power in the Saudi family documented that the majority of working couples had separate bank accounts. See, Nora F. Almosaed, “Money and Power in Saudi Family”, *JKAU: Arts & Humanities, Vol. 16 No. 2*, pp: 61-87 (2008 A.D. / 1429 A.H.), p.82.

(126) www.statista.com/statistics/1394148/saudi-arabia-distribution-of-financial-inclusion-factors/

(127) www.stats.gov.sa/sites/default/files/LMS%20Q4_2023_PR_EN%20Press%20Release.pdf

2019 SAMA Working Paper: Measuring Financial Capability

A 2019 SAMA report titled “Measuring Financial Capability: The Context of Saudi Arabia,”⁽¹²⁸⁾ defines multifaceted concepts of financial capabilities within the Saudi context. Significantly, this SAMA report seeks to develop a comprehensive understanding of how Saudi consumers manage their finances, make financial decisions, and engage with financial products and services.⁽¹²⁹⁾ At the pre-COVID-19 time of publication, the report states that financial literacy was found to be low in Saudi Arabia compared to other similar countries, with approximately 30% of adults considered financially literate.⁽¹³⁰⁾ Hence, given the low level of financial literacy in the Kingdom at this time, and limited, uncoordinated initiatives to foster financial education, SAMA spearheaded a national financial literacy initiative to coordinate and synchronize efforts for boosting financial education.⁽¹³¹⁾ This report’s primary objectives were:

1. To develop a reliable and valid scale for measuring financial capability in Saudi Arabia, considering the unique cultural, social, and economic factors that influence financial behavior in the country.
2. To identify and analyze the key factors that contribute to or hinder financial capability among Saudi consumers, including demographic characteristics, financial knowledge, attitudes, behaviors, and access to financial services.
3. To provide evidence-based recommendations for policymakers, financial institutions, and other stakeholders to enhance financial capability and promote financial inclusion in Saudi Arabia.⁽¹³²⁾

The report outlined a seven-step methodology to develop a new scale for measuring financial capability in Saudi Arabia. This includes a literature review, focus group data, in-depth interviews with experts, item generation and purification, pre-testing, and finally, assessing the validity and

(128) See: www.sama.gov.sa/en-US/EconomicResearch/WorkingPapers/Measuring%20Financial%20Capability%20%20The%20context%20of%20Saudi%20Arabia.pdf

(129) Ibid, p. 1.

(130) Ibid, p. 5.

(131) Ibid, p. 5.

(132) Ibid.

reliability of the scale.⁽¹³³⁾ The resulting scale consists of 22 items covering five major dimensions:

1. Making ends meet: The ability to manage daily finances and meet financial obligations.
2. Keeping track: The ability to monitor income, expenses, and account balances.
3. Planning ahead: The ability to set financial goals, save, and plan for the future.
4. Choosing products: The ability to select appropriate financial products and services.
5. Staying informed: The ability to keep abreast of financial developments and seek financial advice.⁽¹³⁴⁾

Although published in 2019 (pre-COVID-19), and similar to the FSDP 2017 and KKF 2018 papers, the SAMA report's content, its objectives and five main dimensions remain relevant to the development of improved financial literacy in contemporary Saudi Arabia.

Examples of Educational Initiatives

• **Riyali Program as an Example of Corporate Social Responsibility**

Prior to the 2017 launch of the FSDP, there was limited public discourse regarding financial literacy in the Kingdom, especially among non-governmental entities. In fact, Saudi school curricula almost never addressed financial literacy vis-à-vis personal finances, and our interviewees believe that financial literacy, and similar concepts, were not included in educational curricula due to limitations linked to educational policies.⁽¹³⁵⁾ With this issue in mind, in 2012, SEDCO Holding⁽¹³⁶⁾ established the impactful 'Riyali' program, which has subsequently become one of the most prominent examples of corporate social responsibility in Saudi Arabia.⁽¹³⁷⁾ The aim of Riyali is to transform awareness of financial literacy across the Kingdom. Its ambitious scope encompasses a multi-generational approach, offering dedicated programs for secondary school students (Ajyal Riyali), tertiary education students (Riyali), and young professionals (Shabab Riyali). Through a blend of interactive workshops, online resources, and engaging activities, to date, these programs have empowered over two million young Saudis.⁽¹³⁸⁾

(133) Ibid, p. 6-7

(134) Ibid, pp. 10-13

(135) Authors' interviews, October 2023.

(136) See: <https://sedco.com/about/>: SEDCO Holding is a leading Saudi ethical and sustainable investor with a history of excellence dating back over 47 years.

(137) <https://kashida-learning.com/case-studies/riyali-managed-learning/#:~:text=Created%20by%20and%20launched%20in,1%2C700%2C000%20students%20within%20the%20Kingdom.>

(138) <https://riyali.com/history/>

Riyali's website provides an assortment of free tools such as ready-to-download templates, explanations on other existing smartphone applications, PDF files, and infographics. These tools span topics such as defining financial goals, steps to financial independence, working while studying, and budgeting.⁽¹³⁹⁾ In addition to the free tools, the website is replete with blogposts and articles on financial awareness that are tailored to the general public.⁽¹⁴⁰⁾ The website also targets families and households, suggesting approaches for parents to encourage children to save, how to prevent and avoid heavy educational financial burdens, as well as how to address family budgets.⁽¹⁴¹⁾ In addition to providing essential technical financial explanations, many of Riyali's other website videos compliment the program's financial materials, for example items related to ethics, social norms, and self-worth, i.e., a sense of one's own value as a human being.⁽¹⁴²⁾

At the outset, Riyali's initial approach relied on face-to-face workshops to deliver its financial literacy curricula. However, the program's founders⁽¹⁴³⁾ quickly recognized the potential of e-learning to expand its reach and enhance the program's impact.⁽¹⁴⁴⁾ In 2015, Riyali partnered with Rwaq⁽¹⁴⁵⁾ a prominent Saudi e-learning platform to make its courses accessible to a wider audience. This strategic move proved to be a resounding success, with Riyali reaching 10,000 students within just two months.⁽¹⁴⁶⁾ Subsequently, Riyali partnered with the MoE in collaboration with SAB Bank to target more than 1.2 million students for both direct and online training. This resulted in more than five thousand teachers becoming ambassadors for the program.⁽¹⁴⁷⁾ In 2020, the three entities, Riyali, the MoE, and SAB Bank, designed a competition for financial awareness for elementary students to attract the widest number of students from all social segments. The competition was conducted at 47 different Saudi educational institutions comprised of three levels: a) level of financial awareness including watching content on the online platform, b) submitting an original video of their own explaining their understanding

(139) <https://courses.riyali.com/>

(140) <https://riyali.com/blog/>

(141) Ibid.

(142) www.youtube.com/watch?v=X3wZ1nZRL9E

(143) <https://sedco.com/sustainability/riyali/>

(144) Ibid.

(145) www.rwaq.org/users/riyali

(146) www.rwaq.org/courses/riyali

(147) <https://riyali.com/news/%D9%85%D8%AC%D9%85%D9%88%D8%B9%D8%A9-%D8%B3%D8%AF%D9%83%D9%88-%D8%A7%D9%84%D9%82%D8%A7%D8%A8%D8%B6%D8%A9-%D8%AA%D9%88%D9%82%D9%91%D9%90%D8%B9-%D8%A7%D8%AA%D9%81%D8%A7%D9%82%D9%8A%D8%A9-%D8%B4%D8%B1/>

of gained knowledge, c) undergoing a round of voting to decide the winners. The grand total for the prize is more than SAR 100,000 divided over two stages. In the first stage, 94 winners of both genders receive a prize of SAR 1000 each, and in the final stage, three winners receive SAR 5000, SAR 3000, and SAR 1500 respectively.⁽¹⁴⁸⁾

To evaluate the effectiveness of its e-learning approach, Riyali conducted a survey of 24,730 participants (students of its programs and their parents) in 16 Saudi cities.⁽¹⁴⁹⁾ The survey focused on three main segments: financial knowledge, financial beliefs, and financial behaviors. The results were highly informative, demonstrating the significant impact of the programs and initiatives on the program participants. Compared to peers who did not participate in the program Riyali graduates exhibited a 50% increase in awareness of savings concepts, a 25% increase in awareness of investment concepts, a 65% increase in borrowing-related skills, and a 72% increase in budgeting skills.⁽¹⁵⁰⁾ Moreover, these gains translated into positive behavioral changes: Riyali graduates demonstrated an 86% increase in actual savings behavior, an 81% increase in actual budgeting behavior, a 43% increase in responsible borrowing behavior, and a 68% increase in investment behavior.⁽¹⁵¹⁾ Furthermore, when program beneficiaries were asked to rank their experience with Riyali, 62% of tertiary education students, 81% of secondary high school students, and 78% of parents recommend Riyali.⁽¹⁵²⁾

- **Amwalona Initiative by Global Shapers Community**

Amwalona, a financial literacy initiative (translation: our money)⁽¹⁵³⁾ was established by Mohammed Tomalieh⁽¹⁵⁴⁾ a self-motivated individual who leveraged his Saudi volunteering membership of the World Economic Forum's (WEF) Global Shapers Community to create this unique program.⁽¹⁵⁵⁾ Amwalona started in the Global Shapers' Jeddah Hub⁽¹⁵⁶⁾ and then was adopted by another ten Gulf Region Hubs, and is aimed at improving financial literacy among

(148) <https://riyali.com/news/%D9%88%D8%B2%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%AA%D8%B9%D9%84%D9%8A%D9%85-%D9%88%D8%A8%D8%B1%D9%86%D8%A7%D9%85%D8%AC-%D8%B1%D9%8A%D8%A7%D9%84%D9%8A-%D9%8A%D8%B7%D9%84%D9%82%D8%A7%D9%86-%D9%85%D8%B3/>

(149) <https://riyali.com/impact-page/>

(150) Ibid.

(151) Ibid.

(152) Ibid. Riyali's YouTube channel hosts several success stories by the program's graduates.

(153) 'Amwalona' tool aims at teaching Saudis run their personal finances', *Saudi Gazette*, 26 December 2016, <https://saudigazette.com.sa/article/169851>

(154) Interviewed for this paper.

(155) www.globalshapers.org/impact/amwalona/

(156) <https://jeddahhub.org/projects/>

various age groups in the Middle East & North Africa (MENA) region. The initiative focuses on savings, financial planning, and investments, and delivers its programs through investment workshops, speaker series, and downloadable financial planning tools.⁽¹⁵⁷⁾ Since its launch in 2016, Amwalona has been utilized by over 40,000 families and has engaged more than 1,500 Saudi university students in its investment workshops.⁽¹⁵⁸⁾ In recognition of its impact, Amwalona was selected by the Saudi Central Bank in 2019 to support the implementation of the National Strategy for Financial Literacy in Saudi Arabia.⁽¹⁵⁹⁾

- **Capital Market Authority Programs**

The Capital Market Authority (CMA) operates two financial literacy programs: Thameen, and Smart Investors, with a target audience of students and potential young investors. Thameen program's outputs vary and include videos, booklets, and workshops. More information about the program can be found through the website, in addition to CMA's pages on X (formerly Twitter) and YouTube.⁽¹⁶⁰⁾ Smart Investor's program targets primary, middle and high school students. The program's outputs include cartoon series, magazines, and videos, and more information about the program can be found through the website, in addition to CMA's pages on X and YouTube.⁽¹⁶¹⁾ Initially, the Smart Investors program targeted elementary school pupils, but after 2018, this was extended to high school pupils. The Smart Investors program includes cartoons, and topics on money for seven- to nine-year-olds. Pre-COVID, CMA published a financial literacy magazine as part of the program (since discontinued) and conducted around 200 related elementary and high school visits and universities. Post-pandemic, CMA provides financial literacy kits for teachers and arranges school visits (around 35 at the time of writing) to the CMA headquarters in Riyadh, each lasting about four hours. In addition, CMA publishes all its financial literacy reports on its website.⁽¹⁶²⁾ During Global Money Week 2023, the CMA collaborated with 136 financial institutions to conduct workshops and educational campaigns, directly reaching over 22,921 children and young people and 51,080 adults across Saudi Arabia.⁽¹⁶³⁾

(157) www.khobarhub.org/initiatives

(158) Ibid.

(159) Ibid.

(160) See: <https://thameen.org.sa/>; <https://www.youtube.com/@Thameensa/videos>; <https://twitter.com/thameensa>

(161) See: <https://si.org.sa/>; <https://www.youtube.com/@siorgsa/videos>; <https://twitter.com/siorgsa>

(162) See: <https://cma.org.sa/en/Pages/default.aspx>

(163) See: Mohammed Al Rumaih and Wael Al Hazzani "Financial Literacy in Saudi Arabia: Evolution and Impact", *World Federation of Exchanges*, October 2024, <https://focus.world-exchanges.org/articles/financial-literacy-saudi>

4. Financial Literacy among Young Saudis: Research Findings

As explained previously, we applied a mixed method approach to answer our key research questions, which included an online Arabic survey, interviews, and literature review.⁽¹⁶⁴⁾ An amalgamation of research findings from these identified the following important subject areas: Family, Gender and Financial Backgrounds; Awareness of Good Financial Behavior and Attitudes to Money; Understanding Assets and Financial Plans, and Financial Behavior amongst Saudi Youth. These are discussed in the following sub-sections.

Family, Gender and Financial Backgrounds

Saudi youth usually find themselves navigating life shaped by strong family influences. As Alshebami and Aldhyani point out, parents play an important role in directing and influencing their children's consumer socialization and saving behavior. Indeed, for parents who want to ensure that their children have a successful life, it is critical that they teach them about financial literacy, as doing so will allow them to develop financial competencies and to better manage their lives.⁽¹⁶⁵⁾

Saudi families remain important pillars of financial support, with many acting as safety nets during times of hardship. For instance, during periods of financial hardship around 62% of our survey respondents ask for help from family members, with 41.9% seeking parental assistance and 20.4% receiving help from siblings. Approximately a third of respondents say that they depend on themselves to get by, while 4% use banks or other financial institutions, and only 3%, resort to help from friends.⁽¹⁶⁶⁾ However, one of our interviewees claims that nowadays, young working women who are fully independent financially, but need some assistance, would not ask their families for help. Rather they would ask friends and/or colleagues especially if family ties are not especially strong.⁽¹⁶⁷⁾

Regarding savings and/or investments, 82% of survey respondents' families discuss these to varying degrees, however 89% noted that their families do not possess a fund that is designated

(164) Authors' Financial Literacy Awareness Survey: approximately 60% of survey respondents were male and the remainder female. Most survey respondents were aged between 19 and 29.

(165) Ali Saleh Alshebami and Theyazn H. H. Aldhyani, "The Interplay of Social Influence, Financial Literacy, and Saving Behavior among Saudi Youth and the Moderating Effect of Self-Control", *Sustainability* 2022, 14, 8780. <https://doi.org/10.3390/su14148780>, p. 4.

(166) Authors' Financial Literacy Awareness Survey.

(167) Authors' interview November 2023.

either for investment and/or their futures. Furthermore, dedicated investment avenues for children's futures remain scarce, highlighting a disconnect between financial awareness and actionable plans. Finally, respondents were asked if their families contribute to a shared fund with their extended family: 50% replied in the affirmative, 25% in the negative, and the remainder do not know.⁽¹⁶⁸⁾ This issue is important as financial security is extended by many families in organized ways by either establishing a shared fund that members contribute to that serves as a source for coping with individual emergencies and/or support with personal issues such as assistance with getting married. Another method is called 'jam'eyah' (union/association) where again, a family group contributes on a predefined basis, usually monthly. This method operates on a rotation basis whereby a specific family member is allocated all pooled money for large personal purchases and/or expenses for a certain month. Subsequently, other members receive the same benefit in an agreed rotational order during the following months.

In October 2024 Saudi employment data showed that more Saudis now work in the private sector than in the public sector, with the former standing at 50% versus 49.1% for the latter. It is expected that the share of private sector employment will increase in the years leading to 2030 as the economy diversifies further.⁽¹⁶⁹⁾ (Post-Vision 2030 'gender agnostic' labor laws require that employment positions are advertised with the same responsibilities and compensation regardless of gender).⁽¹⁷⁰⁾ However, approximately two thirds of our survey respondents say that their families expect them to secure a 'job for life' in the public sector, due to the perception that these jobs offer higher salaries and better job security. Traditionally, 'jobs for life' have been considered to offer greater financial security, and in the case of young men, better opportunities for marriage. The remaining third of respondents' families are aware of the availability of alternative career paths such as employment opportunities in the private sector and/or with start-ups.⁽¹⁷¹⁾ Furthermore, more than two thirds of respondents' families prefer their offspring to spend their entire working lives in full-time employment, rather than other alternatives such as establishing a start-up. Yet a significant portion of our survey respondents (80%) lack exposure to the world of entrepreneurship, and despite the

(168) Ibid.

(169) See: www.linkedin.com/posts/sohaibshahid_what-does-saudi-employment-look-like-for-activity-7252246402863423489-vzYC/?utm_source=share&utm_medium=member_ios

(170) www.okaz.com.sa/variety/na/2085015

(171) About 48% of young Saudis have their own businesses but most need financial support to develop them. Authors' Financial Literacy Awareness Survey.

post-Vision 2023 entrepreneurship trend in the Kingdom, a young Saudi cannot embark on an entrepreneurial journey without basic financial literacy.⁽¹⁷²⁾

Giulia Sesini et al. observe that financial behaviors studies indicate that both genders have similar approaches to savings and expenses monitoring, while financial investments are primarily pursued by men.⁽¹⁷³⁾ As noted previously, while many young Saudis enjoy high disposable incomes due to the prevalence of well-paying jobs in the principle urban centers, especially Riyadh, traditional social constructs and accepted gender roles may influence financial behavior differently for Saudi males and females. In addition, this disparity may also extend to financial management practices among young Saudis from specific constituencies in the capital. According to our survey, only 30% of respondents who have a financial plan are female, and only 34% have a savings account, which appears to indicate a low level of personal savings. When asked about non-mortgage related loans, 58% of respondents with these loans are women. Moreover, one interviewee claims that if women incur debt, they are often bailed out by other male family members.⁽¹⁷⁴⁾

However, differences in spending behavior may not necessarily reflect a lack of awareness of financial literacy, but rather a different set of priorities shaped by cultural norms and expectations.⁽¹⁷⁵⁾ Indeed, Almosaed argues that within the Saudi family gender differences in spending responsibilities are as significant as differences in income. Women seem to be responsible for items such as children's clothes, food, childcare/school expenses, whereas men carry the main responsibility for spending on motor vehicles, repairs to the house and entertainment.⁽¹⁷⁶⁾ Yet, prevailing social perceptions often place less emphasis on women's roles as financial contributors to their households, regardless of whether this is true or not, thereby assuming, and making a sweeping generalization, that spending patterns between men and women are significantly different. For example, young Saudi women, whether married or not, with high disposable incomes may be more inclined to spend on goods such as luxury items,

(172) Authors' interview November 2024.

(173) Giulia Sesini, Claudia Manzi, Edoardo Lozza, "Is psychology of money a gendered affair? A scoping review and research agenda", *International Journal of Consumer Studies*, Volume 47, Issue 6, 25 July 2023, <https://doi.org/10.1111/ijcs.12975>

(174) Authors' interview, Riyadh 2023.

(175) Authors' Financial Literacy Awareness Survey.

(176) Nora F. Almosaed, "Money and Power in Saudi Family", *JKAU: Arts & Humanities*, Vol. 16 No. 2, pp: 61-87 (2008 A.D. / 1429 A.H.), P. 77

while Saudi men are primarily responsible for household financial obligations, as social norms dictate that men should be the primary bread winners. Thus, the ‘social norms’ afford women more financial freedom to prioritize personal consumption over saving and investing, yet this generalization disregards individual circumstances.

Awareness of Good Financial Behavior and Attitudes to Money

Good financial behavior, habits and norms constitute the values, standards, routine practices, and rules that people rely on to navigate their day-to-day financial lives, which in turn support their ability to effectively make financial decisions, respond quickly to financial challenges, and manage their money.⁽¹⁷⁷⁾

Our survey respondents contend that money affords the means to achieve well-being and happiness as it facilitates a better quality of life, including the ability to support a large family; in other words, it ensures a “dignified life”. Money also offers the means to improve educational levels and travel.⁽¹⁷⁸⁾ Furthermore, “everyone needs money” to achieve their goals at the practical, family, and societal levels, because to some extent, having sufficient money guarantees stability and security. In addition, money can also incentivize a person to become more ambitious, with regards to personal decision-making.⁽¹⁷⁹⁾ However, to achieve this, young Saudis need to have permanent and stable incomes, especially if they live in the main urban centers such as Riyadh where the cost of living has become considerably higher.⁽¹⁸⁰⁾

On the other hand, money can become “worthless” if a person does not use it to achieve their goals, and by extension, learn and develop. That said, respondents acknowledge that the importance (or necessity) of having sufficient money may differ from the perspective of each person and unique circumstances. For instance, there are those who need money for a specific purpose such as getting married and buying a house, and those who comprehend the concept of money as a means to satisfy temporary their personal needs, such as entertainment.⁽¹⁸¹⁾ Moreover, respondents highlight that spending can be divided between using money for “doing

(177) See, for example: www.consumerfinance.gov/consumer-tools/educator-tools/youth-financial-education/learn/financial-habits-norms/#:~:text=Makes%20and%20follows%20a%20budget,goals%20and%20values%3B%20resists%20peer

(178) Authors’ Financial Literacy Awareness Survey.

(179) Ibid.

(180) Ibid.

(181) Ibid.

good deeds” (for example charity) and spending on our personal needs.⁽¹⁸²⁾ In sum, while having money does not always translate into being happy, having sufficient money, and being allowed to spend this in any way the individual wants, contributes to happiness.⁽¹⁸³⁾

Nonetheless, if a person’s goal is simply to acquire money, that individual may “suffer in life” by becoming enslaved to the practice of trying to gain more money.⁽¹⁸⁴⁾ As one respondent observes:

Money can be a means for a person to live happily, but if it is an end and a goal to obtain it only, money becomes a source of misery because money is not everything, even if it is an important means of achieving security and safety in life. Money is a means to achieve goals, not an end, so that you do not deviate from your goals and spoil yourself.⁽¹⁸⁵⁾

This problem is exacerbated because, according to some survey respondents, a great many situations in contemporary Saudi Arabia are “ruled by money” as nothing can be purchased without money; even education “demands money”.⁽¹⁸⁶⁾ In the worst-case scenario, if money runs out, an individual cannot afford to pay for anything including educational fees, everyday necessities, practicing hobbies, transportation, housing, travel and entertainment.⁽¹⁸⁷⁾

Yet money has no value in and of itself and is only useful insofar as it can be traded for other things, that is money is a means to an end but can never be an end itself. Money is a tool, and similar to other tools, it makes sense to know how to use it, and to understand what money is for.⁽¹⁸⁸⁾ With this in mind, survey respondents were asked if they consider money a means or an end. The vast majority, as shown in Figure 1, view money as a means rather than an end, valuing the freedom it affords and the ability to pursue their aspirations.⁽¹⁸⁹⁾

(182) Ibid.

(183) Ibid.

(184) Ibid.

(185) Ibid.

(186) Ibid.

(187) Ibid.

(188) Sam Instone, “Why money should be viewed as a tool and not a goal”, *LinkedIn*, 1 April 2024, www.linkedin.com/pulse/why-money-should-viewed-tool-goal-sam-instone-xp33f/

(189) Author’s Financial Literacy Survey.

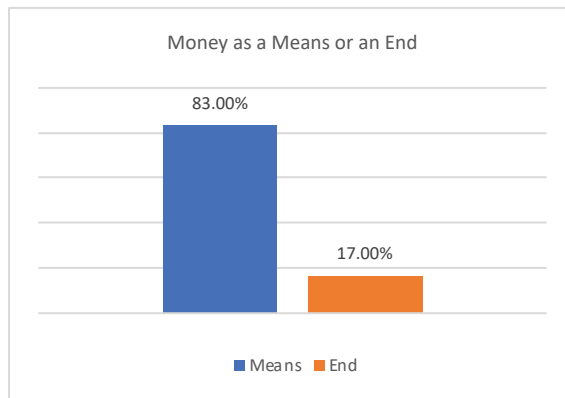


Figure 1

However, a disconnect emerges when it comes to translating this desire into reality as approximately 58% remain unsure of the steps required to achieve financial freedom, highlighting a gap between aspirations and actionable knowledge. Figure 2 shows the split between those who know how to attain financial freedom, and those who do not.

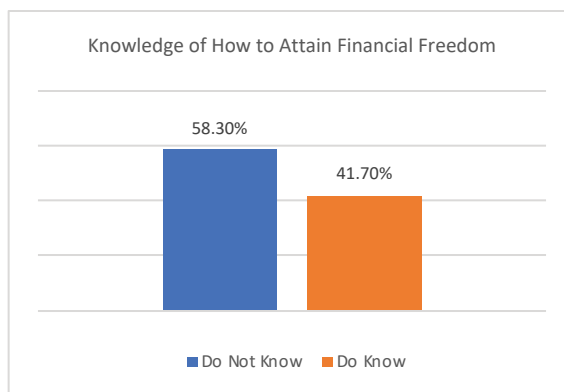


Figure 2

For centuries, according to Aladodo Abdus-Salam, money has been the subject of numerous misconceptions causing many people to adopt unhealthy attitudes toward wealth and financial management. This is true even in the Muslim world, where individuals from diverse backgrounds, social classes, and professions hold various perspectives about money, often shaped by their personal experiences.⁽¹⁹⁰⁾ Interviewees for this paper concur, believing that there is a

(190) Aladodo Abdus-Salam, "The 10 Biggest Misconceptions About Money", *ZoyaBlog*, 27 April 2023, <https://blog.zoya.finance/10-biggest-misconceptions-about-money/>

“misconception” about money among Saudi communities based on their “speculative” nature.⁽¹⁹¹⁾ For instance, people do not understand the concept of starting to save earlier on in life (when they are children), setting personal budgets, as well as the idea of long-term financial planning. Moreover, the way a particular family deals with money affects its members, for example, if the behavior prompts a “scarcity mindset”; in other words, when someone is obsessed with a lack of something, invariably money, that he/she is unable to focus on anything else.⁽¹⁹²⁾ For these reasons, Saudi families need to analyze their values regarding money because the financial behavior of adults influences their children (and vice-versa). One idea would be to provide practical financial tool kits for parents, as well as a list of information options such as places to visit and/or people to consult for both parents and children.⁽¹⁹³⁾ Moreover, various factors should be considered including each individual family’s (or household’s) educational level, whether the family owns a business, whether the family inherited money, and/or has it benefited from government assistance such as scholarships.⁽¹⁹⁴⁾ Still, awareness of good financial behavior should start earlier, and the responsibility should be with the family. However, although family discussions about financial issues can be positive and beneficial, the issue remains a challenge for many as the topic is sometimes considered socially ‘taboo’ and there is a tendency for people to avoid discussing this.⁽¹⁹⁵⁾

Another important issue is that there is little public knowledge about credit scores in Saudi Arabia, exacerbated by very limited access to these in the Kingdom. One of our interviewees claims that he seldom hears anyone in Saudi Arabia talk about personal credit scores.⁽¹⁹⁶⁾ Credit scoring, as Bouaguel et al explain, relies on the evaluation of risks related to lending money.⁽¹⁹⁷⁾ However, as Levinger et al point out, many individuals do not know their credit score and therefore, generally underestimate their creditworthiness. Yet, the research conducted by

(191) Authors’ interviews October 2023.

(192) Ibid.

(193) Authors’ interviews November 2023.

(194) Ibid. According to interviewees there is a certain amount of social shame about taking money from the government, especially if an individual and/or household can afford to go private.

(195) Authors’ interviews November 2023.

(196) Authors’ interview September 2023.

(197) Waad Bouaguel, Tagreed Al Sulimani, and Omar Alarfaj. “The impact of the COVID-19 pandemic on the Saudi credit industry: an empirical analysis using machine learning techniques to focus on the factors affecting consumer credit scoring.” *SAMA Joint Research Program*, 2022. As an example, one interviewee for this paper says her grandfather established a successful business in the 1940s/50s using his own capital and hence, her financial behavior was affected positively by his behavior. Authors’ interview 2023.

Levinger et al suggests that an “important aspect of financial literacy is self-assessment, and that it is important to encourage consumers to regularly check their credit reports and scores so as to better understand their actual creditworthiness”.⁽¹⁹⁸⁾ Nonetheless, in Saudi Arabia if an individual tries to locate a personal credit core, our interviewees assert that this is problematic as a subscription is required.⁽¹⁹⁹⁾ Despite the lack of awareness of personal credit scores in the Kingdom, credit scores should be free and readily available, for example, via mobile apps.

Understanding Assets and Financial Plans

A financial plan is a document that details a person’s current financial circumstances (income, spending, debt, and saving), including short- and long-term monetary goals, and the strategies to achieve those goals that can help prepare for fundamental needs, such as managing life’s risks, income and spending, and debt reduction. It also provides financial guidance to meet money obligations and objectives, thereby facilitating financial well-being. A financial plan can be created independently or with the help of a certified financial planner.⁽²⁰⁰⁾

When discussing assets and financial plans with young Saudis, there are frequently knowledge gaps coupled with instances of information overload, in particular from online sources. As Figure 3 illustrates, financial planning does not appear to be a priority for our survey respondents; for example, only 17.9% said they have a detailed financial plan for all their needs.⁽²⁰¹⁾ The majority either have no plan, or only a very simple one. Furthermore, when respondents were asked about how they would go about developing a financial plan (Figure 4), only 10% said they would seek professional financial assistance (if they know where to look). Significantly, the majority stated they would develop a plan themselves and/or seek the advice of a trusted individual such as a family member even if he/she is not a financial specialist.⁽²⁰²⁾

(198) Benjamin Levinger, Marques Benton & Stephan Meier, “The Cost of Not Knowing the Score: Self-Estimated Credit Scores and Financial Outcomes”, *Journal of Family & Economic Issues* 32, 2011, <https://doi.org/10.1007/s10834-011-9273-0>, pp. 566–585.

(199) Author’s interviews 2023-24.

(200) See, for example: www.investopedia.com/terms/f/financial_plan.asp#:~:text=A%20financial%20plan%20documents%20an,plan%20for%20saving%20and%20investing.

(201) Authors’ Financial Literacy Awareness Survey.

(202) Ibid.

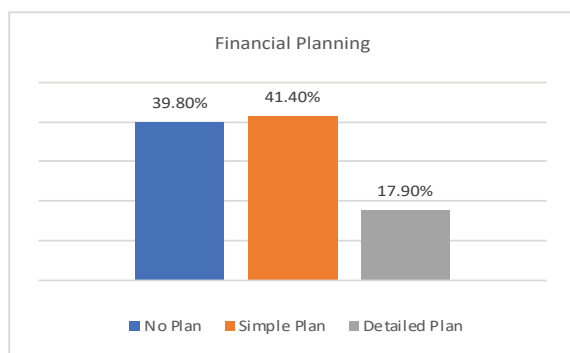


Figure 3

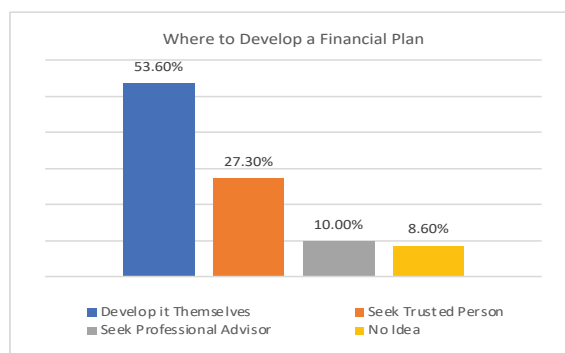


Figure 4

This apparent lack of comprehending the importance of financial planning is underscored by respondents' scarcity of knowledge about their financial net worth (Figure 5), i.e., an individual's net worth is the remaining value after subtracting liabilities from assets such as current and savings accounts.⁽²⁰³⁾ Liabilities include debt such as mortgages, credit card balances, car loans as well as obligations such as bills that must be paid, for instance traffic fines.⁽²⁰⁴⁾ A paltry 11.7% said they know the exact figure with the majority either not knowing at all or only having an approximation of their worth. In addition, over half of survey respondents do not understand the different types of asset classes (Figure 6).⁽²⁰⁵⁾ Of those who do, knowledge of diversification strategies is often limited with around 60% of respondents remarking that they do not know who to talk to and/or where to go in order to diversify their assets.⁽²⁰⁶⁾

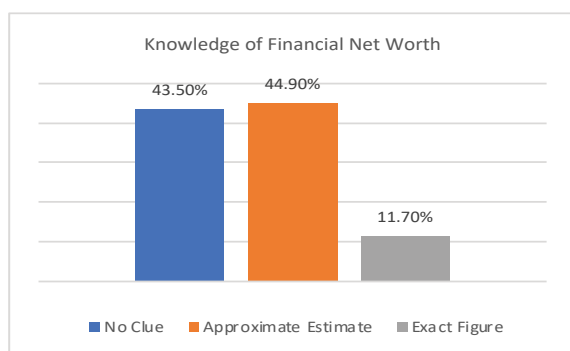


Figure 5

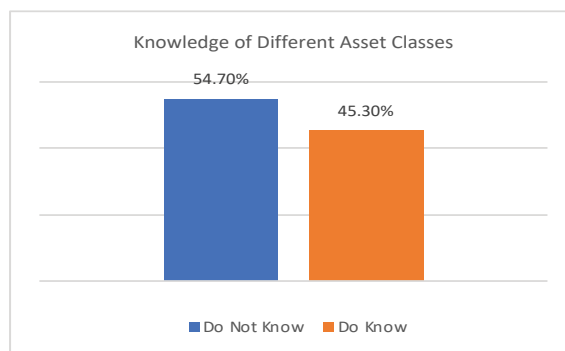


Figure 6

(203) See, for example: Akhilesh Ganti "Net Worth: What It Is and How to Calculate It", *Investopedia*, 20 June 2024, www.investopedia.com/terms/n/networth.asp#:~:text=How%20Do%20I%20Calculate%20My,car%2C%20or%20other%20similar%20assets.

(204) See, for example: <https://ksa.motory.com/en/news/traffic-violations-fines-in-saudi-arabia-2023-10407/>

(205) An asset class is a grouping of investments that exhibit similar characteristics and are subject to the same laws and regulations. Stocks and bonds, cash and cash equivalents, real estate, commodities, and currencies are common examples of asset classes.

(206) Authors' Financial Literacy Awareness Survey

Of considerable concern, as revealed in Figure 7, is that over two-thirds of survey respondents do not know where to find a credible financial source that is safe and reliable in addressing their money issues and questions. In other words, young Saudis do not know where to look for dependable information, who to ask, and significantly, who to trust. However, it can take a great deal of effort to understand these financial issues and their related environment, and even if a young person thinks he/she has understood correctly, have they, in fact, been given the correct information? Yet, this is critical because financial decisions overlap with many other areas.⁽²⁰⁷⁾ In fact, when respondents were asked about the most popular source for knowledge, content and/or advertisements related to financial services, money advice, and investment opportunities, social media and banks were cited as the main sources (Figure 8).⁽²⁰⁸⁾

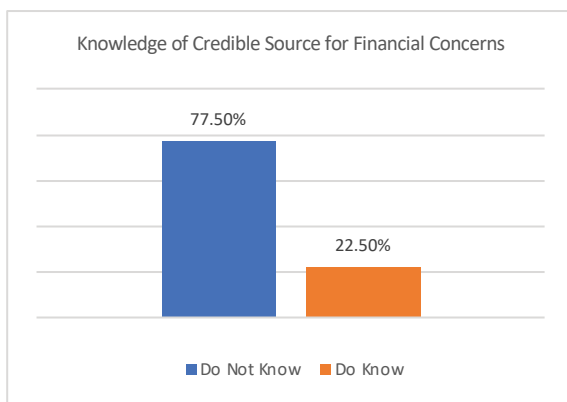


Figure 7

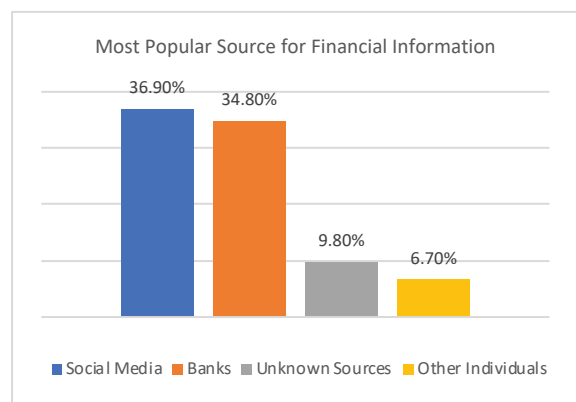


Figure 8

Financial Behavior among Saudi Youth

In addition to awareness of financial literacy, this report also documents the contemporary financial habits of young Saudis, such as how much of their monthly salaries they spend vis-à-vis how much they save. Figure 9 illustrates the frequency of our survey respondents who live paycheck to paycheck, showing that the majority do so.⁽²⁰⁹⁾ Figure 10 shows the percentage that respondents spend of their monthly income during each month, and once again, the majority spend all their salary before receiving the next paycheck.⁽²¹⁰⁾ Of particular

(207) Authors' interview November 2023.

(208) Ibid.

(209) Authors' Financial Literacy Awareness Survey

(210) As an anecdotal example, Saudi Arabia's urban shopping malls become extremely crowded on or around the 27th of the month when automatic salary transfers occur. These malls remain crowded until around the middle of the month, then much less so until the 27th of the next month. This appears to demonstrate that available funds are frequently spent immediately after salaries are received. Authors' observation, 2022-24.

concern is that approximately 11% do not know how much they spend, thereby failing to keep track of their outgoings.⁽²¹¹⁾

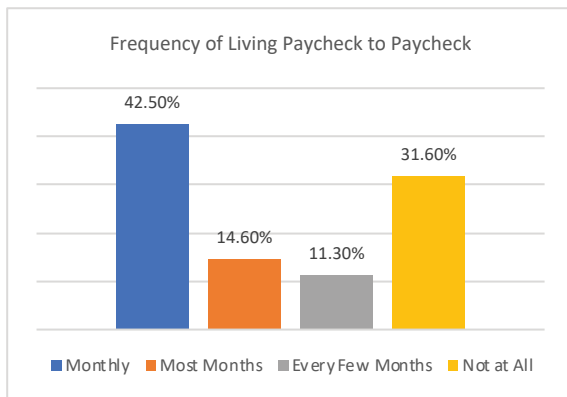


Figure 9

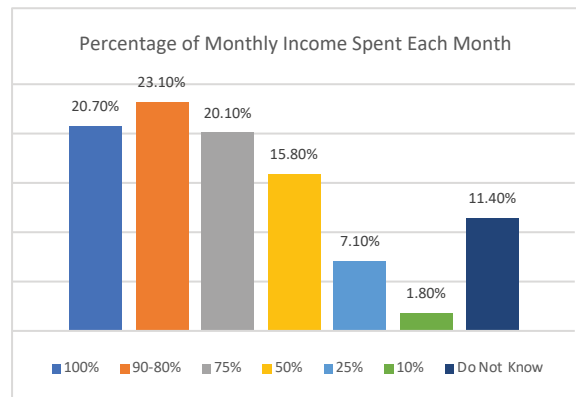


Figure 10

Once again, similar to the findings from Figures 9 and 10, when respondents were asked how much of their monthly income they save, the majority (31.6%) said they save nothing (Figure 11). When respondents were asked if they have a savings bank account, Figure 12 reveals that approximately 39% do not even though they would like to. This raises the question as to the reasons they have not opened a savings account.⁽²¹²⁾

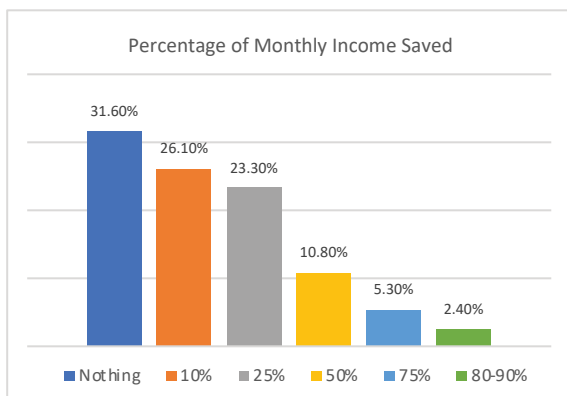


Figure 11

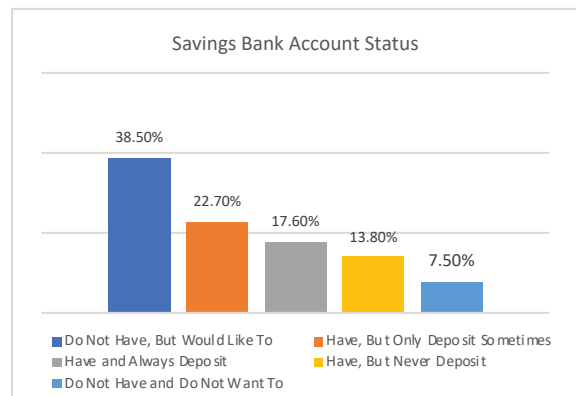


Figure 12

(211) Ibid.

(212) Ibid.

When respondents were asked if they invest their savings (Figure 13), 47.7% said they do not invest any of their savings, 38.3% said they invest their sometimes, but not always, 14.1% said they always invest their savings. A lack of savings, which indicates poor financial literacy, poses the question of what happens if an individual becomes unemployed. Thus, our respondents were asked how long they would be able to survive financially if they lost their jobs. As Figure 14 shows, around 33% of respondents have no savings, hence it is unsurprising that they might quickly find themselves in financial difficulties.⁽²¹³⁾

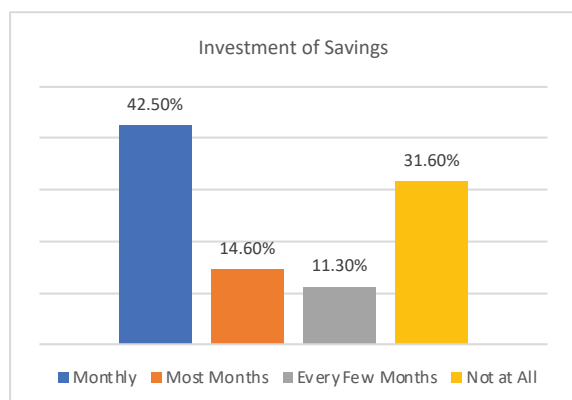


Figure 13

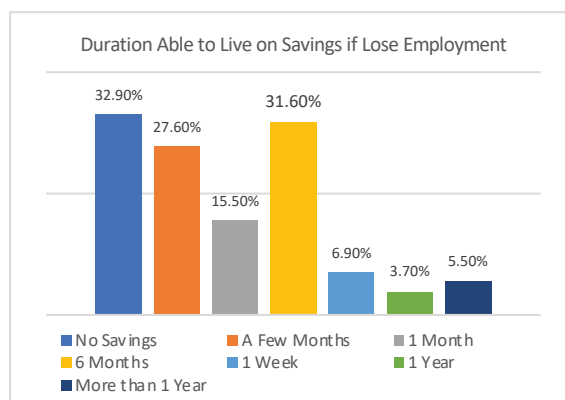


Figure 14

In 2023, retail loans offered by commercial banks in Saudi Arabia exceeded SAR 1 trillion for the first time in the Kingdom's history to reach SAR 1.02 trillion, rising 15% compared to 2021. These loans include mortgage, consumer and credit card loans.⁽²¹⁴⁾ Moreover, credit card loans rose 21% to SAR 24.9 billion by the end of the second quarter of 2023.⁽²¹⁵⁾ Figure 15 shows that credit card ownership among survey respondents stands at nearly 60%, signifying easy access to credit, but also potentially harboring the risk of debt accumulation. While loans are less common, as illustrated in Figure 16, this reliance on credit instruments underscores the need for financial literacy initiatives focusing on responsible credit usage, repayment plans, and debt management strategies.⁽²¹⁶⁾

(213) Ibid.

(214) "Retail loans in Saudi Arabia surpass SAR 1 trln for first time: Argaam Tools", *Argaam Special*, 5 March 2023, www.argaam.com/en/article/articledetail/id/1626009#:~:text=Retail%20loans%20in%20Saudi%20Arabia,for%20first%20time%3A%20Argaam%20Tools

(215) "Individual, corporate mortgages up to SAR 731.3 bln in Q2", *Argaam Special*, 10 October 2023, www.argaam.com/en/article/articledetail/id/1675789

(216) Authors' Financial Literacy Survey.

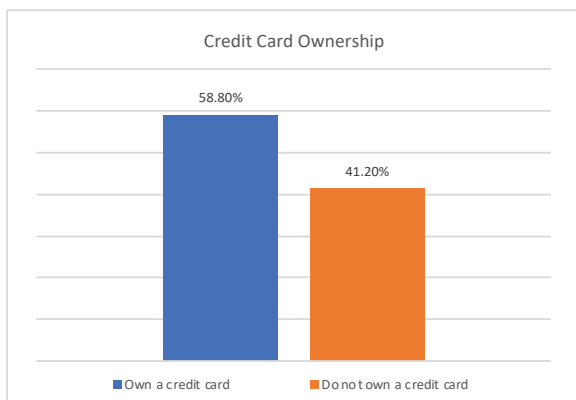


Figure 15

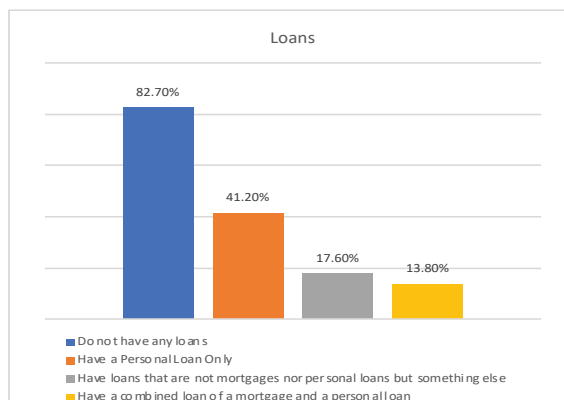


Figure 16

Spending habits vary across categories, with the survey data on the frequency of purchasing clothes, shoes, and cars provides valuable insights into consumer behavior and its implications for financial literacy in Saudi Arabia especially regarding how individuals differentiate between essentials and non-essential purchases such as luxury goods. The data also illustrates the contemporary ease of purchase as retail/service vendors and outlets are racing to make the process of placing orders as well as financing these easier with every click of a button; a process that often does not require a great deal of contemplation, i.e., these are frequently impulse purchases. For example, a significant percentage of respondents purchase clothes and shoes regularly (approximately 59% purchase clothes and shoes every few months), representing a substantial share of consumer spending.⁽²¹⁷⁾ Figure 17 shows how frequently survey respondents buy clothes and shoes, and Figure 18 how often they change their mobile phones.⁽²¹⁸⁾

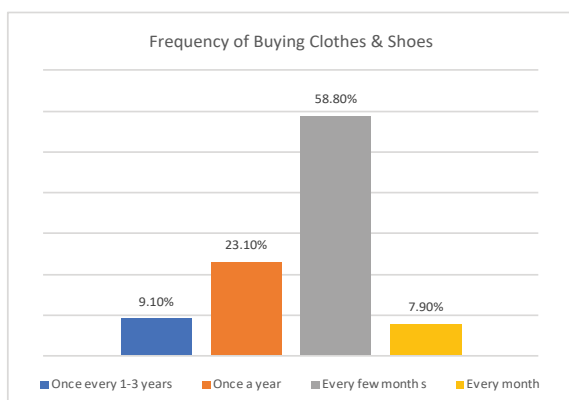


Figure 17

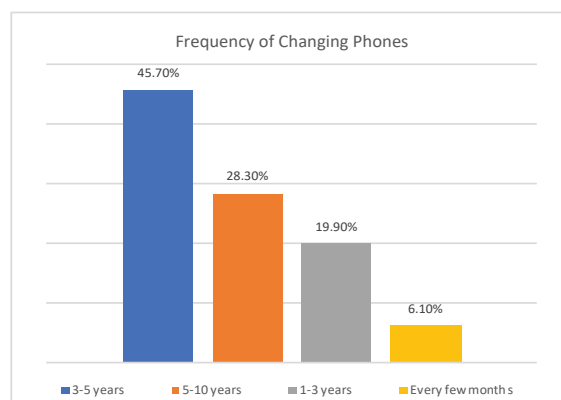


Figure 18

(217) Ibid.

(218) Ibid.

This relatively high frequency of clothing and shoe purchases, coupled with the ease of access to credit, suggests an increase in consumerism and impulse buying. Moreover, while car purchases are less frequent, they still represent a significant investment for many individuals (Figure 19). The data on car ownership, where almost half of survey respondents say they change their car once every 10 years, underscores the importance of long-term financial planning. Car ownership (or similar large purchases) represents a significant investment with long-term financial implications, in particular if this involves related financial considerations such as starting a family after marriage.

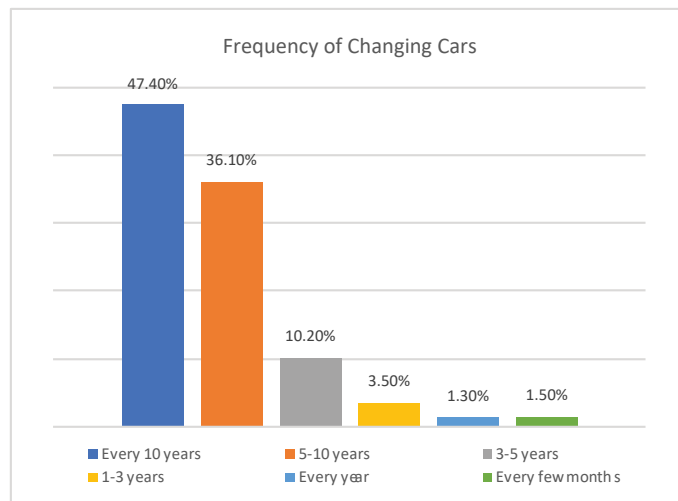


Figure 19

In sum, these survey findings highlight the need for personalized financial planning guidance and tools tailored to young Saudis' individual circumstances including generational differences, income levels and financial goals. By understanding these spending patterns and financial priorities, policymakers and financial institutions can develop targeted strategies to promote financial literacy and empower individuals to make informed financial decisions.⁽²¹⁹⁾

(219) The Darahim App provides an additional source for tracking youth spending behavior.

5. Financial Habits among Young Saudis: Challenges

In Saudi Arabia, promoting financial literacy among young nationals is essential for their future financial well-being argues Husam Yaghi. However, Yaghi also identifies several hurdles and challenges that need to be addressed to effectively impart financial education, including cultural barriers, limited access to resources, and the need for tailored approaches.⁽²²⁰⁾ With these challenges in mind, a blending of research findings from our online survey, interviews, and literature review identified the following important subject areas and/or challenges: The Rise of Individualism Versus Financial Interdependence, Consumerism, Access to Credit, and Peer Pressure, The Proliferation of Buy Now Pay Later Schemes, and Vulnerability to Financial Scams. These are discussed in the following sub-sections.

The Rise of Individualism Versus Financial Interdependence

According to Santos et al., individualism-related changes can be explained by socioeconomic development, which involves a shift from agricultural to industrial and postindustrial economies, greater occupational prestige and education, and higher incomes.⁽²²¹⁾ Furthermore, Santos et al., posit that more developed and urbanized societies become more individualist.⁽²²²⁾ These arguments, as espoused by Santos et al., are all applicable to contemporary Saudi Arabia where 83.5 % of the population is urban mainly as a result of internal migration.⁽²²³⁾

Research conducted across Saudi Arabia following the COVID-19 pandemic reveals that there is a growing perception that many young Saudis, especially the urban elites, are attempting to learn and discover what their own interests are on a personal basis, while moving away from some Saudi societal norms and practices.⁽²²⁴⁾ This issue, and concern, has prompted multiple conversations amongst young nationals across the Kingdom; conversations that sometimes center on a disapproval of what they see as the rise of ‘individualism’ and a disregard for traditional family values.⁽²²⁵⁾ For instance, a group of young men in Abu Arish in Jazan Province is worried

(220) Husam Yaghi, “Promoting Financial Literacy among Saudi Arabian Teenagers”, *LinkedIn*, 9 October 2023, www.linkedin.com/pulse/promoting-financial-literacy-among-saudi-arabian-husam-yaghi-ph-d-adpte/

(221) Henri C. Santos, Michael E. W. Varnum, and Igor Grossmann, “Global Increases in Individualism”, *Psychological Science*, Vol. 28(9) 1228–1239, 2017, www.researchgate.net/profile/Igor-Grossmann/publication/314236976_Global_Increases_in_Individualism/links/5bd4815ea6fdcc3a8daa2f7f/Global-Increases-in-Individualism.pdf, p.1229.

(222) Ibid.

(223) See, for example: www.worldometers.info/world-population/saudi-arabia-population/#google_vignette

(224) Thompson’s multiple interviewees and focus groups across Saudi Arabia, 2021-24.

(225) Ibid.

that adopting a “modern style” promotes this “individualism” which they see affecting young men (who they call “gaming people”) and in turn these individuals delay or do not want to start their own families. This is an issue they disapprove of strongly. These young men say that this individualism is spreading throughout Jizan city and even into the surrounding towns and villages. They are also concerned that this growth in individualism has impacted the meaning of mutual responsibility as related to marriage, which can also be interpreted as mutual financial responsibility. In other words, financial expectations on either side have become more complicated.⁽²²⁶⁾

Another related social issue is this new generation’s financial interdependence with their families. Being financially interdependent means that people rely on the joint finances of themselves and their families to support their standard of living, but significantly, it does not mean that both need contribute equally. As an example, expanding opportunities in the Saudi labor market, for both men and women, have given rise to greater financial independence in particular among young Saudis working in the main cities.⁽²²⁷⁾ For instance, do young Saudis (of both genders) who are financially independent prefer to live alone (or with friends) rather than remaining at home with their families? An interviewee gives an example of two young women in Jeddah who work as interns, but who both took out mortgages even though they were still living with their families.⁽²²⁸⁾ After all, if the family relationship is strong, then why leave home? Certainly, the benefit of remaining at home with the family, even when married, is that the extended family represents a form of community, with members having their own floors/levels in a single building and/or group of buildings.

The issue of financial interdependence can be interpreted through two distinct lenses. Firstly, the social and sentimental ties that Saudis tend to have with their families as sources of unity and security, especially financial ones. Many Saudis grow up in large extended families and are taught through Islamic discourse about the importance of kinship and solidarity, which is termed ‘silat al-rahim’ (to associate and meet with relatives and help them). Extended families also have frequent social gatherings at weekends, holidays such as Eid or Saudi National Day as well as fixed times during the week/day when many families gather to share Saudi coffee and dates thereby consolidating these social norms.⁽²²⁹⁾

(226) Ibid.

(227) Ibid.

(228) Ibid.

(229) As an example, unless outside Riyadh for work or vacation, a friend of one of the authors meets diverse cousins from his extended family every Tuesday and male relatives from his nuclear family every Thursday. Author’s observation 2023.

Secondly, utilizing economic and market opportunities for personal financial gain. For example, benefitting from advantageous mortgage deals that are used as real-estate investments whereby a person buys a property and then rents it so that a tenant pays for its ownership rather than the owner paying the monthly installments. In this way many younger Saudis can live with their families for free, even when in full-time employment, without having to worry about paying rent. Even younger Saudis who have imperfect relationships with their parents still choose to live with them to exploit the previously mentioned dual benefits of rent-free living while simultaneously increasing their personal capital/savings to the maximum before choosing the optimal time to break from their parents.⁽²³⁰⁾

Consumerism, Access to Credit, and Peer Pressure

Consumerism is the love of going to the shops and buying things, the act of purchasing and the joy of owning something new, whereas materialism is the love of the item itself.⁽²³¹⁾ Furthermore, consumerism refers to an attachment to purchasing goods not necessary for personal or family survival, and a value system that makes this attachment an important part of personal and social evaluation.⁽²³²⁾ Yet, as Jameel et al. observe, there is less study on either consumerism and/or materialism in Saudi Arabia, despite the significant research on the topic among youngsters in industrialized countries, pointing out that consumerism (and materialism) highlight goods as fundamental to a person's identity and success.⁽²³³⁾ As consumerism has spread worldwide, Soraya W. Assad emphasizes how concern has grown regarding "observed economic, environmental, social, psychological and physical health problems that it has brought in its wake to the developed and developing nations, including Saudi Arabia".⁽²³⁴⁾ Indeed, although shopping malls have been part of Saudi social culture for several decades, nowadays, the concern is that younger Saudis sometimes link happiness with shopping.

There is a specific 'elite' segment of society comprising young Saudis, in particular Western educated ones in Riyadh who upon return to the Kingdom following graduation (courtesy

(230) Authors' Financial Literacy Survey

(231) See, for example: <https://centegrity.com.au/materialism-vs-consumerism-why-we-buy-so-much-stuff/#:~:text=Consumerism%20is%20the%20love%20of,don't%20throw%20it%20out>.

(232) Peter Stearns, "Consumerism", in Jan Bell & Irene van Staveren (eds.) *Handbook of Economics and Ethics*, Elgar Publishing, 2009, p. 62.

(233) Arif Jameel, Sania Khan, Wadi B Alonazi, Ali Ahmed Khan, "Exploring the Impact of Social Media Sites on Compulsive Shopping Behavior: The Mediating Role of Materialism", *Psychology Research and Behavior Management*, 17, 171–185. <https://doi.org/10.2147/PRBM.S442193>

(234) Soraya W. Assad, "Facing the Challenges of Consumerism in Saudi Arabia", *Journal King Saud University*, Vol. 19, Arts (1), pp. 1–20, 2006, https://arts.ksu.edu.sa/sites/arts.ksu.edu.sa/files/imce_images/v43m343r2679.pdf, p. 1.

of generous government scholarships), find themselves inundated with attractive job offers from HR headhunters in government and semi-government entities. However, the financial remuneration included in these contracts is frequently out of sync relative to the graduate's limited work experience. These institutions offer highly lucrative contracts to young nationals on the basis of them being well-dressed, well-spoken, and of course well-educated. In fact, in some of the more prominent entities there is a “certain expensive taste of dressing up” to fit into the culture of the well-educated elite groups who frequently populate these institutions.⁽²³⁵⁾ Because of these high salaries, Riyadh has become a hub for young Saudis who enjoy large disposable incomes vis-à-vis limited financial responsibilities especially, if they are not yet married. (In fact, according to the Saudi National Labor Observatory (NLO) the number of nationals receiving wages of more than SAR 40,000 increased by 172% from 16,000 citizens in 2018 to 44,000 citizens in 2023).⁽²³⁶⁾



Figure 20

In recent years, (post-Vision 2030 and specifically post-pandemic), well-educated young Saudis have been starting their careers at relatively high levels, but due to better paid positions on offer (along with related benefits and ‘perks’) many of them have been changing jobs at regular intervals, rather than establishing themselves at one specific workplace.⁽²³⁷⁾ In reality, the ‘job swapping’ phenomenon is linked closely to an “obsession about climbing the financial ladder as rapidly as possible”, and in turn, this is influenced strongly by observing the perceived success

(235) Authors’ interview Riyadh 2024.

(236) www.argaam.com/en/article/articledetail/id/1671448

(237) Authors’ observations 2020-24.

of their peers (real or not).⁽²³⁸⁾ For example, an individual might want to change jobs regardless of the suitability and/or quality of the position, simply because many of his/her friends earn higher salaries and enjoy better employment perks such as large annual bonuses, corporate discounts, and credit card points linked to their workplaces.⁽²³⁹⁾ Nonetheless, ascending the financial ladder via elite employment opportunities such as working for a major ministry, requires a certain amount of confidence. There are, however, ‘professional tricks’ that are learned from friends who followed the same financial upward trajectory such as posting professional certificates and/or completed training courses on LinkedIn. This platform is extremely popular among this segment of young professional Saudis and is also used as a recruitment tool by both public and private sector entities.⁽²⁴⁰⁾

According to interviewees, elite institutions perform ‘culture-fit check’ for job applicants. In other words, does the applicant match the institution’s “look and feel, how they talk, how they dress, what they do on weekends”. Is the applicant wearing a specific type of shemagh, abaya, shoes, and/or glasses?⁽²⁴¹⁾ If an individual ‘looks right’ that is their outward appearance matches an institution’s desired ‘look’ then it is possible for a person to earn more. This according to one source is “one of the cheat codes. i.e., to spend more to earn more.”⁽²⁴²⁾ Nonetheless, ‘looking right’ can be extremely expensive as an individual needs to adhere to “seasonal looks: the winter look, the summer look” and ensure that their thobes, shemaghs and abayas are made from fashionable materials such as cashmere. In addition, it is important to tell others about the provenance of your attire so that they know you are “trendy”. Indeed, if a person has just moved to Riyadh for work, he/she is given the tips from friends such as “you need to buy this, wear this, adopt this look.”⁽²⁴³⁾

This phenomenon is closely linked to the influence of social media, in particular applications such as Snapchat, X (Twitter), and TikTok. Saudi social media influencers frequently promote ‘must have’ items or brands, thereby creating ‘peer-pressure’ to acquire these items regardless

(238) A Saudi version of ‘keeping up with the Jones’.

(239) Ibid.

(240) See, for example: Mark C. Thompson and Hanaa Almoaibed “Better Jobs Tomorrow: The Appeal and Increasing Relevance of Alternative Credentials in Saudi Arabia”, Dirasat 66, *King Faisal Center for Research & Islamic Studies*, April 2023, www.kfcris.com/en/view/post/407

(241) Authors’ interview Riyadh 2024.

(242) Authors’ interview Riyadh 2023.

(243) Ibid.

of whether an individual has the necessary funds. Two examples: a young professional man in Riyadh owns a different Mont Blanc pen for each workday,⁽²⁴⁴⁾ (does anyone really need a different Mont Blanc pen for each day of the week?) and in late 2023, SAR 4000 Balenciaga socks were a “must have” item.⁽²⁴⁵⁾ Yet this creates social pressures on young nationals to spend and ‘keep up with their peers’ in order to look cool and to be seen to follow the latest online trends.⁽²⁴⁶⁾ Yet the concern is that the social media is responsible for negative spending patterns amongst young Saudis, and there should be a concerted effort to counter the high levels of consumerism that are happening.⁽²⁴⁷⁾ Because, regardless of this spending behavior, a culture of rationalized financial behavior and financial planning is often absent and yet this societal group is a “favorite” for banks and other financial institutions that promote personal loans and other types of credit.⁽²⁴⁸⁾

Saudi banks have traditionally held a dominant position in shaping public discourse around money and financial opportunities, especially as the financial sector was controlled largely by banks until reforms were introduced under the umbrella of Vision 2030. Through extensive advertising campaigns and public relations efforts, banks have cultivated a narrative that emphasizes consumption, credit, and the convenience of financial products. While these messages are often delivered in an appealing and accessible manner they inadvertently contribute to a consumerist mindset and downplay the importance of financial planning and saving. Aggressive marketing tactics, often coupled with low financial awareness among the population, can lead individuals to apply for credit cards or loans without fully understanding the associated costs and risks. Indeed, individuals who lack financial literacy often initially perceive credit card limits as a form of ‘free money’ without understanding the ramifications of failing to settle their accounts. By focusing on the immediate gratification associated with goals that banks promote such as ‘the house of your life’ or ‘the car that you deserve’ and similar mantras to apply for loans and credit cards, banks may inadvertently exploit consumers’

(244) Prices range from SAR 2000 upwards. Authors’ interview Riyadh 2023.

(245) Authors’ interview 2023.

(246) Ibid. In Riyadh ‘social status’ is considered much more important among certain constituencies, a recent example being the extent that a child’s birthday party is perceived by peers as being fashionable and ‘on brand’. Authors’ interview 2023.

(247) Ibid. However, one interviewee contends that the 18–23-year-old group is very aware of not following trends or ‘brands’ because they prefer something more meaningful. She says it is a case of avoiding purchasing expensive brands, and/or eating out regularly, which has become so costly in the main urban centers. Rather this demographic prefers experiences such as pursuing different hobbies rather than basing ‘enjoyment’ on buying expensive brands in order to be ‘cool’.

(248) Ibid.

lack of financial literacy. Consumers may not fully understand the offers they quickly sign up for, as these often only require a click on a smartphone rather than a visit to a bank. This can result in debt traps and financial difficulties for those who are unable to manage their finances effectively.

Another underlying systematic issue related to banks and their effect on the consumer is credit scores. As observed previously, there is little public knowledge about credit scores in Saudi Arabia, and few know that banks have systematic access to client credit scores through the Saudi Credit Bureau (SIMAH), while individuals must pay a subscription to access theirs.⁽²⁴⁹⁾ This information asymmetry creates an imbalance of power, allowing banks to make informed lending decisions while consumers remain largely in the dark about their financial health, let alone develop an understanding of this critical area in their financial know-how. This lack of transparency can make individuals susceptible to taking uncalculated risks and accepting unnecessary loans or credit cards that the banks do their best to promote, but these may not be in the best interest of the consumer, potentially leading to further financial difficulties for vulnerable young Saudis. While banks play a crucial role in facilitating financial transactions and stimulating the economy, their concurrent methods of shaping public discourse around money can inadvertently contribute to financial vulnerability among Saudi youth.

The Proliferation of Buy Now Pay Later Schemes

There has been a rapid increase globally in the use of ‘But Now, Pay Later’ (BNPL) products, with the market size valued at \$349.4 billion in gross merchandise value (GMV) in 2023. The global BNPL market is poised for further expansion as its customers are typically younger individuals with less disposable income, who need to spread their payments out to help manage cash flow.⁽²⁵⁰⁾

Post-COVID 19 pandemic Saudi Arabia has witnessed an explosion in BNPL products.⁽²⁵¹⁾ According to SAMA, in 2022, the total gross merchandise value of goods sold with BNPL services amounted to SAR 8.7 billion. The sold goods transactions were completed via advance payments at nearly SAR 4.4 billion, in addition to credit provided at SAR 4.3 billion.

(249) www.molim.sa/en/pages/credit-score-reports.aspx

(250) See, for example: www.globaldata.com/store/report/buy-now-pay-later-market-analysis/

(251) Some of our interviewees questioned the ‘ethics’ of these BNPL schemes.

In addition, the total number of merchants available to Saudi consumers registered with BNPL reached nearly 28,900 in 2022, compared to 6,100 in 2021, including 22,700 e-stores.⁽²⁵²⁾ It is projected that BNPL payments in Saudi Arabia are expected to grow by 16.2% on an annual basis to reach US\$ 1.31 billion in 2024 and Saudi BNPL gross merchandise is estimated to increase from US\$ 1.12 billion in 2023 to reach US\$ 2.18 billion by 2029.⁽²⁵³⁾ The most well-known Saudi BNPL service provider is Tamara, headquartered in Riyadh, the first FinTech unicorn in Saudi Arabia (and the wider GCC region) with a mission to “empower people in their daily lives and revolutionize how they shop, pay, and bank”.⁽²⁵⁴⁾ In an appearance on the renowned talk show Al-Liwan, the CEO of Tamara said that the company’s higher goal is to serve the Saudi customer to buy their “dream homes” and pay for their “dream trip” through its BNPL services.⁽²⁵⁵⁾ He also maintains that Saudi customers are becoming more mature in their relationships with debt instruments and technologies and that this signals space for further market expansion.⁽²⁵⁶⁾ Additionally, all FinTech companies that provide payment solutions in the Kingdom are monitored on a regular basis by the SAMA and SIMAH. FinTech companies are also obliged to check through a predefined process that customers are able to repay what they owe before allowing them to use their financial services.⁽²⁵⁷⁾

A significant driver of the Saudi BNPL market is the rapid digital transformation underway within the Kingdom. Rising smartphone penetration, increasing Internet access, and growing e-commerce implementation are creating fertile ground for the adoption of BNPL services. Not surprisingly, millennials (anyone born between 1980 and 1995) and Generation Z (anyone born between 1996 and the early-mid 2000s) are the primary drivers of Saudi BNPL, representing a staggering 65% of the user base. These digital natives are comfortable with online transactions, appreciate the convenience and flexibility of BNPL services and readily

(252) “Saudi Arabia: BNPL sales reach SAR 8.7 bln; clientele hits 10 mln”, *Argaam Special*, 6 September 2023, www.argaam.com/en/article/articledetail/id/1668759

(253) “Saudi Arabia Buy Now Pay Later Business Report 2024: BNPL Payments to Grow by 16.2% to Reach \$1.31 Billion this Year - Investment Opportunities and Forecasts to 2029”, *Yahoo Finance*, 20 August 2024, https://finance.yahoo.com/news/saudi-arabia-buy-now-pay-113100429.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2x1LmNvbS8&guce_referrer_sig=AQAAANW2KNyDitbTycDnbDkdN6OTM4TEVcrccJW6OKSWE-215QRhtJq7873_sXjQb7NkjXvVUqhHmigD17_ux6cBd47YjWWVq_-KMhCKNjL5uB1tDPjY8PT_qd-OGfwgQp6RCYFBjoX0-xjBKVgXqK_NuyEslJV6OF0eeQ-EZenNcECc

(254) See: <https://tamara.co/en-SA>; www.linkedin.com/company/tamara/

(255) See: www.youtube.com/watch?v=3ImVcuaxetM&t=4912s

(256) Ibid.

(257) See: <https://tamara.co/en-SA/terms-and-conditions>

embrace new financial technologies such as BNPL.⁽²⁵⁸⁾ (However, companies such as Tamara and Tabby state in their user terms and conditions that their services are only eligible for 18-year-olds and above.)⁽²⁵⁹⁾ Currently, the Saudi BNPL market is dominated by purchases in the fashion and electronics sectors youth related sectors, accounting for a combined market share of 40% as the convenience and affordability offered by these are particularly attractive for frequently purchased, high-demand items.⁽²⁶⁰⁾

Figure 20 highlights the allure of BNPL options that hold significant appeal for younger generations, particularly for impulse purchases and/or more expensive items.⁽²⁶¹⁾

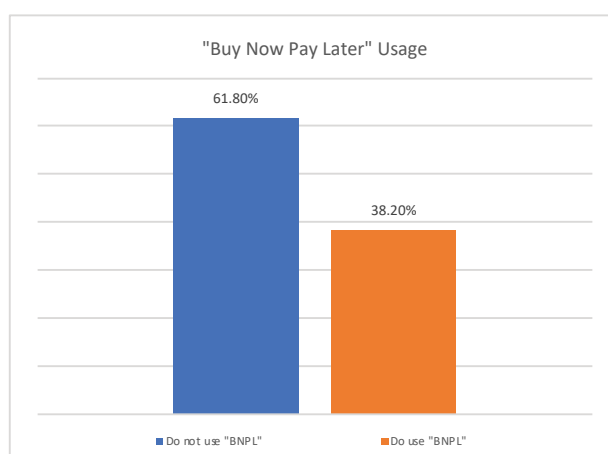


Figure 21

On a visit to Leap 2024,⁽²⁶²⁾ one of the authors was surprised to see a plethora of other ‘Buy Now, Pay Later’ initiatives in the hall dedicated to start-ups (primarily Saudi ones). These included ‘Study Now, Pay Later’, ‘Rent Now, Pay Later’ and ‘Build Now, Pay Later’.⁽²⁶³⁾ But despite their popularity, there are clearly drawbacks with these schemes. For instance,

(258) “KSA Buy Now, Pay Later Market Soars to \$29.5 Billion by 2027, Fueled by 42.3% CAGR and Rising Digital Adoption (2022-2027): Ken Research”, *FinTech Futures Globe Newswire* 23 May 2024, www.fintechfutures.com/techwire/ksa-buy-now-pay-later-market-soars-to-29-5-billion-by-2027-fueled-by-42-3-cagr-and-rising-digital-adoption-2022-2027-ken-research/ User-friendly mobile applications and seamless integration with e-commerce platforms ensure a smooth and convenient customer experience for BNPL transactions.

(259) See: <https://tamara.co/en-SA/terms-and-conditions>, <https://tabby.ai/en-SA/cardholder-agreement>

(260) Ibid. See, for example for fashion: www.namshi.com/saudi-en/fashion/. And for electronics: www.jarir.com/sa-en/installment-service-methods

(261) Authors' Financial Literacy Survey

(262) <https://connect.onegiantleap.com/event/leap-2024>

(263) <https://connect.onegiantleap.com/event/leap-2024/exhibitors/RXZlbnRWaWV3XzY4MjUyNg==>

an interviewee claims that it is unwise to buy the latest iPhone using a ‘Pay Later’ scheme especially if this is an individual’s first purchase, the company offering the scheme will likely “sell your data”.⁽²⁶⁴⁾ While privacy concerns are valid, the collection of personal information can also enable companies to better understand individual financial behavior and preferences, especially when considered as a large sample. Subsequently, companies are able to create categories for users and demographic segments that can be used to tailor marketing strategies and offer personalized financial products. On the negative side, these strategies can also be utilized to engineer peer pressure, for instance ‘your friends are buying this, you might want to buy it as well’, potentially leading to increased impulse buying, additional loans, debt accumulation, and further financial burdens.⁽²⁶⁵⁾

A notable concern is the potential for financial overextension. Famous BNPL apps in Saudi Arabia such as Tamara and Tabby allow the customer to search for payments schemes under specific categories such as entertainment, beauty, and restaurants that split your one-time purchase over several instalments.⁽²⁶⁶⁾ Yet this ability to defer payments can lead individuals to underestimate the total cost of their purchases and make impulse buying decisions without fully considering their personal financial capacity. In both the short and long term, this can result in accumulated debt and other serious financial difficulties. Furthermore, users of BNPL services are more likely to have different types of loans (bank or payday loans) as well as other high-interest financial products such as credit cards, indicating that they are more financially vulnerable than non-users of BNPL financing.⁽²⁶⁷⁾ This seemingly easy access to purchasing places greater responsibility on the financial behavior of the buyer, which is problematic given that the primary users are younger adults who, as previously noted, are a vulnerable group with relatively low financial literacy.⁽²⁶⁸⁾

(264) Authors’ interview October 2023.

(265) Others who are wary of BNPL initiatives point out that their “family background” influences their own financial behavior.

(266) See: <https://tabby.ai/en-SA/shop>

(267) Rebecca Lake, “Buy Now, Pay Later (BNPL): What It Is, How It Works, Pros and Cons”, *Investopedia*, 8 April 2024, www.investopedia.com/buy-now-pay-later-5182291

(268) Robert Powell, Ahn Do, Denise Gengatharen, Jaime Yong, & Rasiah Gengatharen, “The relationship between responsible financial behaviours and financial wellbeing: The case of buy-now-pay-later”, *Accounting & Finance*, 63, 2023, pp. 4431–4451. Available from: <https://doi.org/10.1111/acfi.13100>, p. 4433.

Vulnerability to Financial Scams

According to The Saudi Banks Media and Awareness Committee, a collaborative entity established in 2006 under the auspices of the Saudi Central Bank with a primary mandate to enhance public understanding of the banking sector and foster a culture of financial responsibility among Saudi citizens,⁽²⁶⁹⁾ the total amount of money obtained from fraud reached 217 million SAR in 2017.⁽²⁷⁰⁾ This figure represented only reported fraud, and the real figure was likely to be far higher as most victims usually prefer not to report having fallen prey to these schemes. That said Saudi Arabia is below the global average in financial fraud crimes, with The Global Cybersecurity Index (GCI) for 2024 documenting that Saudi Arabia ranks the lowest in terms of the financial fraud crimes worldwide although cybercrime operations amounted to \$6.5trln in 2021, increasing by 15% annually, and this is expected to reach \$10.5trln in 2025.⁽²⁷¹⁾

Undoubtedly, the advent of social media revolutionized communication and information dissemination, but it also created fertile ground for ‘scammers’ to exploit unsuspecting young people who sometimes lack basic anti-scam knowledge. Saudi youth, with their dominant online presence and as documented in this report, often limited financial literacy, are particularly vulnerable to these schemes.⁽²⁷²⁾

In 2019, Saudi Banks shared a social experiment by Mohammed Almousa, a renowned social media influencer, to see how easy it would be to design a scam scheme.⁽²⁷³⁾ The social media influencer recorded himself talking in a video, which he published on his social media account where he invented a fake business idea without specifying details about its owner. He declared that he had invested in this scheme personally because he said that it was a reputable business that needed potential new investors.⁽²⁷⁴⁾ The influencer was surprised by the number of people who were willing to offer their money without checking the legitimacy of the individuals

(269) <https://saudibanks.com.sa/en>

(270) See: www.youtube.com/watch?v=rxwGOWjMsFI

(271) See, for example: “Saudi Arabia at the bottom of financial fraud crimes globally, says report” *Zawya*, 17 October 2024, www.zawya.com/en/economy/policy/saudi-arabia-at-the-bottom-of-financial-fraud-crimes-globally-says-report-bff1asfl

(272) See, for example: Digital 2024: Saudi Arabia, <https://datareportal.com/reports/digital-2024-saudi-arabia#:~:text=Internet%20use%20in%20Saudi%20Arabia,at%20the%20start%20of%202024.>

(273) See: www.youtube.com/watch?v=rxwGOWjMsFI

(274) Ibid.

behind the business, and/or failing to conduct any due diligence.⁽²⁷⁵⁾ A key takeaway from this social experiment is that young Saudis are heavily influenced by public figures, especially popular social media influencers, demonstrating how social media is fertile ground for financial scams in Saudi Arabia (and indeed, globally). Our survey data corroborates this concern as a significant portion of respondents reported receiving frequent financial advertisements and investment opportunities via social media platforms, with 77.5% expressing uncertainties about the credibility of these sources, thereby highlighting a knowledge gap that scammers can and do abuse. Social media apps have also inflated perceptions of the amounts of money to be made by ‘side hustles’ in particular by highlighting the financial activities of certain ‘social media celebrities’ who are frequently rumored to make jaw-dropping figures via advertisements and endorsements.⁽²⁷⁶⁾ As a result, young Saudis often desire to emulate these influencers by entering into diverse money making schemes that unfortunately provide fertile ground for financial scams to proliferate. In sum, young Saudis are bombarded by online ‘opportunities’ that sound and look very tempting, but many of these are indistinguishable from financial scams and fraud.

(275) The way the influencer structured this fake business opportunity does not make him liable for any of his claims, rather this example showcases how scammers operate.

(276) See: www.statista.com/outlook/amo/advertising/influencer-advertising/saudi-arabia

6. Conclusion and Future Research

In Saudi Arabia, the pursuit of improved financial literacy among young people is a multifaceted journey shaped by national strategies, educational frameworks, social dynamics, and market forces. As Mohammed Al Rumaih and Wael Al Hazzani (CEO of Saudi Exchange, CEO of Muqassa) argue, financial literacy is a critical component for economic empowerment and stability because it equips individuals (including all classes of investors) with the knowledge and skills necessary to make informed financial decisions.⁽²⁷⁷⁾ Furthermore, they stress that financial literacy in Saudi Arabia has evolved significantly under the umbrella of various Vision 2030 initiatives, noting that a 2023 report from the Saudi Central Bank, shows that financial literacy among adults in the Kingdom has improved, with recent estimates indicating that approximately 38% of adults possessed a basic understanding of financial concepts as of 2023, up from 30% in 2021.⁽²⁷⁸⁾ However, there is scope for improvement and there are several areas of concern that should be addressed.

The Savings Gap: A Vulnerability Exposed

Firstly, one of the most concerning findings of our survey is the significant percentage of Saudi youth who do not prioritize saving. With 42.5% of respondents living paycheck to paycheck and 20.7% spending their entire monthly income, the savings rate among younger generations falls short of both national and global recommendations.⁽²⁷⁹⁾ For young Saudi nationals this financial vulnerability arises from a complex interplay of factors:

- **Lack of knowledge and planning:** Financial literacy gaps hamper the ability to understand the importance of saving and to develop a structured plan for achieving financial goals. This lack of knowledge, coupled with limited access to personalized financial guidance, creates a barrier to building a saving habit.
- **Family support and peer pressure:** The social norms of Saudi families continue to play a multifaceted role in shaping the financial behaviors of young people. While families frequently serve as safety nets, providing financial support during different periods of

(277) Mohammed Al Rumaih and Wael Al Hazzani “Financial Literacy in Saudi Arabia: Evolution and Impact”, *World Federation of Exchanges*, October 2024, <https://focus.world-exchanges.org/articles/financial-literacy-saudi>

(278) Ibid.

(279) Authors’ Financial Literacy Survey.

an individual's life to marriage and sometimes beyond, this can also contribute to a dependence on immediate needs and less emphasis on long-term planning. Furthermore, the influence of families promoting financial literacy and responsible financial behavior is sometimes limited. For instance, Saudi families traditionally prioritize 'job security' but are not always aware of the necessity of wise financial management of the income derived from a secure job. Indeed, while families offer crucial support, they may not always equip young Saudis adequately with the knowledge and skills necessary to navigate the complexities of the modern financial landscape. Families also tend to lack awareness of the existence of a financial plan even if some families talk about the benefits of starting a business or investing, this frequently lacks practical application.

- **Short-term focus, impulsive spending, and peer pressure:** The abundance of readily available credit options such as BNPL and the allure of social media-driven consumerism can easily entice youth towards impulsive spending and instant gratification. This short-term mindset, along with the lack of awareness of compound interest and long-term financial benefits, hinders the development of saving habits. Peer pressure can significantly impact the financial decisions of young Saudis, often leading to impulsive spending on non-essential and expensive items. The desire for social recognition and acceptance can drive young people to prioritize 'keeping up' with the latest trends and acquiring material possessions, even if these are beyond their financial means. This social pressure can hinder the development of responsible financial habits and create a cycle of consumerism and debt. Social expectations to maintain a certain lifestyle can discourage saving, particularly for larger goals such as buying a house or retirement planning. Increased opportunities in the Kingdom's booming entertainment sector also encourage spending over saving.
- **Limited investment avenues:** Our survey suggests a lack of understanding and trust in traditional investment instruments such as stocks and bonds. This limits the options for young people to potentially grow their savings beyond basic bank accounts, further contributing to the low national savings rate.
- **Unforeseen expenses and financial shocks:** The lack of emergency funds leaves many young Saudis vulnerable to unexpected expenses such as a health crisis or if they become

unemployed. This further reinforces the cycle of living paycheck to paycheck and makes saving even more challenging.

We posit that the ramifications of this low savings rate are far-reaching. They not only impact individual financial security as well as long-term goals, but also potentially undermine the national economy in terms of reduced investment and economic stability.

Other Areas of Concern

The Saudi financial market is rapidly evolving. However, it seems that the market is growing in an asymmetric fashion due to a lack of basic financial information among young Saudis. Many systematic issues exacerbate this asymmetry such as banks having systematic access to client credit scores through SIMAH, while individuals must pay a subscription to access theirs. There is still little or no knowledge of personal credit scores, a metric that helps an individual stay informed about personal financial health and identify areas for improvement. Monitoring personal credit scores can also help detect signs of identity theft or fraudulent activity on bank and credit card accounts. Consequently, as individuals do not have practical ways to obtain their own financial data, it is more difficult for them to develop personal financial plans that help them achieve personal financial goals.

As previously documented, social media advertisements constitute one of the primary sources for financial information for young Saudis. While social media content offers convenient access to financial products and trends, the lack of regulation raises concerns about the quality and reliability of the information. Misleading content, predatory practices, and unrealistic financial portrayals can easily infiltrate social media feeds, posing a significant risk to financially vulnerable individuals. Therefore, these risks should be mitigated through the creation of relevant initiatives promoting responsible financial content creation, critical thinking skills, and awareness of online scams.

Recommendations: Promoting Better Financial Literacy among Young Saudis

Vision 2030 and its Vision Realization Programs (VRPs) are the largest and most effective drivers of development and progress in the Kingdom. Moreover, Vision 2030's FSDP remains the most significant driver of momentum and continues to lay the groundwork for all financial literacy initiatives. However, while the Vision 2030 website issues periodic reports updating

all its programs on a frequent basis, as highlighted previously, the only time a FSDP report documented the Kingdom's financial literacy rate directly, the data was based on the previously cited 2017 OECD report. Yet including national financial literacy rates and international rankings in FSDP reports would provide a measurable baseline to track progress and assess the effectiveness of diverse financial literacy initiatives in the Kingdom. We argue that the FSDP should prioritize reinstating a national financial literacy rate as a primary metric in its periodic reporting. Providing a reliable and clear national financial literacy rate (that could be referenced in related Vision 2030 reports) would focus diverse institutional efforts in improving financial literacy rates across the national ecosystem.

In Saudi Arabia, promoting financial literacy among young nationals is essential for their future financial well-being. To harness the full potential of Saudi youth, bridging the financial literacy gap is crucial. By understanding and overcoming the challenges and obstacles, Husam Yaghi argues we can empower Saudi youth with the necessary financial knowledge and skills to navigate their unique socioeconomic environment and make informed financial decisions.⁽²⁸⁰⁾ This requires a multi-faceted approach that covers important areas such as cultural barriers, limited access to resources, and the need for tailored approaches:

- Institutional focus on financial literacy: There is a need for a dedicated institution tasked with promoting financial literacy, which would serve to integrate existing programs under a single educational umbrella. This institution should encourage the dissemination of knowledge, insights, and innovative ideas to enhance levels of financial literacy.
- Formal education integration: Incorporating practical financial literacy modules into school curricula can equip young minds with basic knowledge and responsible financial habits. Whilst this has started, the process requires deepening.
- Accessible and credible information platforms: Building credible digital platforms and fostering responsible content creation on social media can ensure access to reliable financial information.

(280) www.linkedin.com/pulse/promoting-financial-literacy-among-saudi-arabian-husam-yaghi-ph-d-adpte/

- Personalized financial guidance: Encouraging partnerships between financial institutions and youth-focused organizations such as the Misk Foundation⁽²⁸¹⁾ can provide personalized financial planning and investment guidance.
- Harnessing the power of family: Empowering families with financial literacy resources and tools can strengthen their role as financial mentors and safety nets.
- As ‘digital natives’ Saudi youth readily embrace FinTech solutions. The survey reveals participants' preference for developing their own financial plans (53.6%) rather than relying on traditional advisors, suggesting a comfort level with digital tools and platforms.⁽²⁸²⁾ This tech-savviness presents an opportunity to develop interactive financial planning apps, educational content, and investment platforms tailored to their preferences and needs.
- Greater comprehension of regional and gender disparities in financial literacy, inclusion, and management vis-à-vis Saudi social norms is crucial for developing targeted and cohesive financial literacy programs and policies that address the specific needs and challenges faced by different segments of the population. By promoting tailored financial programs, initiatives, products and services, as well as enhanced education and awareness, empowering non-urban elites and women to take control of their finances and continuing to restructure societal roles according to contemporary needs, the Kingdom can proceed with moving towards a more inclusive and equitable financial landscape for all its people.

PISA, Educational Curricula and International Rankings

A critical aspect of Vision 2030 is its focus on future generations and their ability to thrive in an interconnected world. As documented previously, in 2022, Saudi Arabia participated in the PISA financial literacy assessment cycle for the first time. This important step underscores the Kingdom’s willingness to engage with the wider world and respond to global competitiveness by providing relevant educational content, as well as prioritizing skills development and/or upskilling that match young Saudis’ daily requirements. Hence, this is where the PISA assessment on financial literacy becomes a crucial building block in achieving this ambitious goal. Following an analysis of existing gaps in the education system, by integrating this

(281) See: <https://misk.org.sa/en/>

(282) Authors’ financial literacy survey

assessment into Saudi curricula, educators can pinpoint areas where students need more robust financial literacy education to ensure that Saudi students develop the necessary financial knowledge and skills to compete effectively on a global scale post-2030, as avowed by HRH Crown Prince Mohammed bin Salman.⁽²⁸³⁾

Certainly, Saudi Arabia's participation in the 2022 PISA financial literacy assessment cycle is a significant step toward its goal of equipping its youth with the financial knowledge and skills needed to compete effectively on a global scale. The PISA assessment provides a valuable benchmark for Saudi Arabia to compare its progress in financial literacy with other countries, identify areas for improvement, and adopt best practices from successful initiatives implemented globally. Improving Saudi Arabia's PISA ranking in financial literacy should be a priority, and it can be achieved through a multi-faceted approach:

1. **Setting an Official National Ranking Objective:** By officially assigning a national ranking objective (similar to those in the Vision 2030 programs and plans) relevant entities would know the Kingdom's current ranking, the ranking it aspires to achieve, as well as being able to collaborate on achieving this national ranking objective within a designated period of time.
2. **Curriculum Enhancement:** In 2023, the Saudi MoE announced the integration of financial literacy modules into school curricula. This requires continuous iterations to further enhance the modules' quality, deliverables, and most importantly, its outcomes especially linked to global assessment frameworks such as PISA and similar indices.
3. **Teacher Training:** Equipping teachers with the knowledge and resources to deliver effective financial literacy education is crucial. Cascading professional development programs in parallel to financial curriculum development efforts can help teachers align with the necessities of teaching relevant financial concepts via effective methods.
4. **Digital Resources:** While the Kingdom ranks high globally in utilizing digital platforms, digital resources for financial literacy do not top specialized rankings. The unification of tools such as interactive simulations, online games, and educational apps under an

(283) See: www.youtube.com/watch?v=kilnME-8YH4

official government umbrella can make studying financial literacy more engaging and accessible for young people. It would also prevent potential scams from unknown sources that currently are able to exploit young Saudis due to the lack of a strong official presence.

5. **Parental Involvement:** Encouraging parents to engage in financial literacy initiatives and equipping them with the tools to have effective conversations about money with their children can create a supportive learning environment.
6. **Public Awareness Campaigns:** Raising public awareness about the importance of financial literacy can encourage students, parents, and the wider community to prioritize financial education as well as responsible financial behavior among youth.

Strategic Partnerships

To address the financial literacy gap among young Saudis effectively, the government should actively seek and nurture strategic partnerships with effective non-profit initiatives such as Riyali and Amwalona. These non-governmental initiatives have already demonstrated a strong track record of delivering impactful financial literacy programs tailored to the specific needs of young people. By collaborating with these institutions (and other relevant players), the government can leverage their expertise, resources, and community networks to extend the reach of financial education initiatives. These partnerships can also foster innovation and ensure that programs remain relevant and engaging for young Saudis in schools, universities, the workplace and beyond. Embracing such collaborative efforts can amplify the impact of financial literacy initiatives and accelerate progress towards creating a more financially empowered generation.

In sum, by weaving together these strategies, Saudi youth can be empowered to navigate the complexities of the financial world with confidence, paving the path for a generation that not only earns, but also invests, grows, and secures a brighter future for themselves, their families, and ultimately national development. In fact, survey respondents emphasize that there is a ‘bigger picture’. Yes, individuals need to earn money to live decent lives and benefit their families, but they can also contribute to the national economy and the goals of Saudi Vision 2030. In other words, ‘good financial behavior’ based on solid financial literacy knowledge increases national prosperity and empowers subsequent generations of young Saudis.

Concluding Remark: Future Research

Existing studies on Saudi youth highlight their growing agency, but there is a gap in understanding their growing purchasing power and where this purchasing power is being directed to. Therefore, a project that focuses on the new purchasing journeys of Saudi youth would add value to the literature of youth transformations in the Kingdom. This analysis could delve into the correlation between spending patterns and financial literacy levels, the effectiveness of financial education programs, and the role of cultural factors in shaping consumer behavior. This deeper understanding of young Saudis consumer behavior could inform the development of more effective strategies to promote financial literacy and responsible financial management in Saudi Arabia.

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