FINANCIAL EDUCATION IN THE ARAB WORLD: STRATEGIES, IMPLEMENTATION AND IMPACT

Gender Financial Education

20-21 October 2016
Rabat, Morocco
Definition of Financial Literacy

“\textit{The ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being.}”

Source: President’s Advisory Council on Financial Literacy
## Financial Literacy Levels in the Arab World

<table>
<thead>
<tr>
<th>Country</th>
<th>Adults Who Are Financially Literate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>33%</td>
</tr>
<tr>
<td>Egypt</td>
<td>27%</td>
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<tr>
<td>Jordan</td>
<td>24%</td>
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<tr>
<td>Lebanon</td>
<td>44%</td>
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<tr>
<td>Saudi Arabia</td>
<td>31%</td>
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<tr>
<td>Sudan</td>
<td>21%</td>
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<tr>
<td>Tunisia</td>
<td>45%</td>
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<tr>
<td>United Arab Emirates</td>
<td>38%</td>
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<tr>
<td>West Bank and Gaza</td>
<td>25%</td>
</tr>
<tr>
<td>Yemen</td>
<td>13%</td>
</tr>
</tbody>
</table>

Source: Global Financial Literacy Survey, Standard & Poors
The Gender Gap in Financial Literacy

✧ The average gender gap in financial literacy in emerging economies is 5 percentage points.

✧ Women are less confident than men both in their financial knowledge and their financial skills, especially in relation to complex financial issues.

✧ Women are more vulnerable than men in some aspects of financial behavior including making ends meet, saving and choosing financial products.

Source: OECD Report on Addressing women’s needs for financial education
Why Women Are Lagging Behind

- Women tend to have lower education levels than men and less formal business training.
- Women have lower labour force participation rates and a weaker labour market position than men.
- Traditional gender roles in households often exclude women from participating in financial decision-making processes, even when women manage household finances.
- Women are socialized to be dependent on their husbands and fathers to manage their money.
Financial Information Required by Women

How to budget 22%
How to save 24%
How to invest 13%
How to obtain a loan 16%
Which financial products are available 6%
How to choose financial products 3%
Advantages/disadvantages of financial Products, terms and conditions, etc 3%

Source: FinScope Gender Deep Dive Study in Zimbabwe
Country Case Studies

**Kenya**

- Faulu Deposit-Taking Microfinance conducts its financial education programmes through an independent subsidiary, Faulu Advisory Services, as the bank felt this was not its core business.
- Faulu works with micro-entrepreneurs in the informal sector with low incomes and few assets and its clients are male and female.
- Financial education teaches clients to understand new services and products, including mobile banking, which attracts new customers.
- Staff are also trained in financial education to understand behavioural changes in clients.
- The model mixes face-to-face training with DVDs, comic strips and booklets and aims to reach 70,500 customers over 5 branches.
Country Case Studies

RWANDA

- The Ministry of Finance & Economic Planning, the World Bank and the Rwanda Cooperative Agency have developed a financial education curriculum for SACCOs (Savings and Credit Cooperatives).

- The training includes goal setting, budgeting, responsible borrowing and consumer rights and is delivered by SACCO staff.

- Modules are built around a radio drama that uses local actors with recognizable voices and cartoon animation for those with TVs.
Country Case Studies

UGANDA

- **FINISAVE** combines financial literacy and enterprise development training to encourage women to start or expand micro and small enterprises to boost their income.
- Targets unbanked rural women who are usually marginalized by formal financial institutions.
- Women receive financial literacy training to improve their knowledge of banking services, products and their rights as consumers, thereby demystifying the banking process.
- The programme has trained over 250,000 people (60% women) from 465 villages in the Lwengo District.
- Village savings groups have opened bank accounts to formalize informal savings.
EGYPT

- The Population Council’s Ishraq Programme starts with girls 12-15 years old in Upper Egypt who are out of school and often forced to marry young, which limits their education and economic opportunities.
- Older girls who are 18-28 years old are taught economic and business skills in order to start a business and improve management of household finances.
- The Council uses the Microfinance Opportunities curriculum which includes debt management, financial negotiations, banking services, savings, and budgeting components.
- The programme found that “the ability to take on debt is as important as learning to manage debt.”
- The programme aimed to reach 1,800 girls in 2011.
Success Factors

1. Financial education programmes need to be aligned to the different life stages of women.
2. Face-to-face training is the preferred delivery channel but is costly and difficult to scale.
3. Market research is important to determine the type of financial information required by women.
4. Knowledge gained must be applicable and relevant to women’s immediate needs.
5. Changes in financial behaviour take time so training must be conducted regularly.