



2017



Financial Education in the Arab World: Strategies, Implementation and Impact





“Financial inclusion is a catalyst for sustainable development in the Arab World. Inclusive financial sectors are essential to reducing the vulnerability of low-income households and to encouraging the growth of small and medium-sized companies through better distribution of capital. This dual momentum helps promoting economic growth, which further contributes to reducing unemployment - considered to be a huge challenge facing all Arab countries.”

– Abdulrahman A. Al Hamidy,
Director General Chairman of the Board
of the AMF

introduction

Faced with economic and social trends of greater complexity, financial inclusion has become a major policy focus for the Arab World. It not only complements socio-economic development policies but can also be a key driver in promoting economic growth.¹ This is particularly important given economic challenges the region has experienced over the past few years.

As a result, Arab countries have recognized that developing inclusive financial sectors is a cornerstone in reviving economic activity. Increasing access to finance for individuals and micro, small, and medium-sized enterprises (MSMEs) is critical for business expansion and economic growth. Yet, the goal of increasing access to a range of high-quality financial services cannot be reached without improving the financial skills of private individuals and firms. Financial capability is critical in order to appropriately understand and use financial products, thus ensuring they play a positive role in the financial lives of citizens and in financing the real economy.

¹ AMF, Joint Arab Economic Outlook Report - 2016

“In an ever more complex financial world, financial education has become an important factor in achieving economic efficiency and social equality. This is the reason why international organizations have been emphasizing for over a decade its importance and the need for public authorities to adopt national strategies on financial inclusion and education. These organizations have made available to government bodies extensive networks of experts and detailed analysis reports.”

- Abdellatif JOUAHRI, Governor of Bank Al-Maghrib and president of the FMEF

In this context, the Arab Monetary Fund (AMF) and Bank Al Maghrib (Morocco’s Central Bank), with the support of the Moroccan Ministry of Economy and Finance and in collaboration with the National Foundation for Financial Education (FMEF), GIZ (German International Development fund, financed by the German Cooperation Ministry, BMZ), the Organization for Economic Cooperation and Development (OECD), the Sanad Fund, and the World Bank, organized a regional conference on Financial Education in the Arab World. The event, which took place on October 20 and 21, 2016 in Skhirat, Morocco, included over 150 representatives of regulators, ministries and financial institutions as well as international experts.

This regional event examined the experiences of the Arab World with regards to financial inclusion, as well as the results of recent research and policy trends. A variety of topics related to financial inclusion and education was covered through plenary sessions and interactive workshops. These topics included: developing national financial education strategies, digital finance, the financial capability of vulnerable groups, and consumer protection.

This document contains a synthesis of policy discussions as well as a summary of the main conclusions reached at the conference.

PART I:

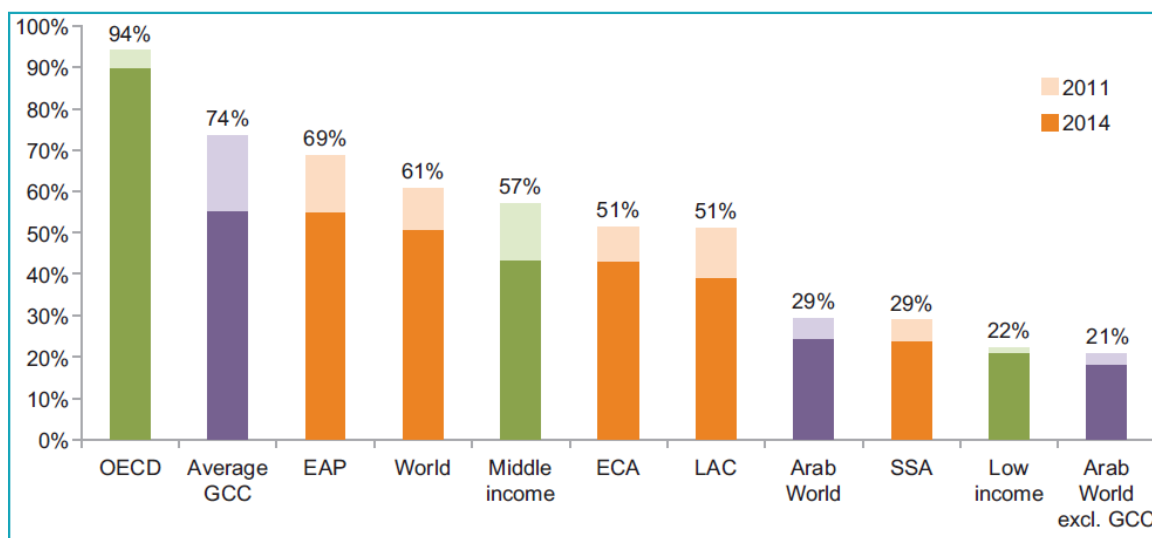
Financial Inclusion in the Arab World

Financial inclusion – a pathway towards sustainable development in the Arab World

CURRENT SITUATION

According to available data – including the 2014 Findex survey – account ownership in the Arab World stands at around 29%, compared to 69% in East Asia and in the Pacific.² Excluding GCC countries, outreach of formal financial services in the Arab World drops to 21%. The percentage of adults with access to an account at a formal institution in GCC countries stands at 74%, well above the world average of 61%, but still below the levels achieved by OECD countries.

Figure 1:
Account at a Formal Financial Institution Regional Comparison

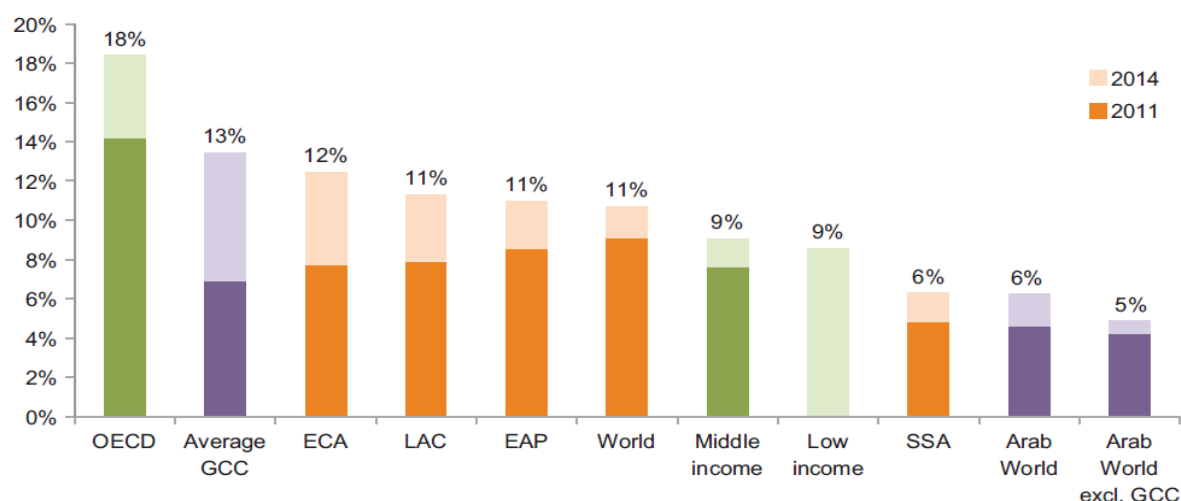


Source: Figures and analysis from "Financial Inclusion Measurement in the Arab World," CGAP-Arab Monetary Fund Working Paper. January 2017.

² For more information on financial inclusion data in the Arab World, see 'Financial Inclusion Measurement in the Arab World. AMF-CGAP Working Paper, January 2017.

In addition to access to a basic account ownership, a relatively small number of individuals in the Arab World use other types of financial services and products, such as credit products. In fact, available data shows that only 6% of them borrow from formal financial institutions while 42% of adults have a loan (all types of loans included).

Figure 2:
Loans at a Formal Financial Institution (age 15+), by Region



Source: "Financial Inclusion Measurement in the Arab World," CGAP-Arab Monetary Fund Working Paper. January 2017.

With regards to Small and Medium-sized Enterprises (SMEs), which represent 80 percent of all economic activity in the region, only one SME in five has a loan, often in the form of a short-term loan. To meet the SMEs financing needs in the region, this percentage should grow by an estimated 300 to 360 percent. The comparable growth figure is only 7 to 8 percent in the South-East Asia and the Pacific.

Data on banking access and use of financial services and products hides significant disparities between Arab nations themselves. Indeed, if the level of financial inclusion exceeds 75% in the GCC countries, it is as low as 6% in more fragile countries of the region. Thus, it is important to develop policies which take into account the context of each country. For example, if large-scale education campaigns are necessary to raise awareness of basic financial services in certain countries, others need to focus on opportunities offered by new financial technologies.

THE PILLARS OF INCLUSIVE FINANCIAL SYSTEMS

Financial inclusion covers three main areas: (i) access, (ii) usage, (iii) and the quality of financial services and products. To develop efficient financial inclusion policies, it is important to first evaluate the obstacles to access and usage for all sections of society while identifying the needs and expectations of citizens.

In addition, financial inclusion measures should be implemented “responsibly”, providing a robust framework for consumer protection and strengthening the financial capability of the general population:

- The legal and regulatory framework for protecting consumers should include transparent and accessible appeal and dispute resolution mechanisms. Monitoring systems of wider market practices should also support this framework.
- Financial education should inform and raise awareness among the general population through targeted programs that help develop better understanding and widespread use of financial services. It should also ensure well-developed management of associated risks.

Financial inclusion can be further promoted through: (1) the development of efficient and innovative payment systems; (2) central information systems allowing financial institutions to more efficiently evaluate risk of potential clients; and (3) the creation of guarantee instruments designed to ease access to credit for small businesses.

EXAMPLES OF FINANCIAL INCLUSION SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

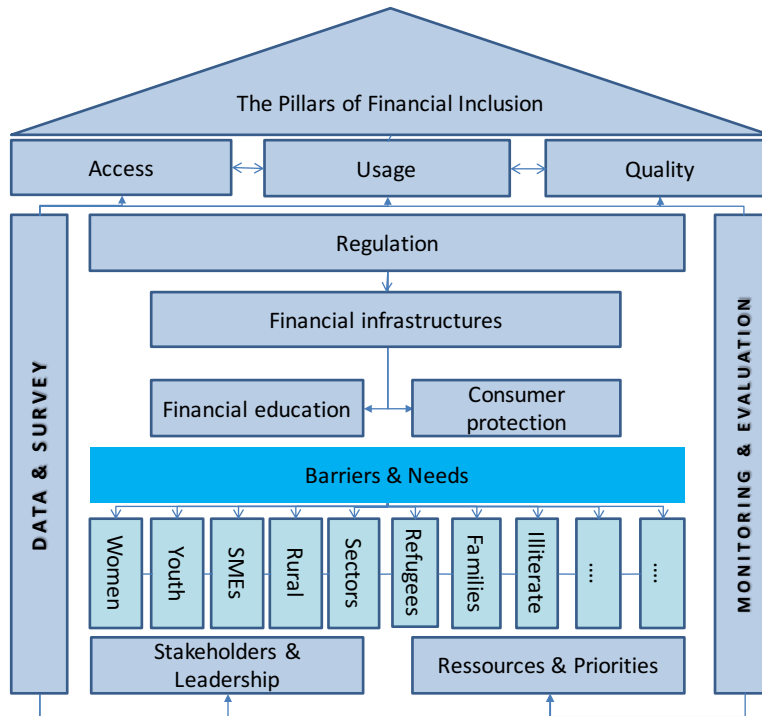
Savings and poverty:

Research has shown that the first goal of sustainable development to reduce poverty can be achieved through a responsible use of savings services. Savings strengthen the ability of people to better absorb financial shocks and invest productively in health, education, and income-generating activities.

Credit and Growth:

Financial inclusion is strongly correlated to GDP growth and has positive effects on formal employment, as can be seen in the World Bank report, “2014 Global Financial Development –: Financial Inclusion”.

Diagram 1: Pillars of Financial Inclusion



FINANCIAL INCLUSION AND THE SUSTAINABLE DEVELOPMENT GOALS

Financial inclusion is an important lever for economic efficiency and social equality, two major components of sustainable development. It contributes to achieving 9 of the 17 ambitious goals set by the United Nations for 2030. In fact, by encouraging the promotion of digital finance and access to financing, savings and insurance, financial inclusion contributes to:

- Reducing poverty, hunger and inequality, in particular gender inequalities;
- Improving access to water, sanitation and energy;
- Improving access to decent employment;
- Fostering economic growth, good health, and well-being

EXAMPLES OF FINANCIAL INCLUSION SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

Digital financial services and gender equality: Digital financial services significantly increase gender equality by promoting safe access to low-cost markets.

For more information on financial inclusion and the SDGs, please see: Klapper, Leora, Mayada El-Zoghbi, and Jake Hess. 2016. "Achieving the Sustainable Development Goals: The Role of Financial Inclusion." Washington, D.C.: CGAP.



A **central objective** is to create a **reliable reference framework** for the development of **financial inclusion policies**

Catalysts for Financial Inclusion:

The experience of the Arab World confirms that successful financial inclusion policies depend heavily on horizontal *parameters* that take into account the diversity of the targeted groups. These parameters include:

- ***The importance of coordinated national approaches for financial inclusion:***

Decision makers have significantly increased their efforts in recent years to develop financial inclusion strategies. This effort is supported by a strict framework and dedicated resources, used on the basis of reliable *supply* and *demand* data.

Morocco highlighted the importance of complementing the supply side data with a reliable diagnostic on the financial inclusion situation of citizens, taking into consideration gender inequalities. The aim is to create a reliable reference framework for the development of financial inclusion policies and, in particular, a national financial inclusion strategy that will be developed in the future.

Following this same approach, Qatar has just completed a national survey in anticipation of the implementation of its national strategy for financial inclusion.

With this in mind, regional platforms aiming to promote financial inclusion by sharing experiences and knowledge have become increasingly important. As a result, the AMF's regional financial inclusion task force, established in 2012 under the umbrella of the Council of the Arab Central Banks Governors, has decided to support Arab nations in their financial inclusion policies. This will be achieved through a combination of studies and research on data and surveys on consumer protection, and the policy frameworks created by standardization bodies.

- **Focusing on vulnerable groups:** Vulnerable groups that require dedicated focus include low-income populations, women, refugees/migrants, and informal micro-enterprises.

As a result, international organizations like Child & Youth Finance International, GIZ, Accion, and the International Labor Organization (ILO) have been encouraging the Arab World to develop targeted policies.

- **Technology:** Digital financial services have grown significantly across the MENA region. Mobile network operators have started working with financial institutions to provide innovative financial services and products. According to data of the Central Bank of Egypt, 3.8 million mobile portfolios carried out nearly 6.7 million transactions in 2016.

This new trend requires adjustments in the regulatory framework in order to establish an environment promoting innovation in the finance sector.

In Morocco and Jordan, for example, recent changes made to the regulatory framework have helped improve the enabling environment³ for financial institutions as well as promoting innovation and development of better digital services.

Digital technology

facilitates financial sector access at **greater convenience, scale, and lower cost** than traditional banking allows



³ For additional information, please see the GSMA analysis of opportunities and challenges facing digital finance in the MENA region.

PART II:

Financial Education and Consumer Protection as Drivers of Financial Inclusion

Key Success Factors

CONCERTED COOPERATION BETWEEN STAKEHOLDERS

A concerted approach between the public and private sector is the sine qua non for any financial education policy. Nevertheless, it is fundamental to have an action plan to oversee and manage the risks that this approach entails. These risks may include an insufficient amount of resources available in comparison with the overall objective of the policy, or the lack of involvement by one of the key players in the policy.⁴

Several Arab nations⁵ have drafted National Strategies for Financial Education (NSFE), involving as many relevant stakeholders as possible (e.g. ministerial departments, regulators, financial institutions, the civil society). Stakeholder involvements is critical to ensuring ownership in financial education policy and to maximize dedicated resources in order to develop and roll out their programs.

CONTINUOUSLY MOBILIZING RESOURCES - A FORMAL EXCHANGE FRAMEWORK

The development and roll out of financial education requires significant human and financial resources. Stakeholders' commitment should be converted into a formalized exchange framework defining the roles and responsibilities of each stakeholder.

It is also recommended, right from the NSFEs design phase, to estimate the human and financial resources needed and the necessary financing to implement an action plan. When private stakeholders contribute financially to the NSFE, guidelines should be established to ensure the strategy's viability and impartiality.

⁴ The OECD and its international network for financial education have established a series of instruments and analyses to support governments and public authorities in implementing these policies.

⁵ Egypt, Jordan, Lebanon, Tunisia, Morocco and Palestine



Financial education is intended for **all citizens** of a country, regardless of their socio-economic background, gender, residence, or level of education

FINANCIAL EDUCATION ADAPTED TO THE NEEDS OF THE TARGET GROUPS

Financial education is intended for all citizens of a country, regardless of their socio-professional background, business area, age, gender, residence or level of education. Faced with the specific context of each group in society, it is important to segment the population into target groups (households, companies, young people, women, artisans, the illiterate, etc.), with the aim of providing appropriately adapted financial education programs.

As a result, it is crucial to study the needs of the target population through field surveys (e.g. with a financial capacity survey) or through qualitative studies based on a sample of the target group (focus groups). Conducting an analysis of the types of requests made by clients and monitoring their relationship with financial service providers is also necessary. This diagnostic should make use of a rigorous methodology and appropriate measurement tools such as those developed by international organizations like the OECD.

Once the diagnostic is finalized, financial education programs should be developed in light of a wide array of stakeholders and other factors such as: needs identified, languages and dialects, social norms, perceptions of the future, intergenerational learning behavior, etc.

APPROPRIATE AND INNOVATIVE COMMUNICATION CHANNELS

The financial behavior of targeted groups can change depending on the levels of information and risk aversion, but also on the breadth and quality of financial products offered.

In this way, it can be very useful to gauge the communication channels based on the size of the population to be reached and the complexity of the themes. The provision of financial education should make full use of new technologies advances to better serve target populations (mobile applications, virtual platforms, etc.).

Level of complexity	Themes	Communication Channels	Population Size
Weak	Savings/Credit/ Notion of Risk/ Budget	Radio/TV/Newspapers/ Guides/Caravans	Large (Wider public)
Medium	Use of mobile and electronic payment means/consumer rights	Website/Video capsules/Modules/ Social Networks	Medium (Public informed)
High	Financial management/ Property	E-learning/Coaching/Support and Monitoring/Direct training	Small (Targeted)

MEASURING THE IMPACT OF FINANCIAL EDUCATION THROUGH A M&E SYSTEM

The implementation of a monitoring and evaluation system ensures the efficiency of established programs and leads to corrections and adjustments needed to reach the desired results. This system can also act as a tool in evaluating the return on investment, to reassure stakeholders and maintain their motivation in reaching the NSFE goals.

“Evaluating the impact and return on investment in financial education is very important for ensuring a stable and sustainable financing that takes into consideration the political priorities that government are required to respect. This necessity comes from the need to responsibly allocate resources so that public authorities know the activities that have seen success and deserve further investment” - (OECD 2015).

As a result, supplying reliable data throughout the NSFE process is fundamental - particularly on the actions undertaken and the people reached, all of this while monitoring and evaluating the impact of the program rolled out on the financial skills of those targeted. With this data, it is possible to analyze the efficiency of financial education policies, particularly in comparison with complex issues like poverty and sustainable development.

Financial Education for Vulnerable Groups

Developing targeted financial education programs is key to successfully designing financial education policies. Yet, in a context marked by the predominance of the informal sector, illiteracy, gender inequality and significant migrant flows, authorities are required to prioritize certain segments of the population⁶ over others because of the available resources. As a result, policies developed in Arab countries have focused primarily on the following categories of people:

CHILDREN AND YOUNG

Extracurricular activities have been identified as complementary steps in raising awareness among young people from a very early age.⁷ The aim of such activities is to develop the necessary financial skills among children and young people to make good decisions, to manage risk, and to plan their futures as economically responsible citizens. Financial education is bound to have a knock on effect, preparing this target population for participating productively in the economy.

LITERACY:

People who are totally or partially illiterate often come across significant obstacles in their daily lives, making access to financial services difficult. It is vital for them to acquire the professional and technical skills necessary, or even vital, to access employment and entrepreneurship.⁸ It should not be a surprise therefore to see programs dedicated to the financial education of illiterate people, teaching them good understanding of financial concepts and basic financial skills.

MIGRANTS:

Over the last few years, certain Arab nations have seen a significant influx of migrants as part of changing South-South relations. In this context, and in order to control the economic and social impact that results, financial education has been identified as an efficient tool to promote the insertion of this segment of the population.

⁶ Research on segmentation by the Moroccan Foundation for Financial Education : www.fmef.ma.

⁷ To know more, see the tools and analysis developed by the OCED and its international network for financial education (OCED/ INFE): <http://www.oecd.org/daf/fin/financial-education/financial-education-and-youth.htm>

⁸ Target 4.4 of the Sustainable Development Goals, <http://www.un.org/sustainabledevelopment/fr/education/>



Given scarce resources, **targeted financial education policies** should target the **vulnerable, including women and youth**

In this context, the ILO has adopted a rights-based approach that:

- Ensures the protection of migrant workers so that mobility produces beneficial effects for both migrants and the host nation.
- Better manages the migrant workers' fund transfers.

This approach aims to empower this target group so they can meet their daily needs (accommodation, education, health) and help family members in their countries of origin.

MICRO-, VERY SMALL-, SMALL- AND MEDIUM-SIZED ENTERPRISES (VSMES):

Micro and VSSMEs represent more than 90% of the economic landscape of developing countries and contribute not only to creating employment but also to raising overall incomes. This segment of society, however, often faces various obstacles to financing that limit company growth. The lack of managerial skills required for a robust management of their businesses exacerbates this issue.

Bearing this in mind, Arab nations have developed programs dedicated to this target group to improve their skills and prepare them to better manage their companies. More specifically, this has been done through the separation of personal and business finances – as this had been identified as a basic problem for VSMEs– as well as by strengthening the impact of the financial players' financial inclusion.

Similarly, some financial institutions have integrated financial education as non-financial services. It thereafter becomes a part of their services for micro and SMEs.

Success Stories from the Region

Well aware of the role that financial inclusion plays in the economic and social development of communities, Arab countries have invested more and more to overcome the barriers to accessing and using financial services and improve the quality of services provided by financial institutions.

Public and private sector stakeholders, in particular central banks, have established financial inclusion policies that focus on financial education. This represents a high performance tool on which to build confidence in the financial system, strengthening the skills of communities so that they are able to make the right financial decisions and plan for their future.

MOROCCO:

The **Moroccan Foundation for Financial Education** (FMEF) was created in 2013 by an initiative of Bank Al-Maghrib to define and implement a national financial education strategy combining public and private stakeholders and capitalizing on international experiences and the expertise of international bodies.

Since its creation, the FMEF has been working on developing its own economic model as well as an innovative approach to financial education. The strategy of the FMEF is underpinned by a multi-targeted approach that prioritizes the most vulnerable groups and sets up targeted financial education programs that reflect their socio-cultural and economic specificities. Building on this combination, the strategy takes into account the gender dimension and promotes a sectoral approach designed to reach the greatest number of beneficiaries sharing common needs.

Children and Young people

In partnership with the Ministry of National Education, the FMEF has been working at three levels.

Integration of financial education in extracurricular activities.

In partnership with Child and Youth Finance International (CYFI), *Finance Days* for children and young people have been institutionalized in Morocco since 2013. *Finance Days* have become an annual meeting between children and young people and stakeholders in the financial sector. Banks, insurance companies, the stock exchange and the central bank are joining forces to welcome young people and

diffuse their respective missions, but also their products and services. Professionals also conduct training sessions in schools. Particular attention is paid to Urban/Peri-Urban/Rural parity and gender.

More than 460,000 children and young people have benefited from the Finance Days program.

The FMEF is leading and coordinating this initiative with national and international partners. It also ensures that pedagogical content and information materials be developed and disseminated, and that an impact assessment of the *Finance Days* be conducted, including the extent to which these young participants have expressed satisfaction. In the last two editions, two quantitative surveys were conducted by the foundation in a sample of 10,000 and 5,000 children and young people.

Integration of financial education into the academic curriculum.

This pioneering experience in the region followed the development of a national learning framework which defines a new model for integrating financial education into the academic curriculum, the steps of which are defined in accordance with the reports and studies related to foreign experiences, and in particular those conducted by the OECD.

Accordingly, the integration of financial education into the national academic curriculum has been implemented gradually on the basis of a pilot experiment in more than 100 primary schools in the region of Rabat, prior to its current introduction throughout all of the other regions of the Kingdom.

As part of this integration framework, the FMEF has developed a training program which was first aimed at inspectors and then at teachers. This program, which promoted a participatory approach, targets facilitation techniques as well as content. To this end, three guides have been drawn up in close collaboration with the ministry, which include the Inspector's Financial Education Guide, the Teacher's Guide, and the Student Handbook.

Out-of-school youth.

A new partnership with the OFPPT enables the FMEF to reach young people who have left school and who have accessed the various parts of training systems. An action plan designed to train 3,000 trainers has been set up to train more than 20,000 beneficiaries by 2018.

Low-Income Households and Illiterate People

Mass media has been identified as a preferred instrument to reach this rather heterogeneous target often associated with a high level of illiteracy. A radio campaign was broadcast on the airwaves of the 2nd largest Moroccan radio in terms of audience share. This campaign features a peri-urban couple that delivers messages about financial education through everyday life adventures and misadventures. The time of passage was chosen based on the audience share, which represented on average 1000,000 listeners daily.

From a broader perspective, the FMEF, through its digital strategy which is also expanding to its Internet portal and its investment in social networks, aims to widen awareness-raising activities to include all socio-economic sectors while remaining faithful to its vision—that is, encouraging the most vulnerable people through appropriate tools.

It is in this context, and in order to reach more directly illiterate people, the FMEF has partnered with the National Agency for the Fight against Illiteracy to integrate financial education into literacy programs. More than 600 trainers have already been trained as of 2017 to train nearly 90,000 beneficiaries. An adapted teaching tool kit is used for this purpose.

Migrants

Morocco forms part of a migration policy aimed at the economic and social integration of undocumented individuals who mainly come from sub-Saharan African countries. It is against this background that the FMEF is setting up a financial education program in partnership with the ILO for the migrant population in Morocco. This program is made up of specific modules for migrants and their families relating to their working conditions and professional projects in their host country. Two qualitative surveys were conducted prior to the development of this tool kit to meet the needs of this segment of the population as closely as possible.

In Morocco

600

trainers have already
been trained and reached
90,000 beneficiaries.

Micro-, Small and Medium-Sized enterprises

Cross-cutting actions

A new training program: With the support of its international partners, the FMEF is currently implementing a new training program for very small businesses, microenterprises and entrepreneurs. This program aims to strengthen the financial skills that are necessary for enhancing company management. It consists of dedicated modules covering all stages of a company's life cycle: creation, financial planning, development, and financial transparency. The FMEF has dedicated a section of this program to public and private financial offers in order to improve conditions for access to finance, through exhaustive information on the various financial offers and the conditions required for receiving them. This work will also be accessible to interested companies on a dedicated digital platform.

A pilot action for Micro-entrepreneurs: As part of the FMEF's partnership with the Al-Amana Microfinance association, the foundation has trained nearly 40 trainers on the basis of a pedagogical kit designed to train beneficiaries both in terms of personal finance and professional projects. This partnership represents a pilot experiment in the microfinance sector, to be generalized in the medium term, drawing on the expertise of the National Federation of Microcredit Associations (FNAM).

Sectoral Actions

Two key sectors have been identified by the FMEF as strategically important - artisans and farmers. What actions can be carried out for these two sectors?

Artisans: Financial education was integrated into the courses of apprentice artisans. As part of this endeavor, the FMEF trained 80 trainers to strengthen the skills of those at the Ministry of Crafts and Social Economy and Solidarity on this topic. Additionally, two *Artisan Caravans* were organized under the supervision of the relevant ministry to reach mono-artisans, covering almost all administrative regions. More than 4,000 mono-artisans were reached by the caravans, and more than 2000 hours of training were deployed.

Farmers: A pilot was undertaken for smallholder farmers in partnership with the Crédit Agricole (Morocco). This training was based on a preliminary needs assessment carried out in conjunction with the bank. Regional campaigns followed in the form of awareness days dedicated to the financial education of small farmers. 1,046 farmers benefited from this pilot experiment brought to reach 10,000 beneficiaries in the years 2017 and 2018. A post-project evaluation operation will be carried out to measure the impressions and impact of the training program on the target population.

In order to consolidate its efforts in the area of financial education, the Foundation has also engaged with universities to encourage research in this field. It also organizes conferences for students and intends to develop a professional degree and a master's degree in entrepreneurship and the financing of small- and medium-sized enterprises.

Finally, the foundation's partnerships at both the national and international levels are essential for its success and development.

LEBANON:

In **Lebanon** national initiatives were undertaken to improve the financial skills of the population. These included:

- Membership to the international network for financial education from the OECD (OECD/INFE) in 2010;
- Organizing conferences at the national, regional and international levels;
- Carrying out of a national survey to evaluate financial literacy;
- Setting up programs to strengthen the skills of teachers in public schools between 2009 and 2012.

The Central Bank included Financial Education in its action plans:

- 2006: Developing the academic, technical and ethical skills of financial workers.
- 2013: Founding the *Currency Museum of the Central Bank*.
- 2014: Setting up consumer protection department within commercial banks, supervised by the banking control commission.
- 2015: Banks' requirements in ensuring the clients' financial education and capacity building.
- Since 2016: Developing scholarship programs for students.

TUNISIA:

In **Tunisia**, financial education became a pillar for protecting consumers of banking services. It focused primarily around information and training.

The **Central Bank of Tunisia** created an *Observatory for Financial Inclusion*, whose scope includes the development of the population's financial capabilities. Through its online platform, the *Observatory* makes available to the wider public pedagogic packages on the use of financial services and on payment means.



In Tunisia, there will be

90%

digital social network coverage for the country by **2020**

Additionally, the *Observatory* organizes events and communication campaigns to raise awareness in the wider society and further extend the reach of financial education.

It has created a national financial education strategy based on:

- Anchoring financial education into all sections of society in partnership with stakeholders.
- Putting in place an integrated digital system.
- Putting in place a shared ecosystem of media coverage and guidance for professionals, schools and universities.

To strengthen the role of digitization in further expanding financial education, the Observatory has implemented an action plan to ensure 90% digital social network coverage for the country by 2020.

These experiences demonstrate the commitment of countries in the Arab World to strengthening the financial skills of communities both to promote financial inclusion and to improve their level of protection.

Despite these efforts, the region does not yet have a reliable mechanism to measure the impact of how skills have changed among targeted populations.

PART III:

What policy for the Arab World?

Financial inclusion has great potential to support the sustainable development goals. To achieve this, after various discussions and exchanges with international experts, Arab countries have decided that implementing a financial education policy is vital and which efficiency can be strengthened by:

- **An evaluation of the current situation, plus a monitoring and evaluation mechanism:** Promoting data collection and handling on people's financial skills and the impact of programs carried out is crucial. Up until now, the region has not completed any rigorous evaluation of the financial education programs in place.
- **Relevant national programs for financial education**, which would be boosted by a strong governance structure bringing together public and private stakeholders. Creating an independent body dedicated to financial education can help increase the efficiency and scope of financial education programs.
- **Regional platforms for sharing knowledge and developing technical tools:** The "Regional Task Force on Financial Inclusion" created in 2012 by the Arab Monetary Fund has given particular importance to financial education and data on financial inclusion. It provides its members with an exchange framework to strengthen skills and the development of policies adapted to the context of each country.
- **Prioritizing vulnerable groups**, including women, young people and refugees (and other sections of society affected by humanitarian crises).
- **Using technology yet ensuring the protection of consumers.** Digital Financial services (DFS) open up new opportunities to improve the overall level of financial inclusion by providing a first entry point onto the formal financial system for those not yet using banking services. Developing an appropriate regulatory structure is essential in ensuring that DFS are provided in a responsible way, in particular by non-banking financial institutions.

As a result, the regional conference came up with 10 main recommendations:

Axes	Recommendations
Evaluating the target groups' financial skills	1. Creation of a mechanism to collect substantial data on the level of financial knowledge of target groups such as those developed by OECD and its international network (OECD/INFE)
Evaluating the impact of financial education programs	2. Using well-established evaluation tools.
Developing national strategies on financial education	3. Ensuring the involvement of all stakeholders: public, private, and civil society.
	4. Capitalizing on the feedback from national strategies
Strengthening regional exchanges	5. Making use of the support from regional platforms like the "Regional Task Force on Financial Inclusion" by the Arab Monetary Fund and the Alliance for Financial Inclusion (AFI).
Prioritizing financial education programs for vulnerable groups such as: women, young people, VSMEs and migrants	6. Improving financial products that take into consideration gender and young people
	7. Implementing financial education tools for very small enterprises.
	8. Developing financial education programs dedicated to migrants
Widespread diffusion of financial education	9. Integration of financial education programs into school curricula and literacy programs.
	10. Using new technologies to extend the reach of financial education programs (e-learning, mobile phone apps, social networks)

Panelists and Conference Materials

The following groups took part in the Conference on Financial Education in the World Arab Conference. Their respective presentations are available on the conference website below and were supplied by the presenters themselves.

Conference website: [here](#)

Financial Education Initiatives in the Arab World, A stocktaking report,

AMF/GIZ 2017: [here](#)

About the organizers



Arab Monetary Fund

Headquartered in Abu Dhabi and founded in 1976, the Arab Monetary Fund is a Regional Arab organization dedicated to correcting and balancing the payment of its member states; removing payment restrictions between members; improving Arab monetary cooperation; encouraging the development of Arab financial markets, paving the way for a unified Arab currency; and facilitating and promoting trade between member states. Its 22 member countries include: Jordan, the United Arab Emirates, Bahrain, Tunisia, Algeria, Djibouti, Saudi Arabia, Sudan, Syria, Somalia, Iraq, Oman, Palestine, Qatar, Kuwait, Lebanon, Libya, Egypt, Morocco, Mauritania, Yemen, and Comoros.

More information can be found at www.amf.org.ae.



Bank Al Maghrib

Bank Al Maghrib Bank Al-Maghrib (BAM), the Central Bank of Morocco, was founded in 1959 replacing the "Banque d'État du Maroc". BAM is headquartered in Rabat. The Bank is responsible for the definition and conduct of monetary policy with price stability as its core objective, in addition to issuing banknotes and coins. Furthermore, BAM ensures the operation and security of payment systems and sets monetary policy, including exchange rates between the dirham and foreign currencies.

It also holds and manages foreign exchange reserves. Alongside these core functions, the Bank acts as the financial advisor of the Government and the financial agent of the treasury for its bank operations in Morocco and abroad. Bank Al-Maghrib is a member of the Alliance for Financial Inclusion and involved actively in promoting financial inclusion.

More information can be found at <http://www.bkam.ma/en>.

About the organizers



With the support of **Moroccan Ministry of Economy and Finance**

The Ministry of Economy and Finance (MEF) is responsible for financial and monetary matters, including external credit and finance policies. It also provides financial guardianship for public and state-owned enterprises and establishments. To the extent possible, MEF supports the transfer of these enterprises to the private sector within the framework of the legislative and regulatory process for privatization.

Its main tasks relate to the drafting of the finance law and the monitoring of its implementation, the definition of fiscal and customs policies, the definition of conditions for internal and external financial balances, and the preparation of provisions and measures necessary for management of public revenues and expenditures. The MEF also carries out audits of public enterprises and establishments, with a view in particular to their possible restructuring and nationalization.

The MEF also plays an important role in deepening financial markets and promoting financial inclusion through the development of a financial sector able to support private sector enterprises expand economic activity on a sustainable basis. More information can be found at: <https://www.finances.gov.ma>.



In collaboration with **The World Bank**

Established in 1944, the World Bank Group is headquartered in Washington, DC. The World Bank Group has set two goals for the world to achieve by 2030: End extreme poverty by decreasing the percentage of people living on less than \$1.25 a day to no more than 3%; and promote shared prosperity by fostering the income growth of the bottom 40% for every country. The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the ordinary sense but a unique partnership to reduce poverty and support development. The World Bank Group comprises five institutions managed by their member countries. More information can be found at www.worldbank.org.



GIZ

The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH supports the German Government in achieving its objectives in the field of international cooperation for sustainable development with the Federal Ministry of Economic Cooperation and Development (BMZ) being its main client. GIZ is also engaged in international education work around the globe. More information can be found at www.giz.de/en.

About the organizers



OECD

OECD is an intergovernmental organization, the purpose of which is to bring together countries committed to supporting sustainable economic growth, boosting employment, raising living standards, maintaining financial stability and thus contributing to sound economic expansion and development in Member countries and in non-member economies. More information can be found at <http://www.oecd.org>.

الجمعية المغربية للثقافة المالية
Fondation Marocaine pour l'Education Financière

Moroccan Foundation for Financial Education

Created in 2013 through an initiative by the Bank Al-Maghrib, the Moroccan Foundation for Financial Education defines and develops the national financial education strategy. Its Board of Directors consists of ministries, regulators and professional associations in the educational and financial sectors. It is open to any actors who share the founders' citizen-oriented beliefs. The action of the FMEF aims, on the one hand, at enhancing financial inclusion through information sharing, training, and education. On the other hand it aims to offer consumer protection relating to diverse financial products and services, regardless of their degree of sophistication. This dual mission is reflected in six strategic objectives:

1. Providing financial education for young people to encourage the use of financial services and responsible behavior in the future.
2. Integrating financial education as a component of economic and social development programs carried out by public and private actors.
3. Organizing public-awareness campaigns to improve knowledge of financial products and risks.
4. Promoting financial awareness and education programs for businesses.
5. Encouraging cooperation in the field of financial education by establishing a framework for cooperation with universities.
6. Establishing partnerships with institutions involved in the promotion of Financial Education

More information can be found at: <http://www.fmef.ma>

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Organizing Committee:

This conference was organized by the Arab Monetary Fund (AMF) and Bank Al-Maghrib, with support of the Moroccan Ministry of Economy and Finance (MEF) and in coordination with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the World Bank, the Organisation for Economic Cooperation and Development (OECD) and The Moroccan National Foundation for Financial Education. The event took place on October 20-21, 2016 in Amphitrite Hotel in Skhirat-Rabat, Morocco. The organizing committee was comprised of the following individuals:

Yisr Barnieh, *Arab Monetary Fund*

Habib Attia, *Arab Monetary Fund*

Ibtissam El Anzaoui, *Bank Al-Maghrib*

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