

Security, refugees, education & financial literacy in the Mediterranean Region

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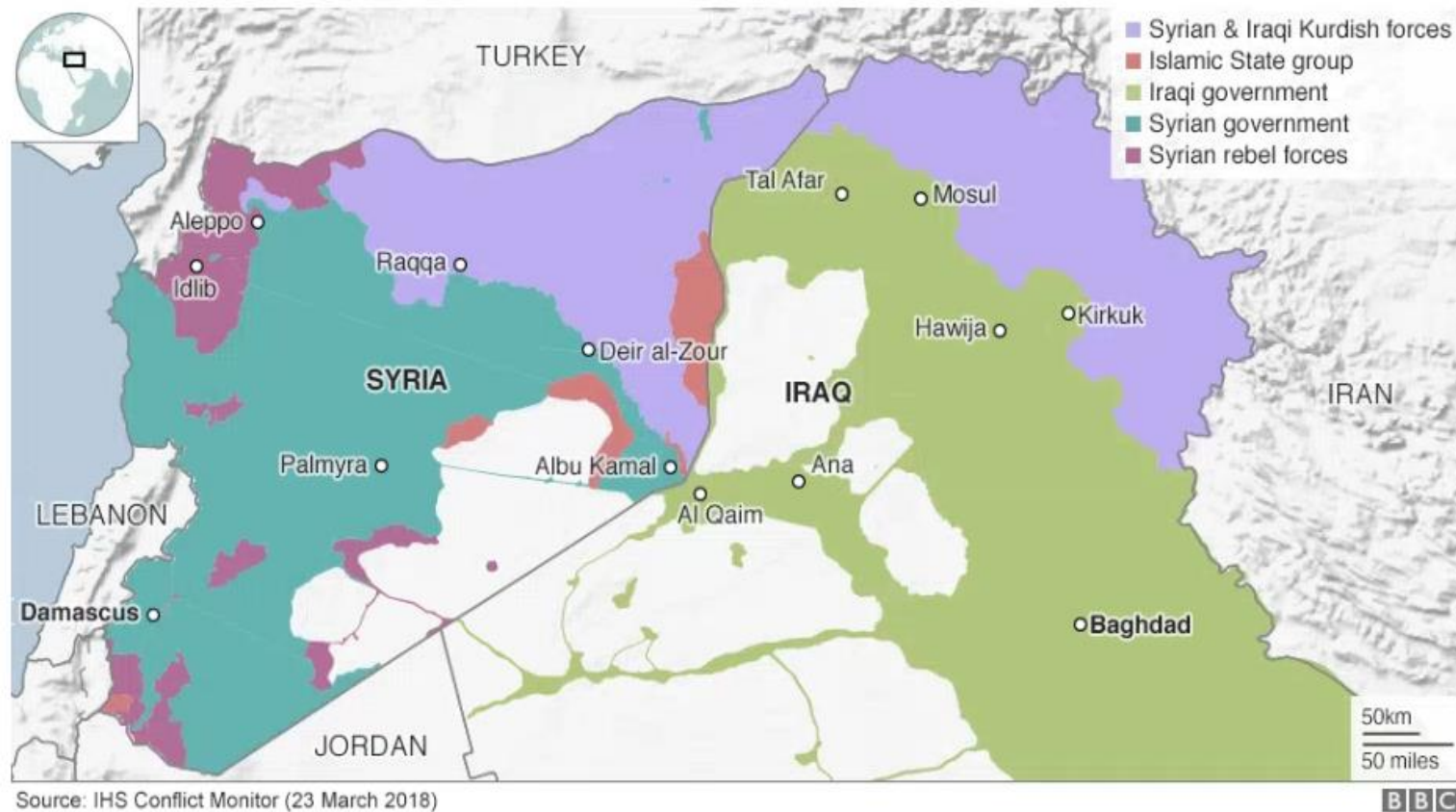
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MENA Regional Challenges



Refugees: Massive and Persistent Economic Costs

- **Large-scale conflicts are a major challenge for the Middle East and North Africa (MENA):**
 - A refugee crisis bigger than any since World War II is affecting the MENA region, Europe, and beyond, straining economies and social systems.
- **Intense conflicts and human displacement have had massive and persistent economic costs:**
 - Conflicts have caused deep recessions, driven up inflation, worsened fiscal and financial positions, and damaged institutions.

Unemployment: A Dangerous Constant in the Region

*“Youth unemployment in the region has been a **dangerous constant** throughout the history of our Survey, stubbornly holding at **25 per cent**. In addition, it is not well known that **85 million adults in the Middle East are illiterate**. This is a real problem that governments in the region must look at seriously, because, after all, **a modern education system is needed** to deliver a generation of young Arabs who will be ready to take on the jobs of the future which will emerge from the 4th Industrial Revolution.”*

Arab Youth Survey 2018

Despite a 58% growth in GDP over 10 years, Youth Unemployment rate is stagnating at 25.5%

GDP (PPP)



\$4.35 tr → **\$6.9 tr** **58% ↑**
2008 2018

Population



267 mn → **341 mn** **28% ↑**
2008 2018

Youth Unemployment



25.4% → **25.5%**
2008 2018

Country	Youth Unemployment (%)*
GCC	
Saudi Arabia	34.7
UAE	5.1
Qatar	0.5
Kuwait	15.5
Oman	48.2
Bahrain	5.8
Levant & Other Middle East	
Iraq	17.9
Lebanon	16.5
Jordan	38.9
Palestine	40
Yemen	25.5

***Youth Age Group:18-24**

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Education: Unequal access and lesser quality

Most countries in the Middle East and North Africa (MENA) have made significant progress toward increasing children's school enrolment, attendance and completion. However, access remains unequal and the quality of education is a major issue in the region.

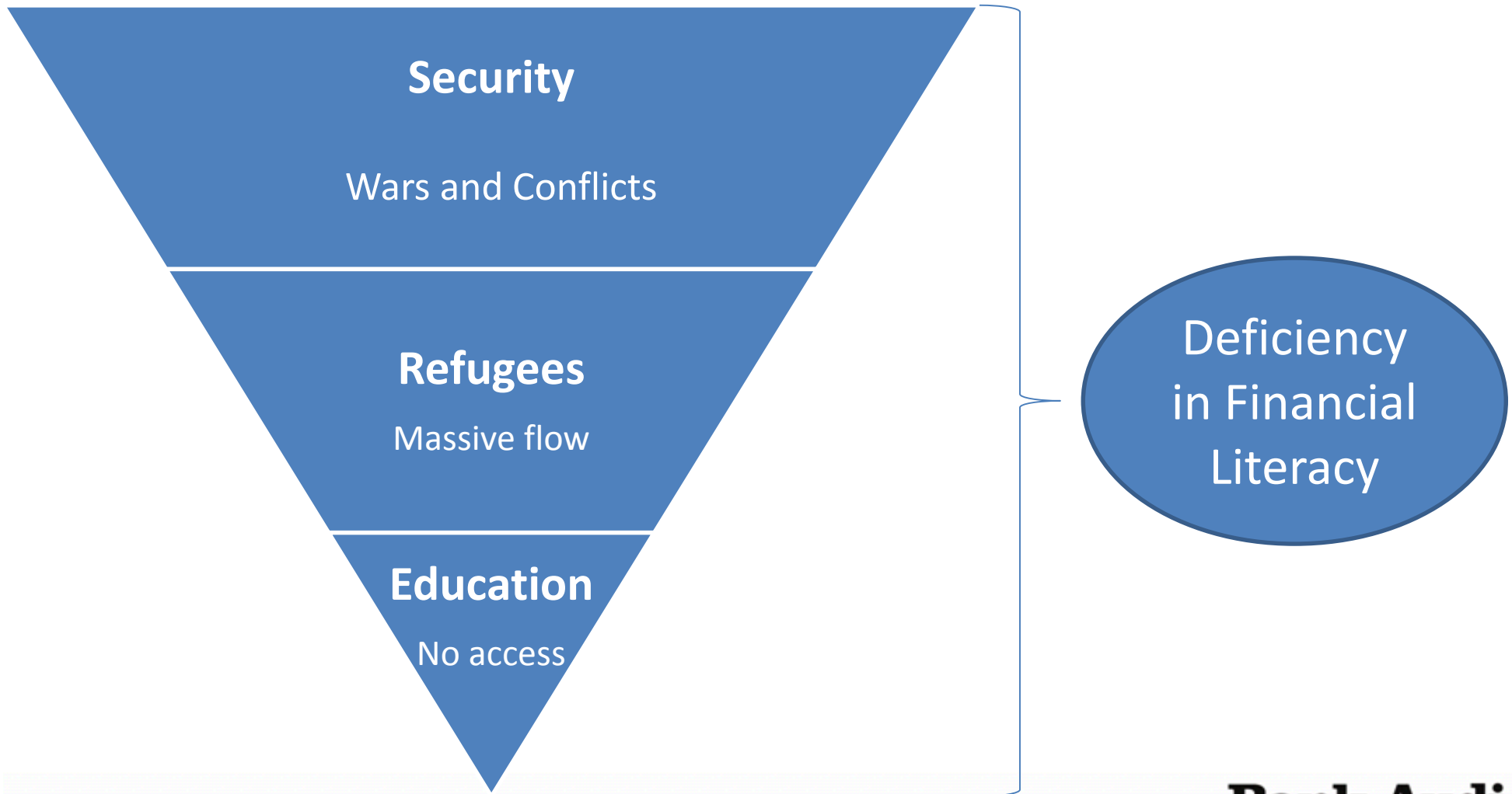
Fitting and Suitability Exercise

- Education serves the Economy
- The world is growing at a fast pace facilitated by the technology around us
- Challenge: balance in the growth of the Economic section while keeping the consumer and its data protected
- Literacy vs. Financial Literacy

Out-of-school children in MENA has declined from 15 million in 2008 to 12.3m in 2015

MENA has nearly 22 million children who are either out of school or at risk of dropping out

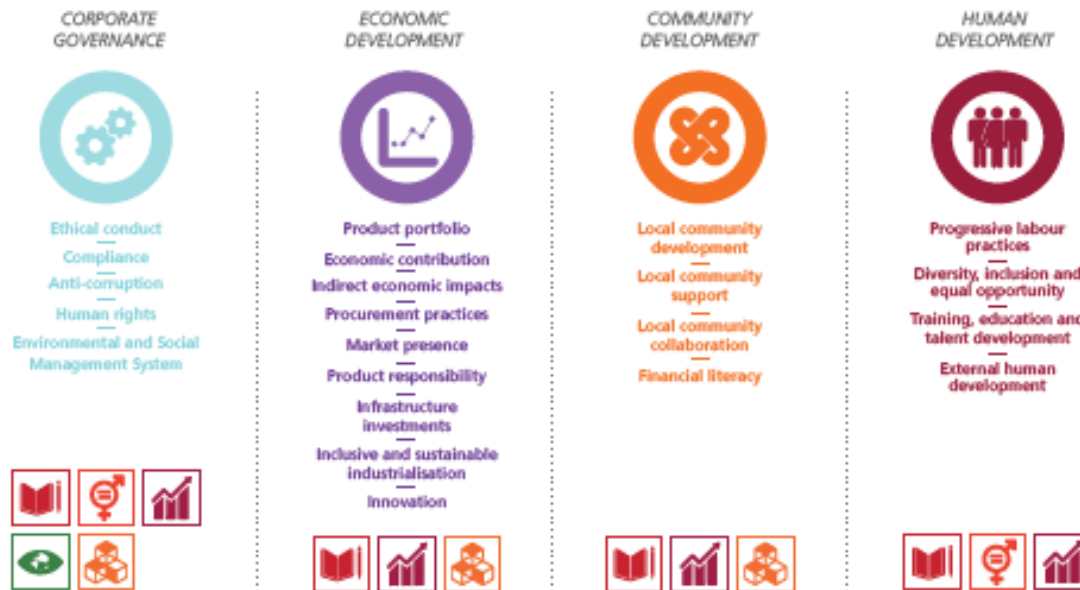
Consequence: Deficiency in Financial Literacy



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Financial Literacy: How to get there

Though Financial Literacy is an element of the Community development, we should be working on all interlinked pillars to consistently get there



Financial Literacy: A Pre-requisite to Financial Inclusion

Approach: Financial education is a prerequisite as well as a byproduct of financial inclusion

- Financial education should be 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, the illiterate, etc.), with the aim of providing appropriately adapted financial education programs

Arab Region
Account Penetration
29%

Arab Countries
Financial Literacy
31%

Women: 27.7% Men: 33.5%

The Path to Financial Inclusion

Include in the banking sector marginalized communities and individuals with limited / low income



SME Projects and Activities



Social development

Financial Exclusion	Financial Inclusion
Driving some customers to alternative banking solutions	More attainable banking solutions
Allows alternative banking solutions to operate in an uncontrolled environment	Fosters a controlled regulatory environment
Losing business opportunities	Increased business opportunities
Wholesale exit of business lines / locations	Risk-based approach
Increased poverty / chances for development	Including marginalized groups in the financial system
Certain communities' increased vulnerability to criminal networks	Less vulnerability to criminal networks
No reporting suspicious transactions	Suspicious transactions reporting to FIU

Recommendations to Avoid De-Risking

Actions authorities and financial institutions could take:

- Effective implementation and updated knowledge of **international standards**
- **Enhanced understanding of risk**
- **Ensure implementation of a risk-based approach**
- **Efficient systems with adequate rules and scenarios**
- **Increase information sharing / transparency**



Banks' Response: Compliance Program

Thank you