



Policy Paper

مركز البيان للدراسات والتخطيط
Al-Bayan Center for Planning and Studies

Investing in Financial Education for Iraqi Youth: Towards Building a Sustainable Financial Future

Haider Jalil Khalaf



Al-Bayan Center Studies Series

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**www.bayancenter.org
info@bayancenter.org**

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Haider Jalil Khalaf *

Executive Summary

Financial literacy is crucial for enhancing individual empowerment, economic stability, and social progress. It plays a decisive role in shaping economic welfare, social mobility, and overall prosperity. Financial literacy enables Iraqi youth to better prepare for seizing economic opportunities and facing financial challenges, actively contributing to the country's long-term prosperity.

The country faces significant challenges due to limited access to education and economic fluctuations, making the enhancement of financial literacy a pressing need for empowering individuals and achieving economic resilience and comprehensive prosperity. This paper particularly focuses on Iraqi youth due to their demographic importance and their impact by financial obstacles.

This paper aims to identify strategies derived from best international practices and local insights to enhance the financial culture among Iraqi youth. It seeks to provide young people with the necessary competencies to navigate complex financial environments, promote a culture of wise financial decision-making, and thereby contribute to sustainable social progress and stability.

* Researcher.

Enhancing the financial literacy of youth in Iraq aims to empower them to make informed financial decisions and manage their finances effectively to achieve their goals, contributing to financial stability at both individual and community levels. Financial literacy contributes to wealth creation and economic growth by encouraging entrepreneurship, investment, and innovation. It enhances social justice by reducing disparities in wealth and opportunities within society, protects consumers, promotes financial inclusion, and encourages individuals and communities to adopt a long-term perspective on financial planning, thereby increasing economic resilience in the face of obstacles and crises. However, youth face challenges such as limited access to quality education and formal financial services, economic instability, a lack of awareness of financial concepts, cultural norms that hinder discussions about money, and high levels of poverty.

To achieve the proposed goals, awareness and understanding of financial concepts must be increased, and education and financial resources must be provided to the youth, enabling them to make informed financial decisions and promote a culture of financial responsibility and entrepreneurship. Recommendations include integrating financial education into school curricula, expanding access to financial education resources, enhancing financial inclusion and access to banking services, empowering youth through entrepreneurship and skill development, and engaging parents, teachers, and community leaders in financial literacy processes for the youth. The implementation plan requires defining timelines, allocating resources, adopting strategies to monitor progress and adjust policies as needed, with cooperation between government institutions, NGOs, international organizations, and the private sector to financially empower Iraqi youth.

General Introduction

Financial literacy is essential for enhancing individual empowerment, economic stability, and social progress. By fostering financial literacy, encouraging responsible financial behaviors, and creating an environment conducive to financial inclusion and innovation, societies can build a more resilient and prosperous future.

Financial literacy encompasses the attitudes, beliefs, behaviors, and knowledge that individuals and communities have about money, personal finance, and financial systems. It plays a crucial role in shaping economic welfare, social mobility, and overall prosperity.¹ Financial literacy is pivotal in shaping the economic pathways of Iraqi youth, enabling them better to seize economic opportunities, face financial challenges, and actively contribute to the country's long-term prosperity.²

This paper underscores the urgent need to enhance financial literacy among youth in Iraq, given the significant challenges posed by limited access to education and economic volatility. Financial knowledge is a fundamental pillar for empowering individuals, achieving economic resilience, and comprehensive prosperity. Focusing on Iraqi youth is essential due to their significant demographic representation and the impact of financial obstacles on them.

1 Caleb Silver, Financial Literacy, investopedia: <https://2u.pw/3cDUNFfU>.

2 Helou, E. A. (2023, August 17). إعادة النظر في مفهوم التثقيف المالي: المسار المستقبلي للجيل زد. *Economy Middle East*. <https://economymiddleeast.com/ar/news/%D8%A5%D8%B9%D8%A7%D8%AF%D8%A9-%D8%A7%D9%84%D9%86%D8%B8%D8%B1-%D9%81%D9%8A-%D9%85%D9%81%D9%87%D9%88%D9%85-%D8%A7%D9%84%D8%AA%D8%AB%D9%82%D9%8A%D9%81-%D8%A7%D9%84%D9%85%D8%A7%D9%84%D9%8A/>

This paper seeks to identify strategies derived from best international practices and local insights, prioritizing the education and financial education of Iraqi youth. This approach aims to enhance the culture of wise financial decision-making, thereby contributing to sustainable social progress and stability.

The purpose of this paper is to propose comprehensive strategies for enhancing financial literacy among Iraqi youth, to address challenges that hinder their financial culture, to define specific goals, and to provide actionable policy recommendations for improving financial education and economically empowering Iraqi youth. The paper covers various aspects, including the social and economic context of Iraq, the specific challenges faced by youth, policy goals, and recommendations related to implementation, monitoring, and evaluation strategies, and the importance of enhancing financial culture to achieve individual and community prosperity.

The significance of this paper stems from highlighting the urgent need to provide Iraqi youth with the knowledge and skills they need to make informed financial decisions, face economic challenges, and contribute to the country's development and stability in the long term, thereby forming a financially enabled Iraqi generation with extensive knowledge and keeping up with financial and economic developments directly related to their lives.

Background

Youth in Iraq represent a significant demographic segment, making up a large percentage of the population.³ Despite this demographic

³ A report from the Central Statistical Organization in Iraq shows that a large percentage of the Iraqi population are young people, available at the following link: <https://2u.pw/JPvpbnt>.

advantage, many Iraqi youths lack the knowledge and skills necessary to make informed financial decisions, manage their finances effectively, and fully participate in the economy.⁴ This lack of financial literacy poses obstacles to economic growth, employment opportunities, and poverty reduction efforts in the country. Empowering them with financial literacy skills could have a profound impact on the country's economic development and stability in the future.

Iraqi youth may face unique financial challenges, including high unemployment rates⁵ and limited access to education and economic opportunities, with educational disparities among them, such as access to quality education and literacy rates, and exposure to economic instability and conflict.⁶ Despite the high likelihood of facing these challenges, enhancing their financial literacy can help them overcome these challenges more effectively and build a more secure financial future, thereby enabling them to perform their societal roles with greater resilience.

Youth often play roles as agents of change within their communities and environments. By enhancing financial literacy among youth, Iraq can promote a culture of responsible financial behavior and entrepreneurship that extends beyond individual families to benefit entire communities, contributing to broader economic development goals.

4 Maha Sabah Ibrahim, Organizational Excellence and its Impact on Achieving Strategic Success, *Journal of Accounting and Financial Studies*, Higher Institute of Accounting and Financial Studies, Issue 39, 2017.

5 Statement published on Al Furat TV, quoting the World Bank, published at the link: <https://2u.pw/q9pC9cx2>.

6 Ahmed Khadir Hussein, Iraqi Youth: Economic Determinants and Main Obstacles, Al-Bayan Center for Planning and Studies, available at: <https://www.bayancenter.org/2023/04/9594>

The Importance of Enhancing Financial Literacy:

Investing in financial literacy for youth leads to long-term benefits for society as a whole. By equipping the next generation with the tools they need to manage their finances effectively, Iraq can build a future more adaptable to financial changes and fluctuations for all its citizens.

Enhancing financial literacy among Iraqi youth is crucial for their economic empowerment, addressing the unique financial challenges they may face, and building a more inclusive and vibrant financial community. The importance of this can be understood through the following points:

- 1. Empowerment:** A strong financial culture empowers individuals to make informed decisions about money, manage their finances effectively, and achieve their financial goals. It equips them with the knowledge and skills necessary to navigate complex financial systems and adapt to changing economic conditions.
- 2. Financial Stability:** Developing a culture of financial responsibility can contribute to greater financial stability at both the individual and community levels. When individuals are equipped with the necessary tools for budgeting, saving, and investing wisely, they are better prepared to withstand financial shocks and economic downturns.⁷
- 3. Wealth Creation:** Financial literacy can facilitate wealth creation and economic growth by encouraging entrepreneurship, investment, and innovation. In communities where financial awareness is widespread, individuals are more likely to start businesses, invest

⁷ Hiroshi Tanaka, The Importance of Financial Literacy: Challenges and Solutions, article published at: <https://2u.pw/edUCXuK>.

in assets, and engage in capital markets, thereby driving economic progress.

4. Social Justice: Enhancing financial literacy can help reduce disparities in wealth and opportunities within society. By providing everyone, regardless of their background or income level, with access to financial education and resources, communities can empower marginalized groups and promote social mobility.⁸

5. Consumer Protection: Advanced financial literacy enhances consumer protection and financial inclusion. When individuals understand their rights and responsibilities as consumers, they are less susceptible to predatory financial practices and scams, contributing to a more just and transparent financial market.

6. Long-term Planning: Financial literacy encourages individuals and communities to adopt a long-term perspective on financial planning and decision-making. By promoting habits such as saving for retirement, investing in education, and planning for major life events, financial literacy helps ensure financial security and well-being in the future.

7. Economic Resilience: Countries with a strong financial culture are better equipped to withstand economic challenges and crises. When individuals are financially educated and secure, they are less likely to engage in risky behaviors that could exacerbate economic contraction, such as excessive borrowing or speculative investing.⁹

⁸ Hisham Madasha, Social and spatial justice as an approach to building the national development model, an article published on the Moroccan Hesperes website at the link: <https://2u.pw/l3xWVbN0>

⁹ Borge Brende and Bob Sternfels, Resilience and its role in achieving inclusive and sustainable growth, an article published at the following link: <https://2u.pw/CsRKhoH>.

Challenges to Financial Education

There are numerous challenges that hinder efforts to enhance financial literacy among the youth in Iraq, influenced by the general conditions and historical accumulations of the country. The most significant of these may include:

- 1. Limited access to quality education and to formal financial services**, especially in rural, remote, or deprived areas.
- 2. Economic instability and uncertainty**, exacerbated by factors such as conflict, unemployment, and inflation.
- 3. Insufficient awareness and understanding of financial concepts, products, and services among the youth.**
- 4. Cultural and social norms that may inhibit discussions about money and financial matters**, particularly among young women.
- 5. High levels of poverty and economic instability**, which affect the opportunities available to the youth.

Proposed Policy Goals

The primary goal of this policy is to improve financial literacy among the youth in Iraq. The following specific objectives are also outlined:

- 1. Increase awareness and understanding of financial concepts**, and enhance the levels of financial literacy among Iraqi youth by a certain percentage over a specified period, including budgeting, saving, investing, and debt management.

- 2. Provide accessible and relevant financial education and resources** to Iraqi youth, including those living in remote and marginalized communities.
- 3. Empower youth to make informed financial decisions,** navigate financial systems, and achieve economic independence and stability.
- 4. Promote a culture of financial responsibility, entrepreneurship, and innovation among Iraqi youth,** contributing to long-term economic development and prosperity.

Conclusion and Recommendations

Enhancing financial literacy for youth in Iraq is essential for building a stronger and more prosperous society. By investing in education, empowerment, and access to financial services, Iraq can unleash the potential of its young population, boost economic growth, and create a brighter future for the coming generations. This paper outlines a roadmap for action based on the best international practices planned to meet the unique needs and context of Iraq. Implementing these policy recommendations requires collaboration and commitment from government institutions, various NGOs, international organizations, the private sector, and other stakeholders to financially empower Iraqi youth to become financially enabled, resilient, and capable of seizing opportunities for success in an ever-changing and evolving world.

To achieve the goals outlined above, the following policy recommendations are proposed:

1. Integrate financial education into school curricula, by:

- Collaborating with the Ministry of Education to incorporate financial literacy into school curricula, ensuring all students receive basic financial education at an early age.
- Developing age-appropriate financial education units and materials for elementary, secondary, and vocational education levels, focusing on practical skills and real-world applications.
- Developing a national financial education curriculum for schools, designed to suit various age groups and educational levels.

2. Expand access to financial education resources, achievable through:

- Establishing a central online platform or mobile app providing free interactive financial educational resources and tools for youth.
- Partnering with local NGOs, banks, and financial institutions to organize workshops, seminars, and awareness programs about financial literacy in schools, universities, and community centers, or establishing financial education programs focused on both male and female youth.

3. Enhance financial inclusion and access to banking services:

- Working with banks and microfinance institutions to develop youth-friendly banking products and services, such as savings accounts, youth loans, and mobile banking applications.

- Conducting awareness campaigns to promote the benefits of banking and encourage youth to open bank accounts and start saving for their future.

4. Empower youth through entrepreneurship and skill development:

- Supporting training programs on entrepreneurship and young entrepreneur incubators, providing mentorship, access to capital, and business development resources.
- Offering vocational training and skill development programs that equip youth with the skills and competencies necessary for success in the job market and financial independence.

5. Engage parents, teachers, and community leaders:

- Providing training and resources for parents, teachers, and community leaders to facilitate discussions about money and financial matters with youth.
- Organizing community events, forums, and peer learning activities that promote financial literacy and encourage positive financial behaviors among youth and their families.

Implementing the recommendations above requires following a comprehensive implementation plan to define the nature and timing of these proposed interventions, including setting timelines for each recommendation, specifying short-term, medium-term, and long-term goals, allocating resources including funding, staff, and partnerships with relevant stakeholders, and adopting strategies for monitoring and evaluating progress and adjusting strategies as needed to ensure accountability. Key performance indicators should be established to assess the current state of financial literacy among youth in Iraq, including improvements in financial knowledge, changes in financial behaviors, and increased access to financial services among youth. Regular assessments and surveys should be conducted to measure progress, identify challenges, and inform future policy adjustments.