

# INNOVATIVE APPROACHES TO INCREASE YOUTH FINANCIAL INCLUSION: PALESTINE



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This case study is a product of the Financial Inclusion Strategy Peer Learning Group and its members.

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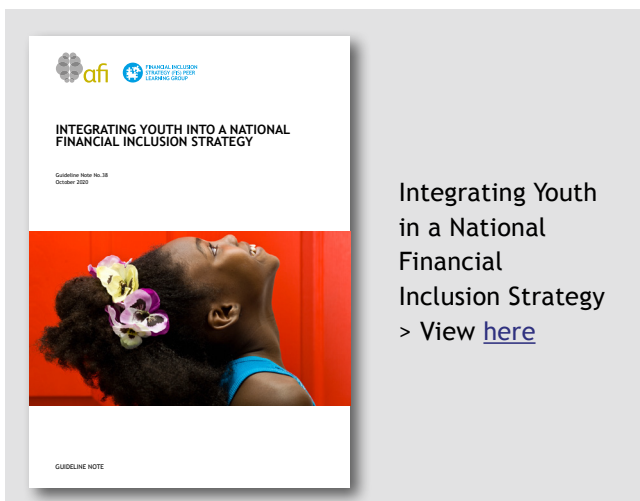
## INTRODUCTION

Financial inclusion has emerged as a critical goal for governments, financial institutions, and development organizations worldwide. Access to financial services not only empowers individuals with greater control over their finances but also drives economic growth and poverty reduction.

Within the broader context of financial inclusion, the integration of youth – a demographic marked by its unique challenges, opportunities, and technological fluency – holds particular significance.

The youth population, often defined as individuals between the ages of 15 and 24, represents a powerful force shaping the future of economies and societies. In both developed and developing nations, youth play a pivotal role in driving innovation, entrepreneurship, and social progress. Recognizing the potential of this demographic, governments and stakeholders have increasingly turned their attention to finding innovative approaches that facilitate the financial inclusion of young people.

Previously, members of the Alliance for Financial Inclusion (AFI) identified youth financial inclusion as a top priority within the AFI network, and this resulted in the development of key knowledge products, such as "Integrating Youth in a National Financial Inclusion Strategy" and the "[Youth Financial Inclusion Policy Framework](#)".



Generation Z (zoomers) - young people born between the late 1990s and early 2010s - is growing up with a different set of habits and behaviors to preceding generations.<sup>1</sup>

400%

Research from Bank of America suggests that worldwide, Gen Z's income will grow by 400 percent over the coming years to reach \$33 trillion by 2030.<sup>2</sup>

By then, this group will hold more than a quarter of global income, and their spending power will surpass that of millennials - the generation that preceded them - in 2031.<sup>3</sup>

Gen Zs are embracing new types of money management tools and have relatively little enthusiasm for traditional products such as bank accounts: sixty-two percent do not have one. Mobile wallets, by contrast, are growing fast - in some markets, almost half of zoomers now use this type of account. Moreover, while mobile wallets and similar innovations have traditionally been associated with emerging markets, where conventional banking has had less exposure, it would be a mistake to expect Gen Zs (in living in developed economies) to follow their parents' preferences. The evidence of our research is that zoomers globally are moving away from banking products. Businesses that do not adjust accordingly risk being shunned by Gen Z.<sup>4</sup>

Zoomers also want to be approached differently<sup>5</sup> by financial service providers - this, in turn, means that the approach to including them financially needs to be quite different and innovative.

<sup>1</sup> Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

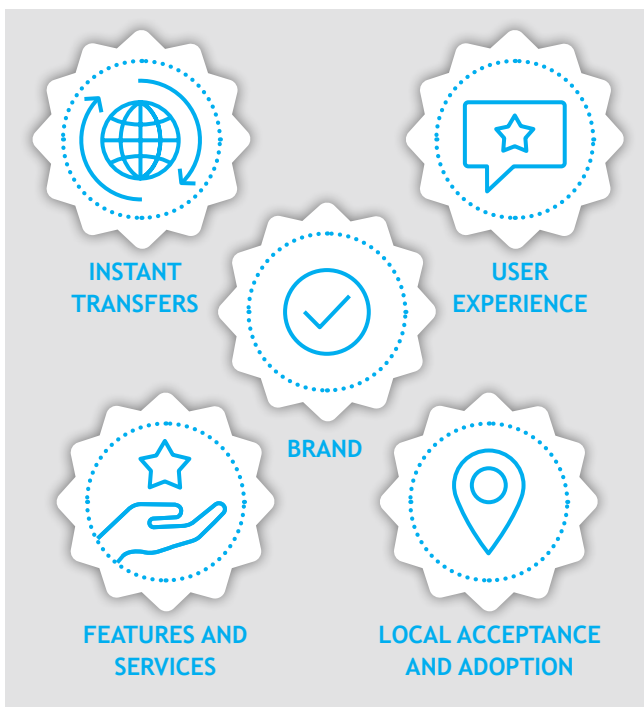
<sup>2</sup> Available at: <https://www.businessinsider.com/gen-z-will-take-over-economy-2030-33-trillion-income-2020-11#:~:text=Gen%20Z%20is%20set%20to,earnings%20because%20of%20the%20pandemic&text=By%202030%2C%20Gen%20Z's,7%20due%20to%20the%20pandemic.>

<sup>3</sup> Available at: <https://www.cNBC.com/2020/11/20/gen-z-incomes-predicted-to-beat-millennials-in-10-years.html>

<sup>4</sup> Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

<sup>5</sup> Available at: <https://www.thunes.com/insights-reports-gen-z-future-of-spending/>

TOP 5 FACTORS THAT IMPACT ZOOMER'S PAYMENT CHOICE:



This case study explores a range of innovative strategies and initiatives aimed at increasing youth financial inclusion. By analyzing successful examples from diverse regions and contexts, it seeks to uncover actionable insights, best practices, and lessons learned. Through a systematic examination of these approaches, we aim to shed light on how governments, financial institutions, and other stakeholders can effectively bridge the gap between youth and financial services.

The following sections will explore a variety of innovative methods that have been employed to engage youth in financial systems. From leveraging digital technology to fostering financial education, or from designing youth-centric products to fostering partnerships, each approach offers a unique perspective on addressing the challenges that often hinder young people from accessing and fully participating in formal financial networks.

Through this exploration, we hope to not only highlight the successes achieved but also delve into the nuances of implementation and potential barriers that need to be navigated. By understanding the strategies that have demonstrated promise in increasing youth financial inclusion, we aim to inspire and share insights on the important efforts that lead to improved financial access and empowerment for young individuals across the globe.



# YOUTH FINANCIAL INCLUSION IN PALESTINE

At the core of the financial inclusion initiatives lies a paramount goal: to overcome the hurdles faced by Palestinian youth, granting them easier access to financial services and funding avenues.

Moreover, these endeavors aspire to nurture their innovative ideas through an increased awareness and understanding of financial concepts. This aspiration is particularly critical considering the substantial youth demographic, which represents a significant one-third proportion of Palestinian society.

Effectively integrating all societal segments, with a special emphasis on youth, into the formal financial sector yields considerable implications for driving economic advancement. This collective drive towards financial inclusivity tackles head-on the vexing issue of unemployment – a cornerstone focus of Palestine's National Financial Inclusion Strategy (NFIS).

## 1. UNVEILING FINANCIAL INCLUSION WITHIN PALESTINE

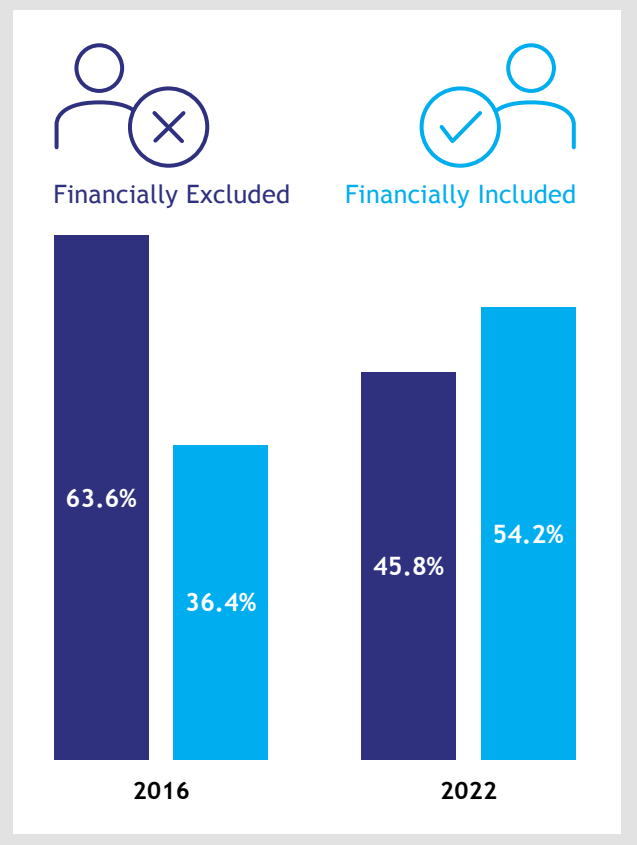
According to the Palestinian Central Bureau of Statistics, the youth demographic (aged 18-29) comprised approximately 22 percent (1.17 million) of the overall population (5.35 million) by mid-2022 – 22.2 percent in the West Bank and 21.5 percent in the Gaza Strip.

Financial inclusion, however, extends beyond youth to encompass various age groups, spanning primary school to university, with an aim to augment financial literacy and acumen. This encompasses activities, programs, and campaigns, alongside the integration of financial education within academic curricula.

The Palestinian Monetary Authority marked a pivotal juncture March 20, 2023 by unveiling the outcomes of an evaluation that revisited financial inclusion within Palestine. This assessment, which built on a comprehensive field survey conducted in 2022, sought to

quantify the progress and impacts stemming from the NFIS's execution. Furthermore, the reassessment aimed to pinpoint any adjustments necessitated by the evaluation's findings for the strategic roadmap leading up to 2026.

FIGURE 1. FINANCIAL INCLUSION 2016 - 2022



## 2. IMPLEMENTATION OF THE NFIS AMID CHALLENGES

Even amid the challenges encountered during the 2019-2022 period, noteworthy progress emerged while executing the NFIS across three pivotal dimensions of financial inclusion: accessibility, utilization, and quality. This forward movement attests to the efficacy of prior initiatives, surpassing initial benchmarks.

Three focal groups were established in collaboration with the Palestinian Capital Market Authority (PCMA). The first group tackled youth and gender issues pertinent to financial inclusion, delving into the challenges, opportunities, obstacles, and risks that

entrepreneurs encounter in accessing and utilizing financial products and services. The second group explored the domain of digital financial services, exploring how digitization catalyzes financial inclusion while dissecting its challenges and prospects. Lastly, the third group examined the role played by financial products in empowering consumers, with gender dynamics, geography, financial literacy, and exclusion coming under scrutiny.

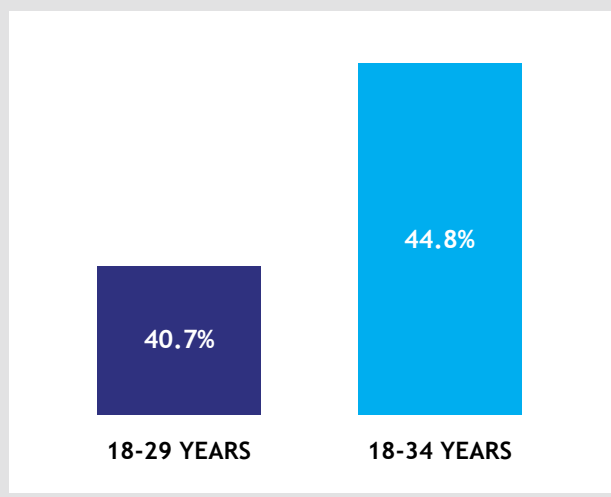
### 3. THE MAIN OBJECTIVE OF THE NFIS IN PALESTINE

At the core of the NFIS<sup>6</sup> in Palestine lies an overarching ambition to elevate financial inclusion from the current 36.4 percent among adults to a minimum of 50 percent by the end of 2026.

The most recent assessment in 2022 showed an encouraging advancement, with the financial inclusion rate rising to 50.9 percent, compared to 36.4 percent in 2016.

This figure climbs to 54.2 percent when incorporating electronic wallet users, surpassing the 2026 target. Additionally, notable progress materialized in enhancing financial sector access and utilization for youth and other population segments.

FIGURE 2. FINANCIAL INCLUSION RATE BY AGE GROUP 2022



<sup>6</sup> Available at: <https://www.financialinclusion.ps/item-1678961908/>

### 4. IMPLEMENTATION OF THE NFIS AMID CHALLENGES

The Palestine Monetary Authority (PMA) has strongly advocated for enhancing financial literacy among youth. Key initiatives encompass:



#### FINANCIAL INCLUSION WEBSITE<sup>7</sup>

Serving as a dynamic hub of information, updated in real-time, this website provides comprehensive insights into financial inclusion in Palestine, functioning as a valuable communications channel and a major source of information. Built using the most advanced technology, it serves as a platform for all initiatives related to raising awareness about the financial sector, in both the banking and non-banking sectors, comprising data to measure the levels of financial inclusion and financial services available in Palestine, and their access and use mechanisms.



#### MAYA DECLARATION

The PMA's commitment to this declaration underscores its dedication to boosting the financial capabilities of targeted segments – women, youth, entrepreneurs, and the unemployed – while increasing female bank account ownership.



#### REASSESSMENTS AND ROADMAPS

The PMA's periodic evaluations gauge the progress of financial inclusion to better guide roadmaps for digital financial services and gender parity.



#### UPDATED FINANCIAL INCLUSION ACTION PLAN

This action plan has been tailored to encompass youth, women, startup owners, and entrepreneurs, with clearly delineated roles and responsibilities.



#### TAILORED BANKING SERVICES

Banks are encouraged to provide youth-tailored services,

<sup>7</sup> Available at: <https://www.financialinclusion.ps/>

like special bank accounts, promoting easy and cost-effective access.



### FINANCIAL INCLUSION ACCOUNT

Tailored to the unbanked population, this account simplifies basic banking transactions with user-friendly terms and zero associated costs.



### MONSHATI PLATFORM<sup>8</sup>

This platform empowers enterprises of all sizes through guidance, technical support, and access to financing.



### ESTIDAMA FUND

Launched in 2020, this fund supports businesses grappling with health and economic crises, nurturing youth entrepreneurs.



### FINANCIAL LITERACY PROGRAMS

These programs are designed to increase financial awareness among youth, including through educational activities and university visits.

- ✓ Conducting workshops for a minimum of 500 women, aimed at enhancing their financial capabilities and enabling access to financing sources. The workshops focus on improving their financial literacy concerning electronic payment services and e-wallets, emphasizing safety, and with no user commissions.
- ✓ Launching an awareness campaign to promote payments through points of sale at 160 petrol stations.
- ✓ Delivering financial awareness lectures to university students in Ramallah, Nablus, and Bethlehem.
- ✓ Initiating awareness campaigns in collaboration with representatives from five licensed e-payment companies, along with social media influencers and youth. This effort includes setting up awareness booths at universities.

<sup>8</sup> Available at: <https://monshati.ps/en>



### REGULATORY SANDBOX

Introduced in 2022, this safe space allows for the testing of novel financial solutions in an enhanced and supportive environment under the supervision of the PMA.



### AWARENESS VIDEOS

Tailored to the unbanked population, this account simplifies basic banking transactions with user-friendly terms and zero associated costs.



### "MASRIFI" MOBILE APP<sup>9</sup>

Launched during Palestinian Banking Week, this app educates students, teachers, and parents on banking concepts.



### SOCIAL MEDIA REELS COMPETITION<sup>10</sup>

Engages youth by encouraging the creation of banking-related content.



### DEVELOPMENT INSTITUTION PARTNERSHIPS

Collaborations emphasize support and financial inclusion for women entrepreneurs.



### ARAB FINANCIAL INCLUSION DAY

Influencers and campaigns are leveraged to amplify financial awareness, with implications for climate change. By leveraging influencers across diverse social media platforms, the objective is to connect with a broader spectrum of young individuals. This approach aligns with the overarching theme of "Enhancing Financial Inclusion to Strengthen Climate Change Mitigation Efforts". Additionally, the PMA has collaborated with banks to initiate awareness campaigns that target amplified financial awareness across all segments, with a particular emphasis on engaging youth.

<sup>9</sup> Available at: <http://www.masrifi.ps/>

<sup>10</sup> Available at: <https://www.facebook.com/ChildYouthBankingWeekPMA?mibextid=LQQJ4d>



## PMA ACADEMY

At the beginning of 2023, the PMA established the PMA Academy to provide comprehensive technical and practical training to a select group of graduates ensuring their preparation for impactful roles aligned with the academy's strategies. By the end of the rigorous year-long program, graduates will possess a deep understanding of the PMA's innovative plans and strategies. As a noteworthy outcome, successful students will also have the chance to join the PMA workforce.

### 5. YOUTH EMPOWERMENT THROUGH TRADITIONAL AND SOCIAL MEDIA CHANNELS

The PMA has concentrated its efforts on leveraging social media platforms to improve financial awareness among youth. However, this shift to social media did not diminish the value of the official website, which continues to serve as a reliable and frequently updated source of information, housing a wealth of valuable resources, including new studies and publications.

Moreover, unique accounts tailored for youth to increase awareness were established on Facebook and Instagram, characterized by vibrant and captivating designs, as well as straightforward language, all aimed at expediting engagement with the intended audience. Youth influencers were also employed to amplify the reach of awareness initiatives and materials.

Strategically utilizing influencers across various social media platforms was a deliberate effort to expand outreach to a broader demographic, with a strong focus on youth, increasing awareness about both traditional and electronic banking services.

Furthermore, the PMA extended its reach to radio broadcasts, targeting individuals such as drivers, households, and young commuters who rely on public transportation, particularly in remote areas.

### 6. MEASURING THE SUCCESS AND IMPACTS OF FINANCIAL INCLUSION INITIATIVES

The results of the 2022 reassessment of financial inclusion showcased important advancements.

50.9%

The financial inclusion rate surged to 50.9 percent, a significant rise from the 36.4 percent recorded in 2016. This percentage climbs further to 54.2 percent when incorporating the ownership of electronic wallets.

It is important to note that the targeted percentage set in the strategy and plan was a minimum of 50 percent by the end of 2022.

#### SEVERAL KEY OUTCOMES REFLECT THE INCREASED FINANCIAL INCLUSION AMONG PALESTINIAN YOUTH:

- 1 | There was a discernible increase in the level of financial literacy among Palestinian citizens when compared to 2016. The proportion of citizens possessing at least an average level of financial literacy grew from 41.3 percent in 2016 to 53.3 percent in 2022.
- 2 | The sample comprised 49.4 percent women and 50.6 percent men.
- 3 | Within the sample, 39.1 percent were youth aged 18 to 29 years, while the broader 18 to 34-year-old segment constituted 63.1 percent.
- 4 | The results demonstrated a clear inclination among youth towards using electronic services, in contrast to individuals aged over 29 years.
- 5 | Female ownership of current accounts saw a four percent increase from 2016 to 2022.
- 6 | Youth ownership of current accounts surged by nine percent within the same period.
- 7 | Youth ownership of saving accounts experienced a five percent upswing from 2016 to 2022.
- 8 | Youth ownership of credit cards witnessed a four percent rise from 2016 to 2022.
- 9 | By 2022, youth ownership of e-wallets reached eight percent.





#### MONSHATI PLATFORM

A total of 3,878 users, with 34.7 percent being women.



#### ESTIDAMA FUND

A total of 2,735 projects benefited from the fund, of which 1,781 were micro, small, and medium-sized enterprises (MSMEs), with 20 percent benefiting women.



#### INTERACTIONS ON AWARENESS VIDEOS

The awareness videos reached 5.5 million views, with women viewers making up 45.5 percent and 70 percent belonging to the youth demographic.



#### “MASRIFI” MOBILE APPLICATION

Downloads of the application reached 22,000, indicating an increase of 10,000 downloads in 2023 compared to 2022.



#### UNIVERSITY VISITS

Nearly 1,500 electronic portfolios were created for students during these visits.



#### PMA ACADEMY

Twenty-five recent graduate students were selected and appointed within the training program.



#### SOCIAL MEDIA REELS COMPETITION

Commenced in May 2023 and concluded in July 2023.



#### AWARENESS VIDEOS BY INFLUENCERS

These videos collectively gained 1.4 million views.



#### SOCIAL MEDIA AWARENESS PLATFORM

- ✓ Facebook page with 16,000 followers, with 40.1 percent being women.
- ✓ Instagram page with 4,000 followers, of which 78.3 percent are women.



## CONCLUSION

The pursuit of financial inclusion for Palestinian youth is an essential goal, aiming to overcome challenges and offer easier access to financial services and funding avenues. This initiative also seeks to nurture innovation by promoting financial literacy and understanding. Given the substantial youth demographic, comprising about one-third of the Palestinian population, these efforts are vital.

Achieving financial inclusion across all segments of society, particularly youth, holds significant economic implications as it addresses the pressing issue of unemployment, a key focus of Palestine's NFIS.

The youth demographic (aged 18-29) constitutes roughly 22 percent of the total Palestinian population. However, financial inclusion efforts extend beyond youth, encompassing various age groups, from primary school to university, and involving financial education integration into academic curricula.

In March 2023, the PMA unveiled the results of a comprehensive evaluation of financial inclusion in Palestine. This assessment, based on a field survey from 2022, aimed to quantify progress and provide guidance for adjustments to the strategic roadmap leading up to 2026.

Despite the challenges, progress emerged with the execution of the NFIS from 2019 to 2022. Collaboration with the Palestinian Capital Market Authority resulted in the establishment of groups focused on youth and gender issues, digital financial services, and consumer empowerment.

The main objective of the NFIS in Palestine is to elevate financial inclusion from 36.4 percent to a minimum of 50 percent among adults by 2026. The 2022 reassessment showed significant advancements, with the financial inclusion rate reaching 50.9 percent, climbing further to 54.2 percent when accounting for electronic wallet users. Positive outcomes included increased financial literacy and greater usage of electronic services among youth.

To empower youth, the PMA initiated various strategic initiatives, such as a financial inclusion website, the MAYA Declaration, tailored banking services, and financial literacy programs. Social media also played a crucial role, with tailored accounts on platforms like Facebook and Instagram, influencer collaborations, in addition to the "Masrifi" mobile app.

The success of these initiatives is evident through statistics encompassing increased financial literacy, greater account ownership, and the engagement of various platforms, including the Monshati Platform, Estdama Fund, awareness videos, and the PMA Academy.

The case study of Palestine exemplifies a dedicated commitment to fostering financial inclusion, particularly among youth. This effort recognizes the transformative potential of financial empowerment, not only for individuals but for the broader economy as well. The multi-faceted approach, spanning education, innovative platforms, regulatory support, and influencer collaborations, reflects a comprehensive strategy to break down barriers and provide equitable access to financial services.

The increase in financial inclusion rates, improved financial literacy, and engagement across digital platforms underscore the tangible impacts of these initiatives. As Palestine works towards its 2026 targets, the lessons learned at this juncture can serve as an inspiration for other regions grappling with similar challenges. By amplifying awareness, enhancing accessibility, and supporting innovative financial solutions, societies can empower their youth to shape a more inclusive and prosperous future.





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