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# CONFERENCE ON **ISLAMIC WEALTH MANAGEMENT**

11-12 June 2014 | Auditorium, Sasana Kijang, Bank Negara Malaysia

## The Role of Early Financial Education in Building Financial Literacy among Sudanese Youth

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# Outline of Presentation

- Introduction
- Justification of the study
- Key Literature Reference
- Research Objectives
- Research Method
- Findings
- Conclusions & Implications

# Introduction

- Since 2008 financial crisis has cast a dark shadow on the global finance system and destroyed billions of dollars of wealth around the globe.
- Inclusive strategies for educating youth with good financial guidance are yet to emerge.
- Industry players in the Islamic Finance industry in different regions thought to develop variety of products in order to help in managing wealth but there are still challenges to overcome in order to make the industry succeed.

# Motivation for the study



Financial constrain prevented Mariayam from not completing her dream to be a medical doctor



# Education System in Sudan

**Fourth:** Higher education Consisting of Governmental and Private Universities

**Third:** Upper secondary school and high school for two options 3-4 years programs.

**Second: Elementary 6-7 years of age. consisting of 8 grades**

**First:** Kindergarten 2-3 years of age

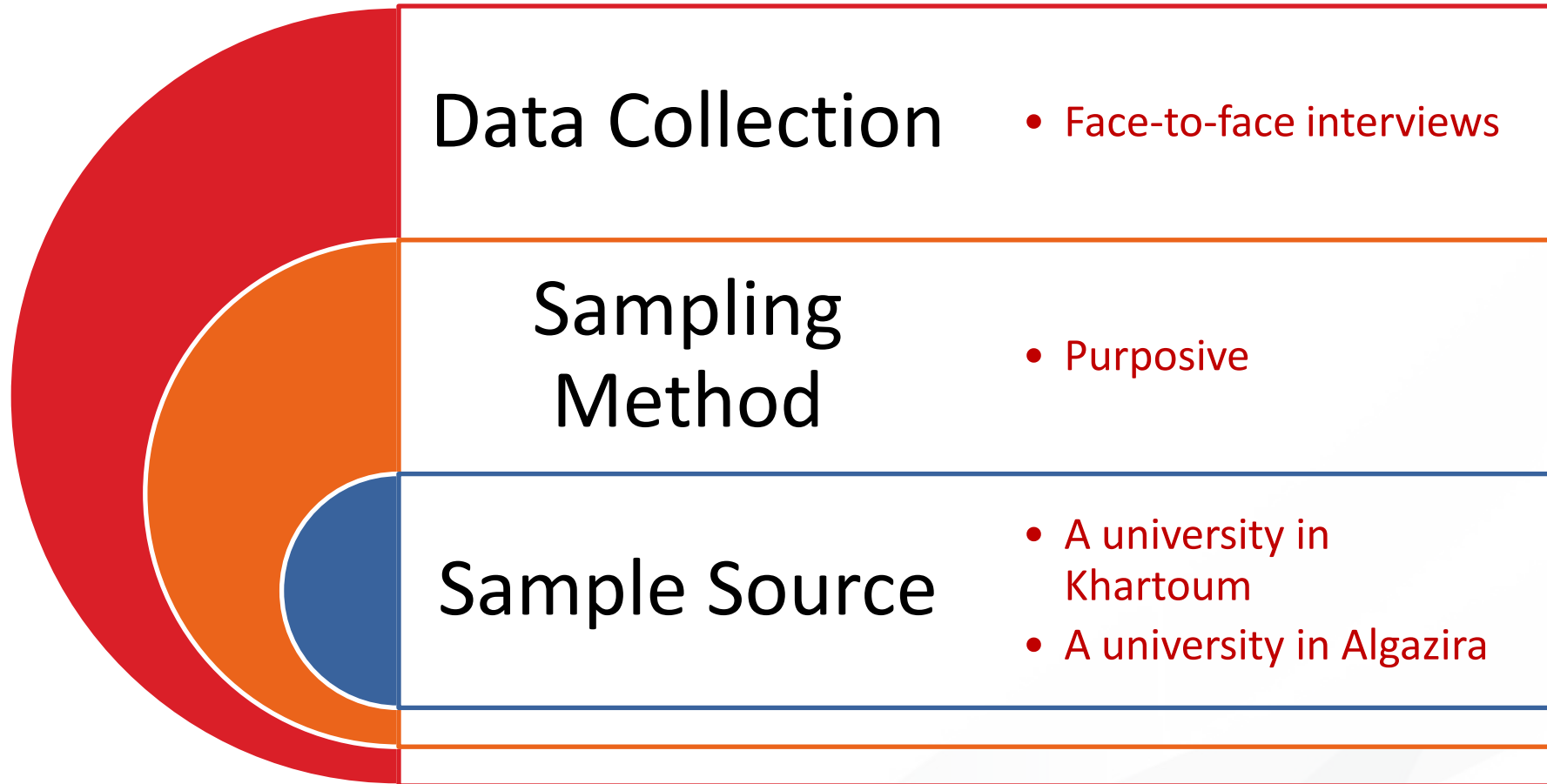
# Key Literature Reference

Joyce et al. (2010) "A study of financial awareness among youths", <i>Young Consumers: Insight and Ideas for Responsible Marketers</i>	<b>Findings:</b> The level of education and financial product awareness among youths is low. Males have higher levels of financial awareness compared to females.
Lusardi, Mitchell and Curto (2010) "Financial Literacy among the Young"	<b>Findings:</b> Financial literacy is low ( < 1/3) of young adults possess basic knowledge of interest rates, inflation and risk diversification. Financial literacy is related to socio-demographic characteristics and family financial levels.
Messy, F. and C. Monticone (2012), "The Status of Financial Education in Africa", <i>OECD Working Papers</i> .	<b>Findings:</b> A small fraction of population have access to formal financial products. In many African countries a large proportion of individuals are using only informal financial products or are completely excluded from financial sectors. Low financial literacy is an important element in demanding of financial products.
Varcoe et al. (2005). "Using a Financial Education Curriculum for Teens."	<b>Findings:</b> Indicate that using the curriculum improved the financial literacy of high school students.

# Research Objective

- To explore the level of financial planning awareness, among university students in Sudan.
- To highlight the importance of financial education among youth.

# Sources of Data and Sample Selection





# Research Samples

- 8 Students of Business schools 4 students from each university.
- 6 Students of faculty of Medicine 3 students from each university.
- 6 Students of faculty of Engineering 3 students from each university.

# Interview Questions

Interview questions covered:

- Demographic factors including parents/guardians academic exposure and financial knowledge.
- To define some financial terminologies.
- Interviewees' source of financial knowledge.
- Interviewees' level of satisfaction of financial educational provided if any.

# Findings

The findings of this research are based on the interviews of twenty students from two Sudanese Universities in two different states.

# Findings

Question 1 Financial Terminology	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
Savings	100%	100%	100%	Understood by all
Inflation	75%	33%	33%	Can define
Risk Diversification	75%	17%	17%	Can define
Educational Planning	50%	0%	17%	Can define
Retirement Planning	50%	0%	0%	Can define

# Findings

Questions 2	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees
Academic exposure on educational planning at high school before enrolling into university.	100% Not Exposed.	100% Not Exposed.  Excerpt A: “We do not have even a single class on how to manage our finance at university level, we have to rely on our parents to support us financially”.	100% Not Exposed.  Excerpt B: “What do you mean by financial Planning? Can you explain to me how it works?”

# Findings

Question 3	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
To know the impact of parents/guardian exposure in education/work.	<p>25% responded positively</p> <p>Excerpt C: “My mother is a successful businesswoman, I want to be like her.”</p>	<p>0%</p> <p>No exposure in the finance field.</p>	<p>17%</p> <p>Excerpt D: “My brother is a banker, he has investments in stocks and shares.”</p>	<p>It appears those with exposure via family members have better financial knowledge.</p>

# Findings

Question 4	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
Exposure to financial educational inside the class room in the first year.	50% basic knowledge.	100% no exposure.	100% no exposure.	It seems that only one business school is providing knowledge in year one, others have no knowledge on the matter.

# Findings

Question 5	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
<p>Do you or any of your next of kin have health insurance? If yes which type of products? If No explain why?</p>	<p>38% yes we have Shiekan health Card (insurance for in/out patient).</p>	<p>17% yes I do have Shiekan health Card</p> <p>Excerpt E: “I heard from my dad that health insurance is not permissible/haram right?”</p>	<p>17% yes I do have Shiekan health Card</p> <p>Excerpt F: from another interviewee “ My mum has a Shiekan card from her company but I do not have it.”</p>	<p>20% of interviewees have clear understanding about health insurance, while 80% are not.</p>



# Findings

Question 6	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
<p>Do you or any of your next of kin have investment plans? If yes state whether they are fixed or financial assets?</p>	<p>50% yes we have some real estate rented out to support our family expenses.</p>	<p>17% yes we have a house rented out.  Excerpt G: “What do you mean by financial assets?”</p>	<p>100% No idea  Excerpt H: “I do not have but my brother knows a lot about business, he is a banker.”</p>	<p>Only 25% of interviewees have clear understanding about investment tools, while 75% are not verse.</p>

# Findings

Question 7	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees	Remarks
What are the sources of funds in your family, if you feel comfortable to answer this personal question.	100% rely on parents' financial support.	100% rely on parents' financial support.  Excerpt I: "My dad is working at GCC as a medical doctor he earns a lot, this is why I am studying medicine."	100% rely on parents' financial support.	100% of interviewees are relying on their parents financial support.

# Findings

Question 8	Business School 8 Interviewees	Medicine 6 Interviewees	Engineering 6 Interviewees
What is your level of satisfaction on financial knowledge provided in class? If you aren't satisfied do you have any proposals?	50% are not satisfied.	100% are not satisfied.  Excerpt J: "Financial education is very important with this financial turmoil thus, should be included in high school syllabus"	100% are not satisfied.  Excerpt K: "If I knew about that, I definitely would have chosen business school"

# Summary of the Findings

- Majority of the interviewees are familiar with the word “savings” but not the other terminologies.
- No exposure to educational planning before the university level.
- Only 15% of interviewees were influenced by their parents financial knowledge.
- 20% of interviewees have knowledge about medical insurance. But there is some misconception on family products.
- 100% of interviewees rely on their parents income, without investments.
- 80% of interviewees are of the opinion that financial planning should be included in the syllabus of high school and for all the faculties to help the students to manage their financial difficulties with the many challenges facing the country economically.

# Conclusions & Implications

- Financial planning awareness is a significant factor to increase awareness, it is suggested that financial planning should be introduced into high school curriculums to increase financial literacy among Sudanese youths.

- Extensive training for finance lecturers is needed to build financial knowledge among university students to reduce financial illiteracy.

- Education costs are escalating and early planning is crucial for the public to better prepare for financial education needs. There are opportunities for takaful operators to fill these needs.

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والله أعلم بالصواب وإليه المرجع والمآب  
Allah knows what is right and to him is the  
final return

والسلام عليكم ورحمة الله وبركاته

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