

Strategic analysis of financial and Banking literacy in Saudi Arabia

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Abstract:

The research aims to analyze the financial and banking literacy in Saudi Arabia, identify strength, weaknesses, challenges and explore available opportunities and propose policies to enhance financial and banking literacy, especially among the poor, small and medium-sized business owners, micro-entrepreneurs, women, children and the elderly.

The research used a deductive method, analyzing factors and opportunities to boost financial literacy strategically. It emphasized the need to enhance financial and banking culture in Saudi Arabia by understanding their financial system's nuances thoroughly. This involves recognizing strengths, weaknesses, opportunities, and challenges.

Keywords: Strategic analysis; Financial and banking literacy; Saudi Arabia.

JEL Classification: F3; E40; D49.

Introduction

In light of the rapid advancements in the economic and financial sectors in the Kingdom of Saudi Arabia, understanding the culture of financial and banking dealings has become a vital necessity for achieving inclusive growth. The gap between access to financial services and financial literacy is a major obstacle that limits the levels of financial inclusion. There are broad segments of the population in the Kingdom of Saudi Arabia that still lack access to these services, including the poor, small and medium-sized enterprises (SMEs), as well as women, youth, and the elderly. The multiple barriers they face in banking transactions are among the most prominent challenges that need to be addressed. Understanding the elements and characteristics of financial and banking culture can provide value to decision-makers in the fields of economics and finance, enabling them to improve policies and strategies that influence financial and banking dealings in the Kingdom of Saudi Arabia. Based on this, we raise the following problem:

How can financial and banking literacy in the Kingdom of Saudi Arabia be analyzed using strategic tools and methodologies?

From this main question, the following sub-questions arise:

- Does the use of strategic tools and methodologies lead to a deeper understanding of financial and banking literacy in the Kingdom of Saudi Arabia?
- To what extent do internal and external environments influence the formation and development of financial and banking culture in the Kingdom of Saudi Arabia?
- Do new opportunities in the digital age and financial innovation contribute to enhancing and developing financial and banking culture in the Kingdom of Saudi Arabia?

Research Objectives: The research aims to:

- Analyze the internal and external environments of financial and banking literacy in the Kingdom of Saudi Arabia.
- Identify the challenges facing financial and banking literacy in the Kingdom of Saudi Arabia and explore opportunities to improve these dealings.

- Propose strategies and policies to enhance financial and banking literacy and promote sustainability and development in this field.

1- Financial and Banking literacy:

Focusing on informing and educating customers enables sound decision-making and reduces risks. This requires integrating the financially excluded into the formal sector.

1-1 The Concept of Financial and Banking literacy:

Financial literacy is a combination of knowledge and behaviors that enable individuals to make sound financial decisions to achieve financial well-being. It helps them analyze their financial situations, choose suitable options, and plan for the future. It also promotes positive behaviors and supports decision-making to enhance financial awareness (Shusha, 2016, p. 140). Additionally, it contributes to financially empowering individuals, developing their financial skills and knowledge, and utilizing them when making financial decisions (Klapper, Lusardi, & Van Oudheusden, 2015, p. 4). Financial literacy has been defined as the ability of individuals to make informed decisions regarding financial planning, wealth accumulation, debt, pensions, and retirement (Kishan & Alfani, 2018, p. 12). It has also been described by (Askar, Ouattara, & Zhang, 2020, p. 1) as a person's ability to understand financial concepts and possess the necessary skills to manage their financial resources. According to (Fernandes, Lynch Jr, & Netemeyer, 2014, p. 1864), financial knowledge is a measure of an individual's understanding of basic financial concepts and their ability to engage in sound long-term financial planning while considering changes in economic conditions. Financial skills are essential for a client to possess financial literacy, which is defined as the ability to use financial knowledge for personal financial management, such as savings skills. Financial skills include the following:

- Digital and online banking skills.
- Timely Payment discipline for bills and taxes.
- Financial and numerical skills, such as calculating percentages and compound interest, which are challenging for most individuals.
- Comparing prices, interest rates, and terms of financial products.

Financially literate customers have the opportunity to achieve financial well-being and financial freedom. The former represents a state of security and certainty that financial matters are well-organized and effectively managed to achieve the goals of an individual or household. The

latter, on the other hand, refers to having stable and reliable income sources that exceed an individual's needs, meaning they are no longer anxious about their income or financial future.

1-2 Dimensions of Financial and Banking literacy:

There are three dimensions of financial literacy, which are determined by individual financial circumstances and are as follows:

Awareness: For an individual to manage their money effectively, they must possess knowledge and understanding of financial basics.

Skills: The ability of individuals to gather and analyze information, compare competing financial products in terms of returns and risks, track cash resources and payment obligations, open savings accounts, apply for loans, and plan for future financial needs.

Attitudes: This involves individuals taking the necessary steps to apply their knowledge and practice their skills by investing time and resources, accessing information, seeking advice, and achieving desired outcomes.

1-3 The Importance of Financial and Banking literacy:

Financial literacy represents a vital tool that enables individuals to make sound financial decisions to preserve their resources and enhance their integration into the formal financial system. It helps avoid financial risks such as unsustainable debt accumulation resulting from irresponsible spending habits, while improving the ability to save, invest, and plan for the future. It also contributes to revitalizing the financial sector by stimulating innovation and increasing competition, while reducing default rates. Its preventive role stands out in protecting investors from fraudulent practices, alongside promoting positive financial behaviors such as saving and efficient debt management. This underscores the necessity of joint efforts between financial institutions and relevant stakeholders to disseminate this literacy, especially among marginalized groups, to achieve effective and sustainable financial inclusion.

2- Strategic Analysis of Financial and Banking Literacy in Saudi Arabia:

Strategic analysis is the process of understanding the organizational environment to identify future trends in the financial and banking sector and establish a framework for leading strategic change. This analysis helps uncover opportunities, threats, strengths, and weaknesses, while identifying the factors influencing strategy formulation. It also provides vital

information for financial literacy marketers to enhance their activities and analyzes internal and external factors affecting the policies and marketing strategies of financial institutions.

Fig.1. Components of the Marketing Environment for Financial and Banking Literacy



Source: Prepared by the researcher

2-1 Study of the External Environment of Financial and Banking literacy in Saudi Arabia:

The PESTEL model serves as a comprehensive assessment of all external factors influencing Saudi financial and banking institutions, providing insights into the various aspects surrounding them. It includes the following:

2-1-1 Political Factors:

The Kingdom of Saudi Arabia enjoys strong political stability, which supports a stable financial and banking environment, enhancing the confidence of both local and international investors. Vision 2030 plays a pivotal role in shaping the political and economic landscape of the Kingdom, as the Saudi government works to promote transparency and efficiency in the financial sector, encouraging the adoption of modern financial practices. The Saudi Central Bank (SAMA) is the regulatory authority responsible for the financial and banking sector and plays a significant role in formulating policies and regulations that govern financial operations. SAMA works to enhance financial stability, protect consumers, and adopt international standards in supervision and oversight. Additionally, SAMA is making efforts to regulate financial technology (FinTech) and

encourage innovation, contributing to the transformation of financial and banking culture (Saudi Central Bank, 2025).

The Saudi government is also making efforts to combat corruption and money laundering, which strengthens trust in the financial system and encourages the adoption of sound financial practices. Furthermore, policies that promote investment in small and medium-sized enterprises (SMEs) contribute to economic diversification.

2-1-2 Economic Factors:

The Kingdom of Saudi Arabia is undergoing a profound transformation in its financial and banking environment, driven by Vision 2030. It features a dual system that combines traditional and Islamic banking, with Islamic banks capturing more than half of the banking market due to cultural preferences. The economic environment in Saudi Arabia comprises a set of influential variables that shape the culture of financial and banking dealings. These variables aim to diversify income sources and reduce reliance on oil. This transformation is reflected in income levels, as the average per capita income increases, encouraging savings and investment. However, the Kingdom faces challenges such as inflation, which may affect the borrowing and investment decisions of individuals and institutions. Additionally, changes in global financial markets require Saudi Arabia to develop advanced financial competencies and skills. With the shift towards an optional pension system, individuals are becoming more aware of the importance of long-term financial planning, prompting them to explore diverse savings and investment tools. These complexities in the economic environment necessitate the adoption of financial literacy strategies to simplify complex financial concepts, enhance financial inclusion, and increase financial awareness, encouraging individuals to actively participate in financial and banking transactions.

2-1-3 Social Factors:

The culture of financial dealings in the Kingdom of Saudi Arabia is influenced by various social factors, including family structures and tribal relationships, religious values, and demographic shifts. Family and social relationships continue to play a fundamental role in major financial decision-making, while Islamic values guide individuals toward Sharia-compliant banking products, such as Islamic finance and sukuk. With the youth population, which constitutes over 60% of those under 35 (General Authority of statistics , 2023), this generation is driving a significant shift toward digital financial solutions, fostering reliance on e-wallets and cashless transactions. Saudi society is witnessing a transformation in savings and investment patterns, moving from traditional reliance on gold and real estate to more diversified options such as stocks and investment

funds, alongside a relative decline in dependence on informal personal loans. Social disparities in financial behavior are evident between urban and rural areas, as well as across age groups and educational levels, highlighting challenges such as the financial literacy gap and the influence of social media in promoting a culture of consumption. Under Vision 2030, the shift from face-to-face interactions to digital transactions is accelerating, while cultural values continue to shape financial decisions, creating a balance between tradition and modernity. This dynamic encourages the adoption of financial innovations while preserving the Kingdom's social identity.

2-1-4 Technological Factors:

The accelerated digital transformation, particularly in the wake of the COVID-19 pandemic, has brought about a qualitative shift in financial behavior, moving from traditional cash-based transactions to electronic payments, while personal relationships retain their value in major deals. Despite noticeable disparities in financial literacy levels among different social groups and challenges related to digital infrastructure, the young demographics represent a golden opportunity to adopt financial innovations and expand financial inclusion. Government initiatives such as FinTech Saudi (FinTech Saudi, 2025) and programs by the Saudi Central Bank "SAMA" play a pivotal role in developing the ecosystem, alongside efforts by educational institutions to enhance financial literacy. The future direction points toward greater integration of banking models and accelerated innovation in financial technologies, while balancing global economic integration with the preservation of cultural identity. There has been increased focus on cybersecurity to protect financial data through biometric authentication and transaction encryption technologies. Additionally, blockchain and artificial intelligence are beginning to reshape the banking landscape by improving transparency and operational efficiency. Despite these advancements, challenges remain, such as the need to raise technical awareness among certain groups and ensure that all segments of society adapt to this rapid digital transformation.

2-1-5 Environmental Factors:

Environmental factors in the Kingdom of Saudi Arabia play a significant role in shaping the culture of financial and banking dealings. The hot and arid desert climate influences consumption patterns, increasing reliance on digital solutions for financial transactions to avoid the need for in-person interactions. With the growing impact of climate change, it has become essential to adopt sustainable financial strategies, such as investments in renewable energy and green financing. Oil remains a cornerstone of the economy, with its price fluctuations affecting liquidity and spending levels. However, Vision 2030 aims to diversify income

sources to reduce dependence on oil. Additionally, limited water resources have driven investments in desalination projects, opening the door to new financing solutions. The Kingdom's strategic location provides an advantage in global trade, enhancing the role of banks in offering trade financing, while its vast geography necessitates innovative solutions for financial inclusion, especially in remote areas. Furthermore, extreme weather phenomena highlight the need to strengthen insurance mechanisms and financial risk management. Amid these challenges, the Kingdom is adopting advanced financial policies that support economic transformation and sustainability, contributing to the balanced and modern evolution of financial and banking culture.

2-1-6 Legal Factors:

The legislative and legal environment in the Kingdom of Saudi Arabia is undergoing continuous developments to support a modern culture of financial and banking dealings. The legislation is rooted in Islamic law while adopting modern laws that align with international standards. The Saudi Central Bank (SAMA) plays a key role in regulating the financial sector, enhancing financial stability, and protecting consumers through laws such as the Banking Control Law, the Capital Market Law, and the Anti-Money Laundering Law, ensuring the integrity of financial transactions. The Kingdom also supports innovation in financial technology (Fintech) through a flexible regulatory environment, such as the regulatory sandbox, which allows testing new financial products before official approval, with a focus on consumer protection and investment promotion. Digital payments are witnessing significant progress as part of Vision 2030, with efforts to enhance financial inclusion and reduce reliance on cash. Additionally, the Kingdom has established strict cybersecurity and data protection laws to ensure transaction confidentiality and prevent fraud. Despite this progress, the Kingdom faces challenges in keeping pace with rapid advancements in financial technologies such as blockchain and digital currencies, requiring continuous updates to legislation to balance innovation and financial stability.

2-2 Study of the Specific Environment of Financial and Banking Culture in Saudi Arabia

There are a number of variables that represent elements of the specific environment, including:

2-2-1 Customers:

Analyzing financial literacy in Saudi Arabia requires understanding evolving customer behaviors shaped by economic, technological, and social changes. This examination focuses on Saudis' banking transaction patterns, their influencing factors, and behavioral developments over time.

Women: Financial inclusion rates in developing countries indicate a significant gender gap in favor of men regarding access to banking services and products. According to available data and surveys from 2017, approximately 65% of women own a bank account compared to 72% of men. In the Arab region, the rate was 26% for women compared to 48% for men. Some studies suggest that there are differences in financial knowledge between individuals, with men being more financially literate than women. This is attributed to several factors, including individual expectations and interactions with others, as men tend to be more proactive and interactive than women in financial matters. Women are often less confident and enthusiastic about financial topics (Bottazzi & Lusardi, 2021, p. 3). However, their knowledge improves significantly with education, wealth, and family encouragement to acquire and invest in financial literacy (Grohmann, 2018, p. 132).

The Kingdom of Saudi Arabia has witnessed significant transformations regarding the status and participation of women in various fields, including the financial and banking sector. This shift has been greatly influenced by Vision 2030, which aims to economically and socially empower Saudi women and enhance financial literacy. Previously, women required a guardian's approval to access basic banking services. However, since 2017, the Kingdom has implemented major reforms, eliminating the need for guardian approval to open a bank account and allowing women to drive, which facilitated their access to financial institutions. The percentage of women owning bank accounts increased from 58.17% in 2017 to 63.49% in 2021 (World Bank Group, The Global Findex Database, 2021). Banking products specifically designed for women have emerged, and the use of digital banking services and financial applications by women has increased, alongside improved access to financing for women-led projects (Basaffar, Niehm, & Bosselman, 2018).

Despite this progress, challenges remain, including the financial literacy gap between men and women and persistent social practices that limit women's financial independence. Boora and Agarwal (2018) measured the level of financial literacy and financial behavior among working and non-working Saudi women. Financial knowledge was assessed through a set of fifteen questions aimed at evaluating basic numeracy skills, understanding simple and compound interest (time value of money), the relationship between inflation and returns, inflation and prices, risk and return, and the role of diversification in reducing risk. The results showed that most respondents had moderate financial knowledge, while some

groups displayed weak financial literacy. Financial behavior was measured through questions related to how participants managed their daily finances. These questions covered six areas: confidence in conducting banking transactions, long-term financial planning, monitoring household budgets, experience with loans and financial matters, ability to evaluate financial products, and saving and borrowing habits. Most participants responded satisfactorily, indicating positive financial behavior.

Regarding financial attitudes, eight areas were assessed to evaluate participants' beliefs about participating in financial decision-making, risk tolerance, seeking credit sources, and managing investment portfolios. The results revealed weaknesses in some of these areas, highlighting the need to enhance financial knowledge. The study also found no correlation between financial literacy and educational level, nor between the financial literacy of working and non-working women.

Refugees: The Kingdom of Saudi Arabia hosts large numbers of Syrians, Yemenis, and Palestinians fleeing conflicts in their home countries, as well as smaller groups of Afghans and Burmese. Refugees represent a group with diverse financial needs, facing challenges related to accessing banking services, understanding financial mechanisms, and managing personal financial resources. Banking systems in the Kingdom require official documents such as a valid residency ID or passport, which can be a barrier for some refugees who lack these documents or have temporary residency. Additionally, the need for a sponsor in some cases, along with the stringent "Know Your Customer" (KYC) procedures followed by financial and banking institutions in Saudi Arabia to verify customer identities and understand the nature of their financial activities, further complicates access. Moreover, refugees may lack sufficient experience in using modern banking services, such as electronic transfers and banking applications, leading some to prefer cash for daily transactions.

The financial culture among refugees in the Kingdom of Saudi Arabia is marked by significant challenges stemming from the legal and regulatory framework, institutional barriers, and socio-economic obstacles. However, there are opportunities for improvement through the adoption of more inclusive and responsive policies tailored to the specific needs of these groups.

Residents and Expatriates: Analyzing the financial and banking literacy of residents and expatriates in the Kingdom of Saudi Arabia requires an understanding of the characteristics of this group, their financial needs, and

how they interact with the Saudi banking system. Residents and expatriates constitute a significant portion of the population in the Kingdom and have unique needs that differ from those of citizens. For most expatriates, international remittances are a fundamental financial behavior, as they send a large portion of their income to their home countries. Expatriates also tend to focus on saving for specific, short-term goals, such as education or purchasing a home in their home countries. However, their access to advanced banking services, such as long-term loans and investments, is often limited. Financial behaviors vary significantly among different expatriate groups. Western expatriates frequently use international investment products, while Asian workers focus on remitting savings. Arab residents, on the other hand, combine local practices with foreign remittances.

Savers: Analyzing the financial culture of savers in the Kingdom of Saudi Arabia requires an understanding of saving behaviors, the factors influencing them, and the role of financial institutions in promoting this culture. Many Saudis enjoy relatively high incomes, providing opportunities for saving. Oil prices directly influence the saving behavior of Saudi citizens, as periods of low oil prices have been observed to increase the propensity to save, alongside government programs aimed at encouraging saving. Saving behavior in Saudi society is heavily influenced by Islamic values, with Saudi savers preferring Sharia-compliant saving instruments such as sukuk and Islamic banking products.

Initiatives linked to Vision 2030 have increased awareness of the importance of saving, with the savings rate in financial institutions reaching 35.52% in 2021, a 21.19% increase compared to 2017 (World Bank Group, The Global Findex Database, 2021). Additionally, digital financial applications have become an important tool for saving, simplifying the process and making it more attractive. However, consumer culture poses a significant challenge to promoting a saving culture, along with the limited availability of innovative, Sharia-compliant saving products, which hinders the diversification of saving strategies for citizens.

Small, Medium, and Micro Enterprises (SMEs): Small, medium, and micro enterprises are a key driver of the Saudi economy, with their number reaching 970,000 in 2022. The volume of credit facilities provided to SMEs by banks amounted to 221 billion Saudi Riyals by the end of the second

quarter of 2022. However, the financing allocated to these enterprises does not exceed 5% of total bank financing (Manshaat, 2022). This is attributed to difficulties in accessing financing, insufficient financial literacy, and a lack of adequate collateral for obtaining loans. With the growth of the fintech sector in Saudi Arabia, small enterprises now have greater opportunities to benefit from digital banking services such as crowdfunding, e-wallets, and digital payment solutions. According to the Capital Market Authority (2023), the use of digital financial solutions can contribute to improving liquidity management and facilitating financial operations for small business owners. Additionally, the Small and Medium Enterprises General Authority (Monsha'at) offers specialized training programs in financial and banking literacy, which can help enhance financial awareness.

The Poor and Low-Income Groups: Dealing with these groups yields low profits, prompting private financial institutions to prefer excluding them and focusing on wealthier, more financially capable clients. Additionally, the lack of skills and ability to manage their limited resources exacerbates the financial difficulties faced by these groups due to their low and unstable incomes. Financial literacy helps the poor by making them aware of financial issues and the choices they face, enabling them to develop strategies to manage their financial situations (Askar, Ouattara, & Zhang, 2020, p. 3). Analyzing the financial and banking culture of the poor and low-income groups in the Kingdom of Saudi Arabia requires a deep understanding of the challenges they face and the factors influencing their financial behaviors. Most poor individuals are unable to provide the collateral required to obtain small loans, and despite the availability of Sharia-compliant financial products, there is still a lack of understanding of how to benefit from them, as well as limited awareness of digital banking transactions among these groups.

The Saudi government is making significant efforts to promote financial inclusion and improve financial literacy among low-income groups through various initiatives, such as the "Citizen's Account" program, which helps low-income families cover their financial needs, and the microfinance program through the Social Development Bank, which provides interest-free loans to support small projects and increase financial independence. Additionally, efforts are being made to facilitate access to modern financial tools, such as smartphones and digital wallets, for the poor.

Children: Many children develop a perception of the financial world that is often accompanied by misconceptions based on their financial experiences. Therefore, it is essential to focus on financial education for individuals during early childhood by designing learner-centered financial literacy programs. In Saudi Arabia, there is a growing interest in teaching children financial literacy through school curricula, banking programs, and government initiatives aimed at spreading financial awareness among students, such as the "Riyali Financial Literacy Initiative," which aims to educate students on basic financial skills. Parents are the primary source of teaching children's financial values, but their methods vary between direct guidance and providing allowances without teaching concepts of planning and saving. Most Saudi children receive a weekly allowance without sufficient guidance on how to manage it.

Some Saudi banks offer specialized savings accounts for children, such as "Samba Stars" and the "Children's Account" from Al Ahli Bank, which help them learn about saving. With the rise of digital wallets and banking applications, some children have started using financial apps, enhancing their knowledge of digital payments.

Elderly: Financial liberalization has led to the proliferation of new financial products and services, many of which are unfamiliar to individuals. This increasing complexity may be further exacerbated by declining cognitive abilities later in life. However, older individuals may also have learned from experience after years of making financial decisions and observing the decisions of others. In short, understanding the factors that shape financial behaviors in later life is important as individuals age (Fong, Koh, Mitchell, & Rohwedder, 2021, p. 1). Research has also shown the impact of age on financial literacy, with financial knowledge generally increasing with age (Nicolini, Gude, & Chatterjee, 2013, p. 693).

The elderly population in the Kingdom of Saudi Arabia represents an important segment of society, with unique financial and banking needs that differ from other age groups. Levels of financial awareness among the elderly in Saudi Arabia vary based on several factors, including educational level, past experiences with banking transactions, and exposure to modern technology. Financial planning for retirement remains limited among some elderly individuals, as they rely on pension incomes without considering long-term investment strategies. With the rise of electronic payments, many

elderly individuals face difficulties using digital wallets and payment applications such as "Mada Pay" and "STC Pay." Additionally, some elderly individuals are vulnerable to financial fraud due to a lack of awareness of modern fraud techniques and weak self-protection in digital transactions, such as unintentionally sharing banking information with others.

2-2-2 Competitors:

Banking competition can be measured through the following indicators:

Indicators of Banking Sector Diversity: The banking sector in the Kingdom of Saudi Arabia is characterized by its diversity, encompassing a range of traditional and Islamic banks. According to the Saudi Central Bank report (2023), the number of commercial banks in the Kingdom reached 36 by the end of 2022, including branches of foreign banks and digital banks. This diversity enhances competitiveness and helps meet the diverse needs of customers, as it is no longer limited to traditional services but also includes digital banking services, especially with the growth of fintech startups offering innovative solutions. Islamic finance plays a significant role, with Al Rajhi Bank being the largest Islamic bank in the world. This diversity increases the options available to individuals and businesses and promotes financial inclusion.

Banking Concentration Indicators: Despite the sector's diversity, there is noticeable market concentration, with a small number of major banks dominating market share. For example, the National Commercial Bank (NCB) and Al Rajhi Bank account for a significant portion of the market. According to a report by Aljazira Capital (2019), the top five banks hold over 69% of the total banking assets in the Kingdom of Saudi Arabia.

Market Behavior: The Saudi banking market is characterized by its rapid response to economic and political changes. There is also a growing trend toward digital transformation, as banks strive to provide advanced electronic banking services, reflecting a shift in consumer behavior. Additionally, competition is increasingly focusing on the retail banking sector and small and medium-sized enterprises (SMEs), in line with Vision 2030.

Other Determinants: The Kingdom of Saudi Arabia possesses an advanced financial infrastructure, including a sophisticated national payment system

and the "SADAD" system, which facilitates electronic payments. The Kingdom is also working to improve the availability of credit information through the Saudi Credit Bureau (SIMAH). Additionally, the Saudi government launched a national financial literacy strategy in 2019, aiming to increase financial literacy rates to 65% by 2025. Regulatory reforms and the digitization of government services have further enhanced the business environment for the banking sector.

2-2-3 New Entrants:

The Kingdom of Saudi Arabia is witnessing the entry of diverse new financial entities into its financial market. These entities are characterized by a financial and banking culture that differs from traditional institutions, as they adopt a culture rooted in technological innovation. They leverage technology to provide innovative financial solutions that address customer needs in unconventional ways, aiming to simplify financial processes and reduce costs. The culture of new entrants is marked by flexibility and the ability to quickly adapt to market changes. They also strive to innovate Sharia-compliant products, responding to the growing demand for Islamic financial services and meeting the requirements of the local market.

2-2-4 Suppliers:

Suppliers are defined as individuals and organizations that provide the institution with the necessary materials, equipment, and other supplies for its operations. In the context of Islamic banking, this highlights the issue of contracts related to Islamic banks, which include sales, purchases, Murabaha, Musharakah, and Salam contracts. Suppliers may also provide the bank with utilities such as water and electricity. In the Kingdom of Saudi Arabia, suppliers represent a crucial link in the system of promoting financial and banking culture. The greater their financial awareness, the more it positively impacts the economic system as a whole. Through their commercial dealings, suppliers transfer financial knowledge to a wide network of customers and partners. When suppliers adopt advanced financial practices, these practices gradually spread throughout the market. Additionally, suppliers play a role in educating their customers about payment methods, financing options, and available financial tools.

2-2-5 Financiers:

Financiers, including depositors and investors, play a pivotal role in enhancing financial and banking culture in the Kingdom of Saudi Arabia. They serve as role models for those around them in terms of saving practices and sound financial planning, contributing to the establishment of the concept of financial security and risk hedging. They also encourage long-term thinking in money management. Furthermore, they push financial institutions to develop diverse savings products that meet their needs, leading to improved services and increased financial awareness. Experienced investors contribute to educating new investors and provide practical models of successful investment that can be emulated. They also share their expertise and experiences at investment forums and events.

2-2-6 Alternative Products:

Alternative banking products, such as e-wallets and mobile banking services, have contributed to expanding access to financial services for traditionally excluded groups. These products have overcome traditional access barriers, such as the need for physical presence in bank branches or owning traditional bank accounts. Additionally, the development of Sharia-compliant banking products has alleviated concerns among large segments of Saudi society. These products have enhanced consumer confidence in the banking system and encouraged active participation. Furthermore, digital payment solutions have simplified daily transactions and reduced reliance on cash, leading to a significant shift in consumer behavior and integrating financial services into everyday life. The use of simple algorithms and user-friendly interfaces has also lowered the entry barrier for individuals with limited financial experience.

2-3 Study of the Internal Environment of Financial and Banking Literacy:

When conducting internal evaluations, it is essential to examine all factors that represent the institution's available capacities and resources. Among the most critical factors of the internal environment are: marketing, human resources, production, and finance.

2-3-1 Marketing Performance:

Saudi financial and banking institutions have undergone a strategic shift from focusing on direct marketing of financial products to adopting an

educational approach aimed at raising customer financial awareness. This is achieved through providing educational content via digital channels and launching specialized electronic platforms for financial literacy. Banks need to strike a balance between educating customers about the importance of saving and investing and promoting financial services that may increase consumer debt. Although the analysis of marketing performance in Saudi banks and financial institutions shows notable success in enhancing financial and banking culture, challenges remain in increasing customer trust in digital solutions and achieving a balance between marketing and financial education.

2-3-2 Human Resources:

The human resources sector is a key driver in disseminating and promoting the culture of financial and banking dealings both within and outside financial institutions in the Kingdom of Saudi Arabia. Employees in banks and financial institutions, especially those in front-line positions, bear the greatest burden of marketing, as they are responsible for communicating with customers and educating them about the products offered. This necessitates that financial and banking institutions focus on implementing a set of internal marketing strategies to ensure they have employees with high capabilities and skills in customer interaction and the delivery of high-quality services.

2-3-3 Financial and Banking Products:

Financial and banking products in the Kingdom of Saudi Arabia play a pivotal role in enhancing financial literacy and improving consumer financial behavior through innovative marketing strategies and a focus on financial education. Saudi banks offer a wide range of traditional products, such as current accounts, savings accounts, and term deposits. Sharia-compliant financial products hold a significant position in the Saudi market, including Murabaha, Mudaraba, Ijara, and Sukuk. Banks market these products by emphasizing their alignment with the religious values of Saudi society.

The Kingdom has also witnessed significant growth in digital financial products, such as e-wallets, mobile banking applications, and electronic payment platforms. Innovative financial products help introduce consumers to concepts of saving, investing, and financial planning. Banks

provide educational content alongside these products, enhancing consumers' understanding of financial concepts. Digital financial products also help reach segments of society previously excluded from the financial system, especially in remote areas. This inclusion contributes to promoting financial literacy among these groups.

2-3-4 Finance:

The finance sector in the Kingdom consists of several key components, including commercial banks, specialized finance companies, Islamic finance institutions, government investment funds, and crowdfunding platforms, which represent an emerging trend in the Saudi financial landscape. The finance sector in the Kingdom is supervised and regulated by the Saudi Central Bank and the Capital Market Authority. Islamic finance constitutes a significant portion of the Saudi finance market, while consumer finance is experiencing growing demand.

The finance sector in the Kingdom of Saudi Arabia plays a pivotal role in promoting financial and banking culture by offering diverse and innovative products that meet the needs of various segments of society. With ongoing regulatory efforts and technological advancements, the sector is expected to further influence the development of more informed and responsible financial behavior among citizens and residents. The next phase requires greater integration between financial literacy initiatives and finance products, with a focus on enhancing transparency, consumer protection, and the development of basic financial skills to achieve a qualitative shift in the level of financial and banking culture in the Kingdom of Saudi Arabia.

Conclusion

The strategic analysis of financial and banking culture in the Kingdom of Saudi Arabia highlights the importance of enhancing financial awareness and developing financial skills among individuals and institutions through a deep understanding of the strengths, weaknesses, opportunities, and challenges facing the Saudi financial system. Financial education and literacy are fundamental to promoting financial inclusion and enabling equitable and sustainable access to financial services. There are significant opportunities to improve financial infrastructure and develop digital banking and financial services. Therefore, Saudi Arabia must work to strengthen financial and banking culture and develop strategies that encourage innovation and sustainable development in the financial sector. This will

contribute to building a strong and stable economy that aligns with its aspirations and future financial needs.

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