



Household Savings Toward Home Ownership in Saudi Arabia

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Abstract

The main aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment.

The research examined and defined the gaps in context of Saudi Arabia through the theoretical lens of various economic theories. These included household portfolio theory, neoclassical savings theory, life-cycle savings theory, and portfolio allocation theory.

On one hand, the research identified issues such as low household income, limited access to affordable housing finance, high household consumption, and the high cost of living in Saudi Arabia. These factors appeared to constrain households' ability to save for homeownership. On the other hand, the research also highlighted issues like the lack of a strong savings culture and the absence of appropriate housing policies in the country. Additionally, the limited availability of affordable housing finance options and insufficient savings incentives were found to be contributing factors.

This imbalance in allocation toward current consumption rather than long-term savings for home ownership may constrain households' ability to take rational decision to save for home ownership, and ultimately lead households to allocate a smaller portion of their portfolio to home ownership which complicates households' ability to save for home ownership over their lifetime.

The adopted methodology illustrates the philosophical considerations that determine the technique of the research framework consisting of the essential steps in research design, the selection of an inductive qualitative research strategy, and the rationale for choosing a thematic approach as the qualitative data analysis technique. Furthermore, it details the data analysis processes with a focus on the reliability and validity of qualitative data analysis, the issues to be examined, and the criteria for judging the analysis method. Additionally, it describes the interviews used for data collection, the population, and the sampling procedures. It also explains the issues related to the primary research measurement tool, such

as semi-structured questions, the implementation process, the measurement of research variables, and the thematic analysis techniques employed.

The research examined factors affecting home ownership in Saudi Arabia, including household savings, financial awareness, government policies, and inflation. The findings indicate that neither policymakers nor financial institutions have adequately fulfilled their responsibilities. Fundamentally, the study confirmed significant opportunities exist to boost household savings and homeownership through well-designed savings schemes. Such initiatives could encourage citizens to increase savings dedicated to home ownership.

The research emphasizes the essential role of government intervention in housing policy. This suggests the Saudi government must drive the implementation of effective savings programs to enhance household savings and homeownership levels.

The findings could make several insightful contributions to the existing knowledge by examining the institutional foundations of household savings policies from multi-dimensional perspectives and thus contribute to the growing body of literature knowledge on this topic. Finally, the major limitation was the lack of available historical household savings data.

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Finally, I would like to thank all my colleagues for their participation and cooperation during the interviews. Your involvement and valuable responses made the conclusions drawn from this research possible.

Author's Declaration

I declare that the work in this dissertation was carried out in accordance with the regulations of the University of Gloucestershire and is original, except where indicated by specific reference in the text.

Part of the research presented in this work was previously submitted during my enrolment at Glamorgan University. However, all content has been revised and updated to reflect the current state of knowledge in the field. This dissertation has not been presented to any other educational institution in the United Kingdom or overseas. Any views expressed in the thesis are those of the author and do not represent those of the University.

I declare that, to the best of my knowledge, the work presented in this dissertation is original and that any material quoted or paraphrased has been properly acknowledged and referenced.

Signed:

A solid black rectangular box used to redact the author's signature.

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List of Abbreviations

CC	Capital Companies
CDSI	Central Department of Statistics and Information (Saudi Arabia)
CEO	Chief Executive Officer
CMA	Capital Market Authority
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GAS	General Authority of Statistics
GOVT	General Organization for Technical Education & Vocational Training
IT	Information Technology
PBUH	Peace Be Upon Him (Prophet Mohammad)
MCAR	Missing Completely at Random
MOF	Ministry of Finance
MOMRA	Ministry of Municipal and Housing
MVA	Missing Value Analysis
PM	Policymakers
QDIAs	Qualified Default Investment Alternatives
R&D	Research and Development
RED	Real-Estate Developers
REDF	Real Estate Development Fund
SAGA	Saudi Arabian General Investment Authority
SAMA	Saudi Arabia Central Bank
SDB	Saudi Development Bank
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for the Social Sciences
SAR	Saudi Riyals
WB	World Bank

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Chapter 1: Introduction

1.1 Research Overview

This research aims to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment. The research has developed a framework that attempts to answer the central question of the research, which is "Why is the household savings rate for homeownership in decline in Saudi Arabia?"

The research attempts to investigate research questions and attempts to establish a rational approach to the household saving process by incorporating government housing policymakers' perspectives with financial institutions and real estate developers' viewpoints about saving toward home ownership in the country. The research has therefore evaluated the main issues of low household savings amongst low-income Saudi citizens. It highlights the mechanism suggested by the interviewees in the research that the Saudi Arabia government should perform to encourage saving amongst such individuals. The research also highlights the feasibility of a program encouraging Saudi citizens to increase their savings activity for homeownership (SAMA, 2022).

The research presented the literature and the theoretical framework incorporated within the research determinants and investigated the factors that affect household saving and home ownership level—mainly household saving, consumer financial awareness, government supports needed to encourage citizens to boost the homeownership rate in the future, and houses prices inflation. Moreover, factors of which are relevant in the decision of home ownership amongst low-income citizens to evaluate their impact on the success of savings. This thesis identifies factors likely to affect the success of household savings policies within the Saudi Arabia context, thus providing important theoretical and empirical implications for housing policymakers in government, financial institutions and real estate development. Notably, the factors investigated have been observed in previous studies from the citizens' point of view (Al-Bassam, 2004; Al-Mohaimeed, 1994).

However, the four main research factors investigated have yet to be observed in previous studies at the constitutional level in Saudi Arabia. Therefore, this study's findings could make several insightful contributions to the existing body of knowledge by examining the institutional foundations of household savings policies and thus contribute to the growing body of literature knowledge on this topic. It offers a theoretical approach to understanding and examining this process from multiple perspectives. Furthermore, this study provides an essential contribution in the area of banking-based instruments for housing finance policies, highlighting various efforts regarding government and financial institutions' contributions to support the creation of this instrument. There are considerable opportunities to establish great saving financial policies that end up being implemented to encourage household savings and increase the homeownership level in the country.

This research has established that the development and implementation of a fully integrated saving strategy is perceived by housing policymakers generally as key to the success of generating the required level of household savings to support homeownership aspirations. In order to determine this effect, an integrated saving strategy should comprise a feasible and economically viable strategy that has the full support and backing of senior executives and is sensitive to the cultural needs of households. The research has suggested that the Saudi government's housing policymakers must drive this. Further, the research recommends government intervention, which should comply with Vision 2030 initiatives, mainly the financial sector development program (FSDP, 2021). This should inspire the creation of saving products and the willingness to lead the concept of Private Public Partnership, which is a beneficial mechanism in comforting and solving critical housing issues. The success of implementing such a savings scheme is derived directly from acknowledging and understanding the differences between the interests and adaptation of organisational culture and approaches to embrace these needs.

The structure of this chapter is organised as follows: Section 1. introduces this chapter, starting by section 1.1 research overview. Section 1.2 which highlights the research problem. The research aim and objective are illustrated in section 1.3, and section 1.4 draws a broad picture of the research Significance. Section 1.5 interduce a comprehensive background of Saudi Arabia, followed by section 1.6 to presents economic background, whereas section 1.7 covers Vision 2030 and the financial sector development program

regarding improving living standards. Section 1.8 outlined the financial literacy and Awareness. Section 1.9 discusses the household income and expenditure survey held by the General Statistics Authority. This is followed by section 1.10 which highlights the Saudi government agencies related to the research subject, starting with Saudi Development Bank SDB, the government arm for saving awareness efforts, then Real Estate Development Fund (REDF), the government arm for housing ownership financing and, and finally the Ministry of Municipality and Housing, the primary housing policies maker. Section 1.11 illustrates Saudi Arabian financial concerns and section 1.12 illustrates Saudi Arabian citizen ownership. Section 1.13 draws a high-level picture of the thesis structure, and finally section 1.14 summaries the chapter.

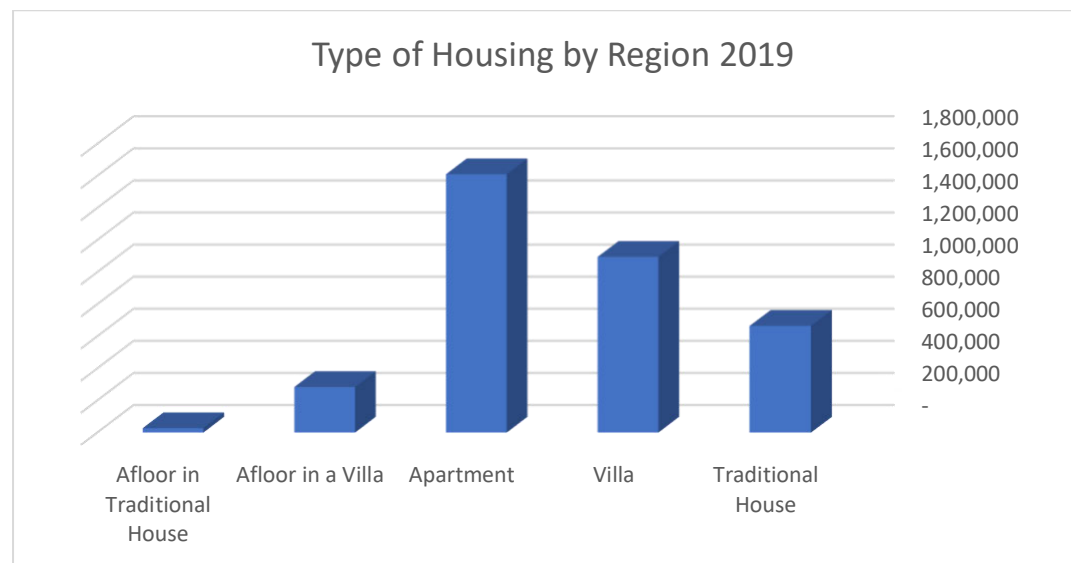
The introductory chapter provides a strong foundation concerning the savings phenomenon in general. Saving is considered an essential issue emphasised by economic thought and is recognised as a pillar of durable economic development.

1.2 Research Problem

This section presents the research background, explains the research problems, determines the significance of this research, and provides a detailed description of the research context. The Saudi household consumption level is currently very high, at 76% of household income. This suggests a considerable need for structuring financial instruments to promote savings for housing schemes (SAMA, 2022). This is coupled with the need for appropriate regulation and incentives required from the government, specifically for the low-income segment. Moreover, incentives are the primary factor attracting low-income segment groups toward saving products.

Government support towards home ownership has a significant impact in terms of creating appropriate standard of living for the low-income segment generally and increasing homeownership for low-income segment. The concept is fully compatible with Neoclassical Theory, where the government has to intervene at certain level using appropriate policies (Abreu, 2021) .

Figure 1.1: Housing Units (occupied with households) by type of housing (2019):



Source: The General Authority of Statistics (2020).

Saudi citizens need to pay more attention to the importance and benefits of household savings, resulting in a lack of homeownership rate (SAMA, 2022; GASTAT, 2018). As a result, government housing policymakers must play a significant role as the leading player in this endeavour to safeguard the economy from a complete downturn. This process was also supported by the Saudi way of living, where families provide financial support in case of need. This contrasts with other societies, where savings are essential for financial emergencies. It is also important to highlight that the social structure allows Saudi families in need to access funding outside the banking systems through social connections. Nevertheless, with limited income sources and reduced access to financial resources outside the banking systems, it is difficult for lower-income Saudi households to meet their financial need (Weil, 2009).

The Saudi government is looking to establish adequate solution to this ever-increasing problem of the lack of affordable housing for a significant segment of Saudi society. The central challenge is determining the processes that can enable affordable housing through financially feasible programs. This research focuses on evaluating whether household savings can be channelled to increase homeownership amongst low and middle-income Saudi citizens. The emphasis is directed towards developing a better understanding and documenting and analysing the views of housing policymakers, bankers and real-estate developers' regarding the savings nature and need for

homeownership among Saudi low-income households and analysing the factors preventing them from being homeowners.

It, therefore, examines savings policies and states the theoretical framework, including significant economic insights and contributions. Furthermore, it provides an overview of household savings and their considerable potential in economic activities, such as increasing home ownership. Ultimately, the high level of household consumption, coupled with a considerable lack of awareness and availability of incentivized saving products, poses a significant barrier for Saudi households to save and accumulate the necessary funds for a home purchase (Alhowaish, 2015). Factors such as the increase in population and family size, with lower-income Saudi families seeking more affordable housing options, have further exacerbated the challenge (Alqahtani, 2019).

However, the lack of a well-developed savings culture, financial awareness, and appropriate housing finance policies, along with high costs of living, limited access to affordable housing finance, and cultural/religious considerations around debt and saving, have all contributed to low home ownership rates in the country (Alhamad, 2021). This has left many Saudi families in need of more viable financial options to buy a house.

Understanding the specific challenges and dynamics around household savings, level of awareness about the importance of saving for home ownership, and the availability and accessibility of government-backed savings programs and incentives is crucial for informing policies and programs to improve housing affordability and accessibility in the Saudi considering that Saudi households currently allocate a significant proportion of their income toward consumption, leaving little room for savings toward home ownership. Also, there appears to be a considerable lack of awareness among Saudi households about the importance of small, regular savings for long-term goals like home ownership, as well as a dearth of accessible, affordable, and attractive government-backed savings programs and financial products (Alharbi, 2014; Alshammari & Alghaith, 2022). Furthermore, the increasing population and family size, particularly among lower-income Saudi families, have heightened the demand for more affordable housing options, which further underscores the importance of household savings (Alqahtani, 2019). Finally, the cultural and religious considerations:

cultural norms and religious beliefs around debt, saving, and wealth accumulation in Saudi Arabia may also influence household savings decisions and home ownership aspirations (Alhamad, 2021)

The research problem has been examined through the theoretical lens of different theories such as household portfolio theory, neoclassical savings theory, life-cycle savings theory, and portfolio allocation theory reflecting the following:

The Household Portfolio Theory suggests that households allocate their wealth across various asset classes, including savings, in order to maximize returns and minimize risks (Markowitz, 1952; Tobin, 1958). The high level of household consumption in Saudi Arabia may indicate an imbalanced portfolio, with a disproportionate allocation toward current consumption rather than long-term savings for home ownership (Alhowaish, 2015).

The Neoclassical Savings Theory suggests that households make rational decisions to save based on factors such as income, interest rates, and expected future income (Modigliani & Brumberg, 1954; Friedman, 1957). The low and stagnant incomes, high costs of living, and limited access to affordable housing finance in Saudi Arabia may constrain households' ability to save for home ownership, as predicted by this theory (Alhamad, 2021)

The Life-Cycle Savings Theory indicates that individuals save during their working years to fund consumption during retirement (Modigliani & Brumberg, 1954; Ando & Modigliani, 1963). The lack of a well-developed savings culture and appropriate housing finance policies in Saudi Arabia may complicate households' ability to save for home ownership over their lifetime, as proposed by this theory.

The Portfolio Allocation Theory focuses on how individuals and households allocate their wealth across different asset classes, such as savings, investments, and real estate, to achieve their financial goals (Markowitz, 1952). The limited availability of affordable housing finance and savings incentives in Saudi Arabia may lead households to allocate a smaller portion of their portfolio to home ownership, as predicted by this theory (Alhowaish, 2015).

Addressing these theoretical perspectives and the aspects of the research problem can help provide a more comprehensive understanding of the household savings and home ownership challenges and fill the academic gaps and provide a more comprehensive understanding of the household savings and home ownership challenges in Saudi. This, in turn, can inform the development of targeted policy interventions and support mechanisms to enhance housing affordability and accessibility.

1.3 Research Aim and Questions

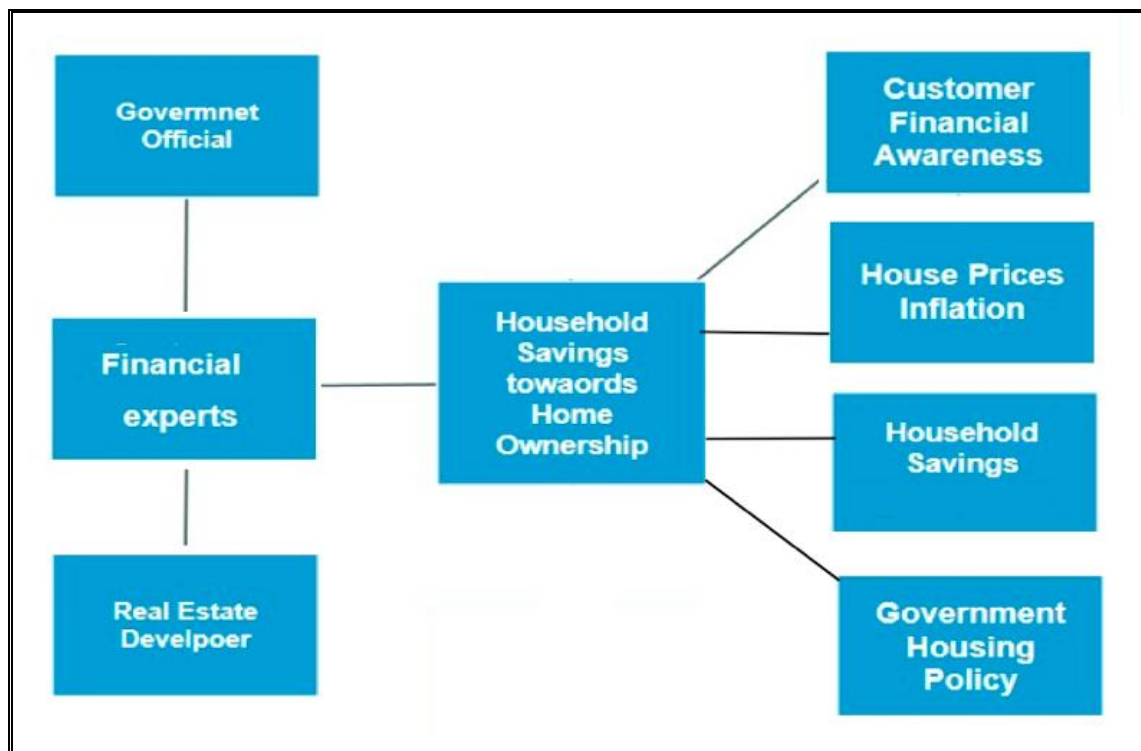
The main aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviors of Saudi citizens, with a particular focus on the low-income segment. The research is trying to establish an appropriate answer for the research problem and accordingly facilitate access to an adequate home through identifying housing policies increasing the homeownership. The ultimate goal of the homeownership policies is to provide affordable housing at reasonable prices and sizes, taking into account the appropriate customs and traditions of Saudi society regarding design the research illustrates that developing appropriate housing policies for homeownership and promoting affordable housing through such a savings initiative would encourage lower-income Saudi citizens to become homeowners. The research also highlights the broad issues requiring further research to clarify the feasibility of creating a National Savings Program (NSP), which should help Saudi citizens by increasing their savings activities. The relationship between various factors is therefore taken in the context of understanding the savings culture and awareness in Saudi Arabia, focusing on the following key research questions identified through a review of the literature include the following:

1. How can government household savings programs be designed and implemented to effectively increase the homeownership rate among Saudi citizens?
2. What mix of government housing policies (e.g. subsidies, loan programs, tax incentives) would be most effective in encouraging Saudi citizens to increase their household savings for home ownership?
3. How do government financial literacy and consumer awareness initiatives impact the household savings of Saudi citizens for the purpose of home ownership?

4. What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment?

Based on this overview the researcher developed the following concept map that represents the key factors derived from the research aim and questions to provide insights into the relationships identified and highlighted the important factors that emerged from the research process.

Figure 1.2: Factors generated to analyze the research questions:



Source: Developed by the author

1.4 The Research Significance

Over the past twenty years, household savings have continuously declined, driven by increased consumption in the Middle East and the Arabian Gulf. A thorough analysis of the General Authority for Statistics Household Expenditure and Income Survey, conducted in 2012 and 2018, confirmed that Saudi Arabia's household savings rate had decreased in the past decade. Our survey analysis further revealed that a significant reason behind the decline was the disproportional increase in monthly consumption and monthly income in recent years. While the average household monthly income during 2012–18

increased by 5.3, the average household monthly consumption expenditure grew by 38.6%, during the same period (GASTAT, 2018). These statistical facts highlight the primary concern that one of the main reasons for the low household savings is the effect of the three Gulf crises on household saving behavior in Saudi Arabia (Al-Bassam, 2004; Hishamh & Williams, 2007). This information also highlights the urgent need to implement savings policies that can help to change the household's savings pattern and the use of savings in Saudi Arabia. The low savings rate among Saudi households could be due to many reasons, including a lack of financial awareness, the absence of saving policies, financial prudence, the lack of future planning, and per capita spending exceeding per capita income (Oehler, 2021).

The research should investigate the view that encouraging a regulatory and economic environment can lead to an integrated policy concentrating on increasing home ownership savings. These probable policies can be inspired by the housing policies observed in some international experiences explored in this research, such as Housing Provident Fund in China (Johari, 2022). In many international housing schemes, governments run home ownership schemes for citizens to consider as subsidies for their first home purchases (Cavicchia, 2022). The government plays a substantial role in creating a suitable environment for the private sector to encourage household savings.

This research focuses on this subject to establish whether household savings can be channeled to increase homeownership amongst low- and middle-income citizens. Additionally, it concentrates on the views of housing policymakers towards the concept of saving to meet housing needs and analyses the response of Saudi citizens toward savings policies for affordable homeownership. It understands the possible impact of probable government support on the participants.

The literature review and related discussions provide insight into the process of household savings for homeownership. Numerous studies are highlighting some of the previous efforts, and it has been acknowledged that, among Saudi citizens, there needs to be more understanding and intent to save for precautionary reasons (Al-Bassam, 2014; Weil, 2009). The focus is on whether home ownership can be increased through accumulated savings. Modigliani's argument on the saving motives for households' savings to adjust income to irregular consumption to meet possible emergencies and accumulate assets is

considered fundamental (Modigliani & Brumberg, 1954). In addition, the precautionary theory motives could be applied to delay consumption and increase household savings in the current period (Friedman, 1957). Households cannot insure against any future economic downturn, and their income will decrease if any economic downturn is realized. Analyzing the empirical determinants of household savings, focusing on the influence of social security policies on household savings (Callen & Thiemann, 1997). The theories and literature chapters provide more explanations regarding the effect of household savings that can be channeled to the homeowner and further suggest that the government needs to get involved by using appropriate policies.

The research presents the literature and the theoretical framework incorporated within the research determinants. In addition, the research has also investigated the factors that affect household saving and home ownership level—mainly household saving, consumer financial awareness, and the government supports needed to encourage citizens to boost the homeownership rate in the future. Moreover, factors such as suitable Islamic financial saving policies, house price inflation, and income growth—all of which are relevant in the decision of home ownership amongst low-income citizens to evaluate their impact on the success of savings.

Financial education policies can succeed if they reach consumers in their environment at life stages where essential decisions need to be made (Oehler, 2021). The low levels of financial education inhibit people from making informed choices and increase the tendency to postpone decisions related to retirement savings. Financial literacy tremendously affects consumers' ability to make sound financial decisions. Education and advice are fundamental to enhancing consumer finances. Furthermore, the Visa survey is considered essential to this research as it can be concluded that Saudi citizens cannot make financial decisions due to a lack of financial awareness (VISA, 2020).

The international experiences highlight the importance of crucial incentives that could be promoted by the government housing policymakers, such as implementing matching programs, providing incentives and subsidies, supporting the establishment and design of saving products and funds in capital companies, and encouraging real estate developers through appropriate policies and soft loans. There are some examples where mandatory savings schemes, such as the Employees' Provident Fund in India (EPF, 2023), the Central

Provident Fund in Singapore (CPF, 2023), and the first home loans in Malaysia. Such schemes were in place to encourage saving among various strata of society in those countries with an effort to provide economic and social benefits to their citizens.

The analysis of the household survey in Saudi Arabia (GASTAT, 2018) is fundamental to the research. The pattern of household spending on goods and services illustrates the enormous challenges for the policymakers, as the developmental disorder reflects lack of a savings culture among Saudi households. Furthermore, government roles and policies could enhance the savings culture, coupled with incentivized savings programs such as implementing matching schemes for low-income segments (Callen & Thiemann, 1997).

This research focuses on establishing the considerations of official housing policymakers of Saudi towards the concept of savings policies for home ownership. It seeks to understand the possible impact of government support on affordable homeownership for low-income citizens and investigate consumer financial awareness policies on saving opportunities. The research has therefore evaluated the main issues of low household savings amongst low-income Saudi citizens. It highlights the mechanism suggested by the interviewees in the research that the consumer financial awareness policies on saving opportunities. The research also highlights the feasibility of a program encouraging Saudi citizens to increase their savings activity for homeownership.

Furthermore, the research's importance stems from the fact that whilst the average Saudi household consumption level is relatively high, there is still a need for more attractive Islamic saving products for Saudi households that can encourage them to save for homeownership. Therefore, there is a considerable need for government housing policy intervention to support the effort of structuring Sharia-compliant financial instruments to promote savings for housing schemes (SAMA, 2013). Therefore, the required saving incentives must be included in the market, whereas incentives are seen as the significant factor attracting low-income segments toward such saving products (WorldBank, 2019). Furthermore, this research emphasizes understanding the government savings-policy-related efforts in Saudi Arabia and why these need to be revised from the policymakers' perspective.

The theoretical framework and the literature provide key views on the issues of household income and consumption, awareness and literacy, the government's potential policies in encouraging citizens towards home ownership, and housing inflations. The finding of this research should give some insights to the policymakers to take the appropriate actions on how government-housing policies can support the development and impact the growth of home ownership in the long term and should help devise appropriate research recommendations and contributions.

The research examined gaps in household savings for home ownership in Saudi Arabia through several economic theories, including household portfolio theory, neoclassical savings theory, life-cycle savings theory, and portfolio allocation theory. This provided a framework to analyze household savings pattern and constraints. The study identified several issues that appear to constrain households' ability to save for home ownership. One major issue is low household income combined with limited access to affordable housing finance and high costs of living. This makes it difficult for households to allocate money towards long-term savings.

Additionally, the research highlighted a lack of a strong savings culture and appropriate housing policies in the country as contributing factors. Limited availability of affordable housing finance options and insufficient savings incentives were also found to influence household savings pattern. This can lead households to imbalance their allocation more toward current consumption rather than long-term savings for home ownership. As a result, households may have a difficult time making rational financial decisions and end up allocating a smaller portion of their portfolio to eventually owning a home.

Over a lifetime, this constrained ability to save for home ownership can complicate achieving the goal of ownership. The research sought to better recognize and address the gaps in household savings for housing through identifying these issues. Doing so can help inform policies aimed at strengthening savings culture and incentives in Saudi Arabia. This may ultimately assist households in allocating more of their resources to long-term savings and achieving home ownership.

1.5 Saudi Arabia in Context

This section introduces the context to the research and the country of Saudi and Vision 2030 overview along with Household Income and Expenditures Survey results. In order to understand the research aims and significance within the context of Saudi Arabia and to understand the background of Saudi people demographic structure, and the historical and religious background this chapter elaborates more on this regard. This is followed by reviewing some of the related government agencies' roles regarding saving policy development and the household nature in Saudi Arabia. Finally, a discussion about Islamic saving and investment solutions and an overview of the successful international savings schemes worldwide were highlighted.

The General Authority of Statistics reveals that Saudi Arabia's population reached 32 million in 2022, distributed among 13 regions. The population is made up of about 7.7 million households, with half of the households located in the provinces of Makkah and Riyadh. Each household has an average of 5.6 members, and nearly 55% of all households in the country are homeowners. People typically live in apartments, traditional homes, villa floors, or villas across all regions. (MEP, 2023).

Saudi Arabia has a predominantly young population, and the demographics play a crucial role in shaping saving habits. For instance, young Saudi Arabian households save more as they have fewer financial responsibilities, while households with children spend more on education and health. Saudi society falls into the category of young societies with 30% of the population under the age of 15, according to the data (MEP, 2023). Further from the same source, 60 percent of the population is between the ages of 15 and 54, and 4% of the population is over 65, according to the 2018 KSA Census. 6% of the population is between 55 and 64, and 6% is between 15 and 4% of the population is over 65, according to the 2018 KSA Census. 6% of the population is between 55 and 64, while another 6% is between 15 and 24. The average life expectancy is 75 years, reflecting improvements in national health systems and living conditions, with this figure having been only 54 years in 1970 (Alqurashi, 2009). The most important figure is that children and youth represent 67% of the population.

The analysis of Saudi's Arabia population reveals two main demographic trends: first, the growth rate of the Saudi population is one of the highest rates, which is highlighted further

when considering that the population has grown more than four-fold from 7.3 million in 1975 to 32 million in 2022, with sustained economic growth during the period and the cultural belief of large families believed to be contributory factors in Saudi population growth; and secondly, the population poses demographic imbalances as youth constitutes a large portion of the population, with the non-Saudi population considerably large (MEP, 2023). With one of the largest labor markets in the world, Saudi Arabia has already more 13 million foreign residents (32% of the total population) as of 2024.

The legal system, which is based on Sharia, acknowledges that the nation's constitution is largely derived from the teachings of the Holy Quran and the Sunnah of the Prophet Muhammad (Peace Be Upon Him) (Ansary, 2008). Contrary to many Western legal systems, there is no real separation of powers among the three branches of government in the basic structure. Instead, it acts as the government's judicial, legislative, and executive branches' institutional framework. The Saudi government has relied largely on the country's ties to Islam as well as its interpretation and application of Islamic law for its political legitimacy. The Sunni Hanbali School of law is the branch of Sharia that serves as the foundation for the legal system.

The majority of people's social networks are built on their families, which provide both material and emotional support. Saudis are expected to be devoted to and willing to make any sacrifices for their families, especially when it comes to protecting women. The men, who also have the most power, provide the family with the majority of its income, security, and safety. Women have traditionally taken on the role of caring for the home because they are the support system and nurturers of the family. Financial responsibility is now frequently shared by male and female household members. Siblings might divide up certain household tasks. There has been an increase in Saudi families hiring domestic help in recent years, usually foreign workers, to assist with daily tasks. Parents and elders are highly respected in all facets of Saudi society. Children should never argue or disobey anyone who is older, and parent and child relationships are particularly close. In the past, adult children used to reside with their parents until they got married. If an adult child needs to relocate for school or a job, they typically move back in with their parents after receiving the scholarship.

In recent years, the laws governing the guardianship system have evolved and become more flexible. As of 2019, women no longer need parental approval to apply for passports, travel abroad, or get married. Women typically have more freedom and independence to pursue their interests in families with more liberal or progressive attitudes. Others from conservative families, however, might still be subject to rigid social norms and codes. Gender norms and roles have been rapidly evolving as a result of changing views on men's control and women's participation in public life brought about by industrialization and economic expansion. The government has recently made a number of decisions in order to significantly increase women's participation in the labor force and access to government services. The number of educated women entering the workforce and taking on professional roles is growing. Regarding marriages in Saudi Arabia it's more common for young people in urban areas to tell their parents about someone they like, and the parents will then arrange the marriage. Further, polygamy is accepted and men are allowed to have up to four wives. Only certain conditions must be met according to Islamic law for a man to be allowed to have more than one wife.

1.6 Economic Background

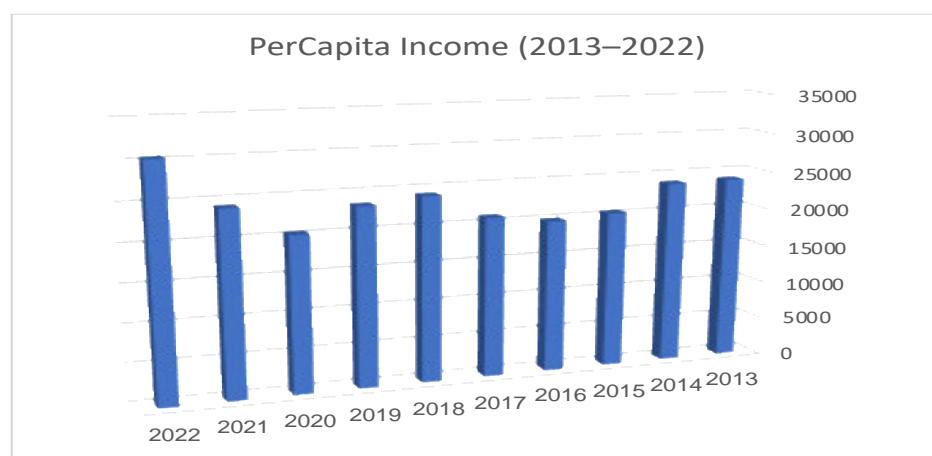
Saudi Arabia's oil-based economy has strong government control over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. This high production level grants Saudi Arabia considerable economic and political power on the global stage. However, there is concern that, with the country deriving up to 70% of its revenues from the oil industry, it could be more vulnerable to fluctuations in this sector in the long run.

Despite the heavy reliance on the oil sector, other significant industrial sectors in Saudi Arabia include pilgrimages to the holy places of Makkah and Madinah, telecommunications, and power-generation and support services for the oil and gas industry, which are promising (Factbook, 2019). The GDP has grown significantly, increasing by 300% over the period 2000–2019. This reflects the massive increase in oil prices during this period, along with the subsequent economic growth and associated development. Furthermore, the GDP per capita growth indicates that the population has benefited from the economic growth, experiencing a rise in income from \$9,400 per capita at the start of the period to \$30,436 per capita by the end of 2022. While these figures

show a general rise in GDP levels, Saudi Arabia has avoided the significant contractions of the global financial crisis witnessed in many other economies worldwide (BBC, 2019). Regarding the inflation rate, Saudi Arabia's inflation accelerated to 2.3% in the second quarter of 2023, according to recent data by Ministry of Economic & Planning (MEP, 2023).

The need for housing has increased mainly due to the demographic structure; more young Saudis are looking for a better quality of life (GASTAT, 2018), as discussed in detail. Finally, the government has implemented several policies over the recent years to encourage savings. For instance, the National Savings Campaign launched in 2018 aimed to increase household savings in the country. Additionally, the government has introduced various investment opportunities in the Kingdom, such as the Saudi Stock Exchange, the Real Estate Development Fund, and Saudi Development Bank. These initiatives have increased the accessibility of investment opportunities for households and ultimately led to a rise in savings.

Figure 1.3: Per Capita Income:



Source: World Bank Data (WB, 2023)

1.7 Vision 2030 and Financial Sector Development Program

The Kingdom recently presented its ambitious plan for the future called Saudi Vision 2030, which would notably reduce the country's dependence on oil. The planner of this ambitious Vision is Mohammed bin Salman, the deputy crown prince. The Saudi government announced that the first objective for the country is to be a pioneering and successful global model of excellence on all fronts. Prince Mohamad Ben Salman

launched Vision 2030 in early 2016 and confirmed that Saudi Arabia had taken extraordinary measures to diversify its public-sector-dominated economy into a private-sector-driven system.

Vision 2030 aims to diversify the country's economy, improve living standards and increase households' happiness quotient. Saudi Arabia aims to improve the happiness of households by making more cultural and entertainment opportunities available to its citizens and encouraging widespread participation in sports and athletic activities to promote a healthy lifestyle. Since Vision 2030 was launched a few years ago, Saudi Arabia has taken extraordinary measures to achieve its goals. One of the Saudi government's most substantial Vision Realization Programs to realize its Vision 2030 goals is the Financial Sector Development Program (FSDP). The FSDP aims to create a diversified and efficient financial sector to support the growth of the national economy, diversify its revenue sources, and encourage savings, finances, and investments. It suggests developing a diversified financial sector to encourage saving and support the expansion of the national economy. One of the primary objectives of this program is to promote and enable financial planning by driving the expansion of savings products available in the market, strengthening the savings ecosystem and enhancing financial literacy.

Since the release of Vision 2030, a number of significant achievements have been made to advance the Kingdom's objectives of economic diversification and build a prosperous future for the Saudi people. The Vision Realization Programs have been extremely successful overall. A Vibrant Society, the first pillar, has advanced as a result of encouraging active lifestyles, accommodating foreign Hajj and Umrah pilgrims, embracing the Kingdom's archaeological sites, and working to have them added to the UNESCO World Heritage List (Vision 2030 Blueprint, 2016). The second pillar, a booming economy, enabled women to reach the labour force. The third pillar, an Ambitious Nation, has made progress toward its two strategic objectives of being "Effectively Governed" and "Responsibly Enabled," as non-oil revenues increased significantly in 2020 and the number of volunteers doubled every year to reach 409,000 volunteers in that year.

One of the key elements of the Vision 2030 programs is the Financial Sector Development Program, and in order to achieve its goal and support maintaining the stability and strength of the financial sector, financial sector institutions are to be developed and strengthened, and the Saudi financial market is to be developed into a developed capital market. The Financial Sector Development Program encompasses several sub-sectors, including banking, insurance, investment, and stock and debt markets (FSDP, 2021). The program was introduced in 2017 to give financial institutions the tools they need to foster private sector expansion, create a developed capital market, and advance and facilitate financial planning.

After the Saudi Stock Exchange's "Tadawul" index joined the FTSE and MSCI global indices in 2021, the program enjoyed remarkable success. This contributed to the success of the 2019 Saudi Aramco initial public offering of shares. Additionally, the program increased support for financial technology start-ups and led numerous initiatives that had a significant impact on citizens, such as the introduction of the instant payment system and the transition to a cashless society, both of which met their goals more quickly than expected. Additionally, the FSDP will keep bolstering financial institutions to support the private sector, ensuring the expansion of the advanced capital market by enhancing financial planning options and raising the proportion of SMEs' financing in banks. In addition, the program will create a thriving and sustainable insurance industry in the Kingdom, boosting non-cash transaction percentages from 36% in 2019 to 70% by 2025, and ensuring the financial stability of the financial services industry. The program complies with pertinent international standards, such as those set forth by the International Organization of Securities Commissions and the Bank for International Settlements (FSDP, 2021).

1.8 Financial Literacy Among Saudi Citizens

The Vision 2030 programmes reveals that financial literacy rates among the Kingdom's adult population are estimated at 31% compared to other countries, such as Norway (71%) and Malaysia (34%), based on a World Bank Survey¹³ launched in 2017 (WB, 2021). Therefore, the Financial Sector Development Program's third main objective is "Promoting and enabling financial planning". This objective involves achieving the following four targets: Stimulating and bolstering sustainable demand for savings schemes, demand for savings schemes, improve and strengthen savings ecosystems,

and enhance financial literacy. The program proposed two essential initiatives: establishing a National Savings Entity, which provides government-backed retail savings products, and a Financial Literacy Entity. Additionally, the program involves specific initiatives, including developing tailored products for homeownership savings schemes and distributing collective investment schemes through non-AP entities. The program also should develop customized products: An Education savings scheme and automatically enroll Citizen's Account beneficiaries in the National Savings Entity and develop customized products for low-income segments. Finally, from a banking perspective, the program will introduce incentives for banks to attract long-term deposits and simplify access to banking savings products.

The Financial Sector Development Program 2030 concerns the recommendations issued by the National Savings Committee and the National Savings Strategy, led by SAMA. Both the Committee and Strategy are concerned with promoting the culture of savings and developing the savings of individuals, including low-income groups. Further, they encourage savings initiatives that meet the needs of all segments of society and promote a culture of saving and financial planning among individuals. Finally, the program aims to increase household savings from 6% to 10% of total household income (MEP, 2023).

1.8.1 Outline of Financial Literacy and Awareness

Savings are calculated as the difference between disposable income and overall consumption costs. (OECD, 2023). The net household saving rate is defined as the amount of net savings as a percentage of net household income. The amount of money households is saving from their current income and the amount of income that has increased their net worth are thus both revealed. In this regard, Saudi Arabian households are known to have a high level of savings. According to data from the International Monetary Fund, the gross savings rate in Saudi Arabia reached an all-time high of 40.8% in June 2008 and a record low of 23.0% in December 2020. This means that Saudi Arabian households have the opportunity to save over one-third of their disposable income. They should have a high level of savings, which can be attributed to various factors such as economic policies, demographic factors, and cultural norms. However, there has been a shift in saving patterns, and Saudi Arabian households need to be encouraged to save a significant portion of their disposable income. As Saudi

Arabia continues to experience economic growth and development, it is expected that household savings will continue to play a crucial role in shaping the economy. The household savings rate is a crucial economic indicator that reflects the ability of households to save a part of their income after meeting basic needs. The research tried to explore the determinants of low household savings in Saudi Arabia based on the last household survey conducted, and the latest data from World Bank showing a per capita income of \$30,436 in 2022 (WB, 2023) making it one of the wealthiest nations in the world . However, despite the country's strong economic growth, low real household savings still need to be addressed. According to the latest published household survey (2018), the average net household savings rate in Saudi Arabia was 6.9% out of the gross savings of 40.8%.

Financial awareness is essential to every individual's life, particularly relating to the household. It is the process of improving an individual's knowledge and skills in various areas of finance that would enable them to make better financial decisions (Saber, 2023). This section will explore the importance of financial awareness for households, particularly concerning saving towards homeownership. The lack of financial awareness has been a primary reason many households have struggled with their finances. Financial literacy is essential as it helps individuals and households understand the importance of budgeting and making sound financial decisions. It is, therefore, critical for every household to acquire some level of financial education to help them make the right decisions. Saving towards homeownership is a critical financial goal for many households (Faulkner, 2022). Owning a home is a significant investment that provides several benefits, such as a stable place to live, the potential for capital appreciation, and tax benefits. However, buying a home can be daunting, particularly for first-time homebuyers. The process usually requires significant money as a down payment, closing costs, maintenance, and other related expenses. Financial education can be helpful in creating a feasible plan towards homeownership.

One of the crucial aspects of financial education is budgeting. It involves creating a plan that outlines an individual's income and expenses to help them to identify areas where they can reduce costs and save money to be directed to their homeownership purpose. It can also help them avoid unnecessary spending and make informed financial decisions (Tharp, 2020). A homeownership budget should include mortgage payments,

property taxes, insurance, maintenance, and repair costs. Another vital aspect of financial education is maintaining good credit. A good credit score is critical when applying for a mortgage, and it shows lenders that an individual is diligent in repaying their debts and is a low risk. Financial education can help households understand the importance of maintaining a good credit score and the steps to take towards achieving it. Then, there is the important topic of savings accounts. Individuals or households can open a savings account to save money towards their homeownership goal. This account helps them stay focused on their savings goal and earn interest. Financial education can help households understand the various types of savings accounts, their benefits, and how to maximize their returns. Financial education can also help households understand the importance of investment towards homeownership decisions (Saber, 2023). Investment in stocks, bonds, or mutual funds, can provide significant returns that could be useful towards the homeownership goal. However, it is equally essential that households understand the risks involved in such investments and how to manage them (Flynn, 2023).

In conclusion, financial awareness is crucial for households, particularly concerning saving towards homeownership. Owning a home is a significant investment that can provide significant benefits in the long term. However, the upfront cost of buying a home can be daunting, and financial education can help households make informed decisions towards achieving this goal. Therefore, households must embrace financial awareness to make sound financial decisions and secure their financial future.

1.8.2 Income and Educational Level

Based on the household survey, the average Saudi household's monthly income by educational level of the household head is related to the second research objective regarding improving consumer financial awareness amongst Saudi households toward household saving for homeownership. The survey illustrates that: The highest income of the Saudi household is among households whose head holds a PhD with an average of 33,470 riyals per month, followed by those with a master's degree, who earn an average of 26,615 riyals per month. The lowest average income was for the households whose head is illiterate at an average of 8,176 riyals per month.

1.9 Household Income and Expenditure Survey

Savings are an integral part of any economy, and household savings constitute a significant part. In most cases, household savings play a vital role in the growth and development of an economy. The secondary data for this research obtained from sources such as books, periodicals, government studies, annual reports, and other media and commercial sources. Therefore, one of the main sources of the secondary data for this research is Saudi Arabian Household Income and expenditure survey published in 2018 by the General Authority of Statistics. The survey conducted by the General Authority for Statistics in Saudi Arabia provides data about community expenditure patterns and the impact of demographic, social, and economic factors on households. (GASTAT, 2018). The concentration centered on areas household income and expenditure, survey structure. This is followed by focusing on the areas related to the research subject, such as the average monthly income per household at the level of Saudi Arabia and the average monthly expenditure of households at the level of Saudi Arabia. These data were highlighted based on household income and expenditure in different formats such as per-capita monthly income, household size, education level, and more.

Understanding household data in Saudi Arabia is crucial to this research for several reasons. Firstly, household data provides insights into the economic and social conditions of the country's residents. It helps identify trends, patterns, and disparities within different demographic groups, such as income levels, employment status, education, and living standards (Shabir, 2022). By analyzing household data, researchers can gain a broad understanding of the economic challenges faced by households in Saudi Arabia. For example, it can reveal the prevalence of poverty, income inequality, and the distribution of wealth across different regions.

The household income and expenditure survey is a household field survey carried out periodically every five years since 2007 by the General Authority for Statistics in Saudi Arabia as part of social statistics. The Household Income and Expenditure Survey is one of the in-kind field surveys in the field of social statistics in all regions of the Kingdom and covers all segments of society and provides data on spending patterns in society and the impact of demographic, social and economic factors on the family. It is

also crucial in giving indicators of the monthly income and expenditure of families and individuals. Household income and expenditure surveys tell us how much and on what kinds of goods and services the households spend their income and how household expenditure patterns are influenced by the differences in household characteristics, e.g., annual income level, number of household members, household head's age and occupation. Moreover, the results provide crucial data to reduce consumer spending, which is the primary factor indicating business conditions (Shabir, 2022).

Table 1.1 Shows the Leading Expenditure Group's Average:

Main Expenditure Groups	Saudi	
	Average of Expenditure	%
Food and Beverages	2,621	16.3
Tobacco	50	0.3
Fabric, Apparel and Footwear	599	3.7
Utilities	3,616	22.4
Home Furnishing	1,48	6.5
Health	225	1.4
Transportation	1,992	12.4
Telecommunications	827	5.1
Entertainments and Culture	450	2.9
Education	358	2.2
Restaurants and Hotels	726	4.5
Services and Personal Goods	2,605	22.4
Total	16,125	100.0

Source: Adopted from General Authority for Statistics, (2018).

The household survey provides data about community expenditure patterns and the impact of demographic, social, and economic factors on households. It also gives information about the household and individual's monthly income and expenditure. The results to reflect the expenditure of Saudi and non-Saudi households on consumption goods such as food, beverages, and clothes, in addition to their expenditure on non-consumption goods such as financial transfers and capital goods such as the purchase

of buildings, lands, shares, donations, and insurance. Household income and expenditure surveys tell us how much and on what kinds of goods and services the households spend their income, and how the differences influence household expenditure patterns in household characteristics, such as the annual income level, number of household members, household head's age and occupation. Furthermore, the significant findings of the Household Income and Expenditure Survey (2018) indicated the following four points (GASTAT, 2018):

First, the average monthly income per household in Saudi Arabia reached 11,984 riyals. In contrast, the average per capita reached 2,485 riyals. The average income of Saudi households reached 14,823 riyals, an increase of 8.9% compared to 2013. The average monthly income per capita for Saudis reached 2,741 riyals, an increase of 21% compared to 2013.

Second, the median monthly income per household in Saudi Arabia reached 8,958 riyals. In contrast, the median monthly income per capita reached 1,964 riyals. The Saudi household median income reached 11,494 riyals, an increase of 7.2% compared to 2013. Meanwhile, the median income per capita for Saudis reached 2,150 riyals.

Third, the average monthly expenditure of households in Saudi Arabia reached 12,818 riyals. In contrast, the average per capita reached 2,521 riyals. The average expenditure of Saudi households reached 16,125 riyals, while the average per capita for Saudis reached 2,857 riyals. The average monthly expenditure per capita for Saudis increased by 11.9% compared to 2013.

Fourth, the median monthly expenditure of households in general reached 8,605 riyals. In contrast, the median per capita reached 1,822 riyals. The median expenditure of Saudi households reached 11,189 riyals, with an increase of 15.6% compared to 2013. Meanwhile, the median per capita for Saudis reached 2,051 riyals.

The results reflect the expenditure of Saudi and no-Saudi households on consumption goods such as food, beverages, and clothes, in addition to their expenditure on non-consumption goods such as financial transfers and capital goods such as the purchase of buildings lands, shares, donations, and insurance.

Table 1.2 shows the key indicators of household income and expenditure for the year 2018 compared to the year 2013:

Indicators	Saudi	
	2013	2018
Average Household Monthly Income	13,610	14,984
Median Household Monthly Income	10,723	11,494
Average Per-Capita Monthly Income	2,262	2,741
Median Per-Capita Monthly Income	1,792	2,150
Average Monthly Individuals Income		7,940
Average Household Monthly Expenditure	15,367	16,125
Median Household Monthly Expenditure	9,682	11,189
Average Monthly Expenditure Per-Capita	2,554	2,857
Median Monthly Expenditure Per-Capita	1,682	2,051
Average Household Monthly Consumption Expenditure	13,282	14,584
Percentage of Monthly Household Expenditure on "Food and Beverages"	16.9	16.3
Gini Coefficient of General Expenditure	45.9%	42.2%

Source: General Authority for Statistics, (2018).

Saudi Arabia, has witnessed a decline in household savings rates over the recent years. In 2017, consumption expenditure grew faster than income, with a 5.8% rise in expenditure. As wealth grows, households rapidly alter spending patterns to bring various goods to the consumption basket. a financially literate person can not only accumulate wealth throughout his life but can also contribute toward the economic growth of a country. On the other hand, a low level of financial literacy can negatively

impact households' financial stability (OECD, 2023), impacting financial institutions' stability, which plays a critical role in any nation's economic growth (Saber, 2023).

1.9.1 Survey Data Impact on Household Savings Factors

The importance of understanding data in the context of a public survey is that it provides foundation for the subsequent interview analysis. The survey data can serve as a reference point for the interview analysis, allowing researchers to compare and contrast the findings from the interviews with the broader characteristics. For instance, the public survey reveals that a significant portion of households in Saudi Arabia struggles with low savings, the interview analysis can delve deeper into understanding the reasons behind this phenomenon. The interview analysis can explore the attitudes, behaviors, and challenges faced by individuals in saving money, providing qualitative insights.

The numbers derived from the public survey can also help validate the answers obtained during the interview. If the interview analysis reveals certain trends or themes, the survey data can be used to assess the representativeness of these findings within the broader population. It helps ensure that the interview analysis is not solely based on individual anecdotes but is grounded in a broader statistical context. Understanding household data in Saudi Arabia is crucial for enriching the subsequent interview analysis. The survey data provides a foundation, while the interview analysis offers qualitative insights, and together they can provide a more comprehensive understanding of Saudi Arabia's saving programs and related aspects.

By combining the survey data and interview analysis, researchers can obtain a more comprehensive understanding of Saudi Arabia's saving culture. The survey data provides the larger context and statistical overview, while the interview analysis offers personal narratives and in-depth perspectives on the subject matter. By identifying factors influencing humans to save more, policymakers can introduce tailor-made policies to boost savings. As part of considering any other aspect that may have an impact on the savings process, the notable works of Modigliani's Life Cycle Model were also considered (Modigliani & Brumberg, 1954), where it can be seen that there is an underlying assumption that the participants in a savings programme will have the willpower to participate in the plan throughout its lifespan. It was observed that

choosing a savings plan is 'compulsory and voluntary' and affects enrolment and contribution (Thaler & Shlomo, 2004). The policymakers in the can gain some insights from the survey and the initiatives taken by other countries experiences that have successfully promoted a savings-driven mindset.

1.10 Saudi Government Agencies

This section provides a clear overview of the institutional level of the related Saudi government agencies with a specific focus on their roles and responsibility in creating the related policy for household savings and home ownership. This research focuses on the role of the public sector in initiating and creating financial policies for stimulating the savings of individuals and families. Therefore, many government agencies that play a significant role in this aspect are reviewed. The researcher believes that their policies directly impact households' saving performance.

1.10.1 Saudi Development Bank SDB

SDB is the officially authorised institution for saving mobilisations amongst low- and medium-income classes, which seeks to encourage the concept of savings and promote the stability of living by identifying the best ways of maintaining funds innovatively. SDB mandate states the bank's significant goals (SDB, 2021), which contain four pillars. The first is to provide interest-free loans for SMEs and professional owners to encourage them to engage in their businesses and professions and be self-employed. The second one is to provide interest-free social loans for limited-income citizens to help them overcome their financial difficulties. The third pillar is acting as coordinator and supplementing the SMEs' care. Finally, the fourth one is to encourage and promote savings of individuals and institutions in the Kingdom and to find tools that achieve this end.

SDB intends to promote the concept of savings amongst individuals and visually impaired low- and medium-income groups, encouraging them to save while simultaneously pointing to the need to be actively involved in this framework. Furthermore, SDB encourages partnerships with government and private institutions to create the appropriate policies for implementing these programmes. SDB recently established Saving Sector to achieve the bank's fourth mandate: to 'create savings programmes that encourage savings for individuals and institutions in the Kingdom and

to find tools to achieve this end. This movement could decrease consumption and help households save for future urgent needs. SDB has made various efforts to establish the most suitable tools and works to achieve this goal, developing innovative programmes that fit with living conditions for low- and medium-income groups. It also activates the concept of savings and works to create programmes that enhance the stability of life with more focus on local and international expertise to take advantage of previous knowledge. The main aim is to develop better methods and techniques that will align these programmes with the living conditions of Saudi citizens. SDB should benefit from the International Banks Model of their long-standing practice and experience, enabling SCSB to adopt community policies that are compatible with Saudi society and authorised by Saudi Arabian regulators such as the Saudi Central Bank (SAMA, 2022), Capital Market Authority (CMA, 2021), and Ministry of Finance (MOF, 2021). This creative vision relies on stimulating and encouraging savings for homeownership in Saudi society.

Saudi Arabia's population ranks mid-range in the region in terms of savings. Women and youths have exceptionally high levels of financial exclusion and often rely on informal mechanisms to accumulate and protect their savings. Moreover, the main concern is society's middle- and low-income segments. It is estimated that six out of ten Saudis are putting less than 10% of their monthly earnings into savings (GASTAT, 2018). The high cost of living, particularly for the younger population in the Kingdom, highlights the need to develop a culture of savers whereby these youth can manage their expenditures and plan for the future.

The Government of Saudi Arabia has given SDB a specific mandate to develop and implement a National Savings Strategy to strengthen household savings. SDB has worked with The World Bank consultants' team and developed various strategic options concerning more regulatory efforts regarding awareness campaign policy and product designing framework (WB, 2021). The mission concentrates on some initiatives. First, to analyse the current situation and identify the gap. Under this pillar, it is recommended that the SDB complete a nationally representative financial capability survey. The survey should provide a baseline financial capability assessment to inform critical information gaps on what segments require immediate support, organise a high-level working group on financial literacy and education, and research and document global

best practices concerning financial literacy. Second, the initiative is policy development. The goal of this pillar will be to develop policies that promote a financially capable population, including the development of appropriate tools and action plans to accomplish this goal. The third initiative is programme Development, where policy development should be complemented by developing programmes, curricula and associated materials to address financial capability. Programme development should have an explicit focus on advanced learning technology-based approaches. SCSB will adopt a leadership role in piloting and scaling up successful programmes that directly address its target market. The Fourth initiative is research and Data Production. It is recommended that SDB take a leadership role in developing research and learning agenda surrounding financial capability for the Kingdom (Atanda, 2023). Finally, SDB participates in advancing consumer protection: SDB should play a substantial participatory role in advancing consumer protection principles in the Kingdom, particularly concerning fair treatment policy, transparency policy, and effective recourses for both SDB clients and non-clients (specifically within target populations). SDB should work closely with regulators and policymakers—most notably SAMA and CMA—in areas such as fair treatment, transparency and effective recourse. What should be achieved is a savings programme that comprises Citizens' trust; Government support; High returns; and the possibility of providing financing solutions and other products.

1.10.2 Real Estate Development Fund (REDF)

REDF is a government-specialized financial institution set up to extend credit to individuals. The loan criteria followed do not target any particular social group or region. The only criteria are that the loan beneficiary should be a Saudi citizen and be at least 21 years old. The beneficiary must show that he/she has not had a previous REDF loan. The fund currently practices a first come, first served policy. The loan amount per application is adjusted according to the settlement size, and the maximum loan value granted is up to 500,000 SR. In 2016, the government and financial institutions developed a new financing policy allowing anyone to get a private bank loan under the government guarantees program at an acceptable interest rate (REDF, 2020). Lately, REDF created other alternatives to support the beneficiaries.

1.10.3 Ministry of Municipal and Housing

The Ministry aims to increase home ownership, enhance the supply of housing and residential land, and provide adequate housing in accordance with suitable options based on citizens' needs (MOMRA, 2021). The Ministry has developed programs that facilitate citizens' access to affordable housing of adequate quality commensurate with individual income at various life stages, while also promoting the private sector's involvement in supporting various housing activities and programs. Furthermore, MOMRA is updating housing solutions to increase the supply of different types of housing, boost the home ownership rate, and propose housing-related laws, policies, and regulations, while also suggesting modifications in conformity with approved national strategies—including aspects related to mortgages, the rights of tenants and residential unit owners, social housing, public housing, and residential land development. It also encourages the formation of cooperative housing societies, coordinates efforts, and reviews the draft regulations for such societies (Faulkner, 2022).

Additionally, MOMRA is developing various programs designed to provide adequate housing to mid- and low-income groups to deliver suitable housing models that could serve as guidelines for all categories of citizens, with quality-oriented and cost-effective specifications and standards. These will take into account the approved building code. Furthermore, MOMRA is establishing beneficiary groups and standards of eligibility for social and charity housing programs, creating a housing database, and preparing studies and research related to housing. Finally, MOMRA is building adequate housing for disadvantaged groups who are unable to benefit from government or private credit and banking finance programs, while also encouraging charitable institutions, individuals, and joint-stock companies to contribute to the construction of adequate charitable housing units for those in need, offering advice and assistance where necessary.

In parallel, the Ministry is preparing and developing the National Housing Strategy. The Ministry's highest priority is drafting a comprehensive and integrated housing strategy for the Kingdom, encompassing proposals for housing-related laws, regulations, and policies, as well as suggestions for related modifications. The Ministry has focused on providing adequate housing for citizens and implementing policies to

accelerate the construction of 1.5 million housing units for citizens. The Minister of Housing, in this regard, serves as the Chairman of the Real Estate Development Fund.

Housing demand is concentrated geographically in the major cities, therefore witnessing much more demand for housing than in other urban centres. Since then, Saudi Arabia's population, including non-Saudis, has pushed past 34 million. Housing statistics show a shortfall of almost 150,000 homes each year (GASTAT, 2018), which puts pressure on these cities to build faster. The developing mortgage market will also drive demand more intensely; although, in the long-term, it is a positive development that mortgages will be more feasible in Saudi Arabia. New legislation passed throughout 2018 induced a licensing scheme for mortgage providers and banks, establishing a maximum loan-to-value ratio of 90%.

The Minister recently indicated that those sitting on land within city limits but not being built on are subject to a tax. Without releasing enough land, the housing crisis will only worsen. The Ministry also has drawn a comprehensive national housing strategy to meet the emerging need for housing in the Kingdom (MOMRA, 2021). The following are the national housing strategy that 14 government institutions have developed. MOMRA clarifies the objectives to stimulate real estate supply and raise productivity to provide residential products at reasonable prices and quality. The strategy concentrates on the engagement with the private sector developers on the Ministry's lands and stimulating the housing products development on private sector lands. Finally, to encourage the lands subject to the tax and promote the development of slum areas and the city centre for maximum use.

The national housing strategy dealt with many issues, including the increase in applicants, the joint bank loans approach, the standard real estate fund loans policies, the problems facing people who want to own their houses, and the price hikes and the lack of private-sector involvement. The ultimate goal of the housing strategy is to create the appropriate housing policies that increase the homeownership rate in Saudi Arabia. The strategy also intends to actively participate in raising the quality of housing sectors. The Ministry wants to reduce the pressure on housing in metropolitan cities by adopting suitable construction policies. According to the latest statistics (GASTAT, 2018), about 60% of the Saudi population lives in the three main cities; Riyadh, Makkah and the

Eastern Province. The Ministry continued its efforts in facilitating citizens' ownership of homes, the quality of which is taken into account within the limits of their income sources, and increasing the rate of homeownership in the country.

The following chapter, therefore, introduces the literature about the concept of saving, focusing on the evidence from other research and practices to understand and identify some related issues regarding saving policies and nature in Saudi Arabia.

1.11 Saudi Arabian Financial Concerns

Saudi citizens adhere to Islamic rules and principles and therefore seek to avoid dealing with banks that provide interest; thus, many conventional banks in the country have adopted, if not converted, to Islamic banking models (SAMA, 2013). Islamic Financial Solutions in Saudi Arabia in their current form need to be regulated better, they were perceived to be costly and unattractive to ordinary citizens—especially those from low-income groups. Further, there is a feeling that this was done intentionally as this kind of structure ensures that the financial institutions can profit more (Kolsi, 2023).

The Saudi Arabian banking sector has the most considerable assets of Islamic and conventional banks among GCCs and a better level among Arab countries (SAMA, 2013). As most of the Saudi population is Muslim and therefore concerned with Islamic rules and principles, many conventional banks in the Kingdom have adopted, if not converted to, the Islamic banking system by providing Islamic windows to achieve a higher market share (Tarawneh, 2006). Consequently, consolidated competition, adequate resource allocation and innovative Islamic products for saving money and developing the technology platforms for evolving quality have been the key focal points in the Saudi Arabian banking sector (Kolsi, 2023). Based on the above observations from the secondary data analysis, any proposed financial saving solutions need to be well structured based on Sharia-compliant (Learn, 2023).

1.12 Saudi Arabian Home Ownership

In the real estate sector, the biggest issue over recent years has been the growing problem of a lack of affordable housing, which remains largely out of reach for the majority of the population due to a lack of availability of suitable land and supportive fiscal policies (Asfour, 2023). The lack of products has its roots in the lack of security

for lenders in the event of mortgage defaults. As the leading policy maker, SAMA enacted the Real Estate and Financing Law to resolve these issues. MOMRA and the private sector have made extensive efforts to create adequate housing schemes, land plots, and housing loans to promote ownership of housing units among Saudi citizens. Although, it is estimated that half of the Saudi national population does not own their homes, leaving approximately 13 million in rented accommodation (GASTAT, 2018).

The problem of high land prices continues to prevent attempts by private-sector developers, who find themselves unable primarily to meet the price requirements of the mid-to low-end sectors of society seeking to buy a property. As a further contributory factor, there was a lack of regulatory framework provided by the government to govern land trading, and the participants typically took little account of the actual value of the land when making their investment decisions (Asfour, 2023). Before 2012, the Lands Authorized Entity MOMRA, with no clear policy, distributed millions of plots in this way, with the majority remaining unutilised; therefore, these grants need to be more helpful in addressing housing needs in the Kingdom.

At this level, there is a very high recognition from MOMRA that there needs to be a regulated real estate sector acting to support the interests of the Kingdom's citizens. There appears to be little consensus concerning the problems, how they should be tackled, and what policies are needed. Key issues remain the activities of brokers, the lack of professional property management and the land trading market (SAMA, 2021). There appears to be some recognition that the lack of a regulated real estate sector is acting against the interests of the Kingdom's citizens. Therefore, one of the housing strategy's main pillars is establishing The Real Estate General Authority to develop and implement the regulation part of the problem.

1.13 Thesis Structure

The research is initiated similarly to other studies by providing an abstract, a list of abbreviations acknowledgements and the author's declaration. This is followed by introduction to the research in Chapter one. The includes an introduction and highlights the research aim, significance, problem, purpose, questions and limitations. It also highlights the Saudi Arabian context to provide an economic overview of the country of

Saudi Arabia along with Vision 2030 related aspects. This section follows the results of the Household Income and Expenditures Survey and reviews some related government agencies' roles regarding saving policies and household nature in Saudi Arabia. The chapter provides a strong foundation concerning one of the savings phenomena in general.

Chapter two is organized to present the literature review about saving, focusing more on the evidence from other research and practices. It covers the research topic and provides an overall perspective regarding household savings and housing policies, along with an overview of the successful international savings schemes worldwide.

Chapter three illustrates the theoretical framework, including noteworthy economic contributions and theories related to savings. The research provides an overview of saving and its broad perceptions and contribution to research topic.

Chapter four illustrates the research methodology and design employed to test the research questions discussed in the previous chapters. The chapter also describes the methods utilized for data collection, the population, and the various sampling procedures. It also explains the issues related to the primary research measurement tool, namely interviews and the semi-structured questions' development process and research design, as well as the implementation process, the measurement of the research questions, the analysis techniques, and the ethical considerations for the research.

Chapter five focuses on analyzing the results of the primary data to reconcile the critical factors identified in the literature review, illustrate the relationship between the data collected and the research questions, and further determine how much they converge or diverge.

Chapter six the discussion of the research results, provide critical views on household income issues and connections to the research questions and illustrates the efforts government housing policies can bring in encouraging citizens towards home ownership. Chapter seven presents the research conclusions and illustrates the theoretical implications regarding the contribution to the body of knowledge, the contribution to the practice, and the potential areas for further research alongside the pragmatic implications of the findings.

This research is one of the most important steps that would provide ideal housing policies for the environment in Saudi Arabia. The spread of consumer awareness in Saudi society and a better understanding of banking and financial tools available could yield the adoption of integrated housing policies to support savings for homeownership for the targeted segments.

1.14 Summary

This chapter presented and clarified the context of the research and the country of Saudi and Vision 2030 overview along with Household Income and Expenditures Survey discussions, followed by a review of some of the related government agencies' roles regarding the saving policies development and the household nature in Saudi Arabia.

The main ideas in this chapter can be summarized in three parts. First are the Vision Realization Program initiatives regarding saving and developing a sustainable and thriving insurance sector in the Kingdom, promoting saving products and increasing financial literacy rates among the Kingdom's adult population. The second part concentrate on the Household Income and Expenditure Survey results. The third part highlights the primary role of the related government agencies and their policies' direct impact on increasing the level of saving performance for households in this aspect.

The first part illustrated the Financial Sector Development Program; one of the Vision Realization Program proposed two essential initiatives: establishing a National Savings Entity, which provides government-backed retail savings products, and a Financial Literacy Entity. Additionally, the program involves specific initiatives, including developing tailored products for homeownership savings schemes and distributing collective investment schemes through non-AP entities. The program also should develop products: an education savings scheme and automatically enroll Citizen's Account beneficiaries in the National Savings Entity, as well as develop products for low-income segments. Finally, from a banking perspective, the program will introduce incentives for banks to attract long-term deposits and simplify access to banking savings products. Furthermore, the Financial Sector Development Program is concerned with the recommendations issued by the National Savings Committee and

the National Savings Strategy, led by SAMA. Both the Committee and Strategy are concerned with promoting the culture of savings and developing the savings of individuals, including low-income groups. They encourage savings initiatives that meet the needs of all segments of society and promote a culture of saving and financial planning among individuals. Finally, the program aims to increase household savings from 6% to 10% of total household income (MEP, 2023).

Financial literacy rates among the Kingdom's adult population are estimated at 31% compared to other countries, such as Norway, 71%, based on a World Bank Survey 13 launched in 2017 (WB, 2021). Therefore, the Financial Sector Development Program's third main objective is "Promoting and enabling financial planning". This objective involves achieving the following four targets. First, stimulate and bolster sustainable demand for savings schemes. Second, stimulating and bolstering sustainable demand for savings schemes. Third, improving and strengthening savings ecosystems and enhancing financial literacy.

The second part concentrates on the Household Income and Expenditure Survey, which provides data about the community's expenditure patterns and the impact of demographic, social, and economic factors on households. It also gives information about the household and individual's monthly income and expenditure.

Finally, the number of government agencies that play a significant role in this aspect has been reviewed, and the researcher illustrated their policies' direct impact on raising household savings performance.

The following chapter presents the literature review and the concept of saving, focusing more on the evidence from other research and practices. It should cover the research topic to provide an overall perspective regarding household savings and housing policies.

Chapter 2: Literature Review

2.1 Introduction

The previous chapter presented and clarified the context of the research and the country of Saudi and Vision 2030 overview along with Household Income and Expenditures Survey discussions, followed by a review of some of the related government agencies' roles regarding the development of saving policies and their direct impact on increasing the level of saving performance for households in this aspect.

This chapter presents the literature about saving with more focus on the evidence from other research and practices to investigate the research questions and identify the most logical and relevant issues regarding savings. The literature review was conducted using a traditional narrative approach to analyse and synthesize the existing research on the topic. This process involved searching academic databases for relevant peer-reviewed journal articles and reports. Both broad searches and targeted searches of key terms were used to locate the literature. Once identified, the materials were carefully reviewed to identify common themes, theories, methodologies, findings and conclusions presented across the studies. Detailed notes were taken to break down and organize the information. Relevant concepts and ideas were then grouped into common categories for analysis. Connections and relationships between the different elements in the literature were identified. Finally, the findings and insights from this comprehensive review of prior work were distilled into an overview that highlighted key considerations, gaps identified, and potential areas for further research on the subject.

To classify previous studies effectively, the researcher begins by organizing them based on their titles, which often reveal the primary focus and scope of each research piece. Next, the studies are categorized by publication date, prioritizing the most recent works to capture the latest trends and forecasts in the field. After establishing a chronological framework, the researcher delves into each study's methodology, examining the research questions posed and the conclusions drawn. This thorough analysis allows the researcher to identify patterns, strengths, and weaknesses across the studies. Finally, the researcher reflects on these insights, writing comments and critiques, particularly highlighting any aspects that seem overlooked or disregarded in the original research.

This arranged approach ensures a comprehensive understanding of the existing literature and informs the researcher's own perspectives.

The structure of this chapter is organized starting with a comprehensive background on the savings literature in section 2.1. This is followed by section 2.2, which covers the importance of saving, savings as a homeownership instrument, saving goals and motives, saving types, saving challenges in Saudi Arabia, and saving weaknesses in Saudi Arabia. The following section, 2.3, covers essential issues related to financial awareness, defining financial capability, and housing policies. Section 2.4 discusses Islamic banking solutions and presents potential saving instruments, as well as the impact of Islamic solutions on housing. Additionally, this chapter presents and discusses, in section 2.5, an overview of international saving experiences. It illustrates financial products for home ownership, pension schemes that promote savings, pure saving programs, matching programs, and initiatives from international saving and housing schemes. Finally, section 2.6 concludes with a summary of the literature review chapter.

This chapter presents the literature about saving with more focus on the evidence from other research and practices to investigate the research questions and identify the most logical and relevant issues regarding household savings. The literature review was conducted using a traditional narrative approach and organised starting by giving a comprehensive background on the savings literature to cover the importance of savings as a homeownership instrument, and the saving challenges and saving weaknesses in Saudi Arabia. After that a comprehensive discussion about the essential issues related to financial awareness and defining financial capability and housing policies with more focus on Islamic banking solutions and presents the potential saving instrument, and the Islamic solutions' impact on housing. Additionally, this chapter presents and discusses, in section 3.5 an overview of saving international experiences. It illustrates the financial products for home ownership, the pensions schemes that promote savings, the pure saving programs, the matching programs, and the initiatives from international saving and housing schemes. Finally, section 3.6 concludes with a summary of the literature review chapter.

2.2 The Importance of Saving

This section discusses the importance of saving. It highlights objective factors, including financial variables such as income level, instrument rate structure, wealth size, and regulatory environment. The discussion that follows focuses on how these components relate to the amount of saving and consumption. Many people do not have a good sense of saving for the long run, besides saving money when young can only help in the future. Ensuring not to spend too much and continuing to save is a good way of accumulating wealth (Lusardi, 2020). Teens should realise that today is a prime time to begin saving. Saving is considered the foundation for financial security in the future, and it supports the idea of retiring at a reasonable age. Smith (1980) classifies factors affecting savings under two groups; subjective factors and objective factors. The subjective factors associated with persons, their customs and traditions, and religious beliefs, such as social classes. It has been found that the upper classes have no incentive to save (WB, 2013). The middle-class resort to saving to improve their living conditions and the possibility of facing future crises, such as accidents. As for the government sector, they push the country with several policies to raise the volume of savings, such as income distribution and consumer tendency to change. The objective factors include mainly financial variables that do not entail personal judgment or intervention, including the following:

Income Level: it is a crucial factor in the decline or increase of savings. If a certain percentage of income increases, consumption will increase; however, savings will increase by an amount greater than the consumption ratio (Keynes, 1936). Keynes considers that disposable income is the primary determinant of savings and consumption.

Interest Rate Structure: The impact of interest rate on household savings has been the subject of controversy and debate amongst many economists. The interest rate significantly positively impacts household saving (Callen & Thiemann, 1997). Classical economists such as Friedman consider interest as the return on savings (Friedman, 1957). They suggest that the higher the interest rate, the higher the level of savings and the lower the level of consumption, but note that this purpose would be valid only if the goal of saving is to achieve a return in the future; in cases where saving for emergencies or future social purposes such as education. On the other hand, the

high-interest rates may reduce the level of savings and thus increase consumption (Friedman, 1957). In Keynes' view, the interest rate is even parity between the money individuals and the total amount of money being returned to them later (Elmendorf, 2017). The relationship of interest rate with savings is as follows: the proportionately higher the interest rate granted by the bank, the more significant the increase in the volume of deposits, and vice versa if the interest rates are lowered. Regarding the interest rate, economists differ amongst themselves concerning the impact of the interest rate on savings in the national economy. A section of economists maintains that the low-interest rate contributes to the high volume of savings. On the contrary, this panel finds that the rise in interest rate leads to a decline in the volume of household savings as a result of shortages caused by an increase in the volume of investment in national income (Elmendorf, 2017), where income is the ultimate source of all savings. In contrast, Edwards (1995), Loayzaet (2000), and De Serres and Pelgrin (2003) found a negative relationship between the real interest rate and household savings.

Wealth Size: There is a direct correlation between the level of consumption and saving and the wealth size (Tharp, 2020). For example, if two people have the same monthly amount of income, except that one of them derives this from work and other derives it from wealth owned, such as land, the portion spent by the second person for consumption is more significant than the first person; this is because the first has to spare a penalty of the income for emergencies or future retirement, and the second saves a lower percentage of his income to his satisfaction on the future (Roger, 2000). Ultimately, there is a positive correlation between wealth volume and consumption proportion due to a low savings ratio. In Norway, the wealth-to-income ratio rose from 4 to 7 overall between 1995 and 2015, therefore, saving by holding can be credited for up to 80% of this increase (Martin Blomhoff Holm, 2019).

Fourth is the regulatory environment. It has a considerable effect on savings. If the state increases taxes on savings income, this decreases the savings of individuals; on the contrary, if the state has low taxes, this could lead to an increase in the ability to save (Cooper, 2006).

The importance of saving is stemmed from the fact that whilst the average Saudi household consumption level is relatively high, there still seems to be a public need for

various Financial products. According to the latest SAMA reports, there still needs to be more attractive saving products for Saudis households that can encourage them to save for home ownership. Therefore, there is a considerable need for government housing policy intervention to support structuring financial instruments to promote savings for housing schemes (SAMA, 2022). The need is compounded with appropriate regulations and incentives from the government for the low-income segment. Therefore, the required saving incentives should be introduced in the market, whereas incentives are seen as the significant factor attracting low-income segments toward saving products (WB, 2021).

Given the above discussion, the research discusses the relevant framework, including the prominent economic contributions and efforts related to savings in general, with a specific focus on household savings for home ownership. The research provides an overview of saving and its broad perceptions and contributions to development projects. In order to direct the literature, there is a need to place it within the context of international experiences concerning savings generally and home ownership in particular. The main reason for this review of global saving and housing programmes is their tangible effect on millions of lives in their countries by utilising small savings as an effective tool to achieve financial objectives effectively. It is essential to supports the underlying basis for the study that saving programmes can lead to meeting financial objectives—if effectively promoted by the government (Asfour, 2023).

2.2.1 Savings as a Homeownership Instrument

Most countries recognize the vital role of savings in advancing economic development and continuity, and how this can lead to sustained progress and economic activity while ensuring stability. National saving is considered the core of investment. Meaning these countries, with their various political doctrines, have worked on increasing awareness of savings amongst their members in various ways, drawing these savings and assembling them for use in financing economic development in line with the objectives of the state, and in return, benefiting society as a whole (Feldstein, 1981). The economic development of small savers is crucial due to the potential from the aggregation of savings, which often exceeds the savings pool of a few high-income holders, especially as the middle class expands while the extremes of wealth become more pronounced. The primary role of governments is to encourage individuals to prioritize the development of their financial lifestyles. From this perspective, the importance of

savings is emphasised as a basis for social and economic development (Do, 2023). If the previously mentioned definition is applied, it leads to individuals utilizing their income for mortgage loan repayments rather than for current consumption; personal interest payments are not classified as 'savings' unless the institutions and individuals receiving them also save (Dell'Amore, 1983).

Savings and investment are closely related because they both involve withholding income from being spent on consumer goods and services. Resources can be invested in creating fixed capital, such as factories and machinery. Savings can therefore be crucial to increasing the amount of fixed capital available and fostering economic growth (Kotlikoff and Summers, 1979). Furthermore, they found that increased investment can occasionally accompany increased saving. However, a rise in savings without a corresponding increase in investment may lead to a demand shortage rather than economic growth, potentially resulting in inventory build-up, decreased production, job losses, and ultimately a recession. Conversely, increased aggregate demand can occur when short-term savings fall short of investments. Ultimately, saving less than investment leads to decreased investment and hampers future growth.

Both hoarding and saving are current income sources that are not immediately utilized. However, hoarding withholds a portion of the income without investing and as a result does not participate in the economic cycle. This makes it different from other forms of saving. Keeping cash in the form of gold, silver, or other currencies is an illustration of this, which has detrimental effects on the growth of the economy. There is also the acknowledged prohibition of Islamic law, which expressly forbids hoarding (Gill, 1991). This meaning is specifically illustrated in the Holy Qur'an. People who think that many rabbis and monks actually steal people's possessions by dishonest means, such as when bribes are [paid] for judgments, and deter them from God's path and His religion. *Those who hoard treasures, such as gold and silver, and do not use them or pay from them what is owed to God in the form of alms and charity, are also warned that they will suffer a painful chastisement.* Verse 34 of Surat At-Taubah, Chapter 9. "Tafsir al-Jalalayn" in English. Islam forbids hoarding due to the harm it causes to people.

Achieving long-term financial goals and saving money for emergencies are common struggles that people face on an individual basis. Saving is difficult for many people because it requires cutting back on current expenses and making investments in one's future standard of living. People mistakenly believe that savings are what is left over after meeting their current needs and wants (Watson, 2003). For a variety of reasons, including the uncertainty of the future, people find it difficult to save money. People need to make a savings and investing plan in order to be able to meet their future financial goals, such as purchasing a car, paying for a down payment on a home, and covering retirement expenses.

Consumption and saving play a significant role in both short- and long-term economic decisions. Spending dynamics are essential for short-term monetary policy management and business cycle analysis. Aggregate saving, which affects wages, interest rates, and standard of living, ultimately determines the size of the overall capital stock. One aim of the economic analysis of saving is to ascertain the impact of behavioural economics, as emphasized by Friedman (1957) and Modigliani and Brumberg (1954). However, the objective was only recently measured because it took some time to identify the most effective method for preserving cash in ambiguous circumstances. Uncertainty might lead to more savings, according to the research.

Based on the previous explanations, various consumption studies have predicted savings rate differences are summarised, with a conclusion devised on those that can replicate stylised features. For example, two studies (Feldstein, 1981) conclude that social security reduces savings, and another study by Barro & McDonald (1979) concludes that the estimated effect differs depending on the specified equation. Furthermore, Kopits & Gotur (1980) conclude that saving is positively related to social security retirement programmes but negatively related to other social security programmes. Finally, Koskela & Viren (1983) recognise that the social security variables used in their study do not affect household savings, and Modigliani & Sterling (1983) find it difficult to estimate the effect of social security on saving. Consensus has yet to be reached regarding the effects of social security on private savings, with various perspectives emerging from household surveys. Significant evidence also comes from surveys of individual households, though the precision of this evidence could be improved. Feldstein (1983) and Diamond & Hausman (1984) conclude that the pieces

of evidence obtained from their research support the hypothesis that social security wealth can substitute the accumulation of private assets. Whereas Friedman (1957), Kotlikoff and Kurz (1979) concluded that the evidence obtained from their research did not support the hypothesis that social security wealth can substitute private wealth accumulation (Friedman, 1957; Kotlikoff & Summers, 1979; Kurz, 1981; Halvorsen, 2022).

According to new data released by the National Savings and Investments agency in the U.K., over a quarter (27%) of the British population report they are less likely to save in the coming three months. The findings highlight a pessimistic attitude toward future savings among the population; however, they also show that around a quarter (26%) of British savers are developing good habits by setting regular saving goals. (NSI, 2023). Therefore, savers must define their savings goals and determine which are most important. The primary tangible saving goals include saving for emergencies, preventing debt, and fulfilling future objectives; this is why a monthly saving plan is often recommended. Importantly, individuals could choose a specific amount each month, such as the projected cost of public college tuition when the child is ready for college, or they could allocate a fixed percentage of their income to their savings account. Whatever approach they take, it should have a clearly defined goal, allowing them to plan how to achieve that goal and monitor progress. Consequently, having goals will motivate them to save (Kotlikoff & Summers, 1979).

Regardless of income status and personal economics, everyone can build life savings based on how much one can afford and when. There are various reasons: saving for future households' essential requirements for emergencies, such as illness, losing a job or the immediate need to replace a large item. Savings can be used to meet future goals, such as a college education, a new car and a down payment on a home (Kotlikoff & Summers, 1979). From the collected secondary data, the following saving goals might be concluded as the most important goals for any saver concentrates on family's financial future purchases or financing requirements, such as home ownership, and savings to meet future goals, including the need to save and build an investment portfolio.

Households usually have different needs and future perspectives according to their characteristics, age and income, recognised as the most influential factors (Lusardi, 2020). It is reasonable to expect that their saving reasons also differ according to these aspects. From a theoretical point of view, it is clear that this is highly connected to the theories, mainly, The Life Cycle Theory, Household Portfolio Allocation Theory and Precautionary Saving Theory (Joyce, 2023). Notably, the theoretical framework and the literature review chapters clarify their links to savings in general with specific relevance for household savings for homeownership.

It is always possible to start saving (Lusardi, 2020). The trigger events often drive families to save their children's college education and financial needs. A savings plan is a strategy for putting aside money from current income, which will not be spent on consumption (Richard & Thaler, 2008). Many individuals must change their consumption habits to begin saving and investing money. Savings accounts provide an easily accessible place to store money to meet daily living expenses and have money for emergencies. Money in a savings plan is generally liquid investing assets purchased to increase income. The essential psychological motives for savings are certain inertia in consumption when incomes rise, the desire to organise expenditure according to changes the desire for enrichment (Canova, Rattazzia, & Wesley, 2005).

The saving law from "The Richest Man in Babylon" presents another saving strategy focused on, "Do not save what is left after expenditure, but spend what remains after savings" (Clason, 1926). Financial freedom can be obtained for those who save 10% of their income. Once used to saving a portion of the income, gradually, this becomes an ingrained habit.

Most countries have social security systems in which people pay a sum to the government whilst working and subsequently receive a monthly pay out when they retire. These systems can be operated on a pay-as-you-go or save-as-you-go basis (Calmfors, 2019). Each person has tax deducted from his income, which is placed in a fund that accumulates over time. This fund is run down in retirement as if it is an annuity. In a save-as-you-go system, working people make transfers directly to retired people through the tax system.

2.2.3 Saving Types

Savings in the modern economy can be divided into voluntary or optional savings and mandatory or compulsory savings (Feldstein, 1981). Optional Savings come from an individual's voluntary act in response to the will and desire to balance the budget between the two modes of spending and to exercise control over spending. Several measures and policies contribute to increased saving by creating awareness of the individual's ability to save and reinforcing support and confidence in saving institutions to develop, expand and improve their services (Brugiavini, 2023).

Compulsory savings are forced upon individuals as a result of legal requirements or government decisions, or companies' decisions by withholding part of their income and expenditures. The action imposed on individuals or projects by specific laws and regulations must be met in four sections: surplus budget, surplus business, social insurance and inflation. There is a noticeable spread of compulsory savings in the modern economy (Chen M. W., 2020).

Domestic savings can be divided into government-sector savings, business-sector savings, and household-sector savings (Cerdeira, 2020). Public savings consist of government savings, the difference between current revenues and the current government expenditures, and the public sector savings formed in the projects the government follows. The most important sources of public saving include the surplus of public enterprises, property insurance, pensions and insurance contributions, social insurance, private savings, the savings institutions fund, postal savings certificates, direct and indirect taxes of various kinds, internal and external loans, and the inflationary financing or deficit financing by issuing of new cash by the government (Zeka, 2023).

The above review has several essential points to which households, in general, should pay more attention and try to gain from experts' experiences.

2.2.4 Saving Weaknesses in Developing Countries

Savings weaknesses in developing countries based on Servén (1997) could be attributed to the following reasons. First, the low average per capita national income is considered the main reason for low savings in developing countries, owing to savings are what is

left of per capita income after expenditure on consumer goods and services. The second reason is the spread of the phenomenon of hoarding in the form of gold or precious jewels or withholding money and preventing it from going into circulation is part of the case in the KSA, based on the World Bank data (WB, 2021). Another primary reason is the spread of spending habits and the phenomenon of negative savings achieved when more than the total spent on consumer goods and services during a certain period of income during the same period (Al Hamli, 2023). Furthermore, there is a lack of savings products in the financial establishments, which in addition to the lack of efficiency in carrying out their mission entirely concerning the design of suitable saving products for low-income segments (Saber, 2023).

Finally, smuggling money abroad is one of the most significant reasons for the low savings rate in the country. It is known that many wealthy people prefer to save their money in foreign banks, especially Swiss banks.

2.2.5 Saving Weaknesses in Saudi Arabia

The argument is highlighted in the previous discussion of whether or not these reasons are present in the case of Saudi Arabia. One of the main reasons for the decline in personal savings rates is the lack of awareness of financial investment and the tendency to neglect precautionary measures for unexpected events; this, in addition to spending that exceeds the per capita annual income (Joyce, 2023). These challenges are crucial for understanding the impact of financial illiteracy and basic financial behaviours, which may include the management of day-to-day finances, balancing present and future needs through saving, spending and borrowing decisions, taking steps to protect against future risks; and selecting and using the available products and services appropriately in order to accomplish the above.

Income and saving theories focus on households to maximise satisfaction and concentrate on money allocation and how the spending pattern impacts household planning for the future (Tharp, 2020). These theories frequently concentrate on how consumers spend their money, what drives them to spend more, and how their spending choices may influence their preparations for a higher standard of living (Friedman, 1957). The decision to home ownership is the ultimate goal for household savings (Hanudin Amin, 2004). The concept contribution concentrates on the spending pattern

of households that may prevent them from accumulating enough savings to become homeowners (Brugiavini, 2023). After this useful introduction, it is beneficial to highlight the factors impacting household savings in Saudi Arabia.

The first factor that potentially impacts household savings in Saudi Arabia is the lower level of financial literacy compared to other countries (Saber, 2023). A financially literate person can not only accumulate wealth throughout his life but can also contribute toward the economic growth of a country. The need for adequate financial knowledge is also prevalent among the Saudi population . According to a recent research paper (Brugiavini, 2023), most of the country's population needs to be better informed about basic financial planning concepts. While participants in the reports' survey exhibited a slightly higher than average level in 'meeting financial obligations,' the level still stood well below the acceptable world average. The Saudi Arabian Household survey results give an unpleasant picture of the country's overall financial literacy levels. Furthermore, more financial knowledge is needed to become aware of various banking products available to them. For instance, a few Shariah-compliant banking products are available in Saudi Arabia but are not used by most of the population (Learn, 2023).

However, the government of Saudi Arabia is taking some noteworthy measures and making steady progress toward ensuring financial inclusion.

The second factor potentially impacting household savings is people's inclination toward spending rather than saving. After the oil boom in the 1970s, the economy of Saudi Arabia witnessed a dramatic change as oil started accumulating wealth, which not only made Saudi Arabia a prosperous economy but also influenced the spending habits of the Saudi population. With a strong belief in the country's ability to maintain that wealth, the people of Saudi Arabia adapted to a lifestyle of spending rather than saving. However, high spending levels in Saudi Arabia do not reflect the country's economic development. While people in other countries tend to save due to personal reasons such as retirement planning and unforeseen circumstances, economic crisis and unemployment (Saber, 2023; Brugiavini, 2023), Saudi Arabia's spending habits continue as they are more optimistic about the future. This characteristic is especially prominent in the country's younger generation, which tends to consume more as they

are under the misconception that the government will continue to provide a safety net even in difficult economic times. As a result, there is little motivation for any precautionary saving (Soomro, 2024; Joyce, 2023).

The age distribution is the third-factor impacting household savings in Saudi Arabia. The demographic distribution of a country has a noticeable impact on the overall household savings rate, whereas changes in the age distribution impact household savings.

What could be concluded is that the pattern of household spending on goods and services in Saudi Arabia illustrates the immense challenges for the policymakers, as developmental disorder reflects the lack of a savings culture among Saudi households. Therefore, there might be a lack of government role and policies to promote and push the savings culture, coupled with the lack of incentivised savings programmes such as implementing matching schemes for low-income segments (Callen & Thiemann, 1997) to increase household saving rates. A massive movement must be created through Public-Private Partnerships.

2.3. Financial Awareness

The previous section highlighted general saving aspects, such as the importance of saving as a homeownership instrument, saving goals and motives, and saving challenges and weaknesses in developing countries, focusing more on Saudi Arabia. This section sheds light on financial awareness and its relationship with saving and provides an idea regarding the concept of financial awareness and financial capability. Over the last 15 years, there has been increasing awareness that the ability of individuals to achieve personal financial well-being can have profound implications, both for those individuals and society as a whole (Saber, 2023). A range of interventions in a series of policy areas can influence the ability of individuals to achieve personal financial well-being. These policy areas include financial inclusion, consumer protection, over-indebtedness, and social protection (Monye, 2022). Furthermore, financial capability programmes in these policy areas can be valuable tools in helping to achieve this impact. In many countries, the long-term implications of low levels of financial literacy amongst most of the population are prompting governments to take

action (Soomro, 2024) . Furthermore, access to essential financial products, including bank accounts, credit and saving products for a rising middle class in emerging economies, increasing sophistication of the financial landscape, and shrinking public and occupational welfare benefits in most developed countries has shed light on the importance of consumers' financial decisions (Faulkner, 2022). The challenge stems from the need for greater awareness and education policies, and the weakness in government initiatives to promote saving products (Zeka, 2023).

2.3.1 Defining Financial Capability

The OECD conducted a review that found there needs to be more consensus regarding whether the original term "financial literacy" should be used, as opposed to the more recently coined "financial capability" (OECD, 2023). The definitions of these two terms differ; the review also found that many draws on the definition of financial literacy first put forward by Noctor et al. (1992). Financial literacy is the ability to make informed judgments and effective decisions regarding the use and management of money (Noctor, 1992). Although the term financial literacy was initially used in a reasonably narrow sense to refer primarily to financial knowledge and understanding, this quickly became too limiting and therefore was broadened over time to include financial skills and competencies, attitudes and behaviours. Lusardi 2020 highlights that financial illiteracy is widespread amongst the US population, particularly demographic groups such as those with low education, women, African-Americans and Hispanics (Lusardi, 2020). Moreover, nearly half of older workers need to learn which type of pension they have, and most workers need to learn more about the rules governing social security benefits (Saber, 2023). Furthermore, Financial capability can be defined as the combination of knowledge, skills, attitudes, and access to financial products and services that enables individuals to make informed and effective decisions with their financial resources. Defining financial capability involves understanding the various components that make up an individual's ability to manage their finances effectively (Atanda, 2023). This includes having a basic understanding of financial concepts such as budgeting, saving, investing, and borrowing, as well as having the necessary skills to put these concepts into practice. It also involves having the right attitudes towards money, such as being disciplined and responsible with one's finances, and having access to financial products and services that meet one's needs. Overall, financial

capability is important for individuals because it helps them to achieve their financial goals, manage financial risks, and build financial security over time. It is also important for society as a whole because it contributes to economic growth and stability by promoting financial inclusion, reducing poverty, and increasing financial resilience (Hathroubi, 2019).

This definition of financial capability is widely accepted and used by many organizations and institutions, including the World Bank (WB, 2021), the OECD (OECD, 2023), and the Consumer Financial Protection Bureau in the United States (CFPB, 2023). This definition is based on research and best practices in the field of financial education and consumer protection (Lusardi, 2020). Werner & Oehler (2021) examined the role of education and advice that enhances consumer financial literacy concerning pensions and old-age provisions. These case studies show that financial education concerning old-age provision can be successful if it reaches consumers in their environment at life stages where essential decisions need to be made; saving behaviour differs for different cohorts and ages (Oehler, 2021). They further identified that behavioural change could be induced through financial education via advice and training. They add that the low levels of financial literacy identified by several studies inhibit people from making informed choices and increase the tendency to postpone decisions related to saving for retirement. Finally, Zeka (2023) argue the importance of financial literacy in consumers' ability to make financial decisions, including the need for retirement savings (Zeka, 2023).

Hisham & Williams (2007) have proven that the three Gulf wars had a tangible effect on household saving behaviour in Saudi Arabia. The main reason behind the decline in personal savings rates is the lack of awareness of financial investment and the neglect of precautionary measures and types of non-indifference to any order of unexpected events in the future. Additionally, spending exceeds the per capita annual income (Soomro, 2024). The above researches are extremely useful in understanding the impact of lack of awareness and basic financial behaviours.

This research will determine whether or not government policy enforcement and support for increasing consumer awareness of saving can impact the savings culture of Saudi citizens to increase the homeownership rate through savings.

Because the financial crisis, many governments have become engaged in developing dedicated national financial awareness strategies (Oehler, 2021). These aim to enhance financial education efficiency through nationally coordinated and tailored policies (Saber, 2023). The national strategies are specifically designed to provide adapted and resource-effective policies to the financial literacy needs of individuals—including the most vulnerable. They have been adopted as standalone public policies or with financial inclusion and consumer protection policies (Faulkner, 2022). The Organisation for Economic Cooperation and Development reveals that many countries at different income levels are advanced in designing or implementing a national strategy for financial education, whilst another widening group of countries is considering developing one (OECD, 2021).

Most governments target the entire population through national strategies while identifying key priority audiences. Youth is a priority for an overwhelming majority of existing national strategies. Various other vulnerable groups are also often identified depending on national circumstances (Faulkner, 2022). These include women (e.g., in Brazil, India, Indonesia, Saudi Arabia and Turkey), migrants (e.g., in Canada, Indonesia and Mexico), entrepreneurs (e.g., in Brazil, India, Indonesia, the Netherlands, Saudi Arabia and Spain), workers, low-income citizens and the elderly (e.g., Brazil, Canada, China, Korea, Turkey and the United States). Saudi Arabia is one of the countries where national data on financial literacy has risen in recent years and is one of the countries considering the design of a National Strategy (Hathroubi, 2019). The OECD developed the definition of financial education and endorsed it by the G20 leaders; this is used in most countries (Lusardi, 2020). The definition of the national strategy for financial education is a nationally coordinated approach to financial education that consists of an adapted framework, which:

- Recognises the importance of financial education, including possibly through legislation, and defines its meaning and scope at the national level concerning identified national needs and gaps;
- Involves the cooperation of different stakeholders, as well as the identification of a national leader or coordinating body/council;

- Establishes a roadmap to achieving specific and predetermined objectives within a set period; and
- Provides guidance to be applied by individual programmes to efficiently and appropriately contribute to the national strategy.

Policymakers are increasingly implementing national financial education strategies worldwide to address their populations' financial literacy needs (Soomro, 2024). It spread in the aftermath of the financial crisis. The Organisation for Economic Cooperation and Development (OECD) and its International Network for Financial Education (INFE) recognised early the importance of national strategies. Accordingly, they established an Expert Subgroup in 2010 to monitor their status and available survey experience, identify good practices and draw policy conclusions (Hathroubi, 2019) .

Table: 2.1: Status of National Strategies Development

Countries	Number	Status of National Strategies
Australia, Brazil, Czech Republic, El Salvador, Estonia, Ghana, Ireland, Japan, Malaysia, Netherlands, New Zealand, Nigeria, Portugal, Singapore, Slovenia, South Africa, Spain, United Kingdom, United States, Zambia	27 (7 G20)	Countries that have implemented a National Strategy
Armenia, Canada, Chile, Colombia, India, Indonesia, Israel, Kenya, Korea, Latvia, Lebanon, Mexico, Malawi, Morocco, Peru, Poland, Romania, Russian Federation, Serbia, Sweden, Tanzania, Thailand, Turkey, Uganda, Uruguay	33 (7 G20)	Countries that are in an advanced state of designing their National Strategy
Argentina, China, France, Italy, Saudi Arabia	12 (All G20)	Countries that are considering the design of a National Strategy

Source: The Organisation for Economic Cooperation and Development (OECD, 2021).

Financial literacy has become an essential life skill for individuals and micro and small businesses. Today, more than 72 economies implement national strategies using guidance from the OECD/INFE High-level Principles on National Strategies for Financial Education. The Policy Handbook describes the experiences of these economies and addresses challenges that countries have faced in implementing the principles (OECD, 2021).

Governments have begun to establish financial education policies in a standalone fashion or complement financial consumer protection and financial inclusion measures. Financial education is intended to empower individuals in the financial marketplace and thus allow them to manage personal and household finances and resources better (Faulkner, 2022).

This applies to countries with different levels of economic development, to the emerging or consolidating middle classes, and to people with low incomes and the financially excluded. Undeniably, an increasing number of countries choose to deal with the financial literacy needs of their populations through the design and implementation of tailored, articulated and coordinated National Strategies for Financial Education (Saber, 2023). This happens in advanced and emerging economies across different financial systems and responds to specific national needs and contexts. Saudi Development Bank has worked with The World Bank consultants' team and developed various strategic options concerning more regulatory efforts regarding awareness campaign policy and products designing framework SDB. (2021).

The mission concentrates on some initiatives, such as analysing the current situation and identifying the gap. Under this pillar, it is recommended to complete a nationally representative financial capability survey providing a baseline financial capability assessment (Faulkner, 2022). The survey aims to inform critical information gaps on what segments require immediate support; organise a high-level working group on financial literacy and education; and research and document global best practices concerning financial literacy (WB, 2021).

2.4 Islamic Banking Solutions

Islamic banking is a banking activity consistent with Islamic law principles, which prohibits the payment of specific interest for loans (known as Usury). Islamic rules on transactions have been created to avoid this problem through the sharing of profit and loss, such as profit-sharing, safekeeping, cost-plus, and leasing (Usmani, 2022). Contemporary Muslim scholars initially differ in whether the interest rate-based financing model prohibition applies to modern bank interest. Nonetheless, today there is a consensus that interest on bank loans is considered Usury and, therefore, strictly prohibited in Islam. This strict prohibition stems from a deep concern for humankind's moral, social, and economic welfare (Akkas, 2023). The prohibition of interest is accompanied by encouragement of various trading and equity-based investment activities (Usmani, 2022).

Given this background, it is crucial to understand the factors influencing saving among customers to appreciate the motivations behind their patronage of Islamic banks. Several studies have examined this context (Haron & Ahmad, 2000; Akkas, 2023). For instance, the Indonesian Central Bank found that religiosity was a significant reason for selecting Islamic banking products (Bank Indonesia, 2005). In contrast, Mangkuto (2004) observed the existence of profit motives among customers of Islamic banks. This profit motive can lead depositors to withdraw their funds from conventional banks if the latter offer higher interest rates (Kolsi, 2023). context

The significance of saving should not be underestimated. As savings are invested, economically rewarding opportunities arise, potentially enhancing the welfare of Muslim society. The life cycle hypothesis proposed by Modigliani & Brumberg (1954) can be applied within the framework of Muslim saving behaviours (Metawa & Almosawi, 1998). The four motives of savings proposed in the Life Cycle Model align with Islamic norms and behaviours, evident not only in modern times but also during the time of Prophet Muhammad (PBUH). A Qur'anic verse states that a Muslim should "not spend everything so that he becomes blameworthy and destitute" (al-Qur'an 17:29), emphasizing the importance of savings. Many Hadiths also suggest similar motives; for example, a Hadith from Al-Bukhari notes that the Prophet (PBUH) used to sell dates from the gardens of Bani Nadir and store them for his family to cover their needs for a whole year (Rahmatina & Kassim, 2009). This illustrates that saving is

essential for meeting emergency and future needs—not only for individuals but also for their families. These normative aspects have been developed into empirical models (Sukmana, 2005; Kakar, 2023).

To understand the factors influencing savings among Islamic customers, studies in Malaysia conducted by the Indonesian Central Bank reveal that religiosity was a significant reason for selecting Islamic banking products (Haron & Ahmad, 2000). These studies reveal that religiosity was a significant reason for selecting Islamic banking products (Bank Indonesia, 2005).

Another study focused on factors affecting savings in Islamic banks in Indonesia (Rahmatina & Kassim, 2009). analysing the impact of the actual rate of return on Islamic deposits, the interest rate on conventional deposits, real income, and the number of Islamic bank branches. The results indicate that conventional interest rates significantly influence the level of savings in Islamic banks (Akkas, 2023). Specifically, higher Islamic deposits correlate with a higher rate of return and lower interest rates (Febrian, 2023).

Moreover, several empirical studies have sought to establish customers' selection as a determinant for using Islamic banks (Akkas, 2023). These studies focus on the relationship between Islamic banks' deposits, the rate of return of Islamic banks, and the interest rates of conventional banks (Akkas, 2023; Kolsi, 2023). For instance, Haron & Shanmugam (1995) examined the relationship between the rate of return offered by Bank Islam Malaysia Berhad and the level of bank deposits from 1983 to 1993. The results showed an inverse relationship, implying that Islamic banking customers do not consider returns from deposits as an incentive to maintain funds with the banks. A more recent study concludes that the profit motive guides Islamic banking customers more significantly (Haron & Ahmad, 2000). Expanding on prior research to include all funds deposited in Islamic banks in Malaysia indicates a strong positive relationship between profit rates and Islamic banks' deposits, while interest rates show a negative relationship bank (Akkas, 2023; Kolsi, 2023). The scholars who performed the same study for all Islamic banks in Malaysia confirmed the results.

Previous research examined the effect of modaraba deposit yields in banks and interest rates in conventional banks on the level of Islamic deposits (Mangkuto, 2004). The

scope of the study was later widened by (Rohmah, 2006), which shows that the modaraba investment deposit amongst Islamic banks is integrated with the return of the Islamic deposit, the interest rate of the conventional banks' deposits, the number of Islamic banks' branches and the national income in the long-run. Dusuki & Irwani added that corporate social responsibility (CSR) activities are recognized as essential determinants in engaging with Islamic banks in Malaysia. In Indonesia, studies on the preferences and behaviors toward Islamic banks reveal that while religiosity is perceived as a primary reason for choosing Islamic banks, the perception of interest rates remains ambiguous (Dusuki, 2011).

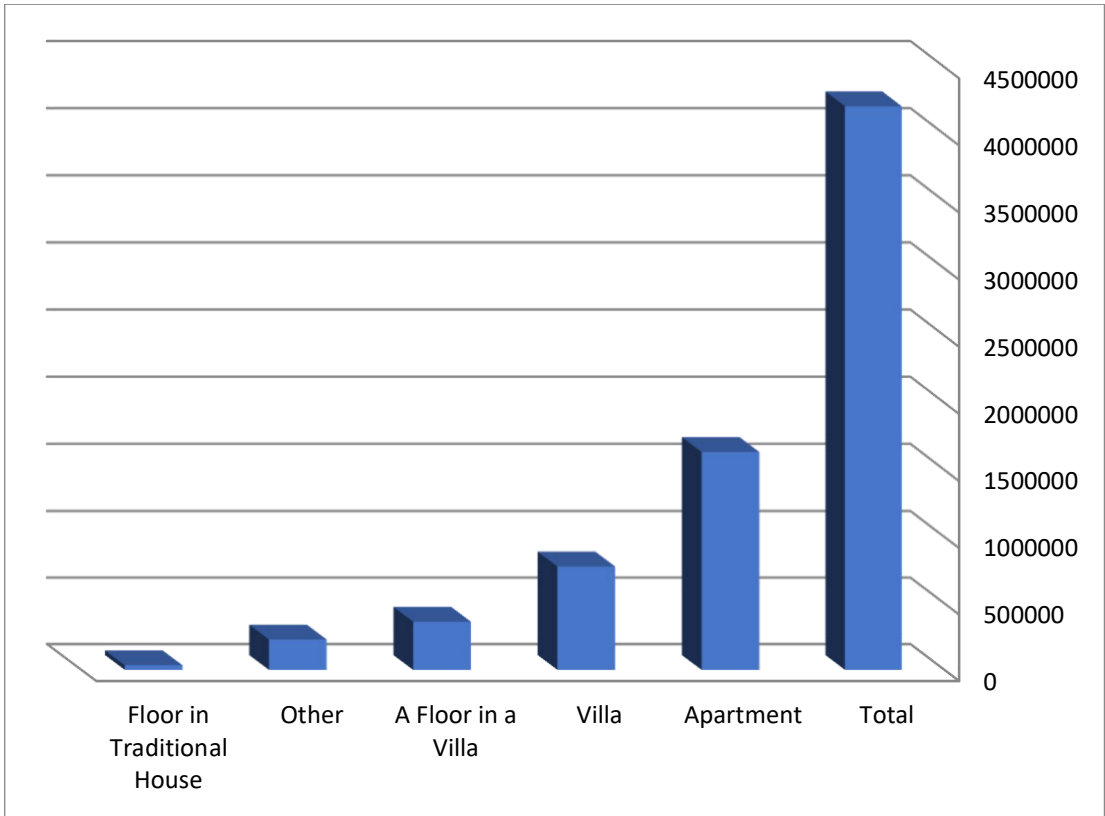
The Saudi Arabian banking sector boasts the largest assets from both Islamic and conventional banks among GCC countries and ranks highly among Arab nations (Abdulrahman, 2023; Kolsi, 2023). As the majority of the Saudi population is Muslim and concerned with Islamic principles, many conventional banks have adopted or converted to the Islamic banking system, often providing Islamic windows to capture a higher market share (Tarawneh, 2006). The common assumption is that increasing financial performance will lead to improved functions and activities of the organisations (Tarawneh, 2006). Consequently, consolidated competition, adequate resource allocation, innovative savings products, and the development of financial technology platforms (FinTech) have become focal points in the Saudi banking sector (Khan, 2023). All Saudi banks contribute to maintaining the stability of the banking sector (WB, 2023). According to (SAMA, 2022), Saudi Arabia has the largest asset base among Islamic and conventional banks in GCC countries and other Arab nations. The prevailing assumption is that financial performance improvements will enhance organizational functions (Kolsi, 2023). As a result, the key focal points in the Saudi Arabian banking sector include consolidated competition, resource allocation, and innovative Islamic savings products, along with developing quality technology platforms.

Saudi citizens, adhering to Islamic principles, prefer to avoid dealing with interest-based banks; thus, many conventional banks in the Kingdom have adopted, if not converted to, Islamic banking (SAMA, 2022). Furthermore, the Life Cycle hypothesis proposed by Albert & Modigliani can work effectively in an Islamic context (Al-Bassam, 2004). However, Islamic financial solutions in Saudi Arabia are not optimally

structured; they are perceived as costly and unattractive to ordinary citizens, particularly those from low-income groups. There is a perception that this structure allows financial institutions to profit more.

The data obtained from the above highlights crucial challenges when comparing this analysis with research on Household Portfolio Theory. The Household Portfolio Theory, extended by David McCarthy (2013), provides insights into the key features of household portfolios, assumptions, and requirements for housing-related savings and borrowing constraints. McCarthy (2013) includes housing and borrowing constraints when modelling household portfolios more efficiently. Household portfolios vary significantly by age, wealth, and country, as evidenced by empirical surveys (Guiso & Jappelli, 2003), typically focusing on housing, safe financial assets, social security, and pensions.

Figure 2.1: Housing Units



Source: Ministry of Economy & Planning (2023).

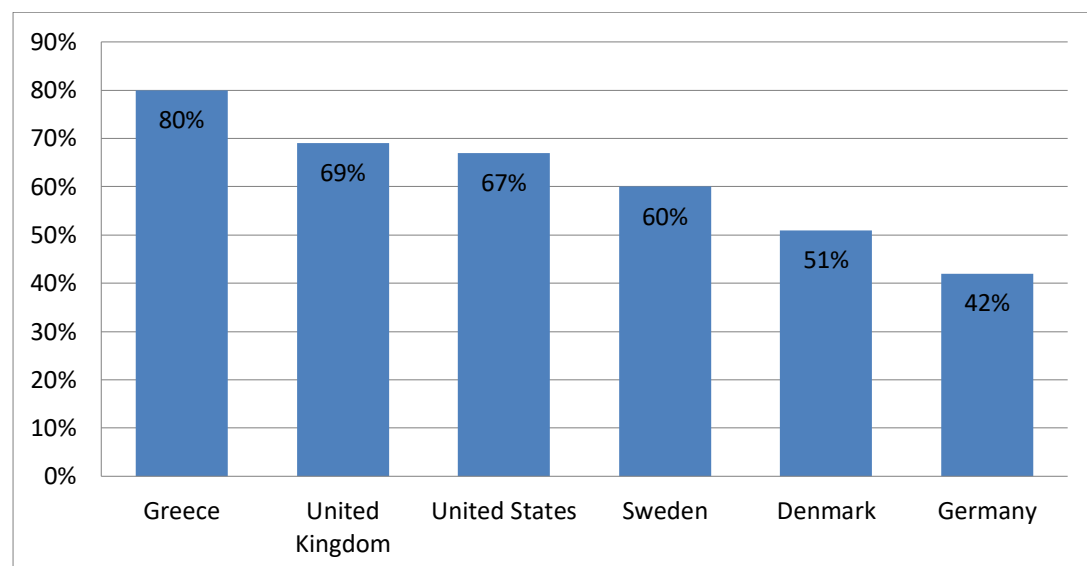
The data on housing units occupied by Saudi households by construction materials illustrates that 31% of housing units are traditional houses (MEP, 2023). This fact

reduces the suitable housing units for Saudi citizens to approximately 2,082,079 out of 2,922,524 (Figure 3.1); in other words, less than 50% of the Saudi population lives in a suitable house.

Regarding the existing housing shortage, average household size data reveals that the current average household size for Saudi nationals is around 5.8 people (GAS, 2018). Considering the population of about 33 million, the demand for appropriate housing is around 4.5 million units, compared to a supply of 2.7 million units, resulting in a shortage of more than 1.7 million units. Undoubtedly, many existing housing units in Saudi Arabia require better conditions. Homeownership rates vary widely across countries and are influenced by factors such as cultural norms, economic conditions, government policies, and the availability and affordability of housing finance (Alhajri, 2022). It is noteworthy that homeownership rates can differ significantly even within countries, depending on age, income, race/ethnicity, and geographic location. Many units need refurbishment or rebuilding; however, there is less time pressure since these housing units currently fulfil their function.

Here are some homeownership rates for selected countries as of 2020, according to data from the World Bank (WB, 2021):

Figure 2.2: International Home Ownership Rates



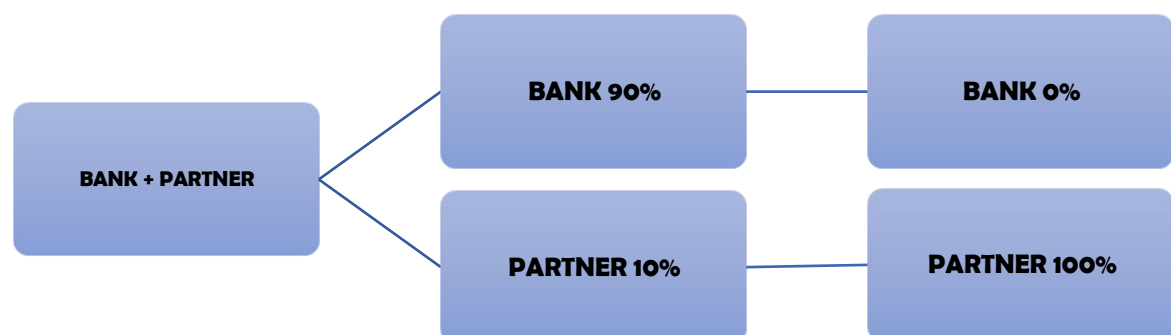
Source: World Bank Database, (2021).

The International Financial Literacy Barometer held recent studies based on responses from 25,500 participants in 28 countries (Lehri, 2012). The study indicates that the middle class appears to be the most financially secure; however, disposable income is meagre, necessitating a monitored savings scheme that protects capital. This group exhibits a low savings rate, which could lead to a crisis if inflation increases faster than their income growth. In the case of Saudi Arabia, the demand for housing, coupled with the new mortgage law, is anticipated to drive growth in the mortgage lending market. Secondary data analysis confirms that more than half of the population lives in rented housing, underscoring the significant need for instruments that promote homeownership.

2.4.1. Potential Islamic Saving Instrument

First, The Diminution Partnership Approach: This research tested the ideal international model implemented in some Islamic banks for home loans in the context of Saudi Arabia, with a better understanding of Islamic banking and financial tools. This could help yield the adoption of an integrated program to encourage savings and home ownership. Various studies related to the role of Islamic banking solutions and mechanisms have been analysed, highlighting that the Diminution Partnership approach (Musharakah Mutanaqisah) allows for a floating rate in the form of rental (Rahmatina & Kassim, 2009; Akkas, 2023).

Figure 2.3: The Housing Finance Model



Source: Developed by the author.

The definition of partnership in Islamic law can be divided into business and partnership, a contract between two or more parties to start a business and share the profit (Ayub, 2007). Unlike a conventional mortgage, Islamic banks follow housing alternatives mortgages (Home Purchase Plans) based on the Islamic finance principles of a Co-Ownership Agreement (Diminishing partnership) with Leasing (Ijara) (Learn, 2023), Razak, A. K. (2012). The monthly payment comprises two elements: an acquisition payment and a rental payment. When all acquisition payments have been made and the finance has been settled, ownership of the property is transferred.

In other words, the government can use the Diminution Partnership approach to help provide affordable housing for low-income communities. In this model, the government initially builds and manages the housing units. At the start, the government provides most of the funding and has a majority ownership stake in the project. But over time, the government's involvement and ownership gradually decrease, allowing partners to take over ownership.

The key benefit of this approach is that it lets the government use its resources to kickstart affordable housing, making the most efficient use of public funds while empowering communities to control their own affordable housing solutions. The diminishing government role is what gives this model its name—the "Diminution Partnership" approach.

Second, Profit–Loss Sharing System (PLS): Islamic banks aim to attract customers who seek to avoid interest prohibited in Islam. For this reason, Islamic banks have developed a Profit–Loss Sharing System (PLS) and other sales contracts applicable to housing finance following Islamic law (Sait & Lim, 2006). The assessment of Islamic banks' performance through several ratios produces satisfactory results, as Islamic banks are well-capitalised, stable, and profitable (Iqbal & Molyneux, 2006).

Savings in Islamic banks are mobilized through two types of accounts: the Wadiah Current Account and the Modaraba Investment Account (Siddiqi, 1984). The Wadiah Current Account, or Trust Account, is based on the Islamic principle of Wadiah (Trust). The Modaraba Accounts, in contrast, are based on the Modaraba (Profit-Loss-Sharing) Contract (Ben Amar, 2023). Under the Modaraba principle, depositors deposit their funds in the bank, which later invests them into Sharia-compliant business activities or

projects and shares the profit/loss with the depositors (Pitchay, 2022). The Modaraba Savings Account allows the depositor to withdraw funds anytime, while the Modaraba investment account is similar to a term deposit (Abdulrahman, 2023). Both are based on the Islamic principle of Modaraba. A Muslim save to fulfil duties to himself, his family, society, and Almighty Allah, highlighting a social welfare dimension to Muslim savings behaviour. However, the need for savings must be at the forefront of public policy in Saudi Arabia, given the government's consistent support toward the social sector, which has diminished the need to save among Saudi citizens.

Third, Sukuk Instrument: Sukuk has emerged as a source of company funding and an alternative Islamic financing instrument for investment portfolio diversification. Sukuk is a Sharia-compliant instrument providing medium- to long-term fixed or variable rates of return (Ariffin, 2022). Sukuk can be structured alongside different techniques. While a conventional bond is a promise to repay a loan, Sukuk constitutes partial ownership in debt (Sukuk Murabaha), asset (Sukuk Al Ijara), project (Sukuk Al Istisna), business (Sukuk Al Musharakah), or investment (Sukuk Al Istithmar). The structure of leasing Sukuk and Sukuk Al Murabaha are the most prominent Sukuk. Sukuk provides shareholders with profitability through regular periodic income and liquidity instruments, which are tradable in the secondary market (Melzatia, 2023).

Table 3.1 illustrates Sukuk issuance in Islamic Banks, which reflects a quick trend mainly in Islamic countries; this is one of the reasons that Safari found Sukuk as a viable alternative instrument to mobilising medium to long-term savings and investments (Safari, 2011). Therefore, Sukuk is a potential saving instrument that can help support saving mobilizations and thus increase the homeownership rate in Saudi Arabia when utilized for mega real-estate projects.

A critical challenge observed is that a Saudi citizen's appetite for purchasing an affordable apartment is exceptionally modest. Additionally, the Saudi market's lack of experience and regulatory framework concerning various issues—such as freehold and leasehold ownership, service charges, and the maintenance of common areas—will take time to resolve. These issues make purchasing primary home apartments deeply unattractive to most buyers. The ability of all sectors of Saudi society to access mortgage finance would significantly stimulate the market, injecting much-needed

capital into the sector of house purchases using mortgage-style financial products (SAMA, 2022). However, the notably documented lack of security for mortgage lenders means that risk is priced into such products, making them unaffordable to all but a few.

Based on the above opinions and observations from secondary data analysis, any proposed financial solutions need to be Sharia-compliant. All available sources confirm enormous demands for Sharia-compliant products; however, there is also a need to improve the products in terms of structuring and monitoring. Data obtained from interviews will illustrate that adequate Sharia-compliant solutions should be in place to boost the savings potential for lower- and middle-income groups among Saudi citizens.

2.4.2 Islamic Solutions' Impact on Housing

The critical point of value from the theories and literature is how government housing policies can support the development and impact the growth of home ownership in the long term. The government's housing policymakers' role in encouraging citizens toward home ownership by creating appropriate saving programs may lead to meeting financial objectives. Data obtained from SAMA regarding the Islamic financing loans approved by financial institutions clarify the need for proper structure and policies from SAMA and the Ministry of Finance. Undoubtedly, Islamic financial solutions must effectively boost savings for housing; however, missing incentives for the low-income segment have created a considerable need for appropriate support from government regulatory authorities to monitor the structure of such products (Akkas, 2023).

From other international experiences, there is a significant opportunity for the private-public partnership (PPP) concept to ensure products are cost-sensitive, such as first home loans in Malaysia and Singapore. This supports the targeted lower- and middle-income Saudi citizens in creating suitable Islamic financing solutions to increase home ownership. Support can come through assistance in terms of interest and down payment. Key incentives and financing solutions that the PPP concept could promote include implementing Islamic matching schemes and creative financing solutions, including subsidizing interest rates for household first housing loans. Furthermore, outstanding achievements could come through establishing Islamic real estate funds in

capital companies and Islamic soft low-cost housing loans through employers (Akkas, 2023).

This investigation highlights a considerable need for appropriate Islamic financial solutions to support the process. Research provides examples of Islamic banking structures from other geographies where Islamic financial solutions have been used for saving to meet citizens' needs. This is crucial for this research, as Islamic financial solutions can induce saving and financial prudence (Abdulrahman, 2023). The following chapter will introduce and illustrate relevant international saving and housing schemes in detail to understand and identify lessons learned from international saving experiences and practices.

2.5 Overview of International Saving Experiences

The international experiences mentioned in this research can be categorized in different ways. To get the best out of such experiences, they will be analysed based on their relevance to the research in four categories: Saving programmes, pension schemes, saving products, and financial products that promote savings. In this section, I will explain the details and illustrate what we should take away from international saving experiences.

2.5.1 Financial Products for Home Ownership

Pension schemes are quite popular nationwide, whereas Eastern countries such as the Far East and Australia concentrate on connecting low-cost housing loans with pension schemes. This group encompasses experiences highly related to home ownership, providing saving financing solutions and encouraging the accumulation of enough money for the housing loan down payment. The success of some experiences in China, Australia, Singapore, and Malaysia is critical to this research. It highlights that policy structuring and government support can provide a financial platform for saving and meeting low-income segment requirements and expectations in that particular saving scheme. Key housing experiences include the Housing Provident Fund in China, First Home Saver Accounts in Australia, the Home Ownership Scheme in Hong Kong, and the Employee's Provident Fund in India. From these experiences, Saudi Arabia could enhance its saving experiences by creating a Saudi Housing Provident Fund to provide low-cost housing loans.

First Home Saver Accounts – Australia:

In 2007, the government committed to establishing First Home Saver Accounts to assist Australians aged 18 and over in saving for their first home. These accounts provide a simple, tax-effective way for Australians to save for their first home through government contributions and low taxes. In 2008, a consultation paper was released outlining the proposed features of the accounts and their operation (FHSA, 2016). The government undertook an extensive consultation process, receiving over 150 submissions from individuals, businesses, and organizations. This saving program was conceived to support disciplined saving among first-time homebuyers, particularly those in lower-income groups. The program allows contributions from participants and the government to boost savings for home ownership, alongside tax benefits for participants (FHSA, 2016).

The account provided savers with tax breaks and co-contributions from the government. However, by the time it was scrapped, there were only around 47,000 active accounts, according to September 2014 estimates from the Australian Prudential Regulation Authority (APRA). Similarly, the Home Ownership Scheme in Hong Kong provides housing sold at a lower price, built and administered by the Hong Kong Housing Authority and the Hong Kong Housing Society (Mostafa, Wong, & Hui, 2006).

These experiences suggest that SAMA could promote this concept and encourage financial institutions to learn from past mistakes during the product design stage to enhance the saving experiences for providing low-cost housing loans.

French Deposits and Consignments Fund (CDC):

The CDC is a French financial organization established in 1816 as part of government institutions under the control of Parliament (CDC, 2021). CDC serves as the central bank for savings, administered under the supervision of the Ministry of Finance, and aims to serve the public interest and the country's economic development. France has a long tradition of state intervention in the housing market, and the CDC group is configured through government institutions and private companies, banks, and real estate companies. The fund, currently with capital standing at 285 billion Euros,

protects popular savings, finances social housing, and manages retirement bodies (CDC, 2021).

Since its inception, the CDC has evolved to help the country respond to pressing needs. It ensures that the general interest is served and carries out legally attributed missions. Although the saving incentives for CDC products are limited, SAMA could promote this concept and encourage financial institutions to create such products.

Bank of Sweden, JAK:

JAK is a cooperative, member-owned financial institution established in 1931 in Sweden. It does not charge or pay interest on its loans—a principle shared with Islamic banking. JAK operates outside the capital market, with administrative and development costs covered by membership (Jak, 2021).

The main idea of JAK is that one is allowed to take a loan proportional to what they allow others to borrow. This ensures sustainability, as earned saving points must equal those spent. According to JAK's philosophy, economic instability results from interest. JAK operates under certain premises: taking interest is unfavourable to a stable economy, interest causes unemployment and inflation, and it moves money from the poor to the rich. Ultimately, JAK aims to abolish interest and replace it with instruments in the best interest of people (Jak, 2021). This model, based on interest-free loans that comply with Islamic banking principles, could be developed and considered by policymakers in Saudi Arabia.

2.5.2 Pensions Schemes That Promote Savings

The experience of Western countries, such as the United States and those in Europe, has concentrated on designing policies that support general savings accumulation, focusing on tax exemptions as a significant incentive, such as 401(k) matching schemes. This group includes various savings experiences with unique features and merits, which Saudi policymakers should consider more when designing long-term saving policies and products. This background provides an overview of international savings practices, along with insights into their broad concepts and great potential for economic processes, as well as their effective contribution to developmental projects. The essential saving accumulation experiences highlighted include the Deposits and Consignments Fund (CDC) in France, the Bank of Sweden, the Premium Bond in the

UK, the Child Trust Fund in the UK, the Mexico Savings Bank, and the Federal Savings Bank in Brazil. This review also explores other saving programs, such as Lembaga Tabung Haji, the Central Provident Fund in Singapore, and the National Savings Schemes in India (Singapore, 2023).

Housing Provident Fund in China:

The scheme is a long-term housing deposit fund that collects contributions from employers and employees (CHPF, 2021). Individual staff members and the company pay contributions to the fund in a specific ratio. The fund is owned by the staff and managed under a designated account. This concept was introduced in 1988, as the Chinese government urged state-owned banks to fund first-time homeowners.

The underlying reason for this program was to bridge the gap between income and housing prices for Chinese citizens. To facilitate the process, the Chinese government introduced a series of policies that affected both supply and demand in the context of housing provision. On one side, the focus was on providing low-cost housing by optimizing benefits from loans, tax exemptions, and the subsidization of land while imposing profit caps on real estate developers. Conversely, a mandatory savings scheme for prospective homeowners affected the demand side of housing consumption (Chen M. W., 2020). In China, housing is built by providing free land and exemption from fees to estate developers; the resulting houses are called Economically Affordable.

Employee's Provident Fund in India:

This is another example of a pension scheme that promotes savings. It was made mandatory in India in 1952 to ensure the social security of Indian employees and is managed by a statutory organization called the Employees' Provident Fund Organisation of India. This mandatory fund can be used for retirement benefits, insurance, housing, family obligations, a child's education, and medical needs. The contribution level is set at 12% for both the employee and the employer and is deposited into government banks quarterly. The government provides an annual interest rate of 9.5% on the total deposits made by employees and employers (India E. , 2023).

The Central Provident Fund in Singapore:

This fund was introduced in 1955 as a mandatory savings scheme to ensure the employees' financial security post-retirement or when they cannot work (Yeo, 2023). The contribution structure varies according to the employees' age group and is adjusted accordingly for both the employee and employer, who is also a contributor. The usage of this mandatory fund is not limited to any specific reason and can be withdrawn for specific uses during the employee's working life. This programme also provides various types of insurance, investment and other savings-related opportunities to the employee and his family members, as well as for contingencies (Johari, 2022). In 2008, the total contributions collected and credited to employee accounts exceeded \$20 billion.

UK Stakeholder Pensions:

This is a type of personal pension; however, they must meet various minimum standards the government sets. Usually, the start payments are assigned to a stakeholder pension from £20.00 per month in the form of weekly or monthly payments or a lump sum payment. The payments attract tax relief even if the beneficiary is not a taxpayer meaning it is a kind of equity kicker for the low-paid. Payments can also be made by someone else (but only up to a limit (of sub \$5k gross) per year. The limitations of this product are associated with the fact that while local Housing Provident Funds have successfully accumulated funds, the policy coverage among enterprises and employees remains problematic. Many private and foreign enterprises evade HPF contributions. They are financially weak enterprises that cannot make regular payments. The victims of such shortcomings are the employees in these firms. Finally, the takeaway idea from international Housing Provident Funds for Saudi Arabia is how to bridge the gap between income and housing prices for its citizens (Kim, 2022).

2.5.3 Pure Saving Programs

The National Savings Scheme in Malaysia is one example of the saving programme Malaysia established and launched a national savings scheme in 1981, intending to enable the economically backward Malays to own a 30% stake in Malaysian companies. These schemes target a different class of investors depending on their appetite for risk and returns. Some are meant for risk-takers, whilst others are better suited to risk-averse

investors (NSS, 2023). Of all schemes, three funds are offered for retirement benefits, children's education funding and meeting healthcare expenses. For example, the National Education Savings Scheme provides an intelligent way for Malaysians to save money for their children's education and simultaneously lower their annual income tax payments (Liu, 2021).

Another successful saving program is the Saving Programme for Pilgrims in Malaysia. This program primarily helps Malaysian citizens save for pilgrimage expenses by investing their savings through a dedicated fund. This program was introduced in 1969, and savings have now exceeded \$13 billion (Haji, 2023). Tabung Haji, the Islamic bank in Malaysia, was established in 1963. For more than 50 years, the bank has focused on deposits, Hajj services, and asset management. Furthermore, Tabung Haji is the largest Islamic fund manager in the country, managing more than RM 41 billion in assets. It seeks to support the Malaysian Muslim community's economy by utilizing its resources and funds (Ismail, 2021).

Tabung Haji has a competitive advantage thanks to the distinctive services and attractive savings plans it offers, which are designed to encourage investments and savings. The bank currently has more than 8 million depositors and a nationwide network of 119 branches with over 6,000 touchpoints. An office run by Tabung Haji is located in Jeddah, Saudi Arabia, assisting in expanding the company's presence abroad. Tabung Haji can offer its stakeholders competitive annual returns with sustainable dividends ranging from 6% to 9% (Ismail, 2021).

National Savings Schemes in India (NSSI):

NSSI provides complete security of investment, offers an attractive interest rate, and is available to investors through approximately 156,000 Post Office Savings Bank branches. Notably, the facility to save in the 15-Year Public Provident Fund and Senior Citizen's Savings Scheme is also available at selected branches of the State Bank of India, its associated banks, other nationalized banks, and various private banks (India N. , 2023). The schemes are trendy due to their attractive financial policies and features. NSSI's mission is the mobilisation of savings through the inculcation of a habit of thrift amongst

the masses, centred on providing avenues for safe and convenient investment to the small savers and achieving many objectives (India N. , 2023). Furthermore, the scheme aims to provide savings instruments for all sections of society as per their saving potential and need to attain individual financial self-sufficiency and develop the skills and motivation of the Sales and Service Delivery Personnel. The aforementioned international scheme benefits low-income families entitled to a matching grant and could be easily adapted and applied to the Saudi financial system.

2.5.4 Matching Programs

The fourth category is the Matching programme, one of the preferable incentive policies to mobilise savings and increase participation rates and contributions—primarily of low-income employees in 1954. Many successful matching programs are worldwide; some of these experiences will be discussed in this section (Cole R. , 2023).

The A 401(k) in the United States:

It is considered to be one of the optional retirements saving plans (Matching, 2023). The contributor can begin to withdraw funds after reaching the age of 59.5, and it has the effect of shifting the burden for retirement savings to the workers themselves. In 2021, approximately 60% of American households nearing retirement age had 401(k) accounts. The first cohort of workers to widely adopt this style of retirement plans are beginning to retire, and the plans now appear to fall generally short. Employers can help employees save for retirement while reducing taxable income under this provision. Workers can deposit part of their earnings into A 401(k) account and only pay income tax once the money is later withdrawn in retirement. Interest earned on money in an A401 (k) account is never taxed before funds are withdrawn. Employers may choose to match contributions that workers make. The employer usually administers the A 401(k) account in the usual 'participant-directed' plan. Notably, the employee may select from different kinds of investment options. Employees choose where their savings will be invested, usually choosing between selections of mutual funds that emphasise stocks, bonds, money market investments, or some mix of the above. Employers can automatically enrol their employees in the plans, and they can choose to escalate participants' default contribution rate, encouraging them to save more. The Pension Protection Act of 2006 made automatic

enrolment safer for employers. Under Department of Labour regulations, three main types of investments qualify as Qualified Default Investment Alternatives (QDIAs): lifecycle funds, balanced funds, and managed accounts (Cole R. , 2023).

The employer-matching incentives and the tax deduction are significant advantages of the A 401(k) plan; these alone keep many employees invested. The plans are economically sound because they force Americans to invest in anything they want and build wealth with certain tax breaks. Most Americans invest their plan in American stock exchanges or funds, which helps the economy as people are inclined to invest back into the economy (Social Studies, 2021).

Critics of the program focus on aspects related to the high administrative costs and long-term investment options, as well as the taxes imposed on personal income upon exiting the program. The main challenge for the A 401(k) scheme lies in the programme's sustainability and the ability to invest individual contributions to maintain the matching obligations (Cole R. , 2023).

The UK Savings Program:

It considers being the Premium Bond in the UK. It is a Lottery Bond issued by the United Kingdom government's National Savings and Investments Agency (Diamond, 2022). NSI, formerly known as the Post Office Savings Bank and National Savings, is a state-owned savings bank in the United Kingdom. Historically, the NSI attracted funds from individual savers in the UK to fund the government's public-sector borrowing requirements (i.e., the funds above taxation that the government requires to fund its expenditure). NSI attracts savers by offering savings products with tax-free elements on various products and a 100% guarantee on all deposits by HM Treasury. HM Treasury is the government's economic and finance Ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth. However, its interest rates are often low. The bonds are entered into a regular prize draw, and the government promises to repurchase them, on

request, for their original price. Harold Macmillan introduced the bonds in 1956 (NSI, 2023).

This model has expanded in some countries, with one example being that of the UAE National Bond. These accumulated savings and investments could play a significant role in the household's future and may be used as a down payment for future home purchases (Diamond, 2022).

2.5.5 Initiatives from International Saving and Housing Schemes

After reviewing the entire international savings experiences schemes and pensions, various initiatives have been developed and require testing in the latter stages, especially during the interviews and analysis. These initiatives could play a significant role in shaping the housing and saving policies that could be conducted—either in Saudi Arabia or any other country—as those initiatives include the most attractive and valuable attributes for saving and housing schemes that could be implemented in Saudi Arabia for the low-income segment delivered with appropriate incentives provided by the government. The initiatives may include some education and awareness savings scheme policies, a saving scheme for property and home ownership, certain optional retirement and protection savings schemes, and specialised saving schemes, such as children or women.

The saving scheme may contain many programmes that could be characterised based on the targeted segment requirements. The following paragraph should demonstrate some of the common attributes of saving products' general characteristics that may need to be involved in the proposed policies in Saudi Arabia.

Saving products' general characteristics should maintain the invested capital with satisfactory earning profits. They could access a variety of possible incentives, including state contributions for the low-income segment of up to 100% and awards for savers with extra matching and prizes. They should also identify subscriptions based on the required protection coverage and the duration of the required savings. Flexibility in subscription payments should be available, along with the option to transition

between programs, postpone regular subscriptions for a certain period, or make partial withdrawals and repayments after a defined period. Furthermore, it should link the savings programme with the housing programmes offered by the state, such as access points in the Ministry of Housing programmes and accept payment using possible means, such as credit card, direct debit from the account, and regular banking transactions using a special ATM savings account card. Finally, an annual amount is paid for the children to school until the age of 18, including school and university expenses in the case of an event covered.

This research underlines various relevant international practices concerning saving accumulations, explicitly concentrating on household saving and their effects on the low level of household savings toward homeownership. In order to perform this research, the mentioned views have been used as a guideline for designing Saudi Arabian housing financing policies and to facilitate further and support the research's following steps.

These valuable experiences have been highlighted based on contributions to households' savings accumulation and their direct effect on increasing home ownership. Through this review of the international saving experiences, greater attention has been directed towards the field of housing, with consideration centred on the potential of valuable initiatives to be taken into account by the government when designing housing financing policies and saving products in Saudi Arabia for example, creating a mechanism of aggregating individuals' small savings to provide the liquidity required from the financial institutions for the home loan down payment. Furthermore, creating a suitable environment and policies for the private sector and real estate development companies to exercise their functions in providing many residential units.

Those two steps are crucial in designing and implementing the regulations, policies, and legislations needed for housing developers and financial institutions to facilitate the procedures for the sale and transfer of ownership and mortgage. This will create a stimulating environment for households towards home ownership by working with the financial sector to provide special facilities for repayment, as well as the reduction or subsidisation of interest for buying a first home.

2.5.6 International Experiences Take Away

Pension schemes and provident are the most common savings instruments. The main difference is that the member receives a third of the benefit as a lump sum at retirement under a pension fund. The remaining two-thirds of the benefit is paid as a monthly pension over the member's lifetime. In contrast, a provident fund pays the benefit as a lump sum at retirement (Zeka, 2023). The significant advantage of saving or investing outside a pension is that participants can use the money earlier if they want to (Chen M. W., 2020). In contrast, pensions can only be accessed at age 55. Participants can choose how long the funds will be fixed. The longer that participants are prepare to lock their money away, often the higher the rate of interest they will receive. So, they will need to leave money in the account until it matures, or they could be subject to an early withdrawal charge.

Pension and saving schemes are both intended to help individuals plan for their future financial needs, but they differ in several ways (Zeka, 2023). Employers or the government typically offer pension schemes, providing retired individuals with a regular income through a pension. Pension schemes often require regular contributions from the employee and the employer throughout the employee's working life. An individual's pension usually depends on how much they contributed and how long they were enrolled in the scheme. In some cases, the employer or the government can guarantee the pension amount.

On the other hand, saving schemes are typically personal initiatives that individuals set up themselves, with or without the help of a financial advisor. Saving schemes can take many forms, such as savings accounts, fixed deposits, mutual funds or individual retirement accounts (IRAs) (John, 2017). These schemes allow individuals to save a certain amount of money over a period of time and earn interest on the amount.

For instance, in Malaysia, there is a combination of a pension scheme and a saving scheme provided by the Employees Provident Fund; the EPF is a mandatory retirement savings scheme that covers all private sector employees who earn a salary below a certain threshold (Johari, 2022). Employees and their employers must contribute a percentage of their monthly salary to the EPF fund .The EPF offers two savings schemes: EPF Account 1 and EPF Account 2. A portion of the employee and employer

contributions is allocated to each account. EPF Account 1 is primarily for retirement savings, and the funds are locked in until the employee reaches the age of 55. These funds cannot be withdrawn for any reason before age 55, except for certain specific circumstances such as permanent departure from Malaysia, total permanent disability, or death .EPF Account 2, on the other hand, allows for more flexibility in withdrawals. This account can be used for education, housing, and medical expenses.

Accordingly, and to be able to establish a reliable saving scheme connected with a pension scheme, the researcher highlighted the main structuring requirements as follow:

- Legal structure: The saving scheme could be established as a part of the pension scheme or a separate legal entity, such as a trust or a company, which is governed by its own rules and regulations.
- Eligibility criteria: The eligibility criteria for participation in the saving scheme should be clearly defined, including age, employment status, and length of service.
- Contribution level: The contribution level should be set based on the expected benefits and the scheme's affordability. The employer and the employee may have different levels of contribution.
- Investment strategy: There should be a clear investment strategy for the saving scheme, which should be aligned with the risk appetite of the participants and the expected returns.
- Administration: The saving scheme should be administered by a competent and qualified administrator who can ensure compliance with the relevant legal and regulatory requirements.
- Communication: Effective communication is essential to ensure that participants understand the purpose.

The international saving experiences provided insights into several ways the government could incentivise household savings:

- The government can match a certain percentage of contributions individuals make to a savings scheme. Knowing that the government matches their contributions can encourage people to save more.

- The government can offer rebates on certain individual purchases, which can then be redirected to a savings scheme.
- The government can invest in education campaigns to promote the importance of saving money and how to do it effectively.
- The government can negotiate reduced fees on savings products or services, making them more accessible and attractive to consumers.
- The government can offer tax benefits on investments in specific savings schemes. For example, contributions made to a tax-free savings account (TFSA) in Canada are not tax-deductible, but the investment earnings and withdrawals are tax-free.

The implementation of the above incentives in some countries could encourage households toward savings. The conclusion from the international saving experiences is to design a successful household savings scheme, and based on the researcher evaluations, the following requirements need to be considered:

- Define the goals and objectives of the scheme, such as the amount of money to be saved, frequency of savings, and the purpose or use of the savings.
- Offer attractive incentives or benefits to encourage participation in the scheme, such as interest on savings deposited, bonuses for achieving savings milestones, or partnerships with businesses for discounts and rewards.
- Make the scheme accessible to potential savers by providing multiple ways to access and deposit savings, such as online portals, mobile apps, or physical branches.
- Keep the rules and regulations of the savings scheme simple and transparent to avoid confusion and increase participation.
- Provide guidance and support to savers, such as financial education, budgeting tips, and financial planning services to help them achieve their savings goals.
- Consistency and continuity.

2.6 Summary

Based on the above tremendous background presented about savings and housing at both international and local levels, there are precious initiatives in terms of financial housing and saving policies that need to be tested and developed in order to increase the level of prosperity in the country and accordingly create a more conducive environment for Saudi citizens concerning achieving a better style of living though

increasing the homeownership rate in the country. The research has provided insight and allowed an understanding that saving for affordable houses is linked to housing needs and housing price inflation, an indicator of the probable return on investment, meaning household savings can move towards the household portfolio in general.

The key conclusion from the above background illustrates how government-housing policies support the development and the long-term impact of household income growth. This background relating to international savings and housing experiences illustrates a fundamental need for government support in creating suitable environments for saving in general and saving for housing and that such support makes great macro and microeconomic sense. This review further supports the researcher's belief that an effective saving scheme, notably created by the Saudi government housing policymakers to support homeownership through saving, is feasible.

Overall, this chapter presents a literature review of the concept of saving with more focus on the evidence from other research and practices. This review illustrated the initiative policies that potentially increase household savings and home ownership in Saudi Arabia along with the discussion about Islamic saving and investment solutions. Furthermore, it provided a clear overview of the successful international individual savings schemes and models worldwide, and concluded with initiatives from international saving and housing schemes. The key conclusion from that background illustrates how government-housing policies support the development and the impact of household income growth in the long term.

The emphasis in following chapters will be directed towards developing a better understanding to analyse the theories, literature and views of housing policymakers, bankers and real-estate developers' regarding the savings nature and need for homeownership among low-income households of Saudi citizens and examining the factors preventing them from being homeowners.

A clear evaluation of the related theories and their relation to the savings concept presented in the following chapter. It examines the theoretical research framework, including the link between the presented theories and the research questions and objectives. Additionally, it establishes the basis for the following chapters by providing

the theoretical framework and proposing the determinants for the current study. The chapter also identifies the determinants of household savings and explains the generated links to the discussed theories accordingly.

Chapter Three: Theoretical Framework

3.1 Introduction

The previous chapter presented a literature review on household saving, focusing on evidence from other research and practices. This review aims to investigate the research questions and identify the most logical and relevant issues regarding savings, with a specific concentration on household savings and how this can be used to foster and provide affordable housing through financing solutions. The key conclusion from that background illustrates how government housing policies support development and affect household income growth in the long term. This background on international savings and housing experiences highlights a fundamental need for government support in creating suitable environments for saving in general and saving for housing, demonstrating that such support makes excellent economic sense.

This chapter evaluates the theories related to savings, investments, and consumption. The theoretical overview should provide critical insights on issues of household income and consumption, consumer awareness, financial literacy, the government's participation in encouraging affordable homeownership, financing instruments, and housing inflation. Moreover, it presents an overview of the theoretical research framework, including the link between the presented theories and the research questions and objectives. Additionally, it establishes the basis for the following chapters by providing the theoretical framework and proposing the determinants for the current study. To do this, detailed reviews of savings and investment-related theories, including prominent economic contributions and theories related to savings and housing financing policies in general, will be discussed, with a specific focus on household savings for homeownership. The chapter also identifies the determinants of household savings and explains the generated links to the discussed theories accordingly.

The structure of the theoretical framework chapter is organised starting from section 3.1 by giving a comprehensive background on the theoretical framework of the research subject with more focus on the most crucial saving theories. In detail, it starts with an introduction to the research methodology chapter, followed by section 3.2, an overview of the theories related to household saving. Section 3.3 to 3.7 illustrates related theories

such as The Theory of Life Cycle Saving and Investing, The Neoclassical Growth Model, Precautionary Saving Theory, Household Portfolio Allocation Theory. Furthermore, section 3.8 clarifies the theories' links with the research objectives, and finally, section 3.9 summaries the theoretical framework chapter.

3.2 Savings Theories Overview

Adam Smith, in his book *The Wealth of Nations* (Smith, 1776), offers a model for increasing wealth and prosperity based on the rule of capital accumulation and pieces of evidence that an increase in savings leads to an increase in fixed capital. Smith states in his book that the increase in savings leads to an increase in fixed capital. Any further expansion of industries, the truth and then increases the amount of work product used, allowing the division's most significant social work and lifted to the level of productivity, which leads to an increase in the amount of total production, value and the direction of the welfare of the population.

Traditional social scientists sought processes to increase national wealth, leading to the development of the Accumulation Theory. Adam Smith indicates that capital accumulation motivates increased specialisation and the division of labour in the production process, aiming to increase assets and open a broader market for increased investment (Smith, 1776). Ricardo (1951) holds the same interest, mentioning that, for economic progress, it is necessary to increase production to the maximum possible extent, and systematic reinvestments generate the bulk of this optimum surplus (Ricardo, 1951). Modern economists have concluded that the savings-investment process shows that what is saved is invested and that the incentives for savings must also include incentives to invest at any level of national income (Feldstein, 1981). Throughout reading on this subject, it was established by the researcher that several theories had identified a linear relationship for income distribution between saving, investment and spending, where household savings are considered to be a part of total savings. The researcher analysed the following theories' links to household savings and wealth accumulations and their impact on savings and housing financing policies, explicitly focusing on household savings for homeownership.

The importance of saving has emerged in many economic growth models (Lewis, 1955). For example, the tangible work of Keynes's General Theory of Use, with a greater focus on Keynes, 1936, the Absolute Income Hypothesis (Smith, 1776). The theory explains the connection between the three income components: saving, investment and consumption (Do, 2023). Also, the Consumer Behaviour relation with income and saving, mainly James Duesenberry's (1949) significant contribution to the Keynesian Analysis of Income and Employment. The theory focuses on maximising household satisfaction and money allocation and how the spending pattern impacts household planning for the future (Tharp, 2020). Additionally, the Islamic Consumer Behaviour explains factors influencing Islamic home financing preference (Hanudin & Razak, 2004). It reveals that education and religious satisfaction are instrumental in determining the Islamic economic system through proper education utilising Islamic norms and values. This illustrates that savings in Islamic banks are mobilised through three types of accounts. Namely, Wadiah's current account, Mudharabah savings account, and Murabahah investment account (Siddiqi, 1984). And finally, Household Portfolio Allocation Theory is illustrated by Richard *et al.* (2008) and Poterba *et al.* (2001), with more focus on the limitations of the effect of the appropriate product in the market that may prevent households from allocating the household portfolio ideally. The theories have identified a linear relationship for income distribution between investment options. Household Portfolio Allocation Theory provides critical views on how households' income contributes to the low homeownership rate.

During my research I had the opportunity to view the opinions of scholars on more than ten theories related to saving in general or household savings toward home ownership. In this research, the focus will be directed toward the theories that the researcher believes have a direct and significant impact on household savings toward home ownership. The following four theories have been identified because they enrich the discussion, provide further analyzes and suggestions for the scientific research we are conducting, and provide a solid base on which we can rely. Therefore, the focus will be directed towards the following theories:

1. The Theory of Life Cycle Saving and Investing, based on the work of Modigliani & Brumberg (1954). This model enables planners to adjust their advice to households regarding income, prospects, and the advantages of wealth accumulation (Modigliani & Brumberg, 1954; Halvorsen, 2022) The concepts of this theory

contributed to enriching the research, particularly in developing the concept of pooling household savings to buy a house.

2. The Neoclassical Growth Model, known as the Solow–Swan Growth Model (Solow & Swan, 2023). This model suggests that government policymakers should intervene to encourage the creation of saving products and promote the private-public partnership (PPP) concept. This approach appears to be a beneficial mechanism to address critical issues arising during the development of financial policies. The concepts of this model align with the second element of this research, focusing on the role of government policies in stimulating and encouraging saving through the central bank, which can utilize internationally recognized methods, namely financial and monetary policy.
3. Precautionary Saving Theory, which emphasizes the contributions of Friedman (Friedman, 1957), Ando & Modigliani (1963) and Bewley (1977). This theory connects the need for enhanced consumer financial education and awareness policies, which prevent individuals from making informed choices related to savings. Furthermore, the theory explains how households' income negatively impacts the low homeownership rate (Joyce, 2023). The implications proposed by the Precautionary Saving Theory align with the third element of this research, emphasizing the importance of raising awareness and financial literacy levels to help individuals manage their financial resources and achieve future financial security.
4. Household Portfolio Allocation Theory, relying on the contributions of David McCarthy, who offers an assessment of the theory, insights into key features of household portfolios, and an analysis of differences between predicted and observed portfolio patterns (McCarthy, 2013). Recent studies have found it challenging to derive theoretical predictions that match crucial aspects of observed household portfolios (Brugiavini, 2023). Household portfolios vary significantly by age, wealth, and country, as evidenced by the empirical survey completed by Guiso & Jappelli (2003). The theory also predicts a positive association between education levels and household investments in risky assets, such as stocks (Oehler, 2021; Khan, 2022). The concepts of this theory highlight the importance of diversifying family investment and savings portfolios to hedge against future changes, needs, and obligations.

The following paragraphs provide an overview of savings and investment-related theories, focusing on historical and current perspectives on the theories presented, along with a summary of the most critical issues. Furthermore, it illustrates the theory's links with household savings and wealth accumulation, as well as their impact on savings and housing financing policies in general, with a specific focus on household savings for homeownership, which is the purpose of this research.

3.3 Theory of Life Cycle Saving and Investing

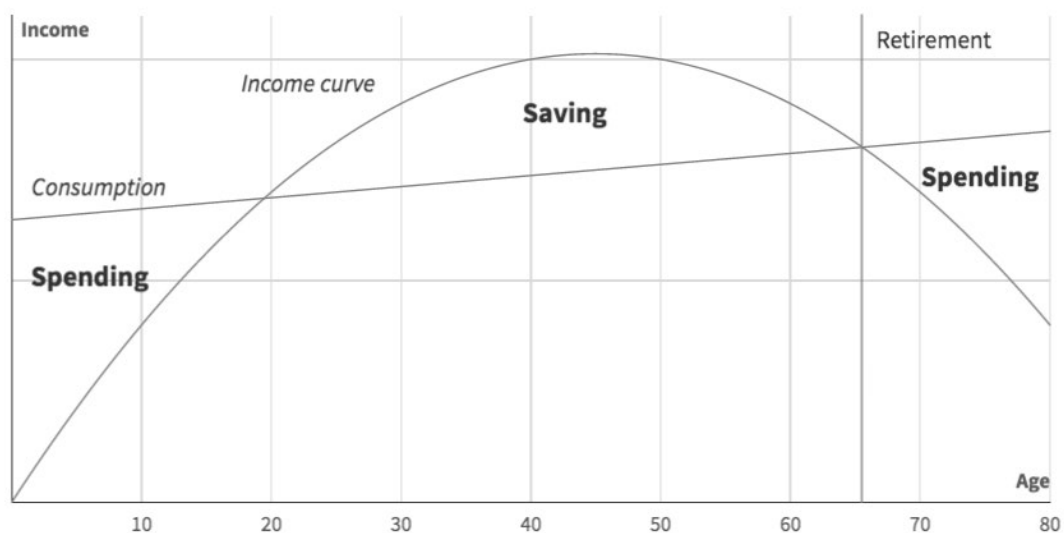
The Life Cycle Model predicts that the income of young individuals is relatively high compared to that of older adults when economic growth is robust, implying that the savings of young individuals should exceed those of older individuals ((Modigliani & Brumberg, 1954; Brugiavini, 2023). This prediction is broadly consistent with evidence from countries with higher growth rates, which tend to exhibit higher saving rates. The central idea of the Life Cycle Model, as articulated by Modigliani and Brumberg, is that individuals strive to smooth their consumption over a lifetime (Modigliani & Brumberg, 1954). As their labour income and household size fluctuate, their saving rates will similarly vary. Specifically, a typical household will accumulate assets during its working years and deplete those assets during retirement (Barrett, 2004). This theory also provides a framework for examining the relationship between the value of consumption and the savings required over a defined period to facilitate a purchase (Joubert, 2022). Additionally, it offers insights on structuring financial terms and conditions to maximize benefits across different time points and outlines the outcomes of this process over the life cycle (Coleman, 2006).

The theory is described on the surface of academic research on the topic, which addresses many real-world problems; in particular, mention will be made to many institutional issues that limit the total savings available to households (Pashchenko, 2020). Homebuyers, for example, face limits in terms of how much they can borrow as a function of both the value of the house they want to buy and their current income and savings. The most crucial financial decision the typical household makes is purchasing a house. The Life Cycle Model sheds light on this decision, focusing on three questions associated with the house purchase decision: (1) 'Should I buy or rent?' (2) 'Should I get a variable or fixed rate mortgage?' In addition, (3) 'Should I pay off my mortgage

early? (Joubert, 2022). The Life Cycle Model does not provide simple "yes" or "no" answers but rather an analytical framework to assist households in making decisions and planners in creating suitable products that support households' ultimate goals of accumulating sufficient savings (Bodie, Treussard, & Willen, 2007).

Figure 3.1

Life-Cycle Consumption Theory Visualized



Source: Oxford University

The Life Cycle Model suggests the need to focus on the effect of the various decisions on consumption and follows a two-step approach: First, understanding how house purchases transfer resources over time and outcomes, and second, using consumption levels at different times and outcomes to determine how the investor wishes to allocate resources (Joubert, 2022). In 'Youth', the household decides whether to buy or rent a house; if it chooses to buy, it considers the type of mortgage (Lusardi, 2020). During the "Prime Earning Years," the household faces two forms of uncertainty: rental costs may fluctuate, and interest rates may vary. In the final stage, the household enters retirement (Roger, 2000).

The purpose of the Life Cycle Theory is not to provide definitive answers but to offer a framework for individuals and planners to explore those answers. The model allows planners to tailor their advice to the vast variations across households in income,

prospects, health, and preferences regarding wealth accumulation (Halvorsen, 2022) (Modigliani, 1975). In recent years, an increasing body of empirical evidence has emerged that contradicts the stark predictions of the Life Cycle Model in its simplified textbook version. For instance, U.S. workers save less than predicted to support their consumption after retirement, leading to an unexpected decline in their standard of living (Lusardi, 2020). In Germany, households save substantial amounts even in old age, thanks to a generous pension and health system that provide reliable retirement income (Börsch-Supan et al., 2003). A similar trend is evident in Italian data (Ando et al., 1993). Therefore, the appropriateness of using the Life Cycle framework to model individual saving behaviour has been questioned.

Economists have developed this theory over the past fifty years to guide savings-related decisions. This theory highlights financial assets as vehicles for transferring savings across different points in time, indicating the outcomes of this process throughout the life cycle (Coleman, 2006), and offers guidance to individuals, financial service providers, and policymakers. Moreover, the Life Cycle Theory poses a series of questions that the typical household faces in planning for significant life events, such as retirement, their children's college education, insurance, and other asset allocations (Bodie, Treussard, & Willen, 2007). The idea behind the Life Cycle Model is that individuals try to smooth their consumption over their lifetime (Modigliani, 1975). As income and household sizes change over time, saving rates also adjust. Specifically, a typical household will accumulate wealth and savings during its working years. The purpose of the Life Cycle Theory is not to provide clear answers but to furnish a framework for individuals and planners to navigate their financial decisions (Pashchenko, 2020). This failure may be viewed as providing simple answers as a virtue of this model. It allows planners to adjust their advice to the enormous variations across households in income, prospects, health and choices. This theory addresses many real-world problems, including institutional issues limiting household portfolios (Modigliani & Brumberg, 1954). For example, first-time homebuyers face challenges in borrowing amounts, a function of the house's value, current income and total savings.

The aforementioned theory and its applications provide a foundation for this research. The sharing of resources has been facilitated by accumulating savings at various points in time, which can support homeownership through an appropriate financial product

structure, as evidenced by the findings of Modigliani and Brumberg (Modigliani, 1975). This theory also provides a framework for considering the relationship between the value of consumption (purchase of a house) and the total savings required over a defined period to acquire the house. Aside from this, the theory provides a framework for structuring financial terms and conditions to maximise the total savings over the life cycle. As developed by economists over the past fifty years, the Theory of Life Cycle Saving and Investing guides decision-making, as noted (2006) and Deaton (Deaton, 2005).

The concept of accumulating savings focuses on how consumers allocate their income among various goods and services. A consumer is a rational individual who seeks to use their income to derive the greatest amount of satisfaction or utility (Pashchenko, 2020). Consumers strive to maximize their utility, and each consumer has preferences for certain goods and services. Friedman emphasizes this concept by clarifying that the consumer behaviour model assumes that a rational consumer typically makes rational decisions (Friedman, 1957). Buyers also possess a clear understanding of the marginal utility they will derive from successive units of various products they might purchase.

However, the amount of marginal and total savings will differ for each individual since all individuals have varying tastes and preferences. According to Tatum (2014), various schools of thought focus on different aspects, such as how households choose to save the most money, how consumers compare the features and benefits of various products, or how knowledgeable consumers are about specific products. Consumers typically aim to maximize their purchases while minimizing expenditure to accumulate wealth (Friedman, 1957). This also suggests that individuals will save some of their cash and only use a portion of it all at once. Consumer purchasing decisions are influenced by emotions, aspirations, and fears. For instance, if someone aspires to be a singer, they are likely to invest in voice lessons or music production software (Roger, 2000).

3.4 Neoclassical Growth Model

The neoclassical growth theory, introduced by Robert Solow and Trevor Swan in 1956, posits that labor, capital, and technology drive economic growth. While an economy has limited resources in terms of capital and labor, the potential contribution of technology to growth is virtually limitless. This model is commonly referred to as the

Solow–Swan growth model (Solow & Swan, 2023). Neoclassical growth models aim to explain long-run economic growth by analysing factors such as productivity, wealth accumulation, population growth, and technological progress. A key assumption of the neoclassical growth model is that capital experiences diminishing returns in a closed economy (Abreu, 2021). Recent developments in this theory attempt to address mainstream economics without relying on the exogenous growth of non-produced factors (Halvorsen, 2022). This outcome contrasts with the axioms of neoclassical theory, as the beneficial role of thrift in economic growth and long-run rewards for parsimony depend on external circumstances.

The Neoclassical Growth Model is based on several principles:

1. The ultimate goal of competition law is the maximization of consumer welfare.
2. Competition law interventions should be limited to addressing market failures.
3. Market power is not inherently problematic.
4. Intervention should occur only when the expected costs of inaction exceed those of intervention (Abreu, 2021).

According to the Neoclassical Growth Model, market intervention may worsen issues, suggesting that direct government involvement is unnecessary. Instead, allowing free trade and markets may be the primary means of fostering growth. This approach implies that any barriers to market clearing should be eliminated. Adam Smith's writings heavily influenced this idea, popularizing the concept of an invisible hand that regulates economic activity and achieves optimal equilibrium (Smith, 1776). To achieve long-term stable growth, establishing perfect free markets through supply-side policies and controlling the money supply to maintain low inflation is essential. Supply-side policies can help reduce market imperfections, thereby increasing the economy's production capacity over time. Jean Baptiste Say's law, which states that demand will rise with an increase in total supply, supports this (Thweatt, 2000), (Ricardo, 1951). Although supply-side policies have boosted output, prices have remained stable.

Supply-side policies aim to minimize market imperfections (Solow and Swan, 1956). These policies may include enhancing education and training to improve workforce mobility. Additionally, tax cuts can incentivize hard work and innovation while increasing geographic mobility. Recommendations also include abolishing unnecessary

capital controls, reducing union power to allow for flexible wages, and eliminating redundant regulations (Trevor, 1956). Classical economists emphasized limiting monetary expansion to maintain low inflation, as predicted by Friedman's quantity theory of money (Friedman, 1987). Policies affecting the money supply include funding mechanisms, open-market operations, control of the monetary base, and interest rate management.

The neoclassical theory illustrates the need for government support in fostering appropriate living standards, particularly for low-income segments, which can lead to increased homeownership (Abreu, 2021). The Neoclassical Theory aligns with the research question: What primary government policies are needed to encourage citizens to boost homeownership rates in the future?

3.5 Precautionary Saving Theory

The Precautionary Saving Theory, as articulated by Modigliani and Brumberg (1954), addresses the need to adjust irregular consumption to prepare for potential emergencies and accumulate assets. This theory emphasizes delaying consumption to enhance household savings during periods when households cannot insure against future economic downturns. The precautionary motive arises from the incompleteness of insurance markets, compelling individuals to save for uncertain future events (Dhami, 2023). To mitigate income fluctuations and maintain stable consumption patterns, households set aside savings by consuming less currently, preparing for uncertainties that may arise (Joyce, 2023).

Earlier researchers, including Friedman (1957), Ando & Modigliani (1963), and Bewley (1977), identified this behavioural pattern, highlighting that rational individuals make sequential decisions to achieve stable future goals using available information and optimizing resources based on the Life Cycle Framework (Bewley, 1977). Weil proposed a simplified multi-period model analysing the determinants of precautionary savings, confirming a positive correlation between income risk and the precautionary savings motive (Weil, 1993). This review presents mixed evidence on the significance of the precautionary motive for savings, with numerical simulations suggesting that precautionary saving could account for 20%–60% of total savings. Modigliani & Brumberg demonstrated that savings in the current period significantly bridge the gap

between current income and previously earned income, serving as a hedge against income fluctuations (Modigliani & Brumberg, 1954). Dardanoni (1991) argues that higher percentages of precautionary savings are implausible, as most savings typically come from higher income percentiles. Browning and Lusardi (2020) conclude that while the precautionary motive is essential for some individuals at times, it is unlikely to apply to the majority (Lusardi, 2020).

3.6 Household Portfolio Allocation Theory

Household Portfolio Theory is a modern framework for investment optimization that individuals and households adopt. Recent research has expanded this theory to include housing (Richard *et al.*, 2008); although few studies have considered social security or company pensions in their analyses (Poterba *et al.*, 2001). David McCarthy's work offers an assessment of Household Portfolio Theory, highlighting key features of household portfolios and analysing differences between predicted and observed portfolio patterns (McCarthy, 2013).

Recent studies find it challenging to derive theoretical predictions that match crucial aspects of observed household portfolios due to reliance on a simplified two-asset model (Brugiavini, 2023; Khan S. U., 2022). Researchers have expanded their studies to include housing and borrowing constraints, allowing for more efficient modelling of household portfolios. Household wealth allocation patterns change over their life cycles (Khan S. U., 2022). Household portfolios vary significantly by age, wealth, and country, as evidenced by Guiso & Jappelli's empirical survey (2003). Housing, relatively safe financial assets, social security, and pensions are critical components across countries, while risky financial assets are of relatively lesser importance. Markowitz emphasizes that portfolio allocators consider only the expected return (mean) and risk (variance) of returns on each asset (Markowitz, 1952).

The theory also predicts a positive association between education levels and household investments in risky assets, such as stocks (Khan S. U., 2022; Oehler, 2021). Tobin introduced the concept of a risk-free asset, suggesting that all allocators would hold the same portfolio of risky assets (Tobin, 1981). The significance of household portfolios

is supported by the literature and the empirical survey conducted by Guiso & Jappelli (2003).

The research conducted by various scholars indicates aspects of savings that extend beyond immediate consumption, highlighting how consumption patterns can be affected by economic uncertainties. This is particularly relevant to this research, which focuses on savings aimed at homeownership. In Saudi Arabia, households often lack the means to insure against future economic downturns, compounded by limited financial awareness and future planning. Therefore, emphasizing the precautionary savings motive is crucial, focusing on policies that promote wealth accumulation for housing purchases (Halvorsen, 2022).

3.7 Overview of Saving Theories

This chapter has presented a theoretical framework encompassing various theories of savings. In the context of Saudi Arabia, it is essential to integrate general determinants of household savings—primarily household income—with factors such as financial awareness, Islamic housing financing options, government housing policies, and inflation effects. The theories discussed thus far have been analysed to evaluate their impacts on the success of household savings accumulation toward homeownership. Consequently, various research determinants can be developed to represent the relationships between research factors and the homeownership process.

The traditional framework for studying household savings and wealth accumulation is based on the Life Cycle Theory, inspired by the works of Modigliani & Brumberg (1954) and (Friedman, 1957). This model posits that individuals are rational and plan their consumption and saving needs over their lifetimes. The Life Cycle framework effectively explains many observed patterns of household saving behaviour (Browning Crossley, 2001). Households smooth their consumption over both short and long horizons. Credit constraints may restrict young households from accumulating formal debt, yet they generally possess limited savings. In contrast, prime-age households tend to save more and accumulate assets. This theoretical concept provides a framework for understanding the relationship between consumption value and the savings required for wealth accumulation over a defined period (Halvorsen, 2022).

When examining house purchase decisions, this framework assists households in making informed choices and enables planners to create suitable home financing solutions that support households' goals of accumulating sufficient savings for homeownership or at least for a down payment. The Life Cycle Theory can also be applied to understand Muslim saving behaviours (Metawa & Almosawi, 1998). The four saving motives proposed in the Life Cycle Model align with Islamic norms and behaviours. The Life Cycle Theory can also be applied to understand Muslim saving behaviours (Metawa & Almosawi, 1998). The four saving motives proposed in the Life Cycle Model align with Islamic norms and behaviours.

The Life Cycle Framework encompasses the motive to prepare for anticipated income reductions. Given future uncertainties, households seek to accumulate wealth to shield against income shocks (Deaton, 1992; Caballero, 1990; Carroll, 1994; Zeldes, 1989; Canetti, 2003) or manage uncertainties related to future health costs (Palumbo, 1999; Hubbard *et al.*, 1995).

The Theory of Life Cycle Saving and Investing predicts that aggregate saving rates should correlate with overall economic growth rates. This is because the lifetime income of younger individuals is typically higher than that of older individuals during periods of high economic growth, suggesting that the savings of the young should exceed those of the old (Modigliani & Brumberg, 1954). This perspective enables households to make rational decisions regarding their savings. Furthermore, this theory serves as a guide for financial service providers, consumers, and policymakers (Pashchenko, 2020). Households' expectations about lifespan and the implications of pension system reforms may lead to underestimating the need for financial securities to support consumption in old age, highlighting a need for more than private savings to cover reductions in pension income.

Household preferences and attitudes toward risk fundamentally shape decisions regarding consumption, savings, and investments. Households often overvalue present consumption and undervalue future benefits, resulting in inadequate savings to sustain desired future consumption levels (Thaler, 1981). This reluctance has important implications for policy design that must be considered.

The Neoclassical Growth Model by Solow (1956) seeks to explain long-run economic growth by examining productivity, capital accumulation, population growth, and technological progress. A fundamental assumption of this model is that capital experiences diminishing returns in a closed economy. The Neoclassical Growth Model suggests that government intervention is necessary to create household saving policies and foster private-public partnerships that address critical issues. The theory underscores the importance of government support in establishing homeownership schemes.

The Precautionary Saving Theory, along with contributions from Friedman (1957), Ando & Modigliani (1963), and Bewley (1977), highlights the importance of savings in uncertain future income scenarios. The precautionary motive to delay current consumption and save for the future arises from the incompleteness of insurance markets (Joyce, 2023) indicating that households cannot fully protect themselves against future economic downturns.

Research Aim and Questions Relation with Theories:

- Developed by Leland (1968) and Sandmo (1970), this theory posits that households save to guard against unexpected income shocks or expenditures, such as job loss or medical emergencies. In your study's context, this theory explains how Saudi households adjust their savings in response to perceived uncertainties like fluctuations in housing prices or changes in government financial policies (Carroll, 1992; Caballero, 1990). It also sheds light on how financial awareness regarding government savings programs and housing market trends influences the precautionary saving behavior of Saudi households (Kimball, 1990; Hubbard et al., 1994).
- Neoclassical Savings Theory: Proposed by Modigliani and Brumberg (1954) and Friedman (1957), this theory suggests that households make savings decisions based on their lifetime income expectations and a desire to smooth consumption over time. It helps explain how factors like housing prices, government savings policies, and financial awareness affect the savings behavior of Saudi households as they try to optimize their intertemporal consumption and wealth accumulation (Deaton, 1992;

- Jappelli & Pagano, 1994). This theory also elucidates how demographic and socioeconomic characteristics of Saudi households influence their savings and homeownership decisions (Browning & Lusardi, 1996; Attanasio & Weber, 1995).
- **Life-Cycle Savings Theory:** Developed by Modigliani and Brumberg (1954) and Ando and Modigliani (1963), this theory posits that households save and consume based on expected income and expenditure patterns over their lifetimes. In this context, the theory helps analyze how Saudi households adjust their savings and housing investment decisions at different life stages in response to changes in housing prices, government policies, and financial awareness (Modigliani, 1986; Deaton, 1992). It also provides insights into the intergenerational transmission of wealth and homeownership within Saudi households (Kotlikoff & Summers, 1981; Attanasio & Browning, 1995).
 - **Portfolio Allocation Theory:** Proposed by Merton (1969) and Samuelson (1969), this theory suggests that households allocate their wealth across different assets, including housing, to maximize utility based on risk preferences and expected returns. It helps understand how Saudi households decide to allocate their savings between housing and other financial assets in response to changes in housing prices, government policies, and financial awareness (Campbell & Viceira, 2002; Cocco, 2005). This theory also provides insights into how household characteristics, such as income, age, and risk tolerance, influence savings allocation decisions among Saudi households (Guiso et al., 2002; Fratantoni, 1998).

By incorporating these four theories into the research framework, a comprehensive understanding of the complex interactions between household savings, government policies, financial awareness, and housing price inflation in the Saudi Arabian context has been established. These theories have informed the formulation of a relevant research framework, the design of appropriate methodologies, and the effective interpretation of research findings.

3.8 Theories Links to the Research Questions

In the current study, various empirical research objectives were formulated in chapter one, and from concept utilisation and research determinants presented in this chapter, specific research questions have been identified. This research has presented the theoretical framework of theories, incorporating the research determinants, mainly

household income, financial awareness, government housing policies, and inflation. The theories have been presented to evaluate their impact on identifying the factors that can impact the household savings of Saudi citizens, which will encourage them to become homeowners.

The study intends to establish relevant factors that could increase household savings and home ownership. This research has developed a framework that seeks to answer the central aim of evaluating the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment. The research is carried out in line with the research questions generated, representing the various relationships to the savings processes:

1. How can government household savings programs be designed and implemented to effectively increase the homeownership rate among Saudi citizens?
2. What mix of government housing policies (e.g. subsidies, loan programs, tax incentives) would be most effective in encouraging Saudi citizens to increase their household savings for home ownership?
3. How do government financial literacy and consumer awareness initiatives impact the household savings of Saudi citizens for the purpose of home ownership?

What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment?

4. What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment?

The factors above are those identified from this theoretical framework and various research performed by other researchers; therefore, other factors may not be considered. The following table shows how these theories link to the concept of saving toward home ownership. It focuses on the link between savings and home ownership specifically. Then it links back to the experience of Saudi Arabia in terms of home ownership to identify the specific research questions being addressed:

Table: 3.1: Theories Links to the Research Questions:

Theory	Links Between the Selected Theories and Homeownership Factors in Saudi Arabia
The Theory of Life Cycle	<p>The Theory of Life Cycle should be considered when developing specific saving strategies and strategic policy mechanisms to increase financial knowledge, awareness, and literacy. Financial education initiatives should be developed to increase household financial knowledge, strengthen capacity and promote responsible financial behavior amongst the public in Saudi Arabia. Moreover, this theory is more applicable in Saudi Arabia if SAMA and CMA make more efforts to solve some regulatory issues. There need to be more appropriate regulations and incentives that focus specifically on the low-income group to promote economic activities and protect their economic interests. The theory confirms the need for the government's role and policies to push the savings culture and the lack of incentivized savings programs to raise household savings rates, resulting in low savings in the long run.</p> <p>Regarding inflation, the theory illustrated that the additional increase in housing-related expenses is attributed to the imbalances in supply and demand of affordable housing, which in reality affect the lower- and middle-income life cycle earning the most.</p>
Household Portfolio Allocation Theory	<p>They are highly linked because of the connection between the Household Portfolio and the soul of this research regarding building a very reliable PPP concept. The limitations of the appropriate Islamic policies in the Saudi market may prevent households from allocating their portfolio ideally.</p> <p>Household Portfolio Allocation Theory provides critical views on how households' income contributes negatively towards the low homeownership rate.</p>

Precautionary Saving Theory	<p>Precautionary Saving Theory is exceptionally connected to awareness and literacy efforts. It has been concluded that the absence of consumer financial education and awareness prevents people from making informed choices and decisions related to savings.</p> <p>Precautionary Saving Theory explains how households' income might contribute negatively towards the low homeownership rate. Government efforts in encouraging citizens towards home ownership are significant, and government regulations greatly encourage household savings.</p> <p>This indicates that the lack of consumer financial awareness significantly prevents people from making educated choices and increases the tendency to postpone decisions related to saving.</p>
The Neoclassical Growth Model	<p>The conclusion from this theory is raising research concerns about the following: The need for the government's institutions to support wealth accumulation toward home ownership; The Neoclassical Growth Model confirmed that there is a fundamental need for government support for affordable housing and that such support makes excellent economic sense. The Neoclassical Growth Model has also suggested government intervention to encourage the creation of saving products and the willingness to lead the private-public partnership (PPP), an advantageous mechanism to address and solve critical issues. The theory has provided insight that such support from the government is essential.</p> <p>The Neoclassical Growth Model also illustrates the effect of housing price inflation and income growth on home ownership decisions.</p>

Source: Developed by the author.

I have selected the theoretical framework from the above table to develop the research questions on the following theories. Table: 3.1 illustrates the links between the theories and the research questions and the reasons behind considering the following research factors:

First, Household Income: All relevant theories have confirmed the potential connection between household income and home ownership. The theories focus on wealth accumulation, which supports the development of a fully integrated saving strategy. In particular, Consumer Behaviour Theory is highly relevant to these two research questions because the consumer is rational and seeks to use his income to derive the most excellent satisfaction or utility from maximising their total utility.

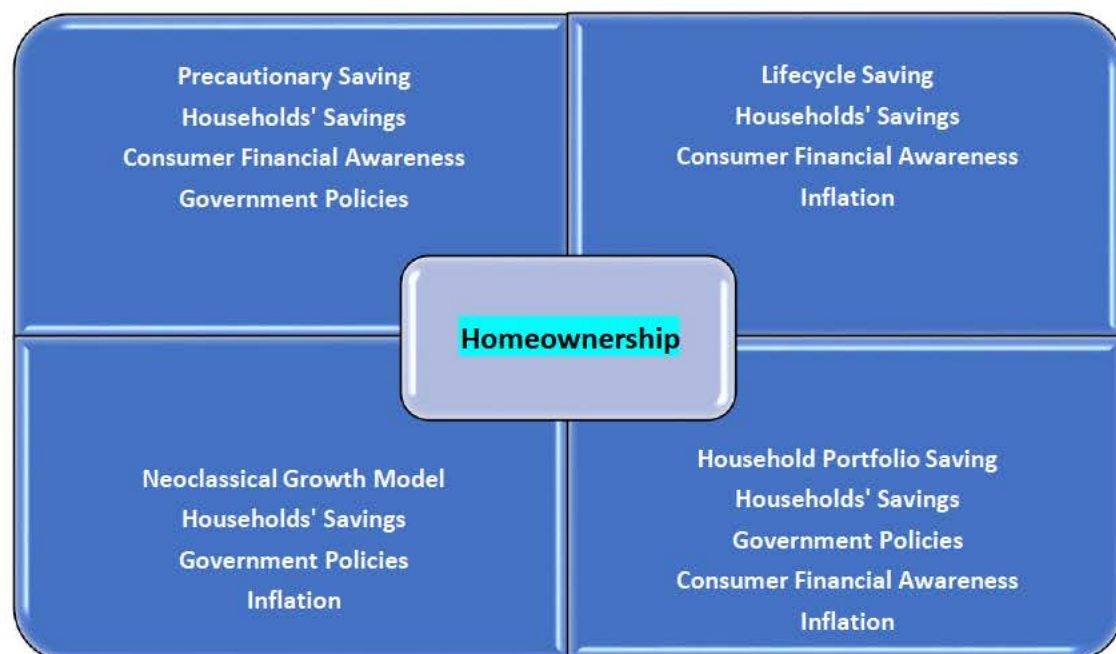
Second, the Government Role: Highly linked because of the connection between the Household Portfolio and the soul of this research regarding building a very reliable PPP concept. The Neoclassical Growth Model and Precautionary Saving Theory confirmed

a fundamental need for government policymaker involvement in designing housing finance policies and that such support makes excellent economic sense. The lack of the government's institutional support towards home ownership; explained how households' income might contribute negatively towards the low rate of home ownership.

Third, the consumer financial awareness policies towards household saving for homeownership: This factor is driven from all the theories concept provides critical views on the effect of creating suitable financial awareness scheme in the Saudi Arabia. This complies with The Theory of Life Cycle to increase the awareness during the lifetime.

Fourth, Houses prices inflation: The Theory of Life Cycle illustrated that the additional increase in housing-related expenses is attributed to the imbalances in supply and demand of affordable housing, which affect the most in the lower- and middle-income life cycle. Finally, the Neoclassical Growth Model also illustrates the effect of housing price inflation and income growth on home ownership decisions.

Table: 3.2: Links Between the Theories and the Research Factors



Source: Developed by the author.

The connections between the four theories and the research factors:

1. Precautionary Saving Theory:

- Households save to build up buffer stocks of assets to guard against future uncertainties like job loss, health crises, or economic downturns.
- Government policies to increase the literacy, incentivise savings, and control the inflation level.
- Consumer financial awareness and literacy influence how households assess risks and decide on appropriate precautionary savings levels.
- Inflation uncertainty can drive households to hold more precautionary savings to maintain purchasing power.

2. Lifecycle Saving Theory:

- Households save systematically during their working years to finance financial liabilities such as home purchase loan, smoothing out lifetime consumption.
- Government policies like retirement systems, tax incentives, and financial education programs can impact lifecycle savings behaviour.
- Consumer financial awareness and planning capabilities affect their ability to effectively save for lifecycle needs.

3. Neoclassical Growth Model:

- Household savings are a key driver of capital accumulation and economic growth in this model.
- Government policies like taxation, subsidies, and financial regulations shape the national savings and investment environment.
- Consumer financial literacy influences how households make savings and investment decisions that contribute to economic growth.

4. Household Portfolio Saving Theory:

- Households allocate their savings across different asset classes (e.g. cash, real estate, stocks) based on risk, return, and liquidity preferences.
- Government policies regulate financial markets, shape household investment options, and influence asset returns.
- Consumer awareness of different financial products and investment strategies affects their portfolio choices.

- Inflation alters the real returns on different savings and investment assets, leading households to adjust their portfolios.

Understanding and analysing the relationships between these theories and the key research factors can provide a robust analytical framework for understanding household savings behaviour, especially as it relates to housing. Further analysis This link between the selected research theories and the research factors contributed to enriching the interviews conducted with government officials, the financial sector, and real estate developers, which helped the researcher achieve enriching results.

These theories provide critical views on the issues of household income and consumption, consumer awareness, financial literacy, and the government's participation in encouraging affordable home ownership, financing instruments and housing inflations. However, more than the theory is needed; there is also the need to conduct and review empirical observations to understand saving behaviour. Moreover, it is necessary to observe how households invest, how much of their income they put aside for precaution, old-age provision, or building a home, and how households draw their accumulated savings down in old age.

The critical point to be considered from the theories is how government housing financing policies can support development and influence growth in the long term. The government's policymaker's role in encouraging households towards home ownership by creating appropriate saving and housing policies with the private sector can lead to meeting stakeholders' objectives. The government and financial institutions must fulfil their obligations to create appropriate policies.

3.9 Summary

In summary, the households' consumption function is strongly related to income, which confirms that this function is stable and proportional. When households' incomes rise, consumption increases, but by less than the increase in income. Through what has been addressed in this research, an overview of household saving has been presented, as well as the broad general concepts and multiplicity, and their great potential in economic processes and influential contribution to development projects. Consideration has been directed towards the different types of household savings regarding the nature of

savings, on the one hand, and the state's geographical boundaries (domestic saving, national saving) on the other (Feldstein, 1981). Given the importance of household savings in development and economic recovery, it has become the focus of research scientists and economists, who have highlighted the close relationship between household savings and investment and consumption.

Households' savings is the primary source of investment, and income is an essential foundation for determining the relationship between savings and consumption. Despite the different views of economists concerning the economic relations affecting savings, scientists agreed on the great importance of households' savings in contributing to the increase in national income (Keynes, 1936).

In this research, efforts will be made to assess the research factors' impact on the level of household savings and the need to modify the government housing policies for affordable housing, and whether such support would make economic sense. The above theory assumes that such involvement from the government housing policymakers is good economics for the targeted segments, including tangible products, property, and legal frameworks that could increase their homeownership. Furthermore, theories and the research carried out provide unique insight for the research—especially from the point of savings accumulation perspective. These theories allow an understanding to develop regarding the belief that households saving for an affordable home are linked to housing needs and housing price inflation, an indicator of the probable return on investment. For example, if there is a housing price deflation, household savings can move towards other asset classes, encouraging Saudi households to save the amount needed for affordable housing.

The mentioned economic theories afford a unique structure to understanding households saving behaviours, as summarised in this chapter; however, theory alone is insufficient. More empirical observations are needed to understand household savings in their complexity. Moreover, it is necessary to observe how households invest, how much of their income is put aside for precaution, old age provision or building a home, and how households draw their accumulated savings down in old age. However, many questions still need to be answered when reviewing current saving theories; in other

words, as pointed out in the introduction, there is a need for a more modest attitude when collecting and observing actual data and learning from what we have observed.

The theories overview has provided critical views on the issues of household income and consumption, consumer awareness, financial literacy, the government's participation in encouraging affordable home ownership, financing instruments and housing inflations. However, more than the theory is needed; there is also a need to carry out and review empirical observations to understand saving behaviour. Moreover, there is a need to observe households' investments, how much income they put aside for precaution, old-age provision, or building a home, and how households draw their accumulated savings down. This will be discussed in detail in the data analysis chapter.

Overall, the structure of the theories chapter is organised starting by giving a comprehensive background on the theoretical framework of the research subject with more focus on the most crucial saving theories. In detail, it starts with an introduction to the chapter followed by an overview of the theories related to household accumulated savings, such as; The Theory of Life Cycle Saving and Investing, The Neoclassical Growth Model, Precautionary Saving Theory, Household Portfolio Allocation Theory. Finally, it clarifies the theories' links with the research objectives.

It will be important in the discussion chapter to revisit the connections between the theoretical frameworks and the research factors explored in this research. This will allow the researcher to:

1. Evaluate how well the selected theories - precautionary saving, lifecycle saving, neoclassical growth, and household portfolio saving - help explain and contextualize the findings related to:
 - Household savings behaviour
 - The role of government policies
 - The impact of consumer financial awareness
 - The influence of inflation

2. Analyse the extent to which the data collected supports or challenges the underlying assumptions and predictions of these theoretical models when applied to the specific context of housing-related savings.
3. Discuss any new insights that emerge from comparing the theoretical perspectives with the empirical findings of the research.
4. Identify areas where the theories may need to be refined or expanded to better account for the complexities of household savings decisions, especially as they pertain to the housing domain.

Revisiting the links between the theories and research factors will provide a useful foundation for structuring this discussion and analysis in the final chapter. This will help to draw meaningful connections between the theoretical and practical aspects of the study, strengthening the overall quality and impact of the research findings and contributions.

The following chapter illustrates the research methodology and design employed to test the research questions discussed in the previous chapters. The chapter also describes the method utilised for data collection, the population, and the various sampling procedures. It also explains the issues related to the primary research measurement tool, namely interviews and the semi-structured questions' development process and research design, as well as the implementation process, the measurement of the research questions, the analysis techniques, and the ethical considerations the research.

Chapter 4: Research Methodology

4.1 Introduction

The previous chapter presented the theoretical overview, including the critical views on the issues of household income and consumption, consumer awareness, financial literacy, the government's participation in encouraging affordable home ownership, financing instruments and housing inflation, which will be discussed in detail in the data analysis chapter.

This research developed a framework that attempts to answer the central aim of evaluating the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment. This chapter presents the research methodology, starting from the introduction to the research methodology in section 4.1. It illustrates how the research was conducted, starting with an explanation of the research methodology, which includes section 4.2, the philosophical considerations as fundamental philosophies that determine the technique of the research framework. This covers the essential steps in section 4.3, the research methodology, followed by section 4.4, the research design, and section 4.5 illustrates the argument for selecting an inductive qualitative research strategy, and section 4.6 explores the research processes. Additionally, section 4.7 illustrates the data analysis processes, starting from the qualitative data analysis technique that concentrates on the explanation of the data analysis procedures, the section also highlights reliability and validity of the qualitative analysis. Section 4.8, focuses on the research questions' development. Furthermore, the chapter illustrates in section 4.9 the data collection methods and the details highlighted from section 4.9.1 until section 4.9.9. It covers all the data collection aspects starting from the secondary and primary data, along with the selection of participants and the interview sample selection, and also covers the process of interview development and the design of semi-structured interview questions, including the pilot study, along with the types of interviews. It also highlights issues like the selection of the interview process, schedule development, and the interviewing procedures. The population and sampling procedures sections also explain the issues related to the primary research measurement

tool, such as interviews adopting semi-structured questions and the development process and design of such, as well as the implementation process, the measurement of the research variables, the analysis techniques utilized, and the pilot study implications. The last section, 4.10, illustrates the research assumptions for the analysis and emphasizes the ethical considerations in section 4.11. Finally, section 4.12 concludes the methodology chapter summary.

4.2 Philosophical Considerations

This research recognizes the realistic approaches presented in research paradigms. Some certain philosophies and parameters monitor a scholar's activities and mindsets; such principles or values can be considered paradigms. For a more comprehensive understanding of how and why the authors selected the specific approach in this study, an initial discussion was provided regarding the standard that outfits the highlighting of this analysis.

Ontology and Epistemology are branches of philosophy principles with a set of paradigms that impact the design and procedure of social research (Denzin, 2017). Ontology is associated with questions about the nature of the reality to be investigated. Ontological questions are related to being human within the world and whether or not a person sees reality as independent and objective or as being socially dependent and subjective (Wellington, Bathmaker, & Hunt, 2005). On the other hand, epistemology concerns what forms valuable knowledge and what does and does not count as knowledge.

Ontology and epistemology are branches of philosophical principles with a set of paradigms that impact the design and procedure of social research (Guba, 1994). The four schools of thought and their philosophical perspectives are outlined and discussed as follows:

- Positivism: a philosophical position that applies natural science techniques to social research (Bryman and Bell, 2022). Positivist scholars believe that the researcher and observed phenomena are independent subjects and must not intervene with each other (Guba, 1994). Positivism also maintains that knowledge must be based on facts, observations, and experiments.

- Post-positivism: a philosophical school that believes in social research; a researcher cannot be comprehensively positive about knowledge obtained (Creswell, 2017). Whilst positivist researchers maintain that the researcher and the observed objects are independent, post-positivists believe that the researcher's theories, backgrounds and values influence the researched phenomena (Reichardt & Rallis, 1994). In other words, they share with positivists the view that knowledge is independent, but they acknowledge the shortcomings of the researcher.
- Constructivism: This school believes that social reality is the product of the continual conceptualisation of social actors. Constructivism shares the subjective view with critical theory but with one main exception: realities are constructed through social relations often shared by many individuals.
- Critical theory: This school believes in subjectivism, in which social reality is influenced by social actors' perceptions and knowledge (Bryman and Bell, 2022). In this way, subjectivism views reality as a social entity constructed by individuals who attempt to perceive it through their social experiences and involvement with its activities. Observation, interviewing, and discussion- and reflection-promoting techniques are all part of dialogic methods, which are a foundational component of critical theoretical approaches. In this reflective dialog between the researcher and the participants, both the 'natural' state and the mechanisms that keep the world in order can be questioned and challenged (Calhoun, 2003).

Critical theory methods and approaches are employed to generate hypotheses that are evaluated qualitatively based on the principles of subjective (Mertens, 1998). These perspectives are associated with naturalistic inductive approaches in which researchers seek to understand social realities through the subjective interpretation of their understanding and knowledge of observed phenomena (Creswell, 2017). This school of thought always employs qualitative methods in which subjects are not divided into variables but investigated to establish a deep understanding (Crotty, 1998).

Based on that, the critical theory approach of selecting the research philosophy is adopted to help design the research questions, guide the selection of relevant data, interpret the data, and propose explanations of causes or influences. Considering the study's uniqueness, which is entirely focused on the Saudi lower- and middle-income group, their housing needs and their perspectives towards savings.

4.3 Research Methodology

This scientific research is an intentional and methodical effort, with the ultimate goal of offering insights into how this problem can be solved (Sekaran, 2016). In other words, it can be challenging to conduct a logical investigation into a problem using well-planned and executed actions. More specifically, business and management research are the methodical and unbiased process of compiling vital information to support the decision-making system with regard to various organizational issues (Hennink, 2020). The research paradigms used in business research are examined in this section, along with the justification for the research methodology.

This research focuses on the housing policy needs of the low-income groups in Saudi and their perspectives towards their savings for home ownership. The approach adopted allows stakeholders to share their views on the various factors affecting the housing policy. Furthermore, the analysis of the responses from the interviewers highlighted the factors they consider to be the most important in deciding the approach towards home ownership through a government-sponsored savings scheme.

4.4 Research Design

There are three types of research strategies, namely quantitative, qualitative and triangulated methods. The quantitative research strategy employs a positivist, objective, and deductive methodology (Creswell, 2017). The quantitative research strategy is a deductive process that conforms to scientific principles and uses statistical analysis to examine the relationships between research variables (Bryman and Bell, 2022). In contrast, the qualitative method attempts to generate theories by profoundly understanding the research situation (Battista, 2023). Triangulated research, on the other hand, employs both quantitative and qualitative research methods (Yin, 2014).

This research conducted, starting with an explanation of the research methodology, which includes the philosophical considerations as fundamental philosophies that determine the technique of the research framework consisting of the essential steps in research design, the selection of an inductive qualitative research strategy, and the argument for the selection of qualitative data analysis (Tomaszewski, 2020). The following sections, illustrates the data analysis processes with more focus on qualitative

data analysis reliability and validity and the issue to be examined, as well as the criteria for judging the analysing method.

Qualitative research design is focused on understanding the meaning and context of a particular phenomenon or experience (Creswell, 2017). Unlike quantitative research which relies on numerical data and statistical analysis, qualitative research utilizes non-numerical data such as interviews, observations, and textual analysis (Patton, 2015). The research design in qualitative studies is often more flexible and emergent, allowing the researcher to adapt and refine their approach as they gain deeper insights throughout the research process (Merriam, 2016)

A key aspect of qualitative research design is the role of the researcher as the primary "instrument" of data collection and analysis (Creswell, 2017). Qualitative researchers immerse themselves in the research context, closely interacting with participants to develop a rich, contextual understanding of the topic under study (Yin, 2016). The research design typically involves sampling techniques to select participants who can provide the most relevant and information-rich data (Patton, 2015). Data analysis in qualitative research is an iterative process of categorizing, and identifying themes to uncover deeper meaning and patterns within the data (Saldaña, 2016)

The focus of this research is to gather not only information from the stakeholders about the critical research questions but also to gather information on additional factors that should be considered in the research and, more importantly, to get explanations for their thoughts and views. This can only be captured in qualitative analysis, which allowed the researcher to understand their views, the source of those views and their visions on how the issues were identified (Tomaszewski, 2020).

Ultimately, the researcher selected the qualitative methodology because, in this case, the quantitative analysis would need cross-sectional data, ideally over a substantial time. Due to the lack of availability of cross-sectional data, inductive qualitative analysis is the best research methodology. Additionally, the aim of the research is to evaluate policies and government programs, and this requires exploring factors

affecting this policy, which can't be done through quantitative methods. Also, examining factors affecting the government policies requires answers from the governmental parties, which necessitates an in-depth discussion.

Further justifications behind selecting the current methodological approach are presented in the next section, including contextual reasons.

4.5 Research Process

The preceding sections present the conceptual framework to answer the research questions; the research methodology and design are also described in detail in the following section. Figure 41 presents a summary of how the research process was applied. Qualitative research methods and analytic strategies are associated with high-tech society differently than quantitative techniques (Tomaszewski, 2020). The challenge for qualitative analysis is establishing exactly how information relating to various attributes was obtained. The design for a research project is the plan for how the study was conducted. It is a matter of thinking about, imagining and visualising how the research study was undertaken.

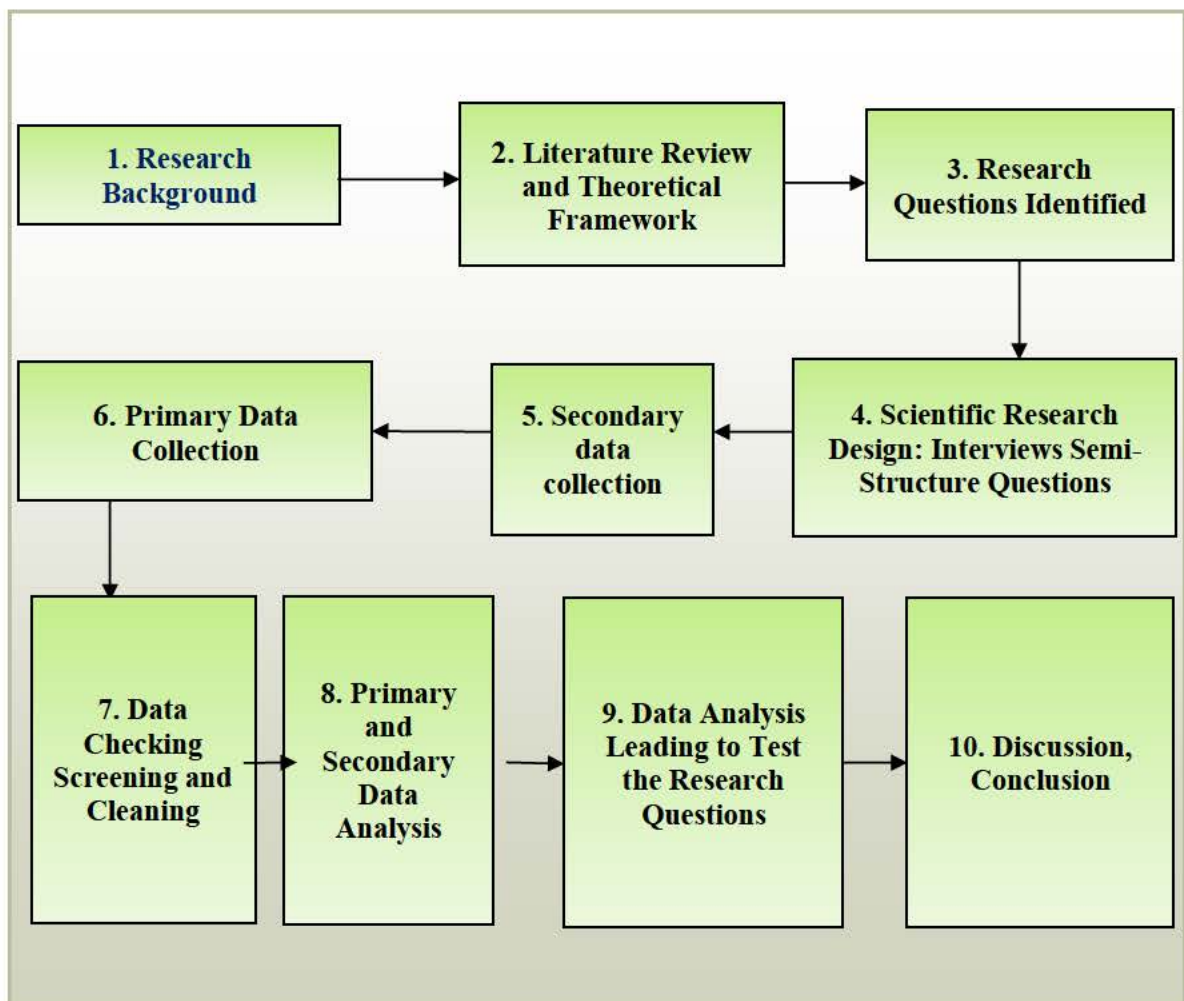
The research design stage concerns crucial decisions concerning the research idea or question(s), such as what types of information or data were gathered and through what forms of data-collection technologies. Where was the research undertaken, and among what group or groups of people (questions of site, setting, and sample)?

In doing research, the following concerns have been considered. We must decide whether to use one data-collection strategy alone or combine several strategies and whether a single overarching theory or several theories will frame the study. We need to assess whether the data collection strategies are appropriate for the research questions, what the data will look like once collected, and how the data will be organized and analysed (Fischer, 2023).

Throughout the design stage, the entire research project needs to be outlined to foresee any possible glitches that might arise. Once the project has begun, it is hoped that all the relevant questions will be posed and all the relevant concepts will have been identified; most importantly, it is intended that a suitable set of respondents be selected.

Although there may be different strategies and assortments of data collection to ensure the data collection suits the purpose of the research, the underlying thought is to consider every project stage carefully throughout the design stage (Sekaran, 2016). Interviewing respondents from three key groups has been considered, with all three groups adopting a significant role to play in deciding the fate of any savings programme for first-time house buyers.

Figure 4.1: The Research Processes:



Source: Adopted from Mohamed, A. F., Singh, S., Irani, Z., & Darwish, T.K (2013).

The most common way to describe an interview is as a conversation with a purpose. The aim is to collect data, to be more precise. According to De Vaus (2016), an effective interviewer possesses a unique talent or quality that only a small number of people have. This point of view has led to the description of interviewing as an art rather than a skill or science. Face-to-face communication occurs during an interview. However,

the aspect of gathering data and the focused approach towards gathering information that can be analysed for a pre-determined goal using a pre-determined approach/methodology is precisely what sets this type of interaction apart from others (De Vaus, 2016).

The development of the research questions is linked to the research structure. As mentioned previously, the key aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment. The study intends to find an appropriate solution for the central issue: the lack of homeownership among low-income Saudi citizens: and how to change that through a savings scheme. The study established the most relevant factors that could increase household savings and home ownership. Hence, critical questions were identified by reviewing the literature that captures all the relevant factors potentially impacting the saving patterns, behaviours, and decision-making. The stakeholders were questioned on the other factors they may feel are important for this research.

4.6 Data Analysis

This section illustrates the data analysis processes concentrating on qualitative data analysis method, techniques and reliability and validity for the issues to be examined, as well as the criteria for judging the analysing method. The most obvious way of analysing interview data is through content analysis, which involves analysing the content of the statements made by respondents during the interviews. Data analysis is not an exact science, and there are many ways of making sense of the information once the data has been collected, organised. However, researchers must make somewhat narrower choices when dealing with research data. The systematic analysis of data typically begins by reading the field notes when one wants to produce a content analysis of the data. This initial reading of the notes reinforces any themes developed during the data collection phase and generates new themes previously unrealised.

4.6.1 Qualitative Data Analysis Technique

Thematic analysis is a widely used qualitative data analysis technique that involves identifying, analysing, and interpreting patterns or themes within a dataset. It is a method for systematically identifying and organizing meaningful themes or patterns that emerge from the data. The concept of thematic analysis was extensively discussed and outlined by Virginia Braun and Victoria Clarke in their seminal 2006 paper "Using thematic analysis in psychology." In that paper, the authors define thematic analysis as "a method for identifying, analysing, and reporting patterns (themes) within data."

Braun and Clarke (2006) describe thematic analysis as a flexible approach that can be used across a range of epistemological and theoretical approaches, making it a widely applicable technique for qualitative research (Braun, 2022). They outline a six-phase process for conducting thematic analysis:

- Familiarizing oneself with the data.
- Generating initial codes.
- Searching for themes.
- Reviewing themes.
- Defining and naming themes.
- Producing the report.

Other sources have highlighted the same concept of six steps (Xu, W., & Zammit, K. 2020). The key feature of thematic analysis is its focus on identifying themes or patterns of meaning within the data. Themes are defined as "something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set" (Braun, 2022)

Thematic analysis can be conducted in either an inductive (data-driven) or deductive (theory-driven) manner, depending on the research objectives. It is a flexible approach that allows for both rich description of the data and the development of interpretative analyses. Another important aspect of thematic analysis is its emphasis on the researcher's active role in identifying and interpreting themes. The researcher's own perspectives, assumptions, and theoretical frameworks can shape the analysis and the resulting themes (Braun & Clarke, 2006; (Nowell, 2017). The book provides a comprehensive and updated guide on conducting thematic analysis, covering both

foundational and advanced concepts, and highlights that thematic analysis is a method for identifying, analysing, and reporting patterns (themes) within data (Braun, 2022)

Thematic analysis is a strong and trustworthy research method. It helps show that the research is rigorous and credible (Nowell, 2017). Making sure the research is trustworthy is very important, as it increases the overall value of using thematic analysis (Nowell, 2017). Beyond being rigorous, thematic analysis is also a foundational qualitative method. It teaches researchers key skills that can be used in many different types of qualitative studies (Clarke & Braun, 2017). Thematic analysis is a flexible and very useful research tool. It can provide rich, detailed, and complex insights from data (Braun, 2022). Thematic analysis is an active and interpretive process. It goes beyond just describing the surface-level details to uncover deeper patterns and themes within the information (Castleberry, 2018; Braun, 2022). This depth and flexibility are what make thematic analysis such a powerful qualitative research approach.

The thematic analysis technique provides a powerful tool for analysing and visualizing the data. This tool allows users to perform the analysis techniques to identify patterns and relationships within data, which can help to draw insights and make informed decisions based on the findings (Alam, 2020). Thematic data analysis is one of the qualitative data analysis techniques which is performed on the participant data analysis (Namey, 2020). Overall, thematic analysis technique is a widely used in academic research, and other fields where qualitative data analysis is an important part of the research process (Proudfoot, 2023). The tool designed to help researchers and analysts work with qualitative data that is non-numerical, such as text, images, audio, and video. Examples of qualitative data include transcripts of interviews, survey responses, focus group discussions, social media data, and more (Mortelmans, 2019). It works with a wide range of data formats and provides tools to help users to analyse their data. Alam (2020). Overall, the technique is a powerful tool for qualitative data analysis, and it is widely used in a variety of fields, including social sciences, market research, and more (Alam, 2020). These highlight the key contributions of these references in terms of the nature, benefits, and methodological considerations of thematic analysis as a qualitative research approach.

The researcher aimed to gather valuable insights and opinions regarding the research main factors: household savings, government housing policies, customer financial awareness, and house price inflation in the context of home ownership and savings products in Saudi Arabia. Interviewing the selected three group of respondents to understand their perceptions, preferences, and experiences with various financial instruments promoted by government, private financial institutions such as the Capital Market Authority (CMA), and the Saudi Arabian Monetary Authority (SAMA) as well as real estate developers seeks to evaluate the effectiveness of these financial policies in promoting home ownership and increasing public awareness about savings toward homeownership.

4.6.2 The Data Analysis Procedures

The interviews were conducted through semi-structured questions distributed to the selected sample of high-level officials from government policy makers, financial experts, and well known real-estate developers representing different demographic segments. The respondents were selected to ensure a diverse range of opinions. The interviews collected qualitative data to gain a comprehensive understanding of the subject matter.

Data analysis was carried out by categorizing the responses based on predefined attributes and themes. Responses were analysed to identify trends, patterns, and sentiments prevalent among the respondents. The aim was to draw meaningful insights from the collected data to better understand the perception of the participants regarding the research main four factors, and the impact of these initiatives on households' savings.

As mentioned earlier, the thematic analysis technique is an essential tool for analysing data, including interview transcripts and responses. This technique facilitates the researcher to analyse the respondent's opinion on a particular research question by identifying relevant themes from data provided by the participants (Mortelmans, 2019).

Based on this introduction, the data analysis technique involved a thematic analysis approach as a method of qualitative data analysis which includes identifying, analysing,

and reporting patterns (themes) within data. Using the thematic analysis technique for investigating the research data allowed me to identify patterns and themes easily from the participants' data collected through the survey. By assigning relevant sections of text, the researcher gained valuable insights into the data, which highlights major patterns of the dataset depicting their opinion and observation on saving toward home ownership in Saudi society along with financial policymakers and real estate developers' contributions towards the system. In order to perform a clear and authentic data analysis using this technique, I divided my data chunks into four major categories, covering the research main factors in the context of home ownership and savings products in Saudi Arabia.

The analysis was conducted based on primary data from the sample, representing the stakeholders. Interviews were divided based on the three categories to represent different Saudi stakeholders. These groups were targeted to develop a clear picture of their views about the factors affecting the household saving pattern to clarify the research objectives and develop the proper recommendations.

Table 4.1: Qualitative Analysis Table

The issue to be examined	Data Collection	Method of Analysis
Consumer Financial Awareness policies	Interviews	Qualitative Method Using Thematic Analysis Technique
Household Saving and income		
Housing policies		
Government's financial policies		
Houses Prices Inflation		

Source: Developed by the author.

The stakeholders shared their views on the various factors affecting the housing financing policy. They highlighted the factors they consider the most important in deciding the approach towards home ownership through participation in government-sponsored savings schemes. The data collected from the interviews were examined qualitatively for factors such as households' income, the Saudi government's policies in encouraging citizens towards home ownership, and inflation to establish the aggregated

views of the stakeholders. Moreover, secondary data was obtained from primary data sources in Saudi Arabia (GASTAT, 2018) and existing literature, books, and journal articles.

4.6.3 Reliability and Validity of Qualitative Analysis

In qualitative research, the concepts of reliability and validity are often replaced by terms such as authenticity, trustworthiness, dependability, and confirmability (Guba, 1994). These concepts are crucial for establishing the credibility of qualitative research findings. Authenticity refers to the degree to which the research faithfully represents the experiences and perspectives of the participants (Creswell, 2017). Qualitative researchers strive to ensure that the voices, emotions, and experiences of the participants are accurately and sensitively captured in the research. Additionally, trustworthiness encompasses the credibility, transferability, dependability, and confirmability of the research findings (Shenton, 2004). The following table outlining the key concepts related to ensuring authenticity, trustworthiness, dependability, and confirmability in qualitative research:

Table 4.2: Criteria for Judging Method

Concept	Description
Authenticity	This criterion refers to whether or not what is identified has produced what has been interpreted.
Trustworthiness	Establishing the credibility, transferability, dependability, and confirmability of the findings
Dependability	It should be possible for another researcher to replicate the original research using the same subjects and research design under the same conditions.
Confirmability	Grounding the findings in the data, not researcher bias.

Credibility involves the alignment between the participants' experiences and the researcher's interpretations. Transferability refers to the potential for the findings to be

applied to other contexts. Dependability involves the consistency and stability of the research process, while confirmability ensures that the findings are grounded in the data and reflect the participants' experiences rather than the researcher's biases (Creswell, 2017; Merriam, 2016).

Qualitative researchers employ various strategies to enhance the authenticity, trustworthiness, dependability, and confirmability of their research. These strategies may include member checking (allowing participants to verify the accuracy of the researcher's interpretations), peer debriefing (engaging with colleagues to discuss and refine the research process), and providing thick descriptions (detailed accounts of the research context and participants); (Creswell, 2017; Merriam, 2016). These strategies help qualitative researchers enhance the overall rigor and credibility of their work, ensuring the findings authentically represent the participants' experiences and are trustworthy, dependable, and confirmable.

The method was conducted to analyse the responses provided by the stakeholders during the interviews. In order to analyse the stakeholders' responses, semi-structured questions were posed, which allowed people to indicate their position in terms of a specific grouping of preferences. The use of semi-structured questions is essential for the work to capture the responses from the stakeholders and to facilitate analysis of the same using qualitative methods. This solves the difficulty that researchers face when conducting the research, which includes measuring attitudes, character, and personality traits using the qualitative measure for data analysis purposes. This research methodology is therefore based on a qualitative analysis model for the selected groups representing the stakeholders. The methodology followed is appropriate due to the following reasons:

This study is conducted in an economic environment different from other programmes initiated in other countries. For clarification, other country may have different savings-related challenges due to the specific economic environment and incentive available in other countries; Additionally, the government of Saudi Arabia is a functional monarchy with supreme control over all aspects of the economy, and the guidance from the government is binding on the key stakeholders, including the real estate companies or banks (SAMA, 2020). The other countries with housing-related savings schemes have

a different economic structure, which prevents the researcher from using data from such economies. Given this backdrop, similar studies regarding savings schemes for housing fundamentally differ from this. This study is significant for Saudi society; in the same manner, Saudi society and inputs from members are significant to this study. This study contributes to understanding overall savings awareness, savings culture, and any existing savings patterns or preferences for savings. The research aims ultimately to establish saving-based policies to increase household homeownership among Saudi citizens.

4.7 Research Semi-Structured Interviews

Based on the theoretical framework and the literature review, many factors affect household savings and home ownership decision-making. The potential factors have been discussed in the previous sections and used to create the theoretical framework, the literature review, and other sources, based on the following:

Table 4.3: Potential Research Factors

Factors	Sources
Household Income, Household Saving	Brugiavini, A., & Weber, G. (2003), Keynes (1936), Modigliani et al (1963), Al-Bassam (2004), McCarthy, 2013), (GASTAT, 2018), Gurrib (2009), Ironmonger (2004), Hisham and Williams (2007) and others
Consumer Financial Awareness	Klapper 2020 , Atanda, O. O. (2023), Cole, 2009, Guiso, et al., 2003, OECD, 2012, Grifoni & Messy, 2012, Noctor et al. 1992, Werner, 2008, Zeka 2023, Hishamh, et al., 2007, VISA Survey, 2018, GCC, 2010, McCarthy, 2013, Werner, 2008, and others
Government's policies	Servén (1997), Modigliani et al (1963), , Callen, et al., 1997, Gurrib (2009), Oehler and Werner (2021), and others
Housing price inflation & income	Gurrib (2009), Watson, 2003; SAMA, 2013; Friedman, 1959; Razak, 2007; Feldstein, 1981; and others

Source: Developed by Author.

Furthermore, it has been claimed in the literature that to design good-quality questions, several issues must be addressed, such as the wording of the questions, the type and form of the questions and the clarity of instructions. Concerning the wording issues, the

research ensured that the content of the questions and the sophistication of the language used are appropriate. Since the study is in a non-Western country, the wording was adjusted to ensure understanding within the cultural context; thus, the questions and the language employed were appropriate to connect interviewers' perceptions and attitudes.

Semi-structured questions were utilized as they assisted respondents in clarifying appropriate answers. The semi-structured questions offer a brief structure of the potential discussion the interviewers want. Given this background, the guidance for the interview of the semi-structured questions was prepared to assess the current role of stakeholders and evaluate opinions on how the government and banking industry in the Kingdom can support households' savings and housing financing policy developments. These questions are linked to the objective of this research and were created in a manner that can provide complete information on the preferences of each group of participants.

In this step, the researcher targeted various stakeholders in the Kingdom to understand their views on the current landscape, outlook, challenges and opportunities in the future. These guideline questions were designed to facilitate the discussion with senior executives from the government, financial institutions and real-estate developers in Saudi Arabia.

4.8 Methods of Data Collection

In order to fulfil the purpose of the current research, triangulated data collection methods are utilized, namely primary and secondary data. According to Campbell (1959), Fiske (1959), Denzin (2017), and Flick (2017), this approach overcomes the bias inherent in a single-method approach. The qualitative method used in this research involves using different sources of information to increase the study's validity (Denzin, 2017). This section aims to demonstrate the structure of primary and secondary data and the sources of these data. Furthermore, this section covers different issues related to the data collection processes, such as participant selection, interview sample selection, interview survey population samples, the process of interview development, and face-to-face interview criteria. It finally illustrates how to design the semi-structured questions for the interview as well as the selection of interview processes.

4.8.1 Primary Data

Primary data is raw data gathered to achieve the objectives of the research. Primary data can be obtained through interviews. For the present study, interviews are used to gather the primary data. This method is considered a valuable and valid data collection approach, especially when the measures constructed are accurate (Sekaran, 2016).

4.8.2 Secondary Data

Secondary data is essential for most organizational studies and refers to data obtained by other researchers on related subjects. For research purposes, secondary data can be gathered from previous documentary data that refers to data gathered by similar studies that may have also utilized primary data for their research objectives (Saunders, 2003).

Secondary data can be obtained through books, periodicals, government studies, companies' annual reports, and other media and commercial sources. One of the main advantages of secondary data is the high quality of data obtained through such a low-cost method and in a short period. On the other hand, secondary data has various shortcomings, such as the complexity of previously gathered data and the absence of targeted factors (Bryman, 2003). In the present research, most books, articles, government reports and studies related to the current study have been used to identify the research problem, develop a theoretical framework and generate the research hypotheses. Moreover, published data from primary sources have been utilized, such as empirical records detailing demographic information regarding Saudi household income and expenditure surveys in 2012 and 2018 (GASTAT, 2018), Population Census (Census, 2018) prepared by The General Authority for Statistics GAS, and SAMA annual reports (SAMA, 2020), and WB data (WB, 2020) and much more.

4.8.3. Selection of Participants

To conduct the study on the selected groups, and due to concerns about the logistics of arranging and undertaking interviews with stakeholders while considering time and cost constraints, 30 people were targeted for interviews. Generally, the sample sizes used in qualitative research must be justified (Marshall et al., 2013), even though researchers are concerned about using the right sample size (Dworkin, 2012). The main idea is to ensure there is enough, but not too much, data (Boddy, 2016). Interviews were

divided into three categories. Based on this, the participants have the certain characteristics illustrated in table 4.4.

One of the most significant advantages of collecting the data in person is the high response rate, which motivates the respondents to participate in the study (Sekaran, 2016). Another advantage of gathering the data in person is that the researcher can clarify any issues the respondents might encounter when reading any questions. Furthermore, researchers can introduce the research subject, encourage the respondents to participate, and provide forthright answers.

4.8.4. Interview Sample Selection

The focus of the research is to gather not only information from the stakeholders about the critical research questions but also to gather information on additional factors that should be considered in the research and, more importantly, to get explanations for their thoughts and views. This can only be captured in qualitative analysis, which gives the researcher a chance to understand their views, their source, and their visions on how the issues are identified and addressed. Hence, the decision was made to examine the information obtained from secondary and primary data qualitatively, as shown in the previous section. The interview data illustrate the key factors to be analysed using the indicators and figures obtained from secondary data sources.

Table 4.4: Interviews Populations Samples

Interviews Population	Description of Population
Government Policymakers	Financial policymakers, including key individuals from related government regulators such as the Ministry of Finance, the Saudi Development Bank, the Ministry of Planning, the Ministry of Municipal and Housing, the Ministry of Human Resources, the Capital Market Authority, and the Saudi Arabian Central Bank.
Private Banks Key Officials (Bankers)	Leaders from the private financial sector, mainly Capital companies, Bankers with a specific consideration in credit and financing managers
Real Estate Developers	Real-estate developers with rich experience in real estate construction.

Source: Developed by Author.

Various members of Saudi public and private agencies have been consulted to conduct the study on the selected groups. Due to concerns about the logistics of arranging and undertaking interviews with stakeholders, and taking into account the time and cost constraints of the study, 30 people were targeted for interviews. Interviews were divided into three categories: government financial policymakers, bankers, and real estate developers, to represent different stakeholders. Each group would be questioned on various areas closely connected with their involvement in the research problem; some questions might be posed to two or more groups.

The collected data from the selected interview sample was analysed for factors such as household income, the Saudi government's housing policies encouraging citizens toward homeownership, and house price inflation. The group also provided a list of semi-structured questions as guidelines for the potential interview questions. In this context, a clear picture of the household's saving pattern was developed to clarify the research problem and understand the household's perspective. The sample represents stakeholders, with specific consideration toward credit and financing managers. For these interviews, a copy of the relevant semi-structured questions was sent via email a few days before the interview.

4.8.5. Process of Interview Development

The targeted interviewees were selected to be broadly representative regarding the household's income, the absence of consumer financial education awareness, Islamic financing policies, and the household rate in Saudi Arabia and the government's housing financing policies. Because of the restrictions imposed by financial along with time constraints that last for approximately one hour, interviews are structured to answer questions about these issues. De Vaus 2016, summarises the relative merits and demerits of the various ways of collecting data, as shown in Table 4.5: Advantages and disadvantages of interview methods.

Criteria	Face-to-Face Interviews
Response rates for specialised samples	Very Good
Avoidance of refusal bias	Good
Control over who completes	Very Good

Gaining access to the selected person	Satisfactory
Locating the selected person	Satisfactory
Long questions	Satisfactory
Boring Questions	Good
Item non-response	Good
Filter questions	Good
Question sequence control	Very Good
Open-ended questions	Good
Quality of Answer:	Very Good
Minimise social desirability responses	Poor
Ability to avoid Interviewees' opinions	Satisfactory
Interviewees characteristics	Poor
Influence of other people	Satisfactory
Opportunity to consult	Very Good
Speed	Poor
Cost	Poor
Duration of the interviews	Very Good

Source: De Vaus (2016).

4.8.6 Interview Contents:

The researcher has developed a set of 27 questions that served as the primary focus during interviews and discussions with the three targeted groups: government officials, bankers, and real estate developers. It was ensured that the same set of questions was asked to all participants, irrespective of their group affiliation. This approach of using consistent interview questions across different groups holds the potential to generate valuable insights and enable meaningful comparisons among the diverse perspectives of government officials, bankers, and real estate developers.

Here are some reasons why using the same interview questions for different groups can be beneficial:

1. Consistency: Using the same interview questions ensures consistency in data collection across groups. It allows for a standardized approach, ensuring that each participant is asked the same set of questions. This helps maintain fairness and reduces potential bias in data gathering.
2. Comparative analysis: By asking the same questions to different groups, researchers can compare and contrast the responses and perspectives of various stakeholders.

This comparative analysis provides a comprehensive understanding of the research topic by highlighting similarities, differences, and nuances among the groups.

3. Identifying patterns and trends: Employing consistent interview questions enables researchers to identify common patterns or trends that emerge across different groups. It allows for the exploration of shared experiences, perceptions, or challenges related to the research topic. This can lead to a deeper understanding of the underlying issues and potential areas for intervention or improvement.
4. Triangulation of data: Using the same interview questions across diverse groups enhances the triangulation of data. Triangulation involves combining multiple data sources or perspectives to strengthen the validity and reliability of findings. By comparing responses from different groups, researchers can challenge their findings, increasing the robustness of the research outcomes.
5. Comprehensive view: Including multiple stakeholder perspectives enriches the research by considering different viewpoints. Each group, such as government officials, bankers, and real estate developers, brings unique knowledge, experiences, and expertise to the research topic. By incorporating their perspectives through the same interview questions, researchers can gain a comprehensive view of the subject matter.
6. Policy implications: Asking the same questions to government officials, bankers, and real estate developers can shed light on policy implications and potential areas of collaboration or intervention. It enables researchers to identify common challenges, gaps, or needs that can inform policy-making processes or guide decision-making in relevant sectors.

Overall, using the same interview questions across different groups allows for a comprehensive exploration of the research topic, facilitates comparative analysis, and enables triangulation of data. It enhances the validity and reliability of findings and provides a nuanced understanding of the subject matter by considering diverse stakeholder perspectives.

4.8.7 Interviewing Procedures

In order to perform the interviews, face-to-face and focus group interviews were considered based on the grouping of the respondents in terms of their roles as policymakers, representatives of capital companies and real estate companies. One

crucial distinction between a focus group and face-to-face interviewing is the ability to observe interactions about a discussion topic during the focus group session. Researchers can observe session participants interacting and sharing specific attitudes and experiences, and they can explore these issues (Tabachnick B. G., 2013).

Accordingly, traditional interviewing styles permit a more detailed pursuit of content information than is possible in a focus group session. Traditional interviewing approaches, however, sacrifice the ability to observe the interaction for more significant amounts of detail on various attitudes, opinions, and experiences. According to Tabachnick (2013) researchers may need to learn how respondents might have discussed these issues, suggesting dimensions of the original problem that any individual might not have considered. Sometimes, a different understanding of a problem emerges from the group discussion (Tabachnick B. G., 2013). However, scheduling issues and the inability of respondents to attend have prevented the researcher from conducting focus group interviews. To evaluate the focus group interview, information from other respondents was shared with each respondent within a group of people prior to the primary data collection stage; all confirmed no divergence in opinions.

4.8.8 Schedule Development

The first step to interview construction has already been implied: Researchers must determine the nature of their investigation and research objectives. This determination provides researchers with a starting point to develop a schedule of questions.

Question Order, Content, and Style: The specific ordering (sequencing), phrasing, level of language, adherence to the subject matter, and general style of questions depend on the educational and social level of the respondents as well as their ethnic or cultural traits, age, and so forth. Additionally, researchers must consider the central aims and focus of their studies.

4.8.9 Pilot Study

The study uses a focus group by selecting three members from each of the research groups selected (government financial policymakers, bankers and real-estate developers to

represent different stakeholders) to test the reliability and validity. This process, in most cases, takes two weeks to be implemented. The interview date and time are coordinated and set at an hour for each interview. It is normal for the interview's semi-structured questions to be sent by email a week before the meeting is carried out. This action helped the participants to review the questions and to prepare some necessary information. It is clarified that the interview will be recorded to give the researcher more ability to store information accurately, in addition some notes are taken. Overall, the participant has complete freedom to clarify his viewpoint, considering it is in the same context. After the completion of the pilot study, all notes are observed, whether on the interview pre-arrangements, the appropriateness of the interview place, or the content of the questions, to benefit from that in the actual interviews. Consider that the interviews are held in English or are translated from the Arabic language.

Participants are generally asked to elaborate, in addition to their answers, their interpretation of each item's meaning to advance the questions' clarity. They were requested to comment on the meaning and phrasing of questions. Pilot participants were invited to ask questions in case any item was unclear and were also asked for their feedback about the procedures being used. This enabled the researcher to develop accuracy and consistency in the instrument. This prompted a minor modification of the interview's semi-structured questions, such as removing redundant, irrelevant items and minor language-related adjustments to make the language simple and comprehensible. This helped create more specific, unambiguous and discrete items, improving the instrument's validity (Louis Cohen, 2011). The interviews' semi-structured questions were subsequently revised in light of the feedback obtained from the pilot study before the actual administration.

The pilot study provides insights into the investigated issues and informs the final research design with fresh empirical observations. Furthermore, it helped in deciding whether the data collection methods were effective in answering the research questions. It also helped detect and resolve difficulties during use and refined the interview guide. Briefly speaking, the pilot study guided the main study in different ways, such as guiding the sequence of data collection, revealing that some issues required attention in the main study, and guiding the researcher in how to ask questions that would elicit complete responses from the participants. Additionally, the pilot study provided confidence in

accessing the research participants and establishing rapport with them to earn their trust and put them at ease so that the researcher could ensure maximum response from them. The pilot provided good practice in taking field notes, i.e., what, how and how much to note down, and an opportunity to test the audio and video recorders. It brought out the need for carrying spare recorder batteries by the researcher. It guided the researcher on where to position himself and the recorder for better recording and to minimize the researcher's impact and activities. Further, the pilot study helped the researcher to note down and to be guided by and refer to their research questions as well as to read through and adopt some framework from the relevant literature for a more focused observation.

Finally, the pilot study conducted aided in testing and further refining the research instrument and the procedure used during actual research. Above all, the pilot study enhanced the researcher's confidence as an interviewer and an observer. After piloting, the primary research was carried out where the lessons learned from the pilot studies provided informed guidance.

4.8.10 Pilot Study Implications

Based on the pilot study carried out, specific outcomes were considered. First of all, the time for each interview was confirmed to be at least an hour for each interview to be able to cover all questions considering that a copy of the interview's semi-structured questions was sent by email a week before the meeting was carried out. This action helped the participants to review the questions and to prepare some necessary information. Second is that participants are usually asked to elaborate, in addition to their answers, their interpretation of each item's meaning to advance the questions' clarity. They were requested to comment on the meaning and phrasing of questions. Pilot participants were invited to ask questions in case any item was unclear. This enabled the researcher to develop accuracy and consistency in the instrument. This prompted slightly modifying the interview's semi-structured questions, such as removing redundant, irrelevant items and minor language-related adjustments to make the language simple and comprehensible. The interviews' semi-structured questions were subsequently revised in light of the feedback obtained from the pilot study before the actual administration. Furthermore, the pilot study guided the main study in different ways, such as guiding the sequence of data collection, revealing that some issues required attention in the main

study, guided the researcher in asking questions that would elicit entire responses from the participants.

Finally, the pilot study conducted aided in testing and further refining the research instrument and the procedure used during actual research. Above all, the pilot study enhanced my confidence as a researcher, an interviewer and an observer. After piloting, the primary research was carried out where the lessons learnt from the pilot studies provided informed guidance.

4.9 Ethical Considerations

In line with the scientific research principles, it is vital to consider ethical issues regarding the current study. The ethical considerations aim to ensure complete confidentiality and anonymity for participants. Owing to the fact that the interview method is being adopted, this study conforms to The University of Gloucestershire research code of ethics. In the current study, it has been ensured that all the research interviewees were fully informed about the study's primary purpose.

Within the context of the current study, it has been meticulously ensured that all research participants were comprehensively informed regarding the primary purpose of the investigation. Additionally, the interview protocol addressed participants' rights, including the ability to withdraw, guarantees of anonymity, permission to record, the utilization of data, data storage protocols, and the right to review transcripts.

4.10 Summary

The researches approaches have been illustrated, and the selected research methodology is highly appropriate to tackle the issues of household savings and consumer financial awareness issues to increase the homeownership rate in Saudi Arabia. The research processes correspond well with the development of a fully integrated research strategy, which is the crucial factor for a successful level of household savings. The collected data identify the various reasons behind the lack of household savings policies for homeownership amongst Saudi citizens and how an affordable savings scheme can improve this situation. The reasons for the lack of savings culture and awareness highlight the factors responsible for the present situation

and how they can shape the future support of long-term and sustainable saving policies for homeownership.

These research findings provide a clear vision of household income and consumption policies, consumer awareness, financial literacy, the government's housing policies in encouraging affordable home ownership, financing instruments, and housing inflation. This chapter presents the research methodology, design, data collection methods and data analysis of the proposed study entitled 'Household Saving Toward Homeownership.'. This research aims to establish an appropriate answer to the research problem and facilitate access to an adequate saving scheme by identifying housing policies that increase the homeownership rate in Saudi Arabia.

The research design has been highlighted, including the research purpose, approach, and an explanation of the data collection method. In particular, it justified the mechanism of developing the semi-structured questions as primary data-gathering methods and the process of designing, preparing and conducting the interviews. Finally, this chapter highlights this study's primary qualitative data analysis techniques.

This chapter illustrates the research methodology and design employed to test the research questions discussed in the previous chapters. It also describes the methods utilized for data collection, the population, and the various sampling procedures. It also explains the issues related to the primary research measurement tool, namely interviews and the semi-structured questions' development process and research design, as well as the implementation process, the measurement of the research questions, the analysis techniques, and the ethical considerations in the research.

Overall, the methodology chapter, as demonstrated above, illustrates how the research was conducted, starting with an explanation of the research methodology, which includes the philosophical considerations as fundamental philosophies that determine the technique of the research framework consisting of the essential steps in research design, the selection of an inductive qualitative research strategy, and the argument for the selection of qualitative data analysis (Tomaszewski, 2020). Furthermore, it illustrates the data analysis processes with more focus on qualitative data analysis reliability and validity and the issues to be examined, as well as the criteria for judging

the analytical method.

Additionally, it describes the methods utilized for data collection, the population, and sampling procedures. It also explains the issues related to the primary research measurement tool, such as interviews adopting semi-structured questions, and the development process and design of such, as well as the implementation process, the measurement of the research variables, and the analysis techniques utilized.

The two main data collection methods are utilized, namely primary and secondary data. Furthermore, this section covers different issues related to the data collection processes, such as participant selection, interview sample selection, interview survey population samples, the process of interview development, and face-to-face interview criteria. It finally illustrates how to design the semi-structured questions for the interview, as well as the selection of interview processes.

The following chapter will therefore be focused on the analysis of the collected data starting with the analysis of the secondary data obtained from various sources, followed by the primary data analysis to reconcile the critical factors identified in the literature review and to illustrate the relationship between the data collected and the research questions, and to determine further the extent to which they converge or diverge.

Chapter Five: Analysis and Results

5.1 Introduction

The previous chapter concentrated on analysing the secondary data obtained from various sources to reconcile the factors identified in the literature review and to illustrate the relationship between the collected data and the research questions.

This chapter focuses on data analysing to test the key factors used in the analysis. The underlying thought is centred on capturing the relationship between the primary and secondary data and checking the extent to which they converge or diverge. This study contributes to an understanding of overall savings awareness, savings culture, and any existing savings patterns or preferences for savings. The research goal is to integrate the analysis to establish saving-based policies to increase household homeownership among Saudi citizens and focuses on the aggregate savings of Saudi households and is not specific to any person or group. The central question in the research is concerned with identifying various reasons for the lack of savings culture and awareness amongst Saudi households, as well as how an affordable housing scheme can improve the situation.

The reasons for the lack of savings culture and awareness highlight the underlying factors responsible for the present situation and how they can shape the future to support a long-term and sustainable saving programme through homeownership. Based on this background, the relationship between various factors, as illustrated in the analysis of the literature review, has been highlighted. These are then taken as factors in analysing the savings culture and awareness in Saudi Arabia. The research investigates the factors that could help to increase household savings for homeownership among low-income Saudi citizens, and the key questions identified through a review of the literature include the following:

1. How can the homeownership rate be increased through household savings programmes in Saudi Arabia?
2. What major government housing policies are needed to encourage citizens to increase household savings for home ownership?

3. What contributions do consumer financial awareness policies have towards household saving for homeownership?
4. What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment?

To ensure that this research captures all the relevant factors potentially impacting the saving patterns, behaviour, and decision-making processes, the interviewees were asked to highlight any other factors they feel are significant and to explain them during the interview, specifically question 18. The primary data analysis aimed to gather views from stakeholders for a homeownership-based saving solution. In addition, views and opinions were gathered on the government's role and housing requirements amongst lower-income Saudi citizens. The secondary data analysis illustrated in the previous section is limited to the historical and current savings state or a reflection of the existing problems related to saving. The primary data analysis is more comprehensive and highlights not only the problems but also guides how a homeownership-based savings programme can solve the saving and housing obstacles for Saudi citizens.

This chapter started with this introduction 5.1 and the rest of this chapter is organized as follow: Section 5.2 explains the research assumptions for analysis. This is followed by section 5.3 including the data examination process and strategies, the data analysis technique, and data collection procedures. Section 5.4 presents comprehensive investigations of the research questions from the three targeted groups' points of view, starting with household saving factor examination, followed by massive investigation of the government's housing policies factor. the analysis of consumer financial awareness factor and the evaluation of housing prices inflation factor. Finally, section 5.5 concludes with the primary data examination summary.

5.2 Research Assumptions for Analysis

These assumptions are used to prepare the lists of questions to be posed to the stakeholders. However, as highlighted previously, these assumptions will be unrestricted to the views the stakeholders wish to share during their interviews.

- No limit on the decision-making time to purchase the house for the participant;

- Participants in the Savings for home ownership programme will contribute as per the tenure of the programme;
- The lack of consumer financial awareness is similar in the lower- and middle-income groups of Saudi citizens;
- Islamic financial solutions and government support will be the same for each participant;
- The probable participants have not participated in any other savings programme that can be similar;
- There are Islamic financial solutions that are supportive towards the process of saving for housing and generally accepted amongst Saudi citizens; and
- The participant will not need a down payment or any other initial payment.

5.3 Data Examination

In the interest of the assessment and testing of the research main four factors: the analysis technique proposed in the methodology chapter deals with a group of issues that need to be resolved after the data collection process. This section illustrates how the researcher deals with the primary data collected during the interviews, what is the best strategy to analyze data and what techniques are used for analysis; therefore, some steps have been done based on the following.

The researcher aimed to gather valuable insights and opinions regarding the research main factors: The household savings, government housing policies, customer financial awareness, and house price inflation in the context of home ownership and savings products in Saudi Arabia. The interviews target the selected three group of respondents to understand their perceptions, preferences, and experiences with various financial instruments promoted by government, private financial institutions such as the Capital Market Authority (CMA), and the Saudi Arabian Monetary Authority (SAMA) as well as real estate codevelopers seeks to evaluate the effectiveness of these financial policies in promoting home ownership and increasing public awareness about savings toward homeownership.

5.3.1. The Research Main Information

Research Title	Household Savings Toward Home Ownership in Saudi Arabia		
Research Aim	The main aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, with a particular focus on the low-income segment.		
The Research Questions	<ol style="list-style-type: none"> 1. How can government household savings programs be designed and implemented to effectively increase the homeownership rate among Saudi citizens? 2. What mix of government housing policies (e.g. subsidies, loan programs, tax incentives) would be most effective in encouraging Saudi citizens to increase their household savings for home ownership? 3. How do government financial literacy and consumer awareness initiatives impact the household savings of Saudi citizens for the purpose of home ownership? 4. What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment? 		
Group	Polycymakers	Capital Company	Real-Estate Developer

5.4 The Data Analysis Procedure

The researcher aimed to gather valuable insights and opinions regarding the research main factors: The household savings, government housing policies, customer financial awareness, and house price inflation in the context of home ownership and savings products in Saudi Arabia. Interviews were conducted with the selected respondents to understand their perceptions, preferences, and experiences with various financial instruments and to evaluate the effectiveness of these financial policies in promoting homeownership and increasing public awareness about savings toward homeownership.

The analysis was conducted based on primary data from the sample, representing the stakeholders. Interviews were divided based on the three categories to represent different Saudi stakeholders. These groups were targeted to develop a clear picture of their views about the factors affecting the household saving pattern to clarify the research objectives and develop the proper recommendations.

The stakeholders shared their views on the various factors affecting the housing financing policy. They highlighted the factors they consider the most important in deciding the approach towards home ownership through participation in government savings schemes. The data collected from the interviews were examined qualitatively for factors such as households' income, the Saudi government's policies in encouraging citizens towards home ownership, and inflation to establish the aggregated views of the stakeholders.

As mentioned in the research methodology Chapter 4, the data analysis technique in this research involved thematic analysis which consider to be one of the qualitative data analysis techniques to perform participant data analysis. Thematic analysis used qualitative as a data analysis technique that involves identifying, analysing, and interpreting patterns or themes within a dataset. It is a method for systematically identifying and organizing meaningful themes or patterns that emerge from the data. The technique of six-phase process for conducting thematic analysis including familiarizing with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and finally producing the report (Braun, 2022). The key feature of thematic analysis is its focus on identifying themes or patterns of meaning within the data. Themes are defined as something important about the data in relation to the research question and represents meaning within the data.

Data analysis was carried out by categorizing the responses based on predefined attributes and themes. Responses were analyzed to identify trends, patterns among the respondents. The aim was to draw meaningful insights from the collected data to better understand the perception of the participants regarding the research main four factors, and the impact of these initiatives on household's savings. which ultimately draw insights and make informed decisions based on the findings.

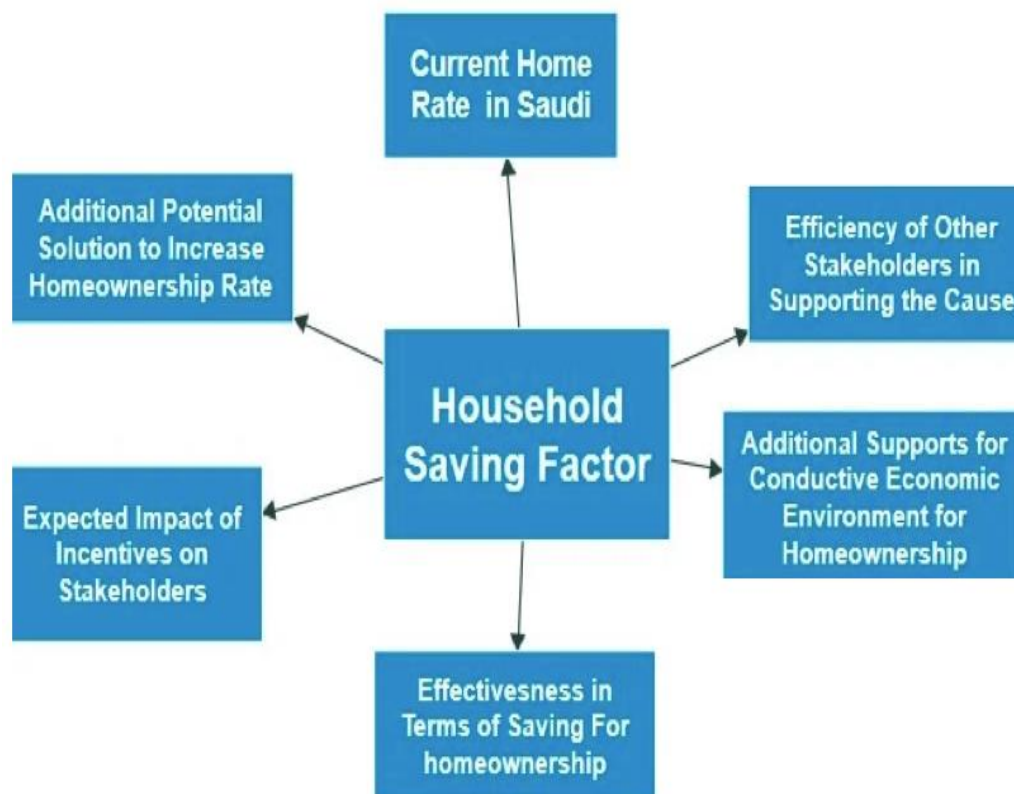
5.5 The Research Questions Investigation

This section presents comprehensive investigations of the research questions from the three targeted groups; the perspective of policymakers; capital companies' representatives; and real estate developers. After highlighting the data examination processes, we must explain how the research question investigations were conducted. During the interviews, the semi-structured questions were discussed, concentrating on the research's four main elements: Household Savings, Consumer Financial Awareness, Government Housing Policies, and House Price Inflation. Therefore, during the research question investigation processes, the above four factors were examined, and the following four sections concentrates on the analysis of the related interview questions, and the targeted group response to these questions, followed by drawing the high-level conclusion.

5.5.1 Household Saving Factors Examination

This section investigates the research questions: How can the homeownership rate be increased through household savings programmes in Saudi Arabia?

Figure 5.1 General Concept of Analysing The Household Saving Factor:



The secondary data investigations illustrated Saudi citizens' noticeable need for household savings. Accordingly, the researcher sought to establish how the primary data obtained from respondents from Capital Companies (CC), Policymakers (PM), and Real Estate Developers (RED) compared. The following figure was generated to illustrate the general concept of the household saving factor and highlight the main points of the responses to gain more understanding and deep insights into the savings culture in Saudi society.

The respondents unanimously considered that the saving levels were low, with the majority agreeing that the levels were deficient. The PM respondents also felt that the savings for the future were inadequate. Two main reasons explained this: firstly, Saudi citizens were consumption-oriented, and they attached no importance to long-term planning; secondly, no household savings culture had been promoted by any of the stakeholders. To some extent, the respondents also felt that rising prices and low-income levels affected the low savings levels. The PM respondents highlighted that there were so few saving products, which would also positively impact the household saving levels. The analysis raised severe warning signs across Saudi society due to excessive usage of personal loans and high rates of credit. Additionally, six out of 10 from the CC respondents felt there was a need for saving instruments (for example, accumulation of a down payment to be eligible for housing loans). Regarding the nature of such instruments, the respondents felt that, firstly, government should regulate the interest rates for first home loans. Secondly, the government could run homeownership saving schemes, enabling them to make a down payment for home purchases. Some respondents stated that more diverse products were needed, other respondents felt that a public-private partnership is a good option, whilst an equal amount felt that Sukuk instrument could be utilised.

5.5.1.1 Reasons for the Current Savings Culture

During the interviews the participants were asked about the existence of a savings culture among Saudi citizens, Question 2.

The respondents' views highlighted the facts that the savings culture is very low which creates financial liabilities in the future. The attributes contributing to the current savings culture indicated that 17 out of the 27 respondents mentioned that Saudi society is consumption-oriented, lacking long-term financial planning along with 13 out of the 27 respondents indicated that a savings culture is not being actively promoted in the cultural practices of the country. Furthermore, 12 out of the 27 of respondents highlighted inflation, rising prices, and low income as factors affecting savings culture within Saudi society. Further, 7 out of 27 respondents pointed out that there are no proper savings products available to encourage saving. Moreover, 6 out of 27 respondents mentioned social welfare and grants as potential factors contributing to the lack of a savings culture within Saudi society. some respondent noted about the absence of collaboration between the government and the private sector in promoting savings.

Other factors highlighted the absences of saving culture in Saudi society include limited opportunities, lack of financial education for the younger generation, no government institution or incentives to save, and the prevalence of savings only in life insurance and compulsory social retirement plans. Additional factors that favor such as Saudi Arabia having a relatively short history of wealth accumulation. A low proportion of people save up capital in banks to meet their emergency obligations. Gulf states are facing a "national crisis" due to the lack of a savings culture. Media may be promoting stereotypes for consumption, affecting the savings mindset. Social values are being eroded, potentially impacting the importance placed on saving. Some young people may show contempt towards work, which could impact their savings behavior.

5.5.1.2 Incentives That Should Be Promoted by Government

Respondents propose a wide range of incentives that the government should promote to address the housing issues. These include subsidizing loan interest rates for first homes, offering affordable installments, creating affordable housing units, reducing restrictions on the low-income segment, and supporting Saudi Real Estate Funds. Other respondents suggest giving yearly housing allowances and providing better incentives to those purchasing houses outside city limits. The expected impact of the incentives

on stakeholders varies. For instance, real estate developers expect to expand their business, sell more houses, and generate more profits. The incentives are also seen as a means to serve a larger segment and create successful investments in the real estate sector.

The respondents' views on the current homeownership rate includes the following major points. About 11 out of 27 respondents considered the current homeownership rate very low. Further 7 out of 27 respondents mentioned that more than half of Saudis do not own homes, the current home ownership rate is estimated to be around 50% (MEP, 2023). The respondents mentioned that the issue of low home ownership is urgent and requires considerable attention, other respondents emphasized that low and middle-income citizens make up 80% of the unmet demand for housing. In the analysis further respondents mentioned the lack of mortgage finance or suitable financing products as a challenging factor in the financial development and home ownership patterns within Saudi Society.

5.5.1.3 Main Preferences of Homeownership Saving Schemes

The main preferences of saving financial schemes, according to the respondents, highlighted that 17 out of 27 respondents preferred lower interest products from financial institutions (Question 12). The analysis further showed that 16 out of 27 respondents preferred longer repayment periods. Additionally, 12 out of 27 respondents mentioned matching schemes, along with 6 out of 27 respondents who preferred lower down payments. Furthermore, 5 out of 27 respondents preferred guarantees, and 4 out of 27 preferred diminishing partnerships with proper incentives and the government controlling the products (Question 8).

Additional factors highlighted through the analysis include that "the shape and size of houses should be changed to suit different standards of living," and that "banks should rely on real estate value and not just income for loan qualification." Moreover, "saving financial solutions should target specific customer segments effectively.". Regarding the respondents' assessment of available financial solutions, the majority of interviewees considered the solutions to be of poor quality. Furthermore, 5 out of 27 respondents rated them as acceptable

Attributes to the Given Assessments

The attributes results indicated further opinions of the participants regarding the assessment of available financial solutions. It was highlighted that 7 out of 27 respondents expressed concerns about the costly and unattractive structure of some financial solutions. Additionally, 7 out of 27 respondents acknowledged that financial solutions are available, but they highlighted the need to increase awareness of financial saving solutions. Meanwhile, 4 out of 27 respondents mentioned that existing solutions need modifications to attract low-income groups. Furthermore, 5 out of 27 respondents believed that some products are used to obtain more profits, and 4 out of 27 respondents called for more government bodies' attention to monitor these products more effectively. Additional factors that respondents discussed during interviews emphasized the importance of having enough down payment and monthly income to be eligible for such products.

Attributes to the Given Assessments

The specific attributes or reasons behind the given assessments were not explicitly mentioned in the provided data. However, it can be inferred that individuals' satisfaction with the available saving financial solutions may vary based on factors such as product offerings, transparency, adherence to Islamic principles, competitiveness in the market, and alignment with customers' financial goals and needs. For instance:

- The way they are structured is costly and unattractive: 14 out of 27 respondents expressed concerns about the cost and attractiveness of the saving financial products offered by private banks, CMA, and SAMA. This suggests that individuals may perceive these products as expensive or not appealing in terms of features and benefits.
- Some saving financial solutions are available: 4 out of 27 respondents acknowledged the availability of financial solutions, indicating that there is also a range of options for individuals seeking Sharia-compliant products.
- Low awareness: 7 out of 27 respondents pointed out low awareness levels regarding the financial literacy and protection efforts promoted by private banks, CMA, and SAMA. This indicates a potential need for more extensive awareness campaigns to educate the public about these initiatives.

- More government incentives are required: 4 out of 27 respondents suggested that additional government incentives could be beneficial to encourage participation in financial literacy and protection programs.
- Existing solutions need modifications to attract low-income groups: 4 out of 27 respondents highlighted the need to modify existing financial solutions to make them more accessible and appealing to low-income individuals.
- Government bodies should monitor these products in a better way: 4 out of 27 respondents advocated for stronger monitoring and regulation of financial products by government bodies to ensure compliance and consumer protection.
- There is no social obligation: 4 out of 27 respondents pointed out the absence of a social obligation aspect in financial products, implying that some individuals may prefer products that align with their social and ethical values.

5.5.1.4 Efficiency of Other Stakeholders

An additional question centred on evaluating the effectiveness of the three major stakeholders (the private banks, CMA, and SAMA) in understanding the benefits of savings towards homeownership (Question 5).

The respondents provided a clear negative response, and the three groups agreed that much more effort is needed regarding regulations and the availability of products. In general, the RED respondents and the CC respondents were primarily aligned, with some bias towards the lower end, and similar views were also observed from the PM respondents. The key insights drawn from the analysis of capital companies and policymakers' quotes on homeownership in Saudi Arabia are: homeownership is seen as a wealth-building tool, but accessibility remains a challenge for low-income groups; personal networks play a significant role in sourcing down payments; savings scheme design can limit inclusiveness, though some provide access to interest-free loans; stakeholders recognize the value of outreach through communication channels. These findings highlight the complex, multifaceted nature of homeownership dynamics, requiring collaborative efforts to address the identified challenges.

Based on the interview responses, there were no respondents who stated that the requirements were somewhat met. The majority expressed that the requirements were completely not met. In general, there are mixed views on the efficiency of other stakeholders in supporting the cause of savings products. Some respondents indicated that more efforts are required, while others pointed out a lack of unity among stakeholders and insufficient efficiency in their actions. The majority of respondents believe that there is a need for more effective instruments to support the homeownership journey. Several suggestions were provided, such as introducing new financial products, implementing public-private partnerships, offering lower down payments and longer repayment periods, and creating instruments like Sukuk to encourage small savings. Unfortunately, the provided data doesn't give specific details about the probable nature of these instruments or whether they are already in use in Saudi Arabia or other countries.

5.5.1.5 Evaluation of Financial Solutions to Buy a House

From the data provided, 17 out of 27 respondents considered the financial solutions to buy a house to be expensive and unaffordable. Some respondents noted that the lack of transparency makes it difficult to compare new products, while others highlighted that the targeted segment may struggle to afford the down payment or repayment. Additionally, the data analysis indicates that 21 out of 27 respondents find it crucial for financial solutions to be Sharia-compliant. Furthermore, the data analysis reflects a negative perception of the effectiveness or attractiveness of these solutions. In general, there are varied opinions about the available financial solutions promoted by financial institutions. The structure of some financial solutions is criticized for being costly and unappealing. It is suggested that more government incentives and monitoring of financial products may be required.

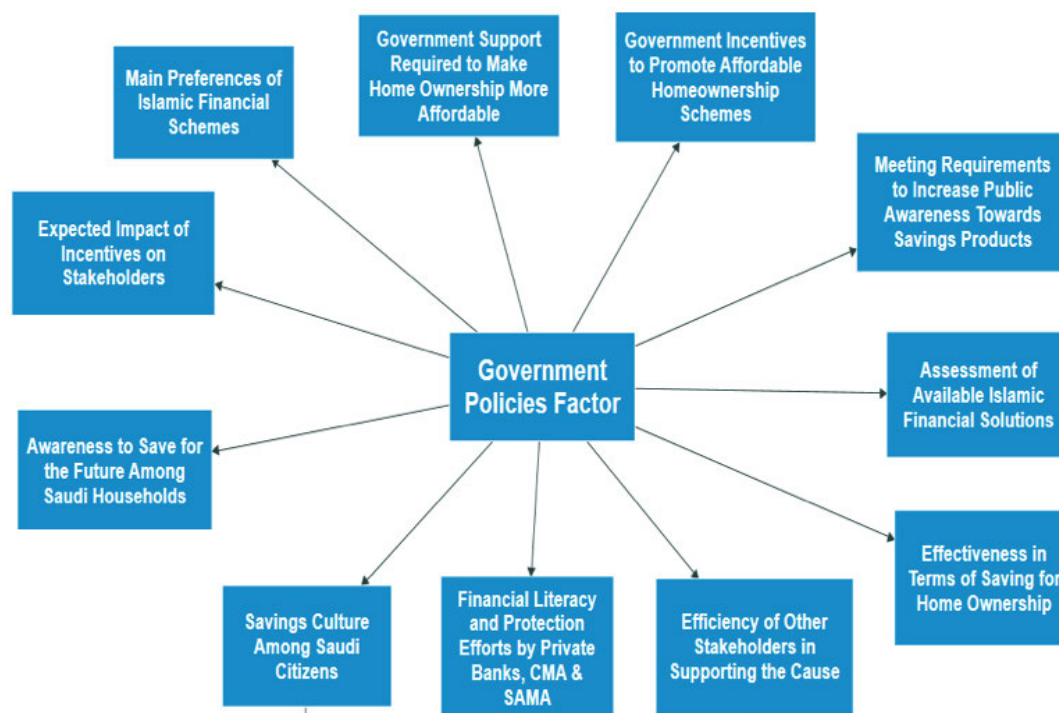
5.5.2 Government's Housing Policies Factor Investigation

This section investigates the second research question, which is:

What are the major government housing policies needed to encourage citizens to increase household savings for home ownership?

The household survey analysis illustrates a decrease in consumer spending on food, beverages, tobacco, textiles, clothing, housing, water, electricity, home furnishings, transport, communications, and education among Saudi families (GASTAT, 2018). The pattern of household spending on goods and services, corresponding income levels, and financial developments highlights the immense challenges for policymakers, as the developmental disorder reflects the lack of a savings culture among Saudi families. Based on this, the researcher created the following concept map to analyse the government's housing policies factor and to highlight the opinions of the respondents regarding each question, along with additional comments and factors to gain insights.

Figure 5.2 Government's Housing Policies Factor Concept Map



The respondents' analysis points out the need for a strong governmental role, emphasizing that the government should play a significant role in supporting low-income segment savings to increase homeownership. When discussing these issues with respondents, it was suggested that the government should develop proper housing financing policies with soft terms and conditions and provide more significant incentives to enhance the low-income segment's eligibility for housing loans. The views

on the government and other stakeholders' roles were gathered, centred on the following:

A large proportion of the respondents from the PM & CC segments felt that the government needed to implement more substantial and inclusive regulations to achieve higher awareness levels and provide more support in increasing home ownership. About 7 out of 27 respondents felt that, firstly, the government could invest in and carry out more continuous financial education, especially for younger age groups. Secondly, the government could, through better regulation, ensure that superior savings products are launched. This would incentivize ordinary citizens to invest in home ownership. The policymakers emphasized the need for greater regulatory efforts from entities like SAMA, CMA, and other government housing stakeholders to address the challenges surrounding homeownership. They highlighted the lack of unity and coordination among various stakeholders, noting that the government had not created a suitable public-private model to attract all concerned parties. The policymakers expressed concerns that SAMA was not doing enough, suggesting it should regulate minimum returns on financial savings and housing products, as well as enforce savings quotas in commercial banks. They also recommended that the Saudi Development Bank (SDB) launch awareness programs and called for SAMA and MOMRA to develop suitable policies for home loans.

Regarding Question 21, the majority of respondents felt that the government could incentivize developers to build more houses and develop more land. This is related to the primary responsibility of better and more inclusive regulation. The respondents suggested that there is a need for more attractive public-private partnership models to address the homeownership challenges. They expressed concerns that the lack of government standards may have contributed to increased corruption. Additionally, the respondents emphasized the importance of government incentives to encourage the bundling of savings products, which they believe are essential for improving access to homeownership. More than half of the respondents across all three categories felt that the efficiency of the other stakeholders was very low (Question 7). The respondents also felt that the low efficiency ranged from more government regulation to enforcing such efficiency from related agencies.

Upon querying the role required from the government to attract the banking system to create more affordable home ownership financing schemes (Question 10): What role is required from the government to incentivize the banking system to create more affordable home ownership schemes? The primary responses from the PM category were that the government should implement more effective regulation and assign more subsidies to the banking system. Furthermore, respondents indicated that the government should create a suitable environment to encourage savings, inject more money into housing schemes, and incentivize real estate funds established in capital companies. The respondents provided several policy recommendations to address the homeownership challenges. They suggested that the government should guarantee home loans to help lower interest rates and facilitate the process of releasing more raw land for housing development. Additionally, the respondents emphasized the need for the creation of housing savings schemes specifically targeted at low-income groups, as well as the encouragement of mutually beneficial partnerships among various stakeholders. These proposals reflect a desire for more targeted government interventions and collaborative approaches to improve the accessibility and affordability of homeownership across different segments of the population. All groups agreed that the concept of the Public-Private Partnership model is an essential step.

Furthermore, when the respondents were asked to evaluate the need for a government-supported saving plan towards more affordable housing (Question 22): Please evaluate the need for a government-supported saving plan towards more affordable housing. Most PM respondents felt this was an urgent and vital issue. They further expressed that savings products would only allow a citizen to buy a house once he had saved enough. They also expressed that such programs were directed towards low-income segments and that more housing units were needed.

The respondents also shared other options that the government, banks, and the private sector should consider as additional potential solutions to increase the homeownership rate (Question 23): What other options should governments, banks, and the private sector consider as additional potential solutions to increase the homeownership rate? The PM respondents' highest response stated that collaboration between government financial policymakers, the financial sector, and real estate players was needed. Many respondents felt a significant, organic, and urgent need for solutions. Developers should

receive loans on more accessible terms and processes, while capital companies should promote more real estate funds. This would create a suitable environment to encourage the creation of appropriate saving products for homeownership.

Regarding the additional support needed for creating a more conducive economic environment to increase the homeownership rate (Question 24): What additional supports are needed to create a more conducive economic environment to increase the homeownership rate? The PM respondents again selected the option of greater collaboration between government regulators and private institutions. Besides this, there were other individual responses—most of which have been outlined above.

On the query concerning the government's attempts to increase homeownership after the announcement of the Saudi real-estate fund program with private banks (Question 25): Is the government trying to increase homeownership? The top responses from the PM category were that, firstly, the program had failed to deliver enough loans because of the supply shortage, and secondly, that for it to succeed, land and loans needed to be provided. Even if the results are not visible or tangible, one reason is that a new direction is required for the fund due to the increase in population. They also felt that the fund needed to work with real estate developers to create a framework for low-income group segments and provide further consideration for a low or free-interest rate option. The respondents suggested that the Saudi Real Estate Development Fund (REDF) should explore additional partnership models with the private sector, which could allow the fund to get involved in construction projects. Other less frequently mentioned responses included the observation that around 200,000 people were unable to access subsidized loans due to a lack of suitable land availability, which the REDF had not adequately addressed. The respondents also proposed extending repayment periods for housing loans and using the Saudi Credit Bureau to prioritize applicants on the waiting list, in an effort to improve accessibility and affordability of homeownership across different segments of the population.

According to the respondents, the government housing policymakers should promote several key financial policies and incentives to improve homeownership. These include implementing an employee matching program, subsidizing interest rates for first-time home loans, establishing real estate funds in capital companies, encouraging developers

through policies and incentives to facilitate new housing development, providing soft loans to developers, and offering low-cost housing loans through employers. The respondents emphasized the importance of these various financial mechanisms and incentives to enhance the accessibility and affordability of homeownership, particularly for first-time and lower-income buyers.

On the query about the expected impact of such incentives on each group of stakeholders (Question 27): What can be the expected impact of such incentives on each group of stakeholders? All the respondents felt that such incentives would lead to a better and healthier environment in the long run. However, on the negative side, they felt this could increase costs. Some additional effects of such incentives could be a decrease in the social benefits from the government in the long term, as well as increased trust in the government. This could lead to a better life for the new generation and improved living standards.

It was also noted through the RED respondents' views on the policies needed to increase the low-cost home supply and ownership level in Saudi Arabia against a backdrop of housing inflation (Question 15): What policies are needed to increase the low-cost home supply and ownership level in Saudi Arabia against a backdrop of such housing inflation? The top responses with equal counts were that the government should provide more incentives and better infrastructure, including the availability of more developed areas. Similarly, the respondents felt the government needed more robust housing finance policies. Responses with slightly lower counts indicated that the government needed to improve land policies to reduce land monopolies that drive housing prices upwards. The respondents also felt that the government had imposed too many restrictions on the growth of the housing sector. Some respondents mentioned other reasons that have appeared in other sections of this report. These include offering more low-cost loans, better-designed financial products, higher construction rates, more housing schemes, government payment of interest for low-income groups, an extension of the Loan and Land Programme, lowering land tax, opportunities for the government to regulate the banking system, and better master planning in housing development.

A high number of the RED category respondents shared their thoughts on the increase in housing prices over the last decade (Question 14): Could you share your thoughts

about the increase in house prices over the past decade? They stated that the increase was due to monopolies of various types—land, housing, and senior real estate. They also felt it was because the Saudi population had increased and that there was high demand for housing but limited supply. Moreover, there were limited investment options for a house buyer. Some respondents asserted that the dramatic increase in prices was illogical. They felt that the increase was unjustified regarding land prices, as so much land was readily available. They also felt that the government needed to do more to provide affordable housing for low-income segments of society. The government could also develop better policies to make more houses available. Another reason was that there were high approvals of loans while the developed land needed improvement. Speculation has also contributed to the increase in prices.

Almost two-thirds of the combined responses from the PM and RED categories felt that house prices were a solid deterrent to housing ownership. The top responses for this explanation include, firstly, that the government's housing policy could have forced housing prices to drop. Secondly, the current housing plans made by the government do not cover all citizens—even as the population increases rapidly. Thirdly, land supply was lower than demand, meaning land prices were high, which is significant because land prices account for 70% of the house price. In addition, respondents also felt that the price of construction materials was very high. Respondents felt that real estate traders and speculators had caused home prices to rise and that lower-income segments were more affected by such a rise. Accordingly, it was suggested that the government create the right housing financing policy with soft terms and conditions that provide more significant incentives to allow low-income segments to obtain acceptable housing loans.

The respondents' opinions on the effectiveness of private banks, CMA, and SAMA in promoting savings for home ownership highlighted that 15 out of 27 respondents mentioned that home ownership is often achieved through loan products, which can help build wealth and increase financial opportunities for consumers. About 13 out of 27 respondents pointed out that people may borrow from friends and family for down payments on homes, while another 10 out of 27 respondents believed that efforts are mainly directed towards the institutions' own investors and current account holders, creating an opportunity gap for others. They mentioned that savings could entitle

individuals to interest-free loans for home ownership, facilitating their financial practices. Furthermore, 17 out of 27 respondents suggested that social media could be used to promote awareness of home ownership, which would improve their financial literacy and consumption patterns, leading to saving practices within Saudi society. Only 7 out of 27 respondents noted that the efforts are not oriented towards low-income segments, creating an awareness gap along with an increased financial burden on this particular segment of society.

The opinions of government officials regarding the effectiveness of efforts by private banks, CMA, and SAMA in promoting savings for home ownership unfolded the following facts. Attribute results showed that 12 out of 27 respondents stated that if the efforts of these private sectors were utilized correctly, the results would increase the concept of home ownership within Saudi society. In this regard, 10 out of 27 respondents mentioned that savings should give individuals the privilege to qualify for loans without guarantees if taught properly to consumers. Another 7 out of 27 respondents suggested that savings should protect individuals from being listed in the credit bureau for minor reasons, leading to improved financial literacy and conditions within Saudi society.

This indicates a significant concern about the institutions' effectiveness in promoting savings for home ownership. They may believe that the current efforts are inadequate and not effectively encouraging people to save for this goal. The specific attributes and factors mentioned in the responses highlight various aspects that contribute to the effectiveness of promoting savings for home ownership. Some respondents believe that home ownership is perceived as a loan product that can build wealth. However, challenges such as borrowing from friends and family for down payments, limited focus on low-income segments, and a lack of proper regulation are also mentioned as factors that could hinder the effectiveness of the initiatives. Additionally, it is noted that financial awareness is improving regarding investments but not necessarily for savings for home ownership, suggesting that more targeted efforts may be needed to promote saving specifically for this purpose. Furthermore, the additional factors listed focus on the importance of considering client history for down payments on a home loan, the benefits of savings for home ownership, and the need for more efforts to promote lending programs to facilitate home ownership.

5.5.2.1 Government Support to Make Home Ownership Affordable

In response to Question 19 regarding the government support needed to make homeownership more affordable, respondents highlighted their opinions in the analysis. Approximately 7 out of 27 respondents emphasized the need to make more developed land available. Another 7 out of 27 respondents suggested offering soft loans to serious developers to improve homeownership practices. Almost 6 out of 27 respondents underscored the necessity of taxing vacant land to encourage development by land hoarders or monopolies. Additionally, another 6 out of 27 respondents advocated for large-scale interventions to build housing units sold below market prices in suburbs, while the same percentage of respondents emphasized the importance of incentives that reduce housing prices. Moreover, 4 out of 27 respondents mentioned the need for savings instruments tailored for low-income groups, while another 4 out of 27 respondents suggested better policies for developers to promote homeownership through more affordable plans.

Several factors highlighted in the analysis focus on specific improvements to the government's affordable homeownership scheme. These include making it easier to obtain building approvals and reducing restrictions, which would allow for mid-rise buildings to lower land acquisition costs. The analysis considers the Singapore model, where the government acts as the developer and seller of properties or where pension savings are used as collateral (Yeo, 2023). Other suggested measures include standardizing loan contracts and disclosures, easing restrictions on loans, auditing financial practices, offering cheap land to developers, providing zero-interest mortgages, especially for low-income groups, and developing social housing. Furthermore, implementing savings instruments for low-income groups, such as Sukuk, reducing the profits of monopolistic banks, and creating better consumer protection policies are essential. Enhancing collaboration with the private sector, forming new suburbs, fully implementing a mortgage system, and connecting retirement systems and social security programs to homeownership are also critical. These highlighted factors suggest a potential positive impact of such government support on homeownership.

The attributes propose various incentives that the government should promote, including subsidizing loan interest rates and land for developers, offering higher incentives for purchasing homes outside city limits, creating suitable products and environments to encourage savings, implementing effective regulations and approval processes, collaborating with private institutions through public-private partnerships, providing loans to real estate developers, and reducing land corruption while controlling large land ownership. Furthermore, the attributes deem a government-supported saving plan as "vital." Some respondents believe such a plan can assist low-income segments by covering down payments needed for home purchases. They emphasized the importance of government action, collaboration with stakeholders, and the implementation of new policies and regulations to address these issues. Providing more developed lands and offering loans to developers were also highlighted as necessary actions. Additional respondents mentioned the need for government actions, incentives, and collaborations to create a suitable economic environment. Encouraging savings, controlling land ownership, and offering better products were also suggested.

Regarding the expected impact of incentives on stakeholders, the attributes suggest that these incentives could result in better living conditions for low-income groups, a positive economic impact, a decrease in social benefits from the government in the long term, and the development of a more sophisticated and modern society. In conclusion, the government could play a crucial role by implementing stronger regulations, launching financial education initiatives, and collaborating with the private sector to address the challenges of a lack of awareness and a limited savings culture among Saudi households.

These suggestions indicate various areas where the government can intervene to promote affordable homeownership in the country. This involves addressing issues related to land availability, financing, regulatory policies, and collaboration with the private sector. By considering and implementing these measures, the government can work towards making homeownership more accessible to a broader segment of the population. Overall, the data investigation highlights the importance of effective government policies, incentives, and collaborations to address the issue of low homeownership rates in Saudi Arabia and make homeownership more affordable for its citizens.

5.5.2.2 Expected Impact of Incentives on Stakeholders

The attributes indicate that the incentives provided by the government can positively impact various stakeholders. For financial institutions, this can lead to offering more equitable products and increased profits. For low-income groups, it can enhance spending power, improve living conditions, and foster social responsibility. The financial sector may experience growth and expansion with the introduction of attractive products and new segments.

The attributes indicate that approximately 13 out of 27 respondents stressed the need for stronger, inclusive regulations to facilitate affordable housing. Another 17 out of 27 respondents highlighted the importance of early and continuous financial education to promote homeownership. Additionally, 7 out of 27 respondents suggested that better savings products could encourage people to save for homeownership, while 10 out of 27 respondents believed that media campaigns could play a role in promoting awareness. Other factors highlighted in this analysis include collaboration with the private sector, developing new affordable housing areas, providing incentives for developing or purchasing houses, and increasing income levels. These factors facilitate residents in managing their finances effectively and lead to improved saving practices within Saudi society.

Opinions regarding the efficiency of other stakeholders in supporting this cause are mixed. Some respondents emphasize the need for greater efforts and better collaboration among stakeholders. They suggest a clear separation of roles between the private sector and government, along with well-defined policies, to improve efficiency.

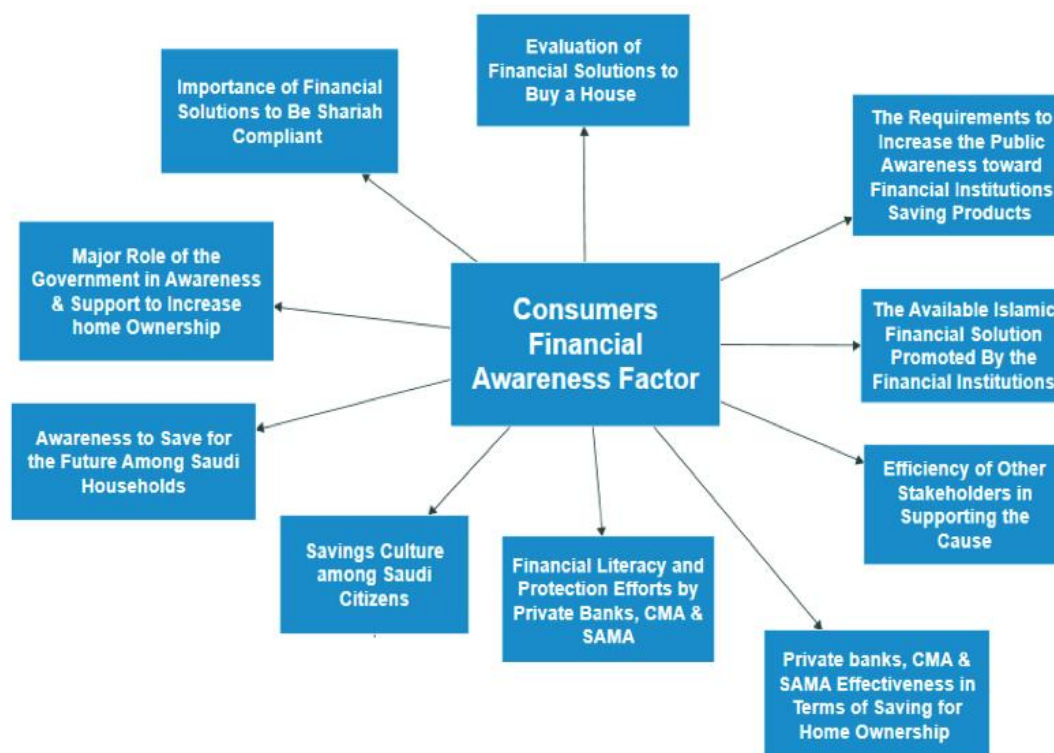
Moreover, 12 out of 27 respondents expressed a negative perception, suggesting that the institutions' efforts in promoting savings for homeownership are ineffective. The effectiveness of savings for homeownership is viewed differently among respondents. While some believe that savings can be a means to build wealth and promote homeownership, others highlight that the target audience may not have access to appropriate savings products. Social media is seen as a potential tool to promote awareness about homeownership and savings.

5.5.3. Consumer Financial Awareness Factor Examination

This section investigates the third research question: What contributions do consumer financial awareness policies have towards household saving for homeownership?

The researcher came up with the following concept map to analyze the financial awareness factor and highlights the main points of the responses to each question to gain insights into the awareness to save for the future among Saudi households and the savings culture in Saudi society:

Figure 5.3 Consumer Financial Awareness Factor Concept Map:



Several questions focus on evaluating consumer financial awareness. In Question 1, respondents were asked how they judge awareness regarding saving for the future among Saudi households. The consensus was that awareness levels are low, with a significant majority indicating that these levels are very low. Respondents suggested that Saudi citizens require a stronger savings culture and increased consumer financial awareness. The responses indicated an urgent need for substantial policies to elevate awareness of savings.

Furthermore, data analysis concerning awareness of future savings among Saudi households reveals that most respondents confirmed a very low level of awareness, with none reporting a high level of awareness. When analyzing the attributes contributing to this awareness, 18 out of 27 respondents noted that large expenses are often covered through loans and cash flow, indicating a significant reliance on debt for many households. A considerable portion of respondents emphasized the lack of efforts to enhance awareness about saving for the future.

Additional comments indicated that less than 25% of Saudi households engage in saving for the future. The issue of low awareness regarding future savings is not unique to Saudi Arabia. Respondents highlighted that many households carry substantial debt, pointing to several critical factors contributing to this problem. These include the relatively short history of wealth accumulation in Saudi society, the so-called "King Syndrome," where citizens heavily rely on social welfare and government grants, and a prevalent belief among citizens that the government is responsible for their financial well-being. Respondents also observed excessive spending on non-essential items such as cars and travel, fueled by credit card use, and a general lack of future planning skills among the populace. Moreover, they noted that the average citizen's income barely covers living expenses, leaving little room for savings, with around 80% of the population dependent on government support. This situation necessitates targeted incentives and subsidies to foster more sustainable financial behaviors.

Regarding respondents' views on the awareness of savings culture among Saudi citizens, they believe there is a low willingness to save, and that long-term liabilities should be considered in decision-making. However, there is a lack of awareness regarding the potential challenges associated with these liabilities. When such liabilities arise, citizens tend to meet them with unplanned loans, as noted by the respondents in quotes such as, "The misuse of social values, such as family support and generous habits," "Not cultivating the savings habit from an early age," and "Free government loans for social purposes."

Based on the respondents' comments, more than half expressed a negative opinion about the financial literacy, protection, and awareness efforts undertaken by the aforementioned institutions. An additional quarter of respondents indicated a need for

clearer opinions on the matter. The data analysis highlights the challenges identified from the findings and their divergence from previously cited literature and theories, underscoring the need for a savings awareness scheme in Saudi society. This is further supported by secondary data analysis, which indicates that 26% of expenditures are allocated to personal goods and services (GASTAT, 2018). This could represent a significant opportunity for savings accumulation when aligned with appropriate consumer financial awareness initiatives and suitable financial policies for different societal segments.

These findings align with respondents' views when asked about the savings culture among Saudi citizens. They initially explained that Saudi citizens are consumption-oriented and place little importance on long-term planning. Secondly, stakeholders should promote savings products or services to foster and support a culture of saving, as previously highlighted. The majority of interviewees stressed this particular point. Additionally, capital companies and policymakers noted that inflation, rising prices, and low-income levels adversely affect consumer financial awareness and the savings culture. Many respondents pointed out the scarcity of savings products, which also impacts awareness levels. Concerns were raised about the financial behaviours and debt levels of Saudi households, noting that substantial expenses are often covered through loans and cash flow instead of savings, and that consumers generally do not exhibit saving patterns, with many facing significant debt. Respondents also emphasized the inadequacy of long-term medical liabilities being considered and the reliance on income-producing properties for income in old age. Furthermore, they estimated that no more than 15% of Saudi households actively save for the future, highlighting the need for enhanced financial education and planning to promote sustainable financial practices. It is evident that a stronger savings culture is needed among Saudi citizens, potentially due to the economic booms experienced in the Kingdom over the past few decades. These changes in economic performance have led to a decline in the savings phenomenon and the sovereign character of consumers, resulting in a lack of planning skills for the future among ordinary people.

Additionally, low income levels compared to high consumption rates compel many low-income individuals to resort to consumer loans, eliminating opportunities for savings. Respondents identified several key reasons contributing to the lack of

household savings in Saudi Arabia, including the general perception that the government is responsible for meeting economic needs, a lack of targeted products, incentives, and programs to boost household savings rates, insufficient efforts to raise financial awareness, poor long-term planning and prioritization among individuals, and challenges posed by high inflation and the rising cost of living. Respondents highlighted the need for a multifaceted approach that addresses both societal attitudes and the availability of suitable financial instruments and initiatives to encourage more sustainable savings behaviours among Saudi households.

In addition, when comparing the views expressed by respondents with secondary data, it was found that data from the World Bank indicators and Findex databases relating to Saudi Arabia—regarding the level of development and financial inclusion—indicate various factors observed across Saudi households (WB, 2014). This shows a lack of supportive policies for financial literacy that encourage private banks, the Capital Markets Authority (CMA), and the Saudi Arabian Monetary Authority (SAMA) to promote financial literacy, protection, and awareness efforts. Some respondents indicated that they believed CMA and SAMA have taken some measures in this direction; however, many more initiatives could be undertaken, especially in the areas of financial literacy and awareness.

Overall, it is evident that, across all groups, the general sentiment is negative. Respondents agreed that homeownership is an important means of building wealth; however, many had differing opinions regarding this issue. On one hand, this reflects a lack of effectiveness of these institutions, while on the other hand, it reveals a significant opportunity for institutions to promote financial literacy among ordinary citizens. The perception among respondents was that banks were primarily focused on profit rather than on taking initiatives to promote financial literacy, rendering them less effective. They suggested that SAMA should enforce savings quotas in commercial banks and regulate minimum returns on savings schemes. Additionally, respondents recommended that the Saudi Development Bank (SDB) launch awareness programs, and that financial institutions should create targeted savings programs to encourage more households to build their savings. These proposals reflect a desire for more proactive and collaborative efforts among key stakeholders to promote financial security and homeownership in the Kingdom.

The capital companies segment felt that SAMA and CMA had made some reasonable strides, but two areas recognized for improvement were ongoing financial education and the promotion of savings. This underscores the need for more financial solutions available to interested and eligible savers, along with greater efforts from stakeholders and the government.

The primary value highlighted from this investigation aligns closely with secondary data analyses, which suggest that the government should focus on the Public-Private Partnership model to create an encouraging environment for stakeholder collaboration.

It is also noted from primary data analysis that the majority of respondents across all three categories indicated that they have yet to take significant steps to increase public awareness about savings products (Question 6). The following are some quotes from the respondents: They emphasized the need for a multi-pronged approach to address the challenges surrounding homeownership and financial security in Saudi Arabia. They called for increased public awareness campaigns, the creation of tailored savings products for different demographic segments, and substantial investments to effectively reach the population. Respondents stressed that concerted efforts from all stakeholders are required, as there is currently a lack of structured processes to raise public awareness. They also noted that restrictions often prevent low-income segments from qualifying for loans, while high-interest rates remain a barrier. Respondents highlighted the public's preference for Sharia-compliant financial products and the insufficient promotion of savings products, especially when compared to the focus on insurance products. Overall, respondents identified the need for a comprehensive strategy that addresses both product offerings and public outreach to enhance financial inclusion and homeownership across the Kingdom. They emphasized the need to increase public awareness and suggested creating suitable products for different segments while putting more effort into public awareness campaigns. Stakeholders agreed that both the government and financial institutions need to intensify their efforts to increase public awareness about savings.

Additional factors discussed by respondents involved a framework being developed with the government and financial institutions to provide financial opportunities for citizens, fostering better societal development alongside improved saving patterns.

The majority of responses suggest that there is significant room for improvement in increasing public awareness of the savings products offered by financial institutions. The overall sentiment is that more must be done to effectively promote awareness about these products and their benefits to the public. Financial institutions and regulatory authorities may need to review their strategies, communication channels, and outreach efforts to better engage with the public and create effective awareness campaigns.

Regarding Question 4: What do you think of the financial literacy, protection, and awareness efforts promoted by private banks, CMA, and SAMA? The primary responses indicated that these institutions should actively promote savings and cultivate a savings culture among the people. Additionally, financial institutions still need to devise or promote suitable savings products that appeal to the average citizen, as noted by policymakers. Some comments from policymakers and capital companies include that while there have been efforts in financial literacy and consumer protection, much more can be done. They suggested that the government should promote savings through appropriate incentives, policies, and regulations while acknowledging that SAMA has taken some initiatives in this regard. However, there appears to be a lack of awareness about these institutions and their roles, which could be better communicated.

Respondents also highlighted the need to address low financial literacy levels among the population, particularly in low-income segments. While there have been efforts to protect financial institutions, respondents observed that private banks are not adequately promoting suitable products and may lack a clear code of ethics. Overall, respondents emphasized the need for a more comprehensive and targeted approach to improve financial inclusion, literacy, and consumer protection across the Kingdom.

Other quotes from RED respondents expressed concerns that SAMA has not done enough to address the challenges surrounding homeownership and financial security. They noted the lengthy government procedures for approving newly developed lands and emphasized the need for more innovative public-private partnership models to

tackle these issues. Respondents also highlighted that low government standards have contributed to increased corruption and called for stronger government institutional intervention and coordination. Specifically, they suggested that SAMA, the Ministry of Trade, and the Ministry of Municipal and Housing (MOMRA) should collaborate to develop a new policy framework for home loans to improve access and affordability for Saudi households. Respondents stressed the importance of a more proactive and collaborative approach among relevant government entities to drive meaningful progress in this area. A majority of respondents—about 17 out of 27—stated that the requirements to increase public awareness of financial institutions' saving products have not been met, with no responses indicating that these requirements have been somewhat or completely fulfilled. The responses indicate a pressing need for more efforts to increase public awareness of savings products. Suitable products for different segments and a clear vision and strategy are highlighted as crucial aspects for improving awareness. Based on this analysis, there are mixed views regarding the efforts made by private banks, CMA, and SAMA in promoting financial literacy and consumer protection. While some respondents acknowledge that there have been efforts, others believe that greater awareness and promotion are essential. It is suggested that initiatives should focus on enhancing financial literacy and protection among the public, encouraging private banks to promote suitable financial products and directing efforts towards all segments, including low- and middle-income individuals.

5.5.3.1 Government Awareness Role to Increase Home Ownership

Based on the responses gathered, the major roles of government in enhancing homeownership awareness and support include:

- **Early and Continuing Financial Education:** 17 out of 27 respondents emphasized that the government should prioritize financial education from an early age and continue promoting it throughout citizens' lives. Educating people about the importance of saving and the various aspects of homeownership can improve their financial decision-making and increase their likelihood of owning a home.
- **Collaboration with the Private Sector:** A further 21 out of 27 respondents believe the government should collaborate with private sector entities, such as banks and real

estate developers, to create programs that facilitate and promote homeownership. Public-private partnerships can help make housing more affordable and accessible to a larger segment of the population.

- **Development of Affordable Housing:** 12 out of 27 respondents suggest that the government should focus on developing new areas for affordable housing. Creating housing options at different price points can cater to individuals with varying financial capabilities.
- **Incentives for Home Development or Purchase:** About 7 out of 27 respondents indicated that providing incentives to developers or potential homeowners can stimulate the housing market and encourage more people to invest in buying homes.
- **Stronger Inclusive Regulation:** Another 7 out of 27 respondents believe that implementing stronger and more inclusive regulations in the real estate and housing sectors can ensure fair practices and protect the interests of both buyers and sellers.
- **Better Savings Products:** 15 out of 27 respondents stated that the government should work on developing and promoting better savings products specifically designed to help individuals save for their down payments or other housing-related expenses.
- **Media Campaigns:** Moreover, 12 out of 27 respondents believe that launching media campaigns to raise awareness about the benefits and importance of homeownership can help shift societal attitudes and encourage more people to consider investing in real estate.

5.5.3.2 Factors Influences Government Awareness Role

Additional factors contributing to the increase in homeownership rates, as highlighted by some respondents, include the potential use of educational institutions to arrange workshops on financial literacy. Suggestions were made to decrease consumer loans and improve public financial education. One respondent proposed that SAMA should enforce a savings quota in commercial banks, while the Saudi Development Bank should better structure its awareness programs.

In conclusion, data analysis suggests that there is a lack of awareness and a savings culture among Saudi households. Several factors contribute to this situation, including a consumption-oriented society, a lack of proper savings products, and insufficient

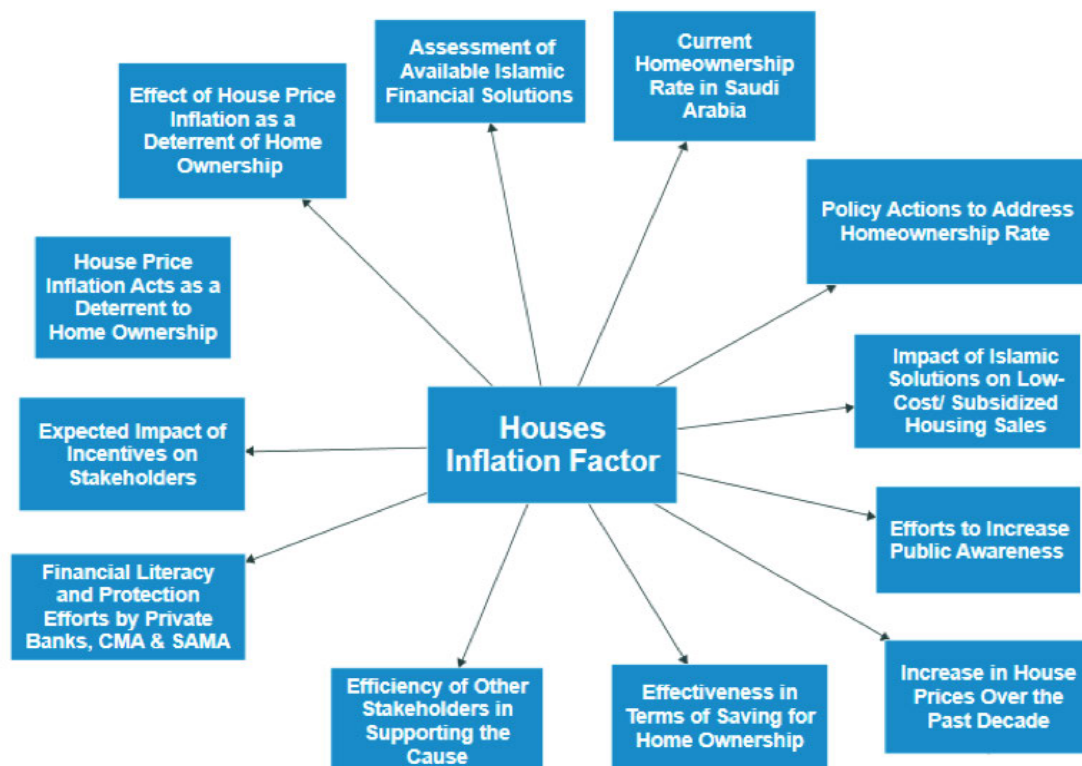
efforts to promote saving. To address these challenges, the government could play a crucial role through stronger regulations, financial education initiatives, collaboration with both public and private sectors, and incentives for saving and homeownership. Additionally, tackling the issue of mounting household debt could be vital in promoting a savings culture.

5.5.4. Housing Prices Inflation Factor Evaluation

This section investigates the fourth research question: What are the side effects of house price inflation and income growth on the decision of household savings for homeownership among low-income segments?

The researcher created the following concept map to analyze the housing price inflation factor, highlighting key points from the responses to each question and providing insights into the drivers of housing price inflation:

Figure 5.4 Housing Prices Inflation Factor Evaluation Concept Map



Examining the effects of housing price inflation and income growth on homeownership covers issues related to inflation, escalating consumer prices, and their impact on the

cost of living, particularly for low-income segments. The majority of responses from the PM and RED categories emphasized that house price inflation is a significant deterrent to homeownership, with limited housing supply remaining a major cause of inflation in Saudi Arabia. Respondents noted that inflation, rising prices, and low-income levels negatively affect awareness of a savings culture.

In response to Question 20: "What are your views on the current homeownership rate in Saudi Arabia? What policy actions might be required to address the issue?" approximately half of the PM category respondents felt that the current homeownership rate is low, with nearly another quarter agreeing on its insufficiency.

Policy makers noted the sharp rise in land and house prices over the past decade, particularly in Riyadh, citing high rental yields. They indicated that analysts expect prices to continue increasing, despite a shortage of around 1.5 million housing units against over 6 million households. The disparity between population growth and new construction highlights the urgent need for enhanced efforts. Respondents suggested that the private sector and government should jointly address this shortage, proposing to link home loan schemes with development projects to improve affordability.

Real estate respondents highlighted dramatic increases in land and house prices over the last five years, describing these hikes as illogical and unjustified, given the availability of land. This indicates a concerning disconnect between property prices and the underlying supply of land, suggesting issues with market dynamics or other factors driving rapid price escalation.

Regarding Question 17: "Please explain the issue of house price inflation as a deterrent to homeownership," respondents stated that the government should implement more effective housing policies to control inflation and increase housing availability. They pointed out that the government has not adequately provided housing for low-income segments or promoted its own housing loan schemes. Key issues identified included monopolistic practices by senior real estate players, the absence of land taxes, and financial policies that do not encourage developers to build more homes (e.g., requiring developers to provide infrastructure, which increases land costs).

The respondents attributed high housing price increases partly to Saudi Arabia's rapidly growing population and limited investment opportunities, with real estate and the stock market being the primary attractive channels. The increased approval of housing loans by financial institutions has created significant demand amid a limited supply of developed land and housing units. Other issues mentioned include a poor financial housing structure, a vague housing strategy vision, unfair land distribution, unresolved land ownership conflicts, delays in government housing institutions approving land for developers, and a lack of incentives for developers to build in smaller towns.

The researcher examined how some recommended housing policies align with established theories on household saving towards homeownership:

Lifecycle Saving Theory (Wealth Accumulation):

- Providing housing loans to government employees and offering preferential financing for low-income segments aligns with this theory, suggesting that individuals save during their working years to accumulate wealth for a down payment and home purchase.
- Government policies that make homeownership more accessible, such as low-interest housing loans targeted at lower-income groups, encourage these segments to save more towards their eventual home purchase.

Household Portfolio Saving Theory (Different Assets):

- Enhancing government incentives, such as tax breaks and financial incentives for homebuyers, can encourage households to allocate a larger share of their portfolio to housing assets.
- By making homeownership financially attractive, households may be more inclined to save a greater portion of their wealth towards a home purchase, diversifying their portfolio.

Neoclassical Growth Model (Government Intervention in Policies):

- Expanding social housing schemes and increasing the government's direct role in housing supply can be seen as supply-side policies aiming to increase overall housing stock.

- These interventions can potentially make homeownership more accessible, incentivizing households to save more towards a purchase.

Precautionary Saving Theory (High Financial Awareness):

- Encouraging multi-stakeholder collaboration in housing can help reduce uncertainty and risks for households.
- When households have a high level of financial awareness about the housing market, they may be more inclined to save towards homeownership as a means of building wealth and securing their future.
- Awareness campaigns and financial literacy programs can enhance understanding of the benefits and processes of homeownership, motivating more savings towards this goal.

By linking proposed housing policies to these established theories, policymakers can better understand the potential impact of interventions on households' saving patterns and homeownership aspirations. This can lead to targeted and effective policy design that encourages increased household saving towards home purchases, ultimately contributing to improved housing affordability and access.

Views on Factors Contributing to House Price Increases

Respondents expressed various views on the factors contributing to house price inflation over the past decade. Factors such as high demand, speculation, limited land supply, demographic changes, and monopolistic practices were mentioned as key drivers. Some respondents attributed the increases to a lack of effective housing policies and weak government regulations.

The analysis emphasized that more than half of respondents highlighted the need for more effective regulations and policies, stressing the importance of incentives and subsidies from the government. Additionally, many respondents pointed to the importance of collaborative efforts between the government, financial sector, and real estate industry. Economically, respondents largely agreed that house price inflation deters homeownership. The increasing prices make homes unaffordable for average

citizens, leading to a reduction in homeownership rates, particularly impacting low-income segments.

Overall, the majority of respondents concurred that house price inflation discourages homeownership. They suggested various policies to increase the supply of low-cost housing and ownership levels, including government incentives, well-designed financial products, increased construction by real estate developers, and improved infrastructure. Stronger regulations, reducing land monopolies, and removing restrictions were also highlighted as necessary steps.

In conclusion, this analysis provides critical insights into the impact of inflation on homeownership levels in Saudi Arabia and suggests that the government must adopt appropriate policies. Moreover, household consumption and rising living costs significantly influence housing price inflation and ultimately affect decisions regarding homeownership. Respondents agreed that limited housing supply remains a major cause of inflation in Saudi Arabia. The additional increase in housing-related expenses due to supply-demand imbalances particularly affects lower-income households.

Notably, from 2000 to 2018, housing-related expenses increased by approximately 105%, while inflation rose by 32% (GASTAT, 2018). The growth in spending is higher than the overall growth in inflation when compared to the housing-related inflation against the inflation data and spending growth data (MEP, 2023). This supports the research that the spending behaviours of the average Saudi citizen are less towards savings, whilst growth in spending is higher than the inflation growth.

There is clear evidence that housing price inflation significantly exceeds overall inflation and spending growth, underscoring the lack of affordable housing in Saudi Arabia. Furthermore, inflation adversely affects lower-income groups; this should be a key consideration in developing appropriate savings schemes for homeownership. The low-income group exhibits an extremely low savings rate, which could lead to a crisis if inflation outpaces income growth.

Overall, primary data investigations provide critical insights into housing inflation and should inform various appropriate research recommendations and contributions to practice.

5.6 Summary

This chapter outlines the processes of primary data collection and examination, revealing a significant need among Saudi citizens for enhanced savings culture and consumer financial awareness. The research emphasizes the impact of savings accumulation on household portfolios within various economic theories, highlighting its importance for capital formation and national growth.

The data reveals challenges faced by Saudi society, particularly the necessity for increased efforts in addressing savings-related issues. Key findings indicate a demand for improved savings products, targeted awareness campaigns to boost financial literacy, and initiatives to support effective saving policies. Respondents expressed that financial saving solutions might positively influence low-cost and subsidized housing sales, particularly appealing to those seeking Sharia-compliant options.

Opinions on saving financial solutions varied; while some respondents acknowledged their benefits, others pointed out low awareness and insufficient social obligation associated with certain products. This underscores the critical need for enhanced education about saving solutions, ensuring their alignment with ethical and religious principles. The findings indicate a gap between current financial institution efforts and public awareness, highlighting the need for comprehensive programs to foster a savings culture, especially among lower and middle-income groups.

Diverse responses regarding stakeholder efficiency were noted, with some praising efforts while others called for better collaboration and stronger government regulations to support affordable housing initiatives. The analysis suggests that factors such as lack of financial education and limited saving incentives contribute to Saudi Arabia's relatively low savings rate.

Moreover, a majority of respondents agreed that house price inflation negatively impacts homeownership for low and middle-income groups, emphasizing the need to

control inflation and increase the supply of affordable housing.

In conclusion, the analysis highlights the strengths and weaknesses of current financial literacy and consumer protection efforts, alongside the impact of government saving solutions. Continuous improvement, targeted awareness campaigns, and enhanced collaboration among stakeholders are essential for promoting financial literacy, consumer protection, and affordable housing solutions in Saudi Arabia. Prioritizing the development of saving products and addressing concerns related to cost, awareness, and social responsibility will help create a more inclusive financial system.

The subsequent chapters will further develop these findings, focusing on the roles of government policymakers and the private sector in encouraging citizens towards homeownership.

Chapter Six: Discussion

6.1 Introduction

The previous chapter focuses on analysing the primary data to test the critical factors used in the analysis. The underlying thought is centred on capturing the relationship between the primary and secondary data and checking the extent to which they converge or diverge.

The chapter discusses the results, sets out the study's overall conclusions, and explains the implications arising from these conclusions from multiple perspectives. Specifically, it assesses the theoretical implications regarding the research four questions, and other potential areas for subsequent research. It also highlights the research findings, provides critical views on household income issues and connections to the research questions, and illustrates the efforts that government housing policies can bring in encouraging citizens towards home ownership. The research findings provide critical views about the research factors considered and should help to formulate appropriate housing policy recommendations. Ultimately, the chapter draws the conclusion of the research and the various implications it may have on the future.

This research has presented the theoretical framework of various theories incorporating the research determinants: household income, government housing and financing policies, and inflation. The savings theories and the literature, on the one hand, and the secondary and primary data analyses, on the other hand, have presented very clear evaluations of their impact on the success of financial savings and housing policies. As a result, the findings of this research paint a worrying picture of thousands of Saudi households that are unprotected by financial means and therefore illustrate a lack of financial education among Saudi citizens along with a lack of government efforts in creating the appropriate environment in the financial market.

The discussions and findings chapter present comprehensive investigations of the research questions from the three targeted groups' points of view. Section 6.1 gives an introduction to the chapter. Then, a comprehensive discussion is presented about the main four research questions, starting with section 6.2, which discusses the household

saving factors, followed by section 6.3, which addresses the consumer financial awareness factor. Section 6.4 covers the observation of the third research question and presents extensive discussions about the government's housing policies. Section 6.5 provides an investigation of the housing prices inflation factor. Finally, section 6.6 concludes with the discussions and findings chapter examination conclusion.

6.2 Findings Overview

This section provides a high-level overview of the research findings based on the main research questions identified through a review of the literature, including the following:

1. How can government household savings programs be designed and implemented to effectively increase the homeownership rate among Saudi citizens?
2. What mix of government housing policies (e.g. subsidies, loan programs, tax incentives) would be most effective in encouraging Saudi citizens to increase their household savings for home ownership?
3. How do government financial literacy and consumer awareness initiatives impact the household savings of Saudi citizens for the purpose of home ownership?
4. What are the side effects of house price inflation and income growth on the decision of household savings for home ownership amongst the low-income segment?

First, the research finding has confirmed that the homeownership rate can be increased through household savings programmes in Saudi Arabia. Household savings can be channelled toward home ownership, and further, the government needs to get involved by using appropriate approaches. The housing purchase subsidies and incentives policies, direct and indirect, have a significant effect on the broader housing market. The research findings confirmed the importance of essential incentives that could be promoted by the government savings and housing policymakers, such as implementing matching programmes, providing incentives and subsidies, supporting the establishment and design of saving products and funds in capital companies, and encouraging real estate developers through appropriate policies and incentives. The findings of this research have confirmed that government incentives to support the savings and housing products are essential. Based on the observations, this research has confirmed that it is possible to utilize Saudi households' small savings to lead to long-term savings in order to provide savings contributions to solving many of the low-

income group's problems—especially in providing the down payment for housing loans. The government housing policymakers established that home ownership could be increased by creating the proper financial housing and saving policies. During the interviews, the three respondent groups agreed that household savings were essential in building wealth in the long run.

Second, the research analysis emphasizes the need for a better understanding of the government's role and mechanism in encouraging household savings for homeownership. The concept is driven from the Neoclassical Theory which suggests that the government could intervene using appropriate policies. A better design of financial products by the government and the related private sector can mobilize household savings. This illustrates the need for government support towards home ownership and its effect on creating an appropriate standard of living for the low-income segment generally and on the increase of homeownership for the low-income segment specifically. The research findings encourage further attention to be directed towards the potential role of the government that should be practiced in the creation of proper financial housing and saving policies and more incentives and subsidies to encourage household savings toward homeownership.

Furthermore, the research confirmed that the Saudi Arabian government's role in encouraging citizens towards home ownership needs to be revised, and government regulations are significant in terms of encouraging household savings toward homeownership. The findings posed various explanations regarding home ownership in Saudi Arabia and further suggest that the government has to involve itself by using appropriate financial housing and saving policies to support wealth accumulation in general and for housing specifically.

Third, the findings of the research have confirmed that households have to be educated about the basic knowledge and awareness of delaying consumption and increasing their saving in the current period where households are at risk of any future economic downturn. The data analysis reveals that Saudi households need to be better educated concerning how their income can be managed appropriately. The research confirmed that one of the significant factors that potentially impact household savings in Saudi Arabia is the lower level of financial literacy compared to other countries. Financial

literacy can be best described as the comprehensive understanding of financial skills and knowledge that enables individuals to make well-informed financial decisions. The analysis of the secondary and primary data reveals that individuals with a high level of financial literacy share a few things in common, such as education, income, and median age. A financially educated person tends to have a higher income level, aims for stretched financial goals, and works toward achieving those goals through savings and investments. The initiative that should be taken as a conclusion is introducing specially-designed awareness programs. This effort should include financial institutions such as banks hosting seminars for specific groups, including school and college students, working professionals, middle-income groups, homemakers, retired personnel, and others. Such seminars should focus on educating these specific target groups on the prevailing savings schemes that cater to their needs. Alongside that initiative is to create an entity to monitor the country's financial literacy drive.

Fourth, the research findings pose more explanations about the effects of inflation on the homeownership rate in Saudi Arabia. Therefore, there is a considerable side effect associated with house price and income growth towards the decision of home ownership among lower-income citizens. It is proven that the impact of inflation affects the lower and middle-income groups most adversely. This should be considered a key indicator when deciding the appropriate savings model for home ownership. Furthermore, the research confirmed that the limited housing supply remains a major cause of inflation in Saudi Arabia. This study suggests that government involvement in using the appropriate financial housing policies should be considered a vital contribution to the research when designing the instrument of the appropriate savings for home ownership.

6.3 The Impact of Household Saving

The previous discussions highlighted the effect of household savings on home ownership and provided insight into the process of household savings for homeownership. Numerous studies highlight some of the previous efforts, and it has been acknowledged that Saudi citizens need more understanding to save for precautionary reasons. The precautionary theory motives could be applied to delay consumption and increase household savings in the current period where households

cannot insure against any future economic downturn and that if any economic downturn occurs, their income will decrease.

The research has confirmed that theories and literature have provided more explanations regarding the effect of household savings that can be channelled into home ownership. Further, the research finding suggests that the government needs to get involved in using appropriate power and designing housing financial policies.

- The literature highlights that, during the past twenty years, there have been various declines in household saving rates, with increases in the proportion of consumption in the Arab Gulf (Hishamh & Williams, 2007). This highlights the primary concern that the lack of a savings culture has long-term negative implications for Saudi citizens, with the further indication that one of the main reasons for the low household savings rate is the effect of the Gulf crisis on the household saving behaviour in Saudi Arabia (Al-Bassam, 2004; Hishamh & Williams, 2007). Eventually, this was confirmed by the research findings about the urgent need to develop and implement savings financial policies that can help to improve the savings culture in Saudi Arabia.
- According to the Saudi Arabian Household Income and Expenditure Survey (2018), the average household monthly consumption expenditure is due to several factors, including the low level of financial literacy, unavailability of data on household savings, and limited savings products in the market. As of 2018, Saudi Arabia's household savings rate is significantly below the minimum level to ensure long-term financial independence. The analysis of household expenditure and income data, conducted in 2007, 2013, and 2018, confirmed that Saudi Arabia's household savings rate had witnessed a downward trend in the past decade. The analysis further revealed that a significant reason behind the decline was the disproportional increase in monthly consumption and monthly income in the past ten years. While the average household monthly income during 2007–18 increased by 5.3%, the average household monthly consumption expenditure grew by 38.6% during the same period.
- In many international housing schemes, the governments run home ownership schemes for citizens to consider as subsidies for the first home purchases. Furthermore, they provide public housing rented at a lower price than the markets, which are sold at lower prices (Mostafa, Wong, & Hui, 2006). These are built and administered by the

government housing authority.

- The housing purchase subsidies and incentives policies, direct and indirect, have a significant effect on the broader housing market. Homeownership rates are declining, as observed in many Western countries, which have direct and indirect implications for the broader economy. One of the significant challenges is the decline in overall homeownership rates, with an increasing proportion of households moving to rent rather than purchase.
- The required saving incentives should be included in the improvement, whereas incentives are seen as the significant factor that attracts low-income segments toward such saving products (WB, 2018). This is coupled with the need for appropriate regulation and incentives required from the government, specifically for the low-income segment. There is a need for appropriate housing finance policies as there is a need for the regulations and incentives required to encourage potential lenders to finance the low-income segment. The international experiences discussed earlier in this research highlighted the importance of crucial incentives that could be promoted by the government saving and housing policymakers, such as implementing matching programmes, providing incentives and subsidies, supporting the establishment and design of saving products and funds in capital companies, and encouraging real estate developers through appropriate policies and soft loans. There are some examples where mandatory savings programmes are incentivized, such as the Employees' Provident Fund in India (India E. , 2014), the Central Provident Fund in Singapore (Yeo, 2023) , and the first home loans in Malaysia (Johari, 2022). Those schemes were put in place to encourage saving for housing amongst various strata of society in those countries with an effort to provide various economic and social benefits to their citizens. The findings of this research have confirmed that government incentives to support the savings and housing products are essential. Based on these observations, this research has confirmed that it is possible to utilize Saudi households' small savings to lead to long-term savings in order to provide savings contributions to solving many of the low-income group's problems, especially the provision of the down payment for housing loans. This is illustrated in the proposed model that households could accumulate total savings of \$227,000 when saving \$300 per month across a 20-year plan or \$115,000 within a 15-year plan and \$57,000 across a 10-year plan.
- There are few savings products and a massive need for the appropriate design of the

financial saving instruments with government support to control the interest rates for first home loans and the down payment for home purchases.

Although a considerable number of the existing housing in Saudi Arabia are in poor condition or need to be refurbished or rebuilt, the average land and house prices have dramatically increased over the last decade; illogical and unjustified increases in land prices, as lands are readily available. Property analysts expect that house prices will continue to rise with the monopoly and speculation of senior real estate. There is a lack of real-estate market structuring, a blurred vision for housing strategy, and a lack of fair land distribution and bulk land regarding unsolved conflicts, coupled with the delay in government institutions in the land's development process, and the lack of incentives for developers to develop more lands in remote cities and towns.

The research has confirmed that government housing policymakers established that home ownership could be increased by creating the proper financial housing and saving policies. The three respondent groups agreed that household savings were essential in building wealth in the long run. Households, however, have to be educated about the basic knowledge and awareness necessary for delaying consumption and increasing their saving in the current period where households are at risk of any future economic downturn.

The research provided more explanations regarding the perceived effect of household savings that can be channelled using the appropriate savings instruments, which could help to change the savings culture. The research findings posed various explanations regarding home ownership in Saudi Arabia and further suggest that the government has to involve itself through the use of appropriate financial housing and saving policies that support wealth accumulation in general and for housing specifically. As a result, the research has added valuable contributions to this area of study by identifying the success factors of household financial savings and housing policies and providing important theoretical and empirical implications for policymakers in both government and financial institutions.

6.4 The Impact of Consumer Financial Awareness

Substantial investigations have been carried out into consumer financial awareness initiatives and their positive effects on household saving for home ownership. It was found that the weakness of the savings culture is considered very challenging. First, financial education can be successful if it reaches consumers in their environment at life stages where essential decisions need to be made (Oehler, 2021). Behavioural change can be brought about through financial education, advice, and training. The low levels of financial literacy have been confirmed in the research findings, which inhibit people from making informed choices and increase the tendency to postpone decisions related to retirement savings. Werner and Oehler's examinations of the role of education and advice that enhances consumer finances are fundamental (Oehler, 2021).

Therefore, there is a complete lack of awareness regarding financial products in developing countries, particularly in Saudi Arabia, their use, and the overall effectiveness of such products to induce saving for future consumption. The Visa Survey confirmed the need for more consumer financial awareness (VISA, 2020).

The literature introduces the analysis of the savings awareness and literacy issue to connect such theories with the secondary and primary data. The data analysis reveals that Saudi households need to be better educated concerning how their income can be managed appropriately. There must be more defining priorities, a greater understanding of priority management, and long-term strategic planning. The misuse of great societal values such as family support and generous habits, family and tribal ties, as well as the practice of wearing brand names regardless of income level, must be addressed.

The OECD has illustrated the significant factors affecting household financial awareness, such as the lack of awareness of long-term planning, the absence of education system messages to the younger generations, and the weaknesses of not planting saving habits at an early age, as well as the lack of saving behaviour skills programs (OECD, 2018). The research confirmed that a significant factor potentially impacting household savings in Saudi Arabia is:

- The savings culture needs to be extended to different segments of society, where all households can access essential information on the importance of savings and how and when to save (Do, 2023). People have a short-term view of their financial health because they are locked into a certain living standard. Young children in Europe are far better at handling money and acknowledge its importance compared to those in the Middle East (GCC, 2020).
- Due to the lack of awareness and appropriate savings programs, the current offerings in the Saudi market are primarily insurance programs with savings as a cover only.
- A consumer financial awareness policy is necessary for people to make informed choices, increasing the tendency to postpone saving decisions (Oehler, 2021). This is coupled with defining priorities and focusing on strategic thinking and long-term planning.
- The savings culture among Saudis is split into informal savings, investment, and a low proportion of people's capital set in the current account to meet their emergency obligations only (WB, 2018).
- Financial literacy is the comprehensive understanding of financial skills and knowledge that enables individuals to make well-informed financial decisions. A financially literate person can not only accumulate wealth throughout their life but can also contribute toward the economic growth of a country. Conversely, a low level of financial literacy can negatively impact households' financial potential, adversely affecting the stability of financial institutions, which play a critical role in any nation's economic growth.
- The data analysis suggests that individuals with a high level of financial literacy share a few things in common, such as education, income, and median age. For instance, financial literacy increases considerably with academic growth, leading to higher mathematical abilities and comprehension. A financially educated person tends to have a higher income level, aims for stretched financial goals, and works toward achieving those goals through savings and investments. About two-thirds of adults are estimated to need more basic financial knowledge.
- Individuals regularly find it difficult to pay financial obligations by the end of each month, leading them to seek assistance from others or take on debt. According to the investigation, many participants reported that their income often fails to surpass their expenses, illustrating that they hardly monitor their daily spending and credit card

transactions. In addition, participants could have performed better in managing daily financial matters and cash outflows. The research results painted an unpleasant picture of the country's financial literacy levels.

- Furthermore, more financial knowledge is needed to be made aware of the various financial products available at their disposal. Although the government of Saudi Arabia is taking noteworthy measures and making steady progress toward ensuring financial inclusion, the present state of the country's financial literacy levels is one of the core reasons behind its meager household savings rate of 1.6% (MEP, 2023). Better financial literacy encourages greater personal savings and addresses the concern of weak financial security at retirement. To track the financial skills of its citizens, countries worldwide conduct financial literacy surveys of their adult populations.
- The initiative that should be taken as a conclusion is introducing specially designed awareness programs. This effort should include financial institutions such as banks hosting seminars for specific groups, including school and college students, working professionals, middle-income groups, homemakers, retired personnel, etc. Seminars should educate targeted groups on the prevailing savings schemes that suit their needs.
- Ultimately, a purpose-driven strategy can also be devised. For instance, policymakers can target the youth of the country and launch programs to encourage them to increase savings to meet their educational needs. Governing bodies can also assist families in gaining financial skills, establishing savings goals, and developing long-term saving habits.
- SAMA should initiate consumer financial awareness programs, working with stakeholders (Media, Education and Government Institutions, and Financial Institutions) to design and implement the awareness policy. Alongside this initiative is to create an entity to monitor the country's financial literacy drive. As outlined in the Financial Sector Development Program (FSDP), establishing a dedicated financial literacy entity will help the government track the progress of numerous initiatives and provide governance around the overall financial literacy drive.

By taking such initiatives, Saudi Arabia can increase financial literacy among its citizens, equipping them to make calculated decisions on their saving plans. Consequently, better saving plans at the citizen level can lead to a better national savings level and overall economic development (Alam M. M., 2023). Household savings play a crucial role in the

economic development of the country, and more frequent publications on how the country is faring on parameters such as the household savings rate and average household consumption are needed. The availability of more information on this topic could result in new policy recommendations and a subsequent surge in awareness about the importance of household savings.

Based on this, the research has confirmed that low levels of financial literacy inhibit people from making informed choices. The Saudi government must drive these efforts using the appropriate strategy and intervention on regulations and policies to ensure that financial education reaches consumers in their environment at different life stages.

6.5 The Influence of Government Role

This section analyses the need for government support towards home ownership and its effect on enhancing the standard of living for the low-income segment, specifically increasing homeownership. This analysis emphasizes a better understanding of the government's role and mechanisms in encouraging household savings for homeownership. This will result in much more balanced and directed financial programs by the government to facilitate the household saving processes and establish support for each class of society accordingly.

For instance, a better design of financial products by the government and the related private sector in Saudi Arabia can be done to mobilize household savings in accordance with the concepts of Neoclassical Theory, which suggests that the government should intervene by developing appropriate policies. Furthermore, the government should involve itself through policies that support wealth accumulation in general and for housing specifically. The observations from the literature review provide critical views on issues such as the insufficiency of government financial policies in encouraging household savings towards home ownership and how government regulations significantly affect this encouragement.

Nonetheless, the household survey analysis illustrates an increase in consumer spending among Saudi families (KSA-Houshohd, 2018). The pattern of household spending on goods and services, corresponding to income levels, illustrates the

immense challenges for policymakers regarding the lack of a savings culture among Saudi families. The policymakers affirmed that the savings culture in Saudi Arabia is a mixture of beautiful things exercised wrongly, leading to the emergence of a generation that cannot save. Therefore, there needs to be more government roles and policies to push the savings culture, coupled with a lack of incentivized savings programs, such as implementing matching schemes for low-income segments (Callen & Thiemann, 1997) to increase household savings rates. The low homeownership rate in the country is not at an acceptable level. The research confirmed that a massive campaign needs to be created through the public-private partnership model.

Notably, the lack of suitable products in the market from related financial institutions illustrates that the government and the private sector have yet to successfully establish a common ground to spread household saving advantages within society. The current culture mainly focuses on consumption aspects, such as spending too much on accessories like new cars or paying for travel, in contrast to low-income salaries (KSA-Houshold, 2018). The products available in Saudi financial institutions are exclusively directed towards life insurance products and compulsory retirement plans provided by the General Organization for Social Insurance (GOSI).

Although the government has been trying to increase the homeownership rate and has announced the Saudi real estate fund program with private banks, the research analysis confirmed that the program needs help to deliver more loans to low-income segments. The fund could concentrate more on creating partnerships with the private sector in more creative ways to get involved directly in construction, following successful international experiences.

Meanwhile, media institutions controlled by the government have not adopted any financial literacy awareness campaigns. Media misleads households concerning actual social facts, such as harmful social practices and the creation of the stereotype of "we are rich," even though we suffer from a certain level of poverty, corruption, homelessness, and a lack of infrastructure. The new generations have not experienced critical times, and consuming habits are prevalent; the majority of society is entirely consumption-oriented. They believe that whatever they spend, they will get more. In that regard, awareness messages delivered to the public seem to be very weak. This is

completely inconsistent with the precautionary theory motives concept to delay consumption and increase saving in the current period due to insufficient insurance solutions (Weil, 1993). Accordingly, households could not be insured against any future economic downturn. There is also significant neglect of future planning, which should start from an early age. Household portfolio theory is a significant relative, as evidenced by the empirical survey held by Guiso & Jappelli (Guiso & Jappelli, 2003). This typically focuses on housing, relatively safe financial assets, social security, and pensions.

The above analysis encourages further attention to be directed towards the potential role of the government and the vital role that should be practiced in creating the proper financial housing and saving policies in terms of regulations and more incentives and subsidies to encourage household savings toward homeownership. The role required from the government is to encourage financial institutions to create affordable home ownership schemes. Accordingly, the government could consider implementing more effective regulations and providing more subsidies to increase household homeownership. Furthermore, this investigation indicates that the government should create a suitable environment to encourage household savings, where more funds should be injected into government real estate housing schemes and should consider more creative incentives for real estate development in the country.

For clarification regarding the effect of government policy, the shortage of affordable housing supply in Saudi Arabia has confirmed that a significant increase in housing units is needed, much of which should be new affordable dwellings for low-income Saudi households. The use of housing policies that link initiatives together to increase housing production and ensure that housing is well developed, affordable, and allocated to those in need of decent housing is crucial. Policy change is needed in the Saudi real estate market, and new ways to promote the increase of the supply of affordable housing are fundamental.

The need for a government-supported saving plan towards more affordable housing is an urgent and vital issue. Savings products would allow householders to buy a house once they have saved enough. The programs should be directed towards low-income segments, with more housing units needed. The review of international experiences in

Chapter Three reveals a substantial role for the government to play in creating a suitable environment for the private sector to encourage household savings, as seen in the examples of first home loans in Malaysia and Singapore, which support targeted low-income citizens for home ownership. Additionally, international experiences highlight the importance of incentives that the government could promote, such as implementing matching programs, providing incentives and subsidies, supporting the establishment and design of saving products and funds in capital companies, and encouraging real estate developers through suitable housing development policies. Most importantly, the analysis highlights the need for appropriate government involvement to support the process. Therefore, the Saudi Arabian government's role in encouraging citizens towards home ownership needs to be revised, as government regulations are insufficient in encouraging household savings toward homeownership.

In addition, the direct government role is essential, where we could learn from the literature about recent international experiences, particularly in developed countries. Chinese policymakers have introduced a new public housing model to solve the temporary accommodation requirements of low-income households. Western Europe and America have suggested that expanding public housing would have an insightful effect on the private housing market. Researchers have significantly examined the role of new public housing in some emerging economies while drawing on the context of the maturing public and social housing sectors in Europe and North America, which could be stimulated in the context of Saudi Arabia.

The demand for housing is strong, and banks are generally happy to expand mortgage lending; however, there are significant supply-side constraints regarding the availability of developed land. Currently, huge sensitivities surrounding this issue suggest only short-term solutions unless government housing policymakers intervene using appropriate financial housing and saving policies. In this regard, the Saudi government is trying to help citizens and developers plan and build better places for everyone. This movement includes two approaches: creating supportive government housing policy and improving the quality and quantity of rented housing, helping more people to buy homes, and providing housing support for vulnerable individuals. These types of involvement are considered government intervention to encourage the creation of saving and housing financing products coupled with the willingness to lead the

private-public partnership as a valuable mechanism to address critical issues that arise. Government involvement is essential and is considered successful for better development of appropriate saving and housing financing policies.

Policymakers can introduce tailor-made policies to boost savings. A low-cost solution designed by applying simple economic concepts can significantly impact society. Saudi Arabia can leverage social economics to enhance its national savings. Policymakers in the country can gain insights from initiatives taken by other countries that have successfully promoted a savings-driven mindset. The research confirmed that one of the significant factors that potentially impact household savings in Saudi Arabia is the reasonable policy initiatives to improve household savings. Accordingly, it was suggested that the government create the right housing financing policy with soft terms and conditions that provide greater incentives to allow low-income segments to obtain acceptable housing loans.

The significant involvement of the research in this area is that developing and implementing a fully integrated saving and housing strategy is key to achieving a successful level of household savings. The Saudi government must drive this type of intervention to encourage saving, create various savings and housing products, and be willing to lead the private-public partnership, recognized as a beneficial mechanism to address critical issues.

6.6 The Impact of Inflation

The analysis of housing price inflation and the decision of homeownership covered issues related to inflation and rising consumer prices and their effect on the rising cost of living, particularly for the low-income segment. In this regard, the Neoclassical Growth Model illustrates the effect of housing price inflation and income growth on the decision for homeownership. It explains that the additional increase in housing-related expenses can be attributed to the imbalances in supply and demand for affordable housing, which disproportionately affects lower-income earners (Abreu, 2021). Household consumption and the rising costs of living significantly impact housing price inflation and ultimately influence the decision to pursue homeownership (Watson, 2003). Moreover, the literature confirms that the limited housing supply

remains a major cause of inflation in Saudi Arabia(Gurrib, 2009). This analysis provides further explanations about the inflation side effects on the homeownership rate in Saudi Arabia and suggests that government involvement is necessary through appropriate financial and housing policies.

The research confirms that nearly two-thirds of the combined responses from the PM, FI, and RED categories emphasized that house price inflation serves as a strong deterrent to homeownership, with the limitation of housing supply remaining a significant cause of housing inflation in Saudi Arabia. Therefore, a considerable side effect is associated with house price inflation and income growth regarding the decision to own a home among lower-income citizens. The three categories noted that rising inflation prices and low-income levels impacted consumer financial awareness and savings culture, leading to significant expenses being met through loans and cash flow.

Furthermore, when comparing spending on housing with inflation data, the cumulative increase in housing-related expenses is close to 180% from 2000–2020, against an inflation-related increase of 39%. The additional increase in housing-related expenses can be attributed to supply-demand imbalances, which predominantly affect lower- and middle-income earning groups (KSA-Houshold, 2018). The growth in spending is higher than inflation growth, providing clear evidence that housing price inflation is significantly greater than overall inflation and spending growth. This highlights the lack of affordable housing in Saudi Arabia, indicating that inflation adversely affects lower and middle-income groups and should be considered a key indicator when deciding on an appropriate savings model for homeownership.

Finally, the low-income group has an extremely low savings rate, which can result in a crisis if inflation levels increase at a rate higher than their income growth. The demand for housing, coupled with the new mortgage law, is expected to drive growth in the mortgage lending market (SAMA, 2020). The research confirms that house price inflation is a solid deterrent to homeownership, and the limitation of housing supply remains a major cause of inflation in Saudi Arabia's housing market. Therefore, a significant negative side effect is associated with house price inflation and income growth regarding the decision to pursue homeownership among low-income citizens in the country. The observation of the effects of housing price inflation on the decision of

homeownership emphasizes issues related to inflation and homeownership assessment, highlighting the rising consumer prices and their effect on the high cost of living, particularly for low-income groups. Household consumption and the high costs of living have substantial impacts on housing price inflation and ultimately affect the decision to pursue homeownership. Furthermore, the research confirms that limited housing supply remains a major cause of inflation in the Saudi real estate sector. This study suggests that government involvement through appropriate financial housing policies is vital when designing savings instruments for homeownership.

6.7 Financial Literacy Scheme Design

Based on the literature and the discussed theories, designing individual financial literacy schemes for saving toward homeownership could include the following steps:

- **Define the Goal:** The first step is to define the objective of the financial literacy scheme—saving towards homeownership. This includes determining the amount of money required to purchase a home and finding ways to save for this goal.
- **Create a Budget:** A proper budget is necessary to understand income and expenses. It helps allocate funds to necessary expenses while identifying areas for potential savings. The scheme should advise people to be realistic about housing costs and plan accordingly.
- **Develop a Savings Plan:** After assessing monthly income and expenses, a savings plan can be created. The financial literacy scheme should guide individuals on how much they can realistically save and provide advice on ways to increase their savings. Strategies may include saving a set amount each month, cutting unnecessary expenses, working overtime, or finding additional sources of income.
- **Explore Financing Options:** There are various financing options available to first-time homeowners. The scheme should explore these options and educate people about their advantages and disadvantages, emphasizing that individuals should avoid taking on too much debt and select mortgage plans that suit their financial situations.

- **Educate on Home Purchasing:** The scheme should educate individuals about the purchasing process, including the legal aspects of buying a new property, such as transfer of ownership.
- **Promote Good Credit Practices:** Good credit practices are essential for getting approved for a mortgage. The scheme should encourage people to manage their credit by paying bills on time, keeping balances low, and addressing errors in their credit reports.
- **Offer Ongoing Support:** Saving towards homeownership is a long-term goal, and individuals may require ongoing support to stay motivated. The scheme should offer ongoing support, such as hosting webinars or providing access to financial advisors.

In conclusion, designing a financial literacy scheme for saving towards homeownership begins with setting realistic goals, creating a budget, exploring financing options, educating about the purchasing process, encouraging good credit practices, and offering ongoing support (Saber, 2023). As outlined in the Financial Sector Development Program (FSDP), establishing a dedicated financial literacy entity will help the government track the progress of numerous initiatives and provide governance around the overall financial literacy drive. By taking such initiatives, the country can follow excellent international examples from the USA, the UK, and France to increase financial literacy among its citizens, equipping them to make informed decisions on their saving plans. Consequently, better-saving plans at the citizen level can lead to improved national savings levels and overall economic development (Alam M. M., 2023). The General Authority for Statistics (GAS) in Saudi Arabia is the government agency responsible for publishing and extracting statistical data following international standards. The agency publishes the results of household expenditure and income surveys every five years. For instance, the data shows significant gaps in the country's average household savings and consumption for 2007, 2013, and 2018. As a result, it is challenging to make timely interventions on the country's savings level. The household savings rate in 2007 was 25.3%, shrinking to 2.4% in 2013 (GASTAT, 2018), with a further decline to 1.6% detected in 2018. Policymakers need timely data to create short-term action plans and strategies to drive more savings.

6.8 Proposed Saving Schemes

Part of the secondary data discussion involves analyzing international experiences. Pension schemes and provident funds are the most common savings instruments. The main difference is that under a pension fund, the member receives a third of the benefit as a lump sum at retirement, while the remaining two-thirds is paid as a monthly pension over the member's lifetime. In contrast, a provident fund pays the benefit as a lump sum at retirement (Johari, 2022). The significant advantage of saving or investing outside a pension is that participants can access the money earlier if they choose. In contrast, pensions cannot be accessed until age 55. A savings account offers more flexibility, allowing participants to choose how long their funds will be fixed. Generally, the longer participants are willing to lock their money away, the higher the interest rate they will receive. However, they must leave the money in the account until it matures to avoid early withdrawal charges.

Pension and saving schemes are both intended to help individuals plan for their future financial needs, but they differ in several ways (Zeka, 2023). Employers or the government typically offer pension schemes, providing retired individuals with a regular income. Pension schemes often require regular contributions from both the employee and employer throughout the employee's working life. An individual's pension usually depends on how much they contributed and how long they were enrolled in the scheme. In some cases, the employer or government can guarantee the pension amount. On the other hand, saving schemes are typically personal initiatives that individuals set up themselves, with or without the help of a financial advisor. These can take many forms, such as savings accounts, fixed deposits, mutual funds, or individual retirement accounts (IRAs) (John, 2017). These schemes allow individuals to save a certain amount of money over time and earn interest on the amount.

The structure of the proposed saving scheme in Saudi Arabia is a combination of pension schemes and saving schemes that could be provided by the GOSI or preferably a separate legal entity, such as a trust or a company governed by its own rules and regulations. The scheme will be a mandatory retirement savings scheme covering all private sector employees who earn below a certain salary threshold. Both employees and employers will be required to contribute a percentage of the employee's monthly salary to the GOSI fund. The scheme offers two types of savings accounts: GOSI

Account 1 and GOSI Account 2. A portion of the contributions from both employees and employers is allocated to each account.

1. GOSI Account 1 is primarily for retirement savings, with funds locked in until the employee reaches the age of 55. These funds cannot be withdrawn for any reason before age 55, except under specific circumstances such as permanent departure from Saudi Arabia, total permanent disability, or death.
2. GOSI Account 2, on the other hand, allows for more flexible withdrawals. This account can be used for education, housing, and medical expenses.

To establish the potential GOSI Saving Scheme connected with a pension scheme, the following structural requirements are essential:

- The saving scheme could be established as part of the pension scheme or as a separate legal entity, such as a trust or a company governed by its own rules and regulations.
- Eligibility criteria for participation in the saving scheme should be clearly defined, including age, employment status, and length of service.
- Contribution levels should be set based on expected benefits and the scheme's affordability. Employers and employees may have different contribution levels.
- A clear investment strategy for the saving scheme should align with participants' risk appetites and expected returns.
- The saving scheme should be administered by a competent and qualified administrator to ensure compliance with relevant legal and regulatory requirements.
- Effective communication is essential to ensure that participants understand the purpose and benefits of the scheme.
- Significant insights into how the government can incentivize household savings schemes could be obtained from the international saving experiences mentioned in the research literature review, such as:
- The government can offer tax benefits on investments in specific savings schemes. For example, contributions made to a tax-free savings account (TFSA) in Canada are not tax-deductible, but investment earnings and withdrawals are tax-free.

- The government can match a certain percentage of contributions that individuals make to a savings scheme. Knowing that the government matches their contributions can encourage people to save more.
- The government can offer rebates on certain individual purchases, which can then be redirected to a savings scheme.
- The government can invest in awareness campaigns to promote the importance of saving money and effective saving strategies.
- The government can negotiate reduced fees on savings products or services, making them more accessible and attractive to consumers.

By implementing these types of incentives, the government can encourage household savings. The conclusion from the analysis of the mentioned international saving experiences is that to design a successful household savings scheme, the following requirements need to be considered:

- Clarify the purpose and expected outcomes of the savings scheme, such as the amount of money to be saved, the frequency of savings, and the purpose or use of the savings. Defining the goals and objectives of the scheme will help measure the progress and success of the program.
- Offer attractive incentives or benefits to encourage participation in the scheme, such as interest on savings deposited, bonuses for achieving savings milestones, or partnerships with businesses for discounts and rewards. This includes securing long-term funding to provide financial support for the incentives program.
- Make the scheme accessible to potential savers by providing multiple ways to access and deposit savings, such as through online portals, mobile apps, or physical branches.
- Keep the rules and regulations of the savings scheme simple and transparent to avoid confusion and increase participation.
- Provide guidance and support to savers, such as financial education, budgeting tips, and financial planning services to help them achieve their savings goals.
- Ensure consistency and continuity.
- Develop a step-by-step implementation plan that outlines the activities, roles, and responsibilities of each stakeholder involved in the savings scheme.

- Identify and involve the right partners and stakeholders to support the program's objectives and goals.
- Set up mechanisms for monitoring and evaluating the program's progress and impact over time.
- Establish mechanisms to encourage transparency and accountability, including regular reporting on the program's activities and outcomes.

These steps will enable the efficient design and implementation of the saving scheme. It is possible to utilize small savings to lead to long-term savings, thus providing contributions to solve many of the low-income group's problems—especially regarding the down payment for housing loans.

6.9 Saving Schemes Preferences

- Market demands saving solutions: This factor acknowledges that there is a demand for saving financial products and solutions among the market participants.
- Financial institutions are trying to provide solutions to fit all clients: This factor indicates that financial institutions are making efforts to cater to the diverse needs of their clients.
- More government initiatives are required: This factor reiterates the need for additional government initiatives to promote financial literacy and protection.
- The responses indicate a mix of positive and negative sentiments regarding the financial literacy and protection efforts promoted by private banks, CMA, and SAMA. While some respondents appreciate the availability of Islamic financial solutions and efforts to cater to diverse clients, others express concerns about costs, awareness levels, and the true Sharia compliance of these products. This highlights the importance of continuous improvement, transparency, and education by financial institutions and regulatory bodies to enhance customer satisfaction and confidence in the financial system.
- Financial institutions should consider addressing the concerns raised by dissatisfied respondents, enhancing transparency, offering more competitive products, and providing better financial education and awareness about the benefits of saving financial solutions. Additionally, tailored saving solutions that cater to the specific

needs of different customer segments can also help improve overall satisfaction and utilization of saving financial products.

- Engagement with local developers to help create home purchasing opportunities: Collaborating with local developers can play a role in increasing home purchasing opportunities for the public.
- Some research has been done but not yet implemented: It appears that some research initiatives have been undertaken, but their implementation may still be pending.
- Bank loans for home ownership are available: It is acknowledged that bank loans are available for individuals seeking to finance home ownership.
- Developing a framework with government and financial institutions: The process of developing a framework involving the government and financial institutions may be underway to address home ownership challenges.

6.10 Summary

These findings contribute strongly to household income and consumption, awareness and literacy, the government's financial housing and saving potential policies, and housing inflation in encouraging citizens towards home ownership. The findings also help devise appropriate research recommendations and contributions to practice. The current chapter has discussed the research findings, provided critical views on household income issues and connections to the research questions, and illustrated the efforts government housing policies can bring in encouraging citizens towards home ownership. The research findings help to devise appropriate research housing policy recommendations.

The following chapter should set out the study's overall implications arising from these conclusions from multiple perspectives. Specifically, the chapter assesses the theoretical implications concerning the contribution to the literature and the contribution to the body of knowledge, and the potential areas for further research alongside the pragmatic implications of the findings.

Chapter Seven: Research Conclusions

7.1. Introduction

The final chapter of this research discusses the results and outlines the study's overall implications from multiple perspectives. Specifically, it assesses the theoretical implications regarding the contribution to the body of knowledge and other potential areas for subsequent research, alongside the pragmatic implications of the findings. This chapter also acknowledges the limitations of the research and the various implications these may have on future studies. Finally, the research observations provide critical views regarding the factors considered.

Here is a summary of how the research aim was achieved by addressing the research questions. The aim was to evaluate the design and effectiveness of key government policy factors—including household savings programs, housing initiatives, and financial awareness efforts—in influencing the homeownership decisions and savings manners of Saudi citizens, with a focus on the low-income segment.

To address this aim, the study examined and evaluated the following:

- Government household savings programs to understand how they can be designed and implemented more effectively to increase homeownership rates.
- The mix of government housing policies, such as subsidies, loan programs, and tax incentives, to determine the most impactful approaches for encouraging Saudis to save for home purchases.
- The impact of government financial literacy and consumer awareness initiatives on shaping household savings behaviors for the purpose of homeownership.
- How factors like rising housing prices and income growth affect the savings decisions of low-income Saudi citizens pursuing homeownership.

By addressing the research questions, the study generated comprehensive insights into the government policy landscape and its influence on household savings and homeownership outcomes among the Saudi population, particularly concerning the low-income segment. The findings from this research could inform the development

and optimization of government programs and policies to drive sustainable increases in homeownership rates across Saudi Arabia.

There is ample evidence from primary and secondary data investigations concerning the need to improve the savings culture and consumer financial awareness among Saudi citizens. The research highlights the savings accumulation effect on household portfolios in various economic theories, providing insights not only on savings but also on capital formation for Saudi national growth. Accordingly, the following high-level conclusions may be drawn:

- Households' income and the lack of a savings culture negatively contribute to the low homeownership rate. This problem is compounded by insufficient government efforts to create effective savings policies, as indicated in the primary data analysis. Government initiatives to encourage citizens to secure homeownership are inadequate, and existing regulations do not significantly impact household savings. The lack of savings is further complicated by the need for greater clarity among stakeholders, such as financial institutions and real estate companies.
- The government, along with other stakeholders, must enhance collaboration to create professional partnerships, such as through the Public-Private Partnership (PPP) model and similar financial agreements. Linking government efforts toward savings for homeownership can yield benefits at various levels. For instance, the government can promote cooperative homeownership and improve conditions for low-income groups. It should also establish infrastructure and support systems aimed at boosting savings among Saudi citizens with appropriate incentives. This effort should not be limited to policymakers; it requires integrating other stakeholders, such as capital companies and real estate developers, to support government solutions for providing housing through feasible savings programs. The research confirms the need for increased involvement from government housing institutions to support the housing industry through appropriate regulations and incentives, as well as to enhance households' access to government support to increase homeownership rates and improve living standards.
- The absence of a consumer financial awareness policy significantly hinders individuals from making informed choices, leading to a tendency to postpone saving-related decisions. Currently, Saudi households primarily focus on consumption, creating a pressing need to spread awareness within society and address housing matters equally.

This issue is compounded by the lack of a savings culture and the necessity for comprehensive government support to boost savings, create meaningful saving opportunities (such as homeownership), and develop feasible financial solutions. It is evident that Saudi citizens require a better understanding of precautionary savings. The lack of a savings culture poses long-term negative implications for Saudi citizens, even without economic shocks. Consumer financial awareness can be improved through adequate government support and suitable saving solutions, which can also address the shortage of affordable housing. Empirical research supports the view that promoting savings for homeownership can enhance household savings culture. Notably, one significant factor impacting household savings in Saudi Arabia is the lower level of financial literacy compared to other countries. Financial literacy encompasses the understanding of financial skills and knowledge that empowers individuals to make informed financial decisions. A financially literate person can not only accumulate wealth but also contribute to a country's economic growth. Conversely, low financial literacy can adversely affect household financial potential and the stability of financial institutions, which are critical to any nation's economic development. Initiatives should focus on introducing specially designed awareness programs supported by financial institutions.

Secondly, a purpose-driven strategy can be devised. For instance, policymakers can target the youth of the country with programs designed to encourage savings for educational needs. Finally, governing bodies can assist families in acquiring financial skills, establishing savings goals, and developing long-term saving habits. Additionally, creating an entity to monitor the nation's financial literacy initiatives, as outlined in the Financial Sector Development Program (FSDP), will help the government track the progress of various initiatives and provide governance around the overall financial literacy drive. By implementing such initiatives, Saudi Arabia can enhance financial literacy among its citizens, equipping them to make informed decisions regarding their saving plans. Consequently, improved saving plans at the citizen level can lead to a higher national savings rate and overall economic development.

There is a significant need to create appropriate financial instruments to encourage and support housing financing and savings culture among Saudi citizens. This challenge is compounded by issues related to the infrastructure required for a savings scheme linked

to homeownership. Therefore, there is an urgent need for a well-designed savings scheme to transform the savings culture and support homebuyers.

Stakeholders, such as the financial sector, media, and education system, should play an active role in conducting financial literacy awareness campaigns. For instance, banks could host seminars for specific groups, including school and college students, working professionals, middle-income families, and retirees. Such seminars should educate these target groups about the available savings schemes that meet their needs. The savings culture should be extended to various segments of society, ensuring that all household members understand the importance of saving and how to do so effectively.

Empirical evidence from the collected secondary and primary data suggests that individuals with high financial literacy often share common traits, such as education, income, and median age. For instance, financial literacy tends to increase significantly with academic achievement, leading to better mathematical abilities and comprehension. A financially educated individual typically has a higher income, aims for ambitious financial goals, and works toward achieving them through savings and investments. The need for adequate financial knowledge is also prominent among the Saudi population. Many individuals struggle to meet their financial obligations each month and often rely on others for financial assistance or incur debt. This indicates that income frequently fails to exceed expenses, making it difficult to monitor daily spending and credit card transactions. Furthermore, the research results reveal a concerning picture of the country's financial literacy levels.

Age distribution significantly impacts household savings in Saudi Arabia. The demographic distribution within a country notably affects the overall household savings rate. The life-cycle theory, discussed in the theoretical framework chapter, suggests that as individuals approach middle age, they tend to save more. Given that Saudi Arabia is at an early stage of the life-cycle hypothesis, there remains high potential for achieving a satisfactory savings ratio in the future, provided the population is regularly educated on the importance of savings. Additionally, the research confirms that reasonable policy initiatives can significantly enhance household savings in Saudi Arabia. Policymakers can introduce tailored policies to boost savings, drawing insights from initiatives in other countries that have successfully promoted a savings-driven mentality.

Furthermore, increasing financial literacy can enhance personal savings and address concerns regarding weak financial security at retirement.

Consequently, the government could encourage long-term savings and address many housing issues faced by low-income groups by channeling small household savings and creating appropriate housing awareness and financing policies, including soft terms and conditions, to enable low-income segments to access subsidized housing loans.

7.2 The Research Contributions

The research aimed to evaluate the design and effectiveness of key government policy factors—including household savings programs, housing initiatives, and financial awareness efforts—in influencing the homeownership decisions and savings behaviors of Saudi citizens, focusing on the low-income segment. The research questions contributed to academic knowledge and addressed existing gaps in understanding the research questions in this study have made several key contributions to advancing academic knowledge in this domain:

1. **Government Household Savings Programs:** The in-depth evaluation of government-backed household savings schemes and their impact on homeownership rates has provided novel empirical evidence on the design elements and implementation factors that drive the effectiveness of such programs. This addresses a gap in the existing literature, which has tended to focus more on household-level determinants of savings behavior rather than the institutional role of government policy interventions.
2. **Government Housing Policy Mix:** The assessment of the relative effectiveness of different housing policy levers, such as subsidies, loan programs, and tax incentives, in encouraging household savings for home purchases offers valuable insights. This expands academic understanding beyond the typical focus on singular policy instruments by examining the optimal policy mix to promote homeownership aspirations.
3. **Impact of Financial Literacy and Awareness Initiatives:** The analysis of how government-led financial education and consumer awareness programs influence

household savings behavior for homeownership purposes represents an important addition to the literature. Prior studies have largely overlooked the role of these initiatives, and the research findings help fill this gap in understanding the drivers of savings decisions.

4. **Inflation Challenges Faced by Low-Income Segments:** The exploration of how rising housing costs and income growth patterns affect the homeownership savings decisions of low-income Saudi citizens provides crucial insights. This addresses an underexplored area in the existing body of research, which has focused more on the general population rather than the unique circumstances faced by disadvantaged segments.

The interview data collected as part of this study has been instrumental in addressing these gaps in academic knowledge. The rich qualitative insights gathered from the three targeted groups enabled a deeper understanding of the barriers, motivations, and decision-making factors influencing household savings behaviors for homeownership.

The data also revealed nuanced perspectives and contextual factors that are not easily captured through secondary data or quantitative analysis alone. Finally, it informed the development of more targeted and effective policy recommendations to address the homeownership challenges faced by different segments of the Saudi population.

By strategically addressing these research questions and leveraging the interview data, the study has significantly contributed to expanding the academic understanding of the complex interplay between government policies, household savings decisions, and homeownership outcomes—particularly within the underexplored context of the Saudi Arabian market.

7.3 Theoretical Contributions

The researcher's first challenge was to identify supportive theories and practices to guide the investigation of whether such a program exists. Can the government effectively run such a program? Most importantly, can such a program address the housing needs of lower-income citizens? The critical challenge is that the housing program needs to be supported by savings and should not be regarded as merely a

process of socially subsidized housing, as observed in European countries. Most studies have been conducted in Western contexts, providing different perspectives on the saving process; for instance, Islamic solutions are rare in Western studies.

The findings of this study have made several valuable contributions to the existing body of knowledge. The main aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviours of Saudi citizens, particularly focusing on the low-income segment.

First, this study attempts to establish a coherent household saving process by incorporating perspectives from government housing policymakers, financial institutions, and real estate developers. It offers a theoretical approach to examining and understanding this process from multiple dimensions. It contributes to this area of research by identifying the success factors of savings and housing financing policies, thus providing important theoretical and empirical implications for policymakers in government and financial institutions. It is noteworthy that the research factors investigated have not been observed in previous studies of Saudi Arabia at the constitutional level; therefore, this research is the first to examine the institutional foundations of household savings and housing financing policies, contributing to the growing body of literature on this topic. Several recommendations for future research have been made to examine the environment of household savings and housing financing, which currently lacks well-established institutional arrangements.

Second, the significance of the current study lies in being the first comprehensive study of household savings and housing financing policies conducted within the Saudi Arabian context. This study also uniquely employs Saudi financial policymakers as a unit of analysis in the savings literature. Most studies have used individuals, participants, or ordinary citizens as units of analysis. Thus far, no single study has employed institutions as a unit of analysis, which is crucial for establishing the theoretical foundations of the relationship between success factors and household savings.

Finally, this is the first study to examine the role of stakeholders in household savings and related awareness aspects. The research suggests a form of government intervention to encourage saving, the creation of various savings and housing financing policies, and the willingness to lead public-private partnerships, recognized as beneficial mechanisms to address critical issues. The success of implementing such policies is directly linked to acknowledging and understanding the differing interests and adapting organizational culture. Prior to this research, these specific details were not noted or acknowledged in the literature; hence, they form the core of the unique contributions to the existing body of knowledge.

7.4 Contributions to Practice

The research findings provide significant contributions to practice and some actions should be promoted by government institutions, as well as the private sector, include the following:

- The research findings provide significant contributions to practice, and some actions should be promoted by government institutions as well as the private sector, including the following:
- **Increase Housing Supply:** The government should consider better policies to increase housing supply. Current actions need improvement to provide housing for low-income segments and promote government housing loan schemes. Developing better policies and incentives to make more houses available is essential. The government should also take various initiatives to provide more affordable housing for low-income segments using tailored financing products with incentives. More government saving and housing financing policies are required. The Prime Minister should create financing solutions that address significant obstacles for the low-income segment, including lower down payments, subsidized loan costs, land prices, extended repayment periods, and increased loan amounts.
- **Proper Incentives for Low-Income Segments:** The government should consider proper incentives for the low-income segment, similar to social housing in other countries, such as providing home loan guarantees that lower interest rates and releasing more raw land. Creating savings schemes for low-income groups is

essential. In this regard, GOSI and government financial policymakers need to utilize and implement the employees' homeownership matching scheme, disguised with incentives for employees and focusing on providing low-cost housing loans.

- **Public-Private Partnerships (PPP):** Encouraging win-win partnerships using the Public-Private Partnership model can increase the homeownership rate through greater collaboration between stakeholders. Developers could acquire soft government loans and streamlined processes, while capital companies could establish more real estate funds. Stakeholders need more efforts to create efficient working methods, such as through the PPP concept or similar financial agreements. The private and government sectors can share responsibilities for housing, such as connecting loans with mega projects in a single scheme and providing low-cost developed lands or incentives for developers to build more houses.
- **Effective Regulation by SAMA:** The Saudi Arabian Monetary Authority (SAMA) should regulate the banking system effectively and apply better master planning in housing development, encouraging the creation of customized housing finance products. Improved regulations and monitoring of the required products, such as controlling interest rates for first home loans, are necessary.
- **Regulatory Improvements:** The research highlights the significant need for implementing more suitable policies from SAMA, CMA, MOMRA, and other stakeholders, including improving regulation and monitoring of housing financing products. SAMA could enforce savings quotas in commercial banks, regulate savings schemes' minimum returns, improve regulations and monitoring of saving financial products, restructure first home loans, and provide various customer incentives. Furthermore, SAMA could push financial institutions to initiate financial awareness programs and create affordable saving solutions suited to lower-income segments.
- **Control of Real Estate Speculation:** The monopoly and speculation of senior real estate dealers should be controlled through proper regulations, with more consideration towards land tax and creating more investment opportunities in the market.
- **Collaboration with the Saudi Real Estate Fund:** The Saudi real estate fund should work with developers to create a framework for low-income segment homeownership. The fund may consider subsidizing interest rates for housing loans

and encouraging the establishment of real estate funds in capital companies, providing soft government loans to incentivize and encourage developers.

The present study contributes to research by identifying success factors of household savings policies, providing important theoretical and empirical implications for policymakers in government and financial institutions. There are considerable opportunities to implement saving schemes to encourage household savings and increase homeownership. Further detailed research is needed on policy aspects to promote such programs. Additionally, more research is required among low-income segments on the type of support needed in housing finance solutions.

Finally, these research contributions to practice can be implemented successfully if covered with a clear housing vision, suitable market structuring, strong financing strategy, and appropriate incentives for both households and developers.

7.5 Research Limitations

While this study provides valuable insights into household savings policies and their implications for housing finance in Saudi Arabia, it is important to acknowledge certain limitations that may impact the generalizability and applicability of the findings. These limitations stem from the research design, data availability, and the focus on institutional perspectives rather than direct engagement with the target population. Understanding these constraints is crucial for interpreting the results and for guiding future research in this area. The main limitations of this research concern the following:

1. The researcher did not target Saudi householders directly or potential participants in the savings scheme, but rather housing policymakers and other key professionals. This approach prevents gathering data related to factors impacting participants in potential saving schemes and focuses on policymakers' perspectives.
2. Although cost-of-living income and expenditure survey data were available, historical household savings data were not, reflecting the need for more available historical data.

3. There is currently no savings program in place in Saudi Arabia, meaning no time series data is available.
4. This study should have considered the possibility of a housing saving program on a standalone basis, including the roles of government and other stakeholders such as religious charity organizations or private operators. Such programs are not attracting low-income segments due to a lack of incentives.
5. Other types of savings and investment opportunities available to participants were not considered, nor was their impact on saving for homeownership due to the economic environment in Saudi Arabia.
6. This research focuses on the general saving mechanism rather than specific details in the model of saving instruments or the designing processes of the saving products.

7.6 Future Research Directions

Further detailed research must analyze related issues. For instance, while this study focused on encouraging Saudi household savings for housing, similar studies in Gulf or MENA countries could implement similar ideas based on this study's results. Future research should consider how government housing policies can support the development of homeownership in developing countries and how financial policies can encourage citizens towards homeownership through appropriate saving programs.

Additionally, serious efforts could focus on the Islamic policy side to promote such programs. More research is needed on Islamic banking operations centered on Sharia-compliant Islamic saving products, as well as among low-income segments regarding support required in Islamic housing finance solutions. Finally, research should explore methods for introducing financial literacy and consumer awareness education programs into the educational system, preferably targeting youth through financial education programs in schools.

7.7 Summary

The final chapter discusses the results, sets out the study's overall conclusions, and explains the implications arising from these conclusions from multiple perspectives. It assesses the theoretical implications regarding contributions to knowledge and potential areas for further research, alongside pragmatic implications of the findings. It also

acknowledges the limitations of the research, particularly the lack of available historical household savings data and the focus on institutional level analysis.

Based on the above, there is potential for creating a savings scheme in Saudi Arabia that meets effectiveness criteria, starting with a tailored, incentivized saving scheme and products addressing housing needs for lower-income citizens. Well-structured and attractive products could significantly impact the homeownership rate if coupled with appropriate incentives.

This study has examined the entire framework, from identifying the problem of lack of household savings to exploring probable explanations and identifying challenges and solutions provided by key Saudi stakeholders. The findings offer valuable contributions to the existing body of knowledge and practice, emphasizing the importance of assessing critical factors in household savings and housing financing policies.

This research establishes that developing and implementing integrated saving and housing finance policies is key to successful household savings towards homeownership in Saudi Arabia. Integrated efforts should comprise a feasible, economically viable strategy supported by senior executives and sensitive to cultural needs. The findings confirmed that Saudi government policymakers must drive this initiative. Further, the research suggests government intervention to encourage saving and the creation of various savings and housing financing policies, recognizing the importance of public-private partnerships to address critical issues effectively.

The study's findings could make significant and insightful contributions to existing knowledge, particularly regarding saving-based instruments for housing finance. It highlights the efforts of government and financial institutions to support the creation of these instruments.

In conclusion, the research confirmed that reasonable policy initiatives significantly impact household savings in Saudi Arabia. The study outlined critical initiatives for policymakers to improve the household savings rate, marking it as the first study to examine stakeholders' roles in household savings and awareness policies in Saudi Arabia. The success of implementing such policies relies on understanding differing

interests and adapting organizational culture. Before this research, these details were not acknowledged in the literature, forming a unique contribution to existing knowledge.

Finally, the study confirmed considerable opportunities to implement saving schemes to encourage household savings and increase homeownership. Further research is needed on policy aspects to promote such programs and among low-income segments regarding the support required in housing finance solutions. Successful implementation of research contributions depends on a clear housing vision, suitable market structuring, strong financing strategies, and appropriate incentives for both households and developers.

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Appendixes

Appendix A: Research Plan

Activities	2020				2021				2022				2023			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
MR401																
MR402																
PAF																
Research Methodology																
International Experiences																
Theoretical Framework																
Literature Review																
Conceptualisations																
Secondary Data Collection																
Interviews Preparations																
Questions Development																
Interviews																
Data Interpretation																
Thesis Writing																
Thesis Submission																
First Submission																
Second Submission	Sep 22, 2024															

Appendix B: The Interviews List

The following table highlights the three selected group members and some guidance for the interviewee's names and interview date that conducted. Based on the proposed research temporary plan that was illustrated in the PAF Document, I managed to finalized all the meetings before the end of the second quarter 2022.

Group A: The Saudi Policymakers		
1	Majed Alhogil, Minister of Ministry of Municipal and Housing	April, 2022
2	Dr. Hamad Albazi, Ministry of Finance Vice Minister	April, 2022
3	Saleh Afaleq, Government Official	April, 2022
4	Shwesh Aldwehi, Previous Minister of Housing	April, 2022
5	Saad Aldrees, Government Official	April, 2022
6	Nasser Madani, Government Official	May, 2022
7	Mohamed Abdani, Real Estate Development Fund Chairman	May, 2022
8	Dr. Ibrahim Hunishel, Saudi Development Bank CEO	May, 2022
9	Eng. Gazi Shahrani, Saudi Development Bank Vice President	May, 2022
10	Dr. Saud Alkhodir, Ministry of Education	May, 2022
Group B: The Saudi Financial Official		
11	Dr. Abdulah Alamri, Saudi Central Bank Official	April, 2022
12	Dr. Nasser Abd Elhamed, insurance Company	April, 2022
13	Talal Kareem, Capital Company	April, 2022

14	Talat Hafiz, Banking Awareness Committee	April, 2022
15	Mutasher Almarshed, Capital Company	April, 2022
16	Turky Almajhad, Capital Market Authority	May, 2022
17	Mohamed Alnori, National Commercial Bank	May, 2022
18	Hamad Ben Khodir, Fund Manager	May, 2022
18	Faisal Bawazir, Saving Products Expert	May, 2022
20	Faisal Alshreef, Vision 20230 Financial Program	May, 2022
Group C: The Saudi Real-Estate Developers		
21	Mohamad Altamaimi, Real Estate Developer Company	April, 2022
22	Abdulkareem Yousuf, Real Estate Developer Company	April, 2022
23	Abdulrahman Alzukair, Real Estate Developer Company	April, 2022
24	Eng. Abdulnasser Aseri, Real Estate Developer Company	April, 2022
25	Adeeb Alhomaiddi, Real Estate Developer Company	April, 2022
26	Eng. Nasser Abdulsalam, Engendering and designing Company	May, 2022
27	Abdulah Alkheliwi, Building Technology Deployment Company	May, 2022
28	Fahad Alharkan, Real Estate Developer Company	May, 2022
29	Nasser ben Dawod, Real Estate Developer Company	May, 2022
30	Abdulah Alromaizan, Building Technology Deployment Company	May, 2022

Appendix C: The Research Semi-Structured Questions

Interview Question	Research Objectives	Measurement
1. How do you judge the awareness of saving for the future amongst Saudi households?	1	Households Awareness
2. What is your view on the savings culture amongst Saudi citizens, and why do you think this is the case?	1	Savings Culture
3. What is the major role of government awareness support to increase homeownership?	1	Government Role
4. What do you think of the financial literacy and protection and awareness efforts promoted by the private banks, CMA and SAMA?	1	Financial Literacy
5. What do you think of it is effectiveness in terms of the benefits of saving for home ownership?	1	Financial Literacy
6. Have you met the requirements to increase public awareness of financial institutions saving products and the process you have followed?	2	Current Saving Products
7. What do you think about the efficiency of the other stakeholders towards supporting the cause?	2	Stakeholders Roles
8. In some countries, there are some instruments to encourage people to purchase a house, such as Low-cost loans, Diminishing Partnership (Musharakah Mutankisah), Sukuk. Etc. What are your thoughts regarding the availability of such equivalent financial saving instruments?	2	The Availability of Financial Instruments
9. Is there a need for more effective instruments? If yes, can you please elaborate on the probable nature of such instruments and if they are in use in Saudi or in any other country?	2	The Nature of Required Financial Instruments
10. Based on your experience, how will you evaluate the available financial solutions to buy a house?	2	The availability of Required Financial Instruments
11. Is there any information available on such demand? If yes, can you please share that with me?	2	Demand
12. What are the main preferences of the financial scheme that can be implemented by the financial institutions?	2	Financial Scheme Preferences
13. Is there any study/information available on such preferences? If yes, can you please share that with me?	2	Previous Research

14. Could you share with us your thoughts about the increase in house prices over the past decade?	3	House Prices
15. Please share your views on the policies that are needed to increase the low-cost home supply and ownership level in Saudi Arabia against a backdrop of such housing inflation.	2 - 3	Required Policies
16. What are the potential side effects of that well-structured saving scheme for home ownership in the financial market? For example, market destruction, moving too much money to this scheme from current accounts.	2	Saving Scheme Structured
17. Please explain the issue of house price inflation as a deterrent to home ownership.	3	Inflation
18. How does that affect the decision-making process?	3	Decision-Making Process
19. What, if any, kind of government support is required to make homeownership more affordable?	2	Required Policies
20. What is your view on the current homeownership rate in Saudi Arabia? What policy action might be required to address the issue of the homeownership rate among Saudi citizens?	2	Home Ownership Rate Policies
21. What is the role required from the government to incentivise the banking system to create more affordable home ownership schemes?	2	Government Incentives
22. Please evaluate the need for a government-supported saving plan towards more affordable housing.	2	Government Incentives
23. What other options are there those governments or banks and the private sector should consider as additional potential solutions to increase the homeownership rate?	2	Potential Solutions
24. What additional supports do you think may be needed for creating a more conducive economic environment to increase the homeownership rate?	2	Economic Environment
25. The government is trying to increase homeownership; please elaborate on their effort after their announcement of the Saudi real-estate fund programme with the private banks.	2	Public Private Partnership
26. What are the key incentives that should be promoted by the government?	2	Key Incentives
27. What can be the expected impact of such incentives on each group of stakeholders?	2	Incentives Impact

السلام عليكم ورحمة الله وبركاته

رغبة في استطلاع بعض النقاط المتعلقة بالادخار الاسري في المملكة، فإننا نتطلع إلى مشاركتكم كأحد المتخصصين من أصحاب العلاقة وممن لديهم خبرات سابقة في مجال تنمية المدخرات في هذا المجال وذلك لتسليط الضوء على اهم الجوانب التي يمكن أن يحتاجها هذا القطاع ومدى النقص الحاصل في الوقت الحالي.

المرفق مجموعة من الأسئلة ستتم مناقشتها معك في مقابلة قصيرة وهي تدرج ضمن البحث الذي يجري اعداده للحصول على شهادة الدكتوراه في جامعة قلسترشير. الهدف العام من هذه الدراسة التعرف على مرئيات وأراء اصحاب العلاقة وصانعي السياسات في الجهات الحكومية والمؤسسات العامة والبنوك والشركات اضافة الى مرئيات شركات التطوير العقاري للوصول إلى رؤية حول تعميق مفهوم الادخار وايجاد الادوات التي تساهم في تحقيق ذلك .

في حال وجود أي استفسار يرجى التواصل عبر الإيميل [REDACTED] أو التواصل على الجوال 0504434565 وتقبلوا خالص تحياتي.

Dear Valuable Participant:

My name is Abdulrahman AL khayal and I am a graduate student at University of Gloucestershire. For my Ph.D. final project, I am evaluating the impact of government financial housing and saving policies for home ownership in the country of Saudi Arabia. Because you are representing one of the research targeted sectors, I am inviting you to participate in this research study by attending a sort meeting focusing in the attached concerns. The meeting will approximately last for 30 minutes. There is no compensation for participating nor is there any known risk. In order to ensure that all information will remain confidential, your name and position will be hold. Copies of the project will be provided to my University of Gloucestershire instructor.

You may elaborate in all questions as honestly as. Participation is strictly voluntary and you may refuse to participate at any time. Thank you for taking the time to assist me in my educational endeavors. The data collected will provide useful information. If you require additional information or have questions, please let me know or contact me at the listed contacts below. If you are not satisfied with the manner in which this study is being conducted, you may report the University of Gloucestershire at any complaints.

Sincerely, Abdulrahman Alkhayal

Student e-mail address [REDACTED]

Instructor e-mail address [REDACTED]

Research Title	Household Savings toward Home Ownership in Saudi Arabia		
Research Aim	The main aim of this research is to evaluate the design and effectiveness of government household savings programs, housing policies, and financial awareness initiatives in influencing the homeownership decisions and savings behaviors of Saudi citizens, with a particular focus on the low-income segment.		
Group	Policymakers	Capital Company	Real-Estate Developer

Interview Questions	Goals	Measurement
1. How do you judge the awareness to save for the future amongst Saudi households?	1	Households Awareness
2. What is your view on the savings culture amongst Saudi citizens, and why do you think this is the case?	1	Savings Culture
3. What is the major role of the government awareness support to increase home ownership?	1	Government Role
4. What do you think of the financial literacy and protection and awareness efforts promoted by the private banks, CMA and SAMA?	1	Financial Literacy
5. What do you think of it is effectiveness in terms of the benefits of saving for home ownership?	1	Financial Literacy
6. Have you met the requirements to increase the public awareness toward financial institutions saving products and the process you have followed?	2	Current Saving Products
7. What do you think about the efficiency of the other stakeholders towards supporting the cause?	2	Stakeholders Roles
8. In some countries, there are some instruments to encourage people to purchase a house, such as Low-cost loans, Diminishing Partnership (Musharakah Mutankisah), Sukuk. Etc., what are your thoughts	2	The Availability of Financial Instruments

regarding the availability of such equivalent financial saving instruments?		
9. Is there a need for more effective instruments? If yes, can you please elaborate about the probable nature of such instruments and if they are in use in Saudi or in any other country?	2	The Nature of Required Financial Instruments
10. Based on your experience, how will you evaluate the available financial solutions to buy a house?	2	The availability of Required Financial Instruments
11. Is there any information available on such demand? If yes, can you please share that with me?	2	Demand
12. What are the main preferences of the financial scheme that can be implemented by the financial institutions?	2	Financial Scheme Preferences
13. Is there any study/information available on such preferences? If yes, can you please share that with me?	2	Previous Research
14. Could you share with us your thoughts about the increase in house prices over the past decade?	3	House Prices
15. Please share your views on the policies that are needed to increase the low-cost home supply and ownership level in Saudi Arabia against a backdrop of such housing inflation?	2 - 3	Required Policies
16. What are the potential side effects of that well-structured saving scheme for home ownership in the financial market? For example, market destruction, moving too much money to this scheme from current accounts.	2	Saving Scheme Structured
17. Please explain the issue of house price inflation as a deterrent of home ownership.	3	Inflation
18. How does that affect the decision-making process?	3	Decision-Making Process
19. What, if any, kind of government support is required to make home ownership more affordable?	2	Required Policies
20. What is your view on the current home ownership rate in Saudi Arabia? What policy action might be required to address the issue of the home ownership rate amongst Saudi citizens?	2	Home Ownership Rate Policies

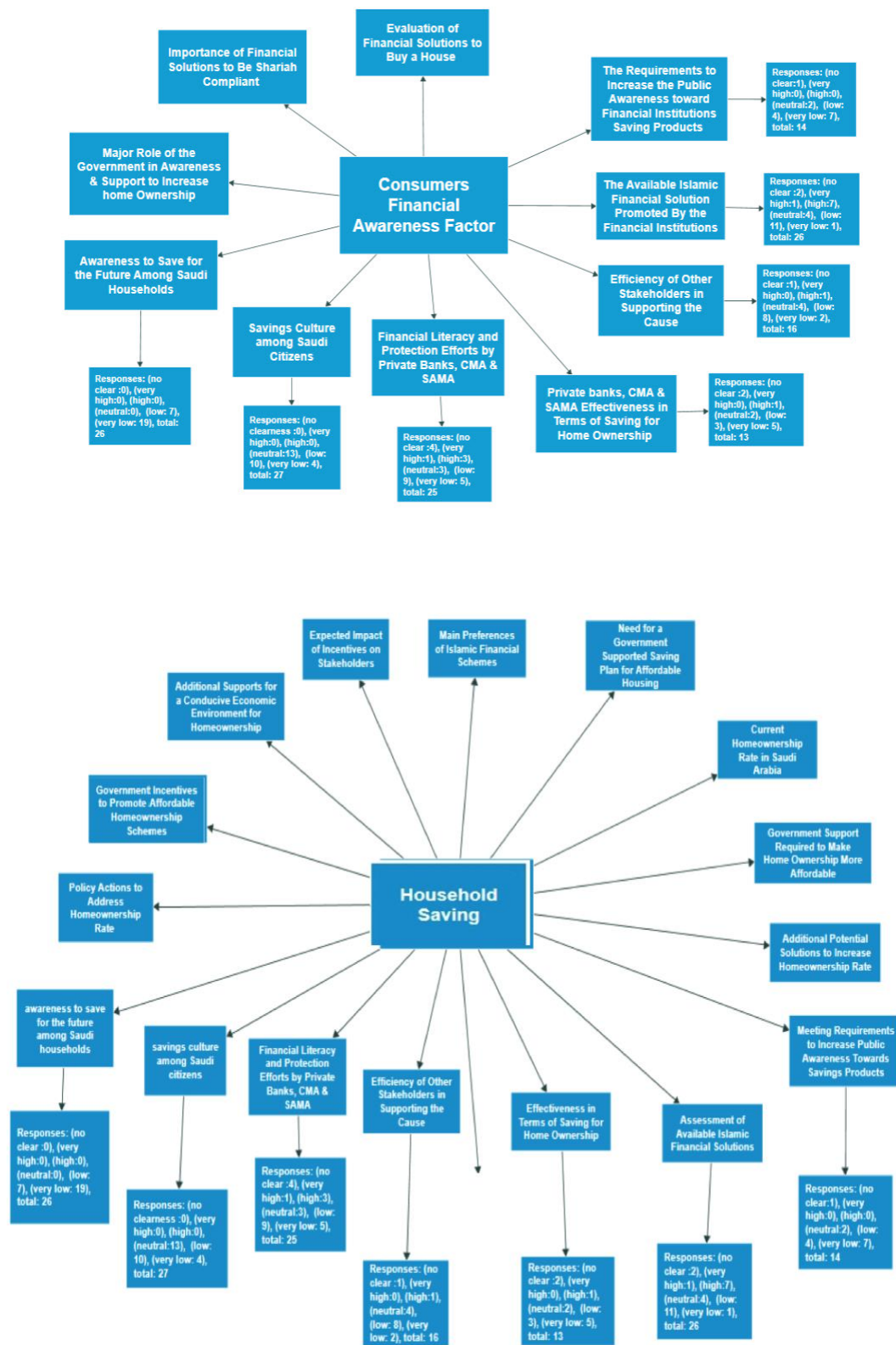
21. What is the role required from the government to incentivise the banking system to create more affordable home ownership schemes?	2	Government Incentives
22. Please evaluate the need for a government supported saving plan towards more affordable housing.	2	Government Incentives
23. What other options are there those governments or banks and private sector should consider as additional potential solutions to increase the home ownership rate?	2	Potential Solutions
24. What additional supports do you think may be needed for creating a more conducive economic environment to increase the home ownership rate?	2	Economic Environment
25. The government is trying to increase home ownership; please elaborate about their effort after their announcing of the Saudi real-estate fund programme with the private banks.	2	Public Private Partnership
26. What are the key incentives that should be promoted by the government?	2	Key Incentives
27. What can be the expected impact of such incentives to each group of stakeholders?	2	Incentives Impact

Appendix D: Sample Selection of Interview Transcripts

<p>B) How does that affect the decision-making process?</p> <p>Highly increase the prices.</p>
<p>A) What, if any, kind of government support is required to make home ownership more affordable?</p> <p>Full implementations for mortgage Systems</p> <p>One stop <u>shop</u> to ease the permissions</p> <p>Support the real-estate industry in the country by taking strategic dissection.</p> <p>Create incentives for low income groups</p> <p>Create more funds and <u>Sukuk</u></p> <p>B) What is your view on the current homeownership rate in Saudi Arabia? What policy action might be required to address the issue of the home ownership rate among Saudi citizens?</p> <p>It is important to build a sufficient number of decent housing regardless of ownership which comes next. The decision of renting or buying is personal</p> <p>C) What is the role required from the government to incentivize the banking system to create more affordable home ownership schemes?</p> <p>Regulations, support, incentives.</p>
<p>A) Do you think that the Islamic solutions may impact the low cost/ subsidized housing sales?</p> <p>Suitable from real-estate developers' point of view.</p> <p>B) Please share views on the probable impact of such Islamic financing solutions on housing market and the preference vis-à-vis a conventional solution? Is there any information pack on that available?</p> <p>Islamic products are preferred.</p>
<p>A) What are the main preferences of the Islamic financial scheme that can be implemented by the financial institutions?</p> <p>The bank relies on income only, they should consider the real-estate value</p> <p>More flexibility and incentives for early payments.</p> <p>B) Is there any study/information available on such preferences? If yes, can you please share that with me?</p> <p>Investment products like real-estates funds.</p>
<p>A) Could you share with us your thoughts about the increase in house prices over the past decade?</p> <p>Release the bulk on some lands.</p> <p>No incentives for developers.</p> <p>Increase on utilities cost.</p>

<p>C) What do you think about the efficiency of the other stakeholders towards supporting the cause?</p> <p>Very long Ministry of Municipality processing procedures, no attractive PPP, missing of integrations between stakeholders, law government standers increase the corruption.</p>
<p>A) In some countries, there are some instruments to encourage people to purchase a house, such as <u>Low cost</u> loans, Diminishing Partnership (Musharakah Mutankisah), Sukuk. Etc., what are your thoughts regarding the availability of such an Islamic-equivalent financial saving instruments?</p> <p>Sukuk is a great instrument</p> <p>B) Is there a need for more effective instruments? If yes, can you please elaborate about the probable nature of such instruments and if they are in use in Saudi or in any other country?</p> <p>Government employee scheme</p>
<p>A) Based on your experience, how will you evaluate the available financial solutions to buy a house?</p> <p>Good solutions but costly.</p>
<p>Interview Question</p>
<p>A) How do you judge the awareness to save for the future among Saudi households?</p> <p>Very low.</p> <p>B) What is your view on the savings culture among Saudi citizens, and why do you think this is the case?</p> <p>The populations could be divided to two categories: %20 are dependent %80 are dependent on government and need supports and incentives. Low monthly income, High costs of living include rent, food and other consumer products, missing of low-income housing programs, limited of opportunities.</p> <p>What is the major role of the government awareness support to increase home ownership?</p> <p>The government may stimulate the Malaysian housing saving plan through the retirement plan. Encourage the creation of saving products.</p>

Appendix E: Sample of Data Visualization



Code	Percentages Coverage
Question A	4.67%
Question AA(A)	4.67%
Question AA(B)	4.67%
Question AA(C)	4.67%
Question AD(A)	4.67%
Question AE(A)	4.67%
Question B-2	4.67%
Question C	4.67%
Question D	4.67%
Question F(A)	4.67%
Question G(B)	4.67%
Question H(C)	4.67%
Question P(A)	4.67%
Question U(A)	4.67%
Question V(A)	4.67%
Question W(B)	4.67%
Question X(A)	4.67%
Question Y(B)	4.67%
Question Z(C)	4.67%

Appendix F: Sample of Data Analysis Proseccos

Data Analysis									
Sr. No.	Questions & Analysis								
A	How do you judge the awareness to save for the future among Saudi households?								
	Additional Factors								
1	No more than 25% of Saudi households save for the future								
2	Income producing properties are relied upon to provide income in old age								
3	Other GCC countries face the same problem								
4	Many households are in huge debt.								
B - 1	What is your view on the savings culture among Saudi citizens?								
B - 2	And why do you think this is the case?								
	Additional Factors:								
1	Short history of wealth								
2	Low proportion of people save up capital in banks to meet their emergency obligations								
3	Gulf states are facing a "national crisis" due to lack of savings culture								
4	Media is creating stereotypes for consumption								
5	Social values are being eroded								
6	Contempt of young people towards work								
C	What is the major role of the government in awareness & support to increase home ownership?								
	Additional Factors:								
1	Awareness is there & home ownership is increasing								
2	Government has already appointed Saudi Credit and Savings Bank (SCSB) for this purpose								
3	Government supported interest free loans distort the market								
4	Government could utilize educational institutions to arrange workshops								
5	Take a strategic decision to decrease consumer loans and move to capital loans								

R (B)	Please share your views on the policies that are needed to increase the low cost home supply and ownership level in Saudi Arabia against a backdrop of such housing inflation?									
	Attributes									Repetitions
1	Better Government land policies									4
2	Government incentives									5
3	Well designed financial products from financial sector									2
4	More construction from real estate developers									2
5	More Government infrastructure, developed areas									5
6	More low cost homeownership loans									3
7	More housing schemes									2
8	Government should pay interest for low income groups									2
9	Stronger regulation									5
10	Reduce the land monopoly									4
11	Government should reduce restrictions									4
12	Loan & land program should be extended									3
13	Social Housing									1
14	Quick Financing track									1
15	Prices controlled by a union									1
16	Lower land tax									2
17	Failure to regulate the banking system									2
18	Reduce consumer loans and shift to capital loans									1
19	Adequate opportunity to private sector to finance mega projects									1
20	Create secondary market for Sukuk									1
21	Better master planning									2
22	Better building codes									1
	Additional Factors									
1	Mega projects through Ministry of Housing									
2	Government investors body, PIF, GOSI, PPA should use international experiences									
3	Land fair control policy is substantial									
4	Policies to support the establishment of investment funds dedicated to savings in financial companies									
5	One stop shop for developers									
6	Accelerate procedure for land development permits									