

## Economic Welfare: Spending and Saving Patterns in the Qatari Context

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This study investigates the knowledge, behavior, and attitudes of the participants regarding the prices of services and goods in Qatar, personal and family spending, saving and borrowing behaviors, and financial planning based on reliable data. The results of the study offer effective economic policies for the national debate. Knowledge and understanding of financial concepts and access to financial services are crucial, particularly in high-income societies such as the Arab Gulf states, to enhance market forces and guide economic policy development. This study's findings provide policy insights on long-term economic welfare and on enhancing individual and household economic stability in Qatar.

Recent statistics have shown that the general cost of living in Qatar is higher than in other Gulf Cooperation Council (GCC) member states, including Kuwait, Oman, Saudi Arabia, and Bahrain<sup>1</sup>. Over the past decade, the economic, social, and urban development of Qatar has led to a higher standard of living (SoL) leading to changes in household spending patterns.

Average Qatari household consumption spending increased from QAR 39,821 in 2007 to QAR 57,724 in 2013, an annual rate of increase of 6%<sup>2</sup>. This increase reflects not only the improved SoL but also an increase in prices. The June 2022 consumer price index (CPI) released by the Planning and Statistics Authority (PSA) shows an increase of 5.41% in the general index compared to the June 2021 CPI.

In this study, 1,496 respondents were surveyed, including 744 Qataris and 752 white-collar expatriates. To better understand their saving and spending patterns, each of the respondent types—Qataris and white-collar expatriates—was

categorized by income. Therefore, Qataris and white-collar expatriates who had a minimum income of QR 50,000 and QR 15,000, respectively, were categorized as high-income respondents. Qataris and white-collar expatriates with an income of less than QR 50,000 and QR 15,000, respectively, were categorized as low-income respondents.

### Qatar's Economy: Public Perception of Prices

It is important to consider how the prices of basic goods and services in Qatar are reflected from individual-level perspectives. Both Qatari and white-collar respondents were asked a general question about their perceptions of prices of goods and services in Qatar.

The majority of the Qatari population, including those with higher income (95%) and lower income (90%), agreed that the prices of goods and services were high. Although a miniscule percentage of higher-income Qataris perceived prices to be low, none of the lower-income Qataris agreed.

The majority of Qataris and white-collar expatriates agreed that the prices of goods and services were high.

Similarly, more than three fourths of higher-income white-collar expatriates (77%) and lower-income expatriates (87%) agreed that the prices of goods and services in Qatar were high.

Around 20% of higher-income expatriates perceived the prices of goods and services to be 'about right,' in comparison to only 12% of lower-income expatriates. In general, 92% of Qataris and 82% of expatriates agreed that the prices of goods and services were high.

## Income vs Expenses

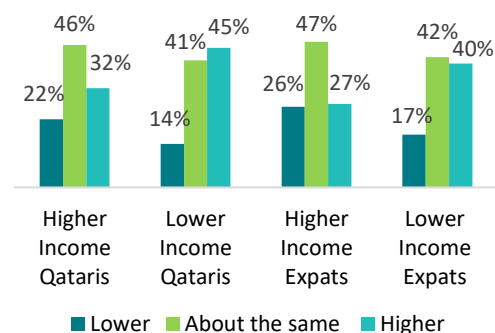
Comparing household expenses and household income provides insight into overall household financial stability in Qatar. Around 73% of Qatari respondents reported that their monthly income was sufficient to meet their basic needs. Similarly, 74% of higher-income expatriates reported that their monthly income was sufficient to meet their basic needs.

The respondents were asked to compare their monthly household expenses with their monthly household income. When comparing the respondents by income level, the overall results showed that higher-income respondents had the same level of spending. By comparison, lower-income respondents reported that their monthly expenses exceeded their income. Perceptions about monthly expenses compared to monthly income varied among Qatari respondents according to income levels. Exactly 32%

of higher-income Qataris reported that their monthly expenses were higher than their monthly income, 46% reported that their expenses and income were about the same, and 22% of higher-income Qataris reported that their expenses were lower than their monthly income. On the other hand, 45% of lower-income Qataris said that their monthly expenses were higher than their monthly income, 41% reported that their monthly expenses and income were about the same, and 14% reported that their monthly expenses were lower than their monthly income.

Among higher-income expats, 27% reported that their monthly expenses were higher than their monthly income, 47% reported that their monthly expenses and monthly income were about the same, and 26% reported that their monthly expenses were lower than their monthly income. On the other hand, 40% of lower-income expatriates said that their monthly expenses were higher than their monthly income, 42% said their monthly expenses and monthly income were about the same and, 17% reported that their monthly expenses were lower than their monthly income.

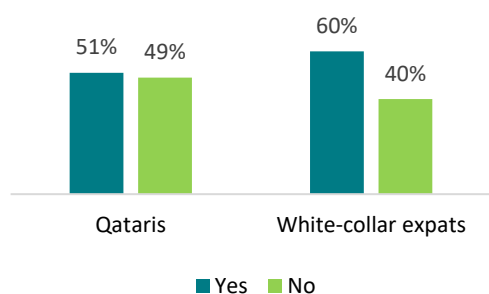
Figure 1. Income vs. Expenses



To better understand the households' financial behaviors, it is important to study the effects of changes in the households' economic environment and policies affecting, for example, households' savings and debt behavior (and consumption) for different groups of households. Moreover, the patterns of households' savings and debts may be viewed as a reflection of possible individual financial strategies, whether practiced consciously or not. Thus, the study included questions about whether individuals plan saving ahead and save part of their household income.

The results showed that 78% of all respondents actually planned in advance on how they would spend their income, compared to the remaining 22% of respondents. Additionally, respondents were asked about their saving habits and if they saved part of their household income. Around 51% of Qataris saved part of their household income, while 49% did not. In contrast, the majority of white-collar expatriates (60%) saved part of their income, while 40% did not.

**Figure 2. Saving from Household Income**



## Loans

The nationals of Qatar tend to borrow larger amounts of money from local banks. This phenomenon is partly due to the liberal policies that banks apply to Qataris. Specifically, a Qatari citizen is entitled to borrow up to QR 2,000,000 without collateral and only with evidence of salary.<sup>3</sup> This is consistent with our findings, which showed that, in general, more Qataris took loans compared to white-collar expats. When asked about a list of items (car, house, wedding, business investments, etc.) that the respondent or the respondent's family paid by taking out a loan, the respondents reported significant spending of borrowed amounts on several specific items of consumption. Remarkably, a high proportion of white-collar expatriates (39%) never took out a loan, compared to only 18% of Qataris.

*Car:* Among the Qatari respondents, 51% took out a loan to purchase a car, whereas among the white-collar expats, only 37% borrowed money to purchase a car. In terms of income, the results showed that a high percentage of low-income Qataris (56%) and high-income expats (45%) took out loans to purchase cars.

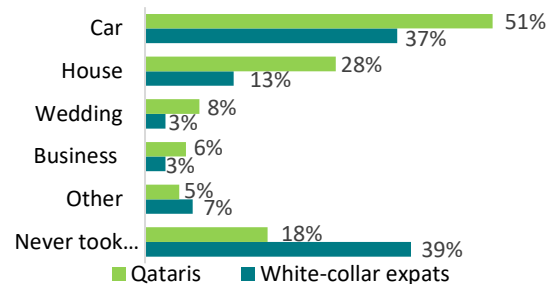
*House:* A larger proportion of Qataris (28%) than of white-collar expatriates (13%) reported taking out loans to buy a house. The results indicated that 17% of high-income expatriates borrowed money to buy a house, whereas only 11% of low-income expatriates resorted to loans. Similarly, more Qataris within the higher-income group (30%) reported taking out loans for houses than Qataris within the low-income group (25%).

*Wedding:* When it came to loans taken out for wedding preparations, 8% of Qataris reported taking loans for weddings, whereas only 3% of white-collar expats opted to take loans for wedding event.

*Business Investments:* Within the group of Qataris, 6% took loans for business investments, whereas only 3% of white-collar expatriates borrowed money to invest in businesses. Interestingly, 10% of high-income Qataris took loans for business investment, compared to only 3% of low-income Qataris.

*Other:* A smaller proportion of Qatari (5%) and expatriate (7%) respondents reported taking loans for education, healthcare, and other personal reasons.

**Figure 3. Items Paid by Taking Out Loan**



## References

1. BTI (2022). Bertelsmann Stiftung, Country Report- Qatar. Gütersloh: Bertelsmann Stiftung, 2022.
2. MDPS (2015). Measuring the Standard of Living in Qatar: Household Expenditure and Income Survey 2012-2013. Retrieved from <https://www.psa.gov.qa/en/knowledge/ReportsandStudies/SolEn.pdf>
3. Farah, A. (2019). Financial Literacy Programs – Current State and Educational. Qsmartlab Reports. Retrieved from <http://qsmartlab.com/financial-literacy-programs-state-and-recommendations>.

## Policy Recommendations

1. **Provide financial literacy programs (on-site/online)** by launching community capacity building and financial education for individuals and families, aimed at building financial management awareness, household budget planning and encouraging them to allocate a significant part of their income to savings.
2. **Establish advisory task force** that includes policy-makers, representatives from relevant ministries and financial institutions, researchers, and the private sector to review the latest research findings in line with price fluctuations, and household consumption norms.
3. **Advise banks and financial institutions** to develop and maintain policies and procedures that provide an effective, all-inclusive framework and tailored loan options for both high-income and low-income nationals and expatriate.