

Economic Wellbeing, Financial Vulnerabilities and Consumption Inequality: Navigating Social Protection Policies in Qatar

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Qatar's rapid economic transformation in the last three decades has laid the foundation for its prosperity across the economic, social, and scientific spectrum. High disposable incomes and continued economic diversification reflect the country's ongoing economic transformation. However, globalization has transformed consumption behaviors and patterns worldwide, with particularly notable effects seen in high-income countries such as Qatar. The data presented in this policy brief illustrates how people perceive economic wellbeing and changes, and form economic expectations. For instance, while residents reported strong economic optimism and financial resilience, this study also revealed significant economic vulnerabilities (high levels of indebtedness) and consumption inequalities. Despite overall economic growth, income inequality in Qatar may not only persist but may widen in the coming years⁽¹⁾. These contrasting findings call for the need to navigate social protection policies that are aligned with Qatar's commitment to establishing a prosperous society built on robust social justice.

Aims

The aim of this policy brief is to examine the intricate balance between economic wellbeing, financial vulnerabilities, and consumption inequality in Qatar and explore how the country's social protection policies need to navigate these challenges. As Qatar continues to develop its social welfare system, it is crucial for policymakers to understand the nuances associated with economic wellbeing and inequality to ensure that all citizens effectively benefit from the country's prosperity.

Data Sources

Data from the "Consumption Values and Behavior Survey of Qatar, 2024," which was sponsored by SESRI, was used for the analysis carried out for this policy brief. The survey collected data related to residents' income, consumption, and economic wellbeing as well as consumption values and preferences and sustainable consumption practices. The survey was conducted using the computer-assisted personal interviewing (CAPI) technique and employed nationally representative stratified random sampling

across Qatar's various administrative zones. The survey covered a sample of 2,026 completed households and included individual interviews with 983 Qataris and 1,043 expatriates. Further, the survey assessed the socio-cultural, psychological, and economic factors that influence consumption values and behaviors using multidimensional measurement scales in the field of behavioral economics.

Current Economic Wellbeing by Nationalities and Income

This section presents how perceptions of current financial well-being vary by nationality and income level. Figure 1 illustrates the participants' financial situation in terms of living comfortably, just getting by, or finding it difficult. A higher percentage of Qataris (61%) reported living comfortably compared to non-Qataris (40%). Conversely, more non-Qataris (15%) reported struggling financially than Qataris (10%). Figure 1 breaks down the Qatari and non-Qatari responses according to income level. Higher-income Qatari households were more likely to report living comfortably. Only 5% of Qatari households

earning over QAR 70,000 reported they find their financial situation difficult compared to 17% of those earning less than QAR 30,000. Interestingly, both middle-income (QAR 30,000–50,000) and lower-income (less than QAR 30,000) Qatari households reported similar levels, that they were “just about getting by.” Among the expatriates, only 6% of those earning more than QAR 25000 reported finding their financial situation difficult compared to 25% among those with an income level less than QAR 10,000. Finally, 79% of high-income Qatari households and 58% of high-income expatriate households reported that they were “living comfortably.”

Figure 1. Current Financial Wellbeing by Monthly Income Levels (in QAR)

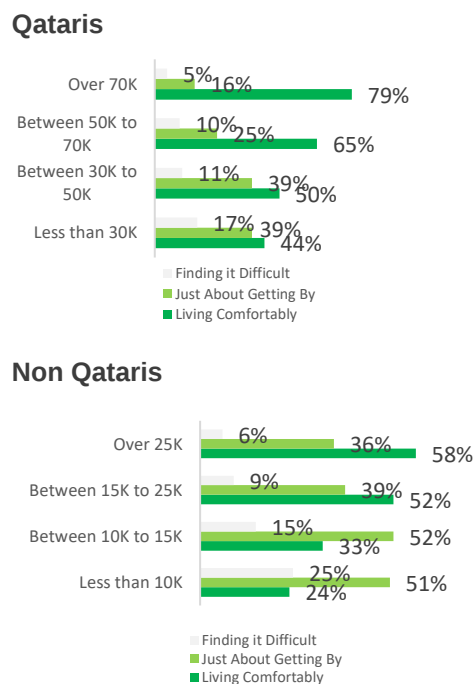
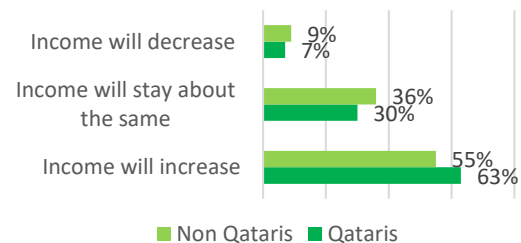


Figure 2 shows resident's optimism regarding an increase in their income in the next two years. Most respondents (63% of Qataris and 55% of non-Qataris) expected their income to increase within two years, implying strong confidence and optimism in relation to Qatar's economy. Only 7% of Qataris and 9% of expatriates anticipated a reduction in their income. There is evidence of a clear pattern across the income groups: the higher the

income of a household, the higher the expectation of an increase in income in the next two years (Figure 2).

Figure 2. Expectation of an increase in Income in the next two years (Qataris)



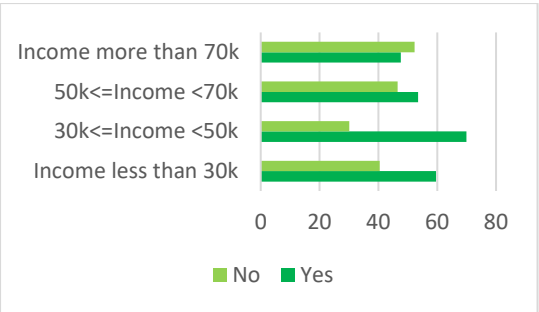
Financial Inedependness and Vulnerability

Financial vulnerability is a pressing issue that affects both individuals and households alike. The complexities associated with financial vulnerability arise from a multitude of factors, including economic fluctuations, personal circumstances, and systemic barriers that can exacerbate financial hardships. This section discusses results on households reporting debts, loans and financial liabilities.

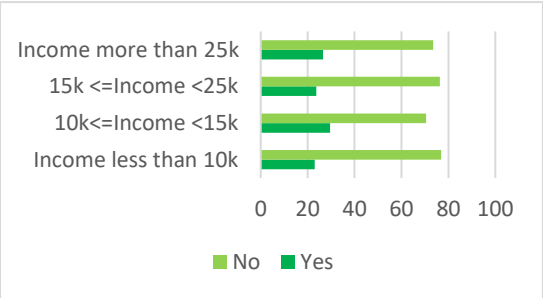
The term “debt” refers to the total amount of money borrowed by individuals or businesses, which includes various forms of borrowing, such as loans, credit card balances, mortgages, and bonds—all of which need to be repaid, typically with interest. Whereas, the term “loan” refers to a specific type of debt that needs to be repaid in installments over time. Qatari households seem to have a propensity for debt/loans compared to expatriates, as shown in Figure 3. Over half (56%) of Qatari households reported taking loans from banks, and nearly a quarter (23%) of them reported having taken loans from their employers. In contrast, only a quarter (25%) of the expatriate households reported taking loans. Among expatriates, South Asian households have the lowest debt/loan incidence. The level of indebtedness, at 70 percent, is particularly high among the Qatari households earning between QAR 30,000 and QAR 50,000 per month (Figure 3). A similar, though less pronounced, pattern can also be seen for expatriates, where the second-lowest income group (earning QAR 10,000–15,000 per

month) showed the highest level of indebtedness.

Figure 3. Indebtedness by Income Levels (Qataris)



(Non Qataris)



Consumption Inequalities

The Gini coefficient for Qatari households is 0.49, indicating significant consumption inequality (Table 1). This is notably higher than Norway (0.29) and Ireland (0.26)—countries that have similar levels of per-capita GDPs ⁽²⁾. The p90/p10 ratio for Qataris is 9, which indicates that the top 10% in consumption expenditure spend nearly ten times more than the bottom 10%. White-collar expatriates have lower Gini coefficient (0.33) and p90/p10 ⁽⁴⁾ values but still show relatively high inequality compared to European countries.

Table 1. Consumption inequalities: Gini Coefficient and the Percentile ratios for distribution of Total Per Capita Monthly Expenditure of Qatari's & Expats

	p90/p10	p90/p50	p10/p50	p75/p25	p75/p50	p25/p50	Gini Coefficient
Qataris	9	3	0.4	3	2	1	0.49
Expatriates	4	2	0.5	2	1	1	0.33

Conclusions

The findings presented in this policy brief reveal residents' strong economic optimism and financial resilience as well as notable levels of financial indebtedness and vulnerabilities, including consumption inequalities, as they approach 2025 ⁽³⁾. These findings offer critical insights for navigating social protection policies that are consistent with the objectives of the Qatar National Vision 2030 to achieve sustainable economic development from the perspective of equality and social justice ⁽⁴⁾. Some key insights from the analysis are listed below:

- Household income level was strongly correlated with Qataris' perceived economic well-being and financial stability. Furthermore, a strong positive correlation exists between education, income, and financial stability.
- The level of consumption inequality is higher among Qatari citizens (Gini coefficient = 0.49; p90/p10 = 9) and lower among expatriates.
- The incidence of debt/loans is 56% and 26% for Qataris and expatriates, respectively, with emergencies being the leading reason for taking loans.
- Higher education levels correlate with lower rates of financial difficulties. While 26% of the respondents who had studied beyond secondary education reported struggling financially, this number rose to 32% for those who completed only their secondary education and to 38% for those who did not complete their secondary education ⁽⁵⁾.

References:

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Policy Recommendations

1. The importance of household budgeting for financial stability and sustainability needs to be recognized.
2. Addressing income and consumption inequalities through social protection policies and financial inclusion programs is crucial to ensure fair opportunities for all households.
3. Considering the high percentage of loans and debts, policymakers need to consider financial literacy and education programs, (emergency) savings initiatives, financial management strategies, and green funding options.