Original Research Article

The Impact of Global Financial Crisis on Palestinian Economy

Abstract

This research looked at the overall impact of the global financial crisis on the Palestinian economy from (2005 to 2021), focusing on two periods: the first from the start of the global crisis in the fall of 2008 to December of that year, and the second from December of that year to the end of that year (2011). The findings of this study show that Palestine's strong reliance on the prices of foodstuffs, oil, olive oil, fruits, vegetables, and food items as a whole has resulted in a rise in the prices of oil and gas, commodities, and foodstuffs as a result of the worldwide crisis. We also discovered that the banking and tourist industries were unaffected by the downturn. The information is given in a series of tables with statistical analysis to back it up. This research backs up this theory with solid empirical data. In terms of Palestinian economic growth, it should be highlighted that for the past two decades, the Palestinian National Authority has relied on foreign donations and grants to fund its expenditures. This revenue source has recently dwindled, resulting in the suspension of public worker salary payments as well as a reduction in overall government spending. Large and persistent trade deficits, on the other hand, continue to push the government and the private sector into unsustainable debt. Because there is no national currency in Palestine, both the governmental and commercial sectors rely on foreign reserves. Although the Palestinian National Authority (PNA) and the Palestinian Monetary Authority (PMA) have so far avoided a systemic currency crisis, existing deficit financing patterns are unlikely to last permanently, since domestic foreign reserves are fast diminishing and arrears mount. The amount of debt owed is increasing at an alarming rate. This leaves the administration with two alternatives for funding the deficit: either selling debt instruments on the capital markets or using the Palestinian Monetary Authority to introduce Palestinian currency to cover expenditures. Capital market financing without monetary authority, according to the study, leads to large interest rate volatility and financial instability. Given terms of monetary finance, in the existing institutional and economic framework, there are no criteria for creating a national currency. If anything, this currency's exchange rate would be extremely volatile, and imported inflation might further destabilize economic growth. As a result, it is suggested that the (PNA) concentrate on a separate set of short and long-term objectives. Because any bond issue is contingent on the external sector's stability, the Palestinian National Authority must engage in short-term strategic political and economic measures to activate the productive base and boost exports. In the long run, the establishment of the Palestinian currency is required for the country's economic progress to be self-sufficient. Any attempt to issue debt instruments without resolving present imbalances, on the other hand, will result in significant volatility in interest rates and currency rates. Despite the present institutional and economic restrictions, the report closes by setting out specific political actions that the Palestinian National Authority may adopt with the assistance of the (PMA) to implement.

Keywords: Global Financial Crisis, Oil Prices, Remittances, Inflation Rates, Exchange Rates, Consumer Behavior, Banking Sector, Tourism Sector, Palestinian Trade, Donor Countries, Palestinian Economy.

JEL Classifications: *E22, E42, E52, F40, F43, G1, G15.*

1. Background of Palestine's Economy

Palestine, a tiny Arabic country in the Middle East, is similar to certain other Arabic countries in that it has a limited industrial base. Surprisingly, due to the paucity of natural resources, its economy is among the lowest in the region. Furthermore, the country is recognized for having high unemployment rates among both educated and illiterate inhabitants, particularly among the youth.

Despite these realities, the economy has been steadily growing. It should be emphasized that the Palestinian economy has mostly expanded in the last 20 years. President has implemented a number of key economic changes. Since (2006), initiatives have included liberalizing the trading regime, privatizing state-owned enterprises, and eliminating most fuel subsidies.

As a result, in recent years, these crucial changes have been the key impetus for foreign investment in Palestine. As a consequence of increased foreign investment, economic development has improved, resulting in the creation of additional employment possibilities. Despite the broad global financial crisis that has cast its shadow over the whole area, unemployment has unquestionably decreased.
It is assumed that Palestine was impacted by the financial crisis; there was an imbalance in imports and exports, implying that Palestine had to pay more for essential commodities and energy items, such as oil. Despite the hurdles, the government has progressed in enacting substantial changes, resulting in consistent economic development. Any government must emphasize yearly economic growth by putting in place strategic economic strategies that will allow it to deal with any unexpected or unwanted economic imbalances.
Exports, tourism, and remittances from foreign Palestinian labourers are the mainstays of Palestine's economy. Any inconsistencies in these economic resources will have an impact on the country's employment and unemployment rates. By definition, when the rate of unemployment rises, the rate of poverty in Palestine will climb as well. According to official statistics figures, the percentage of poverty in Palestine has already reached 14.5 per cent. Nongovernmental institutions, on the other hand, have a higher percentage, estimated at 27%. (European Economy, 2009).
On the other hand, Palestine, like several other developing nations, has seen significant "brain drain"; roughly 800,000 Palestinians work abroad, over half of them have jobs in the Gulf area, and their remittances account for up to 20% of Palestinian GDP (European Commission, 2009) to put it another way, remittances are considered a significant source of national income for the country.
It is well acknowledged that among the large number of Palestinians working abroad are many academics, skilled workers, and professionals. Despite the benefits, this clearly has a detrimental impact on the country because Palestine is forced to compensate for the lack by relying on an alternative foreign workforce from Egypt and Syria. As a result, large sums of foreign money are transferred out of the nation, resulting in a cash outflow. The issue is that foreign workers from Arab neighbouring nations are not as skilled as Palestinians, with the great majority of them working in the construction industry.
The Palestinian economy is highly service-oriented and reliant on foreign assistance, which has had an impact on the country depending on the size of these funds. The grants jumped by 102 per cent (from $682 million to $860 million), according to the Palestinian Ministry of Finance. In the same vein, the Palestinian administration has another major obstacle in the form of a financial deficit, which requires it to continue relying on international aid and grants.
In light of the recent worldwide economic crisis, it is assumed that Palestine has experienced a number of obstacles as a result of the global downturn's influence on its financial resources.

2. Introduction

According to a report published by the European Commission in (2009), there is no doubt that the global financial crisis began in and impacted the financial sector of developed economies, particularly the United States, and then spread to the real economy of those countries as a result of unguaranteed loans made by US financial institutions. The impact of the crisis represented a newfound mistrust in the United States' financial system and industry. One President's main goal was to find immediate remedies. It was one of the most difficult problems that current President has encountered. In the same vein, the disease's side effects spread over the world, mostly affecting countries with economies tied to the United States. Surprisingly, despite its difficulties, this crisis has had some beneficial repercussions on various global economies. One of these was Palestine, a country that was only modestly impacted by the crisis at first but saw its effects a few months later.
This article examines the impact of the financial crisis on Palestine across two time periods: the first, from the autumn of (2008) to December of (2008), and the second, from December of (2008) to the end of (2009 and 2011). Before that, the study goes through some prior research.
Options for funding a government deficit in a sustainable manner must be evaluated in the context of broader economic and institutional situations. This is particularly true in the case of Palestine, whose unique political and economic relations with Israel have a significant impact on the country's overall performance. As a result, the suggestions in this report are based on a thorough examination of long-term trajectories of Palestinian economic growth, institutional framework controlling economic connections, and monetary system functioning.
The findings suggest that neither capital market-based financing (issuing bonds denominated in a foreign currency) nor monetary financing (either directly through its central bank or indirectly through secondary markets, with a central bank acting as a lender of last resort) are viable options for financing the government deficit. The former would entail very fluctuating interest rates due to severe external imbalances, whilst the latter is predicated on the

creation of a Palestinian currency, for which neither the political nor the economic criteria exist. Instead, the report recommends increasing external help to fund productive investments in order to minimize trade and current account imbalances by increasing exports.

The report's structure is as follows. First, it examines the evolution of major economic indicators during the last two decades. The study identifies a strong reliance of the Palestinian economy on foreign currency transfers (especially grants and donations) and consumption, as well as a deterioration of the most important industries for long-term economic development, namely agriculture and manufacturing, in line with research conducted by international institutions, most notably the United Nations Conference on Trade and Development (UNCTAD), the International Monetary Fund (IMF), and the World Bank. Following that, an examination of Palestinian foreign commerce with an emphasis on the regulatory system (Paris Protocol) and the connection with Israel will be conducted.

Furthermore, the study looks at the Palestinian economy's financial accounts and fiscal situations, which mostly confirm and confirm prior conclusions. The report does, however, give further insight on the extent to which Palestine was (and continues to be) reliant on international aid, and how declining grant and donor receipts slashed government spending and accelerated the buildup of arrears. We also present a contemporary accounting framework to explain the process of money generation, as well as a full examination of the Palestinian financial system. Both of these factors are crucial to the conclusion. The paper uses these findings to provide several solutions for funding the government deficit (through financial markets and a national central bank) before reaching conclusions.

It should be mentioned that the following assumes that the Israeli occupation and the Paris Protocol's rules are the most significant single source of Palestinian economic misery. As a result, all conclusions and suggestions should be viewed as choices that the (PNA) should pursue within the restrictions imposed by present regulatory restraints and the uncertain political environment.

3. Objectives of the Study

The main objective of this study is:

- To empirically analyze the impact of the global financial crisis on the Palestinian economy for the period (2005-2021).
- To explore the role of the global financial crisis and its relationship with economic growth and financial development in the periods (2005-2021).

4. Literature Reviews

This study evaluates some of the relevant studies in other countries to provide a comprehensive picture of the consequences of the global financial crisis on Palestine.

The Palestinian-Tinian economy has been vulnerable to the Israeli occupation's objectives, measures, and policies for more than 40 years. As a result, severing the Occupied Palestinian Territories (OPT) and Israel's unjust economic and trade relations was a critical precondition for achieving economic independence and prosperity. The Palestinian economy has been on the decline in the absence of any political or economic settlements, and Israel's economic shock policies and actions have created hurdles and impediments to any development (El-Jafari, 2007).

Twin deficits, such as the budget and trade deficits, tend to move in lockstep, with both increasing quickly during the previous three years. They have created a savings and investment gap, in which there is a strong demand for investments but little savings. As a result, the difference between savings and investments has tended to widen over time. Imports as a percentage of GDP have also surged, from 40% in (2000) to more than 60% in (2008). (El-Jafari 2002; Naqib, 2003).

Between (1968) and (1980), remittances accounted for 20 to 35 per cent of gross domestic product (GDP) (2008). As remittances exceeded 35 per cent of GDP in the mid-to-late (the 1980s), they became known as the "engine" of the economy, generating consistent levels of spending and resulting in an in-come economy rather than a productive one. International exchange in services, exports, and foreign aid were all higher than remittance flows. Between (1999) and (2008), external income, including donor funds, have doubled to about $2 billion, with 90 per cent of that going toward funding the current budget. These earnings accounted for 40% of GDP (El-Jafari, 2010). The increase in labour and capital employment was not followed by a gain in productivity, whether in the private or public sector and in-depth labour subsectors, such as services, saw considerable job growth. The majority of production inputs are imported from Israel, while technology imports are still at a modest level (IMF, 2009; 2010).

In the future, the decision will be made on how to proceed from involvement with the Israeli economy to regional and worldwide market integration through increasing goods exports. External assistance is currently required to revitalize the national economy. For example, the European Union required flowers 20 days after Israel's assault on

Gaza in early January (2009), therefore it compelled Israel to allow the shipment of flowers from Gaza, demonstrating that this could be done for other goods as well. To demonstrate the impact of Israeli policies, the GDP of the West Bank and Gaza Strip (WBGS) was shown to be lower in (2009) than it was in (1999). During that time, the (WBGSactual)'s GDP did not reach $4.5 billion. This might be explained by Israel's shock policies for the Palestinian economy during the last four decades. According to estimates, the Palestinian economy's potential capacity in (2008) might have been three times higher than its current level if it had continued to function as well as it did between (1970 and 1985) (UNCTAD, 2009).
Hussien (2009) investigated the economic effects of the financial crisis in Egypt. He noted that stock prices had fallen dramatically as a result of extensive selling by foreign investors, which had a negative impact on local investors. Furthermore, according to Orozco and Lesaca (2009), the crisis has had a 50% impact on various Arabic stock markets, including Saudi Arabia, Kuwait, Doha, and Abu Dabi. Other Arabic stock markets, such as Morocco, Palestine, Lebanon, and Jordan, were virtually untouched.
According to Unisif (2009), nations including Lebanon, Egypt, Jordan, the Occupied Palestinian Territories (OPT), Yemen, Syria, Morocco, and Tunisia are heavily reliant on western European markets for both remittances and exports. As a result, the slowing economy and growing unemployment in Europe and the Gulf Council nations have had a substantial influence on the countries named. Almost 50 per cent to 60 per cent of remittances in Lebanon, Egypt, Jordan, the Occupied Palestinian Territories (OPT), Yemen, and Syria originate from Gulf nations, but nearly 80 per cent of remittances in Morocco and Tunisia come from European countries (Orozco & Lesaca, 2009). Because remittances account for a larger part of such countries' GDP, they are considered crucial income (Orozco & Lesaca, 2009).
Apart from Mediterranean nations, (Khoon & Muh-Hui, 2010) investigated the consequences of the crisis in Malaysia, finding that the global financial crisis impacted Malaysia in a variety of ways, including money flow, exports, and the currency rate. The financial sector and the unemployment rate, on the other hand, have had little repercussions as a result of the crisis. According to the survey, the amount of money moving into Malaysia decreased dramatically from RM37 billion in (2007) to RM118.5 billion in (2010). In addition, foreign direct investment fell by 17% in (2008) compared to the previous year (2007).
The Malaysian currency, the ringgit, lost 6% of its value versus the US dollar as a result of the decrease in the outflow. Malaysia's export growth was harmed by the financial crisis, which resulted in a drop in exports, particularly manufactured exports. Total exports and manufactured exports both decreased by 28% and 20%, respectively. Because of its modest exposure to US subprime lending products, the Malaysian banking industry was mostly unaffected by the crisis. Malaysia's banking sector has seen a decline in overall applications from both the commercial and consumer sectors. In terms of Malaysia's unemployment rate, the study found that it remained consistent during the crisis and is quite low when compared to other nations (Khoon & Muh-Hui, 2010).
According to (Adamu, 2009) investigated the impact of the global financial crisis on the Nigerian economy and discovered that the crisis has resulted in a significant drop in the prices of goods and services, a decrease in exports, a decrease in the portfolio and foreign direct investment inflows, a decrease in the equity market, and a decrease in remittances. Based on a comparative analysis of the US economy.
The real consequences of financial restraints were investigated by (Campello, Graham, and Harvey 2009). They discovered that many organizations avoid good investment possibilities due to their inability to borrow externally, with 86 per cent of constrained U.S. Chief Financial Officers stating that their participation in desirable initiatives was limited during the credit crisis of (2008).
Again, when Hurd and Rohwedder (2009) investigated the effects of the financial crisis and the Great Recession on American households, they discovered that the financial crisis had dampened the US economy, resulting in widespread unemployment. Between November (2008) and April (2010), approximately 39 per cent of households were either unemployed, had negative equity in their home, or were behind on their mortgage payments.
The impact of the global financial crisis on the Palestinian economy is examined in this research across two time periods: the first from the autumn of 2008 to December of (2008), and the second from December of (2008) to the end of (2009-2011).

4.1 The First Period

Because of the strong commercial linkages that Palestine had built with the area and other nations across the world a year before the financial crisis, the Palestinian economy had a solid microeconomic performance (IMF, 2009b). The crisis had its repercussions on all parts of the economy, although the consequences varied depending on the crisis's direct relationship with each sector.

It's only logical that when the global financial crisis hit the United States, it had local and worldwide consequences. It began to harm the banking industry locally, then spread to other areas such as the real estate sector. It influenced countries all around the world, particularly those having open commercial links with the United States. These countries were hit worse than others. As a result, nations with fewer restrictions on international financial markets were only marginally affected by the crisis. Unguaranteed loans were, unsurprisingly, the primary cause of the catastrophe.

In terms of Palestine, the crisis initially had little impact on the economy, particularly the banking sector, because the Palestinian financial sector was relatively insulated from the international crisis due to its modest exposure to the global financial market. This safeguarding of Palestine's banking industry aided the country's other sectors.

During the early stages of the crisis, the Palestinian economy ministry predicted that the global financial crisis would have beneficial consequences on the Palestinian economy, such as lower inflation rates and continued growth of at least 5% in (2009). Generally, such expectations were formed in response to the drop in oil prices (Al- Jazeera, 2008).

Furthermore, the administration anticipated that the crisis would result in an economic slump, which would have an impact on exports. Although Palestine is heavily reliant on donations, the giving countries are currently experiencing a recession, which means that the country will be directly impacted by the recession's growth in the afflicted countries, to put it another way, these nations are expected to halt or limit their aid to Palestine (Al-Jazeera, 2008).

The Palestinian Monetary Authority (PMA) and the banking industry, on the other hand, were well aware of the threat. To protect the banking sector, the (PMA) implemented tight loan categorization and gave standards for the industry, reducing banks' needless risk while also setting the interest rate for home loans at 10.5 per cent. As a result, the (PMA) restricted the growth range while ensuring long-term stability (European economy, 2009).

The positive response to the financial crisis in Palestine's banking sector aided the country's internal control of the crisis; they were able to keep everything under control in this sensitive area. The crisis began to affect the country, with rising oil costs, a severe drop in the value of the US dollar, a drop in remittances from abroad Palestinians, and a steep drop in foreign assistance. It was obvious that Palestine would not be able to overcome these formidable obstacles. In general, this caused the country to be harmed by the crisis, even though the crisis had a late start in Palestine. The main issue is that the crisis had negative consequences for the country. The consequences of the financial crisis will be examined in the next section.

4.2 The Second Period

Because the globe is in the middle of a financial crisis that threatens a worldwide economic recession, Palestine, like all sections of global markets, has been deeply affected by the crisis; the crisis has touched all sectors in Jordan (save the banking industry).

The government could successfully oversee and defend the banking industry because it can do so and because the banking sector in Palestine has little exposure to the global financial market. As a result, the primary effects of the global financial crisis on remittances, inflation rates, exports and imports, currency rates, consumer behaviour, banking, and tourism are highlighted in this paper.

4.2.1 The Impact of Financial Crisis on Remittances of Palestine

The brain drain has been a prevalent issue in Palestine as a result of a lack of work prospects, a high unemployment rate, and a desire for a better life. Employees and labourers working overseas are described as highly competent, educated, and professional, and they are in high demand in the Gulf area, namely in the architectural and construction industries (Abdo & Ayman, 2010). As a result, foreign employees in Palestine are regarded as unskilled and unprofessional.

The most crucial and practical advantage of labour mobility is remittances. Furthermore, there is a significant source of foreign currency that countries employ to balance their current accounts (Abdo & Ayman, 2010). Furthermore, remittances are an essential component in supporting consumer spending; on the other hand, they successfully aid in poverty reduction.

Remittances account for a significant portion of GDP in many nations. Remittances also contribute significantly to GDP in Palestine, accounting for over 20% of GDP (European Commission, 2010). Furthermore, remittances play a significant role in the country's macroeconomic success.

Remittances fell from 20% of GDP in (2005) to 14% of GDP in (2009) as a result of the global financial crisis and fell further by 6% in the fourth quarter of (2008) (European Commission, 2009). This decrease in remittances would have an impact on both the government and the people. It has the potential to raise the unemployment rate, particularly among young employees; it also has the potential to raise the poverty rate by removing a critical source of income for households. The number of Palestinians working in the Gulf area has been falling as a result of the worldwide crisis. That posed a new issue for the government, as well as a great deal of stress for the laid-off employees and their families, because their families rely on them and, as previously said, they make a significant contribution to Palestine's economy.

Furthermore, mineworker remittances in Palestine grew by 2% in (2010) compared to (2009), according to the Palestinian Ministry of Agriculture (PMA); this increase in remittances might assist the Palestinian government in overcoming current economic challenges. It will, for example, enhance the influx of foreign currency funds.

The table below displays the remittances received by Palestinian workers during the course of the year (2005 to 2010).

Table 1. Palestinian Workers' Remittances within the Period (2005-2021)

Year	Workers' Remittances (Net) (Million USD)
2005	1126.200
2006	1246.300
2007	1322.500
2008	1566.600
2009	1746.200
2010	1673.700
2011	1862.300
2012	1976.400
2013	1688.500
2014	1488.200
2015	1856.700
2016	1977.400
2017	1544.800
2018	1633.500
2019	1393.600
2020	1246.400
2021	1088.200

Source: http://www.pma.ps / http://www.pcbs.gov.ps

In summary, the global financial crisis has had a chain effect on nations and individuals; no one has been spared, although the effects vary from country to country depending on its contribution to the world economy and its openness to the global economy. When it comes to the effects of the global financial crisis on remittances in Palestine, it's worth noting that the effects were minor at first, but after the area was hit, Palestine was not an outlier. As a result of the crisis affecting Gulf nations, where the majority of Palestinians work, the number of Palestinian workers has reduced as some have been laid off. As a result, remittances have decreased to the point where they have had a significant impact on Palestine's GDP and individuals.

4.2.2 The Impact of Financial Crisis on Inflation Rates in Palestine

Because of rising gasoline and commodities costs, inflation rates in Palestine quadrupled (European Commission, PMA, 2009). Furthermore, the fixed currency exchange rate and the elimination of energy subsidies also contributed significantly to the acceleration of inflation, which reached around 14% at the end of (2008) (EU, PMA, 2009).

Incorporating a relationship between historical inflation and public pay, on the other hand, may enhance the budget's inflexibility in the future. Furthermore, through a USD 2.1 billion buybacks of Paris Club commitments, Palestine was able to decrease public debt at a time when the economy was better. As a result, at the end of (2008), public debt had dropped to 62 per cent of GDP, down from 73 per cent at the end of (2007) (European Economy, 2009).

Table 2. The Fluctuation of Inflation Rate in Palestine (2005-2021)

Year	Inflation Rates
2005	4.11%
2006	3.84%

2007	1.86%
2008	9.89%
2009	2.75%
2010	3.75%
2011	2.88%
2012	2.78%
2013	1.72%
2014	1.73%
2015	1.43%
2016	-0.22%
2017	0.21%
2018	-0.20%
2019	1.58%
2020	-0.74%
2021	1.22%

Source: http://www.pma.ps / http://www.pcbs.gov.ps

Table 2 depicts the volatility of inflation rates in Palestine; it clearly demonstrates how the inflation rate grew in (2008) to 9.89 per cent, then plummeted to less than 0% in (2020), and then began to rise again to reach the normal level in (2021).

4.2.3 The Impact of Financial Crisis on Exports and Imports in Palestine

Palestine is a poor-resources country that relies on imports and is an oil importer. In (2008), the price of olive oil increased dramatically, making Palestinian demand significantly more expensive. In comparison to only $23 per gallon in (2010), the price has risen to almost $150 per gallon (2003). In a June (2009) analysis, European Economy demonstrated how vulnerable Palestine is to oil price fluctuations and how reliant it is on a small number of economic partners.

On the other hand, Palestine exports foods, fruits, and vegetables, and the price of those exports has decreased significantly, negatively impacting the current account deficit, which increased to 24 per cent of GDP in (2008); falling commodity prices are expected to help the current account deficit narrows to 16 per cent in (2009) (European Economy, 2009).

Fruit and vegetable exports are down, according to the (PMA). As can be observed from the data on (PMA), fruit exports decreased by 43% in (2009) compared to 2008, but increased by 42% in (2010), indicating that the effect was limited to the year of the crisis. In terms of veggies, it decreased by 17% in (2009) before increasing by 21% in (2010). The number of fruits and vegetables shipped during the time is shown in the table 3 below (2005 to 2021).

Table 3. Palestine's Exports of Olives Oil and Fruits, Vegetable (2005-2021)

Year	Olives oil (1000 Ton)	Fruits and Vegetables (1000 Ton)
2005	1765.000	3221.400
2006	1577.000	3110.900
2007	1655.300	3645.800
2008	1799.200	3226.500
2009	1711.600	2988.400
2010	1822.500	2890.700
2011	1826.700	2789.300
2012	1645.800	2679.800
2013	1974.400	2981.700
2014	2126.200	3244.900
2015	1866.600	3327.200
2016	1933.700	2922.400
2017	1858.400	2836.900
2018	1722.300	3476.300
2019	1498.000	3189.700

2020	1386.500	2898.500
2021	1213.600	3677.800

Source: http://www.mone.ps / http://www.pcbs.gov.ps

4.2.4 The Impacts of Financial Crisis on the Exchange Rates in Palestine

The Palestinian monetary policy was able to make the required adjustments to address the high cost of oil and some commodity prices since the Israeli Shekel was pegged to the US dollar. This sluggish response to the crisis compounded the crisis's effects. In Palestine, the currency exchange rate is set ($1 equals.71 JD). This fixed-exchange rate might have two effects: first, it could increase inflation (EU, 2009), and second, it could raise the price of gasoline and commodities owing to the worldwide depreciation of the US dollar.
Furthermore, the rise in fuel and food costs, on the one hand, and the devaluation of the US currency, on the other, have harmed Palestinian exports and impacted Palestine's current account negatively. Pegging the Israeli Shekel to the US dollar, on the other hand, helps to preserve monetary stability while also protecting the competitiveness of Palestinian exports to the US (European Economy, 2009).

4.2.5 The Impact of Global Financial Crisis on Consumer Behavior in Palestine

After the financial crisis hit the global economy, it became clear that it had an impact on everyone on the planet. Individuals have been personally affected by the financial crisis; they believe that their lifestyle has been impacted and that they must re-evaluate their spending and consumption. As a result, customers have become more quality conscious and savvy buyers, while yet being cautious spenders.
Palestinians have been hit hard by the crisis in Palestine, due to a drop in remittances, price hikes, the government's elimination of energy subsidies, and the dollar's depreciation, to which the dinar is tied. Abu Aliqah and Al-rfou (2010) conducted a study in Palestine to look at the effects of the global financial crisis on consumer behaviour. They discovered that 58 per cent of respondents were aware of the global financial crisis and its effects on consumer behaviour, 62 per cent said the global financial crisis has affected consumption, 58 per cent said the global financial crisis is causing inflation in Palestine, and nearly 67 per cent said the global financial crisis has an impact on the Palestinian economy.
According to the survey (Aliqah & Al-rfou 2010), 63 per cent of respondents said they bought moderately priced replacement items instead of luxury goods, and 61 per cent said they bought essential goods instead of luxury goods. Furthermore, 57 per cent of respondents said they buy little amounts of items, and the authors discovered that 71 per cent of respondents disagree with the move from consumption to saving.
It is reasonable to infer that remittances assist Palestinian families in maintaining a decent standard of living, as evidenced by the fact that Palestinian labourers are attempting to go overseas in order to improve the quality of their lives for themselves, their families, or both.
The Palestinian buying power has decreased as a result of the fall in remittances, which is worse than the increase in the cost of necessary products on the one hand and the government's elimination of energy subsidies on the other.

4.2.6 The Impact of Financial Crisis on Banking Sector in Palestine

In Palestine, the banking industry is critical. There are now 23 banks functioning in Palestine: 13 local commercial banks, two Islamic banks, and eight international banks. The Bank of Palestine (BOP), Arab Bank, and Al Quds Bank are the most recent additions. Furthermore, the Palestine Monetary Authority (PMA) will license a bank if it has the capacity to grow the Palestinian financial sector. However, the Governor of the (PMA) believes that additional banks are not required at this time.
Intriguingly, foreign ownership in the banking industry in Palestine is increasing; it has expanded dramatically in (2007), reaching 50% by the end of June (PMA, 2021). This rise reflects increased trust in the banking sector's health and position.
While Palestine's banking industry is deemed strong and well-regulated, the Palestinian government recently boosted bank trust by agreeing to completely guarantee bank deposits until the end of the global financial crisis (2009). Due to its little exposure to foreign property and equities markets, Palestine's banking industry has been mostly unaffected by the global economic crisis (European Commission, 2010).
Because of its little exposure to global financial markets, it has been spared the brunt of the global financial crisis. As previously stated in this research, the Palestinian government has guaranteed all bank deposits until the end of

December (2009), which has given investors in this sector peace of mind. In response to the effects of the Palestinian conflict, the (PMA) decreased interest rates three times between April (2009) and April (2010), bringing the benchmark rate to 5.25 per cent (the lowest since August 2005). Simultaneously, the PMA cut banks' reserve requirements to 7% (down from 10% in October 2008) in order to improve liquidity (European Commission, 2010).

In summary, the financial sector in Palestine has been unaffected by the global financial crisis as a result of the government of Palestine's and the Palestine Monetary Authority's policy limiting its exposure to the worldwide financial market (PMA).

Palestine is a developing country with an emerging economy that has several characteristics that set it apart from others. One of these characteristics is the lack of native currency, instead of relying on the three primary currencies of the United States dollar, Jordanian dinar, and Israeli shekel. Aside from these characteristics, the Palestinian economy is reliant on international aid and classified as a service economy. Furthermore, there is no viable strategy developed by Palestinian officials to consistently move resources from unproductive to productive sectors, hence reducing unemployment and increasing aggregate demand and GDP growth in the long run (Awad et al. 2017).

The overall Palestinian GDP in (2015) was around 7000 million dollars, and the yearly real GDP growth rate displayed notable swings owing to political events between (1996) and (2015). The greatest real GDP growth rate (13.7%) occurred in (1997), owing to relative political stability at the time; the lowest growth rates were between (2000) and (2002), and in (2006) Palestine Monetary Authority (PMA) (PMA, 2016).

During the period (1996-2015), the average annual real GDP growth rate was 4.7 per cent, which was insufficient to allow the Palestinian economy to start a self-growing process and achieve sustainable development. Furthermore, under the Palestine Monetary Authority's (PMA) tenure (1996-2015), the real GDP per capita rate reached 1.6 per cent (PMA, 2016).

Some of the Palestinian banking system's assets are believed to be held overseas in the form of deposits, short-term financial debt securities, and certificates of deposit, which account for roughly half of the assets. Only 2% of assets are held in US banks. Due to the tiny magnitude of the deposits made by Palestinian citizens in local and international banks overseas, the crisis' impact was limited. Furthermore, deposits in international banks operating in Palestinian territory are limited. The Palestine Monetary Authority (PMA) de-cleared a set of laws in (2007) to control the banking industry and reduce the risk of banks investing in foreign deposits (PMA, Annual Report, 2010).

To keep the financial system under control, the (PMA) has enacted the following regulations:

- Approval should be obtained from the (PMA) when banks decide to invest in stocks, bonds and treasury bills abroad.
- It is prohibited for any bank to invest in any country that imposes regulations on money transactions.
- Any Palestinian bank is prohibited from investing its deposits in a non-banking institution.
- International Standard Credits of any country should be taken into account when any Palestinian decides to invest in that country.
- It is prohibited for any bank to provide loans for customers to invest in Palestinian securities.
- Any bank that violates one of these regulations shall be subject to certain measures and penalties.

As a result, Palestinian bank investments in stocks and bonds overseas accounted for just around 6% of overall foreign investments, which is unsurprising. As a result, recent events in the global financial banking system had little influence on the (PNA). On the other hand, figures from the Palestinian Monetary Authority (PMA) show that deposits in Palestinian banks have stabilized. To put it another way, no deposits were withdrawn. The figures, on the other hand, reveal a small increase in the value of these deposits. They increased from $4.6 billion in (2007) to $5.8 billion this year (2008). They increased to $6.5 billion the next year, a 26 per cent rise in (2008) and a 41 per cent increase in (2009) compared to (2007) (PMA, Annual Report, 2010).

Table 4 shows that Palestine's financial system consists of 17 banks with 232 branches and offices. Local banks account for seven, Arab banks for nine, and a foreign bank for one. There are 15 commercial banks and two Islamic banks in the country. Total bank lending and resident deposits have increased significantly in recent years, rising from $423 million in bank lending and $1707.5 billion in resident deposits at the end of (1996) to $4.480 billion in bank lending and $8024 billion in resident deposits by the end of (2007). The Palestine Monetary Authority (PMA) keeps a careful eye on the banking industry in order to aid its progress (PMA, 2016). As a result, the variable bank lending is included as an independent variable in the study's model.

Table 4. The Palestinian Banking System Institutions (PMA)

Palestinian Banking System Institutions (PMA)			
Foreign Banks		Local Banks	
Name of Banks	Since	Name of Banks	Since

Cairo Amman Bank	1986	Bank of Palestine P.L.C.	1960
Arab Bank	1994	Palestine Commercial Bank	1994
Bank of Jordan	1994	Palestine Investment Bank	1995
Egyptian Arab Land Bank	1994	Arab Islamic Bank	1995
Jordan Commercial Bank	1994	Palestine Islamic Bank	1995
Jordan Ahli Bank	1995	Al Quds Bank	1995
Housing Bank for Trade & Finance	1995	The National Bank	2005
Jordan Kuwait Bank	1995		
Union Bank	1995		
HSBC Bank Middle East Limited	1998		

Source: http://www.pma.ps

4.2.7 The Impact of the Global Financial Crisis on Tourism Sector in Palestine

Tourism is one of Palestine's fastest-growing sectors, and the Palestinian government is paying greater attention to it because of its contribution to the country's economic development. In Palestine, the tourist sector plays an essential role in supplying foreign exchange reserves, job opportunities, reducing payment balance strain, and reducing the budget deficit. Two massive projects worth $1.8 billion have just been authorized, in which Gulf investors would improve tourism infrastructure in Aqaba, principally through the building of multiple hotels and residences. With Petra's selection as one of the new Seven Wonders of the World, Palestine may expect a surge in visitor traffic in the coming years (MoNE, 2021).

Palestine's economic strategy has taken a more long-term approach in recent years. The tourist industry is one of the key objectives of the national agenda. The tourist industry in Palestine, for example, contributes significantly to the country's trade imbalance. Real GDP growth averaged 5.5 per cent, with the financial and tourism industries leading the way. Inflows of tourists climbed by 6%, accounting for 8% of the country's GDP (European Economy, 2009).

Furthermore, the Arab Bank, a foreign bank in Palestine, reported a significant rise in tourism revenues, owing to the plenty of liquidity in the region. Furthermore, the tourist industry has witnessed major foreign investment in infrastructure development, the hotel business, and the medicinal utilization of Dead Sea minerals (MoNE, 2021).

Similarly, to encourage tourist investment, Palestinian banks have enabled financing to the industrial, tourism, hotels, and restaurants sectors by assisting the government, as seen by the significant increase in credit to this sector in (2007) (MoNE, 2021).

The tourism industry has also benefited. Unfortunately, the global picture does not suggest that this sector will continue to develop (MoNE, 2021). In the first half of (2009), the crisis reduced tourist income, putting the country in a severe financial and social situation due to a considerable increase in unemployment, particularly among the young, and the loss of an important financial source of money for households. The tourist industry also appears to be overly reliant on foreign visitors. Hotels have already begun to endure a slump, with fewer occupancies than last year, according to early estimates for (2009). In addition, the considerable quantity of supply expected in the next two years may cause the hotel business more concerns.

Nonetheless, the Palestinian government has taken efforts to shield the tourism sector from the effects of the financial crisis by lowering hotel sales taxes from 14% to 8% in order to encourage visitors to visit Palestine (Rosenberg and Choufany, 2009). As a result of these actions, the number of visitors visiting Palestine has increased significantly. The Palestinian Monetary Authority (PMA) declared in (2010) that tourist earnings had progressively grown and that the crisis had had no effect on the sector. The decrease in tourist numbers at the beginning of (2009) might be due to the fact that the tourism season had not yet begun; nevertheless, after the government's actions, the number grew by 14% compared to (2008) as seen in table 5.

Table 5. The Impact of Global Financial Crisis On the Tourism, Hotels and Restaurant in Palestine (2005-2021)

Year	Tourism Hotels and Restaurants (Million USD)
2005	162.300
2006	186.200

2007	189.900
2008	191.400
2009	226.700
2010	288.600
2011	366.500
2012	389.900
2013	367.300
2014	422.100
2015	446.800
2016	411.300
2017	377.400
2018	378.700
2019	455.200
2020	462.600
2021	488.300

Source: http://www.mone.ps

4.2.8 Consequences of the Global Financial Crisis on the Palestinian Economy

The negative implications of the global financial crisis have been extensively studied in the literature during the last two years (Khallouli and Nabi, 2010). Through economic linkages and international banking systems, the financial crisis' impact has been spread from developed to developing nations. In terms of investment or capital markets, however, changes in the stock markets are believed to be quite restricted due to insufficient links across developing, regional, and worldwide markets.

4.2.9 The Palestinian Trade with Israel

Over the last four decades, Israel has been regarded as the United States' most important trading partner (WBGS). Despite the fact that more than 90% of Palestinian item exports are destined for Israeli markets, about 80% of Palestinian purchases originate in Israel. As a result, any changes in Israeli macroeconomic factors would have a direct and considerable influence on the volume of commerce between Israel and the rest of the world (WBGS). Palestinian merchandise imports, on the other hand, were expected to account for more than 70% of the (WBGS) GDP (El-Jafari, 2010). Because of the following factors, trade with Israel has grown over time:

- Importing from Israel has been viewed as a significant source of money for the budget. As a result, it is conceivable that the Palestinian National Authority may finance its budget deficit by developing a trade imbalance (PNA). According to the Paris Protocol signed by the Palestinian Liberation Organization (PLO) and the Israeli government in (1994), trade tariff revenues generated from Palestinian merchandise imports are generated by the Israeli government and then transferred to the Palestinian Liberation Organization (PLO) (PNA). In recent years, Israel has frozen tariff income from imports for several months before delivering it to Palestine; this is particularly true in the case of the Palestinian Authority (2006). Since then, Israel, the United States, and other donor nations have placed a number of economic measures and sanctions on the Palestinian Authority in order for it to comply with a number of core political demands. As a result, Israel's withholding of tariff and tax revenues earned on Palestinian goods and services imported from or via Israel and bound for the (WBGS) has become one of the most effective punitive tactics used by Israel to quell Palestinian opposition to the Israeli occupation (El- Jafari and Daoud, 2010).
- Global price hikes have been blamed for the increase in the item import bill. Food, gasoline, and raw material costs all rose dramatically in (2008), resulting in a rise in the value of imports. Increases in the price of certain items have been passed on to Palestinian markets via Israeli markets. Global price hikes, on the other hand, made Palestinian items considerably more affordable in Israeli marketplaces to fulfil demand in local markets, Israeli importers eventually went to Palestinian markets (PMA, Annual Report, 2010).
- Remittances from Palestinian labourers have long been regarded as the lifeblood of the Palestinian economy. While remittances are classified as an external source of income, they have contributed to the widening of the gross national disposable income gap and the growth of the economy. Any rise in income would cause import demand to change. An increase in remittances, on the other hand, is a derived demand from the increased need for labour in Israeli markets. Although Palestine is not an isolated instance, workers' remittances have pushed the

WBGS from a productive to an income and artificial economy, which the Israeli economy has restricted (El-Jafari, 2010).

- The effect of the Israeli currency's actual exchange rate (NIS) on Palestinian imports from Israel appears to be increasing. Importing from Israel becomes less expensive than importing from other countries. The influence of actual exchange rates on BISL import categories, notably in manufactured items, has been discovered. Real exchange rates, on the other hand, continue to be a major driver of merchandise trade flows between the (WBGS) and Israeli markets. As a result, a rise in the value of the US dollar in relation to the Israeli and Jordanian currencies would boost merchandise trade flows from the (WBGS) to the Israeli and Jordanian markets. Palestinian exporters are paid in local currencies to avoid a depreciation of the local currency versus the US dollar (New Israeli Shekel or Jordanian Dinar). As a result, buying Palestinian goods in Israeli shekels rather than US dollars becomes more cost-effective and preferred for Israeli importers (El-Jafari, 2010).
- Israeli economic measures in the years (2008-2009) were aimed at price adjustments and stabilization. As a result, import and domestic prices in the (WBGS) fluctuated relatively little throughout this time period. Inflation rates in Israel averaged 4-5 per cent, however, they did not reach 5% in either of the last two years (WBGS). While Israel responded to the financial crisis by increasing aggregate demand through price adjustments, domestic prices in the (WBGS) were stabilized by imports from Israel, which account for more than 60% of consumer demand in the (WBGS) (Madar, 2010, Strategic Report; El-Jafari and Daoud, 2010).

4.2.10 International Financial Flows from Donor Countries into Palestine

Instead of replacing labour export income with goods export revenues, foreign aid has been the primary source of funding to meet the current (PNA) budget deficit, notably after (2000). The contribution of the productive sector has tended to drop during the last decade. The financial crisis has had an impact on the Palestinian economy through trade flows, mostly with Israel, and transfer payments from donor nations. Donor grants, for example, doubled from the previous year (1999 to 2009). They grew from $497 million in (1999) to $1.953 billion in (2008), with 90% of the money going toward the current budget. This accounts for 40% of the country's GDP. Foreign exchange is mostly obtained through transfer payments. They are used to fund the current budget as well as the trade deficit. Wages and salaries account for 55% of overall government spending. Domestic earnings have been insufficient to meet even the public sector's wage and salary expenditure in recent years, particularly after (2006) (Palestinian Monetary Authority, Annual Report, 2009; IMF, 2009; 2010) see table 6.

Table 6. Twenty Largest Donors to the WB&GS by Commitment and Disbursement (1994-2010)

Country	Total Committed	Total Disbursed	%
*European Commission	3,719,401,847	3,230,002,683	87
United States	1,203,982,588	1,061,958,817	88
Saudi Arabia	827,755,843	804228,880	97
Japan	777,238,751	714,084,293	92
*United Kingdom	693,259,350	537,018,778	77
*Sweden	596,145,732	469,647,898	79
Norway	500,243,210	460,583,842	92
*Germany	808,501,952	400,632,219	50
United Arab Emirates	370,994808	368,422,339	99
Algeria	300,004,624	300,004,624	100
*France	409,204,441	296,412,676	72
Canada	264,136,825	262,563,216	99
Kuwait	239,274,673	239,274,673	100
*Italy	286,973,587	236,721,432	82
*Spain	252,553,120	227,146,006	90
The World Bank	286,560,467	220,242,931	77
*Netherlands	245,695,649	215,613,985	88
Qatar	149,563,561	149,563,561	100
Switzerland	128,663,334	116,244,385	90
Islamic Development Bank	123,072,884	99,417,066	80

Source: http://www.pmof.ps/pmof/index.php

Note: Percentages are rounded to the nearest whole number.
Note: Japan’s position as the fourth-largest donor to the WB&GS is misleading as much of their aid arrives as technical assistance not managed by the (PNA).

Table 6 displays the top twenty donor nations to the (WB&GS) from (1994 to 2010), based on promises and disbursements. The percentage column on the right shows how well each country has adhered to their commitment. The European Commission is the (WB&GS's) single largest contributor. Furthermore, when EU member states (*) are included, European Union aid to the (WB&GS) accounts for nearly 54% of the monies raised by the top twenty contributors since Oslo.
Despite the fact that Europeans are by far the greatest contributors, Arabs are a little better at honouring their promises. Saudi Arabia, the (WB&GS's) third-largest donor, has fulfilled 97 per cent of its obligations. The remaining Arab countries (Algeria, Kuwait, and Qatar) have all spent all of their pledged funds. The Islamic Development Bank, on the other hand, a multilateral entity that channels Arab funding into the (WB&GS), has only met 80% of its obligations since Oslo, a figure that is lower than the EC or the US.
Arab donors are preferred above others not simply because of their ability to meet their financial obligations. Arab funds, according to (MoFP) officials, have fewer linkages and constraints, as well as more ownership options.

4.2.11 The Influence of the Financial Crisis on the Palestinian Economy has been Transmitted through Trade Flows, Mainly with Israel, and Transfer Payments from Donor Countries

Furthermore, since (mid-2007), Israel, the United States, and other donor nations have eased various economic penalties and sanctions imposed on the Palestinian administration in the West Bank, particularly after it satisfied several essential political criteria. Due to the collapse in the dollar and the losses sustained by Europe and America, the Palestinian economy was projected to face the consequences of the financial crisis in (2008), with reductions in aid, particularly from the Gulf States and Europe. International assistance plays a key role in funding development projects in the developing world (WBGS). The following are the economic measures taken by Israel and donor countries:

- Promotion of tariff and tax income flows to the Palestinian National Authority (PNA) collected by Israel on Palestinian goods and services imported from or via Israel earmarked for the Palestinian National Authority (WBGS).
- Israel's restrictions on Palestinian labour movement into Israel were kept to a bare minimum between (2001-2007). During the years (2007-2009), the share of Palestinian employees in Israel compared to those in the WBGS was barely 10%.
- By lowering Israeli security checks with the (WBGS) and thereby facilitating Palestinian commerce with and via Israel, Palestinian trade-in (2006) returned to levels seen in (2005).
- Foreign aid includes budgetary support, as well as humanitarian and development assistance. Foreign aid to the (WBGS) totalled $2 billion in (2008) or around 22% of GDP (GNDI).
- However, the Palestinian National Authority's (PNA) regular financial support from donor nations was likely to be cut. Withholding foreign help has been projected to prove disastrous for the Palestinian economy. More than 60% of current expenses are covered by international aid channelled directly to the Ministry of Finance and Planning. Any changes to the (PNA) budget would have a direct impact on people's access to social services, health care, and even food, as well as have a significant impact on the operations of some groups and institutions that get 100% funding from outside.

4.2.12 Any of The PNA’s Achievements in Adjusting the Performance and Functioning of the Palestinian Economy are the Results of the Impact of Israeli Policies and Practices on the Global Economy on the one hand, and on the Palestinian Economy on the other

This might be due to the Palestinian stock market's lack of connectivity with other markets. Severe limits have been placed as a result of efforts implemented by the Palestinian Security Exchange (PSE) to prevent any fraudulent transactions. While the (PMA) has a diverse investment portfolio in 22 banks throughout the world, the (PSE) has limited exposure to the global financial system.

5. Conclusions

The impact of the global financial crisis and recession can be seen in Palestine, which is mostly caused by the country's strong reliance on food and fuel imports, making it very sensitive to variations in food and oil prices (Unisif, November 2009). Likewise, whether this issue has impacted Palestinians working abroad, lowered the number of visitors, or cut international aid. Due to its limited access to the global market and the government's and banks' reorganization, the banking system in Palestine was remarkably unaffected by the crisis (PMA).

The effect of the crisis may be seen as a cycle that will touch everyone; based on a research of consumer behaviour in Palestine following the crisis, it can be determined that the crisis influenced Palestinian consumers; the primary causes for this effect are described as follows:

a) Palestinians' buying power has been impacted by the fall in remittances.

b) The crisis has increased by oil and commodity prices, as well as a decline in buying power.

c) As the unemployment rate rose, so did the number of people living in poverty.

d) Finally, governments should take note of the lessons learned from this catastrophe to better safeguard themselves in the future. They should also keep the reform measures going to attract investors.

e) The year (2009) demonstrates that the country has overcome the effects of the crisis and that the economy is properly protected by government policy.

f) The role of the Palestinian Authority was mainly focused on maintaining the continuity of the work of institutions Public services, and restoration of infrastructure destroyed by the Israeli invasions. and provide programs "Emergency employment" to alleviate unemployment, and its role in the economic field remained as it was In the previous.

In light of this financial crisis and the difficult situation in the Palestinian territories, it is necessary to Focus on:

• Develop and support the main economic sectors, especially the agricultural and industrial sectors and tourism, through the reclamation of agricultural lands and the expansion of lands cultivated crops, work to expand and support various industries, and encourage religious tourism.

• The Palestinians' desire to use Egyptian and Jordanian ports for import and export instead of Israeli ports, as well as the hunt for alternative commodities to those imported from Israel.

• Stabilizing Palestinians on their property through constructing large-scale, low-cost housing developments for low-income individuals.

6. Policy Recommendations of the Study

The policy options available to the (PNA) in response to the global financial crisis are a subset of the policies accessible to it under the rules of the Paris Protocol, which was agreed between the (PLO) and the Israeli government in 1993. (1994). As a result, any progress made by the Palestinian National Authority (PNA) in altering the performance and functioning of the Palestinian economy is a result of the influence of Israeli policies and practices on the world economy on the one hand, and the Palestinian economy on the other. As a result, the (PMA) has implemented conservative financial regulations to shield 95 per cent of foreign assets held by banks operating in the (WBGS) from financial market control.

Even though the New Israeli Shekel is the major currency in circulation, real interest rates and real exchange rates remain uncontrollable (WBGS). However, what should the (PNA) do if the financial crisis persists and donors limit or cut their financial aid?

Based on the results of the current study, the following recommendations were made:

· Building Palestinian institutions is a wonderful goal, but it is an economically unsustainable endeavour in the long term, a type of hidden unemployment.

· Instead of growing public sector employment, the (PNA) should strengthen both the agricultural and industrial sectors by subsidizing them.

· The Palestinian government should create an enabling business/investment climate that stimulates foreign direct investment, ease of doing business in the nation, and existing firms to prosper, boost economic growth rates, and expand foreign direct investment in the country to escape it. To achieve the appropriate level of financial stability and development.

· The Palestinian government must guarantee that foreign loans are lawfully and appropriately invested in the specific projects/programs for which they were originally acquired, because the negative impacts on Palestinian financial stability are not continuous or constant, but rather averaged over time. These projects will benefit the Palestinian economy and financial stability, while financial growth will make conducting business and investing in the nation easier.

· The Palestinian government should also prohibit illegal and criminal trade and investment, as these infrastructure projects and initiatives will lower the country's manufacturing costs.

- To sustain stability in the nation, the Palestinian government should develop an adequate investment environment for foreign investments to enhance economic growth rates and encourage business people and capital owners to spend their cash inside the country.
- The Palestinian administration must put all foreign aid monies to good use to boost economic growth, infuse these large sums of money into successful initiatives, and provide work possibilities for the jobless, resulting in positive financial stability and development rates in Palestine.
- The need to rethink the world's political and economic institutions, as well as his ideas, and not rely on the fact that the United States of America is the global banking system's powerhouse.
- Reviving the Islamic financial system's philosophy, as the Islamic financial industry's growth rate has ranged between 15-20% in recent years, and the industry's size has reached about $800 billion globally, with the shift from usurious banking to Islamic encompassing 25% of the world's population.
- New state financial and administrative oversight, with a focus on avoiding overconfidence in financial products; company mergers and closures; and central banks and the Palestine Monetary Authority acting as lenders of last resort.

7. Limitations of the Study and Suggestions for Future Studies

By evaluating the model of damages and repercussions, the study highlighted the impact of the global financial crisis on the Palestinian national economy. On the one hand, this has a detrimental influence on the Palestinian economy, while on the other hand, it has a positive impact on Palestinian financial stability and development.
The timeframe (2005-2021) was chosen to achieve this aim based on the availability of data on the factors studied. Previous research that dealt with the present study's title, as well as the most relevant results, conclusions, and recommendations from prior studies, should be noted.
As a result, the current study has some important determinants, such as its reliance on previous studies and a scientific approach appropriate to the study's problem and the data analysis process, and qualitative and quantitative data from reliable official government sources were used and analyzed, and the study came to negative conclusions about the impact of the crisis on the Palestinian economy, financial development, and stability. Palestine's financial situation. However, based on the data evaluated by the author, the results and suggestions are appropriate, and another key constraint is that this study employed the qualitative and quantitative approaches to the data more fully, while the qualitative technique was used less.
Future research will benefit from this study, which summarizes and writes the data, conclusions, and suggestions in the most prominent way possible. Furthermore, the scientific approach and methodology utilized to address and investigate the study's topic are relevant and valuable for future studies and research, as well as researchers interested in such research.
Furthermore, one of the most important determinants of this study is that it revealed the true impact of the global financial crisis, which swept the globe and had negative consequences for all developing economies, as well as the volume of incoming transfers from abroad, on the process of Palestinian economic growth and financial development in the country, though the damage was not as severe as in other developing countries, and it was less harmful than in other countries.
In terms of the short and long term, it demonstrated the influence of each of the factors studied on the financial development process in Palestine as a result of the global financial crisis, and the study supported this claim with real-world data from the present Palestinian economic condition. As a result, the current study's results, conclusions, and suggestions will help future studies and research. It will aid the authors and other researchers in this field in conducting larger studies relevant to the current study's topic and difficulty.
Furthermore, the study's findings are constrained in terms of data quality. The inconsistency and inaccuracy of data given by multiple government entities, private sector institutions, and even different departments in the country contribute to this constraint. Furthermore, there is a shortage of data in this study owing to a lack of available sources, and we are unable to use this data as it should be due to the duration of the study period.

The Novelty of the Study

The study's novelty is centred on the new results, conclusions, and suggestions that we have made, which are of actual use to decision-makers in the country and help the decision-making process in another way. Furthermore, the study's data analysis and examination of the qualitative and quantitative content of these data revealed that the global financial crisis has had a detrimental influence on the Palestinian economy, although not on all sectors as a whole, but on certain of them. It should be mentioned that the global financial crisis has slowed the rate of financial development in Palestine as well as the country's internal financial stability, furthermore, it has harmed the whole process of economic growth advancement. Finally, the results of the study, in addition to the conclusions and recommendations made by this study, reveal this scientific modernity, and this modernity is a useful model for future studies in this area, as well as a helpful and appropriate element for decision-makers and national economic policies.

Declarations

The views, conclusions, and recommendations derived here are the narratives concluded by the author, based on the data (Facts/Tables) that derived in this paper, which do not reflect the official views and perspectives of the Organizations where the authors are associated now. This study was conducted in early (2021), in the second year of the onset of (Covid-19).

Data Availability Statement

The data and materials that support the findings of this study are available from the corresponding author upon request. Datasets are derived from public resources and made available to the author. Data analyzed in this study were a reanalysis of existing data, which are openly available at locations cited in the references section.

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