

Achievements of the Palestine Capital Market Authority

By Abeer Odeh



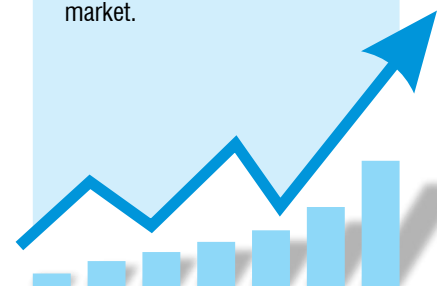
The Palestine Capital Market Authority (PCMA) is a quasi-governmental agency that enjoys both administrative and financial independence. It was established in 2004 as the regulator of the Palestinian non-banking financial sector. The PCMA is governed by a board of directors composed of seven members representing various economic sectors, and its mission is to regulate, supervise, and oversee the securities, insurance, financial leasing, and mortgage finance sectors in Palestine, and to ensure that their workings comply with the principles of transparency, fairness, and integrity in line with international best practices. As well, the PCMA is responsible for developing and maintaining sound capital markets in Palestine through creating a conducive environment for their growth, promoting financial awareness among their participants, and providing essential protection for their investors. I want to focus on the PCMA's main achievements, which are listed below.

IOSCO membership

During recent years, Palestine has successfully positioned itself as an emerging nation on the international stage by joining several

international organizations where it can demonstrate its capabilities. After the state of Palestine was granted observer status by the United Nations General Assembly in 2012, a wave of Palestinian organizations were admitted to international organizations. The PCMA, as a national organization, was no exception. In February 2014, the PCMA was admitted as the 124th ordinary member of the International Organization of Securities (IOSCO), and, correspondingly, the state of Palestine, represented by the PCMA, was admitted as the 101st signatory to the IOSCO's Multilateral Memorandum of Understanding (MMOU). The IOSCO is the international body that brings together securities regulators from around the world to set global standards for the securities sector and facilitate the cooperation and exchange of information among regulators. The IOSCO is the leader in policy reform for securities regulators and the global standards setter for securities regulations. Through its work to promote the protection of investors, it aims to ensure that markets are fair, efficient, and transparent and reduce system risk. In my work as a regulator for the PCMA, I apply IOSCO approaches to the securities sector in Palestine to promote confidence in the securities market.

Palestine has joined a consortium of nations with developed securities markets, thus opening the opportunity for Palestine to apply lessons from other countries to the Palestinian market.



Although the PCMA holds a number of memberships in international organizations, such as the International Association of Insurance Supervisors (IAIS), the IOSCO membership is regarded as a remarkable achievement for both the PCMA and Palestine. That is because it was the culmination of a lengthy process of tireless work and



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determination to meet the rigorous admission requirements of IOSCO. Some of the changes the PCMA made include improving the regulatory and supervisory framework of the securities sector as well as introducing several developmental initiatives to strengthen its institutional and technical capacities as a regulator. An additional point of pride is that the PCMA was able to depend on local Palestinian expertise to accomplish its mission without the need for foreign experts, going against the trend set by many other countries when they joined the IOSCO. Therefore, the IOSCO membership serves as solid evidence that the PCMA is able to regulate and supervise the Palestinian securities market in accordance with IOSCO principles and standards, which are the global benchmark for best practices in this domain. Membership in the IOSCO has placed Palestine amongst a consortium of nations with developed securities markets and thus opened the opportunity for Palestine to apply lessons from these markets to its own market.

The outcomes of the IOSCO membership don't end there. The membership directly impacts the Palestinian securities market by increasing its reliability and its attractiveness to foreign, institutional, and local investors. Accordingly, this will reflect positively on the Palestinian economy, since these investments are important vehicles for driving economic growth and development.

The National Strategy of Financial Inclusion

In 2014, the PCMA started working hand-in-hand with the Palestine Monetary Authority (PMA) on efforts to build and implement the National Strategy of Financial Inclusion, which is an initiative that aims to promote the usage of a wide range of financial services by increasing access to them, especially among marginalized

groups. The initiative also aims to bridge the gap between supply and demand in the Palestinian financial markets. The National Strategy for Financial Inclusion's objective is to integrate all segments of society into the financial system and, in turn, expand the number of people using financial services in Palestine. Thus, the initiative protects consumers and helps to reduce poverty.

The strategy will increase Palestinians' financial awareness, which will enable them to determine which financial products they need, choose wisely from the financial products available, know their rights and responsibilities as consumers, and, in case they face a problem with a product, know to whom they should appeal. We believe that all citizens are important and should be aware of the financial tools that are available so that they can improve their living standards as well as the economy at large.

Corporate governance

Furthermore, the PCMA has directed a great deal of its efforts and resources toward increasing the transparency of the markets by promoting strong corporate governance practices. The PCMA has important accomplishments in this field, such as creating a Palestinian corporate governance code in 2009, and developing a tool to measure companies' compliance with the corporate governance code, called the corporate governance scorecard, which was launched in 2014. In addition, the PCMA has carried out several initiatives to raise public awareness about the importance of corporate governance and its advantages.

The PCMA's main objective in terms of corporate governance is to increase the transparency and disclosure of financial institutions, and, accordingly, make accurate financial information available to the public, which will create confidence in the financial market.

Regulatory developments

On the regulatory level, the PCMA celebrated the endorsement of the Financial Leasing Law by President Mahmoud Abbas in the first quarter of 2014. This is considered a very important milestone for the PCMA as it works to complete the legal and supervisory framework for the financial leasing sector, which is vital to driving economic growth and prosperity in Palestine.

The endorsement attracted public interest because it made very important financing tools available through the financial leasing sector for micro, small and medium enterprises (SMEs),

which make up more than 90 percent of the Palestinian economy, and are the key to economic development in any economy. SMEs will now have the chance to expand their businesses by leasing new equipment or machines from companies with flexible conditions.

Abeer Odeh was appointed the CEO of the PCMA in June 2009. She has held a number of senior management positions, including chief financial analyst, chief controller, project director, and chief auditor. Ms. Odeh holds an MBA from Kellogg School of Management at Northwestern University in Chicago, and was certified as a public accountant by the American Institute of CPAs.

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