

# To Have Trust in our Economy

By Karma Zaher



The word crucial does not come close to describing the significance of such a corporation. For an occupied third-world country with no national currency, such a corporation is a step towards enhancing the economy and financial stability in Palestine,” said Zaher Hammouz, the managing director of the Palestine Deposit Insurance Corporation (PDIC).

It seems quite amazing that such a small country is about to consider options for monitoring and enhancing its financial stability, despite the lingering fears of a barely existent infrastructure and a cancerous occupation. Such courage reflects the vision the PDIC has for a better future.

The Palestinian Monetary Authority (PMA) established the PDIC following an initiative that followed the financial global crisis in 2009. The Palestinian Monetary Authority was able to fulfill the required environment set by IADI (International Association of Deposit Insurers), which aims to protect depositors’ money and promote stability in the banking system in Palestine. Like any other country in the world, Palestine is in a need of such an insurance system to protect investors’ money, especially small depositors.

It is certain that the Palestinian Deposit Insurance Corporation has a role in cooperating with the Palestinian Monetary Authority to monitor the banks and assess which type of possible risks banks face. The PDIC also has the means to detect risks before they occur.

The company is one of the Palestinian Financial Safety Net members, and it reflects the strength of the Palestinian banking sector. All the member banks in PDIC that are licensed by the PMA have high

performance indicator ratios set by international standards.

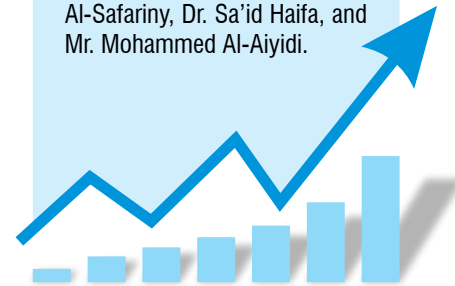
The PDIC has various roles. It preserves the rights of the depositors, acts as a mitigating observer to stop any moral hazards or risks that banks might be prone to, and works to enhance market discipline. The methods the PDIC uses serve the growth of Palestine’s economy.

It is important to mention that when we talk about the above-mentioned rights and regulations, we, as citizen observers, are not aware of the fact that the PDIC has to set standards and sign agreements with neighboring countries with similar financial practices in order to construct a unique model that accommodates our very specific circumstances. In order to be a member of a successful monetary system, the PDIC has to ensure our ability to adapt to the frequent changes in market practices, and follow up with continuously developing issues.

The services of this institution are for all the citizens of this country holding accounts in member banks, with special attention paid to young investors. The PDIC’s aim is to increase trust in the monetary system. So far, the ten major banking institutions in Palestine are members of the PDIC.

Despite the Occupation, which creates obstacles for any financial institution, the PDIC can be considered a step towards financial independence and a different method of fighting Israeli control. Palestine is a country in

The Palestine Deposit Insurance Corporation (PDIC) aims to protect bank customers’ deposits and boost financial safety. The board of directors is composed of Dr. Jihad Khalil Al-Wazir, governor of the Palestine Monetary Authority (PMA), who serves as chairman, a representative from the Ministry of Finance, the companies’ controller from the Ministry of National Economy, and four other independent members: Dr. Basim Khouri, Professor Ali Al-Safariny, Dr. Sa’id Haifa, and Mr. Mohammed Al-Aiyidi.



desperate need to become culturally, financially, and politically independent. When such corporations are established to better help the community on all levels, they serve as a glimpse of a hopeful future for the economy and the country.

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“... You could say that while in Europe and the US banks have switched to customer-centered services, here in Palestine we are still suffering from bank-centered service. Most of the time the customer has to suffer long queues and tedious bureaucracy that is frustrating for both customers and employees. I recommend a crash course in customer management (especially for upper management) to be able to provide a less painful experience for customers”. — Emilia Rappocciolo (Milan/Birzeit, 52)