



سلطة النقد الفلسطينية
PALESTINE MONETARY AUTHORITY



الشمول المالي في فلسطين
Financial Inclusion in Palestine



هيئة سوق رأس المال
Capital Market Authority



Gender Roadmap to Enhance Financial Inclusion



2023



MAS

**PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)**

Gender Roadmap to Enhance Financial Inclusion

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This study was prepared by the Palestine Economic Policy Research Institute (MAS) at the request of the National Committee for Financial Inclusion in Palestine led by the Palestine Monetary Authority (PMA) and the Palestine Capital Market Authority (PCMA) under the "Financial Inclusion Field Survey and Related Studies" project, which was implemented by MAS based on the data of the field surveys carried by the Palestinian Central Bureau of Statistics (PCBS). Note that the National Committee for Financial Inclusion is the sole owner of the intellectual property and publishing rights of the studies. Note that the National Committee for Financial Inclusion retains sole ownership of the intellectual property and publishing rights of the studies.

Preface

The Palestine Monetary Authority (PMA) and the Palestinian Capital Market Authority (PCMA) have been working with determination to enhance financial inclusion in Palestine, as part of clear strategies and goals and with the broad participation of relevant actors. In recent years, these efforts have been translated into an ambitious national project based on a comprehensive survey (the 2016 Financial Inclusion Survey), giving rise to the development of the National Strategy for Financial Inclusion 2018-2025. Accordingly, in 2022, a comprehensive re-assessment of financial inclusion was carried out in order to measure developments since 2016 and the progress made in the implementation of the National Strategy of Financial Inclusion, as well as to determine the reasons, obstacles, and gaps preventing the attainment of higher levels of financial inclusion. It is hoped that the re-assessment will contribute to supporting the PMA and PCMA's endeavors to develop and update the strategic action plan.

This study provides a comprehensive diagnosis of the case and development of financial inclusion in Palestine on the demand and supply side as well as on the ecosystem side, including a comprehensive and an in-depth analysis of marginalized groups that suffer from low proportions of financial inclusion. It examines the extent to which the formal financial sector is capable and willing to provide services to financially excluded groups, and it makes urgent recommendations and suggests necessary interventions to promote financial inclusion and achieve the goals of the National Strategy of Financial Inclusion within a specific timeframe. It covers the formal Palestinian financial sector, both banking and non-banking, and presents some indicators of the proliferation of the informal financial sector.

In addition to the main diagnostic study, two separate technical studies were prepared. The first addressed the analysis of digital financial inclusion in Palestine, which was aimed at understanding the extent to which Palestinian individual citizens were willing to adopt digital financial services as a means of promoting financial inclusion. It also assesses the extent to which financial institutions were willing in terms of supply to provide digital financial services that could facilitate access to the financially underserved segments of individuals. The second study tackles the reality of financial inclusion from the perspective of gender in Palestine. It offers a comprehensive and detailed analysis of gendered financial inclusion, focusing on how it is shaped by the many systemic, cultural and social barriers and proposing a set of policy interventions in order to accelerate the transformation in the gendered financial sector.

We, at PMA and PCMA, are pleased to take this opportunity to express our gratitude to the Palestine Economic Policy Research Institute (MAS), the Palestinian Central Bureau of Statistics (PCBS) and the Financial Inclusion Assessment Project Management Unit for their efforts to prepare this informative and comprehensive study, as well as to all relevant actors from the private sector, the government, the civil society organizations (CSOs), and partner international institutions that supported the National Strategy of Financial Inclusion Building Project, particularly Alliance for Financial Inclusion (AFI).

Chairmanship of the National Financial Inclusion Committee

Dr. Nabeel Kassis
Chairman of the Board of Directors of PCMA

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List of Abbreviations

| | |
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| AFI | Alliance for Financial Inclusion |
| BA | Bachelor of Arts |
| BSc | Bachelor of Science |
| DAP | DENARAU Action Plan |
| DFS | Digital Financial Services |
| FI | Financial Inclusion |
| GIF | Gender Inclusive Finance |
| ILO | International Labor Organization |
| IMF | International Monetary Fund |
| MFI | Microfinance Institution |
| MSMEs | Micro, Small and Medium Enterprises |
| PA | Palestinian Authority |
| PCBS | Palestinian Central Bureau of Statistics |
| PCMA | Palestine Capital Markets Authority |
| PMA | Palestine Monetary Authority |
| PNA | Palestinian National Authority |
| PoS | Point of Sale |
| ROSCA | Rotating Savings and Credit Association |
| SDGs | Sustainable Development Goals |
| SMEs | Small and Medium Enterprises |
| UNCDF UN | Capital Development Fund |

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1. Introduction

Research on financial inclusion across the globe has shown that women are less likely to participate in banking services than men, and they are more likely to be excluded from financial systems and institutions. Palestine is no exception. Despite persistent efforts by PMA and PCMA to increase women's financial inclusion, numerous barriers - both in terms of demand and supply - still exist, continuing to limit women's abilities to benefit from financial services.

Some of the barriers that hinder women's financial inclusion are directly related to the difficult socio-economic and political context in which the Palestinian financial sector operates. Political and economic instability, an inherent characteristic of the business environment in Palestine, is a major impediment to the demand for financial services and products.¹ Cultural and social norms, especially gendered ones such as restricted mobility, also deter women from financial inclusion.² This is not to mention numerous barriers imposed by the Israeli occupation, restraining the economy and its financial sector, and repressing the work of businesses and individuals. Yet, there is some space for the financial sector to realize positive and sustainable change towards more equitable financial inclusion for women, without diverting this sector from its core principles and goals.

Prior to 2016, the PMA created a public credit registry to address SME lending, in addition to establishing an electronic registry to further facilitate lending to SMEs.³ Palestine was one of the first Arab countries to adopt financial inclusion and develop a comprehensive strategy to tackle financial exclusion. The National Strategy for Financial Inclusion 2018-2025 emphasizes the need for increased financial inclusion for low-income people, with a particular focus on women and youth. Several measures have been taken to promote women's financial inclusion under the national FI strategy. On a regulatory level, both the PMA and PCMA have dedicated programs specifically to promote gender-based financial inclusion. The transformation to a digital economy is designed to facilitate women's access to financing resources such as e-payment services. This will eventually positively impact project development for women, while overcoming barriers related to mobility, cost, time and effort.⁴ In 2020, the PMA launched the "Estidama" Fund to finance different economic sectors, including the allocation of around \$10 million to more than 1,000 projects, encouraging women and entrepreneurs to start new ventures or sustain ongoing ones.⁵ To tackle the underlying issue of financial exclusion, the PMA developed a public campaign to raise financial awareness and educate people on financial services.⁶ The PCMA launched indicators for financial inclusion in the non-banking sector that should play an important role in evaluating the 2018-2025 national strategy and its outcomes.⁷

Since 2015, several banks have sought to contribute to the financial inclusion of Palestinian women by designing specialized products, such as offering interest-free loan funding to women-led SMEs; encouraging women to open a bank account for their children; and designing programs and prizes specifically for women. Some banks also worked on raising awareness on banking services within the community, with a focus on rural and financially

1 Shihadeh, 2022: 113.

2 Arnold & Gammage, 2019: 969

3 PMA, 2018

4 Palestine Economy Portal, 2013

5 PMA, no date

6 PMA, no date

7 PCMA, no date

excluded areas. Within the framework of the National Strategy for Financial Inclusion, banks have also launched several services and campaigns to facilitate access to various financial services. In 2022, the Bank of Palestine collaborated with PalPay to launch an electronic wallet for facilitating financial transactions.⁸

Despite these efforts, progress in closing the gender gap in Palestine has been very slow on the local level, and conversely, in some cases it is in fact widening. Ironically, this might be caused by successful financial inclusion programs, which exacerbate existing gender gaps. In 2016, about 11.9% of adult Palestinian women had a current account as opposed to 33.7% of adult men. Also, between 2016 and 2022, female current account ownership increased by 4%, while that of males increased by 8.8%. As such, the gender gap in current account ownership - the most prominent financial service - increased from 21.8% to 26.6% over this period. The same trend is also apparent in savings' accounts, where the gender gap increased from 4.3% to 10.3% because of a faster increase in men's ownership of saving accounts compared to women. PMA data shows that men are at least twice as likely to own a bank account compared to women. PCMA data shows that men are six times as likely to hold a private insurance policy compared to women. However, the household survey conducted as part of this report shows that more women hold public health insurance.

This report focuses on women's financial inclusion in Palestine, and how it is shaped by numerous systemic, cultural and social barriers. Palestinian women are generally highly educated, but this does not necessarily translate to financial literacy. They are largely not engaged in the paid labor market, but perform unpaid care work, forming the majority of unpaid family workers, especially in the agricultural sector. Prevalent societal ideas about gender roles, combined with gendered patterns of resource distribution and decision-making, all shape women's financial exclusion in Palestine. This paper attempts to analyze these barriers, suggesting policy recommendations that address these challenges, building on existing cases of success. The report seeks to understand why highly educated, yet mostly unemployed, Palestinian women are not able to benefit from the services and products offered by the financial sector, and what can be done to accelerate the positive transformation of the gendered financial sector. A bank account is the most-commonly owned commercial financial product in Palestine; thus it was used to measure financial inclusion when the National Strategy was drafted.⁹ In some instances, this report uses this indicator as a proxy for women's financial inclusion. A full and detailed analysis of gendered financial inclusion is performed at sections 5-7.

The report begins with a literature review of gendered financial inclusion, with reference to global, regional and national commitments to the promotion of gendered financial inclusion. The paper then provides a detailed analysis of the obstacles, challenges and reasons that lead to the exclusion of financially marginalized groups in the Palestinian context, especially women, and the intersectionality of vulnerability that makes it harder for some groups to enjoy financial inclusion. This analysis is divided into three sections, covering access, usage, and knowledge and attitudes. Comparative analysis with other countries, using Findex data, is utilized where relevant to identify relevant achievements, gaps and challenges. The report concludes by making policy recommendations based on data analysis.

The report mainly relies on two national surveys of supply and demand conducted in June-August 2022. A demand-side survey covered the adult Palestinian population (18 years and above), and its sample ensures that its results can be generalized at the gender

⁸ Bank of Palestine, 2020

⁹ National Strategy, 2018: 11

level, as well as the regional and sub-regional levels. Different areas of financial inclusion were examined from a gender perspective, while differences in gendered financial inclusion were analyzed at the regional and sub-regional levels. A supply-side survey was conducted with representatives of 48 providers of financial products and services. In addition, three focus groups were conducted, one of which focused specifically on gendered financial inclusion. Focus group results are included in the report, although this data is less useful overall.

2. Conceptualizing Financial Inclusion

The theme of financial inclusion emerges from studies on financial exclusion. The latter is defined as “processes that serve to prevent certain social groups and individuals from gaining access to the financial system.”¹⁰ Financial inclusion was initially posited as the solution to exclusion. However, recently the scope of financial inclusion has become wider. On its website, the World Bank states that “financial inclusion is a key enabler to reducing poverty and boosting prosperity”,¹¹ and “financial inclusion has been identified as an enabler for 7 of the 17 Sustainable Development Goals.”

Financial inclusion is defined by the World Bank as when “*individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.*”¹² In the Palestinian National Strategy for Financial inclusion, it is defined as “*enhancing access to, and use of, financial products and services by all segments of the society via formal channels, while meeting their needs in a timely and affordable manner, protecting their rights and promoting their financial knowledge to enable them to make well-informed financial decisions.*”

Financial inclusion in its essence implies “affordable access to formal financial services for the poor.”¹³ Hence, financial inclusion is pursued as part of attempts to eliminate poverty and promote sustainable growth.¹⁴ Additionally, financial inclusion was first defined in the context of poor having access bank accounts.¹⁵

Thinking about financial inclusion as simply an issue of access has been criticized for focusing on providers to the exclusion of consumers. Therefore, subsequent definitions have incorporated and/or focused on the **use** of financial products and services. For instance, researchers working for the World Bank define financial inclusion as “the use of formal financial services.”¹⁶ This expansion of the definition recognizes that “while consumers may have the choice to use certain services, other factors may affect and restrict this.”¹⁷

It is now widely recognized that financial inclusion also refers to the **quality** of services. People should not only have access to financial products and services and use them, but those services should be of high quality and non-exploitative. This aspect of financial inclusion is perhaps best defined by Kempson and Collard¹⁸, who argue that consumers “should be able to use these transaction services without the risk of losing financial control or incurring excessive or unexpected charges.” In this report, these definitions and understandings of financial inclusion are used to structure our data analysis in the Palestinian context.

In state-of-the-art academic research, Kirwan¹⁹ proposes the concept of critical financial inclusion as “collective intervention into processes of financial change”. This concept adds the additional dimension of **participation** to ideas about financial inclusion, by emphasiz-

10 Leyshon and Thrift, 1995: 314

11 World Bank, 2022

12 Oxfam MedUPI, 2020

13 Roy & Patro, 2022: 282

14 Dermiguc-Kunt et al., 2017, cited in Roy & Patro, 2022

15 Roy & Patro, 2022

16 Allen, Demirguc-Kunt, Klapper, Peria, 2016: 2

17 Kirwan 2021: 8

18 Kempson & Collard, 2012: 1

19 Kirwan, 2021: 109

ing “the importance of involving the collective voice of excluded groups in shaping the introduction and development of financial services and the processes and metrics through which success is measured.”²⁰ However, this idea has yet to be fully developed in terms of processes through which such financial inclusion could be achieved, and its recent introduction means that it has yet to be explored by policymakers and finance industry professionals. Recent work on measuring inclusive prosperity may help drive this agenda forward²¹, but this is beyond the scope of this report. However, the principle of participation in the financial system is key for any process of gendered financial inclusion.

2.1 Gendered Financial Inclusion

Financial exclusion often takes on particular characteristics. Poorer members of society, women, ethnic minorities, people with disabilities, the very young and the very old are among the groups that are excluded from financial systems the most.²² Global Findex data (2011, 2014, 2017 and 2021) highlights gender disparities between men and women in terms of bank account ownership.²³ Arguments for promoting gendered financial inclusion²⁴ suggest that such practices can benefit the whole of society in terms of promoting economic growth and empowerment.²⁵

Proponents of financial inclusion argue that enhancing financial inclusion for individuals enhances their socio-economic status, especially women. Certain studies have argued that individuals who have access to financial services and products are able to advance their life in multiple ways, such as managing household income, exercising more resilience during economic shocks, and investing in the health and education of their children.²⁶ More specifically, women can be empowered at multiple levels if they are included financially. They are able to enjoy a level of autonomy when it comes to making economic and social decisions on marriage, employment, expenditure, education and leisure.²⁷

Marginalized groups - mainly women, poor adults and those who are less-educated - continue to be underserved and have lower rates of bank account ownership.²⁸ According to the most recent Findex report (2021), the gender gap in bank account ownership, which is defined as “ownership of an individual or jointly owned account at a regulated institution, such as a bank, credit union ... or mobile money service provider,” has fallen to 6% from 9%, where it hovered for many years across developing economies. In 2021, around 74% of men - but only 68% of women - in developing economies had an account. However, Sub-Saharan Africa and the Middle East and North Africa (where Palestine is located) reported 12% and 13% gender gaps respectively - twice the average for developing economies and three times the global average.²⁹ In Palestine, the gender gap in bank account ownership is even larger, standing at 28.2% in 2022. In this report, we will argue that this can be partially explained by pervasive gender gaps in paid employment, where women’s labor market participation rate reached around 18.3% in 2022.

20 Ibid

21 See Moore & Woodcraft 2019, Moore et al forthcoming)

22 Shihadeh, 2018

23 Demircuc-Kunt et al., 2018

24 Sholevar & Harris, 2020

25 Holloway, Niazi, Rouse, 2017

26 Prina, 2015; Schaner, 2016; Ruiz, 2013; Janzen & Carter, 2013 cited in Arnold & Gammage, 2019

27 Aker et al. 2016; Field et al. 2016; Holloway, Niazi & Rouse, 2017; Suri & Jack, 2016; Islam, Ahmed & Alam, 2014; Ashraf et al., 2016 cited in Arnold & Gammage, 2019

28 Global Findex, 2021: 2-11

29 Global Findex, 2021

Al-Antari and Ezzat (2020) identify at least four schools of thought on what a gendered approach to financial inclusion can achieve:

- 1. Financial self-sustainability:** This school of thought is supported mainly by the World Bank and IMF, arguing that women's access to savings supports investment. This has a positive sustainable impact on their ability to improve their living conditions, as well as start and grow their own businesses. This rationale advocates for better access to financial solutions for women, both geographically and by utilizing technology. This is particularly important for SMEs, as supporting women entrepreneurs allows for the accumulation of savings that enable innovation and support business growth. This approach does not consider systemic barriers that do not allow women to access finance in the first place. Providing solutions for individuals and SMEs without addressing the broader context will not lead to the anticipated positive change.
- 2. Poverty alleviation:** This rationale assumes that access to financial services and instruments such as loans, savings and insurance improves standards of living for the poor and most marginalized groups, providing them with better opportunities. Women and their children can access better health and educational services, social assistance, as well as accumulating resources to be able to lift themselves and their families out of poverty. Some research argues that financial inclusion programs have played a positive role in reducing poverty rates and income inequality.³⁰ Social safety nets (formal and informal) can benefit from financial inclusion, where women and the most vulnerable groups can access bank accounts and financial solutions that allow them to receive cash transfers and decide on their spending priorities, instead of receiving food items and supplies. Such processes need careful monitoring. There are many cases globally (e.g., South Africa³¹ and Brazil³²) where such payments have been abused, leading to adverse financial inclusion that increased poverty.
- 3. Women's empowerment:** Women's access to financial services increases their range of choices and opportunities in terms of lifestyle, education and work. It also increases their ability to control their income and participate in decisions that affect their lives and their children. Concurrently, when women engage in income generation and have better access to the market, they become role models to others. Their ability to build collective power with women who share similar interests improves, leading to communal changes and shifts in social and cultural norms.
- 4. Access to quality financial services:** This topic originates in attempts to examine whether women's access to financial (mainly microfinance) services has positive or negative effects on their position within their family. It is insufficient to assume that women will have equal access to financial services if these are available. There are numerous barriers that prevent such access. Thus, this school of thought not only focuses on 'pure' accessibility to financial services, but also on whether women are able to access efficient and quality services, without barriers limiting their ability to benefit from such services. This approach recognizes that financial institutions are not fully responsible for inclusion (or the lack of it), while placing responsibility on these institutions to ensure quality services are provided to women. Empowering women may involve providing financial services while also ensuring that women succeed in overcoming barriers preventing their participation in economic life.

30 Swamy, 2014 cited in Omar & Inaba, 2020

31 James, 2017

32 Kolling, 2020

In theory, intentional gender-transformative financial services can lead to better access to quality services, greater empowerment, less poverty, and more opportunities for women and communities to economically sustain themselves.³³ In this report, the analysis of financial inclusion in Palestine leads to policy recommendations that support women's empowerment and allow for the provision of quality services - two areas where gendered financial inclusion can make a positive contribution.

2.2 Global and Regional Efforts towards Gendered Financial Inclusion

Efforts to include poor people in formal finance stretch back to European policies from the colonial era.³⁴ Marginalized communities developed forms of collective economic provisioning dating back to this period.³⁵ What is now referred to as financial inclusion can be traced back to the microcredit industry³⁶ and UNCDF's support for microcredit institutions, in terms of providing access to savings for marginalized societal groups.³⁷ In 2011, the Maya Declaration³⁸ was launched as a major global initiative to promote commitment to financial inclusion at both national and global levels.³⁹ The AFI reports that its global efforts have led to the financial inclusion of over 638 million people.⁴⁰ Members of AFI (including the PMA) have pledged to close the gender gap in financial inclusion by implementing the DENARAU Action Plan, adopted in 2016.⁴¹ The DENARAU Action Plan promotes the development and implementation of policies and regulations that create an enabling environment for accelerating women's financial inclusion.⁴² It focuses equally on access, usage and quality of financial services and products. It also emphasizes the importance of measuring and evaluating progress in financial inclusion. The Action Plan focuses on strong partnerships and collaboration with financial service providers in order to drive leadership in the private sector. The plan was updated in 2022 to ensure that gains made in reducing the gender gap in financial inclusion are not lost because of COVID-19's economic impact, or any other upcoming crisis.⁴³ This updated commitment focuses on expanding women's access to - and use of - financial services. These efforts must be contextualized within the broader focus on the 2030 Sustainable Development Goals, and other relevant initiatives such as the ILO's work on female financial inclusion under its Decent Work Agenda.⁴⁴

The MENA region accounts for the largest gender gap. In the MENA region, specific programs for female financial inclusion include the Microfund for Women (MFW) and the MENA Gender and Innovation Lab (MNAGIL). The MFW works to provide sustainable financial services to low-income female entrepreneurs in Jordan, among other projects. The World Bank launched the MNAGIL to develop and implement policies that attempt to bridge the gender gap, as well as empower women.⁴⁵

33 IMF, 2018

34 Bernards, 2022

35 Shenaz Hossein, 2016

36 Mader, 2018

37 UNCDF, no date

38 The Maya Declaration (French), 2011 https://www.afi-global.org/sites/default/files/publications/2017-04/Maya%20Declaration_SP.pdf

39 AFI, 2017

40 AFI-Global, no date

41 AFI, 2022

42 Denarau Action Plan on Gender Inclusive Finance, 2022, Barq, Aya. "Gender & Geography: Women-Owned SMEs in the Middle East" 26 May 2016 (Accessed on 21/10/2022). Oxfam, 2019.

43 DENARAU Action Plan, 2022

44 ILO, no date

45 World Bank, no date

2.3 Drivers of the Gender Gap in Financial Inclusion

Multiple factors play a role in the financial inclusion gender gap, including income, physical mobility, financial literacy, education and work. Participation in economic activity is seen as an important step towards financial inclusion.⁴⁶ Globally, the percentage of women who participate in the paid labor force is under 47%, relative to 72% for men.⁴⁷ Non-participation in paid labor is often not a matter of choice. Patriarchal and heteronormative ideas about gender roles place pressure on women to marry and care for children and the elderly, reinforcing the idea that men are breadwinners.⁴⁸ Thus, many young women, especially in underdeveloped countries, are forced out of the labor market. This is a form of involuntary financial exclusion. Additionally, in most countries women are more likely to be involved in informal employment relative to men. This exacerbates the gender gap in financial inclusion, since informal employment excludes formal payment methods such as bank transfers, in order to circumvent employment laws, such as paying taxes.⁴⁹ As will be discussed later in this report, access to paid employment is a key driver of gendered financial inclusion in the Palestinian context.

Gendered social norms could play an important role in the exclusion of women from financial services, thus creating a gap in inclusion. Gendered social norms are “a subset of social norms and are defined as the collectively held expectations and perceived rules for how individuals should behave based on their gender identity.”⁵⁰ Such norms impact both the public sphere and the private one, at multiple levels. As previously stated, participation in economic activity can be heavily dependent on said social norms for women, affecting their ability to work. Furthermore, social norms “shape incentives and capacities of system actors that in turn influence (either positively or negatively) women’s financial inclusion and empowerment.”⁵¹ Thus, it can be an overriding driver of the presence of a gender gap in financial inclusion.

In relation to social norms, mobility is often considered a key driver in the financial exclusion of women. In cultures and communities where women are less able to enjoy freedom of movement due to social and cultural restrictions, accessing traditional financial services can be an issue. Hence, many financial institutions, especially banks, are expanding their digital services to facilitate access and usage through an internet connection. This report will argue that physical mobility is less important in the Palestinian context.

Financial literacy can also be a driver of gender differences in financial inclusion. Ndoya & Tsalan (2021) argue that education is one of the main causes of gendered exclusion from the use of financial products and services. In the MENA region, financial literacy rates in particular are quite low, ranging between 20% and 40% on average, despite the fact that 75% of the MENA population is literate.⁵² However, as discussed later in this report, gender gaps in financial literacy are smaller than gaps in bank account ownership, suggesting that financial literacy may not be a primary driver of gendered differences in financial inclusion in Palestine. Other drivers will be discussed thoroughly in the analysis detailed in subsequent sections.

46 Shihadeh & Hannon, 2017

47 ILO, 2022

48 ILO, 2022

49 IMF, 2020

50 Burjorjee et al., 2017, cited in Koning et al., 2021: 3

51 Koning et al., 2021: 4

52 Borgen Project, no date

2.4 The Impact of COVID-19 on Gendered Financial Inclusion

Global advocates of financial inclusion have used the COVID-19 pandemic to emphasize the increased importance of ensuring that the poorest and most vulnerable people, especially women, have access to formal financial services, in order to support inclusive economic recovery and resilience.⁵³ Globally, evidence from a survey conducted in April 2020 shows that women entrepreneurs were hard hit by the pandemic. 93% of respondents indicated that they were negatively impacted by COVID-19, while 4% had not yet been impacted but anticipated such an impact in the future. Of those already impacted, 44% have ceased operations temporarily and 3% have ceased operations permanently.⁵⁴ A similar pattern was reported in Palestine, where 95% of Palestinian women reported that COVID-19 negatively affected their businesses, while 27% of women-owned businesses shut down.⁵⁵

Palestinian authorities undertook measures to counteract the negative economic outcomes of the COVID-19 pandemic and to protect the livelihoods of workers, including those who are informally employed (social aid programs) and the self-employed (funds). In July 2020, the PMA issued instructions to banks operating in Palestine to mitigate the economic effects of COVID-19. These instructions stated that “borrowers who have been directly affected by the economic situation only, and whose financial ability to pay has been affected, may have options either to have a temporary overdraft limit or restructuring of existing credit or the rescheduling of existing credit. Borrowers from Islamic banks may have temporary securitization limits in accordance with the terms and instructions of the PMA.”⁵⁶ COVID-19 also affected liquidity levels as a direct result of decreased economic activity and the inability of citizens to pay their instalments. Thus, the PCMA took important measures to manage - as well as provide - liquidity to meet national obligations, in addition to maintaining adequate liquidity during COVID-19.⁵⁷ Numerous small businesses benefited from these instructions. However, women’s work is concentrated in the informal sector, thereby forfeiting rights to compensation, or the possibility of delaying (or rescheduling) due payments.

53 <https://blogs.adb.org/blog/covid-19-changing-financial-inclusion-can-policy-makers-keep>

54 <https://cherieblairfoundation.org/women-entrepreneurs-covid19-research/>

55 UN Women, 2020

56 PMA, 2020

57 PCMA, no date

3. Palestine Gender Profile

This section highlights some important gender issues and features in Palestine, in order to guide and contextualize the analysis in this report. Additionally, this section uses data from the 2022 demand survey to discuss Palestine's gender issues within the context of financial inclusion.

3.1 Social Context

It is impossible to examine financial inclusion for women without contextualizing the status of women in any given society. Palestinian society is characterized, like other Arab societies, as being patriarchal, where women are dominated by men.⁵⁸ Women in Palestine face gender inequality and restrictions within their families,⁵⁹ most prominently in rural areas. Patriarchy plays a crucial role in creating a cultural framework that reinforces women's inferior and difficult social reality.⁶⁰ Therefore, the empowerment of women in rural areas is considered of the utmost importance in addressing gender inequalities.⁶¹ While regulations can limit inequality towards women, social and cultural practices continue to pose a real barrier to women's social inclusion overall, and by extension their financial inclusion as well.

In Palestine, women are, by and large, financially dependent on men.⁶² Social pressure, combined with parental or spousal control over finances, employment decisions and the ability to work, are all results of prevailing gender norms. Women's financial dependence on men not only relates to their ability to work, but also to their ability to manage their own finances. As this report will show, in Palestine between 51% and 63% of women have full control over their income, while about 77% to 80% of men fully control their income. The man typically controls the woman's income, according to data collected as part of this research. Women are more likely to report that their income is controlled by their husband, or father, or both. Thus, the change towards women's participation in the labor market does not necessarily enhance their autonomy.

3.2 Education

Palestinian women have closed the gender gap in education. According to data collected by PCBS (2022b) for 2019-20, the completion rates at different educational levels (elementary, secondary, upper/senior secondary) were higher among women (99.6%, 96.6% and 73.9% respectively) relative to men (98.8%, 87.4% and 53.6% respectively). Additionally, in 2020-21, 61% of those enrolled in higher education are women.⁶³

Foundational research on financial inclusion argues that higher income and higher levels of education drive higher levels of gender financial inclusion.⁶⁴ Data presented later in this report shows a strong positive correlation between owning a bank account and education. However, other non-banking services show inconsistent results with regard to education and ownership of financial services. Overall, education levels do not explain the gender gap in financial inclusion in Palestine. Instead, we need to look at women's participation in

58 Barakat, 2000

59 Hattab, 2020

60 Shaloub-Kevorkian, 2005

61 Samandar, 2014

62 Roald, 2013

63 PCBS, 2022b

64 Sarma & Pais, 2011

the broader economy, rather than the financial sector specifically.⁶⁵ In Palestine, high rates of female education do not translate into higher labor force participation rates.

3.3 Employment

Gender inequalities in employment and earnings mean that women have lower incomes, reducing their ability to access accounts at formal financial institutions.⁶⁶ This can be traced to two main factors, the first relates to patriarchal and religious gender norms in Palestine, and the other relates to the economic infrastructure, including legal frameworks. Gender norms position men as the sole breadwinners, creating barriers that prevent women from accessing the paid labor market. Thus, fewer women participate in paid labor relative to men.⁶⁷ Despite high education and literacy levels, women's participation rate in the paid labor force in 2022 was very low, at 18.3%.⁶⁸ By way of comparison, male labor force participation is 69.7%. Even though far fewer women are recorded as participating in the paid labor force, their levels of unemployment are higher. The unemployment rate among women participating in the labor force was 40.4%, compared to 20.3% among men, according to the PCBS Labor Force Survey for the year 2022. The unemployment rate is highest among youth, with roughly a third of all youth (15-29 years old) being unemployed by the end of 2022. Adults aged 20-24 years experienced the highest levels of unemployment of any age cohort (36.4%). According to survey data, over half of all women in this age cohort (56.3%) are unemployed, compared with 30.4% of men. Unemployment is particularly high among recent university graduates. Over 60% of women with a BA/BSc are unemployed.

High unemployment rates among women are partially explained by the type of educational specialties that they choose. Due to social norms, most women tend to become teachers or nurses. According to PCBS data,⁶⁹ teaching and healthcare are among the top specialties for women. This high influx of women into specific sectors ultimately leaves many women unemployed, due to the limited number of vacancies in these sectors.⁷⁰ This explains data presented later in the report showing that a low percentage of women who hold a bachelor's degree happen to have a current bank account.

It is important to highlight the large informal sector that absorbs high numbers of university graduates in both the Gaza Strip and the West Bank. The informal sector 'pulls in' most individuals who cannot find employment opportunities in the formal sector, including those who are marginalized, such as women. Research has shown that female participation in the informal economy exceeds male participation.⁷¹ In Palestine, informal employment has long been considered a survival mechanism for households, especially those headed by women.⁷² Female participation in unpaid labor is also significantly higher, particularly women's work at home. The demand side survey revealed that 64% of women in the West Bank and 66.1% in the Gaza Strip self-identify as housewives. Research has shown that in this context, women may be given money by their husbands for daily expenditure, but not all husbands conform to this.⁷³ In general, women report a high level of involvement in nearly all types of domestic work in Palestine, whereas men tend to focus on economic activities outside the house.⁷⁴

65 Shihadeh & Hannon, 2017

66 Rao, 2015

67 Freedom House, 2010

68 PCBS, Q2 2022

69 PCBS, 2021

70 Al-Botmeh, 2013

71 Hoa, 2019; Boeri, 2018

72 Esim & Kuttub, 2002

73 Harker et al., 2019

74 Kuttub et al., 2018

3.4 Public Participation

The participation of women in decision-making, public life and leadership positions is very limited. According to a 2022 report on women's status in society,⁷⁵ within nine electoral lists in the local elections of 2021, only 1% were headed by women. Only 26% of candidates were women. In political life, women make up only 22% of local council staff, 2% of local council heads, 25% of members in the Central Council, 11% of members in the Palestinian National Council, 12.5% of members in the Council of Ministers, and 11% of ambassadors in the diplomatic corps.⁷⁶ There are 16 governorates in Palestine, but only one woman Governor.⁷⁷ As for the Board of Directors of the Chambers of Commerce, Industry and Agriculture, the gender divide is even more stark: only 1% of its members are women.⁷⁸ About 19% of judges are women, while females account for only 20% of prosecutors.⁷⁹ This reality further exacerbates discrimination against women, given the lack of gender-sensitive views on legal issues. The dominance of higher positions in the institutional hierarchy by men results in the "projection of the prevailing cultural views on women's employment," while also reinforcing female subordination to socially-defined gender roles.⁸⁰

The lack of women's representation in decision-making bodies that govern the financial system is also worth considering. There is only one woman serving on the board of directors of the PMA, while the PCMA does not have any women on its board. When looking at the executive management teams of banking and non-banking institutions, female senior executives are very rare. For example, at The National Bank (TNB), the executive management team is all male, while the Bank of Palestine has two women out of a 12-person executive management team. At the National Insurance Company, there are no women on the executive management team. If we use board membership and senior executive positions in banking and non-banking financial institutions as indicators, it is clear that a glass ceiling exists in the financial system limiting women's ability to become active members of decision-making bodies.

Despite this, the position of women in the Palestinian public sphere has improved compared to two decades ago. However, structural and cultural barriers continue to block their participation.⁸¹ Even the limited presence of women is insufficient on its own. Female participation in political life constitutes an important factor in overall community development in Palestine. Women are able to provide a gender-sensitive vision of themselves and their role in political and social life,⁸² a phenomenon of which men might not be aware.⁸³ The issue of women's participation in decision-making positions in governance can be viewed as a means to introduce gender into governance.⁸⁴ The financial sector is still predominantly male-dominated.⁸⁵ This suffocates the adoption of a gendered perspective in designing and implementing financial services or products, where women are able to provide experience-derived inputs regarding barriers and issues.

75 PCBS, 2022a

76 Ibid

77 Ibid

78 Ibid

79 Ibid

80 Nasr & Alkafri, 2011: 28

81 Kuttab, Abu Awwad et. al., 2020

82 oudeh, 2018: 28

83 Jad, 2011

84 Ibid

85 This is explored in the section on 'Physical Infrastructure'

4. Regulations: Elements of Gender-Centric Interventions

Palestine is committed to the Sustainable Development Goals (SDGs) and regularly reports on their progress, adopting them in national policies and plans. Financial inclusion is positioned prominently as an enabler of the 2030 SDGs, where it features in eight⁸⁶ of the seventeen goals.⁸⁷ This commitment is especially important for SDG 5, in terms of achieving gender equality and the economic empowerment of women.

The PMA and the PCMA officially launched a participatory process to develop a national strategy for financial inclusion in 2014. The 2018-2025 strategy was officially endorsed by the Palestinian Cabinet, and adult women's financial inclusion is considered a main area of focus. The Financial Inclusion Strategy includes multiple, specific, sub-goals to promote financial inclusion for women. Sub-goals 1.2 and 1.3 promote the financial capabilities of women and women-operated MSMEs, along with youth and the unemployed. Other sub-goals, such as 2.1, aim to increase MSMEs' access to - and usage of - formal financial services (including MSMEs run by women). Concerning efforts to operationalize such goals, the PMA hosted numerous training workshops for women entrepreneurs and women-led SMEs on services such as financing, resources and lending. The national financial inclusion sub-committee concerned with customer empowerment includes several members from institutions that are mandated to empower women and defend their rights. They use a research-based approach that emphasizes producing policy through a wider, data-driven understanding of the financial context in Palestine. This includes the use of research-based data to assess women's needs and challenges as they relate to financial services, in order to design gender-responsive services. Data on gender, age groups and geographical location – as it relates to the ownership of different financial services - is collected and made available via numerous public institutions: the PCBS, the PCMA and the PMA. Additionally, banks have started to collect more gender-disaggregated data on account holders. However, detailed data, such as information regarding the inclusion of people with disabilities is not available, at least publicly, for both banking and non-banking institutions. In Section 5 of this report, we show that companies are developing financial products and services for marginalized groups. However, gender mainstreaming within their organizations is relatively limited.

In 2016, Palestine enacted a new Secured Transactions Law, which allowed for movable assets to be used as collateral. This was an important move away from the traditional law, where only fixed assets such as land or real estate could be used as collateral. Palestine also launched a collateral registry in the same year. This is very important, especially to women who usually hold assets, mostly gold - about 14% of adult women (aged 18 and above) according to the 2022 demand-side survey data. Other relevant legislation includes instructions issued in 2017 to banks to ensure that their buildings and banking services should be adapted to the needs of people with disabilities. This is an important step in terms of ensuring equality for bank customers with disabilities in accessing banking services and credit facilities, provided that banks apply these instructions to all new branches. In 2018, the instructions were extended to existing branches as well. Not only persons with disabilities benefit from such services, but also women who have children, pregnant women and the elderly.

⁸⁶ These are SDGs 1,2,3,5,8,9,10 and 17

⁸⁷ <https://www.uncdf.org/financial-inclusion-and-the-sdgs>

Religious institutions in Palestine have also shown commitment to protecting women's rights. In 2011, in order to protect women from exploitation in times of hardship and grief, the Office of the Chief Qadi (Sharia judge) issued a circular intended to eliminate certain social attitudes, customs and traditions that pressure women to give up their inheritance to their brothers. This circular prohibits the registration of any such arrangements with sharia courts, until four months have elapsed from the date of death, and after a thorough accounting process has been made for all inheritable assets, signed by all the heirs and certified by the relevant local agency. It also requires a signed declaration from three experts, determining the true value of one-eighth of the inheritance that is subject to division (as specified in Sharia law). Prior to registration, the agreement on division must also be published in the form of an advertisement or annex in a local newspaper, for a period of at least one week.⁸⁸ However, despite laws combatting the pressuring of women to sign away their inheritance, many women are still pressured to do so. As of 2019 - 8 years after the circular - it was reported that only 3% of women receive their rightful inheritance. This exemplifies the gap between law creation and law enforcement, which also has broader effects on financial inclusion. The issue of women receiving their rightful inheritance has severely delayed the government's land titling project, since landowners are hesitant to give women their rightful inheritance.⁸⁹ Land inheritance is not only an important right for women, but by having such assets, women are able to control and use their financial assets in the manner that they choose.

4.1 Law Enforcement

The existence of a regulatory framework that supports equality and opposes gender discrimination does not necessarily indicate a commitment to gender equality. Laws and regulations, while asserting their opposition to gender discrimination, lack implementation and execution mechanisms. While the law clearly stipulates financial rights and protection for women, when husbands or employers break laws that affect women financially, the legal process does not support affected women. Focus group participants noted that most of these laws, regulations and policies are actually gender-blind or at least gender-neutral: *"There is a state of gender neutrality in the instructions and laws related to the financial sector (banking and non-banking), which leads to neglecting vulnerable and marginalized groups, especially women in the financial sector. Consequently, special policies are not developed to ensure their financial inclusion."* Participants in the focus group on gender and inclusion also noted the lack of attention paid to people with disabilities, despite the PMA issuing special guidelines for banks to ensure that their facilities (buildings and services) are adapted to the needs of people with disabilities.⁹⁰ A focus group participant noted that *"People with disabilities in general, and women with disabilities in particular, are invisible in financial legislation, including the national strategy for financial inclusion. Institutions in the banking sector do not collect data on the number of accounts for people with disabilities, including women, or track financial services provided to them."*

Additionally, there are still many gaps in the sphere of working women's rights, despite their attempts to ensure equality. Article 53.3 of the Civil Service Law (Law No.4 of 1998) states that if both spouses are employed, only the husband is paid a social allowance, while his wife is not. In terms of pensions, only the husband can pass his pension to his children, spouse and parents after he dies, while a woman cannot pass her pension to anyone after she dies, except to her husband if he is considered unable to support himself. This highlights the patriarchal reality of Palestinian culture, which in turn impacts the finances of households.

88 UN, 2017

89 Hinn, 2019

90 PMA, 2017

In March 2022, the Prime Minister announced an increase in maternity leave from 10 to 14 weeks. The labor law also specifies that women cannot be fired due to pregnancy. However, only about half of the women working in the private sector received maternity leave in 2021.⁹¹ Women are paid significantly less than men, despite the strict prohibition against this in the Labor Law⁹². A study published in June 2022 reported that the average daily wage for women is NIS 56, compared to NIS 85 for men.⁹³ The population survey for this study shows that the majority of adult women (72.8%) do not earn any income, while the rest mostly earn less than NIS 3,000 per month. Only 17% of adult men have no income, while the majority earn between NIS 2,000 and NIS 8,000 per month. This might be explained by the larger portion of women working in the informal sector, but it does not change the financial gap nonetheless.

91 PCBS, 2022

92 Palestinian Labor Law No. 7 (2000), Section 7, Article 100.

93 <https://bit.ly/3DMNWLp>

5. Access to Financial Products and Services

Demand side

Gendered access to financial products and services must be understood in the context of broader socio-economic conditions. While accessing financial services and products is typically viewed in terms of accessibility and ease of use, in fact, the most important consideration is whether the people who need to access them - particularly women - have the required money to do so. The population survey data shows that many respondents do not have money, a precondition for accessing financial products and services. 49.6% of all respondents had no income themselves, and over one-third – 37.5% – live in a household whose monthly income was less than NIS 2,000. Female respondents (40.9%) are more likely than male respondents (34.3%) to live in a household with less than NIS 2,000 income. Moreover, women are more likely to report no personal income (77.6%) relative to men (22.2%). There is also a clear geographical divide, with 79.5% of respondents in the Gaza Strip reporting that their household income was less than NIS 2,000 (74.7% for males and 84.3% for females), compared with 11.7% of respondents in the West Bank (9.6% for males and 13.8% for females). The vast majority of respondents in the Gaza Strip (92.4%: 97.6% for females and 87.4% for males) reported no personal income, or a personal income of less than NIS 2,000 shekels, compared with 55.3% of West Bank residents (82.8% for females and 28.7% for males).

Figure 5.1: Personal income by gender and region (2022)

| Income Group | West Bank | | | Gaza Strip | | | Palestine | | |
|------------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| NIS 2,000 or less | 11.6% | 10.0% | 10.8% | 56.8% | 12.2% | 34.6% | 28.8% | 10.8% | 19.9% |
| NIS 2,001 – NIS 2,500 | 12.6% | 4.4% | 8.6% | 6.0% | 0.9% | 3.5% | 10.1% | 3.1% | 6.6% |
| NIS 2,501 – NIS 3,000 | 16.6% | 4.3% | 10.5% | 3.3% | 0.8% | 2.0% | 11.5% | 2.9% | 7.3% |
| NIS 3,001 - NIS 5,000 | 22.4% | 4.7% | 13.7% | 2.7% | 0.7% | 1.7% | 14.9% | 3.2% | 9.1% |
| NIS 5,001 - NIS 8,000 | 11.5% | 2.0% | 6.8% | 0.4% | 0.0% | 0.2% | 7.3% | 1.2% | 4.3% |
| NIS 8,001 - NIS 12,000 | 3.9% | 0.4% | 2.1% | 0.1% | 0.0% | 0.0% | 2.4% | 0.2% | 1.3% |
| More than NIS 12,000 | 2.4% | 0.0% | 1.2% | 0.1% | 0.0% | 0.0% | 1.5% | 0.0% | 0.8% |
| No income | 17.1% | 72.8% | 44.5% | 30.6% | 85.4% | 57.8% | 22.2% | 77.6% | 49.6% |
| Refused to answer | 1.9% | 1.4% | 1.7% | 0.1% | 0.0% | 0.1% | 1.2% | 0.9% | 1.1% |

Source: Demand Side Survey Data

Almost 50% of respondents said they could not cover their expenses in the last two years. Interestingly, there is almost no difference when these responses are disaggregated according to gender. Within this group, 83% cut back on spending to address this issue, 67% borrowed from family and friends, 35% delayed bill repayments and 16% performed extra

work. Male respondents were more likely to engage in the last three practices, while female respondents were more likely to cut back on spending and sell part of their property as a coping mechanism. 26% of respondents indicated that their household could only cover their living expenses for less than a week if they lost their main source of income, or else they would have to borrow or move house. 35% of respondents said they could cover expenses for more than a week, but less than a month. While it is important to note that people often underreport income in official surveys, the research team’s analysis suggests these results are broadly in line with other published and collected data sources.

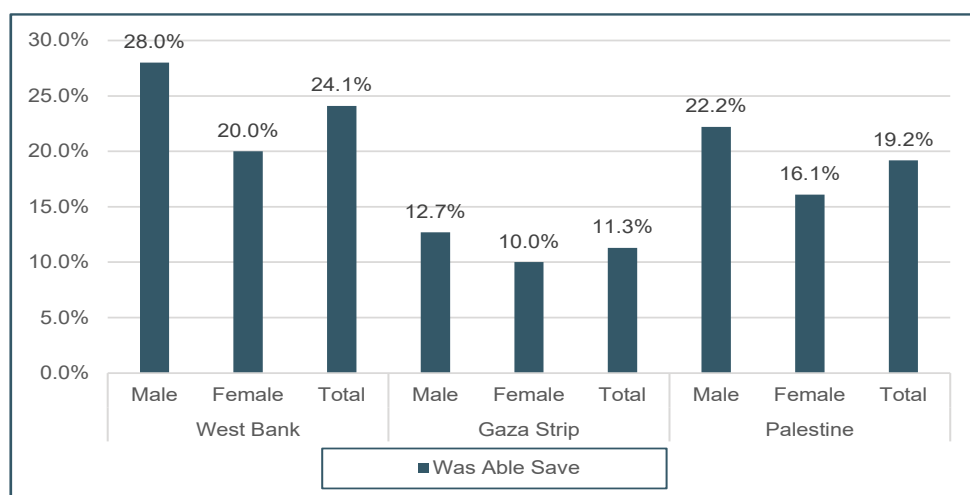
Figure 5.2: Coping mechanisms in the past 24 months by gender (descending order, 2022)

| Coping mechanism | Male | Female | Total |
|--|-------|--------|-------|
| Cut back on spending and spend more moderately | 81.1% | 85.7% | 83.4% |
| Borrowed from family or friends | 70.3% | 62.8% | 66.6% |
| Postponed paying bills | 37.6% | 31.7% | 34.7% |
| Took on extra work | 24.0% | 6.9% | 15.6% |
| Sold part of property | 12.5% | 16.1% | 14.3% |
| (Borrowed from workplace (co-workers | 11.8% | 2.8% | 7.3% |
| Took an advance on daily wages | 8.4% | 1.6% | 5.0% |
| Withdraw money from savings’ account or transfer money from savings’ account to checking account | 7.6% | 5.7% | 6.7% |
| Took out a loan from an association | 1.5% | 1.9% | 1.7% |
| Took an informal loan | 2.5% | 3.6% | 3.1% |
| Withdrew from retirement savings | 1.4% | 0.7% | 1.1% |
| Used an available credit facilities | 0.5% | 0.4% | 0.5% |

Source: Demand Side Survey Data

Policy advocates for financial inclusion often forego savings’ behavior. Only 1 in 5 respondents reported saving money between June 2020 and June 2022 (a period strongly impacted by COVID-19). Respondents that saved in the last two years amounted to 19.2% of the total population. When disaggregated by gender, men (22.2%) are more likely to report saving money than women (16.1%). There is an even greater geographical divide between respondents from the West Bank (24.1%) and those from the Gaza Strip (11.3%). Within the West Bank, there are slightly higher levels of savings in the northern West Bank (26.5%) than in the central West Bank (21.8%), and the southern West Bank (22.9%). There is a significant gender divide in savings’ behavior in the southern West Bank. Men in the southern West Bank have the highest level of savings of any sub-region (32%), while women in the southern West Bank are the least likely to save (85.7%) of any group in the West Bank. This may reflect patterns in the control of money, as discussed in the next paragraph. In the Gaza Strip, a greater percentage of residents of the northern Gaza Strip (12.9%) have saved, compared with those in the southern Gaza Strip (9.9%), and the central Gaza Strip (8.6%). 94.2% of women in the central Gaza Strip did not save money in the last two years, the lowest levels of savings in any sub-region of Palestine. The level of education has a significant impact on savings’ activity, where more educated respondents are more likely to have saved money. Unsurprisingly, those earning higher incomes were more likely to save. Data on savings’ practices can be explained by data on the control of money.

Figure 5.1: Percentage of those who were able to save in the past 24 months by gender and region (2022)



Source: Demand Side Survey Data

The demand-side survey data revealed that most women (aged 18 and above) in Palestine (81%) live in families where men – the male respondents themselves, a husband, father or occasionally a son – control money, while 3.4% live in households where the mother is responsible for controlling money. Around 16.5% of female respondents in the West Bank control their income, compared to 13.1% of women in the Gaza Strip. There is little variance in these statistics at the sub-regional level. The highest percentage of female respondents who exercise control over their income live in the northern West Bank (18.8%), while the northern Gaza Strip is the sub-region with the lowest percentage (12.5%). Among women in the West Bank who earn their own income, only 63% exercise full control over this income. In the Gaza Strip, this figure falls to roughly 51%. On the national level, 60% of women aged 18 and above who make their own income, control their income. (see table 5.3)

Table 5.3: Percentage distribution of adult respondents based on who exercises control over their income, by gender and region (2022)

| Who controls the respondent's income? | West Bank | | | Gaza Strip | | | Palestine | | |
|---------------------------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| I control my income | 79.3% | 63.0% | 75.4% | 77.1% | 51.3% | 72.7% | 78.5% | 60.1% | 74.5% |
| My father | 8.4% | 7.9% | 8.3% | 13.3% | 12.4% | 13.1% | 10.1% | 9.0% | 9.8% |
| My mother | 2.3% | 0.2% | 1.8% | 2.3% | 2.5% | 2.4% | 2.3% | 0.8% | 2.0% |
| My husband | 1.6% | 17.6% | 5.5% | 0.8% | 17.7% | 3.7% | 1.3% | 17.6% | 4.9% |
| My wife | 0.9% | 1.0% | 0.9% | 0.5% | 1.3% | 0.6% | 0.8% | 1.1% | 0.8% |
| My children | 0.3% | 1.4% | 0.6% | 0.7% | 2.4% | 1.0% | 0.4% | 1.6% | 0.7% |
| Jointly | 7.1% | 8.7% | 7.5% | 4.6% | 10.3% | 5.6% | 6.3% | 9.1% | 6.9% |
| Other | 0.1% | 0.2% | 0.1% | 0.6% | 2.1% | 0.9% | 0.3% | 0.7% | 0.4% |

Source: Demand Side Survey Data

Women are also less likely to own assets. Male respondents are twice as likely to own land (16% vs 8%); twice as likely to own real estate (12% vs 6%); and three times as likely to own a vehicle (24% vs 8%). Female respondents are twice as likely to own gold (14% vs 7%). 43% of male respondents own their own home, while 44% live in a home owned by one of their parents. 15% of female respondents own their own home; 40% live in a home owned by their husband; and 33% live in a home owned by one of their parents. Although levels of asset ownership are lower in the Gaza Strip than in the West Bank, the gender differences are similar, for both areas. For example, in the West Bank, 46.4% of male respondents and 20.2% of female respondents own their own homes. Comparatively, in the Gaza Strip, 36.8% of male respondents and 7.7% of female respondents own their own homes.

Table 5.4: Asset ownership by gender (2022)

| Type of Asset | Male | Female | Total |
|------------------------------|-------|--------|-------|
| Land | 15.6% | 8.2% | 11.9% |
| Vehicles | 23.8% | 7.9% | 15.9% |
| Real estate | 11.8% | 5.6% | 8.8% |
| (Precious metals (e.g. gold | 6.7% | 14.2% | 10.4% |
| Stocks, bonds and securities | 1.9% | 1.2% | 1.5% |
| Other | 0.1% | 0.0% | 0.1% |

Source: Demand Side Survey Data

Asset ownership is often a precursor to accessing credit-based products. In Palestine, a regular salary can also be an 'asset' against which debts are secured as collateral. As noted in Section 3 of this report, the female labor force participation rate in Palestine is low. PBCS data indicates that the rate has hovered at 17-18% between 2015 and 2021, with a dip in 2020 to 16.1% (due to COVID-19). By way of comparison, the male labor force participation rate was 69-70%, with a dip in 2020 to 65.1%.⁹⁴ Survey data indicates that 87.3% of female respondents are not in paid employment, which is consistent with PCBS data. In the survey, 70.5% of all female respondents selected the response 'I do not work – housewife'. Almost twice as many women lived in households with no income compared to men. Geographical differences, according to region and locality, match PCBS data⁹⁵. For instance, 20.2% of respondents from the Gaza Strip are looking for work, compared with 4.1% of respondents from the West Bank. 17.5% of camp residents are looking for work, compared with 10.9% of urban residents and 2.6% of rural residents. As will be explored in more detail later, employment status clearly maps out the use of financial services and products. For instance, only 8.6% of respondents who identified as housewives, and 9.6% of respondents who identified as students, have a current bank account. This poses significant challenges for financial inclusion, given the highly gender-segregated nature of the Palestinian labor market, an issue that is addressed in this report's conclusion.

94 PCBS 2021. Women and Men in Palestine – Issues and Statistics 2021. Ramallah - Palestine

95 PCBS 2021. Palestinian Labor Force Survey 2021 - Annual Report. Ramallah - Palestine

Table 5.5: Percentage distribution of adults by employment status, according to region and gender (2022)

| Employment status | West Bank | | | Gaza Strip | | | Palestine | | |
|---|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Paid employee in the private sector | 24.6% | 4.4% | 14.7% | 21.6% | 0.7% | 11.2% | 23.5% | 3.0% | 13.4% |
| Paid employee in the government (public) sector | 8.9% | 5.1% | 7.0% | 13.2% | 2.6% | 7.9% | 10.6% | 4.1% | 7.4% |
| Paid employee in the NGO sector | 0.5% | 0.5% | 0.5% | 0.6% | 0.3% | 0.4% | 0.5% | 0.4% | 0.5% |
| Paid employee in Israel and the settlements | 21.2% | 1.5% | 11.5% | 0.2% | 0.0% | 0.1% | 13.2% | 0.9% | 7.1% |
| Paid employee with international organization | 0.1% | 0.0% | 0.0% | 0.2% | 0.1% | 0.1% | 0.1% | 0.0% | 0.1% |
| Paid employee of a foreign government | 0.2% | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.1% | 0.0% | 0.1% |
| Salaried employee at UNRWA | 0.3% | 0.1% | 0.2% | 0.6% | 0.7% | 0.6% | 0.4% | 0.3% | 0.4% |
| Self-employed | 12.0% | 2.0% | 7.1% | 6.5% | 0.2% | 3.3% | 9.9% | 1.3% | 5.6% |
| Employer | 7.9% | 0.7% | 4.4% | 2.3% | 0.3% | 1.3% | 5.8% | 0.5% | 3.2% |
| Unpaid family member | 1.1% | 0.8% | 0.9% | 1.0% | 0.4% | 0.7% | 1.1% | 0.6% | 0.8% |
| I am not working and looking for work | 5.0% | 3.2% | 4.1% | 28.6% | 11.6% | 20.2% | 13.9% | 6.4% | 10.2% |
| Not working – retired | 2.8% | 0.7% | 1.8% | 4.6% | 0.7% | 2.7% | 3.5% | 0.7% | 2.1% |
| Not working - student | 6.2% | 13.1% | 9.5% | 11.0% | 13.4% | 12.2% | 8.0% | 13.2% | 10.6% |
| Not working - housewife | 1.7% | 64.0% | 32.4% | 1.2% | 66.1% | 33.4% | 1.5% | 64.8% | 32.8% |
| Self-employed in Israel and the settlements | 1.0% | 0.4% | 0.7% | 0.1% | 0.0% | 0.1% | 0.6% | 0.2% | 0.4% |
| Employers in Israel and the settlements | 0.7% | 0.1% | 0.4% | 0.0% | 0.0% | 0.0% | 0.5% | 0.1% | 0.3% |
| I work voluntarily without pay | 0.1% | 0.6% | 0.4% | 0.5% | 0.4% | 0.4% | 0.3% | 0.5% | 0.4% |
| I don't work because of old age/illness | 5.8% | 2.9% | 4.4% | 7.9% | 2.7% | 5.3% | 6.6% | 2.8% | 4.7% |

Source: Demand Side Survey Data

The issue of asset ownership also covers the technological assets through which people can access digital financial products and services. Female respondents (78.8%) have slightly less access to internet at home than male respondents (81.6%), and are marginally less likely to own a mobile phone (87.7%) compared to male respondents (93.1%). It is worth noting that internet access at home is greater in the Gaza Strip (82.1% compared

with 79.1% for West Bank), but mobile phone ownership (84.8% vs 94%) and smartphone ownership (84.8% vs 93.2%) are greater in the West Bank. Internet access at home is lower in rural areas (72.5%) than in urban areas (81.5%) and camps (82.8%). Phone and smartphone ownership is slightly higher in rural areas than in urban areas and camps. Among respondents who own a phone, there is a significant gender gap in accessing 3G/ internet through that phone. 60.2% of male respondents who own a phone can access the internet through that phone, but only 45.5% of female respondents. The gender divide is also visible in mobile banking, utilized by three times as many male respondents (16.7%) as female respondents (5.8%). This is despite data showing that female respondents who own a mobile phone are more likely to own a smartphone (90.9%) relative to male respondents (88.8%).

Accessing financial products and services is dependent on having the necessary documentation. Nearly all respondents (99.8%) have a formal personal identification document, which is not surprising given that the ID system plays a crucial role in Israel's control of the Palestinian population. Most respondents have a Palestinian passport (91.8%). The number of respondents with other types of documents is low and the data is unreliable. However, what this data shows is that ownership of mobile phones and internet at home is broadly similar regardless of ID, but actually higher among those with Jordanian passports, Israeli passports and Jerusalem IDs.

Table 5.6: Access to 3G/internet services on mobile phone, type of mobile phone and use of mobile banking services (2022)

| | West Bank | | | Gaza Strip | | | Palestine | | |
|----------------------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Have internet at home | 81.9% | 76.1% | 79.1% | 81.1% | 83.1% | 82.1% | 81.6% | 78.8% | 80.2% |
| Own a mobile phone | 95.8% | 92.0% | 94.0% | 88.8% | 80.8% | 84.8% | 93.2% | 87.7% | 90.5% |
| My mobile phone is a smart phone | 93.5% | 92.9% | 93.2% | 80.5% | 87.3% | 83.8% | 88.8% | 90.9% | 89.8% |
| Subscribed to 3G/ internet | 72.9% | 54.4% | 64.0% | 34.3% | 28.3% | 31.3% | 60.2% | 45.5% | 53.1% |

Source: Demand Side Survey Data

The issue of access to financial services and products is often considered an issue of physical mobility. Acknowledging that across many parts of Palestine, women's mobility in public spaces is more limited than men's, survey data indicates that geographic distance from a financial institution is **not** frequently cited as a reason for not having a bank account. Only 10% of respondents chose this reason. In fact, male respondents (10.9%) were more likely than female respondents (9.4%) to select this reason. Geography also makes a significant difference. In the West Bank, 14.5% of men and 14% of women chose this reason, compared to 7.6% for men and 3.5% for women in the much denser Gaza Strip.

The majority of respondents (85%) reported that bank branches were easy, or very easy, to access. A similar percentage (84.8%) reported that ATMs were easy, or very easy, to access. Since bank branches will almost always provide an ATM, this similarity is to be expected. Male respondents (88.3%) were more likely than female respondents (81.6%) to select these answers in relation to accessing banks. It is worth noting that the number of bank branches increased from 309 in 2016 to 379 in 2022, and the number of ATMs increased from 622 in 2016 to 720 in 2022. However, geography matters here. Both men (92.6%) and women (90.6%) in the Gaza Strip are more likely to report ease of access relative to men (85.7%) and women (76%) in the West Bank. There is little variance in responses according to locality. When asked about the preferred methods for accessing banks, men consistently chose all options (visit the headquarters, visit the closest branch, use an ATM, use electronic banking and use phone/fax) more frequently than women. Within these responses, there was a clear preference for physical access to services (i.e. visiting the headquarters, a branch or an ATM) over remote access (i.e. electronic or phone banking). The only option that female respondents chose more frequently than men was 'I do not want to use a banking service'.

Table 5.7: Ease of accessing banking facilities by region and gender

| Facility | Ease of Access | West Bank | | | Gaza Strip | | | Palestine | | |
|--------------------------------------|-------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Bank branch or office | Very easy | 18.8% | 15.0% | 17.0% | 35.4% | 25.2% | 30.3% | 25.1% | 18.9% | 22.1% |
| | Easy | 66.9% | 61.0% | 64.0% | 57.2% | 65.4% | 61.2% | 63.2% | 62.7% | 62.9% |
| | Difficult | 11.8% | 15.7% | 13.7% | 6.7% | 5.7% | 6.2% | 9.8% | 11.9% | 10.8% |
| | Impossible | 0.5% | 1.3% | 0.9% | 0.2% | 0.7% | 0.5% | 0.4% | 1.1% | 0.8% |
| | I don't know | 2.0% | 6.8% | 4.4% | 0.6% | 3.0% | 1.8% | 1.4% | 5.4% | 3.4% |
| | Refused to answer | 0.0% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Lending institution branch or office | Very easy | 14.1% | 10.8% | 12.4% | 24.7% | 13.3% | 19.0% | 18.1% | 11.7% | 14.9% |
| | Easy | 59.3% | 48.1% | 53.8% | 50.0% | 44.8% | 47.4% | 55.7% | 46.8% | 51.3% |
| | Difficult | 15.5% | 21.8% | 18.6% | 16.0% | 21.1% | 18.5% | 15.7% | 21.6% | 18.6% |
| | Impossible | 2.8% | 2.0% | 2.4% | 2.7% | 3.9% | 3.3% | 2.8% | 2.8% | 2.8% |
| | I don't know | 8.1% | 16.8% | 12.4% | 6.6% | 16.6% | 11.6% | 7.6% | 16.7% | 12.1% |
| | Refused to answer | 0.2% | 0.4% | 0.3% | 0.0% | 0.3% | 0.2% | 0.1% | 0.4% | 0.3% |

| | | | | | | | | | | |
|---|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ATM | Very easy | 25.3% | 19.8% | 22.6% | 29.9% | 19.7% | 24.8% | 27.1% | 19.7% | 23.4% |
| | Easy | 63.7% | 57.1% | 60.4% | 60.4% | 65.4% | 62.9% | 62.4% | 60.3% | 61.4% |
| | Difficult | 7.7% | 13.4% | 10.5% | 6.0% | 7.9% | 7.0% | 7.1% | 11.3% | 9.1% |
| | Impossible | 0.8% | 1.0% | 0.9% | 2.0% | 2.4% | 2.2% | 1.3% | 1.6% | 1.4% |
| | I don't know | 2.4% | 8.7% | 5.5% | 1.7% | 4.5% | 3.1% | 2.1% | 7.1% | 4.6% |
| | Refused to answer | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Exchange and remittance company | Very easy | 17.7% | 14.3% | 16.0% | 32.5% | 20.0% | 26.3% | 23.3% | 16.5% | 19.9% |
| | Easy | 66.8% | 58.2% | 62.6% | 59.7% | 66.4% | 63.1% | 64.1% | 61.4% | 62.8% |
| | Difficult | 11.6% | 17.4% | 14.5% | 6.5% | 8.2% | 7.3% | 9.6% | 13.9% | 11.7% |
| | Impossible | 0.8% | 1.1% | 0.9% | 0.8% | 0.8% | 0.8% | 0.8% | 1.0% | 0.9% |
| | I don't know | 3.1% | 8.8% | 5.9% | 0.5% | 4.6% | 2.5% | 2.1% | 7.2% | 4.6% |
| | Refused to answer | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| Agent for an electronic payment company | Very easy | 9.7% | 5.9% | 7.8% | 14.0% | 11.3% | 12.6% | 11.3% | 8.0% | 9.7% |
| | Easy | 57.3% | 44.4% | 51.0% | 45.5% | 32.6% | 39.1% | 52.8% | 39.9% | 46.4% |
| | Difficult | 17.0% | 21.5% | 19.2% | 19.4% | 24.1% | 21.7% | 17.9% | 22.5% | 20.2% |
| | Impossible | 2.8% | 2.7% | 2.8% | 4.1% | 5.1% | 4.6% | 3.3% | 3.6% | 3.5% |
| | I don't know | 13.0% | 25.4% | 19.1% | 17.0% | 26.9% | 22.0% | 14.6% | 26.0% | 20.2% |
| | Refused to answer | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| Electronic banking services | Very easy | 8.9% | 5.3% | 7.1% | 12.3% | 9.4% | 10.9% | 10.2% | 6.9% | 8.6% |
| | Easy | 56.2% | 40.3% | 48.4% | 41.0% | 31.0% | 36.0% | 50.4% | 36.8% | 43.7% |
| | Difficult | 17.3% | 21.2% | 19.2% | 21.2% | 22.2% | 21.7% | 18.7% | 21.6% | 20.1% |
| | Impossible | 2.7% | 3.6% | 3.1% | 5.5% | 6.2% | 5.8% | 3.7% | 4.6% | 4.2% |
| | I don't know | 14.9% | 29.3% | 22.0% | 20.1% | 31.2% | 25.6% | 16.9% | 30.0% | 23.4% |
| | Refused to answer | 0.0% | 0.3% | 0.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.2% | 0.1% |

Source: Demand Side Survey Data

There is a greater divergence in gender responses for ATM access, with 89.5% of male respondents reporting easy or very easy access, but only 80% of female respondents selecting the same answer. As with the figures for bank access, female respondents who live in the West Bank (76.9%) are less likely to report easy access relative to female respondents in the Gaza Strip (85.1%), as well as male respondents in the West Bank (89%) and male respondents in the Gaza Strip (90.3%). Respondents from rural areas (77.7%) were less likely to report ease of access when compared to respondents from urban areas

(86.2%) and camps (85.6%). This geographical data suggests that physical distance from an ATM remains an important determinant of access. Also of note, 7.1% of female respondents selected the response 'I don't know' when asked how easy it was to access an ATM, compared with 2.1% of male respondents. This is similar to the percentage of female respondents (5.4%) who 'did not know' how easy it would be to access a bank branch, relative to male respondents (1.4%).

Table 5.8: Ease of access to non-banking facilities, by region and gender

| Facility | Ease of Access | West Bank | | | Gaza Strip | | | Palestine | | |
|---|-------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Branch or agent of an insurance company | Very easy | 13.2% | 8.6% | 10.9% | 14.8% | 9.5% | 12.2% | 13.8% | 9.0% | 11.4% |
| | Easy | 66.4% | 51.1% | 58.9% | 47.6% | 34.6% | 41.2% | 59.3% | 44.8% | 52.1% |
| | Difficult | 13.2% | 20.7% | 16.9% | 19.5% | 26.8% | 23.1% | 15.6% | 23.1% | 19.3% |
| | Impossible | 2.1% | 2.4% | 2.2% | 3.9% | 5.2% | 4.6% | 2.8% | 3.5% | 3.1% |
| | I don't know | 5.0% | 17.1% | 11.0% | 14.1% | 23.8% | 19.0% | 8.5% | 19.7% | 14.0% |
| | Refused to answer | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.1% |
| Branch of brokerage company | Very easy | 4.4% | 2.5% | 3.5% | 7.4% | 1.7% | 4.6% | 5.5% | 2.2% | 3.9% |
| | Easy | 41.3% | 26.7% | 34.1% | 22.1% | 13.9% | 18.0% | 34.0% | 21.8% | 28.0% |
| | Difficult | 21.2% | 25.2% | 23.2% | 29.9% | 31.8% | 30.9% | 24.5% | 27.8% | 26.1% |
| | Impossible | 4.9% | 3.6% | 4.3% | 4.9% | 10.1% | 7.5% | 4.9% | 6.1% | 5.5% |
| | I don't know | 28.0% | 41.7% | 34.7% | 35.6% | 42.4% | 39.0% | 30.9% | 42.0% | 36.4% |
| | Refused to answer | 0.2% | 0.2% | 0.2% | 0.0% | 0.0% | 0.0% | 0.2% | 0.1% | 0.1% |
| Branch of Leasing Company | Very easy | 3.8% | 2.3% | 3.1% | 7.3% | 1.5% | 4.4% | 5.2% | 2.0% | 3.6% |
| | Easy | 37.0% | 23.7% | 30.5% | 17.8% | 8.8% | 13.3% | 29.7% | 18.0% | 23.9% |
| | Difficult | 22.3% | 23.8% | 23.0% | 27.9% | 29.8% | 28.9% | 24.4% | 26.1% | 25.2% |
| | Impossible | 4.6% | 3.6% | 4.1% | 7.8% | 7.7% | 7.7% | 5.8% | 5.1% | 5.5% |
| | I don't know | 31.5% | 46.1% | 38.7% | 39.2% | 52.1% | 45.6% | 34.4% | 48.4% | 41.3% |
| | Refused to answer | 0.8% | 0.5% | 0.7% | 0.0% | 0.2% | 0.1% | 0.5% | 0.4% | 0.4% |

Source: Demand Side Survey Data

At the other end of the spectrum, only 31.9% of respondents said it was easy or very easy to access a brokerage branch, while 27.5% of all respondents said it was easy or very easy to access the branch of a leasing firm. There are significant differences according to gender and geography. Male respondents in the West Bank (45.7%) were most likely to report easy access to a brokerage firm. By way of comparison, female respondents in the West Bank (29.3%) were less likely to report easy access to a brokerage firm, and their response rate is similar to male respondents in the Gaza Strip (29.5%). Female respondents in the Gaza Strip (15.6%) were the least likely to report easy access. Similarly, 41.3% of male

respondents from the West Bank reported easy access to leasing companies, compared with 26% of female respondents from the same region. 25.1% of male respondents from the Gaza Strip reported easy access to leasing companies, compared with 10.3% of female respondents in the same region. For both brokerage branches and leasing firms, 36.4% and 41.3% of respondents respectively did not know how to answer this question. This category of response exceeded those who said it was difficult or impossible to access such services, suggesting a lack of knowledge about these services as opposed to geographical access being a key issue (see Section 6). There is a clear gender divide in this area. 30.9% of male respondents did not know how to answer the question about access to brokerage companies, compared with 42% of female respondents. 34.4% of male respondents did not know how to answer a question about access to leasing company, compared with 48.4% of female respondents. Response rates related to not knowing how to answer the question did not vary much according to region. For example, 41.7% of women in the West Bank and 42.4% of women in Gaza Strip did not know how easy it was to access a brokerage service, while 46.1% of women in the West Bank and 52.1% of women in Gaza Strip did not know how easy it was to access a leasing firm. In general, the data indicates that physical barriers are not a significant reason for gendered financial exclusion. This is similar to previous research findings in the Palestinian context where “involuntary financial inclusion barriers,” such as distance, were not found to be responsible for gender differences in access.⁹⁶

Supply side

Most financial institutions – 91.7% of those surveyed – accept some responsibility for financial inclusion in general. As noted in previous sections of this report, 72.9% of institutions are designing products and services for those not currently included in the current system. 83.3% of institutions report offering products and services targeting women. While this figure is relatively high, it is less than the percentage of institutions that have products and services for low-income customers (NIS 3,000 or less), youth (16-30 years’ old) and customers living in marginalized areas, including East Jerusalem and camps (see table 5.9).

Table 5.9: Percentage of financial institutions that reported offering services and products targeting marginalized groups

| Financial institutions that provide services and products targeting: | Yes | No | Do not Know |
|--|-------|-------|-------------|
| Low-income people | 91.7% | 8.3% | 0.0% |
| Women | 83.3% | 14.6% | 2.1% |
| People with disabilities | 68.8% | 27.1% | 4.2% |
| Youth | 87.5% | 12.5% | 0.0% |
| Elderly | 68.8% | 29.2% | 2.1% |
| Small businesses | 95.8% | 4.2% | 0.0% |
| Marginalized areas | 77.1% | 20.8% | 2.1% |

Source: Supply side survey data.

96 Shihadeh, Hannon & Wang, 2017

From the perspective of product and service providers, the most common reasons for financial non-inclusion are; 'lack of credit data or usable collateral' (85.1%); 'the high-risk profile of those excluded' (76.6%); 'strict identity and documentation requirements' (75.1%); 'weakness of financial technology in some sectors' (74.4%); political factors including 'restricted access to area C' (79.1%); 'Gaza closure' (82%); and 'the PNA's ongoing fiscal crisis' (84.4%). In contrast to the population survey, which shows strongly gendered patterns on the use of money, financial service providers gave less weight to the factor 'women are trusted to make financial decisions' (45.9%) as a reason for gendered financial exclusion in Palestine. This suggests that such providers are either less aware, or less willing, to engage with one of the root causes of financial exclusion. The factor of low awareness (41.7%) was also viewed as less important, which aligns with PCBS data discussed earlier in the report demonstrating that women are more likely to complete all levels of education and thus be better educated.⁹⁷

Table 5.10: Financial institutions' assessment of the factors that limit the capacity of the financial sector to extend financial services to those often excluded (2022)

| Reason | Percentage of those that agree or totally agree |
|--|---|
| The PNA's ongoing fiscal crisis | 85.40% |
| Lack of credit data or usable collateral | 85.10% |
| Gaza closure | 82.60% |
| Restricted access to Area C | 79.20% |
| High-risk profile of those excluded from the formal financial sector | 76.60% |
| Strict identification (and other documentation) requirements defined by know-your-client (requirements (monitoring of possible money laundering and terrorist-financing activities | 75.00% |
| Weakness of financial technology in some financial sectors, such as insurance, securities, financial leasing, etc | 74.50% |
| High maintenance costs associated with small deposits or loans | 71.10% |
| High costs associated with providing financial services in small towns or rural areas | 68.80% |
| Tax evasion and fear of tax prosecution push individuals and businesses away from the formal financial sector | 67.40% |
| Lack of convenient access points | 66.70% |
| The trade-off between financial stability with greater access, and use of financial products and services | 62.50% |
| Capital adequacy and supervisory rules that may limit the attractiveness of small deposits, loans or other financial products for financial institutions | 55.30% |
| Strict requirements regarding the opening of branches or ATMs | 54.20% |

Source: Supply Side Survey Data

Financial product and service providers agreed strongly with a range of measures to promote the 'supply side' as a means of enabling financial inclusion. However, in focus group

97 PCBS, 2022. Database of labor force survey, 2009-2021. Ramallah-Palestine.

discussions, respondents discussed the importance of ‘demand side’ measures such as supporting female citizens, and providing more financial education. One industry figure noted intersecting forms of discrimination faced by disabled women, since efforts to cater to disabled citizens focus on men. In Palestine, the number of people with registered disabilities is around 300,000 people, a significant proportion of the entire population.

Table 5.11: Percentage of institutions utilizing different measures to enable financial inclusion (Descending order, 2022)

| | |
|--|-------|
| Designing new financial products and services for people excluded from the financial system | 72.9% |
| Intensifying advertising campaigns, to reach the largest number of potential customers | 47.9% |
| Opening new branches in marginalized areas | 35.4% |
| Providing cash and In-kind prizes and discounts to match demand by individuals and companies | 35.4% |

Source: Supply Side Survey Data

47.7% of product and service providers are of the opinion that the current regulatory framework supports gender inclusion. However, 33.3% were neutral while 12.5% of respondents disagreed with this statement. There was strong support for government-backed loan guarantees for women, expressed by 87.6% of financial service and product providers. 81.3% of product and service providers backed a gender assessment to guide the development of tailored services and solutions.

In terms of access, we must also consider the importance of women employment in institutions that provide financial products and services. In theory, greater numbers of female employees will enable greater understanding of gender-based needs and exclusions. Of those organizations that provide credit (29.2% of surveyed firms), 92.9% reported that there are women in their organization that provide credit counselling. 97.9% of all respondents thought that qualified and experienced women are as likely to succeed relative to men. 54.2% of institutional respondents agreed with the statement that women need tailored financial services, while 31.3% disagreed with this statement.

However, there is a large disconnect between attitudes and practices. Only 38% of all institutions surveyed have a gender mainstreaming/gender inclusion policy in their own organizational framework, while only 31% have performed a gender audit in the past 3 years. Only 63% of surveyed institutions reported that they did NOT take into account whether a female job applicant was married and likely to take maternity leave, compared with 71% that did NOT take into account whether a male job applicant was married. Since regulatory authorities can influence the financial sector, this is one area where concrete action can be taken to begin the process of transforming gender relations across Palestinian society at large. In this report’s conclusion, we outline policy recommendations for improving gendered employment practices in the finance industry, including better monitoring and evaluation of the gender gap, combined with more training, mentoring and flexible working practices that can help women succeed.

6. Usage of Financial Products and Services

There is a clear gender gap in usage across all financial products and services. 29.3% of all respondents own and use a current account at a bank. When the data is disaggregated by gender, 42.5% of male respondents report owning and using a current bank account, compared to only 15.9% of female respondents. 15.3% of male respondents report that they do not have a bank account and do not intend to obtain one in the future, compared to 32.3% of female respondents. As shown in Table 6.1a, this pattern repeats across all financial products and services used by more than 10% of the population

Table 6.1a: Most-commonly owned financial products and services in Palestine (more than 10% of population), financial product/service ownership and use by gender (2022)

| Financial product or service | Male | Female | Total |
|---|-------|--------|-------|
| Current bank account | 42.5% | 15.9% | 29.3% |
| Debit card | 38.5% | 14.3% | 26.6% |
| Traditional private insurance policy | 16.9% | 15.2% | 16.0% |
| Currency exchange services through money exchangers | 21.1% | 8.5% | 14.9% |
| Loan from family or friend | 17.5% | 10.1% | 13.8% |
| Electronic point of sale | 16.8% | 8.3% | 12.6% |
| Savings' bank account | 16.9% | 6.6% | 11.8% |
| Mobile banking services | 16.7% | 5.8% | 11.3% |
| Saving group (ROSCA) | 10.5% | 10.0% | 10.2% |

Source: Demand Side Survey Data

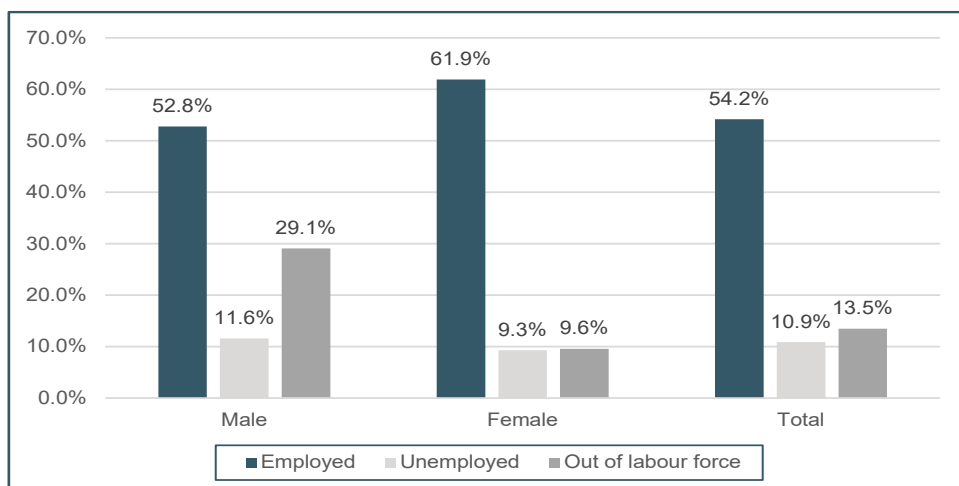
The subsequent sub-section analyzes data on current bank account usage, since this is not only the most used financial product in Palestine, but is also often utilized as a crude proxy for financial inclusion.

Table 6.1b: Least-commonly owned financial products and services in Palestine (less than 3% of population), financial product/service ownership and use by gender (2022)

| Financial product or service | Male | Female | Total |
|---|------|--------|-------|
| Takaful insurance policy | 3.3% | 1.0% | 2.1% |
| Loan from an informal source | 2.1% | 2.0% | 2.0% |
| Loan from a specialized lending institution | 2.4% | 1.2% | 1.8% |
| Overdraft or overdrawn account | 2.0% | 0.4% | 1.2% |
| Bank deposit | 1.1% | 0.5% | 0.8% |

| | | | |
|--|------|------|------|
| Savings at and borrowing from cooperatives | 0.9% | 0.5% | 0.7% |
| Deposit account at an Islamic bank | 0.6% | 0.2% | 0.4% |
| Financial leasing contract | 0.7% | 0.0% | 0.4% |
| Financing in the form of Murabaha or Mudaraba | 0.6% | 0.2% | 0.4% |
| Stocks and bonds | 0.4% | 0.2% | 0.3% |
| Money transfer using cryptocurrency | 0.4% | 0.3% | 0.3% |
| Investing in cryptocurrency | 0.4% | 0.1% | 0.3% |
| Ijarah resulting in ownership via Islamic banks | 0.4% | 0.1% | 0.2% |
| Bank safe/vault to securely store gold and valuables | 0.2% | 0.2% | 0.2% |
| Mortgage financing | 0.1% | 0.0% | 0.1% |

Figure 6.1: Current Account Ownership by Gender and Employment Status



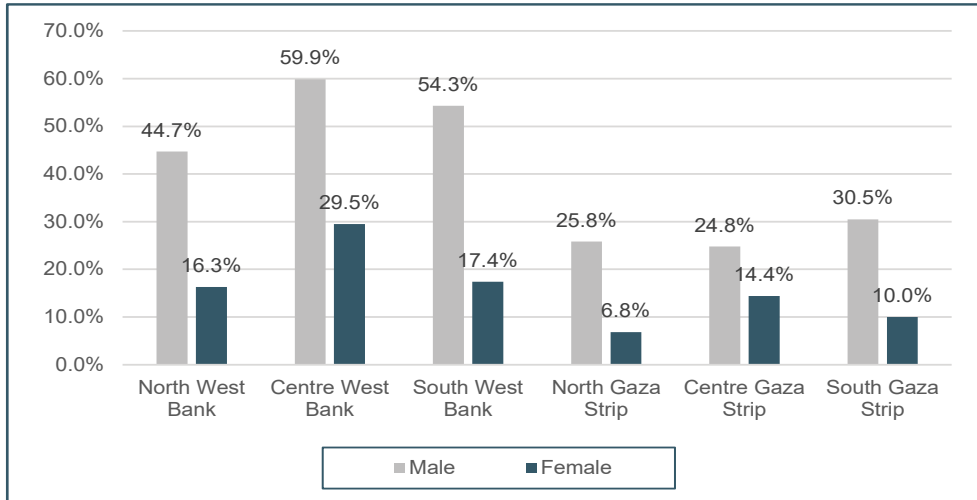
Source: Demand Side Survey Data

Current Accounts

Employment status plays a significant role in the choice to open a current bank account. Almost all government employees (94.2%) own a current account since their salaries are directly transferred to this account. 74.6% of respondents who work for the government are men, another example of how the gender-segregated labor market shapes financial inclusion. 34% of private sector employees have a current account. This sector is even more male-dominated, in the survey men accounted for 86.7% of all private sector employees. 8.6% of housewives own a current account, as well as 9.6% of students. As noted earlier, the majority of female respondents in the survey (70.5%) self-identify as housewives.

Among salaried employees, those without a formal contract are much more likely not to have a current account, and not to want one in the future. Employees with a written employment contract (for an unlimited time period) were much more likely to own a bank account. Non-governmental employees paid through bank transfer (57.9%) were more likely to own a current bank account than those paid in cash. Women make up a greater percentage of the first group than men, but a significantly smaller proportion of the second group. Based on this evidence, addressing gender discrimination around employment practices and cultures will lead to greater use of financial services, such as current bank accounts.

Figure 6.2: Percentage of Palestinian adults that own a current account by sub-region and gender (2022)



Source: Demand Side Survey Data

Geography also plays a significant role, with bank account ownership greater in the West Bank than in the Gaza Strip. For instance, almost twice as many respondents in the West Bank (36.3%) own a current bank account than in the Gaza Strip (18%). When gender is layered on top of this data, male respondents in the West Bank (51.8%) are significantly more likely than both female respondents in the West Bank (20.3%) and male respondents in the Gaza Strip (27.1%) to have a current bank account. Only 8.8% of female respondents in the Gaza Strip have a bank account. There are also significant differences at the sub-regional level. 44.9% of all respondents living in the central West Bank own a current account, where commercial financial services are concentrated,⁹⁸ compared with 35.4% in the southern West Bank and 31.2% in the northern West Bank. Gender differences in the central West Bank, while still significant, are less pronounced than those across the population as a whole. 59.9% of male respondents in the central West Bank own some form of bank account, while 29.5% of female respondents do so too. By contrast, in the southern West Bank 54.3% of male respondents own a bank account, while 17.4% of female respondents do so too. In the Gaza Strip, differences between sub-regions are relatively small, with 20.2% of all northern Gaza Strip respondents, 19.7% of central Gaza Strip respon-

98 MAS (2023). Financial Inclusion in Palestine: A Diagnostic Report. Ramallah: Palestine Economic Policy Research Institute (MAS).

dents and 16.4% of southern Gaza Strip respondents owning a current bank account. However, gender differences within these regions are more pronounced. In the northern Gaza Strip, men (25.8%) are almost four times as likely to own a current account than women (6.8%). This is the largest gender gap across all sub-regions. Men (30.5%) in the southern Gaza Strip are three times more likely to own a current account than women (10%), a gender gap that is comparable to the southern West Bank. Given the discussion of employment status in the previous paragraph, it is significant that the number of unemployed people looking for work is lowest in the central West Bank (1.8%) and highest in central Gaza Strip (27.6%). This reinforces the idea that the use of financial products and services is strongly tied to employment, which in turn is highly gendered.

Table 6.2: Current account ownership by gender and level of education (2022)

| Level of Education | Male | Female | Total |
|--------------------|--------|--------|--------|
| Illiterate | 0.80% | 2.10% | 1.20% |
| Can read and write | 2.90% | 2.10% | 2.70% |
| Elementary | 7.90% | 7.50% | 7.80% |
| Preparatory | 27.90% | 11.10% | 23.40% |
| Secondary | 25.00% | 19.50% | 23.50% |
| Associate diploma | 6.40% | 14.10% | 8.40% |
| BA/BSc | 24.90% | 39.30% | 28.70% |
| Higher Diploma | 0.10% | 0.30% | 0.20% |
| Masters | 3.00% | 3.40% | 3.10% |
| Doctorate | 1.00% | 0.60% | 0.90% |

Source: Demand Side Survey Data

Educational attainment somewhat mitigates gendered patterns of bank account ownership and usage. However, a gender gap remains even among the well-educated. For instance, the percentage of women owning a current bank account ranges between 70.2%-100% for women with a higher diploma or higher in the West Bank (see Table 6.4), but for men it ranges between 93.6% and 100%. Similar results appear in Gaza. The gender gap applies to all educational levels in Palestine. Lower rates of bank account ownership and usage among women in the Gaza Strip, when compared with their peers in the West Bank who have the same level of education, are likely to be explained by higher levels of unemployment or employment in the informal sector.

Among those who own a current bank account, usage rates are higher in the West Bank (78.4% of respondents use it at least once a month) than in the Gaza Strip (67.3%). The percentage of respondents who use their account at least once a week (8.5% in the West Bank compared with 2.5% in the Gaza Strip) accounts for a significant portion of this difference. Current account usage at least once a month is greater among men (77.9%) than women (70.3%). At the sub-regional level, the percentage of respondents who use their current bank account at least once a month is noticeably lower in the northern West Bank (71.1%) than in both the central West Bank (82.3%) and southern West Bank (82.4%). The usage rate in the southern West Bank is also lower than in the northern Gaza Strip, where 73.4% of respondents use their current account at least once a month. The central Gaza Strip (60.3%) and southern Gaza Strip (61.8%) recorded the lowest percentage of respondents who use their current bank account at least once a month. No respondents from the central Gaza Strip use their current account at least once a week. Only 1.4% of respondents in the southern Gaza Strip use their current account weekly. The gender divide in current account usage at the sub-regional level generally reflects national data. However, the northern Gaza Strip has a small gender gap in the percentage of male (69.5%) and female (68.5%) respondents who use their current bank account at least once a month, but not once a week. Overall, the gap in usage between the West Bank and Gaza Strip - and between men and women - is much smaller than the gap in ownership. This implies that factors affecting access to income are more important for improving gendered financial inclusion.

Table 6.3: Percentage distribution of the frequency of current account usage among adult Palestinians by gender (2022)

| Frequency of using current account | Male | Female |
|--|--------|--------|
| I have it but I don't use it | 10.40% | 13.20% |
| I have it and I use it at least once a year | 10.90% | 15.30% |
| I have it and I use it at least once a month | 69.90% | 65.60% |
| I have it and I use it at least once a week | 8.00% | 4.70% |
| I don't know | 0.80% | 1.30% |
| Refused to answer | 0.10% | 0.00% |

Source: Demand Side Survey Data

Non-current Account Banking Products and Services

The patterns associated with the gender and geography of current account ownership are replicated for debit card ownership, savings' account ownership and usage of mobile banking services. Point of sale (PoS) usage exhibits similar patterns in terms of gender, but different patterns in terms of geography. Men (16.8%) use PoS services twice as much as women (8.3%), and PoS services are more widely used in the West Bank (14.4%) than in the Gaza Strip (9.7%). Usage is much higher in the southern Gaza Strip (19%) than in the central (7.2%) and northern Gaza Strip (5%). This is similar to usage in the northern West Bank (21.9%), which in turn is much greater than in the southern (11.5%) and central West Bank (6.7%). Gender differences in usage within these sub-regions vary considerably. In the northern West Bank, men (25.6%) are more likely to use electronic PoS than women (17.8%), a gender gap that is similar to the southern Gaza Strip (male usage stands at 23.5% and female usage at 14.4%). The gender gap is considerably larger in the central West Bank, where 11.6% of men use PoS services compared with just 1.7% of women. Women in the northern Gaza Strip (1.9%) and the central Gaza Strip (2.5%) also rarely use electronic PoS services.

Table 6.4: Ownership of non-current account banking products and services by gender (2022)

| Non-current account banking products and services | Male | Female | Total |
|---|--------|--------|--------|
| Savings' bank account | 16.90% | 6.60% | 11.80% |
| Joint bank account | 4.70% | 2.30% | 3.50% |
| Bank deposit | 1.10% | 0.50% | 0.80% |
| Deposit account at an Islamic bank | 0.60% | 0.20% | 0.40% |
| Loan from bank | 5.40% | 1.50% | 3.50% |
| A loan from a specialized lending institution | 2.40% | 1.20% | 1.80% |
| Overdraft or overdrawn account | 2.00% | 0.40% | 1.20% |
| Use online banking services | 11.10% | 3.60% | 7.40% |
| Mobile banking services | 16.70% | 5.80% | 11.30% |
| Use an electronic point of sale | 16.80% | 8.30% | 12.60% |
| (E-Wallet (Example: Paypal Mobile, Paypal, MalChat | 5.50% | 1.10% | 3.30% |
| (Money transfer (such as bank transfer or Western Union | 6.10% | 1.80% | 4.00% |

Source: Demand Side Survey Data

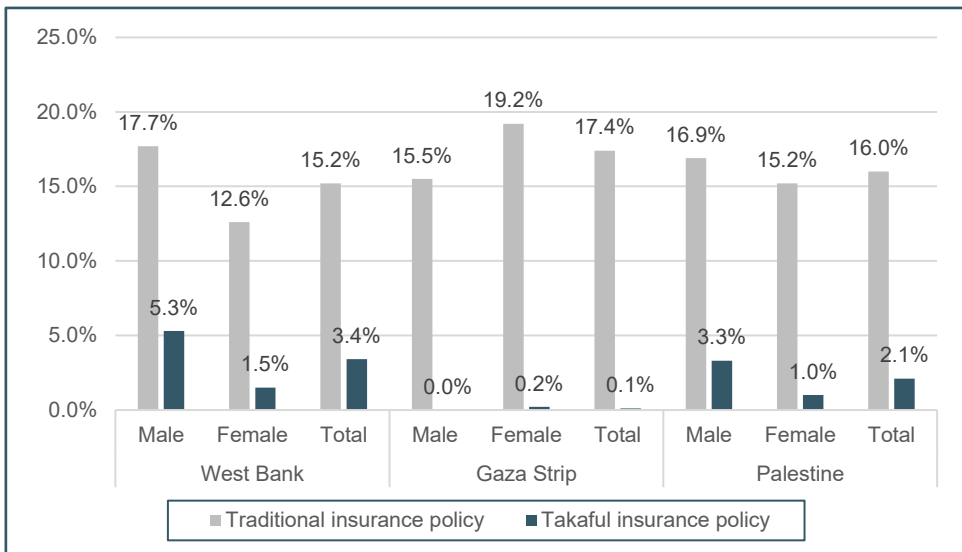
Traditional Private Insurance

As noted earlier, traditional private insurance coverage stands as 16% across the whole of Palestine. Differences in gender and geography are less pronounced when compared with other products and services. Men (16.9%) are slightly more likely to own private insurance products than women (15.2%). Geographically, ownership is slightly greater in the Gaza

Strip (17.4%) than the West Bank (15.2%). However, ownership varies considerably when examined at the sub-regional level. 26.2% of respondents in the northern Gaza Strip and 22.6% of respondents in the northern West Bank own a private insurance policy. In the northern Gaza Strip, a greater percentage of women (30.4%) own private insurance compared to men (22.7%). Levels of private insurance ownership are much lower in the southern Gaza Strip (5.8%), central Gaza Strip (7.7%), central West Bank (9.8%) and southern West Bank (10.6%).

As for takaful insurance policies, their coverage stands at 2.1% across Palestine (3.4% in the West Bank and 0.1% in the Gaza Strip). The gender gap in takaful insurance policy coverage is 3.8% in the West Bank (5.3% for males compared to 1.5% for females). In the Gaza Strip, 0.2% of adult females are covered by a takaful insurance policy while almost no males are covered by such a policy.

Figure 6.3: Percentage of adults covered by a traditional insurance policy or a takaful insurance policy, by region and gender



Source: Demand Side Survey Data

Looking more closely at forms of private insurance reveals that vehicle insurance is the most common (15.5%). However, ownership of this product occurs almost exclusively in the West Bank. 24% of West Bank residents have vehicle insurance, compared with 1.8% in the Gaza Strip. 40.3% of residents in the central West Bank have vehicle insurance, more than the northern West Bank (17.4%) and southern West Bank (18.3%).

As Table 6.5 illustrates, overall ownership of insurance is skewed towards men, a fact reflected by sub-regional data. For instance, 22.6% of all men have private vehicle insurance, compared with 8.1% of female respondents. This mirrors vehicle ownership, where men are three times as likely to own a vehicle than women. However, 56% of all women do not

want vehicle insurance either now or in the future, suggesting a fundamental lack of demand for this service. Demand for other insurance products related to ownership, such as home insurance, also reflect the broader gender divide in ownership.

Table 6.5: Percentage of adults covered by the different types of insurance policies, by gender (2022)

| Type of Insurance | Male | Female | Total |
|---|--------|--------|--------|
| Vehicle insurance | 22.60% | 8.10% | 15.50% |
| Comprehensive (supplementary) vehicle insurance | 17.10% | 6.10% | 11.70% |
| Workers' injury insurance | 11.10% | 2.20% | 6.70% |
| Home insurance against fire and theft | 2.00% | 0.70% | 1.40% |
| Personal accident insurance | 5.70% | 1.50% | 3.60% |
| Civil liability insurance | 2.00% | 0.50% | 1.30% |
| Private health insurance | 4.80% | 3.20% | 4.00% |
| Life insurance | 2.30% | 1.50% | 1.90% |

Source: Demand Side Survey Data

Home insurance, owned by just 2% of male respondents and less than 1% of women, is not desired now or in the future by 73% of women (compared with 63% of men). The gender gap in ownership of insurance for worker injuries stands at 11.1% of male respondents, compared to 2.2% of female respondents. This is clearly related to the significant gender divide in labor force participation. Enabling more women to work in recognized forms of employment may increase demand for this type of private insurance.

The survey asked respondents who did not own private insurance about their reasons for not doing so. The most-commonly cited reason was that its cost is too high (46.5%). When this data is disaggregated by gender, this reason is chosen more often by men (52.4%) than women (40.4%). This mirrors findings presented later in the report showing that men generally tend to be more dissatisfied with financial products and services than women. The second-most cited reason - that someone else in the family has coverage - was chosen by 35.9% of respondents. Reflecting the patriarchal control of money and finance within households, this reason was not only selected by a much greater percentage of female respondents (42.8%) than men (29.1%), but was in fact the number one reason why women do not own private insurance. The third-most cited reason was procrastination and attempts to evade compensation procedures when an insured incident occurs. Although this was selected by 34.2% of respondents who do not have private insurance, there was a significant gender gap in responses. 40.5% of male respondents selected this method, compared with 27.7% of female respondents. These gender differences do not vary according to region. For all categories of private insurance, the majority of female respondents suggested that not only do they not own it now, but they have no interest in owning it in the future. Vehicle insurance was the only type of insurance product that respondents do not currently have but may need in the future (23.8%).

Table 6.6: Percentage of adults covered by health insurance, by gender and type of health insurance (2022)

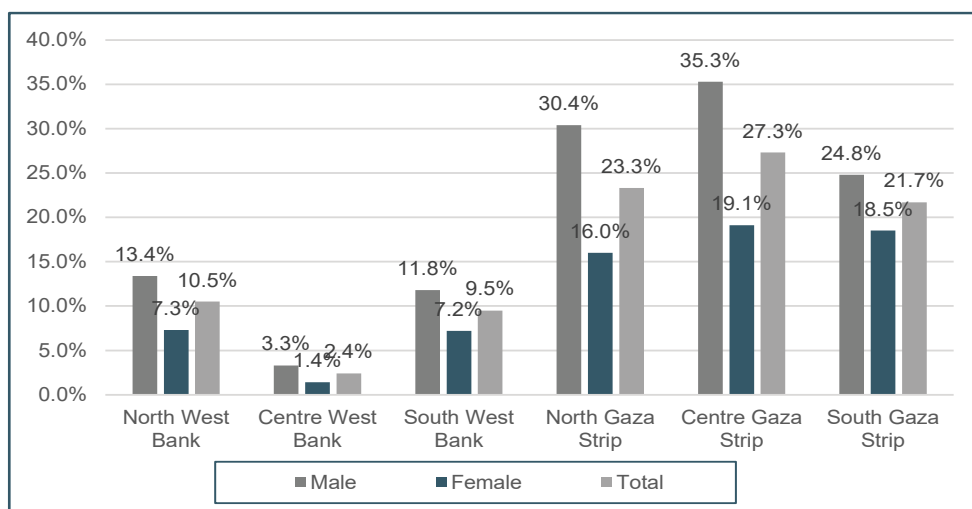
| Type of Insurance | Male | Female | Total |
|-------------------|--------|--------|--------|
| Public insurance | 69.90% | 75.30% | 72.60% |
| Private insurance | 4.80% | 3.20% | 4.00% |
| UNRWA insurance | 29.90% | 31.60% | 30.70% |

Source: Demand Side Survey Data

Non-Commercial Financial Products

Responses concerning loans from family and friends differ significantly compared with patterns in the ownership/usage of other services and products. 29.4% of men and 17.2% of women in the Gaza Strip have taken a loan from family and friends, compared with 10.2% men and 5.7% of women in the West Bank. At the sub-regional level, respondents in the central West Bank were least likely to use this service (2.4%); female respondents living in this sub-region (1.4%) are least likely group to use this service. Levels of usage are higher in the northern West Bank (10.5%) and southern West Bank (9.5%). Gender differences between men and women in these sub-regions are similar to national figures. The sub-region where most people borrow from family and friends is the central Gaza Strip (27.3%). Use of this service by male respondents (35.3%) and female respondents (19.1%) is higher than in other sub-regions in the Gaza Strip. Such patterns might relate to higher levels of unemployment, and an inability of access to 'formal' financial services. However, in terms of the main employment categories, a greater percentage of government employees (22.6%) borrow from family and friends than private sector employees (13.8%) and housewives (10.9%), suggesting that even this type of borrowing is tied to employment and regular wages. Among those who made use of this type of loan, 35.7% of housewives borrow from family and friends at least once a month, compared with 34% of private sector employees and 31% of government employees.

Figure 6.3: Percentages of adults who borrow from family and friends, by gender and sub-region (2022)



Source: Demand Side Survey Data

There are no significant geographical differences in the usage of currency exchange services, when comparing men in the West Bank (21.5%) and Gaza Strip (20.3%). However, women in the West Bank (10.7%) are twice as likely to make use of these services as women in the Gaza Strip (4.9%). Gender differences reflect discrepancies in employment status. 32.8% of government employees and 21.2% of private sector employees (both male-dominated sectors) use this service, compared with 6.6% of housewives (a female sector). At the sub-regional level, currency exchange services are most used in the northern West Bank (19.2%). Levels of usage in the central West Bank (16.9%) are similar to those in the southern Gaza Strip (16.3%). The central Gaza Strip is the sub-region where currency exchange services are used the least (8.8%). The gender divide is present at the sub-regional level, and most pronounced in the central Gaza Strip. Levels of current account, savings' account and debit card ownership, as well as the usage of currency exchange services, are slightly higher in rural areas than urban areas, with camps being those localities with the least ownership/usage. The opposite pattern emerges concerning loans from family and friends, with usage in camps (17.5%) higher than urban areas (14.5%) and rural areas (8.4%).

When data on current ownership/usage and intended ownership/usage in the future is disaggregated by gender, a greater percentage of female respondents did not own and also did not want to own or use (in the future) all the products and services included in the survey, except sending money and investing in cryptocurrency. In both these categories, a significantly larger number of female respondents selected the option 'don't know' rather than 'I don't own this now but might do in the future.' It is also worth noting that more women (42.8%) reported not having insurance coverage (since they are included in another family member's insurance) than men (29.1%). Gender also intersects with other socio-demographic factors on the issue of the future intention to use a financial product or service. The younger a respondent is, the more likely they want to own a financial product and service in future. The better educated a respondent is, and the more money they earn, the more likely they are to own a financial product and service, or want to do so in the future.

Factors affecting the usage of financial services and products

The most common consideration for using a financial product and service is 'how well the service meets the customer's needs', identified by 83.5% of respondents. Male respondents (86.4%) were more likely to select this option than female respondents (80.5%). Geography makes a difference, where both male and female respondents in the West Bank are likelier to select this response than their counterparts in the Gaza Strip.

he reputation and trust of the provider (82.3%), the suitability of the product or service in relation to a customer's capabilities (82.1%), and the cost-benefit of the service (80.7%) were also commonly selected key factors. Reputation and trust are more important among male respondents (85.1%) than female respondents (79.5%). Suitability for customers was selected by 84.7% of male respondents and 79.5% of female respondents. Costs relative to benefits were selected by 83.2% of male respondents and 78.2% of female respondents. This pattern of gendered responses holds true across all options cited in the survey, where there is a stronger preference among male respondents for all these factors. These factors were also chosen by a greater percentage of respondents from the West Bank than the Gaza Strip. Male respondents from the West Bank selected these factors most often and

female respondents from the Gaza Strip, who selected them the least. In terms of locality, respondents from rural areas are more likely to select these factors than those in urban areas, who in turn are more likely to select them than respondents in camps. While it is hard to interpret these findings, they may suggest that women are less involved in making decisions about financial service usage, and therefore likely to say 'no' to all factors. One of the ways in which policy-makers can address this situation is to develop age-appropriate materials for primary education, since this will enhance access by children of both genders.

Table 6.7: Percentage of adult population according to the features that they take into consideration when selecting a financial product or service, by region and gender (2022)

| Feature | West Bank | | | Gaza Strip | | | Palestine | | |
|--|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| How well the service meets my needs | 89.2% | 82.2% | 85.8% | 81.9% | 77.8% | 79.8% | 86.4% | 80.5% | 83.5% |
| Reputation and trust | 87.0% | 81.2% | 84.1% | 81.9% | 76.8% | 79.4% | 85.1% | 79.5% | 82.3% |
| Suitability to my financial capabilities | 87.6% | 81.1% | 84.4% | 80.0% | 76.9% | 78.4% | 84.7% | 79.5% | 82.1% |
| Benefits I get relative to the cost I will pay | 88.1% | 80.6% | 84.4% | 75.1% | 74.3% | 74.7% | 83.2% | 78.2% | 80.7% |
| Terms and conditions for service or product | 85.0% | 78.3% | 81.7% | 75.3% | 71.8% | 73.6% | 81.3% | 75.8% | 78.6% |
| Distance to place of residence or work | 80.2% | 77.3% | 78.8% | 68.3% | 66.2% | 67.3% | 75.7% | 73.0% | 74.4% |
| Prizes and incentives | 76.7% | 74.1% | 75.4% | 70.8% | 71.7% | 71.3% | 74.5% | 73.2% | 73.8% |
| Presence of special facilities for young people, women, etc. | 76.8% | 75.0% | 75.9% | 69.0% | 68.2% | 68.6% | 73.8% | 72.4% | 73.1% |
| Direct product and service costs regardless of other factors | 78.3% | 70.7% | 74.5% | 66.2% | 66.3% | 66.3% | 73.7% | 69.0% | 71.4% |
| Social responsibility of the banking institution | 72.9% | 68.7% | 70.9% | 63.0% | 59.5% | 61.3% | 69.2% | 65.2% | 67.2% |
| If the service is an insurance policy, the value of the annual premium is not the key issue, but the quality of coverage, and the quality of the service in the event of an accident | 69.3% | 61.6% | 65.5% | 52.6% | 49.5% | 51.0% | 63.0% | 57.0% | 60.0% |

Source: Demand Side Survey Data

If we look more closely at the most-commonly owned commercial financial product – a current bank account, the most common reason for *not* having a bank account, identified by 75.6% of respondents who do not have one, is 'not having extra money'. There are barely any differences in responses offered by male (75.5%) and female (75.7%) respondents on this issue. Nor are there any clear differences when responses are disaggregated by age or employment status. However, geography plays an important role, with respon-

dents from the Gaza Strip (82.1%) much more likely to select this option than those from the West Bank (69.9%). Respondents from camps (82.7%) were more likely to cite this factor than those from urban areas (75.5%) and rural areas (71.2%). There are greater gender differences at the sub-regional level. In the central West Bank, 51.5% of male respondents cited the lack of extra money, compared with 66.9% of female respondents. In the central Gaza Strip, a greater percentage of women (91.7%) selected this reason than men (85%). However, in the southern West Bank, a much greater percentage of men (75.6%) selected this factor than women (62.5%). It is not clear what drives this gender variation at the sub-regional level.

The second-most commonly cited reason – ‘I don’t need a bank account’, chosen by 57.1% of respondents, exhibits clear gender differences. 50.1% of male participants provided this answer compared to 61.6% of female respondents. Respondents from the West Bank (59.4%) were more likely to select this factor than those from the Gaza Strip (54.4%), although there is not much difference in responses between urban areas, rural areas and camps. At the sub-regional level, differences in responses according to gender are much greater in the Gaza Strip’s sub-regions. Women from the central Gaza Strip (74.8%), southern Gaza Strip (62.1%) and northern Gaza Strip (59.8%) selected this factor more than male respondents in the same sub-regions, and more than female respondents in some (but not all) West Bank sub-regions (central West Bank stands at 56.2%, southern West Bank at 56.8%, northern West Bank at 68.4%). There are no evident trends when age is taken into account, although the youngest group of respondents, aged 18-24, were the least likely of any age group to select this reason (only 51% of respondents in this age group cited this factor).

There is less gender variation in the third-most commonly cited answer – ‘I prefer to keep my money in my possession’, which was selected by 53.5% of respondents overall. Male respondents chose this answer (54.7%) slightly more than female respondents (52.6%). There are no discernible trends according to geography, age or education. When responses are disaggregated by income, the greater a respondent’s monthly income, the more likely this respondent is to keep hold of their money. 78.1% of respondents earning between NIS 5,001-8,000 a month agreed or strongly agreed with this statement. 80% of respondents earning between NIS 8,001-12,000 a month agreed or strongly agreed with this statement. However, 89.5% respondents in the highest income category, earning more than NIS 12,001 a month, disagreed with this statement.

34.7% of respondents indicated that they do not have a bank account because someone else in their family does, with significant gender variations. 24.6% of male respondents selected this answer, compared with 41.5% of female respondents. There were also significant geographical variations, with 44.9% of West Bank residents citing this factor, compared with 23.1% in the Gaza Strip. Gender differences at the national level are mirrored at the sub-regional level, with the exception of the central Gaza Strip, where the percentage of male respondents who selected this factor (37.2%) was slightly greater than female respondents (36.4%). A higher percentage of respondents from rural areas (39.3%) selected this factor than those from urban areas (34.1%) and camps (32.8%). Age also plays a role, with respondents of all genders aged 18-24 (43%) choosing this factor, a much higher fre-

quency than older respondents. However, there was little variation among cohorts over 24 years of age. Section 7 examines attitudinal data about the usage of banking services in more depth.

Table 6.8: Percentage of adults disaggregated by their reasons for not owning a bank account, by region and gender (2022)

| Reason for not owning a bank account | West Bank | | | Gaza Strip | | | Palestine | | |
|--|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| I don't have extra money | 69.3% | 70.4% | 69.9% | 81.1% | 82.7% | 82.1% | 75.5% | 75.7% | 75.6% |
| I don't need a bank account | 56.1% | 61.2% | 59.4% | 44.5% | 62.3% | 54.4% | 50.1% | 61.6% | 57.0% |
| I prefer to keep my money in my possession | 57.2% | 52.1% | 53.9% | 52.5% | 53.2% | 52.9% | 54.8% | 52.6% | 53.5% |
| Another family member has an account | 31.0% | 52.7% | 44.9% | 18.6% | 26.7% | 23.1% | 24.6% | 41.5% | 34.8% |
| Religious reasons | 32.0% | 32.7% | 32.4% | 24.6% | 19.2% | 21.5% | 28.1% | 26.8% | 27.3% |
| The minimum required to open an account is too high | 27.5% | 24.9% | 25.8% | 19.6% | 14.5% | 16.8% | 23.4% | 20.4% | 21.6% |
| Account and banking fees are very high | 25.7% | 23.6% | 24.4% | 20.5% | 10.0% | 14.6% | 23.0% | 17.7% | 19.8% |
| I don't trust banking institutions | 22.6% | 21.3% | 21.8% | 14.8% | 10.2% | 12.2% | 18.6% | 16.5% | 17.3% |
| Difficult procedures for opening an account | 18.5% | 20.4% | 19.8% | 15.2% | 10.9% | 12.8% | 16.8% | 16.3% | 16.5% |
| I prefer dealing with informal bodies (such as financial associations, etc.) | 16.8% | 15.1% | 15.7% | 13.8% | 11.1% | 12.3% | 15.3% | 13.4% | 14.1% |
| Bank is too far away | 14.5% | 14.0% | 14.1% | 7.6% | 3.5% | 5.4% | 10.9% | 9.4% | 10.1% |
| Low quality customer service | 15.8% | 12.3% | 13.6% | 7.1% | 5.6% | 6.3% | 11.3% | 9.5% | 10.1% |

Source: Demand Side Survey Data

Saving money

In light of the general situation regarding incomes, it is not surprising that only about 1 in 5 respondents were able to save money during the last two years (19.2%). When disaggregated by gender, male respondents (22.2%) are more likely to report having saved money than female respondents (16.1%). Control of income makes a crucial difference to gendered patterns of saving. There was little difference between the percentage of male respondents who controlled their income and saved (79.7%), compared with those who controlled their income and did not save (78.1%). However, among female respondents, 73% of those who saved were in control of their income, compared with 56% of those who did not save. In other words, women who do not control their income are less likely to save. There is a large geographical divide between respondents from the West Bank (24.1%) and those from the Gaza

Strip (11.3%). Responses from rural areas indicate greater levels of saving (26.2%) than in urban areas (18.5%) and camps (12.8%). Levels of education have a significant impact on savings' activity, with more educated respondents more likely to have saved money. Unsurprisingly, those earning higher incomes were more likely to save.

Amongst respondents who saved money in the last two years, the most common method of saving was to keep the savings at home. 60.4% of respondents used this method, with a clear gender divide (52.5% for male respondents, 71.4% for female respondents). There was also a significant difference in terms of geography, with 75.7% of Gaza Strip savers doing so at home, compared with 55.9% of West Bankers. A higher percentage of camp residents who saved money (87.2%) did so at home, relative to urban residents (81.5%) and those in rural areas (73.8%). There are no evident trends concerning age, but the greater someone's level of education, the less likely they are to save money at home.

Table 6.9: Percentage of adults disaggregated by their selected method for saving money, by gender and region (2022)

| Method of saving | West Bank | | | Gaza Strip | | | Palestine | | |
|---|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Keep it at home | 48.4% | 66.8% | 55.9% | 67.5% | 86.3% | 75.7% | 52.5% | 71.4% | 60.4% |
| Saving money in a bank account | 48.4% | 23.3% | 38.2% | 30.1% | 15.7% | 23.8% | 44.4% | 21.5% | 34.9% |
| Saving money with a family member | 34.8% | 19.7% | 28.6% | 37.3% | 19.2% | 29.4% | 35.4% | 19.6% | 28.8% |
| Saving money through a savings' groups | 15.3% | 20.1% | 17.2% | 13.1% | 13.9% | 13.4% | 14.8% | 18.6% | 16.4% |
| Investing in the purchase of land, livestock, or property | 21.3% | 6.1% | 15.1% | 7.7% | 2.5% | 5.4% | 18.3% | 5.2% | 12.9% |
| Buying gold | 9.9% | 15.0% | 12.0% | 8.8% | 10.5% | 9.5% | 9.7% | 13.9% | 11.4% |
| Investing in the purchase of shares, bonds and/or sukuk | 4.3% | 0.6% | 2.7% | 0.2% | 0.7% | 0.4% | 3.4% | 0.6% | 2.2% |
| Saving via a bank deposit | 2.5% | 1.7% | 2.2% | 1.8% | 1.2% | 1.5% | 2.4% | 1.6% | 2.0% |
| Investing in cryptocurrency | 1.1% | 0.4% | 0.8% | 1.6% | 2.1% | 1.8% | 1.2% | 0.8% | 1.0% |

Source: Demand Side Survey Data

The second-most common method of saving money was in a savings' account at a bank, used by 34.9% of respondents who saved money in the last two years. Male respondents (44.4%) were much more likely to use this method than female respondents (21.5%). Residents of the West Bank (38.2%) were more likely to use this method than residents of the Gaza Strip (23.8%). Respondents from urban areas (36.3%) used this method more than those from rural areas (33.8%) and camps (21.6%). Age was not a factor, while the more educated and the more income a respondent earned, the more likely he/she used this method. There is a clear relationship between paid employment and using this method of

saving. For instance, 42.1% of private sector employees who saved, and 32.4% of public sector employees who also saved, used this method, compared with 16.3% of housewives. It is reasonable to assume that opening a current account to receive wages makes an individual more likely to also open a savings' account at a bank. 16.7% of male respondents have two or more types of bank accounts (e.g. current account, savings' account, Islamic account), compared with 5.2% of female respondents.

The third-most popular method of saving, chosen by 28.8% of respondents who had saved money in the last two years, was saving with a family member. While more women save at home, more men save with a family member. 35.4% of male respondents chose this option, compared with 19.6% of female respondents. Gender seems to be the predominant factor influencing this practice, with no clear trends according to region, age, income or education. A slightly higher percentage of rural respondents (34.2%) use this method compared with those in urban areas (27.2%) and camps (30.6%). 16.4% of respondents who saved in the last two years have done so through a savings' group, with female respondents (18.6%) more likely to adopt this method than male respondents (14.8%). This method of saving is also slightly more likely to be practiced in the West Bank (17.2%) than the Gaza Strip (13.4%). Levels of usage are greater in rural areas (22.4%) and camps (21.7%) compared to urban areas (14.3%). While there are no evident trends according to age and education, middle-income earners (earning between NIS 2,501-5,000) were more likely to use this method of saving.

Borrowing money

Making use of financial loans provided by private companies remains low. 5.4% of male respondents and 1.5% of female respondents reported taking a loan from a bank. West Bank residents (3.9%) made greater use of bank loans than those in the Gaza Strip (2.8%). Residents in the northern West Bank (4.7%) and central West Bank (4.3%) borrowed more from banks than those living in the southern West Bank (2.4%). A higher percentage of respondents from rural areas and camps (both 4.5%) have bank debts, when compared to respondents from urban areas (3.1%).

The incidence of borrowing money from family and friends is greater. 17.5% of male respondents and 10.1% of female respondents have taken a loan from friends or family. Residents of the Gaza Strip are much more likely to borrow from family and friends (23.3%) relative to residents of the West Bank (7.9%). Within the Gaza Strip, this kind of borrowing has occurred mostly in the central sub-region (27.3%), with male respondents (35.3%) almost twice as likely to borrow as female respondents (19.1%). This contrasts with the central West Bank, where levels of borrowing from family and friends are lowest at 2.4%. Previous research suggests that higher land and property prices in the central West Bank force people to borrow large amounts of money, therefore they borrow from banks because family and friends cannot lend such large amounts.⁹⁹ Respondents living in rural areas (8.4%) borrow less from family and friends relative to respondents living in urban areas (14.5%) and camps (17.5%).

Table 6.10: Percentage of adults who borrowed money by source of borrowing, region and gender (2022)

| Source of borrowing | West Bank | | Gaza Strip | | Palestine | |
|---|-----------|--------|------------|--------|-----------|--------|
| | Male | Female | Male | Female | Male | Female |
| Loan from a family member or friend | 10.2% | 5.7% | 29.4% | 17.2% | 17.5% | 10.1% |
| Loan from a bank | 5.9% | 1.8% | 4.7% | 0.9% | 5.4% | 1.5% |
| A loan from a specialized lending institution | 2.1% | 1.5% | 3.0% | 0.7% | 2.4% | 1.2% |
| Overdraft or overdrawn account | 1.2% | 0.6% | 3.3% | 0.1% | 2.0% | 0.4% |
| Credit card | 11.1% | 4.3% | 4.2% | 0.7% | 8.5% | 2.9% |
| Financial leasing contract | 1.2% | 0.1% | 0.0% | 0.0% | 0.7% | 0.0% |
| Mortgage financing | 0.2% | 0.0% | 0.0% | 0.1% | 0.1% | 0.0% |
| Financing in the form of Murabaha or Mudaraba | 0.3% | 0.1% | 1.1% | 0.3% | 0.6% | 0.2% |
| Ijarah resulting in ownership through Islamic banks | 0.5% | 0.1% | 0.1% | 0.1% | 0.4% | 0.1% |
| Loan from an informal source | 1.3% | 0.8% | 3.3% | 4.1% | 2.1% | 2.0% |
| Saving group (ROSCA) | 10.5% | 11.3% | 10.4% | 8.0% | 10.5% | 10.0% |
| Saving and borrowing from cooperative societies | 1.3% | 0.8% | 0.1% | 0.0% | 0.9% | 0.5% |

Source: Demand Side Survey Data

Why are people taking loans? This past year, 35.1% of respondents from the Gaza Strip have borrowed, while 39% have borrowed to cover family expenses. This differs considerably from 10.4% of West Bank respondents who borrowed for the same reason (3.1% in the past year). A greater percentage of respondents living in camps (28.5%) borrowed to cover family expenses, compared with those living in urban areas (23.2%) and rural areas (10.1%). There are some gender differences, with 24.5% of male respondents having borrowed to cover family expenses (20.5% in the last year), compared with 18.7% of female respondents (15.3% in the last year). This data indicates that the driver for borrowing is necessity, particularly in light of the economic hardship caused by ongoing colonial occupation, coupled with the enduring impact of the COVID-19 lockdown.

Table 6.11: Percentage distribution of adults who borrowed money to cover family expenses by sources of borrowing, region and gender (2022)

| Source of Borrowing | West Bank | | | Gaza Strip | | | Palestine | | |
|---------------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| Banks | 12.4% | 8.0% | 10.4% | 3.4% | 0.9% | 2.4% | 6.0% | 3.2% | 4.8% |
| Microfinance Institutions | 2.8% | 5.8% | 4.2% | 1.1% | 1.1% | 1.1% | 1.6% | 2.6% | 2.0% |
| Family or friends | 84.5% | 84.8% | 84.6% | 93.3% | 97.6% | 95.1% | 90.8% | 93.5% | 92.0% |
| Informal sector | 0.3% | 1.3% | 0.8% | 2.2% | 0.4% | 1.4% | 1.6% | 0.7% | 1.2% |

Source: Demand Side Survey Data

Of all respondents who borrowed money to cover family expenses, 92% borrowed from family and friends, with a slightly higher percentage of women (93.5%) using this method than men (90.8%). A higher percentage of respondents living in the Gaza Strip (95.1%) used this method relative to those living in the West Bank (84.6%). Respondents from urban areas (92.6%) and camps (92.3%) were more likely to borrow in this way, compared to those in rural areas (83.6%).

Table 6.12: Percentage of adults disaggregated by reasons for not borrowing from banks, by region and gender (2022)

| Reasons for not borrowing from bank | West Bank | | | Gaza Strip | | | Palestine | | |
|--|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| For religious reasons | 60.7% | 53.9% | 57.3% | 52.1% | 53.2% | 52.2% | 57.4% | 53.6% | 55.5% |
| Prefer to borrow from family and friends | 49.1% | 39.4% | 44.2% | 60.3% | 60.7% | 60.5% | 53.4% | 47.6% | 50.5% |
| I don't need a loan | 52.0% | 52.3% | 52.2% | 39.1% | 46.9% | 43.1% | 47.1% | 50.2% | 48.7% |
| Inability to fulfill the financial obligations of the loan | 39.5% | 32.0% | 35.7% | 45.2% | 35.2% | 40.1% | 41.7% | 33.3% | 37.4% |
| I do not have sufficient guarantees | 38.8% | 31.5% | 35.1% | 45.5% | 35.8% | 40.5% | 41.4% | 33.1% | 37.2% |
| High borrowing costs | 45.0% | 33.8% | 39.4% | 36.5% | 20.9% | 28.5% | 41.8% | 28.8% | 35.2% |
| I can't meet the borrowing terms | 36.1% | 29.0% | 32.5% | 42.9% | 36.2% | 39.5% | 38.6% | 31.8% | 35.2% |
| Too many terms and documents required for borrowing | 38.7% | 29.5% | 34.1% | 30.7% | 16.5% | 23.4% | 35.6% | 24.5% | 30% |
| Borrowing services do not meet my needs | 29.4% | 24.0% | 26.7% | 21.4% | 18.0% | 19.6% | 26.4% | 21.7% | 24% |
| Prefer borrowing from informal bodies | 17.0% | 13.0% | 15.0% | 10.6% | 9.3% | 9.9% | 14.6% | 11.5% | 13% |
| Negative former experience | 9.2% | 6.4% | 7.8% | 5.1% | 2.9% | 4% | 7.7% | 5.1% | 6.3% |

Source: Demand Side Survey Data

Amongst those who have *not* taken a loan from a financial institution, the most common reasons for this choice are religion (55.5% of respondents); preferring to borrow from family and friends (50.5%); and not needing a loan (48.7%). Male respondents (57.4%) were slightly more likely to cite religious reasons than female respondents (53.6%). Male respondents (53.4%) demonstrated a stronger preference to borrow from family and friends than female respondents (47.6%). Female respondents (50.2%) were marginally more likely than male respondents (47.1%) to indicate that they did not need a loan. When geography is taken into account, 60.5% of respondents from the Gaza Strip indicated that they prefer to borrow from family and friends; 52.7% cited religious reasons; and 43.1% said they did not need a loan. The preference for borrowing from family and friends - and not borrowing because of religious reasons - is particularly high in the central Gaza Strip (75%), while not needing a loan was most common in the southern Gaza Strip (51.8%). By way of contrast, 57.3% of West Bank respondents cited religious reasons, 52.2% said they did not need a loan, while 44.2% of respondents said they prefer to borrow from family and friends. At the sub-regional level, religious reasons (62.7%) and not needing a loan (57.4%) were

most common in the northern West Bank, while preferring to borrow from family and friends (48.5%) was most common in the central West Bank. Gender patterns at the sub-regional level match those observed at the regional level, except in the following instances: a greater percentage of women than men in the central and southern Gaza Strip prefer not to borrow for religious reasons, while in the southern Gaza Strip, a greater percentage of women (66.8%) preferred to borrow from family and friends relative to men (57%). A significantly larger percentage of women in the southern Gaza Strip (64.2%) said they did not need a loan relative to men (39.3%).

Supply side

Data obtained from the PMA shows that males are at least twice as likely to benefit from banking financial services compared to females. For example, in September 2022, females owned around 31.8% of personal bank accounts in Palestine, with the remainder owned by males (see Table 6.13). The same trend applies to microfinance institutions (MFIs). The number of males borrowers is almost twice the number of female borrowers, and the gap in the value of borrowing is even larger (see Table 6.14). This indicates that the average amount borrowed from MFIs by males (\$4,673) is larger than females (\$3,440). The gender gap in the number of MFI loans has also widened over the past five years. Historically, males in Palestine obtained microfinance loans through their wives, sisters and daughters, or they coerced them to guarantee their own loans. This left these women vulnerable to exploitation and legal prosecution, as some of these males defaulted in loan repayment, obliging the female guarantors to repay these loans from their own funds.¹⁰⁰ To curb this trend, the PMA launched several awareness-raising campaigns on the risks and obligations of guaranteeing loans, or taking loans on behalf someone else, especially among women. More women also became aware of such risks through word of mouth. This might partially explain the drop in the number of female borrowers from MFIs between 2016 and 2022.

Table 6.13: Number and percentage of bank accounts by gender (September 2022)

| Gender | Number of accounts | Percentage |
|--------|--------------------|------------|
| Male | 2,279,375 | 68.20% |
| Female | 1,061,735 | 31.80% |
| Total | 3,341,110 | 100.00% |

Source: PMA unpublished data

¹⁰⁰<https://metras.co/%D8%A7%D9%84%D8%AA%D>

Table 6.14: Number of borrowers from MFIs and total value of funds borrowed, by gender (2016 and 2021)

| Gender | 2016 | | 2021 | |
|--------|---------------------|-------------|---------------------|-------------|
| | Number of borrowers | Value (\$) | Number of borrowers | Value (\$) |
| Female | 25,755 | 70,486,007 | 21,718 | 74,713,778 |
| Male | 42,067 | 128,941,448 | 42,823 | 200,115,298 |
| Total | 67,822 | 199,427,455 | 64,541 | 274,829,076 |

Source: PMA unpublished data

The gender gap is also apparent in digital financial services, as males are almost three times as likely to own a digital wallet compared to females (see Table 6.15). Yet, the gap has been narrowing since digital wallets were launched in Palestine in 2020.

Table 6.15: Number and value of e-wallets by gender (Q3 2020 to Q2 2022)

| | Female | | Male | | Other | |
|---------|---------------------|------------------|---------------------|------------------|---------------------|------------------|
| | Number of E-wallets | E-wallets amount | Number of E-wallets | E-wallets amount | Number of E-wallets | E-wallets amount |
| Q3 2020 | 8,506 | 27,106 | 41,786 | 122,631 | 4,209 | 78,308 |
| Q4 2020 | 14,490 | 57,157 | 61,033 | 214,767 | 3,032 | 81,721 |
| Q1 2021 | 20,501 | 85,713 | 79,091 | 437,238 | 3,490 | 115,738 |
| Q2 2021 | 26,725 | 109,302 | 94,682 | 298,989 | 3,951 | 206,168 |
| Q3 2021 | 41,849 | 150,811 | 130,156 | 498,910 | 5,148 | 740,983 |
| Q4 2021 | 60,135 | 330,799 | 166,905 | 820,080 | 7,043 | 1,431,679 |
| Q1 2022 | 70,867 | 516,648 | 191,869 | 987,259 | 7,912 | 2,243,837 |
| Q2 2022 | 87,749 | 446,731 | 229,292 | 1,053,532 | 9,641 | 2,153,223 |

Source: PMA unpublished data

Data obtained from the PCMA indicates an even wider gap between males and females in terms of private insurance coverage. Table 6.16 shows that males are almost six times as likely to be covered by an insurance policy compared to females. Similar trends are observed within the demand side survey, across all types of insurance policies. The one exception is health insurance (including public health insurance), where a greater percentage of females (73.9%) have coverage compared to males (69.0%). Interestingly, the majority of women (ranging from 56.0% for vehicle insurance to 78% for life insurance) indicated

that they do not have insurance coverage, and do not need it now or in the future. It seems that the type of insurance policies covered in the demand side questionnaire do not meet women's needs. The vast majority of women (92.1%) do not own a vehicle, hence they do not need vehicle insurance. Moreover, 87.9% of females are either unemployed or out of the labor force, hence it is reasonable to assume that they do not need work injury insurance. This also indicates that they do not have the financial capacity to purchase an insurance policy, even if they wanted to do so. This is not to mention that demand for non-compulsory insurance policies in Palestine is generally very low. When asked to assess insurance services in Palestine, 40.4% of female respondents indicated that the costs of the service are too high. Furthermore, 42.8% noted that someone else in the family is covered by an insurance policy.

Table 6.16: Number of insurance policies by type of policy holder and gender (end of year 2020-2021)

| Type of policy holder and gender | | 2020 | 2021** |
|----------------------------------|--------|---------|---------|
| Institutions | | 75,385 | 106,959 |
| Individuals* | Male | 165,036 | 222,333 |
| | Female | 21,901 | 38,089 |
| | Total | 299,998 | 442,153 |

* The difference in the total is the result of the inability of some companies' IT systems to provide the data required on the categorization of policy numbers based on the nature of policy holder (unreliable and understated gender data).

** Statistics do not include the financial statements of Ahliya Insurance Group (understated).

Source: PCMA. Insurance Statistics: Insurance Sector Statistics for the year 2021; Insurance Sector Statistics for the year 2020.

The results of the supply side survey indicated that 66.7% of financial institutions in Palestine have witnessed growth in the use of their services by women over the past three years. While it is hard to verify these results, given the general lack of historical data on gender, data obtained from the PCMA highlights a much larger increase in the number of investment accounts owned by men compared to women (see Table 6.17). Between 2019 and 2021, women opened around 4,000 new accounts, while men opened 7,000 new accounts. Thus, while account ownership - a key proxy for financial inclusion - has increased, it has accentuated the gender gap.

Table 6.17: Number of accounts opened at the Palestine Stock Exchange by status and gender (2019-2021)

| Gender | Account Status | 2019 | 2020 | 2021 |
|----------------|----------------|---------|---------|---------|
| Active | Male | 25,419 | 26,097 | 27,770 |
| | Female | 16,341 | 16,713 | 17,816 |
| | Institutions | 678 | 691 | 784 |
| Inactive | Male | 48,834 | 49,702 | 53,805 |
| | Female | 22,544 | 22,923 | 24,835 |
| | Institutions | 2,202 | 2,307 | 2,962 |
| Total | Male | 74,253 | 75,799 | 81,575 |
| | Female | 38,885 | 39,636 | 42,651 |
| | Institutions | 2,880 | 2,998 | 3,746 |
| Total Accounts | | 116,018 | 118,433 | 127,972 |

Source: PCMA. Securities Sector Statistics for the year 2022.

Table 6.18: Number of shareholders by gender, region and governorate (Q3 2022)

| | Males | Females | Institutions | Total |
|---------------|-------|---------|--------------|-------|
| Jericho | 248 | 218 | 4 | 470 |
| Hebron | 1388 | 929 | 10 | 2327 |
| Jerusalem | 2910 | 2794 | 30 | 5734 |
| Bethlehem | 1143 | 637 | 10 | 1790 |
| Jenin | 2221 | 1508 | 29 | 3758 |
| Ramallah | 8426 | 6675 | 251 | 15352 |
| Salfeet | 1111 | 862 | 12 | 1985 |
| Tubas | 134 | 65 | 1 | 200 |
| Tulkarem | 2613 | 1852 | 3 | 4468 |
| Qalqilia | 618 | 333 | 2 | 953 |
| Nablus | 8927 | 7721 | 138 | 16786 |
| West Bank | 29739 | 23594 | 490 | 53823 |
| North Gaza | 324 | 169 | 2 | 495 |
| Gaza | 4184 | 2787 | 34 | 7005 |
| Dier Al-Balah | 359 | 179 | 0 | 538 |
| Khan Yunis | 1158 | 541 | 5 | 1704 |
| Rafah | 293 | 119 | 1 | 413 |
| Gaza Strip | 6318 | 3795 | 42 | 10155 |
| Palestine | 36057 | 27389 | 532 | 63978 |

Women constitute around 43.2% of individual shareholders in Palestine. When discussing the use of financial products and services in an experts' focus group, an industry representative mentioned that 'many women are afraid to obtain loans because of the conditions and guarantees imposed by banks and financial/banking institutions. The language used by these institutions is also an obstacle for women, because it is difficult for certain segments of society to understand.' However, as noted in Section 3, data on education levels from both the PCBS and the population survey suggests that women are more likely to stay in education up to the level of a bachelor's degree. Therefore, while financial institutions may struggle to engage less-educated populations, this is not necessarily a gender problem per se.

Gendered uses of financial products and service during COVID-19

The combined usage of banking services (traditional, electronic and mobile) increased from 7.9% to 10.5% for women during the COVID-19 pandemic. However, as the previous subsection shows, this was part of a more generalized increase. The percentage of men who used physical banking services increased during the pandemic (15.5%), and was greater than the percentage of women (10.5%). The percentage of men who used electronic banking services (16.6%) and mobile banking services (16.3%) increased during the pandemic, and was approximately double the percentage of women who used these services. Thus, COVID-19 accentuated the gender gap in the usage of banking services, regardless of physical or remote access. Despite mobility barriers on women given social and cultural norms, and fear of physical contact during COVID-19, the percentage of women who made increasing use of traditional banking services was higher than both electronic and mobile ones.

Table 6.19: Percentage of Palestinian adults who increased their usage of banking products and services during COVID-19 (2022)

| Type of services/products | Male | Female |
|---------------------------|--------|--------|
| Traditional banking | 15.50% | 10.50% |
| Electronic Banking | 16.60% | 7.90% |
| Mobile Banking | 16.30% | 8.70% |

Source: Demand Side Survey Data

7. Financial Knowledge, Behavior and Attitudes

One of the biggest challenges with measuring financial literacy and capability is that the tools used to assess these factors have been constructed based on a series of assumptions on wealth and income, which are only relevant for the 'global North'. These concepts are not suitable for the 'global South', where the widespread lack of income renders meaningless questions about savings and engagement with financial products and services. Furthermore, ideas about financial literacy and capability are now being challenged within the global North, due to massive inflation and the rise of budget deficits (where income cannot cover expenses regardless of knowledge and behavior). Consequently, the demand survey did not set out to measure literacy per se, but did include questions to examine specific forms of financial knowledge, behavior and attitudes.

Financial Knowledge

In Palestine, social relations are the most prominent sources of information about finance. Friends and relatives were identified as the most important source of financial information by 31.4% of respondents, the largest of any category. 25% of respondents chose family and friends as their secondary source of knowledge about finance, while 21% relied on family and friends as their third-most trusted source. 26.5% of male respondents relied primarily on family and friends, and 28.7% relied primarily on previous experience. 36.3% of female respondents relied primarily on family and friends, with only 17.6% relying primarily on previous experience. 36.6% of respondents living in the Gaza Strip turn to family and friends as their primary source of information about finance, relative to 28.1% of West Bank residents. Residents of camps (34.3%) and urban areas (31.9%) turn to family and friends more than rural residents (27.1%) as their primary source of information about finance. The higher the level of education and the greater the income a respondent earns, the less likely they are to rely on family and friends as their primary source of information.

Previous experience is also an important primary source of information for those who have it (23.2% of respondents). This is mainly concentrated among male respondents, of whom 28.7% rely on previous experience as their primary source of information about finance, compared with 17.6% of female respondents. There is not much difference between responses when analyzed according to territory, nor are there clear trends with regards to levels of education or income. However, respondents from rural areas (27.6%) were more likely to rely on previous experience than those living in urban areas (22.9%) and camps (18.2%).

The third-most common source of knowledge about finance, as identified by respondents, is information available through the branch of a financial institution (selected by 22% of respondents). There was no clear distinction in responses by gender, geography, age or income for this category, although respondents with higher levels of education selected this category more often. However, only 8.1% of all survey respondents cited awareness-raising campaigns through websites and social media as their primary source of information about finance; while 36.8% selected this option as one of their top three sources. Women were more likely than men to select this option. This is significant in that social media was identified as the most widely used form of media by 79.9% of respondents. 92% of respondents who use social media do so on a daily basis. There is a small gender gap in using social media: 74.9% of male respondents use it compared to 73.1% of female respondents. There is a significant geographical difference, with 84.8% of West Bank residents using social media, compared with 71.3% of Gaza Strip residents. There is a strong correlation between social media usage and levels of education. Only 10.2% of illiterate respondents indicated that they use social

media, relative to more than 90% by respondents with at least one degree. Social media is therefore the most direct route for reaching women, although it is less likely to reach less-educated women than other forms of media such as TV and radio.

Data collected in 2022 can be contrasted with comparable data collected in a 2016 survey of Palestinian households about financial inclusion. In 2016, 36.8% respondents chose family and friends as their primary source of information about financial services and products. Therefore, the relative proportion of the population who rely on family and friends has decreased since 2016. The proportion of respondents who selected 'previous experience' in 2016 was 9.2%, indicating that far more respondents now have experience, on which they rely more than other sources of information when making decisions about finances. The percentage of people who rely primarily on information obtained through branches has also increased from 16.6% in 2016 to 22% in 2022. This data suggests that, since 2016, the expansion of financial products and services has created new kinds of expertise beyond existing networks of family and friends. There is an opportunity for policy-makers to utilize this growth in knowledge in order to develop money mentorship schemes, as discussed in the conclusion to this report. Such schemes train those who engage with commercial financial services to share their knowledge through their social networks, and thus improve financial capabilities within their communities.

Table 7.1: Percentage of respondents disaggregated by the three most selected information sources on financial products that they own/use (2016 and 2022)

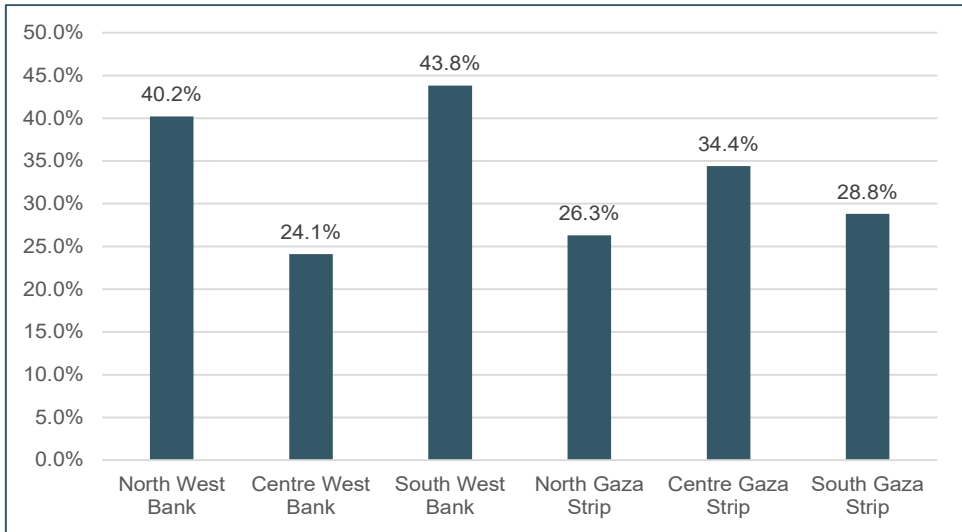
| Source of information | 2016 | | | 2022 | | |
|---|--------------|---------------|--------------|--------------|---------------|--------------|
| | First source | Second source | Third source | First source | Second source | Third source |
| Previous experience | 9.2% | 4.7% | 6.7% | 23.2% | 6.7% | 4.8% |
| Through the branch of the financial institution | 16.6% | 10.9% | 8.6% | 22.0% | 15.7% | 12.3% |
| Awareness campaigns through websites and social media | | | | 8.1% | 15.1% | 14.3% |
| Online information about the financial product | 8.7% | 15.0% | 13.1% | 6.1% | 10.3% | 8.8% |
| Sales representative for the financial institution | 1.3% | 6.4% | 10.6% | 1.3% | 5.2% | 6.0% |
| Published financial information and data | 1.3% | 2.4% | 7.8% | 2.1% | 5.6% | 6.7% |
| Financial advisor | 1.3% | 2.1% | 4.4% | 3.1% | 4.6% | 4.8% |
| Friends or relatives | 36.8% | 36.3% | 21.1% | 31.4% | 25.1% | 20.5% |
| Programs and campaigns on TV and radio | 8.7% | 21.4% | 25.1% | 1.7% | 8.3% | 10.9% |
| Other forms of advertising e.g. billboards | | | | 0.6% | 3.4% | 10.8% |
| Other | | | | 0.3% | 0.0% | 0.1% |

Source: Demand Side Survey Data

The 2022 survey asked respondents a series of factual questions on financial terms and principles deduced from the reality of daily financial transactions. The first was to calculate the size of a deposit based on a given interest rate. 42.2% of respondents provided the correct answer. This compares favorably with data from the 2016 survey, when only 29.2% of respondents provided the correct answer. 2022 data demonstrates a clear gender gap in

knowledge concerning this question: 50.5% of male respondents provided the correct answer, compared with 33.6% of female respondents. There are also geographical differences between the percentage of correct responses provided by residents of the West Bank (45.5%) and the Gaza Strip (37%). Within the West Bank, a significantly higher percentage of correct answers were made in the northern West Bank (48.2%) and southern West Bank (50.8%) relative to the central West Bank (34.8%). There was a much bigger gender gap between correct answers in the central West Bank than the northern and southern West Bank. There was less geographical variation across sub-regions in the Gaza Strip, but significant gender gaps were present in each sub-region. Responses from urban areas (43.4%) were slightly more likely to be correct than those from rural areas and camps (both 38%). Younger respondents are slightly more likely to provide the correct answer, with a significant reduction for respondents aged 65 years and over. Unsurprisingly, the level of education correlates strongly with providing a correct answer. Respondents earning NIS 8,001+ were more likely to give a correct answer than those with lower incomes. The age profile of correct responses suggests that efforts to educate schoolchildren and students are already bearing fruit, and are sound long-term investment.

Figure 7.1: Percentages of female respondents who correctly calculated interest accrued on deposits, by sub-region



Source: Demand Side Survey Data

Questions on linkages between risk and return (73.6%); and inflation and the cost of living (74%); were both answered correctly by almost three-quarters of all respondents. Again, the percentage of correct responses has increased from 2016, when 68.5% of respondents answered the question about risk and return correctly, while 68% correctly linked high inflation to rising costs of living. In the 2022 data, there is a gender gap in responses to both of these questions: 79.6% and 79.8% of male respondents provided the correct answer respectively, compared to 67.4% and 68.3% of female respondents. Responses do not differ much by geography. Higher levels of education and income correlate with a higher incidence of correct answers, but not age. For both questions, more respondents selected the answer 'I don't know' than those who gave an incorrect answer.

However, the survey asked a further question about inflation and change in purchasing power. Only 19.2% of respondents gave the correct answer. This is the only question where the percentage of correct responses has fallen – quite significantly – since 2016, when 35.5% of respondents gave the correct answer. It is not clear why this has occurred, particularly because three-quarters of respondents gave the correct answer to the question on inflation and the cost of living. The gender gap in responses was not as large as for other questions. 20% of male respondents gave the correct answer, compared with 18.4% of female respondents. There were no discernible trends in geography or age, but respondents aged 60 years and over were more likely to answer incorrectly. While there is a correlation with levels of education, it is not as marked as for other questions. Higher income earners provided incorrect answers more often than those on mid and lower incomes.

Questions about spreading investment risk over multiple products (64.8%) and making higher mortgage payments over a shorter time span (64.7%) were answered correctly by approximately two-thirds of respondents. Once more, there is an improvement from the 2016 survey, where 59.1% and 50.4% of respondents answered these questions correctly. In the 2022 survey, there is little difference between responses from the West Bank and the Gaza Strip, but there is a gender gap in responses to both of these questions. 70.2% and 71.3% of male respondents provided the correct answers respectively, compared to 59.2% and 58% of female respondents. Respondents older than 55 years gave the correct answers to these questions less often. Higher levels of education strongly correlate with correct answers, and respondents with higher levels of income are also more likely to give a correct answer.

Over two-thirds of respondents who have taken loans are aware that they are entitled to their credit report and a loan repayment schedule. This is similar to the response rate from the 2016 survey. There is a gender difference in responses that correlates with the gender difference in taking a loan from a financial institution. There is a large geographical difference in responses to this question between the West Bank (42%) and the Gaza Strip (22.7%). 39.4% of respondents living in rural areas reported awareness of their rights, compared with 34.4% from urban areas and 28.5% from camps. Responses to more complex questions on regulatory bodies responsible for overseeing different financial services are notable for the high percentage of people who stated 'I don't know'. However, this percentage has fallen since 2016. The survey asked three questions about cryptocurrencies that were not included in the 2016 survey. The most common response for all of these questions, 45.8%, 46.7% and 48.7% respectively, was 'I don't know'. This suggests a lack of knowledge about digital tokens.

Table 7.2: Awareness of rights by gender and region

| | West Bank | | | Gaza Strip | | | Palestine | | |
|---------------------------|-----------|--------|-------|------------|--------|-------|-----------|--------|-------|
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| I have complete knowledge | 18.1% | 8.6% | 13.4% | 16.8% | 6.6% | 11.7% | 17.6% | 7.8% | 12.8% |
| I have some knowledge | 53.7% | 35.5% | 44.7% | 37.0% | 32.4% | 34.7% | 47.3% | 34.3% | 40.9% |
| I have no knowledge | 28.2% | 55.9% | 41.8% | 46.3% | 61.0% | 53.6% | 35.1% | 57.8% | 46.3% |

Source: Demand Side Survey Data

Based on the responses to the knowledge questions, we can conclude that women exhibited a lower level of financial knowledge than men. The research team developed a composite measure for knowledge by combining scores across all the questions cited above. Overall, the financial knowledge of more than half of female respondents (56.6%) was weak or very weak. 30.2% of female respondents had average knowledge, while 13.2% had good (or very good) knowledge. This compares with 27.1% of men whose results indicated good (or very good) financial knowledge. More men and women had weak (or very weak) financial knowledge in the Gaza Strip than the West Bank. The gender gap within the Gaza Strip is also apparent, with more women having weak (38%) and very weak (25%) financial knowledge than men (26% weak, 13.6% very weak). Women in the northern Gaza Strip have particularly weak financial knowledge. Only 7.8% demonstrated good (or very good) financial knowledge, while 72% demonstrated weak (or very weak) financial knowledge.

Table 7.3: Evaluation of financial knowledge by region and gender (2022)

| Region/Gender | | Very weak | Weak | Average | Good | Very good |
|---------------|--------|-----------|-------|---------|-------|-----------|
| West Bank | Male | 9.4% | 25.8% | 36.3% | 26.0% | 2.6% |
| | Female | 21.4% | 31.2% | 32.1% | 14.1% | 1.2% |
| Gaza Strip | Male | 13.6% | 26.0% | 35.5% | 23.5% | 1.4% |
| | Female | 25.0% | 38.0% | 27.1% | 9.2% | 0.6% |
| Palestine | Male | 11.0% | 25.9% | 36.0% | 25.1% | 2.1% |
| | Female | 22.8% | 33.8% | 30.2% | 12.2% | 1.0% |

Source: Demand Side Survey Data

Given that education correlates positively with financial knowledge in general, and Palestinian women generally remain in education longer than Palestinian men, lower levels of financial knowledge are not related solely to knowledge and education. Rather, experiential and contextual knowledge that comes from access to - and use of - money (through paid work and controlling one's own money) is crucial, as indicated in Tables 7.4 and 7.5. Addressing these factors will reduce the gender gap in financial knowledge (see Section 9). The geographical analysis of composite financial knowledge scores shows that people living in rural and urban locations have higher levels of financial knowledge than respondents living in camps, where 16% of people had 'good' or 'very good' knowledge. This geography also reflects paid work and access to money, with higher rates of unemployment within camps.

Table 7.4: Evaluation of financial knowledge by employment status (2022)

| | Very weak | Weak | Average | Good | Very good |
|--------------------|-----------|-------|---------|-------|-----------|
| Employed | 9.5% | 23.6% | 38.1% | 26.6% | 2.2% |
| Unemployed | 11.7% | 35.4% | 35.5% | 16.4% | 0.9% |
| Out of labor force | 23.6% | 33.6% | 28.7% | 13.0% | 1.2% |
| Total | 16.8% | 29.8% | 33.1% | 18.7% | 1.6% |

Source: Demand Side Survey Data

Table 7.5: Evaluation of financial knowledge disaggregated by control over respondent's income (2022)

| | Very weak | Weak | Average | Good | Very good |
|--------------|-----------|-------|---------|-------|-----------|
| Self-control | 9.9% | 24.7% | 35.7% | 27.6% | 2.3% |
| Others | 21.0% | 32.9% | 31.6% | 13.4% | 1.1% |
| Total | 16.8% | 29.8% | 33.1% | 18.7% | 1.5% |

Source: Demand Side Survey Data

The argument that contextual information, and real-world experiences, is more important than general educational levels supported by data about the provision of financial information (see Table 7.6). Less than half of all respondents believe that their financial service provider offers them all the information and education they need, while 27.2% do not. There is a gender gap of 16% between men and women who responded “yes”. It is also important to note that 31.3% of respondents did not know if they were receiving financial education or information. This may indicate that financial education and information is not provided in an easily accessible manner, which people can readily understand. There is a significant gender gap in “I don’t know” responses between women (39.4%) and men (23.3%). However, the survey of financial product and service providers shows that only 56.3% of companies provide relevant education, while 33.3% do not have programs that educate their customers. This indicates that there is a lack of training or education in some cases.

Table 7.6: Percentage distribution of adult population disaggregated by their beliefs concerning the provision of required financial education or information by financial services providers, by region and gender (2022)

| | | | YES | NO | I DON'T KNOW | |
|--------|------------|--------|------|-------|--------------|-------|
| Region | West Bank | Gender | Male | 52.0% | 25.9% | 22.0% |
| | | female | | 34.0% | 26.7% | 39.3% |
| | Gaza Strip | Gender | Male | 43.9% | 30.5% | 25.5% |
| | | female | | 33.2% | 27.1% | 39.7% |
| | Palestine | Gender | Male | 49.2% | 27.6% | 23.3% |
| | | female | | 33.7% | 26.9% | 39.4% |

Source: Demand Side Survey Data

When respondents were asked to self-assess their knowledge about their rights and obligations in relation to financial products and services, 40.9% of all respondents stated that they know their rights ‘to some extent’ (the median response), and 46.3% stated that they do not know their rights. These responses clearly convey a lack of confidence in dealing with financial matters. They do compare favorably with comparable data from 2016, when 32.4% of all respondents stated that they know their rights ‘to some extent’ (the median

response) and 53.6% stated they do not know their rights. However, the percentage of respondents who felt that they have 'complete knowledge' of their rights and obligations fell slightly from 13.9% in 2016 to 12.8% in 2022. As financial products and services both expand *and* diversify in Palestine, it is possible that people may become less confident in financial matters, since a greater breadth of knowledge is required to keep up with new developments. Residents of the West Bank (13.4%) are slightly more likely to report knowing their rights than those of the Gaza Strip (11.7%). However, residents of the Gaza Strip (53.6%) are much more likely to say they do not know their rights and obligations relative to residents of the West Bank (41.8%). Residents of the central West Bank were notably more confident (19.1% reported complete knowledge) than all other sub-regions. This is mainly accountable to male respondents (25.9% reported complete knowledge), although the percentage of female respondents in this sub-region who reported complete knowledge (12.2%) was notably higher than female respondents from other sub-regions. Across the whole survey population, a much higher proportion of women (57.8%) said they did not know their rights and obligations, relative to men (35.1%). Respondents who are older than 65 years are also more likely to select this option. There is a strong negative correlation with education and income. In other words, less-educated respondents, and those who earn less income, are more likely to state that they do not know their rights and obligations.

Financial Behavior

The survey asked a series of questions about respondents' behaviors. Reflecting the reality of living in a context where (at least) three foreign currencies are regularly used, 34.4% of respondents indicated that they monitor foreign currency markets and exchange rates. This has fallen slightly from 2016 (36.4%). Education and income are also significant factors, with higher levels of both education and income correlating with great attention to currency markets. Private sector employees are typically paid in U.S. Dollars or Jordan Dinars, which might explain why interest in currency markets correlates with income. In the 2022 data, there were significant differences in gender, with 42.8% male respondents and 25.8% female respondents replying yes to this question. This gender divide can be explained by low levels of female participation in the workforce, particularly the private sector, where salaries are paid in Dollars and Dinars, combined with the fact that the male controls money in many households. A larger percentage of West Bank residents (36.5%) monitor currency markets than those in the Gaza Strip (31%), as do urban residents (35.7%) compared with respondents from rural areas (31.6%) and camps (27.7%).

The second-most monitored issue is the labor market: 31.2% of respondents indicated that they follow this issue. This is an increase compared with 2016 data, when 25.3% of respondents gave the same answer. Gender differences in the 2022 responses for this category are significant, with 42.4% of male respondents and 19.7% of female respondents monitoring the labor market. This reflects gender divisions between paid and unpaid labor in Palestine. There are also notable geographical differences between responses from the Gaza Strip (34.4%) – where the unemployment rate is much higher - and the West Bank (29.2%). A larger percentage of respondents living in camps (36.1%) monitor the labor market than those living in urban areas (32%) and rural areas (24.3%), which also corresponds to unemployment rates in these areas. Younger respondents (18-34 years) monitor the labor market more than older respondents, as do those with an associate diploma or BA/BSc. Respondents with greater income are more likely to monitor the labor market.

23.5% of respondents monitor inflation and/or the price of gold, compared to 20.3% of respondents in 2016. In 2022, male respondents (29%) are more likely to monitor inflation, as opposed to 17.9% of female respondents. Female respondents are more likely to monitor the price of gold (26.4%), compared to 20.7% of male respondents, as are respondents with higher levels of income. West Bank residents (28.3%) are much more likely to monitor inflation than those in Gaza Strip (15.7%), while respondents in rural areas (30.3%) monitor inflation more than those in urban areas (22.5%) and camps (20.1%). Older respondents, those with higher levels of education and those with higher levels of income are more likely to monitor inflation. A much larger percentage of West Bank residents (30.6%) monitor the price of gold relative to residents of the Gaza Strip (12%). Since gold is used as a form of saving by many families, particularly women, it stands to reason that the relatively more affluent residents of the West Bank pay greater attention to its price.

Table 7.7: Percentage of adults who monitor select financial and economic indicators, by region and gender (2022)

| Financial and economic indicators | West Bank | | Gaza Strip | | Palestine | |
|-----------------------------------|-----------|--------|------------|--------|-----------|--------|
| | Male | Female | Male | Female | Male | Female |
| Currency exchange market | 45.5% | 27.2% | 38.3% | 23.5% | 42.8% | 25.8% |
| Labor market | 40.1% | 18.0% | 46.2% | 22.5% | 42.4% | 19.7% |
| Inflation | 36.0% | 20.4% | 17.5% | 13.9% | 29.0% | 17.9% |
| Gold and other commodities | 27.1% | 34.2% | 10.1% | 13.9% | 20.7% | 26.4% |
| Taxes | 26.3% | 10.1% | 9.7% | 1.6% | 20.0% | 6.9% |
| Real estate market | 21.6% | 7.1% | 10.9% | 5.1% | 17.5% | 6.3% |
| Retirement plans | 13.8% | 7.0% | 11.1% | 2.5% | 12.8% | 5.2% |
| Interest rates | 17.5% | 5.3% | 5.8% | 1.2% | 13.1% | 3.7% |
| Stock market | 15.2% | 6.9% | 4.9% | 2.1% | 11.3% | 5.0% |
| Cryptocurrency | 3.9% | 1.2% | 4.8% | 1.2% | 4.2% | 1.2% |

Source: Demand Side Survey Data

Attitudes

67% of male respondents report having little or no control over their expenses, whereas only 56% of female respondents report having little or no control over their expenses. This higher percentage reflects greater levels of resource and asset control by men.

Among respondents who use some form of banking services (51.9%), they are generally satisfied with their banking services. Satisfaction is higher for men than it is for women across all regions and sub-regions in Palestine. In the Gaza Strip, respondents are generally less satisfied with banking services than in the West Bank. 24.5% of men and only 15.1% of women in the Gaza Strip report being satisfied with their banking services, compared with 36.7% men and 23.9% of women in the West Bank. Among respondents who use non-banking services, 41.1% reported that they are satisfied, which is lower than satisfaction rates banking services and products. 13.2% of women who use non-banking services and products reported being satisfied.

When bank account holders were asked to assess these products and services, they provided mixed responses. When asked about the affordability of fees, transaction costs and the process for opening an account, a range of responses was provided. The median response – ‘moderate’ – was selected most often in each case.

However, when data is disaggregated by gender, women are more likely to have (what could be described as) a more positive attitude to these issues. Male respondents are more likely to select ‘very expensive’ and ‘expensive’ in relation to fees (35.8%) and transaction costs (34%). 30.1% of female respondents selected these options with regards to fees and 27% with regards to transaction costs. However, 44.1% of female respondents thought fees were ‘affordable’ or ‘very affordable’ and 39.3% thought transaction costs were ‘affordable’ or ‘very affordable’ (compared with 33.1% of male respondents for both categories). Geographically, 35.1% of West Bank respondents stated that regular fees are ‘expensive’ compared to 30.7% of Gaza Strip respondents. However, responses on transaction costs were very similar geographically. West Bank residents (28.7%) were more likely to describe opening an account as ‘difficult’ relative to those in the Gaza Strip (22.2%). Residents of camps were more likely to rate fees and transaction costs as ‘expensive’ or ‘very expensive’ relative to rural and urban residents. They were also more likely to describe opening an account as ‘difficult’ or ‘very difficult’.

Table 7.8: Respondents’ assessment of the cost features of bank accounts, by region and gender (2022)

| Cost Feature | Assessment | West Bank | | Gaza Strip | | Palestine | |
|---|-----------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Monthly or annual fees (recurring fees) | Very expensive | 19.0% | 18.2% | 19.5% | 12.4% | 19.1% | 17.1% |
| | Expensive | 17.6% | 13.4% | 13.6% | 11.3% | 16.7% | 13.0% |
| | Moderate | 30.5% | 24.3% | 33.1% | 32.0% | 31.1% | 25.8% |
| | Affordable | 15.7% | 18.8% | 15.1% | 14.7% | 15.6% | 18.0% |
| | Very affordable | 17.2% | 25.2% | 18.6% | 29.7% | 17.5% | 26.1% |
| Cost of services and products (charges for transactions or usage) | Very expensive | 17.4% | 14.3% | 15.8% | 11.4% | 17.0% | 13.7% |
| | Expensive | 16.5% | 13.7% | 18.5% | 11.7% | 17.0% | 13.3% |
| | Moderate | 32.6% | 33.3% | 34.1% | 35.0% | 33.0% | 33.6% |
| | Affordable | 20.9% | 20.7% | 14.9% | 16.1% | 19.5% | 19.8% |
| | Very affordable | 12.6% | 18.0% | 16.8% | 25.8% | 13.6% | 19.5% |

Source: Demand Side Survey Data

The quality of customer service is generally positively appreciated, with 81.1% of respondents selecting ‘very good’, ‘good’ or ‘moderate’. There was little difference in responses according to gender or geography. 80.1% of respondents reported that it was ‘very easy’, ‘easy’ or ‘moderate’ to access account services. 48.7% of male respondents selected ‘easy’ or ‘very easy’, while 55% of female respondents selected the same answers. A slightly

higher percentage of respondents in the West Bank (51.2%) selected 'easy' or 'very easy' compared to respondents in the Gaza Strip (48.1%). Account-related digital banking services were judged to be 'very good', 'good' or 'moderate' by 77.4% of respondents who use such services. Once again, female respondents were more positive in their assessments, with 47.3% selecting 'good' or 'very good', whereas 42.8% of male respondents selected the same answers. Respondents in the West Bank (46.2%) were more likely to select 'good' or 'very good' relative to respondents in the Gaza Strip (37%). Waiting periods were judged to be 'very long', 'long' or 'moderate' by 70.1% of respondents. Once again, male respondents were slightly more dissatisfied than female respondents: 42.8% of male respondents selected 'long' or 'very long'; compared to 39.6% for females. The median response – 'moderate' – was the most common selection for both residents of the West Bank and Gaza Strip. However, residents of the West Bank were more likely to select both positive (i.e. 'short' or 'very short') and negative (i.e. 'long' or 'very long') responses. Overall, the geography of responses is complex, and women tend to be more satisfied with banking services than men.

Table 7.9: Respondents' assessment of service provision features associated with bank accounts, by region and gender (2022)

| Service provision features | Assessment | West Bank | | Gaza Strip | | Palestine | |
|--------------------------------------|----------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Account opening procedures | Very difficult | 15.8% | 13.5% | 11.4% | 7.8% | 14.8% | 12.4% |
| | Difficult | 14.5% | 11.6% | 12.8% | 8.5% | 14.1% | 11.0% |
| | Moderate | 25.3% | 24.7% | 32.9% | 37.4% | 27.1% | 27.1% |
| | Easy | 21.0% | 20.8% | 16.2% | 21.2% | 19.9% | 20.9% |
| | Very easy | 23.3% | 29.4% | 26.7% | 25.1% | 24.1% | 28.6% |
| Quality of customer service by staff | Very poor | 10.0% | 9.6% | 7.2% | 4.0% | 9.4% | 8.6% |
| | Poor | 9.7% | 12.5% | 11.5% | 11.5% | 10.2% | 12.3% |
| | Moderate | 26.1% | 24.1% | 30.6% | 24.5% | 27.1% | 24.2% |
| | Good | 27.4% | 25.6% | 21.1% | 23.7% | 25.9% | 25.2% |
| | Very good | 26.8% | 28.2% | 29.6% | 36.2% | 27.5% | 29.7% |
| Waiting period for services | Very long | 25.1% | 20.3% | 19.6% | 24.0% | 23.8% | 21.0% |
| | Long | 19.2% | 19.9% | 18.2% | 12.8% | 19.0% | 18.6% |
| | Moderate | 27.5% | 23.1% | 35.7% | 36.0% | 29.4% | 25.5% |
| | Short | 15.9% | 18.4% | 15.7% | 18.8% | 15.8% | 18.5% |
| | Very short | 12.3% | 18.2% | 10.8% | 8.5% | 12.0% | 16.4% |

Source: Demand Side Survey Data

Table 7.10: Respondents' assessment of product features associated with bank accounts, by region and gender (2022)

| Product features | Assessment | West Bank | | Gaza Strip | | Palestine | |
|------------------------------------|----------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Account minimum | Very high | 16.5% | 12.8% | 10.2% | 6.8% | 15.0% | 11.6% |
| | High | 17.1% | 16.6% | 18.6% | 18.6% | 17.4% | 17.0% |
| | Moderate | 34.7% | 36.6% | 39.3% | 35.3% | 35.8% | 36.3% |
| | Low | 17.6% | 17.5% | 15.5% | 18.7% | 17.1% | 17.7% |
| | Very low | 14.1% | 16.5% | 16.5% | 20.6% | 14.7% | 17.3% |
| Account electronic banking | Very poor | 7.3% | 7.3% | 8.9% | 6.3% | 7.6% | 7.1% |
| | Poor | 15.0% | 15.6% | 16.5% | 10.3% | 15.3% | 14.6% |
| | Moderate | 32.7% | 28.4% | 39.1% | 41.9% | 34.2% | 30.9% |
| | Good | 23.9% | 23.4% | 16.7% | 22.7% | 22.2% | 23.2% |
| | Very good | 21.2% | 25.4% | 18.7% | 18.7% | 20.6% | 24.1% |
| Ease of access to account services | Very difficult | 7.8% | 6.5% | 6.5% | 5.1% | 7.5% | 6.2% |
| | Difficult | 13.1% | 12.0% | 13.8% | 8.5% | 13.3% | 11.3% |
| | Moderate | 29.3% | 26.9% | 34.4% | 29.7% | 30.5% | 27.5% |
| | Easy | 25.4% | 28.6% | 19.8% | 25.2% | 24.1% | 27.9% |
| | Very easy | 24.3% | 26.0% | 25.5% | 31.6% | 24.6% | 27.1% |

Source: Demand Side Survey Data

Banks (51.5%), Islamic banks (50.3%) and financial savings' groups (46.5%) are the most trusted financial institutions in Palestine, although approximately one-quarter of respondents actively distrust these institutions (banks stand at 28.1%, Islamic banks at 26.2%, financial savings' groups at 26.5%). There is little difference between the West Bank and Gaza Strip in terms of trust in commercial banks and Islamic banks.

Table 7.11: Percentage of those who trust banking, institutions by gender and region

| | West Bank | | Gaza Strip | |
|------------------|-----------|--------|------------|--------|
| | Male | Female | Male | Female |
| Commercial Banks | 56.3% | 47.7% | 49.4% | 51.3% |
| Islamic Banks | 55.6% | 49.4% | 44.4% | 48.9% |

Source: Demand Side Survey Data

Microfinance lending institutions are also relatively distrusted, with 46.6% of respondents distrusting such services and 20.7% of respondents trusting them. Distrust is greater among male respondents, with female respondents more likely to state that they do not know how trust-worthy microfinance is. 49.1% of West Bank respondents distrust microfinance institutions, compared with 42.5% of Gaza Strip respondents. There is a noticeable difference in levels of distrust between rural areas (46%), urban areas (56.8%) and camps (59.2%). Older participants are slightly more distrusting of microfinance institutions, but there is no clear correlation with education or income levels. Insurance, leasing and brokerage companies are slightly less distrusted, with only private insurance providers commanding any significant levels of trust. 35% of all respondents distrust private insurance providers, while 32.3% trust them. 36% of respondents distrust leasing companies while only 10.5% trust them. 35.8% of respondents distrust brokerage firms, while 11.2% trust them. Across all three types of businesses, men were more distrustful than women, who were more likely to select 'I don't know/hard to answer'.

Table 7.12: Respondents' level of trust in non-commercial providers of financial services and products, by region and gender (2022)

| Service Provider | Level of Trust | West Bank | | Gaza Strip | | Palestine | |
|---|---------------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Retailers who accept payment by installment | Completely distrust | 10.0% | 9.3% | 5.4% | 1.8% | 8.2% | 6.4% |
| | Somewhat distrust | 26.1% | 24.2% | 31.7% | 26.2% | 28.3% | 25.0% |
| | Neutral | 14.1% | 13.8% | 17.0% | 14.0% | 15.2% | 13.9% |
| | Somewhat trust | 35.9% | 28.5% | 30.4% | 35.0% | 33.8% | 31.0% |
| | Completely trust | 1.3% | 2.2% | 4.0% | 3.5% | 2.3% | 2.7% |
| Unregulated financial service providers (lenders) | Completely distrust | 33.2% | 30.3% | 16.4% | 10.4% | 26.8% | 22.7% |
| | Somewhat distrust | 38.1% | 33.4% | 46.9% | 49.2% | 41.4% | 39.4% |
| | Neutral | 10.3% | 9.9% | 13.4% | 11.0% | 11.5% | 10.3% |
| | Somewhat trust | 5.3% | 5.8% | 9.0% | 4.7% | 6.7% | 5.4% |
| | Completely trust | 0.5% | 0.4% | 0.7% | 0.1% | 0.6% | 0.3% |
| Savings' groups (financial associations) | Completely distrust | 7.6% | 6.8% | 4.6% | 1.9% | 6.5% | 4.9% |
| | Somewhat distrust | 21.6% | 17.5% | 21.9% | 23.7% | 21.7% | 19.9% |
| | Neutral | 15.2% | 13.3% | 16.8% | 12.1% | 15.8% | 12.8% |
| | Somewhat trust | 40.0% | 40.2% | 41.1% | 43.1% | 40.4% | 41.3% |
| | Completely trust | 4.4% | 5.8% | 5.9% | 7.0% | 5.0% | 6.2% |

| Service Provider | Level of Trust | West Bank | | Gaza Strip | | Palestine | |
|---|---------------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Co-operative societies for savings and credit | Completely distrust | 7.8% | 6.3% | 5.4% | 2.1% | 6.9% | 4.7% |
| | Somewhat distrust | 37.6% | 30.4% | 36.6% | 31.7% | 37.2% | 30.9% |
| | Neutral | 19.4% | 17.0% | 20.3% | 19.4% | 19.8% | 17.9% |
| | Somewhat trust | 15.7% | 16.0% | 14.3% | 10.3% | 15.2% | 13.8% |
| | Completely trust | 1.0% | 0.7% | 2.1% | 2.0% | 1.4% | 1.2% |

Source: Demand Side Survey Data

Traditional savings' groups are more trusted in the West Bank (35.4%) than in the Gaza Strip (27.2%). There is a small gender gap in levels of trust, but a noticeable difference according to age, with older respondents less likely to trust these institutions. Trust in these institutions does not vary much with regards to levels of education and income. Unregulated lenders were the least trusted. 65.2% of respondents actively distrust this type of service, with male respondents (68.2%) more likely to be distrustful than female respondents (62.1%). Far more female respondents (21.7%) did not know whether unregulated lenders were trustworthy than male respondents (12.9%). Fewer women trusted such services (5.7%) than men (7.3%). It is very likely that these responses reflect the gender gap in the use of such services. Residents of the West Bank (67.5%) were more likely to distrust unregulated lenders than residents of the Gaza Strip (61.5%), however, there is little difference between urban areas, rural areas and camps. Older respondents are less likely to be distrustful - and more likely to answer 'I don't know' than younger age cohorts. Respondents with less education, and those earning less income, follow a similar pattern. Levels of trust in financial regulators are not uniform. 23.7% of respondents distrust the PMA; 33.7% of respondents trust the PMA; and 24.8% do not know. 24.5% of respondents say they distrust the PCMA; 25.6% of respondents trust PCMA; and 30.1% of respondents do not know. Female and less-educated respondents are more likely to select 'I don't know' in both cases, which reflects engagement with such organizations and the financial sector more broadly. Trust in the PMA does not differ much by region or locality, but West Bank residents are more likely to trust the PCMA. However, of the less than 50% of respondents using financial services supervised by the PMA, over half said they were satisfied with these products and services. Almost half of respondents who had used non-banking financial services and products were satisfied. When asked more specifically about settling insurance claims, most respondents who had done so indicated that claims take too long to settle. Approximately 20% of those who made a claim thought processes were complicated, and insurance firms tried to payout as little as possible.

For all questions on trust in financial institutions, the response 'I don't know' was significantly more popular with female respondents than male ones. Respondents from the Gaza Strip selected 'I don't know' more often than those from the West Bank, except when asked about retailers who accept payment in installments and savings' groups.

7.13: Respondents' level of trust in financial sector regulators, by region and gender (2022)

| Regulator | Level of trust | West Bank | | Gaza Strip | | Palestine | |
|--------------------------------------|---------------------|-----------|--------|------------|--------|-----------|--------|
| | | Male | Female | Male | Female | Male | Female |
| Palestine Monetary Authority | Completely distrust | 6.50% | 5.40% | 3.80% | 1.70% | 5.50% | 4.00% |
| | Somewhat distrust | 19.20% | 16.50% | 25.20% | 16.30% | 21.50% | 16.40% |
| | Neutral | 18.90% | 16.60% | 17.30% | 17.10% | 18.30% | 16.80% |
| | Somewhat trust | 37.10% | 26.60% | 35.10% | 27.50% | 36.30% | 26.90% |
| | Completely trust | 1.30% | 1.80% | 4.00% | 1.80% | 2.30% | 1.80% |
| Palestinian Capital Market Authority | Completely distrust | 6.20% | 5.80% | 3.20% | 1.80% | 5.00% | 4.30% |
| | Somewhat distrust | 20.40% | 16.40% | 26.50% | 17.40% | 22.70% | 16.80% |
| | Neutral | 21.80% | 17.10% | 21.40% | 18.50% | 21.70% | 17.60% |
| | Somewhat trust | 29.40% | 22.60% | 23.00% | 15.00% | 26.90% | 19.70% |
| | Completely trust | 2.40% | 2.30% | 2.40% | 1.60% | 2.40% | 2.00% |

Source: Demand Side Survey Data

8. Social Norms

There is widespread recognition across Palestinian society on the impact of social norms on financial inclusion. When asked to diagnose this problem in the survey, 69% of financial institutions agreed that gendered financial inclusion is limited by populist ideas on women's role in society, and limited investment opportunities for women. 58% agreed that gendered financial inclusion is negatively impacted by the limited incomes of women in general. One participant in the focus group on gender and financial inclusion indicated that "Social norms affect women's access to, and use of, financial services in all their forms. Many women do not open a private bank account since their husband or father is likely to own an account. This problem is exacerbated by the absence of sources of income or savings, and the lack of financial assets owned by women. The problem is exacerbated by the existence of negative social norms, not only among the general public, but also at official institutions and with decision-makers."

The PMA conducted a participatory gender audit that reflected positively on their commitment to gendered finance inclusiveness, and to holding other financial institutions accountable in this regard. At least two major banks have conducted a participatory gender audit that led to changes in their methods for taking into consideration the gender dimensions of their services. The Bank of Palestine developed the "Flistinieh" project and started offering a mini-MBA for women entrepreneurs and business-women, as well as interested activists. The National Bank created the "Hayati" current and savings' accounts; these products are offered to women only and are exempt from account management fees. Moreover, a minimum amount is not required to open an account.¹⁰¹ In March 2022, the PCMA and the Palestine Stock Exchange worked with the International Finance Corporation and UN Women to organize the "Ring the Bell for Gender Equality" initiative, working to advance gender equality.

When analyzing challenges and barriers to female inclusion in the financial sector, the social aspect is a crucial one. Even when regulations are drafted and implemented - and changes in the physical infrastructure of services are made - real financial inclusion is not possible without tackling the social and cultural infrastructure of Palestinian society, which is discriminatory in nature. Programs that target children as young as pre-school age, teaching them not to discriminate against women and practice gender equality, are important in ensuring future female inclusion across all sectors, and not just the financial one. The next section outlines some concrete steps that can be adopted in this regard.

101 <https://www.tnb.ps/en/page/hayati-savings-account>

9. A Roadmap towards a Gender Inclusive Financial System

Evidence shows progress towards the financial inclusion of women, especially regarding financial education and awareness in the banking system. The data shows that when women do make use of financial services and products, they are generally more positive in their perceptions of them. However, there are structural and systemic challenges that hinder the growth of a more gender inclusive financial system in Palestine. These structural issues require real political commitment to bring about the necessary, and required social change. While many financial sector actors may think structural issues are beyond their direct influence, there is an opportunity for this sector, including regulators, to take the lead in driving broader social change. At the heart of such approaches must be the promotion of deep participation within the financial system, where everyone genuinely contributes to making decisions about how the system works, whom it supports and the form in which this support is offered.¹⁰² This will enable genuine inclusion, rather than just the proliferation of financial products and services.

Approaches to addressing structural barriers must necessarily address Israel's occupation as the most important barrier to financial inclusion in Palestine. In general, this requires finding ways to support women in Jerusalem, the Jordan valley, and the seam zone. Assistance ought to be directed to developing businesses and forms of economic self-sufficiency that support broader efforts to disengage from the Israeli economy. Reducing financial inclusion to narrow technical interventions, such as product and service design, will achieve little for citizens themselves. Democratizing the financial system and confronting the Occupation are overarching objectives. The narrative below outlines more specific policies to realize them.

9.1 Focus Area 1: Methods and interventions required to empower women economically

The key barrier to empowering Palestinian women economically is control of money. Women are excluded from the labor force and therefore do not earn their own income. At the household level, money is often controlled by men (e.g. a husband or father). Hence, public provisions might be the most effective mechanism for broadening the use of financial products and services, particularly among those who do not have incomes (or whose incomes are very small). This covers students, housewives and the long-term unemployed. Individuals with low or no income simply cannot afford to - nor have any reason to - use commercial financial products and services. State provisions are evidentially the best approach to financial inclusion in Palestine, where 26-27% of the whole population are unemployed, and a disproportionate percentage of this group are women. However, public provisions are not popular among commercial providers who want to realize profit, or policy-makers faced with limited budgets.

Recommendation 1 (medium to long term). Expand the public provision of financial products and services through the creation of a public bank or a publicly run cooperative bank. These could provide basic credit services, assume responsibility for government transfers ('benefit payments') and lead educational efforts outlined in section 8.3 below. Such a banking network could offer online services and have physical branches at municipal headquarters. This will enable citizens who prefer to visit physical buildings to access multiple public services at once. Using municipal buildings will ensure the spread of this financial infrastructure across Palestine. This system should be piloted in the Gaza

¹⁰² Kirwan, 2021

Strip, given higher levels of poverty, and thus higher reliance on public services. Commercial finance companies would benefit from a greater number of people using financial services (and commercial services would still be required for certain functions, such as mortgage lending. Commercial finance companies would not have to provide services such as basic bank accounts, which do not generate high levels of income. Since women lack the income to use commercial financial services, they would benefit the most. However, careful planning is required on how to make public bank branches accessible to all women.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|------------|------------------------|-------------------------------------|
| A1.1 Product and service design | Short | Government, Regulators | Creation of public/coop bank |
| A1.2 Digital service platform or website creation (or taking over existing platform) | Medium | Government, Regulators | Launch of digital platform |
| A1.3 Branch location at municipalities with facilities appropriate to women e.g. childcare | Medium | Government, Regulators | Creation of branch network |
| A1.4 Innovation in gender-service service provision e.g. peer advice groups | Long | Government, Regulators | Launch of gender-sensitive services |

Income and asset ownership are a key precursor to financial inclusion. In Palestine, a salary can be considered an asset since credit products often use a regular salary as collateral. Low levels of female participation in the Palestinian labor market are well documented. If women do not earn a salary, they are less able and less likely to save. While the financial sector has little direct impact over the labor market as a whole, it can serve as a guiding example in relation to gender-positive employment practices.

Recommendation 2 (short to medium term). The PNA, with the help of the donor community, should develop training interventions to help organizations in the financial sector improve the gender balance of their workforce, and increase the number of women in senior leadership positions. This should include unconscious bias training (focused on hiring and promotion practices), and developing gender-sensitive policies around flexible working hours, maternity/paternity leave and childcare provision that support women in work. NGOs and women’s organizations in Palestine should also establish an industry-wide mentoring scheme for women on finance, to provide support for younger female professionals working in the sector. This scheme should focus on getting women into management roles. Regulators require financial institutions to have an institutional gender mainstreaming policy and to conduct a gender audit every 3 years. All these activities should be widely promoted and advertised to influence other sectors of the labor market.

Data findings on financial knowledge and confidence suggests that the expansion of financial products and services since 2016 has created new kinds of expertise, beyond existing family and friends’ networks. There is an opportunity for policy-makers to use this broadening of expertise to continue the expansion of relevant knowledge and skills.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|------------|--|--|
| A2.1 Development and provision of anti gender-bias training | Short | Companies, NGOs, PNA, donors | Training program launched |
| A2.2 Flexible working hours | Short | Companies, Regulators | Legislation/code of practice implemented |
| A2.3 Enhance maternity and paternity leave | Short | Companies, PNA | Legislation/code of practice implemented |
| A2.4 Develop industry-wide mentoring scheme | Medium | Companies, Regulators, Women's organizations, NGOs | Scheme launched |
| A2.5 Monitoring/gender audits | Medium | Regulators | Audit program launched |

Recommendation 3 (short to medium term). The PMA and PCMA should develop a money mentors training program. In this scheme, community members are trained in money management skills and also, crucially, in how to share this knowledge with relatives, neighbors and friends. Although levels of trust in financial institutions are relatively high in Palestine, this scheme ensures key financial knowledge and skills are shared with hard-to-reach populations in ways that are appropriate to them (i.e. according to gender, age, ability and education). The program utilizes both existing social networks – which are still the most trusted source of information about finance in Palestine – and those who are already using financial services and products. This training program could be offered both online and offline, modified specifically for women. This might be performed through providing childcare, such that women with care responsibilities can attend training, while also ensuring that training materials reflect the life realities of women. The training of money mentors could also be offered to school children. As a whole, the program builds on existing educational outreach undertaken by the PMA, which is working on educating young people. **It can also build on the work that has already been performed to launch the “Monshati Platform”¹⁰³, while developing a similar platform specializing in money management skills and financial knowledge in general.**

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|------------|---------------------|----------------------------|
| A3.1 Recruit and train money mentors | Short | Regulators | Mentors recruited |
| A3.2 Co-design mentoring program, including for schools | Short | Mentors, Regulators | Program launched |
| A3.3 Develop online resources | Medium | Mentors, Regulators | Online resources published |

Starting a money mentorship scheme is one small part of democratizing finance. However, the risk in this scheme is that it might focus on bringing citizens into the existing financial system, without also transforming that system. To fully democratize finance, all citizens' needs and aspirations need to be central to the way that the financial system works. Currently, decisions around finance are taken by an educated elite and foreign consultants. This needs to change if genuine financial inclusion is to be achieved.

103 <https://monshati.ps/page/about/en>

Recommendation 4. The PMA and PCMA should establish a network of community researchers (citizens) who are included on the National Financial Inclusion Committee. Community researchers are people who have other work (including housework) or study, and are paid to conduct small-scale research on their communities. Since they are embedded, they understand the issues facing their community and act as a voice for where they live. With suitable training, they can co-define the relevant issues their community is facing, and how financial products and services might help address such issues. They can also generate data to explain local differences noted throughout this report. If performed properly, this form of citizen-led research will generate high-quality qualitative data that enables more informed decision-making at the policy level. Given the male dominance of decision-making space, women should be disproportionately recruited for citizen researcher roles.

A regular citizen researchers' forum should be created to enable knowledge-sharing among researchers working in different places. Representatives from this group should then be appointed to sit on the National Financial Inclusion Committee. To ensure their participation is not tokenistic, time should be allotted in the agenda of every meeting for updates from the citizen researchers. Policy development should become a co-production process with citizen researchers. Finally, financial institutions, including regulators, could promote female citizen researchers to their boards. This would address the current lack of gender balance, and ensure an innovative perspective on their business and regulatory activities, drawn from the communities they seek to serve. While this model directly challenges the existing power relations through which financial knowledge and action are created, it has significant potential to develop highly-innovative solutions, particularly when problems are co-defined. Although there are many examples of such processes at work elsewhere across the globe, Palestine has the opportunity to become the first country to use citizen knowledge co-production in the governance of finance.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|-------------|-----------------------------------|--|
| A4.1 Establish management infrastructure within regulators | Short | Regulators | Management process codified |
| A4.2 Recruit and train community researchers | Medium | Regulators | Community research team established |
| A4.3 Community researchers identify issues and collect knowledge | Medium-Long | Community researchers | Community research process established |
| A4.4 Integrate community researcher as representatives in National FI committees | Medium | Regulators, Community researchers | Community research input process established |

9.2 Focus Area 2: Reforms to legal and regulatory frameworks

There is some scope for both more gender-equal legislation and better implementation of existing and future legislation.

Recommendation 5 (short term). Establish a new role within the Ombudsperson's Office at the PMA and the PCMA for designing and implementing gender-sensitive legislation. This office is already responsible for establishing 'a culture of respect for the rule of law and legal bodies and abidance by official and legal channels'. Although the office

is created to manage internal matters, the remit of this new role could be expanded to external organizations governed by the PMA and PCMA. The post holder could also focus on developing improved legal rights and protection for women working in the informal sector.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|------------|----------------|----------------------------------|
| B1.1 Establish role within Ombudsman's office | Short | Regulators | Role established |
| B1.2 Draft legislation/regulations | Short-Long | Regulators | Legislation/regulation published |

Many obstacles and barriers to women's financial inclusion are not specific to the financial sector, but stem from social norms and women's generally weak position in society. Financial regulators and financial organizations cannot directly intervene in issues such as domestic violence.

Recommendation 6 (medium term). Conduct and publish research into the economic dimensions of gender-based violence (e.g. control of females' money and income, disinheritance of women, control over women's decision to work, etc.) and its impact on the financial inclusion and economic empowerment of women and marginalized groups. This involves partnering with existing women's organizations that directly address gender-based economic violence, and promote the financial rights of women. An industry-wide zero-tolerance policy should be adopted towards any form of domestic violence committed by finance professionals, complete with training and changes to employment practices such that perpetrators can be fired.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|------------|-----------------------------------|----------------------------|
| B2.1 Conduct and publish research on the economic dimensions of gender-based violence | Short | Regulators, Community researchers | Research published |
| B2.2 Design and launch campaigns opposing gender-based economic violence | Medium | Women's organizations, Regulators | Campaign launched |

Numerous existing policies and initiatives that have been successful are data driven. Regulators should continue along this path, by making more data publicly accessible. This will ensure transparency and accountability around gender inequality. Commercial companies and researchers will also benefit from readily available data.

Recommendation 7 (short term). Promote the collection of more detailed, gender-disaggregated supply-side data. The existing suite of key gender indicators, published and regularly updated on www.financialinclusion.ps, should be expanded to include female labor force participation rates and data about female control of income, since these are the two key factors governing gendered financial inclusion.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|------------|----------------|--|
| B3.1 Publish data sets from all commissioned research | Short | Regulators | Data sets published |
| B3.2 Promote the collection of more detailed gender-disaggregated supply-side data that can help in evidence-based policy decisions to promote financial inclusion for women | Short | Regulators | Detailed gender disaggregated data collected |

9.3 Focus Area 3: Financial products and services for women

Women's access to financial products and services is largely limited by their lack of income, and (to a lesser extent) knowledge. Data from the population survey shows that physical access to financial products and services is *not* a reason why women do not engage in the financial system. In terms of knowledge, the data shows that social media is the most direct route for reaching women, although it is less likely to reach less-educated women than TV and radio. In general, younger people tended to score better results on financial knowledge questions, which indicates that existing education programs are a sound long-term investment. To further improve women's access to finance, a combination of traditional and digital educational methods should be used.

Recommendation 8 (medium term). Financial product and service providers should expand the provision of mobile service centers, similar to a mobile library, to reach women in rural areas, or areas where the intensification of Occupation violence makes a permanent physical presence a high risk. This could take the form of a caravan or converted Ford Transit, building on the experiences of the Bank of Palestine and the Arab Islamic Bank in this regard. A vehicle can travel to different places each day, covering multiple localities within the same day. A number of units would be required to cover the different sub-regions of Palestine on a regular basis. The advantage of this approach is that it engages parts of society – such as the elderly - that are not familiar with digital approaches and methods. The PMA and PCMA should adopt a similar approach to reaching these communities.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|------------|-----------------------|--|
| C1.1 Design mobile service center and management infrastructure | Short | Companies, Regulators | Management of mobile service centers established |
| C1.2 Implement mobile service center | Medium | Companies, Regulators | Mobile service centers operating |

Recommendation 9 (short term). Financial product and service providers should make greater use of social media, TV and radio to reach people. They should develop content (see next recommendation) that specifically targets women, recognizing that the category of women is in itself heterogeneous in its needs and approaches. This content can advertise the products and services already offered by commercial finance providers, specifically for women. This is the most effective method to reach women, since social media is used on a daily basis by a significant percentage of the population and the gender gap in social media usage is small. However, given that this method favors more-educated women, this content should be duplicated on TV and radio.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|------------|-----------------------|---------------------------------|
| C2.1 Design and disseminate social media content | Short | Companies, Regulators | Social media campaigns launched |
| C2.2 Design and disseminate TV/radio content | Short | Companies, Regulators | TV/radio campaigns launched |

Recommendation 10 (short to medium term). Develop financially-viable products and delivery systems that meet the needs of low-income women and women-led MSMEs. Palestinian regulators and financial service providers are working towards improving financial inclusion, particularly among marginalized groups. Following the launch of the Financial Inclusion Strategy in 2018, regulators, banks, insurance companies and other financial service providers have implemented several initiatives targeting financially excluded women. This includes the provision of specially tailored products and incentives that attract women, while launching campaigns to introduce women to offered financial services and products. However, more work is required to improve women's financial inclusion.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|----------------|------------------------|---|
| A3.1 Demonstrate to financial service providers the business case for offering financial products and services to low-income women, through research and information sessions. | Short – medium | Regulators | Conduct research on the financial products and services that meet women's needs, and how they can be made profitable for financial service providers. Disseminate the results through information sessions. |
| A3.2 Push financial service providers to increase the percentage of the loan portfolio, savings' accounts, insurance policies and other financial services attributed to women | Short | Regulators | Reduce the gender gap in financial inclusion and increase women's access to basic financial products and services. |
| A3.3 Develop a program of innovation grants to incentivize new products and delivery systems with the greatest potential for advancing women's financial inclusion | Medium | Government, Regulators | Launch of innovative grants. |
| A3.4 Develop savings, insurance, pensions, and capital market products targeting women. Develop financial products that target women-led SMEs. | Medium | Companies | Development of new products |
| A3.5 Identify opportunities to develop financial products in the area of micro-insurance. | Medium | Companies | Launch of micro-insurance products. |

Recommendation 11 (medium term). Further increase women's access to financial services through expanding the reach of digital financial service (DFS), both at the microenterprise level and the household level. The expansion of DFS can help reduce financial exclusion of women by overcoming geographic, demographic and institutional constraints to financial inclusion. The development of innovative solutions that suit women's needs can also help reduce financial exclusion, by offering cheap, accessible and secure payment, collection and saving solutions. However, this requires overcoming current infrastructural, regulatory and social challenges.

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|--|------------|-----------------------|---|
| C4.1 Further develop the financial infrastructure, including the operational and regulatory framework | Medium | Companies, Regulators | Expansion in the provision of DFS |
| C4.2 Design new and innovative solutions that create value and match women's needs | Medium | Companies | Expansion in the access and usage of DFS by women. Provision of new of DFS solutions. |
| C4.3 Raise awareness and incentivize value chains for cashless transactions. | Short | Companies, Regulators | Expansion in cashless transactions |
| C4.4 Issue fintech guidelines, taking into consideration the imperativeness of women's financial inclusion | Short | Regulators | Issuance of guidelines |
| C4.5 Integrate gender considerations into the regulatory mix | Short | Regulators | Updating the PMA's Regulatory Sandbox Framework |

Recommendation 12 (short to medium term). Develop age-appropriate materials for educating primary children on basic financial knowledge, by educational specialists working with the PMA and the PCMA. This should focus on core ideas (e.g. savings, borrowing, budgeting, inflation). This knowledge could be combined with lessons on gender equality. Workshops should be developed alongside this content that train primary school teachers about how to incorporate these ideas into their lessons. Education at the primary level is a long-term investment in the knowledge base of the population. Almost 100% of the population complete primary education in Palestine, and therefore it is an effective way to reach everyone. Training primary school teachers will also have positive gender effects, since many women are employed as teachers. The educational materials will also be suitable for less-educated sectors of the adult population, and can be re-designed for social media campaigns, TV and radio content (see previous recommendation).

| Action point | Time frame | Responsibility | Key Performance Benchmarks |
|---|--------------|---|---------------------------------|
| C5.1 Co-design educational materials with experts | Short | Education specialists, Regulators | Educational materials published |
| C5.2 Develop and implement training program for the dissemination of educational materials in schools | Short-Medium | Education specialists, Regulators | Teachers trained |
| C5.3 Re-design education materials for broader dissemination e.g. through social media | Medium | Education specialists, Regulators | Social media campaign launched |
| C5.4 Develop capabilities and upskilling programs that are tied to actual, real-time transactions (focusing on products offered to women) | Short-Medium | Financial service providers | Clients trained |
| C5.5 Roll out of financial and digital literacy programs adapted to meet women's needs | Medium | Regulators, Financial service providers | Programs launched |

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