



MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Palestine Economic Update

September 2026

Key Messages :

- Public finances remain in severe crisis, driven primarily by Israel's continued withholding of clearance revenues since May 2025.
- Israeli banks postponed the termination of correspondent banking relationships until end-2026, providing temporary relief amid mounting monetary pressures and persistent structural vulnerabilities.
- Rising Israeli settler violence in the West Bank is increasingly destroying productive assets, restricting access to land and water, raising production costs, displacing communities and undermining livelihoods and broader local economic activity.
- The expansion of electronic and non-exchange trading in Palestine is widening investment options while increasing the need for investors to understand the associated ownership rights, costs, leverage risks and regulatory protections.

1. Public Finance Update

Public finances remain under severe pressure, with the crisis increasingly reflected in unpaid salaries, rising debt-service costs, further accumulation of arrears and domestic borrowing, and disruptions to essential public services. The central constraint remains Israel's continued suspension of clearance-revenue transfers since May 2025.

On 23 August, the Ministry of Finance paid only 50% of public employees' salaries for May 2026, with a minimum payment of ILS 2,000, while accumulating further liabilities to employees.¹ The Palestinian National Authority (PA) has been paying partial and delayed salaries since November 2021.² To manage these accumulated obligations, the PA has introduced limited non-cash settlement mechanisms. The Yaboos application, launched in June 2026, allows public employees to use part of their outstanding government entitlements to pay electricity, water, telecommunications and internet bills.³ By the end of August, more than 53,000 employees had used the application and around 200,000 bills worth ILS 16m had been paid.⁴ Access to Yaboos was recently extended to civilian and military retirees and is expected to be expanded further to contract employees, as well as to municipal and other government services.⁵ A second ILS 500 credit was also disbursed to eligible employees in early September.⁶

By the end of May 2026, official public debt, excluding arrears and other obligations, stood at about \$4.7bn, equivalent to roughly 28% of 2025 GDP.⁷ The Minister of Finance, Estephan Salameh, has, however, estimated the government's total debt and outstanding liabilities at around \$17.4bn, equivalent to about 101% of 2025 GDP, with roughly 51% related to employee entitlements and the pension

system.⁸ Salameh also estimated the annual cost of government borrowing at around ILS 800m (\$267m), compared with approximately ILS 409m in 2023.⁹

The consequences of the fiscal crisis are becoming particularly visible in the health sector. Salameh estimated government liabilities to the sector at around ILS 4bn, including about ILS 1.4bn owed to pharmaceutical and medical-supply companies and ILS 2.6bn to hospitals.¹⁰ By 17 September, the Pharmaceutical and Medical Suppliers Union reported that more than 200 of roughly 520 medicines supplied through the Ministry of Health had reached zero-stock levels, while suppliers were awaiting a government payment of only ILS 15m against outstanding liabilities (around 1%).¹¹ The World Bank's latest assessment noted that more than 70% of 2025 expenditure on essential medicines, health-facility operations and medical referrals was financed through deferred payments.¹²

The World Bank's May Outlook projected a baseline fiscal deficit exceeding \$1.2bn before aid in 2026, narrowing to about \$400m after expected budget and development support.¹³ However, if clearance-revenue transfers remained fully suspended, the World Bank estimated that the financing gap after expected aid could rise to as much as \$3.8bn, equivalent to about 22.1% of 2025 GDP. With clearance-revenue transfers still suspended, this has become the most likely scenario.

Budget and development support reached about ILS 523m (\$171m) during the first five months of 2026, up 8.5% year-on-year.¹⁴ While external assistance is providing some relief, its scale remains small relative to the financing requirement. On 20 September, Prime Minister Mohammad Mustafa again called for additional direct budget support, alongside financing for the health and education sectors, during discussions with the World Bank.¹⁵

1 <https://www.wafa.ps/news/2026/8/23/152636>

2 <https://arabcenterdc.org/resource/running-on-empty-the-deepening-fiscal-crisis-of-the-palestinian-authority/>

3 <https://www.aljazeera.net/ebusiness/2026/7/24/https://english.wafa.ps/Pages/Details/172013>

4 <https://www.wafa.ps/news/2026/8/30/153084>
<https://www.aliqtisadi.ps/ar/Article/111149>

5 Contract employees are non-permanent public sector workers hired on temporary or fixed-term agreements rather than through standard civil service tenure tracks

6 Ibid

7 <https://pmof.ps/documents/accounts/monthly/2026/May.2026.Ar.pdf>

8 <https://www.palestineconomy.ps/ar/Article/24815>

9 <https://pmof.ps/documents/accounts/monthly/2023/Dec.2023.AR.pdf>

10 <https://www.aliqtisadi.ps/ar/Article/111149>

11 <https://www.aliqtisadi.ps/ar/Article/111500>

12 [World Bank: Economic Update on the West Bank and Gaza - May 2026](#)

13 Ibid

14 <https://pmof.ps/internal.php?route=financial-reports/monthly>

15 <https://www.wafa.ps/news/2026/9/20/154337>

2. A Temporary Relief for the Banking System

In late August and early September, Israel Discount Bank and Bank Hapoalim, the two Israeli banks providing correspondent banking services to banks operating in Palestine, agreed to postpone plans to terminate these relationships until the end of 2026 following negotiations with the Bank of Israel and Israeli Ministry of Finance and international intervention.¹⁶ Given the economy's deep-rooted dependence on shekel transactions and trade with Israel, terminating these relationships would have disrupted cross-border payments and trade financing, with potentially severe consequences for imports of essential goods.¹⁷

The extension, however, postpones rather than resolves the underlying problem, as correspondent banking continues to depend on temporary indemnity waivers issued by Israeli authorities, as opposed to a more permanent arrangement sought by two Israeli banks. Although an Israeli government-owned Company for Correspondence Services was established in 2019 to potentially assume this role, a designated Israeli legislation is still required before it can begin operating.¹⁸ The next Israeli government to be formed after the October elections will have to decide whether to activate the company, establish another permanent arrangement, secure the continued participation of Discount and Hapoalim under revised protections, or continue to rely on temporary measures. While the Palestine Monetary Authority (PMA) can strengthen regulation, pursue international support and reduce reliance on cash, it cannot independently resolve the underlying vulnerability created by monetary arrangements established under the Oslo process and Paris Protocol, which leave critical aspects of Palestinian payments and liquidity dependent on Israeli decisions.

In a related development, Israel agreed in early August to bring forward the fourth-quarter shekel cash shipment, allowing around ILS 4.5bn in accumulated

banknotes to be transferred to the Bank of Israel.¹⁹ The PMA described the measure as providing short-term liquidity and replenishing Palestinian banks' balances with their Israeli counterparts, while stressing that it offered temporary relief rather than a permanent solution.²⁰

2.1 Recent MAS-Led Discussions

On 29 July, MAS held a roundtable on correspondent banking relations, highlighting their role as critical financial infrastructure for the economy rather than simply a mechanism for cross-border payments.²¹ The absence of a national currency, heavy reliance on the shekel and deep trade and financial integration with Israel mean that any disruption could affect payments, liquidity, trade, supply chains, workers' transfers and customs revenues, with broader consequences for businesses, prices, public finances and financial stability. Participants stressed the immediate need to preserve existing relationships through international engagement, stronger compliance and contingency planning, while gradually reducing concentration risks through digital payments, additional regional and international settlement channels and more diversified banking relationships. Nevertheless, they cautioned that digitalisation and alternative settlement mechanisms can strengthen resilience but cannot replace existing correspondent relationships, reinforcing the need for more predictable institutional arrangements instead of repeatedly renewed temporary guarantees. PMA Governor Yahya Shunnar also linked correspondent banking directly to the excess-shekel problem, calling for higher or no ceilings on cash repatriation and a broader institutional review of the monetary provisions of the Paris Protocol.

On 16 September, MAS held a policy roundtable focusing on the chronic accumulation of physical shekels in the banking system, a closely related structural problem arising from the same monetary and trade architecture.²² Shekel inflows are estimated to require the transfer of around NIS 25-30bn annually to Israeli banks, compared with an annual repatriation ceiling

16 [Reuters: Israeli banks to continue working with Palestinians through 2026](#)
[Time of Israel: Palestinian banking crisis averted, as Israeli bank delays plan to halt collaboration](#)

17 See June 2026 issue of the Palestine Economic Update for detailed coverage.

18 <https://www.jpost.com/israel-news/article-724291>

19 <https://english.wafa.ps/Pages/Details/173204>

20 <https://www.pma.ps/news/--msega3du>

21 <https://mas.ps/news/14403.html>

22 <https://mas.ps/news/14664.html>

of around NIS 18bn.²³ The resulting accumulation of cash constrains banks' ability to accept additional deposits and deploy funds for lending and investment, while increasing storage, liquidity, foreign-exchange swap and other operating costs. It can also constrain trade settlement because cash shipments replenish the electronic shekel balances Palestinian banks hold with Israeli correspondents.

The PMA has sought to reduce cash dependence through rapidly expanding digital payments, which reached around 126.4m transactions worth \$35.2bn between June 2025 and June 2026.²⁴ However, experts stressed that digitalisation can reduce cash circulation but cannot resolve the underlying imbalance between continuing shekel inflows and restricted repatriation. The policy discussion therefore called for higher and more predictable cash-transfer ceilings, expanded digital payments, greater use of the dollar and Jordanian dinar, and diversification of trade and settlement channels.

2.2 Regulatory and International Efforts

To contain the growing monetary pressures, the PMA has continued its international engagement, regulatory reform and efforts to reduce reliance on cash.²⁵ On 25 August, it held discussions with the Central Bank of Jordan on fintech, open banking, API standards, regulatory sandboxes and digital financial services.²⁶ In parallel, the PMA has intensified international engagement to preserve correspondent banking relationships and promote more durable arrangements beyond repeated temporary extensions.²⁷

In a particularly relevant step underscoring its commitment to international AML/CFT standards, the PMA held a high-level meeting with MENAFATF on 27 August to review progress in strengthening Palestine's anti-money laundering and counter-terrorist-financing framework, including updated national and sectoral risk assessments and issues directly related to correspondent banking.²⁸

23 <https://mas.ps/publications/14628.html>

24 <https://www.pma.ps/news/126-352--msmwh5a1>

25 <https://www.pma.ps/anti-money-laundering/aml-instructions>
<https://www.pma.ps/news>

26 <https://www.pma.ps/news/--mt8p1x1x>

27 <https://www.pma.ps/news/--mtsmesqg>

<https://www.pma.ps/news/--mt71407n>

<https://www.pma.ps/news/--mrn7jwbv>

<https://www.pma.ps/news/--mrdg6tk5>

28 MENAFATE: High-Level Meeting with the State of Palestine to Discuss Strengthening the National AML and CTF System

3. Settler Colonial Expansion, Violence and Destruction of Livelihoods

On 8 September, Canada and 11 European countries announced their intention to introduce, or consider, restrictions on trade in goods originating from Israeli settlements, citing accelerating settlement expansion, the tender for E1 project in East Jerusalem and unprecedented levels of settler violence in the West Bank.²⁹ The statement reflects growing international concern over settlement activity in the West Bank in violation of international law.³⁰

In 2025, the Israeli government approved the establishment or recognition of 54 settlements, while Israeli settlers established 86 new settlement outposts,³¹ including around 60 agricultural or pastoral farms.³² This represents a sharp acceleration in the establishment and geographic spread of outposts in the West Bank, with at least 59 new outposts established in 2024 compared with an annual average of fewer than seven between 1996 and early 2023.³³ This expansion has also included at least 21 outposts in Area B, which are areas under Palestinian civil jurisdiction under the Oslo II framework. According to the Palestine Central Bureau of Statistics (PCBS), there were 645 Israeli occupation sites and military bases in the West Bank by the end of 2025, comprising 151 settlements, 350 settlement outposts (including 89 pastoral outposts) and 144 other sites, including industrial, tourist and service areas and Israeli military bases.³⁴ This represents a 33.5% increase from 2022, reflecting the establishment of 162 new settlement outposts over the period.³⁵

Settlement planning also reached record levels in 2025, with 63,311 housing units advanced through

29 [Le Monde: 11 European countries and Canada sanction products from Israeli settlements in West Bank](https://english.wafa.ps/Pages/Details/174555)
<https://english.wafa.ps/Pages/Details/174555>

30 <https://www.icj-cij.org/node/204160>

31 Settlements are Israeli colonies in the West Bank that have been formally approved by the Israeli government and completed the relevant planning process. Outposts are settlement sites established without formal authorisation under Israeli law. The term also includes sites that the Israeli government has subsequently decided to recognise or establish as settlements but that have not yet completed the required planning process. Outposts can later be retroactively authorised and recognised as official settlements.

32 <https://peacenow.org.il/en/summary-of-2025-in-settlements>

33 <https://peacenow.org.il/en/>

34 <https://www.pcbs.gov.ps/en/post-details/?postId=25974>

35 <https://microdata.pcbs.gov.ps/post.aspx?lang=en&ItemID=5750>

Israeli planning processes, including 27,941 in the West Bank excluding East Jerusalem and 35,370 in East Jerusalem, compared with a total of 28,872 units in 2024.³⁶ Administrative and legislative changes introduced since 2023 have contributed to the accelerated settlement planning. In June 2023, the Israeli government removed the requirement for approval by the Israeli Minister of Defense at each stage of the planning process, while from November 2024 the Israeli Higher Planning Council shifted from meeting approximately once every four months to meeting weekly for expedited approvals.³⁷ Recent “umbrella agreements” have accelerated settlement development by committing large-scale government funding for infrastructure, including for around 12,000 housing units in the northern West Bank and about 7,000 units in Ma’ale Adumim, roughly half of them planned in E1.³⁸ In February 2026, the Israeli Security Cabinet also authorised the Civil Administration to exercise enforcement powers over environmental, water and archaeological matters in Areas A and B, expanding Israeli administrative intervention into areas formally under Palestinian civil jurisdiction.³⁹

A 2025 mapping exercise by Peace Now and Kerem Navot estimated that shepherding outposts exercise de facto control over around 786,000 dunams, equivalent to 14% of the West Bank area, including about 281,500 dunams classified by the Israeli Civil Administration as privately owned Palestinian land.⁴⁰ By comparison, the fenced areas of established Israeli settlements cover less than 180,000 dunams, showing how the territorial impact of settlement expansion extends well beyond built-up areas. Between 2024 and 2025, more than 222 km of new roads associated with settlement and outpost expansion were opened in the West Bank, including on expropriated privately owned Palestinian land.⁴¹ Between 2023 and 2025, Israeli authorities declared 25,959 dunams (26 km²) in Area C as “state land”, roughly half of all such declarations since the Oslo Accords.⁴² Such declarations can facilitate the

subsequent allocation of collectively owned but not titled (Masha’a) land for settlement development and come in addition to land confiscated by other mechanisms and under different pretexts.⁴³

3.1 Settler Colonial Violence

Alongside settlement expansion, settler violence has also increased sharply. OCHA recorded 853 direct settler attacks resulting in Palestinian casualties and/or property damage in 2022, rising to 1,836 in 2025.⁴⁴ Between January and August 2026, OCHA documented 1623 of such attacks, equivalent to an average of 6.7 attacks per day, compared with five per day in 2025 and about 2.3 per day in 2022.⁴⁵ These figures exclude many incidents of harassment, intimidation, trespass and access restrictions where no casualty or quantifiable property damage is recorded.

The severity of attacks has also increased. According to OCHA, the rate of Palestinian injuries directly inflicted by Israeli settlers rose from around one injury every three days in 2020 to two per day in 2025 and more than three per day in 2026.⁴⁶ Between January and August 2026, more than 1,100 Palestinians had been injured in the context of settler attacks.⁴⁷ The geographic reach of the violence has widened alongside its frequency, with 279 Palestinian communities affected by settler attacks in 2025, compared with 173 in 2022.⁴⁸

3.2 Attacks on Livelihoods

The economic effects of settler violence are particularly severe for agriculture, on which approximately 115,000 West Bank households (16.4% of all families) depend for their livelihoods.⁴⁹ Settler attacks have are having severe implications on livelihoods through the destruction or theft of agricultural assets, vandalism and burning of trees and cultivated land, obstruction of access to agricultural and grazing land, damage to water

36 [EU: 2025 Report on Israeli settlements in the occupied West Bank, including East Jerusalem](#)

37 <https://peacenow.org.il/en/settlement-planning-monitor>

38 PEACENOW: Government Signs Umbrella Agreement with the Samaria Regional Council for Settlement Infrastructure

39 <https://peacenow.org.il/en/the-quiet-annexation-of-areas-a-and-b>

40 <https://peacenow.org.il/wp-content/uploads/2025/03/ENG.pdf>

41 <https://peacenow.org.il/en/budget-transfer-to-settlements>

42 Amnesty International: Israel’s ethnic cleansing of West Bank Bedouin and herding communities

[EU: 2024 Report on Israeli settlements in the occupied West Bank,](#)

[including East Jerusalem](#)

43 <https://www.pcbs.gov.ps/en/post-details/?postId=25974>

44 OCHA: WEST BANK MONTHLY SNAPSHOT July 2026
[West Bank Humanitarian Situation Update #352](#)

45 <https://www.ochaopt.org/content/-report-11-september-2026>

46 <https://www.ochaopt.org/content/report-16-july-2026>

47 <https://www.ochaopt.org/content/report-4-september-2026>

48 <https://www.ochaopt.org/content/report-11-september-2026>

49 [FAO: West Bank: 72 000 families urgently require emergency agricultural assistance](#)

infrastructure, theft or killing of livestock, and the displacement of communities from land on which agricultural production depends.⁵⁰

During 2024, OCHA recorded more than 26,100 trees vandalised in settler attacks.⁵¹ During the 2025 olive harvest season alone, OCHA documented 178 settler attacks causing casualties or property damage across 88 Palestinian communities, vandalising more than 6,000 trees and saplings, the highest harvest-season damage recorded in six years.⁵² Attacks also included crop and equipment theft and assaults on farmers travelling to or working in their groves and burning of olive groves and field crops at the edge of villages. During the 2023 olive harvest, more than 96,000 dunams of olive-cultivated land went unharvested because of Israeli access restrictions and fear of settler attacks, resulting in an estimated loss of more than 1,200 tonnes of olive oil and a \$10m direct financial loss.⁵³ OCHA documented 113 settler incidents associated with the 2023 olive harvest, including attacks on farmers, damage to trees and theft of crops and harvesting equipment.⁵⁴

Settlers have also been targeting herding communities by stealing or killing livestock, preventing access to grazing land, intimidating shepherds, destroying fodder and damaging animal shelters and agricultural equipment.⁵⁵ According to OCHA, settler incidents targeting Bedouin and herding communities that resulted in casualties, property damage or both rose from about 50 incidents in 2020 to approximately 330 in 2024.⁵⁶ Herders unable to access pastures due to Israeli restrictions or settler intimidation are forced to either reduce herd sizes or substitute free grazing with purchased fodder, directly increasing production costs and undermining the viability of pastoral livelihoods.⁵⁷

To further undermine the livelihoods of farmers, settlers have been deliberately targeting water

infrastructure. Between January and May 2025, 62 of 464 settler incidents involving property damage (13%) targeted water infrastructure used for domestic or agricultural purposes.⁵⁸ By late July 2026, settlers had damaged, destroyed or seized approximately 160 WASH structures, more than half of them water tanks, alongside pipelines, household connections and communal water systems.⁵⁹ The attacks continued throughout 2026, increasing reliance on costly water trucking.⁶⁰

Attacks on livelihoods are also increasingly visible in the displacement of Palestinian communities. Between January 2023 and August 2026, 130 communities experienced full or partial displacement following recurrent Israeli settler attacks and related access restrictions, resulting in the displacement of more than 6,400 Palestinians, including over 3,100 children.⁶¹ In the first eight months of 2026, more than 3,960 Palestinians had been displaced by demolitions, evictions, settler attacks and related access restrictions, with settler attacks and related access restrictions accounting for over 60% of the total or 2,500 displaced Palestinians.

Rising Israeli settler violence is restricting access to land, water and other productive resources, while destroying assets, raising production costs and reducing output and investment. Where these pressures lead to displacement, losses extend beyond damaged property to the effective loss of access to livelihoods. The impact also reaches beyond agriculture, affecting transport, commerce, services and local investment, and weakening household resilience and productive capacity.

4. August Trading Activity

The Al-Quds Index rose by 5.8% in August, closing at 685.8 points on the final trading day.⁶² Total trading value reached \$13.4m, up 6.1% from July, while the number of executed contracts increased from 1,336 to 1,998. Despite higher trading value and number, total traded volume declined by 23.5%

50 OCHA: West Bank Humanitarian Situation Reports - [11 September 2026](#), [23 July 2026](#), [12 June 2026](#) and [5 June 2026](#)

51 <https://www.ochaopt.org/content/humanitarian-situation-update-west-bank>

52 <https://www.ochaopt.org/content/humanitarian-update-346-west-bank>

53 OCHA: Olive harvest 2023

ILO: The situation of workers of the occupied Arab territories

54 <https://www.ochaopt.org/content/>

55 OCHA: West Bank Humanitarian Situation Reports - [13 March 2025](#), [23 April 2026](#) and [4 September 2026](#)

56 <https://www.ochaopt.org/content/humanitarian-update-268-west-bank>

57 <https://www.ochaopt.org/content/humanitarian-update-272-west-bank>

58 <https://www.ochaopt.org/content/humanitarian-n-update-289-west-bank>

59 <https://www.ochaopt.org/content/humanitarian--report-23-july-2026>

60 OCHA: West Bank Humanitarian Situation Reports - [12 June 2026](#) and [5 June 2026](#)

61 <https://www.ochaopt.org/content/humanitarian--report-4-september-2026>

62 <https://www.pex.ps/bulletins>

to around 6.5m shares, indicating that trading was concentrated in relatively higher-priced shares compared to July. Market capitalisation increased by 4.6% to about \$5.3bn.

4.1 Trading through Organised and Foreign Non-Regulated Exchanges

The formal introduction of licensed trading through foreign non-regulated exchanges (OTC markets) has widened the range of financial products available to Palestinian investors. The necessary regulatory framework was established under Bylaw No. 17 of 2023 on the Dealing of Securities Companies with Foreign Stock Exchanges⁶³ and PCMA Instruction No. 1 of 2024 on Securities Companies Dealing in Foreign Non-Regulated Exchanges.⁶⁴ Licensed brokerage firms began providing these services in 2024, giving Palestinian investors regulated local access to Forex and other financial contracts through firms subject to the Palestine Capital Market Authority (PCMA) licensing and direct electronic oversight.⁶⁵

Investors can now access not only conventional shares, but also currencies, commodities, stock-market indices, derivatives and other financial contracts through locally licensed brokers. However, these products can differ substantially in what the investor actually owns, how profits and losses are generated, the costs involved and the level of risk. Many products offered through Forex and foreign non-regulated exchanges provide exposure to changes in an asset's price through a financial contract without giving the investor ownership of the underlying asset. They may also involve financial leverage, which can magnify even relatively small price movements and cause investors to lose their committed capital much more quickly than in an equivalent unleveraged investment. The PCMA classifies this activity as high risk and stresses the importance of dealing only with licensed providers.⁶⁶

In the first half of 2026, licensed brokerage firms executed around 530 thousand contracts on non-regulated foreign exchanges (OTC markets),

compared with about 134 thousand contracts in the first half of 2025, an increase of about 296%.⁶⁷ Over the same period, deposits with licensed brokerage firms to fund such trading reached about \$11.6m, compared with around \$4.5m in H1 2025. However, the growth in activity has also been accompanied by substantial investor losses. According to the Palestine Capital Market Authority (PCMA), aggregate net losses reached about \$10m between March 2024 and August 2026, equivalent to 50% of total deposited funds. These are aggregate figures and do not mean that every investor lost money, but they illustrate the potential risks involved, particularly where financial leverage is used. By comparison, investors in securities traded on the organised Palestine Exchange (PEX) recorded a total return of 8% on their holdings in H1 2026, and 21.9% in 2025.⁶⁸

These figures also cover only activity conducted through firms licensed and monitored by the PCMA. They exclude trading through unlicensed platforms and intermediaries, where investors face additional risks, including fraud, difficulties recovering funds and the absence of regulatory protections applicable to licensed firms. The PCMA prohibits unlicensed entities from providing or promoting these services in Palestine and regularly publishes warnings and lists of entities identified as operating without the required licence.⁶⁹

4.2 Trading through Organised Exchanges

In conventional securities trading, an investor buys a financial security through a licensed broker and an organised stock exchange. For example, when an investor purchases shares in a company listed on the Palestine Exchange (PEX), the investor becomes an owner of those shares and obtains the rights attached to them. The same principle applies when Palestinians invest abroad. Through authorised brokerage arrangements, Palestinian investors can purchase securities listed on organised foreign exchanges in markets such as Jordan, the UAE, the United States, Saudi Arabia, Egypt and Qatar.

A shareholder may gain if the share price rises and may also receive cash or share dividends where the

⁶³ <https://mjrt.gov.ps/Decrees/ViewText/33533/>

⁶⁴ PCMA: Instructions Governing the Dealing of Securities Companies in Non-regulated Foreign Exchanges No.1 of 2024

⁶⁵ <https://www.pcma.ps/en/securities-sector/>

⁶⁶ <https://www.pcma.ps/>

⁶⁷ Unpublished data from the PCMA

⁶⁸ <https://www.pex.ps/reporting-center/indices>

⁶⁹ Ibid

company distributes profits. Depending on the type of security, ownership can also provide voting and other shareholder rights. Such investment is commonly associated with longer-term investment and portfolio building, although shares can also be bought and sold for short-term gains or speculation. Trading normally takes place during the official hours of the relevant exchange. Costs typically include brokerage commissions and, depending on the broker and market, transaction, custody or other fees.

Nine securities brokerage firms are currently licensed in Palestine, eight of which are also licensed to provide brokerage services in organised foreign financial markets.⁷⁰ In 2025, trading on the PEX reached \$383.2 million, involving 209.8 million shares and 23,643 transactions, while market capitalisation reached around \$4.9 billion.⁷¹ Separately, 4,948 Palestinian investors held portfolios worth approximately \$184.8 million on organised foreign exchanges, including \$80.4 million in Jordan, \$44.1 million in UAE markets and \$43.1 million in US markets.⁷²

4.3 Foreign Non-Regulated Exchanges

Trading through foreign non-regulated exchanges operates differently. These platforms can offer Forex and financial contracts linked to currencies, gold, oil, international share prices and stock-market indices.⁷³ The term non-regulated foreign exchange does not mean that a Palestinian brokerage firm offering these services is itself unregulated. Rather, it distinguishes the underlying decentralized, over-the-counter (OTC) market from centralized, organised exchange. The Palestinian intermediary must still be specifically licensed and supervised by the PCMA. Four firms are currently licensed to provide these services.⁷⁴

In 2025, the PCMA recorded 4,088 participants and 397,625 contracts in non-regulated foreign exchanges, compared with only 666 participants and

around 15,227 contracts in 2024.⁷⁵ Gold accounted for 227,349 contracts, the Dow Jones for 67,176 and Nasdaq for 40,173, while EUR/USD accounted for 7,636 contracts. Another 51,176 contracts were classified as “other.”

An important product offered through these platforms is the Contract for Difference (CFD). A CFD allows an investor to gain or lose from changes in an asset's price without owning the underlying asset itself.⁷⁶ For example, a Palestinian investor may purchase an actual Jordanian share through a broker connected to the Amman Stock Exchange and become a shareholder. Alternatively, a trading platform may offer a CFD linked to the price of the same share. Both prices may move almost identically, but the CFD investor does not own the share or obtain normal shareholder rights. Instead, the investor has a contractual position whose value changes with the price of the underlying share. The same principle can apply to contracts linked to currencies, gold, oil, market indices and other asset classes.

4.4 Risks, Leverage and Margin

One of the most important sources of additional risk in Forex and CFD trading is the widespread use of margin and financial leverage. Margin is the investor's own capital committed to support a position, while leverage allows that capital to provide exposure to a much larger position.⁷⁷ For example, with leverage of 10:1, \$100 can provide exposure to a \$1,000 position. A 5% movement in the underlying price would therefore generate approximately a \$50 gain or loss before costs, equivalent to half of the investor's original \$100. Leverage consequently magnifies both gains and losses. A relatively small adverse price movement can consume a large proportion of the investor's capital. If losses cause the account to fall below the required margin level, the investor may need to deposit additional funds, while the broker may automatically reduce or close the position. Investors can therefore lose the capital committed to a leveraged position much more rapidly than in an equivalent unleveraged investment.

⁷⁰ PCMA: Companies licensed to conduct financial activities for the year 2026

⁷¹ <https://www.pex.ps/bulletins>

⁷² https://www.pcma.ps/en/ereport_post/capital-market-sectors-2025/securities-sector-2025/major-developments-of-2025/

⁷³ Forex refers specifically to trading in foreign currencies, while non-regulated foreign exchanges or OTC trading platforms may offer a much wider range of derivative instruments, including CFDs linked to shares, commodities, indices and currencies.

See U.S. SEC explanation of Foreign currency exchange (forex)

⁷⁴ PCMA: Activity of Non-regulated Foreign Exchanges (Forex)

⁷⁵ https://www.pcma.ps/en/ereport_post/capital-market-sectors-2025/securities-sector-2025/major-developments-of-2025/

⁷⁶ <https://handbook.fca.org.uk/glossary/G217>

⁷⁷ PCMA: Instructions Governing the Dealing of Securities Companies in Non-regulated Foreign Exchanges No.1 of 2024

The risks are not limited to price movements. Because a CFD is a contract rather than ownership of the underlying asset, the investor also depends on the broker or provider for pricing, execution and settlement of the contract.⁷⁸ Market volatility can also cause prices to move rapidly, meaning that a position may be executed or closed at a different price from that expected.⁷⁹

Recognising these risks, the PCMA requires licensed firms to explain leverage risks to clients, assess their understanding, experience and financial knowledge before providing leverage, and introduce leverage progressively.⁸⁰ Licensed firms are also required to maintain technical safeguards against negative account balances and automated controls designed to limit losses. These safeguards reduce certain risks but do not protect investors from losing the capital committed to their trades.

4.5 Costs and Trading Characteristics

Investors purchasing conventional shares generally pay brokerage and related transaction or custody fees. On the other hand, Forex and CFD trading can involve bid-ask spreads, commissions and overnight financing charges, with financing costs becoming increasingly important when leveraged positions remain open for longer periods.⁸¹

CFDs also make it comparatively easy to take either a long position, expecting the price to rise, or a short position, expecting it to fall.⁸² They are therefore frequently used for short-term trading, speculation and hedging rather than long-term ownership and dividend income.

Currency markets and many major commodity contracts operate close to 24 hours a day during the working week (Monday to Friday), while trading hours for contracts linked to shares and

stock indices depend on the underlying market and the broker. Longer trading hours can expose investors to rapid market movements over a much larger part of the day.

Before entering any position, investors should understand what they are actually buying, whether they own the underlying asset, whether leverage is being used and at what level, what spreads, commissions and financing charges apply, how quickly losses could accumulate, when a position could be automatically closed, and whether the provider is licensed by the PCMA. PCMA licensing places the intermediary within a regulatory and supervisory framework, but market, leverage and trading risks remain with the investor. Dealing with an unlicensed provider adds another layer of risk by removing those regulatory protections altogether.

78 <https://www.fca.org.uk/publications/multi-firm-reviews/contracts-difference-providers-provision-price-and-value>

79 <https://handbook.fca.org.uk/handbook/cobs11>

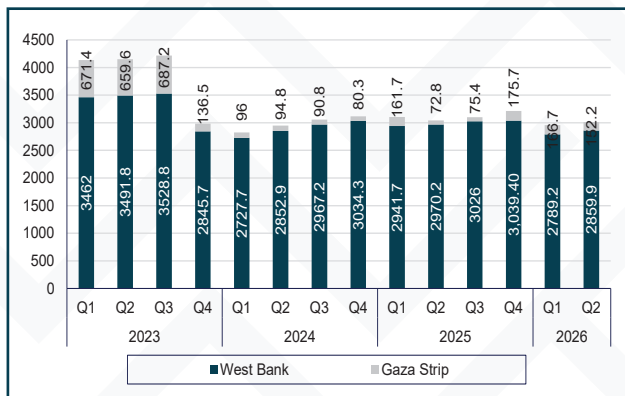
80 PCMA: Instructions Governing the Dealing of Securities Companies in Non-regulated Foreign Exchanges No.1 of 2024

81 <https://handbook.fca.org.uk/handbook/disc6>
https://www.esma.europa.eu/sites/default/files/library/2015/11/jc_dp_2015_01.pdf

82 Short selling is selling a security that the investor does not own with the intention of buying it back later at a lower price. [PCMA: Awareness-raising terms](#)

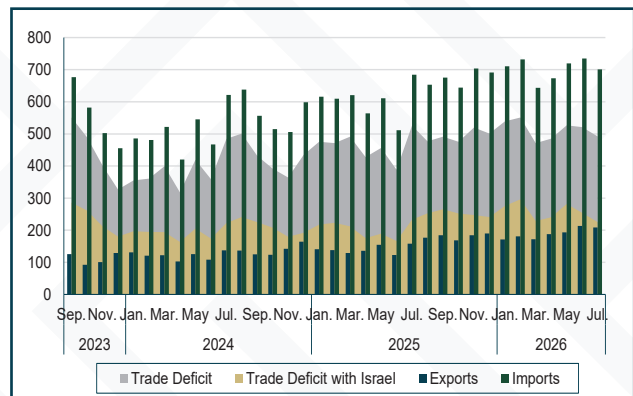
Gross Domestic Product

Quarterly Real GDP (million USD in 2015 prices) in Palestine by Region
Q1 2023 - Q2 2026



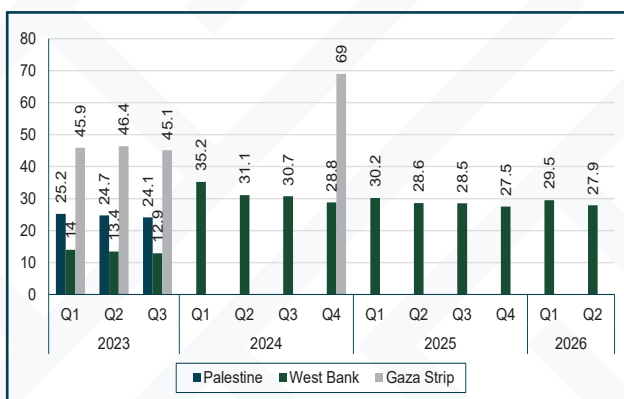
Trade

Monthly Export, Imports, Trade Deficit and Trade Deficit with Israel (million USD) in Palestine, September 2023 - July 2026



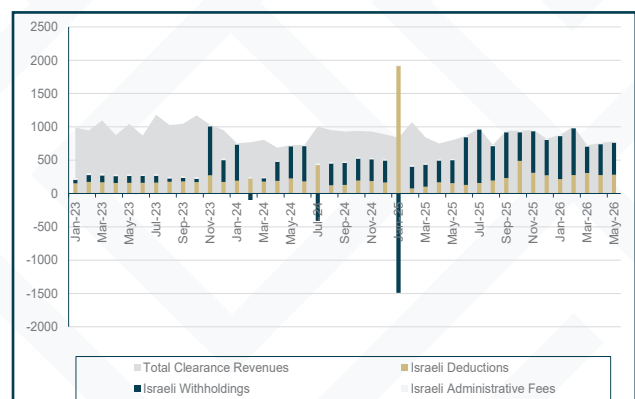
Unemployment

Quarterly Unemployment (%) in Palestine by Region
Q1 2023 - Q2 2026



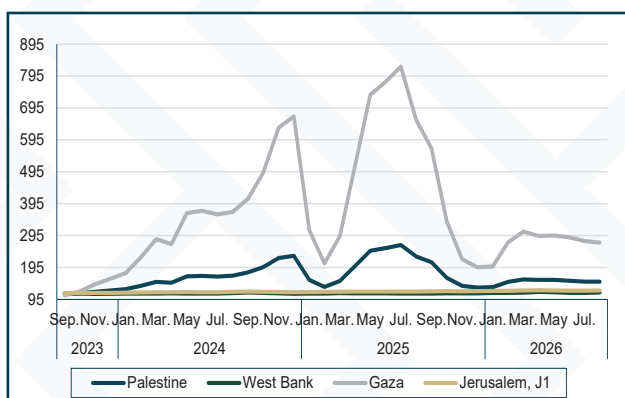
Clearance Revenue Flows

Monthly Total Clearance Revenues Israeli Deductions, Withholdings and Administrative Fees (million ILS) January 2023–May 2026



Inflation

Monthly Consumer Price Index (Base year = 2018) in Palestine by Region
September 2023 - August 2026



Banking

Monthly Customer Deposits and Credit Facilities (million USD) in Palestine
September 2023 - August 2026

