




Towards Financial Inclusion in a New Age Digital Economy



By Yasmin Hulileh

Fintech is a portmanteau for “financial technology.” It’s a catch-all term for technology that is used to digitize, streamline, and disrupt traditional financial services. Fintech can include everything from straightforward mobile payment apps to complex blockchain networks that house encrypted transactions. The most common framework for fintech companies in Palestine is peer-to-peer payment services that offer mobile-based e-payments, bill payments, mobile top up, voucher purchase, prepaid virtual debit cards, etc.

According to the Palestinian Financial Inclusion Strategy Report conducted by the Palestine Monetary Authority (PMA), the Palestine Capital Market Authority (PCMA), and other stakeholders for the years 2018–2025, the amount of banked society does not exceed 35 percent, which is distributed among 14 banks, 480 ATMs, 120,000 credit cards, and some 600,000 debit cards, leaving as much as 65 percent with no access to financial services. This number sheds light on the informal economy that dominates the finance industry, and the lack of financial inclusivity for a large segment of society. SME and MSME accounts are below healthy averages, with no special lending products and services available to this large segment of the business community. Such a financial landscape has created fertile soil for fintech, and digital wallets are tailored to meet these demand-chain preferences by providing financial access and independence to this high percentage of the population. Wallet systems could be the beginning of a long-term solution for the inclusion of Palestinians in the digital economy outside the scope of the traditional banking services offered, noting that the wallet’s main source of cashflow is cash and not via bank transfer.

MaalChat (*maal* for money in Arabic) is one of the financial service providers in Palestine. It is a digital platform, a mobile application, that provides secure



and easy-to-use mobile-based e-payment methods, utilizing a state-of-the-art CRM system that serves merchants and agents. This new technology will play a significant role in transforming the financial reality into a touch-free, cashless society. The service is currently restricted to smartphone users operating under Palestinian and Israeli mobile network operators to cater for all Palestinians living in the area, with the long-term goal of expanding into the Arab region to respond to the needs of Palestinians in the diaspora.

Fintechs must overcome the reputation of the financial services industry: some banks are greedy, others un-intuitive, and many not transparent. Financial technology companies need to market themselves differently in order to avoid these initial biases against the financial industry. Although partnerships with incumbents may be the best way forward, fintech companies still have a lot of work to do when it comes to marketing because the above-mentioned numbers reveal the lack of trust in financial institutions.

By increasing access to financial services, integrating logistics, and pushing forward necessary policy changes, Palestinians will rely on a banking system that is independent from any bank. This will enable many people to start online businesses with little to no capital, allow large distribution companies to cut costs, and especially provide financial support to families throughout the West Bank, Gaza, Israel, and in the diaspora efficiently and with minimal cost.

Yasmin Hulileh holds a bachelor's degree in law and business from the University of Warwick in the United Kingdom. She has been working with Maalchat for Electronic Payment Services since its launching in 2019, is a co-founder of Fana' Collective, and co-editor of The Black Journal, the collective's first paper publication.

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