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The COVID-19 Affected the Size of the Credit Facilities Granted to the Palestinian Market in Particular

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Abstract: ***In light of the difficult health and economic conditions in the Arab region in general and the Palestinian areas in particular, This study aims to shed light on the impact of the Corona pandemic on the volume of credit facilities granted to the banking sector in Palestine, where the importance of this study is that it is It deals with a topic of great importance to maintain the stability of the economic situation and the financial system with banks in particular, which is carried out by the Monetary Authority, whose role is limited to maintaining the banking system safe and stable. This study focused on determining the relative importance of the main effect, which is the Corona pandemic, to enable banks to identify ways to treat them. This study used the descriptive approach as data were collected from the Palestinian Monetary Authority website and the Palestinian Ministry of Health website, due to the difficulty of working and distributing questionnaires to Palestinian banks. And citizens due to the health conditions that our beloved country lives in.***

This study answered many questions about the volume of credit facilities granted in the market and whether they increased or decreased during the pandemic period, and what is the size of the losses that banks incurred by the end of this year as a result of this virus? And the policies adopted by Palestinian banks to mitigate the effects and consequences of the spreading pandemic. The study concluded with several results, the most important of which is that the Corona pandemic had a positive impact on the volume of facilities granted in the Palestinian market, as it increased the number of recommendations from the Palestinian Monetary Authority to facilitate credit dealings, and that all sectors were affected by this pandemic but to varying degrees. And the study ended its topic with several recommendations that may contribute to a large degree to limit the aggravation of the problem left by the Corona pandemic, the most important of which is to postpone the installments of borrowers and give them time to manage their financial affairs.

Keywords: Coved 19 viruses, credit facilities granted Palestinian market.

I. INTRODUCTION

This research was presented under the title 'The impact of the Corona pandemic on the volume of daily credit facilities, for the Palestinian market, due to the worsening effects of the Corona pandemic on the economic situation, which is called the problem of the current era due to its multiple negatives on all sectors, at the beginning we come to know the problem of this study and then know what its importance and its purpose, and we get to know the variables of the study and model and the society and sample study, and we will learn about the methods used and previous studies that talk about the subject, And the end of the coming to learn about the most important recommendations and results recommended by our study...

First of all, we must know the term credit facilities, which is 'the process of lending individuals or companies amounts of money for investment either in production or in consumption, provided that the debtor pays these funds with interest either in one payment or in installments within a period specified by the contract, but provided that this process is supported by a guarantee.'

These facilities have been designed to enable companies to do their day-to-day business ,to increase their assets, and to maintain their competitive position, credit facilities can be either cash such as loans, or non-cash such as guarantees.

For types of credit facilities, it can be divided by the repayment period into short-term (Short term loans), medium-term (bridge loans) or) long-term loans) . (QNB, 2020)

The term Coronavirus is a wide strain of viruses, causing infectious respiratory diseases from colds to more severe diseases, the outbreak of this virus began in the Chinese city of Wuhan, December 2019, and is now a pandemic affecting all countries of the world. (WHO, 2020)

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II. THE PROBLEM OF THE STUDY

The recent outbreak of the so-called Coronavirus pandemic, which has had negative effects on many social, political and economic matters in all countries of the world without exception, and the whole world suffered losses of debts and cheques returned and others, and the banking sector has suffered specifically from many problems of the default payment and financial crises as a result of this pandemic, which led to somewhat different measures during the current year in improving the granting of facilities credit, so we can summarize the study problem by answering the following question:

How much impact does The Coved 19 virus have on credit facilities granted in the Palestinian market in particular?

Have you increased the size of the credit facilities? Or is it decreasing? What losses have Palestinian banks suffered as a result of this pandemic? Have banks suffered financial disruptions that have negatively affected their revenues and net final profit? What are the policies used to reduce economic losses in general and credit losses in particular? (Nafi, 2020)

Perhaps the following table shows us the credit facilities granted by loans, current debtors and leases ended with ownership and how high they during the current year in the West Bank and their size in the previous year to show the extent of the disparity between the two years:

	2019	**2020**
loans	5628	6047.1
overdraft	792.7	751.3
Fin. Leasing	87	103.3
total	**6507.7**	6901.6

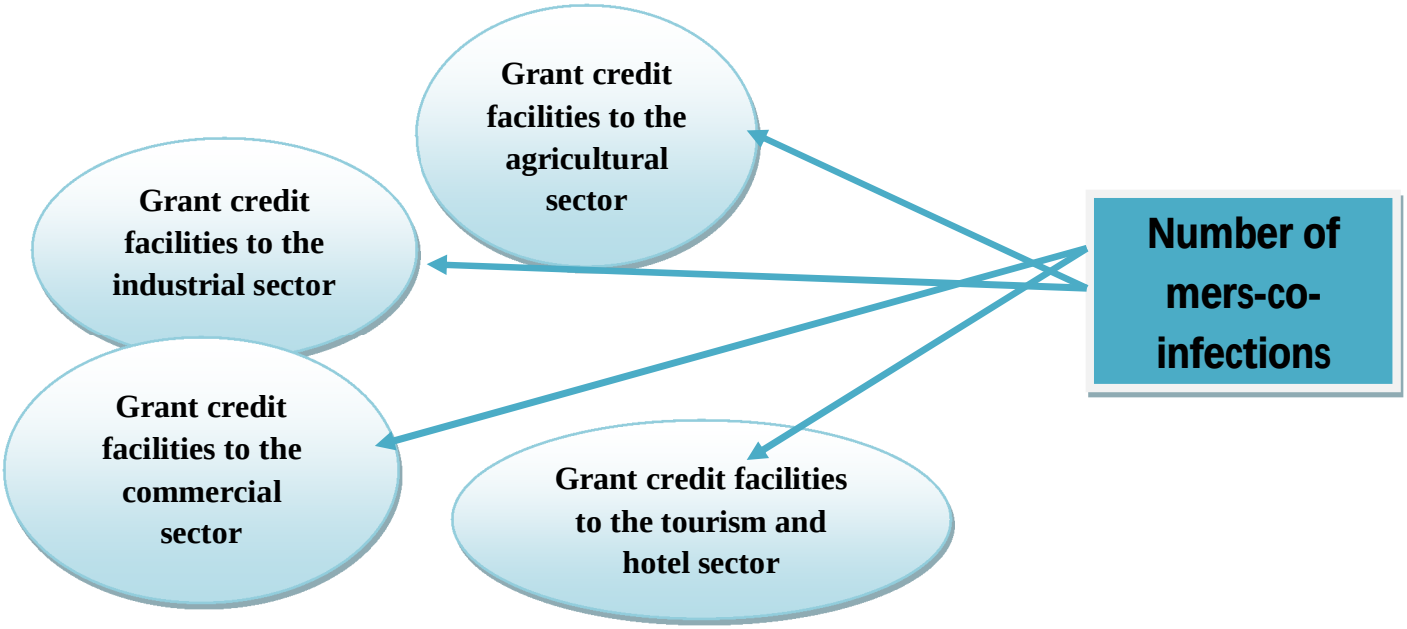
(PMA, 2020)

III. HYPOTHESES OF THE STUDY

Based on the study's problem and its questions, the study's hypotheses were identified, namely,

1) Increasing the state of the epidemic and the Corona crisis leads to increased bank ingraining credit facilities
2) The difference in the number of MERS infections in the whole city leads to a different impact on the credit facilities granted
3) There is a positive impact on the spread of the coronavirus on the size of the credit facilities granted in Palestine
4) The difference in economic sectors leads to different size of credit facilities granted in banks
5) Banks prefer to grant credit facilities to the industrial sector only (during the pandemic)
6) Banks prefer to grant credit facilities to the agricultural sector only (during the pandemic)
7) Banks prefer to grant credit facilities to the commercial sector only (during the pandemic)
8) Banks prefer to grant credit facilities to the tourism and hotel sector only (during the pandemic)

A. The Framework of the Study



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IV. OBJECTIVE OF THE STUDY

A. Getting to know the work of Palestinian banks and the Palestinian Monetary Authority
B. Knowledge and understanding of the term credit facilities and banking incentives granted in the market
C. Know the types of credit facilities in terms of their purpose
D. Introduction to THE CORONA virus and its impact on the economy in general
E. Find out the size of the credit facilities granted before and after the spread of the Coronavirus
F. Find out the relationship between the numbers of MERS-CoV infections and credit facilities
G. The size of deposits in the banking sector and its relation to the size of credit facilities

V. IMPORTANT OF THE STUDY

The importance of the study is shown by:

A. The study helps in the process of detecting the nature of the credit status of banks in general in Palestine
B. The study reveals the negative effects of the dreaded virus on the Palestinian economy in general and the banking sector in particular and the credit facilities granted specifically
C. Helps to detect the causes of the failure of credit facilities in the Palestinian market
D. What are the obstacles to granting loans to individuals or companies and the reasons why the bank refrains from granting credit to the customer
E. Does the slowdown in global economic growth, trade wars and changes in banking regulations have an impact on the credit facilities granted?

(Abu Kamsh, 2020)

VI. REVIEW OF LITERATURE

the study entitled Supporting the Economy and the Financial System in the Coronavirus Period that talked about Canadians and their measures in this difficult period that they went through and the intervention of the Central Bank to prevent sudden contraction and credit facilities to confront the economic storm and support the economy and the financial system Where the bank announced a monetary policy in response to the economic impacts resulting from Covid-19, starting with reducing interest rates by a quarter of a percent to support economic activity - this move comes in support of consumer and corporate movements by reducing payments on existing and new loans throughout the economy.

A group of facilities and purchase programs were launched to maintain market performance and credit flow - and the bank committed to continuing to purchase assets for long-term debt to provide a good monetary incentive. (BANK OF CANADA, 2020). And another study entitled U.S. Credit Markets Interconnectedness and the Effects of the COVID-19 Economic Shock focused on the systemic risks and market pressures that were exposed during the recent period during the global economic shock of Covid-19 in March 2020 - and the financial risks transmitted between debt and equity markets and interconnectedness within markets. Credit - works on analyzing the interconnections between economic sectors and aims to help policymakers and market participants to understand the nature of the credit situation, improve market function and enhance the strength and flexibility of the financial system This study shows the three aspects that have been under pressure during the Covid-19 period within the US financial system, namely: Short-term funding pressures resulting from the sudden rise in demand for liquidity to organize participants' activities in the market and face financing costs and other disruptions, The pressures driven by the market structure - liquidity as a result of the high demand for risk intermediation and the capital limits restricted in the commercial markets in particular, the municipality, the corporate markets, and short-term financing, as these markets witnessed an increase in trading volume and Long-term credit pressures as a result of the immediate effects of the economic shock Covid-19, especially in corporate bonds, municipal securities, and commercial real estate. The study expected that these pressures would be improved through monetary policies (kothari, blass, cohen, & rajpal, 2020)

VII. LIMITATION OF THE STUDY

1) *Banks Employees Limits:* managers, officials, and employees of credit facilities departments, employees of commercial banks operating in The Palestinian, employees of lending institutions, several citizens (clients of commercial banks)
2) *Time Limits:* Palestinian Red Crescent Society Statistics on Coronavirus Infection Numbers for 2020 Palestinian Monetary Authority data on the size of credit facilities granted for 2020. This research was conducted in the first semester 2020-2021
3) *Location Limits:* Regional credit facilities and commercial banks operating in Palestine and the city of Nablus specifically

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VIII. THE DATA ANALYSES AND INTERPRETATIONS

A. The Demographic Analyses

Age	Sample	Percentage
25-20	3	%12
30-26	6	%24
40-31	**15**	**%60**
50-41	1	%4
Total	**25**	**%100**

The table above shows the responses answering most of them on 40-31 years old is 15 repossess and the percentage is 60%.

gender	Sample	Percentage
Mail	**23**	**92%**
Female	2	8%
Total	**25**	**100%**

The table above shows the responses answering from the gender mostly of them mail is 23 repossess and the percentage is 92%.

Graduated	Sample	Percentage
Diploma	5	20%
Bachelor	**17**	**68%**
Master	3	12%
Doctorate	0	0%
Total	**25**	**100%**

The table above shows the responses answering from the graduated mostly of them was bachelor is 17 repossess and the percentage is 68%.

Experience	Sample	Percentage
Nun-experience	0	%0
Less than 5 years	8	%32
From 6 to 10 years	**15**	**%60**
More than 10 years	2	%8
Total	**25**	**%100**

The table above shows the responses answering from the experience most of them was from 6 to 10 years is 15 repossess and the percentage is 60%.

Career	Sample	Percentage
General manager	1	%3.33
Business men	0	%0
Employees	**21**	**%70**
Free work	8	%26.6
Total	**30**	**%100**

The table above shows the responses answering from the career most of them was from the employee is 21 repossess and the percentage is 70%.

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B. Testing of the Hypotheses Study

First: Analysis of the relationship between the number of infections with THE CORONA virus and the size of credit facilities granted

Table no.1 showing computational averages and percentages of the relationship between the number of MERS infections and the size of credit facilities granted

Item no.	Contents	average	S.D	percentage	degree
	The first axis: the relationship between the number of mers-coG infections and the size of credit facilities granted				
1	Quality of credit services provided by banks	3.713	1.18924	74.2%	high
2	Speed and seriousness of credit facilities	3.8095	0.87287	76.1%	high
3	Banks' policy on facilities is very conservative	3.7143	1.2305	74.2%	high
4	Low bank confidence in investors	3.8571	1.1084	77.1%	high
5	Corona effect on the granting of facilities	3.6190	1.20317	%72.3	high
6	Banks' keenness to maintain customer deposits	3.5714	1.32557	%71.4	high
7	Unstable health situation leads to increased grants of facilities	4.0476	1.02353	%80.9	strongly
8	Courts do their part when the customer is not paid	3.7619	0.9436	%75.2	high
9	Failure of the courts to do their part leads to increased emigration of facilities abroad	4.0000	1.000	%80	strongly
10	Convinced as a customer of the bank's request for security	3.7619	0.9436	%75.2	high
Total		3.**9762**	1.1423	7**9**.5	high

It is clear from the previous table that the level of response to the axis of the relationship between the number of infections with the number of credit facilities granted and aimed at knowing the impact of the Corona pandemic on the size of the credit facilities granted in the market is high at 79.5%, which shows a strong positive relationship between the number of infections and the size of credit facilities granted, and this is consistent with the report of the Palestinian Monetary Authority for 2020, where it was found that the city most affected by the Coronavirus, which is where the volume of credit facilities has increased, where it has increased the size of the credit facilities where it was The increase is $37.7 million, or 93.3%.

These axes can be arranged from the most according to the response to the least as follows:

1) Instability of the health situation leads to an 80.9% increase in the granting of facilities
2) The failure of the courts to do their part leads to an 80% increase in the immigration of facilities abroad.
3) Banks' confidence in the investor decreased by 77%
4) The speed and seriousness of credit facilities by 76.1%
5) The courts do their part when the customer is not paid and are convinced as a customer to ask the bank for a 75.2% guarantee
6) The quality of credit services provided by banks and the bank policy related to facilities is very conservative by 74.2%
7) Corona's 72.3% impact on the granting of facilities
8) Banks are keen to maintain customer deposits by 71.4%

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Table No.2 showing the calculation averages and percentages of the axis of the relationship between the different economic sectors and the different size of credit facilities granted in banks

Item no.	Contents	average	S.D	percentage	degree
	The second axis: the relationship between different economic sectors and the different size of credit facilities granted in banks				
1	The Bank was keen to have a maximum grant for credit facilities during the Corona crisis	3.7143	1.27055	74.2%	high
2	The bank's flexibility in applying for credit facilities during the crisis	3.8571	1.10841	77.1%	high
3	Risk is an important consideration when considering the request for facilities in the crisis	4.0476	1.02353	80.9%	strongly
4	An unstable health situation hinders the granting of facilities	3.5714	1.32557	71.4%	high
5	Lack of trust in customers causes credit facilities to be rejected even in the face of a crisis	3.6190	1.20317	72.3%	high
6	Accepting facilities in case the customer does not provide economic feasibility	3.9048	1.22085	78.0%	high
7	Bank acceptance of facilitation without cash guarantee	3.9048	1.33809	78.0%	high
8	The Bank's move away from high-risk sectors	3.7619	0.9436	%75.2	high
9	Banks' preference to grant facilities to the industrial sector	4.0000	1.000	%80	strongly
10	Banks' preference to grant facilities to the commercial sector	4.1429	9636.0	%82.8	strongly
11	Banks prefer to grant facilities to the agricultural sector	3.5714	1.32557	%71.4	high
12	Banks prefer to grant facilities to the tourism sector and hotels	3.9048	1.22085	%78.0	high
Total		3.9117	1.2567	**78.3**	high

It is clear from the previous table that the level of response on the axis of 'the relationship between different economic sectors and the different size of credit facilities granted in banks' is high at 78.3%, which indicates a relationship between different sectors and credit facilities, where the results showed that different sectors are affected with the change of credit facilities and are closely related to them.

These axes can be arranged from top to lower as follows:

a) Banks prefer to grant facilities to the commercial sector by 82.8%.
b) Risk is an important consideration when considering the request for facilities in the crisis by 80.9%.
c) Banks prefer to grant facilities to the industrial sector by 80%.
d) Accepting facilities if the customer does not provide economic feasibility, and the bank accepts the facilitation without monetary guarantee, and the banks prefer to grant facilities to the tourism and hotel sector by 78.0%.
e) The bank's flexibility in applying for credit facilities during the crisis is 77.1%.
f) The Bank's departure from high-risk sectors by 75.2%.
g) The Bank was keen to have a maximum grant for credit facilities during the Corona crisis of 74.2%.
h) Lack of confidence in customers caused the rejection of credit facilities even in the presence of the crisis by 72.3%.
i) The instability of the health situation leads to the obstruction of the granting of facilities and the preference of banks to grant facilities to the agricultural sector by 71.4%.

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IX. THE RESULT OF THE STUDY

There is a correlation between the number of MERS infections and the volume of credit facilities granted to determine the impact of the CORONA pandemic on the size of credit facilities granted in the market.

The results of the study confirmed that the response to the focus of the "relationship between the number of infections with CORONA virus and the size of credit facilities granted to know the impact of the Corona pandemic on the size of credit facilities granted in the market", is high by 79.5%, indicating the average arithmetic (3,854), and the higher response to paragraph 'health instability leads to the obstruction of the granting of facilities by 80.9%.

This answers the hypothesis of the study: 'There is a correlation between the number of MERS infections and the size of credit facilities granted to determine the impact of the CORONA pandemic on the size of the credit facilities granted in the market.".

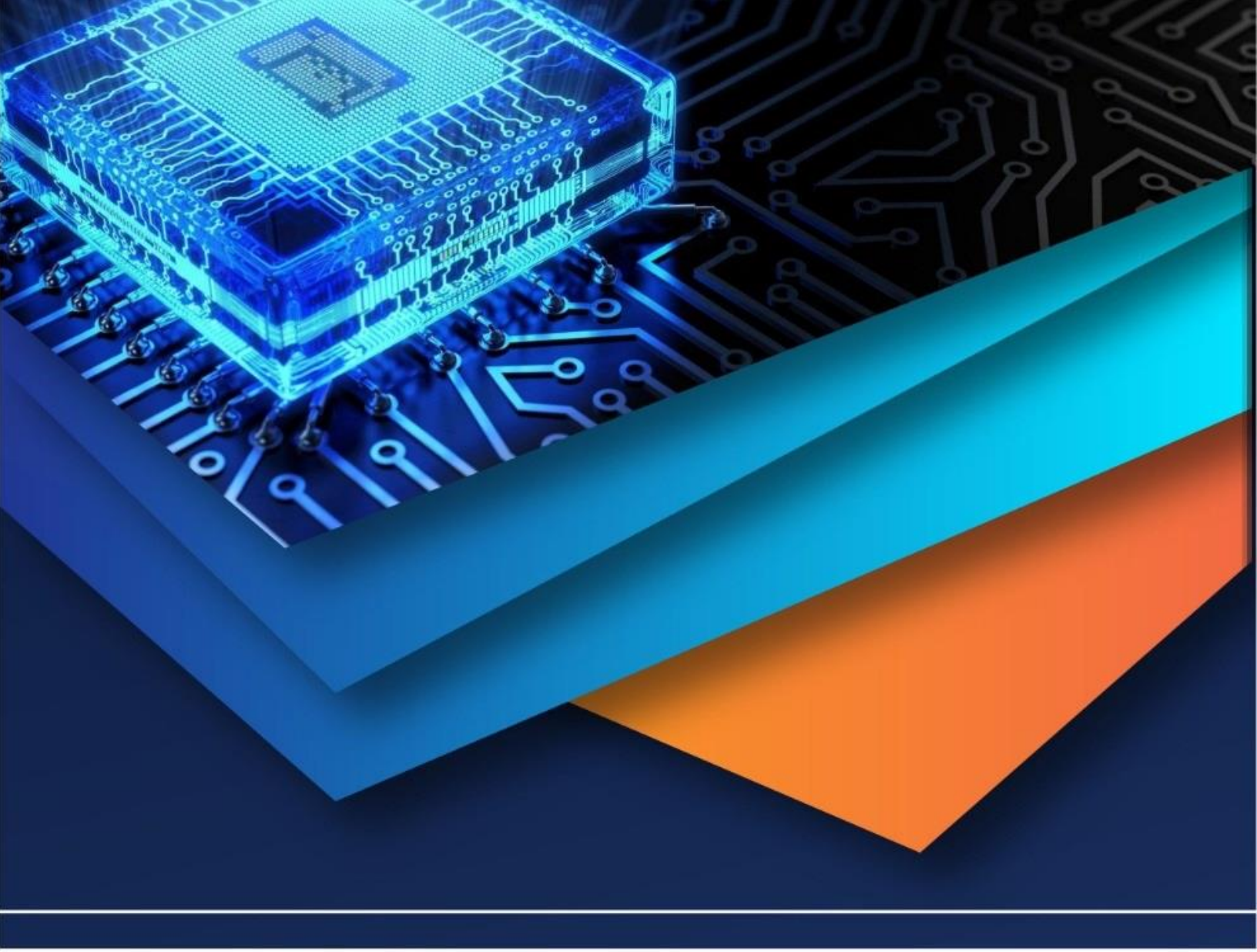
From the result above the conclusion of that as the following:

The results showed that the big companies acquire the largest share due to their financial solvency and the large volume of their revenues, which gives banks the greatest confidence in not faltering those companies in the face of the current crisis compared to small and medium-sized companies. The different sectors were greatly affected by the Corona pandemic, and that the decline in the financing of the real estate sector in banks due to the slow movement of sales, and therefore the banks when financing the real estate sector set conditions that are almost difficult, driven by the halting of sales in some sectors, primarily the real estate sector, which led them to refrain relatively. The results showed that the process of investing savings is based on the analysis of the creditworthiness of borrowers, so the Bank's policies are based on risk management in a way that ensures the ability of borrower stake customers, which maximizes the return on the savings of the community at the same time.

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