



The Effect of Palestinian Banking Credit Facilities on the Palestinian Economy

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ABSTRACT

This study aimed at investigating the effect of credit facilities on the Palestinian economy. Several tests and statistical packages (e.g., the SPSS, frequencies, percentages and averages, means, One-way Analysis of Variance, and Cronbach's alpha) had been conducted and utilized to extract the reliability coefficient. The researcher distributed (79) questionnaires to workers serving in the Facility Departments in Palestinian banks; only (67) were collected and analyzed. The study showed that banks employ promising laws related to granting facilities; it also found that these banks have flexible facilities that play a significant role in achieving bank economic growth/development which, by its turn, affects national economy. The study also revealed that it is difficult, in some cases, to count on the economic feasibility presented by customers. The researcher suggested that fines should be given to the institutes that issue abnormal economic feasibilities for the sake of getting credit facilities from banks. The study also recommended that additional powers should be given to branch managers, and that customers' awareness of the importance of bank requests to monitor bank accounts should be stressed.

Keywords: Effect of Credit, Banks Facilities, Credit Policies, Palestinian Economy

JEL Classifications: E51, G21

1. INTRODUCTION

Services and credit facilities are considered as the most important pillars of the economic development in any country to the extent that no modern economy can do its job without it. The wider the limits of the development are, the more need for sophisticated, modern banking system is (Abdullatif, 2006). The revenues of the banking system gained through the credit facilities are the core of the main revenues for any bank regardless of its other revenue sources because without it, the bank loses its main role/function, i.e., a financial intermediary in the economy. However, this sector, i.e., credit facilities, can be risky due to stumbling loans and facilities (Al-Dghaem et al., 2006). Since the core of economy is financing and investment, these two are interrelated and complete each other to the extent that their impact on the economic development cannot be overlooked. They are the practical arteries of various sectors of the economy (Mushtaha, 2011).

The Palestinian Monetary Authority has worked extensively to determine and settle rules and regulations for credit policy of banks

so that they are employed purposefully to develop the Palestinian economy; it has also set ratios no <60% of the deposits to be invested in bank credit facilities which are dedicated to authorized people who will invest them in various economic sectors.

The Israeli occupation in Palestine and the constant worsening economic conditions have resulted in a very serious phenomenon that escalated the Palestinian economy. According to Maan News Agency (2016) the Palestinian Monetary Authority has declared the presence of thousands of bounced checks due to lack of balance in 2015; these checks mounted to (513.5) million US dollars as shown in the records of the Palestinian Judiciary System. These numbers are very high comparing to the original checks, (10081) million US dollars that were supposed to be presented to check clearing in the same year. This phenomenon negatively affects the Palestinian investment wheel and causes confusion to the cash flow of Palestinian monetary facilities.

Bank credit is the key element of the economy of the any nation/state, but the use of this credit in the Palestinian economy is low despite the

large numbers of depositors in the Palestinian banks. The Palestinian Monetary Authority statistics have shown that Tulkarm Governorate has the largest deposits in the banks; they also show that the working banks have reduced their credit grants to small enterprises. This has affected the Palestinian economy in general. The current study sought to answer the following question: What is the impact of the credit facilities on the Palestinian economy?

2. PURPOSE OF THE STUDY

This study aimed at investigating the effect of credit facilities on the Palestinian economy. The researcher sought to:

1. Identify the credit policies of the Palestinian banks.
2. Identify the main reasons that force/push the Palestinian banks to turn down credit facilities.
3. Find the obstacles that hinder these credit facilities.
4. Discuss and analyze the various attitudes and viewpoints of bank workers towards credit facilities.

3. SIGNIFICANCE OF THE STUDY

Since the advent of the Palestinian Authority of the West Bank up to now, several companies and banks have been established; consequently, there were great expectations of having more and more investment activities. The pace and volume of lending at banks increased; credit facilities to the citizens were also abundant. But with the passage of time and the outbreak of the second intifada in 2000, investments and projects had stopped. The global crisis of the financial markets in 2008 affected all markets in the Arab world, including Palestine; therefore, the pace and volume of loans in Palestinian banks had retracted and slowed down. This study is deemed significant because it sheds light on:

1. The pace and volume of lending in the Palestinian banks whether it is for consumption or investment.
2. The amount of facilities offered by the Palestinian banks.
3. The attitudes and viewpoints of bank workers towards credit facilities given to customers and agents.

4. STUDY HYPOTHESIS

There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy from the perspective of bank workers due to a number of variables (e.g., the bank itself, the worker's qualifications, post, years of experience, and the commonest types of loans given).

5. REVIEW OF LITERATURE

Adzido et al. (2016) conducted a study to evaluate the relationship between the financial openness and how it is easy to get credit facilities from banks. The researcher found that financial openness is not an end by itself; on the contrary, it is a process of promoting and enhancing trust as well as revealing more trade and/or finance secrets in order to gain credit accessibility.

Abu Edeh and Zibdeh (2015) carried out a study to analyze the role of commercial banks in the economic growth in Palestine

during the period of (1994-2013) through what facilities these banks offer to the economic sector. The researchers proposed a standard econometric model that is based on multiple regression analysis to test the total banks credits given to the Palestinian. The study showed a positive relationship between the credits of commercial banks and the economic growth in Palestine. The researchers recommended that the Palestinian Monetary Authority should pay more attention to the monetary policy in a way that organizes the Palestinian banking system.

Mohammad (2014) conducted a study to identify the impact of bank insolvency on the bank sector in specific, and on the economy, in general using a descriptive-analytic method. The researcher assumed that there is a contrary relationship between the financing volume and debt insolvency ratio in the bank. The study found that the main problem that faces banks is insolvency which results in the inability to pay the debts back. This affects the bank performance and the effectivity of capital deposits negatively. The researcher recommended that banks should grant finances based on economic benefit rather than the guarantees presented by the grantee.

Gichuki et al. (2014) carried out a study to identify the various challenges that micro enterprises as well as small ones and the way they can be used to evaluate the credit facilities in Nairobi County in Kenya. These enterprises contribute to over 50% of new jobs created in Kenya. The researcher used a descriptive research design to achieve his objectives. The study sample consisted of (241) from a target population of (656) enterprises located in Nairobi. The study found that the key challenges that face micro and small enterprises and hinder them from getting credit facilities include strict collateral requirements and conditions for giving credits, people's unwillingness to act as guarantors for the credits and/or the loans, high fees of credit facilities' processing, and short repayment periods.

Kalra (2012) conducted a study to assess the credit system used by Allahabad Bank in India. The researcher aimed at evaluating the way the bank employs as well as the criteria it follows to credit borrowers and grant loans. Furthermore, the researchers wanted to evaluate the tools the banks use to appraise each loan proposal submitted to the bank. The study revealed that the appraisal followed in Allahabad Bank is comparable to that used at the Indian Reserve Bank.

Zaydeh (2006) conducted a study to identify the trend of defaulting on credit facilities offered by the Palestinian banks. Using a descriptive-analytical approach based on questionnaire, the researcher traced the main challenges and obstacles that cause defaulting or insolvency at these banks. The study revealed that there are main reasons for defaulting on the granted credit; it found that the credit default was mainly due to the deteriorating political and economic conditions in Palestine at the beginning of the third millennium between (2000 and 2003). The researcher recommended that the banks should establish and adopt a peculiar monetary fund to handle the default debts to reduce the losses.

Al-Flet (2004) conducted a study to determine the effect of financial facilities offered by Palestinian banks on the various

economic sectors in Palestine. The researcher used a descriptive-analytical approach to achieve her goals. She distributed a questionnaire to the officers responsible for investment facilitation in the working banks in Palestine in addition to direct personal interviews with bank managers/directors. The study found: (1) The Palestinian judicial system did not do its role in solving the problems faced by banks and settling disputes between the banks and clients. (2) The limit of the facilitation on credits did not reach the minimum rate determined by Palestinian Monetary Authority in 2003 which is (40%); this is not enough for banks to undertake their role in development because it did not exceed (29%). The researcher recommended that bank managers should be given more responsibilities and freedom for credit facilities; she also recommended that more regulations and laws are to be introduced to help solve disputes between banks and clients.

6. METHODOLOGY AND PROCEDURE

This section introduces the various methods and procedure used by the researcher to determine the study population, the sample, and the different steps used to build the study tool. It also introduces the procedures that the researcher used to test reliability and validity of the tool. Furthermore, the researchers identifies the various schemes she used to plan the study including the various variables and the statistical tests used to evaluate the credit facilities offered by the working banks in Tulkarm governorate in Palestine and its effect on the Palestinian economy from the perspective of credit facilities workers.

6.1. Study Sample

The study sample included (79) credit facilities workers who work at various banks in Tulkram governorate; only (67) questionnaires were retrieved. The researcher took into consideration a number of factors (e.g., the bank itself, the worker's qualifications, the post of the worker, years of experience, and the most common types of loans granted by these banks) when he distributed the questionnaire. The researcher's objective of choosing the Purposive Sample was fulfilled. The following table shows the sample with all its variables.

6.2. Study Tool (Validity and Reliability)

The researcher developed a questionnaire to evaluate the effect of the credit facilities offered by working banks in Tulkarm governorate on the Palestinian economy from the perspectives of those working the Credit Facilities Department. The questionnaire was then submitted to six different experts in the field who introduced some minor modifications and suggestion that were, later, done by the researcher. The tool consisted of two parts:

1. The personal details related to the banks, the staff who work in the credit facilities departments, the workers' qualifications, their posts, years of experience, and the most common types of loans granted by these banks.
2. The different items of the questionnaire itself which were (27).

6.3. Reliability Coefficient of the Questionnaire

Reliability is defined as the accuracy in estimating the true mark of an individual attribute measured by the test, and the reliability

of study tool used by the researcher was measured by using Cronbach's alpha reliability coefficient; it was (0.915) for all the items of the questionnaire and it was suitable for statistical analysis as well as study purposes.

6.4. Procedures

The researcher carried out the following procedures to achieve his goals:

1. Preparing and finalizing the questionnaire so that it is understandable for all respondents.
2. Selecting the sample of the study and identifying the respondents.
3. Distributing and collecting the questionnaire in order to tabulate the data.
4. Analyzing the data.

6.5. Study Design

The researcher used a descriptive-analytical approach to determine and identify the relationship that holds between the study variables, collect relevant data, use statistical analysis to test the hypothesis for the sake interpreting the study findings. The study variables included:

1. The bank.
2. The workers' qualifications; it has three levels.
3. The post; it has also three levels.
4. The years of experience; it has five levels.
5. The type of the granted loan; it has three levels.

6.6. Dependant Variables

These variables included the various responses for the items of the questionnaire for the sake of analyzing the impact of the credit facilities offered by the working banks of Tulkarm governorate

Table 1: Distribution of study sample based on its basic variables

| Variable | Category | Frequency (%) |
|-----------------------|-------------------------|---------------|
| Bank name | Al-Quds Bank | 12 (17.9) |
| | Cairo-Amman Bank | 21 (31.3) |
| | Palestine Bank | 7 (10.4) |
| | Arab Islamic Bank | 15 (22.4) |
| | Palestine Islamic Bank | 6 (9.0) |
| | Bank of Jordan | 6 (9.0) |
| | Total | 67 (100.0) |
| Qualifications | Two-ear diploma or less | 8 (11.9) |
| | Bachelor degree | 56 (83.6) |
| | Master's degree or more | 3 (4.5) |
| | Total | 67 (100.0) |
| Post title | Manager/director | 6 (9.0) |
| | Department chair | 13 (19.4) |
| | Employee | 48 (71.6) |
| | Total | 67 (100.0) |
| Years of experience | 1-5 | 30 (44.8) |
| | 6-10 | 25 (37.3) |
| | 11-15 | 3 (4.5) |
| | 16-20 | 4 (6.0) |
| | More than 20 years | 5 (7.5) |
| | Total | 67 (100.0) |
| Type of granted loans | Consumption | 41 (61.2) |
| | Investment | 23 (34.3) |
| | Not specified | 3 (4.5) |
| | Total | 67 (100.0) |

Source: Analysis of the questionnaire based on the independent variables

on the Palestinian economy from the perspectives of the workers of the Credit Facilities departments at these banks. To process the collected data, the researcher used the Statistical Package for the Social Sciences (SPSS) alongside the following statistical measures:

1. Frequencies and percentages
2. Means
3. One-way analysis of variance (ANOVA)
4. Cronbach's alpha to measure reliability coefficient.

7. STUDY RESULTS

7.1. The Statistical Analysis and Hypothesis Testing

This section presents the answers to the study hypothesis and the way it has been statistically analyzed; the researcher used Cronbach's alpha and the Statistical Package for the Social Sciences. Following is the main findings of the current study.

7.2. Results Based on the Study Question

The study sought to answer the following question: What is the effect of credit facilities offered by working banks at Tulkarm governorate on the Palestinian economy from the perspectives of bank workers who serve at the credit facilities department? The researcher calculated the means, and the percentages as shown in Table 2.

Table 2 shows that 85.37% of questionnaire respondents believed that the safety of the banking system depends mainly on efficient and proper management and functioning of deposits, while 63% believed that there is a lack of professionalism of auditors and bank auditing. Furthermore, the 80% of the respondents thought that the guarantees offered by entrepreneurs are weak, while 70% of them reckoned that bank general administration does not often respond rapidly to branch inquiries. In addition, the table below shows that 78.5% of the study sample argued that the policies followed in the granting of credit facilities must be reconsidered and 75.14%

contended that the credit facilities offered by the operating banks in Tulkarm governorate was good.

Table 3 shows that 81% of the respondents believed that their plans for investment in Palestine should be developed to fit the operating investments in the banks, and that 66.27% of them stated that the operating banks do not invest their money in financing sectors projects the way it should be. In addition to that, 79% argued that the Palestinian infrastructure is very weak and is not commensurate with or compatible to the climate, and that the expansion of credit granted positively affects the national economy. Furthermore, 72.8% of the respondents reckoned that Monetary Authority is working to reduce the migration of money outside Palestine, and 75% of them governance of banks is still weak in Palestine and that the operating banks do not feel safe in Palestine. In total, 75.88% of the respondents believed that the credit facilities offered by the Palestinian banks in Tulkarm governorate has a significant impact of the Palestinian economy.

7.3. Testing the Study Hypotheses

First: There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy from the perspective of bank workers due the bank itself.

To test the hypothesis validity, the means and the standard deviations (SD) were calculated in order to identify the impact of credit facilities offered by the Palestinian banks on the Palestinian economy from the perspectives of the operating banks in Tulkarm governorate. The results are shown in Table 5.

Table 5 shows that there are statistical differences at ($\alpha = 0.05$) in the means and SD of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to the bank itself. To prove the validity of this hypothesis, One-Way ANOVA was used and the results are shown in Table 6.

Table 2: Means and percentages for the facilities

| Number in the questionnaire | Item | Mean (%) |
|-----------------------------|--|-----------------|
| 8 | There is a lack of professionalism of auditors and bank auditing | 3.1493 (62.986) |
| 7 | The banks refuse to grant any facilities without the presence of collateral guarantees; other guarantees are ignored | 3.4328 (68.656) |
| 12 | Bank general administration does not often respond rapidly to branch inquiries | 3.5152 (70.304) |
| 2 | Banks prefer to deal with the commercial sector more than other sectors. | 3.5821 (71.642) |
| 11 | Powers of the branch managers in Palestine to give loans is weak | 3.6567 (73.134) |
| 10 | The client does not respond to the requests of banks that relate to observing project accounts | 3.6716 (73.432) |
| 15 | Lack of against risk insurance companies related to things that hinder the granting of credits | 3.6716 (73.432) |
| 9 | Clients and customers do not provide serious economic feasibility studies that can be relied upon or trusted | 3.806 (76.12) |
| 16 | Monetary authority laws encourage the granting of credit facilities | 3.806 (76.12) |
| 13 | The bank shows flexibility and openness in the process of granting credit facilities | 3.8358 (76.716) |
| 5 | The safety of the banking system is significantly associated with the size of granted credits | 3.8507 (77.014) |
| 4 | The operating banks enjoy the trust of a large audience | 3.8955 (77.91) |
| 3 | The policies followed in the granting of credit facilities must be reconsidered | 3.9254 (78.508) |
| 1 | The guarantees offered by entrepreneurs are weak | 4 (80) |
| 14 | The lands that are not registered in the land registry office is the main obstacles that hinder the bank from granting credit facilities | 4.0448 (80.896) |
| 6 | The safety of the banking system depends mainly on efficient and proper management and functioning of deposits | 4.2687 (85.374) |
| Total | | 3.7572 (75.144) |

Table 3: Means and percentages of the economic sector

| Number in the questionnaire | Item | Mean (%) |
|-----------------------------|--|-----------------|
| 19 | Banks do not invest their money in financing sectors projects the way it should be | 3.3134 (66.268) |
| 26 | Retaining a great deal of liquidity raises the national economy | 3.5075 (70.15) |
| 20 | Monetary authority is working to reduce the migration of money outside Palestine | 3.6418 (72.836) |
| 23 | There is a legislative vacuum related to solving disagreements and disputes between clients with banks | 3.6866 (73.732) |
| 18 | Operating banks do not feel safe in Palestine | 3.7463 (74.926) |
| 24 | Governance of banks is still weak in Palestine | 3.7612 (75.224) |
| 22 | Palestinian infrastructure is very weak and is not commensurate with or compatible to the climate | 3.9552 (79.104) |
| 27 | Expansion of credit granted positively affects the national economy | 3.9552 (79.104) |
| 21 | Facilities play an important role in economic development | 4.0149 (80.298) |
| 25 | The size/amount of facilities affects the institutions economy | 4.0448 (80.896) |
| 17 | The need to develop plans for investment in Palestine to fit the operating investments used in the banks | 4.1045 (82.09) |
| Total | | 3.7572 (75.876) |

Table 4: Means and percentages for all sectors

| Number in the questionnaire | Item | Mean (%) |
|-----------------------------|------------|-----------------|
| 19 | Facilities | 3.7572 (75.144) |
| 26 | Economy | 3.7938 (75.876) |
| Total | | 3.7755 (75.51) |

Source: Researcher's analysis of the paper's main areas

Table 5: Means and SD for the bank itself on all sectors

| Sector | Bank | Number | Mean±SD |
|--------|------------------------|--------|----------------|
| Total | Al-Quds Bank | 21 | 3.6581±0.25495 |
| | Cairo-Amman Bank | 7 | 4.0495±0.53312 |
| | Palestine Bank | 15 | 3.7995±0.43271 |
| | Arab Islamic Bank | 6 | 3.3172±0.26389 |
| | Palestine Islamic Bank | 6 | 3.8974±0.26237 |
| | Bank of Jordan | 12 | 4.0464±0.63994 |

SD: Standard deviation

Table 6 shows there are statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to the bank itself on the total sector as the significance value calculated on that sector was less than the value set by the hypothesis. This means that the attitudes of the workers in these banks differ according to the bank they work for. For more details and for the sake of understanding these differences among the workers, the least significant difference test was carried out see Table 7.

Table 7 shows significant statistical differences on the total sector between Al-Quds bank and both Cairo-Amman Bank and Arab Islamic Bank; furthermore, there were statistical significant differences between Cairo-Amman Bank and Arab Islamic bank on the one hand, and between Bank of Palestine and Arab Islamic Bank on the other hand. The study also revealed significant differences between Arab Islamic Bank and both Palestine Islamic Bank as well as Bank of Jordan on the total sector. The significance value was less than the already set value.

Second: There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy from the perspective of bank workers due workers' qualifications (Tables 1 and 2).

To test the hypothesis validity, the means and the SD were calculated in order to identify the impact of credit facilities offered by the Palestinian banks on the Palestinian economy from the perspectives qualifications of the workers of the operating banks in Tulkarm governorate (Table 8).

Table 8 shows that there are statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' qualifications on the total sector. To see whether these differences were significant, ANOVA was conducted; the table below shows the results.

As can be seen in Table 9, there are no statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' qualifications on the total sector as the significance value calculated on that sector was higher than the value set by the hypothesis. This means that the attitudes of the workers in these banks did not differ according to the qualifications of the bank employees.

Third: There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy due workers' post title.

To test the hypothesis validity, the means and the SD were calculated in order to identify the impact of credit facilities offered by the Palestinian banks on the Palestinian economy from the perspectives of the post title of workers' of the operating banks in Tulkarm governorate Table 8.

Table 10 shows that there are statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' post title on the total sector. To see whether these differences were significant, ANOVA was conducted; Table 11 shows the results.

As can be seen in Table 11, there are there are no statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' post title on the total sector as the significance value calculated on that sector was higher than the value set by the hypothesis. This means that the attitudes of the

Table 6: ANOVA for the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to the bank itself

| Variable sector | Source of variance | Degrees of freedom | Sum of squares | SD | F | Significance |
|-----------------|--------------------|--------------------|----------------|-------|-------|--------------|
| Total sector | Between groups | 5 | 5.426 | 1.085 | 6.079 | 0.000 |
| | Within groups | 61 | 10.890 | 0.179 | | |
| | Total | 66 | 16.315 | | | |

SD: Standard deviation, ANOVA: One-way analysis of variance

Table 7: Results of the least significant differences

| Dependent variable | Bank I | Bank J | Mean difference (I-J) | Significance |
|--------------------|------------------------|-------------------|-----------------------|--------------|
| Total | Cairo-Amman Bank | Al-Quds Bank | -0.39137* | 0.013 |
| | Arab Islamic Bank | | 0.34091* | 0.041 |
| | Arab Islamic Bank | Cairo-Amman Bank | 0.73228* | 0.000 |
| | Arab Islamic Bank | Bank of Palestine | 0.48228* | 0.015 |
| | Palestine Islamic Bank | Bank of Palestine | -0.58018* | 0.006 |
| | Bank of Jordan | | -0.72917* | 0.001 |

Table 8: Means and SD for workers' qualifications on all sectors

| Sector | Qualifications | Number | Mean±SD |
|--------|--------------------|--------|----------------|
| Total | >2-year diploma | 8 | 3.8817±0.50608 |
| | Bachelor degree | 56 | 3.7515±0.49014 |
| | Master's or higher | 3 | 3.9384±0.74406 |

SD: Standard deviation

Table 9: ANOVA for the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' qualifications

| Variable sector | Source of variance | Degrees of freedom | Sum of squares | SD | F | Significance |
|-----------------|--------------------|--------------------|----------------|-------|-------|--------------|
| Total sector | Between groups | 2 | 0.202 | 0.101 | 0.401 | 0.671 |
| | Within groups | 64 | 16.113 | 0.252 | | |
| | Total | 66 | 16.315 | | | |

ANOVA: One-way analysis of variance, SD: Standard deviation

Table 10: Means and SD for workers' post title on all sectors

| Sector | Post title | Number | Mean±SD |
|--------|------------------|--------|----------------|
| Total | Manager/director | 8 | 3.8817±0.50608 |
| | Department chair | 56 | 3.7515±0.49014 |
| | Employee/worker | 3 | 3.9384±0.74406 |

SD: Standard deviation

Table 11: ANOVA for the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' post title

| Variable sector | Source of variance | Degrees of freedom | Sum of squares | SD | F | Significance |
|-----------------|--------------------|--------------------|----------------|-------|-------|--------------|
| Total sector | Between groups | 2 | 0.661 | 0.330 | 1.350 | 0.266 |
| | Within groups | 64 | 15.654 | 0.245 | | |
| | Total | 66 | 16.315 | | | |

ANOVA: One-way analysis of variance, SD: Standard deviation

workers in these banks do not differ according to the post title of the bank employees.

Fourth: There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy due to the types of credit offered.

To test the hypothesis validity, the means and the SD were calculated in order to identify the impact of credit facilities offered by the Palestinian banks on the Palestinian economy due to the type of credit offered by the operating banks in Tulkarm governorate Table 12.

Table 12 shows that there are statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to type of credit offered on the total sector. To see whether these differences were significant, ANOVA was conducted; Table 13 shows the results.

As can be seen in Table 13, there are there are no statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to type of credit offered on the total sector as the

Table 12: Means and SD for type of credits offered on all sectors

| Sector | Type of credit offered | Number | Mean±SD |
|--------|------------------------|--------|----------------|
| Total | Consumption | 41 | 3.7431±0.50731 |
| | Investment | 23 | 3.8198±0.51563 |
| | Type is not specified | 3 | 3.8769±0.16214 |

SD: Standard deviation

Table 13: ANOVA for the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to type of credit offered

| Variable sector | Source of variance | Degrees of freedom | Sum of squares | SD | F | Significance |
|-----------------|--------------------|--------------------|----------------|-------|-------|--------------|
| Total sector | Between groups | 2 | 0.119 | 0.059 | 0.235 | 0.791 |
| | Within groups | 64 | 16.196 | 0.253 | | |
| | Total | 66 | 16.315 | | | |

ANOVA: One-way analysis of variance, SD: Standard deviation

Table 14: Means and SD for workers' years of experience on all sectors

| Sector | Years of experience | Number | Mean | SD |
|--------|---------------------|--------|--------|---------|
| Total | 1-5 | 30 | 3.6552 | 0.40291 |
| | 6-10 | 25 | 3.8814 | 0.57477 |
| | 11-15 | 3 | 3.8570 | 0.76436 |
| | 16-20 | 4 | 3.5795 | 0.30016 |
| | More than 20 years | 5 | 4.0750 | 0.47526 |

SD: Standard deviation

Table 15: ANOVA for the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' years of experience

| Variable sector | Source of variance | Degrees of freedom | Sum of squares | SD | F | Significance |
|-----------------|--------------------|--------------------|----------------|-------|-------|--------------|
| Total sector | Between groups | 2 | 1.337 | 0.334 | 1.383 | 0.250 |
| | Within groups | 64 | 14.979 | 0.242 | | |
| | Total | 66 | 16.315 | | | |

ANOVA: One-way analysis of variance, SD: Standard deviation

significance value calculated on that sector was higher than the value set by the hypothesis. This means that the attitudes of the workers in these banks do not differ according to the type of credit offered.

Fifth: There are no statistical differences at ($\alpha = 0.05$) in effect of credit facilities given by working banks in Tulkarm governorate on the economy due workers' years of experience.

To test the hypothesis validity, the means and the SD were calculated in order to identify the impact of credit facilities offered by the Palestinian banks on the Palestinian economy from the perspectives of the workers' years of experience in the operating banks in Tulkarm governorate Table 14.

Table 14 shows that there are statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' years of experience on the total sector. To see whether these differences were significant, ANOVA was conducted; Table 15 shows the results.

As can be seen in Table 15, there are there are no statistical differences at ($\alpha = 0.05$) of the effect of credit facilities offered by the operating banks in Tulkarm governorate on the Palestinian economy due to workers' years of experience on the total sector as the significance value calculated on that sector was higher than

the value set by the hypothesis. This means that the attitudes of the workers in these banks do not differ according to the years of experience of the bank employees.

8. CONCLUSION

The researcher found the following:

1. The safety of the banking system depends mainly on efficient and proper management and functioning of deposits; it is also significantly associated with the size of granted credits.
2. Monetary Authority laws encourage the granting of credit facilities; the operating banks shows flexibility and openness in the process of granting credit facilities.
3. Credit Facilities play a significant role in developing the national economy and the economy of other institutions.
4. Expansion of credits granted positively affects the national economy.
5. Monetary Authority is working to reduce the migration of money outside of Palestine because maintaining a large amount of liquidity raises the national economy.
6. Bank customers/clients do not respond to the requests of banks, including the observing/control of the project accounts.
7. Clients and customers do not provide serious economic feasibility studies that can be relied upon.
8. Bank general administration does not often respond rapidly to branch inquiries.

9. Banks deal with the commercial sector more than any other sector.
10. There were statistically significant differences in the effect of credit facilities on the economy at the total sector.
11. There were no statistically significant differences in the effect of credit facilities on the economy due to all variables of the study except for the bank name itself.

9. RECOMMENDATIONS

The researcher recommended that:

1. Bank managers should be given additional powers and privileges to help develop the credit facility departments.
2. The offices that plan and prepare fake feasibility studies should be monitored and supervised thoroughly; they must be fined when they violate the rules especially because they threaten the banks' reputation as well as the project credibility.
3. Granting credits should be expanded due to its huge positive impacts on the national economy.
4. Monitoring projects' accounts is necessary enough and bank clients should be informed about the importance of doing so.
5. A new policy of granting credit facilities should be introduced and adopted to encourage this sector, but it should be based on other guarantees rather than collateral ones in order to develop the national economy.

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