



# Unravelling PayPal's Bias: Position Paper on Digital Discrimination Against Palestinians





7amleh - The Arab Center for the Advancement of Social Media  
May 2024

## Unravelling PayPal's Bias: Position Paper on Digital Discrimination Against Palestinians

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## Abbreviations

<b>API</b>	Application Programming Interface
<b>E-commerce</b>	Electronic commerce
<b>GCC</b>	Gulf Cooperation Council
<b>GDP</b>	Gross Domestic Product
<b>ICT</b>	Information and Communications Technology
<b>MENA</b>	Middle East and North Africa
<b>MNE</b>	Ministry of National Economy
<b>MSMEs</b>	Micro, Small and Medium-sized Enterprises
<b>MTIT</b>	Ministry of Telecom and Information Technology
<b>PA</b>	Palestinian Authority
<b>PCMA</b>	Palestinian Capital Market Authority
<b>PMA</b>	Palestinian Monetary Authority
<b>POS</b>	Point of sale
<b>SWOT</b>	Strength, weaknesses, opportunities and threats
<b>WB</b>	West Bank
<b>WB&amp;GS</b>	West Bank and Gaza Strip

**Important Note:** While this report was published in April 2024, its research predates the War on Gaza of 2023/2024. Stay tuned for forthcoming reports from 7amleh addressing telecommunications infrastructure and payment methods within the context of the war on Gaza.



## Executive Summary

The report criticizes PayPal for depriving Palestinians of its services and provides counterarguments for PayPal's excuses for not operating in WB&GS. Moreover, the report assesses the readiness of the Palestinian digital economy to engage in online payment in terms of infrastructure, skills, financial services, public platforms, and legal framework. Finally, the report synthesizes a SWOT analysis of the online payment industry. The information in this report is based on semi-structured interviews conducted with key personnel from the PMA, MTIT, PCMA, and MNE; and secondary data provided by the PMA, PCBS, MTIT, MOHE, and World Bank.

The exclusion of Palestinians from PayPal's digital payment not only contradicts the company's code of business conduct and ethics, but also it is in direct violation of several human rights declarations and covenants. PayPal's bias is evident when it operates in countries with similar risk profiles and it opts to serve Israeli settlers residing illegally in WB&GS and at the same time deliberately denies Palestinians such service. Some aspects of PayPal's governance may implicitly reflect an anti-Palestinian agenda.

The analyses collectively reveal that digitalizing the Palestinian economy is a priority for the public and the private sectors. The use of technology is becoming a basic need for Palestinian households. Despite the political hardship and Israeli restrictions, the infrastructure is continuously evolving to accommodate fiber to the home along with the existing 2G/3G technologies. The ICT sector is expanding demanding qualified IT specialists. The PMA has been proactive in the development of electronic transactions law and the licensing of online payment companies. Hukumati has been recently launched and is expected to be a comprehensive public platform by 2026. The legal framework in WB&GS complies with international standards and has the basic pillars for online payment services to operate.

The report concludes that PayPal's excuses are not well substantiated. The evidence provided in this report indicates PayPal's banning of its services to Palestinians in WB&GS is discriminatory, and violates Palestinian consumer rights, right to work, and right to development. The deprivation of Palestinians of PayPal's services is politically driven, rather than sound and logical business decisions, and that in turn hinders the potential of economic development.



# 1. Introduction

The digital economy has been rapidly growing worldwide contributing 15% to the global GDP<sup>1</sup>. The COVID-19 pandemic has accelerated the adoption of digital transformation for both the public and private sectors. Governments coped with the crisis by expanding their e-services, employing e-learning tools, establishing remote working teams, and creating digital identities and authentication<sup>2</sup>. Similarly, businesses across various industries used digital services to support their operations during the pandemic. E-commerce in particular has been rapidly expanding and the propensity for consumers to engage in online shopping during the prolonged lockdown has increased dramatically. However, there are wide variations among countries in online shopping rates. While 53% of residents in high-income countries engage in online shopping, only 2% of the population in low-income countries do so. The World Bank reported that as of 2020, only 15% of the world's population can bear the cost of connecting to a broadband network. Moreover, 1.7 billion people have no access to financial services, electronic payment cards, or wallets that can be accessed via smart mobile phones<sup>3</sup>. This disparity points out the digital gap of inequality that needs to be addressed at a global level.

The deployment of 5G technology is expected to further enhance connectivity and support the growth of digital technologies. The World Economic Forum estimates that digital services will account for 70% of the value-added global economy by 2030<sup>4</sup>.

The MENA region, except for the GCC countries, lingers below the world's digital integration indicators. The use of technology for social purposes in the MENA outperforms other countries with the same GDP per capita. However, the use of technology for economic purposes related to digital payment lags behind comparable countries. Nonetheless, the MENA region is expected to reap the prominent benefits of digitalising the economy. The World Bank estimates a 40% increase in GDP per capita, a 37% rise in manufacturing revenue, a 7% increase in manufacturing employment, and a 70% rise in tourists' arrival. The long-term unemployment rates are expected to fall to negligible levels with an increase in the female labour force participation rate<sup>5</sup>.

The Palestinian digital economy is not an exception; it has been resilient and steadily growing despite the political challenges. Digitalising the economy has been on the top of the agenda for the Palestinian government; it has been progressively preparing the

1. World Bank. (2023). Digital Development. Retrieved from [link](#)

2. United Nations. (2022). E-Government Survey 2022. Retrieved from New York: [link](#)

3. Hassan, J., & Abdulsalam, M. (2021). Electronic Commerce. Retrieved from [link](#)

4. World Economic Forum. (2023). The Digital Economy. Retrieved from [link](#)

5. Cusolito, A. P., Gévaudan, C., Lederman, D., & Wood, C. A. (2022). The Upside of Digital for the Middle East and North Africa: How Digital Technology Adoption Can Accelerate Growth and Create Jobs. Retrieved from Washington, DC: [link](#)



ecosystem for the digital economy focusing on overcoming challenges and fostering a conducive environment for innovation and economic development. The PMA in particular has followed the global trend of enabling online payment systems. Several local online payment methods have been developed, and Apple Pay has recently joined the Palestinian market. Unfortunately, calls for PayPal to join the Palestinian market and end its discriminatory blocking of Palestinians have failed.

This report documents PayPal's discriminatory policy against Palestinians. Specifically, the report refutes PayPal's excuses for blocking Palestinians in WB&GS from their services and presents evidence of PayPal's human rights violations. Additionally, the readiness of the Palestinian market for online payment operations is established by assessing the recent developments in the digital economy. The report finally presents a SWOT analysis for the online payment industry. The report is based on both semi-structured interviews with key personnel from the PMA, MTIT, PCMA, and MNE; and, analysis of secondary data derived from the PMA, PCBS, MTIT, MOHE, and World Bank.



## 2. PayPal's Discriminatory Policy and Human Rights Violations

Since 2016, there have been several worldwide advocacy campaigns to challenge PayPal's policy of banning its services in WB&GS. The campaigns were led by Americans for a Vibrant Palestinian Economy, Jewish Voices for Peace, US Campaign for Palestinians Rights, Al-Haq, Palestinian Institute for Public Diplomacy, Electronic Frontier Foundation, SumOfUs, and the Australian Palestinian Advocacy Network. In addition, [7amleh has launched various advocacy campaigns](#) that address PayPal's discriminatory policies towards Palestinians in cooperation with the American Friends Service Committee and the European Legal Support Centre. PayPal's initial response was timid, the company announced that they had no future plans to operate in WB&GS. This ongoing activism has yielded modest, yet consistent acknowledgement of PayPal's discriminatory policies against Palestinians.

In 2023, eleven members of Congress urged PayPal to provide its services to WB&GS<sup>6</sup>. Furthermore, Harrington Investments, in collaboration with [PayPal4Palestine](#) Campaign lead by 7amleh, introduced a shareholder resolution in PayPal's annual general meeting of 2023 calling for PayPal to service WB&GS. The resolution, unsurprisingly, received 10.99% of the vote as PayPal's major institutional shareholders, such as Vanguard Group, Inc. and BlackRock, Inc. among others, have massive investments in the arms industry that trades with Israel.

However, PayPal's latest response showed more flexibility, where they stated *"... we hope ultimately to be able to address the risk, compliance, regulatory and resource allocation issues to properly serve customers in this region."*<sup>7</sup> This response can be easily negated. Firstly, although the Palestinian political situation inherently exhibits a high-risk profile, similar to Yemen, Somalia, and Ukraine, PayPal consciously selects not to operate in WB&GS. A senior executive at the PMA stated that the negotiations with PayPal revealed that money laundering was a major concern for PayPal to operate in WB&GS. However, he annulled this excuse for PayPal noting that should PayPal operate in WB&GS, it will only be available for banked customers who are heavily regulated, and thus money laundering will not be an issue. The PA has also made serious steps to combat money laundering by mandating the Anti-Money Laundering and Terrorism Decree Law No. (20) of 2015, which is consistent with international standards. Secondly, the legal framework that governs the financial institutions in WB&GS complies with international standards.

6. McGreal, C. (2023, 24 May). US Congress members demand that PayPal end ban on Palestinian business. The Guardian. Retrieved from [link](#)

7. The Arab Center for Advancement in Social Media. (2023). Retrieved from [link](#)



The financial service is among the heavily regulated industries; it adheres to Basel I and Basel II accords. According to the PMA, the risk profile of banks operating in WB&GS is considered to be relatively low. Visa and Mastercard's long-lasting ties along with the recent introduction of Apple Pay, are sound proofs of confidence in the Palestinian financial sector. Thirdly, regulating digital transactions has been a priority and is still at the top of the agenda of the Palestinian government's strategic plan for 2024-2029<sup>8</sup>. The government has crossed milestones by legislating Decree Law No. (15) of 2017 regarding electronic transactions, and Decree Law No. (11) of 2023 regarding e-government services system. The government has also drafted an e-commerce law that essentially addresses consumer protection<sup>9</sup> and is expected to be effective in 2024<sup>10</sup>.

Four government bodies are jointly responsible for regulating different aspects of e-commerce in WB&GS. The Ministry of National Economy regulates the commercial agreements signed by companies engaging in e-commerce and protects consumers. The Ministry of Finance addresses the taxes and customs that are imposed on electronic transactions<sup>11</sup>. The Ministry of Telecom and Information Technology is responsible for the technical and logistic infrastructure of the e-trade<sup>12</sup>. The PMA provides and regulates the financial aspects of e-commerce. If PayPal is genuine to serve in WB&GS, it could have properly addressed its concerns with the PMA, similar to its discriminatory policies in South Africa where South Africans were denied receiving funds for a while until PayPal resolved the problem with the South African government.<sup>13 14</sup>

PayPal asserts that *“every person has the right to participate fully in the global economy.”* where its mission is *“to democratize financial services to ensure that everyone, regardless of background or economic standing, has access to affordable, convenient, and secure products and services to take control of their financial lives.”*<sup>15</sup> Yet, PayPal's actions towards Palestinians appears to be contradicting to its stated mission. Many perceive PayPal's banning its services to WB&GS as “discriminatory” and in violation of human rights. One example; PayPal serves the Israeli settlers who reside in illegal settlements in the occupied WB, violating Article 49 of the fourth Geneva Convention and several international declarations. However, the indigenous people of Palestine are deprived of such a privilege. It is ironic that PayPal chooses to stand by the occupier over the other within close geographic proximity facilitating online payments, whereas it exercises a prejudice policy towards the other, merely due to nationality and ethnicity.

8. Yousef, R. (2023, 17 December 2023) Head of Policy and Planning: Ministry of National Economy.

9. The first reading of this law was completed and currently it is in the second reading.

10. AlQadi, I. (2023, December 17) Director of Consumer Protection: Ministry of National Economy.

11. There is an extra layer of complexity in the taxes and customs since all the electronic trading is conducted via Israeli ports and delivery companies. (Bayan – talk about the delivery companies that do not recognize Palestine, or the websites that has no Palestine listed in the delivery country details.)

12. Decree Law No. (15) of 2017 regarding electronic transactions.

13. Writer, S. (2023, April 13). FNB expands partnership with PayPal. ITWeb. Retrieved from [link](#)

14. Brand South Africa. (2010, 26 March). FNB, PayPal bring e-commerce closer. Retrieved from [link](#)

15. PayPal. (2023). Mission, Vision, & Values. Retrieved from [link](#).



Another example of PayPal's actions that inflict discrimination against Palestinians is the differential treatment of the customers of Cairo Amman Bank, which operates in both Jordan and WB&GS. A Palestinian residing in Jordan with an account in Cairo Amman Bank is privileged with access to PayPal, whereas a Palestinian residing in the WB or Gaza, with an account in that same bank, is deprived of such a service. A third example relates to Venmo, a mobile payment service that is owned by PayPal, which contributed to the financial censorship of Palestinians. Venmo froze and closed accounts for people who donated to Gaza for humanitarian support for the affected community during the 2021 Israeli aggression<sup>16</sup>. Finally, some aspects of PayPal's governance reflect questionable behaviour<sup>17</sup> <sup>18</sup>. PayPal has been criticized for its partnership with the Anti-Defamation League, which in turn takes controversial positions that are negligent towards human rights violations of Palestinians<sup>19</sup>. These examples collectively display implicit and explicit evidence of PayPal's deliberate exclusion of Palestinians from the digital landscape.

Human rights should be protected online and offline. Several human rights are relevant in the digital landscape including consumer rights, the right to work, and the right to development. PayPal consciously violates each one of them. Congressman Mark Pocan called PayPal to provide Palestinians "equal access to the digital economy" and he noted that PayPal's operating status "infringing upon the rights of Palestinians"<sup>20</sup>.

The code of business conduct and ethics of PayPal states that *"We respect the rights enshrined in the Universal Declaration of Human Rights and work to align our efforts with the U.N. Guiding Principles on Business and Human Rights and other international standards."*<sup>21</sup>. It is hypocritical that PayPal claims that it lives by its code while it is turning a blind eye to its policies against Palestinians. It is evident that PayPal's policies against Palestinians are inconsistent with the corporate responsibility to respect human rights as disclosed in the UN Guiding Principles on Business and Human Rights<sup>22</sup>.

16. Sonnemaker, T. (2021, May 18). Venmo is blocking some payments mentioning Palestinian relief funds. The company says it's following the law. Business Insider. Retrieved from [link](#)

17. Peter Thiel, a co-founder of PayPal, has also founded Palantir, which is highly engaged with the Israeli Military providing AI surveillance systems. In its letter to shareholders dated November 2nd, the company's CEO explicitly supported Israel and stated, "We are one of a few companies in the world to stand up and announce our support for Israel, which remains steadfast. Palantir stands with Israel." (Palantir, 2023).

18. Haaretz, an Israeli newspaper, reported that PayPal employed former intelligence veterans in the Israeli Occupying Forces. Orpaz, I. (2014, 6 April). When PayPal Needs to Battle Fraud, It Sends in the Israelis. *Haaretz*. Retrieved from [link](#)

19. Anti-Defamation League. (2023, December 27). ADL and Israel. Retrieved from [link](#)

20. McGreal, C. (2023, 24 May). US Congress members demand that PayPal end ban on Palestinian business. *The Guardian*. Retrieved from [link](#)

21. PayPal. (2023). Code of Business Conduct and Ethics. Retrieved from [link](#)

22. United Nations. (2011). Implementing the United Nation "Protect, Respect and Remedy" Framework. Retrieved from New York and Geneva: [link](#)  
Article 11 of the UN Guiding Principles on Business and Human Rights states that "Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved".  
Article 13 of the UN Guiding Principles on Business and Human Rights states that *"The responsibility to respect human rights requires that business enterprises: (a) Avoid causing or contributing to adverse human rights impacts through their own activities, and address such impacts when they occur; (b) Seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts"*.



PayPal is expected to address adverse human rights impacts by taking adequate steps for prevention, mitigation, and remediation. Despite all the campaigns, PayPal ignored its violating policy.

The deliberate denial of Palestinian bank accounts of PayPal's services prevents Palestinians from conducting business freely and engaging internationally. This exclusion of Palestinians from the digital payment system hampers business opportunities and eventually increases economic de-development. Evidently, this is in direct violation of the economic rights, the right to work, and the right to development as enclosed in Articles 22 and 23 of the Universal Declaration of Human Rights; Articles 1 and 6 of the International Covenant on Economic, Social and Cultural Rights; and, Article 1 of the International Covenant on Civil and Political Rights<sup>23</sup>.

Such practices directly and indirectly support the oppression of the Palestinians and contribute to human and digital rights violations. PayPal's biased decision disadvantages the Palestinian economy, which is already struggling under the Israeli Occupation and the restrictions imposed by the terms of the Paris Protocols. Palestinians essentially have no freedom of movement, no access to resources, and no control over the borders which negatively affects the overall economic activity, particularly imports and exports. With an extremely high unemployment rate, many Palestinians opt to launch online freelancing and digital businesses, which have an extra layer of complexity. On one hand, the absence of PayPal's services causes difficulties in receiving payments. On the other hand, online businesses/entrepreneurs bear a significant cost when using traditional payments or local electronic payment alternatives<sup>24</sup>. PayPal services are crucial to such businesses with regional and international customers. Samah Ayyad, the founder of the online marketplace "sook.ps", indicated that the absence of PayPal service increases the business risk as they rely on risky 'cash on delivery' payments<sup>25</sup>. PayPal's services are particularly important for entrepreneurs engaging in craftwork and artisanal products (e.g. embroidery, costumes, paintings, pottery, etc). It not only broadens their exposure internationally but also increases the propensity to buy.

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23. United Nations. (1948). Universal Declaration of Human Rights. Retrieved from [link](#)

United Nations. (1966). International Covenant on Civil and Political Rights. Retrieved from [link](#)

United Nations. (1966). International Covenant on Economic, Social and Cultural Rights. Retrieved from [link](#)

24. Gostoli, Y. How PayPal's 'digital discrimination' is stifling the Palestinian economy. TRT World. Retrieved from [link](#)

25. El-Haroun, Z. (2021, October 21). Palestinians urge PayPal to offer services in West Bank and Gaza. Reuters. Retrieved from [link](#)



### 3. West Bank and Gaza Strip Economy

The Palestinian economy, which is home to 5.5 M people, is growing at 2.33% per annum. It is characterized by a young population where 37% is below 15 years<sup>26</sup>. The WB&GS economy is considered to be small; ranked 120th globally<sup>27</sup>. The services and trade sectors combined comprise 47% of the GDP, whereas the manufacturing sector only contributes 15%<sup>28</sup>. The ongoing Israeli occupation, not only hampers any economic opportunity, but the policies of the Israeli Military also systematically cause socioeconomic de-development. The WB&GS economy is highly dependent on the hegemonic Israeli economy which is 27 times larger. Israel pedals all economic activities in WB&GS. The Israeli land dispossession<sup>29</sup>, movement restrictions (within WB&GS, between WB and Gaza, and between WB&GS and Israel), confiscation of resources, and solely controlling the borders negatively affect exports, imports, trade, employment, and investments.

**Table 1: Economic Indicators of WB&GS**

GDP (2022)	\$19111.9 M
GDP per capita (2022)	\$3779.3
GDP growth (2022)	5.5%
Exports (2022)	18.5% of GDP
Imports (2022)	67.4% of GDP
Unemployment rate (2022)	55.0%
FDI, net inflows (2022)*	\$232.9 M

Source: Palestinian Central Bureau of Statistics, 2022.  
\* World Bank, 2022.

#### 3.1. The Palestinian Digital Economy

This section reports the recent developments in the Palestinian Digital Economy in terms of infrastructure, digital financial services, digital public platforms, and digital skills.

26. Palestinian Central Bureau of Statistics (2023). [Population statistics].

27. World Bank. (2023). World Development Indicators Database. Retrieved from [link](#)

28. Palestinian Central Bureau of Statistics. (2022). GDP by Production Side. Retrieved from [link](#)

29. Under Oslo Accords WB&GS is classified into three areas A, B, and C. Land designated as area C, which is under Israeli administrative and security control, accounts for more than 60% of WB.



## 3.1.1. Digital Infrastructure

Despite the ongoing political turmoil and the restrictions on the import of telecom equipment by the Israeli occupation, there has been significant progress in the development of the digital infrastructure in WB&GS<sup>30</sup>. Internet access has been on the rise via xDSL, fiber to the home, and mobile broadband. There are seven ISPs where Paltel provides the DSL line over its existing copper network. However, fiber to the home is continuously geographically expanding through establishing fiber optic cables and utilizing electricity companies' existing distribution networks. Only two companies, Jawwal and Oreedo, provide mobile telecom service<sup>31</sup>. Mobile broadband is becoming more popular although most connections are on 2G technology<sup>32</sup>. Due to Israeli spectrum restrictions, the long-awaited 3G technology has been introduced in 2018 in WB only. 4G technology is expected to be launched in WB by late 2024 pending the Israeli approving the allocation of necessary frequencies<sup>33</sup>. Such challenges negatively affect the development of the telecom sector. The WB&GS ranks 120th (of 169 countries) in the Global ICT Development Index<sup>34</sup>. The cost of the data-only mobile broadband basket, which refers to the least expensive plan providing at least 2G of high-speed data for a month, is USD 7.47 in 2022. The price of 2 gigabytes of mobile broadband data is 2.06 percent of gross national income per capita, which is close to the global affordability target of 2%<sup>35</sup>.

**Table 2: Infrastructure Indicators of WB&GS**

Indicator	2020	2021	2022
Number of fixed line subscriptions	466,238	458,429	457,706
Fixed line subscriptions (per 100 inhabitants)	9.1%	9.3%	8.0%
Number of fixed broadband subscriptions (xDSL)	372,170	403,012	357,967
Fixed broadband per 100 inhabitants			7.7%
Number of Palestinian mobile line	4,062,334	4,052,968	4,062,067
Mobile line subscriptions (per 100 inhabitants)	79.4%	77.6%	75.0%
Number of Mobile Connection by 2G/3G Technology			1,146,682
Mobile broadband per 100 inhabitants			21.0%
Number of Fiber to the premise broadband subscriptions			51,746
Fiber to the premise broadband users (per 100 inhabitants)			0.9%
Percentage of population covered by 2G networks	98.0%	98.0%	98.0%
Percentage of population covered by 3G networks	58.0%	59.0%	58.3%

Source: Ministry of Telecommunication and Information Technology, 2023.

30. The telecom infrastructure in Gaza has been severely damaged by Israeli airstrikes since October 7th, 2023.

31. There are Palestinians holding illegal Israeli mobile sim cards and this receive 3G and 4G.

32. 3G is available in WB while only 2G operates in Gaza.

33. The allocation of frequency bands is under the Israeli control.

34. International Telecommunication Union. (2023). *Measuring digital development: The ICT Development Index*. Retrieved from [link](#)

35. International Telecommunication Union. (2024). *ICT Price Baskets, historical data series, Apr 2023 release*. Retrieved from [link](#). Retrieved 14 February 2024 [link](#)



## 3.1.2. Digital Financial Services

The development of the digital economy is reliant on the robustness of digital financial services that in turn provide individuals, businesses, and governments with efficient and affordable channels to pay and to be paid. Two key enablers, however drive the expansion of digital financial services: access and usage. These metrics are used by the World Bank to assess the level of digital financial services.

### 3.1.2.1 Access to Digital Financial Services

Thirteen banks are operating in WB&GS; six are foreign banks and seven are local<sup>36</sup>. All of which offer internet banking and mobile banking. However, half of them offer interactive voice services, and one-third of them facilitate making purchases payments, and transfers of money through e-wallets and digital payment methods such as Apple Pay and PalPay. Arab Bank, the largest foreign bank operating in WB&GS, has recently launched Reflect, the first neobank, targeting banked and unbanked millennials. The access to bank accounts however is relatively low in WB&GS<sup>37</sup>. As of 2023, there are 2,158,249 bank accounts, with 32% female and 68% male account ownership<sup>38</sup>.

Cash continues to be the preferred method of payment for local e-commerce transactions. However, there has been an increasing trend of using debit and credit cards for local purchases because of the widespread service of POS which amounted to 19,683 machines located mainly at grocery stores, gas stations, pharmacies, and fashion stores. The introduction of the national payment card switch enabled customers to use their cards on any POS machine. Furthermore, the PMA is developing a soft-point-of-sale service that allows unbanked small vendors (like taxi drivers and small parcel delivery companies) to be paid by mobile touch<sup>39</sup>. By the end of the third quarter of 2023, there are 131,159 credit cards representing about 6% of the total banked customers. In the meantime, the number of debit cards issued is 1,642,676. The total number of card transactions has been 8.3 million with a total dollar value of 0.64 billion<sup>40</sup>.

The market opened for nonbank financial services since the introduction of Decree-Law No. (15) of 2017 regarding electronic transactions. There are five licensed payment service providers: Jawwalpay, PalPay Maalchat, Madfoatcom, and Meps. Three of which, Jawwalpay, PalPay, and Maalchat, provide service in WB&GS. The use of e-wallets since

36. The Bank of Palestine, the Arab Bank (the largest banks operating in WB&GS) and AlQuds bank are the leading banks in offering digital financial services.

37. World Bank. (2021). *Palestinian Digital Economy Assessment*. Retrieved from [link](#)

38. PMA official. (2023, December 3).

39. POS is available for banked customers. Thus, unbanked businesses can be served with the soft POS.

40. Ibid., 38.



the pandemic has been on the rise. The number of e-wallets being issued is 525,846 with 2.5 million transactions and a total value of USD 258 m, as of September 2023<sup>41</sup>.

Recently, the PMA has launched E-SADAD, a centralized system that connects all payment service providers with private sector billers and government bodies, thus payment of obligations can be made timely using any electronic payment tool. Currently, there are 20 service providers connected to E-SADAD and 14,200 payees<sup>42</sup>. Additionally, the PMA is about to introduce an instant payment system that will connect payment service providers and banks, thereby making money transfer between bank accounts and e-wallets immediate and efficient. The PCMA has lately issued instructions no. 2 of 2022 regarding licensing electronic platforms for selling or service aggregating of non-banking financial services<sup>43</sup>.

### 3.1.2.2. Usage of Digital Financial Services

The usage of digital financial services is reported based on WB&GS data in the Global Findex 2021 dataset<sup>44 45</sup>. Overall, 26% of the respondents reported making or receiving a digital payment in 2020. Cash though continues to be the preferred payment method. 75% of respondents who made a utility payment used cash, 22% who paid from an account, and 3.2% used a mobile phone. Furthermore, 15.2% of the respondents reported buying something online using the internet; 87.5% paid in cash, 7.9% paid online, and 4.6% paid both in cash and online.

The data also shows that bank account ownership is relatively low; 38.5% of the sample owns a bank account. However, bank account ownership increases progressively with income where 61% of bank accounts belong to high-income individuals. Debit card ownership is more popular than credit cards; 40% of bank account owners have a debit card compared to only 7% of credit card ownership. Around 43% of debit cardholders reported using their cards to make purchases in a store. Similarly, 57% of credit card holders noted using their cards in 2020.

41. Ibid., 38.

42. Ibid., 38.

43. Abu-Zarour, B. (2024, 21 January 2024) Digital Financial Services & Innovation Director. Palestinian Capital Market Authority.

44. World Bank. (2021). *The Global Findex Database 2021*. Retrieved from [link](#)

45. The sample size is composed of 1000 individuals, 56.5% of which are females. The average age of the sample is 38 years. 44% of the sample is in the workforce. 90% of the sample lives in an urban area. The sample represents individuals from all income quintiles as shown below:

inc_q	Frequency	Percent	Cum.
1	185	18.5	18.5
2	186	18.6	37.1
3	190	19.0	56.1
4	202	20.2	76.3
5	237	23.7	100.0
Total	1,000	100.0	



Mobile ownership is relatively high where 86% of the respondents reported owning a mobile phone. Mobiles, however, are mainly used to check balances rather than making payments. The statistics indicate that 34% of the respondents checked their account balance using a mobile phone or the Internet. However, only 9% of mobile owners paid using their mobile for a purchase in a store, and 3.5% of the respondents used a mobile phone or the internet to make bill payments in 2020.

### 3.1.3. Digital public platforms

All governmental institutions in WB and Gaza are connected via a fiber optic network and they electronically exchange data via the Unified Exchange Platform. The director of the e-Government noted, that there are currently 32 G-to-G services. Furthermore, in January 2023, the Palestinian Government launched its e-services portal, called Hukumati. The government e-services portal provides citizens with a single sign-on to get 38 services<sup>46</sup>, such as payment of property taxes, renewal of the driver's license, issuance of birth certificates, and payment of traffic tickets. It is a strategic decision by the council of ministers to enhance G-to-C services where all government bodies dealing with the public are directed to offer their services on Hukumati within three years<sup>47</sup>. The Council of Ministers approved the establishment of an electronic cloud to store all government-related data.

### 3.1.4. Digital skills

The development of the digital economy is contingent on the extent of digital skills available in the labour market. The job market has been dramatically changing; the demand for traditional skills is disappearing, due to the ongoing automation, in favour of digital skills. The demand for ICT skills is manifested in the salaries where employees in this sector earn the highest average daily wage compared to employees in other industries<sup>48</sup>. The supply side of ICT specialists in response, presents an increasing trend, where the tertiary education enrolment in fields related to Telecommunication and Information Technology has been on the rise. The percentage rate of ICT enrolment is relatively low however, due to high acceptance requirements, thus only quality students can join such programs.

46. MTIT is currently categorizing nearly 1281 government services and prioritizing the digitization of such services on Hukumati.

47. Morjanh, F. (2024, January 28) *General Director of e-Government*.

48. Al-Butmeh, S., Sadeq, T., Abu Rjieleh, M., Khalidi, R., Jabareen, A., Omar, A., & Hamayel, M. (2018). *Economic Monitor: Palestinian Labor Market Projections for 2019*. Retrieved from Ramallah: [link](#)



**Table 3: Tertiary Education Enrolments and Graduates**

		Enrolment		Graduates	
		WB&GS	Annual Growth	WB&GS	Annual Growth
Academic year 2021-2022	All disciplines	225,975	5.2%	46,225	12.4%
	ICT	28,327	20.3%	3,043	33.1%
	<i>% of ICT</i>	<i>12.5%</i>		<i>6.6%</i>	
Academic year 2020-2021	All disciplines	214,765	-1.3%	41,137	-3.0%
	ICT	23,543	17.6%	2,286	7.9%
	<i>% of ICT</i>	<i>11.0%</i>		<i>5.6%</i>	
Academic year 2020-2021	All disciplines	217,645	-0.2%	42,394	-7.0%
	ICT	20,019	23.2%	2,119	-12.0%
	<i>% of ICT</i>	<i>9.2%</i>		<i>5.0%</i>	

Source: Ministry of Higher Education and Scientific Research, 2024.

Basic digital skills, the use of digital devices, and online applications, are important for literacy skills in the digital era. The PCBS's Household Survey on Information and Communications Technology in 2019, in Table 4, shows the percentage of households that own a computer and a mobile and the percentage of individuals using such technologies in WB&GS. The numbers are relatively low when compared to the MENA region. However, the COVID-19 Pandemic has accelerated the use of computers, mobile phones, and the internet; consequently, such numbers are expected to be currently much higher. During the COVID lockdown, employees as well as students were transferred to digital platforms for working and learning by using Zoom, MS Teams, and Moodle among others.



**Table 4: Ownership of Digital Telecom Devices**

	Household Ownership		Individuals' use (10 years or older)
Desktop	8.0%	Computer	26.0%
Laptop	22.0%		
Tablet	13.2%		
Mobile Phone	97.3%	Mobile	74.9%
Smartphone	86.2%		

Source: Palestinian Central Bureau of Statistics, 2020.

## 4. SWOT Analysis

<b>Strengths</b>	<b>Opportunities</b>
<ol style="list-style-type: none"> <li>1. Expansion of financial inclusion</li> <li>2. Youth population</li> <li>3. New market for MSMEs</li> </ol>	<ol style="list-style-type: none"> <li>1. Growth of online shopping</li> <li>2. Technical development</li> <li>3. Partnerships and collaborations</li> </ol>
<b>Weaknesses</b>	<b>Threats</b>
<ol style="list-style-type: none"> <li>1. Israeli occupation</li> <li>2. Disparity of digital infrastructure</li> <li>3. Inadequate financial literacy</li> </ol>	<ol style="list-style-type: none"> <li>1. No local currency</li> <li>2. Limited capital</li> <li>3. Competition from cash transactions</li> <li>4. Lack of talents of innovators</li> <li>5. Low intra government connections</li> <li>6. Partial legal framework</li> </ol>

### Online Payment Platform

#### Strengths

There are several strengths for the operation of the online payment platforms in WB&GS. The online payment platforms contribute to financial inclusion by providing banking services for unbanked customers. Moreover, the youth (18-29 years), who represent 22% of the population in WB&GS<sup>49</sup>, is well known to embrace online shopping. Additionally, the limited variability of options in the Palestinian market makes the variety of internet purchases very appealing, particularly for the youth. The PCBS indicates that 8.1% of individuals 18+ years of total internet users purchased goods or services via the Internet. Furthermore, online shopping presents a new venue that broadens the audience for MSMEs, particularly those engaging in traditional artisanal products. Finally, both public and private sectors in WB&GS are heavily engaged in the digital transformation of their operations.

49. Palestinian Central Bureau of Statistics (2023). [Population statistics].



## **Weaknesses**

Firstly, the Israeli military occupation is the major impediment to the development of the Palestinian economy and adversely affects online shopping. The packages of online orders are delivered to WB&GS via Israeli ports and airports. From 2008 to 2018, Israel detained thousands of tons of incoming postal parcels. Part of the packages were released after 10 years due to the intervention of the Universal Postal Union. Such incidents negatively affect the propensity to make online purchases from abroad. Secondly, there are disparities in internet connectivity and access to technology in different parts of WB&GS. While WB's operating frequency is 3G, Gaza's frequency is only 2G. The Israeli Occupation does not allow WB&GS to get higher frequency. Finally, the elderly segment of the population, who are not technologically literate, find online payment platforms both confusing and intimidating.

## **Opportunities**

The growth of online shopping provides opportunities for payment platforms to expand their user base globally. Yet, technological development (availability of smartphones and 3G internet access) in WB&GS presents an opportunity for online payment platforms to expand. Also, forming partnerships with businesses, financial institutions, and other service providers creates new opportunities and improves the overall ecosystem; enhancing the acceptance and usage of online payment platforms. Partnering with or receiving support from the government can facilitate regulatory compliance and boost the credibility of online payment platforms.

## **Threats**

There is no local currency in WB&GS. The Jordanian Dinar (pegged currency), the Israeli Shekel, and the US Dollar (both are floating currencies) are used for everyday transactions. This increases the foreign currency risk while making online payments. Notably, cash, rather than digital payment, is the preferred method of payment for local online transactions. This preference is driven by a lack of trust and the absence of an explicit return policy. Another threat is related to fintech innovators who are purely IT specialists with limited interdisciplinary knowledge in Finance and Insurance<sup>50</sup>. Furthermore, the lack of intra-connectivity within government bodies prevents the implementation of API, which in turn allows for open banking and finance. Fintech start-ups, which are catalysts for innovation and technology advancement, often face financial constraints, thus impeding the development of the digital economy. The scarcity of angel investors, venture capitalists, and donor funds contributes to this limited capital, presenting a significant challenge to the growth and progress of digital innovators.

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50. The PCMA has introduced Ibtokr platform since 2021 to attract Fintech innovators. As of 2023, there have been 57 Fintech innovations, four of which were granted a permission to be implemented. The insurance innovations on Ibtokr were limited, thus the PCMA launched a regional insurance technology hackathon that addresses the insurance needs in the local market.



The absence of a holistic legal framework in WB&GS has been a major impediment to the development of electronic transactions in the past. The laws create trust, promote security, and preserve rights for the parties engaging in such transactions. The PA, however, has been proactive and introduced several laws to fill the void in electronic transactions. The president of the PA issued the Electronic Transactions Law in 2017, and the Cyber Crimes Law in 2018<sup>51</sup>. However, the regulatory body faces challenges when it comes to Fintech innovations. The Director of Digital Financial Services & Innovation at the PCMA, Abu-Zarour, noted, *“The Fintech regulations lag the innovation due to the diversity of the ideas”*<sup>52</sup>. The status of the current legal framework is adequate for the operations of online payments. Several legal provisions need to be updated to include the challenges of electronic transactions. In particular, the value-added tax law, the intellectual property law, and the privacy law. Moreover, the absence of a governmental cybersecurity policy concerning cloud-saving locations is critical for data privacy and also for service providers as it directly affects the cost of their operations. Furthermore, the absence of a regulatory framework for crowdfunding negatively affects the development of MSMEs.

## 5. Conclusion

The report presents a critical analysis of PayPal’s position on its operations in WB&GS. Despite the obvious readiness of the Palestinian economy for the use of online payment platforms, PayPal consciously chooses not to operate. Several campaigns have been launched highlighting PayPal’s human digital rights violations against Palestinians, yet it persistently ignores addressing this issue. In the meantime, another prominent online payment company, Apple Pay, entered the Palestinian market, which also indicates that the Palestinian economy has the basic pillars for the online payment platforms to operate. The history of PayPal’s actions against Palestinians, along with some of its governance practices, thus suggests that PayPal is discriminatory and in violation of the digital rights of Palestinians subsequently diminishing the economic growth and development opportunities in WB&GS.

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51. Decree Law No. (10) of 2018 regarding cybercrimes.

52. The PCMA introduced ‘No Objection Letter’ to deal with this regulatory challenge.



## 6. Recommendations

Eyes are wide open on PayPal's bias against Palestinians. We call PayPal to be fair, end its discrimination, abide by the international digital and human rights covenants and declarations, and offer its services to Palestinians in WB&GS.

Despite the previous activism, further lobbying is needed to maintain the momentum in denouncing PayPal's bias against Palestinians and persistently exerting pressure on PayPal to provide equal opportunity for Palestinians and operate in WB&GS. Meanwhile, awareness campaigns, specifically directed towards activist shareholders and customers at PayPal, that stigmatize PayPal's actions towards Palestinians can be initiated to potentially add parallel pressure to end the conscious discrimination and human rights violations.



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