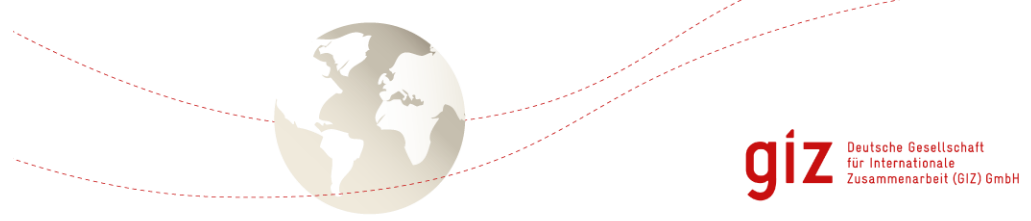


Navigating the microfinance sector through political crisis/conflict

*Actions of the regulator
in the Palestinian case*

Thomas Rahn
*Promotion of the Microfinance
Sector in the MENA Region*

EMFC, Luxembourg, 19th November 2015



How to regulate? – *Introduction to the Palestinian case*

The distinguished features of its business environment are

Lack of control over major economic and fiscal policy instruments

High degree of economic uncertainty

Extreme levels of political instability

Extreme level of violence

Unstable, uncertain financial environment

Firms are more prone to agency problems

Nevertheless, there is

Remarkable development in terms of

- Number of firms listed
- Market capitalisation
- Percentage of foreign and institutional ownership

Attraction, absorption and retainment of considerable amount of foreign and institutional investment



Pre crisis – *The role of a sovereign supervisor*

As promotion

- Improving and professionalising existing or emerging institutions
- Incentives for investors

As a safe guard for the financial sector

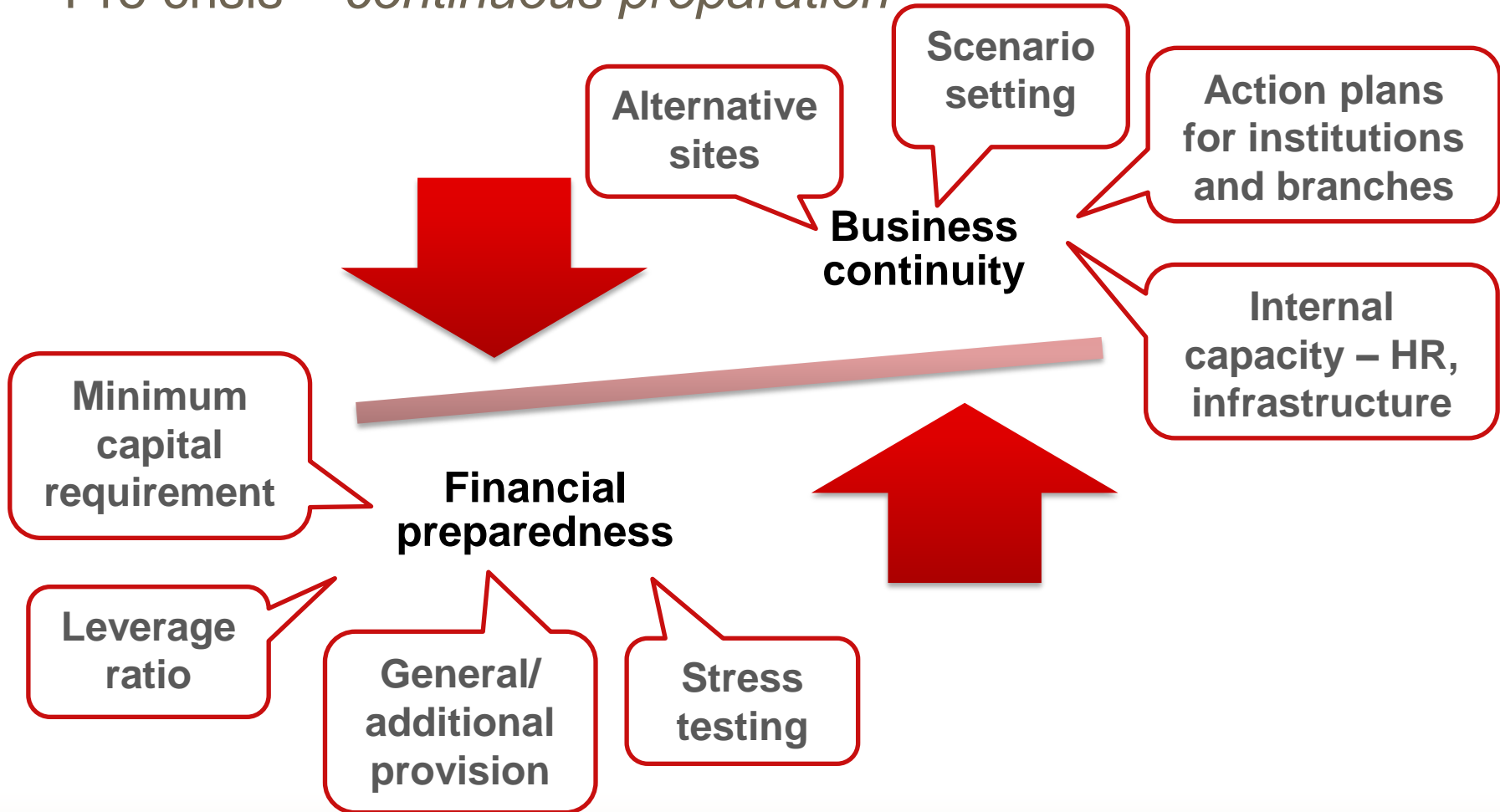
- Stabilising financial sector against shocks and crises
- Soundness and reliability of institutions and sector as a whole

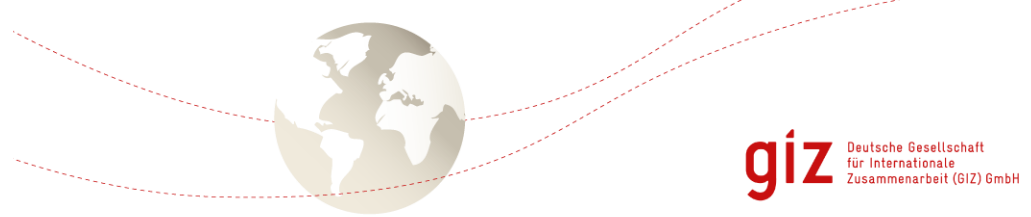
For the consumers

- Trust into the financial system
- Avoiding hardships and social impacts



Pre crisis – *continuous preparation*





During crisis – *ensuring operational continuity*

Business Continuity

Stable infrastructure:
HR, ATMs, generators,
etc.

Applicable crisis
scenarios, immediate
implementation

Alternative locations

Crisis unit

Circulars issued

24h coordination

Truce brokering

Supervisor's actions

Cash availability

Coordinated
opening hours

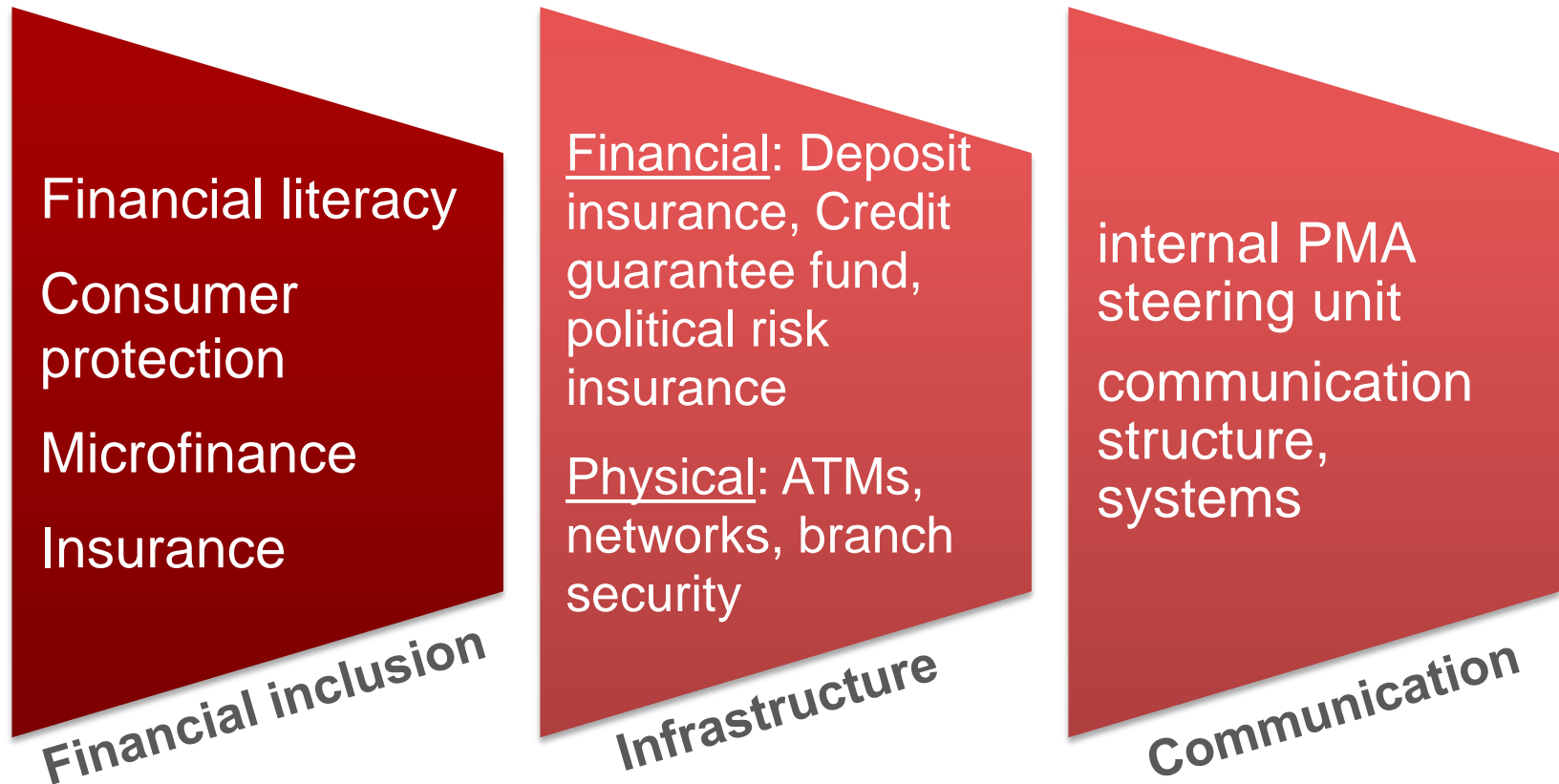
Loan rescheduling

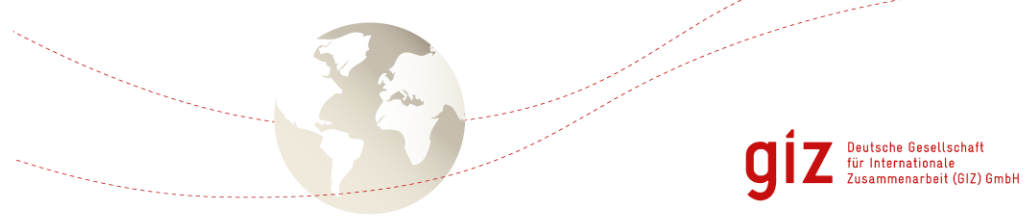
Provisioning
exemptions

Client scores
unaffected



Post crisis – *assessment of applied mechanisms*





Thank you very much for your attention!

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