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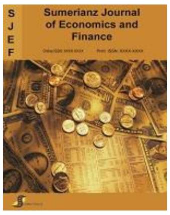

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Feasibility of Launching a Palestinian Currency Using Hypothetical Alternatives That May Fit the Specificities of the Palestinian Economy: Supporting Vs Opposition

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Abstract

This research attempted to determine the viability of issuing a Palestinian currency by using hypothetical choices that may fit the uniqueness of the Palestinian economy. Because of the freezing of peace accords, the lack of Palestinian money, and the confiscation of Palestinian financial dues by the Zionist Entity, this is a positive perspective of the nature of Palestinian monetary structures. These hypothetical choices were developed because the Palestinian currency is crucial to the Palestinian economy and important in preventing financial losses such as economic rent. To that purpose, the researcher used a statistical test to investigate the viewpoints of academic specialists on this subject. The research results revealed no statistically significant variations at ($\alpha \leq 0.05$) in respondents' opinions regarding the prospect of issuing money using hypothetical possibilities linked to demographic factors. The authors propose that the entity in charge of administering and issuing Palestinian money be the currency commission, with the authority to progressively introduce it alongside other monetary standards in existence. This research advocated for partial issuance of total currency with a restriction on money in the system) (CC) (rather than complete is suing to cover the full monetary base in the narrow sense) (M1). Therefore, the author recommended using fictitious exchange rates, currency values, and deposit cover alternatives.
Keywords: Palestinian Currency; Hypothesis options; Palestinian economy; Monetary policy; Exchange rates; Palestine.

1. Introduction

The study of money occupies the forefront in economic and financial studies, because of its effective impact on various economic and financial variables, where the features of the economy in countries are determined by the size of monetary exchange and capital accumulations, and the issue of the Palestinian currency at the current stage occupies the forefront of interest of researchers, specialists and decision-makers in Palestinian circles, and it has become talk about issuing the national currency is more urgent, especially after more than two decades have passed since the signing of the (1994) Paris Economic Agreement between the Palestinian side and the Zionist occupation, which provides for the postponement of the discussion between the two sides on the issuance of an agreed-upon Palestinian currency or on temporary alternative monetary arrangements until the final status negotiations, and keeping the Israeli currency as the main currency for trading in the Palestinian territories alongside the Jordanian dinar and the US dollar, and as a result, the Palestinian economy incurred direct and indirect financial losses, and that stage was characterized by economic distortions due to the brutal Zionist occupation's breach of the implementation of its obligations, the latest of which is the piracy of customs revenues and the failure to transfer them to the Palestinian Authority, which this resulted in a financial deficit for the authority The Palestinian Authority, which has become unable to fulfil its financial obligations, the most important of which is its inability to pay the full salaries of its employees.

It has become imperative for researchers and specialists, and in light of the stagnation of the implementation of peace agreements, to conduct more studies on the possibility of issuing the Palestinian currency from a more optimistic perspective, without paying attention to what was stipulated in the Paris Economic Agreement, as it has become null and void on the one hand, and on the other hand, that the national currency is it an acquired right of states, and there is nothing in international law that prevents the Government of Palestine from exercising its natural right to issue its national currency, especially after the issuance of United Nations Resolution No. 67/19 in (2012), which recognizes the State of Palestine as an observer member of the United Nations General Assembly, and that the Paris Economic Agreement did not abolish the right of the Palestinians to issue their own currency, but rather recognized the possibility of introducing the Palestinian national currency into circulation after consulting the Israeli side (Paris Agreement, 1994).

Moreover, this study comes within the above context to shed light again on the possibility of issuing Palestinian currency, but with optimistic hypothetical options that differ to some extent from studies, research, results and recommendations of previous conferences, which concluded in their entirety to postpone the decision on issuing currency for many reasons, the most important of which are the limited economic components and the monetary reserve for issuing cash. The lack of control of the National Authority over the crossings and borders, the freedom of movement of individuals and capital, the weakness of the balance of payments, the deficit in the general budget, and the dependence of the Palestinian economy on the Israeli economy, and as a result, the political and economic conditions are not conducive to the issuance of cash. Others recommended the adoption of the Palestinian currency as a unit of account or a monetary union with one of the neighbouring countries. or business partners.

Despite the researcher's conviction that many political and economic obstacles prevent the issuance of the Palestinian currency, the researcher, in light of the changes in the current situation, has crystallized options and alternatives to a monetary hypothesis that may suit the specificity of the Palestinian economy, unlike what came from previous hypotheses, where most researchers assumed in their studies.

The previous model was the complete replacement model for the circulation of the Palestinian currency in the Palestinian economy, while this study assumed maintaining the circulation of foreign currencies and gradually introducing the Palestinian currency to share the rest of the foreign currencies circulating in the market and has the power of legal discharge, as previous studies assumed to transform the Palestinian Monetary Authority with its current tasks into a central bank, while this study assumed the preservation of the Monetary Authority to exercise its traditional functions of oversight and supervision of the banking sector and the establishment of an independent Palestinian monetary council as a governing institutional framework for managing and issuing the Palestinian currency with strict policies.

Finally, the previous studies assumed the full issuance of the volume of the monetary block intended to be issued to cover the entire money supply in the narrow sense, (M1), while this study assumed version a partially for the monetary mass and a maximum volume of cash circulating outside the banking sector (CC) (cash in circulation with the public), and the study put forward some hypothetical options for the exchange rate, the peg currency, and the reserve cover. The study included the following topics:

a) The importance of issuing the Palestinian currency and the impact of its absence.
b) The features of the modern hypothetical options for issuing the Palestinian currency are represented in:

- Establishing an independent Palestinian Monetary Council as a governing institutional framework for managing and issuing the Palestinian currency.
- Partial issuance of the monetary block, up to a maximum volume of circulating cash (CC) outside the banking sector.
- The gradual introduction of the Palestinian currency into circulation in the Palestinian market without withdrawing the remaining foreign currencies in circulation.
- Hypothetical options/arrangements for exchange rate and peg currency, currency value and reserve cover.

c) Testing the opinion of respondents from academics in Palestinian universities about the hypothetical options in the light of the Monetary Council.
d) Findings and recommendations.

1.1. Research Problem Statement

The study attempts to investigate the possibility of issuing Palestinian currency using modern hypothetical options that may be compatible with the capabilities and components of the Palestinian economy. Is it suitable for the privacy of the Palestinian economy? To crystallize a clear vision on the subject of the research, the study also sought to identify the conflicting opinions of economists about the possibility of issuing the Palestinian currency within the hypothetical options proposed in this study on the one hand, and on the other hand, it opens new horizons for researchers about issuing the Palestinian currency, and as a result, getting out of the dependency dilemma Economic and monetary stability and economic growth. To answer the main question, several sub-questions emerged from it, as follows (modern hypothetical options):

- What is the possibility of establishing a Palestinian Monetary Council as a governing institutional framework to manage and issue the currency as a hypothetical option in the early stages instead of the Central Bank, and to maintain the Monetary Authority to carry out its functions in monitoring and supervising the banking sector as a central bank?

- What is the possibility of partial issuance of the monetary block, with a maximum limit of the volume of cash circulating outside the banking sector (CC) (cash in circulation with the public) as a hypothetical option instead of the total issuance to cover the money supply (M1) in the narrow sense?
- What is the possibility of the gradual introduction of the Palestinian currency to share the rest of the foreign currencies circulating in the Palestinian market as a hypothetical option instead of the complete replacement of the Palestinian currency and without withdrawing the rest of the foreign currencies currently in circulation?
- How appropriate are the hypothetical options for the exchange rate, the peg currency, the value of the currency, and the reserve cover for the Palestinian currency?

1.2. Research Significance

The importance of the study comes from the fact that it examines the possibility of issuing Palestinian currency using modern hypothetical options that are characterized by optimism. On issuing Palestinian currency, the current study sets an integrated vision for decision-makers and monetary policy planners in Palestine about the possibility of issuing the Palestinian currency.

1.3. Research Objectives

In general, the study seeks to achieve the following main objectives:

- Statement of the benefits of issuing the Palestinian currency, as it addresses an important aspect of economic development, achieves financial gains and benefits, and reduces the negative impact of foreign currency trading.
- An indication of the possibility of issuing the Palestinian currency using the modern hypothetical options proposed in this study.
- Identify the opinions of economists about the possibility of issuing money using hypothetical options with modern features.
- Reaching conclusions and recommendations that may benefit researchers and decision-makers about the possibility of issuing the Palestinian currency to get out of the impasse of economic dependence.

1.4. Research Hypotheses

The hypotheses of the study are as follows:

Hypothesis (H1): Establishing an independent Palestinian Monetary Council as a governing institutional framework for managing and issuing the currency, and maintaining the Monetary Authority to carry out its traditional functions in monitoring and supervising the banking sector.

Hypothesis (H2): That the issuance volume of the monetary block is equivalent to the maximum volume of cash circulating outside the banking sector (CC) (cash in circulation with the public) instead of the total issuance to cover the entire money supply (M1) in the narrow sense.

Hypothesis (H3): The mechanism of introducing the Palestinian currency into the Palestinian economy should be gradual so that the rest of the currencies circulating in the Palestinian market can participate in it instead of a complete replacement and without withdrawing the rest of the foreign currencies currently in circulation.

Hypothesis (H4): Availability of hypothetical options/arrangements for the issuance policy of the Palestinian currency under the Palestinian Currency Board.

2. Literature Review

Meqdad (2007), entitled “Issuing National Currency in Palestine and Available Monetary Alternatives”, the study reviewed the monetary developments that Palestine went through since the issuance of the Palestinian pound during the British Mandate period until the establishment of the Palestinian Authority. Citizens for the national currency in the event of its issuance. The researcher also used mathematical analysis to estimate the value of the money supply at about 2232 million dollars in the year (2006) according to current domestic product prices and to estimate the volume of the issuance proceeds, which ranged between (1422-1896) million dollars since (1995 to 2006) as losses to the economy. The Palestinian shekel as a result of the use of the Israeli shekel in Palestine, and the fixed exchange rate system is the best option with the beginning of the issuance process and taking the currency of the trading partners as a linking currency.

Awad (2011) entitled "Prospects and Determinants of issuing the National Currency under a Monetary Board as a Monetary Policy System", the importance of the study is that it presents an integrated vision for decision-makers in the National Authority and monetary policy planners about issuing the Palestinian national currency within the arrangements for choosing the Palestinian Monetary Council as a monetary system, in light of the continued circulation of the Palestinian financial system for several foreign currencies, which inflicts huge losses on the Palestinian economy as a result of the changes that take place in these currencies, and to deprive the national authority of the benefits that it can reap as a result of the issuance return (seignorage). Its work on the monetary boards, to find out the suitability of the monetary board’s arrangements for the state of the Palestinian monetary system as an institutional framework through which it can provide opportunities for success for this currency in light of the conditions that the Palestinian economy is experiencing and the challenges it faces. Shortly by adopting the arrangements of the Palestinian Monetary Council as an institutional framework for the process of issuing the Palestinian national currency, as it is characterized by ease of use Its ease and speed of establishment, the quality of financial discipline, the low levels of inflation and interest rates, in addition to its effectiveness in preventing the government from resorting to domestic borrowing to finance public expenditures.

Awartani S. M. (2016) entitled "Currency Options and Monetary Policy in Palestine", the study aims to frame and present the methodologies, analyses and results of the many studies that dealt with issues related to the Palestinian currency options, and a systematic presentation of the currency systems available in the future for Palestine, passing through the old union with another country and ending with the tinny of a country's currency as the only currency in circulation.

The study included alternative options for the issuance policy in light of the different exchange rate regimes, starting from the free-floating system and ending with the strictly pegged exchange rate, as well as choosing the peg currency, whether it is the currency of another country or a basket of currencies. The ones that were reviewed were very close and in favour of the strictly fixed exchange rate under the Monetary Council as an ideal option for Palestine. The Palestinian and the structure of foreign trade and the labour market.

2.1. Theoretical Framework and Literature of the Study

Countries seek, behind the use of monetary policies, to achieve a set of main objectives, on top of which is economic and monetary stability, by avoiding changes affecting the value of the national currency and contributing to achieving growth rates in various economic sectors to achieve an increase in national income and domestic product and to create a suitable environment for the process of Sustainable development. Monetary policy with its various elements is considered an essential component of economic policies. Monetary policy is defined as all measures used by monetary authorities to influence the supply of money and credit to achieve certain economic goals.

The absence of the Palestinian currency is one of the main obstacles to the lack of a monetary policy in the overall sense, as the monetary authorities rely on two methods in applying monetary policy and open market operations, and the second is its use of qualitative tools represented in the control tools to influence the volume and quality of credit and thus the money supply. Through its application of international regulatory standards or its use of the literary persuasion tool in directing bank credit to achieve certain economic purposes on the one hand, and on the other hand, enhancing the efficiency and solvency of banks operating in Palestine to face any emergency financial crises and developing it on rational economic bases.

More than half a century has passed and Palestine does not have a national currency of its own, as the Jordanian dinar was the currency of circulation in the Palestinian territories during the period preceding the year (1967), and after Israel occupation of the Palestinian territories in the year (1967), the Israeli currency and the Jordanian currency became the two main trading currencies in the occupied West Bank and Gaza Strip, and with the launch of the peace process and the entry of the Palestinian Authority into the Palestinian territories in the year (1994) and its taking over of administrative, economic and security matters from the Zionist side, those currencies remained in circulation to this day as major currencies in addition to the US dollar, and that period was accompanied by the conclusion of many among the agreements between the Palestinian side and the Zionist side, the most prominent of which was the Paris Agreement (1994), which postponed the discussion on the issuance of the Palestinian currency to the negotiations of the final solution and the preservation of the Israeli currency as the main trading currency in Palestine, which incurred huge losses for the Palestinian economy, represented at least in depriving the treasury of the authority from the proceeds of the issuance proceeds (seignorage), which is considered a direct loss, while the losses are indirect It was represented in the impact of the fluctuation of foreign exchange rates in circulation on the Palestinian economy.

In addition to the negative effects due to the absence of the national currency, as it represents a very important tool in economic development on the one hand, and the other hand it is a symbol of national sovereignty, and because it has an effective impact on various economic variables, and financial, where the features of the economy in countries are determined by the size of monetary exchange and capital accumulations, and money is considered a unit of measurement according to which the volume of trade exchange between countries is determined, and the size of budgets is determined to identify the nature of financial policies and monetary tools in force, and countries seek to use monetary and financial policies to achieve a set of main goals, on top of which is economic stability, which is an important factor in creating the appropriate environment for the process of sustainable development.

2.2. The Importance of Issuing the Palestinian Currency and the Impact of its Absence

Studying the issue of issuing the Palestinian currency requires a lot of effort and focus, as it affects one of the foundations of the Palestinian economy, especially in light of the Palestinian situation in which factors are intertwined with each other in terms of influence and integration, and the importance of the national currency in the economic system as it contributes to the liberation of the Palestinian economy from dependency and achieving monetary and economic stability, and enabling the monetary authorities to effectively manage monetary policy tools to combat inflation, reduce unemployment rates, and encourage investment and saving opportunities (Nasrallah, 2000). In addition to the rewarding return to finance the authority’s treasury resulting from the issuance proceeds (seignorage), and also to finance the deficit in the general budget through internal borrowing represented by the issuance of bonds and treasury bills in the national currency, and the currency activates the money markets between banks, which is reflected in the national economy, and through the monetary authorities’ exercise of monetary policy tools, they can control the supply of money and the interest rate and thus influence rates Inflation, the volume of bank credit, achieving monetary stability and sustainable growth of the economy National (Atallah, 2014), the national currency also protects the banking system from exposure to banking crises, risks and defaults, especially exchange rate risks resulting from the presence of three currencies in circulation, and the benefits that the national economy can reap from having a national currency can be summarized as follows:

- The Palestinian national currency is a symbol of national sovereignty and independence.
- The Palestinian national currency achieves many economic gains, foremost of which is the contribution to liberating the Palestinian economy from dependence and the ability to manage an effective monetary policy that works to combat inflation, reduce unemployment rates, encourage investment opportunities, increase economic growth rates, achieve monetary stability, and treat imbalances in the balance of payments, which leads to increase confidence in the national economy (Meqdad, 2009).
- Reducing the accumulated losses resulting from the failure of the Palestinian Authority to obtain revenues from currency rents (seignorage). The Institute for Economic Policy Research (MAS) in Palestine and the World Bank (World Bank and MAS, 1997) estimated these losses using a relative formula ranging between (2%) (-5%) of the Palestinian GDP annually, and the economist Fisher *et al.* (1982) the value of Al-Sinirig for the group of developing countries for the period between (1966-1978) using a percentage of 0.033 of the GDP (Duesenberry, 1999) or the minimum required by the Zionist entity returns the issuance royalties retroactively since the entry of the Palestinian Authority into Palestine in (1995). Prime Minister Dr Mohammad Shtayyeh confirms (Awartani B., 2003) that the circulation of foreign currencies in the Palestinian economy and the absence of a national currency deprives the National Authority of the revenues of money printing (issuance royalties). Table 1 shows the losses of the economy and the estimated Palestinian account resulting from the loss of issuance revenue from the year (1995-2018).

Table-1. Estimated Economic Losses Resulting from the Loss of Issuance Proceeds from (1995-2018) in (Million Dollars)

Period	Palestinian gross product rate (GDP)	Accumulation of issuance yield of 2% of the total output	Accumulation of issuance yield of 5% of the total output
1995-2000	6596.8	791.4	1978.8
2001-2005	6705.7	760.5	1676
2006-2010	8708.0	870.5	2177
2011-2018	12,659.4	2024.8	5063.2
	Total	**4447.2**	**10895**
	In average	**7,671.1**	

Source: Domestic product figures at constant prices (the base year 2015) from the Palestinian Central Bureau of Statistics 2018.

By looking at the above table, we find that the total losses incurred by the Palestinian economy as a result of the absence of the Palestinian national currency and the use of the Israeli shekel amounted to an average of 7,671.1 million dollars, according to an average rate of 2%-5% of the gross domestic product, since the Palestinian National Authority took over the Palestinian lands until the end of (2018). The annual losses amount to an average value of 443.7 million dollars for the issuance revenue, according to 5% of the gross domestic product, which is close to the estimates of the Israeli side as direct losses (Qudaih, 1999). The Palestinian Authority for those losses due to the use of the shekel in the Palestinian territories (Issue Proceeds).

a) The national currency achieves financial returns resulting from the investment of the national currency reserve cover.

b) Reducing indirect losses to the Palestinian economy due to the absence of the national currency, including:

- Freedom to adjust exchange rates according to fiscal and monetary policies that ensure stability and economic growth.
- The existence of a national currency supports reliance on local sources (public debt instruments) in borrowing to finance long-term government investment spending and in developing the economy through issuing government treasury bonds and bills with an appropriate cost for government borrowing, and it also supports financing the deficit in the general budget resulting from Increasing expenditures over revenues, as it finances the liquidity deficit resulting from the incompatibility of the timing of revenues with government expenditures, and also it reduces costly external borrowing and is also less expensive than local bank borrowing, as the Palestinian government incurs additional costs as a result of its borrowing from local banks due to the different currency borrowing from the revenue currency of the Palestinian Authority (Abu, 1998).
- Reducing imported inflation rates resulting from the trading of foreign currencies, and reducing the negative effects resulting from uncalculated fluctuations in the exchange rates of foreign currencies traded in the Palestinian markets.

While the effect of the absence of the Palestinian currency constitutes one of the main obstacles to the growth of the Palestinian national economy, as the failure to use monetary policy tools places the greatest burden on the shoulders of fiscal policy to address economic distortions due to the suffering of fiscal policy from the control of wage expenditures on the majority of expenditures, the decline in investment spending and the increasing deficit the budget (Atallah, 2014), also, the absence of currency prevents the monetary authorities from using monetary policy tools to stimulate investments and influence the monetary base, whether directly or indirectly, just as the Palestinian Authority's imports are affected by the use of the shekel to cover the values of goods and commodities, the imported shekels are converted into other currencies in order to cover the import operations, and the financial positions of banks are also affected with regard to their financial balances estimated in shekels, which foreign banks may take as a justification for investing local savings outside Palestine (Labbad, 2005).

In the absence of a national currency as well, the Palestinian economy becomes a recipient of the effects resulting from the monetary policies of the countries whose currencies are traded in the Palestinian territories, as these policies have an impact on interest rates and exchange rates prevailing in the Palestinian banking sector, and thus this is reflected in the credit facilities granted by before the banking sector in foreign currencies, in addition to the erosion of local revenues related to clearing with the Israeli side because of its procrastination in transferring them to the authority.

In addition to that, the absence of the Palestinian currency increases the degree of uncertainty associated with long-term investments, as the difference between the currency through which borrowing takes place, as most of the loans, 90% are in dollars or dinars, and the currency of the revenues collected is mostly in shekels, which increases the risks of interest rate volatility, and if the risks of changing monetary policies in Jordan and Israel are added and the impact on the interest structure in Palestine (Meqdad, 2007).

In principle, there is no disagreement among economists about the importance of issuing the Palestinian national currency, as this represents a symbol of national sovereignty and independence, and the important economic gains it achieves, such as liberating the Palestinian economy from dependence and enabling the national authority to manage an effective monetary policy that works to combat inflation and reduce inflation. Unemployment rates, encouraging investment and saving opportunities, and increasing economic growth rates in Palestine (Meqdad, 2009).

The Palestinian dream of independence and sovereignty continues to haunt the Palestinian people in all its sects and groups, the most prominent features of which are embodied in the issuance of the national currency. To improve income and investment, achieve full employment, improve the balance of payments, and adopt macro and partial economic policies aimed at achieving sustainable development. Among the incentives for issuing currency (Palestinian Monetary Authority PMA, 2017) is that Palestine has a strong and effective banking system. The monetary authority was able to achieve many achievements and reforms to strengthen the Palestinian banking sector, and among those achievements is the issuance of many banking laws and regulations, and it has also issued many regulations and instructions for banking supervision to strengthen the features of the banking system to become a sound and effective banking system, by using a set of standards and controls to manage credit risks, capital adequacy, external employment and control systems internal governance, banking compliance and credit concentrations, and has the laws, rules and regulations were characterized by modernity, comprehensiveness, and their compatibility with international principles and practices in the banking business. Statistics issued by the Monetary Authority indicate an increase in the total assets of the Palestinian banking sector at the end of (2018) to $16,128.8 million, with a growth rate of 83% over the year (2010). The total deposits also recorded an increase of 79%, increasing from $6,802 million in (2010) to $12,227.3 million in (2018). Also, credit facilities increased by 192%, increasing from $2,885 million in (2010) to $8,437 million in (2018) (Palestinian Monetary Authority PMA, 2018).

In addition to the recent decisions issued by the Monetary Authority regarding raising the capital of banks operating in Palestine from 25 million dollars to 50 million dollars, and the good indicators issued by the competent supervisory authorities about the adequacy of the capital of the Palestinian national banks, and with these data, we find that we are facing the elements Positive for the Palestinian banking sector, supporting the issuance of the national currency.

2.3. Features of the Modern Hypothetical Options for Managing and Issuing the Palestinian National Currency

2.3.1. The Hypothetical Option to Establish an Independent Palestinian Monetary Council as a Governing Institutional Framework for the Issuance and Management of Currency and to Maintain the Monetary Authority to Carry Out its Traditional Functions in Monitoring and Supervising the Banking Sector

Many researchers confirm that the monetary councils are suitable for developing countries that are characterized by their small economic size and their adherence to the policy of openness, where the monetary councils in those countries carry out the task of issuing cash and ensuring the transfer of cash at a fixed exchange rate and managing the reserve cover. On the other hand, we find that there are economists who believe that the monetary council system is a framework Institution for managing monetary policy and issuance that are suitable for all countries, regardless of the size of those countries (Qudaih, 1999).

In addition, there is a third trend among economists who believe that monetary councils may be effective in achieving their goals, provided that these councils are temporary and not permanent. Whatever the opinion about monetary councils, international experiences have proven that the use of monetary council arrangements is a successful experience, and among the indicators of the success of using monetary councils are the countries that have implemented this, including (Estonia, Bulgaria, Brunei, Argentina, Lithuania, Djibouti, Estonia, Bosnia and others) to address the problems it was suffering from, in addition to the fact that monetary boards play an important role in financing the fiscal deficit, and in its ability to influence many economic indicators such as unemployment, wages, domestic product, and the monetary base (Duesenberry, 1999).

2.3.2. The Concept of the Monetary Council in the Literature on Monetary Systems

The monetary board is defined as an institutional framework that acts as the monetary authorities (the central bank) that manages monetary policy and issuance of currency, and ensures the exchange of the local currency at a fixed exchange rate with the peg currency, so that its currency is linked to a major foreign currency or to a basket of major currencies that enjoys stability and general acceptance at the international and local levels (Kopcke, 1999), and it is assumed in the monetary authority to maintain a sufficient balance of foreign currencies that fully covers the money supply in the narrow sense (M1) money supply, or covers the issued monetary mass, and as a result, the monetary board can issue the local currency depending on a specific amount of currencies the foreign and local monetary base is relative to the size of the assets held by the Council, and this means that the Monetary Council obtains most of the local currency reserves from those who replace the foreign currencies in circulation with the national currency, and accordingly the amount of the monetary base varies according to the net flow of foreign currencies into the economy on the basis of an exchange rate constant (Kopcke, 1999).

Three basic elements meet in the monetary board system, which are fixing the exchange rate of the local currency against the currency of the peg, convertibility, and a long-term pledge guaranteed by the laws of the monetary authorities for the exported currency. In liquidity, in addition to the ability to use monetary policies to stimulate the economy is almost non-existent, economic adjustments and reforms are made by adjusting prices and wages, the results of which are usually slow (Mayes, 1999).

The most important characteristics of the monetary council arrangements compared to central banks are (Anne, 1999):

- Monetary boards use strict monetary policies, while central banks use fully flexible monetary policies, and the monetary board has a fixed exchange rate policy against another currency, while central banks sometimes use floating or floating managed exchange rates, or perhaps fixed with specific margins.
- The Monetary Council maintains a reserve equivalent to 100% of the issued cash, and there is an increasing margin of up to 5% or 10% in some cases to cover the possibility of losing reserve assets, while the Central Bank covers its national currency issues with an unspecified reserve cover.
- There should be full convertibility between the national currency and the pegged currency.
- The monetary boards do not support the government to finance its expenditures or the deficit, but this is done through taxes or borrowing, not through printing additional money and then increasing the rate of inflation, while the central bank finances the deficit in full.
- Monetary boards do not play the role of last resort for lending, while the Central Bank is considered the last resort for banks.

This study will be based on the hypothesis of establishing a fully independent Palestinian monetary board under the current stage to manage and issue cash with strict policies and to manage the legal (compulsory) reserve imposed by the Palestinian Banking Law on the banking sector relative to the total deposits, whose resulting revenues would be to support this hypothesis, most of the foreign studies, especially the study of the International Monetary Fund experts, have expressed their support for the idea of forming a currency board as an institutional framework for the management and issuance of currency. Palestinian (Enrique and Ann, 1999), as well as the World Bank study on the Palestinian economy (Bank, 1993), which recommended the Monetary Board as an institutional framework for the management and issuance of currency for its advantages represented by the ease of management and ensuring monetary discipline.

The Criticism Council, such as Erickson, Fisher, Smith, Dusenberry and others, where these studies indicated that it is not good, there is nothing in front of Palestine except the Monetary Council, which provides a simple and transparent framework for monetary policy that prevents the selective use of monetary policies, and the possibility of developing it with the maturity of the economy and the stability of political conditions into a central bank, and in the context of securing the legislative cover for the issuance of Palestinian currency, it is necessary to prepare a law for the management and issuance of currency and the instructions and governing provisions that follow under the Monetary Council. To this end, it is possible to use the draft Central Bank Law that was previously prepared by the Monetary Authority and make the necessary amendments to comply with the provisions of the Monetary Council's work, to strengthen the institutional framework to become more in harmony with the cash issuance process.

2.3.3. Partial Issuance of the Monetary Mass, up to a Maximum of the Volume of Cash Circulating Outside the Palestinian Banking System (CC) as a Hypothetical Option Instead of the Total Issuance to Cover the Entire Money Supply in the Narrow Concept (M1)

Determining the monetary block to be issued constitutes an essential element in the stability of the economy, and therefore its size must be determined to ensure the preservation of its value. The first is to offer money in a narrow concept (cash in circulation among citizens) and adopt the method of introducing the Palestinian currency partially and gradually to the Palestinian markets. The money supply in Palestine, and despite the difficulties faced by all researchers in estimating the money supply due to the lack of field statistics to find one side of the money supply equation in the narrow sense, which is the cash circulating outside the banking sector (CC), the researchers were able to reach appropriate estimates of the cash circulating outside the banking system at Citizens, and thus estimate the (M1) money supply in Palestine, based on assumptions that corresponded to the reality of the Palestinian economy, and this study will be based on estimating the monetary mass intended to be issued from the Palestinian currency on the study that was conducted by the former Governor of the Central Bank of Egypt (Awad, 2012), and it is closest to the estimates of many local and international institutions for the supply of money in Palestine, where the estimates of the amount of cash in circulation (CC) outside the sector were adopted. The banking system has 12.5% of the gross domestic product, to which 5-10% of the estimated value is added as a strategic reserve, see table 2.

Table-2. Money Supply Estimates in Palestine (in Million Dollars)

Year	Current deposits in Palestine DD	GDP at constant prices (the base year 2015)	GDP *%5+%12.5%= CC	Estimates of money supply in Palestine M1 = DD + CC
2010	2979.9	10,051.2	1758.9	4738.8
2011	3449.4	11,298.9	1977.3	5426.7
2012	3719.3	12,008.9	2101.5	5820.8
2013	4169.2	12,275.2	2148.1	6317.3
2014	4414.2	12,252.9	2144.2	6558.4
2015	4762.2	12,673.0	2217.7	6979.9
2016	5280.3	13,269.7	2322.1	7602.4
2017	5507.2	13,686.4	2395.1	7902.3
2018	5389.2	13,810.3	2416.8	7806.0

Source: Current deposits figures from the Palestinian Monetary Authority (PMA), Statistical Bulletin 2018, and the percentages were calculated by the researchers

M1 Palestine = Demand Deposit (DD) + Currency in Circulation (CC) (million dollars)

Based on the results of the above estimates, we find that the estimated value of the money supply in the narrow sense has increased to reach $7,806 million in (2018) compared to previous years due to the increase in the domestic product and the increase in the values of current deposit accounts in the banking sector compared to the statistics of previous years, as well as the adjustment of the GDP values.

According to the fixed prices for the base year (2015), which led to an increase in the estimates of the cash circulating outside the banking system to reach (2018) approximately $2416.8 million, and if we take the general average of the estimates of the volume of cash in circulation (CC) during the study period, it amounts to $2164.6 million, and since the cash intended to be issued in the initial stages, according to the hypotheses of the study, it is assumed that it is equivalent to the amount of cash in circulation among citizens (CC) only, so the maximum amount of cash to be issued in the first stages should not exceed the value of 2.1 billion dollars, which is equivalent to the general average of the estimates of the volume of cash in circulation, using the input policy gradual circulation in the local market, a value close to the total salaries and wages of Palestinian Authority employees it amounted to 1953.6 million dollars in (2017) (Currency, Statistical Bulletin, 2017).

If we assume that the nascent Palestinian currency plays an additional role as a short-term saving currency only and also to cover some other government expenditures, then the estimates of the cash mass exported are identical to the average estimates of the volume of cash in circulation outside the banking sector, amounting to 2.1 billion dollars, and accordingly, the study assumes that the monetary block is divided into monthly payments to cover the monthly salaries and wages of the Palestinian Authority employees, in addition to some other expenses, which is equivalent to 180 million dollars, until we reach at the end of the year to 2,160 million dollars, which is the value the total monetary mass intended to be partially issued, which is close to the average volume of cash in circulation (CC) outside the Palestinian banking sector.

2.3.4. The Gradual Introduction of the Palestinian Currency into Circulation in the Palestinian Market to Share with the Rest of the Foreign Currencies Currently in Circulation without withdrawing it as a Hypothetical Option Instead of a Complete Replacement

The researchers in the monetary economy have assumed, through their previous studies, the complete replacement of the circulation of the Palestinian national currency, especially those research papers that participated in the (1999) Palestinian Monetary Features Conference. In other words, the Palestinian currency performs its full functions as a unit of circulation and saving, which entails the treasury of the Authority, as a result of stopping trading in foreign currencies in circulation and withdrawing them, a large financial burden due to the lack of sufficient cash reserves to cover the full replacement.

However, this study assumed as an alternative option and in light of the Palestinian Monetary Council to keep the currencies currently circulating in the Palestinian markets and introduce the Palestinian currency into circulation and have the power of legal release to share with the rest of the currencies in their basic functions, and apart from using the national currency as a savings currency for the long term, it can be used the nascent national currency as a savings currency in this way, the national currency has achieved one of the symbols of national sovereignty by its introduction for settlement of payments and circulation instead of using it as a unit of account only as stated in the recommendations of some studies, in addition to the authority's treasury obtaining its share of the proceeds of issuing the Palestinian currency and achieving economic, financial and investment gains.

Referring to the (Paris Agreement, 1994), especially with regard to article 4, including Paragraph 10-b, regarding the Palestinian currency (Paris Agreement, 1994), where that article referred to the postponement of the discussion between the two sides on the introduction of an agreed-upon Palestinian currency, and to focus on what was stated in the incoming speech in the text, which is an introduction and not a substitution, we find that we have agreed with that agreement despite the end of its legitimacy and that we must be careful in dealing with other foreign currencies as they are currencies authorized for circulation in accordance with the agreements concluded, so it can be a process of forcing citizens to use the local currency as the main currency only through complete replacement, it has adverse effects as a result of what may result from the reluctance of citizens to deal with it, and then the flight of capital abroad and its reflection on the national economy (Labbad, 2005) and that the experience of the newly independent state of Latvia from the Soviet Union is the best evidence of the hypothesis of introduction and not a complete replacement, as it introduced its new currency easily and in batches and according to its capabilities, similar to Estonia and other countries, and also the experience of the euro in gradual replacement (Ross, 1999).

2.3.5. Hypothetical Options/Arrangements for the Exchange Rate, Currency Value and Reserve Cover for the Palestinian Currency under the Palestinian Currency Board

The Monetary Board must decide on drawing up and defining the issuance policy represented by choosing the exchange rate for the Palestinian national currency and determining the value of the currency and the reserve cover. The study assumed several options that may be appropriate to the specificity of the Palestinian economy. The interest of the Palestinian national currency and the Palestinian economy.

2.3.6. Choose an Exchange Rate System

The exchange rate as a link between an open economy and the rest of the world's economies plays a prominent role in economic competitiveness, and thus in setting the balance of payments, inflation rates and real growth (Kopcke, 1999), where the exchange rate policy affects the relative price structure of the country in the local currency between traded commodities Internationally and commodities produced for the local market and based on that, the system and the level of the exchange rate affects a wide range of price incentives and the economy as a whole. The process of differentiation between the exchange rate regimes is not possible (Mayes, 1999).

Since the comparison is generally based on a number several are represented by the economic goals that the designers of monetary and economic policies seek to achieve in addition to its structural features such as the type of shocks that the economy is exposed to and the free flow of capital. Funds, wages and price stability, so any change in the objectives or structure of the economy calls for a change in the exchange system to choose the most appropriate and optimal for the national economy, and therefore the permanently fixed exchange rate or full flexibility is not the optimal formula for the exchange rate system to achieve macroeconomic stability, as there is a middle degree flexibility is more likely to achieve stability, although flexible exchange rate arrangements are the most common formulas in developing countries.

2.3.7. The Optimal Situation for the Exchange Rate under the Palestinian Monetary Council

In light of the political and economic conditions that Palestine is going through, and if a decision is taken about issuing the national currency within a Palestinian monetary board due to the characteristics of the Palestinian economy as a small economy open to the world, then the best option in the first stages is to follow a fixed exchange rate policy, provided that the peg currency is in the dollar (Kopcke, 1999) for the following reasons:

- This method enhances confidence in the national currency by Palestinian citizens, as it is pegged to a strong currency such as the dollar, and thus pushes the monetary authorities to adopt policies that maintain price stability in maintaining the level of the peg, while at the same time adopting macroeconomic policies that are consistent with local stability.
- If a final solution is reached (the prevailing idea is that Palestine is moving towards a free economy, openness and free movement of capital), then a fixed exchange rate policy is the most effective in achieving the stability of the domestic product if the Palestinian economy is exposed to a local monetary shock since the fixed exchange rate is in this case, it helps to transfer the shock to the outside and limits the change in domestic interest rates that disturb monetary stability.
- Adopting a fixed exchange rate policy reduces the degree of certainty associated with fluctuations in exchange rates. Therefore, capital flows associated with an investment in Palestine are positively affected by the stability of the exchange rate.
- Small and open countries such as Palestine are not recommended for a flexible exchange rate system because monetary policy intervention will not enable the country to maintain local interest rates at levels different from international prices, and the flexible exchange rate system is unjustified in the short and medium term, except in the case of no reserves to support the currency.
- The studies carried out by Ghosh (1998) proved the ability of fixed exchange rates under the monetary councils' arrangements to reduce inflation rates (Enrique and Ann, 1999) to find low inflation rates, and what should be distinguished by the initial exchange rate of the currency under the Monetary Council is that it reflects a value less than the estimated equilibrium value of the exported currency in order to create a competitive pricing advantage for Palestinian exports in the early stages of issuance, and also the exchange rate should not be too low in the early stages of issuance, because this leads to imposing a high price on imported goods, and provides the basis for inflation in the economy upon consumption in the local currency, which may threaten any success of the Monetary Council (Kopcke, 1999), and setting a fixed exchange rate leads to reducing fluctuations in the prices generated Due to the difference in the exchange rates of the three currencies in circulation in Palestine (Meqdad, 2009), and in light of the work of a currency board, it links the national currency at a fixed exchange rate linked to the currency of another country that is characterized by strength and stability and serves as a monetary cover and is supported by the Monetary Board pledged to always purchase the local currency in exchange for the reserve currency according to the fixed and announced exchange rate to ensure that the Board fulfilled its commitments, and the fact that this study assumed the existence of a Palestinian Monetary Board to manage and issue cash and keep the three currencies in circulation, and introduce the Palestinian currency into

circulation instead of full replacement and with a monetary mass that does not exceed in its total size the amount of cash circulating outside the Palestinian banking system, the most appropriate option for the exchange rate for the nascent national currency is to be pegged and pegged to the US dollar.

2.3.8. Peg Currency

The clear criterion that must be used when choosing the peg currency includes its stability, strength, and global circulation, which is an indisputable rule. The current and future economic relations with the country that you want to link its currency to, and this option is sometimes difficult if the country that wants to link its currency is not the main partner in trade with the foreign country (the linking country), and the second option is for the country to link its local currency to a basket Currencies for several countries, and the theoretical option is to link the country's currency to a basket of currencies, but practically all countries that applied the arrangements of the monetary board system have chosen one currency for the link (Kopcke, 1999), and the options and alternatives available to the Palestinian Monetary Authority according to this study are the link to one currency and the alternatives are:

a) The Israeli Shekel: as the currency of the largest trading partner of the Palestinian Authority, this alternative may not be accepted for political and economic reasons.
b) The Jordanian Dinar: as one of the trading partners of Palestine, in addition to the presence of large reserves in the Jordanian dinar at the level of bank deposits in the areas of the Palestinian National Authority.
c) The US Dollar: Some monetary economists, such as (Kopcke), believe that the dollar is the most appropriate peg currency for Palestine. This point of view is preferred for the following reasons:

- The dollar constitutes the largest proportion of international reserves (60% of international reserves).
- The dollar is used to a large extent as a savings currency in Palestine, and therefore linking the national currency to the dollar with a fixed relationship will play an important role in gaining citizens' confidence in the national currency.
- Most of the countries that peg their currency to one currency use the dollar as the peg currency. Among the advantages of this system (Mayes, 1999):

a) The system of pegging between the currency of one country and another country may facilitate trade between these two countries, and the common pattern is for a developing country to peg its currency to its main trading partner.
b) Confidence in the currency of the developing country can be enhanced if the country of the peg currency is considered a country that pursues economic policies that encourage price stability, and in this case, the linking country will have to follow policies that maintain price stability to maintain the level of the peg.
c) Maintaining a fixed exchange rate is the most effective in achieving stability of the real output if the economy is exposed to a monetary shock and its source is local, and in a clearer sense if the economy is open and the source of the monetary shock is local, then the stability of the exchange rate will help transfer the shock abroad.
d) In light of the country enjoying a high degree of freedom of capital movement, and the economy is exposed to a domestic monetary shock, the fixed exchange rate is the most appropriate system for stabilizing the gross domestic product because it limits the change in domestic interest rates that disturb stability.

The opinions of the participants in the 1999 Conference on the Features of the Palestinian Monetary System varied regarding linking the Palestinian currency. Some of them supported the idea of linking it to the US dollar, such as the kopecks, to add confidence to the national currency, or to a basket of currencies whose weights reflect the relative importance of trading partners, such as Salmon.

Within the Monetary Council’s arrangements, choosing the appropriate peg currency for the Palestinian economy increases general acceptance, and the fact that the US dollar is used in most international transactions and is considered one of the main peg currencies for many countries and the main component of the reserves, and that most of the foreign aid and grants to Palestine are in US dollars, it is hypothetically the most acceptable to be the peg currency for the Palestinian currency and the main component of the reserve (Awad, 2011).

2.3.9. Determine the Value of the Palestinian Currency

The issue of determining the value of the currency needs in-depth studies to reach the best available options that guarantee to determine an optimal value for the Palestinian currency. In this context, a set of economic factors that maintain the value and stability of the currency are included. Some studies on the Palestinian currency indicate that the most appropriate default value for the currency in the Palestinian economy should be linked to the weighted values of the three currencies circulating in the Palestinian economy (dinar, shekel, dollar), and some other studies assumed that determining the default value of the currency is through the current account of the balance of payments, where the value is determined by determining the average value of exports to imports, and since the value of exports represents about a third of the value of imports denominated in dollars in the Palestinian balance of payments, this means that the default value of the Palestinian currency unit against the US dollar is equal to 1:3, meaning that for every 3 units of the Palestinian currency, there is an equivalent of 1 US dollar, and this is close to the value of the Israeli shekel against the US dollar (Meqdad, 2009), see table 3.

Table-3. Trade Balance of Palestinian Goods and Services (FOB) (Million Dollar)

Year	2010	2011	2012	2013	2014	2015	2016	2017	In Average
Exports	1367	1799	1871	2071	2172	2338	2380	2692	2086
Imports	5265	5723	6300	6804	7209	7537	7626	8066	6816

Source: Palestinian Monetary Authority (PMA), Department of Research and Monetary Policies, Statistical Bulletin, 2017.

The researcher believes that under the Monetary Council, there will be freedom and a wide margin to determine the value of the currency and that the most appropriate option for determining the value of the currency is to adopt the option of average total exports to Palestinian imports, i.e. at a ratio of 1:3, meaning that each US dollar is equal to 3 units of the Palestinian currency, and this means that the value of the Palestinian currency is equal to and equal to the value of the Israeli shekel, and this corresponds to the citizens' desire for ease of conversion and the solvency of the Palestinian monetary unit with the standard of living and prices. They are close to what is currently used in the markets and prices, and citizens are accustomed to using them in their daily lives.

2.3.10. Reserve Cover for the Palestinian Currency

Although the reserve cover for the Palestinian currency will be formed automatically by replacing the salaries and wages of employees from the Israeli shekel to the national currency according to the hypothetical options presented in this study, that reserve cover must be fortified by allocating part of the general budget to support the formation of the reserve cover for the Palestinian currency temporarily, and in the early stages of issuance, the Monetary Authority must also transfer the entire balance of capital and reserves available to it to ensure the stability of the national currency and to face any potential risks that may lead to destabilizing confidence in it or fluctuating its value, given the small number of cash reserves that can be provided by itself from the Palestinian Authority as a result of replacing salaries and wages to be paid in the Palestinian currency. The Monetary Authority is required to transfer the entire mandatory legal reserve available to it to be managed by the Monetary Council to support the reserve cover for the cash issue. On the other hand, the Zionist entity must be pursued through international courts to collect the proceeds of the issuance proceeds, whose value is estimated at a minimum of 4,447.2 million. dollars, an average of about 7,671.1 million dollars, and a maximum of 10.89 5.5 for the years 1995-2018, and the financial indicators of the performance of the Palestinian Monetary Authority for the years (2010-2018) indicate that they are in continuous improvement, as we find that the balance of the reserve and the paid-up capital amounted to 134.0 million dollars in the year (2018), and the assets of the Monetary Authority in the year (2018) amounted to a value of 623.1 one million dollars, and the average annual revenue of the Monetary Authority is 21.7 million dollars.

3. Methodology, Sample and Procedures

3.1. Testing the Opinion of Academic Respondents in Palestinian Universities About Hypothetical Options for Study

In its methodology, this study is based on the use of the analytical descriptive approach to suit the subject of the study. The researcher made use of the available secondary sources, data, reports, Arab and foreign economic and monetary research, and a set of working papers that were presented at the Conference on Features of the Monetary System, which was held in Seleem (2013), in addition to the literature and research.

To answer the questions of the study, the researcher used a questionnaire to survey the opinion of economists from Palestinian university professors about the hypotheses of the study using statistical tests to examine and analyze the opinion of the respondents from a statistical point of view and to ensure that there is statistical significance in the difference between those who support the issuance of currency using the proposed hypothesis options in this Study and opponents of those hypotheses.

The following paragraphs deal with a description of the study population and the method used by the researcher to select the study sample, as well as a description of the tool used in it and the procedures that were followed in its implementation, in addition to the statistical treatments that were used in analyzing the results. To explain the conceptual backdrop of the research, a questionnaire was developed based on previous research and prior studies, to collect data relating to the issue, analyze that data, and quantitatively process it.

3.2. Study Population and Sample

The study population consisted of all academics holding a PhD and working in the faculties of economics and business in the Palestinian universities in the West Bank regions, and their exact specialization in the following fields (economics, financial and banking sciences, finance and investment) and their number was (152) academics since their scientific specializations are closer to the subject of the study the Palestinian universities located in Gaza were excluded from this due to the difficulty of communication.

The actual study sample consisted of (95) academics who were chosen using the intentional non-probability sampling method. The researcher distributed (115) questionnaires to the respondents, and after completing the data collection process, the outcome of the collection is (100) questionnaires, of which (5) questionnaires were excluded because they were not valid for statistical analysis, so the study sample on which the statistical analysis was conducted became (95) questionnaires. Table 4 shows the distribution of the study sample, frequencies and percentages according to demographic variables.

Table-4. Distribution of the Study Sample

Variables	Variable Levels	Frequency	Percentage %
Academic Rank	Assistant Professor	69	72.6
	Associate Professor	14	14.7
	Full Professor	12	12.6
	Total	**95**	**100%**
Years of Experience in the Field of Specialization	Less than 7 years	19	20.0
	7 to 14 years	35	36.8
	15 to 19 years	29	30.5
	More than 20 years	12	12.6
	Total	**95**	**100%**
Scientific Specialization	Economics	35	36.8
	Finance and Banking	38	40.0
	Finance and Investment	22	23.2
	Total	**95**	**100%**

Source: Compiled by the authors

3.3. Research Instrument

After acquainting the researchers with the various theories as well as a collection of previous investigations and the instruments used in them, the researcher constructed a particular questionnaire to measure the degree to which participants answered on the idea of producing Palestinian money utilizing hypothetical choices tailored to the peculiarity of the Palestinian economy. The questionnaire consisted of 15 paragraphs in its final form after modification by academic colleagues specialized in the field of research and adding some paragraphs, which are divided into 5 areas: the institutional framework governing the issuance of the currency, the size of the issuance, the mechanism of offering/introducing the currency, the issuance policy, and the reserve cover.

The items of the tool and the method of correction were formulated according to the Likert scale, and the scale was designed based on the Scale. The paragraphs were built in a positive direction and weights were given as follows: strongly agree: five degrees, agree: four degrees, neutral: three degrees opposites: two degrees, strongly opposed: one degree. To interpret the results and to determine the extent of the respondents' agreement about the possibility of issuing the Palestinian currency using hypothetical options that suit the specificity of the Palestinian economy, the score was converted according to the level that ranges from (1-5) degrees, and the classification of the level into five periods to separate between high and low scores, as it calculated the length of the range, which is (5-1=4), then divided into (5) periods (4/5=0.8), and accordingly, the length of the period is (0.8), so the following estimate was adopted to separate the grades, and table 5 shows that as follows:

Table-5. Interpretation of Results for Respondents' Agreement on the Possibility of Issuing A Palestinian Currency

Calculation Average (SMA)	Percentage	Degree
4.21 and over	%84.2 and above	Too High
3.41 – 4.20	%68.2 - %84.0	High
2.61 – 3.40	%52.2 - %68.0	Average
1.81 – 2.60	%36.2 - %52.0	Low
Less than 1.81	Less than %36.2	Very Low

Source: Compiled by the authors

3.4. Validity of the Instrument

The simulated truthfulness technique was used to confirm the user's authenticity, as the tool was dispersed in its initial form to (6) academic teammates domain-specific in the course of the research, to confirm the suitability of the questionnaire for what it was planned for, as well as the honesty of the phrasing of the sentences and their connectedness to the region of space in which they were placed. The proportion of consensus on the questionnaire's remarks between the judges is 85%, indicating that the scale has adequate sincerity, and several sentences have been adjusted before they were presented in their final shape.

3.5. Instrument Stability

The tool's reliability was tested using the Reliability Inter-Item technique. This form of stability relates to the degree of regularity between the study tool's paragraphs. The Cronbach Alpha formula was chosen since this technique is dependent on the presence of stability in individual responses from one item to another for each measure, and the findings of table 6 demonstrate that:

Table-6. Results of the Stability Coefficient Test Using the Cronbach Alpha Method of Measuring Instrument Dimensions

Field	Paragraphs Number	Cronbach Alpha Value
The choice of the institutional framework governing the issuance of the currency	2	0.94
Option of partial issuance volume of the coin	2	0.92
Option of progressive currency introduction/subtraction mechanism	2	0.90
Currency exchange rate option	3	0.71
Currency value and reserve cover option	6	0.79

Source: Compiled by the authors

It is clear from the results shown in table 6 that the value of the Cronbach alpha coefficient was acceptable on all dimensions and domains of the measurement tool and ranged between (0.71-0.94). This indicates that the scales have a high degree of stability, as (Sekaran and Bougie, 2010) indicated that the value of the Cronbach alpha coefficient is acceptable from an applied point of view in research related to administrative and human sciences if it is (0.60≥Alpha).

3.6. Normal Distribution Test (Kolmogorov-Smirnoff Test) (1-Sample K-S)

The Kolmogorov-Smirnov test is used to determine if the data has a normality test or not, and it is a crucial test for evaluating hypotheses since most parametric tests need normally collected data. Relevant analysis tests for each scenario (parametric tests vs. non-parametric tests), when the result of the level of significance for all parameters of the research is larger than 0.05 (sig>0.05), table 7 indicating that the data has normality and parameterized tests may be used:

Table-7. Normal Distribution Test (1-Sample K-S)

Field	Test Value-Z	Moral Level
The choice of the institutional framework governing the issuance and management of the Palestinian currency	0.453	0.82
Option of issuance size for the Palestinian currency (the monetary mass to be issued)	1.190	0.06
Option of introducing/inserting the currency into the Palestinian market	0.352	0.71
Option of the exchange rate for the Palestinian currency	1.010	0.08
The option to determine the value of the Palestinian currency and the reserve cover	0.252	0.70

Source: Compiled by the authors

3.7. Statistical Treatments Used in the Study

To test the hypotheses of the study, the data was dumped into the computer, then the results were analyzed and processed, and the researcher used a set of appropriate statistical methods using the statistical package (SPSS) as follows:

a) Arithmetic means, percentages, and a one-sample t-test to answer the study questions.
b) Multiple analyses of variance to examine hypotheses related to the variables of academic rank, years of experience, and scientific specialization.
c) Cronbach's alpha equation, to stability by calculating the internal consistency of the items of the study tool.
d) Kolmogorov-Smirnov test (1-Sample K-S) to test the normal distribution of the data.

4. Results and Discussion

These paragraphs include a presentation of the results of the collected data analysis, as well as showing the testing of the hypotheses that the researcher formulated, and the most prominent results that were reached through the statistical analysis of the questionnaire paragraphs will be reviewed and discussed, and for that, the researcher carried out statistical treatments for the data collected through study tool.

4.1. Statistical Results Related to the Study Questions

The arithmetic means stamens deviation and the (t) test for one sample and the level of significance were used for each paragraph of the questionnaire to find out its value, and to determine the extent of agreement or disagreement of the respondents with these paragraphs, to support about the possibility of issuing the Palestinian currency using hypothetical options it suits the specificity of the Palestinian economy. The paragraph is considered positive if the sample members agree with its content, and the calculated (t) value is higher than the tabular (t) value, which is equal to (1.96) (or the probability value is less than 0.05 and the arithmetic mean is greater than 3), and the paragraph is considered negative if the individuals. The sample does not agree with its content, and the calculated negative (t) value was less than the tabular negative (t) value, which is equal to -1.96 (or the probability value is less than 0.05 and the relative weight is less than (3). The sample's opinions in the paragraph are neutral if the probability value has greater than (0.05).

As for the standard deviation, it shows the extent of dispersion in the respondents' responses to each of the questions. The closer the standard deviation is to zero, the more concentrated the responses will be and the less dispersed, and if the standard deviation is correct and one or higher, then it means that the responses are not concentrated and dispersed, and this test was conducted on the questionnaire according to the phrases to which each dimension of the questionnaire belongs, and the following is the answer to the main question of the study:

To what degree do participants favour the prospect of creating Palestinian money utilizing hypothetical possibilities tailored to the unique characteristics of the Palestinian economy? This major issue is followed by many sub-questions, particularly regarding:

4.1.1. Results Related to the First Sub-Question

What is the degree of agreement of the respondents with the hypothetical option of establishing a Palestinian monetary council as a governing institutional framework for managing and issuing the Palestinian currency and maintaining the Monetary Authority to carry out its functions in monitoring and supervising the banking sector?

To answer the t-test was used for one sample, arithmetic means, standard deviations, and estimated percentages of the respondents' responses to all items in this field. The results of table 8 show that:

Table-8. The Results of the (T) Test, the Arithmetic Means, the Standard Deviation, and the Percentages of the Respondents' Support for the Hypothetical Option About the Governing Institutional Framework for Managing and Issuing the Palestinian Currency, Arranged in Descending Order of Degree

Paragraph	Calculation Average (SMA)	Standard Deviation	Estimated Percentage	t-Value	Significance Level
That the Monetary Council be the governing institutional framework for managing and issuing the Palestinian currency in the early stages since its regulations are more stringent than the Central Bank	3.2316	1.43995	64.63	4.952	*0.00
Preserving the Palestinian Monetary Authority to carry out its traditional functions in controlling and supervising banks, with the existence of a Palestinian Monetary Council as an independent institutional framework for managing monetary policy and issuing currency	3.2211	1.39283	64.42	5.046	*0.00
The total score for the hypothetical choice domain of the governing institutional framework	3.2263	1.39102	64.52	5.089	*0.00

Statistically significant at the significance level (a≤0.05)

According to table 8, the valuation of the test statistic determined from the survey was statically significant at the threshold of significance (a≤0.05) in sentences (1, 2), and on the total score of the profession of hypothetical preference about the governing regulatory arrangements, as the value of the premeditated significance level managed to reach of the test, respectively, (0.00), and all the mathematics averages were greater than (3), implying that the respondents sue Paragraph (1) obtained an average score and ranked first, as the estimated percentage of the respondents' responses to it was (64.63%).

This means that the respondents agreed to a moderate degree that the Currency Board is the governing institutional framework for the management and issuance of the Palestinian currency in the early stages, since its regulations are more stringent than the Central Bank, while Paragraph (2) got a medium degree and ranked second, as the estimated percentage of the respondents' responses to it was (64.42%).

Palestinian cash as an institutional framework for managing monetary policy and issuing currency. In general, the total score for the hypothetical institutional framework governing the management and issuance of cash was medium according to the respondents' opinion, with a total arithmetic mean of (3.22), a standard deviation of (1.391), and a significance level of (0.00). An estimated percentage of (64.52%).

4.1.2. Results Related to the Second Sub-Question

What is the degree of support of the respondents on the hypothetical option for the size of the partial issue (the monetary block intended to be issued) to be, as a maximum, the volume of cash circulating outside the Palestinian banking sector (CC)?

To answer the question of the study, the t-test for one sample, arithmetic means, standard deviations, and estimated percentages of the respondents' responses to all items in this field. The results of table 9 show that:

Table-9. The Results of the (T) Test, the Arithmetic Means, the Standard Deviation, and the Percentages of the Degree of Support of the Respondents on the Hypothetical Option of the Partial Issuance Size (Money Block), Arranged in Descending Order of Degree

Paragraph	Calculation Average (SMA)	Standard Deviation	Estimated Percentage	t-Value	Significance Level
The volume of issuance of the Palestinian currency can be increased later when the political situation is stable, the final solution negotiations are completed, the economic conditions improve, and sufficient cash reserve cover is formed, for the currency to perform its medium and for Mingo or in flooring the entire money supply M1 in the narrow concept).	3.6211	1.29794	72.42	4.664	*0.00
That the size of the monetary mass to be issued from the Palestinian currency is only equivalent to the volume of cash circulating outside the Palestinian banking sector (the first part of the money supply base M1) in the Palestinian economy, meaning that it performs its basic function, which is circulation in the early stages	3.5895	1.25049	71.79	4.595	*0.00
The total score for the field of hypothetical choice of the issue size	3.6053	1.22669	72.11	4.809	*0.00

*****Statistically significant at the significance level (a≤0.05)

The value of the significance level calculated from the sample was statistically significant at the level of significance (a0.05) in paragraphs (1, 2), and on the total score of the field of the hypothetical option for the size of the issue, as the value of the significance level calculated from the sample in a row (0.00), and all the arithmetic means were greater than (3), indicating that the respondents supported these paragraphs.

The projected proportion of respondents' replies to graph (1) was 72.42%, earning it a high degree and first place. The economy and the formation of sufficient cash reserve cover for the currency to perform its medium and long-term saving functions (covering the entire money supply (M1) in the narrow concept). Paragraph (2) got a high degree and ranked second, as the estimated percentage of the respondents' responses reached (71.79%), which means the respondents agreed to a high degree that the volume of the cash block to be issued from the Palestinian currency is only equivalent to the volume of cash circulating outside the Palestinian banking sector (the first part of the money supply base M1) in the Palestinian economy, meaning that it performs its basic function, which is circulation in the early stages, and in a manner, it is clear that the total score for the field of hypothetical choice of issuance size was high according to the opinion of the respondents, with total arithmetic mean (3.60) and with standard deviation (1.22), and the level of significance (0.00), with an estimated percentage of (72.11%).

4.1.3. Results Related to the Third Sub-Question

What is the degree of support of the respondents on the hypothetical option of introducing/gradually introducing the currency into the Palestinian market to share with the rest of the foreign currencies circulating in the Palestinian economy?

To answer the question of the study, the t-test for one sample, arithmetic means, standard deviations, and estimated percentages of the respondents' responses to all items in this field. The results of table 10 show that:

Table-10. The Results of the (T) Test, the Arithmetic Means, the Standard Deviation, and the Percentages of the Respondents' Support for the Hypothetical Option of the Mechanism of Introducing/Gradual Currency Offering to the Palestinian Market, Arranged in Descending Order of Degree

Paragraph	Calculation Average (SMA)	Standard Deviation	Estimated Percentage	t-Value	Significance Level
The introduction of the Palestinian currency into the market should be gradual through the salaries and wages of employees until we reach the proposed limit, which is the volume of cash circulating outside the banking sector in the Palestinian economy	5.5053	1.35170	70.11	3.643	*0.00
That the Palestinian currency be offered to share with the rest of the foreign currencies circulating in the Palestinian market instead of a complete replacement and without withdrawing the foreign currencies	3.5053	1.13806	70.11	4.327	*0.00

currently circulating in the Palestinian economy					
The total score for the domain of the hypothetical option of the currency subtraction/insertion mechanism	3.5053	1.16348	70.11	4.233	*0.00

*Statistically significant at the significance level (a≤0.05)

Table 10 shows that the value of the significance level calculated from the sample was statistically significant at the level of significance (a≤0.05) in paragraphs (1) and (2), as well as on the total score for the field of the hypothetical option of the mechanism of gradual introduction/offering of currency to the Palestinian market, where the level of significance determined from the sample was (0.00), and all arithmetic means were larger than (3), indicating that the respondents agreed with these paragraphs.

The projected proportion of respondents' replies to graph (1) was 70.11%, earning it a high degree and first place. The suggested restriction, which is the amount of currency in circulation outside the Palestinian banking system, received a high degree and placed second, with an estimated proportion of respondents responding to it reaching (70.11%). Instead of a complete replacement and without removing the foreign currency now circulating in the Palestinian market. According to the respondents, the total degree of the field of the hypothetical option of the mechanism of gradual introduction/introduction of the currency was high, with a total arithmetic mean (3.50), a standard deviation (1.163) a level of significance (0.00), and an estimated percentage a (70.1).

4.1.4 Results Related to the Fourth Sub-Question

What is the degree of support of the respondents on the hypothetical option of the exchange rate of the Palestinian currency?

To answer the question of the study, the t-test for one sample, arithmetic means, standard deviations, and estimated percentages of the respondents' responses to all items in this field. The results of table 11 show that:

Table-11. The Results of the (T) Test, the Arithmetic Means, the Standard Deviation, and the Percentages of the Respondents' Support for the Hypothetical Option of the Palestinian Currency Exchange Rate, Arranged Descending According to the Degree

Paragraph	Calculation Average (SMA)	Standard Deviation	Estimated Percentage	t-Value	Significance Level
That the exchange rate of the Palestinian currency be fixed and linked to the US dollar	3.5158	1.45033	70.32	3.466	*0.00
That the exchange rate of the Palestinian currency be fixed and linked to the Jordanian dinar	3.4316	1.29362	68.63	3.252	*0.00
That the exchange rate of the Palestinian currency be fixed and linked to the Israeli shekel	3.3053	1.33746	66.11	2.225	*0.00
The total score for the hypothetical option field of issuance policy	3.4175	0.90044	68.35	4.520	*0.00

*Statistically significant at the significance level (a≤0.05)

According to table 11, the value of the significance level calculated from the sample was statistically significant at the level of significance (a≤0.05) in paragraphs (1, 2, 3), and on the total score for the realm of the hypothetical option of the issuance policy, as the value of the premeditated significance level reached of the sample, respectively, (0.00), and all the arithmetic averages were greater than (3), indicating that the respondents supported the hypothetical option of the issuance policy.

The projected proportion of respondents' replies to graph (1) was 70.32%, earning it a good grade and placing it first. This suggests that the respondents agreed to a great degree that the Palestinian currency's exchange rate should be set and tied to the US dollar, whereas paragraph (3) had a score of medium and was ranked last, with an estimated proportion of respondents responding to it of 66.11%. This suggests that respondents agree to a modest degree that the Palestinian currency's exchange rate is fixed and connected to the Israeli shekel. The respondents had an estimated percentage of (68.35%), with a total arithmetic mean of (3.41), a standard deviation of (0.900), and a level of significance of (0.00).

4.1.5. Results Related to the Fifth Sub-Question

What is the degree of support of the respondents on the hypothetical option to determine the value of the Palestinian currency and the reserve cover?

In order, to request the t-test was used for one sample, arithmetic means, standard deviations, and estimated percentages of the respondents' responses to all items in this field. The results of table 12 show that:

Table-12. The Results of the (T) Test, the Arithmetic Means, the Standard Deviation, and the Percentages of the Respondents' Support for the Hypothetical Option of the Palestinian Currency Reserve Cover, Arranged Descending According to the Degree

Paragraph	Calculation Average (SMA)	Standard Deviation	Estimated Percentage	t-Value	Significance Level
That the value of the Palestinian currency be determined through the current account of the Palestinian balance of payments, i.e., the average of total exports to imports	4.3578	0.97757	87.16	13.539	*0.00
That the reserve cover for the Palestinian national currency be linked to a basket of currencies characterized by strength, stability and international acceptance	4.3474	0.82215	86.95	15.973	*0.00
That the reserve cover for the national currency be linked to a basket of currencies consisting of the US dollar, the Israeli shekel, and the Jordanian dinar	4.1053	0.83122	82.11	12.960	*0.00
To transfer the legal reserve and other reserves available at the Monetary Authority to the Palestinian Monetary Council to manage it and benefit from the returns of its investment in supporting the formation of the monetary reserve cover for the Palestinian currency	3.7368	1.10329	74.74	6.509	*0.00
The reserve cover for the exported national currency in an amount equivalent to the cash circulating outside the banking sector is automatically formed from the proceeds of replacing salaries and wages paid to the Authority’s employees in the Palestinian national currency instead of the shekel, which turns into a reserve cover	3.6947	1.22104	73.89	5.546	*0.00
That the reserve cover for the Palestinian currency is linked to the main trading partner based on the commercial interest (the Israeli shekel).	3.4000	0.93854	68.00	4.154	*0.00
Total score for the cash reserve cover options domain	3.9404	0.66884	78.808	13.703	*0.00

***Statistically significant at the significance level (a≤0.05)

Table 12 shows that the value of the calculated significance level was statistically significant at the level of significance (a≤0.05) in paragraphs (1-6) and on the total score of the domain of the hypothetical option of the reserve cover for the Palestinian currency, as the value of the calculated significance level reached. According to the sample, (0.00), and all arithmetic averages were larger than (3), indicating that respondents endorsed these paragraphs.

The projected proportion of respondents' replies to graph (1) was 87.16%, earning it a very good grade and placing it first. This suggests that the majority of respondents believed that the value of the Palestinian currency should be decided by the current account of the Palestinian balance of payments, i.e., the average of total exports to imports.

The anticipated proportion of respondents' replies to graph (6) was 68%, earning it a medium degree and the final position. This means that respondents agree to a moderate degree that the reserve cover for the Palestinian currency is linked to the main trading partner based on commercial interest (the Israeli shekel), in general, it is clear that the total score for the field of the hypothetical option of the reserve cover was high, according to the respondents, with total arithmetic mean (3.94), a standard deviation (0.66), and a significance level (0.00), with an estimate of (78.8%).

4.2. Hypotheses Results

There are no statistically significant differences at the level of significance (a≤0.05) in the extent of the respondents' agreement about the possibility of issuing the Palestinian currency using hypothetical options that fit the specificity of the Palestinian economy according to the demographic variables (academic rank, years of experience in the field of specialization, scientific specialization).

To test this hypothesis, the researcher used the analysis of variance method. Table 13 shows the results of the analysis of variance to the extent of the respondents' agreement about the possibility of issuing the Palestinian currency using hypothetical options according to demographic variables (academic rank, years of experience in the field of specialization, scientific specialization).

Table-13. Results of Variance Analysis of the Respondents' Agreement on the Possibility of Issuing the Palestinian Currency Using Hypothetical Options According to Demographic Variables (Academic Rank, Years of Experience in the Field of Specialization, Scientific Specialization)

Source of Contrast	The Sum of Squares of Deviations SS	Degrees of Freedom DF	Mean Sum of Squared Deviations MS	t-Value	Significance Level
Academic Rank	0.355	2	0.178	0.350	0.70
Experience Years	2.390	3	0.797	1.571	0.20
Scientific Specialization	4.127	2	2.064	4.070	*0.02
Error (residuals)	44.113	87	0.507		
Total	1266.400	95			

*Statistically significant at the significance level (a≤0.05)

It is clear from Table 13 that the value of the level of significance calculated from the sample on the variables (academic rank, years of experience in the field of specialization) has reached respectively (0.70, 0.20), and these values are greater than the level of significance specified for the study (a≤0.05), that is, we accept the hypothesis. This means that there are no statistically significant differences at the level of significance (a≤0.05) in the extent of the respondents' agreement about the possibility of issuing the Palestinian currency using hypothetical options that fit the specificity of the Palestinian economy according to the demographic variables (academic rank, years of experience in the field of specialization).

As for the scientific specialization variable, the value of the level of significance calculated from the sample was (0.02), and this value is less than the value of the level of significance specified for the study (a≤0.05), meaning that we reject the null hypothesis on this variable, and this means that there are statistically significant differences at the level of significance (a≤0.05) in the extent of the respondents' agreement about the possibility of issuing the Palestinian currency using hypothetical options that fit the specificity of the Palestinian economy according to the scientific specialization variable, and in order toe in favour of whose differences, the (LSD) test was used dimensionally, and the results of table 14 show that:

Table-14. The Results of the (LSD) Test for Post-Comparisons Between the Arithmetic Means of the Total Degree of the Respondents' Agreement About the Possibility of Issuing the Palestinian Currency Using Hypothetical Options That Fit the Specificity of the Palestinian Economy According to the Scientific Specialization Variable

(a) Scientific Specialization	(b) Scientific Specialization	The Difference is Average (a-b)	Standard Error	Significance Level*
Economics	Finance and Banking	*0.5261-	0.16682	0.00
	Finance and Investment	0.2803-	0.19374	0.15
Finance and Banking	Economics	*0.5261	0.16682	0.00
	Finance and Investment	0.2457	0.19076	0.20
Finance and Investment	Economics	0.2803	0.19374	0.15
	Finance and Banking	0.2457-	0.19076	0.20

Source: Calculated and Compiled by the authors

It appears from table 14 that there are statistically significant differences in the total degree of the respondents' agreement on the possibility of issuing the Palestinian currency using hypothetical options that suit the specificity of the Palestinian economy according to the scientific specialization variable, between the academics whose specialization is (economics) and the academics whose specialization is (finance and banking).

In favour of the academics whose specialization is (finance and banking), the researcher attributes that most of the academics whose exact specialization is in the field of financial and banking sciences and who are closest to the subject of the research were very interested in listening to the detailed explanation provided by the researcher about hypothetical options supported by previous studies and research by monetary experts and with experiences states and that the time allotted for visiting them in their job positions was greater and opened a wider field for discussion, unlike those with other disciplines who received the questionnaire without having enough time to explain the dimensions of the hypothetical options.

5. Conclusions

The researcher concludes, by analyzing the statistical results of the study questionnaire, the following:

- The total score for the hypothetical choice about the institutional framework governing the management and issuance of cash was supported by the respondents at an average level, as the overall arithmetic mean was 3.2, which is positive since the arithmetic mean is greater than 3 and the probability value is 0.00, which is less than 0.05, with an estimated percentage of 64.5%, and the researcher attributes that this result came as a result of his providing a detailed explanation to many of the respondents, in which he showed the differences between the management of the monetary board of the currency and the management of central banks, based on what came in most foreign studies, especially the study of the International Monetary Fund experts, which supported the idea of forming a currency board as a framework ruler's founders for managing and issuing the Palestinian currency (Enrique et al., 1999), as well as the World Bank's study on the Palestinian economy (Bank, 1993), which recommended the Monetary Board as an institutional framework for managing and issuing the currency for its advantages represented by ease of management and ensuring monetary discipline, as well as the successful experiences of some countries who used the monetary boards system, as most of the studies that dealt with the prospects of the Palestinian monetary system recommended to adopt the monetary board system, such as (Ericsson, Fisher, Smith and Dusenberry), where indicated. According to studies, Palestine has no choice but to the Monetary Council, which provides a simple and transparent framework for monetary policy that prevents the selective use of monetary policies, and the possibility of developing it with the maturity of the economy into a central bank.

- The total score for the field of hypothetical choice about the size of the issuance of the Palestinian currency (the monetary mass to be issued) was supported by the respondents with a degree above average, as the total arithmetic mean was 3.6, which is positive since the arithmetic mean is greater than 3 and the probability value is 0.00, which is less than 0.05, with an estimated percentage of 72.1%. These results were consistent with the hypothetical option of the study at a medium level, as it was assumed in the first stage that the monetary mass is divided into monthly payments, with a value not exceeding the monthly salaries of the Palestinian Authority employees amounting to 162.8 per month, in addition to some other expenses, which is equivalent to 175 million dollars to be paid as salaries, wages and other expenses, until we reach 2100 million dollars, which is the total value of the monetary mass that is intended to be issued as a maximum, which in total approaches the volume of cash circulating outside the Palestinian banking system (CC).
- The total score for the field of hypothetical choice of the mechanism of gradual introduction/introduction of currency was supported by the respondents at an above-average level, as the overall arithmetic mean was 3.5, which is positive since the arithmetic mean is greater than 3 and the probability value is 0.00, which is less than 0.05, with an estimated percentage of 70.1%, and these results were consistent with the hypothetical option of the study at an above-average level, which assumed that the Palestinian currency would be introduced to share with the rest of the foreign currencies circulating in the Palestinian market instead of a complete replacement and without withdrawing the foreign currencies circulating in the Palestinian economy, and that the introduction of the Palestinian currency to the market gradually through the salaries and wages of the employees until we reach the proposed limit, which is the volume of cash circulating outside the Palestinian banking sector, whose value is estimated at a maximum of $2.1 billion under the Monetary Council, and that the experience of the newly independent state of Latvia from the Soviet Union is the best proof of the hypothesis of introduction, not replacement. Al-Kamil, where introduced its new currency easily and in batches and as much as possible, similar to Estonia and other countries, and also the experience of the euro in gradual replacement (Ross, 1999).
- The total score for the field of hypothetical options/arrangements for the exchange rate was supported by the respondents with an average degree, as the total arithmetic mean was 3.4, which is positive since the arithmetic mean is greater than 3 and the probability value is 0.00, which is less than 0.05, with an estimated percentage of 68.3%. The results of the study came in agreement at an average level with the hypothetical option in this study by choosing the fixed exchange rate system for the Palestinian currency and that the peg is in the US dollar. Monetary councils to reduce inflation rates, (Enrique et al., 1999), and that the best option in the early stages for Palestine is to follow a fixed exchange rate policy, provided that the currency is pegged to the dollar (Kopcke, 1999).
- The total score for the field of the hypothetical option to determine the value of the currency and the reserve cover was supported by the respondents with a degree above average, as the overall arithmetic mean was 3.9, which is positive since the arithmetic mean is greater than 3 and the probability value is 0.00, which is less than 0.05, with an estimated percentage of 78.8.% and the results of the study came in agreement at an average level with the hypothetical option assumed by this study that the value of the Palestinian currency is determined through the current account of the Palestinian balance of payments, international currencies such as the US dollar and the euro (Kopcke, 1999), and the study presented the option of linking to one currency such as the US dollar because it is used in most international transactions and is considered one of the main pegged currencies for many countries and the main component of the reserve and that most of the foreign aid and grants to Palestine are in US dollars, which is hypothetically the most accepting that the peg currency is for the Palestinian currency and the main component of the reserve.

Recommendations

To maximize the benefits that can be reaped from the process of issuing the Palestinian currency using the proposed hypothetical options in the current research, the study recommends the following:

- Formation of an independent Palestinian Monetary Council as a governing institutional framework for the management and issuance of currency while maintaining the Monetary Authority to carry out its traditional functions in monitoring and supervising the banking sector, since the Monetary Council is characterized by its ease of management and speed of its establishment and its expected results represented in the quality of financial discipline and low levels of inflation, in addition to its effectiveness in preventing the government from resorting to printing more currency without it being an adequate cover, and this system can be developed in the future to a more flexible system that allows the practice of effective monetary policy after the national currency gains full acceptance and confidence.

- Introduce the Palestinian currency through its introduction into circulation as an additional currency and it has the power of legal release to share with the rest of the currencies currently circulating in the Palestinian economy instead of a complete replacement, and also to issue cash in part and with a monetary mass that does not exceed in its total size the cash circulating outside the banking system (CC) instead of the full issue to cover the entire (M1) money supply in the narrow sense.
- The study also recommends the use of hypothetical options for the issuance policy represented in linking the currency to the US dollar in the early stages of the issuance process and fixing the exchange rate strictly, and that the cash reserve cover for the currency be composed of a basket of foreign currencies distributed by 50% to the US dollar as it is an international currency with a good reputation in the global exchange markets, in addition to being used as a reserve for many countries of the world and enhancing confidence in the local currency, by 25% for the Jordanian dinar and by 25% for the Israeli shekel as trading partners.
- Enhancing the sufficient cash reserve cover of foreign currencies for the national currency to be issued, by transferring the entire compulsory (legal) reserve available with the Monetary Authority, which represents a percentage of bank deposits in the banking sector to be managed by the Palestine Monetary Council, and deducting part of that reserve to be. He intended to cover the currency temporarily, and to use the return on investment of that reserve to support the cash cover and transfer the entire reserve and capital available at the Monetary Authority, amounting to $134 million until (2018), to the Monetary Council, and allocating part of the general budget of the Palestinian Authority temporarily for the reserve cover for the Palestinian currency.

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