

The role of the Palestinian stock exchange in developing the domestic investments from the perspective of the local investors

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Abstract

This study is conducted from December 2013 to October 2014. It aims at highlighting the role of the Palestinian Stock Exchange in developing the domestic investments from the perspective of the local investors. Its importance emanates from being complementing the previously conducted studies on the local levels and seeks to contribute to highlighting through research the role of the Palestinian Stock Exchange and its importance for Palestinian economy.

The study is applied of 38,800 local investors registered in the Palestine Exchange's Securities Depository Center as a random sample, managers of 8 intermediation companies, 35 brokers & employees, 10 CEO's and 10 academic experts as a target specimen. Then, the data have been analyzed. About 451 questionnaires were distributed and 320 of which were retrieved, constituting almost 71% of the target sample. Based on the data analysis, it has been concluded that the Palestinian Stock Market is not attractive to the domestic investment as indicated earlier in the historical performance analysis conducted between 2008-2013.

One of the most important results of this study is the weak integration between the financial and banking sectors, which led to the stagnation of great part of the savings at the banks, in addition to the lack of other investment tools such as premium bonds and stocks, governmental bonds and loan bonds as well as the lack of economic media capable of providing objective data to help investors take investment decision and raise their investment awareness positively.

Additionally, findings showed that the performance of the Palestinian stock Exchange is a reflection of the Palestinian economic status which is suffering under the Israeli domination.

The most important recommendations of this study are the encouragement of the primary underwriting to transform the family owned companies to public share companies, the activation of the role of the economic media and the available awareness raising tools, reconsideration of the financial laws related to margin deals to increase the volume of

dealing, review the tax fees, in particular the value added tax (VAT), increase the financial tools to ensure a variety of the existing investment tools and therefore improve the integration between financial and banking sectors by means of forming a combined committee consisting of the Capital Market Authority and the Palestinian Monetary Authority.

Key words: stock exchange, domestic investments, local investors.

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