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The Impact of Covid-19 Pandemic on the Bounced Checks in the Palestinian Banks

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***Abstract:** This study aims to study the impact of the Corona pandemic on bounced checks at Palestinian banks, as the researchers collected data related to the number of injured and the number of days of closure per month to measure the extent of its impact on bounced checks in light of the outbreak of the epidemic. Collecting data related to the measures taken by the Monetary Authority in light of the pandemic, and the following results were reached: -*

1) *There is no effect and relationship to the number of injuries on the number of returned checks, as the analysis showed an increase in injuries and an accelerated rate, with a decrease in the number of returned checks during the same periods.*
2) *There is no direct effect and relationship to the number of injuries on the value of returned checks, as the analysis showed a rapid increase in injuries, with a decrease in the value of returned checks during the same periods.*
3) *There are an impact and relationship of comprehensive closures on the number of returned checks. The analysis showed a record increase in the number of checks returned during periods of comprehensive closure and a smaller number during periods of partial closure.*
4) *The PMA's measures had positive and negative effects on bounced checks in light of the outbreak of the Corona pandemic*

***Keywords:** Coved 19 pandemic bounced checks, Palestinian Banks.*

I. INTRODUCTION

Because the world is currently suffering from a serious epidemic known as the Coronavirus (OCD-19), also known as the Coronavirus pandemic (2020-2019), a global pandemic that is currently ongoing with THE CORONAvirus disease 2019 (COVED-19) caused by Coronavirus linked to severe acute respiratory syndrome (SARS-Kov-2), the first outbreak occurred in the Chinese city of Wuhan in early December 2019, where the World Health Organization officially declared on January 30 that the outbreak was a public health emergency of international concern and confirmed a shift Outbreak to pandemic on March 11. So far, its code and the routes of its deployment have not been specified, as a result of the loss of control and the derailment of life and the uncertainty of the future has led to a state of extreme fear. This virus is considered one of the most serious shocks to the Palestinian economy at the moment, the Crisis of Corna has become a clear threat to human resources, and therefore requires different policies to deal with this pandemic.

Because of this epidemic, the Palestinian economy has experienced many economic repercussions, due to the continuous increase in the number of casualties and the imposition of continuous closures, and this trend has shifted from a health problem to a strong shock to the Palestinian economy and labor market. The impact of this epidemic on the supply of goods and services and also on the demand of consumption and investment, and not only the impact on the supply baskets and also faced all the activities and projects many challenges, especially companies working in the field of tourism, but transportand hospitality also led to a significant reduction in revenues, job losses and increased cases of financial hardship in different sectors. (Hals, reading the economic implications of the Coronavirus on the Palestinian economy, 2020).

The impact of the Korona pandemic extended to reach the financial services sector (banks), the suffering of citizens and traders increased due to the state of partial closure of the Palestinian markets and that happened in conjunction with the half-salaries and the clearing crisis, the cheques returned had a large share of these crises because the returned cheques are considered a credit and debt instrument many customers were unable to pay their financial obligations. Note that cheques are the most used in the world of securities. The high percentage of cheques returned in the Palestinian market led to increased anxiety among Palestinian economists and considered as an indicator of the low Palestinian economic situation, these economists felt that the volume of these checks is abnormal based on the situation of the Palestinian economy and this virus has negatively affected the returned cheques compared to the previous years, and with the increased spread of this virus

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Its negative impact on the economic situation is that the Monetary Authority is trying to take measures to limit the rise and increase of returned cheques. (Palestinian, 2020)

Therefore, this study was prepared to find out the impact, size, and nature of the Corona pandemic on cheques returned in Palestine because cheques are an important financial instrument in the trade between individuals and institutions and hurt the economy if the volume of their return is large.

The measures issued by the Monetary Authority to reduce the impact of this pandemic on the banking sector, especially returned cheques, will also be examined, where we will study the data issued by the Monetary Authority, the Ministry of Health, reports, press releases, and any other related documents, and by the end of the study will be able to reach the results and make appropriate recommendations to reduce the impact of this pandemic and any other future.

II. THE PROBLEM OF THE STUDY

Given the continuing impact of the Corona pandemic, the spread of the virus, the absence of a cure or vaccine, and the possibility of the State of Palestine being exposed to more severe waves of the virus in the coming period. A future study of the impact of the Corona pandemic on the cheques returned in the previous period was necessary to find out the effectiveness of the measures taken to reduce this phenomenon.

A. The Main Question

What is the size and nature of the relationship between the Corona pandemic and the cheques returned by Palestinian banks and how to reduce them in the future?

The following sub-questions are derived from the previous question:

Is there a relationship between the number of days of closure in the Palestinian governorates and the increase in the number of cheques returned?

Is there a relationship between the increasing number of MERS infections and the number of cheques returned?

1) Have the measures taken by the Monetary Authority have had a negative or positive impact on the number of cheques returned?
2) What is the increase in the number of cheques returned compared to previous periods?

III. THE OBJECTIVE OF THE STUDY

The study mainly aims to know the extent and nature of the impact of the Corona pandemic on returned cheques and how to reduce the impact of this and other pandemics on returned cheques in the future, as the impact of this pandemic continues and there are scenarios of more violent and more dangerous waves than previous waves.

Also, there are several other sub-objectives:

1) To identify the extent to which the number of days of closure in the Palestinian governorates during the Corona pandemic affects the returned cheques.
2) Know the relationship between the increase in the number of casualties and the number of checks returned during the pandemic.
3) Identify the measures taken by the Monetary Authority during the pandemic to reduce its impact on returned cheques.
4) To know the status and status of the returned cheques and their condition before and during the pandemic.

IV. IMPORTANT OF THE STUDY

The importance of the study highlights that the risk of the pandemic continues, and it is possible in the future to be exposed to viruses or other pandemics, and since the returned cheques are one of the most important and most used financial instruments for trade exchange between individuals and institutions and any negative impact on them will affect the economy and the banking sector as a whole in Palestine and therefore this study will:

1) To know the proposals and measures issued by the Monetary Authority to reduce the phenomenon of complaints returned during the Corona pandemic.
2) Make recommendations that can contribute to reducing the impact of the pandemic on returned cheques through the results that will be reached at the end of the research.

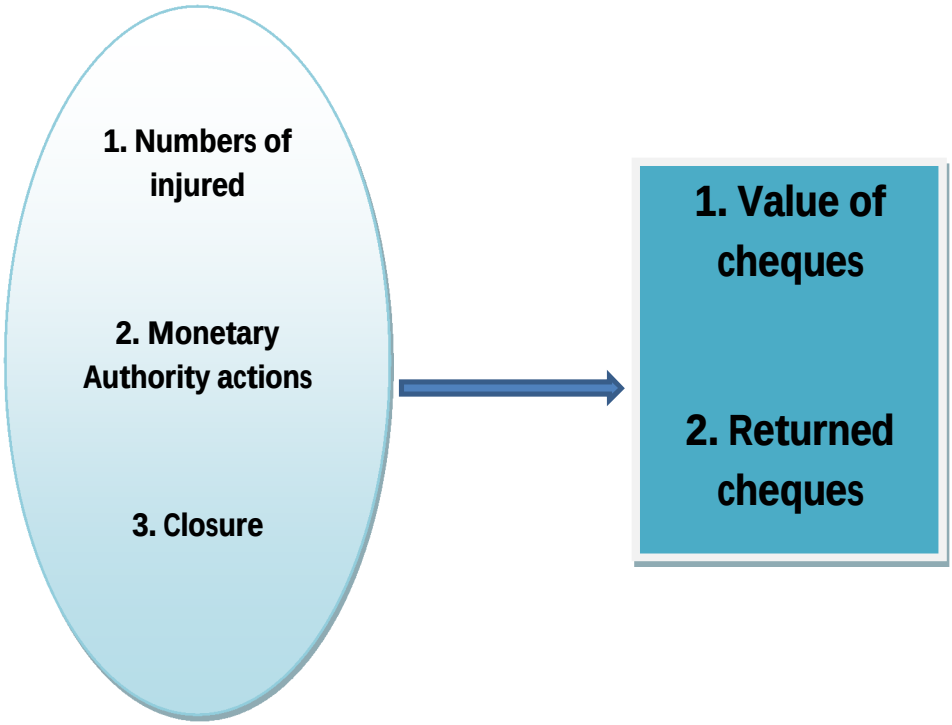
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V. HYPOTHESES OF THE STUDY

The following hypotheses were based on the study problem to achieve the objectives of the study and the objectives of the study are derived from the following hypotheses:

1) There is no effect on the number of injuries on the number of cheques returned.
2) There is no effect on the number of injuries on the value of the returned cheques
3) There is no effect of closing periods on the number of cheques returned.
4) There is no effect of closing periods on the value of returned cheques.
5) There is no effect of the monetary authority's actions on the number and value of the cheques.

A. The Framework of the Study



VI. RESEARCH METHODOLOGY OF THE STUDY

A. The Community of the Study

The study community consists of the number and values of the cheques reviewed and the number of days of closure in the Palestinian governorates and the number of people infected with the coronavirus and the measures of the Monetary Authority and the date of its announcement.

B. A sampling of the Study

There is no sample where the data was collected by the Palestinian Monetary Authority and the Palestinian Ministry of Health.

C. Data Collection

In this study, only the reports and press announcements issued by the Ministry of Health were used the number of injuries and the prime minister regarding the closures and the number of injuries and the monetary authority regarding the cheques reviewed, and the research and reports of journalists on the Corona pandemic and its impact on the economy as a whole and returned checks.

D. Methods of Analysis

Through descriptive analysis of the data and reports issued by the above sources on the Corona pandemic and returned cheques.

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VII. REVIEW OF LITERATURE

1) Study (Na'rat, 2018) Entitled: 'Returned cheques, their causes, and how to reduce them'.
This study aimed to identify the returned cheques and indicate their importance and to clarify the reasons that lead to the return of the cheque and explain the measures of the Monetary Authority to reduce the phenomenon of returned cheques.

2) Study (Abdul Karim, 2020) Entitled: 'The readiness of the Palestinian banking system in the face of the Crisis of Korona: the effectiveness of procedures and the ability to continue'.
This study aims to review the measures taken by the Palestinian Monetary Authority (PMA) through which it sought to develop a set of measures such as the procedure for dealing with returned cheques to alleviate the burden of this pandemic on citizens and the facilities of the damaged businesses.

3) Study (Hani Abdul Latif) Entitled: Corna Economic Effects: Heavy Losses and Small Temporary Gains.
This report shows the economic effects of the CORONA virus, which has resulted in a decline in the global economy as a result of the supply-side impact due to production disruptions due to injuries and the impact of the demand side, particularly the tourism and leisure sector and the industry The report will also show that there are beneficiaries of the Corona pandemic, as co2 emissions have declined as a result of declining industrial activity.

VIII. DATA ANALYSIS AND INTERPRETATIONS

the study data will be compiled and analyzed using the descriptive-analytical method, by analyzing the trends of the study variables and the relationship between them, as well as calculating the mathematical averages of study variables, standard deviations, larger and less valuable, and comparing averages during the Corona pandemic and earlier, to determine the impact and relationship of the number of injuries and closures and the history of the monetary authority's procedures regarding returned cheques with the value and number of returned cheques.

Table 1: the data Study

The terms	Number of cheques returned (1,000)	The value of returned cheques ($1 million)	Number of injuries	Closures	Date of the Monetary Authority's actions regarding returned cheques
2020-1	81,707	142	0	.There's no	
2020-2	68,108	113	0	.There's no	
2020-3	66,559	116	133	Partial shutdown	**2020\3\22**
2020-4	351,639	459	211	Full shutdown	**2020\4\22**
2020-5	169,303	227	104	Full shutdown	
2020-6	127,058	169	1980	Partial shutdown	
2020-7	116,059	153	9346	Partial shutdown	**2020\7\22**
2020-8	108,004	153	10831	Partial shutdown	
2020-9	97,204	147	14759	.There's no	
2020-10	80,371	118	13123	.There's no	

Number and value of returned cheques: Based on monthly and quarterly reports of cheques returned to the Palestinian Monetary Authority.

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1) *The Number of Injuries:* Palestinian Ministry of Health.
2) Closures: Declarations and decisions of the Palestinian government.

History of the monetary authority's procedures: circulars and instructions of the Monetary Authority.

The above table shows the data on the cheques returned in terms of their number, as well as their value according to the data published by the Palestinian Monetary Authority, it is worth mentioning that closures and injuries began during the month of 3-2020, specifically in the city of Bethlehem, and subsequently, closures were imposed on various areas, and as noted the peak period of closures, which during the month of 4-2020, the returned cheques recorded a record number of approximately 352,000 returned cheques.

During this month, worth $459 million, it is worth mentioning that this period also included the disruption of business and some provinces included the closure of banks, as well as the return of checks due to the state of emergency and closures and not because of insufficient balance, then the number of cheques returned decreased and their value, but they remained at high levels When closures nearly stopped during the month 9-2020, 10-2020 and despite the increase in casualties, the number of cheques and their value began to return to almost their pre-pandemic value as in 1-2020, 2-2020.

If the trend of the form of returned cheques is compared with this figure and the number of injuries, we note that the two variables (returned cheques, number of injuries) are going in the opposite direction, indicating that the number of injuries does not directly affect the number and value of the returned cheques, indicating that the peak closing periods have seen a rise in the value and number of returned cheques, although the number of injuries has decreased, as well as when injuries are recorded high and thousands of injuries have not been firmly determined in the number of returns, there has been no significant increase in the number of returns. Cheques returned and their value, as in the period of comprehensive closures, which did not see a high number of casualties.

Table 2: Average number and value of cheques returned before and during the Corona pandemic:

	The average number of cheques returned (1,000)	The average number of cheques returned ($1 million)	The average number of injuries
Corona: Average for 1 month, 2 month - 2020	74,908	128	0
Average during the Corona pandemic 3-10-2020 to 10-2020	139,525	193	6310
Total cheques returned during the period (3-month 10-2020	1,116,197	1,541	50487

The table above shows that the average number of monthly cheques returned during the beginning of the year, which did not include injuries or closures, is close to 74.9 thousand returned cheques, while the average number of cheques returned during the period 3-2020 to 10-2020, with a monthly average of 139 5,000 returned cheques, nearly double the cheques returned in the periods of nature, the total value of the cheques returned was approximately 1.1 million cheques during the corona pandemic period, and the monthly rate of cheques returned before the pandemic was $128 million, while this average increased to About 193 million during the pandemic period, with a total of approximately $1.5 billion, and according to the previous analysis, the cheques returned within the month of 4 specifically contributed to the increase in the numbers and values of the returned cheques.

Table 3: Monthly average number of cheques returned during closing periods in 1,000

Closures	The average value of prepared cheques	St.d	Maximum	Minimum
There's no	88787.5	11902.73	97204	80371
Full shutdown	260471	128931	351639	169303
Partial shutdown	104420	26421.24	127058	66559

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The average monthly number of cheques during the Corona pandemic and within the period of no closures was about 88.8 thousand returned cheques, a standard deviation of about 11.9 thousand cheques from the monthly average, the largest value was recorded about 97.2 thousand cheques, and the lowest value of about 80.80.00 3,000 cheques, while the average number of cheques returned during the overall closing period was a monthly rate of about 260.5 thousand returned cheques, and a standard deviation of 128.9 thousand returned cheques, this significant deviation is the result of an unprecedented increase in the number of cheques during the month 4 which was During the overall closing period, the maximum amount of cheques was 351.2 thousand cheques, while the lowest number of monthly returned cheques was about 169.3 thousand cheques during the closing period, and with regard to partial closing, the monthly average number of returned cheques was about 104.4 thousand returned cheques, with a standard deviation of 26.4 thousand cheques, the largest monthly cheque registered 127,000 cheques, and the lowest monthly value of 66.5 thousand cheques recorded.

Table 4: Monthly average value of cheques returned during closing periods in $1 million

Closures	The average value of prepared cheques	St.d	Maximum	Minimum
There's no	132	20	147	118
Full shutdown	343	164	459	227
Partial shutdown	148	23	169	116

The average value of cheques during the Corona pandemic and within the period of no closures was about $132 million monthly average for the value of returned cheques, with a standard deviation of $20 million from the average, with the largest value of about $147 million, and the lowest value of about $118 million, while the average value of cheques returned during the overall closing period was a monthly rate of about $343 million, and a standard deviation of $164 million, a significant deviation from an unmarketed rise of approximately $118 million during the total closing period of approximately $343 million, and a standard deviation of $164 million. The period of comprehensive relationships, motivated by the largest value of $459 million, in yen the lowest value of monthly returned cheques was about $227 million, and about partial closure, the monthly average value of returned cheques was about $148 million, with a standard deviation of $23 million, the largest monthly summit registered at $169 million, and the lowest monthly value recorded at $116 million.

The previous table shows that comprehensive closures affect the value and number of cheques returned, which is normal as it results from the disruption of economic activities and therefore the lack of cash flows and therefore the non-payment of outstanding cheques.

IX. THE RESULT OF THE STUDY

In the context of what has been analyzed in the previous parts, we conclude that:

1) There is no impact and correlation on the number of returned cheques, as analysis showed an increase in casualties and an accelerated increase, with fewer cheques returned during the same periods.
2) There is no impact and correlation indicative of the number of injuries on the value of returned cheques, as analysis showed an increase in casualties and an accelerated increase, with the value of returned cheques declining during the same periods.
3) There is an impact and relationship to the number of returned cheques, as the analysis showed a record-high number of cheques returned during the total closing periods, and a smaller number during partial closing periods.
4) There is an impact and relationship to the overall closures on the value of returned cheques, as the analysis showed a record high on the value of returned cheques during the total closing periods, and a lower value during partial closing periods.
5) There is an impact and relationship to the monetary authority's actions on the number and value of returned cheques

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A. The Recommendation Of The Study

1) The monetary authority's measures should be more customized and not general in terms of excluding cheques for citizens whose salaries have remained constant and have not stopped or been slightly affected or given a more grace period for the most affected sectors such as tourism, restaurants, and small businesses.

2) There should be an emergency sanctions regime for people who have taken advantage of the monetary authority's actions negatively and must be dealt with firmly.

3) There should be a more positive role for banks in dealing with cheques returned in the emergency period in terms of taking into account the customer's credit position and previous dealings with the bank and its functional status.

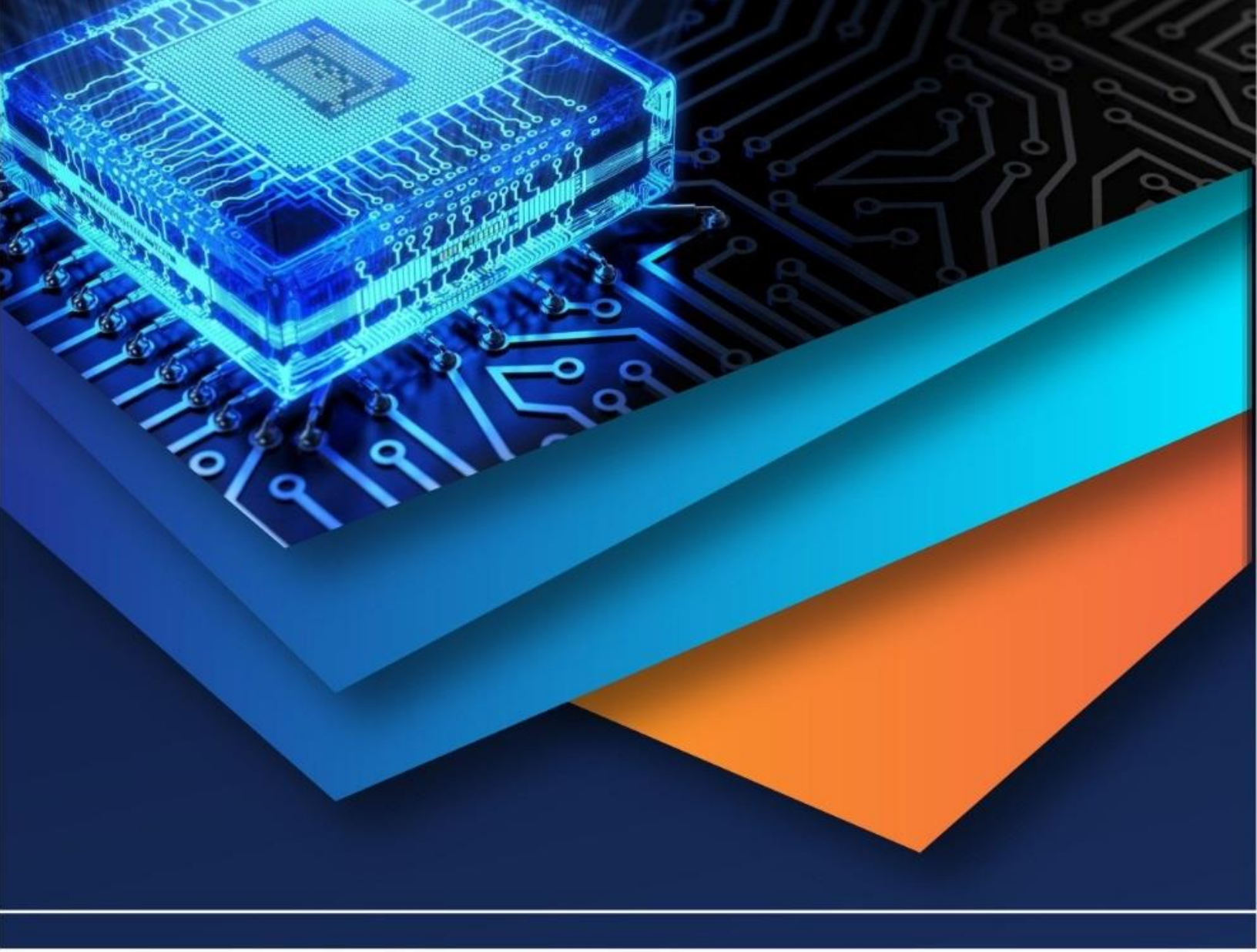
4) The government should have a database of day workers and very small economic sectors to be dealt with in a resumed manner, especially under emergency.

5) Closures should be considered and for certain economic sectors that affect the spread of the virus more.

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