



**Arab American University**  
**Faculty of Graduate Studies**

**Developing A Strategic Framework for Combating Money  
Laundering In Fragile Governance Environment: Palestine As  
Case Study**

By

**Rabee Yaseen HajAli**

Supervisor

**Dr. Rasha Al-Abadi**

**This thesis was submitted in partial fulfillment of the  
requirements for the Master's degree in Strategic Planning and  
Fundraising**

**March /2025**

**© Arab American University - 2025. All rights reserved.**

## Thesis Approval

**This thesis was submitted in partial fulfillment of the requirements for the  
Master's degree in Strategic Planning and Fundraising**

By

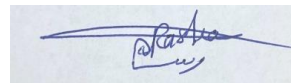
**Rabee Yaseen HajAli**

This thesis was defended successfully on 06/03/2025 and approved by:

Committee members

Signature

1. Dr. Rasha Al-Abadi: Supervisor
2. Dr. Ahmad Sadaqa: Internal Examiner
3. Dr. Muath Asmar: External Examiner



## **Declaration**

I hereby declare that this dissertation, Developing A Strategic Framework for Combating Money Laundering In Fragile Governance Environment: Palestine As Case Study, is my own work and effort, and it has not been submitted for any other degree or qualification at any other university or institution of learning. All sources of information and data have been duly acknowledged, and any assistance received during the research process has been explicitly credited in the acknowledgments.

The Name of The Student: Rabee Yaseen HajAli

ID: 202113407

Signature: Rabee Yaseen HajAli

Date: 17/07/2025

## **Dedication**

To my beloved parents, who instilled in me values and principles, and taught me that with determination, nothing is impossible.

To my wife, my primary supporter throughout my academic and life journey, who has been my constant pillar of strength.

To my children and siblings, my source of hope, determination, and ultimate ambition in this life.  
To my in-laws, for their unwavering support and unlimited encouragement.

To my friends and colleagues, who shared with me moments of success and pursuit, and supported me with complete love and dedication.

## Acknowledgment

I would like to express my profound gratitude and sincere appreciation to my thesis supervisor, Dr. Rasha Al-Abadi, whose exceptional guidance, insightful feedback, and unwavering support were instrumental in bringing this research to fruition. Her expertise, patience, and scholarly rigor have not only shaped this study but have also significantly influenced my development as a researcher.

My deepest appreciation extends to the distinguished faculty members at the Arab American University who have contributed to my academic journey throughout the master's program. Their wealth of knowledge, constructive criticism, and dedication to academic excellence have been invaluable in expanding my intellectual horizons and honing my research capabilities.

I am particularly indebted to the financial institutions and regulatory bodies in Palestine who participated in this study. Their willingness to share their experiences and insights has been crucial to understanding the complexities of anti-money laundering frameworks in practice.

I would also like to acknowledge the support of my colleagues at Ooredoo Palestine and its management, whose understanding and encouragement have been essential throughout my academic pursuits. Their flexibility and support have made it possible to balance professional responsibilities with academic advancement.

The completion of this thesis would not have been possible without the administrative support of the Arab American University staff, whose efficiency and assistance helped navigate various procedural requirements smoothly.

## Abstract

This study addresses the problem of money laundering in Palestine's fragile governance environment, characterized by overlapping jurisdictions, limited regulatory capacity, and extensive cash-based transactions. The research aims to: 1) analyse key drivers of money laundering, 2) assess effectiveness of existing anti-money laundering measures, and 3) develop a strategic framework tailored to Palestine's unique challenges.

Using a quantitative research methodology, the study surveyed 54 professionals from various sectors including banking, law enforcement, and regulatory bodies to assess current anti-money laundering (AML) measures and identify key vulnerabilities.

The findings reveal that high-value cash transactions and unlicensed exchange networks pose the greatest money laundering risks in Palestine, with an overall risk assessment mean of 3.99 (SD = 0.57). Limited border control and weak coordination between regulatory bodies emerged as primary obstacles to effective AML implementation. While the existing legal framework was rated moderately effective (mean = 3.85, SD = 0.70), significant gaps were identified in technological infrastructure and institutional capacity.

Based on these findings, the study proposes a comprehensive strategic framework built on six pillars: strengthening legal and regulatory foundations, building institutional capacity, upgrading technological infrastructure, enhancing collaborative governance, fostering international cooperation, and implementing robust monitoring and evaluation mechanisms. Key recommendations include establishing a National AML Coordination Council, implementing AI-driven monitoring systems, developing unified sanctions system, and strengthening cross-border cooperation through MENAFATF engagement.

The study contributes to the limited literature on AML efforts in fragile states by providing empirical evidence on AML challenges in Palestine and offering a context-specific strategic framework. The research demonstrates that despite fragile governance conditions, systematic

implementation of coordinated technological, institutional, and legal reforms can significantly enhance AML effectiveness in Palestine's unique context.

## Table of Contents

Thesis Approval .....	I
Declaration .....	II
Dedication .....	III
Acknowledgment .....	IV
Abstract .....	V
List of Tables .....	X
List of Appendices .....	XI
List of Abbreviations .....	XII
<b>1 Chapter One Research Background.....</b>	<b>1</b>
1.1. Background of the Study .....	1
1.2. Statement of the Problem.....	3
1.3. Research Aim and Objectives.....	6
1.4. Research Questions.....	7
1.5. Significance of the Study.....	7
1.6. Scope and Limitations of the Study.....	9
1.7. Structure of the Dissertation .....	10
<b>2 Chapter Two Literature Review .....</b>	<b>12</b>
2.1 Introduction.....	12
2.2 Theoretical Frameworks of Money Laundering .....	14
2.2.1 Definitions and conceptual models of money laundering.....	14
2.2.2 Stages of money laundering (placement, layering, integration) .....	16
2.2.3 Economic theories related to money laundering.....	17
2.3 Money Laundering in Fragile States.....	19
2.3.1 Characteristics of fragile governance environments.....	19
2.3.2 Unique challenges in combating money laundering in fragile states .....	21
2.3.3 Case studies of money laundering in other fragile states.....	22
2.4 The Palestinian Context .....	24
2.4.1 Overview of Palestine's political and economic landscape .....	24
2.4.2 Specific vulnerabilities to money laundering in Palestine .....	26

2.4.3	Historical development of anti-money laundering efforts in Palestine .....	27
2.5	Anti-Money Laundering Measures .....	29
2.5.1	International standards and best practices (e.g., FATF recommendations) .....	29
2.5.2	Legal and regulatory frameworks .....	31
2.5.3	Institutional mechanisms for combating money laundering .....	32
2.6	Policy Analyses .....	33
2.6.1	Evaluation of current Palestinian anti-money laundering policies .....	34
2.6.2	Comparative analysis with policies in similar fragile states .....	35
2.6.3	Policy recommendations from international organizations .....	37
2.7	Gaps in Current Knowledge .....	40
2.8	Conclusion .....	41
3	Chapter Three: Research Methodology .....	42
3.1	Introduction .....	42
3.2	Research Design .....	42
3.3	Data Collection Methods .....	44
3.3.1	Survey Structure and Content: .....	45
3.3.2	Data Measurement .....	46
3.3.3	Statistical Validity of the Questionnaire .....	46
3.3.4	Reliability of the Questionnaire .....	50
3.4	Data Analysis Techniques .....	53
3.4.1	Sampling Process .....	54
3.5	Reliability and Validity .....	57
3.6	Ethical Considerations .....	57
3.7	Chapter Summary .....	58
4	Chapter Four Results, Findings, and Discussion .....	59
4.1	Introduction .....	59
4.2	Risk Analysis of Channels Used for Money Laundering .....	59
4.2.1	Risk Levels of Channels for Money Laundering .....	59
4.2.2	Factors Impacting the Effectiveness of the AML System .....	61
4.3	Evaluation of the Current Legal and Regulatory Framework .....	62
4.3.1	Overall Assessment of AML Legislation and Oversight .....	62
4.3.2	Institutional Capacity Assessment .....	64

4.4	Operational and Implementation Challenges .....	65
4.4.1	Daily Operational Hurdles .....	65
4.4.2	Financial Investigation Barriers .....	66
4.5	Proposed Solutions and Recommendations .....	67
4.5.1	Legislative and Regulatory Improvements .....	67
4.5.2	Technical and Technological Enhancements .....	68
4.5.3	Capacity Building and Professional Development .....	68
4.5.4	4.5.4 Enhancing International Cooperation .....	69
4.6	Proposed Strategic Framework .....	70
4.6.1	Strategic Priorities .....	70
4.6.2	Indicators of Effectiveness .....	71
4.7	Conclusion .....	72
5	Chapter Five Conclusion and Recommendations .....	74
5.1	Introduction .....	74
5.2	Summary of Key Findings .....	74
5.3	Implications for Policy and Practice .....	76
5.4	Practical Applications of the Study .....	77
5.5	Limitations of the Study .....	78
5.6	Directions for Future Research .....	79
5.7	Proposed Strategic Framework .....	80
5.7.1	Overview and Rationale .....	80
5.7.2	Strategic Pillars of the Framework .....	81
5.7.3	Implementation Roadmap .....	86
5.7.4	Expected Outcomes .....	87
5.8	Concluding Remarks .....	88
	References .....	89
6	Appendices .....	96
7	الملخص .....	104

## List of Tables

Table 1 Respondent Scale .....	46
Table 2 The correlation coefficient between each item in the field and the whole field .....	47
Table 3 The coefficient correlation between each item in the field and the whole field .....	49
Table 4 Structure Validity of the Questionnaire .....	50
Table 5 Split-Half Coefficient method.....	51
Table 6 Cronbach's Alpha for Reliability .....	53
Table 7 Distribution of Demographic Characteristics .....	54
Table 8 How risky are the following channels in money laundering operations in Palestine? ....	60
Table 9 How impactful are the following factors on the effectiveness of the anti-money laundering system?.....	61
Table 10 Evaluation of the Current Legal and Regulatory Framework .....	63
Table 11 Institutional Capacity Assessment.....	64
Table 12 Operational Challenges in Daily AML Activities .....	65
Table 13 Financial Investigation Barriers .....	66
Table 14 Legislative and Regulatory Level .....	67
Table 15 Technical and Technological Level.....	68
Table 16 Capacity Building and Professional Development .....	69
Table 17 Assessment of the Effectiveness of Measures to Enhance International Cooperation...	70
Table 18 Assessment of Proposed Strategic Priorities .....	71
Table 19 Assessment of Effectiveness Indicators for the Strategic Framework .....	72
Table 20 Proposed Strategic Framework for Strengthening AML in Palestine .....	86

## List of Appendices

1 Appendix One Research Questionnaire .....	96
---	----

**List of Abbreviations**

Abbreviation	Definition
AML	Anti-Money Laundering
ML	Money Laundering
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FFU	Financial Follow-up Unit
PMA	Palestine Monetary Authority
STR	Suspicious Transaction Report
MENAFATF	Middle East and North Africa Financial Action Task Force
AI	Artificial Intelligence
MoU	Memorandum of Understanding
SD	Standard Deviation
GDP	Gross Domestic Product

## Chapter One Research Background

### 1.1. Background of the Study

Money laundering, a pervasive global phenomenon, poses significant challenges to the integrity of financial systems worldwide. This illicit practice involves disguising the origins of illegally obtained funds, making them appear legitimate. The scale of money laundering is staggering, with the United Nations Office on Drugs and Crime estimating that between 2% and 5% of global GDP is laundered annually, equivalent to approximately \$800 billion to \$2 trillion (UNODC, 2024).

Recent studies have increasingly highlighted the vulnerability of fragile states to money laundering activities. Kemal (2014) demonstrated that weak regulatory frameworks in fragile environments significantly increase money laundering risks, while Zavoli and King (2021) found that political instability directly correlates with ineffective AML enforcement. The complexity of combating money laundering intensifies in fragile governance environments, characterized by weak institutional capacity, political instability, and limited rule of law. In such settings, the ability to implement and enforce robust anti-money laundering (AML) measures is severely compromised. Fragile states often struggle with corruption, inadequate regulatory frameworks, and limited resources, creating fertile ground for illicit financial activities (World Bank, 2024).

Palestine presents a particularly relevant case study of the challenges of addressing money laundering in a fragile governance environment. Recent research by Firas (2022) identified fragmented jurisdictions and weak border controls as primary vulnerabilities, while Alshaer et al. (2021) documented the regulatory challenges faced by the Palestine Monetary Authority in enforcing AML measures across different territories. The political and economic landscape of

Palestine is marked by ongoing conflict, territorial fragmentation, and limited sovereignty. The West Bank and Gaza Strip, the two main Palestinian territories, operate under different administrative systems, complicating unified governance efforts (Firas, 2022).

The Palestinian economy faces numerous structural challenges, including restrictions on movement and access, limited control over borders and resources, and dependency on foreign aid. These factors contribute to economic instability and create vulnerabilities that can be exploited for money laundering purposes. The informal economy, which constitutes a significant portion of economic activity in Palestine, further complicates efforts to track and regulate financial transactions (Alshaer et al., 2021). Khatib et al. (2022) found that 70% of Palestinian financial transactions occur outside formal banking channels, significantly hindering AML efforts.

Despite these challenges, Palestinian authorities have made efforts to strengthen their AML framework. The establishment of the Palestine Monetary Authority (PMA) and the enactment of anti-money laundering legislation demonstrate a commitment to addressing this issue. However, recent assessments by Mohamed (2022) and Rickards (2020) suggest that the effectiveness of these measures is constrained by the broader context of fragile governance, with conviction rates for money laundering cases remaining below 10% (Merrino, 2018).

The intersection of money laundering, fragile governance, and the specific challenges faced by Palestine creates a complex landscape for financial regulation and law enforcement. Understanding this context is crucial for developing effective strategies to combat money laundering in Palestine and similar fragile environments. This study aims to build upon existing research by empirically examining the effectiveness of current AML measures in Palestine and developing a comprehensive strategic framework tailored to its unique governance challenges.

## **1.2. Statement of the Problem**

Money laundering, a shadowy undercurrent in the global financial system, takes on a particularly complex form in regions grappling with fragile governance. Palestine, with its unique geopolitical challenges and economic vulnerabilities, presents a compelling case study of this phenomenon. As financial criminals exploit the cracks in regulatory frameworks and capitalize on political instability, the need for a comprehensive understanding of money laundering in this context becomes increasingly urgent.

The research problem centers on the critical gap between existing global anti-money laundering (AML) frameworks and their practical application in Palestine's fragile governance environment. While international standards such as the FATF Recommendations provide comprehensive guidelines for AML measures, their implementation in contexts like Palestine remains significantly challenged. Existing literature reveals three key knowledge gaps: First, there is limited empirical research examining the effectiveness of current AML measures in Palestine's specific context (Firas, 2022; Alshaer et al., 2021). Second, no comprehensive strategic framework exists that accounts for Palestine's unique jurisdictional fragmentation and governance challenges (Kemal, 2014). Third, previous studies have not adequately addressed the technological and institutional adaptations needed for effective AML implementation in fragile states like Palestine (Chen et al., 2018).

More specifically, the intricate issue of money laundering in Palestine presents a multifaceted challenge that demands urgent attention. The unique political and economic circumstances of the region create an environment ripe for financial misconduct. One of the primary concerns is the prevalence of cash-based transactions, which are difficult to track and regulate. This cash-intensive

economy, coupled with limited financial infrastructure, provides ample opportunities for laundering illicit funds (Abuamsha & Shumali, 2021).

Furthermore, the fragmented nature of Palestinian territories complicates the implementation of unified anti-money laundering measures. The differing administrative systems in the West Bank and Gaza Strip create regulatory gaps that can be exploited by those engaged in illicit financial activities. This lack of cohesion in governance structures hampers effective coordination and information sharing between relevant authorities (Kemal, 2014).

Another critical issue is the vulnerability of the informal financial sector. Hawala networks and underground banking systems, while serving legitimate purposes for many Palestinians, can also be misused for money laundering. These informal channels often operate outside the purview of traditional financial regulations, making them attractive for those seeking to obscure the origins of illegal funds (Zgheib, 2019).

The challenges of combating money laundering in fragile governance environments extend beyond Palestine's borders. Cross-border transactions, particularly those involving neighboring countries, are difficult to monitor due to limited control over borders and inconsistent regulatory standards across jurisdictions. This creates opportunities for transnational money laundering schemes that exploit regulatory arbitrage (Middle East Monitor, 2019).

Moreover, the capacity of law enforcement and financial intelligence units to investigate and prosecute money laundering cases is severely constrained. Limited resources, inadequate training, and technological limitations hinder the ability of these agencies to effectively detect and disrupt sophisticated money laundering operations. The rapid evolution of financial technologies further

compounds this challenge, as regulators struggle to keep pace with new money laundering techniques (Awwad & Razia, 2022).

The absence of a solid beneficial ownership registry is another significant hurdle in the fight against money laundering. Without comprehensive information on the true owners of companies and assets, it becomes exceedingly difficult to trace the flow of illicit funds and identify the ultimate beneficiaries of money laundering schemes (Khan & Akhtar, 2023). Addressing these complex issues requires a comprehensive approach that takes into account the unique challenges posed by Palestine's fragile governance environment. It necessitates not only strengthening regulatory frameworks and enforcement capabilities but also fostering regional cooperation and leveraging technological solutions to enhance financial transparency and accountability.

The problem of money laundering in Palestine is further exacerbated by the unique socio-economic conditions prevailing in the region. The ongoing political conflict, economic instability, and limited control over borders create an environment where illicit financial activities can thrive. The high unemployment rate and economic hardships push many individuals towards informal economic activities, some of which may inadvertently facilitate money laundering. Moreover, the limited regulatory oversight in certain sectors, particularly in areas with restricted Palestinian Authority control, provides opportunities for financial criminals to exploit these vulnerabilities.

Despite the severity of the money laundering problem in Palestine, there is a notable absence of comprehensive studies addressing this issue in the Palestinian context. While some research has been conducted on general financial crimes in the region, there is a lack of specific, in-depth analysis of money laundering patterns, drivers, and potential solutions tailored to Palestine's unique circumstances. This gap in the literature hampers the development of effective, context-specific strategies to combat money laundering. The current study aims to address this research

gap by providing a thorough examination of the money laundering landscape in Palestine and proposing targeted solutions to enhance anti-money laundering efforts in this fragile governance environment.

This study addresses these knowledge gaps by: (1) empirically assessing the effectiveness of current AML measures in Palestine through primary data collection, (2) identifying specific technological and institutional capacity needs unique to Palestine's context, and (3) developing a comprehensive strategic framework that integrates these findings to enhance AML effectiveness in fragile governance environments. The absence of such context-specific research has left Palestinian policymakers without adequate guidance for implementing effective AML measures, potentially undermining financial integrity and economic stability in the region.

### **1.3. Research Aim and Objectives**

This study aims to develop a comprehensive strategic framework for combating money laundering in Palestine, considering the unique challenges posed by its fragile governance environment. The research seeks to contribute to the existing body of knowledge on anti-money laundering efforts in fragile states and provide practical recommendations for policymakers and financial institutions operating in the Palestinian context.

To achieve this overarching aim, the study pursues the following specific objectives:

1. To empirically identify and analyze the specific drivers and vulnerabilities that facilitate money laundering in Palestine's fragile governance environment, including cash-based transactions, overlapping jurisdictions, and informal financial networks.
2. To systematically assess the effectiveness of existing anti-money laundering measures in Palestine through analysis of implementation challenges, institutional capacities, and regulatory enforcement outcomes.

3. To develop a comprehensive strategic framework that integrates technological, institutional, and regulatory solutions tailored to Palestine's unique governance challenges.

#### **1.4. Research Questions**

This study aims to address three fundamental research questions, each designed to explore a critical aspect of money laundering in Palestine's fragile governance environment.

1. What are the specific drivers and vulnerabilities that facilitate money laundering in Palestine's fragile governance environment, and how do these differ from standard AML risk factors identified in stable governance contexts?
2. How effective are current anti-money laundering measures in Palestine in terms of detection rates, prosecution success, and institutional capacity, and what are the primary barriers to their implementation?
3. What technological, institutional, and regulatory strategies can be developed to create an effective, context-specific anti-money laundering framework for Palestine's unique fragile governance environment?

#### **1.5. Significance of the Study**

This study on combating money laundering in Palestine's fragile governance environment holds significant importance for multiple stakeholders and contributes to both academic knowledge and practical policy-making. The research addresses a critical gap in understanding the complexities of financial crime in politically unstable regions, offering valuable perspectives for policymakers and financial institutions operating in such challenging contexts.

For policymakers, particularly those in Palestine and similar fragile states, this study provides a comprehensive analysis of the money laundering landscape, illuminating the intricate relationships between political instability, economic vulnerabilities, and illicit financial flows. The findings will

equip decision-makers with evidence-based insights to formulate more effective anti-money laundering policies tailored to the unique challenges of fragile governance environments.

Financial institutions operating in Palestine and the broader Middle East will find this research particularly relevant. The study's examination of existing anti-money laundering measures and their effectiveness offers practical knowledge that can inform risk assessment procedures and compliance strategies. Understanding the specific drivers and mechanisms of money laundering in the Palestinian context will enable banks and other financial entities to develop more robust detection and prevention systems. This aligns with the observations of Zavoli and King (2021), who emphasize the need for financial institutions to adapt their anti-money laundering approaches to local realities.

Moreover, this research makes a substantial contribution to the limited body of literature on money laundering in the Middle East. While extensive research exists on financial crimes in developed economies, there is a notable scarcity of in-depth studies focusing on fragile states in the region. This study helps bridge this knowledge gap, offering nuanced perspectives on how money laundering manifests and evolves in politically unstable environments. As highlighted by Kemal (2014), such region-specific research is essential for developing a comprehensive global understanding of financial crimes.

The potential impact of this study extends beyond Palestine, offering valuable lessons for other fragile states grappling with similar challenges. The strategic framework developed through this research could serve as a template for other countries facing governance instability and weak financial regulatory systems. The findings could inform international organizations and development agencies in their efforts to support anti-money laundering initiatives in vulnerable regions, potentially contributing to broader stability and development goals.

Furthermore, this study's focus on the intersection of money laundering and fragile governance environments contributes to the growing field of research on the financial aspects of conflict and instability. Understanding how illicit financial flows interact with and potentially exacerbate political instability is crucial for developing comprehensive approaches to peacebuilding and state-building.

In conclusion, this research holds significant value for a wide range of stakeholders, from local policymakers to international financial institutions. It not only advances academic understanding of money laundering in complex political environments but also offers practical, actionable knowledge that can inform policy decisions and institutional strategies. The study's potential to contribute to both theoretical discourse and real-world applications underscores its importance in the ongoing global efforts to combat financial crimes and promote stability in fragile states.

### **1.6. Scope and Limitations of the Study**

The study's scope covers both the West Bank and Gaza Strip regions of Palestine, as all regulatory institutions from which data was collected have jurisdiction over both territories. However, the actual data collection was conducted exclusively in the West Bank due to significant accessibility challenges in reaching the Gaza Strip. The institutions surveyed, including the Palestine Monetary Authority, commercial banks, and financial monitoring units, operate with mandates that encompass both territories, ensuring that the regulatory perspectives gathered reflect the broader Palestinian context.

The West Bank, comprising approximately 5,860 square kilometers, encompasses diverse urban and rural areas with varying levels of economic development and regulatory oversight. This

diversity allows for a comprehensive examination of money laundering activities across different settings within the Palestinian territories. While the study's regulatory framework analysis includes both territories, the limitation of physical data collection to the West Bank only means that ground-level operational realities in Gaza may not be fully captured. This is particularly significant given Gaza's distinct political and economic circumstances, which could potentially reveal additional money laundering vulnerabilities and challenges.

### **1.7. Structure of the Dissertation**

This dissertation is structured into five chapters, each designed to systematically address the research objectives and provide a comprehensive analysis of money laundering in Palestine's fragile governance environment.

The first chapter serves as an introduction to the study. It presents the research problem, outlines the objectives, and establishes the significance of the research. This chapter provides the necessary context for understanding the complexity of money laundering in Palestine and sets the stage for the subsequent in-depth analysis.

Chapter Two consists of an extensive literature review. This chapter examines existing scholarly work on money laundering, with a particular focus on its manifestation in fragile states and the specific context of Palestine. It explores theoretical frameworks, empirical studies, and policy analyses to create a solid foundation for the research. The literature review also identifies gaps in current knowledge, further justifying the need for this study.

The third chapter delineates the methodology employed in this research. It explains the methods approach adopted, It also justifies the chosen methods, describes data collection techniques, and

discusses ethical considerations and limitations of the research design. The methodology is carefully crafted to ensure the collection of robust and relevant data to address the research objectives.

Chapter Four presents the results and analysis of the study. This chapter is divided into sections that correspond with the research objectives. It begins with an analysis of the key drivers of money laundering in the Palestinian context, examining economic, political, and social factors. The chapter then assesses the effectiveness of existing anti-money laundering measures in Palestine, evaluating current legal frameworks, regulatory mechanisms, and enforcement strategies.

The fifth and final chapter serves a dual purpose. First, it presents the conclusions of the study, summarizing key findings and their implications. Second, it develops a strategic framework for improving anti-money laundering efforts in Palestine. This framework synthesizes the findings from the previous chapters to propose practical, context-specific solutions. The chapter outlines policy recommendations, institutional reforms, and technological innovations that could enhance the effectiveness of anti-money laundering initiatives. It also reflects on the limitations of the study and suggests directions for future research.

## Chapter Two Literature Review

### 2.1 Introduction

The complex phenomenon of money laundering is a problem of considerable proportion within the global financial systems, most especially within fragile governance environments. The present literature review has been carried out to comprehensively provide an overview of extant academic literature that relates to the issue of money laundering, with specific regard to its manifestation within the fragile states and the unique context of Palestine. The review consolidates theoretical frameworks, empirical studies, and policy analyses in order to derive a sound basis toward conceptualizing the basics of fighting money laundering in politically unstable regions of the world. This literature review includes all types of sources that are academic and professional in nature and which have appeared within publications during the last ten years, with special focus on those published from 2018 onward to make sure that the information is current. This encompasses key areas that include theoretical frameworks of money laundering, challenges in fragile states, the specific context of Palestine, anti-money laundering measures, and their effectiveness, and technological innovations in fighting financial crimes.

The overall objectives of this literature review are to critically review existing theoretical models and their applicability in fragile governance environments; identify the main drivers and mechanisms of money laundering in Palestine and similar contexts; assess the current anti-money laundering strategies and their effectiveness in fragile states; and identify gaps in current knowledge and topics further requiring research. This review places greater emphasis on the achievement of these objectives so that it clearly spells out an understanding of the existing state of knowledge relating to these issues and hence distinctly identifies areas in which this study can make effective contributions.

Literature selection for this review was preceded by a systematic literature search with the view of comprehensively covering all relevant materials. The search entailed the selection of articles, books, and conference proceedings previously peer-reviewed and located in electronic databases like JSTOR, ProQuest, Google Scholar, among others. Some of the keywords used were "money laundering," "fragile states," "Palestine financial regulation," and "anti-money laundering strategies." Snowballing undertaken for the reference lists of key papers identified additional relevant sources that were not captured in the initial database searches. Grey literature from international organizations like FATF, the World Bank, and the United Nations Office on Drugs and Crime were included to have policy insights and global trends. Expert consultation was sought for identifying seminal works and emerging research in this field. The inclusion criteria ensured that sources were from the past decade, but the last five years were prioritized to make sure that the area researched was current. Older seminal works were included if they provided foundational theories or concepts still relevant to the current discourse. All sources were assessed for quality in relation to methodological rigor and relevance. Priority was given to peer-reviewed articles and reports produced by credible institutions.

This methodological approach will ensure full and updated state-of-the-literature review and act as a solid ground for the analysis and discussion that will ensue. The selected sources were quite an expansive range of empirical studies, theoretical papers, policy analyses, and case studies that will guarantee a multidimensional perspective concerning the phenomenon of money laundering in weak governance environments. Works such as Van Duyne et al.'s (2018) "The critical handbook of money laundering: Policy, analysis and myths" gave central theoretical frameworks, and studies of the Middle East and North Africa by the MENAFATF on money laundering provided regional insights. In this regard, Ryder's (2015) critical review concerning anti-terrorism financial measures

and Simser's (2021) exploration of fresh technologies in efforts against money laundering were very revelatory in terms of current challenges and innovations within the field. The detailed training guide on the combating of money laundering and financing of terrorism by the World Bank (2022) was enlightening in terms of policy perspectives by Chatain et al. (2022). These, among others, act as sources that make the backbone of the literature review in order to sound and be well rounded in discussion on the topic at hand.

## **2.2 Theoretical Frameworks of Money Laundering**

Over the last two decades, research in money laundering has dramatically been on the rise. In this regard, key definitions, conceptual models, phases, and economic theories related to money laundering have been delved into and are presented herein, with an emphasis on understudy for soliciting, from the literature thus far available, an overview of the theoretical landscape that had developed.

### **2.2.1 Definitions and conceptual models of money laundering**

Essentially, the laundering of money is the attempt to disguise its origin to make illegally obtained money appear as if it were legitimately derived. However, new definitions and conceptual models seem to evolve over time in view of changing financial crimes and regulatory approaches.

The FATF—the international watchdog against money laundering and financing of terrorism—defines it as "the processing of criminal proceeds to disguise their illegal origin" (FATF, 2022). In this definition, emphasis is placed on the fact that the process aims to change 'dirty' money to 'clean' through a successive series of financial transactions.

Reuter (2005) puts it more broadly when he describes money laundering as "the conversion of criminal incomes into assets that cannot be traced back to the underlying crime." As reflected in

the definition, the final objective of laundering is to cut the tainted trail between the crime and the received wealth.

Schneider and Windischbauer (2008) suggest that from the standpoint of conceptual models, a circular money laundering model exists. This implies that money laundering is a process in which money with illegal beginnings is introduced into the legal economy, circulated through a number of transactions, and then returned to the criminal enterprise as apparently legitimate income. To that respect, the circularity of this model underlines the self-perpetuating nature of money laundering, where funds laundered with success may be used to finance further or additional criminal activities.

Gilmour (2016) offers a conceptual model based on a network foundation, emphasizing its intrinsic interrelationship in all money laundering activities. This model advances the idea that money laundering is simply a network of nodes—people, companies, or financial institutions—with edges representing transactions or relationships between them. In such a network perspective, one can understand the complexity of money laundering schemes and how to identify the key players and vulnerabilities within a system.

A more recent contribution is provided by Teichmann (2020) advanced a risk-based conceptual model of money laundering. According to this model, there are three major risk areas of money laundering: country/geographic risk, customer risk, and product/service risk. This thus helps financial institutions and regulators isolate very specific anti-money-laundering strategies based on assessments of these risk categories.

### 2.2.2 Stages of money laundering (placement, layering, integration)

Money laundering is categorized by successive stages: placement, layering, and integration. That three-stage model turned into a sort of standard framework for describing how money laundering works (Gilmour, 2020):

- 1. Placement:** The first stage is the proper introduction of illegal money into the legal financial system. Schneider (2020) quotes various placement techniques like structuring, and commingling illegal money with business revenues from normal operations. As the authors point out, the first step is usually the easiest to detect because it involves, for the first time, illegal cash being brought into the formal system of a country's financial structure.
- 2. Layering:** At this stage, a launderer would resort to a series of conversions or movements of money to distance it from its source. Among others, Levi and Reuter (2006) describe typical layering methods as the use of offshore bank accounts, 'shell' companies, and complicated wire transfers. They underline that the internationalization of financial markets has dramatically accelerated this layering process, which has helped money launderers exploit regulatory differences among countries.
- 3. Integration:** The final stage is the reintroduction of the money into the legitimate economy, which is now laundered. Integration methods also described by Unger (2013) include purchasing real estate and luxury items, and even buying already established businesses. According to the author, in this stage, the funds are often extremely hard to distinguish from lawful wealth.

While this three-stage model provides a useful framework for understanding money laundering, Irwin et al. (2012) argue that in practice, the three stages often overlap and may not always be followed in a linear sequence. They propose a more fluid model that allows techniques to be applied adaptively to changing regulatory environments.

### **2.2.3 Economic theories related to money laundering**

Several economic theories have been applied to the study of money laundering, providing insights into its causes, mechanisms, and impacts on the broader economy.

In money laundering, the rational choice theory postulates that individuals and organizations engage in it as a result of a rational choice founded on a cost-benefit analysis. Theoretically, the money launderers weigh the benefits against risks entailed upon detection and punishment. An effective anti-money laundering policy should seek to increase the perceived cost and risks of money laundering activities in the view of Masciandaro (2007).

Walker and Unger (2009) presented a gravity model of money laundering, drawing on economic theories of international trade to explain the flow of illicit funds. This model postulates that the amount of laundering between any two countries is proportional to the size of their economies and inversely proportional to the distance between them. This paper uses a model such as this to provide an estimate of global money laundering flows and identification of high-risk jurisdictions.

Soudijn (2016) applied this theory of financial intermediation to money laundering. This theory tries to identify how financial institutions would play a dual role in either facilitating or obstructing money laundering. This would thereby seek to prove that financial intermediaries, in as much as they are of vital use in attaining economic efficiency, can still be exploited for money laundering.

Soudijn holds the view that the key to developing effective anti-money laundering strategies lies in understanding the incentives and constraints facing financial intermediaries.

Ferwerda (2013) gives an application of the theory of public choice to anti-money laundering policies. This approach received policy-making as a product of interaction among various stakeholders that include politicians, bureaucrats, and interest groups. Ferwerda claims that if one is going to explain why certain jurisdictions adopt or resist anti-money laundering policies, these dynamics should be understood.

In particular, asymmetric information, according to Takáts (2011), makes the idea of money laundering very relevant. In this respect, Takáts has argued that anti-money laundering regulations are useless due to asymmetry between the financial institutions and regulators. The potential result of this asymmetry can indeed be such suboptimal outcome: over-reporting of suspicious transactions or developing sophisticated techniques of concealment by money launderers.

Becker's theory of crime, developed in 1968, did not relate specifically to the problem of money laundering; however, it has found broad application in attempts to understand economic motives for financial crimes. According to the theory, criminal behavior is influenced by the expected benefit, probability of being caught, and severity of punishment. Chong and Lopez-de-Silanes apply this framework to an examination of the efficiency of anti-money-laundering regulations across countries.

Theoretical frameworks governing the argument of money laundering range from definitional and conceptual models to stage-based processes and economic theories. In this regard, such theoretical frameworks provide insight into the nature, mechanisms, and motivations behind money laundering activities. They also offer a foundation through which anti-money laundering strategies

can be developed and evaluated in complex environments such as fragile states. These theoretical frameworks would, most likely, evolve and broaden with ongoing changes in the global financial landscape, new insights from the emerging financial technologies, and shifting regulatory paradigm.

### **2.3 Money Laundering in Fragile States**

The concept of money laundering assumes a different, complex dimension when put in the context of fragile states. Weak structures of governance and unstable political and economic conditions may well provide an atmosphere where the fight against financial crimes is uniquely challenged. In this section, consideration is given to the characteristics of fragile governance environments, special challenges in combating money laundering that emanate from such environments, and case studies from other fragile states to illustrate the issues.

#### **2.3.1 Characteristics of fragile governance environments**

In most cases, fragile states are distinguished by a set of factors that contribute to their instability and vulnerability. According to the Organization for Economic Cooperation and Development (2022), Fragility is the combination of exposure to risk and insufficient coping capacity of the state, system and/or communities to manage, absorb or mitigate those risks. This definition encapsulates such a wide range of issues contributing to state fragility.

Probably the core characteristic of fragile states is weak institutional capacity. Acemoglu and Robinson (2012) argue that the 'absence of strong, inclusive institutions' is a deep cause of state fragility. In their famous book "Why Nations Fail," the authors argue that nations with extractive political and economic institutions are bound to be unstable and underdeveloped. This institutional weakness is often manifested in ineffective bureaucracies, weak rule of law, and unsatisfactory regulatory frameworks.

Another characteristic of fragile states is political instability. In "Wars, Guns, and Votes: Democracy in Dangerous Places," Collier (2009) adds that fragile states can often remain in cycles of conflict and poor governance. This instability may well lead to frequent changes in the structure of government, hence disrupting policy continuity and undermining long-term development efforts.

Another characteristic of a fragile state is economic vulnerability. Naudé et al. (2011) explain how the fragile state is often characterized by an underdeveloped economy with high poverty levels, high dependence upon natural resource extraction, and foreign aid. It is in such an economic setting that illicit financial activities, part of which is money laundering, thrive.

In most cases, fragile governance goes hand in hand with pervasive corruption. Transparency International's Corruption Perceptions Index (2023) has persistently ranked fragile states among the globe's most corrupt nations. This corruption could give an avenue for money laundering by opening up avenues through which illegitimate money could be introduced into the legitimate financial system by way of recognized or unrecognizable forms of bribery and corrupt practices.

Finally, most fragile states demonstrate weak control over their territories. Krasner and Risse (2014) discuss how many fragile states have "areas of limited statehood," whereby the central government's authority is best weak and sometimes even non-existent. These uncontrolled spaces become perfect enclaves for activities that are criminal in nature and include money laundering operations.

### **2.3.2 Unique challenges in combating money laundering in fragile states**

The features of a fragile state pose difficulties in combating money laundering. Those issues are multi-faceted, often mutually connected, and thus not very easy to eliminate with the aim of setting effective anti-money-laundering measures.

First is the weak regulatory framework. According to Sharman (2017) more often than not, such fragile states have no comprehensive legislation on AML or they are poorly implemented. This weakness in the regulatory regime therefore opens avenues for money launderers. Similarly, the case may be that frequent changes of governments in such fragile states may result in inconsistencies in policies, hence further undermining anti-money laundering efforts.

Another key challenge is limited institutional capacity. In their study, Levi et al. (2018) discuss how fragile states usually lack human capacity, resources, and infrastructure with the required technical expertise to undertake complex AML measures. For example, in fragile states, FIUs, very vital in the detection of suspicious transactions and following up on such, are underfunded and understaffed.

The other aspect is that most fragile states are characterized by the prevalence of informal economies, which pose a special challenge to AML efforts. Schneider and Enste (2013) had assessed that in some developing nations, the informal economy might account for as much as 70% of GDP. At this kind of informality level, it would be terribly demanding to trace financial inflows or detect illicit transactions.

In particular, fragile states represent an acute cross-border problem. Andreas (2011) has pointed out how the porous borders and weak customs controls of the fragile state allow for steady flows

of illicit funds to cross national borders. Sometimes, the problem is further compounded by regional instability, as neighbours may also be having problems with governance.

In the same context, governmental and financial corruption is a major challenge to AML. In highly corrupt environments, as indicated by Chaikin and Sharman (2009), a captured regulator allows the running of AML policies in a way that is by-passed or even colluded with money launderers.

Another challenge is the limited access to formal financial services in many fragile states. Demirgüç-Kunt et al. (2022), in the Global Findex Database of the World Bank, show that quite often, the level of financial inclusion in fragile states is low. This may push people and businesses to informal financial channels, which are much more difficult to monitor and regulate.

Finally, the lack of international cooperation can frustrate AML efforts in fragile states. According to Sharman (2011) it was pointed out that many fragile states have little ability to make full and effective contributions toward the international AML initiative, partly due to limited capacity and competing priorities. Such countries usually turn into weak links across the global AML regime.

### **2.3.3 Case studies of money laundering in other fragile states**

The exploration of specific cases of money laundering in fragile states helps to gather significant insight as to how such challenges materialize in real-world contexts. Several case studies indicate that the problems related to combating money laundering in cases of fragile governance are multifaceted. In that light, Afghanistan represents an excellent case study of money laundering in fragile state situations. Buddenberg and Byrd, in a 2006 report to the United Nations Office on Drugs and Crime, outline how the opium trade in the state of Afghanistan has supplied the largest money laundering operation. It describes the laundering of drug profits through the hawala system—an informal mechanism for the transfer of value, highly utilized in the region. The case

points to the challenges in regulating the informal financial system and the interrelation between illicit economies and money laundering in fragile states.

Another example comes from Somalia. Mohamed (2022) examines the capturing of the remittance industry in Somalia as a money laundering tool. The author illustrates that a major part of the risks is due to the nonexistence of a functioning central bank and a large number of informal hawalas (money transfer companies). The case illustrates the challenges of having AML measures in a low-capacity state with a very informally dominated economy.

The case of the Democratic Republic of Congo provides several lessons on the realities of the challenges to countering money laundering in a resource-rich fragile state. Global Witness (2019) documented how the DRC's vast mineral wealth has been plundered through corrupt deals, and the money is laundered through the international financial system. How weak governance, endemic corruption, and lack of effective regulatory oversight enabled large-scale money laundering is illustrated.

Although Lebanon is not generally classified as a fragile state, it has experienced periods of instability and weak governance from which useful lessons can be drawn. Rickards (2020) examines the role of the Lebanese banking sector in money laundering, notably with regard to regional conflicts and sanctions bypassing. It offers a case study of how, even in what were otherwise comparably sophisticated financial systems, abuse can take place within the environment of fragile governance.

Furthermore, Myanmar provides a case study of the intricacies involved in implementing AML within a country undergoing political transition. In their paper, Simpson and Farrelly (2024) debate how Myanmar's efforts to strengthen its AML regime are impeded by limited institutional capacity,

ongoing conflicts, and the persistence of informal economic activities. Indeed, this example simply shows that constructing functional AML systems in fragile states can be very long term in nature.

Taken together, the case studies highlight both the broad range of manifestations that money laundering can take in fragile states and the challenging nature of combat. They underline that specific approaches under consideration of the context of governance, economic, and social aspects have to be devised for each fragile state.

The worth of governance is low, institutional capacity is low, and the informality rate is high. Such conditions easily open wide the doors to money laundering; thus, money laundering in fragile states facing special challenges requires new ideas to go beyond traditional Anti-Money Laundering frameworks. It is, therefore, important that such challenges be understood at both a theoretical and practical level, with case studies, in order to come up with effective strategies for addressing the problem of money laundering within a fragile governance environment.

## **2.4 The Palestinian Context**

Understanding the specific context of Palestine is crucial for developing effective strategies to combat money laundering in this complex environment. This section provides an overview of Palestine's political and economic landscape, examines the specific vulnerabilities to money laundering in the region, and traces the historical development of anti-money laundering efforts in Palestine.

### **2.4.1 Overview of Palestine's political and economic landscape**

The political and economic scenery that describes Palestine is very unique, with a host of challenges set against a complex geopolitical backdrop. The two major territories within Palestine—the West Bank and Gaza Strip—have been under different forms of occupation or

political control since the middle of the 20<sup>th</sup> century, which most likely would have had a very profound effect on their governance structures and consequent economic development.

Politically, Palestine operates with a fragmented system of governance. Brown (2003) specifies that the current political system is divided under the Palestinian Authority in both the West Bank and the Gaza Strip and by Hamas in Gaza, each with low severity but with high external influence. Political fragmentation has been instrumental in challenging policies and regulations under one umbrella across the territories of the Palestinians.

According to Shlaim (2016) the Oslo Accords in 1993 and 1995 created the Palestinian Authority as an interim self-management institution. The problem is that a five-year transition has rolled over into nearly two decades of political limbo for Palestine. Most probably, such an extended interim status has serious implications for the ability of Palestine to develop and establish comprehensive nationwide policies, including those of financial regulation and anti-money laundering nature.

Economically, there are strong political constraints on Palestine. According to the World Bank reports from 2023, movement and access restrictions hurt economic growth and development. The economy has a level of high unemployment, largely seen in Gaza, and is almost entirely dependent on foreign aid (World Bank, 2023). Sabra et al. (2015) discuss how those features of an economy provide fertile ground for informal economic activities to thrive, and thus vulnerabilities to exploitation for money laundering reasons.

The Paris Protocol, signed in 1994 as part of the Oslo process, governs the economic relationship between Israel and Palestine. Khalidi and Taghdisi-Rad underline how this has constrained the economic sovereignty of Palestine, especially over such issues as monetary policy and trade (Khalidi & Taghdisi-Rad, 2009). Finally, there is no national currency, which raises intractable

problems of financial supervision and regulation, as the Israeli shekel, U.S. dollar, and Jordanian dinar are used for local transactions.

#### **2.4.2 Specific vulnerabilities to money laundering in Palestine**

Such unique political and economic contexts in Palestine create certain vulnerabilities to money laundering. Noting the multifaceted nature of these vulnerabilities, it is said that the vulnerabilities to money laundering in Palestine are of both internal and external origin. Perhaps the most important vulnerability is the large volume of cash transactions in the Palestinian economy. It follows that the preconditions for a high cash dependency have been created: underdeveloped formal banking sectors, combined with cultural preferences and economic restrictions. This cash-intensive economy makes it very problematic to trace financial flows and identify possibly illicit transactions (Khatib et al., 2022).

These structures of governance, fragmented between the West Bank and Gaza, most probably create regulatory lapses that can be utilized in laundering money. Indeed, it is also said that the absence of a unified framework setting out clear lines of authority in regulation, limited cooperation, and coordination between the different authorities in the two territories open up opportunities for financial criminals by "exploiting differences in oversight and enforcement" (Firas, 2022).

Another vulnerability is the informal economy, which, according to various estimates, accounts for a significant percentage of Palestinian economic activity. It is argued that the size of the informal sector—driven by economic necessity and regulatory constraints—presents difficulties in terms of financial supervision and enhances the potential risk of money laundering (Abuamsha & Shumali, 2022). Cross-border financial flows pose a special challenge in the Palestinian environment. Also, the complex system of financial transfers among Palestine, Israel, and other

countries, along with limited border control by the Palestinian authorities, offers possibilities for exploiting money laundering opportunities (Flassbeck et al., 2018).

Another prominent weakness is the low capacity of the financial regulatory institutions in Palestine. Political and resource constraints have attenuated the development of a sound financial intelligence and enforcement apparatus, crippling the effectiveness of anti-money laundering efforts in this country (Alshaer et al., 2021). Another vulnerability arises with the use of alternative remittance systems, especially hawala networks. While such informal value transfer systems were serving important economic functions, the very limitation of control and associated documentation in such systems makes it vulnerable to money laundering (Hess, 2016).

### **2.4.3 Historical development of anti-money laundering efforts in Palestine**

AML efforts in Palestine have been long in the making and result from the general development process of two sources: internal initiatives and external pressures. This historical background is key for understanding the current status of AML measures in Palestine and for identifying future needs for development.

In fact, the first baby steps to lay a proper AML regime in Palestine have come in the early 2000s. The Palestinian Authority started to conceive the need for AML measures as part of the wider efforts to conceive and develop a modern financial system, with continuity and reforms in place, that should attract local and foreign investors in the economy of Palestine.

An event of significance was that the Palestine Monetary Authority was established in 1994 after the signing of the Oslo Accords. Flassbeck et al., (2018), state that although the PMA had no full central bank powers, it took in the function as the financial regulator and began to set policies in that part of their history to combat money laundering.

The first proper legislation on AML in Palestine was in 2007 with Anti Money Laundering Decree Law No. 9, which outlined all money laundering as a crime, put reporting requirements in place for financial institutions and created a FFU that would act as Palestine's financial intelligence unit. (UNODC, 2015).

International pressure, and the boarder want of integration of the international financial system also influenced these efforts in Palestine. As Hanieh (2018) argues, the experience of interactions with different international bodies, including one of the regional bodies, i.e, the Middle East and North Africa Financial Action Task Force (MENAFATF), affected the nature of the AML framework developed for Palestine. The forgoing of AML measures can prove to be very effective at the initial stage. The execution of AML regulations has been significantly hampered in the initial period because of political instability, limited human resources, and working under occupation.

In fact, there have been efforts in recent years to make the AML framework of Palestine coherent with international standards. According to the Palestine Monetary Authority (2022), much work has lately been committed to increasing regulatory monitoring, improving coordination between the relevant bodies, and building the capacity of the FFU.

The enforcement of AML measures by Palestine has, however, many challenges to implement as well, including limited technical capacity, problems related to resource constraints, and the challenges emerging from the political and economic situation (Othman & Ducarroz, 2021).

In a nutshell, in Palestine, the context of anti-money laundering is complex. This enhances the fact that this region has faced political and economic challenges in a unique manner, which has created specific vulnerabilities toward money laundering while simultaneously complicating the design of effective policy defences. From an historical perspective, the AML efforts developed in Palestine

are illustrative of an overarching progression toward the formation of comprehensive frameworks while frequently being confronted with challenges. Understanding this context is crucial in developing tailored strategies against money laundering in the environment of fragile governance, often similar to that in Palestine.

## **2.5 Anti-Money Laundering Measures**

The global war against money laundering involves setting the complex web of standards, legislation, and institutional mechanisms according to which it is implemented. Against this background, the following section will review the international standards and best practices on which anti-money laundering is based, the relevant legal and regulatory frame, and the established institutional mechanisms that intelligence must have put in place to combat money laundering.

### **2.5.1 International standards and best practices (e.g., FATF recommendations)**

The Financial Action Task Force, established in 1989, has grown to be the most prominent international organization standardizing AML efforts. Adopted in 1990 and continuously updated thereafter, the FATF Recommendations represent the international standard for AML measures. According to FATF (2023) there exist 40 recommendations covering areas from criminalization and customer due diligence to record-keeping, reporting of suspicious transactions, and international cooperation.

One of the central principles underlined in the FATF Recommendations is the risk-based approach. According to Simonova (2011), this approach requires countries and financial entities to identify, assess, and understand money laundering risks that they face and to put appropriate measures proportional to these risks. Resources are better apportioned, and the threats from money laundering are more effectively reduced.

The FATF Recommendations, among other provisions, give emphasis to transparency in beneficial ownership. A more recent intensive study for the World Bank by de Willebois et al. (2011) reiterated that opacity in corporate structures can compound money laundering. Thus, the FATF standards would require that authorities are appropriately provided with sufficient, accurate, timely information on beneficial ownership.

The other important element in FATF standards is the multi-stakeholder approach. As pointed out by Levi and Reuter (2006) effective AML regimes require a joint effort of financial institutions, law enforcement agencies, and regulatory bodies. The FATF Recommendations map out how the various stakeholders have to relate with each other, exchanging information with the aim of having a common approach to taking money laundering.

The FATF also promoted peer reviews of its member countries with respect to their compliance with the recommendations. Ferwerda and Reuter (2019) furthermore evaluate the effect of the evaluations, finding that while they resulted in large improvements of AML regimes around the world, challenges remain on how to measure their effectiveness in a reduction of money laundering.

Beyond the FATF, there are other international bodies that affect the setting of standards on AML. For instance, the Basel Committee on Banking Supervision (2020) has published guidelines on sound management of risks related to money laundering and financing of terrorism. It also elaborates on what banks need to do to make AML considerations part of the overall risk framework.

### **2.5.2 Legal and regulatory frameworks**

International AML standards must be implemented through robust legal and regulatory frameworks at country level. In most cases, these will comprise criminal laws combined with regulatory requirements and supervisory mechanisms.

The legal framework for AML in the United States is essentially constituted of the Bank Secrecy Act of 1970 and its further amendments through the USA PATRIOT Act of 2001. Ryder has provided a comprehensive overview of the Act in 2008, stating that it makes financial institutions liable to assist U.S. government agencies in the surveillance and prevention of money laundering. Some of its significant provisions relate to customer identification, record-keeping, and reporting of suspicious transactions (Ryder, 2008)

The European Union has formed a series of Anti-Money Laundering Directives, of which the most recent is the Sixth AML Directive, applied in 2021. The directives have, according to Mitsilegas and Vavoula (2016) incrementally tightened the AML regime of the EU by harmonizing rules among member states and extending the reach of the regime to wider categories of entities and predicate offenses.

The legal framework of AML in the United Kingdom is founded on the Proceeds of Crime Act 2002 and Money Laundering Regulations 2017 (as amended). These laws provide for an extensive regime of criminalization of money laundering, obligatory preventive measures of the private sector, and mechanisms for asset recovery (Campbell, 2017).

The developing nations have also shown tremendous improvement in putting in place the AML legal framework, normally with support from international bodies. The developing countries face in the execution of the AML measures; while many developing countries have put in place laws

compliant with the international standards on paper, real implementation is usually lacking due to inadequate resources and competing priorities (Sharman and Chaikin, 2009)

Existent in most legal frameworks against AML is the establishment of a Financial Intelligence Unit. They act as national centres of receiving and analysing suspicious transaction reports and other related information on money laundering (Thony, 1996).

### **2.5.3 Institutional mechanisms for combating money laundering**

Implementation of AML measures calls for a variety of institutional mechanisms, ranging from regulatory bodies to law enforcement agencies and specialized units in financial institutions. Indeed, institutional mechanisms concerning oversight over compliance with AML regulations are provided for by financial regulators. For instance, in the United States, the Financial Crimes Enforcement Network (FinCEN) acts as the primary AML regulator. It has been shown that a former director of FinCEN uses the agency's regulatory, analytical, and law enforcement powers in fighting money laundering and other financial crimes (Senia, 2017). Besides, Money laundering investigating units also form a part of law enforcement agencies. Evolution of the techniques of financial investigation in law enforcement presses the agencies to adapt more and more sophisticated methods of money laundering.

In this regard, the institutional mechanism for combating money laundering has emerged in terms of public-private partnership development. This is testified by initiatives such as the UK's Joint Money Laundering Intelligence Taskforce, which significantly developed information sharing between the public and private sectors and has resulted in more effective detection and investigation of money laundering (Maxwell, N. J., & Artingstall, 2017).

The area also holds the mechanisms of international cooperation very significant. A good example is the Egmont Group—an informal network of FIUs that provides the means for cross-border financial intelligence. Technological innovation has gradually formed a large part of the institutional mechanisms against money laundering, particularly through artificial intelligence and machine learning that may make transaction monitoring more efficient and effective in detecting suspicious activity (Chen et al., 2018).

However, the debate rests on how effective these institutional mechanisms are. If the amount of resources committed to AML efforts worldwide is huge, there is limited evidence of its effects in reducing money laundering or predicate crimes. More rigorous evaluation of AML measures is necessary, with a focus on the measurement of outcomes rather than compliance with formal requirements (Levi et al., 2018).

At bottom, the international AML regime is a nightmarishly cumbersome package of international norms, legal regimes, and institutional apparatuses. While enormous steps have been taken toward the creation of comprehensive strategies for fighting money laundering, problems persist in ensuring effective implementation, especially in resource-constrained environments. Techniques of money laundering change all the time; hence, those measures set up against them must likewise change continuously in adaptation and innovation called for by AML efforts.

## **2.6 Policy Analyses**

The analysis of AML policies in Palestine and comparative fragile states adds insight into the challenges and opportunities for strengthening financial integrity within complex governance environments. Most recent Palestinian AML policies will be assessed against similar policies in fragile states and further analysed with respect to policy recommendations by international organizations.

### 2.6.1 Evaluation of current Palestinian anti-money laundering policies

The state of Palestine has developed its AML framework to a great extent over the past two decades. The heart of this framework is served by the Decree-Law No. 20 of 2015 relating to the Combat of Money Laundering and Terrorist Financing. The law had replaced the earlier one, Law No. 9 of 2007. Such framework made AML attempts of the State of Palestine closer to international standards as prescribed by the FATF (Firas, 2021). The important characteristics of the current framework for policy in AML in Palestine are:

- 1. Criminalization of money laundering:** Article 2 of Decree-Law No. 20 defines money laundering broadly, covering a wide range of predicate offenses. This comprehensive approach aligns with FATF recommendations.
- 2. Establishment of a Financial Intelligence Unit:** The Financial Follow-up Unit (FFU) serves as Palestine's financial intelligence unit, responsible for receiving, analysing, and disseminating suspicious transaction reports. Alshaer et al. (2021) note that the FFU has been granted significant powers, including the ability to access information from various government agencies and financial institutions.
- 3. Customer Due Diligence (CDD) requirements:** Financial institutions are required to implement robust CDD measures, including identifying and verifying customer identities, understanding the nature of business relationships, and conducting ongoing monitoring.
- 4. Reporting obligations:** Financial institutions and designated non-financial businesses and professions (DNFBPs) are required to report suspicious transactions to the FFU.
- 5. Risk-based approach:** The AML framework emphasizes a risk-based approach, requiring entities to assess and mitigate money laundering risks.

- 6. International cooperation:** The law provides a basis for international cooperation in AML efforts, including information sharing and mutual legal assistance.

Though these factors foreshadow the base as sound, there exist numerous challenges to AML policies applied in the State of Palestine. The first challenge is fragmented governance between the West Bank and the Gaza Strip, giving way to uneven enforcement. The inability to control borders coupled with the existence of a vast informal economy also presents a big problem in the implementation of AML (Firas, 2021).

The Palestine Monetary Authority is the focal body in implementing AML policies within the financial sector. Alshaer et al. (2021) identify that the PMA has addressed several instructions and circulars to banks and other financial institutions with the aim of enhancing compliance related to AML. They also point out legal lacunars to the legal framework, particularly within specialized lending institutions and the money exchange sector.

One of the striking features of the AML policy of Palestine is that it firmly pursues not only the fighting of money laundering but also combating terrorist financing. This two-fold emphasis reflects both the international standards and the particular security challenges that beset the State of Palestine. However, Firas, 2021 postulates that at times this dualist approach could bring about tension between objectives for AML and maintaining financial inclusion in an already fragile economic environment.

### **2.6.2 Comparative analysis with policies in similar fragile states**

To contextualize Palestine's AML policies, it is useful to compare them with those of other fragile states facing similar governance challenges. While each country's situation is unique, some common themes emerge.

Lebanon, like Palestine, operates in a complex political environment with significant security challenges. Rickards (2020) examines Lebanon's AML framework, noting that despite having a relatively sophisticated banking sector, the country has struggled with effective implementation of AML policies. Lebanon's experience highlights the importance of political will and institutional capacity in enforcing AML measures, factors that are also relevant to the Palestinian context.

Afghanistan presents another interesting comparison. Buddenberg and Byrd (2006) discuss how Afghanistan's AML efforts have been complicated by ongoing conflict, a large informal economy, and the prevalence of cash transactions. These challenges echo those faced by Palestine, although the scale and specific context differ. Afghanistan's experience underscores the need for AML policies to be adaptable to local economic realities in fragile states.

Somalia, with its limited central government control and reliance on informal financial networks, offers insights into AML challenges in highly fragmented governance environments. Mohamed (2022) examine how Somalia has attempted to regulate its remittance sector, which is crucial for the country's economy but also vulnerable to abuse. This experience is relevant to Palestine, particularly in considering how to approach regulation of the hawala system and other informal financial channels.

Comparing these cases, several common challenges in implementing AML policies in fragile states emerge:

1. Limited state capacity and resources for enforcement
2. Large informal economies and prevalence of cash transactions
3. Complex political environments that can hinder policy implementation

4. Balancing AML objectives with the need for financial inclusion
5. Difficulties in international cooperation due to political factors

Palestine's AML policies appear to be relatively advanced compared to some other fragile states, particularly in terms of legislative framework and institutional setup. However, implementation challenges remain significant across all these contexts.

### **2.6.3 Policy recommendations from international organizations**

International organizations have provided various recommendations for strengthening AML policies in fragile states like Palestine. These recommendations often emphasize the need to tailor global standards to local contexts while maintaining core principles of financial integrity.

The Financial Action Task Force (FATF), as the global standard-setter for AML policies, provides key recommendations that are relevant to Palestine and similar fragile states. The FATF (2012-2019) emphasizes:

1. Implementing a risk-based approach to allow more efficient allocation of resources
2. Ensuring a comprehensive legal framework that criminalizes money laundering and terrorist financing
3. Establishing effective financial intelligence units
4. Implementing robust customer due diligence measures
5. Enhancing international cooperation

Specific to fragile states, the FATF recognizes the need for flexibility in implementing these standards. They encourage countries to prioritize actions based on identified risks and to consider the impact of AML measures on financial inclusion.

The World Bank has also provided recommendations for AML policy implementation in fragile states. de Willebois et al. (2011) emphasize the importance of addressing beneficial ownership transparency, a challenge that is particularly acute in contexts with limited regulatory capacity.

They recommend:

1. Strengthening company registration processes
2. Improving information sharing between agencies
3. Enhancing due diligence requirements for politically exposed persons

The International Monetary Fund (IMF) has highlighted the need for capacity building in fragile states to implement effective AML policies. IMF (2017) recommends:

1. Providing technical assistance to strengthen institutional capacity
2. Supporting the development of risk assessment methodologies
3. Enhancing supervisory frameworks for financial institutions

For Palestine specifically, international organizations have made several recommendations. The United States Department of State (2015) suggested:

1. Enhancing supervision of the banking sector and money service businesses
2. Strengthening border controls to prevent cash smuggling
3. Improving coordination between law enforcement agencies

Based on these international recommendations and the specific context of Palestine, several policy priorities emerge:

1. Strengthen implementation capacity: Invest in training and resources for regulatory bodies, particularly the Financial Follow-up Unit and the Palestine Monetary Authority.
2. Enhance risk assessment: Conduct comprehensive national risk assessments to identify key vulnerabilities and allocate resources effectively.
3. Improve coordination: Strengthen mechanisms for information sharing and coordination between different government agencies involved in AML efforts.
4. Address the informal economy: Develop strategies to bring more economic activity into the formal sector, while being mindful of the potential impact on financial inclusion.
5. Strengthen international cooperation: Despite political challenges, seek ways to enhance information sharing and cooperation with regional and international partners.
6. Tailor policies to local context: While adhering to international standards, ensure that AML policies are adapted to the specific economic and political realities of Palestine.
7. Balance AML with financial inclusion: Carefully consider the potential impact of AML measures on access to financial services, particularly for vulnerable populations.

In summary, although Palestine has made key steps toward developing a policy framework for AML, there are still many challenges to the practical implementation of these policies. Indeed, comparison with other fragile states underlines common challenges but also possible strategies for improvement. International recommendations are critical to the roadmap for strengthening the AML regime of Palestine further; however, these must be prudently fitted to the local context, lest they prove ineffective or have unintended consequences.

## 2.7 Gaps in Current Knowledge

Despite the growing body of research on anti-money laundering (AML) efforts in fragile states, several gaps in knowledge persist, particularly in the context of Palestine. This section identifies these gaps and highlights areas requiring further research.

One of the prime gaps in theoretical understanding revolves around how some of the existing models of AML adapt to these kinds of particular contexts. The previous studies argue that many AML theories and frameworks were developed based on experiences in stable, developed economies and may not fully account for complexities in fragile governance environments. The most prominent gap exists in respect to the case of Palestine, in which the peculiar political situation and lack of full sovereignty further complicate the search for an effective AML.

Another conceptual gap related to interaction between AML policies and economic development in fragile states is that, while there seems to be a general assumption that strong AML measures lead toward economic stability, some of the studies' findings point out that this relationship might be more complex in fragile economies. They argue for a need to develop theoretical frameworks explaining how AML measures affect financial inclusion, informal economies, and development in general within such contexts.

Literature reviews typically point to the dearth of literature on the role of central banks or monetary authorities as AML players within the fragile state. While the PMA assumes a considerably significant role in the Palestine AML regime, very little theoretical discussion explores how such institutions balance such mandates effectively in the challenging governance environment.

## **2.8 Conclusion**

Literature review has identified a number of main findings with respect to AML efforts in Palestine and similar contexts of fragile states. Considering the considerable progress that Palestine has made on a legal and institutional framework for AML, essentially through Decree-Law No. 20 of 2015 and the Financial Follow-up Unit, little is known regarding its actual practice. On the other hand, it is observed that despite the existence of such a strong framework, fragile states, in this case, Palestine, are still far from adequately implementing it due to limitations in their resources, political instability, and large informal economies. The role of the Palestine Monetary Authority seems extremely imperative in enforcing the AML policy but is struggling to regulate all financial system activities. The studies underline the importance of conformity of international standards to the context of fragile states, while some findings put an extra emphasis on balancing the AML objectives against financial inclusion and economic development. To borrow an example from India, the unique geopolitical situation in the country actually adds further complexities to AML efforts in terms of cross-border financial flows and regulatory cooperation. The next chapter will discuss the research methodology where justifications for the methods applied are given, the techniques for collecting data are outlined, and ethical considerations and limitations are subsequently acknowledged within the design of the research.

## **Chapter Three: Research Methodology**

### **3.1 Introduction**

This chapter highlights the methodological framework that has guided this research study on fighting money laundering within the fragile governance environment in Palestine. It adopts a quantitative research design based on a broad survey approach to investigate the nature of money laundering in Palestine through interrogation of its patterns in light of the point of view of financial institutions, regulatory bodies, and law enforcement agencies.

A quantitative survey design is adopted in a way that ensures generalizable data from a wide population of stakeholders in the financial and regulatory sectors in Palestine. The survey methodology has provided a robust framework within which the research questions and objectives are effectively addressed through systematic data collection and statistical analysis.

### **3.2 Research Design**

The complexity of the money laundering problem in fragile governance environments informs the use of a rigorous quantitative approach. This methodology leverages the strengths of systematic data collection and statistical analysis to allow for a comprehensive exploration of the phenomenon under study.

The selection of a quantitative design for this research is grounded in the positivist worldview, which emphasizes the importance of objective measurement and statistical analysis to understand research problems (Morgan, 2014). This approach is particularly relevant for studying complex financial crimes in fragile states, where identifying patterns, correlations, and causal relationships is essential for developing effective interventions.

Quantitative methods, through the survey, have an advantage in accumulating standardized data from a larger sample size. The approach would, therefore, be in a position to deliver on the identification of patterns, trends, and correlations of perceptions and practices about AML efforts in Palestine. The survey data gives an overall representation of the present state of the AML measures, perceived effectiveness, and challenges in implementation.

The quantitative component employs a descriptive-analytical approach, which allows for systematic measurement and statistical analysis of AML practices (Bryman, 2016). This methodological choice is supported by previous studies in financial crime research, where large-scale surveys have successfully captured institutional perspectives and regulatory compliance patterns (Brancale & Blomberg, 2019).

The research design incorporates sophisticated statistical analyses including descriptive statistics, inferential statistics, and multivariate analyses to uncover complex relationships between variables. This comprehensive quantitative approach allows for the examination of correlations between different aspects of AML efforts, identification of significant predictors of effective implementation, and assessment of the impact of various contextual factors.

The chosen research design aligns with recent methodological developments in financial crime research, where quantitative approaches have demonstrated superior capability in capturing structural patterns and systematic relationships in financial regulatory challenges (Levi & Reuter, 2006). The design's particular strength lies in its ability to provide generalizable findings that can inform evidence-based policy making in fragile governance contexts.

### **3.3 Data Collection Methods**

The study utilized a well-structured survey to capture a wide spectrum of viewpoints with respect to money laundering and AML efforts in Palestine. The questionnaire development process followed established methodological guidelines for survey design in financial regulation research (Creswell & Clark, 2017; Bryman, 2016). The initial questionnaire structure was informed by three key sources: (1) FATF's Risk Assessment Template (FATF, 2023), (2) validated AML effectiveness measures from Levi et al. (2018), and (3) institutional capacity assessment indicators developed by the World Bank (2022).

The questionnaire underwent a systematic development process consisting of four phases:

**Phase 1: Item Generation** - Based on the literature review and research objectives, an initial pool of 62 items was generated covering risk assessment, regulatory effectiveness, operational challenges, and strategic solutions. These items were mapped against established AML frameworks (FATF, 2023; Basel Committee, 2020).

**Phase 2: Expert Review** - The initial questionnaire was reviewed by a panel of five AML experts, including two Palestine Monetary Authority officials, two banking compliance officers, and one academic researcher. This review led to refinement of 18 items and elimination of 8 redundant questions (Denzin & Lincoln, 2018).

**Phase 3: Pilot Testing** - The refined questionnaire was pilot tested with 30 participants to assess reliability and validity. Cronbach's alpha coefficients ranged from 0.837 to 0.924 across different sections, indicating strong internal consistency (Eisinga et al., 2012). Factor analysis confirmed the construct validity of the five main survey dimensions.

Phase 4: Final Revision - Based on pilot test results, the final questionnaire was structured into five sections with 54 items using a 5-point Likert scale. This scale was selected based on its proven effectiveness in measuring attitudes and perceptions in regulatory compliance research (Ritter, 2010).

The distribution of the survey is done both online and offline to ensure that the reach of the questionnaire is effective, thereby ensuring its participation. Online, the questionnaires are distributed through professional networks and social media platforms, where the population to be surveyed is likely to have an account. Hard copies shall be distributed during physical visits to relevant institutions and professional gatherings as a way of reaching them. This way, at least it would be able to eliminate any kind of digital divide biases that could be linked to internet access and digital literacy.

The method of sampling is an integration of a purposive and snowballing sample. The target population consists of professionals within the financial institutions, regulatory bodies and other relevant government agencies. Respondents will be requested to forward the questionnaire to colleagues who meet the inclusion criteria to expand the access to more participants within the professional community.

### **3.3.1 Survey Structure and Content:**

- **Section 1: Demographic Information**
  - Gender
  - Age
  - Educational Qualification
  - Sector
  - Current Position
  - Years of Experience in Combating Money Laundering
  - Specialized Training in Combating Money Laundering
- **Section 2: Survey Questions**

- Risk Analysis
- Evaluation of the Current Framework
- Operational and Implementation Challenges
- Proposed Solutions and Recommendations
- Proposed Strategic Framework

The items in the survey are done on a five-point Likert scale, from "Strongly Disagree" to "Strongly Agree." This allowed for nuance in the responses and enables statistical analysis. The nature of the Likert scale is particularly useful for the measurement of attitudes, perceptions, and opinions. Thus, the research objectives found this appropriate.

### 3.3.2 Data Measurement

The respondent can answer the questionnaire item with a number from 1 to 5 where (5) represents the highest acceptance degree about an item and (1) represents the lowest acceptance degree about it as illustrated in table (3.1).

Table 1 Respondent Scale

Level	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Scale	1	2	3	4	5
Mean Range	1.0-1.8	1.8-2.6	2.6-3.4	3.4-4.2	4.2-5.0
Weight mean	20%-36%	36%-52%	52%-68%	68%-84%	84%-100%

### 3.3.3 Statistical Validity of the Questionnaire

The validity of the questionnaire was established through two primary statistical tests: the Criterion-related validity test and the Structure validity test, both utilizing Pearson correlation coefficients. These tests ensure the robustness and reliability of the research instrument.

#### 3.3.3.1 Criterion-Related Validity

- Internal Consistency Analysis

The internal consistency of the questionnaire was evaluated using a pilot sample of thirty questionnaires. This analysis measured the correlation coefficients between individual items and

their respective fields, following established methodological practices (Brains et al., 2011; Kramer et al., 2009). The correlation analysis yielded significant results across all four main fields:

1. Risk Analysis: Correlation coefficients ranged from .539 to .855, with all items showing significance at  $p < 0.01$
2. Evaluation of Current Framework: Coefficients varied from .391 to .808, significant at both  $p < 0.05$  and  $p < 0.01$  levels
3. Operational and Implementation Challenges: Values ranged from .377 to .862, maintaining significance at both threshold levels
4. Proposed Solutions and Recommendations: Correlations spanned from .412 to .774, all statistically significant

All items demonstrated p-values below the critical thresholds of 0.05 or 0.01, indicating strong internal consistency. The correlation coefficients were significant at  $\alpha = 0.01$  or  $\alpha = 0.05$ , confirming that the questionnaire items effectively measure their intended constructs.

Table 3.2 presents the detailed correlation coefficients and p-values for each item across the four fields.

Table 2 The correlation coefficient between each item in the field and the whole field

Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value
Risk Analysis			Evaluation of the Current Framework			Operational and Implementation Challenges			Proposed Solutions and Recommendations		
1	.692**	0.000	1	.438*	0.015	1	.539**	0.002	1	.566**	0.001
2	.539**	0.002	2	.683**	0.000	2	.407*	0.026	2	.534**	0.002
3	.661**	0.000	3	.690**	0.000	3	.382*	0.037	3	.656**	0.000
4	.688**	0.000	4	.573**	0.001	4	.491**	0.006	4	.412*	0.023

Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of correlation	P-Value
5	.845**	0.000	5	.391*	0.033	5	.377*	0.040	5	.519**	0.003
6	.634**	0.000	6	.498**	0.005	6	.652**	0.000	6	.523**	0.003
7	.726**	0.000	7	.707**	0.000	7	.862**	.000	7	.553**	0.002
8	.539**	0.002	8	.551**	0.002	8	.736**	0.000	8	.453*	0.012
9	.840**	0.000	9	.797**	0.000	9	.728**	0.000	9	.464**	0.010
10	.732**	0.000	10	.757**	0.000	10	.485**	0.007	10	.430*	0.018
11	.730**	0.000	11	.767**	0.000	11	.530**	0.003	11	.592**	0.001
12	.855**	0.000	12	.808**	0.000	12	.480**	0.007	12	.774**	0.000
13	.693**	0.000				13	.630**	0.000			
14	.560**	0.001	* Correlation is significant at 0.05 level, ** Correlation is significant at 0.01 level								

The internal consistency analysis extended across three additional fields of the questionnaire, demonstrating robust correlations throughout. For the Assessment of the Effectiveness of Measures to Enhance field, correlation coefficients showed particularly strong relationships, ranging from .748 to .870, with all items demonstrating high significance ( $p < 0.01$ ). The Assessment of Proposed Strategic Priorities field maintained strong internal consistency with coefficients spanning from .480 to .752, all significant at the  $p < 0.01$  level. Similarly, the Assessment of Effectiveness Indicators for the Strategic Framework field exhibited solid correlations ranging from .525 to .605, with all items showing significance at  $p < 0.01$ . These consistently high correlation coefficients and significant p-values across all three fields provide strong evidence of the questionnaire's internal consistency. The results validate that each item effectively contributes to measuring its intended construct within the strategic framework assessment, further supporting the instrument's reliability for data collection in this research context. Table 3.3 presents the detailed correlation coefficients and p-values for each item across these fields, providing clear statistical evidence of the strong relationships between individual items and their respective fields.

Table 3 The coefficient correlation between each item in the field and the whole field

Item No.	Coefficient of correlation	P-Value	Item No.	Coefficient of Correlation	P-Value	Item No.	Coefficient of correlation	P-Value
Assessment of the Effectiveness of Measures to Enhance			Assessment of Proposed Strategic Priorities			Assessment of Effectiveness Indicators for the Strategic Framework		
1	.748**	0.000	1	.752**	0.000	1	.588**	0.001
2	.824**	0.000	2	.728**	0.000	2	.525**	0.003
3	.834**	0.000	3	.711**	0.000	3	.605**	0.000
4	.870**	0.000	4	.569**	0.001	4	.573**	0.001
5	.831**	0.000	5	.686**	0.000	5		
			6	.480**	0.007	** Correlation is significant at 0.01 level		

### 3.3.3.2 Structure Validity

The second statistical test employed to validate the questionnaire was structure validity testing, which examines both the validity of individual fields and the questionnaire as a whole. This test measures correlation coefficients between each field and all questionnaire fields using the same Likert scale level. The analysis revealed remarkably strong correlations across all dimensions of the questionnaire. The correlation coefficients were notably high, ranging from .489 to .947, with all relationships demonstrating statistical significance at the  $p < 0.01$  level.

The strongest correlations were observed in the Assessment of Effectiveness Indicators for the Strategic Framework (.947), followed closely by the Assessment of Proposed Strategic Priorities (.939 and .914), and the Assessment of the Effectiveness of Measures to Enhance International Cooperation (.904). Even the lowest correlation coefficient (.489) remained statistically significant, demonstrating the robust structural integrity of the questionnaire. The consistently high correlation values across all fields provide strong evidence that each component of the questionnaire effectively contributes to measuring the intended constructs, supporting the instrument's validity in achieving the study's primary objectives.

Table 3.4 presents these correlation coefficients in detail, showing strong inter-field relationships and confirming the questionnaire's structural validity. The uniformly significant p-values ( $p < 0.01$ ) across all fields further validate the instrument's robust construction and its appropriateness for measuring the intended research constructs.

Table 4 Structure Validity of the Questionnaire

No.	Variable	Coefficient of correlation	P-Value
1	Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	.918**	0.000
2	Assessment of the Effectiveness of Measures to Enhance International Cooperation	.904**	0.000
3	Assessment of Proposed Strategic Priorities	.914**	0.000
4	Assessment of Effectiveness Indicators for the Strategic Framework	.947**	0.000
5	Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	.489**	0.006
6	Assessment of the Effectiveness of Measures to Enhance International Cooperation	.795**	0.000
7	Assessment of Proposed Strategic Priorities	.939**	0.000
8	Assessment of Effectiveness Indicators for the Strategic Framework	.937**	0.000
9	Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	.749**	0.000
10	Assessment of the Effectiveness of Measures to Enhance International Cooperation	.724**	0.000

\*\* Correlation is significant at 0.01 level

### 3.3.4 Reliability of the Questionnaire

Reliability assessment is essential for determining an instrument's consistency in measuring intended attributes. While the ideal approach involves test-retest reliability with the same sample over two occasions, practical constraints in this study necessitated alternative reliability testing methods. Following statistical best practices, we employed the Split-Half Method to establish the questionnaire's reliability.

### 3.3.4.1 Split-Half Method Analysis

The Split-Half Method was implemented by calculating Pearson correlation coefficients between odd and even ranked questions within each field, followed by the application of the Spearman-Brown correction formula (Eisinga et al., 2012):

$$\text{Consistency coefficient} = 2r/(r+1) \text{ where } r \text{ represents the Pearson correlation coefficient}$$

The analysis revealed strong reliability across all questionnaire fields:

- The highest reliability was observed in Institutional Capacity Assessment (0.899)
- Assessment of Financial Investigation Challenges showed robust reliability (0.891)
- Assessment of Proposed Strategic Priorities demonstrated strong consistency (0.883)
- The lowest reliability coefficient was 0.812 for Assessment of Proposed Solutions, still well above the acceptable threshold of 0.70

The overall reliability coefficient for all fields combined was 0.869, indicating excellent internal consistency across the entire instrument. The person-correlation coefficients ranged from 0.683 to 0.817, which, when corrected using the Spearman-Brown formula, yielded reliability coefficients between 0.819 and 0.899.

Table 5 Split-Half Coefficient method

No.	Variable	Person-Correlation	Spearman-Brown Coefficient
1	How risky are the following channels in money laundering operations in Palestine?	0.751	0.858
2	How impactful are the following factors on the effectiveness of the anti-money laundering system?	0.718	0.836
3	Evaluation of the Current Legal and Regulatory Framework	0.697	0.821
4	Institutional Capacity Assessment	0.817	0.899
5	Assessment of Operational Challenges in Daily Activities	0.776	0.874
6	Assessment of Financial Investigation Challenges	0.804	0.891
7	Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	0.683	0.812

8	Assessment of the Effectiveness of Measures to Enhance International Cooperation	0.782	0.878
9	Assessment of Proposed Strategic Priorities	0.791	0.883
10	Assessment of Effectiveness Indicators for the Strategic Framework	0.694	0.819
	All fields	0.769	0.869

These results significantly exceed the conventional satisfactory threshold of 0.70, demonstrating the questionnaire's strong reliability. The consistently high reliability coefficients across all fields validate the instrument's stability and consistency in measuring the intended constructs, confirming its readiness for full-scale implementation in the study.

### 3.3.4.2 Cronbach's Coefficient Alpha Analysis

Cronbach's alpha coefficient was employed as a key measure of internal consistency, determining whether all items within the instrument measure the same construct (Ritter, 2010). This analysis serves as a crucial complement to the Split-Half Method in establishing the questionnaire's reliability.

The analysis revealed exceptional internal consistency across all fields of the questionnaire:

- Assessment of Financial Investigation Challenges demonstrated the highest reliability ( $\alpha = 0.924$ )
- Institutional Capacity Assessment showed strong consistency ( $\alpha = 0.904$ )
- Assessment of Proposed Strategic Priorities exhibited robust reliability ( $\alpha = 0.901$ )
- All other fields maintained high reliability with alpha coefficients ranging from 0.837 to 0.897

The overall Cronbach's alpha coefficient for the entire questionnaire was 0.892, indicating excellent internal consistency across all items. This comprehensive reliability score substantially exceeds the conventional threshold for acceptable reliability (0.70), demonstrating the questionnaire's strong internal consistency.

Table 6 Cronbach's Alpha for Reliability

No.	Variable	Cronbach's Alpha
1	How risky are the following channels in money laundering operations in Palestine?	0.887
2	How impactful are the following factors on the effectiveness of the anti-money laundering system?	0.842
3	Evaluation of the Current Legal and Regulatory Framework	0.851
4	Institutional Capacity Assessment	0.904
5	Assessment of Operational Challenges in Daily Activities	0.889
6	Assessment of Financial Investigation Challenges	0.924
7	Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	0.839
8	Assessment of the Effectiveness of Measures to Enhance International Cooperation	0.897
9	Assessment of Proposed Strategic Priorities	0.901
10	Assessment of Effectiveness Indicators for the Strategic Framework	0.837
	All fields	0.892

The consistently high alpha coefficients across all fields provide strong evidence of the instrument's reliability. The range of values (0.837 to 0.924) indicates that each section of the questionnaire effectively measures its intended construct while maintaining strong internal consistency. These results, combined with the earlier validity analyses, conclusively demonstrate that the questionnaire is both valid and reliable, making it suitable for full implementation in the research study.

### 3.4 Data Analysis Techniques

This study employed various statistical tools within SPSS version 26 software to analyse the quantitative data. The following statistical techniques were utilized:

#### 1. Frequencies and Percentages

- Used to identify the characteristics of the research sample based on personal data

#### 2. Means and Standard Deviations

- Applied to calculate the means of questionnaire statements and their variations

#### 3. Pearson Correlation Coefficient

- Utilized for validity testing of the questionnaire (Brains et al., 2011)

#### 4. Cronbach's Alpha

- Employed to determine the reliability statistics of the questionnaire (Ritter, 2010)

#### 5. Split-Half Coefficient Method

- Applied to calculate the reliability of the questionnaire through an alternative method

### 3.4.1 Sampling Process

The study sample was determined as random sample with a number of (54) individuals from Palestine's fragile governance environment (West Bank regions of Palestine). In addition, data collected by recording information through an electronic questionnaire after a meeting with department managers to send the questionnaire. Approval for this study was obtained; all waived the need for informed consent. And 54 questionnaires were distributed to the research sample and all questionnaires are received. Table (3.2) shows the distribution of demographic characteristics among the research sample.

Table 7 Distribution of Demographic Characteristics

Variable	Category	Frequency	Percent
Gender	Male	35	64.8
	Female	19	35.2
Age	Under 30 years old	5	9.3
	30-39 years old	35	64.8
	40-49 years old	11	20.4
	50-59 years old	3	5.6
Educational Qualification	Diploma	1	1.9
	Bachelor's Degree	44	81.5
	Master's Degree	9	16.7
	Doctorate	0	0.0
	Other	0	0.0
Sector	Palestinian Monetary Authority	2	3.7
	Commercial Banks	29	53.7
	Exchange Institutions	1	1.9
	Financial Monitoring Unit	5	9.3

	Courts	1	1.9
	Police	12	22.2
	Other	4	7.4
Current Position	Senior Management	5	9.3
	Middle Management	27	50.0
	Executive Employee	21	38.9
	Expert/Consultant	1	1.9
Years of Experience in Combating	Less than 5 years	16	29.6
	5-10 years	19	35.2
	11-15 years	11	20.4
	More than 15 years	8	14.8
Specialized Training in Combating Money Laundering	No training received	6	11.1
	Local courses only	24	44.4
	Regional courses	3	5.6
	International courses	1	1.9
	Specialized Professional Certifications	20	37.0

The demographic analysis reveals several notable patterns in the composition of respondents. In terms of gender distribution, there is a clear male predominance, with males representing 64.8% of respondents compared to 35.2% females, indicating a significant gender imbalance in the field. The age distribution is highly concentrated in the 30-39 years bracket, representing about two-thirds of the respondents, 64.8%. It is followed by the 40-49 years bracket with a proportion of 20.4%. While both younger (below 30) and older (50-59) professionals form smaller shares of 9.3% and 5.6%, respectively, the work force can be said to be in its mid-career stage.

Educational qualification: well educated, represented by 81.5% having bachelor's degrees, while master's degree holders take 16.7%, and diploma holders only represent 1.9%. None of the samples were doctorate holders. By this order, Commercial Banks lead with the highest number of 53.7%, while the Police contribute 22.2%. The third is the Financial Monitoring Unit, which represents 9.3%, followed by lesser representations from the Palestinian Monetary Authority and Exchange Institutions.

Organizational-wise, 50.0% of the respondents are middle management while 38.9% are executive employees. The Senior management represents 9.3%, while the category of expert/consultants make up 1.9% of the sample. The experience level in combating money laundering is well distributed, with the largest percentage having been 5-10 years of experience at 35.2%, followed by less than 5 years with 29.6%. Other groups come from 11-15 and over 15 years, with 20.4% and 14.8%, respectively. As for specialized training, the level of professional development is quite varied. The largest group (44.4%) has received local courses only, while 37.0% hold specialized professional certifications. Surprisingly, 11.1% have received no training, which could be a point of development. Regional and international course participation is relatively low at 5.6% and 1.9%, respectively.

Finally, although 54 might be viewed as a modest sample size, the following factors make this number adequate and representative in this very specialized study. First, AML work is highly specialized; the number of qualified professionals involved in AML-related work within relevant institutions is relatively small. The target group was defined as senior officials and specialists from the Palestinian Monetary Authority, commercial banks, financial monitoring units, law enforcement, and other regulatory bodies who have direct experience in AML operations. The response rate of 100% of the questionnaires distributed shows good engagement from the target population. Sample sizes similar to the current one were used in studies that focused on related contexts and topics related to specialized financial regulation, with meaningful results. For example, Othman & Ducarroz (2021) conducted their AML study in Palestine with a small sample size. The sample is representative of an important percentage of the total population of AML specialists in Palestine, considering the country's size and the specialized nature of this work. Moreover, the representativeness and quality of the sample are evidenced by the professional

background of the respondents, since more than 70% have more than 5 years of relevant experience and almost 89% received specialized AML training.

### 3.5 Reliability and Validity

Ensuring reliability and validity is considered as it is crucial for the credibility of the research findings. The following measures will be implemented:

#### **Reliability of Quantitative Data:**

- Use of established scales and measures where possible
- Pilot testing of the survey instrument to ensure clarity and consistency
- Calculation of Cronbach's alpha to assess internal consistency of multi-item scales

### 3.6 Ethical Considerations

Since money laundering and AML efforts are sensitive subjects, the ethical issues of this study are very high. To ensure that ethical conduct is upheld, the following measures will be employed:

- **Informed Consent:** Informed consent sheets were obtained from all the participants after explaining the purpose of the study, nature of involvement, and rights of participants. All the participants were required to write their consent before participating in the research.
- **Confidentiality and Anonymity:** Specific measures were taken to protect the participants against disclosure of identity. All data during transcription and analysis remained anonymous. Pseudonyms in the case of any direct quotes quoted in the final report will be used. It will be guaranteed to the participant that no response will be connected with the identity of himself or his organization.
- **Data Protection:** The data obtained will be kept on password-protected devices and encrypted cloud storage. Physical documents will be kept in locked cabinets. Access to

data shall be allowed only to the main researcher and persons authorized within the team. Records are to be kept for a certain period of time, as stipulated under institutional regulations, after which they shall be disposed of in a secured manner.

### **3.7 Chapter Summary**

This chapter has presented a comprehensive mixed-methods approach to studying money laundering and AML efforts in the fragile governance environment of Palestine. Quantitative data, derived from surveying to pursue nuanced understandings of this complex issue. Statistical analysis, in the case of quantitative data is a technique of data analysis chosen here to extract meaningful insights from the information collected. In this regard, ethical issues and the application of reliability and validity measures as part of the research design are carefully considered. All these admissions concerning the methodology notwithstanding, it is very suitable in relation to the research objectives at hand for developed understanding of the challenges and possible strategies for fighting money laundering in Palestine.

## **Chapter Four Results, Findings, and Discussion**

### **4.1 Introduction**

This chapter presents the quantitative results of the survey conducted to assess various dimensions of money laundering (ML) risks, the effectiveness of anti-money laundering (AML) measures, and the institutional capacity in Palestine's fragile governance environment. The findings are organized into sections that correspond to different thematic areas, including risk analysis, factors impacting AML effectiveness, evaluation of the current legal framework, institutional capacity assessment, operational and investigative challenges, and proposed solutions and strategic priorities. Each section provides a descriptive analysis of the survey data, referring to tables that summarize the mean, standard deviation, and weighted mean for each survey item. Furthermore, the implications of these results are discussed in light of the existing literature as reviewed in Chapter Two, including the works of Firas (2022), Alshaer et al. (2021), and others who have examined money laundering and AML frameworks in Palestine and comparable fragile states.

### **4.2 Risk Analysis of Channels Used for Money Laundering**

#### **4.2.1 Risk Levels of Channels for Money Laundering**

The first set of items examined respondents' perceptions of how risky various channels are with regard to money laundering operations in Palestine. As shown in Table (4.1), the overall mean score was 3.99 (SD = 0.57), which corresponds to a high degree of perceived risk. The highest-rated channel was "High-value cash transactions outside the formal banking system, especially in trade and real estate dealings" with a mean of 4.30, signifying a strong consensus that cash-intensive transactions are particularly vulnerable to ML. This finding aligns with prior literature indicating that reliance on cash poses substantial challenges to AML enforcement (Khatib et al., 2022; Alshaer et al., 2021).

Table 8 How risky are the following channels in money laundering operations in Palestine?

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
1	High-value cash transactions outside the formal banking system, especially in trade and real estate dealings.	4.30	0.74	85.93	Strongly agree	1
3	Unlicensed exchange companies and informal Hawala networks operating outside banking supervision.	4.22	1.02	84.44	strongly agree	2
6	Real estate and property development, including buying, selling, and real estate project development.	4.00	0.91	80.00	Agree	3
2	International financial transfers through official and unofficial channels, especially those coming from neighboring countries.	3.96	0.75	79.26	Agree	4
5	Cryptocurrency and virtual assets, including related trading platforms and digital wallets.	3.93	1.03	78.52	Agree	5
7	Non-profit organizations and charitable associations, especially those receiving external funding or international transfers.	3.83	1.13	76.67	Agree	6
4	Electronic platforms and digital commerce, including electronic payments and online trade.	3.72	1.09	74.44	Agree	7
	Overall items	3.99	0.57	79.89	Agree	

The lowest-rated channel—though still indicating an “agree” level of risk—was “Electronic platforms and digital commerce” (mean = 3.72). While digital platforms and e-commerce are increasingly relevant globally (Chen et al., 2018), in Palestine, respondents still view traditional cash and unlicensed informal networks as more immediate threats. This perspective reflects the continued dominance of cash transactions and the relatively nascent stage of fintech-based services in the local context (Firas, 2022).

Overall, these results confirm that respondents perceive multiple risk channels, with a particularly high emphasis on cash-based and informal transactions. This pattern is consistent with previous research on fragile states, which highlights the role of unregulated or loosely monitored cash economies in exacerbating money laundering vulnerabilities (Abuamsha & Shumali, 2022).

## 4.2.2 Factors Impacting the Effectiveness of the AML System

### 4.2.2.1 High-Impact Factors

Table (4.2) provides insight into respondents' views regarding the factors that most significantly impact AML effectiveness. The overall mean was 3.81 (SD = 0.69), placing the level of perceived impact in the “agree” category. The highest-rated factor was “Limited control over crossings and borders...” with a mean of 4.07. This underscores the well-known challenge in Palestine of effectively monitoring financial and goods movements across multiple border points, as highlighted in prior studies on cross-border vulnerabilities in fragile governance contexts (Firas, 2022; World Bank, 2023).

Table 9 How impactful are the following factors on the effectiveness of the anti-money laundering system?

No.	Item	Mean	Standard Deviation	Weight mean	Degree of approval	Rank
1	Limited control over crossings and borders and the difficulty of monitoring the movement of money and goods across various border points, making it harder to trace and monitor suspicious financial flows.	4.07	0.80	81.48	Agree	1
6	Challenges related to international cooperation and information exchange with counterpart agencies in other countries, particularly in tracing suspicious funds and recovering assets.	4.02	0.60	80.37	Agree	2
5	A shortage of qualified and specialized personnel in financial investigations, risk analysis, and assessing complex money laundering patterns.	3.91	0.98	78.15	Agree	3
3	Weak coordination mechanisms and information exchange among relevant entities combating money laundering, including the Financial Monitoring Unit, regulatory authorities, and law enforcement agencies.	3.78	1.09	75.56	Agree	4
7	Deficiencies in the current legal and regulatory framework in keeping up with developments in money laundering methods and techniques, especially those related to modern financial technology.	3.74	1.05	74.81	Agree	5
4	Limited technical infrastructure and specialized electronic systems for monitoring and analyzing suspicious financial activities and tracking the sources of suspicious funds.	3.70	1.04	74.07	Agree	6
2	The multiplicity of regulatory bodies and overlapping jurisdictions, leading to procedural	3.48	1.21	69.63	Agree	7

	complexities and weakening oversight of financial institutions and designated non-financial businesses and professions.					
	<b>Overall items</b>	3.81	0.69	76.30	Agree	

#### 4.2.2.2 Overlapping Jurisdictions and Complexity

Notably, the factor “The multiplicity of regulatory bodies and overlapping jurisdictions” received the lowest score (mean = 3.48) within this set, but it was still perceived as having an “agree” level of impact. This is indicative of a regulatory environment where responsibilities may be fragmented across different entities, impeding cohesive AML enforcement—an issue also identified by Kemal (2014), who notes that unclear jurisdictions complicate enforcement in politically fragmented contexts.

Overall, the findings point to border control limitations, international cooperation challenges, and overlapping domestic jurisdictions as some of the most pressing constraints on Palestine’s AML system effectiveness. These issues are consistent with earlier discussions about the complexities inherent in fragile states (Naudé et al., 2011).

### 4.3 Evaluation of the Current Legal and Regulatory Framework

#### 4.3.1 Overall Assessment of AML Legislation and Oversight

Table (4.3) summarizes participants’ evaluation of the existing legal and regulatory framework. The overall mean of 3.85 (SD = 0.70) again demonstrates a favorable perception—respondents generally “agree” that the framework is moderately effective. The highest-rated item (mean = 3.98) pertains to “Regulations and supervisory directives issued by the Palestinian Monetary Authority (PMA)”, suggesting that the PMA’s oversight tools are widely regarded as beneficial in promoting compliance. This resonates with Alshaer et al. (2021), who highlight the PMA’s pivotal role in streamlining regulations to strengthen AML.

Table 10 Evaluation of the Current Legal and Regulatory Framework

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
2	Regulations and supervisory directives issued by the Palestinian Monetary Authority and their effectiveness in regulating financial institutions and ensuring compliance with anti-money laundering requirements.	3.98	0.81	79.63	Agree	1
5	Efficiency of local cooperation and coordination mechanisms among various entities involved in combating money laundering, including information exchange and joint operations.	3.98	0.76	79.63	Agree	2
3	The customer due diligence framework and its ability to accurately and effectively identify and assess risks associated with clients and beneficial owners.	3.96	0.93	79.26	Agree	3
1	The Palestinian Anti-Money Laundering Law and its ability to address emerging risks and provide the necessary legal basis for effective prosecution.	3.93	0.89	78.52	Agree	4
4	The effectiveness of the suspicious activity reporting system, including monitoring and reporting mechanisms, the quality of submitted reports, and the speed of processing.	3.89	1.06	77.78	Agree	5
6	The effectiveness of measures for freezing and confiscating suspicious funds and assets and their ability to prevent the exploitation of the financial system in money laundering operations.	3.63	1.09	72.59	Agree	6
7	The adequacy and proportionality of the penalty and sanction system applied to anti-money laundering violations and its ability to achieve the desired deterrence.	3.57	1.09	71.48	Agree	7
	Overall items	3.85	0.70	76.98	Agree	

The lowest-rated item (mean = 3.57) relates to “The adequacy and proportionality of the penalty and sanction system...” Although respondents still “agree” that penalties exist, they may not be consistently robust or proportionate enough to deter sophisticated money laundering schemes. This gap is in line with prior observations that weak enforcement and lenient penalties undermine AML efforts in fragile states (Levi et al., 2018).

These results suggest that while Palestine’s AML legal framework aligns moderately with international standards—as also documented by Firas (2022)—further improvements in sanctioning mechanisms and enforcement practices could bolster the system’s deterrent capacity.

### 4.3.2 Institutional Capacity Assessment

Table (4.4) examines respondents’ views on institutional capacity, yielding an overall mean of 3.71 (SD = 0.75). The highest-rated item (mean = 3.91) is “The adequacy and efficiency of human resources specialized in financial investigations and risk analysis”, suggesting that there is a recognition of skilled personnel working on AML. Nevertheless, the existence of a skilled core does not guarantee broad capacity, as the next items highlight.

Table 11 Institutional Capacity Assessment

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
3	The adequacy and efficiency of human resources specialized in financial investigations and risk analysis, and the availability of expertise needed to handle complex cases.	3.91	0.96	78.15	Agree	1
2	The effectiveness and comprehensiveness of training and qualification programs provided to personnel in the field of anti-money laundering, and their alignment with updates and advancements in the field.	3.85	0.79	77.04	Agree	2
1	The level of development and efficiency of IT systems used for monitoring and analysing suspicious financial activities, including automated surveillance systems, risk analysis software, and artificial intelligence tools.	3.69	0.89	73.70	Agree	3
4	The size and sufficiency of budgets allocated for the development and upgrading of anti-money laundering systems, including funding for infrastructure, training, and professional development.	3.59	0.98	71.85	Agree	7
5	The level of development and effectiveness of integrated databases and information systems used for storing, analyzing, and exchanging information related to money laundering activities among relevant entities.	3.54	1.06	70.74	Agree	5
	Overall items	3.71	0.75	74.30	Agree	

The lowest-rated item (mean = 3.54) addresses “The level of development and effectiveness of integrated databases and information systems”. Effective AML relies heavily on timely data integration and the ability to detect suspicious activity across entities (Chen et al., 2018). The moderate rating here implies that while some database systems exist, further development is essential. As Sharman (2017) observes, lack of high-quality data integration often hampers AML progress, particularly in resource-constrained environments.

The findings suggest that although there is a cadre of well-trained individuals, a more advanced technological infrastructure is necessary to maximize the overall institutional capacity, echoing the calls for improved data systems in fragile states (Firas, 2022; OECD, 2022).

#### 4.4 Operational and Implementation Challenges

##### 4.4.1 Daily Operational Hurdles

Table (4.5) focuses on operational challenges in daily AML activities, revealing an overall mean of 3.76 (SD = 0.56). The top challenge (mean = 4.26) is “Slow judicial processes and lengthy litigation periods,” reflecting a critical constraint on timely prosecution. This echoes similar observations by Levi and Reuter (2006) regarding how judicial inefficiencies delay outcomes and reduce AML systems’ deterrent effect.

Table 12 Operational Challenges in Daily AML Activities

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
4	Slow judicial processes and lengthy litigation periods in money laundering cases, affecting the effectiveness of countermeasures.	4.26	0.73	85.19	Strongly Agree	1
6	Challenges in enforcing penalties and sanctions on violators due to the complexity of legal procedures.	4.04	0.82	80.74	Agree	2
5	Difficulty in tracking and monitoring cross-border financial transfers, especially with the existence of multiple unofficial channels.	3.87	1.01	77.41	Agree	3

7	Resistance from clients to strict regulatory procedures and its impact on banking relationships.	3.72	0.90	74.44	Agree	4
3	Limited access to government information and databases related to identifying clients and beneficiaries.	3.54	0.93	70.74	Agree	5
1	Difficulty in verifying the identity of the beneficial owner and tracing the ultimate ownership of companies and legal entities.	3.52	1.00	70.37	Agree	6
2	Complexity of due diligence requirements and client verification procedures given the variety of required documents.	3.35	0.99	67.04	Agree	7
	Overall items	3.76	0.56	75.13	Agree	

Meanwhile, “Complexity of due diligence requirements” yielded the lowest mean (3.35), though still classified as “agree.” This suggests that, although customer due diligence (CDD) procedures are intricate, respondents perceive judicial delays as a more pressing hurdle to successful AML enforcement.

#### 4.4.2 Financial Investigation Barriers

As shown in Table (4.6), the overall mean for financial investigation challenges is 3.72 (SD = 0.61). The highest-rated item (3.91) is “Difficulty in proving money laundering crimes and linking them to the original offense.” This is consistent with global AML literature indicating the complexities of identifying predicate offenses, especially when illicit and licit funds intermix (Unger, 2013).

Table 13 Financial Investigation Barriers

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
6	Difficulty in proving money laundering crimes and linking them to the original offense due to complex evidence and multifaceted cases.	3.91	0.87	78.15	Agree	1
4	Complexity and entanglement of financial transactions with legitimate business activities, making it difficult to identify the source of funds.	3.78	0.98	75.56	Agree	2
1	Lack of specialized investigative expertise in financial crimes and tracing complex money laundering operations.	3.76	0.78	75.19	Agree	3
2	Limited availability of analytical tools and specialized software for detecting money	3.72	0.86	74.44	Agree	4

	laundering patterns and analyzing suspicious activities.					
5	Delays in international cooperation and information exchange with counterpart agencies in other countries.	3.65	0.97	72.96	Agree	5
3	Difficulty in accessing banking records and financial information due to banking secrecy constraints and complex procedures.	3.48	1.16	69.63	Agree	6
	Overall items	3.72	0.61	74.32	Agree	

The lowest-rated challenge is “Difficulty in accessing banking records” (mean = 3.48). Despite a moderate rating, it still underscores that banking secrecy norms and procedural hurdles can impede investigators, in line with findings by Chaikin and Sharman (2009). Overall, these operational and investigative results highlight that while procedural, judicial, and data-related obstacles persist, Palestine’s AML practitioners remain vigilant about the multifaceted nature of these hurdles.

## 4.5 Proposed Solutions and Recommendations

### 4.5.1 Legislative and Regulatory Improvements

Table (4.7) addresses proposed solutions at the legislative and regulatory level, yielding an overall mean of 4.04 (SD = 0.69). Respondents attach the highest importance to “Strengthening the authority of regulatory bodies” and “Developing the sanctions system to include deterrent penalties,” both with a mean of 4.09. This reinforces the view that more rigorous and clearly enforced penalties can significantly enhance deterrence (Levi et al., 2018).

Table 14 Legislative and Regulatory Level

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
2	Strengthening the authority of regulatory bodies in inspecting and overseeing financial and non-financial institutions.	4.09	0.78	81.85	Agree	1
3	Developing the sanctions system to include deterrent administrative and financial penalties and facilitating their application.	4.09	0.85	81.85	Agree	2
1	Updating and developing the legal framework for combating money laundering in line with	4.07	0.72	81.48	Agree	3

	international standards and the specific Palestinian context.					
4	Unifying regulatory procedures and inspection mechanisms among different relevant entities to ensure efficiency and effectiveness.	3.91	1.19	78.15	Agree	4
	Overall items	4.04	0.69	80.83	Agree	

#### 4.5.2 Technical and Technological Enhancements

Turning to Table (4.8), the respondents indicate a strong agreement (overall mean = 4.19, SD = 0.58) that technical upgrades are vital. “Strengthening information security systems” received the highest score (4.30), followed by “Enhancing central databases” (4.26). These findings mirror recommendations by Chen et al. (2018) on the necessity of AI-driven transaction monitoring, especially to manage large-scale data and detect anomalies in fragile financial ecosystems.

Table 15 Technical and Technological Level

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
4	Strengthening information security systems and protecting financial data from breaches and tampering.	4.30	0.77	85.93	Strongly agree	1
2	Enhancing central databases and connecting them with relevant entities to facilitate information exchange and analysis.	4.26	0.65	85.19	Strongly agree	2
1	Developing automated monitoring and early warning systems for suspicious activities using AI and machine learning technologies.	4.17	0.84	83.33	Agree	3
3	Automating the reporting process for suspicious activities and developing a unified electronic system for receiving and processing reports.	4.04	0.97	80.74	Agree	4
	Overall items	4.19	0.58	83.80	Agree	

#### 4.5.3 Capacity Building and Professional Development

As summarized in Table (4.9), the overall mean for capacity-building solutions stands at 4.31 (SD = 0.66). The most emphasized item (4.43) is “Improving incentive and reward systems...” to retain qualified staff. Respondents also highlight “Intensifying specialized training programs” (4.31). These findings corroborate the importance of skill development and personnel retention in AML

units, in line with the recommendations of Teichmann (2020), who stresses continuous professional development to keep pace with evolving ML techniques.

Table 16 Capacity Building and Professional Development

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
4	Improving incentive and reward systems for employees in anti-money laundering units to ensure the retention of qualified staff.	4.43	0.69	88.52	Strongly agree	1
1	Intensifying specialized training programs and workshops for personnel in the field of anti-money laundering.	4.31	0.72	86.30	Strongly agree	2
2	Enhancing cooperation with international experts and specialized organizations to transfer knowledge and best practices.	4.30	0.79	85.93	Strongly agree	3
3	Developing career paths and qualification programs for financial investigators and auditors in anti-money laundering.	4.22	0.88	84.44	Strongly agree	4
	Overall items	4.31	0.66	86.30	Strongly agree	

#### 4.5.4 4.5.4 Enhancing International Cooperation

Table (4.10) presents measures aimed at boosting cross-border collaboration, yielding an overall mean of 4.23 (SD = 0.53). The highest-ranked item (4.35) is “Activating participation in international organizations specialized in combating money laundering and terrorism financing.” This underscores the consensus that global partnerships, such as with the Financial Action Task Force (FATF) regional bodies, can provide technical support and shared intelligence (FATF, 2023; Sharman, 2011).

Despite the geopolitical challenges, these data confirm that respondents see significant value in international training, joint investigations, and formalized memorandums of understanding. This aligns with previous analyses suggesting that robust international cooperation is particularly critical in fragile states where domestic resources are limited (Naudé et al., 2011).

Table 17 Assessment of the Effectiveness of Measures to Enhance International Cooperation

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
2	Activating participation in international organizations specialized in combating money laundering and terrorism financing.	4.35	0.70	87.04	Strongly agree	1
3	Developing mechanisms for exchanging financial intelligence information with counterpart units in other countries.	4.24	0.64	84.81	Strongly agree	2
1	Signing new memorandums of understanding with financial intelligence units in other countries to facilitate information exchange.	4.20	0.71	84.07	Strongly agree	3
5	Enhancing cooperation in joint investigations of cross-border money laundering cases.	4.20	0.56	84.07	Strongly agree	4
4	Organizing joint training programs and exchanging expertise with specialized international institutions.	4.15	0.74	82.96	Agree	5
	Overall items	4.23	0.53	84.59	Strongly agree	

## 4.6 Proposed Strategic Framework

### 4.6.1 Strategic Priorities

Table (4.11) illustrates the perceived importance of different strategic priorities, with an overall mean of 4.19 (SD = 0.50). Notably, “Launching comprehensive awareness programs for the private sector” (mean = 4.28) ranks highest. This finding supports the argument that an informed private sector, particularly financial and non-financial businesses, is critical for effective AML compliance (Zavoli & King, 2021).

Respondents also stress “Developing an institutional mechanism to enhance coordination among relevant entities” (4.26). Given the complexities of Palestine’s governance structures, coordination has been repeatedly highlighted as a linchpin for policy coherence (Firas, 2022).

Table 18 Assessment of Proposed Strategic Priorities

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
4	Launching comprehensive awareness programs for the private sector on the risks of money laundering and best compliance practices.	4.28	0.68	85.56	Strongly agree	1
3	Developing an institutional mechanism to enhance coordination among relevant entities, including regular meetings and unified work protocols.	4.26	0.59	85.19	Strongly agree	2
1	Establishing an integrated national financial information system that connects all relevant entities and facilitates secure and efficient information exchange.	4.20	0.74	84.07	Strongly agree	3
6	Developing a national strategy for regional and international cooperation in combating money laundering.	4.19	0.80	83.70	Agree	4
2	Establishing a specialized financial investigations unit equipped with the latest technologies and qualified personnel to track complex money laundering operations.	4.11	0.72	82.22	Agree	5
5	Updating legal and regulatory frameworks in line with technological developments and emerging risks.	4.11	0.72	82.22	Agree	6
	Overall items	4.19	0.50	83.83	Agree	

#### 4.6.2 Indicators of Effectiveness

Finally, Table (4.12) provides insights into which indicators respondents deem most useful for gauging the effectiveness of a national AML strategy. The highest-rated indicator is “Increase in the number of suspicious activity reports (SARs) and improvement in reporting quality” (mean = 4.22). This echoes Gilmour (2020), who notes that timely and well-documented SARs are a cornerstone of proactive AML enforcement.

The lowest-rated item—though still within an “agree” range—is “Higher conviction rates in money laundering cases” (mean = 3.94). This suggests that while convictions are certainly valued, the broader indicator set also includes the quality of SARs, case referrals, and adherence to international standards (Levi et al., 2018). In fragile contexts, convictions may be harder to secure promptly due to institutional and judicial challenges.

Table 19 Assessment of Effectiveness Indicators for the Strategic Framework

No.	Item	Mean	standard deviation	Weight mean	Degree of approval	Rank
1	Increase in the number of reports on suspicious activities and improvement in the quality of information provided in these reports.	4.22	0.54	84.44	Very strong	1
5	Improved compliance with international anti-money laundering standards based on evaluations by international organizations.	4.11	0.82	82.22	Agree	2
3	Increase in the volume of confiscated funds and seized assets in money laundering cases.	4.02	0.74	80.37	Agree	3
2	Higher percentage of cases referred to the judiciary compared to the number of received reports, with improved quality of submitted case files.	3.96	0.73	79.26	Agree	4
4	Higher conviction rates in money laundering cases and improved effectiveness of judicial prosecution.	3.94	0.81	78.89	Agree	5
	Overall items	4.05	0.52	81.04	Agree	

#### 4.7 Conclusion

The quantitative results underscore a multifaceted portrait of AML efforts in Palestine, characterized by:

1. High-Risk Channels: Cash-based transactions and unlicensed exchange networks remain the greatest perceived threats.
2. Key Obstacles: Limited border control, overlapping jurisdictions, and gaps in institutional capacity (especially in data integration and judicial expedience) impede AML effectiveness.
3. Moderate Strengths: Existing legal frameworks, the PMA's directives, and a cadre of well-trained specialists are viewed positively.

4. Priority Interventions: Respondents advocate for updated laws, enhanced sanctions, technical upgrades, capacity-building programs, and stronger international collaboration.
5. Strategic Focus: Emphasis on integrated information systems, private sector awareness campaigns, and objective indicators (e.g., improved SARs and cross-border partnerships) to track progress.

Taken as a whole, these findings resonate with broader literature on money laundering in fragile states, confirming that legal, institutional, and technical enhancements must be pursued in parallel to achieve meaningful improvements. As Firas (2022) and other scholars have underscored, a well-coordinated national strategy rooted in robust data-sharing, specialized training, and strict enforcement holds promise for mitigating ML risks in fragile governance contexts. The subsequent chapter will build on these findings to propose a nuanced, context-specific strategic framework for combating money laundering in Palestine, detailing policy recommendations and implementation steps tailored to the region's unique challenges.

## **Chapter Five Conclusion and Recommendations**

### **5.1 Introduction**

dual purpose. First, it presents the conclusions of the study, summarizing key findings and their implications. Second, it develops a strategic framework for improving anti-money laundering efforts in Palestine. This framework synthesizes the findings from the previous chapters to propose practical, context-specific solutions. It also highlights the potential avenues for future research and the limitations of the present study's scope. The conclusions draw upon the detailed discussions in Chapters One through Four, including the conceptual and theoretical insights from the literature review (Chapter Two), the methodological framework and data collection strategies (Chapter Three), and the data analysis and interpretation of results (Chapter Four).

### **5.2 Summary of Key Findings**

The central aim of this research was to develop a comprehensive strategic framework for combating money laundering in Palestine's fragile governance environment. The analysis yielded several important insights:

#### **1. Predominance of Cash and Informal Channels**

The study confirmed that high-value cash transactions and unlicensed exchange networks pose significant risks for money laundering in Palestine. This finding aligns with the work of Alshaer et al. (2021), who argue that the extensive reliance on cash—exacerbated by limited formal financial infrastructure—creates substantial opportunities for obscuring the sources of illicit funds.

#### **2. Fragmented Regulatory Environment**

Results pointed to overlapping jurisdictions and weak coordination mechanisms among relevant entities, including the Financial Follow-up Unit (FFU) and the Palestine Monetary

Authority (PMA). This resonates with earlier observations by Firas (2022) that fragmentation undercuts the effectiveness of AML measures, as criminals exploit gaps caused by inconsistent enforcement across different territories.

### **3. Institutional and Technical Gaps**

While the legal framework (such as Decree-Law No. 20 of 2015) has brought Palestine closer to international standards, there remain significant institutional and technological gaps. Respondents consistently noted insufficient investment in electronic monitoring systems, limited access to integrated databases, and under-resourced investigative units, echoing the issues identified by Chen et al. (2018) regarding the importance of technology in effective AML surveillance.

### **4. Judicial Delays and Procedural Complexities**

Slow judicial processes and protracted litigation emerged as critical obstacles to the timely prosecution of money laundering cases. This finding aligns with the concerns raised by Levi and Reuter (2006), who emphasize that delayed legal proceedings diminish the deterrent effect and undermine public confidence in the enforcement regime.

### **5. Importance of International Cooperation**

Although cross-border transactions and limited control over borders constitute a significant AML risk, the study highlighted the value of bolstering international coordination. Many participants affirmed that stronger engagement with bodies like the Middle East & North Africa Financial Action Task Force (MENAFATF) and the Egmont Group can facilitate more effective cross-border investigations, consistent with Sharman (2011) on the necessity of global networks in AML efforts.

### **5.3 Implications for Policy and Practice**

#### **1. Legislative Reinforcement**

There is a pressing need to update Palestine’s AML legislation to address emerging forms of illicit finance, such as cryptocurrency-based schemes. Incorporating explicit provisions for digital payments and strengthening penalty structures could enhance deterrence, as recommended by Teichmann (2020).

#### **2. Coordinated Governance Structures**

Policymakers should consider establishing a high-level coordination council that unites the PMA, FFU, law enforcement agencies, and relevant ministries under a single platform. Such an arrangement would reduce policy overlap and streamline enforcement, aligning with the recommendations of Firas (2022) for “joined-up governance.”

#### **3. Technical Upgrades and Data Sharing**

Investments in advanced data analytics and centralized reporting systems—underpinned by robust cybersecurity—are critical. The growing sophistication of money laundering techniques, particularly layering and integration methods, requires equally sophisticated detection tools (Chen et al., 2018). Comprehensive databases accessible to relevant authorities can facilitate proactive intelligence analysis.

#### **4. Judicial Efficiency and Specialized Training**

Reducing case backlogs in courts and improving the judicial process would not only enhance the speed of prosecutions but also reinforce the AML framework as a credible deterrent. Additionally, continuous training for judges, prosecutors, and investigators on complex financial crimes would help address the specialized nature of money laundering (Levi & Reuter, 2006).

## **5. International and Regional Collaboration**

Securing memorandums of understanding (MoUs) with regional financial intelligence units and strengthening cross-border data-sharing mechanisms would enable more effective tracking of illicit flows. Active participation in international AML forums can also yield technical assistance and policy guidance, aligning Palestine's efforts with the evolving global standards set by the FATF (FATF, 2023).

### **5.4 Practical Applications of the Study**

The findings of this research have several immediate practical applications for stakeholders in Palestine's financial and regulatory ecosystem:

1. Risk Assessment Enhancement for Financial Institutions - Development of context-specific risk indicators for Palestinian banks to improve detection of suspicious transactions - Creation of enhanced due diligence protocols tailored to high-risk sectors identified in the study - Implementation guidelines for AI-driven monitoring systems adapted to Palestine's unique financial patterns
2. Regulatory Framework Implementation - Step-by-step implementation guide for the Palestine Monetary Authority to strengthen regulatory oversight - Template for unified reporting mechanisms to address jurisdictional fragmentation between West Bank and Gaza - Practical guidelines for implementing proportionate sanctions system based on severity of violations
3. Capacity Building Programs - Curriculum development for specialized AML training programs for Palestinian financial investigators - Structured professional development pathway for compliance officers in Palestinian banks - Training modules for judges and prosecutors on complex financial crime cases

4. Technology Integration Solutions - Technical specifications for developing a central AML database accessible to all relevant authorities - Cybersecurity protocols designed for Palestine's resource-constrained environment - Cost-effective technology solutions for smaller financial institutions to meet compliance requirements
5. International Cooperation Mechanisms - Template MoUs for cross-border information sharing with neighbouring countries - Engagement strategy for Palestinian authorities with MENAFATF and Egmont Group - Practical steps for implementing mutual legal assistance procedures in money laundering cases
6. Policy Implementation Tools - Monitoring and evaluation framework for tracking AML implementation progress - Key performance indicators customized for Palestine's institutional capacity - Annual reporting template for transparency and accountability in AML efforts

These practical applications ensure that the research findings can be immediately translated into actionable strategies, providing Palestinian authorities and financial institutions with concrete tools to enhance their AML capabilities despite the challenges of operating in a fragile governance environment.

## **5.5 Limitations of the Study**

Several constraints shaped the scope and depth of this research:

- **Geographical Focus**

While the study focused on the West Bank region due to data availability and security considerations, excluding Gaza limits the comprehensiveness of the findings. Gaza has distinct political and economic features that may affect ML patterns and AML enforcement differently.

- **Data Accessibility**

Financial crime data in Palestine, as in many fragile environments, can be restricted by privacy regulations or classified information. Although considerable care was taken in compiling secondary data and administering surveys, more detailed quantitative datasets might further validate or refine the study's conclusions (Raad, 2020).

- **Rapidly Changing Financial Technologies**

Money laundering methods evolve in tandem with financial technology innovations. The findings here provide a snapshot in time; ongoing technological shifts may quickly alter the risk landscape, necessitating continual updates and future research (Chen et al., 2018).

- **Political and Security Context**

Palestine's volatile political environment can impact AML enforcement and regulatory updates. Frequent policy changes or governance disruptions may also affect the long-term sustainability of proposed reforms (Shlaim, 2016).

## **5.6 Directions for Future Research**

Building on the insights and limitations identified, future research could:

- **Conduct In-Depth Qualitative Studies**

Interviews or focus groups with key practitioners—especially law enforcement officials, financial regulators, and judiciary members—could offer richer insights into practical challenges and best practices in AML enforcement.

- **Examine Gaza and Cross-Border Dynamics**

Comparative analyses that include Gaza and neighbouring territories could illuminate how differing governance structures impact AML risks and strategies (Naudé et al., 2011).

- **Evaluate AML Impact on Economic Development**

Future studies could investigate how stricter AML measures influence financial inclusion, trade, and investment in Palestine. Such research would complement current debates on balancing AML with broader economic objectives (Masri, 2017).

- **Assess Technological Innovations and AI**

As AI-driven systems become more prominent in financial services, research on their efficacy and ethical implications in combating ML would be highly relevant, particularly in data-constrained settings (Chen et al., 2018).

## **5.7 Proposed Strategic Framework**

A strategic framework has been developed and proposed for enhancing anti-money laundering (AML) efforts in Palestine. It draws upon the insights gained from the data analysis (Chapter Four) and the existing literature (Chapter Two). The framework targets the identified shortcomings—such as legal gaps, limited institutional capacities, technological deficiencies, overlapping jurisdictions, and challenges in international cooperation—by structuring a comprehensive and multi-layered approach.

### **5.7.1 Overview and Rationale**

Palestine's AML efforts operate in a fragile governance context characterized by fragmented jurisdictions, a significant cash-based economy, and constraints in regulatory oversight (Firas, 2022; Alshaer et al., 2021). This strategic framework aims to strengthen existing measures and align them with international standards such as the FATF Recommendations (FATF, 2023), while taking into account Palestine's unique economic and political challenges. It sets forth six strategic pillars, each underpinned by actionable goals and measurable indicators.

## **5.7.2 Strategic Pillars of the Framework**

### **5.7.2.1 Pillar One Strengthening Legal and Regulatory Foundations**

#### **Objective:**

Update and harmonize the Palestinian legal AML framework to close existing gaps, increase deterrence, and ensure coherence across the West Bank and Gaza.

#### **Key Actions:**

##### **1. Legislative Updates:**

- Amend and consolidate existing AML laws (Decree-Law No. 20 of 2015) to incorporate emerging risks such as cryptocurrency misuse and to ensure robust penalties that match the severity of violations (Firas, 2022).
- Harmonize AML regulations and procedures across the West Bank and Gaza, reducing loopholes exploited by offenders.

##### **2. Enhanced Enforcement Powers:**

- Provide greater authority to regulators—particularly the Palestine Monetary Authority (PMA)—to impose administrative and financial sanctions.
- Institutionalize “fast-track” judicial procedures for major AML cases to reduce protracted court timelines (Levi & Reuter, 2006).

##### **3. Unified Sanctions System:**

- Develop a tiered penalty structure that addresses both minor and major infractions, ensuring proportional but firm enforcement (Levi et al., 2018).

### **5.7.2.2 Pillar Two Institutional Capacity Building**

#### **Objective:**

Ensure Palestinian AML institutions have the human, technical, and financial resources necessary to operate effectively.

**Key Actions:****1. Human Resource Development:**

- Expand specialized financial crime training for investigators, prosecutors, and regulatory staff (Teichmann, 2020).
- Create competitive retention and incentive packages to reduce staff turnover.

**2. Organizational Strengthening:**

- Strengthening the specialized Financial Investigations Unit under the PMA or the existing Financial Follow-up Unit (FFU), empowered with advanced forensic and analytical capabilities.
- Formalize a clear hierarchy and standard operating procedures to reduce duplication and overlap among multiple agencies.

**3. Budget Allocation and Sustainability:**

- Secure dedicated funding for AML infrastructure and training in annual government budgets.
- Supplement state funding with donor support specifically earmarked for anti-corruption and AML programs (Firas, 2022).

**5.7.2.3 Pillar Three Technological and Data Infrastructure****Objective:**

Upgrade the technological capabilities of AML authorities to improve detection, surveillance, and reporting of suspicious activities.

**Key Actions:****1. Advanced Monitoring Systems:**

- Procure or develop AI-driven tools for transaction monitoring to flag complex layering schemes, consistent with international best practices (Chen et al., 2018).

- Integrate early-warning systems that automatically generate alerts for unusual transaction patterns, particularly in high-risk sectors (e.g., real estate and informal exchange houses).

## **2. Centralized Databases and Interconnectivity:**

- Link law enforcement databases with the PMA, FFU, and financial institutions to facilitate secure, real-time information exchange (Gilmour, 2020).
- Develop a unified electronic portal for suspicious transaction reports (STRs) to expedite reviews and reduce administrative lag.

## **3. Cybersecurity Measures:**

- Strengthen data protection and encryption protocols to safeguard sensitive financial information.
- Conduct periodic penetration tests and cybersecurity audits to ensure system robustness (OECD, 2022).

### **5.7.2.4 Pillar Four Collaborative Governance and Coordination Mechanisms**

#### **Objective:**

Foster coherent and efficient AML operations through improved coordination among Palestinian authorities and between the public and private sectors.

#### **Key Actions:**

##### **1. National AML Coordination Council:**

- Establish a high-level council comprising representatives from the PMA, FFU, law enforcement, judiciary, and relevant ministries (Firas, 2022).
- Convene regular coordination meetings to review progress, address bottlenecks, and set unified priorities.

##### **2. Public-Private Partnerships (PPP):**

- Initiate sector-specific task forces, such as a **Joint Financial Intelligence Taskforce**, bringing together banks, money changers, and financial technology companies (Zavoli & King, 2021).
- Encourage shared intelligence on emerging ML typologies and risky client profiles (Kemal, 2014).

### 3. **Awareness and Compliance Programs:**

- Launch comprehensive AML awareness campaigns targeting high-risk businesses (real estate, exchange houses) and the nonprofit sector (FATF, 2023).
- Develop industry-specific compliance guidelines, emphasizing the role of self-regulation and ethical standards.

#### **5.7.2.5 Pillar Five International Cooperation and Information Exchange**

##### **Objective:**

Enhance Palestine's integration into regional and global AML networks, facilitating cross-border investigations, asset recovery, and knowledge-sharing.

##### **Key Actions:**

#### **1. Membership and Active Participation in Global AML Fora:**

- Pursue greater engagement with the Middle East & North Africa Financial Action Task Force (MENAFATF) and consider observer or eventual membership status if feasible (Sharman, 2011).
- Expand collaboration with the Egmont Group of Financial Intelligence Units for transnational data-sharing.

#### **2. Cross-Border Agreements and Treaties:**

- Negotiate Mutual Legal Assistance Treaties (MLATs) and Memorandums of Understanding (MoUs) with regional counterparts (Naudé et al., 2011).

- Streamline procedures for extradition and asset freezing, ensuring minimal delays in cross-border ML prosecutions.

### **3. Shared Training and Capacity-Building Initiatives:**

- Undertake joint investigations and personnel exchanges with international AML agencies to acquire specialized investigative skills (Buddenberg & Byrd, 2006).
- Organize intergovernmental workshops addressing region-specific risks, such as informal hawala channels and terrorism financing (Rickards, 2020).

#### **5.7.2.6 Pillar Six Monitoring, Evaluation, and Continuous Improvement**

##### **Objective:**

Establish a dynamic system for measuring AML effectiveness, enabling timely adjustments to strategies and ensuring accountability.

##### **Key Actions:**

#### **1. Key Performance Indicators (KPIs):**

- Track the number and quality of Suspicious Transaction Reports (STRs), successful convictions, and confiscated assets (Levi et al., 2018).
- Monitor compliance with FATF recommendations and improvements noted during peer reviews (FATF, 2023).

#### **2. Regular Risk Assessments:**

- Conduct periodic national risk assessments focusing on emerging vulnerabilities (e.g., digital payments, e-commerce) (Firas, 2022).
- Update AML priorities based on fresh data and risk trends (Walker & Unger, 2009).

#### **3. Annual Public Reporting:**

- Publish a consolidated AML performance report detailing progress, challenges, and upcoming initiatives to foster transparency and public trust (Transparency International, 2023).
- Include civil society and academic institutions in reviewing AML outcomes and recommending reforms.

### 5.7.3 Implementation Roadmap

The following table consolidates the strategic pillars and recommended actions into a structured roadmap. It includes suggested timelines, responsible parties, and key performance indicators (KPIs) to ensure a coherent, step-by-step approach.

Table 20 Proposed Strategic Framework for Strengthening AML in Palestine

Pillar / Objective	Recommended Actions	Responsible Entities	Timeline	KPIs / Indicators
1. Legal & Regulatory	<ul style="list-style-type: none"> <li>– Amend AML laws to address emerging threats (crypto, digital payment).</li> <li>– Harmonize regulations across West Bank &amp; Gaza.</li> <li>– Strengthen PMA enforcement &amp; sanctioning powers.</li> </ul>	<ul style="list-style-type: none"> <li>– Palestinian Authority</li> <li>– Legislative bodies</li> <li>– PMA</li> </ul>	Short to Medium Term (1–2 yrs)	<ul style="list-style-type: none"> <li>– Revised AML law</li> <li>– Number &amp; severity of sanctions imposed</li> <li>– Reduced regulatory gaps across jurisdictions</li> </ul>
2. Institutional Capacity	<ul style="list-style-type: none"> <li>– Expand specialized training &amp; retention programs.</li> <li>– Create a specialized Financial Investigations Unit.</li> <li>– Secure dedicated budget lines for AML units.</li> </ul>	<ul style="list-style-type: none"> <li>– PMA</li> <li>– FFU</li> <li>– Law Enforcement</li> <li>– Ministry of Finance</li> </ul>	Ongoing (1–3 yrs)	<ul style="list-style-type: none"> <li>– Number of staff trained</li> <li>– Turnover rates of investigators</li> <li>– Dedicated AML budget size &amp; usage</li> </ul>
3. Technological Infrastructure	<ul style="list-style-type: none"> <li>– Implement AI-driven monitoring &amp; early warning systems.</li> <li>– Develop unified electronic portal for STRs.</li> <li>– Strengthen data security &amp; encryption.</li> </ul>	<ul style="list-style-type: none"> <li>– PMA</li> <li>– IT Departments – FFU</li> <li>– Private Sector Vendors</li> </ul>	Medium Term (2–4 yrs)	<ul style="list-style-type: none"> <li>– Adoption rate of automated monitoring</li> <li>– Efficiency metrics in STR processing</li> <li>– Frequency of cyber audits</li> </ul>

4. Collaborative Governance	<ul style="list-style-type: none"> <li>– Form a National AML Coordination Council.</li> <li>– Launch public-private AML task forces.</li> <li>– Conduct outreach &amp; awareness programs for high-risk sectors.</li> </ul>	<ul style="list-style-type: none"> <li>– Council of Ministers</li> <li>– PMA</li> <li>– Private Sector (Banks, Exchange Houses)</li> </ul>	Short to Medium Term (1–2 yrs)	<ul style="list-style-type: none"> <li>– Frequency of council meetings</li> <li>– Joint initiatives launched</li> <li>– Stakeholder satisfaction &amp; compliance levels</li> </ul>
5. International Cooperation	<ul style="list-style-type: none"> <li>– Expand MENAFATF engagements &amp; seek Egmont Group membership.</li> <li>– Conclude MoUs with regional FIUs.</li> <li>– Engage in mutual legal assistance &amp; joint investigations.</li> </ul>	<ul style="list-style-type: none"> <li>– FFU</li> <li>– Ministry of Foreign Affairs</li> <li>– International Agencies</li> </ul>	Medium to Long Term (2–5 yrs)	<ul style="list-style-type: none"> <li>– Number of MoUs signed</li> <li>– Cases handled jointly or with mutual legal assistance</li> <li>– Level of foreign asset recovery</li> </ul>
6. Monitoring & Evaluation	<ul style="list-style-type: none"> <li>– Define KPIs (STRs quality, conviction rate, assets confiscated).</li> <li>– Conduct annual AML performance reports.</li> <li>– Incorporate ongoing national risk assessments.</li> </ul>	<ul style="list-style-type: none"> <li>– PMA</li> <li>– FFU</li> <li>– Judiciary</li> <li>– Civil Society / Academia</li> </ul>	Ongoing (annual reviews)	<ul style="list-style-type: none"> <li>– Annual public AML reports</li> <li>– Improvements in FATF compliance ratings</li> <li>– Increases in conviction &amp; asset recovery</li> </ul>

#### 5.7.4 Expected Outcomes

Key outcomes from this strategic framework may include:

- **Enhanced Detection and Reporting:** Improved technological tools and well-trained personnel lead to timely identification of suspicious transactions.
- **Greater Deterrence:** A stronger sanctioning regime discourages potential launderers, while judicial efficiency sends clear signals of accountability.
- **Global Integration:** Partnerships with global networks (FATF, Egmont Group) facilitate information exchange, capacity building, and cross-border enforcement—critical in a region with porous borders (Firas, 2022).
- **Institutional Resilience:** Clear coordination mechanisms and stable funding structures bolster the long-term sustainability of AML efforts in Palestine, even amid political uncertainties (World Bank, 2023).

Ultimately, this strategic framework is not a static blueprint. It should be revisited and refined continuously through monitoring, evaluation, and the integration of new insights from ongoing risk assessments. Doing so, Palestine can stay ahead of evolving money laundering typologies and effectively safeguard its financial system under the constraints of a fragile governance environment.

## **5.8 Concluding Remarks**

Money laundering remains a formidable challenge in fragile governance contexts like Palestine, where limited sovereignty, economic vulnerability, and overlapping regulatory jurisdictions compound the problem. Yet, this study affirms that concerted and well-designed AML strategies—rooted in local realities but aligned with international norms—can yield meaningful progress. Robust legal frameworks, upgraded technological infrastructures, well-trained institutional personnel, efficient judicial processes, and closer global cooperation collectively form the backbone of an effective AML regime (Firas, 2022; Alshaer et al., 2021).

By implementing the strategic framework proposed in Chapter Four and continually refining it through regular risk assessments and stakeholder collaboration, Palestinian authorities can enhance their capacity to deter, detect, and disrupt illicit financial activities. Such advancements will not only protect the integrity of the financial system but also contribute to broader goals of stability, development, and credibility in the international arena. The journey is undoubtedly complex, but these findings highlight a viable path forward for Palestine and other similarly fragile states grappling with the scourge of money laundering.

## References

- Abuamsha, M. K., & Shumali, S. (2022). Shadow economy in Palestinian territories using currency demand approach. *Journal of Economics, Finance and Administrative Science*, 27(54), 364-375.
- Abuamsha, M. K., & Shumali, S. I. (2021). Empirical evidence using monetary method its impact on the PALESTINIAN financial economic indexes in Palestinian territories. *International Journal of Entrepreneurship*, 25, 1-14.
- Acemoglu, D., & Robinson, J. A. (2012). Why nations fail: the origins of power, prosperity, and poverty. *Finance and Development-English Edition*, 49(1), 53.
- Alshaer, H., Md. Said, M. H., & Rajamanickam, R. (2021). The role of the Palestine monetary authority in combating money laundering. *Journal of Money Laundering Control*, 24(4), 762-774.
- Andreas, P. (2011). Illicit globalization: Myths, misconceptions, and historical lessons. *Political Science Quarterly*, 126(3), 403-425.
- Awwad, B., & Razia, B. (2022). Risks, Advantages and Obstacles Associated with Bitcoin: The Perspective of Palestinian Banks. In *Future of Organizations and Work After the 4th Industrial Revolution: The Role of Artificial Intelligence, Big Data, Automation, and Robotics* (pp. 395-414). Cham: Springer International Publishing.
- Basel Committee on Banking Supervision. (2020). Sound management of risks related to money laundering and financing of terrorism. Bank for International Settlements.
- Becker, G. S. (1968). Crime and punishment: An economic approach. *Journal of political economy*, 76(2), 169-217.
- Brains, C., Willnat, L., Manheim, J., & Rich, R. (2011). *Empirical Political Analysis* (8th ed.). Boston, MA: Longman.
- Brancale, J., & Blomberg, T. G. (2019). Employing mixed methods: The case of elder financial exploitation. In *Methods of Criminology and Criminal Justice Research* (Vol. 24, pp. 101-114). Emerald Publishing Limited.
- Brown, N. (2003). *Palestinian politics after the Oslo accords: resuming Arab Palestine*. Univ of California Press.
- Bryman, A. (2016). *Social research methods*. Oxford university press.
- Buddenberg, D., & Byrd, W. A. (Eds.). (2006). *Afghanistan's drug industry: structure, functioning, dynamics, and implications for counter-narcotics policy*. DIANE Publishing.

- Campbell, L. (2017). Dirty cash (money talks): 4AMLD and the money laundering regulations 2017. Dirty cash (money talks): 4AMLD and the Money Laundering Regulations, 2018, 102-122.
- Chaikin, D., & Sharman, J. (2009). Corruption and money laundering: a symbiotic relationship. Springer.
- Chatain, P. L., de Willebois, E. V. D. D., & Bökkerink, M. (2022). Preventing money laundering and terrorist financing: A practical guide for Bank supervisors. World Bank Publications.
- Chen, Z., Van Khoa, L. D., Teoh, E. N., Nazir, A., Karuppiah, E. K., & Lam, K. S. (2018). Machine learning techniques for anti-money laundering (AML) solutions in suspicious transaction detection: a review. Knowledge and Information Systems, 57, 245-285.
- Chong, A., & Lopez-De-Silanes, F. (2015). Money laundering and its regulation. Economics & Politics, 27(1), 78-123.
- Collier, P. (2009). Wars, guns and votes: Democracy in dangerous places. Random House.
- Creswell, J. W., & Clark, V. L. P. (2017). Designing and conducting mixed methods research (3rd ed.). SAGE Publications.
- de Willebois, E. V. D. D., Sharman, J. C., Harrison, R., Park, J. W., & Halter, E. (2011). The puppet masters: How the corrupt use legal structures to hide stolen assets and what to do about it. World Bank Publications.
- Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. World Bank Publications.
- Denzin, N. K., & Lincoln, Y. S. (2018). The SAGE handbook of qualitative research (5th ed.). SAGE Publications.
- Eisinga, R., Te Grotenhuis, M., & Pelzer, B. (2012). The reliability of a two-item scale: Pearson, Cronbach or Spearman-Brown?. International Journal of Public Health, 58(4), 637-642.
- FATF. (2022). What is Money Laundering? Financial Action Task Force. <https://www.fatf-gafi.org/en/topics/Terrorist-Financing.html>
- FATF. (2023). The FATF Recommendations. Financial Action Task Force.
- Ferwerda, J. (2013). The effects of money laundering. In Research handbook on money laundering (pp. 35-46). Edward Elgar Publishing.
- Ferwerda, J., & Reuter, P. (2019). Learning from money laundering National Risk Assessments: the case of Italy and Switzerland. European Journal on Criminal Policy and Research, 25, 5-20.

- Fetters, M. D., Curry, L. A., & Creswell, J. W. (2013). Achieving integration in mixed methods designs—principles and practices. *Health services research, 48*(6pt2), 2134-2156.
- Firas, M. (2022). Measures to combat money laundering and terrorist financing in Palestine. *Journal of Money Laundering Control, 25*(2), 268-279.
- Firas, M. (2022). Measures to combat money laundering and terrorist financing in Palestine. *Journal of Money Laundering Control, 25*(2), 268-279.
- Flassbeck, H., Kaczmarczyk, P., & Paetz, M. (2018). Macroeconomic structure, financial markets and the financing of government activity: Lessons for Palestine. Policy paper, Palestine Economic Policy Research Institute.
- Gilmour, N. (2016). Understanding the practices behind money laundering—A rational choice interpretation. *International Journal of Law, Crime and Justice, 44*, 1-13.
- Gilmour, N. (2020). Illustrating the incentivised steps criminals take to launder cash while avoiding government anti-laundering measures. *Journal of Money Laundering Control, 23*(2), 515-526.
- Global Witness. (2019). Regime cash machine: How the Democratic Republic of Congo's booming mining exports are failing to benefit its people. Global Witness.
- Halbouni, S. S., Obeid, N., & Garbou, A. (2016). Corporate governance and information technology in fraud prevention and detection: Evidence from the UAE. *Managerial Auditing Journal, 31*(6/7), 589-628.
- Hanieh, A. (2018). Money, markets, and monarchies: The Gulf Cooperation Council and the political economy of the contemporary Middle East (Vol. 4). Cambridge University Press.
- Hess, M. (2016). Substantiating the nexus between diaspora groups and the financing of terrorism. In *Terronomics* (pp. 49-63). Routledge.
- IMF (2017). West Bank and Gaza: Report to the Ad Hoc Liaison Committee. International Monetary Fund.
- Irwin, A., Choo, K. K., & Liu, L. (2012). Modelling of money laundering and terrorism financing typologies. *Journal of Money laundering control, 15*(3), 316-335.
- Ivankova, N. V., Creswell, J. W., & Stick, S. L. (2006). Using mixed-methods sequential explanatory design: From theory to practice. *Field methods, 18*(1), 3-20.
- Kemal, M. U. (2014). Anti-money laundering regulations and its effectiveness. *Journal of Money Laundering Control, 17*(4), 416-427.

- Khalidi, R., & Taghdisi-Rad, S. (2009). The economic dimensions of prolonged occupation: Continuity and change in Israeli policy towards the Palestinian economy. United Nations Conference on Trade and Development.
- Khan, A., & Akhtar, N. (2023). Role of Shell Companies in Money Laundering Schemes: Identifying and Mitigating Legal and Technical Challenges for Banks in Pakistan. *Islamabad Law Review*, 7(1), 1-30.
- Khatib, S. F., Hendrawaty, E., Bazhair, A. H., Rahma, I. A. A., & Al Amosh, H. (2022). Financial inclusion and the performance of banking sector in Palestine. *Economies*, 10(10), 247.
- Kramer, G. P., Bernstein, D. A., & Phares, V. (2009). *Introduction to Clinical Psychology* (7th ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Krasner, S. D., & Risse, T. (2014). External actors, state-building, and service provision in areas of limited statehood: Introduction. *Governance*, 27(4), 545-567.
- Kvale, S. (2008). *Doing interviews*. SAGE Publications.
- Levi, M. (2013). Drug law enforcement and financial investigation strategies. *Modernising Drug Law Enforcement*, Report 5. International Drug Policy Consortium.
- Levi, M., & Reuter, P. (2006). Money laundering. *Crime and justice*, 34(1), 289-375.
- Levi, M., Reuter, P., & Halliday, T. (2018). Can the AML system be evaluated without better data?. *Crime, Law and Social Change*, 69, 307-328.
- Lynch, M. J., Stretesky, P. B., & Long, M. A. (2018). Situational crime prevention and the ecological regulation of green crime: A review and discussion. *The ANNALS of the American Academy of Political and Social Science*, 679(1), 178-196.
- Masciandaro, D. (2007). *Economics of money laundering: A primer*. Paolo Baffi Centre Bocconi University Working Paper, (171).
- Masri, A. (2017). *Designing a multi-perspective framework for performance measurement in Palestinian banks* (Doctoral dissertation).
- Maxwell, N. J., & Artingstall, D. (2017). *The role of financial information-sharing partnerships in the disruption of crime*. Royal United Services Institute for Defence and Security Studies.
- Merrino, S. (2018). *Essays on Political Economy: Lessons from the Shekelisation of Palestine* (Doctoral dissertation, SOAS University of London).
- Middle East Monitor. (2019, October 11). PA launches new anti-money laundering banking system. <https://www.middleeastmonitor.com/20191011-pa-launches-new-anti-money-laundering-banking-system/>

- Mitsilegas, V., & Vavoula, N. (2016). The evolving EU anti-money laundering regime: challenges for fundamental rights and the rule of law. *Maastricht journal of European and comparative law*, 23(2), 261-293.
- Mohamed, A. A. (2022). From Conflict to Resilience: The Role of Remittances on Household Wealth in Somalia. Available at SSRN 4567926.
- Morgan, D. L. (2014). Pragmatism as a paradigm for social research. *Qualitative inquiry*, 20(8), 1045-1053.
- Naudé, W., Santos-Paulino, A. U., & McGillivray, M. (Eds.). (2011). *Fragile states: Causes, costs, and responses*. Oxford University Press.
- OECD. (2022). *States of Fragility 2022*. OECD Publishing.
- Othman, J., & Ducarroz, C. (2021). To better understanding of the factors affecting customer attitude towards AML Regulations—An application to Bank of Palestine (Doctoral dissertation, Master Thesis), Louvain School of Management, Université catholique de Louvain, Ducarroz, Caroline).
- Palestine Monetary Authority. (2022). *Annual Report 2021*. Palestine Monetary Authority.
- Pompe, S., & Turkewitz, J. (2022). Addressing Corruption in Fragile Country Settings. and Lessons, 125.
- Reuter, P. (2005). *Chasing dirty money: The fight against money laundering*. Peterson Institute.
- Rickards, J. (2020). *Crisis in Lebanon. Anatomy of a Financial Collapse*, Center on Economic and Financial Power, Foundation for Defense of Democracies, Washington.
- Ryder, N. (2008). The financial services authority and money laundering: A game of cat and mouse. *The Cambridge Law Journal*, 67(3), 635-653.
- Ryder, N. (2015). *The financial war on terrorism: A review of counter-terrorist financing strategies since 2001*. Routledge.
- Sabra, M. M., Eltalla, A. H., & Alfar, A. R. (2015). The shadow economy in Palestine: Size and causes. *International Journal of Economics and Finance*, 7(3), 98-108.
- Schneider, F., & Enste, D. H. (2013). *The shadow economy: An international survey*. Cambridge University Press.
- Schneider, F., & Windischbauer, U. (2008). Money laundering: some facts. *European Journal of Law and Economics*, 26, 387-404.
- Schneider, S. (2020). *Money laundering in British Columbia: A review of the literature*. The Cullen Commission of Inquiry into Money Laundering in British Columbia.

- Senia, L. C. (2017). Should Casino Anti-Money Laundering Recordkeeping Requirements Be Strengthened to Combat Financial Crime?. *Gaming Law Review*, 21(10), 745-769.
- Sharman, J. C. (2011). *The money laundry: Regulating criminal finance in the global economy*. Cornell University Press.
- Sharman, J. C. (2017). *The Despot's guide to wealth management: On the international campaign against grand corruption*. Cornell University Press.
- Sharman, J. C., & Chaikin, D. (2009). Corruption and anti-money-laundering systems: putting a luxury good to work. *Governance*, 22(1), 27-45.
- Shlaim, A. (2016). 13 The Rise and Fall of the Oslo Peace Process. *International relations of the Middle East*, 285.
- Simonova, A. (2011). The risk-based approach to anti-money laundering: problems and solutions. *Journal of Money Laundering Control*, 14(4), 346-358.
- Simpson, A., & Farrelly, N. (2024). *Myanmar: Politics, economy and society* (p. 342). Taylor & Francis.
- Soudijn, M. R. (2016). Rethinking money laundering and drug trafficking: Some implications for investigators, policy makers and researchers. *Journal of Money Laundering Control*, 19(3), 298-310.
- Takáts, E. (2011). A theory of “crying wolf”: the economics of money laundering enforcement. *The Journal of Law, Economics, & Organization*, 27(1), 32-78.
- Tashakkori, A. (2009). Are we there yet? The state of the mixed methods community. *Journal of mixed methods research*, 3(4), 287-291.
- Teichmann, F. (2020). Recent trends in money laundering. *Crime, Law and Social Change*, 73, 237-247.
- Thony, J. F. (1996). Processing financial information in money laundering matters: the financial intelligence units. *Eur. J. Crime Crim. L. & Crim. Just.*, 4, 257.
- Transparency International. (2023). *Corruption Perceptions Index 2022*. Transparency International.
- Unger, B. (2013). Money laundering regulation: From al capone to al Qaeda. In *Research handbook on money laundering* (pp. 19-32). Edward Elgar Publishing.
- United Nations Office on Drugs and Crime (UNODC). (2024). *Money-laundering and globalization*. <https://www.unodc.org/unodc/en/money-laundering/overview.html>
- United Nations Office on Drugs and Crime [UNODC] (2015). *Country Review Report of the State of Palestine*.

[https://www.unodc.org/documents/treaties/UNCAC/CountryVisitFinalReports/2015\\_10\\_14\\_Pal  
estine\\_Final\\_Country\\_Report\\_English.pdf](https://www.unodc.org/documents/treaties/UNCAC/CountryVisitFinalReports/2015_10_14_Pal%20estine_Final_Country_Report_English.pdf)

United States Department of State (2015). International Narcotics Control Strategy Report (INCSR), Volume II: Money Laundering and Financial Crimes.

Van Duyne, P. C., Harvey, J. H., & Gelemerova, L. Y. (2018). The critical handbook of money laundering: Policy, analysis and myths. Springer.

Walker, J., & Unger, B. (2009). Measuring global money laundering: "The walker gravity model". *Review of Law & Economics*, 5(2), 821-853.

Williams, C. (2020). Holistic approach to tackling undeclared work and developing national strategies. European Platform Tackling Undeclared Work, Brussels, September.

World Bank. (2023). West Bank and Gaza economic update - April 2023. World Bank Group.

World Bank. (2024). Fragility, conflict & violence.  
<https://www.worldbank.org/en/topic/fragilityconflictviolence/overview>

Zavoli, I., & King, C. (2021). The challenges of implementing anti-money laundering regulation: an empirical analysis. *The Modern Law Review*, 84(4), 740-771.

Zgheib, N. (2019, June 27). Strengthening Palestinian anti-money laundering standards. European Bank for Reconstruction and Development.  
<https://www.ebrd.com/news/2019/strengthening-palestinian-anti-money-laundering-standards.html>

## Appendices

### 1 Appendix One Research Questionnaire

#### Survey on Combating Money Laundering in Palestine

<p style="text-align: center;"><b>Developing a Strategic Framework for Combating Money Laundering in Fragile Governance Environment: Palestine as Case Study</b></p>
--

**Dear Participant,**

You are invited to take part in a research study about combating money laundering in Palestine. This survey is part of a master's thesis project at the Arab American University.

The purpose of this study is to analyze the key drivers of money laundering in the Palestinian context, assess the effectiveness of existing anti-money laundering measures, and develop a strategic framework for improving anti-money laundering efforts in Palestine.

Your participation in this survey is voluntary and your responses will be kept confidential. The survey should take approximately 15-20 minutes to complete.

Your honest and thoughtful responses are crucial for the success of this research. Your input will contribute to the development of more effective strategies to combat money laundering in Palestine.

If you have any questions about this survey or the research project, please contact:

**Thank you for your valuable time and cooperation.**

**Researcher:** Rabee Yaseen HajAli

**Email:** Rabee.411y@gmail.com

**Mobile:** 0568560411

### Section One: Demographic Information

Item	Options
Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
Age	<input type="checkbox"/> Under 30 years old <input type="checkbox"/> 30-39 years old
	<input type="checkbox"/> 40-49 years old <input type="checkbox"/> 50-59 years old
	<input type="checkbox"/> 60 years or older
Educational Qualification	<input type="checkbox"/> Diploma <input type="checkbox"/> Bachelor's Degree
	<input type="checkbox"/> Master's Degree <input type="checkbox"/> Doctorate
	<input type="checkbox"/> Other (please specify): _____
Sector	<input type="checkbox"/> Palestinian Monetary Authority
	<input type="checkbox"/> Commercial Banks
	<input type="checkbox"/> Exchange Institutions
	<input type="checkbox"/> Financial Monitoring Unit
	<input type="checkbox"/> Courts
	<input type="checkbox"/> Police
	<input type="checkbox"/> Other
Current Position	<input type="checkbox"/> Senior Management
	<input type="checkbox"/> Middle Management
	<input type="checkbox"/> Executive Employee
	<input type="checkbox"/> Expert/Consultant
Years of Experience in Combating Money Laundering	<input type="checkbox"/> Less than 5 years <input type="checkbox"/> 5-10 years
	<input type="checkbox"/> 11-15 years <input type="checkbox"/> More than 15 years
Specialized Training in Combating Money Laundering	<input type="checkbox"/> No training received <input type="checkbox"/> Local courses only
	<input type="checkbox"/> Regional courses
	<input type="checkbox"/> International courses
	<input type="checkbox"/> Specialized Professional Certifications

## Section Two: Survey Questions

Please rate your agreement with the following statements on a scale of 1 to 5, where: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

### Risk Analysis

<b>How risky are the following channels in money laundering operations in Palestine?</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
High-value cash transactions outside the formal banking system, especially in trade and real estate dealings.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International financial transfers through official and unofficial channels, especially those coming from neighboring countries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unlicensed exchange companies and informal Hawala networks operating outside banking supervision.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electronic platforms and digital commerce, including electronic payments and online trade.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cryptocurrency and virtual assets, including related trading platforms and digital wallets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real estate and property development, including buying, selling, and real estate project development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International trade and cross-border transactions, including import and export activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-profit organizations and charitable associations, especially those receiving external funding or international transfers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>How impactful are the following factors on the effectiveness of the anti-money laundering system?</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Limited control over crossings and borders and the difficulty of monitoring the movement of money and goods across various border points, making it harder to trace and monitor suspicious financial flows.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The multiplicity of regulatory bodies and overlapping jurisdictions, leading to procedural complexities and weakening oversight of financial institutions and designated non-financial businesses and professions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Weak coordination mechanisms and information exchange among relevant entities combating money laundering, including the Financial Monitoring Unit, regulatory authorities, and law enforcement agencies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limited technical infrastructure and specialized electronic systems for monitoring and analyzing suspicious financial activities and tracking the sources of suspicious funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

A shortage of qualified and specialized personnel in financial investigations, risk analysis, and assessing complex money laundering patterns.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Challenges related to international cooperation and information exchange with counterpart agencies in other countries, particularly in tracing suspicious funds and recovering assets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deficiencies in the current legal and regulatory framework in keeping up with developments in money laundering methods and techniques, especially those related to modern financial technology.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Evaluation of the Current Framework

<b>Evaluation of the Current Legal and Regulatory Framework</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The Palestinian Anti-Money Laundering Law and its ability to address emerging risks and provide the necessary legal basis for effective prosecution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Regulations and supervisory directives issued by the Palestinian Monetary Authority and their effectiveness in regulating financial institutions and ensuring compliance with anti-money laundering requirements.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The customer due diligence framework and its ability to accurately and effectively identify and assess risks associated with clients and beneficial owners.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The effectiveness of the suspicious activity reporting system, including monitoring and reporting mechanisms, the quality of submitted reports, and the speed of processing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Efficiency of local cooperation and coordination mechanisms among various entities involved in combating money laundering, including information exchange and joint operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The effectiveness of measures for freezing and confiscating suspicious funds and assets and their ability to prevent the exploitation of the financial system in money laundering operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The adequacy and proportionality of the penalty and sanction system applied to anti-money laundering violations and its ability to achieve the desired deterrence.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Institutional Capacity Assessment</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The level of development and efficiency of IT systems used for monitoring and analyzing suspicious financial activities, including	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

automated surveillance systems, risk analysis software, and artificial intelligence tools.					
The effectiveness and comprehensiveness of training and qualification programs provided to personnel in the field of anti-money laundering, and their alignment with updates and advancements in the field.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The adequacy and efficiency of human resources specialized in financial investigations and risk analysis, and the availability of expertise needed to handle complex cases.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The size and sufficiency of budgets allocated for the development and upgrading of anti-money laundering systems, including funding for infrastructure, training, and professional development.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The level of development and effectiveness of integrated databases and information systems used for storing, analyzing, and exchanging information related to money laundering activities among relevant entities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Operational and Implementation Challenges

<b>Assessment of Operational Challenges in Daily Activities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Difficulty in verifying the identity of the beneficial owner and tracing the ultimate ownership of companies and legal entities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complexity of due diligence requirements and client verification procedures given the variety of required documents.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limited access to government information and databases related to identifying clients and beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Slow judicial processes and lengthy litigation periods in money laundering cases, affecting the effectiveness of countermeasures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Difficulty in tracking and monitoring cross-border financial transfers, especially with the existence of multiple unofficial channels.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Challenges in enforcing penalties and sanctions on violators due to the complexity of legal procedures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resistance from clients to strict regulatory procedures and its impact on banking relationships.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Assessment of Financial Investigation Challenges</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Lack of specialized investigative expertise in financial crimes and tracing complex money laundering operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Limited availability of analytical tools and specialized software for detecting money laundering patterns and analyzing suspicious activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Difficulty in accessing banking records and financial information due to banking secrecy constraints and complex procedures.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complexity and entanglement of financial transactions with legitimate business activities, making it difficult to identify the source of funds.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delays in international cooperation and information exchange with counterpart agencies in other countries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Difficulty in proving money laundering crimes and linking them to the original offense due to complex evidence and multifaceted cases.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Proposed Solutions and Recommendations

Assessment of the Importance of Proposed Solutions to Improve the Anti-Money Laundering System	1	2	3	4	5
<b>A. Legislative and Regulatory Level</b>					
Updating and developing the legal framework for combating money laundering in line with international standards and the specific Palestinian context.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strengthening the authority of regulatory bodies in inspecting and overseeing financial and non-financial institutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing the sanctions system to include deterrent administrative and financial penalties and facilitating their application.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unifying regulatory procedures and inspection mechanisms among different relevant entities to ensure efficiency and effectiveness.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>B. Technical and Technological Level</b>					
Developing automated monitoring and early warning systems for suspicious activities using AI and machine learning technologies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing central databases and connecting them with relevant entities to facilitate information exchange and analysis.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Automating the reporting process for suspicious activities and developing a unified electronic system for receiving and processing reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strengthening information security systems and protecting financial data from breaches and tampering.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>C. Capacity Building and Professional Development</b>					
Intensifying specialized training programs and workshops for personnel in the field of anti-money laundering.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing cooperation with international experts and specialized organizations to transfer knowledge and best practices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing career paths and qualification programs for financial investigators and auditors in anti-money laundering.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Improving incentive and reward systems for employees in anti-money laundering units to ensure the retention of qualified staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
---	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

<b>Assessment of the Effectiveness of Measures to Enhance International Cooperation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Signing new memorandums of understanding with financial intelligence units in other countries to facilitate information exchange.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Activating participation in international organizations specialized in combating money laundering and terrorism financing.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing mechanisms for exchanging financial intelligence information with counterpart units in other countries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organizing joint training programs and exchanging expertise with specialized international institutions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Enhancing cooperation in joint investigations of cross-border money laundering cases.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Proposed Strategic Framework

<b>Assessment of Proposed Strategic Priorities</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Establishing an integrated national financial information system that connects all relevant entities and facilitates secure and efficient information exchange.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Establishing a specialized financial investigations unit equipped with the latest technologies and qualified personnel to track complex money laundering operations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing an institutional mechanism to enhance coordination among relevant entities, including regular meetings and unified work protocols.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Launching comprehensive awareness programs for the private sector on the risks of money laundering and best compliance practices.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Updating legal and regulatory frameworks in line with technological developments and emerging risks.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developing a national strategy for regional and international cooperation in combating money laundering.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Assessment of Effectiveness Indicators for the Strategic Framework</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Increase in the number of reports on suspicious activities and improvement in the quality of information provided in these reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Higher percentage of cases referred to the judiciary compared to the number of received reports, with improved quality of submitted case files.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Increase in the volume of confiscated funds and seized assets in money laundering cases.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Higher conviction rates in money laundering cases and improved effectiveness of judicial prosecution.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved compliance with international anti-money laundering standards based on evaluations by international organizations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Thank you very much for your time and cooperation in completing this survey.**

## المخلص

تتناول هذه الدراسة مشكلة غسل الأموال في بيئة الحكم الهش في فلسطين، والتي تتسم بتداخل الصلاحيات، وضعف القدرات التنظيمية، واعتماد واسع على المعاملات النقدية. وتهدف الدراسة إلى: (1) تحليل العوامل الرئيسية التي تدفع إلى غسل الأموال، (2) تقييم فعالية التدابير الحالية لمكافحة غسل الأموال، و(3) تطوير إطار استراتيجي يتلاءم مع التحديات الخاصة بالسياق الفلسطيني.

اعتمدت الدراسة على منهجية كمية، حيث تم إجراء مسح لعدد 54 متخصصًا من قطاعات متعددة، شملت البنوك، وجهات إنفاذ القانون، والهيئات التنظيمية، لتقييم فعالية الإجراءات الحالية وتحديد مكان الضعف الرئيسية.

أظهرت النتائج أن المعاملات النقدية ذات القيمة العالية، وشبكات الصرافة غير المرخصة، تمثل أبرز مخاطر غسل الأموال في فلسطين، بمتوسط تقييم للمخاطر بلغ 3.99 (الانحراف المعياري = 0.57). كما تبين أن ضعف السيطرة على الحدود وسوء التنسيق بين الهيئات التنظيمية يشكلان العقبتين الأساسيتين أمام تنفيذ فعال لإجراءات مكافحة غسل الأموال. وعلى الرغم من أن الإطار القانوني القائم حاز على تقييم متوسط الفعالية (بمتوسط = 3.85، وانحراف معياري = 0.70)، فقد تم رصد فجوات كبيرة في البنية التحتية التكنولوجية والقدرات المؤسسية.

وبناءً على هذه النتائج، تقترح الدراسة إطارًا استراتيجيًا شاملاً يستند إلى ستة محاور رئيسية: تعزيز الأسس القانونية والتنظيمية، وبناء القدرات المؤسسية، وتطوير البنية التحتية التكنولوجية، وتحسين الحوكمة التعاونية، وتعزيز التعاون الدولي، وتطبيق آليات رقابة وتقييم فعالة. وتشمل التوصيات الرئيسية: إنشاء مجلس وطني لتنسيق جهود مكافحة غسل الأموال، وتطبيق أنظمة رقابة تعتمد على الذكاء الاصطناعي، وتطوير نظام موحد للعقوبات، وتعزيز التعاون عبر الحدود من خلال الانخراط الفعال مع مجموعة العمل المالي لمنطقة الشرق الأوسط وشمال إفريقيا. (MENAFATF)

تُسهّم هذه الدراسة في إثراء الأدبيات المحدودة حول مكافحة غسل الأموال في الدول ذات الحوكمة الهشة، من خلال تقديم أدلة ميدانية على التحديات التي تواجه فلسطين، واقتراح إطار استراتيجي ملائم لسياقها الخاص. وتُبرز النتائج أن التنفيذ المنهجي لإصلاحات منسقة في الجوانب التكنولوجية والمؤسسية

والقانونية، يمكن أن يُحسّن بشكل ملموس من فعالية جهود مكافحة غسل الأموال في فلسطين رغم هشاشة بيئة الحكم