



By: TA | AP Insight

The cash brokers have become the masters of life in Gaza



After most of the banks in Gaza closed in the early days of the war, those with large reserves of cash suddenly had immense power. People are at their mercy.

Cash is the lifeblood of the Gaza Strip's **shattered** economy, and like all other necessities in this war-torn territory — food, fuel, medicine — it is in extremely short supply.

With nearly every bank branch and ATM inoperable, people have become reliant on an unrestrained network of powerful cash brokers to get money for daily expenses — and commissions on those transactions have soared to about 40%.

“The people are crying blood because of this,” said Ayman al-Dahdouh, a school director living in Gaza City. “It’s suffocating us, starving us.”

At a time of surging inflation, high unemployment and dwindling savings, the scarcity of cash has magnified the financial squeeze on families — some of whom have begun to sell their possessions to buy essential goods.

The cash that is available has even lost some of its luster. Palestinians use the Israeli currency, the shekel, for most transactions. Yet with Israel no longer **resupplying** the territory with newly printed bank notes, merchants are increasingly reluctant to accept frayed bills.

Gaza’s punishing cash crunch has several root causes, experts say.

To curtail Hamas’ ability to purchase weapons and pay its fighters, Israel stopped allowing cash to enter Gaza at the start of the war.

Around the same time, many wealthy families in Gaza withdrew their money from banks and then fled the territory. And rising fears about Gaza’s financial system prompted foreign businesses selling goods into the territory to demand cash payments.

As Gaza’s money supply dwindled and civilians’

desperation mounted, cash brokers’ commissions — around 5% at the start of the war — skyrocketed.

Someone needing cash transfers money electronically to a broker and moments later is handed a fraction of that amount in bills.

Many brokers openly advertise their services, while others are more secretive. Some grocers and retailers have also begun exchanging cash for their customers.

“If I need \$60, I need to transfer \$100,” said Mohammed Basheer al-Farra, who lives in southern Gaza after being displaced from Khan Younis. “This is the only way we can buy essentials, like flour and sugar. We lose nearly half of our money just to be able to spend it.”

In 2024, inflation in Gaza surged by 230%, **according** to the World Bank. It dropped slightly during the **ceasefire** that began in January, only to shoot up again after Israel backed out of the truce in March.

Cash touches every aspect of life in Gaza

About 80% of people in Gaza were unemployed at the end of 2024, according to the World Bank, and the figure is likely higher now. Those with jobs are mostly paid by direct deposits into their bank accounts.

But “when you want to buy vegetables, food, water, medication -- if you want to take transportation, or you need a blanket, or anything — you must use cash,” al-Dahdouh said.

Shahid Ajjour’s family has been living off of savings for two years after the pharmacy and another business they owned were ruined by the war.

“We had to sell everything just to get cash” - Shahid Ajjour

"We had to sell everything just to get cash," said Ajjour, who sold her gold to buy flour and canned beans. The family of eight spends the equivalent of \$12 every two days on flour; before the war, that cost less than \$4.

Sugar is very expensive, costing the equivalent of \$80-\$100 per kilogram (2.2 pounds), multiple people said; before the war, that cost less than \$2.

Gasoline is about \$25 a liter, or roughly \$95 a gallon, when paying the lower, cash price.

Bills are worn and unusable

The bills in Gaza are tattered after 21 months of war.

Money is so fragile, it feels as if it is going to melt in your hands, said Mohammed al-Awini, who lives in a tent camp in southern Gaza.

Small business owners said they were under pressure to ask customers for undamaged cash because their suppliers demand pristine bills from them.

Thaair Suhwayl, a flour merchant in Deir al-Balah, said his suppliers recently demanded he pay them only with brand new 200-shekel (\$60) bank notes, which he said are rare. Most civilians pay him with 20-shekel (\$6) notes that are often in poor condition.

Ajjour transferred the shekel equivalent of around \$100 to a cash broker and received around \$50 in return

On a recent visit to the market, Ajjour transferred the shekel equivalent of around \$100 to a cash broker and received around \$50 in return. But when she tried to buy some household supplies from a merchant, she was turned away because the bills weren't in good condition.

"So the worth of your \$50 is zero in the end,"

she said.

This problem has given rise to a new business in Gaza: money repair. It costs between 3 and 10 shekels (\$1-\$3) to mend old bank notes. But even cash repaired with tape or other means is sometimes rejected.

People are at the mercy of cash brokers

After most of the banks closed in the early days of the war, those with large reserves of cash suddenly had immense power.

"People are at their mercy," said Mahmoud Aqel, who has been displaced from his home in southern Gaza. "No one can stop them."

The war makes it impossible to regulate market prices and exchange rates, said Dalia Alazzeah, an expert in finance and accounting at the University of the West of Scotland. "Nobody can physically monitor what's happening," Alazzeah said.



It is unclear if the cash brokers' activities benefit Hamas

A year ago, the Palestine Monetary Authority, the equivalent of a central bank for Gaza and the West Bank, sought to ease the crisis by **introducing** a digital payment system known as Iburaq. It attracted half a million users, or a quarter of the population, according to the World Bank, but was ultimately undermined by merchants insisting on cash.

Israel sought to ramp up financial pressure on Hamas earlier this year by tightening the

distribution of humanitarian aid, which it said was routinely siphoned off by militants and then resold.

Experts said it is unclear if the cash brokers' activities benefit Hamas, as some Israeli analysts claim.

The war has made it more difficult to determine who is behind all sorts of economic activity in the territory, said Omar Shabaan, director of Palthink for Strategic Studies, a Gaza-based think tank.

"It's a dark place now. You don't know who is bringing cigarettes into Gaza," he said, giving just one example. "It's like a mafia."

These same deep-pocketed traders are likely the ones running cash brokerages, and selling basic foodstuffs, he said. "They benefit by imposing these commissions," he said.

Once families run out of cash, they are forced to turn to humanitarian aid.

Al-Farra said that is what prompted him to begin seeking food at an aid distribution center, where it is common for Palestinians to jostle over one other for sacks of flour and boxes of pasta.

"This is the only way I can feed my family," he said.