

# THE PUBLIC MONETARY AUTHORITY IN NORTHWEST SYRIA

Flash report  
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# KEY DEVELOPMENTS

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- › The Public Monetary Authority (PMA) is a rebranding of the Hay'at Tahrir Al-Sham (HTS)'s General Institution for Cash Management and Customer Protection (CMCP) which was established in May 2017.
- › The PMA imposed a mandatory registration on currency exchange and hawala companies and classified them into three main categories depending on the size of their financial capital.
- › The PMA has the right to supervise, monitor, and inspect monetary transactions, data, records and documents of licensed companies to ensure compliance with the PMA's regulations, during the validity period of the license, or even if the license was terminated or revoked.
- › Licensed companies must provide the PMA with a monthly report detailing incoming and outgoing financial remittances and must maintain financial liquidity ranging from 25% to 50% of the company's financial value in US dollars at the PMA custody at all times.
- › Financial transfers made in Turkish lira will include the Syrian Salvation Government (SSG), as the currency will be brought in from the SSG's Sham Bank. This is not the case of financial transfers made in other currencies including the US dollar.
- › The intervention of the PMA in hawala networks has profound implications for humanitarian organizations operating in northwestern Syria, however hawala agents, particularly in medium to large agencies, can reject the PMA's monitoring and control requirements.

## INTRODUCTION

To mitigate the impact of the rapid and continuous collapse of the Syrian pound, which exceeded 3,000 SYP per USD in early July 2020, local authorities in northwest Syria have decided instead to trade using the Turkish lira. Both the Syrian Interim Government (SIG) and the Syrian Salvation Government (SSG), as well as a large portion of the population, view the shift as a "solution to the

constant price fluctuation", according to interviews published on local media agencies.

Local authorities however have not explained the political aspect of this shift with regards to its effect on the future of the area and the future of the relationship between Turkey and the SSG. The introduction of the Turkish lira into SSG's areas could be considered a new indication of Turkey's

determination to achieve lasting stability in the northwest.

Allowing use of the Turkish lira also points to Turkey's acceptance of the SSG as the legitimate governing authority in the area – all lira in SSG areas (introduced as of the 14 June) are exclusively distributed via the SSG and its monetary institutions. The SSG has subsequently reactivated the Public Monetary Authority (PMA), previously known as the General Organization for Cash Management and Consumer Protection and appointed it as the sole committee authorized to buy Turkish lira from Turkey and distribute it into the local market through the SSG-owned Sham central bank in Idlib.

In addition to monopolization of distribution of the Turkish lira, reactivating the PMA has also been used to consolidate control over the hawala

(informal monetary transfer systems) and currency exchange services in the northwest. Since 14 June, the PMA has taken several noteworthy steps toward regulating the sector, including introducing mandatory registration of hawala and currency exchange offices, which almost 80 companies have complied with so far.

These steps could pose a significant challenge to international and local humanitarian organizations implementing projects in northwest Syria due to potential donor-compliance issues related to Hay'at Tahrir Al-Sham (HTS) (designated a terrorist organisation by the US and Canada) or its affiliated government, the SSG.

In this report, key messages and points from these documents that are of interest to humanitarian agencies, partners, and donors working in northwestern Syria are highlighted below

## WHAT IS THE PUBLIC MONETARY AUTHORITY?

The PMA was first established on 9 May 2017 under the name of Hay'at Tahrir Al-Sham's (HTS) General Institution for Cash Management and Customer Protection (CMCP) as an attempt to curb currency instability and regulate the financial market in the area after multiple large-scale fluctuations in the Syrian pound to US dollar exchange rate.

The CMCP mandate was to "manage and supervise the currency exchange and remittances market" and "to formally centralize hawala networks" in areas falling under the group's administrative control through three main steps:

i) Impose a mandatory registration for hawala and currency exchange agents in Idlib and west Aleppo with an initial registration fee of \$10,000;

ii) Impose a monthly registration renewal fee of \$250;

iii) Closely monitor and supervise hawala companies' financial transactions.

The attempt was unsuccessful, and only a few hawala agents (believed to be three small-size hawala agents) in northwestern Syria accepted HTS' new regulations and registered with the CMCP.

Three years later, on 14 May 2020, the CMCP was rebranded and reintroduced into the public as the Public Monetary Authority (PMA). The CMCP's logo remained the same, however reference to HTS was excluded. The leading figure behind the PMA also remained the same, Mostafa Qdeid, also known as Abu Abdul Rahman Al-Zerba, who is believed to be

a key figure in HTS leader Abu Mohammed al-Jolani's administration.

Like the CMCP, the newly emerged PMA is operating in offices close to the Bab Al-Hawa border crossing between Syria and Turkey, with a secondary location in Sarmadaa town, Dana subdistrict, which has the reputation of being the financial hub of opposition-controlled northwest Syria.

## THE PMA MANDATE

The PMA has issued two primary documents so far: *'The Rules Governing the Practice of Money Exchange and Remittances'* [Ar.], (hereafter known as *'the Rules'*), a 16-page document detailing rules and regulations for registered hawala and currency exchange offices to follow; and *'The Basic Guidelines and Criteria for Requesting Granting a License to Practice Exchange Business'* [Ar.], (hereafter known as *'the Guidelines'*) a 10-page document detailing the process to acquire licensing and registration. The PMA has also issued several individual decrees and regulations to add new rules or amend these mentioned in the documents.

The following section highlights the most important points mentioned in these decisions and documents, which we believe humanitarian agencies, partners, and donors working in northwestern Syria should be aware of.

### 1. Imposing mandatory registration and licensing

On 13 June, the PMA issued *Resolution No. 18* [Ar.], requiring all currency exchange and hawala agencies to begin licensing procedures in-line with the requirements of *the Rules*. The initial

Figure 1: CMCP and PMA official logos



registration period was set for four days, from 14–18 June, but was later extended to 4 July, with the warning that unlicensed companies would be closed after that date.

Figure 2: PMA classification of licenses.

|         |   |
|---------|---|
| Group A | <b>A minimum of \$200,000 capital</b><br><br>Able to practice hawala and currency exchange, and shipping services; no cap for allowed financial trades. |
| Group B | <b>A minimum of \$50,000 capital</b><br><br>Able to practice hawala and currency exchange services; \$50,000 cap for allowed financial trades           |
| Group C | <b>A minimum of \$10,000 capital</b><br><br>Able to practice currency exchange only; unclear if a cap applies   |

As of 30 June, there are 81 money exchanges and hawala agents registered with the PMA. 20 of them

were granted a Group A license, 28 obtained Group B license, and 33 obtained Group C license (please see [Annex 1](#) for names and details of these companies).

The PMA later issued *the Guidelines*, which includes applicable criteria to request a license and detailed instructions for submitting a licensing application. According to Article 3, the type of license granted is based on the applicant's financial capital (please see [Figure 2](#)).

## 2. Direct supervision, control and inspection

Article 4 of *the Rules* states that in order to obtain a license, the applicant must sign two written obligations: the first is a commitment to adhere to the regulations and decisions issued by the PMA, and the second is a commitment to place the company's records and documents under the PMA's supervision, control and inspection during the validity period of the license, (even if the license is terminated or revoked.)

Article 16 states that the PMA has the right to supervise, monitor, and inspect monetary transactions of licensed companies to ensure compliance with the PMA's regulations. The article states that licensed companies must provide the PMA with data, records, and documents and must respond at any time to questions asked by its inspection committee.

## 3. Auditing of Accounts

Article 16 of *the Rules* states that licensed companies must provide the PMA with two different financial statements on a monthly basis. The first statement has to show the company's sales and purchases of foreign currency while the second

shows the company's purchases of bank checks. In Article 19, the PMA stated that licensed companies must provide the PMA with a monthly report detailing incoming and outgoing financial remittances.

Article 18 states that the PMA has the right to appoint external auditors to audit the cash transactions of licensed companies. The PMA determines the required auditing period and the cost of the auditors (which will be paid by the licensed company).

## 4. Reservation of companies' financial value

Article 3 of *the Guidelines* states that companies must maintain financial liquidity ranging from 25% to 50% of the company's monetary value in US dollars under PMA custody at all times. That means companies licensed under Group A are required to submit a minimum of \$50,000 to the PMA; companies licensed under Group B submit a minimum of \$12,000, and Group C companies submit a minimum of \$2,500.

## 5. Customer dealing arrangements and technical banking system

Article 12 of *the Rules* and Article 3 of *the Guidelines* provide the following technical conditions:

- › Licensed companies must use the technical banking program issued by the PMA in registering all exchange and remittance operations.
- › Licensed companies must display currency exchange rates provided by the PMA on screen for clients at all times. Licensed

companies must commit to these prices at all times.

- › Licensed companies must display their license in a clear location in their workplace, and they must put the license number in all the company's publications, documents, and receipts.
- › Licensed companies must provide clients with official receipts for all monetary transactions.
- › Licensed companies must equip their workplace with the necessary equipment for counting, sorting and detecting counterfeit currencies.

## OPERATIONAL IMPACT

The intervention of the Public Monetary Authority in hawala networks has profound implications for humanitarian organizations operating in northwest Syria. To better understand the impact, it is important to know how hawala and money transfers work in Idlib.

Hawala, or an informal monetary transfer system, is a coordination process between two companies who have a pre-existing relationship. In practical terms, the sender of funds approaches a hawala office in their country to provide cash and a copy of the intended recipient's ID. The agent then sends the recipient's ID to an agent in Syria. With ID on hand for verification, the recipient in Syria

## 6. Consolidating control over supplies of the Turkish lira

The PMA is the sole authorized actor to buy Turkish lira from Turkey and introduce it into the SSG-owned Sham central bank in Idlib. Registered hawala and currency exchange offices will be allowed to buy Turkish lira from the SSG-owned Sham bank.

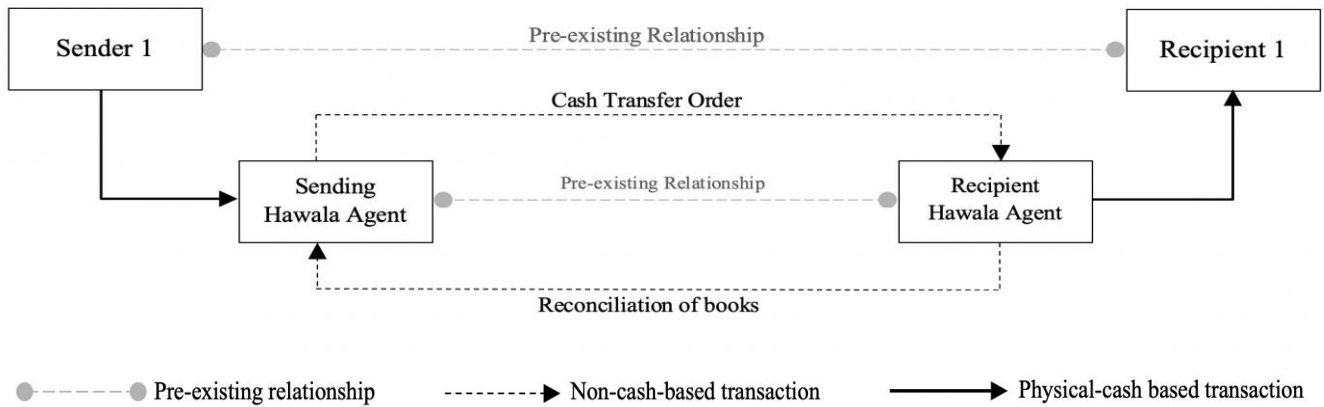
To ensure the above is adhered to, the PMA also issued *Decree No. 19* [Ar.], prohibiting the shipment of cash to and from opposition-held areas, stating that "those who violate this will be held legally accountable, and their funds and the transport vehicle will be confiscated".

approaches the pre-identified hawala office and receives payment in cash, which could be in the same currency as was sent or different currency, minus a transaction fee.

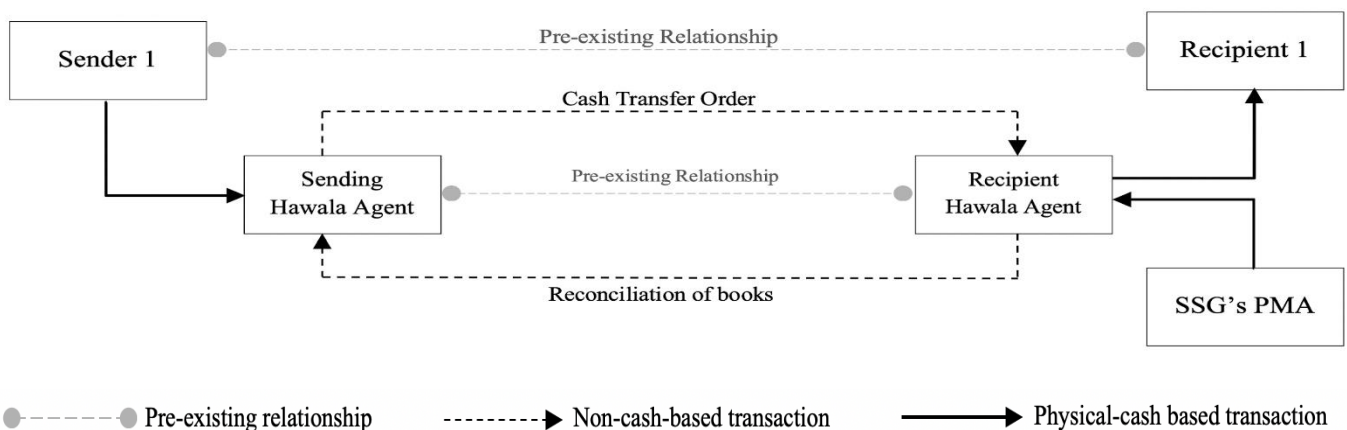
With the recent reactivation of the PMA, according to *Decree No. 23* [Ar.], all money transfers conducted under the hawala system must be collected in the same currency as it was sent – this means that any money transfers made in Turkish lira will be delivered in Turkish lira. This includes the SSG in the process as lira will be brought in exclusively from the SSG's Sham Bank. This is not the case of financial transfers made in other currencies, including the US dollar

**Figure 3:** The difference in the hawala process between sending a money transfer in US dollars and sending it in Turkish lira.

### 1. Money Transaction in US dollars



### 2. Money Transaction in Turkish lira



Another potential concern for humanitarian agencies and donors transferring funds to Syria via hawala is data protection and security. The PMA has the right to supervise, monitor, and inspect monetary transactions, data, records and documents of licensed companies, control and inspection during the validity period of the license, (even if the license is terminated or revoked.)

Despite these restrictions, hawala agents, particularly in medium to large agencies, can reject the PMA's monitoring and control requirements. These agencies are able to operate outside the influence of many major political and military actors, and often avoid any attempts to control them. This is largely due to their complex cross-border networks, their affiliation with prominent families in Idlib, and their vital economic role.



# RECOMMENDATIONS

1. Humanitarian organizations are advised to consult with their attorneys and donors on the implications of the SSG's actions on their use of hawala in Idlib and western Aleppo, to seek information on any additional due diligence measures that might be necessary.
2. Humanitarian organizations are advised to avoid transferring staff salaries, funds, and operations costs to their counterparts in Idlib and western Aleppo in Turkish lira and continue transactions using US dollars.
3. If humanitarian organizations must transfer funds in Turkish lira, they are advised to use private or public hawala companies located in the Turkish-administered Olive Branch and Euphrates Shield areas in northern Aleppo countryside.
4. Humanitarian organizations are advised to consult with their lawyers and donors on the issue of privacy and data security threatened by the PMA intervention.
5. Humanitarian organizations are advised to consult with their hawala partners licensed under Group A and Group B regarding solutions offered to ensure data privacy and security for humanitarian organizations transactions.



# ANNEX

## ANNEX I

List published by the PMA of currency exchange and hawala offices that completed the registration phase.

|                | Company Name   | Owner Name             | Office Location                          |
|----------------|--|------------------------|--|
| <b>GROUP A</b> |  |                        |  |
| 1              | ADKF (Kafa)  | Qasim Kafa             | Idleb, Idleb subdistrict                 |
| 2              | The Islamic Company for Money Exchange and Remittances | Abo Yousef Islamiyah   | Idleb, Idleb subdistrict                 |
| 3              | Adam Company   | Alaa Saksuk            | Idleb, Idleb subdistrict                 |
| 4              | Al-Hamed Company                                       | Mohammad Adham al-Anis | Kafr Takharim, Kafr Takharim subdistrict |
| 5              | Al-Zain Company  | Muhannad al-Zain       | Sarmada, Dana subdistrict                |
| 6              | Al-Sous Company for Money Exchange and Remittances     | Ma'en Maqtafi          | Kelly, Maaret Tamsrin subdistrict        |
| 7              | Al-Ezzi Company  | Mohammad al-Ezzi       | Sarmada, Dana subdistrict                |
| 8              | Badlah Company   | Eqbal Abdulazez Badlah | Sarmada, Dana subdistrict                |
| 9              | Hallaq Company   | Hasan Mustafa Hallaq   | Sarmada, Dana subdistrict                |
| 10             | Diana Company for Money Exchange and Remittances       | Sa'ed Saleh Habalous   | Sarmada, Dana subdistrict                |
| 11             | Atemeh The Central                                     | Yaser Khaled Darweesh  | Sarmada, Dana subdistrict                |

|                |   |                              |   |
|----------------|---|------------------------------|---|
| 12             | Sharm Company   | Mukhles Abdulrazaq<br>Sharm  | Sarmada, Dana subdistrict                       |
| 13             | Abdulazez Company   | Abdulazez Najjar             | Sarmada, Dana subdistrict                       |
| 14             | Murad Financial Brokerage Company                         | Omar al-Sharm                | Sarmada, Dana subdistrict                       |
| 15             | Al-Resaleh Office   | Mahmoud Mostafa<br>Tamma'    | Ariha, Ariha subdistrict                        |
| 16             | Horizon (Afaq) Company                                    | Ali Barakat                  | Sarmada, Dana subdistrict                       |
| 17             | Maysar Shareef  | Maysar Shareef               | Darkosh, Darkosh subdistrict                    |
| 18             | Al-Khawari Tal Hadya Company                              | Msalam Sattouf al-Issa       | Sarmada, Dana subdistrict                       |
| 19             | Makka Company   | Ahmad Mohammad Ajjan         | Ariha, Ariha subdistrict                        |
| 20             | Qasyoun Company   | Basel al-Swaidan             | Sarmada, Dana subdistrict                       |
| <b>GROUP B</b> |   |                              |   |
| 1              | Al-Eman   | Mohammad Abdullah<br>Hasan   | Atma, Dana subdistrict                          |
| 2              | The United (al-Mutahidah) for<br>Exchange                 | Abdullah Mustafa<br>Dandash  | Jisr-Ash-Shugur, Jisr-Ash-Shugur<br>subdistrict |
| 3              | Orient (al-Mashreq) for Money<br>Exchange and Remittances | Tareq Mohammad<br>Jameel     | Ariha, Ariha subdistrict                        |
| 4              | Al-Mahdi for Money Exchange and<br>Remittances            | Salem Mustafa<br>Abdulkareem | Sarmada, Dana subdistrict                       |

|    |   |                               |                                   |
|----|---|-------------------------------|-----------------------------------|
| 5  | Zewar al-Hmoud for Money Exchange and Remittances   | Zewar Haj-Hmoud               | Jeineh, Atareb subdistrict        |
| 6  | Al-Ameen Company                                    | Mohammad Ahmad Ameen          | Tal Elkaramej, Dana subdistrict   |
| 7  | Al-Jazera Company                                   | Mustafa Ibrahim Ibrahim       | Kelly, Maaret Tamsrin subdistrict |
| 8  | Al-Salem Company for Money Exchange and Remittances | Obada Makeen al-Salem         | Ariha, Ariha subdistrict          |
| 9  | Al-Haram Company                                    | Yamen Khaled Fajr             | Idleb, Idleb subdistrict          |
| 10 | Anas al-Saleh Company                               | Anas al-Saleh                 | Salqin, Salqin subdistrict        |
| 11 | Samer Elwani Company                                | Samer Elwani                  | Darkosh, Darkosh subdistrict      |
| 12 | Shareet Company for Remittances                     | Belal Shareet                 | Idleb, Idleb subdistrict          |
| 13 | Qandeel Company                                     | Mohammad Samer Abdulhameed    | Sarmada, Dana subdistrict         |
| 14 | Shams Al-Madinah                                    | Waseem Mohammad Radwan Obaied | Idleb, Idleb subdistrict          |
| 15 | Adel Al-Ali   | Adel al-Ali                   | Ariha, Ariha subdistrict          |
| 16 | Barhoom Office                                      | Osama Abdulmajeed Barhoom     | Idleb, Idleb subdistrict          |
| 17 | Jawhar Zakour Office                                | Jawhar Wajeeh Zakour          | Idleb, Idleb subdistrict          |
| 18 | Khadeja Trade Group                                 | Maher Mohammad Motee' Khadeja | Sarmada, Dana subdistrict         |

|                |  |                                 |   |
|----------------|--|---------------------------------|---|
| 19             | Al- Ansar Company for Exchange                         | Sa'ed al-Din Yaqoub             | Idleb, Idleb subdistrict                      |
| 20             | Hajou Company  | Wael Hamed Abo Ali              | Kafr Takharim, Kafr Takharim subdistrict      |
| 21             | Brou Office  | Hasan Mohammad Deeb<br>Yousef   | Sarmada, Dana subdistrict                     |
| 22             | Sultan Al-Fateh  | Mu'ath Mohammad<br>Abdulghani   | Idleb, Idleb subdistrict                      |
| 23             | Shadi Badawi Office                                    | Shadi Badawi                    | Bennsh, Bennsh subdistrict                    |
| 24             | Iqra' Company for Money Exchange and Remittances       | Hamzah Ahmad Bateekh            | Sarmada, Dana subdistrict                     |
| 25             | Perlanta Plus for Money Exchange and Remittances       | Belal Ismaeel al-Ruj            | Sarmada, Dana subdistrict                     |
| 26             | Abo Myassar Company for Money Exchange and Remittances | Bashar al-Ahmad                 | Sarmada, Dana subdistrict                     |
| 27             | Al-Salam for Money Exchange and Remittances            | Fadi Abdulsalam Atro            | Termanin, Dana subdistrict                    |
| 28             | Al-Dela' Office for Money Exchange and Remittances     | Mohammad<br>Abdulrahman al-Jaro | Dana, Dana subdistrict                        |
| <b>GROUP C</b> |  |                                 |   |
| 1              | Al-Naser Company                                       | Mohammad Hatem<br>Ibrahim       | Sarmada, Dana subdistrict                     |
| 2              | Saraqab Office   | Mahmoud Ahmad al-<br>Abdo       | Ma'arrat Tamasrin, Maaret Tamsrin subdistrict |

|    |                                   |                              |   |
|----|-----------------------------------|------------------------------|---|
| 3  | Istanbul for Exchange             | Nidal Abdullah Haballas      | Hazano, Maaret Tamsrin subdistrict            |
| 4  | Al-Hadi for Exchange              | Abdulhadi Mahmoud Najjar     | Ma'arrat Tamasrin, Maaret Tamsrin subdistrict |
| 5  | E'mar for Exchange                | Abdulkader Taher Agha        | Kafr Karmin, Atareb subdistrict               |
| 6  | Abo Wajeeh Al-Halabi for Exchange | Ismaeel Wajjeh Jnaedi        | Azmarin, Salqin subdistrict                   |
| 7  | Ameen for Exchange                | Abdo Ahmad Ameen             | Dana, Dana subdistrict                        |
| 8  | Shamna for Exchange               | Mohammad Adnan al-Othman     | Mastumeh, Idleb subdistrict                   |
| 9  | Abo Ata Comapny                   | Abdulkader Mohammad Ata      | Abin, Afrin subdistrict                       |
| 10 | Al-Afanan Company                 | Murad Mohammad al-Afanan     | Sarmada, Dana subdistrict                     |
| 11 | Alhout Office                     | Fareed Ahmad Kocko           | Salqin, Salqin subdistrict                    |
| 12 | Nawras for Exchange               | Mohammad Nawras Shawqi Assaf | Idleb, Idleb subdistrict                      |
| 13 | Horizon (Afaq) Office             | Ahmad Hasan Abdulkareem      | Darkosh, Darkosh subdistrict                  |
| 14 | Al-Aqsa Company for Exchange      | Mo'amar Nouraddin Zain       | Hazano, Maaret Tamsrin subdistrict            |
| 15 | Teba for Exchange                 | Ahamd Mohammad Kamal Badawi  | Ma'arrat Tamasrin, Maaret Tamsrin subdistrict |
| 16 | Al-Omar for Exchange              | Moutaz Ahmad Shawqi Bawabi   | Ma'arrat Tamasrin, Maaret Tamsrin subdistrict |

|    |   |                                 |  |
|----|---|---------------------------------|--|
| 17 | Al-Bara' for Exchange                     | Waseem Emadaddin<br>Abo-Rasheed | Ma'arrat Tamasrin, Maaret Tamsrin<br>subdistrict |
| 18 | Abu-Dohour Company for Exchange           | Hussien Ali al-<br>Mohammad     | Armanaz, Armanaz subdistrict                     |
| 19 | Al-Nour Company for Exchange              | Mohammad Abdulrazaq<br>Mahmoud  | Harim, Harim subdistrict                         |
| 20 | Al-Faisal for Exchange                    | Moustafa Faisal Dal'oun         | Ma'arrat Tamasrin, Maaret Tamsrin<br>subdistrict |
| 21 | Khalaf for Exchange                       | Mouhannad Mahmoud<br>al-Khalaf  | Qah, Dana subdistrict                            |
| 22 | Hamoudah for Exchange                     | Suhaib Hussien<br>Hamoudah      | Armanaz, Armanaz subdistrict                     |
| 23 | Abu-Hussien Office for Exchange           | Mohammad Huessien<br>Halawi     | Darkosh, Darkosh subdistrict                     |
| 24 | Mousa Halawi Office for Exchange          | Mousa Abdulraheen<br>Halawi     | Zarzur, Darkosh subdistrict                      |
| 25 | Abu-Ibrahim Haleb Company for<br>Exchange | Mohammad Ibrahim al-<br>Najjar  | Sarmada, Dana subdistrict                        |
| 26 | Al-Omari for Exchange                     | Omar Hasan Qwaeri               | Harim, Harim subdistrict                         |
| 27 | Qasoum for Exchange                       | Kenan Abdulkader<br>Qasoum      | Jisr-Ash-Shugur, Jisr-Ash-Shugur<br>subdistric   |
| 28 | Alyousef for Exchange                     | Mohammad Ahmad<br>Alyousef      | Hir Jamus, Salqin subdistrict                    |

|    |                              |                                 |   |
|----|------------------------------|---------------------------------|---|
| 29 | Sham Office for Exchange     | Abdulazez Moustafaal-Akrayem    | Hir Jamus, Salqin subdistrict                 |
| 30 | Al-Zajel for Exchange        | Sameer Mohammad<br>Ameen Hashem | Ma'arrat Tamasrin, Maaret Tamsrin subdistrict |
| 31 | Al-Kurdi Office for Exchange | Samer Salem al-Kurdi            | Salqin, Salqin subdistrict                    |
| 32 | Al-Hamwi for Exchange        | Esmaeel Mahmdouh<br>Kasbak      | Salqin, Salqin subdistrict                    |
| 33 | Al-Amal for Exchange         | Abdullah Ahmad Sahlul           | Ariha, Ariha subdistrict                      |



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The Humanitarian Access Team (HAT) was established in Beirut in March 2015 in response to the collective challenges facing the remote humanitarian response in Syria. Successful humanitarian and development interventions require a nuanced and objective understanding of the human ecosystems in which these interventions occur. To this end, the HAT's most important function is to collect, triangulate, synthesize, analyze and operationalize disparate data and information. Since 2015, HAT analysis has provided a forward-looking template for international interventions in Syria, and facilitated an increasingly nimble, adaptive, integrated, and ultimately impactful international response to the Syrian conflict.

