



## **Sparing Lebanon from the Grey List**

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In recent months, the Lebanese financial sector has been preoccupied with the risks of Lebanon being placed on the grey list by the Financial Action Task Force (FATF), which could further threaten the already troubled Lebanese financial system. International and local entities have warned about the implications of such a listing on financial transactions and the Lebanese economy. Attention has also been drawn to the role played by the Acting Governor of the Central Bank of Lebanon, Dr. Wassim Manssouri, in preventing this listing so far.

### **Risks of the Grey List:**

Being placed on the grey list means subjecting the Lebanese financial system to intense scrutiny, which would complicate financial transactions and negatively impact banking relations with foreign entities. Such a listing would exacerbate the crisis of confidence facing the Lebanese economy, affecting its ability to attract funds from abroad in the future.

### **Lebanese Efforts:**

The Central Bank of Lebanon has undertaken swift and effective measures to avoid Lebanon's placement on the grey list and has succeeded in this task so far by working on several fronts:

- Communicating with international entities.
- Submitting periodic reports.
- Strengthening the control mechanisms for financial transfers.

Lebanese banks have also supported these efforts with complementary measures, which have contributed to preventing Lebanon from being placed on the grey list so far.

### **International Criticisms of the Lebanese Situation:**

Despite the aforementioned measures, several significant observations have been raised regarding Lebanon's efforts to combat money laundering and terrorism financing, including:

1. **Cash Economy:** the continued expansion of Lebanon's cash economy remains a major concern for FATF, as it complicates the tracking of funds and combating illicit activities. This situation exacerbates challenges and places a significant portion of financial transactions outside the supervision of the Central Bank of Lebanon and the banks.
2. **Combating Corruption:** It has been highlighted that corruption within governmental institutions poses a major challenge to implementing the necessary reforms to ensure Lebanon's compliance with international standards. FATF has requested that Lebanon take swift and effective steps to address this issue.
3. **Pending Judicial Cases:** FATF has expressed concern about unresolved cases within the Lebanese judicial system, noting that delays in addressing these matters undermine efforts to combat money laundering and terrorism financing. FATF stressed on the importance of judicial independence and the need to expedite the resolution of sensitive cases to ensure effective implementation of the required reforms.

**Conclusion:**

In conclusion, despite the significant efforts made by the Central Bank of Lebanon to avoid Lebanon's placement on the grey list and the diligence of banks in scrutinizing financial transfers, considerable challenges remain. Lebanon continues to be under international scrutiny, with the FATF meeting scheduled for the upcoming fall. It is crucial for the Lebanese state and its official institutions, as well as the various political forces to take responsibility for combating corruption and reducing the dominance of the cash economy. These steps are essential to prevent Lebanon from falling into further financial crises that could have catastrophic consequences for the country.

*Note: This article is part of a series written by the Secretary General of the Association of Banks in Lebanon as part of his introductory articles to a number of periodicals issued by ABL. It represents his own opinion and personal analysis of the developments, without committing ABL to its content, which remains the sole responsibility of the Secretary General.*

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