



A New Phase in the Horizon

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It has become clear that no recovery plan can succeed without a responsible partnership among the concerned parties, one that restores trust and protects depositors' rights without compromising the sustainability of the banking sector. These principles are no longer a mere banking viewpoint; they have become central to advanced official positions, as demonstrated in recent meetings held by the Association of Banks with various official entities, most recently with His Excellency the Governor of the Central Bank of Lebanon, Mr. Karim Souaid.

The meeting with His Excellency was marked by candid dialogue and clarity of vision, along with positions worth pausing on – positions that reoriented the discourse toward logic and justice. The Governor's approach can be summarized as follows:

- Recognizing the systemic nature of the crisis is not aimed at evading responsibility, but rather at understanding the nature of the dysfunction and formulating appropriate solutions.
- No solution is possible without acknowledging the tripartite nature of responsibility: the State, the Central Bank, and the banks. Any oversimplification or unilateral blame will only lead us back to a vicious cycle.
- Bridging the financial gap cannot be achieved solely through reducing liabilities or restructuring banks; it must begin with organizing the Central Bank's accounts and clearly identifying the State's obligations toward it.
- The Central Bank's debts to the banks cannot be written off, as they constitute explicit commercial obligations under the Lebanese law.

As for the banks, they reiterate the following core principles:

- The State must apply its own laws, starting with Article 113 of the Code of Money and Credit, which holds it accountable for covering the losses of the Central Bank.
- The policies that depleted foreign reserves, through inconsiderate subsidies and chronic financing of the State deficit, are the fundamental cause of the financial gap.
- Excluding banks from discussions or committees under the pretext of conflict of interest undermines the principle of partnership. If the banks' participation raises concerns, what about the State and the Central Bank, which were both responsible for the depletion of depositors' funds?
- The placement of depositors' funds at the Central Bank was, in large part, the result of the banks' compliance with its circulars and the practices it imposed.
- Since all local and international parties have agreed that Lebanon's crisis is globally unprecedented, any recovery plan must take into account the specificity of the Lebanese case, rather than replicate foreign models that do not reflect its structure and the complexities of the current crisis.

From this perspective, the emerging official positions represent a correction in the public discourse and a real opportunity to preserve what remains of the system's foundations, provided that these principles are translated into actionable policies and enacted into clear, enforceable legislation.

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.
