



## **A working meeting of the officials of compliance departments at ABL**

In its continuous effort to fully abide by all international rules in the combat of money laundering and terrorism funding, a broad meeting for the officials and executives of the compliance banks departments was held at the headquarters of the Association of Banks in Lebanon on Tuesday in November 17 2015.

The meeting was presided by Mr. Chahdan Jebeily, the head of the compliance committee at ABL and in the presence of the Secretary General of the association Dr. Makram Sader.

The goal of the meeting was to exchange views on some developments related to the work of the investigation commission, most notably the legislation on combating money laundering and the exchange of tax information and authorization for the transfer of money across borders and the United Nations Convention of 1999 on the drying of terrorist financing sources, as well as developments in regards to lifting sanctions on Iran, and a policy guide and procedures relating to the fight against corruption, and some aspects of the relationship between the banks and the financial markets CMA.

The participants in the meeting gave their opinions on the issues topics of the meeting.

At first, Mr. Jebeily expressed satisfaction with the adoption of the four financial bills mentioned above

and which fall within Lebanon's commitment to international standards of International Standards, so that the world's view of the banking sector will remain positive, adding that these laws mean greater responsibility and additional work.

The first and most important law is on the amendment to anti-money laundering law, which increased the number of core crimes from 7 to 21 crimes, and stressed that the crime of money laundering is the predicate offense.

As for the law on the authorization for the transfer of funds across the border, or a positive statement in the event of a fair amount transferred or exceeded the \$15,000, Mr. Jebeily said that we, as banks, applied this rule years ago as if it was a legislation, but we now have additional legislative guarantee, and this increases the credibility of Lebanon.

He believed that the law on the exchange of tax information is a cornerstone, despite the need for more work in this area, and that the banks should begin to educate their customers in this regard, especially those of them who are in countries that have not signed the global agreements.

With the passage of this law, Lebanon confirms that banking secrecy is not to protect the character, i.e. to protect any dirty money.

On the other hand, the audience were reminded of the initiative of the



Association of Banks in Lebanon to issue a "manual on policies and procedures relating to the fight against bribery and corruption" Anti-Bribery and Corruption Generic Policies and Procedures Manual, and charged with Deloitte Deloitte company prepared.

Mr. Jebeily asked the audience to send additional comments on the draft manual, which was distributed to them so they can be to issue a final version of it as soon as possible.

Attendees also discussed the issue of lifting sanctions on Iran, Mr. Jebeily saw that the agreement with Iran is limited to nuclear issues, and that the actual or official date effective date for the lifting of sanctions has not yet been determined, so it does not change at this time in relation to banking operations with Iran.

On the other hand, Mr. Jebeily briefed the audience on the course of several meetings between the banks and the financial markets CMA in order to cooperate and coordinate in the implementation of the new systems and procedures.

He also announced the intention of the Association of Banks to do a workshop on Cybercrime in February 2016.

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**The Association of Banks in Lebanon organizes conference on "Strengthening the financial capacity" in collaboration with the Finance and Education Ministries**

The "National Conference on strengthening the financial capacity" held at the "Phoenicia" hotel, was organized by the Association of Banks in Lebanon in cooperation with the Ministry of Education and the Institute "Basil Fleihan economic and financial" with the support of the Organization for Economic Co-operation and Development, and was attended by representative of the Minister of Education and Higher Education Director General of the Ministry Fadi Yark, president of the Association of Banks and President of the World Union of Arab Bankers Dr. Joseph Torbey.

ABL president, Dr. Joseph Torbey, hailed "financial and banking sector, which operates amid declining economic indicators. He added that this is the price paid by the economy for the price of politics. Torbey called for "the cooperation of all sides to overcome obstacles and take required step, including the vote on the financial bills in the House of Representatives that concerning the status of Lebanon's international image". He said that "Lebanon has long been out of the list of non-cooperating countries in terms of money laundering," but pointed out that the parliament "did not approve yet legislative international treaties signed by over 100 countries all over the world.



He stressed that "financial institutions, including banks, have exceeded the alert phase concerning the importance of integration of the largest number of possible social groups in the financial sector. Torbey added that financial institutions, including some banks, have created special units dedicated to financing and aiding small and medium size firms. He reminded that Lebanese banks have contributed to the creation of Kafalat in 1999 in order to help SMEs in Lebanon to access financing from banks.

### **Loans to private sector in Lebanon one of the highest in emerging markets in terms to GDP**

Lebanon was ranked among the leading countries in emerging markets in terms of total credit lines given to the resident private sector and to an equivalence of 89.4 percent of the GDP, higher than the Emerging Europe, Middle East & Africa region's (EEMEA) ratio of 45 percent of GDP and Latin America's ratio of 42.5 percent of GDP, but lower than Asia's ratio of 125.2 percent of GDP, according to a leading international private bank.

Merrill Lynch said that Lebanon has the ninth highest credit-to-GDP ratio among 56 emerging markets, the second highest such ratio in the EEMEA region and the highest ratio among 12 Arab countries included in the survey.

Merrill Lynch estimated the non-performing loans ratio (NPL) in the Lebanese banking sector at 4 percent, lower than the EEMEA's ratio of 5.6 percent, and compared to NPL ratios of 3 percent for Latin America and 1.8 percent for Asia.

### **FDI inflows to Lebanon surges 6.6 percent in 2014**

Lebanon was able to entice more foreign direct investments in 2014 despite the difficult economic conditions and prevailing regional turmoil.

According to United Nations Conference on Trade and Development (UNCTAD), Lebanon's FDI last year soared by 6.6 percent to \$3.1 billion compared to from \$2.9 billion in 2013, and were almost unchanged from the annual average flows of \$3.15 billion between 2011 and 2013.

The steady inflows to Lebanon reflect the confidence of both Lebanese and foreign investors in the country although there are many challenges that the state must overcome to improve the state of the economy, according to observers.

Furthermore, FDI inflows in 2014 were below the annual average flows of \$3.6 billion during the 2008-2013 periods and came 23.3 percent lower than the peak of \$4.4 billion posted in 2009. Lebanon was the sixth largest recipient of FDI in nominal terms among 19 Arab countries, the eighth largest among 22 economies in the



Middle East & North Africa region, and the fifth largest among 12 countries in West Asia in 2014.

Lebanon posted the fourth largest increase in FDI inflows in the MENA region last year and the fourth largest among Arab countries with positive flows.

It was one of five countries in the region to see an increase in FDI inflows in 2014. In comparison, FDI inflows to Arab economies dropped by 7.7 percent year-on-year, those to MENA countries decreased by 13.6 percent.

The FDI inflows to Lebanon were equivalent to 6.2 percent of GDP in 2014.

### **Lebanon has the second highest gold reserves among Arab countries**

Lebanon remained one of the leading countries in the world in the size of gold reserves held by the state.

According to World Gold Council, Lebanon ranked in the 19<sup>th</sup> place in terms of gold holdings among 96 countries around the world.

Also, Lebanon ranked in seventh place among 67 non-OECD countries, while it came in second place among 14 Arab countries included in the survey. Lebanon held 286.8 tons in gold reserves at the end of May 2015.

Globally, Lebanon had more gold reserves than Spain with 281.6 tons, Austria (280 tons) and Belgium (227.4 tons); while it held lower reserves than Venezuela (361 tons), Saudi Arabia (322.9 tons) and the United Kingdom (310.3 tons). It ranked immediately ahead of Kazakhstan (203.4 tons) and behind Saudi Arabia among non-OECD countries.

The value of Lebanon's gold reserves was equivalent to \$11 billion at the end of May 2015, based on the gold price of \$1,191.4 per troy ounce that was published by the London Bullion Market Association.

The United States was the top holder of gold in the world with 8,133.5 tons, while Mongolia came in last place with 1.5 tons in gold reserves.

Lebanon's gold holdings were equivalent to 21.1 percent of the country's foreign assets plus gold reserves at the end of May 2015.

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