
03

PART III

HUMAN RESOURCES IN BANKS OPERATING IN LEBANON

I- BANKING POPULATION IN 2015

The human element occupies a crucial position in the development of the banking industry in Lebanon, and is a key factor in the vocational training in the improved work and increase of productivity. The development process has been set out on a number of pillars, including employment policies which have expanded over the past years towards the female element and university graduates, the continuous staff and cadre intensive training, dealing with all aspects of the banking business. This report includes a presentation of the most prominent data available for the employees in the Lebanese banking sector, commercial and investment banks in the year 2015. We address the breakdown of some of the criteria and characteristics, and then show the average income and the cost of the banks' employee in Lebanon, relying on the earning of a basic salary up to the total income which includes all benefits. We will conclude with some of the productivity indicators in the Lebanese banking sector.

The banking population distribution

By the end of 2015, the number of employees working in banks operating in Lebanon reached 24,638 distributed as follows: 20,478 employees in 32 Lebanese commercial banks - i.e. 83.1% of the total banks' employees; 2,661 employees in 9 Lebanese banks of major Arab shareholders; 424 employees in the branches of 8 Arab banks operating in Lebanon. There are 4 non-Arab Banks which employ 310 persons and 765 employees in the investment banks (16 banks which are all Lebanese joint stock companies). It is worth noting the amendments that occurred on the list of operating banks in Lebanon during 2015:

- **"Ahli International Bank s.a.l."** registered under n° 84 was removed from the official list of banks after its merger with Fransabank (n° 1), according to BDL decision n° 11926 dated January 8, 2015.
- **"Standard Chartered Bank s.a.l."** registered under n° 98 changed its designation to read "Cedrus Bank s.a.l. (n° 98)", according to BDL decision n° 11954 dated February 23, 2015.
- **"Warka Bank for Investment and Finance j.s.c."** registered under n° 131 was removed from the official list of banks according to BDL decision n° 12076 dated September 14, 2015.
- **"National Bank of Abu Dhabi p.j.s.c."** registered under n° 140 was removed from the official list of banks according to BDL decision n° 12121 dated November 4, 2015. It will be operating as a representative office of foreign bank.

The Lebanese banking sector continued to provide in 2015 more job opportunities despite the decline in the number of operating banks in Lebanon since it increased by 788 employees. The new recruitment in the Lebanese banking sector comes when other sectors are suffering from rising unemployment due to difficult local situation and the large influx of Syrian displaced workers and the competition they generate. The employment increase in the Lebanese banking sector can be attributed to several factors including the banks' higher volume of activities despite a slower pace growth in the last period, the increase of number of banks' operating branches which attained 1060 by the end of 2015 in addition to the diversity of services and the specialization in banking tasks, and the creation of units designed to deal with specific and sensitive themes that follow the development of the global compliance procedures such as the compliance unit and the consumer protection unit.

The banking population characteristics

For the distribution by gender, the share of women employees of the total banking population continued to rise up to 47% in 2015 (while it represented 46.5% in 2014) against 53% of men employees. The women's share in the banking sector exceeds the national female employment rate in Lebanon which is estimated at around 25%.

For family status, the percentage of single employees increased to represent 40% of the total number of the banking population by the end of 2015 (49.2% single female and 50.8% single male employees) after a downward trend registered for the last years (38.9% and 39.2% by the end of 2014 and 2013 respectively). This is most probably due to the recruitment of freshly university graduates to the sector. The share of married employees represented 60% -of which 54.5% males and 45.5% females- with a total number of dependent children reaching 21,074, with all the implications to banks in terms of family allowances, scholarships and other benefits.

For age brackets, no significant changes were registered between the end of years 2014 and 2015. The percentage of employees whose age does not exceed 40 years constituted 58.4% of the total number of the banking population at the end of 2015 (same as at the end of 2014). This age bracket follows its national level counterpart. The share of employees whose age varies between 40 and 60 years has slightly decreased to 35.1% by the end of 2015 (36.7% in 2014) of the total number of the banking population at the end of 2014, while the share of employees above 60 years old increased to 5.5% in 2015 against 5% at the end of 2014.

The distribution of bank employees by gender and within the different age brackets shows that the share of male employees exceeds that of female ones in all age brackets, except for the age bracket below 25, where the share of women reached 61.7%, i.e. the new employees within the sector are mainly women. This excess between the two genders increases with aging.

Distribution of bank employees by gender and age – End of 2015 (%)

	Below 25 years	40-25 years	50-40 years	60-50 years	Above 60 years
Male (%)	38.3	50.7	55.1	59.2	70.4
Female (%)	61.7	49.3	44.9	40.8	29.6
Total Number	2,085	12,297	4,791	4,117	1,348

The distribution of employees by gender over the different age categories reveals that nearly 63.5% of total banks female employees are below 40 years against 53.8% for male (64% against 53.7% at the end of 2014).

Distribution of male and female employees by age category – End of 2015 (%)

	Below 25 years	40-25 years	50-40 years	60-50 years	Above 60 years	Total Number
Male (%)	6.1	47.7	20.2	18.7	7.3	13,066
Female (%)	11.1	52.4	18.6	14.5	3.4	11,572

For job grades, we note that the detailed staff distribution by grade was not applied in some banks. However, we can give a brief idea of this new classification as the pertaining declared number of employees has reached 21,443 persons at the end of 2015, i.e. around 81% of the total number of the banking population, of which 78% classified as “Technicians” against 22% as “Cadres”. We remind that “Technicians” occupy jobs that need skills acquired by education, experience and training; and they have the ability to solve problems, to oversee a team work and to have flexible relations with customers. The “Cadres” are the persons that can handle jobs with bigger responsibilities, extensive knowledge, and leadership skills with the ability of decision makers. The female gender constituted 48.7% in the category of technicians and 43.3% in that of cadres.

For the level of education, the share of employees holding a university degree continues to significantly increase across the years to reach 76% of the total Lebanese banking population by the end of 2015 (74.8% by the end of 2014). This is partially due to the recruitment of university graduates in the sector. In fact, their number has increased by 880 employees by the end of 2015; 517 female and 453 male employees. In parallel, the percentage of employees’ holders of baccalaureate or its equivalent (less than a university degree) continued decreasing from 15.2% in 2014 to 14.4% by the end of 2015 of the total number of the banking population, and the percentage of employees who did not reach that level of studies has decreased to 9.6% in 2015 (10% in 2014).

The distribution of bank employees by gender and education level reveals that the share of women exceeds that of men among the holders of university degrees by the end of 2015; whereas the share of women holders of baccalaureate or its equivalent attained 41.1% and those a level below baccalaureate reached 17.5% against bigger shares for men employees.

Distribution of bank employees by gender and level of education – End of 2015 (%)

	Below the Baccalaureate level	baccalaureate level or its equivalent	University graduate
Male (%)	82.5	59.0	48.2
Female (%)	17.5	41.0	51.8
Total Number	2,365	3,559	18,714

The distribution of employees by gender and according to the level of education indicates that around 84% of bank female employees are university graduates, while those who have not reached the baccalaureate level represent less than 4% of the total number of female employees in the banking sector.

Distribution of male and female bank employees by the level of education – End of 2015 (%)

	Below the Baccalaureate level	baccalaureate level graduate	University or its equivalent	Total Number
Male (%)	14.9	16.1	69.0	13,066
Female (%)	3.6	12.6	83.8	11,572

Salaries, Wages and Benefits

In 2015, the total amount of salaries and various allowances allocated by banks to their employees reached LBP 1,795.4 billion against LBP 1,720.6 billion in 2014, increasing therefore by 4.3% against a higher increase of 8.7% in 2014. The increase in 2015, as in general, is due to the increase in the number of employees, the statutory annual raise, the contributions to the NSSF and other benefits according to the Collective Labour Agreement.

Therefore, the average annual cost of a bank employee reached around LBP 72.87 million in 2015 (i.e. LBP 6.1 million per month, on the basis of 12 months) against LBP 72.14 million (i.e. LBP 6 million per month, on the basis of 12 months) in 2014; an increase rate of 1%. Knowing that the salary level and the amount of allowances differ from one employee to another according to several criteria, among which, ranking, seniority, level of education, family status, bank policy on salaries, and bank category and size.

As for the distribution of **salaries and benefits**, the share of **salaries alone** represented 62.5% of the total cost in 2015 (61.3% in 2014). The total salaries amounted to LBP 1122.3 billion against LBP 1.055 billion in 2014, i.e. an increase of 6.3%. This increase is explained by the increase in the number of employees (788) and by the annual raise given by banks to their employees according to the Collective Labour Agreement. Therefore, the **average monthly basic salary** of a bank employee reached in 2015 LBP 2.85 million on the basis of 16 months (as stipulated in the Collective Labour Agreement) against LBP 2.77 million, on the basis of 16 months in 2014.

The Family allowances represented, as in 2014, 2.1% of the total cost paid by banks to employees in 2015, amounting to LBP 37.3 billion against LBP 36.1 billion in 2014, i.e. an increase of 3.3%. These allowances are first composed of contributions to the National Social Security Fund based on employees' salaries, and according to the Collective Labour Agreement in second, in addition banks pay in addition to the contributions required by NSSF, additional allowances for dependent child of 50%, and for the spouse of 75% of the respective amounts stated by NSSF regulation (LBP 33 thousand for one child and LBP 60 thousand for

the spouse). The additional allowances have increased by 1.3% in 2015 compared to the year 2014 and banks' contribution to NSSF increased by 4.3% in 2015 in accordance with the higher number of married employees and their benefiting children.

Bank contributions to **health allowances and maternity or what is commonly known as health insurance** represented 4.8% of the total cost paid by banks to employees in 2015 (same in 2014). The value of these allowances increased to reach LBP 86.7 billion in 2015 against 83.5 billion in 2014, i.e. an increase rate of 3.8%. These allowances include contributions paid by banks to the NSSF, knowing that the rate applied to that division is 7% of the employee's salary (2% deducted from the employee's salary), in addition to the surplus, which is not covered by the NSSF and granted by banks to their employees. Contributions have increased by 3.1% in 2015 in comparison with 2014 and surplus by 4.9%. This is due to the increase in the number of employees and their dependent children, and the increase of health allowance provided by the banks according to the latest Collective Labour Agreement, the cost of hospitalization and probably higher cases of sickness.

The **end-of-service indemnities** share stabilized at 13% of the total cost paid by banks to employees by the end of 2015, amounting to LBP 232.6 billion against LBP 225.8 billion in 2014, i.e. an increase of 3%. This is due to the increase of the number of newly recruited and the NSSF contributions while provisioning remains stable. It is worthy to note here that the contribution rate paid by banks to NSSF for end-of-service indemnities is 8.5% of the aggregate salaries subject to taxes.

The amount of **other benefits** paid by banks to their employees represented nearly 17.6% of the total cost (salaries and benefits) by the end of 2015. Their value amounted to LBP 316.5 billion against LBP 319.9 billion in 2014, i.e. a decrease of 1.1%. This decline is largely attributed to less transport compensation as a result of a lower daily price of gasoline. Other benefits include beside bonuses, education allowances (21.9% of total other benefits in 2015), transportation allowances (17.6%), cashier allowances, marriage and maternity allowances, representation fees, clothing, and others.

Education allowances: They reached LBP 69.4 billion in 2015 against LBP 65.7 billion in 2014, i.e. an increase of 5.6%. In fact, the dependent children of bank employees registered in private schools were 13,474 in 2015 and the allowances paid by banks to their employees amounted to LBP 50.608 million, i.e. an average of LBP 3.756 million per student (knowing that the scholarship according to the latest Collective Labour Agreement is set at LBP 3,500 thousand per student). The number of children registered in private universities was 2,972, and the allowances paid by banks to their employees amounted to LBP 17.504 million, i.e. an average of nearly LBP 5.890 thousand per student (LBP 5,500 thousand per student according to the latest Collective Labour Agreement). **These figures indicate that some banks are granting education allowances exceeding the amounts stipulated by the terms of the Collective Labour Agreement.** The number of children of employees registered in public schools was 193 in 2015, thus the total allowances paid by banks to their employees amounted to LBP 309 million, i.e. an average of LBP one million five hundred thousand per student which is nearly the amount per student stated in the Collective Labour Agreement. Parents of children registered in the Lebanese University (368 students in 2015) benefited from a total amount of

LBP 1.010 million, knowing that the amount stipulated in the Collective Labour Agreement is LBP 3 million per student.

Transportation allowances: Their value decreased from nearly LBP 64.9 billion in 2014 to nearly 55.6 billion in 2015, i.e. an average of 14.3%. Despite the increase in the number of employees, this is due to the decrease of the average price of 20 litres of gasoline at LBP 33,083 in 2014 to LBP 24,500 in 2015 as circulated by the Association of Banks in Lebanon to its members on a monthly basis, and in light of the global decrease of the average price of a barrel of oil.

It is worth noting that the Collective Labour Agreement, signed and revised on periodic basis by the Association of Banks and the Syndicate of Banks' Employees, sets the relationship between the administrations of bank members of ABL, on the one hand, and employees of banks in Lebanon, on the other. This agreement determines, in its various chapters and annexes, all that relates to allowances, benefits, indemnities, raises, leaves, medical care, salary scale, and different relevant topics. It also imposes the application of the new regime classification, and lately it has established the **Post-End-of Service hospitalization system** through a private insurance company or a Staff Solidarity Fund; to secure the deep commitment of banks and the Association to ensure the best living conditions to employees of the banking sector throughout their life. In the context of the current talks between the Syndicates of banks' employees and ABL's Social Affairs and Human Resources Committee regarding that System, the Syndicate agreed to introduce some amendments to the Staff Solidarity Fund bylaws in terms of promoting the principles of transparency and Corporate Governance, thus ensuring its implementation by independent auditors appointed by the Association. Banks were granted the liberty to choose adherence to this Fund in conjunction with the required reforms.

Productivity

Banks operating in Lebanon are seeking to increase the productivity of their employees by many means which are reflected through training and development of human resources, investment in fixed assets and staff related costs.

In terms of fixed assets, banks allocate large amounts of funds in the fields of information technology and communications, hardware, software, modern electronic equipment, and services to meet customer needs of fast and secure modern services, and to improve the internal work and reduce costs thus increasing productivity.

In terms of human resources, the development is based on the employees' in house training. The newlee recruited employees and cadres in the Lebanese banks, especially the large ones, are subject to extensive training, handling most aspects of the three banking businesses, namely technology, operations and banking management. This in house training to new employees in Lebanon is also expanded to those of the Lebanese banks that are spread abroad, such as in Syria, Jordan, Egypt, Turkey, Iraq and elsewhere.

Bank employees also participate in the training courses organized by the Training Department, which regularly and consistently tracks their activities since 1991 in the framework of the General Secretariat of the Association of banks in Lebanon. Courses themes are focused on

labour and tax legislations, application of the provisions of the Central Bank and the Banking Control Commission of Lebanon. It also includes legal aspects of operations and credits, their keeping records and covers in particular and intensively the fighting of money laundering, the terrorist financing, as well as topics of banking risks and funding foreign trade.

On the other hand, some bank employees attended in 2015, the banking classes at the **Higher Institute of Banking Studies (ISEB)** which was created according to Decree n° 9749 dated January 24, 2013 and published in the Official Gazette n° 4/2013. The Institute started its academic activities in 2013-2014 under the supervision of a joint Board of Directors, representing Saint-Joseph University and the Association of Banks in Lebanon. ISEB is eligible to deliver degrees and higher studies diplomas to its registered students. The Association and the USJ share its ownership equally.

In the context of keeping up the global developments and standards in the banking industry in regard to human resources, the Lebanese banks always commit to the content of the Central Bank basic circular n° 103 dated March 9, 2006, which determines the frameworks of the scientific, technical and moral qualifications required from the appointed staff that exercise certain functions in both financial and banking sectors. Banks must declare within a determined period of time the names, tasks and qualifications of eligible employees according to the said basic circular attachment. The acceleration of global developments in the banking industry imposes on banks the pursuit of their employees of specialized courses in several areas, including verification, anti-money laundering, terrorism financing (compliance) and US tax Law (FATCA).

Underscoring the already recognized high productivity of the Lebanese banking sector is its contribution to about 6% of gross domestic product or GDP in 2015[*], knowing that the sector employs a small share of the labor force in Lebanon. It also appears that the ratio of total assets, total deposits, and total capital as percent to the number of employees in the sector is improving and the ratio of net profits/number of employees is considerably increasing.

[*] = (sector salaries and benefits+profits/ GDP) in 2015: (2,839 + 1,795) / 76,518 = 6.1%

Employees' productivity indicators in the Lebanese banking sector

	End of 2012	End of 2013	End of 2014	End of 2015
Total assets/number of employees (million USD)	6.89	7.30	7.54	7.99
Deposits of clients/number of employees (million USD)	5.62	5.97	6.14	6.45
Total capital/number of employees (million USD)	0.60	0.66	0.71	0.75
Net profits/number of employees (000 USD)	69.62	70.89	70.99	78.96

Sources: BDL -ABL

II- ACTIVITIES OF THE TRAINING DEPARTMENT

01

General overview

Since its establishment within the General Secretariat at the Association of Banks in Lebanon (ABL) twenty four years ago, the Training Department continues to organize training programs for the employees of its banks and representative offices members. The purpose of these activities is to enrich employees' knowledge and competencies, develop their personal and professional abilities, as well as update them on the latest trends in the banking industry, thus, bringing the sector to higher echelons.

As in previous years, the Training Department has committed itself to execute its annual program as approved by ABL's Board of directors and published at the beginning of the year on ABL's website www.abl.org.lb under "Training Department" section and is updated when needed. Banks can communicate with the Training Department through this website, whether to register their employees in the different activities or to submit their comments and suggestions.

It is important to emphasize the growing role of training, since many years, in all aspects related to the banking, administrative and personal development fields. It is clear that banks look up to training as part of their social responsibility toward their employees, because of its direct or indirect impact on their customers.

During 2015, the training activities attracted almost 2626 participants. Throughout the 36 topics which have been covered this year, either as seminars of different types or conferences, the Training Department focused on the completion of subjects that were offered in previous years, such as Risk management, Internal audit, Taxation in Lebanon, and the Development of personal skills. Moreover, the Training Department developed some of the subjects found regularly in its training programs since many years, such as the Legal aspects of banking operations, Fighting money laundering, Loan contract, its guarantees and implementation, and Improving management skills of managers, supervisors and others. New themes were also introduced such as Banking contracts: drafting and content, IFRS 9 & implementation challenges, New electronic banking technology services. The Training Department has also organized two seminars on Taxation in Lebanon and Risk management, each included four or five different topics.

The Training Department participated in the preparation of a number of local and international conferences, the most important one being the National Conference on Financial Capabilities which was held in cooperation with the Institute of Finance Basil Fuleihan/Ministry of Finance, The Ministry of Education and Higher Education and the International Network on Financial Education (INFE) internalized within the Organization for Economic Cooperation and Development (OECD). It also participated during 2015 with ABL's President in the financial education for SMEs conference held by UBF (Union des Banques Francophones) in Brussels.

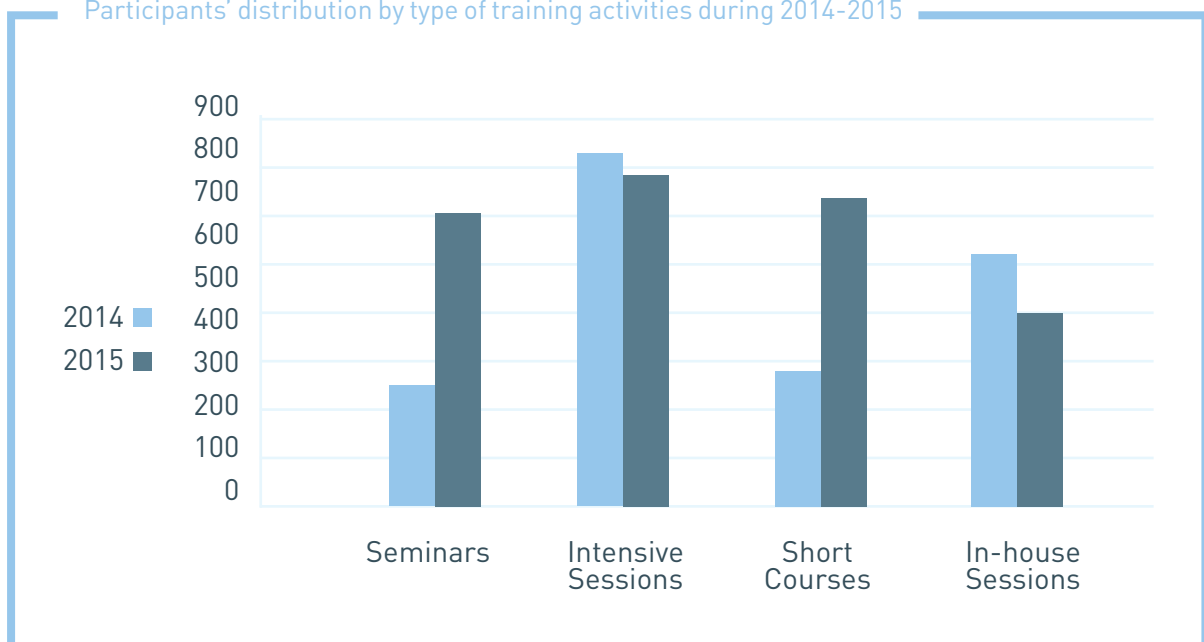
The cooperation between the Training Department and international organizations, public and private institutions, and local and international training centers in organizing training programs proves that ABL is keen to provide services to the banking sector with a non-commercial purpose.

02

Distribution of the Training Department activities

In comparing the distribution of participants by type of training activity, for the years 2014 and 2015, as shown in the graph below, we notice a similarity between the number of participants to the intensive training sessions and a disparity between the numbers of participants in the other types of training. During 2015, the number of participants to the seminars and conferences and to the short courses increased significantly compared to the numbers in 2014, whereas the number of participants to the in-house sessions decreased by almost one third the number in 2014.

Participants' distribution by type of training activities during 2014-2015



Hereafter the details concerning the content of the different types of training activities for the year 2015:

Seminars and conferences

Traditionally, these activities ranged between three to four hours, handled new or pressing subjects related to the banking industry and were organized in cooperation with local and international institutions. During 2015, the Training Department continued its cooperation with other parties to organize seminars and conferences and included the National Conference on Financial Capabilities within this category of training although it was organized for one day and a half.

During 2015, these activities attracted 700 participants, of whom 378 persons participated to conferences related to Fighting Money Laundering and/or Terrorism Financing issues, knowing that this subject took a great deal of importance in all the categories of training for this year.

Themes	Nb of persons	Nb of banks
Sanctions and Embargoes Program ¹	70	44
The future of Swiss Banking (FATCA implementation, automatic exchange of information, ...) ²	68	45
Fighting Money Laundering (4 sessions) ³	174	27
Fighting Money Laundering ⁴	40	1
Business Ethics and customer protection ⁵	56	32
The new cover of the cash boxes ⁶	58	39
Anti-Bribery and Corruption ⁷	64	38
Financial Capabilities ⁸	140	68
Fighting Money Laundering ⁹	30	1
Total	700	68

¹ in cooperation with "Deloitte & Touche"

² in cooperation with the Swiss Business Council Lebanon (SBCL) and the embassy of Switzerland in Lebanon

³ in cooperation with "Special Investigation Commission"

⁴ in cooperation with "Special Investigation Commission"

⁵ in cooperation with "Deloitte & Touche"

⁶ in cooperation with "BDL"

⁷ in cooperation with "Deloitte & Touche"

⁸ in cooperation with the "Institut des Finances - Basil Fuleihan"

⁹ in cooperation with "Special Investigation Commission"

Intensive training sessions and workshops

These activities aimed at developing the capacities of participants in the banking field through lectures and case studies. Each of these activities lasted one or two days.

In 2015, the Training Department focused on these activities which attracted 793 participants. They all had 7898 hours of training, which means an average of 9.96 hours per participant. In comparing with 2014 numbers, we notice a similarity between the number of participants (818 participants in 2014) and the number of training hours (7709 in 2014), even though this number increased on average by more.

It is remarkable that banks continued to participate intensely to the "Fighting Money Laundering" workshop held in cooperation with SIC for 179 employees divided in 9 groups. Also, they participated to the "Fraud auditing: detection & prevention" seminar held in cooperation with

the Hellenic Banking Institute which attracted around 80 employees. Moreover, 90 employees participated to the "IFRS 9 & implementation challenges" seminar. The Training Department also organized a seminar on "FATCA: current implementation challenges" in cooperation with two international audit firms. Finally, 88 employees participated to the "New electronic banking technology services: trends, security & regulations" seminar which included a part on "Cloud computing" taking into consideration the Lebanese laws and regulations.

Overall, the Training Department organized 26 intensive sessions that covered 14 different subjects during this year. And it cooperated with local and foreign experts to deliver these sessions. For instance, it cooperated with an international expert in internal audit who works for the training institute related to the Greek Banking Association to deliver the trainings on "Fraud auditing: detection & prevention" and "Risk based internal audit"; it also cooperated with a financial expert who works for the ATTF (Agence de Transfert de Technologie Financière) to deliver the "Private banking" seminar; and finally, it cooperated with AFGES, a French institution specialized in the fields of risk, accounting and auditing in banks to deliver a seminar on "Cost & profitability of bank services and products".

The table in annex shows the different subjects discussed as well as the number of training hours for each session, the details concerning the participants and their distribution by gender, seniority and grade.

Short courses

These activities aimed at training employees of all categories in different fields of the banking industry. The training was delivered in the form of courses and practical cases during afternoon sessions, twice or three times a week, over a period of one or two months. 728 employees participated to these sessions, among whom 66 attended the Banking English Training Program that is scheduled three times a year and for six knowledge levels. Two subjects were handled and repeated twice: "Taxation in Lebanon" which covered the fiscal stamp, the salaries and compensations taxation, the profit and interest taxation and the future trends in the Lebanese tax system; and the "Banking risks" which covered the credit risk, market risk, operational risk and capital & liquidity risk in addition to a general introduction about moving from Basel 1 to Basel 3.

Hence, the total number of groups that attended short courses is 25 and they covered 13 topics. Details about the number of sessions and the participants are shown in the table in annex.

In-house sessions

These activities aimed at assisting the training departments in banks to elaborate and organize specific training programs that suit their employees' needs. The number of participants to these sessions (405) decreased comparing to the previous year (627).

22 in-house sessions were organized, among which 3 sessions on "Training the trainers" don't show in the table in annex because the Training Department handled the preparation of the program, the choice of the trainer and the good execution only.

The workshop on "Fighting Money Laundering" was organized 16 times for 335 employees. Another topic was covered in the frame of in-house training concerning the "Legal aspects of banking operations" for 70 employees from 3 different banks.

03

Training hours

The statistics for 2015 show that the number of participants to the intensive, short courses and in-house training sessions reached 1926 persons, who were trained for 19167 hours, which means almost 10 hours for each one of them. This number decreased compared to previous years due to the drop of participation to the Banking English Training Program that is organized for 50 or 60 hours for each level.

We notice that the average number of training hours for the intensive sessions is approximately the same as the total annual average for training hours, and is 10 hours for each trainee. As for the short courses, the average number of training hours reached 11.62 hours whereas it reached around 7 hours for the in-house sessions mostly consisting of "Fighting Money Laundering" workshops which last 4 hours each.

04

Participants' characteristics

Except for the participants to the conferences (700), the Training Department collects statistical information about the participants' gender, grade and years of experience.

Distribution of male and female bank employees by the level of education – End of 2015 (%)

	Intensive sessions	Short courses	In-house sessions
Female	51 %	51 %	57.5 %
Male	49 %	49 %	42.5 %
Less than 5 years	23.5 %	38 %	20 %
5-10 years	29.1 %	30 %	15.6 %
More than 10 years	47.4 %	32 %	64.4 %
Total	100 %	100 %	100 %

We notice from the above table that the percentages of females (51%) and males (49%) participating to the intensive and short courses sessions are almost the same. As for the in-house sessions, the percentage of females is higher than the males' reaching 57.5%. If we compare these percentages to the participants' grade, we can assure that the females are present in all the job categories especially at the level of technicians and middle management.

It is important to highlight that employees with more than 10 years of experience are participating to training activities, although in different proportions depending on the subject and its importance to the bank. Mostly, people with more than 10 years of experience attend modern subjects or those related to risks. For instance, the workshop on "Fighting Money Laundering", "Fraud Auditing", "IFRS 9" and "FATCA".

05

Training evaluation

ABL's General Secretariat follows up the activities of the Training Department with great interest, through participants' comments filled on an evaluation form at the end of every training activity, and through the communication with the general management of banks to detect the direct and indirect effects of training activities.

At the end of 2015, it has been proven that a big number of participants have appreciated the selection of training topics as well as the trainers' performance. In fact, banks ask the Training Department to repeat some training sessions every year and some of them ask to organize in-house sessions for their employees under the supervision of the Training Department at ABL.

We would like to seize the opportunity to highlight the importance of the continuing cooperation between the banks' management and the General Secretariat at ABL for the choice of training topics, trainers and other subjects related to human resources management and development to activate their role as it has an important impact on the banks' productivity and growth.

06

The establishment of the Human Resources Development Department

In its continuous quest to better serve the banking sector and its human capital, the Association of Banks in Lebanon (ABL) has created in April 2016 a Human Resources Development (HRD) department.

This department aims to establish a permanent link between the Human Resources departments in banks and the latest trends in the banking industry and employment legislation. Its goal is to assist and support banks in implementing best HR practices and provide them with relevant statistical data and metrics while ensuring their compliance with HR resolutions, namely the Collective Labor Agreement.

Accordingly, the Human Resources Development department role will encompass the following sections:

- **Organizational Development**
Assist banks in designing talent management / succession planning, compensation, grading systems and performance management programs based on best practices.
- **Corporate Social Responsibility**
Assist banks in becoming more sustainable and socially responsible in addressing areas such as employees' wellness, energy use, waste reduction, carbon footprint, civic role, etc...
- **Training**
Keep organizing training activities (conferences, workshops, intensive seminars, short courses, internal training sessions...) for employees of the banking sector while covering all Lebanese territories, according to a training calendar agreed upon with ABL / HR committee and approved by the board of directors at the association. The purpose of these activities remains to keep up with the latest practices, legislations and regulations in the banking profession, as well as to raise the level of professionalism among the employees of the Lebanese banking sector, which consist one of the advantages that enhances its competitiveness.

Distribution of participants to the intensive training sessions,
short courses and in-house sessions (2015)

	Number of sessions	Number of participants	Distribution by gender		Distribution by seniority			Distribution by grade			Number of banks/ Financial Institutions	Number of training hours by session	Number of total training hours
			Male	Female	Less than years 5	5-10 years	More than years 10	Technicians	Middle Level Cadres	High Level Cadres			
Intensive Sessions													
Fraud Auditing: Detection & Prevention	2	79	47	32	14	19	46	60	9	10	30	14	1106
Presentation & Public Speaking Skills	1	16	8	8	5	5	6	14	1	1	8	14	224
Banking Contracts: drafting and content	1	37	12	25	12	10	15	23	5	9	17	14	518
Documentary Collection UR522	1	18	6	12	4	9	5	17	0	1	12	11	198
FATCA: current implementation challenges	2	95	40	55	20	29	46	69	8	18	46	7	665
Private Banking	1	32	17	15	8	10	14	24	3	5	15	14	448
Feasibility Study	1	31	13	18	10	17	4	29	2	0	12	23	713
IT Audit	1	42	34	8	10	13	19	34	3	5	28	14	588
Cost & Profitability of bank services and products	2	44	23	21	14	16	14	35	6	3	17	14	616
Investigating in suspicious money laundering operations (case studies)	9	179	60	119	44	40	95	153	22	4	40	4	716
Risk Based Internal Audit	1	25	14	11	6	11	8	20	2	3	13	14	350
Negotiation creating win-win agreements	1	16	8	8	3	6	7	15	0	1	5	21	336
New Electronic Banking Technology Services: Trends, Security and Regulations	2	88	57	31	22	26	40	65	14	9	25	12	1056
IFRS 9 & Implementation Challenges	1	91	49	42	14	20	57	52	11	28	41	4	364
Sub-Total	26	793	388	405	186	231	376	610	86	97	46	180	7898

Specialized Sessions	Number of sessions	Number of participants	Distribution by gender		Distribution by seniority			Distribution by grade			Number of banks/ Financial Institutions	Number of training hours by session	Number of total training hours
			Male	Female	Less than years 5	5-10 years	More than years 10	Technicians	Middle Level Cadres	High Level Cadres			
Legal Aspects of Banking Operations	1	33	16	17	9	10	14	30	0	3	9	21	693
Introduction to Taxation & New Trends	1	93	40	53	33	24	36	73	10	10	34	3	279
Fiscal Stamp	2	53	23	30	19	12	22	38	7	8	28	6	318
Profit and Interest Taxation	2	44	24	20	14	12	18	34	6	4	26	12	528
Salaries and Compensations Taxation	2	51	19	32	18	14	19	43	7	1	29	6	306
Credit Contract: conditions, guarantees and bank's responsibility	1	31	16	15	15	11	5	26	1	4	13	15	465
Financial Products & Derivatives	1	33	13	20	17	4	12	30	1	2	16	16	528
Introduction to Banking Risks: definition, measurement, analysis and management	1	127	67	60	51	46	30	116	10	1	31	4	508
Credit Risk	2	61	28	33	26	27	8	58	3	0	25	8	488
Market Risk	2	44	28	16	13	18	13	38	5	1	23	4	176
Operational Risk	2	49	27	22	16	15	18	44	4	1	26	4	196
Capital & Liquidity Risk	2	43	25	18	11	18	14	39	4	0	23	8	344
Developing English Language Skills	3	66	31	35	34	8	24	63	0	3	15	55	3630
Sub-Total	22	728	357	371	276	219	233	632	58	38	34	162	8459

Internal Sessions	Number of sessions	Number of participants	Distribution by gender		Distribution by seniority			Distribution by grade			Number of banks/ Financial Institutions	Number of training hours by session	Number of total training hours
			Male	Female	Less than years 5	5-10 years	More than years 10	Technicians	Middle Level Cadres	High Level Cadres			
Legal Aspects of Banking Operations	3	70	26	44	47	9	14	70	0	0	3	21	1470
Investigating in suspicious money laundering operations (case studies)	16	335	146	189	34	54	247	249	35	51	6	4	1340
Sub-Total	19	405	172	233	81	63	261	319	35	51	9	25	2810
Total	67	1926	917	1009	543	513	870	1561	179	186	90	367	19167

III- ACTIVITIES OF THE HIGHER INSTITUTE FOR BANKING STUDIES – ACADEMIC YEAR 2014 – 2015

The Higher institute for banking studies (ISEB) was established subsequently to the issuance of the ministerial decree n° 9749 that appeared in the official gazette on January 27th, 2013 as a partnership between the Association of Banks in Lebanon (ABL) and the Saint-Joseph University (USJ), where both parties are equally represented in its Board of Directors.

Under this partnership, the Higher institute for banking studies (ISEB) was enabled to take advantage of university experience in teaching and the expertise of professional association body in knowledge and techniques required to practice in the Banking field, so the graduates will have better access and integration in financial sectors and especially in banking without any need to long rehabilitation period of time specially because the courses program focuses on both academic and professional.

The registration in Bachelor's program had started during the academic year 2013-2014 and the Master program on 2014-2015. Moreover, the Institute continues to respect all the past commitments in the activities that were initiated by the Centre for banking studies (CEB) during last 46 years and its raison d'être has stopped since the ISEB started its activities. The institute has kept CEB archive and it will accomplish all the programs that have been started by CEB and they don't conflict with its missions.

Based on that, the ISEB had launched modern educational programs for Bachelors & Masters along with the needed skills in local and international financial sectors. These programs will be reviewed periodically along with the development in banking sectorial requirements.

For further information on the new institute, please visit our web site: www.iseb.usj.edu.lb
We summarize here below the activities as well as the current and future projects for the Higher Institute for Banking Studies (ISEB), and the activity of ISEB during the academic year 2014-2015 and its ongoing banking studies and future projects:

01

The Bachelor degree in Banking studies

Fifteen (15) students were registered in the 2014-2015 academic year; some of those finished the two semester's courses. Some students have continued the requirement of the second academic year after they have accomplished most of the requirements of the first academic year; while eight (8) new students registered for the first year in Bachelor degree of the 2015-2016 academic year.

As for students registered in the Specialized Banking studies Bachelor (60 credits), nineteen (19) finished all requirement and were the second promotion of acquiring the **Bachelor in Banking Studies**. It is worth mentioning that six (6) of those students had already another Bachelor degree in Economics, Finance or Business, so they only got 24 credits from the 60 credits to be achieved.

02

Specialized Diploma in Banking Studies, known in French as Diplôme d'Études Spécialisées de Banque (DESB).

Fourteen (14) students registered in the first semester of the 2014-2015 academic year; some of them have accomplished requirements of the first and second semesters. Some of those have continued the program of the second academic year. Sixteen new registrations for the first semester of the academic year 2015-2016 were counted.

The first promotion of the holder of Specialized Diploma in Banking Studies counted 15 students, while fourteen new students registered for the first semester of the academic year 2015-2016.

03

Follow-up of the Specialized Diploma in Banking Studies

Created in 1996, The Specialized Diploma in Banking Studies targets participants from baccalaureate to higher education, and is recommended to the new banks' employees. This program facilitates the integration of the candidates, and helps them promote their skills by updating their information related to banks' environment and new banking techniques. It has duration of three years for the Lebanese Baccalaureate holders and two-year duration for holders of bachelor degrees in Economics or Business Administration. The already registered students will continue the pre-set program during the academic year 2014-2015 under the ISEB supervision.

The number of registered students for the academic year 2014-2015 amounted to twenty employees for the first year curriculum, as shown in the following table:

Number of registration for the 2015-2014 academic year (by section)

Year	Section	Nbr. of registered	Nbr. of accepted
First	Arabic – French 13	13	
	Arabic - English	07	07
Total	A/E and A/F	20	20

The total number of students holding the DESB since 1998 / 1999 is 813 banks' employees.

04

Advanced Diploma in Banking Management, known in French as Diplôme Supérieur de Gestion Bancaire (DSGB).

Created in the year 2000, this program aims at rehabilitating competent middle managers and targets the officers with a global banking knowledge, enhancing their administrative and professional performance, and giving them the opportunity to adapt to developments and changes in order to better assume their responsibilities. The DSGB targets bank employees with a multilateral banking experience of more than six years and holders of a university degree (baccalaureate + 3 years minimum) or the Specialized Diploma in Banking Studies. The program duration is for sixteen months excluding the month of August.

The students who passed successfully the written and oral exams during the last five years have been summed to finalize their research papers in order to obtain the Advanced Diploma in **Banking Management**, knowing that ISEB management highly recommend the students to choose a subject that is directly linked to their banking profession, bringing improvement there. Some of these research topics are as follows:

- Corporate Governance in the Lebanese banks (example on a Lebanese bank);
- Corporate Social Responsibility (applied example in a Lebanese bank);
- Credit Risks (applied example in a Lebanese bank);

In that regard, the ISEB won't publish any paper that includes private or confidential information on the banks.

05

Program of Specialized Certificates

a- The "Credit" Certificate

As per the success of the previous Credit sessions organized by the Centre for Banking Studies, the ISEB had launched a similar session in 2015 after adding some modifications that occurred from the supervisory authorities along with international standards about credit operations and its risks.

This certificate consists in 2015 of 2 separate programs:

1) **Credit for Individuals and SME** (43 hours).

This certificate is composed of 2 parts.

- a) Credit for Individuals and SME (31 hours)
- b) Bad debt recovery (12 hours)

2) Credit for corporations (36 hours)

Those who want to follow the program of this certificate must have obtained the above mentioned first certificate. The participants of the 2015 session were distributed as follows:

Number of registration for the 2015-2014 academic year (by section)

Part	Date	Registered Number	Admitted Number
1-a-1 Credit for Individuals and SME (31 hours)	April 17 th - May 8 th	35	28*
1-a-2 Bad debt recovery (12 hours)	May 22 nd - 29 th	36	26*
2 Credit for corporations (36 hours)	June 12 th - July 8 th	28	24*

*Includes the number of candidates who presented the exam without attending the courses in 2015.

b- “Foreign Exchange” certificate

In cooperation with the Financial Markets Association of Lebanon, ISEB has organized a preparatory training session for the “ACI Dealing Certificate”, on markets and exchange operations, from September 15 till 18th, in the ISEB venue. Some 21 participants belonging to 13 banking organizations have participated knowing that the participants to the session can normally sit for an examination in accredited centers in different locations in Lebanon through the web.

c- Preparing candidates for “Lebanese Financial Regulations” exam

The ISEB has organized two preparatory specialized sessions to present the examination on “Lebanese Financial Regulations” along with the main Central Bank circular # 103. Many groups totaling 160 candidates from the banking sector were registered during the period September 1, 2014 till end of August 2015.

06

Current and future projects

The academic year 2015/2016 is full of new projects for the institute, starting by the inauguration of the second year program of Master degree in Banking studies and the third year of the Bachelor Degree in Banking studies. Furthermore, we continue to follow up the administrative process including the marketing efforts to inform holders of Lebanese Baccalaureate about the Bachelor program and to get potential candidates among the Economics & Business graduates for the Master degree that has been launched in September 2014, mainly for those who are employed in the banking sector.

