

Lebanon urged to develop plan to protect financial system from economic crisis

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BEIRUT: President of the World Union of Arab Banks, Joseph Torbey urged the Lebanese government and decision makers Tuesday to adopt a national work plan aimed at strengthening and protecting the financial and monetary system in Lebanon in the face of the global financial crisis, especially that the public debt in the country is increasing continuously. "The plan aims at maintaining sustainable growth and creating job opportunities which will improve the economic situation in the country and increase investors' confidence in Lebanon," he added.

His remarks came during a workshop held at Le Bristol Hotel in Beirut under the patronage of the central bank and organized by First Protocol with the cooperation of Bank Audi, to discuss the challenges facing Lebanese banks in light of the global financial crisis.

Torbey believes the adoption of such a plan should come as a preparation for a wider Arab plan that includes recommendations for the creation of a common Arab commission, whose aim is to observe the occurrence of future financial crises and work on investing funds in profitable projects, in addition to revising the supervisory structure which has proved to be extremely important in protecting organizations and stopping their owners from acting rashly.

He said that being part of globalization used to be an indication for economic growth in the past, "but what we can see today is that countries are working hard on putting an end to being part of globalization because open markets are the ones who have been mostly affected by the negative repercussions of the global financial crisis."

Central bank Governor Riad Salameh highlighted the importance of the decisions that came out of the G20 summit, saying it stressed on the role of the International Monetary Fund as an actor in this crisis and allocated up to a trillion dollars to it. "The main objective of doing so is to support East Europe because failure to save it will lead to a worldwide meltdown," he said.

Salameh added that the G20 summit asked the forum of financial stability to conduct meetings with the largest number of countries to reorganize the financial sector by supervising the investment funds and financial institutions. "We started this in Lebanon a long time ago and all of these institutions are under the supervision of the central bank and the Banking Control Commission," he said.

Salameh added that the summit has also asked the World Bank to increase the loan amounts to finance a huge number of projects in developing countries in particular, which will encourage governments to increase their spending.

Salameh said if the decisions of the G20 summit were implemented, this would bring confidence back to the markets. He also stressed on the importance of putting an end or limiting the financial rewards in the banking and financial institutions.

Freddie Baz, general manager of Bank Audi sal-Audi Saradar Group, said the financial crisis was worse than anyone could ever imagine, and was reflected in a comment by a JPMorgan adviser, who that he didn't see an end to this crisis before 2015.

Baz cited analysts' expectations to see 30 percent of the banks in the world being nationalized by governments in the years 2009 and 2010.

He said the Lebanese economy had shown great resilience in 2008, as reflected by transfers to Lebanese banks which have reached a record of \$16 billion. But he believed Lebanon was still a part of the global financial system, making it necessary to take measures to avoid the negative repercussions of the crisis.