



Between the New Governor and the IMF: A Path to Salvation?

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As the appointment of a new governor for the Central Bank of Lebanon took place, attention is once again drawn to this pivotal position at a critical moment in the country's history. The new governor is not facing a conventional crisis but a systemic one, with major challenges ahead, yet within them lies an opportunity to recalibrate the course.

Hopes are pinned on this appointment as a starting point for genuine reform, provided that it is accompanied by well-thought-out measures, modern governance, and a transparent vision that restores confidence in monetary and financial policies. Among the key expectations from the new governor are:

- **Determining the fate of banks' deposits with the Central Bank:** a clear and transparent detailing of these deposits is needed, specifying what actually remains available and what is usable. This would pave the way for a rational discussion on loss distribution and the launch of a sound restructuring plan.
- **Addressing the financial gap and restructuring the banking sector fairly:** which guarantees depositors' and banks' deposits and restores confidence in the financial system within a long-term vision.
- **Strengthening the relationship with the banking sector:** on realistic and transparent foundations that restore banks' natural role as a key financier of productive economic growth.
- **Maintaining the halt on direct financing of the public treasury:** as this protects the remaining reserves and ensures monetary stability while curbing inflation.
- **Safeguarding the independence of monetary policy decisions:** shielding them from political pressures and tensions, which enhances policies' credibility and reassures markets.
- **Confronting the cash economy and working to remove Lebanon from the gray list:** by enhancing confidence in the banking sector, cooperating with the Financial Action Task Force (FATF), and raising the level of oversight and transparency, thus, preventing the country from international financial isolation.
- **Constructive collaboration with the International Monetary Fund (IMF):** within a comprehensive reform plan that balances the Lebanese case with international requirements, opening the door to financial aid and investment inflows.

In this context, Lebanon's relationship with the IMF remains pivotal, as the international community now considers cooperation with the Fund a prerequisite for any future support. The IMF delegation to Lebanon has reiterated the need for a comprehensive reform strategy covering financial policies, banking sector restructuring, and improved transparency and governance.

Meanwhile, Lebanese banks have repeatedly expressed their full readiness to engage in any realistic and balanced reform plan that redirects the economy while safeguarding the rights of banks and depositors, away from populist and unfair decisions.

The appointment of Mr. Karim Souaid is an opportunity – one that should not be wasted – to move from stagnation to action and from crisis management to launching a path toward recovery. Will this opportunity be seized?

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.
