

## INTERNATIONAL BANK CONVENTIONS & LEBANESE BANKS AND EMIGRANTS

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# **PART I**

# **INTERNATIONAL BANK CONVENTIONS**

# INTERNATIONAL BANK CONVENTIONS

## REASONS AND OBJECTIVES

- **Reasons:**

- Terrorism
- Money laundering (corruption, drug trafficking, market manipulation, fraud, tax evasion)
- Financial Risk

- **Objectives :**

- Eliminate the Terrorism financing
- Combating money laundering
- Decrease Financial Risk

# INTERNATIONAL BANK CONVENTIONS

## UNITED NATIONS (UN) INSTRUMENTS/CONVENTIONS

- **Vienna Convention (December 19, 1988) - AML**
  - UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances
- **Palermo Convention (November 15, 2001) - AML**
  - United Nations Convention against Transnational Organized Crime

*« States Parties shall adopt such measures as may be necessary to enable the identification, tracing, freezing or seizure of any item referred to in paragraph 1 of this article for the purpose of eventual confiscation. » -article 12: confiscation and Seizure.*

- **Merida Convention (December 14, 2005) – AC**
  - UN convention Anti Corruption

# INTERNATIONAL BANK CONVENTIONS

## UNITED NATIONS (UN) INSTRUMENTS/CONVENTIONS

- **New York (December 9, 1999) - CFT**
  - International Convention for the Suppression of the Financing of Terrorism;
  - **Article 2**
    - 1. Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:
  - **Article 4**
    - Each State Party shall adopt such measures as may be necessary:
      - (a) To establish as criminal offences under its domestic law the offences set forth in article 2;
      - (b) To make those offences punishable by appropriate penalties which take into account the grave nature of the offences.

# INTERNATIONAL BANK CONVENTIONS

## EUROPEAN UNION (EU) INSTRUMENTS/CONVENTIONS

- **Strasbourg Convention (November 8, 1990) - AML**
  - Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime.
- **Warsaw Convention (May 16, 2005) - AML**
  - Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.
- **Council common position on combating terrorism (December 27, 2001) - CT**

# INTERNATIONAL BANK CONVENTIONS

## IAIS - IOSCO

- **IAIS International Association for Insurance Supervisors (IAIS), 1994**
  - The IAIS represents insurance regulators and supervisors of some 180 jurisdictions in more than 130 countries, constituting 97% of the world's insurance premiums.
- **International Organization of Securities Commissions (IOSCO)**
  - The protection of investors;
  - Ensuring that markets are fair, efficient and transparent;
  - The reduction of systemic risk.

# INTERNATIONAL BANK CONVENTIONS

## BANKING REGULATIONS

- **Basel I, II & III (1974)**

- "Basel III" is a comprehensive set of reform measures, developed by the Basel Committee on Banking Supervision, to strengthen the regulation, supervision and risk management of the banking sector;
- Sharing of financial records between jurisdictions in connection with the fight against terrorist financing.
- Last Basel III principles were issued in 2010

- **Wolfsberg Principles : AML & CFT**

- The Wolfsberg Standards consist of the various sets of AML Principles, as well as related Statements, issued by the Group since its inception;
- Last principles issued in 2014.



# INTERNATIONAL BANK CONVENTIONS

## MAIN CONVENTIONS

- **EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS**
  - Informal Network of 151 members
  - Expanding and systematizing international cooperation in the reciprocal exchange of information;
  - Increasing the effectiveness of FIUs by offering training and promoting personnel exchanges ;
  - Fostering better and secure communication among FIUs through the application of technology;
  - Fostering increased coordination and support among the operational divisions of member FIUs ; and
  - Promoting the establishment of FIUs in conjunction with jurisdictions with an AML/CFT program in place.

# INTERNATIONAL BANK CONVENTIONS

## MAIN CONVENTIONS

- **Financial Action Task Force (FATF – GAFI 1989 ) – AML & CFT**
  - The FATF is an inter-governmental body whose purpose is the development and promotion of national and international policies to combat money laundering and terrorist financing.
  - Forty Recommendations on Money Laundering
  - Nine Recommendations on Financing Terrorism
  - **Last meeting : Paris 12-14 December 2015 in presence of 200 jurisdictions and operational experts with special subject the financing of ISIL.**
  - **Last report : November 2015 to G20 leaders.**
  - **Meeting: 3 times a year**

**Lebanon is a part from MENA FATF**

# INTERNATIONAL BANK CONVENTIONS

## MAIN CONVENTIONS

- **Financial Action Task Force (FATF – GAFI 1989 ) – AML & CFT**

**November report to G 20:**

- Almost all jurisdictions have criminalised terrorist financing.
- Over 90% of jurisdictions have a legal framework in place to implement targeted financial sanctions.
- 27 Jurisdictions have expanded their their laws to combat foreign terrorist fighters - as required by UN SCR 2178, September 2014.
- Many jurisdictions implement UN targeted financial sanctions too slowly, making it more difficult to prevent asset flight.
- Two-thirds are not making practical use of targeted financial sanctions, which limits the effectiveness of these measures.

# INTERNATIONAL BANK CONVENTIONS

## MAIN CONVENTIONS

- **Financial Action Task Force**

- Last meeting : Paris 12-14 December 2015 in presence of 200 jurisdictions and operational experts with special subject the financing of ISIL.
- FATF will work closely with the UN, the Counter-ISIL Financing Group (CIFG), the Egmont Group, Interpol and other stakeholders.

- **Improving the exchange and sharing Information (Impact on Lebanon !);**

*“the FATF will take immediate actions to improve information exchange between government authorities, between countries and with the private sector”*

- FATF will adapt its strategy in order to better understand and reflect the changing nature of the terrorist financing risks;
- Next meeting : Feb 2016, the FATF will follow-up measures for countries will have not criminalised terrorist financing or don't apply targeted financial sanctions.

## **PART II**

# **LEBANESE BANKS AND EMIGRANTS**

## LEBANESE BANKS & EMIGRANTS

- Remittances consist of monetary and non-monetary transfers (named financial remittances) as well as ideas, values, and modes of action (named social remittances)
- More than 250 million people live outside their countries of birth;
- Total remittances in 2014 reached \$583 billion;
- Global remittances, are projected to grow by 0.4 percent to \$586 billion in 2015.
- Estimated remittances in 2016 and 2017 are respectively : \$610 billion and \$636 billion.
- The 2015 remittance growth rates are the slowest since the global financial crisis in 2008/09;

## LEBANESE BANKS & EMIGRANTS

- Different from capital flows and FDI, which are usually sent formally, financial remittances may be transferred by both using formal and **informal** channels
- In fact, it is extremely difficult to estimate the flows of money sent with informal operators or hand carried by individuals,
- The volume of these **informal** flows could be **at least 50 per cent** more than what the official estimates suggest (World Bank).



## LEBANESE BANKS & EMIGRANTS

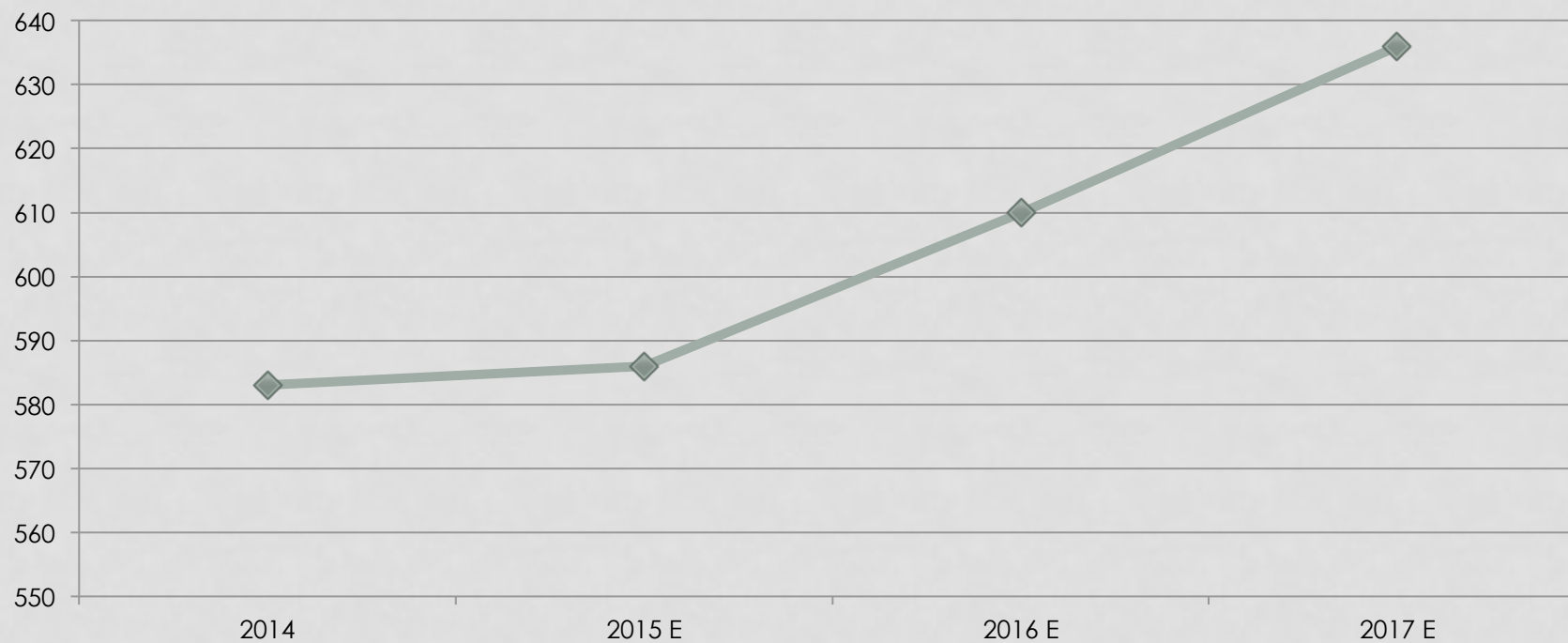
- Lebanon saw a 13 percent increase in remittances to \$9 billion in 2014, making it the world's 10th largest recipient for the year
- More than 60% coming from the GCC countries (Raed Charafeddine, dec15,2015);
- Remittances to GDP in Lebanon represents :
  - 14,9% to GDP in 2015
  - 15,4 % to GDP in 2014
  - 17,4 % to GDP in 2013
- **Conclusion:**
  - **A decreasing of remittances/GDP**
  - **A decreasing of remittance's growth**



# LEBANESE BANKS & EMIGRANTS

- Money Transfer Worldwide

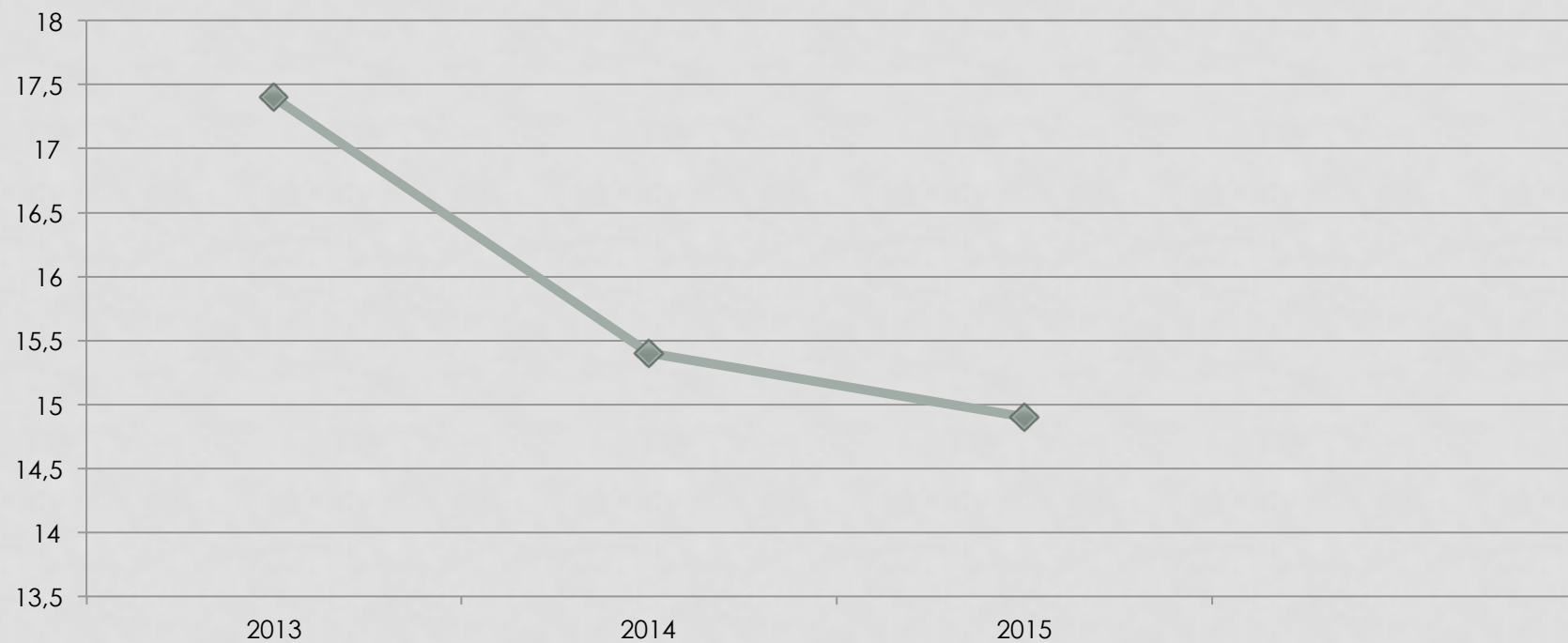
**USD bil**



# LEBANESE BANKS & EMIGRANTS

- Lebanese Money Transfer /GDP

**T/GDP**



# LEBANESE BANKS & EMIGRANTS

- Main reasons :
  - The price of petrol ;
  - The geopolitical situation ;
  - The real estate market.

# LEBANESE BANKS & EMIGRANTS

- The bank need to be close to the client ;
- Adopt different CRM (Customer Relationship Management)
- Personalize and diversify offers ;
- Focus on the youth skills and resources;
- Enhance the enterprise's relation and partnership ;
- Create more products and services ;
- Be competitive (the interest rate, etc.) ;
- Enhance and promote the investment in Lebanon ;
- Improve e-banking services ;
- Participate in a creation of a stock market ;
- Infrastructure & geopolitical challenges.