



الاتحاد الدولي للمصرفيين العرب
World Union of Arab Bankers

The International Arab Banking

Summit IABS 2010

Titled:

"From Crisis to Financial Stability' "

Chairman

World Union of Arab Bankers

Chairman

Association of Banks in Lebanon

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Excellencies,
Distinguished Audience,
Ladies and Gentlemen,

Under the auspices of H.E. the Prime Minister of Turkey -Mr. Recep Tayyip Erdoğan, it is both a pleasure and an honor for us at the World Union of Arab Bankers to collaborate with the Central Bank of Turkey, the Turkish Banking Association, the Banking Regulation and Supervision Agency and the Union of Arab Banks to hold the International Arab Banking Summit - IABS for 2010, here in the beautiful city of Istanbul, which highlights its role as an important financial center in the region.

In this context, allow me to commend on the supporting position of Turkey to reinforce relations with our Arab world. Our interest, as Arab Banks, to hold our International Banking Summit 2010 here in Turkey, is a clear expression of cooperation between Arab countries

and Turkey, to further build on the economic and friendship relations tying us, to the best interest of both parties.

This Forum gathers the leaders and experts of the MENA banking sectors to discuss a very important issue in our turbulent world: “The Crisis and Financial Stability.” And I hope that during the next two days, this forum will generate valuable discussions, and come up with helpful recommendations.

Ladies and gentlemen,

A series of worldwide unfortunate events, added to many inter-acting factors are causing this critical and unprecedented era of turbulences we are living. Although generally similar to other past global crisis, repercussions and worldwide consequences this time are much broader in perspective. What is mostly painful is not only the losses in trillions of dollars provoked, but the disastrous social repercussions resulting from losses of homes, incomes, savings, funds for education, and retirement savings that people worked hard all their lives

to earn. Social upheavals also followed, and standards of living in many countries fell back.

Noteworthy that this crisis, which started with the bankruptcy of giant Banks and financial institutions, is jeopardizing today the solvency of countries. The threat is not only imminent on country, but on a series of countries that were long considered beyond doubts, insolvency or distress.

What is even more dangerous is that banks and companies managed to be bailed-out by governments; while as any potential government bankruptcy will surely lead to dramatic implications on the people, due to wage cuts imposed, austerity measures taken, and tax increases, which are all factors that directly hit middle and low income classes, and lead to social tensions and riots.

Lessons learnt from the latest European financial crisis can be summarized by the dire need for governments to strengthen public finances, control unproductive spending, lower budget deficits, control public debt, and stimulate real GDP growth. All these cannot be achieved

without the implementation of structural reforms. Governments that are already heavily indebted and engage into more debts will not see their problems solved, but will benefit from extended periods to implement the badly needed reforms. And if we, as bankers, have learned anything from the crisis, it is that the effective supervision, implementation of good governance, risk and liquidity management, must be a priority in our banking and financial institutions, and supervisory authorities must observe prudential and vigilant policies.

Ladies and Gentlemen,

Amongst these complex and risky global turbulences, I would like to say a word about my country, Lebanon, which faces its own regional and internal challenges. Paradoxically enough, and despite the inter-connectivity of world financial markets, Lebanon has shown an impressive resilience to the crisis, owing to the sound, solid and efficient regulatory framework put in place by the Central Bank of Lebanon and its controlling arm, the Banking Control Commission, added to an open dialogue

with the Association of Banks in Lebanon. We all joined forces and rightfully avoided the looming hazards of the toxic investments. For this, Lebanon's system is now considered as a well tested and immune system against very severe stress scenarios.

We surely hold our annual summit under exceptional global financial circumstances. This is no doubt a time of remarkable challenges, but also a time of opportunities, to move ahead through these difficult phases on the international scene. I am convinced that sharing experiences is very important. We can learn from each others' lessons and benchmark our performances, as we come from various countries and nations.

Thank you for your attention, and I wish you all a great benefit from this Summit.