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ADNAN KASSAR

*Minister of State, President of the Lebanese Economic Organizations,
President of General Union of Arab Chambers, and Chairman
and CEO, FRANSABANK Group*



Mr. Adnan Kassir, a successful Lebanese businessman, holds a Bachelor degree in Law from Saint Joseph University in Beirut.

In 1972 Mr. Kassir was elected President of the Beirut Chamber of Commerce and Industry, a position he held for over thirty years.

Throughout the war years that Lebanon endured between 1976 and 1991, Adnan Kassir remained in Lebanon at the head of the private sector. He geared his efforts towards keeping Lebanon present in world meetings, symposiums, conferences, international fairs and exhibitions.

Adnan Kassir's strong belief in maintaining the unity of the Lebanese economy urged him to establish and develop a productive coordination and cooperation between all Lebanese Chambers of Commerce. This led to the establishment of the Federation of Chambers of Com-

merce, Industry and Agriculture in Lebanon. He has chaired this Federation since its foundation and succeeded in placing it at the forefront of the Lebanese economy.

What distinguishes Adnan Kassir is the respect and credibility he enjoys in the Lebanese, Arab and international business communities. This paved the way for Adnan Kassir to be elected Chairman of the General Union of Arab Chambers of Commerce, Industry and Agriculture for more than one term in the past and for a current term of two years. This came as a distinguished recognition for his continued contribution to the promotion of inter-Arab trade and investment and the establishment and development of the private sector in the Arab world. His diligent efforts have contributed to the creation of the Greater Arab Free Trade Area which will serve as a prelude for the establishment of the Arab Common Market.

Adnan Kassir's international relations, his leading role and long experience at the International Chamber of Commerce (ICC) based in Paris and present in over 140 countries, coupled with his contribution to the wellbeing of world business lead to his election as Chairman of the ICC; a position which he held for a two-year period (1999-2000).

Right from the beginning of his term, Adnan Kassir proved to be a skilled and able leader of this World Business Organization. He successfully expanded its international activities and increased its role as the only true representative body of international business. His efforts were also geared towards promoting the role of ICC in the world economy and increasing the private sector's contribution to global growth and social development.

In his private capacities, Adnan Kassir is the founder and a partner of

Adnan & Adel Kassar enterprises (A.A.KASSAR), a Lebanese based group of enterprises with activities in different economic sectors, and which is a leading investor in various sectors in Lebanon and overseas, managed through A.A.Kassar's various overseas subsidiaries.

Mr. Adnan Kassar and his brother Adel acquired in 1980, Fransabank, the oldest bank in Lebanon. Under the chairmanship of Mr. Adnan Kassar, Fransabank Group developed into one of the largest and leading banks in Lebanon, and the most prominent one with regard to its international affiliations. Today, Fransabank Group has over 100 branches in Lebanon, and a presence in France, Algeria, Sudan, Syria, Libya and Belarus.

In addition, Fransabank has several strategic alliances with leading international banks, financial institutions and organizations. Amongst these are Credit Agricole of France, DEG/Deutsche Investment and Development Group of Germany and the Public Institution for Social Security of Kuwait. Fransabank also has strategic business cooperation with the International Finance Corporation (IFC), the European Community for Investment Partners (ECIP), the Islamic Development Bank and the Arab Trade Finance Program.

Mr. Adnan Kassar, given his credible, strong and historic leadership in the Lebanese private sector, was appointed Minister of Economy and Trade of the Republic of Lebanon in October of 2004. The events that fol-

lowed the cruel assassination of Lebanon's former Prime Minister, His Excellency Mr. Rafic Hariri brought political instability, which has led to the resignation of the government of Lebanon in March of 2005. Again, in November 2009, Mr. Adnan Kassar was appointed Minister of State.

“In recognition to his distinguished and exceptional economic achievements on the Lebanese and international fronts, Adnan Kassar has been awarded several international decorations and official orders of merit.”



With HRH King Abdullah of KSA and Mr. Richard McCormick

*H.E. Mr. Adnan Kassar, Minister of State,
President of the Lebanese Economic Organizations,
President of General Union of Arab Chambers,
and Chairman and CEO, FRANSABANK Group*

expressed his insights and thoughts about significant issues on World Economy, Lebanese banking sector, the Lebanese Economic Organizations, and other cutting edge issues. The interview with H.E. Mr. Kassar was highlighted by his inspiring social and humane thinking and his remarkable patriotism.

1. THE YEAR 2009 WAS A YEAR OF UNCERTAINTY FOR THE WORLD ECONOMY. HOW DO YOU EVALUATE THE CURRENT ECONOMIC SITUATION IN LEBANON IN VIEW OF DOMESTIC AND GLOBAL DEVELOPMENTS? WHAT ARE THE PROSPECTS FOR 2010?

No doubt, the world economy witnessed over the past two years, and is still witnessing, the adverse repercussions of the recent financial crisis which was aggravated to become a global economic crisis. Today, many countries around the world are striving to stimulate economic growth, enhance their exports, attract foreign investments, combat inflation, re-balance public finances and lower debt ratios.

Lebanon has shown remarkable and robust resilience to current global financial and economic developments, and this is not the first time Lebanon remains immune from international crises in recent history. Owing to a strong and successfully managed banking sector, prudent regulatory and supervisory policies of the Central Bank, a firm-commitment to free-economy system, and a growing environment of political stability initiated mainly by the Doha Accord, the Lebanese economy has managed, once again, to transform the challenges of the recent international crisis into valuable opportunities for furthering growth and development.

In 2009, the country managed to grow at nearly 8%, similar to the one recorded in 2008. The inflation rate dropped to nearly 3.4%, up from 14% in 2008. The debt-GDP ratio declined from 186% to 153% during this period. The tourism sector has confirmed its strong growth, with the number of tourists increasing to 39% between 2008 and 2009, with revenues totaling USD 7 billion or 20% of GDP. The real-estate sales grew annually at 27% in 2009. The banking sector has remained a major driver of economic growth, with its assets growing at 22% to a total of USD 115 billion in 2009. The balance of payments recorded a substantial surplus of USD 6.3 billion in 2009.

In 2010, the country is expected to achieve further growth, with another 8%. This would be in the context of a growing political stability that the new government of national unity headed by H.E. Mr. Saad Hariri is thriving to achieve. The Government's Statement reflects a serious interest in enhancing the socio-economic conditions, fiscal balance, social safety nets, developmental needs, and people's living conditions. To fulfill the desired objectives, the Government is committed to carry on effective economic reforms, administrative reforms, privatization programs, create a better enabling environment for the private sector, upgrade and develop the investment climate, and seek to ratify and con-

sequently implement about 125 laws which were developed by the previous government and set to participate in the process of implementing Paris III reform requirements.

These directions and actions could pave the way for better economic prospects on all levels for Lebanon in the coming years, and advance its position among the world and region's economic maps.

2. IN YOUR OPINION, WHAT WERE THE MOST SIGNIFICANT ACHIEVEMENTS OF THE BANKING SECTOR IN YEAR 2009? WHAT ARE YOUR INSIGHTS FOR 2010?

Lebanon's banking sector has shown great resilience and flexibility to the global financial crisis and its negative effects that affected the banking sectors of many regions and countries in the world. This has been evidenced by attracting investment and capital to the financial sector in specific, and to the national economy in general. The effects of the crisis on Lebanon's banking sector remain virtually non-existent with domestic banks maintaining solid growth and profitability, and successful expansion in regional markets.

According to the latest official statistics of the Central Bank of Lebanon, the total assets of Lebanese banks increased to USD 115 billion, equivalent to four times the GDP as



French National Order of La Legion d'Honneur

compared with USD 8 billion only in 1993. In addition to the assets of Lebanese banks abroad, which are estimated at more than USD 40 billion, as well as a reserve owned by the Central Bank estimated at USD 28.6 billion in assets and foreign currency; along an approximate USD 10 billion the volume of the gold stock in Lebanon held by the Central Bank.

On another note, the ratio of net doubtful loans to gross loans further declined to reach its lowest level since more than one decade, reaching 1.4% in 2009 as compared to 2.1% in 2007.

Moreover, the Lebanese banking sector's growing deposit base is supported by recurrent capital inflows mostly from the large Lebanese Diaspora and foreign investors. This capital inflow is mainly constituted of remittances that amount to approximately USD 7 billion – the highest ratio for remittances per capita in the world.

The resilience and growth of the country's banking sector over the past years have been supported by prudent regulatory and supervisory policies of the Central Bank under the leadership of Governor Riad Salameh, Banking Control Commission, and Association of Banks. It is equally supported by the successful prudent and sound management of Lebanese banks in the context of do-

mestic and international regulations and best practices in the fields of compliance, risk management, financial transparency, and governance. This is in addition to the growing trust on the part of the international and regional economic communities in the strength and future of Lebanon's banks.

In 2010, we believe that the Lebanese banking sector could further its growth and overall performance. If the government runs a smooth and effective economic reform program, and if political stability sustains a strong momentum. The sector is well positioned to grow its assets, deposits, capital and profitability. It is positioned to maintain uninterrupted capital and investment inflows to the domestic financial sector and national economy.

3. WHAT INITIATIVES AND MEASURES ARE THE LEBANESE ECONOMIC ORGANIZATIONS UNDERTAKING TO ENSURE A POSITIVE ECONOMIC PATH FOR 2010 AND MAKE THE COUNTRY MORE ATTRACTIVE TO OVERSEAS INVESTORS? WHAT NEEDS STILL TO BE DONE?

The Lebanese economic organizations, representative of the private sector, have and still are striving to ensure a healthy and enabling environment for the business sector to

grow and prosper, to support the prime role of this sector in stimulating and driving overall economic growth. In this context, we have presented to the President of the Republic and the President of the Council of Ministers, following the successful formation of the Government of National Unity, a paper which reflects our vision on the persistent economic, fiscal and social issues facing the country and its people.

We believe that the Government should focus on four key areas, which we perceive very crucial for a better socio-economic setting. These areas are:

- i) Motivating and maintaining a solid growth and development of the national economy on sustainable basis;
- ii) Controlling and rationing public finances in the direction of reducing public deficits and debt ratios;
- iii) Establishing and developing appropriate social and human safety nets; and
- iv) Ensuring a sufficient level of education, medical care and better living standards for the people of Lebanon.

We equally stress the importance of activating the relationship between the public and private sectors and developing it to higher levels that could support the global reform process in its economic, fiscal and social dimensions in the short, intermediate and long runs.

We strongly believe that the current Government represents an unprecedented opportunity for Lebanon to detach the national economy from the fluctuations in politics and its implications, to shrink the existing gaps in the way both the public and private sectors operate, and to support and strengthen the competitiveness of Lebanon's economy in national, regional and international markets.



Announcing the start of "Adnan Kassab's Building for Arab Economy"



The Rio Branco Order



With past ICC President Mr. Maucher (left), and Vice President Mr. McCormick (right), cutting ICC's 80th anniversary cake



Meeting with H.E Mr. Ernesto Zedillo, President of Mexico, in Mexico

4. SINCE ITS ESTABLISHMENT IN 1921, FRANSABANK'S REPUTATION EXCEEDS EIGHT DECADES OF EXCELLENCE IN GLOBAL SERVICING, AS WELL AS IN ITS VALUABLE INPUT AND IMPACT ON THE COMMUNITIES IT SERVES. FRANSABANK HAVE SUCCEEDED IN MAINTAINING ITS COMPETITIVE EDGE THROUGH CONTINUOUSLY EXPANDING ITS ROLE WITHIN THE ECONOMY AND THE INDUSTRY AND BEING UP TO ITS CORPORATE RESPONSIBILITIES. HOW DO YOU MAINTAIN THE FRAMEWORK FOR SUSTAINABLE GROWTH AND SUCCESS?

FRANSABANK's legacy is built on a heritage of 89 years of professional development and growth. Established in 1921, it ranks number 1 on the list of banks operating in Lebanon indicating that it is the oldest bank in

the country. Its success is marked by its healthy growth evidenced by strong financial performance, sound strategic progress, continued operational success, and growing external recognition. Those long years of expertise and professionalism are based on a foundation of sound banking principles, guided by the Bank's deep-rooted values.

The last few years were marked by a quantum leap in FRANSABANK's expansion strategy which rotated around two main fully synchronized axes: an international and regional expansion axis on one hand and a local axis on the other. At the international and selective regional markets, FRANSABANK Group is currently present in eight countries in addition to Lebanon: Syria, Algeria, Libya and Sudan in the MENA region, France and Belarus in Europe and Cuba in the Americas. This net-

work of subsidiaries, associate banks and representative offices reflects the expansion strategy adopted by FRANSABANK over the past few years, which intended to further consolidate its standing and diversify its sources of income. FRANSABANK has been targeting promising regional and international markets, where it can bring added value to the countries it's operating at, the Lebanese business communities present at those markets, as well as the local operators and international investors operating in them.

At the local level, and other than the organic growth achieved through expanding the Bank's business activities, FRANSABANK focuses on the geographical expansion be it through selective Mergers & Acquisitions or new branch opening. In terms of local branches, FRANSABANK ranks first with over 100 branches dis-



Meeting with PM of Russia Federation, Mr. Yevgeny Primakov, in Russia



Meeting with President Thomas Klestil of Austria, in Austria

persed all over the nation. All this is to serve the Lebanese citizens and community at all aspects and all locations. The Bank's remarkable and exclusive presence in the Southern region, even at times of Israeli invasion and occupations, in fact marked a landmark of leadership and relationship with the people of the region there.

As for the financial highlights for the year 2009, our Bank has grown by 27.7% from 2008, with assets increasing to USD 10.80 billion in 2009. Our deposits have expanded by 26.1% to USD 9.01 billion, and our credits climbed by 34.6% to USD 2.31 billion. Our Capital base grew by 39.7% to USD 1.06 billion during this period. In addition, our net profitability has expanded by 18.03% to USD 104.26 million in 2009.

However and in today's world of banking we believe that true success is not only defined by operational achievement, but by the elevation and progression of the society in which a financial institution operates as well. By facilitating opportunities for growth and adequately addressing the needs of their clients, along with those of the entire community, banks play an invaluable role in providing communities with the tools to achieve sustainable prosperity.

Through our years of operation we

established our ideals and our goals on a promise that our efforts would have a positive and far reaching impact on our clients and on our country. To date, our journey as a business and as a contributor to society has resulted in much appreciated recognition and positive feedback from those who have been impacted by our efforts or have learned about them. We humbly accept this acknowledgement and seek to reaffirm our dedication to community and country, every day, via an even more proactive continuation of our corporate social responsibility agenda.

5. WHAT ARE THE MOST SIGNIFICANT PREPARATIONS AND ARRANGEMENTS TAKEN BY FRANSABANK TO ENSURE ITS COMPLIANCE WITH THE BASEL II STANDARDS?

FRANSABANK has always been committed to the highest level of transparency, integrity and ethics, which became the cornerstone of its culture and the conduit of its business. Subsequently, it developed and established an advanced infrastructure for Corporate Governance, Risk Management and Internal Audit for the Central Bank and Control Commissions' regulatory requirements.

In fact, FRANSABANK succeeded over the years to maintain a conservative and precautionary policy and

prudent management that insulated it from the effects of the global crisis. These practices include:

1. Staffing the related departments with knowledgeable management skills for HR techniques and technology
2. Maintain a high level of liquidity and a high capital adequacy ratio in accordance with Basel II requirements and abided by international standards on fighting money laundering, good governance and transparency.

6. WHAT DO YOU CONSIDER AS YOUR MOST NOTED ACCOMPLISHMENTS?

Thank God Almighty for blessing my endeavors with success. I had a vision where I want to be and a plan where I want to get, while keeping in focus where I am.

Throughout my career as a businessman, I have considered no challenge as too daunting or any obstacle as insurmountable. My self-belief has always assured that all things, in due time and effort, would come to pass, and my passion for work continues to make my on-going journey a pleasure. I have not only achieved personal success, but have also added value to the efforts of my peers in various economic and social platforms.



An Official Visit with late PM Hariri to China in June 2002



Meeting with H.E Mr. Victor Orban,
PM of Hungary, in Hungary



Meeting with Mr. Fidel Castro,
President of Cuba, in Cuba



Meeting with
Head of G8,
German
Chancellor Gerhard
Schroder,
in Germany



With Prince of Kuwait His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah



With French president Jacques Chirac



With UN Secretary General, Kofi Annan



Merchant of Peace (ICC)

I am proud of my heritage and feel and express a passionate ancestral connection to Lebanon's mercantile forefathers. Like those traders who made Lebanon an economic powerhouse in their day, I was always sought to promote peace, both in my nation and in the global arena, by championing the stabilizing benefits offered by economic prosperity. I believe whole-heartedly in augmenting the strength of the private sector, in further liberalizing Lebanon's economy and in reducing the government's role in my country's economic development. My contemporary views continue to be voiced with the hope that one day someone will heed my advice and, ultimately, affect substantial change for the pros-

perity of all Lebanese people.

During my 30-year presidency at the Beirut Chamber of Commerce and Industry and the Lebanese Federation of Chambers of Commerce, Industry and Agriculture, I worked diligently to thwart any political influences, which may have otherwise de-railed the chamber's noteworthy progress of unifying and strengthening Lebanon's business community. My conviction concerning the necessary separation of economics and politics has been reflected throughout the history of FRANSABANK and in the corporate culture of all my business enterprises.

In 2004, I was appointed Minister of

Economics and Commerce, but, even then I did not seek to make good politics my primary objective. Even though my valuable service was short-lived, I made a good impression on those who knew of my promising plans for boosting the Lebanese economy. I was prepared to lead my country in a new direction, a direction that would immunize the economy against the nation's unrelenting political turmoil.

Years after solidifying a significant domestic role for the Lebanese Chambers of Commerce, I won the position of Chairman of the Board of Directors of the Union of Arab Chambers. I chaired the Union in sincere support of fostering an Arab



During the 4th meeting of the China-Arab Joint Chamber of Commerce in 2001



Hungarian Republic's Order of Merit



Meeting with H.E Mr. Carlos Menem, President of Argentina, in Argentina

economic coalition and integration that contributes to the prosperity of all Arab state economies and especially, to the Arab League. I effectively pioneered the creation of the Great Arab Free Trade Area and paved the way for the establishment of the Arab Common Market.

I made history as the first Arab businessman elected President of the ICC. I quickly focused the ICC's efforts on assisting the developing and the least developed countries in benefiting from globalization while mitigating those countries' respective

risks. I also reiterated the call for peace and stability voiced by the ICC, as a precondition for development and prosperity.

Throughout my career of chamber leadership, I especially motivated Arab countries to pursue greater integration into the international marketplace by extending domestic investment opportunities to the international business community. Essentially, I am proud that I have changed the face of business in Lebanon and the Middle East, and my legacy as the first Arab businessman to lead the

ICC will always be remembered.

7. ON YOUR WEBSITE, THERE IS A QUOTATION THAT SAYS; "DO NOT GO WHERE THE PATH MAY LEAD, GO INSTEAD WHERE THERE IS NO PATH AND LEAVE A TRAIL". TO WHAT EXTENT THIS MOTTO PLAYED A ROLE IN YOUR ACHIEVEMENTS AND SUCCESS?

Well I have always believed and still believe that I have to do my business in places where I can make a differ-



ence and bring some added value. This passion, aided with a splash of luck, has demonstrated itself at a very early time in my business life.

In 1954 when the Korean War was raging, I was on a regular visit to Karachi to manage my new trade operations between Lebanon and Pakistan, when I met by chance with a Chinese business delegation there to purchase cotton. The delegation invited me to visit China, an invitation which I have accepted without hesitation and fulfilled without any delay. Travel then was a very tiresome endeavor, but I did not mind or allow it diminishing my determination. Transportation was primitive. But I succeeded to make it to China, the very welcoming business community. I fell in love with the country and the people, and I have made many business partners and friendships among high level public sector officials and prominent business personalities: friendships and relations which I still cherish till today and earned me the



Crans Montana Foundation Prize

nomination by the Chinese high authorities as the "Friend of the Chinese People" for over 50 years in 2007.

People who used to go to China from the Middle East to shop for their goods would be referred directly to

me – even King Saud of the Kingdom of Saudi Arabia ordered and bought the largest handmade Chinese carpet ever made through myself. And to this day, whenever Lebanon is mentioned in a Chinese ministry, my name is thoughtfully echoed.



With president Camille Chamoun in the Fouad Hasan Expedition

I have also proudly helped China become member of the ICC during my presidency term, and helped it as well join the WTO agreement.

8. DO YOU HAVE ANY ADDITIONAL ISSUES TO ACKNOWLEDGE OUR READERS WITH?

I have always conducted business with diligence, hard work, honesty and loyalty to my business partners.

I didn't leave Lebanon throughout all the circumstances that the country has witnessed and I have cared throughout my private and public positions to keep the Lebanese business community united and Lebanon present in all the economic events and fairs in the Arab region and the world.

Success is not a free base. Success is a function of determination, hard work, belief and strict adherence to

a set of values that should not be compromised irrespective of a business pressure or potential benefits.

On a personal note, I had the support of my brother Adel who is also my closest friend and partner of all my successes. I am very fortunate to have a wonderful wife and daughter. I am also blessed with three beautiful grandchildren. My brother's family is also my family.



With president of Tunisia Habib Bourkayba, in Tunisia



Meeting with President Rashid Karami



With late and current Presidents of Egypt Anwar Al Sadat and Husni Mubarak



With the President of Chad Francois Toumba El Bay



With Sheikh Boutros Khoury



with Nicolas Podgorny in a meeting of Arab- Soviet Chamber of Commerce in Moscow



During a landmark visit to West Beirut during Lebanese Civil War



Raising the Lebanese flag high during the inauguration of the new Chamber Building with PM Takieddine El Solh, 1974



The young President (center), 1971