

Prospects of Business Opportunities in Libya

*with reference to the
Financial Services Industry*

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Outline

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 - II. An overview of the banking system in Libya
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I. Introductory remarks

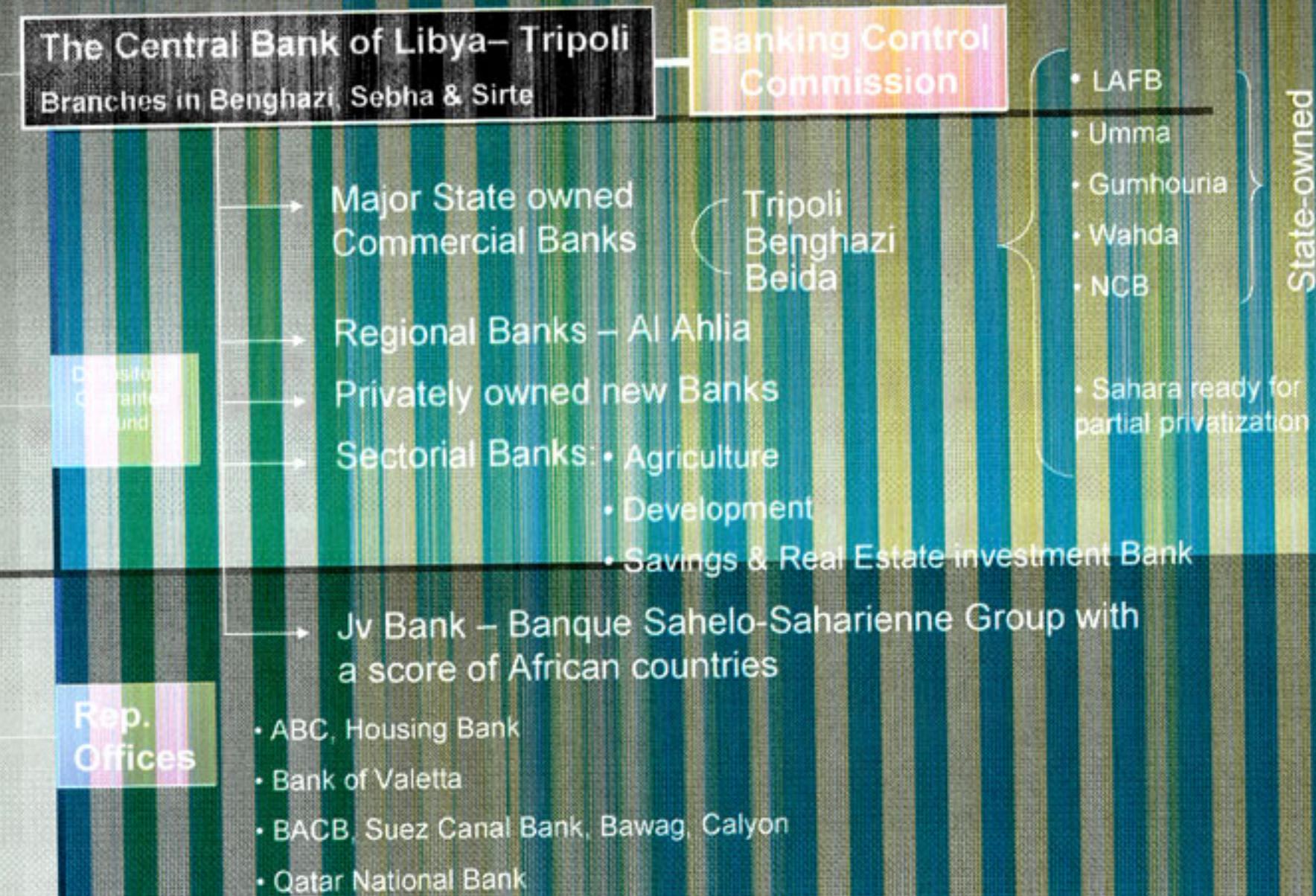
1. Acquaintances & contacts with Libyan banking executives
2. Two recent visits to Libya in April & May 2007
3. My BACB background
4. Banking & Academic exposure
5. A brief history of the Libyan banking industry

II. An Overview of the Banking System in Libya

In skeleton diagram:

The present banking system

The Present Banking System in Libya (financial institutions)



III. Reasons for Banking Reform

1. Overseas: fundamental forces of change, affecting financial services industry worldwide

- Deregulation
- Institution building
- Financial innovation
- Globalization

2. In Libya:

- Overture since 2003
- Government's plans for reform & economic liberalism
- to give chances to foreign banks & investors
- Law 2005
- Foreign Investment Law No.5

IV. Objectives of a Reformed Banking & Financial System

Ultimate Objectives of these reforms:

- Create trust & reputation
- Mobilize national savings within the banking system
- Invite International banks to benefit from this opportunity
- Encourage FDI
- Promote the integration of the business agents & sectors
(the Household sector, the Consumer sector, the SMEs, the SMIs, the state-owned enterprises & the Ministry of Finance)
within the Libyan economy for development & industrialization

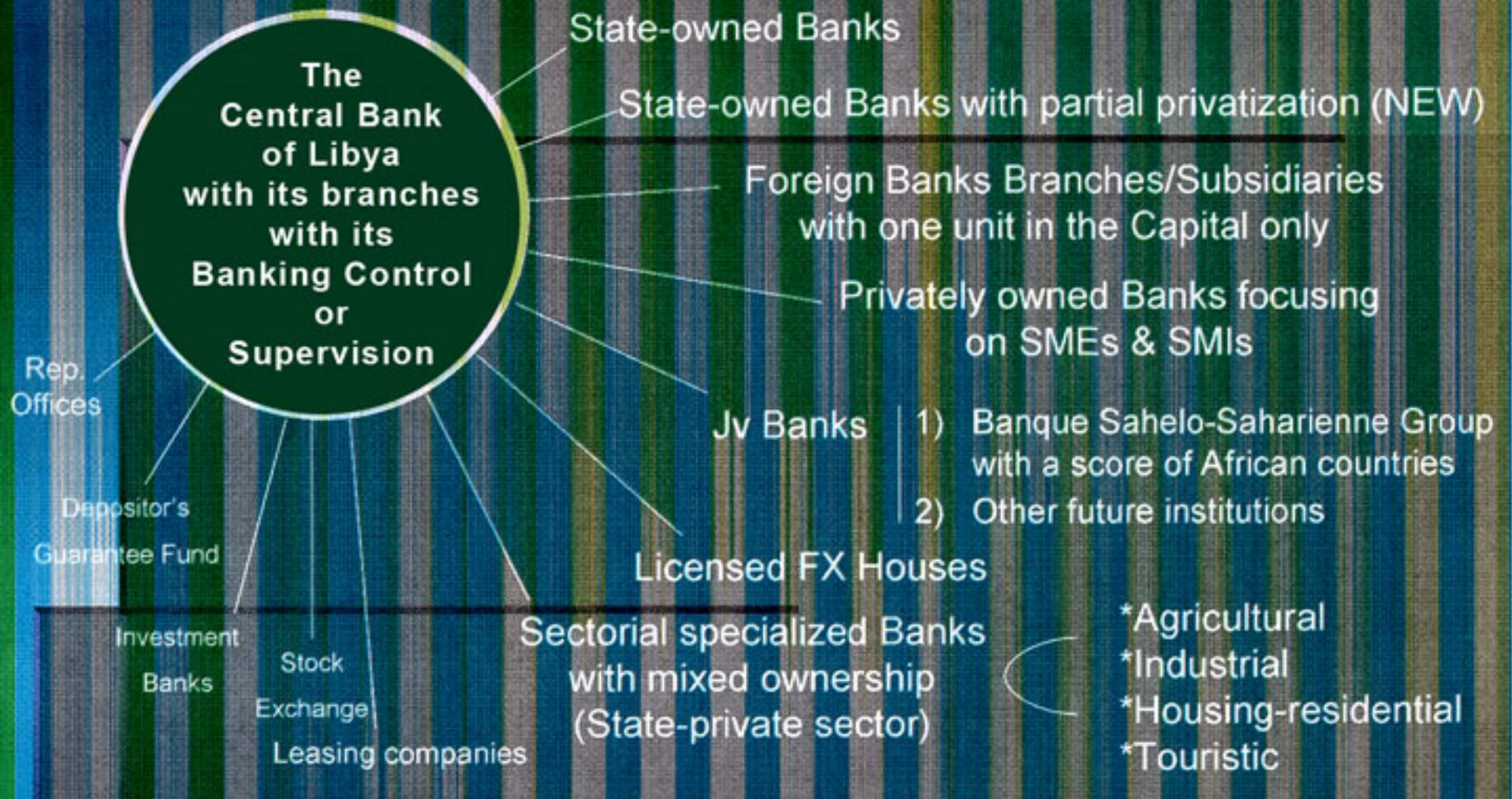
V. A Reformed Banking System for Libya

In skeleton diagram:

A Proposal

A Reformed Banking System for Libya

- A proposal



This new institution building requires:

- New laws & regulations
- Financial innovation & new banking products
- New payments systems
- The development of IT Technology
- Money & Capital markets

VI. Renewed International Interest to Invest in the Libyan Financial Services Industry

- Libya, an emerging market
- Opportunities offered & challenges facing foreign banking institutions
- FSI – the most regulated sector
- The business & economic expectations in a liberalized environment

VII. Hints, Guidelines & Avenues for Success

1. Acquire a full knowledge about Libya before you go in. Enter with a well developed business plan.
2. Go in with a complete package as a bank, viz. invest, operate & introduce innovation
3. Be committed for a long-term
4. Choose the most viable partners compatible to your vision & objectives
5. Adapt to local mentality, culture. Respect traditions & customs, if you want to establish long-term relationships.

VII. Hints, Guidelines & Avenues for Success

6. Create good relationship management for future Success
7. Encourage initiatives and management principles:
plan, control, compliance & risk management
8. Think for mutual benefits

VII. Appendix: Key Economic Indicators LIBYA

	2002	2003e	2004e	2005e	2006f	2007f
Nominal GDP, US\$bn ¹	21.51	23.64	30.03	32.31	34.20	35.97
Real GDP growth, % change ¹	3.8	3.7	6.6	6.0	4.3	3.6
GDP per capita, US\$ ¹	3954	4265	5316	5613	5831	6019
Population, mn ³	5.4	5.5	5.6	5.8	5.9	6.0
Consolidated budget balance, % of GDP ²	5.01	9.83	15.58	24.13	17.43	14.32
Lending rate, % eop ³	7.0	7.0	6.1	6.0	6.0	6.0
Exchange rate (LD/US\$, eop.) ³	1.20	1.34	1.34	1.34	1.34	1.34
OPEC basket, US\$b ⁴	24.4	28.1	35.7	50.6	51.3	50.0
Exports and re-exports (US\$bn) ³	10.4	14.1	19.3	27.9	28.4	27.8
Imports (US\$bn) ³	7.8	6.9	8.8	9.3	9.6	10.0
Trade balance (US\$bn) ³	2.6	7.2	10.6	18.6	18.8	17.8
Current account balance (US\$bn) ³	0.1	3.5	5.1	15.4	17.0	15.2
- % of GDP ²	0.6	14.6	17.1	47.5	49.8	42.3
Foreign reserves (ex gold, US\$bn) ³	14.8	19.6	25.7	26.5	27.3	28.1
Import Cover, months goods & services ²	19.8	26.7	29.3	28.6	31.3	28.9

e/f = BMI estimates/forecasts (Bold). Sources: 1 Central Bank of Libya, 2 BMI calculation, 3 IMF, 4 OPEC

**Thank you
for your attention**