

MARKETS

# Prospects of Business Opportunities in Libya

*with reference to the  
Financial Services Industry*

**Conference in Malta**

**Organized by EMCS-Malta**

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# Outline

- I. Introduction
- II. The Banking Situation in Libya for the past 10-15 years
- III. The reasons for banking reform
- IV. Renewed overseas interest in the Libyan financial services industry
- V. Hints, guidelines and avenues for foreign banks going into Libya
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# I. Introduction

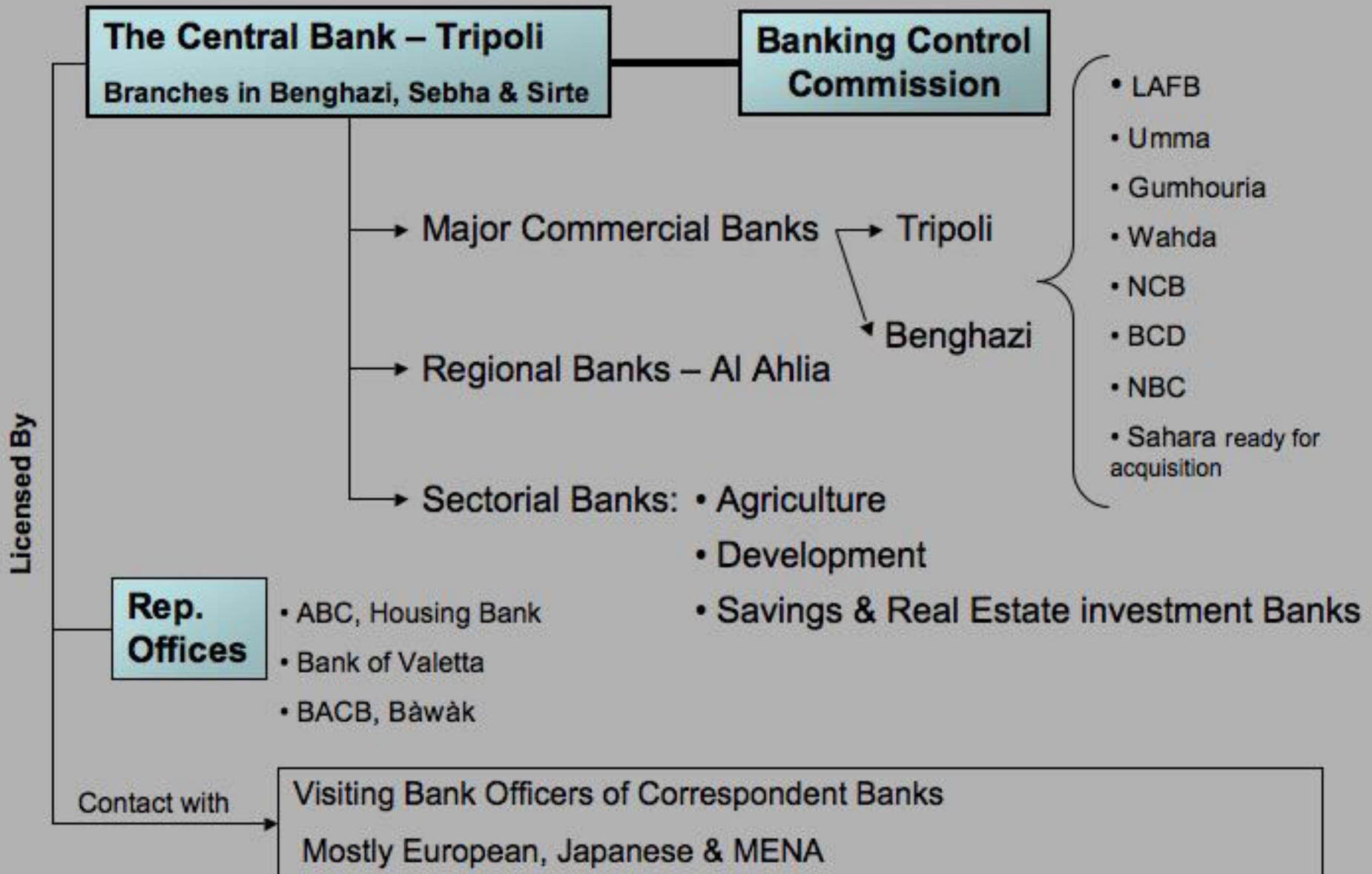
1. My knowledge of Libya
2. Acquaintances with Libyan expats overseas
3. BACB – Background
4. Banking/Academic experience

## II. The Banking Situation in Libya for the past 10-15 years

### • The banking System:

- The central bank
- Major banks operating in Libya
- Rep. Offices
- Correspondent banking relationship with overseas banks
- LAFB's interest in overseas banks over USD 1 billion in a score of countries: In Europe, MENA and African territories
- Why the recent reform initiatives

# The Banking System in Libya



# III. The reasons for banking reform

## A. The fundamental forces of change affecting the financial services industry worldwide:

shares

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- Regionalization & internationalization, known as globalization/ Niche markets
- New regulations, reregulation or deregulation
- Product, services & systems innovation
- Securitization

# III. The reasons for banking reform

## B. Changes required within international regulatory framework of the industry:

- From BASEL I to BASEL II
- Money Laundering regulations
- Other

## C. Libyan banking participation in the global markets place through LAFB & LAFICO

## D. The opportunities:

- The banking law of 2005
- The foreign investment law No.5 to attract capital investments

## **IV. Renewed overseas interest in the Libyan financial services industry**

- **New Foreign branches**
  - **It is reported that as of 10/5/06**
    - **Citibank – applied, not licensed yet**
    - **ABC – applied, not licensed yet**
    - **JP Morgan – applied – License under study**
  - **Capital Requirements: USD 50 million minimum capital**
  - **Capital Requirements in other MENA countries**
    - **Egypt: USD 85 million**
    - **Algeria: USD 32 million**
    - **Lebanon: USD 100 million**
    - **Syria: USD 50 million**



## **IV. Renewed overseas interest in the Libyan financial services industry**

- Foreign branches permitted to own shares in Domestic banks
- Foreign banks allowed to participate in privatization of state owned banks
- The Chinese style will best apply
- License allows full banking operations
- New correspondent relationships with overseas banks

## V. Hints, guidelines and avenues for Success

1. Acquire a full knowledge on Libya. Enter a well-developed business plan.
2. Go with a complete package as a bank:  
invest → operate → train  
Be committed long-term
3. Choose the most viable partners
4. Adapt to local mentality, culture. Respect traditions & customs, if you want to establish long-term relationships

## V. Hints, guidelines and avenues for Success

5. Create good relationship management for future Success
6. Encourage initiatives and management principles, control, compliance and risk management
7. Think for mutual benefits
8. Do not forget, all projects, rehabilitation, reconstruction or restructuring and new institutions building require financing and management

# Appendix: Key Economic Indicators LIBYA

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

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

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# Thank You

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INDICES