

PART III

**HUMAN RESOURCES
IN BANKS OPERATING
IN LEBANON**

At the end of 2020, the number of employees in the banks operating in Lebanon decreased by more than 2,500 employees, reaching 22,325 persons, compared to 24,886 employees at the end of 2019, meaning that the percentage of decrease exceeded 10% following a lower decrease of 4% in 2019 and a previous decrease of 0.4% in 2018. The growth rate in banking employment ranged between 2.5% and 3.1% annually in the period 2013-2017, when banks were employing numbers of specialists according to the evolution of tasks in some departments.

The decline in the year 2020 comes in the context of the decline in banking activity and the preparation for the stage of restructuring the sector, as a number of banks resorted to closing branches at home, so that their number decreased at the end of September 2020 (the latest available official data) to 1,054 branches compared to 1,080 at the end of 2019, and it is expected that more branches will be closed in 2021. Banking groups in Lebanon have also started looking to reduce their size by merging banking units within the same group and transforming them into divisions within the main bank. Moreover, in anticipation of the issues that banks are waiting for in terms of liquidity and solvency, and in implementation of BDL's circulars, some of them were forced to sell their active units abroad.

Banks are seeking to reduce operating expenses amid the decline in their activity and profits, not even after recording losses incurred as a result of their investments in Eurobonds and their deposits with the Banque du Liban, in addition to the expected losses from the loan portfolio to the private sector, after the Lebanese government announced that it would stop paying Eurobonds in March 2020.

Accordingly, banks have had to lay off a number of employees, and it is likely that the number of laid-offs will increase more in 2021, in addition to the number of employees leaving the sector, either because they reached the legal retirement age or because they preferred to leave work in advance for compensation or other reasons, most notably work abroad due to the deterioration of the purchasing power of their salaries.

THE BANKING POPULATION CHARACTERISTICS

In terms of **gender**, banking employment in Lebanon is characterized by attracting a high percentage of females, which amounted to 48.5% of the total in 2020 (compared to about 25% of the total workforce in Lebanon), with a male share of 51.5%. At the level of the **family situation**, the percentage of singles registered a further decline, as it constituted 32.8% of the total at the end of 2020 (34.4% at the end of the previous year), increasing in turn the share of married people to 67.2%. In terms of the **age pyramid**, the share of those under forty years still occupies the forefront of the total banking employment in Lebanon, despite its decline to 56.2% of the total at the end of 2020 (58.6% in 2019). It is interesting to note that the employees under twenty-five years decreased, in a clear indication that no new elements were hired in the sector.

The share of those aged between 40 and 60 years increased to 38.2% of the total employment at the end of 2020 (35.3% in 2019), while the share of those over sixty years decreased slightly to 5.6% at the end of 2020 (6.1% in 2019).

The distribution of bank employees by gender and within different age groups shows that the share of males exceeds that of females in the age groups of 40 years and above, while the percentage of females exceeds that of males in the age groups under forty years.

DISTRIBUTION OF BANK EMPLOYEES BY GENDER AND AGE

End of 2020 (%)

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years
Male (%)	39.0	47.7	54.0	57.3	66.2
Female (%)	61.0	52.3	46.0	42.7	33.8
Total Number	423	12,113	4,756	3,780	1,253

The distribution of employees by gender over the different age categories reveals that 61.0% of total female employees are below 40 years compared to 51.6% for male in 2020.

DISTRIBUTION OF MALE AND FEMALE EMPLOYEES BY AGE CATEGORY

End of 2020 (%)

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years	Total number
Male (%)	1.4	50.2	22.3	18.8	7.2	11,501
Female (%)	2.4	58.6	20.2	14.9	3.9	10,824

Concerning job grades in 2020, the “Technicians” represented 75% of the total number of the banking population, compared to 25% for the “Cadres”. With a reminder that “Technicians” occupy jobs that need skills acquired through education, experience and training. They have the ability to solve problems, to oversee a team work and to have flexible relations with customers. The “Cadres” are individuals who can handle jobs with bigger responsibilities and have extensive knowledge and leadership skills, and are able to take decisions. At the end of 2020, men and women employees are almost equally distributed in the Technicians category, while in the Cadre category the men’s share is bigger.

DISTRIBUTION OF MALE AND FEMALE EMPLOYEES BY AGE GRADE

End of 2020 (%)

	Technicians	Cadres
Male (%)	50.8	53.4
Female (%)	49.2	46.6

As for the level of education, the banking population in Lebanon is characterized by a high level of education. The share of employees holding a university degree exceeded 81% of the total by end 2020. The distribution of employees by gender and level of education shows that females share surpassed that of males in the university degree at the end of 2020.

DISTRIBUTION OF BANK EMPLOYEES BY GENDER AND LEVEL OF EDUCATION

End of 2020 (%)

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate
Male (%)	85.8	60.0	47.2
Female (%)	14.2	40.0	52.8
Total Number	1,645	2,561	18,119

The distribution of employees by gender and according to the level of education indicates that more than 88% of female bank employees are university graduates compared to about 74% of male employees.

DISTRIBUTION OF MALE AND FEMALE BANK EMPLOYEES BY THE LEVEL OF EDUCATION

End of 2020 (%)

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate	Total number
Male (%)	12.3	13.3	74.4	11,501
Female (%)	2.1	9.5	88.4	10,824

SALARIES, WAGES AND BENEFITS

In 2020, the total amount of salaries and various allowances allocated by banks to their employees reached LBP 1,838* billion compared to LBP 2,040.3 billion in 2019, decreasing therefore by 10%. This is due naturally to the decrease in the number of employees in the sector, and non-distribution of the annual raise and usual bonuses in 2020.

Therefore, the average annual cost of a bank employee reached LBP 82.3 million in 2020 (i.e. LBP 6.9 million per month, on the basis of 12 months per year) almost the same as the previous year. Knowing that this average level does not reflect the real amount earned by employees from different categories because the cost differs from one employee to another according to several criteria such as ranking and bank policy on salaries.

In 2020, the **salaries before taxes** amounted to LBP 1,206.5 billion (around 66% of total cost) compared to LBP 1,349.2 billion in 2019. The **average monthly basic salary** of a bank employee reached in 2020 LBP 3.4 million on the basis of 16 months (as stipulated in the Collective Labour Agreement).

By the end of 2020, **the Family allowances** amounted to LBP 36.6 billion (2% of total cost) compared to LBP 38.7 billion in 2019. These allowances are composed of banks' contributions to the National Social Security Fund (NSSF) related to employees' salaries, and the surplus paid by banks. According to the Collective Labour Agreement, banks pay the allowance designated by the Social Security (LBP 33 thousand for each child and LBP 60 thousand for the wife) plus an additional 50% for each dependent child and 75% for the wife.

Health allowances and maternity or what is commonly known as health insurance amounted to LBP 111 billion (6% of total cost) almost the same as the previous year. These allowances include contributions paid by banks to the NSSF, knowing that the rate applied to that division is 8% of the employee's salary (and 3% supported by the employee), in addition to **the surplus**, which is not covered by the NSSF and granted by banks to their employees.

The **end-of-service indemnities** amounted to LBP 173.4 billion (9.4% of total cost) in 2020 compared to LBP 222.4 billion in 2019. They include the contributions to the NSSF and provisions. It is worthy to note here that the contribution rate paid by banks to NSSF for end-of-service indemnities is 8.5% of the aggregate salaries subject to tax.

**Wages and allowances for one of the banks were calculated on the basis of the available data for the year 2019.*

The amount of **other benefits** paid by banks to their employees amounted to LBP 310 billion (17% of total cost) in 2020 compared to LBP 319 billion in 2019. These benefits include bonuses, education allowances (27% of total other benefits in 2020), transportation allowances (13%), cashier allowances, marriage and maternity allowances, representation fees, clothing, and others.

The average **school allowance** for the children of employees in the private schools and with special needs amounted to LBP 4.5 million, in the official schools to LBP 1.5 million, in the Lebanese University to about LBP 3.5 million, and in the private universities to LBP 7.6 million. These allowances correspond to what is stipulated in the Collective Labour Agreement.

On the other hand, there is no doubt that the transportation allowances decreased in parallel with the decline in the number of employees and the increase in the number of inactivity days due to the repeated closures for the prevention against the Corona epidemic, knowing that there was no significant change in the average price of 20 litres of gasoline circulated by the Association of Banks to members.

Finally, it must be reminded that bank employees, despite the difficult conditions, benefit from the allowances stipulated in the collective labour agreement that, for decades, contributed to provide professional stability and social security for thousands of the Lebanese workforce, and is the result of efforts among responsible in the Association of Banks and Syndicates committed to the interests of the workforce and ensuring their legitimate rights.

02-1

GENERAL OVERVIEW

A lot of changes were brought in 2020 in the whole world and at all levels because of the Covid-19 pandemic. Despite the hard and unusual circumstances, the Lebanese banking sector adapted to this new environment and the Human Resources Development department (HRD) at the Association of Banks in Lebanon (ABL) enhanced its e-learning platform to compensate for the lack of face to face training and to enable bank employees continue learning and be updated on the latest practices in their field of expertise.

The HRD department focused on three main areas in its activities within ABL: organizational development, corporate social responsibility, and training.

In the field of organizational development, the HRD department launched the "HR in Banks" project during the last quarter of 2020. This project covered all employees working in the banking sector at the end of 2019 and aimed at providing practical information that can be used by several entities to develop HR strategies and compare individual practices to the sector benchmarks.

Regarding its e-learning platform "ABL-eT", the HRD department developed a new design for its homepage and added new features and updates for the users. The "Anti Money Laundering" course was also updated and translated to Arabic, and the preliminary test as well as the final test were updated. Modifications were brought to the "Lebanese Financial Regulations" mock test and a number of new videos were added to the "MOOC" to enrich the users' knowledge in a wide variety of subjects related to banking. Also, an awareness video on Covid-19 was added on the homepage.

In the field of corporate social responsibility, the HRD department continued its efforts to achieve the three Sustainable Development Goals (SDGs) that they have pledged to since ABL joined the UN Global Compact: zero hunger, quality education and gender equality. And at the end of 2020, ABL employees took a humanitarian initiative by collecting an amount of money and donating it to the local NGO "Shreek" to buy consumable goods and distribute to needy families.

As for training, the HRD department cooperated with HR departments in banks to prepare its annual program. And this program was approved by ABL's Board of Directors and published on ABL's website: www.abl.org.lb under "Human Resources Development Department" section. But as the Covid-19 pandemic forced us to shift exclusively to e-learning, the HRD department focused on topics that are of high priority to banks and related to risk management, legal & regulatory framework, management, developing personal skills, information technology management & uses.

During 2020, 319 persons participated to the different webinars through ABL-eT. Six topics were covered this year as follows: Lebanon Prudential Measures and International Best Practices to Cope with the Impact of the Covid-19, AML/CFT, Four Useful Applications of Spreadsheets, Mediation Awareness for Bankers,

Re-Negotiating Contracts in Times of Uncertainty, Cybersecurity in Times of Duress. One in-house session for a bank was held concerning “Legal Aspects of Banking Operations”

02-2 DISTRIBUTION OF PARTICIPANTS BY TYPE OF TRAINING ACTIVITY

During 2020, 150 participants attended the webinars organized by the HRD, 169 persons participated to customized private courses of which 149 attended webinars.

Hereafter are the details concerning the content of the different types of training activities for the year 2020:

a- Seminars

In 2020, all seminars were delivered via internet and 150 persons participated to these webinars, of which 47 attended “Cybersecurity in Times of Duress” that was delivered in cooperation with Logica s.a.r.l. and number of specialists in the IT security and business continuity fields. Also, the participation was intense to the “Mediation Awareness for Bankers” webinar that attracted 42 participants and was delivered in partnership with IFC and the Lebanese Chamber of Commerce and moderated by a lawyer who is also a legal banking consultant and founder of Justicia. Moreover, 22 persons attended “Four Useful Applications of Spreadsheets” that was delivered by a business technology consultant and director at InfoConsult. A senior consultant and trainer with over 20 years of experience in academic, continuous education and talent development, presented the “Re-Negotiating Contracts in Times of Uncertainty” webinar to 18 persons. And a senior manager/group head of strategy & risk analytics at Credit Libanais discussed “Lebanon Prudential Measures and International Best Practices to Cope with the Impact of the Covid-19” with 10 persons. Finally, one webinar on “AML/CFT” was organized for a group of bankers in cooperation with the SIC.

All in all, the HRD department organized 6 sessions around 6 different subjects during 2020, all of them delivered through internet to avoid physical contact following the Covid-19 pandemic.

The table in the annex shows the different subjects discussed as well as the number of training hours for each session, the details concerning the participants and their distribution by gender, seniority and grade.

b- Customized e-private courses

In this context, the HRD department organized 15 sessions of the “AML/CFT” webinar in cooperation with the SIC for 8 banks and for a total of 149 participants.

c- Customized private courses

The HRD department organized the “Legal Aspects of Banking Operations” seminar for one bank for a total of 20 participants. All health and social distancing measures were taken into consideration to ensure the safety of all participants. The seminar was delivered by a lawyer who previously participated to many ABL learning activities.

02-3 PARTICIPANTS' CHARACTERISTICS

The HRD department collects statistical information about the participants' gender, years of experience and grade to read as follows:

	Seminars	Customized Private Courses
Female	58%	59%
Male	42%	41%
Less than 5 years	7%	28%
5-10 years	22%	23%
More than 10 years	71%	49%
Technicians	24%	67%
Middle level cadres	33%	30%
High level cadres	43%	3%
Total	100%	100%

It is clear from the above table that the percentages of females participating to seminars as well as customized private courses exceeded the males'. We noticed that employees with more than 10 years of experience participated to training activities, especially in subjects related to risk management, mediation, and information technology management and uses, considering their importance to them and to their banks. The participation of technicians to customized private courses was also noticeable.

02-4 OTHER ACTIVITIES

- **Organization of the international examination Certificate for Documentary Credit Specialists (CDCS):** the HRD department continued to supervise the CDCS international examination organized by the "London Institute of Banking and Finance" in Lebanon. In 2020, the CDCS examination was held on October 23 at the Association of Banks premises.

- **Follow up the European Banking Training Network "EBTN" activities:** *Mr. Bechara Khachan*, director of Human Resources Development at ABL, was elected board member for a three-year mandate (January 2020 till December 31st, 2022) during the General Assembly that was held in Frankfurt in June 2019. Thus, he attended the Board of Directors meeting that was held in January 2020 in Frankfurt. As for the other board meetings, he attended via internet in May, October and November. Also, he participated to two webinars on "Financial Literacy", the first was held in March and the second in May 2020, a webinar on "Best practices - e-learning technologies" in April, another webinar on "Best practices - Digital exam technologies" in May. Mr. Khachan also attended the EBTN Annual General Meeting virtually in June and a webinar on "The paradox of gender-neutral banking" chaired by EBTN president. Finally, in December 2020, EBTN organized a webinar on "Compliance in Banking" via Zoom and the HRD department invited Lebanese banks to attend. 28 persons from the Lebanese banking sector joined the webinar from 8 different banks.

DISTRIBUTION OF PARTICIPANTS TO THE SEMINARS & CUSTOMIZED PRIVATE COURSES (2020)

Themes	Number of sessions	Number of participants	Distribution by gender	
			Male	Female
Seminars				
Risk Management				
1- Lebanon Prudential Measures and International Best Practices to Cope with the Impact of the Covid-19	1	10	7	3
Legal & Regulatory Framework				
2- AML/CFT	1	11	4	7
Management				
3- Four Useful Applications of Spreadsheets	1	22	14	8
Developing Personal Skills				
4- Mediation Awareness for Bankers	1	42	21	21
5- Re-Negotiating Contracts in Times of Uncertainty	1	18	8	10
Information Technology Management & Uses				
6- Cybersecurity in Times of Duress	1	47	9	38
Sub-Total	6	150	63	87
Customized e-Private Courses				
7- AML/CFT	15	149	64	85
Sub-Total	15	149	64	85
Customized Private Courses				
8- Legal Aspects of Banking Operations	1	20	5	15
Sub-Total	1	20	5	15
Total	22	319	132	187

	Distribution by seniority			Distribution by grade			Number of banks/ Financial Institutions	Number of training hours by session	Number of total training hours
	Less than 5 years	5-10 years	More than 10 years	Technicians	Middle Level Cadres	High Level Cadres			
	1	1	8	2	1	7	6	2	2
	2	4	5	4	4	3	4	3	3
	4	4	14	11	8	3	7	1	1
	2	8	32	7	13	22	16	2	2
	0	2	16	5	2	11	6	1	1
	2	14	31	7	22	18	22	2	2
	11	33	106	36	50	64	22	11	11
	41	33	75	102	45	2	8	3	45
	41	33	75	102	45	2	8	3	45
	7	6	7	12	5	3	1	21	21
	7	6	7	12	5	3	1	21	21
	59	72	188	150	100	69	22	35	77

Against all odds and challenges the Institute of Banking Studies remain loyal to its mission of acting as the partner of the Lebanese Banks in their educational and training efforts, ensuring its high quality academic and professional education to dozens of well-motivated people in both of its French and English sections. It awarded its Bachelor degree to 15 fresh graduates and its Master's degree to 44 ones in four specialties:

- Risk Management
- Digital Banking and Financial Technology
- Retail and Corporate Credit
- Financial Markets.

Most of the Masters students are bankers (around 80%) and many of them have their tuitions paid or financed by their employers. In spite of the COVID-19 Challenges, they managed to attend their courses regularly, whether physically or online as these courses are normally scheduled three times a week from 5:00 p.m. to 9:30 p.m. over the duration of the program that extends over two years for full-time students. We strongly rely on the Lebanese banks and their social responsibility toward their best employees to take responsibility of their professional development and encourage them to join the ISEB Master's programs.

Effective May of this year, the Institute of Banking Studies signed a partnership agreement with AlManaar International, a respectable and well-known Holding Company in the Kingdom of Saudi Arabia to start proposing ISEB courses and workshops to the Saudi banking sector. Our Saudi partners are in the process of accrediting the ISEB courses and diplomas and we hope to start delivering (virtually) our programs in Riyadh as of September 2021.

