



**BOARD OF  
DIRECTORS  
REPORT**

**Part 3**

**HUMAN RESOURCES  
IN LEBANESE  
BANKS**

## 1

Just as in 2020, the year 2021 was not good for the employees of the banking sector, which suffered from the economic, financial and health crises, as all the other sectors in Lebanon. In fact, the number of banks' employees reached 18815 at the end of 2021 compared to 22325 employees at the end of 2020 (-3510 employees or -15.7%) and 24886 employees at the end of 2019 (-2561 employees or -10.3%). The number of employees started decreasing slightly in 2018 (-97 persons or -0.4%) and in 2019 (-1022 persons or -3.9%), knowing that the growth rate related to banking employment ranged between 2.5% and 3.1% annually during the period 2013-2017, where banks employed numbers of specialists according to the evolution of tasks in some departments. It is likely that more people will be leaving the banking sector during the coming period either because of lay-offs, or people reaching their legal retirement age, or because they prefer to quit work in exchange

of some compensation or other reasons such as finding a job inside or outside Lebanon due to the deterioration of the purchasing power of their salaries.

The statistical data on the total number of banks refers to 57 operating banks at the end of 2021 distributed as follows: 45 commercial banks and 12 investment banks. The commercial banks are distributed as follows: 30 Lebanese joint stock companies, 7 Lebanese banks of major Arab shareholders, 6 Arab banks and 2 non-Arab banks (after one of the branches of foreign/non-Arab banks ceased operations waiting for its liquidation in Lebanon). As for investment banks, three of them ceased their activities in 2021 without being removed from the official list of banks, as part of banking groups' strategy of reducing operational expenses by merging their units within one group and redirecting them into divisions within the main bank.

#### Distribution of banking population

	2016	2017	2018	2019	2020	2021
Total number of employees	25260	26005	25908	24886	22325	18815
<i>Difference (Number)</i>		745	-97	-1022	-2561	-3510
<i>Difference (%)</i>		2.95	-0.37	-3.94	-10.29	-15.72
Distribution as per banks' categories						
Lebanese Commercial Banks	23753	24648	24557	23554	21091	17651
Foreign/Arab Commercial Banks	708	515	513	490	484	440
Medium and long term credit banks	799	842	838	842	750	724

In 2021, more banks' branches were closed and at the end of the year, the number of operating branches in Lebanon was 914 compared to 1014 at the end of 2020 (-100 branch) and 1080 at the end of 2019 (-66 branch) and it is expected that more branches will close in the coming period. The number of ATM machines also declined to 1724 at the end of 2021 compared to 1874 and 2003 machines at the end of 2020 and 2019 respectively. Concerning banks' strategies in regards to spreading abroad, more banks went on selling their units as it happened during the previous year, thus, anticipating the entitlements awaiting them in terms of liquidity and solvency, and in line with Banque du Liban circulars. As a reminder, Banque du Liban imposed on banks, through circular 154, the increase of their capital by 20% and the alloca-

tion of liquidity with their correspondent banks equal to 3% of their total deposits as in June 2020.

Banks are seeking to decrease their operational expenses after the decline in their business and profits, even more after recording losses as a result of their investments in Eurobonds and their deposits in Banque du Liban, in addition to expected losses from the loan portfolio of the private sector.

Hereafter the details of the banking population characteristics and cost extracted from data obtained from 53 banks employing 16447 employees, which sent fully completed statistics, since 4 banks only provided us with the number of their employees at the end of 2021.

#### The banking population characteristics

In terms of **gender**, as it is well-known, banking employment in Lebanon attracts a high percentage of females that reached 48.1% in 2021 (compared to around 25% of the total workforce in Lebanon), and a male share of 51.9%. Regarding the **family status**, the percentage of single employees decreased further and reached 28.4% of the total banking population at the end of 2021, perhaps because of single people leaving the banking sector for better opportunities inside or outside Lebanon or because they don't have responsibilities as much as married people. In terms of the **age pyramid**, the share of employees under forty

years is still prominent despite its decline to around 53% of the total at the end of 2021 due to young people leaving the banking sector. The share of those aged between 40 and 60 years is 41% and the share of those over sixty years is around 6% at the end of 2021.

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

#### Distribution of bank employees by gender and age – End of 2021 (%)

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years
Male (%)	48	47	54	58	67
Female (%)	52	53	46	42	33
Total Number	162	8578	3897	2856	954

The distribution of employees by gender over the different age categories reveals that the percentage of females below 40 years exceeded the males in the same bracket by almost 10 points at the end of 2021.

#### Distribution of male and female employees by age category – End of 2021 (%)

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years	Total number
Male (%)	1	47	25	19	8	8541
Female (%)	1	57	23	15	4	7906

**Concerning job grades**, 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.

#### Distribution of male and female employees by age grade – End of 2021 (%)

	Technicians	Cadres
Male	51	52
Female	49	48

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 the end of 2021. 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 2021.

#### Distribution of bank employees by gender and level of education - End of 2021 (%)

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate equivalent
Male (%)	87	60	47
Female (%)	13	40	53
Total Number	1262	1928	13257

The distribution of employees by gender and according to the level of education indicates that more than 90% of female bank employees

are university graduates compared to about 73% 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 (%)	13	14	73	8541
Female (%)	2	10	90	7906

#### Salaries, Wages and Benefits

The average annual cost of a bank employee reached LBP 98 million in 2021 (i.e. LBP 8 million per month, on the basis of 12 months per year) as per statistics collected from 53 banks who fully completed the survey as stated before. This average cost 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, mainly the grading system and the salaries' policy applied in the bank.

### Evolution of an employee's average salary in banks (Thousands of Lebanese Pounds)

Year salary	Average monthly salary including family,	Average monthly salary including health and other allowances	Average monthly salary wage all allowances	Minimum in Lebanon
2016	3936	5477	6229	675
2017	4049	5658	6399	675
2018	4224	5916	6788	675
2019	4517	6087	6832	675
2020*	4504	6211	6861	675
2021**	4824	7265	8134	675

\* Salaries and allowances were calculated for one bank as per the statistics collected in 2019.

\*\* Average numbers collected from 53 banks who filled statistics in 2021 were adopted.

In 2021, the **salaries before taxes** amounted around 59% of the total cost and the **average monthly basic salary** of a bank employee reached LBP 3.6 million on the basis of 16 months as stipulated in the Collective Labour Agreement.

The **family allowances** amounted 1.8% of the total cost. These allowances represent banks' contributions to the National Social Security Fund (NSSF) related to employees' salaries, in addition to the surplus paid by banks. According to the Collective Labour Agreement, banks pay the allowance designated by the NSSF (LBP 33,000 for each child and LBP 60,000 for the wife) plus an additional 50% for each dependent child and 75% for the wife.

**Health and maternity allowances, commonly known as health insurance** amounted 5.6% of

total cost. 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 (versus 3% supported by the employee), in addition to **the surplus** granted by banks to their employees.

The **end-of-service indemnities** amounted 10.7% of the total cost. They include the contributions to the NSSF and the 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.

The amount of **other benefits** paid by banks to their employees amounted 22.6% of the total cost. These benefits include education allowances (22% of total other benefits), transportation allowances (23% of total), in addition to

cashier allowances, marriage and maternity allowances, representation and clothing fees, among others.

As for **education allowances**, the average amount for education allowances granted to dependent children registered in private schools and schools for students with special needs amounted to LBP 4.9 million, LBP 1.8 million for children in tuition-free schools, LBP 3.5 million for children in the Lebanese University and LBP 8.5 million in the private universities. Some of these allowances exceeded what is stipulated in the Collective Labour Agreement, referring that some banks increased these benefits to partially compensate employees for the tuitions' increase in private schools and universities.

On the other hand, there is no doubt that the transportation allowances greatly increased despite the decrease in the number of employees, as it was affected by going back to work

according to a normal schedule after several forced closures due to the Covid-19 epidemic during 2020. Also, the increase in the average price of gasoline, which is circulated by the Association of Banks to all members, following the gradual discontinuation of the fuel subsidy policy, going up from LBP 27,000 in January to LBP 319,000 in December, amounting an average price of LBP 111,500 for 20 litres of gasoline in 2021.

Finally, it must be reminded that bank employees still benefit from the allowances stipulated in the Collective Labour Agreement that contributed for decades in providing professional stability and social security for thousands of the Lebanese workforce. And we hope that these allowances will be reviewed in light of the significant deterioration in the economic situation and the purchasing power of salaries in the banking sector as in other sectors.

## 1

### General overview

2021 was an exceptional year on all levels due to the Covid-19 pandemic. During January, a total lockdown was imposed in the country and from February till mid-April, teams were alternating in the Association of banks offices to limit human contact as much as possible. Starting May, the Human Resources Development department (HRD) resumed its activities in the areas of organizational development, corporate social responsibility, and training.

In the field of organizational development, the HRD department extended the deadline for the “HR in Banks” project that was launched during the last quarter of 2020. This project covers all employees working in the banking sector at the end of 2019 and aims at providing practical information that can be used by several entities to develop HR strategies and compare practices to the sector benchmarks. Also, the HRD department conducted several meetings with banks’ HR managers to discuss components related to compensation and benefits in order to enable them develop strategies in their banks that would be needed considering the rapid changes taking place in the sector.

As part of ABL’s ongoing commitment to the banking sector continuous development, the HRD department revamped its Learning Management System “ABL-eT” that can be accessed inside and outside the office, in terms

of design and content. In May 2021, all banks’ HR representatives were trained to use the new LMS platform at ISEB premises (USJ – Huvelin).

In the field of corporate social responsibility, ABL is a member of the UN Global Compact since 2017 and has pledged to achieve three Sustainable Development Goals (SDGs): zero hunger, quality education and gender equality. At the end of 2021, ABL employees took a humanitarian initiative by collecting an amount of money and donating it to the local NGO “فلس الأرملة” to buy consumable goods and distribute them to needy families.

As for training, the HRD department cooperated with HR departments in banks and delivered its annual program which was restricted to topics that are of high priority to them due to the Covid-19 pandemic and the necessity to shift exclusively to e-learning and webinars. The chosen topics were mainly related to the fields of Risk Management, Legal & Regulatory Framework, Trade Finance & Documentary Instruments and Information Technology Management & Uses. Similar to previous years, a survey on training needs was conducted in November, which led to the 2022 training program that was approved by ABL’s Board of Directors and published on ABL’s website: [www.abl.org.lb](http://www.abl.org.lb) under “Human Resources Development Department” section.

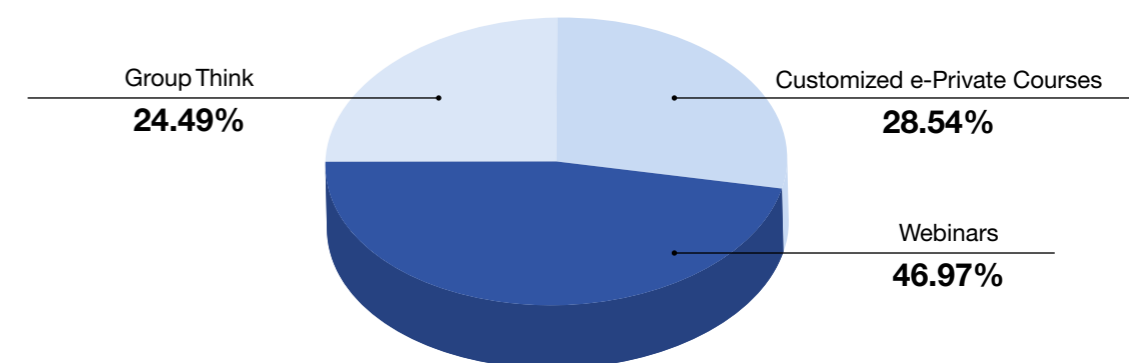
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### Distribution of participants by type of training activity

During 2021, 396 persons participated to the different activities organized by the HRD department. 186 participants attended webinars, 97 persons

participated to customized e-private courses and 113 persons participated to two Groupthink sessions.

### Distribution of participants by type of training activity in 2021



### Hereafter are the details concerning the content of the different types of training activities for the year 2021:

#### a- Webinars

In 2021, 186 persons participated to four webinars, of which 89 attended “Blockchain” that was delivered by Dr. Andre Gholam, managing director of Logica. 39 senior employees and managers attended “Road to Basel IV - Looking ahead to 2023” webinar delivered by Mr. Rodrigue Abi-El-

hesn, senior manager and Group Head of Strategy & Risk Analytics at Credit Libanais s.a.l., who shared his expertise and knowledge in this field with the participants. Four sessions on “AML/CFT” were organized in cooperation with the Special Investigation Commission (SIC) and Dr. Haytham Yassine, assistant deputy director, delivered

this webinar for a total of 38 participants. And finally, 20 participants were split into two groups to attend “New Rules Incoterms 2020” webinar delivered by Dr. Massoud Kantar, Head of Trade Finance Operations at BLOM Bank s.a.l.

All in all, the HRD department organized 8 sessions around 4 different subjects during 2021, 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 10 sessions of the “AML/CFT” webinar for 5 banks and for a total of 97 participants, in cooperation with the SIC.

**c- Groupthink sessions**

The HRD department organized two Groupthink sessions during 2021. The first one tackled “Bank-

ing Operations in times of Duress & Beyond” and aimed to share experiences among participants in facing the multiple challenges currently faced by banks. Dr. Andre Gholam, managing director of Logica moderated the session, with the participation of Mr. Adel Moubarak, Information Security & Business Continuity Manager at Fransabank s.a.l., Ms. Carole Abi-Saad, Head of Organization and Methods at First National Bank s.a.l. and Mr. Jean-Michel Kaoukabani, Head of Information Security at Byblos Bank s.a.l. 72 participants from 17 banks participated to this Groupthink session. The second Groupthink discussed “IT Operations Challenges: Can Outsourcing be a Solution?” and was also moderated by Dr. Gholam with the participation of Mr. Walid Abou-Assaly, IT & Security Officer, CME Offshore, ISACA Lebanon Chapter President, Mr. Abdo Chalhoub, EVP for EPMO and ICT Professional Services at Path Solutions, Mr. Marwan Khawand, CIO at First National Bank s.a.l. and Mr. David Soueidi, Senior Advisor at Saradar Bank s.a.l. 41 participants from 14 banks shared experiences about the challenges and problems faced such as staffing issues, payments in fresh dollars, lack of power... and discussed the opportunity of outsourcing all or some of these services.

**Participants’ characteristics**

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

	Webinars	Customized e-Private Courses
<b>Female</b>	46.24%	51.55%
<b>Male</b>	53.76%	48.45%
<b>Less than 5 years</b>	13.98%	4.13%
<b>5-10 years</b>	17.20%	19.58%
<b>More than 10 years</b>	68.82%	76.29%
<b>Technicians</b>	18.28%	12.37%
<b>Middle level cadres</b>	34.41%	32.99%
<b>High level cadres</b>	47.31%	54.64%
<b>Total</b>	100%	100%

We can conclude from the table above that the percentage of females participating to Webinars is lower than the males’ whereas it is higher for Customized e-Private courses. As for the years of experience, we notice that employees with more than 10 years of experience participated much

more than the others to the different training activities. Finally, the participation of high level cadres is noticeable this year, considering the choice of topics that were of high priority to banks and their management.

## Other activities

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- **Participation to the European Banking Training Network “EBTN” activities: Mr. Bechara Khachan**, director of Human Resources Development at ABL and a board member at EBTN participated intensively to EBTN activities. During February 2021, he attended a webinar on “Financial Literacy”. In March, he attended EBTN General Meeting and Board. At the end of April, he participated to the Extraordinary

Board meeting. On May 11, a webinar tackling “Payment Solutions in Digital Banking” was delivered to a large audience and an invitation was extended to Lebanese banks of which 38 persons attended. In June, Mr. Khachan attended another Board meeting as well as a webinar on “Environmental and Social Governance in Banking”. During September, he participated to EBTN Strategy Board meeting and to the FIN-

LICO meeting (Financial Literacy Committee). He also attended another FINLICO meeting on the 5th of November and finally on the 11th he attended EBTN membership meeting.

- **Participation to other international meetings:** Mr. Bechara Khachan attended UBF (Union des Banques Francophones) webinar on “Rôle des banques dans le soutien et la relance” that took on September 29th. He also participated to the UN Global Compact General Assembly that took place virtually on October 14th.

## Distribution of participants to the webinars & customized e-private courses (2021)

Themes	Number of sessions	Number of participants	Distribution by gender		Distribution by seniority			Distribution by grade		Number of banks/ Financial Institutions	Number of training hours by session	Number of total training hours	
			Male	Female	Less than 5 years	5-10 years	More than 10 years	Technicians	Middle Level Cadres				High Level Cadres
<b>Webinars</b>													
<b>» Risk Management</b>													
1- Road to Basel IV - Looking ahead to 2023	1	39	20	19	5	8	26	10	8	21	15	12	468
<b>Legal &amp; Regulatory Framework</b>													
2- AML/CFT	4	38	13	25	9	11	18	13	17	8	12	3	114
<b>Trade Finance &amp; Documentary Instruments</b>													
3- New Incoterms 2020	2	20	8	12	1	2	17	1	9	10	11	2	40
<b>Information Technology Management &amp; Uses</b>													
4- Blockchain	1	89	59	30	11	11	67	10	30	49	16	1	89
<b>Sub-Total</b>	<b>8</b>	<b>186</b>	<b>100</b>	<b>86</b>	<b>26</b>	<b>32</b>	<b>128</b>	<b>34</b>	<b>64</b>	<b>88</b>		<b>18</b>	<b>711</b>
<b>Customized e-Private Courses</b>													
5- AML/CFT	10	97	47	50	4	19	74	12	32	53	5	3	291
<b>Sub-Total</b>	<b>10</b>	<b>97</b>	<b>47</b>	<b>50</b>	<b>4</b>	<b>19</b>	<b>74</b>	<b>12</b>	<b>32</b>	<b>53</b>	<b>5</b>	<b>3</b>	<b>291</b>
<b>Sub-Total</b>	<b>18</b>	<b>283</b>	<b>147</b>	<b>136</b>	<b>30</b>	<b>51</b>	<b>202</b>	<b>46</b>	<b>96</b>	<b>141</b>	<b>16</b>	<b>21</b>	<b>1002</b>

Against all odds and challenges, the Higher Institute for Banking Studies remain loyal to its mission of acting as the partner of the Lebanese Banks in their educational and training efforts, ensuring a high quality academic and professional education to dozens of people having good knowledge of French and/or English.

A Bachelor's degree has been awarded to 15 new graduates and a Master's degree to 28 students 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. Despite of the COVID-19 challenges, they man-

aged to attend their courses regularly, whether physically or online, knowing that these courses are usually scheduled three times a week from 5:00 p.m. to 9:30 p.m. over two years for full-time students. We strongly rely on Lebanese banks and their social responsibility towards their best performing employees to take responsibility for their professional development and encourage them to join ISEB Master's programs.

In May 2021, the Higher Institute for 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 both the Saudi banking and business sectors. Our Saudi partners are in the process of accrediting the ISEB courses and diplomas and we hope to start delivering our programs in KSA as of September 2022.