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## Who will become BDL Governor?

**Tall order for the incoming leader**

Appointment expected before the end of March



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## **Who will become BDL Governor? Tall order for the incoming leader**

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**A** new Governor of the Central Bank (BDL) is expected to be appointed this month, according to Minister of Finance Yassine Jaber. "The new governor must enjoy a good reputation and an extensive experience and he must be renowned and must have a track record in the financial and monetary fields," he said. "He would have to present a monetary plan and address the issue of deposits. Once that is done, the creditors' issue will be addressed, with banks being instructed to postpone addressing the creditors' issue until around 2028." The current mandate of BDL's Central Council expires in June of this year.

The Council of Ministers will issue a decree naming the new Governor upon the proposal of the Minister of Finance for a renewable six-year term. It is also assumed that the new governor will need to be cleared by the US Treasury Department which has been for many years looking closely at the financial sector in Lebanon and its various stakeholders. Ten days upon the expiry of the former governor's mandate, Riad Salameh, the Treasury's Office of Foreign Assets Control (OFAC) designated him for sanctions.



The next governor, along with BDL's Central Council which he heads, will face several major challenges in order start regaining trust and be able to devise and implement policy.

### **1. Reform**

Deep financial reforms are being expected by the public, major stakeholders, some political factions, and especially international donors and watchdogs, all of whom have conflicting agendas and interests. Reform is required inside BDL, as well as in other parts of government – many of them are interlocked. Reforms inside BDL will necessitate enhancing its transparency and accountability standards that include publishing detailed accounts of the bank.

### **2. Confidence**

The unresolved issue of frozen bank deposits remains a major concern. The new governor must address the restructuring of the banking sector, including how and if losses are distributed, and whether depositors will recover all or part of their funds. This is also an area where the government's position is paramount. The new governor will have to address the issue of the Central Bank's negative equity position.

### **3. Independence**

BDL has long been used to finance state deficits, and patronizing and funding various agendas and interests of political parties, banks, and other influencing actors. The new governor will have to endeavor to safeguard the independence of BDL in order to enable it to perform its statutory functions. This will include maintaining the current policy of refraining from funding the State.

### **4. IMF**

Negotiations with the IMF are set to resume. Both the government and the fund have expressed a desire to find new ground rules. BDL will play an important role in these negotiations. In past rounds, it log jammed with the other members of the Lebanese delegation as well as with the IMF. The IMF conditions are likely to increase in number and depth, but also include reconsidering the adoption of measures that would lead to haircutting deposits. The new governor must work closely with the government to ensure a unified approach in negotiating and dealing with the IMF.

### **5. Gray List**

The US Treasury, the FATF, and other watchdogs will expect the new governor to take serious steps against money laundering and terrorist financing, particularly regarding Hezbollah-linked financial activities. BDL will be called upon to implement stronger financial controls to exit the FATF gray list.

### **6. Monetary Policy**

The exchange rate of the lira remains a critical issue. A decision must be made on whether to fully liberalize it, introduce a managed float, or continue the stabilization policy, all of which have significant economic and social implications. Other interdependent issues include policies to control inflation and setting interest rates. These decisions will need to be in synch with other actions undertaken by the government.

### Possible contenders

Behind the scenes and in the press, gossip abounds on the race for the governor position. Those in the know are tight-lipped either in respect to the process – or because the process has not yet begun. Prime Minister Nawaf Salam had said in his first television interview on Télé Liban that all appointments to public offices will follow a structured process. The process for selecting a Governor has not been divulged.

Several contenders are rumored to be under consideration for the new position, but government insiders have stated that the official selection process has not yet begun. Some of the contenders rumored to be under consideration have said that they have not yet been officially approached by the current government to discuss a possible appointment.

All the presumed candidates have long global experience in corporate finance and investment banking. Many of them lack local experience or a commercial banking background. They have worked in major international financial institutions and law firms and graduated from prestigious international institutions.

The new Governor will take the helm from Wassim Manssouri, Acting Governor of BDL, who temporarily replaced former Governor Riad Salameh at the end of July 2023.



### **Firas Abi-Nassif**

A financial expert and investment strategist with a career spanning global markets, with a concentration on telecommunication and technology.

He is a board member of the 'Kuluna Irada' organization. In a paper he co-authored at the onset of the crisis, he said: As part of any future (large) depositors' bail in, there is room for swapping some deposits into concessional debt. He said: "If 'lirafication' of deposits, which is happening covertly, continues, it will benefit bank's shareholders at the expense of depositors. It is a wicked tax." He believes that an independent commission should be formed to examine the financial health of every bank. "The work of the Banking Control Commission is not sufficient," he said. He called for bank shareholders to repatriate their funds to the country. His positions include: The State has been negligent, BDL is part of the problem, bail-in in banks' equities should be executed for some large depositors,

losses should be distributed equitably starting with bank equity, and small depositors should be protected.

He is co-founder and Managing Partner of Geneva-based Teleios Capital Partners, an activist hedge fund based in Switzerland with over \$1 billion in assets. He has led value-driven investments in European mid-cap companies. He served as Chairman of Kongsberg Automotive, a publicly traded global supplier. At Credit Suisse, he focused on corporate finance and M&A.

He holds a Bachelor degree in Computer and Communications Engineering from the American University of Beirut (AUB), an MS in Telecommunications Engineering from Northeastern University, and an MBA in Finance and Economics from Harvard Business School.



### **Camille Abousleiman**

A London-based lawyer with frequent activities in Lebanon. He was Minister of Labor in 2019-2020. He was the advisor to the government in all sovereign bond issuances by the Lebanese government since 1995.

In 2019, he asked for the immediate implementation of official capital controls, the equal treatment of all depositors, and protecting the foreign assets of banks. In 2020, he urged the government to default on those bonds. When bond prices cratered to seven cents, he asked the government to buy back the Eurobonds. He now supports the autonomy of the Central Bank from the State, including the post-Riad Salameh policy to refrain from financing the State. He considers that it was unforgivable to let five years elapse before restructuring the banking sector.

He is currently a lawyer at the multinational American law firm Dechert. Abousleiman was involved in more than 100 sovereign debt issuances including different issuances by the Egyptian government totaling \$26 billion.

He holds Bachelor's and Master's degrees in Law from Saint Joseph University of Beirut (USJ), in addition to two other Master's degrees from Harvard Law School and Tufts University's Fletcher School of Law and Diplomacy.



### **Philippe Jabre**

Recently relocated to Lebanon after a long and extensive career in global asset management in London and Geneva.

In position papers by 'Kuluna Irada' he co-signed: "Capital controls should be embedded in the government's comprehensive program for macroeconomic and monetary reforms, financial stabilization and economic recovery. They should not be a substitute for stabilization or a cause for delaying fiscal, structural, and financial reforms." He believes the government has an important role to play in saving the banking sector: "Measures needed include writing down bank equity, placing some banks in liquidation and restructuring others done in ways that spread losses equitably. One potentially useful tool to consider is to support asset sales and re-establish normal banking activities quickly would be to create a 'national bad bank' consisting of the banks' non-performing loans or toxic assets. Bail-ins that shrinks banks' liabilities (consisting mainly of deposits) by converting a portion of deposits into bank equity may have to also be considered. In this case, we would support the protection of smaller deposits. The restructuring process of some banks will require shareholders to hold accountable those responsible of mismanagement

and improve the governance of the banks. Bank consolidations and mergers will also be needed to decrease the number of banks and make the system more robust."

He is the founder of Jabre Capital Partners, a Geneva-based wealth management firm. He has led multi-strategy investment approaches focusing on both traditional and alternative assets. Previously, he was a senior Managing Director at GLG Partners, where he specialized in global convertible bonds, equity-linked investments, and hedge fund management. His expertise in financial markets extends to corporate restructuring and risk management. He acquired a majority stake in Almaza Brewery, returning it to family ownership and maintaining operational stability despite the country's economic challenges. He is an advocate for education and economic development. Jabre sits on the boards of the American University of Beirut and Columbia University.

He holds a Bachelor's degree in Economics from Concordia University and an MBA from Columbia Business School.





### **Karim Souaid**

Souaid is the founder and Managing Partner of Growthgate Partners. Prior to that he was a Managing Director of Global Investment Banking at HSBC Bank (Middle East) where he was responsible for regional activities in corporate finance, privatization, M&A, corporate restructurings, and equity capital raising.

Souaid, whose father, mother, and brother were at one point or another members of Parliament has so far stayed away from the fray of politics and besides hosting a webinar on 'A Sustainable Recovery for Lebanon's Economy', a paper by Harvard Growth Lab, he did not publicly expressed an opinion on the financial crisis or the role of the Central Bank.

He led several privatization mandates in the Middle East. Prior to joining he was a Managing Director of Corporate

Finance at Middle East Capital Group (MECG), a regional merchant bank. He was a corporate finance attorney in New York working at a leading Wall Street law firm specialized in M&A and securities offerings.

Souaid holds a Law degree (LLB) from St. Joseph University (USJ), an LLM from Harvard Law School, and Executive Program Certificates from Harvard Business School in the areas of Corporate Valuation and Restructuring.

### Hors Concours

Growing is the number of people deemed to bring an oversized added value if appointed Governor who have refused to throw their hat in the ring, and most have not yet been contacted by the government to discuss a possible role.

The names of Samir Assaf and Jihad Azour are frequently mentioned anytime a high-profile position opens for election or appointment. Both were contenders to become President of the Republic right before the most recent presidential elections. Their names are circulating again, in the media and in political circles, for the post of Governor – especially that, in the past, they had been formally offered the position and had declined accepting it. They have publicly remained mum on this issue, but privately have expressed no interest in pursuing that role.

Other names that have been proposed by economists, international bankers, or in the media, are world renowned economist Jamil Baz, and veteran banker and former minister of economy Mansour Bteish, the only name amongst the list that has spent his entire career immersed in the local financial sector.



### **Samir Assaf**

A banking and investment executive, he has over three decades of experience in global finance outside Lebanon. A close advisor to French President Emmanuel Macron, he played at various stages several behind-the-scenes roles, especially in bridging French-Lebanese collaboration. He has so far refrained from public statements on how to deal with the financial crisis in Lebanon and on his view on how the Central bank should be managed.

He currently serves as a Senior Advisor to HSBC's Group Chairman and CEO and as Non-Executive Chairman of HSBC Bank Middle East Limited and HSBC Middle East Holdings. He is also Chairman for MENA at General Atlantic, a leading global growth equity firm, where he advises on investment strategies and regional expansion. He spent nearly 20 years in leadership roles at HSBC, including a decade as CEO of Global Banking and Markets, overseeing corporate finance, capital markets, and risk management. He played a key role

in HSBC's global investment strategy and client relationships, particularly in emerging markets. Before HSBC, he held senior positions at Crédit Commercial de France and Total. He co-chairs the Coalition for Climate Resilient Investment and advises BeyondNetZero, focusing on sustainable investments.

He holds an MBA in Economics and International Finance from the Panthéon-Sorbonne University and degrees from Sciences Po and Saint Joseph University (USJ).



### **Jihad Azour**

He is Director of the Middle East and Central Asia Department at the International Monetary Fund (IMF). In this role, he oversees central banks in 32 countries, some of which are currently facing crisis such as Egypt, Syria, and the Palestinian territories.

Rules set at the IMF prevent him from interfering directly with the day-to-day work of the IMF in Lebanon because of his nationality as also Lebanese. He has therefore not expressed publicly his views in detail on how to deal with the financial crisis, beyond the IMF's official stance. He stated on several occasions that the government needs to be committed to implementing long-overdue reforms, highlighting that piecemeal approaches would be insufficient. He underscored the importance of focusing reforms on the financial sector, public finance, governance, corruption, and loss-making utilities that have contributed to the nation's escalating debt. He highlighted the need to continuously update financial data to establish a baseline for discussions with the IMF. In October 2024, amid escalating conflicts in the region, Azour highlighted the severe humanitarian and economic repercussions on Lebanon. He pointed out the massive loss in output, destruction of infrastructure,

and the substantial needs for additional spending on essentials such as shelter and health services. Azour also noted that the IMF had suspended its forecasts for Lebanon's economy due to the unusually high degree of uncertainty.

Azour was Minister of Finance in 2005-2008 when he was involved in modernizing the tax and customs systems. He was member of the Middle East Advisory Council and Senior Project Director at the UNDP. Azour also held senior positions in a number of private sector companies such as board member of CMA CGM, Senior Executive Advisor at Booz & Co., and Management Consultant at McKinsey & Company.

Azour holds a Master's degree in Applied Economics from Université Paris Dauphine – PSL and a PhD in Economics from Sciences Po. He is also Post-Doctoral Fellow in International Economics at Harvard University.



### **Jamil Baz**

Son of a prominent judge, Jamil Baz is a distinguished world-class financial economist with a career spanning over three decades. He has held senior positions at prominent financial institutions, including PIMCO, Man Group, Goldman Sachs, Deutsche Bank, Lehman Brothers, and the World Bank.

In addition to his professional roles, Baz has contributed significantly to financial literature, authoring several research papers and co-authoring the book 'Financial Derivatives: Pricing, Applications, and Mathematics', a reference in the subject. He is a frequent keynote speaker at financial events and has published many articles in the international financial press such as the Financial Times, Barron's, and CIO, as well as in specialized academic journals.

Baz is currently Managing Director at PIMCO, a global investment management firm specializing in fixed income (bonds) and asset management. Prior to PIMCO, he was senior Managing Director and Chief Investment Strategist of the Man Group, Managing Director in the

Proprietary Trading Group of Goldman Sachs, Chief Investment Strategist of Deutsche Bank and Managing Director of Lehman Brothers. Baz started his career at the World Bank where he advised central banks on the management of foreign exchange reserves and external debt and traded the derivatives portfolio for the bank. He teaches financial economics and on the teaching staff of the Mathematical Institute of the University of Oxford. He has also taught at Georgetown University and Harvard University.

He earned a Diploma from the Ecole des Hautes Etudes Commerciales, an MS from the London School of Economics, a Master's degree from the Massachusetts Institute of Technology (MIT) and an MA and a PhD from Harvard University.



### **Mansour Bteish**

He is the only contender who has resided in Lebanon throughout the ups and downs of the financial sector – ever since the end of the Civil War. He spent his entire career in the local financial sector and has witnessed all its developments in detail, knows and dealt with all the financial and political stakeholders, and yet emerged with an unscathed reputation.

He was Minister of Economy and Trade in 2019. He is an outspoken critic of the policies adopted by the Central Bank prior and during the crisis. He had said in the past that the BDL concealed losses accumulated over the years, manipulated financial figures, and deliberately obscured the truth. He faults banks' management by succumbing to the lure of high-interest rates, failing to adhere to prudent risk distribution and diversification measures. He said that if the Minister of Finance reviewed and understood the numbers yet turned a blind eye, he is a complicit. If he failed to examine them, it signals an unprecedented level of irresponsibility and a scandal.

Currently CEO of Fransabank, he previously held several managerial positions at that bank. He also held senior positions in the group's subsidiaries in Lebanon and abroad (France, Cyprus, Algeria, and Sudan). Bteish was member of the Committee for Economic Studies and Banking at the Association of Banks. He was also member of the Economic and Social Council (CES) and Chairman of its Economic Affairs Commission. Bteish authored books, studies, and articles about socio-economic topics, and he participated in the preparation of macro-economic papers.

He holds a Bachelor degree in Business Administration and a Master's in Money and Banking from Saint Joseph University.