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On May 21st, 2026, the Central Bank (BDL) issued basic circular 4 (decision 13819) related to establishing and functioning of finance companies and intermediate circular 767 (decision 13823) related to new guidelines on banking cards.

Basic circular 4 issued was addressed to finance companies. The circular is related to the conditions for the establishment and functioning of finance companies. The circular prohibits natural persons from engaging in lending. As for legal persons, except for banks, they are required to get prior approval to be licensed as a Finance Company from BDL Central Council before engaging in lending services such as lending and fiduciary operations and Microfinance. It is to be noted that companies that provide microfinance services are not eligible to provide Lending or Fiduciary operations without a prior license. However, companies that offer lending services are eligible to provide micro-lending services without additional licenses or raising the minimum capital.

The licensed company must be a Lebanese joint-stock company with a clear shareholding structure that reveals all shareholders up to the beneficial owner. In case of foreign finance company or a branch of foreign finance company established as a joint-stock company in its home country, it may open branches in Lebanon as per the requirements of this decision.

The circular also specifies the minimum required capital for each lending services category as follows:

- Lending Operations: LBP 300 billion
- Fiduciary Operations: LBP 75 billion
- Micro lending: LBP 50 billion

The minimum capital requirement should be cumulative as per number of categories, paid in a single payment in a specific account at BDL within a three-month period from licensing date under penalty of license revoking. The capital shall be released after providing all legal documents.

Moreover, finance companies are banned from conducting any exchange operation except for the ones that are related to the operations they perform, transport banknotes and coins in addition to receiving deposits as per Article 125 of the Code of Money and Credit. Also, these companies are prohibited from engaging in any activity before receiving a license from the BDL and contributing to the full capital. In addition, dividends distribution to shareholders from 2025 and prior are forbidden.

Furthermore, they must prepare both an organization structure and a Business & Exit plan. In the organizational structure, it should reveal the identity of the board members and managers along with their duties, specifies the distribution of various departments and divisions, in addition to including supervisory departments and units. As for the business and exit plan, it should be prepared in a detailed form in cooperation with an international audit or consulting firm or a local audit firm. The business plan must include at least a five-year projection period accompanied with stress testing scenarios and should be updated whenever applying for an additional category / service. In addition, exit plan should be prepared that should include the steps to be taken for customer protection in case of failure to achieve its business objectives.

The Finance company must have a Risk Management unit or appoints a Risk officer based on the size and nature of the operations. The risk management framework must include at least the policies, procedures and controls related to risk identification, monitoring and mitigation.

Furthermore, the company must comply with the submitted business plan, pay an annual fee of LBP 30 billion for each service to BDL. The company should comply with the Anti Money Laundering / Combating Financial Terrorism (AML/CFT),

business continuity plan, and regulatory requirements issued by BDL, Banking Control Commission (BCCL) and supervisory authorities.

As for lending limits, it must fulfill with the stipulations of the Code of Money and Credit such as granting a ten percent of its equity for a resident person, five percent of the equity for a nonresident person, with total grants to nonresident persons do not exceed 25% of companies' equity. In case of filing a lawsuit against the company or its shareholders and managers, it should inform BDL and BCCL as soon as possible about lawsuit details.

In case of opening local branches, these finance companies shall be regulated by the regulations on opening and closing of branches of banks operated in Lebanon, and the capital allocation required for head offices and branches. For each branch opened, Lebanese finance companies should allocate additional LBP 15 billion in its equity above the minimum capital requirement. Overseas branch opening requires three times the minimum required capital to open a branch in Lebanon in addition to the amount imposed by the competent authorities abroad.

The Central Bank also issued an intermediate circular 767 (decision 13823) that amends basic circular 63 (decision 7299) related to ATMs and cards. This decision was addressed to companies licensed to issue cards and companies that operates Point-of-Sales (POS) machines. This decision allows finance companies, exclusively, to offer "Card Issuance and Acquiring" services and reaching agreements with traders to ensure payments acceptance through cards. However, banks should acknowledge the Central Bank in advance about the "Card Issuance" service.

As for finance companies, "Card Issuance and Acquiring" services should be licensed by the Central Bank with the following conditions:

- Allocating an amount of LBP 150 million from capital in addition to an amount of LBP 50 billion in providing Card Issuance service only.

They should also deposit an amount equivalent to 15% of the amount required to provide this service (LBP 22.5 billion for "Card Insurance and

Acquiring" service and LBP 7.5 billion for "Card Issuance" service) in cash in a special account in LBP at the Central Bank and may not be returned until cease of providing these services.

- Ensuring sufficient liquidity on a permanent basis to meet all settlement commitments in the same currencies due, at a minimum of the average daily settlement obligations calculated on a monthly basis, in addition to a 20% precautionary liquidity margin. The BDL may impose additional liquidity ratios or margins depending on the volume of transactions and the degree of risk involved.
- Adopting appropriate "Card Management Systems".
- Compliance with payment card security standards PCI DSS (Payment Card Industry Data Security Standard)
- Joining as a member of international payment card network (VISA/MasterCard) and adhering to their approved technical and security standards.
- Adopting special procedures to combat money laundering and terrorist financing resulting from transactions on payment cards.
- Securing the necessary infrastructure for accepting payments, executing settlement operations, monitoring merchant activity, classifying their risks, conducting ongoing due diligence, managing payment refunds, and settling resulting disputes.
- Banks and financial institutions must pay the Central Bank of Lebanon an annual fee of:
 - 3 billion Lebanese pounds (L.L.) for providing the service of issuing and acquiring bank cards (Card Issuance and Acquiring) and accepting bank cards.
 - 1 billion Lebanese pounds (L.L.) for banks for the Card Issuance service only.

This fee is payable for the first time upon obtaining the license and subsequently before January 31st of each year, under penalty of license revocation.

Banks and financial institutions that provide these services prior to May 1st, 2026, are granted a deadline till June 30th, 2026 to:

- Inform BDL about providing service and its compliance with the conditions mentioned in this decision
- Payment of the annual fees mentioned above.
- Deposit, in cash, at BDL a 15% (LBP 22.5 billion)

Finally, these decisions will be effective upon issuance, and to be published in the official gazette.

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