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In the June 2026 editorial of the Association of Banks in Lebanon (ABL), Secretary General Dr. Fadi Khalaf discusses the significance of the recent ruling issued by Lebanon's State Council concerning the country's banking crisis and the ongoing debate over bank restructuring, financial regularization, and deposit recovery legislation. Rather than viewing the ruling as a purely legal development, Khalaf argues that it establishes an important principle that should guide any future financial reform: depositors' rights cannot be eliminated through administrative decisions or exceptional measures. While the decision does not by itself return deposits or resolve the financial crisis, it reaffirms that legal rights remain protected regardless of the country's financial difficulties.

A central message throughout the editorial is that deposits should not be treated as accounting figures that can simply be adjusted or erased to accommodate financial losses. According to Khalaf, deposits represent legally protected private property and remain valid claims, regardless of the size of the financial gap or the delay in resolving the crisis. The article therefore rejects the notion that depositors should bear the cost of the crisis through the cancellation or write-off of their savings, arguing that financial obligations cannot disappear simply because the state has failed to address them promptly.

The article also acknowledges that Lebanon's financial collapse is unprecedented and requires exceptional legislative solutions. However, Khalaf stresses that extraordinary

circumstances should not justify violating fundamental legal principles. Although emergency laws may be necessary to facilitate financial recovery, they must remain within the limits established by the law and cannot override property rights or eliminate financial obligations without a clear legal basis and an appropriate compensation mechanism. In this regard, the State Council's ruling serves as a reminder that the rule of law must remain the foundation of any recovery strategy, even during times of severe economic distress.

Another important theme highlighted in the editorial is the relationship between legal certainty and economic recovery. Khalaf argues that rebuilding Lebanon's banking sector depends largely on restoring confidence among depositors and investors, something that cannot be achieved if individuals believe their rights can be removed through administrative decisions. The protection of private property is therefore presented not only as a legal obligation but also as an economic necessity. Respecting depositors' rights, whether they are individuals or commercial banks with funds held at the Banque du Liban, is essential for encouraging future deposits, attracting investment, and allowing the banking sector to regain its role in supporting economic growth.

Furthermore, the editorial argues that Lebanon's financial gap cannot be resolved by denying existing obligations or shifting responsibility onto commercial banks alone. Instead, Khalaf calls for a transparent recovery plan that clearly identifies the responsibilities of each party involved, including the Lebanese state, the Banque du Liban, and commercial banks. Only by fairly distributing these responsibilities, while preserving the largest possible share of depositors' funds and maintaining the viability of the banking sector, can Lebanon establish a credible and sustainable path toward financial recovery. Any legislation that ignores these fundamental issues, the article warns, is likely to face significant implementation challenges.

Finally, Khalaf explains that the State Council's decision provides an important legal framework for all future financial legislation. While policymakers may adopt measures such as restructuring, repayment schedules, or long-term settlement mechanisms, these reforms cannot be based on eliminating depositors' rights or converting deposits into uncompensated losses. In conclusion, the editorial argues that a successful resolution to Lebanon's banking crisis requires more than legal reforms alone; it demands a transparent and realistic recovery plan that respects private property, clearly allocates responsibilities among all stakeholders,

and balances the protection of depositors' rights with the preservation of the banking sector's ability to contribute to Lebanon's future economic recovery.

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