

CONFLICT IN LEBANESE BANKS TOWARD LIFTING BANKING SECRECY

BOD MEMBERS VS COMPLIANCE MANAGERS

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ABSTRACT

This paper aims to explore potential conflict of interest between BOD members and compliance managers in Lebanese banks while facing the international pressure of transparency that oppresses banking secrecy worldwide.

Keywords: Banking secrecy, Conflict of Interest, Lebanon, Change, Board Members, Compliance Managers

INTRODUCTION

The variety of services provided by the banking industry leads banks to play a major role in all societies hence changing most aspects of modern societies' lives and activities (Oluwatolani, Joshua, & Philip, 2011). Following this era of financial booming, countries more and more express their concerns regarding serious financial challenges (Kurup, 1996). In the financial sector, the banking industry is facing a continuous process of change globally out of the need for more efficiency, effectiveness, and ethical practices. In this regards, a series of major in depth transformations and revolutionary changes are undergoing where the scope and scale of banks' activities are highly altered and many reform measures are being carried out at a hectic pace globally (Ombui & Kariuki, 2014) where the financial crisis of 2008–2009 could be considered one of the toughest reasons that prompted this wave of banking reform.

Searching in the Lebanese banking sector is an interesting subject by itself which gains more significance when banking secrecy, a meticulous issue, is considered the core of this study. Many factors contributed to the importance of this subject given that Lebanon occupies a unique status in the Middle East for its banking service with rapid development since the 1990s (Elkanj & Zreika, 2011) where the

Lebanese commercial banks constitute the corner stone of the financial system in Lebanon for being the most profitable economic sectors in Lebanon in the post civil-war (Naimy, 2005). In this regard, Lebanon is considered a financial hub for banking activities in the Middle East and Eastern Mediterranean and has one of the most sophisticated banking sectors in the region according to the latest report issued by the United States Department of State Bureau for International Narcotics and Law Enforcement Affairs (INCSR, 2014).

It is worth mentioning that the Lebanese banking industry has excelled after 1956, the date of issuance of the banking secrecy code in Lebanon due to the privileges offered by this law (Bris, 2009). 61 years have passed since the issuance of the code that is still to date in its primitive form without any type of adjustments although many things have changed in the financial industry since the promulgation of this Law. Cross-border financial transactions flourished in the country in a time characterized by serious fighting against the criminal and unlawful use of the financial system. This fact put the whole Lebanese sector under close scrutiny by the international system for being an active player in cross-border transactions. As a result, a new chapter of global watching and supervision has shined.

After the worldwide financial crisis, Lebanon has been called upon to address the growing concerns of the international community and the Lebanese banking sector has been subject to heightened international scrutiny which was mainly triggered by the regional instability and local political difficulties.

A disagreement prevails in understanding and assessing the phenomenon of lifting banking secrecy in Lebanon between BOD members and middle managers. This outcome designates a conflict among the two parties which will negatively affect the level of readiness of the Lebanese banking sector for this change and questions the successful level of adaptation.

1. THE LEBANESE BANKING SECTOR AND THE BANKING SECRECY CODE

The Lebanese banking sector

Lebanon is a service-driven free market economy that is open to the world in general and the Middle East region in particular with a *laissez-faire* commercial tradition. Banking is a core competency of this Lebanese service industry and Lebanon occupies a unique situation in the Middle East and Eastern Mediterranean thanks to its firm banking sector (Elkanj & Zreika, 2011) and it is considered a financial hub for banking activities where many wealthy individuals have chosen its banking sector to save their money for being the most sophisticated banking sector in the region.

In simple words, the Lebanese Banking sector fuels the economic growth of Lebanon as a whole as it becomes the major monetary center in the Middle East and a model for banking services among neighboring countries at a time of flourishing political stability in the country.

Evolution of banking secrecy code

September 3, 1956 is an important date in the Lebanese banking sector. On this date, the Lebanese famous banking secrecy law, which gave rise to Lebanon's nickname as "the Switzerland of the Middle East", was born and it was named accordingly: "Law of September 3, 1956 on Banking Secrecy." Since then, this code has been considered the heart of the Lebanese banking sector.

The banking secrecy is absolute in Lebanon and limits all financial entities regulated by the Central Bank of Lebanon to complete secrecy regarding clients' personal and account-related information. Secrecy law is a duty that must be closely observed by all concerned parties for the interest of the public and of those who deal with banks and it can only be lifted in very limited circumstances.

The end of banking secrecy in Lebanon

Many factors have contributed to the current prevailing process of nonstop changes in the banking sector emerging from the facts of Liberalization, Privatization and Globalization (Anjani, 2013) and Lebanon is no exception...

April 20, 2001 is an important date in the Lebanese banking history... It is the date of issuance of Law No. 318 covering "Fighting Money Laundering" which has narrowed considerably secrecy effect. This law established the Lebanese Financial Investigation Administrative Unit known as the Special Investigation Commission-SIC- which was granted full authority to lift banking secrecy to the competent authorities on accounts opened with banks or financial institutions and suspected to have been used for money laundering or terrorism purposes.

On 2013, a new challenge has arisen and Lebanon once again faced massive international pressure to restrict its banking secrecy. Lebanese banks, among other financial institutions, had no choice but to comply with the US crackdown on tax collection under US Foreign Account Tax Compliance Act (FATCA) where Lebanese banks had no choice but to waive secrecy and report full information to the Internal Revenue Service -IRS- to comply with the US regulation. This American law, being in opposition with the secrecy code, coerces Lebanese legislators to select between either tighten their banking secrecy code or bear the consequences of being negatively impacted as a result of non compliance (Martinez, 2017)

Later on November 2015, the Lebanese parliament agreed on new financial laws to satisfy international requirement to fight cross border transfer by obliging those entering Lebanon to declare the amount of money they are carrying and by covering many non-banks financial institutions and non-financial businesses and specific related professions by the umbrella of fighting and reporting money laundering activities and terrorism.

Moreover, on October 2016, the Lebanese legislator had no choice but to repeal a previously issued law related to exchanging tax information with other countries on the basis of treaties to be signed to fight tax evasion and replaced by virtue

of new Law which guarantee spontaneous exchange of information between Lebanon and any foreign state.

Last but not least, another loophole in the Lebanese banking secrecy code took place on July 2017. Being motivated by the desire to maintain its legitimacy in the international community, Lebanon had to comply with the common reporting standards-CRS- where Lebanese financial institutions have to report and keep records of all reportable accounts to the Lebanese authorities who are required to submit electronically the information received from the reporting financial institutions under supervision to the competent authority-SIC- to external parties.

As a result, the main strength of the Lebanese banking sector, illustrated by banking secrecy code, is jeopardized in face of the international pressure to tighten secrecy laws.

Research Question

“Change is challenging. With any organizational change come unknowns. With unknowns come ambiguities” (Corley & Gioia, 2004). Hence, the reasons behind change must be clear and the logic behind changing must be openly expressed (Gustafson & Widerlund, 2010). Because people, managers and shareholders, differ in their risk appetite and in their assessment regarding change interpretation and implementation, possible conflict among concerned parties may jeopardize work efficiency and bank sustainability... According to the agency theory, an agency problem arises when the goals of the principal and those of the agent do not match and when, on the other hand, it costs the principal to verify what the agent is in fact doing (Eisenhardt, 1989).

In depth research to explore potential conflict among bank’s BOD members and middle managers, illustrated by compliance managers, toward lifting banking secrecy triggered the researcher’s interest to produce quality knowledge. Is there any potential conflict of interest among shareholders and middle managers toward this anticipated change? Are concerned parties, BOD members and compliance managers, reading from the same book and rest on the same page regarding adapting to international calls to drop banking secrecy? Do they share the same point of view regarding lifting banking secrecy from the Lebanese banking sector?

2. ORGANIZATIONS READINESS TO CHANGE

Readiness to change

Weiner (2009) work refers organizational readiness for change to “*organizational members’ change commitment and self efficacy to implement organizational change.*” According to Weiner (2009), organizational readiness for change is described from a psychological angle and it is seen related to the members working within the organizations subject to change where their level of commitment to implement the intended change and their self belief in the

ability to conduct it directly affect the whole organizational level of readiness. In his regards, employees' level of commitment is closely related to the value they perceive in the change process itself and to the level of confidence in their capabilities of achieving it that would boost up their motivation level toward the change.

Because implementing change is a complex collective process that requires cooperative actions from many independent people who usually assess the change element from different perspectives; hence the possibility of mismatching regarding the task demanded and the anticipated goals where the possibility of problems arises and the implementation of the change as a whole gets negatively affected (Weiner, 2009).

Importance of readiness to change

“Increasingly, a company's viability is being determined by its ability to make systemic, organization-wide change happen, and happen fast” (Rowden, 2001). Various factors contribute to the effectiveness with which organizational change are implemented and among these factors is the level of its readiness to accept change (Armenakis, Harris, & Mossholder, 1993).

Because even the simplest changes entail risk, anticipating change and getting ready to adapt to it mitigate hazard by providing the organization with enough time and expertise to balance the risk and reward of change (Armenakis et al., 1993). Thus, the importance of being ready to change reveals which is first “a state of mind reflecting a willingness or receptiveness to changing the way one thinks” (Bernierth, 2004) in addition of being a set of thoughts and intentions toward the specific change effort and not just only understanding or believing in the change itself. Insufficient anticipation to change stimulus emitted by the environment is like gambling with the organization's destiny since this insufficiency hinders its ability to continue operations.

In view of the fact that building organizational readiness to change is an ultimate factor to sustain organizational success and performance... Board members, being concerned to set appropriate strategy on behalf of shareholders, are responsible to formulate a strategy that is supposed to be capable of making organizations able to achieve effectively its goals and positively contribute to its performance.

3. THEORETICAL FRAMEWORK - THE AGENCY THEORY

There is a wide literature covering agency relationship which is defined as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf hence involves delegating some decision making authority to the agent.

The relationship between stockholders and managers of a corporation closely fits the definition of a pure agency relationship where the domain of agency theory is

based on the relationship that mirror the basic agency structure of a principal and an agent who are engaged in cooperative behavior with different risk appetite where there is always a possibility of mismatch between the agent's decisions and those decisions which would maximize the welfare of the stockholders from their own point of view.

Trading known situation, comfort and certainty with unknown, discomfort and vagueness is a complicated process since organizations' change is a transition stage which usually involves a shift from familiarity to unfamiliarity. This is the fact that organizational members face once change is to be introduced where some members resist change while others accept change voluntarily and move with it.

Going back to the research problem in exploring different assessment and potential conflict toward eliminating banking secrecy between the concerned parties, stockholders will always aim to increase their profit shares and to save their organizations while board members are there to set a competing strategy that is consistent with stockholders' interests because implementing the right strategy is crucial to maximize returns (Robbins & Coulter, 2010). On the other dimension, compliance managers have different preference highlighted by the necessity to comply with the international and local rules and standards even if profit maximizing rule is negatively affected to avoid the risk of being eliminated by the international financial sector...

Because different players hold different interests in the organization, each player will react from his own perspective; hence the possibility of conflict arises between different concerned organizational players which will most probably affect organizational performance. Compliance managers, who are appointed to meet international requirements and standards, have a hard mission to be accomplished in convincing BOD members of the worldwide war against secrecy privilege and the importance of transparency in the international financial market. Efficient organizations are those who are able to develop gains by reducing agency costs and hence ensuring a state of readiness to implement a major change in conducting banking in Lebanon.

4. EMPIRICAL STUDY

Research methodology

In this research, the qualitative approach has been used for the exploration since this method provides incredibly rich change-specific information (Holt, Armenakis, Field, & Harris, 2007) and it is consistent with the researcher exploratory quest. Moreover, semi directive interviews were used for being the most effective choice to tackle the research problem under scrutiny.

Research participants

BOD members are concerned in setting banks' strategies and accordingly they were interviewed to interpret their points of view regarding the research question at hand. Compliance managers who are considered non executives middle managers who directly report to the chairman and the BOD committees were also approached since they are closely concerned with the subject regarding the application of international rules that guarantee transparency and best financial practices.

As a result and in order to get insights, the researcher conducted 18 interviews with nine BOD members (chairman or BOD member) in five alpha banks and four beta banks in Lebanon as well as nine interviews with heads of compliance (middle managers) in the same banks.

Research results

Results' assessment of potential conflict of interest

Shedding light on a potential conflict of interest among BOD members and compliance managers regarding lifting banking secrecy requires first presenting interviewees' answers to the related questions in the interview guide where contradictions, in assessing the situation under exploration, prevail. Consequently, interviewees' answers in assessing the research phenomenon were presented below:

In order to interpret interviewees' reactions to the anticipated change regarding eliminating banking secrecy and there assessment regarding the time they deem necessary to adapt their strategies and governance techniques accordingly, all interviewees, BOD members and compliance managers agree that there will be a great effect on Lebanese banks' strategies in case banking secrecy is eliminated but from different angles. 7 out of 9 BOD members that were contacted claim that it is not the right time to take this possibility into consideration in formulating their strategies, although it will have a great effect on their strategies, since till today banking secrecy is available. On the other hand, 8 out of 9 compliance managers believe that an expected great effect on banks' strategies require preparation and readiness to be able to adapt accordingly and avoid being in chaos. Hence, it is highly recommended from their points of view to anticipate this change before it takes place regardless of the cost.

Moreover, BOD members and heads of compliance expect "great effect" of this major change highlighted by the elimination of banking secrecy once applied on the Lebanese banking sector on the banks' governance techniques but from different lenses. On one hand, 8 out of 9 BOD members believe that eliminating banking secrecy will negatively affect the bank's governance techniques by stating that this change will "not add value to the way of doing our internal business". On the other hand, heads of compliance interviewed expect positive effect on banks' governance by stating that "Without banking secrecy, it would be much easier to tailor more sophisticated products and services and to enter new

markets” and this fact “*Will push correspondent bank to work more and more with us*” and will decrease the budget set for training to meet international request since “*we are investing a lot on compliance and training.*”

Additionally, interviewees were invited to look forward and provide their expectations regarding the future of banking secrecy in Lebanon, results show that 6 out of 9 BOD members, the majority, believe that the code will prevail in Lebanon as it is and it will stay in its preliminary form since this is the core competency in the Lebanese banking sector. The other 3 BOD members claim that the Lebanese banking secrecy will neither be totally removed nor saved in its current locked state...They claim that banking secrecy in Lebanon will be reshaped since the Central Bank of Lebanon works on implementing all the required measures to save the Lebanese economy and to align with the international requirements.

8 out of 9 members of the group of compliance managers’ interviewed believe that they do not rely on banking secrecy in their daily work and accordingly they assume that the code will sooner or later vanish.

Furthermore, banking secrecy as a term was interpreted by the interviewees, each from his background. Results show that for 6 out of the 9 BOD members, banking secrecy is a privilege in the Lebanese banking sector and it plays a major positive supportive role in helping Lebanese banking institutions to reach their goals.... They state that it is a type of customers’ right for privacy and confidentiality. On the other extreme, head of compliance have a very opposite point of view in this regard. Compliance managers interviewed entirely consider banking secrecy as a burden since it put boundaries that hinders or at least delays them from reaching their goals and create a challenging environment. For compliance managers, the Lebanese secrecy Law is not anymore a privilege to be enjoyed by banks but rather a duty to be observed.

Moreover, the two concerned groups in this research were asked to present their perception toward any potential benefits out of eliminating secrecy. Results show that 7 out of the 9 BOD members interviewed perceive “no benefits” to be captured by the Lebanese banking sector and the whole Lebanese economy if banking secrecy is eliminated. While on the other hand, all (9/9) compliance managers, who are closely concerned to apply international best practices, highly agree on “major benefits” to be captured by the sector by lifting banking secrecy code.

Furthermore, it was further cleared out that there is deep difference in interpreting secrecy and its relation to information sharing... Results show that 8 BOD members out of the nine interviewed believe that banking secrecy does not hinder information sharing and it is only a type of data protection and confidentiality. While on the other hand, compliance managers have different points of view. All 9 compliance managers believe that “*It would be much easier to fight money laundering and terrorism crimes and reach much more efficient and*

effective solution if banks can share information more freely among themselves while taking into consideration the ethics of the profession.” This group states that “Transparency and banking secrecy are definitely opposite”

Last but not least, interviewees were invited to present their assessments regarding the current level of effectiveness of the Lebanese banking secrecy. Results disclose different points of view. 6 out of the 9 BOD members interviewed believe that banking secrecy is still very effective by admitting that *“Banking secrecy law in Lebanon is one of the strictest banking secrecy law in the world still... it is still the same as it was in 1956 and it is not weaken and will stay like this.”* 7 out of the 9 compliance managers that were approached state that banking secrecy is a myth and *“in practice it is fading and not available”*

To sum it up, major contradictions prevail, in different dimensions and scopes, in assessing the importance of adapting to an environmental force highlighted by lifting banking secrecy from the Lebanese banking sector between BOD members and middle managers. This mismatch between the agent’s assessments and those of the principals noticeably indicate a potential conflict among the two parties that have different attitudes toward risk which will most probably lead to the occurrence of agency problems, will negatively affect the level of readiness of the sector for this change and question the successful adaptation to the environmental pressure.

Result analysis

The collected records has provided insights to meet this research’s objective by outlining various points of view to major questions covering the subject at hand which will logically answer the study questions regarding the potential conflict between BOD members and compliance managers in major Lebanese banks toward lifting banking secrecy.

The majority of principals in the Lebanese banks argue that banking secrecy will prevail in the sector and none of them expect a total removal of the secrecy code. For instance, principals’ arguments for resisting change are based on three main pillars.

First of all, **principals’ interpretation of banking secrecy code** is a main block in the face of the change process. The majority of the principals consider banking secrecy code as a type of data protection and confidentiality right. For instance, BOD members claim that information sharing is adequate even in the presence of banking secrecy code which is being interpreted as a type of customers’ protection tool.

Second, BOD members declare that currently they are not being forced by the international world to drop secrecy code. Hence they admit that **changing shall be triggered by a coercive force to be implemented**. Being able to satisfy the international request with consecutive updates without dropping banking secrecy

is seen as satisfactory especially when they are convinced that transparency is not hindered by the “precious” code. In addition, being convinced on their ability to easily change upon request strengthens their opinion of not getting prepared to a new financial phase ahead of time.

Third, benefiting from the secrecy code strengthens BOD members’ arguments. In this regard, they admit that the advantages that secrecy code offers to the Lebanese banking sector and the Lebanese economy are sky-high and **not anticipating any benefits out of lifting secrecy** renders the mission of change unattainable.

Agency conflict prevailing in the sector

The agency literature dictates a command relationship between the principal in an organization and an agent, through a contract to act on their behalf where the agent has the role of notifying and updating the principal about its duties without any conflict of interest in performing them and in the best interest to the principal.

The environmental pressures nowadays in the financial market affect this relation in deep where the agent (compliance managers) becomes closely concerned with the international forces to adopt transparent practices where compliance managers are obliged to obey to the best international practices requested by the international regulators regardless of the principal will and interest. Furthermore, the role of the agent has extended to become a “commander” instead of just a “notifier” to the principal by obliging the whole institution to follow their requests in compliance with the international regulations even when their request affect profit-maximizing principle. In addition, it becomes principal’s responsibility to notify the agent about an anticipated action to be taken in the organization to ensure compliance with the international rules and regulations.

Moreover, the main fear for the principal was that the agent will build personal interest which will create a conflict in the relation and negatively affect the organization. Results show that it is the agent who is constantly aiming to save the organization by complying with the international will. Those agents are convinced that compliance is mandatory and BOD members has to follow since compliance culture is built through a “top-down” approach which will boost up bank’s capabilities to change and to adapt. Thus, potential conflict could arise due to the insistence of the principal to avoid transparency calls and stick to secrecy privilege and not, as traditionally known, due to the personal interest of the agent.

For instance, all parties interviewed explicitly admit that Lebanon cannot resist international requests but the challenge prevails in the interpretation. Each party assesses transparency and banking secrecy from different angles where BOD members, who believe that the availability of banking secrecy code attracts deposits and accordingly increases their profits, neither find any contradiction between international transparency demands and enjoying secrecy privilege nor

perceiving any benefits out of proposed change; while compliance managers, who are limited by the banking secrecy code which renders their daily tasks full of challenges, find that transparency is negatively affected by the availability of secrecy code and that plenty of benefits could be caught out of dropping the secrecy law related to better rating of the country as well as better reputation and image and international presence. Compliance responsibilities would be much eased by applying transparent practices which is in the core of conducting their duties and would spare them from taking extra precautions measures to avoid being penalized for piercing secrecy code. This fact justifies compliance managers' eagerness to drop secrecy since the presence of this code makes their work more challenging.

As a result of this opposite assessment, it becomes almost impossible for the BOD members, who are the ultimate decision makers in the bank, to ensure that compliance managers, who are appointed to fulfill international requests, are efficiently working as per the agreed contract for the best of the bank. Compliance managers can not perceive bank's sustainability in the shadow of secrecy law while BOD members do not want to get rid of what they believe the core competency of the sector...

As a result, it can be logically assumed that BOD members are not ready to change since they do not find any type of efficacy or appropriateness in the proposed change although they claim being highly capable to adapt to change once it happens without taking any proactive actions to ensure successful implementation. Hence, BOD members are not supportive regarding lifting secrecy which will complicate successful adaptation. Compliance managers, on the other hand, highly favor the proposed change and consider it very appropriate in today's transparent environment and hence they admit being ready to start preparing for the new journey by disregarding secrecy code. However, in the absence of top management support, the mission would be complicated further and the successful implementation would be questionable and not guaranteed. As a result, it is logically to perceive potential conflict among organizational members toward the proposed change.

CONCLUSION

New principal in the banking sector

As a result of this study, the researcher was able to formulate a key proposition about a major subject related to the agency theory. Agency theory addresses shareholders as "principals" in their organizations which is not applicable any more in the banking sector. Rather there is a hidden part of the iceberg: **the international bodies supersede and become the new principal in the international banking sector.**

This research logically concludes that shareholders are not anymore considered as the main principal in their banks... Figure 1 below clarifies that actually

it is international rules and standards that supersede as if they were the new principal. Shareholders become part of the agents' group available to satisfy the international requests and their role shifts from collecting profit and increasing their organizations' market shares to become tax collectors and detectors for the sake of international financial markets.

Another element that brings a new light to the agency theory is regarding the difference in risk appetite between shareholders and agents. Because all potential losses will be put on the shoulders of shareholders, usually agents are seen as risk takers since they have nothing to lose. This research's findings identify different formulas. Compliance managers are seen as risk averse and are looking forward to close all doors that may jeopardize banks' presence and international relation at micro level and eventually the whole Lebanese economy at macro level. Compliance managers want full compliance with the international calls for transparency and are calling BOD members to get ready and set appropriate plans to act efficiently and effectively in the absence of banking secrecy. On the other hand, BOD members are seen as risk takers by holding banking secrecy code close to the heart and not taking the fact of eliminating this law into consideration in their strategic decisions and strategy formulation.

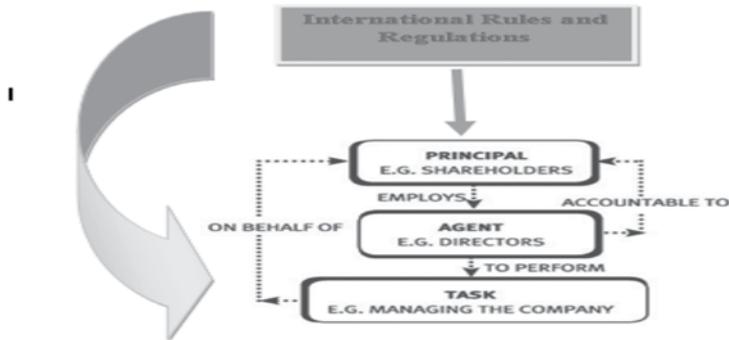


Figure 1- Agency Theory New Principal

With regards to possible conflict among concerned parties, the researcher confirms that, due to the absence of minimum alignment between BOD members and compliance managers in interpreting the studied phenomenon, a divergence is taking place among these two parties in banks and hence necessary actions must be taken to fortify banks' positions. For instance, it was noticeable from the interviewees' answers that there is a great gap in interpreting and assessing banking secrecy meaning and its present level of effectiveness as well as its destiny. Consequently, every party in the same organization is seemed acting according to his perception which will definitely lead to a serious conflict. In this regard, it is clear from the very beginning that BOD members assess bank's situation from the end result level (effectiveness of plans that were taken) regardless of

the means (effort and time) that were needed, which could be eased, to reach that end.

As a result and in order to facilitate the work that boards and management teams need to do together, there must be investment in the relation itself between the top and the middle managers who shall be granted more space in strategy making and long term decision. Open discussion and communication is not a choice anymore to manage conflicts that will most probable arise. This type of communication would assist BOD members to perceive the benefits seen by the middle managers and to ensure future banks' success while securing banks' returns.

To stay competitive and successful, it is necessary to broaden the doors of communication to share the different assessment and points of view among the concerned parties and to act toward fulfilling one clear strategic goal enlightened by an unambiguous vision. The benefits of lifting secrecy to get ready to an inevitable future worth close discussion and adequate investment. In light of the different interpretations regarding this fundamental issue under investigation, the convergence of different parties' points of view becomes necessary. For instance, middle managers do practice a fundamental role in leading organizational change to success... More specifically, and what concerns work at hand, having a seat for compliance managers on BOD tables is essential to discuss latest trend and related best practices captured from the environment.

Different interrelated parts make the process of change more complex and the change in the international financial market will not be limited to lifting secrecy, rather subsequent changes derived from globalization and technological advancements is expected to open many new doors that are hard to close. Hence, investing in building banks characterized by being "a learning organization" where employees are urged to embrace continuous change becomes a must in the Lebanese banking sector. Adopting a grey position is not acceptable anymore by the international agencies... Countries are called to be either "black" and prefer secrecy, or "white" and choose transparency and full cooperation. In reality, it is not easy to distinguish clearly and easily between "banking secrecy" and "no transparency" and denying the truth and sail in darkness could lead to only one result: Destruction. Sooner or later, the light of full transparency will shine and countries that have lifted darkness and secrecy myth will most probable oppress secret jurisdictions.

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