



## Lebanon

## BDL circular 560 - New Policies to bouncing checks

*EXTENTION OF THE BOUNCING CHECKS' SETTLEMENT PERIOD.*

### PURPOSE

Excluding temporarily the standard period for settling bouncing checks

### PARTNERS



### EXECUTING BODY

BDL, licensed banks

### TARGET GROUP

Banks' and FIs' clients

### CONTEXT AND ISSUES

Banque du Liban (BDL) is the central bank of Lebanon. It was established on August 1, 1963 and became fully operational on April 1, 1964. One of the main responsibilities of the central bank is issuing the Lebanese Pound, maintaining monetary stability, regulation of money transfers, and maintaining the soundness of the banking sector. Banking is a very important part of Lebanon's economy with over 60 different banks, which makes the role of the BDL particularly important. Another important role by the BDL is controls and maintains records of the credit history of Banks's and financial institutions' clients either for issuing check books or approving loans application. In the past and mainly after the civil war, Lebanon financial sector has been struggling with credibility of paying through checks and its ability to be cashed. The market has been suffering from the "bouncing checks" issue which has been also used in fraud cases. The BDL has been monitoring this matter for a long period and took measures to reduce its impact by narrowing the circle of clients who can benefit from receiving check books.

However, after the COVID19 Pandemic, clients with good reputation have been affected by the decreasing of businesses operation and became unable to cover the value of their issued checks. As such, the BDL provided a relaxed measure to preserve the public interest in the exceptional circumstances due to the COVID-19 pandemic and extending the process period of bounced check to avoid bad track record and lawsuits for clients with good credit history.

### SHORT DESCRIPTION

"The 6060 circular obliges banks to specify the date of return of the check and the date of its issuance when declaring bouncing checks to the central department for clients who fail to pay, and stresses the need for all banks to abide by their provisions".

With reference to the basic decision number 6060 dated 25/11/1995, the period between 15/3/2020 and 15/06/2020 will not be taken into consideration, when counting the 15 days limit mentioned initially, in order to settle the bounced checks due to the COVID19 crisis and to ensure the continuity of operations to the banking sector".



## CATEGORY

Reforms and business support

## DURATION

Starting date: 15/03/2020 until  
15/06/2020

## KEY WORDS

Policy

**REF.** LBFIN01

## KEY HIGHLIGHTS

- Maintaining good credit history for clients who are eligible for check books
- Ensuring the continuity of MSMEs business operations
- Allowing smooth operations of the banking system and avoiding the collapse of its credibility and their clients
- Avoid provisional chaos in the central "Clearing House"
- Avoid filing quantitative law suit cases against banks' clients

## TOOLS / SOURCE

[\*Internal process by banks and BDL - BDL Circular\*](#)

