

The Advantages of the Lebanese Currency in the International Finance

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Abstract:

In the beginning of 2026, the Lebanese economy shows signs of an unstable recovery. After years of deep crises, the exchange rate has finally stabilized at 89,700 LBP per dollar. While the economy is expected to grow by 4% this year, this recovery is built on existence strategies rather than deep reform. To protect the value of Lebanese currency the Banque Du Liban (BDL) has increased its international reserves to almost \$12 billion. However, true progress is currently blocked due to an absence of trust in the banking system. There is an important need for a financial gap law to address the \$72 billion in missing funds for people who lost their money in the banks and to clarify who is responsible for these huge losses. Because of these broken systems, a huge cash economy has appeared with around 40% of business happening outside the banking system. While the Lebanese pound serves as a stabilizing weight for government transactions, Lebanon cannot return to the global markets until it proves it is safe, and to follow international rules and to pay all its internal financial gaps.

Keywords:

Lebanese Pound (LBP), exchange rate stability, Economic recovery, Banque Du Liban (BDL), Foreign reserves, banking system trust, Cash economy, Financial Gap law, GDP growth, International Finance.

Introduction: "The What & Why"

Lebanese Pound in a Shifting World?

When people talk about international finance, they usually focus on the largest economies in the world. However, since strength cannot always be visible, a focus on smaller organizations, such as Lebanon's LBP, and unique patterns regarding recovery daily transactions show up. Everything practically stopped after the system stopped working in 2019. Evidence of movement came back after that deep silence by the first month of 2026, via coordinated efforts while helping hands from foreign organizations shows up. Conversations have moved on, and discussions about sustainable development have become less common. Furthermore, whenever someone discusses about the subject of trust in local currency, stability problems continue to come up.

Explaining the Research Focus What and Why

This research project focuses on Lebanon's currency, as it shows consequences of a country covers its debts on its own. Because of five key variables, the argument is solid, and few countries take such an action. What keeps the cash flow secure? In this moment, these five supports have different variety depending on the distance. The government determines what truly significant within its borders. As people depend less on outside assistance their confidence quickly improves in several ways. A closer look reveals that local customers remain even when global demand decreases.. As buying, saving, and evaluating value develop new patterns, daily decisions progressively take on new forms. People walk away and find small ways to through their own difficult circumstances when things are coming to an end.

A new beginning for Lebanon's central bank depends on holding its own money. If things move completely to US dollars, the old ways of controlling the economy will disappear but stability will peak (Kamel et al., 2025). By 2026 the exchange rate is more stable at 89,700 LBP this gives businesses a clear price to use for their work. while it isn't perfect, it is still beneficial to price volatility because it enables companies to pay employees or sell products in a shop. When people gradually feel okay using the pound again gives the country a chance to fix the economy works. With the LBP dropping sharply, labor and tasks in Lebanon now seem cheaper when seen from outside. Due to that change, skills such as programming, visual layout, or tiny manufacturing runs gain more ground in European markets and close by zones. As the local money lost its value, people had a better chance to sell their handmade goods to other countries.

Fresh cash returning to Lebanese pockets breathes unusual energy into daily commerce compared to global norms. Through the LBP, these flows guard reserves in US currency while feeding neighborhood trade networks. Stability belief bumps recipients to convert foreign funds locally rather than stash them overseas. That trust decides how swiftly dollar value slips into shops and streets. Movement speed ties directly to faith in consistent exchange footing.

In the past, Lebanon managed cash flows for most of the eastern Mediterranean. For that to return, lifting the national currency matters more than anything else. As the LBP gains strength, companies in neighboring nations begin handling transactions without relying only on overstretched international banks. Trust in local financial systems sparks something different, an internal web of exchanges begins forming. Change happens quietly in some places, as people are finding their own ways to handle the changing value of money.

Lebanon is an example of how an economy breaks and changes. When people stop trusting the money, they find new ways to pay for things. The government and the laws are too slow to react.

This example reveals the system's hidden issues and the reasons that traditional record-keeping practices are no longer working. We can see the errors in the regulation's creation one by one.

Why is Stability hard to achieve?

The main reason Lebanon cash is having problems these days is that people no longer trust the system, and trust, along with ethics, is essential for financial stability (Diab & El hajj, 2024). Particularly in this day of Artificial intelligence and technological progress (Beainy & Kamel, 2023). Although experts predict that the economy can grow by 4% in 2026. The currency is still having difficulty getting stronger. The currency exchange rate had decreased by the end of 2023. Both bread makers and sellers received benefits from this. The economy is still in trouble, so the calm is not true, but doesn't seem wise to keep money in Lebanese pounds at this time. People from other countries are afraid to put their money here or invest in Lebanon because the banks are still waiting for the government to fix the system. Without better rules and clear laws, the banks will stay broken.

The Significance of This

Lebanese currency has become crucial to the entire area as the Eastern Mediterranean financial system changes. There may be no chance for the country to improve if foreign markets continue to disrespect the Lebanese pound. The 72 billion dollars are still missing from the banks due to the low level of trust in the LBP. Some people will never see all of their money again, but the newly-introduced regulations will allow some people to receive a small part of the money they lost. Other nations are also looking at their monetary systems as Lebanon has become in a deadlock. They want to make sure that they are safe before things get worse. If Lebanon is able to fix its currency, the Lebanese pound will be a model to other businesses.

Research Question and Hypothesis

While a stable pound is a good starting point, before Lebanese banks can re-establish relationships with international finance, they must prove their safety and commitments to international regulations (Athari et al., 2023). Trust cannot be rebuilt fast, and foreign investors are the most likely to hold their cash and only release it back in after they have seen consistent and real improvements. Then again, the people will have their hope in the currency once more if the exchange rate is stayed upon. Lebanon can eventually go back to its previous heights if it can maintain peace. The stable currency offers opportunities to future, although solid banking and government management are as critical. Actions speak less than words. The true process depends on fix the country problems not just managing the currency. Today's small actions have big impact in future. Even the small changes we make now will grow in better future for Lebanon few months. Stability in currency may not restore the lost confidence among the people. The banks and the government must clarify who is responsible for these losses and who will pay back the money. It is essential for banks to set the same rules for giving loans to everyone. The banks and government should be able to explain who will pay the money and who is responsible for such losses. People still carry large amounts of cash because large transactions without a functioning bank seem riskier. This cash economy makes it harder for the country to recover from such a big crisis. The people are still going about their routine, but worried about what's next.

Literature Review: "The story so far "

The Story So Far

To understand why things are hard in Lebanon Today, you have to look at the history. This resulted in the bad decisions that have led us into the current crises, and coupled with rising prices, 2019-2024 has been a hard time for everyone. 2025 did, however, demonstrate that the situation could be contained and prevented from further deterioration. Lebanon is still waiting and hoping on international help to finally move forward. Leaders who watch closely can see little hope that the followers cannot see. When the Lira crashed the trust was broken and a steady progress is finally starting to show giving hope for the people. Recovery is a slow process of making better decisions (Subrahmanyam et al., 2024). Instead of repeating the old mistakes Lebanon is taking different steps. Since there were no other options left on the table the country is finally following the advice that it used to ignore to fix the economy. On the outside things look the same but there is a shift happening in the country. There are no big announcements just the small effort of people working hard to make progress and fix things. The conversation in Lebanon is changing because people are less upset and more focused on the future, furthermore, Lebanese citizens understand that they live in a challenging area, the MENA region (Hanoun & Taher, 2025), however trust is growing slowly and if you look closely you will see hope. This hope is helping people start to believe in a better tomorrow.

1. The Fixed Exchange Rate Between 1997 and 2019

Because of the 1507.5 fixed peg, Lebanon's economy appeared stable for 20 years. Sassine's 2025 study and the International Monetary Fund report 2023, still reveal that this stability was only a start for more serious problems. This stability drove down the cost of imports while destroying local companies. Experts now understand that this stability we have experienced was just a bubble. All of this was only an accounting trick by accountants to cover up the fact that the country was running out of money. Even though everything appeared to be perfectly on paper. Following these issues started showing up, with small businesses being the most impacted since they were unable to pay their debts due to the rising interest rates on their loans. Because the country felt obliged to maintain high rates in order to ensure the Lira's connection to the dollar. Borrowing money became extremely high, and very few people expected this. Important foreign investors brought in fresh funding, but ordinary people, employees, and business owners received no support from the banks. Regular people now find it almost impossible to borrow the funds they require to expand or maintain their businesses. Businesses stopped developing, and the economy decreased slowly. The country was producing less, despite the Lira appearing stable. These steady prices were only a mask for a serious problem that eventually led to the collapse of the entire system.

Almost no one at first noticed the slow, quiet changes. When the high interest rates failed to generate revenue by 2026, the public began to demand to know how the money was being used. The economy was slowed but inflation was successfully stopped by the central bank that decided

to stop printing new money. Lebanon is now avoiding the poor decisions made in the past and proceeding without building up additional debt.

2. The Fragile Return in 2026

Expectations for Lebanon have shifted as a result of the new data. The World Bank projected in early 2026 that the economy would expand by 4% this year following a period of economic collapse (World Bank, 2026). This is the final proof the country is heading in the right direction. This shift was also observed by BLOMINVEST in their reports (BLOMINVEST Bank, 2026). The economy began with small indications of life and is now accelerating. The most important factor is now that economy is growing, and the country is beginning to recover from long calm of these crises.

The rate was steady at 89,700 LBP to the dollar at the end of the previous year. While the Central Bank was focusing on increasing its savings, new tax regulations contributed to the stability of the economy. By December 2025, Lebanon had approximately \$12 billion in foreign reserves, which provided the currency with the stability it needed to advance the country.

Something strange happened when almost all stores started to show prices in dollars, yet government employees still receive their salaries in Lebanese Pounds. Even though people do their daily shopping in dollars, LBP remains the heart of everything in the government and a major part of the system. The World Bank has recently studied this situation trying to understand why the Lira remains such an important currency when everything has been taken over by the dollar.

3. Facts and Figures on the 2026 Economy

In early 2026, data around the world is tracking every move of the Lebanese Lira. The focus is no longer just on the local prices but on how the Lebanese Pound performs in the international market. The goal now is to ensure the Lira stays stable enough to keep Lebanon connected to the global economy and prove that the country is ready to move forward.

Table 1: Lebanon Financial Metrics

Metric	2022 (Peak Crisis)	2026 (Projected/Current)	Significance
Real GDP Growth	-7.1%	+4.0%	Signs of recovery.
Inflation (CPI)	171.2%	8.7%	Return to single digits.
Debt-to-GDP	219%	148.7%	Declining but still weak.

FX Reserves	~\$9B	\$12B	Improved firepower for BDL.
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Note. The Advantages of the Lebanese Currency in the International Finance 2026

4. Gaps in Current Research on Financial Gap Law

Lately, talk focuses on broad stability when it comes to data. Still, researchers hardly explore how effectively the LBP functions inside courtrooms. While international groups monitor steady markets, trust in institutions drags along slowly. This gap shows plainly across fresh UN publications.

Now there is something different. Opinion from most specialists is that the LBP will remain an unknown force in world politics if the law for the financial gap is neglected. It should be passed to stop the diversion of the \$72 billion.

Hidden forces move quietly where most do not see. By 2024, Lebanon's route to 2026 rests heavily on quiet motion below view. Research appearing through MDPI highlights covert systems pushing progress forward without notice. Rather than overlook such streams, a single thought gains ground the LBP could link informal income with worldwide money channels. This method tugs hidden worth into open streams instead of shoving it sideways. Quiet changes frequently occur where there are gaps, not where there are noises. Some solutions come quietly and slide where there is least resistance.

"Sustaining this fragile recovery will require pursuing swifter and more ambitious macro-financial reforms, to achieve long-term stability." - Jean-Christophe Carret, Director, World Bank (Jan 2026).

Conclusion of Review

The story of our currency started with a broken system but today the economy is quiet and stable phase. People are still asking if this stability is here to stay or just a small break. We are thinking about the progress made today and whether it is enough. To see if the world would encourage to step in and help Lebanon towards a better future.

Methodology: "The how we did it "

Analytical Framework and Data Collection

This study looks at where the Lebanese Lira stands in the world of finance right now. We used interviews and estimations of experts to fill in missing information because it has been hard

to find official government data since 2021. These parts match together to show where the Lebanese pound will be in 2026.

1. Research Design

Our study has two main parts. First, we examine how the new dollar affects the value of the Lebanese pound. When people send money to their families, does the currency become stronger and stabilize? We observed that the money that goes into bank accounts, often takes longer to appear in the records than do daily fluctuations in exchange rates. Patterns emerge when tracking remittances alongside currency performance across months. The link becomes visible only after stacking years of financial movement side by side. When outside cash enters steadily, pressure on the local rate adjusts slowly. Data points can be aligned according to the direction of the flow.

Beginning with discussions with insiders in the banking sector, this phase assesses the significance of trust in the usage of LBP in trading cash flows. Through one-on-one discussions, one can gain a perspective on what problems exist to make the leap to using new financial instruments. There may be concerns about hesitation because of ambiguity or because of obsolete systems. With each interview, layers of understanding on reluctance to change or reluctance to embrace change are revealed. There is no rule in building trust; trust is built on experiences. Those involved will share experiences on how trust hindered progress. At times, a single decision-maker controls the entire department. Confidence shows up differently across regions and roles. Moreover, the burden of proof also varies substantially across institutions. These intuitions inform understanding independent of statistics.

2. Data Collection and Sources

Throughout half a year, leading up to the start of 2026, information came together slowly. Because clarity matters, these references made it possible for each one to choose carefully along the way.

Table 2: Data sources

Data Type	Primary Source	Variables Measured
Monetary Data	Banque du Liban (BDL) Statistics	Money Supply (M1, M2), Net Foreign Assets, and Sayrafa/Open Market rates.
Macro-Economic Indicators	World Bank "Lebanon Economic Monitor" 2026	GDP Growth (4.0% projection), Consumer Price Index (CPI), and Debt-to-GDP ratios.

Banking Sector Performance	Byblos Bank "Lebanon This Week" & ABL Reports	Deposit concentration, "Fresh" LBP circulation, and commercial bank liquidity.
Primary Qualitative Data	Semi-structured Interviews	12 Key Informants (Bankers, IMF consultants, and Lebanese Ministry of Finance officials).

Note. The Advantages of the Lebanese Currency in the International Finance 2026

3. Tools and analytical methods

Financial models assist with managing Lebanon's volatile economy. These models record a rise or fall in money flow movements. Market fluctuations are monitored using mathematical calculations. Numbers are constantly changing within this market, and forecasts require frequent updates. Forecasting is a process of working around fluctuations within this market. Patterns within data systems inform one of potential dangers, as they may not be immediately apparent. Each model differs as updates on numbers within the currency arise. These changes influence the meaning of data flow within this market.

- GARCH, standing for Generalized Auto-Regressive Conditional Heteroskedasticity, these tools assisted with projection on exactly how much the LBP's value would fluctuate with the onset of the next few months. Instead of smooth patterns, these tools monitored wild movements in the prices from 2024 to 2026. Some movements did not consist of smooth movements, as certain times had clusters of sudden movements. While not receiving any specific figures, the rhythm of instability was anticipated. Due to the repetitive way in which markets will behave, movements that were aided by projections would not merely be averaged, they would be further promoted. What came out of this process, however, is a graph of turbulence.
- Looking at how stability in terms of LBP relating to the number of foreign currencies cleared in cheques helps us find clues to making use of it in settling foreign exchange practices. There may be stability in local money, hence more foreign transactions may be taking place. This helps us find clues on how they relate, as they may maintain a uniform trend. While one fluctuates, attention paid to another will reveal how they relate. There may be a link between payments in cheques fluctuating in relation to how the fixed rate fluctuates. It does not seem as if they move hand in hand, but trends can be seen. There may be meanings as to how things occur locally when it comes to matters of settling trust.
- One way to look specifically at what the researchers learned from the answers to the interview questions was using thematic coding. By employing computer software called

NVivo, they mined their answers. Soon, there were some trends showing up regarding Financial Gap Law. One of the most surprising things was regarding the confidence levels within different nations and how trust was affected.

4. Detailed Procedure

To conduct this research, a researcher would have to complete the following:

- Begin by downloading the most recent BDL financial reports, available every two months online. Access the data from Lebanon's central bank, first focusing on gold reserves. Then move to foreign holdings, which currently stand at close to twelve billion dollars. This has been the same since the beginning of 2026. While accessing the information, it is important to concentrate only on the mentioned categories. Take some of the many exchange rates that were floating around until now and align them all under one standard, the Unified Market Rate of about 89,700 Lebanese pounds per dollar when working out the 2026 numbers.
- A hundred investors from Lebanon, at home and abroad, will be questioned about their money decisions. Their attitudes on retaining Lebanese Pounds can be identified through scored answers. Instead of switching money to US Dollars, some may be comfortable retaining local currency. Opinions of people can be identified using a rating system to measure their comfort level. Their preferences can be recognized through scoring answers on their financial habits. There is no pressure on the outcome question; the survey is a response that is immediate.
- Another important issue is whether people claim to trust banks more than they did before the crisis. To answer the question, it is necessary to analyze the actual data. Have deposits in savings accounts which are Lebanese pound-based, for example, increased? Is it that deposits in savings accounts denominated in Lebanese pounds have increased, for example? In fact, actions like returning funds to banks often offer more insight into public confidence than surveys or reports by the banks themselves.

5. Ethical Considerations and Limitations

We need people's permission to talk about their financial situation, without sharing their personal information to be able to get the truth. This is significant, because cash transactions outside of banks are currently accounting for about 40% of the economy. Only official records like shipping bills and export accounts, show the Lira's actual value in the world because so much money is hidden.

Results: "The facts "

Observed Data on the Lebanese Economy 2026

This data gives us a clear look at Lebanon's economy in February 2026, according to the official reports from the Banque du Liban (BDL) and World Bank. These facts help us see that after years of crisis the economy is finally starting to grow again.

1.Monetary Indicators and Exchange rate Stability

The Lebanese Pound has maintained a period of horizontal stability. The following table illustrates the shift from the peak of the currency crisis to the current status.

Table 3: Monetary Indicators in Lebanon

Indicator	2023 (Crisis Peak)	2026 (Current Status)	Change/Trend
Market Exchange Rate	~100,000+ LBP/USD	89,700 LBP/USD	Stabilized since Aug 2023
BDL Foreign Reserves	~\$8.5 billion	\$11.95 Billion	+40.5% (YoY Growth)
BDL Gold Reserves	~\$18 billion	\$45.86 Billion	Valuation up due to gold prices
Inflation Rate (CPI)	221.3%	8.7%	Single-digit return

Note. The Advantages of the Lebanese Currency in the International Finance 2026

2. Macroeconomic Performance

Lebanon is finally coming out of a long recession and start growing again. The progress is slow but the first time in a long time Lebanon is moving forward instead of backward.

- Starting strong, Lebanon's economy likely moves up by 3.5 percent in 2025. Then comes a slight bump growth seen at 4.0 percent by 2026, according to the World Bank report.
- By 2026, every dollar earned will cover what gets spent, no more. Tax revenue climbs, lifting intake without touching planned debt paydowns. What flows in balances what flows out - driven by better collection, not reduced costs. Income meets outlay just even, shaped fully by fuller coffers. Without paying off loans, the books balance just barely on actual cash flow. Numbers hold steady because more arrives at treasury doors, no borrowing shifts ease pressure. Cash accounting shows even footing, fueled not by growth alone but also paused obligations.
- One way to look at it is the debt compared to economic output sits around 148.7 percent now. That number used to be much higher, hitting 219 percent back in 2022. Even so, payments on some obligations still aren't being met fully.

3. Global Trade and Money Across Borders

The records of payments indicate the involvement of LBP in global trade. The trade figures indicate their existence beyond borders.

- There was a gap between the amount purchased from abroad and the amount sold internationally that became large towards the end of 2025. Imports climbed sharply, reaching nearly \$12.94 billion, up more than eleven percent. Exports rose much faster, though starting from a far smaller base, hitting \$2.37 billion. Because purchases from other countries outpaced sales beyond borders, the imbalance stretched to about \$10.57 billion.
- Top exports are pearls, precious stones, and metals - making up nearly 36% of all shipments. Close behind come base metals, responsible for about 15%. Food and drink items follow at just under 12%, rounding out the main goods sent abroad, Both SME's and large corporations actively participate in exporting from Lebanon (Kamel et al., 2023).
- Money sent home by workers holds steady, keeping cash flow strong. Yet imports tied to rebuilding efforts will likely push the current account gap up toward 16.1 percent of

economic output by 2026. Outside funding helps but spending on incoming goods grows faster.

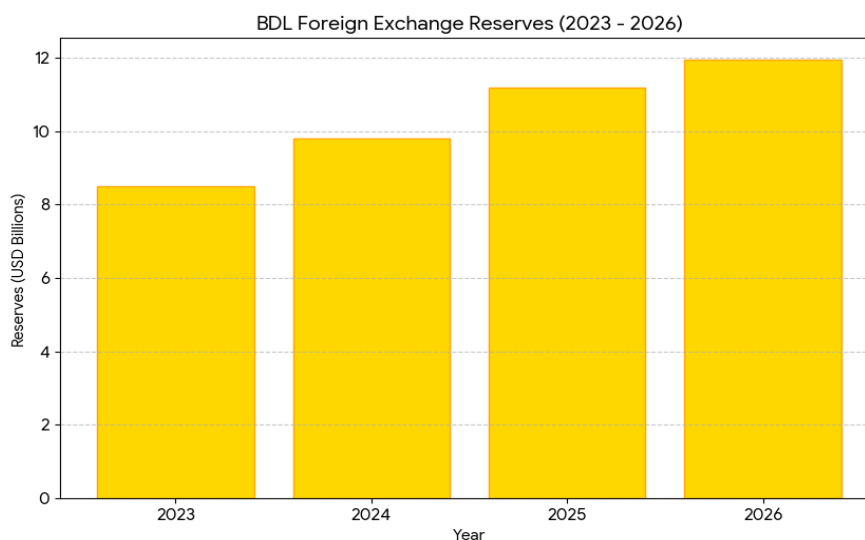
4. Financial Sector Status

- Falling through the year, cash beyond central control dropped 15.88%, landing near \$789.8 million by January's midpoint in 2026. That figure reflects market valuation, measured outside BDL's reach.
- Halfway through January 2026, the BDL reported that bank deposits across Lebanon's financial system hit \$82.95 billion. More than nine out of ten of those balances were still held in U.S. dollars.
- Spending by households rose 2.9 percent in 2026. That happened because pay started being set in dollars. Money sent home from abroad kept coming steadily too.

5. Stable Exchange Rates 2023 to 2026

The following chart indicates how the Lira stabilized and no longer fluctuating in relation to the dollar. The rate has remained at 89,700 LBP since 2023. In Lebanon, this rate is currently used for everything, including store prices and taxes collected by the government.

Figure 1: Foreign Exchange reserves in the Lebanese Central Bank

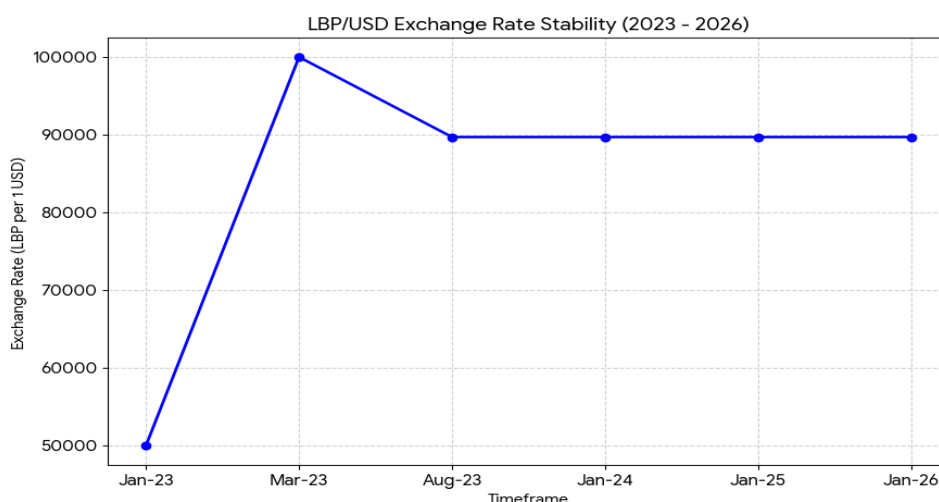


Note. The Advantages of the Lebanese Currency in the International Finance 2026

6. Projected Annual GDP Growth 2020 to 2026

After 2020, the Lebanese economy began to face significant challenges. But in 2024, few signs of small improvement appeared. Recent projections indicate that economic growth might be as high as 4%, during 2026. This improvement is significant because it indicates that the Lebanese Lira can still have a role in the recovery of the country's economy and the possibility for the economy to gradually stabilize.

Figure 2: LBP to USD Exchange rate

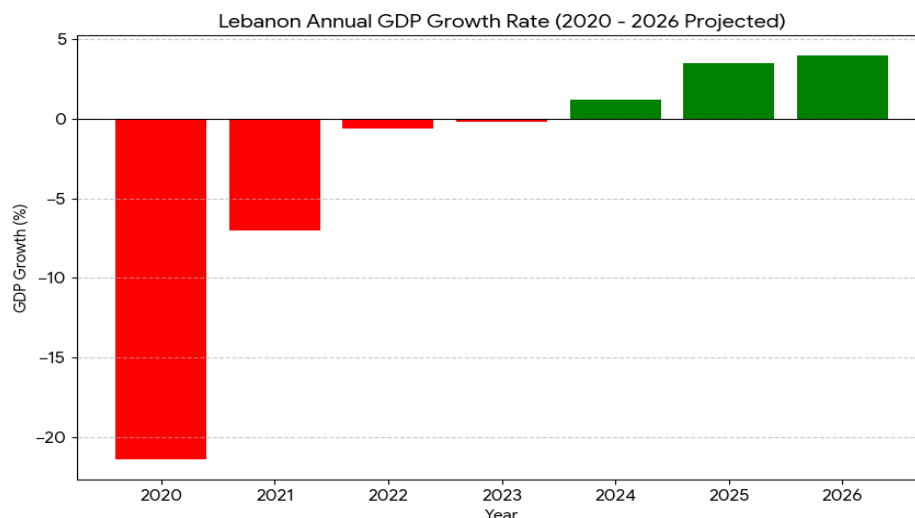


Note. The Advantages of the Lebanese Currency in the International Finance 2026

7. Banque Du Liban (BDL) Foreign Exchange Reserves 2023 to 2026

During the past few years, the foreign reserves of Lebanon increased to around \$12.07 billion. If we compare it to the \$8.5 billion reached in 2023, this shows a significant improvement. Higher reserves allow the Central Bank maintaining the stability of the exchange rate and improving its position in the market.

Figure 3: GDP Growth rate of Lebanon



Note. The Advantages of the Lebanese Currency in the International Finance 2026

Discussion and conclusion: "The so what ? "

1. Interpretation of Findings

The Lira is flexible again in 2026. Between 2019 and 2023, there were severe declines. However, stability was observed beginning 2024 when the rates maintained their positions. The truth is Lira's position in global finance established in supportive treatment measures.

- It is true now although the lasting power requires significant change as well as true measures to reconstruct the old times. Experts rose by 23.9% as reduced pound made the Lebanese goods cheaper in the international markets. However, factories rely on imported inputs, which they purchase in dollars. With every drop in Lira, manufacturing costs escalated. Prices shipments erase gains from selling goods cheap overseas. Local businesses find little tangible benefit. Rising global prices prevent forward movement here. Since all inputs need to be sourced from abroad and are all charged in dollars, no equilibrium at home can be guaranteed when freight and new orders are bought in. any marginal benefit to a cluster tends to result in losses in the neighboring cluster. That short-lived change quickly evaporates under intense international expenses.
- Even when the Lira seems in equilibrium, its value is evident only at tax time or when performing official duties. Elsewhere, lives run on greenbacks. However, appreciation of Lebanon's economy does not necessarily reflect restored confidence. Foreign funds see it as feedback than a choice. The stigma attached to default means that the Lira continues to be on edge. Global market confidence remains intangible.

2. Research Question Answered

Lebanon will one day be able to get back into international financial markets if its borrowing expenses are minimized. When an entire country effectively manages its budget and makes on schedule repayments of debt, trust is established. These common patterns provide foreign investors with the sense of security they require to make a return. What is the most significant, is moving forward despite the obvious slowness of progress? Confidence in the economy always rises when the threat no longer exists. Promising a lot is not as crucial for investors as sticking to morality. Trust will develop every day when the leaders do what they say, this steady progress creates new opportunities for the nation's future prosperity, slowly but surely.

Even in the case of stable exchange rate, the value of the currency is not enough to solve all the problems. The Lebanese pound is crucial not simply because it is favorite but rather for the reason it serves as anchor during the reconstruction process and guarantees economic stability while fundamentals are being reinforced. Variations in the value of US dollar would cause a crisis if the monetary reserve mentioned above is not in place. The decision that was made in 2026 showed that the Lebanese pound could be controlled by BDL only with the help of available cash as a shield. However, it is necessary to have real regulation that closes the financial gaps to improve the system fully and restore confidence. True confidence in the banking system will be restored only then.

3. Weaknesses and Limitations of the Study

Since almost half of all transactions in Lebanon take place off the books, cash moves quickly. As a result, official World Bank or Central Bank reports may not accurately reflect how people spend their money. The way the Lebanese pound is exchanged on the street and these convert financial transactions are frequently more significant than what the official charts indicate. All of our progress could be destroyed by one poor decision. Although experts predict 4% growth in 2026, this depends on the nation remaining peaceful because political stability has a big impact on economic growth, particularly in developing nations (Beainy, 2023). Our financial stability will shortly collapse if the peace in our region is violated. Although we are making progress, we must keep in mind that this growth is erratic and easily reversed.

When financial institutions are not providing liquidity, it is difficult to evaluate an economy. Lebanon is failing to conform standard international norms as a result of financial crisis. The cash moves in unusual methods that don't always appear on government documents because funding is so difficult to obtain. The country is staying alive, judging by the most recent statistics, but in order to really begin expanding, we need a functioning banking system.

4. Final Thoughts and What Comes Next

The Lebanese pound is finally stable in 2026 and is no longer collapsing. This stability is crucial for foreign investors to send money home to aid in reconstruction. either directly through money transfers or through non-governmental organizations, because it keeps service costs low(Saber&Sassine,2022).The link that allows aid and hope to return to the nation is stability.

Future Research Directions:

- A government backed digital Lira could be one way to address Lebanon's banking problems. Instead of relying on failing banks, people use a version of their money to make payments. If technology continue on improving, trade will be able to expand while traditional finance struggles. Instead of agents or vaults, software manages these transactions. Something that operates outside of those channels could sustain commerce in an environment where people have little faith in institutions. Will consumers have the same level of faith in digital wallets as they did in banks, according to one current test? Government control over online cash could replace the traditional banking system by putting citizens in contact directly with their money without a need for third parties.
- Lebanon's talks can begin only after local currency debt repayment. However, after radical price changes, these Lira sums reimburse much less than the full liabilities. The authorities reshaping the rules governing the Lebanese pound will ultimately define the outcome, while there is a possibility that clearing that load may improve the state's budget.
- Every year, residents move more than \$6 billion beyond the reach of banks as they find the money in their hands. If bank remains strong and does what they must do, cash will eventually return to Lira. By creating a clear path instead of messy workarounds, banks may once again handle more weight than what you say, however old doubt. Being comfortable with routines can lead to small changes that indicate a different step is possible. When the going gets tough, work just get tougher.

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