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A Look at Syria’s Banking Sector

The Syrian banking sector stands at a critical juncture in 2025, shaped by years of war, economic fragmentation, and shifting regional alliances. In the wake of conflict and sanctions, Syria’s financial institutions have struggled to maintain trust, liquidity, and international relevance. Yet, a recent report from the Union of Arab Bank (April 2025) provides a comprehensive breakdown of Syria’s banking landscape, ownership structures, and financial performance, offering a foundation for understanding the sector’s current status and future potential. Particularly relevant is the role that Lebanese banks, long intertwined with Syrian commerce, can play in supporting and even spearheading a renewed banking movement in Syria.

According to the UNCTAD Investment Policy Monitor (2010), Law No.3 of 2010 amended Syria’s banking legislation to increase the allowable foreign stake in private banks from 49% to 60%. The amendment also raised capital requirements for private Islamic banks from $30 million to $300 million, in a bid to modernize the sector and attract European and regional partners. However, more than a decade later, foreign banks remain cautious. The report reveals that most foreign shareholders still limit their investments to the former 49% threshold. This reluctance to exceed minority holdings, despite favorable legal conditions, is likely influenced by reputational concerns, sanctions, and operational risk in Syria’s high volatility environment.

Lebanese banks remain some of the most significant foreign stakeholders in Syria’s financial system. As of 2025, FransaBank Lebanon owns 48% of FransaBank Syria, BLOM Bank owns 49% of Bank of Syria and Overseas, and Bank BEMO holds a 49% stake in Bank BEMO Saudi Fransi. Additionally, First National Bank (Lebanon) holds 7% of Bank Syria and the Gulf, according to the Union of Arab Banks' latest publication. These partnerships date back to the early 2000s when Lebanese banks entered Syria following the country's financial liberalization. However, Lebanese institutions such as Bank Audi and Byblos Bank have since exited the market, likely a strategic response to war-related risks and regional volatility.

It's important to note that nearly all foreign shareholders hold less than 49% equity in Syrian banks, ensuring they remain minority stakeholders in compliance with local ownership regulations or as a risk mitigation strategy. The only exception to this are the Arab Bank with 51.29% foreign ownership, and Qatar National Bank with 50.81% foreign ownership, making them the only two banks in the reviewed sample where foreign entities hold a majority stake, possibly due to early agreements, strategic partnerships, or the strength of bilateral relations between Syria and those countries.

Syria's private and foreign banking sector: Q3 2024

Bank (In Million USD)	Assets	Deposits	Loans	Shareholders Equity	Profits
Syria's Islamic International Bank	862.7	245.6	130.8	62.6	10.4
Banque BEMO Saudi Fransi	601.1	382.2	63.9	143.5	(1.7)
Al Baraka Bank -Syria	561.6	137.1	44.04	74.30	6.4
Cham Bank	308.1	4.4	27.5	51.3	9.2
Qatar National Bank - Syria	253.4	57.3	12.2	174.8	1.4
Syria Gulf Bank	197	112	50.3	44.8	0.7
Bank of Syria and Overseas	193.2	114.5	5.6	52.7	6.8
The International Bank for Trade and Finance	182.6	100.8	9.7	52.9	6.3
Ahli Trust Bank (previously Bank Audi)	145.3	57.7	16.7	54.7	5.2
Fransabank - Syria	125.4	53.9	17.2	47.9	4.1
Arab Bank - Syria	113.4	50.4	6.6	54.5	4.6
Shahba Bank (Previously Bank Byblos)	100.99	28.20	8.8	60.7	(0.7)
Bank of Jordan - Syria	96.5	40.1	15	28.2	3.2
Bank Al Sharq	85.0	34.3	9.1	33.0	3.4
National Islamic Bank	82.9	37.7	9.2	5.4	0.2
TOTAL	**3,909.2**	**1,456.3**	**426.6**	**941.3**	**59.5**

Source: Syrian stock market and locations of Syrian banks.

Financial indicators from the third quarter of 2024 paint a picture of uneven sectoral health. According to the Union of Arab Banks data, the above table offers a detailed overview of Syria's private and foreign banking sector, with total assets reaching $3.91 billion, deposits at $1.46 billion, and loans at $426.6 million. The Bank of Syria and Overseas holds $192.2 million in assets, $114.5 million in deposits, and $5.6 million in loans, with a profit of $6.2 million and equity of $52.7 million, reflecting financial relative stability despite the country's ongoing economic difficulties. Notably, banks like Syria's Islamic International Bank and Cham Bank reported the highest profits at $10.4 million and $9.2 million respectively, indicating the strength of Islamic banking in the current environment. In contrast, Banque BEMO Saudi Fransi and Shahba Bank posted losses of $1.7 million and $0.7 million, pointing to operational or market challenges. Overall, the data reflects a sector operating under constrained but active financial conditions

To understand how Syria might rebuild its banking sector, it is helpful to refer to research from institutions such as the World Bank and IMF, which outline global post-conflict financial recovery principles. These include macroeconomic stabilization, the re-establishment of public trust in financial systems, and the deployment of technology to compensate for damaged physical infrastructure. According to a 2005 World Bank report (International Companies and Post-Conflict Reconstruction), hybrid banking models and donor-backed credit schemes have proven effective in countries like Iraq and Liberia. These approaches combine public guarantees with private lending to support housing, agriculture, and small business growth, critical sectors for Syria's recovery.

Despite the liberal legal framework, most foreign bank ownership in Syria remains conservative. The timing of Law No.3 of 2010, introduced just one year before the war, may have discouraged serious foreign capital from materializing at scale. The post-war environment continues to pose high barriers to entry, including sanctions, currency instability, and poor governance ratings. The evidence suggests that while foreign banks are legally permitted to take majority stakes, they remain hesitant, choosing instead to maintain minority positions or exit entirely, as seen with Byblos Bank and Bank Audi.

Of course, the entire landscape could change if sanctions are lifted and new investment laws – for both the real and financial sectors – are enacted. Hopefully, these could usher in a new, sounder banking structure for the new and emerging Syria.

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