





لجمهوريّة التّونسيّة وزارة الماليّة

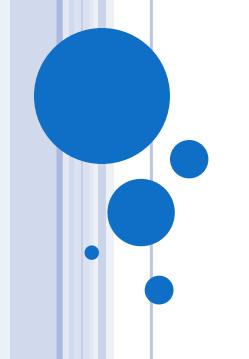




(December 12th, 2013, Ankara)

"Enhancing Capital Flows in the COMCEC Region"

Zoghlami Sonia Ministry of Finance Tunisia



- Gradual approach for financial liberalisation
- The development of the financial system as a prerequisite to the success of the liberalization of the capital account
- Banking sector and financial market: mains challenges

GRADUALLY APPROACH ADOPTED BY THE TUNISIAN AUTHORITIES FOR FINANCIAL LIBERALIZATION:

Portfolio foreign investment

- Freedom given to foreign investors to take participation (below the threshold of 50%) in listed or unlisted companies on the stock exchange market.

the acquisition of Tunisian securities conferring voting rights or shares of companies established in Tunisia is subject to **the approval of the Superior Investment Commission** whenever the rate of the aggregate foreign shareholding in these companies given the acquisitions in question is equal or above 50 % stake in the company , (Decree No. 77-608 establishing the conditions for the application of **the foreign exchange code**).

Non-residents having made investments, pursuant to the regulation into force, are free to transfer net real proceeds and gains on transfer or liquidation of their invested assets through foreign currency import.

GRADUALLY APPROACH ADOPTED BY THE AUTHORITIES FOR FINANCIAL LIBERALIZATION:

• External borrowings :

Resident companies may, for their activities' needs, borrow freely, from non-residents in foreign currency up to 10 millions dinars per calendar year for credit institutions (banks and financial institutions) and 3 million dinars for the other companies. When granted for a period of more than 12 months, these loans are borrowed freely and without a limit for the amount for the credit institutions and within a limit of 10 millions dinars per year for the other companies. However, the lending institutions must be subdued to a prior voluntary assessment of a rating agency, or listed on the stock exchange market.

INVESTMENTS IN THE BANKING SECTOR:

The law on credit institutions states that the Minister of Finance agrees on the basis of report of the Central Bank of Tunisia is required for "any acquisition, directly or indirectly, by one or more persons, of capital shares in a credit institutions likely to cause the control and in any case any operation which lead to the acquisition of the tenth, one fifth, one third, half or two-thirds of voting rights".

. The criteria for assessing the quality and skills of the investor are applied without discrimination between domestic and foreign investors.:

which reflects a rate of **foreign participation in the capital of Tunisian banks of about 37%.**

INITIATIVES TO ATTRACT FOREIGN CAPITAL:

Accession of Tunisia in 2012 to the OECD Declaration on International Investment and Multinational companies,

Objectives:

Improve the climate for foreign investment,

Provide the conditions net worth to support the contribution of multinational companies in the economic and social development,

And reducing barriers related to investment.

Initiatives to attract foreign capital: improving the investment environment

Doing business indicator: Investor protections

Reforms to stengthen investor protections

	2009	2010	2011	2012	2013
Rank	58	40	45	49	51
	181	185	185	185	189

- Amendment of the Commercial Companies Code (2009) objectives:
 - requiring greater corporate disclosure : ensure good governance (flexibility to the management, while maintaining the transparency of transactions and operations in companies)
 - ensure the protection of fundamental rights of shareholders and in particular their right to be informed and their right to resort to justice.
 - allowing minority investors to request in court the rescission of prejudicial related party transactions.

CHALLENGES IN ATTRACTING CAPITAL:

The deregulation of capital movements is certainly beneficial and advantageous for a country, but it is important to prepare favorable macroeconomic conditions: a stable macroeconomic framework, including a sound financial system.

THE DEVELOPMENT OF THE FINANCIAL SYSTEM AS A PREREQUISITE THE SUCCESS OF THE LIBERALIZATION OF THE CAPITAL ACCOUNT

Banking sector:

Structure:

The financial sector is dominated by banks,

21 on shore banks, including 3 large state owned banks

8 off shore banks,

- 9 leasing institutions,
- 3 factoring institutions,
- 2 merchant banks

THE DEVELOPMENT OF THE FINANCIAL SYSTEM AS A PREREQUISITE THE SUCCESS OF THE LIBERALIZATION OF THE CAPITAL ACCOUNT:

Banking sector challenges:

Fragmentation of the banking sector small size of tunisian banks, High level of **non performing loan** (specially for state owned banks)

bank governance should be further consolidated (despite the reforms conducted)

THE DEVELOPMENT OF THE FINANCIAL SYSTEM AS A PREREQUISITE THE SUCCESS OF THE LIBERALIZATION OF THE CAPITAL ACCOUNT:

State owned banks restructuring:

-a **full audit** for the three large commercial banks (Sociéte tunisienne de Banque, Banque Nationale Agricole, Banque de l'Habitat):by independent international experts :

Diagnosis audit (financial-organization-internal control-human resources –. IT systems.)

strategic audit:

adopt the different scenario of restructurion for each bank. Adopt a restructuring plan.

THE DEVELOPMENT OF THE FINANCIAL SYSTEM AS A PREREQUISITE THE SUCCESS OF THE LIBERALIZATION OF THE CAPITAL ACCOUNT

Capital market: challenges:

the size is still small

The stock market capitalisation represent 19.7 percent of GDP,

Number of listed companies:68

Contribution of private investment 6.6 percent (2012),

Share of foreigners in market capitalisation: 22.27 percent.

THANK YOU FOR YOUR ATTENTION