

Economic Intelligence as a Strategic Tool for Banking Risk Management in Algeria

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Abstract:

In the context of globalization and economic instability, risk management is a strategic challenge for Algerian financial institutions. This study explores the contribution of economic intelligence (EI) to governance and risk control. An analytical approach identifies Algeria's main banking risks—credit, operational, liquidity, market, and compliance—while examining their interaction with EI practices. Findings show that EI, through strategic monitoring, information security, KYC processes, and anticipation capabilities, shifts banks from reactive to proactive risk management. Credit risk, representing over 50% of total banking risks (Bank of Algeria, IMF), can be mitigated via strategic information use and portfolio diversification. Ultimately, EI strengthens the resilience of the Algerian banking sector, enhances stakeholder confidence, and aligns risk management with international standards.

Keywords: Economic intelligence; banking risk management; credit risk; banking governance; Algeria.

JEL Classification Codes: G21, G32, M15

1. INTRODUCTION

“To manage a risk is to assume it with full awareness and not to confuse unpredictability with carelessness...” (Jean Dausset, Nobel Prize in Medicine, 1980). Since their inception, organizations have been confronted with risks—whether identifiable, emerging, or even undetectable. Each decision taken is inherently driven by the associated risk: “To decide is to

choose, particularly in uncertain environments; it is to take a risk in the hope that the choice will, in hindsight, prove to be judicious” (Persais, 2003).

Banks, as financial institutions, are often described as portfolios of risks. This characterization is both natural and inevitable, given that their core product is money and that their intermediation activities inherently expose them to uncertainty. The banking environment, however, is becoming increasingly complex, shaped by globalization, financial innovation, regulatory changes, and macroeconomic volatility. This dynamic environment not only creates opportunities but also generates systemic vulnerabilities that may threaten institutional survival and the stability of the entire financial system.

In such a context, the capacity of banks to anticipate, evaluate, and manage risks becomes a strategic imperative. Traditional risk management approaches, primarily based on prudential ratios and regulatory compliance, remain necessary but often prove insufficient when facing multifaceted and rapidly evolving risks. Hence, there is a growing need to complement these frameworks with more proactive mechanisms.

While prudential frameworks such as the Basel Accords (Basel I, II, and III) provide necessary regulatory tools, they remain insufficient when applied in environments characterized by weak information systems and limited governance. This gap raises the following research problem:

How can economic intelligence (EI) enhance the effectiveness of banking risk management in Algeria beyond the traditional prudential frameworks?

From this problem, the following hypotheses are proposed:

H1: Credit risk is the predominant banking risk in Algeria and requires enhanced information management beyond classical prudential measures.

H2: The integration of EI practices (strategic monitoring, KYC, information security) significantly improves banks’ ability to anticipate and mitigate risks.

H3: EI adoption contributes to aligning Algerian banking governance with international standards, thereby reinforcing systemic resilience.

This article seeks to address this gap by examining the role of economic intelligence (EI) as a strategic lever for banking risk management in Algeria. Specifically, it pursues three objectives:

1. To present the general principles of risk in business and the fundamentals of risk management;
2. To analyze the typology of banking risks and the contribution of prudential regulation (Basel Accords) as a governance tool;
3. To evaluate how the integration of EI can enhance the resilience of Algerian banks by transforming risk management from a reactive to a proactive approach.

Through this analytical lens, the study highlights the limits of conventional prudential frameworks and argues that EI constitutes a key instrument for strengthening resilience, aligning with international standards, and supporting the sustainable transformation of the Algerian banking sector.

This study adopts a qualitative analytical approach, relying on secondary data from institutional reports (Bank of Algeria, IMF, World Bank), regulatory frameworks (Basel Accords) and academic literature).

2. Risk and Risk Management

2.1 Historical Background

Risk-taking practices have existed long before the development of a formal linguistic or mathematical definition of risk. As early as the fourth century BC, historians identified mechanisms of prediction, risk sharing, and targeted insurance in Mesopotamia, notably through loans designed to secure the transport of goods by land or sea. In the fifth century BC, Chinese merchants developed insurance arrangements to mitigate the consequences of natural disasters. In antiquity, the Greeks and Romans institutionalized maritime insurance (“loans for great adventures”) as well as personal insurance schemes related to health and life, often organized in corporatist forms for legionnaires or stonecutters. These examples demonstrate that the awareness and management of uncertainty are as old as organized economic activity itself.

2.1.1 Definition of Risk

The concept of risk has been defined from multiple disciplinary perspectives.

- General definition: According to *Larousse*, risk refers to “the possibility or probability of an event considered as harm or damage.”
- Project management perspective: Risk is defined as “an event whose occurrence is uncertain and whose manifestation may affect a project’s objectives” (Carlier).
- Economic and managerial perspective: Risk is “the possibility of an event occurring that entails negative consequences. By its very nature, it refers to a danger or disadvantage to which one is exposed” (Kharoubi & Thomas).
- Insurance perspective: Risk is “the eventuality of an event that does not depend exclusively on the will of the parties and that may cause the loss of an object or other damage” (Véret & Mekouar, 2005).
- Banking perspective: Risk is viewed as exposure to a high probability of loss. Banks specify categories of risk with precision, including solvency risk, credit risk, foreign exchange risk, market risk, interest rate risk, liquidity risk, and operational risk (Churchill & Coster, 2001).

Synthesizing these definitions, risk can be understood as an uncertain event whose realization may have consequences affecting the objectives of an organization. These consequences may be either negative (pure risks, such as natural, technical, or human disasters that threaten survival) or positive (speculative or entrepreneurial risks, arising from strategic choices aimed at creating opportunities and value).

2.1.2 Characteristics of Risk

From an analytical standpoint, risks can be characterized by several attributes:

- Severity (Impact): the magnitude of potential consequences;
- Probability (Frequency): the likelihood of occurrence;
- Formula: Risk is often expressed as the product of Probability $\times$ Severity.

Additional dimensions further refine the characterization:

- Frequency: statistical likelihood of the adverse event occurring;
- Category: classification linking the risk to specific organizational responsibilities;
- Causes: underlying events or triggers that generate the risk;
- State: latent (not yet manifested), active (manifested), or expired (no longer relevant);
- Impact: consequences arising from its realization;
- Detectability: the ability to identify or anticipate the risk, distinguishing between risks that are rare but detectable and those that are undetectable and occur without warning signals.

This analytical framework shows that risk is not merely an external threat but a multidimensional construct that combines uncertainty, probability, impact, and detectability. It provides the foundation for systematic approaches to risk management and supports the development of tools such as risk mapping and scenario analysis.

2.1.3 Tools for Risk Identification

One of the most critical challenges in risk management lies in the systematic and objective identification of risks. The construction of a risk map must not be based solely on personal judgment or managerial intuition but on the use of structured tools and methodologies (Pascal). Among the most widely used methods are:

- **Documentary audit:** A rational and systematic approach conducted in three phases:
 - *Pre-mission:* collection of documents relevant to the risk under review, with prior verification of their reliability (e.g., external confirmations, certified accounts, contract validity).
 - *During mission:* comparison of documentary sources with field information obtained through interviews or site visits.
 - *Post-mission:* formulation of conclusions and recommendations, such as contractual adjustments or strengthened controls.

- **Interviews:** Structured discussions with operational staff, allowing verification of their understanding of risk management mechanisms and identification of risks that may materialize in practice.
- **Site visits:** Direct observation of behaviors, organizational practices, and compliance with safety protocols, enabling the detection of potential anomalies or deficiencies that could generate risks.
- **Questionnaires:** Useful for benchmarking across sites or groups, producing comparative charts (such as radar diagrams) that help identify critical vulnerabilities in safety and crisis management procedures.

Together, these tools provide a comprehensive framework for identifying risks objectively, laying the foundation for effective prevention and mitigation strategies.

2.2 Evolution of Risk Management

The risk management function is relatively recent in organizational practice. Its historical development reveals key milestones that shaped its current scope.

- **1930s:** The concept of risk management first emerged in the banking and insurance sectors, with the creation of the *Risk Research Institute (RRI)* in New York. The term *risk manager* began to gain recognition.
- **1950s:** The role of “insurance buyer” often took precedence over that of “risk specialist,” although the military and aeronautical sectors started adopting systematic risk management. Techniques such as *Failure Modes and Effects Analysis (FMEA)* and *Preliminary Risk Analysis (PRA)* appeared.
- **1960s:** Further analytical tools emerged, including *fault tree analysis*, *HAZOP (Hazard and Operability Study)*, and *cause-and-effect diagrams*.
- **1970s onward:** The rise of financial markets led to the development of financial risk management, while technological risks became a growing concern.

- **1988:** The creation of the *Center for Risk Management* in Washington highlighted the increasing importance of environmental risks.
- **1990s–2000s:** The globalization of risks led to the introduction of international standards, notably *ISO 31000* and *ISO Guide 73*, which established common principles and guidelines for risk management.

This evolution shows that risk management has progressively expanded from a narrow insurance function to a comprehensive discipline integrating financial, operational, technological, and environmental dimensions. Today, it is recognized as an essential component of corporate governance and strategic decision-making.

2.2.1 Definition of the Risk Management Process

Risk management can be defined as: “A discipline consisting of implementing all necessary measures to achieve a sound understanding of the risks faced by an organization, determining the appropriate programs to address them with the best cost/benefit ratio, applying these programs, monitoring their performance, and correcting any deviations observed between actual results and initial objectives.” (Charbonnier)

Similarly, Courtot defines risk management as: “The process applied throughout a program, bringing together activities of identification, estimation, and control of risks.” (Aubry & Dufour, 2022)

These definitions converge on the idea that risk management is a pragmatic and iterative process aimed at identifying, evaluating, and mitigating risks. It is not a one-time exercise but a continuous mechanism that requires constant monitoring and adjustment. The process is typically designed and implemented by an organization’s leadership, relying on a set of tools, techniques, and governance mechanisms that allow risks to be measured, anticipated, and effectively controlled.

The general principles of risk and its management, as outlined in the first section, provide a conceptual foundation for understanding the multidimensional nature of uncertainty in organizational contexts. However, the financial sector—and banks in particular—constitute a special case where risk is not only an unavoidable factor but also the very essence

of their activity. Unlike other firms, whose exposure to risk is often incidental to their operations, banks are institutions whose core business is to transform, assume, and manage risks on behalf of their clients and the economy at large. This structural characteristic explains why banking activity is often described as a portfolio of risks and why prudential regulation has historically played such a crucial role in safeguarding systemic stability. The following section, therefore, applies the general framework of risk management to the banking sector by defining the role of banks, examining the typology of risks they face, and analyzing the regulatory mechanisms designed to mitigate these risks.

3 Banking and Banking Risk Management

Profitability and risk are inherently intertwined: any activity aimed at generating profit inevitably entails exposure to significant risks. In this respect, the financial sector illustrates this interdependence most clearly. Modern banking activity has evolved considerably: it is no longer confined to the collection of funds and their transformation into credit, but increasingly positions banks as specialized managers of financial and non-financial risks.

3.1 Definition and Role of Banks

The term bank emerged in the French language during the fifteenth century. In Italy, Lombard bankers conducted their operations in public markets while seated on benches (*banco* in Italian), from which the term is believed to originate.

Banks play a pivotal role in national and global economies, serving as essential intermediaries in the allocation of capital and the financing of economic activities.

3.1.1 Definition of a bank

According to Garsault and Priami (1997): “Banks are institutions whose habitual profession is to receive funds from the public in the form of deposits, which they employ on their own account in credit or financial operations. A banking institution acts as an intermediary between providers and users of capital, through two distinct processes:

- By inserting its balance sheet between suppliers and demanders of capital, a process known as *bank intermediation*;

- By directly linking suppliers and demanders of capital in financial markets, a phenomenon known as *disintermediation*.”

Thus, a bank is a financial institution whose core mission is to mobilize deposits, grant credit, and manage financial intermediation, thereby acting as a central conduit between lenders and borrowers of capital.

3.1.2 Typology of Banking Risks

Banking risks, inherent to financial intermediation, are generally divided into non-financial and financial risks.

Non-Financial Risks

These stem from organizational weaknesses or external constraints:

- Operational risk: Failures in processes, staff, systems, or external shocks (e.g., cyberattacks, disasters).
- Compliance risk: Sanctions for breaching legal or regulatory standards.
- Legal risk: Litigation or disputes with counterparties.
- Reputational risk: Loss of credibility from unethical or fraudulent practices.
- Country risk: Exposure to political or economic instability abroad.

Financial Risks

These arise directly from intermediation and market exposure:

- Liquidity risk: Inability to meet short-term obligations despite asset mobilization.
- Counterparty (credit) risk: Insolvency of borrowers, with potential domino effects.
- Market risk: Losses due to fluctuations in interest rates, exchange rates, or asset values.
- Foreign exchange risk: Results impacted by currency volatility.

3.2 Banking Risk Management: The Basel Accords

The growing instability of international banking and monetary markets in the early 1970s—particularly the failure of a German bank that provoked severe disturbances in the foreign exchange market—led to the

creation of a supervisory committee in 1974, at the initiative of two industrialized nations. Initially named the Cooke Committee after Peter Cooke, Director of the Bank of England and its first chairman, the body has since evolved into the Basel Committee on Banking Supervision (BCBS).

At its inception, the Committee brought together the governors of ten central banks (the G10 countries). Today, it includes representatives from 27 jurisdictions and is hosted by the Bank for International Settlements (BIS) in Basel. Its core missions include: strengthening the stability of the financial system, promoting international regulatory cooperation, and enhancing the effectiveness of prudential supervision (Debly, 2019). To fulfill these goals, the Basel Committee establishes internationally recognized standards and fosters the exchange of best practices in supervision, acting as a technical standard-setter to harmonize global banking practices.

3.2.1 Basel I: The Cooke Ratio

The Committee's first major achievement was the 1988 Basel Accord, which introduced the Cooke Ratio, named after Peter William Cooke. The objective was to safeguard the stability of the international banking system by imposing a minimum capital adequacy requirement.

The Cooke Ratio established the link between banks' own funds and their risk-weighted assets, focusing primarily on credit risk. It required banks to hold capital equivalent to at least 8% of risk-weighted assets (Ogien, 2008).

$$\text{Cooke Ratio} = \text{Own funds} / \text{Risk-weighted credit exposures} \geq 8\%$$

Capital was divided into three tiers:

- Tier 1 (Core capital): equity and reserves, representing at least 4% of risk-weighted assets.
- Tier 2 (Supplementary capital): quasi-equity instruments such as subordinated debt, hybrid securities, and certain provisions.
- Tier 3 (Additional capital): funds authorized to cover market risks, particularly those related to securities, interest-bearing instruments, and commodities.

In 1996, the Accord was amended to account for market risks and permitted banks to use internal models to calculate regulatory capital requirements.

From Cooke to Basel II: Key Milestones

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- 1988 (July): Adoption of the first Basel Accord (Cooke Ratio).
- 1991 (Nov.): Inclusion of general provisions for doubtful debts in capital.
- 1992 (Dec. 31): Implementation of the Cooke Ratio.
- 1994 (July): Adjustment of risk-weighting for OECD countries.
- 1995 (Apr.): Amendment on bilateral netting of derivatives exposures.
- 1996 (Jan.): Extension to market risks.
- 1998 (Jan.): G10 governors agree on the need for reform.
- 1999 (June): First consultative paper on a new capital framework.
- 2001 (Jan.): Second consultative paper, expanding risk coverage.
- 2003 (Apr.–Oct.): Third consultative paper and calibration proposals.
- 2004 (1st semester): Final Basel II agreement published.
- 2006 (Dec. 31): Implementation of Basel II (Pujal, 2003).

3.2.2 Basel II: The McDonough Ratio

Adopted in 2004, Basel II was designed to provide a more refined measurement of risk. It expanded the Cooke framework by incorporating market risk and, for the first time, operational risk into the capital adequacy calculation.

Regulators had observed that the flat 8% Cooke Ratio failed to account for the increasing diversity and complexity of financial markets and products. While the 1996 amendment introduced market risk, operational risk remained unaddressed. The Basel Committee therefore proposed the

$$\text{McDonough Ratio} = \text{Own funds} / (\text{Credit risk} + \text{Market risk} + \text{Operational risk}) \geq 8\%$$

This reform sought to align capital requirements more closely with the true risk profile of banks.

3.2.3 Basel III: Post-Crisis Reinforcement

The Basel II framework was scheduled to take effect in 2007, but the subprime crisis that erupted in the United States the same year exposed major weaknesses in global financial regulation. The crisis underscored

deficiencies in Basel II, including the underestimation of liquidity risks and the fragility of market functioning.

In response, the Basel Committee introduced Basel III, a more stringent set of standards aimed at strengthening the resilience of the banking sector while preserving the principle of capital adequacy proportional to risk (Karyotis, 2016).

The main objectives of Basel III were:

- Enhancing banks' shock-absorption capacity under financial and economic stress.
- Improving risk management practices across institutions.
- Reinforcing transparency and disclosure, thereby improving market discipline.

Key innovations included higher and better-quality capital requirements, stricter liquidity standards, and the introduction of a leverage ratio to curb excessive debt. Basel III thus marked a decisive step toward building a more robust, transparent, and globally harmonized banking system.

3.2.4 Enhancements of Basel III over Basel II

Basel III introduced a set of significant enhancements over Basel II, primarily in response to the deficiencies revealed during the 2007–2008 financial crisis. These improvements aimed to strengthen the resilience of banks and to reduce the systemic vulnerabilities that had amplified the crisis.

a) Regulatory Capital

The level and quality of regulatory capital were reinforced under Basel III. Banks were required either to reduce the size of their balance sheets or to increase their equity capital in order to ensure adequate solvency against potential losses. The solvency ratio was raised to 10.5%, comprising the minimum 8% capital adequacy ratio plus a 2.5% capital conservation buffer. This adjustment was designed to provide banks with a stronger capital base and enhance their capacity to absorb unexpected shocks.

b) Leverage Ratio

The leverage ratio was introduced as an additional safeguard,

measuring the relationship between a bank's total assets and its equity capital. Prior to the financial crisis, excessive leverage had enabled banks to expand investments without raising additional capital, thereby increasing systemic fragility. When asset values collapsed during the crisis, banks were forced into massive asset sales, fueling a downward spiral of losses. To mitigate such risks, Basel III established a leverage ratio of 3%, limiting excessive debt accumulation and encouraging more prudent balance sheet management.

c) **Liquidity Ratios**

Liquidity risk, previously underestimated and largely unsupervised at the international level, emerged as a critical weakness during the crisis. The turmoil in financial markets revealed banks' inability to mobilize liquid assets in times of stress, leading to widespread liquidity shortages. To address this, Basel III introduced two key ratios:

- **Liquidity Coverage Ratio (LCR):** Requires banks to hold sufficient high-quality liquid assets to cover net cash outflows over a 30-day stress scenario, ensuring short-term resilience.
- **Net Stable Funding Ratio (NSFR):** Ensures that the amount of stable funding available exceeds the required stable funding over a one-year horizon, strengthening banks' ability to withstand prolonged liquidity pressures.

Together, these innovations represented a decisive step forward in prudential regulation by incorporating not only capital adequacy but also leverage and liquidity considerations, thereby offering a more holistic framework for financial stability.

While the Basel Accords represent a cornerstone of global banking regulation, their effectiveness ultimately depends on how financial institutions integrate them within their specific economic and institutional contexts. In Algeria, as in many emerging economies, the implementation of Basel standards remains necessary but not sufficient. The country's banking sector continues to face structural challenges such as limited diversification, exposure to credit concentration, and the persistent opacity of the informal economy.

In this regard, Economic Intelligence (EI) emerges as a complementary strategic tool, enabling Algerian banks to go beyond compliance with international norms by fostering anticipation, adaptability, and informed decision-making in risk management. The following section examines how EI can act as a lever for banking risk management in Algeria, reinforcing regulatory frameworks while addressing the contextual realities of the national financial system.

4. Economic Intelligence and Banking Risk Management in Algeria

4.1 Economic Intelligence as a Strategic Lever for Banking Risk Management

In the context of globalization and growing uncertainty, banks are exposed to multiple risks—financial, operational, technological, and reputational—that require an integrated management approach (Dufour & Aubry, 2012). Economic Intelligence (EI), defined as a structured process of collecting, analyzing, and disseminating strategic information (Martre, 1994), offers an adapted response to this complexity.

Unlike classical risk management tools, which are primarily based on financial or prudential indicators, EI allows banks to anticipate emerging risks through the monitoring of weak signals and a more accurate interpretation of environmental dynamics (Mabrouki, 2010). This role is particularly crucial for Algerian banks, which often face a lack of reliable information, the opacity of the informal sector, and concentrated credit portfolios in vulnerable sectors.

In this sense, EI supports a forward-looking vision of banking risks by:

- Enhancing decision-makers' ability to act in unstable environments;
- Integrating competitive, regulatory, and socio-political dimensions into risk management;
- Contributing to the protection of informational assets and countering disinformation (Sidibé, 2012).

In the Algerian context—marked by a partially liberalized market and an unfinished economic transition—the integration of EI constitutes a step toward modernizing banking governance and aligning with international standards (Karyotis, 2016).

4.2 Integrating Economic Intelligence into Credit Risk and Banking Risk Management

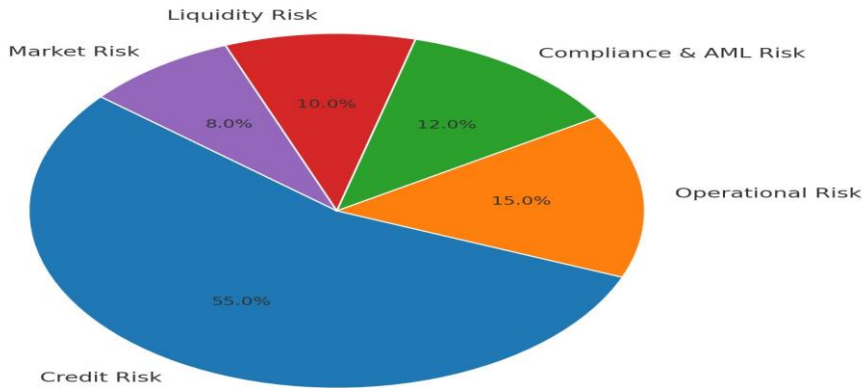
Credit risk remains the most significant threat to Algerian banks, as illustrated by the persistence of non-performing loans exceeding 10% of total outstanding credit (Banque d'Algérie, 2020). Traditional frameworks such as prudential rules from the Basel Accords (Cooke ratio, McDonough ratio, and later Basel III) provide a necessary regulatory structure but remain insufficient in the absence of a true information management culture (Pujal, 2003).

EI complements these frameworks through:

- Strengthening Know Your Customer (KYC) processes, essential tools in the fight against money laundering, fraud, and terrorist financing, as highlighted by the Financial Action Task Force (FATF, 2012);
- Developing strategic sectoral monitoring, which helps identify vulnerabilities specific to Algeria's key economic sectors (hydrocarbons, construction, agriculture);
- Ensuring information security, which is vital to preserving trust in a banking system weakened by financial scandals and low levels of digitalization;
- Building influence capacity, enabling risk managers to adopt a more proactive and critical stance in risk analysis (Carpentier, 2015).

The integration of EI into banking risk management allows Algerian banks to move beyond a reactive approach—focused mainly on provisions and guarantees—toward a proactive model of anticipation and comprehensive control. This not only strengthens financial stability but also supports economic diversification by promoting more selective and rational financing for SMEs and emerging sectors.

Fig.1. Estimated Distribution of Banking Risks in Algeria
Estimated Distribution of Banking Risks in Algeria



Source: The percentages presented in the chart are estimates based on reports from the Bank of Algeria (2020), the IMF (2021), and academic literature on banking risks in Algeria. They illustrate the structural predominance of credit risk compared to other categories of risks.

- **Credit Risk ($\approx 55\%$):** Represents the largest share of banking risk in Algeria. It primarily stems from banks' strong exposure to non-performing loans, particularly those linked to public financing, large state-owned enterprises, and the lack of diversification in loan portfolios.
- **Operational Risk ($\approx 15\%$):** Covers losses arising from internal process failures, human errors, inadequate IT systems, and fraud. In the Algerian banking system, this risk is amplified by the slow pace of digital transformation and the predominance of manual procedures.
- **Compliance and Money Laundering Risk ($\approx 12\%$):** Results from shortcomings in the implementation of international standards (particularly FATF recommendations) and the absence of robust "Know Your Customer" (KYC) frameworks. Algeria's large informal economy further heightens this type of risk.
- **Liquidity Risk ($\approx 10\%$):** Although relatively controlled thanks to the support of the Bank of Algeria, liquidity risk remains significant due to banks' dependence on public deposits and the volatility of financial resources tied to hydrocarbon revenues.

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- Market Risk ($\approx 8\%$): Less pronounced than in more liberalized economies but present through exchange rate fluctuations (Algerian dinar vs. foreign currencies) and interest rate volatility.

The structure of banking risks in Algeria is shaped by several systemic and contextual factors:

1. Banking system concentration: The sector is dominated by a small number of large public banks that grant the majority of loans, often to state-owned enterprises. This concentration exacerbates credit risk (Benamraoui, 2018).
2. Low economic diversification: Algeria's heavy reliance on hydrocarbon revenues exposes banks to commodity price fluctuations, which in turn affect both liquidity and market risks (IMF, 2021).
3. Governance and compliance challenges: The sector still lags behind in adopting international banking standards (Basel II & III) and anti-money laundering frameworks, thereby heightening compliance risk (Bouklia-Hassane, 2019).
4. Slow digital transition: Despite some progress, the digitalization of banking services remains limited in Algeria. This sustains a relatively high operational risk, given the continued reliance on manual processes and insufficient automated control systems (World Bank, 2020).

In sum, the configuration of banking risks in Algeria reflects a strong dependence on the state, limited governance effectiveness, and insufficient economic diversification. This risk profile calls for a modernization of the banking sector, stronger adoption of international standards, and the integration of economic intelligence tools to support better risk anticipation and management.

Conclusion

The analysis of banking risks in Algeria highlights the structural predominance of credit risk, which represents more than half of the total estimated risk exposure (55%). This finding confirms the vulnerability of Algerian banks to non-performing loans, reflecting both structural

weaknesses in credit allocation and the concentration of lending portfolios in a limited number of sectors such as hydrocarbons, construction, and agriculture.

Operational risks (15%) and compliance/AML risks (12%) also emerge as significant challenges in a context of digital transition and regulatory adaptation to international standards. Meanwhile, liquidity risk (10%) and market risk (8%) appear less pronounced but remain relevant given Algeria's exposure to external shocks, particularly fluctuations in hydrocarbon prices and exchange rate volatility.

The integration of economic intelligence as a strategic tool for risk management could enable Algerian banks to strengthen their anticipatory capacity, improve their resilience, and align with global governance standards. By adopting a proactive and information-driven approach, banks would not only mitigate systemic risks but also contribute to the diversification and sustainable financing of the national economy.

Thus, the study confirms that effective risk management in Algeria cannot rely solely on prudential frameworks such as Basel II and Basel III, but requires the incorporation of intelligence-based mechanisms that reinforce both regulatory compliance and strategic decision-making.

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