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Impact of Dollarization on Consumer Behavior and Panic Buying

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Abstract— The economic crisis of hyperinflation and dollarization in Lebanon, starting to boom in October 2019, has changed the consumer behavior incredibly. Though the dollarization case isn't historically unique in Lebanon; however, the Lebanese case is economically unique to be held as it has accompanied with decades of financial corruption, small export sector, covid-19 outbreak and many other catastrophic internal and external reasons. The purpose of this paper is to explain the roots of dollarization and hyperinflation in Lebanon economically and to present and illustrate the researched trends in changing consumer behavior during the crisis. In order to do that, literature explaining economic dollarization, hyperinflation and consumer panic behavior theories have been studied applying the descriptive methodology and this knowledge was reinforced with a survey related to changes in consumer behavior during the pandemic and interviews with experts in economics and consumer behavior. The data were analyzed by percentage analysis and SPSS. One-sample T-Test was used to test the validity of the hypotheses. The research found that the hyperinflation is the consequence of dollarization and it shows that there is a positive correlation between the impact of dollarization and the trend of consumer behavior as well as with the panic buying.

Index Terms Dollarization, hyperinflation, consuming-economic, Lebanon, panic-buying, consumer purchasing intent.

1 Introduction

Joining the modern world worst economic experiences list with Argentine, Zimbabwe and Venezuela, the Lebanese have been witnessing, since the end of 2019, a miserable circumstances which have started by a bit increase in the exchange rate of dollar to lira, followed by crazy increase of consumer price index, a monthly inflation rate of 85 percent, GDP contraction, fall in incomes value, and ended with an unreasonable free fluctuation of the dollarization level, dramatic fall of the lira, and scarcity of dollars. Citizens live in the unknown with no obvious resolutions in sight; they are always worried about the next hour -exchange rate of lira to dollar in the black market. In consequence, this octopus- issue has created despondency in the Lebanese society where consumers who earn incomes in lira are hesitated whether to buy more items than their needs for being scared of a future high increase in the prices index and low in the Lebanese monetary value or not to buy for there is a probability that matters may get better. (Khalil, 2021)

However, no smoke without fire; in other words, the Lebanese economic catastrophe isn't new born; nevertheless, it was an economic journey from boom to recession. Looking at the most prominent financial flows out of Lebanon and those coming to it over the past two decades(through central bank website reports, specifically between 2003 and 2019, we can easily induce out of the statistics that there is a shared responsibility among the various economic partners (the consumers- citizens and the state) about the current dilemma of the dollarization and the hyperinflation in the country, and we should not ignore the fact that economic imbalances were also driven by the excessive spending of an economy that has lived for decades beyond its potential, with significant import movement of goods and services in a consumerist economy, which is significantly dependent on abroad and lacks local productivity. (Liban, 2021)

Research Hypotheses:

H0. There is no significant statistical relationship between dollarization and consumers' behavior.
H1. There is a significant statistical relationship between dollarization and consumers' behavior.
H2. There is a significant statistical relationship between consumer behavior during the dollarization period and panic-buying mentalities.
H3. During a dollarization crisis, consumer behavior may imply the consumption of necessary goods and the prioritization of Maslow's lower order needs.

2 Literature Review

2.1 Dollarization

Chukurna (2021) defines dollarization as a global phenomenon occurring against the backdrop of the partial or full replacement of the national currency by the dollar and it has an impact on all economic levels, including at the enterprise pricing through the effect of exchange rate conversion to local prices. According to Reilly, dollarization is the process through which residents of a country decide to use the dollar in addition to or instead of the home currency. He adds that the costs which the dollarizing country may encounter besides losing a symbol of its nationhood, the currency, are inevitable: first, the highest cost of dollarization would be being deprived from monetary discretion. In other words, if either country experiences a shock, the dollarizing country will be left with few alternatives for mitigating the consequences. Second after dollarization, when the central bank gets in financial trouble must either seek credit from the issuing country or pay the consequences of its damage. (Reilly, 2020) In his article, "*The unique dollarization case of Lebanon",* Bitar highlights that the dollarization case of Lebanon is unique due to the banking system's high level of foreign currency liquidity and the central bank's high gross international reserves which contrast with its poor and often negative net international reserves. Bitar (2021)

2.2 Inflation

Before defining hyperinflation, it is a must to understand inflation. Oner (2020), in the International Monetary Fund (IMF), defines inflation as an increase in prices over a given period of time. Economists depict two different types of inflation: demand-pull inflation and cost-push inflation. First, demand-pull inflation happens when total request develops at an unsustainable rate driving to expanded pressure on rare assets and a positive output gap. (Reilly, 2020)The overabundance demand permits manufacturers to raise their profit margins by increasing prices. Demand-pull inflation happens due to depreciation in the exchange rate, quick development in other countries, and the foremost significant to hyperinflation, monetary trigger to the economy. Second, Cost-push inflation happens when companies increase prices to keep their profit margins safe from the risk of predicted increase in the input costs. This type of inflation is usually a result of increases in production costs, labor costs, expectations of inflation and indirect taxes, a fall in the exchange rate, or, and monopoly of merchants. Significantly, Geoff Riley emphasizes consumers' expectation of inflation as a key cause of inflation and the same principle can be applied on hyperinflation. (Riley, 2020)

2.3 From Inflation to Hyperinflation

To talk about inflation, according to the Federal Reserve, is around 2% or less and economically it is a healthy rate. (Powell, 2021) Hyperinflation is an inflation which exceeds a rate 50% per month. In other words, prices increase dramatically rapidly and this usually leads to a surplus in the money supply, demand-pull inflation. Sargent (2013)
According to the President of the World Money Watch, Kimberly Amadeo, hyperinflation happens in one or more of the following cases: the prices soar over 50% per month, the government prints more money than its nation's GDP can support, or, and demand-pull inflation case which lead to a rapid increase of panic-buying. On the other hand, he considers that hyperinflation inevitably leads to: excessive purchasing of durable goods, such as automobiles and washing machines, in the beginning, then if hyperinflation continues, consumers start hoarding non-durable goods, like food. Consequently, people lose their cash which becomes worthless. After, banks and lenders go bankrupt as a result of huge people withdraws no additional deposits, and the depreciation of the loans value. Finally, hyperinflation leads the value of the local currency tumbling down in foreign exchange markets, the cost of imported goods skyrockets, unemployment increases as firms close and cause a fall in the revenues of the government taxes that becomes, in turn, unable to support providing the nation basic services. To settle its debts and bills, the government prints more money which worsens the hyperinflation. (Amadeo, 2020)

2.4 Dollarization, inflation and foreign exchange markets

Park and Son (2020) explain that the drivers of deepening dollarization and the link between exchange rate and inflation are:

- Excessive inflation, less flexible exchange rate movements, a sluggish real economy, and insufficiency of institutional frameworks are key reasons to dollarization intensification, according to the overall estimates results.
- Real appreciation of the home currency is a key element in reducing the degree of dollarization, whereas the rising impacts of inflation on dollarization are more obvious in dollarized countries.
- Strong dollarization or a high rate of depreciation of the home currency tends to raise inflation, and these impacts are more obvious in dollarized economies, whereas real depreciation is a factor that contributes to decrease inflation.

2.5 Lebanon's Path to Dollarization and Hyperinflation

Baumann (2019) said that for more than 3 decades and the Lebanese economy has been heavily dollarized till it has become one of the world's most indebted countries, with government debt estimated at 155 percent of GDP while the country imports are far much more than its exports, meanwhile the government's budget deficit is expected to approach lower than 10% of GDP. Blair (2020) explained how the massive government borrowing has inflated the politically connected banking sector which loans to the government at exorbitant interest rates; then, the banks will sooner lend to the government than to new businesses, reducing private-sector investment. However, analyzing the uniqueness of the Lebanese case is really a challenge to economists. He considers that the Lebanese dollarization example is distinct for two reasons: First, despite the persistent current account deficit, capital inflows and, as a result, foreign currency liquidity in the hands of the local banking sector has been consistently abundant, unlike in the majority of emerging economies. Second, the central bank large amount of gross international reserves contrasts with its low and often negative level of net international reserves. In a bank-based financial system, an increase in the banking system balance sheet due to capital inflows or monetary financing of the public debt (central bank and domestic bank loans to the government) does not necessarily mean an increase in the narrow monetary aggregate, which is the relevant aggregate to consider when it comes to money transaction services. A rise in the nominal interest rate might cause sight deposits to be converted to term deposits on the liabilities side of the bank, thereby "freezing" its transaction activities. Despite the substantial growth in the consolidated banks' balance sheet, this process largely explains Lebanon's restrained inflation, which is aided by the successful fixed exchange rate nominal anchor. To fight inflation, the central bank engineered a "freezing" mechanism through an increase in the interest rate and it has succeeded for almost 2 decades. Then, depositors were forced to liquidate their term deposits as market sentiment worsened, resulting in severe inflation and a devaluation of the native currency. (Bitar, 2021)

2.6 Panic Buying

Panic buying is commonly perceived as behavior displayed by buyers where they buy unusually expansive amounts or an abnormally varied range of items in expectation of, during, or after a catastrophe or seen catastrophe, or in expectation of a huge cost increase or upstream shortage. (Yuen et al, 2020) Panic buying regularly leads to huge amounts of necessities and restorative supplies being purchased from sellers, and immensely making them scarce, such that helpless groups, especially the old or poor people, are deprived from getting them as they would ordinarily do. (Besson, 2020)

Prior researches conducted in reaction to the coronavirus set up four key variables causing panic buying: perception, fear of the unknown, coping behavior and social psychology. They deduced that when consumers recognize the probability of encountering a catastrophe to be high, they are triggered to make self-protective

decisions, including panic buying, to diminish the perceived risk. (Yuen et al., 2020) Furthermore, When consumers expect a product to become rare, limiting their ability to acquire it freely at any moment, or when they predict a sense of regret for not engaging in a given purchase activity, panic purchasing may develop. (Loxton et al, 2020)
Customers channel their inadequate understanding about crises into actions that are perceived as reassuring, providing security, or relieving tension, which reflects their fear of the unknown. Also, psychological factors such social influence may contribute to panic purchasing, as purchasers are influenced by the beliefs and attitudes of larger groups, communities, and governments. When society embraces certain purchasing practices, purchasers may face societal skepticism. During times of turbulence, customer behavior theories show how consumers attempt to regain control by protecting items and panic buying. Instead of being made with rational cognitive deductions, a panic develops, and consumer thinking is typically overtaken by feelings of unease. (Yuen et al. 2020)

2.7 The Psychology behind Panic Buying

Kaur and Malik (2020) proved that panic buying is usually driven by the psychology of the consumer and confirmed the following hypotheses:

1. The fear of a supply interruption has a large beneficial impact on panic purchasing.
2. Panic buying behavior is significantly influenced by emotional contagion.
3. An inability to cope with stress (a personality feature) has a big impact on panic purchasing.

2.8 Maslow's Hierarchy of Needs Model

Maslow's Hierarchy of Needs sets consumer spending as correlated to the business cycle and considering basic needs and goods are prior to be purchased than luxuries during periods of crisis. (IBISWorld 2020) Analyzing the changing consumer behavior in light of catastrophic events or monetary crises requires analysis of the shopper decision making process. Loxton et al (2020) considers that Maslow's hierarchy is scaled based on the economic market; therefore, Maslow's model provides a worthy scheme for analyzing consumer behavior during periods of stress or despondency.

3. Materials and Methods

The study consists of both primary and secondary data. The primary data collected form household- consumers through the questionnaire method via Google forms, the sample size is 249; it was conducted in the month of June 2021. A purposive and intuitive sampling technique was used to choose the right respondents in order to include only household buyers. The respondents fell into the age group of 20–70s. The sample population comprised of both males and females. The questionnaire used for this study was composed of three main parts. The first part of the questionnaire included questions to collect socio-demographic details of the respondents. The second part consisted of 6 questions in which the respondents were asked to rate their reactions on the impact of dollarization and hyperinflation on their purchases behavior. The third part consisted of another 6 questions in which the respondents were also asked to rate their reactions toward the panic buying factors. A rating scale, ranging from 1 = disagree to 3 = agree, was used to collect the responses.
The secondary data were also collected from various textbooks, journals, and the internet, which consisted supportive literature to make analysis and suggestions. Some statistical data were taken from the statistical comparative reports announced by the Central Bank in Lebanon so that a comparative analysis could be done based on the economic theories found in the literature review. Plus, face to face interviews with economic and consumer behavior experts took place live and via zoom meeting. The data was analyzed by percentage analysis, frequencies, means, and the one-sample test.

4. Findings and Analysis

This part of the study illustrates the result of the survey in which 249 households- respondents living in Lebanon and earning incomes by Lira have completed the survey. This set of data shows some personal information about the sample of the study and determines whether there is any impact on the research findings. In addition, the answers of the interview questions have been summed up. Based on the data collection and analysis of the questions, the findings are shown in the Table 1.

Table 1: Income level

Income Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Zero	40	16.1	16.1	16.1
	500.000 - 900.000 LBP	34	13.7	13.7	29.7
	1000.000 - 1400.000 LBP	50	20.1	20.1	49.8
	1500.000 - 1900.000 LBP	24	9.6	9.6	59.4
	2000.000 - 2400.000 LBP	28	11.2	11.2	70.7
	2500.000 - 2900.000 LBP	15	6.0	6.0	76.7
	> 3000.000 LBP	58	23.3	23.3	100.0
	Total	249	100.0	100.0	

Table (1) shows that the survey respondents earn incomes in the Lebanese Lira, not in dollar, and this fact is very important in the study of the impact of dollarization on the consumers' behaviors whose incomes have been depreciated.

Table 2: Jobs

Jobs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Employer	27	10.8	10.8	10.8
	Housewife	18	7.2	7.2	18.1
	Daily worker	12	4.8	4.8	22.9
	employee	148	59.4	59.4	82.3
	Unemployed	44	17.7	17.7	100.0
	Total	249	100.0	100.0	

Table (2) illustrates that most of the survey respondents are employees while others are unemployed, employers, housewives and only few are daily workers. This means that the study has been applied on a mixture of respondents who earn their salaries in Lira, as shown in table 1, and as a result, the study shows how the consuming behavior of people in different jobs have been affected by the dollarization and the inflation of prices.

Hypothesis 1:

Table 3: The impact of dollarization on consumers' behavior

One-Sample Test

	Test Value = 2					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
mean2	8.993	248	.000	.39438	.3080	.4807

Using one-Sample Test, first, the results in the table (3) show that there is a strong positive linear relationship between the dollarization and the consumers' intent to purchase (Sig = 0 < 0.05). Thus, since p- value = 0.000 < 0.05, we reject the null hypothesis, and at α= 0.05 level of significance, there exists enough evidence to conclude that there is a significant statistical relationship between the dollarization and the consumers' behavior.

Table 4: The Mean and the Standard Deviation of the impact of dollarization on consumers' behavior

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	Buying non-durable goods	Buying durable goods	Buying more goods is better than saving Lira money	Income value isn't enough for buying life necessities	Dollarization makes me stop buying luxuries	Dollarization makes me shift to buying alternative brands or 2nd hand goods
Mean	2.1767	2.3815	2.4418	2.7631	2.7992	2.6948
N	249	249	249	249	249	249
Std. Deviation	.87581	.83462	.74435	.57858	.53867	.63119

Table (4) presents the mean scores and the standard deviations of the variables used in this research. The mean scores were presented according to 3 point scale (1-3): 1 = don't agree, 2 = neutral, and 3 = agree. The respondent's intent to stop buying luxuries due to dollarization was identified with the highest mean score at 2.7992, followed by the income value isn't enough for buying life necessities 2.7631, and dollarization makes me shift to buying alternative brands or 2nd hand goods 2.6948, while the lowest means were rated to Buying durable goods 2.3815, and Buying non-durable goods 2.1767 and this means that they are the least influenced by dollarization. This indicates that the participants show an upward consumption trend due to dollarization, particularly durable goods, though their income value has been depreciated, making a shift toward alternative brands and 2nd hand goods while they lessen buying luxuries.

The results show that in the statements which have high Mean, the standard deviation is low, which means that most of the respondents answered the same. As for the other statements with lower Mean, the standard deviation was higher, which means that the respondents answers were more spread out.

Hypothesis 2

Table 5: The impact of Panic buying determinants on the consumers' behavior

One-Sample Test

	Test Value = 2					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
mean2	8.993	248	.000	.39438	.3080	.4807

Second, Table 6 shows that there is a strong positive linear relationship between consumers' behavior during the inflation and dollarization crisis period and panic-buying mentalities (Sig = 0 < 0.05).

Table 6: The Mean and the Standard Deviation of the impact of panic buying on consumers' behavior

Report

	Panic of inflation	Panic of Scarcity	Panic of Ambiguity/Unknown	Panic of Social Influence	Panic of **lack of** trust in Government
Mean	2.4659	2.4096	2.4859	2.1727	2.4378
N	249	249	249	249	249
Std. Deviation	.79301	.79367	.77304	.84140	.80142

Table (5) presents the mean scores and the standard deviations of the variables used in this research based on the theory of Panic Buying. The respondents' decision to buy during the hyperinflation and dollarization crises was determined as a result of their panic from the unknown or the ambiguity with the highest mean score at 2.4859, followed by the "panic of inflation" 2.4659, with the lowest standard deviation .77304 and .79301 respectively. However, the lowest means were rated to social influence panic buying 2.1727 and the panic of lack of trust in government 2.4378, and this means that both factors mentioned haven't high influence on the consumer's decision making. The standard deviation for them was also the highest, which means that the respondents'

ISSN 2229-5518

answers were more spread out.

Hypothesis 3

Table 7:, The prioritization of Maslow's lower order needs during dollarization crisis.

I will lessen the purchases of necessities and stop buying luxuries

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Don't Agree	6	2.4	2.4	2.4
	Neutral	23	9.2	9.2	11.6
	Agree	220	88.4	88.4	100.0
	Total	249	100.0	100.0	

In line with previous questions results in the survey shown in table (4) concerning buying durable and non-durable goods, the table (5) shows that consumer behavior during the dollarization and hyperinflation crisis period has made a shift in consumption of basic needs and non-durable goods as well as lessening their purchases quantity and stop buying luxuries with very high frequency 220. This result confirms the third hypothesis and Maslow's Hierarchy of Needs Model which had already been discussed in the literature review.

5. Interviews' Outcomes

After conducting a number of interviews with Lebanese experts in economics and consumer behavior:

1. Dr. Anise Boudiab: Board Member at social Economic Council & economic Professor at the Lebanese university.
2. Dr. Fadi Kanso: Head of Research at Arab Federation of Exchanges, Lecturer at Lebanese international university, and an economist
3. Dr. Ali Hadadeh: Associate Professor at Lebanese university, economist
4. Dr. Amin Saleh: The former head of accountants and the former supervisory official in the Ministry of Finance in Lebanon.
5. Jihad Hokayem: Leading financial market strategist and business consultant
6. Hani Bohsali: The Head of the Syndicate of Food Importers in Lebanon
7. Hassan Al Ali: CEO at Optimus, strategist, Consultant and economist.
8. Hani Koubeisi: a Lebanese member in parliament since 2009.

We find out that "Dollarization" of the Lebanese economy wasn't by coincidence, but a result of decades of inappropriate policies. Historically, after the civil war, the government budget deficit was 15% of the GDP and the inflation rate was 120%. The Lebanese currency was toughly depreciated and many banks had been bankrupt and people lost their deposits, so since then they never trusted the lira anymore and started using the Dollar in their business and banks deposits. Furthermore, to fight inflation and the financial crisis, the Lebanese government (1st Hariri government) in cooperation with the central bank, they used a typical exchange rate- based stabilization (ERBS) and fixed the exchange rate of dollar to Lira. The policy was successful and it helped to diminish the hyperinflation significantly to 10-12% level by 1995; however, the GDP was still very low due to the need of funding the state reconstruction. In 1998, to rescue the fiscal deficit, the government issued Eurobonds and engaged in the public debt scenario. It was the postwar macroeconomic policy which deflated the economy. Therefore, both policies, ERBS and the issuing of Eurobonds, accompanied with the factors of the lack of trust in Lira (panic factor) and the Lebanese economy nature which depends on imports as it was overwhelmed by years of destruction due to the Civil war, led to dollarization of the economy.

To everyone who wonders how the poor financial situation in Lebanon has brought us to where we are today (of course outside the frameworks of waste, corruption and wrong economic policies, which we are full of recounting), here is a simplified scientific explanation:

In details, it was found by documented figures that financial flows out of Lebanon amounted to about 439 billion dollars, compared to inflows to it worth 338 billion dollars, between 2003 and 2019, which means that the outflows exceeded those incomings by 100 billion dollars during that period (based on official recorded figures by the central bank of Lebanon website), which actually indicates the depth of the financial gap that led to great pressures resulting in a gradual draining of liquidity within the financial system. More importantly, the breakdown of the outflows from Lebanon (a total of 439 billion dollars) indicates that the import operations accounted for the lion's share by 64% (or 280 billion dollars, half of which came from the import of oil derivatives, foodstuffs and cars), followed by the spending of the Lebanese on foreign travel and tourism by 17% (or $73 billion), and then the remittances of foreign workers working in Lebanon abroad by 14% (or $62 billion). In parallel, a breakdown of inflows to Lebanon (a total of 338 billion dollars) indicates that tourism revenues by foreign visitors to Lebanon constituted 34% of the total (or 114 billion dollars), followed by remittances by Lebanese expatriates working abroad by 30% percent (or $100 billion), and then exports by 16 percent (or $53 billion), and foreign direct investment by 15 percent of total inflows to Lebanon (or $51 billion). Thus, while there is a shared responsibility among the various economic clients (mainly the state) for the dilemma currently in place in the country, we should not ignore the fact that the economic imbalances were also driven by the excessive spending of an economy that for decades lived beyond its means, with a remarkable import movement of goods and services in a decadent consumer economy par excellence, that is remarkably dependent on the outside and lacks domestic productivity.

Concerning the responsible about the dollarization of the economy in Lebanon, all the interviewees assured similarly that the financial and monetary policies which were decided and protected by the ruling system and executed by the Central Bank governor, Riad Salemeh, have led us to the cute economic collapse. It was orchestrated theft.

With respect to the possible solutions of the dollarization octopus-crisis, some interviewees were optimistic and show us proposals to rescue the country within few years while others were completely pessimistic:

1. Starting with the optimistic scenario, which is dependent on political and security stability in Lebanon and in the region; in fact, such a scenario should inevitably be accompanied by a comprehensive rescue program involving the International Monetary Fund in order to give credibility to the proposed reform endeavors and enhance the ability to attract the desired aid from abroad. This would secure the desired economic stability capable of extricating Lebanon from the trap of stagnation in a period not exceeding two years, in parallel with financial and monetary stability that would unify exchange rates at levels that reflect the real value of the Lebanese pound against the dollar. However, the question that arises here is: is the Lebanese economy actually able to withstand for a year or more with the unstoppable procrastination?
2. The stalemate scenario, which is the most likely until this moment in light of this reprehensible inaction on the part of the Lebanese state. This scenario assumes that Lebanon will not achieve any serious breach in terms of the necessary structural reforms or even at the level of its negotiations with the International Monetary Fund, especially in the absence of consensus on the numbers of financial losses between the various economic clients so far, and in conjunction with the assumption that Lebanon remains in the eye of the storm. Therefore, if we consider that Lebanon’s hard currency needs are estimated at about $10 billion annually, the central bank’s reserves may “theoretically” suffice for nearly two years to be completely depleted. However, this gradual depletion of foreign reserves will have serious repercussions on the exchange rate of the lira against the US dollar, and consequently on the purchasing power, unemployment rates and expected poverty rates. And the structural factors that usually contribute to lowering the

exchange rate on the black market seem completely absent today, the first of which is the need to offer or inject the dollar through the influx of capital from abroad in the form of deposits, loans, aid, or gifts. Second, the demand for the dollar was curbed as a result of the strengthening factor of confidence in the Lebanese pound. And third, the Central Bank intervened in the market as a result of strengthening its reserves in foreign currencies. Consequently, all attempts of repression or judicial and security prosecutions that could affect the black market exchangers, and if they remain necessary to prevent the market from escaping, will not contribute to a tangible decrease in the exchange rate as long as the forces of supply and demand are fighting over the exchange market arena and the guaranteed predominance until this moment of fierce demand on the US dollar. It should be noted here that the size of the black exchange market in Lebanon does not exceed 15% of the total market, yet it remains the one in control of the parallel exchange rate, as it is the only party able today to provide banknotes in US dollars, knowing that Lebanese banks are able to provide these Banknotes through newly transferred money or "fresh money" coming through special bank accounts called foreign accounts, but these banknotes either go to homes or are converted directly into the Lebanese pound on the black market to take advantage of the high exchange rate. Hence, under such a scenario, Lebanon may resort to "begging" some humanitarian aid, including oil, food and medical supplies, as a maximum, if the period of delay are prolonged.

3. The pessimistic worst scenario, it is achievable if the period of the second scenario (i.e. the stalemate scenario) extends for more than a year and a half. Coincided with political and security turmoil on the street between the various components of the Lebanese political society that may push us towards "creative" chaos, or with social turmoil that may lead to a high crime rate and cases of pickpocketing and theft, or even may lead the current government to resign under the pressure of movements. Popularity in the street if the economic and living situation continues to deteriorate, which means entering into a long political void that may destroy what remains of the ruins of the Lebanese economy. Unfortunately, this scenario has recently reverberated in the corridors of some international researchers under the name of "Nationalization" of Lebanon, that is, turning Lebanon into a second Somalia. However, avoiding such a scenario is very possible and requires the utmost levels of awareness and wisdom, with an internal consensus and appropriate involvement of all the forces of Lebanese society, and with the need to make all the urgent concessions, reduce the level of disparities and strengthen the commonalities between us, not to mention that all indications indicate that The international community is still keen to support security and social stability in Lebanon and to avoid chaos on the local scene.

Therefore, there is no doubt that Lebanon is oscillating today between the optimistic scenario, which remains subject to a regional political settlement that brings with it relative comfort on the local scene, and the pessimistic scenario, which remains an explosive mine awaiting us. Pending the outcome of the situation in the near term, the scenario of stalemate remains dominant at the moment, and since we no longer have the luxury of time, any reluctance to take all necessary measures to break the cycle of stalemate may be draining and eventually drag us towards a scenario that is more What we fear, given its painful repercussions on the political, security, economic and social stability in the country.

6. Conclusion

In conclusion, and based on the statistics of the Central Bank of Lebanon and the interviews already being held with economic experts and professors in Lebanon; the dollarization, which is a result of the consumerist economy and the monetary policies, has caused the hyperinflation.

Both dollarization and hyperinflation affected the consumer behavior which has been driven through panic purchases. Analyzing the consumer behavior during the dollarization and hyperinflation crises in Lebanon, to date, has got the form of panic buying, and noncompulsory spending as set by Maslow's Hierarchy of needs seems to stratify with behaviors of consumers during various crises in the history. The result of this study can be beneficial for the Lebanese government as it illustrated the trend of the consumer behavior within the crisis and the reasons of dollarization and hyperinflation aligned with solutions proposals.

1. Limitation of the study

The major limitation of the study is that it has been done during the storm of the economic crisis while rapid micro changes were continuously happening due to governmental decisions or other external factors related to economical politics concessions and reconciliations; in addition to the unpredictable and the unreasonable fluctuations in the dollar exchange rate toward the Lebanese lira.

2. Future Research Directive

Further areas of study might also include consumers coping strategies during hyperinflation and dollarization economic crisis and how the consumers' behaviors, panic buying and the volatile consumer spending patterns, could be further interpreted to analyze their impacts on the trading volumes and the economy of the exported countries to Lebanon. Furthermore, a highly recommended study can be done to examine the economic well-being and financial lives of Lebanese families before and after the crisis. . This study was done in affiliation with IQRA university.

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