

RTGS system in Kuwait

The RTGS system in Kuwait known as KASSIP (Kuwait's automated settlement system for inter-participant payments) went live on August 5th, 2004. There are 17 banks including CBK and 4 branches of foreign banks in Kuwait (April, 2008) participating in processing of inter-bank transactions and system operations.

The Central Bank of Kuwait is the system's guardian and operator.

The system is in compliance with the core principles of the Bank for International Settlements (BIS) Committee on Payment and Settlement Systems (CPSS).

KASSIP provides settlement mechanism in which both processing and final settlement of inter-participant payment transactions take place continuously. The settlement of payment transactions takes place on a transaction-by-transaction basis. The transactions are tested for availability of funds, and settled individually, in real time on accounts of participants (in the Central Bank of Kuwait General Ledger). Settlement takes place provided that sending participant has sufficient covering balance or credit (settlement limit). Settlement is final: payment transactions are irrevocable.

There is no limit on transactions, therefore, the system also processes low value payments. The system processes as well deferred net settlements usually of low-value, high-volume obligations like POS, ATM and cheque clearing transactions.

The system handles same and future value date instructions and operates in local with provision for other currencies.

Intraday liquidity facility is granted up to daily operation cut-off time.

The inter-participant payment instructions and messages are transmitted via two independent and alternative message carriers SWIFT and the Central Bank's private WAN network -CBK-Net.

The system accepts and processes SWIFT (in English) and CBK-Net messages (in English and Arabic). CBK-Net messages are compatible with SWIFT formats.

The following message types are supported: MT102, MT103, MT202, MT203 and MT205.

KASSIP provides extensive functionality and services comprising:

- Message Handling through SWIFT and independent CBK-Net carriers
- Payment Processing
- Liquidity Management
- Settlement
- Monitoring and Reporting

In addition to processing of inter-participant payments, the system provides support for many other banking transactions including:

- Ministries and Government payments to and from Participants.
- Inter-bank cheque clearing settlement.
- KNET (Kuwait's switch) ATM & POS net clearing.
- Monetary policy transactions.
- Sale, switch and redemption of Treasury Bills and Treasury Bonds.
- Other CBK transactions affecting Participant accounts.
- CBK cheques.
- Cash transactions.

The system is built with up-to-date information technology and communication infrastructure ensuring high level of security and reliability with broad contingency arrangements.

KASSIP resides on SUN computers interfaced with IBM mainframe based core banking operational and accounting applications and is linked with SWIFT Alliance Access.

The system processes approximately 0.6 million transactions per year. Volumes and values of transactions for the last 3 years are presented in the table below.

VALUES AND VOLUMES OF TRANSACTIONS

Year	Payments			Transfers		
	No.	Amount in KWD	Average	No.	Amount in KWD	Average
2005	411,265	108,172,326,434	263,023	29,261	30,546,212,989	1,043,922
2006	503,868	154,191,301,197	306,015	33,822	42,030,036,326	1,242,683
2007	589,794	231,444,855,124	392,416	38,999	75,137,375,459	1,926,648