

# Summary of the Key Local Monetary and Banking Indicators

March 2023



This issue of the brief report coincides with the first anniversary of the CBK's tightened monetary policy on March 15, 2022. The brief mainly covers the key monetary and banking developments in the State of Kuwait as at the end of March 2023 compared to the indicators of the corresponding month of the previous year (on an annual basis). Following are the most prominent results:

- Increase of Money Supply in its Broad Sense (M2) by 6.0% to stand at KWD 39.29 billion.
- Growth in total local banks' assets by KWD 5.41 billion or 6.8%.
- Rise of net foreign assets in local banks by KWD 3.67 billion or 56.7%.
- Upturn in the utilized cash portion of credit facilities extended to residents by KWD 2.29 billion or 5.1%.
- Elevation in both total residents' deposits with local banks by KWD 1.57 billion or 3.4% and resident private sector deposits by KWD 2.28 billion or 6.5%.

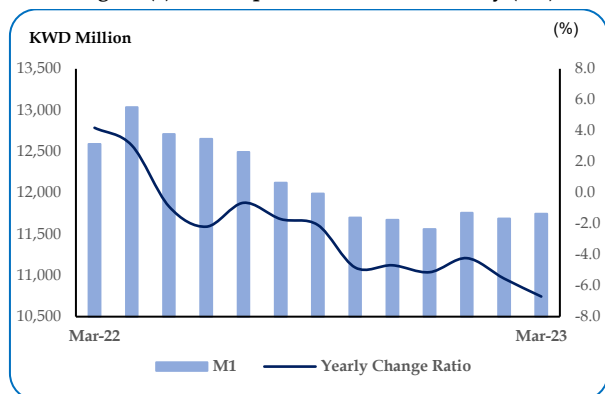
## I. Monetary Developments (Money Supply)

### 1. Money Supply in its Narrow Sense (M1):

M1 decreased by KWD 0.84 billion or 6.7% to stand at KWD 11.75 billion at the end of March 2023 against KWD 12.59 billion at the end of the corresponding month in the previous year, driven by a decline in balances of both currency in circulation outside the local banks by KWD 0.07 billion or 4.0% to stand at KWD 1.71 billion, and KWD sight deposits by KWD 0.77 billion or 7.1% to stand at KWD 10.04 billion.

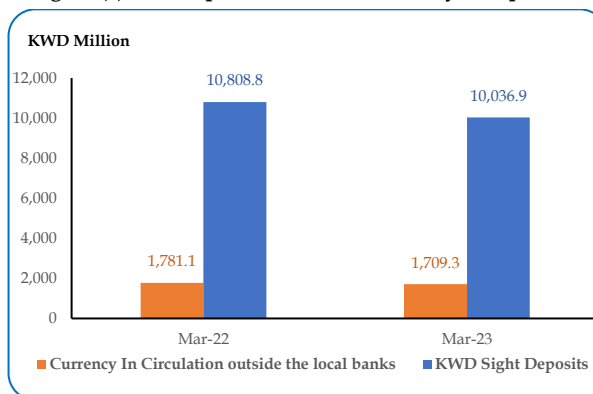
The difference between the highest and lowest values of M1 during the period from March 2022 to March 2023 reached KWD 1.48 billion. The highest stood at KWD 13.04 billion at the end of April 2022 compared to the lowest M1 of KWD 11.56 billion at the end of December 2022.

Figure (1): Developments of Narrow Money (M1)



Source: Central Bank of Kuwait.

Figure (2): Developments of Narrow Money Components

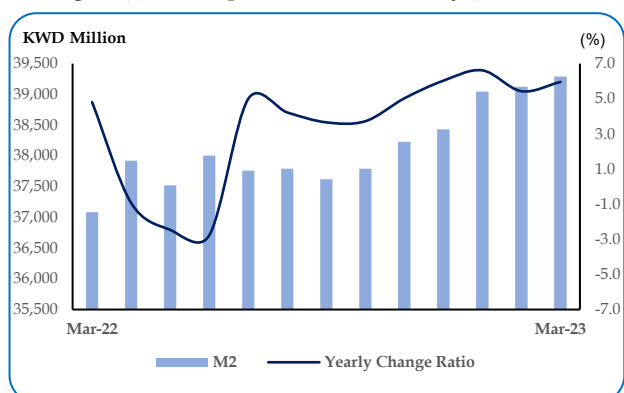


Source: Central Bank of Kuwait.

## 2. Developments and Components of Money Supply in its Broad Sense (M2):

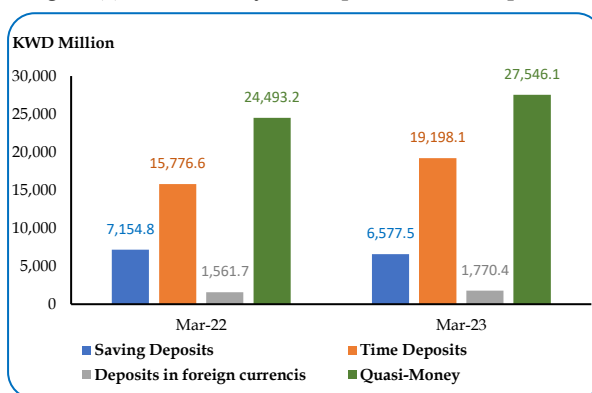
Money Supply in its Broad Sense (M2) increased by KWD 2.21 billion or 6.0% to stand at KWD 39.29 billion at the end of March 2023 against KWD 37.08 billion at the end of the corresponding month in the previous year. This increase resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 3.05 billion or 12.5%, and the decline in Narrow Money (M1) by KWD 0.84 billion or 6.7% (as previously indicated).

Figure (3): Developments of Broad Money (M2)



Source: Central Bank of Kuwait.

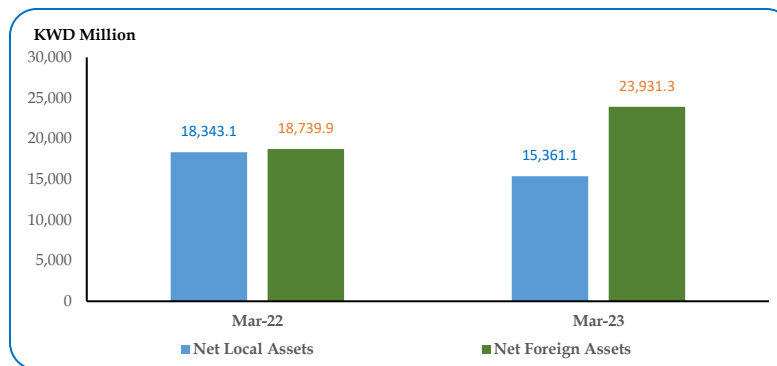
Figure (4): Quasi-Money Developments and Components



Source: Central Bank of Kuwait.

Considering the combined monetary survey of the CBK and the local banks during the period from March 2022 to March 2023, the rise in M2 resulted from the increase in net foreign assets by KWD 5.19 billion or 27.7%, and the decline in net domestic assets by KWD 2.98 billion or 16.3%.

Figure (5): Factors Affecting Broad Money (M2)



Source: Central Bank of Kuwait.

### 3. CBK Bonds and Related Tawarruq:

Since the end of March 2022 to the end of March 2023, CBK **issued new** bonds and related tawarruq to control liquidity levels in the banking sector with a total nominal value of KWD 9.62 billion (3-month maturity with a total nominal value of KWD 4.66 billion, 6-month maturity with a total nominal value of KWD 4.83 billion and 12-month maturity with a total nominal value of KWD 0.13 billion). At the same time, previous issues matured during the same period with a total nominal value of KWD 9.11 billion (issues of 3-month maturity with a total nominal value of KWD 4.75 billion and issues of 6-month maturity with a total nominal value of KWD 4.36 billion).

The total value of the balance of CBK bonds and related tawarruq reached KWD 3.41 billion at the end of March 2023 against a total value of KWD 2.96 billion at the end of March 2022, i.e. a rise by KWD 0.45 billion or 15.1%.

Table (1): CBK Bonds and Related Tawarruq from the End of March 2022 to the End of March 2023 (KWD billion)

Description	3-Month	6-Month	12-Month	Tawarruq with CBK (One Year and More)
Matured	7,511.8	7,982.1	7,469.7	8.8
New Issue	1,137.5	522.6	522.4	0.6
Balance	3,511.4	3,623.9	3,595.8	4.2
Interest Rate (Return), End of Period	40,858.6	44,089.6	44,108.8	51.9

Source: Central Bank of Kuwait.

## II. Banking Developments (At Activity Level of Local Banks and their Branches Inside the State of Kuwait)

### 1. Local Banks' Assets:

Total assets of local banks went up by KWD 5.41 billion or 6.8% to stand at KWD 85.45 billion at the end of March 2023 against KWD 80.03 billion at the end of the corresponding month in the previous year. This increase was mainly due to the rise in foreign assets by KWD 4.34 billion or 23.5% to stand at KWD 22.83 billion, and claims on private sector by KWD 2.53 billion or 6.0% to stand at KWD 44.51 billion, as well as the limited increase in claims on CBK by KWD 0.081 billion or 1.0% to stand at KWD 8.57 billion.

On another front, balances of claims on government, claims on public institutions, loans to banks, interbank deposits, and other assets fell by 31.5%, 7.2%, 13.2%, 30.6% and 5.1% respectively.

**Table (2): Local Banks' Total Assets by Main Components (KWD Million)**

Description	March 2022	March 2023	Change		to Total (%)
			Value	Percentage (%)	
Claims on CBK	8,491.5	8,572.5	80.9	1.0	10.0
Claims on Government	739.5	506.2	-233.3	-31.5	0.6
Claims on Public Institutions*	3,864.0	3,586.7	-277.4	-7.2	4.2
Claims on Private Sector, of which:	41,979.8	44,514.7	2,534.8	6.0	52.1
credit facilities to residents	39,794.2	42,517.0	2,722.9	6.8	49.8
Foreign Assets	18,486.5	22,829.0	4,342.6	23.5	26.7
Loans to Banks	1,199.1	1,041.3	-157.9	-13.2	1.2
Local Interbank Deposits	2,370.1	1,643.7	-726.3	-30.6	1.9
Other Assets	2,900.3	2,751.6	-148.8	-5.1	3.2
<b>Total Assets</b>	<b>80,030.8</b>	<b>85,445.6</b>	<b>5,414.7</b>	<b>6.8</b>	<b>100.0</b>

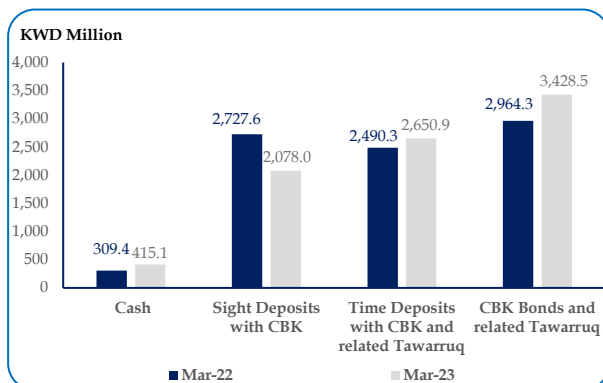
Source: Central Bank of Kuwait.

\* These are financial/non-financial institutions wholly or partially (50% and above) owned by the government.

The total claims on private sector and foreign assets accounted for 78.8% of the local banks' total assets at the end of March 2023 against 75.6% at the end of the corresponding month in the previous year.

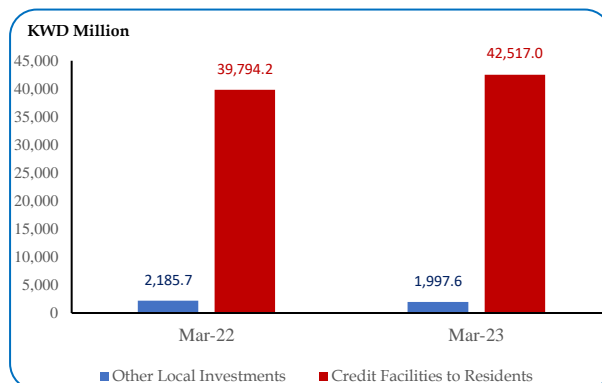
Meanwhile, data indicate that net foreign assets with the banking sector increased by KWD 3.67 billion or 56.7% to reach KWD 10.13 billion at the end of March 2023 against KWD 6.46 billion at the end of the corresponding month in the previous year. This was driven by the rise in foreign assets at a greater rate (by KWD 4.34 billion or 23.5%) than the rise in foreign liabilities (by KWD 0.68 billion or 5.6%).

Figure (6): Claims on CBK



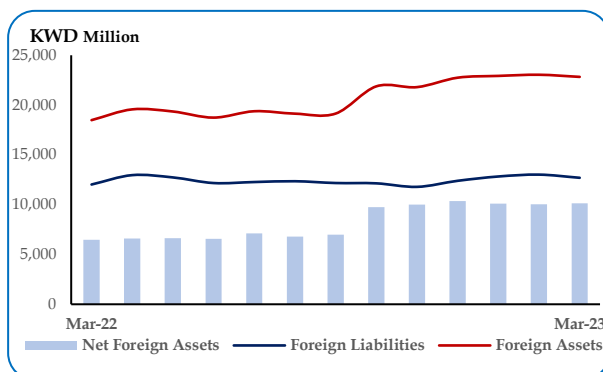
Source: Central Bank of Kuwait.

Figure (7): Claims on Private Sectors



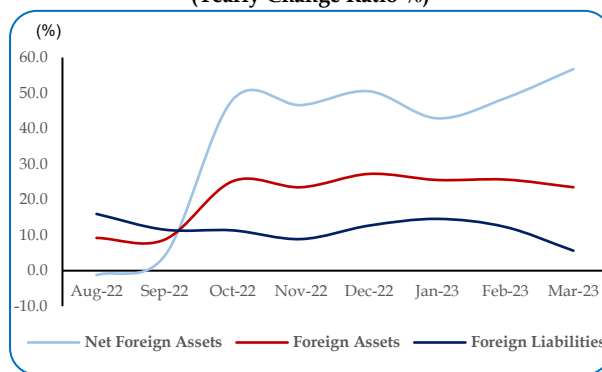
Source: Central Bank of Kuwait.

Figure (8): Foreign Assets &amp; Liabilities in Local Banks



Source: Central Bank of Kuwait.

Figure (9): Foreign Assets &amp; Liabilities (Yearly Change Ratio %)



Source: Central Bank of Kuwait.

## 2. Cash Portion of the Credit Facilities Extended to Residents:

The utilized cash portion of the credit facilities for residents increased by KWD 2.29 billion or 5.1% to stand at KWD 47.15 billion at the end of March 2023 against KWD 44.86 billion at the end of March 2022.

**Personal credit facilities** (accounting for 39.2% of overall facilities extended to residents) increased by KWD 1.15 billion or 6.7% to stand at KWD 18.46 billion at the end of March 2023 against KWD 17.31 billion at the end of the corresponding month in the previous year. This was mainly driven by the increase in the housing credit facilities by KWD 1.03 billion or 7.0% (accounting for 85.4% of overall personal facilities) to stand at KWD 15.77 billion at the end of March 2023. In addition, the utilized cash of both consumer credit facilities (accounting for 10.6% of overall personal facilities) increased by 5.7% to stand at KWD 1.95 billion and that of other personal credit facilities (accounting for 2.3% of overall personal facilities) by 5.5% to stand at KWD 0.42 billion. On the other side, credits extended to private residential facilities (accounting for 1.7% of overall personal facilities) went down slightly by 1.6% to stand at KWD 0.32 billion.

The utilized cash portion of **credit facilities to businesses** (accounting for 60.8% of the overall facilities extended to residents) increased by KWD 1.14 billion or 4.1%, to stand at KWD 28.69 billion at the end of March 2023 against KWD 27.55 billion at the end of the corresponding month in the previous year. Credit to real estate (accounting for 33.1% of the overall credit facilities to businesses) went up by KWD 0.27 billion or 3.0%, to stand at KWD 9.50 billion at the end of March 2023 against KWD 9.23 billion at the end of March 2022.

Credits to other services, purchase of securities, constructions, non-bank financial institutions, trade, industry and agriculture & fishing increased by KWD 0.51 billion or 15.7%, KWD 0.27 billion or 9.1%, KWD 0.24 billion or 12.4%, KWD 0.07 billion or 7.1%, KWD 0.07 billion or 2.3%, KWD 0.04 billion or 1.8% and KWD 0.01 billion or 63.2%, respectively. Meanwhile, credits to crude oil & gas and loans to banks decreased by KWD 0.20 billion or 8.6% and KWD 0.16 billion or 13.2% respectively, in addition to a slight decline in credits to public services.

**Table (3): Balance of Utilized Cash Portion of Credit Facilities by Residents**  
(KWD Million)

Description	March 2022	March 2023	Change		to Total (%)
			Value	Percentage (%)	
<b>Personal Credit Facilities</b>	<b>17,305.4</b>	<b>18,457.7</b>	<b>1,152.3</b>	<b>6.7</b>	<b>39.2</b>
Consumer Loans	1,846.6	1,952.5	105.9	5.7	4.1
Installment Loans	14,735.4	15,765.3	1,029.8	7.0	33.4
Private Residential Loans	328.1	322.8	-5.2	-1.6	0.7
Other Loans	395.2	417.1	21.8	5.5	0.9
<b>Business Credit Facilities</b>	<b>27,551.9</b>	<b>28,687.3</b>	<b>1,135.3</b>	<b>4.1</b>	<b>60.8</b>
Trade	3,122.4	3,195.6	73.2	2.3	6.8
Industry	2,413.2	2,455.5	42.3	1.8	5.2
Agriculture & Fishing	19.5	31.8	12.3	63.2	0.1
Purchase of Securities	2,993.6	3,266.5	272.9	9.1	6.9
Real Estate	9,229.2	9,503.4	274.2	3.0	20.2
Constructions	1,922.4	2,161.2	238.8	12.4	4.6
Loans to Banks	1,199.1	1,041.3	-157.9	-13.2	2.2
Non-Bank Financial Institutions	1,040.2	1,113.8	73.6	7.1	2.4
Crude Oil & Gas	2,276.2	2,080.6	-195.7	-8.6	4.4
Public Services	119.4	116.0	-3.4	-2.8	0.2
Other Services	3,216.7	3,721.7	505.0	15.7	7.9
<b>Total</b>	<b>44,857.3</b>	<b>47,145.0</b>	<b>2,287.7</b>	<b>5.1</b>	<b>100.0</b>

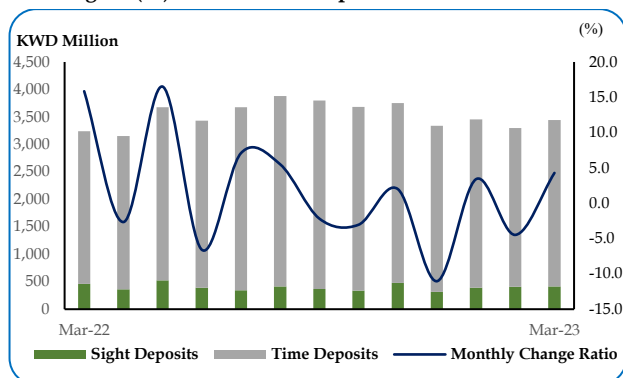
Source: Central Bank of Kuwait.

### 3. Residents' Deposits with Local Banks:

The total residents' deposits with local banks went up by KWD 1.57 billion or 3.4% standing at KWD 47.57 billion at the end of March 2023 against KWD 46.0 billion at the end of the corresponding month in the previous year, driven mainly by the rise in total private sector's deposits by KWD 2.28 billion or 6.5% to stand at KWD 37.58 billion, as well as the increase in government deposits by KWD 0.20 billion or 6.2% standing at KWD 3.44 billion at the end of March 2023. In contrast, public institutions' deposits fell by KWD 0.91 billion or 12.2% to stand at KWD 6.54 billion.

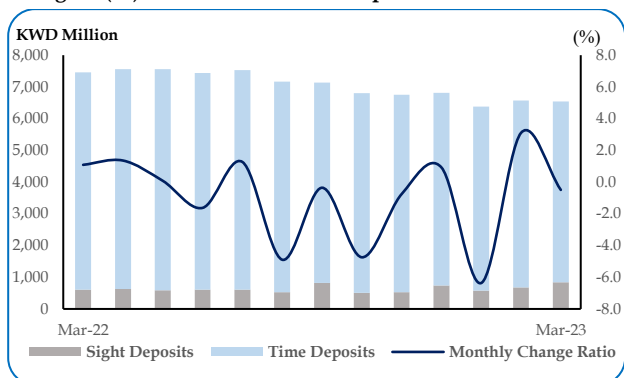
During the period from the end of March 2022 to the end of March 2023, the average ratio of the total private sector's deposits accounted for 77.5% of the total resident deposits with local banks followed by the average ratio of the total public institutions' deposits 15.0% and the average ratio of the total government deposits 7.5%. Moreover, the average ratios of the private sector's KWD deposits accounted for 73.9% of the total residents' deposits with local banks and 95.3% of the total resident private sectors' deposits during the same period.

Figure (10): Government Deposits with Local Banks



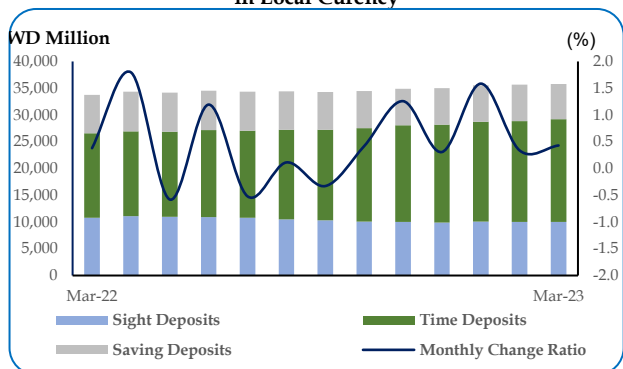
Source: Central Bank of Kuwait.

Figure (11): Public Institutions' Deposits with Local Banks



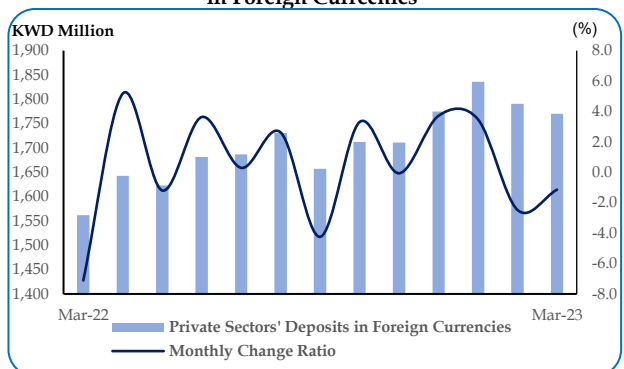
Source: Central Bank of Kuwait.

Figure (12): Private Sector's Deposits (Residents) in Local Currency



Source: Central Bank of Kuwait.

Figure (13): Private Sector's Deposits (Residents) in Foreign Currencies

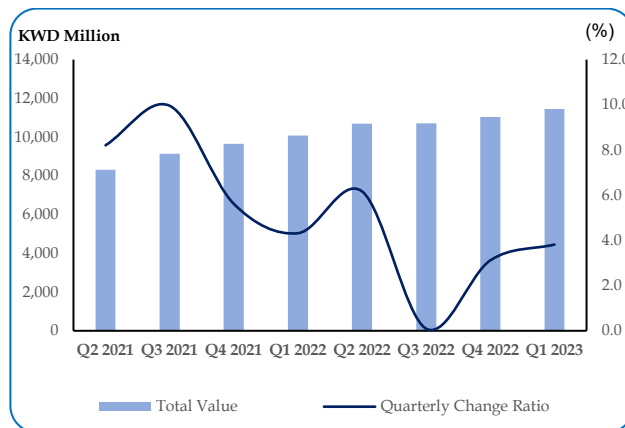


Source: Central Bank of Kuwait.

#### 4. Value of Transactions Using Plastic Cards:

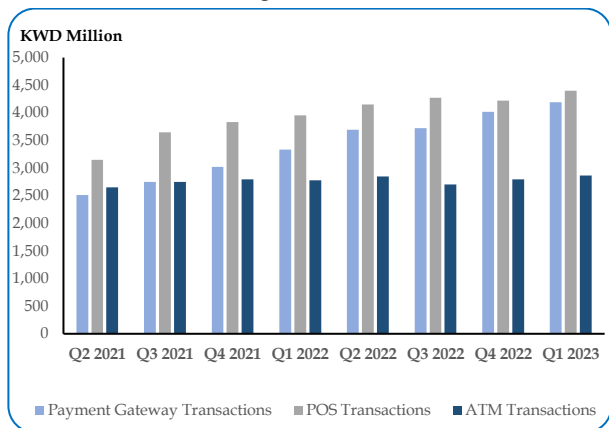
**On a quarterly basis**, total value of plastic cards transactions went up by KWD 11.46 billion during the first quarter of 2023 against KWD 11.04 billion during the previous quarter, i.e. a rise by KWD 0.42 billion or 3.8%. This increase was due to the rise in the value of payment gateway transactions (by KWD 0.17 billion or 4.3% to stand at KWD 4.19 billion), Automatic Teller Machine (ATM) transactions (by KWD 0.07 billion or 2.5% to stand at KWD 2.87 billion), and Points of Sale (POSs) transactions (by KWD 0.18 billion or 4.3% to stand at KWD 4.40 billion).

Figure (14): Total Value of Transactions using Plastic Cards



Source: Central Bank of Kuwait.

Figure (15): Development of the Components of Transactions using Plastic Cards



Source: Central Bank of Kuwait.