Joint Central Bank of Kuwait and Global Finance Magazine
Roundtable Discussion with Kuwait Banks

Central Bank of Kuwait

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Opening Remarks By

Governor

Basel Ahmad AlHaroon*

Distinguished guests, good morning. It is a privilege to welcome you all here today to this roundtable discussion being held in cooperation with Global Finance Magazine, and with us here today are Mr. Richard Scholtz – Managing Director of Global Finance, and Ms. Chloe Domat – Middle East and North Africa Editor of Global Finance.

Our discussion today comes at an important time as evolving global and economic conditions and ongoing geopolitical developments continue to present new challenges and opportunities for the economy.

* Opening Remarks delivered by His Excellency the Governor of the Central Bank of Kuwait, Basel A. Al-Haroon, at the Joint Central Bank of Kuwait and Global Finance Magazine Roundtable Discussion with Kuwait Banks, held in the Central Bank of Kuwait on 23 September, 2026.

What has changed in the external environment?

The global economy has remained remarkably resilient, but the policy environment has become more demanding. Trade fragmentation, geopolitical tensions and disruptions to energy and shipping are interacting more directly with inflation, financial conditions and investment decisions. The recent regional episode reinforced a broader lesson: the task is not to predict the next shock with precision, but to build an economy and a financial system capable of absorbing a wider range of shocks without amplifying them.

Kuwait enters this more uncertain environment from a position of strength.

For Kuwait, the key distinction is between exposure to external shocks and vulnerability to them. As an open, hydrocarbon-exporting economy, Kuwait is naturally affected by developments in energy markets, trade routes and global financial conditions. But substantial external buffers, a strong sovereign balance sheet and a sound financial system provide significant shock-absorbing capacity. Kuwaiti banks remain well capitalized, liquid and profitable, with low non-performing loans and prudent provisioning, supported by conservative and forward-looking supervision. These buffers should be seen not only as protection against shocks, but as policy space; they allow Kuwait to advance reform and diversification from a position of strength.

The test of diversification is not the volume of activity, but whether resources move towards more productive uses.

Kuwait Vision 2035 provides the strategic direction. The macro-financial task is to translate that direction into a stronger supply side of the economy: higher productivity, and a broader base of a competitive private sector.

The financial system has an important enabling role, but it cannot substitute for structural reform. Its contribution is to allocate savings and credit efficiently towards economic sectors with the capacity to raise productivity, and expand the non-oil economy. For Kuwaiti banks, this means moving beyond balance-sheet growth alone and towards an increasingly sophisticated assessment of business models, cash flows and new-economy risks, while maintaining the strong underwriting and prudential discipline that already characterizes the banking sector.

The policy objective, therefore, is not credit expansion for its own sake; but rather a better allocation of capital. That is how a strong banking system can support diversification without allowing the pursuit of growth to weaken financial resilience.

The next step in market development is depth, liquidity and disciplined access to finance.

The new Financing and Liquidity Law (of 2025) should be viewed not simply as additional borrowing capacity, but as an opportunity to strengthen the architecture of Kuwait's capital markets. Kuwait already has an established sovereign yield curve across key maturities. The next step is a regular programme of bond and sukuk issuance that deepens liquidity, broadens the institutional investor base, strengthens the supply of high-quality collateral and improves price discovery across the financial system. The same discipline will guide mortgage reform: expand access to housing finance, but within clear affordability, underwriting and macroprudential safeguards so that financial deepening supports household welfare and market development without creating excessive leverage.

Innovation should advance on a foundation of resilience.

Kuwait is approaching this transition from a sound supervisory foundation. In December 2025, the Central Bank of Kuwait introduced its Cyber and Operational Resilience Framework, moving regulation from foundational cybersecurity compliance towards a resilience-first, maturity-oriented model. This matters for AI: innovation can move faster when governance is clear and operational resilience is embedded. Kuwaiti banks have complemented this direction by strengthening digital infrastructure, business-continuity arrangements and cyber capabilities. The next phase is therefore not innovation versus safety, but responsible innovation - using AI to improve productivity, fraud detection, compliance and client service, while preserving data governance, model discipline, third-party resilience and accountability.

Sustainability is becoming part of prudent banking and long-term competitiveness.

Here too, Kuwait can build on institutional strengths already in place. The Central Bank's prudential approach gives banks a strong platform for incorporating emerging environmental and transition risks within governance and risk management, while Kuwaiti banks are increasingly embedding sustainability considerations in strategy, financing and disclosure. The objective should remain practical rather than formulaic: identify material risks, improve information and governance, and mobilize credible green and transition finance where it supports economically sound projects. In this way, sustainability becomes an extension of prudent intermediation - supporting Kuwait's diversification while protecting balance-sheet resilience.

A simple proposition: build from strength.

Let me close with one proposition: Kuwait will use resilience as a platform for transformation. Kuwait has resilient banks, credible and forward-looking supervision, established market infrastructure and substantial national buffers. The policy task is to convert these strengths into higher productivity, deeper and more liquid markets, and a larger role for productive private sector. In practical terms, the agenda is clear: preserve resilience, deepen markets and raise productivity. If these objectives reinforce one another, the economy can diversify from a position of strength while safeguarding the stability on which durable growth depends.

Thank you.