

The Governor of the Central Bank of Kuwait meets Board Chairmen of Kuwaiti Banks

Within the framework of continuous meetings between the Central Bank of Kuwait (CBK) and the top management of Kuwaiti banks to discuss and exchange views on issues of mutual concern, His Excellency the CBK Governor, Dr. Mohammad Y. Al-Hashel, met with the board chairmen of Kuwaiti banks, at CBK Headquarters today. His Excellency welcomed the guests expressing his pleasure with this kind of communication and cooperation with the banks, and stressing on the importance of their fruitful participation. During this meeting, opinions were exchanged over the key economic and monetary developments at both local and international levels, as well as performance indicators of Kuwaiti banks, their plans and trends at this current stage. The Governor noted the strong financial positions and resilience of the banking sector represented in its financial integrity indicators in terms of Asset Quality, Capital Adequacy Ratio, Financial Leverage Ratio, and Liquidity Ratios, along with profitability ratios as bolstered by the continuous growth of banks' profits.

Dr. Al-Hashel stated that a number of important topics were discussed during the meeting including the developments of global economic growth and the impact on economic retraction and increasing risk facing global monetary stability, pointing out the shifts affecting global market outlooks affected by the US Federal Reserve's return to its standard monetary policy as of December 2015 after a relatively long period of zero-bound interest rate policy and accompanying quantitative easing programs. The CBK Governor also pointed out the pressure that the implementation of strict monetary policies might bring onto countries, companies, and highly-indebted families, and the negative impact of trade conflicts on global economic growth. Dr. Al-Hashel also indicated developments and volatility in the world oil market, remarking that despite the strong position of the banking sector in Kuwait and its solid financial integrity indicators that are supported by the CBK's macroprudential policies, it is still imperative that we all, banks and regulators, strive to sustain these accomplishments and not to slack but, rather, take further hedging measures

so that we are always alert and cautious against any repercussions of a slump in global economic growth.

His Excellency also noted that views were exchanged regarding the inclusion of the independent member in banks' board composition within the governance rules and regulations applicable to Kuwaiti banks, thus aiming to consolidate the principle of independence of banks' board members, which is an important pillar of sound governance. Dr. Al-Hashel pointed out that the CBK had issued instructions in June 2012, preceding promulgation of the law of Companies No.1 of 2016 that included special provisions relevant to independent members within the boards of directors.

In another context, the Governor remarked that in continuation of the CBK effort towards establishing the appropriate supervisory and regulatory policies and instructions that support sophisticated and advanced products, services and business modules in the field of modern technology and digital solutions, CBK has recently issued the "Regulatory Sandbox Framework for FinTech" to test the digital financial products, innovations and solutions in a safe environment that does not jeopardize or pose any risk to the integrity of the financial and banking system. As such, The CBK urges all those who have created any digital solutions or modern financial technology to benefit from what the regulatory sandbox provides towards testing their innovations.

The Governor concluded his statement by stressing the CBK's keenness on communication methodology with banks to know their views regarding CBK instructions and underlined that CBK appreciates further meetings with banks to discuss all matters that are in the best interest of the banking sector and the national economy.

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