

Press Statement

CBK publishes annual report for the fiscal year 2020/2021

The Central Bank of Kuwait (CBK) published its 49th Annual Report for the 2020/2021 fiscal year, which includes audited financial statements for the period until March 31, 2021 and encompasses CBK's efforts for said year.

The Governor of the Central Bank of Kuwait, Dr. Mohammad Y. Al-Hashel stated that it has undoubtedly been an exceptional year, taking into consideration the Central Bank of Kuwait's success in facing a multitude of challenges that have risen due to the Coronavirus pandemic. This crisis has been unprecedented, reaching all corners of the globe since it was first discovered at the end of 2019, until the present day. Total and partial lockdowns in various countries around the world also affected supply and demand, which placed a hiatus on economic activity and ultimately led to massive employment loss and incurred huge damage to several economic sectors. Locally, the impact of the crisis was compounded by the drop in oil prices, which called for more spending in the face of income loss.

The Governor said that this crisis was a true test to the robust monetary and regulatory policies that the Central Bank of Kuwait has worked diligently to implement over the past decade. It showcased the strength of these policies and boosted the nation's banking sector, specifically in its ability to provide financial services to the public, despite increasing pressure and unusual circumstances that were forced by the pandemic. The Central Bank of Kuwait continued its operations seamlessly without any interruption whatsoever, and it continued to perform its role with speed and efficiency.

During the last fiscal year, the Central Bank of Kuwait continued its efforts to maintain monetary stability and financial stability through a proactive approach and early interventions, while continuing to utilize all monetary policy tools, supervisory policies, and macro prudential instruments, in a professional manner that strengthens sustainable economic development. The Central Bank of Kuwait was also successful in preserving the attractiveness of the local currency as a stable and reliable store for local investments, while ensuring that banks and authorities it oversees continue to provide their financial services to the local economy and public, in a seamless, swift and safe manner.

Al-Hashel reiterated that this crisis was unprecedented, and the Central Bank of Kuwait played its mandated role as a financial advisor to the government, which required leadership to stimulate the national economy in face of the challenges posed by the pandemic. It also upheld its role in developing the legislative framework, placing controls to implement policies related to banking and finance, in addition to presenting studies and predictions on the crisis, and ways to address its various ramifications.

He added that the COVID-19 pandemic also bore witness to the sagacity of the financial and regulatory policies at the Central Bank of Kuwait. It displayed its institutional culture that strives to facilitate the flow of knowledge and the exchange of expertise, while enhancing excellence and increasing productivity through a work environment that encourages its employees to develop their performance and skillset. Reliance on a national workforce was a long-term initiative at the Central Bank of Kuwait when it comes to training and development, and during this past year the institution has worked tirelessly to strengthen this aspect of its corporate culture, mainly through its efforts to continue the development of its employees and focus on their continued training.

The Central Bank of Kuwait has also focused on employee development as means of enhancing infrastructure that pertains to IT and the digital economy, in order to provide a strong base for Fintech development. This includes ongoing efforts to ensure the growth of auditing systems for these electronic services, as well as sound and strong management of both information security and cybersecurity.

Additionally, corporate social responsibility and public outreach has also continued throughout the last year, primarily through awareness campaigns that alert the public to their rights while raising financial and banking knowledge; a campaign such as “Diraya”, or “Be Aware” in English, was launched in partnership with the Kuwait Banking Association, in addition to other communication and CSR activities such as the “Kafa’a initiative” offered to develop and qualify national cadres specialized in finance and banking.

The Governor stressed that with all of the precautions and steps taken to face the pandemic over the course of the last year, it is still premature to say that the crisis is over. An overwhelming feeling of uncertainty still hovers over the future of the economy, which is why the Central Bank of Kuwait’s future outlook is to focus on strengthening the banking sector in order to face any challenges that may arise. The risks involved in tapering the policies implemented to confront the crisis, and the impact of digitization on the role of financial mediation in the banking sector and the impact of a low-interest environment on banking sector’s business model, cannot be overlooked.

The Central Bank seeks to continue to strengthen its regulatory efforts and develop its activities by making use of Regtech and Suptech. These technologies can play an active role in combating money laundering and terror finance, as well as prudential risk management, which reflects on the strength and stability of the banking sector.

With the increasingly important role of Big Data, the Central Bank of Kuwait places great emphasis on data governance, taking into consideration the financial sector’s use of data in service and product development to cater to the needs of its clients, while ensuring their privacy. The Central Bank of Kuwait has also sees cybersecurity and data security as a priority, in light of the increasing role of technology and cyber risks associated with it. Another pivotal focus is green

finance, through environmental disclosure standards and environmental effects standards, and the requirements placed on banks and its inclusion in stress test forms.

Looking forward, one of the Central Bank of Kuwait's main goals is to encourage innovation and its support to develop the financial industry sustainably. This also includes the development of a state of the art financial infrastructure, which will serve to encourage innovative financial services that will safely and securely cater to the needs of clients.

With all that the future holds in regards to challenges and opportunities, people remain at the heart of this transformation. Therefore, the Central Bank of Kuwait will continue to develop its national workforce, increasing their knowledge and expertise, in order to continue its journey of distinction and success that this institution has led for several decades in service to the nation's economy.

In conclusion, CBK Governor Dr. Mohammad Y. Al-Hashel pointed out that the Annual Report for FY 2020/21 is now available through the official CBK website (www.cbk.gov.kw).

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