

**31- INSTRUCTION PROHIBITING BANKS FROM CONCLUDING  
AGREEMENTS AMONGST THEM THAT MAY  
PREJUDICE THE PRINCIPLE OF COMPETITION**

**GOVERNOR**

*Shaaban17, 1412 H  
February 20, 1992*

**THE CHAIRMAN OF THE KUWAITI BANKS COMMITTEE**

**Instructions prohibiting banks from concluding  
agreements amongst them  
that may prejudice the principle of competition**

As you are aware, local banks may sometimes agree amongst them, through the Kuwaiti Banks Committee, on certain issues, thus contravening the principle of competition which should prevail among banks in the performance of their business and the extension of their banking services to customers. An example of this is the banks' agreement to adhere to maximum interest rates limits on deposits and certain rates for the selling and buying foreign currencies against the KD.

Whereas such agreements place the banks in a "Cartel" position that eliminates competition among them in the performance of their business and the extension of their banking services to customers. which is against customers' interest and may also affect the interest of certain banks which consider competition as a means of realizing their objectives,

And, since the existence of legitimate competition among banks is an essential requirement to ensure the progress of banking business in a sound manner.

Therefore, and based on the provisions of Article (71) of the Central Bank Law, which states that **"The Central Bank may issue to the banks such instructions as it deems necessary to realize its credit or monetary policy or to ensure the sound progress of the banking business"**,

We request banks not to conclude any agreements amongst them on issues that may prejudice the principle of competition which must prevail in the banks' performance of their business and the extension of their banking services to customers, as well as to cancel any agreements that might have been concluded in this regard.

With my best regards,

**SALEM ABDUL-AZIZ AL-SABAH**