

Summary of the
Key Local Monetary
and Banking Indicators

March 2024

This monthly bulletin summarizes the key monetary and banking developments in the State of Kuwait as at the end of March 2024 compared to March 2023 (comparative month), the most prominent of which:

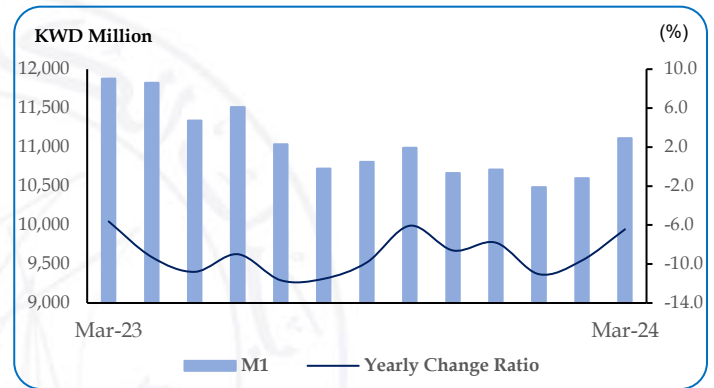
- Money Supply in its Broad Sense (M2) increased by 1.2% to KWD 39.89 billion.
- The total local banks' assets grew by KWD 2.18 billion (2.6%).
- The net foreign assets in the local banks went up by KWD 3.56 billion (35.1%).
- The utilized cash portion of credit facilities to residents increased by KWD 0.96 billion (2.0%).
- The total residents' deposits with local banks went up by KWD 2.05 billion (4.3%). Likewise, the resident private sector's deposits increased by KWD 0.44 billion (1.2%).
- The total transactions using plastic cards increased by KWD 0.66 billion (5.9%) at the end of Q1 2024 compared to the end of the comparative quarter.

I- Monetary Developments (Money Supply)

1. Money Supply (M1):

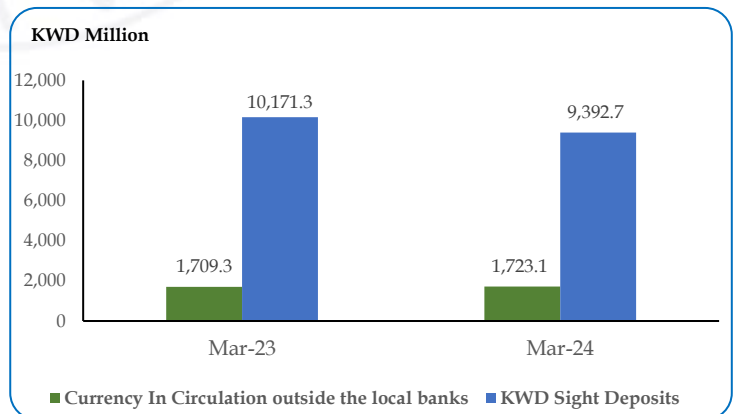
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 0.76 billion (6.4%) to KWD 11.12 billion at the end of March 2024 against KWD 11.88 billion at the end of the comparative month due to the unceasing decline of the Narrow Money (M1) on an annual basis since August 2022.

Figure (1): Narrow Money (M1)



This was mainly attributed to the decrease in both **KWD sight deposits** by KWD 0.78 billion (7.7%) to KWD 9.39 billion, and **currency in circulation outside the local banks** by KWD 0.01 billion (0.8%) to KWD 1.72 billion.

Figure (2): Narrow Money Components



2. Developments and Components of Money Supply (M2):

M2 increased by KWD 0.46 billion (1.2%) to KWD 39.89 billion at the end of March 2024 against KWD 39.43 billion at the end of the comparative month. This gain resulted from the rise in Quasi-Money (KWD saving deposits, KWD time deposits and deposits in foreign currency) by KWD 1.22 billion (4.4%) on one end, against a drop in Narrow Money (M1) by KWD 0.76 billion (6.4%) on the other.

Figure (3): Broad Money (M2)

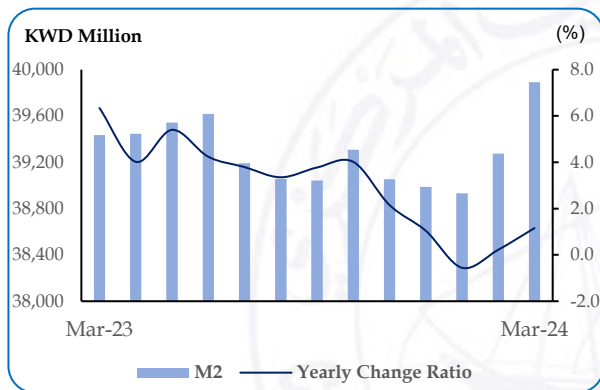
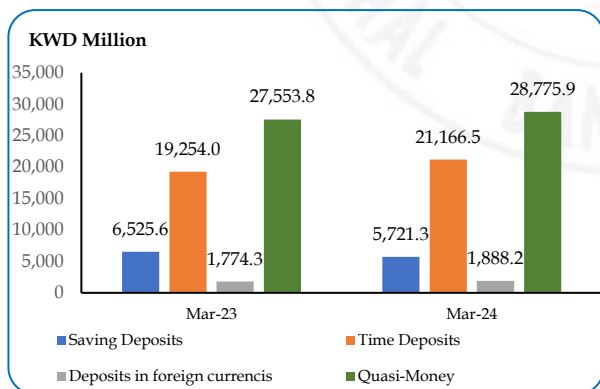


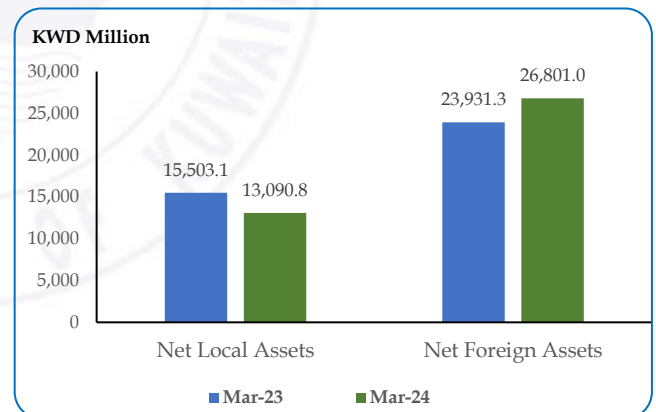
Figure (4): Quasi-Money Development and Components



Considering the combined monetary survey of CBK and the local banks, (M2) can be calculated according to the factors affecting it, namely (a) **Net Local Assets** (that includes net claims of CBK and local banks on government, public institutions and private sector minus government's deposits and accounts, and other "net"), and (b) **Net Foreign Assets** with CBK and local banks.

The relevant data indicate that the rise in M2 by the end of March 2024 was driven by the **increase in net foreign assets** by KWD 2.87 billion, i.e. 12.0% (as net foreign assets with local banks increased by KWD 3.56 billion, i.e. 35.1%, and net foreign assets with CBK decreased by KWD 0.69 billion, i.e. 5.0%), and the **decrease in net local assets** by KWD 2.41 billion, i.e. 15.6%.

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

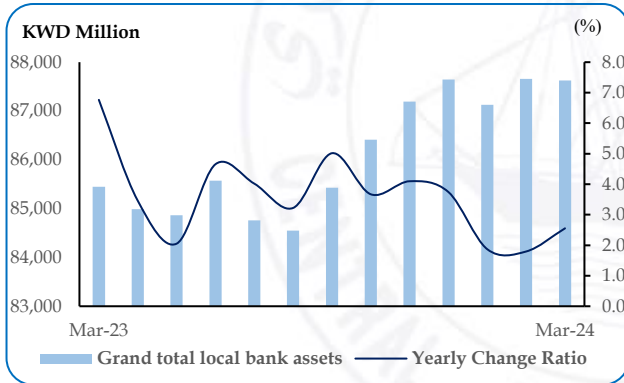


II- Banking Developments (at the Activity Level of Local Banks and their Branches inside the State of Kuwait)

1. Local Banks' Assets:

Total assets of local banks grew by KWD 2.18 billion (2.6%) to KWD 87.63 billion at the end of March 2024 against KWD 85.45 billion at the end of the comparative month. This was mainly driven by the rise in **foreign assets** by KWD 2.42 billion (10.6%) to KWD 25.24 billion, **claims on private sector** by KWD 1.08 billion (2.4%) to KWD 45.60 billion, **claims on public institutions** by KWD 0.09 billion (2.6%) to KWD 3.68 billion, and **cash (in local banks' vaults)** by KWD 0.01 billion (3.3%) to KWD 0.43 billion.

Figure (6): Local Banks' Total Assets

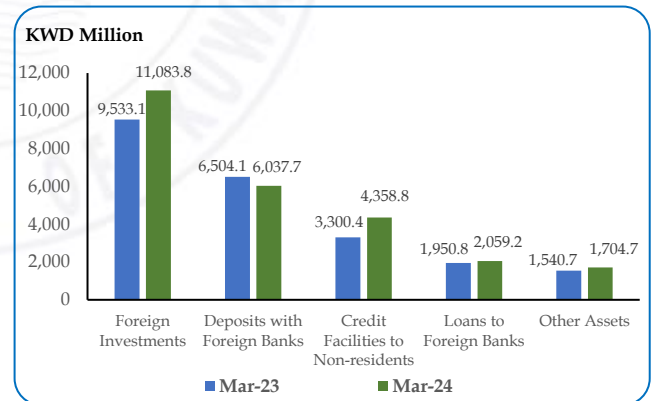


On another front, interbank deposits, claims on government, claims on CBK, other assets and loans to banks, fell by 23.2%, 14.1%, 9.0%, 6.4% and 5.8%, respectively (in descending order based on the percentage of decline).

Claims on private sector represents the main source of local banks' assets. These claims accounted for 52.0% of the local banks' total assets in March 2024 against 52.1% at the end of the comparative month. **Foreign assets** came next accounted for 28.8% of the local banks' total assets at the end of March 2024 against 26.7% at the end of the comparative month.

The rise in foreign assets came from the rise in the balances of the following components; credit facilities to non-residents, foreign investments, other assets and loans to foreign banks by 32.1%, 16.3%, 10.6% and 5.6%, respectively (in descending order based on the percentage of increase) on one hand, and the decline in the balance of deposits with foreign banks by 7.2% on the other.

Figure (7): Components of Foreign Assets



Data indicate that **net foreign assets with local banks increased** by KWD 3.56 billion (35.1%) to KWD 13.68 billion at the end of March 2024 against KWD 10.13 billion at the end of the comparative month.

This rise was mainly due to the increase in foreign assets by KWD 2.42 billion (10.6%) on one end, and the drop in foreign liabilities by KWD 1.14 billion (9.0%) on the other.

Figure (8): Net Foreign Assets in Local Banks

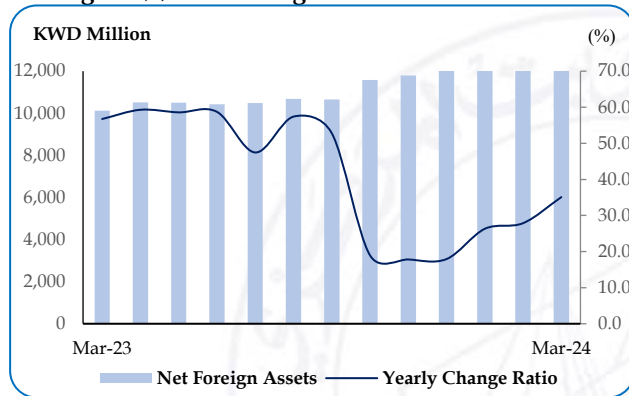
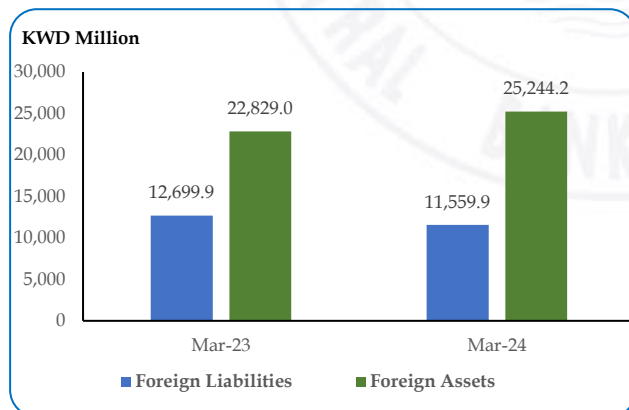


Figure (9): Foreign Assets & Liabilities in Local Banks



2. Cash Portion of the Credit Facilities extended to Residents:

The **utilized cash portion of the credit facilities to residents** increased by KWD 0.96 billion (2.0%) to KWD 48.10 billion at the end of March 2024 against KWD 47.15 billion at the end of the comparative month. The utilized cash of the credit facilities to businesses and personal credit facilities accounted for 63.0% and 37.0%, respectively, of the increase in the total utilized cash portion of the facilities extended to residents.

In more detail, **the utilized cash portion of credit facilities to businesses** (60.9% of the overall facilities to residents) increased by KWD 0.60 billion (2.1%) to KWD 29.29 billion at the end of March 2024 against KWD 28.69 billion at the end of the comparative month.

This increase was mainly driven by the **rise in the utilized portion of credit** to real estate and construction (KWD 0.66 billion, i.e. 5.6%), trade (KWD 0.31 billion, i.e. 9.6%), non-bank financial institutions (KWD 0.15 billion, i.e. 13.2%), and purchase of securities “individuals, companies and institutions” (KWD 0.21 billion, i.e. 6.4%).

Conversely, there was a **decline in the cash portion of credit** to industry (KWD 0.15 billion, i.e. 6.3%), crude oil & gas (KWD 0.15 billion, i.e. 7.3%), loans to banks (KWD 0.06 billion, i.e. 5.8%), and other services (KWD 0.35 billion, i.e. 9.3%), in addition to a limited slowdown in agriculture & fishing and in public services by 6.8% and 1.1%, respectively against the comparative month.

3. Residents' Deposits with Local Banks:

The total residents' deposits went up by KWD 2.05 billion (4.3%) to KWD 49.62 billion at the end of March 2024 against KWD 47.57 billion at the end of the comparative month. This rise was driven mainly by the **increase in government's deposits** by KWD 1.16 billion (33.1%) to KWD 4.65 billion at the end of March 2024 against KWD 3.49 billion at the end of the comparative month, as well as the **rise in public institutions' deposits** by KWD 0.46 billion (7.2%) to KWD 6.80 billion at the end of March 2024 against KWD 6.35 billion at the end of the comparative month.

Moreover, **resident private sector's deposits** increased by KWD 0.44 billion (1.2%) to KWD 38.17 billion at the end of March 2024 against KWD 37.73 billion at the end of the comparative month.

Private sector's deposits are the main source of financing for local banks (43.6% of the local banks' total liabilities at the end of March 2024). On another front, government's deposits and public institutions' deposits accounted for 5.3% and 7.8% of the local banks' total liabilities, respectively, at the end of March 2024.

Figure (10): Government Deposits

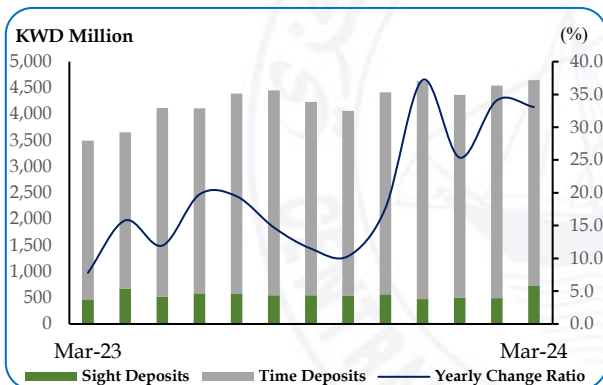


Figure (11): Public Institutions' Deposits

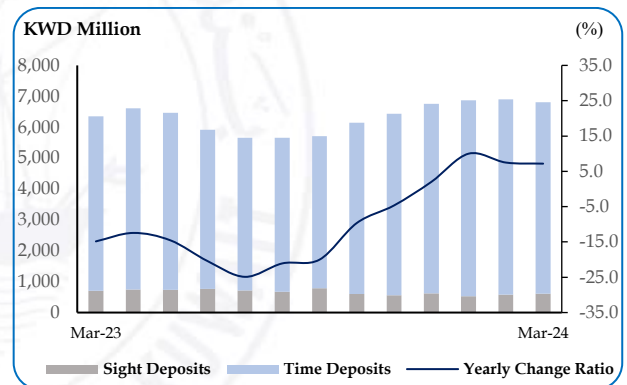


Figure (12): Private Sector's Deposits in Local Currency

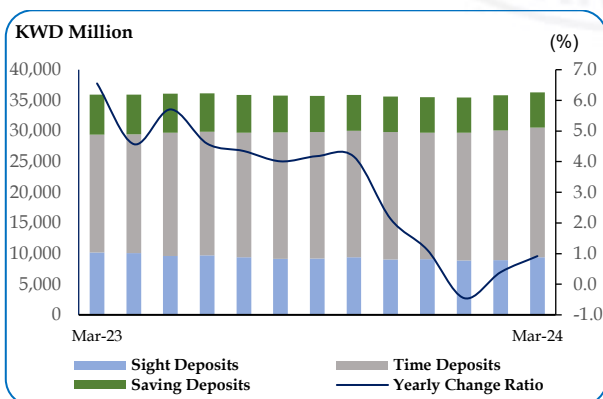
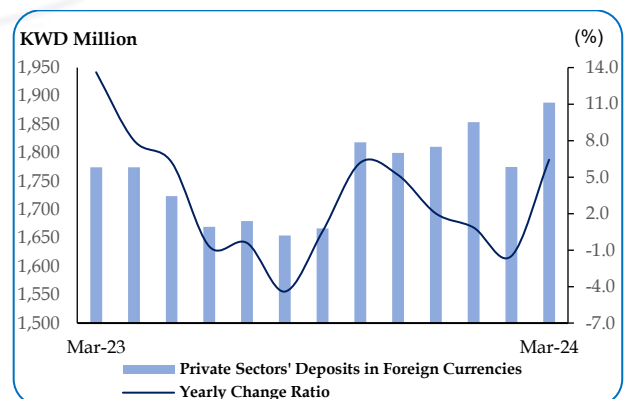


Figure (13): Private Sector's Deposits in Foreign Currencies



4. Value of Transaction Using Plastic Cards:

The total value of transactions using plastic cards recorded KWD 11.88 billion at the end of the first quarter of 2024 (of which, KWD 11.20 billion by using plastic cards in the State of Kuwait, and KWD 0.68 billion abroad), against KWD 11.22 billion at the end of the first quarter of 2023, i.e. an increase of KWD 0.66 billion or 5.9%.

This is mainly attributed to the increase in **online transactions** (by KWD 0.61 billion, i.e. 14.6% to KWD 4.76 billion), and **point of sales (POSs) transactions** (by KWD 0.18 billion, i.e. 4.1% to KWD 4.49 billion) on one hand, and the decline in the Automatic Teller Machines (**ATMs**) transactions (by KWD 0.12 billion, i.e. 4.5% to KWD 2.62 billion) on the other.

Figure 14: Value of Transaction Using Plastic Cards

