

Summary of the
Key Local Monetary
and Banking Indicators

September 2024

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

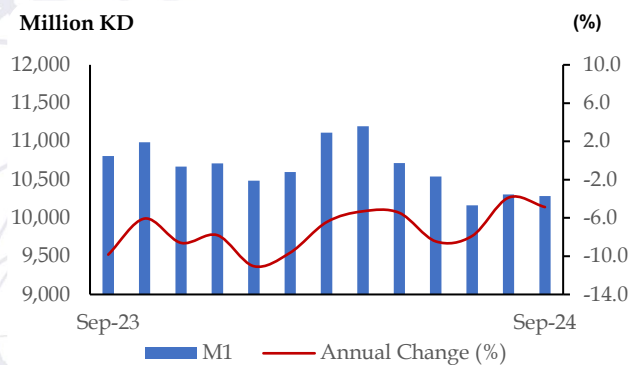
- Money Supply in its Broad Sense (M2) increased by 3.7% to KWD 40.48 billion.
- The local banks' total assets grew by KWD 4.24 billion (5.0%).
- The net foreign assets in the local banks increased by KWD 3.63 billion (34.0%).
- The utilized cash portion of credit facilities to residents increased by KWD 1.59 billion (3.4%).
- The total residents' deposits with local banks went up by KWD 3.2 billion (6.7%). Likewise, the resident private sector's deposits increased by KWD 1.54 billion (4.1%).
- The total value of transactions using plastic cards increased by KWD 0.41 billion (3.6%) at the end of the third quarter of 2024 compared to last year's comparative quarter.

I. Monetary Developments (Money Supply)

1. Money Supply (M1):

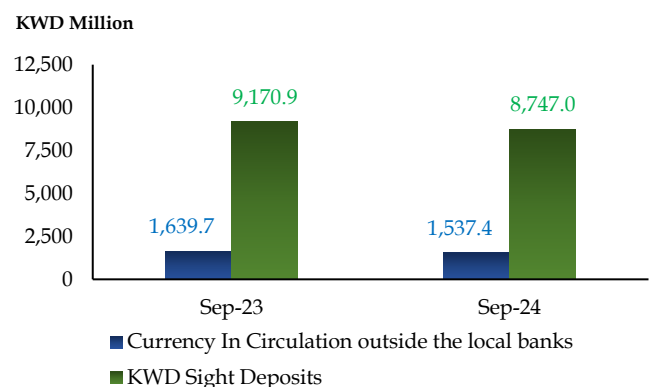
Money Supply in its Narrow Sense "Narrow Money" (M1) contracted by KWD 0.53 billion (4.9%) to KWD 10.28 billion at the end of September 2024 against KWD 10.81 billion at the end of the comparative month due to the unceasing decline of the Narrow Money (M1) on an annual basis since August 2022.

Figure (1): Developments of Narrow Money (M1)



This was mainly attributed to the decrease in both **KWD sight deposits** by KWD 0.42 billion (4.6%) to KWD 8.75 billion, and **currency in circulation outside the local banks** by KWD 0.10 billion (6.2%) to KWD 1.54 billion, which is the highest decline in value and percentage since February 2020.

Figure (2): Narrow Money Components

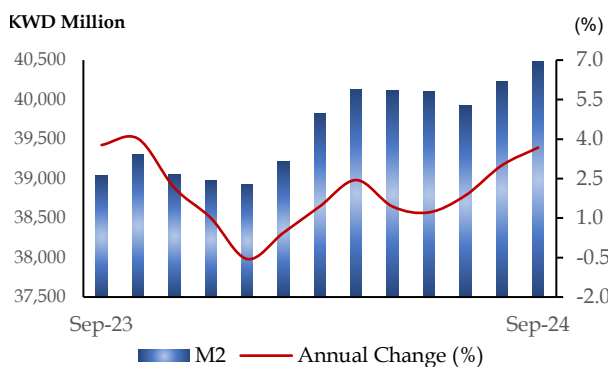


2. Developments and Components of Money Supply (M2):

Money Supply in its Broad Sense (M2) increased by KWD 1.44 billion (3.7%) to KWD 40.48 billion at the end of September 2024 against KWD 39.04 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 1.96 billion (6.9%), and the decline in Narrow Money (M1) by KWD 0.53 billion (4.9%).

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 less government's deposits and accounts, and other "net"), and **(b) Net Foreign Assets** with CBK and local banks.

Figure (3): Broad Money (M1)



The relevant data indicate that the rise in M2 by the end of September 2024 was driven by **the increase in net foreign assets** by KWD 3.49 billion, i.e. 14.7% (as net foreign assets with local banks increased by KWD 3.22 billion, i.e. 14.0%, and net foreign assets with CBK decreased by KWD 0.12 billion, i.e. 0.9%), and **the decrease in net local assets** by KWD 2.05 billion, i.e. 13.4%.

Figure (4): Quasi-Money and Components (M1)

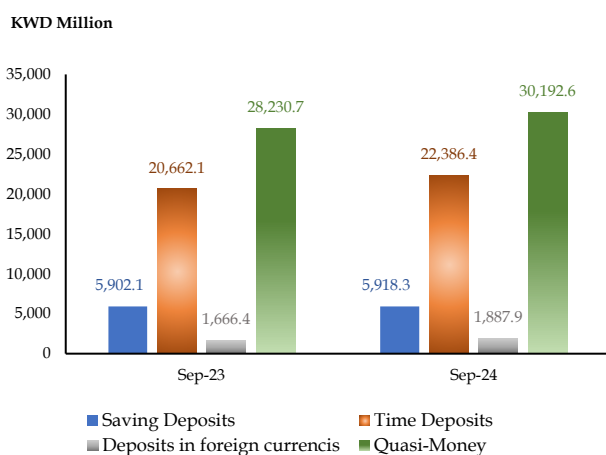
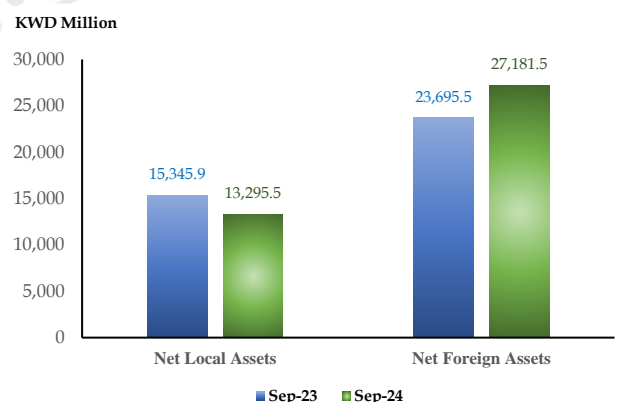


Figure (5): Factors Affecting Broad Money (M1)



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

1. Local Banks' Assets:

Local banks' total assets grew by KWD 4.24 billion (5.0%) to KWD 89.67 billion at the end of September 2024 against KWD 85.43 billion at the end of the comparative month. This was mainly driven by **the rise in foreign assets** by KWD 3.22 billion (14.0%) to KWD 26.15 billion, other assets by KWD 0.20 billion (7.1%) to KWD 3.10 billion, and **cash (cash in local banks vaults)** by KWD 0.6 million (0.2%) to KWD 0.32 billion. On another front, claims on government, loans to banks, interbank deposits, claims on public institutions, claims on CBK, and claims on private sector **declined** by 31.2%, 30.9%, 19.1%, 4.5%, 3.3% and 4.5% respectively.

Claims on the private sector represents the main source of local banks' assets. These claims accounted for 52.3% of the local banks' total assets in September 2024 against 52.5% at the end of the comparative month. **Foreign assets** came next accounting for 29.2% of the local banks' total assets at the end of September 2024 against 26.8% at the end of the comparative month.

It is worth mentioning that the rise in foreign assets came from the rise in the balances of credit facilities to non-residents, foreign investments, other assets, and loans to foreign banks by 36.1%, 22.2%, 12.0% and 6.4%, respectively on one hand, and the decline in deposits with foreign banks by 11.1% on the other.

Figure (6): Local Banks' Total Assets

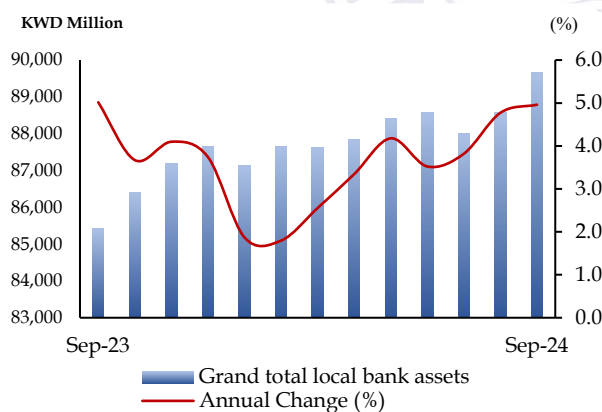
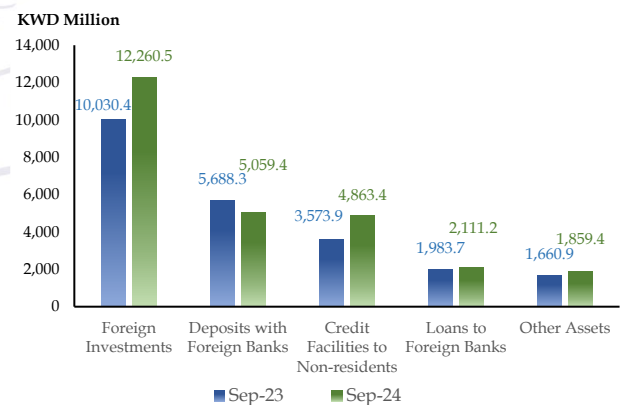


Figure (7): Components of Foreign Assets



Data indicate that **net foreign assets** with local banks **increased** by KWD 3.63 billion (34.0%) to KWD 14.28 billion at the end of September 2024 against KWD 10.66 billion at the end of the comparative month. This rise was mainly due to the increase in foreign assets by KWD 3.22 billion (14.0%) on one end, and the decline in foreign liabilities by KWD 0.41 billion (3.3%) on the other.

Figure (8): Net Foreign Assets in Local Banks

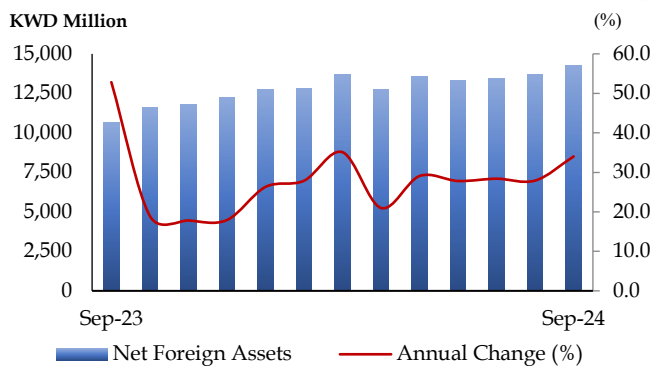
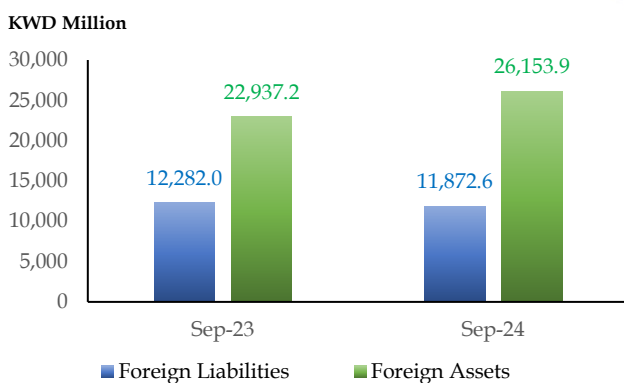


Figure (9): Foreign Assets & Liabilities



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

The **utilized cash portion of the credit facilities to residents increased** by KWD 1.59 billion (3.4%) to KWD 48.86 billion at the end of September 2024 against KWD 47.27 billion at the end of the comparative month. The utilized cash of the credit facilities to businesses and personal credit facilities accounted for 70.2% and 29.8%, 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 1.11 billion (3.9%) to KWD 29.73 billion at the end of September 2024 against KWD 28.62 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 0.98 billion, i.e. 8.3%), purchase of securities “individuals, companies and institutions” (KWD 0.34 billion, i.e. 10.4%), non-bank financial institutions (KWD 0.27 billion, i.e. 23.4%), trade (KWD 0.19 billion, i.e. 5.5%), and other services (KWD 0.15 billion, i.e. 4.3%).

Conversely, there was a **decline in the cash portion of credit** to loans to banks (KWD 0.32 billion, i.e. 30.9%), crude oil & gas (KWD 0.28 billion, i.e. 13.7%), industry (KWD 0.20 billion, i.e. 8.6%), in addition to a limited slowdown in agriculture & fishing and in public services by 6.8% and 2.8 %, respectively at the end of September 2024 against the comparative month.

3. Residents' Deposits with Local Banks:

The total residents' deposits increased by KWD 3.2 billion (6.7%) to KWD 50.54 billion at the end of September 2024 against KWD 47.34 billion at the end of the comparative month. This rise was driven by the increase in **total private sector's deposits (resident)** by KWD 1.54 billion (4.1%) to KWD 38.94 billion at the end of September 2024 against KWD 37.40 billion at the end of the comparative month, **government's deposits** by KWD 0.91 billion (21.6%) to KWD 5.14 billion at

the end of September 2024 against KWD 4.23 billion at the end of the comparative month, and **public institutions' deposits** by KWD 0.74 billion (13.0%) to KWD 6.45 billion at the end of September 2024 against KWD 5.71 billion at the end of the comparative month of last year.

Private sector deposits are the primary source of financing for local banks (43.4% of the local banks' total liabilities at the end of September 2024). Nevertheless, public institution deposits and government deposits accounted for 7.2% and 5.7% of the local banks' total liabilities, respectively, at the end of September 2024.

Figure (10): Government Deposits

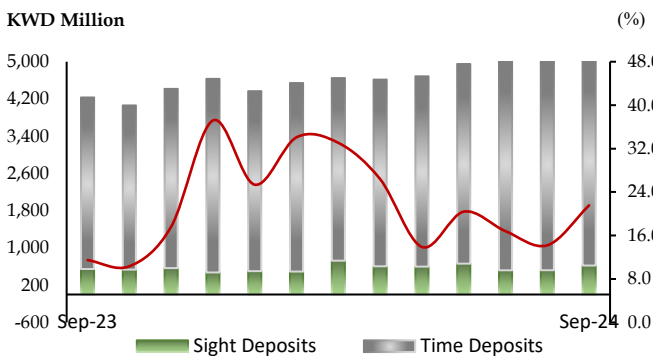


Figure (11): Public Institutions' Deposits

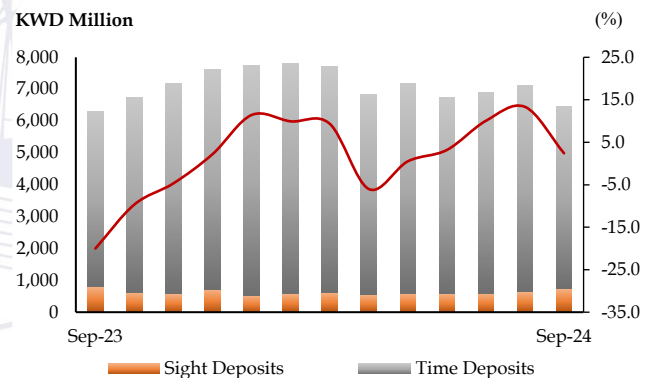


Figure (12): Private Sector's Deposits in Local Currency

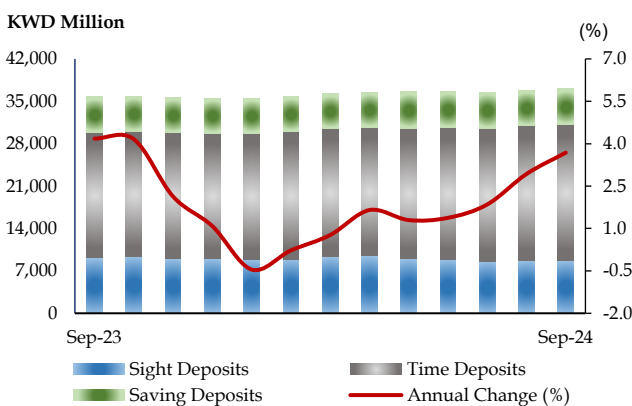
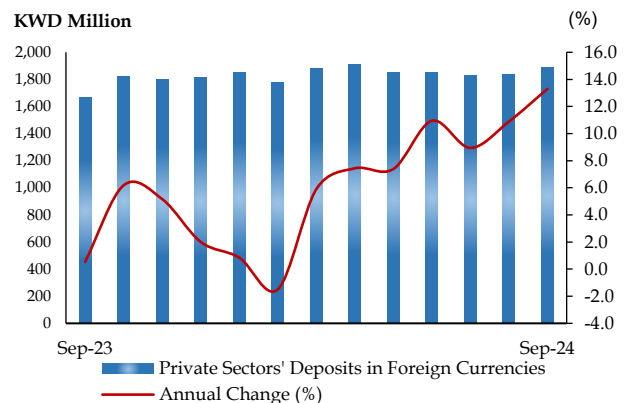


Figure (13): Private Sector's Deposits in Foreign Currency



4. Value of Transactions Using Plastic Cards:

The total value of transactions using plastic cards reached KWD 11.93 billion at the end of the third quarter of 2024 (of which, KWD 10.99 billion by using plastic cards in the State of Kuwait, and KWD 0.94 billion abroad) against KWD 11.52 billion at the end of the comparative quarter of the previous year, i.e. an increase of KWD 0.41 billion (3.6%).

This is mainly attributed to the increase in **point of sales transactions** (by KWD 0.29 billion, i.e. 6.5% to KWD 4.78 billion) and **online transactions** (by KWD 0.22 billion, i.e. 5.0% to KWD 4.66 billion), on one hand, and the decline in the **Automatic Teller Machines (ATMs)** transactions (by KWD 0.10 billion, i.e. 3.7% to KWD 2.49 billion) on the other.

Figure (14): Value of Transactions Using Plastic Cards

