Financial Stability Report 2013

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Abstract

This article provides an overview for the Financial Stability Report – issued by the Central Bank of Kuwait in FY2013. In this document the company is aiming to show and measure how strong is the Financial/ Banking system in the country. At the same time, the consultant is looking to show how important is the Financial System against any further economic crises.

The Financial Stability Report – FSR - for the State of Kuwait has been issued by the Central Bank of Kuwait, which presenting the measurement and capability of Kuwait’s financial system against the global market fluctuation. In this regard, EXCPR™ - Strategic Consultancy firm located in Kuwait - initiate such project which is aiming to summarize and highlight the most critical items related to the Kuwait’s financial system, and highlight the methodology of preventing such system.

The Financial Stability Report - FSR shows the strong relation between the banking sector in the state of Kuwait with the financial system, which is depending in each other by more than 84.1%. In this regard, the report discuss the total number of banking system in the State Of Kuwait, which are five traditional banks (has 60.4% of the total banking assets) against the other five Islamic banks.

The report also present the lowering rate for the unstable loans (which contains some
classification as “abnormal”), achieved 3.6%, comparing with 12% in 2009. Such positive direction in the loans situation is due to the direct supervision and decisions form the Central Bank of Kuwait. At the same time, the bank’s allowance has been increased by 135% comparing with 2008 – the world financial crisis.

From another hand, the Financial Stability Report shows the decrees in the total revenue for the banks in Kuwait, which reach 10% - comparing with FY 2010 – around KD 519 Million. As a result, the traditional banks revenues is covering around two third the total sector revenue, and the same for the total assets. Then, the report present the highest efficient level for the traditional banks in the state of Kuwait, comparing with the Islamic one –which contain some additional operating expenses.

At the end this project will allow the financial decision makers in the State of Kuwait, to manage the strategic direction and find out the critical path to be recover, save resources and then maximize revenue.

Conclusions
- Banking system in the State Of Kuwait is fully depending on the traditional banks.
- Although the Islamic banks in Kuwait is limited, but it is expected to grow faster than before.
- The banking system in the State Of Kuwait is becoming stronger than before, due to the strict rules and regulation from the Central Bank of Kuwait – CBK.

Recommendation:
For more information and data analysis for this subject, it contact EXCPR™ Company info@excpr.com

References
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