

Business

Al-Nahedh: Active private sector role makes market more dynamic

KFH is a key partner in KPC's strategic plans

KUWAIT: In an interview with The Oil and Gas Year Magazine, Group CEO of Kuwait Finance House (KFH), Mazin Saad Al-Nahedh discussed the importance of economic diversification in Kuwait and the private sector's role that can play in this regard.

Al-Nahedh said: "As far as Kuwait is concerned, diversification is a must going forward. The 2015-2016 period was a wake-up call not only for Kuwait but for the entire GCC, a clear indicator that suggested diversification was needed."

He added that "Kuwait Vision 2035 seeks to diversify the country away from both upstream and downstream activities to ultimately hit a more stable output with a certain degree of predictability in fuel prices. Although it is true that more than 50 percent of Kuwait's GDP comes from oil and gas, we also have to account for the investment income of KIA [the Kuwait Investment Authority]. In addition, emphasis is put into developing both technology and human capital as new keys to success."

"Most importantly, the government is also trying to give more space to the private sector to promote sustainability. The active involvement of the private sector will make the market more dynamic and take an important amount of the financial burden off the government's shoulders. In the coming years, it will start to lead this country's development," Al-Nahedh stressed.

On the robustness of Kuwait's financial sector, Al-Nahedh said that for the last couple of years, the Central Bank of Kuwait has introduced the application of the IFRS 9 standard, which tracks the shortages or surpluses of provisions with banks.

"Interestingly, all Kuwaiti banks now have surpluses thanks to the precautionary provision the Central Bank has established. We see that it has applied reforms to the

system in order to reduce excesses." He added. "If you compare this panorama with those of banks in other jurisdictions, for example in the KSA or UAE, they all had shortfalls and had to reinforce their provisions to meet the IFRS 9 standards. This gives you an idea of how conservative our Central Bank is, and the buffer that the Kuwaiti banks have. This, in a way, reflects the strength of our financial sector." He said.

Al-Nahedh expected seeing more steps in the Boursa Kuwait and the CMA [Capital Markets Authority] to guarantee a more robust environment, saying that the free flow of capital is the key to achieving a stable and robust financial system.

Stronger sector

On the benefits of stronger private sector that would bring to the market, he confirmed the market would be more dynamic, flexible and efficient, adding that it is much easier to invest abroad than in Kuwait. "This is due to the high levels of governance and bureaucracy, and the way tenders function in the country, which ends up jeopardizing the functioning of the entire system. In this regard, the private sector is much more efficient. We hope PPPs get revived as this could represent a huge success moving forward. That is why we say: 'Move to private,'" Al-Nahedh explained.

Partnerships with government

Regarding the synergies between KFH and the K-companies, Al-Nahedh said: "We are extremely close with the K-companies, particularly with KPC, because they lead the majority of the projects we are involved in. So far, we have been involved in important projects developed by KPC subsidiaries such as KNPC, KPI, PIC and KIPIC both domestically and abroad. We

meet up with representatives of the K-companies periodically in order to keep updated on projects in the pipeline, so we can anticipate and act accordingly."

KPC's 2040 strategy

On KFH involvement in some of the mega-projects anchoring KPC's 2040 strategy, Al-Nahedh said that KFH is deeply involved in the diverse mega-projects which shape the present and future of Kuwait's oil and gas sector. In 2016, KFH signed a financial contract with KNPC for the Clean Fuel Project. While Islamic banks have a KD 490-million [\$1.61-billion] share in the funding, KD 275 million [\$901.3 million] was directly financed by KFH. The most recent deal we have sealed is a credit-based contract with KIPIC where KFH is in charge of the financing for the \$2.3-billion LNG import facility. Here, we were selected to lead the deal with the Islamic banks, being responsible for a \$500-million share.

"In the international arena, we have successfully led the Islamic tranche that is sponsoring the new Duqm refinery in Oman. KPI is a major shareholder in this mega-project, which has facilities valued at \$4.6 billion. While the financing of the project will be carried out by 29 prestigious funding institutions from 13 countries, we participated with a \$500-million credit package supporting the development of the project," he added.

A key financier

Al-Nahedh said that KFH is leading the Islamic tranche of every transaction flowing into those oil and gas projects sponsored by the K-companies. "We are dealing with all the local Islamic banks, covering the entire market in terms of capacity that could be

financed. There is a drive by the K-companies to provide financing in local currencies for local banks to grow their portfolios and have a share in the rebuilding of Kuwait. We are in charge of channeling these transactions," he added.

Vital role

Al-Nahedh said that KFH will definitely be aligned with KPC's strategic plans, expecting a spurt of oil and gas projects in addition to projects in power generation infrastructure. "We should see more projects coming to life and we will be present. Our role will involve the financing of these projects, the provision of simple and complex banking services as well as consulting and trade facilities. We are involved in nearly every major financial transaction in Kuwait, funding government and private projects, both domestically and abroad. We want to continue playing this vital role," he confirmed.

In line with Kuwait Vision 2035, \$32 billion worth of public projects are planned for the near future, Al-Nahedh expressed his confidence that the banking sector is well-equipped to play an important role when supporting the development of Kuwait's greater project activity in 2020 and beyond.

"In this scenario, KFH is a key component of the 2035 vision as it is the leading Islamic financial institution enabling national development and the growth of the financial services industry," he added.



Mazin Al-Nahedh

White House says 'no recession in sight' despite market turmoil

WASHINGTON: White House officials pushed back on Sunday against concerns that economic growth may be faltering, saying they saw little risk of recession despite a volatile week on global bond markets, and insisting their trade war was doing no damage to the United States.

"There is no recession in sight," White House economic adviser Larry Kudlow said on "Fox News Sunday." "Consumers are working. Their wages are rising. They are spending and they are saving...I think we are in pretty good shape."

US stock markets tanked last week on recession fears with all three major US indexes closing down about 3 percent on Wednesday only to pair their losses by Friday due to expectations the European Central Bank might cut rates.

For a brief time last week bond investors also demanded a higher interest rate on 2-year Treasury bonds than for 10-year Treasury bonds, often construed as a sign of lost faith in near-term economic growth. However, trade adviser Peter Navarro on Sunday likewise dismissed last week's warning signs, saying "good" economic dynamics were encouraging investors to move money to the United States. "We have the strongest economy in the world and money is coming here for our stock market. It's also coming here to chase yield in our bond markets," Navarro told ABC's "This Week." That sort "flight to safety" is typically driven by concerns of global economic trouble - in this case the possibility that the Trump administration's tariff battle may dampen business investment and growth worldwide. The tariffs, Navarro said, "are not hurting anybody here."

The US economy does continue to grow and add jobs each month. Retail sales in July jumped a stronger-than-expected 0.7 percent, the government reported last week, and Kudlow said that number showed that the main prop of the US economy is intact. But manufacturing growth has slowed and lagging business investment has also become a drag. Globally, flagging global trade appears to have pushed the German economy toward recession. A slowdown would be bad news for President Donald Trump, who is building his 2020 bid for a second term around the economy's performance. He told voters at a rally last week they had "no choice" but to vote for him in order to preserve their jobs and investments.

Despite talking up the economy, the president and his advisers have repeatedly accused the US Federal Reserve of undermining the administration's economic policies. On Sunday, Kudlow again pointed the finger at the central bank, describing rate hikes through 2017 and 2018 as "very severe monetary restraint."

The Fed hiked rates seven times over those two years as part of a plan to restore normal monetary policy following the emergency steps taken to battle the 2007-2009 global financial crisis and recession. Even with those steps, the Fed's target interest rate has remained well below historic norms, and policymakers have started cutting rates in response to growing global risks.

Democratic presidential candidates on Sunday joined the many economic analysts who have said the administration's sometimes erratic policies are to blame for increased uncertainty, disappointing business investment and market volatility. "I'm afraid that this president is driving the global economy and our economy into recession," Democratic candidate Beto O'Rourke said on NBC's "Meet the Press." The trade war and the imposition of tariffs was "hammering the hell out of farmers across this country." —Reuters

A peace of mind in summer with Peugeot!

KUWAIT: Kuwait Automotive Imports Company, Kaico Al Shaya & Al Sagar, the authorized distributors of Peugeot cars in Kuwait, launched its exclusive offers for the summer of 2019 offering competitive deals to anyone who chooses to purchase any of the new 2019 models during the summer period.

The exclusive offer comes as a gesture by the company that seeks to reward its Peugeot lovers and spread the joy of the summer holidays. Clients can now get Peugeot SUV 2008, 3008 or 5008 without a down payment and with a monthly installments starting at only KD 94 With an additional maintenance service for 5 years plus 1000 liters of free fuel.

As an additional option to distinguish clients and grant them peace of mind, the company introduced the leasing program for individuals that include periodic maintenance, comprehensive insurance and an alternative car.

Kaico launched the leasing offer to meet the demand of customers who desire to drive a modern Peugeot that includes the latest technology and offers the smoothest ride without the hassle of waiting in the service centers or worrying about accidents. The company stated that it facilitates the completion of transactions in order to achieve the highest levels of customer satisfaction.



Gulf Bank announces winners of Al-Danah weekly draw

KUWAIT: Gulf Bank held its weekly draw on 18th August 2019, and are thereby announcing the names of the winners for the weeks of 4 - 8 August and 11 - 15 August 2019. The weekly draw consists of five winners who receive KD 1,000 each, every week.

The winners for the week of 4 - 8 August are:

Adnan Abdulwahab Nisif Alnisif
Rabab Sayed Almousawe
Najat Jasem Mohammed Alkout
Bilal Abdulrahman Ahmed Alabdullah
Hanan Hussein Said Atah Abdulwahab

The winners for the week of 11 - 15 August are:

Ibrahim Mahmoud Shehab
Hani Ali Nakru
Aysha Hmoud Saad Alazmi
Yousef Ghloom Haji Ahmad
Famar Saoud Mejbil Fajhan Minor

Gulf Bank's third Al-Danah quarterly draw for the prize of KD 500,000 will be held on 25 September 2019. The final Al-Danah draw for KD 1,000,000, will be held on 16 January 2020, where the Al-Danah millionaire will be announced at a live event.

Gulf Bank encourages customers to increase their chances of winning with Al-Danah by depositing more into their Gulf Bank accounts using the new ePay (Self-Pay) service, which is available on Gulf Bank's online and mobile banking services. Al-Danah offers a number of unique services to customers, including the Al-Danah Deposit Only ATM card, which allows account holders to deposit money into their accounts at their convenience. Account holders can also calculate their chances of winning the draws through the 'Al-Danah



"The decision to buy a Peugeot during the summer is certainly the best," Kaico added.

"As we celebrate the 50 years anniversary of the partnership with Peugeot in 2019, we have shared their success and development together in these years and as an authorized distributor, we will continue to provide customers with the best possible sales and after sales services," said Ashesh Tandon, general manager of Kaico. "We at KAICO care

about the convenience of the customer and therefore we have launched the best offers so that everyone can get a Peugeot without the worries of finances," said Nader Salmeh, Senior divisional manager at Kaico. Peugeot cars are undergoing many difficult tests in the harshest weather conditions to suit the challenging climate in Kuwait and be the most prominent and safe partner in all daily trips and adventures.



Congratulations
to the Al Danah weekly winners
Draw of KD 1,000

e-gulfbank.com

Chances' calculator available on the Gulf Bank website and app.

Gulf Bank's Al-Danah account is open to Kuwaiti and non-Kuwaiti residents of Kuwait. Customers require a minimum of KD 200 to open an account and the same amount should be maintained for customers to be eligible for the upcoming Al-Danah draws. If the customer's account balance

falls below KD 200 at any given time, a KD 2 fee will be charged to their account monthly until the minimum balance is met. Customers who open an account and/or deposit more will enter the weekly draw within two days. To take part in the Al-Danah 2019 upcoming quarterly and yearly draws, customers must meet the required hold period for each draw.