

# Business

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## CBK launches new KASSIP system

### Part of 'Kuwait National Payments System Project'

**KUWAIT:** Aiming to enhance the banking environment in the country in line with ongoing development of payment systems, the Central Bank of Kuwait (CBK) launched the new Kuwait Automated Settlement System for Inter-participant Payments (KASSIP), the CBK Governor Dr Mohammad Y Al-Hashel stated. This was one of a series of projects geared to entrench financial stability in the country through an integrated network of electronic payment systems at par with international standards and criteria in the field of payments and settlement, he added.

The governor noted that all stages of implementing the system, conducting final assessments and tests, and training of concerned CBK and local banks' staff had been

completed as part of ongoing development of the payments systems' infrastructure in the State of Kuwait. Such projects fall within continuous CBK efforts to provide a safe and secure technical environment.

In terms of specific enhancements, Dr Al-Hashel said the new system is at par with a new generation of auto-settlement systems and complies with international standards such as the (ISO 20022) related to Financial and Payment Messages, and the Bank of International Settlements' Principles for Financial Market Infrastructures (PFMIs). It also employs best practices in payment systems.

The new KASSIP system offers several advantages related to ensuring the security and smoothness of payment and settle-

ment transactions and to liquidity management. It also allows banks to issue reports on and monitor payment settlements through a designated electronic platform. Furthermore, the new system enables all local payment and transfer transactions among banks operating in Kuwait and to customers' accounts to go through within seconds, and also enables instantaneous settlement of banks' daily balances. The update lays the ground for future expansions geared to integration with other payment systems at a greater and more flexible level.

The governor stressed that the new system comes with high security standards, creating a technical environment that allows exchange of payment messages using the

latest encryption technology and standards. It also comes with doubled efficiency in terms of number of transactions and speed of transaction execution. Additionally, it uses CBK's secure Virtual Private Networks (VPN) as the main communications tool, thus increasing safety and security of payments while dramatically reducing the overall cost of exchange of payment messages, as opposed to the previous system of using the SWIFT network.

In conclusion, Dr Al-Hashel reiterated CBK's keenness on continuously developing and updating the infrastructure of payment systems and developing an environment conducive to the growth of the digital economy while keeping to the highest standards of efficiency and security.



Dr Mohammad Y Al-Hashel

## France's COVID relief spending hits 240bn euros

**PARIS:** The French government has extended 240 billion euros (\$283 billion) in financial aid to businesses hammered by the coronavirus pandemic since March 2020, mainly in the form of state-guaranteed loans, Finance Minister Bruno Le Maire announced yesterday.

President Emmanuel Macron vowed to protect French companies and their employees "whatever the cost" after many were forced to close during three nationwide lockdowns since the outbreak began. "The bill for 'whatever the cost' stands at 80 billion euros in subsidies, and 160 billion euros in loans," Le Maire told France Inter radio.

The aid will now be limited to only the hardest-hit sectors such as tourism and leisure, whose representatives are to meet with Le Maire and other officials later. The government expects economic growth to hit six percent this year after France and other countries plunged into recession last year.

France's recovery "is going to continue," Le Maire said, in large part thanks to higher consumer spending that is helping the economy operate "at 99 percent of its capacities." He added that the number of requests for the state-backed emergency loans fell to just 50,000 in July, compared with 500,000 last May.

Even businesses impacted by the requirement of a "health pass" for clients that proves



PARIS: French Economy and Finance Minister Bruno Le Maire (C), French Labour Minister Elisabeth Borne (R) and French Junior Minister in charge of Tourism Jean-Baptiste Lemoyne (L) arrive for a meeting concerning the help for the economic sectors amid the COVID-19 pandemic, at the Economy ministry in Paris, yesterday. —AFP

COVID-19 vaccination or a recent negative test, such as restaurants, museums and cinemas, saw only a temporary drop in activity, Le Maire said.

Starting this week, companies will have to ensure that all employees in contact with the public also have the health pass, as France tries

to encourage vaccine holdouts to get the job. So far nearly 72 percent of the population has received at least one dose—one of the highest rates among Western countries—while 43 million people (64 percent) have been fully vaccinated, according to the health ministry. —AFP

## German inflation edges up to 3.9% in August

**FRANKFURT:** German consumer price inflation remained at euro-era high levels in August, preliminary data showed Thursday, climbing slightly to 3.9 percent on the back of one-off effects related to the coronavirus pandemic.

The end of VAT holiday introduced by the German government to mitigate the impact of pandemic lockdowns on the economy and the rise in the price of oil explained some of the increase, according to federal statistics agency Destatis.

The August 12-month inflation figure was 0.1 percentage point higher than in the previous month, and the highest value in Europe's top economy since December 1993, when it came in at 4.3 percent. "The current increase is likely to remain temporary," said Christine Volk, chief economist at public lender KfW.

A return to inflation under the European Central Bank's (ECB) two-percent target was likely, she said, but warned that persistent shortages in key components, such as computer chips, could "impact on consumers' wallets, as companies are likely to pass on the higher costs at least partially".

The ECB recently raised its inflation target to two percent, and said it would tolerate temporary over- or undershooting of the target before stepping in. Policymakers at the Frankfurt institution will meet next week to discuss their next moves.

While interest rates are set to remain at historic lows, high German inflation will fan debate about when the ECB should start removing some of its vast



MUNICH, Bavaria: Hildegard Mueller, President of the Association of the German Automotive Industry, is pictured during a press conference on the upcoming 2021 IAA motor show, in Munich, southern Germany, yesterday. — AFP

stimulus for the euro region. Germany is traditionally wary of inflation for historical reasons.

Extreme hyper-inflation in the early 1920s devastated the economy and fuelled political instability in the fledgling Weimar Republic which preceded Nazi rule. Germany has been among the loudest critics of the ECB's ultra-loose monetary policy.

In a note published last week, the German central bank, the Bundesbank, said inflation could remain above 2 percent "until mid-2022". —AFP

## China limits children's online gaming to three hours a week

**BEIJING:** China yesterday announced a drastic cut to children's online gaming time to just three hours a week during term time, the latest move in a broad crackdown on tech giants in the world's biggest gaming market.

Gamers under 18 will only be allowed to play online between 8:00 pm and 9:00 pm on Fridays, Saturdays and Sundays, state news agency Xinhua said, in what it described as a bid to curb addiction in the gaming-crazy nation. Gamers are required to use their ID cards when registering to play online, to ensure minors don't lie about their age. On school holidays, children will be allowed to play a little longer, with the allocated time set at 60 minutes per day.

"Gaming addiction has affected studies and normal life... and many parents have become miserable," the National Press and Publication Administration said in a statement. Companies are

## Russia calls on US to release Afghan reserves

**MOSCOW:** Russia yesterday called on the United States to release Afghan central bank reserves that Washington blocked after the Taliban's takeover of Kabul earlier this month. "If our Western colleagues are actually worried about the fate of the Afghan people, then we must not create additional problems for them by freezing gold and foreign exchange reserves," said the Kremlin's envoy to Afghanistan Zamir Kabulov.

The United States must urgently unfreeze these assets, he said on the state-run Rossiya 24 network, "to bolster the rate of the collapsing national currency". Kabulov added that without doing so the new Afghan authorities will turn to "the trafficking of illegal opiates" and "sell on the black market the weapons" abandoned by the Afghan army and the United States.

The Afghan central bank's gross reserves totalled \$9.4 billion at the end of April, according to the IMF. The majority of these funds are held outside of Afghanistan. Washington has indicated that the Taliban will not have access to assets held in the United States, without specifying the total amount there. Afghanistan has long been the world's largest producer of opium and heroin, with profits from the illicit trade helping fund the Taliban. —AFP

prohibited from offering gaming services outside the stipulated hours, although the statement did not make it clear how rule-breakers would be punished.

An earlier restriction in place since late 2019 banned late-night games and restricted players to just 90 minutes of playtime on weekdays and three hours on weekends and holidays. China's Communist rulers have been reining in big tech and other powerful sectors that draw hundreds of millions of consumers.

Gaming seems to be the latest target for regulators, hit by a raft of rules introduced in recent months to weed out the excesses of the culture

## Europe markets follow Asia

**PARIS:** Traders in Europe sent stock markets higher yesterday in the wake of gains for Asia and a record-breaking Wall Street close, after Federal Reserve boss Jerome Powell indicated the central bank would be cautious in winding down its ultra-loose monetary policy and was in no hurry to lift interest rates.

In a closely watched speech Friday, Powell said the world's top economy was well on the road to recovery from last year's pandemic-induced slump, with millions of jobs recovered and growth at its strongest in decades.

The Fed's bond-buying programme — and colossal government spending worth trillions of dollars — provided crucial support and helped drive an equity market rally for more than a year. But traders have for months been debating when the crutch will be removed in order to prevent inflation from spiralling out of control and the economy overheating.

And Powell, in a speech to the Jackson Hole symposium of central bankers, soothed concerns about the bank's approach, saying "it could be appropriate to start reducing the pace of asset purchases this year".

But he added that would not be a signal for an increase in borrowing costs to follow soon after, instead taking into account the impact of the Delta variant on the recovery. "As widely expected, Fed Chair Powell's Jackson Hole speech did not provide a definitive answer to the... tapering decision," said National Australia Bank's Rodrigo Catril.

"But his dovish undertones on his views on inflation as well as the emphasis on decoupling the rate hike decision from... tapering resulted in a risk positive market reaction." A strong US jobs reading for August on Friday could step up the timetable for tapering to as early as September, he added, although October remains more likely.

### Hurricane hits Gulf

All three main indexes on Wall Street rallied, with the S&P 500 and Nasdaq chalking up new records. And the positive mood filtered through to Asia, where Tokyo, Hong Kong, Shanghai, Sydney, Seoul, Singapore, Wellington, Taipei, Mumbai, Bangkok and Jakarta were all in positive territory.

In Europe, Paris and Frankfurt both rose in morning trade, while London was closed for a holiday. Oil prices dipped after last week's gains, though demand optimism remains buoyed as traders bet on the recovery outlook, while they were also eyeing production capacity in the United States with the powerful Hurricane Ida slamming into the Gulf of Mexico.

The storm battered Louisiana and plunged New Orleans into darkness, though it weakened from a Category Four hurricane to a tropical storm as it headed inland. While the damage to refineries was still to be ascertained, Andy Lipow, president of Lipow Oil Associates LLC in Houston, warned: "For a Category Four, you could be looking at four to six weeks or more of downtime for the refineries." Wednesday's meeting of OPEC and other major producers is also being keenly awaited, with some observers saying the fast-spreading Delta COVID variant could cloud the outlook and force countries to slow their planned output increases. —AFP

among Chinese youth, from worsening eyesight to online addiction.

The industry—which made revenue of 130 billion yuan (\$20 billion) in the first half of this year according to the China Audio-Video and Digital Publishing Association—has been slammed in menacing state media reports in recent days, with one article labelling games as "spiritual opium".

In July Chinese tech giant Tencent rolled out a facial recognition "midnight patrol" function to root out children masquerading as adults to get around a government curfew on underage gamers. —AFP