

SUNDAY, MARCH 19, 2023



KUWAIT: Waleed Al-Nusif honoring Waleed Al-Khashti in the presence of Abdullah Al Mudhaf and Shannon Norris.



Al-Khashti awarding some of the winners.

Zain sponsors Al-Qabas and Forbes ME's 'Kuwait Top 20 Entrepreneurs'

Company empowers local entrepreneurship and digital innovation

KUWAIT: Zain, Kuwait's leading digital service provider, announced it successfully sponsored the special gala dinner organized by Al-Qabas newspaper and Forbes Middle East Magazine to announce the 'Kuwait Top 20 Entrepreneurs' list. The event, attended by private sector executives, media figures, and the local business community, celebrated young entrepreneurs and SME owners who contributed to enriching the nation's tech and digital startups scenes.

Zain's support to this initiative, which was hosted by two prestigious media organizations on the local and regional levels, came in continuation of the company's efforts to enrich the local tech startups ecosystem. Zain is committed to making an impactful contribution to support entrepreneurship and innovation in the nation.

During the gala dinner, Zain joined in recognizing the winners on-stage. The 20 winners were selected from a pool of 100 entrepreneurs who were nominated in Al-Qabas and Forbes Middle East's list to celebrate the top startup and SME owners based on several international standards, such as innovation, scalability, size, track record, and more. The winners were selected from five categories: e-commerce, ed-tech, fintech, energy, and incubators.

Zain also sponsored the Kuwait Top Entrepreneurs Forum 2023, organized by Al-Qabas and Forbes Middle East, and hosted by the American University in the Middle East. The forum featured three panel discussions that discussed several crucial topics related to the local entrepreneurial scene,

and the challenges faced by entrepreneurs in Kuwait. The event was attended by academics, economists, entrepreneurs, and private sector executives.

Zain has a long list of efforts and initiatives to support entrepreneurs and startup owners, most notably its Zain Great Idea tech startup accelerator program. The company recently launched ZGI's seventh season, aiming to entrepreneurs towards the best experiences that bring them sustainable growth and leverage on its partners ecosystem to connect them with venture capital firms and business partners to help them put a steady first step in the business world.

Zain Great Idea is one of the most successful projects under the company's Innovation and Entrepreneurship strategy. The program, which started over 10 years ago, has empowered, trained, and invested in over 1,500 passionate Kuwaiti and Arab young people.

Investments in ZGI startups have reached nearly KD 30 million (\$100 million) to this date. 30 percent of ZGI alumni now own thriving and active businesses to this day across local and regional markets, and 40 percent of these businesses have raised capital. Zain Great Idea was recently recognized with the E-Business Award from the prestigious Entrepreneur Middle East magazine. Zain's program was awarded 'Ecosystem Enabler of the Year' during a recent awards ceremony in Dubai acknowledging the company's ever-growing endeavors in accelerating the regional tech startups ecosystem and empowering entrepreneurs in Kuwait and the region.



Al-Khashti awarding some of the winners.

OECD raises global growth forecast but recovery 'fragile'

PARIS: The OECD raised its global economic growth forecast on Friday as inflation eases and China emerges from COVID restrictions, but warned of vulnerabilities as seen in the US bank sector turmoil. The Organization for Economic Co-operation and Development said it now expects the global economy to grow by 2.6 percent this year compared to 2.2 percent in its previous forecast in November.

But it remains under the 3.2-percent expansion seen in 2022, the Paris-based OECD said in its updated economic outlook titled "A Fragile Recovery". "More positive signs have now started to appear, with business and consumer sentiment starting to improve, food and energy prices falling back, and the full reopening of China," the OECD said in its Interim Economic Outlook report.

But it warned "the improvement in the outlook is still fragile. Risks have become somewhat better balanced, but remain tilted to the downside". It cited uncertainty over the course of the war in Ukraine, the risk of renewed pressure on energy markets and the impact of rising interest rates.

US bank trouble

Central banks worldwide have hiked rates in efforts to tame decades-high inflation that soared after Russia invaded Ukraine, but markets fear rising borrowing costs could tip economies into recession. "Signs of the impact of tighter monetary policy have started to appear in parts of the banking sector, including regional banks in the United States," the OECD said.

"Higher interest rates could also have stronger effects on economic growth than expected, particularly if they expose underlying financial vulnerabilities." The monetary tightening has been linked to the collapse of Silicon Valley Bank last week after it booked a \$1.8 billion loss on bonds whose prices were



WASHINGTON: A woman walks past Wells Fargo bank ATMs in Washington, DC, on March 14, 2023. —AFP

brought down by the higher rates. A second US lender, Signature Bank, also imploded over the weekend while a third, First Republic Bank, was rescued Thursday by a coalition of its peers through \$30 billion in deposits. Fears of contagion spread to Europe, with Credit Suisse securing a \$54 billion lifeline from the Swiss central bank after its shares tanked.

The OECD said the sharp changes in market rates and value of bond portfolios could "further expose duration risks in the business models of financial institutions, as highlighted by the failure of the US Silicon Valley Bank in March".

But the OECD's chief economist, Alvaro Santos Pereira, told reporters there was no "systemic risk". He said the situation is different from the 2008 financial crisis as there is now stronger regulation, most banks are "very well capitalized", and central banks and regulators have reacted "decisively" to SVB's demise. OECD Secretary General Mathias Cormann added that the "risks of this spreading more widely are quite contained".

But the OECD said rate increases are still needed to fight inflation as pressures in energy markets could reappear. The European Central Bank raised its rates by a hefty 50 basis points on Thursday while the US Federal Reserve meets next week. —AFP

World's central banks walk interest rate tightrope

PARIS: The world's central banks are juggling whether to raise interest rates further in order to reduce inflation, and with the banking sector in turmoil, the stakes are especially high.

Why the focus on interest rates?

Central bank interest rates long ran close to zero, but they have now been climbing for months in a bid to rein in rising prices. Silicon Valley Bank in the United States, which collapsed last week, did not adapt quickly enough. It booked a \$1.8 billion loss on bonds whose prices were brought down by the higher rates. A second US lender, Signature Bank, imploded over the weekend while a third, First Republic Bank, was rescued by a coalition of its peers through \$30 billion in deposits.

Concern has spread to other banks considered fragile-Switzerland's central bank intervened to protect Credit Suisse with a \$54 billion loan, though its shares tumbled more than 11 percent on Friday. Central banks must now decide if they can risk worsening the crisis by taking a hard line on inflation.

What has the ECB done?

Despite the turbulence over the past week, the European Central Bank (ECB) on Thursday stuck to a planned half percentage point interest rate increase. The move reflected its "determination to curb persistent inflationary pressures", said Eiko Sievert of ratings agency Scope.

But he said the pace of rate increases should "slow significantly this year". President of the ECB Christine Lagarde performed a balancing act on Thursday. In the face of calls to slow rate hikes amid the banking turmoil, she insisted there was "no tradeoff" between price and financial stability. Lagarde said the central bank for the 20 countries using the euro was ready to intervene "as necessary" to protect the financial sys-

tem. "No one else is better positioned to judge the actual state of eurozone banks and financial markets than the ECB," said analyst Lorenzo Codogno.

It "would have sent the wrong signal" if the central bank had changed tack at the last minute, Codogno said. The decision keeps two options open, according to Frederik Ducrozet, an economist at Pictet Wealth Management. "If the panic eases, the ECB is likely to resume tightening before long", he said. But if the banking sector crisis persists, "the ECB would not hesitate to intervene, quickly and boldly, if financial stability were to be threatened," he said.

What are the Fed's options?

In the United States, the Federal Reserve said on Thursday it had lent US banks close to \$12 billion under a new one-year lending program as authorities moved to ease stress on the financial system. It said it was making additional funding available "to help assure banks have the ability to meet the needs of all their depositors." All eyes will be on the Fed at its monetary policy meeting next week, with investors debating whether the US central bank will continue with its rate increases.

Markets are expecting a 0.25 percentage point hike, and some analysts even see the possibility of an end to the upward cycle. "The Federal Reserve is focused on inflation and will look to hike 25bp if conditions allow", ING analysts said. Twenty-five basis points is a quarter percentage point. —AFP



FRANKFURT: The European Central Bank (ECB) is pictured behind EU flags, prior to a press conference on the eurozone's monetary policy, in Frankfurt am Main, western Germany. —AFP