A poster announcing Sunbula winners.

Warba Bank announces winners of ‘Al Sunbula’ draws

Warba Bank, the “Best Investment Bank” and “Best Corporate Bank” in Kuwait, held its weekly Sunbula Draw No. 46 and Sunbula Kids. The draws announced the 8 lucky winners in the presence of representatives from the Ministry of Commerce and Industry and bank officials.

The bank proudly announced the weekly draw number 46 lucky 5 winners of the 1,000 Kuwaiti Dinar prize: Mrs Ruba Ibrahim Yousef Sareyah, Nawaf Saleh Hamad Al-Thuwaikh, Hamad Dlaim Mohammad Almutairi, Ahmad Mubarak Mousa Al-Obaidan and Mrs Ebtesam Humoud Abdullateef Al-Duwailah.

Warba Bank has added Sunbula Kids Account for the first time to Sunbula Draws, it’s an investment Saving’s Account with promising competitive returns along with monthly draws with innovative prizes chosen carefully for the kids. The winners of this month are: The 1st winner of a trip to Dubai Parks is Naser Humoud Saad Al-Rasheedi, the 2nd winner of a one year subscription at Flex is Badreyah Abdullateef Ahmad Al-Khamees and the 3rd winner of a one year subscription in one of the participated clubs is Leen Ahmad Kouki.

Al-Sunbula both account and fixed deposits are the perfect choices for customers who wish to save money and achieve steady returns while at the same time have the opportunity to win cash prizes throughout the year.

Warba Bank will continue its weekly draws for 5 winners of KD 1,000 each. What’s new in 2019 are the “Mega Draws” which will be held every quarter to reveal five winners, the 1st winner will get KD 100,000! The four winners thereafter will each get the latest Land Cruiser VXR. Furthermore, the final Mega draw held in January 2020 will feature 2 more Land Cruiser VXRs!

Bank participates as Platinum Sponsor in WIBC 2019

KFH invests strongly in banking innovation and FinTech: CEO

KUWAIT CITY, Dec 9: As Platinum Sponsor, Kuwait Finance House (KFH) has recently participated in the 26th Annual World Islamic Banking Conference (WIBC) which was held in Bahrain under the patronage of the Prime Minister Prince Khalifa Bin Salman Al Khalifa, and in partnership with the Central Bank of Bahrain.

On the theme of “Mega Trends in Banking and Finance”, The WIBC 2019 was the largest gathering in the world with an attendance of over 1000 delegates including regulators, industry leaders, bankers and experts.

The Group Chief Executive Officer at Kuwait Finance House (KFH), Mazin Saad Al-Nahedh participated in a panel discussion on the growth opportunities of the Islamic finance industry and the challenges and risks facing the industry with attendance of CEOs in some Islamic banks. Managing Director and CEO of KFH Bahrain, Abdulhakeem Al-Khayyat also participated in a panel discussion featuring the objectives of Sharia and Islamic finance. The panel discussion discussed the current landscape of Islamic banking and its future trends.

Al-Nahedh said that the banking industry faces challenges in light of the rapidly changing needs of customers and their expectations, competition with non-banking companies, and the great need to invest in cutting-edge information technology.

He added that the growth of operational activities and achieving growth rates similar to those recorded in the past decades, in addition to fluctuations in oil prices and their results, negatively affect economic growth in general since government spending represents the main driver of growth in this region.

Panel discussion during the annual WIBC 2019.

Al-Nahedh, Al-Khayyat and Shadi Zahran with the team.

To address these challenges, Al-Nahedh explained that banks are developing a highly sophisticated planning model to be better prepared for any potential future risks using new emerging technologies that rely on artificial intelligence, and data analyses to meet the growing expectations of customers.

He noted that the innovation which is based on new digital financial technology (FinTech) would change the business model of banks, while banks would achieve operational excellence through adopting the best practices and meeting the requirements of the relevant regulatory authorities.

Fintech and BigTech

Al-Nahedh emphasized that “KFH”, like the largest global banks, invests strongly in banking innovation and the latest technology while co-operating with “Fintech” companies to meet growth, customers and industry needs.

He pointed out that digital banks were emerging as competitors to large financial institutions as they are increasingly meeting the growing consumer demand for digital services.

Al-Nahedh said that there are several major obstacles inhibiting collaboration between banks and FinTech companies. From the banks’ perspective, FinTech companies don’t provide sufficient IT security, while they point out to the differences between themselves and banks in terms of management, culture, and operational processes.

The future of the banking sector is determined by its ability to adapt to changing customer expectations and its rapid transformation, increasing competition, its infrastructure and cost management. These can be achieved using technology and the support of regulatory authorities and by monitoring the sector, he added.

Data Security

Al-Nahedh explained that customer satisfaction now is not easy to achieve, and that his behavior is linked to global trends is more sophisticated than before, especially since he has access to more information and lower cost channels.

He considered that improving the customer experience is only one way of enhancing the bank’s position and financial performance compared to other banks while when it comes to launching a new product, the customer prefers reliability and credibility over other considerations. In this respect, today’s customer takes into consideration the value of the service/product as well as banking experience.

Al-Nahedh also stressed that with increased reliance on modern technologies, banks have taken a greater role in fighting financial crimes and protecting user data and financial infrastructure, especially as they operate in a highly regulated industry.

It is worth mentioning that 2019 WIBC edition discussed the harmonization of Islamic finance standards, the digital transformation, sustainable finance and M&A and consolidation in the GCC region. The conference hosted special session on where the industry is heading with respect to the objectives of Shari’ah.

In addition, experts shared their expertise and assessment about the global economic outlook while focusing on the opportunities, challenges and the way forward for the Islamic finance presented by the Belt and Road Initiative of China, as in earlier years, WIBC also hosted a CEOs power table to discuss what keeps the CEOs awake at night.

Photo from the round table discussion on MENA energy transition organized by APICORP.

Access to private sector financing key for development of industry

APICORP issues report on energy transition

KUWAIT CITY, Dec 9: The Arab Petroleum Investments Corporation (APICORP), a multilateral development financial institution, issued a white paper, titled “The Energy Transition: Reshaping Investments and Strategies,” outlining key recommendations for the sustainable growth of the energy sector in the MENA region in light of the transition towards a low-carbon world.

Based on the outcomes of a strategic roundtable that brought together 40 high-level industry experts from the energy and financial sector, including representatives of government, multilateral organisations and the private sector, the recommendations encompass sustaining energy investments; enhancing finance, improving regulations, pricing carbon, bolstering efficiency and re-educating the public on misconceptions surrounding the hydrocarbon industry.

Dr Ahmed Ali Attiga, CEO of APICORP, said, “In this age of rapid evolution for the energy industry, greater stakeholder collaboration between leaders of the energy and finance markets is of critical importance. At the APICORP workshop on Energy Transition, the participants identified the need for countries to develop new regulatory models with higher standards of governance to create the right incentives and enable higher private sector participation. This involves outlining clear and specific national and local environmental concerns, setting targets and establishing independent authorities to oversee the implementation of the entire process.”

“The actionable and achievable recommendations outlined in APICORP’s white paper provide a roadmap that would help the industry that has long served as a cornerstone of the region’s economies enter the next decade as a relevant and positive disruptor,” Dr Attiga noted.

Photo from the event

Leila Benali, APICORP Chief Economist and Head of Strategy, Energy Economics and Sustainability, said, “The transition towards a low-carbon world is perhaps the energy market’s biggest shift in nearly a century. For the MENA region to keep pace and truly unlock the massive potential of its vast energy resources, countries need to act swiftly and engage the private sector to proactively adapt and innovate, especially in this period of increasing competition for attracting capital.”

The five key recommendations by the experts include:

Improving access to finance

To meet the demand for capital in the energy sector, the accessibility and diversity of investments must improve by creating a more supportive ecosystem with new financial and commercial models that enable greater private sector penetration. This will allow the private sector to fill the gaps that energy majors, national oil companies (NOCs) and governments cannot meet alone and enable better risk sharing.

While the renewable energy industry has certainly benefitted from tailored financing mechanisms - such as mini-perms, green bonds, standardisation and aggregation of projects, soft loans and crowdfunding - the rest of the energy value chain is lagging behind.

Furthermore, the region’s evolving position on the global financial stage presents the opportunity to optimise capital structure, gain access to international capital markets and diversify long-term strategic financing options.

Regulatory consistency

Simplified, stable and transparent regulation will increase investor sentiment and confidence. While energy subsidy reforms may lead to higher prices, investors in different technologies or parts of the value chain always prefer a transparent and consistent regulatory regime that will provide assurance on the absence of future potential distortive policies and ad-hoc changes.

Introducing carbon pricing

Carbon pricing is needed to steer the industry towards lowering carbon emissions and encourage the adoption of low-carbon fuels including fossil and technologies. In the context of investments in a low-carbon world, a price on carbon is essentially born from the need to level the playing field for energy technologies and provide visibility for finance stakeholders.

Bolstering efficiency

To improve risk appetite, it is imperative to improve energy efficiency across the value chain for both supply and demand and streamline operations to maximise value out of energy assets. Attempts to integrate the hydrocarbon supply chain will also diversify the sector with more sophisticated value-added products, as well as attract and develop a more specialised and skilled labour force.

Mythbusting

At a time when all fuels and technologies will be needed to manage an effective energy transition, negative sentiment around hydrocarbons is impeding the sector’s ability to attract the necessary financing and talent, both of which lie at the core of a sustainable, innovative and growing energy mix. Hence, re-educating the public about the energy industry and its role in development is critical to facilitate a better understanding of the complexities involved in the industry and an appreciation of its value in the energy transition.

Total value KD 280m

CBK ‘issues’ bonds related to tawarruq

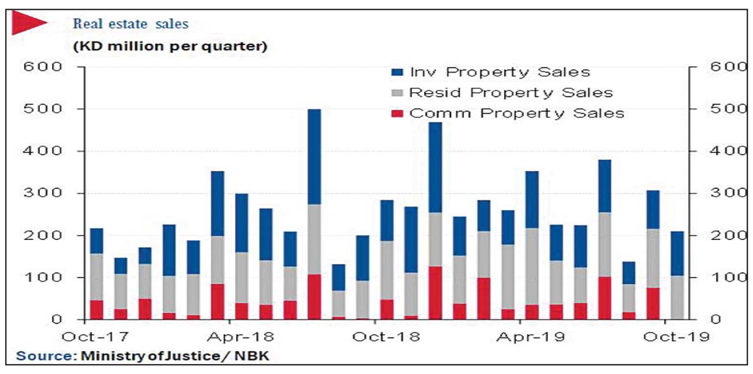
KUWAIT CITY, Dec 9: The Central Bank of Kuwait (CBK) announced the most recent issues of CBK Bonds and related Tawarruq at a total value of KWD (280) millions for (6) months with Rate of Return (2.875%).

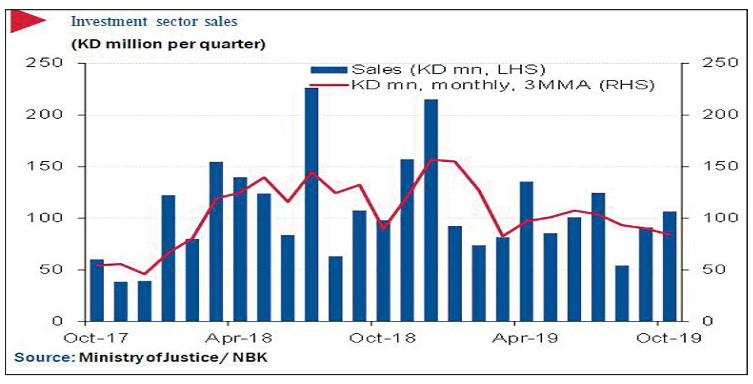
Strong building sales lift investment sector

Kuwait real estate sales moderate in Oct

Report prepared by NBK

Real estate sales moderated to KD 211 million in October, down 31% m/m and 26% y/y, mainly on the back of a sharp drop in the commercial sector, which saw the weakest monthly sales since August 2010, while residential and investment sector sales were decent. This follows a robust third quarter, with sales of KD 825 million, up 2.8% q/q but down a negligible 0.8% y/y. Prices were mixed as of October, with the residential sector continuing to display a positive trend with strong year-on-year gains, while investment prices continued to be moderately negative on an annual basis due to fundamental weakness (surplus of apartments, soft demand).





Investment sector sales rose 17% m/m and 9% y/y to KD107 million in October, lifted by some exceptionally large building transactions, coupled with a 4% m/m rise in building prices. Building transactions alone totaled nearly KD 100 million, of which KD 34 million stemmed from two large, 6000 sqm properties in Mahboula. This follows a muted third quarter for the investment sector, in which sales declined 16% q/q and 32% y/y to KD 270 million. The decline was driven by a lower number of transactions (338) particularly in August with well-below 2019-to-date average sales of KD 54.2 million, most likely due to seasonal factors, in addition to softer prices. On an annual basis, investment sector prices remain negative, down 3.2% and 3.7% for buildings and apartments respectively as of October.

We expect the price trend to remain slightly negative in this sector until the imbalance between softer demand and over-supply starts to subside, as there is good reason to believe that a relatively large number of vacant apartments have yet to be absorbed by the market. The gradual decline in apartment rents is a reflection of this imbalance, although rents have been stable since June, which may suggest an improvement in this regard. Weakness in the investment sector is partly due to a slower pace of emigration, which is a large source of apartment demand, but also likely due to a rising amount of rental space offered from newly built, apartment-type homes in recently developed residential areas. This is especially evident in the large areas adjacent to the Fahaheel expressway (including Messayel, Egaila and Funaitees)

Residential sales were moderate in October at KD 104 million (down 26% m/m, 25% y/y) as the number of transactions eased by 23% to 314 deals. The average transaction size also eased slightly, despite a monthly pick-up in prices, suggesting that trading in smaller, or less premium properties was more dominant. Looking back at Q3, residential sales eased slightly (3%) from the previous quarter, but remained strong at KD 359 million, rising 13% from the same quarter last year on higher prices and decent volumes.

Residential prices have indeed risen significantly, up a solid 16% and 11% y/y in October for land and homes respectively. The residential sector’s solid sales and good liquidity is likely supported by strong demand (given the growing backlog of housing applications and the shortage of government housing), but also due to the rising potential for investment in residential areas, especially newly developed areas that typically carry some upside potential. With home and land prices becoming less affordable relative to average income, renting has become an increasingly viable option among citizens with preference for residential areas, and investors seem poised to serve this growing demand stemming from a more stable local demographic (relative to expat demand). These characteristics may explain, in part at least, the divergence in residential and investment sector market trends.

Commercial sector sales in October fell to the weakest level since August 2010, at only KD 400,000, well below the 2019 monthly (January-September) average of KD 52 million. The weak sales were driven by a sharp, 79% drop in transactions to a level (8) roughly in line with the historical norm, but more importantly, an extreme drop in the average transaction size to only KD 47,000, pointing to the complete absence of large deals involving plots and complexes. Rather, the eight transactions came exclusively from small shops. In contrast, commercial sector sales amounted to a record KD 197 million in the third quarter, up 76% q/q and 66% y/y. The record sales were despite a slight quarterly drop in the number of transactions, which was more than offset by a pick-up in average transaction size. This suggests the transaction of bigger or more premium commercial properties relative to the previous quarter. The surge in commercial activity observed in 2Q and 3Q reportedly stemmed from the bulk offering of spaces in large newly developed commercial properties in the south of Kuwait, which now seem to have been absorbed by the market given the sharp drop in transactions in October.

Real estate sales

	Monthly average		Monthly				Oct change, %	
	2018	2019-to-date	Jul-19	Aug-19	Sep-19	Oct-19	m/m	y/y
Sales (KD million)	**283.0**	**262.7**	**379.8**	**138.5**	**306.9**	**210.5**	**-31.4**	**-26.1**
Residential	107.4	120.8	152.8	65.9	139.9	103.6	-25.9	-25.2
Investment	131.0	94.7	124.8	54.2	91.2	106.5	16.8	8.6
Commercial	44.6	47.3	102.3	18.4	75.9	0.4	-99.5	-99.2
Number of Transactions	**498.5**	**526.3**	**695**	**320**	**559**	**416**	**-25.6**	**-37.7**
Residential property	342.3	366.5	462	207	404	314	-22.3	-31.3
Investment	146.3	116.5	154	67	117	94	-19.7	-53.2
Commercial	9.8	43.3	79	46	38	8	-78.9	-20.0
Average Transaction Value (KD	**561.2**	**500.6**	**546.5**	**432.7**	**549.1**	**505.9**	**-7.9**	**18.7**
Residential property	312.8	329.1	330.8	318.2	346.2	329.8	-4.7	8.8
Investment	968.6	825.8	810.1	809.5	779.3	1133.1	45.4	132.2
Commercial	4150.8	2622.7	1294.6	399.1	1997.5	46.9	-97.7	-99.0

Source: Ministry of Justice

Note for text: Our proprietary real estate indices database comprises 65,000 transactions. Each index combines monthly average prices (per sqm when possible) in select, more active, areas of Kuwait; it is then adjusted for volatility. The indices are based in 2010, i.e. 2010 price index equals 100. The indices are not adjusted for seasonality nor for number of business days. They also do not cover the commercial sector.