

Business

Interview with Kuwait TV

# Diraya campaign necessary to protect economy and society, says Al-Othman

‘Banks are stronger than fraudsters and we are able to protect our customers’

KUWAIT: Mohammed Al-Othman, GM-Consumer Banking Group at National Bank of Kuwait (NBK) affirmed that NBK is keen to provide awareness to customers regarding their rights, and to protect them from fraud, achieve financial inclusion, and provide all prerequisites for top-notch services to all customers, which is the main goal of “Diraya” campaign recently launched by the Central Bank of Kuwait.



Mohammed Al-Othman

Al-Othman said: “NBK extends all types of support to key strategic initiatives of the Central Bank of Kuwait, the latest of which is “Diraya” campaign, which targets the best interests of the national economy and society.”

In an interview with Kuwait TV, Al-Othman pointed out that NBK harnesses all its capabilities and digital channels to provide awareness to customers, as part of the bank’s endeavors to participate in the success of the campaign lasting until the end of this year.

Ongoing awareness

Al-Othman noted that NBK exerts consistent efforts to provide awareness to its customers being a fundamental part of its strategy, and it always uses all communication channels to make them aware of the need to keep their PIN codes, and the data of their financial and personal accounts private, and not to share them with anyone contacting them and claiming to represent the bank, as the same applies to one-time password (OTP).

Al-Othman said, “Today, with the launch of the campaign, the stimulus will be greater for these efforts. We are confident that the campaign will bear

its fruits, and banks, led by the Central Bank of Kuwait, will be stronger than fraudsters, and we will succeed in protecting our customers’ data and accounts.”

Al-Othman pointed out that the Central Bank’s initiatives to protect customers’ rights are not a new thing, as its decisions and guidelines for the banks have always targeted their best interests.

Digitization and increased responsibility

Al-Othman mentioned that the coronavirus pandemic accelerated customers’ reliance on digital channels for their transactions, which required doubled and accelerated efforts, and this shows that the Central Bank has chosen the right time to launch the initiative.

“The mobile is now NBK’s largest branch, and most of the transactions are made using NBK Mobile

Banking and NBK Online Banking, Supervisory. This places a great responsibility on the bank and its customers, as the acceleration in the pace of digital transformation is associated with risks that require the combined efforts of banks, customers and regulatory authorities,” he added.

Customers’ rights

In line with the campaign’s focus on protecting customers’ rights, Al-Othman explained that banks are committed to informing customers of their rights in compliance with the instructions of the Central Bank in this regard, saying: “We provide our customers with all information related to financing including interest, installments, loan amount, payment method and the monthly deduction to income ratio, then we allow a two-day contemplation period before concluding the transaction, even if the customer provided immediate acceptance in order to give them enough time to review all the details.”

Al-Othman urged customers to follow banks’ accounts on social media platforms, which are keen to educate customers and help them protect their rights, money and data.

Financial inclusion

“Diraya” campaign focuses on achieving financial inclusion, involving all segments of society in the formal financial system, and introducing them to safe and appropriate saving and investment channels for all segments. In this context, Al-Othman explained that NBK started launching Zeina Account for the children

segment decades ago, and is constantly working on developing banking products and services for the youth, and providing services that meet the needs of the salaried segment of employees, in addition to investment solutions and private banking services for high net worth customers with the aim of covering all segments of the society.

Social responsibility

Al-Othman highlighted to NBK’s efforts in serving customers with special needs, which are of the key pivots of the campaign and which is paid special attention by the Central Bank, as seen in its mandate for banks to assign a fully-equipped branch for serving special needs customers in every governorate.

Al-Othman added, “We are committed to assigning a fully-equipped branch in every governorate to service our special needs customers by making many modifications to the facilities, equipment and procedures necessary to provide all banking products and services to them.”

Al-Othman enumerated the various facilities provided by NBK to its special needs customers including: ATMs equipped with Braille keyboards and earphones, which allow visually impaired customers to make easy and secure withdrawals, Braille printing facilities, trained staff to provide services in sign language to hearing-impaired customers, offering iPads with speech-to-text functionality for visually impaired customers, as well as wheelchair access to branches, and reserved, clearly marked parking spaces for them.

NBK Economic Report

## Kuwait inflation rises in 4Q20, ends at 3-year high

KUWAIT: Consumer price inflation edged up in 4Q20, stoked by rising food prices, to end the year at 3.0 percent y/y (+1.1 percent q/q), the highest level in more than three years. For the year as a whole, inflation came in at 2.1 percent (avg.) in 2020, almost double 2019’s rate of 1.1 percent, but in line with our expectations.

The pick-up in inflation was largely due to the food component of the consumer price index (16.7 percent by weight), with prices rising by 4.9 percent from 1.1

percent in 2019, a trend that was likely driven by ongoing supply-side disruptions brought about by the coronavirus pandemic. In contrast, the housing services component of the basket, the largest by weight (33.1 percent), has remained flat since June 2019. Core inflation, which excludes food and housing, also rose in 2020 to 2.7 percent (from 2.4 percent in 2019), on the back of general increases in household items and transportation, for example.

Food prices spike

Food price inflation came in at a multi-year high of 9.8 percent y/y in December (+7.0 percent q/q). Increases were across the board, but meat and poultry, fruit and vegetables witnessed significant price pressures. The rise in food costs could be a result of a combination of higher international food prices, partially linked to a fall in the US dollar, prolonged supply chain issues and price rises by local retailers as they pass on higher purchase prices (higher than warranted by the increase in food/logistical costs perhaps as they need to replenish their stocks at higher prices) to consumers.

Domestic demand was buoyant in part of 2020, both in terms of being pent-up, following weeks of lockdown in the second quarter of last year, and sustained, with international travel restrictions forcing more people to spend in the country rather than overseas for most of the year.

In contrast, housing costs remained flat at 0.0 percent y/y in December. Prices in this segment are typically reported every three months, but it is difficult to draw firm conclusions from this component as the index value has remained at 115 since June 2019. It did not vary, for example, during the height of the pandemic, when rents were under pressure due to

Table: Consumer price inflation

CPI component	% y/y annual average		%m/m			% y/y		
	2019	2020	Oct	Nov	Dec	Oct	Nov	Dec
Food & beverages	1.1	4.9	1.2	1.4	0.2	9.4	9.8	9.8
Tobacco & cigarettes	3.7	2.6	0.0	0.0	0.0	3.2	2.5	2.4
Clothing & footwear	1.3	3.8	1.3	0.4	0.7	5.4	5.6	6.2
Housing services	-0.8	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Furnishings & household maintenance	2.6	3.5	0.5	0.0	0.6	4.0	4.0	4.2
Healthcare	2.7	1.7	0.1	0.0	0.9	1.1	1.1	1.7
Transportation	3.4	2.7	0.0	0.0	0.4	3.3	3.4	3.3
Communication	5.1	4.0	1.0	0.3	1.4	4.0	4.2	5.3
Recreation & culture	2.8	3.8	1.0	0.1	0.7	6.4	6.4	7.2
Education	2.7	-3.5	0.0	0.0	0.0	15.1	15.1	15.5
Restaurants & hotels	0.7	0.8	0.0	0.0	0.0	-0.1	-0.1	0.0
Other goods & services	0.8	4.8	0.1	0.1	0.7	5.2	5.2	5.7
General index	1.1	2.1	0.5	0.3	0.3	2.5	2.8	3.0
* ex food and housing	2.4	2.7	0.5	0.1	0.6	2.3	2.4	2.7

Source: Central Statistical Bureau

expat departures and/or due to tenant’s demands for lower rents amid lower income. There is, of course, the possibility that these dynamics will feed through into the CPI survey at a later stage.

Core inflation stood at 2.7 percent y/y in December, higher than the 1.8 percent recorded at the end of the previous quarter. While inflation in most core components was accelerating, inflation in education (-15.2 percent) and restaurants and hotels (-0.1 percent) fell. The decline in education costs reflects the Ministry of Education’s decision to cut school fees by up to 25 percent for private schools, in tandem with tuition moving online for the 2020/2021 academic year. Increases at the end of 4Q were strongest in the recreation, clothing and miscellaneous goods and services sub-categories.

The increase in recreation (+7.2 percent y/y), was

mainly due to a considerable rise in the costs of information processing equipment (personal laptops/computers), led by the continued shift to computer-based learning and remote working. Clothing prices were up 6.2 percent, while miscellaneous goods and services costs rose 5.7 percent on the back of a continued rise in jewelry as gold prices have been elevated during the economic fallout of the pandemic.

Inflation to ease slightly in 2021

Looking ahead, inflation is forecast to moderate to around 1.5 percent in 2021. Supply chain disruptions should ease, and so should travel restrictions, thereby tempering some of the impulses emanating from improving economic activity. The departure of expatriates may also exert negative pressure on rents.

## Russian magnate Potanin breaks wealth record

MOSCOW: Russia’s richest man Vladimir Potanin has set a new wealth record despite his mining giant Norilsk Nickel being slapped this month with a \$2 billion fine over an Arctic fuel spill. Potanin’s fortune has crossed the \$30 billion threshold, Forbes reported, in a new record for a Russian business owner.

Shares in the company, also known as Nor Nickel, have risen by some 40 percent over the past year as a result of a sharp increase in prices of non-ferrous metals such as nickel and palladium. The Russian company is the world’s largest producer of palladium and one of the largest of nickel. Nickel in particular is used in electric vehicles, the demand for which is growing worldwide.

Potanin holds a near 35 percent stake in Norilsk. Its value has grown despite a court order on February 5 to pay a 146.2 billion ruble (\$1.99 billion) fine over a fuel spill last May.

More than 20,000 tons of diesel leaked into lakes and rivers in the Russian Arctic after a fuel reservoir collapsed at a power plant owned by the company. It has been working to improve its environmental image in the wake of the disaster. In recent months Norilsk Nickel announced the closure of two smelters in the towns of Monchegorsk and Nickel in Russia’s northwest. Both locations are considered to be among the most polluted in the world, in particular due to sulfur dioxide emissions. — AFP



MOSCOW: Metals magnate Vladimir Potanin during a meeting with Russian President at the Novo-Ogaryovo state residence outside Moscow. — AFP

## Australia’s NAB reports flat profits for Q1

SYDNEY: The National Australia Bank (NAB) reported flat profits for the first quarter of its financial year yesterday, and said ongoing coronavirus lockdowns added to uncertainty going forward. The bank, one of Australia’s Big Four lenders, said net profits for the quarter ending December 31 were Aus\$1.7 billion (US\$1.3 billion), comparable to the same period in 2020.

The bank’s preferred measure of cash earnings was Aus\$1.65 billion (\$1.29 billion), up 1.0 percent on the corresponding period last year. But measured against the quarterly average of the second half of 2020, when Australia was still feeling the economic impact of the coronavirus crisis, cash earnings were up 47 percent. NAB chief executive Ross McEwan said “improving economic trends” were encouraging in Australia and New Zealand as both countries successfully contained the coronavirus pandemic.

“At an underlying level, performance has been sound in the current competitive, low-interest rate environment,” he said, adding that the bank had seen a sharp drop in loan repayment deferrals.

But McEwan said “health alerts” related to outbreaks of COVID-19 in major cities continued to create “uncertainties requiring further clarity”. Authorities have ordered snap lockdowns in recent weeks in the Australian state capitals of Brisbane, Perth and Melbourne and in New Zealand’s biggest city, Auckland, to prevent the spread of small outbreaks of highly contagious new COVID-19 variants.



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# CONDOLENCES

The Management and Staff of  
**Kuwait Projects Company (Holding)**  
wish to offer their heartfelt condolences to

**Ms. Joyce D’ Souza**  
on the sad demise of her

## Mother

May her soul rest in peace and may  
God grant comfort and strength to the  
bereaved family members