

Kuwait Finance House

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ABSTRACT

This analysis will explore the corporate governance of the Kuwait Finance House. Given that the institution is a market leader, it encompasses the revolutionary financial mall concept whereby it groups together partners such as telecommunication, insurance and also credit card providers. The concept of the financial mall is providing a degree of ease through convenient services for customers, automated systems and also financial advisors. The analysis will explore the major challenge that Kuwait Finance House is facing and also the conflict of interest between the managers and the shareholders. The analysis will utilize descriptive research study whereby interviews will be conducted to get a scope of the operation of the institution. The analysis will offer recommendations such as involvement of the customers before internal growth investment. It should also establish the reason for the conflict between the shareholders and the managers and also why the financial house requires corporate governance. Given the bank has a separate clause that defines their creation of wealth for the shareholder, the conflict between the manager will eventually result in a stunted growth of the customer deposit, shareholder equity and the total assets which are important financial indicators.

Introduction

Kuwait financial house (KFH) is termed as the pioneer of the Islamic banking also regarded as "Islamic finance. It was the first Islamic bank to be established in 1977 within the state of Kuwait. Today, KFH is among the leading Islamic banking institution across the globe.

Background

Over the years, KFH has been able to broaden its business operations and accomplishment to be ranked amongst the leading banks within the Islamic finance industry and also realize the rank of pioneer financial institutions within the sector of Islamic finance and also the banking industry at large. In addition to these achievements, KFH is also among the leading lenders in both regional and local markets.

Some of the biggest KFH lenders include Kuwait Awqaf Public Foundation, Kuwait Investment Authority, and Public Authority for minors and The Public Institution for Social Security. The company is also publicly listed on the Kuwait Stock Exchange (The Story, 2019). The financial institution capitalization stands at \$8.2 billion, assets totaling to \$55.52 billion and also deposit amount of \$34.97 billion (The Story, 2019). The Islamic bank provides diverse products and services that are compliant with the Sharia Law. These products and services encompass real estate, investment portfolio, trade finance, commercial, retail and corporate banking across kingdom of Bahrain, Kuwait, United Arab Emirates, Kingdome of Saudi Arabia, Germany, turkey and Malaysia.

FH Environment

KFH differs from commercial banks based on the fact the latter was established in a different context in terms of paradigms and principles. In line with that, these banks are not widely accepted by Muslims which is why institutions such as KFH were established. This is because they offer their products and services in compliance with the Share regulations. Most Islamic financial institutions were established in the 1970s with KFH being the pioneer and was established under the will of the Highness late Shaikh Jaber Al ahmad Al Jaber Al Subah (The Story, 2019).

VISION, MISSION

KFH operates its business in accordance with its mission and vision. The organization vision is to be the leader of the global development of Islamic Financial services and achieve the status of the most trustworthy and also sustainable and profitable shariah compliant bank across the globe. KFH mission is to avail advanced and superior innovation and also excellent consumer services and at the same time enhancing and protecting the interests of all the stakeholders. By working alongside its mission and vision, KFH is able to reflect its extensive expertise and experience within the Islamic finance sector in order to prudently lead other institutions. KFH also focuses on global integrated operations in the bid to be a global leader (The Story, 2019). In this regard, KFH offers a range of financial Islamic services and products across its banking network which spreads across seven regions. KFH has 430 branches, 790 ATMS and has also provides jobs to more than 8,600 employees in the regions.

Partnerships

Today, partnerships are important for banks and financial institutions given the changing landscape that requires the institutions to find ways to enhance their profitability across the services that they provide. Digitization is taking over, and the once recognized traditional institutions are breaking the barriers in order to reach the public. Digital innovation is transforming the banking agendas requiring them to alter their goals and consequently welcome partnerships that will enable them to enhance their services. Given the rigidity of their processes, banking sectors are constantly welcoming professionals and experts from the private sectors to drive innovations.

In line with our idea of a Fintech partnership with Kuwait Finance House. We carried out an analysis of Kuwait finance house digital progress to establish the loopholes and determine the areas that we shall focus on in driving the partnership. The financial institution has taken a significant step towards digital baking whereby it has integrated some of the latest financial technology and the artificial intelligence in line with providing the highest level of quality, security, and professionalism. In 2018, the institution in place a wide range of digital banking services as well as updating its system infrastructure in line with transforming its digital processes.

With the new digital adoption, the bank was able to provide in abundance, high-quality services, with plenty of them being unique in the state of Kuwait which gave the institution a competitive edge within its position in the banking sector. One of the advancements were the operation of a fully automated 24/7 e-branch loaded with high quality and other technical devices and self-service devices under a movement called "KFH-GO." The innovation provides about 30 services which are a representative of about 80% of services that the conventional branch provides.

E-BRANCH

Aside from the e-branch, KF began providing Chatbot service in collaboration with Microsoft with the aim of boosting customer service as they can use the service through the various services that are provided by KFH. These services include mobile app KFHonline, KFH.com. KFH also updated a

centralized SWIFT network system to make global payments within the group level. In addition to the new digital innovations, the Bank provided “KFH-GO’ which is a unique self-banking branch in the state of Kuwait. This e-branch does not contain staff, offers ATMs and XTMs and also a two cash deposit machines that have the capacity to accept 300 notes within one transaction. It also facilitates direct communication with the telephone operator through both video and audio calls facilitated by XTM machines.

The thirty services that are availed through the e-branch include activation of bank cards, opening deposit accounts, upgrading phone numbers and any personal data and also requesting prepaid and credit cards. Other services encompass “cordless” cash withdrawals via their mobile phones whereby they are able to carry out a scan of the QR code and also operating “Murayama’ business transactions. The wide variety of services provided eliminates the need to visit the conventional branches that require dealing directly with the staffers. The innovations also encompass cross border services, and in this case, they are offered through KFHXpress. It also offers immediate cross border remittance services through the usage of Ripple’s blockchain

Kuwait Finance house technology. Lastly, KFH allows its customers to make financial requests through KFH online eliminating any need to visit the branch.

In line with these findings, it will be possible to strategize the areas that our partnership with Kuwait Financial House will focus on boosting their business operations.

Reference

- ❖ <https://www.kfh.com/en/home/Personal/aboutus/story.html>
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