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Kuwait: Credit growth accelerated in Q3 as business and household lending strengthen

Domestic credit growth accelerated to a solid 1.7% q/q in Q3 2026, up from 1.2% in Q2, signaling improved lending activity despite lingering regional uncertainties and pushing YTD growth to 4.7% in September. The pickup was driven by stronger business credit and a further acceleration in household lending, which more than offset the steeper contraction in lending to banks and financial institutions while security purchases lending growth remained unchanged in Q3. Credit to non-residents also recovered following a sharp decline in Q2, providing additional support to overall credit expansion. On the liabilities side, residents' deposit growth was stable in Q3 underpinned by strong growth in public sector deposits and continued, though more modest growth in private sector and government deposits. Meanwhile, non-resident deposits continued to contract, albeit at a substantially slower pace than in Q2. Overall, credit growth has held up slightly better than we had expected earlier in the year given persistent conflict-related pressures, though geopolitical developments remain an important source of uncertainty for Q4.

Growth in business credit strengthened to 1.8% q/q in Q3 from 1.3% q/q in Q2, lifting the YTD growth to 6.1% in September. The improvement reflected stronger lending across several major sectors, particularly in construction (5.2% q/q), industry (3.0%), and other services (4.2%). Credit growth also remained positive in real estate (0.5%) and crude oil & gas (1.0%), while the trade sector returned to modest growth (0.2%) following a contraction of -1.4% in Q2. Credit to banks and financial institutions contracted further by -5.2%, pushing YTD growth into negative territory (-3.0%). Meanwhile, credit for the purchase of securities grew by 1.2% q/q, unchanged from Q2 and bringing the YTD growth to 3.6%. Household credit accelerated further, expanding by 2.8% in Q3 compared to 1.5% in Q2, suggesting continued strength in consumer borrowing demand. Credit to non-residents rebounded by 2.8% q/q, reversing the -6.7% contraction recorded in Q2, largely due to increased lending to non-resident banks, which rose by 5.0% q/q following the sharp decline seen in the previous quarter.

Resident deposit growth remained robust in Q3

On the liabilities side, resident deposit growth rose by a strong 2.4% q/q in Q3, matching the pace recorded in Q2 and lifting the YTD growth to 8.8% in September. Quarterly growth was supported by public sector institutions' deposits, rising by 9.0% q/q after declining by -2.2% in Q2. Government deposits also remained a key source of support, rising by 5.5% following the exceptionally strong 23% increase recorded in Q2. Private sector deposits, which constitute the bulk of resident deposits, continued to expand albeit at a slower pace, rising by 0.5% q/q compared with 1.2% in Q2. Meanwhile, non-resident deposits declined by -0.7% q/q in Q3 following the sharper -4.6% contraction recorded in Q2, leaving YTD growth at -3.5%. While cross-border funding flows remained soft, the smaller decline came mainly due to the rise in private sector foreign currency deposits by 5.3% q/q in Q3 compared with the -9.1% decline in Q2, suggesting some stabilization in non-resident private sector deposits compared with the heightened uncertainty seen in Q2.

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Table 1: Credit

Credit	Sep-2026	% growth			
	KD billions	q/q	YTD	y/y	2025
Business	**27.1**	**1.8**	**6.1**	**6.7**	**6.0**
of which Real Estate	11.1	0.5	3.9	3.2	5.2
Household	**20.9**	**2.7**	**4.4**	**5.1**	**3.7**
Securities	5.0	1.2	3.6	10.2	27.9
Banks & financial instit.	2.7	-5.2	-3.0	5.5	25.3
Total domestic credit	**55.7**	**1.7**	**4.7**	**6.3**	**7.6**
Non-resident credit	10.5	2.8	-0.9	7.0	36.1
Total credit	**66.2**	**1.9**	**3.8**	**6.4**	**11.5**

Source: Central Bank of Kuwait

Table 2: Deposits

Deposits	Sep-2026	% growth			
	KD billions	q/q	YTD	y/y	2025
Private sector	**41.2**	**0.5**	**1.7**	**1.6**	**3.8**
of which Time dep.	23.8	1.8	0.7	0.4	5.6
of which CASA dep.	15.1	-1.8	1.4	1.3	0.8
Public Institutions	10.4	9.0	20.7	47.4	30.8
Government	5.9	5.5	58.9	37.8	-23.5
Total resident dep.	**57.5**	**2.4**	**8.8**	**10.8**	**4.7**
Non-resident deposits	6.1	-0.7	-3.5	14.5	89.3
Total deposits	**63.6**	**2.1**	**7.5**	**11.1**	**9.9**

Source: Central Bank of Kuwait

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