

## **Fahad Almubarak: Brief review of financial developments in Saudi Arabia**

Speech by His Excellency Dr Fahad Almubarak, Governor of the Saudi Arabian Monetary Agency (SAMA), marking the Seventh Anniversary of Blessed Allegiance Pledge to the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz, Riyadh, 17 May 2012.

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Saudis celebrate on the 26<sup>th</sup> of Jumada II 1433H (May 17, 2012) the Seventh Anniversary of the blessed allegiance pledge to the Custodian of the Two Holy Mosques King Abdullah bin Abdulaziz. The celebration is a true image of loyalty to the Custodian of the Two Holy Mosques, who is faithful to his nation's interests. It is based on well-established bases, in the forefront of which are the tributes of our wise leadership such as the great keenness on the welfare of citizens and the enhancement of the development process. It is difficult to enumerate the achievements of the Custodian of the Two Holy Mosques in a few words, but, however, I will touch upon some of them.

The Custodian of the Two Holy Mosques has taken a broad range of decisions and measures aiming at restructuring and regulating the economy, updating regulations and legislation to enhance the efficiency and competitiveness of the economy and support the optimal operation of production factors, apart from providing an advanced regulatory and administrative framework and an attractive environment for domestic and foreign investments to achieve diversity in the economic and productive environment in order to continue creating job opportunities for the sons and daughters of the Kingdom.

Fortunately, oil prices have constantly improved, helping to accomplish many of the development objectives. As a result, the private sector during the period from 2005 up to the end of 2011 achieved a real annual growth rate averaging 5.5 percent. The balance of payments (BOP) recorded a surplus of RIs 2.5 trillion. The actual expenditure of the public finance stood at RIs 3.8 trillion, of which RIs 1.0 trillion were for capital expenditures. Moreover, the ratio of public debt to GDP declined from 39.2 percent in 2005 to 6.3 percent in 2011. The banking sector recorded strong and constant growth during that period, surpassing significantly the repercussions of the global financial crisis, and total assets of banks rose by more than two fold.

Many development projects have been approved for enhancing and modernizing the infrastructure, including roads, airports, telecommunications, water & electricity, health & educational services and the Custodian of the Two Holy Mosques' Foreign Scholarship Program, which is considered as a long-term investment of human resources .

The Kingdom has maintained high sovereign credit ratings as assessed by global rating agencies for its financial solvency. The last rating was AA- awarded by Standard & Poor's and Fitch for long-term credit rating in national and foreign currency, with a stable outlook .

Confidence is still great and solid that strong growth and comprehensive development of the Saudi economy will continue under the wise leadership of the Custodian of the Two Holy Mosques.

The Custodian of the Two Holy Mosques is well-known for his concern about his citizens, and he is determined to closely follow up their needs, including reduction of poverty, supporting Social Security, approving salaries increase & cost of living allowance, confirming wage earners, addressing the housing issue, supporting specialized development funds, etc. and other decisions aiming at improving citizen's living conditions, which he deems as the objective and tool of the development process.

We pray to Almighty Allah that there will be many happy returns of this dear national occasion for years and years for the citizens of this country, hoping that the Custodian of the Two Holy Mosques and his Crown Prince will continue to enjoy full health and wellbeing, with the Kingdom enjoying security and stability, to continue the development process, under our wise leadership.