اللجنة الوطنية لمكافحة
غسل الأموال وتمويل الإرهاب
NATIONAL COMMITTEE
FOR AML&CFT

NRA

Virtual Assets National Risk Assessment
The State of Kuwait

May 2025

Risk Assessment Report

Executive Summary

1. In 2023, the State of Kuwait adopted its second National Risk Assessment (NRA) to determine the level and types of risks that the country faces in the area of money laundering (ML) and Terrorism Financing (TF). The document was analysed by the FATF/MENAFATF in the course of the 2024 Mutual Evaluation of Kuwait and received positive feedback overall. Yet, FATF recommended that Kuwait expands its analysis of risks arising from the use of virtual assets (VAs). To address this recommendation, the National AML/CFT Committee, through its NRA team, led and coordinated this 2025 Virtual Assets National Risk Assessment (the 2025 VA NRA).

2. The rapid development of virtual assets (VAs) and virtual asset service providers (VASPs) in the last years led to the Financial Action Task Force (FATF) amending FATF Recommendation 15 to include a requirement for countries to either prohibit VASPs or license/register and regulate them for anti-money laundering and counter-terrorist financing (AML/CFT). A range of international scandals involving virtual assets, including the most recent bankruptcy and associated fraud allegations against FTX and its leadership, highlight the risks associated with VASPs and underline the need for more regulation and supervisory scrutiny. FATF Recommendation 15 also requires countries to identify and assess the money laundering and terrorist financing risks that may arise in relation to virtual assets.

3. Kuwait's National AML/CFT Committee has put in place a prohibition in 2023 of the creation and operation of VASPs. Kuwait does not recognize cryptocurrencies as a legal means of tender, and the CBK, CMA and IRU prohibit financial institutions from trading or recognizing payments in cryptocurrencies. The prohibition includes acceptance of cryptocurrency usage in e-payment transactions and mediation between the parties to cryptocurrency transactions. As in countries around the world, however, Kuwaiti nationals and residents may and in practice do engage in the purchase, sale, and trade of virtual assets through VASPs located and oftentimes regulated elsewhere.

4. The 2025 VA NRA is based on the analysis of a wide range of data and information sources and benefitted from input by all relevant stakeholders in Kuwait through numerous workshops and meetings. It considers the **threats** that have arisen in Kuwait in the context of VA related STRs and criminal cases to be **medium-low** given the low number of detected ML and TF cases identified so far that involve VA activities or VASPs**.**

5. Comprehensive data collected from Kuwaiti banks, insurance companies, financial leasing companies, MEEs and securities brokers also points to a medium-low inherent risk, whereby this risk is concentrated in bank customers using fiat currency in their accounts to purchase VAs on platforms abroad, leaving the residual risk at a **medium-low** level.