Governor's Presentation
Annual Monetary Policy Statement Address – 2025
22 May 2025, CBE Ezulwini Complex

- Programme Director – the Deputy Governor,
- Honourable Minister for Finance,
- Members of both Houses of Parliament,
- Board Members of the Central Bank of Eswatini,
- Senior Government Officials,
- Members of the Monetary Policy Consultative Committee,
- Leadership of commercial banks & nonbank financial institutions,
- Central Bank Management and Staff,
- Captains of Industries,
- Distinguished Guests,
- Ladies and Gentlemen, Good morning!

1. It is my honour to present to you this year's Governor's Annual Monetary Policy Statement under the theme ***"In pursuit of prudent monetary policy in times of uncertainty due to global trade disruptions"***.

2. Distinguished ladies and gentlemen, the year 2024 and the 1st quarter of 2025 have seen the global economy battling with multiple

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

challenges which have weighed down on growth. I will allude on the challenges later.

3. Even though inflation has broadly moderated at different speeds across economies, risks persist, and interest rates have broadly moderated over the review period but remain at restrictive levels.

4. My address this morning shall outline some of the key global, regional, and domestic economic developments that influenced the Bank's monetary policy decisions over the past financial year. I will further provide insight on the short to medium term inflation and monetary policy outlooks.

Programme Director, distinguished ladies and gentlemen, let me start by highlighting developments in the Global Economy.

5. The IMF's World Economic Outlook published in April 2025 estimates global growth at 3.3% for 2024 and it is projected to fall to 2.8% in 2025 before marginally recovering to 3% in 2026. The downgrades reflect in large part the direct impacts of the new trade measures and their indirect effects through trade linkage spillovers, heightened uncertainty, and deteriorating sentiment.

6. Advanced economies (AEs) are estimated to grow at 1.8% in 2024 and projected to fall to 1.4% in 2025 before a marginal recovery to 1.5% in 2026. In emerging markets and developing economies (EMDEs), growth is estimated at 4.3% in 2024 and is projected to slow down to 3.7% in 2025 before recovering to 3.9% in 2026.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

7. The IMF has indicated that the growth impact of tariffs imposed by the United States in the short term varies across countries, depending on trade relationships, industry compositions, policy responses, and opportunities for trade diversification.

8. The IMF forecasts global inflation to decline from 5.7% in 2024 to 4.3% in 2025 and further down to 3.6% in 2026. In advanced economies, inflation is projected to decline to 2.5% in 2025 from 2.6% in 2024 and edge lower to 2.3% in 2026. In EMDEs, inflation is expected to decelerate to 5.5% in 2025 from 7.7% in 2024 and further down to 4.6% in 2026.

9. Global monetary policy conditions depict mixed trajectories in both AEs and EMDEs. AEs like the US and Eurozone saw a shift towards easing monetary policy, as inflation began to cool down. EMDEs, while also facing inflation pressures, continued to grapple with higher rates and more cautious approaches, reflecting the varied challenges they face. The IMF expects monetary policy conditions to continue easing; however, the heightened global economic uncertainty could stall the easing path as it poses upside risks to the inflation outlook.

Ladies and gentlemen, let me now turn to economic developments in the neighbouring South Africa which is Eswatini' s major trading partner.

10. South African GDP grew by 0.6% in 2024, the slowest growth rate since 2020, following a revised 0.7% increase in 2023 underpinned

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000| Fax: (+268) 2404 0063| Email: info@centralbank.org.sz

by negative contributions from the manufacturing, construction and mining sectors.

11. The South African Reserve Bank (SARB) forecasts GDP to grow by 1.7% in 2025 from 0.6% in 2024 and to increase to 1.8% and 2%, in 2026 and 2027, respectively.

12. South Africa's inflation rate marginally increased to 2.8% in April 2025 from 2.7% in March 2025, and remained below the lower bound of the SARB's 3-6% target range.

13. Over the review period, the SARB decreased the repo rate by a cumulative 75 basis points (bps) from 8.25% to 7.5% by March 2025 citing an improved inflation outlook.

14. The SARB forecasts inflation to moderate to 3.6% in 2025 and to increase to 4.5% in 2026. Risks to the forecasts are on both the upside and the downside, with the balance of risks in the medium term skewed towards the upside.

Programme Director, let me now shift focus to developments in the domestic economy. I will start by outlining the monetary policy stance adopted by the Central Bank of Eswatini during the review period.

15. The Bank pursued an accommodative monetary policy stance over the financial year 2024/25 reducing the discount rate by a cumulative 50 basis points. The Bank reduced the discount rate by 25 bps to 7.25% in September 2024 and another 25 bps to 7.0% in November 2024. This stance was broadly in line with the easing of

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

global and regional monetary policy conditions, the lower domestic inflation outcomes and the improved inflation outlook for the domestic economy.

16. The Bank maintained the discount rate at 7.0% in its January and March 2025 meetings, in line with prevailing domestic macroeconomic conditions and the increased economic policy uncertainty at global level.

17. Distinguished guests, on the domestic economy - preliminary estimates indicate that Eswatini's real GDP growth slowed to 2.6% in 2024, down from a revised provisional estimate of 3.4% in 2023. The deceleration was largely driven by a significant slowdown in the tertiary sector, which is estimated to have grown by only 1.2% in 2024, compared to 6.5% in the previous year.

18. GDP is projected to improve to 7.9% in 2025 before moderating to 5.0% in 2026 and 3.3% in 2027. The forecasted strong performance in 2025 will be driven by the commencement and acceleration in the implementation of large-scale public and private sector projects, particularly in dam construction and major energy-related projects.

19. Risks to the projected growth outlook include ongoing geopolitical tensions, trade disputes – primarily involving the US and its key trading partners – which could heighten uncertainty, disrupt global supply chains, and further strain already fragile trade relationships.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

20. Moreover, unforeseen delays in the execution of both public and private sector led initiatives, could further undermine growth momentum.

Programme Director, I now turn to inflation developments.

21. Consumer price inflation moderated significantly from an average of 4.7% in the 2023/24 financial year to an average of 3.9% in the 2024/25 financial year. Inflationary pressures were broadly subdued during the 2024/25 financial year, driven by a softening of supply-side inflation, particularly due to stable food and fuel prices globally and regionally, which led to lower imported inflation. Exchange rate movements were also generally favourable during the period under review.

22. Eswatini inflation rate decreased to 3.3% in April 2025 from 3.8% in March 2025.

Ladies and gentlemen, I will now talk about monetary sector developments in the domestic economy.

23. In 2024, credit extended to the private sector continued to rise, largely underpinned by positive economic activity. Private sector credit grew at an average of 8.4% in 2024, down from an average of 10% in 2023. The increase continued to be driven mostly by credit to the business sector which registered year-on-year average growth of 11.5% in 2024, down from 15% in the previous year.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

24. Credit to the household sector registered an average growth of 5.4% in 2024, up from 3.8% in 2023. This improvement in household credit growth partly reflected gradual recovery as consumer finances stabilized, supported by rising real incomes and the slightly lower borrowing costs.

25. In the first quarter of 2025, private sector credit accelerated further, reflecting year-on-year growth of 10.8% at the end of March 2025. The increase continued to be driven largely by the business sector, which recorded robust year-on-year growth of 18.3% at the end of March 2025. Credit to the household sector grew by 3.8% year-on-year in March 2025, amid subdued credit demand.

26. In the short to medium term, private sector credit growth is likely to remain positive, supported by sustained economic expansion and increased credit demand from the agriculture sector, driven by favourable weather conditions. However, credit growth may be constrained by uncertainties in global economic prospects, particularly following the introduction of new tariffs by the United States.

27. At the end of December 2024, gross official reserves amounted to E10.1 billion, notably higher than the E8.8 billion recorded in December 2023. At this level, the reserves were sufficient to cover 2.4 months of imports, down from the 2.6 months recorded in December 2023. This occurred despite the increase in reserves, primarily due to a rapid rise in imports during the review period.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

28. In the first four months of 2025, the reserves continued to rise, largely bolstered by the inflow of quarterly SACU receipts in January and April 2025. As of last week Friday, 16 May 2025 - the reserves were at E10.03 billion and sufficient to cover 2.3 months of imports.

29. In the short to medium term, the reserves position is anticipated to decline, largely due to a 20.4% reduction in SACU receipts projected for the 2025/2026 fiscal year.

Programme Director, ladies and gentlemen, I will now turn to developments in the fiscal sector.

30. As at 31st March 2025, total public debt stood at E36.1 billion, an equivalent of 37.8% of GDP, reflecting a growth of 5.1% on a yearly basis. The growth was attributable to both domestic and external debt which grew by 6.2% and 3.7%, respectively. The increase in domestic debt was mainly underpinned by the continued issuance of domestic debt instruments such as treasury bills, bonds as well as the central bank advance to Government. External debt was driven by disbursements made on ongoing project loans sourced from international financiers.

Programme Director, distinguished ladies and gentlemen, allow me to walk you through the developments in Financial Markets.

31. The Central Bank actively participates in the domestic foreign exchange market and acquires foreign currency (export proceeds)

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000| Fax: (+268) 2404 0063| Email: info@centralbank.org.sz

from local banks, as part of the strategic initiative to build reserves and provide a liquidity buffer against the effects of net capital flows.

32. The total volume of trades conducted during the financial year 2024/25 amounted to E6.81 billion, with unmatured forward positions at the end of the year totalling E333 million. The US dollar is the predominant trading currency, accounting for E5.47 billion of the overall purchases.

33. As a means of supporting the Government to meet her financial obligations, the Bank continued to provide advances to Government and this facility was accessed in different tranches as and when needed. The Bank also raised funding from the Johannesburg Stock Exchange to the tune of R400 million following the successful listing of a R4 billion programme.

Ladies and gentlemen, allow me to turn to developments in the external sector.

34. Preliminary data shows that the current account, in 2024, posted a surplus amounting to E1.202 billion after a surplus of E1.849 billion in 2023. The surplus in the current account is attributable to a positive trade balance that more than doubled from the previous year as the country's merchandise exports grew faster than imports. Additionally, the surplus was buoyed by an improved positive secondary income account balance which grew by 23.7% from the previous year, driven by an increase in the volume of SACU inflows.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

35. In the year ended December 2024, the external value of the Rand/Lilangeni slightly appreciated against the US Dollar and the Euro but depreciated against the Pound Sterling. Compared to its value in 2023, the Lilangeni gained 0.7% to average E18.31 against the US Dollar. The appreciation in the domestic currency was largely due to a mixture of global and regional factors which led to capital inflows into South Africa.

36. The first quarter of 2025 was marked by a mild depreciation which generally saw the Rand/Lilangeni recording an average of E18.51 to the US Dollar, down from E17.88 recorded in the fourth quarter of 2024. Looking ahead, the Rand/Lilangeni will remain volatile in the short-medium term, sensitive to global and South African economic factors.

Programme Director, distinguished ladies and gentlemen, allow me to talk about the inflation and monetary policy outlooks.

37. The Bank has revised down its short to medium term inflation forecasts. Downside pressures to the short-term inflation outlook are expected to come mainly from the lower South African inflation outlook which remains muted when compared to the previous period. While there are inflationary pressures coming mainly from higher crude oil prices and a weaker exchange rate, overall domestic food inflation outlook outweighs the upward pressures. In the medium term, oil prices are expected to moderate gradually coupled with an appreciation in the exchange rate.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

38. In March 2025, the Bank revised down its inflation outlook to 4.88% (from 5.25%) for 2025, 4.54% (from 4.80%) for 2026, and 4.30% (from 4.57 %) for 2027.

39. Over the short to medium term, the Bank will continue with its mandate of ensuring low and stable inflation. To achieve that, the Bank is likely to maintain the accommodative monetary policy stance before gradual tightening is considered, although this will be data dependent.

40. Despite the current moderation in prices, upside risks to the inflation outlook remain elevated, emanating from expected changes in administered prices affecting fuel prices, ongoing US trade policy uncertainties as well as the persistent weak exchange rate.

Programme Director, I will now turn to Bank Supervision.

41. The health of the domestic banking sector remains robust, as evidenced by sufficient capital buffers, though having recorded a marginal decline from the previous year. Both the industry's Capital Adequacy Ratio (CAR) and Common Equity Tier 1 (CET 1) ratio recorded a slight decline in the last quarter of 2024/25. CAR declined to 17.41% but remained above the regulatory minimum of 8%. CET 1 ratio fell to 15.44% from 16.25%, but still exceeding the minimum requirement of 4.5%.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

42. The Eswatini banking sector's total assets grew by 11.5% between March 2024 and March 2025, from E28.2 billion to E31.4 billion, while deposits within the banking sector grew by 12.8% during the same period, from E19.4 billion to E21.9 billion in March 2025.

43. Deposits, which are considered the common funding source, continued to account for a large portion of the banks' loan portfolios, with the loans-to-deposit ratio sitting at 84.4% as of March 2025 from 83.5% in March 2024.

44. The assessment of Asset Quality revealed a marginal worsening position, with Non-Performing Loans exhibiting a slight uptick from 7.1% recorded in March 2024 to 7.2% in March 2025.

45. The domestic banking sector witnessed reduced profitability advancements in the year under review, with industry after-tax profits decreasing by 2.4% year-on-year to E142.5 million compared to the previous year's E147.1 million.

46. The liquidity status within the banking sector exhibited resilience, remaining above the minimum statutory liquidity ratios set at 22.0% for Commercial banks and 20.5% for Development and Savings Banks. As of March 2025, the industry's liquidity ratio stood at 32.9% compared to 33.4% recorded in March 2024.

Programme Director, I will now turn to Policy, Conduct and Enforcement.

47. The Bank issued the Cloud Computing Guideline to the industry for use and came into force on 1st July 2024. This Guideline provides

guidance to financial institutions that engage in cloud computing services.

48. The Bank received three (3) banking license applications for consideration during the 2024/25 period. These applications show a positive response to the Bank's current proactive strategy to open-up the banking industry and create a wider scope for more banks to set up operations in Eswatini.

49. The Bank completed baseline inspections for the domestic banking ecosystem. Significant progress has been made by sector players in addressing the identified deficiencies. We applaud our banking sector for the strides made in addressing the inspection findings.

50. On the other end, the Consumer Credit Regulations Working Group, comprising of CBE, FSRA and the Centre for Financial Inclusion working under the auspices of the World Bank Group have concluded the drafting of the Consumer Credit Regulations. These draft Regulations are aimed at formulating a guiding framework to conduct a thorough affordability assessment, prevent reckless lending and over-indebtedness, promote responsible lending, reduce NPLs portfolios, enhance access to credit, and ensure financial stability.

Programme Director, I will now speak on the national payments system.

51. In collaboration with the Ministry of Finance and the Eswatini payments industry, the CBE finalized the drafting of regulations to operationalize the National Payments System Act, 2023. The draft

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000| Fax: (+268) 2404 0063| Email: info@centralbank.org.sz

regulations were submitted to the Ministry of Finance for the standard promulgation process, with the aim of establishing them as legitimate secondary legislation.

52. The Central Bank of Eswatini issued a directive to payment service providers routing low-value cross-border electronic funds transfer transactions and receiving cross-border electronic funds transfer transactions from the Common Monetary Area (CMA).

53. The CBE directed that with effect from 31st March 2027, all Payment Service Providers that are presently routing low-value cross-border electronic funds transfers within the CMA through the SADC-RTGS system, should finalize the process to migrate all offshore low-value cross-border electronic funds transfers within the CMA to a regional low-value payment system.

54. The objective is to regularize the execution of these transactions through an appropriate retail payment system designed for low-value cross- border electronic funds transfers; and direct payment service providers to ensure that the execution of these funds transfers to and from the CMA does not have a negative impact on the transparency, efficiency and cost effectiveness of payments to consumers and businesses.

55. The CBE continued to implement the Eswatini Payments Switch (EPS) project featuring; Fast Payments, Open Banking, Card-based Point of Sale and Card-based Automated Teller Machine Modules.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

56. The EPS facilitates near real-time payments in its first phase. It will introduce third-party service providers in the second phase, followed by domestic card-based transaction switching in the final two phases. As part of the phased implementation, the Fast Payments Module went live in December 2024 with three out of eight participants. The fourth and fifth participants joined in February and March of 2025, respectively.

57. However, due to challenges such as misalignment in technical standards and delays in vendor resources, the delivery has been slower than anticipated. Therefore, the last three participants are finalizing the testing of the Fast Payments module of the EPS and the last participant is expected to go live by the end of June 2025.

Programme Director, allow me to now talk about financial technology (FINTECH) developments.

58. The Bank continues to build its technical capacity around CBDCs through its ongoing participation in Project Sunbird, a collaborative initiative among CMA central banks exploring cross-border applications of CBDCs.

59. The Bank has continued to operate the Regulatory Sandbox as a framework for testing innovative financial products and services under a controlled regulatory environment.

60. The Bank continued to research and monitor developments in crypto assets during the 2024/25 financial year. The ongoing

monitoring reveals sustained and growing interest from Emaswati in crypto asset investments, primarily through service providers based in neighbouring countries.

61. The CBE recognizes the importance of maintaining appropriate oversight of this emerging sector, particularly given that crypto assets remain unregulated in Eswatini, and the global crypto asset landscape continues to evolve, with many jurisdictions implementing regulatory frameworks.

Ladies and gentlemen, now I will turn to Development Finance issues.

62. The Bank, in collaboration with participating financial institutions is currently reviewing the existing Participation Agreements and related Guidelines for the Small-Scale Enterprise Loan Guarantee Scheme (SSELGS). This is meant to cover existing operational gaps, expand the scope of the scheme and enforce alignment of the rules with the revised Eswatini National Policy for MSMEs (2024-2029).

63. During the year ended 31st March 2025, the SSELGS issued a total of 146 new guarantees valued at E35 million covering loans amounting to E40.2 million from various participating financial institutions, contributing to a 15.9% increase over the year.

Programme Director, ladies and gentlemen, I will now move forward to touch on Financial Surveillance.

64. The CBE remains committed to safeguarding the integrity and soundness of the financial sector through its robust Anti-Money

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

Laundering, Counter Financing of Terrorism, and Proliferation Financing (AML/CFT/PF) framework. This is done through effectively executing the risk-based approach to supervision of the financial sector, continuous improvements in supervision, legislation, collaboration, and capacity building to ensure alignment with international standards.

65. In response to the 2022 Mutual Evaluation conducted by the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Central Bank has contributed to the strengthening of the AML/CFT regime of Kingdom of Eswatini.

66. The Bank, together with other national stakeholders, supported the Ministry of Finance in the drafting and promulgation of the Anti-Money Laundering, Counter Financing of Terrorism and Proliferation Financing (Miscellaneous Amendments) Act, 2024, which enhances the legal framework and strengthens compliance with the Financial Action Task Force 40 Recommendations.

Ladies and gentlemen, I will now move on to speak about operational issues at the Central Bank of Eswatini.

67. During the period ending 31st March 2025, banknotes issued amounted to E6.6 billion from the E6.8 billion issued in the previous year. Coins issued over the period amounted to E53 million, indicating an increase from the E38 million reported in the prior year. As at the end of March 2025, currency in circulation was at

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000| Fax: (+268) 2404 0063| Email: info@centralbank.org.sz

E1.482 billion, indicating a 10.2% increase from the E1.345 billion reported in the previous year.

68. The Bank issued a E50 circulating commemorative banknote and a E50 non-circulating commemorative coin in commemoration of its 50th Anniversary. The commemorative banknote and coin were unveiled by His Majesty, The King on the 10th of May 2024 during the Bank's Jubilee celebration. This banknote and coin serve as a tribute to Eswatini's journey of transformation and progress, while celebrating the rich heritage and future aspirations of the country. The E50 commemorative banknote was released into circulation on 1st September 2024.

69. The Bank has been recognized for three international awards during the financial year. Two awards by the International Association of Currency Affairs and the third from High Security Printing Reconnaissance. These awards underscore the Banks's vision of being a Centre of Excellence and a Central Bank of reference.

70. The Bank has reprinted E20 and E10 banknotes to be released into circulation in the first quarter of financial year 2025/26. Some of the changes on the banknotes include: the country's name change from Swaziland to Eswatini; Siswati narrative on the obverse; the incorporation of the Governor's name and signature, Dr. Phil Mnisi and an enhanced security thread.

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

71. The Bank has noted a decline in discovery of the uncontrolled dye-stained banknotes resulting from ATM bombings. However, the public is reminded that dye-stained banknotes are presumed to be proceeds of crime and such notes should be reported to CBE or the nearest police station.

Programme Director, allow me to make some remarks on financial sector stability.

72. The financial system in Eswatini remained broadly stable and resilient over the past year, benefiting from improving global and domestic conditions. Eased inflationary pressures and a slowdown in global interest rate hikes provided relief to financial institutions, while domestic efforts to strengthen regulation and supervision further supported financial system stability.

73. Externally, reduced load shedding in South Africa and a more stable political environment positively influenced Eswatini, despite ongoing concerns around sovereign debt and currency volatility. Domestically, financial conditions improved, and fiscal pressures eased slightly due to stronger government revenues. However, high public debt, the nexus with the financial sector- particularly banks, and increasing spending commitments remain key risks.

74. Household debt levels moderated in relation to disposable income, reflecting increased income. However, unsecured lending remains a

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

concern. The corporate sector continues to face stress from declining profitability and high leverage, particularly among SMEs.

75. Non-bank financial institutions continue to expand their influence in the financial system. However, risks persist due to sector specific exposures, including concentration in the pensions and insurance sectors and the high level of unsecured lending by Credit Financial Institutions and Savings and Credit Cooperative Societies.

76. The Bank has finalised the Deposit Protection Fund (DPF) Implementation Framework, which is critical for enhancing public confidence and safeguarding depositors, particularly in the event of bank failures. The DPF is designed to protect depositors by providing limited compensation in the event of a bank failure, thereby promoting public confidence and financial system stability.

77. With the Implementation Framework now finalised, initial steps toward the full operationalisation of the Fund will commence in the current financial year, 2025/26, marking a key milestone in strengthening Eswatini's financial safety net.

Programme Director, distinguished guests, let me conclude by emphasising that:

78. The year 2024 presented multiple challenges at global and regional level some of which have been carried over to the current year. The global environment remains highly fluid with heightened economic uncertainty which is expected to weigh on global and regional

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz

growth and by extension have a spillover effect on the domestic economy.

79. Domestically, inflation remains moderate and the outlook points to a moderation. However, risks to the inflation outlook persist, and these include global and regional economic uncertainty due to the US trade policies and geopolitical conflicts, administered prices, and a weaker exchange rate, amongst others.

80. The Bank will continue to monitor developments at global, regional, and domestic level, and use all the instruments at its disposal, in pursuit of its price and financial stability objective, in order to ensure an environment conducive for sustainable economic growth.

81. Finally, I would like to extend my sincere thanks and appreciation to the Minister for Finance and his Officials, the Bank's Board of Directors, MPCC members, Financial Institutions, all staff of the Bank as well as other key stakeholders for their cooperation, commitment and dedication to the attainment of price and financial stability that is conducive to the economic growth and development of the Kingdom of Eswatini. I have no doubt that I can continue to rely on you for unwavering support and dedication in the execution of our mandate in the interest of all Emaswati.

I thank you all Ladies and Gentlemen!!!

Physical Address: Mahlokohla Street, Mbabane, Eswatini | Postal Address: P.O Box, 546 Mbabane (H100)
Telephone: Tel: (+268) 2408 2000 | Fax: (+268) 2404 0063 | Email: info@centralbank.org.sz