

Caroline Abel: Monetary and financial sector issues in Seychelles and how ATI training can help build human capital in these areas

Intervention (virtual) by Ms Caroline Abel, Governor of Central Bank of Seychelles, at the Africa Training Institute (ATI) Steering Committee Meeting panel discussion "Monetary and financial sector issues", Victoria, 1 July 2025.

* * *

Madam Chair, Hon. Minister of Economy and Finance of Madagascar, Rindra Hasimbelo Rabarininarison,

Director of AFS/ATI Mr Sukhwinder Singh,

All Colleagues attending the meeting,

Good afternoon.

Thank you for the opportunity to briefly share our experience in terms of monetary and financial sector developments, and capacity building received in these areas.

Major reforms in these two areas began late 2008, when Seychelles embarked on an IMF-supported macroeconomic reform programme. Aside from addressing the prevailing macroeconomic imbalances then, there was also a need to strengthen the regulatory framework and modernise the financial system. In addition, the Bank had to put in place the required market-based instruments to support the introduction of its new monetary policy framework. So, to better understand the extent of the task that laid ahead, we received technical assistance from the IMF in 2007, to assess the Bank's capacity building needs in the field of foreign exchange, bank supervision and monetary policy, aside from others.

With regard to monetary policy, reforms were crucial in view of the change in the foreign exchange regime. Whilst we started off with a reserve money targeting framework, over the years, the Central Bank of Seychelles has gradually moved towards providing more guidance to the domestic market. In 2019, the Bank adopted an interest-rate based framework, whereby the focus is on guiding short-term interest rate through the announcement of a Monetary Policy Rate by the Bank. We received extensive technical assistance throughout – from the design of the policy tools to the finer details of communication - and this was complemented by short-term courses that staff attended.

In terms of capacity building, the IMF, ATI and AFRITAC South have been very supportive. Our staff have benefitted from various training opportunities, both in-person and through online learning platforms. These have been in key areas, such as various aspects of monetary policy analysis and implementation, the Forecasting and Policy Analysis System (FPAS), nowcasting, liquidity forecasting and management, to name a few. To note that, at the Bank, the knowledge acquired is applied in daily operations and underpins many outputs, including the collection of statistics on the monetary, real, and external sectors, which align with IMF manuals and guidelines. With regard to the financial sector, support was received to align the Bank's supervisory framework with

best international practices. These focused on areas such as financial sector policies, bank supervision, AML/CFT, financial stability, and lately, climate change issues, amongst others. The Bank has been pursuing steps to strengthen its supervisory framework, so that it is more risk-sensitive and forward-looking, through its Risk-Based Supervision (RBS) framework. The Bank is also actively pursuing the climate change agenda, given the implications such a phenomenon could have on our economy. This is an area where we have reached out to various partners in an effort to build internal capacity, as we are conscious of the limited expertise that exists out there as well.

As we operate in an increasingly interconnected world, we also need to move in tune with innovations in the industry. The digitalisation of the financial sector brings countless opportunities and rewards, yet as we are all aware, very high risks. Another area that the Central Bank has been increasingly focusing on is cybersecurity, as this could have far-reaching repercussions. Just last week, the AFS completed a 5-day workshop for the Central Bank staff on strengthening cybersecurity practices, with particular emphasis on their application to both onsite and offsite banking supervision, as well as oversight of financial market infrastructures. The sessions provided valuable insights into identifying and assessing cyber risks, integrating cybersecurity into supervisory frameworks, and enhancing institutional resilience. Practical case studies and supervisory tools were also shared to support the effective implementation of cyber risk oversight across regulated entities and systemically important infrastructures.

Being a small economy, Seychelles faces certain challenges in terms of human resources. In general, the financial sector finds it difficult to meet its human resource needs, as often times, qualified labour in specialised fields is scarce, and everyone is chasing the same few candidates available. In this context, the training provided by institutions like ATI and AFRITAC South goes a long way in helping to bridge the gap for our existing staff.

As both global and domestic economies evolve, building capacity remains essential. Current discussions revolve around critical topics such as financing climate change adaptation and mitigation, tackling climate-related risks, FinTech innovations, the increasing role of artificial intelligence and machine learning, and cybersecurity. The IMF and its partners offer a wealth of resources – including training, seminars, conferences and technical assistance – to help member countries enhance their staff's technical capabilities, ensuring they are equipped to navigate these challenges and seize emerging opportunities.

To conclude, I would like to underscore the role and importance of organisations like ATI and AFRITAC South in supporting the development of national institutions, enabling the implementation of best practices across various jurisdictions. Moreover, shared experiences among participants and drawing on the knowledge of the lecturers help in building capacity at different levels. As such, I urge members to continue supporting the capacity development programmes of ATI and AFRITAC South, as collectively, we are all benefitting greatly from them.

Thank you.