

Phil Mnisi: Opening remarks media engagement

Opening remarks by Mr Phil Mnisi, Governor of the Central Bank of Eswatini, at the event "Coffee with the Governor 2.0", Mbabane, 5 June 2026.

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Programme Director,
Management & Staff of the Central Bank,
Editors,
Journalists,
Ladies and Gentlemen, Good morning!

INTRODUCTION

It is my great pleasure to welcome you to this important engagement, which continues to strengthen the longstanding partnership between the Central Bank and the media.

As you may be aware, these periodic engagements provide us with a valuable platform to openly discuss topical issues in central banking, exchange perspectives, and enhance mutual understanding. Over the years, we have intentionally created spaces that encourage candid dialogue.

Today, we gather once again under the theme "Coffee with the Governor 2.0," here at the beautiful Sibebe Resort. The setting, with its scenic views of the Pine Valley, is symbolic of the clarity and openness we aim to foster in our discussions.

This session has been organised by our Strategy and Communication Department in collaboration with the Editors Forum, and I am pleased to be joined by our Directors and Technical Experts, including the support team. The Directors and technocrats stand ready to enrich our dialogue with their expertise.

We recognise and deeply appreciate the critical role that you, as media practitioners, play in informing the public, shaping discourse, and promoting transparency. Through engagements such as this, we aim to further strengthen our collaboration and ensure that accurate, timely, and relevant information reaches the public.

Today, we are here to provide you with a briefing on some key issues which I believe are of public interest. These include; recent economic developments, issues surrounding stokvels, bank licencing, and the status of the CBE Headquarters Construction Project.

GLOBAL ECONOMIC DEVELOPMENTS

Ladies and gentlemen, let me start by briefly unpacking the global economic developments;

According to the International Monetary Fund's World Economic Outlook released in April 2026, the global economy is facing difficult conditions due to ongoing conflicts, rising uncertainty, and economic pressures around the world.

The IMF has lowered its global growth forecast for 2026 to 3.1%, mainly because of the continuing conflict in the Middle East. Growth is expected to improve slightly to 3.2% in 2027.

The IMF warns that if the conflict in the Middle East continues for a long period, it could further weaken the global economy and create instability in financial markets. Rising tensions have already increased fuel and energy prices, making life more expensive for households and businesses across the world.

On inflation, global pressures remain significant. Global inflation is projected to rise to 4.4% in 2026 before easing to 3.7% in 2027. Higher prices for fuel, food, and other commodities continue to affect many countries, increasing the cost of living for ordinary people.

While the global economy has shown resilience during recent crises, significant risks remain. Cooperation and sound policies will be essential in building a more stable and prosperous future for all.

DOMESTIC ECONOMIC DEVELOPMENTS

Ladies and gentlemen, let me now turn to the domestic economic developments where I will cover just a few indicators;

GDP Developments

The Eswatini economy continues to demonstrate resilience despite a challenging global environment characterized by heightened geopolitical tensions, volatile commodity prices, and ongoing uncertainty in international markets.

On the domestic front, economic activity remained robust during the final quarter of 2025. Real Gross Domestic Product, on a seasonally adjusted basis, grew by 5.7% year-on-year in the fourth quarter of 2025. While this represents a slight moderation from the revised growth rate of 5.9% recorded in the third quarter, it nevertheless reflects sustained economic momentum.

Inflation Dynamics

Turning to price developments, headline consumer inflation increased to 2.0% in April 2026 from 1.6% in March. This rebound was primarily driven housing & utilities as well as transport. This development reflects the impact of rising global oil prices, which have been influenced by ongoing geopolitical tensions in the Middle East.

Considering these developments, the Bank has revised its short to medium-term inflation forecasts upward. Inflation is now projected to average 3.31% in 2026, and 3.74% for 2027. These revisions mainly reflect emerging inflationary pressures

stemming from elevated global oil prices and increased uncertainty associated with geopolitical developments.

In its monetary policy statement issued last Friday, the Bank maintained the discount rate at 6.75%. Notwithstanding the weakening macroeconomic fundamentals, the Bank in its decision, took a cautious approach and the need to monitor closely the impact of the Middle East crisis and oil price shock.

The direction of monetary policy will continue to be driven by the assessment of risks and uncertainties in international, regional and the domestic economy.

Private Sector Credit

Regarding financial sector developments, credit extended to the private sector continued to expand, although at a modest pace. Total private sector credit increased by 0.9% month-on-month to reach E23.2 billion at the end of March 2026.

Business sector credit recorded a strong performance, increasing by 2.6% to E12.7 billion, indicating continued demand for financing by firms and ongoing economic activity.

Banking Sector

The banking sector remains stable and adequately capitalized. Encouragingly, the non-performing loans ratio improved slightly, declining to 6.8% in March 2026 from 7.1% in the corresponding period last year. This suggests that while asset quality challenges remain, the overall risk profile of the banking sector continues to be manageable.

Notwithstanding this progress, I would like to update you on a recent public statement we issued concerning the enhanced support we are providing to Eswatini Bank. In our capacity as the supervisor and regulator of the banking sector, we have stepped in to provide intensified oversight and support as the bank implements a structured transformation programme.

This programme is designed to strengthen Eswatini Bank's balance sheet, enhance corporate governance, reinforce risk management frameworks, and improve overall operational resilience, with the ultimate objective of restoring financial stability and positioning the bank for sustainable long term growth.

Our intervention also seeks to strengthen the bank's operations and enhance service delivery through targeted advisory support and capacity building initiatives, where necessary. This process includes the identification and appointment of an experienced Consultant to provide strategic and technical support to Eswatini Bank over the short to medium term.

The Consultant commenced his assignment on 1 April 2026, and we are working closely with him to implement key turnaround measures, strengthen governance and operational effectiveness, and restore Eswatini Bank to financial sustainability and long-term viability.

We want to assure the public that Eswatini Bank continues to fulfil its mandate as a development-oriented financial institution that support job creation, economic stability and sustainable growth. At the heart of this intervention is to ensure that Eswatini Bank remains a strong and more resilient institution.

External Reserves

As part of strategic efforts to enhance reserves management efficiencies, in July 2025, the Central Bank acquired gold holdings to diversify its reserves portfolio as well as hedge against global risks. Currently, the Bank holds 2,500 ounces of gold, equivalent to E195 million, as part of its reserve assets. In line with global practices, the Bank is exploring avenues to increase its gold holdings through purchases from local production.

As a result, gross official reserves averaged E11.5 billion in 2025, reaching a peak of E15.5 billion in November 2025, compared to an average of E9.9 billion in 2024.

The country's gross official reserves stood at E8.8 billion as of 29 May 2026. This level of reserves is equivalent to approximately 2.0 months of import cover. The Central Bank continues to monitor reserve developments closely and remains committed to supporting external sector stability.

However, in the short to medium term, the reserves position is expected to improve, largely supported by a projected 12.5% increase in Southern African Customs Union (SACU) receipts for the 2026/2027 fiscal year. Nonetheless, ongoing geopolitical tensions and conflicts continue to pose downside risks, as they could disrupt global and regional trade flows and adversely affect the SACU Revenue Pool.

You will recall ladies and gentlemen that the Bank holds foreign exchange reserves to support our currency peg under the Common Monetary Area (CMA), to meet government foreign exchange needs, and to shield the country from external shocks. Our management of these reserves is guided by a clear investment policy where we prioritize capital preservation and liquidity, while still seeking market-related returns.

Our Director Financial Markets will elaborate further on these developments during the Q&A session, including providing additional information on the Bank's gold investment strategy. It is important to emphasize that the Central Bank does not intend to engage in gold mining activities; rather, any gold-related initiative would be undertaken strictly as a reserve management and investment strategy aimed at enhancing portfolio diversification, preserving value, and strengthening the country's foreign reserve position.

Economic Outlook

While the domestic economy continues to perform well, the outlook remains subject to significant external risks. Rising global energy prices, persistent geopolitical tensions, and uncertainty in international markets could exert additional pressure on inflation and economic activity. Nonetheless, the resilience demonstrated by the domestic economy, the stability of the financial sector, and the continued recovery in key sectors provide a solid foundation for sustained growth.

The Central Bank of Eswatini remains committed to maintaining price stability, safeguarding financial sector soundness, and supporting sustainable economic growth. We will continue to take appropriate policy actions as necessary to fulfil our mandate.

OTHER DEVELOPMENTS

CMA Governors' Meeting

Ladies and gentlemen, on other developments, I am pleased to announce that the Central Bank of Eswatini will host the upcoming CMA Governors' Meeting from 2-3 July 2026.

This closed-door session brings together CMA Central Bank Governors to advance regional macroeconomic stability, deepen financial system integration, and review monetary policies across the members states - being; South Africa, Namibia, Lesotho, and Eswatini. Amid volatile global economic conditions, these vital quarterly meetings ensure continuous alignment of our monetary strategies, directly safeguarding the shared economic interests, and trade resilience of all member states.

Stakeholder Engagement

Ladies and gentlemen, one of the positive developments we have achieved has been our intentional continued engagement with key stakeholders as part of our broader strategic agenda. One notable initiative was my recent engagement with members of the diplomatic corps, which provided an important platform to strengthen collaboration and exchange perspectives on Eswatini's economic outlook and investment opportunities.

During that engagement, I emphasized the critical role that Ambassadors play as representatives of our country abroad. Beyond fostering diplomatic relations, they serve as important advocates for Eswatini, helping to communicate our economic potential, investment opportunities, and reform agenda to the international community. Their efforts contribute significantly to shaping perceptions of the country and attracting prospective investors.

As a nation, we all have a role to play in promoting Eswatini as an attractive destination for investment. Through continued collaboration with our diplomatic partners and other stakeholders, we can strengthen confidence in our economy, showcase the opportunities available, and support sustainable economic growth and development.

Movable Collateral Registry

Ladies and gentlemen, I am aware of the growing public interest in the proposed Movable Collateral Registry and its potential to expand access to credit. Once fully established, the Registry would enable individuals and businesses to use movable assets, such as equipment, vehicles, inventory, and other qualifying assets, as collateral when seeking financing from financial institutions.

However, I wish to emphasize that this initiative remains at an early developmental stage. While it represents an important reform with the potential to deepen financial

inclusion and broaden access to credit, significant groundwork still needs to be undertaken before it can become operational.

Among the key prerequisites are comprehensive legal and regulatory reforms to establish the necessary framework for the Registry. These reforms will need to undergo the full legislative process, including extensive stakeholder consultations, policy development, drafting of legislation, and consideration by Parliament. As such, this is a medium- to long-term undertaking that will require careful planning and implementation.

It is therefore important to manage expectations appropriately. While the Central Bank and its partners are committed to advancing this initiative, the current focus is on laying the institutional, legal, and operational foundations necessary for its future success. The Registry will not be operational in the immediate term, but the work being undertaken today is a critical step towards making this important reform a reality in the years ahead.

CBE Ezulwini Complex

Turning to our Headquarters Construction Project, after the purchase of the 20ha land in Ezulwini, the Bank fully relocated its headquarters from Mbabane to Ezulwini in October last year and all staff who were previously housed in Mbabane now operate from Ezulwini. The previous two buildings in Mbabane (Umntsholi & Imfumbe) were sold to Government.

The COO will touch on progress made in the construction project we have embarked on at the Central Bank of Eswatini Ezulwini Complex.

Licensing

Ladies and gentlemen, I am pleased to report that in the last financial year, the Bank received 5 banking license applications. Two of these were successfully finalized with the issuance of conditional licenses, 2 remain at various stages of our rigorous licencing review process, and 1 application was unsuccessful.

On a similar issue, in support of the Government's cooperative banking initiative, the Bank conducted a benchmarking study and developed a strategic Policy Note. This Note evaluates the regulatory landscape for Savings and Credit Cooperative Societies (SACCOs) and outlines a clear roadmap for their transition into licensed banks, an initiative designed to deepen financial inclusion, drive economic development, and foster sustainable business growth. In that regard, the Bank is working towards establishing a framework for licencing a cooperative bank in Eswatini, drawing lessons from international best practices to make this vision a reality.

To unpack our licensing framework, the Deputy Director Policy, Conduct & Enforcement, will take you through the specific technical processes.

Stokvels

Ladies and gentlemen, I want to address some contentious issue which surfaced in the past regarding Stokvels. The Central Bank does not regulate stokvels, nor do we impose penalties on informal savings groups.

Our authority under the Central Bank of Eswatini Order of 1974 (as amended) and the Financial Institutions Act of 2005 is strictly limited to licensing and supervising authorized banking institutions and deposit taking entities.

The Central Bank of Eswatini remains unwavering in its commitment to uphold its statutory mandate, safeguard the integrity of our financial system, and protect the public from unlawful financial activities.

To unpack the legal intricacies of this matter and reinforce our statutory boundaries, our Head of Legal, will clarify the specific legislative provisions, court procedures, and enforcement protocols guiding the Bank's actions.

CONCLUSION

Ladies and gentlemen, as I conclude, and having explored these important developments, I want to thank you all for your participation. The media plays a vital role in keeping the public informed, and we appreciate your dedication. I will now open the floor to any questions or comments you may have on the matters discussed so far, before I hand over to the COO to provide an update on our Construction Project.

Once Again, I Thank You ALL!