CENTRAL BANK OF THE GAMBIA

MONETARY POLICY COMMITTEE

MINUTES OF MEETING NO.98 **May 20-21, 2026**

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) convened on May 20-21, 2026. The Committee reviewed developments in the domestic economy including emerging risks to inflation and growth outlook and decided to maintain the monetary policy rate at 14.0 percent. Eight out of the nine Members of the Committee attended the meeting.

MPC Members Present

Name	**Role**
Mr. Buah Saidy	Chairman
Dr. Abdoulie Sireh Jallow	Member
Dr. Paul Mendy	Member
Mr. Karamo Jawara	Member
Dr. Momodou O. Jallow	Member
Mr. Amadou Ceesay	Member
Mr. Mohamed Gillen	Member
Mr. Lamin Bojang	Member
Dr. Foday Joof	Secretary

Absent with apology:

Halima Singhateh, Member

Report Presenters

Name	Designation
Mr Yaya Jatta	Banking Officer, Banking and Payment Systems Department
Ms. Awa Faal	Bank Examiner, Banking Supervision Department
Mr. Karamo Sawaneh	Senior Bank Examiner, Banking Supervision Department
Mr Muhammed Sonko	Economist, Economic Research Department
Mr. Alkali Barrow	Officer, Other Financial Institutions Supervision Department
Ms. Jackline A. Mendy	Cadet Officer, Other Financial Institutions Supervision Department
Ms. Fatou Sanyang	Domestic Debt Market development
Ms. Mariam Conateh	Cadet Officer, Financial Markets and Reserve Management Department
Ms. Rohey B. Cham	Cadet Economist, Economic Research Department
Mr. Mohamed N Gillen	Cadet Economist, Economic Research Department
Mr. Eliman Ceesay	Cadet Economist, Economic Research Department
Mr. Ansou Manneh	Statistician, Economic Research Department
Mr. Saikou Jammeh	Economist, Economic Research Department
Mr. Macodou Njie	Statistician, Economic Research Department
Mrs. Mariama Ceesay	Economist, Economic Research Department
Mr. Ebrima Camara	Cadet Officer, Fintech Department

Agenda

1. The meeting agenda was adopted as presented below:
    - Adoption of the agenda
    - Opening remarks by Chairman
    - Review of minutes of the previous meeting and matters arising
    - Presentation and deliberation of reports
    - Lunch Break
    - Presentation and deliberation of reports
    - Closing

Opening Remarks by the Chairman

2. In his opening statement, the Governor and Chairman of the Committee welcomed Members to the 98th Meeting of the Monetary Policy Committee Meeting (MPC).
3. He expressed appreciation to all Heads of Department and staff for their dedication and commitment, particularly in contributing to the successful departmental retreat held in Bakadaji. He commended staff for their excellent work, encouraging them to sustain the high standards of professionalism and teamwork.
4. The Chairman observed that the medium-term outlook for the Gambian economy remains favourable, noting that economic growth is expected to remain strong and could reach 7–8 percent over the next five years. He emphasized that this outlook would be supported by ongoing infrastructure developments, including the proposed Banjul–Mandinaba highway and the airport expansion project, which are expected to strengthen economic activity and improve connectivity.
5. The Chairman further expressed concern over the escalating conflict in the Middle East and its potential implications for The Gambia as a small open economy. He noted that any disruption to global energy and fertilizer

markets could lead to imported inflation and renewed pressures on domestic prices. In this regard, he requested the Central Bank of The Gambia (CBG), through its Economic Research Department (ERD), together with the Ministry of Finance and Economic Affairs (MoFEA to establish a Macroeconomic Technical Working Group to closely monitor developments, assess their potential impact on the Gambian economy, and provide timely policy recommendations.

6. The Chairman also emphasised the importance of strengthening domestic capacity for macroeconomic analysis and policy formulation. Reflecting on the period following the completion of the IMF-supported programme, he noted that the expertise developed within the Economic Research Department had significantly enhanced the country's analytical capacity. He stressed the need to continue investing in local talent and to have confidence in the ability of Gambian professionals to design and implement sound macroeconomic programmes.
7. Finally, the Chairman underscored the importance of domestic resource mobilisation in supporting sustainable economic development. While acknowledging the valuable role of concessional financing and development partners, he emphasised that no country could achieve sustained development by relying solely on external assistance. He therefore called for continued efforts to strengthen domestic revenue mobilization. In addition, he noted the need to review the fuel pricing formula in light of recent global developments, indicating that savings from reduced government expenditure, including travel costs, could be redirected, where necessary, to cushion the impact of higher fuel prices through targeted subsidies.

Review and Adoption of Minutes of MPC Meeting No. 97

8. The minutes of the MPC Meeting No.97 were reviewed and adopted after minor adjustments.

Matters Arising

9. The Committee reviewed the status of action points arising from the previous meeting. The Economic Research Department Informed Members that the research paper being prepared for the forthcoming CBG at 55 International conference was progressing well and was currently awaiting updated data before completion.

10. Members discussed the revision of fiscal sector data and agreed that the figures reported in the previous MPC minutes should remain unchanged, as they reflected the information available at the time. Any subsequent revisions would instead be captured in the current meeting's minutes.

11. The Chairman was informed that the new Monetary Survey reporting template for commercial banks had been rolled with training subsequently conducted for reporting institutions. The Committee further noted that the Banking Supervision Department (BSD) would enforce compliance with the new reporting requirements, including the application of appropriate sanctions on institutions that fail to comply.

12. ERD updated the Committee on its recent research activities, including the completion of a study on oil prices and inflation, which had been presented during the IMF Article IV consultations. Members were also informed that preparations for the Consumer Sentiment Survey (CSS) had been completed and that the survey would be launched shortly. In addition, the Committee was informed election-related factors were already incorporated into the business sentiment survey as requested by Members.

13. Acting on the Committee's recommendation for the establishment of appropriate benchmarks or thresholds for NPLs to guide supervisory assessments and strengthen early warning mechanisms, the Banking Supervision Department informed the Committee that a prudential visit had been conducted, and the department is currently studying the Central Bank of Nigeria (CBN) approach.
14. The meeting was informed that a report on cost drivers associated with payroll of expatriate staffing of subsidiary banks was prepared and submitted to the BSD for review.
15. BSD updated the committee that a proposal for the stress testing software had been submitted to Management for approval.
16. The Committee noted progress on several regulatory initiatives, including the establishment of a task force to review the implementation of the revised minimum capital requirements for commercial banks. Members were informed that consultations with affected institutions were underway and that the remaining work was expected to be completed by December 2026.
17. On FinTech developments, the Committee was informed that the consumer complaints categorisation framework was finalised and that the FinTech Task Force had completed approximately 95 percent of its work, with the final report submitted for Management's approval. The Committee also noted that key regulatory gaps were identified and addressed during the review process.
18. Under financial markets, Members noted that work relating to the Shariah-compliant financial market framework was ongoing. The Committee was informed that further engagement with the Legal Department would be undertaken to review and finalise the legal framework before implementation.

Presentation of Reports

19. Presentations and discussions of reports took place in the following order:
    - Staff Assessment and Outlook
        - Assessment of the current economic conditions
        - Baseline forecasts
        - Alternative scenarios
    - Developments in the Global Economy
    - Financial Lending Survey
    - Banking Sector Development
    - Banking Sector Stress Test
    - Non-Bank Financial Sector Developments
    - Non-Bank Financial Stress Test
    - Government Fiscal Operations
    - Domestic Debt Market Developments
    - Balance of Payment
    - Development in Fintech and Exchange Bureaus Sector
    - Developments in Financial Markets and Foreign Reserve Management Monetary Developments
    - Business Sentiment Survey
    - Real Sector Developments
    - Price Developments (Inflation)

Staff Assessment and Economic Outlook

20. Staff assessment indicated that average inflation moderated in the first quarter of 2026 on both year-on-year and quarter-on-quarter basis, continuing the broader disinflationary trend. However, the March and April outturns pointed to renewed inflationary pressures, driven mainly by market prices amid higher international energy prices and ongoing geopolitical

tensions in the Middle East. Real marginal costs also moderated during the quarter, reflecting weaker domestic demand pressures and lower imported costs associated with the appreciation of the real exchange rate. The output gap narrowed further, reflecting softer aggregate demand, tight monetary conditions, weaker foreign demand relative to earlier periods, and a subdued fiscal contribution amid continued consolidation.

21. On monetary and financial conditions, staff noted that monetary conditions tightened further in 2026Q1, reflecting elevated real interest rates and an appreciation of the real exchange rate, which helped moderate domestic demand and imported inflationary pressures. The nominal exchange rate remained relatively stable and slightly stronger than implied by underlying market fundamentals. Liquidity conditions also tightened, contributing to increases in short-term market interest rates, although the one-year Treasury bill rate moderated slightly. Reserve money expanded by 16.5 percent quarter-on-quarter, below the 19.8 percent increase in money demand, suggesting that liquidity conditions remained broadly contained. Looking ahead, real GDP growth is projected at 5.7 percent in 2026 and 5.4 percent in 2027, supported by resilient private sector activity, stable remittance inflows, tourism recovery, construction, public investment, and favourable external demand. Headline inflation is projected to average 6.7 percent in 2026, before moderating to 5.1 percent in 2027, while the dalasi is expected to remain broadly stable, with gradual adjustments to market fundamentals.

22. The assessment concluded that risks to the outlook are tilted to the upside for inflation and the exchange rate, while downside risks to growth. The principal risks include an escalation of regional conflicts and global trade disruptions, possible subsidy removal, and higher fertiliser prices and supply

disruptions, which could raise domestic production costs, intensify inflationary pressures, and increase depreciation pressures on the dalasi. Election-related uncertainty could also weaken private investment and economic growth, although its impact on inflation is assessed to be mild. Against this backdrop, staff assessed that monetary policy should remain relatively tight in the near term, with any easing proceeding more gradually than previously anticipated to contain emerging inflationary pressures and keep inflation expectations anchored.

23. Commenting on the presentation, members commended the ERD for the quality of the Staff Assessment Report and its recent research on the relationship between oil prices and inflation. Members further recommended removing the Radison blue hotel from the fiscal assumptions and encouraged Senior Management to continue supporting survey activities to strengthen data collection and analytical capacity.

24. The Committee noted that, although the recent increase in inflation was a concern, these surprises are judged to be transitory, and inflation was expected to remain within the single-digit range over the medium term, barring any further surprises in international commodity prices.
25. The Committee emphasised the need for fiscal policy to complement monetary policy in containing inflationary pressures, particularly those arising from supply-side shocks. Members noted that full pass-through of fuel price adjustments could intensify inflation dynamics and stressed the importance of reviewing the fuel pricing structure, including taxes and subsidies, while carefully balancing fiscal sustainability with price stability. The Committee also highlighted the need to address structural bottlenecks in the fuel supply chain to mitigate potential spillover inflationary risks.

26. Members further observed that the ongoing crisis in Mali could adversely affect external sector developments in The Gambia, given Mali's importance as a major destination for the country's re-export trade. The Committee therefore emphasised the need to closely monitor regional developments and assess their potential implications for the domestic economy.

Global Economic Developments

27. The presentation on the Global Economic Developments report highlighted key developments in the global economy since the last MPC and the near-term outlook. The presentation was based on the April 2026 World Economic Outlook (WEO) published by the International Monetary Fund (IMF).
28. The report highlighted that the global economy is facing renewed downside risks, following the outbreak of conflict in the Middle East, which disrupted energy markets, heightened geopolitical uncertainty, and materially weakened the global growth outlook. Against this backdrop, the IMF revised its global growth forecast down to 3.1 percent in 2026, with only a modest recovery to 3.2 percent projected for 2027, reflecting the potential macroeconomic impact of the ongoing conflict. Growth in advanced economies continues to record modest growth amid slowing domestic demand and elevated policy uncertainty, while emerging market and developing economies remain comparatively stronger but increasingly vulnerable to commodity price shocks and tighter financing conditions.

29. Commodity markets have become increasingly volatile. Oil and gas prices have risen sharply amid supply disruptions and concerns surrounding maritime transport routes, while food prices remain vulnerable to climate-

related shocks and logistical bottlenecks. These developments could reverse domestic macroeconomic gains, with energy price shocks expected to increase domestic prices, potentially slowly economic activity and growth in the near term.

30. Commenting on the presentation, Members noted the heightened uncertainty surrounding the global outlook, particularly from escalating geopolitical tensions and volatility in international energy markets. The Committee emphasised the need to closely monitor developments in global energy and commodity prices and assess their potential transmission to domestic inflation and economic activity, given The Gambia's high dependence on imports.

Domestic Macroeconomic Developments

Financial Lending Survey

31. The Committee received the maiden Financial Lending Survey (FLS) Report, which provides an assessment of credit market conditions and near-term expectations across the personal, MSME, and corporate lending segments. The presentation indicated that lending conditions remained moderately expansionary during the first quarter of 2026, with stronger optimism for the second quarter. Corporate lending recorded the strongest performance, with Net Percentage Balance (NPB) indicators for loan demand and loan supply standing at 47.0 and 35.3, respectively, while personal lending conditions remained supportive. In contrast, MSME loan demand remained relatively weak, recording a negative NPB of -12.5, although expectations pointed to a strong recovery in the subsequent quarter. The survey further identified investment opportunities and borrowing costs as the main drivers of loan demand, while changing economic conditions, borrower risk

profile, and institutional risk tolerance remained the key determinants of loan supply and credit standards.

32. The presentation further highlighted that lending conditions remained strongest in the trade, energy, construction, tourism, and financial services sectors, while the fishing sector continued to record the weakest lending sentiment. Borrower riskiness and collateral requirements were identified as the principal factors contributing to loan rejections. Overall, the Financial Lending Conditions Index (FLCI) stood at 59.2 in the first quarter of 2026, indicating moderately expansionary lending conditions, and is projected to increase to 69.4 in the second quarter, reflecting expectations of stronger credit expansion, improved financing conditions, and higher lending activity across the economy.
33. Reacting to the presentation of the Financial Lending Survey, the Committee commended ERD for the initiative. Members noted that reductions in the Monetary Policy Rate could, over time, contribute to improving credit conditions. The Committee also observed that greater diversification and re-segmentation of lending portfolios could help reduce concentration risk.
34. Members recommended that future editions of the survey incorporate digital lending indicators while ERD should continue to monitor developments in digital credit, including portfolio growth, loan turnover, and credit terms and conditions.

Banking Sector Developments and Stress Test

35. The presentation on the Banking Sector report provided key updates in the industry since the last MPC. The report covers developments in the industry for the first quarter of 2026 relative to the fourth quarter of 2025 and the corresponding period in 2025.

36. According to the report, the banking sector remains stable and resilient, supported by strong balance sheet growth and sustained depositor confidence. Capital adequacy ratio of the industry marginally declined by 4.0 percent to 24.3 percent in the first quarter of 2026, relative to the same period in 2025. The liquidity ratio of the industry increased slightly to 78.3 percent in March 2026, from 76.1 percent reported in March 2025. Total industry assets stood at D129.9 billion (67.6 percent of GDP) in March 2026, compared to D104.9 billion (54.5 percent of GDP) a year earlier. Total customer deposits, the major source of funding for banks, increased by 20 percent to D84.2 billion (43.2 percent of GDP) in the first quarter of 2026 compared to the same period in 2025.
37. Although deposit mobilisation continues to improve, the report noted that financial intermediation remains low, with the loan-to-deposit ratio declining from 17.6 percent to 15.4 percent. Furthermore, the presentation indicates a remarkable improvement in the industry's non-performing loans (NPLs), which declined to 7.7 percent in March 2026 from 13.5 percent in the same period in 2025, thanks to prudent supervisory oversight and recovery efforts.

38. The report on the results of the industry-wide stress test suggests that the banking system remains broadly resilient under current macroeconomic conditions, supported by adequate capital and liquidity buffers. Moreover, foreign exchange and interest rate risk reveal limited level of exposures. However, the report continues to highlight the heterogeneity of shocks across institutions. Structural vulnerabilities continue to persist, including elevated large borrower concentration, reliance on large depositors in smaller banks, and continued sovereign exposure. Stress scenarios reveal that simultaneous shocks across credit, liquidity, and market risk channels could materially weaken resilience within vulnerable institutions.

39. Reacting to the presentation, the Committee commended the BSD for the analytical work, citing the outcome of the quarterly stress-test exercise as a critical update on financial system stability. Nonetheless, Members highlighted that, although the non-performing loans (NPLs) declined significantly during the reporting period, there is a need to address concentration risk in the financial sector. The Committee observed that strengthening the capital market would provide alternative sources of financing, reduce concentration risk within the banking system, and support financial sector development.

40. In relation to the stress-testing exercise, the Committee recommended that the BSD incorporate sectoral loan exposures into future stress-testing frameworks to better assess vulnerabilities arising from concentration in particular economic sectors.

Developments in Other Financial Institutions and Stress Test

41. The presentation on Non-Bank Financial Institutions (NBFIs) provided key highlights of the performance of Finance Companies (FCs) and Credit Unions (CUs) since the last MPC. According to the report, the sector consisted of seven Finance Companies, two of which were Islamic microfinance institutions, and fifty-six Credit Unions.

42. The presentation reveals that the industry's asset size expanded by 5.0 percent in March 2026 to reach D11.1 billion, from D10.5 billion reported in December 2025. This was driven by deposit growth and increased lending activities. Moreover, Finance Companies (FC) continued to account for 58.0 percent of the total industry asset base, , while Credit Unions (CUs) contributed the remaining 42.0 percent. The capital adequacy ratio of

Finance companies increased to 36 percent in March 2026 from 33 percent in December 2025. In addition, FC recorded an increase in profitability, driven primarily by higher lending and investment income, and a decline in the cost-to-income ratio. Credit unions also demonstrated steady balance sheet growth, supported by strong deposit mobilisation, capital reserves, and lending activity.

43. The stress testing results indicate that the microfinance sector remains broadly resilient, with vulnerabilities primarily concentrated at the individual institutional level rather than posing systemic risks. Nevertheless, the analysis reveals that the sector remains susceptible to borrower concentration risk. Despite this vulnerability, several institutions continue to exhibit strong capital adequacy and liquidity buffers under the various stress scenarios, supported by relatively diversified loan portfolios and stable funding structures.

44. Reacting to the report, the Committee recommended strengthening supervisory oversight of credit unions, particularly given that some have grown to a scale comparable to small banks. The Committee suggested that credit unions within this category could be encouraged to transition to more appropriate regulatory categories, including microfinance banking.
45. The Committee also expressed concern about the high cost-to-income ratio in the microfinance sector which stood at 93 percent, noting that this could affect the efficiency and sustainability of some institutions. Members therefore stressed the need for continued monitoring of operating costs and the overall performance of the sector.

Government Fiscal Operations

46. The presentation on the government fiscal report provided key highlights on fiscal operations for the first quarter of 2026, compared with the corresponding period in 2025. Preliminary estimates of government fiscal operations in the first three months of 2026 indicate an improvement in the fiscal position relative to 2025. The overall deficit, including grants, narrowed to D2.3 billion (1.2 percent of GDP), compared to D2.7 billion (1.4 percent of GDP) in the same period in 2025. Similarly, overall deficit, excluding grants, improved to D5.0 billion (2.5 percent of GDP) in the first quarter of 2026 from D5.5 billion (2.8 percent of GDP) in the corresponding quarter of 2025. This positive trend reflects stronger domestic revenue mobilisation, supported by ongoing improvements in tax administration and fiscal consolidation efforts.

47. Government expenditure and net lending declined moderately in the first quarter of 2026, reflecting lower capital spending despite continued growth in recurrent expenditure. Recurrent expenditure remained the dominant component of government spending, driven by increases in personnel emoluments, subsidies and transfers, and interest payments. In contrast, capital expenditure contracted significantly, largely due to lower externally financed investment and reduced Government Local Fund (GLF) capital spending. The continued rise in interest payments underscores the growing debt servicing burden, while the decline in capital expenditure highlights the need to safeguard productive public investment to support long-term economic growth.

48. Reacting to the presentation on the debt sustainability analysis, Members questioned whether the assumed primary surplus path was realistically achievable. Members were informed that the assumption was in line with the current fiscal policy path as committed under the recently concluded

IMF ECF-RSF review mission as well as government medium-term debt strategy.

49. Nonetheless, the Committee recommended that staff adopt a more iterative or scenario-based approach to identify feasible policy options for attaining the 60 percent debt-to-GDP target by 2030. Members emphasised that achieving this objective would require stronger domestic resource mobilisation alongside sustained expenditure rationalisation.

Domestic Debt Market Developments

50. The presentation on the domestic debt market provided key highlights on recent developments in debt levels, issuance trends, and overall market conditions since the last MPC.
51. Total domestic debt increased by 2.4 percent to GMD 53.3 billion as at March 2026, compared with December 2025, driven primarily by increased issuance of marketable securities, particularly Treasury Bills and Sukuk Al-Salaam. The domestic debt portfolio remained heavily concentrated in short-term instruments, which accounted for 54.8 percent of total domestic debt, thereby sustaining elevated refinancing risks and underscoring the importance of gradually lengthening the maturity profile to support debt sustainability.
52. Domestic interest payments increased to GMD 1.7 billion in the first quarter of 2026, equivalent to 5.0 percent of domestic revenue, and are projected to reach GMD 6.2 billion by the end of the year. During the review period, liquidity conditions tightened, while activity in the interbank market increased moderately. Despite these developments, yields on government securities remained broadly stable compared to the corresponding period in 2025. Overall, the domestic debt market continued to function efficiently; however, vulnerabilities arising from the high concentration of short-term

debt and rising debt servicing costs have become more pronounced, posing increasing refinancing and fiscal risks.

53. Reacting to the presentation, the Committee expressed concern about the high cost of domestic debt, particularly interest payments. Members observed that although the stock of external debt is significantly larger than domestic debt, the interest burden associated with domestic borrowing remains comparatively higher. The Committee therefore underscored the need to strengthen domestic revenue mobilisation and scale down domestic borrowing while improving the maturity structure of government debt to ensure fiscal sustainability in the medium term.

Balance of Payments Developments

54. The presentation on the external sector provided key highlights on developments in the country's Balance of Payments Position for the first quarter of 2026. The initial assessments highlighted that the current account deficit recorded an improvement both quarter-on-quarter and year-on-year, supported mainly by strong tourism-related service receipts, steady remittance inflows, and government budget support inflows. The year-on-year moderation in the deficit was further supported by lower global commodity prices, modest decline in goods imports. and improved operational efficiency at the Banjul Port, which helped reduce import and logistics costs.
55. Furthermore, the presentation noted that the goods account deficit widened to US$284.4 million (11.2 percent of GDP) in Q1 2026, from US$262.4 million (10.9 percent of GDP) in Q4 2025. In contrast, the services account strengthened, recording a surplus of US$122.6 million in Q1 2026, compared with US$68.41 million in Q4 2025 and US$95.97 million in Q1 2025, largely reflecting higher tourist arrivals during the peak season. Overall, despite the improvement in the services account, external sector vulnerabilities

persisted, particularly due to the widening trade deficit and the country's narrow export base.

56. Reacting to the presentation, the Committee welcomed the improvement in the current account position, highlighting the role tourism and remittance inflows continue to play in the Gambia's economy. Notwithstanding, Members raised concerns about the persistent Balance of Payments challenges, noting their implications for the exchange rate and domestic inflation. They called for stronger efforts to boost domestic production capacity to substitute imports.

57. The Committee further recommended that the ERD develop an external competitiveness indicator, particularly the Real Effective Exchange Rate (REER) to improve the assessment of external sector dynamics and policy relevance. Members were informed that the department has started preliminary work on developing an external sector assessment framework, including a REER index.

Developments in the Fintech Industry

58. The FinTech industry report presented key developments in the sector during the first quarter of 2026. The presentation highlighted a moderation in customer registrations, with the number of registered customers declining from 5.4 million in December 2025 to 4.6 million in March 2026. Similarly, the number of active customers decreased by 18.9 percent to 2.1 million during the review period, indicating a slowdown in customer activity.

59. Despite the decline in customer numbers, transaction activity remained robust, with both cash-in and cash-out volumes increasing significantly, reflecting the continued expansion and usage of FinTech platforms. In the

foreign exchange market, the U.S. dollar remained the dominant trading currency, accounting for 72.0 percent of total transactions, while commercial banks continued to play the leading role in foreign exchange market activity.

60. The report indicated that total transaction volumes (aggregate purchases and sales) for the first quarter of 2026 increased to US$644 million from US$590.8 million in December 2025, reflecting improved liquidity conditions in the foreign exchange market. This improvement was supported in part by higher remittance inflows, which increased by 31.4 percent to US$246.1 million.

61. On exchange rate developments, the Dalasi remained broadly stable during the period, albeit with depreciation pressures. On a quarterly basis, the Dalasi depreciated modestly against the Euro by 2.2 percent, CHF by 3.5 percent and CFA franc by 0.6 percent while appreciating slightly against the dollar by 0.3 percent and pound sterling by 0.5 percent. On a year-on-year basis, the Dalasi depreciated against all major currencies, reflecting both domestic demand pressures and spillovers from global currency dynamics.

62. Reacting to the report on FinTech developments, the Committee thanked the department for a detailed report. Members, however, raised concern about the decline in the number of registered accounts and requested further analysis of the factors driving the reduction. The Committee emphasised the need to distinguish between registered and active accounts and to assess whether the decline reflects data-cleaning exercises, market consolidation, inactivity, or other structural developments in the digital financial services industry.

Developments in Financial Markets and Foreign Reserve Management

63. The presentation on financial markets and foreign reserve management highlighted that global financial markets remained volatile amid persistent inflationary pressures and geopolitical tensions, with major central banks maintaining a cautious monetary policy stance. Against this backdrop, the Bank's foreign reserves remained prudently managed, with usable reserves standing at US$556.5 million at end-April 2026. The reserve portfolio remained well diversified and within policy thresholds, while the absence of foreign exchange market intervention reflected orderly market conditions. In addition, foreign currency shipments increased by 14.9 percent quarter-on-quarter and 56.3 percent year-on-year, supported by stronger cross-border trade and broader expansion in economic activity.
64. Commenting on the report, the Committee highlighted the need to align the calculation and presentation of gross international reserves across departments within the Bank. This would ensure consistency in reporting and guarantee reported reserve position accurately reflects resources that are readily available for policy purposes.

Monetary Developments

65. The presentation on Monetary Developments provided key highlights on recent trends in monetary aggregates and the stance of monetary policy since the last MPC. According to the report, the MPC decided to maintain the monetary policy rate and ensure a cautious monetary policy stance amid elevated geopolitical tension and rising fuel prices.
66. The presentation indicated that annual broad money growth accelerated to 23.2 percent in March 2026, compared with 11.3 percent in the corresponding period of 2025, driven by stronger growth in both net foreign

assets (NFA) and net domestic assets (NDA), with NFA remaining the primary source of liquidity. Reserve money also increased significantly by 17.2 percent, reversing the 0.9 percent contraction recorded a year earlier, reflecting the improvement in the Central Bank's net foreign asset position. Meanwhile, credit to the private sector expanded by 35.4 percent, indicating stronger domestic credit growth and continued support to economic activity.

67. The presentation further highlighted that liquidity conditions remained volatile, reflecting the effects of government fiscal operations and increased cash demand. Although the buildup in foreign assets strengthened the banking system's external position and helped moderate exchange rate pressures, Central Bank claims on government remained elevated, raising concerns about fiscal dominance and its potential implications for exchange rate stability and the effectiveness of monetary policy.
68. Commenting on the presentation, Members noted the continued volatility in liquidity conditions and the high level of the Central Bank's net claims on government. The Committee emphasised the importance of continued monitoring of these developments and strengthened monetary-fiscal policy coordination to support effective liquidity management and overall macroeconomic stability.

Business Sentiment Survey

69. The presentation of the 2026Q1 Private Business Sentiment Survey assessed business perceptions and short-term expectations regarding key macroeconomic conditions since the last MPC meeting. The survey indicated that business activity remained positive during the first quarter of 2026, supported by festive-induced demand, the rebound in tourism, and sustained activity in the construction and digital financial services sectors.

Respondents also reported increased capital expenditure and employment, driven by branch expansion, infrastructure development, equipment upgrades, and technology investment. Despite the moderation in business activity compared to the previous quarter, firms remained cautiously optimistic about the outlook for the second quarter of 2026, while expressing continued confidence in the Central Bank's performance in maintaining monetary and financial sector stability.

70. The survey further showed that businesses remained pessimistic about both the global and domestic economic outlook, citing geopolitical tensions, rising fuel prices, imported inflation, exchange rate pressures, and election-related uncertainty as the main risks. Most respondents expected inflationary pressures and Dalasi depreciation to persist in the near term, driven by elevated import demand and constrained foreign exchange inflows. While lending rates were generally perceived to have remained broadly stable during the review period, businesses anticipated tighter monetary conditions in the coming months as inflationary pressures persist.

71. Commenting on the presentation, the Committee commended the Economic Research Department (ERD) for expanding the coverage of the business sentiment analysis. In addition, the Committee requested that ERD also conduct a consumer sentiment survey, noting its relevance in capturing evolving demand-side dynamics and inflation expectations.

72. Furthermore, the Committee observed that, although still elevated, business sentiments on inflation expectations appear to be broadly aligned with the Bank's near-term inflation projections, suggesting that expectations remain relatively anchored. Nonetheless, Members cautioned that shifts in sentiment could pose upside risks to inflation,

particularly if not adequately managed through appropriate policy responses.

Real Sector Developments

73. The presentation on Real Sector Developments highlighted that the Gambian economy remained broadly resilient during the review period despite a challenging global environment. Revised estimates from the Gambia Bureau of Statistics indicated stronger-than-previously estimated growth, with real GDP growth for 2023 revised upward to 5.9 percent from 5.0 percent, while 2024 growth was revised to 5.6 percent from 5.3 percent. Against this backdrop, the Central Bank projected economic growth at 6.4 percent in 2025 and 5.7 percent in 2026, supported by robust tourism performance, favourable agricultural prospects, strong domestic demand, and sustained private sector activity.
74. The presentation further highlighted that the Composite Index of Economic Activity (CIEA) continued to indicate broad-based economic expansion during the first quarter of 2026, although activity remained below its long-term trend, reflecting a modest negative output gap. Economic activity was increasingly supported by foreign factors, particularly stronger tourism arrivals, remittance inflows, and improved external demand conditions.

75. Reacting to the report, Members observed that the below-average rainfall projected for the year could adversely affect agricultural production and crop yields, with potential spillover effects on food inflation and overall economic growth.

76. Furthermore, the committee recommended that ERD undertake further analysis of developments in the manufacturing sector to deepen the assessment of structural factors influencing domestic economic activity.

The Committee also emphasised the need to incorporate relevant developments under the African Continental Free Trade Area (AfCFTA) into the macroeconomic assessment, particularly their implications for trade, investment, and domestic production.

Inflation Developments

77. The presentation on Inflation Developments provided key highlights of recent price developments and the near-term outlook. The report indicated that the disinflation observed throughout 2025 has stalled, with headline inflation increasing to 7.0 percent in April 2026, from 6.6 percent in December 2025 and 6.4 percent in January 2026, marking the third consecutive monthly increase. The uptick reflected firmer price pressures across both food and non-food components, although inflation remained well below the peak levels recorded during 2023. Food inflation increased moderately to 6.7 percent, driven mainly by higher prices of meat, fish, fruits, and nuts, whereas non-food inflation accelerated to 7.2 percent, reflecting stronger price pressures in transport, housing, utilities, and selected services.
78. The presentation further highlighted that underlying inflationary pressures have become more persistent, with Core 1 inflation rising to 6.6 percent from 3.4 percent in January 2026 and Core 2 inflation increasing to 6.5 percent from 4.6 percent over the same period. While inflation is expected to remain within the single-digit range in the near term, the outlook has become more uncertain due to rising transport costs, imported inflation, exchange rate developments, ongoing domestic fuel price adjustments, and heightened geopolitical tensions in the Middle East. The presentation concluded that, although price stability has improved considerably compared with 2023, upside risks remain requiring prudent policy calibration going forward.

79. Reacting to the presentation, the Committee underscored the need to strengthen monetary policy communication, to enhance public awareness and understanding of monetary policy decisions. Members also raised concerns about the convergence of headline and core inflation, noting that core inflation is generally expected to be less volatile. The observed convergence could therefore indicate broad-based increases in prices, with implications for the medium-term inflation outlook and the appropriate monetary policy response.

Policy Justification

The global economy continues to demonstrate resilience despite renewed downside risks from heightened geopolitical tensions and disruptions in global energy markets. Global growth is projected to remain above 3.0 percent in 2026 and 2027, supported by fiscal stimulus, easing financial conditions, and resilient private sector activity. Nonetheless, elevated energy prices and geopolitical uncertainty pose risks to global output, investment, and inflation. These developments could have important spillover effects on the Gambian economy through tourism, remittance inflows, commodity prices, and trade.

Global disinflation momentum has weakened amid renewed increases in energy and transport costs associated with the conflict in the Middle East. Global headline inflation is expected to rise temporarily in 2026, reflecting higher oil prices arising from disruptions, and increased shipping costs. Although international food prices remain relatively contained, The Gambia remains vulnerable to imported inflation through higher fuel and transport costs, as well as exchange rate pass-through. Consequently, risks to the domestic inflation outlook are tilted to the upside.

On the domestic front, the Gambian economy remains resilient, supported by strong remittance inflows, recovery in tourism, construction activity, and continued expansion in digital financial services. The foreign exchange market continues to function smoothly, supported by improved foreign currency inflows and a strong international reserves position. However, the recent increase in headline, food, non-food, and core inflation points to renewed price pressures. Against this backdrop, the Committee assessed that monetary policy should remain prudent, ensuring a cautious but appropriate monetary policy stance, to counter emerging inflationary pressures and safeguard the gains achieved in the disinflation process.

Decision

1. Based on the above factors and the strong commitment to ensuring inflation returns to the medium-term target, the Monetary Policy Committee decided to maintain a tight monetary policy stance and left the monetary policy rate unchanged at 14.0 percent. The following is a summary of the Committee's decisions:
    1. **Monetary Policy Rate (MPR):** maintained the MPR at 14.0 percent.
    2. **Required Reserve (RR):** The required reserve of commercial banks was maintained at 13.0 percent.
    3. **Standing Deposit Facility (SDF):** The interest rate on the standing deposit facility remains at 5.0 percent.
    4. **Standing Lending Facility (SLF):** The interest rate on the standing lending facility remains at 15.0 percent.

The Committee will review incoming data and take the necessary policy measures to safeguard the Bank's primary objectives.

Information Note

Date for the next MPC meeting

The next Monetary Policy Committee (MPC) meeting is slated for **Wednesday, August 26, 2026**. The meeting will be followed by the policy decision announcement on **Thursday, August 27, 2026**.