

CENTRAL BANK OF THE GAMBIA



MONETARY POLICY COMMITTEE

MINUTES OF MEETING NO.96

December 03-04, 2025

The Monetary Policy Committee (MPC) of the Central Bank of The Gambia (CBG) convened on December 03-04, 2025. The Committee reviewed developments in the domestic economy and emerging risks to inflation and growth outlook and decided to cut the monetary policy rate by 100 basis points to 16.0 percent. The meeting was attended by all nine Members of the Committee.

MPC Members Present

Name	Role
Mr. Buah Saidy	Chairman
Dr. Abdoulie Sireh Jallow	Member
Dr. Paul Mendy	Member
Mrs. Halima Singhateh	Member
Mr. Karamo Jawara	Member
Mr. Sheriff Touray	Member
Mr. Amadou Ceesay	Member
Mr. Mohamed Gillen	Member
Mr. Lamin Bojang	Member
Dr. Foday Joof	Secretary

Report Presenters

Name	Designation
Mr. Alagie B. Sowe	Economist, Economic Research Department
Mr Yaya Jatta	Banking Officer, Banking and Payment Systems Department
Mr. Adama Joof	Bank Examiner, Banking Supervision Department
Mr. Lamin Manneh	Bank Examiner, Banking Supervision Department
Mr. Karamo Sawaneh	Bank Examiner, Banking Supervision Department
Ms. Jacqueline Mendy	Cadet Officer, Other Financial Institutions Supervision Department
Muhammed Sonko	Islamic Finance Officer
Mrs. Aminata Ceesay	Cadet Officer, Financial Markets and Reserve Management Department
Ms. Rohey B. Cham	Cadet Economist, Economic Research Department
Mr. Ansou Manneh	Assistant Statistician, Economic Research Department
Dr. Foday Joof	Principal Economist, 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. Modou Joof	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 discussions of reports

- Lunch Break
- Presentation and discussion of reports
- Closing

Opening Remarks by the Chairman

2. In his opening statement, the Governor and Chairman of the Committee welcomed Members to the final Monetary Policy Committee Meeting (MPC) for the year 2025.
3. Commenting on recent developments in the domestic economy, the Chairman expressed optimism in the fight against inflation, highlighting that Inflation has moderated further during the review period. He indicated that this marks several consecutive months of single-digit outcomes, reflecting easing food and non-food pressures and the effect of tight monetary policy. He further noted that while this development is encouraging, risks remain, particularly from fiscal expansion, election-related dynamics, exchange rate movements, and structural supply constraints in key sectors.
4. On the global front, the Chairman noted and welcomed the positive developments, citing ongoing negotiations are easing trade and geopolitical tensions. This is expected to bring back some stability in the global economic and financial system, safeguard international trade and financial flows, particularly towards emerging and developing countries. Nonetheless, he cautioned that the world is transitioning to a new normal, requiring a strategic pivot in policies to safeguard our economy and build policy and capital buffers for any potential shocks.
5. In conclusion, the Chairman commended staff and MPC Members for their steadfast commitment to navigating the ongoing economic headwinds. To deliver on the MPC mandate and ensure inflation stabilises around the

Bank's medium-term target, he reiterated the need for monetary policy to stay focused and credible going forward.

Review and Adoption of Minutes of MPC Meeting No. 95

6. The minutes of the MPC Meeting No.95 were reviewed and adopted after minor adjustments.

Matters Arising

7. There were no matters arising discussed in the meeting.

Presentation of Reports

8. 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
- 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
- Exchange Rate Development
- Monetary Developments
- Business Sentiment Survey
- Real Sector Developments
- Price Developments (Inflation)

Staff Assessment and Economic Outlook

9. Staff assessment indicates that economic activity remained resilient in quarter three of 2025, supported by strong domestic demand and favourable external conditions. Although activity moderated during the lean period, the output gap narrowed only marginally, reflecting the continued strength of underlying demand. Growth was underpinned by sustained public and private investment, the continued recovery of the tourism sector, stable remittance inflows, and accommodative monetary conditions. Thus, staff project real GDP growth at about 6.4 percent in 2025 and 6.2 percent in 2026, with the medium-term outlook remaining favourable as domestic consumption, investment, and external demand continue to support economic activity.

10. On inflation developments, staff noted that while quarter-on-quarter inflation increased, reflecting short-term volatility in key components of the consumer basket, year-on-year inflation eased overall, largely driven by declines in administered prices. Market inflation, however, remained elevated due to higher prices of selected food and non-food items. Underlying cost pressures moderated during the third quarter, reflecting easing domestic and imported cost factors. Looking ahead, inflation is projected to stabilise at around 7 percent in 2025 and gradually decline towards the medium-term target of 5 percent in 2026 as supply shocks unwind and inflation expectations continue to moderate.

11. The assessment concluded that risks remain broadly balanced. On the upside, strengthened monetary policy operations through a faster withdrawal of excess liquidity could enhance policy transmission and accelerate the disinflation process, albeit with a modest impact on growth. On the downside, a favourable cropping season could boost domestic

food supply, support rural incomes, and strengthen growth prospects, although the impact on inflation is expected to be limited given the relatively small weight of domestically produced goods in the CPI basket. In this context, monetary policy easing is expected to proceed gradually, supported by active liquidity management to ensure inflation remains on a sustained disinflation path while preserving macroeconomic stability.

12. Reacting to the medium-term macroeconomic outlook, the Committee welcomed the projected moderation in inflation but noted the upward revision of average inflation to around 7 percent by end-2025, compared to the earlier projection of 5 percent. The Committee acknowledged that fiscal developments, particularly the scaling-up of large infrastructure projects, may have contributed to the revised outlook.
13. Furthermore, Members observed that the expansion in domestic rice production, which is estimated at approximately US\$40 million, had not been fully reflected in the output forecast and advised ERD to incorporate this development into growth projections to better capture emerging supply-side improvements. The Committee further underscored the structural nature of inflationary pressures, noting that analysis should extend beyond aggregate demand–supply dynamics and advise ERD to conduct a study in this regard.
14. The Committee emphasised the need to deepen the analytical underpinnings of the inflation forecasting framework. In particular, the Committee called for clearer decomposition of administratively determined prices, including fuel pricing mechanisms and implicit subsidies, and directed the Economic Research Department (ERD) to strengthen the modelling architecture accordingly. The Committee also highlighted that reducing importer margins and reviewing NRA-related margins could ease

domestic fuel prices. Greater transparency in fuel price calculations was encouraged to improve public confidence.

15. Members agreed that, for modelling and forecasting purposes, greater emphasis should be placed on end-period exchange rates rather than period averages, as end-period measures more accurately capture prevailing market conditions and exchange rate pressures relevant for policy assessment and forward-looking analysis.

Global Economic Developments

16. 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 October 2025 World Economic Outlook (WEO) published by the International Monetary Fund (IMF).
17. The report noted that global economic recovery is losing momentum after a strong start to the year. Growth remains fragile, and long-term challenges are increasingly weighing on the outlook. The International Monetary Fund (IMF) projected global growth at 3.2 percent in 2025 and 3.1 percent in 2026, which are still below the pre-pandemic average of 3.7 percent. Advanced economies are expected to grow at 1.6 percent, while emerging markets and developing economies will expand by 4.2 percent. Growth in Sub-Saharan Africa is forecast at 4.0 percent, aided by easing inflation and stabilising exchange rates, though recovery remains uneven.
18. On global inflation, the presentation highlights that inflation continues to moderate, and it is projected at 4.2 percent in 2025 and trending toward 3.7 percent in 2026, supported by softer energy prices and improved supply conditions. The decline in inflation is more pronounced in the euro area and

Asia. Inflation dynamics, however, remain more challenging in developing economies, where elevated food and energy costs, currency depreciation, and fiscal vulnerabilities persist.

19. On international commodity prices, the presentation indicated that commodity prices are expected to remain broadly subdued in 2025. Energy prices have eased compared to last year, with crude oil projected to average around US\$66.9 per barrel, down from US\$79.2 in 2024. This reflects ample supply and softer global demand. Food prices have also stabilised, though the outlook remains fragile amid trade tensions, geopolitical risks, and climate-related disruptions. The FAO Food Price Index declined by 1.6 percent between September and October 2025, marking a second consecutive monthly drop. Similarly, the FAO Rice Price Index fell by 2.5 percent over the same period.
20. The report concluded, stressing the consequences of the ongoing trade tensions, geopolitical realignments, and pivot in development assistance on the Gambian economy, especially in the areas of tourism and remittances. Against this backdrop, the report emphasised the need for prudent calibration of macroeconomic policies going forward to cushion the economy from any potential shocks in the future.
21. Reacting to the presentation, the Committee welcomed the recent decline in global energy prices and noted that this downward trend is expected to persist in the near term. Members observed that this development could provide some relief to domestic inflationary pressures, particularly through lower import costs and reduced transportation expenses. The Committee further noted that the global economy appears to be gradually adapting to ongoing geopolitical tensions, as reflected in improving supply chain conditions and enhanced logistical efficiencies.

22. Notwithstanding these developments, the Committee cautioned that persistent global conflicts and geopolitical uncertainties continue to pose downside risks to the external environment. Members emphasised that such risks could transmit to The Gambia through commodity price volatility, trade disruptions, and tighter external financing conditions. Accordingly, Members underscored the need for continued close monitoring of global developments and their potential implications for the domestic economic outlook.

Domestic Macroeconomic Developments

Banking Sector Developments and Stress Test

23. 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 third quarter of 2025 in relation to the second quarter of 2025 and the corresponding period in 2024.

24. According to the report, the banking industry continues to function smoothly, characterised by healthy financial soundness indicators. The sector's overall risk-weighted capital adequacy ratio stood at 25.1 percent in September 2025, higher than the 24.9 percent recorded in September 2024. The rise is attributable to a growth in paid-up capital and retained earnings. The liquidity ratio of the industry decreased slightly to 80.3 percent in September 2025, from 81.8 percent reported in September 2024. The loan-to-deposit ratio declined from 25.2 percent to 22.6 percent. Total industry assets stood at D116.8 billion (71.3 percent of GDP) in September 2025, compared to D104.5 billion (72.1 percent of GDP) a year earlier. Total deposits increased by 15.6 percent year-on-year to D76.4 billion (46.5 percent of GDP). On asset quality, the presentation showed significant

improvement in the industry's non-performing loans (NPLs), which declined from 15.8 percent at end September 2024 to 10.8 percent in the same period in 2025.

25. The presentation on the results of the industry-wide stress test exercise highlighted that credit concentration and liquidity remain the major sources of vulnerability in the banking system. In effect, the report reveals that under adverse conditions, vulnerabilities become more apparent, particularly among small banks with concentrated loan portfolios and reliance on large depositors. Therefore, the presentation stressed the need to support the ongoing capital augmentation process to strengthen capital buffers, diversify funding sources and encourage loan syndication to minimise credit concentration and ultimately high NPLs. This is expected to cushion the banking industry and safeguard financial system stability.

26. Commenting on the presentation, the Committee welcomed the positive performance of the banking sector, highlighting improvements in key prudential indicators and the notable decline in non-performing loans (NPLs) on a year-on-year basis. While this development was viewed as a sign of strengthening asset quality and enhanced risk management practices, the Committee cautioned that part of the decline may be attributable to denominator effects arising from credit expansion. Members, therefore, urged continued vigilance to ensure that underlying credit risks remain contained.

27. The Committee also expressed concern over persistently high overhead costs in certain institutions, particularly subsidiaries linked to parent companies abroad, where cost allocations may be influenced by group-level arrangements. Members advised that BSD to review these cost

structures, where appropriate, to ensure transparency, efficiency, and financial soundness. Moreover, the Committee also expressed concern about the high non-interest charges by commercial banks, especially foreign currency transaction-related charges. The Committee requested that the BSD look into the matter and advise management.

28. Furthermore, Members highlighted that banks should be encouraged to explore loan syndication arrangements, particularly for large exposures, rather than relying on waivers for single obligors. This approach was viewed as critical to mitigating concentration risks and strengthening overall financial system resilience.

29. In addition, the Committee recommended that the Banking Supervision Department (BSD) submit a formal proposal to procure a licensed stress-testing software package, noting that the current system in use is not a fully licensed version. Members underscored the importance of strengthening analytical tools to enhance forward-looking risk assessments and supervisory effectiveness.

30. Commenting on the banking sector stress-testing exercise, Members noted that the overall results of the exercise reveal systemwide stability and resilience. However, the Committee expressed concern regarding the growing credit, liquidity and exchange rate risks, which could undermine financial stability if not addressed.

Developments in Other Financial Institutions and Stress Test

31. 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. The non-bank financial sector continues to

play a key role in the financial ecosystem, providing financial services to low-income groups in The Gambia. The sector consisted of seven Finance Companies, two of which were Islamic microfinance institutions, and fifty-six Credit Unions.

32. The presentation highlighted that the industry's asset size expanded by 7.0 percent in September 2025 to reach D9.99 billion, from D9.30 billion reported in June 2025. This increase was largely due to expansions in key asset categories, including deposits by 21 percent, investments by 18 percent, Cash and Bank Balances by 6 percent. Compared to the corresponding quarter in the prior year, total combined assets of FCs and large CUs grew by 22 percent. Of the total industry asset base, Finance Companies continued to account for 58 percent, while Credit Unions (CUs) contributed the remaining 42 percent.
33. Additionally, the report noted that the industry customer deposit base continues to grow, increasing by 25 percent to reach D7.6 billion in September 2025, from the D7.1 billion reported in June 2025. Finance Companies maintained their dominance, contributing 55 percent or GMD 4.2 billion of total deposits, while Large Credit Unions accounted for 45 percent or GMD 3.4 billion.
34. The presentation indicated that the industry's loan portfolio remains strong, with the loan-to-deposit ratio reaching 54 percent in September 2025, indicating improved financial intermediation. From June 2025 to September 2025, total industry loans grew by 50 percent to reach D4.1 billion, with large CUs accounting for 60 percent while FCs held the remaining 40 percent. Lending from FCs is largely directed to MSMEs (69 percent), construction (10 percent), services (6 percent), agriculture (6.0 percent), personal loans (9.0

percent) and the remaining 7.0 percent of the industry loan portfolio goes to others. The concentration of credit to the MSME sector further underscores the important role NBFIs continue to play in financing petty trading activities in the country.

35. In September 2025, the report showed that FCs reported a capital adequacy ratio of 33 percent, higher than the prudential threshold of 20 percent, indicating a stable industry supported by robust capital buffers. Similarly, the capital adequacy ratio for CUs at 22.0 percent remains above the regulatory requirement of 16 percent.

36. Furthermore, the presentation highlighted that the industry continues to maintain strong liquidity, with FCs reporting an 80.0 percent liquidity ratio as of September 2025, which is higher than the 77.0 percent reported in June 2025. This is well-above the 30.0 percent prudential threshold. Similarly, large Credit Unions reported an aggregate liquidity ratio of 31.0 percent in both quarters, which is within the regulatory threshold of 16–40 percent. In terms of asset quality, the sector registered a mixed performance during the review period. Non-performing loans of FCs significantly remained at 7.0 percent in September and June 2025, above the 5.0 percent regulatory benchmark. On the other hand, non-performing loans of CUs declined to 3 percent in September 2025, from 6.0 percent in June 2025, below the regulatory benchmark of 5.0 percent.

37. On the stress test, the overall results indicate that the microfinance sector remains generally resilient, with risks largely concentrated at the individual institutional level rather than systemic. Larger institutions consistently demonstrate strong capital and liquidity buffers across the different credit concentration and deposit withdrawal scenarios. Their performance

reflects relatively diversified portfolios, stronger capital positions, and more stable funding structures.

38. The Committee welcomed the positive developments in the NBFIs industry, noting that sustained performance in key financial indicators is a testament to the stability of the sector during the period. Nevertheless, Members, once again, raise concerns over the sudden rise in the non-performing loans of certain FCs. The Microfinance Supervision Department (MSD) was directed to closely monitor the situation to mitigate any potential risks to the financial system. Additionally, the Committee reiterated the urgency in ensuring the capital augmentation of one of the FCs be expedited to protect the industry-wide stability.

39. Members welcomed the positive impact CUs are currently playing in the provision of financial services to the low-income group of society. Nonetheless, the Committee reiterated the call for CBG to strengthen regulatory oversight over NACCUG. It was noted that capacity-building initiatives are ongoing under existing Memoranda of Understanding (MOUs) but stressed that additional supervisory enhancements may be warranted. These could include reinforcing governance frameworks, conducting fit-and-proper assessments for credit union leadership, and enhancing compliance monitoring to safeguard depositors' funds and ensure overall financial system stability.

40. Furthermore, the Committee welcomed ongoing developments in the Non-Bank Financial Institutions (NBFI) sector and noted improvements in supervisory reporting and sectoral performance. However, the Members directed the Microfinance and Financial Supervision Department (MFSD) to adopt anonymised identifiers rather than referencing specific institutional names during internal presentations, in order to maintain confidentiality

and promote objective, system-wide analysis. Similarly, the Committee expressed concern over the persistently high cost-to-income ratio, which stood at around 80 percent in some MFIs. Members underscored the need for enhanced operational efficiency and encouraged greater adoption of digital financial services and technological solutions to streamline processes, reduce administrative expenses, and improve outreach sustainability

Government Fiscal Operations

41. The presentation on the government fiscal report provided key highlights on fiscal operations for the nine months of 2025. Preliminary estimates of government operations indicated strong revenue performance and an improved fiscal position in the first nine months of 2025 compared to the same period in 2024. This is largely reflecting improvement in domestic revenue collections, higher budget support (grants) and tighter expenditure controls.
42. The report noted that the overall deficit, excluding grants, slightly increased by 1.8 percent from D15.2 billion (10.8 percent of GDP) reported in the first nine months of 2024 to D15.5 billion (11.0 percent of GDP) for the corresponding period in 2025. However, the overall budget deficit, including grants, also narrowed to D6.0 billion (5 percent of GDP) in the first nine months of 2025, compared to D8.6 billion (6.1 percent of GDP) for the same period in 2024.
43. In addition, the presentation showed that revenue performance continues to improve, as key reforms in tax administration continue to progress. Total revenue and grants mobilized in the first nine months of 2025 surged to D29.3 billion (20.8 percent of GDP), marking a substantial 23.6 percent rise from the same period last year. Domestic revenue, encompassing both tax and non-tax revenues, rose by 22.2 percent to D20.8

billion (14.8 percent of GDP) in the first nine months of 2025 from D17.0 billion (12.1 percent of GDP) in the same period last year.

44. Government expenditure and net lending surged by 12.6 percent to D36.3 billion (25.8 percent of GDP) from D32.2 billion (23 percent of GDP) in the same period last year. Of this, recurrent expenditure continues to be the main driver of government expenditure and net lending, accounting for 65 percent of the total government expenditure. Specifically, recurrent expenditure increased modestly by 22.9 percent to D23.8 billion (16.9 percent of GDP) during the first nine months of 2025, compared to D19.4 billion (13.8 percent of GDP) in the same period of 2024.

45. This increase was largely as a result of increases in notable components, including other charges, which increased by 24.3 percent and subsidies & transfers, which expanded by 30.8 percent respectively. Similarly, spending on personal emoluments increased by 36.8 percent to D 7.1 billion (5.1 percent of GDP) from D5.2 billion (3.7 percent of GDP). Interest payments on domestic debt marginally increased by 6.8 percent to D3.8 billion, whereas external interest payments declined by 27 percent to D0.4 billion during the first nine months of 2025.

46. Reacting to the presentation, the Committee underscored the need to address fiscal leakages in order to enhance public financial management and strengthen fiscal sustainability. Members discussed the possibility of ring-fencing certain public funds in escrow accounts to improve transparency and accountability, and, where feasible, exploring the use of capital market instruments to optimise liquidity management and support fiscal discipline. The Committee was informed that some statutory accounts established by Acts of Parliament present operational and legal constraints. In this regard, Mr. Lamin

Bojang of MoFEA (Committee Member) was requested to provide a comprehensive list of such accounts for further review and policy consideration.

47. Members also called for enhanced collaboration between the Economic Research Department (ERD) and the Ministry of Finance and Economic Affairs (MoFEA) to undertake a rigorous analysis of fiscal and revenue multipliers. The Committee emphasized that a clearer understanding of fiscal transmission mechanisms is essential for assessing the impact of government spending and revenue measures on growth, inflation, and overall macroeconomic stability.

Domestic Debt Market Developments

48. The presentation on the Domestic Debt Market report highlighted recent developments in the domestic money and bond markets since the last MPC. The report noted that the domestic debt stock rose by 8.1 percent year-on-year to stand at D50.1 billion in October 2025. The increase was mainly on account of issuances of short-term treasury bills and treasury bonds to finance the deficit. Notwithstanding, the ratio of domestic debt to GDP marginally declined to stand at 28.5 percent in October 2025 from 28.7 percent reported in the same period in 2024, reflecting the rising nominal GDP (the denominator effect).

49. In terms of domestic debt composition, efforts to push the domestic holdings into the longer end are not yielding the expected dividend. Short-term instruments continue to account for the highest share of the debt stock at 52.1 percent, while Medium-term instruments and long-term securities accounted for 32.9 percent and 15.0 percent, respectively. This poses significant refinancing risk and further fiscal strains, given that more than half of the debt is maturing within one year (based on original

maturity). Domestic debt service cost for 2025 is D5.78 billion (21.31 percent of domestic revenue), up from D5.23 billion (23.13 percent of domestic revenue) in 2024. The increase is driven by higher coupon payments resulting from an expanded bond stock and commencement of repayments of the 2020 IMF Rapid Credit Facility. Of the total debt service figure, interest payments accounted for D5.0 billion while amortization amounted to D767.1 million. Debt service is projected to reach D6.8 billion in 2026 due to higher costs on short-term bills and repayment of RCF 2020.

50. Government securities yields continue to be subdued compared to the monetary policy rate, with the weighted average Treasury bill rate decreasing to 11.1 percent in September 2025, from 11.8 percent in June 2025. This largely reflects ample liquidity in the financial system and government financing needs.

51. On interbank activity, the presentation indicated that total trade volumes of transactions reached D15.1 billion from January to October 2025, compared to the D13.1 billion reported in December 2024. The weighted average interest rate in the market stood at 5.3 percent during the period. Furthermore, the report highlighted that the Bank's interest rate corridor continues to function smoothly, supporting monetary policy operation and effective liquidity management. Total borrowing through the standing facility from January to November 2025 amounted to D33.9 billion compared to deposits of D45.59 billion. The sudden increase in deposits reflects the disbursement of the \$75 million Afreximbank facility to NRA which resulted in significant liquidity injections, prompting increases in bank placements through the corridor.

52. In response to the presentation, the Committee expressed concern over the rebound in domestic debt, noting that the increase would raise debt service obligations and strain domestic resources. Debt service was projected at D6.8 billion in 2026, leaving limited funds for other critical social sectors. Moreover, Members noted that over D3 billion is projected to be spent on external debt servicing in the coming year. This will constrain the fiscal space and pose significant refinancing and fiscal sustainability risks. The Committee emphasised that expenditure prudence is essential to safeguard fiscal sustainability and expand the fiscal space.

Balance of Payments Developments

53. The presentation on the balance of payments report provided an update on key developments in the external sector since the last MPC. The report noted that preliminary balance of payments estimates indicated that the current account deficit narrowed to US\$66.7 million (2.8 percent of GDP) in the first nine months of 2025, compared to US\$78.7 million (3.3 percent of GDP) in the corresponding period of 2024. This improvement was largely attributed to the decline in the value of imports, higher tourism income, and sustained remittance inflows.

54. Furthermore, the report indicated that the trade balance, measured by the goods account balance, narrowed to a deficit of US\$698.7 million (29.1 percent of GDP) in the first nine months of 2025, from US\$727.9 million (30.5 percent of GDP) in the same period of 2024. The value of imports fell due to subdued global commodity prices and improved efficiency at the port of Banjul, which reduced import and other logistics costs. Total imports decreased by 10.1 percent to US\$310.6 million. Main imported items were electricity, fuel, construction materials, and food. Meanwhile, total exports

fell by 5.4 percent to reach US\$99.9 million over the same period, partly owing to the stifling re-export sub-sector.

55. The presentation further highlighted that the service account surged significantly in the nine months of the year to a surplus of US\$215.7 million, on the back of a marked growth in the number of tourist arrivals, mirroring favourable projections of a better tourism season for 2025. With the ongoing high publicity of The Gambia as a better and safer tourist destination by The Gambia Tourism Board is expected to boost arrival numbers, surpassing the pre-pandemic levels. Moreover, it is envisaged that the rising cruise ship calling at the destination Gambia is going to support this development.

56. In addition, the presentation revealed an increase in personal transfers by 5.0 percent to US\$395.5 million in the first nine months of 2025, compared to the same period last year. On the other hand, the report noted that the secondary income account rose by 7.3 percent to stand at US\$412.3 million, compared to a net inflow of US\$384.3 million in the first nine months of 2024, mainly on account of worker's remittances.

57. The presentation highlighted that the capital account balance in the first nine months of the year grew modestly to a surplus of US\$68.67 million from a surplus of US\$78.56 million in the corresponding period of 2024. The capital account balance is projected to surpass the 2024 value of US\$117.88 million due to the amount of project support expected by the end of the year.

58. Reacting to the presentation, the Committee welcomed improvement in the country's current account balance, noting that this development partly reflects recent gains in port efficiency and smoother trade facilitation processes. Members observed that previous logistical bottlenecks were largely operational rather than structural in nature, and that ongoing

efficiency improvements have contributed positively to external sector performance. Despite these gains, the Committee underscored the need for sustained investment in the productive sectors of the economy to strengthen export capacity and enhance competitiveness. Members emphasized that expanding domestic production is critical not only for generating foreign exchange earnings but also for reducing import dependence and ensuring a more stable and resilient external position over the medium term.

Developments in the Fintech Industry

59. The Fintech industry report provided key highlights of the industry for the third quarter of 2025. The presentation focused on Mobile Money Operators (MMOs), Fintech Companies, Forex Bureaus, and Money Transfer Operators (MTOs). Just like NBFIs, a key feature of these institutions is their provision of retail payment and other financial services to low-income populations and the informal sector— groups often considered high-risk by commercial banks and therefore largely excluded from the formal financial system. The report noted that this has played a significant role in supporting financial inclusion in the country.

60. As of September 2025, the industry comprised twelve licensed Fintech entities, comprising three mobile money operators and nine Fintech companies. The presentation highlighted that the total registered accounts and active accounts marginally declined to 4.4 million and 2.1 million in September 2025, from 4.5 million and 2.4 million in June 2025, respectively. Furthermore, the report noted that the combined value of cash-in and cash-out transactions rose by 2.2 percent to stand at D42.1 billion in September 2025, from D41.2 billion in June 2025, reflecting the growing digital financial services uptake and broader financial inclusion.

61. Just like in earlier reports, the presentation noted that although the Fintech industry plays a leading role in fostering financial inclusion, this drive is largely concentrated with a few large institutions, raising concerns of systemic risks and sustainability challenges. Furthermore, the report also noted some ongoing regulatory concerns, including service quality challenges and fraudulent activities. Thus, more strategic investments in infrastructure, cybersecurity, and customer engagement should be prioritised going forward.
62. Reacting to the presentation, the Committee acknowledged the transformative role the Fintech sector continues to play in the country's financial landscape. Nonetheless, Members underscored the importance of strengthening public awareness and financial literacy, particularly in relation to emerging Fintech developments—amid the rising number of complaints. The Committee emphasised the need for improved complaint data analytics, directing that complaints received by the Fintech Department be systematically disaggregated into categories such as financial fraud, internet-related incidents, and customer negligence. This enhanced classification is intended to strengthen consumer protection monitoring and supervisory responsiveness.
63. Furthermore, the Committee emphasised the need for stronger regulatory measures. It was observed that the customer deposit base of FinTech institutions is expanding rapidly, yet these deposits are currently not subject to any reserve requirements. The Committee requested that the Bank, through the FinTech, Banking Supervision and Legal Department, develop guidelines or regulations that will address this issue. Members further directed that the regulatory guidelines for fintech operators be reviewed and updated following the Board meeting to be held on 12 December

2025, with a view to aligning the framework with evolving market developments and emerging risk considerations.

Foreign Exchange Market Developments

64. The presentation provided key highlights of the foreign exchange market since the last MPC. The report noted that the foreign exchange market continues to operate efficiently. Aggregate foreign currency purchases and sales reached US\$2.4 billion in the first nine months of 2025, compared to US\$2.1 billion in the corresponding period of 2024, reflecting improved foreign exchange supply conditions. Private remittance inflows, 24.3 percent of which originated from the United States, amounted to US\$638.4 million between January and September 2025.
65. On a quarter-on-quarter basis, the presentation further highlighted that remittance inflows slightly contracted in the third quarter of 2025 by 2.5 percent to US\$212.41 million from US\$217.80 million in the second quarter of 2025. This decline in volumes is attributable to seasonality as there was no major event during the period under review. Relative to the corresponding period last year, remittance inflows increased by 16.3 percent from US\$182.60 million in the third quarter of 2024.
66. In addition, the exchange rate of the dalasi vis-à-vis other major traded currencies in the domestic foreign exchange market, continues to be stable, albeit with some depreciation pressures. Between June and September 2025, the dalasi depreciated moderately against all its major trading peers. The Dalasi weakened against the US dollar by 0.16 percent, Euro by 1.2 percent and CFA franc per 5000 units by 6 percent. However, it strengthens against the Pound sterling by 0.19 percent.

67. Reacting to the presentation, the Committee acknowledged the strategic importance of leveraging remittance inflows to support external stability, particularly given the country's limited natural resource base. Members noted the proposal to digitalise remittances within the WASA framework through regulated stablecoin arrangements aimed at facilitating cross-border transactions, trade settlements, and potentially debt servicing.
68. While recognising the potential efficiency gains from digital remittance mechanisms, the Committee calls for caution. Members observed that stablecoins are not currently recognised as foreign reserve assets under prevailing international standards and may carry legal, operational, and reputational risks. The Committee therefore recommended that the Bank seek specialised technical advice and undertake a comprehensive feasibility assessment before advancing any implementation plans.
69. On exchange rate analysis, the Committee emphasised the need for greater harmonisation and coordination between Financial Markets and the Fintech Department. Members further observed that foreign exchange market turnover remains concentrated among a limited number of key participants, although bureau-level aggregated volumes may, at times, exceed those of individual commercial banks. The Committee advised continued close monitoring of exchange rate margins and market concentration to ensure orderly market conditions and safeguard financial stability.
70. The Committee requested the Financial Markets Department to look into re-export trade financing in order to address concerns of its use for illicit financial flows.

Monetary Developments

71. 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 to support the disinflation process and guard against any emerging risk. This was viewed as necessary to sustain the positive real interest rates to support monetary operations and policy transmission.
72. The report indicated that annual money supply growth increased to 16.4 percent in September 2025, from 14.4 percent in the corresponding period a year ago. This strong growth mirrors increases in both NFA and NDA of depository corporations. The NFA remains the main source of liquidity, contributing 10.4 percentage points to the growth in broad money during the review period. Meanwhile, NDA contributed 5.9 percentage points, compared to a negative 3.4 percent in the same period a year ago.
73. The presentation also noted that, in September 2025, the Central Bank's NFA growth slowed to 39.8 percent to stand at D20.0 billion, compared to the previous year. This lower growth was largely driven by a 25.8 percent deceleration in claims on non-residents. On the other hand, the NFA of other depository corporations rose by 14.9 percent in September 2025, marking a significant slowdown compared to the 76.0 percent growth recorded in the same period last year. The moderation in growth reflects a 3.4 percent growth in claims on non-residents, which is lower than the 82.6 percent recorded in September 2024, indicating a slowdown in holdings of foreign assets by commercial banks.
74. In addition, the presentation pointed to a notable improvement in private sector credit, with claims on the private sector growing by 9.8 percent,

contributing 2.8 percent to NDA growth, reflecting improved credit conditions in the domestic economy. Similarly, net claims on the government contributed 14.8 percentage points to NDA growth, a significant increase compared to 3.9 percentage points growth a year ago.

75. The presentation also highlighted developments in reserve money growth, the Bank's operating target in its conduct of monetary policy. It was noted that reserve money growth increased to 12.5 percent in September 2025, relative to the same period in 2024. The NDA accounted for 21.2 percent of reserve money and contributed a negative 12.7 percentage points to its growth during the review period. This reflects an increase in net claims on the government and claims on the private sector and is reinforced by a drawdown in government deposits.

76. The Committee welcomed the improvement in private sector credit, viewing it as a sign of better credit conditions and growing confidence in the domestic economy, while also noting the increased contribution of net claims on government to domestic liquidity. Members further took note of developments in reserve money, reflecting changes in net domestic assets, including higher claims on government and the drawdown of government deposits. Overall, the Committee emphasized the importance of closely monitoring liquidity conditions and the composition of monetary aggregates to ensure consistency with the monetary policy stance and the objective of maintaining price and financial stability.

Business Sentiment Survey

77. The presentation of results from the 2025Q3 Private Business Sentiment Survey assessed business perceptions and short-term expectations regarding key macroeconomic conditions since the last MPC meeting. The

report indicated that respondents observed stronger production activity during the quarter, while capital expenditure remained broadly unchanged but is expected to increase by about 9 percent in the near term. Employment conditions softened slightly, with firms reporting marginal layoffs and anticipating some further weakening over the next three months. Investment momentum continues, albeit at a slower pace, reflecting constraints related to shortages of capital-related imports, exchange rate pressures, and inflationary headwinds.

78. On the outlook, businesses expect seasonal improvements in agriculture, trade, and tourism, supported by policy measures, to provide a modest boost to economic activity. While perceptions of both global and domestic conditions show gradual improvement, uncertainty remains elevated due to concerns over exchange rate depreciation, high import dependency, and structural cost pressures, even as inflation expectations point to a gradual moderation. Satisfaction with the Central Bank of The Gambia's performance remains positive but declined slightly relative to the previous quarter, indicating somewhat lower confidence in policy measures to stabilize prices, manage liquidity, and safeguard financial stability. Overall, the survey underscores both the resilience of the private sector and persistent vulnerabilities, highlighting the need to balance short-term stabilization policies with medium-term structural reforms to strengthen competitiveness and support inclusive growth.

79. Commenting on the presentation, the Committee welcomed the positive view on the prospects of the Gambian economy, which is a sign of improving business and investor confidence in the economy. The positive near-term outlook on growth could influence consumption and investment decisions, supporting overall economic performance in 2025.

80. The Committee also requested that the survey target more respondents from other sectors, such as agriculture, focusing on larger entities for a more balanced view. In addition, ERD was tasked to look into the possibility of conducting a consumer sentiment survey to complement the business sentiment survey to give a more comprehensive picture of expectations on key macroeconomic variables. Members were informed that the department has already begun preparations to initiate a consumer sentiment survey and preliminary work on the survey instruments have started.

81. The Committee further emphasized the importance of capturing election-related expectations within the survey framework, noting that political cycles can materially influence household consumption behaviour, investment decisions, exchange rate pressures, and inflation dynamics. Broadening the survey in this manner would strengthen the Bank's forward-looking analysis and enhance the responsiveness of monetary policy to evolving expectations.

Real Sector Developments

82. The presentation on Real Sector Developments provided key highlights of the recent growth performance of the Gambian economy. According to the report, recent data from the Gambia Bureau of Statistics (GBoS) indicated that the Gambian economy grew by 5.6 percent in 2024, higher than the revised growth of 5.3 percent. This strong performance was driven by solid growth in financial services, distributive trade, construction, and mining and quarrying. In addition, stable remittance inflows and strong public investment supported economic activity. Against this backdrop, the presentation showed that CBG staff forecast real GDP growth at 6.4 percent for 2025 unchanged from its August 2025 forecast, with growth projected to average above 5.5 percent in the medium term.

83. The presentation further highlighted that the Bank's Composite Index of Economic Activity (CIEA) points to strong economic activity, averaging 6.1 percent in 2024 and projected at 6.5 percent in 2025, supported by increased public infrastructure spending, stable remittance inflows that continue to underpin private consumption and investment, a rebound in tourism, and strong external demand. However, the report noted that the outlook is subjected to significant downside risks, including rising trade fragmentation, heightened geopolitical tensions, volatility in global commodity prices, and domestic climate-related risks, particularly affecting agricultural production, which could weigh on overall economic activity.

84. Reacting to the presentation, the Committee welcomed the strong performance of the Gambian economy. The robust domestic demand emanating from the ongoing public investment in critical infrastructure and remittance-financed private demand (consumption and investment) continues to aid growth momentum. On the outlook, while the Committee expressed optimism about the growth prospects, they were cautious about the risks surrounding growth and urged for macroeconomic policy to stay prudent.

Inflation Developments

85. The presentation on Inflation Developments provided key highlights of recent price trends and the near-term outlook. In October 2025, headline inflation declined to 7.0 percent, from 7.4 percent in September 2025. This is the eighth consecutive month of single-digit inflation. Similarly, food inflation declined further to 7.4 percent in October 2025 from 8.0 percent in September 2025, driven mainly by lower prices of bread and cereals, fish,

milk and dairy products, oils and fats, and other processed food products. Non-food inflation moderated slightly to 6.2 percent in October 2025 from 6.5 percent a month earlier, as housing and utilities inflation eased, partly offsetting increases in communication and hospitality services.

86. Furthermore, the presentation revealed that Core 1 inflation, which excludes volatile energy products, declined to 4.5 percent in October 2025, down from 5.3 percent in September 2025 and well below its peak of 24.2 percent recorded in September 2023. Similarly, Core 2 inflation, which further excludes both volatile energy and food products, decreased to 5.9 percent in October 2025, from 6.4 percent in September 2025, and significantly below its peak of 22.5 percent observed in September 2023. The report highlighted the moderation in non-energy and non-food-related components as the main drivers of the easing of price pressures.

87. Reacting to the presentation, the Committee welcomed the continued moderation in inflationary pressures, noting that the decline in both food and non-food inflation was a positive development in the disinflationary process. However, the Committee emphasised the need to remain vigilant to emerging second-round effects and to sustain prudent monetary policy to consolidate the disinflation gains achieved thus far.

Policy Justification

The global economy is poised to remain resilient amidst rising uncertainties regarding trade, geopolitical tensions and capital flows. Nonetheless, global economic growth is projected to average above 3.0 percent in 2025 and 2026 respectively. This is expected to have a positive spillover effect on the Gambian economy, through its potential impact on diaspora remittances, tourism and trade. On global price developments, the Committee noted the moderating inflation, with food and international rice

prices forecast to remain subdued. This is expected to support the ongoing disinflation process in the domestic economy.

On the domestic economy, the Committee's decision to reduce the monetary policy rate was justified by the continued disinflation trend and the need to align the policy stance with evolving macroeconomic conditions while supporting economic activity. Members noted that easing price pressures, improving inflation expectations, and relatively stable domestic demand conditions provided scope for a calibrated reduction without undermining the price stability objective. The rate cut was also viewed as a proactive measure to build policy space and support credit conditions, particularly for the private sector, while remaining mindful of external vulnerabilities, including exchange rate pressures and global uncertainties. Overall, the Committee assessed that the adjustment strikes an appropriate balance between supporting growth and maintaining macroeconomic and financial stability.

Going forward, the MPC commits to calibrating monetary policy based on incoming data while maintaining gradualism in future decisions. This balanced approach is necessary to sustain the macroeconomic gains and ensure risks are sufficiently anchored.

Decision

88. Based on the above factors and the strong commitment to ensuring inflation returns to the medium-term target, the Monetary Policy Committee resolved to begin easing monetary policy and cut by 100 basis points. The Committee took the following decisions:

1. **Monetary Policy Rate (MPR):** Cut the MPR from 17.0 percent to 16.0 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 stands at 17.0 percent, aligning with the adjusted MPR.

The Committee remains committed to continuing to monitor domestic and international price developments and stands ready to act should the need arise.

Information Note

[Date for the next MPC meeting](#)

The next Monetary Policy Committee (MPC) meeting is slated for **Wednesday, February 25, 2025**. The meeting will be followed by the policy decision announcement on **Thursday, February 26, 2026**.

Action Points:

Economic Research Department

- ❖ Incorporate the estimated US\$40 million expansion in domestic rice production into growth forecasts.
- ❖ Conduct a study on structural inflation dynamics beyond aggregate demand-supply analysis.
- ❖ Strengthen inflation forecasting models by decomposing administered prices (fuel pricing and implicit subsidies).
- ❖ Use end-period exchange rates instead of period averages in modelling and forecasts.
- ❖ Collaborate with MoFEA to undertake analysis of fiscal and revenue multipliers.
- ❖ Expand business sentiment survey coverage to include more sectors, especially agriculture and larger firms.
- ❖ Explore and develop a consumer sentiment survey framework.
- ❖ Incorporate election-related expectations into survey design and analysis.

Banking Supervision Department

- ❖ Review overhead cost structures of institutions, especially subsidiaries of foreign parent banks.
- ❖ Investigate high non-interest charges by commercial banks, particularly FX-related fees, and advise management.
- ❖ Submit a formal proposal to procure licensed stress-testing software.

Microfinance Financial Supervision Department

- ❖ Closely monitor rising non-performing loans in some finance companies and assess systemic risks.
- ❖ Ensure expedited capital augmentation of the affected finance company.
- ❖ Adopt anonymised identifiers in internal presentations to maintain confidentiality.
- ❖ Assess high cost-to-income ratios in MFIs and promote digitalisation to improve efficiency.

FinTech Department

- ❖ Improve complaint analytics by categorising complaints (fraud, internet incidents, customer negligence, etc.).
- ❖ Review and update fintech regulatory guidelines following the Board meeting to be held on 12 December 2025.
- ❖ Coordinate with Financial Markets Department on exchange rate analysis harmonisation.
- ❖ The FinTech Department, in collaboration with the Banking Supervision Department and Legal Department, develop and submit proposed guidelines or regulatory measures addressing the absence of reserve requirements on customer deposits held by FinTech institutions.

Financial Markets & Reserve Management Department

- ❖ Investigate re-export trade financing to address potential illicit financial flow risks.
- ❖ Seek specialised technical advice and conduct feasibility assessments on stablecoins before any implementation consideration.

External Coordination / MoFEA

- ❖ Provide a comprehensive list of statutory accounts with operational/legal constraints (MoFEA — Mr. Lamin Bojang).