ACI FMA INSIGHTS

No. 18 – March 2026

Membership

Ethical Conduct

Education

FINANCIAL MARKETS ASSOCIATION EST.1955

Greetings fellow ACI Members,

In a world marked by significant volatility driven by geopolitical events, we continue to witness heightened risk aversion and noted exposures across financial markets. These uncertain times bring real human consequences, and my thoughts and prayers are with all ACI colleagues, their families, and friends who have been affected. I sincerely hope and pray for peace, stability, and sanity to prevail globally.

At the ACI Office, Patricia and her dedicated team have been working tirelessly to advance several critical initiatives. These include the Management Board declaration of interest, the 2025 financial audit, the development of a new travel policy document, the implementation of an electronic invoicing system, upgrades to our IT infrastructure, preparations for the ACI World Congress in Ghana in May 2026, and the election processes for regional presidents. I extend my sincere appreciation and congratulations to everyone involved in these important projects for their commitment and hard work.

I have recently held productive meetings with senior members of all our Working Groups and Committees. These discussions have been invaluable in ensuring we have the right volunteers serving on these forums and in allowing me to gain deeper insight into the strategic projects underway. At this stage, I would like to extend a special thank you to John Estrada for his outstanding dedication and leadership as Chair of the FX Committee. We wish him every success and fulfilment in his new career path.

Our education portfolio is thriving under the dynamic new leadership of Elena Trimcheska. We are already seeing positive and meaningful changes to our Syllabuses and improvements in the quality of exam content. Elena's appointment has also enabled our CEO, Rui Correia, to increase his international engagement. Most recently, he undertook a successful visit to East Africa, meeting the Associations and stakeholders in Uganda, Kenya, and Tanzania. Such engagements are vital for strengthening ACI's global presence and relationships.

The Management Board continues to meet regularly, with constructive discussions focused on matters that will shape a stronger and more relevant ACI for all our members. Our Working Groups and Committees are functioning effectively, and the increased visibility generated through our webinar series is particularly commendable.

As we look ahead, I strongly encourage all members to register early for the ACI World Congress in Ghana. Those who have been involved in organising previous Congresses understand how crucial early registrations are for securing sponsors and exhibitors, ensuring the event's success.

In closing, I wish you all continued peace and prosperity. My thoughts and prayers remain with those impacted by global events, and I look forward to our collective efforts in building an even stronger ACI community.

Roy Daniels
ACI FMA Chairman & Africa President

Over the past six years, Lebanon's Eurobond market has gone through one of the most dramatic cycles we have witnessed as market participants. What was once viewed as a cornerstone asset for both investors and banks gradually collapsed into deep distress, before more recently re-emerging as a recovery-driven trade shaped more by expectations than by fundamentals.

We had already started to notice signs of stress in the market before 17th October 2019. On that day, nationwide protests erupted across Lebanon, marking a major turning point. Confidence deteriorated rapidly, and the events triggered the beginning of the country's financial and economic collapse. Political uncertainty increased and credit ratings continued to deteriorate. As confidence weakened further, Eurobond prices fell sharply and yields rose to distressed levels.

International investors began reducing their exposure, and market confidence weakened steadily. At the same time, a major balance sheet adjustment was underway within the domestic banking sector. Lebanese banks reduced their Eurobond holdings significantly, from nearly USD 15 billion in late 2019 to just over USD 2 billion by 2025. This reduction took place through a combination of market sales, provisioning, and broader foreign currency balance sheet restructuring. It marked a clear shift away from sovereign exposure, which had historically been a core component of bank asset allocation.

The sovereign default in March 2020 represented another decisive turning point. Prices fell quickly into the low teens and continued declining over the next two years, eventually reaching around 5 cents on the dollar by late 2022. During this period, the Eurobond market effectively lost its traditional function. Liquidity became extremely thin, and activity shifted mainly toward distressed debt investors positioning for a potential long-term recovery rather than short-term returns.

More recently, sentiment has begun to improve. Starting in late 2024, bond prices gradually recovered, supported by renewed investor interest and growing optimism around political developments, reform prospects, and the possibility of future restructuring. This trend strengthened throughout 2025 and into early 2026, with prices rising above 28 cents on the dollar, the highest levels since the default, as distressed debt investors increasingly positioned ahead of a potential recovery scenario.

From where we stand today, Lebanon's Eurobond market remains in a transitional phase. Although the debt is still in default, current price levels increasingly reflect expectations of eventual restructuring and normalization rather than present financial realities. This cycle has reinforced an important lesson for us as market participants: even after a severe sovereign default, debt markets can begin to recover once confidence starts to rebuild and credible prospects for resolution emerge.

Elie Chami
ACI Lebanon President

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See it - Say it - Sorted

After several years representing ACI Suisse in the ACI FMA Council meetings, I was recently elected to the ACI FMA Management Board, in November 2025 to be precise. Reflecting on this transition and just coming back from a business trip to the United Kingdom, I was reminded of the "See it - Say it - Sorted" campaign played on public transportation there.

As a Council member, I was always keen to provide feedback with the aim of changing ACI FMA to the better or recognising progress. As a member of the Management Board, I want to use this article to ask our members and Affiliated Association's representatives in Council to do the same and give us feedback. Active feedback plays a crucial role in improving our processes, our offering, and our relationships with members and other stakeholders. Therefore, I want to encourage you to share your perspectives openly, as it creates a culture of transparency and continuous learning.

One of the primary benefits of active feedback is that it helps identify issues early. You as members or Affiliated Association's representatives may notice problems or inefficiencies not visible to us. By providing feedback, we can gain valuable insights that lead to better and more informed decisions. Additionally, people who feel heard are more likely to stay engaged and invested in the outcomes. This sense of participation strengthens trust and collaboration within our association.

Obviously, it is important to recognise that not every piece of feedback can be implemented. ACI FMA often operates within constraints such as limited time, budget, staffing, or technical feasibility. While these realities can make it impossible to act on every recommendation, they do not diminish the value of collecting and considering feedback.

Some previous input has been put into actions – the creation of the monthly Webinar Series in April 2025 is a concrete example. Having been involved in this project myself, I sincerely hope that you appreciate this innovation – please provide feedback (marcel.zimmermann@acifma.com).

Ultimately, active feedback is most effective when it is treated as an ongoing dialogue. By listening carefully, communicating openly, and balancing ideas with practical constraints, an organisation like ACI FMA can create an environment where feedback meaningfully contributes to progress.

Marcel Zimmermann
ACI FMA Europe co-President

Tanzania's Financial Market Structure

Tanzania's financial market structure is anchored by a strong regulatory framework, a dominant banking sector, and an evolving network of capital markets, non-bank institutions, and digital financial services. At the centre of the system is the Bank of Tanzania (BoT), which oversees monetary policy, regulates financial institutions, manages foreign reserves, and provides critical infrastructure for the money and capital markets.

Over the years, the BoT has advanced the financial system through initiatives such as modernizing government securities markets, implementing the Tanzania Interbank Cash Market System (TZ-IBCM), and enhancing depository and settlement linkages. Recent reforms including the shift to an interest-rate-based monetary policy framework and the introduction of regulation for Islamic finance reflect an alignment with global standards and a push toward broader financial inclusion.

The banking sector remains the backbone of Tanzania's financial system, accounting for over 70% of total financial assets. As of 2024, the country hosts 47 licensed banks, spanning commercial, community, microfinance, and development institutions. Large banks such as CRDB and NMB dominate market share, benefiting from improved asset quality, declining non-performing loans, strong capital adequacy, and sustained profitability. Digital transformation continues to reshape the sector, with mobile and agency banking expanding rapidly across underserved regions and strengthening financial inclusion.

Non-bank financial institutions including pension funds, insurers, leasing companies, and a rapidly expanding microfinance segment, play a central role in widening access to financial services. Licensed microfinance providers have now exceeded 1,500, signaling strong demand for SME-focused credit and grassroots financial solutions.

Tanzania's capital markets, led by the Dar es Salaam Stock Exchange (DSE) and regulated by the Capital Markets and Securities Authority (CMSA), continue to develop through modernization of settlement systems and issuance of longer-dated government bonds that have broadened the investor base. While equities remain modest in activity, government securities form the backbone of trading and attract growing domestic and foreign participation.

A key structural characteristic of Tanzania's financial landscape today is the partial liberalization of the capital account currently limited to EAC and SADC region. Under the Foreign Exchange Regulations, 2022, capital and financial account transactions are regulated, with specific conditions governing the purchase, sale, and transfer of securities, inward and outward investments, and foreign borrowing. This framework means that the capital account is not yet fully liberalized, but gradual steps toward further openness are underway as policymakers consider reforms to attract more global capital.

Overall, Tanzania's financial market structure reflects a system transitioning toward greater sophistication and integration. With ongoing regulatory reforms, digital innovation, and strategic plans to further open the capital account, the country is strengthening its position as a resilient and increasingly competitive financial hub within East Africa.

Farid Yahya Ally
ACI FMA Tanzania President