FINANCIAL STABILITY COUNCIL

11 NOVEMBER 2026

PRESS RELEASE

At the meeting today, 11 November 2026, the Financial Stability Council (FSC) concluded that Botswana's financial system remains resilient and supportive of economic activity despite a challenging operating environment. This resilience rests on safe and sound banks and non-bank financial institutions (NBFIs), robust financial market infrastructures, and effective regulatory and supervisory frameworks. Meanwhile, subdued economic activity, an uncertain global outlook and funding concentration continue to pose risks, but are moderated by resilient financial institutions, improving domestic liquidity, recovering foreign exchange reserves and ongoing reforms. Earlier risks relating to government finances and impact on liquidity and cost of funding, are being effectively addressed through fiscal consolidation and timely budget financing arrangements.

Since the May 2026 FSC meeting, the global financial system has remained generally resilient despite uncertainty emanating from geopolitical tensions. Global resilience was supported by artificial intelligence (AI)-related investments, economic growth and strong earnings. However, risks remain elevated due to public debt pressures, volatile sovereign bond markets, excessive NBFI leverage, potential market corrections for AI-related equities and AI-enabled cyber threats. Sub-Saharan African financial systems are similarly resilient despite sovereign financing pressures, tighter global financial conditions (reduced access and higher cost of funds) and commodity price volatility. Therefore, the Global Policy Agenda, as articulated recently at the Annual International Monetary Fund and World Bank Group Meetings in Bangkok, Thailand, prioritises curbing excessive leverage,

restoring fiscal sustainability, enhancing cyber resilience, enabling safe innovation and limiting financial fragmentation.

For Botswana, the FSC assessed the financial system as stable and resilient, reflecting strong institutional performance, robust financial market infrastructures and effective regulatory and supervisory frameworks. The banking sector resilience is underpinned by strong capital and liquidity buffers, sustained profitability and low non-performing loans. Similarly, NBFIs remain solvent, profitable and adequately capitalised, while reliable financial market infrastructures facilitate financial intermediation and provision of digital financial services. Nonetheless, there is need to continue to pay attention to any vulnerabilities emanating from the sovereign-financial sector linkages, liquidity and funding pressures, external sector risks and concentrated exposures. Deeper interlinkages among banks, NBFIs, households, corporates and the public sector raise the possibility of risk transmission, requiring collaborative surveillance that integrates multi-source and multisectoral data. It is notable that fiscal consolidation measures and efforts to alleviate government financing pressures have significantly moderated both the liquidity constraints and funding costs. Meanwhile, measures to address deposit concentration are ongoing.

Crypto-asset activities, climate-related financial exposures and cybersecurity threats are currently assessed as posing low risk to financial stability, but their capacity to evolve rapidly and spread across the financial system warrants continued vigilance.

Overall, systemic risks continue to be monitored through macro-prudential indicators, which in the current moment remain favourable. Specifically, the slow credit growth is producing a negative Credit-to-GDP gap and limited risks from credit expansion. It is noted however, that disciplined and risk-mitigated credit growth is the main banking operation and source of profitability and prospectively, supportive of economic activity, hence continuation of a sound banking sector and stable financial system. Against this background, banking sector stress tests indicate continued solvency and resilience to moderate shocks, although severe scenarios could result in prudential capital breaches.

Ongoing legislative developments seek to balance the opportunities of financial development with appropriate safeguards. Thus, the National Payment Systems Bill was approved by Cabinet in August 2026. In addition, in October 2026, the National Payments Task Force approved the National Payments System Strategy (2026 – 2030); and the National Fintech Strategy (2026 – 2030) was launched at the 2026

Botswana Fintech Festival the same month. All these provide the architecture to facilitate innovation, adaptation, cross-border integration and connectivity, while maintaining safeguards to sustain integrity, patronage, inclusivity and, overall positive impact on the economy.

Amendments to the Electronic Payment Services (EPS) Regulations were also gazetted in April 2026 to strengthen oversight, resilience and efficiency in the payments ecosystem. Several other financial sector laws are under review to establish clear governance and oversight, uphold market conduct and discipline, advance financial inclusion, strengthen consumer protection, restore fiscal sustainability and reinforce confidence in financial services.

Work is also ongoing to strengthen crisis preparedness, including frameworks for bank recovery planning, bank resolution and emergency liquidity assistance, as well as enhanced macroprudential surveillance and supervisory practices to identify and mitigate emerging systemic risks. The FSC also continues to prioritise financial system integrity through implementation of Anti-Money Laundering, Combating the Financing of Terrorism and Counter Proliferation Financing (AML/CFT/CPF) measures ahead of the 2027 mutual evaluation. This is reflected in the expansion of the FSC to include the National Coordinator, AML/CFT/CPF, elevating financial integrity within wider financial stability discussions.

Overall, the FSC concluded that Botswana's financial system remains stable, resilient and capable of withstanding moderate shocks. Prudent risk management, adequate capital and liquidity buffers, and continued regulatory coordination and information-sharing continues to underpin frameworks for addressing emerging systemic risks; thus, effective systemic assessment, early detection of emerging vulnerabilities and timely policy responses amid an increasingly complex risk environment.

The FSC will continue to monitor domestic, regional and global developments to inform its policy response and maintain confidence in the financial system.

A detailed assessment of financial stability developments is provided in the October 2026 FSR which will be published by the end of November 2026.

Note to Editors

The FSC is a statutory apex body responsible for financial stability in Botswana, established by the Bank of Botswana (Amendment) Act, 2022. Its five members are the Governor of the Bank of Botswana (Chairperson), Permanent Secretary of the Ministry of Finance; Chief Executive Officer, Non-Bank Financial Institutions Regulatory Authority (NBFIRA); Director General, Financial Intelligence Agency (FIA); and Director, DISB. The Chief Executive Officer, Botswana Stock Exchange Limited and the National Coordinator, AML/CFT/CPF, are non-voting observers. The FSC meets twice a year – in April/May and October/November – and more frequently as may be necessary. Its Technical Working Group meets more often between FSC meetings to conduct preparatory work and systemic analysis to support macroprudential policy development, surveillance and implementation.

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