



Session 3:

Trends in Reserve Management in times of
Geopolitical and Macroeconomic Uncertainty

Trends and Challenges in Reserve Management In Times of Geopolitical and Macroeconomic Uncertainty

Mr. Ahmed Munawar
Maldives Monetary Authority

**2026 ASIAN REGIONAL FORUM
ON INVESTMENT MANAGEMENT
OF FOREIGN EXCHANGE RESERVES**



Trends and Challenges in Reserve Management

In Times of Geopolitical and Macroeconomic Uncertainty

Ahmed Munawar

Governor, Maldives Monetary Authority

Maldives: A small open economy highly dependent on external flows

Population

515,132

Census 2022

Nominal GDP

USD 7.74 bn

GDP per capita:
USD 13,321

External Reserves

USD 643.8 mn

FX Regime

- MVR pegged to USD
- $\pm 20\%$ horizontal band
- USDMVR: 10.28–15.42

Tourism FX earnings (% of GDP)

72.0%

Tourism receipts 2025:
USD 5.57 bn

Total Imports (% of GDP)

46.8%

Total imports 2025:
USD 3.62 bn

Total Debt (% of GDP)

122.7%

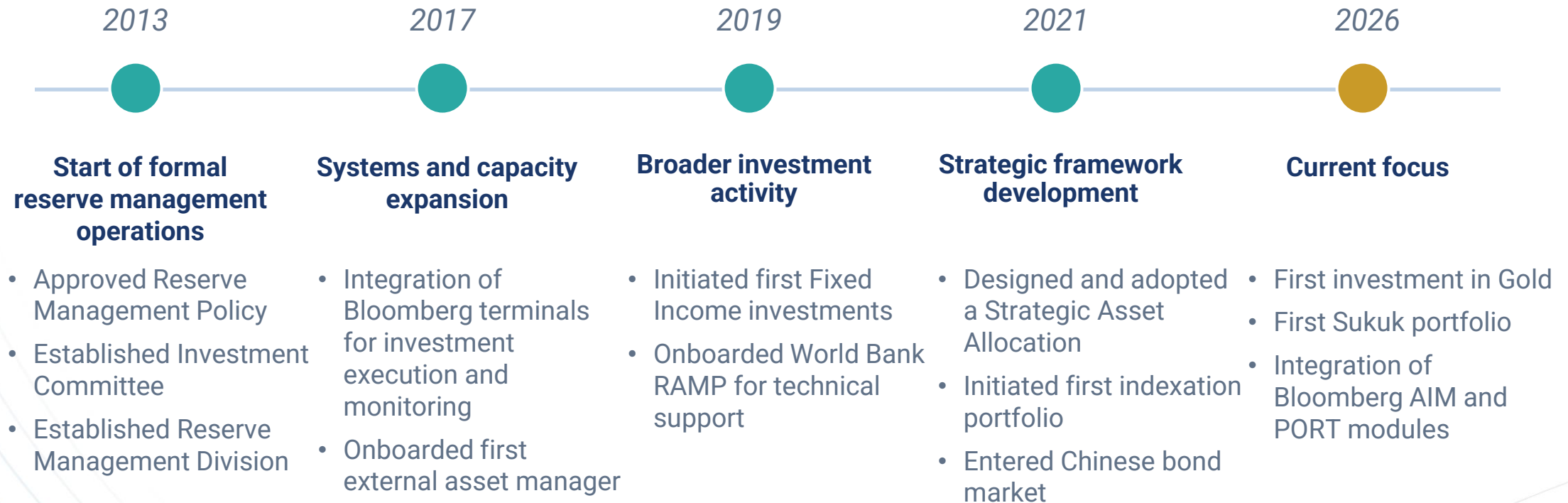
External debt: USD 3.59 bn
(44.5% of GDP)

MMA Monetary Policy

FX intervention to manage market demand for FX

- OMO to manage MVR liquidity
- FX swaps to manage short-term liquidity pressures

Reserve management at MMA has progressively modernized over time



Global conditions are creating greater pressures for small economies

Geopolitical conflict and supply disruptions

Affecting tourism routes, shipping, oil prices and investor confidence

Oil and commodity-price volatility

Increased import bills and near-term FX needs

Higher financing costs

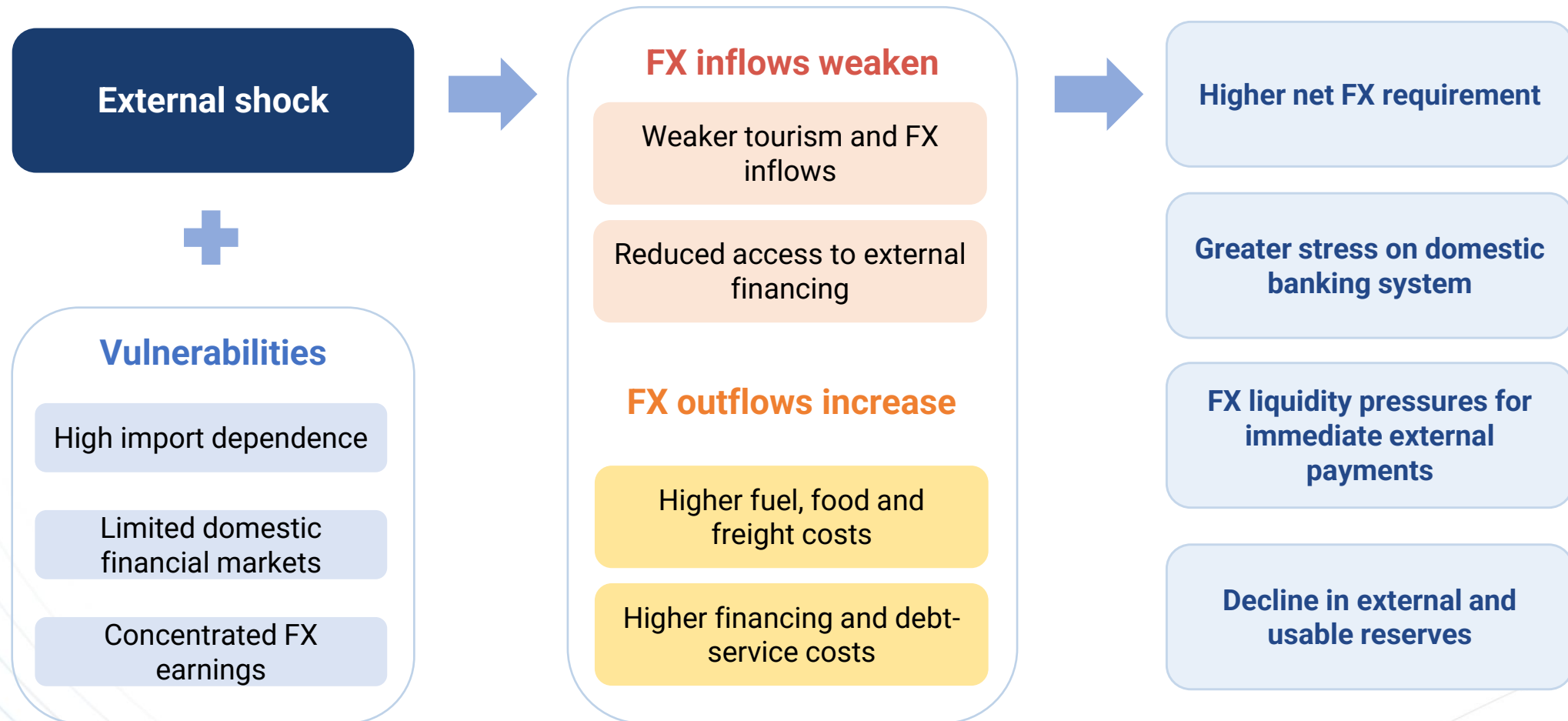
Raised debt-service burden and increases rollover risk

Climate and disaster risks

Creating sudden import, repair and financing needs

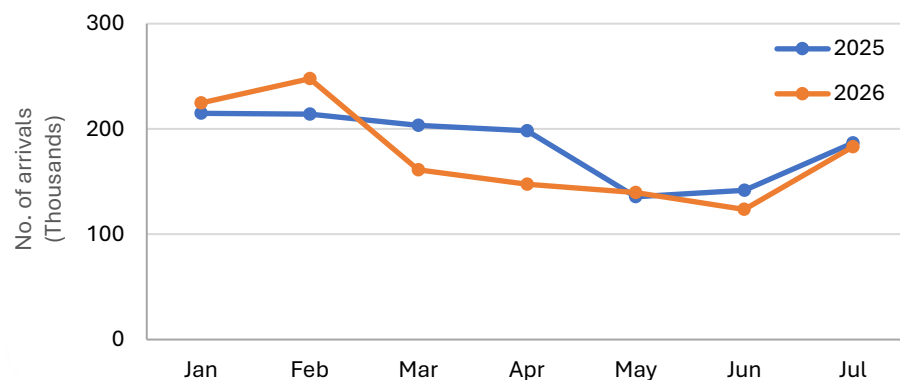
A more volatile environment is placing greater demands on **reserve adequacy and liquidity**

External shocks are amplifying FX pressures in the Maldives

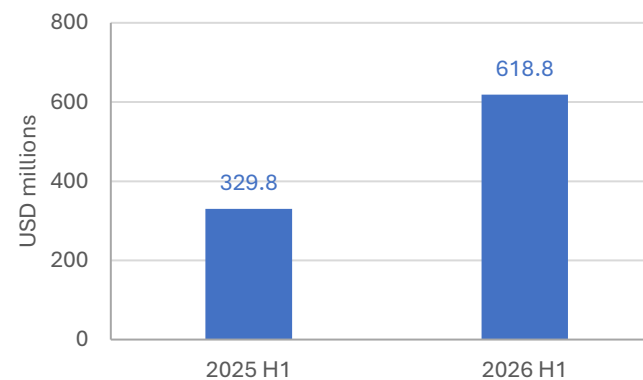


External Pressures: Impact on Tourism, Imports and Reserves

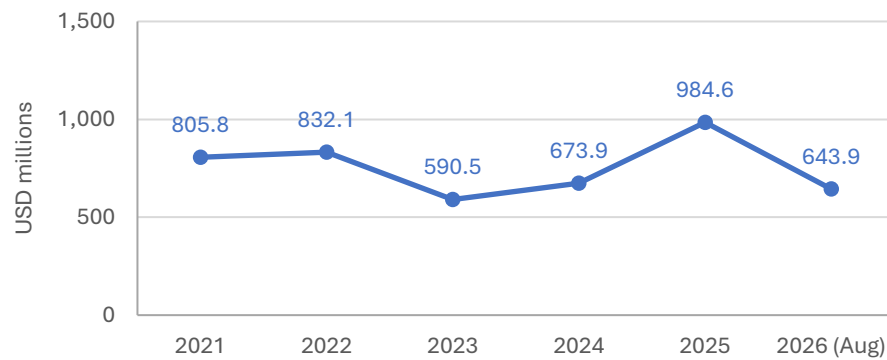
Tourist Arrivals: 2025 vs 2026



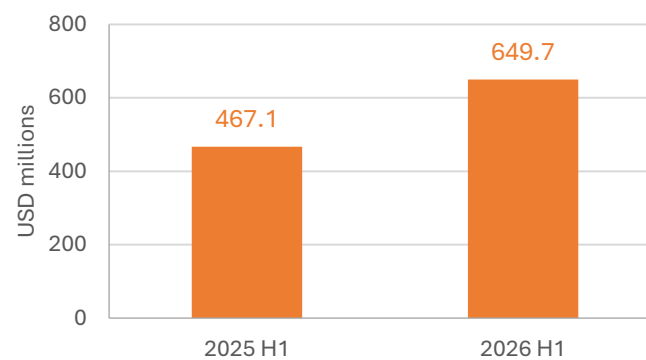
Oil Imports: 2025 H1 vs 2026 H1



Official Reserves: 2021 – 2026 (Aug)



FX Intervention: 2025 H1 vs 2026 H1



Middle East conflict weakened tourism while raising fuel and import costs

Reserve pressures were compounded by **USD 607 M** in external debt repayments during H1 2026

These pressures increased the need for FX support to the domestic market

These pressures necessitated big changes to the FX management model

A dual response: strengthen FX availability and improve reserve flexibility

1. FX Availability

Increase the amount of FX entering and circulating through formal channels, and build up additional liquidity buffers

Foreign Currency Act

RBI Swap

2. Reserve Flexibility

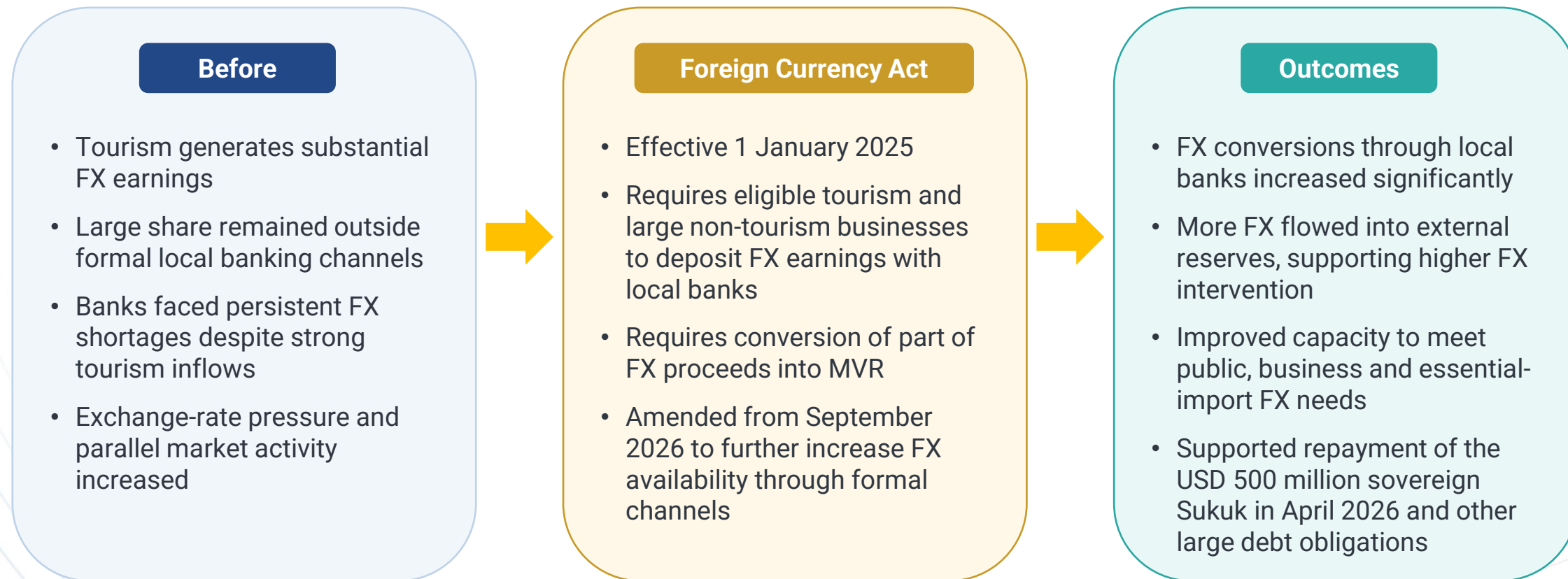
Increase flexibility of the reserves to liquidate assets at unfavorable times without compromising safety and return objectives

Shorter investment tenors

Closer maturity matching

Higher share of liquid assets

The Foreign Currency Act strengthened the formal FX system considerably



The longer-term vision is a more resilient and sustainable FX system

1. Strengthen formal FX flows

- Channel more FX earnings through domestic banks
- Gradually strengthen conversion requirements
- Continue rebuilding reserve buffers (with fiscal consolidation)

2. Increase the strength of the Rufiyaa

- Gradually shift domestic transactions to MVR
- Reduce reliance on FX for salaries and domestic payments

3. Create conditions for greater exchange-rate flexibility

- Build and maintain adequate reserve buffers
- Strengthen monetary and FX-market frameworks
- Move towards a more market-based FX system

Reserve portfolio strategy shifted towards greater liquidity and flexibility

Directional shift in portfolio positioning

	Previous Strategy 2025	Current Strategy Aug-2026
Fixed Deposits	↑	↓
Government Securities	↓	↑
Other Securities	↑	↓
External Asset Managers	↑	↓
Gold	—	↑

Key portfolio actions

Shortened Investment tenors

Investments were managed more conservatively based on liquidity needs.

Portfolio maturities were aligned more closely with anticipated FX obligations.

Reduced less-liquid mandates

Improved liquidity and accessibility of reserves through strategic portfolio adjustments.

Gold

Gold was added as a strategic reserve asset for diversification and resilience.

Strengthened the framework supporting reserve-management decisions

Improved cash-flow forecasting

- Strengthened scenario-based cash flow planning for improved preparedness under different liquidity and FX stress scenarios

Better fiscal coordination

- Closer coordination on debt service and priority FX demand
- Better alignment between reserve planning and sovereign obligations

Stronger governance and risk management

- Strengthened compliance checks and tightened monitoring
- Reviewed and refined investment limits as conditions changed

Investments in systems and analytics

- Bloomberg AIM / PORT and automation improved reporting
- Exploring AI-enabled tools to support analysis and decision-making

Key Takeaways

1

Manage the FX ecosystem, not only the investment portfolio

Reserve adequacy and reserve investment cannot be separated

2

Fiscal and monetary policy must be closely coordinated

Liquidity planning must account for sovereign obligations and FX needs from new policy decisions

3

Maintain access to liquidity backstops and buffers

Swap lines and other short-term facilities can provide critical buffers during periods of stress

4

Keep investment strategies flexible and cautious

Heightened uncertainty requires greater emphasis on liquidity, adaptability and downside protection

The best reserve portfolio is one that remains usable when the country needs it most.

Thank You!



Maldives Monetary Authority
mma.gov.mv