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ACI FMA WORLD CONGRESS 2026

THEME:

**GLOBAL LIQUIDITY, CAPITAL FLOWS AND THE OUTLOOK
FOR EMERGING MARKETS**

DAY 1

KEYNOTE ADDRESS

BY

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**The Leadership of ACI Financial Markets Association (FMA) Global and Ghana,
Distinguished Governors of Central Banks and Regulators,
Leaders of Financial Institutions,
Representatives of Stakeholder Institutions,
Members of ACI FMA and ACI Ghana,
Distinguished Ladies and Gentlemen gathered here,**

Good morning.

1. It is a great pleasure and honour to join you today at the 64th ACI FMA World Congress here in Accra. Let me first express sincere appreciation to the leadership of ACI FMA Global for giving Ghana the opportunity to host this important gathering. This Congress comes at a critical time for the global economy and for emerging and frontier markets such as ours.
2. The theme for this Congress, "*Global Liquidity, Capital Flows and the Outlook for Emerging Markets*," is both timely and highly relevant. Global liquidity and capital flows have become central to the economic fortunes of emerging economies. They influence exchange rates, reserves, inflation, investment, financial stability, and ultimately the welfare of our people.
3. Over the past decade, exceptionally accommodative monetary policy in advanced economies supported abundant global liquidity and encouraged significant capital flows into emerging markets. During this period, many emerging economies benefited from lower borrowing costs, improved access to external financing, and stronger investor appetite.
4. However, the global environment has changed significantly in recent years. Rising interest rates, persistent inflationary pressures, geopolitical tensions, and heightened uncertainty have tightened financial conditions globally. As financing conditions tightened, capital flows to emerging markets became more volatile and less predictable.
5. Distinguished ladies and gentlemen, recent data from the Bank for International Settlements (BIS) show that global cross-border bank credit reached approximately US\$38 trillion by the end of 2025. This demonstrates the scale and interconnectedness of modern global finance.
6. Global liquidity matters because it is the connective tissue of the world economy. It determines how easily capital moves across borders, how governments finance development, how firms access credit, and how financial systems absorb shocks. In today's highly interconnected world, liquidity conditions in one part of the global economy are rapidly transmitted across markets and jurisdictions.

7. For emerging and frontier economies, these developments carry important implications. Global liquidity cycles directly affect exchange rates, reserve adequacy, debt sustainability, refinancing conditions, and financial stability. When liquidity conditions are favourable, capital flows into emerging markets increase. But when conditions tighten, those same flows can reverse abruptly, often with significant macroeconomic consequences.
8. This reality highlights one important lesson: emerging markets must not only attract capital during favourable periods but must also build the resilience necessary to withstand periods of financial tightening and external shocks.
9. Ladies and gentlemen, the challenge for emerging economies today is no longer simply about access to external financing. The more important challenge is ensuring that our institutions, markets, and policy frameworks are strong enough to absorb volatility when global conditions deteriorate.
10. This is particularly important because the nature of external financing to emerging economies has evolved considerably over time. Beyond traditional bank lending, financing now increasingly comes through portfolio flows, bond markets, foreign direct investment, remittances, and non-bank financial institutions.
11. While this diversification creates opportunities, it also increases exposure to external vulnerabilities. Portfolio flows and short-term investments can reverse quickly during periods of uncertainty. At the same time, global financial markets have become increasingly sensitive to geopolitical developments and shifts in investor sentiment.
12. Distinguished guests, this brings me to an important question: Are capital flows to emerging markets a catalyst for growth or a trigger for instability?

The answer, in my view, is that they can be both.

13. On one hand, capital flows provide significant benefits. They complement domestic savings, finance infrastructure, support private sector growth, and deepen domestic financial markets. For countries like Ghana, where domestic savings are often insufficient to meet development needs, external capital remains necessary for economic transformation.
14. On the other hand, the risks associated with capital flows are equally real.
15. First, large inflows can lead to exchange-rate appreciation and weaken export competitiveness. What initially appears to be investor confidence can gradually become a structural challenge for domestic production and external competitiveness.
16. Second, sustained inflows can contribute to excessive credit growth and asset price inflation, particularly when financial systems are not sufficiently regulated. History reminds us that periods of abundant global liquidity have often been associated with excessive risk-taking and financial vulnerabilities.

17. Third, and perhaps most importantly, sudden reversals in capital flows can generate severe macroeconomic stress. When investor sentiment changes abruptly, emerging economies may experience currency depreciation, reserve losses, rising borrowing costs, and broader financial instability.
18. Many emerging economies have experienced such episodes over the years, particularly during periods of aggressive monetary tightening in advanced economies. Ghana itself faced similar pressures during the recent tightening cycle, compounded by fiscal challenges and commodity price shocks.
19. Distinguished ladies and gentlemen, understanding the drivers of global liquidity is therefore critical for policymakers in emerging markets.
20. One key driver remains monetary policy in advanced economies, particularly in the United States. When global interest rates are low, investors search for higher yields in emerging markets. But when policy rates rise sharply, capital often flows back toward advanced economies.
21. This demonstrates how developments in major financial centres are transmitted to emerging markets through capital flows, exchange rates, and financial conditions.
22. In this context, exchange-rate flexibility becomes extremely important. Flexible exchange-rate regimes can help absorb external shocks and reduce the transmission of foreign monetary conditions into domestic economies. Exchange-rate flexibility is therefore not merely a technical policy preference; it is an important shock absorber.
23. Another major issue relates to financial regulation and the growing role of non-bank financial institutions in global finance.
24. Increasingly, global liquidity is being created and transmitted through institutions operating outside the traditional banking system. Hedge funds, asset managers, money market funds, and other non-bank institutions now play a much larger role in global capital allocation.
25. While these institutions improve market efficiency and liquidity under normal conditions, they can also amplify volatility during periods of stress. For emerging markets, this creates additional uncertainty because capital flows are increasingly driven by actors whose risk appetite and investment behaviour can change rapidly.
26. Distinguished guests, another factor that deserves increasing attention is geopolitics.
27. The global economy is operating in an environment of heightened geopolitical fragmentation. The lingering effects of the Russia-Ukraine conflict, tensions in the Middle East, trade fragmentation, and strategic competition among major powers continue to influence global financial conditions.

28. Geopolitical tensions are no longer distant political events. They increasingly affect energy markets, inflation, investor confidence, global trade, and capital allocation decisions.
29. Indeed, if monetary policy has traditionally been the primary driver of global liquidity, geopolitics is increasingly becoming a second major driver.
30. For emerging markets, this creates additional complexity because geopolitical shocks often generate sharp movements in commodity prices, exchange rates, and investor sentiment. In such an environment, resilience becomes even more important.
31. Ladies and gentlemen, looking ahead, emerging and frontier economies must strengthen their macroeconomic and institutional foundations if they are to navigate an increasingly uncertain global environment successfully.
32. Prudent fiscal and monetary policies remain essential for maintaining investor confidence and preserving macroeconomic stability. Strong policy credibility provides countries with greater flexibility during periods of external stress.
33. Allow me to conclude by highlighting five strategic priorities that I believe should guide emerging and frontier markets going forward.
34. **First, fiscal credibility is non-negotiable.** Sustainable public finances remain the foundation of macroeconomic stability and investor confidence.
35. **Second, reserve adequacy must be viewed as a form of self-insurance rather than a luxury.** Adequate reserves provide important buffers during periods of external volatility.
36. **Third, financial sector regulation must evolve alongside changing capital flow dynamics.** Regulatory frameworks must remain responsive to emerging risks, particularly within the non-bank financial sector.
37. **Fourth, countries must continue building institutional depth and market credibility.** Strong institutions improve policy effectiveness, market confidence, and resilience.
38. **Finally, emerging economies must distinguish between productive long-term capital and volatile short-term flows.** The objective should not simply be attracting capital, but attracting the right kind of capital under appropriate safeguards.
39. Distinguished ladies and gentlemen, let me conclude by emphasising the central tension at the heart of this discussion.

40. Global liquidity remains abundant, yet increasingly volatile. Capital flows continue to provide important opportunities for emerging markets, but they also carry significant risks.
41. The countries that have successfully navigated repeated episodes of global tightening without major crises did so not because external conditions were always favourable, but because they built strong institutions, maintained credible policies, and strengthened economic resilience over time.
42. Ghana is committed to that path. The journey is challenging, and progress requires discipline, consistency, and long-term commitment. But the direction remains clear.

On that note, I wish you all fruitful deliberations and a successful Congress.

Thank you for your attention.

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